

Assessing the Potential of Civic Crowdfunding as an Alternative Mechanism for Financing Social Innovation in Romania

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Abstract. *The paper investigates the potential of civic crowdfunding to become an alternative financing mechanism for Romanian social innovation initiatives. At the time being, traditional funding sources for social innovation - public grants, philanthropy, and corporate social responsibility – face growing constraints due to increasing competition (from both for-profit as well as not-for-profit entities) and increasingly restrictive eligibility conditions and evaluation criteria. In many cases, applicants develop projects to address funding criteria rather than satisfying existing social needs. Moreover, challenges remain in demonstrating social impact, particularly for early-stage ventures. The disruptive potential of crowdfunding - as an alternative to traditional funding sources – has been well-documented; thus, it is generally accepted that crowdfunding offers increased accessibility, transparency and flexibility.*

The current research focuses on civic crowdfunding, a participatory approach engaging citizens and public authorities in funding and delivering public goods and services, often through matchfunding.

The study builds on an extensive literature review, as well as a mapping of promising practices in civic crowdfunding and matchfunding mechanisms implemented in various European cities. The paper also analyses qualitative data collected from a focus-groups with social innovators and semi-structured interviews with representatives of Romanian municipalities and supporting organisations. Research questions explored local authorities' knowledge and perception of civic crowdfunding, as well as the degree to which social innovators are interested in civic crowdfunding programmes. Last but not least, the analysis dwelled into potential implementation obstacles, as perceived by both municipalities (as initiators and administrators of civic crowdfunding programmes) and social innovators (as beneficiaries).

Findings reveal limited awareness of civic crowdfunding among both categories of stakeholders. Local municipalities perceive civic crowdfunding as challenging due to the lack of clear legal frameworks, limited administrative capacity, and insufficient expertise among municipal staff. Still, social innovators and civil society organisations show significant interest in civic crowdfunding and are looking forward to alternative financing options being implemented.

Overall, the results of the research confirms the potential of civic crowdfunding as an alternative funding mechanism, while pointing out the need for capacity-building and addressing administrative challenges. Although the study is exploratory, the findings may be used to promote a more participatory approach to funding social innovation in Romanian municipalities.

Keywords: civic crowdfunding, social innovation, community projects, matchfunding.

Introduction

In the past decade, social innovation - which involves devising and applying new solutions to tackle social and environmental issues, has gained increasing attention from policymakers, practitioners, and scholars. Traditionally, social innovation has relied on conventional funding mechanisms like

government grants, philanthropic contributions, and corporate social responsibility (CSR) schemes. While these offer crucial support to social ventures, they often come with drawbacks such as high competition for limited resources, short funding cycles, and restrictive eligibility and evaluation criteria. Additionally, dependence on philanthropy and CSR may actually lead to a decrease in projects' social impact, as applicants tend to develop projects that meet funding conditions rather than solving real needs.

In response to these challenges, tailored financing mechanisms such as impact investment and social impact bonds (SIBs) have emerged. However, measuring and demonstrating social impact remains challenging, especially for early-stage ventures and business models that have not been previously tested. The lack of a clear legal framework regulating these mechanisms and insufficient financial expertise among social entrepreneurs further limits access to funding.

In this context, crowdfunding has emerged as a disruptive means to fund social innovation. Crowdfunding platforms, such as Kickstarter, Indiegogo, and GoFundMe, provide online marketplaces where both individuals and organisations can ask for funding in order to implement a diverse array of projects. Unlike traditional funding mechanisms, crowdfunding offers greater accessibility, transparency, and flexibility, making it an attractive option for social innovators seeking financial support.

Building on the growing influence of crowdfunding, civic crowdfunding has emerged as a powerful tool for community-driven projects. While traditional crowdfunding primarily focuses on entrepreneurial ventures or individual causes, civic crowdfunding engages both citizens and public authorities in the funding and delivery of public goods, services and infrastructure.

Thus, civic crowdfunding programmes typically involve individuals or groups raising funds from the public to support projects that have a positive impact on their communities. The funding raised from the community or the 'crowd' is often complemented by a contribution from the local public authority and sometimes other organisations (foundations, government agencies), as part of a process known as matchfunding. This leads to a new way of 'doing (public) business', so that both citizens and public authorities contribute to the sustainable development of the communities in which they live and work.

Civic crowdfunding programmes can help fund social innovation projects that might not otherwise get support from traditional sources. Through collective efforts, these programmes enable innovative ideas to come to life and have a positive, long-lasting impact. However, as revealed in recent literature on the subject, civic crowdfunding is not (only) about the money. One of the key benefits of such instruments is that they allow citizens to have a direct say on which projects get funded and ultimately implemented. This can help to foster a sense of community spirit and engagement, as people come together to support causes that are important to them. Although civic crowdfunding programmes are not currently used on a wide scale, such mechanisms have been used for almost a decade in some cities (e.g. London, Milan, Barcelona), with positive results.

In the current paper, the authors investigate the perception of both local public authorities (as potential initiators, drivers and managers of civic crowdfunding programmes) and civil society organisations (as potential beneficiaries of civic crowdfunding programmes) with regard to civic crowdfunding as an alternative mechanism to finance social innovation in Romania. Would local public authorities be open to using such a mechanism to support social innovation in Romanian cities, while also encouraging citizen engagement? Would social innovators use this mechanism to develop new solutions to address existing needs in local Romanian communities?

The study provides examples of promising practices (civic crowdfunding and matchfunding programmes) used throughout Europe. Moreover, data from the literature review and the mapping

of case studies is corroborated with the input collected through qualitative methods (focus group and semi-structured interviews). The aim is two-fold: (1) on one hand, to identify the main challenges related to using civic crowdfunding and matchfunding in Romania, and (2) on the other hand to draft recommendations to facilitate the design and implementation of a civic-crowdfunding mechanism that could be further piloted in Romanian municipalities.

This study is part of a broader research that was conducted within the scope of two projects funded through Horizon Europe (Consolid8 - Consolidating deep & inclusive social innovation ecosystems) and the European Social Fund under the Operational Programme for Administrative Capacity (Civic Crowdfunding).

Literature review

What is crowdfunding?

Crowdfunding implies the collection of money – generally a small contribution - from a large number of entities (Gabison, 2014). It is thus very different from investment, where large amounts of money are raised from a small number of entities (Belleflamme et al. 2014). Also, what sets crowdfunding aside from traditional funding mechanisms is the use of web-based crowdfunding platforms, which act as intermediaries between project initiators and financial contributors (Gabison, 2014). This allows project initiators not only to raise money, but also to create a community of supporters. Because of this, crowdfunding may be regarded as a community-enabled financing instrument (Schwienbacher and Larralde 2012) that can be used for a wide variety of projects, including cultural, social, environmental, technological etc., both for-profit or not-for-profit.

Over time, various crowdfunding mechanisms have emerged, including investment-type models, such as equity crowdfunding; as in traditional investment, this mechanism involves investors obtaining stakes in a company in exchange for their financial contribution (Gabison, 2014). However, investment-type mechanisms remain rarely used. At the time being, the most prominent crowdfunding mechanisms are (1) donation-based crowdfunding and (2) reward-based crowdfunding. While the first one implies raising money from contributors who do not expect anything in return, the second involves the provision of products or services in exchange for the money raised as part of the crowdfunding campaign. Also, while donation-based crowdfunding is typically used by non-profit entities, reward-based crowdfunding is typically used by profit-making SMEs and start-ups (European Commission, 2024).

Regardless of the type of mechanism used, the crowdfunding process involves the interaction of three main parties: the fundraiser, the crowd (backers or supporters), and the crowdfunding platform. The fundraiser is any person or organisation that launches a public campaign to raise funds for a specific project. The crowd includes all the individuals and organisations that provides funding in response to a public call for a specific project. The entities in the crowd are also known as “funders”, “backers”, “contributors”, “sponsors” or “supporters”. Their contribution is entirely voluntary (Hummel, 2016) and they can influence the development or implementation of certain projects (by validating project ideas and providing feedback completely voluntary).

The crowdfunding platforms enable interaction between fundraisers and the crowd and allow the collection of financial pledges from the crowd / contributors. Fundraisers / campaign initiators are usually charged a fee by the crowdfunding platforms; in return, crowdfunding platforms are expected to provide a secure and easy to use service (European Commission, 2024).

There are a variety of crowdfunding platforms, both international (like Kickstarter, Indiegogo, GoFundme) as well as national, the majority built to host reward-based campaigns. Some platforms are focused on projects of public interest or with a social/environmental focus (e.g. Spacehive).

Entities in the public sector also exert a strong influence on how the industry develops and how actor in the crowdfunding process interacts with the other by introducing regulations. Regulations can set the rules under which different crowdfunding mechanisms can be implemented, with the aim to protect citizens and investors. Research (Kshetri, 2015) has empirically shown a positive correlation between the degree of national regulation of crowdfunding mechanisms and the volume of funding attracted through these mechanisms per capita, both globally and regionally (Ziegler et al. 2019, 2020).

At the core of crowdfunding is a "win-win" mechanism, where all parties enjoy various benefits from their involvement in the process. In what regards the fundraiser (entrepreneur / campaign initiator), this mechanism provides them with an opportunity to attract funding that would be otherwise not available to them, but also non-pecuniary benefits, such as market validation, feedback to further improve product/service development, and engagement with potential customers (Frydrych et al. 2014; Wald et al. 2019), as well as access to the skillset of contributors, who are sometimes willing to provide non-financial support (Gabison, 2015). In what regards the crowd / funders, particularly in the case of reward-based crowdfunding, they benefit from access to products and services before they become widely available and also have the opportunity to become engaged in the development and production process (Gabison, 2015). At the same time, their financial contribution strengthens their sense of belonging to certain groups and communities (Steigenberger 2017).

Civic crowdfunding and its role in building sustainable communities

Crowdfunding is an instrument which also provides public authorities with the opportunity to become a part of this "win-win" mechanism. In civic crowdfunding, citizens and local communities are asked to financially contribute to projects of public interest', while local authorities usually act as co-founders through a process known as 'matchfunding' (De Crescenzo et al., 2021). Civic crowdfunding is an innovative alternative to more traditional funding mechanisms, which have generally followed a top-down approach; it is defined as 'civic' because citizens play a pivotal role, directly contributing with financial resources and sometimes with ideas, expertise and voluntary work, to projects aimed at the regeneration of a territory and/or community (Wenzlaff, 2020).

The emergence of civic crowdfunding can be linked with recent shifts in the way in which community projects are developed and funded. Firstly, projects developed and funded top-down have failed in properly engaging citizens and local communities (European Crowdfunding Network, 2018). Secondly, citizens are increasingly interested in participating in public life and civic crowdfunding provides them with a means to do this (Stiver et al., 2015). Last but not least, local authorities are faced with increasing public sector budget constraints (De Crescenzo et al., 2021), which makes it difficult to allocate resources to activities which aren't critical or urgent.

A wide variety of initiatives can be funded through civic crowdfunding, from public infrastructure (parks, gardens, playgrounds) to festivals and other events, as well projects in fields such as culture and heritage, science, health, education, environment, social innovation etc. The win-win relationship that is created between the public sector, local communities, backers/funders and crowdfunding platforms facilitates the development of a collaborative ecosystem (Shneor et al., 2020), which, in turn, supports the development and implementation of projects with a sustainable and inclusive approach (De Crescenzo et al., 2021).

Although civic crowdfunding campaigns are typically rolled-out on crowdfunding platforms (some on platforms are dedicated to projects of public interest, while others include categories focused on civil purposes), they are not restricted to such platforms. In fact, some of the civic crowdfunding campaigns that received widespread attention in the past (e.g. Luchtsingel Bridge in Rotterdam or the funding of statues by Louvre Museum) were not hosted on platforms, but rather on new websites created and functioning solely for the duration of the campaign (Wenzlaff, 2020).

As reflected in an article published in “Making cities. Visions for an urban future” for the 30th anniversary of EUROCITIES, *civic crowdfunding is not about the money* (van Tilburg, 2016). An analysis carried out in the “Civic crowdfunding” project (Asociația Centrul pentru o Societate Durabilă, 2023) showed that civic crowdfunding presents several advantages as opposed to financing projects through conventional calls-for-funding: it allows project owners/initiators to attract additional resources, facilitating the implementation of large-scale projects with real impact at community level; it encourages civic involvement, since citizens play an active role in deciding which project gets funded by directly contributing to the projects with which they resonate; it increases the visibility of projects with civil purpose – citizens and organisations proposing projects are directly interested in attracting resources to the project in question and will become active promoters of the projects and the crowdfunding campaign; it allows for a greater traceability of the use of public funding since the entities that proposed projects and the citizens that contribute to the crowdfunding campaign will be directly interested in receiving follow-ups in the implementation stage or updates regarding project results. Last but not least, through civic crowdfunding, authorities benefit from support from citizens to select and finance the projects with which the community resonates - in most crowdfunding campaigns, the contribution of public authorities comes after the project has reached its funding target and has been thus ‘validated’ by the community.

Promising practices across Europe

In the past decade, civic crowdfunding has proved successful in a number of European cities, either big or small. Cities such as London, Barcelona, Utrecht, Milan, and many more have developed matchfunding schemes through which citizens have the opportunity of playing an active role in the decision-making process at local and even regional level. In this context, crowdfunding – as per its own open, inclusive and participatory nature – stands out as a reliable ally for public authorities, significantly increasing the opportunities for wider participation, stimulating citizens’ ownership and sense of belonging to a community, and offering concrete validation of the need for specific local actions as they are perceived by citizens (European Crowdfunding Network, 2018)

Civic crowdfunding models largely differ across cities and are sometimes use as a tool for complementing the distribution of public services in the city (i.e. in Milan) whereas at other times to promote social entrepreneurship and community building activities (i.e. in Amsterdam) (Chiappini and de Vries, 2022). Generally, the structure, workflow and thematic focus of civic crowdfunding programmes depends on the particular features of the local landscapes and on the needs of local communities.

Several examples of civic crowdfunding programmes that have proved successful in cities across Europe are presented in Table 1. The mapping is based on the literature review (van Tilburg, 2016; European Crowdfunding Network, 2018; Chiappini and de Vries, 2022) and on the data published by local municipalities (e.g. London, Milan).

Table 1. Examples of civic crowding programmes in eight European cities

City / Region, Country	Name of crowdfunding programme	Short description	Examples of funded projects
London, United Kingdom	Crowdfunding London 2014-2020	The programme was used to provide financial support to a wide range of community-led projects: street art, community gardens and kitchens, workshops, green infrastructure (parks and playgrounds).	<ul style="list-style-type: none"> ▪ The Peckham Coal Line (linear park) ▪ Wanstead Playground ▪ Carnaval del Pueblo (cultural event)
London, United Kingdom	Make London 2021	Included targeted community-led crowdfunding campaigns for projects that helped local neighbourhoods across London recover from the COVID-19 crisis.	<ul style="list-style-type: none"> ▪ Cookery school supporting social integration ▪ Knitting project tackling loneliness and homelessness ▪ Co-designed pocket parks in Romford
Milan, Italy	Civic crowdfunding	Milan's bottom-up crowdfunding initiative, Civic Crowdfunding, was designed to foster the implementation of innovative public-interest projects with a high social impact. The programme funds initiatives that work toward inclusivity, sustainability, and improved quality of life.	<ul style="list-style-type: none"> ▪ creative and naturalistic campus for the children of Corvetto ▪ music and entertainment for disabled children ▪ neighborhood agroecological chicken coop to produce eggs
South Tyrol, Italy	Crowdfunding Südtirol – Alto Adige	The programme offers financial support for local businesses, startups, and young entrepreneurs in South Tyrol. The programme was developed and managed by the trade association for crafts and service providers (IVH), which brings together over 8.000 members from South Tyrol. Public resources were committed through an ERDF project.	<ul style="list-style-type: none"> ▪ small-scale and organic farming initiatives ▪ audio-visual productions ▪ small-scale manufacturing (wooden accessories, furniture, hand-made lamps etc.)
Utrecht, Netherlands	Voor je Stadsie (for your city)	Voor je Stadsie supports initiatives that make Utrecht more beautiful, sustainable, social and citizen-friendly. The programme benefits from support from Utrecht municipality and is hosted on the Voor je Buurt crowdfunding platform.	<ul style="list-style-type: none"> ▪ Green spaces in public schools ▪ Concerts and other social and cultural events ▪ Community gardens
Rotterdam, Netherlands	I make Rotterdam	The crowdfunding campaign for building the Luchtsingel pedestrian bridge was launched in 2012 by the Dutch architecture company Process ZUS, following a collaboration for the city's 5th annual International Architecture Biennale Rotterdam (IABR). As part of the campaign, citizens had to opportunity to buy, for €25, a wooden board inscribed with their name; over 8000 boards were sold and later used in the building of the bridge. In 2012, the 'Luchtsingel' won the Rotterdam City Initiative, which enabled further financing of the project.	The building of the Luchtsingel pedestrian bridge

City / Region, Country	Name of crowdfunding programme	Short description	Examples of funded projects
Gipuzkoa, Spain	PiztuMETA!	PiztuMETA! is a civic crowdfunding programme managed by the Provincial Council of Gipuzkoa. Instead of developing a dedicated platform, an existing crowdfunding platform was used (Goteo). The programme supports cultural projects in Gipuzkoa with co-financing from the Provincial Council (matchfunding). The programme is based on the belief that cultural innovations are the best engine for dialogue, development and social cohesion.	<ul style="list-style-type: none"> ▪ Visual archive of the architectural heritage of the towns and cities of Gipuzkoa ▪ EHXPERIENCE labs - multisensory laboratory ▪ Recovery of stories within the Basque culture through sustainable design and fashion
Barcelona, Spain	MatchImpulsa	MatchImpulsa is an innovative programme designed to promote and scale social economy projects in Barcelona. Its aim is to accelerate the digital economy, while reinforcing local networking, gender perspective adaptation, and the implementation of gender equality measures in digital business environments.	<ul style="list-style-type: none"> ▪ digital platforms for civic projects with a feminist focus ▪ Desfake: educational platform against disinformation ▪ circular menu - cover food needs through a network of restaurants

Source: European Crowdfunding Network (2018), Comune di Milano (2023), Goteo (2018), Mayor of London (2016, 2020).

These examples point out to the wide variety of sectors and initiatives that can be supported and developed through crowdfunding and matchfunding: public infrastructure, community events, education, cultural projects, small business ventures in creative industries. While some programmes ran for a limited period of time and were aimed at funding complex projects (e.g. Peckham Coal Line in London, Luchtsingel bridge in Rotterdam), others are being rolled out on a yearly basis (e.g. Voor je Stadsie in Utrecht, Netherlands, MatchImpulsa in Barcelona, Spain). Also, while programmes managed by larger cities (e.g. London, Milan, Barcelona) are typically implemented on dedicated web platforms, smaller municipalities seek out partnerships with existing platforms (e.g. Voor je Buurt in the Netherlands, Goteo in Spain). This allows municipalities with fewer resources to lower the costs of web development and platform management, while also tapping in existing online communities.

Funding mechanisms available for social innovation in Romanian cities

In the last decade, grant programmes managed by municipalities have become, especially in large cities, a tool for connecting with civil society organisations and addressing community needs. Currently, the majority of cities functioning as county residences design and implement annual funding programmes for projects in the fields of culture, sports, youth, environment, or to address social issues. The financial allocation and funding are established at the level of each municipality through local council resolutions. In some municipalities (e.g. Cluj-Napoca, where a specific programme addressed to youth is in place), prizes are also awarded to young people developing new solutions to community problems.

However, there is limited data regarding the medium- and long-term impact of this funding, especially considering that the maximum value of a project is relatively small (up to €10,000/project in the case of large cities), and many funded projects focus on specific actions (for

example, cultural events such as concerts/festivals or sports events/competitions) rather than targeting the development of long-term solutions for pressing environmental and social issues. In large cities (e.g., Bucharest, Cluj-Napoca, Timișoara, Brașov), the most visible effect has been the development of the local cultural offer, with project calls dedicated to culture also generating the most interest from civil society organisations and cultural operators. The limited impact of these grant programmes is also stressed in the analysis carried out in 2023 by Asociația Centrul pentru o Societate Durabilă; the analysis report - which is built on quantitative data illustrating the results of the funding programmes implemented by the Brasov municipality over the course of three years - shows that the availability of funding through local grant programmes does not necessarily lead to an increase in local organisations' capacity to develop and implement social innovations.

Participatory budgeting is also used by a number of Romanian municipalities (14 cities functioning as county residences and one district municipality in Bucharest) to enhance the involvement of citizens in decision-making. This mechanism implies municipalities organising calls for proposals for relevant community projects; citizens are invited not only to submit project ideas, but also, at a later stage, to vote on which projects should receive funding from the local budget. The voting process is carried out online, generally on platforms managed by local public authorities.

However, according to reports published by the Romanian Centre for European Policies (Damian and Ile, 2023, 2024), the results of participatory budgeting in Romanian cities are mixed, as both financial allocations as well as public participation have been modest (Damian and Ile, 2024). Moreover, in some cases, Romanian municipalities have implemented participatory budgeting only formally, without clearly establishing responsibilities for the implementation of selected projects (Damian and Ile, 2024). For example, in Brașov, some projects have been implemented partially, while others have not been implemented at all, and the municipality did not publish any information on how and whether the projects progressed (Asociația Centrul pentru o Societate Durabilă, 2023).

In their 2024 report, Damian and Ile identify three main causes behind the failure of participatory budgeting in Romanian cities:

- (1) insufficient promotion of the programmes, with many local administrations limiting themselves to publishing information on the official website or social media. In the absence of public events and information campaigns, citizen's knowledge of these programmes remains limited, thus leading to modest participation;
- (2) the superficial analysis and evaluation of project proposals submitted by citizens – in many cases, evaluation committees include only employees in the local public administration, who often lack the expertise and experience to foresee challenges in the projects' implementation. This, in turn, leads to the selection of projects which cannot be realistically implemented within the proposed timeframe or budget.
- (3) overlooking monitoring and evaluation – in the past five years, very few municipalities provided updates on the implementation of selected projects. As previously mentioned, some projects were put on hold with no explanation from local public authorities, which led to frustration among citizens and civil society organisations;
- (4) low capacity of both citizens and local civic society organisations to come up with relevant project ideas, which leads to a limited number of project proposals. Moreover, as revealed by the analysis report published by Asociația Centrul pentru o Societate Durabilă (2023), very few of the project ideas submitted during the open calls for

proposals are actually innovative, with the vast majority targeting basic public infrastructure or services (e.g. public toilets, running tracks in public parks etc.)

As pointed out by Damian and Ile (2023), these challenges could be addressed through workshops on project proposal development and submission, capacity building sessions with civil society organisations, and on-line and off-line communication campaigns. Unfortunately, all too often, Romanian municipalities are themselves faced with limited administrative capacity and financial constraints, which prevents them from doing more than the bare minimum.

In recent years, crowdfunding in Romania has emerged as an alternative funding mechanism, particularly among young entrepreneurs and social innovators. There is a growing awareness of crowdfunding's potential, though it remains less developed compared to other European countries. Platforms as SeedBlink, GoFundMe or Consolid8 are used to raise money for various projects, from startups to social and environmental initiatives. However, so far, civic crowdfunding and matchfunding have not been used in Romanian cities. An analysis carried out as part of the “Civic crowdfunding” project (Asociația Centrul pentru o Societate Durabilă, 2023) points out that although specific legislation on civic crowdfunding does not exist, the current legislation (Law 350/2001 and Ordinance 51/1998 establishing specific conditions under which municipalities can roll out calls for cultural projects and projects of civic interest) would allow Romanian public authorities to participate as match-funders in community projects.

In this context, the current study aims to investigate the perception of both local public authorities and potential beneficiaries (social innovators and entrepreneurs, civil society organisations) on the utility and feasibility of civic crowdfunding programmes in Romanian cities. The research has been supported by the authors’ belief that by leveraging lessons learned from European practices and engaging citizens and civil society organisations in the design and implementation process, municipalities can develop new civic crowdfunding and matchfunding programmes to address both community needs as well as local development priorities.

Methodology

The aim of the paper is to analyse the perception of local public authorities and social innovators on the potential use of a civic crowdfunding mechanism to fund innovative community projects in Romanian cities. Due to the scarcity of in-depth data regarding civic crowdfunding in Romania, the authors opted for exploratory research.

This paper integrates findings from multiple sources, including a focus group with social innovators¹, semi-structured interviews with municipal representatives and support organisations², and a mapping of promising practices in various European cities. Since these data sources are complementary and, when analysed together, provide a comprehensive perspective on the potential of civic crowdfunding in Romania, the authors decided to report results collectively rather than separately. While the focus group focused on the perceptions and expectations of social innovators

¹ The focus group was carried out in November 2023 as part of a workshop on civic crowdfunding organised within the scope of the “Civic Crowdfunding” project (funded through the European Social Fund under the Operational Programme for Administrative Capacity). The focus group was attended by representatives of nine civil society organisations that have previously implemented community projects in Braşov.

² The semi-structured interviews were carried out in April 2024 with representatives of Romanian local authorities (Braşov, Bucharest - District 2, Cluj-Napoca) and support organisations (PONT Group, Urbanize Hub) involved in the design and implementation of community development programmes, focusing on investigating municipalities’ openness to alternative instruments for financing social innovation and identifying potential challenges and threats in implementing such instruments.

regarding a future civic crowdfunding programme, the interviews were aimed at identifying potential challenges in the implementation of such programme, as perceived by local public authorities. Moreover, the analysis of European promising practices provided a perspective into how a civic crowdfunding programme can become an instrument for local development and citizen engagement.

The paper also builds on secondary data from an extensive literature review, including while not being limited to scientific articles, reports from the European Commission, OECD and the European Crowdfunding Network, and reports on civic crowdfunding programmes developed and implemented by various municipalities across Europe. Last but not least, the study capitalizes on the results of previous analyses carried out by the two authors as part of two EU-funded projects: Consolid8 - Consolidating deep & inclusive social innovation ecosystems (funded under Horizon Europe) and Civic Crowdfunding (funded through the European Social Fund under the Operational Programme for Administrative Capacity).

Results and discussions

The insights collected during the focus group reflect the image of a local community that is still developing in terms of innovation capacity, where a (still) limited number of actors propose and implement new solutions to community problems (health and social services, new cultural products, new methods of informal education, etc.). These actors, predominantly non-governmental organisations, are already familiar with and benefit from existing support mechanisms initiated and managed by local municipalities (grant programmes and participative budgeting). None of the participants were familiar with the concepts of "crowdfunding" and "civic crowdfunding" prior to the workshop during which the focus group was organised, but the vast majority perceived such mechanism as both useful and relevant for social innovation and community projects.

Indeed, the data collected from participants showed that civic crowdfunding has the potential to compensate for many of the shortcomings of existing funding schemes (i.e. grant programmes managed by local public authorities):

Table 1. Potential advantages of civic crowdfunding as opposed to existing funding mechanisms

Shortcomings of existing mechanisms (grants and participative budgeting)	Potential solutions through civic crowdfunding
Low participation of both project owners and citizens – the analysis reflects the image of a local community still developing in terms of innovation capacity, where a (still) limited number of actors propose and implement small-scale projects with limited impact.	A civic crowdfunding mechanism using an established crowdfunding platform would attract widespread attention from both potential project owners as well as from citizens and communities.
Reduced capacity to propose and develop innovative projects – the number of projects that propose new solutions to community problems remains small, even in the case of cultural projects or projects targeting creative industries.	Civic crowdfunding would allow project owners/initiators to attract not only additional financing, but also expertise, voluntary work and feedback from citizens and communities, enhancing their capacity to develop innovative projects.
The financing needs of the organisations that propose and implement innovative projects are only partially satisfied by existing funding instruments - the calls for projects carried out by the Braşov City Hall do not allow project initiators to scale up innovative projects.	Civic crowdfunding would allow project owners/initiators to attract the funding needed to achieve real and lasting impact.

Shortcomings of existing mechanisms (grants and participative budgeting)	Potential solutions through civic crowdfunding
Low involvement of citizens in existing funding schemes and poor knowledge and awareness of alternative financing instruments for innovative projects.	Civic crowdfunding campaigns have the potential to raise awareness regarding alternative funding mechanisms and increase citizen engagement.
Limited scope of existing funding programmes: grants are awarded for projects with cultural, environmental and social focus, but there are no funding instruments available for larger-scale projects with transversal impact (e.g. targeting both cultural as well as environmental aspects).	A civic crowdfunding and matchfunding programme focusing on innovation or social innovation would allow the funding of more complex projects, which do not necessarily 'fit' in a single thematic area.

Source: Authors' own research.

Although representatives of civil society organisations remain skeptical that local public authorities would be open to such a funding mechanism (due to their limited administrative capacity), they are confident that such a mechanism would allow social innovators to attract the necessary financial resources to develop and scale new solutions to meet the community's needs, while also increasing citizen engagement.

However, the data collected from municipalities through the semi-structured interviews revealed a high degree of reluctance regarding the possibility of introducing a civic crowdfunding and/or matchfunding. All interviewees referred to the lack of a clear legal framework at national level. Administration staff is particularly wary of using civic crowdfunding and matchfunding in the absence of a clear framework regulating such instruments (whereas they find it easier to use grants since a legal framework is already in place). Moreover, existing regulations limit their ability to accept funds from the public and some are afraid that partnering with an existing crowdfunding platform will raise questions regarding the means and procedure through which the platform was selected.

Municipality representatives also highlighted the limited knowledge and expertise among local public administrations' staff; according to interviewees, at the time being, this lack of expertise would make it very difficult for existing personnel to develop and manage civic crowdfunding campaigns. Moreover, municipality departments are often understaffed, and existing employees are already struggling to implement grant programmes and participatory budgeting campaigns. The introduction of a civic crowdfunding programme would further add to the existing workload. Moreover, hiring new people is difficult due to current budget constraints.

The data collected through interviews points to the fact that although municipalities perceive civic crowdfunding as beneficial in terms of generating local development opportunities and engaging citizens and communities, they are hesitant to adopt it due to limited administrative capacity and concerns about potential risks (e.g. not being able to effectively implement the programme due to high workload, potential legal issues since no dedicated legislation is in place etc.). Their reluctance is further enhanced by the fact that no Romanian city has implemented civic crowdfunding programmes so far and that employees in the financial and legal departments are excessively risk-averse due to their previous experience with having to go through lengthy bureaucratic processes in order to justify public expenses. Last but not least, engaging citizens and civil society organizations is challenging to many municipalities, particularly if existing programmes (e.g. participatory budgeting) have not been successful in reaching out to local communities.

Conclusion

The study investigates the potential of civic crowdfunding as an alternative financing mechanism for social innovation in Romania, exploring the perceptions of both local authorities and civil society organisations. At the time being, existing grant programmes and participatory budgeting schemes managed by Romanian municipalities offer some support to social innovators and initiators of community projects; however, reports (e.g. Asociația Centrul pentru o Societate Durabilă, 2023; Damian and Ile, 2023, 2024) show that the impact of these programmes has been limited, public participation has been modest, and funded projects are rarely innovative. Thus, there is a well-documented need for innovative approaches to enhance citizen engagement and address existing needs at community level.

The literature review and mapping of promising practices in various European cities suggests that civic crowdfunding, particularly when complemented by matchfunding, may represent an alternative to current funding mechanisms. Civic crowdfunding allows citizens to directly contribute to projects that resonate with their community, fostering a sense of ownership and accountability. Furthermore, by leveraging financial resources from both private citizens as well as public budgets, it has the potential to support projects of greater scope and impact.

Data collected through qualitative research (focus group and interviews) reveals that civic crowdfunding is a new concept to both local public authorities as well as to social innovators. Still, both categories of stakeholders understand its potential benefits and see it as a potentially valuable instrument for stimulating citizen engagement and creating opportunities for innovatively addressing existing community needs.

However, local public authorities perceive the design and implementation of such a mechanism as significantly challenging. Firstly, a lack of clear national legal framework and the fact that no Romanian city has so far implemented such a mechanism creates uncertainty. Secondly, the limited capacity of local public administrations and lack of expertise of existing staff makes the implementation of civic crowdfunding difficult. Thirdly, the limited success of existing mechanisms (such as grant programmes and participatory budgeting) makes municipal staff wary of their ability to effectively implement civic crowdfunding campaigns and generate sustained citizen engagement.

In this context, future research could explore strategies to address specific challenges. The results of the current study suggest that a supportive legal framework - coupled with capacity building actions addressed to municipal staff - would significantly facilitate the adoption of civic crowdfunding mechanisms in Romania. The development and deployment of a pilot civic crowdfunding programme could also provide valuable insights into how to overcome these challenges.

The study presents several limitations. The reliance on qualitative data and the relatively small sample size makes the findings difficult to generalize. Future research should make use of larger and more representative samples, while also employing quantitative methodologies (e.g. surveys on representative populations). Also, the study focuses on the perspectives of actors in specific geographical contexts, particularly in large cities (Brașov, Bucharest and Cluj-Napoca); thus, findings may not apply to smaller-size municipalities or in communities with different socio-economic and political conditions.

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