

WORKSHOP SUMMARY

# CROWDFUNDING FOR DEVELOPMENT

Convened by ICTBeam, LCSEG,  
TWICT, *infoDev*, WBI, IFC

February 2013

REBOOT

[www.theReboot.org](http://www.theReboot.org)



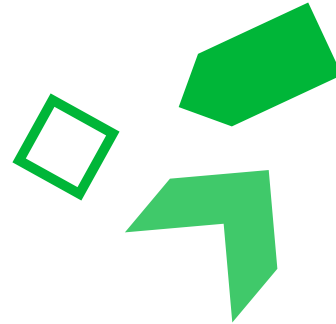
THE WORLD BANK

# Emerging crowdfunding models offer disruptive examples of collective action problem solving.

As these models continue to evolve and mature, what role could the World Bank play in supporting and/or leveraging crowdfunding as means for development impact?

In February 2013, the World Bank LAC ICT and Energy units hosted a brainstorming workshop to explore this question.

# WORKSHOP OBJECTIVES



The workshop sought to accomplish two goals:

- 1. Provide an understanding of successful crowdfunding models**
- 2. Start a conversation about how crowdfunding models might extend the impact of World Bank programming.**

A woman in a grey blazer is presenting at a conference. The scene is overlaid with a semi-transparent orange filter. In the background, there is a red 'EXIT' sign above a doorway. To the right, a banner for 'ICT 2013' is partially visible. In the foreground, the back of a person's head is visible, and a table with water bottles and microphones is partially seen.

# »» UNDERSTANDING CROWDFUNDING



# WORLD BANK PERSPECTIVE

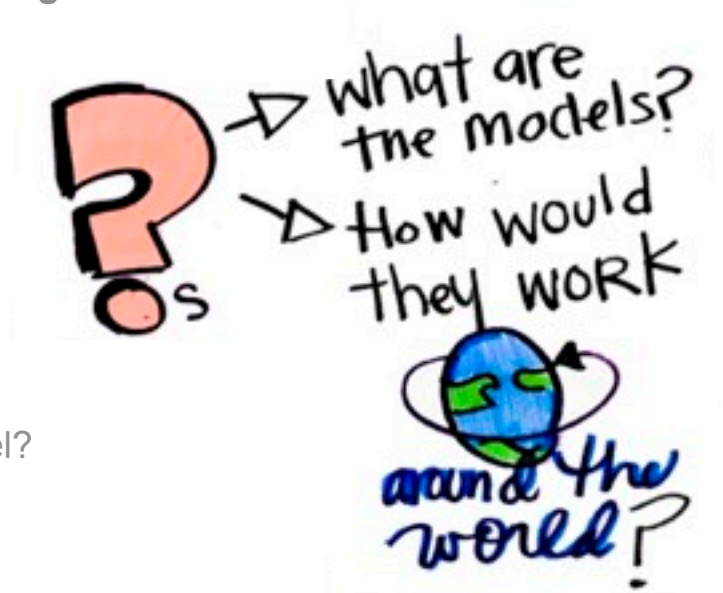
**Anna Lerner** kicked off the workshop by offering a World Bank lens on crowdfunding. She discussed **different financing models** and **potential applications** drawn from use cases around the world.



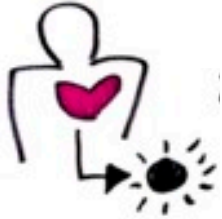
# KEY QUESTIONS



- What WB project **challenges** and **opportunities** could CF mechanisms address?
- What **type of projects** would crowd funding allow WB to do that we're currently not doing?
- Would **CF platforms** be interested in partnering with the WB? Why?
- What are some of the main **barriers to scaling** up CF industry?
- Which **model** (lending, investment, other) is the **most proper** for WB (considering WB mission) in scaling up finance through crowdfunding? Why?
- For each model, what **role** can WB play to **add value** to their current business model?



# 3 MODELS



1

## Grant and Reward-Based

- Original model
- Individuals/projects pitch
- Compelling story
- Social impact
- Non-monetized reward



2

## Recoverable Grant / Debt-free Lending

- Individuals/projects pitch
- Compelling story
- Social impact channeled through MFIs
- Principal of loan repaid
- Social capital or other non-monetary reward



3

## Investment / Debt Lending

- Projects/start-ups/SMEs pitch
- Similar to traditional private market lending
- Invest directly in projects
- Collect repayments with interest
- Monetary gain on principal

# FINANCIAL MODELS

# PRACTICAL APPLICATIONS

Aggregating Demand and Filtering Supply



Enabling Organizational Innovation and Efficiency

More discussions in LAC SD Collaborative

9 Replies · Latest reply: Feb 27, 2013 8:55 AM by Shovik Ra

Ede Jorge Ujaz Vasquez Feb 19, 2013 7:22 AM

**Rolling Call for Proposals**  
 distribute a bit of conting post your ideas by Feb 2

Dear team:

We have managed to collect some extra co distribute them to support activities that hel Balanced Scorecard that are not usually co

Expanding Entrepreneurs' Access to Capital

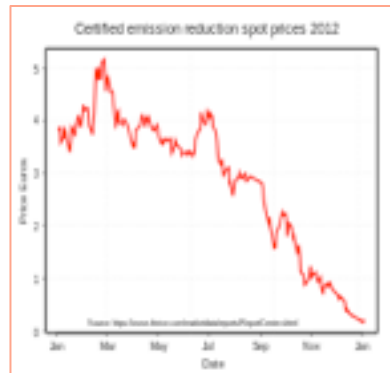
Youth Employment Partnership, Oakland

Founded in 1971, the Youth Employment Partnership is Oakland's largest and most experienced youth employment training agency. The organization has served over 30,000 youth through its programs. YEP youth have also rehab more than 50 houses to be used as affordable homes for families in East Ok YEP's solar project was supported by an additional \$10,000 grant.

6.38% <sup>APR</sup>	60 <sup>MONTHS</sup>	
EXPECTED INVESTOR YIELD	MONTH TERM	ISSUED
100% FUNDED	57 INVESTORS	50 AVAILABLE
		\$40,312 TOTAL A

FUNDRAISE This project has reached its investment goal.

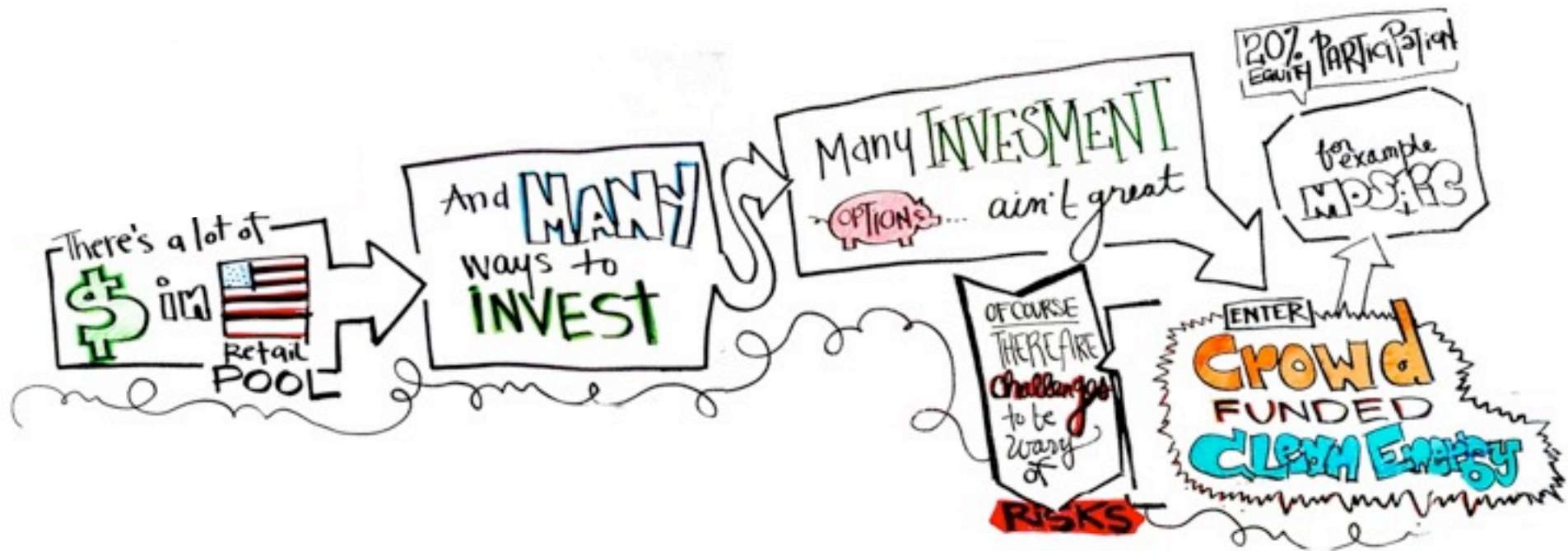
Capitalizing New Markets





# UNLOCKING MARKET OPPORTUNITIES THROUGH CROWDFUNDING

Nathaniel Bullard of Bloomberg New Energy Finance discussed crowdfunding's ability to create **market opportunity**. He walked through some recent examples of crowdfunded **Clean Energy** projects.





## □ OPERATIONALIZING CROWDFUNDING

John Hecklinger, COO of the crowdfunding platform, Global Giving, explained what it takes to operationalize crowdfunding initiatives.



**EXPLORING CROWDFUNDING'S**  
**PROGRAMMATIC**  
**POTENTIAL**

## CROWDFUNDING AT

# THE BANK

Five World Bank staff offered a rapid **overview** of how crowdfunding is being considered in their units.

## Edward Anderson

TWICT

Sanitation Hackathon



## Anthony Lambkin

infoDev

Entrepreneurship Program for Innovation in the Caribbean (EPIC)

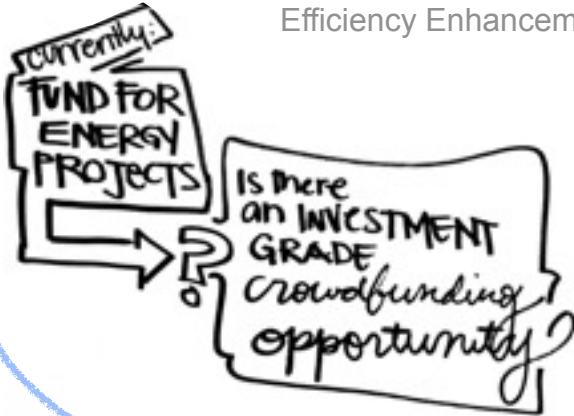
Climate Investment Center (CIC)



## Todd Johnson

LCSEG

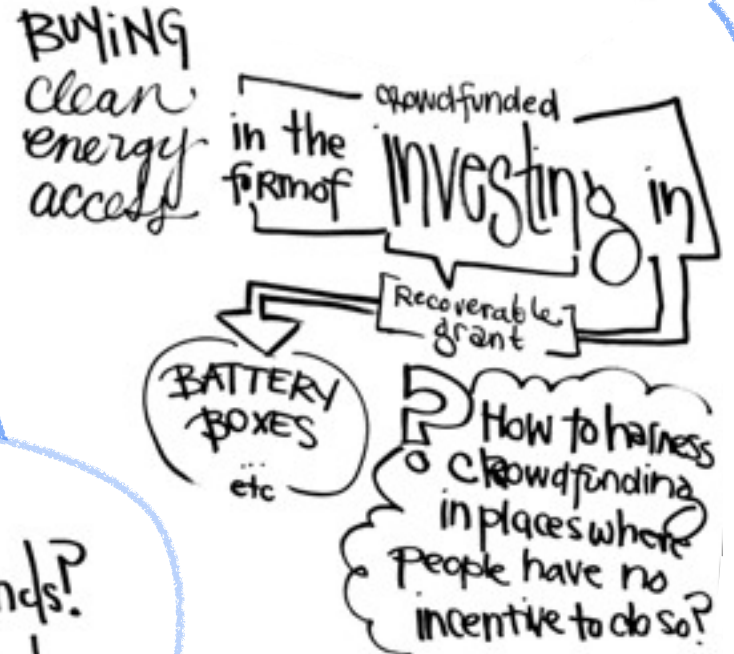
Jamaica Energy Security & Efficiency Enhancement Project



## Monali Ranade\*

WBICC

Financing Clean Energy Projects



## Anna Lerner

LCSEG

Organizational Innovation

\*Monali was unable to attend. A WBICC colleague presented in her place.



**EXPLORING CROWDFUNDING'S  
PROGRAMMATIC POTENTIAL  
EXERCISE**



# BRAINSTORM

After presentations ended, Panthea Lee of Reboot introduced the **brainstorming exercise**.

Split into several groups by scenario, participants were asked to **design an initiative** that leverages crowdfunding to support a specific **programmatic or operational objective** at the World Bank.

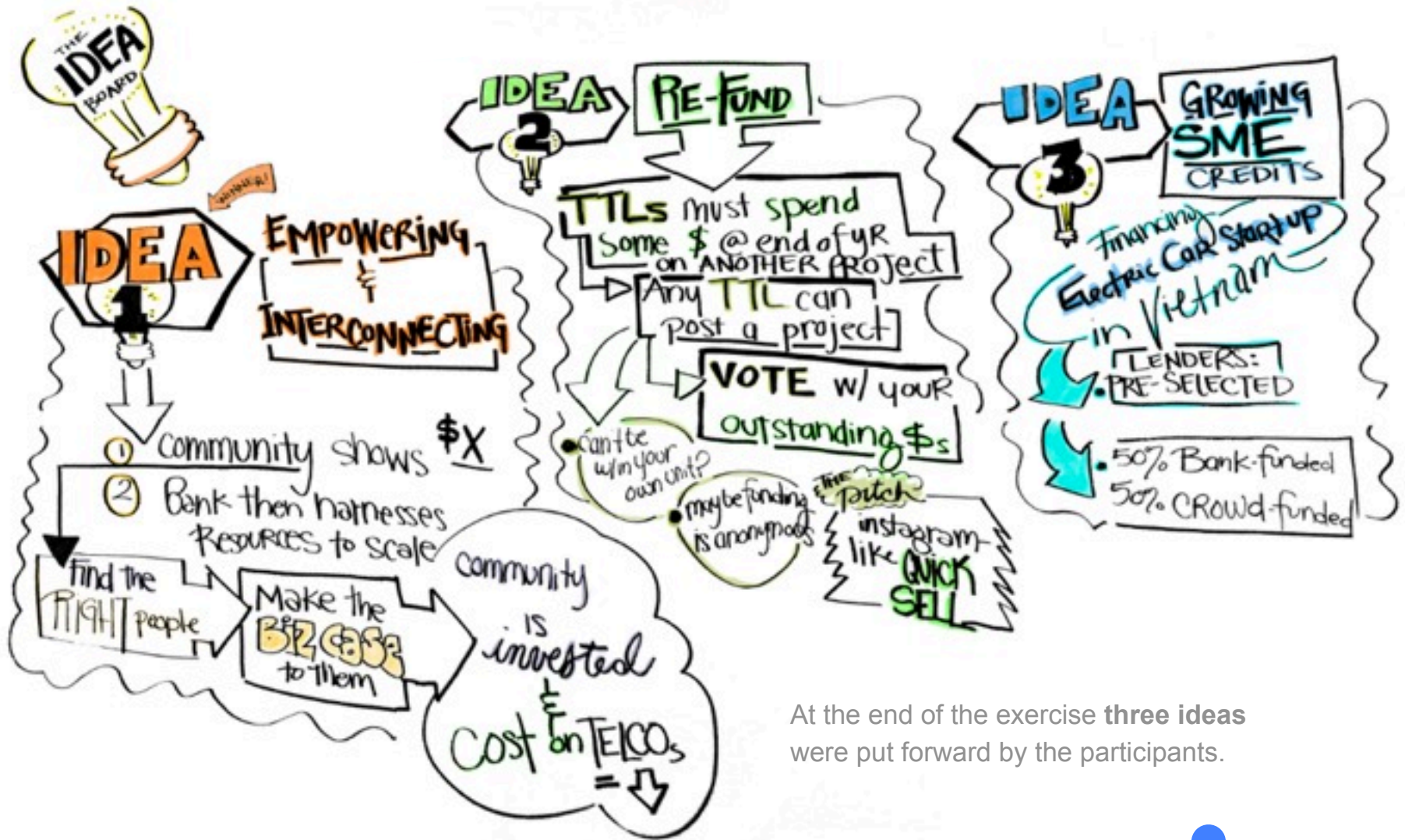


Participants **outlined the basic components** of the initiative and described how they would use crowdfunding to support its objective.

In particular, participants were asked to:

- **Articulate the opportunity** or challenge to address
- **Identify the stakeholders** (the “crowd”) that would be interested
- **Paint a picture** of one such stakeholder, by describing an archetypal example
- **Describe the incentive/financing model** that would most appeal to your stakeholders
- **Describe the features** of the initiative in concrete detail.





At the end of the exercise three ideas were put forward by the participants.



# **Crowdfunding platforms and crowdfunded initiatives hold great promise for the future.**

Crowdfunded micro-lending initiatives such as Kiva are enabling people all over the world to support entrepreneurs in emerging contexts. In only two years, the crowdfunding platform Kickstarter has helped hundreds of thousands of creators secure the capital they need to bring new ideas, products, services and stories to the world.

**Employing models such as these, and others,  
could improve the development impact  
of World Bank programs worldwide.**

# THANK YOU.



REBOOT  
[www.theReboot.org](http://www.theReboot.org)

REBOOT IS WORKING TOWARD  
A 21ST CENTURY SOCIAL  
CONTRACT.

We design and implement systems that enable institutions and individuals to engage one another in tackling social challenges. Our experience is cross-disciplinary and our approach collaborative.



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From public financial management in Nigeria to media development in Pakistan to civic engagement in the United States and beyond, our work allows citizens to make their voices heard and live better lives.