

Crowdfunding for Cultural and Creative Industries

How to use crowdfunding to finance and build communities around cultural and creative projects.

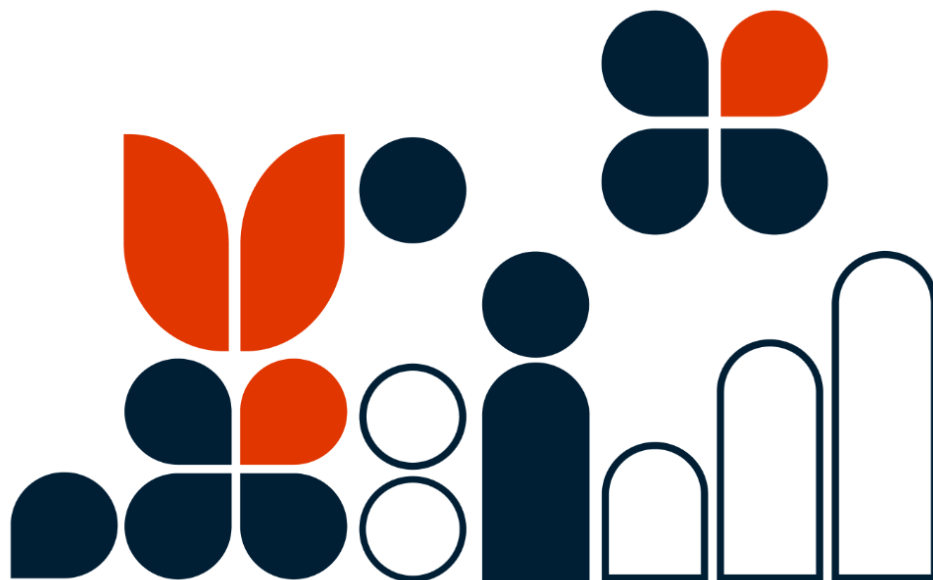


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Crowdfunding for Cultural and Creative Industries

Introduction

According to Eurostat¹ cultural and creative industries in the European Union employ 8.7 million people, equivalent to 3.8% of the total workforce, representing 1.2 million enterprises. However, data shows a significant increase in the number of cultural enterprises in most of the European countries from 2013 until today - which confirms a growth of this sector - the crisis due to COVID-19 has underlined the importance to reach a financial sustainability and self-empowerment capability for these enterprises, and the necessity to actively search different funding resources.

In this context, the Erasmus+ Project “*Creatif Academy*” creates an international strategic partnership² for the development and testing of a new innovative e-learning platform and academy, where cultural and creative organisations and professionals can build new skills and knowledge about crowdfunding and self-financing instruments.

The creation of a “*Creatif Academy*” - the online and free e-learning platform co-designed to train partner’s staff, cultural professionals and operators on using crowdfunding to promote their initiatives - aims to boost the growth and spread of crowdfunding as powerful tool for promoting arts, culture and creativity, as well as a means for collecting funds and engaging citizens and communities.

The present Handbook, developed by EUROCROWD in cooperation with the project partners³, wants to provide a general overview on crowdfunding and its application in the context of cultural and creative industries, through theoretical knowledge and practical case studies.

Creatif Academy: an Erasmus+ Project

Through the years, **crowdfunding** has become a fundamental tool for entrepreneurs and companies to enjoy easier **access to finance** for their business ideas, as well as for non-profit organisations seeking to raise funds for their initiatives.

¹ European Commission - Data on the cultural sector - <https://culture.ec.europa.eu/>

² Creatif Academy includes six partners from different EU countries (Belgium, Estonia, Germany, Italy, Slovakia, Spain).

³ EUROCROWD; Tree Agency Ou; Jugend-& Kulturprojekt e.V.; Associazione Distretto Produttivo Puglia Creativa; Bratislava Policy Institute; Fundación Goteo.

The overall **aim** of Creatif Academy is to improve crowdfunding's comprehension and to tackle obstacles on its application, incentivising people and organisations in considering it as a valuable additional instrument. With a bottom-up approach, the Project will develop more awareness on fundraising, self-financing techniques and crowdfunding methodologies.

Actors and artists, labs, initiatives and professionals in the creative sector are the main **targets** of the program, which is not only limited to those who will directly benefit from the project's activities and outcomes, but also involves a range of stakeholders working in the industry. Precisely, the project might indirectly involve also: art schools, colleges and universities; training institutes for professionals; NGOs; local authorities; VET providers; art cultural and creative organisations and foundations at all levels.

So, direct and indirect beneficiaries and stakeholders will be spread at local, national and European level, thanks to the project's transnational dimension and applicability - and the partner's pan-European network.

As specific **objectives**, the project aims to:

- Create an empowered network of professionals and people working in cultural and creative industries, stimulating and promoting partnerships between enterprises and the public sector, creating creative capital and knowledge and attracting social, human and economic resources.
- Improve awareness about self-financing methods, impacting on European cultural growth and development of cultural and creative initiatives increasing the number of cultural operators and professionals trained and employed in the involved Countries (Belgium, Estonia, Germany, Italy, Slovakia, Spain).
- Increase economic and social sustainability of cultural and creative projects on local and European level.
- Improve the number of training tools about crowdfunding and digital online and offline tools.

The creation of a **training program** on crowdfunding opportunities, with a focus on cultural and creative industries; a crowdfunding academy conceived as **e-learning academy** with multi-language content - to get information and insights on crowdfunding - and a **handbook** and **toolkit** introducing innovative and updates techniques and methodologies about crowdfunding and self-funding opportunities, innovative tips and learning contents will be the main outcomes of the present Project.

Project Partners

Project consortium is composed of six organisations, each one based in a different European country, to diversify and enrich as much as possible the partnership and spread

the initiative across different social, economic and political environments. Following, the presentation of each partner.

EUROCROWD

The **European Crowdfunding Network AISBL**⁴ (EUROCROWD), is a professional network promoting adequate transparency, (self) regulation and governance while offering a combined voice in policy discussion and public opinion building. They support their wide multi-stakeholder membership base in carrying out initiatives aimed at innovating, representing, promoting and protecting the European crowdfunding industry.

EUROCROWD's main activities aim to promote crowdfunding as a viable offering of job creation, social innovation and boost to entrepreneurship to the European public, policy makers and stakeholders; provide resources, professional support and a forum for collaborative action regarding crowdfunding, publicise and spread community successes, impacts and scale of ambitions, as well as promote innovative financial solutions for funding social and business projects.

Eurocrowd's value proposition is based on raising professional standards – throughout an open discourse with policy makers and industry regarding professional standards, best practices exchange and data provision - boost networking opportunities, providing opportunities for members from across Europe to meet together, exchanging information and ideas, and discussing the latest industry trends and issues; and Industry research and promotion, promoting, conducting or commissioning a wide variety of research on crowdfunding and its impact on economy and society.

In addition, Eurocrowd has a long-lasting experience in training and supporting adults via formal and informal education activities aiming at exploring the potentials of crowdfunding for SMEs and entrepreneurs, as well as empowering them with financial, economic and sector-specific skills. With particular reference to its education-related role, Eurocrowd has been delivering training and workshops to entrepreneurs, SMEs and businessmen to increase their knowledge and skills about crowdfunding and alternative finance. The main topics explored and explained via these trainings are linked to crowdfunding operational issues, its benefits and risks, dynamics and actors.

Tree Agency Ou

TREE Agency Ou⁵ (Estonia) is a digital agency specialised in design, management, exploitation and dissemination of EU and other donors-funded proposals. By believing in the power of communication as a tool for designing, producing and promoting social innovation

⁴ <https://eurocrowd.org>

⁵ <https://treeagency.eu>

initiatives, TREE helps any kind of stakeholder design social initiatives by developing projects' ideas and finding institutional and private donors interested in funding them. Relevant EU projects 'expertise is related to Erasmus+ KA3 and Amif proposals, where TREE takes over the dissemination and communication actions and produces e-learning platforms and solutions.

Moreover, TREE sets in place communication strategies to support and develop projects of social utility. They design and produce visual identities, multimedia content, TV commercials, and social media campaigns to improve communication to the outside world and help projects to bloom. The agency is based in Estonia and has offices in Brussels, Barcelona and Milan.

Jugend- & Kulturprojekt e.V.

Jugend- & Kulturprojekt e.V.⁶ (JKPeV) was founded in 2004 with the aim of providing opportunities for young people and adults with a focus on disadvantaged groups to develop their soft and professional skills, digital and ICT skills and stimulate their creativity and entrepreneurial skills through different forms of art, digital and media and non-formal learning methods.

Located in Dresden (Germany), JKPeV is dedicated to promoting EU citizenship and active participation of its citizens. They organise international projects, events and trainings for young people, adults, emerging artists, young entrepreneurs, young people with fewer opportunities, trainers and youth workers on site and abroad with a focus on assisting the cultural enrichment of the city of Dresden and the Free State of Saxony while also promoting the cultural diversity of the European Union.

Developing training and learning materials such as curricula, Handbooks and Workbooks, WebQuests and Podcasts, webinars, online courses and short animated films on different topics, involving specialised educators that lead trainings and workshops and inviting local and foreign participants to join these activities kindles an intercultural dialogue in the heart of an already highly acclaimed artistic and cultural hub, while on the other hand, including local citizens in our abroad events brings back to the city a fresh outlook to familiar problems and a sense of belonging to a greater group –the European.

Addressing the organisation's aim, they focus on breeding international, cross-sectoral and interdisciplinary cooperation in Dresden and the EU by offering a number of educational activities in categories such as youth work, entrepreneurship and digital media, active citizenship and volunteering, environment and sustainability, arts and culture for self-expression and empowerment annually with local and international participants and educators.

⁶ <https://www.jkpev.de/en/>

Public events offer the possibility for all citizens of the city wherein they take place to experience first-hand the intellectual and artistic approaches of individuals from other countries, facilitating thus the cross-cultural dialogue on common issues. Indeed - aside from projects, events and education activities - JKPeV also offers the opportunity to young adults to immerse themselves in this cultural and educational dialogue further by offering Internship and Volunteering possibilities to allow them to better understand the possibilities, opportunities and cultural diversity present within the European Union.

Associazione Distretto Produttivo Puglia Creativa

Puglia Creativa⁷ is a cluster, based in Bari (Italy) of more than 100 public and private entities working in the fields of culture and creativity throughout the regional territory of Puglia. Its members are mostly SMEs and associations, but also Universities, research centres, trade associations and labour unions. Recognized by the Region of Puglia on the 27th Nov 2012, it is a private non-profit body with the public service mission of having a systematic interaction with policy makers at regional, national and European level in order to influence the decision-making process on strategic policies for supporting the cultural and creative sector.

To this scope and in line with EU Policies, it promotes innovation, training and internationalisation. It operates for: the development of the territorial cultural and creative sector by proposing draft laws, suggestions for regulatory framework, administrative simplifications, research and studies; the consolidation of cultural and creative enterprises by encouraging the introduction of "tailor-made" financial, fiscal and incentive instruments; the strengthening of spillover effects and cross-sectoral impacts, by nurturing with creativity sectors other economic sectors.

Through its territorial coordinators at regional level (Bari, Lecce, Brindisi-Taranto and BAT-Foggia) it performs a capillary monitoring of the socio-economic dynamics of the Puglia region. Following a deep bottom-up activity of involvement of cultural and creative industries and implementing most of the objectives indicated in its development plan, today is considered the voice of Puglia's cultural and creative enterprises. Attentive to listening to the problems and needs of the sector, Puglia Creativa became the spokesperson at national and regional level, promoting strategies and actions, stimulating policies for the development of the cultural and creative sector, facilitating innovation processes.

In addition, thanks to its widespread throughout the Puglia region territory, it carries out a significant activity of events and training workshops organisation, it promotes info-day about calls and other opportunities of Apulia Region, Ministries and EU. It supports its activities with an intensive multi-channel communication using newsletter, website and social media channels. Through such activities, Puglia Creativa reaches and informs about 10,300 unique

⁷ <https://www.pugliacreativa.it>

users and consolidated fruitful relationships with the main regional and national press and communication media and agencies.

Bratislava Policy Institute

Bratislava Policy Institute⁸ (BPI) is an independent, not-for-profit and research driven, think tank established in Bratislava (Slovakia) in 2017, dedicated to fostering liberal democracy, human rights, Central European region development and European integration, through analysis and debate in a multitude of areas - such as Sociology, Migration, Ethnicity, Public Policy, Youth Development - and supporting and challenging relevant stakeholders at national and international level.

The main objective of BPI is to support and develop public policy research initiatives and to provide public policy orientated expertise in the areas already mentioned. BPI's team is made up of sociologists, political scientists, psychologists, educators and passionate interns, able to engage in interdisciplinary research and public policy consultancy.

In its activities, BPI fosters publication activities, organises seminars, conferences, and workshops, works on expert standpoints and public policy materials development and consultancy. It recently finished several projects dealing with older education of key stakeholders and public policies in Slovakia, like the "Building professional capacities on the local and regional level in the fight and prevention of radicalization and extremism in the online sphere".

Fundación Platoniq

Platoniq Foundation⁹ is a team of social innovators and digital platform developers based in Barcelona, Palma and Madrid. Since 2005, Platoniq carries out activities and projects, with a unique spin on cultural heritage, remix, collaboration, and sharing where the social uses of ICTs and networking are applied to enhance co-creation, self-training, social entrepreneurship, and citizen's organisation. Platoniq's work generates innovative software applications and training methods endorsed by national and international institutions including local governments, universities, professional associations and innovation agencies. To do so, Platoniq designs open and inclusive physical spaces to improve the impact of civic initiatives, testing and validating effective means of incentivising progressive engagement and long-term participation in crowd-based collective intelligence. Furthermore, Platoniq's tools and methodologies, endorsed by national and international institutions including local governments, universities, professional associations and innovation agencies accompany the transition towards civic participation through online platforms. Platoniq is

⁸ <https://www.bpi.sk>

⁹ <https://journal.platoniq.net/es/wilder-journal-1/>

the Founder of the Goteo platform¹⁰, a recognized, award-winning creator of an open standard for crowdfunding for the commons and generating new digital commons.

The Goteo community interacts in an established social network for crowdfunding and digital collaboration, including services, infrastructure, micro tasking and other resources for encouraging independent development of creative, innovative initiatives contributing to the common good, free knowledge and open code.

Every year Fundació Platoniq trains an average of 250 people in their workshops on ICT, Design thinking, Deliberation and civic crowdfunding, and participates in more than 35 national and international events on technology and culture, attended by over 10,000 people. Many of their projects have been adopted and reproduced by several cultural groups, training centres and institutions around the world. They have over 265.000 users signed up to their online platforms, more than 35,000 followers in their social networks and receive an average of 12,000 visits per day on their respective websites. The crowdfunding platform Goteo.org, funded in 2011 by Platoniq, has received awards and international recognitions over the years, and has replicas and alliances in several countries around the world. Since 2011, Goteo.org has received over 6.687 projects, with over 1.680 of these going on to be published, and a current success rate of 81%. The total funds raised by the platform so far is 15.000.000 EUR. In the year 2021, Goteo.org reached its record amount of funds annually collected with a total of more than 2,7 million euros with a success rate of 90%. Its weekly newsletter reaches more than 100.000 users in three different languages, Spanish, Catalan and English.

Currently, the team is engaged in developing the concept of Crowdvocacy as a distributed but coordinated process between different platforms where civic initiatives increase their influence. In this context, Platoniq is working closely with major digital platforms for citizen participation launched by the municipalities of Madrid and Barcelona – Decide Madrid (Consul) and Decidim.

¹⁰ <https://goteo.org/>

Crowdfunding for dummies

Actors involved

Crowdfunding is considered an informal financing tool that facilitates the projects' or businesses' financing. To understand how it works it is necessary to consider the actors involved in the process, and mechanisms and characteristics behind them.

All crowdfunding activities have to be fulfilled with the participation of three main figures: the platform, the project owner and the crowd. Their roles are interrelated, operating in relation and thanks to the existence of the others.

Online platforms are considered intermediaries that serve as a match point between project owners and funders, essential for crowdfunding campaigns' launch and publication. They play a central role, allowing to reduce geographical distances and facilitating interactions between those who are looking for funds, and those who have the possibility to financially contribute to projects.

Platforms generally decide, based on a specific business plan, the typology of the projects hosted (designing model, characteristics and guidelines), and the operating structure of costs. Additionally, some platforms offer consultancy and training activities to project owners, to guide them in the development and spread of their campaigns.

To be performing, each platform needs to target its specific sector in the market, and decide which crowdfunding model operates - reward-based/donation-based if operating without financial mechanisms or lending-based/equity-based if operating under financial mechanisms. Although project owners can choose to finance and promote their projects through different models, platforms usually only operate one model from the above mentioned - with some exception, like donation and reward platforms, which usually operate both, and other mixed models¹¹

Later in the text it is explained why.

The platform's mechanism for raising funds is another point that needs to be cleared. There are two different types of collecting funds through crowdfunding platforms: *keep-it-all* (KIA) and *all-or-nothing* (AON). Each crowdfunding campaign has a funding goal - set by the project owner to cover its cost's realisation - that ideally should be reached at the end of the campaign, to consider it successful. Before the launch of the campaign, the project owner and the platform agreed on the mechanism to adopt. In the keep-it-all, the project owner is allowed to keep all the funds collected regardless the campaign reached its financial goal. On the contrary, in the all-or-nothing, the project owner will return all the money collected if the sum will not reach the financial goal set.

Even if this differentiation is common in reward-based platforms, this does not exclude that

¹¹ Like Bolsa Sociale or Bizkaia Crowdfunding, which operates equity and lending, or Dartagnans crowdfunding which works with donation and equity.

other models can operate the same distinction.

One last thing to consider is the cost structure of the platform. Each platform has its own cost, that the project owner has to sustain to launch and publish its crowdfunding campaign. Even if the cost structure can be designed differently from each platform, the main difference is between the application of a *success rate* or a *flat fee*. The first one is a percentage rate applied just if the campaign reaches its funding goal; the second one is a fixed fee that needs to be paid before the publication of the campaign, regardless of the achievement of the funding goal.

Finally, it is important to keep in mind that models and mechanisms change from one to another platform. So, the project owner has to analyse individually how each platform operates before selecting the one more suitable for the project itself.

The **promoter**, also called creator or project owner, is the person or organisation that initiates the crowdfunding campaign with a view to collect funds for its project. As already said, everyone can consider and use crowdfunding as a source of finance. Project creators need to take into account different elements before, during and after the crowdfunding campaign. Being an active creator and attracting funds means providing a SMART¹² goal, study the market segment to target, develop and share a precise action and strategy plan and provide updates on the advancement works. A good and deep knowledge of crowdfunding is indispensable for its correct use.

First, they have to define the project clearly, in terms of goals, outcomes, structure and costs. Later in the handbook, a dedicated section will discuss all the tricks and tips to follow in the development of a crowdfunding campaign.

The **crowd**, basically composed of investors¹³ or supporters¹⁴ are people involved in the process as funds-giver. Their interest and their involvement in the process is crucial for the result of the crowdfunding campaign. It is on the project owner to identify and involve the crowd, counting on different communication channels to drive supporters or investors. There could be different reasons why individuals decide to support a campaign: they could be motivated by the fact that supporters receive back products or financial benefits (like discounts); or due to the belief that its contribution will have a fundamental impact on the project success. Further in the text, we will see how and why people participate in crowdfunding campaigns for all crowdfunding models.

Generally speaking, all the fundraising-related studies pay particular attention to the donors' motivation and behaviours, as if they were customers of multinational companies. Understanding the reasons behind donations or investments are the key point for any

¹² Specific, Measurable, Achievable, Realistic, Timely - referred to the process of setting goals, which includes the provision of a target to aim for. Specific means well defined, clear, and unambiguous. Measurable foresee the existence of some criteria that measure progresses to goals' attainment. Achievable means not impossible to achieve. Realistic means real and relevant to purpose in terms of time and resources. Timely means having clear timelines and deadlines. SMART goals incorporate these five indicators to help focus efforts and increase the chances of achieving a goal.

¹³ If we consider financial models of crowdfunding (equity and lending)

¹⁴ If we are talking about non-financial models of crowdfunding (donation and reward)

successful initiative of fundraising, which became more important in crowdfunding because of the lack of a direct contact between project owners and funders.

Supporters' motivations to contribute might be economic, emotional or social: some of them want to be part of a success other's initiative¹⁵; others want to be involved in a common social initiative¹⁶ or - easily - some just want to spend part of their money to concretely contribute to the realisation of a specific service, product or business^{17,18}. Gerber (2012) classified four macro-types of individuals' motivation in participating in fundraising activities:

- who acts to get rewards,
- who wants to help others,
- who desires to belong to a community and
- who wants to support a cause¹⁹.

What is crowdfunding?

Crowdfunding - as a financial tool - permits collecting funds for a project with small money contributions from a large group of people. So, differently from the other traditional forms of financing, rather than asking for substantial sums from a small number of investors, project owners - through crowdfunding campaigns - gain small amounts of money from different and numerous funders. Over the years, it has become an efficient alternative source of funding for those who are looking for external funds, making feasible fundraising through open calls on the Internet.

Since its first emergence on the European market, crowdfunding has gradually established itself as a new and increasingly reliable option for start-ups and SMEs, but also for not-for-profit and public administrations, to raise capital.

In 2015, the Joint Research Centre (JRC) of the EC described crowdfunding as *"an open call for collecting of resources (funds, money, tangible goods, time) from the population at large through an Internet platform. In return for their contributions, the crowd can receive a number of tangible or intangible benefits, which depend on the type of crowdfunding"*.

To better understand the building blocks of the crowdfunding mechanism, the above-mentioned definition can be broken down into four main elements:

- **crowdfunding as an open call to collect resources for a specific business idea** – investors and supporters are able to directly select the projects in which they want to

¹⁵ desire of patronage

¹⁶ desire of social participation

¹⁷ desire for investment

¹⁸ Ordanini, A., Miceli, L., Pizzetti, M. and Parasuraman, A., (2011). *Crowdfunding: transforming customers into investors through innovative service platforms*. *Journal of Service Management*, 22(4), p.461.

¹⁹ Gerber, E. M. and Hui, J.S. and Kuo, P. (2012). *Crowdfunding: why people are motivated to participate*. Working paper, Northwestern University.

invest, according to their expectations and their preferences in terms of sector, risk level and financial or non-financial incentives;

- **from the population at large** – it enables any individual to financially contribute to projects that are hosted on a crowdfunding platform. Crowdfunding therefore leverages both on the concept of wisdom of the crowd and the democratisation of finance;
- **through an internet platform** – crowdfunding is enabled by ‘crowdfunding platforms’, which are, in fact, websites where fundraisers and the crowd interact and make financial transactions. The platforms provide secure and user-friendly space and services to crowdfunding actors;
- **in return for their contributions, the crowd can receive tangible or intangible advantages** – investors and supporters can receive benefits, ranging from non-financial tangible benefits (e.g., a ticket to access a cultural event) to financial returns on their initial investment (e.g., interest rate in lending-based crowdfunding or a share of the profits of a company in equity-based crowdfunding)²⁰.

Even if "crowdfunding" is a term coined in 2006, historically, this practice has a long and shapely usage: the first action that can be catalogued as crowdfunding initiative goes back to 1700, when the Irish Loan Fund²¹ promoted its first fundraising campaign to provide loans for low-income families living in rural areas. Another famous initiative, dated back to the late 90s, is the Marillion's (a British Rock band) request for money to finance their tour in the United States. They have succeeded in raising \$60,000 from fans²². JustGiving²³, Kiva²⁴ or Prosper²⁵ are just other initiatives created before crowdfunding, as we know it today, existed. Most of the recent literature mentions Indiegogo²⁶ and Kickstarter²⁷ as the most important

²⁰ Crowdfunding and ESF opportunities: future perspectives for managing authorities - Manual June 2020. *Fi-compass*.

²¹ The so-called Irish Loan Fund was created by Jonathan Swift to support low-income families, with no credit experience, with financial loans. Thanks to this fund around 300 programs in the whole of Ireland were financed, with an 20% estimated pick between households.

²² <https://www.untitledblog.co.uk/post/marillion-the-rise-of-internet-crowdfunding>

²³ Zarine Kharas and Anne-Marie Huby decided, in 2000, to found a new charity company: JustGiving. The idea was to provide a new online instrument which was able to process and collect all the charitable donations. JustGiving allows anyone to raise money for any good cause. It's free to sign up and create a Crowdfunding Page on JustGiving and, at the end of the campaign, they will send everything raised directly to the promoter. It is assessed that the platform had helped, both individuals and companies, in raising funds for more than 1 billion dollars in the field of charity.

²⁴ Kiva is an American not for profit organisation that created an open platform where people can lend or ask for money via the Internet. From the side of beneficiaries, Kiva selected just two categories: low-income entrepreneurs and students. It operates with 77 countries to expand financial access to help and support underserved communities and people. In five years, since 2005, Kiva contributed to the financing of around 1.6 million loans, consisting of more than 1.33 billion dollars.

²⁵ In 2009, the American company Prosper Funding LLC, specialised in the peer-to-peer lending industry decided to extend its sphere of competence launching the, above mentioned, Prosper Marketplace through its website Prosper.com. Here, individuals and companies can invest in personal loans or request for money. It is considered the first US peer-to-peer lending website.

²⁶ In 2008, Slava Rubin, Eric Schell and Danae Ringelmann decided to create a new crowdfunding website, immediately recognized as the first American reward-based crowdfunding site. Indiegogo creates a space where people solicit funds for start-up, ideas and projects or just for charity. As a rewards-based system, all those who contribute to the funding of a project will be rewarded with a gift, tangible or not.

²⁷ Yancey Strickler, Perry Chen and Charles Adler in 2009, with the aim of supporting creative projects created one of the best and most used inventions of 2010: Kickstarter. It was born as an American corporation operating in the public benefit sector. It

initiatives that contributed to the beginning of the current crowdfunding mechanisms and systems.

Legal Framework

The **European Crowdfunding Service Providers for Business Regulation (ECSPR)**²⁸, initially proposed by the European Commission in March 2018, as part of its Fintech action plan, will, once approved, allow platforms to be recognised at EU level based on a single set of rules. The implementation of the ECSP will take place as of 10 November 2023 across the EU, and will be applicable to all equity and lending crowdfunding platforms that will want to continue to operate in the EU.

The ECSP legislation is set out to harmonise crowdfunding offerings across Europe by establishing an independent framework, yet integrated into existing relevant financial services regulations. This will allow crowdfunding actors to operate under the supervision of national regulators across the EU for the provision of securities-based crowdfunding and business loans. The regulation will not affect donation or reward crowdfunding, or other types of 'hybrid' crowdfunding models, such as some forms of subordinated debt within national legal frameworks. The specific rules are not published yet, however, some of the key points that ECSP will address are:

- A **uniform set of criteria** will apply to all ECSP up to offers of EUR 5 million across all EU Member States, calculated over a period of 12 months per project owner. The shares of some private limited liability companies, which are freely transferable on capital markets, are included in the scope of the legislation in order to enable small and medium sized enterprises to benefit;
- **Investors** will be provided with a key investment information sheet (KIIS) drawn up by the project owner either for each crowdfunding offer, or at platform level. Crowdfunding service providers will need to give clients clear information about the financial risks and charges they may incur, including insolvency risks and project selection criteria. In addition, investors identified as non-sophisticated will be offered more in-depth advice and guidance, in relation to their ability to bear losses, and a warning in case their investment exceeds either EUR 1 000 or 5% of their net worth, followed by a reflection period of four calendar days;
- Any prospective ECSP regulated platform will need to request **authorisation** from the national competent authority (NCA) of the Member State in which they are established. Through a notification procedure in a Member State, ECSP will then also be able to provide their services cross-border. Supervision will be carried out by NCAs with the ESMA facilitating and coordinating cooperation between Member States.

manages a global crowdfunding platform focused on creativity. In 2019, after 10 years of work, it has collected more than 4.6 billion euros from around 17.2 million backers to support over 445,000 creative projects.

²⁸ Regulation (EU) 2020/1503, October 2020.

Notwithstanding the entry into force of ECSPR, the fiscal frameworks applicable to crowdfunding campaigns, project owners and investors will remain linked to each national framework, as fiscal policy is one of the core competence areas of national governments in the EU.

Why you should use crowdfunding

Crowdfunding, as an alternative to traditional financial circuits, can substitute conventional bank loans, giving individuals and organisations the **opportunity** to test the interest in their ideas or services before introducing it on the market.

Considering the **project owner's point of view**, crowdfunding platforms provide a simple, structured and organised space to ask and raise financial resources from many different people in a distributed network. In this way, it is possible to attract resources safely and easily, especially for those unable to access financial assets from traditional sources. Indeed, crowdfunding allows them to increase awareness of their work, sharing and publicising their projects and connecting people through long-term interactions. This satisfies their desire for approval: a huge support and high amount of money quantify the project' value and, as a consequence, the value of their work. Successful experiences and success' public recognition increase the personal self- confidence and the perception of individual ability and skills. Furthermore, control crowdfunding campaigns obligate creators to experience themselves in new areas, that usually are set outside their professional sphere, learning new forms of communication, creating awareness and developing new innovative skills.

However, it is important to also consider risks associated with use of crowdfunding platforms. For example, the possibility, once online, that other entrepreneurs will copy and implement the same product or service, or the risks and issues related to intellectual property of submitted ideas.

From a **funder's point of view**, one of the most common motivations in participating in crowdfunding initiatives is the will to gain rewards, whether they are personal acknowledgments, tangible objects or new experiences.

Supporters tend to act as consumers, or supporters, expressing their interest in some products and having a reward, in exchange for interest shown and money invested. Sometimes, they even contributed volunteering to help in other ways, like sharing campaigns, exploiting dissemination through other groups and communities, or giving hours of work for the realisation of the initiative. Instead, others are motivated to give, satisfying their desire to help project owners, due to the existence of a personal or extended connection. Funders may want to be part of a selected group which will actively participate in the creation of a new and innovative final product, as part of the project. Finally, crowdfunding gives to everyone the chance to support causes close to one's personal values and beliefs.

There is also a mistrust of crowdfunding effectiveness, mainly caused by the fact that sometimes platforms allow creators to keep the raised amount of money, even if the funding goal is not reached, fearing that their money will not be used effectively. In addition, no one can ensure them a direct information and constant updates; respect of time scheduled; effective use of funds and good communications; reducing their motivation to participate and sustain crowdfunding campaigns²⁹.

²⁹ Gerber, E., & Hui, J. (2013). *Crowdfunding: Motivations and deterrents for participation*. *ACM Transaction on Computer-Human Interaction*, 20(34), pp.1-32.

How to identify the right model

As already mentioned, first it is important to distinguish financial models from no-financial models of crowdfunding.

It is essential to have a complete overview of all the **crowdfunding platforms models**.

Profit oriented, or financial, are those models with a view on generating income for users, in terms of present or future revenues. They operate under financial instruments and are mainly related to a private use: users are start-up and small and medium enterprises that generate, in a second time, an income. This is the case of landing-based and equity-based, where promoters are private enterprises or entrepreneurs and users are investors looking for innovative projects to invest their money.

On the other hand, **no profit oriented**, or non-financial, are those platforms aimed at helping others or giving space and greater visibility to good causes, with no interest in economic returns. Supporters, in these cases, are completely devoted to projects, services and goods which, in aggregate terms, improve personal, individual or collective situations of promoters or users. The only important thing, here, is that the money raised will be used for a good purpose - regardless funders donate it to a single person³⁰ or an organisation³¹. It is the case of the donation-based and reward-based crowdfunding model. So, funders do not expect anything in return for their contributions and project owners will use that money for social and good purposes coherent with the project's aim. It is also possible to consider reward-based models as borderline between commercial and non-commercial models. In fact, rewards could be the result of a charity donation to thank funders that believe and support a specific cause (as in the case of all the not-for profit organisations that do fundraising through crowdfunding), or the consequence of the outcome reached by a private company in the realisation of its new product, in a pre-selling view for those who financially contributed to its finalisation.

Donation

In introducing online forms of fundraising, crowdfunding gave a new meaning to **donation**, exploiting crowds' power to participate in remote projects that could not have been financed otherwise. In fact, it is hard for random people to decide to donate their money for unknown and distant causes through traditional financial instruments. Simplifying fundraising processes, also for not-for-profit and social purposes, donation-based models of crowdfunding have become more and more used in recent years. Here, platforms are places where someone can find or ask for help, redefining the sense of charity.

In this model, supporters do not expect anything in return for their contribution, if not the

³⁰ For a personal good purpose, as when a student is raising money to be able to pay university fees.

³¹ For the development of a public/private service/product.

satisfaction of having helped someone in need. This model is mostly used to raise funds for public and good causes, in every sector of life - from helping a student in paying university fees, to donating money for the construction of a well in a remote part of the world, which will provide water to the local population. GoFundMe and CrowdRise are two examples of this type of platforms, one is different from the other only because the first is legally recognized as a not-for-profit foundation, while the second acts as intermediary between Internet users and not-for-profit associations and organisations. Those who participate in the fundraising could be considered as philanthropist figures, but, as in the other crowdfunding model, a successful campaign is subject to the matching mechanism which connects funders' preferences and project's characteristics. Although donors in this model can overcome geographical and physical distances, helping unserved groups on the other side of the globe, it is still one of the less used models. Looking ahead, it is estimated that it will be one of the principal channels to financially support non-profit organisations, charity, prosocial associations and good causes initiatives³².

Donation-based crowdfunding in points				
No commercial or financial regulations applicable, usually it is regulated from the donations regulation of each country.	Funders do not expect anything in exchange for their economic contributions.	Those who decide to contribute can be considered as philanthropists. Usually, their choices are driven by proximity criteria ³³ .	It is potentially open to all types of projects and all types of supporters.	The relationship between the donors and the project owners ends once the money is transferred. There are no additional duties for the project owner, but the project's realisation itself.

Reward

Reward-based crowdfunding attracted increasing interest from people, due to the fact that it had offered entrepreneurs new opportunities to test their potential business ideas in real markets, assessing future investments' perspectives in the first stages of the product creation process. Here, in a perspective of **future rewards** (tangible or intangible), people decide to financially support the project. Different amounts of investments correspond to

³² Zhao, L. and Shneor, R. (2020). *Donation Crowdfunding: Principles and Donor Behaviour*. In Shneor R., Zhao L., Flaaten BT. *Advances in Crowdfunding*. Palgrave Macmillan, Cham.

³³ They are geographically or ideally close to the project's goal.

different rewards that can vary due to the crowdfunding campaign' goal; the item developed or the final product commercialised.

Possible rewards can be the possibility for backers to receive public recognition of some sort, such as an invitation to the opening ceremony, but also to receive a new product with a lower price. Basically, reward platforms have the capability to attract and match project owners' needs to funders' desires of pre-purchase, reducing risks and costs for the former. Thus, funding acts as a predictor of future market demand and is extremely useful to forecast future developments. So, this model might be considered also as a **marketing tool** and a base of co-creation: it is thanks to the pre-ordering that creators can estimate the market demand and their future sales, with the advantage of analysing it as soon as the item enters into the market, assessing the potentiality and consequences of the introduction of new products in the market and consequently reducing uncertainties and risks. This kind of market research and analysis serves to develop more attractive products, which will satisfy consumers' needs by indirectly including customers into the developing and designing processes. It can be considered as a two-sided market model: buyers are supporters able to express their ideas contributing to the campaign and financially sustain sellers in the achieving of goals; sellers, on the other hand, besides creating and promoting the fundraising campaign to collect the amount of money they need to develop the product, adjust the initial idea in order to meet buyers demands. Rewards can be divided into three levels:

- in the **lower** one, people are simply thanked for their contribution through a direct mail or message from the promoting company or the creator;
- in the **middle** one, creator gives to funders the product that they contribute to realise, usually the object of the campaign (where is tangible) or the privileged access to a service (where is not-tangible);
- in the **higher** one, the funders will be involved in high value consideration items, such as an interview with the creator.

This all is possible thanks to the intermediary role played by the crowdfunding platform, as Kickstarter³⁴ or Indiegogo, but also Startnext, Ulule or Verkami.

³⁴Zhao, L. and Ryu, S. (2020). *Reward-Based Crowdfunding Research and Practice*. In Shneor, R. and Zhao, L. and Flaten BT. *Advances in Crowdfunding*. Palgrave Macmillan, Cham.

Reward-based crowdfunding in points

Commercial regulations applicable, usually it is regulated differently in each country.	Supporters do expect, in return for their economic contributions, tangible or intangible rewards.	Those who decide to contribute can be considered as supporters, driven by the fact of having a return for their support and, sometimes by proximity criteria ³⁵ .	It is potentially open to all types of projects, but is developed around specific communities of reference, based on the project's scope - products or sectors.	There is a long-term relationship between the supporters and the project owners, which ends when the project owner delivers the rewards.
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Equity

Also called crowd-investment, equity crowdfunding is frequently used by smaller firms for start-ups that have difficulties to raise enough money to be competitive on the market. In 2008, the first equity crowdfunding platform was launched online and from that moment, this model rapidly grew, in particular in the start-ups sector. Investors can get either a **share** of the firm or more commonly, they get a fixed share of future profits. Generally, equity investments are the consequence of marketing activities of crowdfunding campaigns, which exploit the personal connections and stakeholders of the promoting company. Once again, it is the platform which plays a decisive role, attracting funders. The campaign websites, together with other social media where the campaign is publicised, serve not only to **find investors** but also to show the advancement status of the project and of the fundraising. In addition, the company has the chance to expand its starting network, building new relations. The majority of equity-based crowdfunding platforms open up to project owners a digital space of visibility, inside which all prospective investors can be updated on: the amount already invested; the other investors; investments already committed, and comments written by other users. Usually, investors are interested and decide based on observable indicators, campaign characteristics and on the quality and quantity of committed investments.

³⁵ They are geographically or ideally close to the project's goal.

Equity-based crowdfunding in points

European Crowdfunding Service Providers Regulation (ECSPR) applicable at European level	Investors do expect, in return for their investment, a share of the firm or a fixed share of future profits.	Those who invest in these initiatives are mainly driven by the perspective of future revenues generated from an innovative project.	It is closed to innovative start-ups and SMEs that are looking for funds to enter in their market segment. And to investors, that have the possibility to opt out of monetization for an undefined period of time.	There is an open-ended relationship between investors and project owners, which cannot be defined in terms of time. Investing in innovative projects means having a certain degree of insolvency.
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Lending

ZOPA³⁶ and Prosper, in the mid-2000s, opened the way for crowdfunding, entering in the world arena with the lending-based model.

Lending-based models are characterised by a **system of loans**. The crowd of investors, decide to financially invest in a project, in return for a later repayment³⁷ within a predetermined period of time. Traditional lending platforms provide, for this refund, a specific interest rate. There is also the case of the so-called *solidarity-based microcredit platforms*, where the interest rate is always equal to zero, that decided to delete this option making possible the use of these mechanisms without additional costs, to both creators and supporters.

Here, investors basically finance the project at a **precise and known interest rate**. From this perspective, the online platform replaces banks, allowing people to organise themselves and their funds in groups, guided by a group leader who can influence and direct personal investments on particular campaigns, sometimes promoting money transfers within the group itself.

³⁶ Zopa was the first British peer-to-peer lending company with an available banking licence, founded and launched between 2004 and 2005. Becoming operative in 2005, the crowdfunding platform started working on giving personal loans to British consumers, provided thanks to retail investors funds. Here, single investors are automatically matched to borrowers, based on their own lending criteria and appetite, bypassing traditional lending processes. After more than 10 years of work, the company became the first in its country (in the peer-to-peer lending sector), lending more than two billion pounds.

³⁷ Belleflamme, P. and Omrani, N. and Peitz, M. (2015). *The economics of crowdfunding platforms*. Information Economics and Policy, 33, pp. 11-28.

The most common form of lending-based crowdfunding is the profit-oriented lending, characterised by the interaction between private investors, who aim for profitable investments, and firms, who want to take credits; and by better interest rates for investors and borrowers as well as fewer limitations. Some platforms, also, offer the option to give credits with no or just minimal return rates, called social lending model, where investors finance projects without the intention to make profit but to support mostly social projects. In addition, a special form is peer-to-peer lending, defined by the fact that the borrowers are individuals and not firms. Therefore, the platform acts as an **intermediary** between an individual investor and an individual borrower; used both for profit and social lending³⁸.

Lending-based crowdfunding in points				
European Crowdfunding Service Providers Regulation (ECSPR) applicable at European level.	Investors do expect, for their investment, the return on investment in a defined period of time and in a fixed interest rate.	Those who invest in these initiatives are driven by the return on investment, contributing to the project mainly for financial reasons.	It is used by SMEs already well positioned in the market. And to investors, that have the possibility to immobilise their liquidity for a defined period of time.	There is a defined mid-term relation between investors and project owners. When investors contribute, they already know how long and at what interest rate they will get the loaned money back.

Market developments

The importance of crowdfunding for European businesses and investors is shown by the steady increase in transaction volumes in the past years, as shown by **data** reported by the Cambridge Center for Alternative Finance.³⁹ Although such volumes remain relatively small if compared to more established finance sources, such as venture capital/private equity and business angels, it is worth looking at some elements that can highlight the relevance of crowdfunding:

- The size of the European market in 2013 amounted to approximately EUR 1.5 billion, but latest data referred to 2020 show that volumes grew to over EUR 22.6 billion (including a natural contraction in 2020, due to the Covid-19 pandemic). This

³⁸ Ziegler, T. and Shneor, R. (2020). *Lending Crowdfunding: Principles and Market Development*. In Shneor, R. and Zhao, L. and Flaten, B.T. *Advances in Crowdfunding*. Palgrave Macmillan, Cham.

³⁹ Ziegler, T. and Shneor, R. (2021), *The 2nd Global Alternative Finance Market Benchmarking Report*. Cambridge Center for Alternative Finance

increase in volumes is also a signal of increased demand for crowdfunding, both from businesses looking to access finance in alternative ways, and from institutional, professional and retail investors looking for new opportunities

- From 2013 to 2020, the crowdfunding market in Europe **grew** at an average annual rate of approximately 80%
- When analysing market trends in relation to crowdfunding models, data clearly shows a **preponderance of financial crowdfunding types** (lending and equity), both in terms of volumes raised and in terms of number of platforms. Non-financial crowdfunding models (donation and reward) have also witnessed an increase in volumes, yet remaining much more limited in comparison with financial crowdfunding models;
- At the same time, the increase in number of crowdfunding campaigns launched through **donation** and **reward** platforms is significantly higher than that of projects that have raised funds through equity and lending portals, due to the different set of requirements and procedures that the models require;
- In terms of successfully funded crowdfunding campaigns, the **average success rate** per crowdfunding model was 69% for donation-based crowdfunding, 66% for rewards-based crowdfunding, 83% for lending crowdfunding and 81% for equity crowdfunding. In other words, funding was successfully raised for two out of three projects that launched a donation or reward campaign, and for four out of five projects that launched a lending or equity campaign.

The complementarity of crowdfunding

So far, we saw crowdfunding as an **alternative tool** to traditional funding mechanisms. As part of the economic benefits of crowdfunding, its utilisation is crucial because it reduces time between request and fund allocation; it has a variety of declinations and conditions to which the capital the project owner needs to raise is subject - depending on the model; and it gives more flexibility on the funding goal⁴⁰.

Looking at it in a critical way, crowdfunding is not always sufficient. In fact, it potentially increases the chances to **unlock other types of funds**, working as a catalyst if seen in a broader financial strategy. In fact, crowdfunding shows two tangible indicators of the project or idea promoted:

- The validation from its market segment, thanks to the crowd that contributes in supporting the crowdfunding campaign;
- The capacity of the project to raise private funds.

If we start to consider crowdfunding not just as an alternative, but as a **complementary** source of finance, it is possible to analyse how the different models the project owners choose adapts not just to different types of projects, but also to different stages of the growth of an organisation itself. From this perspective, it is possible to consider the **funding mix** as the combination of funds that an organisation can draw on. As the production chain is the sequence of processes - or actions- carried out in succession in order to transform the raw materials into a finished product, the investment chain will therefore be the sequence of financing steps needed for the company to reach its **maturity** on the market.

Five steps for company building

- **Existence** - this initial phase goes from the emergence of the idea within the founding team until the official registration of a legal entity connected to the pursuit of the idea development. In this stage, the company is usually self-financed and requires mainly an investment in terms of time and expertise, generally drawn among members of the founding team.
- **Survival** - the second stage of development for a company is the classic “startup phase”. In this stage, the founding team has taken the step to formalise the legal entity as a registered company and will start looking to translate their ideas into practical output. The most common way to raise the needed funding to allow the company to survive is through public subsidies, usually aimed at strengthening the business plan and market positioning of the company.
- **Success** - the passage onto this third stage is more blurred than the one between phase one and two, as there is no certified legal act to define it. In this third phase,

⁴⁰ Funding goals can also exceed the amount requested in cases of *overfunding*.

the startup is able to place its products on the market and generate revenues, which should get the company to reach the break-even point (stage in which revenues are able to cover for costs and the founding team is no longer investing its own resources to keep it running). Since revenues can vary from one year to the next, the Success phase is the one in which startups can linger even for a long period of time, if its business model is not fully equipped to take it to the next step.

- **Take-off** - If the startup can consolidate their business model, it will get through the so-called “death valley” and move into the next stage of development. In this phase, the revenue generation capacity of the startup is well developed and it can ensure that the company is operating in the profit-making space. The take-off stage is usually highly capital-intensive, as it usually requires that the startup explores new revenue-generating streams, outlines its expansion plans in other markets, develops new partnerships that can strengthen its position on the market, and increases its hiring capacity both in numbers and in expertise of professional profiles.
- **Maturity** - the final stage for company development is represented by the moment in which it can be defined as a “mature” company. A mature firm is a company that is well-established in its industry, with a well-known product and loyal customer following. Mature firms typically face steady competition and exhibit slow and steady growth. Mature companies also tend to pay dividends and can boost profits through cost cuts and efficiency improvements.

In all of the above-listed stages, crowdfunding can play a **significant role** both in supporting the transition from one phase to the next, and in supporting the consolidation of a company position on the market and towards potential investors. As an example, a company in the existence and survival stages could opt for reward crowdfunding to raise its visibility and raise funding to launch its products and services on the market, while attracting a larger potential clients’ base. Reward crowdfunding can also be used to validate the viability of the product and business plan, in preparation for a higher funding round (i.e., proof of concept for business angels or VCs). In addition to reward crowdfunding, equity crowdfunding is also often used in the Success and Take-off stages, or in the transition between them, leveraging on the prospects of increased valuations to be, and in light of attracting retail and institutional investors since the pre-seed and seed rounds. Finally, lending crowdfunding can also find application for well-established startups (usually in the Success and Take-off stages) that can prove their track record and are looking for increased liquidity without dilution of capital, that is raising debt finance hence not reducing the ownership proportion of a current shareholder by selling equity in the company to potential investors.

The **funding strategy** must be internally coherent, and, once and if the company decides to include crowdfunding within its investment chain, the advantages in using it before, during or after other grants or fundings has to be considered. This is the only way to make the integration profitable for all parties involved in the process and to make crowdfunding attractive to everyone within the company.

Crowdfunding and public funds: Match-funding

Crowdfunding has become increasingly interesting for **public authorities** too, as a further option to be included in the existing mix of financial instruments. Especially with regard to the framework of Cohesion Policy⁴¹. Transparency, democratisation of finance, easier access to funds, as well as accountability and control over funded actions are only some of the benefits that this relatively young instrument can offer to them.

Match-funding can be defined as a mechanism of combining resources that are raised, on the one hand through crowdfunding and, on the other hand, from other public funding sources. This does not take place independently but within an initiative that is promoted by the funding body.

In recent years, more and more public authorities have demonstrated an interest in joining the “crowdfunding effort” and have tested different implementations of partnerships with crowdfunding platforms, therefore becoming the fourth actor in specific crowdfunding operations, and increasing the relevance - and benefits - for the local ecosystems. This is the reason why match-funding practices have increased in the European Union over the past three years. The flexibility of crowdfunding models and platforms has allowed for new partnerships with public administrations in a range of different organisational, political, social, and economic contexts.



Source: Eurocrowd.org

⁴¹ The cohesion policy is **the European Union's main investment policy**. It benefits all regions and cities of the Union and promotes economic growth, job creation, business competitiveness, sustainable development and environmental protection.

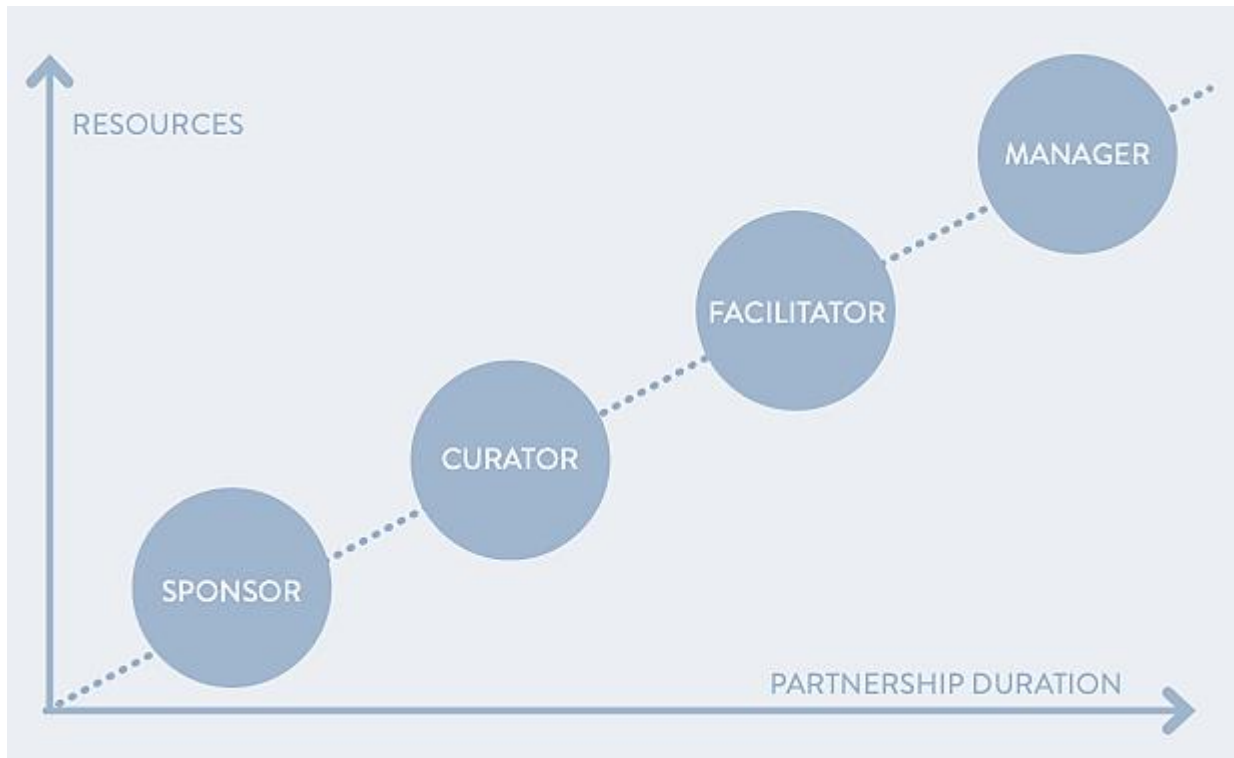
In this process, public authorities enter into agreements with crowdfunding platform(s) to increase transparency, democratise their management of public budgets, promote a sense of citizen ownership towards funded initiatives, facilitate access to funds for local stakeholders, and improve accountability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

The intrinsic flexibility of crowdfunding has allowed public authorities to develop different types of agreements and partnerships, as to combine different needs and preferences. In this context, **four main roles** for public authorities have been identified in 2018⁴²:

- **Sponsor** – the managing authority launches its own campaign for a specific project on an existing civic crowdfunding platform;
- **Manager** – the managing authority creates its own crowdfunding platform to foster the development of its territory. The public administration usually creates a generic platform that promotes both entrepreneurial for-profit projects and non-profit civic initiatives;
- **Curator** – the managing authority selects from an existing crowdfunding platform a list of projects that meet its agenda. In this scenario, the selection of projects, that will receive further support from public resources, is made after the crowdfunding phase is successfully closed;
- **Facilitator** – the managing authority commits to co-finance successful crowdfunded projects on partner platforms before the crowdfunding phase is launched. This model is usually regulated by an agreement between the managing authority and the crowdfunding platform(s), defining areas and criteria for the selection of projects, co-funding rates, timing, and reporting requirements.

Each partnership model foresees different levels of commitment for the public authority involved, both in terms of financial and human resources, as well as a different timing for the implementation of the actions envisaged by the partnership. Consequently, each of the four models can present different outcomes, obstacles and benefits for all parties involved.

⁴² "Triggering Participation Report - A collection of Civic Crowdfunding and Match-funding Experiences in the EU", Eurocrowd 2018.

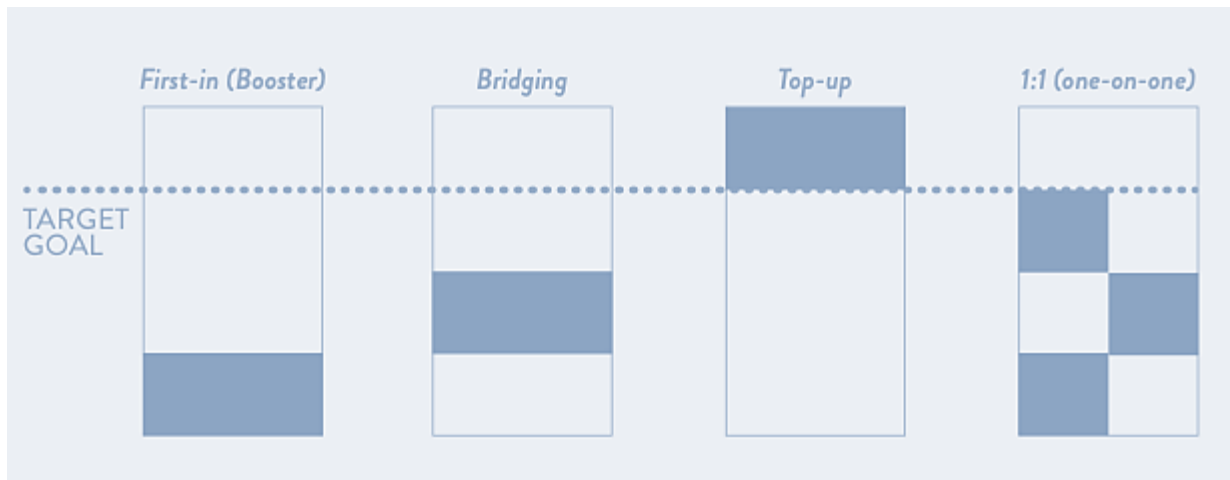


Source: Eurocrowd.org

Based on previous research, four main **match-funding structures** have emerged as most applied by public authorities when partnering with crowdfunding platforms:

- **First-in (Booster)** - the committed resources from the public authority are provided to each project at the very beginning of the crowdfunding campaign. This mechanism reassures potential donors or investors about the commitment of the public authority and boosts the credibility of each project. Public authorities can decide to provide a fixed co-financing to all projects (i.e., 5,000 EUR per project, regardless of the overall target goal), or choose a percentage of co-financing according to the target goal of each project (i.e., 5% of the overall target goal to be raised by each project).
- **Bridging** - the contribution of the public authority comes as a bridge between the initial and the final part of the crowdfunding campaign. Once each project has raised a determined percentage (or amount) of the overall budget, they will receive the co-financing from the public authority. Each project will, however, still work towards raising the remaining amount, to successfully close the crowdfunding campaign.
- **Top-up** - the contribution from the public authority will be granted to project owners only when a certain amount (or percentage on the overall budget) has already been secured. This mechanism can take the form of an additional financing round, once the project has secured 100% of its target goal, or as additional funding that will enable project owners to reach their target goal (i.e., if the project collects 50% through the crowdfunding campaign, the public authority can top it up with an additional 50%, therefore securing the success of the campaign).
- **1:1 (one-on-one)** - the contribution of the public authority is simultaneous to the collection through crowd-funding. For each EUR raised from the crowd, the public

authority provides an additional euro. The outcome of this mechanism is again a 50-50 co-financing of each project, but it encourages project owners to engage with the crowd (citizens) until the 100% of their target goal is secured⁴³.



Source: Eurocrowd.org

Any **match-funding initiative** is promoted by a public body, or a social fund - that is also the funding body - which decides to use crowdfunding as part of its budget allocations. Usually, in coordination with one or more crowdfunding platforms, the promoting entity opens a call for projects that need to be financed. Within the call, the promoting entity specifies the characteristics that the projects have to respect in order to be able to submit their application. In all the initiatives a precondition for project owners to unlock the third-party funds (coming from public budget, or social funds) is the projects' ability to implement a crowdfunding campaign (on the selected platform, and sometimes also in a specific model) and raising through it part of the financial goal.

From the call for proposal, the promoting entity selects a number of projects in well-defined and specific areas, usually with a focus on the territory of reference. These projects are then accompanied until the publication of their campaign on a crowdfunding platform. Once raised the crowdfunding goal, the project receives the promoting entity's financing, following the match-funding scheme defined in the call.

Promoting organisations can be:

- Public bodies (public administrations at any level)
- Other public bodies (universities or development agencies)
- Private foundations
- Banks

⁴³ "Scaling Up Partnerships - A blueprint for the implementation of match-funding schemes between public authorities and crowdfunding platforms.", Eurocrowd 2021.

→ Philanthropists

Motivated by a mechanism that allows for a more efficient, transparent and democratic allocation of resources.

Beneficiary entities can be:

- NGOs and non-profit organisations
- Start-ups
- activist organisations (non-formalised organisations, such as LGBT or environmental movements with no corporate status or defined legal form, but which have a community that follows the activities they promote and perceives them as de facto associations)
- associations and their members
- any other potential project owner.

Most of the time, **beneficiaries** of funding are specified in the call for proposals, as well as the crowdfunding model, platform and mechanism. Differently from traditional crowdfunding, in match-funding the costs related to the crowdfunding campaign are often covered by the promoting entity, if specified in the call.

In addition, the funding body can set a **maximum amount of money** to allocate to each project, to ensure a fair allocation of resources for all, determining also the type of match-funding it will guarantee with a funding ceiling.

Considering the **advantages** of match-funding, it increases the chances of success of the campaign because it contributes a significant amount compared in total, thus lowering the funding goal through crowdfunding. Indeed, it provides an even greater visibility, due to the fact that project owners, in these cases, can also exploit the communication channels of the promoting entity, limits low-contribution phases and allows projects that have already been validated by a wider audience to be rewarded, and activates a more inclusive and participative decision-making mechanism.

It is also true that this type of initiative is hard to manage at an **administrative reporting** level, and it is difficult to convince entities to act as a promoting body due to the lack of knowledge of the mechanism, which leads to mistrust. Moreover, in the case of public administration or local bodies, there is more scepticism on the part of the supporter to co-finance initiatives within their competence.

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

Throughout its five years, the MetaKultura initiative has succeeded in effectively supporting 78 projects within the Gipuzkoa province in the field of culture. This represents a success not only for Goteo and the Diputación themselves, but also for the projects and the civil society that has supported them. This example confirms the importance of co-responsibility and is a result of the high level of maturity and professionalism of the promoters involved in MetaKultura. The main reason that led the Municipal Council to launch and maintain the Metakultura initiative lied in the facilitation of local cultural initiatives via a modern, accessible digital crowdfunding solution, allowing for widespread participation. In addition to this, the initiative provided the opportunity for the development of training workshops targeting civil servants of the Gipuzkoa Provincial Council, who could then increase their understanding of crowdfunding, enhance relevant knowledge for those selected to provide advice to applicant projects, and maximise the final impact not only in economic terms, but also in terms of citizen engagement and democratic selection of initiatives. This five-years-long partnership demonstrates that an experiment can turn into a permanent initiative as part of the long-term strategy of a Council's cultural programme. In fact, the initiative is in line with the five strategic lines of the Council, which include strengthening welfare and social cohesion, and reinventing the Government of Gipuzkoa by opening agile means of civic participation, multi-agent collaboration and transparency.

<i>Observation</i>	<i>MetaKultura</i>
<i>Platform's name</i>	Goteo
<i>Countries of operation</i>	Spain and other countries in Europe, Africa and Latin America
<i>Crowdfunding model adopted</i>	Donation and reward-based
<i>Areas of activity</i>	Innovation, Culture, Social Entrepreneurship, Environment
<i>Project's name</i>	Metakultura 2020 - Fifth Edition
<i>Location</i>	Cities in the Province of Gipuzkoa Provincial Council
<i>Country</i>	Spain
<i>Sector</i>	Culture
<i>Project's goal</i>	Facilitating local cultural initiatives through the financial support of the community and the Gipuzkoa Provincial Council.
<i>Campaign's duration</i>	60 days
<i>Financial goal</i>	60.000
<i>Public organization involved</i>	Gipuzkoa Provincial Council
<i>Match-funding mechanism</i>	1:1 - The Council multiplies by 2 all money contributed by the community, up to a maximum of 4.700 € per project
<i>Amount from public resources</i>	70.000 € (4.700 € each project)
<i>Source of funding</i>	Public grants
<i>Raised amount</i>	67.741 €
<i>Number of backers</i>	2240
<i>Final outcome</i>	Successful

Source: [Eurocrowd.org](https://www.eurocrowd.org)

Tips for a successful crowdfunding campaign

From an operational point of view, any individual or organisation, which is looking for financial resources to realise a project can start to plan and structure a **crowdfunding campaign**, choosing one of the many available platforms.

As said, each platform sets its own **guidelines** that have to be respected by all project owners before and during the realisation of the campaign. Usually, these rules concern: campaigns' design, financing rules, cost structure and legal issues. In addition, the platform, before deciding to promote a particular campaign, can verify if the project satisfies its rules, setting up project review processes before its approval⁴⁴.

Similarly, project owners must respect a rigid to do list, which includes:

- define campaign's goal and the amount of money the project needs to collect;
- introduce the idea to potential contributors, presenting exact information on the project its launch (examples are start date, timeline and deadline);
- define expected outputs and risks and clarify how many figures are working behind the project.

Considering the funder's perspective, funding projects is a risky **investment**, due to the fact that most crowdfunding initiatives concern innovative projects, with technical and market **uncertainty**⁴⁵. Once the campaign is launched, supporters decide if they participate and how much they contribute, on the basis of their interest, motivation and the perception of the project. Even if platforms facilitate interaction between promoters and supporters - through comments, support and discussion spaces - giving to both the chance to share ideas and suggestions, the communication and promotion strategy, as well as identification and involvement of target groups and stakeholders is a project owner's task.

⁴⁴ Belleflamme, P. and Lambert, T. and Schwienbacher, A. *Crowdfunding: Tapping the Right Crowd*. In International Conference of the French Finance Association (AFFI), May 11-13, 2011.

⁴⁵ Roma, P. and Gal-Or, E. and Chen, R. R. (2018). *Reward-based crowdfunding campaigns: information value and access to venture capital*. Information System Research, 29(3), p. 682.

In all the crowdfunding campaigns is the platform which manages the transfer of money from funders to project owners, transferring them just at the end of the process⁴⁶, even if there are some exceptions⁴⁷.

To frame the crowdfunding campaign process, it is necessary to consider together these five dimensions:

1. project owner and project,
2. community,
3. crowdfunding platform,
4. crowdfunding campaign,
5. outcomes.

These are the key elements to consider in the development of a crowdfunding campaign. The crowdfunding platform is the tool through which the financing activities occur; the campaign, is the core of the whole process, which combines all the actors' decisions, under multiple aspects; and the crowdfunding outcomes, as the indicator of the campaign's success or failure to expected goals⁴⁸.

The project owner promotes the development and funding of its project or idea, targeting a community of reference financially available to support the project. They could be direct beneficiaries of the project, or people and organisations that might have a direct or indirect interest in seeing the project realised.

It is possible to define the crowdfunding campaign's process with three phases: preparation, implementation and follow-up. Each one has its importance and should be structured and developed differently.

The first phase is the most complicated, in terms of time and resources. It is defined by the **preparation** and planning of all the activities related to the project and to the launch of the crowdfunding campaign. It starts with the definition of the project and ends with the publication of the crowdfunding campaign on the platform. Here, the project owner has to define:

- Type of crowdfunding model.
- Benchmarking activities.
- Crowdfunding platform.
- A catchy project's description, to promote it internally and externally, and a text that can resume project's characteristics on the crowdfunding platform selected.

⁴⁶ Roma, P and Messeni Petruzzelli, A. and Perrone, G. (2017). *From the crowd to the market: the role of reward based crowdfunding performance in attracting professional investors*. Research Policy, 46, pp. 1614.

⁴⁷ based on the business model of the platform.

⁴⁸ Messeni Petruzzelli, A. and Natalicchio, A. and Panniello, U. and Roma, P. (2019). *Understanding the crowdfunding phenomenon and its implications for sustainability*. Journal of Technological Forecasting and Social Change, 141, pp. 140

- Budget and cost structure, in line with the funding goal.
- Communication and promotion strategy.
- Partner research.
- Identification of the project's community.
- Involvement of target groups.

Following, the **implementation** phase is the period when the crowdfunding campaign is online on the platforms and the project owner has to promote it to reach the financial goal, through different activities. Here, it is important:

- Hold the launch moment, with ad hoc communication activities, since the first period online of the campaign is the crucial one to its success.
- Implement the communication activities to reach target groups and involve them.
- Exploit all the moments of interactions with the supporters.
- Monitor the progress of the campaign.
- Adjustment acts, if the campaign is not going as expected.

Finally, the **follow-up** phase starts when the crowdfunding campaign ends, and it is not possible to contribute anymore. It has to be considered and done regardless of whether the crowdfunding campaign reaches its financial goal or not. Here is the moment to:

- Send frequent updates on the project development and implementation to the supporters.
- Manage the expectation of the community, and communicate all the changes that may occur during the project's realisation, and that can change its timeline.
- Respect what is promised, in terms of the project's outcomes, timeline and rewards, when possible.
- Keep the community involved, even if the project did not reach its funding goal and it is not possible to realise it.



Source: Eurocrowd.org

7 key elements for a successful crowdfunding campaign

Define the project

As any other activity it has to be defined. In this specific case, project owners have to define the overall project, and the part that will be financed through crowdfunding. If crowdfunding is used as the main source of financing, then the description of the project and the description of the crowdfunding campaign will correspond. If, on the other hand, crowdfunding is used as a complementary source of finance, covering just part of the overall budget, then the definition of the project will differ from the description used for the crowdfunding campaign. A well-structured project and strategic plan will contribute to attracting more interested people, raising the chances to receive money. In the **definition** of the project there should be:

- Project goal
- Funding goal

- Project description
- Team presentation
- Target groups (identification of beneficiaries and project's community)
- Cost prospect and structure (considering fixed and variable costs of the project as well as the crowdfunding campaign)
- Communication strategy (identification of communication channel for the involvement of the community and plan a communication strategy through each channel to share and promote the project and the crowdfunding campaign).

Identify the model

Once defined the project and the funding goal, from all the models and platforms, the project owner has to choose the most suitable for its project. There are four main point the **selection of the right model of crowdfunding**:

- Organisation's characteristics, due to the fact that each model refers to different macro categories of organisations. For example, the equity-based model is mostly recommended for innovative start-ups and SMEs that are looking for investors to start a new business⁴⁹.
- Type of capital, the resources that the organisation actually has to develop and promote a crowdfunding campaign.
- Funding goal, the money the project owner needs to collect to realise the project.
- Target community, what is the target groups that to be reached to get funds - they can be beneficiaries of the projects, partners, stakeholders or investors⁵⁰.

Identify the platform

The project creator must consider all the available generic and sectorial platforms, assessing its visibility, dynamic capacity to support a particular project and commission rate. The **most suitable platform** should be the one which offers the best matching mechanism between the project and potential contributors' expectations. It must have a high degree of **attractiveness** for users. In an increasingly competitive environment, platforms try to operate a suitable differentiation, in order to specialise around a specific sector, a geographical area or a precise issue. While in the first case they are quality-oriented, focused on the quality of project in a specific field; in the second they are quantity-oriented, attracting

⁴⁹ Characteristics of each crowdfunding model will be defined later on in the text.

⁵⁰ They are identified by the project owner itself.

more users thanks to the network effect⁵¹. Once selected, the project owner has to identify the crowdfunding platform, based on its preferences. Some indicators in the selection of the right platform could be:

- platform's geographical coverage⁵², which must be in line with the ambitions and target groups of the project;
- platform's focus⁵³;
- costs' structure, which impacts the overall budget of the project.

Each cost structure has its benefits and downsides.

Flat fee: Platforms might choose to apply a flat fee to cover the costs of some support services that they offer to project owners (coaching, communication, support to business plan and pitch development, etc.). The flat fee structure can be an interesting model as it enables companies that are evaluating the possibility of launching a crowdfunding campaign to know beforehand what the costs of the platform will be. Furthermore, as companies can usually raise more than their initial request through crowdfunding (so called "overfunding") the flat fee might also be repaid via the additional funds raised during the campaign. However, an upfront payment could represent a problem for projects that are already struggling with funding or that have a small target goal for their campaign, as it can become a deterrent from initiating the campaign.

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

Benchmarking other initiatives

As in every business segment, market research is essential to sell a project effectively, underlining its differences and pros; making its presentation easier and original and reaching the potential backers' support. Instead of proposing a project, the creator should tell a

⁵¹ The network effect is the phenomenon whereby increased numbers of people, or participants, improve the value of a good or service. The Internet is the most evident example of the network effect. As more users gained access to the Internet, they produced more content, information, and services. The development and improvement of websites attracted more users to connect and do business with each other. Multiple network effects have occurred from individuals joining social media platforms. As more users join and participate, companies looking to advertise their products and services rush to join these sites to capitalise on the trend. The increase in advertisers leads to more revenue for social media websites. As a result, the sites evolve and are able to offer more services to the consumer.

⁵² Platforms can operate at local, national or international level.

⁵³ There are platforms which focus vertically on a specific sector, hosting just the project related to that market segment; others instead remain general (generalist), welcoming projects and a very large community of users and donors around them.

compelling story, explaining why it is so important and which are the effect that it will produce, giving to supporters not only a “what”, but also a “how” and a “why”⁵⁴.

Describe the project

The description serves to **attract funders' interest** and funds, to a successful complete campaign. Without repeating the features of a good campaign, in order to make the result more attractive, the presentation could, also, show **additional visual or audio contents**, rhetorical techniques in the description and evidence of reliability, reporting past successful stories and experiences. It is important to focus not just on the project development, but also on the purposes and characteristics of the organisation that is running the crowdfunding campaign.

Identify and involve target groups

It is important to use every possible means to obtain support from the largest funders' community, using **network mobilisation** to amplify project visibility. In fact, there is a directly proportional relation between the size of the initial community involved by creators and the amount of funds that the project is able to raise. In a mobilising network there are three levels of action:

- a **local one**, where the promoting company or the project creator tests the project social capital, involving their immediate network composed of family, colleagues, friends (FFFs).
- The first level of funders connects the project of the creator to all the personal networks of relation that, once find the project compelling, will form a **second broader level of funders**.
- Moving on, fundraising will rapidly grow, creating the **third level**: total strangers who decide to participate in an interesting and already financed project.

Creating **proximity** through the **closeness effect** can also be a good way to reach people. Lebraty and Lobre (2013) sustained that a *proximity of ideas*, in a sense of sharing values and principles, and *geographical proximity*, as the shared interest to the development of

⁵⁴ Simon Sinek introduced his, now-famous, Golden Circle model, attempting to analyse why some businesses and ideas are so good at inspiring others and differentiate themselves successfully. Briefly, he explains that the 'Why' part is the most important because it is what inspires others to action. He developed this model figured by three circles, one within the other. The biggest circle is composed of "What", assuming that is quite easy for anyone to articulate what they do; it is usually expressed as companies' products or the services they offer. Within the circle of what, there is a smaller circle of "How". This part includes companies' strengths or values, that usually differentiate a business from the other in a competitive view. Finally, the smallest circle represents the "Why". Successfully articulating companies' mission and vision is the most impactful way to communicate with others, because it describes the individual value proposition, to the effect of inspiring others to act.

projects which will improve the geographical area around a specific group of people⁵⁵, are pillars to the creation of relationships, where people help people. As a consequence, the closeness effect could be an advantage for those able to catch its value (e.g., a promoter who wants to develop an urban improvement will first attract funders from the community living in that area, thanks to the closeness effect). Once understanding the tendency for individuals to form interpersonal relations with those who are close, rather than people further away, the crowdfunding campaign will focus on specific features which will attract all the closest people, both geographically and ethically.

Keep the community involved and connected

Giving thanks and delivering the promises made. Supporters are particularly interested in the kind of rewards proposed by the campaign. Regardless of the type of reward, thanking visitors and funders for their support is essential. Sending the promised reward on time, the company that initiated the crowdfunding campaign builds a trust relation with backers, increasing the possibility to count on them again for further and future projects. Updates are evidence of interest and attention, which became key factors in increasing users' trust and confidence in the project. It favours their perception of the project quality and innovativeness, contributing to convincing them to finance it.

⁵⁵ Lebraty, J.F. and Lobre, K. (2013). *Crowdsourcing, one step beyond*. London: Wiley.

Crowdfunding for Cultural and Creative Industries - Case Studies

Project name	Sabor Latino Month
Link to the initiative	https://www.kisskissbankbank.com/en/projects/saborlatinomonth
Project owner	Claudia Rivera
Location	Paris
Sector	Music
Platform's name	KissKissBank
Fundraising mechanism	All-or-nothing
Crowdfunding model	Rewards
Duration of the campaign	40 days
Number of backers	163
Funding Goal	€4,000
Funding in percentage (%)	105 %
Project goal	Fight against discrimination
Brief Description	The Sabor Latino Month in Paris is a festival celebrating Latin America's rich and diverse cultures. Throughout October, various activities and events will take place, including Peruvian gastronomy, salsa and Latin jazz performances, film screenings, workshops, discussions, and a vibrant showcase of Latin American artists. The festival aims to create visibility and cultural spaces for the Latin American community in France, promoting their arts, dances, gastronomies, and stories.
Peculiarity of the initiative	Talk about the hypersexualisation of Latin American women
Number of campaigns	1

Project name	Unknown World EXPO
Link to the initiative	https://www.growfunding.be/en/projects/unknownworld
Project owner	Mao
Location	Brussels
Sector	Art and Music
Platform's name	Grow funding
Fundraising mechanism	Keep-it-all
Crowdfunding model	Donation
Duration of the campaign	
Number of backers	67
Funding Goal	€3.000
Funding in percentage (%)	124%
Project goal	Tribute to street culture
Brief Description	Unknown World is an immersion in a culture that is too little known and often misjudged.
Peculiarity of the initiative	You can discover several young Belgian artists during the expo.
Number of campaigns	1

Project name	Developing the family theatre centre "Draakonipesa"
Link to the initiative	https://www.hooandja.ee/en/projekt/teatrikeskuse-draakonipesa-arendamine
Project owner	Draakonipesa
Location	Tallinn, Estonia
Sector	Theatre
Platform's name	Hooandja
Fundraising mechanism	All-or-Nothing
Crowdfunding model	Donation/Reward
Duration of the campaign	N/A
Number of backers	88
Funding Goal	2,500
Funding in percentage (%)	2,615 (over 100%)
Project goal	They collected funds for the installation of a heating system for the space and the opportunity to comfortably and happily spend not one, but many happy winters, warmed also by the joy in viewers' eyes and the warmth of their laughter and smiles.
Brief Description	Our main goal is to create a family theatre centre so that we can gather more people around this location, organise workshops, host international festivals and projects, invite directors with visions close to our hearts to stage new performances and our favourite theatres to show their performances here.
Peculiarity of the initiative	Small, belonging to CCI sector, successful
Number of campaigns	1

Project name	CROWDFUNDER35
Link to the initiative	https://www.eppela.com/mentor/33/crowdfunder35#
Project owner	Fondazione Sviluppo e Crescita CRT
Location	Italy
Sector	Arts and culture
Platform's name	Eppela
Fundraising mechanism	All or nothing
Crowdfunding model	Reward
Duration of the campaign	40 days
Number of backers	4170
Funding Goal	At least 5.000 € from 30 donors
Funding in percentage (%)	50% Budget per project: 10.000 € (5.000 € through crowdfunding – 5.000 € contribution from Funder35)
Project goal	Case of match funding: open call for ideas to support artistic and cultural projects from young operators under 35.
Brief Description	Open call for the selection of projects to present on the Eppela platform. The selected proposals have been guided and trained to publish their crowdfunding campaign. The idea is to boost participation of donors doubling each donation through the support of the Funder35 project.
Peculiarity of the initiative	Follow up of the Funder35 call for projects: a way to support young operators in developing sustainable projects.
Number of campaigns	57 projects selected 51 projects funded Total amount collected: 525.117 €

Project name	Kultur am Pavillon
Link to the initiative	https://www.kulturampavillon.de/
Project owner	Maria Helm
Location	Dresden (Germany)
Sector	culture
Platform's name	startnext.com
Fundraising mechanism	Keep-it-all
Crowdfunding model	based on reward
Duration of the campaign	10.03.2023 - 06.04.2023
Number of backers	57
Funding Goal	5.000 €
Funding in percentage (%)	103,36 %
Project goal	The aim of the campaign is to support the transformation of a cultural open space in Dresden to host concerts and performances.
Brief Description	Culture connects. Music builds bridges. Enthusiasm is contagious. - This is the motto of the 'Kultur am Pavillon' initiative. Publicly accessible and barrier-free, Dresdeners can experience high-quality live music, dance performances, and Sunday concerts outdoors. With the help of the crowdfunding campaign, the initiative would like to organise the now popular concert series at the Albert Bridge on the banks of the Elbe in Dresden's city center again in 2023.
Peculiarity of the initiative	The concept is uncommercial, informal and inclusive. The idea is to present music and dance from all over the world freely accessible to the local community, without borders, without fences.
Number of campaigns	1

Project name	ORi: Help save a Neukölln arts collective
Link to the initiative	https://www.gofundme.com/f/ori-help-save-a-neukolln-arts-collective
Project owner	Juli von Glasow
Location	Berlin (Germany)
Sector	creative sector
Platform's name	gofundme.com
Fundraising mechanism	All-or-nothing
Crowdfunding model	based on donation
Duration of the campaign	16.09.2022 - open end
Number of backers	72
Funding Goal	3.500 €
Funding in percentage (%)	67,6 %
Project goal	ORi is an arts and culture hotspot located in the heart of Neukölln, run by a collective of the same name that has been operating for almost 15 years. Operating out of the premises of a former laundromat, ORi has endured waves of gentrification and now stands as one of the last oases left for grassroots creativity in the neighborhood, and a safe space for diverse forms of expression that has touched the hearts of hundreds of people from around the world over the years.
Brief Description	<p>Skyrocketing rents, energy prices, and other living costs make the need for this sort of space – a place for emerging artists, designers, and musicians to flourish – even more evident. Nobody wants to see ORi replaced by yet another soulless place that would charge you for tap water. So, after over a decade of being a hub for exhibitions, performances, volunteering efforts, workshops, and more, ORi is asking for your help. While the government provided a small amount of support during the pandemic, the lockdown delivered a hard blow to the collective's finances, which, coupled with friction with the neighbors, leaves ORi's future in limbo.</p> <p>The money from the crowdfunding campaign will be used to pay off debts from the pandemic so that the creative space can be maintained, and to carry out some much-needed renovations.</p>

Peculiarity of the initiative

This creative space, and other community-led venues are a vital part of the community and for the general culture of Berlin. This campaign is part of the fight to protect Berlin's beloved cultural venues – starting with ORi.

Number of campaigns

1

Project name	Kira - komiks o hrdinoch Ukrajiny Kira - Comic book about the heroes of Ukraine
Link to the initiative	https://www.startlab.sk/projekty/3022-kira-komiks-o-hrdinoch-ukrajiny/
Project owner	Tomáš Kriššák, Kamila Kuricová
Location	Bratislava
Sector	Education and Science, Civic Activism
Platform's name	Startlab.sk
Fundraising mechanism	All or Nothing
Crowdfunding model	Reward-based
Duration of the campaign	1 month (07.11.23 - 07.12.23)
Number of backers	500
Funding Goal	5000 euros
Funding in percentage (%)	327%
Project goal	Publish 2000 comic books about the war in Ukraine and distribute them to Slovak schools.
Brief Description	The goal of the project is to print thousands of educational comics and send them to Slovak teachers and students in 2023 so that they have enough study materials with which they can learn the facts about the long-standing conflict in Ukraine. The comic aims to build immunity to Russian propaganda through educational and interactive material.
Peculiarity of the initiative	Provides a novel, visually appealing approach to education and storytelling on complex topics such as warfare.
Number of campaigns	1

Project name	Bud' pri tom: Tvoríme novú generáciu turistických útulní <i>Be there: Building a new generation of tourist shelters</i>
Link to the initiative	https://www.startlab.sk/projekty/1890-bud-pri-tom-tvorime-novu-generaciu-turistickych-utulni/
Project owner	KST Hikemates, madebythe:
Location	Slovakia
Sector	Local Development, Sports
Platform's name	Startlab.sk
Fundraising mechanism	All or Nothing
Crowdfunding model	Reward-based
Duration of the campaign	1 month (March-April 2021)
Number of backers	1834
Funding Goal	10 000 euros
Funding in percentage (%)	610%
Project goal	An architectural competition in which more than 100 applicants applied. 3 final teams were selected, which were tasked to design and realize tourist shelters around Slovakia.
Brief Description	The intention of the project is to create new and unique spaces of tourist shelters to connect man and nature. Sparingly, with as little negative impact on the surroundings as possible, and with respect to Slovak history and traditions. The shelters will be located in the immediate vicinity of hiking trails in national parks and protected landscape areas in various locations in Slovakia. It is essential that the design can be built anywhere with minimal modifications and is available to anyone.
Peculiarity of the initiative	The project was so successful that to this day, authors of the initiative are working on further bringing life to Slovak tourist shelters. In fact, the initial 30-day goal of the campaign was collected in just 43 minutes after it was published. Due to the project's generous financial support, in addition to new shelters, old shelters are being repaired and equipped with essential needs, and an online tourist shelter management platform is being developed.
Number of campaigns	1

Project name	Feministime: la espiral del tiempo feminista
Link to the initiative	https://it.goteo.org/project/feministime
Project owner	Eskalera Karakola (https://eskalerakarakola.org/)
Location	Madrid
Sector	Feminist cultural activism
Platform's name	Goteo
Fundraising mechanism	All or nothing
Crowdfunding model	Donation and reward
Duration of the campaign	01-03-2022/12-04-2022
Number of backers	484
Funding Goal	Optimum € 5.876 Minimum € 2.383
Funding in percentage (%)	528%
Project goal	<p>The goal of the project is to pre-sell 'Feministime: the spiral of feminist time', a didactic game to build collective memory. Everyone is invited to get on the purple time machine to learn about the contributions that feminism has made to the history of humanity, from prehistory to the present day. 'Feministime' adapts to different audiences and contexts, from having a good time with your friends playing in the living room at home (or in the park, the pool or the train) to using it as a teaching resource in class or educational activities on history, with people of any age. And, of course, this game is specially designed for us, who need to have feminist games that speak of our history and that, in addition, do not require prior knowledge, have simple gameplay rules and are easy to carry anywhere.</p>

Brief Description	<p>'Feministime: the feminist time spiral' is a board game based on the famous Timeline. The dynamic consists of ordering the cards chronologically to collectively create a line (or spiral) of time formed by relevant events of the feminist genealogy and, thus, build collective memory and enhance common knowledge about women's history and inventions. 'Feministime' is made up of a deck of 128 cards. Each of them represents a historical event and includes an illustration originally created for the game by one of the 50 artists who have joined this spiral of time project. One of the faces also includes the date on which said event occurred. 'Feministime' is a didactic game to build collective memory. Everyone is invited to get on the purple time machine to learn about the contributions that feminism has made to the history of humanity, from prehistory to the present day.</p>
Peculiarity of the initiative	<p>The peculiarity of the initiative relies not only in its objective, that so necessary of creating a feminist game that speaks and gives voices to women inventions and women's history, so long hidden and silenced; but also in the team behind the initiative. It is made up of activists who have been actively participating in the Eskalera Karakola, self-managed transfeminist space, with more than 20 years of history, located in Lavapiés (Madrid), for years, but also by people close to the space who have wanted to dedicate their time to creating this game and thus contributing to the sustainability of this center social, to continue having a safe space of reference.</p> <p>All images on the cards are original works of art. The game does not only have a playful and ludic objective; it is an educational tool that can be used in class as well, accessible to a variety of publics as it is easy to understand and to carry around. It is a small box, but with a huge potential.</p>
Number of campaigns	<p>1</p>

Project name	La Benéfica de Piloña - Espaciu Cultural
Link to the initiative	https://www.goteo.org/project/la-benefica
Project owner	La Benefica (https://labenefica.org/)
Location	Piloña, Asturias, Spain
Sector	Cultural
Platform's name	Goteo
Fundraising mechanism	All or nothing
Crowdfunding model	Donation and reward
Duration of the campaign	28-10-2021/01-01-2022
Number of backers	1767
Funding Goal	Optimum € 130.111 Minimum € 94.185
Funding in percentage (%)	144%
Project goal	Rehabilitate an old theater in a town in Asturias to turn it into a center of culture and art that combines avant-garde and tradition.
Brief Description	<p>La Benéfica - Espaciu Cultural was just a dream. The dream of having in L'Infiestu, Piloña, a space that combines four spaces for: cultural artistic expression, community action, the fight against abandonment and depopulation of rural areas and the transmission of knowledge. Through this successful crowdfunding campaign, the project promoters wanted to create a space that gives visibility to contemporary and avant-garde artistic expression, but also to popular and traditional culture, and that also facilitates the transmission of knowledge between different generations. A space totally connected to the community, which stimulates the cultural ecosystem of the Conceyu de Piloña, and also a leisure space for the young and not so young. A reason not to leave town, a place to create and enjoy culture. But, at the same time, La Benéfica is an ambitious project, which aims to have an impact far beyond Asturias, forging alliances with artistic projects from all over Europe, and with a program that makes the center a reference at a national level.</p>

Peculiarity of the initiative

The peculiarity of this activity relies on the fact that it involved a couple of important "matchers", namely the Primavera Sound Foundation (a very important international music festival in Barcelona) and the society Cambirco S.L. They donated respectively 20.000 and 1500 euros each, but instead that in the form of direct private donations, these amounts were given to a virtual "matchfunding bag" and for the duration of 20 days each donation received was doubled, until the whole matchfunding bag ended. This gamified process gave the campaign a huge boost towards its success, especially due to the name and fame of the Primavera Sound festival, which granted great accountability and visibility to the initiative.

Number of campaigns

1

Project name	La Benéfica de Piloña - Espaciu Cultural
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Funding in percentage (%)	144%
Project goal	Rehabilitate an old theater in a town in Asturias to turn it into a center of culture and art that combines avant-garde and tradition.
Brief Description	<p>La Benéfica - Espaciu Cultural was just a dream. The dream of having in L'Infiestu, Piloña, a space that combines four spaces for: cultural artistic expression, community action, the fight against abandonment and depopulation of rural areas and the transmission of knowledge. Through this successful crowdfunding campaign, the project promoters wanted to create a space that gives visibility to contemporary and avant-garde artistic expression, but also to popular and traditional culture, and that also facilitates the transmission of knowledge between different generations. A space totally connected to the community, which stimulates the cultural ecosystem of the Conceyu de Piloña, and also a leisure space for the young and not so young. A reason not to leave town, a place to create and enjoy culture. But, at the same time, La Benéfica is an ambitious project, which aims to have an impact far beyond Asturias, forging alliances with artistic projects from all over Europe, and with a program that makes the center a reference at a national level.</p>

Peculiarity of the initiative	-
Number of campaigns	-

Academic Articles and additional resources for CCIs

- <https://riuma.uma.es/xmlui/handle/10630/7007?show=full>
- <https://link.springer.com/article/10.1007/s11187-020-00424-x>
- <https://link.springer.com/article/10.1007/s10824-022-09444-9>
- <https://link.springer.com/article/10.1007/s12599-019-00628-w>
- <https://link.springer.com/article/10.1007/s11187-020-00419-8>
- <https://www.jbs.cam.ac.uk/wp-content/uploads/2021/06/ccaf-2021-06-report-2nd-global-alternative-finance-benchmarking-study-report.pdf>
- <http://www.crowdfunding4culture.eu>
- <https://op.europa.eu/en/publication-detail/-/publication/7e10916d-677c-11e7-b2f2-01aa75ed71a1/language-en>
- https://costume.mini.icom.museum/wp-content/uploads/sites/10/2018/12/Milan_2016_Proceedings_-_Ortega_Suls.pdf
- <https://www.nesta.org.uk/blog/matched-crowdfunding-new-ways-for-people-and-institutions-to-collaborate-on-funding-projects/>
- <https://www.nesta.org.uk/project/arts-and-heritage-matched-crowdfunding-pilot/>