

What is Crowdfunding?

Crowdfunding can be defined as a voluntary collective effort by individuals, groups, enterprises or organisations ("the crowd") to pool money together to support the implementation of an initiative of common interest.

Crowdfunding is a form of citizen financing that has benefited in the last decades from technological advances and the expansion of access to the internet, using digital technology to promote support to the initiatives and gather contributions.

How does Crowdfunding work?



What are the advantages?

1. Full transparency and direct communication with stakeholders
2. Possibility of fast and simple implementation of the initiative
3. Improves financial efficiency, reducing the number of intermediaries and agents for project implementation
4. Democratic, allowing for anyone's participation
5. Strengthening citizen participation, enhancing trust and local ownership
6. Enabling blended and hybrid financing approaches.

Characteristics

- Usually employed for small-scale projects and short-term initiatives.
- Scale of the project is interesting for multiple private investors
- Financial flows structured around a campaign-based logic
- Participation within funding decisions, strengthening the legitimacy of public-interest projects

Example

[Green Energy Cooperative](#), Križevci, Croatia

In 2018, the Green Energy Cooperative (ZEZ) launched the first crowdfunded initiative in Croatia. A solar PV system was installed on the rooftop of Križevci's Development Center and Technology Park's administrative building.