


Chapter 42

Is Crowdfunding One Way to Pay Education?

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ABSTRACT

Crowdfunding is an innovative, creative tool of distance collaborative funding, which can galvanise an optimal number of people to various potentials, including education. The aim is to understand crowdfunding and its implementation in Portugal, focusing on successful projects and exploring its potential use in literacy and educational projects, as an alternative to resources perceived as ‘classical’. Successful Portuguese projects in education are still underused and under-reported, despite being great allies to innovative, creative educational entrepreneurs requiring swift responses in a post-pandemic future. Is crowdfunding a way to change education?

INTRODUCTION

The new global economic crisis derives from a health crisis, unlike global financial crises such as the one that took place in 2008.

Covid19 democratized this new crisis and halted economies worldwide, a situation from which nothing and nobody is exempt. The production and consumption of goods, as well as distance training and education have become a priority. A great battle is now being fought against an unknown actor (a virus), which hinders the connection between people and ‘normal’ life as it was known. Geographically close people became as physically distant as those geographically apart. This levelling in distancing appears to enable more democratic opportunities, regardless of individuals and the area they are in, but this might not be the case: we were not ready for this, and inequality remains stark.

Now more than ever, Information and Communication Technology (ICT) is an indispensable ally in social and economic recovery in various areas of activity. In the present and in a post-pandemic future, ways to overcome barriers and counteract new threats need to be (re)invented so that the world can carry on growing and developing with a better prepared ‘normal’ life.

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Is Crowdfunding One Way to Pay Education?

Collective and/or collaborative funding (crowdfunding, or Cf) is an innovative way to leverage development in moments such as these, especially for financing projects that promote sustainable recovery, adjusted to immediate future needs. Crowdfunding presents itself as a response which can quickly surpass the advantages of micro credit - it is a contractual proposal disseminated on the internet and using new technologies, often emerging before State and bank funding, since it resorts to the available liquidity of the general public for quick, non-bureaucratic financial help. In every moment of crisis, new opportunities for financial innovation arise and this tool may gain more potential if properly developed (Valanciencė & Jegelevičiute, 2014).

Given the lack of literature, especially on the analysis of projects in education, the present chapter sets out to encourage the study and development of the subject. The barriers imposed by unequal opportunities in education, which exist regardless of any unexpected changes and notably during Covid19, must be overcome. Digital education and mass availability of distance education/training is a very recent, important subject. Before a common, poorly-understood enemy, a new reality was forced upon society, exposing existing inequalities. The analyses presented herein address the way network relations and platform technologies operate in current online collaborative environments, in order to make funding alternatives through Cf available to all and to help overcome socio-economic inequalities in areas such as education, in which the right to equality must be prioritised.

1. What is Crowdfunding

Crowdfunding is a model founded in the beginning of the 21st century to fund multiple projects from various areas in a simple, fast way. As the word implies, Crowdfunding is an innovative funding system through which an entrepreneur in any sector or a proposed beneficiary requests small individual sums from the general public through online platforms. These projects are usually considered too high risk, despite the small amounts requested, to be directly funded by the traditional channels, such as banks.

Authors such as Forbes and Schaefer (2017) define Cf as ‘a process in which a project or business can be realised, by collecting the necessary funding from a large group of people willing to take part in that investment’. Like Schwienbacher and Larralde (2010) they use an interesting image: ‘an open call, essentially via the Internet, to raise financial resources, in various ways - donation, reward exchange or voting rights, with a view to supporting initiatives with specific purposes’.

Besides its main funding purpose, Cf also can also help in other areas, for example: broadening networks; reaching more clients; safer negotiations; and obtaining better terms and conditions. This exchange of information and privileged contacts has a low-to-zero cost, because it happens online. Authors such as (Mollick, 2014; Pril, 2015) explain the low cost compared to other media differently: through Cf., individuals or businesses, social, and cultural organisations, as well as not-for-profits, which have to carry out their activity and projects directly through the collaboration of a great number of people, can avoid paying intermediaries and other associated costs.

Various platforms have emerged in Portugal. To some extent, Cf has helped provide more support to less privileged creators, especially in the Third Sector, albeit insufficiently to meet current demand.

In very general terms, the way Cf works is very straightforward: the mentor who has a funding idea must present it as clearly as possible to the public, usually through a platform, specifying the budgeted amount necessary to develop the project and a deadline. People interested in the project are directed to a website, where the project is presented in various possible ways, and decide whether or not to contribute. The hosting platform receives a commission (in Portugal, usually around 5%), in case the target

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