

crowdfunding
culture

Goteo

Building stronger communities
through “crowdfunding”

IDEA 

CONSULT thinking ahead



Name of platform	Goteo
Geographical focus	Europe
Active since	2011
Crowdfunding model	Rewards
Type of crowdfunding	All or nothing
Platform website	https://www.goteo.org/

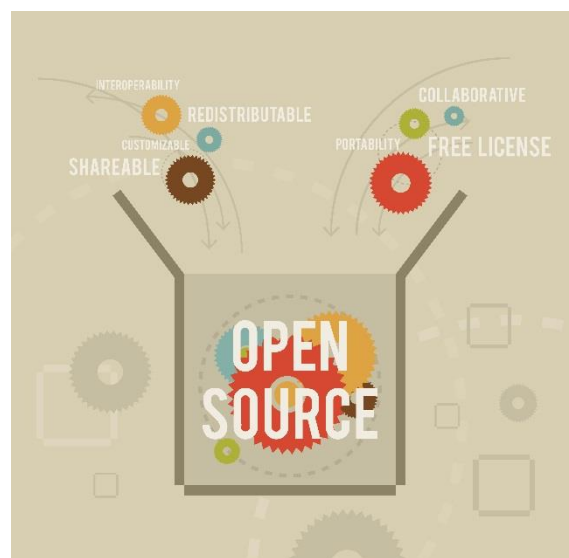
Executive summary

Goteo is a civic crowdfunding platform focused on citizen initiatives and social, cultural, technological and educational projects. The platform not only encourages collaborative actions among communities, but also its design and blue print operate under an open source model and are free to use. Consequently Goteo has replicas and alliances in several countries. Managed by a non-profit foundation (with consequent tax advantages for donors) Goteo's multidisciplinary team develops tools and services for co-creation and collective funding. Their work and projects are tightly linked to principles of transparency, progress and societal improvement. Moreover, they encourage the transfer of civil society's values to the institutional sphere, in order to enhance participative adoption of public policies as well as facilitate and encourage self-organization and citizen participation. They call this type of funding cloudfunding.

Goteo's cloudfunding programme allows different formulas for public and private institutions, as well as individuals willing to multiply and thus encourage co-responsible investment in projects that rely on the support of the civil society.

Goteo foundation has developed numerous matchfunding partnerships in the past four years. By tailoring their services to each institution, they allow universities, public authorities etc. to experiment with crowdfunding and to channel their financial support as they please to their target audience. Matchfunding partnerships are an important part of income for the platform. Moreover, they help raise awareness about crowdfunding and bring legitimacy to the platform. The platforms' focus on public engagement and open source makes it an attractive organisation for governments to partner with.

Goteo has established itself as the only open source platform for crowdfunding, with long lasting benefits for the donors and backers who support projects. It is well known in Europe and is present in Japan and Latin America.



About Goteo, the “cloudfunding” model

Goteo is a platform for civic crowdfunding and collaboration on citizen initiatives and social, cultural, technological and educational projects. Launched in 2011 in Spain, Goteo is a tool for generating resources ‘drop by drop’ for a community of communities consisting of over 65,000 people. The platform can be accessed in multiple languages, including French, Italian and Dutch and operates in multiple countries, inside as well as outside of Europe.

Goteo is the first Open Source platform in Europe: the outcome of all projects that raise money via Goteo have to be made publicly available under creative commons license. If the crowd pays, the crowd gets! In case the campaign is successful, project holders are requested to release their collective return. This allows people to freely use the campaigners’ work, be that photographs, music, books etc.. In practice, this means that all project on Goteo must have collective returns (i.e. products that have bigger benefits to the society, e.g. a music licensed under creative common license).

This does not mean that creatives should give their IP for free. But they must allow other people to use the crowdfunded product under the terms of the open license. Such requirements can often be challenging for creatives, especially due to lack of awareness on a business model that includes open licensing for creators.

The platform’s commons mission is tightly linked to principles of transparency, progress and societal improvement. Moreover, they encourage the transfer of civil society’s values to the institutional sphere, in order to enhance participative adoption of public policies as well as facilitate and encourage self-organization and citizen participation. They call this type of funding cloudfunding.



Goteo's crowdfunding programme allows different formulas for public and private institutions, as well as individuals willing to multiply and thus encourage co-responsible investment in projects that rely on the support of the civil society.

- The system relies on a “crowdfunding capital” administered transparently by the Goteo Foundation, which also gives participating entities specific tax advantages.
- By bringing non--traditional players like public administration to the open/commons field, Goteo aims to improve efficiency and fairness in public funding and resources, while creating policy standards to make possible hybrid formulas of collaboration and funding between public and private agents.
- Goteo encourages private and public organizations to invest in Common based initiatives by matching funds raised from the crowd. Goteo has exercised crowdfunding successfully with universities, local governments and local innovation agencies. All projects in Goteo share knowledge under free / open licenses.
- Aside from donating money, backers can offer other services in kind to creators, like translation services, communication etc.

Figures so far

A total of € 4,289,524 has been raised via Goteo since 2011, from 806 projects. Around 72% of projects are successfully funded via the “all or nothing model”. The high success rate is the result of carefully screening projects relevant for the platform. Only 806 out of 3,060 projects wanting to raise funds on Goteo, have been accepted. That accounts only for 26% of demand. Projects are excluded either because the platform does not find it suitable to host them, or because project holders do not want to abide by the collective return clause (they fear that they give up all the property rights and there is no business model as of today to fit perfectly open source models). In return for using the platform’s services, project owners have to pay 8% of total amounts raised to Goteo. The advice and counsel is for free for all projects, but no amounts are taken from campaigns that do not reach their goal.

Another reason why 72% of campaigns are successful has to do with the long period that the campaigns are online. Goteo offers project holders a two-phase campaign model (40x40), with each phase lasting for 40 days. If the target is not reached during the first 40 days, the project holder gets another chance to reinforce efforts in reaching the goal for another 40 days. The large majority of projects holders are first time campaigners and unfamiliar with crowdfunding. The 40x40 period can be used to test different strategies and identify the one that works best for the campaign.

Business model

Behind the platform there is a non-profit foundation (with consequent tax advantages for donors), as well as a multidisciplinary team of 10 employees developing tools and services for co-creation and collective funding.

Around the platform, Goteo organises workshops, on-demand training materials, matchfunding calls, events and conferences, etc. These activities together with the 8% of income from successful projects make up its business model. It is however unclear which of the activities generates the most turnover.

The open source aspect of Goteo, including its website, has helped them to build partnerships globally. Currently they are operating in Japan as well as in Latin America, where they organize knowledge transfer workshops and have established an agreement of understanding on open source license usage. In Europe however, Goteo mainly works with matchfunding calls, which come in the form of partnerships with public institutions. These partnerships can be in different areas, be that in culture, education, social entrepreneurship, or in all of these combined. Cultural projects are seen as the most popular by the platform.

Goteo adopts a very wide understanding of 'cultural' projects, beyond content production. Examples include a training school for theater (managed collectively), music festivals (maintaining already existing ones in general), civic innovation, 3dp printing (in the cultural sector), radios, alternative schools, translation topics, collective governance, etc. Projects must adopt a very democratic, bottom-up and participatory approach and when possible build their products with their communities.

Matchfunding with public institutions

Goteo works mainly with public institutions due to their mission to support initiatives that have bigger returns to society. Goteo has partnered with universities, regional governments and local administrations one of which, Innobasque, is funded by both public and private funds. To date Goteo has organised 9 matchfunding calls and is currently working with the city council of Barcelona on their 10th partnership.

Public institutions see crowdfunding as an innovative tool that brings transparency over the redistribution of public resources and in citizen engagement.

Goteo tailors partnerships according to institutional type, focus, as well as budget. The institutions have three limits in matchfunding:

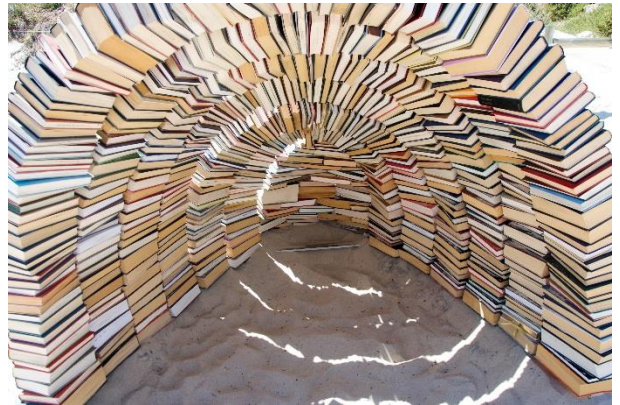
- They have to match the funding coming from the crowd;
- They can set up a ceiling on amount to be matched;
- They can set up a ceiling on the number of projects they would like to work with.

The partnerships are linked only through the call for project and they are not institutional or long-term. It is interesting to note the collaboration between Goteo with Universidad International de Andalucia, where until now 4 matchfunding activities have been launched in the area of education and open knowledge, social innovation, cultural heritage and digitalization as well as in the field of children's welfare.

When it comes to cultural projects specifically, Goteo has led 3 partnerships on matchfunding with public institutions. Apart from working on legislation to incentivize giving to the arts, public institutions are also exploring innovative methods such as matchfunding with crowdfunding platforms in order to:

- Finance culture and CCS project in an alternative way.
- Create a culture where citizens are active participant in cultural creation.

- Democratise culture as citizens can chose where the public funding goes.
- Decrease a culture of dependency on public funding



Matchfunding with private institutions

Partnerships with private institutions are still at a very early stage of development. Although Goteo has previously worked with the bank La Caixa, matchfunding with private organisations has proven challenging because they have to abide to strict Corporate Social Responsibility requirements.

The opportunities of collaborating with private organisations are not as clear as with the public sector.

Goteo is looking into business models that are designed to attract socially responsible businesses to private matchfunding. But this is very much still a work in progress.

Partnership model

As an illustration of Goteo's partnerships with public institutions, we will describe the relationship between Goteo and the Provincial Council of Gipuzkoa, who in 2016 made € 70,000 available to projects supported by the crowd.

An open call was launched for cultural projects focused on local cultural content in the district of Gipuzkoa. Projects could choose either for the donation or reward crowdfunding model and receive up to a maximum of € 3,500 from the County Council, which matched every euro donated by the citizens in real time.

After an open application process, 20 projects were selected to take part in this matchfunding exercise and all of them have been successful in reaching their goal, raising € 151,000 in total.

Matchfunding setup and timeline

The negotiations between the platform and public institutions are lengthy mainly due to administrative silos that public authorities face.

Moreover, the calls are tailored per organisation in order to welcome specific institutional needs, focus and budgets. In the case of the Provincial Council of Gipuzkoa, the focus was on projects focusing on local culture.

Public authorities are not often aware of crowdfunding or of matchfunding opportunities. Negotiations with public authorities can take up to 3 years. The platform does most of the expansion strategy of reaching out to different local, regional and national officers. This requires a lot of time and investment from the platform.

Goteo approached the Provincial Council of Gipuzkoa and after lengthy talks they started their first cooperation contract with a platform. While the Council prepares the public budget for crowdfunded campaigns, the platform handles all the technicalities behind the campaigns, including training and campaign advice. As an outcome from the partnership, creatives and cultural organisations are better trained on how to use crowdfunding while the state uses new tools to incentivize the development of cultural project. Once the partnership is set, the calls cover approximately one year period.

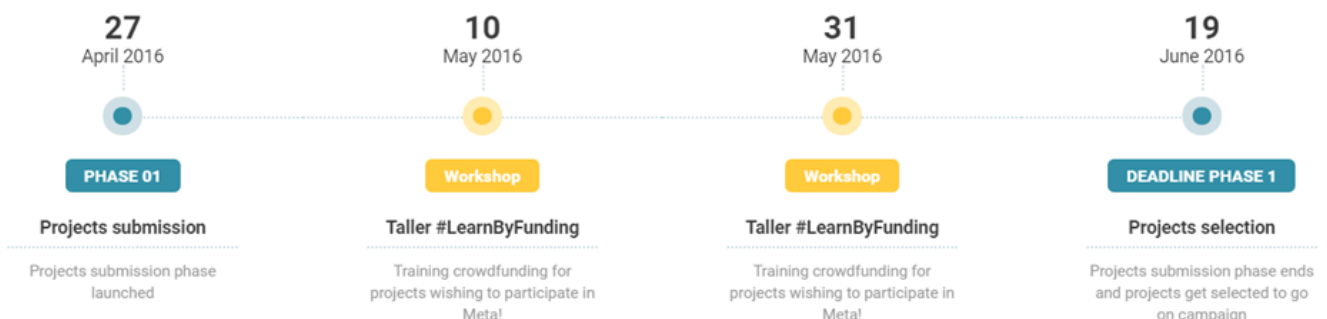
First, an open call is made where project holders can submit their proposals. The platform then performs two rounds of training for project holders in order to ensure understanding of what crowdfunding is, what the specific requirements of the partnership are, and what they need to do in order to reach their goal.

After the training, only projects that reflect the platform's open source clause as well as the requirements of the matchfunding partner are selected and launched online. All campaigns are launched simultaneously to allow fair competition among project owners.

The matching of funds starts as soon as the campaigns are launched (real-time matchfunding). However, if the project proves not to be popular and does not reach the target despite public backing, the amounts donated go back to the donors at the end of the campaign period. This is however rarely the case, as most projects selected under the matchfunding partnership are successful in reaching their goal.

The matchfunding partnership comes to an end when the selected projects go through the 40x40 days online campaign. No new projects can be added to the platforms, even if public money is still available.

Chances are that the partnership between the Council of Gipuzkoa and Goteo will be renewed in 2017. The Council is also open to collaborate with other platforms. However, involving public authorities for a longer time remains a challenge. The involvement seems to be dependent on budget availability, willingness to incorporate crowdfunding as well as lack of awareness on how to get started. Moreover, should an administration change with a new government, then the lengthy process of negotiating a partnership has to start all over again.



Costs

Setting up partnerships is a long process that comes with its own costs. Goteo takes a one-off fee from the partnership, as well as a percentage from every successful campaign selected by the partnership. In the partnership with the Council of Gipuzkoa, Goteo receives – on top of the one-off fee - 4% of raised amounts from each successful campaign. This is not the case for campaigns that are not selected under a matchfunding scheme, in which case Goteo charges 8% of amounts raised.

No public data is available on how much of Goteo's turnover comes from matchfunding, but the high number of partnerships shows that matchfunding is one of the main activities of Goteo.

The matchfunding model is successful. However, further improvement is needed for it to become a stable source of income for the platform.



Impact of Goteo's matchfunding model

Goteo has launched 9 matchfunding partnerships between 2013 and 2016, where partners of the platform have matched a total value of € 166k to the amounts raised by the crowd. In total 183 project has raised funds via the matchfunding schemes.

Impact on matchfunding partners

Public administration today is often associated with old tools and techniques. By using crowdfunding the Council shows it is adapting to new innovative techniques. Citizens appreciate innovative governments who reach out to them, which can be crucial during election time.

Citizen participation through new technologies is of main interest for governments in the 21st century. Crowdfunding is one of such tools, encouraging and enhancing citizen engagement and participation while channeling public money in new ways. In this way crowdfunding is bringing a new relationship between administration and citizens.

The use of crowdfunding in one part of the Council has also created spillover effects to other parts.

It has encouraged other departments to look into the use of crowdfunding for development as well.

It is remarked that public administrations that want to include crowdfunding in their policy 'toolbox', often lack the capacity or training to deal or work with crowdfunding. Governments have to choose between short-term strategy - partnering with a private provider - or a long-term one - the public officers should be trained in civic crowdfunding.

When selecting the right platform for matchfunding, policy officers should ensure that the platform has the know-how about the process (technicalities, communicating, training the actors) so it can train project holders about campaign management and communication.

Goteo's focus on public engagement and open source makes it an attractive organisation especially for governments to partner with. It appears that this focus is less appealing for private organisations, whose corporate social responsibility is less straight forward to channel via open source crowdfunding. This makes the development of matchfunding schemes with private organizations more challenging for Goteo.

Impact on the uptake of crowdfunding

Partnerships with public authorities bring a lot of visibility to and trust in crowdfunding as a tool to fund culture. A public backing also increases confidence for backers and creators to use the tool.

Campaigns selected under the government-platform partnership mostly have a community-focused purpose. By backing community centered projects, citizens feel like they also play a role in bettering their communities. Impact on the project holders.

To illustrate the impact of running a crowdfunding campaign on Goteo, we describe the experience of Association of Historians Guipuzcoanos, a non-profit association that since 2011 coordinates different projects of diffusion of the History of Gipuzkoa.

The Association, made up by a team of six historians, was looking into funding to publish a book about the History of Gipuzkoa. The book would capture under one volume the whole history of the territory of Gipuzkoan, from prehistory time to the present. This regional historic approach had never been done before.

The goal of the association was not to raise funds to sell the book, but to make people aware of the rich history of the Gipuzkoa region.

Initially they went to the public administration to ask for funding. The government however had no grant available for this type of projects and recommended funding the project via crowdfunding. The Council of Gipuzkoa had set up “Meta Cultura”, a matchfunding partnership with crowdfunding platform Goteo. Via this partnership, public authorities could match the funding from the crowd up to € 3,500.

The team of historians was skeptical about crowdfunding, due to a lack of awareness about the tool. However, faced with no other financial option, they decided to give it a go. The aim of their project -making local people aware of their history - also fitted well with crowdfunding through which they could reach out to the local community who cares about the subject.

The effect of matchfunding on this project was beyond expectations. The project was overfunded, raising a total of € 9,066 by 131 backers (€ 3,500 from public authorities; € 5,566 from the crowd).

Impact on project owners

In the example of Association of Historians Guipuzcoanos, the project owner would have never used crowdfunding without the matchfunding partnership. Goteo's training provided new skills, such as on social media use as well as on timelines, strategy and community building. Moreover, a well thought through project creates credibility in the campaign and in the backers.

Due to budget cuts, public authorities can no longer play the only role in funding culture. Matchfunding is a good way to replace the lack of funding from institutions and break the culture of dependency on public funding.

Moreover, creatives often see their projects as disassociated from the common people, and think that institutional funding is the only possible way to bring projects to light. Crowdfunding provides a viable alternative for creatives, where involving common people is more important.

Apart from the matched funding (with a maximum limit of € 3,500) institutional backing, acting as a stamps of approval, provides legitimacy to the projects. This in turn provides trust for backers who support the project.

Government support also shows that your project is not just about self-interest.

By training project holders on campaign management and budget, communication, community building etc, Goteo plays an important role in empowering creatives and in decreasing their dependency on public money for projects. However, dependency on only one type of platform to allocate public funds can also be seen as a type of barrier. There is a need to incentivize other platform to participate in such schemes.

Impact on the backers

Despite the lack of data on the impact of matchfunding on backers, it can be said that by participating in a cultural project via crowdfunding, and by following the creation of cultural content through the campaign updates, citizens become more aware about the need of culture.

Matchfunding encourages new forms of dialogue between public authorities and citizens by creating a platform where the two parties can easily interact and co-create.

This case study is part of the EU funded project Crowdfunding4Culture.



Project partners:



EUROPEAN
CROWDFUNDING
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Values of
Culture &
Creativity
BY JOOST HEINSIUS

ECORYS



inforelais

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