

CROWDFUNDING

A Roadmap for Global Solution Networks

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Crowdfunding asks innumerable individuals to contribute small amounts of money in support of a goal, project or new organization—even if the “funding applicants” are unincorporated, experimental or short-term. Crowdfunding decreases the time required to identify and vet solutions, helps mobilize donors and project backers outside the network of the initiating organization, generates richer sources of data from stakeholders, and allows for incremental program building while funds are being collected.

Crowdfunding augments the annual donor campaign model and facilitates deeper engagement between financial backers, the network, and the targets of the program. While the concept of crowdfunding may give securities and tax regulators pause, it presents a considerable opportunity for global solution networks to overcome the limitations and challenges of obtaining funding through traditional channels.



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Idea in Brief

Crowdfunding, the use of online platforms to gather small amounts of money from a large and distributed network of individuals, has become a multi-billion dollar industry since its inception less than a decade ago. Entities ranging from start-ups to non-profits and individuals to large multinational corporations, have utilized crowdfunding to underwrite the development of products and services, support artistic endeavors and finance a variety of non-profit initiatives. Among the early adopters of crowdfunding are global solution networks (GSNs), which can be defined as digitally-enabled multi-stakeholder networks that have self-organized to address a global problem. Numerous GSNs are using crowdfunding to diversify their capital base and develop innovative products, services, and programs aimed at addressing issues ranging from climate change to vaccination.

Crowdfunding can enable GSNs to overcome the obstacles posed by traditional funding sources, including the reduction in available capital post-financial crisis, the slow decision making cycles of traditional funders, and the inability or unwillingness of major donors to fund risky or newly established and unincorporated entities. Successful crowdfunding requires considerable skill, resources, knowledge about regulatory constraints, and integrity on behalf of participants. Despite these potential obstacles, a growing number of success cases demonstrate that GSNs can leverage the power of the crowd to create, sustain, and fund networks organized around shared interest with shared investment in the outcomes.

Introduction

In 2012, a small team of passionate journalists and development professionals hatched a new idea for empowering isolated and disadvantaged communities in Africa and Asia to send out urgent news alerts to the global media.¹ After serving as independent reporters in some of the world's toughest environments, Alice Klein and Libby Powell conceded that even the most principled and persistent journalists could not make up for the fact that the voices of women, minority groups, and people without access to the internet or computers are largely excluded from mainstream news reporting.

In the search for solutions, the pair realized that the growing ubiquity of mobile phones offered new opportunities for direct engagement and could empower communities to share their own news and perspectives via text messaging. However, individuals in these communities would need access to the right tools and the right training, so together the two women founded Radar, a network of journalists dedicated to advancing citizen journalism in communities that are too often neglected by global media conglomerates.²





Citizen journalists participate in a Radar training workshop.

The network has since provided training workshops in Kenya, Sierra Leone, and India—supporting over 250 citizen mobile reporters who have shared more than 2,000 mobile reports.³ As the network grew, so too did the scope of Radar’s reporting. With increasingly sensitive subject matter—including corruption, gender violence, and slavery—security became a concern, both for their data and for their reporters. Klein and Powell decided to develop a new digital platform that could better connect their reporters, protect their data, and allow Radar to work with a greater number of reporters simultaneously. However, building a platform required money and expertise that neither Klein nor Powell possessed.

In August 2013, Radar launched a campaign to raise the funds they required. But rather than turning to traditional funding sources such as the UK’s Department for International Development, the World Bank, or the UN, Radar turned to Indiegogo, a crowdfunding platform used by capital-seeking start-ups around the world. At the time, Klein described crowdfunding as “a new and innovative way to raise funds swiftly.”⁴ Indeed, the campaign was ultimately successful, raising £1000 in 24 hours and over £5000 in total. This was enough funding for Radar to complete development of a prototype and initiate testing. Klein says that when the new platform will enable Radar to “set up new networks and ensure those we’ve trained elsewhere have the tools they need to continue their great work. It will also allow us to receive, verify and edit stories on the go via a bespoke web app.”⁵



The Rise of Global Solution Networks

Global solution networks, such as Radar, are launching new innovations and leveraging technology to deliver vital remedies to the world's most pressing problems. While such networks are addressing an incredible variety of issues, one thing they share is the ability to harness technological innovation to support the design and delivery of effective solutions to global problems. Radar is attacking the need to amplify the voices of disenfranchised communities in the media using one of the most accessible and affordable tools available: the mobile phone. Radar is both a very successful crowdfunding initiative and a demonstration of the self-organized, technology-based, nature of GSNs.

GSNs are defined as digitally-enabled multi-stakeholder networks that have self-organized to address a global problem. As explained by Don Tapscott, "Courtesy of the web, stakeholders from civil society, government, the private sector...can collaborate like never before."⁶ GSNs involve diverse participants, including at least two of the four pillars of society (government or international institutions, corporations and business interests, civil society, and individual citizens). They draw participants from more than one country; in fact, some GSNs even operate globally. They harness digital communications tools and platforms to achieve their goals. And they seek to improve the state of the world through developing new policies or new solutions, influencing states and institutions, or otherwise contributing to development and global governance.

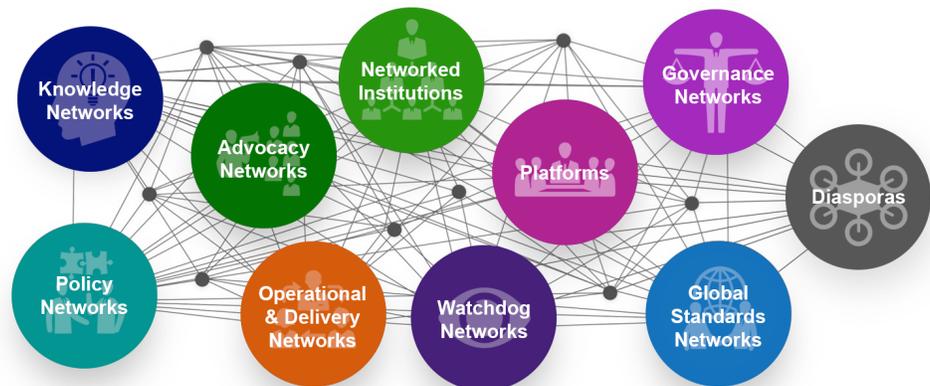
The Global Solution Networks program has identified ten types of GSNs.⁷

1. **Knowledge networks** develop new thinking, research, ideas and policies.
2. **Operational and delivery networks** deliver the change they seek, supplementing or bypassing traditional institutions.
3. **Policy networks** create government policy even though they are not networks of government policy makers.
4. **Advocacy networks** seek to change the agenda or policies of governments, corporations or other institutions.
5. **Watchdog networks** scrutinize institutions to ensure they behave appropriately
6. **Platforms** create the capability for other networks to organize.
7. **Governance networks** have the right and responsibility of non-institutional global governance.
8. **Global standards networks** develop technical specifications and standards on key issues.



“ Just as the digital revolution has democratized the creation of knowledge, services, and products, it has also opened up traditional approaches to philanthropy and grant-making in an unprecedented way. ”

9. **Networked institutions** provide a wide range of capabilities similar to state-based institutions but with a very different *modus operandi*.
10. **Diaspora networks** solve problems through kinship and ethnicity connections.



Crowdfunding—A Solution for Global Solution Networks

Just as the digital revolution has democratized the creation of knowledge, services, and products, it has also opened up traditional approaches to philanthropy and grant-making in an unprecedented way. Similar in concept to crowdsourcing, crowdfunding asks innumerable individuals to contribute small amounts of money in support of a goal, project, or new organization—even if the “funding applicants” are unincorporated, experimental, or short-term. Crowdfunding decreases the time required to identify and vet solutions, helps mobilize donors and project backers outside the network of the initiating organization, generates richer sources of data from stakeholders, and allows for incremental program building while funds are being collected. Crowdfunding augments the annual donor campaign model and facilitates deeper engagement between financial backers, the network, and the targets of the program. While the concept of crowdfunding may give securities and tax regulators pause, it presents a considerable opportunity for global solution networks to overcome the limitations and challenges of obtaining funding through traditional channels, which include:

Post-recession funding contraction. The financial crisis of 2007-2008 had a profound impact on the global economy and the consequences for non-profit entities, including many GSNs, are still being felt today. As individuals lost their jobs or received pay decreases, the public sector reduced spending

and cut funding to non-essential projects, and private investors became increasingly risk-averse.⁸ As a result, both non-profit and private sector start-ups must now work harder and compete more aggressively to convince donors and investors to provide them with funds. The originators of many valuable ideas have accordingly been unable to secure and/or maintain funding.

Institutional risk-aversion. GSNs pursuing technology-based solutions may encounter risk aversion when seeking funding for novel or unproven concepts. As explained by Victoria Vrana of the Gates Foundation, major foundations and donors have largely proven unwilling to fund substantial investments in developing public good applications of technology because tech-related investments are considered “organizational overhead” rather than an integral aspect of solution design and delivery.⁹ At the same time, even readily-available technology is frequently not deployed—or is deployed ineffectively—due to a lack of skill and capacity on the ground, and because there is no lucrative end-market to convince commercial interests to invest in producing the technology at scale.

Slow decision-making cycles. Many GSNs arise spontaneously in response to urgent needs and have distributed governance structures that make it difficult to provide a specific point of contact to manage funding applications. Such institutional flux does not gel with the funding rules of federal government departments, multilateral institutions, and foundations, which require highly detailed funding applications and often take months to reach decisions. Furthermore, decision making power among major donors is highly concentrated which often leaves new actors and individuals without the necessary relationships to make quick funding possible.¹⁰

Misalignment of top-down goals with grassroots needs.

The priorities and initiatives of grassroots networks may not always resonate with the priorities and requirements of traditional funders.¹¹ For example, working to distribute direct cash transfers via SMS technology to individuals in East Africa will not necessarily generate the same kind of tangible value for a funder as, say, building a school. Especially in cases where the innovation being developed does not fall within clear cut funding priorities, GSNs may not be able to offer the reciprocal benefits that funders often require.

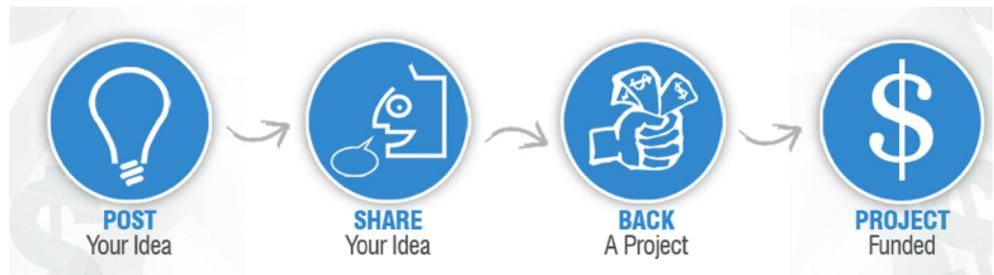
Inability to fund non-traditional organizations. While some GSNs are housed within formal non-profit structures, many are not formal programs or incorporated organizations. Some GSNs do not yet have, or do not ever want, the



“*Kickstarter alone has been used to raise over \$1 billion USD for 75,000 projects initiated by more than 7.6 million people. In 2013, the 3 million people who backed a project on Kickstarter that year came from 214 countries and territories on all seven continents, including Antarctica.*”

formal organizational and governance structures that many traditional funders require before distributing money. For some networks, incorporating in a certain country, developing bylaws, and appointing certain individuals in charge of organizational governance is antithetical to their values. Unfortunately, while many traditional funders see the value of these GSNs and want to support them financially, it is simply impossible to distribute funds to a non-incorporated entity.

For these and other reasons, a number of GSNs find it extremely difficult to receive financial support for their endeavors. While some may be able to get started on a volunteer basis or by using the personal savings of those involved, this increases the risk that the initiative will be unsustainable and collapse before it can achieve the impact envisioned by its founders.



Crowdfunding happens when an individual or small group shares its idea and asks for funding from a large group of people online. If successful, the crowd provides enough funds for the idea to get off the ground.

Models of Crowdfunding

Crowdfunding has emerged globally in recent years, as major platforms such as Indiegogo and Kickstarter launched in 2008 and 2009 respectively. As a model of fundraising, crowdfunding has evolved quickly from an unregulated form of donating or sponsoring a project (popular with artists and basement entrepreneurs) to a well-recognized source for start-up and growth capital—even encouraged by law as a solution to the global recession and now promoted by formal associations of crowdfunding advocates. Kickstarter alone has been used to raise over \$1 billion USD for 75,000 projects initiated by more than 7.6 million people.¹² In 2013, the 3 million people who backed projects on Kickstarter that year came from 214 countries and territories on all seven continents, including Antarctica.¹³ Crowdfunding has skyrocketed in popularity since 2008 and this success is largely attributed to its democratic nature, its ability to foster engaging relationships between producer and consumer, and the desire of all participants to become part of a mutually supportive community for new ideas.¹⁴ This popularity is translating into accelerated growth for the industry, which crowdfunding pioneer Ruth Hedges predicts will be worth \$3.2 trillion by 2020, creating 20 million jobs during that time.¹⁵

When used to test and launch new solutions, crowdfunding may be a perfect test case for global problem solving. Crowdfunding can be thought of as a petri dish that combines focus groups, testing of marketing messaging, donor recruiting, partner recruiting, social media outreach, and fundraising. Crowdfunding is a social process, driven by the feedback and interaction from the crowd that has the potential to make capital allocation more efficient and effective. In the case of GSNs and other fund-seekers, crowdfunding makes it possible to see traction without the need for large scale capital. Today, there are several models of crowdfunding that allow varying levels of financial engagement and collaboration in everything from non-profit projects to the financing of for-profit firms. Depending on their focus and organizational set-up, GSNs have the potential to use different types and models of crowdfunding to support their goals and engage their stakeholders and constituents in constructive new ways.

Crowdfunding is available to GSNs in three broad types: donation and rewards crowdfunding; “pre-sale” crowdfunding; and debit and equity crowdfunding.

Donation and Rewards Crowdfunding

Donation crowdfunding is the oldest and easiest form of crowdfunding to understand. In many ways, it is identical to the donation drives that charities and non-profits have long used to raise funds via special events (e.g., charity marathons and telethons). However, with the rise of the Internet and social networks, this process of fundraising is moving from offline pools to online funding platforms. In a typical donation crowdfunding effort, an individual or group solicits donations for a project that a person wants to launch—a creative endeavor, a community project, or a new product. In donation crowdfunding, the crowd donates money to support the project with no expectation of a financial return. We see donation crowdfunding being used by schools seeking to purchase supplies, friends looking to raise funds for an injured family member, and even non-profits seeking to host a regional peace conference in the Middle East.

The donation model quickly evolved into rewards crowdfunding—where project backers or donors receive rewards tied to their level of contribution. Some of these rewards are tangible objects; some of the rewards allow and encourage the donor to participate in some way. Game mechanics, in the form of “scarcity,” are usually an important part of rewards crowdfunding. By making certain rewards scarce there is more of a desire for backers to grab that reward before it is gone. However, the goal with this type of crowdfunding is to both reward the donor for participating and encourage further involvement in the project. There is a moral obligation to provide the promised reward, but no contractual obligations are established.



The Sing for Hope Pianos

by Sing for Hope



232
backers

\$16,003
pledged of \$10,000 goal

0
seconds to go

Funded!
This project was successfully funded on February 12.

Non-profits and civil society groups often use crowdfunding platforms to introduce themselves to a wider group of people and gather donations for new projects.

For a variety of reasons, rewards crowdfunding is most likely to suit the needs of GSNs. To begin with, rewards crowdfunding is highly flexible and allows the campaign originator to create a series of rewards that appeal to different donor demographics and income levels. Since campaigns are organic, the sponsor can add new rewards, change messaging, or change the videos during the campaign, a practice that is usually illegal in equity transactions as explained below. By creating unique rewards, the organization can align its mission with unique products or experiences that appeal to targeted donor groups while reinforcing its brand messaging. Donation and rewards crowdfunding also avoids the steep compliance costs and legal risks associated with equity-based crowdfunding.

“Pre-sale” Crowdfunding Models

A variation of rewards crowdfunding is a model in which an organization or entrepreneur offers a product for sale, before its manufacture, through a pre-sale crowdfunding campaign. The entrepreneur tests the market—“If I build it, will you buy it?”—without committing the upfront marketing, production, and distribution costs required to fully commercialize a new product. Some of the most successful pre-sale projects use campaigns to solicit not only capital but also feedback from the contributors that can be incorporated into product design and marketing. Some recent campaigns, like the “pebble smartwatch,” raised millions of dollars, essentially funding the process of taking a prototype into production.¹⁶ Entrepreneurs running successful pre-sales campaigns gain a stronger hand when negotiating with investors, while investors can lower their risks by making investments in products that have been validated by customers.



Pre-sale models can be leveraged by GSNs in two ways. First, GSNs with a technology focus could use the equivalent of a pre-sale model to turn novel technological prototypes into solutions that can be implemented at scale. For example, a GSN could partner with a university or business accelerator to develop a viable prototype and then rally constituents to support the individual or group creating the solution through a coordinated crowdfunding campaign. In this way, the GSN can validate the concept before funds are spent on production, while the actual cost of moving the technology from prototype to production is financed by outside supporters and end users.

Second, GSN models focusing on job creation or the economic empowerment of local entrepreneurs and business owners could adopt pre-sale crowdfunding for access to non-diluted capital—actual revenue from sales before initiating production. Manufacturing and distribution can then be scaled to meet the demonstrated demand and, if the GSN has larger stakeholders involved, then they may be able to contribute IT resources, shipping, financial clearing, and other business infrastructure that a start-up may otherwise lack.

Debt and Equity Crowdfund Investing

While many GSNs may adopt a non-profit structure due to their multi-stakeholder nature, the growing importance of social enterprises in global problem solving makes it worth a brief look at two additional forms of crowdfunding: debt and equity crowdfund investing. These are distinct from donation/rewards/pre-sale models in that entities are legally allowed to issue shares or debt instruments, while participants have the opportunity to profit from their investments rather than simply provide financial support for the project, organization and firm seeking funding.

Equity Crowdfunding

With the collapse of the global markets in 2008 and the tightening of the bank lending and early stage finance, crowdfund investing has emerged as a robust alternative to other forms of traditional finance for start-ups and small enterprises. Now allowed by law in both the US and Canada, this model involves the sale of a securities instrument (stock) in a company through a regulated, online platform. Whether financing an individual company, or financing a larger mediating organization, crowdfund investing can rapidly raise millions of dollars from a distributed base of investors. Unlike donation or rewards crowdfunding, the purchaser of the security is expecting some kind of financial gain from the transaction. For early stage ventures, equity crowdfunding is the equivalent of moving the “friends and family” round of financing online and including not just friends and family, but also “followers and fans.” It can also be a substitute or complement to angel investing.

For entrepreneurs and small enterprises, crowdfunding platforms lower the barriers required to offer equity shares in their companies and thereby enhance their access to capital. Taking the process of raising funds online increases the pool of investors, encourages the use of common platforms and standardized disclosures, speeds the funding lifecycle, and creates shared



repositories of information that can be accessed at any time by investors or entrepreneurs. For GSNs, equity crowdfunding raises the prospect that aspects of their global problem solving work could be accomplished through social enterprises that access capital from crowdfunding platforms. There are specific crowdfunding platforms that have been created for this purpose. Recently established sites such as SeedUps Canada and Return on Change specifically connect entrepreneurs to investors for equity crowdsourcing within securities regulations.¹⁷ Therefore, for-profit spin-offs could be created by GSNs to generate new revenue streams that support the networks' non-profit activities.

Equity-based crowdfunding also has an important role to play in supporting entrepreneurship and employment creation in developing countries. A 2013 report on crowdfunding by the World Bank acknowledges this idea:

Crowdfunding is still largely a developed-world phenomenon but its potential to stimulate innovation and create jobs in the developing world has not gone unnoticed. Substantial reservoirs of entrepreneurial talent, activity, and capital lay dormant in many emerging economies, even as traditional attitudes toward risk, entrepreneurship, and finance stifle potential economic growth and innovation. Developing economies have the potential to drive growth by employing crowdfunding to leapfrog the traditional capital market structures and financial regulatory regimes of the developed world.¹⁸

Data collected by Crowdfund Capital Advisors shows that crowdfunding by microenterprises leads to rapid increases in revenue and creates employment—an average of 2.2 new employees the year following a successful campaign.¹⁹

Early data also shows that women and men are equally effective at meeting their goals on crowdfunding projects.²⁰ This suggests that crowdfunding by and for women can be a key mechanism for channelling funds to women-run/owned enterprises—especially in areas of the world where women may be locked out of capital markets.

GSNs fostering entrepreneurship or focusing on economic opportunity should be aware that these new models may allow them to attract investors from outside their country/region, recruit those investors to promote the opportunity, and help recruit new investors. This social financing was either not possible or even illegal until recent regulatory changes opened the door to equity-based crowdfunding in many countries around the world.





Equity and debt crowdfunding draws in individuals from around the world to provide loans and/or share a financial burden.

Debt Crowdfunding

Where does a small manufacturer or entrepreneur in a developing or emerging nation turn for debt finance after exhausting micro-enterprise lending facilities? In most cases, banks and other institutions will not loan to microenterprises until they have a multiple-year track record of positive earnings—in other words, after the need for growth capital is over. Debt crowdfunding is emerging as a mechanism for small enterprises to receive debt capital for growth, inventory, or cash reserves and could evolve as an important part of the funding cycle for innovation in emerging markets.

In debt-based crowdfunding, individuals loan money to other individuals (peer-to-peer or P2P) or to small businesses (peer-to-business or P2B) funding. The debt platforms screen the applicants, underwrite the loans, assign an interest rate, and then essentially create an auction market where individuals are able to see available opportunities and loan parts of the total loan amount to the individuals or businesses. One example of these types of platforms, Lending Club, has coordinated over \$6 billion USD in loans and paid over \$590 million USD in interest to investors since 2007.²¹ According to Charles Muldow of Foundation Capital, this could be a \$1 trillion market within 10 years.²²

The takeaway for GSNs is that projects which may once have required a banking partner or grant from a large foundation may now be able to use crowdfunding and social networks to raise similar amounts of capital in a



“*The European Commission released a report in April 2014 strongly endorsing the potential of crowdfunding citing its “high potential benefits for innovation, research and development, and [its potential to] contribute to growth, community development and job creation.”*”

shorter period of time. Although grants are obviously preferable to loans, debt crowdfunding could play a role in funding more speculative investments or projects that would not be entertained by more conservative donors in foundations and government agencies.

The Use of Crowdfunding Within the Four Pillars of Society

Crowdfunding has gained momentum within the four pillars of society: government, business, civil society, and individuals. Each of these uses and interacts with crowdfunding in a variety of interesting ways, providing insight and opportunity for GSNs.

Public Sector

Elected officials throughout the world are studying how to leverage crowdfunding and crowdfund investing to help their small and medium enterprise sector, spur innovation, and fill funding gaps in their early stage capital markets. Crowdfund investing, whether via debt or equity, while nascent, exists in some form on every continent. While developed economies are currently leading, models in Africa and South America are emerging that allow diaspora investing in local enterprises. Several nations have passed enabling legislation and more than a dozen others are considering legalization of equity or debt crowdfunding. The European Commission released a report in April 2014 strongly endorsing the potential of crowdfunding citing its “high potential benefits for innovation, research and development, and [its potential to] contribute to growth, community development and job creation.”²³

The World Bank is also experimenting with the concept. It has recently partnered with local stakeholders in developing countries to explore the role of crowdfunding to support a network of business accelerators with the capacity to transform local development of climate change mitigation technologies. The first of these centers—The Kenya Climate Innovation Center (KCIC)—recently launched in Nairobi, Kenya. The KCIC and its sponsors are promoting the use of crowdfunding by its member companies to secure reliable funding by providing training, engaging the Nairobi community, engaging donors and investors from the Kenyan diaspora, and working with regulatory stakeholders to create the necessary legal framework.²⁴

Private Sector

Social entrepreneurs and new enterprises have been using crowdfunding to gain start-up capital and project financing since its formal inception in 2008. However, large and well established businesses have also recognized the potential of crowdfunding to build their brand amongst new demographics. Crowdfunding is not just a funding mechanism—even for smaller companies. The money is oftentimes the least important benefit and in any case less



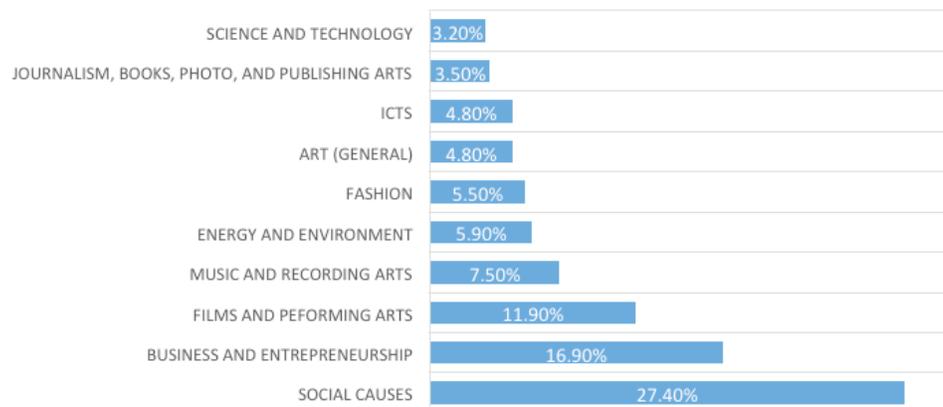
important than increasing social reach with the opportunity to listen to conversations about your brand or products in ways that are almost unimaginable using a traditional Facebook or Twitter campaign.²⁵

Examples of companies using crowdfunding to amplify their “social good” messaging are increasing. In 2013, Dodge partnered with RocketHub to launch the “Dodge Dart Registry” which allowed individuals and community groups to raise funds to purchase a new car that would help solve a community problem or meet a community need. In the end, 50 cars were financed through crowdfunding and the campaign generated over one million social media impressions.²⁶

Civil Society

Numerous foundations and non-profit organizations are also adopting crowdfunding to reshape the way they raise and disperse funds. According to the “2013 Crowdfunding Industry Report” by Crowdsourcing.org, “social causes” raised more money via crowdfunding than any other sector.²⁷

2013 PERCENT OF CROWDFUNDING BY SECTOR



One example, the UK’s Royal Society for the encouragement of Arts, Manufacturers and Commerce (RSA) is more than 250 years old and now operates as a think-tank addressing human fulfilment and social progress. Until 2013, the RSA awarded cash grants to fellows through a competitive program called “Catalyst.” At this time, the organization changed to place crowdfunding via Kickstarter at the heart of its effort to support social innovators in the UK.²⁸ To support its Catalyst fellows, the RSA now provides a combination of crowdfunding training, mentorship, and a small initial donation (£1,000-2,000) to signal its institutional commitment to the broader community.²⁹ Leveraging crowdfunding allows the RSA to spread its funding over a larger number of projects. This means more fellows and more



“No other model of fundraising can be so effective in creating an ad-hoc community around a project or program that can then become part of the broader GSN.”

projects get support and there is now less internal frustration over the large number of worthy projects the RSA was routinely turning down.

Individuals

Crowdfunding has been called “the democratization of philanthropy.”³⁰ According to Ritu Sharma, CEO of Social Media for Nonprofits:

Once upon a time, fundraising was a pastime of the wealthy. Buttoned-up men and women in pearls hosted elaborate galas, aimed at honoring just the right person in order to boost attendance and support for their cause. Anyone who was anyone was invited, expected to attend, and donate generously—because they could afford to.... The dawn of social fundraising has democratized fundraising so that deep pockets are no longer required. Anyone with five dollars and a smartphone can be a philanthropist. Welcome, to the age of social media—the great equalizer.³¹

Crowdfunding offers a sense of community to otherwise unconnected individuals, by leveraging existing communities and/or creating entirely new ones. Observations of successful projects around the world show a similar pattern—a community forms around the project/initiative, with strong social ties and sense of shared purpose. Social cohesion starts to form around the project and the company or organization. Sara Bannerman goes further, saying, “To the extent that crowdfunding creates a sense of community and connectedness, it may also be generative of a sense of public responsibility toward the project and the creators involved for funders, and a sense of responsibility toward investors on the part of creators.”³² No other model of fundraising can be so effective in creating an ad-hoc community around a project or program that can then become part of the broader GSN.

Crowdfunding Opportunities for GSNs

Crowdfunding arguably reflects a permanent change in the mechanisms of fundraising and could unleash a profoundly new model for testing and launching new solutions to global problems. Generally speaking, crowdfunding taps into people’s passions to make a difference and offers a powerful social mechanism to allow individuals to provide direct financial support to projects and organizations that they have a personal affinity for. It is facilitated through people’s trust in online payment mechanisms, and their willingness to disclose their affiliations and donations on the Web. Indeed, crowdfunding is by nature a video/Web-based campaign designed to be shared through a broad array of social channels simultaneously. Facebook, YouTube, Twitter, and Pinterest, for example, are routinely leveraged to drive



engagement in crowdfunding campaigns. It is in many ways an inevitable evolution in how we use social media to connect to the people, organizations, and issues that we care about.

The Potential of Crowdfunding for the 10 Types of GSNs

The previously introduced GSN taxonomy of global solution networks describes 10 broad types of emerging global problem solvers. These networks types, across the board, are developing innovative solutions to some of the world’s most protracted and pressing issues—and in many cases, are already using crowdfunding to reach their goals. The following provides greater detail on these networks and their use of crowdfunding in order to provide inspiration for other GSNs.



Knowledge Networks	
Develop new thinking, research, ideas and policies that can be helpful in solving global problems	Crowdfunding offers the possibility that research and knowledge production could be decoupled from market-based and profit-based motivations. For example, research aimed at finding cures for disease, rather than long-term treatments, could be better supported by crowdfunding than traditional investment from pharmaceutical companies. Recently, Dr. Erica Saphire used crowdfunding to accelerate her research into a cure for Ebola and united a community around her, resulting in 25 labs from seven countries sending her antibodies in addition to funding. ³³ Furthermore, there are an increasing number of crowdfunding platforms specifically designed for the creation of knowledge and scientific discovery. One example is Petridish.org, where Naked Whale Research has just successfully crowdfunded the development of a platform which facilitates a “report a sighting” mechanism that greatly enhances the ability to map the movement of killer whales using GIS technology. ³⁴



Operational and Delivery Networks

Deliver the change they seek, supplementing or even bypassing the efforts of traditional institutions

Operational and delivery networks are the most likely of the ten network types of GSNs to provide a product, program, or service that may require materials, infrastructure, and expertise to be successful. Many of these networks become social enterprises or non-profits and seek sustainable funding from investors or grants. However, others may rely entirely on volunteer or in-kind contributions, especially if they remain un-incorporated. By diversifying the funding base, crowdfunding can reduce the risk that the network will be unsustainable or less resilient to personality conflicts or changing circumstances.

The social enterprise Fairphone, which produces a smart-phone using fair labor practices and conflict-free tin and tantalum, utilizes the “pre-sale” model of crowdfunding to produce its product. As explained by Fairphone’s CEO, Bas van Abel, “Crowdfunding the investment necessary to go into production fits our independence philosophy very well. This way our buyers not only buy the phone, but actually make Fairphone possible.”³⁵

In another example, Mothers2Mothers, a non-profit which creates a vast network of educated and empowered women who teach each other about how to prevent pediatric HIV, recently used crowdfunding to gather over \$100,000 USD that will employ 100 “mentor mothers” for one year.





Policy Networks

Create government policy even though they are not networks of government policy makers

Traditional fundraising relationships between policy networks and policy makers who control the purse strings of public funding have often led to conflict of interest issues and restrictions on the level of candor expressed by network participants. Crowdfunding can potentially free policy networks from political influence, allowing them to be truly non-partisan in their opinions and guidance on legislative initiatives.

Crowdfunding for policy networks is currently rare, but there are a few available examples. The CoVi (Common Vision) network and platform is considered the “first crowdfunded think tank.” Their founder, Caroline Macfarland, explained that, “Think tanks have become notorious for being funded by private individuals or corporations with vested interests. This contributes to the perception that the policy-making process is dominated by an elite few, leaving the ordinary citizen feeling powerless and disillusioned with politics.”³⁶ Following the network’s official launch in 2014, the group used Indiegogo to collect £5000 GBP from individuals who support their mission of non-partisan and digital civic engagement. Prior to the campaign, CoVi worked entirely based on volunteers and in-kind contributions. The crowdfunded resources will allow them to produce their first crowdsourced research project on “every day politics” via their platform.

In Canada, the Caledon Institute of Social Policy used crowdfunding to raise the funds required to continue producing statistics on the use of welfare after the National Council of Welfare (NCW) was dismantled unexpectedly by federal policymakers in 2012. In this case, crowdfunding was a necessity because “news of the NCW’s closure was too sudden for the institute to find funding for it elsewhere,” demonstrating the value of crowdfunding’s expediency for networks reacting to an urgent need.³⁷





Advocacy Networks

Seek to change the agenda or policies of governments, corporations or other institutions

Advocacy networks such as the World Wildlife Fund have engaged in widespread public fundraising campaigns for far longer than crowdfunding has been a trend. Crowdfunding offers these organizations an opportunity to amplify their efforts, reduce their costs, and access entirely new groups of donors beyond those reached through traditional television or mail-based campaigns.

Recently, the OneVoice Movement used the crowdfunding site Crowdrise.org to raise over \$1.2 million dollars to support grassroots and bottom-up advocacy for a two-state solution to the ongoing conflict between Israel and Palestine. To date, OneVoice has trained youth leaders to engage over 745,000 people on both sides and empower them to advocate to their leaders for a peaceful solution. The funds raised through this crowdfunding campaign will be used to pay the travel expenses of youth leaders, provide training for activist and local leaders, and facilitate forums for discussion on the issue.



Watchdog Networks

Scrutinize institutions to ensure they behave appropriately

Given their role in scrutinizing powerful institutions, watchdog networks do not typically solicit funds from public and private sector actors. Crowdfunding makes it possible for watchdog networks to tap into the passions of average citizens who sympathize with their cause—whether that cause is environmental protection, humane treatment of animals, or anti-corruption efforts.

Greenpeace is an international and often controversial network of environmental watchdogs. The group is famous for shedding light on the harmful environmental practices of corporations, often using highly visible publicity stunts to draw attention to its cause. In the late 1970s, a Greenpeace vessel, the Rainbow Warrior, set out to obstruct a French nuclear test site in the South Pacific. The boat, however, was bombed by French secret service agents and sunk in a New Zealand port before it could achieve its goals. Currently, a crowdfunding campaign is underway to build a new Rainbow Warrior and the project is already more than 50% complete. Members of the crowd are invited to purchase specific components of the ship and can watch construction as it happens on the organization's specialized crowdfunding platform.³⁸

In other examples, groups such as Human Rights Watch are using crowdfunding to produce some of their essential work products. For example, the group recently used Kickstarter to raise over \$25,000 USD to put toward a documentary that is investigating the absence of palliative care in Mexico.³⁹



Platforms	
<p>Create the technological capability for other networks to organize</p>	<p>Just as platforms such as Kickstarter and IndieGoGo have been central to the growth of crowdfunding, crowdfunding has become central to the growth of other types of platforms. As previously discussed, Radar used Kickstarter to raise the funds to produce a secure platform for its citizen journalists to report on developments in their communities.</p> <p>In another example, Ushahidi, a platform launched out of Nairobi, Kenya, which connects SMS technology and open-map software to provide geo-spatial tracking of specific types of events, recently used crowdfunding to create a new product specifically for its user community in developing countries. Using Kickstarter, Ushahidi successfully raised over \$172,000 USD to develop BRCK, a rugged connectivity device for those working in areas where reliable Internet, power, and interoperability can be a challenge. BRCK provides a steady source of connectivity, with significant battery life, and can support up to 20 devices at one time.⁴⁰</p>



Global Standards Networks	
<p>Develop technical specifications and standards for virtually anything, including standards for the Internet itself</p>	<p>Global standards are essential to universal understanding, cooperation, and evaluation of progress on social and technical projects. However, the process of forming standards can be time and resource intensive, especially when a diverse international network of stakeholders must come to the table to forge consensus. Crowdfunding provides global standards networks with the opportunity to foster widespread support from a network of interested parties who want to see improved standards in a given domain.</p> <p>The Global Footprint Network is one such standard network. GFN provides ecological footprint accounting tools that create a unified perspective on how much a country, community, corporation, or individual is overusing available environmental resources. One of their primary tools, the online Footprint Calculator, assists individuals in determining where they stand in their consumption of resources compared to the average of individuals around them. Recently, GFN used CrowdRise.com to crowdfund resources that would be used to create an app version of this calculator, making the tool infinitely more accessible to the estimated 1 billion people in the world who now have smartphones and tablets.⁴¹</p>





Governance Networks

Have achieved or been granted the right and responsibility of non-institutional global governance

Crowdfunding offers governance networks the opportunity to acquire essential funds for their operations, to raise awareness, and to build a community around their efforts. In November 2014, the Marine Stewardship Council participated in their first ever crowdfunding campaign. MSC’s mission is to reduce overfishing of global fish stocks and promote the adoption of sustainable alternatives by major purchasers of seafood products like McDonalds, Whole Foods, and Walmart, which recently agreed to source only MSC certified products. Its recent crowdfunding campaign on Crowdrise.com raised over \$5,000 to help cover operational expenses.⁴²



Networked Institutions

Provide a wide range of capabilities that can range from knowledge generation, advocacy and policy development to actual delivery of solutions to global problems

Given their typically broad scope and operational responsibilities, crowdfunding offers networked institutions the option to diversify their funding base, develop targeted funding in response to emergent needs, and rally communities around specific aspects of their cause.

The Skoll Foundation, for example, invests in, connects, and celebrates social entrepreneurs and innovators who solve the world’s most pressing problems. In order to amplify their efforts, the Skoll Foundation has used crowdfunding to create a multiplier effect by launching the “Social Entrepreneurs Challenge” in the fall of 2014. The foundation promised to match up to \$2 million raised through crowdfunding by participating social entrepreneurs on Crowdrise.com. The challenge supported many of the crowdfunding initiatives discussed above and well exceeded Skoll’s goals. Ultimately, the challenge contributed \$11 million to innovative global problem solvers around the world.





“...on sites such as Kickstarter, 57% of posted campaigns either fall short of their goal or simply flop altogether.”

Diaspora Networks

Pursue problem solving through kinship and ethnicity connections

Crowdfunding can be a powerful vehicle for gathering funds from diasporas seeking to support entrepreneurship and economic growth in their home countries. One particularly successful example is Homestrings.com. A play on Homesick and Heartstrings, Homestrings was established to facilitate diaspora investing in promising African companies that have been vetted by a community of peers. Using primarily investment forms of crowdfunding, Homestrings provides members of the diaspora the opportunity to support their home communities and also see a financial return.

What began as a small-scale-impact investing experiment, run by and for the African diaspora, has blossomed into a leading platform for a growing network of governments, impact investors, NGOs and foundations that are working together to advance entrepreneurship across the continent. The UK government, for example, is taking advantage of Homestrings' best-in-class due diligence and financial models to identify promising African businesses and channel its investments to them. President Obama worked with the Homestrings team to organize and host an African investment summit designed to rally key stakeholders around the urgent need to facilitate growth and job creation. Since its inception in 2011, investors using Homestrings have poured over \$25 million USD of investment into African businesses.

Challenges and Limitations to Consider

Although extremely popular and effective, crowdfunding carries four essential sets of challenges and limitations that must be taken into consideration by GSNs.

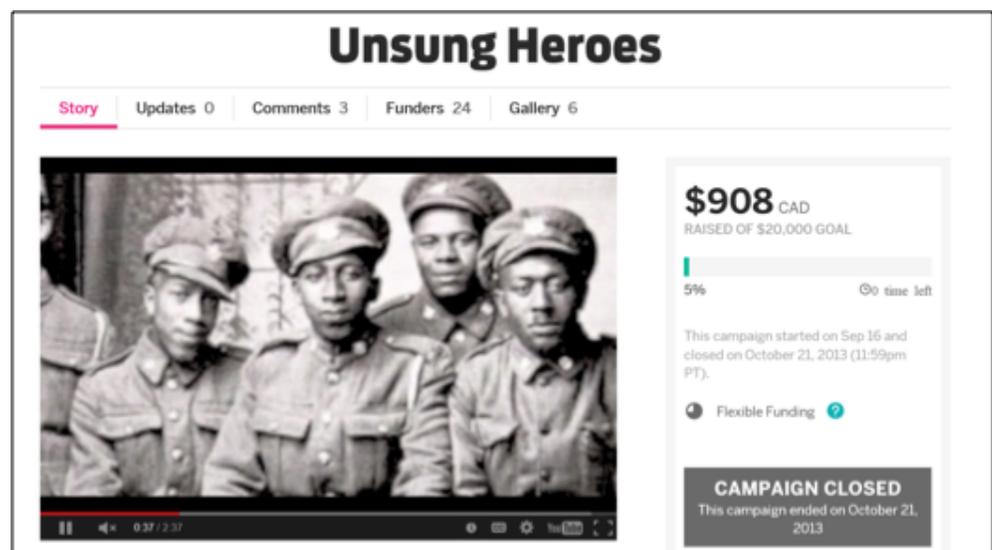
Skills and Resources.

Even with a great idea and tremendous drive, successful crowdfunding campaigns and the individuals who launch them may lack a core set of skills that would lead to success. The truth is, on sites such as Kickstarter, 57% of posted campaigns either fall short of their goal or simply flop altogether.⁴³ Significant skill is required to launch a successful crowdfunding campaign. Storytelling, social media engagement, and video production skills are necessary to create a compelling case that elicits contributions. These marketing efforts should be based on a well thought out plan, and research that has already been conducted into the nature of potential donors or customers, the success or failure of similar campaigns, and feedback on the pitch, rewards or investment deck.⁴⁴ Just as importantly, creating followers is only part of the equation—successful campaigns undertake a process of identifying possible press, bloggers, or other outlets for message amplification.



Time and financial resources are also necessary inputs for a successful crowdfunding campaign. Individuals, companies, and GSNs must take the time to develop robust social media networks before they launch crowdfunding campaigns. Time must also be put into designing, preparing, producing, and coordinating the crowdfunding campaign. This can take weeks, if not months, of effort.⁴⁵ Successful crowdfunding campaigns also usually make use of well-produced video and snazzy marketing materials which cost money upfront. Nearly all successful crowdfunding campaigns are run by teams that have the time and money to dedicate to the campaign in the early stages.

Fortunately, many of the main crowdfunding websites make educational and training resources available to those interested in crowdfunding. There is a wealth of online resources, training camps, and advisors available to provide guidance on how to execute a crowdfunding campaign that ensures that the effort, time, and resources invested will optimize the chances of success.



Regulatory Constraints.

Aside from the technical and financial limitations, it is important to pay careful attention to the regulations of the country in which the campaign is launched, particularly in cases where the investors are being offered a financial return. Regulations vary substantially across the world, but generally require a process of background and financial checks before an investment offer can be distributed. GSNs should engage with experts and devote sufficient time resources to conduct a process, legal, and accounting review of the crowdfunding model being considered. Compliance costs can be high, which is why most organizations leverage existing platforms rather than create their own.

Careful attention must be paid not only to the laws regarding incorporation and business closure of the hosting country, but also to the possible



“...tax laws may see finances raised through crowdfunding as income. This is of special concern to individuals that want to use crowdfunding, but are not working within an incorporated non-profit or enterprise.”

disclosure requirements that flow from accepting cross-border money flows. Some nations have antiquated mechanisms for business incorporation that are bureaucratic and costly. Other nations have strict laws that put proprietors in jail for bankruptcy. Both cases deter business formation and negatively affect crowdfunding's potential. Some nations also impose strict limits on the nationality of owners, or require that a fixed percentage of assets remains in a country. Adherence to these laws is required and in some cases prevents the utilization of crowdfund investing in a given country. If an organization decides to utilize crowdfund investing and directly invest in companies it wishes to support, it should be understood that secondary markets are slowly evolving, but that equity shares in crowdfunded companies must be considered illiquid assets that cannot be traded on active markets. Thankfully, authorities in many countries are recognizing the chokehold that regulations can have on job creation and economic growth and are already moving toward streamlining the process and opening up the use of crowdfunding to more would-be companies.⁴⁶

It is important to keep in mind that see finances raised through crowdfunding as income. This is of special concern to individuals who want to use crowdfunding, but are not working within an incorporated non-profit or enterprise. Consultation should be made with a local tax expert in order to ensure that no surprises occur when tax payment time arrives.⁴⁷

Verification and Legitimacy of Projects.

The crowdfunding industry is a powerful tool, but it has, in some cases, become a means for individuals with illegitimate goals. The line can often be a fine one. Examples abound of individuals using crowdfunding to fund expensive medical treatments;⁴⁸ others have attempted to use crowdfunding to pay off their personal debts.⁴⁹ There are also those who have attempted to use crowdfunding to scam unsuspecting or uneducated investors. In some ways, this is not unlike traditional investing, except that it can happen at a larger scale and is more difficult to prosecute.

In one case, a Kickstarter campaign which promised beef jerky made from 100% Kobe beef was able to gain over \$120,000 in pledges before an investigative team revealed that the company was fraudulent.⁵⁰ Scams by backers are also problematic: one individual bilked over \$6,000 worth of rewards from Kickstarter campaigns by pledging to the start-up and then later challenging the donated charge with his credit card company.⁵¹ Proponents of crowdfunding argue that the industry is largely self-regulating and dedicated participants work closely with crowdfunding platforms to root out scams and protect investors.⁵²

Monitoring and Evaluation.

Even if a project is legitimate and credible, the project can ultimately fail to produce the product, program, or service that the campaign promises to investors. Because crowdfunding opens up the possibility of receiving start-up capital for non-corporate and unproven concepts, there is an inherent risk that the proposed project will have been too ambitious,



“ For GSNs, it is vital that the network’s reputation is maintained throughout the crowdfunding campaign and afterwards by setting realistic goals, establishing open and continuous communication, and following through on promises. ”

unsustainable, or simply impossible to achieve. One example is Smarty Ring which was able to raise nearly \$300,000 to develop a ring that displays updates from an individual’s smartphone. A year after the campaign closed, its backers are in revolt over a complete lack of communication from the producers, continuous delays in producing the product, and increasingly horrifying redesigns.⁵³

In situations where the investor is not expecting a specific reward or product, i.e., the realm of supporting social causes, the risk is that the project will not produce the change it promised. Sites such as Indiegogo specifically state that, as a platform, it is not their job to act as “gatekeepers” for the kinds of projects and proposals launched on their site—if backers want to fund the idea, that is their choice.⁵⁴ Therefore, the onus is placed on the crowd to do its own research, pose questions to the creators, and deter other backers from contributing to campaigns that raise red flags. For GSNs, it is vital that the network’s reputation is maintained throughout the crowdfunding campaign and afterwards by setting realistic goals, establishing open and continuous communication, and following through on promises.

Keys to Successful Crowdfunding Campaigns for GSNs

Focus crowdfunding on tangible, outcome-focused projects. Crowdfunding for global solutions networks must begin with a very clear mission that can be socially shared and which is sufficiently concrete for others to understand. With a crystal clear mission, the organization or network is then able to refine that mission into specific, outcome-focused projects for which they will attempt to raise funds through crowdfunding. Experience suggests that running a series of crowdfunding events that support a broader mission is more effective than running a single, generalized fundraising campaign.

Convey passion, not lofty policy goals. The mission must be cast in terms that imply a passion and an outcome—they can’t sound lofty or policy driven. In reviewing successful non-profit campaigns, it may be observed that the sponsors engage the backers in the project itself. They provide frequent feedback on their progress, and ask their early backers for suggestions on new rewards or initiatives. Backers are motivated by being part of a solution-driven community. Usually the tangible reward or the ultimate outcome of the crowdfunding campaign is less motivating than the experience of feeling like a part of crowdfunding campaign. This also allows the initiators to report back to the sponsors on the effectiveness of the campaign in terms of its outcome. Campaigns that have outcomes that are then reported back to sponsors have a greater chance of future or follow-on funding.





Prepare for radical transparency. An organization must take a hard look at its readiness to raise funds and operate in a highly transparent manner. Not only must the project creator or entrepreneur reveal motivations and reasons for seeking funding, potential donors may question all aspects of the organization—staffing, salaries, program management, political affiliations, etc. Given the open nature of crowdfunding, it is crucial that the organization be ready to respond to questions and feedback from donors and potential donors in a nearly real-time manner. If a question is asked on social media or a crowdfunding platform, the organization must be able to answer it in minutes or a couple of hours—it can't wait days for a PR or communication officer to craft a carefully constructed reply. Some organizations are not ready to operate with this degree of transparency, and if they are not, they should not pursue crowdfunding.

Build credibility with the crowd on social media. After identification of a socially sharable mission, the organization must then assess its readiness to engage on social media. Auditing the organization's professional social media profiles (Klout, LinkedIn), followers, reach, subscribers, engagement level, website traffic, social traffic (Facebook, Twitter), and other analytics that will help gauge whether the organization has a large and growing base of followers, friends, fans, and advocates who are engaged and who share its content. All campaign sponsors should become active bloggers on their websites. They should use these blogs to attract friends and followers on Facebook, Twitter and LinkedIn. Followers will then be targeted when the campaign goes live. Building credibility with the crowd and having a large social network are critical keys to crowdfunding success.

Success requires a coordinated marketing communication plan. After an organization's social media and following are assessed, the organization then considers what opportunities exist to amplify its message through bloggers, press, and other media assets. Most six-figure crowdfunding campaigns owe a good part of their success to early efforts cultivating relationships with top bloggers and reporters so that when the campaign is launched, these individuals can reach out to their large follower base and help amplify the message and drive traffic to the campaign page.



Another potential source of traffic generation (which can lead to fundraising but almost certainly builds community) is the exploration of synergies with other GSNs or corporate partners. Some large brands have joined in crowdfunding campaigns that have a direct community impact. For example, Coca-Cola ran a campaign that supported the digging of water wells in Mexico. Regardless of the corporation's ultimate reason for the crowdfunding, the ability to have major corporate partners amplifies the message and can be crucial to receiving media mentions and wider visibility.

Campaign execution requires attention to details. Once all this groundwork is laid, the organization must focus on the nitty-gritty details of launching a successful campaign. The first step is to storyboard the impact the project will have, the rationale for the project, and how members of the community or network can participate. Engineering engagement and messaging from the beginning helps to ensure that the project is aligned with the expectations of potential donors. The next step is to identify rewards or perks that are consistent with the organization's brand and mission. Many groups make the mistake of offering relatively meaningless perks to sponsors—instead, the perks should invite participation and sharing of the message, but also tie in to the purpose of the project. For example, a deforestation project for Asia could send donors seed kits, community action plans, and information on replicating local projects. Simply sending a t-shirt may fail to encourage participation.

Visuals and compelling video are crowdfunding essentials. Crowdfunding is essentially a visual medium, with the most important factor being the video. A good graphics designer should prepare any logos or marketing materials first, and then these elements can be used in the video. These videos should focus on people—even if a team is working with technology, the focus of the video is an appeal from this team to potential backers. The most common mistakes in these videos are:

- Failure to tell a compelling story in the first 20 seconds—why should I care?
- Failure to ask for funds at least three times in the video—if the ask is pushed to the end, many viewers will not hear it.
- Failure to focus on audio quality—too often videos lack good sound engineering and viewers drop off very quickly.
- Overproduction—crowdfunding should feel authentic and community focused, not “corporate.”

Secure adequate staff to manage the full duration of the campaign. Crowdfunding campaigns cannot be managed on a whim. The lead organization should lay out a content calendar with a distribution strategy, staffing decisions, PR contacts, and blogger outreach included. The phases of the calendar should be pre-launch, early launch, middle of campaign push, and end of campaign wrap. If the demands of this are not planned for adequately, too many organizations find themselves without staff to maintain



momentum. Specifically, staffing and support need to be developed for each of these phases and functions:

- **Research**—the network should study previous campaigns and similar projects and also do SEO and keyword analysis to see how much search traffic might be generated on terms related to the project.
- **Pre-launch, campaign preparation**—most successful campaigns will have devoted approximately 20 hours per week of planning and preparation for 45-60 days before launch
- **Launch**—launching a campaign is a multi-pronged marketing event and can be combined with physical launch events or parties to build excitement and secure early funds
- **Mid-campaign shifts in strategies, reward mix and PR strategy**—nearly all crowdfunding follow a U shaped pattern where activity and donations die off mid-point and the organization has to shift their rewards and activate additional PR or bloggers to drive new traffic.
- **End-stage campaign outreach**—the end of the campaign is where a large percentage of funds come in. This end of campaign needs staffing and possibly additional support if core staff is burnt out.
- **Ongoing donor communication through all stages**—data should be gathered from analytics and other channels and the individuals expressing interest or donating need to be managed.
- **Post-campaign fulfillment**—many organizations fail to plan for shipping, tax issues, or other logistical issues related to delivering the rewards or perks. This should be planned for pre-launch.
- **Post-campaign data analysis, donor research and deeper engagement**—the crowdfunding campaign can be a rich source of data about donor interest and preferences and social analytics can be used to profile, segregate and further engage both donors and those who pushed the campaign.

The crowd is empowered by technology and demands accountability and engagement. A growing global middle class is rising and is increasingly connected, which means the amount of money available to be channeled into GSNs via crowdfunding is substantial. Use the power of the crowd to transform your organization and networks, or find yourself on the sidelines while upstarts like HomeStrings create community and transparency, engaging thousands of backers for their projects seemingly overnight.



“By leapfrogging traditional models of impact investing and aggregating potential investors, crowdfunding has proven able to create multinational networks and communities that efficiently and transparently channel tens or hundreds of millions of dollars into new ventures and projects.”

Conclusion

Crowdfunding has disrupted traditional philanthropy, investment, and grant making and will likely continue to do so in profound and unexpected ways. This puts pressure on global solution networks to deliver impactful services beyond being a simple conduit between donors and targets of aid. With the rise of a technology savvy, socially conscious generation that often harbors distrust for traditional institutions, crowdfunding represents a preferred method of giving and engagement for millennials and generation-Y. By leapfrogging traditional models of impact investing and aggregating potential investors, crowdfunding has proven able to create multinational networks and communities that efficiently and transparently channel tens or hundreds of millions of dollars into new ventures and projects.

For GSNs, crowdfunding is not simply a new channel for fundraising; it represents an opportunity to harness a rising culture of individual entrepreneurship and innovation. Crowdfunding provides a new base of active support that can be mobilized to help solve global challenges. Crowdfunding platforms are breaking down geographic and temporal boundaries and expanding the pool of candidates available to contribute to problem solving efforts. The connected population wants to be part of making a change, and spends a huge amount of its free time engaging in social networks. GSNs must adopt openness, collaboration, and social networking at the heart of their engagement strategies. Rather than push a predefined agenda out to a passive public and solicit donations to fund their work, innovative ideas and solutions can be refined, rehashed, rebuilt, and ultimately funded with a broad base of community input. For many GSNs, this will be innate as they, just like crowdfunding, are a product of the paradigm shift in global problem solving enabled by the digital revolution. Crowdfunding is not going away and may simply need to be experienced to be understood.



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About Global Solution Networks

Global Solution Networks is a landmark study of the potential of global web-based and mobile networks for cooperation, problem solving and governance. This research project is a deliverable of the GSN program, offered through the Martin Prosperity Institute at the Rotman School of Management, University of Toronto.

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Ten Types of Global Solution Networks

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