

# What is Crowdfunding?

A collective effort by people, connected through the internet, who pool their money together to invest/support a project.

## What are the preparations?

1. Set project budget and targets
2. Build a network of potential investors
3. Develop a communication strategy
4. Choose a crowdfunding platform based on the nature of your project

## What are the benefits?

- Full transparency and communication
- Democratic (anyone can participate)
- Improves financial efficiency
- Improves real economy efficiency

## How does it work?

### 1. Contract is made between the project developer and the crowdfunding platform

- includes fees and conditions
- compensation to investors
- some platforms may charge for marketing services

### 2. Conditions are set

- Length of campaign
- Target funds
- Terms and conditions
- Risks warning

### 3. Project is listed publicly on the crowdfunding website

### 4. Fundraising campaign is carried out

- Pre-kick-off presentations
- Public announcements
- Kick-off
- Continuous updates to investors

### 5. Crowd pledges an amount of money

### 6. If target is reached, project is implemented

- Communication with investors continues through the platform
- Compensations are paid to investors



## Where has it been applied?

CROSS-SECTORAL



## Example

Bettervest is a German crowdfunding platform developed for energy efficiency programs.

- It can be used for **companies, NGOs, and local authorities.**
- Savings are distributed back to investors until investment + specific profit is paid back.
- Bettervest also functions for sales and marketing.
- Bettervest receives a percentage of funding.