ANALYSIS

Our definition of crowdfunding in the developing world includes only projects that are directly located in developing countries [ex-China].

Crowdfunding in the developing world is poised for an explosive growth period (136% yoy). While the market is still in a nascent stage, the demographics, infrastructure investments, and favorable trends in the adoption of technology, means it is on track to catch up quickly with the west. While some countries have readily embraced the model, there are many which stand to benefit from facilitating crowdfunding for their economies. Countries which are struggling to channel remittances through legal channels should explore engaging with diaspora to support crowdfunding projects.

Crowdfunding has especially been a fantastic medium for raising funds for emergencies. After the Nepal earthquake in April, there has been a surge in projects and money raised for the victims.

While this space has primarily been donation and lending, we expect equity and reward based sites to drive growth in the future.

“If we all contribute just a nickel a year, crowdfunding in the developing world would more than double”

Lars Kroijer, CEO, AlliedCrowds

Who are AlliedCrowds?

AlliedCrowds is an aggregator and directory for crowdfunding platforms (over 100+) in the 139 countries defined by the World Bank as either lower- or middle-income. The WB estimates that crowdfunding in the developing world could grow to $96 billion by 2025, yet there is little consolidated information about the space. Our efforts (which includes helping and building platforms) aim to make information more accessible, and greatly increase capital flows to the developing world.
Top 10 Countries

The earthquake in Nepal has demonstrated the tremendous ability to mobilize funds through crowdfunding. The rest of these countries have consistent and well developed crowdfunding infrastructure relative to their peer groups.

Top Sectors

The strength in crowdfunding lies in the ability to quickly and efficiently direct money flows. This works extremely well in the context of disaster recovery. At the moment charitable categories dominate the space, however, we expect this trend to change as regulation adjusts to crowdfunding.

Top Platforms

The average founding year of sites in this universe is 2011. Kiva, GlobalGiving, and BetterPlace were founded in 2005, 2002 and 2007 respectively. We expect to see new players emerge as this space continues to mature.

By type

As the space continues to evolve, expect lending and reward to grow in more importance over the coming year. Equity will follow suit once regulators garner a clearer understanding of the space, and introduce supportive legislation.
ABOUT NEPAL

There was devastation in Nepal in April, after the massive 7.9 magnitude earthquake struck the landlocked country. It placed a severe strain on the country’s infrastructure. International development organizations immediately jumped into drive relief efforts. It was critical to mobilize funds as quickly as possible, and this is where Crowdfunding sites really stepped up. There was a tremendous response by the major crowdfunding sites to raise funds for the earthquake victims, and as our analysis shows, we forecast crowdfunding in Nepal to cross the USD 73 million mark over the next year.

HOW YOU CAN HELP THE PEOPLE OF NEPAL

We have put together a resource page where you can follow the latest news about relief efforts. We have also aggregated the information for major development organizations who are working in Nepal as well as a directory of crowdfunding platforms.

Visit www.alliedcrowds.com/nepal-earthquake for more information

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