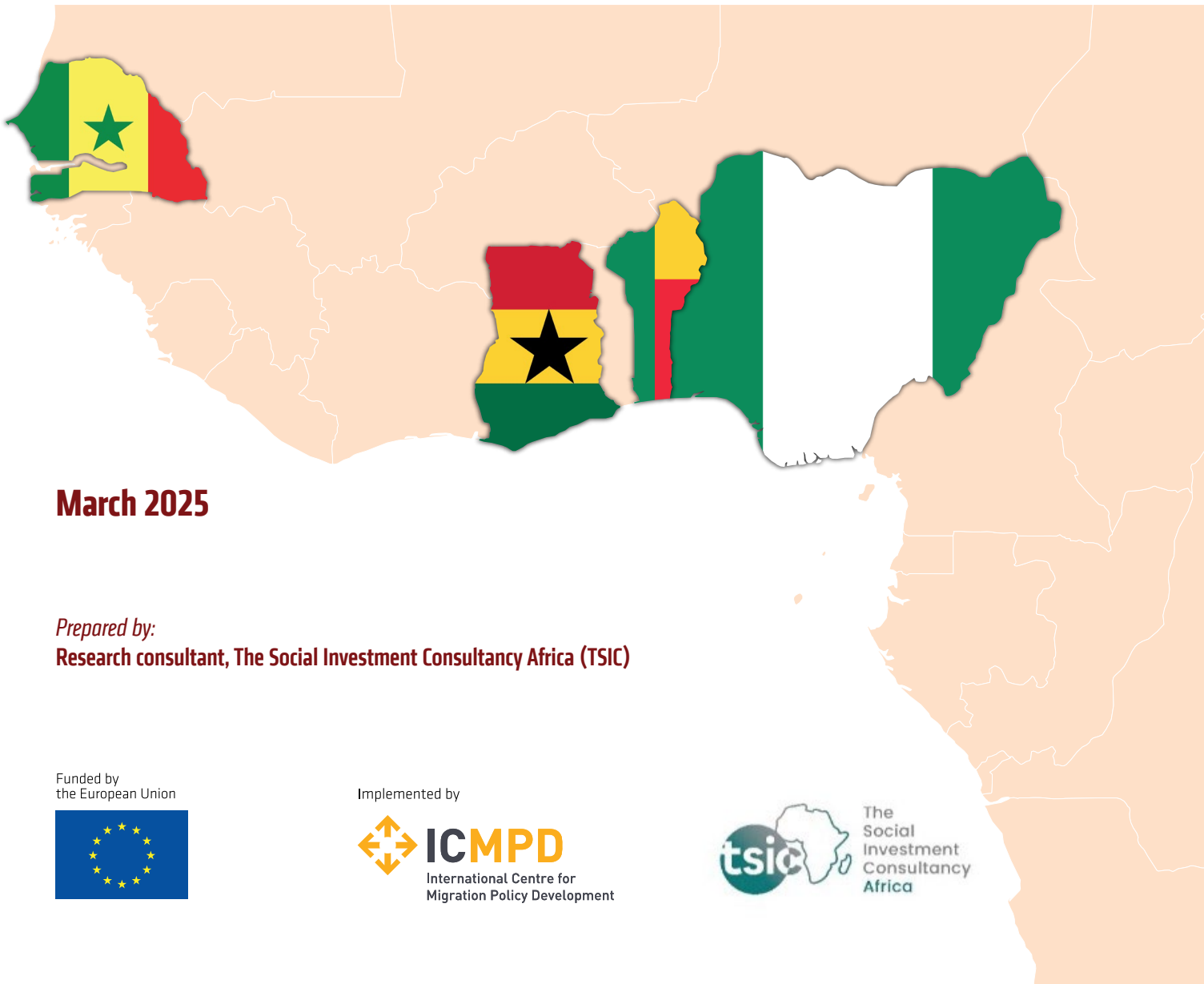




Capacity development of diaspora to leverage funds for African SMEs

# MAPPING RESEARCH REPORT ON CROWDFUNDING: LESSONS FOR SELECTED WEST AFRICAN COUNTRIES



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# ABBREVIATIONS

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<b>AFFORD</b>	African Foundation for Development
<b>CF</b>	Crowdfunding
<b>CL</b>	Crowdlending
<b>CFE</b>	Crowdfunding expert
<b>DME</b>	Diaspora marketing expert
<b>EUDiF</b>	European Union Global Diaspora Facility
<b>FGDs</b>	Focus group discussions
<b>KII</b>	Key informant interviews
<b>ICMPD</b>	International Centre for Migration Policy Development
<b>MSMEs</b>	Micro, small and medium enterprises
<b>TORs</b>	Terms of reference (attached to contract with ICMPD)
<b>TSIC</b>	The Social Investment Consultancy Africa

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The following research report has been prepared by a small research team from The Social Investment Consultancy Africa (TSIC). The team was led by Sarah Jane Danchie (Director for Africa), with invaluable research from Ahmed Umar and project assistance from Angela Boahene, Itome Edache and Zainab Kangale. TSIC team worked in close collaboration with a team from AFFORD (including executive director Stella Opoku-Owusu, ABC West Africa manager Godwin Bamsa and engagement and capacity manager Richard Leigh), with other project partners including diaspora marketing expert Rubelyn Alcantara. This report would not have been possible without the funding support from International Centre for Migration and Policy Development (ICMPD) and technical support from Elvina Quaison (diaspora engagement specialist, ICMPD).

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## Disclaimer

*This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of AFFORD and do not necessarily reflect the views of the European Union.*

# EXECUTIVE SUMMARY

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This research, conducted by The Social Investment Consultancy Africa (TSIC) in collaboration with the African Foundation for Development (AFFORD) and the International Centre for Migration Policy Development (ICMPD), aims to map the crowdfunding landscape in West Africa. It is part of the European Union Global Diaspora Facility (EUDiF) and AFFORD project to enhance the online fundraising capacity of diaspora investors and African SMEs. Key objectives of this research include understanding the current state of crowdfunding, the involvement of diaspora, regulatory environments and the challenges and opportunities in four West African countries, selected for AFFORD's ABC programme.

The study employed collaborative and mixed research methods approaches, integrating desk research, key informant interviews (KIIs), focus group discussions (FGDs) and surveys among diaspora and SMEs. The research covers crowdfunding platforms, regulations, investment dynamics and more across West Africa in the target countries (Benin, Ghana, Nigeria and Senegal). In addition, the work draws lessons from other countries which are more advanced in crowdfunding and provide useful insights for West Africa. These countries include China, India, United Arab Emirates, the United Kingdom and the United States of America.

Key findings include:

- **Diverse models and regulations:** the research identifies various crowdfunding models such as donation-based, rewards-based, equity-based and crowdlending. It highlights differing regulatory landscapes across countries, emphasising the need for clear legal frameworks.
- **Diaspora engagement and their role in crowdfunding in West Africa:** a significant portion of crowdfunding activities involves the diaspora, whose contributions play a critical role in the ecosystem. However, there is a need for more structured engagement and investment from the diaspora.
- **Major challenges:** major hurdles include regulatory complexities, lack of awareness, trust issues and limited local participation. The study stresses the need for regulatory clarity, increased local and diaspora participation, and educational initiatives to foster a thriving crowdfunding environment.
- **Opportunities for growth:** the report suggests that adapting crowdfunding models to local contexts and cultures, coupled with regulatory support, could significantly enhance the crowdfunding ecosystem in West Africa.

The research concludes with actionable recommendations to bolster the West African crowdfunding landscape. These include the development of tailored regulatory frameworks, awareness and educational campaigns and fostering public-private partnerships. The report emphasises that strategic diaspora engagement, coupled with innovative crowdfunding models, can significantly contribute to the financial empowerment of SMEs and entrepreneurial growth in the region.

# INTRODUCTION<sup>1</sup>

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## Project background

This assignment is part of the European Union Global Diaspora Facility (EUDiF) project being implemented by the International Centre for Migration Policy Development (ICMPD). Under EUDiF, ICMPD is providing technical support under the action *Empowering diaspora organisations based in Europe. Fostering multi-stakeholder partnerships in diaspora engagement*. The action is led by AFFORD. This action involves EUDiF providing technical support to AFFORD to address micro, small and medium enterprises (MSMEs) financial and skills gaps by developing the online fundraising capacity of diaspora investors (entrepreneurs, volunteers). The action will assess this capacity and deliver tailored training on crowdfunding to raise philanthropic and investment funds for MSMEs.

This action aims to develop the capacity of diaspora investors (investors, entrepreneurs, volunteers), mainly from AFFORD's ABC West Africa programme and beyond, to develop their capacity to raise and invest funds and financially support MSMEs in target countries through offering skills, mentoring support and trainings in crowdfunding campaigns.

The specific objectives of the action are as follows:

1. Mobilise diaspora investors, produce a pipeline of eligible MSMEs and assess their current online fundraising and investing capacity.
2. Create a training curriculum (including TOT) on crowdfunding and crowdlending campaigns.
3. Support investors through mentoring and the provision of communication materials, to deliver initial crowdfunding and crowdlending actions to meet specific financial goals.

The focus of this assignment is related to the expertise and technical advice offered for the implementation of the activities under the action.

In relation to this action there are a series of activities to be implemented by two other service providers – a crowdfunding expert and diaspora marketing expert – in collaboration with AFFORD. The priority four countries for this assignment include Benin, Ghana, Nigeria and Senegal. These four countries were selected because they are AFFORD's ABC West Africa target countries.

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<sup>1</sup> This section draws from the terms of reference (TOR) from ICMPD, the inception report and comments provided by AFFORD and the diaspora marketing expert.

## Report objectives

This report has been prepared by The Social Investment Consultancy Africa (TSIC).<sup>2</sup> Key objectives of the research were to map the crowdfunding landscape to inform the development of training packages and a marketing campaign for crowdfunding targeted at diaspora investors and African small and medium-sized enterprises (SMEs) by providing a comprehensive understanding of the crowdfunding landscape in selected countries in West Africa, as per the project objectives described above, and the current state of diaspora participation. It explores SME and diaspora knowledge, motivations, investment patterns and preferences. The research also examines the state of policies, regulations and institutions surrounding these platforms, as well as the opportunities and challenges faced by diaspora investors and African SMEs. Additionally, it investigates the gaps in utilising crowdfunding platforms, identifies necessary elements for successful platforms and determines improvements needed in the overall ecosystem. This report builds on the previous inception report and desk research report deliverables, with the addition of stakeholder consultations. Also, part of the research is an Excel worksheet, which includes a comprehensive review of platforms identified by the research team in collaboration with the AFFORD project team during the inception phase.

As agreed at the inception stage, AFFORD and the project team finalised the following key areas for enquiry:

Broadly the research covers the following:

- What CF and CL platforms are in use? Where are they from?
- What are the regulations surrounding the platform? Is it limited to who can invest in the platform, ie. if an American-based platform, can a UK-based diasporan invest?
- What do regulations for CF/CL look like in the four target countries? Is the sector regulated? What are the implications for CF/CL platforms in the target countries within the context of sector regulations? And by extension implications for diaspora finance?
- What is the ticket size of an investment that can be made?
- What are the investment terms? If a debt-based vehicle, when can an investor on average expect a payback? If equity, how long is the investor expected to be in for?
- If a grant is issued, what are the terms for releasing the funds, eg. will the whole grant be released even if the target amount is not fundraised within the timelines?
- What is the cost, if any, of joining the platforms?
- What advertising, matchmaking, page review services, if any, or other services do the platforms provide to fundraisers?
- How is money paid in and out? (particularly important if it is an African-based platform, and if the diasporan is based in Europe: how is the money transacted?)

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<sup>2</sup> Lead researcher is Sarah Jane Danchie.

## Methodology and approach used

As outlined in the inception report, the approach was a collaborative and participatory approach, working with AFFORD and the project team in the conceptualisation and planning stages, which included identifying key stakeholders, crowdfunding platforms and key literature to develop the research and the areas of enquiry. The research includes comprehensive desk research drawing from sources from internet searches and recommended websites, references and stakeholder consultations, mainly through KIIs (16), administering an online survey among AFFORD's diaspora and SME database and a FGD.

More specifically, the desk research covers the above-mentioned issues based on secondary information from other sources with key insights from stakeholder consultations to provide largely the more subjective, qualitative primary data on West Africa and its diaspora populations in the UK and Europe.

### Study limitations

The limitations of the study are:

- **Finite timeframe and budget:** the research was completed between January and October 2023. Therefore, data sources and references were current during this period and there could have been more developments since. Also, the budget was finite and as such the research exercise was adapted accordingly.
- **Data collection limitations:** data collection limitations included the following: most of the crowdfunding platforms identified are inactive or redundant. Although key contacts at regulatory agencies interviewed provided valuable information, there appeared to be limited regulatory data available, especially for Benin.
- **Limited response rate:** As there was a limited timeframe for stakeholder consultations, this would have impacted the response rate as responses were dependent on stakeholder availability within the limited timeframe for the research.

Nevertheless, it is important to note that despite these limitations, they do not appear to have significantly affected the subsequent outcomes of the stakeholder consultation exercise or the final results of the report.

## Contextual background

“ *The World Bank calculates that crowdfund investing could deliver an additional 25% in capital to developing countries compared with what is currently received through remittances from the diaspora.* ”

Entrepreneurship as the lifeblood of the economy is widely recognised<sup>3</sup>. Among the many areas related to entrepreneurship, access to finance has become an institutionalised topic in terms of public policy and small and

3 Global Entrepreneurship Monitor (2018). Global-report 2017-18. Global entrepreneurship monitor. Retrieved from <https://www.gemconsortium.org/report>



medium-sized enterprises (SMEs) research<sup>4</sup>. Expanding access to finance for SMEs has been a critical subject for a long time. Following the 2008 financial crisis, an alternative approach to traditional banking systems was required to ease the difficulty experienced by early-stage enterprises in securing funding. Startup companies face difficulties raising finances, which has intensified since the global financial crisis. As a result, crowdfunding has appeared as an attractive alternative capital-raising mechanism, harnessing technology (primarily the internet) to access funding from the 'crowd'.

Crowdfunding in developing countries is seen to have considerable potential to amplify the investments in their homelands made by individuals living in a diaspora (diasporans). For example, the World Bank calculates that crowdfund investing could deliver an additional 25% in capital to developing countries compared with what is currently received through remittances from the diaspora<sup>5</sup>. Similarly, donation crowdfunding – the use of online platforms to raise money (with no financial returns) from a large base of people – also represents another source of financing to cover African startups' working capital and pre-seed financing needs. This has been gaining increasing traction in Africa, despite limited legal and regulatory framework. Known as crowd-equity, crowdfunding can also cover larger capital needs if equity-based, demonstrated by the pan-African platform Afrikwity that provides between US\$200,000 and US\$1m to African innovative startups and SMEs, typically from the African diaspora living in Europe.

The rise of investment funds and business angels has significant potential on a broader scale to address seed capital needs, but they remain scarce in Africa. Nevertheless, a handful of equity investors have started to pave the way for investments in early-stage growth businesses in West Africa. Impact investment firms Investisseurs & Partenaires (I&P), Teranga Capital in Senegal, Sinergi in Niger and Burkina, and Comoe Capital in Côte d'Ivoire are some of the investors who have taken (minority) shares from US\$100,000 to US\$300,000 in small and growing businesses and provided them with close management and governance support<sup>6</sup>.

## Definitions and distinction

### Traditional funding

Historically, communities would gather to collectively pool their financial resources through regular cash contributions, often on a weekly or monthly basis. Each participant would take turns receiving the accumulated funds, enabling individuals to pursue significant endeavours that would have otherwise been challenging to accomplish independently. This communal savings model served as a means to finance substantial personal projects, leveraging the collective strength of the community.

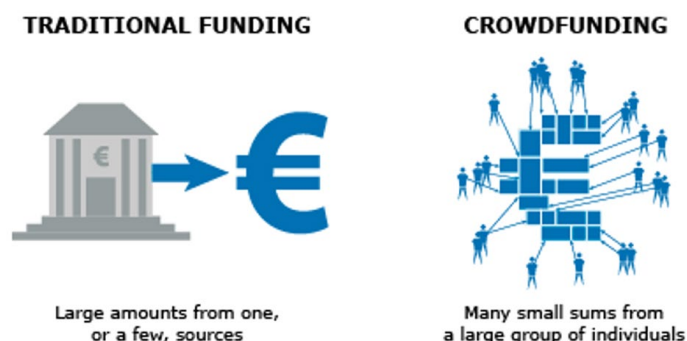
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4 Crosetto, P., & Regner, T. (2018). It's never too late: Funding dynamics and self pledges in reward-based crowdfunding. *Research Policy*.

5 World Bank (2013) Crowdfunding's Potential for the Developing World, The World Bank, Washington DC

6 <https://blogs.worldbank.org/psd/why-providing-pre-seed-and-seed-capital-essential-step-bringing-west-africa-and-sahel-s>

Figure 1: Traditional funding versus Crowdfunding



Source: Crowdfunding explained (europa.eu)

## Crowdfunding

Crowdfunding is the pooling of contributions from multiple backers<sup>7</sup> where, individuals provide a small amount instead of raising large sums from a small group of sophisticated investors<sup>8</sup>. The European Commission<sup>9</sup> further explained: 'Crowdfunding is a way of raising money to finance projects and businesses'. It enables fundraisers to collect money from a large number of people via online platforms.

## Crowdlending

Crowdlending<sup>10</sup> is lending funds to a business through an online intermediary<sup>11</sup>. Crowdlending allows companies to finance themselves through a large and diverse group of people without going to a bank<sup>12</sup>. Also known as peer-to-peer (P2P) lending, crowdlending involves the lender and the borrower, just as it is with traditional bank funding.

Crowdlending itself is further divided into three major segments, including

1. consumer crowdlending: which are loans given to individuals to finance the purchase of consumer goods or services;
2. business crowdlending: which are loans given to SMEs to fund specific projects rather than the entire business; and
3. real estate crowdlending: which are mortgage-backed loans given through crowdlending platforms to finance the purchase or refurbishment of properties.

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7 Short, J. C., McKenny, A. F., Allison, T. H., & Ireland, R. D. (2016). Research on Crowdfunding: Reviewing the (Very Recent) past and Celebrating the Present. *Entrepreneurship Theory and Practice*. <https://doi.org/10.1111/etap.12270>

8 Belleflamme, Paul and Lambert, Thomas and Schwienbacher, Armin. Crowdfunding: Tapping the Right Crowd (July 9, 2013). *Journal of Business Venturing*, 2014, 29(5), 585-609, CORE Discussion Paper No. 2011/32, Available at SSRN: <https://ssrn.com/abstract=1578175> or <http://dx.doi.org/10.2139/ssrn.1578175>

9 Crowdfunding Explained [https://single-market-economy.ec.europa.eu/access-finance/guide-crowdfunding/what-crowdfunding/crowdfunding-explained\\_en](https://single-market-economy.ec.europa.eu/access-finance/guide-crowdfunding/what-crowdfunding/crowdfunding-explained_en)

10 What is crowdfunding? <https://goparity.com/faqs/22>

11 What is crowdlending, collective financing or debt crowdfunding with ECrowd? <https://www.ecrowdinvest.com/en/what-is-crowdlending-or-debt-crowdfunding>

12 What Is Crowdlending and How It Works from Investor's Side. <https://lande.finance/blog/what-is-crowdlending-and-how-it-works-from-investor-s-side>

Figure 2: Traditional financial institutions versus crowdlending

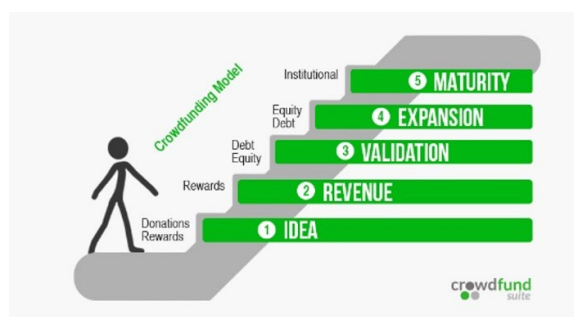


Source: ecrowd

Despite these definitions, crowdlending has been generally categorised as a crowdfunding model. Although businesses at their proof-of-concept stages are more likely to attempt crowdfunding as a fundraising mechanism than crowdlending which is better suited for companies looking for growth or expansion. Some crowdfunding platforms (Kickstarter, for example) follow an all-or-nothing model. If the target amount presented on the crowdfunding platform is not reached, the funds collected are returned to the contributors. This, and other challenges, including delays in launching the campaign, place an entrepreneur or SME under immense pressure. Consequently, all of these could result in a failed campaign which most often constitutes a significant hindrance to the growth of the business.

Recent years have seen the emergence of even more financial return crowdfunding platforms, including purchasing shares (equity crowdfunding), alongside crowdfunding in the form of a loan (crowdlending)<sup>13</sup>. While crowdlending is a loan pooled from multiple interested parties, it has several advantages over bank credit. Raising funds via platforms gives the entrepreneur access to credit without presenting guarantees<sup>14</sup>. In addition, operational costs are reduced, and consequently, lenders can obtain a more attractive return on their investment. While the traditional bank credit system is well known for its lengthy processing period, the crowdlending method leverages the internet and social media for information exchanges between borrowers and lenders<sup>15</sup>, shortening the entire fundraising process.

Figure 3: Crowdfunding escalator



- 13 Imen Mejri, Malek Hamouda, Donia Trabelsi. Crowdequity and Crowdlending : two alternative funding solutions for entrepreneurial ventures. The case of the French firm Gifts for change. IE 2017 : 7th. Annual International Conference on Innovation and Entrepreneurship, Nov 2017, Singapore, Singapore. Ffhal-02373765f
- 14 Yum, H., Lee, B., Chae, M., "From the wisdom of crowds to my own judgment in microfinance through online peer-to-peer lending platforms", in Electronic Commerce Research and Applications, vol. 11, n°5, pp. 469-483, 2012.
- 15 Maier E., "Supply and demand on crowdlending platforms: connecting small and medium-sizes enterprises borrowers and consumers investors", in Journal of Retailing and Consumer Services, n° 33, pp. 143-153, 2016

## Models

Crowdfunding approaches have developed into four significant models, including reward-based, donation-based, equity-based and lending-based crowdfunding<sup>16</sup>. Donation- and reward-based crowdfunding are the earliest forms and do not carry any form of financial return. In contrast, the more recent equity- and lending-based models have expectations of financial returns for the backers. Other emerging models, such as profit/revenue-sharing, debt-security and hybrid models, have also been recognised.

**Table 1: Crowdfunding models**

Model	Description
<b>Donation-based crowdfunding</b>	A donor selflessly contributes funds to support a cause or initiative without any expectation of personal gain. This approach is commonly employed for charitable projects aimed at addressing societal needs. These campaigns can be set up quickly and typically attract funding amounts below US\$10,000.
<b>Reward-based crowdfunding</b>	In this context, a product or service is provided as a token of appreciation to individuals who pledge financial support to a project. This approach, commonly known as reward-based crowdfunding, is frequently employed by early-stage entrepreneurs seeking funding amounts typically below US\$1m. By leveraging this model, entrepreneurs can effectively validate their ideas and products in the market while simultaneously raising necessary capital. Although prevalent in middle- and high-income countries, this crowdfunding model holds appeal and relevance across diverse global markets.
<b>Equity-based (aka crowd-investing)</b>	Through the mechanism of crowd-investing, individuals have the opportunity to invest in a business by acquiring equity, representing a proportional ownership stake in the company. This financing model is commonly employed by startups seeking capital, with such campaigns capable of attracting funding amounts reaching up to US\$5m. While inherently associated with high risks, crowd-investing offers individuals the chance to invest in companies with the potential for significant growth. Notably, this model is primarily prevalent in middle- and high-income countries, fostering entrepreneurial activity and investment opportunities in those regions.
<b>Lending-based (crowdlending)</b>	Creditors extend loans to individuals or businesses, with the expectation of receiving the principal amount along with accrued interest upon the loan's maturity. This lending model serves as a facilitator for personal and business financing, typically attracting funding amounts below US\$500,000. Notably, this alternative lending approach offers a streamlined process, enabling borrowers to secure necessary funds within a shorter timeframe compared to the traditional route of obtaining credit from a bank.
<b>Profit-sharing/ revenue-sharing</b>	The profit- or revenue-sharing crowdfunding model enables businesses to secure funding by offering the crowd a share in future profits or revenues. This approach allows businesses to access capital while providing backers with the potential for financial returns based on the venture's success. It creates a mutually beneficial relationship between the business and the crowd, where both parties share in the rewards of growth and profitability.
<b>Debt-securities crowdfunding</b>	In the debt-securities crowdfunding model, individuals can invest in company-issued debt securities, similar to bonds. This allows investors to provide funding and receive fixed repayments and interest. It provides a structured and predictable investment opportunity with mutually beneficial outcomes for both the investors and the company.
<b>Hybrid models</b>	Allow businesses to combine elements of more than one crowdfunding type.

16 Getting started with crowdlending: what it is and how it works – Acredius <https://acredius.ch/getting-started-with-crowdlending-what-it-is-and-how-it-works/>

# I. LANDSCAPE OF MORE DEVELOPED CROWDFUNDING FROM AROUND THE WORLD

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With several factors influencing the adoption rate, crowdfunding continues to advance globally. New models, platforms and technologies are emerging, especially in developed economies. In this section, we will examine the crowdfunding landscape in Europe (United Kingdom), America (United States), the Middle East (United Arab Emirates) and Asia (China and India).

## UNITED KINGDOM

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The UK crowdfunding market is one of the oldest and the most iconic. As of 2022, 88 crowdfunding platforms in the United Kingdom focus on equity, debt, P2P lending, reward, donation, buy-to-let and mini-bonds<sup>17</sup>. According to Nesta, a UK-based innovation agency, the lending-based model makes up the most significant proportion of the crowdfunding market with regard to the amount of money raised per year (around 75% in 2015)<sup>18</sup>. Equity crowdfunding is offered by 31% of platforms, while donations and rewards crowdfunding are each provided by 23% and 22% of platforms, respectively. It is worth noting that some of these platforms provide a mix of these models. In its study, Nesta also found that while there are only a handful more equity-based platforms than rewards-based or donation-based platforms, equity-based crowdfunding makes up a much larger proportion of the total amount raised through crowdfunding each year, amounting to around 10% of the market, compared to less than 1% for donation-based and less than 2% for rewards-based. This indicates that there are a large number of donation- and rewards-based platforms which are raising relatively little money for projects.

In terms of platforms and their performance, Seedrs and Crowdcube are the UK's leading crowdfunding platforms and the two most active investors in the UK equity market in 2021. During the year, Crowdcube facilitated 234 announced funding rounds, amounting to £198m worth of investment into UK companies, while Seedrs facilitated 272 deals worth £126m in total<sup>19</sup>. The Financial Conduct Authority (FCA)<sup>20</sup> mandates that businesses can only advertise crowdfunding proposals to specific investors because of the associated risks. These people must affirm they would not invest more than 10% of their net investable assets, including knowledgeable or sophisticated investors and other regular investors. Equity crowdfunding is well regulated in the UK, with the FCA enforcing Prospectus Rules on any deal above €5m. Equity crowdfunding platforms also have regulations to protect investors and entrepreneurs,

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17 List of the best crowdfunding platforms in United Kingdom | CrowdSpace <https://thecrowdspace.com/directory/crowdfunding-platforms-in-united-kingdom/>

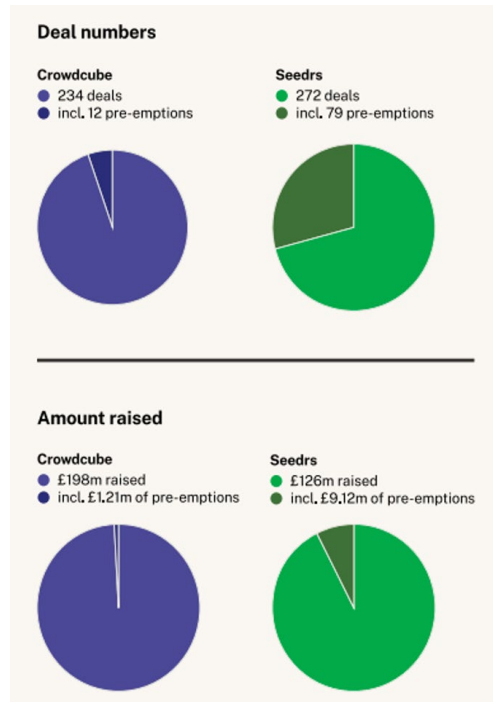
18 The current shape of crowdfunding platforms in the UK | Nesta <https://www.nesta.org.uk/blog/the-current-shape-of-crowdfunding-platforms-in-the-uk-1/>

19 The State of UK Equity Crowdfunding in 2022 | Beauhurst <https://www.beauhurst.com/blog/uk-equity-crowdfunding/>

20 Crowdfunding | FCA <https://www.fca.org.uk/consumers/crowdfunding>

but this differs between each platform. The UK remains the most advanced crowdfunding scene in Europe with platforms such as Crowdfunder, Crowdfunder, Ethex, GoGetFunding, Hubbub, Spacehive, JustGiving, DigVentures and GlobalGiving UK.

**Figure 4: Number of announced equity deals and amount raised in 2021 in crowdfunding platforms.**



Source: *The State of UK Equity Crowdfunding in 2022 (Beaurost)*

## CHINA

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Crowdfunding was introduced in China in July 2011 by the website Demohour, which is now the most prominent crowdfunding website in the country. In the two years after it started, the total amount of funds raised through Demohour is estimated to be around ¥6.5m (about US\$1m). Towards the end of the decade, crowdlending became a global and mainstream activity globally but nowhere as prominently as in China, which grew to be the world's largest crowdlending market, estimated at US\$356bn in 2017<sup>21</sup>. The rapid increase of crowdfunding operations due to the lack of specific regulations for crowdfunding processes enables platforms to begin their operations very quickly. This led to substantial risks and challenges faced by investors, project initiators and regulators against illegal unlicensed fundraising. To address some of these issues, the central government has issued a series of policy announcements between 2015 and 2016 to encourage the development of crowdfunding.

Initially, Demohour took 10% of the funds raised. However, to increase the platform's popularity, the fee was cancelled in July 2013, making the website completely free. Other crowdfunding websites in China have adopted similar rules. Still, they are usually not comparable with Demohour regarding the number of projects offered or the number of funds raised. Although Demohour continues to enjoy the first mover advantage, Dreamore is another Chinese crowdfunding website and Demohour's closest rival. Projects on Demohour are limited to technology, design, film and video, music, publishing, games and photography, where film and video are the top categories, followed by publishing. Food, cosmetics, medicine, infant care products and personal care products are not supported. The website also requires that rewards be relevant to the project and cannot be equity stake, bond, interest or cash returns.

Globally, alternative finance facilitated US\$114bn in transaction volume in 2020. This volume represents a 62% decline compared to 2017, mainly due to a sharp decline in crowdfunding activities in China. This was closely linked to the COVID-19 crisis. However, excluding China, the global market volume has continued to grow despite the crisis, rising 2019 by 24% to reach US\$113bn in 2020<sup>22</sup>. Meanwhile, crowdfunding in China faces a few challenges, including illegal fundraising. China's crowdfunding websites all emphasise that reward of a project must be physical, as any purchase of equity stakes or promise of future monetary returns might be equivalent to illegal fundraising under Chinese law, which does not allow unregistered companies or individuals to sell stakes to the public. In addition, Chinese users are more accustomed to the buyer role than an investor. They tend to be more interested in the physical products and benefits, such as early delivery of reasonable or discount prices, rather than showing support for the entrepreneurial and inventive spirit, which has been an essential element for crowdfunding's popularity in the US. The challenge of weak intellectual property protection in China also affects the rate at which people post their ideas and projects online at an early stage<sup>23</sup>.

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- 21 Ziegler, T., Johanson, D., Zhang, B., et al. (2018). The 3rd Asia Pacific Region Alternative Finance Industry Report. Cambridge, UK: Cambridge Centre for Alternative Finance (2021)
  - 22 The Cambridge Centre for Alternative Finance (2021)
  - 23 Crowdfunding's Potential for the Developing World. 2013. infoDev, Finance and Private Sector Development Department. Washington, DC: World Bank.

## UNITED STATES OF AMERICA (USA)



The emergence of crowdfunding in the United States occurred within a regulatory landscape characterised by extensive and longstanding regulations governing public investment solicitation. These regulations initially hindered the broad accessibility of fintech platforms to both equity and debt investors. Although recent revisions aimed to facilitate crowdfunding, they still impose limitations on crowdlending, including burdensome fundraising limits, as well as registration and reporting requirements. Consequently, while the fintech lending sector has experienced substantial growth, true crowdlending expansion has been largely restricted to a few prominent platforms due to these regulatory constraints. As a result, most fintech lending in the US today is funded by a limited number of institutional investors (hedge funds, pension funds, insurance companies and other non-bank financial companies, though the identity of these ultimate investors is usually private) or increasingly by banks themselves, rather than through broad appeals from the cloud to the crowd<sup>24</sup>.

The Jumpstart Our Business Startups Act (JOBS Act), signed into law in 2012, is part of the push to broaden funding opportunities for small business owners in the post-recession economy. Recognising the limited options available to entrepreneurs limited on existing assets and looking to raise early-stage capital, the JOBS Act includes a provision that would allow small business owners to offer a limited amount of equity (stock) to private citizens through online platforms<sup>25</sup>. This concept, popularly referred to as investment crowdfunding, is based on the growing practice of benevolent giving or microlending to specific individuals or causes through online platforms like Kickstarter or KIVA<sup>26</sup>. According to Investopedia (2023), the six best crowdfunding platforms are



Best Overall  
**Indiegogo**



Best for Startups  
**SeedInvest Technology**



Best for Nonprofits  
**#MightyCause**



Best for Investing  
**StartEngine**



Best for Individuals  
**GoFundMe**



Best for Creative Professionals  
**Patreon**

24 Crowdfunding and Crowdlending in the US: Regulations, Exemptions, and Outcomes Jason J. Kilborn

25 Jumpstart Our Business Startups Act, Pub. L. No. 112-106, 126 Stat. 306 (2012)

26 Dave Milliken, Investment Crowdfunding Analysis: Crowdfunding Soars While a Pioneer Shuttters, CROWDSOURCING.ORG (Feb. 20, 2012), <http://www.crowdsourcing.org/document/investment-crowdfunding-analysis-crowdfunding-soars-while-a-pioneer-shuttters/11525>; see also Brigitte Bradford, Week in Review: The True Power of Crowdfunding



## UNITED ARAB EMIRATES (UAE)



“ Conventional lenders are sometimes unwilling or unable to support SMEs given their limited assets or lack of a proven record of company operations. This makes it difficult for SMEs to do business and finance provisions can be expensive or inflexible.

- UAE government portal 2021

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As elsewhere, entrepreneurs in the Middle East mostly rely on close-to-home assets, family and friends as they face enormous difficulties seeking traditional bank financing. In the Middle East and North Africa (MENA) only 8%-10% of absolute bank loans go to entrepreneurs leaving a financing gap of more than US\$400bn. Yet in any analysis of the Middle East's financial markets, entrepreneurs can be viewed as the foundation of the economy where more than 90% of them head microenterprises<sup>27</sup>. According to the UAE government portal (2021), the size of SMEs participation in the UAE is estimated to be approximately 60% of GDP, and it is anticipated that this portion would grow in the coming years. As a result, and for all of these conditions, crowdfunding is allowed to play a role in backing-up SMEs.

The nascent UAE crowdfunding market currently boasts of only four registered platforms: Eureeca, Beehive, Dubai Next, and SmartCrowd. Eureeca operates internationally, covering multiple categories including energy, agriculture and technology, and specialising in equity-based projects by offering opportunities for 'growth-oriented' firms to access capital (Eureeca, 2022). Beehive utilises the peer-to-peer (P2P) lending approach and classifies itself as the first lending-based crowdfunding platform in the MENA. Beehive claims a market volume of more than AED1bn that was borrowed through their platform since they commenced. SmartCrowd claims to be the first real estate crowdfunding platform in the MENA, operating and offering the opportunity to invest in highly-defined real estate properties. DubaiNext joins the list as the first governmental website to be involved in donation/reward crowdfunding for startups<sup>28</sup>.

Demonstrating its commitment and willingness to the UAE government, the Vice President, Prime Minister of the UAE and Ruler of Dubai, His Highness Sheikh Mohammed bin Rashid Al Maktoum was quoted saying: 'We approved the Crowdfunding Platform Operators strategy in public and private sectors. It is one of the best means to support the financing of new innovative commercial ideas and support entrepreneurs by financing their ideas<sup>29</sup>.' As evident from the above, in view of the lack of an express legal framework governing crowdfunding in the UAE, any crowdfunding activity in the UAE would require specific legal scrutiny on a case-to-case basis to avoid any inadvertent breach of existing laws. This would create a sense of legal uncertainty for existing crowdfunding platforms and those intending to explore this market as the risk of the regulator claiming illegality cannot be ruled out<sup>30</sup>.

27 Bessi re, V., St phany, E. and Wirtz, P. (2020), "Crowdfunding, business angels, and venture capital: an exploratory study of the concept of the funding trajectory", *Venture Capital*, Vol. 22 No. 2, pp. 135-160  
28 Crowdfunding Market in the UAE: Triangulation Study for the Success Factors in the Market, by DALIA AHID EFRAIJ, The British University in Dubai)  
29 Emirates News Agency (2022) <http://wam.ae/en/details/1395303032528>  
30 Crowdfunding in the UAE – An Opportune Time For Regulatory Certainty, Franco Grilli, Priyasha Corrie, Corporate and Banking practice at Fichte & CO

## INDIA

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Crowdfunding in India is not new. For centuries, Indians have been donating *chanda* for sociocultural causes, such as the building of religious infrastructure. Even before the concept was coined, Dhirubhai Ambani founded a textile company called Reliance Commercial Corporation (later known as Reliance Industries) by collectively funding from the communities of Gujarat. However, the concept of crowdfunding has been gaining rapid momentum in recent years as various crowdfunding platforms have surfaced in India<sup>31</sup>.

International platforms such as Kickstarter, Indiegogo, Quirky and Kiva have filtered through like other concepts emanating from the West. These crowdfunding platforms are increasingly occupied as more artists, entrepreneurs and creators are looking to these platforms to fund upcoming projects. To launch a crowdfunding campaign is to select a platform. Some of the crowdfunding platforms in India are Bitgiving, Millaap (social causes), ketto.org, Start51, Funddreamindia, Wishberry.in and Catapult. Crowdfunding platforms in India are still desirable and have a long way to go till they reach the status claimed by foreign crowdfunding giants like Kickstarter and Indiegogo. Due to the restrictive admission policy, most of these foreign platforms are mostly unapproachable to budding Indian startups. Still in its forming stage, there is no proper legal regulation or set-up rules regarding crowdfunding in India. In 2016, over 20 crowdfunding platforms were deemed illegal by the Securities and Exchange Board of India (SEBI). While rewards-based and donation-based platforms still operate, equity-based crowdfunding has seen a lot of scrutiny from SEBI. SEBI will allow private placement offers through internet-based crowdfunding platforms to any number of qualified institutional buyer (QIBs) and a maximum of 200 high net worth individuals (HNWIs). Collectively, QIBs will need to hold a minimum of 5% of the securities issued and a company will be required to purchase at least four times the minimum offer value per person. A HNWI is required to purchase at least three times the minimum offer value per person. Also, for a retail investor, the total of all investments in crowdfunding in a year should not exceed 10% of their net worth.

An early-stage startup or SME which is an unlisted public company incorporated in India is eligible to raise crowdfunding if it is intending to raise capital not exceeding INR 10 crore (approximately US\$1.2m) in a period of 12 months; it is not promoted, sponsored or related to an industrial group which has a turnover in excess of INR 25 crore (approximately US\$3m); it is not listed on any exchange; it is not more than four years old; and it is not engaged in real estate and activities which are not permitted under the industrial policy of the Government of India. Apart from these, SEBI also states that a company wanting to raise crowdfunding should not list on multiple crowdfunding platforms. The companies should compulsorily route all crowdfunding issues through a SEBI-recognised crowdfunding platform. The company interested in crowdfunding should also provide provisions for oversubscription. Among other conditions, the issuers will not have any single investor holding more than 25% stake in the company and the promoter(s) shall be required to maintain a minimum of 5% equity stake in the company for at least three years<sup>32</sup>. In India, startups are in dearth of funding from investors. Crowdfunding is the alternative solution for their financial needs. Entrepreneurs must know the advantages of crowdfunding and then develop their ability to effectively influence their need for funds through online crowdfunding platforms. The quality of online campaigns can be improved by offline activities offered by platforms such as entrepreneurial innovation education, campaign promotion workshops and business skills training. Entrepreneurs must be exposed to social media, marketing strategies, training on technological skills, support and legal advisory for initial entrepreneurs to take advantage of the emerging crowdfunding market more effectively<sup>33</sup>.

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31 Crowdfunding in India, Vaishali Singh, St. Xavier's College, Ranchi. Sainik Colony, Dumardaga, Booty, Ranchi

32 A Study on Crowdfunding in India, Ms. V. Akalya, Asst. Professor, PSGR Krishnammal College for Women – Coimbatore. India

33 CROWDFUNDING FOR STARTUPS IN INDIA, Dr. Vijayalakshmi, Dr.V.Priyadarshini2

## Key Lessons from more Advanced Crowdfunding Landscapes for West African Countries

The 4 West African countries in focus can benefit from the lessons learned in other regions to develop a robust crowdfunding ecosystem that supports entrepreneurship, innovation, and economic growth. This should include regulatory support, public awareness, and developing specialised platforms to cater to the region's unique needs and challenges.

Here are some lessons and insights that can be further explored for West Africa:



**Diverse Crowdfunding Models:** Crowdfunding encompasses various models, including equity, debt, P2P lending, reward, donation, and more. The target West African countries should explore a range of crowdfunding models to cater to different project types and investor preferences.



**Regulation and Compliance:** As seen in China and the United Arab Emirates, the need for regulation cannot be overemphasised to address risks associated with illegal fundraising. Regulation is crucial to protect both investors and entrepreneurs. West African countries should establish clear regulatory frameworks for crowdfunding to promote investor confidence and minimise risks associated with illegal fundraising.



**Leading Crowdfunding Platforms:** With platforms like Demohour in China and Eureeca in the UAE, identifying and supporting leading crowdfunding platforms within the region is essential. These platforms can serve as key players in driving the growth of crowdfunding and attracting both investors and entrepreneurs.



**Government Support:** In the United Arab Emirates, government support and endorsement played a significant role in crowdfunding's development. West African governments can consider similar initiatives to promote crowdfunding to support SMEs and innovation.



**Sector Focus:** Some crowdfunding platforms in China and India specialise in specific sectors (e.g., technology and real estate). West Africa can encourage specialised crowdfunding platforms tailored to the region's unique industries and needs.



**Awareness and Education:** Education and awareness campaigns are essential to inform entrepreneurs and investors about crowdfunding opportunities. Offering workshops, training, and advisory services can improve the quality of crowdfunding campaigns in West Africa. This was crucial for the growth of crowdfunding in India.



**Legal Clarity:** As seen with SEBI's regulations in India and the need for clear legal frameworks, to ensure a smooth crowdfunding ecosystem, West African countries should provide legal clarity on fundraising limits, investor qualifications, and platform requirements. This will reduce ambiguity and foster trust.



**Adaptation to Local Context:** Crowdfunding in West Africa should consider the region's unique cultural and economic context. Localised approaches that resonate with the population can lead to higher engagement.

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**Risk Management:** Be mindful of the risks associated with crowdfunding, such as weak intellectual property protection and investor expectations. West African platforms should implement risk management strategies to mitigate these challenges.

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**International Collaboration:** West African crowdfunding platforms can collaborate with international counterparts and learn from their experiences. This can help adapt best practices and tailor them to the local context.

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## II. EVOLUTION OF CROWDFUNDING IN WEST AFRICA

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In West Africa, traditionally, people would come together to make periodic (weekly/monthly) cash contributions into a pot, and individual contributors would then take turns to ‘pack’ the contribution. This was the means people used to finance big personal projects that would otherwise not have been easily achievable without the community-driven savings model. Several examples of this system exist across the West African corridor, including in Nigeria, where it is called *esusu*. Its variations are called *susu* in Ghana, *nago* in Côte d’Ivoire and *yesyes* in Togo<sup>34</sup>. Meanwhile, on the global scene, the first recorded instance of crowdfunding occurred in 1997 when a British rock band received donations from their fans to fund their reunion tour – this gave birth to ArtistShare as the first crowdfunding platform in 2000<sup>35</sup>. Since then, several other platforms have been developed with different use cases as web technologies advance. While the adoption rate may differ between developed and developing countries<sup>36</sup>, one thing is clear, crowdfunding has proven to provide viable alternative funding sources for MSMEs who typically would experience difficulty securing capital from traditional financial institutions.

### GHANA

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#### Country overview

Locally known as *susu*, *nnoboa* or *ntoboa*, the concept of crowdfunding is not particularly new to Ghana and has traditionally been used by families, groups or communities to mobilise money to provide for the needs of their members. Like most social activities, various projects will have different levels of success and this may be largely explained by the intentions of people to donate. SMEs in Ghana contribute massively to national GDP through the creation of employment and manufacturing locally-made goods and services for export, helping the local government to generate tax revenues for national socio-economic development. This makes this sector essential to the growth and development of the national economy<sup>37</sup>. Despite the enormous contribution towards the development of the economy, SMEs still face a number of challenges, top of which is the lack of access to finance. A few alternative finance platforms have risen to the challenge. However, there is no available data or sufficient literature to explain the failures or successes of crowdfunding in the country.

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34 This is how we will bring “Esusu” informal loan groups. <https://techcabal.com/2016/07/04/esusu/>

35 The History of Crowdfunding. <https://www.fundable.com/crowdfunding101/history-of-crowdfunding#:~:text=The%20first%20recorded%20successful%20instance%20of%20crowdfunding%20occurred,became%20the%20first%20dedicated%20crowdfunding%20platform%20in%202000.>

36 Crowdfunding in Emerging Markets: Lessons from East African Startups. Pg. 2

37 Kazaure, M. A., & Abdullah, A. R. (2018). Crowdfunding as Financial Option for Small and Medium Enterprises (SMEs) in Nigeria. *Pertanika Journal of Scholarly Research Reviews*, 4(3), 89-96

## Crowdfunding mechanisms available in Ghana

Like all other countries, there are international platforms operating locally in emerging markets. Agri-crowdfunding has gained traction in Ghana, demonstrating a potential niche for crowdfunding. The Ghana equity crowdfunding space has seen the emergence of crowdfunding platforms, such as Daba Finance and Propartners Exchange.

However, this list includes both local and international platforms operating in Ghana.

1. **Airfunding** is a donation-based crowdfunding platform. It is available in Ghana and other countries for any fundraising campaign – from community projects to medical assistance. More than 1,000 Ghanaians have trusted Airfunding to help them with their financial needs.
2. **Frankly Green** is an investment-based crowdfunding platform. It is available only to green-related businesses with social impact. Projects undergo strict review and must pass all criteria before getting investors. The company is Germany-based but operates in developing and emerging countries such as Ghana.
3. **Go Get Funding** is the go-to platform for community-related campaigns in Ghana. The platform is available for support worldwide. But having your project published in an already-crowded space will make it challenging to stand out and be noticed by potential donors. Also, donations are charged with a 6.9% platform fee.
4. **Farmable**: the vision of this platform is to fight hunger without relying on external aid. This crowdfunding platform was created to build a self-sustaining enterprise to empower smallholder farmers by equipping them with the necessary tools and resources to ease their life. A correlated goal is to build a sustainable food supply community in Ghana run by Ghanaians.
5. **Kwidex**: this platform's tagline says: 'Make an impact and earn rewards for it'. The main goals of Kwidex are to reduce poverty, increase food security and at the same time, make people earn extra income. They focus on giving support only to innovative ideas in the field of agriculture in Ghana.
6. **SlizeBiz**: this is the first Ghanaian platform. It is based in Accra and concentrates more on financing innovative ideas by leveraging African backers and Angel investors. All the lists of ventures in which investors could easily invest in have not been unveiled. As of November 2019, SlizeBiz had not yet launched, with the first launch scheduled for March 2014 in New York City having been postponed.
7. **Pezesha Africa Limited** (traded as Pezesha) is a Kenya-based fintech platform that recently exited the Kenyan regulatory sandbox. The sandbox is a test environment set up to test their platform.<sup>38</sup> They are still operating in Kenya and are now piloting their crowdlending platform in Ghana<sup>39</sup>.



38 CMA Admits Innova and Pezesha into Regulatory Sandbox - Kenyan Wall Street

39 Two Crowdfunding Models Pioneered in Ghana under the GrEEn Project - UN Capital Development Fund (UNCDF)

8. **Kickstarter** is one of the international platforms available in Ghana. It is a donation-based crowdfunding platform with an all-or-nothing clause. If a fundraiser has not achieved a goal, all donations are refunded to the supporters. That is why only a few projects are available from Ghana. The platform is best for entrepreneurs.
9. **Fundraising Africa (FRA)** currently operates a donation-based platform which enables individuals to donate money to support young entrepreneurs with the creation or expansion of their businesses.
10. **Mayekoo** is an organisation that uses sweepstakes as a form of crowdfunding to support marginalised communities and develop projects in Ghana. With the tagline 'helping eradicate global poverty one community at a time', they support schools, maternity hospitals, and cleaning rubbish from beaches.
11. **Indiegogo**, unlike Kickstarter, does not use the all-or-nothing approach but offers a more flexible system. Fundraisers get their funds whether or not they meet their targets.
12. **Grow For Me** is a web-based agricultural crowdfunding platform that funds farmers to scale and grow more crops, using the income received from interested sponsors.
13. **Kiva** in partnership with **Camfed Ghana**

**KICKSTARTER**



**INDIEGOGO.**



## Policies and regulations

In February 2021, the Bank of Ghana issued a policy to promote and guide the development and use of crowdfunding products and services for the banking sector. It is said to have done this in line with its commitment to promoting the modernisation of the banking industry to meet the needs of diverse groups of people to promote financial inclusion. According to the Bank and Specialised Deposit-taking Institutions Act, 2016 (Act 930), The Bank of Ghana provides licensing approval for donation- and rewards-based crowdfunding models, as these models require the ability to collect, hold and disburse payments. Dedicated electronic money issuers (DEMI)s can also provide these services under their licence as defined in the Payment Systems and Settlement Act, 2019 (Act 987). The funds collected will reside in a wallet with the transaction limits applied. Merchant wallets must be created and dedicated to collecting donations to protect consumers and ensure transparency. Thus, the new merchant account categories and their corresponding minimum due diligence requirements stated in NOTICE NO. BG/GOV/SEC/202/15 will have to apply. Enhanced Payment Service Providers (EPSPs), also under the permissions of Act 987, can perform the crediting and debiting functions under this type of crowdfunding model but will need the support of a bank or specialised deposit-taking institution to deliver the service entirely. Thus, the Bank can require EPSPs to partner with a bank or SDI to secure approval to provide donation-based crowdfunding in Ghana.

Equity- and debt-based models, on the other hand, involve funds' investment. Investment is not within the permissible activities of any institution licensed under Act 987. Thus, any entity in that category would have to partner with another duly regulated entity under the Securities Industry Act, 2016, Act 929, (3) to seek approval. Equity- and debt-based crowdfunding would, therefore, also require the support of the Securities and Exchange Commission (SEC) to operate.

**Table 2: Licensing requirement for crowdfunding models in Ghana**

TYPE	REQUIREMENT	LICENCE APPROVAL	REGULATORY BODY
Donation/Reward	Ability to collect, hold and disburse funds.	Enhanced PSP and DEMI in partnership with a bank and SDI	Bank of Ghana
Equity	Ability to collect and invest funds.	Banks, SDIs, Enhanced PSPs and DEMIs in partnership with SEC approved entities.	Bank of Ghana, SEC
Debt	Ability to collect and invest funds.	Banks, SDIs and Enhanced PSP and DEMI in partnership with SEC approved entities.	Securities and Exchange Commission

Source: *The Bank of Ghana (Crowdfunding – Bank of Ghana (bog.gov.gh))*

According to an interviewee from the Bank of Ghana:

“ Foreign platforms do not operate in Ghana except if they are licensed in the country, but foreign money transfer operators partner with local payment service providers to deliver remittances into Ghana and that is the model we have facilitated in Ghana.

## NIGERIA

### Country overview

Nigeria has one of the fastest-growing populations globally with over half of the population already active on the internet. A thriving entrepreneurial landscape, and its advancing banking system with innovative mobile banking apps, provides a promising infrastructure for crowdfunding in Nigeria. The country has positive features in place to make it an effective crowdfunding market in the West African region<sup>40</sup>. Wisse-Huiskes, founder of the renowned Crowdfunding Hub was quoted:

“ Nigeria is one of the fastest-growing emerging markets in the world and their financial infrastructure is ahead of others with innovative mobile banking apps. Crowdfunding is developing differently in emerging markets than in Europe and the US with high growth.



In spite of crowdfunding successes as a funding approach elsewhere, the mechanism is penetrating into the country’s entrepreneurial finance at a slow pace. Presently, there is no existing database for crowdfunding activities in the country. Instead of using established crowdfunding platforms or sites, campaigners use social media, with a designated bank account to seek donations, which are mostly for health-related causes. A review of successful campaigns for entrepreneurial purposes reveals that one such campaign on a Nigerian-oriented site was funded by the promoters of the platform. Thereafter, there is no indication of other successful campaigns raising regulatory concerns (in spite of its success)<sup>41</sup>.

Figure 5: Parties to a typical Crowdfunding project



Source: CROWDFUNDING – Understanding its Impact and Regulations (Udo Udoma & Belo-Osagie, 2021)

### Crowdfunding mechanisms available in Nigeria

The crowdfunding sector in West Africa is still evolving, with regulations being a key challenge. Nigeria has made progress in implementing regulations, while Ghana is in the process of developing its own regulatory framework. Agri-crowdfunding has gained traction in Ghana and Nigeria, demonstrating a potential niche for crowdfunding. The actual number of platforms in Nigeria is not known as of now. The table below lists some prominent crowdfunding platforms available in Nigeria (as at April, 2023).

1. **Donate NG:** the motto is ‘Fundraise for charitable projects’. With this tagline, the message about this platform’s goal is clear. They have been dealing with charitable projects and personal social causes since 2015.



41 CROWDFUNDING – Understanding its Impact and Regulations (Udo Udoma & Belo-Osagie, 2021)

2. **Kickstarter:** also available in Nigeria, the international donation-based crowdfunding platform with an all-or-nothing clause currently lists 89 projects across the country.
3. **Indiegogo,** unlike Kickstarter, does not use the all-or-nothing approach but offers a more flexible system. Fundraisers get their funds whether or not they meet their targets.
4. **Get-Equity:** although registered in Delaware, this equity-based crowdfunding platform operates largely in Nigeria. This platform enables supporters to buy equity in tech startups.
5. **Giving Tuesday:** is a platform present in multiple countries globally and across the sub-saharan Africa region. It is a global generosity movement unleashing the power of radical generosity. Giving Tuesday was created in 2012 as a simple idea: a day that encourages people to do good.
6. **Blessmi** helps individuals and organisations raise and donate funds for charitable causes and personal needs.
7. **Fundanenterprise.org** is a donation- (and reward-) based crowdfunding platform, built for fundraising activities, mainly in the form of grants, to support startup, micro, small and medium-sized enterprises in Nigeria and other countries in Africa. Fundanenterprise.org is owned and operated by the MSME Crowdfunding Foundation, Nigeria.
8. **Funmilowo** enables anyone to fund projects online and raise money for charity and causes they are passionate about.
9. **NaturFund** is an online organisation empowering startups, projects and businesses through its standard business networking platform, thus connecting investors and philanthropists with entrepreneurs/project owners.
10. **ComFundMe** campaigns are strictly for social causes and cannot be used for investment or capital raise purposes.
11. **ThriveAgric** leverages technology to empower smallholder farmers across Africa by linking them to finance, data-driven best practices and access to local and global markets for their commodities, towards ensuring food security for all.

**KICKSTARTER**

**INDIEGOGO**

 **GetEquity**

**GIVING  
TUESDAY**

**blessmi**

 **NaturFund**

 **comfundme**

 **ThriveAgric**

## Policies and regulations

Alternative modes of financing are a necessity especially where traditional modes of financing fail to meet the demand or are unduly burdensome. It is however important for the government and regulators to legislate and facilitate the operation of equity- and loan-based crowdfunding, while ensuring that the Nigerian public are protected from fraud or theft. The government and regulators also need to ensure that crowdfunding is not over regulated, so they do not discourage issuers and investors.

Prior to 2021, there were no specific rules in force that regulated crowdfunding. The Companies and Allied Matters Act and Investment Securities Act had certain provisions that restrict crowdfunding in Nigeria. This led to an earlier statement on 15th August, 2016, issued by the SEC where it noted that crowdfunding could not fully materialise in Nigeria due to restrictions in the CAMA and ISA.

The SEC was quoted:

“ *We are aware of the growing interests among Nigerians to use crowdfunding to raise funds. However, that cannot materialise now given the legal challenges as a result of the provisions in CAMA and ISA. But we are looking for ways to go about it so that companies will enjoy the benefits of crowdfunding in the country as well.*

- SEC, 2016

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By January 2021, the SEC's rules governing crowdfunding became effective. The rationale behind the rules is 'investor safety'. The rules gave all existing participants a 90-day period to comply. This was later pushed by the SEC to 30th June, 2021. This rule applies to: investment-based crowdfunding; crowdfunding intermediaries operated, provided or maintained in Nigeria, or located outside Nigeria but targeting investors in Nigeria, or that have any component of its portal in Nigeria. Eligible micro, small and medium enterprises must be incorporated in Nigeria with a minimum operating track record of two years. Meanwhile, all categories of investors participate subject to limits. Microenterprises can raise a maximum of ₦50m, small enterprises are pegged to a maximum of ₦70m and medium enterprises ₦100m. Retail investors are subject to an investment cap of 10% of annual income. Commodity investment platforms can raise up to ₦100m.

According to the SEC, crowdfunding intermediaries are obligated to be registered with ₦100m paid up share capital and fidelity insurance bond valued at 20% of the paid-up share capital. They should have a cash to assets ratio of 30:70 – cash/liquid assets to fixed and other assets. They must also conduct due diligence, carry out monitoring and reporting, ensure proper disclosure and educate their investors. On the other hand, a fundraiser is required to submit an offering documenting key information about the fundraiser, use of proceeds, nature of the existing business, business plan, details of the offer, return on investment, interest or profit-sharing structure, financial information such as interim reports and accounts, a schedule of debt, bank reference, two-year audited financial statements and an outline of investor's rights.

### Informal mechanisms used in Nigeria

Since the concept of pooling funds from the crowd has always been a practice, it does not necessarily have to follow a structured approach to be regarded as crowdfunding. In Nigeria, social media plays a huge role in seeking donations. A typical fundraiser will simply state the cause, add account details and continue to share on social media channels until a goal is reached or problem is solved. This approach is often used by people seeking financial support for health-related issues for themselves or their loved ones. In the context of enterprise support, it is hardly seen to have taken place.

# SENEGAL

## Country overview

Senegalese entrepreneurs lack financing options tailored to their specific circumstances, particularly during their pre-seed and seed phases. The traditional financiers often are not equipped to meet entrepreneurs' short- and long-term investment needs. Commercial bank financing is almost entirely inaccessible to startups and digital SMEs, given their characteristics, including the lack of tangible assets and different cost structures. Consequently, due to high real and perceived risks and substantial transaction costs, commercial banks impose very strict and almost insurmountable conditions on startups. Examples of these conditions are physical and cash collateral higher than the credit amount, substantial equity funds, high interest rates, and tight credit conditions. In this context, to address the shortage of capital required by startups, for Senegal to develop a new category of financial instruments is essential, crowdfunding takes the form of grants and can cover the need for working capital and pre-seed funds for Senegalese startups. However, the emergence of such platforms in Senegal is hampered by the non-existence of a legal and regulatory framework. For crowdfunding, the main unblocking factor is establishing a legal and regulatory framework dedicated to this mechanism.<sup>42</sup>

## Crowdfunding mechanisms available in Senegal

In spite of the non-existent regulatory scene, there are a few active mechanisms being explored for crowdfunding by Senegalese entrepreneurs in the country.

1. **Sunu CMU** is a charitable organisation for individuals from Senegal or abroad to contribute towards grants for costly medical procedures for the less fortunate, including caesarean sections, chemotherapy, dialysis etc.
2. **BaySeddo** is an online crowdfunding platform for agribusinesses. It allows investors to invest in agriculture projects by buying agriculture shares for a limited duration of 6-12 months. Investors can earn returns at the end of cropping seasons. It provides a mobile application for investors to track their investments and project status in real-time.
3. **Afrikwity** is an equity crowdfunding platform headquartered in France and operating in Tunisia, Morocco, Côte d'Ivoire and Senegal.
4. **Guanxi** is a Cameroon-based equity crowdfunding platform operating in Senegal and allowing investors to become shareholders with 10,000 francs CFA minimum.
5. **Giving Tuesday** is a platform present in multiple countries globally and across the sub-saharan Africa region. It is a global generosity movement unleashing the power of radical generosity. Giving Tuesday was created in 2012 as a simple idea: a day that encourages people to do good.



42 DIGITAL ECONOMY FOR AFRICA COUNTRY DIAGNOSTIC OF SENEGAL, Digital Development Partnership, World Bank

6. **Ulule** is a crowdfunding pioneer established in 2010. It has become a leading community-backed incubator of positive impact projects and a community of almost three million members and 30,000 projects brought to life.
7. **AGROSINE INVESTISSEMENT** is a Senegalese crowdfunding platform developed by AGROSINE and giving the opportunity to participate in short-term agricultural campaigns with a low entry ticket, a return of up to 49%, in complete transparency and security.
8. **Jiwall** is a platform to democratise access to housing in Senegal, making it possible to co-invest in real estate.



## Policies and regulations

In Senegal, crowdfunding regulation is non-existent. More so, the fintech space is loosely regulated, as the traditional banks maintain a great level of monopoly. Meanwhile, as a fintech, innovative offerings must be developed in accordance with the existing legal, financial and tax regulations in Senegal. However, identifying these authorities and validating this compliance is a great problem as there are more than a dozen of them in the country including the Bank of West African States (BCEAO), Directorate of Money and Credit (DMC), Regulatory Authority for Telecommunications and Posts (ARTP), Directorate of Micro Finance (DMF), to name a few. Existing regulations have also been seen to be misaligned with commercial realities. Banks' monopoly in providing credit and regulatory context around public offerings are a great concern.

The regulatory framework on electronic signature, set up by the Agency of Information of the State (ADIE) can be complex for fintechs to understand. To dematerialise contracts can take a lot of time and patience. This may be tough for a structure whose originality is its ability to develop instant and digital offers. Fintech companies who may need to build partnerships to expand their offerings in Senegal will do so at the mercy of big billers and incumbent financial institutions and operators. This may impose constraints for fintechs whose business models are mainly based on the aggregation of services. This leaves little room for them to manoeuvre, which could in turn affect the viability of their business model. There is almost no framework in Senegal to share your projects with research centres, large companies, public actors, and investors to develop partnerships.<sup>43</sup>

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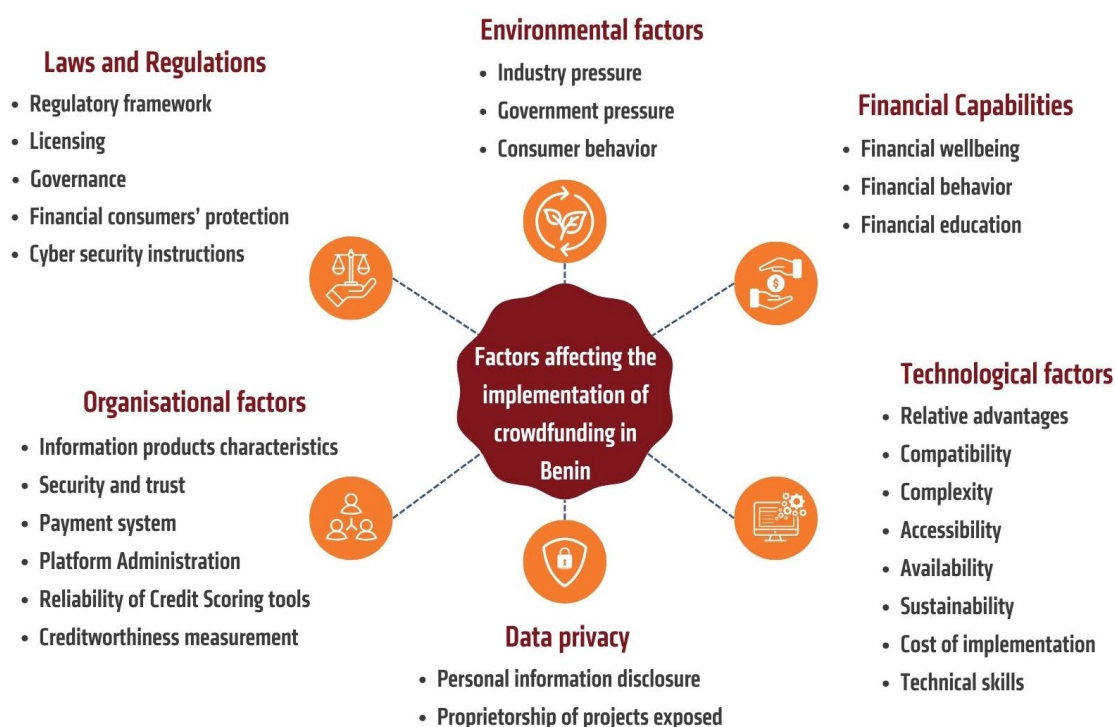
43 Six development challenges for Fintech in Senegal. <https://shift.uncdf.org/article/2906/six-development-challenges-for-fintech-in-senegal>

# BENIN

## Country overview

The Beninese government embarked, five years ago, on the ambitious *Revealing Benin* reform agenda to revive the economy and improve the wellbeing of the people. Economic activity accelerated prior to the COVID-19 pandemic, with sound macroeconomic management and enhanced budget transparency culminating in access to international capital markets in 2019 and the issuance of the first-ever Sustainable Development Goals (SDG) bond by an African sovereign last year. However, today, Benin faces significant headwinds from a deteriorating security situation at its northern borders, pandemic-induced scars, and higher cost of living amid the war in Ukraine, which could impact hard-won macroeconomic gains and cause hardship. The authorities have requested a fund-supported programme to meet pressing financing needs, preserve macroeconomic stability, and anchor the country’s National Development Plan centred on achieving the SDGs<sup>44</sup>. The framework below covers six principal study segments that could affect the implementation and the use of crowdfunding in Benin: environmental factors, laws and regulations, financial capabilities, data privacy, organisational factors and technological factors.

Figure 6: Factors affecting the implementation of crowdfunding in Benin



Source: *Crowdfunding Adoption in Benin: Influencing Factors and Recommendations towards an Adapted Model*

44 2022 ARTICLE IV CONSULTATION AND REQUESTS FOR AN EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY AND AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY—PRESS RELEASE; STAFF REPORT; STAFF STATEMENT, AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR BENIN

## Crowdfunding mechanisms available in Benin

Crowdfunding is in the early stages of development in Benin. Hence, only a few platforms are referenced in existing literature as being operational in the country.

1. **Go Get Funding** is the go-to platform for community-related campaigns in Benin. The platform is available worldwide. However, this presents a limitation for projects to stand out and get noticed by potential donors in the already crowded platform. Also, donations are charged with a 6.9% platform fee.
2. **Indiegogo**, unlike Kickstarter, does not use the all-or-nothing approach but offers a more flexible system. Fundraisers get their funds whether or not they meet their targets.
3. **Fiatope** is a platform that supports African and diaspora entrepreneurs to raise seed funds for the realisation of their innovative projects.
4. **Kisskissbankbank** is based in Paris and has helped 27,949 cultural and entrepreneurial projects to come to life.
5. **Wazindo** is a barely active platform. <https://wazindo.com/>

**Go Get  
Funding**

**INDIEGOGO**



**KissKiss  
Bank Bank**

**Wazindo**

## Challenges and opportunities in the ecosystem in Africa

Unlike other regions, where funding is locally driven by indigenous investors and platforms, crowdfunding for entrepreneurial activities in Africa has extensively been dominated by backers from outside of Africa. In 2016, African crowdfunding volumes reached US\$181.27m, growing 118% from 2015. Research into crowdfunding in Africa is limited and represents early stages of market development, with most related studies being more conceptual in nature. The crowdfunding phenomenon is congruent with traditional communal reciprocity culture of sub-Saharan African individuals<sup>45</sup>. However, this is reflected in donation-based crowdfunding for charitable causes.

Crowdfunding platforms operating in Africa face many of the same barriers as other crowdfunding businesses across the world, in addition to challenges that come with navigating the unique environments of each African nation. Although platforms such as Kickstarter, Indiegogo and GoFundMe have achieved a high level of name recognition in the United States and throughout Europe, there are no such equivalents in Africa. Indisputably, the penetration of crowdfunding in Africa's financial assets market is very shallow. With a global market share of 0.07% by the end of 2018, more than 50% of crowdfunding campaigns run by Africans took place on platforms based outside the continent (P2PMarketdata, 2020). In 2018, Africa raised a total of US\$209.1m while China and the Asia Pacific region raised a total amount of US\$215.4bn raised; the American region accounted for crowdfunding financial volume of US\$61.1bn and the European along with the United Kingdom accounted for a total amount of US\$10.4bn raised (P2PMarketdata, 2020).

A lack of regulatory clarity is also limiting the growth of crowdfunding platforms, although work is being done to establish regulatory frameworks that protect customers and foster professionalism. FSD Africa collaborated with the African Crowdfunding Association to develop a legal framework to support crowdfunding regulations. As the sector develops, access to additional investments will likely increase for African businesses, enabling them to expand their product offerings, and include more entrepreneurs in the economy<sup>46</sup>.

## Key challenges

### Regulatory issues

Regulations present significant challenges for innovators and entrepreneurs in Nigeria. *'Regulations become a headache,'* said a representative of Blessmi, a donation-based platform. The involvement of the Securities and Exchange Commission (SEC) in fundraising processes can be cumbersome, requiring a tedious authorisation process. Similarly, Ghanaian innovators face challenges related to poor regulations, risk of investment, lack of funds utilisation tracking and intellectual property issues. These regulatory barriers hinder the growth and expansion of innovative ventures. According to a representative of Kumasi Hive, an innovation hub in Ghana, authorisation requirements are a prominent concern in the crowdfunding space. Bureaucracy within the public sector and a lack of understanding of crowdfunding pose significant challenges for private sector growth. According to a representative

45 Wolf, C. (2017). From Harambee to Modern Crowdfunding: The Opportunities and Challenges in Sub-Saharan Africa. In D. T. Redford (Ed.), *Developing Africa's Financial Services: The Importance of High-Impact Entrepreneurship*. Bingley, UK: Emerald Publishing Ltd.

46 Crowdfunding emerging as financing source for African entrepreneurs. <https://www.un.org/africarenewal/magazine/july-2022/crowdfunding-emerging-financing-source-african-entrepreneurs#:~:text=Forecasts%20now%20show%20that%20crowdfunding,cent%20of%20the%20global%20market>



of Propartners Exchange Limited, the importance of simplifying requirements and obtaining permits to facilitate smoother operations is critical. Additionally, raising awareness about crowdfunding's benefits and its potential impact can help overcome the hurdles posed by bureaucratic processes.

### Lack of adequate awareness and understanding

The importance of education and raising awareness about online services is a recurring theme among the interviewees. Many express a need for better understanding and knowledge of digital platforms for donation and investment. Efforts to provide education and enhance awareness can empower individuals to embrace the opportunities offered by online services. Equipping communities with the necessary knowledge and tools can unlock the potential of digital donation and investment and create a more inclusive and accessible financial landscape.

### Fraud and corruption

Fundraisers must be further protected to ensure financial and operational transparency practices, security of data and payments, financial control, platform performance and operational processes to safeguard and detect fraud.

### Issue of trust and transparency

Crowdfunding performs better when people are confident in experiencing group criticism for risk-taking. Diaspora donors are likely to identify with the project owners and be susceptible to emotional solicitations. Furthermore, social trust and friend and family networks play an essential role.

### Poor storytelling

Convincing critical trustees and stakeholders with the spending power and strong influence over other willing donors is also crucial in reaching fundraising targets.

### Diaspora engagement framework

Diasporans are a potential source for the crowdfunding ecosystem in the four target countries. Diaspora groups have been defined in different ways. State approaches often tend to focus on non-resident citizens, including emigrants and their descendants<sup>47</sup>. With a similar approach, the International Monetary Fund defines a diaspora as a

“ *group of persons who have migrated and their descendants who maintain a connection to their homeland*<sup>48</sup>;

47 Collyer, M. 2013 Introduction: locating and narrating emigration nations. In: Emigration nations: policies and ideologies of emigrant engagement (M. Collyer and R. Bauböck, eds.). Palgrave, pp. 1–24.

48 Harnessing Diasporas. FINANCE & DEVELOPMENT, September 2011, Vol. 48, No. 3 Dilip Ratha and Sonia Plaza. <https://www.imf.org/external/pubs/ft/fandd/2011/09/ratha.htm>

while the African Union defines the African diaspora as

“ *consisting of people of African origin living outside the continent, irrespective of their citizenship and nationality and who are willing to contribute to the development of the continent and the building of the African Union*<sup>49</sup>.

According to EUDiF, Benin became the first country in Africa to adopt a diaspora engagement policy in the year 2000<sup>50</sup>, followed by Senegal in 2006 and Rwanda in 2009, in what would mark the first wave of diaspora engagement policies developed on the continent. Benin’s diaspora engagement policy addresses the following aspects of diaspora engagement: security and protection need, and economic, cultural, educational, economic and political engagement<sup>51</sup>. A new national migration policy is also being finalised which will address some aspects of diaspora engagement<sup>52</sup>. The Development Pact of Benin with the Diaspora<sup>53</sup> serves as a diaspora engagement framework for socio-economic development, with commitments aiming to make the diaspora an active development actor engaged in poverty reduction. It outlines policy priorities, including improving state-diaspora dialogue and participation, surveying the diaspora, strengthening diaspora rights, establishing development financing mechanisms and mobilising diaspora competencies.

According to Nigeria’s National Diaspora Policy (2021)<sup>54</sup>, Nigerians in the diaspora have a significant role to play in the development of Nigeria, now and for years to come. Diaspora remittances in 2019 amounted to US\$25bn, which is also 6% of the gross domestic product (GDP). Additionally, Nigerians make up a high percentage of highly educated skilled labour worldwide and occupy important positions of authority and influence in multinational corporations, industries and organisations globally. This means Nigerians in the diaspora constitute an important constituency that contribute their wealth of experience, exposure, vast human network etc to the socio-economic development of the country. The need to leverage on the diaspora, not just for remittances and bonds, but for their unwavering support to join hands in nation-building cannot be overemphasised. According to the policy, diaspora engagement takes place in the following forms:

- » **Database:** government shall put in place necessary machinery to obtain reliable statistics, information and other relevant data for the purpose of registering Nigerians in the diaspora.
- » **Outreach:** government shall continue to work with NIDO and all other relevant diaspora associations including individuals to develop outreach strategies that will facilitate the involvement of diaspora in national development. The policy also recognises other registered diaspora associations that contribute to national development.

49 African Union, The Diaspora Division. Available at <https://au.int/en/diaspora-division>.

50 Diaspora Engagement Mapping, Benin. EuDiF (2021) [https://diasporafordevelopment.eu/wp-content/uploads/2021/10/CF\\_Benin-v.4.pdf](https://diasporafordevelopment.eu/wp-content/uploads/2021/10/CF_Benin-v.4.pdf)

51 Diaspora Engagement Mapping, Benin. EuDiF (2021) [https://diasporafordevelopment.eu/wp-content/uploads/2021/10/CF\\_Benin-v.4.pdf](https://diasporafordevelopment.eu/wp-content/uploads/2021/10/CF_Benin-v.4.pdf)

52 Key informant interview, National Agency for Migration and Diaspora, 25 June 2020

53 Ministère des Affaires Etrangères, des Béninois de l’Extérieur, de la Francophonie et de l’Intégration Africaine. 2014. «Pacte De Développement Du Bénin Avec La Diaspora». Cotonou: Gouvernement du Bénin. <http://oitfm-benin.org/web/files/BENIN%20DIASPORA%20PACTE%20DE%20DEVELOPPEMENT.pdf>

54 National Diaspora Policy, Nigeria (2021). <https://nidcom.gov.ng/wp-content/uploads/2021/06/NATIONAL-DIASPORA-POLICY-2021.pdf>

- »» **Diaspora offices:** diaspora offices shall be established in all the relevant MDAs to provide easier access to information and for better coordination with the lead agency on diaspora matters. State and local government shall also be encouraged to establish diaspora offices.

According to diaspora engagement mapping<sup>55</sup> published by EUDiF in August 2020 and at the time of completing this report in October 2023, Ghana did not have a finalised diaspora engagement policy<sup>56</sup>. The following were identified as effective practices:



- **Ghana Diaspora Homecoming Summit**

The first summit was held in 2001. It provides an opportunity for diaspora members to support and contribute to the country's development and progress through a series of networking opportunities and presentations on engagement opportunities. Past summits have also seen cultural and business-related tours run in parallel. The regular summit also gives the chance for the government to engage directly with the diaspora, with the president and several other senior state representatives speaking at the 2019 summit.

- **Year of Return and Beyond the Return**

The Year of Return and Beyond the Return campaigns aimed to encourage African diasporas to visit, return to and invest in Ghana. In 2019, the Office of Diaspora Affairs worked with the tourism ministry and several organisations to organise a series of events, commemorating the 400th anniversary of the arrival of the first recorded African slave in the Americas. As a result, Ghana experienced a record number of visa applications and tourist visits, including a 45% year-on-year increase in visitors (around 237,000 additional visitors) from January to September 2019. The tourism ministry subsequently launched the Beyond the Return initiative, a 10-year plan to encourage sustained dialogue with diasporas and inbound investment. The two campaigns underlined the government's innovative approach to broadening diaspora engagement to reach the many African diaspora communities around the world, including people of African descent from the Americas.

- **Ghana Investment Promotion Centre (GIPC)**

The GIPC was launched as a government initiative to encourage inbound investment through investment promotion policies and plans, while collecting and disseminating data on investment opportunities. Although the centre provides services to anyone interested in investing in Ghana, it has become a key factor in attracting large-scale diaspora investment. In particular, GIPC has run investment roadshows around the world and linked diaspora investment to national initiatives like the One District One Factory initiative, a government programme aimed at promoting manufacturing at the district level.

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55 Diaspora engagement mapping, GHANA. EuDiF (2020). [https://diasporaforddevelopment.eu/wp-content/uploads/2020/09/CF\\_Ghana-v.2.pdf](https://diasporaforddevelopment.eu/wp-content/uploads/2020/09/CF_Ghana-v.2.pdf)

56 Ghana launched its Diaspora Engagement Policy in December 2023. <https://thebftonline.com/2023/12/15/ghanas-diaspora-engagement-policy-launched/>

## III. ANALYSIS OF KEY FINDINGS EMERGING FROM THE STAKEHOLDER CONSULTATIONS

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In addition to the desk research, this report presents insights from various categories of stakeholders in the crowdfunding ecosystem. These stakeholders include the diaspora, platform operators, ecosystem of innovators, small and medium enterprises (SMEs) and policy actors in West Africa and beyond. These consultations explore the concept of crowdfunding and its potential to become a viable alternative route for financing entrepreneurs in the region. It goes further to examine diaspora engagement, limitations, and potential ways to increase diaspora participation and investment in entrepreneurial activities back in West Africa through crowdfunding mechanisms.

### Outline



- a) Thematic analysis of key informant interview data - West Africa (platform operators and SME community leaders in the crowdfunding ecosystem)
- b) Lessons and insights from Austria, Germany, Kenya, South Africa and Tunisia
- c) Policy perspectives on crowdfunding and diaspora engagement in West Africa
- d) Insights from SMEs on crowdfunding in West Africa (focus group discussion)
- e) Diaspora investors and volunteers survey result
- f) Small and medium-size enterprises (SMEs) survey result

### a) Thematic analysis of key informant interview data - West Africa (platform operators and SME community leaders in the crowdfunding ecosystem)



In a series of key informant interviews (KIIs), we spoke to seven key players from the crowdfunding ecosystem across West Africa – including mostly operators and SME community leaders. The full list of those interviewed is provided in Annex 1.

#### ► **Nurturing transformation: shifting attitudes towards giving and embracing digital donation and investment in Benin, Ghana, Nigeria and Senegal**

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“ *Trust, education, and cultural norms play significant roles in shaping these attitudes.* ”

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This section explores the prevailing attitudes towards giving and the perception of digital donation and investment in the context of West Africa, specifically focusing on Benin, Ghana, Nigeria and Senegal. By collating the voices of individuals within these countries, we seek to analyse and understand the barriers hindering the development of a

thriving local financial model. The narratives shared by interviewees shed light on the challenges and opportunities surrounding traditional attitudes towards giving and the embracing of digital avenues for philanthropy and investment.

All donation-based platform operators interviewed shared a positive sentiment about the willingness of Africans to give to charitable causes, especially to campaigns focused on raising money to cover critical medical bills and other emergencies. However, a prevalent theme emerges from the interviews, indicating a hesitancy of local individuals to participate in crowdfunding efforts for business ventures. Most funding is observed to come from international platforms and individuals, raising concerns about the sustainability and transformative impact of local initiatives. This disparity highlights the need to bridge the gap and foster a collective vision of support and investment within the region. In addition to that, an equity crowdfunding platform operator also suggested that small ticket investment opportunities could also encourage local participation.

One recurring sentiment expressed by interviewees is the initial lack of trust among investors. However, there is a recognition that regulations play a pivotal role in providing a stamp of approval or verification, instilling confidence in the digital ecosystem. These regulations are seen as crucial to building trust and encouraging participation in digital donation and investment. Moreover, regulations can provide a sense of security and mitigate risks associated with online platforms. The importance of education and raising awareness about online services is a recurring theme among the interviewees. Many express a need for better understanding and knowledge of digital platforms for donation and investment. Efforts to provide education and enhance awareness can empower individuals to embrace the opportunities offered by online services. Equipping communities with the necessary knowledge and tools can unlock the potential of digital donation and investment and create a more inclusive and accessible financial landscape.

### ► **Harnessing the potential: interviewee perspectives on diaspora engagement and investment in West Africa**

This section explores the theme of diaspora engagement and investment in West Africa, focusing on the perspectives of Benin, Ghana, Nigeria and Senegal. The narratives shared by interviewees shed light on the level of diaspora participation, the integration of digital payment platforms, the impact of remittances on investment and the motivations driving diaspora investments. Exploring these perspectives enables us to gain insights into the significance of diaspora engagement and the potential it holds for entrepreneurial finance through the lens of crowdfunding platform operators in the region.

Interviewees highlighted the presence of diaspora engagement in various forms, ranging from donations to investments. A donation-based crowdfunding platform operator in Nigeria was quoted: *'We do get some engagement - we definitely see more donations from Nigeria - see some trinkets from the diaspora.'* This further reinforces local contributions in terms of donations. However, the integration of platforms like Apple Pay has facilitated the participation of diasporans, leading to a *'high number of diasporans using our page'*, another donation-based platform operator said. Meanwhile, there is room for improvement, as interviewees expressed the desire for increased diaspora involvement.

The diaspora's investment potential is evident, with the World Bank indicating that about 25% of remittances goes to some sort of investment. Interviewees also stated that to their knowledge *'[a significant amount] of remittances come from the US and UK'*. This underscores the economic significance of diaspora remittances, which are gradually finding their way into retail and investment opportunities. According to an equity crowdfunding platform operator in Nigeria, platforms such as GetEquity are specifically designed to cater to diaspora investors and their dollar-denominated investments, acknowledging their enhanced investment power. Socio-economic impact, cultural and

financial motivations drive diaspora investments, with interviewees citing a preference for higher returns (return on investment) in countries of origin compared to investment returns in their countries of residence, access to liquidity, and a desire to contribute to their home countries. An equity crowdfunding platform operator suggested that an average diasporan may have US\$500 to invest per month, and even 50% more investment power than a local individual.

In Ghana, diaspora engagement and investment are highly encouraged, as they provide a way for the diaspora to give back and support the local ecosystem. An ecosystem enabler in Ghana indicated that *'diasporans have an understanding of investing in businesses'*, and they often collaborate with locals to start businesses and support good causes. An equity crowdfunding platform operator in Ghana also suggests that platforms facilitating money transfer back home play a crucial role in enabling diaspora engagement, with popular platforms including Lemonade Finance, Bitcoin and Crypto Finance.

In Senegal, efforts are being made to understand the needs and preferences of the diaspora. Platforms are being developed and improved to attract diasporans, with a focus on creating vehicles that make sense for their investment requirements. By facilitating investment opportunities and providing displays that resonate with the diaspora, Senegal aims to tap into their potential as investors and contributors to the local economy. *'We are trying to see what type of vehicles make sense for them, what type of improvements make sense for them'*, explained an operator of a donation and investment platform across francophone Africa and growing across the continent.

Nigeria diaspora investment holds significant potential for driving economic growth. Interviewees emphasised the preference to invest back home for higher return on investment compared to returns in their countries of residence and the cultural and financial reasons, as well as the need to make a social impact, that drive this inclination. Access to liquidity and early-stage investments were also identified as key factors, with diasporans seeking investments that offer both growth potential and liquidity options. This sentiment was captured by an equity crowdfunding operator from Nigeria, who mentioned: *'Diasporans require access to liquidity and early-stage investments... Access to investments liquid enough for when there's an exit by the investor.'*

Friends and family play a significant role in encouraging diaspora investment, as interviewees mentioned being encouraged by their networks to invest. This highlights the strong sense of community and support within the diaspora, fostering an environment that encourages investment and economic growth. It is evident that with the support and involvement of the diaspora, West African entrepreneurs can unlock the potential of crowdfunding and open up new avenues for growth, innovation and prosperity.

### ► Overcoming hurdles: addressing challenges in fundraising and infrastructure

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This section focuses on the challenges faced by entrepreneurs in fundraising and the infrastructural constraints they encounter in the context of Benin, Ghana, Nigeria and Senegal. The narratives shared by interviewees shed light on the issues surrounding trust, awareness, infrastructure availability, regulations, risk, tracking funds utilisation, intellectual property and bureaucratic hurdles. Understanding and addressing these challenges can create an enabling environment that supports entrepreneurial growth and fosters innovation in West Africa.

Building trust is highlighted as a crucial factor, with a platform interviewee stating: *'It's more about people willing to donate and people willing to do business, more real people trusting.'* He further added that a lack of awareness about alternative funding methods and the use of technology poses challenges. Overcoming these hurdles requires concerted efforts to educate and inform individuals about the possibilities and advantages of crowdfunding and other fundraising mechanisms. The availability of infrastructure to facilitate the donation process is identified as a key

challenge. Interviewees stress that *'more advanced countries have well-developed infrastructure supported by the private sector and government'*, making fundraising more accessible and streamlined. West African countries must invest in developing robust and efficient infrastructure to support fundraising efforts and create an environment conducive to entrepreneurial success.

Regulations present significant challenges for innovators and entrepreneurs in Nigeria – *'Regulations become a headache.'* The involvement of the Securities and Exchange Commission (SEC) in fundraising processes can be cumbersome, requiring a tedious authorisation process. Similarly, Ghanaian innovators face challenges related to poor regulations, risk of investment, lack of funds utilisation tracking and intellectual property issues. These regulatory barriers hinder the growth and expansion of innovative ventures.

In Senegal, interviewees highlight challenges related to electronic signatures, complex processes for transferring deeds and restrictions in sending money through the francophone CFA. Overcoming these cross-border barriers requires collaborative efforts, streamlined processes and effective regional cooperation to facilitate smooth transactions and cross-border investments. An operator of a real-estate crowdfunding platform in Senegal expressed concerns on the *'complexity of transferring deeds electronically and digital signatures'* and also the *'restrictions and complications with sending money through the francophone CFA'* as a key cross-border crowdfunding barrier.

For Nigerian innovators, crowdfunding presents its own set of challenges. *'Retail investments in early-stage companies carry the highest risk'*, according to an operator, limiting access to finance. He further shared that the lack of access to exits after securing funding poses additional difficulties. Regulatory barriers, including platform authorisation and funding access, further impede the crowdfunding landscape.

According to an innovation hub owner in Ghana, authorisation requirements are a prominent concern in the crowdfunding space. Interviewees highlight the challenges faced in obtaining authorisation and emphasise the need for an international presence to comply with regulations. Repealing stringent authorisation requirements can foster a more inclusive crowdfunding environment that benefits entrepreneurs and investors alike. Bureaucracy within the public sector and a lack of understanding of crowdfunding pose significant challenges for private sector growth. A platform operator in Ghana stresses the importance of simplifying requirements and obtaining permits to facilitate smoother operations. Additionally, raising awareness about crowdfunding's benefits and its potential impact can help overcome the hurdles posed by bureaucratic processes.

Trust plays a vital role in the success of crowdfunding initiatives. Interviewees highlighted the need to address concerns related to the security of personal information and card details. Recognising this, webinars and educational initiatives have been conducted to empower individuals, NGOs and crowdfunders with the knowledge necessary to make informed decisions. As one interviewee emphasised: *'People worry about their card details being compromised, so we've done webinars to educate people, NGOs, and crowdfunders to build knowledge.'* In the same vein, ensuring the authenticity of campaigns and preventing fraud is paramount in the crowdfunding space. Interviewees expressed concerns regarding campaign verification and the need to implement robust due diligence processes. To combat fraudulent activities, platforms have adopted measures such as due diligence and know your customer (KYC) procedures. These processes aim to provide assurance and create a fraud-free environment. *'We wanted to do something to verify the campaign through, (for) example due diligence and KYC to ensure it is fraud-free,'* an interviewee said.

Prioritising verification and fraud prevention, and taking decisive proactive measures, crowdfunding platforms can instil trust amongst their user base and attract both donors and investors. Raising awareness, improving infrastructure, streamlining regulations, mitigating risks, protecting intellectual property, and reducing bureaucratic hurdles, the region can create an environment conducive to innovation and potentially nurture a vibrant entrepreneurial landscape.

### ► Navigating regulatory challenges and policies: fostering a supportive environment for innovation in West Africa

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Across West Africa, innovators and entrepreneurs have encountered challenges stemming from the lack of clear policy and regulation. Interviewees expressed concerns about the absence of well-defined guidelines and regulatory frameworks within the region, stating that it hampers the growth and development of their ventures. As one interviewee from Nigeria highlighted: *'For a long time, there was no clear policy or regulation for the sector.'* The need for comprehensive and transparent policies becomes apparent in fostering an environment conducive to innovation and entrepreneurial success. Furthermore, interviewees emphasised the slow and ambiguous nature of government policies and guidelines in West Africa. They pointed out that this lack of clarity creates uncertainty for innovators and inhibits their ability to plan and execute effectively. According to one interviewee: *'Policy and guidelines are very slow, ambiguous, and not clear and do not cover the whole market.'* To foster innovation and attract investment, it is crucial for governments in the region to develop clear, up-to-date policies and guidelines that align with the needs of entrepreneurs and the dynamics of the rapidly evolving business landscape.

While regulatory oversight is necessary, interviewees highlighted challenges associated with full government involvement in West Africa. Excessive regulations can stifle innovation and impede entrepreneurial growth. As one interviewee noted: *'Market is easier to navigate without full government regulation.'* Striking the right balance between regulation and enabling innovation is essential for creating a vibrant ecosystem that fosters economic development while safeguarding the interests of investors and entrepreneurs. Innovators in West Africa face specific challenges related to regulations. The process of obtaining authorisation for various activities, such as fundraising and investment, can be arduous and time-consuming. Harmonising and streamlining regulations across the region, while accounting for the unique needs of individual countries, is essential to support innovators in accessing capital and launching successful ventures.

The presence of poor regulations within West Africa has significant implications for the entrepreneurial ecosystem. Inadequate safeguards, limited tracking of fund utilisation and intellectual property issues undermine investor confidence and hinder the growth of innovative enterprises. Risk of being duped, poor regulations in the country, lack of tracking system for the utilisation of funds, and intellectual property issues are some of the challenges highlighted by an interviewee from Ghana. Strengthening regulations, promoting transparency and implementing effective measures to protect stakeholders' interests are critical steps towards creating an environment that fosters trust, attracts investments and promotes sustainable growth.

### ► Exploring crowdfunding and other platforms: a catalyst for funding innovation

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Crowdfunding is seen as a transformative tool for African countries, providing an alternative to the traditional market space that is primarily structured for large businesses. It offers small businesses an opportunity to access financing and gain visibility. Interviewees shed light on specific platforms in Nigeria, Ghana and Senegal, highlighting their role in catering to retail and institutional investors and their potential to revolutionise funding opportunities in Africa. Furthermore, the narrative explores crowdfunding as an alternative means of funding, its potential to improve the funding landscape, and its significance in attracting diaspora investment. The West African equity crowdfunding space has seen the emergence of crowdfunding platforms, such as Daba Finance, GetEquity and Propartners Exchange. During the pandemic, Anthony Miclet (co-founder of Daba Finance) reconnected with Africa. *'I felt an urge to reconnect with Africa and learn about what was happening in the startup community where I grew up,'* he told *Refresh Miami*. Alongside Boum, Miclet launched Afrika Startup Lab, a non-profit aiming to provide



African startups with the advice, training and community they needed to accelerate. But the duo soon realised that this was not enough. *'The biggest challenge for startups was funding,'* Miclet explained. *'That's where they were getting stuck.'* So Miclet and Boum set their sights on getting these founders unstuck, and Daba was born.

These platforms cater to a wide range of investors, including both retail and institutional participants. They serve as avenues for entrepreneurs and individuals to showcase their projects and connect with potential funders. Crowdfunding is viewed as a promising alternative to traditional funding methods. Interviewees highlighted the opportunity for crowdfunding to significantly improve the current funding landscape, with regulatory bodies like the SEC playing a pivotal role in building trust. As one interviewee noted: *'There is an opportunity for crowdfunding to significantly improve the current landscape with the SEC as a regulatory body helping to build trust.'* This recognition showcases the potential of crowdfunding to democratise access to capital and empower entrepreneurs across various sectors.

Crowdfunding has the potential to flourish in Africa with the right support, awareness and regulatory environment. Interviewees expressed the need for government support, private sector involvement and collaboration with media and telecoms companies. Proper regulations were identified as a crucial factor in enabling crowdfunding to thrive. As one interviewee stated: *'Yes, definitely just need the right push and awareness and support from government and technology... Need for proper regulations.'* The challenges of volatility, limited access to exits and regulatory barriers were also acknowledged, underscoring the importance of addressing these hurdles for crowdfunding to reach its full potential. An interviewee operating in francophone West Africa affirms that: *'Crowdfunding is what Africa needs. It is part of how I am changing the narrative of how I want to be part of the making up of the development of the continent.'* He was also quick to acknowledge the impediment, noting that significant efforts are required to fully realise this potential. Challenges in the crowdfunding space were recognised, including the need for validation and extensive work to establish a thriving ecosystem. The interviewee further mentioned that it is *'very tough to succeed in the crowdfunding space... there is room but requires a lot of work... as a lot of hypotheses that must be validated for crowdfunding to properly take place'*. Despite the challenges, the impact-driven motivation to contribute to societal development was identified as a driving force. Entrepreneurs and individuals in these countries seek to make a difference beyond monetary gains, focusing on creating positive change and empowering the continent.

### ► **Building capacity and facilitating stakeholder involvement: strengthening the crowdfunding ecosystem**

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To further develop the crowdfunding space, various efforts are recommended. These include building the capacity of ecosystem stakeholders, increasing exposure and training in crowdfunding and generating awareness through media coverage. *'Improving the crowdfunding/lending space requires proper funding for platforms to succeed... and trust issues could be overcome through advertisements, partnerships and visibility,'* one platform operator from Nigeria suggested. He further added that creating a physical presence, educating users about crowdfunding and organising cross-country tech and investment events are seen as essential to bridge the gap between startups and investors, foster collaboration and drive growth. Capacity building initiatives play a pivotal role in empowering ecosystem stakeholders within the crowdfunding space. A Nigerian platform owner interviewed confirmed that *'webinars conducted to educate NGOs and crowdfunders provided them with the necessary knowledge and support'*. These efforts aim to equip stakeholders with the skills and resources needed to navigate the crowdfunding landscape effectively.

To foster a thriving crowdfunding ecosystem, there is a recognised need to build the capacity of various stakeholders and encourage local participation in investing, particularly to engage diaspora communities. Collaborating with hubs, investor networks and lending platforms becomes crucial in creating an inclusive and supportive

environment. An interviewee from the ecosystem in Ghana advocates for the *'need to build the capacity of various ecosystem stakeholders... local participation in investing to encourage diasporans... engagement with hubs, investor networks, and lending platforms'*. A platform operator from Ghana also stressed the *'importance of education and collaboration... exposure and training for crowdfunding... media presence and awareness campaigns'*. A critical aspect of fostering a thriving crowdfunding ecosystem is bridging the gap between the supply of African startups and the demand from investors. As suggested by a Nigerian platform owner interviewee, this requires a regulatory standpoint that facilitates investment, eases visa processes and bridges in the form of a regulatory standpoint. These measures foster collaboration, facilitate investment and create opportunities for startups to access the necessary funding.

## b) Lessons and insights from key stakeholders in the crowdfunding ecosystem



In a series of KIIs, we spoke to five operators and stakeholders in the crowdfunding ecosystem outside of West Africa, based in Tunisia, Kenya, Austria and Germany and South Africa. The full list of these stakeholders can be found in the Annex. These countries were chosen for our KIIs because they represent a diverse cross-section of the crowdfunding ecosystem, each with unique experiences and practices that offer valuable insights. Tunisia and Kenya are notable for their emerging crowdfunding platform within Africa, South Africa has a more established crowdfunding market, while Austria and Germany are included to bring a European perspective, given their mature crowdfunding industries.

### ► Challenges and opportunities in crowdfunding

- Launching crowdfunding platforms in Africa presents unique difficulties, including the need for extensive education of entrepreneurs and investors, securing bank custody, and navigating complex regulatory requirements. *'Crowdfunding platforms in Europe can be established in one month, but took us more than three years,'* said one interviewee. Overcoming these challenges requires a collaborative effort among stakeholders, including banks and mobile money providers, to build a robust value chain and ensure a conducive crowdfunding ecosystem.
- One of the notable challenges in the crowdfunding space is the scarcity of capital. While entrepreneurs receive support in terms of pitch decks and guidance, access to substantial capital remains limited. According to one interviewee: *'People will help with a pitch deck, but capital is missing.'* Bridging this capital gap is essential to foster the growth and success of crowdfunding initiatives in West Africa. Accessing funds and platforms pose challenges for entrepreneurs in West Africa.
- There is also the challenge of bigger cheques than accessible. Traditional players often focus on larger entities, leaving a void in providing small investment amounts and risk capital. To address this systemic problem, crowdfunding emerges as a viable solution. One interviewee said: *'Challenges include small investment amounts and risk capital not provided by traditional players... Crowdfunding provides a solution to this.'* Overcoming these challenges requires creating awareness, fostering collaborations and establishing supportive regulations for crowdfunding.
- According to one interviewee, SMEs in East Africa have been slow to embrace crowdfunding, partly due to the effort involved in creating campaigns and the smaller crowdfunding market. To encourage wider adoption, there is a need to educate SMEs about the broader benefits of crowdfunding beyond monetary gains, such as marketing and brand building.

- One interviewee further added that crowdfunding exists within family circles for various events, but extending this trust to non-family members remains a challenge. Building trust among potential investors is crucial for successful crowdfunding campaigns. Educating the audience about the benefits and opportunities of crowdfunding can help overcome the lack of trust.

### ► **Diaspora engagement and investment: findings from diaspora perspectives**

The engagement of the African diaspora is crucial for driving investment and contributing to the continent's development. Leveraging technology and improved communication channels, the diaspora can play a pivotal role in supporting African businesses. As one interviewee emphasised: *'We want to be the premier community in Europe to have investors invest in Africa... There is a need to grow diaspora interest and participation.'* Engaging the diaspora requires targeted outreach efforts, providing education on investing in Africa, and leveraging the cultural affinity that diasporans have towards supporting their home countries.

At over US\$100bn to Africa in 2022<sup>57</sup>, remittances continue to demonstrate the financial potential of the diaspora and the need to leverage this resource for sustainable development including investment in Africa. What is needed is working with diaspora investors to harness their knowledge and financial resources by providing suitable products to make this happen including financial investment products. According to one interviewee: *'Diasporas have good education and degrees but lack financial investment knowledge in Africa.'* Creating awareness and providing educational resources tailored to the diaspora's investment interests can unlock their potential as investors in African ventures. The funding landscape encompasses various options and instruments, including equity investments, grants and debt-related instruments. Entrepreneurs have been able to secure public grants or subsidies, and funds from friends and family have played a significant role. Understanding these diverse funding options enables entrepreneurs to explore the most suitable instruments for their specific needs.

While government policies pose challenges, advancements in technology and communication provide opportunities for entrepreneurs to bypass limitations and foster productivity. One interviewee noted: *'Our governments have challenges, but we are in a time where we have the opportunity to communicate with one another much more easily over a great distance... We should not let the government dictate or stop us from being productive and building up the continent in the long run.'* Nurturing an environment that encourages entrepreneurship and innovation requires collaboration between the private and public sectors, leveraging technology and creating policies that foster growth.

### ► **Crowdfunding platforms and models**

Crowdfunding platforms serve as a bridge between investors and viable businesses. By providing a platform for investors to deploy their capital and generate profits, crowdfunding platforms facilitate the growth of SMEs. This symbiotic relationship benefits both parties and contributes to economic development. Crowdfunding models and platforms in West Africa exhibit similarities to those in Europe, with mainstream platforms like Lend-a-Hand, Betterverse and Afrikwity gaining prominence. However, *'no unique variations or adaptations specific to West Africa,'* one interviewee concluded. Leveraging the experiences and success stories of existing platforms can guide the establishment and growth of crowdfunding initiatives in the region.

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57 Reducing Remittance Costs to Africa: A Path to Resilient Financing for Development | Office of the Special Adviser on Africa (un.org)

The crowdfunding sector in West Africa is still evolving, with regulations being a key challenge. Nigeria has made progress in implementing regulations, while Ghana is in the process of developing its own regulatory framework. East Africa has taken a step forward by harmonising its regulatory framework. Agri-crowdfunding has gained traction in Ghana and Nigeria, demonstrating a potential niche for crowdfunding. Overcoming regulatory hurdles, building awareness and fostering partnerships are critical for the future growth of crowdfunding in West Africa.

Fintech solutions provide significant opportunities for supporting businesses in Africa. Leveraging blockchain technology, social platforms and sustainable business practices can enable crowdfunding platforms to facilitate direct and indirect investments. By embracing technology, crowdfunding platforms can overcome challenges and enhance access to capital for entrepreneurs. One interviewee further expressed that: *'We have a thesis that for the environment to change, sustainability is needed through businesses, and we come in to help SMEs by providing direct and indirect investments.'*

### ► Crowdfunding potential and the need for capacity building for stakeholders across the ecosystem

Capacity building is essential for various ecosystem stakeholders, including entrepreneurs, investors and regulatory bodies. *'Enhancing accessibility, storytelling and African policy spaces can contribute to a vibrant crowdfunding ecosystem,'* was emphasised by one interviewee. Collaboration among stakeholders is crucial to provide technical assistance, guidance and a strategy to implement frameworks that support crowdfunding. Capacity building initiatives should focus on both the supply and demand sides, enabling entrepreneurs to receive investments while fostering investor confidence and understanding. *'We are meeting now with the Kenya Diaspora Alliance and potentially the chairman of the capital market authority to discuss what could be done,'* one interviewee said.

Collaboration between organisations and regulatory bodies plays a pivotal role in advancing crowdfunding in West Africa. Stakeholders, including crowdfunding platforms and regulatory authorities, need to engage in meaningful dialogue to shape policies that support crowdfunding activities. Establishing partnerships with diaspora associations and capital market authorities can contribute to fostering a conducive crowdfunding ecosystem. *'Building the ecosystem and facilitating convenings between diaspora and locals,'* one interviewee added. Another interviewee foresees significant growth potential for crowdfunding in East Africa, provided there is no economic downturn. With a substantial investment flow into the African tech space, crowdfunding offers vast opportunities. Modernising regulatory frameworks and facilitating various financing options will drive the growth of crowdfunding in the region.

Crowdfunding offers more than just financial support. It provides opportunities for brand building, marketing and creating a network of brand ambassadors. Recognising the broader benefits of crowdfunding encourages entrepreneurs to explore this avenue and leverage the power of the crowd to propel their businesses forward. Agriculture and 'uncollateralised' debt crowdfunding have demonstrated success in countries like Mauritius. Promoting women-owned businesses through crowdfunding presents an untapped potential for driving inclusive economic growth. By identifying successful sectors and untapped niches, crowdfunding platforms can channel resources effectively and contribute to sectoral development.

According to one interviewee, SMEs should focus on attracting investors from established crowdfunding platforms and communities. Building a robust crowdfunding platform with engaged investors is crucial for success. Additionally, exploring the establishment of micro-funds or fund vehicles can facilitate passive investing and attract more investors. Going beyond monetary investments and providing value-added support, such as industry connections and strategic guidance, can attract investors who contribute to the growth of businesses.

Lessons from Austria, Germany, Kenya, Tunisia and South Africa provide valuable insights for the development and growth of crowdfunding in West Africa. Overcoming challenges, such as limited access to capital, regulatory barriers and stakeholder collaboration, requires concerted efforts from various stakeholders. Engaging the diaspora, leveraging technology and tailoring frameworks to the African context are essential for unlocking the potential of crowdfunding. However, one interviewee stressed that it is *'important for organisations to move from dialogue and take the agenda forward'*.

## c) Policy perspectives on crowdfunding and diaspora engagement in West Africa



This section presents the perspectives of policy actors in West Africa, specifically Benin, Ghana, Nigeria and Senegal, regarding crowdfunding and diaspora engagement.

### ► Challenges and opportunities in crowdfunding

Policy actors recognise the potential of crowdfunding as an alternative financing mechanism. They highlight the need to develop the crowdfunding ecosystem, improve trust in platforms and address legal and regulatory challenges. They also emphasise the challenges in establishing regulatory frameworks for crowdfunding. They discuss the need for laws guiding crowdfunding, tackling risks such as money laundering and terrorism financing, and striking a balance between regulation and innovation. Policy actors interviewed in Senegal mentioned the *'absence of laws for diaspora investment in Senegal'* and the risk of *'money laundering, terrorism finance and consumer protection risks'*. Policy actors also acknowledge the presence of risks and fraud in crowdfunding, particularly in agricultural investment schemes. They stress the importance of credible funding platforms and regulatory measures to protect investors and maintain the integrity of the crowdfunding space. *'Fraud and scam cases in agricultural investment schemes'* are some of the risks also mentioned.

The need for fintech regulations, particularly for electronic money issuers and non-payment service providers was emphasised. Policy actors interviewed also highlight the importance of collaborations and alliances with organisations to foster entrepreneurship and diaspora engagement. *'Regulation of electronic money issuers and non-payment service providers'* and *'Engaging partners like SMEDAN, MTN, NDE and Federal Ministry of Water Resources'* were some of the suggestions raised by the Nigerian policy actor.

Policy actors highlight the absence of specific laws for diaspora investment in Senegal and emphasise the role of the government in supporting crowdfunding initiatives. One interviewee mentioned the *'roles of Senegal's central bank and ECOWAS central bank'*. Efforts by central banks and regional bodies like ECOWAS to enable crowdfunding platforms indicate the growing interest in harnessing crowdfunding for investment opportunities.

Striking a balance between regulation and fostering innovation is crucial to address these challenges and ensure a secure crowdfunding environment.

### ► Diaspora engagement

Policy actors recognise the potential of diaspora engagement in supporting entrepreneurship and funding. They highlight the importance of specific frameworks, policies, and collaborations to mobilise diaspora communities. *'Diasporas contributing to the ecosystem through crowdfunding'* and *'coordinating Nigerians in different countries through NIDCOM organisations'*

Policy actors highlight the importance of increasing familiarity with crowdfunding and acknowledge the maturity and growth phase of crowdfunding in the region. One interviewee mentions *'familiarity with crowdfunding'* and *'maturity and growth phase of crowdfunding in the country'*. Continued knowledge dissemination and awareness campaigns are crucial to foster a deeper understanding of crowdfunding among entrepreneurs and investors.

Policy actors recognise the potential of diaspora engagement in facilitating entrepreneurship support and funding. One interviewee emphasises: *'Diasporas contributing to the ecosystem through crowdfunding.'* Collaborative efforts between national and international organisations, such as NIDCOM and IOA, aim to mobilise diaspora communities and provide support through training, capacity building and partnerships.

The perspectives of policy actors in West Africa shed light on the challenges and opportunities in crowdfunding, the importance of policy and regulation, the potential of diaspora engagement, the need to mitigate risks and fraud, and the significance of fintech regulations and collaborations. By addressing these themes, policymakers can create an enabling environment for crowdfunding, foster entrepreneurship and promote economic growth in the region.

### ► **Diaspora insights on crowdfunding for African entrepreneurs**

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This narrative presents the perspectives of a participant from the African diaspora, on crowdfunding and its potential for African entrepreneurs. The participant shares insights on diaspora motivations and investments, challenges with crowdfunding platforms, cultural perceptions, cultivation of diaspora investments, regulatory environment, fundraising challenges and the potential of crowdfunding for African entrepreneurs.

### ► **Diaspora motivation and investment**

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One member of the diaspora highlights the diaspora's role as angel investors for SMEs and their motivation for real estate investments. He emphasises the desire to contribute to something in their home country but notes the difficulty in investing in West Africa. According to this member, while African diasporans serve as angel investors for SMEs, real estate investments are more attractive to them. He further mentioned that their investment ticket sizes in SMEs typically ranges between £250-500 pounds, noting that African diasporans have limited disposable income.

### ► **Challenges with crowdfunding platforms**

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Speaking on the challenges faced by African crowdfunding platforms, a participant from the African diaspora identified issues such as the lack of crowdfunding campaign updates and consistency of the campaigners, as well as insufficient information on projects. These factors hinder diaspora confidence in participating in crowdfunding campaigns. *'Understanding investment and telling a coherent project story, providing clear terms, having an exit plan and well-designed platforms lead to successful campaigns,'* an interviewee stressed.

One interviewee from the diaspora mentioned the potential of the stock exchange as an investment option and highlights the challenges faced by African entrepreneurs in raising funds, such as accessing reliable information, understanding investment processes and providing clear terms and exit plans.

## ► Cultivating diaspora investments

One diaspora interviewee emphasised the importance of targeting interested individuals and educating them about crowdfunding as a niche investment. He highlighted the need to recognise crowdfunding as a distinct form of investment and cultivate the interest of the diaspora community. *'Targeting and working with interested individuals'* and *'recognising crowdfunding as a niche investment'*. Investing money they can afford to lose.

The diaspora interviewed provide valuable perspectives on diaspora motivations and investments, challenges with crowdfunding platforms, the need for targeting and education, the regulatory environment, fundraising challenges and the potential of crowdfunding for African entrepreneurs. By addressing these themes, policymakers, platforms and entrepreneurs can better understand the diaspora's role, overcome platform challenges and create an enabling environment for crowdfunding, fostering entrepreneurship and economic growth in Africa.

## d) Insights from SMEs on crowdfunding in West Africa



This section presents insights gathered from a focus group discussion with seven SME owners in West Africa. The discussion revolved around perceptions and biases influencing crowdfunding, awareness of crowdfunding platforms, financing sources for their businesses, knowledge of crowdfunding regulations, improving the regulatory environment, engaging the diaspora, gaining investor trust and government support for a thriving crowdfunding ecosystem for SMEs.

## ► Trust and perceptions of crowdfunding

Participants expressed concerns about trust issues in crowdfunding, citing instances of abuse and misrepresentation. They highlighted that people are more comfortable sending money directly to entrepreneurs' accounts rather than using crowdfunding platforms, due to the presence of third-party intermediaries. Trust-building and transparent communication are crucial to addressing these perceptions. An FGD participant added that: *'The challenge is with trust issues... People are much more comfortable with traditional direct sending than including third parties.'*

Participants noted that crowdfunding is not well-developed in Africa and the lack of confidence among individuals in online funding hinders its adoption. They mentioned instances where people had negative experiences with crowdfunding, making diasporas reluctant to contribute to crowdfunding campaigns in their home countries. *'Crowdfunding is not well developed in Africa'* and *'most diasporans do not contribute through crowdfunding to Benin,'* participants said.

## ► Accessing financing and awareness of regulations

SME owners shared their challenges in accessing financing, highlighting the difficulty in obtaining bank loans due to stringent conditions. They relied on foreign grants and sales as their primary sources of funds. Additionally, participants demonstrated limited awareness of crowdfunding regulations and policies in their respective countries. *'Financing has been a major problem'* and *'I know nothing about the regulations,'* said one participant.

Participants emphasised the need for support to navigate crowdfunding regulations and understand the target audience for their campaigns. They expressed the importance of presenting their stories in an engaging manner and sought assistance in campaign preparation and tax compliance. Participants also highlighted the lack of easily accessible information on crowdfunding processes and sought expert guidance. They said: *'I would need support to know the kind of people to target'* and *'there is no ready information on how to go about crowdfunding.'*

### ► Engaging the diaspora and gaining investor trust

Participants discussed challenges in engaging the diaspora for funding, including a lack of trust and scepticism from the diaspora about the intentions of entrepreneurs. They emphasised the need for experienced and established investors who have the ability and willingness to invest and understand the long-term nature of returns in African businesses. Building trust and leveraging intermediaries like AFFORD were seen as crucial for attracting diaspora investments. *'If AFFORD could reach the diaspora in general, it would be helpful,'* they added.

Participants recognised the importance of providing proof of a good business model, financial traction and evidence of profitability to gain investor trust. They highlighted the need for support from organisations like AFFORD to present their proposals effectively and attract investors. *'If investors don't see proof that the company is good... (then)...AFFORD should support SMEs to be able to present to investors,'* a participant shared.

### ► Government support for crowdfunding ecosystem

Participants discussed the role of the government in supporting SMEs and suggested that funds be directed towards small businesses through established organisations. They called for collaboration between the government and organisations like AFFORD to ensure fair and objective distribution of funds. They further suggested *'government can create funds that support SMEs more, or pump funds into small businesses through these organisations'*.

## e) Diaspora investors and volunteers survey results



### ► Diaspora engagement in crowdfunding: unveiling insights and opportunities

This narrative presents the findings of a survey conducted among diasporans, primarily from Benin. The research focuses on their perspectives regarding crowdfunding in West Africa, including challenges, opportunities and motivation of the diaspora to participate in crowdfunding campaigns in Nigeria, Ghana, Benin and Senegal.

### ► Demographics and business profiles

The majority, comprising 52% of the participants, were Beninese nationals residing in Benin. Meanwhile, 42% identified as Senegalese nationals, but only 21% of them were living in Senegal. The remaining respondents were residents of France, Spain and the UK. A significant 94.7% of the surveyed individuals owned a business, with 33% operating in the growth stage and 16.6% in the maturity stage. Geographically, 50% of the businesses were located in Europe, while 39% were situated in Africa. These businesses were broadly categorised under the agribusiness, cosmetics and retail sectors.

### ► Diaspora investors and their preferences

Half of the respondents (50%) identified as diaspora investors. Within this group, typical investments ranged up to €2000. However, a substantial number of respondents expressed a willingness to invest their time, such as participating in working groups or committees for African development issues. This demonstrates a significant level of engagement and support from diaspora investors. Among the diaspora investors, 66% expressed a desire to increase their level of investment, both financially and in terms of time commitment. Half of the respondents were motivated by supporting a cause in their home country.



Additionally, 50% of the investors were currently investing in agri-food-related businesses, and they expressed potential interest in future investments in the construction, ICT and agri-processing sectors. Regarding investment preferences, 42% of respondents were willing to invest in early-stage businesses, while 33% preferred growth-stage investments. When considering financial returns, 83% of the diaspora investors desired healthy returns, with a respondent mentioning a desire for a 10% ROI. Although 83% of the investors had not encountered any challenges with their past investments, one participant (16%) experienced difficulties with bank financing. Furthermore, the majority of the respondents (83%) had not considered crowdfunding, but expressed interest in receiving training on the subject, including campaign methods and strategies.

### ► Engagement with crowdfunding platforms and training needs

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All respondents expressed a desire to be connected with SMEs funded by AFFORD, as well as crowdfunding platforms. 66% (4 out of 6) confirmed their intention to consider crowdfunding campaigns led by AFFORD. While only 33% (2 out of 6) of the participants were familiar with crowdfunding platforms, they reported having poor to average experiences using them.

### ► Suggestions for improving crowdfunding platforms

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1. Respondents indicated that crowdfunding platforms could be enhanced by providing more information and simpler navigation. They also highlighted the importance of training programmes to familiarise users with these platforms.
2. All respondents (6 out of 6) were unaware of any legal considerations associated with crowdfunding. However, they emphasised the significance of security, transparency in fund utilisation and well-defined contracts as crucial safeguards.
3. Basic knowledge of impact investing, campaign design and online outreach were identified as key areas where respondents expressed a need for training and support.

## f) Small and medium-sized enterprises (SMEs) survey results



### ► Crowdfunding perspectives: insights from Beninese small and medium enterprises (SMEs)

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This section presents the findings of a survey conducted among SMEs, primarily consisting of Beninese businesses.

### ► Demographics and business profiles

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Of the total respondents, 70% (13 out of 20) were of Beninese origin, with 65% of them residing in Benin. Furthermore, 70% (14 out of 20) of the businesses were located within Benin itself. Among the surveyed SMEs, 68% (13 out of 19) had their businesses formalised. The majority of respondents (68%) were in the growth stage, signifying their readiness for expansion and development. The majority of the businesses (74%) were for-profit enterprises, with the remaining respondents operating as social enterprises. In terms of sectors, 68% of the businesses identified as agribusinesses, while the others were involved in cosmetics, retail and advisory services.

### ► Awareness and participation in crowdfunding

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The survey revealed that only 36% (5 out of 14) of the respondents had knowledge of crowdfunding and a mere 14% (2 out of 14) had previously participated in crowdfunding campaigns. This indicates a relatively low level of awareness and engagement with crowdfunding among Beninese SMEs. Only 37% (7 out of 19) of the surveyed SMEs had received financial support for their businesses. Within this group, 71% of the support came in the form of grants, while the remaining funds were provided as loans.

### ► Interest in AFFORD's crowdfunding efforts

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A significant 80% (8 out of 10) of the respondents expressed interest in participating in AFFORD's crowdfunding efforts. This demonstrates a positive inclination among SMEs toward utilising crowdfunding as a means of raising funds for their ventures. The majority of respondents (70%) were not accustomed to crowdfunding platforms listed in this report's annex. Among the 30% who had heard of these platforms, their experiences were rated as average to poor. This suggests there is limited exposure and understanding of crowdfunding platforms among the surveyed SMEs. A noteworthy finding was that 92% of the respondents were not aware of any informal crowdfunding platforms. This indicates a lack of knowledge regarding alternative avenues for crowdfunding.

### ► Improvements and safeguards for crowdfunding platforms

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Respondents suggested that crowdfunding platforms could be enhanced by providing more information, particularly in terms of legal considerations and interest rates. They also highlighted the importance of tutorials and improved marketing strategies. Key safeguard measures identified included greater transparency, the ability to receive all funds raised (rather than an all-or-nothing approach), respect for contracts, platform authentication, quick payment of raised funds and proper legal documentation.

### ► Support required and training needs

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Surveyed SMEs identified several areas in which they require support, including guidance and training, access to digital payment accounts and connections with individuals skilled in achieving crowdfunding success. Regarding specific training needs, 63% of the respondents expressed a desire for fundamental knowledge of impact investing, while 49% wished to acquire skills related to campaign design and attracting people online.

## IV. RECOMMENDATIONS FOR BUILDING THE WEST AFRICAN ECOSYSTEM FOR CROWDFUNDING

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To preserve the reliability and sound principles of crowdfunding, existing research and stakeholder consultations carried out as part of this study suggest the following:

### 1) Regulation

While waiting for regulation to be legislated, crowdfunding mediators should provide criteria centring around the subsequent sorts of consumer safety. These include financial and operational transparency practices, data and payments security, financial control, platform performance and operational processes to protect and detect fraud. More specifically, interviewees suggested the following:

#### ► Enabling regulatory standpoint

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Enabling regulatory standpoint that facilitates investment, eases visa processes within the subregion (eg. tech visas) and establishes bridges in the form of a regulatory standpoint. These measures foster collaboration, facilitate investment and create opportunities for startups to access the necessary funding. AFFORD co-authored with the All-Party Parliamentary Groups for Africa and for Malawi, a joint report on visa problems for African visitors to the UK<sup>58</sup>. This report provides recommendations and corresponding action steps for policymakers on the need to improve visa processes.

#### ► Capacity building of key regulators

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The lack of regulation was also traced to the lack of sufficient knowledge of the technology, method and mechanism used in crowdfunding. Hence training for regulators was also suggested.

In addition to the above, an Investment Climate Reform (ICR) Report authored by Thameur Hemdane and published in September 2021 provided the following recommendations and corresponding action steps for policymakers:

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58 Visa Problems For African Visitors To The UK, <https://afford-uk.org/wp-content/uploads/2019/07/APPG-Report-on-Visa-problems-for-African-visitors-to-the-UK.pdf>

### ► Promote crowdfunding capabilities and best practices

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Support the development of educational materials on crowdfunding for all stakeholders (investors, diaspora, MSMEs, ecosystems, partners) and ensure their wide dissemination through offline and online channels.<sup>59</sup>

- Build trust in crowdfunding platforms by creating a recognised national label and promoting the benefits of using crowdfunding for MSMEs and investors.
- Support the creation of a national crowdfunding association that gathers national crowdfunding platforms and ecosystem players.
- Provide market incentives to channel savings into the financing of local sustainable development projects.
- Engage diaspora through crowdfunding initiatives by including crowdfunding in the national diaspora mobilisation strategy.

### ► Strengthen the technology infrastructure for crowdfunding development

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- Provide technical support to local crowdfunding platforms and promote networking and partnerships between local and international platforms.
- Provide incentives that support digital financial infrastructures, such as infrastructure sharing, interoperability and good standards for digital IDs and digital signatures.
- Encourage interoperability of different local and international payment solutions (ie. mobile money from different operators, payments cards, banking transfers etc.) to facilitate their integration on crowdfunding platforms and offer multiple ways for investors to participate.
- Digitise public services like company registration and tax filing and payment. This would create the first set of digital data footprints for MSMEs that could help credit information availability.

### ► Enact regulatory frameworks to support crowdfunding:

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- Conduct a regulatory gap analysis to study whether existing financial regulation covers crowdfunding and to identify the appropriate regulatory responses.
- Consider implementing a 'regulatory sandbox' to determine whether crowdfunding platforms can comply with existing regulatory requirements and, if not, whether there are alternative means that would enable them to meet the underlying regulatory objectives.
- Allocate dedicated resources to further deepen expertise on alternative finance within regulators bodies and consider creating an innovation office.
- Coordinate regulatory works and align crowdfunding regulatory frameworks with those in neighbouring African, Caribbean and Pacific countries. This would represent an opportunity to align crowdfunding regulatory frameworks at regional levels with international best practices.

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59 Through this work, AFFORD has developed a series of training programmes for the main stakeholders in the crowdfunding landscape. This includes training of trainers (ToT), training for investors, MSMEs and ecosystem partners. More details can be found on AFFORD [website](#).

## 2) Education

For the assurance enhancement of crowdfunding, it is presumed there is a necessity for educational settings to educate funders, entrepreneurs and stakeholders on the advantages of the institution and the various types. These settings will be responsible for a just and sensible guide to safeguard the economic interest, diversification and exposure of investors and investees over different crowdfunding models. Furthermore, it helps to offer management about fraud, risk clarifications and possibly testing investors' knowledge. Key areas noted from the stakeholder consultation include:

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**Enhanced storytelling** Entrepreneurs should learn to tell better stories.

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**Detailed campaign information** Entrepreneurs are encouraged to put in more effort developing their campaigns by providing detailed information to gain the confidence of potential investors. Survey respondents also alluded to the fact that crowdfunding platforms could be enhanced by providing more information and simpler navigation. They also highlighted the importance of training programmes to familiarise users with these platforms.

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**Legal considerations and safeguards** All survey respondents were unaware of any legal considerations associated with crowdfunding. However, they emphasised the significance of security, transparency in fund utilisation and well-defined contracts as crucial safeguards.

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**Investor updates** Successful entrepreneurs are encouraged to provide regular updates to their investors to further enhance trust.

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**Sensitisation of the potential investors** Interviewees agreed a rise in local investment participation would boost confidence, likely attracting more diaspora investors. Hence, there is a need to create an awareness campaign to sensitise the local public and especially potential investor targets about crowdfunding, how it works, and how they can get involved. Multi-stakeholder collaboration with hubs was suggested to ensure this campaign is effectively executed.

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**Impact investing training for diasporans** A vast majority of survey respondents suggested the need for basic impact investing training for diasporans. Basic knowledge of impact investing, campaign design and online outreach were identified as key areas where respondents expressed a need for training and support.

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**Cross-country events** Cross-country tech and investment events are seen as essential to bridge the gap between startups and investors, foster collaboration and drive growth.

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### 3) Research

It is presumed the crowdfunding industry should inspire educational and intermediary study. The workers should make data sets available to promote industry requests to discover an open and transparent method. Furthermore, studies and public reports will bring about improvement and competition within the industry. Specifically, the following were suggested by stakeholders interviewed:

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**Innovation sandbox (a regulatory testing environment)** A regulatory sandbox refers to a limited form of regulatory waiver or flexibility for firms, enabling them to test new business models with reduced regulatory requirements<sup>60</sup>. This was suggested as a way to reduce the launch time for crowdfunding innovators. An innovation sandbox built collaboratively by key stakeholders should help innovators experiment within the available legal framework. An interviewee from the Bank of Ghana said: *'We also have our sandbox so that other financial stakeholders like banks can also experiment with innovations there.'*

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**Crowdfunding data/information bank** The need for comprehensive and transparent policies has become apparent in fostering an environment conducive to innovation and entrepreneurial success. Meanwhile, innovators often find it difficult to access relevant information and data which they could build upon. A platform operator in Nigeria stressed: *'For a long time, there was no clear policy or regulation for the sector.'*

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### Synthesis of findings

Crowdfunding in West Africa may be in its early stages, but there are certainly opportunities for growth in the region. As evident in this study, new platforms and models are emerging. However, governments across West Africa must develop clear regulations to guide and protect innovators, investors, entrepreneurs and other stakeholders. Creating awareness campaigns and education initiatives around crowdfunding is essential to increase uptake amongst entrepreneurs and potential investors. Knowledge exchange between players in developed economies and those in the West Africa subregion will be vital to developing the ecosystem. Meanwhile, the role of the African diaspora cannot be overemphasised. It was evident that African diasporans could be better leveraged as resource persons and connectors for West African businesses rather than investors, as many have only limited disposable funds.

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**Emerging opportunities** West Africa is at the cusp of a crowdfunding revolution. New platforms and innovative models are sprouting up, signalling the region's potential to harness this alternative financing mechanism for various sectors, including technology startups, agriculture, healthcare and more. This budding ecosystem represents a unique opportunity for local entrepreneurs to access capital beyond traditional sources.

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60 OECD - The role of sandboxes in promoting flexibility and innovation in the digital age. <https://goingdigital.oecd.org/toolkitnotes/the-role-of-sandboxes-in-promoting-flexibility-and-innovation-in-the-digital-age.pdf>

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**Regulatory framework** To ensure the sustainable growth of crowdfunding in West Africa, governments and regulatory bodies must collaborate with industry stakeholders. Clear and transparent regulations are essential to foster trust among investors and entrepreneurs. These regulations should strike a balance between facilitating innovation and protecting the interests of all participants.

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**Awareness and education** Crowdfunding's success depends on the awareness and understanding of its benefits and risks. Creating robust awareness campaigns and educational initiatives is pivotal in encouraging entrepreneurs to explore crowdfunding as a viable fundraising option. Such initiatives target potential fundraisers and potential investors, promoting a culture of participation and engagement.

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**Knowledge exchange** Collaboration and knowledge exchange between West African crowdfunding platforms and their counterparts in more developed economies can provide invaluable insights and best practices. This cross-border exchange of knowledge can help refine the crowdfunding ecosystem in West Africa, enhancing its efficiency and effectiveness.

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**Diaspora engagement** The African diaspora, a vast and influential community, can play a pivotal role in the growth of crowdfunding. While some may have limited disposable funds for direct investment, they can serve as invaluable connectors, mentors and resource persons. Leveraging their expertise, networks and knowledge of local and global markets can contribute significantly to the success of West African businesses.

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In conclusion, crowdfunding in West Africa holds the potential to drive economic development, foster innovation and empower local entrepreneurs. To unlock this potential, a multifaceted approach is necessary, involving regulatory frameworks, education campaigns, international collaborations and the active participation of the diaspora community. By addressing these aspects comprehensively, West Africa can embark on a transformative journey toward a vibrant crowdfunding ecosystem that benefits all stakeholders.

# ANNEX 1

## List of stakeholder consultations

Our research included an anonymous online survey which included a total of 48 respondents, comprising 21 local African MSMEs and 27 diaspora MSMEs, diaspora investors and diaspora volunteers. Given the anonymity, this list is not provided in the table below.

### Key informant interviews

S/N	NAME	COUNTRY
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#### Platform operators in West Africa

1	ProPartners	Ghana
2	Kumasi Hive	Ghana
3	Jiwall	Senegal
4	Fiatope	Senegal/Benin
5	GetEquity	Nigeria
6	Blessmi	Nigeria
7	Donate NG	Nigeria

#### Stakeholders outside of West Africa

8	Afrikwity	Tunisia
9	Project Alchemy	Kenya
10	Pangea Accelerator	Kenya
11	Crowd4Climate	Austria/Germany
12	African Crowdfunding Association	South Africa

#### Policy actors in West Africa

13	NIDCOM	Nigeria
14	Bank of Ghana	Ghana
15	ADEMPE	Senegal
16	Star100	UK

#### Focus group discussion

1	Pneuma Foods	Ghana
2	Volta Ghana	Ghana
3	Digi Foods	Nigeria
4	Kumba	Senegal
5	Tosavy	Benin
6	Alofa	Benin
7	Josu	Benin



## ANNEX 2

### List of platforms explored

1	<b>Seedrs</b>	<a href="https://www.seedrs.com">https://www.seedrs.com</a>
2	<b>Crowdcube</b>	<a href="https://www.crowdcube.com">https://www.crowdcube.com</a>
3	<b>Crowdfunder-United Kingdom</b>	<a href="https://www.crowdfunder.co.uk">https://www.crowdfunder.co.uk</a>
4	<b>Airfunding</b>	<a href="https://www.airfunding.net">https://www.airfunding.net</a>
5	<b>Frankly Green</b>	<a href="https://frankly.green">https://frankly.green</a>
6	<b>Go Get Funding</b>	<a href="https://gogetfunding.com">https://gogetfunding.com</a>
7	<b>Farmable</b>	<a href="https://farmable.me">farmable.me</a>
8	<b>Kwidex</b>	<a href="https://www.kwidex.com">https://www.kwidex.com</a>
9	<b>SlizeBiz</b>	<a href="http://slicebiz.com/">http://slicebiz.com/</a>
10	<b>Pezesha Africa Limited</b>	<a href="https://pezesha.com">https://pezesha.com</a>
11	<b>Kickstarter</b>	<a href="https://www.kickstarter.com">https://www.kickstarter.com</a>
12	<b>Indiegogo</b>	<a href="https://www.indiegogo.com">https://www.indiegogo.com</a>
13	<b>Fundraising Africa (FRA)</b>	<a href="https://fundraisingAfrica.com">https://fundraisingAfrica.com</a>
14	<b>Mayekoo</b>	<a href="https://mayekoo.com">https://mayekoo.com</a>
15	<b>Grow For me</b>	<a href="https://www.growforme.com">https://www.growforme.com</a>
16	<b>Kiva</b>	<a href="https://www.kiva.org">https://www.kiva.org</a>
17	<b>Donate NG</b>	<a href="https://donate-ng.com">https://donate-ng.com</a>
18	<b>Get-Equity</b>	<a href="https://www.getequity.io">https://www.getequity.io</a>
19	<b>Giving Tuesday</b>	<a href="https://www.givingtuesday.org">https://www.givingtuesday.org</a>
20	<b>Blessmi</b>	<a href="https://www.blessmi.com">https://www.blessmi.com</a>
21	<b>Fund an Enterprise</b>	<a href="https://fundanenterprise.org">https://fundanenterprise.org</a>
22	<b>Funmilowo</b>	<a href="https://www.funmilowo.co">https://www.funmilowo.co</a>
23	<b>NaturFund</b>	<a href="https://naturfund.com">https://naturfund.com</a>
24	<b>ComFundMe</b>	<a href="https://www.comfundme.com">https://www.comfundme.com</a>
25	<b>ThriveAgric</b>	<a href="https://www.thriveagric.com">https://www.thriveagric.com</a>
26	<b>Sunu CMU</b>	<a href="https://www.sunucmu.com">https://www.sunucmu.com</a>
27	<b>BaySeddo</b>	<a href="https://bayseddo.co">https://bayseddo.co</a>
28	<b>Afrikwity</b>	<a href="http://www.afrikwity.com">http://www.afrikwity.com</a>
29	<b>Guanxi</b>	<a href="https://www.guanxi-invest.com/">https://www.guanxi-invest.com/</a>
30	<b>Ulule</b>	<a href="https://www.ulule.com">https://www.ulule.com</a>
31	<b>Agrosine Investissement</b>	<a href="https://investir.agrosine.sn">https://investir.agrosine.sn</a>
32	<b>Jiwall</b>	<a href="https://jiwall.com">https://jiwall.com</a>
33	<b>Wazindo</b>	<a href="https://wazindo.com/">https://wazindo.com/</a>



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