

Civic crowdfunding is not about the money

What if citizens could build their own city and take responsibility for their street or neighbourhood? And what if local governments became a participator and facilitator of civic projects instead of just a gatekeeper and decision maker? This might sound like pie in the sky, but it is already happening, forced by proactive citizens who start projects that improve their own environment. They operate relatively independently from local governments because they raise funds through crowdfunding and build strong and visible communities. The rise of civic crowdfunding in the last five years redefines citizenship and reshapes the role of cities. And we can only imagine what impact civic crowdfunding might have in the future.

This article explores the impact of civic crowdfunding on neighbourhoods, cities and local governments.

The impact of civic crowdfunding was also shown in this example in my own neighbourhood in Utrecht. Last summer 200 of my neighbours went on holiday in their own city: they were camping for a weekend in a nearby city park in Utrecht. Of course funding was needed for practical things like showers, and a part of the funds was raised through crowdfunding. But interestingly, it was not the funding that defined the success of this neighbourhood campsite. The campers made it their camping event by organising activities and volunteering at the reception or as a security guard. That's what made it a success. And that's what the main value of their crowdfunding campaign was all about.

> Pioneering in civic crowdfunding

Civic crowdfunding is not about the money. That is what I have learned from pioneering in the civic crowdfunding field in the Netherlands. Almost four years ago, in January 2013, we launched Voor je Buurt (literally 'For your Neighbourhood'), a crowdfunding and crowdsourcing platform for civic projects in the Netherlands. Think of projects like local festivals, community centres and the temporary use of public space. We are the first organisation in the Netherlands, and one of the first worldwide, to prove that crowdfunding for local civic projects can be successful. Since the start, over 350 projects have launched a crowdfunding campaign, 25,000 supporters have backed a project, and €1.6 million has been raised.

> What is civic crowdfunding?

Civic crowdfunding is about raising funds for projects in the public domain or with a social common goal. These can be projects like a neighbourhood garden, a community arts project or activities for the elderly in a community centre. Often civic crowdfunding campaigns are initiated by citizens, local communities, social entrepreneurs or social organisations.

Developments fuelling the growth of civic crowdfunding

Civic crowdfunding is not something new. It might actually be the oldest kind of crowdfunding; a lot of churches have been built with crowdfunding, schools and sports clubs are traditionally good fundraisers and also the base of the Statue of Liberty was realised with a kind of crowdfunding that closely resembles 'modern' digital crowdfunding campaigns. Nowadays technology, like an online platform and social media, makes crowdfunding easier and changes the way communities are raising funds.

There are two other trends, apart from technological developments, that accelerate the growth of civic crowdfunding. First, there is a trend of government withdrawal and cutbacks and the growing demand for citizens to participate and take responsibility for their environment.

Secondly, citizens increasingly initiate projects to improve their town, city or neighbourhood. They have the mentality to get things done and are tired of waiting for the government to get permission and funding.

Civic crowdfunding campaigns are relatively small if you compare them with investment crowdfunding for businesses. On average, a civic crowdfunding campaign raises €4,500 and the crowdfunding targets vary from, let's say, €300 to €40,000. With civic crowdfunding you can realise a painting in a playground for €400 or a marathon for €20,000 but you cannot build a whole city with crowdfunding.

> Civic crowdfunding as a campaign instrument instead of a funding instrument

So, the big impact of civic crowdfunding is not in the money that is raised. First and foremost, civic crowdfunding is a powerful campaign instrument. It is about building communities, promoting your project and can even be a political instrument to put pressure on local authorities and other key players. That is the reason we are talking about a crowdfunding campaign and not just about crowdfunding. Civic crowdfunding can be used and have an impact in at least three ways.

1. Community building instrument

Civic crowdfunding is a very effective way to build active and involved communities around a project. For most civic projects a strong community is equally important for its success as the funding that is needed. Take for example the crowdfunding for the following project in Gouda. This mid-sized city is known worldwide for its cheese, but it also has a large online community of people initiating social and creative projects for the city. Two years ago they decided to realise an offline space where they could meet each other and work together. For the success of a community place like this, not only nice furniture is needed. It is even more important that people feel ownership, make use of the facilities and feel responsible for it.

We also researched the impact of crowdfunding on community building. We asked 550 backers of civic crowdfunding campaigns about the effect the crowdfunding campaign had on their relationship with the project. As a result of the crowdfunding campaign 82% of the backers felt more involved with the project, 55% felt (increased) ownership of the project and 66% actively wanted to help make the project successful.

2. Marketing instrument

Secondly, crowdfunding is a strong instrument to promote and increase the reach of a project. A good example is the 'Deelkelder' ('Sharing Basement'), a shared storage space in the neighbourhood where you can store and borrow items like tools, sports equipment or a backpack. The crowdfunding campaign was also used as a marketing campaign to find the first users and increase the knowledge about the concept.

Our survey shows that crowdfunding is a successful marketing instrument: 45% of backers heard of the project for the first time during the crowdfunding campaign. Also, crowdfunding triggers word of mouth marketing: 72% of backers told other people about the project. We also see that campaigns reach a multitude of people who hear about the project without contributing financially. A project with 100 backers often has over 2,000 unique page views.

3. Political instrument

Finally, crowdfunding is used more and more as a political instrument. As we write, upset inhabitants of a Dutch town with fewer than 2,500 inhabitants, who disagree with an infrastructure plan of the province are crowdfunding €19,000 to finance a feasibility study for an alternative. Within a week of the start of the campaign they had raised €11,000. Another successful example is the Molentuin, a community garden in Deventer. The housing organisation owned the land of this garden and citizens were allowed to use it temporarily. When the housing organisation decided to sell the land, the neighbourhood stood up and decided to raise funds to buy the land to keep the garden. They started a crowdfunding campaign to make visible how many people wanted to preserve the garden. They used the campaign to lobby the municipality to change the zoning plan from a building area to a green area to make the land less expensive. In the end the housing organisation felt sympathetic to the joint action of the neighbourhood, and the citizens were able to buy the land for half the original price.

> The role of the local government

Because most civic crowdfunding projects involve public space or public services, local governments do have a role. Traditionally the municipality functions as a gatekeeper towards civic projects. It decides who gets permission and funding and thus can realise a project. Civic crowdfunding is radically changing this relationship between local governments and civic initiatives. Citizens just walk past the gate and take matters into their own hands, raise funding and organise visible support.

Often we see municipalities that are reluctant, not knowing how to respond properly to this new movement. As a result they enter a kind of 'freeze mode' and stick to regular rules and procedures. But their role can be more active and stimulating by anticipating civic projects, for example, by contributing to crowdfunding campaigns as an alternative way to distribute subsidies for social projects. This is called 'match funding' and is a way municipalities can strategically change their funding instruments to stimulate civic projects to use crowdfunding. That way they can be sure a project has support in the neighbourhood and an actively involved community. In the Netherlands, private funds are the forerunners in matching crowdfunding in a structural way. A good example is the way the VSBfonds, one of

the biggest private funds for social projects in the Netherlands, is contributing to projects on our platform. They add a minimum of criteria. There is no application form, but they make their decision whether or not to contribute on the crowdfunding page and two additional questions. Also they make their decision within days, instead of months. In 2016 the first Dutch local governments started experimenting with match funding, following the good example of authorities in London working in cooperation with the UK-based civic crowdfunding platform Spacehive.

But more than funding is needed to make civic projects happen. They need expertise, support with procedures and local contacts. Municipalities can actively support civic projects with their crowdfunding campaign by being responsive, by offering expertise and by speeding up bureaucratic procedures. To do that successfully municipalities need a better understanding of the dynamics of civic projects and crowdfunding. That way, municipalities can become a more equal partner.

> Conclusion

So, civic crowdfunding is not about the money. At least not just about the money. It's a powerful campaign instrument to build communities and create a movement. It's enforcing a new role of local governments in looking towards civic projects and this is only the start. As a civic crowdfunding platform and expertise centre, Voor je Buurt is on top of all these new developments.