

CROWDFUNDMATCH – Unlocking the Crowdfunding Potential for the European Structural and Investment

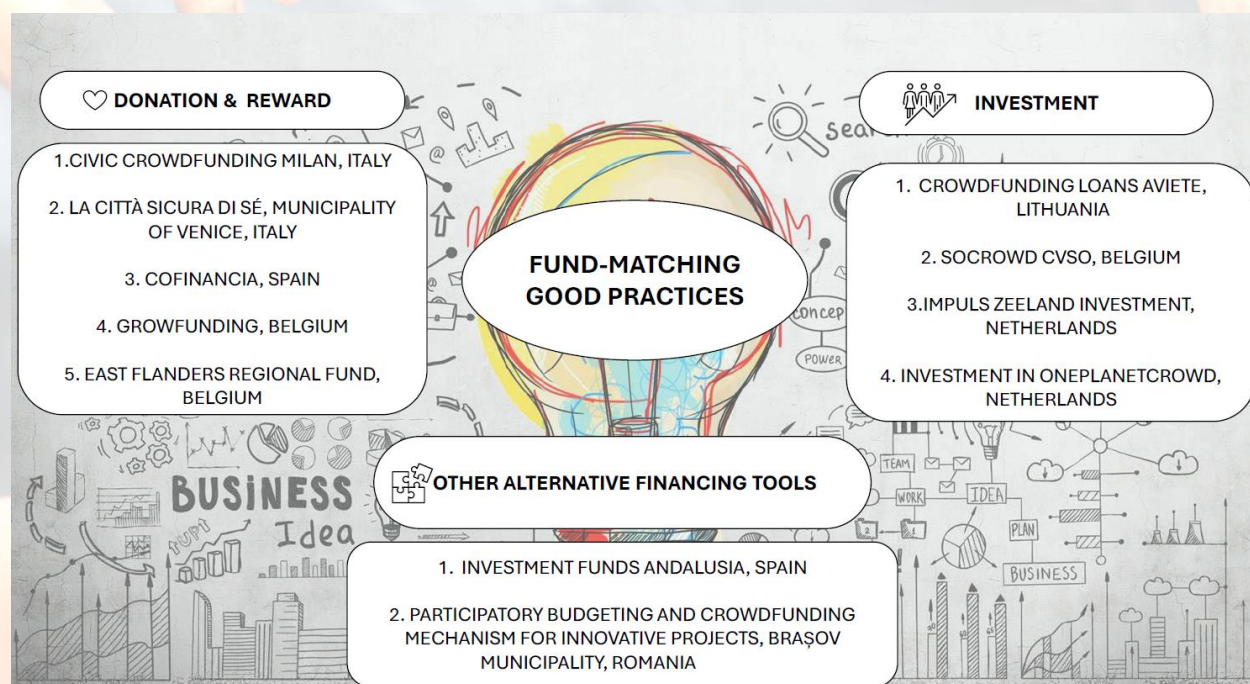
NEWSLETTER #2

Welcome to the second edition of the Crowdfundmatch newsletter!

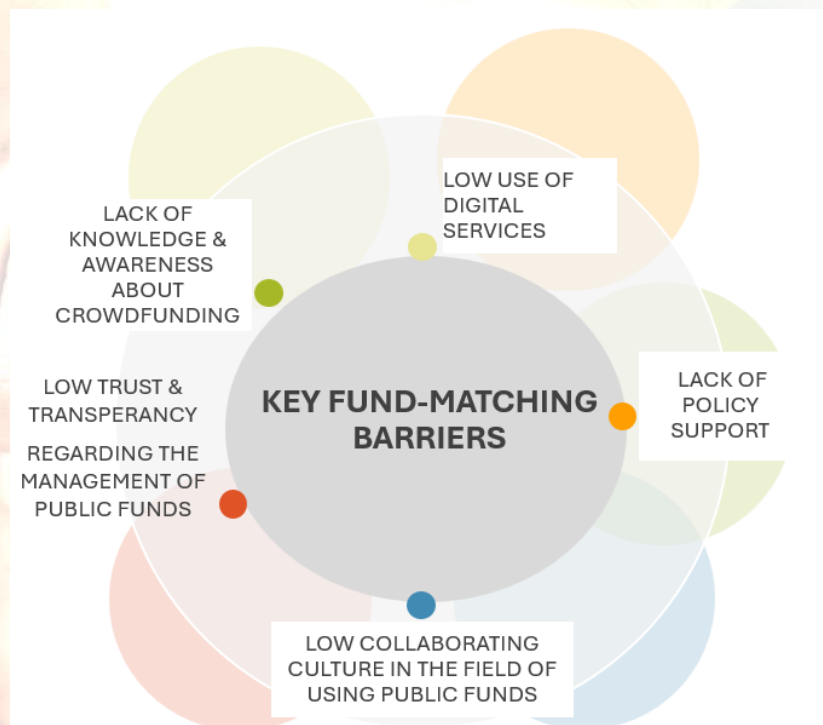
ISSUE'S FOCUS: OVERVIEW OF EXISTING FUND-MATCHING GOOD PRACTICES IN PARTNER COUNTRIES

Since the beginning of this year, our work has focused on identifying and collecting fund-matching good practices from partner countries. The process began with desk research, followed by consultation with regional stakeholders. It was completed by organising a transnational workshop in Caceres, Spain, in March 2024, where different approaches and views on implementing a successful fund-matching scheme were deliberated.

The "Guidebook of Existing Fund-Matching Good Practices & Analysis of Key Fund-Matching Barriers" features eleven good practices from partner countries using various crowdfunding models (donation & reward, investment, and other alternative financial tools).



Besides presenting good practices, project partners with limited or no fund-matching good practices available in their countries (Greece, Lithuania, Poland, Romania) shared insights on current fund-matching market barriers and presented potential needed actions. Key fund-matching barriers disclosed include a lack of knowledge and awareness about crowdfunding and fund-matching among beneficiary target groups (innovators, start-ups and SMEs) and managing authorities, lack of policy support, low trust, transparency and collaborating culture in the field of using public funds, and low use of digital services.



This comprehensive overview marks the second step in learning and exchanging knowledge about crowdfunding. The collected information supports the development of a common fund-matching scheme methodology, pilot project preparations, and peer-to-peer mentoring.

In this E-newsletter, we summarised highlights of three fund-matching good practices. The complete Guidebook is available on our project website:
<https://www.interregeurope.eu/crowdfundmatch/library>.

Civic Crowdfunding Milan: Empowering Local Communities

Since 2015, the Municipality of Milan has pioneered Italy's first civic crowdfunding initiative, funding social and cultural projects through citizen micro-donations. This innovative scheme aims to foster socio-cultural services within Milan's neighbourhoods, aligning with the "15-minute city" concept where essential services are within a short distance from home.

Key Highlights:

- **Fund-matching model scheme:** Donation-based crowdfunding scheme.
- **Funding Model:** Third-sector organisations propose projects costing €20,000-€80,000. Crowdfunding campaigns must reach 40% of the project cost, with the municipality contributing the remaining 60%, up to €48,000.
- **Impact:** In two editions, 35 projects were funded, and over €650,000 was raised.
- **Resources:** Funded by the European Social Fund via PON METRO Milan 2014-2020, totalling €442,831.95.
- **Recognition:** Won the Wellbeing Cities Award (2019) and the Cresco Award Sustainable Cities (2019 & 2021).

How it Works:

- **Crowdfunding Campaign:** "All or nothing" crowdfunding scheme.

Eligibility: open to not-for-profit organisations and social enterprises. The proposed project must take place in the neighbourhoods of Milan and have a maximum duration of 6 months.

Challenges & Benefits:

The municipality of Milan has activated or enhanced services that were absent or insufficient in the neighbourhoods, leveraging businesses already rooted in the territory and the interest of its citizens. Combining these two elements has proved to be a winning element for the success of crowdfunding campaigns.

Results: Enhanced services in Milan's neighbourhoods and innovative responses to the Covid-19 emergency.

Learn more: [Milan Civic Crowdfunding Projects](#)

Socrowd CVSO: Driving Social Change Through Fair Investment in Belgium

Founded in 2004, Socrowd, in collaboration with Netwerk Solidariteit, empowers economic and socio-cultural projects in Flanders and Brussels through fair investments.

Key Highlights:

- **Fund-matching model scheme:** Investment crowdfunding model.
- **Funding Model:** Provides interest-free loans up to €200,000 over 10 years, backed by crowdfunding where the crowd buys Socrowd shares.
- **Impact:** Raised €3.5 million in equity and provided €8.5 million in loans to social enterprises since 2004.
- **Resources:** Funded by public and private shareholders, including Fairfin, regional governments, and around 1,000 individual investors.

How it Works:

1. **Crowdfunding Campaign:** Organisations raise part of the funds needed from the crowd, which Socrowd triples once 60% of the target is met.
2. **Loan Provision:** Socrowd provides an interest-free loan for the total amount needed, which the organisation repays over 10 years.
3. **Collateral and Guarantees:** Loans are backed by necessary collateral and public guarantees up to 75%.


Eligibility: Open to organisations with a positive social impact and good financial health, focusing on sectors like social economy, culture, ecology, welfare, education, and international solidarity.

Challenges & Benefits:

- **Challenges:** Competing with traditional bank loans during low-interest periods; lack of tax benefits for donations.
- **Benefits:** High success rates (98%) for crowdfunding campaigns and loan repayments, intense project screening, and risk mitigation.

Results & Ongoing Impact:

- **Continued Support:** Ongoing financing of impactful projects and training through the School of Success.
- **Innovative Funding:** Emphasis on fair investments and sustainable project financing.

 **Success Stories:** Numerous projects funded, contributing to societal change and fostering community development.

 **Learn More:** [Socrowd](#)

Investment Funds Andalusia: Boosting Innovative SMEs in Spain

From 2020 to 2029, the Junta de Andalucía, through its agency IDEA, has been promoting three venture capital funds to support innovative SMEs in Andalusia.

Key Highlights:

- **Fund-matching model scheme:** Other financial alternative tools.
- **Funding Model:** Three funds co-financed by ERDF and managed by private companies:
 1. **Sherry Ventures Innovation FCR:** Early-stage fund managed by QUADRIGA.
 2. **Alter Cap Andalucía FCR:** Expansion phase fund managed by ALTER.
 3. **Corporación Bética de Expansión Empresarial FCR:** Expansion stage fund managed by AXON.
- **Impact:** Aim to address market failures for SMEs in early and expansion stages, focusing on high-growth potential companies in Andalusia.

How it Works:

1. **Investment Process:** Attracting investors, creating financial instruments, analysing opportunities, and ensuring effective internal control.
2. **Phases:**
 - Incorporation (9 months)
 - Investment (until 2023)
 - Disinvestment and liquidation (until 2030)

Resources:

- **Total Assets:**
 - Sherry Ventures: €11.205M
 - Alter Cap Andalucía: €15.152M
 - Corporación Bética: €25M
- **Public and Private Contributions:** Mobilised significant private investment alongside public funds.

Eligibility:


- **SMEs:** Innovative, high-growth potential with headquarters or projects in Andalusia.
- **Investors:** High-net-worth individuals and entities with a minimum investment of €100,000, understanding the associated risks.

Challenges & Benefits:

- **Challenges:** Aligning private management with public administration requirements, short investment period, verification of private co-investment.
- **Benefits:** Mobilised €2.24 for every public euro invested, supported 37 high-growth companies, and fostered a venture capital ecosystem in Andalusia.

Results & Ongoing Impact:

- **Success:** The scheme has successfully mobilised significant private capital and supported numerous innovative SMEs.
- **Future Plans:** Preparing new tenders with higher public contributions.

 **Success Stories:** Significant contributions to regional economic development and innovation.

 **Learn More:** [Investment Funds Andalusia](#)

FORTHCOMING ACTIVITIES

▪ **FINALISATION OF FUND-MATCHING SCHEME METHODOLOGY**

The final important step in the preparation phase of pilot projects and plans to improve regions' chosen policy instruments is defining a common FUND-MATCHING SCHEME METHODOLOGY that will help to deploy ESIF funds through crowdfunding schemes in partner regions.

▪ **NEXT PROJECT GROUP MEETING AND 3RD TRANSNATIONAL WORKSHOP VILNIUS, LITHUANIA**



On the 9th and 10 of October 2024, project partners and stakeholders will meet in Lithuania, where we will evaluate the pilot project preparatory work to ensure transnational exchange of experience between pilot projects and evaluate the needs of peer-to-peer mentoring from non-pilot regions.

Photo source: (Summer-Sunny-IllustrativePhotos-AHOY-2023)

<https://www.govilnius.lt/photos-of-vilnius>

WELCOME TO JOIN US ON PROJECT SOCIAL MEDIA



<https://www.interregeurope.eu/crowdfundmatch>



<https://www.linkedin.com/company/crowd-fund-match/>



<https://www.facebook.com/CROWDFUNDMATCH>



<https://twitter.com/crowdfundmatch>