

# SCALING UP PARTNERSHIPS

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A blueprint for the implementation of match-funding schemes between public authorities and crowdfunding platforms.

” A publication of the multi-stakeholder working group **Crowdfunding for European Structural and Investment Funds** at EUROCROWD

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## **Scaling Up Partnerships: A blueprint for the implementation of match-funding schemes between public authorities and crowdfunding platforms**

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# EXECUTIVE SUMMARY

Crowdfunding has become increasingly interesting for public authorities as a further option to be included in the existing mix of financial instruments. Especially with regard to the framework of cohesion policy. Transparency, democratization of finance, easier access to funds, as well as accountability and control over funded actions are only some of the benefits that this relatively young instrument can offer. Connecting regional and local authorities with crowdfunding might help tackle some of the most important barriers that the industry is currently facing at the European level, such as the uncertainty about the legal framework under which crowdfunding is regulated in different Member States, the lack of trust towards internet-based transactions, the lack of financial literacy and knowledge about the functioning mechanisms of crowdfunding, and the risk of short-term focus of crowdfunding projects.

These issues can be reduced significantly by the development of partnerships between local public institutions and crowdfunding platforms, as this report clearly showcases. The best practices outlined through-out the case studies on the following pages provide in-depth insight into how such partnerships can work, especially and including with the support of public –such as ESIF– resources. At the same time, we find that standardised procedures for such partnerships within the scope of the European Cohesion Policy can facilitate the learning process and the execution phase for any actor willing to enter the process at a later stage.

The aim of the report is threefold. Firstly, it aims at highlighting key mechanisms and reference frameworks for partnerships between crowdfunding platforms and public authorities. Benefits and shortcomings of partnership schemes in which public authorities play different roles are highlighted in combination with different technical set-ups for the actual allocation of public resources in combination with crowdfunded resources. Secondly, the report aims at showcasing existing best practices, differing from one another, for example, in terms of geographical coverage, forms of finance, match-funding schemes, type of public resources implemented, policy areas and business sectors. The intention is to provide the reader with the widest possible array of potentially replicable solutions. Finally, the report provides guidance to policymakers and public administrations for the design and implementation of existing and new partnership schemes with crowdfunding platforms. The interested reader will appreciate the handy Match-funding Blueprint that has been specifically developed for an easy adaptation and development of crowdfunding partnerships, included in Section 4.

## **Main Findings:**

Match-funding practices have increased in the European Union over the past three years. The flexibility of crowdfunding models and platforms has allowed for new partnerships with public administrations in a range of different organisational, political, social, and economic contexts.

Partnerships between public authorities and crowdfunding platforms have diversified in terms of crowdfunding models and forms of finance, expanding from grant-based partnerships only (2018) to schemes that foresee the integration of financial products and financial instruments, such as loans, guarantees and equity investments, with equity and lending crowdfunding platforms.

The previous cohesion policy programming period (2014-2020) had already shown how there was room to combine ESIF resources with crowdfunding, thanks to the compatibility between different crowdfunding models and ESIF Thematic Objectives. Considering the framework for the future EU Cohesion Policy (2021-2027), the significance of crowdfunding for the Five Policy Objectives remains high, except for Policy Objective 4 – A more connected Europe – Mobility and regional ICT connectivity, aimed at funding primarily IT and traditional infrastructural projects.

In terms of policy areas and business sectors, crowdfunding experiences collected in this report show a strong link between non-financial crowdfunding models (reward and donation) with third sector activities, culture and civic projects, as well as significant positive outcomes for financial crowdfunding (equity and lending) applied to support the growth of local start-up ecosystems. It is also worth highlighting how, in the context of an economic crisis brought about by the current pandemic, two of the most significant best practices in terms of volumes have been structured to provide relief and liquidity to local micro, small and medium enterprises (UK and Lithuania).

The previously identified lack of knowledge about crowdfunding and its functioning mechanisms is gradually decreasing, both in the public sector and among the wider citizens and local stakeholders' groups. The increase in the number of successful match-funding experiences is a clear signal of this trend, as it shows not only how more public authorities are willing to open their decision-making process via crowdfunding, but also as an increasing number of citizens are willing to co-finance local projects alongside the public sector.

## **SECTION 1 - SETTING THE CONTEXT**

This first section of the study highlights how crowdfunding can be defined and what are the main elements that differentiate the four main crowdfunding models (donation, reward, equity and lending), and briefly outlines the general functioning mechanism of platforms and crowdfunding campaign's journey from preparation to closing and follow-up. Furthermore, section one builds on the classification developed for the Triggering Participation Report (2018) in relation to the role of public authorities and expands into the most well-known match-funding structures. The main

objective of Section 1 is to provide sufficiently clear general guidance to public authorities that are not familiar with crowdfunding mechanisms.

## **SECTION 2 - THE RELEVANCE OF CIVIC CROWDFUNDING IN EUROPE: 2018 - 2020**

Section two is dedicated to the introduction of crowdfunding platforms participating in this study. The main objective of this section is to map the aggregated volumes, impacts, sectors, and any other relevant information that such platforms have been able to mobilise through partnerships with public authorities, since the beginning of their operations. At the same time, the presentation of individual data about the platform provides an overview of the performance and activities of each contributing platform and sheds some light about each national context.

## **SECTION 3 - EXPLORING SYNERGIES THROUGH BEST PRACTICES**

The third section of the report is dedicated to present each case study collected from both public authorities and crowdfunding platforms involved in the activities. For this section, each study participant (platform or public authority) has been asked to submit up to three case studies, to collect sufficient evidence to support best practices for each of the public authorities' roles and for each match-funding scheme. Case studies will provide not only an overview of the outcomes of each match-funding scheme, but also a description of implemented procedures in both the set-up and follow-up (reporting) phase.

## **SECTION 4 - HOW TO IMPLEMENT A MATCH-FUNDING INITIATIVE: A BLUEPRINT FOR PUBLIC AUTHORITIES**

Section four focuses on presenting the Match-funding Blueprint that public authorities can use as a reference framework when looking to engage with crowdfunding platforms. The Blueprint will guide public officials through three phases:

- How to set up a match-funding or co-investment initiative
- How to select and implement the match-funding scheme most suited to meet policy objectives
- How to structure the monitoring and reporting phases

In addition, section four provides crowdfunding platforms with some guidance on how to approach public entities and what aspects to consider when engaging in such partnerships

# ACKNOWLEDGEMENTS

## ABOUT THE STUDY PARTICIPANTS

The Crowdfunding for European Structural and Investment Funds (CF4ESIF) is a multi-stakeholder working group established by the European Crowdfunding Network with the aim of exploring the potential of crowdfunding as a blending and match-funding mechanism within the context of the European Cohesion Policy.

The working group facilitates the dialogue between crowdfunding platforms, regional authorities and European institutions, with the aim of encouraging a joint effort towards the design and implementation of innovative funding schemes.

This report, presenting a review of existing best practices of civic crowdfunding in Europe (2021), is the latest outcome of the CF4ESIF Working Group. Previous outcomes include the publication of the [Triggering Participation report](#) (2018), and the publication of the [Crowdfunding and ESF opportunities: future perspectives for managing authorities](#) (2020).

Current members of the Working Group are:





## About EUROCROWD

EUROCROWD, registered as the European Crowdfunding Network AISBL in 2013 in Belgium, is an independent, professional business network promoting adequate transparency, regulation and governance in digital finance while offering a combined voice in policy discussion and public opinion building.

We execute initiatives aimed at innovating, representing, promoting and protecting the European crowdfunding industry as a key aspect of innovation within alternative finance and financial technology, including crypto assets and distributed ledger technologies.

We aim to increase the understanding of the key roles that digital finance can play in supporting entrepreneurship of all types and its role in funding the creation and protection of jobs, the enrichment of European society, culture and economy, and the protection of our environment.

EUROCROWD maintains a dialogue with public institutions and stakeholders as well as the media at European, international and national levels.

# SECTION 1

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## SETTING THE CONTEXT

Over the years, and even more so in the framework of the cohesion policy 2021-2027, crowdfunding has become increasingly interesting for public authorities as a further option to be included in the existing mix of financial instruments. To understand the relevance of this innovative financial mechanism for public authorities and to fully appreciate the scope of this report, it is necessary to explore the basic elements of crowdfunding. Section one will provide a brief overview of the general features of crowdfunding, existing models, and main elements of a crowdfunding campaign, as well as a reference framework for the role of public authorities and the most common match-funding structures.

The general definition of crowdfunding frames it as an:

„open call for the collection of resources from the population at large through an Internet platform. In return for their contributions, the crowd can receive a number of tangibles or intangibles, which depend on the type of crowdfunding”.<sup>1</sup>

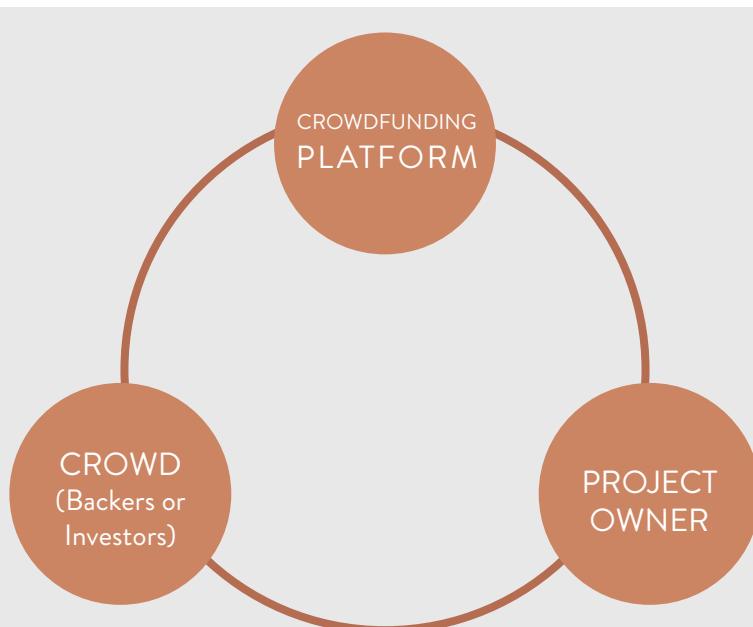


Figure 1: Main stakeholders involved in a standard crowdfunding campaign

In a standard crowdfunding operation, we can therefore identify three core actors:

- **The crowdfunding platform**, providing the IT infrastructure that enables project owners to run their crowdfunding campaign, collect funds, and interact with potential investors or backers;
- **The project owner**, who has a project idea for which he's willing to raise funds through a crowdfunding campaign, to be hosted on the crowdfunding platform of their choice;
- **The funders or investors**, represented by all those individuals that might provide an economic contribution to the project and that will benefit from the outputs of the project, once the crowdfunding campaign is successfully closed (the project owner collects at least 100% of its target budget). Some crowdfunding models – namely equity and lending – might also foresee the presence of business angels or investment funds that act as co-investors for specific deals or based on a standardised agreement with the platform.

Even if the core parties of a crowdfunding operation are generally the ones identified in the diagram above, operations of crowdfunding platforms have evolved, and many different business models have emerged. Within this diverse and sometimes complex landscape, four main crowdfunding models can be identified<sup>4</sup>:

## **DONATION**

For socially motivated or not-for-profit projects. Individuals donate small amounts while receiving no financial or other return. The donation is a philanthropic act for charity causes, and the funders are not expecting monetary or tangible compensation.

## **REWARD**

Funders receive non-financial rewards, like products or services, in exchange for their contribution and according to the level of economic support provided. In the case of tangible incentives, the reward-based model has turned out to be an excellent pre-sales tool as it can provide market validation within a defined test market. In reward-based crowdfunding, the perceived value of rewards is usually higher than the economic value; the differences are the funds available for the fundraiser to execute the project idea.

## **EQUITY**

This model is more suitable for scalable startups and SMEs aiming at growing their business. The company will offer a participation to individual crowdfunders (investors), in return for equity or quasi-equity capital. This type of crowdfunding allows contributors to become investors or co-owners in terms of:

- Holding a percentage of ownership in the business.
- Demanding a return on the return on investment (ROI).

## **LENDING**

In this model individuals lend money to a company with the expectation that the money will be repaid with an interest. This is relevant for positive cash-flow companies that can credibly assure lenders of being able to pay back the loan. The interest rate of the loan is determined by the risk profile of the investment. Moreover, there is no dilution of ownership in this model, and the company can still exploit the financial leverage effect.

This brief overview provides a first insight into the flexibility that crowdfunding industry can offer and highlights how suitable different crowdfunding models can be to different projects. In Section 3 we will see how public authorities have been able to successfully build partnerships with crowdfunding platforms operating different models.

## **FUNCTIONING MECHANISMS OF CROWDFUNDING**

The basic functioning mechanisms of preparing, launching, and following up after a crowdfunding campaign remain common to all models.

**Preparation phase** - In general, project owners must decide on a specific amount that they need to raise for their project, prepare a convincing project pitch and outline a sound communication strategy. They must also identify

the best suited crowdfunding platform and decide the conditions they are willing to accept in exchange for the received funds.

**Implementation phase** – When ready to be published online on the crowdfunding platform, all crowdfunding campaigns are allowed a determined period during which the target goal must be reached. The time span usually ranges from a few weeks to, less often, a few months, but if the budget is reached before the deadline, project owners may in some cases collect more than they initially sought (the so-called overfunding of the campaign).

In the implementation phase of the campaign, project owners will try to maximise their visibility, as to also maximise the economic support they can receive from their network. The communication strategy and marketing materials are fundamental in this phase. Some platforms might also offer support services to project owners in this sense.

**Follow-up** – once a crowdfunding campaign is closed, project owners will need to follow up with their community. In the case of a successful campaign, they should make sure they can deliver on their promises (deliver rewards, meet growth expectations), as well as maintain their community updated about developments and/or potential delays. In case a crowdfunding campaign is not successful, the follow-up phase is equally important, as it could help in the identification of weaknesses and improvement areas.



## CROWDFUNDING AND PUBLIC AUTHORITIES: A REFERENCE FRAMEWORK

In recent years, more and more public authorities have demonstrated an interest in joining the “crowdfunding effort” and have tested different implementations of partnerships with crowdfunding platforms, therefore becoming the fourth actor in specific crowdfunding operations, and increasing the relevance (and benefits) for the local ecosystem. In this context:

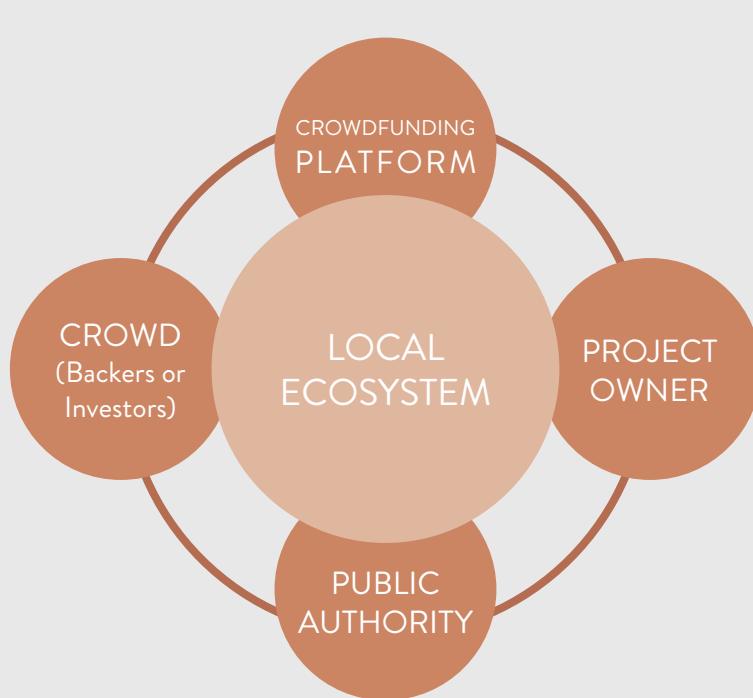


Figure 3: Key actors in a standard match-funding initiative

- Public authorities enter into agreements with crowdfunding platform(s) to increase transparency, democratisate their management of public budgets, promote a sense of citizen ownership towards funded initiatives, facilitate access to funds for local stakeholders, and improve accountability and control over funded actions, as well as to funnel funds towards projects that are validated by citizens via crowdfunding.
- Local ecosystems benefit from partnerships between public authorities and crowdfunding platforms, as the funded initiatives are usually included in a wider policy framework and are therefore aimed at producing positive impacts and fostering economic and social development in the territory.

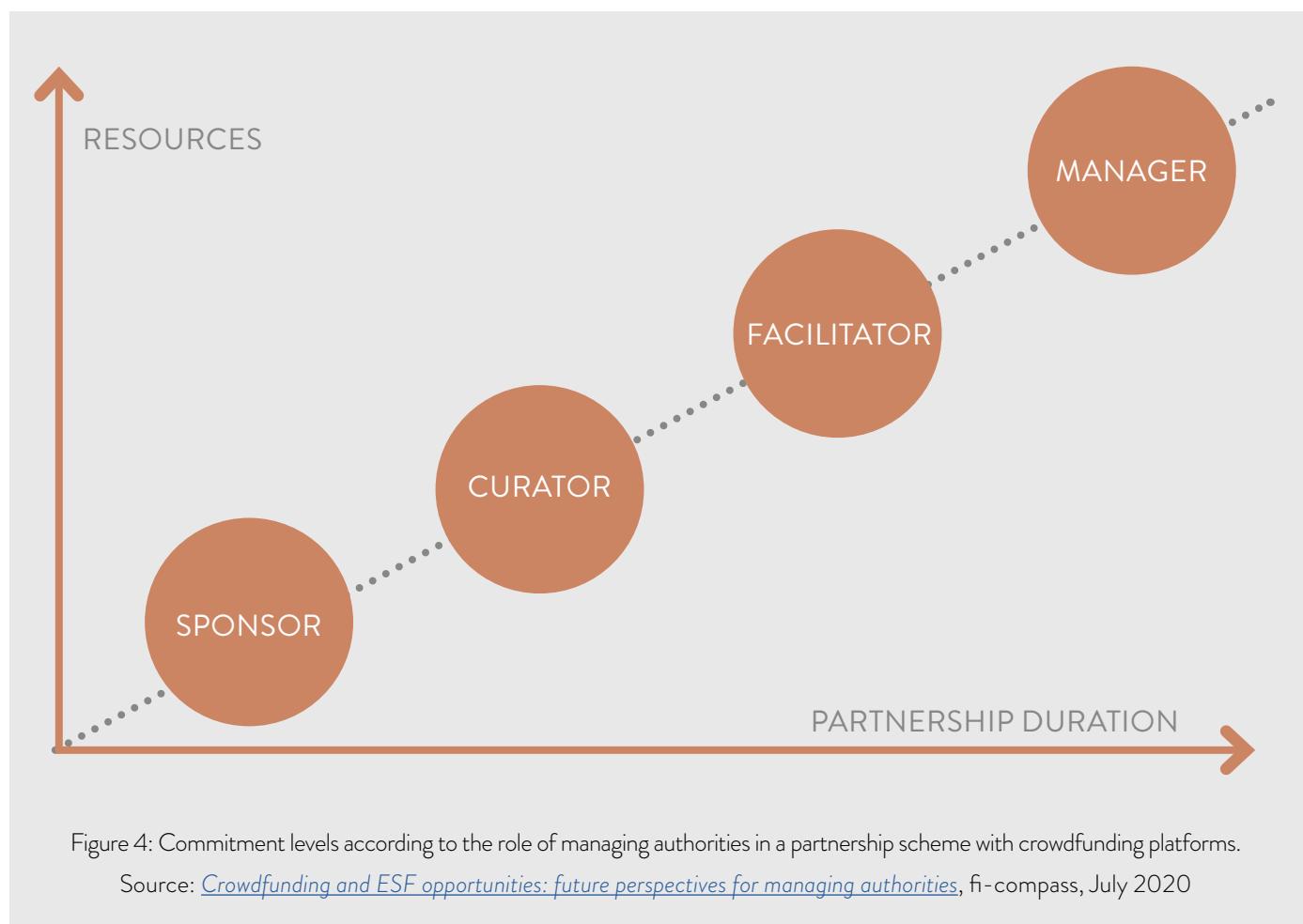
The intrinsic flexibility of crowdfunding has allowed public authorities to develop different types of agreements and partnerships, as to combine different needs and preferences.

In this context, four main roles for public authorities have been identified in 2018<sup>5</sup>:

- **Sponsor** – the managing authority launches its own campaign for a specific project on an existing civic crowdfunding platform;
- **Manager** – the managing authority creates its own crowdfunding platform to foster the development of its territory. The public administration usually creates a generic platform that promotes both entrepreneurial for-profit projects and non-profit civic initiatives;

- **Curator** – the managing authority selects from an existing crowdfunding platform a list of projects that meet its agenda. In this scenario, the selection of projects, that will receive further support from public resources, is made after the crowdfunding phase is successfully closed;
- **Facilitator** – the managing authority commits to co-finance successful crowdfunded projects on partner platforms before the crowdfunding phase is launched. This model is usually regulated by an agreement between the managing authority and the crowdfunding platform(s), defining areas and criteria for the selection of projects, co-funding rates, timing, and reporting requirements.

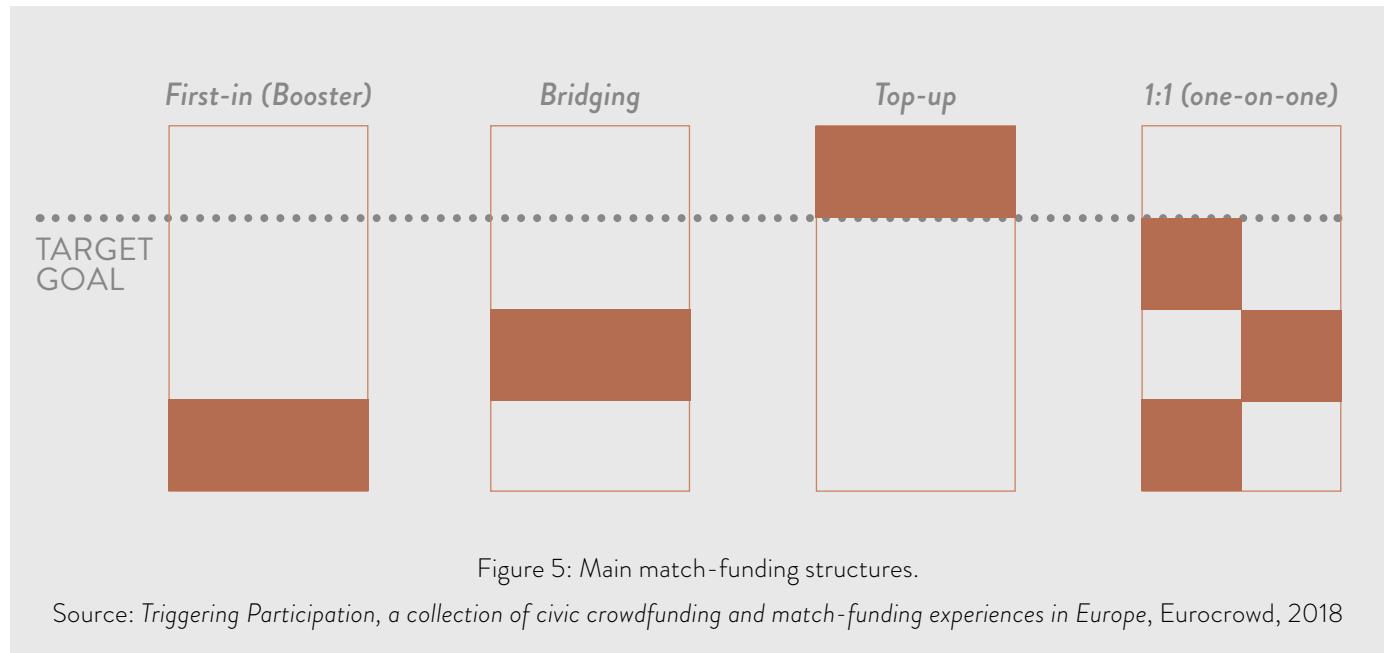
Each partnership model foresees different levels of commitment for the public authority involved, both in terms of financial and human resources, as well as a different timing for the implementation of the actions envisaged by the partnership. Consequently, each of the four models can present different outcomes, obstacles and benefits for all parties involved. Figure 4 below shows the different commitment levels that managing authorities should consider when exploring possible partnership schemes with crowdfunding platforms.



In this edition of the report, looking at the best practices collected and at the role of public authorities in different partnership agreements with crowdfunding platforms, a fifth role has been identified: Enabler. A public authority acting in this role does not directly engage in a match-funding scheme with a crowdfunding platform but provides support services to encourage the use of crowdfunding among its citizens and stakeholders. A more thorough description is provided in Section 3.

## COMMON MATCH-FUNDING STRUCTURES

Building on data collected in the *Triggering Participation* report (2018), four main match-funding structures have emerged as most applied by public authorities when partnering with crowdfunding platforms.



• **First-in (Booster)** - the committed resources from the public authority are provided to each project at the very beginning of the crowdfunding campaign. This mechanism reassures potential donors or investors about the commitment of the public authority and boosts the credibility of each project. Public authorities can decide to provide a fixed co-financing to all projects (i.e. 5,000 EUR per project, regardless of the overall target goal), or choose a percentage of co-financing according to the target goal of each project (i.e. 5% of the overall target goal to be raised by each project).

• **Bridging** - the contribution of the public authority comes as a bridge between the initial and the final part of the crowdfunding campaign. Once each project has raised a determined percentage (or amount) of the overall budget, they will receive the co-financing from the public authority. Each project will, however, still work towards raising the remaining amount, to successfully close the crowdfunding campaign.

• **Top-up** - the contribution from the public authority will be granted to project owners only when a certain amount (or percentage on the overall budget) has already been secured. This mechanism can take the form of an additional financing round, once the project has secured 100% of its target goal, or as additional funding that will enable project owners to reach their target goal (i.e. if the project collects 50% through the crowdfunding campaign, the public authority can top it up with an additional 50%, therefore securing the success of the campaign).

• **1:1 (one-on-one)** - the contribution of the public authority is simultaneous to the collection through crowdfunding. For each EUR raised from the crowd, the public authority provides an additional euro. The outcome of this mechanism is again a 50-50 co-financing of each project, but it encourages project owners to engage with the crowd (citizens) until the 100% of their target goal is secured.

## MATCHING CROWDFUNDING WITH COHESION POLICY

Building on previous analysis developed within the framework of the fi-compass publication [ESF and Crowdfunding: Opportunities for Managing Authorities](#), potential synergies and suitability between different crowdfunding models and ESIF Thematic Objectives (2014-2020) had already been identified and are reported in the below table:

THEMATIC OBJECTIVES	CROWDFUNDING MODEL			
	Donation	Reward	Lending	Equity
TO 1 – strengthening research, technological development and innovation	Moderate	High	High	High
TO 2 – enhancing access to, and use and quality of ICT	Limited	Moderate	High	High
TO 3 – enhancing the competitiveness of SMEs	High	High	High	High
TO 4 – supporting the shift towards a low-carbon economy	Moderate	Moderate	High	Moderate
TO 5 – promoting climate change adaptation, risk prevention and management	Limited	Limited	Moderate	Moderate
TO 6 – preserving and protecting the environment and promoting resource efficiency	Limited	Limited	Moderate	Moderate
TO 7 – promoting sustainable transport and removing bottlenecks in key network infrastructures	Limited	Limited	Limited	Limited
TO 8 – promoting sustainable and quality employment and supporting labour mobility	High	High	High	High
TO 9 – promoting social inclusion, combating poverty and any discrimination	High	High	High	High
TO 10 – investing in education, training and vocational training for skills and lifelong learning	High	Moderate	High	Limited

Figure 6: Potential use of crowdfunding per ESIF thematic objective (2014-2020).

Source: *Crowdfunding and ESF opportunities: future perspectives for managing authorities*, fi-compass, July 2020

## SECTION 1 - SETTING THE CONTEXT

Considering the framework for Cohesion Policy 2021-2027, a first tentative suggestion on potential synergies and suitability for Policy Objectives with different crowdfunding models is provided below:

ESF focus
 ERDF focus
 Multifund

POLICY OBJECTIVES	CROWDFUNDING MODEL			
	Donation	Reward	Lending	Equity
1 – A smarted Europe – innovative and smart economic transformation	Low	High	High	High
2 – A greener, low-carbon Europe	Low	Moderate	High	High
3 – A more connected Europe – mobility and regional ICT connectivity	Low	Low	Low	Low
4 – A more social Europe – implementing the European Pillar of Social Rights	High	High	High	High
5 – Europe closer to citizens – sustainable and integrated development of urban, rural and coastal areas through local initiatives	High	High	Moderate	High

Figure 7: Indicative overview of the potential compatibility of crowdfunding with ESIF policy objective (2021-2027).  
Source: Source: [ERDF proposal for a regulation](#), [CPR proposal for a regulation \(2018 version, for 2021-2027 period\)](#), [ESE Proposal for a regulation](#)

Public authorities may gather ideas, suggestions and practical examples within the following pages on how to integrate crowdfunding into their existing funding mix. The economic impact that such mechanisms could have in times of shrinking public budgets remains a focal point, but also how social interactions and decision-making concepts could be improved to better face the new challenges in a digital post-COVID economy and help achieve the ambitious objectives for a sustainable European recovery.

## SECTION 2

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### THE RELEVANCE OF CIVIC CROWDFUNDING IN EUROPE: 2018 - 2020

The interest in civic crowdfunding initiatives has been growing for the past years. A comparison between this report and the data collected and published in EUROCROWD's Triggering Participation report (2018)<sup>7</sup> can help better understand and frame the extent of such growth.

There is only limited reliable data on the size of the civic crowdfunding market. Many civic crowdfunding initiatives take place on existing generalist platforms and are therefore difficult to track. However, to provide an estimate of the trends in this market, it is useful to compare the insights from 2018 with the data collected for this publication.

In 2018, six crowdfunding platforms took part in the Triggering Participation report, with most of them at the time only having one or two active partnerships with a public authority. The estimated amount of the market covered by the participating platforms amounted to around 5m EUR for civic crowdfunding and match-funding initiatives.

In addition to the limited number of best practices mapped in 2018, all platforms operated via the donation/reward models, which in turn reflected on the form of support provided by the public authority within the scope of the match-funding initiatives. This led to a quite diverse landscape in terms of geographical coverage and structure of the presented initiatives but remained limited to a non-financial combination of resources: donation and reward crowdfunding campaigns would be match-funded via grants/subsidies.

A comparison between the input collected in 2018 and the insights gathered for the current report shows how match-funding has undergone significant changes. The first and most relevant change must be identified in the number of crowdfunding platforms that are in partnership with a public authority. Through previous EUROCROWD research, 20 crowdfunding plat-

forms have been mapped<sup>4</sup>. Among them, section 2 will present a more in-depth overview of 11 of them.

From the platforms presented in this report five operate under the donations/reward model (50% of the sample), while the remaining six operate in the lending (three platforms) and equity (three platforms) space. The increasing number of platforms that have engaged with a public authority in the past three years enables us to present a more diversified landscape in terms of potential partners for public authorities in the crowdfunding sector, but also to illustrate (in section 3) a much wider range of combinations of crowdfunding and public funds.

## OVERVIEW OF 2020 PARTICIPATING PLATFORMS

### **i) Business and revenue models**

Crowdfunding platforms usually structure their business and revenue models around two main concepts: the application of an initial fixed fee once the project is ready to be published online, or the application of an ex-post success rate, to be charged to project owners once the crowdfunding campaign is closed and only if it has raised at least 100% of its funding goal.

Each structure has its benefits and downsides:

- **Flat fee:** Platforms might choose to apply a flat fee to cover the costs of some support services that they offer to project owners (coaching, communication, support to business plan and pitch development, etc.). The flat fee structure can be an interesting model as it enables companies that are evaluating the possibility of launching a crowdfunding campaign to know beforehand what the costs of the platform will be. Furthermore, as companies can usually raise more than their initial request through crowdfunding (so called “overfunding”) the flat fee might also be repaid via the additional funds raised during the campaign.

However, an upfront payment could represent a problem for projects that are already struggling with funding or that have a small target goal for their campaign, as it can become a deterrent from initiating the campaign.

- **Success rate:** some platforms might decide to only charge project owners once the campaign has successfully raised at least 100% of the target goal. In this case, platforms receive a percentage calculated on the overall amount raised by the project. This structure undoubtedly represents an incentive for project owners and aligns the platform's interest to the success of the campaign, as both parties will only receive money once the campaign is successful.

The information gathered from participating platforms show that most of them opt for a **success rate** model. In cases where a public authority is involved, these costs might also be covered through the public authority's budget so that all collected funds are effectively received by project owners. In general, success fees can range from 3% to 10%, with an average fee of 5% on collected funds.

### **ii) Raised funds and number of financed projects by participating platforms**

The consolidation of partnerships between crowdfunding platforms and public authorities, and their increase in number and diversity of schemes, can also be measured by drawing a comparison between data collected in 2018 and those received for this edition. Looking at both sets of information on the number of successfully financed projects and total amounts raised, the relevance of civic crowdfunding and match-funding in Europe is significantly increasing.

Data from 2018 showed that the six participating platforms had raised a total of 69.5m EUR since launching their operations. Most of them had activated only one or two partnerships with public authorities, with less than 1% of the overall raised amount coming from public budgets. Focusing on the specific initiatives that

have been included in the 2018 report, 104 projects have been successfully funded within initiatives where a public authority was involved, for an average budget of 14,800 EUR.

When looking at data from 2020, the first positive trend must be found in the number of participating platforms with an active partnership with a public authority. This section will present 11 crowdfunding platforms covering all four main crowdfunding models so far identified (donation, rewards, lending, equity).

In addition to this, the overall amount raised by participating platforms since the beginning of their operations amounts to almost 2bn EUR. The platform's information factsheets presented in this section will reveal that stark differences persist between different crowdfunding models in terms of amounts raised, but it would be a mistake to assess the success of a platform solely based on the average amount raised by projects. In fact, the diversity of models and amounts raised on each platform is once again proof of the flexibility of crowdfunding, which enables different types of entities (from high growth startups to informal associations) to access funding at different levels, with different implications and in line with different needs.

### **iii) Services provided to project owners by crowdfunding platforms**

One of the success factors identified in 2018 by both crowdfunding platforms and public authorities lay in the provision of capacity building and technical assistance services that platforms' operators could provide to project owners. Successful crowdfunding campaigns combine a mix of communication, management, planning and public relations skills that most project owners are not equipped with. In *Crowdfunding Success Factors*<sup>5</sup>, one of the most common reasons that lead crowdfunding campaigns to not raise their target goal is, in fact, a lack of structure and dedication to the preparation of the campaign itself.

To maximise the chances of success of each project, crowdfunding platforms usually offer a range of support services, such as preparation, management of the campaign, communication). Those public authorities that had included such services in their partnership agreements with crowdfunding platforms had the highest success rate in terms of successfully funded projects, with an average of 97%. When looking at initiatives where public authorities decided not to include support services for project owners, the success rate was greatly reduced. Input gathered from interviews conducted in 2018 confirmed this information, with public authorities and crowdfunding platforms recognising the importance of support services for the success of the overall initiative<sup>6</sup>.

Data collected from the 11 participating platforms indicates how the provision of services, such as general training on the functioning mechanisms of different crowdfunding models, specific coaching sessions for project owner to maximise the chances of success of their campaigns, pitches to introduce the fundraising round to potential crowd-investors, and support in implementing communication tasks, are becoming an integral part of platforms' operations and represent additional benefits for all those that engage with a crowdfunding platform, including public authorities.

The following part of Section 2 presents a series of *Platforms information factsheet*, to provide more in-depth information on participating platforms and a clearer overview on specific features.



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## PLATFORMS PRESENTATION

# CROWDFUNDING BIZKAIA

📍 **Spain**

## **Executive summary**

Crowdfunding Bizkaia is a crowdfunding platform operating via an equity model that provides a close link between Promoters who have innovative projects born and located in Bizkaia (Basque Country, Spain), with Investors from all over the world. The platform is promoted and managed via the company SEED CAPITAL DE BIZKAIA, constituted in 1989. This is a Public Foral Company, attached to the Department of Economic Promotion of the Bizkaia Provincial Council, for the administration of Funds.



Active since	CF model	Operating in
2018	EQUITY	Bizkaia province (Basque Country, Spain)

**Total match-funding initiatives:** The platform is 100% owned by the public authority, who allows projects that have an impact on its territory to benefit from this service.

### **Total amount collected through match-funding initiatives**



- **From public authority (or match-funder):** The public authority financed the 60,000 EUR starting capital for the launch of the operations, and funds the 1-year coaching and business developments services, which also allow companies that have successfully closed a crowdfunding campaign to meet follow-on investors (Business angels, investment funds, etc.)
- **From crowd:** 373,565 EUR

**Total campaigns funded:** out of six projects, four have successfully raised capital on the platform and one is about to be launched.

**Areas of activities of match-funding initiatives:** any business area

**Cost-structure of crowdfunding platform:** all services are provided for free. Crowdfunding Bizkaia only keeps a 1% success rate on the raised capital if the round is successfully closed. This amount includes fees that cover the fee applied by the payment gateway

# FINBEE VERSLUI

📍 Lithuania

## Executive summary

FinBee Verslui is a peer-to-peer lending platform based in Vilnius, Lithuania, where people lend to small and medium-sized businesses in Lithuania. In Finbee, borrowers enjoy low interest rates and low monthly installments, while those who invest in loans simply and securely earn solid returns. These loans are also backed by Invega, a state-owned company, under the program Aviete, which was specially developed for peer-to-peer loans.



Active since	CF model	Operating
2017	LENDING	Lithuania

**Total match-funding initiatives:** 1, through Invega.



### Total amount collected through match-funding initiatives

- o **From public authority (or match-funder):** 14.5m EUR
- o **From crowd:** 14.5m EUR

**Total campaigns funded:** 700+ loans.

**Areas of activities of match-funding initiatives (social entrepreneurship, environment, culture, others):**  
entrepreneurship in any business sector

**Cost-structure of crowdfunding platform:** contract fee 0.7% to 6% and monthly management fee from 0.12% to 0.58% (depends on risk profile of a client)

**Impact of the overall match-funding initiatives:** FinBee helps the smallest SMEs to solve their financial needs. The average size of a loan is 11,000 EUR, on average our clients employ nine employees and generate annual sales of 300,000 EUR. Over 700 businesses have received funding through the AVIETE initiative, based on the combination between reflows from ESF resources managed by INVEGA (Lithuanian public authority) and loans from the crowd

## **Executive summary**

Goteo.org is an open-source platform for crowdfunding and distributed collaboration based in Spain. Their mission is to help finance and support innovative initiatives that contribute to the common good, free knowledge, and open code. Goteo aims to facilitate the collective investment in open projects with social, cultural, scientific, educational, technological or ecological objectives that generate new opportunities for the improvement of society and the enrichment of community goods and resources.

Goteo helps communities and projects connected with media activism, ecology, urban transformation and communal action, so they can share their knowledge with society, find collaborative resources using crowdfunding and facilitate the collaboration of citizens, public institutions and companies.

Over the years Goteo has received awards and international recognition and has replicas and alliances in several countries. Since 2011, Goteo has received over 6,687 projects, with over 1,680 of these going on to be published, with a medium success rate of 80.49% scaling up to 91.30% in 2020. The total funds raised by Goteo so far is 11,319,459 EUR.



Active since	CF model	Operating in
2011	DONATION REWARD	Spain and several other countries in Europe, Africa and in Latin America

**Total match-funding initiatives on the platform since launch of operations: 17**



### **Total amount collected through match-funding initiatives**

- o **From public authority (or match-funder):** 715,000 EUR
- o **From crowd:** 10,565,147 EUR

**Total campaigns funded:** 192.

**Areas of activities of match-funding initiatives (social entrepreneurship, environment, culture, others):**

Innovation, culture, social entrepreneurship

**Cost-structure of crowdfunding platform:** Fee to cover technical costs and Goteo tailored mentorship 5% + TPV bank 0.8% + 0.35 EUR/transaction

**Impact of the overall match-funding initiatives:** Match-funding offers several advantages with regard to traditional crowdfunding, that can be summarised as follows:

- it helps to provide additional funds for project campaigns;
- it significantly increases the average amounts of donations and, accordingly,
- it improves the chances of success for campaigns.

# GROWFUNDING

📍 **Belgium**

## **Executive summary**

Growfunding is a Brussels-based civic crowdfunding platform that operates in Belgium. It started in 2013 as a research project<sup>7</sup> financed by the European Social Fund with the objective of developing a new way to promote participation in existing and new social networks and practices that strengthen society's resilience without losing sight of the vulnerability of the city's inhabitants. Growfunding/bxl launched as a civic crowdfunding platform in 2014 with the financial support of the Brussels and Flemish government. In 2016 it legally registered as a non-profit: 'Growfunding vzw', continuing its experimental research with the 'Social Success Meter': a data module designed to measure social impact through crowdfunding.

Up to today, Growfunding has collected more than 2.6m EUR from 22,000 'growfunders'. It launched 270 projects throughout Belgium in which over 46,000 people participated.<sup>8</sup> From its inception, Growfunding's mission is to make the social fabric of society stronger and more resilient by using civic crowdfunding as a financial, networking and communication tool and a participation method. By combining alternative financing with a non-formal learning trajectory and an innovative participation methodology, it develops new synergies and connections between various networks of citizens, social businesses, companies, institutions for higher education and governments from the bottom up.

Active since	CF model	Operating in
growfunding / bxl build your city	2013 REWARD CIVIC CROWDFUNDING	Belgium

**Total match-funding initiatives on the platform since launch of operations:** 16 (including 21 match-funders of which six public authorities)



### **Total amount collected through match-funding initiatives**

- **From public authority (or match-funder):** from all match-funders: 224,042 EUR / from public authority: 174,915 EUR
- **From crowd:** 422,719 EUR

**Total campaigns funded:** 23.

**Areas of activities of match-funding initiatives:** Arts & culture, youth, sustainability, social entrepreneurship, solidarity & human rights

**Cost-structure of crowdfunding platform:** 10% success fee (for campaigns that reach 100% or more of their target amount)

### **Impact of the overall match-funding initiatives:**

- **Community impact:** overall, 3,314 citizens participated directly in the match-funding initiatives, enabled through the reward-based methodology of the campaigns coupled with the financial support of the different match-funders.
- **Capacity building:** Growfunding trained around 40 individuals (the project holders) as part of its Growfunding coaching trajectory on campaigning, communication strategy and aspects of business development.
- **Spotlight on (civic) crowdfunding:** By launching targeted calls for projects coupled with information sessions, Growfunding contributed to making the potential of crowdfunding as a financing tool more well known amongst policy makers, citizens and social entrepreneurs

# OCTOBER

📍 France

## Executive summary

October was born in France at the end of 2014 with the name of Lendix following the entry into force of a law that allowed non-banks to grant loans to businesses. Today, October active as a pan-European funding platform with offices in Italy, France, Spain, the Netherlands and Germany.

Active since	CF model	Operating in	
 <b>october</b>	2014	LENDING	France, Italy, Spain, the Netherlands and Germany

**Total match-funding initiatives on the platform since launch of operations:** Institutional fund that includes 100m EUR commitment signed by the EIF, CNP Assurances, Bpifrance and Zencap among others to finance European SMEs. All of the above-mentioned investors were already part of the institutional fund launched in 2018.

As of April 2020, in light of the strong economic repercussions of the pandemic on SMEs, October has developed agreements with national governments in Italy, France, Spain and the Netherlands, as to extend the application of national guarantee schemes to businesses that applied for a loan via the platform.



### Total amount collected through match-funding initiatives

October's business model foresees the presence of an institutional fund that contributes at least 51% to each project that is published on the platform. Technically speaking, each project is the direct beneficiary of a match-funding scheme.

**Total campaigns funded:** as all of the projects published on the platform receive at least a 51% co-investment from October's institutional fund, the total number of campaigns funded via this match-funding scheme equals the total number of projects published on the platform since the beginning of operations: 1,325.

**Areas of activities of match-funding initiatives:** No pre-defined area of activity, SMEs operating in any sector can apply for a loan via October.

**Cost-structure of crowdfunding platform:** initial fee of 3% of the amount to be raised by the project, plus a monthly management fee of 0.04% to be charged for the entire duration of the loan.

# ONEPLANETCROWD

📍 the Netherlands

## **Executive summary**

Oneplanetcrowd is a Dutch lending crowdfunding platform, operating since 2012 to promote investment in sustainable innovation. Their mission is to tackle the challenges that we are confronted with together with companies and investors. We bring together innovative companies and future-oriented investors together to accelerate the transition towards a sustainable economy. Via Oneplanetcrowd established companies and projects are financed. All companies on Oneplanetcrowd contribute to one or more Sustainable Development Goal(s).



Active since	CF model	Operating in
2012	LENDING	the Netherlands

**Areas of activities of match-funding initiatives:** Any company registered in the Netherlands looking to raise growth financing or working capital, whose activities contribute to at least one of the 17 SDGs.

**Cost-structure of crowdfunding platform:** Success fee from the company receiving the loan, varying on the size of the deal and on the preparatory workload to get the project ready for the campaign. Also, Oneplanet-Crowd applies a maintenance fee to investors' portfolios (0.8% of the value).

**Impact of the overall match-funding initiatives:** To measure the extent to which entrepreneurs contribute to one or more of the 17 goals, a set of indicators has been developed with a number of indicators per SDG. Indicators include the number of children receiving better education, the number of households contributing to a sustainable society, the number of kilojoules of energy generated or the amount of CO2 saved. For each company one or more indicators are identified.

## **Executive summary**

PPL is the leading crowdfunding platform in Portugal, operating since 2011 via the reward model. It focuses on social, creative and entrepreneurial projects. The founding values of the platform are collaboration, ethics, respect, innovation and entrepreneurship and flexibility, and through these values PPL is committed to support the social and economic development of our territory and of a new model of participatory funding.



Active since	CF model	Operating in
2011	REWARD	Portugal

**Total match-funding initiatives on the platform since launch of operations:** 1.



### **Total amount collected through match-funding initiatives**

- o **From public authority (or match-funder):** 32,000 EUR from EDP Foundation
- o **From crowd:** n.d.

**Total campaigns funded:** 7

**Areas of activities of match-funding initiatives:** Social entrepreneurship and sustainability

**Cost-structure of crowdfunding platform:** Success fee of 5% (+VAT) on the raised amount only if the project raises at least, it's required budget, and additional fee of 2% (+VAT) is charged to cover payment costs.

**Impact of the overall match-funding initiatives:** The initiatives co-financed through the platform were mainly social enterprises projects that had been incubated and accelerated by the partnership with the EDP Foundation. These initiatives were very diverse in goals and impact: some focused on offering training to children and their parents, others aimed at inaugurating new locations to teach financial education to needy families or help homeless people find a job. To give you some examples, an association opened a middle-eastern restaurant employing six Syrian refugees while another project scaled up its healthy baby food production. Crowdfunding allowed the EDP Foundation scrutiny of the best projects to match-fund the best ones. In fact, only successfully crowdfunded projects, i.e. validated by the community, would benefit from co-funding by the foundation.

# PRODUZIONI DAL BASSO

📍 Italy

## Executive summary

Produzioni dal Basso (PDB) was the first crowdfunding platform set up in Italy, in 2005. It represents the largest Italian community of reward and donation based crowdfunding and an important European businesses in the sharing economy. PDB is a crowdfunding platform, as well as a social innovation platform.

Active since	CF model	Operating in
produzionidalbasso. 2013	DONATION REWARD	Mainly Italy, but operations can be supported also in other countries (especially in the SEPA area)

**Total match-funding initiatives on the platform since launch of operations:** Four: two from public authorities (Comune di Milano, Comune di Venezia), two from private companies (Hill's Pet Nutritions & Enpa Nazionale, NaturaSi).



### Total amount collected through match-funding initiatives

- o **From public authority (or match-funder):** 620,000 EUR
- o **From crowd:** 304,033 EUR + ongoing match-funding campaigns

**Total campaigns funded:** 19 projects from the municipality of Milan, 14 from the municipality of Venice (still ongoing).

**Areas of activities of match-funding initiatives:** social entrepreneurship, environment, culture, civic projects.

**Cost-structure of crowdfunding platform:** success Fee model: if the project collects funds, the platform retains a percentage ranging between 3 and 5% (including VAT). In the case of match-funding initiatives (e.g. the Municipality of Milan or the Municipality of Venice) this cost is zero (so the platform does not earn from successful transactions).

# SEEDRS

📍 UK

## **Executive summary**

Seedrs is a London-based equity crowdfunding platform, active since 2012 and established as the first equity platform in the UK. Seedrs' mission is to enable all types of investors to invest in businesses they believe in and share in their success, while enabling all types of growth-focused businesses to raise capital and a community in the process. A peculiarity of the platform is that, in addition to the possibility to raise capital and invest in companies, Seedrs also offers investors the opportunity to trade shares in companies that have raised through the platform via its own secondary market.



Active since	CF model	Operating in
2012	EQUITY	UK, Portugal

**Total match-funding initiatives on the platform since launch of operations:** FutureFund UK, financed by the UK government.



### **Total amount collected through match-funding initiatives**

As the initiative is still ongoing (June 2021), figures related to amounts raised and number of funded initiatives are not yet available

**Areas of activities of match-funding initiatives:** Any startup and scale up can raise funds through Seedrs, regardless of the business sector in which they operate

**Cost-structure of crowdfunding platform:** For companies: Success fee - 6% of all funds raised + Completion fee - 2,500 GBP (2,900 EUR) (excl. VAT) + Payment processing fee. Furthermore, fees are only charged to investors if the businesses they invest increase in value. We charge a fee of 7.5% on any profit made (i.e. in excess of the capital invested) on investments held by Seedrs as nominee.

**Impact of the overall match-funding initiative:** In an effort to support innovative, high-growth businesses through this time, the UK Government has made 250m GBP (2.9m EUR) available through its Future Fund, to deploy into ambitious UK startups that meet key criteria. Although the fund has currently been capped at 250m GBP, the scheme is likely to be expanded if demand outpaces this amount. The Future Fund will match up to 100% of private investment in eligible businesses through these government-issued convertible loans, ranging in value from 125,000 GBP (145,000 EUR) to 5m GBP (5,8m EUR). Any eligible business on Seedrs that raises for example 500,000 GBP (580,000 EUR), will receive an additional 500,000 GBP in funding from the Future Fund if the application is successful.

# STARTNEXT

📍 **Germany**

## **Executive summary**

Startnext is Germany's first crowdfunding platform, founded in 2010. It offers entrepreneurs, innovators and creative people the opportunity to present their ideas, raise the necessary funds, and build a community. Today, Startnext is the largest crowdfunding community for creative and sustainable projects and startups in the German-speaking countries. Nearly 12,000 projects have been successfully funded via the platform and over 108m EUR have been raised. Startnext is a social business and part of the Benefit Corporation network.



Active since	CF model	Operating in
2010	REWARD	Germany, Austria, Switzerland, Liechtenstein

**Total match-funding initiatives on the platform since launch of operations:** 58, both by public authorities and by private companies.

**Total campaigns funded:** In excess of 20m EUR.

**Areas of activities of match-funding initiatives:** Not limited, everyone (matching our guidelines and categories) is welcome to start a campaign; the majority of projects, however, are in the creative or sustainable fields.

**Cost-structure of crowdfunding platform:** Startnext applies a voluntary success fee that is agreed upon with every project owner, and that is charged only if the project raises the funds that it needs (on average it's 3%). In addition, there is a 4% fee that covers transaction costs.

**Impact of the overall match-funding initiatives:** Since 2015, Startnext is a social business and part of the Benefit Corporation network, with a score of 89.4. To certify as a B Corp, a company must achieve a minimum verified score of 80 points on the B Impact Assessment. The B Impact Assessment asks questions about how the day-to-day operations of a company create a positive impact for the company's workers, community, and environment. Additionally, companies can earn further points if their overall business model can be shown to create positive social and environmental impact as well, qualifying the company for specific Impact Business Model points. Startnext has developed a dedicated match-funding offering supporting civic society projects, including Covid relief of more than 15m EUR. Startnext also offers MicroCrowd, a market validation campaign to qualify for a development loan, in cooperation with regional development banks such as IBB, NRW Bank or L-Bank.

# WEARESTARTING

📍 **Italy**

## **Executive summary**

WeAreStarting was born in 2015 as an equity-based crowdfunding portal, which is an online platform authorized by CONSOB that allows professional and non-professional investors, in proportion to the investment, to get hold of shares in the share capital of Italian companies. The intention of the platform is not to offer a greater number of financial opportunities, but rather to present a selected number of companies that, through a meticulous and accurate analysis of parameters such as turnover, past and future strategies, investments, customers and communication plan, are able to respond to the needs of the investor. Right from the start, one of the elements that has distinguished WeAreStarting from other portals is the possibility of investing in a varied range of projects, from innovative startups to more established companies such as SMEs. As of 2018, WeAreStarting is a Benefit Corporation, meaning that, in addition to the usual profit targets, it aims to have a positive impact on society and the environment.

Active since	CF model	Operating in
2015	EQUITY	Italy



**Total match-funding initiatives on the platform since launch of operations:** 2.



### **Total amount collected through match-funding initiatives**

- **From public authority (or match-funder):** 111,000 EUR
- **From crowd:** 1,2m EUR

**Total campaigns funded:** 3.

**Areas of activities of match-funding initiatives:** Any business sector, with a good number of companies operating in the energy-efficiency and cleantech space

**Cost-structure of crowdfunding platform:** Fixed fee, necessary for the portal to cover the out-of-pocket costs of producing documents and evaluating the company, starting from 2,000 EUR; Fee paid on success of the campaign and as a percentage of the capital raised; Third party registration fee, aimed at repaying the costs necessary to cover this service (if the company decides to use it).

**Impact of the overall match-funding initiatives:** WeAreStarting provides training sessions to all its projects. Within the framework of the different partnerships with public authorities, three companies have grown to become established economic operators in their reference markets, increasing job opportunities in the territory not only within the company itself, but along the entire production chain. Furthermore, companies that have launched a fundraising run on WeAreStarting have also acquired several different patents.

# SECTION 3

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## EXPLORING SYNERGIES THROUGH BEST PRACTICES

This section of the study is dedicated to present each case study collected from both public authorities and crowdfunding platforms involved in the activities. To this part, each contributor (platform or public authority) has provided different case studies, as to collect sufficient evidence to support best practices for each of the public authorities' roles and for each match-funding scheme. Here, case studies will provide not only an overview of the outcomes of each match-funding scheme, but also a description of implemented procedures in both the set-up and follow-up (reporting) phase.

### **Overview**

A total of 22 initiatives have been mapped and collected for the purpose of this report. Compared to the six initiatives mapped in 2018, this element is already a strong signal of the increased interest and diverse applications that partnerships between public authorities and crowdfunding platforms have been deploying all over Europe. The rationale behind the choice of the 22 selected initiatives has been to provide the reader with different samples, covering different levels of government (local, regional, national), different countries, different forms of finance used, different combinations, different sectors of focus for each initiative, and different nature of beneficiaries.

In terms of geographical coverage, the current report covers seven EU countries which are Belgium, Germany, Italy, Lithuania, the Netherlands, Portugal and Spain as well as the United Kingdom. The implication of this wide coverage is not only to demonstrate the presence of such partnership schemes in many countries, but also to provide insights on how different national regulations and policy priorities can have an impact on a cooperation between a public entity and a crowdfunding platform. Furthermore, looking at the type of public authority involved, the case studies aim at providing an exhaustive overview of how different levels of government might interact with crowdfund-

ing: 10 case studies see the participation of a local authority, seven focus on the regional level, while seven have a national scope.

Another element of differentiation among the case studies lies in the sectoral focus (business areas or policy areas) that provide the overarching framework for the initiatives. The report covers business areas ranging from territorial and urban development to the promotion of innovation and entrepreneurship, but a good number of case studies focus on social innovation and culture, as well as access to finance for SMEs and startups in specific geographical areas. As highlighted in section 1, most of these sectors fall within the current and future Cohesion Policy Objectives, and partnerships between crowdfunding platforms and public authorities might become an additional option also within this policy framework.

### **Forms of finance**

A relevant element of change lies in the types of crowdfunding models and forms of finance that have been combined to develop new match-funding initiatives. All the initiatives presented as best practices in the 2018 report foresaw the combination of grants and/or non-financial support from public authorities with donation and/or reward crowdfunding platforms. This 2021 report shows how not only has the number of partnerships between public authorities and crowdfunding increased when considering grants/non-financial support in combination with reward/donation crowdfunding, but also that the forms of finance used in combination with crowdfunding has expanded into more financial types, ranging from co-investment in companies capital via equity instruments, to guarantee schemes and co-investment by public authorities directly into crowdfunding platforms.<sup>9</sup>

The collected best practices show a well-balanced mix of forms of finance used in combination with crowdfunding:

- **eight** case studies present partnerships in which public grants have been integrated with non-financial crowdfunding models (donation and/or reward)
- **nine** case studies present partnerships executed via lending-crowdfunding platforms, either via loans to be issued alongside the “crowd”, or via guarantee-schemes to reduce the risk exposure of both institutional and crowd-investors
- **nine** case studies present partnerships between public authorities and equity crowdfunding platforms, where equity investments via public budgets have been allocated to companies running an equity crowdfunding campaign<sup>10</sup>

Already at a first glance, the balanced use of crowdfunding models and forms of finance demonstrates that, while grant-based schemes with reward and donation crowdfunding remain significant and widely implemented, the establishment of financial partnerships emerged as an additional opportunity and has proven to be a viable option in almost half the cases.

### Type of resources used

Best practices presented in 2018 provided a first insight into the actual possibility of combining public authorities' own resources with non-financial crowdfunding. For the scope of this report, a further step was taken to enquire whether any case studies where a combination of European funds (such as European Structural and Investment Funds or other direct funds) and crowdfunding have been implemented. Not surprisingly, several such initiatives have been mapped and will be presented in the following pages. Briefly, 16 initiatives have been using public authorities' own resources in combination with crowdfunding, while the remaining six initiatives have managed to integrate resources coming from different European Funds (mainly European Social Fund (ESF), European Regional Development Fund (ERDF) and Employment and Social Innovation Financial Instruments (EaSI)). Taking into consideration the added layer of rules and regulations that a combination between a public entity

and a private company (crowdfunding platform) entail, especially within the framework of the European Structural and Investment Funds (ESIF), the emergence of these eight initiatives must be welcomed as a positive step that can open up the same possibility also to other Managing Authorities in Europe. For this purpose, section 4 will provide a set of blueprints that might help public authorities understand which steps and procedures to activate when designing and implementing a partnership with crowdfunding platforms, both with own resources and with ESIF or other EU funds.

### Role of public authorities

Public authorities have found different roles to engage with crowdfunding platforms, which have enabled further options to emerge. In 2018, the main roles for a public authority in a partnership with a crowdfunding platform were Sponsor, Manager, Curator and Facilitator. Among the 22 case studies mapped in this edition of the report, a fifth role has emerged for public authorities, that of Enabler:

- **Enabler** - the public authority provides support services to encourage the use of crowdfunding among its citizens. Such services range from promotional events of partner crowdfunding platforms to advisory services for interested project owners, to referral agreements with selected partner crowdfunding platforms. Seven of the case studies presented in this report foresee a public authority acting as Enabler.
- **Sponsor** – the public authority launches its own campaign for a specific project on an existing civic crowdfunding platform. One case study presents an initiative where the public authority acts as Sponsor.
- **Manager** – a public authority creates its own crowdfunding platform to foster the development of its territory. The public administration usually creates a generic platform that promotes both entrepreneurial for-profit projects and non-profit civic initiatives. Two of the case studies in this section see public authorities involved in the role of Manager.

## SECTION 1 - SETTING THE CONTEXT

- **Curator** – the public authority selects from an existing crowdfunding platform a list of projects that meet its agenda. In this scenario, the selection of projects that will receive further support from public resources, is made after the crowdfunding phase is successfully closed. Two of the case studies in this section see public authorities involved in the role of Curator.
- **Facilitator** – the public authority commits to co-finance successful crowdfunded projects

on partner platforms before the crowdfunding phase is launched. This model is usually regulated by an agreement between the managing authority and the crowdfunding platform(s), defining areas and criteria for the selection of projects, co-funding rates, timing, and reporting requirements. Most case studies, that is 10 initiatives, see the participation of the public authority in the role of Facilitator.

SOURCE OF FINANCE				
Own resources		European resources		
16		6		
FORM OF FINANCE				
Investment	Loan	Grant		
10	4	8		
MODEL				
Donation/Reward based	Equity based	Lending based		
9	8	7		
TOTAL				
Case studies collected	Countries involved*	Total number of platforms		
22	8	15		
GEOGRAPHICAL DISTRIBUTION				
National based	Regional based	Local based		
7	8	10		
ROLE OF PUBLIC BODIES				
Facilitator	Curator	Manager	Sponsor	Enabler
10	2	2	2	6

Figure 8: The table shows the aggregate values of the case studies collected. In particular, it should be noted that, under “models” and “geographical distribution”, the total exceeds the number of case studies presented. This is due to the fact that some of the examples reported fall into more than one crowdfunding model and can be extended to different geographic areas.

# CASE STUDIES

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## PUBLIC AUTHORITY AS ENABLER

# ACCREDITATION | ACCIÓ

📍 **Spain**

## Executive summary

In 2015, ACCIÓ-Catalonia Trade & Investment, the competitiveness agency of the Catalonian Government, implemented an [accreditation process](#) for alternative finance entities with commercial activity in Catalonia with the goal of reducing the risks usually perceived by SMEs in association with new players promoting alternative finance options.

The accreditations were divided into four categories: business angels' networks, equity crowdfunding, lending crowdfunding, and invoice trading, and they all had a maximum validity of two years.

In the first accreditation process, 17 entities were accredited, of which 11 were business angels' networks, two were equity crowdfunding platforms, two were lending crowdfunding platforms, and two were invoice trading platforms.



## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
different platforms operating in the country	ENABLER	Catalonia, Spain

**Policy areas:** Supporting to access to finance of SMEs

**Type of support provided by the public authority:** The public authority allocated internal human resources for the design, implementation, and maintenance of the accreditation initiative.

## SET UP

**At a glance:** In 2015, ACCIÓ-Catalonia Trade & Investment implemented an accreditation process for alternative finance entities with commercial activity in Catalonia with the goal of reducing the risks usually perceived by SMEs in association with new players promoting alternative finance options..

**Description of the initiative:** The accreditations were divided into four categories: business angel networks, equity crowdfunding, lending crowdfunding and invoice trading and they had a maximum validity of two years. To get the accreditation, the entity had to have:

- a manager able to deliver services and advice to SMEs,

- funded two deals accounting both for a total of 100,000 EUR before the launch of the accreditation process
- at least 20 investors registered with the company.

In the first accreditation process, 17 entities were accredited, of which 11 were business angels' networks, two were crowd equity platforms, two were crowd-lending platforms, and two were invoice trading platforms.

Currently, the accreditation process is still ongoing, however, the bar has been raised for the requisites to obtain the accreditation. The applicants must now

- have their own legal status;
- have a manager able to deliver services and advice to SMEs,
- have funded five deals for a total of 500,000 EUR before the launch of the accreditation process starting from January 2015 for the business angels' network category;
- have funded five deals for a total of 1,000,000 EUR before the launch of the accreditation process starting from January 2015 for the equity crowdfunding platform category;
- have funded 20 deals for a total of 1,000,000 EUR before the launch of the accreditation process starting from January 2015 for the lending crowdfunding platform category;
- have funded 100 deals for a total of 1,000,000 EUR before the launch of the accreditation process starting from January 2015 for the invoice trading platform category;
- have at least 20 investors registered with the

company; have a defined application process for new investors

**Reasons for setting up the partnership:** Increase the confidence of startups and SMEs in alternative forms of financing while getting aggregated market information to be able to communicate the growing importance of this sector in the Catalan startup and SME funding environments. Collecting relevant data and KPIs on the applying entities in this new and growing financing field was also one of the main reasons behind the accreditation. When reliable data are available, policies can then be implemented and awareness campaigns on the growing use of those financial instruments can be launched.

**Role of crowdfunding in the wider long-term strategy:**

The public authority wants to use crowdfunding to promote innovative and alternative sources of finance for SMEs and new business, with a view on fostering territorial and economic development.

## IMPLEMENTATION AND REPORTING

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**Areas of interest/applications:** Small and Medium Enterprises; Economic development, Innovation

**What procedure was used to select the platforms?** Between the first and the second accreditation process, the criteria for selecting projects were changed. The latest requirements for a company to be accredited are:

- have own legal status and a manager able to deliver services and advice to SMEs,
- have funded 5 deals for a total of 500,000 EUR before the launch of the accreditation process starting from January 2015 for the business angels network category; or five, 20 and 100 deals for a total of 1,000,000 EUR for crowdlending, invoice trading and crowd equity platforms respectively;
- have at least 20 investors registered with the company; have a defined application process for new investors

**Outputs & impact:** In the first accreditation round, 17 entities were accredited: 11 business angels' networks, two crowd equity platforms, two crowdlending platforms, and two invoice trading platforms.

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
Neutrality of the accreditation's organization	Increase the bar as the market matures; keep in mind that the accreditation has to deliver updated value to the alternative finance platforms; use the gathered data to increase the awareness of those alternative funding instruments	Engage European platforms as they get into the SME funding market in Catalonia

# ALTERNATIVE FINANCE ONLINE TOOL | ACCIÓ

📍 **Spain**

## Executive summary

In 2007, ACCIÓ started to add information on investors in its Investment Forum startups' catalogue. Those investors were mainly business angels' networks and some venture capitalists. After some years of improvement with the addition of new investors in the catalogue, and as a measure of economic recovery from the Government of Catalonia, the alternative finance catalogue was born. The first edition in 2014, which was developed in a downloadable pdf format, had 54 investors, while the second one in 2015 had 86 investors divided into capital and debt, with 10 additional sub-categories. Finally, in 2018 a first online and interactive version of the tool was published with more than 100 investors. Being searchable and online allows ACCIÓ Catalunya Trade & Investment to include or remove investors and update any information of a given investor in this fast-changing environment while, at the same time, not depending on the public budget for the updates. In 2021, a new complete update of the tool was published, with a final result of more than 100 investors. In order to get a list of the funding options and the information on each investor, an SME has to indicate in which sector the company is operating in, its growth stage, its financial position, the amount needed and the planned use of the funding.

**ACCIÓ**  Generalitat de Catalunya

## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
Different crowdfunding platforms able to serve SMEs established in Catalonia	ENABLER	Catalonia, Spain

**Policy areas:** Supporting to access to finance of SMEs

**Type of support provided by the public authority:** ACCIÓ dedicated 500 hours to develop the first online edition. Some 200 additional hours are periodically required for a complete update of the online tool.

## SET UP

**At a glance:** ACCIÓ created a new complete update of the tool that has been published with a final result of more than 100 investors. To get a list of the funding options and the information on each investor, an SME has to indicate in which sector the company is operating in, its growth stage, its financial position, the amount needed and the planned use of the funding.

**Description of the initiative:** In 2018 a first online and interactive version of the tool was published with more

than 100 investors. Being searchable and online allows ACCIÓ Catalunya Trade & Investment to include or remove investors and update any information of a given investor in this fast-changing environment while, at the same time, not depending on the public budget for the updates. In 2021, a [new complete update of the tool](#) was published, with a result of more than 100 investors. To get a list of the funding options and the information on each investor, an SME must indicate in which sector the company is operating in, its growth

stage, its financial position, the amount needed and the planned use of the funding.

**Reasons for setting up the partnership:** Allow startups and SMEs to access the best alternative funding for their needs. Moreover, detailed information on con-

tact data, investment criteria and the current investments of the investor are available.

**Was the public authority the only match-funder or part of a match-funding consortium?** The public administration created a pool of investors open to SMEs

## IMPLEMENTATION AND REPORTING

**Achievements:** The tool has been online as of 2014, allowing hundreds of deals to be performed and facilitating a high number of matchmaking and partnership opportunities. This must be considered as a major achievement for ACCIO, as it perfectly fits the mission for which the organisation was created.

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
Neutrality of the accreditation's organization	Increase the bar as the market matures; keep in mind that the accreditation has to deliver updated value to the alternative finance platforms; use the gathered data to increase the awareness of those alternative funding instruments	Engage European platforms as they get into the SME funding market in Catalonia

# AWAWARENESS CONTRACTS | ACCIÓ

📍 **Spain**

## Executive summary

In 2015, the first five awareness or sponsorship contracts with 3 Catalan lending crowdfunding platforms and two Catalan invoice trading platforms were signed. The aim of those contracts was to subsidize the promotional activities that those platforms were implementing. In addition to subsidizing the operational costs of the platforms, the contracts recognised the positive added value brought by promoting the activities that each platform was carrying on for the infant alternative finance market as a whole. In October 2020, five one-year duration contracts - two with equity crowdfunding platforms, one with a lending crowdfunding platform, and two with invoice trading platforms - were signed for a total amount of 50,000 EUR.

**ACCIÓ**  Generalitat de Catalunya

## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
different crowdfunding and fintech platforms, with the aim of increasing access to liquidity for SMEs	ENABLER	Catalonia, Spain

**Policy areas:** Support for SMEs

**Type of support provided by the public authority:** 50,000 EUR for the first five one-year contracts. The public authority provided support for a total of 30 hours for the first contracts and 10 hours for following ones.

## SET UP

**Description of the initiative:** In 2015, the first five awareness or sponsorship contracts with three Catalan crowdlending platforms and two Catalan invoice trading platforms were signed. The aim of those contracts was to subsidize the promotional activities that those platforms were implementing. In addition to subsidizing the operational costs of the platforms, the contracts recognised the positive added value brought by promoting the activities that each platform was carrying on for the infant alternative finance market as a whole. In October 2020, five one-year duration contracts - two with crowd equity platforms, one with a crowdlending platform, and two with invoice trading platforms - were signed for a total amount of 50,000 EUR.

**Reasons for setting up the partnership:** Increase the

awareness of the alternative finance platforms while subsidizing their operational costs.

**Role of crowdfunding in the wider long-term strategy:** To provide Spanish SMEs with an open and accessible pool of investors through different ways of financing.

**Outputs & impact:** As of October 2020, five one-year duration contracts - two with crowd equity platforms, one with a crowdlending platform, and two with invoice trading platforms - were signed for a total amount of 50,000 EUR.

**Strategic policy framework:** The agreement is part of the Regional Government's strategy to give visibility and support to alternative financing as a complementary option especially for SMEs.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** grants to lending and invoice trading platforms (No match-funding scheme applied)

**Areas of interest/applications:** The grants were awarded in order to support the increase in awareness-raising activities organised by partnering platforms in the Catalan territory, to the benefit of Catalan investors and SMEs

**Maximum amount of public resources per project** - 10,000 EUR per contract with each platform

**Total amounts paid to successful projects (Public resources/OP and other resources combined):**

- public resources: 50,000 EUR

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
Pre-existing knowledge of the market and clear identification of the partners with the most market impact.	Include business continuity, exit and cancellation clauses due to the fast-changing environment conditions to protect the reputation of the public authority.	Move to a success fee-based relationship as the market matures.

# PARTNERSHIP AGREEMENTS | ART-ER

📍 **Italy**

## Executive summary

The development of new partnerships with equity crowdfunding platforms started from the necessity of start-ups and new businesses coached within the framework of the Kick-ER advisory service to have a specific knowledge about equity crowdfunding. In order to provide stakeholders with valuable training on matters concerning equity crowdfunding and access to finance, such as finance schemes and mechanisms, ART-ER initiated agreements with equity crowdfunding platforms. The idea was to not only to satisfy start-ups and SMEs' needs and requests, but also to facilitate the dialogue between start-ups that want to understand equity crowdfunding and platforms, both groups trusting ART-ER in proposing valuable projects to reliable crowdfunding platforms and vice versa.

Since ART-ER as a public consortium company cannot directly manage funds, these partnerships have taken the form of a light cooperation, namely different non-onerous agreements. The lack of economic implications to benefit from Kick-ER's advisory services has been positively received by platforms, as it facilitates their connection to viable startups. Although it was not guaranteed that projects recommended by Kick-ER would be published on a platform, project owners have been incentivised and supported in acquiring a higher level of knowledge about equity crowdfunding dynamics and procedures, which will remain useful in any fundraising activity they might want to undertake in the future.



## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
WeAreStarting, CrowdFundMe, Mamacrowd, 200crowd, StarsUp and Lita.co	ENABLER	Emilia Romagna region, Italy.

**Policy areas:** Research and Innovation: to support the startup and scale up of new innovative, creative and knowledge-intensive companies that can generate new market niches through new products, services and production systems, as well as new employment opportunities.

**Type of support provided by the public authority:** In the framework of these cooperation agreements platforms and, as a consequence, ART-ER, are entitled to provide training or webinar on equity crowdfunding mechanisms and platforms' characteristics, assisting ART-ER startups network in conducting successful crowdfunding campaigns.

## SET UP

**At a glance:** Non-onerous agreements promoted by ART-ER in partnership with equity crowdfunding platforms with the aim of supporting new businesses and startups in having a good knowledge of equity

crowdfunding and ultimately running their own equity crowdfunding campaign.

**Description of the initiative:** ART-ER promoted the development of new partnerships in order

to support local stakeholders in having a complete knowledge of equity crowdfunding. For this reason, a number of non-onerous agreements have been signed with different equity crowdfunding platforms, which will provide users valuable training, webinars and learning moments to understand finance schemes and mechanisms behind equity crowdfunding models. As a result, such partnerships also facilitate a dialogue between start-ups that want to understand this specific model and crowdfunding platforms.

**Reasons for setting up the partnership:** These agreements were successful because platforms can easily reach viable startups without funding constraints and, at the same time, it is possible to involve different platforms in training and information moments, dedicated to startup members. In addition, the advantage of giving more detailed information about the tool and platforms provides project creators with a competitive advantage, which will be useful in the campaign development phase, shaping it with the aim of fitting the chosen platform's requirements.

## IMPLEMENTATION AND REPORTING

**Areas of interest/applications:** No specific categories of project, the only requirements are that the projects will generate an impact on social or territorial development.

**What procedure was used to select the platform?** To be selected, the platform must be an equity platform, authorized by CONSOB (Italy's national regulatory authority for financial markets). No agreements have ever been stipulated with consultants, only with other regulated and authorized legal entities. Usually, first contacts between the parties have been initiated during conventions or public moments of networking and then formalized into a full agreement with a view to expand and improve the collaborations and services.

**Outputs & impact:** At the operational level, these kinds of agreements tend to be renewed, although they must have a formal starting and end in order to be consistent with ART-ER's internal regulations. The first agreements last a maximum of two years due to their experimental nature. Not all of the agreements have led to the implementation of specific activities, but those that have done so have never encountered a request for termination on either side, or a refusal to renew.

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
<p>Even at an experimental stage, the collaborations helped in structuring the partnership and in defining the different tasks. They will provide the basis for future agreements. In addition, these partnerships contributed to:</p> <ul style="list-style-type: none"> <li>• reduce distrust on both sides</li> </ul>	<p>The non-onerous agreements promoted in partnership with crowdfunding platforms to support new businesses and startups in having a good knowledge of crowdfunding made it possible to involve both crowdfunding platforms and SMEs and startups</p>	<p>The aim is to include more stringent requirements, such as screening a fixed number of start-ups in exchange for a total amount of training events by the platforms. In future scenarios focus will be on strengthening training, information, and</p>

(project creators and platforms)

- direct energies to the most important phases of the campaign; offer the possibility to have a first evaluation of the platforms on emerging local start-ups.

without putting too much pressure on them, in a sort of first testing ground. It is important to guarantee to organizations high quality training on crowdfunding activity, giving them guidelines on how to conduct a successful campaign and how to structure it in order to be launched on platforms. At the same time, to create a preferred channel between organizations and crowdfunding platforms, projects presented have to be aligned with platforms needs and requirements.

dissemination activities, while developing digital products to support start-ups towards a deeper understanding of the crowdfunding tool.

# EaSI LOAN | ONEPLANETCROWD

📍 the Netherlands

## Executive summary

Oneplanetcrowd is a large lending-based European crowdfunding platform active since 2012 and focussing on sustainability. In order to further develop its platform and achieve further growth, Oneplanetcrowd [has attracted 1m EUR](#) in growth finance from the European Investment Fund (EIF) via the EU's Employment and Social Innovation Programme Capacity Building Investments window. The financing comes in the form of a favourable loan with a term of eight years. As a result of this financing, further investments will be made in the coming years in the quality of the services provided by, among others: the improvement of front-end and back-end IT systems; expanding sales and marketing capacity; offering new products such as bonds, equities and limited tradability and meeting strict regulatory requirements as Oneplanetcrowd is one of the few platforms operating under MiFID II. Oneplanetcrowd stands for investing with attractive financial returns and positive impact on people and the environment. It connects innovative entrepreneurs to future-oriented investors to jointly accelerate the transition to a sustainable economy. Oneplanetcrowd is one of the five largest platforms in the Netherlands that focus on qualitative growth by applying strict criteria for which projects are approved.



## DESIGN

Partner platform(s)	Role of public authority	Geographic areas
Oneplanetcrowd	ENABLER	The Netherlands

## Public resources committed: 1m EUR

**Policy area(s):** The EaSI programme supports the social and employment policies of the European Union. The Programme falls under the responsibility of the European Commission and contributes to the implementation of the Europe 2020 Strategy.

## SET UP

**At a glance:** Oneplanetcrowd has attracted 1m EUR in growth finance from the EIF to support social entrepreneurship in the Netherlands, as to scale up its operations in the country and in Europe.

**Description of the initiative:** Oneplanetcrowd has received the investment for capacity building financed by the EU under the Employment and Social Innovation

Programme (EaSI). The EaSI programme supports the social and employment policies of the European Union. The Programme falls under the responsibility of the European Commission and contributes to the implementation of the Europe 2020 Strategy.

**Reasons for setting up the partnership:** The European program wants to give liquidity to crowdfunding plat-

forms operating in Member States. It wants to promote crowdfunding practices and invest money in the development of new businesses and economic development as recovery measures post-covid crisis.

### **Role of crowdfunding in the wider long-term**

**strategy:** Under the European Programme for Employment and Social Innovation (EaSI), the European Commission supports microfinance and social entrepreneurship finance with an overall envelope of 193m EUR for the 2014-2020 period. The aim is to increase access to microfinance, i.e. loans of up to 25,000 EUR, in particular for vulnerable persons and micro-enterprises. In addition, for the

first time, the European Commission is also supporting social enterprises through investments of up to 500,000 EUR. The EaSI Capacity Building Investments Window reinforces the capacity of selected financial intermediaries in the areas of microfinance and social enterprise finance. Through equity or quasi equity (such as seed financing, risk capital), the EIF will support the development of these finance providers. Ultimately, these investments will benefit and help increase the opportunities for micro-borrowers and social enterprises. The European Commission has selected the EIF to implement the EaSI Capacity Building.

## IMPLEMENTATION AND REPORTING

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**Description of the funding:** the EaSI funding was deployed directly as loan to the platform, to support the expansion of Oneplanetcrowd activities in support of SMEs in the Netherlands in the areas of social entrepreneurship, economic growth, and employability.

**What procedure was used to select the platform?** Long due diligence process, then two or three days of review, Six months total.

**Areas of interest/applications – Outputs & impact:** from 25,000 to 500,000 EUR available per project.

## CONCLUSIONS

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### **Success factors**

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It's a good and useful programme, but it must fit the national strategy. The liquidity provided by the EIF fund was fundamental to support an increasing number of projects and new businesses.

# GUARANTEE THROUGH Confidi | PUGLIA REGION

📍 **Italy**

## Executive summary

The initiative was designed by the Puglia Region following the results of the ex-ante assessment of financial instruments in the forms of direct and portfolio guarantees (tranched cover) and of the Risk Sharing Loan to be activated within the Puglia Regional Operational Programme 2014-2020. The objective was to provide a guarantee scheme to support micro and small enterprises operating in the region that access a loan through an authorised lending crowdfunding platform. The rationale was that lending crowdfunding mechanisms represent a quicker and less costly way to provide liquidity to companies, as well as an increasingly interesting opportunity to diversify retail and institutional investors' portfolios.



## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
Potentially open to any lending platform operating in Italy	ENABLER	Puglia region, Italy with a focus on the province of Foggia

**Type of match-funding scheme applied:** Guarantee schemes to be deployed through financial intermediaries (confidi)

**Public resources committed:** 3m EUR in 10 tranches of 300,000 EUR each

**Policy area(s)** - Support to the competitiveness of micro and small companies

**Economic resources allocated by public authorities in addition to committed budget for match-funding:** No additional resources allocated.

## SET UP

**Description of the initiative:** The initiative was designed by the Puglia Region following the results of the “ex-ante assessment of financial instruments in the forms of direct and portfolio guarantees (tranched cover) and of the Risk Sharing Loan to be activated within the Puglia Regional Operational Programme 2014-2020). The objective was to provide a guaranteed scheme to support micro and small enterprises operating in the region that access a loan through an authorised lending crowdfunding platform. The ration-

ale was that lending crowdfunding mechanisms represent a quicker and less costly way to provide liquidity to companies, as well as an increasingly interesting opportunity to diversify retail and institutional investors' portfolios. The guaranteed scheme is only applicable to loans requested by companies via a lending crowdfunding platform, and it is to be intended as a way to foster trust and mobilise private resources towards real economy operators. Guarantees cannot exceed 80% of each operation (each business loan)

**Reasons for setting up the partnership:** Support for the competitiveness of micro and small companies in the Puglia region, providing a new and alternative source of finance.

## IMPLEMENTATION AND REPORTING

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**Description of the funding:** Guarantee on loans via lending crowdfunding platforms, for a Maximum amount of 30,000 EUR per project. The funds would be transferred within a timeframe of 6 months from the formal notification that the criteria for the release of the guarantee have been met and that an intervention in this sense is necessary.

**Reporting procedure:** Each beneficiary Confidi had to provide a report to Regione Puglia every six months, specifically to the Department of Economic Development, Innovation, Training and Labour - Competitiveness and research of productive systems section.

**Who was responsible to verify the eligibility of expenditure and how is this verified?** The same department was responsible to verify eligibility of expenditure

## CONCLUSIONS

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### Success factors

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As the initiative has only been activated in September 2020 through the publication of a public call for expression of interest for Confidi and other institutions that could channel the guarantee scheme to lending platforms, no data on output is available at the date of publication of this report. It is worth underlining how this initiative is among the first of its kind, combining regional funds with a guarantee scheme channelled by a financial intermediary in order to provide coverage solely for operations conducted via lending crowdfunding platforms.

# CASE STUDIES

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## PUBLIC AUTHORITY AS SPONSOR

## AVING GINKO BILOBA | MUNICIPALITY OF FORMIGINE

 Italy
**Executive summary**

The Municipality of Formigine decided to launch a reward based crowdfunding campaign to give anyone the opportunity to participate in the restoration of the water lily pond adjacent to the two Ginkgo Biloba trees, a beautiful park in the centre of the city. The project was aimed at carrying out repairs to the existing fence, emptying the lake, securing the shores, adapting the water supply and oxygenation pipes, filling of the eroded areas, and modernizing the park's urban furniture. For the implementation of these interventions, the estimated cost was equal to 25,000 EUR, which were partially covered by the Local Administration of the Municipality of Formigine (10,000 EUR) and by the HERA Group (10,000 EUR), a public utility company based in Bologna.

The campaign was managed through the crowdfunding platform GINGER (Genial Ideas Management in Emilia Romagna), a platform dedicated to projects based in Emilia-Romagna. The Municipality of Formigine decided to make the campaign more attractive by offering different rewards for those who decided to donate to the project, leveraging also on several cooperation agreements with local artists and businesses.



## DESIGN

Partner platform(s)	Role of public authority	Geographic areas
Ginger	SPONSOR	City of Formigine, Italy

**Type of match-funding scheme applied:** First in + Top-up - The match-funding came from both the HERA Group and the Municipality of Formigine

**Public resources committed:** 10,000 EUR

**Other types of support provided:** Municipality owns resources in the framework of sustainable development policies in the field of territorial quality and environmental protection.

**Policy area(s):** Civic participation

## SET UP

**At a glance:** The Municipality of Formigine decided to launch a crowdfunding campaign on GINGER to give anyone the opportunity to participate in the restoration of the two Ginkgo Biloba trees and park, for a total amount of 25,000 EUR.

**Description of the initiative:** The Municipality of Formigine launched a crowdfunding campaign to carry out the restoration of the water lily pond adjacent to the two Ginkgo Biloba trees. The costs of the interventions were equal to 25,000 EUR, covered by

the Municipality of Formigine (10,000 EUR) and by HERA Group (10,000 EUR), and the last 5,000 EUR through the crowdfunding campaign. GINGER (Genial Ideas Management in Emilia Romagna) is the crowdfunding platform selected for the publication of the campaign, through the help and support of Kick-ER. The campaign was structured through a reward-based model, to make it more attractive. In fact, for different amounts of donations, set in fixed quotas, different ad hoc rewards were provided, in collaboration with local artists and businesses.

**Reasons for setting up the partnership:** Crowdfunding provided the opportunity to involve the community of Formigine, which decided to economically support the restoration of a public good, closely linked to their everyday life and to the territory where they live. The crowdfunding campaign reached 106% of its financial goal, with 237 backers, exceeding the expectations.

**Was the public authority the only match-funder or part of a match-funding consortium?** The Municipality of Formigine set up a partnership with the HERA Group to cover part of the financial goal.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** The project had to raise an overall budget of 15,000 EUR through the crowdfunding campaign. If the first milestone of 5,000 EUR would be achieved by crowd contributions, HERA Group would top-up with an additional 10,000 EUR.

- Form of finance - Grant

**What procedure was used to select the platform?** Thanks to Kick-ER, the regional advisory service on crowdfunding in Emilia-Romagna, it was possible to identify GINGER as the most appropriate platform for the requirements of the project, due to the fact that it is dedicated to local-based projects and that this feature could maximise the project's visibility to the right crowd of potential backers

**Areas of interest/applications:** Urban regeneration, green, sustainable development

**What procedure was used to select the projects?** Kick-ER staff usually refers to already analysed and approved projects to a number of partner platforms. The knowledge about platforms' costs and characteristics made it easy to match projects that are ready to be published with the most suitable platform.

**Maximum amount of public resources per project:** 10,000 EUR dedicated to this specific project

**Total amounts paid to successful projects (Public resources/OP and other resources combined):**

- public resources: 10,000 EUR (Municipality)
- crowdfunding resources: 5,865 EUR
- Corporate resources: 10,000 EUR donated by HERA Group

**When and how was the match-funded amount from public authority effectively transferred to projects?**  
At the start of the campaign, the budget from the public authority was allocated to the project already before the beginning of the crowdfunding campaign.

## CONCLUSIONS

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### **Success factors**

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The promotion of the campaign from a public authority pushed the community of Formigine to take part in the restoration of Villa Gandini. The designation of a local-based project, financially supported by the territorial public administration, positively contributed to the success of the crowdfunding campaign.

# RESTORING THE HISTORICAL ART FOUNTAIN | MUNICIPALITY OF TALHEIM

📍 **Germany**

## **Executive summary**

This civic initiative was triggered by the renovation project of the more than 100 years old historical art fountain at the former Buntsocken factory in Thalheim (Germany). With crowdfunding, the municipality wanted to learn more about whether the people of Thalheim care about the art fountain and its preservation or not. The municipality fostered the support by providing 15,000 EUR from its cultural budget. Based on the match-funding scheme, each euro that is allocated to support the restoration of the art fountain is leveraged with another euro that flows 1:1 into the project and cultural events in Thalheim. The campaign thus supports not only preserving the town and a place to relax and meet, but also addresses the local cultural scene with the promise that, if the funding is successful, various events will be held around the art fountain.



**fairplaid**

## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
Fairplaid	SPONSOR	Thalheim (Erzgebirge), DE

**Type of match-funding scheme applied:** For each financial contribution (of minimum 10 EUR) the municipality of Thalheim contributes another 20 EUR for cultural support limited to single usage per person. Once the campaign achieves the envisioned 11,500 EUR, another 11,500 EUR from the cultural funding pot will be added on top.

**Public resources committed:** amount 15,000 EUR

**Policy area(s):** cultural budget

**Other types of support provided:** Rewards in the form of souvenirs from the city hall store and person-based activities (e.g., dinner with mayor, councilman takes your dog for a walk, sport training session with councilman)

## SET UP

**At a glance:** The crowdfunding campaign “From New to Old: Everything from the Beginning in the Buntsockenpark” promoted between March and April 2021, with the aim of restoring the historic art fountain and

helping to recover the cultural scene of Thalheim after Corona, collected 25,265 EUR from 157 backers.

**Description of the initiative:** This campaign is part of a research project of the Sächsische Aufbaubank

SAB, in cooperation with the Fraunhofer Center for International Management and Knowledge Economy IMW. SAB has been working on the project “Municipal Crowdfunding” since 2019. For this purpose, a joint short study on the framework conditions, prerequisites and needs for municipal crowdfunding in Saxony was prepared in the year before last. The project tests whether and how it is possible to raise funds for municipal projects of general interest at the local level. The aim is to raise awareness about crowdfunding for municipalities, to showcase the added value of alternative financing instruments for all actors involved and furthermore to initiate two pilots with promising use

cases; namely the city of Bernsdorf with the project Bike&Chill, along with the municipality of Thalheim and the fountain renovation.

**Reasons for setting up the partnership:** – The project is the second pilot of a research project on civic crowdfunding, where the Sächsische Aufbaubank SAB, in cooperation with the Fraunhofer IMW analyse new ways of financing and involving citizens, in this specific project the aim was to test to what extent the preservation of the art fountain is also important for the citizens.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes

## IMPLEMENTATION AND REPORTING

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**Match-funding description:** 1:1, if the campaign collects at least 11,500 EUR, another booster of 11,500 EUR will be provided. To additionally motivate citizens, every person contributing 10 EUR and more, received a 20 EUR top up of the funding.

- Form of finance - Grant

**What procedure was used to select the platform?** The selection was made by the SAB. The contractual terms were also discussed only between the SAB and fairplaid. It can be assumed that fairplaid was chosen because of its track record in civic crowdfunding.

**Outputs & impact (short and long term):** Renovation of the art fountain, improvement of the townscape, creation of new meeting places, recovery of the cultural scene, creating attention for the realization of regional projects together with the participation of their citizens.

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
<p>Partly personal relationship between municipality and citizens, rewards selection, focused preparation by fairplaid and supportive by Fraunhofer IMW, digital channels of the city of Thalheim (Facebook, WhatsApp group, Telegram channel), topic fits in well with current situation around COVID-19</p>	<p>Do's: Focus more on the topic and the added value than on understanding how crowdfunding works, deal with any politically motivated comments/ supporters on the platform in advance, clarify tax issues with a tax advisor at an early stage, start communication at least a week before the campaign begins, involve as many multipliers as possible such as local companies        Don'ts: Offer rewards for pickup only</p>	<p>Implementation of the promised campaign goals</p>

# CASE STUDIES

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## PUBLIC AUTHORITY AS MANAGER

# BIZKAIA CROWDFUNDING | SEED CAPITAL DE BIZKAIA

📍 **Spain**

## Executive summary

Seed Capital De Bizkaia, Sociedad Gestora De Capital Riesgo S.A. is a Spanish public society which manages public funds for the Department of Economic Growth of Municipality of Bizkaia. It funds all the initiatives aimed at sustaining and fostering business innovation, with the aim to boost and stimulate the development of innovative businesses within the territory. The public body therefore makes available to the companies of the territory a platform where citizens, professional investors and business angels can co-invest in a project of business.

The objective of the initiative is to facilitate access to credit for innovative start-ups, attract new innovative start-ups from the rest of Country, as well as to involve non-professional investors in the process of financing new businesses to offer them the opportunity to benefit from economic returns. Since its launch in March 2018, one project has been successfully completed, raising 61,950 EUR from 75 investors (out of 50,000 EUR of objective), while a second project ended without reaching the final goal of 150,000 EUR (but stopping at just over 96,000 EUR).

The equity crowdfunding model promoted in this initiative is integrated into a broader support context seeking financing for local businesses through the connection with other private investment funds, microcredit institutions and direct and indirect public funds, thanks to the presence of public actors and financial institutions.



## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
Bizkaia Crowdfunding	MANAGER	Province of Bizkaia, Vasc Country, Spain

**Public resources committed:** The public authority financed the 60,000 EUR starting capital for the launch of the operations and funds the one-year coaching and business developments services, which also allow companies that have successfully closed a crowdfunding campaign to meet follow-on investors.

## Policy area(s)

- If own resources, please indicate policy area(s): As part of the Bizkaia Goazen 2030 strategy, the measure aims to support the development of innovative companies on territory, and is associated with other investment funds available to promote innovation in the region:
  - development fund (for tech SMEs);
  - EFSI (Entrepreneurship & Social Innovation Fund);
  - Mikro (development of small businesses and cooperatives).

## SET UP

**At a glance:** The Bizkaia public body makes available to the companies of the territory a platform where citizens, professional investors and business angels can co-invest in a project of business.

**Description of the initiative:** The equity crowdfunding model promoted in this initiative is integrated into a broader support context seeking financing for local businesses, through the connection with other private investment funds, microcredit institutions and direct and indirect public funds, thanks to the presence of public actors and financial institutions. The aim of the

initiative is to facilitate access to credit for innovative start-ups, attract new innovative start-ups from the rest of Country, and also involve non-professional investors in the process of financing new businesses to offer them the opportunity to benefit from economic returns.

**Role of crowdfunding in the wider long-term strategy:** The objective is to become the hub of reference for highly innovative national and international start-ups, integrating crowdfunding within the framework of tools to support innovative start-ups in the area in search of funds.

## IMPLEMENTATION AND REPORTING

**Form of finance:** Equity investment

**Areas of interest/applications:** No specific areas of interest, initiatives aimed at sustaining and fostering business innovation in the Bizkaia area.

**What procedure was used to select the projects?** Any company able to raise capital, having an operational seat in Bizkaia, can access the platform and benefit from its services.

**Total amounts paid to successful projects:** 373,565 EUR

**Number of selected projects:** 6 | **Number of successful projects:** 5

**Outputs & impact (short and long term)** - Since its launch in March 2018, four projects have successfully raised capital on the platform and a fifth one is about to be launched, for an overall amount of 373,565 EUR.

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
the creation of the platform dedicated to the provincial territory promotes an effective impact for the creation of goods, projects and businesses by facilitating financing between private and	Do: Usually local-based platforms are dedicated and developed around donation or reward based crowdfunding models. In this case, the idea of involving a public authority in creating	Improving and expanding the pool of investors, including private and public organizations which want to invest in local businesses in order to foster territorial development.

public-private entities, in a one open and common space.

a crowdfunding platform that could provide risk capital dedicated to finance local projects and channel public and private money to local businesses was a clear success factor. Don't: Set tight criteria for project to avoid the risk of having few projects on the platform

# BOABOA | MUNICIPALITY OF LISBON

📍 **Portugal**

## Executive summary

The reward-based crowdfunding platform “boaboa” was the result of an initiative driven by the local municipality of Lisbon (Câmara Municipal de Lisboa, or CML). Together with its consortium partners Orange Bird, Mutualist Association Montepio, Calouste Gulbenkian Foundation (FCG) and Startup Lisboa (a business incubator), and with the support of law firm Vieira de Almeida, the municipality’s objective was to provide Lisbon with a dedicated crowdfunding platform for its vibrant start-up ecosystem and its potential for civic-oriented projects.

Orange Bird was responsible for setting up the platform, while CML, Montepio and FCG provided the necessary funding. Vieira de Almeida provided legal support and Startup Lisboa was in charge of the operation.

Medium to long term ambitions included other crowdfunding models such as lending and equity to finance green-energy projects, small businesses, and high potential start-ups.

The platform was launched in May 2016 and remained active until the end of 2018, after raising 35,000 EUR and helping finance 15 projects.



## DESIGN

Partner platform(s)	Role of public authority	Geographic areas
PPL	MANAGER	Lisbon, Portugal

**Public resources committed:** Setup, maintenance, and operations costs (marketing, PR, etc) of the platform: approx. 80,000 EUR

**Policy area(s):** Initiative driven by the Economy and Innovation Department of the municipality to support entrepreneurship, culture, and charity projects

**Economic resources allocated by public authorities in addition to a committed budget for match-funding:**

The public authority helped sponsor the development and maintenance of the platform and used internal and external resources for marketing and public relations purposes. It assigned internal resources to the management and promotion of the platform. Orange Bird was responsible for customer support (campaign mentoring and publishing) and funds management.

## SET UP

**Description of the initiative:** Boaboa was one of the world's unique reward-based crowdfunding platforms solely dedicated to a city. Lisbon enjoys a vibrant start-up ecosystem, a result of the city's municipality's continuous efforts to create attractive conditions for entrepreneurs, such as a skilled workforce, an ever-growing network of incubators, accelerators, and office spaces and an affordable cost of living. Its ambitions are internationally recognized, as reflected by the hosting of the Web Summit conference since 2016. Boaboa was conceived by the city's municipality to serve the capital's entrepreneurial ecosystem and focused mainly in helping finance start-ups, bringing civic-oriented projects to life and boosting social entrepreneurship. Its ambitions were supported by a consortium formed by recognized institutions in the country: Fundação Calouste Gulbenkian, the country's largest private foundation; Associação Mutualista Montepio, Portugal's most significant mutualist; nationally recognized law firm Vieira de Almeida and Orange Bird, a pioneer in promoting crowdfunding in Portugal. After an initial phase where only reward-based crowdfunding was offered to its users, Boaboa planned to offer several funding options, such as lending and equity crowdfunding targeted at green energy projects and growth capital for high potential companies and start-ups.

**Reasons for setting up the partnership:** The consortium consisted of several institutional partners, each with unique strengths. It had the potential of giving significant visibility to the platform through advertisement. Its network of accelerators and incubators and many initiatives organized around entrepreneurship, social entrepreneur-

ship, and civility. The city's council is also where citizens often ask for financial support or sponsoring for their projects. The municipality's different departments (culture, participatory budgeting, social, economy and innovation) were strong candidates to bring countless entrepreneurs and creators to the platform. Associação Mutualista Montepio also had enormous potential to promote the platform. It possesses a significant customer base and also attracts citizens asking for financial support for different types of projects that could benefit from the platform. FCG is one of the biggest foundations in Portugal that focuses on culture and sustainability projects. It frequently hosts entrepreneurship contests and invests in sustainable ventures. Startup Lisboa, supported by CML, is one of the city's first and most recognized business incubators, having helped thousands of entrepreneurs reach their potential, and thus was a natural fit for this venture. Crowdfunding is an excellent tool to bring a community together. By validating and investing in ideas, the city's population would simultaneously benefit from the initiatives brought to life by the platform.

**Role of crowdfunding in the wider long-term strategy:** Medium to long term ambitions included other crowdfunding models such as lending and equity to finance green-energy projects, small businesses and high potential start-ups, turning the platform into a truly unique, one-stop shop for investing in projects with relevant impact in the capital.

**Outputs & impact (short and long term), programme amounts repaid (if applicable), networks involved or created, economic impact, social impact** – 35,000 EUR raised from more than 1,200 backers for 15 projects.

## IMPLEMENTATION AND REPORTING

**Form of finance:** Grants

**Areas of interest/applications:** Areas of interest were broad, although the platform aimed to attract entrepreneurs, social entrepreneurs, civic-oriented projects and cultural projects with long lasting effects in the city.

**What procedure was used to select the projects?** The first criterion was the geographic location. Projects had to be created by a resident in Lisbon or the project implementation had to take place in the Lisbon area. All campaign creators were mentored during the submission phase, and only projects whose creators' identities were verified and with acceptable quality were published. Video, images, rewards structure and description in Portuguese and English were assessed before

**Total amounts awarded to successful projects:** 35,000 EUR

**Number of selected projects:** 32 published

**Number of successful projects** (and success rate of the initiative in comparison to average success rate on platform): 15 financed, 17 not financed (47% success rate). The success rate is comparable to that of PPL, Portugal's reward-based crowdfunding platform of reference (1,267 successful campaigns and 44% success rate)

## CONCLUSIONS

Success factors	Do's & Don'ts
The platform enjoyed the good reputation of Lisbon's Municipality and the start-up vibe felt in the city to gain trust and visibility from the community. Institutional partners' goodwill also helped, and marketing actions attracted traffic to the site.	Organizing a consortium with several institutional partners is laudable. Each member had unique skills that added up to a great potential for the platform, in addition to their financial contribution for the feasibility of the project. However, the potential was not achieved due to difficulties in concrete processes that would have attracted critical mass to the platform, such as training the personnel that are in direct contact with the citizens requesting support from the municipality, the bank or the foundation. Creating a brand-new crowdfunding platform for specific purposes can be expensive, and it is well known that financial sustainability for these ventures is difficult to attain. Only if the platform is well differentiated from established crowdfunding platforms (e.g., by offering a unique model), is well-funded and has dedicated human resources, might it be justifiable to start from scratch. Otherwise, it seems advisable to partner with an existing platform and take advantage of its goodwill, expertise and community to achieve the established goals.

# CASE STUDIES

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## PUBLIC AUTHORITY AS CURATOR

# MIKROCROWD | IBB BERLIN

📍 **Germany**

## Executive summary

Investitionsbank Berlin (IBB) is the business development bank of Berlin (Germany) focusing on business support (mostly SMEs and start-ups) as well as on support for housing and development. In 2018, it launched a partnership scheme with Startnext, a reward-based crowdfunding platform operating in Germany and based in Berlin. This joint initiative between Startnext and IBB, is called MikroCrowd and is implemented by IBB through resources allocated to the KMU Fonds-III47 under TO 3, Competitiveness of SMEs, of the regional OP of the Federal Länder of Berlin. Thus, Individuals, micro-entrepreneurs, start-ups and SMEs who run a successful crowdfunding campaign on Startnext, become eligible for a follow-on micro credit.

Together with the preparation for a crowdfunding campaign, a credit rating analysis is performed in parallel by IBB, and if the result is positive, microloans ranging between 10,000 EUR to 25,000 EUR and soft loans up to 50,000 EUR can be disbursed by IBB as a follow-on investment. Once the crowdfunding campaign successfully ends the follow-up support is provided to founders, to SMEs, microenterprises and individual businesses wishing to set up or already established in Berlin. The selected recipients get these microloans at very attractive conditions, i.e. with a very low interest rate (around 1%) and without having to provide any equity, as IBB considers that projects have already performed a market test through the rewards based campaign. The amount raised via crowdfunding is then accepted as equity. The timing and steps of the procedure are detailed in the picture below.



## DESIGN

Partner platform(s)	🏛 Role of public authority	📍 Geographic areas
StartNext	CURATOR	Berlin area, Germany

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** Between 10,000 and 25,000 EUR per project

**Other types of support provided:** No additional resources allocated.

**Policy area(s):** Development of SMEs competitiveness, under KMU-Fonds programme (ERDF)

## SET UP

**At a glance:** The IBB, in collaboration with Startnext launched in 2018 Mikrocrowd: a programme of microloans for self-employed, microenterprises and

SMEs. To date, the programme has provided follow-up loans to nine projects, who had previously raised a total of over 195,000 EUR.

**Description of the initiative:** MikroCrowd is implemented by IBB through resources allocated to the KMU Fonds-III47 under TO 3, Competitiveness of SMEs, of the regional OP of the Federal State of Berlin. It is open to individuals, micro-entrepreneurs, start-ups and SMEs in general, who complete a crowdfunding campaign on the German reward-based crowdfunding platform Startnext. During the crowdfunding campaign, Startnext informs potentially eligible SME of the MicroCrowd opportunity before a credit rating is performed by IBB to test eligibility for a follow-on investment under the terms of MicroCrowd.

**Reasons for setting up the partnership:** The initiative was set up to promote the use of micro loans and to promote the use of crowdfunding as an alternative source of finance.

**Strategic policy framework:** KMU Fonds-III47 under TO 3, Competitiveness of SMEs, of the regional OP of the Federal State of Berlin.

**State Aid regime:** The initiative fulfilled requirements foreseen by the Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** Loans ranging between 10,000 to 25,000 EUR and soft loans up to 50,000 EUR as a follow-on investment.

- Form of finance: Loan

**Areas of interest/applications:** Priority sectors within the scope of KMU Fonds-III47 under TO 3, with a broad scope as SMEs in general were eligible for the initiative.

**What procedure was used to select the projects?** Any SME and/or micro company as per definition provided in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises OJ of the EU L 124/36 of 20.05.2003, as well as sole proprietors. Applicants must first successfully close a reward based crowdfunding campaign via Startnext and have a qualifying credit scoring.

**Maximum amount of public resources per project:** 25,000 EUR

**Total amounts paid to successful projects (Public resources/OP and other resources combined):**

- public resources/OP: 115,000 EUR
- crowdfunding resources: 195,000 EUR

**When and how was the match-funded amount from public authority effectively transferred to projects?** At the end of the crowdfunding campaign, as follow-up investment.

**Who was responsible to verify the eligibility of expenditure and how is this verified?** IBB is responsible for granting the MikroCrowd loans and monitoring the performance of the beneficiaries. The funding raised through the crowdfunding campaign is not part of the MikroCrowd investment and does not fall under the terms of the loan.

## ACHIEVEMENTS

### Number of selected projects: 9

**Barriers & bottlenecks:** The match-funding is conducted only with reward-based crowdfunding campaigns and not for investment based crowdfunding. With regard to the beneficiary, while the credit rating might be successful, the distribution of the loan depends on the successful crowdfunding campaign too.

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
The reward based crowdfunding campaign allows SMEs to validate market demand prior to entering into a binding loan contract with IBB. This helps SMEs to reduce market risks and to create additional revenues. For IBB, the creation of a partner page on an existing platform such as Startnext, has made the implementation process of MikroCrowd easier. Finally, coaching sessions offered to applicants are a useful support tool and increase the chances of success.	IBB has evaluated cooperation with lending platforms, but considered the reputation risk in case of default. IBB would however welcome government-backed loan guarantee schemes in order to expand MikroCrowd with lending based crowdfunding.	Top-ups of crowdfunding campaigns are a potential expansion for MikroCrowd. However, in order to manage risk IBB again believes that a guarantee scheme for at least 50% of the investment amount in case of default is needed. For now IBB prefers its post campaign microcredit facility to a top-up of crowdfunding campaigns solely for risk management purposes.

# INNOVA VENTURE | LAZIO INNOVA

📍 **Italy**

## Executive summary

Lazio Innova is an in-house public agency established by the Lazio Regional government (Italy), with the aim of supporting the regional entrepreneurial sector by implementing credit and guaranteeing co-investments in startups. Its mission is to support entrepreneurial development and innovation in the Lazio region, projecting and managing several regional grants and financial instruments.

INNOVA Venture is the Lazio Region fund dedicated to Venture Capital and managed by Lazio Innova, based on the best practice of the previous POR I.3 fund, which co-invests directly in the venture capital of Lazio companies together with private and independent investors. Through this fund, the co-investment in venture capital provided by ERDF funds serves to attract additional capital from private investors.

This program allows entrepreneurs to submit an application, including a five-year business plan with an exit strategy. Once selected, the project can be valued from 250,000 to 2m EUR with co-investment from private investors accounting for 30% to 60% of the overall amount. It provides the entrepreneur with a first tranche, in the form of an equity crowdfunding campaign with a partner crowdfunding platform. In this specific partnership scheme, equity crowdfunding is an option offered to entrepreneurs, who also benefit from a number of partnership agreements that Lazio Innova has implemented with several Italian equity crowdfunding platforms.

The overall budget dedicated to the initiative amounts to 20m EUR, to which 50% is dedicated to business operating in those sectors that have been identified in the regional smart specialization strategy.

In particular, the case study presented concerns the cooperation agreement between Innova Venture and the Italian equity crowdfunding platform WeAreStarting.



## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
StartNext	CURATOR	Lazio region, Italy

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** 21.8m EUR

**Policy area(s):** Regional OP 2013-2020

1. Axis III - Competitiveness Action 3.6.4 - “Contribution to the development of the market for venture capital funds for business start-ups in the pre-seed, seed and early stages”.
2. Axis I - Research and Innovation Action 1.4.1 - “Support for the creation and consolidation of innovative start-ups with high intensity of knowledge application and for research spin-off initiatives in areas in line with the Strategies for Smart Specialization through the promotion of pre-seed and seed stages and through venture capital instruments”.

These actions follow the Venture Capital Fund established through POR 2007-2013.

- Other types of support provided (consultancy, training, ...) - Lazio Innova Venture Department is available to support potential beneficiaries in the application process. Furthermore, a complementary initiative has been launched, so that innovative startups willing to launch an equity crowdfunding campaign can receive a grant to cover expenses in the preparation phase of the campaign (up to 40,000 EUR).

## SET UP

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**At a glance:** Lazio innova is the venture capital fund dedicated to entrepreneurs with the aim to attract on Lazio territory both innovative start-ups and private venture capital investors.

**Description of the initiative:** Innova Venture replicates the scheme of a 24m EUR from POR 1.3 venture capital fund which has performed investments in 33 enterprises (mainly innovative start-ups) generating nine successful exits and a solid long-term impact on employment in the territory. It provides from a minimum of 250,000 EUR to a maximum of 2m EUR for the initial investment, plus a 4m EUR for follow-on. The maximum investment amount for each enterprise is 6m EUR, of which Innova Venture invests a maximum of 2.5m EUR. Investments are temporary but long-term (maximum eight years). The objective of INNOVA Venture is to increase the supply of venture capital to startups and SMEs located, or intending to locate, in the Lazio region with a leverage effect on the capital of private co-investors and an impact on the real economy of the region. The fund can co-invest together with equity crowdfunding platforms. The target SME needs to find a first private co-investor to match Innova Venture, and then propose to a committee to complete the round with an equity crowdfunding campaign. Investors that are investing more than 10% of the campaign goal apply to Innova Venture as co-investor. Once the campaign is successfully funded and following due diligence, Innova Venture matches the investments of its co-investors.

**Reasons for setting up the partnership:** Within the OP 2014-2020, Lazio region implemented this initiative within the regional strategy aimed at providing support to foster investment in risk capital for startups and innovative SMEs, and businesses with high growth potential.

The objective of the initiative is to attract additional private investments through equity crowdfunding for businesses in seed and startup stages of growth.

**Role of crowdfunding in the wider long-term strategy:**

Equity crowdfunding has been integrated in 2018 into the wider funding mix aimed at fostering investment in risk capital for start-ups and SMEs, and its position has been reasserted in 2019, with a time horizon for the INNOVA Venture initiative that will extend until 2023.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes.

**Strategic policy framework – which regulation(s) provided the overarching legal framework for the initiative to be put in place?** Regional OP 2013-2020

1. Axis III - Competitiveness Action 3.6.4 - “Contribution to the development of the market for venture capital funds for business start-ups in the pre-seed, seed and early stages”.

2. Axis I - Research and Innovation Action 1.4.1 - “Support for the creation and consolidation of innovative start-ups with high intensity of knowledge application and for research spin-off initiatives in areas in line with the Strategies for Smart Specialization [also through the promotion of pre-seed and seed stages and through venture capital instruments]”.

**State aid regime (if applicable)**

- Commission Regulation (EU) 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation), published in the Official Journal of the European Union Series L 187 of 26.06.2014.
- State aid N. 722/2009 - Italy (Lazio Region) - Aid scheme in favour of risk capital (Risk Capital Fund POR I.3 Lazio).

## IMPLEMENTATION AND REPORTING

**Match-funding description:** The initiative is configured as a follow-on investment that Lazio Innova will provide those companies that successfully close an equity crowdfunding campaign. In line with its Curator role, the presence of private capital demonstrated by the successful crowdfunding round will trigger the necessary leverage for companies, which will then be able to benefit from resources allocated by Lazio Innova up to a maximum of 2.5m EUR per project.

- Form of finance: Equity investment

**What procedure was used to select the platform?** Any equity crowdfunding platform able to carry out operations on the Italian territory could apply to become a partner in the initiative, as long as it had received an authorisation from Italian national regulator CONSOB.

**Compliance with ESIF and/or national regulations that have been applied to the selected crowdfunding model:**

Partner equity crowdfunding platforms must be authorised by the Italian National Regulator CONSOB. Areas of interest/applications – Entrepreneurship, venture capital, economic growth, financial investments. In addition, INNOVA Venture is a generalist investment fund, with a very diversified portfolio. Companies that are active in one of the regional S3 sectors are encouraged to participate.

**What procedure was used to select the projects?** Projects had to present their complete five-year business plan (intended as a unitary and complete document including the descriptive and numerical part of the entrepreneurial project), as well as an expressions of interest by independent Private Co-investors interested in investing together with Innova Venture and any communications of non-interest from funds co-financed by LAZIO Venture following the completion of the “first refusal” procedure

**Maximum amount of public resources per project:** 2.5m EUR

## ACHIEVEMENTS

**Barriers & bottlenecks:** The administrative complexity of partnership with a regional public authority, as letters of intent by investors are not sufficient proof of commitment for crowdfunding.

## CONCLUSIONS

### Do's & Don'ts

Lazio Innova should have played the enabling and catalysing role towards private investors, while the procedure proved to be slightly discouraging.

# CASE STUDIES

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## PUBLIC AUTHORITY AS FACILITATOR

# AVIETĖ | INVEGA

📍 Lithuania

## Executive summary

Sutelktinės paskolos 'Avietė' (Crowdfunding Loans Raspberry) is a pilot project launched by INVEGA, the Lithuanian National Promotional Institution (NPI), in cooperation with FinBee, a lending-based crowdfunding platform operating in Lithuania.

Currently, FinBee is the only lending platform targeting business loans and this feature matches INVEGA's mission to support the national business environment. Thanks to Avietė, INVEGA is aiming at facilitating access to finance for Lithuanian SMEs, with a view to expanding their business development projects through crowdfunding platforms, attracting private funds for Lithuanian businesses, whilst contributing in parallel to the strengthening of the Fintech sector in the country.

To this purpose, INVEGA has set aside a 46m EUR budget, using funds from the previous programming period's financial instruments. Its strategy has been to set up a lean instrument, able to plug into already existing crowdfunding schemes and procedures. Under the Avietė scheme, investors choose independently the projects they want to fund among those available in the platform. Several advanced payments are disbursed by INVEGA to FinBee, which in turn lends to businesses that are raising money on the platform. Avietė funding to each business cannot exceed an amount of 25,000 EUR and a share of 40% of the total amount of each loan (up to 100% until 1 June, due to Covid). Final recipients of Avietė can only be businesses operating in Lithuania and in need of short-term loans.



DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
Finbee Verslui	FACILITATOR	Lithuania

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** initially 4.6m EUR, recently increased to 10m EUR through anti-Covid crisis measures

**Other types of support provided:** The application process for SMEs is so easy that, usually, no further support is needed.

**Policy area(s):** Financing program for small and medium-sized enterprises aimed at bridging the gap between bank financing and SMEs access to loans

## SET UP

**At a glance:** INVEGA is aiming at facilitating access to finance for Lithuanian SMEs through crowdfunding platforms, attracting private funds for Lithuanian businesses, whilst contributing in parallel to the strengthening of the Fintech sector in the country.

**Description of the initiative:** INVEGA has set aside a 4.6m EUR budget, using reflows from the previous programming period's financial instruments. Its strategy has been to set up a lean instrument, able to plug into already existing crowdfunding schemes and procedures. Under the Avietė scheme, investors choose independently the projects they want to fund among those available in the platform. A number of advanced payments are disbursed by INVEGA to FinBee, which in turn lends to businesses that are raising money on the platform. Avietė funding to each business cannot exceed an amount of 25,000 EUR and a share of 40% of the total amount of each loan. Final recipients of Avietė can only be businesses operating in Lithuania and in need of short-term loans (including working capital, with a maximum term of 36 months). Financial activities, real estate development (housing), refinancing of loans are not eligible

under Avietė. Collateral can be requested according to project features, but it is not mandatory.

**Reasons for setting up the partnership:** INVEGA's mission is to bridge the financing gaps for small SMEs, provide liquidity to unbankable SMEs (average loan of 11,000 EUR). It helps to develop structures that would cover the funding gap. The market is not very competitive and access to bank loans is difficult. It is too costly working with SMEs from banks, in fact just 5% are bank investors, and crowdfunding fits perfectly into the organisation's mission.

**Role of crowdfunding in the wider long-term strategy:** In a long-term perspective, the public administration aims at identifying new mechanisms that will include the process of financing through crowdfunding, so as to give SMEs the possibility to be financially sustained throughout their business life.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes

**Strategic policy framework:** ESF regulation allowed the financial instrument to be set up. Partnering platforms must be authorised by the Lithuanian Central Bank and demonstrate sound professional experience

## IMPLEMENTATION AND REPORTING

**Match-funding description:** Each project had to reach at least 60% of their desired budget, before being able to access INVEGA funding (maximum 10,000 EUR per project). Due to the economic fragility brought upon by the Covid situation, the contribution to projects from AVIETE funds was increased to 100% of the requested loan during the period December 2020 - June 2021, and it is expected to return to the foreseen 40% after said period.

- Form of finance: Loan

**What procedure was used to select the platform?** INVEGA's strategy has been to set up a simple instrument, able to plug into already existing crowdfunding schemes and procedures. Under this scheme, INVEGA is entitled to engage only with crowdfunding platforms operating under the supervision of Bank of Lithuania, as they constitute a reliable counterpart. FinBee was able to meet the criteria while maintaining its core focus on SMEs.

- How long did it take to select the partner platform? Finbee was the only selected applicant, in 2019.
- How long did it take to sign the contract with the partner platform, after it had been selected? Few months to fulfil all requirements.

**Areas of interest/applications:** Fintech, Innovation, Economic Growth, Entrepreneurship

**What procedure was used to select the projects?** previous financial exposure was requested (bank account information) and the decision is taken based on that information.

**Maximum amount of public resources per project:** 10,000 EUR (up to 25,000 EUR due to the covid support measures.

### Total amounts paid to successful projects

- public resources/OP: 4.5m EUR
- crowdfunding resources: 8.4m EUR (total)

### When and how was the match-funded amount from public authority effectively transferred to projects?

INVEGA entrusted FinBee with a first instalment for the value of 40,000 EUR. Once the funds have been transferred to projects, INVEGA transfers a second instalment of 40,000 EUR, until the entire budget of the AVIETE programme has been spent.

**Reporting procedure:** monthly reporting on the overall performance of FinBee portfolio, to keep default rates under control (below 20%)

## ACHIEVEMENTS

**Number of applicants to the match-funding call for projects:** over 7,000

**Number of selected projects:** 715

**Number of successful projects:** 715 (success rate of 100%)

**Barriers & bottlenecks:** Nothing to note

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
Good cooperation with INVEGA, approachable and innovative. Also supportive in the State Aid rules department to find ways to work together with the crowdfunding platform.	It has to be kept in mind, as a platform, that the involvement of public funds and partnership with a public authority always requires to follow specific administrative and bureaucratic procedures, that needs to be respected in order to structure a good and useful cooperation.	the expectation for the future is that cooperation with crowdfunding mechanisms remains a mainstream funding option, after the encouraging results gathered through the AVIETE programme and the positive impact on companies' access to liquidity during the Covid crisis.

# METAKULTURA | GIPUZKOA PROVINCIAL COUNCIL

Spain

## Executive summary

The match-funding partnership [MetaKultura](#) is an initiative of the crowdfunding platform Goteo.org and the Gipuzkoa Provincial Council (Diputación de Gipuzkoa) in Spain that reached its fifth anniversary in 2020. It is only one of the several match-funding initiatives launched on this platform throughout the years. This case study represents a unique example of a continuous partnership between a public authority and a crowdfunding platform. It is also particularly noteworthy for its success rate of 97.5%.

Throughout its five years, the MetaKultura initiative has succeeded in effectively supporting 78 projects within the Gipuzkoa province in the field of culture. This represents a success not only for Goteo and the Diputación themselves, but also for the projects and the civil society that has supported them. This example confirms the importance of co-responsibility and is a result of the high level of maturity and professionalism of the promoters involved in MetaKultura.



## DESIGN

Partner platform(s)	Role of public authority	Geographic areas
Goteo.org	FACILITATOR	Gipuzkoa Province, Spain

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** 70,000 EUR each year for match funding, plus 44,500 EUR each year for Goteo's services.

**Other types of support provided:** Communication and dissemination of the open call for projects, training activities and the impact of the programme, as well as providing some spaces/offices within the territory to support the activities

**Policy area(s):** Culture

## SET UP

**At a glance:** MetaKultura is an initiative supporting the cultural sector in the Gipuzkoa Provincial Council, Spain. The annual initiative usually runs from June to December, with an average duration of the campaigns of 60 days.

The total amount of funds collected in all the five years from the public authority and the crowd is 739,737 EUR.

**Description of the initiative:** The match-funding partnership MetaKultura is the result of an annu-

al agreement signed by Fundación Goteo and the Gipuzkoa Provincial Council (Diputación de Gipuzkoa) since 2015. The objective is to jointly promote responsible financing of cultural initiatives within the Gipuzkoa Province. Goteo.org, in partnership with the Diputación, develops the characteristics of the call; the design and development of the personalized online space for the call; the realization of open face-to-face trainings workshops focused on crowdfunding; exclusive workshops for the selected projects, focused on communication; the evaluation and selection of projects; the advice and accompaniment to the selected cultural projects; and the dissemination and communication of the campaigns

**Reasons for setting up the partnership:** - The facilitation of local cultural initiatives via a modern, accessible digital crowdfunding solution, allowing for widespread participation. In addition, the development of training workshops for the members of the Gipuzkoa Provincial Council to increase the un-

derstanding and impact of crowdfunding. These aim at creating relevant knowledge for providing advice to the selected projects.

**Role of crowdfunding in the wider long-term strategy:** This five-years-long partnership demonstrates that an experiment can turn into a permanent initiative as part of the long-term strategy of a Council's cultural programme. In fact, the initiative is in line with the five strategic lines of the Council, which include strengthening welfare and social cohesion, and reinventing the Government of Gipuzkoa by opening agile means of civic participation, multi-agent collaboration and transparency.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes.

**Strategic policy framework:** The Strategic Management Plan 2015-2019 of the Provincial Council of Gipuzkoa aims to develop a more sustainable, participatory and transformative cultural model. It seeks to address the financing problems of the world of culture and sports.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** The Gipuzkoa Provincial Council doubles each contribution coming from citizens, up to a maximum of 4,700 EUR per project (for a total amount of 70,000 EUR). Campaigns are usually online for two rounds of 40 days each for a total of 80 days. As of the 2018 edition of MetaKultura, in the case of particularly successful initiatives, Goteo has decided to incorporate a gamification process, raising the multiplying factor from two to three or even four to give projects a last push to reach their maximum funding potential. This is also a way to mitigate the risk of not using the full 70,000 EUR sum that has been reserved for the match funding call.

- Form of finance: Grant

**What procedure was used to select the platform?** Goteo has been selected through a nominative grant (direct assignment) by the Gipuzkoa Provincial Council. The two signed a direct agreement to implement the action with the objective of facilitating local cultural initiatives through the support of the Council. The crowdfunding platform Goteo, given its design and possibilities, was considered as the ideal partner to achieve the foreseen objectives.

**How long did it take to select the partner platform?** For the first edition of the initiative, negotiations with the Gipuzkoa Provincial Council lasted more than a year. After this first experience, procedures have been much more agile in the following years.

**Areas of interest/applications:** Culture

**What procedure was used to select the projects?** Evaluation criteria for projects selection are:

- coherent budget plan for the implementation of the initiative (2 points)
- target crowd (1 point)
- communication and digital plan (3 points)
- well structured and attractive rewards (2 points)
- originality and innovation (3 points)
- development of new networks and collaborations (1 point)

**Maximum amount of public resources per project:** 4,700 EUR

**Maximum (if applicable) or average duration of campaigns:** 80 days, in 2 rounds of 40 days each

**Total amounts paid to successful projects:** A total of 746,327 EUR (2016-2020) . 339,203 EUR from match-funding resources and 407,327 EUR from 12,861 citizens that have participated in the initiatives

**When and how was the match-funded amount from public authority effectively transferred to projects?** The amount raised by the crowd is transferred to the projects by Goteo approximately one week after the end of the campaigns, whereas the Gipuzkoa Provincial Council takes almost two months to effectively transfer the matching funds to Goteo. Once done, Goteo allocates the amounts to each project respectively to the amount they raised.

**Reporting procedure:** To report the expenditure of the public budget of the Guipuzcoa Provincial Council, 60% of the financial reporting is presented by Goteo approximately after six months from the signature of the contract. After receiving this first report and reviewing it, the Provincial Council pays Goteo the 44,000 EUR allocated to the services. Afterwards, one week after the campaigns are finalized, Goteo pays the projects the crowd money collected. Then, it presents to the Guipuzcoa Provincial Council the technical report and the rest 40% of the financial report, together with a proof of payment of the crowd money to the projects.

**Outputs & impact:** MetaKultura supports innovative cultural initiatives from the Gipuzkoan civil society. It facilitates the availability and flexibility of alternative funding measures to implement agile projects, and it offers relevant local actors and stakeholders the necessary training and capacity building to undertake effective crowdfunding campaigns. In addition, it makes the cultural sector much more resilient to social transformations, and capable of overcoming the common challenges that this sector often faces, especially financial ones. At the same time, for the Gipuzkoa Provincial Council, it represents a great opportunity to support the cultural sector more widely. Usually, institutions, public and private donors, interested in promoting and supporting creative projects find it difficult to reach the right sector and audience, or to get communities engaged. Match funding helps institutions to overcome these difficulties by shortening the distance with the local community and making it easier for donors to identify potential beneficiaries. Metakultura has also facilitated the creation of a network of local relevant actors in the field of culture. Crowdfunding in general facilitates the creation of communities of support, that share value and principles, and that have the potential to survive after the campaign ends thus guaranteeing sustainability to the initiative itself and to the cultural sector as a whole.

## ACHIEVEMENTS

**Number of applicants to the match-funding call for projects:** 187

**Number of selected projects:** 78

**Number of successful projects:** 76, The success rate was 97.5% and higher than the 80.3% success rate of Goteo's day to day operations.

**Barriers & bottlenecks:** Slowness of the administrative procedures of public authority in general. Goteo's experts supported the Gipuzkoa Provincial Council throughout the process of writing the individual grant offer as well and trained them on the subject of alternative financing and crowdfunding.

1. Time constraints: the call for initiatives should be opened for a longer period, since otherwise it is difficult for project proposals to apply on time.
2. Lack of continuity after the call ends; addressed by fostering communication with selected projects after their campaigns ended.

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
<p>Throughout the five editions, the projects financed have been helping each other, creating work groups and offering mutual support, fostering solidarity and interconnection, creating very interesting synergies between the cultural promoters and main actors of Gipuzkoa. The continuity has helped Goteo to improve quality of services. Goteo has created a specific workshop on communication; developed premium consultancies, offering personalized and tailored support to the projects, through constant follow-up via email, Skype sessions with the promoters, individual check of the status of the projects, etc. and have implemented support and communication strategies for campaign projects in their different phases.</p>	<p>DO'S: Keep on developing and improving the programme in each edition. Build on the previous results and provide incentives to the projects during their campaign (by using, for example, gamification processes); include the 17 SDGs in the application process and in the content of the training so attendees can interact and detect where the footprint of their initiative was located. DON'TS: Do not wait too long to train the municipal technicians, they help identify the right projects and influential actors or multipliers to reach out to; do not launch other calls when the resolution of MetaKultura has not been published yet.</p>	<p>Both partners improve in an ongoing fashion the follow-up of the projects financed after the end of their campaigns with the creation of more communication channels, to assess the impact of projects activities and the results achieved. It will also be important to organize a live event, similar to the MetaKultura conference, inviting representatives of successful projects over the years to share their experiences. In the 6th edition of MetaKultura, the Gipuzkoa Provincial Council and Goteo want to issue a call targeted to the projects that have been beneficiaries of the previous five editions, in order to favour the scaling up of those initiatives and strengthen the MetaKultura network.</p>

# À FONDS | FLEMISH COMMUNITY COMMISSION

📍 Belgium

## Executive summary

“À Fonds” is a match funding subsidy offered by the Flemish Community Commission (VGC) to encourage young people - between 12 and 26 - to organise cultural, artistic, social, sporting, creative or educational projects in Brussels. The fund was set up with the aim of helping youngsters to realise projects without the need of a structural organization behind them while, at the same time, receiving financial and administrative coaching to develop their campaigns. Growfunding, the crowdfunding platform co-implementing the project, has actively contributed to the establishment of the rules and regulations of “À Fonds”, together with Brussels youth centres, the VGC local authority and the former Brussels Minister for Education. Today, Growfunding continues to be a jury member assessing and selecting the projects. The match funding is both initiated by the VGC (through an open call for projects) and Growfunding (on an ad hoc basis):

In case Growfunding identifies project holders that fit the selection criteria, the organization helps them to apply to À Fonds match funding subsidy, up to 3,000 EUR.

In case the VGC has a project with a funding request that exceeds 3,000 EUR, they refer them to Growfunding to develop a crowdfunding campaign, which À Fonds matches up to 3,000 EUR.

The À Fonds case study is the “Blédarte Zone festival”. Blédarte is a bilingual and feminist collective of women with an immigrant background, who decided to organize a festival to create a space where different groups could meet.



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## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
Growfunding	FACILITATOR	Brussels Capital Region

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** 18,000 EUR

**Other types of support provided:** No

**Policy area(s):** Youth

## SET UP

**At a glance:** The goal of the initiative “Blédarte Zone Festival” was to create a dedicated space to citizens with a migration background, with the focus on women, the LGBTQ community and young people from

the working-class neighbourhoods. The campaign was open from 29/5/2018 to 02/07/2018 and raised 8,940 EUR from 92 backers.

**Description of the initiative:** Blédarte Zone Festi-

val gives the floor, through various art forms to those the festival is dedicated to citizens with a migration background, with the focus on women, the LGBTQ community and young people from the working-class neighborhoods. Blédarte also establishes a dialogue between citizens during conferences, exhibitions, concerts and the Blédarte evenings. They create a festive atmosphere and an environment that is accessible to everyone, using schemes for families and young people. Blédarte aims at revaluing minorities and creating a space where different target groups can meet, with the focus on women, LGBTs and young people from working-class neighborhoods.

**Reasons for setting up the partnership:** À Fonds' objective is helping youngsters develop good quality

projects independently without the need of a structural organization behind them and promote creativity and entrepreneurship amongst young people in the Brussels Capital Region. So, it provides extra funding for independent youth projects, learning and capacity building of young organizers, increased projects' visibility and the possibility to gather volunteers for these projects.

**Role of crowdfunding in the wider long-term strategy:** A flexible and cost-effective tool to help young people to finance and build an action from scratch and develop entrepreneurial skills of the city's youngsters.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes

## IMPLEMENTATION AND REPORTING

**Match-funding description:** All or nothing mechanism for a budget of 3,000 EUR. The project was required to reach the financial goal of the campaign (7,500 EUR) in order to be granted the matching subsidy from the VGC.

- Form of finance - Grant

**What procedure was used to select the platform?** Direct assignment of Growfunding by the VGC

**Areas of interest/applications:** Cultural, artistic, social, sporting, creative or educational projects by and for youth

**What procedure was used to select the projects?** Applicants must be between 12 and 26 years old, they must realize a project on their own, independently of any organized context such as an association, school, or company. In addition, they must be willing to share their experience with others. The project has to have a link with the Brussels Capital Region and cannot have solely commercial purposes and one of the languages of the project must be Dutch. To apply, the applicants fill in an application form that is reviewed by a jury consisting of officials of the VGC, Growfunding and external representatives. Within 6 weeks after the application, the applicant is informed of the jury decision.

**Maximum amount of public resources per project** - 3,000 EUR

**Total amounts paid to successful projects:** 38,811 EUR

- public resources: 11,416
- crowdfunding resources: 27,395 EUR

**When and how was the match-funded amount from public authority effectively transferred to projects?** A week after the end of the campaign directly to the bank account of the project holder.

**Reporting procedure:** Within three months after the end of the project, the project holder provided the VGC with a substantive financial report (together with supporting documents such as receipts or expense notes).

**Who was responsible to verify the eligibility of expenditure and how is this verified?** The VGC verified the expenditure of the match funding amount (3,000 EUR). There was no verification needed for the Crowdfunding donations.

**Outputs & impact:** The project developed a new online community with 2,369 Facebook followers; 92 backers and 76 participants at the festival.

## ACHIEVEMENTS

**Number of successful projects:** Five with a 100% success rate

**Barriers & bottlenecks:** Young project holders do not always have sufficient experience, skills and networks to build and implement a successful crowdfunding campaign. The role of Crowdfunding as a platform is to prepare applicants by giving free workshops and tailor-made, personal coaching throughout the campaign by a dedicated coach for each project. In addition, procedural and administrative hurdles such as writing and submitting the project proposal and following up with the substantive and financial report are minimized through free support and advice by the VGC.

## CONCLUSIONS

Success factors	Next steps
The match funding with VGC through the À Fonds subsidy is a well-established partnership since 2017. Other success factors were a straightforward application process (with free support by the VGC if needed); broad selection criteria; light administrative procedures and free and flexible coaching and support trajectory for project holders by Crowdfunding	The match funding partnership has been renewed for 2021. Crowdfunding is in discussion with the VGC to see if À Fonds can be used as a model for a match funding partnership for small cultural projects in the Brussels Capital Region.

# EVERYONE DIGITAL | VLAAMSE GEMEENSCHAPS- COMMISSIE (VGC) & VLAAMSE OVERHEID

📍 **Belgium**

## **Executive summary**

From one day to the next, due to the Covid-19 pandemic, all public life came to a standstill: schools closed and youth organizations working with vulnerable youngsters could no longer organize social projects. From the necessity of children and young people to complete their school tasks online and the risk of social and cultural marginalization of those that do not have a computer, five Brussels youth organizations (Nakama, Molenbeek Rebels Basketball, D'Broej, Bx Represent and Maks) decided to tackle the digital distress of Brussels youth growing up in vulnerable situations. So, the crowdfunding platform Growfunding coordinated and launched a joint campaign to buy laptops for vulnerable youngsters for a total budget of 140,000 EUR. The youth organizations decided to launch a call for donations and, thanks to the support of the crowdfunding platform, institutional partners in philanthropy and the local public authority Vlaamse Gemeenschapscommissie (VGC) decided to match-fund the project by increasing every donation with 40%. Using the pressure of the growing number of crowdfunding (individual donors, organizations, and philanthropy) Growfunding contracted and convinced in addition the Regional Public Authority Vlaamse Overheid to invest another 70,000 EUR to complete the financial budget.



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## DESIGN

Partner platform(s)	Role of public authority	Geographic areas
Growfunding vzw	FACILITATOR (VGC), CURATOR (VLAAMSE OVERHEID)	Brussels capital region

**Type of match-funding scheme applied:** VGC: increase every donation by 40% - 1:1; Vlaamse Overheid: Top-up

**Public resources committed:** VGC: Project subsidy (40,000 EUR)

Vlaamse Overheid: Investment subsidy (70,000 EUR)

**Policy area(s):** VGC: youth work

Vlaamse overheid: policy for Brussels as capital of Flanders of the Flemish minister responsible for Brussels.

## SET UP

**At a glance:** *Ledereen digital* is the Brussels-based crowdfunding campaign which aims at providing digital devices to children and young people in order to avoid

a social and cultural exclusion of these protected categories in the pandemic period.

**Description of the initiative:** During the first Cov-

id-19 lockdown in Brussels in March 2020, five Dutch-speaking organizations wanted to provide laptops to children and young people growing up in socially vulnerable situations in Brussels. These youths needed laptops in order to complete their school tasks and to stay in touch with the outside world. During this period the youth workers of Nakama, Molenbeek Rebels Basketball, D'Broej, Bx Represent and Maks maintained individual telephone contact with the young people to identify their needs.. So, in order to satisfy these needs the organizations launched a donation-based crowdfunding campaign, from 7th April to 31th May 2020, receiving not only the crowd support but also the regional and local public authorities funds, collecting more than 140,000 EUR and overreaching their initial financial goal. As a consequence of the successful crowdfunding campaign, they were able to provide to the children, young people and to those

that have been hit particularly hard by the Covid-19 crisis, laptops and other digital devices.

**Reasons for setting up the partnership:** - Crowdfunding was considered the fastest way to gather funds and anticipate the growing crisis. Through the use of this instrument, it was possible to get quick funding from individuals, philanthropy, non-profit and for-profit organizations and public authorities. It was possible to let different youth organizations work together in order to join forces and network using the visibility of the crowdfunding platform to put pressure on public authorities to start tackling the problem in a more sustainable way.

**Role of crowdfunding in the wider long-term strategy:** one time collaboration

**Was the public authority the only match-funder?** Two public institutions were engaged as match funders

**Strategic policy framework:** Covid emergency support programmes at the regional and local levels.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** 1:1 scheme for local authority and top-up scheme for regional authority. In addition, parts of the financial goal were reached thanks to the support of philanthropists. Here the financial contributions:

- Form of finance - Grant

**Areas of interest/applications:** – Covid emergency response for youth

**Total amounts paid to successful projects:** 139,270 EUR

- VGC: 40,000 EUR
- Flemish regional public authority: 70,000 EUR
- Crowdfunding resources: 29,270 EUR

**When and how was the match-funded amount from the public authority effectively transferred to projects?**

During the campaign in the form of a subsidy.

**Reporting procedure:** Each partner organisation who received the subsidy (beneficiary) was responsible for reporting to the public authorities.

**Outputs & impact:** Almost 500 laptops were provided for vulnerable youngsters. The crowdfunding campaign created new links with philanthropies and involved 121 donors.

# INSTITUTIONAL FUND FOR LOANS |

## EUROPEAN INVESTMENT FUND

📍 EU

### **Executive summary**

October, the lending-based crowdfunding platform, was launched in 2015 to support SMEs with innovative financing solutions. The platform provides funds for growth, such as digitalisation, internationalisation, debt refinancing, communication, renovation, recruitments, company acquisition or sustainability investing. The average size of loans issued to SMEs through October currently stands at 490,000 EUR.

In order to support simple, fast and direct lending to small companies on a large scale, both in 2018 and 2019 a commitment of 100m EUR was signed from the European Investment Fund and further other institutional investors.

The platform, October, enables SMEs to borrow directly from individual and institutional lenders without going through banks. It already financed more than 700 SMEs development projects, in Spain, France, Italy, Germany and the Netherlands, for a total amount of 360m EUR.

The [European Investment Fund](#) (EIF) is part of the European Investment Bank Group to help microenterprises and SMEs to access financing. It provided the commitment under the “Private Credit Tailored for SMEs” programme, launched in 2018, which combines resources from the EIF and the European Union under the European Fund for Strategic Investments (EFSI). It wants to promote institutional investment in support of more market-based and tailor-made funding solutions for European SMEs and small mid-caps. In 2019 this investment has been renewed which demonstrates a sign of confidence in the alternative lending platform.

More recently, at the beginning of 2021, the European Investment Fund (EIF) signed a guarantee contract covering a 38m EUR portfolio dedicated to the tourism and leisure sector, managed by the SME loan platform October. The guarantee is the first transaction in France for the [pan-European Guarantee Fund](#) (EGF), created to support European Union (EU) companies impacted by Covid-19. EU Member States have invested in the pan-European guarantee fund up to 25bn EUR to help companies cope with the crisis and continue to grow. As part of this program, the EIF – the European Investment Bank (EIB) subsidiary dedicated to SMEs – is joining forces with the tech platform October, to propose an extraordinary support layout for French tourism and leisure companies.

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### DESIGN

Partner platform(s)	🏛 Role of public authority	📍 Geographic areas
October	FACILITATOR	Spain, Italy, France, Germany and the Netherlands

**Type of match-funding scheme applied:** Other

**Public resources committed:** 200 m EUR

**Policy area(s):** Innovation, research and development, enterprise creation, economic growth, job creation, SMEs.

**Economic resources allocated by public authorities in addition to a committed budget for match-funding:** No additional resources allocated. However, the initial amount of resources allocated by the European Union to October pushed some national institutions in countries such as Spain, France or Italy, to corresponding an additional budget dedicated to crowdfunding campaigns in October, in coherence with European goals and measures.

**Other types of support provided:** No other type of support.

## SET UP

**At a glance:** 200m EUR commitment from EIF to October - for investments in Spain, Germany, France, Italy and the Netherlands - to promote private institutional investments in supporting European SMEs.

**Description of the initiative:** October, operating in Spain, France, Italy, Germany and the Netherlands, received a total commitment of 200m EUR from European Investment Fund and other investors, to support small and medium enterprises. The aim is to offer fast and direct lending to small companies on a large scale, while reducing administrative burdens through digital solutions. The European Investment Fund (EIF) is part of the European Investment Bank Group. The commitment was made under the “Private Credit Tailored for SMEs” programme, launched in 2018, which combines resources from the EIF and the European Union under the European Fund for Strategic Investments (EFSI). It aims at promoting institutional investment in support of market-based funding solutions for European SMEs and small mid-caps.

**Reasons for setting up the partnership:** Immediate liquidity to SMEs and the creation of future returns on the initial investments. In fact, the European program wants to give liquidity to crowdfunding platforms operating in Member States. It wants to promote crowdfunding practices and invest money in the development of new businesses and economic development as recovery measures post-covid crisis.

**Was the public authority the only match-funder or part of a match-funding consortium?** No. But EIF was the main match-funder, followed by CNP Assurances (French insurance company), Bpifrance (French public investment bank), Zencap (German alternative lending company), ICO (Spanish Official Credit Institute) and Cassa Depositi e Prestiti (Italian investment bank).

**Strategic policy framework:** The “Private Credit Tailored for SMEs” programme, launched in 2018, combining resources from the EIF and the European Union under the European Fund for Strategic Investments (EFSI).

## IMPLEMENTATION AND REPORTING

**Match-funding description:** October’s institutional fund is committed to financing at least 51% of every project presented on the platform. If the crowd of retail lenders fails to finance the remaining 49%, the institutional fund will additionally lend the remaining resources, as to ensure that every selected project reaches 100% of their target goal.

- Form of finance - Loan

**Areas of interest/applications:** any business sector, no specific area of application

**What procedure was used to select the projects?** The general onboarding is done through a dedicated procedure on the October website. SMEs receive results to their application within a maximum of two working days. The first step is the eligibility test. In just two clicks, an SMEs knows if it is eligible for a loan. Once this first step is completed, further details such as tax returns can be added to the submission. Other documents may be requested later to refine the analysis and a telephone interview will be organised with the credit team. Typically, a decisive answer arrives in less than one week and SMEs get the funds a few days later.

General onboarding criteria:

- Financing needs up to 5m EUR starting at 2% interest rate
- Acquisitions, share buybacks, Management Buyout (MBO), Leveraged Buyout (LBO)
- Immaterial investment: Hiring, training, marketing costs, international growth, digitization, R&D
- Material Investment: machines, business optimization, vehicles, ...
- Refinancing of current accounts, commitments, or supplier credits
- Renovation and construction work

**Maximum amount of public resources per project:** from 30,000 EUR to 5m EUR

**Total amounts paid to successful projects:**

- public resources: > 200m EUR from the EIF and others
- crowdfunding resources: 570m EUR borrowed by 1,405 projects

**Reporting procedure:** Companies must repay part of the capital and/or interest rate on a monthly basis, according to the type of loan that they have applied to.

## ACHIEVEMENTS

**Number of applicants:** 150,000

**Number of selected projects:** 1,405

**Number of successful projects:** 1,405 (100% success rate)

## CONCLUSIONS

### Success factors

The partnership between institutional investors and October aimed at facilitating access to finance for SMEs in Europe has proved to be so successful that, during the Covid-19 emergency, it has also been replicated at the national level, through resources made available by national governments for companies (either as loans or guarantee schemes). For example, a 30m EUR fund dedicated to Italian companies, was launched through October in collaboration with five Confidi entities and the European Investment Fund (EIF). The fund will lend alongside October's existing institutional and retail lenders. It will mostly focus on companies eligible for the InnovFin SME Guarantee Facility, an initiative launched by the European Commission and the EIB Group backed by the EU's research and innovation program Horizon 2020 programme, for which October has become an approved intermediary.

# STARTGREEN SUSTAINABLE SME FUND |

## BMKB-C – INVESTNL

📍 the Netherlands

### Executive summary

The StartGreen Sustainable SME Fund has more than 10m EUR available to help sustainable entrepreneurs through the COVID-19 crisis. The COVID-19 crisis is causing liquidity problems for many entrepreneurs and not all sustainable entrepreneurs want or can turn to the bank. For a sustainable restart of the economy, it is important that these companies emerge from the crisis in a healthy way. StartGreen Capital is the initiator of Oneplanetcrowd, the first sustainable crowdfunding platform in the Netherlands. Entrepreneurs use the platform to finance the development of their innovative products and services with resources from the crowd. Projects on Oneplanetcrowd contribute to a more sustainable or social world.

Startgreen Sustainable SME Fund Mauritskade provides, for SMEs particularly affected from the COVID-19 crisis, funding from 200,000 to 2m EUR, in a match-funding mechanism with the government, which guarantees 67% of the investment, with flexible interest rate for the repayment.

The fund was created by StartGreen Capital, one of the greatest fund providers for Impact Investments in the Netherlands. Together with the institutional investment, the platform Oneplanetcrowd allows entrepreneurs to combine the loan with a crowdfunding campaign.

**INVESTNL**

oneplanetcrowd

### DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
Oneplanetcrowd	FACILITATOR	The Netherlands

**Name of public authority:** BMKB-C - InvestNL Dutch sustainable Investment bank, financing Oneplanetcrowd's fund, co-investing through this guarantee

**Type of match-funding scheme applied:** Guarantee scheme

**Public resources committed:** around 10m EUR

**Other types of support provided:** no

**Policy area(s):** Small and Medium Enterprises, economic growth, sustainability.

### SET UP

**At a glance:** StartGreen is an institutional fund provided by StartGreen Capital in order to sustain SMEs in the recovery from the COVID-19 crisis in the Netherlands.

**Description of the initiative:** StartGreen helps entrepreneurs to gain financial support in order to face the liquidity issue related to the COVID-19 crisis. Start-

Green Sustainable SME Fund Mauritskade provides, for SMEs particularly affected from the covid crisis, funding from 200,000 to 2m EUR, in a match-funding mechanism with the government, which guarantees 75% of the investment, with flexible interest rate for the repayment.

The fund was created by StartGreen Capital, one of the greatest fund providers for Impact Investments in the Netherlands. Aside from institutional investment, the platform Oneplanetcrowd allows entrepreneurs to combine the loan with a crowdfunding campaign.

**Reasons for setting up the partnership:** - StartGreen Capital has been the initiator of Oneplanetcrowd, the first sustainable crowdfunding platform in the Netherlands, since 2012. The partnership created a new space for investors and entrepreneurs, which exchange money in a more easy and transparent way. Via the platform, Oneplanetcrowd wants to contribute to a more

sustainable or social world by linking impact entrepreneurs to future-oriented investors.

**Role of crowdfunding in the wider long-term strategy:** The public administration wants to play a key role in post-covid economic recovery. In this regard, it is committed to supporting the country's small and medium-sized enterprises, with particular emphasis on those that generate a social and economic impact consistent with Sustainable Development Goals.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes, covering 67% of the loan.

**Outputs & impact:** Some 30 projects of an average amount between 400,000 and 500,000 EUR were financed through the platform, with an average interest rate of 6%.

**Strategic policy framework:** Aid to SMEs struggling to overcome COVID-19 emergency and subsequent measures.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** 75% of each loan is provided by the StartGreen Fund, while the remaining 25% is raised from the crowd. In terms of public support, the guarantee scheme covers 67% of the overall amount, broken down into a coverage of 60% of the amount lent from the Startgreen Fund and 40% of the amount raised from the crowd.

- Form of finance - Loan (guarantee scheme)

**What procedure was used to select the platform?** The organization decided to set the partnership with Oneplanetcrowd due to previous fruitful cooperation.

**How long did it take to select the partner platform?** six months

**How long did it take to sign the contract with the partner platform, after it had been selected?** Two months.

**Areas of interest/applications:** SME and entrepreneurs with a sustainable or social impact who are experiencing a liquidity shortage due to the corona crisis. Applicants contribute to one or more 'Sustainable Development Goals'.

**What procedure was used to select the projects?** Those projects which create a positive impact on people or the environment with their product or service and, in addition to money, often also want to achieve ambassadors and

publicity or local support. It was also considered sustainable mobility, good performance before the crisis, hit by COVID-19 and the perspective for growth (two-four years). Selection criteria were listed as follows: right before the coronavirus outbreak, the company was fundamentally healthy; the company is experiencing a liquidity shortage as a result of the COVID-19 restriction measures; the company makes a concrete sustainable or social positive contribution; the entrepreneur can personally guarantees at least 10% of the amount of the credit.

**Maximum amount of public resources per project:** From 200,000 EUR to 2m EUR

**When and how was the match-funded amount from public authority effectively transferred to projects?** Funds are already available through the Start Green Fund, so companies receive the full amount within a few working days from the successful closing of their crowdfunding campaign.

**Reporting procedure:** a sustainability framework to encourage reporting was already available as per Oneplanet-crowd standard procedures (not specific to this initiative).

## ACHIEVEMENTS

**Number of applicants to the match-funding call for projects:** no data

**Number of selected projects:** 30

**Number of successful projects:** each project approved usually is fully financed

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
The crowd welcomed the initiative and is involved in providing loans. Also at the political level, it has been considered a good move to unlock private savings by providing a guarantee, as it has stimulated the injection of direct savings towards real economy	Companies are not fully aware that crowdfunding and alternative finance can help, and crowdfunding is still small if compared to banks in terms of volumes	Dutch government has already asked to extend the guarantee schemes beyond COVID-19 crisis.

# IL CROWDFUNDING CIVICO DI MILANO | MUNICIPALITY OF MILAN



## Executive summary

In the period 2014-2017, the Municipality of Milan promoted and implemented an initiative named the [Civic Crowdfunding](#). Through a public notice it was opened for a 60-days period for the collection of project proposals developed by private for-profit and non-profit entities. Once the projects were selected by an evaluation commission appointed by the Municipality of Milan, they were published on the crowdfunding platform of the Municipality of Milan for a period of 50 days, carrying out fundraising campaigns by the owners of the projects with a collection target of 50% of the total value of the project. Once reaching the fundraising target set for each individual project, the Administration paid a non-repayable contribution equal to the remaining 50%.

Due to the success of the initiative, the innovative nature of the activity and due to the progressive contraction of available public resources, the Administration is currently carrying out a new edition of the Civic Crowdfunding project in collaboration with external organizations already active in the field of civic crowdfunding.



**produzionidalbasso.**

## DESIGN

Partner platform(s)	Role of public authority	Geographic areas
Produzionidalbasso	FACILITATOR	City of Milan (all areas except zone 1), Italy

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** 550,000 EUR (100% PON Metro)

**Other types of support provided:** - The Municipality contributes to management costs with around 30,000 EUR, using budget funds dedicated to collaborative economy. Private Partners cover an additional amount of 50,000 EUR.

**Policy area(s):** National Operational Plan Metro 2014 2020, Axis 3, Action, MI3.3.1.c “Inclusive Innovation Hub - Civic Crowdfunding”. This policy area falls within the competence of the Economic Innovation and Business Support Department of the Municipality of Milan.

## SET UP

**At a glance:** Milan, targeting specific areas in the city, with a focus on social innovation projects.

**Description of the initiative:** “Il crowdfunding civico

del Comune di Milano” is the name of the initiative published on 29th of May 2020 by the Municipality

of Milan in order to foster innovation and business ide-

as with a social impact on the area of Milan. The second phase, for fundraising, was published on 23rd of September 2020. Beneficiaries were 20 third sector's associations based in Milan. The projects were divided into two slots: the first seven campaigns launched from 28th of October 2020, with the closing day after 60 days, on 27th December 2020. The final batch of 13 projects was launched at the beginning of February. In 60 days, projects had to raise at least 40% of their budget in order to access the public co-financing of 60% pledged by the Municipality of Milan.

**Reasons for setting up the partnership:** The Municipality of Milan identified a private partner to re-propose and strengthen the 2015 Civic Crowdfunding initiative, as to encourage the pooling of public and private resources to support projects with a high social impact that mainly affect the municipal territory of Milan. Furthermore, the identified partner (crowdfunding platform) had to 1) promote the active participation of citizens in the choices of the Administration promoting transparency and accountability of the selection process, 2) promote the fundraising process and facilitate access to information on the development of projects and their impact on the community 3) Guarantee efficiency and effectiveness of the initiative by ensuring the pursuit of public

interests, the absence of conflicts of interest between public and private activities and the achievement of cost savings

**Role of crowdfunding in the wider long-term strategy:** the Municipality of Milan sees crowdfunding as a long-term ally in a number of different areas, especially those suffering from a lack of access to traditional finance and benefitting from a wider active engagement of local stakeholders and communities (such as social inclusion, positive impact and green initiatives)

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes.

**Outputs & impact (short and long term):** The initiative registered 56 applications, 19 projects were selected and carried out the crowdfunding campaigns. All 19 reached the fundraising target.

Strategic policy framework – PON Metro Milano 2014 2020 and/or the 2014 2020 ERDF OP.

**State aid regime (if applicable)** – The project was funded through Axis 3.1 of National OP Metro, dedicated to social innovation initiatives in the peripheral areas of the city. PON Metro resources are around 550,000 EUR and the crowdfunding is managed by the Municipality of Milan and its partners (Produzioni dal Basso and Ginger Crowdfunding), that were selected through public notice.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** 40% from crowdfunding and 60% from institutional funding of the City of Milan. Projects have to collect at least 40% of the total goal defined in the application phase, in order to then obtain the remaining 60% provided by the Municipality of Milan (up to a total amount of 60,000 EUR)

- Form of finance - Grant.

**What procedure was used to select the platform?** The Municipality of Milan decided to set up collaboration agreements between public and private sectors within the framework of a public call. The platform selected complied with the criteria, and, in addition, the platform renounced to charge the normal fees, with transaction costs just for project initiators.

**Areas of interest/applications** – All projects had to fall within the so-called Third Sector, with a strong focus on generating a positive social and economic impact. The projects selected cover different areas, such as urban regeneration, social inclusion, training and education, sport, and eco-friendly initiatives.

**What procedure was used to select the projects?** Criteria used to select projects were: consistency between the proposal and the characteristics and experience of the proposer; adequacy of the team with respect to the area of intervention covered by the proposal; adequacy of the team and of the proposer with respect to the proposed crowdfunding action; feasibility and adaptability of the project proposal to the high degree of uncertainty generated by the health emergency; coherence of the economic framework of the project with respect to the objectives, planned actions and timetable; consistency between the objectives of the proposal and the technical and organizational solutions adopted; expected ability to respond to the social needs of the community using new approaches, organizational methods or management models; expected quality and effectiveness of the crowdfunding campaign; expected ability to generate positive social, economic or environmental effects, improving the quality of life of local communities; ability to generate positive impacts on the most fragile people and/or those particularly affected by the emergency Covid 19 and ability to last over time and generate positive effects after the conclusion of the funded period. Each category was assigned a specific value. Based on the total (100 points) was developed a list of the selected projects.

**Maximum amount of public resources per project:** 60,000 EUR

**Maximum (if applicable) or average duration of campaigns:** 60 days

**Total amounts paid to successful projects (Public resources/OP and other resources combined):** 320,355 EUR

- public resources/OP: 60,000 EUR
- crowdfunding resources: 260, 355 EUR

**When and how was the match-funded amount from public authority effectively transferred to projects?** The public contribution will be paid by the Municipality of Milan to the recipient subject according to two alternative methods:

Case A) - a first instalment, as an advance, equal to 50% of the contribution granted, after the presentation of the request for advance payment signed by the legal representative and a suitable bank or insurance guarantee of the same amount; a second instalment of the balance, up to 50% of the contribution granted, based on the overall expenditure reported and deemed eligible.

Case B) - a first instalment, equal to 50% of the contribution granted, upon reaching at least 50% of the expenditure reported and deemed eligible; a second instalment of the balance, up to 50% of the contribution granted, based on the total expenditure reported and deemed eligible.

**Reporting procedure:** Projects have to report the entire budget (public + crowd) via two different options: the first option is based on real costs, while the second foresees the use of a simplified cost option. They have to produce and present a Statement of Expenditure, that has to be submitted together with the following attachments:

1. Technical Report containing a description of the activities carried out and the results achieved, including a section on monitoring data;
2. Cost plan summarising the expenses incurred on the basis of the chosen cost exposure option;
3. Summary list of expenditure and payment receipts (where relevant);
4. Copy of administrative, expense and payment documentation relating to personnel.

**Who was responsible to verify the eligibility of expenditure and how is this verified?** The Municipality of Milan carried out appropriate checks in relation to the documentation submitted by the recipients of contributions for

each request for settlement to ensure that the products and services co-financed had been implemented, that the expenses claimed have been paid and that they complied with applicable law: the National OP METRO and the conditions for support of the operation and the provisions of the “Guidelines for the management and reporting of Projects”. In addition, the Municipality reserves the right to carry out inspections, on-site checks and on-site visits at the recipients in order to verify the status of the implementation of projects. The various European and national control bodies, and in particular the Managing Authority of the National OP METRO 2014-20, may carry out checks and visits, even without prior notice, at any stage of implementation of the interventions. What procedures did ensure compliance with State aid rules? “de minimis” regime contribution pursuant to Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid, published in Official Journal No 352 of 24/12/2013 - L series.

## ACHIEVEMENTS

**Number of applicants to the match-funding call for projects:** 56 projects

**Number of selected projects:** 19 projects

**Number of successful projects:** 19 with a 100% success rate

**Barriers & bottlenecks:** The main obstacle was to correctly implement a second mechanism, in addition to the real cost accounting for personnel costs of projects, based on a simplified cost option (flat rate of 40% of staff cost to cover all the remaining eligible costs of the operation). Working together with the administrative department, the Municipality has managed to make available this second mechanism as well as to reduce the administrative burden on projects.

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
Platform selection procedure, direct communication activities coordinated primarily by the Municipality (comune.milano.it) together with Produzioni dal Basso and Yesmilano.it, with a different focus depending on the portal. Possibility of solving problems of advance payment of resources from ESI funds through the crowd	The initiative should be open to both for profit and not for profit entities, but eligible Social Innovation projects under National OP Metro are still limited to not-for-profit entities.	The idea is to continue and scale up the initiative in other areas, turning civic crowdfunding into an ordinary activity (and mainstream funding tool) within the Municipality's wider strategy.

# LA CITTÀ SICURA DI SÉ | MUNICIPALITY OF VENICE

📍 **Italy**

## Executive summary

“La città Sicura di sé” (The City that takes care of itself) is the strategy that the Municipality of Venice has put in place in the framework of action 3.3.1 of the PON Metro, to promote the creation of new opportunities and services in vulnerable areas of the city through the mobilisation and active participation of citizens.

With the programme “La città Sicura di sé”, the municipality intends to support and encourage third sector actors active in its territory to develop innovative and sustainable proposals capable of responding to the needs of the city and its citizens.



**produzionidalbasso.**

## DESIGN

Partner platform(s)	Role of public authority	Geographic areas
Produzionidalbasso	FACILITATOR	City of Venice

**Type of match-funding scheme applied:** Top-up. 50-50 scheme. 50% from crowdfunding and 50% from institutional funding of the City of Venice.

**Role of public authority:** Facilitator

**Specific geographic areas identified for match-funding:** areas within and around the city of Venice which are characterized by difficult socio-economic situations (Aree bersaglio).

Public resources committed: 70,000 EUR

**Other types of support provided:** In addition to the match-funding budget, the public authority has further committed 28,850 EUR for the overall coaching and training activities aimed at supporting projects before, during and after the crowdfunding campaign.

**Policy area(s):** European Social Fund, National OP Metro, action 3.3.1 - creation of services for social inclusion and promotion of new opportunities and services in the most vulnerable areas of the city, through the active participation of citizens.

## SET UP

**At a glance:** The initiative is taking place from March until Autumn 2021, in the metropolitan area of Venice. The objective is to promote and support new ideas and organisations from the Third Sector, while fostering a higher degree of citizen engagement. In terms of budget,

the Municipality of Venice is making available a total of 70,000 EUR for projects, expecting to leverage at least an additional 70,000 EUR from crowd resources

**Description of the initiative:** The Municipality of Venice wants to promote and sustain the use of

crowdfunding, as a fundraising tool, to finance public interest projects from for profit and not for profit organizations and associations. This instrument creates an opportunity, for both citizens and organizations, in terms of increasing the chances to gain funds for specific projects which have a high community impact. Those who will apply have to propose innovative projects and services with a view to social inclusion and mid/long term sustainability.

**Reasons for setting up the partnership:** The municipality decided to integrate crowdfunding within the framework of this initiative in order to finance high impact projects which contribute to the economic, social and territorial development, through crowdfunding, which foster public and citizens participation.

**Role of crowdfunding in the wider long-term strategy:** as this is the first pilot project run in partnership with a crowdfunding platform, the Municipality will wait and assess the overall impact of the initiative, before committing to a longer-term strategy.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes.

**Strategic policy framework:** European Social Fund, National OP Metro, action 3.3.1

**State aid regime (if applicable):** including options considered and rationale for selected option (if applicable) Compliance ensured with COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid

## IMPLEMENTATION AND REPORTING

**Match-funding description:** A total of 70,000 EUR was committed by the Municipality of Venice to co-finance projects, through National OP Metro resources in a 1:1 match-funding scheme. 50% of the overall budget for each project must be raised through crowdfunding, in order to receive the remaining 50% from institutional funding of the City of Venice.

- Form of finance - Grant

What procedure was used to select the platform? The platform was selected through a call for application on MEPA (Electronic Marketplace of Public Administrations). The cost of the awarded service must remain below 134,000 EUR.

Areas of interest/applications – Any activity covered by the definition of “Third Sector”. More specifically, new services or ongoing activities of social inclusion that generate community involvement in the target areas of the Municipality of Venice for the duration of the project and beyond. As an example:

- personal care and/or assistance services;
- commercial, craft or catering activities with a social impact;
- organisation and development of communities and mutual aid networks;
- social aggregation activities;
- artistic and cultural promotion activities;
- activities linked to the circular economy and environmental protection;
- sport and wellness activities;
- training and education activities;
- activities aimed at reducing the digital divide;
- activities and services for the family-work balance
- digital transformation of the above services/activities.

**What procedure was used to select the projects?** A public call for projects was issued in February 2021 and closed one month later. Projects had to be proposed by Third Sector Entities (ETS) (e.g. social promotion associations, voluntary organisations, foundations, social enterprises pursuant to Legislative Decree 112/2017) or other non-profit associations (e.g. amateur sports associations, cultural and recreational associations). Self-employed professionals with a registered VAT number could also present their own projects.

- The following macro-criteria are taken into account during the selection phase:
- Quality and innovativeness of the project proposal;
- Adaptability to the emergency situation and economic and financial sustainability of the proposal;
- Expected results of the project;
- Characteristics of the proposing entity.

**Maximum amount of public resources per project :** 5,000 EUR

**Maximum (if applicable) or average duration of campaigns:** 45 days

**Total amounts paid to successful projects (Public resources/OP and other resources combined):** data not yet available, ongoing initiative at date of publication (June 2021)

- public resources/OP: 50% or max 5,000 EUR per project
- crowdfunding resources: 50% or more (depending on total budget)

**When and how was the match-funded amount from public authority effectively transferred to projects?** The grant will be paid in a single instalment in full on the basis of the expenditure accurately reported and considered eligible.

**Reporting procedure:** Each project will have to submit its accounts within 40 days from the conclusion of the project activities. Payments are usually made within 60 days from the presentation of the request for contribution.

**Who was responsible to verify the eligibility of expenditure and how is this verified?** All documentation in order to claim costs must be sent to the administrative office of the Municipality of Venice

**What procedures did ensure compliance with State aid rules?** Each project had to submit a self-declaration, demonstrating how they would be compliant with the de minimis regime

## ACHIEVEMENTS

**Number of selected projects:** The goal of the initiative is to finance 14 projects

**Number of successful projects:** As the initiative is still ongoing, the number of successful projects or the number of received applications are not yet available.

## CONCLUSIONS

Success factors	Next steps
the combination of a coaching period delivered by different organisations on specific topics (communication, how to structure a crowdfunding campaign, how to manage social media accounts and campaign community, video production, etc.) is one of the core features of this initiative.	the public authority has already foreseen replicating the initiative after this initial pilot experience.

# FUTURE FUND UK | UK GOVERNMENT

📍 Belgium

## Executive summary

In an effort to support innovative and high-growth businesses, the UK Government has made 250m GBP (around 290m EUR) available through its [Future Fund](#), to deploy into ambitious UK startups that meet key criteria. The Future Fund will match up to 100% of private investment in eligible businesses through these government-issued convertible loans, ranging in value from 125,000 GBP (145,000 EUR) to 5m GBP (5.8m EUR). Future Fund capital and private investors alike, will invest into eligible Seedrs businesses on the exact same terms set out in the convertible loan agreement prescribed by the Government. When browsing live investment opportunities, a Future Fund-eligible campaign is identifiable by its Future Fund logo, and a pink progress bar. The “investment sought” value indicates the target for an eligible campaign, which will be matched by the Future Fund if the application is approved. To be eligible the company must have raised at least 250,000 GBP (290,000 EUR) in equity from third-party investors in previous funding rounds in the last five years; the company must be a UK incorporated limited company, on or before the 31st December 2019; at least half of employees are UK based or at least half of revenues are from UK sales. The Future Fund requires that government funds are matched by private investors and businesses may not use the funds to repay shareholder debt or pay dividends, bonuses or similar discretionary payments within twelve months of the loan agreement.



## DESIGN

Partner platform(s)	🏛️ Role of public authority	📍 Geographic areas
Seedrs	FACILITATOR	United Kingdom and particularly the Area of London

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** 250m GBP (290m EUR)

**Policy area(s):** The Fund was developed with the aim of supporting UK startups and innovative and high-growth businesses.

## SET UP

**At a glance:** The UK government decided to create a Future Fund of investments to let ambitious UK startups grow in the UK, with a financing of 250m GBP (290m EUR) spread through equity crowdfunding platform Seedrs.

**Description of the initiative:** In an effort to support innovative and high-growth businesses, the UK Government has made 250m GBP (290m EUR) available through its Future Fund, to deploy into ambitious UK startups that meet key criteria. The

Future Fund will match up to 100% of private investment in eligible businesses through these government-issued convertible loans, ranging in value from 125,000 GBP (145,000 EUR) to 5m GBP (5.8m EUR). Future Fund capital and private investors alike, will invest into eligible Seedrs businesses on the exact same terms set out in the convertible loan agreement prescribed by the Government. When browsing live investment opportunities, a Future Fund-eligible campaign is identifiable by its Future Fund logo, and a pink progress bar.

**Reasons for setting up the partnership:** Briefly, a convertible loan is debt that can be converted into equity. A familiar tool leveraged by venture capitalists, a convertible loan gives founders the ability to defer the need to assign a valuation to the business until a later date.

Convertible equity is familiar to Seedrs investors in the form of advance subscription agreements (ASAs). The key differences between a convertible loan and an ASA are that (a) convertible loans will attract interest and (b) there will be certain circumstances in which convertible loans will be repaid rather than be converted into equity. Future Fund capital and private investors alike, will invest into eligible Seedrs businesses on the exact same terms set out in the convertible loan agreement prescribed by the Government.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes

**Outputs & impact (short and long term):** Seedrs is known to have participated in 58 Future Fund rounds, meaning that one in four of their 237 deals last year were Future Fund investments.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** One of the fundamentals of the Future Fund is that it requires that government funds are matched by private investors. Thanks to Seedrs nominee structure, it invests on behalf of the users and as long as the project has been onboarded on the platform, the investment in eligible businesses will qualify for the Future Fund.

- Form of finance - equity investment through convertible loans

**Areas of interest/applications:** Startup, Innovation, Economic growth

**What procedure was used to select the projects?** The company must have raised at least 250,000 GBP (290,000 EUR) in equity from third-party investors in previous funding rounds in the last five years. If a member of a corporate group, it must be the ultimate parent company. The company does not have any of its shares or other securities listed on a regulated market. The company must be a UK incorporated limited company, on or before the 31st of December 2019. At least half of employees are UK based OR at least half of revenues are from UK sales.

**Maximum amount of public resources per project:** From 125,000 GBP (145,000 EUR) to 5m GBP (5.8m EUR)

**Total amounts paid to successful projects** (Public resources/OP and other resources combined):

- public resources: 250m GBP (290m EUR)
- crowdfunding resources: Not available yet

**When and how was the match-funded amount from public authority effectively transferred to projects?** At the end of the crowdfunding campaign within a few working days.

## ACHIEVEMENTS

At present, Seedrs is considerably ahead of the competition in the race to be crowned top Future Fund co-investor. Seedrs is known to have participated in 58 Future Fund rounds, meaning that one in four of their 237 deals last year were Future Fund investments.

## CONCLUSIONS

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### Next steps

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The Future Fund specifies that businesses may not use the funds to repay shareholder debt or pay dividends, bonuses, or similar discretionary payments within twelve months of the loan agreement. Therefore, when investing on Seedrs alongside the Future Fund, investors can rest assured that their investment will be used directly and strategically into areas best served to drive interim growth and innovation. The goal is to work toward a fairer, more transparent investment ecosystem, where everyone investing alongside the Future Fund will also be asked to promote diversity within the private equity space, ensuring that all entrepreneurs who show unique potential, regardless of their gender, have access to the resources and capital they need to build the businesses that will shape a credible future for the UK economy.

# EQUITY MATCH-FUNDING | TRENTO SVILUPPO

📍 **Italy**

## Executive summary

Trentino Sviluppo is an initiative allowing innovative start-up and small and medium enterprises to raise funding through the internet, in a match funding mechanism between the local authority and crowdfunding platform. Different platforms were involved in this cooperation process, examples are Mamacrowd, Opstart, Starts Up, WeAreStarting, Fundera and Walliance. Beneficiaries are PMI and Startups, which operate in the area of Trento and improve the economic and entrepreneurship territorial development.

The case study presented is the one developed by Trentino Sviluppo in cooperation with the equity crowdfunding platform WeAreStarting. Thanks to the match funding scheme it was possible to financially support ten projects, raising a total of 2.4m EUR.

**TRENTINOSVILUPPO**  
IMPRESA INNOVAZIONE MARKETING TERRITORIALE

**WeAreStarting**

## DESIGN

Partner platform(s)	Role of public authority	Geographic areas
We are Starting	FACILITATOR	Area of Trento, Italy

**Type of match-funding scheme applied:** Top-up. Trentino Sviluppo invests 5% of the financial goal of each of the selected companies. The contribution from the public budget can increase in case of overfunding (the crowdfunding campaign exceeds its initial fundraising goal), to maintain the 5% of new shares.

**Public resources committed:** 250m GBP (290m EUR)

**Policy area(s):** Trentino Sviluppo finances the activities set out in the match-funding initiative on the basis of the three-year plan of activities referred to in Article 33 of Provincial Law 6/99, fostering the economic development in S3 sectors (Green & Sport - Tech, Mechatronics, Agritech, Quality of life)

## SET UP

**At a glance:** The initiative promoted by the public company Trentino Sviluppo to support startups and SMEs operating in the area of Trento was developed to establish new partnerships with national crowdfunding platforms to channel Italian investment into local startups.

**Description of the initiative:** The initiative aimed at creating new online spaces dedicated to the financing of innovative SMEs and startups in the Trento area. New projects usually concern agrifood, quality of life, mechatronics and green area fields. Trentino Sviluppo and the different crowdfunding platforms operate

in partnership with national and regional stakeholders, which promotes and advertises these local activities. Online platforms selected for these partnerships were Mamacrowd, Opstart, Startsup, WeAreStarting, Fundera and Walliance.

**Reasons for setting up the partnership:** As part of Trentino Sviluppo's innovation promotion mandate, the organization aims to establish a series of partnerships with equity crowdfunding national platforms to channel Italian investment into local startups.

**Role of crowdfunding in the wider long-term strategy:** Crowdfunding is understood as an additional and stable funding tool for Trentino's startup and SME ecosystem. In the long term, the goal is to further scale up the match-funding initiatives in other sectors.

**Was the public authority the only match-funder or part of a match-funding consortium?** Yes.

**Outputs & impact (short and long term):** The collaboration between Trentino Sviluppo and the equity crowdfunding platform WeAreStarting has allowed several startups to reach their funding goals, through the support of public and private investors. Often the initial investment has been transformed not only in the realization of the project itself, and in the start of a new business, but has created jobs and built new networks of collaborations between companies.

**Strategic policy framework:** Trentino Sviluppo finances the initiatives set out in the match-funding initiative on the basis of the three-year plan of activities referred to in Article 33 of Provincial Law 6/99. The Department of labour policy, market and economic growth, in collaboration with the department of social policy, rights and health, were responsible for the initiative.

## IMPLEMENTATION AND REPORTING

**Match-funding description:** In order to access the 5% from Trentino Sviluppo, companies have to raise at least 95% of their initial target goal. The 5% percentage is determined by a requirement in the CONSOB National regulation in Italy, according to which an investment of at least 5% from an institutional investor is necessary, in order to consider a round of fundraising through an equity campaign as successfully closed. In this initiative, Trentino Sviluppo does not only provide funding, but most importantly, it allows any selected campaign to successfully comply with regulatory requirements in the presence of an institutional investor.

- Form of finance - Equity

**What procedure was used to select the platform?** - Any equity crowdfunding platform able to carry out operations on the Italian territory could apply to become a partner

**Areas of interest/applications:** - Agrifood, Quality of Life, Mechatronic and Green.

**What procedure was used to select the projects?** Projects had to provide a definite set of information to a dedicated Committee, as detailed below:

- the “technical-economic report” drawn up using a predetermined template, provided by Trentino Sviluppo
- the application form containing the core business idea;
- the declaration of commitment to acquire part of the shares, drawn up by the third party investor and defining the investment's conditions;
- the declaration made by the Third Party Investor regarding the absence of incompatibilities and the absence of conflicts of interest

**Maximum amount of public resources per project:** - 200,000 EUR per project, corresponding to 5% of the overall raised amount

**Total amounts paid to successful projects (Public resources/OP and other resources combined):**

- public resources: 111,000 EUR
- crowdfunding resources: 2.4m EUR

**When and how was the match-funded amount from public authority effectively transferred to projects?** Funds are transferred at the end of the campaign, usually unlocked in four to five working days.

## ACHIEVEMENTS

**Number of selected projects:** 10

**Number of successful projects:** 10, 100% success rate

## CONCLUSIONS

Success factors	Do's & Don'ts	Next steps
The initiative has received widespread positive feedback from partnering crowdfunding platforms, and has been confirmed with additional budget for 2020 and 2021	A good practice was to organise recruiting events for start-ups that could be interested in launching a new round via equity crowdfunding. This opportunity was not extended to those companies with ongoing campaigns to avoid any potential conflict of interests. An improvement area could be to find a viable way to also promote ongoing campaigns.	9m EUR have been committed for the 2020-2022 period to finance a set of instruments (equity crowdfunding, matching fund, Trentino Invest, Call for Equity and bonds) aimed at different types of companies in terms of life cycle and size, with the aim of supporting development projects with a territorial impact also by stimulating the raising of private capital. An amount of 1m EUR will be reserved for matching fund operations relating to the “Bando Montagna”.

# SECTION 4

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## HOW TO IMPLEMENT A MATCH-FUNDING INITIATIVE: A BLUEPRINT FOR PUBLIC AUTHORITIES

After reviewing the best practices that are currently being deployed in different EU Member States and regions, the final section is dedicated to the presentation of a *blueprint* detailing the key steps that public authorities should bear in mind when considering how to include crowdfunding in their policy lines and funding options.

In principle, there are many elements of difference in how each public authority has deployed partnerships with crowdfunding platforms. Differences are mainly linked to the selected crowdfunding model and related implications in terms of form of finance in which public funds are combined to it, as they both can have significant impacts on how final beneficiaries must design and deploy their campaign and reporting phases, but also on the extent to which public authorities must commit budget and time to match-funding partnerships. In addition to this first level, differences also relate to the type of resources used by the public authority (EISF or own resources), and to the selection procedure of the partner crowdfunding platform (direct assignment, public call for tender, etc.).

The *Match-funding Blueprint* tries to provide an initial guidance by presenting and listing key elements that public authorities that want to approach the set-up of a match-funding initiative should keep into consideration. Notwithstanding the many possibilities that the flexibility of crowdfunding offers in terms of administrative and technical set-up, the analysis of the 22 best practices listed in this report has allowed to identify several core steps and elements that are common to the design, implementation, and follow-up of most match-funding schemes:

**• Identification of a policy priority and/or sector of interest:** the first step is to clearly define the policy area and/or business sector in which the match-funding initiative will be integrated. Crowdfunding is a way to enable stakeholders which struggle to access finance and funding through mainstream channels and is therefore suited to particularly reinforce a public intervention in sectors where amounts per funded project range from 5,000 EUR to a few hundred thousand EUR. As an example, big infrastructural projects might not be the best fit for a match-funding scheme, but might foresee the inclusion of crowdfunding as a part of the wider funding mix, together with more traditional financial intermediaries such as banks, investment funds, etc.

**• Identification of overall budget and estimate breakdown:** a second core step is to define which budget will be dedicated to the overall initiative. In order to have a more accurate estimate, the public authority should keep into consideration the amounts that will be allocated to i) the provision of services by the crowdfunding platform; ii) the actual match-funding resources

(that will directly and solely co-finance final beneficiaries); iii) the costs of communication and promotion activities that will run from the “call for projects” phase throughout the duration of the initiative

**• Identification of the role of public authority in the scheme:** a further core step lies in the definition of which role the public authority will want to play within the framework of the match-funding scheme. This choice will impact not only the number of human resources and time committed to the initiative but can also shape the interaction that the public authority has with its citizens and, in turn, the perceived accountability and transparency about the overall initiative. In general, the more a public authority is willing to integrate citizens in the decision-making mechanism and allow them to rank projects according to their perceived priorities (as in the Facilitator role), the higher the sense of ownership towards funded projects

**• Identification of the most suitable match-funding scheme:** as in the previous case, the public authority

should define how the resources coming from the public budget will be allocated to final beneficiaries. Timing is as important as co-financing rate or maximum amount per project, as it can have a relevant impact on the capacity of each final beneficiary to raise at least 100% of their target amount. A first-in scheme allows all projects to start their campaign and eliminate potential doubts by other donors, but won't be able to provide final beneficiaries with an intermediate goal as in the case of a bridging scheme, or the sense of urgency of a top-up scheme. These factors must be taken into account when deciding on which match-funding scheme is more suitable to both public authority and potential final beneficiaries

- Compliance with regulatory framework:** this step links the type of resources used to the foreseen crowdfunding model. It is important to understand regulations in place for both the use of public funds in a match-funding scheme and in relation to crowdfunding operations, as to avoid dead-ends once the crowdfunding model has already been selected. Although crowdfunding has been regulated at national level up to this date, the entry into force of the European Crowdfunding Service Providers Regulation in November 2021 will harmonise rules for crowdfunding operations across the EU, and will likely lead to a facilitation in the set up and replication of partnerships between crowdfunding platforms and other organisations

- Identification of crowdfunding model:** once the regulatory compliance has been ensured, the public authority should select the most suitable crowdfunding model through which it will implement the match-funding initiative. In the first place, it should consider its own preferences in terms of form of finance that can be combined with each match funding model, and then consider the type of beneficiaries to which the funding will be awarded. As an example, if the selected model would be equity crowdfunding, the public authority could decide to provide beneficiaries with grants to cover costs in the preparation phase of the campaign or in the communication phase, or de-

cide to become an institutional co-investor alongside the crowd, but it should also consider that the pool of beneficiaries would be limited to companies that can sell shares and raise risk capital, and this model might therefore not be suitable for stakeholders operating in specific sectors such as cultural industries.

- Selection procedure to identify partners crowdfunding platform(s):** once the model has been selected, the public authority must identify one or more crowdfunding platforms as partners in the initiative. Such selection could be performed via a competitive tendering process by invitation only, via a public tender, or even by direct assignment. Furthermore, agreements with platforms might also foresee a non-onerous cooperation, where no public budget is involved and mutual benefits are derived from the onboarding of a steady flow of high quality projects (from the crowdfunding platform's perspective) and from the ability to provide local stakeholders with an additional and reliable funding option that might otherwise remain unknown to potential beneficiaries (from the public authority's perspective)

- Definition of core features of the call for project proposals:** in the call for project proposals, the public authority will have to clearly specify, in addition to standard elements that must be included in any public call, also all those features that relate to the integration of a crowdfunding mechanism in the funding scheme. Elements such as maximum amount of public resources per project, timing for the duration of campaigns, minimum number of backers or investors, reporting procedures, selection criteria must make explicit reference to the relation they have with the crowdfunding component of the funding scheme, as to enable potential beneficiaries to be fully aware of the implications connected to the initiative, both for themselves and for the crowd that will possibly support them

- Follow-up throughout the initiative duration:** public authorities should be aware that a match-funding init-

ative leverages on the principle of partnership between the two involved parties and can only succeed if there is continued commitment to support final beneficiaries throughout. In this specific case, a public authority should already draft a plan on how to support the overall initiative and selected projects well beyond the sole provision of budget, and in terms of communication and visibility. Since the announcement of the call for projects, the public authority will need to maximise its

outreach to local stakeholders and citizens, if it wishes to receive a high number of high-quality project proposals. Furthermore, citizens and potential investors must be informed and aware of the match-funding initiative, so that they can fully show their economic and non-economic support to selected projects once the crowdfunding campaigns will be published online and projects will be able to start raising money on the partner crowdfunding platform.

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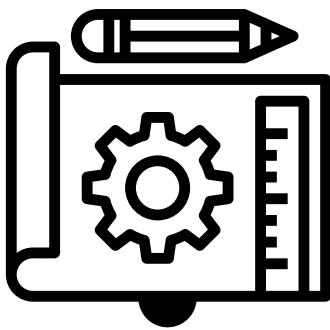
**”**The Match-funding Blueprint provides a more accurate overview of each of the presented steps, with the aim of serving as an initial checklist for public authorities.

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## MATCH-FUNDING BLUEPRINT



## MATCH-FUNDING BLUEPRINT

Our *Match-funding Blueprint* can be easily applied by using our simple canvas when defining your strategy for working with crowdfunding.

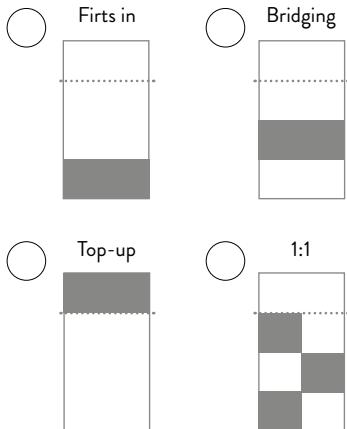
### STEP 1

**Identify a policy priority and/or sector of interest**



### STEP 4

**Identify match-funding scheme that is most suitable to campaign's needs and objectives**



### STEP 7

**Select crowdfunding platform(s) to partner with**



### STEP 2

**Identify overall budget and estimate breakdown**



### STEP 5

**Ensure alignment with regulatory framework**



### STEP 8

**Clearly determine core features of the call for project proposals**



### STEP 3

**Identify which role the public authority will have**

- Sponsor
- Enabler
- Manager
- Curator
- Facilitator
- Mixed:



### STEP 6

**Identify crowdfunding model**

- Donation
- Reward
- Lending
- Equity



### STEP 9

**Follow-up throughout the initiative**



Icons created by DinosoftLab and Komkrit Noenpoempisut from the Noun Project

## [ ] STEP 1

### **Identify a policy priority and/or sector of interest**

- Determine in which field you want to initiate a match-funding initiative. As you have seen from the best practices in Section 3, these partnerships can take place in a wide range of sectors, from culture to business support.
- Align the initiative with a clear policy objective. You will be able to clearly define the scope of the match-funding scheme and set achievable objectives for the public authority. It will also be easier to communicate your intentions to citizens and potential beneficiaries in your territory.
- Add the identification of possible partners at local, national and/or European level. (I think that it is important to also identify the possible bodies which could become partner of the initiative as co-founder).
- **If ESIF resources are involved:** identify the need for the intervention of the public authority through the use of such funds. In order to justify a public intervention, it is indeed necessary to clearly explain why projects to be financed in the specific policy area and/or business sector would not be able to access finance or achieve the same outcomes without public support.
- The same assessment must be performed to justify the integration of a crowdfunding platform into the overall funding scheme of the initiative, as well as the added value that the presence of public resources could bring to the performance of the platform itself and to the final beneficiaries that will use its infrastructure.

## [ ] STEP 2

### **Identify overall budget and estimate breakdown**

- There will be different categories of costs that must be considered:
  - a) Overall budget dedicated to co-finance projects (match-funding pot)
  - b) Platform's fees and activities
  - c) Communication efforts to promote the initiative
- If you are planning to design and set-up a financial instrument using ESIF resources, develop an ex-ante assessment as required by art. 37 of the Common Provisions Regulation (CPR)<sup>11</sup>

## [ ] STEP 3

### **Identify which role the public authority will have**

- According to the objectives and mechanisms that the public authority is aiming at deploying, you should identify which role<sup>12</sup> is more suitable in terms of level of commitment and functioning mechanisms:
  - **Enabler:** the public authority provides support services to encourage the use of crowdfunding among its citizenship
  - **Sponsor:** the public authority launches its own campaign for a specific project on an existing civic crowdfunding platform
  - **Manager:** a public authority creates its own crowdfunding platform to foster the development of its territory
  - **Curator:** the public authority selects from an existing crowdfunding platform a list of projects that meet its agenda
  - **Facilitator:** the public authority commits to co-finance successful crowdfunded projects on partner platforms before the crowdfunding phase is launched

## ○ [ ] STEP 4

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### **Identify match-funding scheme that is most suitable to campaign's needs and objectives**

- As a public authority that wants to transfer part of its resources to future beneficiaries, it is important to choose the right match-funding scheme, defining how and when beneficiaries will effectively have access to public resources. As highlighted in section one, due to the fact that each scheme can produce different dynamics and might be more suitable for specific pools of potential beneficiaries, different factors have to be considered when choosing the match-funding scheme
- As a reference, main match-funding schemes identified in this report are:
  - **First-in (booster):** the committed resources from the public authority are provided to each project at the very beginning of the crowdfunding campaign
  - **Bridging:** the contribution of the public authority comes as a bridge between the initial and the final part of the crowdfunding campaign
  - **Top-up:** the contribution from the public authority will be granted to project owners only when a certain amount (or percentage on the overall budget) has already been secured
  - **1:1** For each Euro raised from the crowd, the public authority provides an additional euro
- The combination between public funds and crowdfunding can happen through different mechanisms, both in the form of grants and financial instruments. In case of a financial instrument being set up, the match-funding scheme can foresee the integration of existing products such as equity investment and loans. Several initiatives listed in this report also show how a guarantee scheme can provide significant support, if developed in partnership with crowdfunding platforms.

## ☰ [ ] STEP 5

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### **Ensure alignment with regulatory framework**

- As a first step, you must bear in mind if the public budget will come from your own resources or from ESI Funds, as different regulations might apply.
- In case you use ESI Funds:
  - Clearly align the initiative with your programme policy and specific objectives (2021-2027)
  - Check national regulation applicable to crowdfunding or, as of November 2021, monitor European Service Providers Regulation provisions
  - Check Common Provision Regulation (in case of a financial instrument being set up, or a grant + financial instrument combination in 2021-2027)
  - Ensure compliance with State Aid rules (as per the collected case studies, de minimis provisions usually apply)
  - Streamline monitoring and reporting procedure, as to comply with EU requirements. Donation and reward crowdfunding platforms do not have an obligation to ensure monitoring or reporting of the collected funds, so the public authority will have to clearly determine and communicate to the partnering platform(s) how to proceed in this sense, so that all final beneficiaries are aware of how

to approach the post-campaign phase. Equity and lending platforms, on the other hand, might be required by national law to enforce some degree of monitoring and reporting of funded businesses performance, as to keep investors informed. In the latter case, it will be necessary to align requirements from the public authority with existing procedures adopted by the partnering platform(s).

- In case you use own resources:
  - Identify budget line and policy priority
  - Check national regulation applicable to crowdfunding or, as of November 2021, monitor European Service Providers Regulation provisions
  - Check for internal procedures that are needed to approve the initiative (endorsement from local politicians, approval in plenary council, timing for public tender to remain online, etc.)
  - Ensure compliance with State Aid rules (as per the collected case studies, de minimis provisions usually apply)
  - Streamline monitoring and reporting procedure, as to comply with internal requirements. Donation and reward crowdfunding platforms do not have an obligation to ensure monitoring or reporting of the collected funds, so the public authority will have to clearly determine and communicate to the partnering platform(s) how to proceed in this sense, so that all final beneficiaries are aware of how to approach the post-campaign phase. Equity and lending platforms, on the other hand, might be required by national law to enforce some degree of monitoring and reporting of funded businesses performance, as to keep investors informed. In the latter case, it will be necessary to align requirements from the public authority with existing procedures adopted by the partnering platform(s).

## [ ] STEP 6

### **Identify crowdfunding model**

- Bearing in mind the beneficiaries' group, the financial goal and the budget structure, identify which crowdfunding model would be more suitable to achieve your policy objectives. Remember that:
  - Donation and reward crowdfunding are not subject to financial regulations but might be subject to other regulations at national level. These models are usually more suited for small organizations, associations, third sector initiatives, etc. The most common combination with public resources usually takes the form of a grant.
  - Equity crowdfunding is more suitable for startups, spin-offs and (in some cases) SMEs. Bear in mind that through equity crowdfunding, average campaigns usually collect hundreds of thousands of EUR. On the other hand, the need to align different regulatory aspects (investor protection rules, co-investment alongside retail investors, exit strategy, etc.) could entail a longer procedure for the deployment of the match-funding scheme. Public authorities tend to act as co-investors via equity financial products.
  - Lending crowdfunding is more suitable for established SMEs, with a solid track record and proven capacity to pay back a loan plus interest rate. This model is particularly suitable for loans to be provided by public authorities or other financial intermediaries, as well as to benefit from guarantee schemes.

## Select crowdfunding platform(s) to partner with

- Identify key aspects that you want the selected partner platform(s) to have. Such elements include, but might not be limited to:
  - Crowdfunding model and compliance with national rules
  - Geographical coverage of the platform, which could be authorized to operate at regional, national, and/or European level (after the entry into force of ECSP Regulation)
  - Platform's fees related to the hosting of projects (flat fee or success rate per project)
  - Services to be provided (hosting of projects, communication activities, training for selected projects, etc.)
  - Available budget for the provision of services
  - Timeline for the delivery of activities and closing of the campaigns
- There are different ways to select your partner crowdfunding platform:
  - Through a public tendering procedure
  - Via a direct assignment (if requirements allow)
  - Through a non-economic partnership agreement (if no match-funding is foreseen and no other costs will be covered by the public authority in reference to the provision of advisory, communication, and/or other services provided by the crowdfunding platform)

## Clearly determine core features of the call for project proposals

- The call for project proposals must include specific elements, as to ensure that the received ideas will fit into the policy objectives of the match-funding initiative.
- In terms of crowdfunding-related elements, ensure that you describe:
  - Eligible applicants: associations, NGOs, start-ups, and/or SMEs, operating in a specific territory
  - Scope of the projects
  - Co-financing rate and mechanism (i.e. top-up at 50% of target goal)
  - Conditions linked to the form of financial support received: interest rate or maximum duration of a loan, investors' rights and obligations in case of equity investments, etc.
  - Maximum amount of public co-financing per project
  - Detailed timeline for submission and selection of projects
  - Selection criteria: innovativeness of the proposed action, time-frame of a potential exit strategy, long term perspectives of the funded initiatives, impact on the wider community and the territory, etc.
  - Timeline for select projects activities, from selection date up to reporting deadline
  - Reporting procedures
- There are more elements that the public call for project proposal might have to include, depending on context-specific requirements at the administrative level

## Follow-up throughout the initiative

- A match-funding initiative has three main phases: design, implementation and follow-up.
- In the design phase, as a public authority you should make sure that your intentions and future steps are thoroughly structured and clearly communicated to your citizens and potential beneficiaries.
- In the implementation phase, you should ensure that projects receive maximum visibility and that your support is not limited to economic co-financing but extends also to organization of promotional events and other activities that can incentivize the “crowd” to economically contribute to their preferred projects.
- In the follow-up phase, you should provide support to beneficiaries by guiding them in the reporting steps, as well as inform the wider community about the results and long-term objectives of the match-funding initiatives and of specific funded projects

# CONCLUSIONS

The collected 22 case studies, covering seven EU Member States and the UK, demonstrate the potential, the efficacy, and the flexibility of crowdfunding as an additional tool for public authorities and local bodies in the allocation of public resources. Through surveys and semi-structured interviews with contributing organisations it was possible to gather and analyse qualitative and quantitative data, fundamental to capture the added value of crowdfunding in terms of success factors and impact, as well as to identify current obstacles to its implementation by a public authority.

Key takeaways from the review of collected experiences are:

1. The number and type of **partnerships between public authorities and crowdfunding platforms is increasing across Europe.** There are two main implications that can be derived from this observation:
  - Pilot experiences between crowdfunding platforms and public authorities have proven to be successful and have been extended in those areas where they had already been implemented and replicated by different organisations in other Member States and regions. Out of the six best practices collected in the 2018 report, four have confirmed their activity also for this report and scaled-up the partnership schemes with crowdfunding platforms, either in terms of committed public resources or in number of received and funded projects.
  - Citizens and local stakeholders have become increasingly familiar with crowdfunding. The confidence through which both citizens (potential investors and/or backers) and beneficiaries (companies, NGOs, associations, etc.) approach crowdfunding as a whole is demonstrated by the fact that, contrary to the insights collected in 2018, reward is not anymore the only crowdfunding model that can be combined with public resources, but an equal number of partnerships between equity and lending platforms and public authorities has emerged in different Member States.
  - The entry into force of the European Crowdfunding Service Providers Regulation as of November 2021 will allow crowdfunding platforms to operate across EU Member States according to a harmonised set of rules. This new framework will, among other benefits,

enable public authorities in different Member States to more easily ensure compliance between crowdfunding applicable law with national and/or EU regulations that apply to the management of public funds. Furthermore, as crowdfunding platforms will be able to provide their services beyond national border and into other Member States, the replication of existing best practices described in this report is also likely to be facilitated, as public authorities will be able to engage with crowdfunding platforms that might already have deployed a match-funding initiative in a different context and build on the acquired expertise.

2. Public authorities have managed to **combine different sources of public funds with crowd-funding mechanisms**. Namely, the Triggering Participation Report (2018) highlighted how experiences of integration between public authorities' own resources and crowdfunding were indeed viable, but the integration with ESIF resources remained an option only in theory. In this report, six out of the 22 collected best practices use ESIF resources in combination with crowdfunding, both in the form of grants and in the form of financial products, and coming from Operational Plans at national, regional and even metropolitan level. Two case studies also present a peculiar scenario in which public resources come from the European level, through the involvement of the European Investment Fund and its active programmes.
3. The previous cohesion policy programming period (2014-2020) had already shown how there was room to combine ESIF resources with crowdfunding, thanks to the **compatibility between different crowdfunding models and ESIF Thematic Objectives**. In light of the coming framework for the future EU cohesion policy (2021-2027), the significance of crowdfunding for the five Policy Objectives remains high, with the exception of *Policy Objective 4 – A more connected Europe – Mobility and regional ICT connectivity*, aimed at funding primarily IT and traditional infrastructural projects.
4. The average **amount of committed public resources has significantly increased from 2018**, when data showed that the highest committed amount from a public authority in a match-funding scheme was 300,000 EUR through a match-funding initiative implemented with a reward-based crowdfunding platform. In this report, the highest disbursed amount from a public authority through a reward-based platform is of 550,000 EUR, rising to 4.6m EUR, with commitments reaching the record amount of 10m EUR to be disbursed by the end of 2021 via a match-funding initiative involving a lending-based crowdfunding platform.
5. The geographical distribution of collected best practices also gives an indication about the extent to which **match-funding partnerships are becoming increasingly part of the mainstream funding options for public authorities in Europe**. In 2018, the seven collected best practices were deployed in five Member States. In this edition, 22 best practices were collected, covering seven Member States and the UK. The implications of an average of over two best practices per country and a total of eight countries mapped are related to both the flexibility that crowdfunding allows, as public authorities and platforms have found ways to adopt partnership schemes

under different administrative and procedural mechanisms, and the replicability of pilot experiences by different public authorities in the same Member State, in a stocktaking dynamic which promotes peer learning among public organisations.

6. Match-funding initiatives tend to support the channelling of private and public funds to specific projects. As an example, match-funding campaigns generally require half the number of supporters or investors to allow the project to reach its target goal, as the remaining percentage is provided through public funding. However, it must be noted that, compared to the average individual contribution to traditional crowdfunding campaigns, the average contribution in the case of match-funding campaigns tends to increase, therefore **creating a positive trust cycle between citizens, projects and public authorities that rewards initiatives that are perceived as priorities by citizens, who are in turn more willing to economically support them.**

# ANNEX 1

## LIST OF MAIN CROWDFUNDING PLATFORMS ENGAGED IN MATCH-FUNDING ACTIVITIES

PLATFORM	MODEL	COUNTRY	WEBSITE
<b>Crowdfunding Bizkaia</b>	Equity	Spain (basque Country)	<a href="https://crowdfundingbizkaia.com/en">https://crowdfundingbizkaia.com/en</a>
<b>Finbee</b>	Lending	Lithuania	<a href="https://www.finbee.lt">https://www.finbee.lt</a>
<b>Goteo</b>	Donation/ Reward	Spain	<a href="http://goteo.org">http://goteo.org</a>
<b>Growfunding</b>	Reward	Belgium	<a href="https://growfunding.be/en">https://growfunding.be/en</a>
<b>IdeaGinger</b>	Reward	Italy	<a href="https://www.ideaginger.it">https://www.ideaginger.it</a>
<b>Kolect</b>	Donation/ Reward	Belgium/Netherlands	<a href="https://kolect.com/en/">https://kolect.com/en/</a>
<b>La Bolsa Social</b>	Equity	Spain	<a href="https://bolsasocial.com/?lang=eng">https://bolsasocial.com/?lang=eng</a>
<b>Lánzanos</b>	Reward	Spain	<a href="https://www.lanzanos.com">https://www.lanzanos.com</a>
<b>Lita.co</b>	Equity	France/Belgium/Italy	<a href="https://fr.lita.co">https://fr.lita.co</a>
<b>October</b>	Lending	France/Germany/	<a href="https://october.eu">https://october.eu</a>
<b>Oneplanetcrowd</b>	Lending	Netherlands/Spain/Italy	<a href="https://www.oneplanetcrowd.com/nl">https://www.oneplanetcrowd.com/nl</a>
<b>PPL</b>	Reward	Netherlands	<a href="https://ppl.pt">https://ppl.pt</a>
<b>Produzioni dal basso</b>	Donation/ Reward	Portugal	<a href="https://www.produzionidalbasso.com">https://www.produzionidalbasso.com</a>
<b>Seedrs</b>	Equity	Italy	<a href="https://www.seedrs.com">https://www.seedrs.com</a>

Spacehive	Reward	UK	<a href="https://www.spacehive.com">https://www.spacehive.com</a>
Startnext	Donation/ Reward	UK	<a href="https://www.startnext.com">https://www.startnext.com</a>
Ulule	Reward	Germany	<a href="https://it.ulule.com">https://it.ulule.com</a>
Wearestarting	Equity	France	<a href="https://www.wearestarting.it">https://www.wearestarting.it</a>
Eppela	Reward	Italy	<a href="https://www.eppela.com">https://www.eppela.com</a>
Fairplaid	Reward	Italy	<a href="https://www.fairplaid.org">https://www.fairplaid.org</a>

## FOOTNOTES

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<sup>1</sup> *Understanding Crowdfunding and its Regulations. How can Crowdfunding help ICT Innovation?*, Garry A Gabison, Joint Research Center, Luxembourg: Publications Office of the European Union, 2015.

<sup>2</sup> ERDF proposal for a regulation

<sup>3</sup> CPR proposal for a regulation (2018 version, for 2021-2027 period)

<sup>4</sup> For the complete list of platforms identified by EUROCROWD, see Annex 1 - List of Main Crowdfunding Platforms Engaged in Match-Funding Activities

<sup>5</sup> C. Weber et al. Crowdfunding Success Factors, 2016

<sup>6</sup> Obstacles and Challenges, pp 52-55. *Triggering Participation: a collection of civic crowdfunding and match-funding experiences in the EU*, European Crowdfunding Network, 2018

<sup>7</sup> Consortium members: Publiq, Beursschouwburg, Met-X, Globe Aroma and Voor de Kunst

<sup>8</sup> Data on January 5, 2021.

<sup>9</sup> A detailed overview of how public authorities can support the operations of crowdfunding platforms as a further contribution to the achievement of European Social Fund objectives is presented in *Crowdfunding and ESF: opportunities for Managing Authorities*, fi-compass, 2020

<sup>10</sup> Some partnerships foresee agreements with crowdfunding platforms that operate with different models (i.e. lending and equity).

<sup>11</sup> For further reference, see *Ex-ante assessment methodology for financial instruments in the 2014-2020 programming period*, European Commission and European Investment Bank, 2014

<sup>12</sup> See Section 1 for reference