Online Session 3: Alternative finance - crowdfunding & match funding

Date
15 Apr 2020 10:30 - 12:00

Participants

- Martijn Arnoldus - Expert Social Finance and crowdfunding and co-founder of Voor je buurt, a "civic crowdfunding platform" that collects funding for people with great ideas to create a positive change in their community, neighbourhood or city in The Netherlands. Martijn also runs a consultancy association and website to offer services in the growing field of social finance, Social Finance Matters.
- Daniele Calzolari - Impact Investment Manager at La Bolsa Social which is the first equity crowdfunding platform in Spain for investors and businesses who want to create a positive social impact. La Bolsa Social wants to promote ethical finance by boosting the financing of companies with good potential that will have a positive impact on society, and the environment. La Bolsa Social is born to connect social impact investors and enterprises to promote the achievement of the UN Sustainable Development Goals. La Bolsa Social also just started its first Impact VC fund.
- Markus Sauerhammer - Social Entrepreneurship Netzwerk Deutschland e.V. WirVsVirus - The corona crisis presents us with social challenges in all areas. At the same time, entrepreneurs, citizens and experts come up with ideas every day, adapt their companies to the situation, or develop entirely new solutions. The Matching Fund supports these individuals and projects. Markus will guide us through this very recent initiative, how the mechanism works and how it could be embedded into future impact investments (locally and large scale)

Objectives

As a result of our collection of best practices from Social Economy and civil society in the fight against the Corona virus, we decided to share some of them in thematic on-line sessions.

This will give the chance to analyse and understand the modus operandi and allow learning opportunities for other regions, cities, ecosystems and social enterprises. We have selected for this session the topic of Alternative finance - crowdfunding & match funding and invited relevant best practices who have shown their quick response in this crisis or could offer relevant expertise for the topic.

The meeting format is classics: 15-25 min presentation 10-15 min Q&A and discussion.

Meeting details

Please request participation by sending an email to GROW-SOCIAL-ENTERPRISE@ec.europa.eu

You can register until the meeting starts. The participation link will be provided.

Recordings

Recording...ion 3.m4a
Points of discussion

<table>
<thead>
<tr>
<th>Overview of contributions</th>
<th>time recording</th>
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<tbody>
<tr>
<td>Martijn Arnoldus:</td>
<td>00:00 - 00:31</td>
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<tr>
<td><strong>A crash course on different modes of crowdfunding and matchfunding</strong></td>
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- Donation
- Reward-based and pre-sales (natura)
- Lending and Equity based.

**Crowdfunding** took a big rise since the 2007-2008 crisis and gradually shifted from donation based to more investment alike types. Since this Covid19 crisis Martijn has seen a big U-return in that evolution towards donation based crowdfunding as local initiatives are in urgent need of aid-capital and quick response money. Also the investor markets are getting more under pressure, which is not different for the equity based crowdfunding. This means the portfolios of platforms are changing again and local initiatives are gaining attraction. This is not a surprise as a characteristic of crowdfunding is the ability of local and physical campaigning besides the online element. In times of crisis people are just more willing to donate money for local social projects. Of course this is rather temporally and after the crisis the balance might turn again in favour of equity crowdfunding.

The practice of **matchfunding** is much more unknown and new for many social finance stakeholders. Basically it bring different parties together in a joint investment, usually based on a crowdfunding initiative that guarantees the critical mass an mutual recognition of the investment need. Public and private stakeholders, such as local and regional authorities, development agencies and banks, and private foundations are potential partners to add funds to partner with crowdfunding platforms all over Europe and setting up “match-funding” schemes. Resources collected by crowdfunding campaigns in specific areas are topped-up with an additional share of their own resources.

Examples matchfunding

- Milan match fund: [https://urbact.eu/sites/default/files/crowdfunding.pdf](https://urbact.eu/sites/default/files/crowdfunding.pdf)
- Portsmouth example: [https://www.crowdfunder.co.uk/funds/crowdfund-portsmouth](https://www.crowdfunder.co.uk/funds/crowdfund-portsmouth)
- London Big Five example: [https://donate.thebiggive.org.uk/covid-19](https://donate.thebiggive.org.uk/covid-19)
- The Netherlands: Voordeouderen match funding example (Dutch only): [https://voordeouderen.nl/nl/](https://voordeouderen.nl/nl/)
- COVID-19 - loby example: [https://ioby.org/covid-19](https://ioby.org/covid-19)

**Germany:**
- Match Funding for Integration: [https://www.startnext.com/pages/deutscher-integrationspreis](https://www.startnext.com/pages/deutscher-integrationspreis)
- Match Funding for Enviroment: [https://www.startnext.com/pages/krombacher-naturstarter](https://www.startnext.com/pages/krombacher-naturstarter)
- [https://forms.office.com/Pages/ResponsePage.aspx?id=jDmFkp2880204v4E8BPJF-I07bDC65N6rA5ijRJh57NUOqUGEv2UFU3DhvUQv9BNE9V1ZXOTkzWC4u](https://forms.office.com/Pages/ResponsePage.aspx?id=jDmFkp2880204v4E8BPJF-I07bDC65N6rA5ijRJh57NUOqUGEv2UFU3DhvUQv9BNE9V1ZXOTkzWC4u) (German Language)

**Africa:** Thameur Hemdane, thameur@afrikwity.com, associate expert of iesMed and founder of Financement participatif Afrique et Méditerranée.

Specific channel for the Covid19 [https://www.goteo.org/channel/coronazero/available?pag=0](https://www.goteo.org/channel/coronazero/available?pag=0)

**Comments and remarks**

- Besides pooling resources it's also is a way to work on "Crowdvocacy": how active citizen participation on funding projects could represent a more distributed way of Policy Making [https://medium.com/@platoniq/crowdvocacy-amplifying-democracy-by-bridging-political-participation-digital-campaigning-a364a2cfd6db](https://medium.com/@platoniq/crowdvocacy-amplifying-democracy-by-bridging-political-participation-digital-campaigning-a364a2cfd6db)
- A more complicated issue is the part of the relevance on crowdfunding financial tools regulations: [https://eurocrowd.org/2019/12/19/agreed-harmonised-eu-rules-to-boost-european-crowdfunding-platforms/](https://eurocrowd.org/2019/12/19/agreed-harmonised-eu-rules-to-boost-european-crowdfunding-platforms/)
- Some comparative results of success rates on crowdfunding vs matchfunding are also quite relevant as this paper compiles, By Enric Senabre / Mayo Fuster from The Dimmons Research Group (UOC) [https://www.researchgate.net/publication/326645598_Match-Funding_as_a_Formula_for_Crowdfunding_A_Case_Study_on_the_Goteoorg_Platform](https://www.researchgate.net/publication/326645598_Match-Funding_as_a_Formula_for_Crowdfunding_A_Case_Study_on_the_Goteoorg_Platform)
- Participants wanted to know if besides local/regional/national governments, some **EU funds** were already used as a source in a matchfunding scheme (for example **ESF**)? So far, no knowledge about such an initiative exists. More and more efforts are done to bring the added value under the attention of policy makers and expectations are that in the next few years first European funding will step in as source in a matchfund. Some relevant links and projects:
  - Civic Crowdfunding – Matching with European Union Funds
  - **The European Dimension of Civic Crowdfunding**
- Several modes of support by the EU might be feasible depending on the goal and the purpose of a matchfund. The German matchfund has a general and national frame and support of national government. So therefore it has a centrally managed platform that runs the mechanism ans allocate the funding to local projects with a sort of 'plug-in' function for the several (local) networks that are connected. But generally most matchfunds are setup locally where the municipality is the pivot and add funds to the mechanism. Usually this is run in partnership with several civil society and a technical platform. Both models could be supported by the EU, not only as a co-investors/donor, but also by supporting trough capacity building.

**PowerPoint Martijn**
Relevant literature on matchfunding/crowdfunding

- Triggering Participation: A Collection of Civic Crowdfunding and Match-funding Experiences in the EU+ info@eurocrowd.org
- Nesta, Matching the Crowd;
- Nesta, Crowdfunding good causes;
- Ezrah Bakker and Frank Jan de Graaf, Civic crowd-funding: not just a game for the self-reliant;
- Davies, Civic Crowdfunding: Participatory Communities, Entrepreneurs and the Political Economy of Place;
- Charbit, Desmoulins, Civic Crowdfunding: a Collective Option for Local Public Goods?
- Matched crowdfunding. And more...
- Civic Crowdfunding – Matching with European Union Funds
- Match-Funding as a Formula for Crowdfunding: A Case Study on the Goteo.org Platform
Markus Sauerhammer - Social Entrepreneurship Netzwerk Deutschland e.V.

#WirVsVirus hackathon

The Matching Fund was created after the German hackathon #WirVsVirus and designed to support entrepreneurs, citizens and experts to come up with ideas and solutions for their every day life, adapt their companies to the situation, or develop entirely new solutions these individuals and projects.

It works like a [Citizens crowdfunding](#) funds for the implementation of socially relevant solutions in the fight against Covid19, which are leveraged by partner organisations with the help of the Matching Fund. To match the money raised by the crowd, companies and larger donors a financing target of 100,000 € should be reached. Also rewards and sponsoring packages are possible. The fund will be activated once this is reached and the Fund will [match on a project basis](#) 25% extra. There is a maximum payout of 10,000€ from the Matching Fund per project. A platform is setup where donations can be made and projects can be suggested. The Hackathon itself has provided as well a set of potentially funded projects.

The money collected is transferred 1: 1 to the [funding pool](#) of the matching fund. The matching fund only co-finance projects that meet the conditions (Thematic focus: Solutions for social challenges during the the Corona crisis + a residence or registered office in Germany) for participation and the approved fields of action of the matching fund.

**All or nothing principle:** Funds from the matching fund only arrive at projects that have received sufficient funding and their minimum amount for the implementation of their project by the crowd. This ensures that funds from the matching fund only go to projects that are actually being implemented.

100,000 € Cofunding Budget + 25% per support

Contact

More info: Markus Sauerhammer - Chairmen
Social Entrepreneurship Netzwerk Deutschland e.V.
markus.sauerhammer@send-ev.de

PowerPoint Markus

Campaign video

Most important links about the fund:

- Website of the #WirVsVirus-Hackathon
- Crowdfunding Campaign for the Matching Funds
- Page for the projects, as soon as we raised 100,000€
- Our information event for companies which want to support our Match Funding Campaign
Daniele Calzolari

Impact Investment and the initiatives of La Bolsa Social

La bolsa Social (Social Stock Exchange) started in 2014 as an equity crowdfunding platform investing in several ES enterprises (appr. 4 million euro's for early stage start-ups). Today La bolsa social supports "impact companies" through 'impact consulting' to help bigger operations of capital for enterprises in their accelerations stage. For this the raising is ongoing and currently around 25 million euros. They have the aim to solve societal problems as a daily business. The bottom line for investments assessment are the SDG's, which is also displayed in the platform for every business.

An example of the business supported by La Bolsa Social is MENSOS, a sustainable delivery company that uses eco-efficient vehicles adapted to the characteristics of the city centers. They make the distribution more efficient, thanks to a great mobility and capacity, together with the demanded technology of geolocation and traceability (in the case of food) of the transported goods. Likewise, they promote a cold chain control project in food logistics in online purchasing, working in line with the demands of health institutions. The company is also current for labor inclusion and the search for a first job, providing an additional motivation in the growth of their activity.

Given the COVID19 urgency, La bolsa social has decided to pool resources and get into an alliance with private investors, business angels and impact investment funds to support startups that work on solutions to the challenges posed by the coronavirus. The alliance created a collective and participatory investment vehicle or impact fund combined with a call for early stage initiatives within existing impact enterprises or start-ups that are developing these solutions.

The call is specifically aiming at the development of technological and innovative products or services. Some examples:

- Tools to support the national health structure that streamline processes or improve the efficiency of patient care protocols.
- Solutions that reduce the spread of the coronavirus.
- Solutions that improve the quality of life of the quarantined population.
- Tools that facilitate efficient remote work
- Solutions that help maintain and recover employment and businesses.
- Mechanisms that mobilize resources to the most vulnerable sectors hit by the crisis.

La Bolsa Social wants to channel investment in the form of capital (equity) to the best innovative startups through to the platform in several express investment rounds:
1. **Selection and analysis**: quick selection of projects, with an ad-hoc committee of experts.
2. **Express investment round**: The collective investment rounds will launch in record time on the **Bolsa Social** Platform.
3. **Investor alliance**: we have formed an alliance of impact investors with private investors, Business Angels that may participate in the investment round.
4. **Special rate conditions**: reduction of the cost as much as possible to cover only expenses.

**Discussion**

- **Equity investment possible in cooperative models?** It's difficult to invest in coops and associations, at least under a real equity investor principle. However, it's possible. Ficoop is will be launched (2021) as a first SSE specific crowd equity platform in the Mediterranea. For more info about this pioneer experience: jordi.panal@iesmed.eu

- **How does this platform give support non-financially?** Non-financial support from donation crowdfunding platforms differs very much from platform to platform. Some platforms offer no support at all. Others have specifically designed support programs (usually in co-operation with partner organisations). Also La bolsa social invest much in the different stages by non-financial support, as they have a specific interest in the incorporation of SDG values in the business, they provide specific support.

A COCID19 related business is **TUCUVI**, a virtual assistant based on AI (artificial intelligence) and voice technology. Through calls to the landline telephone number of the users' home or mobile, it accompanies and monitors patients (mainly elderly patients), obtaining continuous care at home.

The purpose of the calls of this "virtual caregiver / assistant" is to track different diseases and / or situations of its users. For example: reminding them to take the medication or follow some treatment guidelines, do cognitive stimulation exercises, monitor symptoms of heart failure and other pathologies, caregiver satisfaction assessment, detection of basic needs, loneliness, etc.