



# Crowdfunding scheme WPT2 – alternative funding N-POWER

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UHasselt

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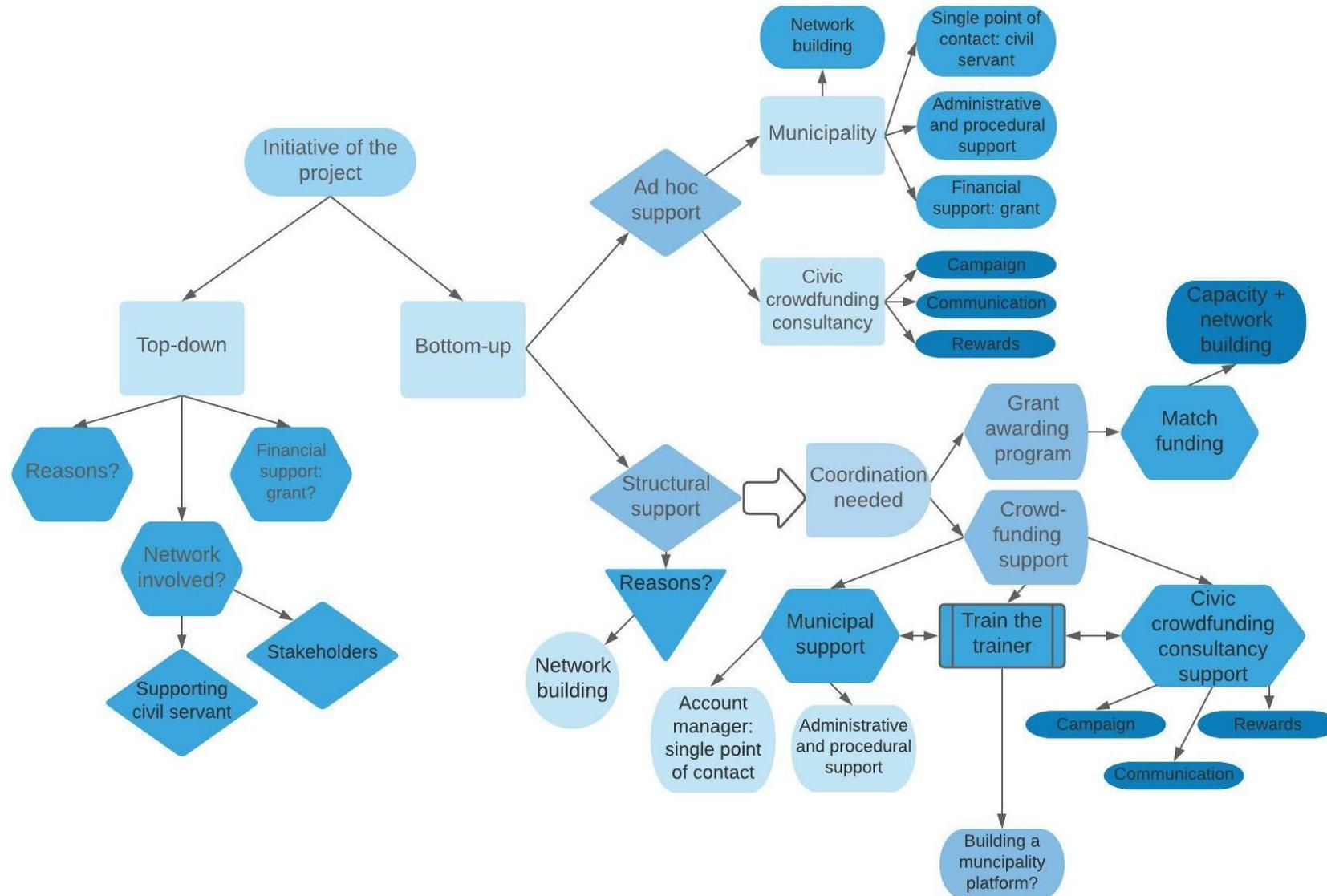
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**N-POWER: Crowdfunding scheme**



## **Explanation of the scheme**

This scheme is meant for municipalities who want to support or implement the use of civic crowdfunding in citizen projects. The aim of the scheme is to help municipalities reflect on the way they can support project initiators and how they can build a policy regarding civic crowdfunding.

### *Top-down initiated*

The first question important to answer is whether the project is initiated in a top-down way or rather bottom-up. If it is initiated top-down and the initiative came thus from the municipality's side it is important to realize that the method of civic crowdfunding is more successful when projects are initiated bottom-up since citizens will be more motivated to carry the project and the campaign out in this way. It is thus crucial to know what the reasons were for initiating a project using civic crowdfunding in a top-down kind of way and to reflect on them.

Next to answering this question, it is especially for top-down initiated projects, important to provide support from a municipal civil servant in both administrative matters, like obtaining the necessary permits, and support for setting up the crowdfunding campaign. If desired, this crowdfunding campaign support can be outsourced to a crowdfunding platform or a crowdfunding consultancy business. Besides the municipal civil servant, there should be thought about what other partners and stakeholders can be involved and engaged in the project in order to build a network around the project and its initiators. When initiated top-down, it is also important to think about awarding a grant from the municipality. If volunteers are found to carry out the project, they will do their best in setting up a crowdfunding campaign, but this may, of course, be compensated financially for the project, especially if the project idea came from the municipality and was initiated by them.

### *Bottom-up initiated*

When the project is initiated bottom-up and the idea came from citizens themselves, it is important for the municipality to think about whether they will support the project on an ad hoc basis or they want to implement a structural support for civic crowdfunding in their policy.

### Ad hoc support

When an ad hoc type of support is chosen, the same elements as for the top-down projects are crucial to consider. Of course, a municipal civil servant will have to support the project, for the administrative matters and for the crowdfunding campaign (possibly by referring them to a crowdfunding service or consultant). Ideally, this support should come from a single civil servant who acts as a single point of contact. For the bottom-up projects it is also important to think about which partners and stakeholders can be involved to create a network around the project. This is something the municipal civil servant can or should support in as well. Finally, it is also important to explore the possibilities to award a grant to the project in order to support it. Since there will also be carried out a civic crowdfunding campaign, this grant can be awarded by using match funding. This means that the project initiators run a campaign wherein they try to collect a certain amount of money and if they succeed, the municipality matches this collected budget with a grant. This can, for example, double the budget raised with the crowdfunding campaign.

### Structural support

When the municipality chooses to provide structural support, this will be beneficial for the capacity building of the projects, since this is one of the strengths of the method of civic crowdfunding. However, it is important to coordinate this structural support with grant awarding programs already in charge in the municipality or on the regional or national level. If there are extensive grant awarding programs, it is not so useful for the municipality to intensively support civic crowdfunding since citizens will be more likely to apply for a grant as this is way easier than running a civic crowdfunding campaign. In this case, the solution of providing grants as match funding could be structurally implemented. If citizens have a project idea and want to apply for a grant in order to realize it, the municipality can tell them run a crowdfunding campaign and if they succeed in collecting the proposed budget, the municipality can allocate a grant to the project. In this way, the municipality can also check if there is sufficient support for the project in the community. If citizens donate for a project, it can be assumed they support it. On top of this, running a crowdfunding campaign is also a way to do capacity building and to

reach and engage possible participants, visitors and even volunteers, which is also in favor of the project and its sustainability. However, not all citizens will be able to run a crowdfunding campaign. Because of this, the option to just apply for a (minor) grant should be kept open for some cases.

The structural support should contain both support from the municipality (ideally represented by one civil servant as a single point of contact) for all administrative matters necessary for carrying out the project and support for the crowdfunding campaign itself, including support for the communication timing and for developing the rewards. For the latter, the municipality can decide to structurally collaborate with a civic crowdfunding platform or consultancy provider and establish a long-term agreement in order for the municipality to outsource the crowdfunding support to specialists. However, if civic crowdfunding turns out to be very successful in the municipality and is often used by citizens, they can consider to implement a train the trainer approach and let all the civil servants involved in civic crowdfunding projects follow a program to become a crowdfunding expert. On top of this, a municipality can also consider leasing a platform whereon all projects from the municipality can be gathered.