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Summary Report on Crowdfunding in Social  
Enterprises in Europe

# Crowdfunding in Ireland

by Michael Ward

COMPARATIVE RESEARCH NETWORK:



SUCCESS

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## The Basics

Crowdfunding is not currently regulated in Ireland. Although the European Parliament has agreed new rules to boost such platforms while also safeguarding backers.

The new rules are intended to provide a single set of rules on services, allowing platforms to apply for an EU passport based on a single set of rules and promote cross-border crowdfunding activity.

Due to the continued growth and development of crowdfunding across Europe over the past number of years the following pieces of legislation have been brought into effect to provide that much needed unified framework for the regulation of the sector across Europe:

- Regulation (EU) 2020/1503 (the “Regulation”); and
- Directive (EU) 2020/1504 (the “MiFID II Amending Directive”).

The Regulation will apply from 10 November 2021, with member states being required to adopt

and publish the necessary laws, regulations, and provisions to give effect to the directive by 10 May 2021, and to apply those measures from 10 November 2021. (<https://www.philiplee.ie/the-regulation-of-crowdfunding-in-ireland-an-update/>)

Crowdfunding is increasingly popular as an alternative financing tool for start-ups as well as for more established small and medium enterprises.

For start-ups and certain types of small businesses, crowdfunding is seen as a low-risk way of raising funds without having to part with equity.

Some start-ups have found that crowdfunding is a stepping stone to other capital. Increasingly, angel investors and venture capitalists back promoters who have been successful in crowdfunding campaigns, but crowdfunding has its drawbacks. Failure rates are high – the majority of crowdfunding projects fail to reach the fundraising goals.

**Crowdfunding is increasingly popular as an alternative financing tool for start-ups as well as for more established small and medium enterprises.**





Start-ups also find that crowdfunding is a time-burner. Success is often down to the amount of time spent preparing the campaign and then promoting and managing it. Entrepreneurs need to put a lot of information about a product or service into the public domain. This carries risks – your competitors will know what you’re doing and you may be forced to defend yourself from online critics.

#### Challenges to Crowdfunding

- It’s currently unregulated.
- Still a relatively new topic that has not been fully used/accepted as a main source of alternative funding by SME’s or third sector.
- No real training being offered on the subject.
- The amount of learning involved in crowdfunding and how time consuming a campaign can be.
- There can be a barrier for people who have a poor digital skillset.
- Lack of awareness of what the third sector is among general public.

## Social Enterprises/ 3rd Sector

The third sector in Ireland encompasses voluntary work, community based work, non-profits, social enterprises and charities. When we talk about the third sector in Ireland we often use the term non-profit also. It is apparent that there is not much knowledge of this sector and its work outside of the sector itself.

Ireland’s community, voluntary and charity sector makes a very substantial contribution to society in general.

Many of Ireland’s charities are part-funded by the state to provide health, social and community services, and they form a critical part of Ireland’s social infrastructure, supporting people and communities the length and breadth of the country. Organisations in the sector make available assets and facilities that our health, community and social services could simply not function

without.

The sector contributes much more than this big financial and voluntary contribution. The non-financial contributions of the community and voluntary approach includes: the energy, endeavour, and commitment of all involved; the pride and sense of belonging the best organisations inspire; and all the other additional resources contributed (like premises, equipment etc.) – none of which would otherwise be available to the state. Our very social-fabric and vibrant community life, which we prize as one of our greatest national assets, is driven by the community groups, clubs, voluntary organisations, charities, associations and social enterprises that exist in all parts of the country.

(REF: <https://www.wheel.ie/policy-and-research/about-our-sector>)

Despite a huge variance in the size, structure and composition of organisations within the sector, they share a few things in common.  
1) They are primarily run by volunteers i.e. on their boards or committees

12) They all do work for the public benefit i.e. no gain or benefit is given to owners or shareholders.

There are almost 10,000 registered charities and a further 20,000+ organisations in Ireland's wider nonprofit sector. The sector has combined annual turnover of over €14.5bn, employs over 190,000 staff, benefits from the voluntary work of over 50,000 volunteer board members/directors and the work of over half a million "operational" volunteers, (valued by the Central Statistics Office at around €2bn per year). (as of 2018)

The Benefacts Analysis 2020 report into Ireland's non-profit sector shows the following findings:

- 32,841 Organisations
- 165,075 Employees
- 86,481 Directors/charity trustees
- €14.2bn Turnover
- €5.9bn State funding

This is the fourth annual non-profit Sector analysis prepared by Benefacts, using currently available data derived from more than 40 sources. These sources being Public Participants Networks across I

reland, Companies Registration Office, Charities Regulator, Department of Education and Skills and Revenue Commissioners.

Non-profit - Ireland's non-profit sector has 32,841 organisations. About 9,854 non-profits are incorporated as companies, 3,948 are primary or secondary schools, 787 more are incorporated as friendly societies, cooperatives, industrial societies, political parties or charter bodies. The rest - including thousands of local, religious or sports organisations - are unincorporated associations.

Employees - The Non-profit Sector in Ireland has at least 165,075 paid employees. This number doesn't include teachers - who are paid directly by Government - or unpaid volunteers.

Funding - At €5.9bn, Government was the biggest single source of funding to the Non-profit Sector in 2018. This was 8% of all current Government spending that year - but the profile varies a lot from sector to sector.

Ref:

<https://www.benefacts.ie/insights/reports/2020/>

Share of 3rd Sector at GDP is Insignificant.

Transaction value in the Crowdfunding segment is projected to reach €1.64m in 2021. (0.00045% GDP / 0.0025% GNP)

Transaction value is expected to show an annual growth rate (CAGR 2021-2025) of 4.13% resulting in a projected total amount of €1.96m by 2025.

The average funding per campaign in the Crowdfunding segment amounts to €6447 in 2021.

The Image below is taken from a 2018 report into the third sector in Ireland. It shows how the sector was split up into the different areas such as education, housing, arts, culture & media and sports. This gives an insight into the impact the third sector has on communities and society as a whole.

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## Third Sector breakdown





## Challenges to the 3rd sector

Ireland's charities and community and voluntary organisations make a big contribution to our national life, but they could do so much more if we had an environment that fully supported their work.

The community, voluntary and charitable sector needs Government to produce a comprehensive development strategy for the sector that includes a sustainable funding model. Government is the single biggest funder of charities in Ireland, and increasingly Government funding is awarded through "commissioning" services - so we need Government to ensure that commissioning models support the community, voluntary and charitable approach.

Charities face governance, managerial and operational challenges just like other types of enterprises, and we need to ensure that the supports that are available to commercial enterprises are also available to third sector. Third sector also face increasingly intense regulatory requirements, and we need Government to review the regulatory and compliance frameworks that organisations face to ensure they are as streamlined as possible.

(REF: <https://www.wheel.ie/policy-and-research/about-our-sector> )

- Not protected by the Central Bank's SME Regulations.
- Risk that unprotected intellectual property could be copied by others.
- Risk of payments not being processed promptly by the online crowdfunding platform.
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(REF: <https://www.arthurcox.com/knowledge/crowdfunding-should-it-be-regulated-department-of-finance-begins-industry-consultation/> )

## Policies and Strategies

No specific designation is given to social enterprises. Charitable organisations in Ireland are regulated by the Charities Act 2009. The main provisions of the Charities Act 2009 came into effect on 16 October 2014. The Act established the Charities Regulatory Authority as the body to ensure compliance with the provisions of the Act. The Act reformed the law on charities in Ireland to ensure greater accountability and transparency and to ensure that charitable status is not abused. The Act also aims to enhance public trust and confidence in charities and create transparency across the charities sector.

A report from the crowdfunding website GoFundMe about donations made through it globally in 2019 shows Ireland was the most generous country overall, with the US second, Australia third and Canada fourth, based on the number of donations per capita.

(REF: <https://www.thirdsector.co.uk/uk-fifth-generous-nation-says-gofundme-crowdfunding-platform/fundraising/article/1668529> )

The definition of crowdfunding is: the practice of funding a project or venture by raising money from a large number of people who each contribute a relatively small amount, typically via the internet. If we think of fundraising which we see a lot of in Ireland for charities and non-profits as a source of crowdfunding then that is very much integrated into the third sector and how they raise money.

Img source: <https://www.2into3.com/wp-content/uploads/2020/10/GivingIrelandReport2020final.pdf>



# KEY FINDINGS



In 2018, giving increased 11%, indicating an acceleration in growth as Ireland's culture of philanthropy develops and fundraising becomes an increasingly expert field.

FIGURE 23: ESTIMATED PER CAPITA GIVING AND PERCENT GDP 2018

Giving Landscape	2016	2017	2018
Total Fundraised Income	€1.01b	€1.12b	€1.24b
As a % of GDP	0.33%	0.30%	0.38%
Per Capita	€212	€233	€255

Which other reports/projects/research on crowdfunding in third sector exist?

Benefacts third sector report 2019:  
<https://www.benefacts.ie/2019/04/17/benefacts-latest-third-sector-analysis/>

Analysis and insights on the funding of the not for profit sector 2018:  
<https://www.2into3.com/wp-content/uploads/2020/10/GivingIrelandReport2020final.pdf>

Which bureaucratic/tax rules have to be considered for crowdfunding?

<https://www.charitytaxback.ie/#>

By reclaiming tax on your donation, an authorised charity can increase the donation value by up to an additional 45%.

It only takes a couple minutes to complete the form required to reclaim the tax.





## Education and Training

Which other crowdfunding training exist?

CRUCIAL Project - An Erasmus + funded project. The project was a 2 year long project

A how to set up your own crowdfunding campaign aimed at anyone interested in crowdfunding. The crucial course is all available online for free to be used by anyone who wants to learn more about crowdfunding and can also be used in a classroom setting.

The course brings a user through all the steps you have to go through to develop a successful campaign.

How are those trainings performed? What is their content and who is delivering them?

The training mentioned above is independent online learning. It can also be used in a classroom setting with the available downloadable content.

The content includes: Pros and cons on crowdfunding, different types of crowdfunding, which platform is suited to your campaign, how to build a reward system, how to create a pitch, creating a campaign video, maintaining momentum, maximizing social media and after a campaign ends.

The course also features some accompanying videos for each module in the course.

What courses for 3rd Sector organisation exist and who is delivering them?

The Wheel provide a great deal of courses online and in person for people working in social enterprise, charities and non-profits. The Wheel are Ireland's national association of community and voluntary organisations, charities and social enterprises. They are a registered charity and are unique in their role as a 'one-stop-shop' for anything related to the charity and non-profit sector.

They make a wide range of affordable unaccredited and accredited training available to organisations and individuals in the sector and promote the highest standards in the paid and unpaid work that is done within the organisations in the sector.

## Crowdfunding Platforms

Which kind of projects do the crowdfunding platforms support?

<https://www.idonate.ie/> - the fundraising platform setup in 2011 as a free service to assist charities in fundraising. Their aim is to provide tools for both charities and fundraisers to help them raise vital funds.

Fundraisers can easily create fundraising pages through the iDonate website. The platform allows family and friends donate to their chosen charities.

iDonate also provides promotional tools to help fundraisers promote their fundraising pages.



iDonate is a donation based crowdfunding site. Users can ask backers to pledge money to their cause. The website has various projects such as people raising money for their own or a family member's medical treatment to projects looking for sponsorship for bike rides, marathons and long distance walks to raise money for charities.

<https://fundit.ie/info/about/> - Fund it is an all-island crowdfunding website for Ireland's creative projects, giving everyone the power to help good ideas happen. Fund it is run by Business to Arts, a not-for-profit organisation working to support resilience and transformation in the cultural sector through research, innovation and partnership.

Fund it is designed to support greater individual giving to the creative sector and facilitate pre-sales of creative projects. Crowdfunding serves to strengthen the bond between a creator and their audience which offers the potential for wider-ranging, long-term relationships.

<https://ie.gofundme.com/> - Global platform with campaigns in Ireland. GoFundMe makes it incredibly easy to raise money online for the things that matter to you most. Setting up a fundraising account takes minutes. People raise money for just about anything, including medical expenses, education fees, volunteer programmes, youth sports, funerals & memorials, and even animals & pets. Over \$5 billion has been raised by GoFundMe users.

How are campaigns structured and run?

iDonate is a donation based crowdfunding site.

Users can set up a page for their charity and this can then be shared

via their own social media channels. iDonate.ie process all donations in Euro currency.

At the start of each month, iDonate transfer funds raised in the previous month directly to each cause/charity.

There is no action needed from the fundraiser for this to happen as the process is carried out by iDonate,

the cause/charity can then view detailed reports of the exact amount raised as well as all donations received.

Fees can be covered by the donor, the transaction fee (3%) & our site / admin fee (2%) which means your cause gets 100% of the donation.

What kind of support and training do the platforms offer for their user?

All platforms mentioned have a detailed FAQ pages with the bigger one such as GoFundMe having a YouTube page with how to videos. No real training course exists for this platform or for any platform in Ireland.



The logo for fund:it features the word 'fund:it' in a bold, lowercase, sans-serif font. The 'i' is green, and the 't' is also green, while the rest of the letters are black.

The logo for gofundme features the word 'gofundme' in a bold, lowercase, sans-serif font. The 'g' is green, and the rest of the letters are black. Above the 'me' is a green icon of a person with arms raised.





## Crowdfunding Practices

### Practice 1 Crowdfunding in education

[https://www.idonate.ie/fundraiser/11405620\\_callystown-national-school-clogherhead---garden-of-life-.html](https://www.idonate.ie/fundraiser/11405620_callystown-national-school-clogherhead---garden-of-life-.html)

#### Donation based campaign.

A campaign for a primary school who wish to create a “Garden of Life” for the pupils of the school and for future generations to enjoy. They are looking to raise a total of €35,000 for the project. To date they have raised €6,249.55 for the project and have until Feb 2022 to raise all the funds.

Challenges here could be the amount of money being raised is quite large and the school being in a small community in rural Ireland, their donors will likely be people based in that area and others linked to the school. Involvement will come from parents of kids in school, teachers, past pupils and those who live in the catchment area to the school.

#### The story:

If the last 12 challenging months have shown us anything, it is the importance of our outdoor spaces and especially our gardens. Callystown National School’s “Garden of life” will be a wonderful creation and a positive addition to the lives of our pupils, at a time when it is most needed. Our pupils have shown great resilience this year and the building of this garden will be a celebration of this resilience and a positive legacy that will be enjoyed by many future generations of Callystown NS pupils. The design for the garden has been generously donated by Bloom gold medal winning designer Andrew Dunne from Andrew Christopher Garden Design. However, the building of this project will be attributed to the generosity and help from all the friends of Callystown N.S. and indeed friends of Clogherhead Village found all over the world too. We need your help and all your donations are gratefully welcomed, so please give what you can. “Níl neart go cur le chéile”, working together we will make this happen.

### .Practice 2 Crowdfunding in NGOs

[https://www.idonate.ie/fundraiser/11402099\\_darkness-into-light-for-pieta-house.html](https://www.idonate.ie/fundraiser/11402099_darkness-into-light-for-pieta-house.html)

#### Donation based campaign.

This is campaign to raise fund for Pieta House an Irish charity that provides free counselling services to anyone who is suffering with ill mental health and people bereaved by suicide.

Pieta house run an annual sunrise walk once a year that helps raise funds for the organisation. Unfortunately this year, due to social distancing requirements and in line with Government restrictions, supporters of Darkness into Light cannot gather together at usual venues for the event. Instead, organisers are asking people to take part locally at a time and location that best suits them and are suggesting people don yellow t-shirts for the event.

Challenges for this campaign or campaigns similar to this has been Covid and the restrictions put in place that don’t allow the normal



Rkinds of fundraising normally carried out. Although this campaign did not reach its target goal, the campaign still will receive all the funds raised so far.

### Practice 3 Crowdfunding in social enterprises

<https://fundit.ie/project/fund-a-cobble>

Reward based campaign.

Fund a Cobble, create a Museum in a Garden wants to honour the debt of all of us to the frontline heroes and heroines of Covid19 and to forever remember it's victims with a brand new free and open to all Museum in a Garden.

"We are aware of the dangers of social isolation to our health and wellbeing and how the importance of community has grown in recent months; many of us have also discovered the joy of gardening and open spaces. As we all emerge from quarantine, Hunt Museum in the Garden provides an exciting, community driven space for everyone to enjoy. Our award winning designer, Nicola Haines has extensive experience of delivering on time and within budget and she will be working with volunteers from the local Men's Sheds, Limerick Mental Health Association, Team Limerick Clean-up, local schools and Enable Ireland." igitate the websites.

Funding just one cobble will help raise some funds to do the landscaping, create community gardens, play areas for children and to place supersize replications of some of our amazing objects, that are usually "hidden" in collection cases, for all ages to play on and enjoy. Engraving the Cobble means you can commemorate someone special."

Challenges are down to Covid changing how we normally donate money to causes, there may be people who wish to donate but find themselves without the skills to nav

### Practice 4 Crowdfunding in typical context

<https://fundit.ie/project/an-arts-centre-for-east-cork>

Donation based campaign.

Greywood Arts is creating a rural arts centre for East Cork are raising funds to transform a derelict coach house in the centre of Killeagh village into:

- A learning space for art classes and workshops
- Studios for local artists
- A large flexible space for cultural events and exhibitions

Growing the space will also increase the scope of their community programmes, where they collaborate with groups like the

active retired, Scouts, Foróige, and local schools. They plan to begin renovations in January, and hope to open the doors of the coach house in September 2021.

The overall cost of the project is €365,000. The renovation is 75% funded thanks to the generous support of LEADER, Cork County Council, and a charitable trust, plus their own investment. The €15,000 raised here will go a long way towards putting a new roof on the arts centre.

