

REGIONAL ACTION PLAN

On improving the framework conditions for alternative finance
for start-ups and social enterprises

Czech Republic



Symbolic map

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Czech Republic

Regional Action Plan

(Output 3.1)

1. Introduction

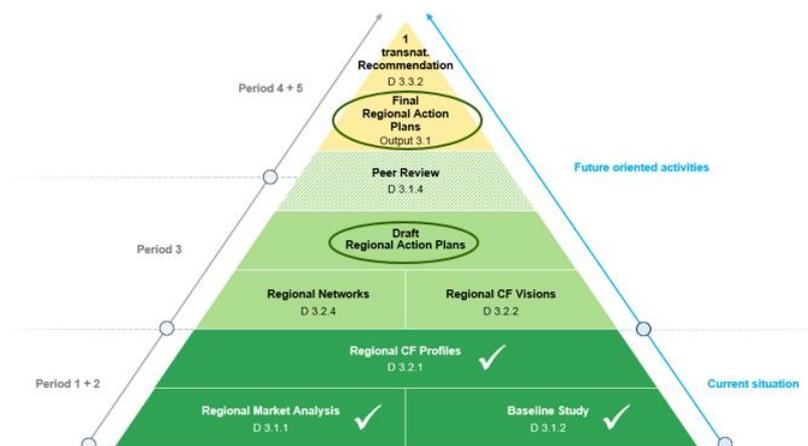
Within the CrowdStream project, each partner region has implemented a process of analysis of local conditions, stakeholder involvement and definition of long-term targets on Crowdfunding. These activities lead to the formulation of the Regional Action Plan (RAP) on the basis of the following inputs (available on <http://www.interreg-danube.eu/approved-projects/crowdstream>):

- Regional Market Analysis on Crowdfunding (D3.1.1)
- Baseline study (D3.1.2)
- Regional Profiles (D3.2.1)
- Regional Stakeholder meetings (D3.2.3)
- Regional Crowdfunding Visions (D3.2.2)

The Regional Action Plan provides concrete measures for improving the access to alternative finance for innovative businesses and social enterprises. A peer review process was established to develop the final version of the Action Plans.

RAPs will be linked to the Pilot Actions that will be organized at partner region level in order to showcase solutions how public business support organisations can support CF campaigns of start-ups and social enterprises.

Inputs from the Regional Action Plans of all Danube area partner regions will feed into Policy recommendations aiming at improving the access to alternative finance for innovative businesses incl. social and creative entrepreneurs.



2. Main regional challenges and development needs

Challenge #1: To enable easier access to Crowdfunding for start-ups and SMEs

Despite of the fact that Crowdfunding has become a phenomenon in the Czech Republic and it's growing very fast (especially lending and equity based models) there is still low level of awareness especially in areas where this funding method would fit perfectly into portfolio of existing tools. Therefore one of the main challenges lies in enabling access to Crowdfunding as the alternative way of financing innovative ideas and projects.

Access to this type of financing is still difficult for established and start-up companies, particularly because of the lack of information infrastructure, ie the lack of relevant information, case studies, contact points and advisors. It is still a topic that spreads more virally within specific target groups and does not reach out to its full potential. The problem is, of course, the absence of a dedicated legal framework, although the existing legislation is sufficient for crowdfunding's deployment.

Challenge #2: To enable easier access to Crowdfunding for social entrepreneurs

The second challenge addressing social entrepreneurs is quite similar in terms of its nature as the previous one although focused on different target group which has its specific conditions and needs. The level of awareness is on one hand incomparable to the business sector which is except for other reasons caused by non-profit approach, but on the other hand the potential of mobilization and sharing within the target group's communities is much more significant and strong, making it very promising for future crowdfunding and crowdsourcing.

In the Czech Republic it seems that many various social entrepreneurs, NGO's and similar platforms start adopting this approach as their usual way of financing projects however there is still lack of coordinated actions to raise awareness about the CF as well as support infrastructure.

Challenge #3: To integrate the topic of Crowdfunding into regional policies and strategies as well as in the supportive schemes and tools for start-ups, SME's and social entrepreneurs

Having considered and researched the current situation in the Czech Republic regarding operation of existing CF platforms, service providers and CF in general it's necessary to integrate the topic within regional policies and ideally implement specific activities related to the CF in existing mechanisms and tools.

3. Visions

Vision 1:

“Crowdfunding will become known and accessible source of financing for SME’s, start-ups and social enterprises in South Bohemia by 2020”

Rationale:

Crowdfunding is quite developed in the Czech Republic however its focus is still limited to certain topics and target groups along with the major share of donation based model. The awareness on potential of crowdfunding across the branches and available CF models is very low especially outside the capital city of Prague where all CF platforms and support services are concentrated.

Right from the beginning of the project JAIP has been collecting feedback and opinions from the various stakeholders having realized that new business ideas coming into science and technology parks and intended to be incubated or facilitated are lacking information on alternative financing which might be often the proper and easy solution as well as the "test the market" approach.

Vision 2:

“Crowdfunding will have its contact point in South Bohemia by the end of CrowdStream project”

Rationale:

As there is lack of information, case studies and guidelines for crowdfunding in general on regional level the demand is limited accordingly. All involved stakeholders including public organizations such as Chamber of Commerce, CzechInvest, Regional Development Agency, Science and Technology park, universities, etc. need to have an easy access to necessary information in order to boost and disseminate knowledge on Crowdfunding among their clients and related target groups. The synergy of two thematically related projects CrowdStream and CrowdFundPort (Interreg Central Europe) is an excellent starting point for creating an information platform for the South Bohemian Region.

Vision 3:

“Crowdfunding will be implemented in regional strategic documents as one of the financing instruments for innovations, social entrepreneurship, start-ups etc. by 2021”and will be part of existing supportive schemes and tools.

Rationale:

In order to develop the concept of supporting Crowdfunding as one of the new alternative ways of financing on regional level the topic itself has to be integrated into basic strategical documents and processes that are available as well as into regional subsidy schemes and tools.

4. Proposed actions to address the regional challenges

Following conclusions of Regional Market Analysis on Crowdfunding (D3.1.1), Baseline study (D3.1.2), above mentioned challenges as well as visions and the most importantly feedbacks from Regional Stakeholder meetings (D3.2.3) we have defined three main measures (Actions) to be carried out on regional level.

Action 1 – Integration of Crowdsourcing / Crowdfunding topic in the regional policies and strategies

Description

In order to boost activities related to CS / CF it is crucial to integrate the topic into regional strategies, ideally within Regional Innovation Strategy which is due to be updated in June 2018 then within Regional Action Plans database which lists main strategical projects on the regional level and finally into essential strategy on regional level called Regional Development Plan which is to be updated due 2019.

Objectives

Main objective is to integrate the topics of CS/CF into mentioned documents via cooperation with responsible bodies and to include the topic of CF within the regional start-up competition.

Involved parties / target groups

- South Bohemian Science and Technology Park
- South Bohemian Regional Authority
- working groups for the update of Regional Development Plan

Both organizations are working in the joint 3-years project called “Smart accelerator in South Bohemia” which is among other things focused on the update of Regional Innovation Strategy. Both of them including JAIP as the initiator of Regional Innovation Committee also have access to the process of submitting new project ideas to so called Regional Action Plans database which is being updated and acknowledged by South Bohemian Regional Authority annually. The access to update the Regional Development Plan leads through participation at dedicated working groups which will be formed for this purpose once the contractor of this update will be hired by Regional Authority of South Bohemia.

Activities *(no chronological order)*

- meetings and workshops with relevant organizations and decision makers
- elaboration of recommendations to be integrated into the regional documents
- lobbying for the inclusion of the reviewed recommendations
- active participation in working group for Regional Development Plan

Timeframe

- Regional Innovation Strategy update – due June 2018
- Regional Action Plans database – December 2018
- Regional Development Plan – December 2019

Impacts

Essential precondition for further support of the topic from the side of regional authorities and responsible organizations. The integration also ensures that further subsidy schemes, support programs or strategical decision will have to take the topics into account or at least consideration

Resources

Own human resources of JAIP.

Sustainability

Once this action is carried out sustainability is secured. However, JAIP has already managed to fulfill some of the above objectives within the project implementation. **In June 2018, the Regional Innovation Strategy for the South Bohemian Region was updated to include the use of alternative financing tools (especially Crowdfunding) as a priority for the development of innovative business.** Another partial achievement of this action is the **inclusion of the CrowdStream project in the regional action plan database** (December 2018). Both of these activities were officially discussed and approved by the Regional Council of South Bohemia.

Action 2- Integration of Crowdfunding topic into existing support schemes and tools

Description

The most appropriate way to promote Crowdfunding is to integrate it into existing support schemes, ideally targeting the same target group (start-ups, small and medium-sized enterprises, social entrepreneurs). Based on the analysis and negotiations with the relevant actors, the regional competition JIHOCZECH was identified, in which the specialized module on the topic of alternative financing is missing.

Objectives

The main goal is to propose how to integrate the Crowdfunding theme into the existing JIHOCZECH start-up competition.

Involved parties / target groups

- South Bohemian Science and Technology Park
- South Bohemian Regional Authority

Activities (*possible topic for pilot action*)

- definition of the basic premises and benefits on how to include CF into the competition
- negotiation with the managing body of the competition
- setting up time frame
- external expert identification
- elaboration of the content and tender procedure
- execution of proposed actions

Timeframe

January 2019 – ongoing

Action 3 – Formation of South Bohemian Social Incubator focusing on deployment of Crowdsourcing / Crowdfunding as part of its portfolio

Description

As founding members of initiative called “South Bohemian Social Incubator” formed with the group of stakeholders, experts and decision makers JAIP is working on the integration of CS/CF into the portfolio of services. CS/CF could become usual way of financing projects with positive social impact as well as part of capacity building activities (such as coaching, mentoring, etc.).

Objectives

Main objective is to include CS/CF approach into currently emerging platform (South Bohemian Social Incubator) and its future activities (financing, fundraising, support services, education, marketing, planning, etc.).

Involved parties / target groups

- South Bohemian Technology Park
- DialogCB, z.s.
- Regional Authority of South Bohemia – Social services department
- Regional Authority of South Bohemia – EU integration department
- Regional Authority of South Bohemia – Regional development department
- South Bohemian Chamber of Commerce
- Regional Development Agency of South Bohemia
- The Faculty of Health and Social Sciences of the University of South Bohemia
- Support Center for Students with Special Needs
- The Faculty of Economics of the University of South Bohemia
- ARPIDA
- City of Budweis
- Technology Center Písek
- BCF s.r.o.
- Association of Work Rehabilitation of the Czech Republic

Activities *(no chronological order)*

- active participation on formation of the social incubator
- communication with stakeholders, decision makers
- elaboration of strategy for integration of CS/CF into platform's future activities
- collaboration with synergic projects

Timeframe

June 2018 – December 2019 (tbc)

Impacts

Main impact lies in improvement of access to CS/CF for social entrepreneurs, NGO's or business ideas / projects with positive social impact.

Resources

Human resources of engaged stakeholders and synergies of activities related projects (CrowdFundPort, Smart Accelerator of South Bohemia, etc.).

Sustainability

Once the South Bohemian Social Incubator is established topic or integrated tool related to financing and marketing will be essential part of its portfolio therefore sustainable.

5. Further recommendations to improve regional and transregional framework conditions

Based on the peer review process and continuous discussion with stakeholders as well as collecting feedback from activities such as trainings (WP5), field missions and pilot actions (WP6) our main recommendations to improve regional and transregional framework conditions are as follows:

1. Creation of a regular educational / informational program for BSOs (capacity building).
2. Integrating Crowdfunding into existing support tools at regional and transregional level.
3. Support for creation of specific campaign creation services (creative industry).