

Crowdfunding platform project for energy efficiency

North-West Croatia Regional Energy Agency - REGEA [Croatia]

Context

Croatia has no regulatory regime for Crowdfunding. Since it is not a conventional funding mechanism, the country presents a low level of awareness among both investors and project developers. So far, the only existing crowdfunding platforms in Croatia are based on donation/reward and equity model - this latter being hindered by high costs for alternation of funding contracts of Ltds. Moreover, the current economic crisis affects innovative financing mechanisms in a negative way due to the unwillingness of investors to try different/new ways of supporting projects. Thus, creating a new platform for sustainable energy projects would introduce a lending model which has lower interest rates (lower than those of commercial or development banks), but based on the level of the investment's risk.

In order to raise awareness and to provide capacity building of both fundraisers and backers, two initiatives took place so far, namely the Croenergy conference and the Crowdfunding Academy. In 2014, around 50 crowdfunding (hereinafter referred to as CF) campaigns were initiated from Croatia, while only 15 have raised the targeted amount of funds.

Description and Main Objectives

The idea behind the project is to create a direct way for citizens to invest in infrastructure benefitting their own communities, to establish a regional crowdfunding platform specifically designed for financing energy efficiency and renewable energy projects in 2015. The North-West Croatia Regional Energy Agency (REGEA) worked together with the Centre for Social Innovations and Sustainable Development (CEDIOR), which had previous experience in the field, technical expertise in the development of crowdfunding campaigns and web solutions for CF platforms, and it is working with the University of Zagreb in order to explore the potential for introducing the crowdlending model for fundraisers from the public sector.

The CF platform and the first pilot project received significant interest from the media and local supporters. One campaign was successfully completed: the pilot project in the City of Pregrada, which ended officially on 15th April 2016, raised the targeted funds of € 10.000 to complete the renovation of the "Naša radost" kindergarten, and paved the way for similar projects in Croatia. The goal of this project was to make the kindergarten the most energy efficient in North-West Croatia. The energy investments involved the complete insulation of thermal envelope (including the roof), and the savings would be used for making new RES investments (solar collectors) and for developing educational programmes.



This project has received funding from European Union's Horizon 2020 research and innovation programme under grant agreement No 695923

Implementation Strategy

There are two Croatian crowdfunding platforms:

1. Croinvest: this platform combines five models of financing (donations, awards, loans, ownership participation and profit participation) customized to domestic law;
2. Croenergy: this donation-based CF platform that targets exclusively sustainable energy and environmental protection projects was initiated by REGEA and CEDIOR in late 2015.



The Croenergy.eu platform aims to provide various types of funding models without charging additional fees to project developers. The implementation strategy starts with a donation-and-reward based funding model, and develops by gradually adding crowdlending and crowdinvesting models. Campaigns are pre-selected, fundraisers' background and the feasibility of the investment are checked by REGEA. After the evaluation, applicants are provided with guidance on how to develop promotional materials necessary to the presentation on the platform. The platform acts as a match-maker for lending funds to avoid potential financial risks.



*The campaign from the City of Pregrada: before and after the completion of renovation works on the kindergarten.
Copyright: REGEA*

Budget

The cost of the project is € 15.000 with a return on investment of 5 years.

Time Frame

Start date: 2015 - End date: Ongoing

Contacts & Links

Marko Miletić
dipl. ing. – project Manager in REGEA
Email: mmiletic@regea.org
Tel: + 385 (0)1 7775 489
Website: <http://croenergy.eu/>
<http://regea.s-line.hr>

This project has been funded with support from the European Commission. The sole responsibility for the content of this factsheet lies with the authors. It does not necessarily reflect the opinion of the European Union. Neither the EASME nor the European Commission are responsible for any use that may be made of the information contained therein.



This project has received funding from European Union's Horizon 2020 research and innovation programme under grant agreement No 695923