CROWDFUNDING IN AFRICA

Fundraising goes Digital in Africa: The emergence of Africa-Based Crowdfunding Platforms
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In the past 4 years, crowdfunding—a process of funding a project or venture by raising monetary contributions online from a large number of people—has been slowly gaining momentum in Africa. The African crowdfunding market is estimated at $126.9 million in 2015.

Overview of Africa-based Crowdfunding Platforms

There were 57 active crowdfunding platforms headquartered and operating in Africa in 2015. South Africa leads the way in African online alternative finance, and has 21 operational crowdfunding portals. Nigeria comes second with 9 crowdfunding platforms.

In 2015, the African crowdfunding market was composed of 21 donations-based platforms, 19 equity platforms, 13 rewards-based portals, 2 peer-to-peer lending platforms, and 2 hybrid platforms. Donations and equity platforms are the fastest growing crowdfunding models.

Africa-based crowdfunding platforms mainly specialise in promoting crowdfunding campaigns related to social causes (31.5% of the total platforms), business and entrepreneurship projects (21%), and then creative and innovative projects (17.5%).

Performance of Africa-based Crowdfunding Platforms

The total crowdfunding market for Africa-based platforms is estimated at $32.3 million in 2015, which is less than 0.1% of the global crowdfunding activity.

Crowdfunding platforms in South Africa raised about $30.8 million. Egypt came second with $842,000 raised, then Nigeria with $314,445 raised in 2015.

Money raised by Africa-based crowdfunding portals was primarily directed to fund startups and SMEs ($17.7 million), real estate crowd invested projects ($13.6 million), travel crowdfunded trips ($319,434), and to donate to social causes and charity projects ($307,860).

Over 4,939 crowdfunding campaigns were launched by Africa-based platforms in 2015. Most projects were filled by peer-to-peer lending platforms, although they only account for 4% of the total platforms.

Africa-based crowdfunding platforms achieved to fund on average 67% of the projects launched on their websites. The most successfully funded projects were for business and personal loans (95% success rate) and projects geared to support social causes (84% success rate).
Crowdfunding platforms founded and headquartered outside Africa, such as Kiva or Betterplace.org, raised $94.6 million in 2015 to fund various projects in Africa, primarily via donations ($48 million) and loans ($42.2 million).

Foreign crowdfunding platforms were keener to fund projects with a social impact. Such projects were directed to help children ($14 million), to support several educational initiatives ($13.5 million), and to empower women and girls ($10.8 million).

Top recipient countries of the money raised by foreign crowdfunding platforms were clustered in East Africa and West Africa. Kenya was the top recipient of funds, with $21.7 million channelled in 2015 to support various social causes and community projects. Rwanda and Uganda were also the top favoured funding destinations, and received each respectively $8.7 million and $8.4 million.

One major trend in the African crowdfunding space is the increased specialisation of foreign platforms in serving exclusively the African market. At least 14 platforms are primarily focused in funding projects across Africa, and do not serve other developing economies. Such platforms are founded and operate mainly from Europe.

Forecasts

The African crowdfunding market is set to increase: money raised by crowdfunding platforms operating in Africa (both Africa-based platforms and foreign platforms funding projects in Africa) is projected at $190 million in 2016, based on AlliedCrowds estimations.

The overall market potential of the crowdfunding market in Sub-Saharan Africa is estimated at $2.5 billion by 2025, according to the World Bank.
For the last 10 years, online crowd and peer-to-peer funding has rapidly been popularised in Western countries as a viable alternative source of financing. The global crowdfunding market reached $34.4 billion in 2015. Great media exposure has been given to popular and successful campaigns from leading crowdfunding platforms such as Kickstarter and Indiegogo. And far little attention is drawn to projects launched by crowdfunding platforms from the developing countries.

However, the process of crowdfunding is somewhat familiar to many developing economies, and Africa is no exception.

Community-based financial solidarity and fundraising are deeply entrenched in the African culture and traditions. Across Africa, villages, local communities, tribes, clans, families, business groups, and individuals create associations, often referred to as “self-help groups”, in which they aggregate their savings to fund various social and economic causes. These “self-help groups” are called Harambees in Kenya or Tontines in some Western Africa countries.

Moreover, in some African countries, Africans living abroad send more remittances to their home countries that the aggregated amount of foreign aid received. African Diaspora sent home a total of $35.2 billion in 2015.

Thus, pooling funds from a large number of people to support various initiatives is not a foreign concept in Africa. What is new, however, is translating the process online, in its actual form of online crowdfunding, on the Internet or on mobile phones (via SMS).

The World Bank-Infodev first analysed the dynamics and the market potential of crowdfunding in the developing economies, with detail insights into the African market. Subsequently, the UK-based startup AlliedCrowds, specialised as a leading data aggregator and directory of crowdfunding projects in the developing world, started bringing hard data of the African crowdfunding scene.

We also want to contribute to shed light on the African crowdfunding market. We truly believe that crowdfunding has the potential to democratize access to donations and capital across Africa. By publishing this study, our main purpose is to provide a comprehensive picture of Africa-based crowdfunding platforms, which are platforms founded and operating in Africa. Our study is primarily based on data that we collected and analysed. Enjoy!

Edwige Boum
CEO Afrikstart
Afrikstart is a one-stop crowdfunding platform dedicated to fund, train, and mentor African entrepreneurs. Afrikstart strives to provide a web and mobile platform where young and women entrepreneurs in Sub-Saharan African can get access to affordable funding and training, and free mentorship.

Our Mission

To empower youth (under 35 years old) and women entrepreneurs, in Sub-Saharan Africa, by giving them access to necessary funding and training needed to launch their businesses, through connections with funders, and mentors worldwide.

Our Vision

To be the leading pan-African crowdfunding platform that will revolutionize the way young and women entrepreneurs are funded, trained, and mentored.

Afrikstart started as a project in fall 2013 and was incubated during the online course Technology Entrepreneurship with Stanford University, then with the impact-focused non-profit global venture fund Acumen.

Afrikstart was nominated for Best Social Impact Award for the 2015 Appsafrica Innovation Awards. Afrikstart is the winner of the 2015 Africa TechPitch in London, organised by the African Business Technology Network (ATBN).

Afrikstart will start preparing crowdfunding campaigns in 2016 to fund entrepreneurs in Africa.

A one-stop platform to fund, train, and mentor African entrepreneurs
1. OVERVIEW OF AFRICA-BASED CROWDFUNDING PLATFORMS
Overview of Africa-Based Crowdfunding Platforms

1.1 Geographical distribution of platforms in 2015

Africa has 57 listed crowdfunding platforms in 2015, which were founded and headquartered in Africa. In 2014, 39 crowdfunding websites were operating in Africa. South Africa leads the way in African crowdfunding, and accounts for over a third of the crowdfunding platforms in Africa in 2015.
Most crowdfunding platforms founded in Africa operate and fund projects within their home countries. Since online crowdfunding is a new alternative form of fundraising in Africa, most crowdfunding platforms focus on gaining foothold and a significant market share within their home country, before planning any regional or Pan-African expansion.

The only Pan-African platforms are Afineety, M-Changa, Pitchoffice, Fundasolva, and real estate platform RealtyAfrica. Afineety is a crowd equity platform based in Morocco, and that expanded to Senegal and Ivory Coast. The Nigerian crowdfunding platform Funda Solva listed 2 projects from Cameroon and Ghana. Kenyan platform M-Changa is expanding in Tanzania.

A few platforms fund projects outside Africa. The South African branch of Islamic Relief raises funds online for charity initiatives in the Middle East. South African real estate platform Wealth Migrate has subsidiaries in the USA, the UK, China, Singapore and Australia.
1.2 Breakdown by year of launch

Non-cumulative data

<table>
<thead>
<tr>
<th>Year</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>9</td>
</tr>
<tr>
<td>2013</td>
<td>17</td>
</tr>
<tr>
<td>2014</td>
<td>26</td>
</tr>
<tr>
<td>2015</td>
<td>23</td>
</tr>
</tbody>
</table>

Over 75 crowdfunding platforms have been launched in Africa since 2012.

This number includes crowdfunding platforms prototypes and pilot crowdfunding platforms.

1.3 Number of closures per year

Non-cumulative data

<table>
<thead>
<tr>
<th>Year</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2</td>
</tr>
<tr>
<td>2014</td>
<td>10</td>
</tr>
<tr>
<td>2015</td>
<td>4</td>
</tr>
</tbody>
</table>

2014 was a critical year for many crowdfunding platforms: more than half of the website closures happened that year. Over 60% of the platforms that shut down in 2014 were launched in 2013.
1.4 Variation in platforms creation by country between 2014/2015

- South Africa is the market leader in African crowdfunding, and has been consolidating its leadership year after year.

- Nigeria is catching up, and is jumping into the crowdfunding wagon.

- North Africa has seen a slower growth in the creation of crowdfunding platforms. Egypt is the leader in the region.

- More francophone countries from West Africa, such as Togo, Senegal and Ivory Coast, ventured into crowdfunding in 2015.

- Crowdfunding is slowly spreading across East Africa: Kenya, Uganda, and Zimbabwe had respectively 2 crowdfunding platforms each in 2015.
1.5 Distribution of crowdfunding platforms by operational phase in 2015

**Idea Phase**
- The platform has a landing page presenting its mission and objectives but no crowdfunding project was launched.

**Prototype**
- The platform has launched experimental crowdfunding projects.
- Money may have started being raised.

**Pilot Phase**
- The platform is operational for less than a year. It has listed crowdfunding projects on its website and has started actively raising money.

**Early Stage**
- The platform is operational for at least one year or more.
- Crowdfunding projects are constantly uploaded on the platform.

30 crowdfunding platforms have been actively launching projects in Africa for more than a year ("Early Stage platforms"). 17 out 29 of these "Early stage" platforms were founded in 2014, and the remaining were founded in 2012 and 2013. This demonstrates some resilience of Africa-based platforms in testing crowdfunding as an alternative funding model in Africa.

However, crowdfunding is at a very nascent phase in Africa. In 2015 nearly 25% of the platforms launched were just venturing into crowdfunding: they were either at an "idea phase" or had at least a "prototype" of their crowdfunding website.
Overview of Africa-Based Crowdfunding Platforms

Crowdfunding Models

Peer-to-Peer Lending
Donations
Equity
Rewards-Based
In 2014, half of the active African crowdfunding platforms were rewards-based platforms. In 2015, the dynamic swiftly changed: the most popular crowdfunding models were donations-based (37%) and equity-based (33%) platforms.

This stems from the closure of 2 South African rewards-based platforms in 2015. The website Trevolta which funded trips for travellers shut down in 2015; and so did the crowdfunding platform for customised T-shirts Design4T. At the same time, six new donations-based platforms that fundraise for social causes and community projects were launched in 2015. Four new equity-based crowdfunding platforms were also created that year.
1.7 Breakdown by activity (crowdfunding projects launched)

Only 75% of African crowdfunding platforms launched projects on their websites in 2015, which is a slight decrease from 2014 (82%).

Many platforms that were founded in 2015 did not launch crowdfunding projects on their websites that year. At least 8 new crowdfunding platforms founded in 2015 were still at an “idea phase” or at “prototype phase”, and didn’t launch any project on their platforms. This is the case for some new equity platforms, such as the Tunisian Afrikwity (now active since March 2016), and the Senegalese platform Yewou. Similarly, the Renewable Energy/Green Business-focused platform Abrec.Financeutile, and the Nigerian platform Kwikudi hadn’t uploaded crowdfunding projects on their websites by the end of 2015.
In 2015, 31.5% of Africa-based crowdfunding platforms specialised in promoting projects related to social causes. The second most favoured category was business and entrepreneurship (21%), then creative and innovative projects (17.5%).

In 2014, African crowdfunding platform primarily specialised in social causes (27%), business & entrepreneurship (27%), and Creative and innovative projects were at 16%.

New project categories emerged in 2015: renewable energy, healthcare, and education. There is a slight trend towards more sector-focused and niche crowdfunding platforms in Africa.
1.9 Breakdown of crowdfunding projects by platform model in 2015

**Donations**
- Creative & Innovative Projects: 15%
- Social Causes: 65%
- Education & Healthcare: 20%
- Other: 8%

**Rewards**
- Social Causes: 47%
- Arts & Entertainment: 31%
- Creative & Innovative Projects: 38%
- Other: 8%

**Equity**
- Business & Entrepreneurship: 47%
- Renewable Energy: 32%
- Real Estate: 10.5%
- Agriculture: 10.5%

**Donations- and rewards-based crowdfunding platforms** are clearly geared towards funding social causes and creative & innovative projects. 65% of the crowdfunding projects listed on donations-based platforms are fundraising for various social causes, such as social welfare, local community initiatives, medical expenses, charity projects, etc. On the other hand, rewards-based platforms are equally suited to fundraise for social causes (31%) and for creative and innovative projects (38%). The creative and innovative campaigns launched in rewards-based platforms range from films & videos, arts performance and events, design, publishing, among other projects.

**Equity-based crowdfunding platforms** are primarily used to fund start-ups, microenterprises, and SMEs (47%). They are also used to invest in residential and commercial properties (32%).

**Peer-to-peer lending crowdfunding platforms** are sector-focused, and only fundraise for business and entrepreneurship projects.
2. PERFORMANCE OF AFRICA-BASED CROWDFUNDING PLATFORMS
In 2015, Africa-based crowdfunding platforms raised about $32.3 million, which indicates that crowdfunding in Africa is at infancy. Overall market potential in Sub-Saharan Africa is estimated at $2.5 billion by the World Bank-Infodev by 2025.
Online fundraising platforms emerged in Africa in 2012. The pioneer portals to venture into crowdfunding in 2012 were Shekra and Yomken in Egypt, and Slicebiz in Ghana. The South African platforms Startme, Rainfin, Jumpstarter and defunct CrowdInvest also launched in 2012. So was the charity platform 234Give in Nigeria, then the Kenyan mobile platform M-Changa. Three years later, crowdfunding platforms have mushroomed across Africa, with 57 active platforms. In 2015, Africa-based crowdfunding platforms raised about $32.3 million.

Crowdfunding in Africa is fuelled by a real market need of alternative source of financing, the expansion of mobile technology, the rise of a middle class, and the active contribution of the African Diaspora.

Crowdfunding in Africa is driven by the widespread adoption of ICT (Information and Communication Technology), among which an increased mobile phone usage across Africa. About 67% of Africans had a mobile phone in 2015, from a total population of 1.13 billion. There were about 722,500,000 mobile phones on the continent, with 127,500,000 being smartphones, as estimated by ITU* and by the 2015 StarTimes Group report on “Content Building in the Digital Era”. By leveraging mobile technology, crowdfunding platforms have used innovative ways to create and promote the crowdfunding projects via SMS, and by allowing the use of mobile money to fund the crowdfunding projects.

Online social media, platforms and networks are also key drivers of the rise of crowdfunding in Africa. As crowdfunding is first and foremost based on peer-to-peer funding, it requires an active community engagement, and extensive online social interactions between the crowdfunding project creator and the potential project funders and backers.

Therefore, Facebook, Twitter, and other social media platforms have played a vital role to foster the emergence of crowdfunding in Africa. In November 2015, it was estimated that about 125 million Africans were on Facebook, according to Internet World Stats. In some African countries, such as South Africa, Nigeria, Kenya, Uganda and Ghana, connecting to Facebook was the most common usage of the mobile phone, even before sending text messages. A survey of 3,500 mobile users from these countries conducted by GeoPoll and World Wide Worx in 2015 revealed that 48% of the mobile phone owners used primarily their mobile phone to connect to Facebook. Sending SMS only came second in terms of phone activity (42%).
The rise of the African middle class, estimated at 350 million people by the African Development Bank, also contributes to channel funding to the crowdfunding campaigns launched in the existing Africa-based crowdfunding platforms. And so are the financial contributions of the African Diaspora, who sent back home $35.2 billion in remittances in 2015. The African Diaspora can sometimes bring up to the third of the money needed to fund the projects in some Africa-based crowdfunding portals.

Although the amount of $32.3 million raised by Africa-based crowdfunding platforms is an encouraging figure, Africa-based crowdfunding platforms account for less than 0.1% of the global crowdfunding activity. Massolution Research Team estimated the global crowdfunding market at $34.4 billion in 2015. In comparison with global figures and trends, crowdfunding in Africa is at a relatively nascent phase.

For crowdfunding to gain momentum across Africa, and to reach its market potential of $2.5 billion, it must be relieved from its current technological, cultural, and regulatory constraints and barriers:
Performance of Africa-Based Crowdfunding Platforms

- **Low Internet penetration**: Internet usage stands at 29% across Africa in 2015, as estimated by the global agency *We are Social* in its *Digital in 2016 report*. Crowdfunding platforms in Africa need to increase their websites traffic to get greater exposure of their crowdfunding projects, and to drive potential project backers to come to their website to fund these projects. And that is only possible through increased Internet usage in Africa, alongside great digital marketing strategies from crowdfunding platforms. Hopefully, mobile broadband internet in Africa is set to increase as the coverage of 3G or 4G networks expands across Africa, more local content is created, and a range of new apps is developed.

- **Low social media usage**: Social media usage is highly correlated to the level of Internet penetration, as evidenced by the World Bank-Infodev in their 2013 report on Crowdfunding’s Potential for the Developing World. However, in Africa, social media penetration is relatively low. It was estimated at 11% in 2015, based on projections from global agency *We Are Social*. Since crowdfunding requires building strong online social media presence for projects to be funded, increased social media penetration across Africa is a prerequisite for crowdfunding to succeed in Africa.

- **Limited funds transfer and payments solutions**: Credit cards transactions cannot be used in all African countries, and Paypal is only available in 40 countries in Africa. Besides, many Africans are not used to make online payments. Hence, processing payments online comes as a real challenge for many crowdfunding platforms. Payments via mobile phones have come as relief for some platforms. Other crowdfunding portals circumvent the problem by allowing the crowdfunding project creator to process offline payments through in-country wire transfer, by check or cash exchange, in order make it easier for people in Africa to back projects.

- **Regulation**: There is currently no legal and regulatory framework, similar to the JOBS Act that was enacted in the USA, which sets the crowdfunding rules in any African country. Most crowdfunding platforms are currently operating out of any crowdfunding regulation, unless they opted for a license as a financial services or a registered credit provider. The absence of regulation limits the expansion of equity-based or debt-based crowdfunding platforms in Africa, as it deters potential investors to pool their money in platforms in which they have no basic investors’ protection rights and clear exit strategies. The African Crowdfunding Association (ACfA) was founded in 2015 to lobby actively on creating a legal framework.
- **Lack of awareness about crowdfunding.** Although fundraising among local communities and families is deeply entrenched in the African culture, translating the process online is still a novelty for many Africans. For crowdfunding to expand in Africa, it requires promotion, education, and addressing mistrust from the general public. Many Africans lack of awareness about this alternative source of funding that has potential to democratize access to capital.

Furthermore, some Internet-based solutions that involve online money payments are sometimes viewed as fraud or scams. Thus, building trust around online fundraising is paramount. It can easily be achieved as crowdfunding is a relatively transparent process where all projects are displayed online, the project creator profile is verified, and funders can be identified when they back a project, as long as they opt to do so.

Educating and mentoring crowdfunding project creators to craft compelling crowdfunding campaigns—with great videos, storytelling and marketing—are also key success drivers for crowdfunding to take strong foothold in Africa. Finally, the level of financial literacy among Africans will drive or slow the adoption of equity-based or debt-based crowdfunding platforms in Africa.

Additional key variables that can enable or prevent the expansion of crowdfunding across Africa can be summarised on the chart below:

**Fig. 1 Propensity to Launch Crowdfunding Platform**

What factors enable or deter a crowdfunding system?

Source: Crowdfunding’s Potential for the Developing World. infoDev/World Bank
2.2 Money raised by country in 2015
By breaking down the total amount of money raised by country, it comes as no surprise that with over 35% of the total crowdfunding platforms on the continent, South Africa is the top fundraiser.

Crowdfunding platforms in South Africa raised about $30.8 million. Egypt comes second with $862,000 raised, then Nigeria with $314,445 raised in 2015.

Although crowdfunding platforms are spread across various African countries, the average amount of funds raised by country is unequally distributed. The top fundraisers are clustered in South Africa, North Africa (Egypt, Morocco, and Tunisia), West Africa (Ivory Coast and Nigeria), and Kenya.

Our key findings are that the country’s fundraising performance is correlated to its wealth, as measured by GDP (Gross Domestic Product), and to the level of Internet penetration and social media usage.

Considering the first metric, wealth, a close look at the ranking of the African countries by nominal GDP (Gross Domestic Product) suggests that the countries which raised most funds in their crowdfunding portals are among the top 10 African countries by GDP ranking.

As a consequence, the wealthier a country, the larger the amount of money raised by its indigenous crowdfunding platforms.
The same pattern is observed for Internet penetration, and social media usage (measured here by the number of Facebook users). Countries which raised most money in their crowdfunding platforms are characterised by a high level of internet penetration and a high level of Facebook usage among their population.

Among the top 4 fundraisers on the continent, namely South Africa, Egypt, Nigeria and Kenya- roughly over 50% of their population use Internet. This figure is to compare to the average Internet penetration in Africa that stands at 29% in 2015.

Similarly, a significant number of people in South Africa and Egypt, the top 2 country fundraisers, are connected to Facebook. At least 23% of the population in these countries use Facebook, which is twice the average social media penetration in Africa of 11%. However, Nigeria seems to be an exception among the top fundraisers: only 8.26% of the population uses Facebook, which is well below the average Facebook usage of 11% across the continent.

Another critical factor that influences the amount of money raised by the crowdfunding platforms of each country is the level of involvement of the Diaspora to fund local projects in Africa. In Kenya for instance, about 35% of the funds received by the crowdfunding platform M-Changa are from the members of the Kenyan Diaspora from 50 countries. Tunisian and Moroccan crowdfunding platforms also receive a great deal of funding of the projects from the Diaspora based in France.

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**Fig. 3 Ranking of African countries by Internet and Facebook Usage**

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<tbody>
<tr>
<td>Nigeria</td>
<td>181,562,056</td>
<td>92,699,924</td>
<td>51.10%</td>
<td>16,000,000</td>
<td>8.26%</td>
</tr>
<tr>
<td>Egypt</td>
<td>88,487,396</td>
<td>48,300,000</td>
<td>54.60%</td>
<td>27,000,000</td>
<td>30.51%</td>
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<tr>
<td>Kenya</td>
<td>45,925,301</td>
<td>31,985,048</td>
<td>69.60%</td>
<td>5,000,000</td>
<td>10.89%</td>
</tr>
<tr>
<td>South Africa</td>
<td>54,777,809</td>
<td>26,841,126</td>
<td>49.00%</td>
<td>13,000,000</td>
<td>23.73%</td>
</tr>
<tr>
<td>Morocco</td>
<td>33,322,699</td>
<td>20,207,154</td>
<td>60.60%</td>
<td>10,000,000</td>
<td>30.01%</td>
</tr>
<tr>
<td>Uganda</td>
<td>37,101,745</td>
<td>11,924,927</td>
<td>32.10%</td>
<td>1,800,000</td>
<td>4.85%</td>
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<td>Algeria</td>
<td>39,542,166</td>
<td>11,000,000</td>
<td>27.80%</td>
<td>11,000,000</td>
<td>27.82%</td>
</tr>
<tr>
<td>Sudan</td>
<td>36,108,653</td>
<td>9,307,189</td>
<td>25.80%</td>
<td>/</td>
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<tr>
<td>Tanzania</td>
<td>51,045,882</td>
<td>7,990,794</td>
<td>14.90%</td>
<td>2,700,000</td>
<td>5.29%</td>
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<tr>
<td>Senegal</td>
<td>13,975,834</td>
<td>7,260,000</td>
<td>51.90%</td>
<td>1,700,000</td>
<td>12.16%</td>
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<tr>
<td>Zimbabwe</td>
<td>14,229,541</td>
<td>6,759,032</td>
<td>47.50%</td>
<td>850,000</td>
<td>5.97%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>11,037,226</td>
<td>6,498,240</td>
<td>49.00%</td>
<td>5,200,000</td>
<td>47.11%</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>23,295,302</td>
<td>5,230,000</td>
<td>22.50%</td>
<td>1,800,000</td>
<td>7.73%</td>
</tr>
<tr>
<td>Ghana</td>
<td>26,327,049</td>
<td>5,171,993</td>
<td>19.60%</td>
<td>2,900,000</td>
<td>11.02%</td>
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<tr>
<td>Angola</td>
<td>19,025,353</td>
<td>5,102,592</td>
<td>26.00%</td>
<td>3,300,000</td>
<td>16.81%</td>
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<td>Ethiopia</td>
<td>99,405,819</td>
<td>3,700,000</td>
<td>3.70%</td>
<td>3,700,000</td>
<td>3.72%</td>
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<tr>
<td>Rwanda</td>
<td>12,661,733</td>
<td>3,216,080</td>
<td>25.40%</td>
<td>510,000</td>
<td>4.03%</td>
</tr>
<tr>
<td>Zambia</td>
<td>15,066,266</td>
<td>2,711,928</td>
<td>18.00%</td>
<td>1,300,000</td>
<td>8.63%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>23,730,218</td>
<td>2,811,314</td>
<td>11.00%</td>
<td>1,400,000</td>
<td>5.90%</td>
</tr>
<tr>
<td>Libya</td>
<td>6,411,776</td>
<td>2,400,000</td>
<td>37.40%</td>
<td>2,400,000</td>
<td>37.43%</td>
</tr>
</tbody>
</table>

Source: http://www.internetworldstats.com/stats1.htm
A detailed report on Diaspora Crowdfunding from AlliedCrowds demonstrates the significant role of Diaspora communities in promoting crowdfunding: a positive correlation exists between crowdfunding and remittances. If well-orchestrated and managed by the governments of the developing nations, the personal remittances of the Diaspora can be channelled to finance local initiatives in their home countries directly via crowdfunding portals.

Fig. 4 Crowdfunding versus Personal Remittances Across Various Developing Countries

Source: Developing World Crowdfunding: Diaspora Crowdfunding. AlliedCrowds October 2015 Report
2.3 Money raised by crowdfunding platform models in 2015

- **LOANS**: $17.5 M
- **EQUITY**: $13.9 M
- **REWARDS**: $569.3 K
- **DONATIONS**: $327.7 K
Debt-based crowdfunding platforms provided $17.5 million in loans in 2015, although Africa only has two peer-to-peer lending portals: Lendico and Rainfin. Rainfin is the largest peer-to-peer lender in South Africa. Rainfin primarily serves small and medium businesses, but also provides personal loans, of between ZAR 10,000 ($644.5) to ZAR 750,000 ($48,337.5). Daily lending on Rainfin is over ZAR 1 million ($64,450). The German peer-to-peer lender Lendico that entered the South African market in 2014 to provide consumer and business loans stopped its operations in March 2015. Lendico now finances itself from money received by institutional investors in South Africa.

Equity crowdfunding platforms raised $13.9 million in 2015 from real estate platforms and business-focused platforms.

Real estate investment projects accounted for $13.6 million out of the $13.9 million raised on equity platforms. Wealth Migrate, the African leading real estate platform and the 10th largest real estate platform worldwide, raised $12.7 million from investors to purchase four medical buildings. Egyptian real estate platform Aqarfunder raised $819,645 in 2015 for two property projects, while West African Copropio received about $111,521 to fund several residential property projects in Ivory Coast.

Business and entrepreneurship-focused projects received total pledges of $250,000 in equity funding in 2015. The platform Malaik launched a pilot crowdfunding campaign to finance the Nigerian startup i-drop, and raised about $250,000 by December 2015.

Rewards-based crowdfunding platforms succeeded to raise $569,270 in 2015 for social causes, travel, creative and innovative projects. Defunct South African platform for crowdfunded travels Trevolta raised $319,434 in 2015. Trevolta allowed people who couldn’t afford to go on holiday to raise funds for themselves or for volunteering. Thundafund, South Africa’s leading crowdfunding platform for creative and innovative projects raised about $121,242.

Donations crowdfunding platforms collected about $327,666 in 2015 to fund social causes, community projects, personal and medical expenses. Kenya’s first mobile money crowdfunding platform collected over $160,221 in 2015: 24% of fundraisers pledged funds for medical purposes, and about 33% fundraisers used the platform to raise funds for educational projects. Other African donations-based platforms performed well in fundraising for their various campaigns: Moroccan platform Cotizi that exclusively allows charities to raise funds on its site collected $58,648 in 2015; and so did the Nigerian creative platform Naijafund that raised $58,248 in 2015.
### 2.4 Top funded crowdfunding project categories in 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business &amp; Entrepreneurship</td>
<td>$17.8 M</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$13.6 M</td>
</tr>
<tr>
<td>Travel</td>
<td>$319,434</td>
</tr>
<tr>
<td>Social Causes</td>
<td>$307,860</td>
</tr>
<tr>
<td>Creative &amp; Innovative Projects</td>
<td>$219,130</td>
</tr>
<tr>
<td>Arts &amp; Entertainment</td>
<td>$43,641</td>
</tr>
</tbody>
</table>
Money raised on crowdfunding platforms is primarily directed to fund small and medium businesses (SMEs). Access to finance remains the greatest challenge for many businesses in Africa. The International Finance Corporation estimates that up to 84% of small and medium-sized enterprises in Sub-Saharan-Africa struggle to get the adequate financing from banks and other financial institutions, which results in a credit financing gap of USD 140-170 billion.

Online alternative finance may come as a promising source of funding for businesses in Africa. Start-ups and SMEs raised an estimated $17.8 million in 2015.

Money is channelled to these businesses via peer-to-peer business lending and equity portals. South African peer-to-peer lending platform Rainfin accounts for over 95% of the total business loans provided to start-ups and businesses. Equity platform Malaik helped to raise $250,000 in equity funding for a Nigerian startup.

However, online alternative business financing is mainly clustered in South Africa thanks to its sophisticated business market, a robust and reliable regulatory credit system and supervision, and proven business models from South African crowdfunding platforms. So far, peer-to-peer business lending and online equity funding mainly benefit South African local businesses; and need to get momentum across Africa.

Moroccan equity crowdfunding platform Afineety is already in the forefront to fund African businesses. Through Afineety website, entrepreneurs in Morocco can raise equity capital for their start-up or small business. Afineety has also been serving entrepreneurs in Senegal since November 2015, and plans further expansion to Ivory Coast, Tunisia, Algeria, Gabon, Cameroon, Ghana, and Kenya. Afineety doesn’t disclose data about the total money raised on its crowdfunding platform; hence the amount raised for the category Business and Entrepreneurship is underestimated in our report.

Individual investors poured about $13.6 million to fund various real estate crowdfunding projects in Egypt, Ivory Coast, and the USA from Africa-based platforms. Approximately $931,397 were invested in 5 residential and retail properties in Egypt and Ivory Coast; and $12.7 million were directed to finance 4 medical office buildings in the USA.

Crowd real estate investing allows investors to pool their money with other investors to acquire properties, which makes direct real estate investing much more affordable. Real estate crowdfunding can provide investors competitive returns, low volatility, recurring income, and protection from inflation. The downside of crowd real estate investing is lack of liquidity and complexity.
While online real estate financing platforms such as Aqarfunder and Coproprio are dedicated to promote properties based in Africa; in contrast, Wealth Migrate is a gateway to international real estate projects and offers investors both risk and country diversification.

Traditionally, land, residential and commercial properties have been the most common investment vehicles in Africa. In many African countries, it is somewhat easier to pool the savings into acquiring real estate assets than to invest in financial markets or to access banks’ savings, investment and funds management schemes; with the exception of developed financial markets such as South Africa, Egypt or Morocco.

Real estate crowdfunding has room for expansion in Africa. Several factors currently contribute to fuel real estate in Africa: the boom of Africa’s population; the rise of the urban middle class; and the need for mass market affordable housing and high end properties; among other factors.

Real estate crowdfunding is set to increase. Ivory-Coast platform Coproprio had listed 16 properties for investment by December 2015. Wealth Migrate announced the closing of a $13.1 million deal to acquire 2 additional medical buildings in the USA in February 2016. Property crowdfunding platform Realty Africa went live in February 2016 and enables cross border investments in Zimbabwe, Botswana, and South Africa.

The third most significant category that raised most funding in 2015 was Travel, with $319,434 raised. Crowdfunding platform Trevolta - that specialised in helping people to raise funds for their travels via online donations or sponsorships - accounted for all that money raised. Trevolta was launched with the aim to make travels cheaper and accessible to everyone, and has succeeded to attract 436,000 users in its first year of launch, before closing in August 2015.

Social Causes attracted $307,860 in donations in 2015. At least 18 crowdfunding platforms specialise in fundraising for various community projects, charity fundraising, and social causes across Africa. The Nigerian portal Donate-Ng helped to raise NGN 1,045,716 ($5,248) for the "Save Kehinde Adebiyi" campaign, dedicated to secure funding for chirurgical procedures for a 2.5 years old girl suffering from brain tumor. In Kenya, four high school students launched the “Solution to help eradicate malaria” crowdfunding campaign. The students raised $6 493 on Kenyan mobile crowdfunding platform M-Changa to build a working prototype of a mosquito trap, and to help produce and distribute the traps to about 250 families across Kenya. In Tunisia, a crowdfunding campaign aimed at renovating a public school "Ecole Chalfai" received €10,311 via the Tunisian platform Cofundy.
TOP FUNDRAISERS FOR SOCIAL CAUSES

KENYA
M-CHANGA

S. AFRICA
THUNDAFUND

MOROCCO
COTIZI

S. AFRICA
DIFFERENT
Although crowdfunding projects with a social impact received $307,860 in donations, the total amount raised via donations platforms seems relatively small in comparison to their significant presence in the African crowdfunding space.

This can be explained by the fact that the average funding goal of a crowdfunding project with a “social cause” feature is lower than the target funding goal of a business crowdfunding project or a real estate crowdfunding project. For instance, while an entrepreneur in South Africa can request a peer-to-peer business loan of up to $70,000 (approximately ZAR 750,000); an organisation fundraising for a cause with social impact aims to raise $1,423 on average.

Furthermore, online fundraising to members of the general public is still a novelty across Africa. When fundraising, people rely first and foremost on family networks, and then on friends. Asking donations from anonymous people, or giving donations to causes supported by people that are not part of one’s close network, are not completely part of the African fundraising culture. This was evidenced by Michael Naholi Muchilwa, chairman of Kenya Association of Fundraising Professionals, when analysing the fundraising behaviour of Africans, and specifically Kenyans, in the international study on *Global Fundraising: How the world is changing the rules of Philanthropy*.

When considering more specifically the fundraising dynamics in Kenya, Kenya’s leading crowdfunding platform M-Changa, revealed figures showing that Kenyans donate KES 70 billion (about $700,000,000) annually to friends and family, directly or via self-help groups commonly named “Harambees”. Mobile payments such as M-Pesa have made it increasingly easier for Kenyans to transfer and receive funds, and to fund crowdfunding projects, which propelled the mobile crowdfunding platform M-Changa. Yet, project contributors mainly give funding to their immediate networks (family friends, etc.) or via“harambees”, charities, organisations, causes, and specific online fundraising appeals launched by people from their networks.

The difference between making donations primarily to family members, friends and other acquaintances versus donating to anonymous members of the general public greatly impacts the propensity to give, how often one gives, as well as the approach for requests for help. As a consequence, donations-based projects lag behind in terms of funding received compared to other project categories.
2.5 Number of projects launched by country in 2015

- South Africa: 4,581
- Nigeria: 165
- Egypt: 102
- Morocco: 23
- Ivory Coast: 21
- Zimbabwe: 19
- Tunisia: 17
- Algeria: 8
- Kenya: 3

Projects Launched: 4,939
African crowdfunding platforms launched around 4,939 projects in 2015. South Africa-based platforms launched over 92% of the total crowdfunding projects in 2015.

Overall, the number of crowdfunding projects launched in Africa is on the increase. In 2014, we sampled 18 crowdfunding platforms across Africa, and we estimated that they launched 876 projects. Of these 876 projects, 376 were crowdfunding campaigns from donations-based, rewards-based, and equity platforms. About 500 loans projects were launched by peer-to-peer lending platform Lendico.

There is a sharp discrepancy in the number of projects launched by each African country in 2015. While South Africa, Kenya, and Nigeria actively launched projects on their crowdfunding portals in 2015, most African countries had less than 20 projects over the course of the year.

Countries that launched a high number of projects in 2015 tend to have many crowdfunding platforms that had been operational for more than a year. These countries also enjoyed some flexibility granted from the local authorities to launch projects on the crowdfunding platforms.

Evidence shows that countries that launched the most crowdfunding projects also have a significant high number of in-country-based platforms, as described in the following chart:

<table>
<thead>
<tr>
<th>Country</th>
<th>Number Projects</th>
<th>Number Platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 South Africa</td>
<td>4,581</td>
<td>18</td>
</tr>
<tr>
<td>2 Kenya</td>
<td>165</td>
<td>2</td>
</tr>
<tr>
<td>3 Nigeria</td>
<td>102</td>
<td>9</td>
</tr>
<tr>
<td>4 Morocco</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td>5 Egypt</td>
<td>23</td>
<td>5</td>
</tr>
<tr>
<td>6 Ivory Coast</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>7 Zimbabwe</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>8 Tunisia</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>9 Algeria</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

Countries that have displayed fewer projects are characterised by crowdfunding platforms that are still on a prototype phase or on a pilot phase (as defined in section 1.5 - Distribution of crowdfunding platforms by operational phase). Uganda, for instance, has one platform that is still on a prototype phase.

Finally, the flexibility to create projects freely in each country influences the number of crowdfunding campaigns that can be launched on the platforms. In Morocco, for example, it is not possible for a platform or for a project creator to make a public appeal for donations without following strict rules. Any project must first be approved by the General Secretariat of Government.
2.6 Number of projects launched by crowdfunding model in 2015

- Donations-Based: 293
- Rewards-Based: 273
- Equity: 53
- Lending: 4,320
Over 4,939 crowdfunding projects were launched in Africa in 2015. Most projects were filled up by peer-to-peer lending platforms (over 87% of the total projects), although these loans-based crowdfunding platforms only account for 4% of the total platforms in Africa.

![Fig. 6 Number of Projects Launched by Crowdfunding Model](image)

<table>
<thead>
<tr>
<th></th>
<th>Number Projects</th>
<th>% Total Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations-Based</td>
<td>293</td>
<td>6%</td>
</tr>
<tr>
<td>Equity-Based</td>
<td>53</td>
<td>1%</td>
</tr>
<tr>
<td>Peer-To-Peer Lending</td>
<td>4,320</td>
<td>87%</td>
</tr>
<tr>
<td>Rewards-Based</td>
<td>273</td>
<td>6%</td>
</tr>
<tr>
<td>Hybrid</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,939</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Peer-to-peer lending portals dedicated to business and personal loans received a high volume of funding requests, and listed more projects than other platforms. For peer-to-peer lending platform RainFin for example, figures from August 2014 already revealed that about 350 customers registered on its site every day, with 10% of them passing the screening test. Eighteen new loans with a total value of about ZAR 400,000 were listed on RainFin each day. By September 2015, daily lending directly from RainFin increased to about ZAR 1 million ($73,000).

When excluding the number of loans projects of peer-to-peer lending portals from the dataset, the total number of projects launched in 2015 was 618. Compared to 2014 figures, this is an upward trend for the total number of crowdfunding campaigns launched by donations, rewards-based, and equity-based platforms. We sampled 18 African crowdfunding platforms in 2014, except peer-to-peer platforms, and over 376 crowdfunding campaigns were launched that year by donations, rewards-based, and equity-based platforms. South African crowdfunding platform for creative and innovative projects Thundafund launched alone about 30% of the total projects in 2014: 113 projects.

Overall, even though African donations, rewards-based, and equity-based crowdfunding platforms are increasing the number of campaigns launched, five platforms alone make up 66.5% of the total projects launched in 2015 (411 projects out of 618).

On average, 18 crowdfunding projects were launched per platform in 2015. But, this can range from one experimental crowdfunding campaign launched by a platform in a pilot phase to 165 crowdfunding projects launched by an already established and active platform, such as M-Changa.
2.7 Funnel of the crowdfunding projects 2015 (loans projects excluded)

618 LAUNCHED PROJECTS
447 FUNDED PROJECTS
79 FULLY FUNDED PROJECTS
13% SUCCESS RATE
Crowdfunding platforms across Africa are increasingly attracting funding for their projects. Out of the 618 projects launched in 2015, 447 projects were funded; which means that they received at least one dollar contribution from funders. The dataset of 618 projects does not include projects from peer-to-peer lending platforms.

Compared to 2014 figures, Africa-based crowdfunding platforms are experiencing increased financial support to their projects. In 2014, only 24.7% of the crowdfunding projects received any financial contribution: 93 funded projects out of 376 launched projects. In 2015, 72.3% of the projects launched in African crowdfunding portals were backed financially.

The most popular funding format chosen by African crowdfunding platforms is the “Keep-what-you-raised” model, instead of the “All-of-Nothing” option. In the “All-of-Nothing” funding format, the project creators pick their funding goal, and they then have to hit that number to get the funds within a specific time limit. In contrast, in the “Keep-what-you-raised” format, the project creators decide their funding goal, but they don’t have to hit the number, and they can keep whatever amount of money they raised.

An intermediate funding format exists, where the project creators have to reach a tipping point in order to get the funds. South African crowdfunding platform Thundafund opted for that funding model mixed with an “All-of-Nothing” format.

African crowdfunding platforms managed to fund successfully 13% of their projects. Indeed, 79 projects that were launched in 2015 hit their funding goals (i.e. they were 100% funded).

The crowdfunding success rate of 13% is consistent with the funding format chosen by most African crowdfunding platforms: “Keep-what-you-raised”. Crowdfunding statistics constantly show that the crowdfunding platforms that opt for the “Keep-what-you-raised” funding model experience lower success rates across all their project categories, except for charitable giving.

For example, for top USA-based crowdfunding platforms such as Indiegogo and RocketHub that use the “Keep-what-you-raised” funding format, on average, only one in ten projects hits its funding goals. In comparison, “All-of-Nothing” crowdfunding platforms such as Kickstarter, Pozible or Tubestart achieve over 35% success rate, as evidenced by the chart below:

Fig. 7 Combined Success Rate of Major USA-Based Crowdfunding Platforms Across All Project Categories

Source: https://www.krowdster.co/crowdfunding-analytics
“All-of-Nothing” crowdfunding platforms perform better for two main reasons. First, the need to hit the goal pushes everyone, including the project creator, to work hard to achieve the goal. It drives the whole raise. Hence, the project creators are more committed to preparing and promoting their project diligently. Secondly, funders have a preference for the “All-of-Nothing” because they want some assurance that the project creator will get all the funds needed to complete the project.

This being said, some African crowdfunding platforms that use the “Keep-what-you-raised” model performed relatively well in reaching the funding goals of their projects:

**Fig. 8 Top African Crowdfunding Platforms By Success Rate**

<table>
<thead>
<tr>
<th>Crowdfunding Platform</th>
<th>Country</th>
<th>Launched Projects in 2015</th>
<th>Funded Projects</th>
<th>Fully Funded Projects</th>
<th>Success Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madad</td>
<td>Egypt</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>Tennra</td>
<td>Egypt</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>83%</td>
</tr>
<tr>
<td>Jumpstarter</td>
<td>South Africa</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>80%</td>
</tr>
<tr>
<td>CitySoirée</td>
<td>South Africa</td>
<td>72</td>
<td>72</td>
<td>33</td>
<td>46%</td>
</tr>
</tbody>
</table>

In the chart, success rate = number of “fully funded projects” / the number of “Launched projects”; where “fully funded projects” are projects that reach 100% of their funding goals.
2.8 Funded projects by crowdfunding models in 2015

- **Donations**: 84%
- **Rewards**: 71%
- **Loans**: 95%
- **Equity**: 19%
Crowdfunding platforms achieved to fund on average 67% of the projects launched on their websites in 2015.

Business and personal loans projects have higher likelihood to be funded: 95% of the projects launched in peer-to-peer lending platforms were funded. Moreover, the default rate of these loans stands at about 5%.

For crowdfunding projects seeking to receive donations in 2015, 82% of them were funded. We sampled 4 donations-based crowdfunding platforms in 2014, and 76% of the projects launched were funded that year.

For crowdfunding projects that give rewards in exchange of donations, 71% of these projects were funded in 2015. Year-on-year comparison shows that more rewards-based projects were funded in 2015 compared to 2014 figures. Out of the 176 rewards-based projects launched in 2014, only 89 were funded (50.6% funding rate), based on a sample of 8 crowdfunding platforms.

The funding rate of equity crowdfunding projects is lower than any other crowdfunding model. In 2015, only 19% equity-based projects were funded. This metric is a low estimate as we didn’t get access to full data of funded projects. Some crowdfunding platforms require being an accredited investor in order to get access to the financial information.

The funding rates of the projects launched by African crowdfunding platforms are quite similar to those of some crowdfunding platforms in Western countries. We compared the funding rates of crowdfunding projects between 46 French platforms and the 57 African platforms of our study. Data for the French platforms were compiled from a 2014 study on French Alternative Finance by the consulting company Compinnov.

![Fig. 9 Comparison of funding rates between African and French Crowdfunding Platforms](source: Compinov/Afrikstart)

African donations, rewards, and peer-to-peer lending crowdfunding platforms are on par with more developed countries in terms of the funding rates of their projects. African equity platforms are an exception: the funding rate of 19% is a low estimate and is impaired by lack of full data of projects funded.
2.9 Top crowdfunding platforms by money raised in 2015

- RainFin: $17,520,000
- Wealth Migrate: $12,700,000
- Aqarfunder: $819,645
- Trevolta: $319,434
- M-Changa: $250,000
- Malaik: $160,221
- Thundafund: $127,242
- Coproprio: $111,751
- Cotizi: $58,648
South African crowdfunding platform RainFin specialised in facilitating unsecured online business and personal lending was the top fundraiser in 2015, and collected around $17,520,000 (based on estimations). Rainfin allows people or businesses looking for better returns on their cash to lend the money to other parties, including small businesses, through the online platform.

Real estate crowd investing portal Wealth Migrate, headquartered in South Africa, came second by raising $12,700,000 to acquire medical buildings in the USA. Another real estate crowdfunding platform based in Egypt, Aqarfunder, was the third best fundraiser in 2015, by channelling $819,645 from multiple individual investors to finance 2 commercial properties in Egypt.

Trevolta, specialised in funding trips, collected $319,434 on its website. Trevolta promoted on its platform a massive crowdfunding campaign “Rhinos without Borders” aimed at relocating 100 rhinos to Botswana, to save them from the poaching crisis. The project received $292,170 in funding. Despite being relatively successful, Trevolta shut down in August 2015 due to a complicated business structure, shareholding, and global trading limitations.

Africa’s first mobile crowdfunding platform, M-Changa, which allows users to donate to social causes online and by sending SMS, raised $160,221 in 2015. M-Changa has become a premier online platform.

Another South African crowdfunding platform, Thundafund, raised about $127,242 in 2015. Thundafund helped to fund several successful projects on its platform, among which the “Let’s build an app to increase Cancer survival” project. With a mission to build a mobile application that enables people living with cancer to boost their immune systems and increase the efficacy of their treatments, the project raised $9,887.

The top 10 Africa-based crowdfunding platforms by money raised in 2015 distinguish themselves by:

- **Being sector-focused or in a niche market.** Real estate crowd investing websites Wealth Migrate and Aqarfunder ranked high. Trevolta specialised in crowdfunding travels was among the top 4 fundraisers in 2015. CitySoirée ranked 11th top fundraiser, and is an arts and entertainment platform that crowdfunds mainly to see musicians perform live private concerts while Live. South African crowd farming platform Livestock Wealth also performed well.

Niche or sector-focused crowdfunding platforms cater to close knit communities that share a common interest or passion.
Niche crowdfunding platforms tend to have higher community support from their users. Community members of each specialised crowdfunding platform are able to help each other out, through social media, donating, and sharing the projects.

As a result, users tend to be very supportive and fund more projects. Crowdfunding projects are able to feed off of the popularity of one another rather than just competing head on.

Furthermore, niche or sector-focused crowdfunding platforms can more easily offer tailored service to meet the specific needs of their project creators or funders. That’s how crowd travel platform Trevolta partnered with Great Plains Conservation and &Beyond to help fundraise to move rhinos in secure locations in Botswana, although the platform is not primarily focused on wildlife transportation.

- **Relying on partners and organisations.** Many successful African crowdfunding platforms that raised a significant amount of money sourced their projects from local charities, NGOs, and other similar partner networks and organisations. This is particularly the case for donations-based crowdfunding platforms dedicated to fundraise for social causes such as M-Changa, Different.org, Cotizi, Backabuddy and Cofundy.
The value of local charities and NGOs as project creators for a crowdfunding platform, which turns out to be a critical success factor for achieving their funding goals, is that these organisations already have a strong network of offline volunteers and donors who support their cause.

An active communication and social media strategy from local charities and NGOs to reach out and mobilize their regular donors and supporters in the pre-launching phase of a crowdfunding campaign can help propel a positive funding outcome.

- **Strong local community engagement.** The initial support and financial contributions of successful crowdfunding projects in Africa usually come from localised communities before expanding out. Crowdfunding platforms that actively engage with local communities, local organisations (such as churches, libraries, charities, etc.), among other local networks perform better in fundraising. A matter in case is the Kenyan crowdfunding platform M-Changa. M-Changa is dedicated to fundraise for local support groups (*Harambees*). Harambees fundraise for various causes by relying mainly on family networks and friends, and the general public is the last resort. Furthermore, about 46% of all fundraising projects on M-Changa are managed by local organisations.

Another localised platform is South African Thundafund. Thundafund is based in Cape Town and operates from that region. Thundafund sourced nearly 90% of its projects from Cape Town and created a close network of partners there.

- **Mentoring the project creators.** Top fundraising platforms such as Thundafund heavily focus on providing business support and mentorship to the projects creators throughout the crowdfunding process. These platforms spend significant time reviewing and guiding the project creators in order to maximize their chances of being funded. Not only do they buddy the project creators, but they also organise workshops free of charge or at subsidised price.
Performance of Africa-Based Crowdfunding Platforms

3.10 Top crowdfunding platforms by monthly website traffic (as of December 2015)

1. THUNDAFUND
   - Traffic: 15,000

2. RAINFIN
   - Traffic: 10,000

3. JUMPSTARTER
   - Traffic: 10,000

4. DIFFERENT
   - Traffic: 8,000

5. WEALTH MIGRATE
   - Traffic: 7,000

6. M-CHANGA
   - Traffic: 4,000


Website traffic data provided in the chart above are rough estimates compiled from desktop and mobile traffic.
3. SNAPSHOT ON FOREIGN CROWDFUNDING PLATFORMS FUNDING PROJECTS IN AFRICA
Crowdfunding platforms founded and based outside Africa have channelled $94.6 million in 2015 to fund projects in Africa. The micro-lending platform Kiva is the top fundraiser, with $35.9 million raised in 2015 to give loans to African entrepreneurs. German platform Betterplace.org raised $9.9 million for African projects, and American donations-based portal GoFunMe.com collected $9.1 million to fund various initiatives in Africa.

Top recipient countries of funds from foreign crowdfunding platforms are mainly African English-speaking countries, either from East Africa or West Africa. Kenya is the top collector of funds, with $21.7 million received in 2015. Neighbouring countries Rwanda and Uganda respectively received $8.7 million and $8.4 million in 2015. South Africa comes fourth with $8 million collected in 2015, then Tanzania with $5.6 million.

Foreign crowdfunding platforms primarily fund projects geared towards social causes. Crowdfunding projects aimed at helping children were the most popular category and collected $14 million. Education is also an appealing category for foreign crowdfunding portals: $13.5 million were disbursed to local educational projects in Africa. Empowering women & girls is of great concern for foreign funders since $10.8 million were poured to various gender initiatives in Africa. Finally, health-related projects were the fourth recipient category and received over $9.6 million in donations in 2015.

Foreign crowdfunding platforms primarily fund projects in Africa via donations ($48 million) and loans ($42.2 million), which is consistent with the fact that most foreign platforms have a donations-based or debt-based funding model. Rewards-based donations and equity-based platforms raised $4.5 million in 2015.

Over 75% of foreign crowdfunding portals operating in Africa also fund projects in other developing countries. Only 14 platforms are Africa-focused, in the likes of peer-to-peer lending platforms MYC4 based in Denmark, or French equity investment platform Fadev. Most Africa-focused crowdfunding platforms are based in Europe.

It is worth mentioning that African countries are not passive recipient of foreign funding. A few Africa-based crowdfunding platforms are also venturing to fund projects outside Africa. The most active platform is South African real estate crowdfunding portal Wealth Migrate, which invests in properties worldwide. Headquartered in South Africa, Wealth Migrate has offices in Shanghai, Singapore, the U.S.A, the U.K. and Australia.

The crowdfunding market in Africa is set to experience significant growth prospects. Money raised by crowdfunding platforms for Africa in 2016 is estimated to reach $190 million, based on AlliedCrowds projections. The overall market potential of crowdfunding in Sub-Saharan Africa is estimated at $2.5 billion in 2025 by the World Bank/Infodev.
3.1 Total money raised by foreign platforms and forecasts

- **2015**: $94.6 M
  - Foreign Platforms Only
    - Source: AlliedCrowds/Afrikstart

- **2016e**: $190 M
  - Africa-based & Foreign Platforms
    - Source: AlliedCrowds

- **2025**: $2.6 Bn
  - Sub-Saharan Africa
    - Source: Infodev/World Bank

Source: AlliedCrowds
3.2 Top foreign platforms operating in Africa in 2015

1. **KIVA** - $35.9 M
2. **BETTERPLACE** - $9.9 M
3. **GOFUNDME** - $9.1 M
4. **GLOBALGIVING** - $4.6 M
5. **YOUCARING** - $4.5 M
6. **GIVENGAIN** - $4.3 M
7. **RAZOO** - $3.4 M
8. **JUSTGIVING** - $1.6 M

Source: AlliedCrowds Open Analytics/Afrikstart
### 3.3 Top recipient countries of funds from foreign platforms in 2015

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Funds (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kenya</td>
<td>$21.7 M</td>
</tr>
<tr>
<td>2</td>
<td>Rwanda</td>
<td>$8.7 M</td>
</tr>
<tr>
<td>3</td>
<td>Uganda</td>
<td>$8.4 M</td>
</tr>
<tr>
<td>4</td>
<td>South Africa</td>
<td>$8 M</td>
</tr>
<tr>
<td>5</td>
<td>Tanzania</td>
<td>$5.5 M</td>
</tr>
<tr>
<td>6</td>
<td>Ghana</td>
<td>$4.4 M</td>
</tr>
<tr>
<td>7</td>
<td>D.R. Congo</td>
<td>$3.9 M</td>
</tr>
<tr>
<td>8</td>
<td>Nigeria</td>
<td>$2.5 M</td>
</tr>
</tbody>
</table>

*Source: AlliedCrowds Open Analytics /Afrikstart*
3.4 Most funded crowdfunded projects from foreign platforms in 2015

- Children: 14 M
- Education: 13.5 M
- Women & Girls: 10.8 M
- Health: 9.6 M
- Disaster & Recovery: 8.2 M

Source: AlliedCrowds Open Analytics / Afrikstart
3.5 Money raised by crowdfunding model in 2015

- **Donations**
  - $48 M

- **Loans**
  - $42.2 M

- **Equity**
  - $1.7 M

- **Reward**
  - $2.8 M

Source: AlliedCrowds Open Analytics / Afrikstart
3.6 Foreign crowdfunding and matchmaking platforms serving exclusively Africa in 2015

Source: Afrikstart
3.7 Africa-based platforms that fund projects abroad

**Real Estate Platform**

Based in South Africa, Wealth Migrate has also offices in Shanghai, Singapore, the U.S., the U.K. and Australia.

**Business Matchmaking Platform**

PitchOffice is a Nigerian matchmaking platform that also lists investments projects from the Diaspora.

**Charity Fundraising**

Faith-based organisation that fundraises for charitable initiatives in the Middle East.

Source: Afrikstart
4. SHOWCASING SUCCESSFUL CROWDFUNDING PROJECTS
**USA Medical 2 Atlanta by Wealth Migrate**

South African real estate crowdfunding platform is fundraising to purchase four medical office buildings in Atlanta (USA) from a diverse group of investors.

- **EQUITY**
  - USD 12,700

**Business Projects and Personal Loans**

Multiple loan projects for business growth and expansion, stock and equipment purchase, rental deposit, opening new stores, working capital, etc.

- **LOANS**
  - ZAR 750,000

**Rhinos Beyond Borders by The Great Plains Foundation & Beyond**

We are moving at least 100 rhinos out of densely populated areas that are attracting poaching, and releasing them to the wild within Botswana where poaching is virtually non-existent.

- **DONATIONS**
  - USD 292,170

South Africa
Stuart MacFarlanes Medical Fund
Stuart has Motor neuron disease (MND). Stuart will need to have a bi-pap machine to assist with his breathing. He will need to get a peg tube for his eating and swallowing.

Maternelle Afoulki
Construction of a kindergarten in the village of Agerd for 60 children aged from 3 to 6 years. The project also includes the training of a teacher and an assistant to mentor the children.

Awraq
Awraq seeks to help other businesses to create their simple financial analysis and business strategy through answering questions presented on a deck of 50 cards.

South Africa
ZAR 18 975 Pledged
190% Funded

Morocco
EUR 5 579 Pledged
186% Funded

Egypt
USD 2 739 Pledged
144% Funded
Top Projects from New Platforms in 2015

**i-Drop Water**

**Equity Fundraising by i-Drop Water**

i-Drop Water is seeking funds to enter the Nigerian market with a pilot of 100 water purification and vending units.

- **Website**: www.malaik.com
- **Location**: Nigeria
- **Target**: USD 250,000

**Biola Ladegha**

**Sickle Cell Awareness by Biola Ladegha**

I am raising funds for the charity I run which is geared towards providing medical care for children with the sickle cell disease.

- **Website**: www.naijafund.com
- **Location**: Nigeria
- **Target**: NGN 5,000,000

**Fondation Maroc. de l’Etudiant**

**Takaful 2015 by Fondation Maroc. de l’Etudiant**

20 orphans who obtained top grades deserve to get higher education corresponding to their levels and ambitions.

- **Website**: www.cotizi.com
- **Location**: Morocco
- **Target**: MAD 235,509

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**Note**: The information provided is a summary of projects listed on crowdfunding platforms in Africa. The projects aim to support various initiatives including water purification, medical care, and education funding.
5. CONCLUSION
Entrepreneurs across Africa have jumped on the crowdfunding wagon, with the clear objective to democratise access to financing in Africa. With effort and dedication, Africa now has 57 active crowdfunding platforms which collectively raised $32.3 million in 2015. Foreign crowdfunding platforms poured an additional $86.9 million to fund projects in Africa.

The prospects of the African crowdfunding market are bright. The market potential of crowdfunding in Sub-Saharan Africa alone is estimated at $2.5 billion by 2025. More crowdfunding platforms are being launched: Moroccan equity investment platform Afrikwity is operational since March 2016; the donations-based platform www.fundraisingafrica.com is a newcomer in Ghana in 2016; and the hybrid platform 1KFund mixing donations and equity to fund projects across Africa is on an experimental phase.

Yet, Africa experiences a slow adoption of online fundraising in comparison to the exponential growth of crowdfunding worldwide: financial contributions to African crowdfunding platforms account for less than 0.1% of the global crowdfunding market.

Crowdfunding is at a relatively nascent phase in Africa. Its 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.

Another more pressing challenge for Africa-based crowdfunding platforms evolves around operating in a business environment with no legal and regulatory frameworks that define the crowdfunding rules in any African country. And 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.

These constraints are not far from unsurmountable, as more and more crowdfunding platforms are being launched in Africa, and are testing and tuning the right business models and practices that can fit with the African fundraising culture.

Tony Elumelu, an African leading entrepreneur and philanthropist, coined and popularised the economic concept of Africapitalism, through which the private sector has more the capacity to spur African economic growth and social wealth. The underlying philosophy is that Africans self-empowerment is a prerequisite for African economic and social expansion. Africapitalism is a “call-to-action for Africans to take primary responsibility for their own development.”

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.
6. APPENDIX
The 2015 Crowdfunding in Africa Report is split into four main sections. In the first section, we detail our findings on the number and the composition of Africa-based crowdfunding platforms, their geographical distribution, their operational phase and funding model. In section 2, we look at the size and the dynamic of the crowdfunding market in Africa, as well as the performance of Africa-based crowdfunding platforms. Section three focuses on foreign crowdfunding platforms funding projects in Africa. Finally, section four showcases a few successful African crowdfunding campaigns.

1. Overview of Africa-based crowdfunding platforms
2. Performance of Africa-based crowdfunding platform
3. Foreign crowdfunding platforms funding projects in Africa
4. Successful crowdfunding projects

Data Collection. The first phase of the study involved collecting data about Africa-based crowdfunding platforms. There is no directory listing African crowdfunding platforms. We sourced data by searching for crowdfunding platforms on Google, on African news websites, and on crowdfunding studies dedicated to Africa. We compiled a data set of over 70 Africa-based crowdfunding websites. To derive a list of foreign crowdfunding platforms funding projects in Africa, we relied on open data from AlliedCrowds (www.alliedcrowds.com), a leading data and analytics firm for crowdfunding in the developing world.

Data Analysis. To provide a unique and in-depth profiling of Africa-based crowdfunding platforms, we pulled data directly from website online information provided by each crowdfunding. Data such as money raised, crowdfunding projects funded, project categories funded are easily accessible online for donations-based and rewards-based crowdfunding platforms. For equity-based and debt-based African crowdfunding websites, we sent a survey to gather specific information on the number of projects launched and money raised in 2015. For foreign crowdfunding operating, analytics from AlliedCrowds serve as basis for profiling and analysing them.

Limitation. We have matched our data sets with as many reliable sources as possible. However, we cannot ensure the exhaustiveness of data compiled in this report. The crowdfunding market in Africa is at a relatively nascent phase with few comparative studies available.
**TERM** | **DEFINITION**
--- | ---
**Crowdfunding** | Crowdfunding is a method of raising capital to fund a project or a venture through small contributions from a large group of individuals, friends, family, customers, individual investors, among other people.

**Crowdfunding Campaign/Project** | An initiative to raise funds in a crowdfunding platform.

**Crowdfunding Project/Campaign Creator** | A person or an organisation that registers, launches, manages and promotes a campaign/project on a crowdfunding platform.

**Crowdfunding Project Backer/Funder** | A person or an organisation that funds a crowdfunding campaign/project by giving donations, lending money, or by getting a share of capital.

**Donation-Based Crowdfunding** | Donation-based Crowdfunding is when funders donate a small amount to fund a project and there is no financial return in exchange of their contribution. Common initiatives include fundraising for charities.

**Equity-Based Crowdfunding** | Investors receive a stake in the company. Equity-based crowdfunding allows investors to become part-owners of the company raising money by trading capital for equity shares. Investors are entitled to receive financial return for their investment and a share of their profit (dividend and distribution).

**Debt-Based Crowdfunding** | Debt-Based Crowdfunding is commonly referred to as Peer-to-Peer Lending. Investors give money to a business or any other project in exchange for financial return and/or interest at a future date. Investors are repaid for their investment over a period of time.
<table>
<thead>
<tr>
<th>TERM</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launched Projects</td>
<td>Number of projects of any category launched on the crowdfunding platform from January 1st to Dec 31st 2015</td>
</tr>
<tr>
<td>Live Projects</td>
<td>Number of campaigns launched in the year 2015 and that are still open for fundraising. That also includes new projects/campaigns launched on January 1st 2016</td>
</tr>
<tr>
<td>Success Rate per platform</td>
<td>Equal to the number of total funded projects over the total number of projects launched</td>
</tr>
</tbody>
</table>
| Funded Project              | The common definition is that the project/campaign has reached its funding goal and that 100% of the money was collected. However, this definition defers for some platforms:  
- Thundafund: Each project has a Tipping point. A project is considered successfully funded when it has reached the tipping point  
- Yomken.com: Yomken is a crowdsourcing and challenge-based platform. A project is successful funded when the challenge is solved.  
- Citysoiree.org.za: Citysoirée crowdfunding arts and entertainment projects. A campaign is successful when enough people have pledged and the artistic event being fundraised is confirmed. |


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Available at: http://wearesocial.sg/blog/2016/01/digital-2016/
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In the *Afrikstart Crowdfunding in Africa* report, we provide extensive data and analysis on the crowdfunding market in Africa. Should you need additional information and insight about this report, please feel free to contact us at:

Email: report@afrikstart.com

I would like to express my sincere gratitude to Ghislain Daya, Ivan Elimbi, Zeleke Temesgen and Aggay Nyamainashe for reviewing the report. Thank you for your continued support!

*Afrikstart, a one-stop crowdfunding platform to fund, train, and mentor African entrepreneurs*

www.afrikstart.com