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sized cities

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TOPIC

Digital transition

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From crowdfunding to community finance: Funding the Darsena's bottom-up transformation

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Financing territorial redevelopment is largely seen as a top-down process with priorities defined by public administrations at the local, regional or national levels, and implementation is done with players of the local or national construction industry. However, in projects working with a more horizontal approach, where bottom-up initiatives can also have a place around the negotiating table, finance gains a different role. In Ravenna, the DARE project, funded by the Urban Innovative Actions programme, has been working on connecting the top-down and bottom-up approaches of urban regeneration, by coupling initiatives that aim at reusing vacant buildings and unused land in the city's Darsena area with property owners and financiers. In this article, UIA expert Levente Polyak explores the role of crowdfunding and other forms of community finance in the DARE project and the Darsena's revitalisation.

On a late spring morning, I join a public walk along Ravenna's Darsena. Participants of RADAR, a real estate forum organised by the project DARE, leave the Artificerie Almagià, a former warehouse turned into a cultural venue, in groups. These groups, composed of local activists, civil society representatives, developers, academics and municipal officers, are heading towards different trajectories along the key locations of the DARE project in Ravenna's former port area.

I join one of the groups exploring some of the vacant warehouses along the canal, before taking a sidestreet towards the port's hinterlands, with abandoned properties lining up on the way to some of the area's main arteries. Passing by a series of buildings chosen for action, it is clear that legal arrangements to access spaces along the canal represent only a part of the challenges of the Darsena. Another key challenge to make new initiatives is funding: initiators will need to find money not only to start their activities but eventually also to renovate some of the buildings or open spaces they envisioned to use.



In order to understand more about the financial capabilities of the initiatives, I navigate next to Francesca Passeri, deputy director of the European Crowdfunding Network, who just recently finished a series of training sessions to support initiators of new projects in the Darsena in financing their projects. She explains to me that crowdfunding and other forms of community finance have been identified as potential sources of funding for the projects developed within the DARE project.

Francesca has been involved in the conception of DARE from the beginning. When she met Saveria Teston, one of DARE's initiators, they began to speak about the potential of crowdfunding in a broader urban area. Francesca immediately recognised the challenge in bringing crowdfunding to an urban level: *"How to give a concrete and practical form not only to civic crowdfunding, but how to use civic crowdfunding to finance a much larger project that would have repercussions on the entire Ravenna area?"*

Francesca is the director of the **European Crowdfunding Network**, an organisation that gathers and connects all crowdfunding platforms that are active in European countries. On one hand, ECN also represents the crowdfunding sector towards public authorities: understanding the needs of the sector, the network brings these needs to the attention of policy makers at the European, national and local levels. On the other hand, ECN promotes the correct use of crowdfunding tools, supporting the network's members with the development of crowdfunding activities, training and accompanying member organisations that aim at raising funds. ECN deals with all kinds of organisations: beneficiaries of crowdfunding can be of any type, ranging from NGOs and non-profit organisations to for-profit companies. Throughout the years, ECN has developed a variety of formats to support the development of crowdfunding processes: while at the micro level, ECN supports organisations, campaign and platform managers with coaching, mentoring and consultancy, at the macro level, ECN provides technical assistance to local and regional bodies that aim at introducing crowdfunding in their territory. Such assistance includes a wide range of financial design, from sector studies, market studies and development studies to integrated mechanisms between public or private funds and crowdfunding. *"We try to facilitate as much as possible the connection between those who deal with these issues in institutions and those who actually do crowdfunding,"* explains Francesca.

Based in Brussels, ECN has acted as the only interlocutor of **European institutions** in the topic of crowdfunding since 2013. In this quality, the organisation can play an important connecting role between the crowdfunding scene and EU policy makers. Collaborating with DG Fisma ([Financial Stability, Financial Services and Capital Markets Union](#)), ECN contributed to the European regulation for crowdfunding, and has worked with DG Grow ([Internal Market, Industry, Entrepreneurship and SMEs](#)) on facilitating access to credit and financing for SMEs and startups.

The European Crowdfunding Network has also **experience with cities**. *“We have accompanied all the projects of the Municipality of Venice which has activated a civic crowdfunding procedure and have a success rate of over 90%. We use methodologies with which we have great experience. We really feel very capable of being able to provide added value,”* recalls Francesca. While crowdfunding usually concentrates on single projects, when it’s done in partnerships with cities, crowdfunding projects can concentrate on broader territories with the potential of different projects being connected to develop new synergies.



There are many specificities to crowdfunding focusing on an area instead of a single project. *“What changes when we go to operate in a single territory is that crowdfunding in a certain sense becomes concentrated, that is, it goes from being a tool that is potentially accessible and interesting for everyone to being a tool that is accessible and interesting for everyone, but with a very specific geographical scope,”* explains Francesca. *“Obviously, if a project has a national scope or can perhaps provide reward products at a national level, it can leverage a much wider audience. In our case we have a concentration, that is, we are going to have an audience that is perhaps smaller but more interested in projects in their specific territory.”*

Public administrations can therefore play a key role in territory-based crowdfunding campaigns. If a proposal gains significant support from its community, it often receives an endorsement also from the local or regional body to strengthen the initiative with public funds in the form of “match-funding”. Municipalities that work with crowdfunding usually agree that those projects that manage to raise at least a certain amount of money through crowdfunding will have a better chance to access public resources as well. This signals an important opening on the side of the public sector: many municipalities see crowdfunding as a collective definition of priorities. Once these priorities are defined, then administrations can support the selected initiatives, either economically or with contacts, connections or provision of space.

Based on the potential role of municipalities in crowdfunding, **DARE can inspire many other areas across Europe**. *“There are many regions that have unused public spaces and that are unable to select projects with which to populate these spaces,”* underlines Francesca. *“Public administrations here risk introducing projects, initiatives or businesses that no one is interested in. Crowdfunding can help these administrations in better understanding the relationships between these potential development spaces and local communities, giving projects a better chance to overcome barriers.”*

The role of the European Crowdfunding Network in DARE is manyfold. *“Integrating crowdfunding mechanisms in the DARE initiatives allows us to assess the long-term sustainability of the different activities,”* explains Francesca. While it began the project with many ideas, ECN waited for the right moments to match training formats with the right organisations and initiatives.

Not foreseen in the beginning of the project, for example, ECN organised a series of appointments during the Italian Financial Education month, in October 2021 and October 2022. ECN also designed **a course on finance**, offering badges, digital certificates to those completing the course. This course, originally planned as in-person but moved online because of the pandemic, was conceived as *“informal ‘aperitifs’, discussions with experts from various sectors, different players on the financial scene, including representatives of banks and investment funds who have already begun to carry out their first experiments with crowdfunding,”* recalls Francesca. In the first year, the course focused on crowdfunding as a tool, inviting crowdfunding platforms to talk about their specificities and covering the topic of civic crowdfunding, that is, the integration between public resources, the cohesion fund and crowdfunding. The course then covered the different crowdfunding models, including reward-type crowdfunding or equity-type crowdfunding: what advantages and obstacles do they generate? The second year focused on environmental, governance and social sustainability and investment impact, looking into how much crowdfunding can be used for by those entities and investors who seek to produce an impact, and how to monitor it.



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For the specific target groups of DARE (elderly, youth, companies, public servants), ECN held **a more targeted, more practice-oriented training**, focused on the technical topics of crowdfunding ranging from how to choose the right crowdfunding model and platform, how much funding is needed, how to structure a budget in addition to what needs to be raised, how to develop an effective communication strategy that makes people aware of the project, how to convince them to contribute, how to understand what the interests of the selected target group are, how to develop rewards? clarifies Francesca. When participants, mostly coming from youth groups or young companies, successfully completed three courses, they received a badge that certifies that they obtained the skills offered in the training and are able to perfectly develop and follow a crowdfunding campaign.

The European Crowdfunding Network also took a role in the projects developed for the Darsena. While practically it remained a spectator of the tactics and urban projects developed for the area, it helped the initiatives when they needed specific financial support. On the other hand, ECN set up **a training and support programme for the entrepreneurial initiatives** that were selected for the area through a call and which also had to match the tactics of the Darsena. Most of these projects represented an *“integration between the cultural, social and urban regeneration domains, with the aim of using abandoned spaces in the Darsena, in the form of a temporary or long-term use. Some of these projects were promoted by associations and their sustainability plan involved a commercial element. Other initiatives were already able to finance their activities, but they needed a space: these were for-profit companies, often with a technological dimension but always in combination with culture or social activities. Other initiatives promoted local traditions, food, wine and crafts”* describes Francesca the great variety of initiatives applying in the frame of DARE's call for entrepreneurial initiatives.

In this call, six proposals have been selected and three accompanied towards a fundraising process. In order to help them to launch their crowdfunding campaigns, ECN and the Ravenna Municipality chose a donation- and reward-based crowdfunding model, with a designated crowdfunding page activated on an Italian platform, dedicated to projects that are born and grow in the frame of the DARE project. *“What they will have to do is try to structure their project as best as possible, then figure out how much money they need, what kind of new communities do they want to attract, what type of communication do they need, through what channels, with which graphic products, what rewards and what kind of partnerships? We have bilateral meetings with the initiatives in all these topics,”* elaborates Francesca on the process.



While one of the selected projects, GreenGo, a soft mobility application did not reach the support needed, D-Arena, a multifunctional space dedicated to immersive technologies, where virtual film sets, virtual and augmented reality products, workshops and training can be created, raised over €50.000 through crowdfunding. D-Arena is now in the process of searching for a venue for realising its ambitions. The third selected initiative, the Panda project, focusing on developing tours within the Darsena area, has refrained from crowdfunding in the midst of broader crowdfunding campaigns following the floods in Emilia-Romagna in early 2023, but secured funding from the region’s Recovery and Resilience Facility funds.

While these projects were not directly related to the spatial development initiatives selected in relation to the Green Darsena tactic, connections and possible **synergies have emerged between the projects proposed for the two different calls**: *“we reflected on how to integrate the entrepreneurial projects with the urban development tactics. We strengthened the existing connections and created a narrative that holds everything together,”* explains Emanuela Medeghini, the project coordinator of DARE.

For example, one of the proposals pre-selected in the entrepreneurial innovation call offered to develop a soft mobility app for the area, well connecting to the green tactic for the Darsena. Responding to the call has also made an impact on the projects not realised in the end: they have built new connections and learned about new ways of working, better understanding the needs of the territory and better networked to develop new business ideas.

The European Crowdfunding Network plays a key role in the **continuity of the project**. Similarly to other partners of DARE, ECN committed to remain involved in the project after the end of the project, even if some of its crowdfunding activities will be maintained by the Ravenna Municipality. Besides this commitment, ECN is actively seeking to understand how to keep everyone involved and how to generate interest for the continuation of the project. This means integrating the specific interests of partners within a common path and exploring ways to raise funds for the continuous cooperation as a “Post-DARE body.” The other way to guarantee continuity is by

establishing the Darsena *“as a reference area also for testing new solutions, therefore providing a sort of demonstrator, a pilot site for projects that bring added value to the territory, but also bring added value to partners,”* explains Francesca.

Such a continuous involvement also needs a more horizontal project structure, where responsibilities are shared and where participation becomes possible also to organisations that were not part of DARE: *“We want to make it open not only to those who were already in the project, but also to those who have an interest in the area and want to be part of this Post-DARE community.”*

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