

Crowdfunding and its Interaction with Urban Development

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Crowdfunding is a mechanism of fundraising on the Internet without a conventional financial institution as agency, especially for small and middle enterprises (SMEs). This is an intermediary system for people raising funding much more easily and efficiently. The difficulties for SMEs to raise funding from capital market are universal problems in the world. Under consideration of efficient fundraising, Malaysia, Taiwan and Thailand are already provided regulation toward crowdfunding. The financial authority of China and Singapore are also drafting the bill of crowdfunding in early 2015.

With the development of crowdfunding for several years, it also provides citizens an alternative way to participate public affair and raise capital they need. In 2014, there is a crowdfunding campaign by citizens in Taiwan which raise up 11,984,994 TWD (around 387,481 USD) from 11,523 people only in 45 hours to organize a group recalling three controversy congressmen representing of Taipei city. This campaign was not held by any parties or organizations but a combination of citizens who did not know each other before. This campaign successfully promotes the idea of citizens by using crowdfunding to engage public affair by citizens. This is an innovative way for citizens having more opportunities to engage public affair.

Additionally, there are some local governments in Japan, the United States, and the United Kingdom using crowdfunding to fulfill the gap of insufficient budget and also attract citizens invest their funding into public projects. Moreover, there are drafting bills in Hawaii and New Jersey for government using crowdfunding to raise capital for public projects. This model enhances the citizenship and government transparency. City can take this model into consideration for further development of enhancing citizenship and raising capital for project without enough budget by crowdfunding.

INTRODUCTION

While crowdfunding and its financial regulation have been extensively discussed, interaction between crowdfunding and citizenship is relatively unexplored. This paper studies crowdfunding campaigns in Taiwan, which provides citizens an innovative way to participate public affair. Additionally, this article will introduce how government can use crowdfunding to raise funding for certain public project from citizens by introducing the mechanism in Japan, the United States and the United Kingdom.

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With the social capital from citizens, crowdfunding not only provides government a fundraising tool but also enhances participation from citizens. Namely, crowdfunding also encourages the right of citizenship. The findings suggest that the possibility of urban government using crowdfunding to realize the project which does not have enough budget or high priority and enhance government transparency by participation of citizens.

This study consists of two main parts. The first part introduces some cases in Taiwan with which to understand how citizens use crowdfunding to promote and raise fund for social campaign efficiently. The second part of this study explores some cases of civic crowdfunding platforms in Japan, the United States, and the United Kingdom, which provides an alternative channel for citizens to propose the public project and attract potential donor to support by their website. Two general observation will be derived. One relates to the difficulties of municipal finance, which are universal issue in some cities. Another observation, relating to efficiency of public affair, shows the crowdfunding may improve an unnecessary and time consuming procedure.

Although the business scale of these platforms are still tiny, two advantages may be noted. First, government can use it as a tool to examine the demand and utility of a certain public project since crowdfunding is based on the crowd. And second, citizens have substantial power to participate public affair directly. Namely, the crowdfunding as an alternative channel for enhancing public engagement and also improving interaction between a government and citizens.

Based on these two parts, this paper is divided into three main sections. Section 1 provides some background information about crowdfunding. Section 2 analyzes some crowdfunding campaigns in Taiwan and its interaction with citizenship. Section 3 explains some successful cases in the Japan. Section 4 introduces some campaigns and drafting bills in the United States and the United Kingdom for further development of crowdfunding and its interaction with citizenship.

I. THE CROWDFUNDING AND CITIZENSHIP

Urbanization is a common issue in both developed countries and developing countries. There are increasing number of population living in the city. As a result, the burden of municipal government finance is also getting severe. Additionally, the function of government extends from constructing the roads through providing recreational activities and new transportation, such as fireworks and city bicycle. With the same amount of budget, the municipal government will face the difficulties to supply the demand from citizens.

With the development of technology, there are some crowdfunding platforms focusing on civic projects, such as Spacehive in the United Kingdom, Citinvestor and Ioby in the United States. The successful cases include establishing the community center, having a party

in local community, and building a dog park. All of these activities may be regarded as public affair. However, they raise funding from citizens by crowdfunding platforms as a supplemental channel of public finance.

Some of fundraiser is governmental institution, while some of them are individuals or non-government organizations. The innovation of technology changes the structure of public affair. The subject of public affair can be also as citizens. Besides, the funding may not from the tax mainly but supported by citizens. Accordingly, crowdfunding is not only providing a channel for citizens to raise capital they need but also giving them strong power to promote their idea on the Internet.

With the crowdfunding by citizens, there are some advantages. First, citizens have much more power to design the city they want. Second, they can realize their project by raising capital through crowdfunding platform. Third, the project can also be tested whether it is supported by some citizens or not. Forth, it is much more efficient since it does not need to pass through the long procedures in the government. On the contrast, there are also some potential disputed issues occurred. For instance, if the project proposes to build the park, they may be successful to raise funding and realize it. Nevertheless, there is lack of continuous management after the construction. Based on abovementioned concerns, this article will try to use cases in different countries to find out how the mechanism it works in different countries.

II. CROWDFUNDING CAMPAIGNS IN TAIWAN

Crowdfunding is a mechanism providing an alternative fundraising channel for startups and small business since they do not have enough credit or collateral to raise up capital from conventional bank or stock market. By crowdfunding, startups and small business can promote their projects on crowdfunding platforms and accumulate a huge amount of money from people on the Internet. Comparing with conventional social lending, it is much more efficient because of technology.

According to Massolution's annual crowdfunding industry report², crowdfunding platforms raise \$16.2 billion USD in the world. The crowdfunding campaigns raised up 6.7 billion USD for business and entrepreneurship and raised up 3.06 billion USD for social causes. And in Asia, crowdfunding volumes grew 320% to \$3.4 billion.

Crowdfunding becomes prosperous in Asian countries since the financial authorities regard it as an alternative fundraising channel for start-ups and SMEs to raise their capital much more easily. The essential purpose of crowdfunding is disintermediation to reduce the agency cost. As increasing number of Internet user in the world, each person can donate their

² 2015CF Crowdfunding Industry Report, http://reports.crowdsourcing.org/index.php?route=product/product&product_id=54#oid=1001_23_banner_38, last access at June 12, 2015.

money to certain projects on crowdfunding platforms. And the project proposer can receive the considerable fund from large amount of users without high agency cost.

A. The largest crowdfunding campaign

FlyingV is a crowdfunding platform based in Taiwan, which is the largest crowdfunding platform among Asian countries³. FlyingV assisted more than 516 projects successfully raising 207 million TWD (around 6.67 million USD) funding from their members since 2012⁴. There are 174 projects under the category of society and culture. This represents approximately 33% projects on this crowdfunding platform highly relating to public affair.

There was a crowdfunding campaign undertaken to support the movement to recall three controversy congressmen in Taipei city. It is notable as the biggest amount of crowdfunding projects in the dataset of flyingV. The campaign was led by several citizens. They finally raised 11,984,994 TWD (around 387,481 USD) in only 45 hours from 11,523 people⁵ by crowdfunding.

The crowdfunding models of this project including donation-model and reward-model. Citizens can only donate their funding without any feedback. And they can also choose reward-model to get T-shirt or pen to support this crowdfunding campaign. This project not only showed the successful crowdfunding case but also demonstrated how crowdfunding becomes an efficient way for citizens to participate public affair of city and raise capital from people on the Internet to support their project.

B. Other campaigns

Based on the successful campaign of Appendectomy Project, some citizens tried to promote their opinions to change their city as show on Table 1. For instance, the bribery in election of rural city is still a serious problem in Taiwan since politicians will try to lure some old people by any means.

And in a rural city of Taiwan, most young generation goes out for studying and working. It cost transportation fee for them to come back to their hometown to vote. As a result, some politicians in rural city have more opportunity to influence the result of the election by bribery.

In order to deter bribery in election, one citizen in Yunlin (a rural city in Taiwan), who is an undergraduate program student, propose his idea on crowdfunding platform. He wanted to

³ FlyingV: The Largest Crowdfunding Platform in Asia, <http://www.crowdfundinsider.com/2014/09/50458-flyingv-largest-crowdfunding-platform-asia/>, last access at June 12, 2015.

⁴ About FlyingV, <https://www.flyingv.cc/faq>, last access at June 12, 2015.

⁵ Appendectomy Project, <https://www.flyingv.cc/project/3080>, last access at June 12, 2015.

rent several buses in Taipei (1st city of Taiwan) and Kaohsiung (2nd city) to help citizens of Yunlin to go back to vote for free. He successfully raised up capital and rented three buses.

Table 1. Some crowdfunding campaigns relating to citizenship in Taiwan⁶

Time	Area	Purpose	Amount	Supporters
2014/5	Taipei (1 st city)	Recall congressmen	11,984,994	11,523
2014/10	Every city	Deter bribery in election	939,817	842
2014/11	Every city	Deter bribery in election	739,618	754
2014/11	Kaohsiung (2 nd city)	Recall congressmen	318,422	308
2014/11	Yunlin (rural city)	Deter bribery in election	53,900	19
2015/1	Taichung (3 rd city)	Recall congressmen	251,650	278

C. Limitation and further development

Based on the cases study from 2014 to 2015, crowdfunding in Taiwan provides an innovate channel for citizens to organize a group and raise up capital from other citizens. Moreover, these campaigns can easily spread on the Internet to attract more citizens to realize the issue. They do not rely on funding from any parties or organizations. It is a mechanism for citizens directly express their own opinions.

However, crowdfunding campaigns may conflict with current legislation in Taiwan, including (1) Charity Donations Destined For Social Welfare Funds Implementation Regulations, and (2) Political Donations Act. In order to enhance the transparency of the donation to promote social activity, campaigns should register their project to the government and have the disclosure duty. Although there are no crowdfunding campaigns be investigated since the interpretation by government, it is still have risks to occur legal issues.

Besides, there are also some inherent limitation for further development in Taiwan, including (1) the cases relating to citizenship in crowdfunding platforms mostly focuses on a political issue. Some campaigns are only relating to specific events or politicians; (2) these campaigns do not show its continuation for enhancing citizenship because of their purpose is a short-term goal; (3) some campaigns are not neutral which influences its further development. For instance, the purpose of deterring bribery in local election may lead every citizen to share the benefits. But the campaign recalling controversy congressmen may not represent every opinion of citizens.

Although there is some insufficient development of citizenship by crowdfunding, crowdfunding already become an alternative way for citizens participating and organize a group to express their opinions more powerful and efficient in Taiwan. They tried to be more

⁶ The data is access on the crowdfunding platform, flyingV. <https://www.flyingv.cc/>

neutral since they do not need to rely on capital from any parties or organizations. Moreover, citizens can easily support any campaign by one click on a computer.

In order to enhance citizenship in Taiwan by crowdfunding in the future, this article will introduce cases and bills in the United States. Since crowdfunding is a mechanism to accumulate a huge amount of capital from people on the Internet, local government can promote public project without enough budget on crowdfunding platform to attract citizens to donate or invest funding. This mechanism not only solves poor budget problems but also encourages the participation of citizens in public affair.

III. CASES AND POLICIES IN JAPAN

A. *The Investment of Furusato*

The difficulties of municipal finance are general issues in rural area of Japan. In order to promote the prosperity of local community, the investment of furusato has launched in 2014. The meaning of furusato in Japanese is hometown. With the urbanization in Japan, as most of countries in the world, there are high percentage of people born in rural area moving to the city for studying and working. The structure of rural area is constituted by old generation. Without enough job opportunity and investment in these places, the local government faced the tough situation of their tax revenue. Besides, the distribution from central government may be imbalance since the population is mostly located in urban city. As a result, how to enhance the public finance and create opportunity of jobs will be the substantial issues for the rural area of Japan.

In order to achieve the above mentioned goals, the sector of promotion of local community, the cabinet office in Japan, has already organized 5 conferences⁷ from 2014 to 2015. The main discussion of the conferences is the investment of furusato. According to the report, the definition⁸ is “The utilization of local resources through small investment, such as crowdfunding.” The basic idea is redistribute the capital by encouraging people living in urban area to invest their hometown.

The investment of furusato includes local government and local financial institution. Until September 9 of 2015, there are 54 local government from different levels and 99 local financial institution participating in this project⁹. Since the regulation of equity-based

⁷ 「ふるさと投資」連絡会議, <http://www.kantei.go.jp/jp/singi/tiiki/tiikisaisei/furusato/kaigi/>, last access at October 23, 2015.

⁸ 「ふるさと投資」の手引き概要説明,

http://www.kantei.go.jp/jp/singi/tiiki/tiikisaisei/furusato/kaigi/tebiki_gaiyou.pdf, last access at October 23, 2015.

⁹ 「ふるさと投資」連絡会議構成員等,

http://www.kantei.go.jp/jp/singi/tiiki/tiikisaisei/furusato/pdf/kouseiin_h270929.pdf, last access at October 23, 2015

crowdfunding has passed on May 2015, it is also possible for local government to raise capital through the investment of citizens by crowdfunding platforms. In order to understand the development of this project, this paper will introduce successful cases in following part.

Table 2. Some successful cases of furusato¹⁰

Fundraising Type	No	Area	Category	Amount Unit: Japanese Yen
Donor-Based	1	Kamakura	Community and Tourism	1,000,000
	2	Hiroshima	Community	4,876,800
Reward-Based	3	Takayama	Community and Manufacture	896,000
	4	Osaka	Manufacture	2,459,000
	5	Shimane	Agriculture and Forestry	300,000
	6	Tottori	Community	627,000
	7	Wakayama	Community and Culture	1,683,000
	8	Sendai	Culture	7,485,000
Investment-Based	9	Ishikari	Energy (wind power generation)	99,000,000
	10	Saitama	Agriculture and forestry	7,000,000
	11	Ehime	Manufacture	5,500,000
	12	Kumamoto	Energy (solar power generation)	13,250,000
	13	Tochigi	Agriculture, forestry, and Tourism	11,490,000
	14	Nara	Community and Tourism	10,000,000
	15	Shiga	Manufacture and Tourism	10,950,000
	16	Okayama	Agriculture and forestry	49,400,000

B. Case: The Solar Power Generation based on Kumamoto Prefecture¹¹

In order to accelerate and promote the development of renewable energy, especially solar generation, Kumamoto prefecture, a city located in Kyusyu, the southern part of Japan, is planning to establish the solar power generation from alternative channel as a supplemental

¹⁰ 資料編事例集, http://www.kantei.go.jp/jp/singi/tiiki/tiikisaisei/furusato/kaigi/tebiki_siryou.pdf, last access at October 23, 2015. This table is author collect the data from 16 successful cases from above-mentioned report and made it as a table.

¹¹ 市民風車ファンド 2014 石狩厚田 ファンドの概要, <http://www.greenfund.jp/fund/ishikari/>, last access at October 23, 2015.

capital of current public finance. To achieve the abovementioned goal, the prefecture launched a project called “Power Plant of Kumamoto Citizens”.

Rather than conventional funding resources of solar power construction, this project includes the local enterprises and citizens from Japan as their investors. And the investors can also benefit from the revenue of power generation as their reward of investment. This project proposed to establish the solar power generation on the roof of sanitary land fill in Kumamoto prefecture. And the solar power generation will finally sell to the Kyusyu Electric Power Company, one of the major electricity enterprises based in Kyusyu.

Besides, this projects also supported by 10 local enterprises and private-debt. Namely, this project has several ways to raise the capital. And by crowdfunding, they can attract potential investors to contribute their basic infrastructure fee. The solar power generation is estimated to be operated on December of 2015. With the successful experiences in the stage of promotion, the Kumamoto prefecture also undertakes the plan of other renewable energy by crowdfunding.

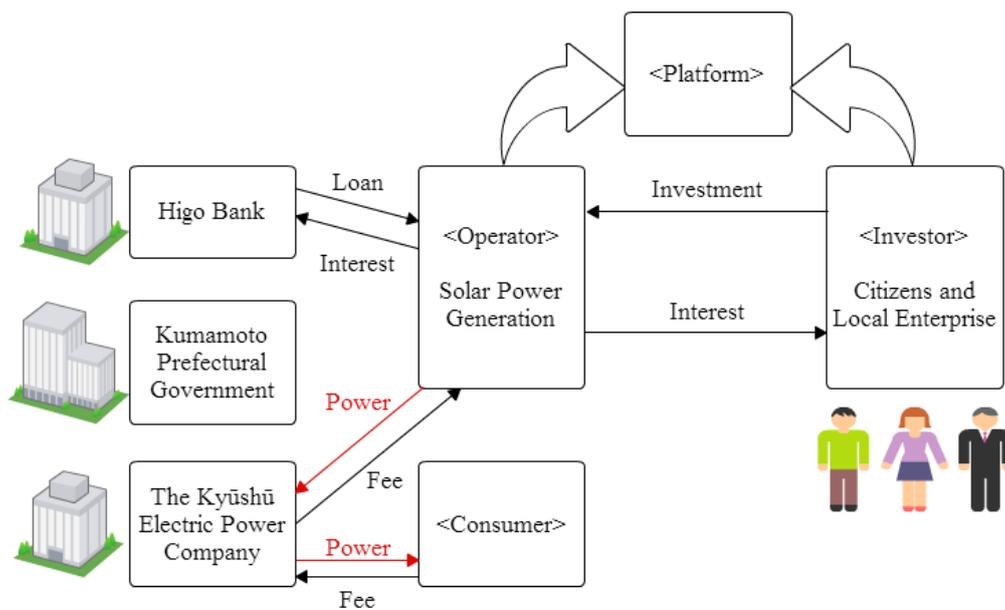


Fig 1. The model of Kumamoto solar power generation¹²

C. Case: The Wind Power Generation based on Ishikari City¹³

After the nuclear crisis caused by earthquake on March 2011 in Japan, in order to promote the development renewable energy, they introduce the mechanism of Feed in Tariff, which

¹² This diagram is author summarize the information from the Solar Power Generation based on Kumamoto Prefecture and made it as a diagram.

¹³ くまもと県民発電所 幸せファンド, <http://www.musicsecurities.com/communityfund/details.php?st=a&fid=657>, last access at October 23, 2015.

firstly implement in German around 1990. And there are more than 50 countries adopted it. The concept of Feed in Tariff is a subsidy policy to encourage the investment of renewable energy since the cost of renewable energy may be higher than traditional power generation.

Based on this new policy for promoting renewable energy, Ishikari City proposed a project to establish wind power generation plant and use crowdfunding as a supplemental fundraising channel of bank. The budget of this project is estimated 1.5 billion yen. And they will raise 99 million yen and the minimum investment is 200,000 yen. And the other part of budget will get the loan from Hokuto Bank and Hokkaido Bank. The interest rate of investors is around 2.5% per year. The part of revenue will also distribute to the local environmental fund for sustainable development.

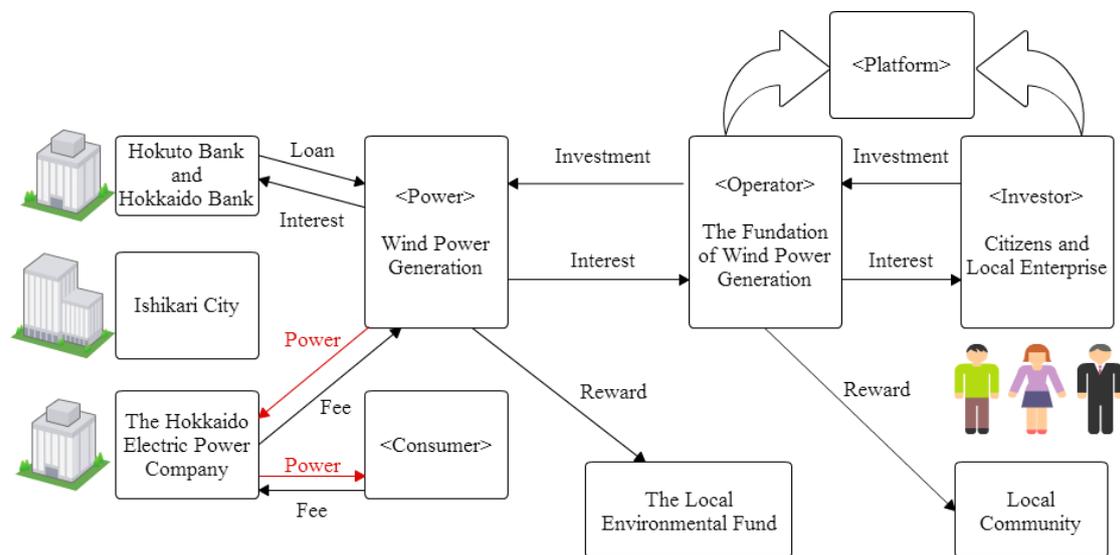


Fig 2. The model of Ishikari wind power generation¹⁴

III. CASES AND BILLS IN THE UNITED STATES AND THE UNITED KINGDOM

A. Cases

With the development of crowdfunding for a few years, it is not limited to SMEs and startups but local government or communities. Citizens can participate a public project by investing their funding on the platform of civic crowdfunding. There are some famous civic crowdfunding platforms in the worldwide, such as Spacehive in the United Kingdom and Citizeninvestor in the United States. Rhode Island City tried to raise up capital by crowdfunding after it went bankrupt in 2011 and it successfully raise total donation of 10,044 USD from 68

¹⁴ This diagram is author summarize the information from the Wind Power Generation based on Ishikari City and made it as a diagram.

investors for the project of cleaning park¹⁵. It is a milestone for citizens to contribute their capital efforts directly to a city project.

Spacehive, a United Kingdom based civic crowdfunding, raise up the amount of £792,000 from 99 investors to build community center in a city, Glyncoch¹⁶. It is important for citizens participating public affair by innovative way. On one hand, citizens will have incentives to oversee their government. On the other hand, the operation of public good will also be transparency since they have the duty to publicize the procedures and cash flow of projects.

Based on the development of civic crowdfunding, the civic crowdfunding platform in the United States, Neighborly is trying to propose a new model for local governments or communities to issue municipal bonds on their platform since the cost of issuing municipal bonds is high. In other ways, it is not so efficient and economical for issuing municipal bonds for small or specific projects because of the high cost. In order to address this problem, Neighborly is trying to provide a fundraising channel for government or communities to raise capital for the certain project.

Normally, incentives for citizens participating the public affair may be low since they will not have direct interest or benefit. However, if the citizens could take part in the investment of public projects, they will have much more interest and incentives to oversee the government since they are also stakeholders of the public project. Meanwhile, local government or communities also can benefit from the participatory investment from citizens because they have much more flexibility to use their budget to realize their policies.

B. The Statistics of the Platform

Spacehive is a crowdfunding platform in the United Kingdom, which is mainly focus on civic and community projects. There are already 106 successful projects on this platform and the total amount of successful projects is around 3.1 million GBP. Besides, the part of them is proposed by 68 cities, towns and villages. However, anyone can propose the project relating to public affair and there is no limitation for non-government to propose any projects on this platform.

Currently, the business model of Spacehive is donated-based crowdfunding. Namely, investors of a project cannot have any benefit. They support the project based on their kindness. The basic idea of Spacehive as shown on their website is empowering citizens to lead change in communities by enabling them to attract the attention and resources needed to

¹⁵ CLEAN UP CF: NEW BINS IN JENKS PARK, <http://www.citizeninvestor.com/project/clean-up-cf-new-bins-in-jenks-park>, last access at June 12, 2015.

¹⁶ Crowdfunding helps community projects bridge cash shortfall, <http://www.theguardian.com/society/2013/may/28/crowdfunding-community-projects>, last access at June 12, 2015.

make projects happen. Without any revenue from the project, they have to stimulate their potential supporter to have much more incentive to donate their money.

In order to understand the scale of successful cases, this paper tried to collect the date from Spacehive. As shown on fig1, this article find that 93 cases is under 50,000 GBP. Additionally, there are 68 cases is under 10,000 GBP. Based on this statistics, this paper also find that most of the projects on Spacehive is focus on relatively small project. Nevertheless, this paper also find there are 13 cases which their amount is more than 50,000 GBP.

Unit: GBP

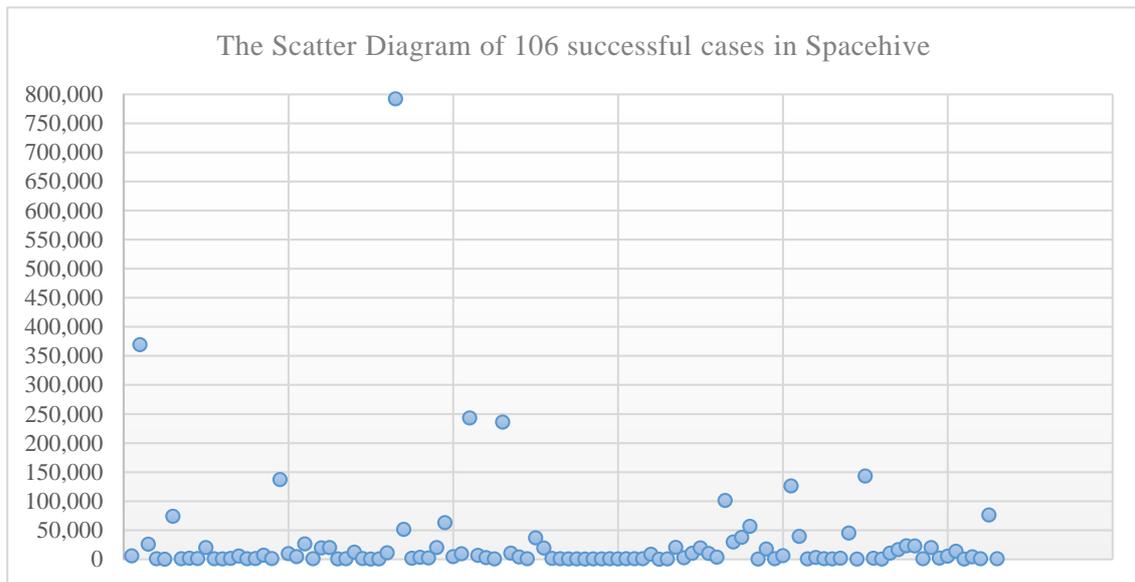


Fig 3. The Scatter Diagram of 106 successful cases in Spacehive¹⁷

C. Drafting Bills

1. Hawaii

On January 2014, in order to increase community participation in the repair and maintenance of local school in Hawaii, Hawaii House Bill proposed the idea of using crowdfunding as a financing tool to raise funds¹⁸. Before Hawaii proposed the idea of crowdfunding for repairing local school. Hawaii already has school repair and maintenance project using privately raised the fund to help communities make improvements of their schools in a quick and cost-effective manner.

¹⁷ This diagram is author collect the data from 106 successful cases on Spacehive and made it as a scatter diagram.

¹⁸ Hawaii House Bill 2631

Since the legislature realized that conventional methods of fundraising became less productive due to the economic recession. Therefore, local government and communities are seeking alternative way to raise up capital for community projects without sufficient budget. They found there are already some crowdfunding platforms focusing on public affair, which called civic crowdfunding platform, such as Citizinvestor and Spacehive have worked to make crowdfunding support public projects.

Namely, they tried to propose the bill to introduce crowdfunding into current successful private fund project, Hawaii 3R. In the bill, they also mentioned this mechanism is trying to test the feasibility of utilizing civic crowdfunding for other public projects in other state department of Hawaii. It is a milestone that legislature trying to provide legislation for government having alternative fundraising way. Although this bill did not successfully pass and take effort, the bill may be taken into consideration for further development of government crowdfunding.

2. *New Jersey*

On June 2014, in order to authorize government entities to conduct fundraising for certain government projects, legislature in New Jersey introduced the new bill, Government Crowdfunding Act¹⁹. Although this bill did not have any further process in assembly until now, there are some important points for raising social capital for public goods in the future.

First, this is the first time using the term “government crowdfunding”. Before, the discussion of crowdfunding is only focusing on different models, such as donation, reward, debt and equity. The concept of crowdfunding is mostly connecting to private business. Indeed, there is already some community and local government using crowdfunding as a fundraising channel to raise capital as above mentioned. With government crowdfunding act in the future, it can also encourage more government to raise up capital from crowdfunding platform.

Second, this bill provides many small government entities having the right to raise up capital. The definition of government entities under the bill of Government Crowdfunding Act includes, the State, a county, a municipality, and any agency, department, office, commission, committee, district, board, authority, or other instrumentality. The problem of budget distribution is the common issue. This bill provides local government an alternative way to supply their demand of public projects.

Third, unlike the bill of Hawaii, this bill mentions government crowdfunding can raise capital through current successful platforms, such as Kickstarter and Indiegogo or any other entities having been able to publicize government projects and raise funds from people on the Internet. Comparing with establishing crowdfunding platform by government, it is efficient

¹⁹ Assembly, No. 3378, 210th Legislature, State of New Jersey

that directly uses current successful platform since they already have basic base of users and trustworthy.

Fourth, the bill of Government Crowdfunding Act allowed government entities using investor-model to raise capital for public projects. It is possible to have profit in certain public projects. For instance, high way with toll, community swimming pool with ticket, solar panel system with generating power.

Table 3. The overview of drafting bill in Hawaii and New Jersey

	Hawaii	New Jersey
Status	Introduced January 27, 2014	Introduced June 9, 2014
Term	Civic crowdfunding	Government crowdfunding
Model	Donor	Donor and Investor
Subject	Only Hawaii 3R program	Government entity ²⁰
Purpose	Maintenance of public school	No limitation
Cap amount	50,000 USD	Not mentioned
Disclosure duty	Not mentioned	Shall be included in local government entity's budget

D. Reflection

The lack of budget is a universal issue for local government in the world since the population increases in the city and local government has to bare huge burden than ever before, including infrastructure, social welfare, and so on. As a result, with the limited budget, some of projects cannot be realized for several years due to insufficient municipal finance.

Recent crowdfunding research has suggested that crowdfunding, or specifically called civic crowdfunding, indeed facilitate processes beneficial to municipal finance. These specific benefits include improved poor municipal budget, an increased public participation from citizens, and enhanced government transparency²¹. And the increased population becomes a burden for urban government to continue their public projects and crowdfunding could be an alternative solution to fulfill the gap.

Additionally, crowdfunding for municipal finance may encourage citizens to participate public affairs. Moreover, it also enhance the government transparency. This trend shows the

²⁰ Government entity means the State, a county, a municipality, and any agency, department, office, commission, committee, district, board, authority, or other instrumentality thereof, including public institutions of higher education.

²¹ Davies, R. (2014). Civic crowdfunding: participatory communities, entrepreneurs and the political economy of place. *Entrepreneurs and the Political Economy of Place (May 9, 2014)*.

huge demand of efficient local governance from citizens. The idea of civic crowdfunding provides citizens an alternative way to build their city as they want by an efficient way. Crowdfunding is not only to supply the huge demand of capital from market but also supply the demand from citizens.

CONCLUSION

Crowdfunding becomes prosperous in Asian countries since financial authorities want to encourage small business and startups. Meanwhile, the biggest crowdfunding platform in Asia, flyingV, also provide citizens a space and opportunities to engage public affair in Taiwan. Crowdfunding fulfils the gap for citizens to participate public affair since citizens can propose their idea and accumulate the capital for their public project.

However, crowdfunding campaigns relating to public affair may be illegal under current legal framework of donation. Although the authority of donation in Taiwan did not indicate this kind of campaign is illegal, it still need to provide regulation to strengthen the disclosure liability of public affair projects. Besides, campaigns relating to citizenship only focus on political issue. It might be too narrow to enhance citizenship in the future. The cases and drafting bills in the United States, which provides an alternative way to achieve the goal of enhancing citizenship by crowdfunding in the future.

Although crowdfunding campaigns for citizenship are still at initial age, it already showed the possibility to use social capital from citizens to contribute public affair. Local government raised up capital by crowdfunding not only can solve the issue of insufficient budget but also attract citizens to have more incentives to participate public affair. Based on this viewpoint, this article suggests Taiwan may take this model into account for their further development of citizenship by crowdfunding.