EUROCROWD
FOR ENERGY

Innovative Solutions to Crowdfund
Sustainable Energy
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# IMPRINT

EUROCROWD FOR ENERGY—Innovative Solutions to Crowdfund Sustainable Energy  

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The Challenge

A truly sustainable energy transition requires huge capital and social investments in order to develop and implement the necessary low-carbon assets and infrastructures. According to the European Commission, about 379 billion euros investments are needed annually in the energy sector over the 2020-2030 period, mostly in energy efficiency, renewable energy sources and infrastructures.

However, meeting these investment needs is challenging, particularly in the current economic environment, with the European Investment Bank projecting an investment gap of around 100 billion euros/year to fully realise the EU sustainable ambitions.

In addition, investment in low-carbon projects is often hampered by various obstacles, ranging from the lack of specific financial capacities and knowledge gaps among potential project developers and investors, as well as issues of social acceptance when it comes to projects that may impact local communities (not in my backyard mentality).

Crowdfunding, thanks to its unique ability to mobilize citizens and leverage private capital from non-traditional investors is particularly well suited to tackle those challenges and bridge the gap between the strategic and technical level of the energy transition and its implementation and transfer into local realities.

THE VALUE OF CROWDFUNDING

AS AN INCREASINGLY VALUED ALTERNATIVE IN THE FINANCIAL SYSTEM, CROWDFUNDING IS ABLE TO ADDRESS THE EXISTING FINANCING GAP IN THE ENERGY SECTOR, AS WELL AS TO CONTRIBUTE TO RAISE AWARENESS ON THE IMPORTANCE OF A MORE SUSTAINABLE FUTURE, CREATE A DIRECT LOCAL LINK WITH SOCIETY AND HAVE A POSITIVE TRICKLE EFFECT ON TRADITIONAL INVESTMENT.
Crowdfunding the Energy Transition

Crowdfunding (CF) is a growing market with untapped potential, able to engage on all aspects of the energy transition: from supporting the ongoing effort to increase renewable energy sources (RES), to assist in the reduction of energy consumption through energy efficiency (EE) measures, facilitate and promote universal energy access as well as democratize energy investments.

Thanks to it’s bottom-up approach, crowdfunding’s collective financing model has been proven particularly valuable in providing the necessary funds for community-driven, small-scale energy projects in a timely manner, with less bureaucracy and regulatory complexity compared to traditional financing sources, where bank loans and more traditional financial instruments, structured around economies of scale, are effectively crowded out.
EUROCROWD For Energy

WHO WE ARE
The European Crowdfunding Network AISBL (EUROCROWD) is a professional network promoting adequate transparency, (self) regulation and governance while offering a combined voice in policy discussion and public opinion building to innovate, represent, and protect the European crowdfunding industry.

WHAT WE DO
As the main representative of the industry at EU level, EUROCROWD has a unique position to be able to successfully unleash the potential of crowdfunding to ensure the implementation of the energy transition.

To help leverage this untapped potential, we act on three fundamental pillars:

Develop Knowledge
We work to expand the knowledge base on crowdfunding solutions for energy projects through focused research and market analysis in order to identify practices and use cases that are best suited for the client/project/local environment.

Stimulate Engagement
We provide tailored trainings and mentorship to engage all relevant stakeholders and educate them about the crowdfunding process and how to best take advantage of its unique features to maximize the benefits for energy-based solutions.

Promote Action
We assist private developers and public authorities in developing and implementing dedicated technical financial schemes to support the uptake of structured crowdfunding solutions for energy projects.
MARKET ANALYSIS TO IDENTIFY INDUSTRY USE CASES AND BEST PRACTICES

Conduct a detailed analysis of the local market to map and explore the different crowdfunding/financial models available to properly support the proposed actions and develop a comprehensive exploitation/financial strategy for the set-up of ad-hoc fund-raising models, including the procedures for their on-field implementation. With a special emphasis on the client needs EUROCROWD will provide an overview of currently existing national, regional and/or local "one-way/two-ways" schemes that have been promoted as to incentivize investments in energy projects, and that have been extended also to investments performed through a CF platform.

The collection of additional best practices will serve a twofold objective:

1. To identify best practices that can be replicated
2. To promote the matchmaking between existing best practices and CF dynamics into an integrated financing scheme. Mapping will regard financial schemes compatible with CF and will include the profiling of companies and experts available to act as potential "one-way/two-ways" financial intermediaries, providers and players.
TECHNICAL ASSISTANCE FOR THE DEVELOPMENT OF CIVIC CROWDFUNDING AND MATCH FUNDING SCHEMES TO SUPPORT ENERGY PROJECTS

Technical assistance for the development of standardized coordination approaches between local authorities, citizens, project proponents and crowdfunding platforms to enhance resource leveraging for the deployment of innovative public-private partnerships prioritizing greater citizen involvement through crowdfunding and match-funding capabilities focusing on both financial (loans, guarantees and equity) and non-financial instruments (donations, rewards). This will include the design of a specialized toolkit for public authorities / developers to use as a reference framework when looking to engage with crowdfunding platforms. The toolkit will guide clients through two phases:

1. Ex ante assessment on how to integrate crowdfunding in their financial planning and development of ad-hoc protocols for matching crowdfunding with EU and national funding programmes

2. Capacity building for potential beneficiaries and local authorities on how to use and take advantage of match-funding, in particular:
   a. How to set up a match-funding or co-investment initiative
   b. How to select and implement the match-funding scheme most suited to meet policy objectives
   c. How to structure the monitoring and reporting phases.
DEVELOPMENT OF CROWDFUNDING-BASED STRUCTURED FINANCIAL SOLUTIONS

Develop a structured multi-layer financial proposal based on the inclusion of different community-based funding models tailored to the scale and the special features of each energy project. ECN will leverage the concept of community finance, combining innovative tools such as crowdfunding, community based Energy Service Companies (ESCos), green bonds as well as “traditional” funding schemes (such as EU and national funding’s/subsidies) to enhance financing possibilities for the implementation of energy efficiency measures and for the promotion of renewable energy technologies applications in the selected buildings. This comprehensive horizontal approach and the inclusion of different financing schemes will be used to establish a multi layer tool to enable more competitive general financial conditions while providing end-beneficiaries with more attractive financing options through risk sharing and the optimal use (or matching) of both private and public funds.

TRAINING AND COACHING

Design of bespoke training programmes involving preparatory workshops, thematic webinars and/or individual coaching sessions to provide the client/s with a hands-on support to properly implement the identified financial solutions and/or assist the selected projects in launching an international crowdfunding campaign. The dedicated programmes elaborate the details for the campaign preparation, provide a standard blueprint template for the implementation of the identified financial schemes, develop engagement strategies to involve all parties that are deemed relevant and necessary to the successful implementation of the pilot project, and support participants in determine the timing and milestones for the implementation of the project.
Our References

In the past few years Eurocrowd has been actively working to establish crowdfunding as an attractive and recognised tool to support the development of projects aiming at reducing the impact on our environment, like renewable energy, energy efficiency or pollution reduction projects, and promote an increased participation of citizens in the energy transition as investors as well as consumers, positioning Europe as a leader in crowdfunding for environmental sustainability and renewable energy.

To support this goal, Eurocrowd continuously conducts studies, industry and research projects and disseminates publications about the state of crowdfunding across Europe, including comprehensive legal reviews on different crowdfunding regulations in the EU member states.

Examples of publications in this area include:


- **Study for the European Commission DG RTD - Assessing the potential of Crowdfunding for Research and Innovation (01/01/2016-31/12/2016)**
EUROCROWD is also actively involved in several EU-funded projects, collaborating with partners from all across Europe to raise awareness and further develop the use of crowdfunding for environmentally sustainable projects in different areas:

ENERGY EFFICIENCY

Develop and implement a community-based financing scheme for renovating stadiums, practice facilities, and related buildings (e.g. team headquarters, fitness centres) with energy efficiency (EE) and renewable energy (RES) measures.

Support European public authorities to scale up investments for energy efficiency in the building sector by integrating tailored and widely adopted crowdfunding and cooperative financing schemes with adequate available or to be developed Public Financing Instruments.

RENEWABLE ENERGIES

Provide a better understanding of the perception and challenges faced by crowdfunding for renewable energy projects, as well as develop guidelines and promote activities targeting renewable energy actors.

Develop the first platform to encourage cross-border investment in sustainable energy and the first to provide information on sustainable energy opportunities from both crowdfunding platforms and cooperatives, comprising aspects such as legal requirements, citizen requirements, RES projects business models and RES promoters' requirements.
COLLECTIVE ENERGY INITIATIVES & ENERGY POVERTY

Investigate in the collective action initiatives (CAIs) evolution and contribution of the energy transition efforts at EU and national level in six countries to enrich our scientific understanding of the incentives and aspirations of CAIs, its limitations, as well as its historical and future performance in the energy transition.

Develop support programmes/schemes for energy poor citizens and encourage the use of alternative financing schemes (e.g. establishing energy communities / cooperatives, crowd funding) for the implementation of small-scale energy efficiency interventions and the installation of renewable energy systems.

ENVIRONMENT & CLIMATE ACTION

Trigger change in the use of public funds for innovation in the Mediterranean region through the mainstreaming of crowdfunding and crowdsourcing to fund, test and validate innovative blue economy products and services in sectors such as blue energy, maritime safety, maritime transport, maritime tourism, fisheries and aquaculture.

Develop the first platform to encourage cross-border investment in sustainable energy and the first to provide information on sustainable energy opportunities from both crowdfunding platforms and cooperatives, comprising aspects such as legal requirements, citizen requirements, RES projects.

CIVIC CROWDFUNDING

Develop a digital environment to make data accessible, understandable and useful, enabling citizens to become active part in the process of urban regeneration of the Darsena District in Ravenna.
EUROCROWD FOR ENERGY

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About the Authors

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Andrea Bogi is responsible for the management and implementation of EUROCROWD’s EU-funded projects in the fields of Environment, Sustainability and Renewable Energy, enhancing the use of Crowdfunding to finance environmentally sustainable projects. He has extensive experience in EU affairs and project management working for various European trade associations and consultancies in the fields of innovation and renewable energy. Andrea holds a professional specialisation in EU affairs & project management as well as master’s degrees in Modern History (La Sapienza, University of Rome) and Contemporary Russian & East European Studies (University of Birmingham).

DR CONNY WEBER
Dr Conny Weber is responsible for our current and future advisory work to public and private clients, including all European Commission projects. She has an extensive background in the field of innovation management and experience with EC projects’ management, due to her activities within the ISN – Innovation Service Network Group (since 2006). Her work and research topics are mainly related to innovative business models and alternative financing instruments, enhancing access to finance for entrepreneurs and SMEs. She holds a degree in information science from Saarland University (Germany) and a PhD in business studies from Karl-Franzens University Graz (Austria).