

# #12 - Decline of its institutional role

## Definition

Civic crowdfunding is a very powerful and win-win option for the public authority and the community. In fact, it normally allows for the establishment of local initiatives and activities that would not have occurred otherwise.

Nonetheless, it is still a limitedly-diffused practice and might be opposed or wrongly perceived by citizens. In practical terms, whereas the public authority is not able to get the necessary funding by the state or from traditional forms of financing, the adoption of crowdfunding

might shed a negative light on the authority itself, making the alternative finance initiative be perceived as the “stopgap” whenever and whereas the municipality or the public institution has limited power.

In addition, societal stakeholders might question the adoption of crowdfunding (instead of public budget) in areas where the public institutions have responsibility.

## Mitigation strategy

It is important to build a positive narrative around crowdfunding, depicting it as a mechanism to expand the range of possible public-private partnerships and financial engagements. In this sense, combining public funding with private investments in the form of crowdfunding contributions will **strengthen the relationship** between the government/ public authority and the community of reference. In fact, **civic crowdfunding** is to be seen as a financial synergy and a shared effort in the name of **common objectives**.

In practical terms, it allows for an injection of private capitals into the public economy. This is particularly true in the practice of “match-funding”, which takes shape when the public authority tops up the crowdfunded amount with their own resources at the achievement of a defined sum or at the activation of a certain number of backers/ supporters – resulting in a multiplication or scalability of services and projects, both new or already established. This strategy might also be applied in combination and partnership with the crowdfunding platform itself, that sometimes can allocate its money when they consider the initiative is of particular interest for the public benefit.

All in all, the public authority has the delicate power to practically make the difference and change the economic or social balance of given contexts, simply by choosing to intervene and support for a campaign or another. It is very important, thus, that it makes use of crowdfunding to promote and create incentives for marginalized areas and communities.

### The role of PUBLIC ADMINISTRATIONS

- **Sponsor** – The public authority runs its own campaign for a specific project on an existing civic crowdfunding platform.
- **Manager** – A subnational government creates its own (generic) crowdfunding platform to foster the development of its territory. Via this tool they can promote both entrepreneurial for-profit and non-profit civic initiatives.
- **Curator** – The local authority selects a list of projects that reflect their *political agenda* from an existing crowdfunding platform.
- **Facilitator** – Subnational governments set permission and policies, financial as well as technical expertise support, co-screening and/or co-designing projects, etc. This step represents a new type of public-non-profit private partnership with citizens and civic crowdfunding platforms, whereby authorities co-finance projects alongside the rest of the crowd.