



Best Practice Report
"Crowdfunding for supporting sustainable
social entrepreneurship initiatives"

Title of the project:

**Supporting Sustainable Social Entrepreneurship
Initiatives in Digital Era: Crowdfunding Toolbox**

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Executive Summary



Main purpose of the result IO1 "Crowdfunding for supporting sustainable social entrepreneurship initiatives" in the Erasmus KA2 Strategic Partnership Project titled **Supporting Sustainable Social Entrepreneurship Initiatives in Digital Era: Crowdfunding Toolbox** (no: **2021-1-EL01-KA220-ADU-000033592**) is to analyze best practices using of crowdfunding for supporting sustainable social entrepreneurship initiatives in project partners countries and form recommendations for adults who is going to realize crowdfunding campaign.

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Tasks that were conducted by each partner in project:

a) Desk Research method from multiple sources in national and English languages: reports, scientific journals, best practices, newspapers etc.

b) Semi-structured interviews with practitioners who organized their own crowdfunding campaigns or representatives of crowdfunding platforms.(3-5 semi-structured interviews in every country – each interview should be audio recorded to be put as a webinar on the project/partner's website).

Research showed rapid growth of the crowdfunding industry in the EU, gaining more relevance in the Belgian market. In the last few years, crowdfunding has become a powerful source of finance for social innovations, businesses, and research.

Additionally, there is a difference between Western and Eastern Europe platforms. While Western crowdfunding platforms are often domestically based, most of the platforms in the Southern and Eastern European countries are based in a foreign country. Also we determined that the most popular type of crowdfunding platform in the EU is financial-return crowdfunding platforms.





What was revealed was the significant importance of training and coaching for project holders before launching a campaign in order to increase the chance of the latter being successful. Also, we can observe that a significant part of the NGO and social sector has not enough knowledge on crowdfunding, and because of the fear of this alternative tool, there is a low level of utilization.

The crowdfunding campaign must include all the conditions associated with any campaign: objectivity, transparency, accountability, goodwill, awareness, realism and controllability. The specific is the subject of the campaign and everything related to the fundraising requirement. This increases the complexity of a crowdfunding campaign. The business idea and its presentation to the audience requires something more – knowledge and competence on the part of the authors. That is why it requires significant effort from a dedicated large team of professionals.

Greece's experience on crowdfunding campaigns highlights that the use of English text in the campaign plays a positive role in determining whether a campaign will be successful or not. Likewise, the inclusion of photographs constitutes a decisive factor in the success of a campaign.



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Recommendations on fundraising for sustainable social projects:

- Knowledge of the legislation on crowdfunding in the EU;
- Work with both domestic and international crowdfunding platforms;
- Use of financial-return crowdfunding platforms.
- Form of powerful ideas to campaign for;
- Develop and prepare all necessary elements of the crowdfunding campaign: objectivity, transparency, accountability, goodwill, awareness, realism and controllability;
- Develop a strategy for the preparation of the crowdfunding campaign and a roadmap for its implementation;
- Promote of various crowdfunding models (crowdlending, crowdinvesting etc);
- Form a good communication strategy and carry out promotion activities.
- Include gifts/perks;
- Use of videos (no more than 1'30" long);
- Include of English text in the description of the campaign;
- Add photographs.
- Educate staff on crowdfunding.



Introduction

Crowdfunding is a collective effort of many individuals who network and pool their resources to support endeavours initiated by other people or organizations. This is usually done via or with the help of the Internet, and in particular, in our times, the use of social media. Individual projects and businesses are financed through small contributions from a large number of individuals, allowing innovators, entrepreneurs, and business owners to utilize their social networks to raise capital (De Buysere et al., 2012). Entrepreneurs and businesses can utilize the crowd to obtain ideas, collect money, and solicit input on the product, overall fostering an environment of collective decision-making and allowing businesses to connect with potential customers. The main advantage of crowdfunding is that the funders are also potential customers and, primarily, ambassadors of the project or business they support and that are expected to promote it through their own networks.

Crowdfunding makes it possible to engage the crowd to obtain ideas, collect money, and solicit input on their initiative, fostering, in this way, an environment of collective decision-making and strengthening the connection with potential customers.

In crowdfunding, we must distinguish between financial and non-financial models. In the non-financial, we find donation and reward crowdfunding. Both models have in common a strong social component at the core of their campaigns for contributions, highlighting, in particular, the benefit for their communities. As for the financial models, we can distinguish mainly between equity- and lending-based crowdfunding.

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

Reward: The funders receive a tangible, but non-financial reward like products or services for their contribution. However, in the case of tangible products the reward-based model has turned out to be an excellent pre-sales tool since the product can be offered at a lower price compared to the real retail price. In reward-based crowdfunding, the perceived value of rewards should be higher than the economic one.



This model is very useful for companies that can be scalable and want to conduct market research or network with future customers.

Lending: Individuals lend money to a company or to an individual with the expectation that the money will be repaid with interest. Lending is relevant for cash-flow-positive companies that can credibly assure lenders of being able to pay back the loan. As with banking, the interest rate of the loan is determined by the risk of the investment. Moreover, a loan does not dilute ownership, instead, the crowd contribution provides working capital or, in some cases, leverages other investments.

Equity: The business sells shares or other transferable financial instruments to a number of individuals (investors). This model is often used by companies in their early and growth stages. Typical campaign funding amounts range from €20,000 to €5,000,000, depending on the legal framework and market conditions. Equity crowdfunding allows contributors to become investors or co-owners.

Normally, access to funding can be challenging for entrepreneurs and especially for social entrepreneurship initiatives. In this way, crowdfunding becomes a viable alternative to traditional forms of access to finance such as banks or business angels, whose interests are not aligned with the social motivation of these types of projects. On the other hand, people investing through crowdfunding platforms are also based on other factors such as the project's legitimacy and seeking a sense of co-creation rather than simply a financial return.

According to Rey-Martí (2019), the most suitable type of crowdfunding for a social entrepreneurship initiative depends on the project's social and financial objectives. While lending-based crowdfunding is the most used type of crowdfunding for commercial entrepreneurship ventures, reward-based and especially donation-based crowdfunding are the most used forms in the case of social entrepreneurship.

So as far as civic society development is concerned, it is necessary to understand best practices of crowdfunding.

Main purpose of this report is to present best practices using crowdfunding for supporting sustainable social entrepreneurship initiatives in project partners countries and form recommendations for adults who are interested in launching crowdfunding campaigns.



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Overview of Crowdfunding Practice in EU

Gathering comprehensive data on the European crowdfunding market can be difficult. Nonetheless, with the new European Crowdfunding Service Providers (ECSP) Regime, all Member States will have to report the activity in the crowdfunding market to the European Securities and Markets Authority (ESMA) through their supervisory bodies. Moreover, crowdfunding providers will be required to provide data on market activity to the national supervisors.

This new European regulation on European Crowdfunding Service Providers for Business ("ECSPR") (EU) 2020/1503 and the accompanying Directive (EU) 2020/1504 amending MIFID II entered into force on 10 November 2021, across 27 European Member states. This pan-European framework creates a largely harmonised regulatory rulebook for crowdfunding service providers established in a Member State (European Commission, 2021).

ECSPR won't apply to donation or reward crowdfunding platforms. However, it does apply to lending and equity platforms, that will be able to operate in the EU under the same rules. As of now, crowdfunding service providers offering financial services will operate under the same license for lending and securities – as well as some national instruments that will be subject to the new rules. The rules are also distinctively different from existing frameworks, so that crowdfunding is established as a separate professional financial services sector.

The market will be able to exploit the new framework and fulfill its ambitions by becoming a scalable, innovative form of direct investment into the European economy while mobilizing capital from retail and institutional investors alike.

Furthermore, on 12 July 2022, the European Commission opted to extend the transitional period until 10 November 2023 to all crowdfunding service providers as per Article 48(1) of Regulation (EU) 2020/1503 on ECSP for business providers for a transitional period with respect to crowdfunding services provided in accordance with national law. Nonetheless, the Regulation does not allow further extensions after this date, and existing crowdfunding service providers that have not received authorisation by 10 November 2023 will have to stop temporarily their operations until a license is granted.

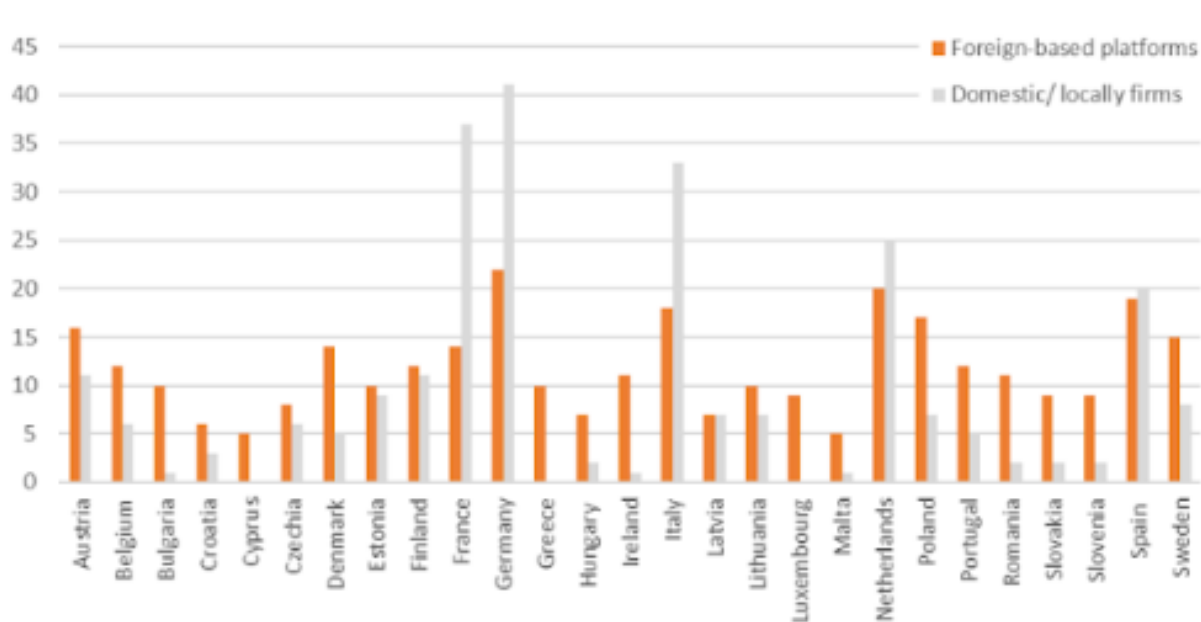


Considering the analysis of the crowdfunding activity between different countries from all over the world, covering numerous platforms, the Cambridge Centre for Alternative Finance (CCAF) has published the 'European Alternative Finance Benchmarking Report' since 2015.

The CCAF annual survey of online alternative finance estimated that the number of crowdfunding platforms was around 632 in Europe in 2018. These platforms contributed a total volume of EUR 6.5 billion in financing, with most of these platforms being based in Western Europe.

This study shows a difference between Western and Eastern Europe platforms. While Western crowdfunding platforms are often domestically based, most of the platforms in the Southern and Eastern European countries are based in foreign countries. For example, Germany and France are the countries with more locally-based firms, and the Netherlands and Spain are two of the countries with more foreign-based platforms, as shown in the graph below.

Figure 1. Number of domestic and foreign-based platforms operating in EU Member States in 2018

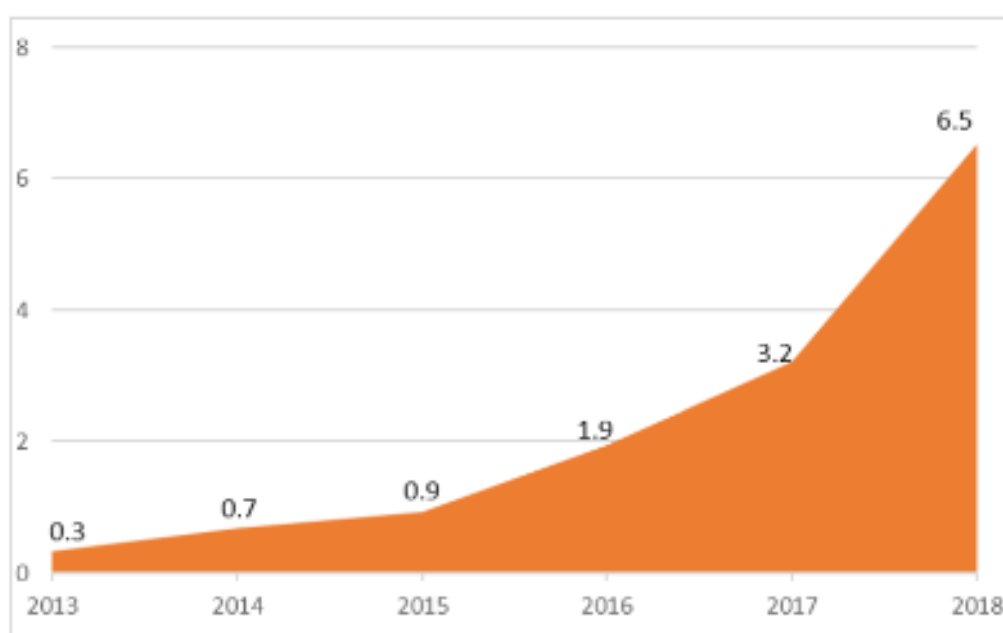


Source: CCAF, 2019

Regarding the types of crowdfunding platforms, financial-return crowdfunding accounts for 65% of the total number of platforms in Europe. Cross-border flows in crowdfunding are quite limited as this is a relatively new concept and until now, there was a lack of a uniform regulatory framework. While smaller markets like some Eastern European countries experience a significant volume of cross-border investing through international platforms, crowdfunding, in general, remains a local activity. The study shows that 84 crowdfunding platforms were operating cross-border in 2020, showing that the absence of harmonised regulations does not necessarily prevent the internationalisation process of the crowdfunding ecosystem.

As for the total volume of the crowdfunding market in Europe, it has significantly grown in recent years, showing the increased awareness and use of this tool as an alternative source of finance in Europe. In 2013 the volume of the European online alternative finance market accounted for a total of EUR 0.3 billion compared to EUR 6.5 billion in 2018, according to CCAF (2019). These growth rates are partly driven by revisions of the existing crowdfunding regulatory frameworks in European countries, and the enforcement of the ECSP, whose objective is creating an EU-harmonised legal framework.

Figure 2. Volume of the European online alternative finance market (EUR billion)



Source: CCAF, 2019

https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/crowdfunding_potential_esif_en.pdf

As shown by Statista (2022), France and Germany are the leading crowdfunding markets in the EU in terms of transaction value, accounting for €40.82m and €34.54m respectively. These countries are two of the five biggest crowdfunding industries worldwide, after the US and the UK.

As an alternative form of financing, crowdfunding is designed to provide access to capital to those who may not have access to more traditional channels such as bank loans. Indeed, when looking at the profiles of crowdfunding project owners, evidence shows that a significant proportion report being either people not served by or without access to any traditional financial service, or with access to some basic financial services, but not a complete suite (CCFA, 2019).

So features of EU crowdfunding are:

1. Crowdfunding providers will be required to provide data on market activity to the national supervisors;
2. During 2023–2024 years will form full regulation of crowdfunding activity in EU;
3. There is a difference between Western and Eastern Europe crowdfunding platforms. While Western crowdfunding platforms are often domestically based, most of the platforms in the Southern and Eastern European countries are based in a foreign country;
4. Most popular type of crowdfunding platform in the EU is the financial-return crowdfunding platform (65% of the total number of platforms).

Recommendations for practitioners how to organize successful crowdfunding campaigns in EU:

- Knowledge of the legislation on crowdfunding in the activity in EU;
- Work with both as domestic and international crowdfunding platforms;
- Use of financial-return crowdfunding platforms.



Overview of Crowdfunding Practice in Belgium

The Belgian crowdfunding market started late but has evolved quickly and crowdfunding is now considered a feasible alternative financing tool. Although the industry is primarily dominated by local platforms, international players have an impact too. Moreover, the donation or reward models are now widely used in Belgium to fund all kinds of non-for-profit, social, creative, or even personal needs and initiatives. These models are subject to very few regulations as they do not fall within the scope of most financial regulations.

According to the European Commission, Belgium is the 7th largest crowdfunding market in Europe with EUR 37m funds collected through this tool in 2015. Besides, the Market Volume Per Capita is EUR 3.26m. The size of the crowdfunding market in this country has increased over the past years, as shown by the University of Cambridge.

(Identifying market and regulatory obstacles to cross-border development of crowdfunding in the EU - Annex A2 - Member States' Profiles on Crowdfunding, 2017)

Both the number of projects and the total sums collected have seen a steady increase. FSMA study (2018) reflects that while in 2012 only three projects were financed, by 2017 the number had risen to 92. The total amount collected in 2017 was roughly 20 million euros.
<https://www.fsma.be/en/news/crowdfunding-growing-steadily-belgium>

The Benelux region (Belgium, Netherlands, Luxembourg) ranked second, with debt-based models in 2019 (\$2.9 billion in 2019; \$589 million in 2020) significantly outperforming equity-based (\$25 million in 2019; \$31 million in 2020) and non investment-based models in the region (\$29 million in 2019; \$33 million in 2020). The drop in debt-based models in Benelux came primarily from one lending-based platform in the Netherlands which did not participate in 2020 (CCFA, 2021).

In 2014, six platforms were active, according to a European Commission study; eight, according to the local trade association. Currently, there are 11 active crowdfunding platforms in Belgium, as shown in the table below.



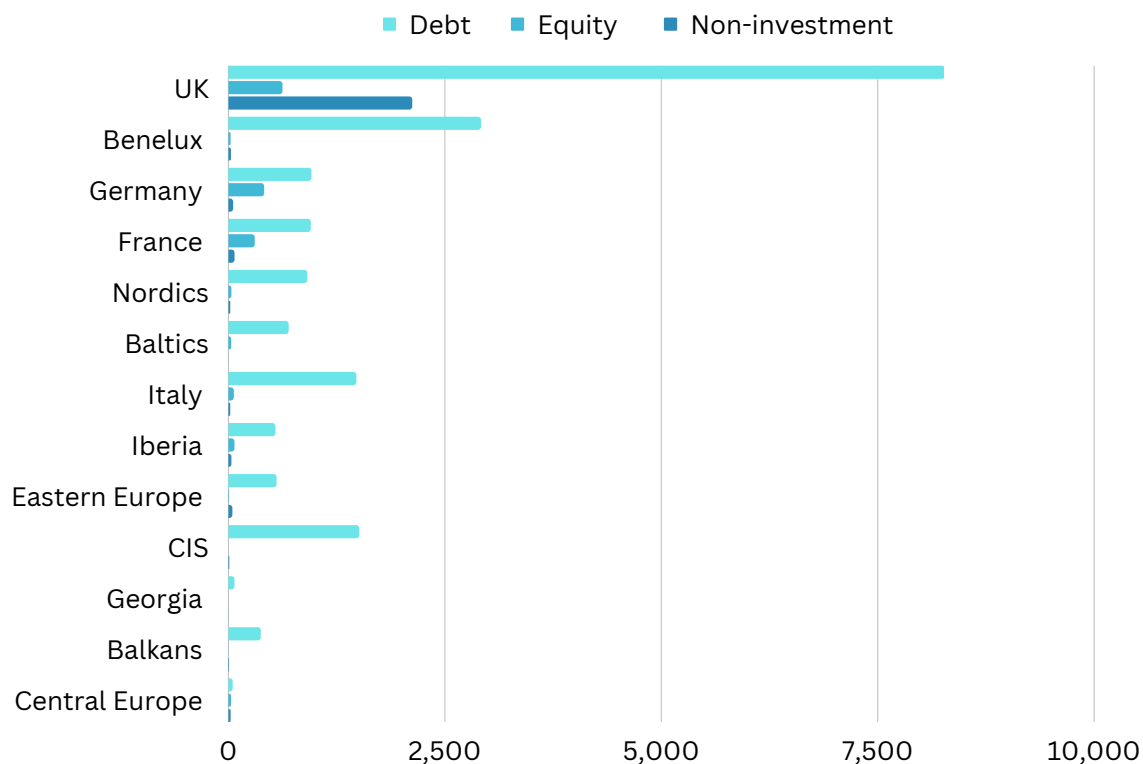


Figure 3. European Alternative Finance Market Volume by Sub-region and Model Categorisation 2019, USD

Table 1. Crowdfunding platforms in Belgium

Ecco Nova (Lending)	A platform for sustainable investment mainly focused on energy transition projects.
Growfunding (Reward)	Growfunding is a platform for civic crowdfunding. They support projects that make our society stronger and more sustainable.
Koalect (Reward/Donation)	Koalect supports social-profit organizations through personalized crowdfunding, crowdsourcing or fundraising platforms.
Lita.co (Lending)	As a crowdfunding and impact investing platform, it is specialized to generate financing for social enterprises through the crowd. People can invest in enterprises that are in the start-up or scale-up phase

WinWinner (Lending)	WinWinner is a crowdlending platform that brings entrepreneurs and investors together allowing them to grow.
Crowd'in (Donation)	Crowd'in is a platform that offers financing solutions adapted to the needs of project leaders with donations and equity loans for VSEs and SMEs.
Bolero (Equity)	Bolero Crowdfunding is a financial crowdfunding platform dedicated to entrepreneurs and investors, which aims to stimulate business growth.
Beebonds (Lending)	Beebonds is a crowdlending platform that aims to support the local economy and allows investors to invest in innovative projects.
Lookandfin (Lending)	Look&Fin is a crowdlending platform that allows investors to invest in SMEs.
Spreds (Equity/Lending)	Spreds provides digital tools through a SaaS platform that handles the legal, administrative and financial actions and transactions related to the governance, fundraising and management of members, shareholders, investors, board members, etc.
Crowdfunding Gent (Reward)	Crowdfunding Gent is the platform for Ghent residents who are eager to create and experience the city together.

The European Crowdfunding Network has conducted three interviews, two of them with Belgian crowdfunding platforms and one with a project holder, in order to determine the role of this financing tool in supporting sustainable social entrepreneurship initiatives.

The first interview was conducted with Margarita Marin, coach in Growfunding which is a reward and donation civic crowdfunding platform. Growfunding is mainly focused on social and local initiatives in Belgium with the objective of helping project holders to raise the necessary funds and putting them in contact with key partners. The second interview was with Arnaud Burgot, General Director of Ulule, a reward-based crowdfunding platform focused on cultural, entrepreneurship, and social projects. Finally, the third interview was with Nora Dardir, founder and president of BEIT, a non-profit association that financed its project through the crowdfunding platform Growfunding. BEIT's goal is to create a center for artistic and cultural expression to achieve integration among cultures, especially Arab people, including refugees immigrants, expats, etc.

Regarding the selection of projects, both platforms follow the same process, based on two main aspects: feasibility and affinity. If the topic of the proposed initiative matches the platform's values and mission and at the same time, it is an elaborated idea with realistic objectives they choose to host the project. Normally project owners have not received any training before nor have knowledge about crowdfunding, so both platforms propose different training mechanisms.

In the case of Ulule, they provide a service of coaching and in the case of Growfunding they provide training and workshops to the project holders focusing on mapping the crowd, rewards, the presentation of the project, and the communication strategy. It has been proven that the people that followed these workshops had higher probabilities of succeeding with their campaign, such as the BEIT campaign, which has achieved the goal of €5,000. The process for the crowdfunding campaign followed by the BEIT association, as Nora explained, took them 5 years as they needed to develop the idea, get initial support and start building a network. Then, after a recommendation, they contacted Growfunding to finance their initiative and received coaching, which was the first training they had ever received although they have read about this alternative tool before.



All three interviewees agreed that having a good communication strategy as well as having an established community are key aspects for a crowdfunding campaign to be successful. It is essential to have a nice slogan, promotion activities, visual ID, and a personalised message for your potential supporters. Moreover, building your personal network and getting the support of your closest cycle are the first steps to consider. The coach of Growfunding also added that it is important to prepare the campaign in advance and keep working hard throughout the whole process. As for Nora, the final outcome of a project needs to provide a solution to a real problem.

On the other hand, there are challenges that crowdfunding faces that reduce the number of people using this tool such as having the feeling of 'begging' for money or the preference by supporters to donate only to specific campaigns that support more urgent matters. Also, as the founder of BEIT stated, some people do not believe in the project they developed, and they do not want to take the risk that launching a campaign implies.

Both experts and the project holder agree that crowdfunding can be a very useful tool for NGOs and social/ecological initiatives as it can raise awareness and educate people on current issues affecting society and help them get initial funding.

Nonetheless, it will depend on the type of project that is to be funded, as crowdfunding might not be suitable for some initiatives. For crowdfunding to be used successfully for social causes the project needs to tackle a topic that touches people and brings something new to the society. Besides, crowdfunding cannot be the only funding solution for a non-profit organisation, they need the support of other funding mechanisms or associations.

Although the three participants state that some organisations in the NGO and social sector have knowledge of crowdfunding, there is a generalised feeling of fear among them to use this funding tool. This might be explained by prejudices and misinformation, as Margarita explained, and the lack of knowledge on some aspects such as the financial part, the communication strategy, and the general organisation during the process. Nora also showed that most organisations are scared of the effect on their reputation in case of a failed campaign as well as the need for more support and training at the beginning of the launching process. To face this problem, Growfunding developed hybrid workshops where they start by explaining the most fundamental aspects like how to present a project and how to make it appealing.

Arnaud also states that knowledge of online communication and marketing is often missing and thus, it would be important to teach these aspects in a fundamental course. For BEIT, the most important learnings include the communication part and the follow-up phase.

In conclusion, these three interviews have shown the big importance of training and coaching for project holders before launching the campaign in order to increase the chance of being successful. Also, we can observe that a significant part of the NGO and social sector has not enough knowledge of crowdfunding, and because of the fear of this alternative tool, there is a low level of implementation.

Considering the interviews conducted with the experts as well as the study of the EU and Belgian crowdfunding industry a SWOT analysis is going to be developed in order to state the factors of success and failures in crowdfunding campaigns.

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Table 2. SWOT analysis of Belgian crowdfunding industry

SWOT

STRENGTHS

WEAKNESSES

Good communication strategy with excellent promotion activities.

Creativity and being original.

Good visual identity: use of videos and images for the presentation of the campaign.

Having a personalised message, not a generic one.

Providing good rewards to the supporters of the campaign.

Provide solutions to real problems.

Not having an established community before launching the campaign.

Not working hard throughout the process including the post-campaign phase.

Not having enough knowledge of financial aspects.

Underestimate the total expenses of launching a campaign.

Not good organization in the development of the projects.

Not having a feasible objective.

New harmonised European crowdfunding market with ECSPR.

Raise awareness of current issues.

Access to finance for social initiatives.

Tax incentives schemes to investors and companies in crowdfunding.

Crowdfunding training and workshops by European projects or platforms.

Fast growth of the crowdfunding market in Belgium.

Misinformation and lack of knowledge about crowdfunding as a funding tool.

Risk of failure and damage to the organisations' reputation.

Having the feeling of 'begging' for money.

OPPORTUNITIES

THREATS



After analysing the results of the SWOT developed in the previous section, the following conclusions were reached.

Factors that contribute to the success of a crowdfunding campaign include a good communication strategy and carrying out promotion activities in order to reach a big target group while making your initiative known. This also includes having good visual materials such as a short video explaining the objectives, images for social media, and a good slogan. Creativity is essential as well as having a personalised message for the supporters, bringing something innovative to the market or a cause that raises awareness. In addition, the project needs to have a feasible goal and provide a solution to a real problem, in the case of the social context. On the other side, some weaknesses that can lead to the failure of a campaign include not having a community. It is important to have a close circle of people that can support and test the service before starting the campaign. Subsequently, the project holders need to continue working on building a network. Moreover, sometimes there is a lack of knowledge of financial or organisational matters as well as knowing how to set a realistic budget. Also, campaigns that do not focus on the follow-up phase have more chances of losing supporters.

As for the threats and opportunities, there is a high level of misinformation and a lack of knowledge about crowdfunding, especially in the NGO and social sectors. There is a fear of risking the organisation's reputation and trying a new instrument for them as well. Therefore, the training provided by many crowdfunding platforms and EU projects like SEIDE@CRO can help overcome this barrier and spread the use of crowdfunding in this sector. Besides, crowdfunding brings a lot of opportunities such as access to finance for social initiatives or projects that cannot get funding from other sources, although this cannot be the only funding solution for them. Also, there are tax incentive schemes for supporters of crowdfunding campaigns in some countries, which can increase the number of supporters. Furthermore, with the new European regulation, the crowdfunding market will be harmonised and will experience an increase in trust among supporters and project holders. Also, it will be easier for investors to carry out transnational operations as well as obtain data on the crowdfunding market in the EU, an industry that keeps evolving and increasing.

It has been proved that the crowdfunding industry is growing rapidly in the EU and gaining more relevance in the Belgian market. In the last few years, crowdfunding has become a powerful source of finance for social innovations, businesses, and research.



The European Commission has recognised the importance of this financing tool for social initiatives and remarked that was essential to build a European-level policy in this field.
<https://cutt.ly/3wuLEV>

Moreover, as shown in the analysis of crowdfunding in supporting sustainable social entrepreneurship initiatives in Belgium, the threat of misinformation in the social field can be overcome by the development of training focused on these types of projects. This training needs to address key aspects including the communication strategy, building a network, and the follow-up phase. Social entrepreneurship initiatives need also to have a feasible objective that offers a solution to a real problem while raising awareness in society. Thanks to this information, crowdfunding campaigns will increase their chances of being successful and reduce the risk of failure and damage to the organisation's reputation.

The activities provided by projects like SEIDE@CRO could help to reduce the low trust in crowdfunding and increase the level of implementation among NGO's and social associations, and at the same time, spread the word about the benefits of this financing tool for social entrepreneurship initiatives in Belgium and in the whole European Union.

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Overview of Crowdfunding Practice in Greece

As part of its ongoing effort to support Greek non-profit organizations, HIGGS conducted the first survey in Greece on crowdfunding and NGOs. We felt it was critical to conduct a survey that would document and highlight best practices because, in the face of a largely unfavorable funding environment, many Greek NGOs had begun to consider the possibility of raising funds through crowdfunding campaigns, and several had already launched some. The primary goal of the research was to thoroughly study and analyze this fundraising practice, but it also documented the crowdfunding campaigns of Greek non-profit organizations in order to investigate the factors that contributed to their success.

SWOT analysis of Greece crowdfunding industry proposes in Table 3.



Table 3. SWOT analysis of Greece crowdfunding industry

SWOT

STRENGTHS

WEAKNESSES

<p>You can decide where to allocate collected amounts</p> <p>Relatively cheaper and quicker way of funding compared to other "traditional" fundraising approaches and grant applications</p> <p>Open to any social cause without eligibility criteria</p> <p>Ability to reach numerous potential donors through the use of digital channels</p> <p>Has a positive impact on digital presence of the organization/social enterprise</p> <p>Increases the positioning and brand awareness of the organization/social enterprise</p>	<p>Public not familiar with online payments Lack of trust for the non profits</p> <p>Not enough knowledge on how to implement a crowdfunding campaign</p> <p>Only suitable for raising small amount of funds</p> <p>Administrative and accounting issues</p>
<p>Creation of a network and establishment of professional relationships</p> <p>New funding channel for nonprofits to make good use</p> <p>Greeks are becoming more familiar with online payment/donation procedures</p>	<p>Gaining public trust is difficult due to perceived risks of fraud and deception</p> <p>Lack of proper government regulations</p>

OPPORTUNITIES

THREATS



Simultaneously, in order to take the most comprehensive approach to the issue possible, we also conducted:

1. a survey with questionnaires on crowdfunding platforms.
2. a survey with questionnaires sent to non-profits that have run crowdfunding campaigns.
3. recording of perspectives on crowdfunding at a workshop hosted by HIGGS on June 1, 2017 with the participation of several organizations and representatives from various platforms.

These three small parallel surveys aimed to investigate more qualitative aspects of crowdfunding in Greece as an important complement to our main research's primarily quantitative dimension.

We conducted research on various platforms as prospective donors in order to gain a better understanding of the experience each donor has when they begin to make a donation.

Finally, we sought the advice of our legal counsel to clarify the legal framework under which crowdfunding in Greece operates.

Despite the fact that crowdfunding is a relatively new fundraising practice, and that there is frequently a time lag between new practices and their adoption in Greece, a relevant ecosystem has already begun to emerge. On the one hand, our research identified a significant number of campaigns conducted by or on behalf of Greek NGOs, while on the other, several relevant Greek platforms have been established.

More specifically:

59 completed campaigns organized and run by Greek NGOs formed the basis of our analysis to extract the best practices that follow. For methodological reasons, we did not include campaigns created by third parties (usually individuals) on behalf of Greek NGOs in our analysis.

Several initiatives to create and operate platforms for NGOs to host campaigns were counted. Interestingly, a first cycle of this aspect of the ecosystem has already concluded, with several platforms appearing to have ceased operations (e.g., Groupio, Philanthropoli), while specialized platforms such as Act4Greece have been created, which are supported by institutions (banks and charities, companies, etc.) and where campaign posting is governed by a stricter control and evaluation framework.

The distribution of campaigns across the various platforms available is an intriguing first element.



While a Greek NGO can choose from hundreds of platforms available globally to "upload" its campaign, 79% of campaigns run to date have used only Greek platforms.

In December 2015, Law 4351 allowed banks to create donation accounts in the context of their corporate social responsibility. For example, National Bank of Greece, created the act4Greece program and platform, which is the first program of this size to support actions by the public and by businesses. In its first years of operation the platform supported more than 25 actions with a total budget of 1.8 million euro.

A small number of public corporations also commenced operating crowdfunding platforms on the basis of their institutional framework about donations. First the insular Municipality of Antiparos in the Aegean created –and is the sole proprietor of– a portal which operates as a public fundraising (crowdfunding) platform for the purpose of collecting for itself or for non-profit entities particular monetary donations or bids in-kind (Crowdfunding & Donation Platform of the Municipality of Antiparos, 2020). The Region of Crete has also set up a similar mechanism (Crowdfunding & Donation Platform of the Region of Crete, 2020).

NGOs identified were classified into the following categories based on their field of action or the scope of the campaign they ran (if the former differed from the latter):

- **Children:** The category "Children" includes all NGOs whose primary beneficiaries are children. These NGOs' services to children may be medical, educational, material (e.g., recycling of children's items for reuse by low-income families), or related to children's and young people's rights.
- **Culture:** The 'Culture' category includes non-governmental organizations (NGOs) whose campaigns concern art (theater, music, and film), artistic creation, research, and the study of history.
- **Society:** NGOs that work to improve society as a whole are included in the "Society" category. Such actions could include the fight against unemployment, the networking of a municipality's citizens, the integration of vulnerable social groups into society, the provision of goods and services to vulnerable social groups, and, finally, the fight against poverty.
- **Environment:** NGOs in the 'Environment' category focus on animal welfare and environmental activities.
- **Health:** Finally, the "Health" category includes all NGOs involved in health-related activities.



As regards the distribution of campaigns by sector of action, we note that about one third (34%) were related to actions that fall within the "Children" category, while slightly fewer campaigns were in the "Culture" category.

In terms of success rates, the "Children" sector had the highest (7 campaigns), followed by the "Culture" sector (6 campaigns). The fact that the success rate of campaigns in the "Children" sector is statistically significantly higher (35%) than the average (31%), confirming the fact that children's activities appear to attract more public interest than other actions, is of particular interest.

Table 4. Success rate by target sector

Target campaign sector	Success rate
Agricultural production	0%
People with disabilities	100%
Education	0%
Society	25%
Children	35%
Environment	17%
Education	33%
Health	25%

The registered campaigns raised a total of 280,815 euros (excluding institutional donations) out of the 795,673 euros sought (35% of the total), with 139,988 euros (50% of the total) in the "Culture" category and 87,412 euros (31% of the total) in the "Children" category. It should be noted that these figures appear to be skewed due to campaigns on the Act4Greece platform, where the most successful campaigns were in the "Culture" category, with the average amount raised significantly higher (+790%) than the other campaigns. If we exclude the Act4Greece campaigns, the "Children" category comes in first with 54%, followed by "Health" and "Culture" with 18% of the total.

Table 5. Main amounts collected and related campaigns categories

Amount requested		Amount collected	% of total	Culture	% of total	Children	% of total
Total amount	795.673	280.815	35%	139.988	50%	87.412	31%

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Table 6. Ranking of sectors based on amounts raised off-platform Act4Greece

Ranking of sectors based on amount raised off-platforms Act4Greece		Amount collected	% of total
Children	1st	87.413	54%
Culture	2nd	31.241	18%
Health	3rd	21.596	18%

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• •
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In terms of average values, target amount per campaign, amount raised per campaign and donation, these were as follows:

Table 7. Main average campaign values by field of action

Children	Amount	Culture	Amount	Health	Total
Average amount requested	21.050	12.203	13.186	6.750	14.924
Average amount collected	2.357	9.332	4.085	3.070	5.105
Average number of donations	92.70	119.13	70.49	52.75	92.83
Average number of donations	26.92	44.00	43	43.50	45.46

Campaigns were evaluated based on whether they met their monetary target, i.e. were successful, or whether they did not meet their monetary target, i.e. were unsuccessful. Unsuccessful campaigns marked with an asterisk (*) did not meet their goal but received the amount of money donated to them. Most crowdfunding platforms only allow the crowdfunder to receive the money donated if the money reaches or exceeds the targeted amount. That is, if the campaign's target amount is €1,000, the crowdfunder will only receive the amount if it reaches or exceeds €1,000.

Some platforms, however, allow the crowdfunder to receive any amount collected up until the end of the campaign. On the majority of these websites, the crowdfunder can specify whether he or she wants to receive the money only if the full amount is collected or whether he or she wants to receive any amount collected until the campaign ends.

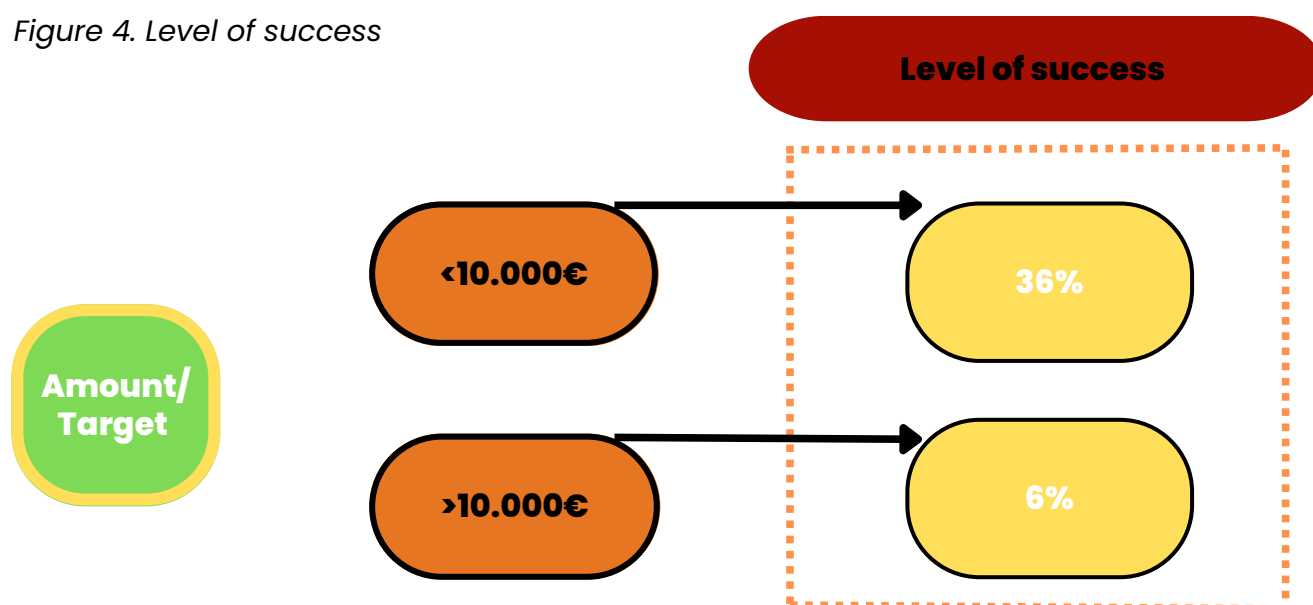
As shown in the table below, 42 campaigns, or 71% of the campaigns tested, failed to raise the desired amount, while 17 campaigns, or 29% of the campaigns tested, succeeded in raising the desired amount.

Table 8. Successful and Unsuccessful Campaigns

Campaigns result total	Number of campaigns	Percentage in relation to total
Unsuccessful	20	34%
Unsuccessful*	22	37%
Successful	17	29%

An important finding is that very few campaigns costing more than €10,000 were successful. 44 of the 59 campaigns had a target amount of up to €10,000, with 15 having a target amount of up to €125,000. Surprisingly, success rates for campaigns under €10,000 increased significantly (from 6% to 36%), while campaigns targeting amounts up to €5,000 were even more successful. It should be noted that the above results are fully consistent with the view that the "market" in Greece is currently in an early stage – both because most NGOs have not yet turned to this tool, and because large segments of Greek society have little experience with electronic means of payment.

Figure 4. Level of success



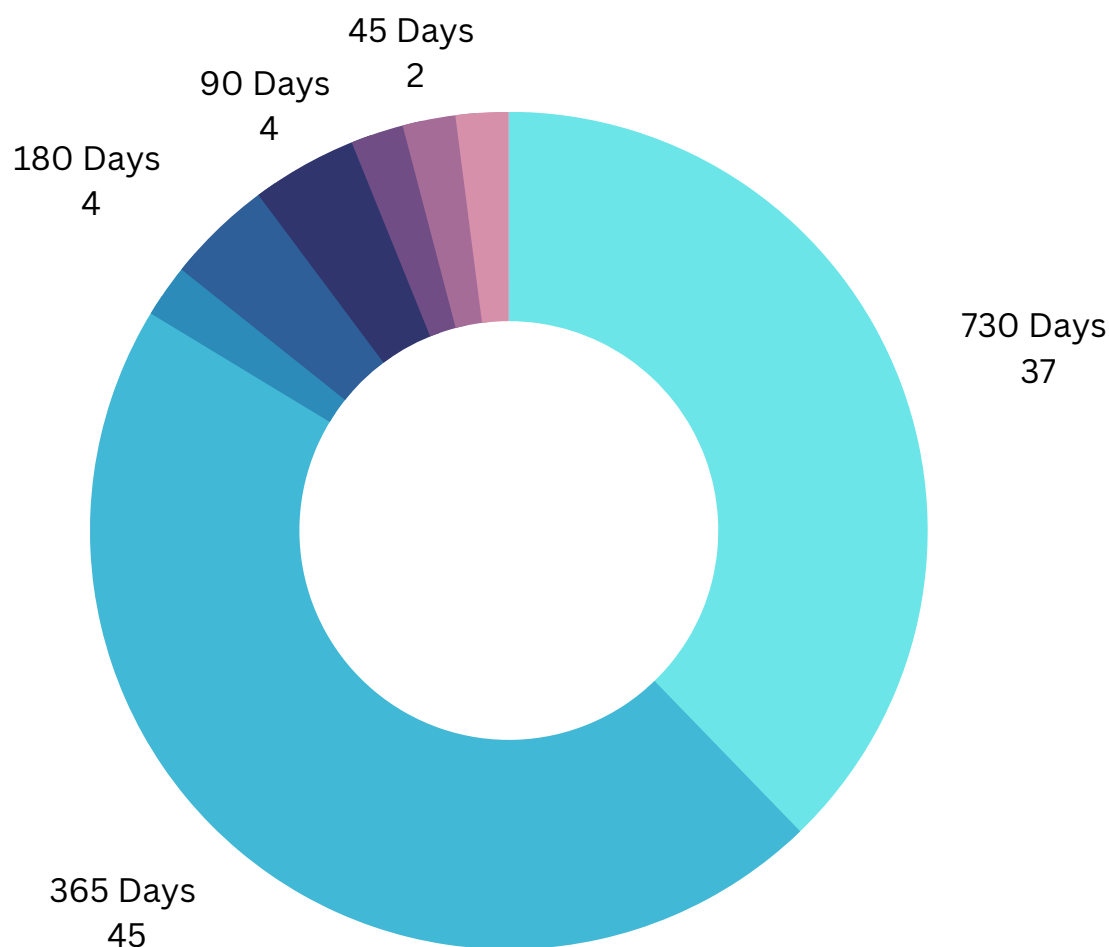
In total, all successful crowdfunding campaigns set a target amount of €93,193, of which €100,848 was eventually raised. Looking at the successful campaigns, we can see that the most common target amount is 2,800 euros, and the most common amount raised is 2,834 euros, with the most frequent donation being 87 euros and an average of 43 donations. The table below shows the amounts requested and ultimately collected by the 17 successful campaigns, as well as the average of these amounts and the most frequent amount per category.

Table 9. Target amounts and amounts raised from successful campaigns

Total target amount		Total comparative amount	Median target amount	Median collected target	Median donation per campaign
Successful campaigns	93.193€	100.848 €	2.800 €	2.834 €	87 €

The duration of a campaign is one of the factors considered to influence the success or failure of a campaign. Although the element on this point is now relatively homogeneous, each organization can determine the duration of its campaign. Most commonly, the stress of achieving the goal causes many organizations to set relatively long time periods if they are not, despite the fact that all relevant studies point to the importance of a narrow time frame. The vast majority of campaigns (82%), according to the table below, last up to one and a half months, with 12% lasting between two and six months.

Figure 5. Duration of campaigns



Approximately half of the campaigns (44%) did not provide a gift to potential donors. Seven (7) of these were successful, while the remaining 19 were not. A gift was given to donors in 14% of campaigns, but the gift was unrelated to the crowdfunding campaign's purpose. Two (2) of these campaigns were successful, while the other six (6) were not. An unrelated gift is one that has nothing to do with the campaign, its purpose, or its actions. The remaining 42% of campaigns gave donors a campaign-related gift. Eight (8) of these campaigns were successful, while seventeen (17) were not. Giving a gift to donors is a common practice when crowdfunding.

Table 10. Offer and Non-offer of a Gift (related or not)

With present/ Without present	Unsuccessful	Successful	Amount	Success rate
No present	19	7	26	27%
Unrelated	6	2	8	25%
Related	17	8	25	32%

We discovered that providing campaign-related perks leads to a 20% increase in success rate. At the same time, data analysis shows that the use of non-campaign-related gifts appears to have no positive effect on the campaign.

56% of campaigns are written in both English and Greek or only in English, with 10 being successful, while 44% are written only in Greek, with 7 being successful. The use of English text appears to increase the chances of a campaign's success by about 10%, as expected.

Table 11. Use or not of English text

Campaign language	Unsuccessful	Successful	Amount	Rate of success
Greek and/or English text	23	10	33	30%
Only Greek text	19	7	26	27%

76% (45 campaigns) of all campaigns tested (both successful and unsuccessful) included video. Fourteen of these campaigns were successful, with 57% of them linking their video to the campaign itself.

Interestingly, campaigns with a relevant video raised around €8,000 on average, compared to campaigns with a non-relevant video, which raised around €4,000 each. At the same time, successful campaigns attracted far fewer donors – only 34% of donors to successful campaigns with directly related video.

Table 12. Amount raised by video campaigns

Video use	Unsuccessful	Successful	Amount	
Related	24	8	32	8.000 €
Unrelated	7	6	13	4000 €

The vast majority of campaigns (93%) included photos, with 58% of these directly related to the campaign itself, rather than just the organization. Although the data does not show a direct increase in success rate with the use of related photos, the latter (successful) campaigns attracted a significantly larger number of supporters (687 vs. 201), as well as raised 240% more money per campaign on average.

Table 13. Use of photography

Use of photographys	Unsucces sful	Successf ul	Amount	Rate of success	Average amount raised
Related	24	8	32	25%	8.237 €
Unrelated	16	7	23	30%	3.453 €

Approximately half of the campaigns (51%) included a description of the NGO to which the funds were directed. The data, however, do not indicate that the existence of the description had a positive impact on the relative success rate.

Similarly, the description of project implementation methodology was chosen by 39% of the sample, but had no discernible impact on campaign progress other than a slight increase in average donation (+2.5%).

Finally, 86% of the sample made a relevant reference to the reasons, or need, for running the campaign, giving it a +32% chance of success.

Based on the analysis of the evidence gathered, a number of important findings emerge, which for the most part confirm best practices as identified in the international literature.

Factors of success and failures in crowdfunding campaigns in Greece are as follows:

- The smaller the target amount, the more likely it is that the desired amount will be raised. It appears that campaigns above €10,000 failed to collect only a very small percentage of their target amount (6% success rate). Looking at the successful campaigns we observe that the most frequent amount raised per campaign is 2,800 euros revealing that at present, the crowdfunding channel in Greece is not yet significantly developed.
- It seems that the combination of the themes "Children" and "Health" is particularly successful.
- The use of video can lead to an increase in the success rate from 30% to 45%, as long as it is relatively short in duration and targeted.
- The gift is a factor that contributes positively to the campaign's monetary goal, but not decisively. It also appears that the majority of NGOs that offered a gift decided to link the gift in some way to their campaign purpose or activities.
- It seems that at least in the "Culture" category, gift giving is a decisive factor in raising the target money. The same cannot be said for the "Children" category. In the "Health" category it seems that the gift does not play any role and that the campaign purpose alone is enough to raise awareness and mobilize donors.

- The English text plays a positive role in determining whether a campaign will be successful or not.
- Photographs are a decisive factor in the success of a campaign.
- Having a description of the NGO running the campaign and how the money raised will be used did not seem to play a significant role in the success of a campaign.

Recommendations for practitioners how to organize successful crowdfunding campaigns in Greece:

- To include element -gift;
- To use a video;
- To include an english text regarding the campaign;
- To add photographs.



Overview of Crowdfunding Practice in Poland

Crowdfunding, or social funding, is a type of financing in which individuals or entities raise money for a specific project via the Internet. In Poland, crowdfunding is regulated by the Act of August 19, 2011 on payment services, as well as by the Regulation of the Minister of Finance of December 17, 2015 on the regulations of payment services. There are various types of crowdfunding in Poland, including reward crowdfunding, where donors receive a specific reward in exchange for financial support, and equity crowdfunding, where donors receive shares in a project.

At the end of 2021 the total value of the Polish equity crowdfunding market was equal to 274 million PLN (around 60 million EUR) and the market consisted of 16 platforms, which need to obtain license in 2023 according to the new legislation (*Justyna Solnica, Filip Sobociński, „Jaka przyszłość czeka rynek polskiego crowdfundingu udziałowego?”, 29.07.2022*). But if we take into consideration the whole social crowdfunding market its value in 2021 reached an astonishing 1.4 billion PLN i.e about 300 million EUR (only the leader of social crowdfunding www.zrzutka.pl attracted funds of 250 million PLN – *Jakub Bandura, „Ile jest wart polski rynek crowdfundingu, a ile światowy”*). In 2020, the value of the equity crowdfunding market in Poland was approximately PLN 68 million (around 15 million EUR). This was an increase of approximately 17% compared to 2019, when the crowdfunding equity market value was approximately PLN 58 million.

In Poland we have two main models of financing of crowdfunding activities i.e. (*Crowdfunding, czyli finansowanie społecznościowe przez Internet*):

- Nothing-or-all (for example crowdfunding websites: www.wspieram.to, www.polakpotrafi.pl) – in this model, the target amount is set by the organizer of the crowdfunding campaign. If the target is not met, then money is refunded to the accounts of the donors. This model involves more risk from the organizer but can be more motivating for the donors to reach the target amount.
- You-take-what-you-collected – (for example crowdfunding websites: www.beesfund.com or www.odpalprojekt.pl) – in this model there is no target threshold which must be met by the donations. Whatever is collected, can be withdrawn by the organizer. The organizer can also freely move deadlines or change the target amounts of the crowdfunding campaigns.



Table 14. Main crowdfunding platforms for NGOs and social activists in Poland

Nr.	Name (English translation) and website	Specifics of the portal
1	Common Project www.wspolnyprojekt.pl	The organizer takes 7% commission from each project which got successful financing.
2	Financial Pool www.zrzutka.pl	The portal is the market leader in Poland. It does not charge any commission, but you can always declare some percent for the development of portal.
3	Let's help www.siepomaga.pl	Another crowdfunding behemoth, it charges 6% of the costs of crowdfunding campaigns for the sake of its own Foundation (administration, marketing and other costs).
4	I help www.pomagam.pl	It charges 5% administration fees plus 2.5% money transaction costs.
5	Start your project www.odpalprojekt.pl	Between 4.9% to 6.9% commission or additional 2.5% charge for the transaction fees.
6	The Polish can do it www.polakpotrafi.pl	Commission total is around 10% from each successful crowdfunding campaign.
7	I support this www.wspieramto.pl	8.5% to 9.5% general commission plus 2.5% transaction fees.

Source: www.ngo.pl , date: 12.12.2022

There have been many successful crowdfunding campaigns in Poland, both reward and equity. Here are some examples:

- "Let's do it together - a new facility for the Silesian ZOO" campaign on the polakpotrafi.pl platform - a campaign raising money for the construction of a new facility in the Silesian Zoo, which raised over PLN 1 million, exceeding its goal by over 200%.
- The "Copernicus - history rediscovered" campaign on the support.to platform - a campaign raising money for the production of a documentary film about Nicolaus Copernicus, which raised over PLN 70,000, exceeding its goal by over 140%.
- "The Witcher: Old World" campaign on the gamefound.com platform - a campaign raising money for the production of a board game based on the Witcher universe, which raised over PLN 2.5 million, exceeding its goal by over 500%.
- "SmartGarden - an intelligent garden" campaign on the seedrs.com platform - a campaign raising money for the development of an intelligent system for growing plants in gardens, which received over PLN 2 million, exceeding its goal by over 400%.
- The "Szlachetna Paczka" (eng. Noble Gift) campaign on the szlachetnapaczka.pl platform - a campaign collecting money to help families in need during the holiday season, which receives several million zlotys from donors every year.
- The "Unbreakable - a film about Lech Wałęsa" campaign on the support.to platform - a campaign raising money for the production of a documentary film about the Polish Noble Prize Winner - Lech Wałęsa, which raised over PLN 700,000, exceeding its goal by over 140%.
- "Eco-furniture" campaign on the polakpotrafi.pl platform - a campaign raising money for the development of a company producing furniture made of pallets, which received over PLN 100,000, exceeding its goal by over 200%.
- The "First Polish Internet Radio" campaign on the support.to platform - a campaign raising money for the development of the first Polish Internet radio, which raised over PLN 200,000, exceeding its goal by over 400%.



These are just a few examples of many successful crowdfunding campaigns that have taken place in Poland. It is worth remembering that the success of a crowdfunding campaign depends on many factors, such as an interesting idea, a well-planned marketing campaign and the involvement of donors.

This semi-structured interviews study was in order to gain a deeper insight into crowdfunding practices in the NGO sector in Poland. As part of the study, interviews were conducted with three individuals who were selected based on their involvement in the crowdfunding practices]. The goal of the interviews was to understand it aims to analyse best practices about the use of crowdfunding for supporting sustainable social entrepreneurship initiatives in project partners countries and develop formal recommendations for adults who are going to carry crowdfunding campaigns.and to gather detailed information about them.

The semi-structured interviews methodology allows for a more in-depth understanding of the respondents' viewpoints and enables the collection of rich and detailed data on the research topic.The results of the semi-structured interviews study are presented in the following sections and analyzed in relation to relevance of research. Initial findings are presented in this national report.

For the project, we decided to interview three crowdfunding managers (Mirosław1, Mirosław2 and Aleksandra) who are in charge of crowdfunding campaigns in the social organization. Mirosław1 is in charge of social crowdfunding in one of medium-sized foundation related to education and social history.



Here are the main highlights of the interview with Mirosław:

- The interviewee is the vice President and crowdfunding coordinator for their organization, which has engaged in crowdfunding to fund a mural honoring their patron and other crowdfunding initiatives to give remembrance to important historical events of Poland (for example Polish input into decoding Enigma machine).
- The organization sought out guidance from an organization with experience in crowdfunding in order to select a platform and plan their online marketing strategy.
- The criteria for selecting a platform included its popularity, profile of fundraisers, and effectiveness.
- The most common age range of project holders supported by the organization is 30-60 years old.
- The most successful campaign was one to fund a mural of their patron due to its efficient marketing and ability to reach its goal quickly (although it was not certain if the threshold of 40 000 PLN will be met easily)
- The three most important factors for a successful crowdfunding campaign are marketing, platform selection, and targeting the right audience.
- Some challenges to using crowdfunding in the interviewee's country include restrictive fiscal law and a lack of awareness about crowdfunding among the general public.
- Some opportunities for crowdfunding in the interviewee's country include the ability to access alternative sources of financing and the potential for growth in the sector.
- Some potential risks or threats to the development of crowdfunding in the interviewee's country include competition from other sources of financing, regulatory uncertainty, and the risk of fraud.
- The interviewee believes that the biggest opportunity for crowdfunding in their country is the ability to support and nurture innovation and creativity.



- The interviewee believes that some potential risks or threats to the development of crowdfunding in their country include competition from other sources of financing and the risk of fraud.

Another interview took place with Mirek which is in the management board of one of the largest social enterprises in Poland which is active in the crowdfunding market. Following answers were given. Here are the highlights of the interviews:

- The respondent is the secretary of a social co-op and instructor at a center for occupational therapy.
- The organization has participated in several crowdfunding campaigns for rehabilitation and nutrition for seniors and those with disabilities, as well as providing meals for refugees and donated handmade crafts for auctions or prizes.
- The criteria for choosing a platform were focused on improving the lives of vulnerable populations.
- Popular topics in the campaigns were disability, inclusion, and humanitarian aid. The organizers of the supported projects had not received formal or informal training in crowdfunding.
- The most common age range of project owners supported was 30–60 years old.
- Successful campaigns included those for rehabilitation and nutrition for seniors and those with disabilities, as well as those for providing meals for refugees.
- The main challenges in using crowdfunding in the respondent's country are low public awareness and lack of understanding about the concept.
- The respondent believes that crowdfunding is a good opportunity for organizations to raise funds, but it is important to carefully plan campaigns and choose the right platform.

The last interviewed person was Aleksandra who is also president of a large social enterprise in Poland and crowdfunding manager for her organisation. The main conclusions of her interview are as follows:

- The interviewee's role in their organization is the President of a social co-op, responsible for managing the organization and financial and accounting matters, with a focus on a daycare center for elderly individuals.



- The organization has engaged in crowdfunding by organizing community collections for the needs and equipment of the daycare center.
- The process for crowdfunding projects involves exchanging information between the organization and the local community, identifying needs and obtaining funds.
- The criteria for selecting a crowdfunding platform include ease of access, clear interface, effective communication, and reliability.
- She mentioned that she received training from an organization with experience in crowdfunding, but it is not specified what form this training took (e.g. formal course, self-study, etc.).
- The typical age range of project owners supported by the interviewee is individuals over 50 years old.
- The most successful campaigns were those that had a clear message and were supported by the local community.
- The main challenges in using crowdfunding in the interviewee's country include lack of awareness and understanding of the concept, as well as strict tax laws.
- Potential opportunities from crowdfunding include increased visibility and the ability to reach a wider audience.
- The interviewee believes that the future of crowdfunding in their country lies in increased collaboration and support from institutions and organizations.

In Poland, crowdfunding regulations were unified by the Crowdfunding Act of November 21, 2014 (Journal of Laws of 2018, item 2195, as amended), which entered into force on April 1, 2015. This Act defines the rules and conditions for conducting activities related to obtaining financing via online crowdfunding platforms and the rules for trading the so-called. financial instruments issued under crowdfunding.

According to the Act, crowdfunding platforms are divided into two categories:

- Intermediary platforms – platforms that connect supporters with project beneficiaries, but do not participate in project financing or issue financial instruments under crowdfunding;
- Financing platforms – platforms that participate in financing projects by issuing financial instruments under crowdfunding.



Financing platforms must obtain a permit from the Polish Financial Supervision Authority (KNF) to operate and meet a number of requirements regarding, among others, securing the supporting funds, information provided to users and the method of keeping the settlement account. In the case of issuing financial instruments under crowdfunding, the project beneficiary is obliged to present a prospectus and to maintain an investment account for supporters. In addition to the Crowdfunding Act, other legal provisions are also important for crowdfunding, such as the Act on Trading in Financial Instruments or the Act on the Protection of Personal Data.

New legislation on crowdfunding became effective from 22nd July 2022. It was the first codification of the rules regarding crowdfunding in the history of Poland (with full focus on crowdfunding, not as a side topic). Full title of the legal act which came into effect: „Act on social financing for economic ventures and help to credit takers (crowdfunding act)” The new act regulates the activity of crowdfunding platforms and crowdfunding itself. It puts a requirement for all crowdfunding platforms in Poland to receive licence approval from the KNF (Polish Financial Supervision Commission).

All 16 crowdfunding platforms in Poland must receive licences before the end of November or stop their operations. The regulation introduced certain minimum standards regarding the safety and protection of investors in the crowdfunding projects. The deadline for applying for licence (approval) may be extended till November 2023.

There are several legal challenges related to crowdfunding in Poland that you should know about:

- Lack of uniform legal regulations – although the Crowdfunding Act has unified the regulations regarding this form of financing to some extent, there are still legal gaps and ambiguities, especially with regard to intermediary platforms.
- Problems with the issue of financial instruments – the issue of financial instruments under crowdfunding requires the fulfillment of a number of legal requirements, which can be difficult and time-consuming for project beneficiaries.
- Lack of investor protection – Crowdfunding is a form of alternative finance, which means that investors may be more at risk than other forms of investing. The lack of appropriate legal regulations and insufficient protection of investors' funds may pose additional challenges.



Problems with the protection of personal data – due to the nature of the online crowdfunding platform, there is a risk of violating the privacy of investors

Crowdfunding can be an effective tool for NGOs in Poland to raise funds for the implementation of various projects and activities. Below I will list some aspects of the use of crowdfunding by NGOs in Poland (Table 15):

Table 15. SWOT analysis of Poland crowdfunding industry

SWOT

STRENGTHS

WEAKNESSES

<p>Quickly developing market</p> <p>Community building</p> <p>Low threshold to enter for NGOs</p> <p>Opportunity to get early access to a product or service</p>	<p>Low awareness</p> <p>Lack of experienced project managers in crowdfunding</p> <p>Fragility of investors and lack of adequate protection</p> <p>Inadequate technological and digital infrastructure</p>
<p>The foundation of the Polish Crowdfunding Society</p> <p>The ability to quickly raise funds for specific projects</p> <p>Ability to reach a wide audience</p> <p>Building social involvement</p> <p>Possibility to verify social interest in a given project</p> <p>The possibility of attracting new donors and support</p>	<p>Competition from other sources of financing</p> <p>Regulatory uncertainty</p> <p>Low level of social capital in Poland</p> <p>Risk of fraud</p>

OPPORTUNITIES

THREATS

STRENGTHS:

- Quickly developing market. Both social and equity crowdfunding are growing quickly year to year in Poland and the market reached almost 1.4 billion PLN value in 2021 year and is still growing.
- Community building: Crowdfunding enables community building around a project, which can be especially important for social or artistic projects. In Poland 16 main social crowdfunding platforms plus equity crowdfunding platforms built a community for different causes in various social sectors.
- Low threshold to enter for NGOs – some of the largest players in the Polish crowdfunding market (such as www.zrzutka.pl) do not require any financial commission or front payment from NGOs which would like to collect financial resources for their social causes.
- Opportunity to get early access to a product or service: Often entrepreneurs offer early access to their products or services as a reward for people who support the project financially.

WEAKNESSES:

- Low awareness – one of the main weaknesses of the Polish crowdfunding market is the low awareness of this form of project financing among Polish entrepreneurs and investors. Many people in Poland do not know that it is possible to collect money from many people using online platforms, and if they have heard about it, they do not fully understand how it works (*Dominika Kordela, „Is Crowdfunding an adequate form of financing for opportunity or necessity-based enterprises?”, Annales Oeconomia, Vol 2/2022, s. 72, DOI:10.17951/h.2022.56.2.59-75*)
- Lack of experienced project managers in crowdfunding – Amongst shortcomings of the Polish crowdfunding market is the lack of experienced project managers who would be able to effectively manage fundraising. Many projects on Polish crowdfunding platforms fail because their creators are unable to effectively manage the fundraising and engage people to support their projects.

- Fragility of investors and lack of adequate protection – we can also point out as a weakness the lack of appropriate legal regulations that would protect the interests of investors and allow them easy access to information on projects in which they would like to invest.
- Inadequate technological and digital infrastructure – Poland also lacks a well-developed technological infrastructure that would enable easy and quick raising of money via online platforms.

OPPORTUNITIES

- The foundation of the Polish Crowdfunding Society (in March 2012) which pushed forward the initiatives and the work of various Polish crowdfunding platforms was unified to some extent and common negotiation positions to the government could be presented (*Krystyna Mistręga-Niestrój, „Crowdfunding – worldwide and Polish experiences”, Annales Oeconomia, Vol 4, 2013*).
- The ability to quickly raise funds for specific projects – crowdfunding platforms allow you to collect money from many people in a short time, which allows you to quickly collect the necessary funds for the implementation of projects.
- Ability to reach a wide audience – crowdfunding platforms enable the promotion of projects on the Internet, which allows you to reach a wide audience and encourage them to financial support.
- Building social involvement – crowdfunding can be an effective tool for building social involvement around specific projects and NGO activities. Project supporters often feel more involved and identified with the activities carried out by the NGO.
- Possibility to verify social interest in a given project – if a given crowdfunding campaign is successful, it may be evidence of great social interest in a given project and motivation to continue it.
- The possibility of attracting new donors and support – crowdfunding can be an effective tool to attract new donors and support NGO activities.

THREATS:

Here are a few potential threats to the development of crowdfunding in Poland:

- Competition from other sources of financing: Crowdfunding may face competition from other sources of financing, such as traditional banks and venture capital firms, which may make it difficult for crowdfunding campaigns to attract funding.
- Regulatory uncertainty: The regulatory environment for crowdfunding in Poland is still in the early stages of development, which may create uncertainty for organizers of crowdfunding campaigns and investors. The new law introduced from 2022 is a step in the right direction, although it is doubtful if all 16 crowdfunding platforms will be able to meet new legal criteria by the extended deadline in 2023.
- Low level of social capital in Poland: Poland is the country with the low social capital level, therefore it also automatically translates into lower trust in crowdfunding campaigns, which could lead to a lack of trust in the sector and discourage potential investors.
- Risk of fraud: There is always a risk of fraud in any financial sector, and crowdfunding is no exception. This risk may discourage potential investors from participating in crowdfunding campaigns (there are some high profile fraud cases like the fake account which cheated Robert Lewandowski for 250 000 PLN for the curing of not existing person).

It is important to note that these are potential threats and may not necessarily materialize. However, it is important to be aware of these risks and to take steps to mitigate them in order to ensure the long-term success and stability of the crowdfunding sector in Poland. The desk research and semi-structured interviews showed that the crowdfunding sector is on the rise in Poland.

Amongst the **factors failures in crowdfunding campaigns** is the low level of knowledge regarding the crowdfunding opportunities and practical applications of crowdfunding campaigns. Interviewed experts got their knowledge either in the form of mentoring/coaching from the experienced crowdfunding organization (expert) or by the means of self-learning. The organizations indicate that still the level of knowledge on this topic is on the low level amongst NGO staff and also the society generally.



Low protection of the individuals involved in the crowdfunding is another barrier for further development as there were loud cases of fraud in crowdfunding campaigns and even high profile figures (like Robert Lewandowski) lost their money devoted to social causes. Nevertheless, the new legislation from 2022 will make the investors and donors more secure but at the same time it can limit the number of crowdfunding platforms in the country (currently there are 16 major platforms). NGO crowdfunding managers are positive about the development of crowdfunding and they believe this form of alternative social financing will gain interest in the future.

Success of a crowdfunding campaign in Poland depends on many factors, such as an interesting idea, a well-planned marketing campaign and the involvement of donors.

Recommendations for practitioners how to organize successful crowdfunding campaigns in Poland:

- To form the campaign around a powerful idea;
- To create a robust campaign plan;
- To educate staff on the particularities of crowdfunding campaigns.
- To address the issue of low digital capacity of most Polish organizations.



Overview of Crowdfunding Practice in Bulgaria

The most successful Bulgarian fund-raising campaigns are those that offer artistic products related to culture/education and social inclusion rather than technological developments, and those artistic products are appealing in some way both in terms of the narrative and the characters, which are three more crucial successful things for a campaign. The most successful campaigns depend on the product, so if the product is something that is appealing you can easily decide to buy it on the spot like a cartoon, something with a mission. The new generation is very sensitive to these topics. Young people do not have significant financial resources, but they are active in social networks, where they can attract followers.

It's really a matter of finding the best fit between the goal, the model of the group, of the company, as well as the requirement of the platform and also what kind of people you can find there. There is formal training that is not always referred to as "crowdfunding training,". The training is more general, such as how to pitch, how to plan a business plan, or how to value a business. Crowdfunding is just one of the sources of funding because it is not always feasible and physically possible for all projects to be crowdfunded.

The need to inform and advise people to provide presentation for old people is not typically considered as funding for someone to actually feel something on a continuous basis.

For instance, those who are prepared to make one-time investments, support one-time investments, make ongoing investments, and provide the most frequent topics in the counselling complaints with which you have dealt will find that, in general, there is not enough social inclusion in business and that there is not enough sustainability.

Factors for failures in crowdfunding campaigns in Bulgaria are: the lack of traditions, the lack of good practices and experience, the lack of a platform administered by a Bulgarian legal entity, the lack of training for organizing such a campaign and insufficient awareness among the public about crowdfunding.

Results of crowdfunding SWOT analysis(Table 16):



Table 2. SWOT analysis of Bulgarian crowdfunding industry

SWOT

STRENGTHS

WEAKNESSES

<p>A clear and specific idea</p> <p>Correct selection of platform</p> <p>Good visualization and attractive description</p> <p>Active and timely communication</p> <p>Self-study and self-training</p>	<p>Lack of specific knowledge about business and financial plan</p> <p>Lack of knowledge and experience about organizing a campaign</p> <p>Lack of knowledge of crowdfunding</p> <p>Lack of interest in social entrepreneurship</p>
<p>A prospect for increased interest in social entrepreneurship</p> <p>The accumulated positive experience in various social campaigns to turn the attitude towards crowdfunding</p> <p>The increased empathy in society will also affect activity in crowdfunding</p> <p>Increased public literacy regarding financial instruments and crowdfunding in particular</p>	<p>Lack of traditions</p> <p>Lack of good practices and experience</p> <p>Lack of a platform administered by a Bulgarian legal entity</p> <p>Lack of training</p> <p>Insufficient awareness among the public about crowdfunding</p>

OPPORTUNITIES

THREATS



The experience in Bulgaria regarding crowdfunding is mainly through Facebook and for projects related to culture, art and crafts. Social entrepreneurship, which is very underdeveloped in Bulgaria, does not make use of this opportunity. This also has a positive point, there is a large field for development.

The process of popularizing crowdfunding includes teaching in upper secondary schools and universities. The professional training of economists and financiers is a future possibility. Therefore, crowdfunding is currently a viable innovative option for supporting sustainable projects, with the aim of improving communities and solving social problems.

Nonetheless, there is still a lack of knowledge and formation regarding crowdfunding in the sustainable social context and focused on low-skilled or low-qualified adults. This group of people has been especially affected after the socio-economic crisis caused by the pandemic and thus, it needs more support. An analysis showed that issues of social inclusion, financial inequality, unemployment, and stagnation of entrepreneurship have intensified. So, crowdfunding can be a good tool to implement the ideas of the social entrepreneurs, improving their lives and their community.

There are many donation channels that work extremely well, and if we expand crowdfunding to cover all of these donations, they work very well. The idea of crowdfunding should not be confused with the classic one, which is to replace investors from the crowd. Many of these channels exist and various forms of public crowdfunding can be used to amplify their messages. Some of them do partner with larger banks to supplement the microfinance that their employees or clients would otherwise generate; this has been a long untapped market for one of Bulgaria's largest banks and has been very successful in inspiring both employees and citizens to donate to worthy causes.

In this approach, crowdfunding does involve and support a large number of agents in the provision of public services. They were often extremely outgoing and socially focused.

The number of organizations that effectively use crowdfunding is not very large, and among the reasons for this is that the small organizations are reluctant to use them because they fear that they won't receive enough funding in the first place, not because they don't know, but because there have been a number of scams involving more traditional forms of crowdfunding without technology, the majority of the funds raised



from which were used for managerial purposes. Here is the place and role of training – formal and informal.

The factors of success in crowdfunding campaigns:

- 1) A clear and specific idea for financing;
- 2) Correct selection of platform and message to users;
- 3) Good visualization and attractive description to grab the audience;
- 4) Active and timely communication to attract new partners;
- 5) Self-study and self-training.

Recommendations for crowdfunding campaigns in Bulgaria:

The crowdfunding campaign must include all the conditions associated with any campaign: objectivity, transparency, accountability, goodwill, awareness, realism and controllability. The specific is the subject of the campaign and everything related to the fundraising requirement.

This increases the complexity of the campaign for crowdfunding. The business idea and its presentation to the audience requires something more – knowledge and competence on the part of the authors. That is why it is a serious work of a large team of professionals.



Overview of Crowdfunding Practice in Ukraine

Crowdfunding is usually considered by financiers as a non-core alternative financial instrument for supporting projects and companies. However, as Ukrainian experience shows, it can be quite efficient when it is used to unite society in solving acute problems of communities reflecting the needs of the country. On the one hand, the development of crowdfunding in Ukraine follows a scenario typical for other countries in line with existing global trends:

- increased attention to crowdfunding in periods of economic crises, when other traditional forms of financing, such as bank loans and direct investments, are complicated;
- the need to create a legal regulation of collective financing and strengthen the protection of investors, the growth of the number of crowdfunding platforms, and the gradual formation of a culture of collective financing in the society.

On the other hand, there are unique features present in Ukraine:

- the predominance of charity crowdfunding over other types of crowdfunding;
- a rapid boom in direct crowdfunding without the use of digital crowdfunding platforms due to the war in Ukraine;
- the activity of Ukrainian startups on international crowdfunding platforms, etc.
- Ukraine has gained a world-unique experience in direct crowdfunding (without the use of specialized crowdfunding platforms), when funds and volunteers have been collecting large sums of money and resources since 2014 to overcome the challenges of wartime and support victims of the war in Ukraine. The ability of Ukrainians to band together to raise funds in difficult times for the country is impressive. Despite the significant decrease in the income of Ukrainians after February 24, 2022, the vast majority of citizens (81%) donated and continue to donate money to the needs of the Armed Forces of Ukraine (2022, Kyiv International Institute of Sociology).

One of the most well-known funds in Ukraine, which collects resources from citizens and other benefactors, is the Serhiy Prytula Charitable Fund, founded by Serhiy Prytula, a popular Ukrainian showman and TV anchor.



With the beginning of Russia's large-scale attack on Ukraine in 2022, the fund reoriented itself from fundraising for social projects to raising funds for the needs of the Armed Forces of Ukraine. The most effective large-scale case of the foundation's crowdfunding campaign is the collection of funds for the "People's Bayraktar" project in June 2022.

In three days the fund collected the amount of money enough for the purchase of four "Bayraktar TB2" drones for the Ukrainian military for a total of UAH 600 million (about 16.48 million euros).

The Turkish company Baykar, a drone manufacturer, was so impressed by the unity of Ukrainians and their fundraising sacrifice, to decide to give three more drones to Ukraine for free. After negotiations with the Ministry of Defense of Ukraine, the fund decided to direct the collected funds to purchase a SAR satellite that provides Ukrainian Military's access to the ICEYE satellite constellation image database. The fund has turned into one of the most effective money-collecting volunteer organizations, attracting more than UAH 2 billion (54.95 million euros) in February - August 2022.

Another Ukrainian fundraising leader is the Charity fund "Come Back Alive", which collected UAH 4.2 billion (115.38 million euros) in the same period of time.

Thus, Ukraine is gradually building an ecosystem of collective financing, creating and developing its own crowdfunding platforms to support social, cultural and entrepreneurial projects.

As of September 2022, the market of organized crowdfunding in Ukraine is represented by 16 crowdfunding platforms (11 of them are active, 5 have suspended their activities (Table 17).



Table 17. Crowdfunding platforms in Ukraine

Platform name	Type of crowdfunding	Year of creation	Characteristic
Working platforms open to all creators: any organization can run a crowdfunding company			
«Spilnokosht» https://biggggidea.com	Donation-based and institutional crowdfunding. Flexible and fixed financing	2012	The leading crowdfunding platform in Ukraine. The goal is to contribute to the development of a strong and open society. Startup capital for social business; support of cultural, scientific, social and other socially significant projects
Keep Going https://www.keeptgoing.com.ua/	Donation-based crowdfunding. Subscription for devotees	2022	Provides support to companies, creative and professional associations, independent specialists working for military or humanitarian needs
«Моє місто» ("My city") https://mycity.one/	Donation-based project crowdfunding	2016	An online platform where citizens' social projects collect the necessary resources. Thanks to the participation of business and social investors, the platform covers operating costs, therefore it hosts projects for free

Platform name	Type of crowdfunding	Year of creation	Characteristics
StartEra https://startera.org.ua/	Donation-based project crowdfunding	2021	University initiative (Lviv Polytechnic National University). A platform for promoting startups, innovative creative, social and technological projects, public initiatives (partially financed by the Lviv City Council)
Startup.Network https://startup.network/	Investment-based crowdfunding, Lending-based crowdfunding	-	Network of venture market participants: startups, private investors and professional consultants. Helps entrepreneurs to find the first round of investments for startups, investors - to invest funds effectively
Культурний простір ("Cultural space") http://help.ua/culture.org/	Donation-based project crowdfunding	2022	The platform of the Ukrainian Cultural Foundation and partners, aimed at supporting Ukrainian culture in difficult wartime conditions
YoKu https://www.yoku.fund/	Donation-based institutional crowdfunding	2020	A platform supporting creators and organizations of Ukrainian culture

Working platforms with limited access for creators			
Platform name	Type of crowdfunding	Year of creation	Characteristic
Dobro.ua https://dobro.ua/	Donation-based project crowdfunding	2012	Supports donation-based projects. Projects are implemented and administered through a network of partner public organizations
Сімейні молочні ферми ("Family dairy farms") https://smf.org.ua	Hybrid platform: investment-based, credit-based, donation-based crowdfunding	2017	Social enterprise developing dairy farming (assists to create family dairy farms and dairy cooperatives)
UNITED24 https://u24.gov.ua	Funds go to support Ukraine	2022	Initiative of the President of Ukraine Volodymyr Zelenskyi. The task of the platform is to become the main window for collecting donations in support of Ukraine. Funds are transferred to the accounts of the National Bank of Ukraine and are directed by relevant ministries to the most important needs of the country
Komubook https://komubook.com.ua	Reward-based crowdfunding	2015	Crowdpublishing platform. The platform independently selects books and collects funds for their publication. Donors can receive books

Suspended crowdfunding platforms			
Platform name	Type of crowdfunding	Year of creation	Characteristic
GoFundEd http://prosvitcenter.org/gofunded	Donation-based project crowdfunding	2016	Specialization in educational initiatives. In 2021-2022 suspended the new projects
Dreamstarter https://dreamstarter.com.ua/	Donation-based project crowdfunding	2017	The platform did not develop and suspended its activities
RazomGo https://razomgo.com	Donation-based project crowdfunding	2018	Supports creative projects, projects with a commercial component, social projects. Suspended its activities in 2022
Na-Starte	Donation-based project crowdfunding	2014	The platform worked actively, gained popularity, supported startups, commercial and social projects. Completely ceased operations
«Кредити українському бізнесу» (CUB – “Credits to Ukrainian business”) https://kub.p.b.ua/	Lending-based crowdfunding, P2P lending	2016	The platform is based on Privatbank. Involved citizens in lending business projects. Supported projects of starting own business, expanding small and medium-sized businesses. Currently, it has suspended crowdfunding activities

The first crowdfunding platform in Ukraine created in 2011 was the Ukrainian Charity Exchange (later renamed to dobro.ua). Now it is the largest online donated-based platform, the modern tool for any charitable and social projects. During the 11 years of its existence UAH 536.89 million (14.75 million euros) was collected and 7,192 projects were fully financed. However, the platform has a closed access format for project creators: only a limited circle of partner organizations of this platform can be authors.

The NGO "Garage Gang" began to form the culture of crowdfunding in Ukraine founding the all-Ukrainian collective financing digital platform "Spilnocosht" in 2012. On October 1, 2022, 579 projects (UAH 53.58 million – 1.47 million euros) were implemented thanks to the platform. Currently, it is the most popular universal crowdfunding platform in Ukraine allowing raising funds for social non-commercial projects of various topics. The most significant were EdCamp (school education, UAH 1.48 million – 41 thousand euros), "Save defender's life" (tactical medicine training, UAH 624 thousand – 22.71 thousand euros), VolWest Hub (aid to the military, UAH 535 thousand – 14.70 thousand euros).

Since 2016, local and thematic crowdfunding platforms began to be actively created in Ukraine, such as "My City" (specialization in supporting local initiatives), GO Fund (educational projects), StartEra (startups), the first CUB crowdlending platform from Privatbank (mutual business lending – projects) and others. Some of them have now stopped operating due to low popularity and lack of financial resources for development.

In 2022, Volodymyr Zelensky, the President of Ukraine, initiated the digital crowdfunding platform "UNITED24". Its task is to become the main window for collecting donations in support of Ukraine. Funds are deposited into the accounts of the National Bank of Ukraine and are immediately transferred to the accounts of relevant ministries. During the existence of the platform, USD 213.52 million were collected (on October 1, 2022).

The development of crowdfunding in Ukraine is supported by an international fund "Vidrodzhennya" ("Renaissance"). The fund systematically announces grant competitions for additional financing of projects in the field of culture, media, and social entrepreneurship. The amount of additional funding is equal to the amount collected by the crowdfunding campaign.



However efficient domestically, Ukrainian companies and entrepreneurs are also actively raising funds on international crowdfunding platforms (such as Kickstarter and Indiegogo). Their goal is not only to get funding, but also to be able to test the product for market demand. This provides for the next step of fundraising – investments attraction.

During the existence of the Kickstarter platform, 621 projects from Ukraine were placed on it, 235 of which were successful (every third project). 25 Ukrainian projects raised more than USD 100,000, 85 projects from USD 10,000 to 100,000 and 124 projects – from USD 1,000 to 10,000. See Table 18 for some details.

Table 18. Five largest by efficiency Ukrainian projects on Kickstarter

Projects	Collected funds, USD
1. Enjoy The Wood Project «3D Luminous Colored Wooden World Map»	816 894
2. Enjoy The Wood Project «World's first 3D Wooden World Map»	533 530
3. Solgood Creations Project «3D Printable Stuff for Gamers and Painters»	440 222
4. Jollylook Project «Jollylook – The First Cardboard Vintage Instant Camera»	377 429
5. Nixoid Project «NIXOID NEXT / nixie watch 2021»	364 207

Ukrainian society is gradually becoming familiar with crowdfunding and showing greater interest in it. The level of trust in digital crowdfunding platforms and awareness of collective financing are gradually increasing. More and more entrepreneurs, leaders, public activists, organizations understand that raising funds from the community to implement a project (project crowdfunding) or support institutions (institutional crowdfunding) is an effective way to prove the relevance of the idea, the effectiveness of the team, and to build trust in communities essential for partnership with business and the government.

The willingness of citizens to financially support the ideas important for the country is gradually increasing. Ukrainian society actively supports non-profit social projects and initiatives in support of the Armed Forces of Ukraine. However, Ukrainians mostly take crowdfunding for charity and are not always ready to financially support entrepreneurs and business companies' crowdfunding campaigns. This happens due to low awareness of social entrepreneurship concepts among citizens, and their lack of understanding of its features and distinctions from traditional forms of business. Therefore, authors of crowdfunding campaigns should take this fact into account and explain the importance of social entrepreneurship, and its practical value for communities and the country to potential donors.

In the Ukrainian crowdfunding ecosystem, there are already various agencies providing clients with consulting, marketing and communication services, those who are explaining to them on how to effectively attract funding through the crowdfunding mechanism. External consulting support is especially important for those seeking to use international platforms. This requires high-quality project development (video content, text and visual content), knowledge of foreign legislation, taxation features, specific needs of the target audiences at foreign markets, to help clients in looking for foreign partners.

For novice entrepreneurs, volunteer initiatives, innovative startups at the stage of product development, professional consulting services are usually unavailable due to lack of financial resources. In addition, such projects often have a limited human resource, when one or more team members have to perform the entire operational work and, at the same time, are responsible for organizing a crowdfunding campaign having no appropriate professional knowledge.



That is why it is extremely important for a crowdfunding ecosystem to contain a sufficient number of participants able to provide training services, including free ones, to teach the skills and knowledge of how to conduct fundraising on crowdfunding platforms efficiently.

There are educational initiatives in Ukraine, designed to show society the possibilities of efficient use of collective financing for the benefit of socially significant projects. One of such educational initiatives is the "STALI project – the crowdfunding and self-reliance incubator for public organizations and social entrepreneurs", which is designed to teach local activists, leaders, social entrepreneurs the best practices of transparent and flexible fundraising.

Twice, in 2019, and in 2022-2023, the "Crowdfunding Academy" project within the framework of the UN Program for Reconstruction and Peacebuilding supported by the European Union, has been realized which is aimed at entrepreneurs and startups from the eastern regions of Ukraine. The project provides free crowdfunding mentoring support and training programs.

Ukrainian crowdfunding platforms are trying to increase their presence in the information field. They conduct education to form a culture of mobilizing community resources, promoting the view of crowdfunding as a joint creation of values. Thus, in 2022, the most popular crowdfunding platform in Ukraine, "Spilnocosht", has organized the training program "Spilnocosht Workshop: Crowdfunding in the conditions of war and post-war challenges".

In addition to educational projects, "Spilnocosht" actively implements partner programs with grant-makers and business companies. These affiliate programs include:

- "Small Acts Change the World" (2022) – a program to attract individual and institutional benefactors from Europe to support project and institutional campaigns of "Spilnocosht".
- "One step at a time to the victory of Ukraine" (2022) – an information campaign about the possibilities of crowdfunding and the development of the "Spilnocosht" platform to support the programs of post-war transformation and development of Ukrainian society.



- "We can!" (2020–2021) – additional financing from the "Kotex Ukraine" for women's crowdfunding projects.
- "Children of Culture" (2021) – additional financing from the Ukrainian Cultural Fund for projects that contribute to the development of children's talents through cultural and artistic practices.
- "Culture ∞ Community" (2020–2023) – additional financing from the International "Vidrodzennya" ("Renaissance") Fund for projects of cultural and creative industries, media, social entrepreneurship.

It is important for Ukrainian platforms to grow technologically and have a convenient interface. The Ukrainian backers are used to the high quality and digitization of financial services, and to the speed and convenience of payment services in particular.

Accordingly, searching for the project and its subsequent analysis, making supportive payments on the platform should be convenient and fast.

Today, there is no specialized regulation in the field of crowdfunding and social entrepreneurship in Ukraine. There are no special tax or legal regimes for the implementation of crowdfunding campaigns, activities of social enterprises or social entrepreneurs. There is also no system for monitoring the state and development of the crowdfunding market.

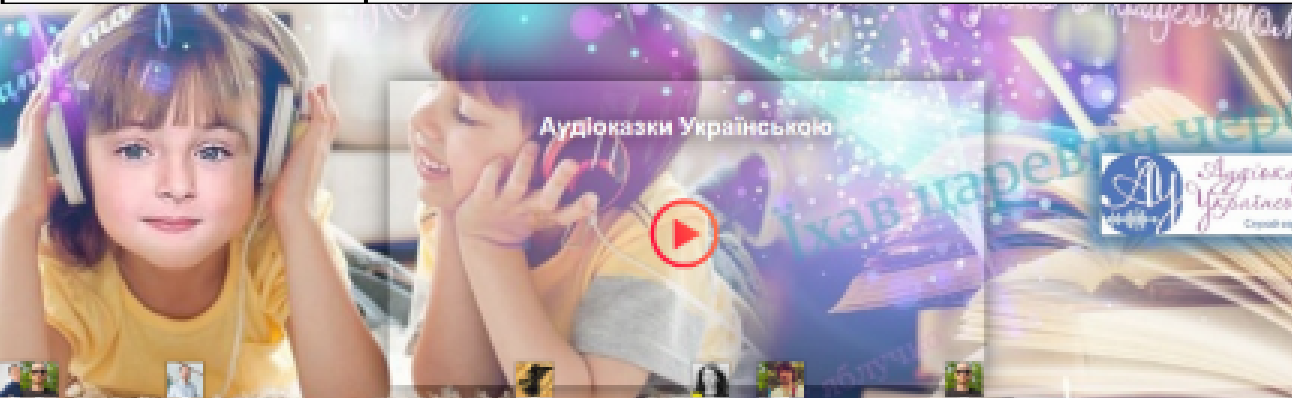
The absence of these leads to the complication of relations between the project authors and backers together with low level of protection of investors' rights, crowdfunding in Ukraine is following mainly the donate-based model, while more complex forms, such as crowdfinancing and crowdlending have almost no presence.

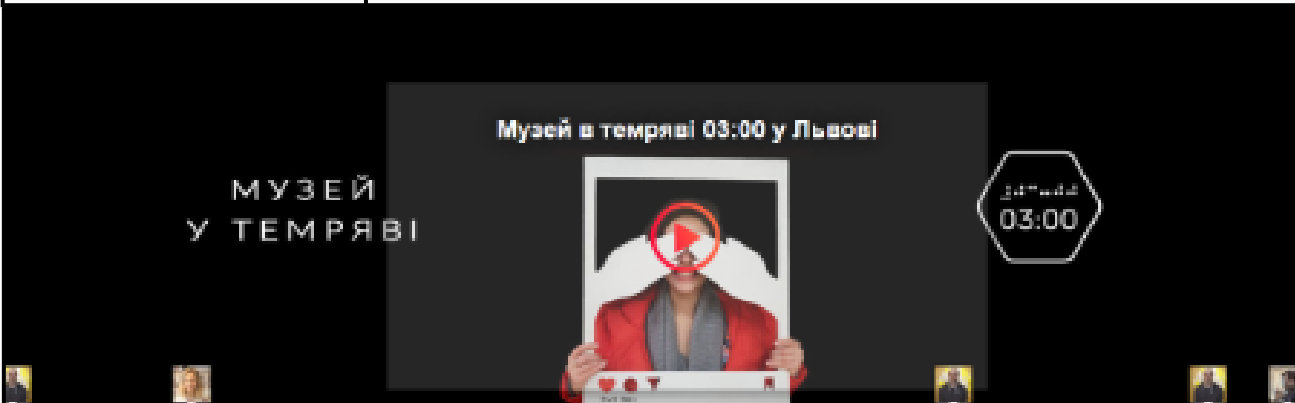
Due to existing tax peculiarities, crowdfunding platforms avoid cooperation with project authors both individuals, private entrepreneurs and business companies, preferring to work with NGOs for the sake of reduction of tax pressure on project budgets. There are a number of cases when entrepreneurs and social enterprises are forced to use NGOs or charity foundations as beneficiaries of funds when using the Ukrainian crowdfunding platforms.



All successful crowdfunding campaigns in Ukraine are mainly built on the trust of the target audience of donors in the project teams. Usually, they provide bright communication campaigns emotionally capable of motivating donors to join the initiative. The level of trust in crowdfunding is gradually increasing, contributing to the development of communities and civil society in general, forming a new level of cooperation and interpersonal relations. In the absence of legal regulation, the relations between providers and donors are regulated by the rules of crowdfunding platforms themselves and the norms of contracts signed with the authors of projects. Crowdfunding platforms aim at ensuring the fundraising efficiency, the quality of the hosted projects' development, its transparency, accountability, and the efficacy of implementation of projects donated by backers.

Table 19. Cases of successful practices: conducting crowdfunding campaigns for social entrepreneurship in Ukraine

Case №1	PROJECT "AUDIO FAIRY TALES IN UKRAINIAN" Mobile application for audio fairy tales in Ukrainian for children aged 3 to 9 years Project website: https://audiokazky.in.ua
 <p>Source: crowdfunding platform Spilnokosht"</p>	
Crowdfunding campaign	Author of the project: social enterprise Crowdfunding platform: "Spilnokosht", Ukraine Collected amount: UAH 113,001 Fundraising time: 2020 Crowdfunding model: donation-based crowdfunding Description of the project on the crowdfunding platform: https://bigggidea.com/project/audiokazki-ukranskoyu

Project goals	<ul style="list-style-type: none"> • create the largest library of audio fairy tales in the Ukrainian language • create a high-quality mobile application for convenient listening to audio fairy tales in any part of the world at anytime • build the foundation of national self-identity in the youngest Ukrainians • unite parents and children with revival of a family "evening fairy tale" tradition • encourage Ukrainian authors to increase the number of literature works for children in audio format
Case №2	<p>PROJECT "MUSEUM IN THE DARK 03:00 IN LVIV"</p> <p>Museum in the dark "Three after midnight", where all tours take place in total darkness and are accompanied by blind guides</p> <p>Project website: https://0300.com.ua</p>
 <p>ZSource: crowdfunding platform Spilnokosht"</p>	
Crowdfunding campaign	<p>Author of the project: social enterprise "Museum in the Dark" "3.00 AM after midnight"</p> <p>Crowdfunding platform: "Spilnokosht", Ukraine</p> <p>Collected amount: UAH 203,928</p> <p>Fundraising time: 2020</p> <p>Crowdfunding model: donation-based crowdfunding</p> <p>Description of the project on the crowdfunding platform: https://bigggidea.com/project/muzej-v-temryavi-0300-u-lvovi</p>

Project goals	<ul style="list-style-type: none"> • Creation and opening of a new museum space in the city of Lviv • Eliminating barriers in communication between sighted and blind people • Employment, socialization and cultural education of the blind • Increasing the level of empathy and tolerance in society
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The results of the SWOT analysis of the development of crowdfunding in Ukraine (Table 20).

As Ukrainian experience shows, crowdfunding can be quite efficient when it is used to unite society in solving acute problems of communities reflecting the needs of the country. On the one hand, the development of crowdfunding in Ukraine follows a scenario typical for other countries in line with existing global trends: increased attention to crowdfunding in periods of economic crises, when other traditional forms of financing, such as bank loans and direct investments, are complicated; the need to create a legal regulation of collective financing and strengthen the protection of investors, the growth of the number of crowdfunding platforms, and the gradual formation of a culture of collective financing in the society.

On the other hand, there are unique features present in Ukraine: the predominance of charity crowdfunding over other types of crowdfunding; a rapid boom in direct crowdfunding without the use of digital crowdfunding platforms due to the war in Ukraine; the activity of Ukrainian startups on international crowdfunding platforms, etc.

The extremely promising direction of crowdfunding is fundraising campaigns on digital crowdfunding platforms. Now donation-based crowdfunding is dominant with underdeveloped other types of crowdfunding (reward-based investment-based, lending-based).

Table 20. SWOT analysis of Ukraine crowdfunding industry

SWOT

STRENGTHS

WEAKNESSES

<p>Innovative strong idea/product with clear value for society and focus on sustainable development</p> <p>Detailed planning of all stages of the crowdfunding campaign</p> <p>Careful selection of a crowdfunding platform and development of parameters of a crowdfunding campaign based on needs and a realistic assessment of the organization's capabilities</p> <p>Involvement of professional consultants in case of entering highly competitive crowdfunding platforms</p> <p>High-quality content of a project including visual solutions</p> <p>Active and systematic communication using various communication platforms and communication tools: before, during and after the implementation of the fundraising campaign</p> <p>Formation of an effective project team.</p> <p>Education (social entrepreneurship and crowdfunding)</p>	<p>Lack of knowledge and experience in social entrepreneurship / implementation of social initiatives with a constant focus</p> <p>Low quality of the project descriptions on the crowdfunding platform</p> <p>Lack of knowledge and experience in conducting crowdfunding campaigns</p> <p>Unpreparedness of the organization for active communication, transparency and accountability</p> <p>Not enough grounded project budget and lack of planning</p> <p>Lack of financial, human, organizational and other resources</p> <p>Inability of the project author to work in a team (or its absence).</p> <p>Uncertainty in the results of the crowdfunding company – lack of guarantees of success</p>
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SWOT

OPPORTUNITIES

Spread of the Internet and the involvement of Ukrainians in social networks, the rapid digitalization of all spheres of the Ukrainian economy.

Crowdfunding is more than a financing tool. It opens many opportunities: to check the relevance of the project idea and its market demand, to confirm the ability of the team, to form and develop networks, to implement initiatives important to society, to build trust in communities for partnership with business and authorities.

Steady formation of the culture of crowdfunding and social entrepreneurship in Ukraine

Accumulation of experience in the implementation of crowdfunding campaigns on Ukrainian and international crowdfunding platforms.

Growing interest of citizens in sustainable development and projects with a clearly defined positive impact.

Development of grant programs for additional financing of projects involving collective financing.

Increasing the number of educational offers (including free ones) in the field of crowdfunding and social entrepreneurship

THREATS

Insufficient public awareness of crowdfunding and social entrepreneurship
Lack of legal regulation of crowdfunding and social entrepreneurship

War-related risks and threats to all participants in the crowdfunding market

Difficulty in attracting funds for social entrepreneurship projects and sustainable initiatives due to shifting the focus to financial support of the Armed Forces and liquidation of the consequences of the war

Unwillingness of benefactors to support commercial projects

Unavailability of professional consulting advertising and visual content production services due to lack of financial resources

Limited selection of national crowdfunding platforms, small amounts of funding for the projects

Reduction of incomes of the population of Ukraine and their financial ability to support projects

Insufficient offer of educational services in the field of social entrepreneurship and crowdfunding

Lack of culture of collective private investments

The development of crowdfunding in Ukraine has the following trends and features:

- Ukraine has a huge experience of direct crowdfunding by announcing fundraising at the accounts of volunteers and NGOs. A less developed, but extremely promising direction of crowdfunding is fundraising campaigns on digital platforms.
- Lack of legislative regulation of crowdfunding and social entrepreneurship. However, despite the legal uncertainty, crowdfunding is developing and revealing its potentially important role as a source of funding for social initiatives, cultural projects, and projects with a sustainable focus.
- Dominance of donation-based crowdfunding with underdeveloped other types of crowdfunding (reward-based investment-based, lending-based).
- Small average collected amounts compared to international crowdfunding platforms and platforms from other countries.
- Despite the large number of crowdfunding platforms, most successful campaigns are conducted on several leader platforms: "Spilnkosht" (open to all Ukrainian project creators), dobro.ua (open to a limited number of partner organizations), UNITED24 (collects funds exclusively for the accounts of official authorities in Ukraine). But only "Spilnkosht" provides an opportunity for anyone who wants to publish their socially oriented project.
- We observe the reluctance of the public (due to business bias and lack of awareness of social entrepreneurship) and crowdfunding platforms (due to tax and legal aspects) to work with businesses and their fundraising campaigns.
- National and regional crowdfunding platforms have been created and are operating in Ukraine, but none of them has acquired international status. StartEra crowdfunding platform only invites both national and foreign authors to post their projects.
- Ukrainians successfully raise funds both on national platforms and on the world's leading crowdfunding platforms (Kickstarter, Indiegogo, Patreon etc). But access of Ukrainian projects to most international platforms remains limited, so authors from Ukraine often conduct fundraising campaigns through European or American intermediaries.



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- In order to increase trust in crowdfunding the public sector and crowdfunding platforms implement educational initiatives to popularize collective financing. Educational initiatives are complemented by grant programs co-financing successful crowdfunding projects.

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Recommendations for crowdfunding campaigns in Ukraine:

- Thoroughly work out the project idea's innovativeness, clarity to benefactors and perceived value to society.
- Attention to quality of the project description on the crowdfunding platform supported with a high-quality original video, competent text and attractive graphics.
- Clearly convey the value of your project and its importance to society.
- Justify budget expenditures. Benefactors must be sure that you will be able to effectively spend the collected funds.
- Develop a detailed and active communication plan, providing for systematic information activities using various communication tools for different target audiences and different stages of the crowdfunding campaign.
- Involve opinion leaders, well-known influencers whose values coincide with yours to spread information about the project for attracting a wider circle of supporters.
- If possible, get professional advice from experts in the case of international crowdfunding campaigns.
- Consider crowdfunding not only as a tool for attracting external funding, but as a way to achieve the following positive consequences for your organization: checking a business or social idea for viability and demand by the market/society; entering foreign markets and forming international partnerships; informative occasion for popularizing the organization and its products; formation of long-term partnership relations with the target audience of your business/organization.



Recommendations for the development of crowdfunding at the national level

- Having legislative regulation (crowdfunding and social entrepreneurship) developed and implemented.
- Development of a strategy for the crowdfunding development and a roadmap for its implementation.
- Promoting various crowdfunding models (crowdlending, crowdinvesting etc).
- Development and implementation of training programs on crowdfunding and social entrepreneurship.
- Information campaign to increase public awareness of crowdfunding opportunities for financing sustainable, socially responsible entrepreneurial initiatives.
- Introduction of new grant programs for additional financing of projects supported by crowdfunding.



Recommendations for Social Sector Practitioners How to Organize Successful Crowdfunding Campaigns

Crowdfunding is currently a viable innovative option for supporting sustainable projects, with the aim of improving communities and solving social problems. Nonetheless, there is still a lack of knowledge and formation regarding crowdfunding in the sustainable social context and focused on low-skilled or low-qualified adults. This group of people has been especially affected after the socio-economic crisis caused by the pandemic and thus, it needs more support. An analysis showed that issues of social inclusion, financial inequality, unemployment, and stagnation of entrepreneurship have intensified. So, crowdfunding can be a good tool to implement the ideas of social entrepreneurs, improving their lives and their community.

The crowdfunding campaign must include all the conditions associated with any campaign: objectivity, transparency, accountability, goodwill, awareness, realism and controllability. The specific is the subject of the campaign and everything related to the fundraising requirement. This increases the complexity of the campaign for crowdfunding. The business idea and its presentation to the audience requires something more - knowledge and competence on the part of the authors. That is why it is a serious work of a large team of professionals.

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Comprehensive SWOT analysis of financing projects with crowdfunding, success and failures factors in crowdfunding campaigns of Belgium, Bulgaria, Greece, Poland and Ukraine shows:

- All countries have quickly developing crowdfunding markets;
- For all countries it is necessary to organize educational initiatives about crowdfunding campaign;
- There are differences between countries regarding access to the world's leading crowdfunding platforms (Kickstarter, Indiegogo, Patreon etc);
- There is strong level of legislative regulation development of crowdfunding and social entrepreneurship now;
- For receiving money from crowdfunding campaign it need to have competitive business plan and strategy of crowdfunding activity in all countries;
- It is important for participants in Greece to have physical attribute of involving in crowdfunding campaign, when another countries don't focus on it;
- Visualization (photo, video) is crucial elements for success of crowdfunding campaign for all countries;
- Social or artistic projects are favorable for crowdfunding financing in Bulgaria, Greece, Poland, Ukraine;
- Inadequate technological and digital infrastructure that would enable easy and quick raising of money via online platforms have in Poland.

Providing research on best practices of crowdfunding campaigns of Belgium, Bulgaria, Greece, Poland and Ukraine established such ways to work with best results in social projects.



Recommendations to work best for raise money in sustainable social projects:

- To know legislation of crowdfunding activity in EU;
- To work with as domestic as international crowdfunding platforms;
- To use a financial-return crowdfunding platform.
- To form powerful idea of campaign;
- To develop and prepare full necessary elements about crowdfunding campaign: objectivity, transparency, accountability, goodwill, awareness, realism and controllability;
- To develop a strategy for the crowdfunding development and a roadmap for its implementation;
- To promote of various crowdfunding models (crowdlending, crowdfinvesting etc);
- To form a good communication strategy and carrying out promotion activities.
- To include element -gift in crowdfunding campaign;
- To use a video in crowdfunding campaign;
- To write text of in crowdfunding campaign in English;
- To add photographs in crowdfunding campaign.
- To organize stuff education about crowdfunding campaigns.



APPENDIX

Interview for experts in the field of crowdfunding

- **Project idea:** the project involves the development of an online course on crowdfunding, mastering which will provide an understanding that crowdfunding is a clear, effective technology for use in life, business.
- **The purpose of the interview:** it aims to analyse best practices about the use of crowdfunding for supporting sustainable social entrepreneurship initiatives in project partners countries and develop formal recommendations for adults who are going to carry crowdfunding campaigns.

IOI tasks:

- collect information about successful projects;
- analyze opportunities and threats of financing projects with crowdfunding
- success and failures factors in crowdfunding campaigns.

In this way, we can use semi-structured interviews to understand the experience of stakeholders' who implemented crowdfunding campaigns, deduct best practices and tools as well as the potential problems and training needs. The "Crowdfunding course" produced by these projects will be based on the conclusions drawn by these interviews.

We suggest using Zoom (or alternatives) with automatic text transcript on and Zoom recording of audio (needed for upload in the project platform).

• Block of general information

- Identifier number of interview: (for example: PL01 etc)
- Authorization of audio recording online posted: yes/no (SIGNATURE.....)
- Position, place of work, country _____
- Type of organization.....
- Scope of work of the organization (e.g. health, education, human rights, etc)



Size of the organization

- -1-9 employees
- -10-49 employees
- -50-100 employees
- ->100 employees

Age group:

- 18-30
- 30-40
- 40-50
- 50-60
- over 60

Block of questions about the crowdfunding experience

- What is your job/ function and responsibility within your organization?
- Can you explain a little how your organisation has been involved within crowdfunding?
- Can you explain the process you follow with the crowdfunding projects/campaigns that you have supported/hosted?
- Which were the selection criteria of the platform that you chose to host your campaign?
- Could you provide the more common topics in the Crowdfunding campaigns in which you have worked? (Entrepreneurship, sustainability, social inclusion, etc.) Have the project organisers of the campaigns you have supported received crowdfunding formal/informal training before? (for example courses on the platforms, self-learning, formal training)
- What is the most common age range of the project holders you have supported?
- Could you explain to us what kind of campaigns have been in your opinion the most successful and why?
- Which are three most important things for a successful crowdfunding campaign?



Block of questions on general aspects and challenges of crowdfunding

- What are the obstacles of using crowdfunding in your country? Ethical, technical, legal, socio-economic, gender aspects or others?
- In your opinion, how do you think crowdfunding can be used to provide public services and NGO services focus on social/ecological initiatives? (citizens initiatives)
- Is there in your opinion a low or high level of knowledge of the use of crowdfunding in NGO/social initiatives/business world?
- What kind of knowledge do you think is missing to increase the use of crowdfunding as a funding tool? (What topics, what forms - video, discussion, lecture). What are the most significant training needs and what do you believe would be the most efficient tools/means to provide this training?
- What do you think are the most important skills/learnings to teach in a fundamental course about crowdfunding?
- How can crowdfunding be used for social causes (best practice examples)?
- Is there in your opinion a low or high level of implementation of crowdfunding as a fundraising tool for the NGO sector?
- (Likert scale from 1 to 5 and also answer)
- What is the level of trust in crowdfunding in NGO/social initiatives/business world)
- Would you like to add anything else about your experience with crowdfunding?

Thank you for your participation in the interview!

