

**PROGRAMME:** How to Boost Access to Crowd Funding for Innovative Businesses; CEEI Asturias Strategy

**Originator:** Cristina Fanjul Alonso, CEEI Asturias

**Weblinks:** [www.ceei.es](http://www.ceei.es) **E mail:** [ana@ceei.es](mailto:ana@ceei.es); [cfanjul@ceei.es](mailto:cfanjul@ceei.es) **Tel:** 0034 985 98 00 98

## 1. SUMMARY OF GOOD PRACTICE

### ▪ Overview & Aims

CEEI Asturias **define crowdfunding** as a financial instrument consisting of a collection of funds, normally made online by means of a web platform, from a large number of backers (the 'crowd') who between them raise the funds needed to set up and/or sustain a business initiative, e.g. a campaign to finance a start-up company.

Set up in 2013 to meet new entrepreneur's needs, CEEI Asturias **developed a methodology and a role as validator for business projects interested in apply for Crowdfunding.**

Mindful of the difficulties experienced by SMEs/entrepreneurs in raising finance and a limited understanding of more recent financial instruments, the Crowdfunding for Innovative Businesses programme was set up to **raise awareness and understanding of Crowdfunding as an optional financial instrument amongst the regions businesses**, stakeholder and advisory community.

Through collaboration with a variety of crowdfunding platforms the service is implemented as part of a package of global financial support, providing business initiatives with access to funds. With extensive knowledge/experience of both entrepreneurs and business finance, CEEI act as a 'funding bridge', specialising in helping business overcome obstacles involved in raising early stage finance.

Aimed at facilitating access to financial resources for business projects in the Principality of Asturias the purpose of CEEI's Crowdfunding service is to:

- Raise awareness of Crowdfunding as a financial option.
- Improve the financial planning and business modelling capabilities of entrepreneurs.
- Provide the support needed for business to identify and select the best crowdfunding source from amongst the wide range of platforms/options available.

### ▪ Key Resources

- **Programme Partners:** The different types of Crowdfunding platforms selected/involved in the development of the pilot event; Crowd Angel, Goteo, Potlach, Arboribus, Goteo and Lanzanos.
- **Funding: Budget/Funding Body:** Pilot project event was financed with EU project funding, future follow-up initiatives will be funded from CEEI's own budget. **SME Contribution:** No charge for businesses/stakeholders attending the event or businesses pitching their projects.



- **Eligibility Criteria.** Aimed mainly at innovative/technology-based companies and spin offs. Programme also open to entrepreneurs/SMEs from all sectors.
- **Terms and Conditions.** No formal terms and conditions for any business participating in the programme. Best projects selected on the basis of their innovation and potential from amongst applications received. Businesses that go on to participate in CEEI’s support programme are subject to a formal agreement.  
Businesses accessing crowdfunding as a result of the programme support are subject to the terms and conditions of the relevant crowdfunding scheme. Schemes may cover up to 100% of the investment, with each scheme having their own benefit/payment options and repayment terms. Interest rates similar to other financial instruments.

## 2. IMPLEMENTATION

Launched in 2013 the programme is operated and managed by 2 people from CEEI’s technical team. Support provided takes place in two stages:

### (i) The promotion/education of Crowdfunding as a financial option.

Raising awareness of crowdfunding for entrepreneurs and businesses as another viable option in their search for funding through a **dedicated event** ‘Crowdfunding: innovative financing alternative for companies’ held in the regions Technology Park. Divided into two public and private parts the **first session** included the opportunity for the 6 platforms to explain their operation, the types of projects they fund and what they take into account when analysing a new project. The **second session** provided businesses with the opportunity for ‘face to face’ meetings with the crowdfunding platforms they had selected.

### (ii) Crowdfunding Business Support

Entrepreneurs and SMEs interested in Crowdfunding are also encouraged to access ‘CEEI Asturias Financia’, an integrated business support package specifically developed to help firms progress through each stage of the start-up phase, this includes: pre-feasibility analysis, financial assessment, project/action planning, preparation of business plans etc through to investment readiness.

#### ▪ Key Stats

**Piloted in November 2013**, CEEI Asturias are waiting for the final results needed to ‘re-focus’ the action. Success measures and results known to date as follows:

KEY MEASURE	TOTAL
Applications accepted/number of businesses pitching their projects and face to face meetings with Crowdfunding platforms	25
SMEs/entrepreneurs and stakeholders attending the pilot event	120
Funding Granted (to successful SMEs)	TBA
New Enterprises Started/New Jobs Created	TBA



Applications from business to pitch their projects and join the support programme are not considered difficult and are subject to a quick decision process. Time taken to raise funds via the Administration costs include commissions through to tax payments.

### 3. KEY LEARNING POINTS & OPPORTUNITIES

Recognised by the Regional Ministry of Economy and Employment the pilot event was attended by 120 SMEs, entrepreneurs, policy makers and stakeholders and provided 25 business projects with an opportunity for face to face meetings with crowdfunding platforms. The event was also filmed and disseminated through media and social networks to raise further awareness.

Now viewed as experts by entrepreneurs and financial networks involved in helping innovative/technology based SMEs access funds, the scheme enabled a positive perception of CEEI Asturias. CEEI has built strong relationships with crowdfunding platforms and seen as a pioneer in the promotion/dissemination of new financial instruments by regional stakeholders.

#### ▪ **What worked well/Strengths**

- Good crowdfunding promotion. Enables early stage businesses to raise funds on projects that wouldn't otherwise be funded by other instruments.
- Acting as a validator and filter for business models presented to crowdfunding platforms, CEEI's service enables businesses:

To take advantage of the expertise/'know how' of crowdfunding platforms and other public/private financial schemes available through their partner network;

To implement a sustainable approach to crowdfunding.

#### ▪ **Challenges/What didn't work so well**

- Business projects were unable to raise the full amount needed so unable to fund their projects. (A lesson learnt by the businesses involved and knowledge for CEEI to build into future programmes).
- Lack of tax regulation and complex tax management rules preventing interest from investors. (National government has proposed draft legislation which may help).

#### ▪ **Opportunities:**

- Considered 'fairly transferable', (no bureaucracy, not expensive). Crowdfunding is a new opportunity for financing which justifies further exploration. Makes sense to raise awareness of crowdfunding as a funding option or part of a package of funding lines/schemes for businesses.
- No barriers to entry

#### ▪ **Threats:**

The availability of regional/local schemes i.e. specifically developed for local businesses makes crowdfunding an easier, but not essential option for transfer. It can work with national/international schemes.

#### **FURTHER INFORMATION:**

DIFASS You Tube Channel – <http://www.youtube.com/watch?v=KfNviuCPo48>

Pilot event: <http://www.ceei.es/pgceei.asp?pg=292>