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CROWDFUNDMATCH

COMMON FUND-MATCHING SCHEME METHODOLOGY, PILOT PROJECT PLANS & PEER TO PEER MENTORING PLANS PRESENTATIONS

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PART 1: PLANNING AND LAUNCHING A REGIONAL OR LOCAL FUNDMATCHING SCHEME

1 INTRODUCTION

One of the key activities of our project is to develop a “Common fund-matching scheme methodology” for project partners and other regions and local authorities, which might consider matching ESIF funding with crowd instruments (crowdsourcing, crowdfunding, etc.) using fund-matching as a tool to improve their existing policy instruments.

We consider “common methodology,” a framework of necessary tasks and steps that regions/local authorities need to implement in the preparatory phase to plan the regional/local fund-matching scheme successfully.

Through the implementation of project activities and the exchange of knowledge, project partners identified, analyzed, and investigated data and information, which present key scheme planning steps. Due to this fact, the suggested “common methodology” has a bottom-up character.

The use of common methodology. In the framework of the project, we have two groups of project partners:

- The first group is pilot project partner regions, which will test the common fund-matching methodology in the framework of their fund-matching pilot projects and use the pilot experience to improve their chosen policy instrument.
- The second group is non-pilot project partners, which established that too many barriers and challenges exist for testing the common fund-matching methodology. However, they would like to improve the chosen policy instrument by gaining additional knowledge through different project activities and peer-to-peer study visits.



1.1 WHAT IS FUND-MATCHING?

Fund-matching is when a public sector organization combines its funding with funding from other sources. This can be other companies, a financier, or a crowd. Public sector organizations, trusts and foundations, and social banks will often only pay funding in proportion to funding being raised from other sources. What this usually means for many community businesses is that funds will only be paid to a group on the condition that a certain amount of funding is contributed by others or themselves.

For the methodology in this report, we will focus on matching ESIF funds with crowdfunding.

1.2 FUND-MATCHING AND CROWDFUNDING: HOW DOES IT WORK?

When considering involving the crowd in your public policies, it is good to know how crowdfunding works and what advantages and factors to consider.

Fund-matching with the crowd can have several advantages for public authorities. We want to mention the following possible advantages and considerations.

• **Leverage**

A mutually reinforcing element of combining public funding and citizen capital is the leverage created. From a government perspective, leverage is created on the public funds made available. More funds can go to a supported project than in the case where the government would only provide its funds.

Conversely, it is also much more attractive for citizens to support an initiative if they know that a government, e.g., doubles their contribution. Fund-matching increases the success of all forms of crowdfunding. On the one hand, citizens feel that their contribution has a greater impact. On the other hand, public engagement also increases citizens' confidence in the specific project.

• **Stronger regional impact through stakeholder engagement**

An important advantage of combining crowdfunding with public funding is that not only the government supports the initiative but also other local stakeholders. Specifically, a project recruits ambassadors linked to the funding campaign. These ambassadors can help build and make the project sustainable.



- ***Support for social value-added projects***

Crowdfunding works particularly well for initiatives with clear social-added value. The combination of public funding and crowdfunding will, therefore, work best when it comes to funding projects with social added value.

- ***Additionality***

With both public funding and crowdfunding, it is important to focus on projects that are not (or cannot be) financed through traditional (bank) funding. After all, where possible, such financing is often efficient and cheap. It is important that the government works in a complementary manner and specifically aims to fund these initiatives that would otherwise not get funded. The same applies to crowdfunding.

- ***Positive impact on innovation***

In the product development and market validation phase, traditional bank loans are often not accessible. Companies often fall back on subsidies to finance innovation, even if their model is potentially profitable. Creating financing instruments for innovative models, e.g., in the form of loans, enables more innovation. Crowdfunding for innovation is often applied in the form of pre-sales or reward-based crowdfunding. If the combination with government intervention allows innovation to be financed through financial crowdfunding, this is a win-win-win situation. The government is no longer alone in financing innovation; the entrepreneur can attract substantially higher amounts, and both the government and citizens can get a share of the profits if the company becomes successful, partly thanks to this support. By involving citizens, support for proposed innovations can be immediately tested and validated. This gives the government better insight into which innovations are most likely to succeed and thus better select which innovations should be supported.

- ***Increasing visibility of government policies***

A key advantage of combining government funding with crowdfunding lies in the visibility it creates for government funding. Fans of a specific project get a clear message that the government also supports their favorite project.

- ***Increasing public policy support***

Suppose the government gives citizens a say in determining which projects are supported. In that case, this not only has an emancipating effect on citizens but often also has a positive impact on support for public policies. Citizen budgets are good



examples of this. In this way, the not-in-my-backyard-attitude can also be countered. A good example is citizen funding for wind turbines.

- ***Emancipation of citizens***

By properly informing and involving citizens in a combination of crowdfunding and government funding, they learn about the role of impact ventures in the local economy and how they can contribute to a thriving local ecosystem. Moreover, they also gain a direct impact on choices made by the government.

- ***Increasing accountability***

The interaction between public investment and citizen participation not only makes the government more accountable for its choices but also increases the pressure on the recipients of funding to deal correctly with the funds received, as a group of crowdfunders also help monitor the project and the spending of the funds.

There are also some other relevant special risk factors when working with a crowd that should be considered.

- ***Potential reputational damage for the public authority due to the failure of the project***

As indicated above, government support for a project is often implicitly seen as a recommendation of the project. When a project fails, it can cause reputational damage to the government. It is, therefore, important that risks are communicated transparently, covered as well as possible, and the risk of (financial) loss to citizens is minimized. Competent support and follow-up of funded projects may further reduce the risk of failure. Such support is often relatively expensive in relation to the budget invested but can make a big difference to the final impact realized. It therefore makes sense for a government to invest sufficiently in this

- ***Sharing decision-making power***

A combination of crowdfunding and public funding often involves the sharing of decision-making power. Citizens not only have a say in how they offer their contribution, but often, the government's input is also dependent on the success of a crowdfunding campaign. In that case, citizens get a say in government spending. This has advantages in terms of emancipation and citizen support but also has the disadvantage that the government relinquishes part of its decision-making power. It is important to carefully weigh which decisions the government wants to take and which decisions may be co-determined by citizens.



• ***Dependence on market dynamics***

As indicated in the previous point, investing in public funding, dependent on the raised funds through crowdfunding, can have a number of drawbacks. For example, the success of crowdfunding depends on the financial resources of investors, where an online platform is used, and the digital literacy of the population. So, there is a risk of supporting mainly projects that digitally literate and wealthy citizens consider important, thus creating a *Matthew effect*¹. In other areas, too, the size of the constituency or the popularity of a particular topic or product can have a major impact on the success of a crowdfunding campaign. The government must ensure that the distribution of funds is in line with its policy decisions. This will have to be safeguarded by the design of the instrument

• ***Lack of liquidity***

The lack of liquidity is not peculiar to a combination of citizen capital and public funding, but it is a major concern in equity-based crowdfunding. After all, the investor is buying a share of a company that is not listed on a stock exchange or other market. They are dependent on the interest of new investors to take over these shares or the company's ability to buy back the shares to recover their investment. With loans, a fixed term is usually agreed upon, and there is usually no possibility to monetize the loan in the interim. However, a government, as often the largest financier involved, can provide liquidity by taking over financing from citizens under certain conditions. It may even make sense in a model with both crowdfunding and public funding to deliberately keep some of the public funds available to take over investments from citizens who want to exit.

• ***Evaluation processes by crowdfunding platforms are not standardized***

If a government wants to work with different crowdfunding platforms, the approach of the different players must be well aligned with the government's policy priorities. The government needs to make conscious choices about the evaluation process and evaluation criteria to monitor that all supported projects meet the government's expectations. Agreements should also be made on what results should be reported per project to ensure that the government can monitor the impact achieved.

¹ The Matthew Effect is a term that describes the concept in society of accumulated advantage. It argues that people who start from a place of advantage, like intelligence, fame, wealth, or skill, will have the opportunity to accrue more of that advantage compared to others. The Matthew Effect is often thought of by the phrase, "the rich get richer, and the poor get poorer." Source: <https://study.com/learn/lesson/matthew-effect-definition-application.html>



2 KEY STEPS AND TASKS FOR PLANNING AND LAUNCHING A FUND-MATCHING SCHEME

2.1 INTRODUCTION

When considering designing a policy instrument to implement fund-matching there are several steps to make. Below, an overview of the process is given. We start with the policy considerations and then move to the development of a policy instrument, including the crowd.

After the instrument has been developed, we move on to the implementation phase. In this phase, different projects can be selected to be supported by the fund-matching instrument. In this phase, there are also some steps to follow for each project.

When talking about fund-matching, policymakers should reflect on the instruments they have in the framework of their business support/entrepreneurship policies to ease access to or grant other funding for their local companies. Such policies should contribute to facilitating an ideal policy context for their companies and fill the potential gaps in the local funding market. This step adds contingency and coherence to the process, although it may not be needed as such to develop a fund-matching program. Once done, in the array of instruments they have, they should reflect where alternative funding can be included. There are a lot of possible instruments under this concept, but in any case, we recommend that it be linked to integrating a perspective of promoting and supporting impact entrepreneurship.



2.2 DEVELOPING A POLICY INSTRUMENT

The partners recommend the following top-down approach to launch a new fund-matching instrument as a public authority.

Figure 1: Designing steps to develop the policy instrument

DESIGN STRATEGY/POLICY

IDENTIFY SOURCE OF FUNDING

Once we have the policy background clear, we need to identify how it could be financed. As we are talking about fund-matching with ESIF, the public authority has to identify under which component/priority/objective of the Regional Operational Programme it will be included and through which it can be financed. The Programme can be amended without amending the Strategy, although you will have to check with your ESIF Managing Authority and steering committee (or similar).

DESIGN & BUDGETING

Then, the pilot must be budgeted, so the policy maker should decide somehow what size and reach the pilot will have. And what role they will take. This has to be budgeted in two ways: first, there should be a “fund” to co-fund the entrepreneurial projects that will participate in the pilot (through a call or whatever formula is decided); second, we need a specific budget, for a technical assistance, to launch the crowdfunding programme to train the participants, pay the platform, dissemination, etc.

LEGAL STRUCTURE AND INSTRUMENT

Once budgeted, you need to design the legal structure to implement the pilot and what will be the administrative basis for your co-fund instrument: this could be done through grants, loans, prizes, etc. The call structure and documentation, in any case, will have to ensure transparency, accountability, equal access, obligations, etc, and be aligned to EU/national rules.

DESIGN AND PUBLIC PROCUREMENT

Finally, if you have decided to organise the pilot through expert technical assistance (specific platform or consultancy), you will have to prepare a public procurement documentation and launch the process. Last step.

IMPLEMENTATION



As a first preparation, we suggest preparing the following as a general reflection:

- Analyzing the existing policy instrument (existing benefits and gaps/shortcomings, potentials for improvement using fund-matching)
- Analyze the potential institutions, platforms, and external experts who must be involved in planning and implementing the fund-matching scheme.

Then, we suggest the step-by-step process, as presented in the table below, to set the conditions for the pilot fund-matching instrument. After the table, the main steps are described, as well as the steps you will need to take specifically for the crowdfunding part of the instrument.

2.3 KEY STEPS AND TASKS FOR PLANNING AND LAUNCHING OF A FUND-MATCHING SCHEME

Table 1: Key steps

STEP 1: REFLECTION & RESEARCH

STEP 1.1: GOALS AND IMPACT

What is the general impact goal of your policy instrument?

What is your goal for involvement with the crowd? Why do you want to involve the community in your policy, and what is their added value?

STEP 1.2: CONTEXT AND GENERAL CONDITIONS

1.2.1 Analysis of the crowdfunding market and analysis of fund-matching readiness

1.2.2 Analysis of already existing fund-matching good practices.

1.2.3 Analysis of State Aid rules to be considered in case of crowdfunding

1.2.4 Analysis of ESIF/National rules in case of crowdfunding (e.g., Reg. EU n. 2021/1060 in case of using ERDF).



STEP 2: CHECKING FEASIBILITY & IDENTIFYING ELEMENTS OF THE POLICY SCHEME

- 2.1 Define and select your community
- 2.2 Define the community (risk profile)
- 2.3 Define the appropriate risk level for the financial instrument
- 2.4 Define the finance and risk mitigation options
- 2.5 Identify key roles to implement the scheme (Which role does the authority want to play ?)
- 2.6 Identify the structure of the financial instrument
- 2.7 In which elements of the financial instrument do you want to involve citizens actively?

STEP 3: DESIGN THE LAUNCH OF THE SCHEME (Example of the pilot cases)

- 3.1 Who will implement the scheme?
- 3.2 Which technological tools do you want to use?
- 3.3 Adapt the scheme to the requirements of ESIF funding, if relevant.

STEP 4: DESIGNING THE LAUNCH OF A SPECIFIC CROWDFUNDING CAMPAIGN (Example of the pilot cases)

In this chapter, we dive deeper into the design of a fund-matching campaign.

- 4.1 Analyze your network.
- 4.2 Decide on the fund-matching target.
- 4.3 Decide on the compensation for fund matchers.
- 4.4 Make a timeline for the campaign.
- 4.5 Develop the guidance of entrepreneurs.
- 4.6 Operationalize citizen involvement.



STEP 1: REFLECTION & RESEARCH

Step 1.1 GOALS AND IMPACT

What is the general impact goal of your policy instrument?

The first question in the reflection phase is very important. It will determine the impact you want to achieve and if involving the community through a form of community financing (crowdfunding, crowdsourcing, loans, etc) is suitable for your regional authority in order to achieve those objectives. For this methodology, we will focus only on crowdfunding.

KEY QUESTIONS

- a. What is your impact goal?
- b. What is your impact goal/policy objective?
 - a. What kind of initiatives do you want to support?
 - b. Which needs do they have? Initiatives/entrepreneurs
 - c. Could you quantify the needs they have? Funding, dissemination, target
 - d. Is it relevant to involve citizens in achieving this impact goal?

Involvement goals concerning the crowd

A very important step to answer in the development phase is: Why do you want to involve the community in your policy, and what is their added value?

There can be different reasons to involve the community in your policy as a regional authority. These reasons will influence the form of community finance that is best suited for you, as different forms of community funding have different impacts on the community and the regional authority.

That is why it is important to define the goals of the regional authority clearly when choosing community finance options, such as crowdfunding. These goals will determine which alternative finance instruments are a good match and whether risk mitigation is needed or not. It is crucial to make clear choices as this is the only way to obtain clear answers and be able to choose the right financial and risk mitigation instruments.



Possible objectives for the regional authority for choosing community finance can be:

- to tap into the value of the community for the project
- to overcome bottlenecks like complaints or obstruction, which can delay the project,
- to inform the community about the project and its possible benefits.

The added value of the community to a project can come in many different forms. The added value of involving the community can be:

- Knowledge sharing
- Promotion
- Providing funds
- Benefit sharing
- Showing the community's commitment to the project (which helps get approval and support from the government, etc.).

To determine your policy instrument, the following questions may help:

Financial goals:

- Do you want to make sure the community receives part of the benefits of the project?
- Do you want to raise funds for the project?
- Do you want to leverage government funding/raise funds for the project?
- Do you want to increase the efficiency of Government spending?

An additional question here to think about is the risk that is suitable for a community. A deep-level risk assessment can be done in one of the following steps. Do you want to decrease the risk for community investors?

Citizen engagement goals:

- Do you want the community to accept the project? (and lessen the possibility of complaints)
- Should citizens be activated for the project?
- Do you want to give the community a say in the development of the project to increase their involvement?
- Do you want to create more visibility for government policies?
- Do you want to create more visibility for certain types of initiatives?
- Do you want to strengthen the capacity of supported initiatives?



Step 1.2 CONTEXT AND GENERAL CONDITIONS

In the next step, it is key to analyze the situation in your specific region. Here, you can follow the following steps.

Step 1.2.1 Analysis of the crowdfunding market and analysis of fund-matching readiness

For this analysis, the *European crowdfunding report 2023*² is available. It gives an overview of active platforms and conditions in Europe.

Step 1.2.2 Analysis of already existing fund-matching good practices

It could be useful to look at some good practices by other regions. These can be found in our project publication: *“A guidebook of existing fund-matching good practices and analysis of key fund-matching barriers.”*³

Step 1.2.3 Analysis of State Aid rules to be considered in case of crowdfunding

EU State aid control requires prior notification of all new aid measures to the European Commission. Member States must wait for the Commission's decision before putting the new measure into effect.

There are a few exceptions to the mandatory notification, for example:

- aid covered by a Block Exemption (Regulation n. 651/2014);
- de minimis aid that does not exceed € 300.000 per undertaking over 3 years (Regulation n. 2831/2023) or
- aid granted under an aid scheme already authorized by the European Commission.

Moreover, according to the previous Regulations and the Regulation n. 2509/2024 (article 194), it is crucial to meet all the requirements related to the “prohibition of double funding” principle, as well as all cumulation requirements.

² Available here: <https://core.ac.uk/reader/599046120>.

³ Available here: https://www.interregeurope.eu/sites/default/files/2024-04/Crowdfundmatch%20good%20practices_Final_0.pdf



Step 1.2.4 Analysis of ESIF/National rules (e.g. Reg. EU n. 2021/1060 in case of using ERDF)

In this project, we are focusing on ESIF rules. These rules should be studied to understand the specific applicable conditions. (Who can add an explanation of these rules?)

Regarding ESIF rules, the Regulation n. 1060/2021 of the European Parliament and of the Council (so-called CPR) represents the cornerstone. In particular, article 52: *“Member States shall use the contribution from the (ESI) Funds to provide support to beneficiaries in the form of grants, financial instruments, prizes or a combination thereof.”*

After choosing the form of support, it is important to follow the related articles under the CPR (e.g., Title V, Section I for grants) and those included in the Financial Regulation (i.e., Reg. n. 2509/2024, Title VIII for grants or Title IX for prizes).

Finally, it is essential to consider the specific Regulations for each Structural Fund (e.g., Reg. n. 1058/2021 for the ERDF or n. 1059/2021 for the ESF+).

STEP 2: CHECKING FEASIBILITY & IDENTIFYING ELEMENTS OF THE POLICY SCHEME

Step 2.1 DEFINE AND SELECT YOUR COMMUNITY

After choosing the involvement goals and checking them for your specific project, the regional authority must determine which community wants to realize these goals. This community will be the target community.

The more precisely the target community can be defined; the easier it will be to choose the community financing tools that fit this community well.

To define the target community, the regional authority can use the following steps:

- A community and stakeholder analysis. Who are the different stakeholders involved in the project? What groups and subgroups are there? And what is their potential relationship with the project?
- Whom of these existing stakeholders or communities do you want to choose as the target community for your community finance scheme? For whom do you want to realize the defined goals?



- In this step, the community will be contacted to obtain information. It is important to note that the approaching of a community should be handled with care. Keep in mind that no participation measure is trivial. Even the smallest opinion poll is an intervention that sets information and influences the community.

Step 2.2 DEFINE THE COMMUNITY (RISK) PROFILE

Once the target community has been defined, the next step is to determine its risk profile. The risk profile of a community consists of the risk-absorbing capacity of the community and the risk appetite of the community.

The risk-absorbing capacity of members of a community can be defined as the possibility of the individual members of the community being able to cope if the project fails and their investment is lost.

The risk appetite of the community can be defined as their interest and willingness to invest in a project with higher risk. Risk appetite can be fueled by the possibility of a higher return or the possibility of a desired goal to be reached. For example, the realization of sustainable energy.

It is important to mention that the risk appetite and risk-absorbing capacity of community members do not always align. Community members with a low risk-absorbing capacity (for example, because they have a low income) can have a high-risk appetite. This can be caused by a great desire to realize the project or an interest in a high possible return offered by a project. This last example especially forms a large risk for the community investors and the success of the project. Investors who are attracted by a high possible return (most often seen in, for example, equity investments or high-risk loan investments) often do not realize that the high possible return is linked to the high risk involved. This means that the probability of the high return being realized is considerably lower than the chance of realizing lower returns in lower-risk projects. The high risk involved is exactly the reason why the high potential return is being offered.

In this case, it is very important to make investors aware of the risks involved and possibly only offer low-risk alternatives.



A combination of a high-risk-absorbing capacity and a low appetite can also occur but does not pose a risk to community members, so it is less worrying. This means that the chances of successfully funding the project with this investor community are lower.

The following factors influence the risk profile of a community:

- Socio-economical context
- Historical context
- The vision of community members
- Political context
- Knowledge of the business sectors to be financed
- Homogeneity of the community. Are there different sub-groups, and do they have very different opinions?

Next to the risk profile, it is, of course, also important to discover the wishes of the community concerning crowdfunding possibilities.

So, what can be the selling point for the target community?

These wishes also would form the risk appetite of the community. How much risk are they willing to take to realize their own goals or wishes? When the community's wishes are known, and the risk profile is clear, we can define the risk-absorbing capacity and the risk appetite of the community. In other words, what risk is desired and acceptable for the community investors?

Step 2.3 DEFINE THE APPROPRIATE RISK LEVEL FOR THE POLICY INSTRUMENT

Now that the involvement goals have been selected and the target community and its risk profile are clear, it is possible to determine the right risk level for the financial instrument and accompanying risk mitigation instruments.

To do this, we first have to collect all the assembled 'risk data'. Both from the steps we have taken and from the characteristics of the policy instrument itself. In short, we should be able to answer the following questions:

- What is the risk-absorbing capacity of the community?
- What is the community's risk appetite?
- What is the risk goal for the community?
- What is the risk appetite and risk absorbing capacity of the policy instrument and/or the regional authority?



- What is the risk level, financial risk, and amount of capital needed for an instrument
- Which phase of the policy instrument is going to be using community finance?

With this information, we can determine the correct risk level and select the form of community finance or crowdfunding that best fits the policy instrument.

Step 2.4 DEFINE THE FINANCE AND RISK MITIGATION OPTIONS

Now that we know the risk level we are looking for, we can match this to different combinations of community finance and risk mitigation instruments.

Our aim in this step is to:

- Optimize risk/return/commitment ratio for both community investors and the regional authority.
- Match the financial instrument/risk mitigation to risk appetite and risk absorbing capacity.

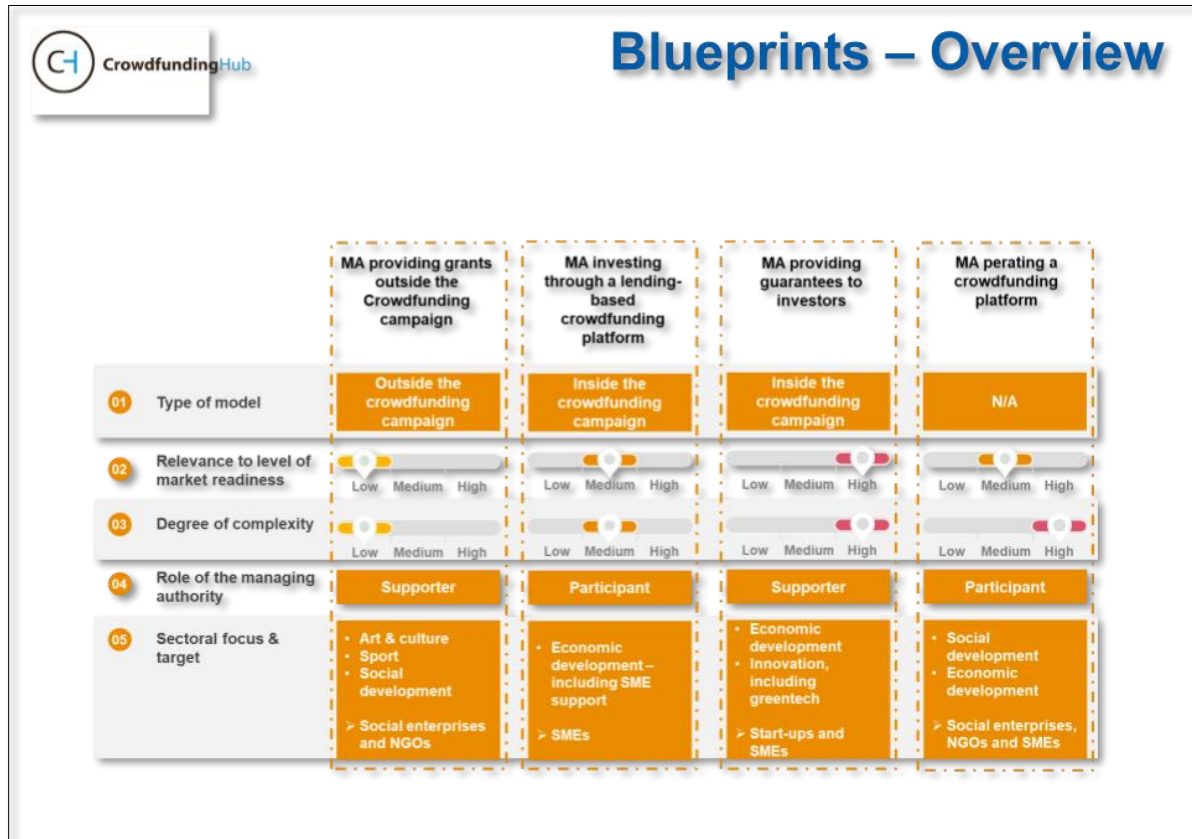
As a first step to make possible choices visible, we can classify the different alternative finance instruments selected and described in the EP report: **“A study to explore possible synergies between crowdfunding and Cohesion Policy.”**⁴

In this report, the following figures are shown to portray the different forms of crowdfunding, the possible roles of managing authorities, and several blueprints for the use of the instruments.

⁴ https://ec.europa.eu/regional_policy/en/information/publications/studies/2021/unlocking-the-crowdfunding-potential-for-the-european-structural-and-investment-funds



Figure 2: Blueprints overview




Source: CrowdfundingHUB and European Commission, *Unlocking the Crowdfunding Potential for the European Structural and Investment Funds*. European Commission DG REGIO – 2021



Step 2.5 IDENTIFYING THE KEY ROLE TO IMPLEMENT THE SCHEME

Figure 3: Possible options for managing authority roles in fund-matching



Possible Options

| Level of Interaction | Role of the MA | Model of integration under the Cohesion Policy |
|----------------------|--|---|
| Facilitator | Providing non-financial support | Model 1: MA providing non-financial support to project owners and investors |
| | Providing financial support to platforms | Model 2: MA providing grants to platforms Model 3: MA providing financial instruments to platforms |
| Supporter | Providing financial support to investors | Model 4: MA providing grants to investors Model 5: MA providing guarantees to investors |
| | Providing financial support to project owners | Model 6: MA providing grants to project owners outside a crowdfunding campaign Model 7: MA providing financial instruments to project owners outside a crowdfunding campaign |
| Participant | Operating a platform | Model 8: MA establishing and operating its own platform |
| | Acting as supporter/ investor in a crowdfunding campaign | Model 9: MA acting as a supporter in a donation- or reward-based crowdfunding campaign Model 10: MA acting as an investor in a lending- or investment- based crowdfunding campaign |
| | Acting as a project owner | Model 11: MA acting as a project owner |

Source: CrowdfundingHUB and European Commission, *Unlocking the crowdfunding potential for the European Structural and Investment Funds. European Commission DG REGIO – 2021*

Possible roles based on various analysis frameworks⁵. These roles can also be combined:

Facilitator - the government facilitates the use of crowdfunding by:

- Providing training and guidance to entrepreneurs in preparation for a crowdfunding campaign.
- Bearing the operating costs of a crowdfunding platform for certain target groups.

⁵ Unlocking the crowdfunding potential for the European Structural and Investment Funds. European Commission DG REGIO – 2021. Written by Ana Odorovic, Apolline Mertz, Brian Kessler, Karim Karaki, Karsten Wenzlaff, Lucas Novelle Araújo and Ronald Kleverlaan. June -2021 Available: <https://op.europa.eu/en/publication-detail/-/publication/f4a65c19-decc-11eb-895a-01aa75ed71a1>



- The government offers co-funding for projects that successfully complete a crowdfunding campaign within certain predetermined frameworks but do not make individual funding decisions.
- The government can act as a guarantor - partially or fully - for investments, greatly reducing the risk for the investor.
- The government can provide tax breaks for investors participating in crowdfunding.

Supporter- the government can be a financial supporter

- To platforms: can provide financial support to all platforms under certain conditions. Such support is likely to take the form of grants with the purpose of reducing the operational costs of platforms.
- To investors: can establish a scheme to incentivize investors' participation in crowdfunding by covering a share of the total losses/exposure incurred by investors as a means of democratizing investment opportunities and attenuating the inherent risks in crowdfunding.
- To project owners: to provide support to individual project owners in addition to crowdfunding funds and alongside the crowdfunding process, usually before or after the campaign.

Participant- acting as:

- An operator of a crowdfunding platform: operating its platform in a situation where there is a lack of crowdfunding platforms, or in case of the need to increase local financing opportunities, the limited impact of the existing platforms, or even the need to reduce the costs of intermediation in engaging in crowdfunding. The establishment of a dedicated platform requires an upfront investment, notably for communication and building awareness, and dedicated staff for platform management.
- A supporter/ investor in a crowdfunding campaign: to narrow the funding gap for both for-profit and non-profit projects, the government may decide to invest in crowdfunding projects that foster the priorities of the relevant ESIF programs.
- A project owner may launch its campaign on an existing crowdfunding platform to finance a public project. The idea would be to gain additional leverage from investors and to test whether the proposed project spurs public and social interest.

The government's role is important in determining which legal frameworks apply.



Given the transaction costs associated with working with crowdfunding platforms, it is obviously always important for a government to weigh up whether the benefits of engaging citizens outweigh the additional costs associated with working together. Depending on the role the government wants to play, other roles will need to be attributed to other actors. The first step is a market analysis of the actors who may take up those roles.

Step 2.6 IDENTIFY THE THE STRUCTURE OF THE FINANCIAL INSTRUMENT

Identification of key factors and establishment of their levels:

- Sympathy factor: the assessment of the sympathy factor
- Management of risk to the citizen
- Are external guarantees needed?
- Setting up levels of financial returns
- Citizen engagement: identification of the level of engagement of the citizens
- Liquidity
- Leverage on resources: only investments from citizens or also other investors
- Reputational risk for the government: considering and assessing the level of the reputational risk the government is willing to take.

Step 2.7 IN WHICH ELEMENTS OF THE FUND-MATCHING INSTRUMENT DO YOU WANT TO INVOLVE CITIZENS ACTIVELY?

At least as interesting as the financial involvement of citizens is harnessing their expertise and network (crowdsourcing). Citizens can be involved in various ways:

- In providing additional liquidity as co-investors.
- During the analysis of applications, citizens, as experts, support the application.
- In validating public support for applications, any form of crowdfunding can be used to estimate public support for a project.
- Citizens can be involved in an initial impact assessment when selecting investment cases to be funded.
- In following up with investees: One of the strengths of financing through loan or equity investment (instead of donations) is the long-term link built between financier and entrepreneur.
- As ambassadors of (approved) investees, startups often lack brand awareness and network. An investor's network is, therefore, of great value to enterprises.



Citizens included in this network can also be involved as ambassadors for the ventures.

STEP 3: DESIGNING THE LAUNCH OF THE SCHEME

Example of the project pilot cases plans.

EXAMPLE 1: MATCHING PUBLIC FUNDS AND CROWDFUNDING FOR BETTER CITIZEN INVOLVEMENT AND STRONGER SOCIAL ENTERPRISES – ANTWERPEN⁶

STEP 3.1: who will implement the scheme?

Trividend Provincie Antwerpen will implement the scheme in collaboration with Trividend.

STEP 3.2: which technological tools do you want to use?

We build a website to support the crowdfunding campaigns. In this phase, we choose not to go for a complete crowdfunding platform. Still, we will integrate some specific tools in the website: a form that makes signing up easy and that allows us to automate some administrative processes (making shareholder certificates, registration of shareholders), and the follow-up of payments and the status of the campaign during the crowdfunding campaign.

If the pilot is successful, we will use our experiences to decide on the specifications we need for a more complete crowdfunding platform.

STEP 3.3: Adapt the scheme to the requirements of ESIF funding, if relevant

Not relevant in this phase.

⁶ The detailed presentation of the pilot project is available in this document on the pages 44-48



STEP 4: DESIGNING THE LAUNCH OF A SPECIFIC CROWDFUNDING CAMPAIGN

Example of the project pilot cases.

EXAMPLE 1: MATCHING PUBLIC FUNDS AND CROWDFUNDING FOR BETTER CITIZEN INVOLVEMENT AND STRONGER SOCIAL ENTERPRISES – ANTWERPEN⁷

STEP 4.1 Analyze your network

Our analysis showed that we should engage citizens as investors to benefit from their enthusiasm, specific expertise, and network for the positive development of the enterprises to be funded. In this way, we create a supportive community around impact ventures. To leverage financially on public funding.

STEP 4.2 Decide on a fund-matching target

Early-stage impact ventures with a focus on:

- Employment of people at a distance from the labor market;
- Circular economy.

STEP 4.3 Decide on the compensation for fund matchers

Not identified.

STEP 4.4 Make a timeline for the campaign

The campaigns will be supported in 2025.

STEP 4.5 Develop the guidance of entrepreneurs

An important element in making this pilot project a success will be ample communication, as well as guidance for entrepreneurs. The public procurement procedure for selecting a provider for this guidance is being followed.

The fact that the province is co-sponsoring the initiative can undoubtedly help put the supported projects in the picture in regional media.

⁷ The detailed presentation of the pilot project is available in this document on the pages



STEP 4.6 Operationalize citizen involvement

Citizen engagement can be organized at various stages of the funding application:

- Providing deal flow;
- During the analysis of applications,
- In validating public support for applications,
- In selecting investment cases to be funded,
- In following up with investees,
- As ambassador of (approved) investees.

Below, we elaborate on what form citizen engagement may take within the Fund. A key challenge is to develop the right balance between the opinions of individual citizens, professional screening by Trividend, and monitoring the alignment of the operations of the Fund with the policy objectives of the provincial government. We are confident that within the pilot project, we can develop a model that sufficiently motivates and satisfies all parties. The elements listed below will be further discussed and followed up with the Regional Stakeholder Group and with the citizens entering the Fund to agree on which of the following elements will add value.

Attracting deal flow

The province knows most about impact start-ups through its various policy instruments. Trividend also sees a lot of enterprises looking for funding. Nevertheless, it may also be useful to create a community of citizens, professionals, and entrepreneurs who can help spread the word about the Fund's offer and refer suitable funding applications. Moreover, the quality of referred files is often higher than that of entrepreneurs who contact the Fund themselves. Moreover, if the referrers are financially involved with the Fund, they also have an interest in referring strong ventures.

Due diligence

We firmly believe that professional screening of every funding application is an important element for the Fund's success. Trividend will ensure the professional follow-up of funding applications and a thorough analysis of the applications within the scope of the Fund. By mapping the profiles of members of the Fund's community, people with specific expertise can be brought in during the analysis process.

Selection of investments

Investment proposals are assessed and approved by an Investment Committee. Given the new approach, it seems useful to form a separate Investment Committee with about five core members plus a representative from the province. In addition, some



shareholders may be invited. This could be on the basis of their relevant expertise for the applications to be discussed or after an annual call, after which elected shareholders would be part of the Investment Committee, e.g., one year. The approach still needs further elaboration, ideally together with the first citizen shareholders.

Validation of shareholders' support

Even though we want to keep the center of gravity of the decision on funding individual files with an Investment Committee and the Fund's governing body, national and international examples indicate that it is crucial for the ownership of the citizens involved to give them the opportunity to co-decide on individual projects. We, therefore, plan to let the shareholders of the Fund validate the approval by the Investment Committee and governing body via an online vote (e.g., for 2 weeks) (see e.g., Impact Shakers and Citizenfund). At least half of the votes cast must be positive. We may also choose to set the bar higher (e.g., 2/3 of votes cast in favor). We propose not to provide a quorum to avoid blockage due to the lack of votes cast.

During this period, shareholders may be invited to the company or have the chance to get to know the entrepreneur via a webinar. They can then ask questions, give feedback, and suggest networking contacts.

Thanks to the voting, support for the project is validated, and ownership of the citizens involved increases. We propose to schedule this only at the end of the decision-making process because we assume that problems will rarely arise during validation. This also prevents projects that have been publicly validated from being blocked by the Investment Committee or the Fund's governing body, which could lead to tensions with the shareholder community. If, exceptionally, a majority of the partners do vote against financing, it will not be submitted to the match-funding campaign (see further).

Ambassador of investees

We see the greatest added value of civic engagement for entrepreneurs once the funding is approved. After approval, we, therefore, plan to take several actions to bring together entrepreneurs and investors in the fund.

We aim to organize an annual event where all portfolio companies are invited to explain their progress during the past year, their plans for the coming year, and any needs. A one-hour session is organized per company (2 or 3 in parallel). Partners, supporters, relevant province staff, and other portfolio entrepreneurs will be invited to this event. In this way, partners who wish to do so can make expertise and network available. Given the often local affiliation of funded companies, strengthening their local network is undoubtedly of great value.



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The pool of associates can also be used to search for non-executive directors for funded companies.

Where relevant, we also organize a company visit to the funded company.



PART 2: PRESENTATION OF PILOT PROJECTS PREPARATORY PLANS

In this chapter, we present five pilot project preparatory plan examples using the steps of »*Common methodology*« defined in Chapter 2, KEY STEPS AND TASKS PLANNING REGIONAL OR LOCAL FUND-MATCHING SCHEME.

PILOT ACTION 1: MATCHING CROWDFUNDING WITH “STARTUP INNOVATION FUND”

Presentation of the Policy Instrument

The Startup Innovation Fund (SIF) is a combination of ERDF funding and funding for the Utrecht Province, with a total amount of 9 mln. EUR. Regional Development Agency Utrecht Region manages SIF. SIF is the succession of the first Proof of Concept Fund, which is fully invested and focused on the same early-stage startups and scale-ups. The first investment from SIF was made in January 2024. With the SIF-fund ROM, Utrecht aims at companies who are in early TRL phases (4 to 6) with a co-investor on board for deals from 50k to 500k EUR. This makes it possible to broaden the co-investment policy to the crowd. The co-investor finances have to be at least 25%. Therefore, a combination of SIF and crowdfunding would be desirable. The source of funding for SIF is partly from ERDF (investing capital) and partly from the province of Utrecht. The fund does not have calls but is always open.

The benefits of the fund-matching scheme to the existing instrument will enable ROM Utrecht to involve the broader community in our projects and learn with a dedicated crowdfunding platform to broaden the investor base. Furthermore, ROM will gain experience with crowdfunding and be able to explore how to match SIF with crowdfunding. Lastly, the fund-matching scheme will allow us to attract more capital to the region by extending the financing rounds for startups and scaleups.



Presentation of the preparatory activities

ACTIVITIES IMPLEMENTED IN PRE-PLANNING PHASE

- ✓ Analysis of crowdfunding market readiness and development for fund-matching in the region.
- ✓ We identified **best practices for integrating crowdfunding** with regional fund investments. One example involved a mattress company that raised public funds through RDA Zeeland and crowdfunding, creating a loyal customer base despite the innovation not reaching its promised success. Another example was a collaboration between an RDA and OnePlanetCrowd, where equity crowdfunding raised significant capital, and the RDA remained a shareholder since 2016.
- ✓ We **reviewed local fund regulations** governing crowdfunding, focusing on the new SIF policies. No criteria in the new regulations prevented investing with crowdfunding, providing a solid foundation for further investigation.
- ✓ During a **stakeholder meeting**, we gathered insights on best practices for integrating crowdfunding with regional fund investments. We invited all Regional Development Agencies (RDAs) in the Netherlands, bringing together 13 attendees to discuss co-investment practicalities, regulatory considerations, and experiences from different regions. From this meeting, we can conclude that there are currently no regulatory bottlenecks, and we've discussed some practicalities and possible future investments.

SETTING UP THE PLAN for PILOT FUND-MATCHING SCHEME

Moving forward, we will continue **engaging with portfolio startups** to explore crowdfunding, **deepen collaborations with crowdfunding platforms**, and **establish criteria for startups and platforms** to initiate collaborations and launch pilots. This framework aims to integrate crowdfunding with regional fund investments, promoting innovation in sustainability, health, and digitalization in the Utrecht region.

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| <i>Policy instrument</i> | <i>Startup Innovatie Fonds (TRL 4-6) en Participatiefonds (TRL 6-9)</i> |
| <i>Purpose & goals of the fund-matching scheme (financial and non-financial)</i> | The goal of the ROM's pilot project is to test when the projects, which are in the development or growth phase, should seek the crowd finance and which kind of crowdfunding would be most suitable for these kinds of projects to be matched with our Proof of Concept or our growth instrument. To improve the existing impact of the |



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| | <p>instrument with fund-matching, the following activities are planned: - Improving the existing approach of financing in the framework of the instrument by incorporating the option of complementing the financing with crowdfunding (providing the necessary support to applicants) - Including the change of assessment criteria of the SIF and PCP, for applicants, which already arranged a successful crowdfunding campaign, before applying for funding for POC instrument - To set-up long-term cooperation agreements with crowdfunding operators/partners to support the implementation of fund-matching within the use of the SIF en PCP instrument. The aim of the fund match scheme is, among other things, to expand the co-financing possibilities. In addition, it can provide an interesting validation that both the company and the investor need. Also, the possible name recognition that it provides, as well as the local involvement in investing in innovations, is valuable to us.</p> |
| <i>Institutions involved in the fund-matching scheme and their roles</i> | <p>ROM Utrecht Region (SIF and PCP fund with EFRO) Crowdfunding platform (we are in contact with four of them).</p> |
| <i>Key beneficiaries and expected benefits for beneficiaries</i> | <p>The main beneficiaries are the ROM Utrecht Region, the specific crowdfunding platform through which we invest, and the company that receives the financing.</p> |
| <i>Key activities to implement the scheme</i> | <p>Key activities to implement the program are finding the right crowdfunding platform as a partner (we are currently having these discussions to coordinate the preconditions) and finding the right company that wants to raise financing with, among other things, crowdfunding (trying this both actively and reactively).</p> |
| <i>Identification of resources used (amount, source)</i> | <p>If this means the amount of money that we allocate from one of the two policy instruments for the pilot, then there is no specific figure to attach to this. As an indication, we make investments from the SIF up to EUR 350,000 per round, and from the PCP, this is between EUR 750,000 and EUR 1,000,000 per round. We aim to make the pilot part of a standard investment in a company.</p> |
| <i>Identification and profile of investors/crowd</i> | <p>These can be investors/crowds from all over the world who have basic knowledge about making investments and are aware of the risks.</p> |
| <i>Terms and conditions of the scheme</i> | <p>These have been drawn up internally and are currently being discussed with multiple crowdfunding platforms. A final version will be released shortly.</p> |
| <i>Communication campaign: key activities</i> | <p>Posting updates on the website and LinkedIn and talking about crowdfunding on events with potential stakeholders. We are currently in contact with 4 potential</p> |



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| | platforms. We also gauge within our portfolio (32 companies) whether they are interested in raising a financing round with crowdfunding in the short term. |
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SETTING UP INDICATORS & MONITORING

To be developed.

Monitoring activities:

To be developed.



PILOT ACTION 2: CROWDFUNDING TO COMPLEMENT REGIONAL OPERATIONAL PROGRAMME OF CENTRAL MACEDONIA 2021 2027

Presentation of the Policy Instrument

The policy instrument that we are aiming at belongs to Priority Objective 01. Productive, competitive transformation of Central Macedonia of the Regional Operational Program.

This Policy Objective is linked to the EU's Policy Objective: A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity, particularly to the specific objective: RSO1.1. Developing and enhancing research and innovation capacities and the uptake of advanced technologies (ERDF).

More specifically, we are focusing on the regional mechanism that supports innovation & entrepreneurship by the name One Stop Liaison Office (O.S.L.O.). This mechanism is fully funded by RoP 21-27, specific objective RSO 1.1, and its main goals are:

- Drafting, Monitoring, and evaluating RIS3
- The Design, Implementation, and Monitoring of the Entrepreneurial Discovery Process (EDP)
- Support of the Autonomous Directorate of Innovation and Entrepreneurship Support of RCM in actions related to RIS3.

One of the main challenges and bottlenecks that RCM must face is that despite the huge increase in R&D&I expenditures, this came mostly from public capital and less from private spending. O.S.L.O.'s main activities focus on this challenge by implementing several initiatives like the ones below, and Crowdfundmatch will add value and benefits to these goals:

- I3 interregional innovation investment network and projects
- Regional Innovation Valleys network and projects
- Open innovation initiatives to link big companies with startups and R&D centers
- Participating in several projects that focus on Innovative Financial instruments like InnoVaFi, Microcredit, Crowdfunding, Co-funding projects, etc. to promote new forms of private investments and increase public funding leverage.



Presentation of the preparatory activities

ACTIVITIES IMPLEMENTED IN PRE-PLANNING PHASE

Initial Strategic Innovation and Smart Specialization Planning phase – RIS3

- O.S.L.O., as the innovation strategy mechanism, in preparing (during 2020 – 2022) the **regional strategy** for 2021 - 2027, proposed the governor to add co-funding schemes/tools in RoP funding and implementation. The Governor accepted the proposal to specifically include co-funding projects in **I3** (Interregional Innovation Investments call) and **RIV** (Regional Innovation Valleys Strategy).
- **Main goals of the previous Strategic axis:**
 - To increase public capital leverage using low-risk policies, tools, and projects. These tools included co-funding RoP with ERDF, Horizon Europe, or any other EU fund alternative.
 - Searching and including more ideas, tools, and projects in the same co-funding perspective.
 - Increase the commitment of the whole innovation ecosystem to planning, participating, and implementing co-funding projects in all RIS3 sector priorities.
 - Increase the financial knowledge level to be able to get involved and understand different risk-level projects.
 - Activate as many stakeholders as possible in different projects and raise more funding.

Crowdfundmatch - Pilot project & Policy Improvement phase

- We have placed the Crowdfundmatch project under the regional innovation strategy as a policy action.
- In that context, Crowdfundmatch will be an important flagship action since it will initiate a separate new service offered by O.S.L.O. in the ecosystem, supporting the private sector in increasing funding and funding sources.
- Crowdfundmatch pilot action will be implemented in the CCI sector. The reasons we have picked the specific sector are:
 1. The sector is one of the strategic priorities of RIS3
 2. A few crowdfunding projects are coming from the same sector in the country
 3. The sector has many one-person companies or freelancers that are keener to use crowdfunding as an alternative – low-risk



4. The sector has been looking to increase fundraising from different sources.
5. Many entities in the sector have been applying for public funding through the ministry using NGOs as legal schemes, and it would offer them an alternative to fundraising and
6. CCI as a sector is quite fragmented, with several different subsectors, niche markets, difficulties in “placing” value (and pricing) to its “products,” and funding ventures and initiatives that are looking for alternative (especially crowd-type) sources.

The main activities in the context of **Crowdfundmatch - Pilot project & Policy Improvement phase** are:

- Assessment of crowdfunding market
- Regulatory framework
- Market Drivers and Barriers
- Discussions with CCI stakeholders
- Participation in the co-funding guide
- Preparation of pilot action plan implementation and monitoring steps.

SETTING UP THE PLAN for PILOT FUND-MATCHING SCHEME

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| <i>Policy instrument</i> | The regional mechanism that supports innovation & entrepreneurship by the name One Stop Liaison Office (O.S.L.O.), fully funded by RoP 21-27, specific objective RSO 1.1. |
| <i>Purpose & goals of the fund-matching scheme (financial and non-financial)</i> | <p>The primary purpose of this pilot campaign is to promote co-funding schemes by using financial instruments and sources other than those from the EU or the public.</p> <p>The main goal is to use the methodology and steps in O.S.L.O. and provide it as a main service in the O.S.L.O. service portfolio not only for more CCI companies but for any other sectors that might be interested.</p> |
| <i>Institutions involved in the fund-matching scheme and their roles</i> | <p>We are going to target SMEs and freelancers from the region's CCI sector. During the campaign implementation, we are going to inform and expect the exchange of ideas, info, and insights by the ecosystem and, more specifically, by:</p> <ul style="list-style-type: none"> • Museums and festivals like MOMUS • Development Agencies • Thessaloniki Chamber of Commerce and Industry • R&D and innovation centers and entities like CERTH, Aristotle |



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| | <p>University, UoM, Thessintech, KEPA-ANEM – Centre for Entrepreneurial and Cultural Development</p> <ul style="list-style-type: none"> • Incubators like Ok Thess, I4G |
| <p>Key beneficiaries and expected benefits for beneficiaries</p> | <p>At the campaign stage:</p> <p>Key Beneficiaries SMEs and freelancers from the region's Creative and Cultural Industries (CCI) sector.</p> <p>Benefits Co-funding by using Crowdfunding can offer numerous benefits for small and medium-sized enterprises (SMEs) and freelancers in the creative and cultural industries. Here are some of the key advantages:</p> <ol style="list-style-type: none"> 1. Diverse Funding Sources: Crowdfunding can attract a variety of backers with different levels of interest and investment, reducing dependency on a single source of funding. 2. Access to Capital: Crowdfunding provides an alternative to traditional financing methods, allowing to raise funds from a broad base of supporters without needing to secure loans or attract major investors. 3. Reduced Financial Risk: By securing funds upfront, companies can reduce their financial risk. They receive capital before the project starts, which can be particularly valuable for any kind of project, especially high-risk ones. 4. Market Validation: A successful crowdfunding campaign demonstrates market interest and demand for the project, which can be crucial for long-term success and further investment. 5. Increased Visibility: Crowdfunding platforms often have a large and engaged audience, providing projects with significant exposure and the potential to reach a wider audience than traditional funding methods. 6. Direct Engagement with Supporters: Crowdfunding allows creators to build a community around their project, fostering a sense of ownership and loyalty among supporters who are likely to become long-term customers. 7. Pre-Launch Buzz: Crowdfunding campaigns can generate significant buzz and publicity, serving as a powerful marketing tool even before the project is launched. |



8. Maintaining Creative Control: Unlike traditional investors who might seek to influence the direction of a project, crowdfunding allows creators to maintain full control over their work.

9. Encouraging Innovation: Direct support from backers can encourage creators to pursue innovative and unconventional ideas that might not attract traditional funding. It can also serve as a proof of concept for new ideas, helping to secure further investment or partnership opportunities.

Policy Instrument Improvement phase

After the finalization of the pilot campaign– OSLO will be offering crowdfunding support as a co-funding service:

Key Beneficiaries

Any SME from the RIS3 priority sectors in the region.

Benefits for SMEs

The benefits are the same as those of CCI SMEs and freelancers.

Benefits for the regional authority and citizens in the medium to long run.

Introducing crowdfunding to co-fund activities can offer a range of benefits to both a regional authority and its citizens. Here are the key expected advantages:

1. Increased Funding Sources:

- Diversification of Funds: Crowdfunding allows regional authorities to diversify their funding sources beyond traditional government budgets, grants, and loans.
- Financial Flexibility: It provides additional financial resources, which can be crucial for projects that may not secure full funding through conventional means.

2. Enhanced Community Engagement:

- Public Participation: Involving citizens in crowdfunding efforts can increase their sense of ownership and commitment to local projects.
- Transparency and Trust: Crowdfunding campaigns often require detailed project descriptions and updates, fostering greater transparency and trust between the authority and the public.
- Empowerment: Crowdfunding allows citizens to directly support projects they care about, giving them a greater voice in local development.



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| | <ul style="list-style-type: none"> - Influence: Citizens can influence which projects get funded and how resources are allocated, leading to more community-tailored developments. - Quicker Funding & Faster Project Implementation: Crowdfunding can accelerate the fundraising process, leading to faster implementation of projects compared to waiting for traditional funding cycles. - Immediate Impact: Citizens can see the immediate impact of their contributions, which can be highly motivating and satisfying. - Increased community financial literacy (Knowledge) <p>3. Marketing and Visibility:</p> <ul style="list-style-type: none"> - Publicity: Crowdfunding campaigns can generate publicity and awareness for projects, potentially attracting additional support from private investors or other funding bodies. - Positive Publicity: Successful campaigns can enhance the authority's reputation as a proactive and community-focused entity. <p>4. Project Validation:</p> <ul style="list-style-type: none"> - Demand Assessment: Successful crowdfunding campaigns can serve as a validation of public interest and demand for specific projects or initiatives. - Innovative Ideas: Crowdfunding can attract innovative project ideas and solutions from the community that the authority might not have considered. <p>5. Enhanced Community Cohesion:</p> <ul style="list-style-type: none"> - Collaboration: Collective funding efforts can strengthen community bonds as residents work together towards common goals. - Shared Responsibility: Shared investment in local projects can foster a sense of shared responsibility and pride in the community. <p>6. Economic and Social Benefits:</p> <ul style="list-style-type: none"> - Local Economy Boost: Successfully funded projects can lead to improvements in local infrastructure, services, and amenities, boosting the local economy and quality of life. - Social Capital: Increased interaction and cooperation among community members can build social capital and networks, which are beneficial for future community initiatives. |
| <p>Key activities to implement the scheme</p> | <p>Providing non-financial support as a facilitator to three (3) SMEs or freelancers from the region's Creative and Cultural Industries (CCI) sector.</p> |



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| | <p>These SMEs or freelancers will be selected from a pool of entities that have been awarded/funded a subsidy from a specific Open Call under RoP PO 01, with a deadline of July 23, 2024, and potential evaluation and reward by the end of the year.</p> <p>The support will include:</p> <ul style="list-style-type: none"> - Analysis of the current stage of development - Decision-making on co-funding investment activities that are parallel and linked to the RoP call investment - subsidy - Preparation of their pitch deck to launch a crowdfunding campaign <p>To fully implement the campaign, we will:</p> <ol style="list-style-type: none"> 1. Analyse the funded SMEs or freelancers coming from the CCI sector 2. Prepare a campaign to reach these SMEs / freelancers 3. Implement the campaign 4. Selection criteria – process 5. Selection implementation – shortlist 6. Final applicants’ needs and investment analysis 7. Pitch Deck preparation and presentation 8. Pitch Deck fine-tuning and other crowdfunding campaign parameters 9. Draft a policy recommendation page to supplement the previous procedure. This page aims to inform and seek approval from the Entrepreneurial and Innovation Directorate of the RCM to introduce a co-funding service. 10. O.S.L.O starts offering a co-founding service to all S3 sectors using crowdfunding as an alternative source |
| <p>Identification of resources used (amount, source)</p> | <p>Non-funding is expected other than the one coming from the Crowdfundmatch project.</p> |
| <p>Identification and profile of investors/crowd</p> | <p>Identifying and profiling investors or crowd participants for crowdfunding innovative projects in the Creative and Cultural Industries (CCI) sector involves understanding their motivations, interests, and demographics. Here's an outline of the key characteristics and profiles:</p> <ol style="list-style-type: none"> 1. Demographic Profile <ul style="list-style-type: none"> - Age: Typically, younger to middle-aged adults (20-45 years old) are more active on crowdfunding platforms. - Income Level: Individuals with disposable income who are interested in supporting creative and cultural initiatives. - Geographic Location: Global, regional, and local. |



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| | <p>2. Psychographic Profile</p> <ul style="list-style-type: none"> - Interests: People with a strong interest in arts, culture, innovation, and technology. - Values: Supporters often value creativity, cultural heritage, innovation, and social impact. - Lifestyle: Active participants in cultural events, art exhibitions, music festivals, and other creative endeavors. <p>3. Behavioural Profile</p> <ul style="list-style-type: none"> - Online Presence: Frequent users of social media, crowdfunding platforms, and other online communities. - Engagement: Willingness to engage with project updates, provide feedback, and share campaigns within their networks. - Support History: Past backers of crowdfunding projects, particularly those related to the CCI sector. <p>4. Motivations for Investing/Backing</p> <ul style="list-style-type: none"> - Personal Connection: Interest in the specific project or the individuals involved. - Community Support: Desire to support local or regional cultural and creative initiatives. - Innovation and Creativity: Attraction to innovative and unique projects that offer something new. - Rewards and Incentives: Appeal of tangible rewards, early access, or exclusive experiences related to the project. - Social Impact: Interest in supporting projects that have a positive social or cultural impact. <p>5. Channels for Reaching Potential Investors/Crowd</p> <ul style="list-style-type: none"> - Social media: Platforms like Facebook, Instagram, Twitter(X), and LinkedIn for targeted advertising and community engagement. - Crowdfunding Platforms: Websites Kickstarter, Indiegogo, and Patreon, which are globally popular for CCI projects, and GIVEANDFUND, the local platform. - Email Newsletters: Targeted emails to subscribers interested in arts, culture, and innovation. - Events and Networks: Cultural events, industry conferences, and networking events within the CCI sector. - Online Communities and Forums: Engagement in forums and online groups dedicated to arts, culture, and innovation. <p>Several personas (Profiles)</p> <p>1. Cultural Enthusiast</p> |
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| | <ul style="list-style-type: none"> - 25-40 years old, urban resident, moderate to high income. - Attends cultural events, art galleries, music festivals, and theatres. - Active on social media, shares and discusses cultural topics, and past backers of similar projects. <p>2. Tech-Savvy Innovator</p> <ul style="list-style-type: none"> - 20-35 years old, tech industry professional, moderate to high income. - Interested in cutting-edge technology, innovative design, and creative solutions. - Frequent users of crowdfunding platforms participate in online forums and discussions about innovation. <p>3. Local Community Supporter</p> <ul style="list-style-type: none"> - 30-50 years old, community-focused individual, varies in income. - Engaged in local events and supported regional development and cultural preservation. - Active in local community groups, participates in regional events, and supports local businesses and initiatives. <p>4. Social Impact Investor</p> <ul style="list-style-type: none"> - 35-55 years old, professional or entrepreneur, high income. - Interested in projects with social or environmental benefits, seeks impactful investments. - Evaluates projects based on impact potential, engages with project creators, and supports through both funding and promotion. <p>By understanding these profiles and their motivations, regional authorities and project creators can better tailor their crowdfunding campaigns to attract and engage the right audience for their CCI projects.</p> |
| <p>Terms and conditions of the scheme</p> | <p>The main terms and conditions:</p> <ol style="list-style-type: none"> 1. The (3) entities that will be selected must be: <ul style="list-style-type: none"> -SMEs or freelancers got rewarded/funded through the last RoP PO 01 Call that ended on 23.07.2024 or any other call funded through Structural Funds. -Their co-funded activities must be innovative -Their co-funded expenses and activities must defer from the ones funded through the RoP PO 01 call or any other call funded through Structural Funds. -Their funded model should be a low risk, either rearwards-based |



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| | <p>or donation-based.</p> <p>2. RCM will be supporting them in the following ways: -Analysis of their current stage of development -Decision-making on co-funding investment activities that are parallel and linked to the RoP call investment or any other call funded through Structural Funds. -Preparation of their pitch deck to launch a crowdfunding campaign</p> <p>3. RCM bears no responsibility and has no obligations in case any crowdfunding campaign fails to reach its funding goal</p> <p>4. The selected SMEs or freelancers are responsible for choosing the platform that will place their campaign and pay for it. RCM has no responsibility for choosing any other activity the selected SMEs and freelancers are involved in, with the platform or any other entity in their campaign pursue.</p> <p>5. RCM and anyone involved in the previous supporting activities must not disclose any information regarding the selected SMEs or freelancers</p> <p>6. The selected SMEs or freelancers are accepting the use of their name, logo, and main crowdfunding activities by the RCM to promote the concept of co-funding and strategy for 5 years.</p> <p>7. Terms and conditions, as well as privacy policy terms, will be written and posted to be available to all. During the campaign, any applicant must read and accept them digitally.</p> |
| <p>Communication campaign: key activities</p> | <p>We will follow the investor/crowd profile guidelines and mainly use social media platforms to attract and engage potential backers, leveraging such as Facebook, Instagram, Twitter (X), or LinkedIn. Additionally, we will utilize targeted email and newsletter campaigns to reach individuals who align with our identified investor/crowd profiles, ensuring our messaging resonates with their interests in arts, culture, innovation, and social impact.</p> |

SETTING UP INDICATORS & MONITORING

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| <p>INDICATORS:</p> | <p>In analyzing indicator methodology, we came across various output, result, and impact indicators. To be able to monitor better and evaluate our pilot project, we have picked the following ones:</p> |
| <p>MEASURABLE</p> | <ol style="list-style-type: none"> 1.No of posts to reach targets 2 No of newsletters/emails sent during the campaign 3. Number of identified SMEs or freelancers that fulfill eligibility criteria (this might be feasible only on specific calls) 4.% of the previous SMEs and freelancers responded positively by uploading, opening, and filling out the application 5 No SMEs and freelancers supported by RCM in co-funding activities through ERDF and crowdfunding – (our target is three |



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| | (3) 6. Funding indicators: how many (of the targeted 3) campaigns were launched? Where are they successful? Capital raised in terms of €, % goals, etc. 7.No of new services offered by OSLO targeting co-funding needs |
| NON-MEASURABLE | Ecosystem stakeholders learn about co-funding activities. |

Monitoring activities

During the implementation phase, RCM will be monitoring the activities and the previous indicators through:

- Social media analytics,
- Questionnaires and discussions with the entities selected to be supported and
- Using our digital application system.



PILOT ACTION 3: MATCHING PUBLIC FUNDS AND CROWDFUNDING FOR BETTER CITIZEN INVOLVEMENT AND STRONGER SOCIAL ENTERPRISES – ANTWERPEN

Presentation of the Policy Instrument

The Action Plan Inclusive Economy (2020 – 2024) is a policy document of 10 pages that describes the main policy goals and actions for the team “Inclusive Economy” for the current legislature.

Within the Action Plan Inclusive Economy of the Province of Antwerp, we focus during the project on the fund Trividend Provincie Antwerpen. This is a financial instrument that is used to realize some of the goals of the Action Plan, e.g., to support the social economy and impact ventures that are creating employment for people at a distance from the labor market through interest-free loans. Since May 2024, we have added circular economy as a target group. They can get loans with an interest of 4-8%.

Within the pilot, we aim to involve citizens in both financial and content-wise ways. Financially, impact ventures will be invited to fundraise 15.000 euros, which will be matched with the funds of the Province at a ratio of 3 euros on top of every collected euro.

Presentation of the preparatory activities

ACTIVITIES IMPLEMENTED IN PRE-PLANNING PHASE

In the pre-planning phase, we did a rough analysis of the crowdfunding market and market readiness in Belgium (see Joint Report 1), as well as existing good practices and challenges (see Joint Report 2), state aid rules, and the legal framework.

Main elements below.

More info in Joint Reports 1 & 2 and in our document ‘Crowd Sourcing and crowdfunding – Trividend Provincie Antwerpen – Pilot project CROWDFUNDMATCH’ written by Pieter-Jan Van de Velde, commissioned by the Province of Antwerp.



- Real GDP per capita (2022): 36.868 euro, 2nd place among 8 partner countries (range from 10.110 euro to 43.800 euro). This reflects economic activity and a country's development level.
- Financial literacy of citizens: percentage of High Score = 20%, 2nd place (range from 12% to 28%, EU average: 18%). This reflects citizens' knowledge level about their financial markets, as well as their behavior and habits related to financial markets.
- % of citizens feeling very comfortable using digital financial services: 32%, 4th place (range from 22% to 58%, EU average: 36%).
- Crowdfunding country volume per capita: 10,50 euro, 4th place (range from 0,12 to 61,40 euro).
- Number of Crowdfunding platforms: 47, 2nd place (range from 8 to 56). Belgium, as the smallest country, has the highest number of foreign non-financial and financial return platforms.
- In the PEST analysis, we described some drivers and barriers for crowdfunding market development as well as general awareness of crowdfunding as a business tool among SMEs in Belgium.
- In Joint Report 2, we described some good Belgian fund-matching practices that inspired us to launch our pilot.
- State aid rules:
 - EU Regulation 2021/1060, in the case of using ERDF, is not applicable.
 - The credit agreements used by Trividend Provincie Antwerpen contain a statement regarding state aid rules (EU general de-minimis Regulation 2023/2831).
- Legal framework:
 - EU Crowdfunding Regulation 2020/1503, implemented in Belgium by laws of 23 February 2022 and 9 March 2022: Not applicable for our pilot.
 - Due to the specific set-up of our pilot, some instruments of Flemish and Federal authorities to encourage crowdfunding are not applicable for our pilot (tax shelter, friends share, win-win loan, exemption from withholding tax on interest on loans (credit crowdfunding), tax reduction for donations).
 - Trividend Provincie Antwerpen already uses Standard Guarantees by PMV (Flemish Development Bank) as an external guarantee and thus can be used in our pilot. Concretely, 75% of a loan provided by Trividend Provincie Antwerpen can be externally guaranteed at the cost of 0.5% of the guaranteed amount per year that the guarantee runs.
 - EIF Guarantee: yet to be examined.
 - Co-funding by SIFO (Social Investment Fund, managed by PMV) is already used by Trividend Provincie Antwerpen for loans to projects that fall within



the criteria and thus can be used in our pilot. Concretely, SIFO provides underlying financing at the project level for 2/3 of the granted loan provided from the fund, with SIFO also bearing the risk for its part of the financing.

- Co-funding by ESIF funds: yet to be examined.
- The scenario worked out is based on the legislation for companies, where the collection of capital and public communication are clearly regulated. The Fund is not an investment fund, nor does it use crowdfunding, as this concept is legally defined. Therefore, it is not necessary to apply for recognition as a crowdfunding platform or to cooperate with a recognized crowdfunding platform for the implementation of this pilot project.

However, we appeal to the public savings system. The proposed framework remains within the exemption to publish a prospectus or information note herewith. Indeed, this is an offer with a total counter value of €500,000 or less, calculated over 12 months, provided that each investor is allowed to take up the offer for a maximum of €5,000 and provided that all documents relating to the offer to the public state its total counter value and the maximum investment per investor.

It was decided that I would proceed with the publication of an information note voluntarily. After publishing such an information note, the fund is allowed to raise to €5,000,000 per year.

- As Trividend Provincie Antwerpen is a cooperative association, the Belgian Law of Companies and Associations (23 March 2019) applies, especially in Book 6, 'The Cooperative Association'.

The Statutes of Trividend Provincie Antwerpen will have to be amended to allow citizens and organizations to be entered as shareholders in the cooperative.

In the pre-planning phase, we have analyzed which concept would fit our context best, starting with the current set-up of the financial instrument Trividend Province of Antwerp. The main conclusions are:

1. The reputation risk for the Province of Antwerp is substantial. The financial instrument should be designed in such a way that this reputation risk is minimized.
2. Fundraising needs to be very specific: investors want to know what they invest in, so it is more efficient to fundraise for a specific project than for a fund.
3. Match-funding is a very engaging tool for citizens. We decided to set up campaigns per venture in which they receive a subordinated loan if they manage to mobilize ¼ of the principal sum of the loan.



4. To minimize the financial risk for citizens, the fund-matching will be organized through the cooperative fund Trividend Provincie Antwerpen. Citizens become shareholders of this fund instead of a direct investment in an early-stage impact venture. Their investment will be limited to a maximum of 5.000 euros. External guarantees and professional analysis and follow-up will further reduce their risk.

SETTING UP THE PLAN for PILOT FUND-MATCHING SCHEME

| Policy instrument | Action Plan Inclusive Economy, with a focus on Trividend Provincie Antwerpen |
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| Purpose & goals of the fund-matching scheme (financial and non-financial) | <ul style="list-style-type: none"> - To engage citizens to benefit from their enthusiasm, specific expertise, and network for the positive development of the enterprises to be funded. In this way, we create a supportive community around impact ventures. - To leverage financially on public funding. |
| Institutions involved in the fund-matching scheme and their roles | <ul style="list-style-type: none"> - Province of Antwerp as initiator. - Provincial Development Company (POM Antwerpen) is the main investor in the Fund, using subsidies from the Province of Antwerp. - Trividend as the fund manager. |
| Key beneficiaries and expected benefits for beneficiaries | <ul style="list-style-type: none"> - Early-stage impact ventures with a focus on: <ul style="list-style-type: none"> o Employment of people at a distance from the labor market; o Circular economy. |
| Key activities to implement the scheme | <ul style="list-style-type: none"> - To select potential investments. - To train impact ventures to mobilize funding by organizing crowdfunding campaigns. - To organize rewards for the citizens - To facilitate citizens' getting involved in the activities of the Fund. - To follow-up investments. |
| Identification of resources used (amount, source) | <ul style="list-style-type: none"> - Resources to invest in impact ventures – ambition to grow to 1 million euros: <ul style="list-style-type: none"> o 750.000 euro Province of Antwerp o 250.000 euro citizens - Operating costs for the fund: Province of Antwerp - 1 share of 50 euros per venture - External guarantee on loans: PMV Standaardwaarborgen (Flemish Development Bank): 0,5% per year on the guaranteed amount. |
| Identification and profile of investors/crowd | <ul style="list-style-type: none"> - Maximum 5000 euro per citizen: citizens interested in entrepreneurship and eager to support impact-driven entrepreneurs to build their businesses, generating a positive social |



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| | <p>impact in their province. So, for anyone who wants to support impact businesses,</p> <ul style="list-style-type: none"> - More specific citizens with specific expertise or competencies, with or without a network that they can and want to activate to support one or more entrepreneurs supported by the Fund. These are primarily committed citizens. - Companies and organizations that want to use some of their free resources, accepting limited returns considering the limited risk and high liquidity, contribute to a positive impact on their province. |
| Terms and conditions of the scheme | <ul style="list-style-type: none"> - Citizens and organizations invest in the Fund Trividend Province of Antwerp, with a limited return potential (aim: 2%/year). - Impact ventures may receive a loan (interest-free for those who create jobs for people with a distance to the labor market – 4-8% for circular impact ventures) for up to 60.000 euros on condition of approval by the Investment Committee, the Board, and the investors in the Fund, and a successful fund-matching campaign for 15.000 euro. |
| Communication campaign: key activities | <ul style="list-style-type: none"> - Campaign per matchfunding/impact venture. |

SETTING UP INDICATORS & MONITORING

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| INDICATORS: | |
| MEASURABLE | <ul style="list-style-type: none"> - 4 impact ventures funded - 60.000 euro citizen funding raised |
| NON-MEASURABLE | <ul style="list-style-type: none"> - More enthusiasm for impact ventures in the Province |

Monitoring activities

- Monitoring the number of impact ventures funded.
- Monitoring the amount (per venture) of the funding raised through crowdfunding.
- Monitoring the number of citizens involved in community-building activities.
- Monitoring the support for impact ventures and its added value as perceived by the entrepreneurs.



PILOT ACTION 4: PILOT CROWDFUNDING CAMPAIGN WITH ESIF MATCH FUNDING – MARCHE

Presentation of the Policy Instrument

The Marche Region has approved a public call for SMEs through which projects focused on the cultural sector or product/service innovation will be selected to become the object of a pilot reward-based crowdfunding campaign with public fund-matching. Public funds for the crowdfunding campaign are taken by the Marche Region from the budget available under the “European Regional Development Fund.” In detail, the Marche Region has allocated € 50.000 of the budget to this public call. After the due diligence process of all the projects that will be received in response to the call, the Marche Region will select the best proposals, which will become the object of “all or nothing” reward crowdfunding campaigns. The projects that will reach their target under the campaign will receive a contribution from Marche Region for the same amount of the raised funds (e.g., a project raising 5000EUR will receive a public contribution of 5000EUR).

For the first time the Marche Region has adopted a funding scheme matching private and public funds for fostering the access to credit for SMEs. The initiative will contribute to filling the gap in access to traditional credit lines for regional SMEs, in particular those proposing innovative products or services with a clear social and/or cultural impact.

Presentation of the preparatory activities

ACTIVITIES IMPLEMENTED IN PRE-PLANNING PHASE

In the pre-planning phase, the Marche Region staff in charge of the Crowdfundmatch project conducted an in-depth analysis of the administrative and financial procedures to be implemented to ensure the use of public funds as matching financial resources for the crowdfunding campaign. To this aim, the Marche Region staff researched existing similar crowdfunding initiatives being implemented by SMEs based within the Marche regional territory or by other regional authorities at the national level. Moreover, a number of regional stakeholder meetings were held to identify the needs of the region in relation to access to credit from traditional financing institutions.



In the following, Marche Region has decided that this target group could be the one to be supported under a crowdfunding campaign; in particular, the reward-based one should be the most suitable form in this case.

By the end of the pre-planning phase, the Marche Region staff checked the compliance of the crowdfunding initiative with the State Aid rules and the ESIF/National ones by directly reaching out to the related implementing bodies.

At the end of the pre-planning phase, the Marche Region identified the need for external expertise to design the public call. Idea GINGER, a company with proven expertise in reward crowdfunding and a dedicated funding platform, was engaged to support the crowdfunding campaign preparation and implementation phases.

SETTING UP THE PLAN for PILOT FUND-MATCHING SCHEME

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| <i>Policy instrument</i> | Reward-based pilot crowdfunding campaign with public fund-matching |
| <i>Purpose & goals of the fund-matching scheme (financial and non-financial)</i> | Supporting the access to credit of SMEs based in the Marche Region for the implementation of innovative products or services with a clear social and/or cultural impact |
| <i>Institutions involved in the fund-matching scheme and their roles</i> | <ul style="list-style-type: none"> • Marche Region Industry, Crafts, and Credit Sector: coordinating the crowdfunding initiative. • Marche Region ERDF Managing Authority – ERDF uses approval to release. • Marche Region Distinct Body – compliance with State Aid rules approval release. |
| <i>Key beneficiaries and expected benefits for beneficiaries</i> | SMEs based in the Marche Region proposing innovative products or services with a clear social and/or cultural impact |
| <i>Key activities to implement the scheme</i> | <ul style="list-style-type: none"> • Identifying financial resources for fund-matching within the Marche region budget; • Adjusting regional administrative and financial procedures to ensure the combined use of public and private funds; • Identify the needs of regional SMEs and potential gaps in relation to their access to financial credit; • Identify the most suitable crowdfunding scheme, the details of the related public call, and the need for external expertise in support of the campaign implementation. |
| <i>Identification of resources used</i> | € 50.000,00 - ERDF |



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| <i>(amount, source)</i> | |
| Identification and profile of investors/crowd | Anyone interested in the reward |
| Terms and conditions of the scheme | All-or-nothing scheme |
| Communication campaign: key activities | Social media Roadshow Newsletter |

SETTING UP INDICATORS & MONITORING

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| INDICATORS: | |
| MEASURABLE | RCO (2) 01 - Enterprises supported (of which: micro, small, medium, large) RCO 02 - Enterprises supported by grants |
| NON-MEASURABLE | |

Monitoring activities

- The call for proposals is launched in July 2024; candidatures are submitted until December 2014. Indicator: n. of candidatures received.
- A training course is made available for any subject interested in deepening awareness of the potentiality of crowdfunding as an alternative financing instrument. Indicator: number of training attendees.
- The best proposals are selected and become the object of pilot crowdfunding campaigns with public fund matching. Indicator: Number of projects selected/ n. of CWDF campaigns launched.
- The CWDF campaigns that reach the target receive a public contribution for fund-matching purposes. Indicator: n. of campaigns reaching the target/ Total amount of public contribution awarded.
- The beneficiaries who received private and public funds implement the proposed initiatives and report on their implementation. Indicator: n. of projects implemented/reported.



PILOT ACTION 5: TESTING INSTRUMENT FOR COMBINING CROWDFUNDING AND ESIF FUNDS - EXTREMADURA

Presentation of the Policy Instrument

The pilot in Extremadura will be organized with the background of the new regional Business policy strategy, which includes a specific measure called: “Support to the funding of projects through crowdfunding.” The aim is to offer new innovative funding instruments from the regional government, adapted to the needs of the entrepreneurs/companies.

This concrete action is directly linked to the implementation of Crowdfundmatch. Although the overall objective is to encourage investment, it is necessary to explore new innovative financing channels that allow entrepreneurs and companies to obtain the economic resources to tackle certain projects which, due to their special nature, are more difficult to access through more traditional financial formulas. For the co-financing of the business projects participating in the pilot experience, a co-financing instrument will be set up in the form of a non-repayable grant to be co-financed through the ERDF Regional Operational Programme 2021-2027.

The specific dedicated budget line will be created in 2025 for the co-funding of entrepreneurial projects. This budget line will be cofinanced with ERDF.

Presentation of the preparatory activities

ACTIVITIES IMPLEMENTED IN PRE-PLANNING PHASE

ANALYSIS PHASE:

In the first phase, Extremadura has been preparing the ground for the development of the pilot, analyzing market readiness, and building on their own experience and related programs they have developed during the last few years.

They also focused on the legislation context for the grant model and on alternatives to set up the scheme.

Extremadura has experience implementing reward-based crowdfunding programs for its entrepreneurs in the past few years. Since 2013, they have been developing activities for entrepreneurs linked to crowdfunding, so the awareness in the region about this



type of financing is quite high, and they know how to assist entrepreneurs so that they are able to launch a successful campaign and mobilize potential investors.

Analysis of legislation: reward-based crowdfunding platforms are not registered at the national level (not as crowd equity) as intermediary funding entities, so the team has decided it is easier in the first place to develop the pilot under this formula. The experts that will be supporting the Extremadura regional government for the design and implementation of the pilot will analyze the pros and cons of working on fund-matching with the two types of crowdfunding,

The first draft of the funding scheme has been developed considering the current legislation about crowdfunding as well as the limitations of ERDF (programming period 2021-2027 and national state aid rules).

Extremadura has decided to design a regional decree to regulate the grants that will be provided in the framework of the pilot project. It is envisaged that the aid will be granted through a competitive system, and the grants will be awarded after the corresponding assessment and resolution based on the requirements established in the applicable regulations. They are designing specific conditions, annexes, and documents that will be requested from the entrepreneurs who will apply for the grants.

The total budget dedicated to the pilot will be 300,000 euros, cofinanced by ERDF, for 2025. The call will be launched in parallel with a capacity-building and advice service for entrepreneurs to increase the projects presented to reach their funding objective in their crowdfunding campaign.

SETTING UP THE PLAN for PILOT FUND-MATCHING SCHEME

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| Policy instrument | Regional Strategic Plan for Competitive Business 2024-2027 ERDF regional Programme Extremadura 2021-2027 |
| Purpose & goals of the fund-matching scheme (financial and non-financial) | <p>The current ERDF Programme 2021-2027, under which this aid scheme is to be co-financed, provides for the improvement of the competitiveness of companies, for which it develops a specific program called CONSOLIDAPYME in which it establishes a specific budget line aimed at promoting alternative financing.</p> <p>It will moreover facilitate the co-financing of crowdfunding campaigns through a digital platform that will combine the raising of private funds with structural funds through match-funding. The overall objective is to strengthen the</p> |



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| | <p>regional economy by testing new innovative funding instruments.</p> <p>At the company level, the aim is to boost the development of new business projects, achieving a multiplier effect through co-investment, improving public-private financing formulas, and increasing the impact of European Union funds.</p> |
| <p><i>Institutions involved in the fund-matching scheme and their roles</i></p> | <p>There will be one main institution involved in the fund-matching scheme, the DG Enterprise, which is responsible for the implementation of the instrument and management of this concrete ERDF budget line in the regional government.</p> <p>Their roles will be several for the pilot:</p> <ul style="list-style-type: none"> - As a facilitator, they will provide expert assistance to entrepreneurs/companies willing to launch a crowdfunding campaign so that the results of the pilot are of higher quality - As a supporter, they will be co-investing in the crowdfunding campaigns that reach their financing objective by providing grants to the project owners. <p>Other institutions will be involved in the scheme. Still, the main purpose is to disseminate information about the program and the scheme to their beneficiaries: entrepreneurs and companies, and eventually potential investors.</p> |
| <p><i>Key beneficiaries and expected benefits for beneficiaries</i></p> | <p>The beneficiaries of these grants may be companies, whatever their legal form, self-employed and SME owners with a production or work center located in the Autonomous Community of Extremadura and with tax residence in Spain who are going to carry out a new project in the region that is going to be financed through a crowdfunding campaign.</p> <p>The expected benefit for beneficiaries is the possibility of attracting private contributions thanks to the money already received by the regional government. It will give credibility to their project. Moreover, they will benefit from expert advice to build a stronger crowdfunding campaign.</p> |
| <p><i>Key activities to implement the scheme</i></p> | <p>In our case, since our strategic plan and budget line were already identified, these are the steps we have followed to set up the scheme:</p> <ul style="list-style-type: none"> - Define the reach of the scheme for the pilot (legislation, budget available, reach, etc). - Set up public procurement for technical assistance to further define the pilot (especially considering transferability for crowd equity) and scheme |



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| | <ul style="list-style-type: none"> - Define instrument (decree and call), in parallel to designing the technical assistance needed to support capacity-building activities for entrepreneurs as well as advice for crowdfunding campaigns definition. - Prepare budget specifications for co-investing in pilot crowdfunding campaigns. - Launch of the open call, parallel launch of individual campaigns - Review/selection of suitable projects to be invested - Follow-up and revision of evidence. |
| <p>Identification of resources used (amount, source)</p> | <p>ERDF Extremadura 2021-2027 Budget available for match-funding with crowdfunding campaigns: 300,000 euros for 2025</p> |
| <p>Identification and profile of investors/crowd</p> | <p>Participants in reward-based crowdfunding campaigns in Spain present a diverse demographic profile, although young people and young adults between 25 and 45 years of age predominate, with a high level of education and medium to high economic capacity. Their interest is focused on innovative and creative projects, with a fairly balanced gender distribution, although with a greater representation of men in technology and video games and women in art and fashion. Most of them live in big cities with good Internet connectivity, and their digital behavior includes a high use of social networks and technological tools.</p> <p>Motivations for participating in these campaigns range from support for innovation and creativity to the desire to belong to a community and earn attractive rewards. Funders also value the emotional connection with the projects and, in some cases, are looking for exclusive products or limited editions. Among the most common profiles are technology enthusiasts, culture and art lovers, responsible consumers, and early adopters, each driven by different interests and values. To ensure the success of a campaign, it is crucial to understand these profiles and target them with clear propositions and rewards that resonate with their motivations.</p> |
| <p>Terms and conditions of the scheme</p> | <p>Concepts, characteristics, requirements to be met by the beneficiary companies, and amount of the aid: Those projects with defined financing needs and those that plan to seek funding through a crowdfunding platform will be eligible. The aim of this aid is to complement the individual contributions raised by the project promoter, thus achieving a multiplier effect,</p> |



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| | <p>encouraging co-responsible forms of investment and the co-financing of new projects.</p> <p>The requirements to be met by the projects are</p> <ul style="list-style-type: none">- Entrepreneurial (business) initiatives to be developed in Extremadura.- Projects that are viable and suitable to be funded through crowdfunding.- Projects in an advanced stage of development that have detailed financing needs and an effective plan for their setting up. <p>Eligible costs will be those necessary for the development of the project for which they were granted and the expenses associated with the development of the campaign on the crowdfunding platform when they are executed within the period established in the resolution granting the aid.</p> <p>Eligible items will be:</p> <ul style="list-style-type: none">- Staff costs for the development of the project: Costs of personnel hired by the organization. Subsidies will be given for salary expenses, as well as social security costs. The amount of this expenditure may not exceed 30% of the total eligible expenditure, and the work to be carried out by this staff in the implementation of the project must be justified in the report.- Acquisition of tools, equipment, hardware, software, and consumables related to the project.- Expenditure on materials, space rental, and equipment rental for the development of prototypes and tests for the development of new products/services.- External consultancy costs, as well as those subcontracting to be carried out with experts, are necessary for the implementation of the project.- Costs of dissemination materials, design, marketing, promotion, and dissemination activities, both offline and online.- Logistical costs derived from the crowdfunding campaign launched, as well as services and expenses for the crowdfunding platform.- Indirect costs, which may be a maximum of 10% of the total justified staff costs. <p>The grant will be 50% of the total amount of the project submitted for the crowdfunding campaign, with a minimum of 3,000 euros and a maximum of 30,000 euros,</p> |
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| | <p>excluding indirect taxes.</p> <p>The remaining 50% for the development of the business project will be financed through the crowdfunding campaign developed on a reward crowdfunding platform and must come from at least 10 different microinvestors. This information must be justified after the end of the campaign and within the period stipulated in the decree and the corresponding call through a certificate issued by the reward crowdfunding platform used to host the campaign.</p> |
| <p>Communication campaign: key activities</p> | <ul style="list-style-type: none"> - A specific website for the activity or program. It allows access to the specific information of the program in an understandable and accessible language. - Informative webinars for regional stakeholders so that they can disseminate the program to their users. - Informative and awareness-raising webinars for companies and entrepreneurs to inform them about the call and possibilities of reward-based crowdfunding. - Mailing campaigns to the subscribers of the Extremadura Empresarial newsletter (more than 22,000 subscribers). - Participation in events, fairs, and performances in the region to disseminate the program. - Continuous communication in specific social media networks of the DGEnterprise: Instagram, LinkedIn, Facebook, YouTube, and X, with different graphic supports (including paid campaigns). - Training activity with the 5 regional business support teams to inform them and concrete their role in the pilot (identifying potential beneficiaries, for example). - Press releases at the regional level. - Specific publication in the magazine Emprendedores with national projection. - The program dissemination kit is to be sent to opinion leaders who can collaborate on dissemination. Includes news, graphics, and copy for social networks. |

SETTING UP INDICATORS & MONITORING

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| <p>INDICATORS:</p> | |
| <p>MEASURABLE</p> | <p>Number of grant applicants Number of projects financed Number of companies/entrepreneurs participating in capacity-building activities/receiving expert advice Amount of budget match-funded</p> |



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|-----------------------|---|
| | Number of private investors involved |
| NON-MEASURABLE | Awareness was raised through the promotion of crowdfunding campaigns. Level of Financial literacy increased. |

Monitoring activities

Still to be defined, but they will be linked to the number of applications, quality of projects submitted (we will have a ranking according to a set of criteria), qualitative information about the readiness of companies to launch crowdfunding campaigns, attractiveness of match-funding scheme, etc.



PART 3: PEER-TO-PEER MENTORING PLANS

Project partners not planning to test the methodology in the framework of the fund-matching pilot projects will be matched with the project partners from the first group (project partners implementing pilot fund-matching scheme) to establish interregional peer-to-peer mentoring learning.

Peer-to-peer learning aims to transfer knowledge and experience about tested pilots to non-pilot regions. Appropriation matching will be identified based on knowledge needs within the non-pilot project partners.

Knowledge needs of NON-pilot regions are presented in the following peer-to-peer mentoring plans.

PEER-TO-PEER MENTORING PLAN ILTE, LITHUANIA

Presentation of the Policy Instrument selected for improvement

Selected Policy Instrument - Programme for EU fund investments in 2021–2027 for Lithuania. The Programme for EU fund investments in 2021–2027 for Lithuania (hereinafter referred to as the Programme) is planned to utilize financial instruments for the financing of infrastructure projects. However, EU funds alone are insufficient to meet the total investment needs. Therefore, EU structural funds present an opportunity to mobilize private funding. Engaging peer-to-peer (P2P) platform operators as financial intermediaries in these financial instruments could have a positive impact on the financing structure. Currently, the combination of crowdfunding and European

Structural and Investment Funds (ESIF) are not envisaged in the Programme. To enable the use of EU funds from the Programme as a financial instrument for financing crowdfunding projects, amendments to the Programme will be necessary. The benefits of improving this policy instrument will focus on enhancing the use of peer-to-peer lending and crowdfunding platforms as financial intermediaries to support various types of projects.



Crowdfunding, fund-matching challenges, and knowledge needs

The integration of EU funds with crowdfunding presents several challenges that need to be addressed for successful collaboration. First, fund matching between EU funds and crowdfunding is complex due to differences in governance, timelines, and eligibility criteria. Effective risk management is essential to prevent issues such as double financing and overlapping disbursements. However, the lack of standardized guidelines complicates risk identification and mitigation, making integration less consistent.

The crowdfunding market includes fragmentation and varying levels of maturity, limiting its readiness for integration with European Structural and Investment Funds (ESIF). Regulatory inconsistencies, limited availability of digital platforms, and gaps in public and private actors' capacity to engage in crowdfunding further hinder progress. Additionally, aligning and matching public funds with crowdfunding remains a complex issue due to differing frameworks and eligibility criteria.

Finally, raising awareness and educating potential participants about crowdfunding remains a significant hurdle. There is a general lack of knowledge among citizens and project participants, with gaps in targeted educational resources. Developing support mechanisms, such as mentoring and financial advice, is resource-intensive and challenging to scale, especially in regions with less developed markets.

Knowledge needs 1

What is the knowledge needed, and how could this knowledge be used in policy improvement

How EU funds are matched with crowdfunding and how risk management is performed, e.g., how to identify and mitigate risks associated with matched funding.

Description:

This knowledge encompasses an understanding of various options for fund matching and the associated risks (including fund disbursement, project implementation, and compliance with diverse requirements). Should public funds be disbursed first, or should fund matching occur simultaneously within a single instrument? Additionally, how can double financing of the same eligible expenses be effectively prevented?



Knowledge needs 2

What is the knowledge needed, and how could this knowledge be used in policy improvement

What is the current state of the crowdfunding market in the mentoring pilot region, and what is the state of readiness for integration into the European Structural and Investment Funds (ESIF)? What are the regulatory frameworks, the availability of digital crowdfunding platforms, and the capacity of public and private actors to participate in crowdfunding? What are the challenges of matching public funds with crowdfunding in the mentoring pilot region?

Description:

By sharing experiences and cooperating, pilot regions could help pave the way for a more coordinated approach to crowdfunding in the EU.

Additionally, mentoring pilot regions could explore ways to leverage crowdfunding to support specific policy objectives set out in the EU's regulations for ESIF, such as promoting sustainable development, social inclusion, and employment. By aligning crowdfunding initiatives with EU priorities, regions could maximize the impact of ESIF funding and contribute to the achievement of overarching EU goals. Also, it is important to identify any challenges and barriers that may hinder the integration of crowdfunding into ESIF.

Knowledge needs 3

What is the knowledge needed, and how could this knowledge be used in policy improvement

How do we raise awareness and educate potential participants and citizens about crowdfunding, as well as develop tailored support mechanisms to facilitate crowdfunding campaigns? How do we educate potential participants and citizens about the benefits and processes of crowdfunding? How do we design digital solutions to enhance citizen participation in crowdfunding campaigns?

Description:

One of the objectives of Crowdfundmatch is to improve potential participants and citizen involvement in regional development. This knowledge would help to raise awareness about crowdfunding, create a successful crowdfunding campaign, best practices for engaging with backers, and ways to promote the campaign to reach a wider audience. It would also help develop tailored support mechanisms for individuals and businesses looking to launch crowdfunding campaigns and design digital solutions to enhance citizen participation in crowdfunding campaigns.

By raising awareness and providing necessary support, Lithuania could empower its



citizens to take advantage of the opportunities that crowdfunding offers to fund their projects and initiatives.

Choosing the mentoring pilot region and matchmaking

Choose the most appropriate mentoring pilot region for the study visit according to your knowledge needs.

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| <input type="checkbox"/> | Marche Region, Italy |
| <input type="checkbox"/> | Reg. Government of Extremadura, Spain |
| <input type="checkbox"/> | Region of Central Macedonia, Greece |
| <input type="checkbox"/> | Province of Antwerp, Belgium |
| <input checked="" type="checkbox"/> | Regional Development Agency Utrecht region, Netherlands |



PEER-TO-PEER MENTORING PLAN NORTH-WEST REGIONAL DEVELOPMENT AGENCY, ROMANIA

Presentation of the Policy Instrument selected for improvement

The selected policy instrument for improvement is the North-West Regional Program 2021-2027 (RP), specifically addressing Policy Objective 1 - "A smarter and competitive Europe." This objective aims to enhance the region's competitiveness and innovation through smart economic transformation and ICT connectivity. The focus is on boosting sustainable growth, enhancing the competitiveness of SMEs, and fostering job creation through actions like skills development, competence training, and capacity building of entities involved in smart specialization strategies.

The existing instrument needs improvement due to the evolving economic landscape and the need for innovative financing mechanisms to support SMEs. By integrating crowdfunding with European Structural and Investment Funds (ESIF), the region can unlock additional resources, diversify funding sources, and engage a broader range of stakeholders, including private investors and the community. This fund-matching approach can address current gaps in financing for SMEs, fostering more inclusive and resilient economic growth.

Improving the policy instrument by incorporating crowdfunding will provide a novel funding model that aligns with EU priorities and offers a scalable solution that could be replicated in other Romanian regions. By learning from best practices and pilot projects in more developed regions, the North-West Regional Development Agency (NW RDA) can refine this approach to create a significant impact, demonstrating the viability of this innovative financing method and enhancing the region's overall economic strategy.

Crowdfunding, fund-matching challenges, and knowledge needs

One of the primary challenges is the need for a robust policy framework that includes a reference to alternative finance in the regional strategy for entrepreneurship. This is crucial for legitimizing the launch of new programs and integrating crowdfunding into the regional and local policy processes. Although amendments to the regional program can be made without altering the overarching strategy, a strategic or policy-level approach is still necessary to incorporate crowdfunding into the regional context effectively. Another challenge is identifying the appropriate funding sources within the Regional Program (OP) to support the pilot projects and understanding how to budget the pilot appropriately. This involves allocating funds not just for co-funding



entrepreneurial projects but also for the operational expenses associated with launching the crowdfunding initiative, including training, platform fees, and dissemination activities. Finally, there is a need to design a clear and legally sound instrument that provides the structure for matching funds with crowdfunding, ensuring transparency, accountability, and equal access.

Knowledge needs 1

What is the knowledge needed, and how could this knowledge be used in policy improvement

Understanding how to integrate alternative financing mechanisms, like crowdfunding, into regional policy frameworks. This knowledge is crucial for establishing a strong foundation that supports the launch of crowdfunding initiatives within the regional strategy for entrepreneurship. Learning how other regions have successfully amended their strategies or programs to include crowdfunding would provide insights that could help in aligning regional and local policies with innovative funding approaches. This knowledge will be used to advocate for the inclusion of crowdfunding in policy documents and to navigate any regulatory or procedural hurdles.

Knowledge needs 2

What is the knowledge needed, and how could this knowledge be used in policy improvement

Identifying specific funding priorities and components within the Regional Program that can support the co-funding of projects through crowdfunding. This includes understanding how to align these initiatives with existing financial instruments and budget lines, both at the regional and local levels. By exploring how the mentoring pilot region has managed this alignment, our region can more effectively allocate resources and ensure that the pilot projects are financially sustainable. This knowledge will assist in the practical design and implementation of the pilot, ensuring it is well-funded and appropriately supported.

Knowledge needs 3

What is the knowledge needed, and how could this knowledge be used in policy improvement

Best practices in budgeting for crowdfunding pilots, particularly the dual components of funding: direct co-funding of entrepreneurial projects and the operational costs of running the crowdfunding program. This includes insights into public-private partnerships that can help offset some of the public authority's expenses, such as training, legal services, and platform costs. By learning from the experiences of the mentoring region, we can better plan for the financial aspects of launching a



crowdfunding program and ensure that all necessary costs are accounted for, thereby enhancing the program's overall effectiveness and sustainability.

Choosing the mentoring pilot region and matchmaking

Choose the most appropriate mentoring pilot region for the study visit according to your knowledge needs.

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| <input type="checkbox"/> | Marche Region, Italy |
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| <input type="checkbox"/> | Region of Central Macedonia, Greece |
| <input type="checkbox"/> | Province of Antwerp, Belgium |
| <input type="checkbox"/> | Regional Development Agency Utrecht region, Netherlands |



PEER-TO-PEER MENTORING PLAN WESTPOMERANIAN REGION, POLAND

Presentation of the Policy Instrument selected for improvement

The Economic Policy of the West Pomeranian Voivodeship defines the goals and directions of the region's socio-economic development, taking into account not only local needs but also global economic transformations and trends.

The provisions included in it are a development of the Strategy for the Development of the West Pomeranian Voivodeship 2030. They are reflected in the Regional Innovation Strategy of the West Pomeranian Voivodeship 2030.

The strategic dimension of the adopted economic policy is based on mobilizing entrepreneurial capital and creativity, and the key factors are knowledge, modern services and technologies, and increasing the capacity for interaction. The basis and natural aspect, meanwhile, is the development of the blue and green economy.

The implementation dimension of the economic policy is based on, among other things, European funds, EU Framework Programs 2021-2027, its budget, and cooperation with the public and private sectors.

The update of the document is mainly dictated by the new EU financial perspective, as well as the adaptation of provisions to the current economic situation and the update of regional smart specializations.

The new economic policy in the dimension of the new EU perspective could determine the assumptions for the implementation of crowdfunding tools in regional financial instruments financed through the regional operational program, especially in the economic dimension.

Crowdfunding, fund-matching challenges, and knowledge needs

The legal barrier at the EU level and the level of national legislation, no indication of how to implement private tools to raise project funds, and even no indication of which kind of regulations should be implemented in region and country and with which kind of EU legal regulations should be used as a basis to develop national and regional legal framework.

What kind of platforms should be used for this kind of connection between private and public financial tools? How does the process of choosing and preparing a platform work?



Which kind of solutions will be the best to make the platform easy to use and as useful as possible for future beneficiaries?

Which kind of public financial tools are chosen for combination with crowdfunding and why? The most interesting method is the selection of public financial tools. What is the key to selection? What are the types of financial tools or beneficiaries for whom the public tools are dedicated, or maybe the future allocations of funds?

How do we promote the new tools? How can the potential beneficiaries be informed and get them to a new solution? One of the most important barriers in Poland is the social trust level in public institutions, which can have an impact on the implication of new financial tools in public areas - that is why we want to learn how to »sell« new possibilities.

Knowledge needs 1

What is the knowledge needed, and how could this knowledge be used in policy improvement
Description

Only 24% of entities in the West Pomeranian region are familiar with the term "crowdfunding." However, in this group, the vast majority believe that it is a form of financing suitable for innovative projects and enterprises, including start-ups. 15% of entrepreneurs familiar with the term crowdfunding declare their intention to use this form of financing in the future.

How to promote, from the level of local government, the essence of crowdfunding as an alternative source of financing for projects, especially in the economic area.

Knowledge needs 2

What is the knowledge needed, and how could this knowledge be used in policy improvement

Almost every startup faces the same challenges - it needs capital, it doesn't know if the market is interested in the product, and it needs to create its brand and attract its first customers. For many young businesses, one of the best tools to deal with these tasks is a professionally conducted crowdfunding campaign. Crowdfunding could allow not only the presentation of a business project and the building of a community around it but also the raising of capital in the form of pre-sales or investment.

How can regional tools be applied to innovative business models of startups, programs for grants, and financing the process of creating startups and business ventures that can use crowdfunding in the future as alternative sources of funding for their activities?



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| Knowledge needs 3 |
| <i>What is the knowledge needed, and how could this knowledge be used in policy improvement</i> |
| <i>Description</i> |
| <p>How do you find investors with crowdfunding, and where do you start?</p> <p>How do you apply for finance in a complete and quality way?</p> <p>How can crowdfunding be combined with the EU perspective and regional operational program?</p> <p>It is important for future legal frameworks, which will be output and implemented on the basis of strategy, but what is important too if we want to indicate which type of financial tools and for whom should be included in the modification area?</p> |

Choosing the mentoring pilot region and matchmaking

Choose the most appropriate mentoring pilot region for the study visit according to your knowledge needs.

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