

Crowdfunding for sustainable development projects: Empirical analysis of a Portuguese sustainability-oriented platform.

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Abstract

Funding has been identified as one of the main barriers to entrepreneurship, with a particular focus on female entrepreneurship, for whom access to traditional sources of finance is recognised as particularly difficult.

Crowdfunding (CF) has emerged as an alternative fundraising source, which exploits the digital environment to bring together entrepreneurs looking for funding to develop their projects (crowdfunders) and potential investors (crowdfundees).

The last few years have seen a growth in CF activities worldwide, both in terms of the amount of money raised and the number of platforms created. This growth has also led to the emergence of platforms that specialise in the financing of projects that are developed for specific targets and types of CF. In Portugal, a crowdlending platform specifically dedicated to financing projects that contribute to sustainable development was launched in 2017. To this day the GO Parity platform remains the only one in the country in this area.

This study investigates the Portuguese CF campaigns carried out on the GO Parity platform with the objectives: i) to examine the characteristics of the sustainable development projects that have been posted to attract investors; ii), to explore the characteristics of the CF operations carried out in the platform; iii) to understand the extent to which gender can influence the use of CF as a source of fundraising for sustainable projects.

The results of the study show that most of the projects aimed to contribute to the achievement of sustainable development goals related to the renewable and accessible energy (SDG7), industry, innovation and infrastructure (SDG9) and sustainable production and consumption (SDG12). These projects were implemented in different sectors of activity and in different regions of Portugal, albeit with a predominance in the capital city (Lisbon) and the Central geographical area. In the majority of cases, the CF was used to support the implementation of the sustainable development project and was the only source of funding that was used. In general, the projects were able to mobilise funding under conditions that could be considered favourable regarding the time taken to obtain the funding, the amount of money obtained and the interest rate applied, although many of the operations made use of credit guarantees.

The results show a low presence of women in projects using the CF platform, in terms of the shareholder structure of the project, the presence in the management bodies or the composition of the working teams.

There is some influence of gender on the characteristics of the CF operation. In particular, having women as shareholders might affect the amount financed, the objectives pursued or the guarantees provided. The presence of women in management positions affects some of the guarantees used as well as the purpose of the financing. The same applies to the duration of the financing, the level of risk or the guarantees provided, depending on the degree of feminisation of the project staff.

Keywords: Crowdfunding, crowdlending, Sustainable Development, Sustainable Development Goals, Gender, Female Entrepreneurship, Portugal.