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“Crowdfunding Visions” (D 3.2.2)

Introduction

Within the CrowdStream project, each partner region has undergone a process of analysis of local conditions and stakeholder involvement resulting in the definition of “Crowdfunding Visions” on the basis of the following inputs

(available on <http://www.interreg-danube.eu/approved-projects/crowdstream>):

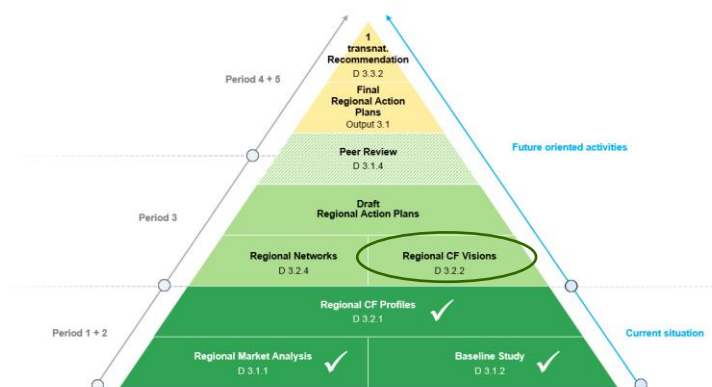
- Regional Market Analysis on Crowdfunding (D 3.1.1)
- Baseline study (D 3.1.2)
- Regional Profiles (D 3.2.1)
- Regional Stakeholder meetings (D 3.2.3)

The “Crowdfunding Vision” addresses the strategic development goals of a project partner region to improve local “crowdfunding environment” in a long-term perspective.

In the context of the CrowdStream project, the “Crowdfunding Visions” are based on existing research results and targeted at the needs of the project target groups.

Building upon these strategic goals each partner region will draft innovation support measures and policy recommendations for the respective region in the field of Crowdfunding, which will aim at improving the access to alternative finance for innovative businesses incl. social and creative entrepreneurs.

Thus, the “Crowdfunding Vision” as presented below will serve as a starting point for drafting and piloting the Regional Action Plan for the relevant partner region and will help to align these plans in a strategic way.



Vision 1:

Until 2024, Montenegro will have defined and adopted legal framework for Crowdfunding – Crowdfunding Law, thus it will adapt existing legal framework accordingly.

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Explanation:

CROWDFUNDING is not explicitly regulated by the positive legislation of Montenegro as referred to in Montenegro Regional Profile. At the moment, crowdfunding is regulated by following Montenegrin laws: Law on Obligations, Law on Enterprises, Law on Property Relations, Law on Collateral Security Claims, Law on Prevention of Illegal Businesses and the group of tax related laws. For example, crowdgiving in Montenegro is based solely on the goodwill of donors to support crowdfunding initiative without any obligation of the applicant towards the donor. Loan or crowdlending is allowed, but the law doesn't provide the mandatory form of the contract between parties and allows it to be concluded informally thus putting at risk all parties. Crowdfunding users can be individual and legal entities, but also it could be unregistered organisation, making it difficult for some users to participate in legal business relations.

Participants of the stakeholder meetings emphasised the importance of legal framework for crowdfunding, especially for reward based crowdfunding campaigns which is at the moment illegal in Montenegro. Legal framework should also facilitate the access to major international crowdfunding platforms for Montenegrin crowdfunders and make PayPal for business and other big global payment processors (Braintree, Stripe, Square) available in Montenegro.

Furthermore, SWOT analysis of regional crowdfunding potential recognised lack of legal framework as one of the key regional weaknesses. If Montenegro is to create positive crowdfunding ecosystem the first necessary step is to create legal framework which responds to the real needs of Montenegrin crowdfunding market.

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Vision 2:

Montenegro will establish non-financial crowdfunding support institution/mechanism until 2023.

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Explanation:

Baseline Study on Crowdfunding in the Danube Region found that Montenegro does not have an established crowdfunding industry yet and that the uptake of crowdfunding might still take some time. Most crowdfunding initiatives are seeking financing via popular platforms such as Indiegogo and Kickstarter.

Apart from necessary funding, Montenegrin Regional profile recognises that enterprises also need support through specialised non-financial services. In the last SME Policy Report Index: Western Balkans and Turkey 2016, OECD, recognises that Montenegro has adopted strategies to stimulate private business support services funded from both budgetary and donor contribution. Websites providing information about private business support are not comprehensive or regularly updated. In this sense, offering business-consulting service, information and trainings are key tools for stimulating the competitiveness of their businesses. Still, these services, information and trainings, are not accessible throughout the entire territory of Montenegro and also are not at the same quality and scope. Some intermediaries can be valuable stakeholders for crowdfunding in Montenegro since they can potentially offer support in creating and implementing pitching campaigns or can offer information about crowdfunding opportunities. However, having in mind that the crowdfunding is basically a novelty in Montenegro the support can be limited. The SWOT analysis also identified the lack of support organizations for crowdfunding as one of weaknesses in Montenegro.

On stakeholder meetings, when successful crowdfunding campaign was presented, they emphasised the importance of experienced mentors from the US. Since there are still not enough experienced people in managing a successful crowdfunding campaigns, participants were talking about a possibility of having an organisation or an institution as a place to get that knowledge. All individuals or organisations who organised a crowdfunding campaign agreed that the main problem for someone running a crowdfunding campaign from Montenegro is a lack of knowledge and low awareness about crowdfunding in the general population, the potential backers.

If Montenegro would establish the institution/mechanism that would provide non-financial support to crowdfunding, more individuals, start-ups and enterprises would initiate campaigns to raise funds for their ideas. If this institution is to inform citizens and promote crowdfunding as a positive model of financing business ideas, Montenegro would create stable and long-term sustainable crowdfunding ecosystem.

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Vision 3:

IEC Tehnopolis will become regional crowdfunding focal point for Montenegro until 2023.

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Explanation:

IEC Tehnopolis was established with the mission to become a place where you can find the necessary information and support for the development of business ideas, launching of a private business and obtaining necessary financial resources. Tehnopolis is engaged in the promotion and development of entrepreneurship in order to create enabling environment for fostering new business ideas and innovation. Tehnopolis mission is also to be a source of new ideas and knowledge that are constantly being improved.

Since IEC Tehnopolis is the first organisation to initiate systematic solution of problems and challenges related to crowdfunding in Montenegro, we believe that in the period of 5 years we could strengthen our capacities as a business support organisation in order to become regional focal point for crowdfunding. This process is complementary to Vision 2 – to establish non-financial crowdfunding support institution/mechanism until 2023 and should be parallel process along with defining and adoption of legal framework for crowdfunding in Montenegro, as defined in Vision 1.