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**Standing out in the crowd: creating a successful crowdfunding campaign**

*Written by Prepared for On behalf of*  
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Amsterdam, 1st of March 2013

**Standing out in the crowd*: creating a successful crowdfunding campaign***



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Graduation Assignment written for Aflatoun, February 2013

Preface

The report which you are reading now is the result of research done on the potential of crowdfunding to the work of Aflatoun, an international non-profit organisation. With this thesis I will complete my bachelor on International Business and Management Studies and the specialisation on Entrepreneurship for Developing Areas.

The internship, which accompanied the writing of this thesis, has been an interesting learning experience which has introduced me to the fields of fundraising and marketing. I am grateful to have been able to widen my knowledge in the non-profit sector and study this interesting trend which crowdfunding is.

I would like to thank everyone within Aflatoun for the great time I had working with you. In particular I would like to thank Ms. M. Tiro, my supervisor, for her support and feedback in writing the assignment. Furthermore, I would like to thank the Aflatoun partners in Moldova, Uganda, Philippines and Cambodia who I have been able to interview for the research as well as the experts working for Sosense.org and GlobalGiving.org who have shared their knowledge with me. Last but not least I would like to thank Mr. L. de Bell for his support and critical feedback as well as confidence in a good end result.

Sabine de Graaf  
 Amsterdam, March 2013

“It is important to create value in order to capture value” *- Kotler and Armstrong (2008)*

# Executive summary

AflatounAflatoun is an international non-profit organisation delivering social and financial education to children globally. It currently operates in 94 countries, reaching 1,3 million children. The Aflatoun educational curriculum is delivered through local partner organisations, on a social franchise basis. Each partner organisation is responsible for their own fundraising, however, the Aflatoun Secretariat does provide support by researching opportunities for funding.

Research motivationThe reason for writing this report is based on the changing global context in which NGOs operate. Governments are withdrawing from development assistance and are pushing NGOs to collaborate and find different sources of funding. Together with technological developments such as the increasingly popular use of social media, a new fundraising model has been developed called crowdfunding. Crowdfunding is a model to raise small amounts of money from a large group of people through the internet and social media. The research aims to clarify the potential of crowdfunding to support the work of Aflatoun and therefore the main question to be answered is: **In what way can crowdfunding be used to raise funds by partner organisations of Aflatoun?**

In order to understand crowdfunding, Aflatoun partners who have used crowdfunding were interviewed, as well as experts working at crowdfunding platforms. Also randomly selected projects from other organisations were analysed to understand factors that influence crowdfunding success.

CrowdfundingCrowdfunding literally means using the power of ‘the crowd’ to raise funds for a new idea or project. The idea is simple. A project creator, whether an artist, entrepreneur, or charity, puts up a project on a so-called crowdfunding platform, thereby asking the crowd to support the idea by donating or investing money, in return individuals receive a reward, tangible or intangible. There are four different types of crowdfunding, each new project or idea fits best with one of these: equity-based crowdfunding (for start-up companies), donation-based crowdfunding (for NGOs), lending-based crowdfunding (for entrepreneurs) and reward-based crowdfunding (for a wide group, including artists and start-ups). As of April 2012, there are 452 crowdfunding platforms active worldwide, which provide a link between project creators looking for funding and individuals interested in giving or investing money in new ventures.

Aflatoun and crowdfundingCrowdfunding has, as any business model, its pros and cons. The main advantage is that it provides an additional source of funding to an organisation which is important because funds are often a constraint to any new idea or project. Furthermore it recognises individuals as a source of funding, makes use of the internet and social media and supports in building a network and raising awareness. It is a model which suits Aflatoun because it provides funding, which is important to the continuation of the Aflatoun programme. Furthermore Aflatoun operates through a global network of organisations, raising awareness about the importance of social and financial education for children. Besides Aflatoun Secretariat, Aflatoun partners are also building their network through the use of social media such as Twitter and Facebook. One of the disadvantages of crowdfunding is that it is time consuming. In order to attract individuals to donate and keep them interested in the organisation, regular updates, reports and photos as well as sharing among social media is required. One way to overcome this disadvantage is to use volunteers and interns.

## Five factors influencing success

The main findings of the report can be summarised in five factors which are important to making a crowdfunding campaign successful, of which the first one is most important. These are:  
**1. Individuals**: Aflatoun partners need to understand who is going to support their crowdfunding campaign. Individuals have many motives for given money to charity such as the recognition they get for giving money or the feeling of ‘I did something good’. Crowdfunding should therefore be viewed as an exchange in which there is a benefit for both the organisation (money) and the individual (good feeling of being involved). This can be achieved by sending a personalised thank you note, as well as posting regular updates, photos and a report at the end of the campaign to tell what has been achieved with the support of the individuals who donated money.  
**2. Platform**: Once an organisation knows who will be interested in supporting the campaign, it needs to know where to find the individuals. The choice of platform is therefore important. It is too costly and time consuming for the Aflatoun Secretariat to develop their own crowdfunding platform, therefore Aflatoun partners have to choose an existing platform. Each platform has different features and so the usefulness to different organisations depends on what features work best. One aspect to consider as well is the geographical reach of platforms, some are internationally oriented others more regional or local. It therefore depends whether the organisation is aiming to reach the international English speaking community, or rather the local community, where a regional platform works better because of use of local language and payment systems. The choice depends on where the organisation wants to raise awareness.  
**3.Campaign**: The crowdfunding campaign is the means through which the message is delivered on who the organisation is and what it aims to achieve. This is done through the use of a short, clear text about the organisation and the programme, a visual representation through video and photo, and talking about the impact of the programme. The webpage and the message have to appeal to people’s emotions in order to persuade them to support by donating money.  
**4.Amount**: One part of the campaign is to set a realistic amount of money the organisation aims to raise from individuals. Therefore, Aflatoun partners have to understand the cost of the Aflatoun programme per child, so when the project aims to reach 500 children there is a cost related to this number of children. According to the Crowdfunding Industry Report, setting an amount around $5000 is considered to be most successful. Crowdfunding should be viewed as an additional source of funding for a specific project and not as an easy way to get a great sum of money.  
**5.Organisation**: As has been mentioned before, crowdfunding provides a way to build a network through the internet and social media. It is an important part of making crowdfunding successful to promote the campaign on social media and through the network of the organisation. It is a constant process. Before, during and after the campaign the organisation should actively target individuals, post updates and send thank you notes to people who have donated money. After the campaign has finished, a report can be send to these individuals about the impact of the project.

Conclusion  
It can be concluded that crowdfunding is a useful tool for Aflatoun partners in acquiring additional funding. In order to be successful the above mentioned five factors are important to consider, as well as the use of volunteers to execute the plan. Aflatoun Secretariat could, as way of support, promote crowdfunding campaigns of partners on the Aflatoun website and social media. In return, partners will use the Aflatoun brand on their crowdfunding campaign, which supports the Aflatoun Secretariat in building brand recognition.

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# Glossary of terms

CFP Crowdfunding Platform

SFE Social and Financial Education

BRICS Brazil Russia India China South Africa

ODA Official Development Assistance

GDP Gross Domestic Product

NGO Non Government Organisation

OECD Organisation for Economic Cooperation and Development

UNICEF United Nations International Children and Education Fund

USP Unique Selling Point

# Introduction

Crowdfunding, a model to raise small amounts of money from a large group of people through the internet and social media, is an increasingly popular topic today. In many different industries crowdfunding is used to collect funds from the public, also in the NGO sector. Funding is often a constraint to the execution of a good idea or project, and crowdfunding provides a new way of raising the necessary funds.

This report is the final product of the research about crowdfunding written for Aflatoun. It explores not only the relevance of crowdfunding to Aflatoun partner organisations as well as the steps to be taken to use crowdfunding as a successful tool, but also which crowdfunding platform best to use, and what indicators determine a successful campaign. The report can be used as a tool for Aflatoun partners who are looking for new ways of funding their work.

The literature about crowdfunding is huge in volume, it explains crowdfunding for many different ventures, describes the different crowdfunding platforms that exist and gives opinions on what the general steps to take are to get the required funding. The aim of this report is to combine existing knowledge about crowdfunding with experiences from Aflatoun partners who have used crowdfunding to analyse the potential of crowdfunding to support the work of Aflatoun.

Crowdfunding is a close collaboration between individuals and organisations. It is a model with a short distance between individuals and organisations and a wide, often global, reach. The style of this report has therefore been adjusted to fit the model of crowdfunding by using landscape instead of portrait style.

The first part of the report will first introduce Aflatoun, then describe the methodology of the research and finally explain the concept of crowdfunding linked to the motivation for individual giving and the wider global context in which crowdfunding came to exist. The second part will describe and analyse the results of the research and conclude with recommendations regarding the potential of crowdfunding within the Aflatoun network.

# Chapter 1: Aflatoun

## 1.1 Introduction

Originating in India and founded by social entrepreneur Jeroo Billimoria, Aflatoun was set up in 2005. Aflatoun is an international non-profit organisation, based in Amsterdam, delivering Social and Financial Education (SFE) to children around the world. The SFE programme ‘aims to change children’s lives by socially and economically empowering them to become agents of change and to equip them with the knowledge, skills and behaviours to break cycles of poverty.’[[1]](#footnote-1) The Aflatoun programme uses child-centred methodologies that put children at the centre of the learning process .The educational programme teaches children social education, which includes raising the child’s self-awareness and confidence, and making them aware of child rights and responsibilities, and financial education, which includes developing savings, budgeting and planning skills as well as setting up small income generating projects. The Aflatoun programme is based on five educational themes that form the core of the programme:  
 1. Personal Exploration and Understanding

2. Rights and Responsibilities  
 3. Saving and Spending  
 4. Planning and Budgeting  
 5. Social and Financial Enterprise

The programme consists of specially designed educational materials; the Aflatoun materials are designed for children aged 6-14 and the Aflateen materials for young people aged 15-18.

## 1.2 Network

The Aflatoun programme is delivered through a network of NGOs, corporations and governments working together to deliver SFE. The key players in the network are the Aflatoun partners, ranging from local community organisations to large international ones like Plan International and UNICEF, who deliver the programme to the children. The Aflatoun partners translate and contextualise the Aflatoun programme to ensure that it is relevant for the children in their countries. The network is coordinated from the Secretariat, in Amsterdam, where the team supports and promotes the partner organisations at a local and global level. Support to partners includes training, advocacy, research and support with fundraising through researching funding opportunities, and support in writing proposals. Furthermore, the Secretariat develops and reviews the Aflatoun curriculum, provides regional and international learning opportunities (such as meetings and trainings), and technical assistance, but it does not implement the Aflatoun programme itself. The Aflatoun network currently operates in 94 countries, reaching 1,351,750 children. The Aflatoun network operates on a social franchise model which means the Aflatoun brand and materials are provided to partners for free, in return partner input and children’s participation is asked. Thus the partnership is on the basis of a reciprocal commitment.[[2]](#footnote-2)

1.3 Strategy 2011-2015  
The strategy of Aflatoun for 2011-2015 is to reach 10 million children in 120 countries. The number is based on partner organisations’ expectations on how many children they potentially could reach by 2015, and on child population per country. Strategic objectives are structured along three pillars:2

  
   
Concept

Programme

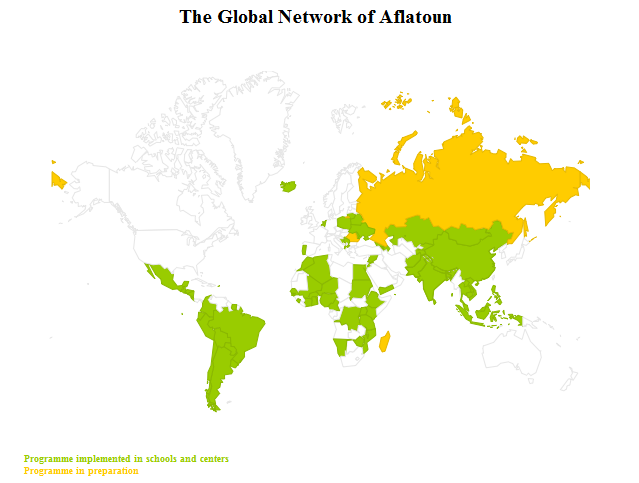
Network

Source: Aflatoun strategy 2011-2015

One of the intended outcomes of the concept pillar is to integrate Aflatoun’s SFE programme in local, regional and national curricula in countries where Aflatoun partners are active. In order to achieve this Aflatoun aims to expand its global reach and thereby increase its advocacy power to put SFE for children on the political agenda. As part of the network pillar Aflatoun aims to deliver a quality education programme. To ensure quality, organisations interested in delivering the SFE programme go through a one-year partnership process, followed by learning and facilitation visits. Furthermore, the Secretariat conducts trainings to teachers and facilitators to deliver child-centred curricula which are also an important part of ensuring quality.

1.4 Fundraising strategy  
The Aflatoun Secretariat depends on external funds. Aflatoun is fully funded by funders such as Nationale Postcode Loterij, Auridis Foundation and MasterCard Foundation until 2015. Part of the fundraising strategy is to support Aflatoun partners by looking for funding opportunities and building fundraising capacity at local level but not by raising funds on behalf of local partners. The reason for this is:

* A strong belief not to be top down – or patriarchal.
* A conviction that partners choose the programme because they really believe in it
* A wish to be sustainable by keeping a small lean secretariat providing technical assistance, and not funding.
* A belief that partners should be on an equal level
* Aspiration for scale – if dependent on money from the Secretariat partners would not have reached as many children because they would be waiting for more funds. Now they are more creative in raising funding, and able to reach more children.

This structure ensures that partner organisations are enthusiastic about the Aflatoun programme because they support the objectives of the programme and not because they receive a big sum of money to implement it.

# Chapter 2: Research and methodology

## 2.1 Research motivation

The global context in which NGOs operate is changing and brings challenges as well as opportunities. The global economic crisis is mostly present in the USA and Europe while those countries commonly referred to as BRICS show economic growth and an increasing cooperation among the Global South. The changing economic climate and the subsequent withdrawal from international development assistance by governments places a constraint on government funding for NGOs. Many governments are cutting the Official Development Assistance (ODA) budget pushing NGOs to get funding from different sources. With the growth of online businesses and increasing popularity of social media, one such innovative way of funding is crowdfunding. It recognises individuals as main source of funding and reaches out to them through specially designed platforms which connect individuals to all sorts of different projects.

In the light of this changing context and the growth of crowdfunding, this report aims to identify the potential of crowdfunding to support the work of Aflatoun. For Aflatoun it is interesting to explore the idea of crowdfunding because Aflatoun is an innovative NGO with a global presence and a lot of knowledge of the local markets in which it works. This is an advantage in crowdfunding because it is important to understand the people who might support the crowdfunding campaign. Similarly, crowdfunding connects individuals interested in supporting a social cause on the basis of trust which links to the social franchise model of Aflatoun. Within the wide network of Aflatoun, partners have shown interest in using crowdfunding to support their work. An analysis of the possibilities of crowdfunding could provide partner organisations with the tools to use crowdfunding to fund their work.

2.2 Research question  
The research of this report aims to clarify the potential of crowdfunding to support the work of Aflatoun and therefore the main question to be answered is:

**In what way can crowdfunding be used to raise funds by partner organisations of Aflatoun?**

## 2.3 Sub-questions

In order to get to an informed decision with regard to the research question, the following sub-questions form the basis of the research.

* Why is crowdfunding relevant?
* What is the motivation for individual giving?
* How do Aflatoun and crowdfunding relate?
* In what way is crowdfunding used by Aflatoun partners?
* What crowdfunding platform fits best with the work of Aflatoun?
* What can be learned from the field?

-what are success stories and why are they a success?  
 -what are the failure stories and why did they fail?  
 -what are the key success indicators of crowdfunding?

2.4 About the research  
This section describes the methods used to conduct the research. The report is based on three kinds of sources; literature , knowledge from experts and Aflatoun partners[[3]](#footnote-3), and existing crowdfunding campaigns from other organisations. For the desk research I have used articles, online blog posts and online crowdfunding platforms. Also, I was able to use the Crowdfunding Industry Report which was published for the first time in 2012. I have read different studies on crowdfunding and individual giving and many articles and blog posts to gain insight into how others have experienced crowdfunding. To structure my research and findings I have used several models. To understand the NGO sector a PESTEL (political, economical, social, technological, environmental and legal) analysis was used.*[[4]](#footnote-4)* It provides a good structure for external analysis and for highlighting the most important factors of influence within the NGO sector. Furthermore, I have used the marketing mix by Kotler to explain the link between crowdfunding and marketing.*[[5]](#footnote-5)* Factors influencing crowdfunding success were closely linked to the marketing mix, thus it has been used as the basis to explain how crowdfunding can best be approached.

The best place to start in order to understand how crowdfunding can work for Aflatoun was to interview partner organisations who have used crowdfunding to support their work. The interviews provide an insight into how partners experienced crowdfunding and what lessons were learned. This could then be used to make an analysis of factors which influence crowdfunding success. The Aflatoun partners who make use of crowdfunding are:

***Indigo Center***, Moldova -*Interview with Ana Rodrigues, programme manager Europe at Aflatoun, 10-1-2013, by email*  
***The Private Education Development Network***, Uganda -*Interview with Andrew Magunda, Director Programs,Monitoring and Evaluation, 21-1-2013, by phone*  
***Sao Sary Foundation***, Cambodia -*Interview with Vichetr Uon, founder and executive Director of Sao Sary Foundation 17-1-2013 by email*

***National Confederation of Cooperatives***, Philippines -*Interview with Lasalette M. Gumban, youth program officer at NATCCO, 18-1-2013, by email*  
  
The analysis of their projects and the personal feedback on what lessons were learned from the experience were then compared to randomly selected projects on Globalgiving.org in order to find out more about these influencing factors. Globalgiving.org was selected on the basis of the English language, the option for advanced search, and because it is a crowdfunding platform just for NGOs. Then I interviewed two experts who work at different crowdfunding platforms which gave more insight into how crowdfunding works and why it is so popular. The experts who have shared their knowledge on crowdfunding are:

***Alexis Nadin***, Senior Program Associate at GlobalGiving.org -*Interview by telephone on 23-1- 2013, DC time 16.00*. Alexis Nadin is considered an expert because she is a consultant at Globalgiving.org who advises and supports organisations who use crowdfunding through GlobalGiving.org. She has worked there for 2,5 years and so has a good knowledge on what crowdfunding is and how organisations should go about using it in their work.

***Naoko Felder-Kuzu***, Founder of Sosense.org -*Interview by email on 21-1- 2013*. Naoko Felder-Kuzu has fouded the crowdfunding platform Sosense.org which also shows a great level of knowledge of the crowdfunding industry and experience with what an organisation should do to use crowdfunding as a successful tool.

2.5 Limitations   
Some of the limitations I have experienced include the communication with partners. One partner did not understand the term ‘crowdfunding’ possibly due to the fact that the model of crowdfunding was called something different in the local language. Another limitation is the fact that I have not been able to make any visits or do any field research. Also, due to time limitations, I have not been able to look into more than four randomly selected projects on Globalgiving.org, and have not been able to interview these organisations on their experiences with using crowdfunding to support their work.

# Chapter 3: Literature review

|  |  |
| --- | --- |
| **Political** | **Economic** |
| * government withdrawing from development assistance * foreign policy increasingly focused on Development, Defence and Diplomacy * privatisation * south-south cooperation | * economic crisis Europe, USA * BRICS economic growth * budget cuts ODA * individuals as largest group of donors * increased mergers/acquisitions/alliances among non-profits to work together |
| **Social** | **Technological** |
| * ageing populations * increased awareness of social causes among individuals * changing donor motivation: increased desire to be involved, reputation | * increasing popularity of social media * internet more widely accessible * shift to online marketing: email and website * use of open source data * innovative payment models (PayPal,   M-pesa) |
| **Environmental** | **Legal** |
| * economic growth and mass consumption strain the earth’s resources * increasing awareness of the damage on environment | * increased accountability for NGOs * tax break, making donations tax deductable |

## 3.1 Macro-environment

The NGO sector, which comprises of organisations primarily focused on promoting social interests that benefit the community without striving to make profit, is active in many different disciplines such as arts, culture, humanities, education, environment and health. The funds are acquired through donations from different sources which include bilateral and multilateral organisations, governments, corporations, foundations and individuals.

In order to understand the current state of the NGO sector and the reason for the growth of crowdfunding, a PESTEL analysis has been used to analyse political, economic, social, technological, environmental and legal factors.[[6]](#footnote-6)

Figure 1: PESTEL Non-Profit sector

From the analysis (figure 1) some interesting developments can be deducted. The economic crisis is causing problems in economies that were previously stated as the example on which the Global South could model themselves. The EU and the US economies are in a recession and are re-evaluating many aspects of governance. One industry which has been re-examined closely is international development. Many governments are withdrawing from development assistance by reducing the government budget for international development and by targeting their aid more specifically on countries and sectors. The Netherlands is a good example of this. As of 2012, the Netherlands is spending 0,7% of GDP (instead of 0.8%) a year on ODA, which amounted to €4,3 billion in 2012.[[7]](#footnote-7) In addition, Dutch development assistance has become much more targeted to four themes: security and the legal order, water, food security and Sexual Reproductive Health and Rights, focusing on 15 countries instead of 33 as before.[[8]](#footnote-8) Furthermore, international development is increasingly linked with security and foreign trade, of which the new minister of Foreign Trade and International Development in the Netherlands is a good example. Besides, the Dutch government is reducing the amount spend on NGOs in the Netherlands, to stimulate cooperation among NGOs and increase the effectiveness of aid.

On the other hand, growth in economies of the so-called BRICS countries has been steady, only slightly influenced by the western economic crisis. It has stimulated the south-south cooperation in which countries which were formerly big recipients of aid, such as China, are now supporting developments in countries in the South. For example, China invests a lot in Africa, attracted by the rich natural resources on the continent.

As a result NGOs are increasingly looking for cooperation to be strong against loss of funds from governments. There is a realisation that collaboration on areas of expertise can result in more effective aid. The technological development of open source data could effectively support the collaboration, when NGOs are increasingly transparent about their operations. Another technological development which is benefitting NGOs is the increasing popularity of social media such as Facebook and Twitter which increases connectivity between different people and different parts of the world. Facebook reached over 1 billion active monthly users in 2012[[9]](#footnote-9) thus being the largest social networking site, compared to 200 million active users on Twitter.[[10]](#footnote-10) Furthermore, the internet has become more widely accessible, growing from 569 million users in 2002 to 2.4 billion users in 2012.[[11]](#footnote-11)

Tools such as PayPal make it easier to donate money online, in a safe way. In Africa mobile technologies have led to the majority of people now using mobile devices to pay money, such as M-Pesa in Kenya and Tanzania. NGOs are also shifting to online marketing to raise awareness for their causes and to raise funds online. The increased ease with which NGOs can profile themselves online, has possibly helped to increase the awareness of social causes among individuals. According to The Fundraising Authority, 70% of charitable contributions are made by individuals.[[12]](#footnote-12) Grant Thornton Industry Trends states that individuals donate more with age[[13]](#footnote-13), therefore an ageing population is positive with regards to raising funds from individuals. However, individuals are increasingly changing their perception of donations. Rather than being seen as just a person with money, donors have an increasing desire to be involved and to be recognised for what they do.12 Furthermore, individual donors are demanding more and more accountability and transparency that their money is spent well, giving NGOs increased responsibility to be transparent and accountable.

The above described factors have prompted NGOs to explore new ways of operation. One such trend is crowdfunding, which identifies individuals as the major group of donors and makes use of technological innovation and increased social awareness, to raise necessary funding.

## 3.2 Crowdfunding

Crowdfunding is “the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.”[[14]](#footnote-14) Crowdfunding is not a new idea; start ups, campaigners and artists have used it before. The idea of combining knowledge or wealth to produce something has been used for years. Some examples include the online encyclopaedia Wikipedia, set up in 2001, which is a collaboration of people sharing knowledge. In 2005, Kiva.org was founded which aimed to connect small entrepreneurs to investors online.[[15]](#footnote-15) Furthermore President Obama raised $750 million from the crowd in 2008 to finance part of his election campaign.[[16]](#footnote-16) But only with the founding of Kickstarter.com in 2009 did the masses start talking about and using crowdfunding. Crowdfunding literally means using the power of ‘the crowd’ to raise funds for a new idea or project and gives the creator the chance to show the work to the wider public. The idea is simple. A project creator, whether an artist, entrepreneur, or charity, puts up a project on a so-called crowdfunding platform, thereby asking the crowd to support the idea by donating money. In return the individual receives a reward, tangible or intangible. It effectively cuts out a middleman and connects investors directly with creators. Some platforms use a due diligence procedure before projects can be posted online, while others allow anyone access to use their platform. GlobalGiving.org places a challenge to any newcomer, raising $5000 from 40 unique donors, before it is being allowed to post a project. The power of crowdfunding is that it happens ‘real-time’.[[17]](#footnote-17) The campaigns progress can be tracked by any individual active on a crowdfunding platform, plus individuals can find organisations and their projects from across the world and support them by donating. In this way crowdfunding can be used to both raise awareness and to fundraise.

### 3.2.1 Crowdsourcing

Another term increasingly used nowadays is crowdsourcing: “the process of connecting with large groups of people via the internet who are tapped for their knowledge, expertise, time or resources.”[[18]](#footnote-18) Thus crowdfunding is about asking people for money whereas crowdsourcing is about getting knowledge and expertise from people. Neither crowdfunding nor crowdsourcing are completely new ideas, however ,through the internet it is easy to be connected and reach out to all parts of the world.

### 3.2.2.Different types of crowdfunding

As mentioned before crowdfunding can support new ideas and depending on the type of creator of this idea there are commonly four different types of crowdfunding to choose from:

1. **Equity-based crowdfunding**: in which project funders receive a stake in the company. (for example Seeds.nl, where investments are rewarded with a financial reward in the enterprise)  
2. **Donation-based crowdfunding**: the contributions go towards a charitable cause.  
 (for example Globalgiving.org, a crowdfunding platform for charities, where the return for the project funder is purely a social reward)

Crowdfunding campaign on GlobalGiving.org

3. **Lending-based crowdfunding**: project funders are repaid for their investment over a period of time (for example Kiva.org, a platform that connects starting entrepreneurs globally to people interested to invest in new enterprises. The minimum amount invested is $25 dollars, which will be paid back once the enterprise is up and running)  
4. **Reward-based crowdfunding**: project funders receive a tangible item or service in return for their funds (for example Kickstarter.com, the biggest crowdfunding platform, based in the US. It focuses on creative projects and the project funder will receive a reward based on the amount donated. (For example, a project creator wants to produce a new watch, the project funder will receive the watch as a reward for investing in the project)).

According to the Crowdfunding Industry Report donation-based and reward-based crowdfunding perform best while equity-based crowdfunding has seen the highest growth rate, likely helped by the signing of the JOBS act (Jumpstart our Business Start-ups) in May 2012 by President Obama, which legalised equity-based crowdfunding in the US.[[19]](#footnote-19)

### crowdfunding world map.jpg 3.2.3 Crowdfunding platforms

The emergence of crowdfunding platforms (CFPs) around the globe is accelerating. As of April 2012 there were 452 crowdfunding platforms active worldwide and by the end of 2012 there are expected to be more than 530 platforms, up 60% from the year before.[[20]](#footnote-20) Crowdsourcing.org predicts that the amount of money raised by CFPs during 2012 will reach $2,806m, up 91% since 2011.[[21]](#footnote-21)

CFPs provide the link between project creators looking for funding and individuals interested in giving or investing money in new ventures. With at least 452 CFPs online there is an overload of choice for both creators and funders. Due to the vast amount of CFPs an important starting point for any project creator is deciding on which platform to use. Some CFPs specialise in specific branches, for example

Figure 2: Number of CFPs 2012. Source:Crowdsourcing.org Industry Report

the biggest CFP at the moment is Kickstarter.com (in the US) which is targeted to helping creative and artistic projects find funding. It also specifically mentions it does not accept charities on their platform. Other CFPs, such as Global Giving, Indiegogo.com and Betterplace.org, do focus on charities. Most crowdfunding platforms generate income by charging commission fees on the funds paid out to charities. Generally there are two types of financing models on CFPs. One, the NGO pays a percentage of total funds raised, either reaching the goal amount or not. Or two, the NGO only receives the funds on a fully-funded goal principle. In this case it is either the full amount, minus a commission fee, or nothing, in which case individual donors are reimbursed.

As can be seen from figure 2, most CFPs are in the USA with a total number of 191 and Europe, with 188 CFPs. Within Europe the United Kingdom is the leading country with 44 CFPs. Another interesting development are the 21 CFPs in Brazil, which show that also the developing world might catch up on this new trend.

## 3.3 Motivation for individual giving

Crowdfunding is based on individuals giving to online campaigns and it is therefore interesting to look at the motivation for people to give to a social cause. Bekkers and Wiepking (2011) have done a study on the mechanisms that play a role in charitable giving.[[22]](#footnote-22) There are eight mechanisms which will be explained here, supported by findings from other sources, including a Survey on individual giving by Justgiving.com.[[23]](#footnote-23)

* Awareness of need: individuals have to become aware of the need to support an organisation. The need can be material, social or psychological. According to the survey on individual giving, 96% of donors interviewed said that to help people in need is an important reason to give. Awareness of a need has different forms. Some people know a beneficiary of the organisation, or they are personally affected, or they know a friend who is affected or linked to a charity and thus they are motivated to give. Media coverage also facilitates awareness, for example the Haiti campaign after the earthquake.
* Solicitation: is the way individuals are asked for donations. Solicitation generally enhances the likelihood of giving. One article states that “it is not the cause but the connection with the person asking that is the main inspiration” for giving.[[24]](#footnote-24)
* Cost and benefits: an evaluation of what individuals gain from giving a certain amount. One advantage often cited is tax deduction, however according to the survey 93% of respondents said this was not the most important reason to give.
* Altruism: means individuals care about the organisations’ output. A pure altruist would only be interested in the organisation receiving the total amount of funds needed, whether from one-self or from someone else, and not in any personal gain. However, it is unlikely that individuals have no emotional connection to giving, see psychological benefits.
* Reputation: is the social consequence of a donation. Generally people who give to charitable causes are held in high regard by their peers. The survey data also show that 87% of respondents said recognition is an important reason for giving. Economist William Harbaugh further states that individuals are effected by publication of donation amounts in categories, thus NGOs would do well to reporting gift categories (e.g. people donating between $5000-$10.000 are recognised as silver sponsor, people who donate more than $10.000 as gold sponsor) and publicising donations.[[25]](#footnote-25)
* Psychological benefits: charitable giving may contribute to one’s self image (e.g. socially responsible, empathic) and could give a positive emotional response. It is called the ‘warm glow’ theory by economist Andreoni, when individuals derive an internal satisfaction from giving (e.g. positive mood, alleviating guilt, show gratitude, or be morally just). 23
* Values: in which the cause of the organisation relates to personal attitude and value of individuals. 80% of the respondents confirm that the cause of the charity is an important reason for giving. Furthermore 95% say it is important to support a cause they personally believe in.
* Efficacy: the perception of donors that their contribution makes a difference to the cause they are supporting. According to Bekkers and Wiepking individuals who think that their donation will not make a difference are less likely to give. The survey data confirms this as 68% of respondents say that they want to have the feeling that the money will be used effectively. Furthermore, reputation of the NGO is relatively important in deciding to whom to give. The size and the location (geographical) of the NGO are factors considered not to be important to the choice.

Individuals are driven by many different motives to give. This is important for NGOs to understand in order to get these individuals to support the organisation.

# Chapter 4: Findings

Before starting a crowdfunding campaign there are a three general questions to answer.

1. How do Aflatoun and crowdfunding relate?

2. What platform to choose?  
3. What makes a successful crowdfunding campaign?

## 4.1 How do Aflatoun and crowdfunding relate?

In order to see the relation between Aflatoun and crowdfunding, some important aspects of crowdfunding are listed and Aflatoun and partners are compared against these aspects. Crowdfunding:

* is innovative: [[26]](#footnote-26) and so is Aflatoun. A social franchise model and the use of open data for part of its work is an innovative way of creating a network. A lot of NGOs are top-down and governed from the head office. Aflatoun on the other hand is a bottom-up network based on collaboration and equal partnerships.
* provides a source of funding: which is a must for every NGO. Aflatoun and its partner organisations are constantly finding ways of funding their work. The Aflatoun secretariat finds most of its funding through foundations and corporations. As mentioned before Aflatoun partners have to find funding for their work locally but are provided with support from the Secretariat. Each partner organisation raises funding according to its own expertise and personal network.
* recognises individuals as main donors: this is a point on which crowdfunding and Aflatoun Secretariat differ. Aflatoun Secretariat does not actively seek funding from individuals but focuses time on foundations and corporations. The main reason for this is that the Secretariat does not fundraise on behalf of partners. Therefore, money cannot be transferred to partners and so the strategy on individual giving is to not focus attention on this. Partner organisations, on the other hand, do fundraise in their local communities, recognising individuals as donors among other funders.
* is competitive: the competitive nature of crowdfunding comes from the large amount of projects posted online, asking for funding. Therefore it is important to be able to stand out. In order to secure funding, Aflatoun as an organisation has to stand out among other NGOs offering educational programmes to children around the world. The advantage for Aflatoun is that it offers a unique combination between financial and social education.
* uses social media: in current times the increasingly popular use of social media is an advantage to any NGO. It provides the tools to reach out and raise awareness for a social cause and ask for donations. Aflatoun Secretariat has been building this network over the last year through a new website and has put Aflatoun on Facebook and Twitter and actively posting content every day. Aflatoun now has 1219 likes on Facebook and on Twitter the organisation has 761 followers and has posted 1409 tweets. Furthermore, YouTube is used intensively to post video material of the network which is an asset in creating a compelling message on a crowdfunding platform. Aflatoun partners are also increasingly active on Facebook, especially the youth of the Aflateen programme. Other NGOs in the network, which are often linked to the Aflatoun Facebook page, have also become active on Facebook.
* has a wide geographical reach: the global nature of crowdfunding comes from the ease of connecting with unknown people around the world through the internet. Projects from all over the world can be posted on platforms where people from all over the world can donate money. The global reach is a great asset and links well with the global network that Aflatoun is. It is a growing network of partner organisations, currently 150 partner organisations in 94 countries. Some Aflatoun partners are International NGOs active in multiple countries. On the one hand these INGOs might be looking into the possibility to use crowdfunding for their own organisations and so might not use it to raise funds for the Aflatoun programme, on the other hand the partnership could be used to build crowdfunding campaigns together.
* provides the opportunity to build a network: crowdfunding supports organisations with building recognition and awareness for the work of the NGO. Furthermore, it provides tools to share the crowdfunding campaign among the existing network via email and social media to inform individuals about the need for support. Aflatoun has built its own network which has grown from 10 organisations to 150 in seven years. The vision of Aflatoun to become the leader in this field requires raising awareness and building a movement that is going to be recognised for what it is. Each partner organisation benefits from extra funding and awareness and so spreading the word through these platforms can also support other fundraising tasks. Also, the increased use of social media at the Secretariat level can benefit partner organisations.
* is time consuming: crowdfunding requires a constant social marketing strategy, before, during and after the campaign an organisation needs to know how it will feature itself online. Aflatoun Secretariat is a small team of 21 people, of which five are fundraisers. The team works with a lot of interns and volunteers, which on the one hand is an asset because they support the team, yet on the other hand they are only temporary workers and so there is a constant turnover and an inflow of new people who need training. Crowdfunding requires a time investment which volunteers and interns could help out with. It is not necessary for an organisation to have a big team of fundraisers to be active on crowdfunding, a strategy and communications plan together with an realistic management of resources is what counts. Some Aflatoun partner organisations are small but need not be unfit for crowdfunding based on staff members, as there is the possibility to use volunteers for this specific fundraising task.

## 4.2 What platform to choose?

Before starting a campaign, there is another question to consider: which platform to use?  
As mentioned before, as of April 2012 there are 452 platforms and that number was predicted to grow even more during 2012. There are initially two choices to consider before starting crowdfunding, either using an existing CFP, or creating a CFP.

In order to understand which approach is the best for Aflatoun, with regard to creating a CFP or using an existing CFP, both possibilities are compared with each other by weighing the pros and cons.

|  |  |
| --- | --- |
| **Create own platform** | |
| ***Pro*** | ***Con*** |
| * in control of how the platform functions * PayPal is international recognised payment model, Aflatoun has an account * grow visibility and network of Aflatoun * activity of all Aflatoun partner organisations in one place * due diligence of partners already done through the partnership process * Aflatoun Secretariat already functions as umbrella organisation | * cost (basic 5-10k, sustainable 250k)[[27]](#footnote-27) * time investment to set up and run platform[[28]](#footnote-28) * need to build the infrastructure25 * responsible for payment processing * accountability for correct use of funds * lots of competition from other platforms |

Figure 3 shows the pros and cons of creating an own CFP. While researching this option it became apparent that an organisation could either build the entire infrastructure for the platform, or it could use ready to use software. For example, a new infrastructure can be build (e.g. new website, payment model etc) to start crowdfunding. The sustainability and flexibility of the platform would be affected by the amount of money invested in building the infrastructure. Furthermore, the running of the platform, including the disbursement of payments would be in the hands of Aflatoun, adding extra work to an already small organisation.

Figure 3: Pros and cons of creating a platform

On the other hand, there is also the option to buy ready to use software , on a monthly subscription, which builds a customised platform and handles the payments and can be linked to an existing website.[[29]](#footnote-29) NGOs can also build a wordpress.com page and get a plug-in which helps to manage projects and payments.[[30]](#footnote-30) In the last two cases the cost and the infrastructure will be lower thus less of a disadvantage. However, the time investment is present in all of the options, as is the due diligence since the platform’s reputation is at stake if funds are not spent fairly. As mentioned before though, Aflatoun Secretariat and partner organisations have already gone through the partnership process, which can be an advantage.

|  |  |
| --- | --- |
| **Use of existing platform** | |
| ***Pro*** | ***Con*** |
| * diversity of platforms * support in setting up campaign from platform staff * integration into social media and website * tools to track progress of projects * choice of payment model: all-or-nothing model, or keep anything donated * use platforms visibility and connections * different payment and currency options possible * infrastructure is there | * limited choice of charity specific platforms * due diligence process - on most platforms NGOs need to go through a due diligence process before getting started * processing fee payment plus commission for platform |

Figure 4 shows generalised pros and cons of using existing crowdfunding platforms. Each platform has different features and so the usefulness to different organisations depends on what features work best. The best way to find out is doing research to look into these differences and also to hear what platforms other charities have used.

Based on literature and interviews conducted the choice seems to have two components 1) practical issues 2) geographical reach.

4.2.1 Practical  
One practical issue to consider is the choice between donation-based crowdfunding and reward-based crowdfunding (explained on page 20). Both models can be used by charities however for the reward-based model a fair reward needs to match each donation amount and the product or service needs to be delivered to the project funder (e.g. donating $10 = 1 Aflatoun t-shirt, or donating $50 = a visit to an Aflatoun programme). Donation-based model, on the other hand, focuses on giving the donor a positive feeling of ‘I did something good’. Other models of crowdfunding, equity-based and lending-based, are more useful for the start of an enterprise. Therefore, it is not relevant to Aflatoun partners, however it could be interesting for Aflateen youth who want to set up small enterprises but lack the funds to realise it.

Figure 4: Pros and cons of existing platform

Some other practical features to consider include whether the platform is open to global projects from any charity (not only US based charities with an 501(c) registration). Which payment options are possible for donors to use and what % fee the charity has to pay. Whether the platform uses an all-or-nothing model or keep-anything-you-raise model. What language the platform uses, as well as which integrated social media tools exist, and the ease with which the platform can be used. Lastly, the possibility to send a thank you letter to individuals who have donated money.

|  |  |  |
| --- | --- | --- |
|  | Crowdfunding platforms | |
|  | ***International*** | ***Regional*** |
| Pro | * use of global network of donors * increased exposure because of reputation platform: lots of traffic and promotion * easy to launch campaign * international payment options such as PayPal, creditcard | * small distance to local community * local language * local currency * use of international payment model PayPal and local models * local, targeted advice from platform staff * also accessible to people outside the region * less competition for charity projects * local development of the country or region |
| Con | * language: only English * greater distance to local projects, so different communication necessary | * limited choice of platforms available * less traffic and promotion of platform, so the non-profit has to build it themselves * not much choice for charity projects |

4.2.2 Geographical   
From the wide choice of platforms available the geographical reach is a distinctive feature. Some platforms have an international focus which means they are usually based in the US or Europe and accept projects from across the globe. Some platforms are more local or regional in their reach, accepting projects either from the country the platform is based in or from its region. (e.g. Argentinean platform Idea.me, accepts projects from different Latin American countries).[[31]](#footnote-31) Taking another look at the number of CFP active worldwide (figure 2 on page 21) it shows that as of April 2012 there were around 24 CFP active in Latin America, 4 CFP in Africa and 15 CFP active in Asia.[[32]](#footnote-32) Both international and regional platforms have their advantages and disadvantages which are listed in figure 5.

Figure 5: Pros and cons international versus regional platforms

Not much information can be found on this topic presumably because crowdfunding is currently most well -known in USA and Europe which is also where most crowdfunding platforms are, as previously stated. Based on different sources though, crowdfunding is developing in different regions in the world.

The above pros and cons are deducted from interviews with experts, as well as looking into different platforms in Latin America, Asia and Africa. An international CF platform is a good way of reaching an international donor base. These CFP operate mostly in English and so are a good way to reach the English speaking population. However, if an organisation wants to reach local people, use of the local language is more effective. It therefore depends on who the organisation tries to reach, whether an international or regional platform is most effective. Another factor that plays a role is the traffic that a platform can offer. For example, a local platform focusing primarily on creative projects might not attract the right donors for a charity project. On the other hand, an international platform like GlobalGiving.org is well-known and promotes its platform well among the target group of donors. The choice then depends on the network of the charity and on how well-connected they are, whether they have build their own traffic locally or need the support of a platform to create it for them.

A few other factors can be identified when evaluating regional platforms. There are cultural factors such as the level of entrepreneurial spirit in a country, the value people attach to cooperating together and whether or not there is a culture of giving. The World Giving Index, published by the Charities Aid Foundation gives an overview of giving to charities across the globe. [[33]](#footnote-33) Figure 6 shows the countries who donate the most money to charities. One of the conclusions of the report is that ‘engagement in donating money is more than four times higher in Oceania than it is in Africa’. Also when looking at the table most countries are from the Global North (US, Europe, Oceania) and three are from Asia, namely Indonesia, Thailand and Hongkong. There are no countries in this table from Latin America and Africa which is interesting and could also explain why donation-based crowdfunding is not the main focus for the crowdfunding trend on these continents.

Furthermore, doing business on continents such as Asia and Africa is based on relationships and trust and so cooperating through the internet might not engage people enough to participate.[[34]](#footnote-34) Also, technological factors play a role such as access to the internet and activity on social media, in order to build an online community of people interested to support the cause. Another technological innovation that is interesting to the development of crowdfunding is the advanced mobile technologies, such as M-pesa (M for Mobile, Pesa is Swahili for money).[[35]](#footnote-35) It is a money transfer service which allows users, currently in Kenya, Tanzania, Afghanistan, South Africa and India, to deposit, withdraw and transfer money through their mobile device. Also, in Ghana and in Brazil, crowdfunding apps for mobile devices are developed which builds on increased mobile access. A local crowdfunding platform could make use of such local developments to attract people to donate money.

Figure 6: top countries donating money

One last observation to make regarding regional platforms is the push for change that it can bring to the development of the different regions. Crowdfunding is developing rapidly and the increased demand for crowdfunding platforms can positively affect the infrastructure development in the regions. Because crowdfunding relies on the use of internet in most countries, governments or businesses could be stimulated, in order to attract foreign investments as well, to improve the access to the internet, similar to the development of mobile payments in Africa. Payment models, especially online payment, has been growing rapidly in the US and Europe but it is not as common in other parts of the world. Crowdfunding could thus stimulate entrepreneurship by increasing productivity and access to innovative technologies in the community.

Overall it can be stated that crowdfunding is a trend which is spreading across the world where local crowdfunding platforms are being developed to connect the local community with each other. The idea is interesting because it suggests that there is money locally that people are willing to invest in projects they find worthwhile. It relates to the concept of Bottom of the Pyramid in the sense that there is a lot of creativity and innovation in those countries normally considered poor and in need of support, and now also shows that there is local money to invest in developing these projects. It is one of the differences between the developed and developing world. People in the developing world see the benefit of investing in the community, whereas people in the developed world are more into it for the tangible reward or the personal feeling of ‘I did something good’.

With so many choices the question arises whether organisations should be active on multiple platforms thereby targeting each campaign to those people they want to reach. But as rightly said by experts, a crowdfunding campaign is time consuming, multiple campaigns are even more time consuming, and each platform has its own requirements, such as giving regular updates, which the organisation has to meet. Therefore it does not seem to be the most viable option.

## 4.3 What makes a successful crowdfunding campaign?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Aflatoun partners** | **Indigo Center *Moldova*** | **PEDN**  ***Uganda*** | **NATCCO**  ***Philippines*** | **Sao Sary Foundation *Cambodia*** |
| *Description* | Help print Educational Books for Moldova pilot classes | Help 1440 ugandan children develop business skills | Teach 15,000 Rural Kids To Save And Invest | Sao Sary Foundation - Free a Girl |
| *Platform* | Indiegogo | Justgiving.com | Globalgiving.org | Justgiving.com |
| *Active since* | finished | inactive | 3 years | discontinued |
| *Amount requested* | $2400 | $74359 | $30,000 | £2057 |
| *Amount raised* | $905 (=38%) | $0 | $1305 (=4%) | £793 (=38%) |
| *Average amount donated* | $53 | - | $57 |  |
| *# of reports* | 0 | 1 | 16 | - |
| *# of photos* | 1 | 6 | 80 | - |
| *# of videos* | 1 | 0 | 0 | - |
| *# of shares on social media* | 3 | 0 | 6 | - |

In order to understand if there are general success indicators for crowdfunding, both the crowdfunding campaigns of Aflatoun partners and the campaigns of other organisations are analysed.

Below follows a short evaluation of all these projects.

* Indigo Center:[[36]](#footnote-36)The partner in Moldova uses one picture of Aflatoun, which is a cartoon, so there are no photos to show any of the children involved in the programme. The video used is a general video about the work of Aflatoun but again not showing any evidence of what is happening ‘on the ground’. When analysing the donations made, the average amount donated is $53   
  but most donations have been made by staff members, rather than from the external network. The partner was not able to manage the website very well and could have gotten more out of it if they could have spent more time on sending reminders and sharing among the network. The biggest lesson learned is the need for a good network.

Figure 7: Aflatoun partners active on crowdfunding

* Private Education Development Network: [[37]](#footnote-37) The partner in Uganda used this website in 2010 but it is now inactive. The amount asked on the project is very high and the activity on the page very low, only one update. From the interview it became apparent that the partner had trouble using the website to upload and update information. Therefore, they stopped this campaign and are now setting up a project on a local CFP with support from the staff of the platform who are very helpful in giving advice. The partner has thus learned that some expertise is required for using the website, that it requires a lot of time and also that videos work better than text.
* National Confederation of Cooperatives: [[38]](#footnote-38)The partner in the Philippines has performed best when looking at the total amount of money raised. However, the goal amount is very high and so it amounts to only 4%, in the three years it has been active. The activity on the campaign is relatively high with updates and reports and a large amount of photos of Aflatoun children. The average amount donated is $57. Some of the lesson learned by the partner include the need to stand out among many other projects, to post regular updates, have a strong network, include photos and have one person in the organisation focus on crowdfunding.
* Sao Sary Foundation: [[39]](#footnote-39) The partner in Cambodia has used the justgiving.com page for a while. However, a few weeks after the interview the project was discontinued. One of the things the founder of the organisation did not like was the commission fees which could be the reason for discontinuing the project. Some lessons learned about crowdfunding include the need to know people around the world to get funding and that it is time consuming. Therefore, his advice to other partners was to focus on implementing the programme and have volunteers or donors do the fundraising online.

In order to learn about other projects as well, and not just Aflatoun partners, four projects were randomly selected from the Globalgiving.org website (see figure 8). The search was narrowed down to only education projects, because that is the category the Aflatoun partners would also post projects under.

Going through education projects on GlobalGiving.org shows that most projects that are fairly successful are education projects that provide chances for later in life, like life skills education, vocational skills, financial literacy, and education projects for disadvantaged groups (girls, orphans, blind children, refugees, child brides, trafficked girls, child labour, the indigenous, the rural, the poor) which help break the cycle of poverty. Sometimes projects are just focused on education, others are packages: providing food, education and medical care for children. The campaign does not necessarily have to be a project it seems, it could also in general support the organisation on its mission but could for example say ‘provide life skills to 500 youth’ to make it numerical.

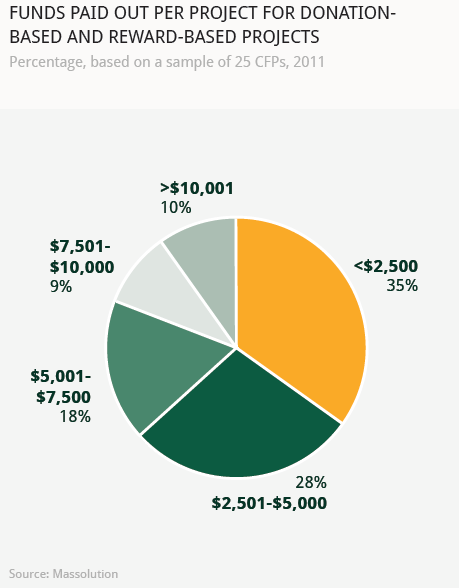
|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **GlobalGiving.org** | | **Random project Uganda** | **Random project Sri Lanka** | **Random project**  **Kenya** | **Random project Guatemala** |
| *Description* | | The Digital Drum - Uganda Youth Digital Inclusion | Educate 90 Students In Sri Lanka - ItOnlyTakesTen! | Transform lives of African Youth by making Films | Teacher and books for 24 preschool kids in Guatemala |
| *Active since* | | 5 months | 5 months | 3 years | 2 months |
| *Amount requested* | | $98,250 | $10,000 | $40000 | $5000 |
| *Amount raised* | | $25 (≈0%) | $9,712 (=97%) | $26472 (=66%) | $1292 (=26%) |
| *Average amount donated* | | $25 | $52 | $62 | $59 |
| *# of reports* | | 0 | 1 | 58 | 1 |
| *# of photos* | | 3 | 11 | 140 | 8 |
| *# of videos* | | 1 | 1 | 1 | 0 |
| *# of shares on social media* | | 0 | 202 | 811 | 1 |
| Figure 8: Randomly selected projects on GlobalGiving.org |

Some general factors of importance to a successful campaign are first of all the title and the photo that show up on the homepage of the platform, among thousands of other projects. It should be catchy but informative, together with a photo that expresses that which the organisation wants to achieve. Most projects show photos of happy faces which appeal to people as much as sad pictures. Then once individuals get onto the campaign page, there are several features each campaign has and for which simple instructions can help make the project appealing.

**Text**  
Because of the variety of crowdfunding projects online, an organisation has to be able to keep the attention of the project funders. If an organisation is able to tell the story with an elevator pitch, it will bring across the message and keep people’s attention. So, a short text, specific and jargon free, with a compelling message is what will work. Most campaigns tell something about the impact the project will have.

**Visuals**  
As the partner in Uganda said ‘donors are shocked by text’. A visual representation is therefore very important. The Kenyan project number 3, has a short video of 57 seconds which is a mixture between photos and video, and shows a caption to explain what is shown. The story is told from a ‘we’ perspective, shows people who are happy so it gives a positive feeling, and a ‘thank you’ at the end shows their appreciation. The Aflatoun partner in Moldova used the introduction video of Aflatoun which shows the concept rather than the children, which in contrast with the Kenyan video is less powerful. The random project in Uganda, shows a news feature of Reuters about their programme. Surprisingly it did not help in raising funding. The project in Sri Lanka has a video of more than 4 minutes, which makes it hard to keep the attention, however, the content is interesting because it talks about the unique selling point of the organisation, and sponsors which include well-known institutions, which add credibility. Video is not the only visual, and it is not a determinant for having success. Some projects have a video but do not raise a lot of money, while other projects do not have a video and raise money. Photos are also important visual aspects of the project which can make the story appeal to individuals, it is a representation of reality, and is a must on a crowdfunding page.

**Timeframe**  
According to the Industry report, donation-based crowdfunding takes on average 10 weeks from launch to completion, while other experts say a general timeframe that works is 40 days. The Crowdfunding Bible on the other hand lets it depend on individual cases and based on how much time it takes to raise awareness and how long it is possible to keep promoting the programme. [[40]](#footnote-40) Also, a shorter timeframe could increase the sense of urgency, if necessary. Some crowdfunding platforms like GlobalGiving.org do not use a time limit and so the page is always open to donations.

**Amount**Setting the amount for the campaign is one of the features that requires a lot of thinking. It is has to be a realistic goal, based on what is needed to fulfil the project goal. Consider how many potential funders will give, and what amount they might actually contribute. The average amount donated seems to be between the $50-$60 dollars, based on the projects analysed. According to the Industry Report, donation-based and reward-based crowdfunding campaigns are more likely to get funding when asking for less than $5000, see figure 9.[[41]](#footnote-41)

Aflatoun partners can use cost per child calculations in order to determine a realistic amount. The average cost per child overall is three Euros. However, there are regional differences based on higher programme costs because the overall economy is more expensive. For example there is a big difference between Francophone Africa, average of 1.69 euro per child, and Europe, 17,89 euro. Aflatoun partners can use these numbers to estimate how many children they aim to reach and how much it would cost, in order to set a realistic amount.

Figure 9: Funds paid out per project

Interestingly some projects of other organisations achieve goals of $30,000 or even over $100,000.   
At GlobalGiving.org, project creators may have started with smaller goals but in order to keep raising funds with the same crowdfunding campaign page, they have increased their amount throughout the time they have been active online thus reaching such high amounts. When looking at the projects from Sri Lanka and Kenya the goal amount is very high, $10000 and $40000 respectively, compared to the average of $5000 as mentioned by the Industry report. There is only about 19% of projects which get funded in that range. Interestingly though these projects received 97% and 66% respectively of their funding goal, compared to 0% of both the Ugandan projects. One of the differences between these projects is the level of engagement.

**Engagement**

The random project in Uganda has zero reports or updates, no shares on social media and few photos. The partner in Uganda has one report, no shares on social media and a few photos compared to the project in Sri Lanka with one report, 202 shares and 11 photos. Also the Kenyan project shows more activity with 56 reports, 811 shares and 140 photos, however, it has to be noted that that project has been active for three years. It seems that reports and updates and sharing among social networks helps to raise funds, however, the project in Guatemala has raised 26% with one report, one share and a few photos in two months time. It is also important to note that the shares on social media in the above tables are those that show up on the campaign page. It could be that the organisations are active on their social networks or through email newsletters which do not show up on the crowdfunding campaign.

**Reward**

One last aspect which is also visible on the campaign page is the reward. In reward-based crowdfunding this would, most of the time, be a tangible reward. However, on donation-based websites, such as the ones the Aflatoun partners have used, it is a social reward. Each donation matches a value of what can be achieved with the money. Therefore, it is an important part of showing credibility to have a realistic value attached to the amount. It is a way for people to know what can be done with the money they donate. Another strong point of the reward is the different audiences it can appeal to when there are several donation amount options. Most campaigns start somewhere between $10-$25 dollars (e.g. In Guatemala $10 provides education materials for one child for a year) and build up to several thousand dollars (e.g. in Guatemala $3000 will pay for a teacher to teach 24-30 children for the year). It could add to the feeling of being in control of how an individual’s contribution can support the organisation. The calculation of cost per child can help determine a fair reward amount.

It is thus difficult to determine what makes some projects receive that much funding while others do not raise anything. It could be a combination of reach of the network, appeal to potential donors through text and visuals, rewards that people are interested in, and the engagement throughout the campaign on keeping funders up to date.

Apart from outward features as discussed above, organisations need to be aware of internal structure to support the crowdfunding campaign efforts. Some important steps to consider within the organisation are:

* to build a network
* to have a strategy
* to be actively engaged

Ethon Mollick concluded from his research that personal networks help predict success of crowdfunding efforts. [[42]](#footnote-42) Other sources stress the importance of first building the network before launching the campaign.[[43]](#footnote-43) Organisations often have ties with the communities in which they work. Through websites, email lists, blog post and Facebook the work of the organisation can be shared with the community. Building the reach through these different media means the moment the campaign is launched many people will know about it. Focusing on the network also helps to determine who the target audience for the campaign is and what message to send them. Before an organisation is able to start a CF campaign at GlobalGiving.org they need to, in a way, prove themselves with a challenge, as described before, which shows the importance of a network. This ties in with the second factor, having a strategy to work from. This can clarify what to achieve and how to manage resources to get the desired end result. It will make the campaign more realistic and targets manageable if they are written down and planned beforehand. The structure will provide support, which is necessary to stay focused and on top of what is going on once the campaign is launched. Part of the strategy will include a communication plan. In order to attract people’s attention to the campaign a message will be put on the platform in combination with a video and pictures. Once these are created and the project is up it is important to keep communicating about the project, promoting the project through different media channels and posting updates on the campaign page for donors to keep track of the process.

These three factors show that a lot of work will have to go into the process before it even starts. A common misperception is that only large organisations, with a lot of staff, are able to manage the campaign. However, not all organisations have one person dedicated to crowdfunding or even fundraising, for most organisations it is part of the job of volunteers and staff. Therefore, crowdfunding is not limited to large organisations ‘but organisations should be realistic about their resources’ before starting a campaign. [[44]](#footnote-44)

# Chapter 5: Discussion

## 5.1 Crowdfunding pros and cons

|  |  |
| --- | --- |
| **Crowdfunding** | |
| ***Pro*** | ***Con*** |
| * easy to start * additional source of funding * project based * use of internet * link to social media * geographical reach * able to reach out to individual donors * possibility for small donations * collaboration with individuals * building a network - recognition, awareness * building relationships and trust * potential for growth * use of personal connections * tax deduction | * lots of competition * relying on individual donors to be inspired by project * chance of failure - de-motivating * time consuming * cost for NGO * pitching to diversified audience * asking personal connections for money can be difficult * donor fatigue * chance of fraud[[45]](#footnote-45) (money not spend as promised) * requires ongoing social marketing campaign * foreign funding restrictions in country |

Crowdfunding sounds like the ideal solution to finding funding, however, like every business model it has its pros and cons (see figure 10) and this analysis will help explain whether crowdfunding should be used by Aflatoun partners.

Despite the disadvantages of crowdfunding is a good model to use because of several reasons.The macro-environmental changes are favourable. With a withdrawing government, different sources of funding are worth exploring. Individuals are already a big source of funding and people are increasingly aware of social causes. Furthermore, a lot of their time is spent online and people are becoming used to online payments in a big part of the world. Thus online marketing is an effective way of reaching these potential donors, for which crowdfunding provides tools.

Figure 10: Crowdfunding pros and cons

The most important benefit of crowdfunding is that it provides an additional source of funding which means it is valuable to any organisation. However, crowdfunding costs a lot of time, which is one of the downsides. Interns and volunteers can be asked to help out with crowdfunding as part of fundraising and communications work. Plus investing some time to build up a social network and write a communications plan could benefit other parts of the work and not just crowdfunding. The level of competition is likely to keep increasing as more and more NGOs look into the possibility of using crowdfunding. The important thing to keep in mind is that individuals have preferences on what charity they want to spend money on. Therefore, it is important for Aflatoun to target the campaign on those people interested in education for children and to use the unique selling point of its programme, the combination of social and financial education, and any other partner specific USPs that distinguishes it from those thousands of other projects. There is of course the chance of failure, of which the Aflatoun partner projects explained in figure 7 are an example, which is de-motivating. Yet it is also a learning experience and does not mean crowdfunding cannot be tried again, changing the method according to lessons learned, and using any money raised as additional funds. When funds are donated and spent make sure to inform the donors of what is happening. That way, even if the full project amount was not met, it shows the money still contributes to the work done. Lastly, it can be difficult to ask personal connections for money, and employees should not contribute to these campaigns. It is important to make use of the external network. However, personal connections will want the best for the organisation, and their creative skills can be put to use by, for example, setting up a sponsor run, or a baking competition which can raise some money which can be donated on the crowdfunding campaign. That way the first maybe 10-20% are raised through the personal network and can act as an incentive for outsiders to sponsor the campaign.

The only disadvantage mentioned in figure 10 which is difficult to find a solution to is restricted foreign funding. One partner in Belarus is trying to get funding from crowdfunding, however, the legal issue of receiving foreign donations is preventing the set up of a campaign. In countries where foreign funding is not allowed a local platform might be the best approach to crowdfunding, if a local platform exists.

Crowdfunding worth using for Aflatoun partners because they work to bring the programme to the children and have project specific tasks that need funding. Aflatoun Secretariat is less suitable for crowdfunding because it does not implement the educational programme locally, and so mostly requires funds for operating expenses. However, it is already active on Sosense.org and it should stay there. There is a small amount of money raised, around €2000, which is still a contribution and most importantly by being posted on a platform like that it provides a way to raise awareness

## 5.2 The success of crowdfunding

***“there is no such thing as a free lunch” -*** *Milton Friedman*

The findings on crowdfunding as discussed in the previous chapter make it very clear that crowdfunding is not easy. It is not based on putting up a project, sitting back and enjoying the money streaming in. It requires effort and a strategy and therefore also resources to set it up. It seems that success is determined by a combination of factors which can be represented as follows:

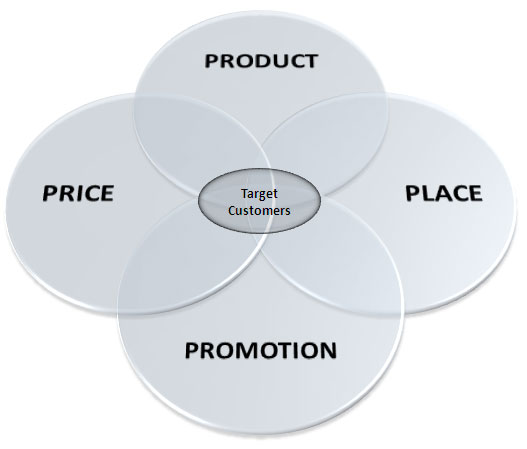


Figure 12: factors influencing success

Figure 13: Marketing mix

Parallels can be found between setting up a crowdfunding campaign and the marketing mix, a tool to assist in defining a marketing strategy.[[46]](#footnote-46) Crowdfunding success is determined by four factors but when looking at the marketing mix, which revolves around customers, the crowdfunding success model can be rearranged into the following model, where individuals = customers = success, campaign = product, platform = place, organisation = promotion, and   
amount = price.

Figure 14: Crowdfunding model rearranged: factors influencing success

If crowdfunding can be categorised in marketing terms, it then means that crowdfunding is not an easy layback way of earning money, it requires the same effort as selling a product. Before starting a campaign, the following questions should be addressed, in order to increase the chance of success.

***Individuals***The question to ask is: *who is the target group for the crowdfunding campaign?*

Customers, or in the case of crowdfunding the better term is individuals, are the key to success. Therefore understanding the market place is an important starting point. Aflatoun partners need to know who is going to support their crowdfunding campaign. Part of the question is to select what segment of the market to target and part of it is to understand what motivates people to give, as has been explained before. An organisation should view crowdfunding as an exchange. It should understand that the organisation gains money and the individual satisfies an individual need to do good. That way organisations do not just take money once but can hopefully build a relationship with its donors which tie people to the organisation. A way to do this is to send a ‘thank you’ letter which, depending on the money donated, could be personalised by sending a photo of the Aflatoun children with, for example, a personalised message. Sending the photo as an email attachment means it does not cost any money. Regular updates, new photos and a report at the end of the campaign to tell what has been achieved with the support of the individuals who donated money are a way to make people enthusiastic and feel good. Furthermore, people are more likely to donate to a cause they personally believe in, thus organisations should focus their attention on those people who share the values of the organisation.

**Platform**  
The question to ask is: *where to find these individuals?*

In order to answer this question the choice of platform is an important factor. First there is the question between building a crowdfunding platform versus using an existing platform.

The conclusion that can be drawn from the previous chapter is that building a crowdfunding platform is not the most viable option. However, with the choice of ready to use software it could be worth to look into the technical, legal and economic aspects of running a platform, for which more research will be necessary. For now, Aflatoun partners had better use existing crowdfunding platforms for different reasons. First of all, building its own platform will cost time and money which can divert the attention away from the main objective of the organisation, namely bringing social and financial education to as many children as possible. It would also be against the principal of the Secretariat to grow, because it wants to be a lean organisation. Even though its own platform could increase visibility of partner organisations and strengthen the network, choosing an existing platform means acknowledging the specialism of these businesses. A similar trend is seen among NGOs. In order to increase impact, working together and using each other specialties is more effective than doing everything on one’s own.

As previously discussed, there is a choice between international and regional platforms when it comes to choosing an existing platform. Again the question which is important here is who the organisation is targeting for the campaign, where do they want to raise awareness? If it is the English speaking global community an international platform will provide the right outreach and possibilities with regard to English language and international payment models. On the other hand, a partner organisation with a strong local network could benefit more from the local community through using a regional platform, which is mostly customised to local languages and includes local payment models with which the community is familiar. Furthermore, local platforms have staff who can help to customise the campaign. The Aflatoun partner in Uganda is a good example of this. First the organisation was active on GlobalGiving.org but the platform was difficult to handle and because there was not enough support from GlobalGiving.org the partner decided to use a local platform who help to build the campaign. One factor that plays an important role here as well is the traffic created by each platform. Some international platforms are well-known and market themselves well, so there is a wide donor base who are familiar with the platform. A regional platform could also be well-known in the region but it could also have very low recognition. Another factor to consider is whether there is a donation culture on the local or regional level. From statistics given earlier, it becomes apparent that mostly in the Global North people donate money to charity, while in the Global South it is not very common.

The conclusion is that the choice depends on the organisation’s network, the need for support in setting up a campaign and, most importantly, where the organisation wants to raise awareness.

**Campaign**  
The question to ask is: *what can be offered to individuals?*

Marketing is all about a product. Crowdfunding is about the campaign. A product has features which appeal to customers, just like a crowdfunding campaign has features that appeal to individuals. The package of these features is called the value proposition. An organisation aims to highlight the need for, in this case, social and financial education for children and aims to satisfy the need of individuals to do good. The campaign is the means through which the message is delivered on who the organisation is and what it aims to achieve. Therefore it should look good. This is done through the use of a short, clear text about the organisation and the programmes, a visual representation either through video, photo or both, and showing the impact of the programme. Even though crowdfunding is mostly project-based, the title of the campaign can be broad. For example, the project title in Moldova ‘help to print educational books for Moldova pilot’ and the project title in the Philippines ‘Teach 15,000 rural kids to save and invest’ are two different ways to say the same thing. In order to teach these kids, books need to be printed. The last title gives more opportunity to address the impact of SFE for children, and quantifies the impact of the donation made. It therefore seems a better way of promoting the campaign. With a product, people can pay a certain amount of money and receive a product and its benefits. With a crowdfunding campaign, people can donate a certain amount of money and help realise that which the organisation stands for.

***Organisation***  
The question to ask is: *how to promote the CF campaign?*

The promotion of a crowdfunding campaign is done online through the social network of the organisation. The project can be posted on the website, or can be shared through email and through social media. Important is that the organisation has built a network on which it can rely.

One way to form a bridge between Aflatoun Secretariat and Aflatoun partners using crowdfunding is to provide promotion at the Secretariat level. This can be done by mentioning on the Aflatoun website those partners involved in crowdfunding with the link to their projects in case people are interested to learn more about them or even to donate money. In this way the strategy to not fundraise on behalf of partners is kept in place but the opportunity to support is made easier. It provides insight into the network that Aflatoun is and provides examples at local level. Besides the website, projects can be posted on Facebook or Twitter when a partner sets up a new campaign and the Secretariat could even highlight those partners who do really well. In this way it can be an incentive for partners to get the possibility to reach out globally through Aflatoun while on the other hand showing the partnership that exists between Aflatoun and local organisations as well as international ones like Plan International. It is a good example of the increased cooperation among NGOs.

For the Aflatoun Secretariat it can also be beneficial with regard to one of its missions which is ‘to strengthen our global brand’. In exchange for promoting the campaign on Aflatoun media, Aflatoun Secretariat could ask partner organisations to always mention Aflatoun in their campaigns. In that way it builds brand recognition, as is done by the partner in the Philippines, NATCCO, who set up the campaign on GlobalGiving.org and besides explaining what NATCCO stands for and what it aims to achieve, it also mentions Aflatoun. Like the partnership, this collaboration could be reciprocal and it supports building up the network.

Once a year partner organisations using crowdfunding can be interviewed to evaluate the impact of crowdfunding. This can then be used to promote the benefit of crowdfunding to NGOs.

**Amount**   
The question to ask is: *what money to request from individuals?*

Once the organisation knows who it is targeting, where it can find the target group and how to deliver the product, a realistic amount can be set, in order to get donations from individuals. According to the Crowdfunding Industry Report, $5000 seems to be a good starting point, since crowdfunding is not meant as substitution of all funds, rather it is an additional source of funding.



# Chapter 6: Recommendations

In the final chapter of this report the conclusions drawn from the research are summarised and presented as advice to Aflatoun Secretariat and Aflatoun partners. As was concluded in the previous chapter, crowdfunding is a useful tool for Aflatoun partners to raise additional funding. It is a time consuming task, therefore, it is suitable to those partners who are able to invest time in setting up and running a campaign. One of the points of advice is to use volunteers and interns both at Secretariat level and at the partner organisations to work with crowdfunding. At the Secretariat crowdfunding can be part of the fundraising strategy that researches funding opportunities for partners (Deep Dive strategy), since there is already a strong focus on selected partner organisations.

Even though there is not a single approach to crowdfunding that will result in success, understanding that crowdfunding is a marketing tool, will likely create the right mindset to succeed. There are a few questions to consider, before partner organisations start a campaign, that can likely increase the impact of crowdfunding. These are:  
Who is the target group of the campaign?  
Where to find the individuals?  
What can be offered to individuals?  
How to promote the campaign?  
What amount to request?

As has been stressed before, in order to use crowdfunding as a successful tool, it is important to understand who the individuals are that will support the organisation and where to find them. Aflatoun partners are recommended to use crowdfunding through an existing platform. The choice of the platform, whether international or regional, is based on who the organisation aims to reach with the campaign. It is advised to use a platform that has enough traffic to raise awareness. The decision regarding this is partner specific. However, it is not advised to choose both options as it is time consuming. If the partner organisation has build its own network locally and understands the culture of giving in the country then a regional platform could be the best choice because it targets the local community and could add to the local development of infrastructure, driven by the demand of crowdfunding individuals. Partner organisations should also be aware that to use a crowdfunding platform some expertise is required and that different platforms offer this support, it is thus recommended to find the platform which provides the best targeted support.

Besides creating the campaign, promoting it is also very important to the success of the campaign. Aflatoun partners would do good to start or continue building a network through social media because it is an increasingly important marketing tool. Therefore investing time into building this network for a crowdfunding campaign can also benefit other areas of work. Aflatoun Secretariat can support crowdfunding campaigns set up by partners through promotion on website and social media, in return for brand recognition. In this way Aflatoun Secretariat provides the link between partners and individuals, and adds credibility because it is a well-recognised organisation. Furthermore partner organisations can benefit from the social network which has been carefully built by the Secretariat. Asking those partners active on crowdfunding to mention Aflatoun, will support Aflatoun’s mission to build a valuable brand and raise awareness globally.

Other success factors to consider are the use of video rather than text to show individuals who the organisation is, how people can support it and what is offered in return. It is important to view crowdfunding as an exchange which offers benefits to both the organisation and the individual. Furthermore, partners are advised to set a realistic amount for the crowdfunding campaign, based on cost per child calculations. As had been mentioned before, $5000 is a good amount to start with. Also it would be good to make the campaign title numerical because it easily defines impact and shows that the organisation knows what money is needed to achieve its goal. Lastly, setting a fair reward shows people what can be done with the money they donate, adding credibility.

In order to understand the usefulness of crowdfunding as a funding tool, Aflatoun Secretariat could, once a year, evaluate the use of crowdfunding and the benefit to the Aflatoun network.

On a different level, apart from Aflatoun partners, crowdfunding could be used by Aflateen youth to support the set up of enterprises. The research for this report was limited to donation-based crowdfunding however further research on equity-based and lending-based crowdfunding could explore the benefit of crowdfunding to Aflatoun graduates interested in enterprise.

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# Appendices

Appendix 1: Handout on crowdfunding for Aflatoun partners

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“It is important to create value in order to capture value”  
 *- Kotler and Armstrong*

## Appendix 1: Handout on crowdfunding for Aflatoun partners

Crowdfunding can benefit Aflatoun partners in the following way  
  
🡪provides an additional source of funding  
🡪helps to build a network through the internet and social media  
🡪raise awareness

Most cited disadvantage is that crowdfunding is time consuming, therefore it is advised to use volunteers and interns

Each platform has different features and so the usefulness to different organisations depends on what features work best. Some **practical features** to consider include:

* platform open to global projects, from any organisation (not just US)
* payment options available
* % fee
* an all-or-nothing model or keep anything you raise
* the language of the platform
* ease with which the site can be used
* possibility to send a thank you note

**Crowdfunding** connects organisations who are looking for funding with individuals interested in donating money.

As of April 2012 there are 452 **crowdfunding platforms** active worldwide.

**Crowdfunding** is *“the practice of funding a project by raising many small amounts of money from a large number of people via the Internet.”*

There are four different types of crowdfunding:  
  
1. **Equity-based crowdfunding:** in which project funders receive a stake in the company.  
2. **Donation-based crowdfunding:** : the contributions go towards a charitable cause   
3. **Lending-based crowdfunding:** project funders are repaid for their investment over a period of time  
4. **Reward-based crowdfunding**: : project funders receive a tangible item or service in return for their funds

**Standing out in the crowd: creating a successful crowdfunding campaign**

**3.Campaign**:

*what can be offered to individuals?*

The crowdfunding campaign is the means through which the message is delivered on who the organisation is and what it aims to achieve. It should appeal to people’s emotions.

A campaign should have a:  
\*short, clear text about the organisation and the project  
\*a visual representation through video and/or photo  
\*relevant rewards according to each donation amount so people know what their money can achieve  
 \*updates from the organisation during the campaign  
 \*at least one report at the end talking about the impact of the project   
 \*also important: a catchy title: informative and numerical (‘provide 100 children with social and financial education’)

The success of crowdfunding is influenced by five factors.

**1. Individuals**:

*who is the target group for the crowdfunding campaign?*

Individuals have many motives for given money to charity such as the recognition they get for giving money or the feeling of ‘I did something good’. Crowdfunding should therefore be viewed as an exchange in which there is a benefit for both the organisation (money) and the individual (good feeling of being involved).

This can be achieved by sending a personalised   
thank you note, as well as posting regular updates,  
 photos and a report at the end of the campaign  
 to tell what has been achieved with the support   
of the individuals who donated money.

**5.Organisation**:

*how to promote the crowdfunding campaign?*

Crowdfunding provides a way to build a network through the internet and social media, so use these to promote the campaign. Keep posting updates and photos and send out thank you notes.

Ask your personal network to support. They could set up a sponsor run, or a baking competition which can raise some money which can be donated on the crowdfunding campaign. That way the first maybe 20% are raised through the personal network and can act as incentive for outsiders to sponsor the campaign.

The Secretariat could also promote the campaign through the Aflatoun website and social media which can build the bridge between local and international.

**4.Amount**:  
  
 *what goal amount to set?*

Set a realistic amount. Crowdfunding should be viewed as an additional source of funding.

For example, cost per child calculations can help set a realistic amount. Generally speaking, setting an amount around $5000 is considered to be most successful.

On average individuals seem to donate $50-$60 per donation.

**2. Platform**:

*where to find these individuals?*

The choice of platform is important. As mentioned before,   
the practical features are one aspect, the other is   
geographical reach of the platform, some are internationally   
oriented others more regional or local.

It depends on:  
-your personal network  
-where you want to raise awareness

***International:*** English speaking community,   
international payment options, large and well-known platforms  
***Local or regional***: local community, use of local language and payment options, more targeted advice from local staff

Consider: the support from the platform in setting up a campaign, recognition of the platform (is it used a lot by charities and do individuals know it exists?), culture of individual giving in local country

Appendix 2: Interview with Aflatoun partner in Moldova, Indigo Center  
*Interview with Ana Rodrigues, programme manager Europe, she helped the partner in Moldova set up the crowdfunding campaign, 10th of January 2013, by email*

1. **When did you start using crowdfunding?**
2. **Why did you start using crowdfunding? And for what type of projects do you want to use it?**
3. **How did you pick the platform you would use?**
4. **Did you reach the goal? Why or why not, do you think? (what was successful and what was unsuccessful)**
5. **What lessons did you learn? (for example what would you do again, what not, would you pick a different platform?)**
6. **Do you recommend other Aflatoun partners in the network to use crowdfunding, why?**
7. **How does it work on the platforms, after someone gives a donation, do you send out a thank you note?**
8. **Did Indigo Center spread the word when they were on Indiegogo?**
9. **What made them decide on not putting pictures on the page?**
10. **Could you provide the website or link to your project?**
11. Indigo Center started using crowdfunding the last quarter of 2012.
12. The partner needed resources to print manuals. These are the manuals that were approved by the Ministry of Education in Moldova to be used in the Optional Subject. The money was used to print the guide books for the teachers.
13. The crowdfunding platform was found by Alodia\* (Alodia Santos, Head of Programmes), and it was the one with more options (if you don’t get all the money you still get what was fundraise while other platforms only give the money if you fundraise the total proposed) . The name of this platform is Indiegogo.
14. Indigo Center reached a bit less than half of the target amount ($905 out of $2400) , but it was already good for a start. The partner was able to do the best out of it.
15. I think it would be a good platform to continue using. Of course they always take a percentage to the amount earned, but it is an easy way to get quick resources if you have a good network. Maybe next time we will do it with more time so that there is more opportunities to disseminate it. To have more time to send reminders and give time to our contacts to share with others and make the word spread wider.
16. Yes. It is quite flexible and this way they don’t have to depend on donors. Anyway, the funding from Crowdfunding is small so its more suitable for specific acgivities such  as organising events, trainings, printing materials, etc.
17. The website sends a thank you note, but I also checked who donated and send it. I think the partner also did.
18. Yes the partner also spread the word among their contacts.
19. It was more of a technical issue rather than a preference. They weren’t able to manage the website very well, so we had to support but only until a certain limit. We put the main info and then if they wanted they could put more but they weren’t able to.
20. [http://www.indiegogo.com/AflatounMoldova](https://mail.aflatoun.org/owa/redir.aspx?C=KmTe4746dUO-CDNI5KhZ1PHXcylfxM9IMkuLBSKcbxWNZCcjJve5aDa3jdARFh_CN3HG_Ef9Qfs.&URL=http%3a%2f%2fwww.indiegogo.com%2fAflatounMoldova)

\* After talking to Ana I went to Aloy and asked what her criteria had been to pick Indiegogo as the right platform to use. The criteria are: global, suitable for charities, paypal and creditcard options, does the platform pay to a foreign bank account?, the % commission fee, keeping any money raised (so not a all-or-nothing model), user friendly, English.

Appendix 3: Interview with Aflatoun partner in Uganda, The Private Education Development Network (PEDN)   
*Interview with Andrew Magunda, Director Programs, Monitoring and Evaluation, 21st of January 2013, by phone*

1. **When did you start using crowdfunding?**
2. **Why did you start using crowdfunding? And for what type of projects do you want to use it?**
3. **How did you pick the platform you would use?**
4. **Did you reach the goal? Why or why not, do you think? (what was successful and what was unsuccessful)**
5. **What lessons did you learn? (for example what would you do again, what not, would you pick a different platform?)**
6. **Do you recommend other Aflatoun partners in the network to use crowdfunding, why?**
7. **How did you spread the word?**
8. **Could you provide the website or link to your project?**
9. PEDN first started using crowdfunding in 2012.
10. Crowdfunding was used to raise funds for the Aflateen programme.
11. First PEDN put a campaign on Globalgiving.org, with the support of the Aflatoun team in Amsterdam. Now (January 2013) Andrew is setting up a new campaign on a local platform who are very helpful in giving advice on how to set up the campaign. This platform was chosen first of all because of the support that is given which links to the reason why the campaign on Globalgiving did not work, it was too difficult because they did not know how to do it. they had trouble with uploading, updating the profile and uploading photos, it was a struggle. Global Giving did not give time for them to understand. Problem was no 100% expertise on how to use the platform, need to know basic information.
12. At the moment the campaign is still in development, so it is not online yet.
13. First, support is needed from the platform. African diaspora is Africa focused, close to where they work, engaged and connected, which is more effective.Second, donors are shocked by text, so photos and videos very important, Also by the amount of projects, so important to stand out. Third, important to show appreciation to the donors, with a reward that is cheap but valuable and really African, for example a visit to the school where the Aflateen programme is taught.
14. Yes but they have to be very prepared, it requires some level of expertise to understand how to use crowdfunding and it requires time because it is important to stay in connection with the project. But it is important to market yourself.
15. Still in progress. No answer.
16. Still in progress.

Appendix 4: Interview with Aflatoun partner in Cambodia, Sao Sary Foundation*Interview with Vichetr Uon, founder and executive Director of Sao Sary Foundation 17th of January 2013 by email*

1. **When did you start using crowdfunding?**
2. **Why did you start using crowdfunding? And for what type of projects do you want to use it?**
3. **How did you pick the platform you would use?**
4. **Do you let people, or the community, know your organisation has a project on a crowdfunding platform? How?**
5. **Did you reach the goal? Why or why not, do you think? (what was successful and what was unsuccessful)**
6. **What lessons did you learn? (for example what would you do again, what not, would you pick a different platform?)**
7. **Do you recommend other Aflatoun partners in the network to use crowdfunding, why?**
8. **Could you provide the website or link to your project?**
9. Sao Sary Foundation started using crowdfunding in 2007 or 2008.
10. I started because I wanted to do child and family sponsorships. We work mostly with children, families and communities for who we need to fundraise.
11. I am using several platforms which they offered us for free but most of them aren’t working. I also created an opportunity by myself on my own website using paypal so we can reduce cost on administrative fee paid to fundraising companies. Betterplace.org was used in the past but it didn’t work because of asking for information and asking me to invite my friends and donors to be there so I took myself out of it. Local platform does not exist in Cambodia so I am using all over the world. For me, lately I have tried to develop my own platform so that I and my foundation can fundraise by ourselves so that we don’t spend any money on fundraising companies. Also I am using justgiving.com to support an event.
12. The people and community is for who SSF works, therefore they need funds and technical support from SSF and so we don’t introduce them to the campaign, unless the donors are going to visit the community.
13. On the justgiving.com/ssf page I have reached so far 39% of the total goal (€958 out of €2500) If fundraising goal is smaller thus to accomplish it is easier and many people will help.
14. What I have learned so far is if we would like to achieve our goal on fundraising unless we know many people around the world and all of them are using social media or platforms so that they will know and fund us.
15. In reality if they are implementing partners or organisations (of Aflatoun) they should focus on project implementation than doing fundraising. Fundraising uses a lot of effort and concentration which they need to spend most of their time on. They should find fundraising agencies or donors to take care on their behalf.
16. [http://www.justgiving.com/ssf](http://justgiving.com/ssf?C=_39TC_XpTkOtAA2KoR05QhiPQr3yyM9IcNnTZCaXuHoJRSkfpXGbz_Er77QwUiRhZ63ZLzh2_Iw.&URL=http://www.justgiving.com/ssf)

Appendix 5: Interview with Aflatoun partner in Philippines, National Confederation of Cooperatives (NATCCO)  
*Interview with Lasalette M. Gumban, youth program officer at NATCCO, 18th of January 2013, by email*

1. **When did you start using crowdfunding?**
2. **Why did you start using crowdfunding? And for what type of projects do you want to use it?**
3. **How did you pick the crowdfunding platform, Global Giving, you are using? Would there be a possibility to use a local crowdfunding platform?**
4. **Do you let people, or the community, know your organisation has a project on a crowdfunding platform? How?**
5. **Did you reach the goal amount? Why or why not, do you think?**
6. **Looking from the moment you set up the project online to now, what lessons did you learn?**
7. **Do you recommend other Aflatoun partners in the network to use crowdfunding, why?**
8. **Could you provide the website or link to your project?**
9. 2009
10. We received an email from Aflatoun informing us if we want to try a new platform in fundraising.  We applied and Global Giving conducted Due Diligence Audit.  We will use the fund for Aflatoun programs in six provinces in the Philippines.
11. The Aflatoun secretariat linked us with Global Giving.   The concept of online fundraising is not that popular yet in the Philippines.  In fact, 100% of our individual donors from global giving are foreigners (this percentage is quite telling).  But many organisations (NGOs, POs) in the Philippines are also using crowdfunding hosted by international providers (like Global Giving, Kiva, etc.)   As to its effectiveness as a fundraising platform in the country, I am not really sure. Perhaps if more people are aware of this and given the proper promotion, it might also work.
12. Yes, through email links, facebook.
13. Not yet.  Maybe because of the number of fundraisers in the site, and maybe because we sometimes fail to post regular project reports.
14. Consistency of project reports, creativity and innovation, establish strong network and linkage, catchy reports/photos, urgency of the problem that the project is trying to address increases the probability of getting more donors, a fundraiser person in an organisation who focuses on the job would also be of big help.
15. Yes, because it has a global outreach, it allows individuals to make small donations, easy to use, fund transfer is quite efficient.  But it takes patience.
16. [http://www.globalgiving.org/projects/teaching-15000-children-to-save-and-invest/](http://www.guardian.co.uk/technology/2012/dec/18/twitter-users-pass-200-million?C=V8y6ifAGmEuzDeqRr-mgW_9PP531yM9IPTlddaQnXo_ilXB7Z322VfIQiw9fVQLZXmtiiuANTH8.&URL=http://www.globalgiving.org/projects/teaching-15000-children-to-save-and-invest/)

Appendix 6: Interview with Alexis Nadin, Senior Program Associate GlobalGiving.org  
**1.What is your experience with crowdfunding and traditional fundraising?**

2,5 years on the job in Global Giving as project manager. They offer 1 on 1 consulatiosn with projects interested in crowdfunding., strategies on how to expand the network, provide resources for online fundraising. 40% outside US, 60% in US, ranging from small community to large international NGO.

**2.In your opinion, what are the pros and cons of using donation based crowdfunding for Charities?**

Relationships, trust. Personal connections its not as easy as just being online, people are compelled by a story or are asked by friends to give. + potential for growth, spreading the word, effective, valuable, not dependent on foundations accepting proposals, effective for creating network. – time consuming, relationship management, asking personal connections for money can be difficult

**3.What in your opinion has made crowdfunding so popular?**

Way communication has changed, use of social media increased, email as main communication tool. Diversifying fundraising. Possibility for donors to contribute with small donation. Growing awareness that crowdfudning exists. Increased understanding of global issues.

**4.In April 2012, 452 crowdfunding platforms existed, how do NGOs find the right platform to use?**

Research: different features, understand differences, global giving offers comprehensive package (receipts, marketing of global giving) other platforms individuals make personal pages.  
Word of mouth, she has found that to be effective. People find out that someone else has donated, or through facebook for example.  
consider who is your network: use of language. For example trying to reach Americans it should be English, trying to reach argentinians it should be Spanish.

**5.Do you think an NGO in for example Peru should use a crowdfunding platform in Peru (or Latin America) or an international one like globalgiving?  Why? Do you think there is a difference?  What is it?**

If work is in community then maybe more local. It depends per organisation and as said before on who you are trying to reach.

**6.Do you think NGOs should be active on multiple crowdfunding platforms? Or should they focus on one. Why?**

Multiple platforms, is up to the organisation based on individual need. Also the language issue. GG partners with helpargentina. So when an organisation wants to reach Americans they use GG and Argentinians they use local platform.   
Different requirements for each platform means it can be time consuming (eg at global giving they need to report every 3 months). “they will get out of it what they put into it”  
not all organisations on GG have one person dedicated to fundraising or crowdfunding, for most organisations it is part of volunteers, staff their jobs. So it is not a requirement but they should be realistic about their resources. Eg GG 2 hours / quarter for reporting. 1 hour per week for sending thank you notes. But she would always recommend more time than that.

**7.What percentage of total projects gets fully funded at globalgiving? Do you know what type of projects get funded most?**

Difficult to give a percentage because of dynamics of platform. Most projects start with for example 30000 but want to continue using the campaign so they have access to donors and reports so they will increase funding goal, it’s a continuous, evolving project.  
average 6000 dollars, $2000

**8.In your opinion, what makes projects raise necessary funds using crowdfunding? Why do projects not reach their target amount? In other words, are there general success indicators which each NGO should follow when active on a crowdfunding platform?**

Concisive, specific: jargon free language. Story of one individual and high resolution pictures. Help donors understand bigger picture in as little text as possible. A more speficic project is more effective. Engagement strategy depending on enthusiasm of staff. Marketing and promotion of campaign

**9.How do you see the future of crowdfunding?  
-Will Europe and the US remain the biggest crowdfunding regions or do you think Latin America, Africa and Asia will soon catch up?  
-Do you think anything is going to change regarding how crowdfunding will be accessed, ie platforms and modalities? (website versus social networking sites versus mobile phones)**

She thinks it is growing. In 2010 US online giving was up 17%. So in general online activity is increasing. As many options as possible – multi channel approach So it is likely it will expand into alternative methods. Donations straight from facebook, twitter, smartphones.

**10. Does globalgiving disclose statistics of the platform (such as projects funded by theme, or by country, average amount of money donated per donor etc)? If yes, would it be possible for me to access these statistics?**

No, we do not disclose statistics at this moment.

Appendix 7: Interview with Naoko Felder-Kuzu, founder at Sosense.org

**1.What is your experience with crowdfunding and traditional fundraising?**

I have done very little of traditional fundraising. As a cofounder of [sosense.org](http://www.bris.ac.uk/cmpo/publications/other/jgsurvey.pdf?C=UEWuzzrM9EynwSNO1UXZWAZ283QUys9I8jrNpwpOYD36hRKhRBs4gsB3ZrHhpgu3VrNPjgIZQW8.&URL=http://sosense.org) we launched this platform to increase awareness and fundraise for high impact social enterprises.

**2.In your opinion, what are the pros and cons of using crowdfunding for Charities?**

You can get to reach to many more people but you don't know who are really interested to really donate. You have to constantly work and try to communicate about your activities. There are good examples such as[www.chartiywater.org](https://mail.aflatoun.org/owa/redir.aspx?C=UEWuzzrM9EynwSNO1UXZWAZ283QUys9I8jrNpwpOYD36hRKhRBs4gsB3ZrHhpgu3VrNPjgIZQW8.&URL=http%3a%2f%2fwww.chartiywater.org) who have managed to be so effective using social media to raise funds.

**3.What in your opinion has made crowdfunding so popular?**

If you mean the "classic crowdfunding" such as kickstarter I think it is great to be able for any person to start a project and get other people to invest (donate) so that you can realise your ideas.

**4.In April 2012, 452 crowdfunding platforms existed, how do NGOs find the right platform to use?**

There are many different type of platforms first differentiate these into the classic (project based and you get some return that is nonfinancial), peer to peer lending, donation platforms and crowdinvesting  (this was a classification that I heard recently by Robert Mckenzie) So normally an NGO should concentrate in donation platforms which I dont think there are that many. A large one would be globalgiving.

**5.Do you think an NGO in for example Peru should use a crowdfunding platform in Peru (or Latin America) or an international one like sosense?  Why? Do you think there is a difference?  What is it?**

It really depends where they would like to increase the awareness and where it would be easier to effectively raise funds. Local or national platforms are good in that it is their language, currency and therefore also money transfer mechanism is easier. An international platform or for example in the case of [sosense.org](http://www.ncdo.nl/artikel/uitgaven-en-bezuinigingen-os?C=UEWuzzrM9EynwSNO1UXZWAZ283QUys9I8jrNpwpOYD36hRKhRBs4gsB3ZrHhpgu3VrNPjgIZQW8.&URL=http://sosense.org) you raise the awareness amongst Swiss donors, foundations with a base in Switzerland and Europe. It  broadens the exposure of the Peruvian NGO to English and German language speakers. It might also raise their exposure so they qualify in international competitions or awards.

**6.Do you think NGOs should be active on multiple crowdfunding platforms? Or should they focus on one. Why?**

It is also a matter of time and energy that the NGO can invest. If they have very little effort they can be represented in various (but as I said initially) passive presence in a plartform (especially if there are many organisations or projects in the platform) is unlikely to lead to successful fundraising.

**7. I can see on the sosense website that organisations do not set a target amount. What are your thoughts about crowdfunding platforms that do set a target amount and time frame, versus crowdfunding platforms that do not?**

sosense tries to support the organisation (which is more difficult so we might have to review but we always believed that unrestricted funding is so difficult to get for the social enterprises... and not independent projects) target and time frame are commonly used for specific projects.

**8.In your opinion, what makes projects raise necessary funds using crowdfunding? Why do some projects raise a lot of money, while others do not? In other words, are there general success indicators which each NGO should follow when active on a crowdfunding platform?**

Just heard in a presentation that in classic crowdfunding like kickstarter, indiegogo some tips for success were 1) fund raising time frame 40 days, 2) actively engage your network of family and friends, 3) give updates (this presenter though does not include NGO Charities fundraising on platforms as classic crowdfunding...) For NGOs I think in general if well documented and actively communicated a clear project is easier to raise funds

**9.How do you see the future of crowdfunding?**

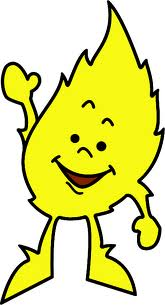
I think that crowdinvesting and peer to peer lending will continue to grow. General crowdfunding will grow but more consolidation as there are many so some will have to specialise more.

-Will Europe and the US going to remain the biggest crowdfunding regions or do you think Latin America, Africa and Asia will soon catch up?  
-Do you think anything is going to change regarding how crowdfunding will be accessed, ie platforms and modalities? (website versus social networking sites versus mobile phones)

I think it has been expanding to social networking sites and mobile phones

**10. Does sosense disclose statistics of the platform (such as projects funded by theme, or by country, average amount of money donated per donor etc)? If yes, would it be possible for me to access these statistics?**

At this point in time we do not disclose statistics (the only one we disclose is by organisation and by campaigns)



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