

Chapter 6

A Comparative Analysis of Online Crowdfunding Platforms in Africa and the Middle East

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ABSTRACT

This chapter seeks to fill a gap in the regional analysis of online crowdfunding platforms and projects by examining selected platforms in Africa and in the Middle East. The authors considered the quantity and quality of the actors: fundraisers, funders, and other stakeholders; analyzed characteristics, quality, fees, and general value for money; and evaluated the capacity of the platforms in terms of system interface, projects, and customer crowds aiming to enhance their overall capacity to become nodes of local and regional crowdfunding activities. These are connected to other district and urban centers that would serve as a springboard to organize and network with overseas centers for the growth and development of the regional centers.

INTRODUCTION

Many developing countries, including those in Africa and the Middle East, are faced with the complex problems of high population growth and rapid urbanization (UNDESA, 2014; Benna & Garba, 2015) with dwindling development resources to tackle them. The volume of development funds needed to reduce these problems to a manageable scale seems beyond the capacity of the traditional banking sources to provide, especially at the time some of them are struggling to stay afloat. The conditionality for obtaining development finance by local entrepreneurs, sub-national or by national governments from the traditional financial institutions are cumbersome, time-consuming and regulations too inflexible for loan seekers to meet (Belleflamme et al., 2013; Mollick, 2013; Vachelard et al., 2016).

The emergence of Alternative Finance options offers these development actors wonderful opportunities to try something new. These new projects funding options are particularly attractive as they are less costly in terms of time, less intrusive and cost of compliance (Mollick, 2013; World Bank, 2015). In addition,

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their approach is more democratic, decentralized, poor empowering, and thus potentially disruptive to the established older (Ordanini et al., 2011; Belleflamme & Lambert, 2014; Berndt, 2016; CCAF, 2017).

There are important gaps in crowdfunding research that need to be filled. As an online-based project finance mobilizing activity, crowdfunding reaches out to all networked communities worldwide, not just the immediate area in which the platform is located. This global reach, significantly opens the opportunities for broad-based global participation, even though the rules guiding the crowdfunding activities many may be local or regional. Thus, research on the tension created by locally controlled funding activities that are open to global participants is a currently neglected area. Secondly, there seems to be lack of a proper place for alternative finance markets and projects in the current research agenda. Thirdly, there is inadequate attention given to cross-cultural studies among the community of scholars, and the approach has been generally neglected, although they hold the promise of providing a useful guide to the future in this rapidly growing field. Fourthly, there seems to be lack of appreciation that Africa and the Middle East are not only among the fastest growing regions of the world complex financial needs in the midst of local plenty; they are also the oldest inhabited regions of the world. These historic regions that are connected by legacies of cross-border flows of people, goods, services and ideas religion, city building experiences and many innovative ideas. This study seeks to draw attention to these neglected issues.

This chapter is structured as follows: after an introductory section, the background section seeks to explain the significance of studying Africa and the Middle East regions, provides a brief review of the literature on crowdfunding and then sketch out the backdrop against which the future development of the two regions and the role crowdfunding should be seen. Section three sets out the research agenda, namely the purpose, the methodology, and the processes of data collection and analysis. Section four reports the results, the discussions of which are taken up in section five. The issues of future research directions and the conclusions to draw from the research are discussed in section six.

BACKGROUND

Why Study Africa and the Middle East?

Africa and the Middle East are among the fastest growing regions in the world and their future growth will likely influence world events. This influence will just be a continuation of the historical legacies in trade, knowledge development, city building and innovations in civic life.

Africa and the Middle East are generally considered the oldest regions inhabited by human beings and the areas of the earliest growth of civilization. Although they may be lagging in online trade and investments, the two regions had for centuries used the trans-Saharan trade routes to ensure the flow of pilgrims, goods, and finance between Africa & Middle East (DAAOA, n.d.). For example, the famous Hajj journey by Emperor Mansa Musa during which he displayed so much wealth along the route that affected gold value not only in the Middle East but also in the rising states capitals of Europe (Nehemia, 1963). Beside the trans-Saharan route, there was another route between the two regions across the sea linking Zanzibar and Oman. Both the Saharan and the Zanzibar-Oman sea routes began to decline with the increased impact of sea route linking Europe with the Far East via the Cape of Good Hope.

In addition to trade exchanges, Africa and the Middle East have a long history in religious and cultural lies. It is significant that Islam first turned to Africa to seek refuge when the persecution of early Muslims in Arabia became unbearable (Hijazi, 2014). As Islam is essentially in the urban region the building

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