



Crowdfunding in developing nations

Scaling Global Innovation and Entrepreneurship

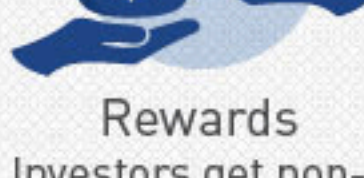
Crowdfunding, as a technology to fund entrepreneurs and small businesses, has initially found traction in the U.S., Europe and Australia. The explosion of mobile technology adoption and social media utilization in developing nations has made crowdfunding a more viable opportunity in developing nations. This has the potential to change the ways entrepreneurs can fund their businesses. These market trends may enable developing countries to leapfrog developed countries in their adoption of various crowdfunding models.

4 main types of crowdfunding

A large number of people use Web platforms or mobile apps to give or invest relatively modest amounts of money in products or companies.



Donations
Investors donate because they simply believe in the cause and get nothing in return.



Rewards
Investors get non-monetary rewards based on the size of their contribution.

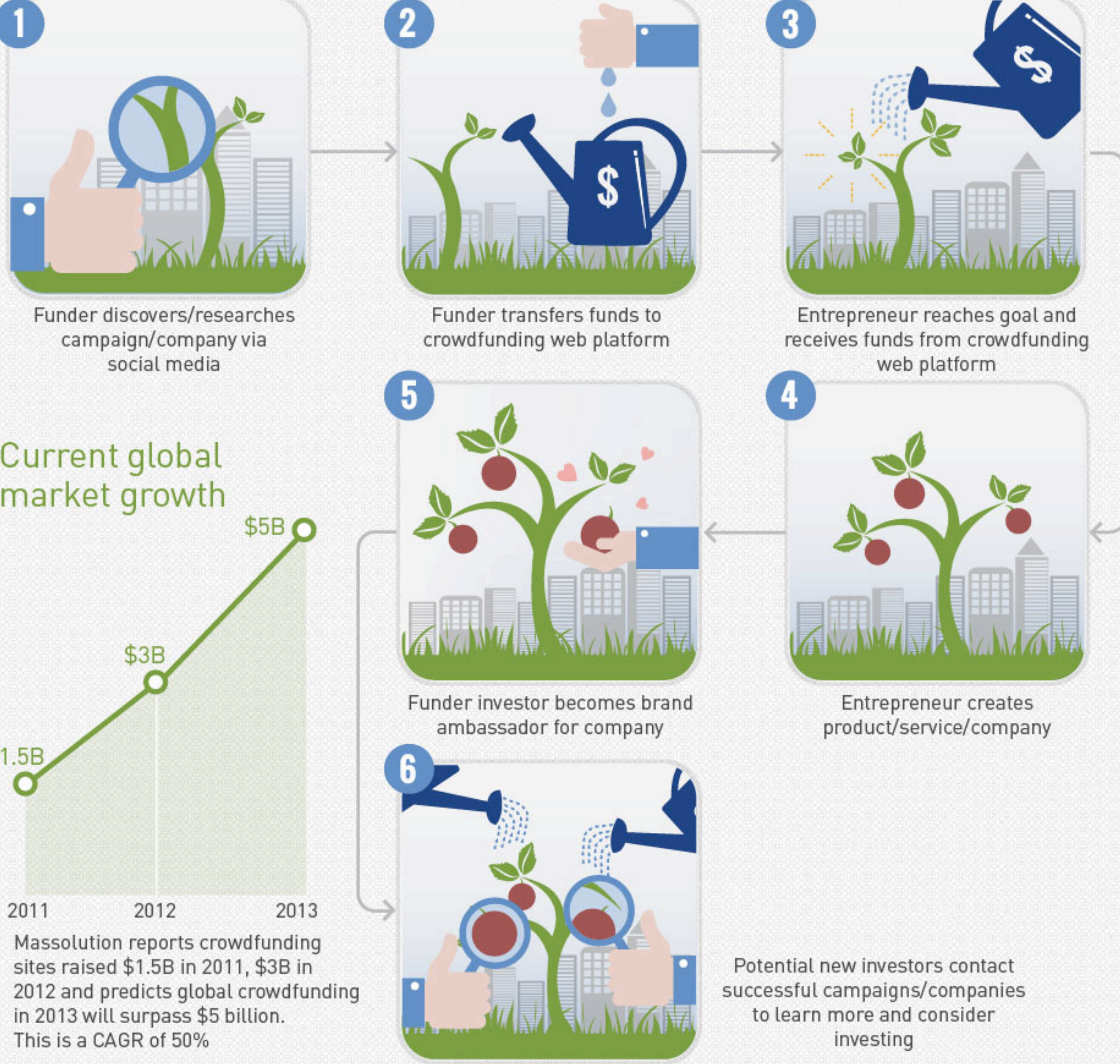


Equity
Investors get shares in the business and win or lose with the success or failure of the business.

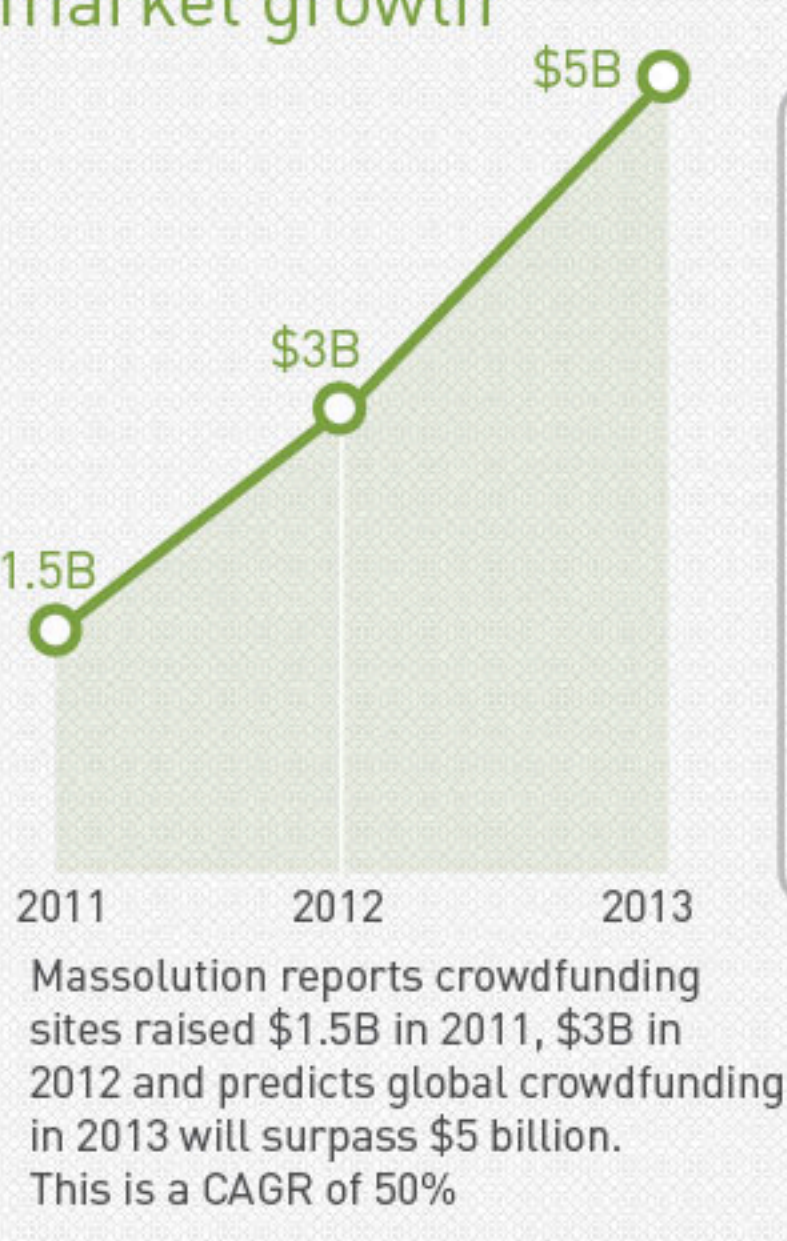


Lending
Investors are repaid at an agreed-upon interest rate.

How equity-based crowdfunding works?

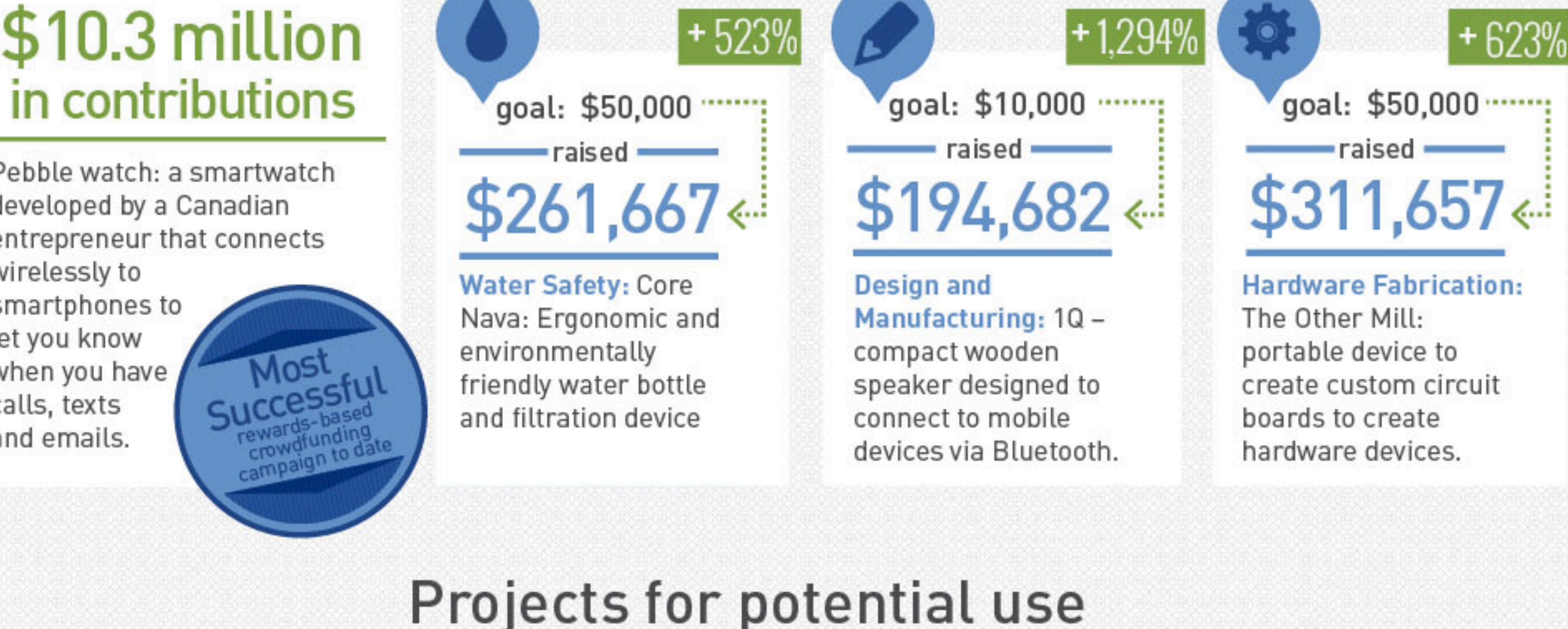


Current global market growth



Proof it works: success cases

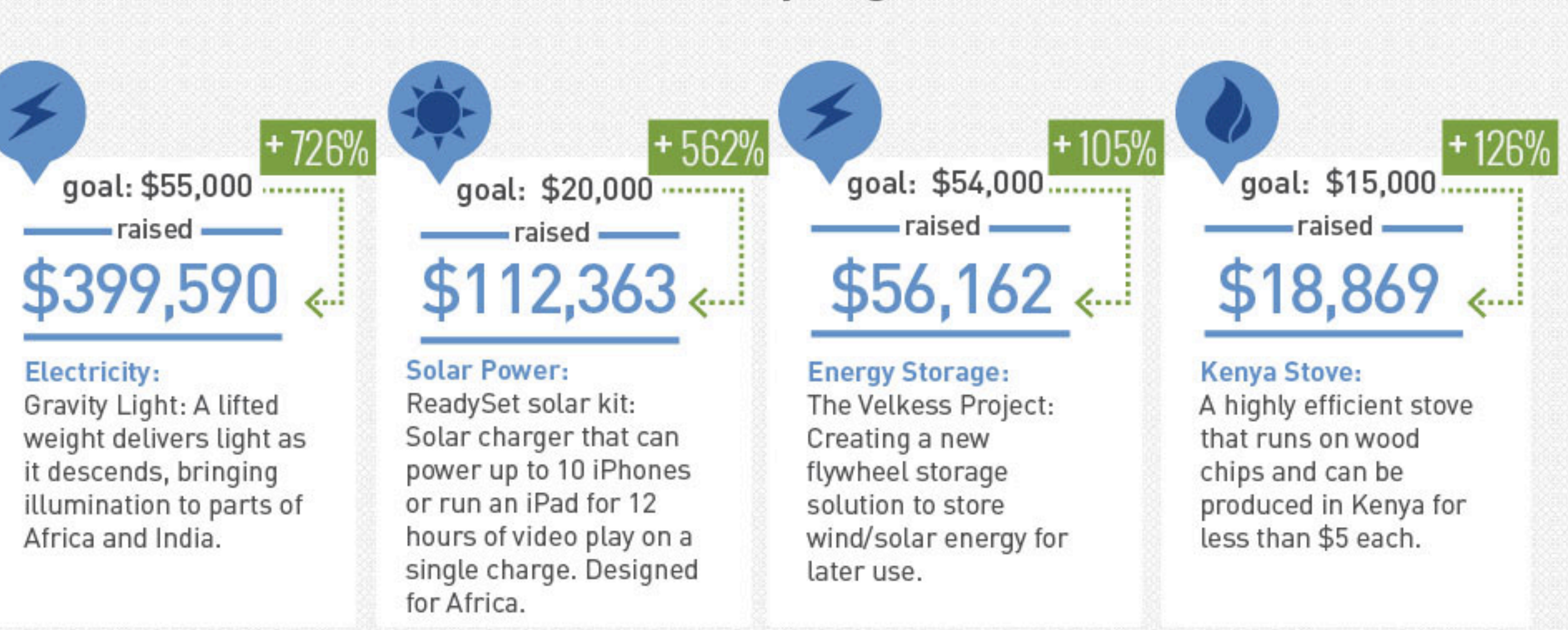
Proof it works in developed countries



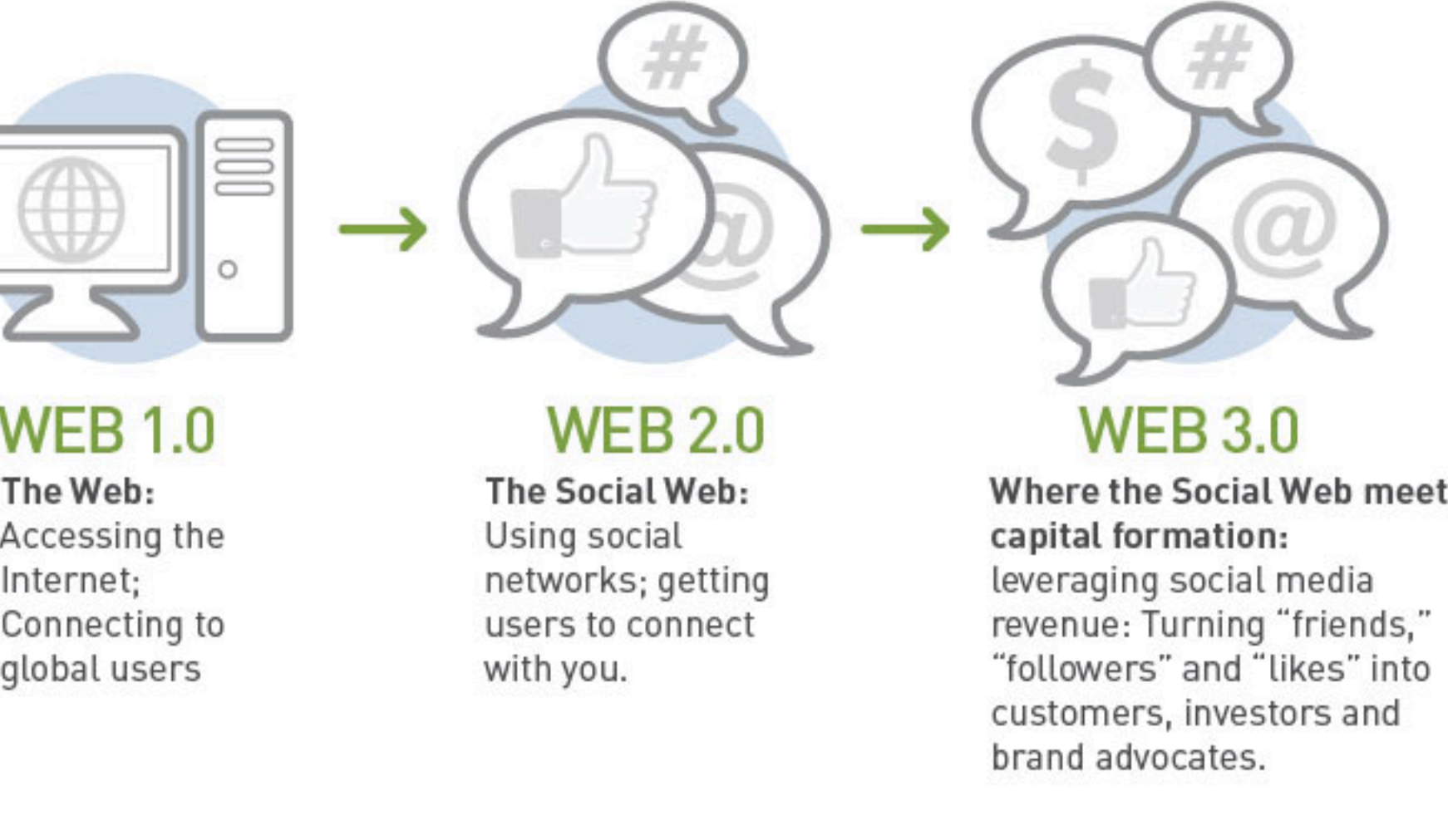
Projects for potential use in developing countries



Green/clean tech projects in the developing world



Why crowdfunding works in developing countries

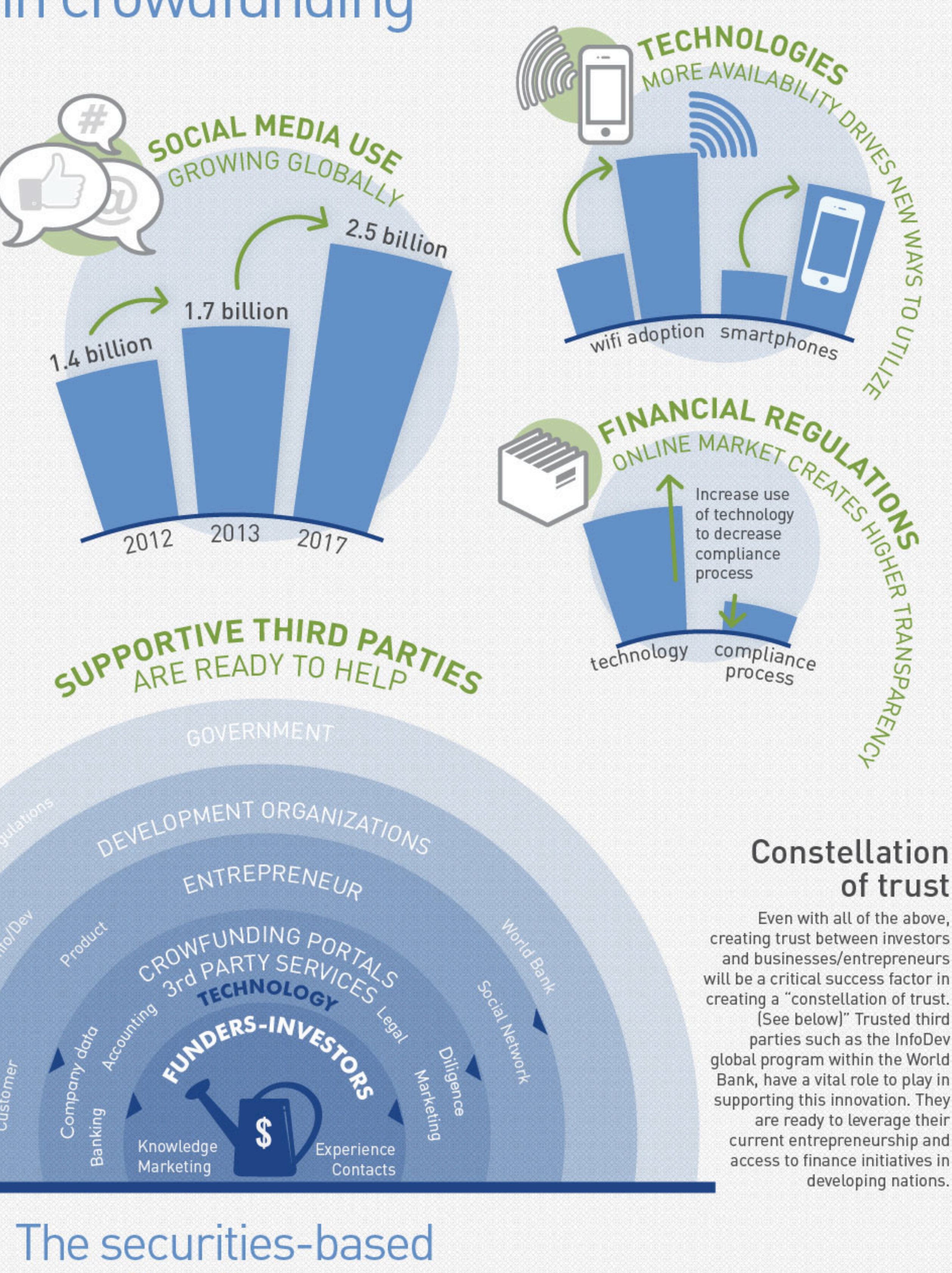


Potential in developing countries

\$93 BILLION

The market could grow to \$90-95 billion invested by individuals over the next 20 years, according to World Bank estimates. This \$90 billion over 20 years is less than 25% of the \$400B developing countries received last year alone from remittances from individuals back to their home countries, according to 2012 World Bank figures.

Why developing countries are well-positioned to Leapfrog developed world in crowdfunding



Constellation of trust

Even with all of the above, creating trust between investors and businesses/entrepreneurs will be a critical success factor in creating a "constellation of trust." [See below] Trusted third parties such as the InfoDev global program within the World Bank, have a vital role to play in supporting this innovation. They are ready to leverage their current entrepreneurship and access to finance initiatives in developing nations.

The securities-based crowdfunding ecosystem

