Civic crowdfunding for community infrastructure rehabilitation: The case of the City of Harare

LE Chigova

orcid.org/0000-0001-7357-2091

Thesis accepted for the degree **Doctor of Philosophy in Public Management and Governance** at the North-West University

Promoter: Prof G van der Waldt

Graduation: May 2020

Student number: 31423442

DECLARATION

I, **Lewis Edwin Chigova**, declare that this study: **Civic crowdfunding for community infrastructure rehabilitation: The case of the City of Harare** is my own unaided work and it has not been submitted before for any degree or examination at any university by me or any other person. This dissertation is submitted in fulfilment of the requirements of the Degree of Doctor of Philosophy (Public Management and Governance) at the North West University, Potchefstroom campus, in the Republic of South Africa. All sources used or quoted in this dissertation have been duly cited and acknowledged by means of complete references.

L. E. Chigova

11 February 2020

Date

DEDICATIONS

This thesis is dedicated to my wife Simbiso and son Thando.

ACKNOWLEDGEMENTS

I wish to express my sincere gratitude to the following institutions and persons for their different contributions towards the successful completion of this study:

- The prestigious North West University for the opportunity to study. This study would not have been possible without the financial assistance from North West University which covered my tuition.
- The esteemed Professor Gerrit van der Waldt, my promoter and study leader, for the exceptional guidance and support that culminated in the successful completion of this thesis in the shortest possible time. His encouraging remarks and kind words pushed me to the limit to work extra hard towards the completion of the study.
- The City of Harare, in particular the Human Capital Department, for opening up to me to conduct this research. I wish to thank and acknowledge the cooperation offered by officials from different departments in the City of Harare who besides their busy schedules agreed to be interviewed and in many instances availed important documentary materials.
- The Ministry of Local Government, Public Works and National Housing for giving me the permission to conduct interviews with officials in the ministry.
- The United Nations Development Programme Zimbabwe for the help that included linking me with their partners in the Urban Resilience Programmes.
- Various lecturers at the University of Zimbabwe (Department of Political and Administrative Studies as well as the Department of Rural and Urban Planning) who agreed to participate as key informants in my study.
- Various individuals drawn from different non-governmental organisations and interest groups that deal with local governments in Zimbabwe.
- My parents whose support throughout my academic journey has been astounding.
- My friends, with special mention to Fortune Mangara who have been supportive in firstly encouraging me to enrol at North West University and secondly having been compassionate throughout my stay in Potchefstroom. Having the same humble beginnings and coming from the same village in Shurugwi, Zimbabwe,

his tremendous support since the start of this academic journey, shall forever be a debt to pay.

- Work and professional colleagues from the Future African Cities Institute, University of Zimbabwe and North West University for all the support.
- Doctor Prolific Mataruse for language editing my thesis.

ABSTRACT

Resource challenges in local governance necessitate the embracement of emerging strategies that improve revenue mobilisation and citizen participation in cities and towns. Emerging strategies such as civic crowdfunding can provide additional financial resources and increase resident participation in local authorities such as the City of Harare and others in developing countries. These are strategies that are critical to cities such as the City of Harare that have been facing significant challenges but are envisioning the attainment of world class city status in the near future. In addition to that, initiatives such as crowdfunding are central in urban renewal and resilience particularly where issues such as community infrastructure rehabilitation are topical. This research was motivated by the desire to see African cities such as the City of Harare adopting innovative strategies of financing. In other words, the absence of a framework that allows citizens to contribute their resources to the development of their city triggered the need to develop an integrated civic crowdfunding for application by the City of Harare.

The findings of the study were based on an in-depth literature survey which unearthed key theoretical underpinnings of crowdfunding as a governance phenomenon. The study reviewed cardinal elements of crowdfunding and local government financing. It further reflected on Zimbabwe's local government institutional and legal frameworks. Over and above, the study finally interrogated international best practices; and triangulated them with the views and opinions from interviews of purposively sampled key informants. All these data sources were compared and contrasted to come up with the findings of the study.

The findings of the study coincided with the problem that necessitated the study, that, the City of Harare is not systematically tapping in to the potential provided for by civic crowdfunding. An analysis of the City of Harare municipal documents together with the views and opinions of the key informants revealed that even if there are a variety of citizen-led initiatives that can match crowdfunding, most of them are rudimentary and not systematic and that the absence of an integrated civic crowdfunding model limits the adequate harnessing of the huge potential provided for by the involvement of citizen contributions and involvement in community development. As a result, the

primary aim of this study was to develop an integrated civic crowdfunding model for use by the City of Harare and other local authorities elsewhere.

The proposed integrated model calls for a bottom-up process that is led by communities involving a variety of stakeholders that include those at government, non-governmental and community levels. The model utilises the benefits of the internet and social media by the establishment of online platforms. Moreover, the proposed integrated model advocates for a shift from government to collective power. In other words, the proposed model seeks to complement and comply with existing financing mechanisms; improve the performance of local governments; accommodate and embrace emerging phenomena; and build urban resilience. It allows the City of Harare to build on experiences such as cholera response in Harare and Cyclone Idai and learn from other cities around the world as it aims to achieve world class city status.

Cognisant of the fact that civic crowdfunding impacts both directly and indirectly at the governance architecture of local governments, the proposed integrated model supports the shift from the old public administration to network forms of governance espoused by the New Public Governance paradigm. Consequently, exposing local authorities in Africa at the forefront of transitions in the study and practice of Public Administration by proposing an integrated model that captures emerging trends or vehicles of transitions constitute an advancement of knowledge.

KEY WORDS

- Crowdfunding
- Civic crowdfunding
- City of Harare
- Infrastructure rehabilitation
- Community infrastructure
- Citizen participation
- Local authorities
- Governance

TABLE OF CONTENTS

DECLARATION ..... **i**
ACKNOWLEDGEMENTS ..... **iii**
ABSTRACT ..... **v**
KEY WORDS ..... **vii**
TABLE OF CONTENTS ..... **viii**
LIST OF FIGURES ..... **xv**
LIST OF TABLES ..... **xvi**
LIST OF ACRONYMS/ ABBREVIATIONS ..... **xvii**

CHAPTER ONE
ORIENTATION AND CONTEXT

1.1 ORIENTATION **1**
1.2 PROBLEM STATEMENT **6**
1.3 RESEARCH QUESTIONS **10**
1.4 RESEARCH OBJECTIVES **11**
1.5 CENTRAL THEORETICAL STATEMENTS **12**
1.6 RESEARCH METHODOLOGY **13**
1.6.1 Literature review 14
1.6.2 Empirical investigation 14
1.6.3 Research design 15
1.6.4 Data collection methods 16
1.6.4.1 Key informant interviews 17
1.6.4.2 Document analysis 18
1.6.5 Sampling 18
1.6.6 Data analysis methods 19
1.6.6.1 Thematic analysis 19
1.7 ETHICAL CONSIDERATIONS **20**
1.8 SIGNIFICANCE OF THE STUDY **20**
1.9 CHAPTER OUTLINE **21**
1.10 CONCLUSION **22**

CHAPTER TWO
THEORETICAL APPROACHES AND MODELS OF CROWDFUNDING AND THEIR APPLICATIONS IN THE PUBLIC SECTOR

2.1 INTRODUCTION **23**

2.2 TRACING THE CHRONICLES OF CONCEPTIONS OF GOVERNMENT AND GOVERNANCE 24
2.3 PARADIGMATIC DEVELOPMENT OF PUBLIC ADMINISTRATION AS STUDY DOMAIN 27
2.3.1 Traditional Public Administration 30
2.3.2 New Public Administration 33
2.3.3 Public Management 36
2.3.4 New Public Management (NPM) 39
2.3.5 New Public Governance (NPG) 42
2.3.5.1 Contextualising co-production in NPG 46
2.3.6 New Public Service 47
2.4 EMERGENCE OF CROWDFUNDING IN NETWORK GOVERNANCE 49
2.4.1 Models of Crowdfunding 51
2.4.1.1 Donation Crowdfunding 52
2.4.1.2 Reward Crowdfunding 53
2.4.1.3 Lending Crowdfunding/Debt Crowdfunding 54
2.4.1.4 Investment/ Equity Crowdfunding 54
2.4.2 Types of Crowdfunding 55
2.4.2.1 Conceptualising civic crowdfunding 56
2.4.2.2 Contextualising civic crowdfunding as a means to co-production 58
2.4.2.3 Civic crowdfunding as disruption 59
2.4.2.4 Civic crowdfunding as community expression and leveraging collective power 61
2.4.2.5 Civic crowdfunding in community infrastructure rehabilitation 62
2.5 THEORETICAL UNDERPINNINGS OF CIVIC CROWDFUNDING AS A GOVERNANCE PHENOMENON 63
2.5.1 Public Choice Theory 63
2.5.2 Game Theory 66
2.5.3 Principle-Agent Theory 68
2.5.4 Stewardship Theory 71
2.6 CONCLUSION 76

CHAPTER THREE
COMMUNITY INFRASTRUCTURE REHABILITATION, LOCAL GOVERNMENT FINANCING MECHANISMS AND THE EMERGING FINANCIAL GAPS

3.1 INTRODUCTION 78

3.2 COMMUNITY INFRASTRUCTURE REHABILITATION: A CONTEXTUAL AND CONCEPTUAL ORIENTATION 79
3.3 LOCAL GOVERNMENT FINANCING FRAMEWORKS 82
3.3.1 Institutional Frameworks Governing Local Government Financing in Zimbabwe 83
3.3.1.1 Ministry of Local Government 83
3.3.1.2 Local authorities 84
3.3.1.3 Civic society organisations and residents associations 85
3.3.1.4 Parliamentary Portfolio Committee on Local Government 86
3.3.2 Legal Frameworks Governing Local Government Financing 87
3.3.2.1 The Constitution of Zimbabwe 87
3.3.2.2 The Urban Councils Act (Chapter 29:15) 88
3.3.2.3 Public Finance Management Act (PFMA) (Chapter 22:19) 89
3.3.2.4 The Public Procurement Act (Chapter 22:14) 89
3.3.2.5 Statutory Instruments and Directives of the Ministry of Local Government 90
3.4 LOCAL GOVERNMENT REVENUE COLLECTION AND FINANCING MECHANISMS 90
3.4.1 Internal Sources 91
3.4.1.1 Rates on property and land 91
3.4.1.2 Revenue from service delivery 92
3.4.1.3 User fees 93
3.4.1.4 Fines and penalties 93
3.4.1.5 Licence fees 93
3.4.1.6 Revenue generating projects 94
3.4.1.7 Land sales and leases 95
3.4.1.8 Rentals on council properties 95
3.4.1.9 Interests on investments 96
3.4.2 External sources 96
3.4.2.1 Central government transfers 96
3.4.2.2 Loans from non-governmental organisations 99
3.4.2.3 Borrowings 99
3.5 COMMUNITY INFRASTRUCTURE REHABILITATION FINANCING GAPS 100
3.6 ALTERNATIVE MECHANISMS FOR COMMUNITY INFRASTRUCTURE REHABILITATION FINANCING 103
3.6.1 New Funding Sources 107
3.6.1.1 New Taxes 107

3.6.1.1.1 Local Option Taxes 107
3.6.1.2 Value capture mechanisms 108
3.6.1.2.1 Impact Fees 108
3.6.1.2.2 Special Assessment Districts (SADs) 109
3.6.1.2.3 Tax Incremental Financing 110
3.6.1.2.4 Joint Development 110
3.6.2 New Financing Mechanisms 111
3.6.2.1 New credit assistance tools 111
3.6.2.1.1 State Infrastructure Banks (SIBs) 111
3.6.2.2 Alternative bonds and debt financing methods 112
3.6.2.2.1 Social Impact Bonds (SIBs) 113
3.6.2.2.2 State Bond Banks (SBBs) 114
3.6.3 New Financial Arrangements 115
3.6.3.1 Public Private Partnerships (PPPs) 115
3.6.3.2 Privatisation 116
3.6.3.3 Infrastructure Investment Funds (IIFs) 117
3.6.3.4 Private and Non-profit Philanthropic Partners 118
3.6.3.5 Crowdfunding 119
3.7 CONCLUSION 121

CHAPTER FOUR
INTERNATIONAL BEST PRACTICES

4.1 INTRODUCTION 122
4.2 CASE STUDY ANALYSES 123
4.2.1 Case Study One: The Statue of Liberty 125
4.2.2 Case Study Two: Glyncoch Community Centre 130
4.2.3 Case Study Three: Liverpool Flyover 134
4.2.4 Case Study Four: Colombia's BD Bacata Tower 137
4.2.5 Case Study Five: Live Lebanon 139
4.2.6 Case Study Six: Sunny Money Zambia 142
4.2.7 Case Study Seven: Skynotch Energy 144
4.3 LESSONS DRAWN FROM THE CASE STUDIES 147
4.3.1 Important lessons for local government 147
4.3.2 Lessons for citizens 149
4.3.3 Reflection on network governance 150

4.4 CRITICAL SUCCESS FACTORS IDENTIFIED IN THE CASE STUDIES ... 153
4.4.1 Contribution of social media ... 153
4.4.2 Role of crowdfunding online digital platforms ... 154
4.4.3 Rewards and acknowledgements as motivation ... 156
4.4.4 Regulations ... 158
4.4.5 Online and Offline Communities ... 159
4.4.6 Crowdfunding ecosystems ... 159
4.5 MAJOR CONCERNS IN USING CIVIC CROWDFUNDING ... 160
4.5.1 Civic crowdfunding *sui generis* nature ... 160
4.5.2 Uncertainty and risk ... 161
4.5.3 Cost of capital ... 162
4.5.4 Sustainability ... 162
4.5.5 Fraud and cyber crimes ... 163
4.5.6 Equity ... 164
4.5.7 Free riding and cheap riding ... 165
4.6 CONCLUSION ... 166

CHAPTER FIVE
CROWDFUNDING FOR COMMUNITY INFRASTRUCTURE REHABILITATION IN THE COH: EMPIRICAL FINDINGS

5.1 INTRODUCTION ... 168
5.2 OVERVIEW OF THE COH ... 169
5.3 RESEARCH METHODOLOGY ... 170
5.3.1 Research design ... 170
5.3.2 Data collection instrumentation ... 171
5.3.2.1 Key informant interviews ... 171
5.3.2.2 Document analysis ... 172
5.3.3 Sampling ... 172
5.3.4 Data presentation and methods of analyses ... 174
5.3.4.1 *Thematic analysis* ... 175
5.4 ETHICAL CONSIDERATIONS ... 175
5.5 RESEARCH EXPERIENCE ... 176
5.6 PRESENTATION OF THE EMPIRICAL FINDINGS ... 178
5.6.1 Conceptualising crowdfunding for purposes of infrastructure rehabilitation ... 180
5.6.2 CoH's readiness to adopt crowdfunding ... 183

5.6.3 Contextualising civic crowdfunding in the CoH's vision of achieving world class city status by 2025 187
5.6.4 Role of stakeholders in civic crowdfunding 189
5.6.4.1 Residents/citizens 189
5.6.4.2 Churches 191
5.6.4.3 CoH 193
5.6.4.4 Elected councillors 197
5.6.4.5 Politicians and political parties 198
5.6.4.6 Residents' associations 200
5.6.4.7 Ministry of Local Government 201
5.6.4.8 Academia 203
5.6.4.9 Banks and financial institutions 203
5.6.4.10 Private sector 203
5.6.4.11 Civic society organisations, development partners and philanthropic organisations 204
5.6.5 Likely impact of crowdfunding on resource mobilisation 205
5.6.7 Likely impact of civic crowdfunding on citizen participation 207
5.6.8 Civic crowdfunding as an instrument to reduce vandalism 208
5.6.9 Understanding legislation and regulatory framework relating to crowdfunding 209
5.6.10 Challenges of civic crowdfunding 211
5.6.10.1 Lack of trust 212
5.6.10.2 Political polarisation 213
5.6.10.3 Macro-economic challenges 215
5.6.11 Role of social media and internet 216
5.6.12 Role of rewards, acknowledgements and incentives in crowdfunding 221
5.6.13 Transparency and accountability in crowdfunding 222
5.6.14 Learning from other local authorities in Zimbabwe 224
5.6.15 Learning from the Cholera Response in Harare and Cyclone Idai 225
5.6.16 Developing an integrated civic crowdfunding model for community infrastructure rehabilitation for application by the CoH 227
5.6.16.1 Governance 228
5.6.16.2 Champions/key drivers 229
5.6.16.3 Establishing rallying points/ consultation 230
5.6.16.4 Flexibility 231
5.6.16.5 Building trust 232

5.6.16.6 Creating a crowdfunding culture 235
5.7 CONCLUSION 236

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS: AN INTEGRATED CIVIC CROWDFUNDING MODEL FOR APPLICATION BY THE COH

6.1 INTRODUCTION 237
6.2 STUDY REFLECTION: RESEARCH OBJECTIVES AND QUESTIONS 237
6.3 SUMMARY OF THE MAIN CHAPTERS 240
6.3 CONTRIBUTION TO THE ADVANCEMENT OF NEW KNOWLEDGE 242
6.3.1 Recommendations: an integrated civic crowdfunding model for application by the CoH 243
6.3.1.1 Suggestions for the application of the model 248
6.3.1.1.1 Proposals to address the identified challenges of crowdfunding 248
6.3.1.1.2 Proposed taxonomies of stakeholders in civic crowdfunding in the CoH 251
6.3.1.1.3 Key considerations in the integrated civic crowdfunding model 252
6.3.1.1.3 Proposed roles of the CoH and residents in civic crowdfunding 253
6.3.2 Contribution to literature 254
6.3.3 Contributions to corpus of knowledge of Public Administration 255
6.4 RECOMMENDATIONS FOR FURTHER RESEARCH 256
6.5 CONCLUSION 256
BIBLIOGRAPHY 258
APPENDIX A 284
APPENDIX B 286
APPENDIX C 289
APPENDIX D 290

LIST OF FIGURES

Figure 1.1: Conceptual framework 4
Figure 2.1: Models of crowdfunding 52
Figure 3:1 Deficit as Percentage of Total revenue, 2011-2014 101
Figure 4.1: Statue of Liberty 126
Figure 5.1: Gender profile of the participants 178
Figure 5.2:Percentage experiences of the participants ……179
Figure 5.3: Citizens of Harare's role in crowdfunding 190
Figure 5.4: Summary of inclusive governance principles 191
Figure 5.5: Afrobarometer survey on institutional trust in Zimbabwe 193
Figure 5.6: Challenges to participatory processes 212
Figure 5.7:Summary of the roles played by the internet and social media in civic crowdfunding.……217
Figure 5.8: CoH building on crowdfunding experiences 227
Figure 5.9: Summary of popular views on how to build trust 232
Figure 6.1: An integrated civic crowdfunding model for application by the CoH 244
Figure 6.2: Identified challenges and concerns in civic crowdfunding 249
Figure 6.3: Proposed strategies to deal with the challenges and concerns 250
Figure 6.4: Three classifications of stakeholders 251
Figure 6.5: Critical considerations on the structure, system, processes and stakeholders in the integrated civic crowdfunding model 252
Figure 6.5: Proposed roles of the City of Harare and residents in civic crowdfunding ……254

LIST OF TABLES

Table 2.1: Fundamental characteristics of government and governance 26
Table 2.2: Paradigmatic developments of Public Administration as a focus of study 45
Table 2.3: Types of crowdfunding 55
Table 2.4: Comparison between Agency Theory and Stewardship Theory 74
Table 3.1: Typologies and categories of alternative infrastructure financing 106
Table 5.1: Stakeholder groups of participants 174
Table 5.2: Years of experience of the participants 179
Table 6.1: An alignment of research objectives and questions to the chapters of the study 239

LIST OF ACRONYMS/ ABBREVIATIONS

£	British pound (currency)
ACA	Accelerator Cash Account
AFRODAD	African Forum on Debt and Development
ARDCZ	Association of Rural District Councils of Zimbabwe
AU$	Australian Dollar (currency)
CCA	Crowdfunding Capital Advisors
CoH	City of Harare
CSOs	Civic Society Organisations
CSS	critical social science
DA	District Administrator
DBSA	Development Bank of Southern Africa
ECA	Economic Commission for Africa
GCRL	Glyncoch Regeneration Limited
GoZ	Government of Zimbabwe
IDBZ	Infrastructure Development Bank of Zimbabwe
IFFs	Infrastructure Investment Funds
ISS	interpretive social science
JOBS Act	Jumpstart Our Business Startups Act
KCIC	Kenya Climate Innovation Centre
KI	Key Informant
LACEP	Local Authorities Capacity Enhancement Project
LOST	Local Option Sales Tax
MSMEs	Micro, Small, and Medium Enterprises
NDR	non-domestic rates
NGOs	Non-governmental organisations
NPG	New Public Governance
NPM	NPM
NPS	New Public Service
NWU	North West University
OECD	Organisation for Economic Cooperation and Development
PA	Principal Agent
PFMA	Public Finance Management Act

PISP	Public Sector Investment Programme
PPP	Public Private Partnership
PSS	Positivist Social Science
RDC	Rural District Council
RO	Research Objective
RQ	Research Question
SAD	Special Assessment District
SADC	Southern African Development Community
SBBs	State Bond Banks
SIB	State Infrastructure Bank
SIBs	Social Impact Bonds
SMEs	Small to Medium Enterprises
TIF	Tax Incremental Financing
UCAZ	Urban Councils Association of Zimbabwe
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UN-HABITAT	United Nations-Human Settlements Programme
UNICEF	United Nations International Children's Emergency Fund
US	United States (of America)
USA	United States of America
USAID	United States Agency for International Development
USD/US$/$	United States (of America) Dollar
WDCs	Ward Development Committees
ZimStat	Zimbabwe National Statistics Agency

CHAPTER ONE
ORIENTATION AND CONTEXT

1.1 ORIENTATION

Crowdfunding can be regarded as a financial mechanism that creates new opportunities and possibilities both in the private and public sectors. Its usage in the public sector in Africa, however, is still in its infancy (World Bank, 2013:10) but its potential is highlighted by Steinberg and DeMaria (2012:1) who argue that it is equally difficult to envision a future without crowdfunding. KPMG (2014:5) conceptualises crowdfunding "as a financing instrument which appeals to a large number of people (the crowd) to make limited contributions in order to achieve a financing goal". To Veelen (2015:5), crowdfunding is a relatively new way of raising capital. According to De Jesus *et al.* (2014:3), the power of creativity combined with the multiplier effect of giving in small amounts is starting to revolutionize the way institutions seek financing. Crowdfunding is helping charities, start-ups and the creative sector to raise considerable amounts of money. Hence, harnessing this forthcoming financial tool to rehabilitate community infrastructure has to be explored.

Several other sholars have shown that crowdfunding has become an alternative source of funding including for cities. As Candelise (2015:1) notes, "crowdfunding is a novel answer to the need of access to capital beyond traditional financial systems". Gasparo (2015:2) stresses that with limited funding it is becoming increasingly important for cities to become more self-sufficient in regards to infrastructure services. Thus, to be self-sufficient implies that local authorities should explore new financing models. Civic crowdfunding is one such financial model. As the World Bank (2013:15) highlights, crowdfunding has emerged as an alternative to more traditional funding tools such as bank loans. Gasparo (2015:2) went further to argue that embracing crowdfunding provides new opportunities to fund infrastructure projects and address funding. These scholars make the case, also reiterated by Candelise (2015:4), that crowdfunding is an alternative source of funding, which allows raising funds for projects that could not be financed through institutional channels.

The Economic Commission for Africa (ECA) (2004:VII) notes that more recently, the World Bank and other donors in Africa have been concerned with finding alternative ways of organising and managing the public services and redefining the role of the state to give more prominence to markets and competition, and to the private and voluntary sectors. Hence, innovative ways of financing public infrastructure are gaining attention and favour as they are vital for bridging fiscal gaps. Important to emphasise is that, the role of the state as the sole provider of public goods is now being questioned and policy scientists are now advocating for a paradigm shift whereby non-state actors are incorporated into the equation (ECA, 2004:10).

The states changing role in public financing has been theorised by some. The work of Bourgon (2011) points to the fact that governments can enable civil society to produce public goods by providing support to explore new and innovative ways of achieving results. This enablement is through "a shift from government as a sole provider of service to citizens to one of co-creation and co-production of public goods with citizens" (Bourgon, 2011:33). Bourgon (2011:52) continues to argue that "enabling others to co-create and co-produce public results" is not a way of reducing public spending or passing on the cost of public services to the community (Bourgon, 2011:52). Further to that, the change in the states role would mean "the creation of an independent relationship between government, society and people to achieve results of higher value at a lower overall cost to society" (Bourgon 2011:52). In a similar vein, Veelen (2015:5) states that as the traditional market fails to fund these improvements, bottom-up instruments emerge. These bottom-up instruments, according to Candelise (2015:1), entail new financing instruments outside the traditional banking sector and include crowdfunding, peer to peer lending, SME mini-bonds, social impact bonds, community shares and virtual currencies. This new approach is calling upon the *en masse* participation and investment of the public to fill in the void. So-called "people power" can cover up for the general lack of capital both in the private and public sectors.

Chatiza (2010) in De Visser *et al*. (2010:22) underscores that meeting community welfare needs and facilitating local economic development are essential municipal functions critical to development. However, in addition to failing to meet community needs local authorities in Zimbabwe are also failing to maintain, support, preserve and

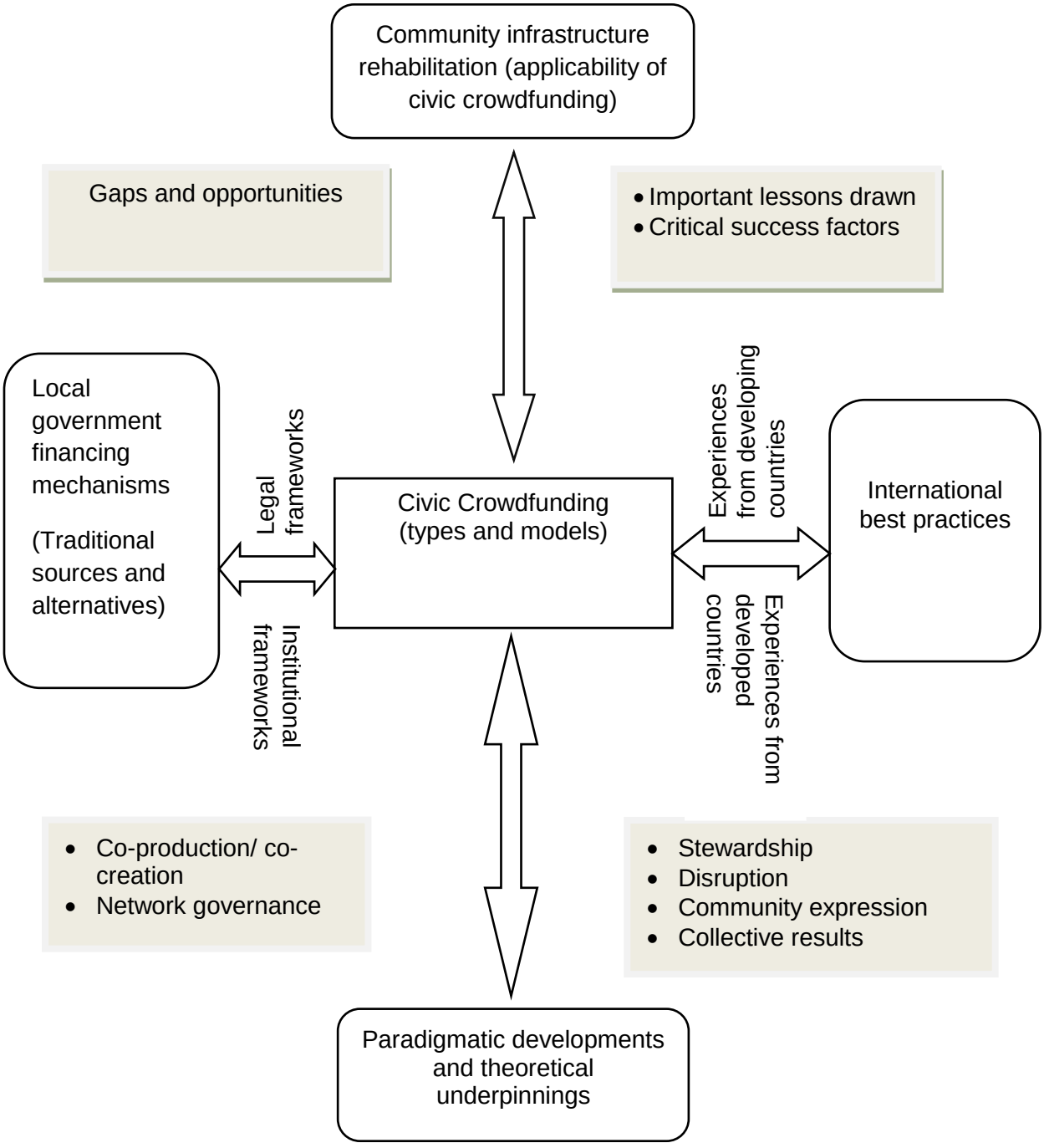
even build new community infrastructure. As Dewa *et al.* (2014:193) stress "the financial muscles of local authorities are constrained to do an overhaul of the dilapidated infrastructure". The major challenge is lack of fiscal resources. This is highlighted by Zhou and Chilunjika's (2013:243) study on Zimbabwe which note that "revenue resources are generally inadequate to finance council operations". This has been fuelled by limited government transfers and inadequate private investment for development and maintenance of the infrastructure and even failure by the state to prioritise infrastructure rehabilitation and renewal. According to Zhou and Chilunjika (2013:243), central government to local government subsidies have drastically fallen in Zimbabwe due to other pressing governmental financial obligations. On the other hand, traditional infrastructural financing instruments have been going out of favour as they overburden the government. On this, Mbara *et al*. (2010:155) underscore the limitations with funding sources and attempts by local authorities to pursue the option of involving the private sector. However, attracting private capital has been a challenge in most local authorities. Hence, there is a need to innovate and capitalise on the opportunities provided for by civic crowdfunding.

The field of investigation, prevailing to this study, brings together multifaceted elements. These include:

- applicability of civic crowdfunding in the public sector;
- civic crowdfunding models;
- community infrastructure rehabilitation financing methods and the associated gaps; and
- institutional structures, systems, processes and stakeholders in local government.

The multidimensional nature of this study necessitates the design of a conceptual and theoretical framework to direct and guide the research endeavour. Figure 1.1 below illustrates the conceptual framework for purposes of this study.

Figure 1.1: Conceptual framework



Source: Researcher's own

Although the conceptual framework is fully explained in Chapter Two, the place of crowdfunding in funding public service provision is a multidisciplinary endeavour for developing and changing communities.

It is, however, important to note that crowdfunding is not something that is completely new, it leans on present and preceding theory and practice. Veelen (2014:5) argues that civic crowdfunding might be a new funding method forthcoming to improve liveability in urban areas. To Davies (2014), civic crowdfunding reflects an outgrowth of financial strain among local authorities, and serves a libertarian agenda seeking the reduction of the role of government. On the other hand, Gasparo (2015:6) is of the view that "crowdfunding has huge potential to be used for municipal infrastructure projects".

Crowdfunding in this study will be understood through the lenses of the New Public Governance (NPG) paradigm. NPG is part of the theoretical and scholarly discourse of a relationship between the state and its citizens. The NPG does not seek to replace the New Public Management (NPM) paradigm, Public Choice Theory, or the Classic Model of Public Administration but "explores how past systems and practices may co-exist with the new capabilities needed to prepare governments in the future" (Bourgon, 2011:33). This view is also shared by Christensen (2012:8) who posits that "post-NPM reforms do not represent a break with the past, nor do they fundamentally transform public administration". Inherently, they seek to improve incumbent administrative systems without altering them in any significant way (Christensen, 2012:8). According to Bourgon (2011:38), public administration should integrate the role of government and the contribution of society it has for its mission to serve. The ECA (2003:9) notes that "a high level of involvement and participation by ordinary people is conducive to sustainable development". In Bourgon's (2011:26) view, "public results and public policies must be rethought from the perspective of public results as a shared responsibility of public agencies working with people and communities". Bourgon (2011:26) goes further to systematically explore how people, families and communities can play a more active role and how this role may lead to results of higher public value at a lower overall cost to society.

Furthermore, the active participation of citizens and communities may take many forms depending on the programme and circumstances (Bourgon 2011:39). One such form of active participation of citizens is civic crowdfunding. As Candelise (2015:4) expresses, crowdfunding platforms are also powerful communication tools, as they allow full transparency and open communication on projects, enabling investors,

stakeholders and communities to engage with the project proponents, get involved and monitor progress over time. As such, the Candelise (2015:4) opines that it is a powerful empowerment instrument, which positions people at the centre of economic and financial processes with a participatory ambition. This view is further reiterated by Soepper (2018:186) who stresses that "crowdfunding has the potential to lead to increased transparency of the political process, hold governments more accountable, empower citizens and engage them further in matters of their modern polis". The aim, according to Bourgon (2011:39), is to cultivate the capacity of communities to contribute to collective public results while meeting their own needs, building social capital, trust and the willingness to act collectively. This is in line with Stewardship Theory which is part of the core meta-theoretical underpinnings of this study. From the Stewardship's theoretical position crowdfunding means that citizens' responsibility towards their communities can be heightened (Soepper, 2018:186). Furthermore, Chen (2016:3) posits that crowdfunding is "not only providing a channel for citizens to raise capital they need but also giving them a stronger power to promote their ideas on the Internet" and contribute to the development of their cities. Likewise, the use of crowdfunding in rehabilitating community infrastructure can be understood in this context. Candelise (2015:4) sums it up saying that "crowdfunding is thus democratization and disintermediation made possible by the use of internet and social networks which allow people and potential investors to directly browse and investigate investment options" particularly in the area of urban development.

1.2 PROBLEM STATEMENT

Most cities in Africa are aiming to modernise and compete with cities in the more developed world. For example, the City of Harare (CoH) aims to attain world class status by 2025. However, the journey to achieve world class status demands new approaches to issues of governance and the more effective utilisation of scarce resources. In other words, the CoH has to contemplate adopting new governance and financing mechanisms, in particular the ones that are inclusive and involve greater citizen participation. Against this background, like many African cities, the CoH continues to face challenges in terms of resource mobilisation and exploring innovative opportunities and solutions to equal increasing demand for services. The innovations that should be adopted include civic crowdfunding. However, despite the fact that civic

crowdfunding is a potential financing tool available to the public sector, the CoH has not systematically employed it for the rehabilitation of community infrastructure. In other words, the CoH has no existing concrete crowdfunding framework that allows residents to contribute in their numbers in community development projects even though initiatives such as civic crowdfunding speak to the future of public sector financing. Civic crowdfunding in the CoH will speak to the future of public sector financing because it helps to build a bridge between raising resources and increasing citizen participation in local government. As Candelise (2015:5) points out, crowdfunding has "the communication and public engagement potential that could help in gathering financial resources to support investments less suited for traditional project financing". These projects which are less suited for traditional project financing include community infrastructure rehabilitation.

The CoH is facing challenges in rehabilitating community infrastructure most of which is now in a state of disrepair. Community facilities in the CoH need to be renovated, painted and given new facelifts if it is to achieve its vision of becoming a world class city by 2025. A review by the researcher of the Harare municipal budget statements for the last eight years shows that the city is failing to allocate enough funds to community infrastructure. According to the CoH (2017:3) 2018 budget statement, this has been attributed to "non-availability of affordable lines of credit, burgeoning debtors, concomitant growth in the level of creditors and cash flow constraints". The CoH's budget statement highlight that "reduced revenue collections, aged and obsolete infrastructure" have all worsened the situation and "conspired to frustrate service delivery initiatives throughout the City" (CoH, 2017:3). Against this background, crowdfunding offers an opportunity for the CoH and other African cities to learn from other progressive cities around the world especially in the developed world. The study will therefore investigate how other cities' experiences can inform the CoH to develop an integrated crowdfunding model taking into context its unique systems, structure, processes and stakeholders. For example, the CoH can draw lessons from the City of Liverpool. According to Glover (2017:4-5), "in response to Liverpool City Council's proposal to remove an abandoned flyover, the local community crowdfunded over £40,000 to pay for a feasibility study looking at creating an elevated park instead" (Glover, 2017:4-5). The lessons include the use by the City of Liverpool of established crowdfunding platforms to raise money.

Community infrastructure in the CoH falls under the welfare sector. In terms of financing in 2017, this sector received a budgetary share of over six and half million United States dollars. According CoH (2016:26), “the welfare sector comprising crèches, vocational training centres, libraries, swimming pools, halls and stadia got an operating budget of US$ 6.6 million supported by the rate account”. In addition to that, the CoH in 2015 introduced a new model of financing called the “10% Ward Retention Scheme” in which of all the revenue collected in the city’s wards, a mandatory 10 percent is retained to be used directly in the provision of services in those respective wards. This is some of the money that is supposed to be used to rehabilitate community infrastructure but it is not enough considering the pressing and competing demands such as refuse collection. Also, the CoH uses the rentals and user fees that it charges to maintain, preserve and rehabilitate community infrastructure. In previous years, the CoH benefited from members of parliament who used their Constituent Development Funds (money received by Members of Parliament from government to develop their constituencies) to rehabilitate community infrastructure. The CoH has also embraced joint ventures and public private partnerships (CoH, 2017:13) to finance large scale infrastructural projects. In this context, civic crowdfunding is not being proposed to replace these existing financing mechanisms but rather as highlighted by Adams (2014:7) to “raise extra funds for community projects” and “complement existing fund raising, engagement and awareness activities”.

The challenges facing the CoH are not only financial but are also about citizen participation. In other words, the residents of Harare are seemingly overwhelmed by expectations on what the city should do for them and not what they can do for their city. This is an issue of citizen participation going beyond electing councillors and participating in pre-budget consultations. In that regard, the CoH should exploit for “opportunities for matching local needs” (UN-HABITAT, 2015:5). One such exploit is civic crowdfunding. According to the CoH 2018 budget proposal, the CoH has embraced citizen participation “in the interest of togetherness and inclusivity” by setting up “a programme to interact, dialogue and consult with the residents and stakeholders throughout the City” (CoH, 2017:14). Under the 2018 programme, “separate meetings with residents associations’ leadership, the media, the business fraternity, women, the disabled, education and the youths among other interest groups were held” (CoH, 2017:14). However, it should be noted that this programme is still

limited to communication between the CoH and its stakeholders. The interaction is still in the context of gaining feedback in a systems approach. There is no evidence of a model that allows citizens to contribute beyond feedback in ways such as co-production of goods and services. One such model that is absent in the CoH is a civic crowdfunding model. As noted by Gasparo (2015:5), “crowdfunding is an untapped method for addressing issues of deteriorating infrastructure systems”.

The emergence of civic crowdfunding “has provoked a wide range of competing visions on what civic crowdfunding represents and how its underlying dynamics can be grasped” (Veleen, 2015:20). This dilemma has also touched on the theoretical foundations of civic crowdfunding. According to Adams (2014:10), “it is not clear where crowdfunding fits into existing academic domains and body of knowledge”. Adams (2014:10) goes further to argue that “crowdfunding clearly has multidisciplinary aspects, yet there is relatively little discussion of crowdsourcing as a sub-discipline or a multidisciplinary topic, and further there is little discussion of relevant theories that can adequately describe and inform crowdfunding activity”. In that regard, this study will try to find out likely theoretical perspectives that trace and justify the use of civic crowdfunding in local government.

The system in which crowdfunding in a local authority operates is complex because of various elements (Veleen, 2015:21). These elements include that:

- “there are a large number of different actors with different (conflicting) interests;
- there is an interrelation between different (sub)systems of decision-making;
- there is uncertainty about the nature of the problem” (Veleen, 2014:21); and
- there are constraints due to “rules, systems, procedures and control mechanisms that act as barriers to innovation” (Bourgon, 2015:5).

In this context, a crowdfunding initiative will be what Denhardt and Denhardt (2000:553) describe as the product of an intricate lay down of interactions that involve a variety of groups with various interests ultimately working together in fascinating and unpredictable ways. Hence, the need for the development of a crowdfunding model

that, according to Bourgon (2011:35), facilitates “politics and administration, means and ends to come together, and the reconciliation of conflicting values and preferences”. The result being a platform in the CoH “where a new sharing of roles and responsibilities between people, government and society may be forged; one that holds the potential for achieving results of higher public value at a lower overall cost to society” (Bourgon, 2011:35).

In addition, Adams (2014:14) argues that “there are clearly some policy implications that emerge when one examines the practicalities of crowdfunding options, such as ensuring that adequate protections are in place for the various stakeholders to match their level of contribution, involvement and risk”. In the case of the CoH, the situation is exacerbated by the absence of regulations, legislation and an institutional framework that allows for the adoption of new models of financing and civic engagement such as civic crowdfunding. This necessitates the need for the development of a civic crowdfunding framework to be used by the CoH to rehabilitate community infrastructure. The civic crowdfunding model this study will develop will address Adams’ (2014) concern. According to Adams (2014:14), a key challenge for cities, such as the CoH, “will be to develop policy that addresses the concerns of all stakeholders while encouraging the socially economically good projects that crowdfunding could make possible”. This challenge involves, for example, the development of a model that “encourages decision makers to suspend the expression of their preferences for a time so that they may explore the range of choices open to them more fully” (Bourgon, 2011:35). Davies’ (2014a) pioneering work on civic crowdfunding addressed only what Boyle (2016:17) terms the “behavioural dimensions of civic crowdfunding through case study reporting” but failed to touch on the governance dimensions. This study seeks to fill in this knowledge gap. Thus, the research problem to be addressed in the study is the design of a civic crowdfunding model for the rehabilitation of community infrastructure in the CoH.

1.3 RESEARCH QUESTIONS

Based on the research topic and study’s problem statement, the study seeks to answer the following questions:

Primary research question:

- What should be included in an integrated crowdfunding model for community infrastructure rehabilitation for application by the CoH?

Secondary questions:

- What are the theoretical principles and different models of civic crowdfunding that are available in literature?
- What is the nature and scope of existing community infrastructure rehabilitation financing mechanisms?
- What are the emerging funding gaps that warrant the adoption of civic crowdfunding in the rehabilitation of community infrastructure?
- What are the international best practices regarding crowdfunding in major cities?
- What institutional structures, systems, processes and stakeholders should be put in place when adopting civic crowdfunding in the CoH?

1.4 RESEARCH OBJECTIVES

The primary research objective of the study is to:

- Develop an integrated civic crowdfunding model for community infrastructure rehabilitation for application by the CoH.

The secondary research objectives pursued in the study are to:

- Analyse the theoretical principles, approaches and models of crowdfunding available in literature.
- Interrogate the nature and scope of existing community infrastructure rehabilitation financing mechanisms.
- Understand the emerging funding gaps that warrant the adoption of civic crowdfunding in the rehabilitation of community infrastructure.

- Investigate the international best practices regarding crowdfunding in major cities.
- Empirically investigate the status, institutional structures, processes, systems and the major stakeholders that should be put in place when adopting civic crowdfunding in the CoH.

1.5 CENTRAL THEORETICAL STATEMENTS

The notion that citizens are not merely the users or beneficiaries of public services but "value creators and co-producers of public results is turning public administration on its head" (Bourgon, 2011:15). At the heart of the NPG paradigm is co-production and co-creation. Co-production is conceptualised by Alford (1998:128) as "involvement of citizens, clients, consumers, volunteers and/or community organisations in producing public services". Voorberg *et al.* (2014) refer to co-production as "co-creation" in their study. According to Howlett *et al.* (2017:2), the idea of enhancing co-production of public services in order to both gain legitimacy and save money generated continued interest in the subject among public administration scholars in the 1970s and 1980s. Howlett *et al.* (2017:2) continue to argue that "it experienced a revival after the turn of the millennium as government budget deficits bloomed and alternative mechanisms of social service delivery, especially, were sought". The scholars summed it up by saying that "it (co-production) is very attractive to governments seeking cost reductions in public service delivery, especially ones favourable to notions of 'social enterprise' and enhanced community participation as an end or good in itself, promoting enhanced social capital and cohesion" (Howlett *et al*., 2017:2). On a related note, Adams (2014:13) goes further to highlight that "community projects are rarely just about the money; they also incorporate getting wider support and contributions, such volunteers' time and energy, public awareness and acceptance and community building".

Bourgon (2011:38) states that "public administration must integrate the role of government and the contribution of the people and society it has for its mission to serve". Bourgon (2011:24-25) went further to argue that "excluding people from the design of public policies and the delivery of public services erodes their self-reliance

and depletes the social capital that is essential for society to adapt and prosper in an uncertain environment." In other words, government must encourage participation. Participation, according to Saxena (2013:14), should include the notions of contributing, influencing, sharing, or redistributing power and of control, resources, benefits, knowledge, and skills to be gained through beneficiary involvement in decision making.

According to UN-HABITAT (2015:4), "many local governments in developing countries face the near-impossible task of funding the infrastructure and services required to meet the basic needs of growing urban populations, while forward-looking capital investments are not possible for financial reasons". UN-HABITAT (2015:4) further their argument by arguing that local financial management frequently suffers from lacking technological infrastructure and capacity, and opportunities for revenue generation are often restricted by inadequate regulatory frameworks or disadvantageous political structures. In certain circumstances, as Gasparo (2015:2) stresses, government agencies have created "innovative infrastructure financing solutions, but these issues mainly apply to large scale infrastructure and seldom help cities address small scale infrastructure development." In the case of the CoH, the major challenge is to find an integrated approach that provides a nexus between constituency participation and financial mobilisation. This is an approach that "improve efficiency of revenue collection, win public support, capitalise on urban and regional economies of scale, curb land speculation and sprawl, incentivize economic activity, and improve urban affordability for the poor" (UN-HABITAT, 2015:4). Civic crowdfunding is one such approach that is missing in the CoH and can be useful if explored to its full potential.

1.6 RESEARCH METHODOLOGY

To operationalise the research objectives of this study, a qualitative case study design was adopted based on an in-depth literature review and input gained from participants by means of face-to-face, semi-structured interviews.

1.6.1 Literature review

A comprehensive literature study of the current literature on civic crowdfunding was undertaken to develop a civic crowdfunding model. This study analysed various theoretical approaches and models relating to crowdfunding developed by different theorists and interrogated their applicability in community infrastructure rehabilitation. The applicability of these approaches and models of crowdfunding was reflected on experiences from other countries to draw important lessons so as to develop a unique civic crowdfunding model that responds to the problem statement. Furthermore, contributions to literature by authorities on fundamental concepts in this study such as community infrastructure development, infrastructure rehabilitation financing mechanisms, local government structure and the major stakeholders are reviewed. The following data bases have been consulted to determine the availability of literature on civic crowdfunding:

- publications on crowdfunding by the World Bank group, International Monetary Fund, United Nations Development Programme, Economic Commission on Africa and the Africa Development Bank;
- academic journals such as journals of social sciences, public administration and local government;
- catalogue of books: Ferdinand Postma Library (Potchefstroom Campus);
- internet searches;
- text books published by Sage publications, Oxford University press and Stanford University press among others; and
- white papers and articles published by renowned private firms such as the KPMG group and non-governmental organisations.

1.6.2 Empirical investigation

As part of the empirical investigation, the researcher outlines the research paradigm and approach that the study follows. Kuhn (1970: VII) defines paradigms as universally recognised scientific achievements that for a long time provide model problems and solutions to a community of practitioners. According to Burrel and Morgan (1979:22),

there are four paradigms to social science research which are functionalist, interpretive, radical humanist and radical structuralist paradigms. On that note, Neuman (2014) extends that there are five research paradigms, namely positivist social science (PSS), interpretive social science (ISS), critical social science (CSS), feminism and postmodernism. According to Burrel and Morgan (1979:2), these paradigms are influenced by the researcher's ontological, epistemological and methodological standpoint. Henceforth, this study is informed by the interpretive social science paradigm. This ISS research seeks to develop a civic crowdfunding model that can be used to rehabilitate community infrastructure in urban areas.

There are three approaches to research which are qualitative, quantitative and mixed or combined approaches. However, this study is qualitative in approach. According to Guba and Lincoln (2011:3), "qualitative research consists of a set of interpretive, material practices that make the world visible". In other words, qualitative research essentially is interpretive and attempts to make sense of or interpret phenomena in terms of the meanings people bring to them. Contextually, this approach which is inherently interpretive in trying to understand the subject at hand in a different way, is used to develop a civic crowdfunding model that can be used to rehabilitate community infrastructure in urban areas. On that note, Denzin and Lincoln (2011:4) highlight that qualitative researchers deploy a wide range of interconnected interpretive practices, hoping always to get a better understanding of the subject matter at hand. This study involves reviewing of documents as well as key informant interviews in order to understand what is to be done to improve public finance can be improved through crowdfunding.

1.6.3 Research design

This interpretive study adopted a case study approach. To Yin (2009:2) case studies are the preferred strategy when focussing on current developments. Hence, this proposed thesis sought to develop a civic crowdfunding model that can be used to rehabilitate community infrastructure in urban areas. This case study approach was chosen because it is open to the use of theory or conceptual categories that guide the research and analysis of data (Meyer 2001:331). The CoH as a unit of analysis was selected for the case study. As noted by Meyer (2001:333) citing Eisehardt (1989), the

logic in case studies involves theoretical sampling, in which the goal is to choose cases that are likely to replicate or extend the emergent theory or to fill theoretical categories. This case study approach was chosen for this study because of its “ability to deal with a full variety of evidence documents, artefacts, interviews, and observations” (Yin, 1994:8). Thus, this approach enabled the researcher to use key informant interviews as well as documentary review.

The case study approach, as noted by Yin (2009:11) is preferred in examining contemporary events. Using Yin’s (2009:11) perspective, the application of civic crowdfunding in the CoH can be conceptualised as an examination of a new development. According to Kothari (2004:113), a case study is a method of study focussed on depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and their interrelations, deals with the processes that take place and their interrelationship. Hence, CoH was chosen to develop a civic crowdfunding model that can be used to rehabilitate community infrastructure in urban areas. Yin (1994:9) underscores that case studies are imperative when “a how or why question is being asked about a contemporary set of events over which the investigator has little or no control”. These set of questions are central in this study and in particular on addressing the main aim of the study, that is, the development of a civic crowdfunding for application by the CoH. The CoH was selected because it has not used civic crowdfunding to fund the rehabilitation of community infrastructure through traditional financing methods. This made the CoH an interesting case study with the opportunity to develop a civic crowdfunding model for the rehabilitation of community infrastructure.

1.6.4 Data collection methods

Since the study is qualitative, Marshall (2006:97) notes that “researchers typically rely on four methods for gathering information: (a) participating in the setting, (b) observing directly, (c) interviewing in depth, and (d) analysing documents and material culture”. On that note, interviews and documentary analysis were used for the purposes of this study.

1.6.4.1 Key informant interviews

Khan and Connell (1957:248) define an interview as a “purposeful discussion involving two or more people”. According to USAID (1996:1), key informant interviews are qualitative in nature and involve in-depth interviewins of participants specifically “selected for their first-hand knowledge about a topic of interest”. Kumar (1989:1) defines key informant interviews as “involving interviewing a selected group of individuals who are likely to provide needed information, ideas, and insights on a particular subject”. Key informants are selected for their specialised knowledge and unique perspectives on a topic (USAID, 1996:1). Therefore, since this study is interpretive in nature, it seeks to understand the very basis and source of social reality (Burrel and Morgan, 1979), soliciting for insights for developing a civic crowdfunding model that can be used to rehabilitate community infrastructure in urban areas. Thus, purposively sampled key informants were asked to answer identified questions. These key informants were selected from the Ministry of Local Government Public Works and National Housing, CoH’s various departments, officials from development agencies that include the United Nations Development Programme (UNDP), academics from the University of Zimbabwe, members of civil society organisations as well as officials from associations of local authorities in Zimbabwe and residents associations in Harare. The researcher designed an interview schedule for the purposes of semi-structured interviews with selected participants. As a precaution, the interview schedule was pre-tested to ensure that all questions were clearly formulated and understood by interviewing a small sample of the target population. In addition to pre-testing, data and source triangulation was used for the purposes of compiling the interview guide and verifying the data obtained.

Key informant interviews have some advantages. First, since information is obtained directly from knowledgeable people, therefore, key informant interviews often provide data and insight that cannot be obtained with other methods (Kumar 1989:3). Moreover, Kumar (1989:3) argues that “key informant interviews provide flexibility to explore new ideas and issues that had not been anticipated in planning the study but that are relevant to its purpose”. However, this research technique has its own shortfalls. According to USAID (1996:2), key informant interviews “may be biased if

informants are not carefully selected". Thus, to counter these shortfalls this data collection technique was complemented with documentary analysis.

1.6.4.2 Document analysis

Documentary research, according to Desey (2003:34) is a type of collecting, recording, analysing or interpreting of information from secondary sources such as texts, magazines, news, journals and government publications. Mogalakwe (2002:221) cites Bailey (1994) who defines documentary research as the analysis of documents that contain information about the phenomenon one wishes to study. This technique was used to supplement data collected by interviews. Therefore, as part of the document analysis, this study examined resolutions, official speeches, policy documents and legislations, official correspondence, ministerial policy statements, administrative reports, newspapers and letters, memoranda, communiques, announcements and minutes of meetings. However, the study appreciated Relix's (2002:56) caution that documentary research may be biased due to personal judgments and prejudices of the authors and selection of texts by the researcher hence a wide range of texts needs to be used. The study circumvented this challenge by triangulating this method with key informants highlighted in section 1.6.4.1.

1.6.5 Sampling

This study used a purposive sampling technique. Oliver (2006:245) defines purposive sampling as a form of non-probability sampling in which decisions concerning individuals to be included in the sample are taken by the researcher. Babbie (2010:193) defines purposive sampling as the selection of a sample based on the knowledge of a population, its elements, and the purpose of the study. According to Teddlie (2007:77), purposive sampling techniques are primarily used in qualitative studies and may be defined as selecting subjects based on specific purposes associated with answering a research study's questions. Maxwell (1997:87) also defines purposive sampling as "particular settings, persons, or events which are deliberately selected for the important information they can provide that cannot be gotten as well from other choices". Dooley (2004:136) argues that in purposive sampling researchers choose participants because of certain characteristics. On a

similar note, Creswell (1994:148) posits that “the idea of qualitative research is to ‘purposefully’ select informants (or documents) that will best answer the research questions. No attempt is made to randomly select informants”.

This sampling technique was employed in the selection of participants to be interviewed. This is due to the fact that the researcher was of the view that some participants are more knowledgeable and possess required information in the subject being studied than others. In this case, this technique was used to select key informants who could provide unique information which in the researcher’s point of view cannot be easily obtained from every other person. In that regard, a sample size of 33 participants was drawn which included participants from the CoH, Ministry of Local Government, Public Works and National Housing, academics from the University of Zimbabwe, University of the Witwatersrand and North West University, development partners, an association of urban local authorities, residents associations, and civil society organisations working with local governments in Zimbabwe.

1.6.6 Data analysis methods

Yin (1994:41) argues that data analysis consists of examining, categorising, tabulating, or otherwise recombining the evidence to address the initial propositions of a study. On that note, Creswell (1994:154) points out that in qualitative research researchers take voluminous amounts of information and identify certain patterns, categories or themes in the date and then interpreting the information using some schema. In this context, this study used thematic analysis as part of qualitative data analysis techniques.

1.6.6.1 Thematic analysis

Data collected through key informant interviews and documentary research was analysed and presented in this study through thematic analysis. According to Gibson (2006:1), “thematic analysis is an approach to dealing with data that involves the creation and application of ‘codes’ to data. The ‘data’ being analysed might take any number of forms – an interview transcript, field notes, policy documents, photographs,

video footage". Braun and Clarke (2006:79) define thematic analysis as an analytic technique in qualitative research "for identifying, analysing and reporting patterns (themes) within data. It minimally organises and describes your data set in (rich) detail... and interprets various aspects of the research topic".

1.7 ETHICAL CONSIDERATIONS

Cognisant of the fact that this proposed research involved human participants, the researcher made sure participation of participants was voluntary and participants reserve the right to withdraw at any time. Thus, no element of deceit, force, duress, coercion, fraud or overreaching was used to make participants participate in the study. The researcher also sought for permission from the CoH to get authorisation to conduct key informant interviews with directors that work for the city. As a matter of priority, authorisations and clearances were sought from the gatekeepers in all the organisations that key informants were drawn. The study also submitted to the North West University's Ethical Clearance Procedures.

1.8 SIGNIFICANCE OF THE STUDY

This research seeks to add to the existing body of knowledge on crowdfunding in the public sector. Since the concept of crowdfunding is still emerging both in the private and public sector, its usage in local authorities is still being explored in the developed world and barely minimal if not non-existent in developing countries in Africa. In addition, literature on the use of crowdfunding to finance the rehabilitation of community infrastructure in Zimbabwe is difficult to come across. Against this backdrop, the study seeks to develop a model that can be used in community infrastructure rehabilitation in urban communities. In addition to developing a crowdfunding model for community infrastructure rehabilitation, the study also contributes to theory on changing scope and form of Public Administration in the 21st century.

1.9 CHAPTER OUTLINE

Chapter 1: Orientation and context

This chapter presents information relating to the overview of the study, orientation, problem statement, research questions and objectives. Also, the central theoretical statements, methodology and significance of the study are outlined in this chapter.

Chapter 2: Theoretical approaches and models of civic crowdfunding and their development into the public sector

This chapter reviews literature on civic crowdfunding and discusses the theoretical approaches and models that are available in literature.

Chapter 3: Community Infrastructure rehabilitation, local government financing mechanisms and the emerging financial gaps

This chapter provides for the financing mechanisms at the disposal of local governments with respect to community infrastructure rehabilitation. In this chapter the emerging gaps are identified that warrants for the adoption of civic crowdfunding as a financing tool.

Chapter 4: Crowdfunding: Comparative international best practice

This chapter analyses case studies from other countries where crowdfunding has been used in local authorities. Lessons are drawn that are used to inform a model that is suitable for the CoH.

Chapter 5: Crowdfunding for community infrastructure rehabilitation in the CoH: Empirical findings

This chapter expounds the research design and research methodology utilised for purposes of operationalising the research questions and objectives. In this chapter the research findings are presented and discussed.

Chapter 6: Summary, conclusions and recommendations: An integrated civic crowdfunding model for application by the CoH.

The final chapter draws conclusions and recommendations. The chapter put into context the main aim of the study which is to develop a civic crowdfunding model for the rehabilitation of community infrastructure in Harare. The designed model takes into account the input from the participants interviewed, documents analysed and literature reviewed.

1.10 CONCLUSION

Over and above, this chapter managed to present the context of the study, the problem statement, research objectives and questions, research methodology, limitations, delimitations, ethical considerations and a chapter outline of the study. It is evident from context provided in this chapter that the opportunities being provided for by crowdfunding as a tool available to local authorities continue to attract inquiry. In that context, besides some consensus amongst researchers that “the larger civic crowdfunding field is unlikely to grow to such a degree that it becomes a viable replacement for public funding”, inquiries on “how can civic crowdfunding be leveraged not as a replacement to, but as a way to indicate need and collective valuation within a community” are also forthcoming (Brent and Lorah, 2017:8). Such inquiries have an impact on the broader discourse of Public Administration, both in terms of study and practice. In the next chapter, the study takes an in-depth contextualisation of crowdfunding in the discourse of Public Administration, analysing the various models and underlying meta-theoretical underpinnings.

CHAPTER TWO
THEORETICAL APPROACHES AND MODELS OF CROWDFUNDING AND THEIR APPLICATIONS IN THE PUBLIC SECTOR

2.1 INTRODUCTION

Crowdfunding can be regarded as an emerging mechanism that is gaining attention in both the private and public sectors. Its successes in the private sector have led to scholars extending its frontiers into the public sector. The public sector in general and the local government sector in particular, have been searching for new ways of addressing challenges. In this regard, the emergence of crowdfunding as a viable instrument has necessitated the need for an inquiry into how it can be incorporated into the management of cities. In this context, the study's major objective is to develop an integrated civic crowdfunding model for the rehabilitation of community infrastructure in the CoH.

The previous chapter layed the foundation of the study by presenting the context, problem statement, research questions, methodology, limitations and ethical considerations. This particular chapter seeks to answer the following research question: What are the theoretical approaches and models of crowdfunding that are available in literature? In answering this question, the study appreciates that the public sector has been going through significant changes both in practice and as a field of scientific inquiry. Focus is, hence, given to the public sector as locus of study. The application of crowdfunding in local government settings is encapsulated within the knowledge domain of Public Administration as scholarly discipline, inclusive of its managerial and broader governance corpus of knowledge. Thus the approach being followed in this study is to contextualise crowdfunding within the ambits of Public Administration.

In order to operationalise the research objective, this chapter is divided into four major sections. The first section traces the chronicles of conceptions of government and governance. In the second section, the paradigmatic developments of Public Administration as a focus of study are explored in chronological order. The major

paradigms to be analysed in this chapter include Traditional Public Administration, New Public Administration, Public Management, NPM, NPG, and New Public Service. Emphasis is given to the NPG since it speaks more to the emergence of crowdfunding in a networked form of governance. In other words, crowdfunding will be conceptualised in the confines and context of the NPG paradigm. The third section will explicate crowdfunding including its major elements, types and models. Four models are assessed, namely donation, reward, lending, and equity crowdfunding. The types of crowdfunding are also interrogated with special attention being given to civic crowdfunding as focus domain of this study. The fourth section interrogates theories that underpin civic crowdfunding as a governance phenomenon. Under this section, theories such as Public Choice Theory, Game Theory, Principal-Agent Theory and Stewardship Theory are analysed to uncover the meta-theoretical underpinnings of crowdfunding. Stewardship theory is reviewed as the main theory underpinning the study.

2.2 TRACING THE CHRONICLES OF CONCEPTIONS OF GOVERNMENT AND GOVERNANCE

Notions of "government" and "governance" continue to change and transform. These dynamics have been explained by Baccaro and Mele (2009:2) as follows:

> "The worldwide shift from government to governance ... has changed the way in which state authorities exert sovereign control. The shift to governance refers to the decline of the classic command-and-control mode of regulation (in which public actors democratically selected by their national constituencies take decisions that are binding for everybody and then implement them through governmental agencies), and the ascendancy of a new system in which regulation is produced in participatory fashion by public and private actors collaborating with one another."

This view is also supported by Tiihonen (2004:17) who stresses that "the wide use of the word (governance) is a clear indication of the need for a change from top-down governing towards more participatory and down-up governance". Likewise, Sundström and Jacobsson (2007:5) observe that "the shift from 'government' to 'governance' is one of the more noteworthy developments within contemporary social science" which

"marks a transition from hierarchical to more network based forms for decision-making, and a diffusion of boundaries between private and public actors". Sundström and Jacobsson (2007:10) conceptualise this transition as being "caused by a variety of social forces, such as increased complexity in social problems, a growing and more specialised public administration, increased demand for expertise, internationalisation, decentralisation, and a rapid development of information and communication technologies". In addition, De Loe *et al.* (2009:28) argue that "governance has become a major concern because of a desire to bring about change in the way decisions are made, and it is almost universally recognized that traditional approaches to governing have not, and perhaps cannot, create the outcomes that are desired" (for example, urban renewal, world class cities).

The shift from government to governance is neither straightforward nor linear. Instead, the transition from government to governance demands a shift in thinking about who does what in society (De Loe *et al*., 2009:41). De Loe *et al.* (2009:41) argue that critical questions in this regard must be posed such as:

- who should be involved in governance, and how is that decided;
- what roles should the various people and organisations involved play, and how is that determined;
- what is the appropriate scale for decision making (e.g., local, regional or national; administrative units); and
- who is ultimately accountable when governance occurs through multiple organisations at various scales?

De Loe *et al.* (2009:9) citing Stoker (1998) point out that "Anglo-American political theory conventionally uses the term government to refer to formal institution of the state, their power, and the processes by which they function to ensure order and protect collective interests". This perspective is shared by Hughes (2003:76) who views "government" as the institution and governance" as a broader concept describing forms of governing which are not necessarily in the hands of the formal government. Keohane and Nye (2000:12) also note that:

> "By governance, we mean the processes and institutions, both formal and informal, that guide and restrain the collective activities of a group. Government is the subset that acts with authority and creates formal obligations. Governance need not necessarily be conducted exclusively by governments. Private firms, associations of firms, nongovernmental organisations (NGOs), and associations of NGOs all engage in it, often in association with governmental bodies, to create governance; sometimes without governmental authority."

A precursory definitional review in dictionaries projects the terms government and governance as synonymous, both manifesting through the use of authority. Carino (2001) is of the view that over the earlier years, government and governance have been conceptualised as the same thing. Carino (2001:2) further notes that "it has not escaped notice that 'governance' has been a dormant term in public administration and political science for most of the century. It has been used primarily to describe decision making in organisations like universities and corporations, rather than in political and governmental circles. But in the last fifteen years, the term has been resurrected and has assumed a number of dimensions not encompassed by its erstwhile synonym". De Loe *et al.* (2009:28) observe that "the transition from government to governance involves reshaping the roles of the state and non-state actors, and is accompanied by new perspectives..." These new perspectives require the state to be more fragmented as highlighted in Table 2.1. This fragmentation allows "group decision making that accommodates diverse views, networks and hybrid partnerships among state and non-state actors" (De Loe *et al*., 2009:28).

Table 2.1: Fundamental characteristics of government and governance

Government	**Governance**
Autonomous	Embedded
Coherent	Fragmented
Rule making	Rule following

Source: Sundström and Jacobsson (2007:36)

The changes from government to governance have also manifested in the paradigmatic development of Public Administration as study domain. In the coming sections, the paradigmatic development of Public Administration as a focus of study will be analysed.

2.3 PARADIGMATIC DEVELOPMENT OF PUBLIC ADMINISTRATION AS STUDY DOMAIN

Public administration as practice and Public Administration as field of study have been conceptualised differently by a variety of scholars. For instance, to Woodrow Wilson (1887:212), "Public administration is detailed and systematic execution of public law". According to Simon (1946), "by public administration is meant in common usage, the activities of the executive branches of the national, state and local governments". Waldo (1955), cited in Kalimullah *et al.* (2012:4), is of the view that "public administration is the organisation and management of men and materials to achieve the purpose of the government ... It is concerned with the conduct of public affairs, the management of the public's business and the implementation of public policies … It is the means of translating politics into reality that citizens see every day".

According to Rutgers (2010:11), Public Administration as a field of study can be regarded as an "interdiscipline" since it generally entails the convergence of organisational theory, social theory, political theory and related studies as it "focuses in general on the meaning, structures and functions of the public-sector domain in all its forms". Van der Waldt (2017) concurs with Rutgers and argues that since the public sector comprises a multitude of domains, functions, and approaches, the study thereof also requires a variety of disciplinary perspectives (e.g. legal, psychological, social, economic, historical, and political). Conscious of this, Van der Waldt (2017:2) defines Public Administration "as a multi-dimensional field of study involving various research traditions and approaches focusing on governmental, political, economic, technological, legal, social, and cultural systems".

Rutgers (2010:15) used three types of dichotomies to conceptualise Public Administration namely: public and private, state and society, and politics and administration. Rutgers' (2010) dichotomies add particular value to this study since

they capture the evolvement and development of Public Administration. For example, Classical Public Administration was premised on the politics-administration dichotomy. New Public Administration dismissed this split. Public Management focused on the public-private dichotomy. Later, NPM focussed on, as Pollitt (1993:474) observes, an expanding and disappearing of the line between the public and private sectors manifesting through the increased uptakes of public/private partnerships in their different forms and the evident rise of hybrid organisations. Public Governance necessitates bringing on the debate on state-society dichotomy. According to Rutgers (2010:18), "governance seems to suggest an image of social reality where a state/society bifurcation disappears". Therefore, it is in this context where the disappearance of the state-society split gives room for the adoption of initiatives such as civic crowdfunding in the public sector.

According to Basheka (2012:34), Public Administration has developed as an academic discipline through a number of stages. In line with Basheka's (2012) point of view, these "stages" will be understood as "paradigms" for the purposes of this study. Hughes (2003:3) warns that there is certainly no dispensation in time where theorists and scholars agreed that a paradigm had been superseded. This is rather the incremental and gradual adjustment of thinking patterns over time. This evolution of thought frameworks (i.e. paradigms) is further explained by Kuhn (1970:77) cited in Hughes (2003:4) who observes that, "the decision to reject one paradigm is always simultaneously the decision to accept another, and the judgment leading to that decision involves the comparison of both paradigms with nature and with one another". Hughes (2003:4) sums it up by arguing that "paradigmatic change involves comparison of theories". This fact is highlighted by Van der Waldt (2017:2) who states that research in the field of Public Administration "is generally complicated by the fact that governance-related phenomena are complex and require multiple dimensions, approaches, models and theories to analyse them … it has evolved to cover a broad field of scientific inquiry".

Given the context highlighted above, this research will undertake an analysis of the historical trajectory of the evolvement of Public Administration as field of study, with specific reference to the adjustment of thinking regarding government and governance as locus and focus of study. This analysis is critical because "Public Administration

has a long history which has been going parallel with the very notion of government" (Katsamunska, 2012:74). Concurring with this view, Van der Waldt (2017:2) posits that "from a theoretical perspective, Public Administration recounts historical foundations for the study of government as well as epistemological matters associated with public service as a profession and an academic field".

An analysis of the paradigmatic developments of Public Administration can be facilitated by assessing the changes in meaning ascribed to key concepts such as "administration", "management", "public service" and "governance". It is evident that these meanings shifted over time (Basheka, 2012:34). In this regard, Hughes (2003:6) explains that the "administration" component of Public Administration is generally perceived to be narrower in scope and a more limited function than its "management" dimensions. Also Rutgers (2010:10) and Van der Waldt (2016:214) add that the scope of Public Administration has broadened significantly since the original conceptions. Rutgers (2010:10) argues that some regard "governance" to be more inclusive and incorporates the administrative, managerial, government functions and processes, and "joined-up" or "networked" dimensions of the field. Also Hughes (2003:6) and Van der Waldt (2014:124) concur that such shifts in thinking brought about changes in the way theories and functions are ascribed, applied and developed. This ultimately broadens the corpus or body of knowledge of the study domain. The paradigmatic developments thus provide new theoretical insight and conceptualisations that permit more "thick" descriptions and analyses of dynamic changes in the field. This perspective is particularly important since crowdfunding can be regarded as a relative new phenomenon in the government sector. Bourgon (2012:12) points out that "Public Administration as a discipline lags behind changes taking place in practice. It needs to integrate the foundations inherited from the past, the lessons learned over the past 30 years and the imperatives of serving in the 21st century". It is thus imperative for scholars to remain abreast of the latest developments and trends in the field to ensure that the theory and praxis of Public Administration adjust and remain relevant for practitioners and scholars. An analysis of crowdfunding as public sector and urban governance phenomenon is thus essential to broaden the knowledge domain of Public Administration. Given this context, Traditional Public Administration, New Public Administration, Public Management, NPM, NPG and New Public Service will be

analysed in the next section as part of the paradigmatic developments of Public Administration.

2.3.1 Traditional Public Administration

According to Behn (201:231), Traditional or Classical Public Administration qualifies as a "paradigm" since it can be demarcated in terms of its dominant approaches, theories, and generalisations. This view is reinforced by Hughes (2003:3) who posits that the Traditional Model of Administration, derived from Weber's "Bureaucracy", Wilson's "Politics-Administration dichotomy" and Taylor's "One best way", does fit the principles of a scientific paradigm "in the sense of there being, at a given time, a corpus of knowledge, textbooks and ways of approaching the trade. In a paradigmatic sense it derives from the theory of bureaucracy". According to Mora and Ticlau (2008:88), "Woodrow Wilson's 'The Study of Administration' published in 1887 in Political Science Quarterly is thought to be the first contribution in setting Public Administration as a distinct academic field of study". Hughes (2003:17) stresses that the Traditional model of Public Administration is characterised:

> "...as: an administration under the formal control of the political leadership, based on a strictly hierarchical model of bureaucracy, staffed by permanent, neutral and anonymous officials, motivated only by the public interest, serving any governing party equally, and not contributing to policy but merely administering those policies decided by the politicians. Its theoretical foundations mainly derive from Woodrow Wilson and Frederick Taylor in the United States, Max Weber in Germany, and the Northcote–Trevelyan Report of 1854 in the United Kingdom".

O'Flynn (2007:354) further underscores that Traditional Public Administration was "underpinned by Weber's (1946) bureaucracy, Wilson's (1887) politics-administration divide, and Taylor's (1911) scientific management model of work organisation". On the other hand, Katsamunska (2012:76) opines that "it is well known that the principal focus of Weber's analysis was not administration, but his main distinctive contribution to the field of Public Administration is related to the analysis of the social and historical context of administration, and more particularly, bureaucracy." Katsamunska

(2012:76) goes on to argue that “Weber did not invent the term ‘bureaucracy’, but identified bureaucracy as the dominant form in a legal-rational society and specified the features of the most rational form of bureaucracy, which was called the ‘ideal type’ bureaucracy”. According to Pfiffner (2004:1), this “bureaucratic system is based on a set of rules and regulations flowing from public law i.e., the system of control is rational and legal”.

An important dimension to the Classical Model of Public Administration was added by Woodrow Wilson, who introduced the politics-administration dichotomy (Katsamunska, 20012:76). Pfiffner (2004:2) notes that Woodrow Wilson argued “for the separation of administration from political policy making.” In Wilson’s words “public administration is the detailed and systematic execution of public law” (Wilson, 1887:212). According to Wilson (1887:210), “...administration lies outside the proper sphere of politics. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices”. In other words, as Pfiffner (2004:2) posits, Classical Public Administration emphasised that “the role of the bureaucrat is strictly subordinate to the political superior”.

Traditional or Classical Public Administration subscribes to the notion that in a “strategy for promoting efficiency and effectiveness in the running of government, there had to be a clear distinction between those involved in the game of politics and those who were charged with the business of administration” (Pfiffner 2004:2). In other words, “the principle implied by the dichotomy is that elected officials and their direct appointees have the legal right to make policy decisions for the polity, and it is the duty of career civil servants to carry out those policies in good faith” (Pfiffner, 2004:2). Therefore, Wilson argued that Public Administration should be studied separately from politics (Basheka, 2012:34). In short, as expressed by Basheka (2012:34), Wilson proposed four issues for study and discussion in his article, namely: (1) Separation of politics and administration, (2) Comparative analysis of political and private organisations, (3) Improving efficiency with business-like practices and attitudes toward daily operations, and (4) Improving the effectiveness of public service through management and training of civil servants, as well as encouraging merit-based assessment.

With regards to Fredrick Taylor's contribution to Public Administration, Katsamunska (2012:76) argues that "Taylor's 'idea of one best way', the standardization of work, the systematic control and the hierarchical organisation fit public administration and explains why scientific management was the most influential theory in the public sector until the 1940 s". Pfiffner (2004:2) supports this view by highlighting that "Frederick Taylor made a contribution to the classical model with his time and motion studies and careful analysis of the role of managers and workers".

Xu *et al.* (2015:12) identify the key elements of Traditional Public Administration as the following points:

- comply with the standardized procedures;
- separation of thinking and action;
- the separation of policy formulation and implementation;
- political and administrative dichotomy; and
- the government takes charge in public product.

Hughes (2003:5) emphasises that the Traditional Public Administration was based on bureaucracy, one-best-way, the public interest and a separation of politics from administration. In studying this model, citizens are basically regarded as "voters and taxpayers with rights and obligations under the law" and exclusively as "users and beneficiaries of public services" (Bourgon, 2011:24). According to Bourgon (2011:24), "government was the primary provider of public services to citizens who had little or no role to play in the development, design and production of public services".

However, Hughes (2003:5) posits that the core theories that informed theTraditional Model of Public Administration had their share of problems. For instance, the Traditional Public Administration paradigm is criticised because it "was not democratic and free-market orientated and failed to improve the institutional, administrative, organisational and structural contexts" (Vyas-Doorgapersad, 2011:239). Bourgon (2011:24) criticises Traditional Public Administration for having "little or no ability to solve collective problems". Therefore, when Traditional Public Administration theory failed to provide effective theoretical guidance for the contemporary government management, the western developed countries carried out a government

management mode movement (Xu *et al*., 2015:12). In other words, there "was a paradigmatic break from Traditional Public administration" (O'Flynn 2007:353). As Hughes (2003:5) observes, "the greatest shift is one of theory than practice". Furthermore, Hughes (2003:1) posits that "Traditional Public Administration has been discredited theoretically and practically". This led to a new paradigm in Public Administration known as the New Public Administration.

Nevertheless, Traditional Public Administration is important in this study because, as Robinson (2015:6) points out, governance and public service reform efforts in many developing countries continue to adopt the centralised, bureaucratic model of Public Administration as the point of departure for effective socio-economic development. This is the case with Zimbabwe which Vyas-Doorgapersad (2011:238) considers as having "highly centralised government processes". To this end, Basheka (2012:40) argues that "the politics–administration dichotomy provided a solid foundation for the theorisation and teaching of Public Administration". Over and above, Behn (2001:30) is of the view that, succeeding paradigms are "a direct response to the inadequacies of Traditional Public Administration – particularly to the inadequacies of public bureaucracies". To this end, New Public Administration will be discussed below as the succeeding paradigm.

2.3.2 New Public Administration

Katsamunska (2012:77) argues that "After World War II, the basis of scientific management was questioned, both in theory and in practice, and the most powerful critics came from the Nobel Prize winner in economics Herbert Simon, whose work represents a radical departure from the classical approach to Public Administration." This is also captured by Basheka (2012:47) who observes that "in the post-war years, public administration changed its character, scope and methods of investigation." Rutgers (2010:9) posits that Hebert "Simon's foundation premised upon 'Administrative Behaviour' (1947), argued for a new intellectual logical-positivistic, empirical science of decision making. Facts should be central to the science of administration, and values or value judgments ought not to be the object of administrative science". Simon (1946) also proposed principles for increasing administrative efficiency in Public Administration.

Simon (1947), as cited in Carroll and Frederickson (2001:4), suggests that “Public Administration theory will be advanced by the further application of decision theoretic techniques”. This is also supported by Basheka (2012:34) who highlights that NPA “was influenced by two major scientific principles of rationality/objectivity and quantification”. Basheka (2012:34) further stresses that “the main purposes of these scientific elements was to remove biases and fallacies of human thought by searching for ‘hard data’, which could be measured, and presented in an objective and rational manner.”

On the other hand, New Public Administration takes as starting point the inadequacy of the Wilsonian politics/administration dichotomy (Schaefer and Schaefer, 1979:289: Rohr, 1978:60). Accordingly, Basheka (2012:47) points out that, New Public Administration dismissed the politics-public administration dichotomy as fictional. Leading scholars such as John M Gaus argued that “a theory of public administration in our times means a theory of politics also” (Basheka, 2012:47). This view was also shared by Dwight Waldo (1971) who “...insisted that public administration itself must constitute a form of politics...It is the politics of the pursuit of order, efficiency, economy, management, predictability, and stability. This form of politics can be reasoned, objective, fair and in the public interest -but it is still a form of politics. The politics of public administration is not ordinarily practiced in the language of politics, but in the languages of management and efficiency” (Carroll and Frederickson, 2001:3). Hughes (2003:67) adds that “administration of government is inevitably a political process in its own right”.

Furthermore, it can be observed that the classical approaches of Weber and Taylor have been referred to as the public administrative “orthodoxy” (Hoos, 2003:127; Katsamunska, 2012:77), but when a series of challenges to the classical approach to Public Administration appeared in the 1940s’ “heterodoxy replaced orthodoxy” (Fry, 1989:227-228; Katsamunska, 2012:77). This new approach came to be known as the New Public Administration. Accordingly, the main thrust of the New Public Administration movement was to bring academic Public Administration into line with a radical egalitarian agenda (Rahman *et al.,* 2013:298). Proponents of New Public Administration led by Dwight Waldo sought to deal with what they view as “the inadequacy of the response of both the study and the practice of public administration

to mounting turbulence and critical problems" (Marini, 1971: xiii-xiv). As a result, the New Public Administration aims for "a break from value-free or value-neutral empirical research" as it has "a desire to make the academic study of the social universe directly concerned with questions of social justice" (Marini, 1971:230).

Protagonists of the New Public Administration considers Traditional Public Administration as inadequate in its set of concepts and ideas to explain the modern world of administration and desired for an action oriented perspective that embraced normative inquiry, and advocated for social equity and citizen participation (Marini, 1971; Waldo 1980:130). Most importantly, citizen participation is significant in this study particularly because it can be regarded as the foundational prerequisite of civic mobilisation to enable crowdfunding. Citizen participation in the New Public Administration is credited to Public Choice theorist Elinor Ostrom who, according to Schaefer and Schaefer (1979:280), "is far from being the first administrative scholar to suggest the advantages of a degree of 'community control' over some services within large cities". LaPorte (1971:32) takes a different approach and argues that "public organisations should be assessed in terms of their effect on the production and distribution of material abundance, in efforts to free all people from economic deprivation and want. Furthermore, it means that public organisations have a responsibility to enhance social justice by freeing their participants and the citizenry to decide their own way by increasing the probability of shared political and social privilege". Katsamuska (2012:78) summarises "the basic principles of the New Public Administration" to include "participation, decentralisation and representative bureaucracy". This can be linked to what Vincent Ostrom (1974) viewed "a specific theory of democratic administration" which according to him "serves as a sound basis for studying Public Administration" (Rutgers, 2010:30). Ostrom (1974), as cited in Rutgers (2010:30), employed "a combination of political theory along with a public choice perspective forges his dominant methodology".

However, the "New Public Administration" movement is best understood as a well-meant, but seriously deficient, endeavour to fill the shortcomings of Traditional Public Administration (Schaefer and Schaefer, 1979:276). Schaefer and Schaefer (1979:276) are of the view that, each of its proponents makes a serious attempt to develop normative standards that can guide public administrators in their role in policy

formation and implementation; but each such endeavour fails, above all on account of the proponent's relativistic or subjectivist approach to questions of "value". Schaefer and Schaefer (1979:276) continue to rebuke the New Public Administration saying "it is incompatible with the principles of constitutional democracy" since it has, as George Fredrickson recommends, "great tolerance for the possibilities of inefficiency and diseconomy" (Marini, 1971:322). Furthermore, Schaefer and Schaefer (1979:276) lament that "the 'New Public Administration' movement" failed "in overcoming the dilemmas posed by the Wilsonian understanding of public administration ... the New Public Administrationists seek to liberate the administrator from the chains of Wilsonian 'neutrality' by turning him into a kind of ideologue, dedicated to actualising himself by pursuing whatever policies he happens to prefer, with little concern for the Constitution, the law, or the will of the electorate".

Harmon (1971:178) argues that "public administrators will act irresponsibly unless otherwise checked". Contrary to Harmon's view, Hughes (2003:2) stresses that the public sector tasks became more managerial, in the sense that, they require public officials to be responsible for the attainment of results, through, going beyond following instructuctions and focusing on being administrative. Hughes (2003:5) argues that the acceptance of fresh forms of public management resulted in the coming out of a new paradigm in the public sector. To this end, Public Management will be analysed below as the paradigm succeeding the New Public Administration.

2.3.3 Public Management

The Public Management paradigm has the very different underlying theoretical bases from the New Public Administration as it draws inspiration from economics and private management (Hughes, 2003:3). This view is captured by the OECD (1998:13) cited in Hughes (2003:3) as they argue that the Public Management paradigm "emphasises results in terms of value for money, to be achieved through management by objectives, the use of markets and market-type mechanisms, competition and choice, and devolution to staff through a better matching of authority, responsibility and accountability". According to Pollitt (2001:473), Public Management upholds a swing in systems, approaches and efforts from inputs and processes to place more emphasis on outputs and outcomes.

The central argument in Public Management is that “improving efficiency and effectiveness of the public sector requires a cultural overhaul of the old management paradigm (Public Administration), “which was largely process and rules-driven, is replaced by a new paradigm which attempts to combine modern management practices with the logic of economics, while still retaining the core public service values” (OECD, 1998:5 cited in Hughes, 2003:5). Subsequently, “this new approach to Public Management would emphasise results, a focus on clients, outputs and outcomes” (Hughes, 2003:5). This would be through the use of “management by objectives and performance measurement, the use of markets and market-type mechanisms in place of centralised command-and-control-style regulation, competition and choice, and devolution with a better matching of authority, responsibility and accountability” (Hughes, 2003:5 citing OECD, 1998:5). Pollitt (1993:5) emphasises that these objectives are defined predominantly in the language of economics that is output and value for money.

According to Hughes (2003:5-6), Public Management:

> “has been driven by totally different underlying theories: that economic motivations can be assumed for all players in government; that private management flexibility provides lessons for government; and that there can be no separation of politics from administration. Above all else, the change of theory is from administration to management, the former being about following instructions and the latter meaning to achieve results and to take personal responsibility for doing so”.

This change of theory would result in what Pollitt (2001:374) terms the removal of demarcations between the public and private sectors. This was important to facilitate movement towards efficiency and individualism and thereby shifting focus from salient issues such as universalism, equity, security and resilience (Pollitt, 2001:374). This was motivated by economic rationalism which emphasises three aspects namely: the assumption of individual rationality: maximum role for market forces and minimum role for government (Hughes, 2003:87). To this end, Hughes (2003:76) opines that the development of Public Management is recognition that the task of public servants is now managerial and not administrative, that a form of management can be developed bearing in mind the differences between the sectors.

Pollitt (1993:5) argues that Public Management is “clearly an activity which is intimately concerned with directing flows of resources so as to achieve defined objectives”. Public Management, as Hughes (2003:61) observes,

> “...gave theoretical backing to the attack on bureaucracy, reducing government in general, and gave a methodology for designing market-based public policies. Economists and economic thinking became dominant in government and bureaucracy in both theory and practice. It is easy to see why. Compared with the rather vague public interest theories of Public Administration, economics offered precision, prediction and empiricism, backed by a motivational theory of how people acted. Economics also had direct relevance to governing. The public sector does things: it provides goods and services and should do so in the most efficient way possible. The focus of management models on results, efficiency and measurement owes much to economics.”

Hughes (2003:54) further highlights that:

> “Public management now requires professional management where administration did not. Public organisations do things: governments now want to know what they do; how well they do it; who is in charge and taking responsibility for results. Managers are now involved in matters of policy; they are also involved in matters of strict politics; they are more often personally responsible for matters and will pay by losing their jobs if something goes wrong. They are, in other words, responsible for achieving results.”

However, Public Management received its share of criticism. According to Musgrave and Musgrave (1989:5–6), the pervasiveness of government “may reflect the presence of political and social ideologies which depart from the premises of consumer choice and decentralised decision making”. The fulcrum of the debate hinges on Public Management’s obsession with adopting market mechanisms to the public sector. Adversaries of Public Management, such Donahue (1989:223), argue that market solutions do not necessarily work well under all circumstances. Pollitt (1993:125) explains that “provider-consumer transactions in the public services tend to be notably more complex” unlike in a general market setting. Pollitt (1993:126) and Hughes (2003:63) further stress that public service consumers are never merely “consumers”, they are always citizens too, and this has a set of unique implications for the

transaction. Thus, the challenge is real to governments provided their desire to use scarce resources as well as deliver services to highly demanding and expecting citizens effectively and efficiently.

Cognisant of the criticisms, Hughes (2003:70) correctly points out that, “Public Management will not be derived merely by transferring private management techniques to the public sector, but rather by: consideration of what the general management function entails; understanding what the peculiar features of management in the public sector are; and derivation of a new system of management to suit that sector”. Hughes (2003:70) further stresses that “despite criticisms, changes of government, misgivings from parts of the public, the model of Public Management has become established”. This model was later coalesced and became known as the NPM paradigm. Public Management laid the groundwork for the NPM as the latter could be argued to be a synthesis of the former. This will be seen in the next section where the NPM is going to be analysed.

2.3.4 New Public Management (NPM)

NPM is an approach to the public sector that contains a set of values, norms, techniques and practices concerning the management in the public sector (Omurgonulsen, 1997:520). Aucoin (1988:I52) argues that in NPM “higher priority is given to the "management" of people, resources and programmes compared to the "administration" of activities, procedures and regulations.” Omurgonulsen (1997:520) explains that “implicit in the shift towards NPM in the public sector has been the assumption that traditional administrative function should be superseded by a more economistic and managerialistic function”. NPM's origin can be interpreted as a "marriage of two different streams of ideas" which mainly comes from the fields of economics and management (Omurgonulsen, 1997:520).

The NPM approach is seen as a new paradigm to promote the principles of decentralised, democratic and free-market orientated government (Vyas-Doorgapersad, 2011:239). The NPM paradigm emerged from “a new generation of reforms” in the 1980s (Bourgon, 2012:13) which “supposed that state is unable to provide public service to the people” (Gupta, 2016:7). This is because the state is

financially restricted in addition to being ineffective and inefficient. Hughes (2003:03) argues that NPM as a term was coined by Hood (1991). Foundational work on NPM can be linked to “NPM” (Hood, 1991) and studies such as “re-inventing government” (Osborne and Gaebler, 1992), “market-based public administration” (Lan and Rosenbloom, 1992) among other reform theorists. According to Robinson (2015:7), the NPM’s theoretical rooting can be attributed to Public Choice and Principal-Agent theories, whose central claims are that bureaucratic behaviour is driven by individual self-interest.

Osborne (2006:379) summarises the key elements of the NPM as:

- “an attention to lessons from private-sector management;
- a focus upon entrepreneurial leadership within public service organisations;
- an emphasis on inputs and output control and evaluation and upon performance management and audit;
- the disaggregation of public services to their most basic units and a focus on their cost management; and
- the growth of use of markets, competition and contracts for resource allocation and service delivery within public services”.

Chakrabarty and Chand (2012:23) and Gupta (2016:7) stress that “one of the major hallmarks of NPM is the empowerment of citizens. Unlike the traditional public sector, it re-conceptualises citizens as ‘active customers’”. Chakrabarty and Chand (2012:23) observe that the NPM approach favours of cost-cutting and austerity measures in the public sector and highlight that it calls for a decentralised form of governance. Furthermore, according to Gupta (2016:7), the NPM encourages quasi-markets and contracting out techniques to ensure better management of ailing cash-strapped public sector. Christensen (2012:1) is of the view that “NPM has had a focus on improving efficiency, horizontally specialising in the public apparatuses, contractualisation, marketisation, a private-sector management style, explicit performance standards and output/outcome control”. Also, according to Howlett et al. (2017:3), “NPM thinking placed the focus of public administration and policy making on monitoring market-based service delivery performance and serving clients while importing business-like ideas and techniques into the functioning of public bureaucracy”.

This approach is important for the purposes of this study because it enables the study to view where civic crowdfunding fits in a context where public administration and management are in transition. In other words, it provides an opportunity to view where civic crowdfunding is coming from and the confluence that it is reaching. For example, crowdfunding is a concept that is being headlined in the business sector for financing start-ups and is being imported to the public sector. In other words, NPM opened the platform whilst NPG as a succeeding perspective is fully embracing civic crowdfunding. Accordingly, NPM paradigm began to conceptualise the importance of the citizens even though it limited them to customers. The NPM perspective also emphasised the significance of releasing the responsibilities of service delivery through decentralisation and devolution. Very important to highlight is the fact that, the NPM era unveiled the incapacities of the state to provide public goods and the need to bring on board the private sector.

This study falls in line with Osborne's (2006:377) argument that the NPM has actually been "a transitory stage in the evolution from traditional public administration" leading to what he later termed the "NPG". Osborne (2006:377) further argues that "the time of the NPM has thus in fact been a relatively brief and transitory one between the statist and bureaucratic tradition of public administration and the embryonic plural and pluralist tradition of the NPG". The NPM paradigm gives too much power to the private sector and relegates citizens to being customers. The paradigm fails to appreciate that the public sector, private sector and civic society operate in separate spheres (Bourgon, 2011:14) and to give importance to citizens and democratic system (Gupta, 2016:8) to deliver legitimate, inclusive, flexible and effective public goods.

According to Robinson (2015:9), these assessments questioned the effectiveness of the "so called" NPM reforms and later culminated in the emergence of fresh approaches in the first ten years of the 21st century aimed at addressing "problems of coherence and collaboration through 'whole-of-government' approaches and that increasingly placed citizens at the centre of reforms rather than privileging the market as the primary driver of reform". Robinson (2015:9) further observes that the emergent set of approaches offered "an alternative model of Public Administration" and presented "a new and distinctive perspective that emphasises the role of citizens in

policy formulation and the co-production of public services". The NPG is one approach that replaced the NPM and it will be analysed in the section below.

2.3.5 New Public Governance (NPG)

The NPG approach is central in this study. According to Robinson (2015:9), the NPG approach credited to Osborne (2006, 2010) takes "a different starting point from the two earlier public management traditions". The earlier public management traditions are the Traditional Public Administration and the NPM. Firstly, the NPG perspective rides on the "belief that the classical and formal instruments of control associated with Traditional Public Administration are relatively ineffective" (Mazur, 2013:109). Secondly, NPG paradigm, as stressed by Mazur (2013:105), developed as a result of a growing public dissatisfaction with the performance of an administration subordinated to free-market mechanisms.

In essence, the paradigm roots its basis on the assumption that conventional approaches are insufficient to generate viable solutions to the challenges that lay ahead (Bourgon, 2015:3). These challenges are what Bourgon (2011:19) identifies as "the burden of serving in the 21st century". In such circumstances, Bourgon (2015:3) suggests that new rules, new ideas, a new mental map and openness to different ways of doing things are needed. Inventing viable solutions does not start with answers, but with challenging conventional ideas (Bourgon, 2015:8). Apparently, the NPG provides room for new ideas and viable solutions such as civic crowdfunding in the rehabilitation of community infrastructure. Civic crowdfunding in this scenario represent what Koppenjan and Koliba (2013:1) call "transformations in governance that provide different answers to the complexities faced by governments".

Furthermore, the NPG approach "is predicated upon the existence of a plural state and a pluralist state" and conceptualises the practice and study of Public Administration in these maxims (Osborne, 2006:381-382). Osborne (2006:384) continues to explain that NPG:

> "...posits both a plural state, where multiple inter-dependent actors contribute to the delivery of public services and a pluralist state, where multiple processes inform the policy making system. As a consequence of these two forms of

> plurality, its focus is very much upon inter-organisational relationships and the governance of processes, and it stresses service effectiveness and outcomes."

Furthermore, Christensen (2012:6) underscores that "governance rests on the mobilisation of multiple and complementary sets of institutions, actors, interests, decision-making arenas, values, norms, and cleavages". Against this backdrop, Newman (2004:71) argues that "the state can no longer assume a monopoly of expertise or resources necessary to govern, and must look to a plurality or interdependent institutions drawn from the public, private and voluntary sectors". In this plural state, Kovac and Gajduschek (2015:115) opine that "both formal and informal elements are equally significant; in addition to behaviour of institutions changing norms and new kinds of operating methods are at least as important". The pluralist state is a result of government fragmentation (Dickinson, 2016).

Dickinson (2016:43) points to the fact that "as public services started to be delivered, not just by the public sector, but also by commercial and community organisations on the basis of contracts, government started to become more fragmented". The fragmentation meant that a range of stakeholders (formal and informal elements referred to above by Kovac and Gajduschek, 2015) needed to cooperate with one another to deliver public services (Dickinson, 2016:43). The result was the formation of networked forms of governance which Osborne (2006) termed NPG, manifesting through a strong focus on collaboration and horizontal ties between individuals and agencies (Dickinson, 2016:43). To this end, Mazur (2013:106), sums it up by arguing that the "concept of NPG is based on rules such as networking, multi-level governance, deliberation, participation, partnership, dialogue, consensus, reconciliation, autonomy and responsibility". These rules necessitate and justify the embracement of initiatives such as civic crowdfunding in local governance. Put into context, civic crowdfunding in this case:

> "… understands coordination as the interaction of interdependent actors from different traditional hierarchical structures and from outside such structures. Such actors pay less heed to formal top-down authority and rely more on negotiations and mutual adjustments and on bringing together organisations to pool resources and knowledge" (Christensen, 2012:7).

To this end, the NPG approach allows “bringing together distributed knowledge and ensuring that various agencies in a related domain of interest take coherent action” (Bourgon, 2011:49).

In the NPG approach, citizens and not government are the focus of its frame of reference (Robinson, 2015:9) as is highlighted in Table 2.2 below. Robinson (2015:9) goes further to stress that “the centrality of citizens as co-producers of policies and the delivery of services fundamentally distinguishes the NPG approach from both the statist approach associated with the old public administration and market-based NPM approaches, rather than simply proposing a new form of public administration”. Hence, the NPG paradigm seeks to “enable social enterprise and co-creation through community involvement in public service; increase transparency, making public data available as a civic responsibility and a public good; use modern technology to assist this process; and the accountability systems for distributed governance arrangements” (Bourgon, 2010:14).

Table 2.2: Paradigmatic developments of Public Administration as a focus of study

	Traditional public administration	New Public Management	New Public Governance
To whom	Subjects	Customers	Citizens
Main goal	Legitimacy and compliance	More effective, efficient and better-quality public service	More legitimate, inclusive, flexible and effective government
Characteristic	Bureaucratic	Post-bureaucratic, competitive styles	Post-competitive, collaborative styles
Dominant substantive policy tool	Direct provision by government	Contract out to private entities	Co-production with non-governmental actors and citizens
Key procedural management and policy tool	Rules and input based management tools	Benchmarking and other output-based tools	Public participation and trust as key management tool
Accountability	Hierarchies	Market-driven	Multifaceted
Role of government	Rowing	Steering	Facilitating

Source: Howlett, Kekez and Poocharoen (2017:3)

According to Bourgon (2010:19), under NPG theory the public sector should work from:

- a broader definition of public results that recognises the contributions of citizens and society;
- an expanded view of the role of government to serve in predictable and unpredictable circumstances;
- a better understanding of the expanding public space of our modern networked society;
- a broader concept of citizens as actors and value creators; and
- a modern system of accountability and collective responsibility for collective results.

The NPG approach helps the study in understanding civic crowdfunding in many ways. For example, unlike in a market environment that is usually associated with NPM reforms, as Stiver *et al*. (2014:12) allude, “civic crowdfunding projects represent a less transactional, consumerist interaction...in which backers look to secure pre-orders of products or contribute solely to secure rewards”.

2.3.5.1 Contextualising co-production in NPG

Howlett *et al.* (2017:4) posit that NPG involve co-production in some way. “Co-production represents the shared and reciprocal activities of people and public agencies to produce results of public value” (Bourgon, 2011:114). The scholar conceptualises co-production as a “non-contractual arrangement that helps bring government, people and society together” (Bourgon, 2011:26). This study conceptualises co-production the same way as co-creation and uses these terms interchangeably. Co-production “generally concern four roles: (*a*) in community integration; (*b*) in giving the respective groups a voice; (*c*) in pioneering innovations in service provision that address groups, situations and/or needs neglected by states and markets; (*d*) their complementary role in enhancing the qualities of established public services (Zimmer and Stecker 2004; Evers and Laville 2004; Nyssens et al. 2006,) cited in Pestoff and Brandsen, 2010:225). According to Bourgon (2011:110), co-creating policy responses with people and in particular with potential users helps understand their needs, preferences and concerns.

Co-production is one of several mechanisms that can be used to increase the influence of citizens over the services that are delivered to them (Pestoff and Brandsen, 2010:227). Bourgon (2011:114) also argues that there is a “heightened interest” in co-production “due to the fact that many governments face stringent fiscal conditions combined with a growing awareness that ignoring the contribution made by people and service users discounts a significant source of capacity and resources in society”. To this end, Bourgon (2011:115) goes on to highlight that co-production encourages self-reliance through a shift from passive consumption to active consumption. Co-production in NPG compels “public authorities to integrate the resources held by autonomous actors (public, private and social ones) in order to solve problems collectively” (Mazur, 2013:107). The actors or stakeholders in local

government, in this context as expressed by Mazur (2013:108), collectively "define public problems, deliberate on ways to solve them and once they have done so, they jointly participate in their implementation, contributing their resources and incurring the consequences". This paradigm shift is explained by Bourgon (2011:110) who demonstrates that co-production and co-creation is neither public policy consultation where government seeks people's views on particular issues, nor about polling or opinion surveys but involves a methodological process of working directly with people in designing, developing, testing and experimenting with potential solutions. To this end, initiatives such as crowdfunding, therefore, are based on the fundamental idea of co-creation, in the sense that customers or backers are directly integrated into value creation (Gierczak *et al*., 2015:15-16 citing Blohm *et al*., 2013).

2.3.6 New Public Service

New Public Service (NPS) approach seeks to understand public administration from a bottom up perspective (Gupta, 2016:3). In this respect, Robinson (2015:10) highlights that the NPS "starts with the premise that the focus of public management should be citizens, community and civil society". According to Gupta (2016:3), "this approach believes, public servants do not deliver customer services, they deliver democracy". In other words, the primary role of public servants is to help citizens articulate and meet their shared interests rather than to control or steer society (Denhardt and Denhardt, 2000 cited in Robinson, 2015:10). The NPS approach also makes focus to a government and administration which not only value people but also invite them to participate in administration (Gupta, 2016:4). To this end, it can be argued that "the NPS model approaches public management from the vantage point of democratic theory, premised on the notion of an active and involved citizenship" (Robinson, 2015:10).

Unlike the market oriented NPM, at the core of the NPS perspective is the proposition that "government should not be run like a business; it should be run like a democracy" (Gupta, 2016:4). Most importantly, this approach is about engaging ordinary citizens in the governance process. The assumption is that, as stressed by Robinson (2015:10), citizens look beyond narrow self-interest to the wider public interest and the role of public officials is to facilitate opportunities for strengthening citizen engagement

in finding solutions to societal problems. In this context, citizens and public servants have to work together to define and to address common problems (Gupta, 2016:4). The NPS might have some different frames of reference from the NPG but the two approaches have a lot in common. For example, both NPS as highlighted by its proponents Denhardt and Denhardt (2007) and NPG as stressed by Osborne (2006) emphasise the importance of citizens in public service and or public governance respectively.

This study argues that NPS and NPG approaches' underlying arguments are fundamentally the same as they show some similar notable explicit departures from Traditional Public Administration and NPM. As Robinson (2015:9) observes, "in contrast with the emphasis on bureaucratic hierarchy and administrative interest as the defining features of the old public administration and the managerial discretion and contractual mechanisms associated with NPM", the NPS and NPG approaches "place citizens rather than government at the centre of their frame of reference".

Similarities can also be drawn between the core tenets of the NPG and NPS approaches. For instance, Denhardt (2000:553) argues that the NPS paradigm appreciates the important role government plays in service delivery but argues that it is no longer the only actor. In essence, Denhardt and Denhardt (2000:553) are of the view that the "policies that guide society are the outcome of a complex set of interaction involving multiple groups and multiple interests". This is part of network governance which forms the bedrock of Osborne's (2010) NPG as was explained earlier above. Against this backdrop, this research will fall in line with Pestoff (2011:18) who preferred to employ the term NPG for a regime or paradigm that emphasises greater citizen engagement in and co-production of public services and greater third sector provision of the latter due to the conceptual similarities between Denhardt and Denhardt's (2008) NPS and Osborne's (2006) NPG.

2.4 EMERGENCE OF CROWDFUNDING IN NETWORK GOVERNANCE

Network governance is the heart of NPG. According to Larsson (2017:6):

> "The democratic merits of networks are of great interest given their growing presence in the management of public problems and the increased advocacy for collaboration. In the most optimistic accounts, network governance is deemed capable of fostering a new deliberative pluralism that has the potential to develop a trust-based consensus concerning the means and ends of social life."

To Bevir (2010:116) and Larsson (2017:6), networks are viewed from this perspective as promoting an expansion of the public sphere, the empowering of communities, a cultivation of inclusive policy making, and the involvement of a broader range of actors in the management of public issues. One emerging interesting initiative that can facilitate network governance is crowdfunding.

The word "crowdfunding" can be traced to the concept of crowdsourcing (Freitas and Amado, 2013:6). Freitas and Amado (2013:6) link crowdsourcing to Schenk and Guittard (2011) who conceptualised it as a fusion of the words "Crowd" and "Outsourcing" which mean "outsourcing to the crowd". Davies (2014a:25) credits the pioneering use of the term crowdfunding to Michael Sullivan who created the Website Fundavlog (now closed) in 2006 for fundraising video blog projects, even Sullivan never explicitly defined it during that time. The rise of crowdfunding is often linked to the 2008 financial crisis. Stiver *et al*. (2014:3) trace its popularisation to 2008, with the establishment of the global reward-based crowdfunding leaders Indiegogo (2008) and Kickstarter (2009). On the other hand, Veelen (2015:16) is of the view that crowdfunding started as a way to support politicians and charities. This view is also shared by Adams (2015:2) who notes that the American presidential elections have typically been cross-nation crowdfunding events raising millions of dollars from the American population for various presidential candidates; indeed the last few (election) examples have explicitly used Internet and social media technologies as part of the process. What is explicit in literature is that crowdfunding as a practice dates back decades ago. However, its wide usage as term and field of study is more recent.

Different conceptualisations of crowdfunding are provided for in literature which this study cannot exhaust but the study will adopt one for the purposes of the research. Apparently, Steinberg and De Maria (2012:2) define crowdfunding "as the process of asking the general public for donations..." Gajda and Mason (2013:5) go further to define crowdfunding as a collective resource-pooling practice used to finance individuals, companies, organisations, funds, projects, products or groups. Another simple definition is provided by Freitas and Amado (2013). According to Freitas and Amado (2013:6) citing De Buysere *et al*. (2012), crowdfunding "is a collective effort of many individuals who network and pool their resources to support efforts initiated by other people or organisations".

The KPMG (2014) and Michelucci and Rota (2014) provide a distinctive conceptualisation of crowdfunding in that they differentiates it form other financing instruments. According to KPMG (2014:5), "in contrast to traditional financing instruments where money is raised from a limited number of (often institutional) investors, crowdfunding is a financing instrument, which appeals to a large number of people ('the crowd') to make limited contributions in order to achieve the financing goal". Similarly, Michelucci and Rota (2014:3) notes that as compared to traditional forms of financing (business angels, venture capitalists, debt market actors such as banks and other financial institutions) in which few actors mobilise great deals of money per capita, crowdfunding involves a higher number of people, often non institutional ones, that contribute with a small amount of money provided either for donation or in exchange for shares of the revenues or rewards. On a different note, Gajda and Walton (2013:2) argue that the main advantage of crowdfunding is that the funders (crowd) are also potential customers (users) and ambassadors of the project or business they support and they help to promote it through their own networks.

Crowdfunding is usually an internet-enabled way for businesses or other organisations to raise money in the form of either donations or investments from multiple individuals (World Bank, 2013:8). Various scholars and authorities support the World Bank's conceptualisation of crowdfunding. For example, Hui *et al*. (2015:1) view crowdfunding as the most recent internet based technology to support the role of community in entrepreneurship. The World Bank (2013:14) further stresses that contemporary "crowdfunding [mainly] uses web-based technology and the knowledge and wisdom

in communities to determine which projects should receive funding and how much funding they should receive". The World Bank (2013:14) continues to argue that it leverages the power of technology, particularly social media, to market the idea, raise funds, and hold entrepreneurs accountable. Candelise (2015) shares the World Bank's (2013) conceptualisation by noting that "what specifically characterises crowdfunding is the use of internet and dedicated web platforms to raise money".

From the above different conceptualisations, it can be deduced that crowdfunding involves the public/crowd or multiple individuals (participation) pooling financial resources together (i.e. it is a financial instrument) with the help of the internet. The study appreciates all the above definitions. However, the study adopts De Buysere *et al*.'s (2012) as captured in Freitas and Amado (2013:6) conceptualisation and defines crowdfunding "as a collective effort of many individuals who network and pool their resources to support efforts initiated by other people or organisations." Contrary to the World Bank's (2013) perspective, the research also subscribes to Adam's (2014:12) point of view that "hosting crowdfunding calls on the Internet offers an opportunity to broaden the reach to a potentially wider crowd of contributors, even if the actual people contributing are from a defined group by interest or other attribute".

Thus, the study does not intend to confine crowdfunding to the internet or web but view the internet as an instrument that acts as an enabler and widens the frontiers of crowdfunding. In support of this study's viewpoint, Stiver *et al.* (2014:14) emphasise that "because community propels project activity, both online and offline community are central to crowdfunding". Stiver *et al.* (2014:14) explain that transitions between online and offline community are a distinguishing feature of crowdfunding, with citizens rallying around projects online as well as mobilising for participation offline.

2.4.1 Models of Crowdfunding

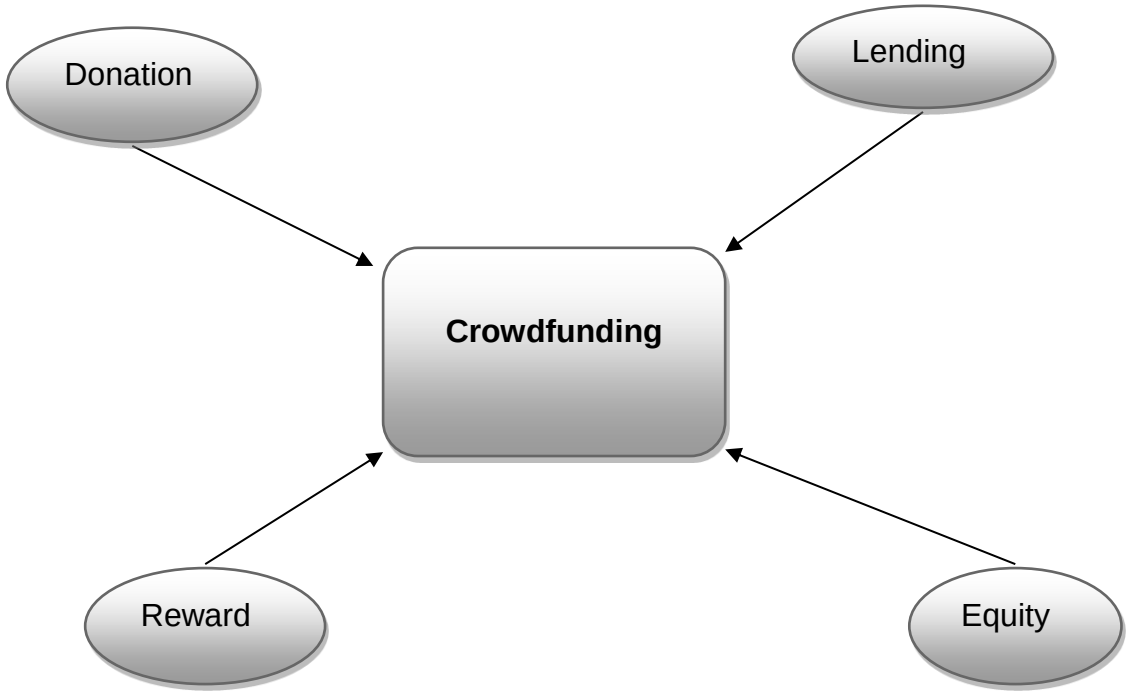
Davies (2014a:39) identified three categories of dynamics that characterise crowdfunding models. These are:

- "participation dynamics, which impact the terms under which donors and project owners are able to start or access a project;

- risk/reward dynamics, which pertain to the terms under which donors give funds to projects and the returns they may expect (if any) in advance; and
- funding dynamics, the conditions by which donors give and project owners receive funds after the successful completion of a project - i.e. the campaign has met the terms required to release funds" (Davies, 2014a:39).

A robust literature review revealed that there are four main crowdfunding models and certain distinctions can be drawn amongst them. These models are donation crowdfunding, reward crowdfunding, lending crowdfunding and equity crowdfunding. Figure 2.1 below as well as the following sections briefly explicates these four models.

Figure 2.1: Models of crowdfunding



Source: Researcher's own

2.4.1.1 Donation Crowdfunding

The donation model of crowdfunding is usually a means for charities, or those who raise money for social or charitable projects, to gather a community online and to

enable them to donate to a project (Nesta, 2012:2). In essence, the project collects donations from the crowd, while the crowd does not receive any financial benefit in return (KPMG, 2014:5). On the same note, Veelen (2015:16) explains this by highlighting that with donation-based crowdfunding there is no direct immaterial or material return on the financial support. According to Gajda and Walton (2013:8), the difference between donation-based crowdfunding and traditional fundraising is that donations are collected and ear-marked for a dedicated project. This helps raise higher amounts per donor, because funders know that their money will be used on a specific project (Gajda and Walton, 2013:8). Thus, the funders however often have a direct view on where their money is going (Veelen, 2015:16).

2.4.1.2 Reward Crowdfunding

This model is used by project owners who want to collect donations for a specific project and can give (often small) non-financial rewards in return (Gajda and Walton, 2013:9). In this model, the crowd receives non-financial rewards in return for their donations. In other words, as Veelen (2015:16) describes, investors invest in order to contribute financially to the project and get a material, often the product, in return. According to Nesta (2012:3), the model often closely resembles philanthropy with the donation far exceeding the monetary value of the reward or the reward costing the fundraiser little, such as experience or recognition related rewards. In some instances, the model may resemble a presale agreement. In the private and creative sectors investors may be rewarded with free movies, tickets or games (Nesta, 2012:3). Hence, as Gajda and Walton (2013:9) stress the rewards are of a symbolic value and provided by the investee. Gajda and Walton (2013:9) move on to note that a reward in this context should be understood as a token of appreciation and generally, the parties do not consider it a legally binding obligation to provide the goods and do not classify it as a sale.

Gajda and Walton (2013:9) underscore that, this form of reward-based crowdfunding has significant potential for the development of customer facing products and services. They argue that when the different reward-levels are chosen wisely, it is possible to receive a much higher average donation than with a pure donation-based approach (Gajda and Walton, 2013:9).

2.4.1.3 Lending Crowdfunding/Debt Crowdfunding

Lending or debt crowdfunding is “similar in structure to traditional private market financial services and lending schemes available for the development sector” (Gajda and Walton, 2013:10). In this model, as highlighted by Gajda and Walton (2013:10) and Gajda and Mason (2013:10), money is borrowed from a group of people instead of a bank. This means that money is essentially borrowed from a crowd. According to Gajda and Mason (2013:10), funders are motivated by “financial returns”. To Nesta (2012:3) under this model projects or organisations seeking debt apply through (crowdfunding) platforms uploading their pitch, with members of the crowd taking small chunks of the overall loan.

To this end, Gajda and Walton (2013:10) stress that some of the (crowdfunding) platforms will act as middle-men and make the repayments to the lenders, whereas other platforms act only as match-makers and the borrower and lenders will be connected when the deal is closed. Important to note is that interests are not usually charged in this model but when it is sought the local authority or project champion may decide on the interest. This view is also shared by Gajda and Mason (2013:10) who argue that the interest-rates in general are based on the risk-factor, which is calculated based on financial data and personal securities. Hence, this model is used by borrowers who are looking for a loan with a lower interest rate than the one they can get from a bank (Gajda and Walton, 2013:10).

2.4.1.4 Investment/ Equity Crowdfunding

In this model an organisation or institution will attempt to raise capital from the crowd in exchange for shares or a portion of the profits. As stressed by Gajda and Walton (2013:11 “equity crowdfunding or crowd investing is when an entrepreneur or business wants to attract an investment from a group of people instead of from a business angel or another private investor”. The scholars argue that some funders are primarily interested in investing in projects that share their own values, that are locally engaging or that create jobs in their community. On the other hand, other funders have a real knowledge of what the project is addressing and seek to bring funds and expertise to the success of the project. In that regard, Gajda and Walton (2013:11) continue to

maintain that equity crowdfunding generally includes equity-like arrangements: offering the same payoff as equity (shares) and the funder is a creditor who has a contractual right to receive that payoff.

2.4.2 Types of Crowdfunding

Crowdfunding can be applied in a variety of sectors. Table 2:3 below attempts to give context into some sectors in which crowdfunding can be found providing some brief description, target groups and possible rewards. The study is more concerned with civic crowdfunding.

Table 2.3: Types of crowdfunding

	Charity	**Creative**	**Start-up**	**Civic**
Description	Non-commercial initiatives from a charity perspective/ humanitarian	Cultural and creative initiatives projects/ semi-commercial	Commercial start-up projects	Initiatives aimed at the development of community assets
Target group	Charity, humanitarian assistance, political campaigns	Music, art, literature, film, design	Start-ups, commercial enterprises	Urban area developments, infrastructure, agriculture
Possible return	No intended material return	Mostly a non-monetary reward	Financial return	Financial return, no intended material return, non-monetary benefits

Source: Veelen (2015:17)

2.4.2.1 Conceptualising civic crowdfunding

Table 2:3 above attempts to differentiate civic crowdfunding from other crowdfunding types such as creative, charity and start-up crowdfunding. Literature is littered with various conceptualisations of civic crowdfunding as a subgenre of crowdfunding and this study will interrogate some of them. Anecdote interrogations of literature show that civic crowdfunding is still an evolving subgenre.

Davies (2014a:29) conceptualised a civic crowdfunding project as "a project that develops a shared resource that is accessible to the community either as a public asset, a community owned resource or a public private partnership, and may or may not involve government". According to Veelen (2015:17), civic crowdfunding is inextricably linked to institutions such as governments and non-profits. The research adopts Veelen's (2015:5) understanding that civic crowdfunding is when crowdfunding is introduced for "initiatives that focus on the development of community assets".

Davies (2014a:28) chose to conceptualise the dilemma of what makes up civic crowdfunding projects from two perspectives: "the goods being produced and the actors involved". In that context, Davies (2014a:28) stresses that civic crowdfunding projects are those producing or anticipated to produce non-rival and non-excludable goods, that is, those that once produced are used by the whole evenly, continuously, and irregardless of their contribution. Thus, Davies (2014a:29) is of the view that civic crowdfunding projects are "projects that produce some non-rival benefits that serve either the non-excludable public or broad sections of it". Put in simple terms, civic crowdfunding outputs are for the public (Stiver *et al*., 2014:12). In support of this view, Charbit and Desmoulins (2017:2) argue that "civic crowdfunding should be distinguished from other types of crowdfunding since it pursues an objective of general interest and mainly concerns place-based projects instigated by citizens and civil society organisations".

In terms of resourcing, Davies (2014a:30) gives ways through which a civic crowdfunding project can be financed, namely, "by the crowd alone", "by a combination of the crowd and government (taxation)", or "by the crowd and organised for-profit or non-profit interests, without government investment". On the same note, Brent and

Lorah (2017:7) state that another distinguishing characteristic of civic crowdfunding is that projects are primarily planned, funded, and implemented by private citizens, residents and community groups looking to improve their own surroundings.

Likewise, the logic behind civic crowdfunding is to provide a platform for the transfer of funds from those who are willing to donate or invest to the capital needs of public entities. In the conceptualisation of Nesta (2012:2), crowdfunding platforms are online intermediaries that facilitate this process. Boyle (2016:16) categorises civic crowdfunding "as a mechanism that offers communities and private enterprise a more active role in governance via the power of the dollar". Brent and Lorah (2017:2) add that civic crowdfunding borrows principles from both private crowdfunding and grassroots community organisation by enabling citizens to develop community projects that are funded by donations through an online platform.

According to Adams (2014:13), local communities and groups have consistently found innovative ways of raising funds for local and community projects, and it seems crowdfunding is an extension of those innovative practices. On the same note, Brent and Lorah (2017:2) assert that civic crowdfunding empowers community leaders to initiate worthwhile public projects in their neighbourhoods and allows citizens to vote with their pocketbooks. Adams (2014:13), however, is quick to point out that "crowdfunding is clearly not a panacea to solve all fundraising problems and can be considered as one of several funding and resourcing options and mechanisms". Hence, it is one of several options that, as Brent and Lorah (2017:2) observe, "act as a catalyst for citizens to improve their own neighbourhoods as opposed to waiting for governments or external philanthropic organisations to intervene".

Thus, from all the above conceptualisations of civic crowdfunding, it can be concluded that "civic crowdfunding represents an area of great opportunity, enabling a consideration of financial and non-financial strengths of crowdfunding" (Stiver *et al*., 2014:14). In other words, civic crowdfunding is a valuable coin available to the public sector. On one side, it provides for the increased citizen participation in a context where people are regarded as "value creators" (Bourgon, 2011:25). On its tail, civic crowdfunding offers vast financial possibilities in an environment where public authorities are financially handicapped. To this end, this research adopts Stiver *et al*.'s

(2014:16) viewpoint that civic crowdfunding “positively influences both financial and non-financial outcomes”.

2.4.2.2 Contextualising civic crowdfunding as a means to co-production

Davies (2014a:42) states that civic crowdfunding “could be said to provide a context, or occasion, for communities to request money for projects as well as an established process for how to do so”. Bourgon (2011:24) notes that Classical Public Administration viewed citizens to voters, taxpayers, users and beneficiaries of public services with no role to play in the development, design and production of public services.

According to Bourgon (2011:24), this approach to public administration did not only crowd-out the contribution of society in solving public problems but also devalued the role played by citizens, families and community groups in the creation and production of public goods. However, Freitas and Amado (2013:5) observe that “in the past decade the Internet and the World Wide Web have created new processes to harness the creativity of people, create new business models and reshape economies”. One such process is civic crowdfunding which provides an opportunity of achieving what Bourgon (2011:25-26) terms “creating value with citizens” and “achieving results with citizens”.

Freitas and Amado (2013:14) underscore, whilst giving reference to crowdfunding, that “municipalities have been, in the more recent decades, integrating participatory tools into their urban planning frameworks, these tools are being used to foster a more direct relationship between citizens and their urban environment”. In essence, civic crowdfunding gives a platform to leverage collective power in four ways. This means that government have the rare and exclusive opportunity to “partner”, “enable”, “co-create” and “empower” (Bourgon, 2011:51-53) other stakeholders such as citizens and community groups in the provision of public goods.

As such, Freitas and Amado (2013:14) have argued that “civic crowdfunding increase the visibility of public participation in urban planning and could generate, besides funding, increased awareness and interest in the urban environment”. This is important

because people are the main value creators for both public goods and public policy issues (Bourgon, 2011:25). In the same line, Freitas and Amado (2013:7) conclude that it is usually the case that people engaged in crowdfunding might not be specialists in certain fields but "the 'wisdom of the crowd' argument states that a crowd can be more efficient in solving problems".

2.4.2.3 Civic crowdfunding as disruption

Civic crowdfunding has necessitated debates over its impact on existing governance arrangements. According to Davies (2014a:43), in understanding crowdfunding as a provision "that has emerged as an alternative to incumbent ones, it's important to consider the impact that it has on those incumbent infrastructures". The scholar goes further to pose the following question: "Can an alternative method of getting something done not only get it done, but also exert influence on the existing, broken method (Davies, 2014a:43)?" Responding to Davies's (2014a:43) question, it can be admitted that civic crowdfunding "is leading to a redefinition of the way in which public services are organised and delivered" (Michelucci and Rota, 2014:1). As Davies (2014a:43) explains, there are several ways in which this effect might be manifested:

> "First, as a demonstration of another route to influence: a community can use a crowdfunding campaign as a means not only to build something but also to signal support for an idea and a neighbourhood. This could mean, for example, that a community seeks to self-organise to create a community resource instead of lobbying a political representative to achieve the same goal, which will likely over time affect representatives perceptions of their influence and role. Second, by changing and expanding the range of people who are able to access capital or resources, alternative infrastructures expand the marketplace of ideas, values and choices available."

Boyer and Hill (2013:13) support that argument saying that "...while citizens may not have the tools to rapidly recalibrate decision-making processes about their city, they are certainly capable of working outside of them, getting on with doing something..." In other words, civic crowdfunding offers a means to circumvent or force the hand of rigid bureaucracies (Boyle, 2016:12). This can easily be the case where there is Traditional Public Administration or public administration is reformed but limited to

NPM. In such a scenario, civic crowdfunding represents what Davies (2014a:103) terms the “erosion of public institutions”. According to Davies (2014a:103), civic crowdfunding “encourages the decline of municipal spending and faith in government services”. In the same context, Davies (2014b) views civic crowdfunding as an outgrowth of financial strain among local authorities, and serves a libertarian agenda seeking the reduction of the role of government.

Furthermore, Davies (2014a:103) argues that failure of responsible institutions to address topical community challenges or serve other communities may result in crowdfunding being viewed as “an additive innovation rather than a replacement for existing structures”. This can be exacerbated by the fact that no government controls or has access to all the levers to address the complex problems people really care about (Bourgon, 2011:15). To this end, civic crowdfunding “provides an opportunity to restore the balance between what government is best positioned to do, what citizens can do for themselves and what is best accomplished together” (Bourgon, 2011:26). Thus, it can be observed that civic crowdfunding “is a catalyst for the weakening of institutions including government (Davies, 2014a:119). In other words, civic crowdfunding “can offset or replace the use of other means such as public organisations (i.e. the state) or private contracts (i.e. the market) in good and service delivery through enhancing and facilitating citizen-based provision of goods and services” (Howlett *et al.,* 2017:4).

In this study, this perspective is critical. It speaks to the importance of a shift in the approaches of public administration and management. In other words, the disruptive nature of civic crowdfunding threatens traditional public administration that was bureaucratic and put government as a sole provider whilst limiting citizens to users. It also challenges the exaggerated role of the market in the provision of public goods as the power of the crowd takes centre stage as citizens move in to develop their communities. In this context, civic crowdfunding exposes government’s ability to serve in the 21st century where technology is taking citizens to the frontiers of urban development. Interestingly, because local governments are financially constrained and the market views initiatives such as community infrastructure rehabilitation as unprofitable, the government is forced to reconfigure its role as a provider to that of facilitator in a way that enables co-production. Coming out explicitly in literature is

transformational role of civic crowdfunding in facilitating a shift from government to governance.

2.4.2.4 Civic crowdfunding as community expression and leveraging collective power

This perspective stems from the work of Davies (2014a). Davies (2014a:103) examines civic crowdfunding as an expression of community agency. According to Davies (2014a:103), this approach works in two ways: “First, backers of projects share common goals and interests, that is, they behave as communities; and second, that projects themselves increase communities' ability to influence the development of the built environment and the planning process”. Thus, Davies (2014:102) views civic crowdfunding as a form of co-operative social movement. Veelen (2015:20) describes civic crowdfunding as a tool for the commons in funding community based projects.

Veelen’s (2015:20) takes his analysis of crowdfunding as community expression further and highlights the complex issues of property rights. Veelen (2015:20) argues that “if a good is communal property, the property rights are assigned to a specific community. Members of this community can provoke property rights”. The challenges of such arrangements are well documented by economic theorists such as Libecap (1999) who underscores the importance of a clear definition of ownership of property and the associated problems. However, this study appreciates the property rights perspective but will deliberately focus on the governance perspective of civic crowdfunding in line with theoretical disposition of the research.

The study, nevertheless, appreciates the sociological dimension of civic crowdfunding to governance theory highlighted in Davies (2014a:107) that “civic crowdfunding projects may be an opportunity to activate latent social capital by giving a community an opportunity to uncover a demand for a shared resource or to engage a community in a collective problem-solving process”. Following Davies’ (2014a:103) point of view, civic crowdfunding can be strategically implied as a way of community organizing and collective action. Giving a little bit of perspective, civic crowdfunding represents the four facets that are highlighted by Bourgon (2011:51) as important in “leveraging collective power”. That is to say, civic crowding represents government “partnering,

enabling, co-creating and empowering" communities in producing public goods. In other words, civic crowdfunding projects local communities that are empowered and enabled to develop their localities or citizens that partner government to co-create public goods.

2.4.2.5 Civic crowdfunding in community infrastructure rehabilitation

Discussions in literature are emerging about the feasibility of using civic crowdfunding in the rehabilitation of community infrastructure. These discussions take many forms such as using civic crowdfunding for urban "renewal", "rehabilitation", and "regeneration" or to improve the "liveability" and "attractiveness" of cities. These quoted terms are descriptive. In that regard, this study argues that community infrastructure rehabilitation is one way of achieving the above. According to Freitas and Amado (2013:5), "urban rehabilitation has been increasingly a part of public policy, state-sponsored gentrification as a process to regenerate the urban environment has long been accepted by both public and business as a part of a wider strategy towards economic development". Community infrastructure in the CoH that this study considers falls under the welfare sector and comprises of crèches, vocational training centre, libraries, swimming pools, halls and stadia.

Various scholars are divided on whether civic crowdfunding is more suitable to small scale projects than to large scale infrastructure projects. As clearly stressed by Brent and Lorah (2017:3) that "when considering the expansion of civic crowdfunding in improving local communities it is important to consider what types of projects are feasible to fund in this setting". For example, Freitas and Amado (2013:14) believe that the local government sector is one area crowdfunding can have a decisive impact. Boyle (2016:37) suggests that civic projects demonstrate the ease of crowdfunding to fund small-scale, community-led interventions. Brent and Lorah (2017:3) concur and argue that civic crowdfunded projects are generally small scale in comparison to municipal capital budgets. This view is also shared by Stiver *et al*. (2014:15) who observe that many projects make use of civic crowdfunding on a smaller scale. Explaining this argument, Brent and Lorah (2017:4) stress that civic crowdfunding does not typically provide large-scale public goods. However, this study underscores

Brent and Lorah's (2017:3) assertion that "civic crowdfunding is not a replacement for traditional government spending" on community infrastructure rehabilitation.

2.5 THEORETICAL UNDERPINNINGS OF CIVIC CROWDFUNDING AS A GOVERNANCE PHENOMENON

The section reviews Public Choice Theory, Game Theory, Principal Agent Theory and Stewardship Theory. Stewardship Theory will be the main theory in this study and will be complemented by the other three theories.

2.5.1 Public Choice Theory

In essence, "Public Choice Theory uses the methods and tools of economics to explore how politics and government works" (Butler, 2012:21). According to Scaff and Ingram (1987:617), Public Choice Theory is premised on methodological individualism and rationality. Scaff and Ingram (1987:617) explain that the former "methodologically and conceptually assign the individual as the unit of analysis, while groups are conceived in terms of probabilities of individual choice and action" whilst the latter "point out that the individual of Public Choice Theory is assumed to be a rational (i.e., purposive, self-interested, efficient) maximiser of utilities". To this end, Public Choice Theory helps to understand the motivation of individual residents in participating in civic crowdfunding initiatives. In other words, the rationality of their decisions will manifest in the model of crowdfunding the residents would prefer, for instance, models that maximise returns. On another note, using the Public Choice Theory's point of view, it can be argued that "in civic crowdfunding, contributors to local projects may have vested interests in forging neighbourhood bonds" (Stiver et al., 2014:15). Mayer (2016:60) explains this by insinuating that there are citizens who participate in civic crowdfunding "for entirely selfish reasons as a way to directly impact the future of their community in any manner they see fit".

The theory, as Buchanan (1943:131) further explains, "looks at the choices confronting persons as they behave in their public choice capacities, as voters or non-voters, as participants or nonparticipants in pressure groups, as employees of governmental units, as decision makers in bureaucracies, and as working politicians". These choices

are at the centre of citizen participation in civic crowdfunding. As Stigler (1975:171) notes, rationality entais that a man is guided by the prevailing incentive system, that is, personal desires and courses of action are discouraged by the presence of penalties or attractive because of rewards available. Stigler (1975:171) further emphasises that carrots and sticks work the same way to humans as in donkeys.

Hughes (2003:11) concurs with Stigler (1975), underscoring that this carrot and stick behaviour is applicable in any situation. Using this viewpoint, one can understand the attractiveness of reward based models of crowdfunding to residents as the incentives will be high. Hughes (2003:11) argues that a more delicate application of public choice resonates from the thinking that it is possible to assume and model human behaviour. The basis of the Public Choice theory is that:

> "The typical political individual becomes an efficient, rational maximiser of individual utilities, modelled after *homo economicus*, who engages in strategic means-ends calculations of costs and benefits. Politics tends to be conceived as that activity in which aggregated utilities result in a choice concerning provision of public goods. Analytically, policy is conceived as emerging from a combining of individual preferences (Scaff and Ingram, 1987:617)."

Dunleavy (1986:3) cited in Hughes (2003:40) highlights the following assumptions that are the centre of Public Choice Theory's rational acting:

- "people have sets of well-formed preferences which they can perceive, rank and compare easily;
- their preference orderings are transitive or logically consistent;
- people are 'maximisers' who always seek the biggest possible benefits and the least costs in their decisions. They act rationally when they pursue their preferences in an efficient manner and maximise benefits net of costs. On this formal definition, someone behaves 'rationally' if they optimise their preferences in a consistent fashion, however substantively ill-advised we may judge their preferences to be; and
- people are basically egoistic, self-regarding and instrumental in their behaviour, choosing how to act on the basis of the consequences for their personal welfare (or that of their personal family)".

This happens in a political setting the same way that it does in a market setting and subsequently, it is the same in civic crowdfunding. In the words of Buchanan (2003:5), “those who respond predictably to ordinary incentives in the marketplace do not fail to respond at all when they act as citizens”. Thus, according to Wildmalm (2016:130) the public choice advocates essentially assert that economic incentives guide human action and therefore that self-interest would certainly interfere with public interest in public administration enterprises.

Against this background, Buchanan (1943:136) postulates that:

> “I know that many of you are engaged in community development programs, and that much of your effort goes to helping local communities organise themselves for specific purposes. One of the essential steps in attaining any constructive change or modification in our society is a shift from national or central government paternalism to local self-help, local self-development. All thinking about local community development, about projects and plans, must begin from this elementary base. There are no resources available to the central government that are not initially available to local communities. Your task should be to mobilise citizens to help them make local public choices consistent with their own resources” (Buchanan, 1943:136).

Buchanan’s public choice views on local government coincide with those of John Stuart Mill who argues that “those who have any interest in common, which they do not share with the general body of their countrymen, may manage that joint interest by themselves” (Sharpe, 1970:155). On that note, initiatives such as civic crowdfunding provide platforms and opportunities for those with common interests to “make community public choices consistent with their resources”. The individual focus manifesting in the Public Choice Theory is supported by Bourgon (2011:24) who argues that public policies built on the assumption that people cannot contribute to addressing issues disempower individuals and create dependencies. This is because they ignore people’s individual choices. Bourgon (2011:24-25) continues to argue that excluding people from the design of public policies and the delivery of public services erodes their self-reliance and depletes the social capital that is essential for society to adapt and prosper. Using the Public Choice reasoning citizens will “aim to increase their own power, prestige, security and income,” through initiatives such as civic

crowdfunding (Hughes, 2003:40). Stiver et al. (2014:13) add that, “in the case of civic crowdfunding, where reward is access to the completed local project, self-interest is not just individual but also collective, a self-and-others-interest”. Public Choice thinking also influenced other theories such as the Game Theory and the Principal Agent Theory as will be seen below.

2.5.2 Game Theory

According to Hermans *et al.* (2012:2), Game Theory explains the outcomes of interactions based on rational choices by individual participants. Belskova (2014:4) concurs with this view by arguing that Game Theory relies on the rationality of the players. Hermans *et al*. (2012:2) are of the view that Game Theory formalises a game metaphor to study the strategic interactions among actors, where actors have to coordinate their behaviour with that of others, and where actors anticipate on the behaviour of others to decide on their own strategies. Pelis, cited by Fuka *et al.* (2014:94), stresses that the basic prerequisites for a Game Theory application are the following: (a) At least one player is rational; (b) all the players know the rules which are unchanged during one game; and (c) players are familiar with the values in the game and know the loss and profit amounts. These “games” are governed by rules.

Hermans *et al.* (2012:2) express that basic concepts in Game Theory include actors (players), who each have a number of possible strategies or actions to follow, whereby the strategies chosen by each actor determine the outcome of the game. Fuka *et al*. (2014:93) posit that an important step in using Game Theory “is determining which players should be part of the game and the subsequent definition of their rationalities”. For the purposes of this study, the players include the local government represented by the CoH and the civics (i.e. citizens in their individual capacities, or as part of formal or informal groupings). The study deals with developing an integrated civic crowdfunding model and uses Game Theory as an analytic tool to mobilise citizens to participate and contribute. Apart from that, Game Theory in this study will be used to help draft strategies and make decisions that influence the behaviour of both online and offline communities in civic crowdfunding, particularly with regards to situations where citizens call for contributions online but mobilise for participation offline.

Sandler and Arce (2003) cited in Fuka *et al*. (2014:93) use an example of government and terrorist as players to proffer some of the reasons to use Game Theory. This study imports Sandler and Arce's (2003) example, as cited in Fuka *et al*. (2014:93), but replaces the terrorist depicted in their example with a citizen as the player for the purposes of contextualising the analogy. To this end, Game Theory views citizen and government action as mutually dependent; government and citizens are rational actors who react to counterparty's actions; and governments and citizens act in a way to gain a strategic advantage (Fuka *et al*., (2014:93). Strategic advantage might manifest in the form of payoffs. These payoffs represent the value of these outcomes to different actors (Straffin, 1993 cited in Hermans *et al.,* 2012:2).

Furthermore, Hermans *et al.* (2012:4) highlight that "in Game Theory, players are assumed to act rationally, meaning that they are assumed to take those actions that are likely to maximise the expected utility of the outcomes. Therefore, a game theoretic analysis requires an estimation of the utility of different outcomes for different players". Using the theory, initiators of crowdfunding will understand the criticality of leveraging on the models of crowdfunding available so that citizens in their roles as players are afforded options that in their view maximise expected utility on outcomes. On a different note, Game Theory "explores the problems of existence and finding the optimal control in the conflict conditions (in terms of the collision of the parties, each of which seeks to influence the development of the conflict in their own interests)" (Belskova, 2014:3). Against such a background, the theory helps to highlight value of clear rules and control mechanisms in civic crowdfunding. This is fundamentally important in this study because civic crowdfunding in local authorities such as the CoH involves multiple stakeholders with either converging or competing interests. Therefore, stakeholders might seek to leverage on initiatives such as civic crowdfunding or oppose participation for political expedience. Hence, Game Theory helps the study to understand such dynamics and how to respond to them, for example, through the use of rules and regulations. Thus, it can be observed that Game Theory is a tool that "plays a role in the study of conflict, negotiation ... competition..." (Sandler and Hartley, 2007:620). However, Game Theory portrays the relationship between government and citizens concerning players as mutual and relatively equal but sometimes the relationship might manifest in a principle agent setup. In a bid to address that, the Principal-Agent Theory will be analysed in the section below.

2.5.3 Principle-Agent Theory

Principal-Agent Theory also known as the Agency Theory, seeks “to explain and conceptualise the role and behaviour of agents” Keay (2017:2). Jensen and Meckling (1976:308) define an agency relationship as “a contract under which one or more persons (principals) engages another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent”. Against this background, as Keay (2017:2) underlines, the Principal-Agent Theory “holds that the central problem is ascertaining how the principals (the government in the case of this study) can ensure that the agents (the civics in this study) act in the interests of the principals rather than in their own interests, given that, agents will seek to maximise their own personal interests when acting in such a role”.

Furthermore, McCue and Prier (2008:47) stress that “the principal-agent relationship is often forged because the agent possesses a greater abundance of the needed skills, abilities, and/or time to perform the desired activities”. In the context of Principal-Agent Theory for the purposes of this study, the civics will be working as agents of the government which is in this respect the principal. The study’s point of view is that the citizens’ actions in civic crowdfunding will be deliberate, rational and seeking self-interest utility maximisation. As Petrie (2002:126) highlights, “the behavioural assumptions are those of the Public Choice Theory”. This is further explained by Armstrong (1997:21):

> “In Agency Theory, when faced with several alternatives, a ‘rational’ individual will choose the one that maximises his or her individual utility at the least cost or effort. The important word here is ‘rational’ i.e. an individual is considered ‘irrational’ if he or she is not motivated by personal gain.”

Principal-Agent Theory is centred on developing incentive mechanisms that make agents perform according to the interests of principals (Hughes, 2003:12). Hughes (2003:12) goes on to argue that to make sure the behaviour of agents align with the interests of their principals, agents have to be given contracts specifying expected obligations and rights. On the same note, Armstrong (1997:21) takes the view that emphasis should be “put on mechanisms, rules and regulations to keep self-serving behaviour in check because, if managers (agents in this case) have the sole objective

of taking care of their own power, prestige and prerequisites, they are likely to lose sight of the objectives of the organisation and lead it into failure or collapse". Thus, the theory emphasises the importance of clear rules and regulations as well as checks and balances whenever civic crowdfunding is undertaken.

In addition to the above, Ayee (2008:41) notes that Principal-Agent Theory argues that principals must solve two basic tasks in choosing their agents. First, Ayee (2008:41) underscores that "principals must select the best agents, whether employees or contractors (or, for that matter, other third parties who serve as agents), and create inducements for them to behave as desired". In the case of civic crowdfunding, the inducements are pivotal as they attract participation. Second, "principals must also monitor the behaviours of their agents to ensure that they are performing their tasks well" (Ayee, 2008:41). Put into context, monitoring a crowdfunding system enables the local authority to make sure contributions are channelled towards community infrastructure rehabilitation.

Petrie (2002:127) notes that the Principal-Agent Theory proposes wide-ranging principles for devising efficient and effective principal-agent relationships. These principles are of paramount importance in this study because civic crowdfunding openly or covertly creates a principal-agent relationship. According to Petrie (2002:127), these principles include:

- "clear definition of the roles and accountability of the parties;
- the avoidance of conflicts between different roles, as for example when a single agency acts both as a regulator and a supplier of outputs;
- the avoidance of multiple principals, where it is unclear whose interests the agent should be pursuing, and therefore where it can be very difficult to hold an agent accountable for results;
- clear *ex ante* specification of the goods or services to be delivered, including the performance standards expected, to provide the basis for *ex post* accountability;

- methods of specifically aligning the incentives of the agent *ex ante* with those of the principal, through prior agreement to, or understanding of, the consequences that will flow from superior or inferior performance; and
- delegating authority over the use of inputs to agents, and holding them accountable for outputs, or outcomes where feasible, and monitoring of performance".

Ayee (2008:42) maintains that the Principal-Agent Theory has a number of advantages, for example, it is a method for dealing with transaction costs arising in collective action.

Widmalm (2016:133) raises some of the main objections of this theory as:

- PA theory has a reductionist perspective on incentives;
- PA theory works better as a metaphor than as a theory; and
- the concepts of principal and agent are too abstract.

Explaining the last objection, Ayee (2008:42) opines that "public activities by means of the state often result in a double principal agent relationship in a democracy. On the one hand, there is the relationship between the population (civics as is the case in this study) as the principal, and its agents in their capacity of rulers of the population. On the other hand, rulers may wish to employ staff to be active in the implementation of the wishes of the rulers, which entails that the latter become the principal of the former".

The Petrie (2002:127) also adds some shortcomings on applying Principal-Agent solutions as a way of cutting agency costs in the public sector. Petrie (2002:127) submits the following as examples:

- "the absence of profit as a measure of performance can mean that measuring performance is difficult and there is less ability to tie compensation closely to performance;
- for many public sector activities there is a complex relationship between outputs and outcomes. Neither the outputs nor the outcomes may be readily

observable. Many of the factors influencing outcomes are beyond an agency's control and/or are not well understood. The difficulties in specifying and measuring performance are precisely why many of these activities are conducted in the public sector;

- there are weaker incentives on principals to monitor performance because of the absence of residual claims (i.e. profits);
- when individual politicians are the principal they may focus their monitoring of an agency on aspects of performance that impact most on their own interests (for example, re-election); and
- there are often problems of multiple principals in the public sector, and multiple and conflicting objectives for a single agency. This can result in an agency being potentially pulled in different directions by competing stakeholders, or having different principals for different aspects of its operations".

Principal-Agent Theory might help this study to conceptualise why certain citizens might be inclined towards reward crowdfunding models. The argument arising will be that equity based crowdfunding models create inducements that attract citizens. This perspective is important considering that citizens are self-interested and rational. Therefore, if they think some benefits may accrue to their investments, the citizens are likely to participate in civic crowdfunding. The benefits might not necessarily be in the material form or monetary but might be in the forms of status, power and influence. Calculating citizens might be influenced by all this in their decisions to participate in civic crowdfunding.

2.5.4 Stewardship Theory

Armstrong (1997) traces the origin of the term "stewardship" back to biblical times. According to Armstrong (1997:18), "we find the term at the very beginning of Judeo-Christian thought with the Old Testament commandment (Genesis 1:26-28) which gives men dominion over the earth. This is interpreted as a divine charge to take care of and to protect, not to rule". Using another biblical analogy, Armstrong (1997:19) explains the context and tenets of the Stewardship Theory:

> "The New Testament's parable of the three servants expands on the stewardship theme. A master divided up his goods among three servants who were to care for them while he went on a long journey. Two servants nurtured the goods and made them multiply while the third, out of fear, buried them in the ground. When the master returned, he praised the first two servants and severely chastised the third for being wicked and slothful before banishing him. The assets left to the servants are, as parables go, symbolic rather than real. The moral is clear and simple enough: when you are entrusted with something, you have a duty and obligation to improve upon it however possible. Indeed, it is self-centred and wicked to hide it for fear of loss or to do nothing because of the lack of possibility for personal gain."

The morality of the Biblical parable given by Armstrong (1997) above is critical in this study in as far as the applicability of the Stewardship Theory is concerned. Thus, theory gives willing citizens the duty and obligation to improve their community infrastructure through civic crowdfunding. Armstrong (1997:17-18) argues that "today, the term stewardship is most commonly used in the fields of environmental protection, stemming from overseers of estates—a sense of care-taking for a greater good for future generations—and in religious institutions—where their congregations are stewards (caretakers) of God's creations".

Keay (2017:2) is of the view that Stewardship Theory offers an alternative way of conceptualising the principal/agent relationship. For a perspective, both Agency Theory and Stewardship Theory seek to explain the role and behaviour of agents in achieving firm goals (Keay, 2017:2). However, the difference is that the two theories contrast each other in explaining this behaviour. According to Davis *et al*. (1997), who are cited in Armstrong (1997:21):

> "Economic approaches to governance such as Agency Theory tend to assume some form of *homo-economicus*, which depict subordinates as individualistic, opportunistic, and self-serving. Alternatively, sociological and psychological approaches to governance such as Stewardship theory depict subordinates as collectivist, pro-organisational, and trustworthy."

This view is also shared by Keay (2017:2) who stresses that:

> "While, like Agency Theory, Stewardship Theory recognises a form of agency exists in the corporate setting, it differs in that it essentially holds that agents/directors who act as stewards will not be concerned about fostering their own economic interests, but will want to act in the best interests of their company and they will act in a way that leads to collectivist/organisational utility rather than self-serving benefits, and in working towards organisational ends their personal needs are fulfilled."

Thus, in Stewardship Theory an alignment between the agency's interests and that of the principal can be seen.

The theory denies the existence of the problems identified and focused on by Agency Theory (Keay, 2017:2). According to Armstrong (1997:21-22), current Stewardship Theory defines situations where managers are not motivated by individual goals but act as stewards whose motives align with the goals and objectives of the higher purposes of the institution or organisation. Concurring with this view, Donaldson and Davis (1991:52) underline that "Stewardship Theory focuses not on motivation of the manager but rather facilitative and empowering structures which will enhance effectiveness and produce returns". Armstrong (1997:22) further argues that "a steward derives satisfaction from the success of the organisation and his or her behaviour is organisation-centred rather than self-centred. Therefore, a steward focuses on performance, organisation development and improvement and, consequently, satisfies more stakeholders than the agent". Put into the public sector context, the theory supposes that citizens engaged in crowdfunding will be satisfied in rehabilitating and renewing their community infrastructure and improving their neighbourhoods than pursuing only the individual desires.

To this end, Armstrong (1997:22) exposes that the "Stewardship Theory makes room for a much more humanistic model of man based on the self-actualising model of man introduced to management theory by McGregor's 'Theory X and Theory Y' and later Maslow's 'Hierarchy of Human Needs'". To this end, the core of Stewardship Theory is learning and growth directed toward higher levels of achievement. In this regard, Armstrong (1997:22) argues that "for stewardship, structures should facilitate and empower, not control and monitor".

Table 2.4: Comparison between Agency Theory and Stewardship Theory

Characteristic	Agency Theory	Stewardship Theory
Model of man	Economic man	Self-actualising man
Behaviour	Self-serving	Collective serving
Psychological mechanisms/Motivation	Lower order/economic needs (physiological, security, economic)	Higher order needs (growth, achievement, self-actualisation)
Social comparison	Extrinsic	Intrinsic
Identification	Other managers	Stakeholders
Power	Low value commitment Institutional (legitimate, coercive, reward)	High value commitment Personal (expert, referent)
Situational mechanisms	Control oriented	Involvement oriented
Management philosophy	Control mechanisms	Trust
Objective	Individualism	Collectivism
Risk orientation	Short term	Long term
Time frame	Cost control	Performance enhancement

Source: Davis, Schoorman and Donaldson (1997) cited in Armstrong (1997:25).

Stewardship Theory is central in this study in that, as Armstrong (1997:26) highlights, "stewardship has far-reaching implications for the three areas of public service activities that include: governance, public sector management and service delivery". Mills *et al.* (2008:2) portray that, "the criticisms of NPM evoke the question as to whether current governance arrangements for infrastructure assets have the capacity to perform a stewardship role that considers the shared values of the community and the 'public interest". In this context, Armstrong's (1997:26) view is that, "to be sure, the pursuit of stewardship entails a detailed examination of its implications in many areas of public management from the point of view of the stakeholders and their roles and responsibilities". On that note, Armstrong (1997:26) breaks down the stakeholders to include citizens, politicians, central agencies and their functions, service delivery departments and agencies, and public servants. Therefore, stewardship will mean what Bourgon (2011:26) calls rethinking public results and public policies from the

perspective of them “as a shared responsibility of public agencies working with the people and communities”. Subsequently, as Mills *et al.* (2008:1) observe, governance arrangements which eschew individual self-interest alone and look to also pursue the interests of other stakeholders have emerged. This means that “the relationship between public servants and users (citizens) shifts from one of subordination and dependency to one of parity, mutuality and reciprocity” (Bourgon, 2011:26).

Against this backdrop, Mills *et al.,* (2008:2-3) argue that “more recently stewardship as a guiding principle or public value has re-emerged as a response to calls to take into account the long-term effects of a broader range of issues such as sustainability and intergenerational responsibilities”. Stewardship may help to understand why other citizens might prefer donation crowdfunding models as opposed to debt crowdfunding models. This could be because a citizen might be interested in having his/her community maintained and liveable even without getting monetary benefits. Other citizens might be doing it for recognition or self-actualisation and not necessarily for self-interests or material benefits.

In spite of the fact that Stewardship Theory is the main theory in this study, all the theories discussed are important in informing this study in a variety of ways. Basically, they speak to the economic and behavioural drivers of citizens in their involvement in civic crowdfunding. These economic and behavioural drivers also influence how citizens approach the models of crowdfunding available, contribute through them and generally participate in the development of their communities. Basically, civic crowdfunding involves citizens in both their individual and collective capacities as unit(s) of analysis or focus of study.

The sequence in which these theories were presented was tactical and deliberate. The tactic was to show that, before any crowdfunding initiative is undertaken in a community there is need to understand that most citizens are *homo economicus* in general or in their capacities as they act as agents of government. The limitations of this theoretical disposition have been linked to the NPM. Against this backdrop, the emergence of crowdfunding in network governance requires governance to be; involvement oriented, collective, long term oriented and requires multi-stakeholders. Stewardship Theory which is the main theory in this study sits at the heart of the NPG

paradigm. Using this approach, citizens are viewed as part of stewards in their communities. Put into context, the theory helps to explain how and why the residents of Harare should become custodians of community infrastructure. Consequently, community infrastructure rehabilitation has to become a shared responsibility amongst citizens, government, private sector and other stakeholders. Thus, Stewardship Theory helps understand crowdfunding as a form of “community expression”.

Apart from that, civic crowdfunding in the CoH will involve different stakeholders with different interests. Therefore, it is important to zero-in the likely drivers of these multiple-stakeholders. In that regard, a Public Choice perspective is critical. This Public Choice theoretical orientation is key when the stakeholders or civics are designated to act as agents of the government so as to outline explicit control measures. In addition to that, stakeholders may present their interests to capitalise or counter others, especially in a politically polarised city like Harare, such that Game Theory provides the special lens that can help in putting down the rules of engagement.

2.6 CONCLUSION

This chapter reviewed the paradigms, literature and theories that underpin this study. The paradigmatic transitions which developed from Traditional Public Administration, New Public Administration, Public Management, NPM, NPG and NPS were analysed, as they reflect on Public Administration as a study domain. This followed an analytic tracing of the conceptions of government and governance. NPS paradigm was also interrogated in particular its conceptual similarities to the NPG and why the study preferred to focus on the latter. Subsequently, the emergence of crowdfunding in the NPG was also reviewed in particular as part of network governance. The Stewardship Theory was reviewed as the central theory informing this study. Other theories such as Public Choice Theory, Game Theory and Principal Agent Theory were also reviewed to highlight a broader theoretical perspective.

Furthermore, the concept of crowdfunding was defined, its models such as donation, reward, lending and equity crowdfunding discussed and types of crowdfunding were presented. Following that, civic crowdfunding was reviewed. To this end, literature on

civic crowdfunding as part of co-production was presented. The disruptive nature of civic crowdfunding was also presented where it was shown that citizens can circumvent or alter rigid bureaucracies. In this chapter, crowdfunding was reviewed as both a financial instrument and a catalyst for citizen participation in governance.

In the next chapter, the study is going to interrogate the nature and scope of existing community infrastructure rehabilitation financing mechanisms in Zimbabwe. Therefore, different local government financing mechanisms are going to be discussed. This will be undertaken in a bid to perform a gap analysis that justifies the need for the adoption of civic crowdfunding as an alternative financing model. To this end, an analysis of the legal and institutional framework that facilitates infrastructure financing is also going to be done in the following chapter. Further to that, the next chapter will have a discussion on the alternative financing mechanisms available, after-which, a case for crowdfunding is going to be laid.

CHAPTER THREE
COMMUNITY INFRASTRUCTURE REHABILITATION, LOCAL GOVERNMENT FINANCING MECHANISMS AND THE EMERGING FINANCIAL GAPS

3.1 INTRODUCTION

In the last chapter the study undertook an in-depth contextualisation of crowdfunding in the discourse of Public Administration. In Chapter Two the study reviewed paradigms of Public Administration, various models of crowdfunding and underlying meta-theoretical underpinnings of civic crowdfunding. This chapter continues with attempts to address the major research question in the study by seeking to answer the following questions: What is the nature and scope of existing community infrastructure rehabilitation financing mechanisms, and what are the emerging funding gaps that warrant the adoption of civic crowdfunding in the rehabilitation of community infrastructure? Against this background, this chapter conceptualises community infrastructure rehabilitation and analyses the institutional and legal frameworks that guide local government finances in Zimbabwe. These institutions include the Ministry, local authorities, civic society organisations and residents associations, as well as parliamentary portfolio committees. The legal framework includes the Zimbabwean Constitution, the Urban Councils Act, the Public Finance Management Act, the Procurement Act, as well as ministerial directives and statutory instruments. Furthermore, the chapter explores local government financing and revenue mechanisms currently in place. These include revenue mechanisms such as property tax collection, rates, user fees, rentals from council properties, central government financial transfers, borrowings, income-generating projects, as well as proceeds from investments and penalties.

The main purpose of this chapter is to perform a gap analysis between these different revenue mechanisms and actual financial needs of the city, especially as far as community infrastructure rehabilitation is concerned. It is argued that crowdfunding may make a significant contribution to fill such a gap. The study will attempt to identify and analyse alternative methods of infrastructure financing that local government can

adopt. To this end, the alternative methods of financing in this chapter are grouped into three categories namely: new funding services, new financing mechanisms, and new financial arrangements. New funding services are broken down into two groups that are new taxes and value captures. The former relates to local taxes and the latter relates to impact fees, special assessment districts and tax incremental financing. New financing mechanisms include two taxonomies which are new credit assistance tools (such as state infrastructure banks) and alternative bonds and debt financing tools (such as social impact bonds and state bond banks. Lastly, new financial arrangements involve public private partnerships, privatisation, infrastructure investment funds, private and philanthropic partners and crowdfunding.

3.2 COMMUNITY INFRASTRUCTURE REHABILITATION: A CONTEXTUAL AND CONCEPTUAL ORIENTATION

KPMG (2017:5) and Chen and Bartle (2017:4) use two approaches to analyse the nature and dimensions of local government infrastructure in general and community or social infrastructure in particular. These approaches are the so-called “narrow” and “broad” approaches. Chen and Bartle (2017:4) argue that the narrow approach “refers to infrastructure as economic physical assets to support private business development” whilst the broader approach “not only contains economic infrastructure but also encompasses social infrastructure that is essential for a society to function”. Accordingly, Chen and Bartle (2017:4) posit that “social infrastructure includes schools, universities, hospitals, courts, prisons, parks and recreational facilities, libraries, community housing, public safety building and facilities, city halls and facilities”. For purposes of this study social infrastructure and community infrastructure can be regarded as synonymous.

Community infrastructure development is usually the responsibility of local authorities. This responsibility is exhibited in various ways that involve direct provision, contracting out to private players or co-production with many other partners such as private players, non-governmental organisations, community organisations and citizens. Zhou and Chilunjika (2013:233) have it that a strong local government system is at the heart of lively public administration and the enablement of bottom-up socioeconomic development since it encourages government to respond to issues at community level,

thereby, creating a platform for healthy and sustainable local involvement. According to the World Bank and Government of Zimbabwe (2017:22), "...local authorities provide diverse services to their communities, including...maintenance of public spaces and community infrastructure..." In that regard, as Chatiza (2010) in De Visser *et al*. (2010:21-22) observes, local authorities' role in enabling community infrastructure development relates to leveraging local government structures:

> "in terms of facilitating participation in decentralised development planning. In this way they allow the meeting of local needs from local resources, while also acting as a conduit for securing local access to national resources and participation in national programs and nurturing citizenship" and "civic mindedness, particularly through levying/charging fees and taxes locally, which revenues are then used to meet local needs. Where collection of levies, rates and taxes is followed by participatory policy making, budgeting, and prioritisation of local needs, citizens develop a sense of belonging, essential for effective citizenship, which is critical for community and nation building".

In addition to the above, Zhou and Chilunjika (2013:235) observe that the active involvement of citizens in the formulation and implemention of decisions concerning to means of finance and revenue collection methods, gives them room to take decisions and give consent to decisions taken for them by their representatives. Thus, local authorities can allow for community infrastructure rehabilitation "through providing relevant information to their residents and implementing organisations to allow effective participation in development activities" (Chatiza, 2010 in De Visser 2010:22). Zhou and Chilunjika (2013:235) argue that the participation follows the principle that citizens have the rights to be engaged in the political decisions that have a bearing on their way of living. These sentiments are also shared by the central government in Zimbabwe at least at policy rhetoric level. For instance, according to the (now former) Minister of Local Government, Ignatious Chombo, cited in De Visser *et al*. (2010:X):

> "'In the context of decentralisation, local authorities bring communities close to the decision-making process, on local development initiatives, thereby inducing the indispensable sense of ownership and hence sustainability of such development endeavours. These local communities ought to participate in the design, programming, implementation, monitoring and evaluation of sub-

> national development undertakings... Central Government must of necessity nurture a conducive environment that enables local authorities to optimally tap into the local resources, material, capital and human' (speech at the official opening of the Policy Dialogue on the Future of Local Government in Zimbabwe, held at Holiday Inn, Harare, 3 November 2009)".

It can therefore be argued that there is an appreciation from government level on the significance of participation and the sacrosanct role of local communities in development. Chatiza (2010:22) reiterates that "local authorities have a role in facilitating community organisation". Schou's (2000:5) links citizen involvement in courses of action that affect them to effective and accountable local governance. In the case of the CoH, this perspective can be traced back to constitutional provisions that relates specifically to the Preamble in Chapter 14 of the Constitution of Zimbabwe. It provides that to ensure "...the democratic participation in government by all citizens and communities of Zimbabwe; and the equitable allocation of national resources and the participation of local communities in the determination of development priorities within their areas. There must be devolution of power and responsibilities to lower tiers of government in Zimbabwe". However, the import and importance of this constitutional argument is that this devolution has not been sufficiently matched with funding or decision-making authority at the local level (DuPois and McFarland, 2016:3). In other words, as the UN-HABITAT (2015:8) illustrates, central governments refuse to pay the political and financial costs of the decentralisation of roles and responsibilities.

Apart from the above, Hemsling and Wekwete (1987:1-2) pose some insightful questions: "How can local authorities generate enough revenue to finance a wide range of development projects? What alternatives exist and how feasible are they within the given context of Zimbabwe?" Hemsling and Wekwete's (1987:1-2) questions complement the two research questions mentioned above, that this chapter seeks to address in an astounding way. Thus, it is astounding because it necessitates the study to address one central challenge, that is, "the problem of linking responsibilities and functions bestowed upon local authorities", such as community infrastructure maintenance and rehabilitation, "with the ability to generate adequate resources to meet them" (Hemsling and Wekwete, 1987:2). For instance, the situation obtaining is

that many cities are limited in terms of the number and scope of infrastructure funding tools (DuPois and McFarland, 2016:2). This is also summed up by UN-HABITAT (2015:8) who alludes that “the fundamental problem confronting most local authorities, especially those managing cities in developing countries, is the widening gap between the availability of financial resources and municipal spending needs”.

Against this background, the status of community infrastructure in most urban communities in Zimbabwe, particularly in the CoH can be regarded as highly unsatisfactory. The city is aiming to return to its so-called “glory days”, when it was the “shining and attractive sunshine city”, with a vision of attaining world-class city status by 2025 (Chen and Ebdon, 2013:1). Chen and Ebdon (2013:1) continue to highlight that “blighted and substandard neighbourhoods affect the physical landscape of a community, as well as quality of life and economic competitiveness of the city”. Therefore, the CoH has to come up with strategies to addressing issues, such as those raised by Sifile *et al*. (2015:56), such as sub-optimum service delivery, as evidenced by collapsed community infrastructure. One such strategy involves finding ways for redevelopment with a deliberate emphasis on community infrastructure rehabilitation. According to Chen and Ebdon (2013:1), “redevelopment matters for improving the overall health of local communities since successful redevelopment activities can revitalise these blighted areas, spur the local economy, and strengthen the future vitality of the community”. This is critically important because community “infrastructure that is well maintained is an essential foundation for economic growth” (US Bipartisan Policy Centre, 2016:17) and is the essence of improving the liveability of a modern city.

3.3 LOCAL GOVERNMENT FINANCING FRAMEWORKS

According to Der Vet (2007:554), globally, local governments are essential initiators and drivers of urban development projects. To this end, it is imperative, for the purposes of this study, to analyse how local authorities finance urban development projects, including community infrastructure rehabilitation. In a bid to understand the financing methods, the study will first analyse the legal and institutional frameworks that guide financing in local authorities in Zimbabwe. The term “local authority” denotes administrative bodies at the local sphere of government assigned officially with the

duties and responsibilities of delivering public services in geographically defined jurisdictions like cities, towns, municipalities, counties and boards (Zhou and Chilunjika, 2013:233).

3.3.1 Institutional Frameworks Governing Local Government Financing in Zimbabwe

Local government financing in Zimbabwe is under the guidance of a number of institutions. These include the executive through the Ministry of Local Government and Parliament through the portfolio committee on local government. In the sections below, the study analyses the following institutions: Ministry of Local Government, local authorities, parliamentary committee on local government and civic society organisations/residents associations.

3.3.1.1 Ministry of Local Government

Kurebwa (2015:100) notes that at the apex of the local government system in Zimbabwe is the Ministry of Local Government Public Works and National Housing (Ministry of Local Government) charged by the Executive with particular local government functions. Chakaipa (2010) in De Visser *et al*. (2010:33) adds that "it is the Ministry which has been assigned the various statutes that establish and operationalise local government in Zimbabwe". This is largely because local government in Zimbabwe operates in a delegated capacity, performing functions conferred upon it by the central government (Kurebwa, 2015:100). In this context, the power of the ministry to superintend local governments is provided for in the Constitution of Zimbabwe and Urban Councils Act. As postulated by the World Bank and Government of Zimbabwe (2017:3), "at the national level, the Ministry of Local Government has purview over urban local authorities. It sets policy, supports capacity building, and provides oversight, especially on financial management and governance issues".

Chatiza (2010) in De Visser *et al*. (2010:15) notes that the Ministry of Local Government is "responsible for administering local government legislation, which in practical terms entails co-ordinating policy formulation, implementation, and

evaluation". Chatiza (2010) in De Visser *et al*. (2010:9), citing the Zimbabwe Institute (2005), continues to note that "the Ministry co-ordinates the activities of local government bodies, making them extensions of central government". Thus, local governments are nested within state structures, and the state through the Ministry of Local Government decides whether cities can raise revenues for infrastructure (DuPois and McFarland, 2016:4). Chatiza (2010) in De Visser *et al*. (2010:15) further posits that, "the Ministry's functions entail leading the development and management of the local government sector, and representing the sector's interests at national and sub-national levels, in relation to other arms of government". This is significant since local government financing also involves various ministries, agencies, actors and bodies. For example, The Minister of Local Government has the powers to approve increases in tariffs and charges and in liason with the Finance Minister approves and limits borrowing capabilities in local authorities (Chakaipa, 2010:33). This is also reiterated by Coutinho (2010:82) who states that all borrowings undertaken by local authorities are subject to authorisation by the Minister responsible for local government.

3.3.1.2 Local authorities

According to the World Bank and Government of Zimbabwe (2017:4):

> "…there are several different categories of local authorities, which are designated based on the characteristics of the local authority. There is a total of 32 local authorities designated as Urban Local Authorities. Urban authorities may be categorised as Cities, Municipalities, Towns, or Local Boards, which range from more complex urban areas (Cities) to less well developed urban areas (Local Boards). The differences between these designations are not entirely based on population, however, as certain Local Boards have larger populations (i.e., Epworth) than certain cities (i.e., Gweru). For example, an Urban Local Authority cannot "graduate" from being a Local Board to a Town Council without having some basic water sanitation infrastructure in place."

Chatiza (2010) in De Visser *et al*. (2010:15) explains that "local authorities (Rural District and Urban Councils) form the local government structure closest to citizens... Council areas are divided into wards, each represented by an elected councillor. Local

authorities function by, and are structured on, a committee system". The CoH, for example, exists in terms of the Urban Councils Act. The Urban Councils Act outlines 54 functions of the urban councils in Zimbabwe. Amongst these functions include management of community infrastructure such as libraries, museums, theatres and public halls. Sections 96 and 97 of the Urban Councils Act provide for the establishment of committees. One such committee is the Finance Committee whose responsibility is regulating the financial affairs in a council. In addition to committees, there are departments (usually aligned to committees) in urban councils such as the CoH. In the CoH, as an example of an urban council, these departments include housing and community services, finance or treasury, and chamber secretary and others.

3.3.1.3 Civic society organisations and residents associations

The World Bank and the Government of Zimbabwe (2017:4) stress that "local authorities are supported by a wider eco-system of institutions, including professional networks, community groups, and resident associations". According to Chatiza (2010) in De Visser *et al*. (2010:17), "organisations that are formed by citizens to pursue their social, political, and economic interests (associational life) are what have become generally known as civil society". In Zimbabwe, the two main local government professional organisations are the Urban Councils Association of Zimbabwe (UCAZ) and the Association of Rural District Councils of Zimbabwe (ARDCZ) (Chatiza, 2010:17; World Bank and Government of Zimbabwe, 2017:4). The World Bank and Government of Zimbabwe (2017:4) are of the view that "both are membership organisations representing the interests of local authorities that organise capacity building and information exchange between local authority staff members". On the other hand, De Visser *et al*. (2010:17) maintain that the two associations "facilitate consolidation of policy issues among their members, and engage stakeholders pursuant to the promotion of sound local governance".

The World Bank and Government of Zimbabwe (2017:4) observe that:

> "…at the local level, Resident Associations and Ward Development Committees provide opportunities for residents of a community to engage with

local government. Resident Associations, which are mainly in urban areas, are voluntary organisations with mandates to represent the interests or residents within a jurisdiction (e.g., a Municipality) (citing Mapuva, 2011 and Musekiwa and Chatiza, 2015). Ward Development Committees are present in urban and rural areas, and represent the interests of a specific geographical area within a jurisdiction, aligning to the political boundaries for a specific councillor in an urban or rural district council. In some cases, Resident Associations and Ward Development Committees play a service delivery function in partnership with local councils. For example, in Epworth, several Ward Development Committees raised special funds from their residents to partner with the local council to conduct land surveys to formalise the stands of ward residents. Another Ward Development Committee in Epworth partnered with the local authority to grade certain roads in their ward, with the local authority providing equipment and the ward materials.

Also, the *We Pay You Deliver* Consortium (2018:24) illustrates that the civic society organisations and residents associations play important roles in the budget processes in local authorities. For instance, the *We Pay You Deliver* Consortium (2018:24) enunciates that “the key roles residents associations and civic society organisations perform during the budgeting process are mobilising residents to attend consultation meetings and disseminating dates and venues for such meetings” whilst suggesting that “there exist much potential for residents associations/civic society organisations to contribute meaningfully to the budgeting process”. Examples of residents associations in the CoH include: *We Pay You Deliver* Consortium, Harare Residents Trust and Combined Harare Residents Association.

3.3.1.4 Parliamentary Portfolio Committee on Local Government

Mushamba (2010) in De Visser *et al*. (2010:118) exposes that the Parliamentary Portfolio Committee on Local Government is another important stakeholder. The Constitution of Zimbabwe, through section 299, empowers the Committee to have oversight over revenues and expenditures in local authorities. Thus, the Committee oversees the entire local government sector and holds both the minister and members of the local authorities to account on issues public finance management. The

Committee also acts on reports from the Comptroller and Auditor General who is tasked with auditory responsibilities on all public institutions, local authorities included. Mushamba (2010) in De Visser *et al*. (2010:118) postulates that the Committee convenes public discussions on pertinent issues that emanate from, or are of concern to the public, with specific reference to local government finances, and reports its findings to Parliament.

3.3.2 Legal Frameworks Governing Local Government Financing

The World Bank and Government of Zimbabwe (2017:4) point out that "the legal foundations of Public Finance Management at the local level are largely already established, but some foundational elements require update". On the same note, Chatiza (2010) in De Visser *et al*. (2010:22) notes that the "legal provisions for people's participation in governance generally, and local government affairs in particular, are weak in Zimbabwe". Chakaipa (2010) in De Visser *et al*. (2010:32) takes a different view and argues that "the government of Zimbabwe has put into place the necessary legal framework and institutional arrangements to operationalise a local government system". The major sources of guidance underlying local governance finance include the 2013 Constitution; Urban Councils Act (Chapter 29:15); Public Finance Management Act (Chapter 22:19); Procurement Act (Chapter 22:14); and Directives and Statutory Instruments from the Ministry of Local Government. The study acknowledges the presence of other Acts of Parliament such as the Traditional Leaders Act (Chapter 29:17) and the Rural District Councils Act (Chapter 29:13), but for the purposes of this research, only legislation concerning urban local authorities, in which the CoH lies, is analysed.

3.3.2.1 The Constitution of Zimbabwe

Prior to the 2013 New Constitution, local government in Zimbabwe was a "creature of statute" (Machingauta, 2010:150). However, the coming into effect of the 2013 Constitution resulted in local government being enshrined in the supreme law of Zimbabwe. Chapter 14 of Zimbabwe's new 2013 Constitution provides for devolution of power and responsibilities to lower tiers of government, outlining general principles for governance at local levels and setting up the expected conduct of provincial and

local governments. Section 274 of the 2013 Constitution provides for the establishment of urban local authorities whilst section 276 and 277 outlines the functions of local authorities and elections to local authorities respectively. Chapter 17 of the Constitution of Zimbabwe provides for the transfer and sharing of revenue raised between central government and provincial and local tiers of government. Section 301 of the same Constitution encompasses the purposes and how allocation of revenues between provincial and local tiers of government must be done. For instance, subsection 3 mandates that "not less than five per cent of the national revenues raised in any financial year must be allocated to the provinces and local authorities as their share in that year". However, the World Bank and the Government of Zimbabwe (2017:4) highlight that "the Government has not yet fully defined this transfer system, including the criteria used for revenue sharing and the types of revenues for the pool for shared revenues". Apart from that, section 298 (2) prohibits the collection of taxes except under the specific authority of the Constitution or an Act of Parliament. Section 315 requires that joint venture contracts and contracts for the construction and operation of infrastructure and facilities to be guided by an Act of Parliament. Section 299 provides parliamentary oversight of revenues and expenditures in local authorities.

3.3.2.2 The Urban Councils Act (Chapter 29:15)

The Urban Councils Act provides for the establishment of cities, municipalities, towns and local boards, and provides guidance on their structure, administration, powers, and functions (World Bank and Government of Zimbabwe, 2017:5). The Urban Councils Act outlines and provides guidance on sources of funding, proper use of funds, auditing, and limits on borrowing. The Act also defines the role of the Ministry of Local Government and empowers the minister to supervise, monitor and direct local authorities. Coutinho (2010) in De Visser *et al*. (2010:72) argues that Urban Councils Act empowers "the councils to enact by-laws that allow the authority to raise revenue through various 'service charges made for any services, amenities or facilities provided by council' and the 'fixing and imposition of a supplementary charge' on immovable property in its area to 'cover the expenses incurred by the council in the administration of the area concerned' and to impose fines and penalties for any breach

of council by-laws". According to Coutinho (2010:82), the Urban Councils Act sets conditions to be met where councils seek to borrow from any source.

3.3.2.3 Public Finance Management Act (PFMA) (Chapter 22:19)

According to the World Bank and the Government of Zimbabwe (2017:5), the PFMA, enacted in 2009, lays out national standards and requirements for public accounting, financial reporting of government entities, and audit of government accounts. The Act requires local authorities to give an account of revenue and expenditures plans through the presentation of annual budgets as well as quarterly financial statement and reports. However, the World Bank and Government of Zimbabwe (2017:5) put across that the Government has identified several areas for improvement in the Act and its regulations and draft amendments and regulations are under discussion, including provisions to strengthen the audit function.

3.3.2.4 The Public Procurement Act (Chapter 22:14)

The Public Procurement Act (2016) defines public procurement as the procedure through which public bodies such as government ministries, parastatals and local authorities acquire goods and services and construct or acquire buildings and other infrastructure. The Act is being repealed to stop the State Procurement Board from conducting procurement on behalf of government entities through introducing the Procurement Regulatory Authority of Zimbabwe which will not conduct procurement proceedings itself but instead will oversee and regulate procurement activities conducted by government Ministries, statutory bodies (parastatals) and local authorities (Public Procurement Bill, 2016). According to the World Bank and Government of Zimbabwe (2017:5), the new Act is designed to improve the efficiency, transparency and governance of public procurement through a number of measures, including transforming the State Procurement Board into two separate entities for regulation and oversight.

3.3.2.5 Statutory Instruments and Directives of the Ministry of Local Government

The Minister of Local Government is empowered to give directives on local authorities in accordance with the law. Section 235 of the Urban Councils Act (Chapter 29:15) gives the minister power to make regulations for local government areas. According to the World Bank and Government of Zimbabwe (2017:5), "as the designated oversight ministries, the Ministry of Local Government periodically issue directives to local authorities to clarify certain processes, procedures or guidelines". The World Bank and Government of Zimbabwe (2017:5) cite one example of such a directive is the guideline that the Ministry of Local Government provided, requiring 30:70 ratios between employment and non-employment costs in local government budgets. The other notable example, is the 23 July 2013 ministerial directive that all local authorities in Zimbabwe should cancel all debt accrued by residents from February 2009 to 30 June 2013.

3.4 LOCAL GOVERNMENT REVENUE COLLECTION AND FINANCING MECHANISMS

The capacity and ability of a local authority to deliver services depends on the financial resources at its disposal (*We Pay You Deliver* Consortium, 2018:8). Legally, the Urban Councils Act (Chapter 29:15) particularly sections 284 to 307 empowers local authorities to mobilise local resources. According to section 288 of the Urban Councils Act (Chapter 29:15), subsection 1, "before the expiry of any financial year the finance committee shall draw up and present for the approval of the council estimates in such detail as the council may require of the income and expenditure on revenue and capital accounts of the council for the next succeeding financial year." This is through a budget. This is significant because, as affirmed by the *We Pay You Deliver* Consortium (2018:8), a budget "is a guide in which a local authority funds its operations and assesses its financial performance".

The World Bank and the Government of Zimbabwe (2017:8) underscore that "the sources of funds for local authorities can be classified into internal and external sources". Zhou and Chilunjika (2013:234) support this view explaining that internal

sources include user charges, pay rates, development fees, income generating projects as well as local taxes whilst external sources covers additional financial support drawn specifically from outside the local authority like central government transfers, grants and loans. On the other hand, Hemsling and Wekwete (1987:1) are of the view that "the raising of revenue for local government includes a variety of central government allocations, local taxation through national and local legislation, borrowing and income generating activities". In the sections below, the study explores some of the sources of revenues and finances in local authorities in Zimbabwe.

3.4.1 Internal Sources

Under this section the following sources will be reviewed: rates on property and land; revenue from service delivery; user fees; fines and penalties; licence fees; income generating projects; interests from investments; land sales and leases; and rent from council properties.

3.4.1.1 Rates on property and land

Taxes constitute the major source of local government revenue, across the world (Hyman, 1990:675). Coutinho (2010:73) states that a substantial source of funding in a number of urban local authorities in Zimbabwe comes from rates on property and land. According to Zhou and Chilunjika (2013:235), in Zimbabwe all local authorities are allowed to charge rates and levies on various forms of property under their jurisdictions. Mushamba (2010:110) is of the view that property tax is an assured and a predictable source of revenue for urban councils which contributes the greatest proportion of revenue for most local governments. In Zimbabwe, the Urban Councils Acts permits urban councils to collect property tax in their jurisdictions. To this end, Coutinho (2010) in De Visser *et al*. (2010:73) highlights that in Zimbabwe, "an analysis of a number of urban councils reveals that rates on property and land constitute between 20 percent and 30 percent of total revenue (including supplementary rates on high density properties)". United Cities and Local Government and OECD (2016:2) further argue that "all of urban councils' own tax revenues come from the property tax". To this end, tax revenue is commonly used in local infrastructure financing (Chen and Bartle, 2017:10).

Mushamba (2010) in De Visser *et al*. (2010:110) posits that property tax in urban areas is levied as a percentage of the value of the land and improvements with the rate per unit being generally similar for a given zone, i.e. either low density residential, commercial or industrial stands. Zhou and Chilunjika (2013:235) add that "property tax always includes land, residential constructions and industrial constructions". On that note, Mushamba (2010) in De Visser *et al*. (2010:110) expresses that in high-density residential areas, councils levy a supplementary charge not related to the value of the property. These taxes often used to finance local infrastructure projects that yield communitywide benefits such as local streets, parks and recreation (Chen and Bartle, 2017:10). Chen and Bartle (2017:10) continue to argue that "many local governments use more narrowly-based taxes either in their general fund or in special funds and dedicate these revenues to fund local infrastructure". Zhou and Chilunjika (2013:243) indicate that property tax holds the potential to fund Zimbabwean local governments but this is not happening because of lack of an updated computerised property database or registered fiscal information, low collection enforcement, shortage of valuators and sometimes valuations undertaken are incorrect.

3.4.1.2 Revenue from service delivery

Coutinho (2010) in De Visser *et al*. (2010:74) submits that revenue from service delivery includes income from activities, such as, provision of water, refuse removal, sewer and affluent removal, provision of health services at various hospitals and clinics operated by councils, etc. On a similar note, Chen and Bartle (2017:10) propound that service delivery charges play a crucial role in local infrastructure finance, particularly for drinking water, wastewater, and solid waste disposal. Likewise, Mushamba (2010) in De Visser *et al*. (2010:110) also points out that both urban and rural local governments in Zimbabwe collect service charges for some services, such as, sewerage, refuse removal, and planning services. Mushamba (2010) in De Visser *et al*. (2010:110) further stresses that service charges are designed to generate revenue to cover operating and investment costs and if well managed, the system provides for more efficient municipal services and infrastructure, and enables rates to be set and adjusted at levels which reflect real capital costs and inflation.

3.4.1.3 User fees

Zhou and Chilunjika (2013:235) categorise user fees as a vital source of revenue for a number of municipalities in developing countries. Coutinho (2010) in De Visser *et al*. (2010:75) notes that user fees include fees on various users of council amenities, such as, schools, flea markets, bus termini, caravan parks, cemeteries and crematoria, parkades and street parking, swimming pools, etc. Slack (2009:7) is of the view that user fees are charges per unit output and explains that they generally come in three ways, which include, service fees, public prices and benefit taxes. Chen and Bartle (2017:10) highlight that fees are also imposed on local residents and businesses for their use of utilities and other public enterprises. According to Mushamba (2010) in De Visser *et al*. (2010:110), the successful application of user fees requires a convenient way to measure individual consumption. Mushamba (2010:110) adds that user fees should be raised to levels that are efficient economically as a vibrant way of moving towards an infrastructure strategy. This is because they provide a rich source of income, provided the user fees are ploughed directly to preserve, maintain and rehabilitate the used community infrastructure. In the case of Zimbabwe, the duty to collect user fees such as electricity charges, and in certain local authorities water, has been taken away and given to quasi-autonomous central government institutions prejudicing urban councils a lot of revenue.

3.4.1.4 Fines and penalties

Local authorities also raise revenue through imposing fines and penalties. According to Coutinho (2010) in De Visser *et al*. (2010:75), fines and penalties relate to penalties for breaches of council by-laws, such as, unapproved developments, illegal parking, pollution of the environment, etc. The CoH 2018 budget statement shows that the city realised penalties amounting to $5.1 million in 2017 whilst it intended to raise about US$ 4.1 million by way of recoveries and reconnection fees in 2018.

3.4.1.5 **Licence fees**

Licence fees form an important contribution to local authority revenues. As Coutinho (2010) in De Visser *et al*. (2010:75) argues, these relate to license fees for items, such

as, vehicle licenses, dog licenses, hawker's licenses, shop licenses, etc. According to Zhou and Chilunjika (2013:236), in Zimbabwe, a fee is charged and must be first paid to a local authority for a person has to be issued with a valuable operating licence to open a convenience store. In Zimbabwe, local governments used to collect vehicle licence fees and liquor licence fees but these roles have been transferred to the Zimbabwe National Roads Administration and the Liquor Licensing Board respectively. However, as Coutinho (2010) in De Visser *et al*. (2010:75) states, there are challenges relating to poor enforcement and poor databases to ensure that all those who should pay for licenses actually do so. Hemsling *et al*. (1991:104) are of the view that sometimes in most local authorities the cost of issuing a license is often not linked to the actual fee charged. Zhou and Chilunjika (2013:236) explain that in scenarios where road maintance is financed by vehicle fees, it is not the case that there exists a relationship between tariffs set and usage of the road infrastructure and therefore, it would be folly to consider the tariffs imposed as service charges.

3.4.1.6 Revenue generating projects

Coutinho (2010:75) postulates that income generating projects in Zimbabwe's local authorities can provide substantial sources of revenue. In that regard, Mushamba (2010) in De Visser *et al*. (2010:111) highlights that the Government of Zimbabwe, through the Urban Councils Act and the Rural District Councils Act, has emphasised the need for local governments to engage in income generating activities for the purpose of raising revenue for the council. This view is also shared by the World Bank and Government of Zimbabwe (2017:18) who put out that local authorities are permitted to raise revenue from income generating projects, such as beer halls and farming activities. Feltoe (2002:80) shares that councils in Zimbabwe are permitted by law to engage inorder to raise revenue in activities that are of a commercial, industrial, agricultural or other nature.

Against this backdrop, Coutinho (2010) in De Visser *et al*. (2010:75) exposes that most councils have set up income generating projects, such as, beer halls, breweries, farming, brick moulding, etc., in order to raise revenue as a means to reduce reliance on tariffs on ratepayers. Mushamba (2010:111) supports this by adding that these income generating projects include liquor sales, crop and livestock farming, grinding

mills, and other activities. The World Bank and Government of Zimbabwe (2017:18) note that in 2015, about 69 percent of Urban Local Authorities had income generating projects in their books, though most projects are poorly managed and not profitable whilst Mushamba (2010:111) shows that nearly all local authorities in Zimbabwe had beer selling businesses, the revenue raised channelled social services. Zhou and Chilunjika (2013:236) concur with Mushamba (2010) in stressing that the selling of liquor is a ubiquitous income generating project in most local authorities in Zimbabwe. Zhou and Chilunjika (2013:237) identify two main challenges in income generation projects undertaken by most local authorities in Zimbabwe. These relate to the fact that, commercial activities call for skills that in many cases are not present in the public sector and a tendency by local authorities to restrict competition so as to monopolise their businesses and further impose exorbitant prices in the eyes of the consumer as a way of making their revenue generating enterprises successful (Zhou and Chilunjika, 2013:237).

3.4.1.7 Land sales and leases

Local governments earn a significant amount of revenue through sale and leasing of land for residential and commercial purposes. According to Coutinho (2010:76), this is an important source of funding for most councils. Coutinho (2010) in De Visser *et al*. (2010:76) explains that land is either leased to various organisations or individuals, or is sold for residential or commercial development to private individuals or organisations.

3.4.1.8 Rentals on council properties

Coutinho (2010:76) states that several local authorities in Zimbabwe own and lease properties that include houses, flats and commercial buildings. The CoH, for example, owns houses in places such as Highfields, Mbare and Budiriro where it collects monthly rentals. Most local authorities provide initiatives such as rent to buy in some of its houses.

3.4.1.9 Interests on investments

Chen and Bartle (2017:11) illustrate that local governments regularly save and accumulate money in capital reserve funds, and then designate the funds to pay for recurring and small capital projects. Peterson (nd: 9) asserts that local governments can make separate decisions about where to maintain their liquid deposits. Section 302(1) of the Urban Councils Act (Chapter 29:15) provides that "if a council has in any fund or account moneys which are not immediately required for the payment of expenditure payable from that fund or account, then, unless otherwise provided in this Act or any other law, the council must hold such moneys as balances on current account with a commercial bank or invest them ...". The idea is for the invested money to accrue interests. Coutinho (2010) in De Visser *et al*. (2010:77) postulates that income from investments can thus be an important source of income for councils, but because of lack of liquidity within the councils the contribution from investment income is very minimal.

3.4.2 External sources

Under this section, central government transfers; borrowings; and loan and grants from non-governmental organisations are analysed as part of local government financing mechanisms.

3.4.2.1 Central government transfers

In Zimbabwe, according to Zhou and Chilunjika (2013:237), local authorities are strategically dependent on ministerial allocations for them to be in a position to deliver basic services and they usually use these allocations in the general development planning as well as infrastructural development and specifically in financing capital projects. Hemsling and Wekwete (1987:5) state that central government allocations can take various forms and one such form is through a vote appropriation from a national budget. Coutinho (2010:81) and Mushamba (2010:111) concur in stressing that in Zimbabwe over the years local authorities have been supplementing their own sources of revenue with central government transfers. Mushamba (2010) in De Visser *et al*. (2010:111) further underscores that the main forms of transfers received by

Councils from central government are loans under the Public Sector Investment Programme and grants. Zhou and Chilunjika (2013:237) posit that grants are usually in two forms, which are: unrestricted and categorical grants. Zhou and Chilunjika (2013:237) explain that unrestricted grants (also known block or general grants) provide funding that the local authority may use on a local service of its choice and are aimed at compensating the shortfalls of their tax sources. On the other hand, categorical grants (also known as tied or specific purpose grants) have their intended use specifically defined by the central government or its agencies and local authorities have to use the grant for the particular services (for example, roads or parks) (Zhou and Chilunjika, 2013:237). Zhou and Chilunjika (2013:237) highlight that categorical grants are aimed at promoting national programmes.

Coutinho (2010) in De Visser *et al*, (2010:81) adds that local authorities "have also been receiving funding from the Reserve Bank of Zimbabwe in order to assist in ensuring that there is continued service delivery especially on water and sewerage provision. The funding is provided by central government in the form of long term loans and grants". Coutinho (2010) in De Visser *et al*. (2010:81) continues to argue that:

> "Government has also been providing direct grants to councils, and these may be for short term operations or for long term asset acquisitions. Grants are mostly in the form of support for services, such as, health and education through salary grants. Grants are also extended for long term projects, and a case in point is the recent grant extended to the CoH for sewerage and water reticulation upgrading of USD 17.1 million in 2008."

Furthermore, Hemsling and Wekwete (1987:5) observe that, "in addition to votes and grants there are at least two more important forms of central allocations, loans namely, tax sharing and loans". Hemsling and Wekwete (1987:5) explain that tax sharing is a form of central government allocation to local authorities where a certain proportion of revenue of a nationally collected tax is reserved for local authority use. The formula for calculating the transfer is provided for in section 301 subsection 3 provides that "not less than five per cent of the national revenues raised in any financial year must be allocated to the provinces and local authorities as their share in that year". In spite of this, Mushamba (2010) in De Visser *et al*. (2010:111) argues that:

> “While there are formulae for calculating the central transfers, they have not been followed or funded in full, resulting in operating deficits on the part of local authorities. Local authorities complain that disbursements are neither predictable nor transparent. Most of the transfers from the centre have traditionally been re-imbursements of costs already incurred.”

In another study, the World Bank and Government of Zimbabwe (2017:18) found that “grant and investment transfer programs funded from the central government contribute little to local government finances, leaving the local authorities reliant on local sources of financing”. They note that:

> “In 2014, grants accounted for 2 percent of overall funding, and this share has been somewhat flat in recent years... The local authorities, especially urban local authorities, used to receive a larger share of capital finance from the central fiscus through the Public Sector Investment Programme (PSIP) and other grant programs, but due to fiscal constraints this source of revenue has fallen in recent years. Facing fewer government grants and dwindling fiscal resources, local authorities are struggling to provide services to constituencies. As a result, capital development funds are often diverted to fund recurrent expenditures. Sometimes even donor funds are illegally diverted to cover recurrent expenses” (World Bank and Government of Zimbabwe, 2017:18).

This whole arrangement of local authorities depending on central government transfers was already problematic. This is notably because, as Helmsing (1991:108) critically observes, “the issue of financial resources is a critical determinant of local authority autonomy”. On the same note, Zhou and Chilunjika (2013:237) correctly comment that central government allocations usually come with limited independence on the receipient local authority as the centre tends to decide how the funds are going to be used. Their argument is that when the central government is the source of money, it is stringently aimed at specific purposes and in such cases local authorities have very limited powers over expenditure decisions such as spending on community infrastructure rehabilitation. Nevertheless, this study emphasises Zhang and Barnet’s (2014:5) point that “local governments also have few own revenue resources and little discretion over tax rates and policy, which makes them increasingly reliant on central government transfers”. The challenge is that government transfers are usually

inherently uncertain and most of the time unpredictable (Zhou and Chilunjika, 2013:243).

3.4.2.2 Loans from non-governmental organisations

Coutinho (2010:81) observes that local authorities in Zimbabwe have benefited in terms of financial supports from international institutions such as the World Bank in infrastructure development, for example, the Urban II Programme which covered particulary water and sewerage and equipment like computers and vehicles. In addition, Coutinho (2010:82) further notes that councils in Zimbabwe have also been receiving direct assistance from organisations, such as, UNICEF and the UNDP. Loans can be sourced directly from lenders such as the World Bank or Africa Development Bank with the permission of the minister or through government on behalf of local authorities. In this case, as Zhou and Chilunjika (2013:237) show, the central government sources funds from international financial institutions and takes the responsibility to disburse the funds to local authorities in line with loan conditions set by the lender. In other instances, funding has been provided on a government-to-government basis. On this, Coutinho (2010:82) gives an example where the Japanese Government funded the rehabilitation of sewerage works in Chitungwiza Municipality.

3.4.2.3 Borrowings

Borrowing is another source of revenue at the disposal of local authorities especially when there is a possibility that revenues from taxes, user fees and inter-governmental transfers cannot meet the infrastructural needs of local authorities, Zhou and Chilunjika (2013:237) are of the view that local authorities might attempt to access private capital through borrowing. In Zimbabwe, the United Cities and Local Governments and OECD (2016:2) argue that local authorities are able to borrow on the open market only with the approval of central authorities. The local authorities can also borrow from the state if they agree with the Minister responsible for Finance (Chapman, 1953:185).

According to Zhou and Chilunjika (2013:238), in certain developed coutries local governments may not necessarily seek central government approaval when borrowing from private sources but the situation is different in the countries of the developing

world partly because of issues of creditworthiness of some local governments that might not be well established or apparently because central government would be seeking oversight and guidance over allocation of local investment. The UN-HABITAT (2015:9) also emphasises the importance of creditworthiness by submitting that; “creditworthiness is the determining factor used by investors and banks to assess the risks involved in lending to municipal governments”. In their submission, they argue that “a municipality’s creditworthiness depends essentially on the availability of sufficient own revenues and on the stability, predictability and unconditionality of (at least some) intergovernmental grants” (UN-HABITAT, 2015:9).

Apart from the above, Chen and Bartle (2017:9) stress that borrowing “is justified in part by the rationale of spreading out the costs of public infrastructure investments throughout life of the asset”. This perspective is shared by Zhou and Chilunjika (2013:238) who stipulate that borrowed loans can be paid in small increments from future revenues. The scholars also argue that loan allocations to local governments are oftenly based on forecasting the ability and competence of the borrower to pay back hence, the criticality of assessing the “absorptive capacity” of the receiving local authority alongside “its fiscal discipline capacity” (Zhou and Chilunjika, 2013:238).

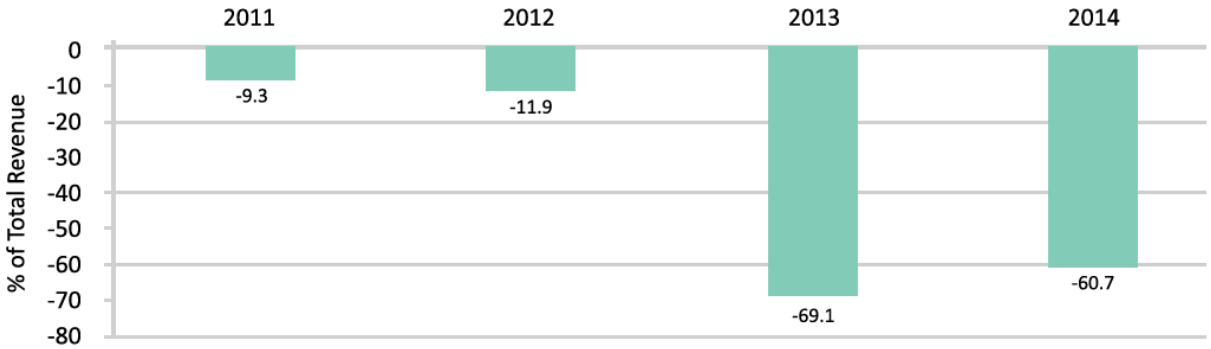
3.5 COMMUNITY INFRASTRUCTURE REHABILITATION FINANCING GAPS

Hemsling and Wekwete (1987:1) point out that “the problem of local government finance is a universal one whose manifestations vary from country to country” and city to city. The scholars articulately portray that “the problem is more significant for developing countries where the variety of designated functions for local authorities have not always been matched by responsibility for public spending” (Hemsling and Wekwete, 1987:1). United Cities and Local Governments and OECD (2016:1) expose that Zimbabwe suffers from a lack of infrastructure investments and that this situation is reflected in local governments’ finance and expenditures. This view concurs with that of the World Bank and Government of Zimbabwe (2017:2) which also cite low levels of investment in maintenance of the local government infrastructure. According to Chen and Bartle (2017: iii), meeting the infrastructure financing challenge has emerged as one of the most urgent issues facing the country. To bridge the financing gaps, Chen and Bartle (2017: iii) note, local governments have to turn to creative ways

of financing public infrastructure investments. The United Cities and Local Governments and OECD (2016:1) argue that in a number of local government authorities, revenue sources are insufficient to finance council operations, situations that hinder local authorities' to deliver services.

In addition, Hemsling and Wekwete (1987:1) stipulate that "since independence central government has stressed the importance of local authorities increasing their capacities to generate revenue". The World Bank and the Government of Zimbabwe (2017:12) observe that "the rapid escalation of spending by local authorities, especially after 2012, contributed to significant fiscal deficits". Their analyses show that "the local government fiscal deficit increased from 9.3 percent of total revenue in 2011 to 11.9 percent in 2012—and more dramatically to 69.1 percent in 2013. In 2014, the deficit fell slightly to 60.7 percent of total revenues. To ensure sustainability, local governments should contain fiscal deficits to below 10 percent. Figure 3:1 shows that the deficit is above this threshold from 2012, thus posing high financial risk". There is, however, lack of recent concrete data on the deficits.

Figure 3:1 Deficit as percentage of total revenue, 2011-2014



Source: World Bank and the Government of Zimbabwe (2017:12).

In light of this, the World Bank and Government of Zimbabwe (2017:18) enunciate that rates collections across local authorities are insufficient to cover full service delivery. Therefore, this resulted in local authorities incurring huge debts and subsequently having difficulties rehabilitating community infrastructure as well as providing other services to residents. In the case of Zimbabwe, some of the key reasons identified for lower revenues include: excessive control by central government over raising fees or rates; declines in grants from central government; adverse macroeconomic conditions

and sometimes lack of financial management capacity in local authorities (World Bank and the Government of Zimbabwe, 2017:18). Also, Der Vet (2007:554) enunciates that the role of local government as a direct investor in generally in decline due to the growing importance of quasi-public bodies-public or private bodies at arm's length of government.

According to the World Bank and Government of Zimbabwe (2017:2), many local authorities face challenges in meeting their service delivery mandates due to financial, institutional, and capacity constraints. They argue that some reasons for slow progress include: (i) local authorities have been operating at deficits; (ii) demand has increased for local authority services without matching increases in resources to provide services; (iii) low effectiveness and efficiency (value for money) in most local authorities; and (iv) weak governance systems in some local authorities (World Bank and Government of Zimbabwe, 2017:2). In addition to that, as the UN-HABITAT (2015:8) alludes, where local authorities are able to derive revenues from property taxes and service charges, meaningful tax increases are sometimes refused or delayed by central governments for fear of eroding political support from the urban population; or even rejected by the local authorities themselves for fear of political backlash from local taxpayers.

Sifile *et al*. (2015:62) stress that in one of their studies most of the Council management in Zimbabwe highlighted that lack of financial resources undermined their responsibility to execute their mandates. Jonga (2015:85) links the problem to lack of revenues or failure to expand the revenue base which compromises the final incomes of Councils. The scholar argues that limited revenues inevitably result in inadequate services and in addition to ineffective and inefficient responses to public demands or needed investments. On the other hand, Marumahoko (2010:47) associates poor service delivery to poor revenue generation. Sifile et al. (2015:62) cite lack of central government assistance to local authorities and concurs with the World Bank and Government of Zimbabwe (2017:18) on portraying unfavourable macro-economic environment as the major conditions limiting options for raising revenue in councils. Marumahoko (2010:47) exposes that in 2010, for example, the CoH had a budget deficit of US$47.5 million. Sifile *et al*. (2015:61-62) take a different perspective and connect lack of citizen participation to poor service delivery.

The World Bank and Government of Zimbabwe (2017:36) recommend that the identification of “alternatives to many local authorities’ relying on property sales to generate revenue, as sales of property are not a sustainable source of financing”. According to Chen and Bartle (2017:3), “alternative sources have the potential to effectively complement traditional sources to provide improvements in infrastructure that enhance social value, leverage new resources, and complete projects on a timelier basis”. Sifile *et al*. (2015:62) concur and specifically suggest that in order to improve and maintain service delivery at above optimum levels the municipalities should engage in Public Private Partnerships (PPP) in infrastructural development. On the same note, Langley (2011:1) also argues that the traditional means of funding urban renewal expenses, such as council rates and property taxes, have provided inadequate, in part due to timing differences and the sheer magnitude of public revenues versus required public investments. In such circumstances, Sifile *et al*. (2015:63) are of the view that “the local authority should engage the local community to play their part in paying their bills on time and bring some awareness to the local community on the importance of paying their bills on time”. They have the opinion that “once bills are paid, there should be evidence of accountability of funds and accounts should be audited timeously to give confidence to ratepayers that their financial resources are being put to good use” (Sifile *et al*., 2015:63).

3.6 ALTERNATIVE MECHANISMS FOR COMMUNITY INFRASTRUCTURE REHABILITATION FINANCING

Chen and Bartle (2017:13) citing Chen (2016) define innovative or alternative infrastructure financing as an umbrella concept that supplements traditional infrastructure funding sources and financing methods, and embraces any strategy involving new funding sources, new financing mechanisms, and new financial arrangements in the provision of infrastructure. According to Roelich (2015:6), traditional infrastructure finance mechanisms are becoming constrained and may not be appropriate to support the infrastructure and built environment adaptation actions that are necessary. Zhang and Barnett (2014:6) justify alternative infrastructure financing expressing that “with the local governments unable to borrow on-budget, it was natural to turn to off-budget financing, especially given the widening imbalances

between local expenditure needs and local revenue". On the same note, Roelich (2015:6) proposes that "alternatives are needed, which are appropriate to the geographic and temporal scale of adaptation projects and which maximise the potential of actions to create local social, environmental and economic value".

Basically, traditional infrastructure was hinged on mechanisms such as; government capital grants, user charges, the public works loans and grant funding. This financing architecture faces a number of challenges to community infrastructure rehabilitation. For example, the Government of Zimbabwe through the Transitional Stabilisation Programme of 2018 to 2020 introduced fiscal austerity. According to Roelich (2015:14), "fiscal austerity means that there is a great deal of uncertainty over future capital budgets". Moreover, Roelich (2015:14) argues that "capital grants are directed at the biggest projects" such road construction and rehabilitation, water and sewer reticulation and not to small scale projects such as community halls rehabilitation. Furthermore, Roelich (2015:14) points out that "partnership working can be extremely challenging and requires a great deal of time to align motivations and finance" and further bemoans "the significant gap in funding for community-scale adaptation projects, particularly for on-going actions".

According to Puentes and Thompson (2012:2), with their major source of revenue diminished and municipal bond markets more risk averse due the economic downturn, states and localities are scrambling to find financing to fill the gap. As Anderson *et al*. (2018:12) correctly observe, "while the enormity of the infrastructure gap may seem daunting, it also presents an opportunity to invest in infrastructure that is sustainable and meets the needs of the 21st century". In other words, the needs of the 21st century require cities such as the CoH to upgrade their infrastructure in line with its vision to achieve world-class city status by 2025.

The US Bipartisan Policy Centre (2016:18) states that infrastructure needs cannot be addressed by a business as usual approach but by a new model in planning, paying and delivering infrastructure projects - a new model that begins with ongoing collaboration between government and the private sector. In other words, as Anderson *et al*. (2018:3) put across, unlocking the vast amount of private capital required to adequately accelerate the deployment of sustainable infrastructure requires new

approaches. To this end, it is the duty of local governments who are responsible for planning and financing infrastructure must find ways to attract more private partnership and investment (Anderson *et al*., 2018:12). In other words, local governments must start to recognize the need for a new approach to social services that places its emphasis on identifying innovative ideas, testing their effectiveness, and scaling up the interventions that prove successful (Liebman and Sellman, 2013:7). In simple terms, there is need for local government finance reforms.

To practically address the infrastructure needs, there is need to complement traditional way of financing infrastructure with alternative infrastructure financing mechanisms. Against this backdrop, Chen and Bartle (2017:13) used Chen's definition (2016) to categorise alternative infrastructure financing into three types namely: new funding sources; new financing mechanisms; and new financial arrangements as shown in Table 3.1.

Table 3.1: Typologies and categories of alternative infrastructure financing

New Funding Sources	New Taxes	Local option sales taxes
		Local option fuel taxes
		Local option vehicle tax
	Value Capture	Impact fees
		Special assessment districts
		Tax increment financing
		Joint development
New Financing Mechanisms	New credit assistance tools (loan, loan guarantee, lines of credit)	State infrastructure banks
	Alternative bonds and debt financing tools	State bond banks
		Social impact bonds
New Financial Arrangements	Public private partnerships (PPPs)	Design-Build
		Design-Build-Operate and maintain
		Design-Build-Finance-Operate
		Build Finance Operate and Maintain (BFOM)
		Concessions
	Privatisation	Lease
	Infrastructure investment funds	Pension funds
		Sovereign wealth funds
		Private companies (insurance and investment banks)
	Private and non-profit philanthropic partners	Donations
		Grants
		Programme investments
	Crowdfunding	Donation based
		Investment based

Source: Adopted from Chen and Bartle (2017:14)

3.6.1 New Funding Sources

Chen and Bartle (2017:13) posit that “new funding sources are any new measures that generate additional revenue resources to pay for infrastructure projects”. These new funding sources include new taxes such as local option taxes that are earmarked for infrastructure projects or different value-capture mechanisms such as impact fees or development exactions, which are charged to compensate the cost of constructing new infrastructure improvement projects during the development process (Chen and Bartle (2017:13).

3.6.1.1 New Taxes

Local option tax will be analysed as part of new taxes that can be introduced by local governments to finance community infrastructure rehabilitation.

3.6.1.1.1 Local Option Taxes

Local government reliance on these local option tax revenues is increasing (Rogers, 2004:27). Chen and Bartle (2017:15) citing Goldman and Wachs (2003) state that local option taxes are new tax options that are either authorized at the state level or approved by local voters and levied at the county or municipal level for infrastructure-related purposes. According to Chen and Bartle (2017:15), the most common form is the local option sales tax (LOST), but some jurisdictions use local fuel taxes, local income and payroll taxes, and local vehicle taxes. Rogers (2004:27) warns that the ability to generate LOST revenues, however, may depend on many factors outside a local government’s domain, including proximity to large, urban retail centres, and tax competition from other localities. Against this background, Chen and Bartle (2017:15) submit that revenues from local option taxes are sometimes earmarked for building special local infrastructure projects. Furthermore, Rogers (2004:28) is of the view that local option taxes “revenues are vital for funding local public goods” and can be “also seen as viable policy tools for promoting local economic growth”.

Chen and Ebdon (2013:2) state that a local option economic development tax can be regarded as a special-purpose tax levied with state approval by city, county, and

special district governments that is specifically earmarked for a dedicated use. It is often viewed as a viable way of raising funds for purposes such as improving transportation infrastructure, developing tourism and economic development, or revitalising distressed communities. The most common form is the local option sales tax (LOST), but some jurisdictions use local option fuel taxes, income tax, or property tax. The primary benefit of local option tax is that it can export the tax to people who do business and shop in the community but live outside this community.

3.6.1.2 Value capture mechanisms

Value capture mechanisms that can be introduced by local authorities such as the CoH include impacts fees, special assessment districts and tax incremental financing.

3.6.1.2.1 Impact Fees

Impact fees “are one time charges applied to new developments” (Carrion and Libby, 2000:1). On this note, Chen and Bartle (2017:15) adopt Peddle and Lewis’s (1996) conceptualisation and define an impact fee as a “one-time charge imposed on new businesses or property owners to pay for a share of the costs of new development activities”. Carrion and Libby (2000:1) add that a “development impact fee is a financial tool to reduce the gap between the resources needed to build new public facilities or to improve ones to serve new residents and the money available for that purpose”. Maricopa Association of Governments (2002:3) stresses that impact fees “fall into three broad categories: (1) planning fees, which cover the administrative costs associated with reviewing requiring planning documents; (2) building permit, plan check, and inspection fees, which cover the costs of reviewing building permit and other site specific permit applications; and, (3) capital facilities fees, or development impact fees, which cover the up-front costs of providing capital infrastructure”. Thus, Chen and Ebdon (2013:7) indicate that impact fees are widely used to finance the construction of new facilities and fund the provision of new public infrastructure and services during the development process.

Furthermore, Chen and Bartle (2017:15) highlight that impact fees are widely used in many local governments to fund the provision of new public infrastructure during the

development process. Chen and Bartle (2017:15) and Chen and Abdon (2013:7) agree that impact fees must be spent for improvements that benefit those who pay the fees because the fees are held in a restricted fund. Impact fees are an alternative source of financing that was adopted by local governments because voters resist traditional forms of financing such as higher property taxes (Carrion and Libby, nd:1). On this, Chen and Ebdon (2013:7) denote that in comparison with levying new taxes, one advantage associated with impact fees is that charging an impact fee does not require voter approval. Chen and Bartle (2017:15) also submit that in other countries, such as the United States of America, many local governments are also allowed to use impact fees for financing schools, libraries, and fire and police facilities.

3.6.1.2.2 Special Assessment Districts (SADs)

The Charter Township of Independence (2015:2) defines a special assessment as a method of financing public improvements by distributing the cost of a project against property owners who will reap a direct benefit different from the benefit shared by the general public. On the same note, Froelich and Gallo (2014:3) state that a SAD is created over a specific land area and the money collected is used to pay for the public improvements that are benefiting the landowners within the SAD. In other words, Froelich and Gallo (2014:3) aver that the residents from the special district that directly derives benefit the pay for public improvements and existing municipal residents who are outside the SAD boundaries do not pay for the SAD improvements. To this end, a SAD can undertake many types of infrastructure improvements and business-related activities such as economic development, landscaping, beautification, and maintenance and marketing to supplement services and projects undertaken by local governments (Chen and Ebdon, 2013:14). Chen and Bartle (2017:15) assert that SADs can be formally established by request of local voters and property owners. Similarly, Froelich and Gallo (2014:3) affirm that over time SADs draw upon a large pool of citizens to finance public infrastructure and do not place this financial burden solely on new residents as is the case with impact fees. Subsequently, Chen and Ebdon (2013:14) profess that SADs are well known as an effective tool for financing urban economic redevelopment particularly through revitalising downtown community infrastructure. Over and above, as Froelich and Gallo (2014:3) avow, SADs may be

used in combination with other financing mechanisms thereby accelerating the financing of public improvements in advance of growth.

3.6.1.2.3 Tax Incremental Financing

Chen and Ebdon (2013:9) argue that Tax Incremental Financing (TIF) is the most popular financial tool for financing local redevelopment activities which has been widely used for revitalising blighted areas, redeveloping new housing units, and cleaning up environmentally contaminated and polluted sites. According to Roelich (2015:18), TIF allows local authorities to capture locally generated non-domestic rates (NDR) revenue that has arisen as a direct result of public sector investment in enabling infrastructure. Kerth and Baxandall (2011:1) assert that TIF allows cities and towns to borrow against an area's future tax revenues in order to invest in immediate projects or encourage present development. Roelich (2015:18) notes that the captured NDR revenue is used to repay the debt raised (usually from banks or institutional investors) to fund the infrastructure. Langley (2011:2) concurs by stressing that "property and infrastructure investments are coordinated and designed to upgrade critical infrastructure as well as improve neighbourhood amenity, attract new residential and commercial developments, and increase long term property values". Chen and Bartle (2017:17) citing Johnson and Man (2001) and Chen and Ebdon (2013:9) stress that a TIF "is a value-capture mechanism to capture the new or incremental taxes that are created when underutilised and vacant properties are redeveloped, and to use future captured revenues to finance the costs of infrastructure improvement such as sidewalks, sewer extensions, and roads". To Langley (2011:2), a TIF district improvement strategy and detailed project plans are prepared by special created redevelopment authorities in close cooperation with other public and private sector investors, such as retailers, universities, hospitals, large office and industrial occupiers, government agencies and developers. Meanwhile, Roelich (2015:19) states that TIFs can range in scale, from 'small' regeneration projects upwards.

3.6.1.2.4 Joint Development

Landis *et al*. (1991) cited in Zhao *et al*. (2012:5) allude that joint development is a formal arrangement between local governments and private developers such that

private developers contribute some benefits back to local governments or jointly share costs of infrastructure improvement with local governments. According to Chen and Bartle (2017:17), it is a value-capture mechanism commonly used by local transit agencies. Chen and Bartle (2017:17) illustrate that, “for example, under the agreement of joint development, a real estate private developer may provide parking in return for development rights near a transit station. Local transit agencies may invest land in this project or directly make cash investment in a project that incorporates both public facilities (e.g., parking garages) and private development”. Zhao *et al*. (2002:6) assert that joint development projects are sometimes referred to as public-private partnerships, but this description is not accurate in all cases. There is also some confusion in the application of joint development and privatisation as terms especially their regards to the principal-agent conundrum.

3.6.2 New Financing Mechanisms

According to Chen and Bartle (2017:15), new financing mechanisms represent new methods for borrowing money in flexible and/or potentially cost-effective ways to pay for an infrastructure project. They include new credit assistance tools (loans, loan guarantees, and lines of credit) offered by governments and alternative bond and debt financing tools (green bonds, social impact bonds) (Chen and Bartle, 2017:15).

3.6.2.1 New credit assistance tools

In the sub-section below, state infrastructure banks are analysed as part of new credit assistance tools that can be leveraged to support community infrastructure rehabilitation.

3.6.2.1.1 State Infrastructure Banks (SIBs)

Puentes and Thompson (2012:2) acknowledge that financing in local government is also provided through SIBs, subsets of state revolving funds, which are publicly regulated loan funds capitalised from a variety of grant sources to assist projects across a range of infrastructure modes. DuPois and McFarland (2016:6) citing the Federal Highway Administration (2016) avow that “SIB are revolving infrastructure

investment funds that are established and administered by states. A[n] SIB much like a private bank, can offer a range of grants, loans and credit assistance enhancement products to public and private sponsor of infrastructure projects". In Zimbabwe, the Infrastructure Development Bank of Zimbabwe (IDBZ) can be cited as an example of an SIB. Chen and Bartle (2017:18) enunciate that SIBs use seed capitalisation funds from state-matching funds to get started, and offer low interest loans and non-grant forms of credit enhancements to public and private sponsors of state and local projects. According to DuPois and McFarland (2016:14), the grant funds and low interest loans offered through these banks can do a great deal to help cities meet their infrastructure needs. Chen and Bartle (2017:18) state that loan repayments from existing project borrowers are recycled and available for future lending. Chen and Ebdon (2013:22) concur with this view and add that this will further the capacity to assist more redevelopment projects. Chen and Bartle (2017:18) maintain that SIBs can provide different kinds of financial assistance to project sponsors, from low-interest rate loans to credit support (Chen and Bartle (2017:18). On the same note, DuPois and McFarland (2016:15) affirm that SIBs afford localities some level of fiscal security for infrastructure projects and the opportunity to adhere to long-range plans and to meet ongoing needs. In Zimbabwe, the IDBZ is poorly capitalised to support local authorities such as the CoH. Apart from the IDBZ, there is the Development Bank of Southern Africa (DBSA) which supports local authorities. As professed by Calitz and Fourie (2007:15) DBSA is an important domestic source of infrastructural finance (grantor, lender, investor and underwriter of guarantees): its declared purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure within its mandated area of the Southern African Development Community (SADC).

3.6.2.2 Alternative bonds and debt financing methods

Social impact bonds and state bond banks are analysed in the subsections below as part of alternative bonds and debt financing tools.

3.6.2.2.1 Social Impact Bonds (SIBs)

Chen and Bartle (2017:20) citing the Harvard Kennedy School (2013) submit that "SIBs are an innovative performance-based financing tool that enables governments to pay for programs that meet the expected outcomes". Roelich (2015:22) views SIBs as an emerging form of bonds where investors provide funding for preventative services to improve social outcomes and are repaid only if desired outcomes are achieved. According to Liebman and Sellman (2013:8), SIBs have the potential to improve results, overcome barriers to social innovation, and encourage investments in cost-saving preventive services. In their submission Liebman and Sellman (2013:8) claim that SIBs do this "by ensuring that public funding goes only to those interventions that are clearly demonstrating their impact through rigorous outcome-based performance measures, transferring the risk of program failure to the private sector, and providing an effective springboard from which state and local governments can determine which interventions work and then scale up successful innovations". On the other hand, Chen and Bartle (2017:20) maintain that SIBs are not a municipal bond with a fixed rate of return; instead, they are a financing instrument in which repayment of principal and a rate of return are contingent on the success of achieving agreed-upon program goals.

Explaining how SIBs works, Liebman and Sellman (2013:8) assert that:

> "Under the most common social impact bond model, the government contracts with a private sector intermediary to obtain social services. The government pays the intermediary entirely or almost entirely based upon achievement of performance targets. Performance is rigorously measured by comparing the outcomes of individuals referred to the service provider relative to the outcomes of a comparison or control group that is not offered the services. If the intermediary fails to achieve the minimum target, the government does not pay".

According to Liebman and Sellman (2013:9), SIBs attract different stakeholders because of the following reasons:

> *"***Governments** are attracted to this approach because it shifts the risk of innovation from taxpayers to private investors, provides resources for preventive investments, and offers a way to make more rapid progress in achieving social

policy goals. From the government's perspective, this is simply a performance-based contract. If the project succeeds, the government pays the full cost of services, though in some cases achievement of performance goals may produce budgetary savings that partly or fully offset the cost of the services. **Service providers** are attracted to this approach because it provides stable multi-year funding and begins a relationship with the government that can enable operations to scale rapidly if the provider is able to demonstrate program effectiveness. **Philanthropic investors** are attracted to this model because it provides rigorous performance assessments of the initiatives they are funding and offers a way to massively scale these initiatives through government funding if they are proven successful. **Commercial investors** are attracted to the model because they see the opportunity to get involved in a promising new market, providing growth capital to social service providers."

Nevertheless, the uptake by of SIBs may be limited because of variety of tests. For instance, Roelich (2015:22) insinuates that "outcome payers must be able to 'price' outcomes and service providers must be confident that they can deliver at lower cost than the current means of service delivery". The scholar implies that "it would be easy to focus on the most easily priced outcomes at the expense of more important, but more difficult to cost outcomes" (Roelich, 2015:22). In such circumstances, Roelich (2015:22) suggests that strong performance management is required to ensure that partners are on track to deliver and to adapt approaches in the event of non-delivery. Therefore, Roelich's (2015:22) insinuation helps to understand that the "costs associated with these management systems are not usually included in the capital costs of the intervention" and expose the fact that, "the bespoke nature of SIB contracts and the high number of partners mean that transaction costs are high".

3.6.2.2.2 State Bond Banks (SBBs)

Chen (2006) cited in Chen and Bartle (2017:20) refers to SBBs as state-sponsored entities that assist local governments in issuing bonds for financing general infrastructure needs. According to Chen and Bartle (2017:20), while SBBs differ in program administrations and financing structures, most SBBs operate as independent and self-supporting entities and usually charge small administrative fees to local

borrowers in order to support their daily operations. The scholars argue that other SBBs are administered by state agencies and rely on state appropriations to subsidize their annual operations (Chen and Bartle, 2017:20). Chen and Bartle (2017:20) add that SBBs can lower borrowing costs for local participating jurisdictions. The crux of the argument is that due to the diversification of the bond pools and state credit enhancements, local participants can obtain lower borrowing interest costs through SBBs than they would be able to borrow on their own (Chen and Bartle, 2017:20). Over and above, as Chen and Bartle (2017:20) submit, in addition to reducing the costs of borrowing, SBBs simplify the bond issuance process for local participants and provide financial and administrative expertise and advice to local entities regarding the complexities of debt issuance.

3.6.3 New Financial Arrangements

Under new financial arrangements, the study will analyse public private partnerships, infrastructure investment funds, privatisation, private and philanthropic initiatives as well as crowdfunding. These new financial arrangements are transforming local government infrastructure financing and are critical in community infrastructure rehabilitation.

3.6.3.1 Public Private Partnerships (PPPs)

According to the United States Bipartisan Policy Centre (2016:22), currently the primary way to tap private investment for infrastructure, other than the individual investors who support public needs through the municipal bond market, is through public-private partnerships. Anderson *et al*. (2018:22) defines PPPs as “formal, contractual agreements between a government entity and private company”. There are a number of reasons why local governments adopt PPPs. For instance, the United States Bipartisan Policy Centre (2016:22) states that when the private sector partners with state and local leaders to address their growing infrastructure needs, they bring capital, specialised project expertise, and cost-saving ideas and innovations. The capital brought in “can also reduce pressure on public budgets, freeing up public funding for other programmes” (US Bipartisan Policy Centre, 2016:24).

Partnerships between the public sector and private players are not new but they continue to evolve. As the US Bipartisan Policy Centre (2016:24) elaborates, “while private companies have long been involved in the construction of infrastructure projects, their conventional role has been primarily limited to that of a contractor, with the ultimate responsibility for funding, financing and delivering projects resting with the public sector, typically a state or local agency”. However, recent arrangements have upgraded the arrangement to the effect that, the public sector often maintains ownership over the asset, but a private company through a PPP arrangement may be responsible for one or more aspects of the project implementation including design, financing, construction, operation, or maintenance of the asset” (Anderson *et al*., 2018:22). In Zimbabwe in general, and in the CoH in particular, it is highlighted by United Cities and Local Governments and OECD (2016:2) that the Harare City Council also mobilises its revenue from PPPs. On this, it is tempting for the study to recommend that for local authorities in Zimbabwe, especially the CoH adopt PPPs in the rehabilitation of community infrastructure. However, PPPs alone are not sufficient in infrastructure financing particularly with regards to rehabilitation. As Croce and Gatti (2014:124) note, “the amount of money needed to fill the infrastructure gap is far from being negligible”. AFRODAD (2011:14) indicates that in Zimbabwe, Public Private Partnerships (PPP) for infrastructure developments have had limited success due to the economic conditions prevailing in the country.

3.6.3.2 Privatisation

Privatisation refers to a range of policy choices involving some shift in responsibility from the government to the private sector, or some form of partnership to accomplish certain goals or provide certain services (Gilroy, 2010:3). Chen and Bartle (2017:22) argue that “in the case of privatisation, governments give up direct control and ownership in return for private payment for the operation of infrastructure services”. Privatisation includes many forms such as contracting out, outsourcing, competitive sourcing or public-private partnerships (Gilroy, 2010:2). The adoption of privatisation in local government has divided opinion among scholars and practitioners of public administration. This view concurs with Bel and Fagade (2008:520) who claim that there is no absolute agreement on what factors might influence local privatisation. Proponents suggest that privatisation can benefit the government via the transfer of

risk, leverage private sector financial resources (Chen and Bartle, 2017:22). On this, Bel and Fagade (2008:520) link privatisation to cost reduction. The scholars adopted a Public Choice Theory perspective to avow that privatisation initiatives such as contracting out are expected to produce cost reductions by breaking the monopoly of public services (Bel and Fagade, 2008:521). On the other hand, criticism of privatisation is mostly political and ideological. As observed by Chen and Bartle (2017:22), privatisation can cost the local government because of premiums paid to transfer the risk, and thus, it can be politically controversial. In terms of ideological arguments, Bel and Fagade (2008:521) profess that "right-wing parties have been linked to more pro-private business values, whereas left-wing organisations are conventionally associated with public values". In the case of Zimbabwe, privatisation in local government has over the years been a hive of contestations between the economic reality (reduce costs and raise revenue) on one hand and hard left wing populist political constituencies on the other (manifesting in politicians seeking to maintain votes). Implied from the economic reality argument is that there has been a push to privatize services due to fiscal difficulty in sustaining services (Singaravelloo, 2010:143).

3.6.3.3 Infrastructure Investment Funds (IIFs)

Poole (2015:1) conceptualises an infrastructure investment fund generally as an entity in which large investors, such as pension funds, sovereign wealth funds, private insurance companies, and investment banks, pool their financial resources and employ experienced fund managers to invest their fund equity into various kinds of infrastructure assets. Galera *et al*. (2016:405) are of the view that infrastructure funds are investment vehicles for investing in an infrastructure assets portfolio. According to Galera *et al*. (2016:405), the main investors of these infrastructure funds are institutional investors that include: pension funds, insurance companies, sovereign wealth funds, the so-called family offices and fund of funds. In this regard, Chen and Bartle (2017:22) note that infrastructure funds have shown strong interest in long-term infrastructure projects with low-risk investment, a reasonable return, and stable cash flow. On that note, Bahceci and Leh (2017:4) point out that infrastructure investments depend on investors' relationships with local regulators, customers and communities. Croce and Gatti (2014:124) underscore that it is now widely agreed that large

institutional investors such as pension funds, sovereign wealth funds and insurance companies with long-term liabilities and a low risk appetite seem well-suited to invest in infrastructure assets with a low risk profile. On the other hand, Galera *et al*. (2016:405-406) view, the reasons why these types of institutions invest in infrastructure as basically: long duration of such investments; protection against the volatility and against inflation and diversification.

3.6.3.4 Private and Non-profit Philanthropic Partners

Chen and Bartle (2017:23) show that philanthropic organisations, private foundations, and a range of non-profit organisations are showing a growing interest in investing in local infrastructure. The OECD (2003:19) argues that:

> "The variety of foundations' contributions to development is as broad as those of NGOs or government agencies. They range from help in developing general economic strategy, through development projects in practically every social and economic field, down to individual scholarships and grants to build human capacity and preserve natural or human heritage."

According to Chen and Bartle (2017:23), these private and non-profit philanthropic partners can make either donations or grants with a charitable purpose to support building or operating local infrastructure. In Zimbabwe, during the 2018 outbreak of cholera, Higher Life Foundation (the philanthropic arm of Econet Wireless) provided US$10 million to the CoH for the upgrading and replacement of water and sewer reticulation pipes. Thus, Chen and Bartle (2017:23) citing the United States Bipartisan Policy Centre (2016) highlight that foundations can sometimes make program-related investments to support their philanthropic mission and leverage their donations, such as supporting local affordable housing and community development projects, rehabilitating historic buildings, and preserving open space. In these cases, philanthropic investments allow the recipient to borrow capital at lower rates, or simply borrow less. The repayment or return of equity can be recycled for future charitable infrastructure investment.

One striking feature of current foundation work is its emphasis on promoting social participation (OECD, 2003:30). This is part of Higher Life Foundation's approach

where it partners volunteers in clean up campaigns in Budiriro and Glenview residential areas. Other philanthropic initiatives are cited in the CoH 2018 Budget Statement (2017:28) where it is reported that the City Health Department had forged a partnership with ZimHealth, Elma Philanthropists, Higher Life Foundation, Mabvuku /Tafara Lafarge Community Share Ownership Trust, United Nations Population Fund and Oak Foundation for the upgrading of Mabvuku Polyclinic.

3.6.3.5 Crowdfunding

Crowdfunding is among new financial arrangements that can be adopted by local authorities. According to Chen and Bartle (2017:23), it is an emerging method and has become increasingly popular for raising donations for relatively small civic infrastructure projects. To Hollow (2013:70), crowdfunding reacts to persistent funding cuts and tightening of government budgets. This is particularly important to countries such as Zimbabwe that are facing restrictive financial capacities owing to restrictive measures or sanctions thereby increasing the cost of borrowing money and decreasing the ability to get loans from international monetary institutions. Chen and Bartle (2017:23) put across that crowdfunding builds a connection between entrepreneurs whose goals is to raise the fund (the fundraisers) and investors (the crowd) who are willing to invest small amounts through an Internet-based intermediary (an online platform). Apart from that, there is an "increased acknowledgement of crowdfunding's non-financial benefits to stakeholders" which also "contributes to civic crowdfunding's development" and ongoing calls for adoption in the public sector (Stiver *et al.*, (2014:5). Hollow (2013:70) describes these "non-financial benefits" as "emotional and ethical returns" gained by, for instance, backers funding their own local projects (Stiver *et al*., 2014:5).

As discussed in chapter two there are four models of crowdfunding namely reward, donation, debt and investment based. Roelich (2015:23) avers that debt-based crowd-source funding is similar to a traditional loan, with funding provided to an organisation, which is repaid to lenders with some form of return but the main difference to traditional lending is that crowd-source lending involves many lenders contributing to the same loan. On the other hand, Roelich (2015:23) avow that rewards-based crowd-source funding offers slightly different repayment models where lenders donate to specific

projects but with expectations of receiving a tangible (but not financial) reward or product at a later date. Furthermore, Roelich (2015:24) asserts that equity-based crowd-source funding follows similar principles to debt-based schemes but involves the sale of a stake in a business to a number of investors in return for investment. Chen and Bartle (2017:23) claim that crowdfunding has been successful in funding small municipal infrastructure projects.

Freitas and Amado (2013:15) sum it up by noting that:

> It is imperative to view crowdfunding and crowdsourcing as innovations. The coming on board of such disruptions will not obviously make "traditional ways redundant or disappear because of a lot of the capital raised by crowdfunding enthusiasts was never used in widely used financing because of restrictive regulations that does not allow willing individuals from becoming accredited investors or because of insufficient capital. Crowdfunding, therefore, gives room for entrepreneurs to bypass the restrictions and capitalise on a bigger pool with readily available capital

As the case studies in Chapter Four aim to demonstrate, crowdfunding allows institutions and donors with huge sums of money to join hands and complement small donations from a variety of funders and "get the job done" (Freitas and Amado, 2013:15).

The alternative financing mechanisms discussed above can assist local authorities in generating additional income and address infrastructure financing gaps. However, the uptake of most of the mechanisms in developing countries is still low. New financial arrangements dominate alternative mechanisms that have had higher uptakes especially arrangements such as privatisation, PPPs and the active role of private and philanthropic partners. According to Liebman and Sellman (2013:7), the main hurdles to embarking on these new approaches are a lack of up-front funding, the inability to sustain focus on performance, and a reluctance to take on the risk that a promising, but unproven, idea might fail. It is against this background, that this study seeks to overcome these challenges by developing an integrated civic crowdfunding model. However, this study notes that, for all or some of these mechanisms to be considered, there is need for strong local government reforms. Lessons can be drawn from

experiences from other countries with regards to how they have reformed and streamlined the adoption of new mechanisms such as crowdfunding which is at the centre of this study. The next chapter reviews that in detail.

3.7 CONCLUSION

This chapter analysed local government financing mechanisms by first conceptualising the legal and institutional frameworks guiding local government finance in Zimbabwe. Internal and external revenue collection and local government financing methods were reviewed. It was apparent that internal sources of financing include user fees, revenue from service delivery, revenue generating projects, interest from investments, fines, penalties, licence fees, among others whilst external sources include borrowings, central government transfers and loans from non-governmental partners. It was then exposed that both internal and external sources of financing were inadequate to address the financial demands of local authorities. As a result, the study then reviewed some alternative methods of financing that can complement the sources of financing that are incumbent in local authorities. These include local options taxes, impact fees, TIFs, social impact bonds, PPPs, crowdfunding among others. Crowdfunding was also reviewed in this chapter as an alternative method of financing in local governments further reinforcing what was emphasised in the study's orientation in Chapter One and in Chapter Two (See section 2.4) that crowdfunding can provide additional resources to local authorities. In the next chapter, the study focuses on interrogating international best practices by focussing on experiences from selected seven case studies.

CHAPTER FOUR
CROWDFUNDING: COMPARATIVE INTERNATIONAL BEST PRACTICE

4.1 INTRODUCTION

The previous chapter determined the funding gaps that exist in local government financing tools and reviewed some of the key instruments that can be adopted. Thus, after the review of financing mechanisms in Zimbabwe and discovering the emergence of civic crowdfunding as part of alternative financing mechanisms in the previous chapter, this chapter intends to investigate experiences and uncover best practice from cities around the world that have embraced civic crowdfunding. This was done to address the major objective of this study which is to develop an integrated civic crowdfunding model for community infrastructure rehabilitation for application by the CoH. To this end, this chapter is specifically concerned with answering the following research question: What are the international best practices regarding crowdfunding in major cities?

The study reviews cases in both developed and developing world where civic crowdfunding has been embraced and adopted. Seven case studies are interrogated in this chapter and these are, respectively, the Statue of Liberty pedestal, Glyncoch Community Centre, Liverpool Flyover, the BD Bacata Tower construction in Bogota, Colombia, Live Lebanon, Zambia's Sunny Money and Kenya's Skynotch Energy. In the first case the study moves back in history to argue that the practice of crowdfunding is not new by focussing on the financing of the Statue of Liberty during the 19th century. The second case study investigates how civic crowdfunding assisted to rehabilitate a community centre in the Scottish town of Glyncoch. The Glyncoch case study is highly significant for purposes of this study since it inspires other cities such as Harare to introspect and reflect on the potential contribution of civic crowdfunding. This potential is worth noting for a city aiming to achieve "world class city status by 2025". The third case exposes that citizens can inform the city on how they want their city to look like even if it means contributing their money to that. Thus, the experiences of the Liverpool Flyover show that citizens can take control of their cities and spaces. Fourthly, the

Colombian case study of the BD Bacata Tower shows that crowdfunding can be adopted in developing countries. This case reveals the ambitiousness of crowdfunding in changing the overall stature and lookout of cities. In fact, the BD Bacata case study makes it clear that there is no limit on the potential of civic crowdfunding. The fifth case of Live Lebanon illustrates a well-thought out crowdfunding initiative which is multifaceted and comprehensive. The last two crowdfunding case studies are drawn from Africa and involve crowdfunding in solar energy. They involve a success and a failure respectively i.e. Sunny Money was successful and Skynotch Energy was a dismal failure. However, both case studies show that crowdfunding in Africa is still nascent. Against this background, lessons are drawn from these experiences that will be used to inform a model that will be suitable for the CoH. The lessons include those for local government and citizens as well as highlighting the practical effect of civic crowdfunding on the discourse regarding network governance.

This chapter further interrogates critical success factors emerging from these case studies and also pinpoint some emerging concerns resulting from the use of civic crowdfunding. The former highlights factors such as the role of social media, crowdfunding platforms, crowdfunding ecosystems, the importance of regulations, rewards and acknowledgements as well as the responsibilities of offline and online communities in the success or failure of civic crowdfunding. The latter outlines concerns that range from issues of sustainability, equity, the *sui generis* (unique) nature of crowdfunding, fraud, so-called “free riding”, the cost of capital, as well as risk and uncertainty.

4.2 CASE STUDY ANALYSES

The study exposes through case studies below that the crowdfunding market is still growing (Gierczak *et al.,* 2015:9). It is imperative to note that:

> “The modern, digitised form of crowdfunding has its roots in the beginning of this century. Many of today’s largest crowdfunding platforms are from the US and were launched from 2005 onwards. In 2010, the crowdfunding wave swapped over to Europe. From this moment on, crowdfunding started to particularly gain momentum in the UK, Germany and the Netherlands, the most

> mature European crowdfunding markets. The overall market numbers indicate an impressive development of crowdfunding" (Gierczak *et al.,* 2015:9).

Chen (2016:9) also highlights that "with the development of crowdfunding over the years, it is no longer limited to SMEs and start-ups, but now involves local governments and communities". In fact, the case studies will substantiate Chen's (2016:9) assertion that citizens can participate in public projects by investing on crowdfunding platforms. On top of that, most of the case studies interrogated below will, as Soepper (2018:178) puts it, "clearly show that limiting the government's spending power does not have to go hand in hand with the end of civilisation. People care for their local communities and may be willing to pay for certain services or do the necessary work themselves". To this end, as Chen (2016:9) explicates, this chapter shows that, in other countries, "there are some famous civic crowdfunding platforms in the world such as Spacehive in the United Kingdom and Citizeninvestor in the United States" that allow people to contribute to the causes of their communities. These platforms, according to Soepper (2018:176), allow people to give their money for projects that may enhance their neighbourhood, without getting an immediate reward in return. One platform, Spacehive, clarifies that "because projects have to reach out to the community for support, the things that get built are much more likely to be valued by people. It is a process that binds people together and gives them a stronger sense of ownership over their area" (Spacehive, 2016). In this light, in this chapter, it is exposed that civic crowdfunding capitalises on:

> "this 'do-it-yourself' attitude combined with the internet's new means of cooperation may just be what local communities need. Especially in places with budgeting problems, crowdfunding via dedicated internet platforms can be a powerful tool in order to help facilitate people's needs and engagements" (Soepper, 2018:178).

Nevertheless, it is imperative to note that the aim of reviewing these experiences in this study is "to visualise civic crowdfunding as a complementary tool of local government that administrators and citizens develop together for community improvement" (Mayer, 2016:44). Therefore, the practicality of civic crowdfunding is discussed in that context and putting emphasis of the fact that, as postulated by Mayer (2016:44), "civic crowdfunding is not a replacement for traditional budgeting and

project development structures". Against this backdrop, seven case studies are analysed in this chapter, namely –

- The Statue of Liberty (United States of America);
- Glyncoch Community Centre (Scotland, United Kingdom);
- Liverpool Flyover (England, United Kingdom;
- BD Bacata Tower (Colombia);
- Live Lebanon (Lebanon;
- Sunny Money Zambia); and
- Skynotch Energy (Kenya).

4.2.1 Case Study One: The Statue of Liberty

Civic crowdfunding can be cogently referred to as an innovative method of funding. However, the basic idea of crowdfunding is not a new phenomenon (Gierczak *et al.*, 2015:8). In essence, Davies (2014:31) observes a historical account of organised fundraising efforts that can be conceptualised as civic projects that existed before the Internet. According to Harris (1985) cited in Oliva (2018:116), "the first ever example of collective financing, in this case civic financing, was in 1884 when the French Government gave the Statue of Liberty to the United States of America to celebrate the centennial of the Declaration of Independence in 1776". Collective financing can be equated to crowdfunding. Concurring with Harris' (1985) view, Davies (2014a:32) argues that "a telling and prominent historical example of a fundraising effort conducted with the scale, speed and centralisation of modern crowdfunding is Joseph Pulitzer's 1885 campaign to fund the pedestal on which the Statue of Liberty platform now stands". This example is also encapsulated in Griffiths (2017:11), who opines that civic crowdfunding is not a new concept and one of the earliest examples of civic crowdfunding can be found in the construction of the Statue of Liberty's pedestal. Also, Lee *et al*. (2016:2) have argued that civic crowdfunding mechanisms have made it possible to support diverse projects of public infrastructure including the Statue of Liberty in New York.

Figure 4.1: Statue of Liberty

Source: Wikimedia

The circumstances of the case are that “the need for a Statue of Liberty fundraising effort arose unexpectedly, but with urgency: while the Bartholdi statue was funded and completed in France at the expense of the French government, the so-called American Committee that was appointed to manage the statue was unable to raise sufficient funds to pay for the pedestal, leading to great uncertainty over the fate of the monument” (Davies, 2014a:32-33). In other words, as put forward by Oliva (2018:116), “in 1885, the American Commission entrusted with the building of the base needed to hold the statue, finished the funds, which blocked the completion of the work, and consequently the possibility to erect the statue”. Griffiths (2017:11) adds that “the American Committee had been unable to raise enough money to finance the site and the pedestal on which the statue would sit”. Griffiths (2017:11) notes that the pedestal was expected to cost over $300,000, and The American Committee had only been able to generate $150,000.

Against this background, Oliva (2018:116) stresses that “the situation changed thanks to the intervention of Joseph Pulitzer, who, through his newspaper ‘The New York World’, announced the intention to collect $100,000 that would be needed to complete

the base". As Griffiths (2017:11) explains, realising the project's importance, newspaper owner Joseph Pulitzer appealed to the American people for help. Pulitzer's strategy was to offer a reward that involved a mention in his newspaper to whoever who would donate funds, no matter the amount (Oliva, 2018:116). According to Griffiths (2017:11), Pulitzer ran a six-month crowdfunding campaign that resulted in over 120,000 individual micro donations, culminating in over $100,000 being raised. On the same note, Calveri and Esposito (2013:24) argue that within five months, the sum collected totalled $102,000, raised by more than 100,000 individual donations, most of which amounted to less than one dollar per person. Davies (2014a:33) shows that the campaign managed to raise $100,000 (approximately$2.3 million at today's prices) in five months from about 160,000 donors, that included children and elite businessmen. Consequently, the amount raised was sufficient to build the pedestal and place the Statue of Liberty upon it, and also raised awareness of the statue across America (Griffiths, 2017:11).

The successfulness of the 19th century Statue of Liberty crowdfunding campaign contributed to one of the most popular attractions in the world and illustrated the financing power of a large crowd when tapped for funding (Nesta, 2012:1). Oliva (2018:116) citing Yunus (2010) asserts that the success of the fundraising was determined by the fact that Pulitzer was able to hinge on the sense of belonging of the citizens and on the recognition of the moral value of the donations. Davies (2014a:32) correctly acknowledges that had crowdfunding Websites existed during Pulitzer's time, he would stand as one of their most successful users. In trying to link Pulitzer's initiative to modern crowdfunding, Davies (2014a:32) illustrates that "in his case, the platform used was the New York World newspaper, of which he was proprietor". Nesta (2012:1) evokes that "while the American Committee were lucky to have Mr Pulitzer and his paper to publicise their plea for donations, others wishing to access so many people would have had no such help. This, however, has changed in recent years with the rise of social media and the new ease with which communities can form and interact online".

The case of the Statue of Liberty pedestal crowdfunding campaign was clearly a triumphant one. Davies (2014a:33) maintains that "if launched today, the campaign would be understood as a quintessential crowdfunding campaign: an initiative that

uses a single collection point to raise money from a very large pool of donors pledging amounts from pocket change upwards". Nevertheless, the case deserves critical scrutiny. Firstly, as Davies (2014a:36) alludes, on its import as a historical example of early practices of crowdfunding,, the case deserves comparison to contemporary examples of civic crowdfunding particularly because three issues can be deduced from success of a campaign namely: "the ability to reach a large audience, to tell a story in real time, and to build a sense of community engagement and participation". Davies (2014a:36) further observes that before the Internet, very few privileged individuals like newspaper proprietors and owners of broadcast media would be able conform to these conditions, even though, it cannot be dismissed that well organised small communities could do the same at a micro level.

This study argues that Pulitzer's classical "The World" campaign qualifies as a civic crowdfunding campaign because of the following attributes. To begin with, Davies (2014a:33) observes that:

> "Like modern crowdfunding campaigns, donations to The World's campaign were user-initiated and centralised. The newspaper did not send agents to canvass in the streets or go door to door, and its office acted as the single collection point. This was critical to the accountability of the fundraising effort and sped up the processing of cash and checks, allowing the newspaper to give daily updates on the previous day's donations. The sheer volume of updates from the newspaper - typically a column or more each day, resembles a diary format not dissimilar from a contemporary blog: it speaks to the reader in the first person, quotes directly from donors' letters and cites external links (other newspapers and magazines) that are relevant to the day's story. Daily updates and anecdotes are a key feature of crowdfunding campaigns, which typically seek to leverage personal experiences to engage the audience."

From Davies' observation, one can note that the campaign made the presence of its establishment visible through the use of a newspaper. This can be associated with modern day strategies being proffered by crowdfunding advocates and consultants. For example, Griffiths (2017:28) emphasises that authorities must establish digital presence by developing a public online presence. Hence, during Pulitzer's time the newspaper was a viable platform considering the Internet and web had not yet

developed. Moreover, the World's campaign falls in line with Spacehive's advice that crowdfunding managers should tell a story of the project from start to finish. In other words, Pulitzer addressed modern day recommendations, such as those given by the Johnstone (2015:9) through newspaper updates, that "as the project goes live, it is important to work hard to promote the campaign and give regular updates on progress" since this "encourage potential funders to pledge early on in the campaign to encourage others to donate". This is evident in the above observation by Davies (2014a:33). Apparently, had Pulitzer's World campaign existed in contemporary circumstances, it could have matched what Kickstarter (2012) cited in Davies (2014a:33) advises, that project creators have to view crowdfunding projects as unfolding stories where contributors are given regular updates on progress which are sometimes accompanied by pictures and links.

In addition, this study argues that some tenets of the Statue of Liberty campaign are reminiscent in today's models of crowdfunding. This can be seen in donation and reward crowdfunding model. For instance, Davies (2014a:33-34) indicates that:

> "Throughout the Statue of Liberty campaign, The World printed personal notes from backers such as 'Inclosed [sic] you will find our mite $1) contributed by three poor men to the Bartholdi Statue Fund' and the account of Phillip Bender, a cutter from Jersey City whose family (including eight children) gave $2.65, itemised by name and amount. This strategy continually reinforced campaign supporters' mutual awareness and collective identification. The campaign offered rewards of $100 worth of gold prizes, topped by two double gold eagles for the largest donor (World, 1885, March 18, p. 5). Some donors received granite models of the statue; it is unclear whether these models were made at the behest of the American Commission or Pulitzer, although the editor did receive an offer to produce statuettes from two local artists in April 1885."

The import and importance of Davies' (2014a) evidence is to express that rewards that were offered by the campaign meet modern day conditions highlighted in Steinberg and DeMaria (2012:15). According to Steinberg and DeMaria (2012:15), rewards must make sense, be logical and offer "a smooth transition from low value rewards to very high-value/high-donation rewards". Freitas and Amado (2013:8) are of the view that rewards of symbolic value (they are usually of lower value than the donation but have

greater perception value). Furthermore, Steinberg and DeMaria (2012:15) are evocative of the "kinds of personal pay-outs – thank you calls from the lead singer, contributors' names included in the album liner notes, dinner with the band, etc. – that are offered". Steinberg and DeMaria's example relates to reward crowdfunding in the art sector but it can be contextualised. Thus, put into context, the World's campaign equally captures that as shown by Davies (2014a) in the evidence and observation above. Oliva (2018:116) also credits the success of the Statue of Liberty campaign to the symbolic and esteemed value contributors derived, having considered the mention of their name on the pages of his newspaper as a reward for the fundraisers. Oliva (2018:118) further articulates that "the prizes (rewards) have a symbolic value and may consist of recognition, a promotional object realised with the collected money, an autograph, and so on.

4.2.2 Case Study Two: Glyncoch Community Centre

Marom (2013:30) stress that "civic crowdfunding initiatives will play an important role in the public sector, allowing individuals to work with municipalities and support civic engagement. For example, in the United Kingdom, we witnessed citizens raise £792,021 for the construction of a community centre in Glyncoch via the Spacehive crowdfunding portal". Davies (2014a:73) asserts that the case of "Glyncoch Community Centre is significant both for its scale and as an example of how crowdfunding can be used as a means of filling a gap in public investment". Davies (2014a:73-74) portrays the Glyncoch civic crowdfunding project as one of biggest civic project by value which was funded by crowdfunding and one of the the first prominent civic crowdfunding project to be funded through crowdfunding among the projects (which Davies studied).

Hollow (2013:69) stresses that "in late March 2012, the small Welsh ex-mining community of Glyncoch made the national headlines in the United Kingdom when it announced that it had, after seven long years of failed funding bids, finally raised all of the £792,000 it needed to build a new community centre". According to Davies (2014a:75-76), the first centre which was built in 1977 and operated by volunteers was by 2010 dilapidated and there was no progress towards its replacement even though a council-commissioned report had recommended its replacement. Against this

background, Davies (2014a:76) observes that in March 2010, successful efforts to give the community centre a new look by a number of the volunteers who operated the existing building and its programming resulted in the creation of a non-profit organisation named the Glyncoch Regeneration Limited (GCRL). The plan, as Freitas and Amado (2013:11) note, involved the construction of a new multi-purpose community centre in the small town of Glyncoch. The main aim was that to transform a dilapidated shed into a contemporary community centre which would be an energy efficient centre with beautifully and well landscaped external areas that are fit to host workshops, community groups, conference suites for local businesses and at the end bring life to an area that was almost suffering from a cycle of depravation (Freitas and Amado, 2013:11). To this end, GCRL through Spacehive, a civic crowdfunding platform, sought to raise money for the construction of the new centre (Chen, 2016:10). Hollow (20103:69) concurring with Chen (2016:10) argues that in a novel move, members turned to a recently launched crowdfunding website called Spacehive.com, hoping to attract funding from people and businesses outside the community.

According to Hollow (2013:69), remarkable was the fact that with just months to go before the planning approval for the proposed centre was due to lapse, the project team still had been some £39 000 short of its target. Over and above, Marom (2013:30) alludes that “not only were the necessary funds raised to help reinvigorate a community characterised by deprivation, but citizens volunteered their services during the construction of the centre and were responsible for helping it run once construction is finished”. In this light, Hollow (2013:69) believes the crowdfunding initiative proved to be an astute move. This might be because, as Davies (2014c:2) highlights, Glyncoch was a community with chronic unemployment and resource challenges but local organisers raised $49 000 to fill a gap in funding for a new community centre. Hollow (2013:69) further asserts that within a matter of weeks they were able to obtain the necessary funds to realise their community project.

Davies (2014a) attributes the success of the Glyncoch Community Centre crowdfunding initiative mainly to three factors namely: “a community used to fundraising; celebrity endorsements, broadcast amplification and a last-minute flurry; and an exercise in attention, and a stage-setter for Spacehive”. Concerning the first

point, Davies (2014a:75-76) traces the culture of crowdfunding that had seen the public funding of replaced community centre with furniture (the local community organised in their homes inorder to raise money a series of bingo games). Moreover, the community had managed to raise money for the new community centre before even resorting to Spacehive. Freitas and Amado (2013:11) point to the fact that the campaign in Glyncoch was successful and managed to raise about £800 000 from several funders with significant financial contributions being granted by local and regional development funds, charities, foundations and the Welsh Government's offering substaintial pledge amounting to £403 000 from its Levy Fund. Therefore, when there was a shortfall of £30 000, the GCRL turned to Spacehive which during that time was a newly launched civic crowdfunding platform that had not even closed its first project (Davies, 2014a:77). The GCRL's optimism was astounding, as Davies, 2014a:77) captures, because none of the board members had previous experience in using crowdfunding platforms but "they saw the opportunity as a chance to expand their reach and attract greater publicity". The group was daring to try new things and in this case new financial arrangements in order to supplement the other revenue streams. According to Davies (2014a:77), the GCRL board thought Spacehive provided them with a new way to do things they had not tried and accordingly, Spacehive "said they could tap into lots of new philanthropists, including some bigger ones".

Secondly, Davies (2014a) links the success of the Glyncoch Community Centre crowdfunding project to celebrity endorsements, broadcast amplification and a last-minute flurry. According to Davies (2014a:77):

> "The Glyncoch Community Centre campaign benefited from an accumulation of attention that began with endorsements from local celebrities garnered via social media, was amplified by broadcast media coverage and culminated in the capture of corporate donations. The case demonstrates how the interaction of multiple social networks, local and remote, personal and professional, is necessary for a successful campaign, particularly when the immediate resources of the community impacted the campaign are very limited, as was the case in Glyncoch".

Davies (2014a:78) highlights the support received via social media platforms from celebrities such as Martha Lane-Fox (a British entrepreneur), Scott Quinnell (a Welsh rugby player) and Stephen Fry (a British comedian). Davies (2014a:78) argues that the celebrities' interventions, particularly Fry who had a following of 4 million Twitter followers, stimulated "national broadcast media interest". Davies (2014a:79) acknowledges that:

> "On the day Fry's tweet was posted, the consultancy firm Deloitte agreed to pledge $1,000 to the campaign. By March 14 the campaign had raised $7,000, and the campaign organisers held a 'family night' event for local residents to boost support for the campaign. Ultimately, however, the vast majority of the funding (73.3%) was raised in the final two days of the campaign, March 20 and 21, as a result of two corporate-linked donations, from Moondance Foundation ($10,000) and Tesco Charity Trust ($12,000). The campaign ended at $792,021, which was $588 ahead of its goal. In total, donations by corporates and foundations linked directly to them were 86.9% of the funds raised during the campaign, at $26,100 ($43,441. Ninety-four individual donations were recorded, totalling $1,559.85 (5.2%), and offline community fundraising in Glyncoch (counted as a single donation) raised $2,361.55 (7.87%)."

The third factor that was important in the success of the Glyncoch Community Centre project was what Davies (2014a:80) refers to as "an exercise in attention, and a stage-setter for Space-hive". According to Griffiths (2017:31), Spacehive is the only UK-based online crowdfunding platform solely for projects aimed at improving local civic and community spaces. To this end, Davies (2014a:80) asserts that:

> "The major contribution made by crowdfunding to the Glyncoch project was, according to its organisers, publicity. By connecting an otherwise under-resourced community to national media and social media personalities, the crowdfunding process enabled the group to capture the attention of corporate philanthropists who ultimately funded the majority of the funding gap."

Park *et al*. (2018:20) argue that "it is very difficult for investors to put down money in unknown market but the local community would make them believe safe by familiar environment". Davies (2014a:80-81) adds that it was unlikely that the Glyncoch Community Centre project "would have been able to attract the interest of corporate

donors without the combination of network and exposure provided by the Spacehive campaign and demonstrated grass-roots support for the project". A big advantage of using Spacehive is that "Spacehive's model combines community crowdfunding with institutional match funding and traditional grant-giving mechanisms" Griffiths (2017:31). Chen (2016:10) also credits Spacehive for its critical role in the Glyncoch Community Centre project. This is because Glyncoch was Spacehive's first public project success, which should be credited for catalyzing the growth of Spacehive as a platform (Davies, 2014a:82).

The Glyncoch Community Centre project is a very important case of pursuing civic crowdfunding as an alternative financing method. Davies (2014c:2) observes that at the case level, this is a clear example of underserved and privileged community benefiting from civic crowdfunding in very different ways. Freitas and Amado (2013:11) further sum it up by arguing that the project offers empirical evidence on the potential of crowdfunding to municipalities seeking to improve their urban environments with no need to allocate a lot of financial resources. Freitas and Amado (2013:11) further emphasise that such kind of community driven projects are suitable for easy integration with other local government tools such as participatory budgets. The scholars conclude that it benefits municipalities the most if these kinds of fundraising are nurtured, that enables participation with money or in-kind donations, and encourages other tools.

4.2.3 Case Study Three: Liverpool Flyover

Gasparo (2015:15) underscores that the Liverpool Flyover became an idea shortly after Liverpool's 2012 Strategic Investment Framework was made public. Gasparo (2015:15) further insinuates that "the Plan's mission to enhance Liverpool through 'Enterprise, People, and Place', included demolition of Churchill Way". Opposed to the demolition of the Flyover, a social enterprise, We Make Liverpool started a crowdfunding project with the objective to save a flyover, and turn the existing structure into an urban walk/cycle way with trees and shops together with education and event programmes whilst also providing local businesses with space to expand their services (Gasparo, 2015:15: Junghans and Dorsch, 2015:19). According to Future Cities Catapult (2014:27), the Liverpool Flyover project involved plans to turn a concrete

flyover in the centre of Liverpool into an urban park that would cost less to build than the flyover's proposed demolition. We Make Places Community Interest Company (CIC) portrays itself as having been "established in Liverpool UK in 2014" and existing "to empower communities to take control and spaces and places in their neighbourhoods".

Against this backdrop, We Make Places (2017:13) alludes that "instigated by the founders of We Make Places, the Flyover was a 'provocation' in response to the Liverpool's proposal to demolish Churchill way, an elevated highway with pedestrian walkways and spaces beneath". Likewise, Glover (2017:4-5) highlights that in response to Liverpool City Council's proposal to remove an abandoned flyover, the local community crowdfunded over £40,000 to pay for a feasibility study looking at creating an elevated park instead. Therefore, through a series of public presentations with councillors, council staff, museums, businesses, and locals, We Make Liverpool found broad support for a new type of public space, the Liverpool Flyover (Gasparo, 2015:15). Gasparo (2015:15) goes further to observe that:

> "Once the Liverpool Council was convinced of the project's legitimacy and support, they required We Make Liverpool to finish fundraising by April 15, 2014 before agreeing to fund the construction of the flyover. Starting November 18, 2013, We Make Liverpool launched the campaign Friends of The Flyover to engage Liverpool residents in raising funds for the Liverpool Flyover via an online civic crowdfunding site, Spacehive. The crowdfunding campaign was strategic in twofold. If the project was successful, there would be widespread support from the community for moving forward and the project would be validated as a worthwhile endeavour for the city".

Future Cities Catapult (2014:27) notes that 122 funders pledged £17,000 to the project through Spacehive and a community had been catalysed to support the project, including 30,000 followers on social media.

As Gasparo (2015:16) citing Spacehive shows, the new project would provide 200,000 individuals with a new area for pedestrian/cyclist activity, event programming, outreach and education. The decision to crowdfund using Spacehive was strategic and well thought because "the funders for Spacehive's projects include citizens, businesses

and local councils" (Future Cities Catapult, 2014:27). Accordingly, Future Cities Catapult (2014:27) underscores that "for citizens the appeal of Spacehive is being able to directly invest locally in creative projects without having to spend time attending meetings and navigating opaque municipal planning procedures". Further to that, Spacehive is an open platform that can support silly-just for fun projects as well as serious and ambitious ones as is the case with the Liverpool Flyover project (Soepper, 2018:179).

Against this background, construction of the Liverpool Flyover would also provide new opportunities for local businesses to use the space to expand their services (Gasparo, 2015:16). In this regard, Gasparo (2015:16) denotes that:

> "Additionally, preliminary analysis showed future construction fees would cost less than the costs to demolish Churchill Way. The preliminary plans for the Flyover make use of low-cost materials to capitalise on the current structure and achieve a lower budget. The design would include a promenade for pedestrians and cyclists, plantings, kiosks, cafes, and lighting/power infrastructure. Part of the design details includes potential solar and wind energy implementation".

According to We Make Places (2017:14), they also had "led a feasibility study on the creation of a sustainable energy scheme at the Flyover, with scope to provide light and power for public realm as well as supply surplus energy to neighbouring buildings". Gasparo (2015:16) argues that:

> "…the project was successful at reaching its target goal of £40,844 and exceeding it by £2,880. The project total cost will cover the feasibility plan, specifically the design, surveying, and planning phases of the project. More than half of the amount was funded by individuals, whereas the other 50% was raised by four private partners via in-kind and monetary donations. With successful completion of the funding phase, the project has moved forward with the design phase. As part of this process, the Friends of the Flyover has capitalised on the crowd's engagement and started outreach to gather ideas regarding the final design".

To this end, We Make Places (2017:13) highlights that “with the ‘Flyover Takeover’, 2016 saw the testing of the space as a cultural venue, with participative cultural events taking place across a series of 6 road closures”.

The Liverpool Flyover crowdfunding project provides some important insights. For instance, Future Cities Catapult (2014:27) stresses that crowd-funding provides governments with a way to engage and test designs with their voters in addition to providing finance. Furthermore, the organisers of the Liverpool Flyover crowdfunding initiative, We Make Places (2017:13), correctly credits themselves that their “successful crowdfunding campaign delivered a participative feasibility study to investigate retention of the structures, proposing a unique citizen-led space for public realm in the city centre”.

4.2.4 Case Study Four: Colombia’s BD Bacata Tower

The financing of the construction of the BD Bacata building in Colombia represents the apogee of crowdfunding described by Morri and Ravetta (2016:19) as the “biggest project in the crowdfunding era” and shows the vast potential crowdfunding holds. The BD Bacata was constructed through the works of a company named Prodigy Networks founded by Colombian-American businessman Rodrigo Nino. According to Andrews (2014:10), Niño has seen the way crowdfunding can mobilise broad-based investment participation in a safe and effective manner, from a broad crowd of all kinds of investors. To this end, Nino through his company Prodigy Networks in the construction in Columbia of BD Bacata which, as Freitas and Amado (2013:13) note, is the most ambitious building in Latin America and could become as well as icon for both urban renewal and crowdfunding. Andrews (2014:10) argues that Prodigy Networks:

> “raised $190 million between 2009 and 2013 to help finance the building of BD Bacatá, which will be the tallest skyscraper in his native Colombia when completed in 2015 (and is the first skyscraper built in Colombia in over 40 years). The Money was raised from over 3,950 investors who made a minimum contribution of only $20,000 (which would equate with about 10% of the annual income of an “unaccredited” Investor earning $200,000)”.

Freitas and Amado (2013:13) add that the calls for funding in the BD Bacata project gave a chance to all Colombians and attracted about 3, 500 contributions (average investments of $69, 000) raising a sum of $240 million and, quite fascinating was the fact that the return from the investment was hinged on the performance of the underlying real estate asset. This was certainly because, as the scholars explain, the arrangement which was different from general financial investments, did not guarantee on a set term a return or redemption.

Consequently, Freitas and Amado (2013:13) argue that the BD Bacata skyscraper is a landmark in crowdfunding and a building which was the first of its kind in Latin America, because of both its iconic towering height and its representation of new ways of effecting urban renewal through capitalising on financial innovation. On the same note, Andrews (2014:10) highlights that the success of this venture gave the Prodigy Networks real legitimacy and resulted in additional crowdfunding projects in Bogota, Colombia.

Subsequently, Andrews (2014:11) attributes the success of the BD Bacata project to the following factors:

> "The crowd were also involved in informing the design at the Hub, with the Prodigy Network soliciting designs through an online architecture contest that attracted thousands of applications. The engagement of the crowd in this instance is intended to ensure high levels of participation in all aspects of the project and to promote transparency in the project implementation process (with developers providing regular updates on building progress to the crowd)."

On the involvement of the crowd Rodrigo Nino had this to say: "I think the crowd will always have a higher collective intelligence than any individual. What is the risk associated with that? Nothing" (Eidell, 2014:51).

The Colombian case study deserves some scrutiny as to how its success can inform the discourse of civic crowdfunding. Firstly, it must be noted that the case can be limited in context in as far as civic crowdfunding *per se* is concerned. However, the interest of this study in this case is because commercial real estate management is at the heart of urban infrastructure development. In that regard, strategies that work in

real estate development, such as equity crowdfunding, can also be adopted in community infrastructure development either as part of public private partnerships or exclusively as crowdfunding models. Secondly, for any crowdfunding initiative to succeed, most importantly in developing countries, there is need for a permissive regulatory framework. According to Andrews (2014:13), Colombia's "regulatory devices allow capital formation and investor protection through crowdfunding without imposing rules on who can be in the crowd or the size of investments; and without introducing expensive administrative rules and processes that inflate the cost of raising funds".

The case study also points to three important lessons to local authorities. Using this case, the study concurs with Glover (2017:8) that "councils could invest into any local companies that have been listed on equity crowdfunding platforms, with the aim of supporting local economic growth". Glover (2017:8) argues that Lancashire County Council became the first council to try this when they invested in local businesses via the Crowdcube platform in August 2016. Secondly, the success of the BG Bacata crowdfunding initiatives exposes that "as part of their Treasury management, councils could invest their reserves in businesses through equity crowdfunding platforms as a way of earning a higher return on the council savings. It's worth remembering that this should be part of a diversified portfolio of investments including some with a lower risk profile" (Glover, 2017:8). Lastly, the case study shows that councils can draw critical lessons and "could get involved with equity crowdfunding as a facilitator rather than an investor, by brokering relationships between local businesses that need finance and the platforms themselves" (Glover, 2017:8). This is very important especially when councils consider local businesses that want to be engaged in real estate or any projects that contribute to community infrastructure rehabilitation.

4.2.5 Case Study Five: Live Lebanon

Live Lebanon is a United Nations Development Programme (UNDP) initiative that operates as a neutral channel through which Lebanese citizens, members of the private sector and expatriates can provide direct support to the development of Lebanon's underprivileged communities (UNDP, nd:2). Candelise (2015:7-8) describes Live Lebanon as:

> “a UNDP managed project established in 2010 aiming at supporting underprivileged and overlooked communities in Lebanon. A call for proposals is launched every 18 months in collaboration with the municipalities in Lebanon; around 350 project proposals are received per round. A panel is established comprised of the personnel from the Live Lebanon project, goodwill ambassadors and UNDP personnel to evaluate the project proposals and refine the potential proposals to 60. The Live Lebanon team then performs site visits to the 60 pre- selected proposals, in order to validate the data provided and further shortlist proposals. Feasibility and budget studies are then completed by the team and 20 to 30 projects are retained, normally projects budget range between 40,000 and 70,000 USD. Project documents are created and posted on websites and platforms for crowdfunding”.

Thus, UNDP (n.d: 2) states that “designed in partnership with local municipal and civil society representatives, each project delivered through Live Lebanon is the result of both the requirements of the many communities that aim to make their lives better and the commitment of companies and individuals who wish to help make that hope become reality”. UN Volunteers (2018:2) states that Live Lebanon seeks “to facilitate innovative partnerships amongst civil society, local governance structures (such as municipalities), the private sector, and the Lebanese Diaspora to help create sustainable funding for development in the long term”. Accordingly, as Candelise (2015:8) puts across, Live Lebanon plays the role of crowdfunding agency for pre-selected projects to be implemented in several regions in Lebanon. Concurring with this view, Angel *et al*. (2016:28) note that Live Lebanon dedicates significant resources to outreach with a secondary purpose of high-level fundraising. Through crowdfunding, the Live Lebanon aims at exploring how social media and other platforms can be used to engage new actors in development and promote new public-private partnerships (UN Volunteers, 2018:2). This is achieved by providing a platform through which Lebanese communities worldwide, socially conscious individuals, and the private sector can act as agents of development (AlliedCrowds, 2018:27). To this end, Candelise (2015:8) asserts that crowdfunding, which falls under the donation based model, is done through six main streams which are:

a) “The live Lebanon website (http://livelebanon.org); a “donate” tab is available on the website through which interested donors can chose the

project to which they would like to place their contribution. Once the target budget has been raised, the website indicates so, and still interested donors would be asked to select a different project;

b) the Zoomal platform; a one-year partnership has been recently signed between the UNDP – Live Lebanon project and Zoomal to help crowdfund for the ongoing and future projects;
c) Alfa / Touch donation application; Live Lebanon are currently working closely with the available telecommunication companies in Lebanon on an application that would allow interested users to donate to the line of projects to be implemented;
d) bank account; a bank account is available at the BBAC bank to which donors can directly place their contributions. Contributions cannot exceed $1,000 due to bank regulations;
e) goodwill ambassador; celebrities, immigrants and interested people give donations of certain amounts as a way of giving back to the communities; and
f) directly to the UNDP office; this stream has been set up due to the Lebanese banks rules and regulations that limit the amount of money deposits to any bank account; there is no limitation to the donation amount".

Thus, it can be deduced that Live Lebanon uses a comprehensive and complex strategy that even involves partnering other crowdfunding platforms such as Zoomal. AlliedCrowds (2018:40) describes Zoomal as a "leading crowdfunding platform in the Arab World that aims to support Arab creatives and innovators" that allows funds to be raised for projects and initiatives in the creative, innovative, or community-related sectors. Moreover, it is evident that Live Lebanon engages expatriates and donors through both online and offline mechanisms (UN Volunteers, 2018:2). In that context, Candelise (2015:8) explains that in all streams, except for the direct bank account deposit, the money is transferred to Live Lebanon's bank account upon signing an ACA (accelerator cash account). In addition to that, Candelise (2015:8) illustrates that:

> "donors have the choice to donate to a certain pillar (healthy Lebanon, Green Lebanon, Young Lebanon and Prosperous Lebanon), city or project. To date, 40 projects belonging to the four different pillars of the Live Lebanon project have been implemented, 6 of which fall under the "Green Lebanon" pillar, 4 are

ongoing and 25 are still at the fund raising stages. Over the past 4 years of operation, Live Lebanon was able to raise US$1,650,000 for project implementation and US$800,000 for running cost".

Once projects reach the required fund, the implementation process starts and Live Lebanon provides weekly and monthly progress reports to donors (Candelise, 2015:8). According to UN Volunteers (2018:2), through its website www.livelebanon.org currently which serves as the main gateway to the initiative's work, visitors can find more information about implemented projects and those needing support. Candelise (2015:8) also notes that once the project is completed, donors are invited to the inauguration along with representatives from the UNDP.

According to UN Volunteers (2018:2), Live Lebanon also works closely with its network of Goodwill Ambassadors, many of whom have established a personal office to assist in the promotion and advocacy of Live Lebanon with Lebanese expatriate communities. Angel *et al*. (2016:28) are of the view that "these ambassadors are responsible for fundraising as well as awareness raising". Angel *et al.* (2016:28) add that concerts and Lebanese celebrities are also used to promote the programme in-country. On the same note, Candelise (2015:8) states that there are cases where goodwill ambassadors raise money for a specific city and ask the Live Lebanon team to hunt for a project in the said area. Candelise (2015:8) goes further to show that "this was the case of the largest project implemented to date, the solar street lighting for Marjeyoun in the South; US$120,000 were raised by Mr. Ghaleb Farha Goodwill ambassador for the Arab Gulf Region".

4.2.6 Case Study Six: Sunny Money Zambia

Sunny Money is described by Gajda and Walton (2013:15) as "a low-cost high-tech solar powered technology provider in Zambia". According to Gajda and Walton (2013:15), the company crowdfunded a USD $20,000 loan via US based SunFunder which was used to sell 1 232 solar-powered lights to families in the Copperbelt region of Zambia, impacting over 6,776 people's lives. Gajda and Walton (2013:15) indicate that Sunny Money's solar schools campaign sold the solar lights to students and their families. Gajda and Walton (2013:15) claim that the expected annual number of people

benefiting from solar energy from this project amounted to 7 000. More importantly, Gajda and Walton (2013:16) postulate that the initiative would result in an expected US$149 072 in total energy cost savings (US$121 per family) and a 12 percent increase in disposable income.

The project shows that, as Gajda and Walton (2013:13) observe, debt crowdfunding could be used to support lending schemes in the development sector. The scholars go further to avow that “in particular, renewable energy and climate focused projects are attracting crowd funders and could be used to support existing development activities as shown in the cases of Sunny Money” (Gajda and Walton, 2013:13). It is on that same note that AlliedCrowds (2016:26) adds that crowdfunding platforms and projects dedicated to solar energy are offering a way for communities to access electricity in a novel way, with more established platforms like SunFunder mixing accredited investor crowdfunding contributions with matched funding from organisations.

In Zambia as is the case in many African countries, AlliedCrowds (2016:25) argues that the vast majority of crowdfunding activity takes place on international platforms, with non-profits and individuals raising money on platforms based in the global North. This phenomenon is also articulated by the Cambridge Centre for Alternative Finance (2017:49) which acknowledges that “almost all of the funding, of whatever type, was raised in the US and Europe”. This phenomenon is not only evident in Zambia but across Africa, as the Cambridge Centre for Alternative Finance (2017:14) reveals that “there are very few platforms in Africa raising funds from the local crowd on any scale and most of this is in the form of donations because of regulatory obstacles to raising debt and equity”. The reasons might be crowdfunding, generally in Africa and particularly in Zambia, is at a relatively nascent phase and the market is at the very earliest of stages (Afrikstart, 2015:62; Cambridge Centre for Alternative Finance, 2017:51). In this light, AlliedCrowds (2016:25) is of the view that to date, relatively low internet penetration rates and a lack of awareness can be attributed to the slow uptake and growth of crowdfunding. Afrikstart (2015:12) echoes from the same corner stressing that crowdfunding’s “expansion as an alternative online funding option is hindered by: low Internet penetration, low social media usage, and limited funds transfer and payments options in most African countries” such as Zambia. On that

note, AlliedCrowds (2016:25) explains that “while there is scope to increase equity- and lending-based crowdfunding activity in the short to medium term by crafting crowdfunding-friendly regulations, the fact that campaigns are limited in the number of people they can reach places a serious constraint on the prospect of crowdfunding taking off before more people are able to access the internet”.

According to Afrikstart (2015:62), another more pressing challenge for Africa-based crowdfunding platforms revolves around operating in an environment with no legal and regulatory frameworks that define the crowdfunding rules. This view concurs with that of the Cambridge Centre for Alternative Finance (2017:51) that expresses that “there are no specific regulations that have so far been created for the alternative finance models reviewed in Africa”. Zambia is a classic example of a country that does not have a clear regulatory framework that deals with crowdfunding. Against this reality, in Zambia, “for crowdfunding to emerge as a viable and scalable alternative to public and private finance, awareness about crowdfunding among the general members of the public also has to be raised” (Afrikstart, 2016:62). The same holds for awareness among policy makers and law makers. Sunny Money has shown what Bloomberg New Energy Finance and Lighting Global (2016:57) observe that “it is possible that crowdfunding may be used to fund activities in frontier markets that cannot be served commercially, where it can be used to raise ‘equity with a story’ from retail donors that like the idea of donating for a good cause with a possible profit”. In fact, building from the Sunny Money Solar project going forward it can be noted that as Afrikstart (2015:62) summarises:

> “Crowdfunding is a major vector of African self-empowerment. Through crowdfunding, Africans have the power in their hands. The power to choose and fund social causes and economic initiatives they care about. The power to set and drive their own social and economic agenda. The power to be active and direct participants of the “African rising” narrative.”

4.2.7 Case Study Seven: Skynotch Energy

This case study is drawn from Cogan and Collings (2018:52). Skynotch Energy is a company based in Nairobi, formed by Kenyan entrepreneur Patrick Kimathi, which is in the business of distributing solar lanterns. According to Cogan and Collings

(2018:52), “the company was incubated by the Kenya Climate Innovation Centre (KCIC) in Nairobi and received training from Crowdfunding Capital Advisors (CCA) as part of an experimental programme to test how reward crowdfunding could work for Kenyan entrepreneurs”. To this end, Cogan and Collings further allude that Skynotch Energy received training and support from CCA and infoDev to prepare for the campaign, before launching on Indiegogo. In 2014, the company was aiming to raise US$50 000 but managed to raise US$330 from about nine backers who were based outside Kenya (Cogan and Collings, 2018:52). In this light, the initiative is one of crowdfunding’s spectacular failures.

Cogan and Collings (2018:52) attribute Skynotch Energy’s failure to reach its target to a number of reasons. The first reason Cogan and Collings (2018:52) give was that “the campaign target was unrealistic”. Agrawal *et al*. (2011) cited in Belleflamme and Lambert (2014:290) show that individuals are more likely to invest if the funding goal is almost reached. Cogan and Collings (2018:52) affirm that one of the first steps in deciding how much to raise on a reward platform is to analyse the network of contributors and how much they are likely to contribute to the campaign. This is important because, as the KPMG (2014:14) observes, “the crowd, in most cases, is capable of distinguishing the high-potential projects from the lower-quality ones”. In most cases, KPMG (2014:14) states that lower-quality projects will not reach their funding level.

Furthermore, and presenting their case on why Skynotch Energy crowdfunding initiative failed, Cogan and Collings (2018:52) go on to analyse Reward platform Pozible, which “advises campaign-makers to rank their network, in terms of the likelihood of making a contribution to the campaign, and to calculate the amount that will be contributed by multiplying the number of ‘definite’ contributors by AU$50 (US$38).30”. The scholars make it evident that Skynotch Energy underestimated this in setting their campaign target. According to Cogan and Collings (2018:52), “this amount obviously depends on the network and their contribution power” arguing that “an Australia-based crowd is likely to have a greater contribution capacity than a Kenya based crowd”. On this, UNDP (2017:13) advises initiators of crowdfunding to be able to disaggregate the diverse target audiences, for example, into taxonomies such as: “individuals in the community and country; diaspora communities; high profile

individuals; commercial enterprises; local organisations"; and philanthropic organisations. Spacehive, a United Kingdom based crowdfunding platform, also emphasises the importance of ranking supporters as well as their likelihood of support.

The second reason mentioned by Cogan and Collings (2018:52) was that "the chosen platform did not suit Skynotch Energy's network". According to the UNDP (2017:11), "the choice of a platform depends on the type of campaign you want to pursue and it is a strategic branding question". In this context, Cogan and Collings (2018:52) argue that "while Skynotch Energy received contributions from people outside of Kenya, the majority of the founder's network was based in Kenya, where mobile money is the predominant mode of transacting". The substance of Cogan and Collings' (2018:52) argument is that, the platform used, "Indiegogo does not have the functionality to support mobile money transactions and only allows contributions via debit or credit card". Concerning this, the UNDP (2017:39) poses the following question: which platform is most suitable for our target market? Apparently, the platform chosen by Skynotch Energy was inappropriate. Cogan and Collings (2018:52) explain that given credit card usage is estimated at less than five percent on the continent and in this case, Indiegogo was not a compatible platform choice. Cogan and Collings (2018:52) believe that a platform like M-Changa, based in Kenya, which facilitates payments via three mobile money networks, credit card, PayPal and SimbaPay, may have been a better choice. The use of M-Changa would have answered to concerns raised by UNDP (2017:39) that is: does the platform accept payments from your targeted donors? To make Cogan and Collings' (2018) case strong, that the use of M-Changa was going to make a difference, Afrikstart (2016:27) claims that Kenya's first mobile money crowdfunding platform collected over US$160,221 in 2015.

Cogan and Collings (2018:52) sum as follows the lessons to be learned from the failure of the Skynotch Energy crowdfunding initiative:

> "Even with resources and training it is difficult for local entrepreneurs to raise funding from outside of their network. Before starting a campaign, the campaign maker must know their network and their capacity to contribute. For all donation and reward campaign types, campaign-makers must engage their network for contributions and outreach, and cannot rely of platforms to 'bring the crowd'. Some platforms advise having 30 percent to 50 percent of the target pre-

committed before going live with a reward campaign. During Crowd Power, we found that very few reward campaigns had contributions from outside of their network – so understanding who your potential backers are is essential. Many reward platforms advise keeping the target low, in a bid to overfund and demonstrate momentum. It is also important for campaign makers to understand the platform's functionality and to choose a platform that is compatible with the campaign-maker's network – in terms of target market, currency and payment methods".

4.3 LESSONS DRAWN FROM THE CASE STUDIES

The case studies above show that "civic crowdfunding is not a new practice" (Stiver *et al*., 2014:3) as iconic structures such as the New York's Statue of Liberty have been funded, wholly or in part, through incremental citizen donations consistent with what is now known as civic crowdfunding (Davies, 2014; Stiver *et al*. 2014:3; Gierczak *et al*., 2015:8). Soepper (2018:180) is of the view that the practice of crowdfunding was not hindered to get successful funding by the size and scope of the project. Since the Statue of Liberty financing, civic crowdfunding has been a tool that "promotes democratic citizenship and encourages individuals to take a more active role" in their communities (Mayer, 2016:43). According to Soepper (2018:180), the Statue of Liberty case study is evidence that crowdfunding enables the financing by the masses of seemingly grand projects if these are something people love. Soepper (2018:180) goes further to highlight that such schemes would in the past be afforded by wealthy individuals (the so-called philanthropists), but in contemporary times, crowdfunding allows every citizen to become "a micro-philanthropist". The seven case studies provide the following lessons that are analysed below.

4.3.1 Important lessons for local government

As shown in Chapter Two (section 2.4.2.3) of this study, the disruptive capacity of civic crowdfunding is something local authorities can never afford to ignore. In fact, the case studies discussed in this chapter provides *prima facie* evidence that civic crowdfunding is positively transformational. Basically, local administrators need to be strategic in their thinking and understand that, as Boyer and Hill (2013:13) warn, "while citizens

may not have the tools to rapidly recalibrate decision-making processes about their city, they are certainly capable of working outside of them, getting on with doing something". Thus, implied here is that, as explained by Mayer (2016:49) and Nath (2011), as civic crowdfunding projects become more prevalent and are employed on a wider scale, such projects have the potential to shake-up local government by altering and impacting the traditional roles and boundaries between citizens and administrators.

Against this background, Mayer (2016:49) admits that in the United States of America, "the early success and continued growth of projects around the country coupled with eased federal regulations have led to an increasing number of local governments turning to crowdfunding to solve local dilemmas". The experience of Glyncoch Community Centre shows that citizens can rehabilitate community infrastructure whilst that of the BD Bacata Tower exposes that crowdfunding can change the overall look of cities. On the same note, the case of war affected Lebanon shows that crowdfunding can be used to harness displaced citizens to contribute to the development of their country in general and cities in particular if well-co-ordinated.

On the other hand, Gasparo (2015:4) observes that local authorities must recognise that "without understanding the relationships between people, policy, and financing, it is difficult to address infrastructure rehabilitation and new construction". In this respect, civic crowdfunding can help local government to "solicit solutions to problems that require broad-based public support or that do not truly have empirically 'right' answers" (Brabham, 2013:20). In simple terms, crowdfunding can be an ideal way for local governments to engage with urban residents (Junghans and Dorsch, 2015:18). Similarly, Veelen (2015:7) goes further to note that, for local authorities it is important to get used to the fact that citizens want to deploy their added value in this civic economy, which asks for a different role of the local authority. On that note, Mayer (2016:50) argues that the use of civic crowdfunding raises a number of decision-making implications that local government administrators must weigh and balance before deciding whether to utilise civic crowdfunding in their localities. Whilst appreciating that local authorities act from their policy goals and minimum quality assurance, which can be seen as a rational and traditional course of action assigned to their position as warden of the public interest (Veelen, 2015:8), one can note that

local governments agree to use crowdsourcing outcomes only if it decides they make sense (Brabham, 2013:23). Moreover, civic crowdfunding can be used by local leadership to engage and educate constituents throughout infrastructure development (Gasparo, 2015:7).

4.3.2 Lessons for citizens

Citizen participation is the bedrock of not only civic crowdfunding but the broader discourse of public governance as was discussed in Chapter Two. In that regard, Gasparo (2015:6) makes it clear that for the most part, the success of civic crowdfunding projects depends upon timing and extent of citizen participation. Gasparo (2015:7) goes further to elucidate that time and again, citizen participation has been used as a means to increase the sustainable civic decision-making. Mayer (2016) takes a different perspective and views citizens as decisive in ensuring accountability. According to Mayer (2016:54), a potential issue that comes with new structures and relationships created by civic crowdfunding platforms is that of accountability. Mayer (2016:54) notes that:

> "…the primary challenge is how to deal with the changing nature of accountability associated with crowdfunding, as roles and boundaries begin to change and blur. Representation and access may present another dilemma for administration as local government should ensure representation but access may be affected by technological savvy, financial resources, and other factors. Further understanding these roles and expectations, especially as they relate to the citizens, is critical to the development of the field and the acceptance of civic crowdfunding as a potential alternative funding mechanism for local government".

In spite of the above, it is also imperative to understand that "individuals who provide initial funding are in some ways 'voting with their dollar', similar to how a traditional consumer would support a product" and therefore would in turn make sure that their dollar vote is accounted for (Gasparo, 2015:7). Against this backdrop, Gasparo (2015:6) recommends that to ensure crowdfunding initiatives are successful, experts have created a set of best practices, and comprehensive engagement plans to

encourage communities to participate in the crowdfunding process and presence of a strong project sponsor or champion.

The use of civic crowdfunding as described in the case studies “creates a new public sphere in which every citizen is responsible for the affairs of the community” (Soepper, 2018:181). In other words, as Freitas and Amado (2013:14) observe, these case studies show that there are chances of using contemporary and innovative ways to attract new investment in urban environments. Soepper (2018:181) explains this arguing that “if people decide for themselves which projects are going to be realised, their passion will drive the development of local communities rather than plans of the city council, which in many cases may have been made without any input from the public”. Thus, Soepper (2018:180) further notes that:

> “Crowdfunding the public sphere gives people a say in what is happening to their local communities. So far, civic crowdfunding is focused mainly on local areas, and this model is successful because people identify with their communities and understand them. They know whether it would be a good idea to hold a certain festival, if a nearby park needs a new bench, or if walkways in their neighbourhood need a makeover. Furthermore, citizens can see the direct results of their funding and experience a feeling of empowerment.”

4.3.3 Reflection on network governance

Gasparo (2015:10) observes that the disconnect between policy, community, and available funding creates the perfect environment for introducing a new tool for addressing infrastructure delivery issues. Tools such as civic crowdfunding are at the hub of network governance as they offer “a new platform for public participation and better civic decision-making” (Gasparo, 2015:7). Gierczak *et al*. (2015:15-16) citing Blohm (2013) view crowdfunding as based on the fundamental idea of co-creation in that customers or backers are directly integrated into value creation. This is also evident in all the case studies discussed above. For instance, the experiences of the Liverpool Flyover and Live Lebanon show that citizens, authorities and non-governmental organisations can come together to plan and contribute to a course of action collaboratively. In this light, platforms such as Spacehive allow a range of stakeholders, from individual citizens to institutions such as city councils and

businesses, can donate any amount they choose to projects they like (Wei, 2018:87). Wei (2018:87) argues that "unlike the traditional top-down approach where urban projects are largely determined by the authorities, the Spacehive model democratises both ideas and funding and encourages individuals, businesses and the authorities to work together to make things happen". In other words, the case studies show that civic crowdfunding enhances community participation and a feeling of glow, allows citizens to vote with money and most importantly represents formalisation of support for financing community projects (Jenik *et al.*, 2017:6).

In addition to that, Mayer (2016:49-50) quoting Lambert and Schwienbacher (2010) has it that the incorporation of multiple approaches and network actors is often critical, especially early on in civic crowdfunding projects. Hence, instead of considering disparate solutions in policy, community engagement, and finance, decision makers must overlap these perspectives to generate innovative solutions (Gasparo, 2015:4). In this context, as Forester (1999:1) pinpoints, the concept of participatory planning, characterised by shared public learning as well as shared public action, involves various community stakeholders for strategy as well as management of planning processes. Furthermore, Gasparo (2015:7) asserts that:

> "…In a politically stagnant environment, crowdfunding has the potential to increase political will to support infrastructure development and subsequent project finance endeavours. Crowdfunding has an extensive reach because it is dependent upon community engagement and participation during early stages of infrastructure development. When many individuals are able to "vote with their dollar" and show widespread support for a particular project, politicians are more inclined to support the project and similar projects. Additionally, crowdfunding is a viable political engagement tool because it is an apolitical approach for solving infrastructure delivery issues. Conservatives are interested in reducing government involvement and dependency, whereas liberals are interested in grassroots activities to address civic issues. This universal approval of the crowdfunding process makes it easier for politicians to get involved and helps project sponsors use crowdfunding to leverage political support".

What is explicit therefore, even in the case studies analysed above, is the emergence of a new form of government ready to engage its citizenry using technology, in particular the internet, so as to solve problems affecting it at all levels together through collaboration and believes using social networks will allow citizens to openly engage creating a direct democracy through building a participatory government (Freitas and Amado, 2013:6). This is remarkably evident in the cases of Live Lebanon and even in the case of Sunny Money. Noveck (2009) cited in Mayer (2016:50) avers that by designing a series of small decision making hubs on any number of issues it would not only promote more active participation but also mitigate against capture and corruption from more influential actors. Further to that, Mayer (2016:50) crediting Frey *et al*. (2006) urges the ensuring open lines of communication and promoting frequent dialogue between administration and stakeholders can go a long way in mitigating potential concerns and also building and maintaining social capital. As a result, Brent and Lorah (2017:3) state that although civic crowdfunding does not typically provide large-scale public goods, the projects improve the lives of the community members and represent a shift to a more participatory form of urban planning, development and finance.

The case studies discussed above, as correctly captured by Adams (2014:13), show that:

> "...local communities and groups have consistency found innovative ways of raising funds for local and community projects, and it seems crowdfunding is an extension of those innovative practices. In addition, such community projects are rarely just about the money; they also incorporate getting wider support and contributions, such volunteers' time and energy, public awareness and acceptance and community building".

Freitas and Amado (2013:14) believe that crowdfunding can play a game changing role in the local government sector, where local governments have been trying, in the more immediate years, to integrate participatory tools in particular into their urban planning arrangements in attempts to try and create a more linear relationship between the citizenry and their urban surrounding and setup. In other words, crowdfunding "is an opportunity to create a culture where people have a pathway to make things happen" (Spacehive founder Chris Gourlay cited in Wei, 2018:89).

4.4 CRITICAL SUCCESS FACTORS IDENTIFIED IN THE CASE STUDIES

The experiences analysed above show that there are observable critical factors which contribute to the success of crowdfunding projects. These include online platforms, social media, regulations, the crowdfunding ecosystem, involvement and participation of the crowd. Gerber and Hui (2013:3) argue that "creators use a variety of means to reach potential supporters, including the crowdfunding platform itself, email, and online social media, as well as offline communication technologies and in-person requests". What is explicit from all the case studies discussed and which will be explained in detail below in "a further set of emergent issues is that realising success in crowdfunding projects requires planning, preparation and active management – much like other projects" (Adams, 2014:13). In the sections below, the study reviews some of the critical success factors based on the case studies analysed above.

4.4.1 Contribution of social media

Social media has created a new platform for individuals and groups to communicate and organise around causes (Gasparo, 2015:10). Stiver *et al*. (2014:13) citing Moisseyev (2013) postulate that social media has been identified as a key component of crowdfunding due to its ability to foster involvement and collaboration. Concurring with this view, Agrawal *et al*. (2010) cited in Gierczak (2015:15) argue that crowdfunding is heavily based on social media and online communication, radically simplifying the sharing of information about a crowdfunding project across geographical borders. On this, Stiver *et al*. (2014:4-5) point out that social media is particularly not only "a differentiator between civic crowdfunding and traditional models of philanthropy" but it is also "an important tool for relationship building and funding". Afrikstat (2016:18) also avows that "Facebook, Twitter, and other social media platforms have played a vital role to foster the emergence of crowdfunding in Africa".

Thus, the Glyncoch Community Centre crowdfunding initiative shows how "engagement via social media is considered a success factor" (Stiver *et al.,* 2014:13) especially when a project captures the attention of highly followed individuals (as was the case with Stephen Fry in the Glyncoch case discussed earlier). Gerber and Hui (2013:2) also note that creators also rely on additional social media platforms like

Facebook and YouTube to publicise their request for funds from supporters. Stiver *et al*. (2014:5) underscore that "the increased pervasiveness of the Internet and social media, and the accessibility of, and confidence in, online payment methods (e.g. Amazon Payments, PayPal, WePay) has broadened options for fundraising" through crowdfunding. Hui *et al*. (2015:3), likewise illustrate that:

> "Creators market their project by publicising their idea through social media, contacting people individually through email, and sending press releases to news media outlets to reach a wider audience. In an effort to harness the power of their social network, creators ask their friends and family to spread the word. Others reach out to existing online niche communities in order to contact people that are interested in the specific project topic ... While some reported their project going viral, leading to a boost in support, others had trouble making any impact in the online space, suggesting that creators may need further guidance in learning how to understand leverage their network connections".

Consequently, it can be observed in the examples of Liverpool Flyover and Glyncoch Community Centre that by making use social media and other online avenues local authorities are able to "call to action" interested citizens in their numbers to take part in both the design of local government projects under implementation or even have a chance to propose new ones (Freitas and Amado, 2013:14). In addition to that, Mayer (2016:59) argues that the prevalence of social media and the connectivity of crowdfunding platforms make the ability to tell a story in real time an important part of the process. In the case of Africa, as can be seen in the two case studies discussed earlier above, the slow internet penetration is a cause for concern as it inhibits the embracement of crowdfunding.

4.4.2 Role of crowdfunding online digital platforms

Crowdfunding online digital platforms play a very fundamental role in the crowdfunding process. Jenik *et al.* (2017:4) assert that "the central point of every crowdfunding ecosystem is a platform". Crowdfunding platforms are online intermediaries that facilitate the transfer of funds from those who were looking to donate or invest to those in need of the capital (Nesta, 2012:2). In other words, a crowdfunding platform is "a technologically enabled solution used to match demand with supply" (Jenik *et al.,*

(2017:4). According to Gerber and Hui (2013:1), since the first crowdfunding platform was launched in 2001 crowdfunding has supported a wide range of project types and fundraising goals. Even though crowdfunding platforms charge fees for processing donations (Gerber and Hui, 2013:1), Brent and Lorah (2017:7) argue that the growing prevalence of online platforms in the past decade has caused “crowdfunding” to become a household word. Nesta (2012:2) explains how crowdfunding platforms work as follows:

> “The platforms operate by allowing those seeking finance to make a pitch on the site outlining how much money they need, what they need it for and what, if anything, you get in return for contributing. Potential funders can then view pitches on the platform, interact with both those looking for finance and other potential funders and then decide whether or not they want to back the campaign. The majority of platforms operate the all–or–nothing model where, if the target amount is not raised within a given timeframe, contributions are returned to funders and no financing goes ahead.”

Gerber and Hui (2013:2) stress that crowdfunding platforms provide dedicated project pages, analytics and project monitoring, and tutorials prior to and throughout the campaign. Hui *et al*. (2015:1) stress that crowdfunding platforms such as Kickstarter, herald successful examples on their websites. According to Stiver *et al*. (2014:3), the current landscape of civic crowdfunding is illustrated through four platforms: three US-based civic crowdfunding platforms (Citizinvestor, ioby, Neighbor.ly) and one UK-based (Spacehive). Platforms such as Spacehive in the United Kingdom have been central in civic crowdfunding projects as openly expressed in the case studies discussed above. Therefore, it is advisable to use existing crowdfunding platforms especially when there are well established. On this, Glover (2017:5) has this to say:

> “It may be preferable to use existing crowdfunding platforms than to design your own. When spending money online, people tend to prefer a familiar site as a reassurance that their money is safe. Moreover, the design of crowdfunding platforms is rapidly evolving to maximise the user experience and maintaining your own to the same standard would be very difficult.”

Most importantly and possibly, as Freitas and Amado (2013:14) state, it is possible for local authorities to have in place their own continuously working crowdfunding

platforms instead of temporary initiatives usually incorporated in seasonal budget actions. Either the platforms are independently owned as was the case with the experiences of the Statue of Liberty, Glyncoch Community Centre and Liverpool Flyover or they are owned by project owners as was the case with the BD Bacata Tower through Prodigy Network, it can be noted, as Freitas and Amado (2013:14) further submit, that such kind of platforms would beyond mobilising funding and boosting awareness in urban development issues, make public participation in urban planning visible.

4.4.3 Rewards and acknowledgements as motivation

Rewards and acknowledgements are also vital in civic crowdfunding especially to motivate backers of community projects. The case studies discussed above show that rewards have been at the centre of crowdfunding since the Statue of Liberty and continue to motivate supporters of crowdfunding projects. The types of rewards might be different in donation crowdfunding from those in lending or equity crowdfunding. In donation and reward crowdfunding, as was the case in the experiences of the Statue of Liberty, Glyncoch Community Centre and the Liverpool Flyover, rewards might be of symbolic value. Nonetheless, in equity or lending crowdfunding, as was the case with the BD Bacata Tower, backers are likely to be motivated by financial returns.

According to Gerber and Hui (2013), rewards range from having one's name acknowledged in the movie credits, to getting the new crowdfunded product, to receiving a simple "thank you" email from the creators. On the same note, Michelucci and Rota (2014:6) have it that:

> "conversely, in not-for profit organisations reward-based crowdfunding is less diffused – but present. This is the case of project owners offering small non-financial rewards of a symbolic value in return for donations. In addition, most of the not-for-profit funders are satisfied when they see that the project can be realised: the only return they are interested in is social return".

Michelucci and Rota (2014:13) are of the view that rewards are important in projects which are typical of funding schemes in the profit sector such as the case with equity

or lending models of crowdfunding. On the other hand, Brent and Lorah (2017:7) argue that crowdfunding campaigns “must have a public benefit”.

Likewise, Gierczak *et al*. (2015:12) emphasise that in crowdfunding, project initiators offer a bandwidth of possible returns, reaching from altruistic returns to financial compensation. Bradford (2012) cited in Gierczak *et al*. (2015:12) takes a legal perspective and distinguishes five return scenarios which are:

1) No compensation: The backer makes a donation in order to support projects for the greater good;
2) Reward: The backer receives a non-monetary return;
3) Pre-ordered product: The backer’s support is a prepayment for a product;
4) Interests: The backer participates in a loan; and
5) Profit shares: The backer receives equity shares from the project (e.g. a start-up).

In all these five scenarios highlighted above it must be the courtesy of the project initiators to send at least thank you messages to backers of the project as much as possible. Brabham (2013:27) concurs with this view by asserting that “acknowledge users and follow through on obligations”. According to Brabham (2013:27):

> “…as important as knowing what motivates an online community to participate in crowdsourcing is making sure those participants’ needs are met, which often takes the form of acknowledgment. If the crowdsourcing application is a contest of some sort, which is more common in an ideation challenge, it makes sense to publicly acknowledge the winners in some fashion. And for information management problems, where the end goal may be to build or organise a collective resource rather than design a new plan or policy, acknowledgment may come in the form of a mass ‘thank you’ to all participants”.

Mayer (2016:60) further claims that “many of the larger crowdfunding platforms, i.e. Kickstarter and IndieGoGo follow an extrinsic rewards based model in which there is generally some sort of exchange between crowd funder and crowdfundee”.

4.4.4 Regulations

Freitas and Amado (2013:10) have it that crowdfunding is a budding industry that is yet to have the necessary rules and regulations in place for it to be an efficient market. In the same vein, Adams (2014:12) argues that the current Internet based crowdfunding activity has stimulated responses from regulators around the world. Countries such as France have instituted regulatory reforms aimed at "improving crowdfunding and, at the same time, protecting individuals by: (i) innovation by removing entry barriers in order to facilitate new projects; (ii) confidence through transparency; (iii) inclusion by providing access to all irrespective of income or wealth" (Belleflamme *et al*., 2015:14). In the United States of America, for example, the passing of legislation such as the Jumpstart Our Business Startups Act (JOBS Act of 2012) allows individual enterprises/initiatives to seek funds from the crowd (Gasparo, 2015:9). According to Freitas and Amado (2013:10), it opened equity-based crowdfunding to unaccredited investors. Echoing from the same corner, Gasparo (2015:9) explains that the JOBS Act allows individuals to participate in equity partnerships with small financial endeavors, mainly those perpetuated through crowdfunding platforms. According to Adams (2014:12-13), the JOBS Act:

> "...in the USA looks at measures to make it easier for start-up companies and small businesses to raise funds from sources such as crowdfunding. It also tries to bring the crowdfunding arena within some consistent regulatory oversight that enable and encourage crowdfunding activity as well as provide measures to protect the various stakeholder groups. The JOBS act covers such things as ensure the emerging financial activity fits within their existing Securities Act regulating aspects of financial services (covering such things as reporting and auditing requirements). It is about stimulating economic activity by making it easier for non-accredited investors and 3rd parties to participate in funding activity: effectively making it possible for a wave of new small investors to participate in lending money to companies, and so do similar things to what was previous the preserve of the highly regulated financial sector".

However, in Africa literature by Afrikstart (2016), AlliedCrowds (2016), Cambridge Centre for Alternative Finance (2017) among others point to the absence of a clear

regulatory framework to guide the adoption. This was also shown in the case study of Sunny Money from Zambia interrogated above.

4.4.5 Online and Offline Communities

Stiver *et al.* (2014:14) state that "because [the] community propels project activity, both online and offline community are central to civic crowdfunding. Transitions between online and offline community are a distinguishing feature of civic crowdfunding, with citizens rallying around projects online as well as mobilising for participation offline". According to Brabham (2013:23), an online community only exists when people show up and are eager to contribute. Thus, non-financial themes such as online networking and offline participation demonstrate civic crowdfunding's relevancy to both individual and institutional stakeholders, as it lies at the intersection of funding, technology, and civic participation (Stiver *et al*., 2014:5).

This has been the biggest strength of Live Lebanon. To this end, to zero in both online and offline communities crowdfunding platforms such as IOBY in the United States, as Brent and Lorah (2017:7) highlight, operate through an online site that resembles most crowdfunding platforms, but a large portion of its service model is offline, with staff providing one-on-one coaching and resources in fundraising, community organizing, project implementation and other topics. Stiver *et al*. (2014:14) also believe that "an offline community of backers local to the project often complements online community in civic crowdfunding". Stiver *et al*. (2014:14) go further citing Lin (2007) to reveal that existing research proposes that offline activity can have an important role in sustaining online communities, civic crowdfunding suggests the reverse can also be true. Against this backdrop, it is evident that online and offline communities are critical in civic crowdfunding as was shown in the case studies featured in this chapter.

4.4.6 Crowdfunding ecosystems

The case studies discussed above point to the presence and criticality thereof, of a defined crowdfunding ecosystem. Basically, this ecosystem consists of demand and supply side platforms as well as enablers. Crowdfunding platforms are explored in detail above. This ecosystem aligns with what is described by Jenik *et al*. (2017:4).

Jenik *et al*. (2017:4) describe the demand side as consisting of "people and entities seeking funds". The case studies, in line with Jenik *et al*. (2017:4) crowdfunding ecosystem analysis, depict different models highlighting beneficiaries (donations, reward-based crowdfunding), borrowers (debt), or issuers (equity), who can range from public bodies such as local authorities to communities, individuals, micro, small, and medium enterprises (MSMEs), nongovernmental organisations (NGOs) and non-profit entities (e.g., charities). In the same vein, the case studies show that "the supply side consists of donors (donation), backers (reward), lenders (debt), and investors (debt, equity)" (Jenik *et al.,* 2017:4). All these can be referred to as funders and range from private individuals, to angel investors and venture capitalists, businesses, philanthropic organisations, development partners, state bodies, and large financial institutions. Following in line with Jenik *et al.*'s (2017:4), the case studies also acknowledge that "besides the platform, the fundraisers, and the 'crowd' of funders, other entities are necessary for the crowdfunding ecosystem to work (enablers), including payment systems and payment service providers, technology infrastructure, and data analytics". The Live Lebanon crowdfunding model explicates that importance of a multifaceted payment system whilst Kenya's Skynotch Energy case study brings to the fore the need to have a system that fits the target funders.

4.5 MAJOR CONCERNS IN USING CIVIC CROWDFUNDING

Although from the experiences discussed above, there is a generalised assumption in the case studies that civic crowdfunding is "good," concerns about its adoption must also be highlighted (Zuckerman, 2012 cited in Stiver *et al*., 2014:15). Gierczak *et al*. (2015:16) expose that "besides the manifold potentials, crowdfunding as a source of financing may also pose some challenges". These challenges include uncertainty and risk, cost of capital, sustainability, equity and fraud.

4.5.1 Civic crowdfunding *sui generis* nature

The case studies analysed above show that crowdfunding is of its own kind in that it is complex, intricate and a complicated phenomenon. For example, it is evident from the case studies above that "crowdfunding ecosystems can be complex and may vary substantially from model to model" (Jenik *et al*., 2017:4). This is exacerbated by the

fact that crowdfunding cuts across different fields such as public governance, information technology, finance, and urban planning whilst having a bearing on the legal, regulatory and institutional architecture. Such a concept is never easy to adopt or implement. For example, Wei (2018:88) reveals that in London, whilst the administration was initially cautious about crowdfunding's unconventional approach to investment in local projects, they were drawn by the opportunity to discover and support Londoners' ideas and give them a greater sense of participation in their city. Slow uptake of this concept in Africa could be because authorities are still sceptical about civic crowdfunding. The case of Live Lebanon shows a cautious approach that is multi-thronged, well-co-ordinated and backed up being led by a reputable institution (UNDP) with skilled personnel and shared responsibilities. In the same vein, the case of the BD Bacata Tower in Colombia exposes that crowdfunding can transform the urban lookout and can drive massive projects. On the other hand, the Skynotch Energy case illuminates the fact that it is important to model crowdfunding in a way that suits local conditions. At the extreme end, complications of embracing crowdfunding are worsened due to the fact that civic crowdfunding can come in different forms, crowdfunding platforms may adopt dissimilar business models and approaches and crowdfunding can overlook or undermine geographical boarders and jurisdictions.

4.5.2 Uncertainty and risk

One of the major challenges associated with crowdfunding is risky and uncertainty. Gierczak *et al*. (2015:16) observe that:

> "Usually, the investment decisions of backers are not based on solid financial data but influenced by a high degree of emotionality and various decision biases ... As a consequence, the funding usually implies risk and uncertainty. For instance, backers may not receive the return as specified ... crowdfunding does not only include uncertainty for backers but also for project initiators".

Freitas and Amado (2013:10) acknowledge the challenges of "risk assessment and mitigation" and argue that crowdfunding's "open nature" attracts novices who usually are not well versed in this kind of financing and thereby lacking the competences to assess risk. To this end, Gasparo (2015:6) is of the notion that with demand risk becoming more prominent among public-private partnerships and other forms of

project finance, crowdfunding has the potential to confirm demand projections and reduce demand risk. In this respect, Freitas and Amado (2013:10) suggest that to circumvent these challenges it is important put in place “metrics, standards and certifications” that are designed to assist willing but apparently novice investors understand the consequences of their action in a bid to warn and protect them from the associated risks.

4.5.3 Cost of capital

Gierczak *et al*. (2015:16) profess that in sum, crowdfunding compared to other forms of financing exhibits high costs of capital. According to Gierczak *et al*. (2015:16), on average, crowdfunding platforms request about 10 percent of the raised capital and frequently charge additional fees for due diligence of projects or insurances reducing uncertainty and risk for the backers. They further their argument by enunciating that project initiators need to account costs for the potential returns such as interests, shared profits, discounts, or other types of rewards (Gierczak *et al*., 2015:16). Gierczak *et al*. (2015:16) goes on to articulate that conducting crowdfunding campaigns frequently requires high efforts with respect to preparing a video and other information supporting the campaign, the management of the campaign itself (e.g. responding to questions of potential backers), and potentially increased investor relation efforts after the end of the project.

4.5.4 Sustainability

Gierczak *et al*. (2014:19) argue that there is need for further research on crowdfunding particularly with regards to its long term efficiency and sustainability. In this regard, Freitas and Amado (2013:14) admit that launching a new crowdfunding public project carries some excitement but it is certainly difficult to continuously generate the same excitement on a daily basis necessary for everyday maintenance. Strategically, raising concerns on issues of sustainability is important because “civic crowdfunding projects on the scale of parks and structures need ongoing funding” (Stiver *et al*., 2014:15). Hence, Freitas and Amado (2013:14) hint that local authorities have grounds to reject a project partly because it might be too costly to maintain irregardless of the fact that crowdfunding campaign was successful. Accordingly, as Zuckerman (2012) cited in

Stiver *et al.* (2014:15) civic crowdfunding, in its current structure, may not be appropriate for the support of projects requiring, among other things, the coordination of planning committees and ongoing maintenance.

4.5.5 Fraud and cyber crimes

The World Bank (2013:45) reveals that in the conduct of civic crowdfunding "fraud is a legitimate concern" whilst Belleflamme and Lambert's (2014:291) study list the risk of fraud as one of the main concern expounded by many. On the same note, Freitas and Amado (2013:10) stress that fraud is a concern that faces crowdfunding as it is the case in every business venture but it may be exacerbated due to its nature. Thus, Freitas and Amado (2013:10) explain that even though fraud is prevalent wherever money is involved, in crowdfunding the threat is exacerbated by the fact there is usually no personal contacts between the pool of investors and the entrepreneur and sometimes investors have no particular knowledge about the business idea. On the other hand, the World Bank (2013:45) waters down the fear claiming that "successful fraud with crowdfunding has been relatively rare". Belleflamme *et al*. (2015:29) focus on the fraud that can be associated with crowdfunding platforms, that is, "the opportunism problem by fundraisers with respect to truthful reporting". They argue that "to avoid or at least limit severe cases such as outright fraud, the crowdfunding platform must have an adequate monitoring system". According to the World Bank (2013:45):

> "…while most fraud is perpetrated on a one-to-one basis (for example, an identity meme solicits personal information via e-mail), fraud in the context of the social media and crowdfunding investing in particular would have to occur on a many to- many basis: a potential fraudster would have to stand up to the wisdom, queries, and insights of the entire crowd. For this reason the most likely scenario for successful fraud involves criminals creating fake crowdfunding platforms and fake companies to attract investors' money".

De Buysere *et al*., (2012) cited in Freitas and Amado (2013:10) concur with the World Bank (2013:45) in belittling the threats of fraud by maintaining that the unique nature of social networks will make fraud the number one enemy mainly because competition between platforms might be dependent on the ability of detect and prevent fraud. Apart

from fraud, the World Bank (2013:45) portrays “money laundering as another legitimate concern” but further argues that “the risk of it occurring does not appear greater with crowdfunding investing than with other investing systems”.

4.5.6 Equity

Over the years, as civic crowdfunding evolves and develops, questions on its impact over issues of equity continue to be raised. For example, Davies (2014a:56) raises the following two pertinent questions: “Is civic crowdfunding in its current state an open and well-distributed means of participation? If civic crowdfunding has the potential to supplement or replace existing public services, does it distribute resources evenly, or does it privilege certain groups and activities?” Such concerns can never be ignored especially if civic crowdfunding is to be embraced in developing countries such as Zimbabwe where issues of inequality are topical. In this light, Gasparo (2015:9) alludes that “this issue of equity is important to consider when understanding the community that is being impacted and engaged in crowdfunding activities”. It is evident in the case studies reviewed that analyses have not been conclusive on these issues and further research is needed to answer those critical questions.

Scholars like Zuckerman (2012) cited in Stiver *et al*. (2014:15) believe that civic crowdfunding forms a “social wedge” disproportionately favouring projects in wealthy, wired neighbourhoods. These concerns are also raised by Junghans and Dorsch (2015:19) who profess that “crowdfunding may contribute to social inequality if public engagement is limited to certain social classes with access to the Internet or with financial resources to spare”. Adams (2014:12) also observed in his study some crowdfunding initiatives that were indicative of “some well-defined crowds consisting of people or groups who follow a particular interest”. Equity at this juncture becomes critical, especially when the “majority of funders are located within a close vicinity to the project”, and obviously taking into account that “they have a vested interest in the project as future users” (Gasparo, 2015:7). In such arrangements, crowdfunding may end up favouring the development of wealth neighbourhoods as they shelter the rich and powerful. On this, Gasparo (2015:9) sums up that “individuals who have more resources, and therefore more access to decision makers, use their social capital as a means of engaging in civic activities to increase and protect their resources”.

This study, however, believes this is an area that still solicit further research enquiry but would generally with reservations believe that crowdfunding cuts beyond geographic boundaries. Hence, it is disingenuous to out rightly avow that it favours wealthy neighbourhoods. This view is supported by Mayer (2016:44) who argues that "awareness can also play a major role in moving the campaign beyond a geographic boundary". Using the Glyncoch case study to support this argument, it can be noted that civic crowdfunding can attract backers from the length and breadth of the city and beyond, notwithstanding other stakeholders such as philanthropic organisations, development partners and private organisations.

Nonetheless, issues of equity are a challenge that deserves acknowledgement. Such an acknowledgement is important particularly if changes brought about by civic crowdfunding affect the poorer. Mayer (2016:45) raises the red flag and profess that "this concern is especially true in the local government setting". For example, Freitas and Amado (2013:15) insinuate that crowdfunding has no power over the control of changes in future property prices and in scenarios where it is used to rehabilitate run down properties resulting in gentrification, there is a likelihood that poorer inhabitants may be forced to leave. Put into context, the magnitude of investments that were brought about by the BD Bacata Tower likely resulted in small businesses or poorer inhabitants being forced to leave and give way for either big businesses or high earning inhabitants. Without attempting to besmirch the take-homes in the BD Bacata case, it is cogent to "raise issues of equity that must be considered and accounted for by administrators to ensure that projects that reach the crowdfunding agenda are more than just the pet projects of a select few (Mayer, 2016:45 citing Seltzer and Mahmoudi, 2012).

4.5.7 Free riding and cheap riding

Concern has also been raised on the "free rider problem" in civic crowdfunding. According to Davies (2014a:60), civic goods are typically non-excludable "since the majority of projects are either classic public goods or common pool resources". Civic goods are also susceptible to what Isaac *et al*. (1989) call "cheap riding". Isaac *et al*. (1989) cited in Ansink *et al*. (2017:2) argue that "cheap-riding occurs whenever agents contribute to the public good but try to reach an outcome where their own relative

contribution is low". In all circumstances, Davies (2014a:60) recommends making a distinction on the goods being provided i.e. "whether the good being produced is excludable or non-excludable, and whether the good is rival or non-rival". However, Davies (2014a:60) is quick to warn that "the process of coding which type of good was being produced by a project is not straightforward." For instance, it is difficult to classify the status of the Statue of Liberty using these bifurcations. Equally so, it might also be difficult to use these distinctions on the Glyncoch Community Centre. The case in point is that, the community centre might "have a broader civic mission that may involve a public good", but access and use of the centre might be in practice "both excludable and rival" when one is to use Davies' (2014a:60) point of view. This might also not be the case with the Liverpool Flyover, for instance.

On the other hand, Belleflamme *et al*. (2015:30) note that the free rider problem sometimes emerges when "prospective funders may not contribute to a project that already received a lot of support because they assume that someone else will provide the remaining financing". In certain circumstances, the free riding and or cheap riding occurs under the following, as Belleflamme *et al*. (2015:31) hypothesise, "funder's support could decrease with the perceived presence of other supporters, as the funder's contribution is unlikely to be needed".

4.6 CONCLUSION

This chapter showed that civic crowdfunding has worked in other cities around the country and that it has great potential as a financing tool if fully harnessed. Accordingly, it was exposed that civic crowdfunding as a practice is not new and its successes can be traced back to the financing of the Statue of Liberty pedestal during the 19th century. Thus, tenets of today's civic crowdfunding can be identified in the circumstances of the Statue of Liberty experience. Whilst, as it was explained in Chapter Two that civic crowdfunding as a field of study is recent (i.e. a phenomena of the 2000s), the Glyncoch Community Centre sits as one of the success stories since civic crowdfunding became an academic discourse. Further to that, the case of the Liverpool Flyover is one example that solidifies the importance of citizens in the governance of cities. In fact, the three case studies (Statue of Liberty, Glyncoch Community Centre, Liverpool Flyover) expose that citizens are willing to be stewards

in the communities. The case of the BD Bacata Tower construction is one that can be identified as depicting that the sky is the limit for crowdfunding. On the same note, the case of Live Lebanon portrays the importance of crowding in development partners in developing crowdfunding projects. Live Lebanon resembles a well-designed inclusive model that harnesses different financial instruments, stakeholders and strategies to achieve development. On the contrary, the case of Skynotch energy provides important points of reflection on the need to localise crowdfunding initiatives and capitalise on local platforms that suite local people.

The study, in this chapter, drew some important lessons from the seven case studies interrogated. These lessons are both for local governments and citizens. In addition to that, this chapter also highlights some important factors that are at the centre of the success of the case studies discussed above and of civic crowdfunding in general. These factors include: the role crowdfunding platforms plays; the influence of social media; the criticality of online and offline communities; an enabling regulatory framework; and the motivation given by rewards and acknowledgements. This chapter also interrogated the major concerns emerging from the adoption and application of civic crowdfunding. Emerging concerns are issues such as risk and uncertainty, cost of capital, risks and uncertainty, fraud and cyber-crimes, equity together with problems of free or cheap riding.

Whilst the case studies discussed above may project a rosy picture on the potential and capacity of civic crowdfunding, the emerging concerns are serious challenges that civic crowdfunding must address. The next chapter expounds the research design and research methodology utilised for purposes of operationalising the research questions and objectives. Thus, in the next chapter, the research findings of the study will be presented and analysed.

CHAPTER FIVE
CROWDFUNDING FOR COMMUNITY INFRASTRUCTURE REHABILITATION IN THE COH: EMPIRICAL FINDINGS

5.1 INTRODUCTION

Chapter Two of this study contextualised civic crowdfunding within the ambits of Public Administration and uncovers the meta-theoretical underpinnings of crowdfunding. Chapter Three focused on performing a gap analysis between different local government revenue mechanisms and actual financial needs of local authorities, especially as far as community infrastructure rehabilitation is concerned. It was further argued that crowdfunding, as an alternative method of local government financing, can make a significant contribution to fill such a gap. Chapter Four investigated international experiences and uncovered best practice from cities around the world that embraced civic crowdfunding. In this regard, these three chapters formed part of the literature review adopted as data collection instruments in this study. This chapter covers the empirical exploration of the study and presents the research's major findings. These findings will be used to inform the major objective of this study which is to develop an integrated civic crowdfunding model for application by the CoH. In light of this, the main objective of this chapter is to investigate the institutional structures, processes, systems and engagement mechanisms with major stakeholders that should be put in place when adopting civic crowdfunding in local government.

The data presented and analysed in this chapter was gathered through semi-structured interviews administered to purposively-sampled key informants and was triangulated by means of an extensive document analysis. The data was presented and analysed using codes and themes emanating from the interview schedule and from the recurring (i.e. frequency) responses of the participants. Figures and tables were used to summarise the major responses of the key informants where necessary. The key informants' exact words (i.e. direct verbatim of responses) are presented as they were spoken in response to the questions posed to them to gather their expert views and opinions.

5.2 OVERVIEW OF THE COH

The CoH (known before 1980 as Salisbury) was established on 13 September 1890. It was declared a municipality in 1897 and subsequently as city in 1935 (www.hararecity.co.zw). The 2012 national census put the population of the CoH at about 1 485 231 people (ZimStat, 2012). The CoH official webportal, "www.hararecity.co.zw", puts the population of Harare at 2,123132 people. This makes Harare the most-highly populated city in Zimbabwe. Harare can furthermore be regarded as the "face" of Zimbabwe as it is both the administrative capital and industrial hub of the country. According to CoH (www.hararecity.co.zw), Harare is led by an elected council consisting of 46 elected Councillors, including an elected Non-Executive Mayor and Deputy Mayor. The 46 Councillors represent the residents of the wards in which they are elected at policy level (www.hararecity.co.zw). Constitutionally, the CoH represents a tier of government provided for in section 5(C) (i) of the Constitution. Legally, the CoH is guided by the dictates of the Urban Councils Act (Chapter 29:15). The Council is subject to the National Government through the Ministry of Local Government, Public Works and National Housing (as shown in Chapter Three subsection 3.3.1.1). The CoH provides local government services such as education, health, recreation, housing, water and sanitation, fire and ambulance, road construction and maintenance, burial and cremation services among others through its departments that are headed by Directors (www.hararecity.co.zw). The directors are accountable to the Town Clerk who heads the city's bureaucracy.

The CoH is responsible for a variety of community infrastructure across the city which is administered through administrative districts. However, there is some community infrastructure which is being superintended by the Sports and Recreation Commission, National Museums and Monuments of Zimbabwe and the National Arts Council. According to CoH (www.hararecity.co.zw), the CoH have been facing significant financial and capacity challenges that resulted in most of its infrastructure becoming dilapidated. However, the CoH has set itself the aim for renewal and a vision "to achieve world class city status by 2025" (www.hararecity.co.zw).

5.3 RESEARCH METHODOLOGY

The study adopted a qualitative research design. According to Guba and Lincoln (2011:3), “qualitative research consists of a set of interpretive, material practices that make the world visible”. It is essentially interpretive in nature and attempts to make sense of phenomena in terms of the meanings people ascribe to them. On the same note, Denzin and Lincoln (2011:4) observe that qualitative researchers deploy a wide range of “interconnected interpretive” research practices to obtain “thicker” descriptions of the subject matter at hand.

5.3.1 Research design

This interpretive study adopted a single case study approach. Yin (2009:2) outlines that case studies are useful when focussing on new developments. Hence, this study was aimed at developing a civic crowdfunding model that can be used to rehabilitate community infrastructure in urban areas. This case study approach was chosen because it is open to the use of theory or conceptual categories that guide the research and analysis of data (Meyer, 2001:331). The CoH was selected as case study. As noted by Meyer (2001:333) citing Eisehardt (1989), the logic in case studies involves theoretical sampling in which the goal is to choose cases that are likely to replicate or extend the emergent theory or to fill theoretical categories. This case study approach was chosen for this study because of its “ability to deal with a full variety of evidence documents, artefacts, interviews, and observations” (Yin, 1994:8). Thus, this approach enabled the researcher to use key informant interviews as well as document analysis.

The CoH was selected because it has not used civic crowdfunding to fund the rehabilitation of community infrastructure despite the fact that it is an emerging tool that is gaining momentum. This makes the CoH an interesting case study provided a civic crowdfunding model for the rehabilitation of community infrastructure will be developed in the sections below.

5.3.2 Data collection instrumentation

Since the study is qualitative, Marshall (2006:97) notes that “researchers typically rely on four methods for gathering information: (a) participating in the setting, (b) observing directly, (c) interviewing in depth, and (d) analysing documents and material culture”. On that note, interviews and document analysis were used for the purposes of this study.

5.3.2.1 Key informant interviews

Khan and Connell (1957:248) define an interview as a purposeful discussion involving two or more people. Kumar (1989:1) also defines key informant interviews as “involving interviewing a selected group of individuals who are likely to provide needed information, ideas, and insights on a particular subject”. Key informants are selected for their specialised knowledge and unique perspectives on a topic (USAID, 1996:1). Therefore, since this study is interpretive in nature, it sought to understand the very basis and source of social reality (Burrel and Morgan, 1979), soliciting for insights on coming up with a civic crowdfunding model that can be used to rehabilitate community infrastructure in urban areas. Thus, purposively sampled key informants were asked to answer identified questions. These key informants will be selected from the CoH, government represented by the Ministry responsible for local government, residents’ associations, civic society organisations who work with local governments, academia, local government experts and international development partners resident in Zimbabwe. The researcher designed an interview schedule or guide for the purposes of semi-structured interviews with selected participants. The interview schedule was pre-tested with a small sample of the respective participant groups to ensure that all questions are clearly formulated and understood. In addition to pre-testing, data and source triangulation was used for the purposes of compiling the interview schedule and verifying the data obtained.

Key informant interviews have some advantages. First, since information is obtained directly from knowledgeable people, therefore, key informant interviews often provide data and insight that cannot be obtained with other methods (Kumar, 1989:3). Moreover, it was observed during the study that “key informant interviews provide

flexibility to explore new ideas and issues that had not been anticipated in planning the study but that are relevant to its purpose" (Kumar, 1989:3). However, this research technique has its own shortfalls. According to USAID (1996:2), key informant interviews "may be biased if informants are not carefully selected". Thus, to counter these shortfalls this technique was complemented with document analysis.

5.3.2.2 Document analysis

According to Mogalakwe (2002:221) and Desey (2003:34), document analysis can be regarded as a research instrument to collect, record, analyse or interpret information from secondary sources such as texts, magazines, news, journals and official government publications. Mogalakwe (2006:223) further postulates that "documents range from public through private to personal documents". Explaining the argument, Mogalakwe (2006:223) put across that:

> "the list of public document sources include government publications such as Acts of Parliament, policy statements, census reports, statistical bulletins, reports of commissions of inquiry, ministerial or departmental annual reports, consultancy reports, etc. Private documents often emanate from civil society organisations such as private sector businesses, trade unions and non-governmental organisations, as well of course from private individuals. They include minutes of meetings, board resolutions, advertisements, invoices, personnel records, training manuals, interdepartmental memos and other annual reports."

Document analysis was used to supplement and complement data collected through key informant interviews. Therefore, as part of the analysis, the study examined resolutions, official speeches, policy documents and legislations, official correspondence, policy statements, administrative reports, newspapers and letters, memoranda, communiques, announcements and minutes of meetings.

5.3.3 Sampling

The study used a purposive sampling technique. Oliver (2006:245) defines purposive sampling as a form on non-probability sampling in which decisions concerning

individuals to be included in the sample are taken by the researcher. On the same note, Babbie (2010:193) defines purposive sampling as the selection of a sample basing on the knowledge of a population, its elements, and the purpose of the study. According to Teddlie (2007:77), purposive sampling techniques are primarily used in qualitative studies and may be defined as selecting units based on specific purposes associated with answering a research study's questions. Maxwell (1997:87) also defines purposive sampling as "particular settings, persons, or events which are deliberately selected for the important information they can provide that cannot be gotten as well from other choices". Dooley (2004:136) argues that in purposive sampling researchers choose participants because of certain characteristics.

This sampling technique was employed in the selection of units of analysis to be interviewed due to the fact that the researcher was of the view that some units of analysis were more knowledgeable and possess required information in the subject being studied than others. In this case, this technique was used to select key informants who provided unique information which could not be easily obtained from every other person. In that regard, a sample size of 33 participants (n=33) was identified and the sample size was broken down to include participants drawn from the CoH, Ministry of Local Government, Public Works and National Housing, residents associations, civic society organisations who work with local governments, academia, local government experts and international development partners resident in Zimbabwe.

Table 5.1: Stakeholder groups of participants

Stakeholder group	Sample size	Randomly given reference code
CoH	7	e.g. K102, KI03, KI10, KI14, KI21, KI26, KI27
Ministry of Local Government, Public Works and National Housing	4	KI07, KI15, KI17, KI18
University of Zimbabwe (Department of Politics and Administrative Studies, Department of Rural and Urban Planning and Centre for Applied Social Sciences)	7	KI01, KI05, KI06, KI09, KI13, KI22, KI28
North West University and University of Witwatersrand	2	KI12, KI33
Residents Associations	1	KI30
Municipal Development Partnership	2	KI23, KI24
Urban Councils Association of Zimbabwe	1	KI08
International Developments Partners	3	KI04, KI19, KI32
Other Civic Society Organisations	6	KI11, KI16, KI20, KI25, KI29, KI31
Total	**33**	

Questions contained in the interview schedule were adjusted slightly to fit the field of expertise of the participants.

5.3.4 Data presentation and methods of analyses

Creswell (1994:153) observes that qualitative analysis involves “sorting the information into categories, formatting the information into a story or picture and actually writing the qualitative text”. Yin (1994:41) also weighs in and argues that data analysis consists of examining, categorising, tabulating, or otherwise recombining the evidence to address the initial propositions of a study. This study used thematic analysis as a qualitative data analysis technique.

5.3.4.1 *Thematic analysis*

Data collected through mainly key informant interviews was presented and analysed through thematic analysis. According to Gibson (2006:1), “thematic analysis is an approach to dealing with data that involves the creation and application of ‘codes’ to data. The ‘data’ being analysed might take any number of forms – an interview transcript, field notes, policy documents, photographs, video footage”. Basically, “the goal of a thematic analysis is to identify themes, i.e. patterns in the data that are important or interesting, and use these themes to address the research or say something about an issue” (Maguire and Delahunt, 2017:3353). As Neuendorf (2018:212) postulates, “thematic analysis assumes that the recorded messages themselves (i.e., the texts) are the data, and codes are developed by the investigator during close examination of the texts as salient themes emerge inductively from the texts”. The themes used were mostly derived from the research questions and some were used to depict recurring opinions and views of the key informants. Thus, thematic analysis was used on what Braun and Clarke (2006:84) distinguish as semantic and latent themes. The semantic level involved analysing data “within the explicit or surface meanings of the data and the” researcher was “not looking for anything beyond what a participant has said or what has been written” (cf. Braun and Clarke, 2006:84). The latent approach involved “identifying or examining the underlying ideas, assumptions, and conceptualisations – and ideologies - that are theorised as shaping or informing the semantic content of the data” (cf. Braun and Clarke, 2006:84).

5.4 ETHICAL CONSIDERATIONS

Cognisant of the fact that this research involved human participants, the researcher made sure participation of participants was voluntary and participants reserved the right to withdraw at any time. Thus, no element of deceit, force, duress, coercion, fraud or overreaching was used to make participants participate in the study. All key informants were made aware of what the research implies and were asked to voluntarily sign an informed consent form attached in this study as Appendix B. Through their consent as they would have agreed in the consent form, interviews were recorded on an audio device but the researcher did not audio record those who chose through ticking ‘NO’ to a subsection in the Consent Form. Thus, the views of those

who did not prefer audio recording of their interviews were captured through writing in the researcher's notebook. The researcher also sought and was granted permission from the CoH granting authorisation to conduct key informant interviews with officials who work for the city. The authorisation letter is attached as Appendix C. The researcher also formally requested for permission from the Ministry of Local Government, Public Works and National Housing which was subsequently granted and is attached as Appendix D. Attempts to get authorisation to engage key informants from Econet Wireless, its sister company Steward Bank and philanthropic arm HigherLife Foundation were unsuccessful as they did not respond to written requests for authorisation until the time this study was finalised and submitted. Hence, all issues relating to their crowdfunding initiatives were drawn from publicly available documents and media reports.

The study strictly conformed to the North-West University's Ethical Clearance Procedures as provided for by the Ethics Certificate issued (Issue number NWU-00434-18-A7). The study also emphasised issues of anonymity on all the informants interviewed. To this end, all participants will not be referred to by their names or posts and will be referred using a code name Key Informant (KI) and a random number. Thirty three key informants were interviewed and each was given a random number from 1 to 33. Hence, the participants will be identified through codes such as KI01, KI11 or KI30 to keep their identity anonymous.

5.5 RESEARCH EXPERIENCE

The research commenced with the researcher seeking for permission from the gatekeepers and making appointments with selected key informants. However, the limitations of the study included the fact that in Zimbabwe, government, public institutions and even private organisations maintain a watertight grip on information and restrict its disclosure to the public. Hence, at first and throughout the research, most government officials were reluctant to be interviewed citing restrictions prescribed by the Official Secrets Act even if the researcher had obtained authority from authorities (Ministry of Local Government Public Works and National Housing) to undertake interviews with officials. This was worsened when most participants discovered that I was coming from a foreign university. However, after explaining to

the interviewees that the research was also bound by the Act (providing proof of a signed copy of the Official Secrets Act which the researcher was mandated to adhere to) and further disclosing to them the purposes of the study, some participants opened up for the interviews and others maintained their refusal. To those who agreed to participate, it was attributed to assurances given supported by the authorisation letter and this allowed the researcher to be able to freely conduct interviews with the selected officials and to be given supplementary documents to complement the interviews.

The following are some of the challenges encountered during the research:

- Some key organisations did not respond to requests for permission to engage them in the study through either availing key informants or secondary data. For example, Econet Wireless, Steward Bank and HigherLife Foundation did not respond to requests to avail data on their crowdfunding initiatives which they conducted for cholera response in Harare and for Cyclone Idai. After physically engaging the three organisations, and being informed to electronically mail the applications no responses or feedback was given until the research was completed. To this end, the researcher had to use publicly available resources such as official documents available on their website as well as media reports.

- In spite of the pre-testing (piloting) of the interview schedule, some participants requested to receive the interview questions prior to the interview to ensure that they understand the nature of the questions. In such instances, the schedule was electronically mailed. During the face-to-face interviews it became apparent that these participants were in general better prepared to provide meaningful and detailed input. Skype interviews were also used in the case of two participants who were abroad during the time of the survey.

- Some participants were unavailable due to pressing government work commitments. For example, the research coincided with the disastrous Cyclone Idai which affected Eastern Zimbabwe. This resulted in some participants cancelling all appointments they had scheduled. The same situation affected

appointments that had been planned with members of international development agencies. However, as the situation stabilised, most of the interviews were rescheduled. A participation rate of 60.2% was achieved with government officials.

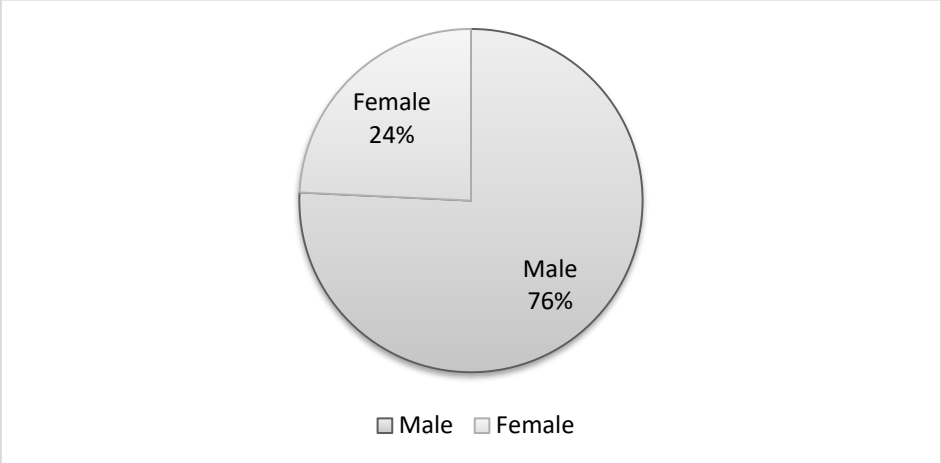
5.6 PRESENTATION OF THE EMPIRICAL FINDINGS

The findings presented in this section are based on the views and opinions expressed by key informants who responded to semi-structured interviews. During the administration of the key informant interviews, standard open-ended questions were prepared in advance by means of an interview schedule.

The key informant interview schedule had two sections. The first section collected biographical information of the participants, including:

a) Gender;
b) Current position or job title;
c) Years of experience on the current position; and
d) Years of experience in the sector.

Figure 5.1: Gender profile of the participants

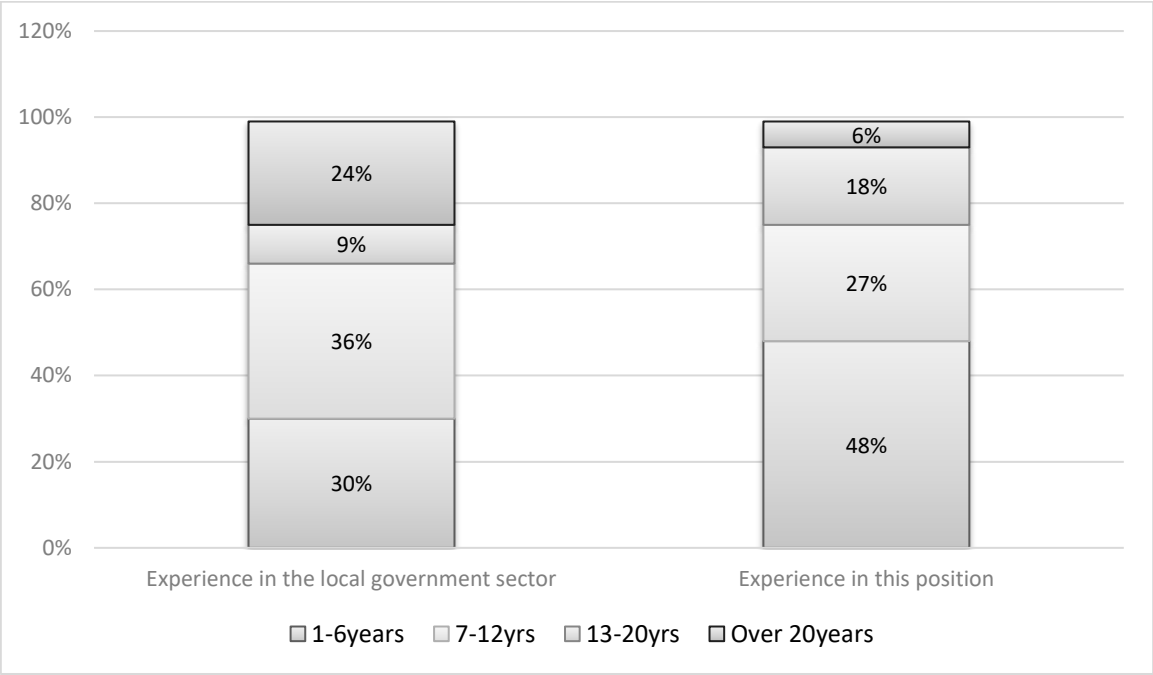


As shown, the majority of the participants were males who constituted nearly three quarters (76%) while female participants accounted for almost a quarter (24%).

Table 5.2: Years of experience of the participants

	1-6 y	7-11 y	12-20 y	+20 y	Total
Number of years in this position	16	9	6	2	**33**
Number of years in this sector	10	12	3	8	**33**

Figure 5.2: Percentage experiences of the participants



As indicated, over 33% of key informants had over 12 years of experience in the same field with only 30% having less than 7 years of experience. Some of these participants who were interviewed were both academics and members of civic society. A significant number of participants had moved from the academics to either government, CoH, civic society, development partners or vice versa. This reflects vast amounts of experience in both the practical and theoretical terms. More than half of key informants had seven years and more in terms of experience on their positions. Also, the data shows that although 24% of the key informants had over 20 years of experience in their respective sectors, only 6% had the same experience in their current positions. In terms of academic qualifications, all of the key informants had Masters Degree qualifications, four had PhDs and eleven were at different stages of attaining PhD degrees at various universities in and outside Zimbabwe.

In the second section, the research used themes to present and analyse the data obtained through interviews and document analysis. These themes were developed from the open-ended questions that were featured in the interview guide and in certain instances from the recurring views and opinions of the participants. This was also supported by what was gathered through documents analysed. Documents were used for two important reasons. Firstly, some documents reviewed were referred to in the responses of the participants, for example, legislation and policy statements. Secondly, certain organisations did not respond to requests or applications to be involved in interviews so the researcher had to rely on publicly available secondary data such as publications, memorandums, minutes of meetings, press releases and media reports. Apart from this, the researcher made effort to capture the direct verbatim of the participants in the presentation of the findings. Where verbatim was not presented, attempts were made to ensure that the findings were captured in the context in which statements were made during interviews (cf. Flick, 2014:385–386).

5.6.1 Conceptualising crowdfunding for purposes of infrastructure rehabilitation

This theme sought to establish from the experts their views and opinions with regard to the general use of crowdfunding in community infrastructure rehabilitation. Participants were asked the following question: What is your expert opinion about the utilisation of crowdfunding for purposes of city infrastructure rehabilitation? To this end, the data was presented depicting popular views and in the same context capturing the direct verbatim of key informants. The data from the key informants was further corroborated with findings from official documents reviewed.

The study revealed that the majority of key informants were of the opinion that crowdfunding generally is a noble cause that is worth pursuing. In other words, there was generally consensus amongst key informants that were interviewed in this study on the potential of crowdfunding in local government. Although acknowledging the potential of crowdfunding to city infrastructure rehabilitation, participants had contrasting expert views on its usage. Thus, evidence points to the fact that participants viewed crowdfunding from three perspectives that included the financial part, citizen participation viewpoint and political standpoint. Sixty percent of

participants focused on the financial potential of crowdfunding in local authorities (with mixed views on this). Eighty-five percent of the participants had views and opinions that highlighted both issues of financial mobilisation and citizen participation (these findings indicated the interrelationship between the two). About five percent of participants chose to respond to the issue of utilisation of crowdfunding from the political implications and complexities involved. To these, crowdfunding will be a political contest because of the politics that is inherent in local governance in Harare. Thus, participants who were identified with this continuum indicated that crowdfunding will either be politicised or will not succeed because actors that are likely to be involved are polarised. To these participants, participation in crowdfunding will be political, the mobilised resources harnessed for political gain. One participant, who supported this view, commented as follows in this regard:

> "If you look closely at the rehabilitation of Matapi flats being done in Mbare, you will see how different political actors are trying to capitalise on the project. On one hand, you have the council predominantly controlled by the MDC taking credit and on the other hand, you have the central government. I think you might have seen in the news the President, ED (an alias taken from President Mnangagwa's first two names Emmerson and Dambudzo), touring the flats to check the progress of the rehabilitation work. So to them this is no longer about rehabilitation, it is about who will take credit. Now think of what will happen with your crowdfunding, it will just perpetuate this 'we did this for you' politics".

In as much as some corroborating views on the potential and nobility of crowdfunding were observable more than the supposed shortfalls, collected evidence shows there are major weaknesses on the part of local authorities on recognising crowdfunding's potential. Concerns of failure to harness and systematise crowdfunding as a local government instrument emerged. According to a key informant selected from the civil society, "there is under realisation of the potential that lies in crowdfunding and there is under appreciation or under recognition of this potential that remains to be harnessed and tapped". The under-realisation is also evident in the policy documents analysed. For example, the CoH Service Delivery Charter on resident participation blurrily says:

> “Citizens will be motivated to participate in all council processes and programmes to the extent possible and to provide feedback about the level and quality of the social services they receive. To this end, Council commits to the following participation arrangements:
>
> a) Establishment of effective consultation forums relevant to the service delivered and the targeted client base;
> b) Development and implementation of assessment tools that will be used in conducting citizen and client satisfaction surveys; and
> c) Provision of quarterly, half yearly and annual reports for public scrutiny, and reports on feedback to and from wards through councillors”.

Thus, it can be argued that the CoH might be failing to openly and categorically embrace new trends that can help in the rehabilitation of community infrastructure. In other words, the CoH might be slow in understanding what is coming out of literature. For example, according to Saxena (2013:14), participation should include the notions of contributing, influencing, sharing, or redistributing power and of control, resources, benefits, knowledge, and skills to be gained through beneficiary involvement in decision-making. Such forms of participation manifest in the adoption and embracement of civic crowdfunding. Similar sentiments were also reflected by another key informant that was selected from local authorities interest group identified in this study as KI08 who was of the view that “crowdfunding is a concept that if developed well, with the right aim and objective” can help in community infrastructure rehabilitation. On this, another key informant from an international development agency argued that “crowdfunding has benefits theoretically in terms of mobilising resources and increasing citizen participation but we haven’t lived it so there is no exposed lived experiences to say this is how it will work or not”.

Crowdfunding presents the opportunity to raise much needed funds for local initiatives (Hollow, 2013:70). Moreover, as literature evidence shows that “thanks to new technology, people now have the chance to directly shape their city like never before. From Facebook to Sketchup ... we now all have the tools to organise, design, fund and realise civic projects that were once only accessible to professionals” (Crowdfund London, n.d.:5). Against this backdrop, empirical findings point to the gap that exists due to the intricacies around crowdfunding as a concept and practice. For instance,

one renowned local government expert had this to say: “I think there has been considerable use of crowd funding in Harare. In the context of city rehabilitation I do not know of its extensive use as a funding tool”. This response seems to be contradictory but in essence it points to what was discussed in Chapter Four subsection 4.5.1 as the *sui generis* nature of crowdfunding. This is a debate that requires further inquiry.

5.6.2 CoH’s readiness to adopt crowdfunding

This theme sought to establish if the CoH is in a position to embrace crowdfunding. Regurgitating the verbatim of the participants where necessary, the data presented and analysed reflect the popular views and opinions of the key informants that were interviewed.

The findings indicated a lack of consensus on whether the CoH is better positioned to embrace civic crowdfunding. For instance, KI04 stressed that “at institutional level the propensity of using crowdfunding as an approach in the CoH is high”. These sentiments were supported by documentary evidence reviewed that included CoH publications such as the March to May 2018 Edition of the Sunshine News. The edition carries a story in which it is reported that the “CoH applauded residents of Mt Pleasant for taking a leading role in refurbishing their local clinic” (Kutaura, 2018:2). The study’s findings also revealed that the CoH had benefited from various other resident initiatives that had culminated in the refurbishment of CoH district offices in Budiriro and Mabelreign as well as the Waterfalls Community Hall (this was stated by KI14 selected from the CoH and corroborated with CoH memorandums that were scrutinised by the researcher as part of documentary review). These initiatives significantly resemble civic crowdfunding in scope in that the residents in the respective communities donated the resources used for the refurbishments.

In support of the above, participants selected from the academia maintained that in terms of readiness, there are some aspects especially in the CoH which are pointing to the right direction. According to KI01, “the idea that the CoH implemented decentralisation within decentralisation is enough testimony to show that they are trying to create a conducive environment upon which local residents can participate in

different local government activities". KI01, KI06, KI09, KI18, KI26, KI27 and KI29 believe that strides made by the CoH in engaging citizens for example through participatory budgeting provide the foundation for civic crowdfunding in terms of the platforms and systems. This prompted Wei (2018:84) to argue that:

> "In many cities, residents usually do not play a direct role in improving public infrastructure and spaces, which governments are largely responsible for. Public participation is often limited to complaints to or consultations with authorities on existing plans".

Nevertheless, five participants from the CoH concurred that the local authority was open and ready to embrace civic crowdfunding. In this light, one participant KI10 remarked that "the more the financing sources the better".

One popular view amongst the participants was that the CoH should embrace crowdfunding out of necessity. In this view, the findings of the study indicated that given the resource constraints that the city is facing it might be prudent to adopt other alternative mechanisms such as crowdfunding to address these widely documented resource limitations. In this regard, KI08 remarked that:

> "It (CoH) is one of the cities that must embrace crowdfunding because it has the greatest challenge in service delivery. The residents should have learnt a lesson that council on its own is unable to overcome the challenges we have".

Supportive of these sentiments but from a different point of departure was KI24, who on a different note reiterated that:

> "I think they (CoH) should be in that position (to embrace crowdfunding) because they have failed dismally to actually deliver services, and if communities have the initiatives they want to implement, I think the council should be grateful. Because it would be someone taking care of what they (CoH) should be doing".

Evidence presented above (i.e. submission of KI08 and KI24) depicts the dilemma that is facing public administration in the 21st century. The theoretical underpinnings of this study that was presented in Chapter Two, which underlined core issues of government and governance and the transitions thereof. Further developments that are associated with the study of Public Administration were also scrutinised from Traditional Public Administration to NPG and NPS. Under NPG, it was argued that civic crowdfunding emerges as part of network governance. Also, the chapter went further to analyse the "stewardshipness" of crowdfunding in a network governance context. The import and importance of this reflection is to show that local government practitioners and analysts still have different views on the role of government and citizens as depicted in the two responses quoted above. In addition, KI24 still believes in the Old Public Administration where government is the provider of public goods. Such a viewpoint is opposed by Bourgon (2011:26) as "crowding out the contribution of society" and "raising the overall cost to society of achieving collective results". On the other hand, KI08 seems to appreciate the developments such as the shift from government providing services to citizens to achieving results with citizens in ways that open up avenues to integrate the public, private and civic spheres (Bourgon, 2011:26). To this end, the findings of the study point to the fact that Harare's readiness should not be narrowly contextualised but should be broadly understood. In other words, adoption of crowdfunding hangs on the ability of the CoH to reflect on its governance architecture and whether it is prepared to change.

The findings also reflect some scepticism towards civic crowdfunding being adopted in the CoH. On this, two schools of thought that concurred emerged, but the schools of thought exhibited sharp diverging opinions on the matter. The first school of thought was represented by one key informant coming from the academia and was sceptical of local authorities like the CoH embracing civic crowdfunding. Thus, the key informant KI11 regrets that: "with these funding mechanisms local authorities will abdicate their roles *vachiti vatowana vanovabetsera* (saying they have found those who can bail them out) instead crowdfunding should be in addition to the official council responsibilities". These sentiments are in line with what was reviewed in literature in Chapter Three and Chapter Four that civic crowdfunding should only seek to supplement and complement existing instruments and never to replace them. In other

words, KI11 is emphasising Mayer's (2016:44) views that, "civic crowdfunding is not a replacement for traditional budgeting and project development structures".

The second school of thought that emerged in the findings (i.e. from the interviews carried out) is associated with literature by Davies (2014a), Michelucci and Rota (2014), Boyer and Hill (2013) and Boyle (2016) and focuses on the purported disruptive effects of crowdfunding. To this school of thought, crowdfunding might end up effecting deep structural changes in the CoH. The leading proponent of this school of thought, KI24, responded as follows:

> "There is that fear that the moment once those (crowdfunding) initiatives are successful, people will begin to say maybe then why do we need council? It is a waste of time and resources. People will start to say that institution is redundant we do not need it. It may have a demonstration effect, in terms of pointing to the fact that, maybe, some of these creations are just bureaucratic and they do not function. You can do it on your own".

The sentiments highlighted by KI24 might seem to be far-fetched but in essence they align well with concerns raised in literature by Davies (2014a:43) who asks the pertinent question: "Can an alternative method of getting something done not only get it done, but also exert influence on the existing, broken method"? This is something that will also require further academic enquiry in the future. On this, several scholars have allegedly without showing concrete evidence (i.e. evidence in the form of case studies where this has happened or is happening) weighed on the disruptive capacity of crowdfunding. Davies (2014a:103) purports that crowdfunding can erode public institutions. Boyle (2016:12) also argues that civic crowdfunding can force the hand of rigid bureaucracies. On the same note, Boyer and Hill (2013:13) are of the view that "...while citizens may not have the tools to rapidly recalibrate decision-making processes about their city, they are certainly capable of working outside of them, getting on with doing something..." This evidence might suffice to justify why the CoH might not be in a position to embrace civic crowdfunding.

5.6.3 Contextualising civic crowdfunding in the CoH's vision of achieving world class city status by 2025

The study indicated that the CoH has an ambitious vision of "achieving world class city status by 2025". This vision was emphasised by all participants selected from the CoH that were interviewed by the researcher and further reiterated in CoH documents analysed in this study. However, the study revealed that the CoH is facing challenges in achieving its vision. In this view, the study found out that the most popular challenge faced by the CoH, in its vision of achieving world-class city status by 2025, revolved around constraints in raising resources to finance its obligations and responsibilities that include community infrastructure development and rehabilitation. One of these challenges, raised by over two thirds of the participants interviewed, is the lack of or reduced central government transfers. For instance, one interviewee selected from the academia and identified in this study as KI01 had this to say:

> "Previously, from the 1990s, local authorities in Zimbabwe used to receive support from central government in the form of Public Sector Investment Programmes (PISPs) but nowadays they are no longer receiving that fund and this has been worsened by the fact that residents in general are no longer paying rates".

KI01's sentiments are supported by the World Bank and Government of Zimbabwe (2017:18) which stress that:

> "The local authorities, especially urban local authorities, used to receive a larger share of capital finance from the central fiscus through the Public Sector Investment Programme (PSIP) and other grant programs, but due to fiscal constraints this source of revenue has fallen in recent years".

This was also corroborated by the evidence gathered through the analysis of the CoH's budget statements for the years 2016, 2017, 2018 and 2019. The budget statements show that there were no transfers received by the CoH as budgetary support. In the same vein, one participant selected from an international development agency, argued as follows:

> “I think what makes the situation worse is that Zimbabwe is the only country in the world where local authorities are not funded by the central government and that puts them in a deeper trough. In other countries there are few grants that come from the centre”.

Moreover, the study found that the Constitution of Zimbabwe through section 301(3) mandates the central government to allocate “not less than five percent of the national revenues raised in any financial year ... to the provinces and local authorities as their share in that year”. Hence, the CoH is supposed to receive these resources. A review of the 2019 national budget shows that about US$300 million was allocated for the provinces and local authorities. However, about eight participants interviewed stressed that up to date the money has not been disbursed to local authorities. The failure by government to allocate resources to local authorities was described by a number of participants as violating the Constitution. Against this background, the research found that there was a need for the CoH to circumvent these deficits by finding alternative sources of financing such as civic crowdfunding, if it is to achieve its vision of attaining “world class city status by 2025”. According to one academic interviewed, after reflecting on the failure by the CoH to receive resources from the central government remarked as follows:

> “These issues are pointing to the fact the CoH needs to come up with alternative sources of revenue that lesson the burden both on the part of the local government and the central government. Experiences across the globe also demonstrate that governments are generally operating in an environment of limited fiscal space”.

The academic’s views were also shared by an interviewee selected from an international development agency, KI04, who submitted that “such a situation calls for more innovation and creativity”. KI04’s argument is that the CoH should look onto new or emerging phenomena such as civic crowdfunding. This is further supported in literature by Hollow (2013:70) who underscores that crowdfunding “has opened up a new source of funding when governments and businesses around the world are cutting back on their spending”.

5.6.4 Role of stakeholders in civic crowdfunding

This theme sought to establish from the key informants whom they think can be the main stakeholders in civic crowdfunding in Harare. To this end, key informants were asked the following question: Who do you think should constitute the main stakeholders in the adoption of crowdfunding in local authorities such as the CoH? Please elaborate your view identifying the possible initiators, backers and adversaries. Data in this theme was presented in the form of sub themes reflecting popular views of the interviewees.

Concerning the stakeholders that should be involved in crowdfunding initiatives, the research revealed that citizens should be at the forefront of any crowdfunding activities and that the CoH, residents associations, non-governmental associations, academia, the central government and churches must also be involved in civic crowdfunding in different capacities and roles. The findings confirm that crowdfunding propagates a network form of governance that is enunciated by the NPG Paradigm as was shown in Chapter Two section 2.3.5. In the sections below, the study will break down for presentation and analysis the main stakeholders revealed by the study's findings.

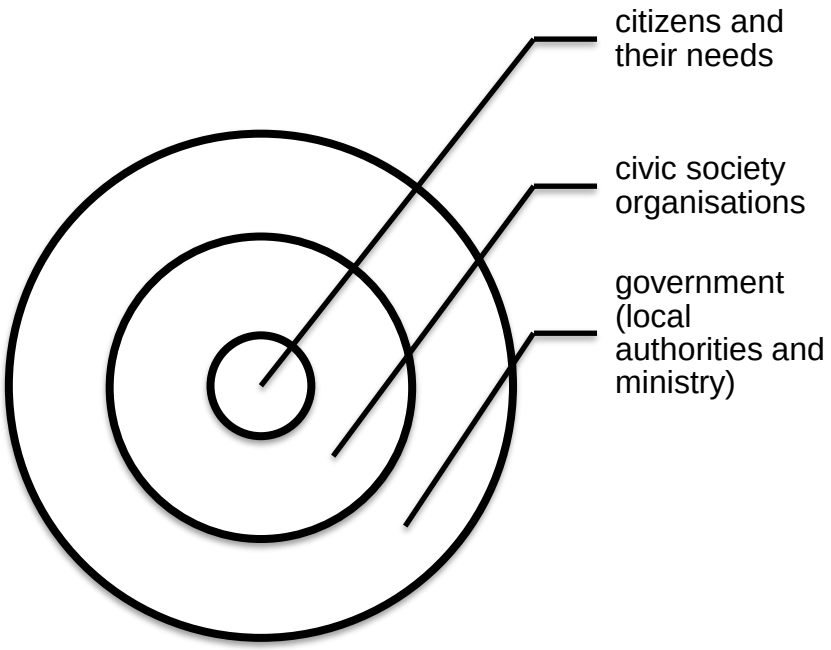
5.6.4.1 Residents/citizens

The findings of the study identified citizens as the most important stakeholder in civic crowdfunding. All the key informants interviewed in this study concurred on the role of the citizens/residents. In this light, residents were considered as central in both crowdfunding and local governance. Most participants were of the view that citizens should be the initiators of crowdfunding projects or the brains behind the civic crowdfunding. On that note, two key informants identified in this study as KI22 and KI33 reiterated that citizens are participants as well as drivers of crowdfunding. KI22 remarked that: "citizens should be involved in implementation, giving whatever skills they have or whatever resources at their disposal towards the realisation of the project and also carry out monitoring and evaluation of the projects".

According to an official representing local authorities in Zimbabwe, KI08, citizens should be at the centre of a crowdfunding model and supported by residents

associations and civic society organisations. The official was of the view that “residents associations are the watchdogs but the residents are the key players in crowdfunding”. As depicted in Figure 5.3 below, the official noted that at the outer circle must be the government (including local authorities such as the CoH)”.

Figure 5.3: Citizens of Harare’s role in crowdfunding



Source: Researcher’s own based on interview with KI08

KI08’s model falls in line with inclusive local governance principles developed by Chatiza *et al*. (2016:23) as shown in Figure 5.4 below.

Figure 5.4: Summary of inclusive governance principles

Source: Chatiza *et al.* (2016:23)

These findings align well with the broader theoretical disposition of the study which aims to make citizens stewards of their communities. In addition, the findings of the study sit well with the NPG Paradigm which aims to put citizens at the centre of its frame of reference (Robinson, 2015:9) by recognising their contribution, identifying them as actors and value creators (Bourgon, 2010:19). Thus, findings from key informants agree with both theory and findings from literature reviewed. For example, in the case study of the Statue of Liberty analysed in Chapter Four (section 4.2.1) upheld the huge role played by an individual Joseph Pulitzer and other New Yorkers.

5.6.4.2 Churches

This theme sought to build-up on the stakeholders identified by key informants on 5.1 above. To this end, a sizeable number of key informants stated that churches can be champions in the conduct of civic crowdfunding in the CoH. To this end, data in this theme was presented depicting popular views of the key informants, often supported with their direct verbalism and reinforced by documents analysed where necessary.

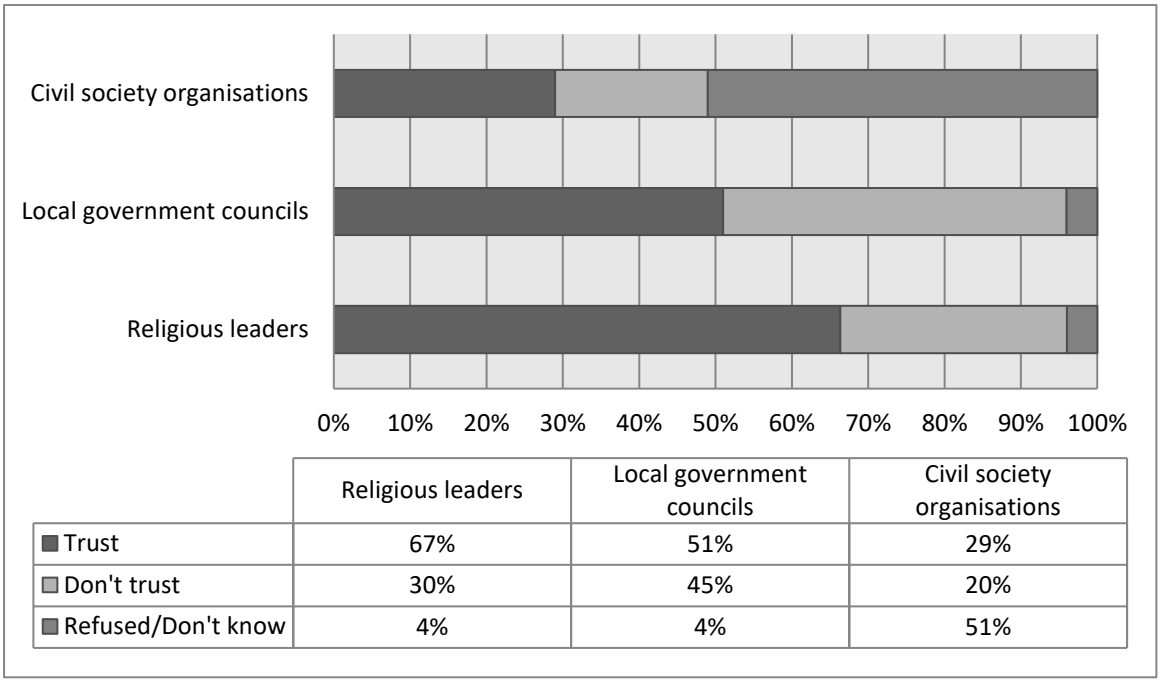
The findings of the study indicated that churches are desirable champions of civic crowdfunding. This resonated from the fact that, as the findings established, in Zimbabwe generally and in Harare specifically there is mistrust amongst citizens and, moreover, there is mistrust between citizens and the local authority. According to a key informant interview done with KI04, “there is general mistrust between the citizenry and local authorities”. The study found that this was worsened by political polarisation along political party lines. To this end, churches are seen as neutral brokers who can champion civic crowdfunding in Zimbabwe. KI04 indicated that “largely in Zimbabwe, the key stakeholder will be the churches because firstly, they have huge followings and are bound together by religion”. KI04’s views were shared by many other participants interviewed in this study. The other interviewee who agreed with KI04 was KI09 selected from the academia. KI09 remarked that this issue is about whom the citizens trust the most? Accordingly, KI09 responded as follows:

> “This has been documented like year in year out when Afrobarometer does their surveys. Their findings have been consistent that people trust church leaders and traditional leaders the most. People do not trust politicians and government employees, people somewhat trust members of the civil society. So if crowdfunding is going to work- it must revolve around those society institutions which are trusted by the people. I have mentioned them, unfortunately there are only two.”

These sentiments rest well with the findings of the Afrobarometer 2018 Report which indicated that Zimbabweans generally trust church leaders more than politicians and government officials. According to Afrobarometer (2015:21) survey, “adult Zimbabweans trust religious leaders more than they trust other key individuals and institutions”. This was further corroborated by the 2018 Afrobarometer survey as shown below in Figure 5.5. Therefore, the study established that churches can be champions of crowdfunding in Harare. Explaining why churches are the best champions, KI11 submitted that: “champions may not be necessarily the best educated individuals but there are natural leaders such as church leaders and sportsmen. There are usually apolitical”. This view is significant but should also be comprehended with caution. Firstly, basic political science portrays “politics as ubiquitous”. In Zimbabwe, just like in many democracies such as the United States of

America and South Africa, churches have on several occasions pledged their support to certain political parties and politicians. Therefore, it would be incorrect to blanket and bracket all churches as apolitical. Secondly, churches are not a homogenous group, just like political parties they compete for followers and have different doctrines and ideologies. Against this background, it might not be necessarilly the case that if Church X initiates a civic crowdfunding initiative, congregants of Church Y will participate or support.

Figure 5.5: Afrobarometer survey on institutional trust in Zimbabwe



	Religious leaders	Local government councils	Civil society organisations
Trust	67%	51%	29%
Don't trust	30%	45%	20%
Refused/Don't know	4%	4%	51%

Source: Bratton and Masunungure (2018b:14)

5.6.4.3 CoH

The CoH was identified by participants as one of the main stakeholders in any civic crowdfunding in its jurisdiction. To this end, this theme seeks to reflect on what participants indicated as its role in civic crowdfunding. Thus, in this theme, the dominant views and opinions of interviewees will be presented and analysed below, with effort being put to posit the verbatim of the participants.

The findings of the study point to disagreements amongst informants on what role the CoH should play in the process of crowdfunding. There was, however, consensus that

the local authority was a key stakeholder in civic crowdfunding apparently from participants interviewed. For example, one participant (KI08) responded as follows:

> "The council is a key stakeholder because the project to be crowdfunded for may need to be identified through council procedures, that is, they are likely to be need for feasibility studies or other technical studies that need to be undertaken for that particular project to go on, and so the local authority has to be in the matrix".

An academic (KI06) also reiterated that:

> "Where there is need for technical knowhow, the city must come on board. Remember we are talking about the public, uncategorised, it's a mixed bag of individuals -professionals and otherwise. Some may have no special skill but they have the desire to see things work".

Three officials selected from the CoH indicated that the CoH can have a greater role to play beyond facilitation. For instance, KI03 was of the view that CoH might be in a position to foster the "paperwork highlighting the terms and conditions" whilst KI27 remarked that the CoH can be responsible for "managing the finances on behalf of the communities for accountability and transparency". On the same note, KI02 responded as follows:

> "I think as a City we will be able to go out into the communities and try to talk to residents and find out what their needs are within the communities and try to provide a facilitatory role in bringing the various residents within the localities to give the little they have towards bettering their communities".

Another CoH official seemed cautious of the city council's role although submitting that the city has a role. The official responded as follows:

> "The city can prioritise and identify areas where they need crowdfunding and those doing the crowdfunding would independently assess the projects besides the repository given to them. If it's rehabilitation, then they can just do it without giving the funds to the city".

What is clear in this official's opinion was the city can play a subservient role without being fully entangled in the process. The official seemed not to think that the city should lay its hands on the money fearing that someone in the city would misappropriate the funds. This official's sentiments were also shared by KI11 who was of the view that "because Council will try to bring all sorts of pathologies, crowdfunding must stay at the level of citizens and communities". The interviewee further argued that council involvement might destroy the spirit of crowdfunding and voluntarism. Expounding on this, one local government expert responded as follows:

> "I think people can do that (i.e. crowdfund) but as long as it is going to council, that you asked them to raise funds and go through council to be implemented, there, from our experiences, people will say no, our money will go to a bottomless pit".

These perceptions were also supported by documents that the researcher came across in the data gathering process. The documents pointing to an official inquiry where CoH employees were fingered in a scam that involved inflating of prices after a private company Econet Wireless had pledged to finance the procurement of medical supplies to fight the cholera outbreak. Interesting for this study was the fact that the private company in question was also involved in some crowdfunding to help raise money for the CoH to fight the cholera epidemic that had hit the city killing a number of residents. This issue was also emphasised by many other participants in different interviews alleging that CoH officials were inherently corrupt citing the issue of the inflating of prices done by CoH officials upon seeing the money that was dangled by Econet Zimbabwe.

However, the findings indicate that nearly all other participants that were selected from outside the CoH dismissed the opinion that the CoH should play any role in crowdfunding. For example, the most prominent views were expressed by KI09 as indicated above on 5.5 making reference to Afrobarometer surveys which indicate that citizens in Zimbabwe do not trust government employees. In this light, most of the participants particularly those outside the council that include academics, civic society members, government officials and development partners concurred that the CoH should just play a facilitation role. According to KI04 selected from an international

development agency, the CoH can play the role of convener. In corroborating with this view, KI01 argued that “the CoH as a local authority must play a minimal role maybe the role must just be for coordination or the creation of a conducive environment”. On the same note, an academic KI11 upheld that “the council must basically know that civic crowdfunding is a citizen initiative and innovation that should be controlled by citizens and it is being done to complement what the council is doing”. These sentiments were also echoed by KI06 who stated that: “initiatives such a crowdfunding are best led from society and not by city officials”. Further explaining why the CoH should not lead any crowdfunding programme, KI09 had this to allege:

> “In my view the CoH is highly polarised. Politically it is compromised and this will be a problem. When I say the CoH I mean that politicians or councillors are opposition members who are trying to come up with ways that will benefit their party. On the other hand, the administrators led by the town clerk are deployees of the ruling party who will seek to do the bidding for their party”.

The rejection and relegation of the CoH’s role in civic crowdfunding by some of the key informants exhibited in the findings of the study is something that cannot escape scrutiny particularly in as far as the study of Public Administration is concerned. Firstly, questions need to be asked on why this had to be associated with civic crowdfunding. In this light, crowdfunding was identified as a new concept that is gaining popularity and attention as it was expounded in Chapters Two and Three. To this end, proponents of NPG such as Jocelyn Bourgon provide an explanation to these developments. According to Bourgon (2015:8), “inventing viable solutions does not start with answers, but with challenging conventional ideas”. Secondly, this speaks to evidence of the ineffectiveness of formal instruments of control, underscored by Mazur (2013:109) and emphasise what was discussed in Chapter Two (section 2.3.5) of this study that civic crowdfunding represent “transformations in governance that provide different answers to the complexities faced by governments” (Koppenjan and Koliba, 2013:1).

5.6.4.4 Elected councillors

The research findings point to divided opinions on the role elected councillors can play in civic crowdfunding. Thus, contrasting opinions were evident in the responses of the key informants and the documents analysed on whether elected councillors can be stakeholders in civic crowdfunding and subsequently on their roles. The underlying critical factor that was highlighted by most informants hanged on the issue of trust. In this regard, the first camp dismissed completely the suggestion that elected councillors must be involved in civic crowdfunding. The basis of this camp's arguments was that these were politicians who would want to maximise political gain. Central to the views of these sceptics, was that elected councillors are not trusted by the residents. Equally related to this argument, are the findings of the Afrobarometer survey (2015:27) which shows that 64% of people in urban areas in Zimbabwe, who were asked how much do they trust councillors, said "just a little or not at all".

The second opinion established in the findings agreed that councillors were critical stakeholders in crowdfunding. To the minority who shared this opinion, councillors are the link between the citizens and the CoH. In other words, as one of the two key informants from the CoH stated: "the councillor who plays a civic leadership role would be key in driving the process". In addition, KI32 was of the view that most people in Harare would support someone whom they voted in an election. The councillor's role was also enunciated in the CoH documents reviewed. For instance, the CoH Stakeholder Policy Document (n.d:3) states that councillors must "hold quarterly report back meetings with residents from their respective wards without fail" and at these meetings, the councillor:

- "shall update residents on projects implementation in his/her ward in particular and council in general;
- receive residents' feedback and requests; and
- inform residents of upcoming council events".

The policy document reviewed further stresses that "Councillors must have in place Ward Development Committees (WDCs)" (CoH Stakeholders' Policy, n.d:3).

According to the policy document reviewed, “the committee shall be represented by members of the community representing the following sectors:

- churches;
- youth;
- residents;
- health;
- ratepayers;
- education;
- disabled; and
- police (CoH Stakeholders’ Policy, n.d:3).

Thus, with such a clear framework it can be argued that the elected councillors in the CoH can also be engaged in civic crowdfunding as critical stakeholders or even stockholders. However, there were a significant number of key informants who identified councillors as stakeholders in any civic crowdfunding in the CoH without elaborating on what they think are their roles.

Therefore, the mixed views and opinions expressed in the findings of the study is a reflection of theoretical clashes and disagreements associated with the Agency Theory and Stewardship Theory. As discussed in theoretical chapter of this study (Chapter Two section 2.5) by Davis *et al*. (1997), who are cited in Armstrong (1997:21):

> “Economic approaches to governance such as Agency Theory tend to assume some form of *homo-economicus*, which depict subordinates as individualistic, opportunistic, and self-serving. Alternatively, sociological and psychological approaches to governance such as Stewardship Theory depict subordinates as collectivist, pro-organisational, and trustworthy.”

5.6.4.5 Politicians and political parties

The study revealed that for civic crowdfunding to be viable political parties and politicians should not take leading roles. This according to both the participants

interviewed and documents reviewed this can be linked to a number of reasons. Firstly, documentary analysis of the 2018 Afrobarometer Survey Report indicated that Zimbabweans do not trust politicians. This was also exposed in the 2015 Afrobarometer survey (2015:21) which goes further to highlight that "opposition political parties are least trusted; only a third of the population trusts them". Ironically, the opposition party controls the CoH as is the case in most urban local authorities in Zimbabwe.

Secondly, Public Choice Theory literature reviewed in section 2.5.2 in Chapter Two points to the fact that politicians are rent seekers and will manipulate every situation to gain support. It is in that context that one participant selected from the academia and identified in this study as KI01 did not mince his words by submitting that:

> "From my perspective, I think for this crowdfunding aspect to see the day of light politicians must roll back their frontiers because as long as the citizens view these initiatives as political initiatives, what it means is that we are dividing them into different political parties and those from this political party are likely to avoid these initiatives if they feel they are captured by another political party".

These findings concur with what is underscored by Public Choice Theorists. Thus, implied in the findings is an emphasis on the rent seeking behaviour of politicians and political parties who would seek to use crowdfunding for their political goals.

The study, however, revealed optimism with regards to the role of politicians. The optimism was carried out in the responses of two members of the civic society and one official selected from an international development partner. One of these key informants argued that "it is in everyone's interest to have a world class city, to live in a clean city or to take kids to a well built out community centre". On the same note, one official whose sentiments seemed supportive of the above stated that:

> "Eer Mr Chigova, to tell you the truth we have had an excellent relationship working with the Mayor of Harare and selected councillors in our 'building resilience projects'. I have witnessed remarkable professionalism from these people to the extent that you would wonder if these are politicians on another

day. It would be a miscarriage of justice to think that councillors would grandstand every time. Sometimes they exhibit their desire and commitment to see their city rise and shine".

These findings suggest a correlation with the main theory of this study. Thus, Stewardship Theory dismisses the "economic man" underlined by Public Choice Theorist or their siblings Agency Theorists, arguing for a "self-actualising man" (Davis, Schoorman and Donaldson, 1997 cited in Armstrong, 1997:25). This was discussed in Table 2.4 in Chapter Two. Thus, the tendency to view politicians as seeking to maximise votes always does not sit well with the NPG Paradigm which calls for collectivism and creating stewards. This prompted Armstrong (1997:21-22), submitting for the Stewardship Theorists, to avow that sometimes mayors and councillors as managers "are not motivated by individual goals but act as stewards whose motives align with the goals and objectives of the higher purposes of the institution or organisation".

5.6.4.6 Residents' associations

Since residents' associations emerged in the findings as one of the identified and acknowledged stakeholders in the process and undertaking of civic crowdfunding as can be seen above at 5.1, this theme, therefore, sought to establish the role that they can play in civic crowdfunding. On that note, data in this theme was presented showing of dominant views of the key informants and necessarily supported with their direct verbalism.

The study reveals mixed opinions amongst participants interviewed on whether residents' associations can play an active role in civic crowdfunding. The dominant view indicated that residents' associations can play a prominent role in civic crowdfunding. In the CoH two major residents' associations are the Harare Residents Trust and the Combined Harare Residents Association. There are other residential based associations. In this view, KI04 posited that Harare Residents Trust and Combined Harare Residents Association can play a key role in civic crowdfunding in Harare since they are at a better place to promote such an initiative jointly than if the

city council or government takes a lead, chances of mistrust are high. One proponent of residents' associations (KI24) responded as follows:

> "I think there are some structures relating to residents' associations, perhaps, that could be one avenue. These guys can actually take lead through their grassroots structures in the wards".

The second view indicated some dissent and dismissed the view that residents' associations can lead civic crowdfunding. Participants who supported this view argued that residents' associations lacked the trust of the residents. One of the vocal proponents of this view was KI09 who argued that; "residents' associations should not lead because formal organisations are not trusted" and "they lack legitimacy in the eyes of the citizens". The participant's argument was based on the Afrobarometer survey which indicated that people in Zimbabwe somewhat do not trust members of the civic society. KI09's sentiments corroborated with the views of KI10 who came from the CoH. According to KI10, "residents' associations think they exist to fight the city officials but instead they are there to augment the city". Therefore, because of that animosity between the city officials and the residents' associations coupled with the dearth of trust from the residents it might be challenging for residents' associations to lead the process of civic crowdfunding.

5.6.4.7 Ministry of Local Government

Whilst the Ministry of Local Government is the custodian of local authorities, it was interesting to gather the views of participants on its role in civic crowdfunding. The fact is that legally the Ministry superintends all activities of local authorities in Zimbabwe as was discussed in Chapter Three section 3.3.1.1 of this study. Against this backdrop, this theme sought to reflect on the role the Ministry should play in civic crowdfunding. In this respect, the data obtained in this theme reflects the dominant views emphasised by the informants backed by their original verbatim.

The study revealed that there are generally peripheral roles that can be played by the Ministry of Local Government in civic crowdfunding. This was exposed in the divided views of the informants of this study. Fascinating enough was the fact that participants

selected from the government agreed that the Ministry is a stakeholder. Their arguments were sound in that they reiterated that the Ministry should create an enabling environment by ensuring that legislation is in place to govern the crowdfunding activities of local authorities. On this, one key informant selected from government seemed to camouflage and ambush the government's role within the rubric of decentralisation. The key informant (KI07) responded as follows:

> "The government's view of decentralisation is that let the local players take the lead. National government is there to give the broad national framework but the people are the best placed to be leading whatever processes of crowdfunding. The local people I mean the people within the local authority. They might be also, of course, involving certain central government elements like our offices of the DA (District Administrator) which are always tasked with coordinative functions. They may also take part as stakeholders especially in terms of mobilising other participants. But the underlying factor is it (crowdfunding) should be local authority driven."

However, the majority of participants, particularly those selected from the academia and civic society, dismissed out rightly any reality of the Ministry playing a role in civic crowdfunding. KI01, KI20 and KI11 congruently agreed that in the CoH ministerial interference has been a pandemic that has affected the independence, efficiency and effectiveness of the local authority. Reiterating his view, KI11 stated that:

> "this might be sensitive politically but out with the central government represented by the Ministry of Local government. We all know that if it is involved it would want to take over and, in this country, this has been the case. For political reasons the Minister of Local Government may want to grandstand".

The findings of the study point to the shift from purely top-down approaches associated with Traditional Public Administration "towards more participatory and down-up governance" (Tiihonen, 2004:17). In other words, the fact that most of the participants rejected the government's involvement in civic crowdfunding opting for citizens, churches, CSOs, development partners and philanthropic organisations can be perceived as confirmation of the shift from government towards governance. This

represents what is described by Sundström and Jacobsson (2007:5) as marking “a transition from hierarchical to more network based forms for decision-making, and a diffusion of boundaries between private and public actors”.

5.6.4.8 Academia

The study indicated that Universities and researchers have a role to play in crowdfunding. According to KI08, members of the academia; “are the people who see the big picture. They can share lessons from best practices from elsewhere. There are into research and can play an advisory role. In other instances, there may be need for a board to do the governance of the project”. On this, the majority of participants did not consider the academia as an important stakeholder in the conduct of crowdfunding. This was, however, not supported by literature reviewed particularly on experiences from the case studies analysed in Chapter Four. In the case studies reviewed in Chapter Four there was no explicit participation of academics in the crowdfunding activities analysed.

5.6.4.9 Banks and financial institutions

The study indicated that banks can be important stakeholders in civic crowdfunding. Just like the academia, the majority of participants did not mention banks as critical stakeholders. For the minority that mentioned banks as critical stakeholders, they consider them as potential financiers. One stakeholder (KI08) argued that “banks can be fund managers for the community especially if people do not trust council and being paid management fees only”.

5.6.4.10 Private sector

The findings of the study pin-pointed the private sector as an important stakeholder in any civic crowdfunding that is undertaken in the CoH. This was emphasised by a significant number of participants interviewed. For example, KI08 reiterated that the private sector should also be included to contribute to crowdfunding as part of their corporate social responsibilities. Expanding on KI08’s sentiments, KI02 avows that: “the business community would also play a major role in trying to garner resources for

the various identified projects within communities". These sentiments were also echoed by KI01 who viewed the private sector as part of the citizens or residents when viewing them in a broader sense. Supporting this view, KI21 also noted that: "experiences of the cholera response in Harare carried out by Econet Zimbabwe show that the private sector can play a bigger role in crowdfunding. Looking at this case of Econet, you can see that Econet played a huge role in motivating citizens to contribute by matching every dollar donated. This meant that if that if I donated $10 Econet was going to match that by donating another $10". Documents analysed also show that Steward Bank also undertook a similar initiative which they termed "Kanzatu-kanzatu". Under the arrangement the bank would match any money donated by its customers for the cholera response in Harare. In this light, literature reviewed in this study exposed that the private sector can play a very important role in crowdfunding. For example, the legendary case study of the Statue of Liberty crowdfunding campaign analysed in detail in Chapter Four (4.2.1) show that a private company "The World" newspaper contributed a critical role in the success of the case.

5.6.4.11 Civic society organisations, development partners and philanthropic organisations

The study revealed that Civic Society Organisations (CSOs), development partners and philanthropic organisations are also important stakeholders in any civic crowdfunding that would be undertaken in the CoH. These three organisations were identified as potential champions of civic crowdfunding by the key informants interviewed and documents reviewed. Over half of the participants interviewed noted that CSOs have the necessary systems to undertake crowdfunding. For instance, KI08 was of the view that "the role of CSOs will be to mobilise communities towards implementation of crowdfunding projects. They actually complement the community both morally and materially because some of the CSOs have budgets that they use in the implementation of the project itself".

Documentary evidence analysed shows that the most successful civic crowdfunding project undertaken in the CoH was coordinated by a philanthropic organisation called HigherLife Foundation. The documents indicated that HigherLife Foundation in partnership with Econet Zimbabwe managed to crowdfund for the cholera response in

Harare in 2018. Part of the money crowdfunded, as was revealed by the documents analysed, was used to replace sewer lines in the residential areas of Budiriro and Glenview. CoH documents reviewed also indicated that HigherLife Foundation also managed to mobilise volunteers. Development partners such as the United Nations Development Programme (UNDP) were also identified in the study as potential champions of crowdfunding. On this, one participant expressed the view that "organisations such as the UNDP can champion resilience projects such as crowdfunding since they command trust, maintain high reputations and are accountable as well as transparent in their conduct. Moreover, UNDP is most importantly apolitical". All the above views can be corroborated with findings from literature. For example, in the cases of the Glyncoch Community Centre, Liverpool Flyover and Live Lebanon discussed in the previous chapter (see Chapter Four of this study) it was exposed that CSOs and development partners such as We Make Places, Glyncoch Regeneration Limited and UNDP Lebanon played very critical roles in the success of the respective civic crowdfunding initiatives (discussed in detail in the previous chapter). Moreover, the findings of the study point to what was discussed in literature by Osborne (2006:381-384) as the emergence of a plural state which "rests on the mobilisation of multiple and complementary sets of institutions, actors, interests" (Christenson, 2012:6).

5.6.5 Likely impact of crowdfunding on resource mobilisation

This theme sought to establish the perceptions of the key informants with regard to what they think will be the likely impact of civic crowdfunding on resource mobilisation. To this end, under this theme, data was presented in the form of the most popular views that came from the informants supported with their direct verbalism where necessary.

The highly dominant view that emerged from key informants was that crowdfunding was a game changer if developed and implemented well. The study found that more participants had seen the potential of crowdfunding as it was used to support victims of the Cyclone Idai that devastated the Zimbabwean Districts of Chimanimani and Chipinge. In addition to that, crowdfunding had been used about five months before Cyclone Idai during the Cholera outbreak in Harare. The study appreciates that the

circumstances through which crowdfunding had been popularly and widely used in Zimbabwe in the two cases of cholera in Harare and the Cyclone Idai might be different from a general civic crowdfunding initiative. Nevertheless, the two cases opened eyes of most of the participants to the power and potential of crowdfunding. Thus, the findings indicated that the concept of crowdfunding is something that cannot be ignored.

Interviewees KI08, KI02 and KI14 congruently agreed that crowdfunding will have a positive impact financially in the CoH. KI08 had this view to share:

> "Crowdfunding provides a broader resource base and is a more sustainable source of income because we are assured of the money since it is the participants who make their own commitments and fulfil them. I think it an adventurous road, every local authority should dare to explore".

KI02 also noted that "crowdfunding, unlike other sources of finance such as loan financing where the city will have to pay back, would not bring any financial commitments to the city because the people would have willingly contributed towards a certain project". KI14 described crowdfunding as a brilliant idea that the city should seriously look at. The city should launch a platform where it can sell the idea of crowdfunding vibrantly so that every resident in all the corners of the CoH would be aware of it".

However, there were some participants that had a different view on the financial potential of crowdfunding in the CoH. Leading this point of view was KI01 who remarked that:

> "In Zimbabwe, crowdfunding is likely to score low as a financing mechanism. The reason being, in Zimbabwe, people are struggling to make ends meet. So for them to channel financial resources to local initiatives I think it might be a challenge but they might support in other forms such as providing labour".

KI01's submission was profound in that it highlighted the economic reality that any crowdfunding initiative would encounter. Ironically, the fact that the participant

appreciates that citizens can offer other forms of support speaks to the legacy of crowdfunding. Volunteering can help in the same way money was going to help. In fact, it is the strength of crowdfunding that has been emphasised in literature reviewed in the previous chapters.

5.6.7 Likely impact of civic crowdfunding on citizen participation

This theme sought to establish the likely impact of crowdfunding on citizen participation in the CoH from the views of the key informants. Likewise, data in this theme was presented according to popular views of the key informants and subsequently reinforced with their direct verbatim where essential.

The findings indicated a positive impact of crowdfunding on citizen participation particularly with regards to building social capital and creating active citizenry. As KI01 reiterated, “the coming together of local actors in supporting their local authority will strengthen social capital that can be used to the advantage of that particular authority”. KI01 on active citizenry emphasised the following:

> “If you involve the people they are likely to feel as if they are part and parcel of that local authority. Rather than them playing a subservient role they will feel that they are the government themselves. When they develop that sense of ownership what it means is that, for example, instead of assigning a security officer to protect a particular building, everyone will be interested or who participated makes sure all these properties are protected. Then the whole issue of crowdfunding, I think, creates active citizens who are actively involved in local government activities unlike a situation that we have currently where every initiative we just say *haa-a no ndezve ma local authorities, haa-no ndezve government* (no need to participate these initiatives are for local authorities and or government). The residents will say *ndezvedu* (it is our own initiatives). That aspect of saying *ndezvedu* (it is our own) is very important for local governance in Zimbabwe such that we can have collaborations between citizens themselves and local authority and many other actors involved. So the issue of crowdfunding though it might be aimed at widening the revenue base of local authorities, I believe it carries democratic connotations with it”.

The views of the key informant align with the findings from literature reviewed such as that found in Hollow (2013:71) which stipulates that crowdfunding and crowdfunding platforms “have the potential to help encourage and stimulate the sort of democratic openness and participatory ethos that is necessary to sustain a thriving civic society”. Hollow (2013:72) adds that –

> “from a democratic perspective, ...in which solitary actors are encouraged to meet and interact on equal terms as individual citizens, this accessibility and openness has the potential to assist greatly in the promotion of civic-society ideals by both militating against political apathy and promoting the virtues of social self-organisation”.

Citizen participation and involvement is central in this study as it was expressed in Chapter Two, particularly with reference to the broader perspective of NPG which is providing this study with a paradigmatic context. Beyond that, literature by Gasparo (2015:6) discussed in Chapter Four (4.3.2) makes it explicit that the success of civic crowdfunding projects depends upon timing and extent of citizen participation.

5.6.8 Civic crowdfunding as an instrument to reduce vandalism

One of the leading narratives that came out in the findings was the fact that crowdfunding can help reduce vandalism in the CoH. A sizeable number of participants pointed out that crowdfunding will be able to significantly curb vandalism on community properties in the CoH. Over two thirds of the participants who shared these views were women. This view was shared mostly by participants selected from the CoH and supported by other participants from the academic and civil society. One such official from the CoH was KI10, who emphasised that “public participation brought about by crowdfunding will help in reducing vandalism”. The central narrative of this school of thought was if people contribute to the rehabilitation of community infrastructure they will protect and guard severely against vandals. Most of the participants who shared this view gave an example, which almost become a golden thread, of how residents in their communities protect electricity transformers (electricity transformers in Zimbabwe are usually vandalised by thieves looking for both oil found in them and or copper cables. This results in residents having prolonged periods

without electricity. In certain instances, residents will have to contribute to buy a new transformer or security systems to protect the transformer once replaced). To this end, communities keep a close eye on these transformers. As KI29 summed it up, “if you put your money, you will certainly make sure you look over whatever it will be used for”. Therefore, most participants’ views were aligned with this example to argue that the same form of stewardship will happen to community infrastructure that would have been rehabilitated through crowdfunding.

5.6.9 Understanding legislation and regulatory framework relating to crowdfunding

The study revealed that the local government sector is provided for by the Constitution of Zimbabwe and guided by subsequent legislation. All activities, processes or systems in local government must be within the confines of the law. The review of the Constitution done as part of documentary analysis, showed that according to section 5 of the 2013 Constitution, there are three tiers of government namely national government; provincial and metropolitan councils; and local authorities. Subsection C (i) refers to local authorities that are “urban councils, by whatever name called, to represent and manage the affairs of the people in urban areas”. It is in this context that one participant interviewed, KI08 reiterated that: “The context of local government is governed by legislation and any funds that are collected from communities should be managed and expended in terms of the relevant legislation which means local authorities cannot collect money from citizens without regulations that enable them”. Against this background, there were contrasting views amongst participants on whether there was legislation that allows for initiatives such as civic crowdfunding. Firstly, the 2013 Constitution seem to give leeway for local authorities to raise revenue through initiatives such as civic crowdfunding provided there is an Act of Parliament. According to section 276(2), “An Act of Parliament may confer functions on local authorities, including...” and specifically 2b reads “a power to levy rates and taxes and generally raise sufficient revenue for them to carry out their objects and responsibilities”. The review of the latter part of this subsection captivated this study i.e. the interpretation of the words “generally raise sufficient revenue for them to carry out their objects and responsibilities” is open for analysis. To this end, this study found that the Constitution allows for local authorities to carry out initiatives such as civic

crowdfunding for the purposes of community infrastructure rehabilitation. Beyond this provision, the study also found that the same Constitution on the Preamble in Chapter 14b allows for “the democratic participation in government by all citizens and communities of Zimbabwe”. Therefore, it is in these maxims that initiatives such as civic crowdfunding can be constitutionally contextualised. For further clarity, the study revealed that section 264 speaks of “devolution of governmental powers and responsibilities” makes it clear that; on subsection 2, “The objectives of the devolution of governmental powers and responsibilities to provincial and metropolitan councils and local authorities are...” as subsections 2a reads “to give powers of local governance to the people and enhance their participation in the exercise of the powers of the State and in making decisions affecting them.” Subsection 2c states that this is done “to recognise the right of communities to manage their own affairs and to further their development”. In essence, it is very apparent that the Constitution of Zimbabwe allows for citizens to partake in initiatives such as civic crowdfunding for community infrastructure rehabilitation. However, there is need for legislation to clearly spell out how communities may effectively participate in the governance of their areas (Chatiza *et al.* n.d: 24).

Secondly, the study found that there was lack of consensus amongst participants on whether there was legislation that allows for crowdfunding. On this, various perspectives emerged. The dominant theme resonating around the legality of crowdfunding in this instance focussed on who will be initiating the crowdfunding and specifically collecting the money. On that, two major perspectives came out. The first was that if an independent organisation outside the CoH or government was to initiate the civic crowdfunding there were no legal challenges. For example, one participant selected from the civic society who was interviewed in this study argued that generally their projects as a non-governmental organisation are funded by donations. The argument put across by the interviewee was that raising revenue through crowdfunding will be in line with their routine fundraising. On another note, the other perspective was whether civic crowdfunding was to be undertaken by the CoH. On this, most participants resorted to the provisions of the Urban Councils Act. The remainder dismissed the Urban Councils Act as outdated and failing to align to the provisions of the relatively new 2013 Constitution.

To those interviewees who referred to the Act, they specifically referred to section 273 of the Urban Councils Act (Chapter 29:15) which speaks of a “Special Levy”. The Act reads on subsection (1): “Subject to subsection (2), a council may, for the purpose of recovering in whole or in part the expenses incurred by it in executing, maintaining or operating any works, fix and levy a special rate upon all rateable property in that portion of its area which derives benefit from such works.” This view was shared by participant KI17 from government and participant KI08 representing local authorities. According to KI08, “if crowdfunding is to be long term there has to be a bye-law in that council to enable it but if is an ad hoc initiative it can be done in the confines of a special levy”. However, the study found that this provision to be problematic in application is as far as crowdfunding is concerned. Categorically, because the study reveals that crowdfunding is more voluntary than what this specific provision of the Urban Councils Act provides for which seem mandatory and to carry a fixed levy. Opposed to this view was participant KI08, who when interviewed by the researcher argued that it will be voluntary in the sense that the community will have been consulted and consented to the levy for it to be implemented. Nevertheless, the consultation and consent as provided by the Act will not equal that of crowdfunding. One interesting point of view that came out from some participants was that even if there might not be specific legislation for civic crowdfunding there is equally no prohibiting legislation. Representing this view, KI07 from government had this to say: “rather than not having in place the legal framework, I am thinking is there really a prohibitive legal framework to that effect? I wouldn’t think of any”. This view was further supported by KI23 who is a renowned local government expert. The expert’s submission was as follows:

> “Although the regulatory framework may not explicitly speak to crowdfunding, I also do not know of clauses that would constrain it. It is a matter of political will, it can happen even under the existing legislative framework”.

5.6.10 Challenges of civic crowdfunding

Three main challenges which were identified in the study are lack of trust, polarisation and the macro-economic environment. These are presented and analysed in detail below. The challenges revealed are in harmony with those reviewed in literature. For

example, LACEP's (2017:26) barriers to participatory processes shown in Figure 5.6 below.

Figure 5.6: Challenges to participatory processes

Zimbabwe specific challenges	General Challenges
•Politicisation of Council processes, policies and programmes •Weak or corrupted state or formal structures for citizen engagement and actual service delivery •Inconsistent policy responses to citizen demands •Eroded citizen trust in public institutions (and institutional performance) •Non-alignment (delays in aligning) sector laws with Constitution	•Resources to support engagement and to implement agreed actions •High citizen expectations (often outstripping state capacity) •Lack of adequate skills and knowledge to facilitate engagement within state institutions •Resilience of centralisation leading to inadequate support from national institutions for open governance •Limited public administration and governance competences amongst citizens and civil society coalition building

Source: LACEP (2017:26).

5.6.10.1 Lack of trust

One of the most recurrently leading narratives that almost became the golden thread of the findings (from both the informants interviewed and the documents reviewed) was the issue of mistrust that is present amongst the citizenry themselves and also the citizenry and their government. Thus, it was discovered that the main challenge that would affect the adoption, embracement and support for crowdfunding was the lack of trust between citizens and between the citizens and local authorities. Not only was the issue of trust popular amongst the responses of the key informants, the issue is also raised by crowdfunding pundits such as the World Bank. In its Readiness Self-Assessment Tool that it developed, the Bank emphasises that authorities aiming for crowdfunding should be able to "describe the general level of trust between individuals within the society/culture" (World Bank, 2013:66). In this context, a significant number of interviewees (about two thirds) reported that there was mistrust amongst citizens. The responses of the interviewees of this study dovetail with other studies carried out

in Zimbabwe. For example, an Afrobarometer survey whose findings supports the findings of this study indicated that, as expressed by Bratton and Masunungure (2018b:2), “Zimbabweans are cautious about interpersonal interaction”. According to their survey, only 10 percent of participants say “most people can be trusted” whilst “the remainder (89 percent) think that citizens should be “very careful in dealing with people”. Explaining this mistrust, KI09 commented as follows:

> “The problem comes from the nature of our society. In Zimbabwe we do not trust each other. Because of this mistrust, we do not have that sense of having a nation at heart or community at heart. We tend to be selfish. On top of that, we do not have adequate raw models. We see that with our politicians and business people. It is in that environment where I need to make that choice of saying I need to do something for my community”.

The findings further revealed that the mistrust was also between the residents and the local authority. The findings of the study seem to answer a very important question raised by the World Bank (2013:66) Readiness Self Assessment Tool that is: “How much trust is there between individuals and their government”? In this view, one official identified in this study as KI08 posits that, “the mistrust manifests in the belief that the council may not deliver or that resources may not be used for the purposes for which they are meant for”. In light of this, nearly all participants selected from the CoH who were interviewed in this study admitted that residents do not trust the city. This was also openly captured in the responses of one academic interviewed who did not hide his mistrust of the city authorities. KI09 was quoted saying:

> “I think I will be irresponsible as both a resident and an academic to believe that if I make a contribution to the development of my community, the contribution will actually work or find its way to my community”.

5.6.10.2 Political polarisation

This theme was recurring in the views and opinions of the participants. It is one of the challenges that will affect any civic crowdfunding in Harare. Thus, polarisation was a popular theme expressed by the majority of the interviewees.

The study revealed that political polarisation can be a stumbling block in the success of civic crowdfunding. The issue of polarisation was also linked to who will lead crowdfunding discussed above where participants agreed that politicians should play a peripheral role. However, it was indicated in the general responses of the key informants that crowdfunding will take place in a political environment. As one academic (KI06) expressed the following:

> "Look at the political context within which we intend to implement this crowdfunding initiative. How receptive is the political context? How ready is it to embrace such an initiative? You may find out that as we speak now, Zimbabwe is one of the most divided societies, most polarised as of 2019. Citizens are found at the extreme ends of the political continuum. It's either you are ZANU PF or MDC and this is not good for initiatives like crowdfunding because people must be pulling together as a joint force putting resources together and heading in one direction ... We have ZANU PF as the ruling party and MDC running the Council. These two parties have no history of working together well. What has characterised their working relationship is disharmony, polarisation, suspicion and mistrust. Remember we are talking about political parties with followers, even ZANU PF has followers in Harare urban."

The responses of the key informants concurred with other researches done in Zimbabwe. One such research that was analysed in this chapter is an Afrobarometer survey done in September 2018 (2018b:11). According to the survey, "Zimbabwe represents an extreme case of political polarisation" (Bratton and Masunungure, 2018b:11). The survey further elucidates that "an argument can be made that party identification – with either a ruling or opposition party – runs so deep that it now constitutes an important social identity" (Bratton and Masunungure, 2018b:9). Corroborating with the Afrobarometer survey, a key informant selected from the government, identified in this study as KI07, stated that "the local authority environment in Zimbabwe generally is highly polarised. At any given point, there are always forces acting for or against. Depending on which party has got the majority, if the other party proposes something the other will object".

5.6.10.3 Macro-economic challenges

The findings of the study revealed that the performance of the economy would have a bearing on civic crowdfunding. Thus, it was revealed in the study that participation or contributions would be affected by issues such as unemployment, disposable income, poverty levels and even inflation. To this end, this sub theme captured some of the popular views and opinions of the key informants whilst regurgitating their verbatim where necessary.

Macro-economic challenges were cited by nearly all the participants interviewed as something that will negatively affect civic crowdfunding in Harare. This view was particularly emphasised by female participants more than male participants. For example, KI10, KI19, KI21, KI22, KI25, KI27 and KI29 congruently concurred that with the state of the economy it would be difficult for citizens to have money to spare and use in initiatives such as crowdfunding. KI29 categorically stressed that crowdfunding would be affected by what she called "the burden of rising urban poverty". On the same note, KI19, KI21 and KI25 were of the view that crowdfunding would be effectively in the low density residential areas and more affluent suburbs than in the high density areas where low income earners usually reside. These three participants' views were also expounded on by one respondent who gave evidence to the effect that:

> "In low density areas the concept of crowdfunding is almost there. Go to Greendale you would find that there are a lot of projects that are being done by residents … council related activities be it waste management, roads, water etc. They just put their resources together where they see that council has not been able to provide effectively and efficiently".

These findings were also supported by documentary evidence reviewed in the study that included council minutes, memorandums and letters of appreciation. These revealed that in more affluent residential areas such as Mabelreign, Mount Pleasant and Highlands, residents had contributed to the refurbishment of a district office, clinic and swimming pool respectively.

Apart from the above, KI19 and KI27 argued that because of high unemployment levels monetary contributions would likely to be very low. Also, because of the macro

economic conditions, a significant number of key informants indicated that most Harare residents are failing to settle their monthly bills. Further to that, the fact that crowdfunding can also necessitate the use of the internet and social media. On this, one informant argued that with the rising data and broadband services that saw an increase of over 300%, how many residents will afford that? These issues are very controversial in crowdfunding. For example, one issue that comes to the fore especially when the economic environment is the issue of equity. As indicated in Chapter Four (4.5.6), analysed as part of literature review, the debate on whether crowdfunding favours the rich over the poor is still ongoing and requires further empirical enquiry. The debate becomes worse if crowdfunding is adopted in a country facing macro-economic challenges such as Zimbabwe.

However, in the midst of these macro-economic challenges the study found that crowdfunding will only succeed because of its uniqueness, that is, if it provides a role to play to even those without financial resources. To this end, there were informants who agreed on the economic challenges facing the country but noted that in such circumstances even those who identified as poor or low income earners can contribute their labour and volunteer. To this group of optimists, most volunteers who are in the roads trying to patch or fill potholes can be categorised as poor people who often rely on the goodwill of motorists who upon driving might give them some few coins as appreciation.

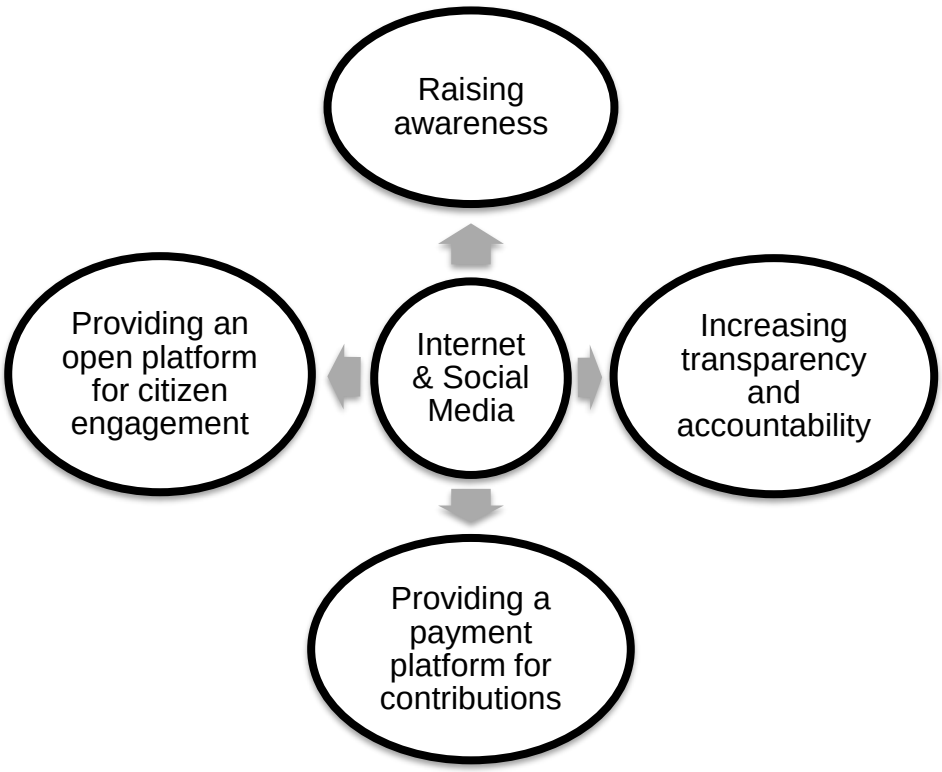
5.6.11 Role of social media and internet

This theme sought to understand from the key informants on the role that can be played by the Internet and social media in a civic crowdfunding setup in the CoH. In this light, the data was presented in relation to popular views through which direct verbatim were quoted to support.

The study revealed that the internet and social media are powerful instruments in the conduct of civic crowdfunding. The majority of the participants who participated in this study had consensus that the internet and social media play an impartial role in crowdfunding but provided different views on the roles of the two. Four major views that came out from the interviewees are, as summarised in Figure 5.7 below: the

internet and social media helps in raising awareness, it increases transparency and accountability, it provides a convenient payment platform and avails an interaction open platform for engagement with residents. The findings from the interviews coincide well with the findings from literature reviewed. For instance, Hollow (2013:71) is of the view that "online messaging systems present huge opportunities both in terms of improving funder-fundraiser interaction and enhancing public awareness about specific causes".

Figure 5.7: Summary of the roles played by the internet and social media in civic crowdfunding



Source: Researcher's own

The use of internet and social media in a country or city, as the study found out, is very important in the pursuit of civic crowdfunding. For instance, the World Bank provides a self-assessment tool for cities that might seek to establish their readiness in embracing crowdfunding. One such question provided in the self-assessment tool city authorities might consider asking is: "How engaged is the population via social media including LinkedIn, Facebook, Twitter, other local social networks?" (World Bank, 2013:65). Reflecting on such a question the study found that a significant proportion

of the urban population in Zimbabwe use the internet and social media. According to an Afrobarometer survey report presented by Bratton and Masunungure (2018a:5), messages “will be most effective in reaching young voters – especially those in urban areas – if disseminated via the latest information and communications technology”. The survey suggests that, for instance, “in 2018, almost one-third (31%) of youthful urbanites received election information via social media platforms such as Facebook, Twitter, and WhatsApp” (Bratton and Masunungure, 2018a:5). These findings can be further supported by an earlier survey by Afrobarometer (2015:43) which had shown that about 23% of adults living in urban areas got their news from social media on a daily basis.

Also, the findings of the study coincide with literature by Hollow and together with experiences from other countries, as was shown in Chapter Four, to show the importance of the internet. For example, Hollow (2013:69) posits that “the Glyncoch community centre’s experience is not the first time that the internet has proven itself a highly efficient fundraising tool”. To this end, in the undertaking of crowdfunding, the Internet can enable “everyday people, using everyday technology and culture, to articulate and progress sustainable ideas about their community” (Brickstarter cited in Hollow, 2013:70).

Also, linked to the issue of using everyday technology, as the findings of the study further indicated, are the payment systems available in a country. According to a World Bank Self-Assessment Toolkit, it is necessary to understand if: “The banking system uses and supports electronic funds transfers, or are other Internet or mobile money transaction enabled services available” (World Bank, 2013:65)? On this, one key informant selected from the academia argued that local authorities in Zimbabwe, that include the CoH, enable residents to use a variety of payment methods such as mobile money platforms Eco-Cash and Tele-Cash. The academic, KI13, commented as follows:

> “If we are to contribute to crowdfunding, we are already accustomed to paying bills at the comfort of our homes so what they (local authorities) simply need to do now is to come up with maybe a specific application but using the same Eco-cash but with a specific biller code which direct certain resources”.

The findings revealed that coming up with a suitable payment system such as mobile money corroborates well with the lessons learnt from the case study of Kenya's Skynotch Energy discussed in the previous chapter. As was highlighted in that case study, the crowdfunding failed because the platform used did not provide mobile money payment functionality (Cogan and Collings, 2018:52). In Zimbabwe, just like in Kenya, mobile money payment systems are very popular and can offer convenience as highlighted by KI13 above. Further to that, including the option of mobile money payment systems fits well to what is advised by the UNDP (2017:39) that the crowdfunding platform must accept payments from the targeted contributors. Moreover, the experiences from the case of Live Lebanon analysed in the Chapter Four provide evidence to this effect.

Further to that, KI04 remarked that: "I think two (Internet and social media) helps because already almost everyone has got a smart-phone doing Twitter, WhatsApp, Facebook and all those things, so from a technological standpoint we can say the launch pad is there for crowdfunding". These remarks were also expanded by KI20 selected from civic society who notes that:

> "The internet is a very powerful tool that brings convenience to the undertaking of crowdfunding through a variety of means. Firstly, it provides a place where communities are not only aware of what developments and challenges are being found in their neighbourhood but goes forward to provide the residents with ways to crowd-in their contributions to either developing their community which in a way will mean addressing these challenges. Secondly, the internet can provide a platform to take public financial contributions through online payment systems..."

KI20's remarks corroborate with literature reviewed. Thus, according to Bourgon (2011:28), "the growing array of technologies that connect people with information and each other are not simply enablers or drivers of change in society, they are part of how we live in the 21st century".

Six other participants reiterated that the internet and social media can help in addressing legendary issues of accountability and transparency. Thus, KI09, KI10,

KI12, KI16, KI21 and KI22 concurred that with the internet everyone can see how much has been raised and can also see the progress being made on the project crowdfunded for. On the same note, informant coded KI07 avows that:

> "Social media has become an exciting phenomenon which plays a critical role in terms of information dissemination. For example, during the aftermath of the devastating Cyclone Idai, social media was used to communicate and mobilise resources".

The study also revealed that the internet and social media can also present challenges to civic crowdfunding. The leading critic of social media's role was KI33 selected from the academia. KI33 viewed social media as a double edged sword. The interviewee's most overriding argument was social media can be destructive to crowdfunding because of its susceptibility to fake news. KI33 reiterated that:

> "Yes! Social media can propel crowdfunding but we must also consider that someone can issue a sensitive allegation, say on Twitter, and that would go viral resulting in potential contributors deciding not to contribute or even seeking to withdraw their pledges".

Therefore, these findings are in line with what was reviewed in literature where Bourgon (2011:29) observes that "while the internet and social networks can accelerate the pace of innovation, they create new risks and give rise to new challenges". Bourgon (2011:29) goes further to emphasise the findings from KI33 by positing that "in the internet age, good and bad analysis, trustworthy information and misinformation can all go viral". To this end, social media must be appreciated as something that needs careful management and proactive measures that emphasise transparency to counter the coalescence of fake news. In other words, it can be noted that the issue of social media management continues to grow in importance in light of recent prominence of negative machinations such as fake news that at the end of the day can affect crowdfunding negatively.

5.6.12 Role of rewards, acknowledgements and incentives in crowdfunding

The study indicated that there were divided opinions on what role rewards, acknowledgements and incentives can play in civic crowdfunding. The majority of participants agreed with the literature reviewed on the criticality of rewards, acknowledgement and incentives. The findings however indicated conflicting views amongst participants on whether the CoH was incentivising, rewarding and acknowledging residents that were contributing to community initiatives such as community infrastructure rehabilitation. A significant number of participants were of the view that the CoH was not rewarding good behaviour in the city. On this, two perspectives emerged that seemed to justify why the CoH was not providing incentives or rewarding pro-community development residents. The first perspective was clear the CoH was resource constrained and therefore cannot afford rewards or incentives. Participants who shared this perspective particularly officials from the CoH highlighted that the city usually recruits its general staff from volunteers particularly anti-litter monitors to be permanent staff. They further highlighted that now it is impossible since the CoH is aiming to reduce its wage bill. Equally related to this perspective were participants who argued that this arrangement was demotivating to those volunteers who were left out. The dissenting minority believed providing incentives was problematic. One interviewee, KI07 from government, whose views were louder on the dissenting bench had this to argue:

> "My reservation on incentives generally – I tend to see not only in Zimbabwe but in Africa this disease that seems to draw us down somehow of wanting to expect things to be done for us, of wanting to get some rewards for some responsibilities that would ordinarily lay with us. Quoting a (former) US President or what – who says 'ask not what the country can do for you but what you can do for the country'. That is something missing from citizens."

This view was debunked years ago by Public Choice Theorists as can be seen in Chapter Two (2.5.1) where human individual behaviour is described as "self-maximising" and "rational". Moreover, as was fully expressed in Chapter Two of this study, this is also shown in the agency or game setup explained by the Public Choice Theory influenced Agency Theory and Game Theory. On the other hand, these views

are also in line with the main theory of this study as prescribed in Stewardship Theory. Put into context, KI07's argument representing other likeminded participants is that citizens must be stewards of their communities taking pride in contributing to their communities through rehabilitating their community infrastructure even without personal gain. Thus, crowdfunding presents citizens "opportunities to engage with and contribute to projects that reflect one's own values and concerns".

Further, the majority of participants from outside council such as academics, government officials, members of the civic society and even some officials from the CoH stated that the CoH was failing to recognise and acknowledge residents that had taken initiatives to rehabilitate community infrastructure. The study, however, through official documents reviewed such as CoH memorandums, newsletters and council minutes gave evidence to the contrary. There was evidence in the findings where identified residents, individuals and corporate entities were acknowledged, recognised and rewarded. For example, the 2018 Sunshine News of 2018 featured a story one resident identified as Mr Peter Lobel who was honoured with benefits that included "signing in the Civic Honours Book, entitlement to invitation to attend all civic functions of council, provision with free honorary parking disc in Harare" among other honours (Mugariri, 2018:7). This was further corroborated by various other letters of appreciation that were written to a variety of residents, corporate organisations, non-governmental organisations, churches and philanthropic organisations by CoH officials reviewed as part of documentary analysis. In certain instances, documents reviewed showed memorandums of official handover ceremonies being attended by CoH officials that included the Mayor, Councillors, Directors or other identifiable CoH officials.

5.6.13 Transparency and accountability in crowdfunding

The study revealed that transparency and accountability are some of the critical factors in crowdfunding that are not only challenges but can be boosters to civic crowdfunding if cautiously emphasised. Thus, the most popular issue was deliberating on the administrative issues around civic crowdfunding. Most key informants seemed to be attempting to highlight what was openly expressed in literature. In simple terms, the

study's findings point to the complexity of civic crowdfunding. As Mayer (2016:54) expresses:

> "…the primary challenge is how to deal with the changing nature of accountability associated with crowdfunding, as roles and boundaries begin to change and blur. Representation and access may present another dilemma for administration as local government should ensure representation but access may be affected by technological savvy, financial resources, and other factors. Further understanding these roles and expectations, especially as they relate to the citizens, is critical to the development of the field and the acceptance of civic crowdfunding as a potential alternative funding mechanism for local government".

Against this background, the findings of the study indicated that having online crowdfunding platforms can help increase transparency and accountability. In this view, KI06 reiterated that it is of paramount importance to be clear on issues of accountability and transparency i.e. "how figures of money gathered are going to be publicised, spent, when, how? People must also see, if you say you have spent $50 000. People must see what was done, show them the products and probably show them the change." In view of using the internet on increasing accountability and transparency, KI06 was quoted as saying:

> "Online platforms can be used to flight pictures at a glimpse to say - this is the hall we have painted. Simple evidence and activities done for people to comprehend for people to say; 'we gave them this much, we used this much and what's remaining in the account is this much'. That once done, you have achieved transparency".

KI06's sentiments align with what was reviewed in literature. According to Hollow (2013:72-73):

> "...the fact that most online crowdfunding platforms ask project founders to lay out exactly how they plan to use the money collected also helps to improve transparency and enables funders to make more informed choices about how to spend their money. Such openness is important not only because it creates greater accountability, but also because it helps reduce information asymmetry

between project founders and investors, levelling the investment playing field and encouraging greater levels of cooperation and consultation.

5.6.14 Learning from other local authorities in Zimbabwe

This theme sought to establish from the opinions of the key informants if in their experiences there were lessons the CoH can learn from other local authorities that can help inform crowdfunding initiatives in Harare. The study established from the key informants and documents reviewed that if there are particular civic crowdfunding projects that have been undertaken in Zimbabwe if there projects which exhibit tenets relating to crowdfunding that the CoH can learn from.

The findings show that the majority of participants did know of any local government that has undertaken a civic crowdfunding in Zimbabwe. Among those, a significant number said they are not familiar with local government experiences of other countries. This viewpoint was shared mostly by informants selected from the CoH. However, there were a small number of participants who pointed out that there are some lessons the CoH can draw from identified local authorities in Zimbabwe. The following are local authorities that were highlighted as having something for the CoH to learn from:

a) **Makoni Rural District Council.** According to KI04: “Makoni RDC (Rural District Council) has a very interesting model where they are saying, they have engaged youths. Every youth is given, say, three kilometres of road to maintain i.e. basic maintenance. They then receive a discounted rate when they pay their development levy (them and their households). These are some of the models that are coming out now to say the citizens can be involved. So next year Organisation X (the informant’s organisation name is withheld in this study for ethical reasons) wants them to try and pilot different models". The case of Makoni RDC can help inform the CoH on the importance of incentives and co-production in increasing citizen participation. This extract is an interesting example that exposes how important incentives are to initiatives such as crowdfunding.

b) **City of Bulawayo**. A significant number of those interviewed suggested that the CoH can learn a lot from its counterpart, the City of Bulawayo. Bulawayo is the second largest city in Zimbabwe after Harare. The City of Bulawayo has in recent years won accolades as one of the best run cities in Zimbabwe. One of the areas that participants interviewed in this study highlighted as commendable in Bulawayo was the issue of citizen participation. The views of the participants corroborate with findings from documents analysed. For example, the City of Bulawayo was cited for its good practice in a Local Authorities Capacity Enhancement Project (LACEP) implemented by VNG International and Municipal Development Partnership in 2016. The project focussed on gender policy formulation through stakeholder consultation and public participation. The project shows high participation from a broad range of stakeholders that included Ministry of Women Affairs, Gender and Community Development, Bulawayo Residents Association, Bulawayo Progressive Residents Association, Bulawayo United Transporters Association, Zimbabwe Republic Police, Gender Budget Action Committee, National Council for the Disabled Persons in Zimbabwe, Bulawayo Chamber of Small to Medium size Enterprises, Zimbabwe National Network for People living with HIV, World Vision, Zimbabwe Urban Council Workers Union, Bulawayo City Council, Factory Shell Owners, youths, men and women (LACEP, 2017:14). Such levels of participation are very important in local government and are critical in initiatives such as civic crowdfunding.

5.6.15 Learning from the Cholera Response in Harare and Cyclone Idai

This theme emerged from the responses of the key informants who were interviewed by the researcher. The data is based on recurring views and opinions of the key informants through which verbatim of the participants is emphasised where necessary and backed by documents reviewed.

The study found out that most of the participants' experiences of crowdfunding in Zimbabwe were after it was introduced by Econet Wireless through its subsidiary companies Steward Bank Limited and Cassava Smartech and supported by its philanthropic organisation HigherLife Foundation as part of its cholera response in

Harare support to the CoH in 2018 and Cyclone Idai support in 2019. More than half of the participants interviewed in this study indicated that these two cases exposed the power of crowdfunding. In the view of first experiences with crowdfunding KI022 responded as follows:

> "To be honest I never heard of crowdfunding until Steward Bank started *kanzatu kanzatu* campaign during the cholera outbreak in the residential areas of Budiriro and Glenview last year (2018). It was fascinating because it gave me an opportunity to help fellow citizens with the little that I had".

Various other participants cited the experiences of Cyclone Idai and the cholera response in Harare as case examples that can inform future crowdfunding initiatives particularly on the potential held by civic crowdfunding.

The findings of the study point out that since crowdfunding is a new concept the CoH should also learn on how best to capitalise on its potential. On this, KI07 emphasised that "in order to enhance a crowdfunding ecosystem, there is need to draw lessons from those who are doing better". This was also supported by KI33 who stated that:

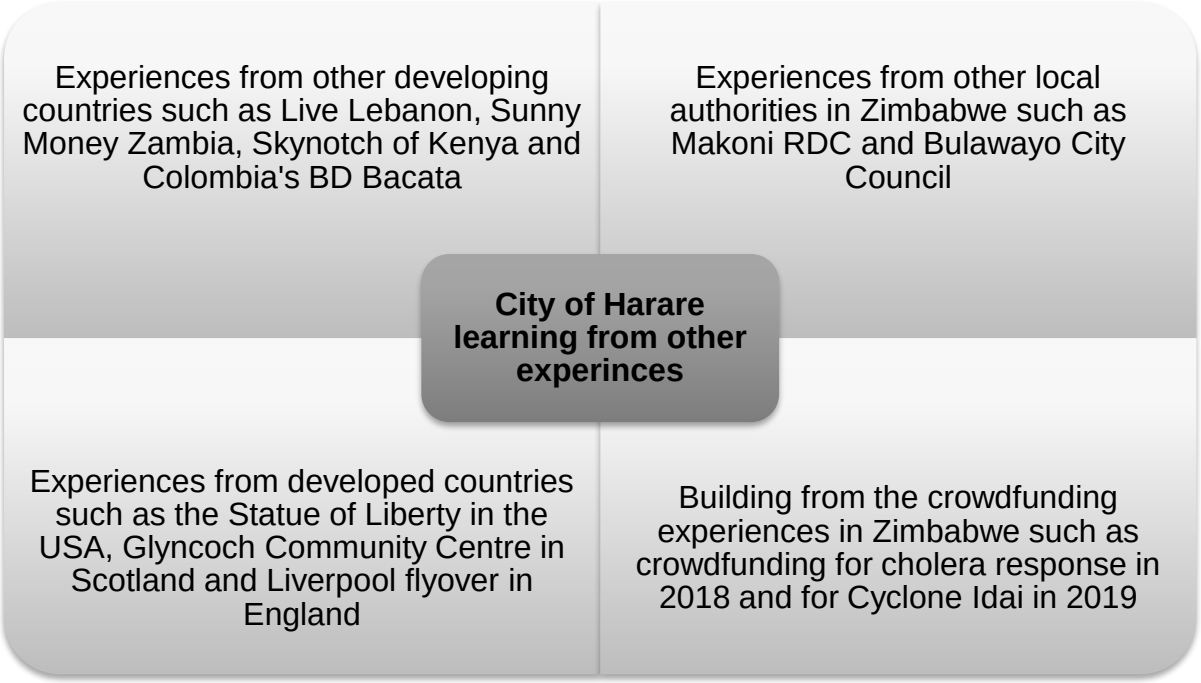
> "Systematic adoption and embracement of crowdfunding in volatile cities such as Harare should be calculated and build on small initiatives being done in the city by communities. This should also involve learning from other cities through exchanges programmes and twinning. Urban resilience can also be built by partnerships with private sector and development partners as we saw during the cholera response in Harare in 2018".

Another participant selected from the civil society had this to say: "I think crowdfunding is one of the innovative ways that we can use, that has been tested and tried but our council hasn't learnt from the best practices of how to do it".

These findings are making it clear that the CoH should learn from other experiences both in Zimbabwe and outside Zimbabwe, in developing countries and in the developed world specifically if it aims to attain world class city status as it envisions. This has been the underlying aim of this study. In that regard, Figure 5.8 below

provides a summarised diagrammatic presentation of lessons that the CoH can draw based on the findings from the interviews and literature reviewed.

Figure 5.8: CoH building on crowdfunding experiences



Source: Researcher's own

5.6.16 Developing an integrated civic crowdfunding model for community infrastructure rehabilitation for application by the CoH

Participants were asked the following question: What else do you think should be put in place to develop an integrated civic crowdfunding model of community infrastructure rehabilitation for application by the CoH? Themes were developed from the popular views of the participants. Subsequently, in the themes that emerged data was presented depicting the recurring views and opinions of the responses and verbatim was used where necessary. The data from the key informant was triangulated with findings gathered through documentary review. In addition, the themes were not only used to present the findings but were concurrently applied in data analysis. Below are the sub-themes that emerged.

5.6.16.1 Governance

This theme emerged popular from the participants. In other words, the issue of governance emerged as one of the recurrently dominant narrative that nearly became the Gordian knot of the findings (i.e. from the key informants interviewed). The majority of the participants indicated that governance was central in the success or failure of crowdfunding.

The majority of participants explicitly or implicitly expressed the view that for crowdfunding to work there was need for some form of a governance structure. One most vocal participant was KI08 who stated that "if we are to have crowdfunding as a permanent feature in the CoH then there is need for robust structures, systems and mechanisms for implementation and groundwork must be done by that consortium of stakeholders" (the stakeholders referred to include some mentioned and discussed earlier above). Further expounding these sentiments, KI11 remarked that "crowdfunding will need the elevation of some embryonic and rudimentary practices through systematic governance to fit under NPG where networks are present and are harnessed". This would involve the suggestions reiterated by KI10 that there will be need for "coordination of players including the technocrats in the city because some of those things citizens cannot do them on their own". On that note, one CoH official suggested that if crowdfunding "is to be set up in the CoH, there is need for a department which deals with crowdfunding so that there are able to facilitate and coordinate with the public, giving them areas of concerns". Further to that, KI24 was more elaborate and articulate on this issue of governance as he reiterated that:

> "Crowdfunding you cannot just do it. The people or community need to have proper structures highlighting who can call for it, *mari inoenda kunani* (to whom will the money go to), and discussions about the priorities of the money? *Panenge pachida* structure *yakaita sei* (what kind/form of structure is needed)? Because if you just say community - it is too wide - that community must have a form in terms of, say, a chairperson of the community/neighbourhood, treasurer responsible for the money. How the monies are going to be used? Who is going to audit the money, how, once the crowdfunding is initiated? So you need structures present".

The findings of the study are in line with literature reviewed. In this regard, it can be observed that all the case studies reviewed in the previous chapter point to evidence of some governance structures. These structures, as the key informants revealed, must be able to harness the strengths of all the stakeholders whilst working within the confines of the law. For instance, KI08 submitted that the governance structure must respond to issues such as; “How to organise? How the money is collected and disbursed”? KI10 indicated the same sentiments advocating for the “need to put checks and balances that prohibit abuse of raised funds”. In other words, the governance structure must take into considerations critical issues such as transparency and accountability.

5.6.16.2 Champions/key drivers

Related to governance was also the issue of champions or key drivers that was dominant in the views and opinions of the key informants. More than two thirds of the participants touched on the need for leaders in crowdfunding.

According to KI11 -

> “…there is a need for champions in crowdfunding who will be leading the projects, without them there won’t be progress. Champions might not need to be the best-educated individuals but natural leaders such as churches and sportspersons. There must be apolitical or the calibre which is non-partisan which makes it clear that we are doing it for the community, it is our projects”.

KI06 further stressed that -

> “…from the public, there have to be champions for such kind of programmes, who first realise the need and deliberately make the decision to participate or act on what they see as a public need. Their deliberations will have to be complemented by the council who are the official actors that bring us to joint actions between society and state actors”.

When asked who these champions should be, there were varied responses amongst participants. KI06, for example, remarked that “in our communities normally we have individuals who are quite vocal and action oriented”. These findings need to be

interpreted with attention. This is because some vocal individuals have underlying interests, most of which are political or self-serving. Being aware of this shortcoming, KI06 suggested that this can be circumvented by “members of the community [who] can organise themselves into some kind of organisation to spearhead issues such as crowdfunding”.

As was seen on the findings relating to the main stakeholders discussed earlier above and further in literature reviewed particularly on the case studies analysed in the previous chapter, there was no consensus on who exactly can champion crowdfunding. In the case studies reviewed in literature, documents reviewed (i.e. the cholera response crowdfunding in Harare), champions ranged from individuals (such as Pulitzer in the Statue of Liberty crowdfunding), private companies (Econet Zimbabwe, Skynotch Energy, Sunny Money and Prodigy Networks), Non-Governmental Organisations (We Make Places, Glyncoch Regeneration Limited) and development partners (UNDP Lebanon). Thus, the lack of agreement by the key informants interviewed is also reflected in the literature reviewed.

5.6.16.3 Establishing rallying points/ consultation

The findings of the study indicate that for any crowdfunding to be realised there must be engagement and consultation. There were likeminded sentiments shared by a number of key informants.

The most insightful viewpoint was put forward by KI04 who emphasised that “there is need to identify the rallying points i.e. what is it that pulls us together because if that is not clear we might then lose it. So who are the key actors we need”? These views were further strongly supported by another key informant selected from civic society argued that there was need to identify and agree on priorities. The informant argued was quoted as saying: “where are the priorities of the residents in terms of whether it is infrastructure development or service provision? Then what are the gaps in meeting these priorities that the residents or citizens would have set”? To do this, one official from the CoH asserted that there is “need for a robust system of reaching out to the residents of Harare and it has to start from the district offices where people do engage

everyday with their respective district officials". On the same note, one academic responded as follows:

> "First, I am very particular about the CoH engaging citizens and then establishing rapport and a good working relationship with them. That is the starting point i.e. that is foundational for me. Once the rapport is established, they can be taken further to say we now understand each other. The underlining factor is: sell the idea. Don't dictate."

These findings concur with what was reviewed in literature by Chatiza *et al.* (2016:23) and as indicated in Figure 5.4 above on the seven governance principles which include engagement, civic awareness and putting citizens at the centre. Consultation and establishing will result in citizens being what Bourgon (2011) call "value creators" in civic crowdfunding. Thus, one CoH official summed it up by saying: "crowdfunding can only work if people agree on certain modalities".

5.6.16.4 Flexibility

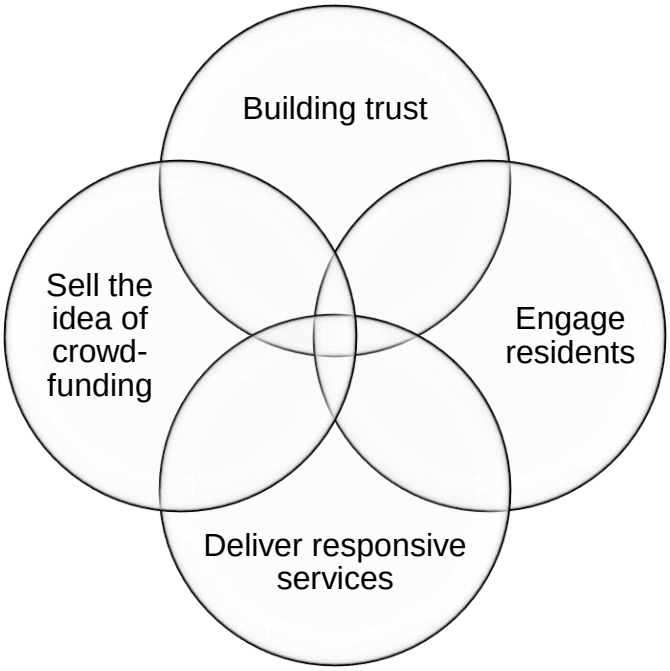
The findings of the study indicated that any crowdfunding model that can be developed in the CoH must be flexible. In other words, the model must be able to respond to various community needs and values. According to KI19, "Harare consists of different communities with different demographics, standards of living, community values, community structures and so forth so for crowdfunding to work it must be structured in a way that responds to these different community attributes". On the same note, KI04 echoed likely sentiments, when he stated that "we need an amphibious structure which can be flexible but without losing shape". Other key informants such as KI16, KI18, KI21 and KI22 concurred that the crowdfunding must have some flexibility but they focussed on the payment system. Thus, the participants hold that any crowdfunding model that will be carried out in the CoH must allow for various payment methods that include cash, mobile money, bank transfers, swipe and even international systems such as Visa and MasterCard. Other participants argued that crowdfunding must also value and accept donations in both cash and kind but having a solid accounting system. On this, one local government expert underscored that the crowdfunding must be designed in a way that is open to all sizes of donations no matter how small or big.

5.6.16.5 Building trust

The study indicated in the sections above that the environment prevailing in the CoH was associated with allegations of lack of trust and polarisation. Against this background, this theme sought to establish what the participants thought should be done to make crowdfunding successful in the CoH. To this end, data in this theme was presented reflecting the popular views of the key informants and necessarily supported with their direct verbatims.

Below is a diagrammatic summary of the popular views of the key informants found in the study.

Figure 5.9: Summary of popular views on how to build trust



Source: Researcher's own

The first popular view of the participants was that the CoH must make it a priority to engage residents in everything that affects them. The view was reiterated mostly by key informants selected from the academia, civil society, residents associations and development partners. On this note, KI18, KI25, KI25, KI29, KI30, KI31 and KI33 concurred that the more the city engages residents the more the residents are likely to pay rates and participate in the affairs of their community. KI12 and KI19 went

further to argue that resident engagement was very critical for strategies such as crowdfunding that build urban resilience. On the other hand, key informants selected from the CoH bemoaned that the city has been in the forefront of engaging residents but residents were reluctant to participate, for example, in the meetings. For instance, KI26 argued that there was no appetite from the residents to participate in the budget consultative meetings that the CoH has been carrying in the past eight years. This view was also supported by KI09 who was quoted as saying:

> "I live in a flat in a compound. Over the years, attempts to make inhabitants of the compound congregate to address common challenges have dismally been futile. People are either busy or not interested in any meeting to the extent that if someone finds a solution to a problem and just tell people to contribute the money for that people will do that without having to be told to gather and discuss..."

The other popular narrative that came out in the findings was that the CoH must start to deliver responsive policies. Thus, most participants from across the board emphasised that it was the responsibility of the City to deliver services to the residents. As one key informant put across that some residents particularly in high density residential areas "still have a mentality *yekuti ko ivo vekanzuru vozoitei* (of saying what will the officials from council do as their responsibility". This line of thinking was also underscored by KI24 and KI28 who argued that what demotivates many residents of Harare is that the city council is failing to provide efficient services to the extent that others are not paying their bills as a way of protesting. The two informants referred to certain localities that have not received, for example, potable tap water for years. Others have received, as the two participants further submitted, water that has been deemed unsafe to drink, for instance, in Budiriro and Glenview resulting in the areas being hot spots of cholera. Against this backdrop, the findings of the study indicated that the CoH must start to deliver services that appease residents to build trust.

The other popular view relating to building trust that came out strongly in the findings was that the idea of crowdfunding must be propagated. Although a significant number of key informants believed that this will somehow build trust, there were sharp variations in their views and opinions and in certain instances contradictions. Two groups of popular views and opinions emerged from the findings. The first popular

opinion was that the CoH must engage residents on this new phenomenon that empowers the citizens to contribute to their communities. Aligned to this group of opinion holders was that crowdfunding is interlinked to the narrative of devolution that seek to give more power to the communities. On this, one dissenting voice on this was KI24 who was cautious particularly about the frontiers of crowdfunding. The informant's worry seemed to focus on the disruptive capacity of civic crowdfunding. To this end, the informant believed that if residents see that they can be able to do things by themselves they will begin to question the purpose of the local authority. This informant who was selected from the civic society indicated that opinion surveys they had carried about how citizens view their council had shown that the majority had no trust in it and viewed it as useless. Thus, the informant was of the view that should more and more people begin to participate and see the benefits of civic crowdfunding they would see to do away with the local authority. These views cannot be ignored particularly in the face of citizens seeking for private services where they think public provision have failed, for example, in areas such as public security and in certain extremes citizens going further to seek to build private towns (as is the case in one district in South Africa's Northern Cape Province).

The second popular opinion was that whoever will be leading crowdfunding must make sure the idea is well sold to the communities so that they have a better understanding of what basically it entails. The basis of this group's argument was the inherent mistrust prevalent in Harare. On this, one key informant KI30 argued that "crowdfunding must start at the micro-community level where people know each other as neighbours, members of the same church, parents with children who attend the same school or members of the same gym". If the idea is sold at that level upwards it is likely to gain trust. Interesting to note, is the majority of informants who shared this opinions identified churches as potential champions in crowdfunding. The findings from this view can be argued to be aligning well to findings from literature particularly in the cases of Glyncoch Community Centre and even the Statue of Liberty. In the former, as also discussed below on "crowdfunding culture", shows that the community there had established trustful relationships which must have culminated in what Davies (2014a:75) identified as the existence of a crowdfunding culture.

These points of view can also be understood in the context of the Stewardship Theory which drew inspiration from McGregor's "Theory X and Theory Y" and later Maslow's "Hierarchy of Human Needs" (Armstrong, 1997:22). Analysing Maslow's "Hierarchy of Needs", for instance, it can be observed that at the centre his pyramid, the scholar speaks of "love/belonging" from friends and family and then above "esteem" gained through respect of and by others in a community. All these factors are related to the issue of building trust. Using Maslow's theories, one can observe the self-actualising man at the top of Maslow's pyramid. Abraham Maslow makes it clear that self-actualisation comes with creativity and sense making. It is on this that Armstrong (1997:22) argues that "for stewardship, structures should facilitate and empower".

5.6.16.6 Creating a crowdfunding culture

The study revealed that for residents of Harare to embrace civic crowdfunding, there is need for changes in attitudes and perceptions. According to a key informant identified as KI08: "the attitudes at the moment of most our citizens have to be changed because they have to understand that service delivery is their responsibility as it is the government's responsibility. As long as they think that service delivery must be driven externally by council then crowdfunding may not realise its goals". In the same vein, another local government expert emphasised that: "there is need for a mind-set shift on the part of authorities. They should be prepared to share both responsibilities and power. When people contribute, they should assume a bigger role". Such shift in thinking must be anchored on making communities realise the importance of stewardship in urban community infrastructure renewal. On this, a participant selected from the civic society was quoted saying:

> "I think crowdfunding is one thing we need to learn in terms of stewardship of community development is to cultivate a tradition of co-creating public goods. We all want our kids to learn how to swim and dance but swimming pools and community centres are in a bad state. The solution can be what we do as a parents, neighbours and communities".

Thus, experiences from the case of Glyncoch Community Centre crowdfunding initiative discussed in the previous chapter shows that a crowdfunding culture that existed in the community was pivotal in the success of the project (Davies, 2014a:75-76).

5.7 CONCLUSION

The data presented and analysed in this chapter was from key informant interviews and documents reviewed. In the adoption of crowdfunding in the CoH, the findings confirmed that it is a noble idea and it holds so much potential. Evidence of anecdote resident initiatives that can provide building blocks for civic crowdfunding was unearthed in both the findings from the interviews and the CoH documents analysed. The findings of the study indicated some consensus on the main stakeholders that should participate in civic crowdfunding initiatives in the CoH but exposed sharp disagreements, which were synonymous with what was reviewed in literature in the Chapter Four on experiences from other countries, on who exactly should champion. Further to that, the study revealed that polarisation and mistrust among citizens and between the citizens and the authorities are the major stumbling blocks in crowdfunding. The research also emphasised the importance of a governance structure should civic crowdfunding be adopted in the CoH.

In the context of the findings and analysis carried out in this chapter, the following chapter focuses presenting the major conclusions of the study and provide recommendations. The recommendations will be informed by data gained through the interviews and documents analysed and supported by literature gaps identified. Subsequently, the primary objective of the study will be fulfilled through the development of a model that is suitable for application by the CoH.

CHAPTER SIX
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS: AN INTEGRATED CIVIC CROWDFUNDING MODEL FOR APPLICATION BY THE COH

6.1 INTRODUCTION

In line with the primary objective of the study highlighted in Chapter One (section 1.4), this chapter synthesises the entire study and makes recommendations in the form of a proposed integrated civic crowdfunding model. The main findings of the study show that crowdfunding in the CoH is a noble but untapped resource mobilisation mechanism. The model presented in Figure 6.1 below is informed by literature (as presented in Chapter Two, Three and Four) and inputs obtained from key informants (as presented in Chapter Five). This was done to come up with an integrated model that is empirically informed by means of a synthesis of various data sets. Nonetheless, in as much as the proposed integrated civic crowdfunding model is designed specifically for the CoH, it can also serve as a point of reference for cities with similar circumstances around the globe. The proposed integrated civic crowdfunding model does not seek to challenge or replace existing community infrastructure rehabilitation models but to complement existing resource mobilisation instruments.

6.2 STUDY REFLECTION: RESEARCH OBJECTIVES AND QUESTIONS

As indicated in Chapter One section 1.4, the primary objective of this study has been to develop an integrated civic crowdfunding model for application by the CoH. For this purpose, the following research objectives (RO) were formulated and operationalised in this study:

- **RO1:** To analyse the theoretical principles, approaches and models of crowdfunding available in literature.
- **RO2:** To interrogate the nature and scope of existing community infrastructure rehabilitation financing mechanisms.

- **RO3:** To explore the emerging funding gaps that warrant the adoption of civic crowdfunding in the rehabilitation of community infrastructure.
- **RO4:** To investigate international best practices regarding crowdfunding in major cities.
- **RO5:** To empirically investigate the status, institutional structures, processes, systems and the major stakeholders that should be put in place when adopting civic crowdfunding in the CoH.

As can be seen in Chapter One (section 1.5), the key research questions stemmed from the research objectives that were operationalised in this study. The primary research question of the study was: What should be included in an integrated crowdfunding model for community infrastructure rehabilitation for application by the CoH? From this primary research question, the following secondary research questions (RQs) were developed and answered:

- **RQ1:** What are the theoretical principles and different models of civic crowdfunding that are available in literature?
- **RQ2:** What is the nature and scope of existing community infrastructure rehabilitation financing mechanisms?
- **RQ3:** What are the emerging funding gaps that warrant the adoption of civic crowdfunding in the rehabilitation of community infrastructure?
- **RQ4:** What are the international best practices regarding crowdfunding in major cities?
- **RQ5:** What institutional structures, systems, processes and stakeholders should be put in place when adopting civic crowdfunding in the CoH?

In Table 6.1 an alignment of the objectives and research questions to the chapters of the study is presented and summarised.

Table 6.1: An alignment of research objectives and questions to the chapters of the study

Research Objective (RO)	Research Question (RQ)	Chapter
RO1: To analyse the theoretical principles, approaches and models of crowdfunding available in literature	**RQ1:** What are the theoretical principles and different models of civic crowdfunding that are available in literature?	Chapter Two
RO2: Interrogate the nature and scope of existing community infrastructure rehabilitation financing mechanisms. **RO3:** Understand the emerging funding gaps that warrant the adoption of civic crowdfunding in the rehabilitation of community infrastructure.	**RQ2:** What is the nature and scope of existing community infrastructure rehabilitation financing mechanisms? **RQ3:** What are the emerging funding gaps that warrant the adoption of civic crowdfunding in the rehabilitation of community infrastructure?	Chapter Three
RO4: Investigate the international best practices regarding crowdfunding in major cities.	**RQ4:** What are the international best practices regarding crowdfunding in major cities?	Chapter Four
RO5: Empirically investigate the status, institutional structures, processes, systems and the major stakeholders that should be put in place when adopting civic crowdfunding in the CoH.	**RQ5:** What institutional structures, systems, processes and stakeholders should be put in place when adopting civic crowdfunding in the CoH?	Chapter Five

Primary Objective: To develop an integrated civic crowdfunding model for community infrastructure rehabilitation for application by the CoH.	**Primary research question:** What should be included in an integrated crowdfunding model for community infrastructure rehabilitation for application by the CoH?	Chapter Six

6.3 SUMMARY OF THE MAIN CHAPTERS

This section summarises the content and main findings of the respective chapters with the aim of giving a précis of the study. To circumvent unnecessary reiteration, the main issues are summarised, where necessary, with reference made to the relevant sections in the chapters.

In **Chapter One** the orientation and background of the study were presented. It was elucidated how crowdfunding is emerging as an instrument and is being recommended for the public sector. Some teasers of how civic crowdfunding fits in the discourse of public administration were highlighted in this chapter. The problem statement and primary aim of the study were also expressed in this chapter. The main problem resonating around challenges being faced by the CoH and failure to embrace innovative instruments to rehabilitate community infrastructure such as civic crowdfunding to complement existing revenue mobilisation regimes. Chapter One (section 1.5) explicated the central theoretical statements as point of entry arguments for the study. An outline of the research questions and objectives was provided in sections 1.3 and 1.4. Furthermore, a description of the research methodology followed in the study and its qualitative nature was also presented in Chapter One. Finally, the chapter also included a section on ethical considerations and another on the significance of the study.

Chapter Two focussed on providing the theoretical backbone of the study. Firstly, crowdfunding was conceptualised as an emerging viable instrument that had warranted the need for a study on how it can be used in local government particularly in the management of cities. To this end, crowdfunding was contextualised within the

scope of Public Administration. The chapter chronicled the paradigmatic developments of Public Administration as study domain that included transitions from Traditional Public Administration, New Public Administration, Public Management, and NPM to NPG, and NPS. NPG was emphasised because it reiterated the emergence of crowdfunding in a networked form of governance. Crowdfunding was analysed including its major elements, types and models. Four models were assessed, namely donation, reward, lending, and equity crowdfunding. On the same note, different types of crowdfunding were interrogated with special attention given to civic crowdfunding as the main focus of this study. Theories that underpin civic crowdfunding as a governance phenomenon such as Public Choice Theory, Game Theory, Principal-Agent Theory and Stewardship Theory were explored to uncover the meta-theoretical underpinnings of crowdfunding. Ultimately, Stewardship Theory was reviewed as the focal theory underpinning the study.

Chapter Three conceptualised community infrastructure rehabilitation and analysed the institutional and legal frameworks that guide local government finances in Zimbabwe. Further to that, local government financing and revenue mechanisms such as property tax collection, rates, user fees, rentals from council properties, central government financial transfers, borrowings, income-generating projects, as well as proceeds from investments and penalties were comprehensively explored. After which, a gap analysis was undertaken to assess the different revenue mechanisms and actual financial needs of the city, with focus being put on community infrastructure rehabilitation. Subsequently, the study found out that crowdfunding can make a significant contribution to fill resource gaps. Crowdfunding was identified in this chapter among alternative financing methods and contextualised as a new financial arrangement that is being advocated for in local governance literature.

Chapter Four of this study was aimed at investigating experiences and uncovering best practice from cities around the world that have embraced civic crowdfunding. In this chapter, an analysis of cases from developed and developing countries that embraced civic crowdfunding was undertaken. This analysis included seven case studies which are the Statue of Liberty pedestal, Glyncoch Community Centre, Liverpool Flyover, the BD Bacata Tower construction in Bogota, Colombia, Live Lebanon, Zambia's Sunny Money and Kenya's Skynotch Energy. In this regard,

lessons were selected some of which reflected on theory to the extent of highlighting the practical effect of civic crowdfunding on the discourse of network governance. Beyond drawing lessons from the experiences of case studies, critical success factors of civic crowdfunding in the seven cases were analysed and major concerns regarding crowdfunding were also raised.

In **Chapter Five** of the study, an empirical study was undertaken which involved key informant interviews and documentary analysis. Since the study followed a qualitative approach, sampling of participants was purposive and data collected was presented and analysed using thematic analysis and qualitative content analysis. The main findings of the study confirmed the main problem identified in Chapter One of this study that despite the potential provided for by civic crowdfunding the CoH has not yet systematically embraced it. Most of the findings also aligned with NPG literature interrogated in Chapter Two. The findings from Chapter Five were used to inform an integrated civic crowdfunding model presented in Chapter Six.

Chapter Six forms the concluding chapter of this study. It provided a synopsis of the whole study. It provides a summary of the study through a reflection of what was covered in the chapters. The chapter went further to recommend through the development of an integrated civic crowdfunding model as the part of its contribution to new knowledge. This was to address the main aim of the study outlined in Chapter One, which has been: to develop an integrated civic crowdfunding model for application by the CoH. The chapter also proposed some recommendations for further studies.

6.3 CONTRIBUTION TO THE ADVANCEMENT OF NEW KNOWLEDGE

The study's contribution to the advancement of new knowledge is structured in three sections namely: recommendations through proposing an integrated model; contributions to literature; and contributions to the corpus of knowledge of Public Administration.

6.3.1 Recommendations: an integrated civic crowdfunding model for application by the CoH

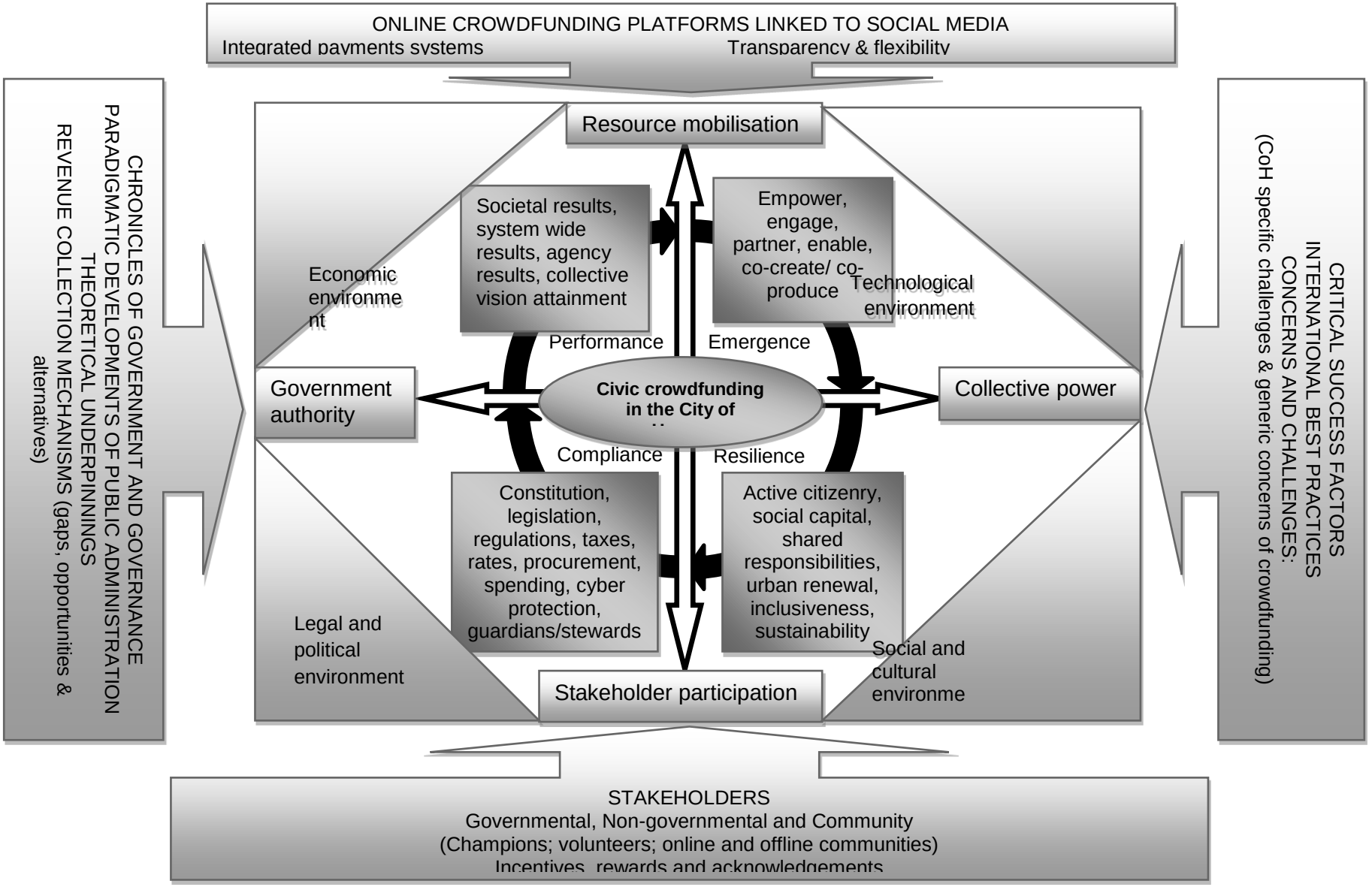
The main aim of this study coincided with the primary objective of the study in seeking to: develop an integrated crowdfunding model for application by the CoH. This followed a knowledge gap identified in Chapter One and further emphasised by a resource gap analysis performed in Chapter Three of the study. This section presents the integrated crowdfunding model to address the research problem identified in Chapter One. The proposed model is informed by the theoretical underpinnings analysed in Chapter Two, the international best practices interrogated in Chapter Four and the empirical findings explicated in Chapter Five. Against this background, the integrated civic crowdfunding model was developed using the following strategies:

Strategy 1: The framing of the core of the model followed a deductive approach. In other words, after an analysis of literature generally on NPG and specifically Bourgon's (2011) New Synthesis Framework, the study borrowed Bourgon's (2011) four vector approach and developed it further using NPG literature complementing it with civic crowdfunding literature.

Strategy 2: The researcher then inductively broadened and modified the model using findings from key informant interviews and documentary analysis.

Strategy 3: The strategy involved deconstructing, contextualising and refining Strategy 1 by capturing what was analysed in the theoretical and empirical chapters on this study. In other words, this proposed integrated civic crowdfunding model encapsulates the paradigmatic background of the study, meta-theoretical underpinnings, financing mechanisms in local government underlining the gaps and opportunities, international best practices as well as the empirical findings of the study. The developed and proposed, integrated civic crowdfunding model can be illustrated in Figure 6.1 below.

Figure 6.1: An integrated civic crowdfunding for application by the CoH



Source: Author's own with some influence from Bourgon (2011:36 and 46).

The proposed integrated civic crowdfunding model carries some influence from the New Synthesis Framework proffered by Bourgon (2011) which is framed around four vectors. These four vectors form the core part of this proposed model. However, as depicted in Figure 6.1 above, the outer layers of the integrated model is influenced by what was reviewed in theoretical chapters of the study inclusive of what was reviewed in literature and evidence from the empirical findings.

Expounding on the illustrated vectors, the proposed model submits that civic crowdfunding in mobilising resources juxtaposes "agency results in the broader context of system wide, society results" and shared visions (Bourgon, 2011:34). On the other hand, stakeholder participation relates to how civic crowdfunding can capitalise on the collective power of residents to help in community infrastructure rehabilitation and urban renewal. These vectors, as shown above further seeks to "help explore how government, people and communities can work together and share responsibility for producing results of higher value" through harnessing on new innovations that empower communities to take charge of their cities (Bourgon, 2011:34).

The **vertical vectors** explore the interrelationship in civic crowdfunding between resource mobilisation and stakeholder (citizen) participation.

Resource mobilisation: The proposed integrated civic crowdfunding model will help to improve the overall performance of the CoH in mobilising resources and subsequently, service delivery. Appreciative of the fact that the proposed model will necessitate the collection of resources; this should be done with responsibilities. Responsibilities in this case will entail that raised resources through, for example, online platforms are accounted for and expended under the confines of the laws. These are contracted out responsibilities that might have been necessitated by technological developments and economic considerations. Technological developments allow the CoH to engage its residents, empower them to contribute to their communities through co-producing activities such as infrastructure rehabilitation. To this end, partnerships with communities will mean collective vision attainment. This

means that the CoH's vision of achieving world-class city status by 2025 will be shared by residents through contributing their resources to support their city. In other words, the proposed integrated model inspires the CoH and its residents to draw lessons from how New Yorkers partnered in mobilisation of resources for the pedestal of the iconic Statue of Liberty Statue (as shown in section 4.2.1).

Stakeholder participation: Civic crowdfunding is hinged on stakeholder participation. Stakeholder participation in civic crowdfunding was situated in section 2.4.2.4 as projecting community expression. However, this proposed integrated model emphasises that stakeholder participation must comply with laws and regulations. Three taxonomies of stakeholders were exposed in this study as shown in Figure 6.3. These stakeholders have designated responsibilities that they are expected to honour. For instance, stakeholders at governmental level have obligations to collect revenue, rehabilitate infrastructure and provide guardianship of community infrastructure as provided in the Constitution of Zimbabwe and the Urban Councils Act. It is a responsibility that cannot be abrogated even if civic crowdfunding is embraced. On the same note, stakeholders at non-governmental and community level have duties to pay rates and taxes. Moreover, participation in civic crowdfunding will mean commitment of additional resources on top of mandatory obligations of paying taxes and rates. Nevertheless, stakeholder participation in civic crowdfunding as was expressed in the empirical findings of the study (section 5.6.7) builds active citizenry and increases social capital. Active citizenry and social capital are key ingredients in fostering urban resilience. Stakeholder participation is very imperative in that in those stakeholders will emerge champions of crowdfunding. Most importantly, the success or failure of civic crowdfunding is determined by the levels of stakeholder participation as was shown in the seven case studies analysed in Chapter Four of the study. In the same vein, civic crowdfunding, literature by Veelen (2015:10) reviewed in section 2.4.2.4 shows, represents a tool for the ordinary residents in funding community based projects.

The horizontal vectors: adopted from Bourgon (2011:34) but contextualised for the purposes of this model, focus on the use of government authority and the reliance on the collective power of society in civic crowdfunding.

Government authority: The findings of the study (i.e. evidence from literature reviewed and interviews conducted) indicated that government has a role to play in local government in general (Chapter Three subsections 3.3.1.1 and 3.3.1.2) and in civic crowdfunding specifically (Chapter Five subsections 5.6.4.3 and 5.6.4.7). Government in this context encompasses both the central government and the local government levels. The central government is constitutionally and legally assigned to act as guardian of local authorities whilst local government acts as guardians of community infrastructure. These responsibilities necessitate government to enact legislation and regulations as well as comply and monitor compliance within the laws. It is in those clauses that this proposed integrated civic crowdfunding model sought to appreciate and acknowledge the guardianship of government. For example, the study exposed some concerns of crowdfunding such as cybercrimes and fraud; therefore, in this proposed integrated model the government has a role to protect crowdfunding citizens against such vices. Also, civic crowdfunding will also involve public funds which must be expended in terms of the Public Finances Management Act and procurement regulations. Notwithstanding the above, government authority must also conform to the changes in the environment (for example, technological developments or economic challenges). Conforming to the environment should also mean responding to how resources are mobilised and citizens participate in community development.

Collective power: The theoretical chapter (Chapter Two) and literature on experiences from other countries in Chapter Four of the study pointed to a shift to network forms of government. This was also reiterated by the empirical findings (section 5.6.4) of the study which exposed that different actors have different roles to play in crowdfunding. To this end, the proposed integrated model emphasises that resources that can be mobilised are beyond what government or local governments are able to harness on their own to extend to the contributions of urban communities. With this proposed integrated civic crowdfunding, the CoH will be able to explore alternative infrastructure financing models (highlighted in Table 3.1) to complement traditional mechanisms of financing (expounded in section 3.4) and address gaps (such as those highlighted in section 3.5). To better harness collective power, the proposed integrated model allows the CoH to get a glimpse of what other world class cities do (since the city has a vision of attaining world class city status). This is

achieved by learning from the international best practices (shown in Chapter Four of this study) and draw lessons on critical success factors as well as challenges and concerns raised. Further to that, collective power allows the CoH to build resilience through development of an active citizenry, building social capital and sharing of responsibilities in ways that encapsulate emerging tools that allows it to partner, enable, engage, empower and co-produce services with other stakeholders. These emerging tools such as civic crowdfunding might be provided by developments in the technological environment whilst necessitating reconfigurations of the social and cultural environment. In other words, the proposed integrated civic crowdfunding model positions the CoH to build a crowdfunding culture.

Interesting to note, as this integrated civic crowdfunding model diagram shows through a depiction of multiple tensions at the intersections of the vectors, something emphasised in literature reviewed in the study indicated and further revealed in the empirical findings, is that different stakeholders have different preferences. The proposed integrated civic crowdfunding model echoes Bourgon's (2011:35) sentiments that:

> "The greatest potential for innovation lies at the crossroads of the four vectors. This is where issues, tools and capacities may be recombined in new and productive ways ... It is where a new sharing of roles and responsibilities between people, government and society may be forged; one that holds the potential for achieving results of higher public value at a lower overall cost to society".

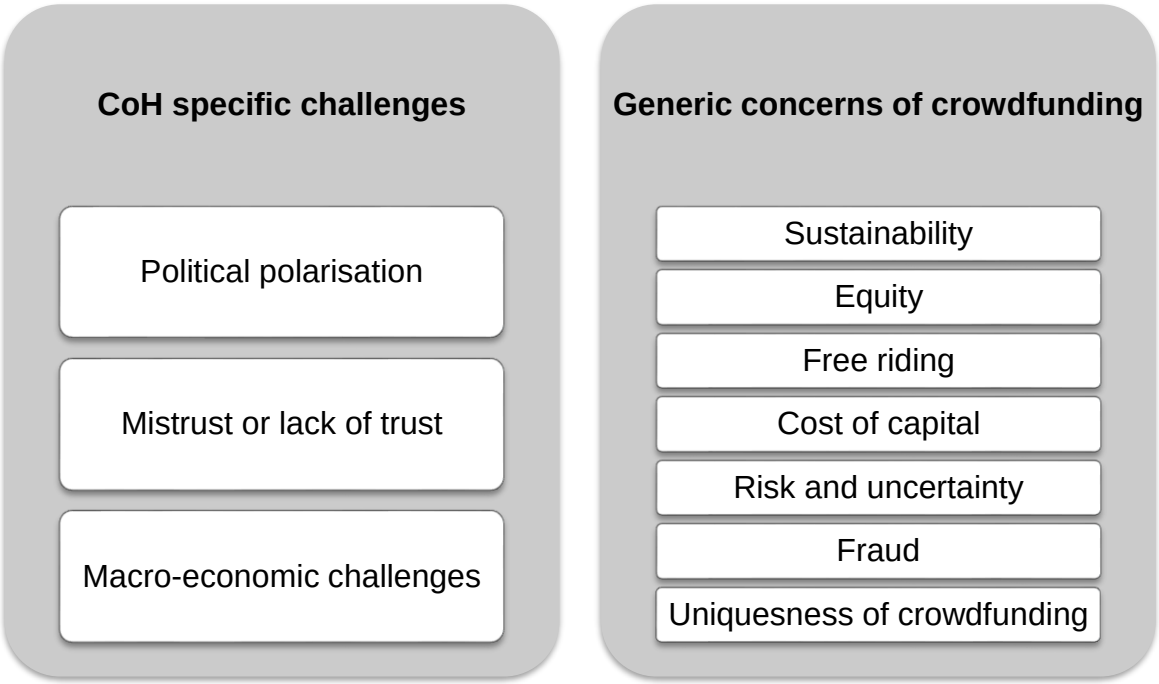
6.3.1.1 Suggestions for the application of the model

In the sub-sections below some suggestions for the application of the model are presented.

6.3.1.1.1 Proposals to address the identified challenges of crowdfunding

The findings of the study (i.e. findings from participants, documents analysed and literature reviewed) indicated the following as the major concerns and challenges of civic crowdfunding.

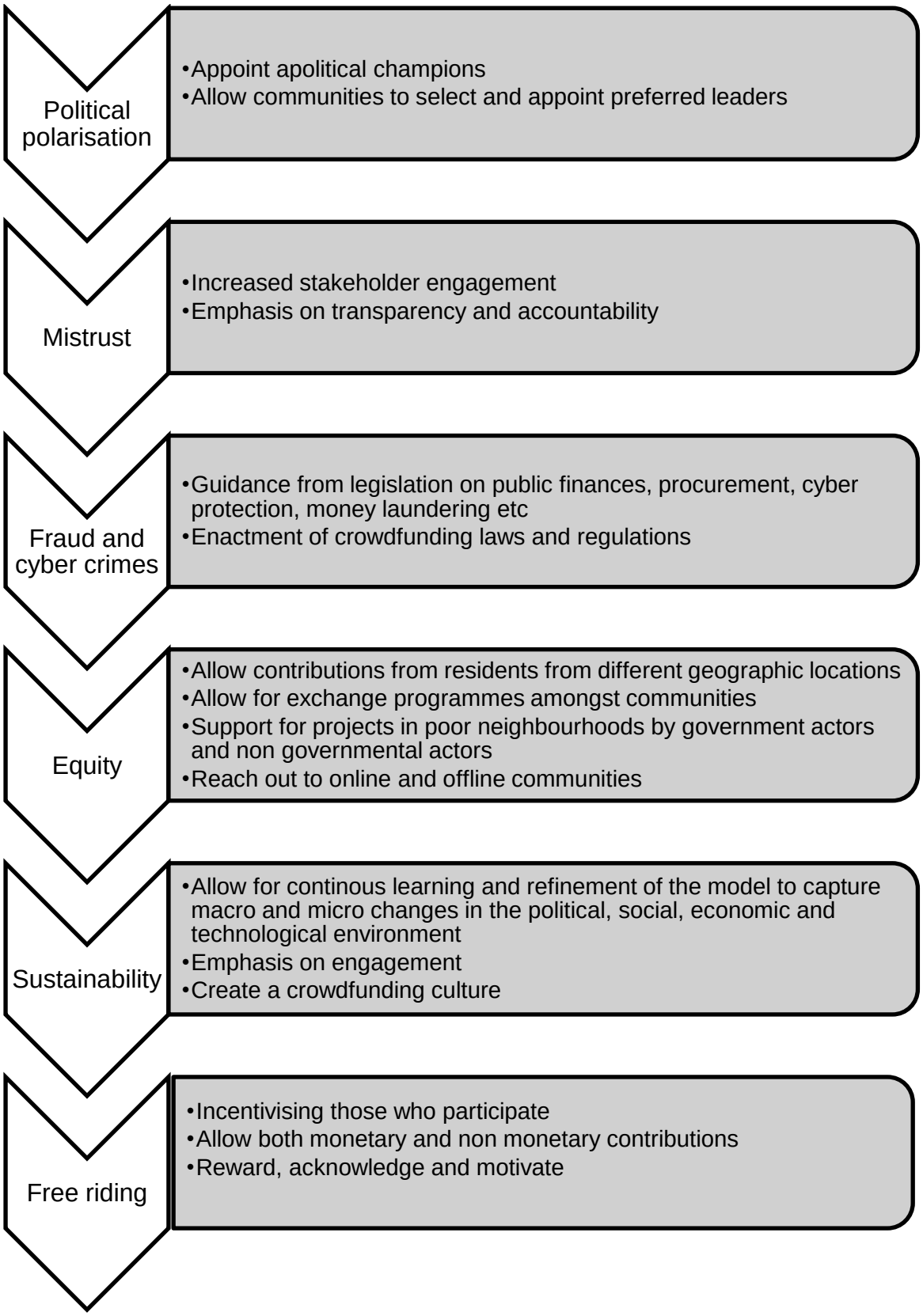
Figure 6.2: Identified challenges and concerns in civic crowdfunding



Source: Researcher's own

In a bid to circumvent the identified challenges, the model proposes the following as some of the strategies to address the concerns.

Figure 6.3: Proposed strategies to deal with the challenges and concerns

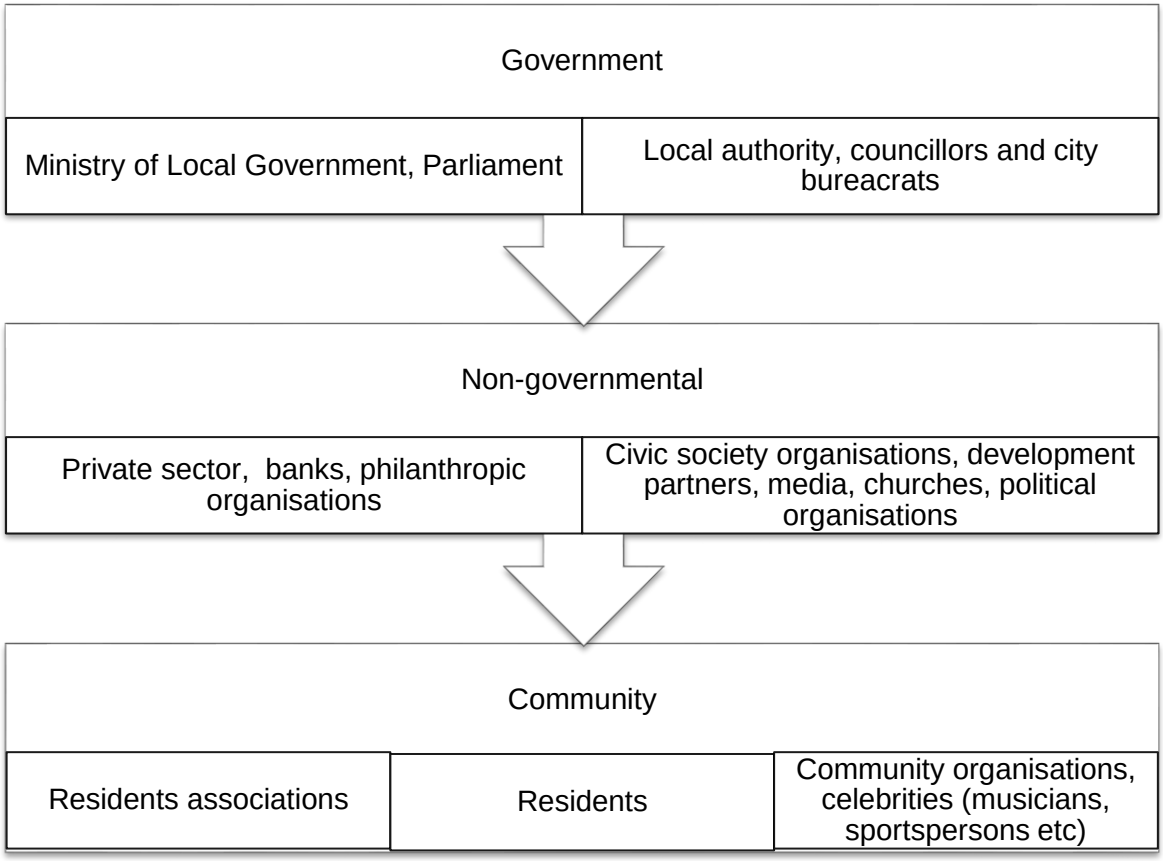


Source: Researcher's own

6.3.1.1.2 Proposed taxonomies of stakeholders in civic crowdfunding in the CoH

The findings of the study (i.e. the findings from the interviews and literature reviewed in Chapters 4 and 5) indicated a number of stakeholders that can be included in crowdfunding. These are presented in Figure 6.4 below.

Figure 6.4: Three classifications of stakeholders



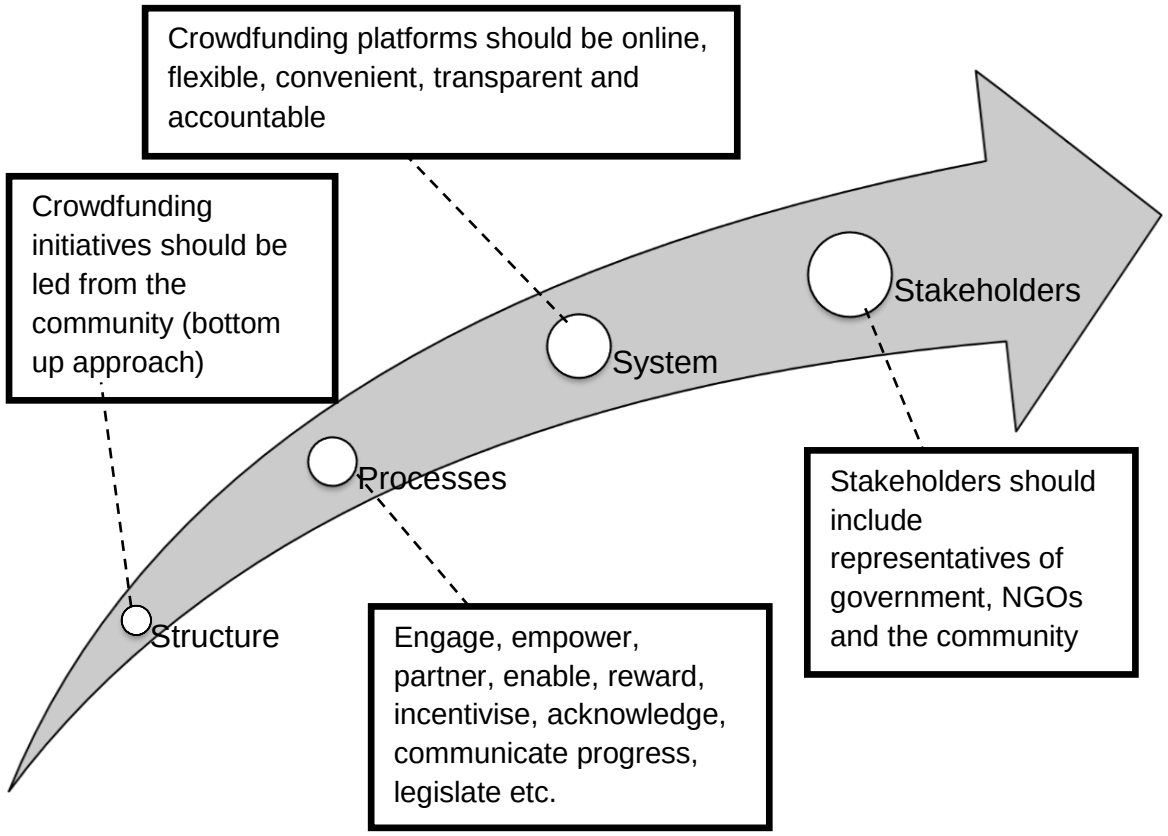
Source: Researcher's own

The findings of the study as well as experiences from other countries, revealed a variety of roles for stakeholders. These stakeholders can be categorised through three classifications as depicted in Figure 6.4. However, the findings of the study gave evidence to the effect that civic crowdfunding should be led from the community and this is the view that is also emphasised in this proposed model.

6.3.1.1.3 Key considerations in the integrated civic crowdfunding model

The model is integrated because it reflects on the structure, process, system and stakeholders that should be considered in any civic crowdfunding. It builds on the findings of the study (including findings from literature reviewed). In terms of structure, evidence from the findings indicated that civic crowdfunding initiatives should be initiated from the community. Community structures should be accorded the right to form a governance structure (see sub section 5.6.16.1 in Chapter Five). In terms of the processes, both the findings of the study and the literature reviewed provided some guidelines for this study. The latter refers to literature on NPG in Chapter 2 that emphasised issues of partnerships, co-production and networks as well as experiences from other countries that reiterated critical success factors (section 4.4 in Chapter Four). The former reiterated issues of engagement, consultation and putting in place of legislations that complements what is being provided by the 2013 Constitution of Zimbabwe.

Figure 6.5 Critical considerations on the structure, system, processes and stakeholders in the integrated civic crowdfunding model



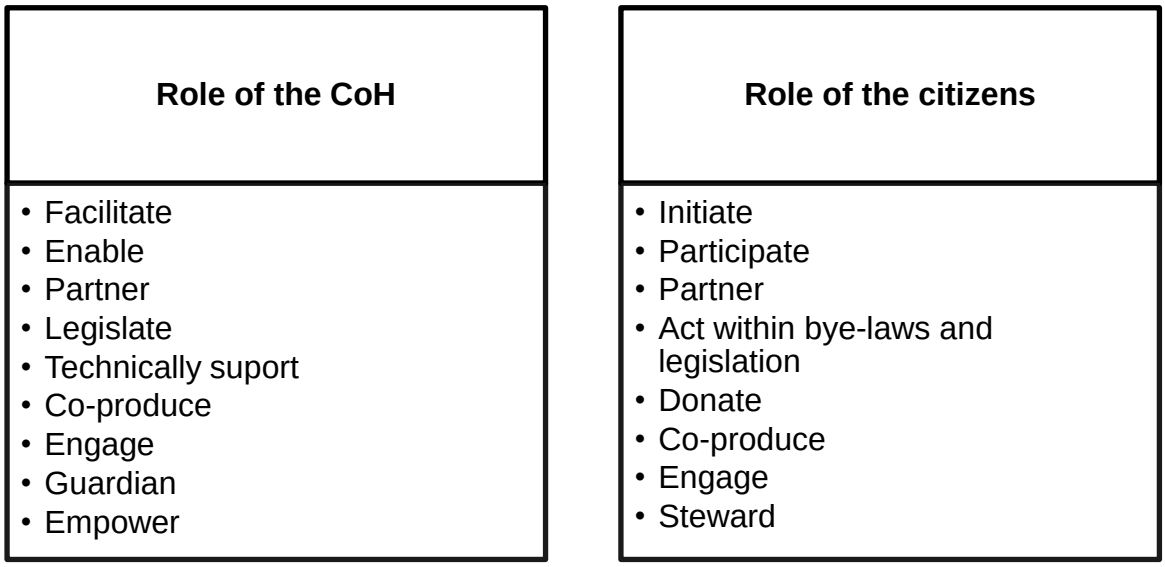
Source: Researcher's own

Evidence from the findings of the study revealed that civic crowdfunding systems should be flexible and transparent (see Chapter Five of the study). On the same note, evidence from experience from other countries shows the importance of online crowdfunding platforms in providing systems for citizens to participate in the development of their neighbourhoods. In terms of flexibility, the proposed model underscores that it should cater for all forms of payments that include mobile money, bank transfers, international platforms such as MasterCard and Visa and respond to advancements in this sector. In terms of stakeholders, Figure 6.4 exposes on who should be included. Further to that, Figure 6.5 provides the roles that residents of Harare and the CoH should play in the proposed theoretical model.

6.3.1.1.3 Proposed roles of the CoH and residents in civic crowdfunding

The proposed model argues for the redefined roles of the citizens and the CoH being perpetuated by civic crowdfunding. Evidence from the study (i.e. from the interviews held, documents analysed and literature reviewed) presents the following as some of the roles that residents and the CoH can play in civic crowdfunding. A summary of these roles are presented in Figure 6.5.

Figure 6.5 Proposed roles of the CoH and residents in civic crowdfunding



Source: Researcher's own

6.3.2 Contribution to literature

Given the paucity of literature on civic crowdfunding models, this study provides an integrated civic crowdfunding model that can be applied by cities in developing world particularly in Africa. Notwithstanding Davies' (2014a) ground-breaking work on civic crowdfunding and the impressively growing literature on civic crowdfunding, the existing literature mainly focuses on the experiences in the developed North. As emphasised by Boyle (2016:17), civic crowdfunding studies to date have been focusing on the social democratic capitalist economies of the northern hemisphere and admittedly in other developing countries outside Africa. Given varying political, economic, social and technological environmental contexts, models in the developed world might not strategically address the needs of the developing world. This justifies the need for an integrated civic crowdfunding model that takes into account the African context. As the study has shown, Zimbabwe and particularly the CoH presented unique challenges such as political polarisation and mistrust among citizens. On this front, this study is in harmony with Boyle's (2016:17-18) view that generalising conclusions from studies done in other contexts may discount the importance of socio-cultural and geographic differences in shaping attitudes towards civic crowdfunding. Moreover, this study responded amicably to calls by: Hountondji (2002); Badenhorst

(2010); and Corley and Gioia (2011) challenging African scholars to contribute to the creation of new knowledge by developing theories based on the African context.

6.3.3 Contributions to corpus of knowledge of Public Administration

This study provides some fascinating findings and contributions that can be reflected on Public Administration literature specifically on the transitioning approaches that are affecting changes in both the study and practice of public administration. The findings of this study pointed to the fact that citizens generally no longer believe the government should be at the forefront of the provision of public goods. Furthermore, the findings highlighted a shared responsibility amongst a variety of stakeholders something that continue to give traction to network governance and ultimately literature on NPG.

The research further exposes how an emphasis on emerging alternative tools, public sector entrepreneurship (Bieri (2015:2429) describes civic crowdfunding as “the next phase of entrepreneurialism in the financial transformation of urban governance”) and technological advancements are transforming specifically local governments around the world and generally public administration. To cope with these influences and advancements, the research shows that governments in developing countries must be proactive as both opportunities and threats are sailing along. For instance, as the study highlighted, and as information communication technology literature continues to show and emphasise, public administration in general and local governance in particular, is not immune to the disruptive nature of technologically backed innovations. In other words, initiatives such as civic crowdfunding, Moreover their continued embracement and adoptions, as the study reveals, are likely to change the scope and framework of public administration.

Civic crowdfunding, as the study reveals and as the recommended integrated model emphasised, sits at the centre of transformations from Traditional Public Administration to NPG and even to NPS. The study’s exposé of multi-stakeholder such as citizens, private sector, government (both central and local), civic society organisations, development partners, philanthropic organisations and academia provided for by civic crowdfunding can be described as the rolling frontiers of the NPG. Moreover, the study’s depiction of the centrality of citizens in urban development

highlighted in civic crowdfunding points to the shift from government to governance that has been necessitated by provisionally NPG and ultimately NPS thinking. These developments are challenging the status quo by increasing “tension with the idea that public goods that are most effectively produced by governments” (Davies, 2014a:29).

6.4 RECOMMENDATIONS FOR FURTHER RESEARCH

The limitations of the study include the fact that this study maintained an optimistic view of NPG “as effective in goal attainment and flexible in catering to different interests” whilst seemingly ignoring “a more pessimistic view which emphasises increasing conflicts, ambiguity and problems of achieving public goals” (Christensen, 2012:8). In this light, the findings of the study supported by literature raised issues that relate to concerns about claims of challenging or threatening governance infrastructure. To this end, as NPG thinking continues to shape the study and practice of public administration in general and local governance in particular, influencing new instruments such as civic crowdfunding, further empirical studies are required on how exactly these new instruments impact on the practice. Elements of the disruptive nature continue to be highlighted (as the findings of the study reveal and as expressed also in the literature reviewed), there is need for concrete research in the future on evidence beyond these allegations and predictions.

The findings of the study, corroborating with literature, show that crowdfunding is still emerging particularly in the area of local government. However, there is need for further empirical studies on the issue of equity in the conduct of civic crowdfunding. Concerns continue to be raised to the effect that civic crowdfunding can end up perpetuating inequalities in urban areas as allegations are that it favours rich neighbourhoods at the expense of the poor neighbourhoods. In this light, these issues of inequalities in local governments are something that need further inquiry.

6.5 CONCLUSION

In this final chapter, an integrated civic crowdfunding model that can be used by the CoH was proposed as the main contribution of the study. Before that, the chapter gave an overview of the whole study, firstly, by giving an account of the interrelatedness

through diagrammatical presentations in tables of research objectives, questions and chapters and secondly, by summarising the chapters of the study and lastly summary of the findings. Through that, the researcher was content that the study adequately answered the research questions and met the objectives of the study.

Afterwards and in the other part of the chapter, the researcher managed to illustrate the strategies used in developing the integrated civic crowdfunding model. In other words, the strategies followed in developing the diagrammatical outline of the integrated model indicate the influence from Bourgon (2011) and the input from the theoretical chapters of the study and the empirical findings of the research. An integrated civic crowdfunding model was subsequently presented. This was then followed by proposals for application of the model. Apart from that, the chapter also featured some recommendations for further studies.

In the final analysis, it is important to note that the study was inspired by the need for the CoH, in its bid to achieve world class city status by 2025, to embrace innovative and emerging instruments that would help mobilise additional resources and increase citizen participation. In this light, proposing an integrated civic crowdfunding model was imperative in adding to the growing literature on civic crowdfunding, contributing to the discourse of NPG and ultimately the advancement of knowledge within Public Administration as study domain.

BIBLIOGRAPHY

Adams, C. 2014. Crowdfunding guidance and practice: Value added co-creation. Oxford: Oxford University Press.

Afrikstart. 2016. Crowdfunding in Africa. Fundraising goes digital in Africa: The emergence of Africa-based crowdfunding platforms. Available at: http://afrikstart.com/report/wp-content/uploads/2016/09/Afrikstart-Crowdfunding-In-Africa-Report.pdf. Date of access: 12 Feb 2019.

Afrobarometer. 2015. Public perceptions of corruption, trust in state institutions, China's influence, media usage and medical male circumcision. Findings from Afrobarometer Round 6 Survey in Zimbabwe. Harare: Afrobarometer/ Mass Public Opinion Institute.

AFRODAD (Africa Forum and Network on Debt and Development). 2011. What has tax got to do with development? A critical look at Zimbabwe's tax system. Harare: AFRODAD.

Alford, J. 1998. A public management road less travelled: Clients as co-producers of public services. *Australian Journal of Public Administration,* 57(4):128–137.

AlliedCrowds. 2016. East Africa crowdfunding landscape study 2016 report: Reducing poverty through financial sector development. Nairobi: FSD Africa.

AlliedCrowds. 2018. Crowdfunding in Asia directory. Available at: https://alliedcrowds.com/static/reports/AlliedCrowds-Crowdfunding-in-Asia-Directory.pdf. Date of access: 10 Feb 2019.

Andersen, F., Birck, C. B., Hanson, L., Shyduroff, S., Sloan, W. and Wright, K. 2018. Unlocking private capital to finance sustainable infrastructure. New York, NY: Meister Consultants Group.

Anderson, R. and Macie, K. E. 1996. Understanding the differences in group purchasing. *NAPM InfoEdge*, 2(4):36-49.

Andrews, M. 2014. Getting new regulatory policy done: Crowdfunding commercial real estate in the USA. A historical case study with a contemporary challenge. Available at: http://matthewandrews.typepad.com/files/getting-new-policy-done-draft-case.pdf. Date of access: 15 Jan 2019.

Angel, D., Fernández, M. B., Ramirez, S., Savchick, L., Singh, A. and Sungthanu, N. 2016. A crowdfunding platform for the Moldovan Diaspora. Washington, DC: Columbia University Press.

Ansink, E., Koetse, M., Bouma, J., Hauck, D. and Van Soest, D. 2017. Crowdfunding public goods: An experiment. *Tinbergen Institute Discussion Paper,* 119(VIII):1-42.

Armstrong, J. 1997. Stewardship and public service: A discussion paper prepared for the Public Service Commission of Canada. Ontario: James L. Armstrong.

Ayee, J. R. A. 2005. African Development Bank- Economic research working paper series: Public sector management in Africa. Tunis: ADB.

Ayee, J. R. A. 2008. Reforming the African public sector: Retrospect and prospects. Dakar: Council for the Development of Social Science Research in Africa.

Babbie, E. R. 2010. The practice of social science research. Los Angeles, CA: Cengage Learning.

Badenhorst, C. 2010. Dissertation writing a research journey. 2nd ed. Pretoria: Van Schaik.

Bahceci, S. and Leh, S. 2017. The infrastructure moment: Core infrastructure's growing role in institutional portfolios. New York, NY: JP Morgan Chase.

Behn, R. D. 2001. Rethinking democratic accountability. Washington, DC: Brookings Institution Press.

Bel, G. and Fageda, X. 2007. Why do local governments privatise public services? A survey of empirical studies. *Local Government Studies,* 33(4):517-534.

Belleflamme, P. and Lambert, T. 2014. Crowdfunding: Some empirical findings and microeconomic underpinnings. *Forum Financier,* 1(4):288-296.

Belleflamme, P., Omrani, N. and Peitz, M. 2015. The economics of crowdfunding platforms. *CORE discussion paper*. Louvain-la-Neuve: CORE.

Belskova, A. 2014. Game theory and modelling of coordinating interactions in public policy. Saint Petersburg: Saint Petersburg State University.

Bevir, M. 2010. Democratic governance. Princeton, NJ: Princeton University Press.

Bieri, D. S. 2015. Crowdfunding the city: the end of "cataclysmic money"? *Environment and Planning,* 47(12):2429–2435.

Bloomberg New Energy Finance and Lighting Global. 2016. Off-grid solar market trends report 2016. London: Bloomberg New Energy Finance.

Bourgon, J. 2011. A new synthesis of public administration serving in 20th century. New York, NY: McHill Queen University Press.

Bourgon, J. 2015. Distinctively public sector: The case for a new Synthesis of public administration. Leadership for change, innovation for results: A new synthesis. Queensland: Public Governance International.

Boyer, B. and Hill, D. 2013. Brickstarter, Sitra. Available online at: http://www.brickstarter.org/Brickstarter.pdf. Date of access: 15 July 2018.

Boyle, T. M. 2016. The city and the crowd: an exploration of civic crowdfunding disruption to local government led city planning and the quest to co-create liveability. New England: UNE. (Thesis-Masters).

Brabham, D. C. 2013. Using crowdfunding in government. *Collaboration across boundaries series*. Washington, DC: IBM Centre for the Business of Government

Bratton, M. and Masunungure, E. V. 2018. Heal the beloved country: Zimbabwe's polarised electorate. Afrobarometer Policy Paper No. 49. Harare: Afrobarometer/ Mass Public Opinion Institute.

Bratton, M. and Masunungure, E. V. 2018. Public attitudes toward Zimbabwe's 2018 elections: Downbeat yet hopeful? Afrobarometer Policy Paper No. 47. Harare: Afrobarometer/Mass Public Opinion Institute.

Braun, V. and Clarke, V. 2006. Using Thematic Analysis in Psychology. *Qualitative Research in Psychology*, 3:77-101.

Brent, D. A. and Lorah, K. 2017. The geography of civic crowdfunding: implications for social inequality and donor-project dynamics. Louisiana State University; Department of Economics working paper series working paper (9).

Buchanan, J. M. 1949. Public choice and public policy. Richmond, VA: Virginia Polytechnic Institute.

Buchanan, J. M. 2003. Public Choice: Politics without romance. Policy, the quarterly review of The Centre for Independent Studies. Available online on: http://www.cis.org.au/policy/spr03/polspr03-2.htm. Date of access: 10 Sep 2018.

Buchanan, J. M. 2003. Public Choice: The Origin and Development of a Research Programme. Richmond, VA: John Marson University.

Burrell, G. and Morgan, G. 1979. Sociological paradigms and organisational analysis elements of the sociology of corporate life. Toronto: Ashgate.

Caiden, G. E. 1982. Public Administration. Los Angeles, CA: Palisades.

Calitz, E. and Fourie, J. 2007. Infrastructure in South Africa: Who is to finance and who is to pay? Stellenbosch Economic Working Papers: 15/07. Matieland: University of Stellenbosch.

Calveri, C. and Esposito, R. 2013. Crowdfunding World 2013: Report, analysis and trends. Available at: https://www.leguideducrowdfunding.com/wp-content/uploads/2013/12/DeRev_Crowdfunding_World_2013_eng.pdf. Date of access: 4 Feb 2019.

Cambridge Centre for Alternative Finance. 2017. The Africa and Middle East alternative finance benchmarking report. Cambridge, MA: University of Cambridge Press.

Candelise, C. 2015. Crowdfunding and the energy sector. Milan: CEDRO/UNDP.

Cardino, C, Anderson, N. R. and McDonald, N. 2017. Documentary analysis hui: An emergent bricolage method for culturally responsive qualitative research. *MAI Journal,* 6(2):143-153.

Carino, L. V. 2001. From government to governance. Manila: UNIPAN.

Carrion, C. and Libby, L. W. 2000. Development impact fees: A primer. Columbus, OH: Ohio State University.

Carroll, J. D. and Frederickson, H. G. 2001. Tribute to Dwight Waldo. *Public Administration Review,* 61(1):1-8.

Chakaipa, S. 2010. Local government institutions and elections. (in De Visser, J. Steytler, N. and Machingauta, N., eds. Local government reform in Zimbabwe: A policy dialogue. Bellville: University of Western Cape). pp. 31-70.

Chakrabarty, B. and Chand, P. 2012. Public administration in a globalising world: theory and practices. New Delhi: Sage.

Chapman, J. 1953. Introduction to French Local Government. London: Allen and Unwin.

Charbit, C. and Desmoulins. G. 2017. Civic crowdfunding: A collective option for local public goods? *OECD Regional Development Working Papers*. Paris: OECD.

Chatiza, K. 2008. Opportunities and challenges in institutionalising participatory development: The case of rural Zimbabwe. Swansea: SU. (Unpublished PhD Thesis).

Chatiza, K. 2010. Can local government steer socio-economic transformation in Zimbabwe? Analysing historical trends and gazing into the future. (*In* De Visser, J. Steytler, N. and Machingauta, N. Eds. Local government reform in Zimbabwe: A policy dialogue. Bellville: University of Western Cape). pp. 1-30.

Chatiza, K., Nkala, P. and Phulu, K. I. n.d. A handbook for local government practitioners. Harare: VNG International, Municipal Development Partnership for Eastern and Southern Africa and Local Authorities Capacity Enhancement Project.

Chatiza, K., Sahinguvu, A. S. and Meijs, C. 2016. Participatory policy making in local government: A handbook and tools for use with Zimbabwean authorities. Harare: VNG International and Municipal Development Partnership for Eastern and Southern Africa.

Chen, C. and Bartle, J. R. 2017. Infrastructure financing: A guide for local government managers. *Public Administration Faculty Publications*. (77). Available online on: https://digitalcommons.unomaha.edu/pubadfacpub/77. Date of access: 2 Nov 2018.

Chen, C. and Ebdon, C. 2013. Financing tools for urban development. Available online on: http://www.nebraskalegislature.gov/pdf/reports/committee/urban/lr155_appC_2015.pdf. Date of access: 11 Nov 2018.

Chen, H. Y. 2016. Crowdfunding and its interaction with urban development. Available at: https://dlc.dlib.indianz.edu/dlc/bitstream/handle/10535/F464_Chen_95-241-1-RV.pdf?sequence=1&isAllowed=y. Date of access: 30 Nov 2018.

Christensen, T. 2012. Post-NPM and changing public governance. *Meiji Journal of Political Science and Economics.*1:1-11.

City of Harare. 2016. 2017 budget speech and proposals for City of Harare. Harare: City of Harare.

City of Harare. 2017. 2018 budget speech and proposal for City of Harare. Harare: City of Harare.

City of Harare. 2017. 2018 budget speech and proposal for City of Harare. Harare: City of Harare.

City of Harare. 2019. Service delivery charter. Harare: City of Harare.

City of Harare. n.d. Stakeholders policy. City of Harare.

City of Harare Webportal. www.hararecity.co.zw. Date of access: 10 May 2019.

Cogan, D. and Collings, S. 2018. Crowd power: Success and failure – The key to a winning campaign. London: Energy 4 Impact.

Corley, K. G. and Gioia, D. A. 2011. Building theory about theory building: what constitutes a theoretical contribution? *Academy of Management Review,* 36(1):12-32.

Coutinho, B. 2010. Sources of local government financing. (*In* De Visser, J. Steytler, N. and Machingauta, N. Eds. Local government reform in Zimbabwe: A policy dialogue. Bellville: University of Western Cape). pp. 71-86.

Croce, F. D. and Gatti, S. 2014. Financing infrastructure: International trends. *OECD Journal: Financial Market Trends*. Paris: OECD.

Creswell, J. W. 1994. Research design: Qualitative and quantitative approaches. London: Sage.

Davies, R. 2014a. Civic crowdfunding: Participatory communities, entrepreneurs and the political economy of place. Cambridge, MA: Massachusetts Institute of Technology.

Davies, R. 2014b. Civic crowdfunding: A new kind of participatory citizenship or a threat to institutions? place, (dis)place and citizenship. Detroit, MI: Wayne State University.

Davies, R. 2014c. Provocations for civic crowdfunding. Paper presented at Internet Research 15: The 15th Annual Meeting of the Association of Internet Researchers (October 22-24). Daegu, Korea: AoIR. Available at: http://spir.aoir.org. Date of access: 23 Nov 2018.

Davis, J., Schoorman, D. and Donaldson, L. 1997. Toward a Stewardship Theory of management. A*cademy of Management Review,* 22(1):20-47.

De Jesus, F., DiPietro, J. and Maruca, D. 2014. Crowdfunding in Hungary: Analysis and opportunities. Washington, DC: American University Press.

De Loe, R. C., Armitage, D., Plummer, R., Davidson, S. and Moraru, L. 2009. From government to governance: A state of the art review of environmental governance. Final report. Prepared for Alberta Environment, Environmental Stewardship, Environmental Relations. Guelph, ON: Rob de Loe Consulting Services.

De Vet, J. 2007. Financing urban development: What is the role of the Europeans Investment Bank? *Informationen zur Raumentwicklung,* 9(1):553-561.

De Visser, J., Steytler, N. and Machingauta, N. (Eds.) 2010. Local government reform in Zimbabwe: A policy dialogue. Bellville: University of Western Cape.

Denhardt, J. V. and Denhardt, R. B. 2011. The new public service: Serving, not steering. 3rd ed. Armonk, NY: M. E. Sharpe.

Denhardt, R. B. and Denhardt, J. V. 2000. The new public service: Serving rather than steering. *Public Administration Review,* 60(6):549–559.

Denzin, N. K. and Lincoln, Y. S. 2011. The Sage handbook of qualitative research. London: Sage.

Dewa, D., Dziva, C. and Mukwashi, K. 2014. Exploring local governance challenges in Zimbabwe under the Government of National Unity era and beyond. *International Journal of Political Science and Development,* 2(8):188-196.

Dickinson, H. 2016. From NPM to new public governance: The implications for a new public service. (*In* Butcher, J and Gilchrist, D., *ed*. The three sector solution: Delivering public policy in collaboration with not-for-profits and business. Canberra: Australia National University Press.) p. 41-60.

Donahue, J. D. 1989. The privatisation decision: Public ends, private means. New York, NY: Basic Books.

Donaldson, L. and Davis, J. H. 1991. Stewardship Theory or Agency Theory: CEO governance and shareholder returns. *Australian Journal of Management,* 16(1):49-65.

Dooley, D. 2004. Social research methods. 3rd ed. New Delhi: Prentice Hall.

DuPois, N. and McFarland, C. K. 2016. Paying for local infrastructure in a new era of federalism: A state-by-state analysis. Washington, DC: National League of Cities.

ECA (Economic Commission for Africa). 2004. Public sector management reforms in Africa: Lessons learned. Addis Ababa: ECA.

Eidell, L. 2014. The evolution of financial intelligence. *Worth.com real estate and leisure issue,* 23(2):46-51.

Eisenhardt, K. M. 1989. Building theories from case study research. *Academy of Management Review,* 14(4):532-50.

Federickson, G. 1989. Minnowbrook II: Conclusions. *Public Administration Review,* 49(2):95-100.

Feltoe G. 2002. A guide to Zimbabwean Administrative Law. Harare: Legal Resources Foundation.

Flick, U. 2014. Introducing research methodology. A beginner's guide to doing a research project. Berlin: Sage.

Forester, J. 1999. The deliberative practitioner: Encouraging participatory planning processes. Cambridge, MA: Massachusetts Institute of Technology Press.

Freitas, J. C. and Amado, M. 2013. Crowdfunding in urban planning: Opportunities and Obstacles. https://www.researchgate.net/publication/266882028. Date of access: 16 Jun 2018.

Frey, B. B., Lohmeier, J., Lee, S., and Tollefson, N. 2006. Measuring collaboration among grant partners. *American Journal of Evaluation,* 27(3):383-392.

Froelich, C. T. and Gallo, L. 2014. An overview of special purpose taxing districts. Washington, DC: National Association of Home Builders.

Fry, B. R. 1989. Mastering Public Administration: From Max Weber to Dwight Waldo. Chatham, NJ: Chatham.

Fuka, A. J., Obrsalova, B. I. and Jelinkova, L. C. 2014. Game Theory as a tool for crisis management and the creation of national security policies. Pardubice: International Conference on Economics, Management and Development.

Future Cities Catapult. 2014. Future cities: UK capabilities for urban innovation. London: Future Cities Catapult.

Gajda, O. and Mason, N. 2013. Crowdfunding for impact in Europe and the USA. London: Toniic and the European Crowdfunding Network.

Gajda, O. and Walton, J. 2013. Review of crowdfunding for development initiatives. Available online at http://dx.doi.org/10.12774/eod_hd061.jul2013.gadja;walton. Date of access: 16 June 2018.

Galera, A. L., Solino, A. S. and Linacero, M. G. 2016. Analysis of infrastructure funds as an alternative tool for the financing of public-private partnerships. Madrid: Technical University of Madrid.

Gasparo, K. 2015. Funding municipal infrastructure: Integrating project finance and crowdfunding. Washington, DC: Stanford University Press.

Gerber, E. M. and Hui, J. 2013. Crowdfunding: Motivations and deterrents for participation. 20. Available at: https://.doi.org/10.1145/2530540. Date of access: 12 Dec 2018.

Gibson, W. 2006. Thematic analysis. New York, NY: Sage.

Gierczak, M. M., Bretschneider, U., Haas, P., Blohm, I. and Leimeister, J. M. 2015. Crowdfunding: Outlining the new era of fundraising. (In Gajda, O. and Brüntje, D., Eds. Crowdfunding in Europe: State of the art in theory and practice; studies in small business and entrepreneurship. Cham: Springer Science and Business Media). pp. 7-23.

Gilroy, L. C. 2010. Local government privatisation 101. *Reason Foundation Policy Brief.* 86:1-9.

Glover, J. 2017. Crowdfunding for local authorities. London: Local Government Information Unit.

Government of Zimbabwe. 1996. Rural District Councils Act (Chapter 29:13). Harare: Government Printers.

Government of Zimbabwe. 1996. Urban Councils Act (Chapter 29:15). Harare: Government Printers.

Government of Zimbabwe. 2013. Constitution of Zimbabwe Amendment (No. 20) Act 2013. Harare: Fidelity Printers and Refiners.

Government of Zimbabwe. 2016. Public Finance Management Act (Chapter 22:19). Harare: Printflow.

Griffiths, H. 2017. Civic crowdfunding: A guidebook for local authorities. Manchester: Future Cities Catapult.

Gupta, S. 2016. Perspectives on Public Administration: New Public Service Approach. New Delhi: University of Delhi.

Harmon, M. 1971. Normative Theory and Public Administration: Some suggestions for a redefinition of administrative responsibility (in Marini, F. (Ed) Toward a New Public Administration: The Minnowbrook Perspective. New York, NY: Chandler) pp. 181-182.

Harris J. 1985. A statue for America: The first 100 years of the statue of liberty. New York, NY: Four Winds Press.

Helmsing, A. H. J., Mutizwa, M. D. R., Gasper, C. M. and Wekwete, K. H. 1991. Limits of decentralisation in Zimbabwe. Hague: Institute of Social Studies.

Hermans, L. M., Cunningham, S. W. and Slinger, J. H. 2012. The usefulness of Game Theory as a method for policy evaluation: *Paper for the 10th EES Biennial Conference in Helsinki.* October 3-5. Delft: Delft University of Technology.

Hollow, M. 2013. Crowdfunding and civic society in Europe: A profitable partnership? *Open Citizenship,* 4(1):68-73.

Holsti, O. R. 1968. Content analysis. (In: Gardner, L. and Elliot, A. The handbook of social psychology, Boston, MA: Addison-Wesley). pp. 20-21.

Hood, C. 1991. A public management for all seasons. *Public administration*, 69(1):3–19.

Hoos, J., Jenei, G. and Vass, L. 2003. Public administration and public management: Approaches and reforms (*In* Potucek, M., Leloup, L. T., Jenei, G. and Varadi, L. Eds. Public policy in Central and Eastern Europe: Theories, methods, practices. Bratislava: NISPAcee). pp. 123-144.

Hountondji, P. J. 2002. Knowledge appropriation in a post-colonial context. *Indigenous knowledge and the integration of knowledge systems: Towards a philosophy of articulation*. 137-142.

Howlett, M., Kekez, A. and Poocharoen, O. 2017. Understanding co-production as a policy tool: Integrating new public governance and comparative policy theory. *Journal of Comparative Policy Analysis: Research and Practice,* 19(5):487-501.

Hughes, O. E. 2003. Public management and administration. New York, NY: Palgrave Macmillan.

Hui, J. S., Greenberg, M. D. and Gerber, E. M. 2015. The role of community in crowdfunding work. Available online on: https://sites.lsa.umich.edu/wp.../Hui-Greenberg-and-Gerber-CI-2015-Abstract.pdf. Date of access: 7 June 2018.

Hyman, D. N. 1990. Public finance: A contemporary application of theory to policy. Fort Worth: Dryden Press.

Jenik, I., Lyman, T. and Nava, A. 2017. Crowdfunding and financial inclusion. Consultative Group to Assist the Poor (CGAP) Working paper. Available at:

https://www.cgap.org/sites/default/files/Working-Paper-Crowdfunding-and-Financial-Inclusion-Mar-2017.pdf. Date of access: 26 Jan 2019.

Jensen, M. C. and Meckling, W. H. 1976. Theory of the firm: Managerial behaviour, agency costs, and ownership structure. *Journal of Financial Economics,* 3:305-360.

Johnstone, P. 2015. Crowdfunding. *Technical Information Note 2*. London: Landscape Institute.

Jonga, W. 2014. Local government system in Zimbabwe and challenges: Synthesis and antithesis. *Archives of Business Research,* 2(1):75-98.

Junghans, L. and Dorsch, L. 2015. Finding the Finance: Financing Climate Compatible Development in Cities. Bonn: Germanwatch.

Kalimullah, N. A., Alam, K. M. A. and Nour, M. M. A. 2012. NPM: Emergence and principles. *BUP Journal,* 1(1):1-22.

Keay, A. 2017. Stewardship Theory: Is board accountability necessary? *International Journal of Law and Management,* 59(6):1292-1314.

Keohane, R. O. and Nye, J. S. 2000. Introduction. (*In* Nye, J.S. and Donahue, J.D. Eds. Governance in a globalisation world*).* Washington, DC: Brookings Institution Press) pp. 1-22.

Kerth, R. and Baxandall, P. 2011. Tax-increment financing: The need for increased transparency and accountability in local economic development subsidies. Chicago, IL: U.S. PIRG Education Fund.

Khan, R. and Connell, C. 1957. The dynamics of interviewing. New York, NY: Harper and Raw.

Koppenjan, C. and Koliba, C. 2013. Transformations towards new public governance: Can the new paradigm handle complexity? *International Review of Public Administration,* 18(2):1-8.

Kothari, C. R. 2004. Research methodology: Methods and techniques. 2nd ed. New Delhi: New Age International Publishers.

Kovac, P. and Gajduschek, G. 2015. Contemporary governance models and practices in Central and Eastern Europe. Bratislava: NISPAcee Press.

KPMG. 2014. Crowdfunding in Belgium. Brussels: KPMG.

KPMG. 2017. Infrastructure: The real deal. London: KPMG.

Kuhn, T. S. 1970. The structure of scientific revolutions. Chicago, IL: University of Chicago Press.

Kumar, K. 1989. Conducting key informant interviews in developing countries: agency for international development program design and evaluation methodology report No. 13. New Delhi: Penguin.

Kurebwa, J. 2015. A review of rural local government system in Zimbabwe from 1980 to 2014. *IOSR Journal of Humanities and Social Science,* 20(2):94-108.

Kutaura, T. 2018. Mt Pleasant clinic reopens. Sunshine News: 2, March-May.

LACEP (Local Authorities Capacity Enhancement Project). 2017. Good practice: Gender policy formulation through stakeholder consultation and public participation-Bulawayo City Council. Harare: VNG International and MDP.

Lan, Z. and Rosenbloom, D. H. 1992. Editorial. Public administration in transition? *Public Administration Review*, 52(6):525-537.

Langley. J. 2011. New funding strategies for urban renewal. Sydney: Sinclair Knight Merz.

LaPorte, T. 1971. The recovery of relevance in the study of public organisation (in Marini, F., ed. Towards a New Public Administration: The Minnowbrook perspective. New York, NY: Chandler) pp. 28-30.

Larsson. O. L. 2017. A theoretical framework for analysing institutionalised domination in network governance arrangements. Stockholm: Swedish University of Agricultural Sciences.

Lee, C. H., Zhao, J. L. and Hassna, G. 2016. Government incentivized crowdfunding for one-belt, one-road enterprises: design and research issues. *Financial Innovation,* 2(2):1-14.

Libecap, G. D. 1999. Contracting for property rights. Paper prepared for T. L. Anderson, T. L. and McChesney, F. S. (Eds.) The law and economics of property rights. Available online: http://econ.eller.arizona.edu/downloads/working_papers/anderson3s.pdf. Date of access: 27 May 2018.

Liebman, J. and Sellman, A. 2003. Social impact bonds: A guide for state and local governments. Harvard Kennedy School. Available at: http://govlab.hks.harvard.edu/files/siblab/files/social-impact-bonds-a-guide-for-state-andlocal-governments.pdf. Date of access: 14 Nov 2018.

Local Authorities Capacity Enhancement Project (LACEP). 2017. Good practice: Gender policy formulation through stakeholder consultation and public participation-Bulawayo City Council. Harare: VNG International and MDP.

Machingauta, N. 2010. Supervision of local government. (*In:* De Visser, J. Steytler, N. and Machingauta, N. Eds. Local government reform in Zimbabwe: A policy dialogue. Bellville: University of Western Cape). pp. 139-152.

Maguire, M. and Delahunt, B. 2017. Doing a thematic analysis: A practical, step-by-step guide for learning and teaching scholars. *Journal of Teaching and Learning in Higher Education,* 8(3):3351-3364.

Mapuva, J. 2010. Enhancing local governance through local initiatives: Residents' associations in Zimbabwe. *African Journal of History and Culture,* 3(1):1-12.

Maricopa Association of Governments (MAG). 2002. Development impact fees. Best practices paper #3: Growing smarter implementation project. Phoenix, AZ: MAG.

Marini, F. (Ed.) 1971. Toward a New Public Administration: The Minnowbrook Perspective. New York, NY: Chandler.

Marom, D. 2013. Crowdfunding's promising blue oceans. (In Gajda, O. and Marom, D. Eds. Towards an ecosystem for early stage finance and innovation through crowdfunding. Brussels: European Crowdfunding Network). pp. 29-31.

Marumahoko, S. 2010. Testing the boundaries of Zimbabwe's fiscal decentralisation for urban councils. Available online on: www.ajol.info/index.php/ldd/article/view/72715 . Date of access: 26 Oct 2018.

Maxwell, J. 1997. Designing a qualitative study. (In: Bickman, L. and Rog, D. L. (Eds). Handbook of applied social research methods. London: Sage). pp. 60-100.

Mayer, M. 2016. Civic crowdfunding and local government: An examination into projects, scope, and implications for local government. Norfolk, VA: ODU. (Thesis-PhD).

Mazur, S. 2013. The public service ethos versus public management models. *Warsaw Forum of Economic Sociology,* 4:2(8):95-144.

Mbara, T. C., Nyarirangwe, M. and Mukwashi, T. 2010. Challenges of raising road maintenance funds in developing countries: An analysis of road tolling in Zimbabwe. *Journal of Transport and Supply Chain Management,* 2(1):151-175.

McCue, C. and Prier, E. 2008. Using agency theory to model cooperative public purchasing. *Journal of Public Procurement,* 8(1):1-35.

Meyer. B. C. 2001. A case in case study methodology. *Field Methods*, 13(4):329-352.

Michelucci, F. V. and Rota, F. S. 2014. The success of non-profit crowdfunding: First evidences from the Italian web-platforms. Torino: Politecnico di Torino.

Mills, D. E., Brown, K. and Waterhouse, J. 2008. Asset management stewardship: The effectiveness of public-private mix governance structures. Brisbane: Cooperative Research Centre for Integrated Engineering Asset Management.

Mogalakwe, M. 2006. Research report: The use of documentary research methods in social science. A*frican Sociological Review*, 10(1):221-230.

Mora, C. M. and Ticlau, T. 2008. Managerial approach to public administration. *Transylvanian Review of Administrative Sciences,* 24:87-97.

Morri, G. and Ravetta, M. 2016. Real estate crowdfunding: A financial innovation for direct property investment. Available at: https://DOI:10.14609/Ti_2_16_1e. Date of access: 10 Jan 2019.

Mugariri, R. 2018. Council honours Peter Lobel. Sunshine News. (3).

Musekiwa, N. and Chatiza, K. 2015. Rise in resident associational life in response to service delivery decline by urban councils in Zimbabwe. *Commonwealth Journal of Local Governance,* 12(17):120-136.

Musgrave, R. A. and Musgrave, P. B. 1989. Public finance in theory and practice, 5th ed. New York, NY: McGraw-Hill.

Mushamba, S. 2010. The powers and functions of local authorities. (In De Visser, J. Steytler, N. and Machingauta, N. Eds. Local government reform in Zimbabwe: A policy dialogue. Bellville: University of Western Cape). pp. 109-138.

Nesta. 2012. An introduction to crowdfunding. London: Nesta.

Neuman, W. L. 2014. Social research methods: Qualitative and quantitative approaches. 7th ed. Essex: Pearson Education.

Neuendorf, K. A. (2019). Content analysis and thematic analysis. (In Brough, P. (Ed.). Research methods for applied psychologists: Design, analysis and reporting. New York City, NY: Routledge). pp. 211-223.

Newman, J. 2004. Modernizing the state: A new form of governance? (*In* Newman, J. *Ed*. Remaking Governance: Peoples, politics and the public sphere. Bristol: The Policy Press) pp. 119-138.

OECD (Organisation for Economic Cooperation and Development). 1998. Public management reform and economic and social development, PUMA. Paris: OECD.

OECD (Organisation for Economic Cooperation and Development). 2003. Philanthropic foundations and development co-operation. Paris: OECD.

Oliva, N. 2018. Crowdfunding and civic crowdfunding: Theoretical features and future prospects. Available at: http://dx.doi.org/10.5772/intechopen.74739. Date of access: 25 Jan 2019.

Oliver, P. 2006. The Sage dictionary of social research methods. London: Sage.

Omurgonulsen, U. 1997. The emergence of a new approach to the public sector: The NPM. Ankara: Hacettepe University.

Osborne, D. and Gaebler, T. 1992. Reinventing government: Entrepreneurial spirit is transforming the public sector. London: Westview.

Osborne, S. P. 2006. New public governance. *Public Management Review,* 8(3):377-387.

Osborne, S. P. 2010. The new public governance. London: Routledge.

Ostrom, V. 1974. The intellectual crisis in American Public Administration. Tuscaloosa, AL: University of Alabama Press.

Park, J. Y., Choi, S. Y. and Kim, K. 2018. Adoptable solution on financing: Using crowdfunding platform in urban regeneration planning. *12th International Conference on Business, Education, Humanities and Interdisciplinary Studies.* Available at https://doi.org/10.17758/HEAIG3.H0518409. Date of access: 3 Dec 2018.

Parliament of Zimbabwe. 2016. Public Procurement and Disposal of Public Assets Bill. Harare: Fidelity Printers and Refiners.

Pestoff, V. and Brandsen, T. 2009. Public governance and the third sector: Opportunities for co-production and innovation? (*In* Osborne, S. P. (Ed.) The new public governance? Emerging perspectives on the theory and practice of public governance. London: Routledge) pp. 223-236.

Peterson, G. E. n.d. Banks or Bonds? Building a municipal credit market*. Local Government Finance and Bond Markets.* Washington, DC: The Urban Institute. 1-18.

Petrie, M. 2002. A framework for public sector performance contracting, *OECD Journal on Budgeting*. 1:117-153.

Pfiffner, J. P. 2004. Traditional Public Administration versus the NPM: Accountability versus efficiency. (*In* Benz, A., Siedentopf, H. and Sommermann, K. P. (Eds). Institutionenbildung in Regierung und Verwaltung: Festschrift fur Klaus Konig. Berlin: Duncker and Humbolt.) pp. 443-454.

Pollitt, C. 1993. Managerialism and the public services: Cuts or cultural change in the 1990s. 2nd ed. Oxford: Basil Blackwell.

Pollitt, C. 2001. Clarifying convergence: Striking similarities and durable differences in public management reform. *Public Management Review,* 3(4):471–92.

Poole, R. 2015. Annual privatisation report. Available online at: http://reason.org/files/apr-2015-airtransportation.pdf. Date of access: 11 Nov 2018.

Puentes, R. and Thompson, J. 2012. Banking on infrastructure: Enhancing state revolving funds for transportation. Project on State and Metropolitan Innovation. Brookings, OR: Rockefeller.

Rahman, M. M., Liberman, L. S., Giedraitis, V. R. and Akhter, T. 2013. The paradigm from Traditional Public Administration to NPM system in Bangladesh: What do reform initiatives stand for? *Advances in Economics and Business,* 1(3):297-303.

Relix. 2002. www.mightystudents.com. Date of access: 8 Feb 2018.

Robinson, M. 2015. From old public administration to the new public service: Implications for public sector reform in developing countries. Singapore: UNDP Global Centre for Public Service Excellence.

Roelich, K. 2015. Financing infrastructure and built environment adaptation to climate change. Leeds: University of Leeds Press.

Rogers, C. L. 2004. Local Option Sales Tax (LOST) policy on the urban fringe. *Journal of Regional Analysis and Policy,* 34(1):27-50.

Rohr, J. 1978. Ethics for bureaucrats: An essay on law and values. New York, NY: Marcel Dekker.

Rutgers, M. R. 2010. Theory and scope of public administration: An introduction to the study's epistemology. Amsterdam: University of Amsterdam.

Sandler, T. and Arce, D. G. 2003. Terrorism and Game Theory. Dallas, TX: Sage.

Sandler, T. and Hartley, K. 2007. Handbook of Defence Economics. North Holland: Elsevier.

Saxena, N. C. 2013. Public sector reforms: Trends, challenges and opportunities. Horizon Paper. Singapore: UNDP.

Scaff, L. A. and Ingram, H. M. 1987. Politics, policy, and public choice: a critique and a proposal. *Policy,* 19(4):613-636.

Schaefer, R. R. and Schaefer, D. L. 1979. Democracy, ethics and public administration: a review of some recent literature. *The Political Science Reviewer,* 9(1):257-297.

Schou, A. 2000. Democratic local government and responsiveness: Lessons from Zimbabwe and Tanzania. *International Journal of Comparative Sociology,* XLI(I): 121-143.

Sharpe, L. J. 1970. Theories and values of local government. *Political Studies,* 18: 153–174.

Sifile, O., Madzorera, S. and Chavhunduka, M. D. 2015. Towards improving service delivery in local authorities. A case of Chegutu Municipality in Zimbabwe. *Journal of Humanities and Social Science,* 20(2):55-63.

Simon, H. A. 1947. Administrative Behaviour. New York, NY: Free Press.

Singaravelloo, K. 2010. PPP: The right marriage between local government and the private sector in Malaysia? *International Journal of Institutions and Economies,* 2(2):142-166.

Slack, E. 2009. Guide to municipal finance. Nairobi: UNHABITAT.

Soepper, P. 2018. Crowdsourcing and crowdfunding: Democratizing societies in the 21st century. *Housei Riron,* 50(2):154-186.

Spacehive. "How It Works," Available at: https://www.spacehive.com/Home/HowItWorks. Date of access: 29 Nov 2018.

Spacehive. Planning your Spacehive campaign London. Available at: www.spacehive.com/Home/CreateAProjectExternal. Date of access: 10 Jan 2019.

Steinberg, S. and DeMaria, R. 2012. The crowdfunding bible: How to raise money for any startup, video game, or project. New York, NY: READ.

Stigler, G. 1975. The citizen and the state. Chicago, Ill: University of Chicago Press.

Stiver, A., Barroca, L., Minocha, S., Richards, M. and Roberts, D. 2014. Civic crowdfunding research: Challenges, opportunities, and future agenda. London: Sage.

Stoker, G. 1998. Governance as theory: Five propositions. *International Social Science Journal,* 50(155):17-28.

Teddlie, C. 2007. Mixed methods sampling: A typology with examples. *Journal of Mixed Methods Research*, 1(1):77-100.

UN Volunteer (United Nations Volunteers). 2018. Youth volunteer in communications and social media. Available at: http:www.unv.org//DOA_2018_UN Youth Volunteer in Communications and Social Media_ LBNR000160.pdf. Date of access: 14 Feb 2019.

UNDP (United Nations Development Programme). 2017. Crowdfunding in UNDP: Guidance for project managers. New York, NY: UNDP Alternative Finance Lab.

UNDP (United Nations Development Programme). n.d. The Lebanese expatriate project: Live Lebanon - Phase I. Beirut: UNDP.

UN-HABITAT (United Nations-Human Settlements Programme). 2015. The challenge of local government financing in developing countries. Nairobi: UN-HABITAT.

United Cities and Local Governments and OECD. 2016. Zimbabwe profile. Paris: OECD.

US Bipartisan Policy Centre .2016. Bridging the gap together: A new model to modernise US infrastructure. Available at: http://cdn.bipartisanpolicy.org/wpcontent/uploads/2016/05/BPC-New-Infrastructure-Model.pdf. Date of access: 11 Nov 2018.

USAID (United States Agency for International Development). 1996. Performance monitoring and evaluation tips. *USAID Centre for Private Information and Evaluation: Conducting key informant interview*. 2(2):1-4.

Van der Waldt, G. 2014. Public Administration and transdisciplinarity: A modalistic approach toward knowledge co-construction. *International Journal of Humanities and Social Science,* 4(6):120-134.

Van der Waldt, G. 2016. A Unified Public Administration? Revisiting the Prospects of Constructing a Grand Theory for the Field. *Journal of Social Sciences,* 48(3):213-224.

Van der Waldt, G. 2017. Theories for research in Public Administration. *African Journal of Public Affairs,* 9(9):183-202.

Veelen, T. 2012. Civic crowdfunding: A financial kickstart to urban area development? An analysis of the institutional structure in which civic crowdfunding in urban area development is embedded. Delft: DUT. (Thesis-Masters).

Voorberg, W. H., Bekkers, V. J. J. M. and Tummers, L. G. 2014. A systematic review of co-creation and co-production: Embarking on the social innovation journey. London: Oxford University Press.

Vyas-Doorgapersad, S. 2011. Paradigm shift from New Public Administration to NPM: theory and practice in Africa. *Journal for Transdisciplinary Research in Southern Africa,* 7(2):235-250.

Waldo, D. 1971. Public administration in a time of turbulence. New York, NY: Chandler.

We Make Places. 2017. *Contrachapada con alma:* Digital manufacture providing a sense of home. Liverpool: We Make Places.

We Pay You Deliver Consortium. 2018. Cities in distress: Municipal budgeting and financial management survey report. Harare: Danish Church Aid.

Wei, T. Q. 2018. Case Study: London Spacehive. *Urban solutions,* 1(13):84-89.

Widmalm, S. 2016. After NPM, curb your enthusiasm for the Principal**-**Agent theory. *Statsvetenskaplig tidskrift. Årgång,* 118(1):127-143.

Woodrow, W. 1887. The Study of Administration. *Political Science Quarterly* (reprinted in Frederic C. Mosher. 1981. Basic Literature of American Public Administration: 1787-1950. New York, NY: Holmes and Meier.) p. 74.

Woodrow, W. 1887. The study of administration. *Political Science Quarterly,* 2(2):197-222.

World Bank and Government of Zimbabwe. 2017. Zimbabwe public expenditure review 2017: Local government service delivery. Harare: World Bank/Government of Zimbabwe.

World Bank. 2013. Crowdfunding's potential for the developing world. Washington, DC: World Bank.

Yin, R. K. 1994. Case study research: Design and methods. Berkeley, CA: Sage.

Yin, R. K. 2009. Case research and design methods. 4th ed. London: Sage.

Zhang, Y. S. and Barnett, S. 2014. Fiscal vulnerabilities and risks from local government in China. Washington, DC: IMF.

Zhao, Z. J., Das, K. V. and Larson, K. 2012. Joint development as a value capture strategy for public transit finance. *Journal of Transport and Land Use,* 5(1):5-17.

Zhou, G. and Chilunjika, A. 2013. The challenges of self-financing in local authorities: The case of Zimbabwe. *International Journal of Humanities and Social Science,* 3(11):233-245.

APPENDIX A

KEY INFORMANT INTERVIEW SCHEDULE

Name: Lewis Chigova

Programme: PhD Public Management and Governance

Title: Civic crowdfunding for community infrastructure rehabilitation: The case of the City of Harare.

Aim: To develop an integrated civic crowdfunding model for community infrastructure rehabilitation for application by the City of Harare.

INTERVIEW SCHEDULE

Biographical profile

1. Please indicate your current position (i.e. job title)……..
2. Please indicate your number of years' experience in this position …….
3. Please indicate your total years of experience in this sector …….

Questions

1. What is your expert opinion about the utilisation of crowdfunding for purposes of city rehabilitation?
2. Please elaborate your answer highlighting whether the City of Harare is in a position to embrace it.
3. How do you see your role not only as a citizen but as a local government expert in the process of embracing civic crowdfunding in the City of Harare?
4. Who do you think should constitute the main stakeholders in the adoption of crowdfunding in local authorities such as the City of Harare? Please elaborate your view identifying the possible initiators, backers or adversaries.
5. From your experiences working as a local government expert, which city/cities in or outside Zimbabwe can inform Harare on the benefits or challenges of crowdfunding?
6. What is the likely impact of crowdfunding financially and non-financially maybe in terms of resource mobilisation and citizen participation?
7. In terms of citizens and communities in Harare, do you think the city is adequately harnessing their potential, for example, by making them stewards of community

infrastructure in their areas? Kindly elaborate your answer taking into account the systems and processes present in the City of Harare.

8. As a follow up question, do you think the regulatory framework allows initiatives such as crowdfunding to be adopted?
9. What role do you think the internet and social media can play in civic crowdfunding?
10. How can transparency and accountability be ensured in the process of crowdfunding?
11. What else should be put in place in order to develop an integrated civic crowdfunding model for community infrastructure rehabilitation for application by the City of Harare?
12. Do you have any question that you think I should have asked or any insights that you would like to highlight?

Thank you for your valuable input

APPENDIX B

Private Bag X6001, Potchefstroom
South Africa 2520

Tel: (018)111/2222
Web: http://www.nwu.ac.za

Focus Area: Social Transformation and Government Studies
Tel: (018) 299 1751
Fax (018) 299 1776

INFORMED CONSENT FORM

Dear Sir/Madam

My name is Lewis Edwin Chigova and I am a Zimbabwean PhD student at the North West University in Potchefstroom, South Africa. As part of my studies I have to undertake a research project, and I am investigating "**Civic crowdfunding for community infrastructure rehabilitation: The case of the City of Harare."** The aim of this research project is to develop an integrated civic crowdfunding model for community infrastructure rehabilitation for application by the City of Harare.

As part of this project, I would like to invite you to take part in an interview and share your insights and views on the issue under investigation. The information I may get from you will help inform a model that can be used in community infrastructure rehabilitation in the City of Harare. This activity will involve answering a few questions and will take around one hour to thirty minutes of your time. With your permission, I would also like to audio record the interview using a digital device.

Please be advised that: **(a)** You will not receive any direct benefits from participating in this study, and there are no disadvantages or penalties for not participating; **(b)** You may withdraw at any time or not answer any question if you do not want to; **(c)** The interview will be completely confidential and anonymous as I will not be asking for your name or any identifying information, and the information you give to me will be held securely and not disclosed to anyone else; **(d)** The collected data will be protected as

follows: (1) paper data will be locked in cabinet, (2) electronic data in protected file space (3) the identities of the respondents will not be captured on any of the data collection media; **(e)** I will be using a pseudonym to represent your participation, in my final research report; and **(d)** If you experience any distress or discomfort, we will stop the interview or resume another time.

Should you have any questions afterwards about this research, feel free to contact me on the details listed below. This study will be written up as a research report which will be available online through the university library website. If you wish to receive a summary of this report, I will be happy to send it to you upon request.

If you have any queries, concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Faculty Research Ethics Committee through Willie on telephone: +27 (018) 2991751, email: Willie.vanwyk@nwu.ac.za or Faculty Programme Co-ordinator, Farzanah on Telephone: +27 (018) 2991779, email: Farzanah.Loonate@nwu.ac.za

I, the undersigned,…….….. (full names), agree to participate in this research project. The research has been explained to me and I understand what my participation will involve.

I agree that my participation will remain anonymous YES NO

I agree that the researcher may use anonymous quotes in his research report YES NO

I agree that the interview may be audio recorded YES NO

I agree that the information I provide may be used anonymously by other researchers following this study YES NO

…… (Signature)

…… (Email/Phone)
…… (Organisation)
…… (Date)

Thank you for participating in this study.

Yours sincerely,

Lewis Edwin Chigova
Email address: lewisec47@gmail.com
ID Number:
Mobile No:

Or My Supervisor Professor Gerrit van der Waldt
Email address:
Telephone:

APPENDIX C

CITY OF HARARE

HUMAN CAPITAL DEPARTMENT
TOWN HOUSE, HARARE, ZIMBABWE
POST OFFICE BOX 990
TELEPHONE 752979 / 753000

EMAIL: hrd@hararecity.co.zw
ADDRESS ALL CORRESPONDENCE TO THE HUMAN CAPITAL DIRECTOR

26 February 2019

North-West University
Private Bag X6001
Potchefstroom
South Africa

Dear Lewis E. Chigova

RE: AUTHORITY TO UNDERTAKE RESEARCH: LEWIS E. CHIGOVA

This letter serves as authority for Lewis E. Chigova to undertake a research survey on the topic: **"CIVIC CROWDFUNDING FOR COMMUNITY INFRASTRUCTURE REHABILITATION: THE CASE OF CITY OF HARARE."**

The City of Harare has no financial obligation and neither shall it render any further assistance in the conduct of the research. The researcher is however requested to avail a soft and hard copy of the research to the undersigned so that residents of Harare can benefit out of it. The research should not be used for any other purpose other than the study purpose specified.

Yours faithfully

RTD MAJOR M. MARARA
ACTING HUMAN CAPITAL DIRECTOR

Harare to achieve a WORLD CLASS CITY STATUS by 2025

APPENDIX D

Ministry of Local Government, Public Works and National Housing

Telephone 263 4 707815

Fax 263 4 797706

REF: ADM/23/8

ZIMBABWE

Office of The Secretary
P. Bag 7706
Causeway,
Harare

14 MARCH 2019

Mr Lewis Edwin Chigova
10 Ashburton Road
Chadcombe
Harare

APPROVAL OF AUTHORITY TO UNERTAKE ACADEMIC RESEARCH: MR LEWIS EDWIN CHIGOVA: NORTH-WEST UNIVERSITY

The above subject matter refers;

It is my pleasure to advice you that the Head of Ministry in his memorandum dated 05 March 2019 has approved your application to undertake a field research on **Civic crowdfunding for community infrastructure rehabilitation: The Case of the City of Harare.**

Please be advised that the research findings should not be subject to external consumption and must be solely used for academic purposes only. You are mandated to complete the Official Secrecy Act before commencement of the research project. Moreover, the final copy of the research findings should be submitted to the Office of the Secretary upon completion.

It is our hope that the research findings will help the Ministry in coming up with relevant strategies actions in the study area undertaken.

I. Chazuka
FOR: PERMANT SECRETARY FOR LOCAL GOVERNMENT, PUBLC WORKS AND NATIONAL HOUSING

Cc: Director, Urban Local Authorities