



Crowdfunding in Rural Communities

- Social Innovation
- Community Development
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What happens when crowdfunding reaches at local or rural context where people are interested, but don't know yet how to manage it.

What's Your First Reaction?

Before diving in, consider this: when you hear the word **crowdfunding**, what do you feel? In our workshops with around 30 local development agents across two sessions, the answers were always mixed — and that's completely normal.

Opportunity

Mobilize people, create visibility, and support local projects in ways that traditional funding can't.

Risk

Uncertainty about legal steps, budget implications, and what happens if a campaign fails or succeeds.

Bureaucracy

Concerns about how it fits into existing procedures, accountability, and administrative responsibilities.

 In our experience, most local actors feel **all three at once** — curious about the potential, but unsure how to move forward. That tension is the starting point, not a barrier.

Interest Alone Is Not Enough

Many local actors genuinely like the idea of crowdfunding. But enthusiasm fades quickly when practical questions arise — and those questions are completely legitimate.

"How does this fit into the budget?"

Public administrations operate with closed budgets, strict procedures, and clear accountability lines. Crowdfunding doesn't automatically fit into those frameworks.

"Who is responsible?"

A campaign requires coordination across departments — communication, finance, legal, community engagement. Without a clear owner, ideas stall.

"What if it fails — or succeeds?"

Both outcomes carry implications. Success means delivering on promises; failure means managing expectations. Neither is simple without preparation.

Why Crowdfunding Matters for Rural Communities

In smaller or less populated areas, crowdfunding offers something that traditional funding often cannot: direct community connection, shared ownership, and local visibility.



Mobilize Communities

People move from passive observers to active participants, supporting projects that directly affect their daily lives.



Build Shared Ownership

When people contribute — even small amounts — they feel the project belongs to them too, increasing long-term commitment.



Surface Local Needs

Smaller-scale projects that don't fit large funding programs can become visible and supported by the community itself.



Connect Local Actors

Campaigns bring together citizens, administrations, associations, and businesses who might not usually collaborate.

More Than a Financial Tool

The Common Misconception

Many people think of crowdfunding as simply a way to collect money — a substitute for grants or public budgets.

But in rural and local development, its real power lies elsewhere.

What It Really Is

Crowdfunding is also a tool for **participation, communication, trust-building, and community engagement**. In rural areas, this is especially important because people need to see the value of a project, understand why it matters, and feel that they are part of it.

When framed this way, it becomes less about filling budget gaps and more about **co-creating public value with the community**.

Five Real Challenges to Plan For

Understanding the barriers up front helps you design around them. These are the most common challenges we observed in our work with local administrations.

1

Lack of Knowledge

Many administrations don't realize public institutions can lead crowdfunding. There's a perception it belongs only to NGOs, entrepreneurs, or cultural projects.

2

Bureaucracy & Clarity

Local administrations need to understand how campaigns fit with procedures, budgets, and accountability requirements. Without clarity, people avoid the risk.

3

Time & Capacity

Building a campaign takes calls, meetings, travel, writing, design, and follow-up. Without a dedicated person or team, it won't move forward.

4

Communication Gap

Public administrations speak in technical language. Citizens need clear, emotional, concrete messaging about why a project matters in their daily lives.

5

Trust & Transparency

People won't contribute without trust. They need to know where money goes, who is involved, and what happens after the campaign ends.

Recommendations 1–4: Getting Started

These first four steps focus on building the right foundation before any platform is chosen or any campaign is launched.

1 Start with purpose, not the platform

Ask: What local need are we addressing? Why would citizens care? Who is already working on this? The community and the need come first — the tool comes later.

3 Create a small multidisciplinary team

You need someone who understands the local need, someone who knows administrative procedures, someone who can communicate, and someone connected to the community. It doesn't need to be large — but it can't depend on one person alone.

2 Identify an internal champion

You need someone inside the institution who understands the process, connects departments, and keeps the campaign alive. Without this person, ideas get lost between silos.

4 Find someone who has already done it

Local actors are far more open to trying crowdfunding if they can speak with another municipality that has gone through the process — not just hear the success story, but understand the mistakes, timing, and real workload.

Recommendations 5–7: Building Momentum

Once your foundation is in place, these three recommendations focus on preparing your community and framing the campaign in the right way.



Engage the community before launching

A campaign should not appear suddenly online. People should already know the project, understand it, and feel connected to it. This means meetings, local conversations, and direct contact with associations before the campaign goes live.



Make the process understandable

Don't assume people know what crowdfunding is. Explain the steps clearly, what contribution means, why small amounts matter, what the administration is doing, and what the community can do. Clarity builds confidence.



Frame it as co-creation, not a funding gap

If presented only as a way to compensate for lack of public money, crowdfunding creates resistance. But if framed as a way to co-create, involve citizens, and build collective ownership, it becomes far more powerful.

Castilla-La Mancha: An Emerging Opportunity

Where We Are Today

Crowdfunding led or supported by public institutions is still almost unexplored in Castilla-La Mancha. There are interesting examples elsewhere in Spain — such as experiences connected to Zaragoza — but in our region, this is largely new territory.

In our replication workshops with local development agents, participants consistently asked for step-by-step guidance, not just inspiration. They wanted to know: *who did it, which department was involved, what documents were needed, and how much time it took.*

Why That's Actually Good News

The fact that something hasn't been done before doesn't mean it's incompatible with the local context. It may simply mean that no one has yet created the right conditions for it to happen.

Regions at the beginning of this journey have a unique advantage: they can learn from others, avoid common mistakes, and design approaches that genuinely fit their communities — rather than copying models that were built for different contexts.

This is not a weakness. It is an opportunity.

The First Barrier Is Not the Tool



Just because crowdfunding is unfamiliar does not mean it is incompatible with public administration or rural development. Sometimes the first barrier is not the tool itself – but the lack of structures, confidence, and support around it.



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