

OUTPUT O.T4.1

Country specific action plans to support
Crowdfunding

Version 1
06 2019

RESEARCH COORDINATOR: PP4 METROPOLITAN CITY OF BOLOGNA





TABLE OF CONTENTS

INTRODUCTION.....	2
What is an Action Plan?	2
Aims and objectives	3
METHODOLOGY	4
Reference framework	6
Language of the Action Plans	6
INDEX OF THE ACTION PLAN	7
AUSTRIA	9
CROATIA.....	16
CZECH REPUBLIC.....	24
GERMANY.....	30
HUNGARY	37
ITALY	45
POLAND.....	54
SLOVAKIA	62
SLOVENIA	74
ONLINE REFERENCES.....	81



INTRODUCTION

Output O.T4.1 is addressed to one of the main objectives of the Interreg Central Europe Crowd-Fund-Port project, namely to increase competences of decision makers for Crowdfunding by supporting regional, national and EU decision makers in the development of policies and regulations. The project addresses to this purpose by preparing 9 country specific Action Plans to support Crowdfunding initiatives until 2025 and beyond (an Action Plan for each country). Action plans were built upon country specific situations and capitalise some of the most prominent topics tackled by the Crowd-Fund-Port Consortium:

- smart specialisation strategies;
- existing Crowdfunding structures and experiences;
- country legal issues;
- access to cohesion funds;
- SMEs and crowdfunders' attitude towards Crowdfunding.

What is an Action Plan?¹

An Action Plan is a policy instrument that can be used to respond in a concrete way to a policy challenge. Each Action Plan is peculiar, in terms of local context, topic and coverage. There is no a set template; however, it must be kept in mind that:

- an Action Plan should be a concrete and useful tool to provide an answer to the policy challenge addressed - in this case, increasing competences of decision makers for Crowdfunding;
- the Action Plan is not an end point in itself - using the partnership and stakeholders to make it happen is fundamental;
- the content and format of the Action Plan vary depending on the policy challenge or process being addressed, the territorial coverage and the local context in which it is proposed to be implemented;
- Action Plans have to be applicable and replicable by other organisations/region/countries outside the project partnership.

Some examples and ideas on what could and should be included within an Action Plan are provided in sections “Methodology” and “Index of the Action Plan”.

¹ Action Plan-related concepts are taken from “Guidelines to produce an Integrated Action Plan”, written in the framework of the EU Programme URBACT, https://urbact.eu/sites/default/files/media/guidelines_for_iap_final.pdf, pp. 2-3.



Aims and objectives²

The aim of the Action Plans is to provide detailed actions, also providing information about who will carry them out, by when and with what resources.

Action Plans will be used by both regional and national public authorities. Those target groups and other stakeholders must be involved in the development of Action Plans; therefore, each partner must include them in the process of preparation, with an invitation to comment and provide contributions. Target groups and other stakeholders will receive analysis, reconsiderations and the final Action Plan. European Commission Expert Group on Crowdfunding will be approached through Ikosom, which is member of the group.

Action Plans could be used by decision makers as guidelines in drafting their development support policies and measures. Since Crowdfunding is a new phenomenon, decision makers usually do not have an agenda and specific knowledge on how to support it. Action Plans would change this situation; in addition, they can also be used also for linking with structural funds. As already underlined, Action Plans will also include the results of other studies developed within the project Crowd-Fund-Port, so as to increase specific knowledge of decision makers.

The countries involved in the preparation of Action Plans are Austria, Croatia, Czech Republic, Germany, Hungary, Italy, Poland, Slovakia and Slovenia.

² Ibid.



METHODOLOGY³

The development and validation of each Action Plan should be a collective undertaking. Some of the main components of an Action Plan are listed as it follows:

1. national context and definition of the initial problem/policy challenge;
2. setting of focus and objectives;
3. actions and schedule;
4. funding scheme;
5. framework for delivery.

Action Plans are written in a narrative form; project partners had the possibility to use tables in addition to the text (an example of table referred to actions is provided below⁴).

Action Line 2	
Extension and better qualification-integration of support services for businesses & start-ups:	
Sub-action line 2.1	
through the promotion of new experiences and opportunities in innovative and emerging sectors linked, in particular, to the green and circular economy	
Framework	<p>Emilia-Romagna is the third Italian region by number of enterprises that have invested in green technologies in the period 2008-2013. More than 4.000 enterprises located in or nearby Bologna are green. Despite this promising situation, however, the regional RIS3 (<i>Research and Innovation Strategies for Smart Specialization</i>) highlights that in most of the productive sectors a better resource management would be required as well as a second life material approach.</p> <p>The promotion of new business models could help young people, entrepreneurs and aspiring entrepreneurs, to explore more innovative and eco-friendly driving forces for local development, with a positive impact both on environment and on employment. As emerging sectors, in fact, green growth and circular economy may catalyze the creation of new, technical and creative professions, particularly related to the development of green processes and to the design of green products.</p>

³ Ibid.

⁴ The table is part of the Integrated Action Plan of the Metropolitan City of Bologna “A new swing for a New city”, financed under the URBACT project GEN Y https://urbact.eu/sites/default/files/gen-y_city_iap_bologna_en_full.pdf, pp. 27-29.



Specific objective and overall goal	<p>(S.O.) To raise local (especially young) entrepreneurs' awareness and knowledge on the important opportunities related to the new emerging sectors of <i>green and circular economy</i>.</p> <p style="text-align: center;">---</p> <p>(O.G.) In pursuing this specific objective, the MCB0 aims at contributing to stimulate new job opportunities, innovative business models and a more general 'green growth' in the metropolitan area of Bologna.</p>
Specific strategy	The Metropolitan City of Bologna, also in line with the 2014-2020 Emilia-Romagna Regional Operational Programme (Axis 3: "Competitiveness and attractiveness of industrial system" - Investment priority 3c: "Support the creation and expansion of capacities for the development of products and services" – Specific objective 3.1: "Relaunch of propensity to investment inside productive sector"), aims at supporting the growth of local businesses and start-ups through the promotion of new experiences and opportunities linked, in particular, to the sustainable development related to green and circular economy.
Expected result	More local (especially young) entrepreneurs supported and involved in the future activities / events promoted on the new emerging sectors mentioned above.
Result indicator	Number of MCB0's support activities developed for young entrepreneurs, businesses and start-ups, particularly linked to the new emerging sectors of <i>green and circular economy</i> (baseline = 3; target = about 5 more by 2020)

Legal/official planning framework	<ul style="list-style-type: none"> ➤ Emilia-Romagna <i>Smart Specialisation Strategy</i> (S3) ➤ New <i>Metropolitan Strategic Plan</i> (PSM 2.0) – Objective 1 			
Overall timescale	2017-2020			
Responsible actor	<i>Metropolitan City of Bologna – Economic Development Department</i>			
Activities	Key partners involved	Intended outputs & corresponding indicators	Estimated costs & resources	Phase & timescale
Promotion of raising awareness and information events on green growth, circular economy, nature-based solutions and related strategic opportunities, held by experts of the sector together with entrepreneurs who have already oriented their businesses/start-ups towards the green strategies; these activities and events will be	Local <i>Observatory for Environmental Sustainability</i> , young people as entrepreneurs and aspiring entrepreneurs, experts of green and circular economy, local businesses and start-ups, local governments and authorities, business development agencies, branch associations	<p>3 raising awareness and information events</p> <p style="text-align: center;">--</p> <p><u>O.I.</u> = Number of local businesses, SMEs, start-ups (at least 60) and young aspiring entrepreneurs (at least 30) participating in the events and activities organised</p>	About 10.000,00 € and dedicated staff	To be carried out: by December 2020



Reference framework

Action Plans are country specific, so each project partner was called to consider its national context. Partner institutions which are located in the same country (Austria: ISN and CONDA, Italy: MCBO and UNIBO) had the possibility to prepare the Action Plan jointly.

With reference to certain subjects part of the Action Plan (Smart Specialisation Strategies in particular), in some cases partners considered their regional context instead of the national one. Partners were also called to name and describe existing good practices in other regions in their respective countries when useful for the development of the Action Plan.

Language of the Action Plans

For the purpose of the project, Action Plans were written in English. Since that local authorities would use the Action Plan, together with stakeholders and other target groups, partners were recommended to translate the document in their native languages so as to capitalise it.



INDEX OF THE ACTION PLAN (non-exhaustive template)⁵

Introduction

1) General context and definition of the initial problem/policy challenge

- 1.1) Statistical and referenced evidence to demonstrate and define the regional context and challenges (e.g.: population statistics and demography, location of the region, unemployment and employment statistics, industrial/employment composition, summary of relevant Operational Programmes (ERDF and ESF) covering the region)
- 1.2) Current state of play with regard to the theme tackled by the Action Plan (e.g.: summary of institutional context, summary of existing strategies and policies relevant to this field - local, regional and national)
- 1.3) Information from baseline research/expanded SWOT analysis
- 1.4) Presentation and analysis of problems and options for solutions
- 1.5) Explanation of how the problem has evolved since the start of the project

2) Goals of the Action Plan - focus and objectives

- 2.1) Description of focus of the Action Plan
- 2.2) Summary of other options considered and why they were rejected
- 2.3) Information on why this is a key priority
- 2.4) Summary of main aspirations for the Action Plan
- 2.5) Summary of how it links to the network as a whole
- 2.6) Information on any other learning which has been used from elsewhere to inform the choice of focus
- 2.7) Presentation of strategic goal or vision
- 2.8) List of overall priorities of the Action Plan
- 2.9) List of key objectives
- 2.10) List of expected results and indicators

⁵ The template has been written taking into account “Guidelines to produce an Integrated Action Plan” from the EU Programme URBACT, https://urbact.eu/sites/default/files/media/guidelines_for_iap_final.pdf, pp. 4-5.



3) Developing the Action Plan - actions and schedule

- 3.1) Breakdown of planned activities/actions/projects which will be developed and delivered to help you meet these objectives and achieve results
- 3.2) Information on when these activities will be delivered
- 3.3) Gantt chart showing actions and timetable

4) Funding scheme

- 4.1) Summary of resources which will be required to realise actions
- 4.2) Summary of potential sources of funding
- 4.3) Presentation of how these activities relate to the (emerging) priorities of ERDF and ESF Operational Programmes for 2014 to 2020

5) Framework for delivery

- 5.1) Information on who will deliver action - roles and responsibilities of stakeholders
- 5.2) Information on governance during and after Central Europe support
- 5.3) Summary of indicators which will be used to monitor progress

Conclusions and Policy recommendations

Acknowledgments (if any)

Online references/useful links



AUSTRIA

Introduction

- Alternative Finance Act since 2015, Revision in 2018.
- About 50 mil/€ Crowdfunding Volume in 2018 (Source: crowdcircus excl. Finnest platform).
- More Crowdinvesting (means equity-based Crowdfunding) than Reward.
- Crowdinvesting is coming from start-up financing with a strong shift towards real estate financing in 2018.
- Strong potential is seen on SME financing which requires a higher demand on consulting.
- Reward-based and donation based Crowdfunding market is not tracked (neither statistically, nor with deep insights into the implemented models).
- In general: Awareness raising and training must be improved in the direction of all stakeholder groups involved (companies, support organisations, policy makers, citizens and platforms).

Challenges & Mission

Current specific challenges related to Crowdfunding

- Since Austria has introduced the Alternative Finance Act for Crowdinvesting since 2015, revision 2018, we argue for an optional possibility for cross-border Crowdfunding as proposed by the EU (ESCR). If this is not possible and national laws are replaced, then we advocate the preservation of national peculiarities such as the established instrument of subordinated loans.
- Lack of tax classification of Crowdfunding and Crowdinvesting investments for citizens.
- Lack of existing framework structures (Crowdfunding ecosystem) that would monitor and analyse our market and development potential, including valid statistics for the Crowdfunding overall market.



- Establish (further) business and research support facilities, providing services to Crowdfunding project owners, in connection with the preparation and implementation of Crowdfunding campaigns and Community building.
- Lack of tradition and good practices related to the use of Crowdfunding and Crowdsourcing for civil projects that would improve local/regional development.

Mission and specific objectives of action plan

The task of the Austrian Action Plan for Crowdfunding Support is to raise awareness among key stakeholders and actors that a more comprehensive and structural approach is needed to exploit and increase the potential of Crowdfunding in Austria in the future.

Specific objectives of the Action Plan:

- To improve the understanding of the key characteristics and roles of Crowdfunding in supporting all kinds of entrepreneurship, culture and creativity.
- To present key areas and challenges in Austria that should be addressed in order to better support and advance the future development of Crowdfunding from a financial perspective (Cross-border CF, tax regulation) and from an innovation perspective (e.g. focus on community building and integration in organizations).
- To push forward the relevant blockchain-based (correct: distributed ledger based) developments with the responsible authorities.
- To inform the responsible stakeholders that Crowdfunding is one of the key aspects of innovation within alternative financing instruments and financial technologies (digital marketplaces). It is needed to use the crowd phenomena for future innovative developments in organisations.

Policy recommendations

Decreasing regulatory barriers for cross-border funding / Adapt existing laws and regulations

Recommendation 1: Acknowledgement of Crowdfunding in the existing capital market legal framework

After Revision form the Alternative Finance Act in 2018, the focus can be placed on the barriers to operating platforms across border or investing across border, due to the fragmented market.

ECSR -> should be implemented as a parallel regime; local regimes should optionally still be used



Recommendation: Develop a regulatory framework proposal to improve Cross-Border Investment together with WKO-department / Financial Service Provider / Crowdfunding in Austria and their members (Platform owners).

Better Tax Regime for Crowdfunding

Recommendation 2: Acknowledgement of Crowdfunding in the existing capital market legal framework

For Crowdfunding projects, income through Crowdfunding not entirely clear, especially through reward-based Crowdfunding needs to clarify tax code

For investors, income and loss through equity-based CF not entirely clear, unsure if losses from one investment can be combined with profits from another project in terms of taxes. For investors:

- Losses cannot be used.
- No tax incentives to invest into innovative companies.

Recommendation: Create a Tax Proposal together with WKO / Financial Service Provider / Crowdfunding, addressing Austrian Ministry of Finance and Austrian Ministry of Economics, outlining a new tax regime which would incentives Crowdfunding investments and clarify Crowdfunding income tax application.

Anchoring Crowdfunding and Crowdsourcing in Austria's regions, clusters, funding agencies, educational agencies, etc.

Recommendation 3: Broad funding initiative for know-how transfer and resource bundling in the area of crowd mechanisms, also to prepare for EU Civic Crowdfunding

- Development of a specialized national programme that builds and provides Crowdfunding and Crowdsourcing infrastructures and mechanisms for regions, clusters and funding agencies through funding projects and educational initiatives.
- The aim is to bundle and offer resources in the field of crowd mechanisms and to create a know-how transfer from regional organisations, clusters, educational institutions, funding agencies, etc. to SMEs and citizens.

Uniform Research and Statistic for the Crowdfunding universe

Recommendation 4: Intensification of Crowdfunding research and the establishment of uniform statistics on all Crowdfunding activities in Austria

Development of the gaps are identified below:

- Science has just begun to deal more intensively with Crowdfunding.



- There is only one official and contactable body on the subject of Crowdfunding (“Fachverband Finanzdienstleister” - Austrian chamber of commerce department (“WKO”) Financial Service Provider - Crowdfunding), but not on the whole universe of Crowdfunding (reward, donation).
- There is no broad knowledge on the diversity of Crowdfunding in Austria. The pioneer status is still noticeable in the implementation.
- In Austria, there was a recorded Crowdfunding volume of about € 50 million in 2018, with a strong shift towards real-estate financing in 2018.
- There is no official body that covers the entire topic of Crowdfunding statistically.

Looking for new technology developments like Distributed Ledger Technology

Recommendation 5: Crowdfunding on the Blockchain (DLT)

Development of the gaps and possibilities are identified as it follows:

When it comes to investments in Europe, SMEs, start-ups and real estate projects mainly rely on bank loans (50%) and credit lines (55%) for their financial needs. Private equity, venture capital and business angel investors are fulfilling just a small niche for high-tech and high-growth firms and do not actually fit the majority of companies’ needs.

- Blockchain technology is a simple and easy way to create a completely decentralized market on a trusted technological layer. The procedure of an ICO/STO (Initial Coin Offerings / Security Tokens) is a mixture of Crowdfunding and an IPO (Initial Public Offering in current Capital Markets) with fewer intermediaries as on the financial market.
- As the popularity of Blockchain has grown, the number of companies launching their own ICOs and STOs will grow as well.

Actions

Action 1: Decreasing regulatory barriers for cross-border funding / Adapt existing laws and regulations	
Objective and background	After Revision form the Alternative Finance Act 2015 in 2018, the focus can be placed on the barriers to operating platforms across border or investing across border, due to the fragmented market.
Description	Austria was one of the first countries to introduce a crowd investing law in 2015. There was a revision in 2018. The 2018 revision made things easier, especially in terms of legal certainty, as the money limits now form the sole demarcation to the Capital Market Act and its instruments.



	Within the framework of the ECSR, the abolition of national laws is now being discussed and it is therefore particularly important to make the Austrian particularities understandable to EU legislators and to integrate them.
Expected result	Developed regulatory framework proposal to improve Cross-Border Investment together with WKO-department / Financial Service Provider / Crowdfunding in Austria and their members (Platform owners).
Responsible actor	WKO-department / Financial Service Provider / Crowdfunding, Federal Ministry for Digitization and Business Location
Other partner involved	Financial Market Authority Austria licensed Crowdfunding platforms
Time scale	2020
Estimated costs and resources needed	Undefined costs for WKO department “Financial Service Provider - Crowdfunding”, Federal Ministry for Digitization and Business Location and Austrian Crowdfunding platforms.
Indicator and target	ECSR -> should be implemented as a parallel regime; local regimes should optionally still be used.

Action 2: Anchoring Crowdfunding and Crowdsourcing in Austria’s regions, clusters, funding agencies, educational agencies, etc.	
Objective and background	Crowdfunding in Austria is coming from start-up financing with a strong shift towards real-estate financing in 2018. Strong potential is seen on SME financing, which requires a higher demand on consulting, knowledge about Crowdfunding and supporting from agencies (money, know-how, infrastructure, etc) In regions there is a massive shortage of skilled workers and on the other hand there is a migration from the region. To improve this, investments in the regions are necessary. Citizen participation is an option for involving the population in order to strengthen the projects and the region.
Description	Civic Crowdfunding and Crowdsourcing can provide valuable inputs for local development. So far, actors in the regions have had little access to Crowdfunding. It is necessary to bundle the resources for the implementation and to transport the know-how for the crowd mechanisms via national / regional initiatives. This resource pooling and the know-how transfer should take place via regional associations, funding bodies, clusters, educational institutions and be transported in



	the process to the SMEs and citizens.
Expected result	National and regional support providing access to resources, knowledge and structures for Civic Crowdfunding to provide regions with a tool to effectively engage their stakeholders.
Responsible actor	Support agencies (such as AWS (Austria Business Service), Vienna Business Development Agency Styrian Economic Development Agency, Carinthian Economic Development Agency) Regional Authorities (providing support; such as Styrian Volcanic Country Association or other regional associations) Federal Ministry for Digitization and Business Location Austrian Federal Economic Chamber Universities, technical colleges in the field of economic / innovation
Other partner involved	Other Business support agencies SMEs, Citizens Research Programs (like Interreg ARTISTIC project) Crowdfunding platforms (Lobbing, Marketing)
Time scale	2019-2024
Estimated costs and resources needed	Undefined costs and resources for all actors. Depends on the goals and the mission from the organisations.
Indicator and target	Using Civic Crowdfunding and Crowdsourcing in Austrian regions. Economically strengthened regions, which increasingly allow added value to take place in the region.

Action 3: Crowdfunding on the Blockchain	
Objective and background	<p>When it comes to investments in Europe, as presented in the figure above, SMEs, start-ups and real estate projects mainly rely on bank loans (50%) and credit lines (55%) for their financial needs. Private equity, venture capital and business angel investors are fulfilling just a small niche for high-tech and high-growth firms and do not actually fit the majority of companies' needs.</p> <p>Blockchain technology is a simple and easy way to create a completely decentralized market on a trusted technological layer. The procedure of an ICO is almost the same method used for an IPO except that there are fewer</p>



	<p>intermediaries with an ICO.</p> <p>As the popularity of blockchain has grown, the number of companies launching their own ICOs has grown as well. Over the last couple of years, ICOs have become very popular ways of gaining investment.</p> <p>For example with the CRWD Network built by CONDA, companies get an opportunity to release their own tokens and raise funds via a broad network of platforms.</p>
<p>Description</p>	
<p>Expected result</p>	<p>Democratization of financial markets</p>
<p>Responsible actor</p>	<p>Platform operator in Fintech</p>
<p>Other partner involved</p>	<p>Blockchain experts, developers, innovative companies, Fintech companies, partly banks, social media</p>
<p>Time scale</p>	<p>Expected within the next 2-5 years</p>
<p>Estimated costs and resources needed</p>	<p>Undefined- costs for developers, undefined costs of appr. waiting time (for resources), STO/ICO advertising etc. .</p>
<p>Indicator and target</p>	<p>Security, Transparency, Speed, Open for everyone, International Currency, enables trade, Voting</p>



CROATIA

Introduction

More than 2.200 launched Crowdfunding campaigns collected 9 million USD in the SE Europe region from 2012 to 2016. During the same period, campaigns launched in Croatia collected around 2,5 million USD. That number was reached again during 2017 only.

Latest trends point to the fact that the market is growing and maturing - less campaigns launched, but with a higher rate of success and larger financial goals. Moreover, in 2017 an equity-based platform Funderbeam SEE was introduced, and this points to a newly emerging trend of investment related to equity and business in Croatian Crowdfunding market.

Although it can be stated that the Crowdfunding market in Croatia is maturing and that the existing strategic documents highlight that the need for enhancing the investment environment is of key importance, development of a sound Crowdfunding ecosystem will not be possible if only the Industrial strategy uses the term alternative sources of funding, and none of the existing development documents has planned Crowdfunding as a financial measure.

Its further development is impeded by several factors:

1. the measures proposed in analysed strategic documents show that the financing environment in Croatia is still deeply rooted in mainstream models of financing, mainly bank loans;
2. in Croatia there are no regulations (statutes, ordinances or bylaws) specifically addressed to Crowdfunding, which often lead to undefined or non-transparent procedures;
3. low level of awareness among general population related to benefits of Crowdfunding;
4. scarce opportunities for education/skill sharing useful for designing and implementing Crowdfunding campaigns.

Having this in mind, there is a clear need for recognition of Crowdfunding in strategic (development) goals and for design and implementation concrete measures in order to elevate the existing obstacles.



Challenges & Mission

Biggest challenges to development of Crowdfunding in Croatia stem from lack of its recognition in strategic (development) documents, consequent insufficient networking and support structures, as well as education opportunities.

There is a necessity to build a sounder support system in Croatia, and there should be a push towards creating a more sustainable legal framework for Crowdfunding, which cannot be achieved without national and local government support. There should be a more active role of regional agencies and the potential of digital ecosystem implementation has to be taken into account if there will be enough will for establishing a healthy support system.

Finally, low level of awareness seriously impedes chances for Crowdfunding - only 10% of campaigns launched in the region during period 2012-2016 were successful, and merely 0.5% of the population in the region had participated in Crowdfunding campaigns. That is simply too low, even if funds raised are increasing, as we have witnessed during 2017. Here education plays a crucial role, and there is a growing need for awareness raising campaigns in Croatia.

Specific objectives of the Action plan are the following:

- Raising awareness and skill sharing related to key advantages of Crowdfunding through (1) education and (2) awareness raising campaigns;
- Introducing Crowdfunding to Croatian strategic development framework;
- Presenting “state of the art” of Crowdfunding in Croatia - identifying key challenges and opportunities as basis for concrete measures aimed at establishing a sound Crowdfunding ecosystem in Croatia;
- Proposing alterations in existing legal framework related to alternative sources of funding.

Policy recommendations

Recommendation 1: Supporting alternative financing methods and monitoring their impact on Croatian economy

Implementation of comprehensive mapping activities should provide grounds for learning about Crowdfunding perspectives on Croatia and consequently developing adequate measures for introducing alternative financing methods in development/strategic documents. These should inform the educational, promotional and financial support measures planned in the oncoming period and monitoring of their implementation.



Recommendation 2: Developing the school system and monitoring its impact on financial literacy of pupils

Existing low levels of awareness can be corrected by systemic action towards the population of youth. This is especially so when high school pupils are taken into consideration. Existing high school curriculum, including financial literacy modules, does not even mention alternative sources of funding. Therefore, the existing programs aiming at providing basis for financial literacy should include Crowdfunding as a topic in its own right, and introduce Crowdfunding in high school curriculum as a part of financial literacy modules.

Recommendation 3: Introducing Crowdfunding in educational programs of business support organizations (e.g. chambers of commerce and crafts, development agencies) and monitoring its impact on local businesses

With growing need for knowledge on Crowdfunding and related skills, business support organizations feel more pressure to provide it. However, often low support capacities related to Crowdfunding in Croatia lead to lack of support for local or national SMEs. Developing and introducing a program which would raise capacities of business support organizations to provide the necessary Crowdfunding know-how to SMEs would provide opportunities for education/skill sharing essential for designing and implementing Crowdfunding campaigns.

Recommendation 4: Presenting Crowdfunding as a tool for innovation in promotional activities

Although Crowdfunding slowly but surely becomes a “buzz word” in Croatia, its importance as a driver of innovative projects, especially for start-ups, is largely underscored. All future awareness raising campaigns should rest on a clear plan pushed forward by local/national administration - to give a clear description of its advantages and pitfalls, providing good practice examples from other countries.

Recommendation 5: Creating network of Crowdfunding stakeholders

In order to introduce Crowdfunding to Croatian strategic development framework, there is a clear need for functional network of stakeholders. Croatian research and innovation infrastructures roadmap does not recognize Crowdfunding at all, while Industrial strategy only mentions the term. This is a serious obstacle to implementing any concrete measures. If recognition of the term Crowdfunding, let alone clearly articulating its importance in strategic documents largely rests on political will, there should be a clear



pressure towards connecting both stakeholders from political and entrepreneurial realm, and creating a fruitful environment for recommending changes in the following period.

Recommendation 6: Adopting alterations in existing legal framework related to alternative sources of funding

With a growth of Crowdfunding industry, there is a growing need for introducing laws and regulations to create a normative environment in Croatia that addresses the specificities of Crowdfunding and facilitates its market take up. Current legislation should recognize Crowdfunding as a growing mode of financing and should provide basic regulation of Crowdfunding activities. Legislation should follow fast development of Crowdfunding both in Croatia and globally by providing transparent legal procedures. This is particularly important when related to equity Crowdfunding, which is freshly established and lending based Crowdfunding which is practically non-existent.

Actions

Action 1: Comprehensive mapping of Crowdfunding	
Objective and background	Although there exist efforts to map the key dimensions of development of alternative sources of funding in Croatia (e.g. Crowd-Fund-Port project, CrowdStream project, Crowdfunding Academy, etc.) they are completely absent from development/strategic documents until 2020. This situation creates “blind spots” which makes it impossible to strategically assess the situation nor create concrete measures. Objective of this action is to provide sound grounds for learning about Crowdfunding perspectives in Croatia (key development issues so far and development perspectives until 2025).
Description	This action entails implementation of comprehensive mapping activities in Croatia. It will learn from the already implemented projects and existing studies, and expand the research to provide a sound basis for addressing the existing issues to the decision makers.
Expected result	Developed concrete measures for introducing alternative financing methods in Croatian development/strategic documents in the following period (2020-2025)
Responsible actor	Government of the Republic of Croatia
Other partner	Ministry of Economic Affairs, Ministry of Regional Development, business support institutions (e.g. local and regional development agencies),



involved	business incubators and accelerators in Croatia
Time scale	2019-2020
Estimated costs and resources needed	In 2019. An additional mapping should be implemented, and different networking events should be implemented to get together the stakeholders (e.g. round tables). A research and promotion teams are needed, and a roughly 20.000 EUR of funds.
Indicator and target	New Industrial strategy, Innovation strategy, and S3 strategy will incorporate alternative sources of funding and propose educational, promotional and financial support measures for its growth.

Action 2: Introducing alternative sources of funding in school curriculum	
Objective and background	Existing high school curriculum, including financial literacy modules, does not even mention alternative sources of funding, let alone explain its advantages that pupils could use for starting their own projects. The objective of this action is to introduce the concept (basic elements, benefits) to stakeholders and make a push towards integrating alternative sources of funding in the existing curriculum and thus achieving higher level of financial literacy.
Description	Even without mentioning/introducing advantages of alternative sources of funding in school curriculum, levels of financial literacy among general population (including high school pupils) is low. This trend must be reverted for the innovative potential of alternative sources of funding to be released, and for enabling start of innovative projects that generally lack (financial) support.
Expected result	Alternative sources of funding are incorporated in existing high school curriculum.
Responsible actor	Ministry of Science and Education
Other partner involved	High schools in Croatia, existing educational programs which have already incorporated alternative sources of funding
Time scale	2019-2021
Estimated costs and resources needed	Resources needed are an expert team on alternative sources of funding, high school teachers, and existing school infrastructure. Estimated costs for implementing this action are 100.000 EUR for setting up the module, training the teachers and pilot implementation.



Indicator and target	At least 50 schools in Croatia have introduced alternative sources of funding in their existing program; at least 2000 high school pupils have learned about Crowdfunding; at least 15 initiatives are launched with support of Crowdfunding campaigns.
----------------------	---

Action 3: Introducing Crowdfunding in educational programs of business support institutions	
Objective and background	<p>Owing to absence in development/strategic documents, alternative sources of funding rarely find its place in educational programs of business support institutions.</p> <p>Developing a comprehensive module on alternative sources of funding which could be implemented in educational programs of business support institutions and thus presented to local SMEs and other interested businesses.</p>
Description	<p>With growing need for knowledge on Crowdfunding and related skills, business support organizations feel more pressure to provide it. However, often low support capacities related to Crowdfunding in Croatia lead to lack of support for local or national SMEs. Developing and introducing a program which would raise capacities of business support organizations to provide the necessary Crowdfunding know-how to SMEs would provide opportunities for education/skill sharing essential for designing and implementing Crowdfunding campaigns.</p>
Expected result	Business support organizations in Croatia have incorporated alternative sources of funding in their educational program, and have transferred this knowledge to local businesses.
Responsible actor	Ministry of Economy
Other partner involved	Business support institutions, research institutes, existing educational programs which have already incorporated alternative sources of funding.
Time scale	2019.
Estimated costs and resources needed	Resources needed are an expert team on alternative sources of funding, researchers and representatives of business support organizations willing to implement the program. Estimated costs for implementing this action are 50.000 EUR for setting up the module, training the support institutions' staff and pilot implementation.



Indicator and target	At least 10 local and regional development agencies will implement alternative sources of funding in their educational programs; at least 200 businesses will learn about Crowdfunding; at least 5 Crowdfunding campaigns will be launched as a direct result.
----------------------	--

Action 4: Setting up a national awareness raising campaign	
Objective and background	Although Crowdfunding slowly but surely becomes a “buzz word” in Croatia, its importance as a driver of innovative projects, especially for start-ups, is largely underscored. Objective of this action is to raise awareness of alternative sources of funding among general population.
Description	All future awareness raising campaigns should rest on a clear plan pushed forward by local/national administration - to give a clear description of its advantages and pitfalls, providing good practice examples from other countries and inviting interested parties to learn more about it. This will enable development of a community of backers/investors, which is essential for success of alternative sources of funding (e.g. Crowdfunding).
Expected result	Raised level of awareness among general population on alternative sources of funding.
Responsible actor	Brodoto
Other partner involved	Ministry of economy, Croatian agency for SMEs
Time scale	2019
Estimated costs and resources needed	One campaigning team and 25.000 EUR for establishing and implementing a nationwide campaign during second half of 2019.
Indicator and target	400.000 citizens are exposed to clear key information on alternative sources of funding; at least 200.000 citizens gained wider knowledge about potentials of alternative sources of funding, and have received information on where to gain additional information.



Online references/useful links/annexes

5 Years, 2200 Campaigns, 9 Million USD Raised - What Are The Prospects Of Crowdfunding In The Region? (brodoto.com/blog-posts/5-years-2200-campaigns-9-million-usd-raised-what-are-the-prospects-of-crowdfunding-in-the-region)

Crowdfunding public goods: Funding with beyond funding goals (brodoto.com/blog-posts/crowdfunding-public-goods-funding-with-beyond-funding-goals)

Crowdfunding As A Potential Behemoth: A Billion Euro Industry Waiting To Happen (brodoto.com/blog-posts/crowdfunding-as-a-potential-behemoth-a-billion-euro-industry-waiting-to-happen)

Breaking Down Crowdfunding For Impact: 5 Insights From The CF Experts (brodoto.com/blog-posts/3-new-amazing-case-studies-who-have-inspired-us-this-year)

Crowdfunding - Croatian legal perspective and comparison to other sources of financing (<https://hrcak.srce.hr/182981>)

Croatian research and innovation infrastructures roadmap (https://mzo.hr/sites/default/files/migrated/croatian_research_and_innovation_infrastructures_roadmap.pdf)

Crowdfunding - what do we know about this alternative source of financing? (https://hrcak.srce.hr/index.php?show=clanak&id_clanak_jezik=223259)

EQUITY CROWDFUNDING, Polytechnic of Šibenik, Croatia (http://bib.irb.hr/datoteka/882878.Book_of_Proceedings_esdPrague_2017_Online.pdf#page=452)



CZECH REPUBLIC

Introduction

Crowdfunding is a relatively new phenomenon in the Czech Republic. Even though its ecosystem might be more advanced than in other new EU member states, it is still in its infancy. The market has evolved within the regulations not directly aimed at Crowdfunding but usually regulating the subject of a campaign. Thus, donation-based Crowdfunding is ruled by national regulation regarding money collection, equity-based Crowdfunding is run according to corporate law, both national and European. Debt-based Crowdfunding usually operates under the legal threshold. Reward-based Crowdfunding is not regulated at all. This operational environment setting resulted in a growth of mainly reward-based operators. As of 2018, there are very few platforms offering equity-based and debt-based Crowdfunding. Donation-based Crowdfunding is a very specific area due to legal limitations. On the other side, there are multiple reward-based platforms, some of them quite well established.

Currently, the Crowdfunding market in the Czech Republic is in the phase of transition from an enthusiasm-driven trend into a regular alternative to traditional funding, marketing or market research tools.

Finance-wise, the market has a growing potential. Although the exact numbers are difficult to obtain and compare due to different timescales, the largest reward-based platforms (Hithit, Startovač) has managed to gather over 4 mil. € until 2018 since they were established. At the same time, the largest equity-based platform (Fundlift) helped to collect over 400 mil. € over past six years. Debt-based and donation-based data are currently not available.

Challenges & Mission

The main Crowdfunding challenge in the Czech Republic is to make Crowdfunding an optional tool for entrepreneurs to take into account when planning their economic activities and business plans. Among the traditional businesses, Crowdfunding is still regarded as something experimental with no clear advantages or benefits.

This action plan aims at the encouragement of Crowdfunding use among traditional businesses in all variety of forms it offers. Also, the 'extended' possibilities of Crowdfunding (e.g. civic Crowdfunding) present untapped potential in municipal planning and community cohesion.



Another important aspect is the exchange of experience with EU countries where Crowdfunding has already gained attention as a tool the entrepreneurs consider when launching a business or starting new economic activity. These aspects are underdeveloped in the Czech Republic and it is usually a matter of coincidence or personal insight if an entrepreneur considers involving Crowdfunding in his/her business development.

Policy recommendations

Recommendation 1: National coordination of Crowdfunding

There are basically very few initiatives that deal with Crowdfunding as an innovative phenomenon in the Czech Republic. Moreover, they are run and maintained by individuals on volunteer and enthusiasm basis. Their range of operation does not focus solely on Crowdfunding but on fundraising as a whole. Thus, Crowdfunding makes up just a fraction of their activities, even though the ever-rising fraction. However, the country would need nation-wide, coordinated and, above all, widely supported coordination body that would gather data from Crowdfunding actors (platforms, support organizations, policy makers) and process them to provide a comprehensive image of the market, ideally in periodical outputs. It would enable the actors to obtain reliable data over time, observe trends and adjust their policies or decisions to cope with the market development.

Recommendation 2: Inclusion of Crowdfunding into legal frameworks

The capital market regulations should take Crowdfunding into account and set up rules for this kind of funding. Currently, the capital market legislature does not distinguish between traditional capital investments and a Crowdfunding approach. Setting reasonable rules for capital Crowdfunding (above all equity-based and lending-based) would help the sector to improve. There are very few platforms of these kinds in the Czech Republic, mostly due to legal uncertainty and the burden it brings. In the current situation, equity-based and lending-based platforms can be run only by banks which already have all necessary know-how and comply with regulations thanks to their main activities. This fact limits the wider adoption of Crowdfunding, hinders innovation and keeps Crowdfunding tied to traditional banking financial sources which, to a certain extent, denies the main idea of Crowdfunding.

Recommendation 3: Cross-border harmonization

Although there is an existing EU-wide regulation, it is adopted differently in each member state; moreover, every country adds-on different national rules. Especially for



small markets, which include the Czech Republic, it is crucial because such small and isolated markets cannot thrive. Cross-border harmonization is highly advisable to ease the processes of money transfers, investments, capital shares etc.

Actions

Action 1: Inclusion of Crowdfunding into development strategies	
Objective and background	Research into strategic regional documents revealed that Crowdfunding is included but only superficially with no deeper linkages to other activities. It is just mentioned as an alternative tool but no subsequent activities are linked to it.
Description	Crowdfunding should be incorporated more deeply into the strategic documents and the activities should link to it more systematically. Also, it can be included in more strategies than it currently is.
Expected result	Regional (and possibly national) strategies (RIS3, regional development plans) will make use of Crowdfunding as one of the tools to be used and it will incorporate actions directly linked to it (support schemes, regional and municipal grants, civic Crowdfunding).
Responsible actor	Regional Authority of South Bohemia (RIS3 guarantor, regional development plans) South Bohemian Agency of Innovations (creator of RIS3 strategy for South Bohemia)
Other partner involved	RERA a. s. (advisory body based on experience gained within CROWD-FUND-PORT project) Ministry of Regional Development (guarantor of national RIS3 strategy upon which the regional strategies are based)
Time scale	2019-2021 (the strategies are updates once a few years)
Estimated costs and resources needed	Expertise needed to evaluate the possibilities of Crowdfunding to be included in the strategies in such a way that would make it helpful and not a burden. Select areas of support where it can make a real impact.
Indicator and target	The inclusion of Crowdfunding into specific actions and areas of support



Action 2: Support of civic Crowdfunding	
Objective and background	Civic Crowdfunding, apart from rare exceptions, is non-existent in the Czech Republic. Recently, there are some examples (Prague 7 using it as an indicator which project to support and an elementary school that used it to renovate school canteen) but these are rare examples driven by the enthusiasm of the actors (mayor, school headmaster).
Description	Although civic Crowdfunding can provide valuable inputs for local development and social cohesion, it is not used. According to a short survey, the reasons are that the actors (typically municipalities and their organizations) do not have clear legal background how to proceed such campaigns and they are afraid to pioneer this trend on their own.
Expected result	National and regional support that would clearly define the rules for using civic Crowdfunding in order to provide municipalities with a tool on how to proceed with such campaigns without concerns.
Responsible actor	Ministry of Regional Development (providing support) Regional Authorities (providing support)
Other partner involved	Municipalities (setting up the possibility, search for opportunities) Local Action Groups (advisory body, search for opportunities, promotion) Other civic organizations, NGO's (promotion among civic society, active involvement of general public) Crowdfunding support actors (providing expertise and experience)
Time scale	2019-2025
Estimated costs and resources needed	In order to make things as smooth as possible, it is highly recommendable to connect and exchange experience with foreign countries where it works (Germany, Italy and Austria) and make use of good practise examples.
Indicator and target	Using civic Crowdfunding in the South Bohemia region on at least one occasion.



Action 3: National research on Crowdfunding

Objective and background	There are very few comprehensive sources in the Czech Republic that would systematically evaluate the Crowdfunding market. The available information comes from the individual platforms but they are quite difficult to compare or make systematic (different time frames, unknown methodology). We would recommend the creation of nation-wide study on the Crowdfunding market, its volume and its impact upon innovative market, start-ups and SMEs.
Description	Creation and periodical update of a nation-wide survey on Crowdfunding, finance volumes, types of Crowdfunding, trends etc.
Expected result	Nation-wide picture of Crowdfunding ecosystem, its development in time, untapped potential to be exploited, occasions for further development and comparison to neighbouring countries
Responsible actor	Ministry of Industry and Trade / CzechInvest (investment support auxiliary organization) Chambers of Commerce
Other partner involved	RERA a.s. (Crowdfunding hub) Crowdfunding platforms Crowdfunding support organizations
Time scale	2020-2025
Estimated costs and resources needed	Setting up a workgroup within responsible actors to cooperate on data collection and compilation of the survey. Outputs created within the CROWD-FUND-PORT project could be used (list of platforms, international contacts, other already existing surveys)
Indicator and target	Creation of the survey



Online references/useful links/annexes

Regional action plan of South Bohemia

https://rsk.kraj-jihocesky.cz/sites/rsk.kraj-jihocesky.cz/files/inline-files/Region%C3%A1ln%C3%AD%20ak%C4%8Dn%C3%AD%20pl%C3%A1n%20JK_textov%C3%A1%20%C4%8D%C3%A1st_aktualizace%202017.pdf

Regional innovation strategy (South Bohemia)

http://www.risjk.cz/files/risjk/uploads/files/Aktualizace_RIS3_JCK_final.pdf

National innovation strategy

<http://www.risjk.cz/files/risjk/uploads/files/N%C3%A1rodn%C3%AD%20RIS3%20ke%20dni%2030.%206.%202016.pdf>



GERMANY

Introduction

According to the Alternative Finance Benchmarking Report by the University of Cambridge⁶, the Crowdfunding Market had a total volume of Euro 595m in 2017, making it the third-largest market in Europe after the UK and France.

Peer-to-Peer Consumer Lending dominates the market, with Euro 325m in Europe. Peer-to-Peer Business Lending adds another Euro 71m to this volume. Peer-to-Peer Lending is growing fast - the need for policy interventions are small.

In contrast, policy interventions for reward-based and equity-based Crowdfunding are profound. In equity-based Crowdfunding, the segment of Real Estate Equity-based Crowdfunding at EURO 126m is about ten times higher than Equity-based Crowdfunding for Start-ups and Energy-Projects. 2018 saw the introduction of a new bespoke Crowdfunding-Regime for Securities, 2019 saw changes in the bespoke Crowdfunding-Regime for investment assets. Both changes are going to impact the market tremendously, incentivizing new platforms to join the market.

At the same time, the changes to the German Crowdfunding Regime did not include an improvement for shares in young companies. German companies are registered as Limited Companies (Gesellschaft mit beschränkter Haftung - GmbH). Investing into limited companies would be best by buying shares of the companies. However, in Germany, unlike in other European countries, shares of companies which are registered as GmbHen are Investment Assets, and not securities. For those shares, the prospectus threshold (and thus the German Crowdfunding exemption), is at 100.000 Euros per public offer, which is disadvantageous to the German Crowdfunding market. Therefore, there are political actions to be taken to make equity-based Crowdfunding more suitable for young and innovative companies.

Reward-based Crowdfunding seems to be stagnating and the market is consolidating. Effectively, Startnext and Kickstarter are the main choices for reward-based Crowdfunding projects. Specialised reward-based Crowdfunding platforms are shrinking, due to economies of scale favouring larger Crowdfunding platforms. Policy actions are needed to improve the spread of information on how to implement successful campaigns.

⁶ <https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/shifting-paradigms/>



In donation-based Crowdfunding, we see an increasing larger amount of small platforms run by public entities, municipalities and public corporations. Here new forms of Civic Crowdfunding are developing, which also need policy actions.

Challenges & Mission

Challenge 1: Creating a Cross-Industry Event for Alternative Finance and Crowdfunding

In Germany, there are a number of events for the Crowdfunding Ecosystem, but the access to them is limited. Following the InnoFinance Summit, we have seen that there is a great interest in networking events bringing together Crowdfunding platforms, consultants and projects, together with regional authorities.

Mission 1: IKOSOM will organize an event to connect the Crowdfunding ecosystem in Germany. This event will be linked to the project “Altrupreneur”, which is funded by Interreg Central Europe where Ikosom is also a Project Partner.

Challenge 2: Develop a Curriculum for Alternative Finance Education

In Germany, Crowdfunding education is quite extensive. The platforms, the chamber of commerce, private consultants are all offering workshops on Crowdfunding. However, the education material mostly focuses on donation- and reward-based Crowdfunding, not on new forms of Crowdfunding such as Security Token Offerings.

Building upon the material developed in the Crowdfundport project, we will establish a more formal curriculum for entrepreneurs to learn about Crowdfunding, Alternative Finance and Blockchain activities.

Mission 2: Together with Universities, such as the University of Hamburg, IKOSOM will develop a curriculum for alternative financing methods for start-ups.

Challenge 3: Develop new forms of interaction between public support mechanisms and Crowdfunding for social entrepreneurship/Civic Crowdfunding

Various forms of interaction between Crowdfunding projects, platforms and external institutions exists (competitions, white-label platforms, white label platform pages, co-funding agreements), but these are mostly focussed on start-ups and creative industry companies. There is less interaction between public support mechanisms and equity- and lending-based Crowdfunding. Some German regions (Bundesländer) have started to change rules of public investing, for instance Berlin now allows the use of Public Venture Investment in Social Entrepreneurs as well.



Mission 3: Create a list of recommendations to use public support mechanisms (both: on the individual level, such as unemployment support; and company level, such as subsidies) to streamline them with Crowdfunding.

Together with the German Crowdfunding Association and other associations active in this field (Bitkom, German Startup Association, German Social Entrepreneurship Association), we will distribute these recommendations to regional ministers of Economy and Labour.

Challenge 4: Better Tax Regime for Crowdfunding Projects

For Crowdfunding projects, the assessment of income through Crowdfunding for tax purposes is not entirely clear. Especially for reward-based Crowdfunding, there is a need to clarify tax code.

For investors, profit and loss through equity-based Crowdfunding is also not entirely clear. At the moment, it is not clear if losses from one investment can be combined with profits from another project in terms of taxes.

Another issue is that for investors, the German tax incentive “Wagniskapitalzuschuss” does not apply. The tax incentive allows investors to receive a tax rebate of 20% on investments in young companies. However, the minimum investment is set at 10.000 Euros, whereas the maximum investment for investments via Crowdfunding was set at 10.000 Euros. With the new Crowdfunding law in place, this maximum Crowdfunding investment will be set at 25.000 Euros, thus making it possible to combine the tax incentive for investors and Crowdfunding.

Mission 4: Create a Tax Proposal together with German Crowdfunding Association, German Startup Foundation, addressing the German Ministry of Finance and German Ministry of Economics, outlining a new tax regime which would incentivize Crowdfunding investments and clarify Crowdfunding income tax application.

Challenge 5: Decreasing regulatory barriers for cross-border funding

In the evaluation of regulation of the Small Investor Protection Act and the law on Investment Assets used in Crowdfunding, it was clear that the government and the parliament saw a strong overlap between the upcoming European Crowdfunding Service Provider Regimen and the national Crowdfunding legislation. Barriers to operating platforms across border or investing across border exist, due to the fragmented market in Europe, but also due to specific provisions in the German law.

Mission 5: Develop a regulatory framework proposal to improve Cross-Border Investment together with the German Crowdfunding Association. This regulatory framework will then presented to the parliament during the debate of German Crowdfunding regulation after the next evaluation period.



Policy recommendations

The following policy recommendations are relevant for each mission:

Mission 1 - Event

- No policy changes are required.
- We are currently working with regional governments if they want to collaborate on hosting the event.

Mission 2 - Education

- There are no policy changes required, but it would be helpful if public SME support agencies or Chamber of Commerces would use the developed material to enhance their activities.
- There are very early efforts by public agencies to include Crowdfunding education in efforts to support early stage entrepreneurs and former unemployed - we will elaborate on these efforts and get in touch with relevant authorities to discuss how Alternative Finance Education can be added to these programs.

Mission 3 - Civic Crowdfunding

- There is no immediate policy changes required. However, public spending regulation might inhibit implementing match-fund-mechanisms used in Civic Crowdfunding. Through the list of recommendations, we hope to identify possible pathways to enable better support mechanisms and civic Crowdfunding schemes.

Mission 4 - Tax Regime

There are several policy changes needed.

- Firstly, the Ministry of Finance or any other relevant authority needs to clarify how income from reward-based Crowdfunding is assessed for project owners.
- Secondly, for investors, it would be helpful to clarify that income and losses from different Crowdfunding investments can be aggregated in the income tax statement.
- Thirdly, for the tax benefit “Wagniskapitalzuschuss”, it would be necessary to simply clarify that the Crowdfunding platform can register and manage the tax subsidies on behalf of the investors in a project.



Mission 5

- There are several policy implications, which can only be discussed briefly here.
- Firstly, changes in the Investment Assets Law would have to specify that shares of German companies (GmbHs) are exempt under the Crowdfunding Bespoke-Regime and are treated similar to Sub-Ordinated Loans and Profit-Participating Rights.
- Secondly, shares of companies need to make a transferable instrument in the MiFid framework.
- Thirdly, the intermediation of shares of companies would need a Cross-Border License, similar to the one being discussed on the European Union level already.

Actions

Action 1: InnoFinance Conference 2020 - From Crowdfunding to Impact Investing	
Objective and background	Interaction of stakeholders in the field of Social Entrepreneurship, Crowdfunding and Impact Investing
Description	Conference with about 150-250 participants discussing Crowdfunding, Impact Investing and Social Entrepreneurship
Expected result	Networking
Responsible actor	Ikosom
Other partner involved	Project "Altrupreneur"
Time scale	Until March 2020
Estimated costs and resources needed	About 15.000 Euros
Indicator and target	150 participants



Action 2: Recommendation for Civic Crowdfunding and Public Support Mechanisms in Germany	
Objective and background	Develop a list of public support mechanisms and recommendations for improving them
Description	Policy Paper
Expected result	Discussion of Civic Crowdfunding and Public Support Mechanisms in Germany
Responsible actor	Ikosom
Other partner involved	Partner still have to be approached - we will approach German Crowdfunding Association and Social Entrepreneurship Network
Time scale	End of 2020
Estimated costs and resources needed	None
Indicator and target	Interaction with at least 100 officials from municipalities, regions and the federal government

Action 3: Crowdfunding and Alternative Finance Curriculum	
Objective and background	Develop Crowdfunding Training Material based on the Training Material Developed in the Crowdfundport project
Description	Alternative Finance Curriculum
Expected result	A list of slides or a Guidebook with updated material
Responsible actor	Ikosom
Other partner involved	University of Hamburg
Time scale	Until December 2020



Estimated costs and resources needed	None
Indicator and target	Training Material disseminated to 1000 SMEs



HUNGARY

Introduction

Hungary: current situation

Hungarian society is still trying to familiarize itself with the new funding method. The per capita volume of alternative finance compared to the GDP per capita is lower than average. There are just two active platforms (www.adjukossze.hu and www.rocketaside.me in beta), and they use the donation and rewards model, and collect and handle a limited amount of funds.

As in many other European countries, Crowdfunding has started to spread in Hungary. However, it is somewhat delayed in comparison to international and other European countries. General mistrust, relatively low population and limited savings seem to hinder the enhancement of Crowdfunding activity.

Current support, which enables entrepreneurs gaining new information, knowledge and experience in the field of Crowdfunding and alternative financing, is mostly provided through Hungarian project partners, which cooperate in implementation of EU co-funded projects, like 'Crowd-Fund-Port', 'Altfinator', and can provide new knowledge and experiences through transnational cooperation to Hungarian entrepreneurs, but project initiatives, cannot replace needed structural support.

No professional industry association exists. To foster the professional and transparent development of the local market, it might be advisable for a national Crowdfunding association to establish a Code of Conduct with which platforms should be obliged to comply. Examples exist in a number of countries, such as the UK, France, Germany, Austria or the Netherlands. Alternatively, the open adoption of the European Crowdfunding Network Code of Conduct and its Charter of Crowdfunders' Rights by market players could help in markets without a critical mass of platforms.

Platforms themselves, to the extent that they can serve as marketplaces, have the potential to aid regulatory developments through early self-regulation and transparency. But this will require credible and enforceable quality and transparency standards as well as level playing fields. Any such initiative should aim to cover key performance indicators for the industry, conflict of interest rules and platforms remuneration. However, regulation will always play the main role in establishing and ensuring a functioning market with an adequate level of safeguards and disclosures.

Crowdfunding in Hungary could be described much more as charity action with some business aspects than as a means of real business development or as a milestone in



young entrepreneurs' careers. Therefore, emerging entrepreneurs should rather be advised to use the global Crowdfunding portals, and promoters of the topic should concentrate on coaching young hopefuls in making successful proposals at those outlets.

Summing up, the country that boasts a number of globally successful start-ups like Prezi, LogMeIn, NNG, Ustream, has just one great Crowdfunding scheme for entrepreneurial projects. This is a table game developer startup Mindclash Games, who raised more than 2 M EUR through 4 campaigns, and last campaign was near to 1 M USD.

The latest development is a potential new player on the stage. Like www.tokeportal.hu is an equity based Crowdfunding platform.

Owners and managers of failed Crowdfunding initiatives argue, that although they built in more guarantees than are present in the original models (Kickstarter or Indiegogo), and that they adapted the platforms to local conditions, the lack of sufficient trust appears to have contributed to their failures.

The general level of trust within society is low, and the deep division along political lines aggravates this. The major part of the population is alienated from joint action and the level of entrepreneurship and risk-taking is also low.

The great majority of projects also have lacked elements of risk, being innocent social or artistic cases. Hungarian Crowdfunding yet could be characterized rather as a charity with some business elements than a means of business promotion.

Hungary: Legal environment

Legislation that specifically regulates Crowdfunding is absent and apparently no executive agency is monitoring Crowdfunding developments. Like in other countries, portals have to observe legislation that pertains to their commercial activity (including contracts via the Internet, intellectual property rights etc.). One major legal problem that Hungarian Crowdfunding platforms could come across is holding the collected money on escrow (i.e. withholding the money on the platform owner's account for the period of project running), which requires a license under the Hungarian Banking Act.

The only currently active donation based Crowdfunding site (www.adjukossze.hu) is run by a foundation, whose mission is the promotion of non-profit non-governmental organizations. Therefore, entering projects for fundraising is restricted to officially registered NGOs (associations, foundations or non-profit limited companies).

Acts of tax legislation do not mention Crowdfunding. The portals as well as websites specialized in counselling warn about the obligation of tax. It is up to the recipients of donations to decide (on the basis of general legislation) in which cases this tax applies, as the majority of donations as well as the gifts that donors receive from the supported projects do not reach the threshold defined by the gift tax regulation.



The Hungarian economic policy has given attention to Crowdfunding and did provide signals to entrepreneurs, just now, in April of 2019, through the new “Fintech Strategy of Hungary” (what is part of “Digitális Jólét Program, DJT) to setup legal framework. Crowdfunding as an alternative financing tool, which could improve the existing financing environment, is planned in this new action program.

Today the National Bank of Hungary (MNB) issued guidance regarding the regulatory treatment of lending- and investment-based Crowdfunding models. The guidance meant to provide an overview of the conditions and circumstances under which the Crowdfunding platform operator, investors or project sponsors seeking financing might fall in a regulatory or licensing requirement. The MNB analyzed the regulatory treatment of Crowdfunding from the perspective of banking, investment and payment services regulations. Crowdfunding is not currently feasible under Hungarian law.

Since a last 5 years, a lot of quality and successful Crowdfunding campaigns were implemented on international platforms, which contributed to further development of innovative businesses and companies. The interest among entrepreneurs exists and knowledge about Crowdfunding is raising, although we still have no formal support network and no structural support services are provided on local/regional/national level, which could contribute to more successful and efficient use of Crowdfunding in Hungary. In this sense we can conclude that development of Hungarian Crowdfunding market so far, was mostly ‘organic’ and based on bottom-up individual initiatives and experiences.

Upon mentioned fact, there is also a gap in awareness and knowledge among key decision and policy makers, about opportunities and risks of Crowdfunding in general.

Challenges & Mission

Current specific challenges related to Crowdfunding

Since Hungary belongs to a group of EU countries, which lack comprehensive approach in supporting development of its Crowdfunding market, a few challenges were identified:

- Absence of legal framework or absence of adjustment of current capital market legal framework, for purposes related to development of equity and lending Crowdfunding market;
- Lack of existing framework structures (Crowdfunding ecosystem), which would monitor and analyse our market and development potentials;
- Missing policy measures, that would include Crowdfunding, as a policy tool and connect it, with already provided support measures for innovative start-ups and SMEs (no fund-matching);



- No experience or tradition and therefore, no good practice examples, related to use of Crowdfunding and crowdsourcing, for civic projects, which would upgrade local/regional development;
- Lack of business and research support institutions providing services to Crowdfunding project owners, related to the preparation and implementation of Crowdfunding campaigns.

Mission and specific objectives of action plan

The mission of the ‘Hungarian Action plan to support Crowdfunding’ is to raise awareness among key stakeholders and players, that in order to use and boost the potential of Crowdfunding in Hungary, a comprehensive and a more structural approach is required in the future.

Specific objectives of the Action plan:

- To communicate to responsible stakeholders that Crowdfunding industry presents one of the key aspects of innovation within alternative financing tools and financial technologies and that attention to this topic is necessary in Hungary, to use the phenomena for future innovative development.
- To raise the understanding of the key characteristics and roles of Crowdfunding in supporting all kind of entrepreneurship, culture and creativity industries.
- To present key areas and challenges in Hungary, which should be addressed in order to better support future development of Crowdfunding.

Policy recommendations

Adapt existing EU laws and regulations to create a national normative environment that addresses the specificities of Crowdfunding and facilitates its market take up.

Recommendation 1: Acknowledgement of Crowdfunding in the existing capital market legal framework

Current legislation should acknowledge Crowdfunding as a specific mode of financing and should set-up basic regulation of Crowdfunding activities. Legislation should follow fast development of Crowdfunding in Hungary and globally and should not overburden it with administrative and legislative requirement.

The recommendation related to legal regulation is quite important, to enable development of reward, equity and lending Crowdfunding.



Recommendation 2: Set-up of national Crowdfunding initiative programme.

Development of national initiative programme, which could support Crowdfunding:

- through education support activities for start-up, SMEs and NGOs;
- inclusion of alternative methods of financing in higher education curricula;
- awareness raising plan prepared by responsible Ministry for National Economy to provide essential information about Crowdfunding to wider public;
- additional resources for Crowdfunding support to innovative R&D projects, culture and creative industries.

Recommendation 3: Network of Hungarian Crowdfunding professionals

Hungary is missing professional network of organizations, institutions and professionals, following development of CF in EU in globally, which could set-up dialogue and prepare recommendations for policy makers, responsible for innovation and entrepreneurship policy in Hungary.

Actions

Action 1: Create a Hungarian Crowdfunding law	
Objective and background	To enable the Hungarian companies to participate on local platforms and to enable the Hungarian donors to pledges in Hungary. Both reward and equity campaigns.
Description	Hungarian internet companies cannot easily perform payment services or participate on global platforms due to the issue of reporting on the transfer of cash between countries, in the framework of Slovenian Anti-money Laundering and Terrorist Financing Act and due to small market size.
Expected result	To overcome at least still existing legal barriers, adjustment of legal framework of ‘Crowdfunding’ law is necessary.
Responsible actor	Hungarian Ministry for National Economy responsible for ‘Crowdfunding’ law. To setup the law main player can be the “Digitális Jólét Program”, through the very new “Fintech Strategy of Hungary”. Other national institutions, implementing the ‘Crowdfunding’ law.



Other partner involved	Initiative for adjustment of the law would to set-up by a Hungarian Crowdfunding HUB. Supported by initiative from organizations that are raising awareness about Crowdfunding in Hungary through implementation of EU projects (Rocketside, Altfinator, Tokeportal).
Time scale	2019-2020
Estimated costs and resources needed	The change should be implemented in the framework of work programme of Ministry for National Economy, dealing with removing legal and administrative obstacle for innovative start-ups.
Indicator and target	Setup a regulation for Hungarian Crowdfunding activity.

Action 2: Crowdfunding grants for start-ups to build CF campaigns

Objective and background	Objective: the Crowdfunding grants financial incentives to support start-ups Crowdfunding campaigns in order to raise up the market.
Description	There is now no support for Crowdfunding campaigns in Hungary. Suggestion: Qualified launches for campaign support on a call basis for start-up costs.
Expected result	More start-ups would prepare and test the potential product, using Crowdfunding and be rewarded with receiving additional funds on the market. Using Crowdfunding as additional tool would raise the value of the developing products and start-up.
Responsible actor	The delegated governmental organisation (programme and funds), implementers: Local/foreign start-up mentors
Other partner involved	Support and initiative from organizations that are raising awareness about Crowdfunding in Hungary through implementation of EU projects (Rocketside, Altfinator, Tokeportal).
Time scale	2019-2021
Estimated costs and resources needed	500.000 €
Indicator and target	Approximately grants yearly for 50 start-ups for CF campaigns.



Action 3: Government supported Crowdfunding programme	
Objective and background	Currently no government supported Crowdfunding programme and no official educational events, which could support start-ups and SMEs in the field of Crowdfunding is available.
Description	Catalysed by Crowd-fund-port support programme financed by Interreg, we have entities of the innovative environment (support institutions, like fintech labs, incubators, scientific centres, etc.), which have funds for implementation of educational programmes and services for start-ups. In the framework of these support programmes, educational Crowdfunding programme could be offered to start-ups, by already existing mentors.
Expected result	Raise knowledge and know how about Crowdfunding among Hungarian start-ups.
Responsible actor	Rocketside together with relevant stakeholders from Government and Hungarian Crowdfunding ecosystem players.
Other partner involved	Support and initiative from organizations that are raising awareness about Crowdfunding in Hungary through implementation of EU projects and local developments. They are universities, fintech labs and experts. SME development offices, etc.
Time scale	2019-2021
Estimated costs and resources needed	Costs of preparation of the training programme, training material, implementation of training for future Crowdfunding players. Estimation: 30.000,00 €
Indicator and target	We plan 10 entities (support institutions), which implement national programme, therefore at least 1 mentor per entity should have completed the educational Crowdfunding programme.



Online references/useful links/annexes

<http://www.hitelintezetiszemle.hu/letoltes/5-bethlendi-vegh-2.pdf>

<http://www.hitelintezetiszemle.hu/letoltes/hsz-16-4-e2-kuti-bedo-geiszl.pdf>

[http://alk.mnb.hu/data/cms2450224/tmp2F0F.tmp\(11394111\).pdf](http://alk.mnb.hu/data/cms2450224/tmp2F0F.tmp(11394111).pdf)

[http://alk.mnb.hu/data/cms2450225/tmp4415.tmp\(12628654\).pdf](http://alk.mnb.hu/data/cms2450225/tmp4415.tmp(12628654).pdf)

<https://www.mnb.hu/letoltes/konzultacios-dokumentum.pdf>

<https://www.slideshare.net/Fintechzone/magyarország-fintech-stratgija-dr-gl-andrs-levente-digitlis-jlt-program-szakmai-vezetje>



ITALY

Introduction

According to the report published by Starteed in 2018, funds collected in Italy via Crowdfunding platforms increased by more than 50% (245.654.740 EUR) if compared with 2017 (133.197.153 EUR). Today, Italy counts about 74 Crowdfunding platforms: 50 operate in donation review; 15 in equity Crowdfunding; 9 in lending Crowdfunding. With 51 million EUR collected, lending Crowdfunding ranks first in terms of money quantity and last in terms of number of platforms available. In 2018, around 307 projects were funded via equity Crowdfunding, raising about 284.000 EUR, a higher average compared to other funding models, with a success rate of 68%. Donation, reward, and do-it-yourself platforms are generally characterised by socio-humanitarian goals, by some kind of reward recognized to the supporter against its investment and by the financing of single projects thus they do not have strictly financing missions. On the contrary, equity and lending Crowdfunding represent innovative financing methods to collect risk and credit capitals and their diffusion depends on the advantage represented by the lack of finance and banking intermediation.

Italy was one of the first countries to adopt rules on equity Crowdfunding as its economy is based on small and medium enterprises, and some of its actors (like start-ups) have no access to bank loans. Law n. 232/2016 (i.e. *Legge di Bilancio 2017*) extended the rules concerning equity Crowdfunding to all SMEs; in April 2017, the law n. 502 allowed all SMEs to collect capitals through trading of their financial products to the general public. CONSOB (the body charged with ruling and controlling the stock exchange and financial markets) recently extended the possibility to manage online portals to new actors and adapted Italian regulations to the European Directive on this subject (2014/65/UE i.e. MiFID II). More specifically, the platforms managers are recognised as professionals collecting funds on behalf of SMEs as well as for social enterprises and they are listed in an *ad-hoc* public register.

Banks are watching carefully at the evolution of the market: some banks are starting to understand that alternative finance might help their scoring system and select companies who deserve credit, as validated by the crowd. Concerning the deal flow, Italy has a great potential: there are many companies developing innovation in far different industries, or offering great products that are not able to find investments from professional investors and do not succeed in getting loans from banks. Equity platforms have not invested much in communication and there is still poor awareness on this financial tool. The regulation currently makes operations more affordable and larger operators are expected to join the market. Lending and equity Crowdfunding (crowd



investment) have experienced a massive increase in the last two years; the first is heavily regulated and still intermediated by the platforms, while the latter has been allowed by the first regulation enacted in the world in 2012. Unfortunately, legislators used an upside-down approach, that didn't help the market to grow properly.

Challenges & mission

One of the main challenges that Crowdfunding activities face in Italy is that people are not used to invest in other people's business. This is true not only for retail investors, but also for professional investments (on average below 100.000 EUR per year). Indeed, Crowdfunding in Italy started within the cultural industry and to date the largest volume is donated to projects involving books, exhibitions and movies. The lack of traditional source of finance (bank loans) is slowly driving the attention to alternative finance and crowd investment. Consistently with the report issued by the Cattolica University in Milan, the whole Crowdfunding-related market is growing:

- number of platforms: +68%;
- projects received: +108%;
- campaigns: +67%;
- total volume of funding: +85%.

Actually, the success rate has decreased from 37% to 30%; however, this might be explained by several reasons, including more competition among campaigns.

Lending Crowdfunding is expected to grow quickly. Equity Crowdfunding is expected to take off, as two main bugs have just been fixed by the legislator and the regulator: the kind of companies who can use Crowdfunding to raise finance has been enlarged and platforms can directly run the test whether the investment envisaged is appropriate for the customer, without bringing the client off-line at a broker dealer.

Barriers still exist at different levels and prevent users to take informed decisions about whether or not to adopt Crowdfunding. These barriers relate to a lack of transparent information about average amounts raised or success rates, but also about which platform to choose and the exact costs related. Also, existing barriers to make Crowdfunding compatible with the pre-existing system can negatively influence the adoption decision. In the implementation phase, potential users often lack the skills to make successful use of Crowdfunding. Moreover, they might encounter problems that are related to the market's fragmentation (regulation, payment systems, language, etc).

However, access to Crowdfunding *per se* still remains a barrier for most of the economic sectors involved, who are not very well aware what Crowdfunding is, how it works, what the key success factors, and who the platforms are. Also, intermediary organizations and policy makers are not aware of how to treat Crowdfunding in their communication,



policy development and guidance, nor are traditional investors sufficiently aware of the potential of Crowdfunding as a market signal for further investments. The ‘lack of information on Crowdfunding’ with the potential adopters is highlighted as a main barrier for the uptake of Crowdfunding and the up-scaling of platforms.

Policy recommendations

Recommendation 1: To increase awareness on Crowdfunding and its mechanism towards public and private authorities

To foster the diffusion of independent information (i.e. information not coming from platforms), to draft common Italian guidelines on how to assess Crowdfunding potential, practical training, and sharing of regional practices for all the actors involved; to provide the actors involved (both private and public), policy makers, backers and investors with the tools to overcome the current multidimensional fragmentation of the Italian market and to coordinate the provision of information and best practices and organize cross regional exchange of best practices on Crowdfunding.

Recommendation 2: To create trust into the Crowdfunding mechanism

The issue of trust is crucial for all actors (public or private). It is necessary not only to increase awareness, information, and capabilities of Crowdfunding but also to enhance transparency on costs, success rates, tax regimes, screening procedures by platforms. This would help to increase trust from all the stakeholders involved thus allowing projects in need of big budgets to be successful through unfamiliar networks of funders. Even if a large responsibility on data lies with the project holders and platforms in that respect, comparability of information between different platforms is also important for users (both project holders and backers) to be able to make informed comparisons of platforms (on costs, community of backers, services to project holders, etc.). Last but not least comparative data require clear definitions, as well as sound methods, to collect such data in a manageable and cost-efficient way.

Recommendation 3: To develop appropriate skills and “training” systems

Enhancing appropriate training courses is necessary to develop entrepreneurial, financial management, and communication skills. Also it is crucial to disseminate knowledge on how to use Crowdfunding skills that might determine the failure of a campaign when not properly applied. Such skills are currently insufficiently developed to fully benefit from the potential of Crowdfunding. On the side of policy makers, specific skills are needed to effectively adapt the policy framework to support Crowdfunding, to set up new types of partnerships, and to rethink the funding system. For some aspects stakeholders and



policy makers can rely on platforms and other experts to advise and support them. More strategic aspects like alignment of Crowdfunding campaign with mission/vision, strategic choices about community building and audience development, etc. touch upon.

Recommendation 4: To develop match-funding activities

Policy makers across Italy, as well as private fund organisations, need to explore in depth the possibilities to direct their funding into Crowdfunding campaigns. Today, even if match-funding is attracting increasing amounts of interest from public and private institutions, this type of incentive remains unexplored for many local, regional and national policy makers.

Recommendation 5: To connect international financing communities

Apart from equity Crowdfunding, Crowdfunding activity is not sufficiently integrated in the broader financing landscape, and successful reward-based campaigns are not yet recognized as a market signal of creditworthiness. Italian authorities, together with platforms, should set the standards for the creation of a better sharing and integration system so to provide local and national actors with the tool to enter a broader financing scenario. Actually the current fragmentation of the market restrains Crowdfunding from exploring its full potential, to open up project- related and organization- related finance. Increasing financing communities connection would give Crowdfunding the chance to act as a catalyst where crowd- supported- actors might more easily access loans (peer-to-peer lending or using Crowdfunding success as proof of concept for further funding from traditional banks) as well as private and public funding (match-funding). Bottlenecks preventing Crowdfunding platforms from developing a pan European business should be eliminated as well so to foster cross-border investment Crowdfunding. Linking financial communities raises awareness among these organizations regarding Crowdfunding and can in turn lower the barrier of access to Crowdfunding.

Recommendation 6: To create a secondary market for equity Crowdfunding shares

Another crucial point is the relationship between Crowdfunding and the market. Since equity Crowdfunding is based on placement of action or shares to the public it can be compared to a trading service so to an investment service subject to authorization. Nevertheless the Crowdfunding market is a primary market where the seller is the one offering while the buyer is represented by the crowd. The lack of a secondary market entails that if investors do not terminate the contract within 7 days from the discover of new facts or material errors they will never be allowed to enjoy their termination right. Creating a link between platforms and some specific markets (multilateral negotiation



systems; AIMS; non regulatory markets) would grant the chance to exchange shares acquired on Crowdfunding platforms on secondary markets.

Actions

Action 1: Raise Awareness	
Objective and background	In order to raise awareness on Crowdfunding, it is necessary to centralise information on everything related to Crowdfunding and to present it in a coherent manner.
Description	<p>It is necessary to support the exchange of knowledge and good practices at national and local level. Several realities were already created, and debates arose within eminent Italian universities. In addition, local authorities (like the city of Milan, Bologna, Bolzano just to quote a few) already tested the chance to launch civic Crowdfunding projects and to match their funds with private ones. For these reasons, it is important to provide not only private sector and general public but also local institutions with basic information on all Crowdfunding models, their success rates, supported by concrete examples and, possibly, guidelines on how to launch a successful campaign. It would be also necessary to proactively promote knowledge accumulation on Crowdfunding at the level of policy makers through communication and by bringing them together to stimulate exchange of experiences and barriers.</p> <p>Moreover, it is appropriate to provide information and good practice on Crowdfunding regulatory framework. More in depth:</p> <ul style="list-style-type: none"> for the private sector, it is important to focus on information requirements and monitoring for criminal purposes; for the public sector, on the importance of attracting resources in times of fiscal constraints for sub-national governments. <p>For both the public and private sectors, the role of taxation is crucial: it is therefore necessary to ensure the exchange of information and best practices, including the application of obligations for platform operators and, above all, on the applicable tax regimes, in particular incentive regimes.</p> <p>Some other interesting measures could be bringing forward policy thinking at regional and national level about the practice of Crowdfunding, policy learning about relevant policy instruments (including match-funding) and their potential role as lead user of</p>



	Crowdfunding. Special attention should be paid to facilitate the sharing of information between regions where Crowdfunding has taken off and the ones lagging behind.
Expected result	<ul style="list-style-type: none"> ■ Creation of standardised information on platforms, basic information about what Crowdfunding and its different models, data on the market and guidelines on how to use it, comprehensive information on legal issues both for the private and public sector, collection of best practices, organization of networking events and diffusion of data and information to the general public and to the press. ■ Creation of an information portal where the public is granted access to reliable and coherent information at national and local level. Creation of a virtual space where academics and researchers can discuss new examples and diffusion of the main discussion topics through ad hoc blogs and social media. ■ Creation of a Crowdfunding info desk which can be also linked to other important actors, such and universities and financial institutions and organisations. The desk is created also to spread the culture of civic Crowdfunding. To this end, periodical events (workshops, conferences, etc) would be organised.
Responsible actor	Metropolitan city of Bologna/ University of Bologna
Other partner involved	Universities and training institutions
Time scale	by 2025
Estimated costs and resources needed	EUR 50.000 (including staff costs and internal resources)
Indicator and target	10 organisations on local and central level involved

Action 2: Increase trust	
Objective and background	<p>To increase trust in the Crowdfunding system and models and to raise the level of its acceptance as a concrete and effective financing tool.</p> <p>The lack of trust towards Crowdfunding strictly depends of a primary lack in information and transparency. This is why most of the supporter</p>



	<p>of a Crowdfunding campaign donates because they are part of the personal networks of their promoters.</p> <p>Even if a trust relationship exists, in such cases it is not enough to finance big projects as they do need to be supported by larger communities. It is thus necessary to increase transparency on costs, success rates, tax regimes, screening procedures by platforms.</p> <p>Increasing trust in Crowdfunding as a tool to stimulate growth and innovation also means to share knowledge and share experience on its legal issues. Another fundamental topic is to shed light on the incentive effect of taxation in the financing of local authorities and the third sector.</p>
Description	Provide a link between the world of fundraising and Crowdfunding, highlighting how civic Crowdfunding can be an excellent tool to finance projects in the social, cultural and environmental sectors.
Expected result	<ul style="list-style-type: none"> ■ To develop methods and strategies to apply Crowdfunding in the above mentioned sectors, exploring their peculiarities and their needs of services to support their financing. ■ To understand: <ul style="list-style-type: none"> ▫ which kind of model can be used to further develop this projects; ▫ which kind of relation needs to be activated between who is demanding for and who offers funds, time and/or resources in general to support this projects; ▫ which kind of communicative models can be applied.
Responsible actor	Metropolitan city of Bologna/ University of Bologna
Other partner involved	University of Bologna, local and municipal authorities, no-profit associations/associations active in the field of fundraising for the social, cultural and environmental sections.
Time scale	by 2020
Estimated costs and resources needed	EUR 50.000
Indicator and target	1 model of service specifically oriented to the above mentioned sectors (social, cultural, environmental)



Action 3: Stimulate skills development	
Objective and background	Assessing the relevance of Crowdfunding requires ‘financial literacy’ and strategic insights on the side of actors about the opportunities and challenges (including non-financial) related to different types of crowd finance and their relation to other types of finance and other management tools. Furthermore, running a Crowdfunding campaign requires proper organization and dedication, as well as knowledge on how to make an appropriate video, photography, or organize a communication process with a marketing objective and appropriate time. Community building also requires specific skills. Last but not least, information and training on legal obligations and constraints and on the role of tax system is of utmost importance.
Description	To stimulate intermediary organizations to develop adequate material and training about Crowdfunding; to support intermediate organizations to promote entrepreneurial and business skills as well as non-formal skills; to encourage the integration of financial and business literacy in education and training channels; to provide specific grants and coaching to develop Crowdfunding campaigns; to offer specific training on legal issues around which Crowdfunding revolves.
Expected result	<ul style="list-style-type: none"> ■ Creation and diffusion of a tool kit on Crowdfunding with specific focus on how to start, use the data, and take inspiration from previous campaigns. ■ Creation of a peer to peer exchange programme and enhancement of specific targeted course in schools and universities to increase technical and soft skills for Crowdfunding. ■ Creation of an incubator to enable the interested actors to better tap into the possibilities of crowd-lending and crowd-equity so to attract larger amounts and longer term finance.
Responsible actor	Metropolitan city of Bologna/ University of Bologna
Other partner involved	SMEs local supporting services within (Progetti d’impresa) and outside (ASTER, Chamber of Commerce, etc) the Metropolitan city of Bologna
Time scale	by 2021
Estimated costs and resources needed	EUR 50.000



Indicator and target	1 training-module project, 1 startup accompaniment model that includes training on Crowdfunding, 1 civic Crowdfunding-module project
----------------------	--

Online references/useful links/annexes

Starteed Report <https://www.Crowdfundingreport.it/#report-2018>

Cattolica University in Milan - research on Crowdfunding:

https://d3alc7xa4w7z55.cloudfront.net/upload/images/01_2016/160108144117.pdf



POLAND

Introduction

The Crowdfunding market in Poland is growing, but we can see a disproportion in the dynamics of growth in particular models of Crowdfunding. The donation based Crowdfunding and reward based Crowdfunding are rapidly growing and we can see that these are a really popular ways to fulfil different passions and to make one's dreams come true. However, equity Crowdfunding, which can be seen as an alternative source of financing, does not grow so dynamically.

Reward-based Crowdfunding remains strong at € 4 m 2017, up from € 3m in 2016. Donation-based Crowdfunding in Poland even surpassed reward-based Crowdfunding in 2017. Previously in 2016, donation-based Crowdfunding only amounted to € 1m, in 2017 the donation volume via Crowdfunding platforms was €4m. Equity-based Crowdfunding volume was reduced to € 0.76m in 2017, despite a considerable number of new platforms being active in this field⁷.

Funding innovative projects is one of the biggest challenges faced by start-ups in Poland. However Polish companies, in spite of having problems with raising capital for projects, show little interest in the alternative sources of financing, such as Crowdfunding⁸.

According to Vedran Obućina, *an analyst and a journalist specializing in the Croatian and Middle East domestic and foreign affairs*, "Croatian, Slovenian and Polish examples show that Crowdfunding is an especially good way to finance the small projects (e.g. up to PLN 800,000). Most of the projects have the niche and non-mass character and organizing the fundraising is not the main aim; the goal is a promotion. Post-communist countries should change the mentality and logic of the market, research and innovation and other ways of forming the SMEs activities. It should also include the culture of sharing, but also the culture of giving"⁹.

According to Karol Król, cofounder of Collaborative Economy Center and Vicepresident of Polish Crowdfunding Society, SMEs in Poland are aware of alternative finance possibilities and 1 of 8 start-ups plans to use Crowdfunding within next 6 months. That

⁷ Expanding horizons the 3rd European alternative finance industry report, Tania Ziegler, Rotem Shneur, Kieran Garvey, Karsten Wenzlaff, Nikos Yerolemu, Rui Hao, Bryan Zhang.

⁸ Funding Innovation in Poland through Crowdfunding, Katarzyna Koziol-Nadolna, Professor US, University of Szczecin, Faculty of Economics and Management.

⁹ Crowdfunding gets attention in the CSE countries, Vedran Obućina.



shows that there is a very significant growth of interest on alternative finance market in Poland¹⁰.

Challenges & Mission

Considering the fact that the idea of Crowdfunding is quite innovative in Poland, and there is a lack of educational activities promoting the use of Crowdfunding as a tool allowing the realization of projects from different areas, Poles do not have trust in this form of project financing or sometimes do not even understand properly the term “Crowdfunding”. For the majority of people who have previously heard of this form of fundraising, Crowdfunding is synonymous with charity actions carried out on the Internet and not with a mechanism that can actually support the development of an innovative project.

The main challenge facing Crowdfunding in Poland is to increase the recognition of Crowdfunding as a tool supporting the development of an innovative project and not only a tool for charity collections or to fulfil different passions. It is also important to increase the trust of Poles in this form of collecting funds.

The key to increasing the interest in Crowdfunding is proper market education. It is necessary to show how a good campaign should look like and increase the credibility of actors who are involved in the process of Crowdfunding campaigns. Reliable Crowdfunding platforms set requirements for the project developer related to a good description of the project, a film promoting the campaign or a proper description of prizes. Through the services that do not pose any requirements, the quality of projects that apply for Crowdfunding platforms drops, and due to the lack of reliability of some platforms trust in the phenomenon of Crowdfunding also drops.

The number of platforms operating in Poland is still small compared to platforms in Western Europe or the United States. Polish platforms, who wish to remain on the market, must adapt their offer to what foreign operators are proposing. Platforms based on donation and reward principles dominate here, while investment platforms are in the vast majority only at the initial stage of their development¹¹. Moreover, platforms in Poland operate on a smaller scale than foreign entities. What’s more Polish law still lacks regulations directly related to this phenomenon. However, many of the existing legal constructions can be adapted to Crowdfunding by analogy.

¹⁰ Expanding horizons the 3rd european alternative finance industry report, Tania Ziegler, Rotem Shneur, Kieran Garvey, Karsten Wenzlaff, Nikos Yerolemou, Rui Hao, Bryan Zhang.

¹¹ Funding Innovation in Poland through Crowdfunding, Katarzyna Koziol-Nadolna, Professor US, University of Szczecin, Faculty of Economics and Management.



Policy recommendations¹²

Recommendation 1: Ensure a stable and predictable regulatory framework for investors and adapt existing laws and regulations

It is important to create a normative environment that addresses the specificities of Crowdfunding and facilitates its market take up. Also there is a need to facilitate access to finance for small and medium-sized companies through Crowdfunding mechanism - obtained through Internet platforms, while guaranteeing them an appropriate level of security.

Recommendation 2: Stimulate citizens' engagement in Crowdfunding projects

Policy makers create frameworks that incentivize citizen participation in supporting the development of innovative projects through Crowdfunding. Municipalities involvement helps to encourage citizen participation and promoting Crowdfunding as a tool of financing of an innovative project. The involvement of municipalities provides reliability to the project.

Recommendation 3: Expand the scope of public partnerships with Crowdfunding

It is important to design secure, transparent ways which will make possible to promote the use of match-crowdfunding mechanism also include lending and equity Crowdfunding.

Recommendation 4: Emphasize Crowdfunding as a mechanism that helps filling the financing gap between banks and start-ups

There's a need for promoting the concept of Crowdfunding and raising awareness amongst investors and start-ups concerning the benefits that it brings and the ways it can be used.

¹² Recommendations prepared on the basis of the recommendations contained in the document: "Policy recommendations on regulatory and market framework improvements for Crowdfunding RES projects", Authors: P. Alonso, S. Caneva, T. Maidonis (WIPRenewable Energies); T. Aschenbeck-Florange, A. Dlouhy, T. Drefke, F. Martens (Osborne Clarke); C. Arnaud (SolarPower Europe); O. Gajda, K. Kohl (ECN); A. Raguet (Lumo); Johannes Wahlmüller (Global2000); Karl Harder (abundance); Sissy Windisch (Green Crowding/ Bettervest); p. 18-31 (http://www.crowdfundres.eu/wp-content/uploads/2017/07/CrowdFundRES_Policy-Recommendations.pdf) and Triggering Participation: A Collection of Civic Crowdfunding and Match-funding Experiences in the EU, p. 54 (https://eurocrowd.org/wpcontent/blogs.dir/sites/85/2018/07/ECN_CF4ESIF_Report_Triggering-Participation_2018.pdf)



Recommendation 5: Financial literacy through schools

Policies should be shaped considering also the enforcement of educational streams that have the power to inform. Mainstream trainings on Crowdfunding education by implementing trainings and events that can be delivered to different societal groups.

Recommendation 6: Transparency, confidence and reputation of Crowdfunding platforms

Crowdfunding platforms should give clear instructions and ensure transparency of information on the processes (provide downloadable offer documents, provide data). Labeling of the platforms can increase the public’s confidence. Crowdfunding platforms must have resolution plans, capital adequacy requirements and client money segregation in order to ensure that loan repayments will continue in the event of a platform collapsing.

Actions

Action 1: Crowdfunding in Business Incubators/Emphasize Crowdfunding as a mechanism that helps filling the financing gap between banks and start-ups	
Objective and background	<p>Expanding the existing offer of Business Incubators with support in the preparation of an effective Crowdfunding campaign.</p> <p>The main goal is to:</p> <ul style="list-style-type: none"> ■ enable companies using Incubator services to get to know the possibilities offered by Crowdfunding; ■ preliminary verification whether the idea is appropriate to implement a Crowdfunding campaign; ■ support at the stage of campaign preparation.
Description	<ul style="list-style-type: none"> ■ Implementation of Crowdfunding in Incubators as a mechanism for supporting the development of young companies: preparation of the starter package “Start in Crowdfunding” in an on-line version provided to people interested in alternative sources of financing. The starter pack will be designed using the training materials developed as part of the Project. ■ Implementation of Crowdfunding consultancy in its basic and premium version. Basic version: free consultancy provided by the incubator staff during which will be presented different types of Crowdfunding and Crowdfunding platforms and there will be a preliminary verification of the idea (based on a prepared template). Premium version: paid consultancy with Crowdfunding reward or equity expert:



	<ul style="list-style-type: none"> ▫ Reward support: definition of the target group, development of a roadmap, development of a set of awards, development of communication with audiences. ▫ Equity support: development of a roadmap, calculation of real capital requirements, considering the benefits and costs of running the equity Crowdfunding campaign, also taking into account the company's development stage, support in the selection of the platform and in the preparation of the necessary documentation. <p>There will be prepared a database of experts from different areas.</p>
Expected result	<ul style="list-style-type: none"> ■ Increase in the number of companies looking for financial funds, which use Crowdfunding. ■ Increase in the number of companies that will learn about the possibilities offered by Crowdfunding. ■ Increase in the attractiveness of the Incubators' offer.
Responsible actor	Gdańsk Business Incubator STARTER
Other partner involved	City Hall - support in promotion
Time scale	07-12.2019
Estimated costs and resources needed	<p>Estimated cost of implementing the action: 7000,00 PLN.</p> <ul style="list-style-type: none"> ■ Preparation of starter package - graphic design, composition and proofreading - 1500,00 PLN ■ Preparation of infographics promoting Crowdfunding - 500,00 PLN ■ Preparation of a manual for incubator staff on how to implement Crowdfunding as a new form of support - 1000,00 PLN ■ Preparation of the database of experts 4000,00 PLN
Indicator and target	In 2019 information about the possibility of using Crowdfunding would be sent to 20 institutions.



Action 2: Crowdfunding in schools/Financial literacy through schools	
Objective and background	<p>Increasing students' awareness of alternative sources of funding. Complementing the entrepreneurial education programme in primary and secondary schools with an element of searching for alternative sources of financing, including Crowdfunding.</p> <p>The "Entrepreneurship Lessons" programme is being implemented in Pomorskie Voivodeship for 5 years. Thanks to this programme, students of Pomeranian schools can increase their competences in the area of entrepreneurial competences.</p> <p>In "Entrepreneurship Lessons" programme is missing a well-developed part dedicated to alternative sources of financing, including Crowdfunding.</p>
Description	<p>The action would be to create material on alternative sources of funding that would be used during classes.</p> <p>The materials will include information on available alternative sources of funding with examples and a set of activities to develop students' competences in this area.</p>
Expected result	<p>Increasing students' knowledge of alternative sources of financing, including Crowdfunding;</p> <p>carrying out Crowdfunding campaigns by students in order to collect funds for the implementation of projects created within the Programme "Entrepreneurship Lessons";</p> <p>in the long time perspective - increasing the trust of Poles in Crowdfunding.</p>
Responsible actor	Gdańsk Business Incubator STARTER
Other partner involved	City Hall - support in promotion
Time scale	09.2019 - 06.2020
Estimated costs and resources needed	<p>Estimated cost of implementing the action - 3500,00 PLN.</p> <p>Preparation of material on alternative sources with a set of activities to develop students' competences:</p> <p>Content - 2000,00 PLN</p> <p>Graphic design, composition and proofreading - 1500,00 PLN</p>



Indicator and target	All schools in Gdańsk in which the Entrepreneurship Lessons programme is used.
----------------------	--

Action 3: How Crowdfunding can make public money more effective /Expand the scope of public partnerships with Crowdfunding	
Objective and background	<p>Increasing the appropriateness of selection of innovative initiatives which will receive support in the form of a grant investment.</p> <p>In Poland inhabitants like to support emotionally. The 1% action and the Great Orchestra of Christmas Charity are very popular. After joining these two initiatives Poles satisfy their need for help and do not join other ones. As a result, a large number of social institutions have problems with financing their activities and turn to local government institutions for help. From the perspective of local government Crowdfunding may be an excellent tool to complement the financing of innovative social initiatives and a tool to support the selection of the best initiatives worthy of supplementary financial support through the award of a grant.</p>
Description	<p>Promotion of use by public institutions the most popular model for matchfunding design to date has been the top up model where the institutional funder releases the remaining funding in the form of a grant investment or a loan to the project or business once it hits its Crowdfunding target.</p> <p>The action will include the preparation of materials promoting the effective use of Crowdfunding mechanism as a complementary to public funds. In the materials good practices from this area will be presented.</p>
Expected result	<p>Increased effectiveness in the use of public funds;</p> <p>Increased knowledge about Crowdfunding that it can be a tool that is effectively accessible to any citizen, organisation, or enterprise.</p>
Responsible actor	Gdańsk Business Incubator STARTER
Other partner involved	<p>City Hall - support in promotion</p> <p>Institutions with expert knowledge in the area of matching Crowdfunding with public funds e.g. We the crowd</p>
Time scale	09-12.2019
Estimated	Estimated cost of implementing the action - 23 500,00 PLN



costs and resources needed	<p>Preparation of material on matching Crowdfunding with public funds Content - 2000,00 PLN</p> <p>Graphic design, composition and proofreading - 1500,00 PLN</p> <p>Trainings implementing the mechanism of matching Crowdfunding with public funds for public institutions - the cost of one training - 4000,00 PLN (cost for 5 trainings: 20 000,00 PLN)</p>
Indicator and target	Implementation trainings in 5 institutions. Mechanism implemented by 2 institutions.



SLOVAKIA

Introduction

The Slovak Republic is one of the fastest growing economies in the EU and OECD (measured by GDP). In the period between 1995 and 2017, real GDP growth increased 2,32 times and nominal growth increased more than 4,3 times. The average annual growth rate of real GDP was approximately 3,73% (nominally 6,57 %).

Despite these numbers, Slovakia placed 24th (out of 38 countries) in the Better Life Index (BLI) in 2016. Among the V4 countries, Slovakia placed second, after the Czech Republic (21st), followed by Poland (27th) and Hungary (32nd). Almost all sub-indicators position Slovakia among the lower performing countries. According to the 2016 “Human Development Report” (using data from 2015), Slovakia ranked 40th (out of 188 countries) with a development index of 0,845, while at the same time belonging to the countries with very high growth rates.

The level of innovation performance in Slovakia, as characterised by the IUS (Innovation Union Scoreboard) index, has been at a long-term low-level as compared with other EU countries. By international standards, Slovakia is still among the modest innovator countries with the lowest performance and is very much under-average among the EU countries. Out of 28 EU countries, Slovakia placed 21st in innovation performance for the year 2016, which is a slight deterioration compared with the data from 2015.

To follow up on the economic development and reach the Economic Strategy goals by 2030, the following three indicators should be evaluated:

- Human Development Index, which measures the quality of life and well-being in Slovakia on an international scale. Another OECD Index, the Better Life Index, is also proposed as a supplementary indicator;
- The percentage of Slovak GDP per person measured in purchasing power parities with the GDP of the original 15 EU countries shows their actual convergence;
- A comprehensive/aggregate indicator of progressive structural changes that measures the quality of economy and productive structure in Slovakia. The indicator evaluates the relative level of the Slovak economy compared to the trio of small developed economies that are perceived as role models or benchmarks (Austria, Denmark and Finland).

Alternative financial instruments, as well as FinTech, represent one of the factors that can influence these indicators and can have a direct influence on: economic development, improving competitiveness in an international context, improving the



environment for entrepreneurship, and directly improving the overall quality of life in Slovakia.

Challenges & Mission

The Slovak national priorities regarding implementation of the Agenda 2030 will be elaborated in the draft document, Vision and strategies for the development of the Slovak Republic by 2030. This document is being drafted by the Office of the Deputy Prime Minister for Investments and Information Technology and will establish a framework for coordination and integration of sectoral policies and regional and territorial development.

Currently, Slovakia has several national strategic documents that identify the potential for direct application of FinTech as well as the use of alternative financial instruments. Below, a sample of the strategic documents:

- Strategy of research and innovations for smart specialization of the Slovak Republic. (RIS3)
- The concept and action plan of smart industry for Slovakia
- Strategy of the Slovak economic policy by 2030
- The national investment plan for 2018-2030
- RIA 2020 -Better Regulation Strategy
- The concept to support start-ups and develop the start-ups ecosystem in Slovakia

Currently, Slovakia is also drafting a Digital Transformation Strategy which will also address the area of innovations in the financial industry (FinTech). Digital transformation has the potential to ensure additional economic growth and strengthen the competitiveness of Slovakia. The digitalization development has also the potential to bring in up to 16.1 million euros by 2025 in additional GDP.

Slovakia is open to accepting strategic materials. However, currently it is at the point where there's a need for mutual coordination of individual strategies to be able to implement, evaluate and update them.

The matter of FinTech, including Crowdfunding, is a competency of the Centre for Financial Innovations (CFI).

CFI was established in February 2018 by the Slovak Ministry of Finance with the objective to create a platform where relevant government authorities, market operators and interest groups will be able to exchange information and share best practices on a regular basis. CFI's priority activity is to map the environment influencing the introduction of new technologies in the area of financial markets; to identify



shortcomings and improvements in this environment and to remove any barriers standing in the way of helping the creation and active work of FinTech companies in Slovakia.

CFI will implement the Action Plan for FinTech that was published by the European Commission on August 3rd, 2018, and is focused on using the innovations in the area of financial services to create a more innovative and competitive financial market in the European Union.

Since its establishment, CFI has been intensively collaborating with the relevant public authorities, market experts, as well as the scientific and expert public. CFI organized technical working groups in the areas of:

- Crowdfunding, capital markets and insurance industry;
- Payment services and banking industry;
- Virtual currencies, ICO and blockchain.

There is a relatively strong working group specialized in virtual currencies, ICO and blockchain technologies, such as Blockchain Slovakia (a civic association connecting researchers, developers, entrepreneurs, regulators, investors, and the general public with the goal of supporting blockchain technologies in Slovakia). CFI respects this fact and leads a dialogue with the community seeking the best approach to achieve the goal.

CFI is open to communication and anyone who has an input or suggestion related to the topic of FinTech can contact CFI at: fintech@mfsr.sk

In the area of Crowdfunding, CFI actively collaborates with Crowdfunding platforms also via Creative Industry Forum (CIF) association, which is a partner in the Crowd-fund-port project financed by Interreg Central Europe. CIF created a communication hub and platform for regular meetings with Slovak Crowdfunding stakeholders, including CFI. CIF also collaborates with two other projects: CrowdStream - Interreg Danube Transnational Programme (Technical University Košice) and Altfinator (PEDAL Consulting), which are focusing on alternative financing and Crowdfunding in relation to the innovations and SMEs.

In Slovakia, there were 11 Crowdfunding platforms as of 31.12.2018. One of those is an equity-based platform (Crowdberry), two are reward-based platforms (StartLab, Hithit/SK), one is a loan-based platform (Finnest), three are peer-to-peer platforms (Žltý melon, Zinc euro, Maják) and four are donation-based platforms (Ľudia ľud'om, Dobrá krajina, Srdce pre deti, d'akujeme.sk).

Slovak Crowdfunding platforms are interested in creating a transparent environment and a fair approach to consumers, respectively to all transaction participants. Towards this purpose, Slovak Crowdfunding platforms adopted a self-regulating initiative and accepted the Ethical Principles of Crowdfunding platforms in Slovakia. For more information about the rules and signatories, visit: <http://crowdfundport.ciforum.sk/platforms>



Among the Slovak Crowdfunding platforms, CFI, and the National Bank of Slovakia (serving as the national regulator on the financial market), there is an ongoing discussion about the needs and opportunities for the legislative anchoring of Crowdfunding. Part of this discussion follows up on the proposal for regulation of the European Parliament and the Council on European Collective Financing Service Providers (ECFSP) for entrepreneurship and concerns specifically the area of equity and loan-based Crowdfunding. The need for regulation of peer-to-peer platforms is the most discussed topic in this field.

In addition to the actual regulation of Crowdfunding, CFI is also addressing and focusing on the possibilities for support of alternative financial instruments by utilizing the concept of a “regulation sandbox” of financial innovations; possibilities of using asset tokenization or linking it to blockchain technologies.

In 2018, CFI successfully organized a seminar on financial market and financial innovations and plans to continue to actively participate in educational activities also in 2019 - in collaboration with the Department of Finance at the University of Economics in Bratislava (EUBA), as well as with other humanities and technical universities/colleges in Slovakia.

CFI looks at FinTech and Crowdfunding through the lens of good public administration and thus is motivated to bring the benefits of FinTech to the public. CFI also sees Crowdfunding as a tool for participatory budgeting and for reaching the goals of the national, regional or local policies (civic Crowdfunding). CFI also helps in implementing the pilot projects that use Crowdfunding to leverage public funds and identifying legislative or other administrative barriers to creating best practices.

Some of the current and upcoming activities in 2019 are:

- establishment of an Innovation Hub that should support the introduction of new innovative products and services on the financial market;
- intensifying best practice sharing with other countries, such as the Financial Conduct Authority and HM Treasury in the United Kingdom,
- prioritizing the FinTech topic under the Slovak Council Presidency in OECD which will be dominated by the digital agenda.



Policy recommendations

Recommendation 1: Overview of national strategies

The strategies are created without any mutual interdisciplinary coordination in Slovakia. It seems appropriate for the Slovak Ministry of Finance to have its own overview of national strategic documents and the related action plans in relation to the supply and demand in FinTech.

Recommendation 2: Information sources

In 2018, CFI organized many activities supporting and aiming to develop the FinTech market and plans to do so in 2019 as well. In addition to an open communication, publishing press releases, event participation and the effort to provide information about this topic, what is really needed is a simple and transparent source of information about CFI's activities as well as an analysis and statistics about the Slovak alternative financing market, including a vocabulary and taxonomy. Publicly accessible material that describes crowdsourcing and all functions and effects of Crowdfunding would also greatly help in the popularization of Crowdfunding.

Recommendation 3: Coordination

Since its beginnings, CFI has been focused on gathering information about the Crowdfunding environment, experience from abroad, and representing Slovak interests also in the preparation of EU legislation. CFI tried to formulate the possibilities of how to solve the supply and demand presented in the market by using its current experience in practical implementation of pilot projects and financial start-ups, as well as rapid development in the area of virtual currencies and blockchain solutions. Alongside CFI, there are other institutions that are addressing this topic, especially from the entrepreneur's point of view, such as the Slovak Business Agency (SBA) that creates its own information resources or the Slovak Ministry of Economy that presents its own activities in national strategies. These, however, are not updated regularly and likely not compatible with the work of CFI. Going forward, it would be beneficial to reinforce the position of CFI so that it becomes the first-stop body that coordinates, and where appropriate, represents the main information resource.

Recommendation 4: Implementation

As of 2019, the activities and initiatives in experience-gathering will be moving gradually towards the creation of instruments of direct legislative and non-legislative character. Properly set prioritization of FinTech topic by the finance industry as well as reinforcing



its position and respecting it among disciplines will improve implementation of these instruments in real life, including Crowdfunding and alternative financing instrument for SMEs and start-ups or as an instrument of participatory budgeting.

Actions

Action 1: Analysis of Crowdfunding market in Slovakia for the year 2018	
Objective and background	<p>Currently, there is no relevant analysis of the Crowdfunding platform market in Slovakia nor is there analysis on the use of Crowdfunding as an alternative financial instrument.</p> <p>It is necessary to understand the environment and circumstances well to create any analysis of the impact of the measures taken by CFI. The same goes for a comparison in an international context and considering the FinTech action plan implementation.</p>
Description	Gathering relevant information about Slovak Crowdfunding platforms in a structured way and focusing on platforms with the intention to provide their services primarily on the Slovak territory. Gathering information about the use of international Crowdfunding platforms by Slovak entities, respectively projects with Slovak participation.
Expected result	Creation of a comprehensive analysis as the primary information source providing a holistic picture of the state of Crowdfunding in Slovakia in 2019 and at the same time creating the reference material for future comparison of developments in Slovakia.
Responsible actor	Slovak Ministry of Finance - Center for Financial Innovations in collaboration with partnering universities.
Other partner involved	<p>Slovak Crowdfunding platforms</p> <p>Entities that implemented Crowdfunding campaigns on foreign platforms</p>
Time scale	7/2019
Estimated costs and resources needed	-
Indicator and target	1 analysis - a resource material about the state of Crowdfunding in Slovakia



Action 2: Analysis of the need for regulation of Crowdfunding	
Objective and background	There is no specific legislation for regulation of Crowdfunding, which allows for emergence of various Crowdfunding services. On the other hand, it is necessary to analyse if the Crowdfunding platforms work in a stable or limiting legislative environment and if, given the nature of the services (for example peer to peer platforms), an appropriate legislation could help in selling those services. Similarly, in equity Crowdfunding, it could be helpful to streamline the legal process of private limited company (jednoducha spolocnost na akciu, j.s.a.). When preparing this legislation, it will be crucial to consider also the Proposal for a Regulation of the European Parliament and the Council concerning the European collective financing service providers (ECSP) for entrepreneurs.
Description	It will be necessary to clearly identify and name the legislative environment at least in each of the four basic forms of Crowdfunding (with a particular focus on crowdfunding and crowdlending including peer to peer), to identify the barriers that prevent its existence or non-existence, and to propose appropriate legislative solutions to support market development, ensure consumer protection as well as protection of the state interests in the financial services market.
Expected result	Analysis of the legal environment Preparation of concrete legislative proposals
Responsible actor	Slovak Ministry of Finance - Center for Financial Innovations
Other partner involved	National Bank of Slovakia Slovak Crowdfunding platforms
Time scale	12/2019, 12/2020
Estimated costs and resources needed	-
Indicator and target	1 resource material about the state of legislative environment for Crowdfunding in Slovakia - as a basis for the draft legislation



Action 3: Crowdfunding as a tool of participatory budgeting

<p>Objective and background</p>	<p>There is no concrete example of national, regional or local use of Crowdfunding as a participatory budgeting tool in Slovakia. There are, however, many positive impacts of such use of Crowdfunding abroad. Currently, there is a clear interest to test this among many stakeholders. Considering the regulation of budgeting rules for Crowdfunding as well as the fact there is no specific regulation, there are concerns that this may not be a legal way to use public funds, for example when using various forms of fund matching. Use of participatory budgeting as a tool for better governance is also enshrined in several strategic documents, such as RIA 2020 - Strategy for Better Regulation. One of the goals of this strategy is to implement innovative approaches to creating regulations while at the same time creating a methodology for creating a legislation resistant to future environment changes. The methodology should contain recommendations for the translator to consider all aspects in drafting the regulation, including examples of previous regulations that limited innovation. The methodology will also be a part of the process of impact assessment. Under this objective, it is suggested that the impact assessment is expanded to consider two new aspects - the Digital Impact Assessment - DIA, and the Innovation Impact Assessment - IIA. The Better Regulation Strategy identifies using of behavioural approaches to regulation as innovative ways of achieving policy objectives or reacting to the current society problems. Use of Crowdfunding as a participatory budgeting tool is an example of such an innovative approach. Under the strategic goal 2.1.4 Implementation of innovative approaches in regulation draft, the plan is to implement selected behavioural approaches in creating a regulation at the Slovak Ministry of Economy- pilot project with the deadline of 31.12.2021. By 31.12.2020, the methodology of the behavioural approaches application should be prepared and this methodology should consider the best practices from testing Crowdfunding as an instrument of participatory budgeting. Another reason for consideration could be also the further development of these instruments to use the European Structural Funds in hybrid schemes, which includes Crowdfunding.</p>
<p>Description</p>	<p>Is based on the initiatives of relevant municipalities/cities/counties/institutions that will be interested in using Crowdfunding and will the pilot projects and the related budgeting rules, taxes and accounting. In case of identifying an inappropriate legislative barrier, a proposal to correct this legislation will be drafted.</p>



Expected result	Oversee the pilot project testing and thus share and create best practice of using Crowdfunding as an instrument of participatory budgeting.
Responsible actor	Slovak Ministry of Finance - Center for Financial Innovations
Other partner involved	Villages, towns, regional authorities, associations of towns and communities (ZMOS), the Union of Towns and Cities (ÚMS), K8 Association, other public institutions, Office of the civil society representative, Slovak Ministry of Economy
Time scale	Ongoing
Estimated costs and resources needed	-
Indicator and target	Evaluation of at least 2 projects in 2019

Action 4: Improving the conditions for the entrepreneurship via and in the area of FinTech

Objective and background	<p>Since its beginnings, CFI has been invested in creating an environment that would allow for the development of new services and innovations in the financial industry in Slovakia by taking advantage of existing personnel capacities or by creating/setting up an environment to attract such capacities. Considering the structure of enterprises (as of 31.12.2016, micro-enterprises accounted for 97,1 % small enterprises for 2,3 % medium enterprises for 0,5 % and big enterprises for 0,1 %), it is clear that small and medium size enterprises account for 99.9% and thus are a significant player in job creation, and it is essential to look for solutions how to increase work productivity and overall competitiveness. Considering this reality, it is also necessary to figure out how to support export and internationalization and how to integrate SMEs in the global value chains - also by re-assessment of existing institutional forms. CFI and the FinTech instruments could be a tool to improve the structure of these enterprises.</p> <p>In the area of entrepreneurial environment there is already a proposed measure under the strategy of economic policy: Measure O.4.8 - to set up conditions for a regulation of new forms of enterprise related to digital economy.</p>
--------------------------	--



	<p>The action plan of smart industry in Slovakia has two strategic goals that relate to FinTech:</p> <ul style="list-style-type: none"> to increase competitiveness and anchoring the key industry sectors in an environment that allows for successful digitalization of enterprises; to create an environment for the development of new technologies, methods and applications directed towards not only supporting of the domestic industry sectors, but also towards export. <p>To develop the digital industry.</p> <p>The measure no. 12 proposes to establish Centers for Digital Innovations in Slovakia (CDI), which should bring practical experience from digital innovations into the entrepreneurial environment. Slovak Ministry of Economy wants to create such a CDI by 30. 06. 2019 based on the results of the study and to ensure coordination of the activities of CDI with the activities of the Digital Coalition that is being established. The Ministry also plans to draft the National Strategy for support of CDIs in Slovakia.</p>
Description	<p>Active CFI will allow for an analysis of the entrepreneurial environment in which entrepreneurs could function legally as a controlled experiment, while public administration employees would continuously evaluate the results, consult with the consumers and market participants and thus were gaining experience and knowledge for broader initiatives.</p> <p>CFI has tentatively indicated asset tokenization to be an interesting area in future development among the new trends - as for general economy as well as for entrepreneurial environment. That is why CIF would like to focus on analysing the use and legislation adaptation/changes.</p>
Expected result	<p>Analysis of potential impact of using the concept of regulation sandbox of financial innovations</p> <p>Analysis of potential use of asset tokenization</p>
Responsible actor	<p>Slovak Ministry of Finance - Center for Financial Innovations</p>
Other partner involved	<p>villages, towns, regional authorities, associations of towns and communities (ZMOS), the Union of Towns and Cties (ÚMS), K8 Association, other public institutions, Office of the civil society representative, Slovak Ministry of Economy</p>
Time scale	<p>ongoing</p>



Estimated costs and resources needed	n/a
Indicator and target	Evaluation of at least 2 projects in 2019

Online references/useful links/annexes

Strategy for research and innovation for smart specialization of the Slovak Republic - Stratégia výskumu a inovácií pre inteligentnú špecializáciu SR (approved by the Slovak government resolution 665/2013 on 13.11.2013
<https://rokovania.gov.sk/RVL/Material/10348/1>)

Concept of smart industry for Slovakia -Koncepcia inteligentného priemyslu pre Slovensko (approved on 26.10.2016 by government resolution SR 490/2016
<https://rokovania.gov.sk/RVL/Material/21549/1>) and Action plan of smart industry of the Slovak Republic- Akčný plán Inteligentného priemyslu SR (approved on 10.10.2018 by Slovak government resolution 123/2018
<http://www.rokovania.sk/Rokovanie.aspx/BodRokovaniaDetail?idMaterial=27835>)

Strategy of the economic policy of the Slovak Republic by 2030 - Stratégia hospodárskej politiky SR do roku 2030 (approved on 27.6.2018 by Slovak government resolution 112/2018
<http://www.rokovania.sk/Rokovanie.aspx/BodRokovaniaDetail?idMaterial=27585>)

National investment plan for 2018-2030 -Národný investičný plán na roky 2018-2030 (approved on 12.9.2018 by Slovak government resolution 412/2018
<https://rokovania.gov.sk/RVL/Material/23132/1>)

RIA 2020 - Better Regulation Strategy -RIA 2020 - Stratégia lepšej regulácie (approved on 24.1.2018 by Slovak government resolution 32/2018
<http://www.rokovania.sk/Rokovanie.aspx/BodRokovaniaDetail?idMaterial=27132>)

Concept of support system for start-ups and startup ecosystem development in Slovak Republic - Koncepcia pre podporu startupov a rozvoj startupového ekosystému v



Slovenskej republiky (approved on 10.6.2015 by Slovak government resolution 307/2015
<http://www.rokovania.sk/Rokovanie.aspx/BodRokovaniaDetail?idMaterial=24603>)

Center for financial institutions of the Slovak Ministry of Finance -Centrum pre finančné
inštitúcie Ministerstva financií Slovenskej republiky
<https://www.finance.gov.sk/sk/financie/financny-trh/financne-inovacie/centrum-financne-inovacie/>

Crowdfunding hub Bratislava <http://crowdfundport.ciforum.sk/>

Crowdfunding hub Košice <http://inno-hub.sk/>

Blockchain Slovakia <https://blockchainslovakia.sk/>

KRYPTOMAGAZIN.sk <https://kryptomagazin.sk/>

Finančný kompas <https://www.financnykompas.sk/bitcoin-kryptomeny>

Action plan for FinTech -Akčný plán pre FinTech
https://ec.europa.eu/info/publications/180308-action-plan-fintech_en



SLOVENIA

Introduction

Slovenian Crowdfunding market, with population of only 2 million inhabitants, presents a small scale investing market.

Although national platform exists, most start-ups and SMEs are still using global platforms, Kickstarter and Indiegogo, to reach more potential supporters. The interest of using reward-based Crowdfunding as a funding tool has been raising among Slovenian start-ups and SMEs, since in 2011. The most successful were entrepreneurs in 2016, raising 1.799.150 €, launching 81 projects. In 2017 60 campaigns raised 743.485 €. In the period from 2011-2017, almost 7 million € was raised, which makes Slovenia the most successful market among countries in Balkan region, in the mentioned time period.

Since 2011, a lot of quality and successful Crowdfunding campaigns were implemented, which contributed to further development of innovative businesses and companies. The interest among entrepreneurs exists and knowledge about Crowdfunding is raising, although we still have no formal support network and no structural support services are provided on local/regional/national level, which could contribute to more successful and efficient use of Crowdfunding in Slovenia. In this sense we can conclude that development of Slovenian Crowdfunding market so far, was mostly 'organic' and based on bottom-up individual initiatives and experiences.

Only reward-based and donation model of Crowdfunding are developed and present.

Current support, which enables entrepreneurs gaining new information, knowledge and experience in the field of Crowdfunding and alternative financing, is mostly provided through Slovenian project partners, which cooperate in implementation of EU co-funded projects, like 'Crowd-Fund-Port', 'Artistic', 'eCentral' (CE Interreg Europe), 'Crowdstream'(Interreg Danube) and DesAlps (Interreg Alpine Space) and can provide new knowledge and experiences through transnational cooperation to Slovenian entrepreneurs, but project initiatives, cannot replace needed structural support.

Upon research made in 'Analysis of regional strategies in supporting Crowdfunding' in last decade, Slovenia economic policy has not given any attention to Crowdfunding or did not provide any signals to entrepreneurs, through legal framework or policy measures, that Crowdfunding would be recognizable as valuable entrepreneurial tool. Crowdfunding as an alternative financing tool, which could improve the existing financing environment, is not planned in Slovenia's Smart Specialisation Strategy (S4) or in any of development strategies that support economy and entrepreneurship in Slovenia.



Upon mentioned fact, there is also a gap in awareness and knowledge among key decision and policy makers, about opportunities and risks of Crowdfunding in general.

Challenges & Mission

Current specific challenges related to Crowdfunding

Since Slovenia belongs to a group of EU countries, which lack comprehensive approach in supporting development of its Crowdfunding market, a few challenges were identified:

- Absence of legal framework or absence of adjustment of current capital market legal framework, for purposes related to development of equity and lending Crowdfunding market;
- Lack of existing framework structures (Crowdfunding ecosystem), which would monitor and analyse our market and development potentials;
- Missing policy measures, that would include Crowdfunding, as a policy tool and connect it, with already provided support measures for innovative start-ups and SMEs (no fund-matching);
- No experience or tradition and therefore, no good practice examples, related to use of Crowdfunding and crowdsourcing, for civic projects, which would upgrade local/regional development;
- Lack of business and research support institutions providing services to Crowdfunding project owners, related to the preparation and implementation of Crowdfunding campaigns.

Mission and specific objectives of action plan

The mission of the ‘Slovenian Action plan to support Crowdfunding’ is to raise awareness among key stakeholders and players, that in order to use and boost the potential of Crowdfunding in Slovenia, a comprehensive and a more structural approach is required in the future.

Specific objectives of the Action plan:

- To communicate to responsible stakeholders that Crowdfunding industry presents one of the key aspects of innovation within alternative financing tools and financial technologies and that attention to this topic is necessary in Slovenia, to use the phenomena for future innovative development.
- To raise the understanding of the key characteristics and roles of Crowdfunding in supporting all kind of entrepreneurship, culture and creativity industries.



- To present key areas and challenges in Slovenia, which should be addressed in order to better support future development of Crowdfunding.

Policy recommendations

Adapt existing laws and regulations to create a normative environment that addresses the specificities of Crowdfunding and facilitates its market take up, etc.

Recommendation 1: Acknowledgement of Crowdfunding in the existing capital market legal framework

Current legislation should acknowledge Crowdfunding as a specific mode of financing and should set-up basic regulation of Crowdfunding activities. Legislation should follow fast development of Crowdfunding in Slovenia and globally and should not overburden it with administrative and legislative requirement.

The recommendation related to legal regulation is quite important, to enable development of equity and lending Crowdfunding, which is mostly absent.

Recommendation 2: Preparation of comprehensive national study on Crowdfunding's impact on Slovenian economy

Preparation of comprehensive study about Crowdfunding in Slovenia, with a special focus on innovative SMEs and on policies and strategies to increase the utilisation of alternative financing methods.

Recommendation 3: Set-up of national Crowdfunding initiative programme

Development of national initiative programme, which could support Crowdfunding:

- through education support activities for start-up, SMEs and NGOs;
- inclusion of alternative methods of financing in higher education curricula;
- awareness raising plan prepared by responsible Ministry of Economic Development and Technology to provide essential information about Crowdfunding to wider public;
- additional resources for Crowdfunding support to innovative R&D projects, culture and creative industries.



Recommendation 4: Network of Slovenian Crowdfunding professionals

We are missing professional network of organizations, institutions and professionals, following development of CF in EU in globally, which could set-up dialogue and prepare recommendations for policy makers, responsible for innovation and entrepreneurship policy in Slovenia.

Actions

Action 1: Higher financial grants for start-ups with successful CF campaigns	
Objective and background	<p>Background: ‘Slovene Enterprise Fund’ (SEF) provides support for start-ups younger than 5 years: financial incentive grants and local start-up mentor, for product development and market entry.</p> <p>Objective: to use part of the funds planned for financial incentives grants to support start-ups Crowdfunding campaigns in order to test and entry to market.</p>
Description	<p>Currently each innovative start-up, which successfully applies for financial incentive grants (“Grant P2”), and presents a development plan of innovative products, receives a grant in amount up to 54.000 € and a start-up mentor who can support the implementation of the plan.</p> <p>Suggestion: to present a measure of fund-matching, in case that start-up decides to test the developing of innovative products through Crowdfunding campaign and it completes the campaign successfully, SEF would double the amount initially granted to start-up through “Grant P2”.</p>
Expected result	<p>More start-ups would prepare and test the potential product, using Crowdfunding and be rewarded with receiving additional funds on the market and by a Slovene Enterprise Fund. Using Crowdfunding as additional tool would raise the value of the developing products and start-up.</p>
Responsible actor	Slovene Enterprise Fund
Other partner involved	Local/foreign start-up mentor
Time scale	Grants are open yearly, so from 2020.



Estimated costs and resources needed	In 2017 the budget for the grants for innovative products (Grant P2) amounted 2.160.000 €, 40 start-ups were supported, therefore additional 1,5 mio would be needed.
Indicator and target	Approximately half of start-ups would decide to launch campaign, so 20 start-ups.

Action 2: Nationally licensed Crowdfunding educational programme	
Objective and background	Currently no nationally licensed Crowdfunding mentors and no educational Crowdfunding programme, which could support start-ups and SMEs in the field of Crowdfunding is available.
Description	In the framework of national entrepreneurship support programme financed by 'SPIRIT Slovenia - Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology', we have entities of the innovative environment (support institutions, like technology parks and centres, incubators, scientific centres,...), which receive national funds for implementation of educational programmes and services for start-ups. In the framework of these support programmes, licensed educational Crowdfunding programme could be offered to start-ups, by already existing mentors, who would acquire national licence as Crowdfunding mentors.
Expected result	Raise knowledge and know how about Crowdfunding among Slovenian start-ups and have a list of nationally licensed mentors in already existing support institutions, who could offer support.
Responsible actor	SPIRIT: SPIRIT Slovenia - Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology
Other partner involved	Appointed entities (21 organizations), which could educate one of their mentors about Crowdfunding and after receiving licence, mentors could support start-ups.
Time scale	In next three years.
Estimated costs and resources needed	Costs of preparation of the training programme, training material, implementation of training for future Crowdfunding mentors. Estimation: 50.000,00 €
Indicator and target	We have 21 entities (support institutions), which implement national programme, therefore at least 1 mentor per entity should have completed the educational Crowdfunding programme.



Action 3: Adjustment of legal framework ‘Zakonom o preprečevanju pranja denarja in financiranja terorizma (ZPPDFT)’ - Anti-money Laundering and Terrorist Financing Act (ZPPDFT)	
Objective and background	To enable easier inclusion of Slovenian companies to participate on global platforms and to enable diversity of internet payment service systems in Slovenia.
Description	<p>Slovenian internet companies cannot easily perform payment services or participate on global platforms due to the issue of reporting on the transfer of cash between countries, in the framework of Slovenian Anti-money Laundering and Terrorist Financing Act and due to small market size.</p> <p>Besides mentioned legal framework barrier and size, for example in Slovenia, ‘Google Merchant’ cannot be used, because Amazon Europe does not support Slovenian companies. Also ‘Stripe payment system’ is not available, therefore launch of Slovenian Crowdfunding campaigns on the popular Kickstarter Crowdfunding platform is quite demanding.</p>
Expected result	To overcome at least still existing legal barriers, adjustment of legal framework of ‘ZPPDFT’ law is necessary.
Responsible actor	Slovenian Ministry of Finance, responsible for ‘ZPPDFT’ law’.
Other partner involved	Other national institutions, implementing the ‘ZPPDFT’ law’.
Time scale	2019-2020
Estimated costs and resources needed	The change should be implemented in the framework of work programme of Ministry of Finance, dealing with removing legal and administrative obstacle for innovative start-ups.
Indicator and target	n/a



Online references/useful links/annexes

Akcijski načrt »Slovenija - dežela inovativnih zagonskih (startup) podjetij«, Ministry of Economic Development and Technology.

http://www.mgrt.gov.si/fileadmin/mgrt.gov.si/pageuploads/Stasa/akcijski_PRAVInacrt_UREJENO.pdf

Slovene Enterprise Fund, Start-ups incentives/grants:

<https://podjetniskisklad.si/en/sef-s-products/programme-young-enterprises/start-up-incentives>

SPIRIT Slovenia - Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology

<https://www.spiritslovenia.si/razpisi/2018-02-02-Javni-razpis-za-izvedbo-podpornih-storitev-subjektov-inovativnega-okolja-v-Republiki-Sloveniji-v-letih-od-2018-do-2019-SIO-2018-2019>



ONLINE REFERENCES

URBACT - Guidelines to produce an Integrated Action Plan

https://urbact.eu/sites/default/files/media/guidelines_for_iap_final.pdf

URBACT II toolkit for Urbact Local Support Groups <https://urbact.eu/urbact-local-groups>

URBACT Summer University 2016 participant toolkit

https://urbact.eu/sites/default/files/usu_2016_-_booklet_v3.pdf

[URBACT Guide - Applying the results frameworks to Integrated Action Plans](https://urbact.eu/sites/default/files/evaluation_guide_usu_final.pdf)

https://urbact.eu/sites/default/files/evaluation_guide_usu_final.pdf

Interreg Central Europe YouInHerit project - Action Planning <https://www.interreg-central.eu/Content.Node/Preparing-an-action-plan---M.Acri.pdf>

Integrated Action Plan of the Metropolitan City of Bologna *A new swing for a New city*, financed under the URBACT project GEN Y https://urbact.eu/sites/default/files/gen-y_city_iap_bologna_en_full.pdf

Development Impact You (DIY) Toolkit <https://diytoolkit.org/media/DIY-Toolkit-Full-Download-A4-Size.pdf>

Community Toolbox <https://ctb.ku.edu/en/table-of-contents/structure/strategic-planning/develop-action-plans/main>

Each Partner involved in the preparation of country specific Action Plans has taken into account its own references, which are reported at the end of each country specific Action Plan (section “Online references/useful links/annexes”).