

## Chapter 2

# Framework for IT Role in Crowdfunding Urbanization Process in Developing Countries

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### ABSTRACT

*The recent urbanization process is increasingly rapid and unplanned. With the current projection that seven out of ten people worldwide will be living in the cities by the year 2050, with the majority of the growth occurring in cities of the developing countries, information technology (IT) can be used to positively drive the urbanization process. This chapter provides an integrative framework for which various IT trends can be harnessed to crowdfunding urbanization process by focusing on the use of mobile and other handheld devices. Existing use of mobile phone in developing countries focus on e-education, e-commerce, and social media technologies. However, there is little evidence that researchers have analyzed the role of IT in crowdfunding. Consequently, this chapter develops a framework on how the capabilities of mobile devices can be harnessed for crowdfunding urbanization process in the developing countries.*

### INTRODUCTION AND BACKGROUND

Crowdfunding is a concept that involves raising finance from “crowd” for the purpose of achieving a specific goal. Inbuilt in this idea is a sense of inclusiveness, where individual persons (the “crowd”) that took part in such an activity have a feeling of collective ownership of the project (Hufner, 2016). Even though crowdfunding is largely seen as private entrepreneurial projects and little attention has been paid to its used for civic projects (Schiller, 2014), The concept agreed with the UN post-2015 development

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agenda, which have ICT and Urbanization among the key goals. In fact, sustainable urbanization is directly linked to Goal 11, which states “*make cities and human settlements inclusive, safe, resilient and sustainable.*” (Kamau & Donoghue, 2015). More so, with the advent of Internet, crowdfunding is now performed through the Internet with a large number of participants (infoDev, 2013). Moreover, with the ubiquitous number of mobile / other handheld devices and increasing access to the Internet, the potentials to reach a large number of participants in a quick and easy way is unprecedented. Thus, learning from the current usage of mobile devices in the developing countries like Africa, which is mainly focused on e-Education, e-Commerce and Social media technologies (Vosloo, 2014; Riaga, 2016) and learning from the civic projects crowdfunding experience in developed countries like US and UK (Davies, 2014), this chapter seeks to provide an integrative IT framework through which mobile devices will play a vital role in crowdfunding civic projects in the developing countries.

Recent studies by Google Inc. have indicated that global web traffic from mobile devices is on the rise and that the number of smartphones has surpassed the number of personal computers (Anonymous, n.d.). In another study, it is indicated that Africa is now the fastest growing and second largest mobile phone market in the world (Vosloo, 2014). These facts and more serve as motivation for the possible implementation of civic crowdfunding projects in the developing countries like Africa as is currently the case in the developed countries.

This chapter explores the mobile usages for virtually all ICT trends; mobile apps, social media technologies, software and web technologies, virtual reality, and etc., their roles to crowdfunding civic projects. Hence, this chapter is organized to include literature review; integrative IT framework; future trends and conclusion.

## **LITERATURE REVIEW**

There are little or no evidences that crowdfunding for civic projects exist today in the developing world like countries in Africa, despite the growing use of crowdfunding in the recent years to successfully support civic projects in the developed countries (Davies, 2014; Schiller, 2014). However, with the experience of the developed countries, such solution can be reengineered and adopted for developing countries. Just like the emergence of microfinance as a means of soft loans to start a small business or expand an existing one among very low incomes earners in developing countries. This solution has been adopted by some developed countries as means of securing microloans to entrepreneurs with similar difficulties in accessing conventional loans. (Bruton, Khavul, Siegel, & Wright, 2014). Crowdfunding is believed to be largely developed-world phenomenon with support from development organization and governments, experts still believe that it could become a useful tool in the developing countries as well (infoDev, 2013).

To give a broader perspective on the role of IT in crowdfunding urbanization process in developing countries, the rest of this literature review will focus on three main issues. Firstly, it will highlight the transformative nature of urbanization process; secondly, it will review the literature on the nature of crowdfunding projects and processes; and thirdly it will focus on civic crowdfunding that has more direct impact on urban development.

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