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Factors Influencing the Success of Reward-based Crowdfunding Campaigns in Africa

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Statement of Certification

This is to certify that Fetcha Nuredin has carried out this research work on the topic entitled "Factors Influencing the Success of Reward-based Crowdfunding in Africa" under my supervision. This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of Master of Science in Corporate Finance Speciality in Investment Management.

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Factors Influencing the Success of Reward-based Crowdfunding Campaigns in Africa

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Addis Ababa, Ethiopia

Declaration of Authenticity

I hereby declare that the research paper titled “**Factors Influencing the Success of Reward-based Crowdfunding Campaigns in Africa**” submitted by Feteha Nuredin is based on actual and original work carried out by herself. Any reference to work done by any other person or institution or any material obtained from other sources have been duly cited and referenced. Moreover, it has neither been published nor submitted for publication anywhere else.

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Abstract

This research investigates the key campaign-level factors that influence the success of reward-based crowdfunding campaigns in Africa, a region where traditional financing remains limited and crowdfunding is emerging as an alternative funding mechanism. Drawing on a dataset of 378 completed Kickstarter campaigns, the research applies a quantitative research approach and explanatory research design to quantitatively examine the strength and direction of the relationship between the key campaign-level factors and Campaign success such as funding goal size, number of backers, campaign duration, narrative length, multimedia presence, and project category. The research consequently employs a logistic regression model to estimate the probability of campaign success based on these predictors. Descriptive findings indicate a 52% success rate, a rate substantially higher than prior estimates for the continent, largely attributable to the stronger digital infrastructure and diaspora engagement associated with international platforms. Additionally, the descriptive analysis presented that projects in creative categories like documentary, photobooks, and public art outperformed those in education, agriculture, or personal causes. While lower funding goals and higher backer counts were significantly associated with success, more traditional predictors such as campaign duration, video inclusion, and description word count, commonly highlighted in global literature, were not statistically significant in this dataset. These findings suggest that while global success factors may apply in part, local digital, economic, and sociocultural dynamics mediate their predictive value. The study contributes empirical evidence to the limited body of African reward-based crowdfunding research and offers practical guidance for campaign creators, platform designers, and policymakers aiming to expand digital finance and inclusive entrepreneurship.

Key words: Reward-based Crowdfunding, Campaign Success, Kickstarter

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Across the world and particularly in emerging markets, businesses continue to face significant challenges in acquiring capital from financial institutions such as banks, micro finance institutions, government grants and even from more flexible sources like private equity and venture capital. World Bank (2020) estimated that about 65% of small and medium-sized enterprises in developing countries were unserved or underserved by formal financial institutions, creating an annual funding gap of USD 5.2 trillion. The situation has worsened over the years with stringent collateral requirements, limited credit history data on capital seekers, and an underdeveloped developed capital market limiting the accessibility of funding, coupled with an overall premature fundraising ecosystem. These systemic and structural challenges have presented the need for developing alternative financing mechanisms that are simpler, more inclusive, and adaptable.

Crowdfunding is one such platform. Crowdfunding is the process of raising capital from a broad pool of individuals to fund businesses, ventures, projects, and entities via online platforms (FSD, 2016). Crowdfunding allows campaign creators to mobilize financial support directly from the public on a variety of projects, often in exchange for early access to products, rewards, financial compensation or merely as a reflection of mutual values. Over the past decade, crowdfunding has evolved from a niche fundraising method into a global financial phenomenon. As of 2021, global crowdfunding volumes surpassed USD 113 billion, with the overall market projected to exceed \$25 billion by 2027 (Statista, 2023). This is mainly driven by increased digital financial inclusion, mobile penetration, and the rise of platform-based economies, particularly in the developing world (Statista, 2023). This shift represents not only the progressive democratization of capital but also an opportunity for entrepreneurs in emerging economies to bypass traditional channels and connect directly with funders across the world.

Looking deeper into the global landscape, North America and Europe currently dominate the global market, with the United States accounting for over 40% of crowdfunding volumes. However, developing regions are beginning to catch up, with the crowdfunding scene in Africa steadily progressing, whilst still comparatively nascent. The continent's crowdfunding transaction value is projected to reach USD 1.83 million by 2028, growing at a compound annual growth rate (CAGR) of 5.45% (Statista, 2024). Despite the infrastructural and regulatory challenges in the continent, countries like Kenya, Nigeria, and South Africa are emerging as

hotspots for crowdfunding activity. Historically, regions like East Africa have raised USD 37.2 million in 2015 via crowdfunding platforms. Despite being only a fraction of global volumes, which reached USD 430 million exclusively in the developing world (World Bank, 2017), this demonstrated both the immense opportunity and the relative underutilization of crowdfunding in African markets. The extent of this opportunity, however, also rests on the type of crowdfunding that is engaged in.

In terms of fundraising models, crowdfunding can be broadly categorized into four primary types, namely donation-based, reward-based, loan-based (also known as peer-to-peer lending), and equity-based crowdfunding. Donation-based crowdfunding is primarily driven by philanthropic motives, where funders support social, humanitarian, or personal causes without expecting any financial return (Agrawal et al., 2015; Zhao et al., 2019). Reward-based crowdfunding offers non-financial incentives such as early access to products, merchandise, or experiences and has gained popularity in creative and tech-based industries. Both of these models fall outside the boundaries of the existing financial framework regulation due to its informal nature, which provides leeway with regard to raising capital (Hornuf & Schwiendbacher, 2018). When it comes to loan-based crowdfunding, interest-bearing loans are extended to underfunded individuals and organizations who do not have access to capital through conventional means of financing, thereby serving as alternative financing. In a similar approach, equity-based crowdfunding supports business by facilitating investments in early-stage companies in exchange for share ownership. This model shows similitude with venture capital or private equity style funding but at a much smaller level, thereby aligning the interests of the founders with those of the investors (Agrawal et al., 2015). The emergence of different crowdfunding models and their evolution over time showcases the adaptability and flexibility in crowdfunding structures, making it an ideal tool for raising capital, particularly in areas not served by conventional finance systems.

Among existing crowdfunding models, reward-based crowdfunding remains the most prominent around the world, making up more than two-thirds of campaigns hosted on major platforms like Kickstarter and Indiegogo (Zhao et al., 2019; Statista, 2023). In Africa, reward-based crowdfunding has gained popularity especially in the creative arts, social innovation, agriculture, and public health. Reward-based crowdfunding represents the largest proportion across the continent, including significant engagement in Kenya, South Africa, and Nigeria (Afrikstart, 2016). It has also become a popular channel for diaspora remittances and pre-market testing, providing a means for early-stage entrepreneurs to assess consumer interest and

mobilize support without formal financial institutions (World Bank, 2020; African Crowdfunding Association, 2022). This model's adaptability has made it possible for diverse uses including supporting ventures such as solar-powered devices for off-grid communities, independent film productions, and women-led artisan cooperative films.

Despite these advantages, multiple reward-based campaigns in Africa still struggle to reach their funding goals. The reasons for this range from macroeconomic factors to campaign-level determinants. In terms of the campaign level factors some of the factors identified funding goal size, number of backers, campaign duration, presence of videos, and category type. In global crowdfunding research and some African-focused research, the number of backers, presence of multimedia content, high campaign quality, high backer engagement, longer (but concise) campaign descriptions and prelaunch promotions have a significantly positive relationship with campaign success i.e. the increase or existence of these factors contribute positively to the success of the campaign. On the other hand, factors like goal size have a significantly negative relationship with campaign success i.e. the higher the funding goal the less successful the campaign will be. However, the majority of these insights are derived from studies that focus on more developed crowdfunding ecosystems. There is limited empirical evidence on whether these same factors would apply in the African context (Mollick, 2014; Colombo et al., 2015).

Hence, this study aims to fill this research gap by analysing a dataset of African crowdfunding campaigns to measure the impact of critical campaign-level variables on project outcomes. Knowing these dynamics is important not only for campaign creators to understand what affects their financial goals and how they can best utilize crowdfunding for their business and personal needs, but also for the crowdfunding platforms to know how to better understand and serve their clients. Additionally, the insights from this research could help policymakers and other ecosystem actors design and implement targeted strategies to support the inclusion, digital infrastructure, and trust needed to treat crowdfunding as an alternative financier for African entrepreneurs. In essence, such guidance could support the development of more innovative enterprises, address critical funding gaps and enhance the economic development of the continent.

1.2 Statement of the Problem

The private sector in Africa, particularly entrepreneurs and SME's, are the heart of the continent's economy, with SME's alone accounting for 90% of all private sector businesses and generating 80% of all job opportunities in the continent. In some leading African countries like Kenya, Nigeria and South Africa, SME's account for 20%-40% of the national GDP (MIT Sloan, 2024). However, over the past few decades, Africa has consistently faced financing gap at the grassroot level, with 65% of SMEs being underserved by formal institutions (World Bank, 2020).

Several funding mechanisms have been observed and considered over the past few decades to address this funding gap. One of the key options included reward-based crowdfunding, which has grown in popularity recently as an alternative financing option for African entrepreneurs and creative projects and as a potential remedy to the region's persistent funding gaps (Bouba Ismaila, 2023). It has become an ideal option particularly for entrepreneurs and small business, due to its inclusivity, adaptability, low requirements compared to formal financial institutions and its scalability as a digital-based solution. Crowdfunding is an ideal alternative as it bypasses traditional financial barriers and enables inclusive, rapid, and direct access to capital for underfunded businesses, whilst observing a unique cultural fit. Prior literature shows that digital financial solutions like crowdfunding have increasingly been able to expand access and reach to business and individuals, particularly the unbanked and underbanked, whilst still being able to lower the associated financing costs and serving grassroot levels in a more profitable way (Rowan et al. 2018). Furthermore, due to non-financial incentive nature of reward-based crowdfunding, it is able to bypass formal regulatory restrictions and requirements that normally exclude certain group or complicate the fundraising process and enforce limitations in terms of the sources and amounts of funds that can be generated as well as the over all structuring of the financing agreement; complications that are usually observed with equity and loan types.

Despite this huge potential there are a few key issues observed with the growth, usability and expansion of these types of reward-based crowdfunding. Firstly, the success rates of reward-based crowdfunding campaigns in Africa remain inconsistent and generally lower than in more established crowdfunding markets (Aideyan, 2023; Bouba Ismaila, 2023). For instance, in more developed economies, the success rate for crowdfunding lies between 30%-60%. However, in the African context, this number drops to a mere 7-12% (Journal of Risk and Financial Management, 2023). Whilst prior literature noted several factors have been considered to be

linked to the limited success of reward-based campaign, including but not limited to macroeconomic factors such as infrastructural limitations, limited digital reach, lack or limited social trust as well as the overall level of awareness of crowdfunding in the region (Chao, Serwaah, Baah-Pepurah, & Shneor, 2020), these factors are primarily associated with the viability of crowdfunding verses determining the actual reasons for its limited success. Hence, the more suitable explanation lies in the campaign level factors that influence the success of these crowdfunding campaign.

Diving into the empirical literature on the campaign-level factors that influence reward-based crowdfunding in Africa, there are two main problems. Firstly, the majority of the literature on this topic and on crowdfunding in general focuses primarily on North America, European countries, and parts of Asia, consequently trying to generalize these findings. This overlooks or neglects the unique socio-cultural, infrastructural and economical makeup that exists in emerging economies and in continents like Africa and thus limits the applicability and adoptability of the recommendations and analysis results that are determined from the available research (Zhao et al., 2019; Agrawal et al., 2015). In addition to this, the limited literature that is available on Africa are mostly outdated or limited to specific countries or regions (e.g. Crowdfunding in Kenya: Wachira, 2021), failing to provide a holistic understanding of campaign performance across the entire continent. This leaves entrepreneurs and business in Africa with limited information and guidance under which to explore how to effectively fundraise on reward-based platforms and what key factors to consider in order to ensure successful fundraising. Exploring and addressing this research gap is essential to not only support entrepreneurs and SMEs but also to serve as a means to solving the increasing funding gap in the continent and contribute to the existing research pool.

Secondly, there is conflicting evidence and findings regarding the campaign level factors that determine the success of reward-based campaigns. Several factors including but not limited to funding goal size, number of backers and related engagement, use of multimedia, campaign quality, narration length, project category, pre-launch promotion have been proposed as determinants of success. However, there are conflicting opinions and finding regarding the nature, direction and significance of the effect of these factors between African and international research studies and across different platforms. For instance, the use of photos and videos are recognized as a significant positive factor determining the success of reward-based crowdfunding in the international context (Mitra & Gilbert, 2014; Koch & Siering, 2019). However, the limited research that exists report mixed or insignificant effects for these same

variables, stressing the unique socioeconomic and macroeconomic interactions that exist in the African context. These inconsistencies justify the need for further empirical studies to clarify, support or correct claims and recommendations that are made on this topic, particularly relating to the African context.

Therefore, with the increasing relevance of reward-based crowdfunding as a potential solution for Africa's funding gaps and its consistent global popularity as an alternative financing solution, this research is a timely subject keen on addressing the limited success rates of African campaigns as well as the conflicting empirical literature that leaves entrepreneurs and small businesses without reliable guidance and recommendations. This research will not only contribute to the pool of empirical research on the topic but help enhance the ability of entrepreneurs, platform designers, and policymakers to develop effective strategies for improving campaign outcomes and fully leveraging the potential of reward-based crowdfunding in Africa (Elkhidir, 2019; SSRN, 2024).

1.3 Research Questions

1. What is the key campaign-level factors that influence the success of reward-based crowdfunding campaigns in Africa?
2. To what extent do campaign characteristics such as funding goal size, number of backers, and campaign duration affect the likelihood of success?
3. Does the inclusion of multimedia elements (e.g., video) and prelaunch activation improve campaign performance?
4. Are there specific crowdfunding categories that are more likely to succeed in the African context?
5. How do these predictors compare to success factors identified in global crowdfunding literature?

1.4 Objectives

1.4.1 General Objectives

To identify the campaign-level factors that influence the success of reward-based crowdfunding campaigns in Africa and to quantify the extent of their effect on campaign outcomes.

1.4.2 Specific Objectives

1. To understand and analyse how funding goal size affects campaign success in reward-based crowdfunding projects across Africa.
2. To analyse how the number of backers and total pledged amount affect campaign success, as indicators of audience engagement and traction.
3. To assess the effect of campaign duration and narrative length on the probability of campaign success.
4. To assess the impact of the inclusion multimedia (e.g. Videos) and the implementation of pre-launch marketing on the success of reward-based crowdfunding campaigns.
5. To evaluate whether project category significantly influences the likelihood of campaign success, controlling for other campaign-level factors.
6. To identify which of these factors are the most statistically significant predictors of reward-based crowdfunding success in the African context.

1.5 Scope and Delimitations of the Study

The scope of this study is limited to reward-based crowdfunding campaigns in Africa that were hosted on Kickstarter, an international reward-based crowdfunding platform, between July 2009 and February 2025. The research does not include other types of crowdfunding such as equity, loan or donation-based campaigns.

The research is limited to quantitative campaign-level factors that influence the success of reward-based campaigns such as funding goal size, number of backers, amount of pledges, presence of multimedia, narration length, project category, and campaign duration. It will analyse the influence of these factors only on campaigns that have a definitive status i.e. marked

as successful or failed. The study will not examine post-campaign outcomes or other external contextual variables such as infrastructure, internet penetration, awareness level and so on that may or may not influence the success of these campaigns.

By limiting the study to campaign level variables, the research seeks to establish a better understanding of the factors that strongly determine or predict whether or not businesses and entrepreneurs are able to successfully obtain access to capital through reward-based crowdfunding in the African context.

1.6 Significance of the Study

This research aims to provide a comprehensive understanding of the campaign-level factors that influence the success of reward-based crowdfunding campaigns in the African context, with a focus on variables such as funding goal size, number of backers, campaign duration, multimedia presence, and project category. This is expected to address the literature gap by analysing and determining how these predictors of success translate into the African context and clarify the inconsistencies that exist in existing literature and provide a better understanding of the dynamics under emerging markets.

The findings of this research are intended to support campaign creators in enhancing their fundraising strategies by provided clearer recommendations tailored to the African context. In addition, it will help platform managers improve their recommendations to campaign creators and enhance user experience and engagement on their platforms. Lastly, it will advise practitioners and policymakers that strive to enhance digital financial inclusion, by offering evidence-based insights into what enables or hinders the success of grassroots funding efforts.

Importantly, this work can also support the strategic mobilization of diaspora funding and philanthropic capital, which have emerged as under-leveraged contributors in the region's digital finance ecosystem (Agrawal et al., 2015; World Bank, 2020). In doing so, it lays groundwork for the expansion of inclusive and sustainable crowdfunding models that align with local financing needs, entrepreneurial aspirations, and broader SDG-aligned development goals.

1.7 Limitation of the Study

This study is constrained by the limited availability of complete campaign-level data such as the founder's prior experience, the frequency and quality of updates to backers, and the level of risk communication to potential funders. Whilst based on prior research, factors such as the

founder's prior experience and communication of the level of risk have not been significant indicators, factors such as updates to potential backers have been seen to significantly impact the success of reward-based crowdfunding campaigns. However, due to the unavailability of data on campaign updates in the dataset, the research will not explore or incorporate its perceived effect as a representation of backer engagement, campaign transparency and trust-building mechanism, and its consequent effect on campaign success.

In addition to this, this research does not account for broader macroeconomic, political or regulatory conditions which may directly or indirectly impact the outcome of crowdfunding campaigns by influencing investor decision-making, trust building as well as infrastructure related challenges. Finally, the relatively limited volume and maturity of reward-based crowdfunding activity in many African countries restricts the size and diversity of the sample. This may affect the generalizability of the findings, particularly in regions where the crowdfunding ecosystem is underdeveloped. Despite these limitations, this research will provide critical insights into the workings of reward-based crowdfunding in an emerging market context and provide a foundation for future research, enabling greater fundraising success and access to capital.

1.8 Organization of the Paper

The first chapter introduces the research which includes the background, statement of the problem, research objectives, significance, and scope of the research.

The second chapter covers the theoretical and empirical literature covering the historical growth and development of crowdfunding, the different types of crowdfunding as well as the prospects and challenges. It will then cover the specific factors that influencing the success of reward-based crowdfunding platforms in Africa, drawing comparative insights from other regions.

The third chapter outlines the methodology that was employed in this research including the overall research design, approach, sampling technique, and data collection methods. It outlines how data will be collected, samples and analysed to identify the factors influencing reward-based crowdfunding and determine the nature of their impact.

The fourth chapter presents the research findings, focusing on identifying which factors are most relevant and exploring the extent of their influence on the success of such crowdfunding models. In addition, the chapter will assess how these factors affect the engagement of platform

operators, campaign creators, and investors, laying the groundwork for the recommendations presented in subsequent chapters.

The fifth chapter will discuss the implications of the research findings, providing recommendations for campaign creators, policymakers, backers and related stakeholders, in addition to future research.

1.9 Definition of Terms

1. Crowdfunding: An activity whereby an individual, group, institution or business raises funding in small amounts from a large number of people (i.e. the “crowd”) to fund a project or venture, usually through online platforms.
2. Equity Crowdfunding: A crowdfunding model whereby backers/investors receive shares or equity in a business or venture in exchange for their financial contributions.
3. Donation-Based Crowdfunding: A crowdfunding model where contributors donate money to support a cause or project without expecting any financial return.
4. Reward-Based Crowdfunding: A crowdfunding model where backers receive non-monetary rewards or products in exchange for their contributions.
5. Loan-Based Crowdfunding (Peer-to-Peer Lending): A crowdfunding model where investors provide loans to businesses or individuals in exchange for interest payments.
6. Campaign Creator: An individual or organization that initiates a crowdfunding campaign with the objective of raising funds for a specific project or initiative.
7. Backer/Funder: A person who contributes financially to a crowdfunding campaign, often motivated by personal interest, social impact, or a desire to access exclusive rewards.
8. Crowdfunding Platform: An online platform or app that enables individuals or organizations to launch crowdfunding campaigns and collect funds from the public.
9. Platform Manager: The person or team responsible for running the crowdfunding platform, including reviewing campaigns, ensuring security, and supporting users.
10. MSMEs: Micro, Small, and Medium-sized Enterprises.

11. Regulatory Landscape: The framework of laws, regulations, and policies governing crowdfunding activities in a particular jurisdiction.
12. Financial Inclusion: The process of providing access to affordable and effective financial services for individuals and businesses, particularly those underserved by traditional financial institutions.
13. Financial Literacy: The ability to understand and effectively use financial skills, including managing investments and evaluating risks, essential for funders and fundraisers in crowdfunding.
14. Information Asymmetry: A situation where one party in a financial transaction, such as a crowdfunding investor, has less information than the other party, such as the fundraiser.
15. Digital Penetration: The extent to which a population has access to internet and digital technology, a key factor for the success of online crowdfunding platforms.
16. Funding Goal: The target monetary amount that a campaign aims to raise during its duration. It is typically set based on the budgetary needs of the project.
17. Campaign Duration: The total number of days a crowdfunding campaign remains open for contributions on a given platform.
18. Multimedia Inclusion: The use of videos, images, or other visual content embedded in a campaign page to communicate the project's purpose and appeal to potential backers.
19. Campaign Narrative: The written description of a crowdfunding project that outlines its purpose, background, goals, and anticipated impact.
20. Campaign Success: A binary outcome indicating whether a crowdfunding campaign met or exceeded its funding goal within the specified campaign duration.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2. Review of Theoretical Literature

2.1 Introduction to Crowdfunding

Crowdfunding is the process of raising capital from a broad pool of individuals via online platforms to fund businesses, ventures, projects, and entities (FSD, 2016). It is a funding model that allows individuals or groups, collectively known as the “crowd”, to pool small contributions, typically via digital platforms, to support projects, activities, or enterprises (Berndt, 2016). It is an innovative financing mechanism that mobilizes capital, often bypassing traditional financing channels, for business, cultural or social purposes. The concept of crowdfunding was initiated from crowdsourcing, which relates to the pooling of labour or ideas from the general public for shared purposes, verses the pooling financial resources in the case of crowdfunding (Harms, 2007).

The fundamental principle behind the initiation of crowdfunding is to democratize access to capital by allowing entrepreneurs to present their ideas to a broad audience, via online channels, and seek funding in exchange for a reward, product, equity, or merely out of philanthropic interest. This approach provides business owners the opportunity to obtain financing without prerequisites, borders limitations, or, in the case of donation and reward-based funding, regulatory restrictions. This contrasts with conventional financing means like bank loans, microfinance loans, or venture capital investments, which typically involve formal screening processes, collateral requirements, and exclusive networks (Kraus et al., 2013). Crowdfunding removes such barriers by allowing nearly anyone with internet access to participate as a funder.

Despite the historical use of crowdfunding to source one-time or novel projects that are struggling to find funds (Koch & Siering, 2015), the flexibility embedded in the crowdfunding model allows founders to raise amounts ranging from a few dollars to several million as many times as they need (Ahlers et al., 2015). This presents a disruptive force in entrepreneurial finance, especially in environments where access to traditional capital is constrained. In addition to its traditional use, crowdfunding can also serve as an avenue for market validation. Entrepreneurs are able to leverage crowdfunding platforms not just for financial support, but also to gauge interest and generate visibility pre-launch. (Belleflamme et al., 2014).

2.2 Emergence and Growth of Crowdfunding

Crowdfunding originated during the late 1990s and early 2000s when community driven fundraising traditions coincided with the introduction of the internet. While informal forms of collective financing, such as rotating savings and credit associations, have existed for centuries, the first digitally coordinated crowdfunding campaigns emerged as a result of increasing global connectivity and the rise of participatory web culture (Belleflamme, Lambert & Schwienbacher, 2014). A common example of early crowdfunding is the campaign hosted by fans of British rock band Marillion, who raised USD 60,000 in online donations to fund a US tour of the rock band (Ordanini et al., 2011). This attempt illustrated the potential of digital networks to raise capital without the involvement of official financial intermediaries.

This early success coincided with broader macroeconomic trends such as the dot-com boom, the 2008 global financial crisis and later the growth of user-generated content platforms such as YouTube and Myspace. The global financial crisis indirectly catalysed the introduction and growth crowdfunding platforms due to the consequential decline of trust in centralized financial institutions following the crisis. Platforms such as ArtistShare (2003), Kickstarter (2009), Indiegogo (2008), and GoFundMe (2010) became pioneers in organizing capital flows from the general public toward creative, entrepreneurial, or social ventures (Mollick, 2014). These platforms quickly gained popularity by emphasizing low entry barriers, transparency, and user engagement, which redefined the relationship between funders and creators as more interactive and trust-based (Gerber & Hui, 2013).

Donation-based models were the first type of crowdfunding model. As the crowdfunding ecosystem matured, reward-based models that offered non-financial incentives emerged. This was followed by the emergence of peer-to-peer (P2P) lending and equity-based crowdfunding in the 2010s, introducing models with stronger financial return expectations, positioning crowdfunding as a viable alternative to bank lending and venture capital (Agrawal et al., 2015; Hornuf & Schwienbacher, 2016). These innovations filled a critical gap in entrepreneurial finance, particularly for early-stage ventures and underserved segments that lacked access to formal credit markets.

Today, crowdfunding has grown into a multi-billion-dollar global industry. Transaction volumes for crowdfunding have surpassed USD 113 billion in 2021 (Statista, 2021), with increasing mobile penetration, fintech integration and emphasis on decentralized finance. Crowdfunding platforms have also evolved overtime supported by platform-embedded payment

processing systems, social media marketing and data analytics, allowing platforms to reach anyone across the globe. The perception of crowdfunding has evolved from just a financing tool to a mechanism for joint economic development, user-led innovation, and social impact particularly in sectors like creative industries, technology, renewable energy, and healthcare (Cumming & Johan, 2019; Gibbons, 2022). In more developed crowdfunding ecosystems, regulatory frameworks, such as the JOBS Act in the U.S. or EU's European Crowdfunding Service Providers Regulation, have been set in place to govern loan and equity-based transactions and ensure investor protection (European Commission, 2021).

Overall, the evolution of crowdfunding is a reflection of not only technological advances but also a shift in the dynamics of traditional capital raising and financing. Its growing popularity indicates the evolving trend in how capital is raised, trust is built, and entrepreneurial risk is shared in the digital era.

2.3 Stakeholders in Crowdfunding

The crowdfunding ecosystem constitutes of various key stakeholders with each playing a key role in facilitating the growth and effectiveness of the platforms. Campaign creators, who are generally the most significant participants in crowdfunding, are people or companies that wish to fund their projects, products, or even causes. Such individuals and organisations develop compelling narratives and set specific targets that other potential campaign backers are interested in. Examples include small business owners, startups, non-profits, researchers, and others. The extent to which these campaign creators are successful often depends on how well they convince the prospective backers of the merits of the various projects. These creators drive appeal by offering rewards, equity, or simply an opportunity to make a meaningful impact, all through a decentralized financing option (FSD Africa, 2016). In equity crowdfunding for instance, Campaign creators are usually small, and start-up business entities looking for growth capital. Equity investors are given in-depth business plans, financial plans and valuation documents on the business entities to be funded. There are platform-specific conditions that campaign creators have to meet, such as providing information about ownership, policies on revenue generation and spending, to enhance the transparency and integrity of the few projects available.

Another key player in the crowdfunding model are the backers also referred funders or investors. Backers are entities that provide financial contributions to the crowdfunding campaigns initiated under various platforms, depending on their motivation and crowdfunding

model. In donation-based and reward-based models, backers may be driven by good faith or a desire to support innovation, with little to no expectation of financial return. However, in models such as the loan-based and equity-based crowdfunding model, these backers are usually motivated by anticipated returns, which could be interest generated from loans or financial returns obtained through their ownership stake. Specifically, equity-based backers have the opportunity to obtain dividends and capital gains further down the line through their ownership share in the companies.

Campaign creators and backers are primarily linked through digital platforms formally known as crowdfunding platforms. These digital platforms serve as the intermediary between these two bodies and serve as the primary means through which they interact, launch campaigns and raise funding. Some examples of these platforms on a global level include Kickstarter (United States), Indiegogo (United States), Seedrs (United Kingdom), and Crowdcube (United Kingdom). These platforms often play the role of enhancing campaign visibility and creating a secure environment for both parties. In turn, the platforms often charge a fee based on funds raised, which also motivates these platforms to further push for the success of the listed campaigns. With financial security and trust being a vital aspect of crowdfunding platforms, platform managers often implement several measures to prevent fraudulent projects from listing on the platforms usually requesting added transparency from campaign creators and using fraud detection mechanisms. The platform's role is central to the crowdfunding process, as it establishes trust and facilitates a smooth experience for both campaign creators and backers (FSD Africa, 2016).

Equity crowdfunding platforms will have to comply with stricter regulations to safeguard investors and enable efficient management of equity transactions. For instance, platforms verify campaign creators' financial statements, provide investors with tools, like risk assessments and valuation reports, to assess the campaigns and may also offer post-investment tracking tools to observe equity stakes. Some equity crowdfunding platforms work as secondary markets whereby investments can be traded, improving the liquidity of investments.

In addition to platform specific fraud protection measures, industry regulators and policy makers play a vital role in managing the crowdfunding environment, especially for equity and loan-based crowdfunding where backers often expect returns in exchange for their contributions. Regulatory bodies are responsible for creating frameworks that maintain market integrity, protect investors and ensure a sustainable fundraising environment for campaign

creators. These measures are essential to address investor concerns on fraud, platform accountability and information asymmetry particularly in crowdfunding as it is less regulated (Hornuf & Schwienbacher, 2018). Some notable examples are the US JOBS Act that provides a detailed guideline for crowdfunding activity and the framework in which individual investors are allowed to invest in startups, including maximum funding amounts, in order to protect investors from significant financial risk. Similarly the EU has implemented the European Crowdfunding Service Providers Regulation (ECSPR), providing a uniform crowdfunding regulation across all EU member states. These regulations help protect investors by setting limits on investment based on individual income levels or net worth and by requiring campaign creators to disclose essential financial information and maintain transparency through periodic reports.

In addition to the primary participants in the crowdfunding business model, entities like third-party service providers can support the ecosystem by providing services that improve campaign management, efficiency and optimize overall functionality. For example, payment processors facilitate secure transactions between backers and campaign creators, ensuring that funds are transferred securely and transparently. Similarly, Marketing firms can help campaigns promote their projects to backers in order to boost their reach and engagement. Legal and compliance services can provide guidance on adherence to regulatory requirements especially with equity and loan-based campaigns which must comply with securities laws. Additionally, analytics and research firms offer insights into crowdfunding trends and help platforms and creators understand market dynamics, optimize their strategies, and improve campaign outcomes.

In equity crowdfunding, additional third-party services, such as valuation experts and post-investment management firms, play critical roles. Valuation experts help startups establish credible equity offerings, while post-investment management firms handle ongoing investor relations, including issuing dividends and facilitating exit options. These services are particularly important in nascent markets to build trust and ensure compliance with evolving regulations. Third-party service providers like these are integral to creating a professional and trustworthy environment, thus enhancing the credibility and effectiveness of crowdfunding models (Gibbons, 2022).

2.4 Types of Crowdfunding

There are several types of crowdfunding models, each of which serve unique purposes tailored to investor requirements and objectives. Generally, crowdfunding can be classified into four main types, notably loan-based, donation-based, equity-based, and reward-based models (FSD, 2016). Each model is distinct in that the funding mechanism and need depends on goal of the investor/backer and their targeted outcome. This may range from philanthropic causes to return generating investment activities.

2.4.1 Loan-Based Crowdfunding

Loan-based crowdfunding, or peer-to-peer (P2P) lending, is a type of crowdfunding whereby individuals or groups lend money to campaign creators via the crowdfunding platform expecting to be paid back the principal amount along with interest. In this case, backers assume the role of a lender and make an investment expecting to be compensated by receiving interest payments throughout the duration of the loan. The desirability of P2P lending stems from its accessibility and simplicity, as it allows backers to offer small to medium-sized loans to borrowers who would otherwise be excluded from the traditional banking system. This model particularly benefits small and medium enterprises as well as entrepreneurs in emerging markets where accessing conventional loans is challenging due to high-interest rates or other stringent requirements (Zhao et al., 2019). Campaigns in loan-based crowdfunding usually reach up to USD 500,000, thereby creating a low-threshold funding avenue for startups, SMEs, and private individuals. However, there are risks associated with loan-based crowdfunding as the repayment is largely determined by the borrower's ability to repay the loan.

2.4.2 Donation-Based Crowdfunding

Donation-based crowdfunding is a type of crowdfunding that is primarily motivated by philanthropic or altruistic purposes, enabling individuals or groups to support a specific cause or project by donating funds without any expectation of receiving a financial return. This model focuses on non-profit projects, community initiatives, and humanitarian work where the backers are motivated by the willingness to help others or impact a cause that they care about. Campaigns of this nature can range from funding attending to medical needs to sponsoring personal events to helping protect the environment. Unlike other models of crowdfunding, there is no expectation for a return of investment or incentive which makes donation-based crowdfunding an invaluable resource for social-good initiatives (Agrawal et al., 2015).

2.4.3 Equity-Based Crowdfunding

Equity crowdfunding is a specific type of crowdfunding in which backers are offered partial ownership in a company or a startup they wish to support and further profit from in the future. Participants in this model will give financial assistance in expectation of receiving a stake or share of equity in the business or project, thereby making them financially invested stakeholders with vested interest in the project's success. Should the business succeed, the investors will enjoy the financial returns from the company, which may take the form of dividends, capital gains, or other increases commensurate to their investments (Agrawal et al., 2015). In contrast to reward-based or donation-based crowdfunding, equity crowdfunding establishes a tangible alignment between the backers and the campaign creators as the backer is incentivized to continue supporting the business.

Equity-based crowdfunding has become more popular recently because of its accessibility for startups and small businesses seeking to raise funds outside of venture capital or traditional financial institutions. This changes the dynamic of investment by making investment opportunities more accessible to the general public, allowing for their involvement in funding young enterprises, an opportunity that was once reserved for accredited investors and venture capitalists. In the developed world like the United States and Europe, equity crowdfunding is considered a revolutionary source of funding, reshaping the landscape of capital markets by opening up new avenues for both businesses and investors (Hornuf & Schwienbacher, 2018).

However, there are unique challenges and regulatory complexities associated with equity crowdfunding. One of the critical problems is investor protection, whereby the volatility and ambiguity linked with early-stage ventures on crowdfunding platforms come with a higher risk of losses compared to other types of crowdfunding. Due to the less stringent nature of the industry, with the limited disclosure requirements for campaign creators, investors may feel blindsided with the added information asymmetry. These loose constraints harm investor confidence and trust, which strongly influences the effective funding of campaigns and projects. To safeguard these risks, different states have undertaken various laws.

In developing countries, equity crowdfunding is projected to accelerate economic activity especially in countries that have inactive or no capital markets. For instance, equity crowdfunding can step in to help SMEs that are vital to the economy but cannot access financing through traditional means. Several studies and market intelligence have pointed out that equity crowdfunding, if properly managed, can have a transformative impact on the helping

SMEs scale their operational capabilities (FSD Africa, 2019). However, for this potential to be achieved, investors' protection mechanisms and standards of transparency should be routinely enforced by the regulatory authorities in order to promote confidence in such platforms and the model of crowdfunding itself.

2.4.4 Reward-Based Crowdfunding

Reward-based crowdfunding is a type of crowdfunding model under which funders or backers contribute capital in exchange for non-financial incentives. These incentives often take the form of branded items, limited edition offerings, exclusive experiences, or early access to products that are the output of the crowdfunding campaign. This type of model typically involves investors that seek no monetary or financial gain (Shneor et al., 2020). Usually, the "reward" is provided after the project is completed, launched, or executed, and is proportionate to the size of the contribution provided by the backer. Unlike donation-based crowdfunding, this model provides tangible returns, but it does not offer any equity or relationship-debt structure, distinguishing it from investment models (Zhao et al., 2019).

Reward-based crowdfunding is particularly common in the creative industries such as music, film, design, gaming and publishing, as well as in product and technology innovation. Platforms such as Kickstarter and Indiegogo have further evolved the crowdfunding concept to allow entrepreneurs the opportunity to validate their business/product concepts. Crowdfunding platforms now allow entrepreneurs to test proof of concept and early stage prototypes, allowing creators to refine their products through direct feedback from their backers, creating not only a feedback loop but also an active market and supportive community for new products and services (Belleflamme et al., 2014; Gerber & Hui, 2013). These campaigns not only serve the purpose of testing the waters, but backers also turn into brand advocates and actively participate in product development during and after the campaigns. Entrepreneurs also often utilize these crowdfunding platforms as a presale mechanism, by gathering promising pre-orders allowing them to claim initial funds for production, or to build brand awareness before officially launching, allowing them to build rapport with customers and develop a brand story (Mollick, 2014; Colombo et al., 2015).

Reward-based crowdfunding remains underexplored within the Africa context, but holds great potential particularly in the arts, fashion, local technologic innovations, and agriculture sectors. This type of financing serves as a flexible alternative for entrepreneurs who do not have access to formal credit options, especially in Africa where there is a significant funding gap. Despite

this potential, the growth of the crowdfunding ecosystem is heavily constrained, primarily due to infrastructural challenges, low trust in digital platforms and limited awareness (FSD Africa, 2021). In addition to this, crowdfunding campaigns in Africa also exhibit low success rates owing to different macroeconomic, platform and campaign specific factors. Developing a thorough understanding of the specific drivers of campaign success would hence address one of the three main challenges, creating new entrepreneurial finance opportunities in developing economies.

2.5 The Global Crowdfunding Landscape

In the last two decades, crowdfunding which was once regarded as a niche financing approach has steadily evolved into a multi-billion-dollar industry. The adoption of crowdfunding was accelerated with the growth of infrastructure, financial innovation, and changes in consumer behaviour worldwide. Today, crowdfunding has become a prominent financing alternative particularly in high-income economies like North America, Europe, and East Asia. This trend is particularly visible in the financing patterns of mid and seed level startups, creative ventures, social enterprises, and accelerators. The US, which accounts for approximately 40% of the world's crowdfunding spending, is home to one of the most developed crowdfunding ecosystems with prominent platforms such as Indiegogo, GoFundMe, and Kickstarter. The country, similar to the UK, has also put in place legal frameworks, that support debt and equity models and protect investor interest (Massolution, 2015; Cumming et al., 2020). In Europe, the UK and Germany have also seen robust growth driven by supportive legal frameworks and integrations with fintech services.

The global crowdfunding ecosystem accommodates various models of crowdfunding, such as donation-based, reward-based, loan-based (peer-to-peer), and equity-based crowdfunding, serving different funders and entrepreneurs. Due to weaker regulations, the donation-based and reward-based models are the dominant crowdfunding models globally, while the more sophisticated equity and lending models are more common in developed financial markets (Belleflamme et al., 2014).

Crowdfunding has played a central role in democratizing access to capital to underserved groups such as Women entrepreneurs and rural innovators. However, the gap remains with funding being distributed disproportionately across different geographies and being heavily skewed towards more developed economies, which have historically captured most of the volume. Recent trend are more encouraging with the developing world rapidly catching up with

increased mobile access and diaspora engagement (World Bank, 2013). The ever-increasing role of crowdfunding in global development has been significant enough for the United Nations and the World Bank to investigate its capacity for financing the Sustainable Development Goals (SDGs), particularly in education, health, and clean energy (UNDP, 2021).

In light of these events, some new challenges regarding regulation, fraud, and investor protection have also emerged. Some nations like the US and UK provide comprehensive frameworks while others remain in a state of policy ambiguity regarding the governance of crowdfunding practices, particularly in relation to equity and debt (Ziegler et al., 2021). Nevertheless, the global crowdfunding landscape continues to expand as digital finance ecosystems mature and as alternative finance becomes a key pillar of inclusive economic growth.

2.6 Crowdfunding in Africa

Crowdfunding in Africa started off as an experimental financial approach during the early 2010s, with the initial pilot taking off through donation- and reward-based models, which allowed individuals to raise funds for social, creative, and community projects. Unlike in Western economies, where internet diffusion triggered rapid growth of digital crowdfunding platforms, entry into crowdfunding in Africa was slow, essentially because of limited access to the internet coupled with low digital literacy. Crowdfunding in Africa was supported by the existence of offline, traditional modes of communal finance such as Susu in Ghana, Mabati in Kenya, Ekub in Ethiopia, Tontine in Mali, and Stokvels in South Africa (Coetzee, 2013). These practices provided a cultural basis for community-based crowdfunding in which groups unite to pool resources for collective financial needs (Onginjo & Mei, 2022; Coetzee, 2013).

The first online crowdfunding platforms in Africa emerged in relatively digitally infrastructure-endowed countries, including South Africa, Kenya, and Nigeria that were at the forefront of adopting mobile technology. South Africa pioneered crowdfunding pilot projects, launching platforms like Thundafund and Uprise.Africa soliciting funding for creative projects and business ventures. Likewise, in Kenya introducing M-pesa enabled mobile-based transactions for crowdfunding platforms like M-Changa making Kenya a center for offline and online mobile-based crowdfunding (FSD Africa, 2016; Adjakou, 2021).

Crowdfunding eventually picked up in Africa slowly, and other countries in Africa like Ghana, Uganda, and Egypt also had crowdfunding websites. Global platforms like GoFundMe and

Kickstarter also emerged as major players as African project creators tended to fundraise on international platforms in order to tap into a wider, and often diaspora-based audience. Prior research shows that the majority of funds raised for African projects are under foreign crowdfunding platforms, with over USD 130 million raised in 2020, compared to only USD 17.5 million raised through Africa-based platforms (Cambridge Centre for Alternative Finance 2020). This dependence on global platforms is a testament to both financial potential and infrastructure constraints in Africa's crowdfunding environments. It appears that the success of crowdfunding projects in Africa is dependent upon a hybrid structure that incorporates the traditional offline network of backers (Onginjo & Mei, 2022).

Crowdfunding in Africa has expanded to suit diverse financial and regulatory contexts. Sub-Saharan Africa in particular, has witnessed significant growth in both the volume and value of campaigns. However, there is great regional disparity. West and North Africa have consistently recorded restricted growth with 22% and 33% of platforms registered in 2012–2020 still active compared to higher resilience in East Africa (70%) and South Africa (55%) (Adjakou, 2021). Looking at North Africa, although some progress has been achieved in Morocco and Algeria nations, North Africa continues to face tremendous obstacles in addition to those listed previously, including prevailing low awareness by the general public and regulation issues (Maso Mankunku & Muroi, 2019).

Among the various crowdfunding models, reward-based crowdfunding has proved one of the most successful, especially for creative, entrepreneurial, and innovation-oriented campaigns. With relative ease of access, low regulation requirements, and its ability to combine raising funds and early-stage marketing, it has proved an attractive model for African entrepreneurs trying either to prove product ideas or rally support through diaspora and local communities.

2.6.1 Reward-Based Crowdfunding in Africa

Across Africa, reward-based crowdfunding has rapidly emerged as the most accessible and widely used form of crowdfunding. The early development of crowdfunding was stimulated by limitations in local financial systems, regulatory gaps, the growing availability of mobile technology and advances in digital infrastructure. Unlike the equity or lending models that often entail intricate legal and financial frameworks, reward-based crowdfunding functions in a much less regulated space. This has made it not only more accessible for creators and backers in Africa but also an easier entry point (Chao et al., 2020).

The reward-based crowdfunding model initially gained prominence through international platforms like Kickstarter and Indiegogo where African creators in the creative arts, social entrepreneurship, and tech innovation disciplines were increasingly involved due to the platforms' wider reach and extensive diaspora network. These platforms provided a gateway into a global donor base, as well as a means of establishing visibility, legitimacy, and storytelling, all of which were lacking in local startup ecosystems (Mollick, 2014; Ziegler et al., 2019). However, dependence on foreign platforms brought its own set of issues, including the need for foreign currency, lack of local payment options, and restrictive eligibility criteria for campaign creators with creators that didn't possess international bank accounts or legal entities often being excluded.

To address these issues, a number of locally based platforms arose. South Africa's Thundafund, launched in 2013, is one of the earliest reward-based crowdfunding platforms on the continent. It specialized in social impact and creative projects, helping local entrepreneurs succeed through campaign coaching and tiered reward structures. It focused on transparency, community participation, and campaign storytelling, which was borrowed from other platforms but adapted to South African socio-economic realities (Chao et al., 2020).

Similarly, M-Changa was launched in Kenya in 2012 after incorporating M-Pesa into its platform. This set a new example by allowing offline and online functionality as well as integration with payment platforms. This offered users the ability to start and manage their campaigns via SMS and USSD, removing technological obstacles for rural and underbanked populations (FSD Africa, 2016). M-Changa became a favourite for grassroots fundraising for community health emergencies, school fees, funeral costs, and small-scale enterprise support. Most notably, M-Changa showcased how effective culturally and technologically tailored crowdfunding can be when existing social financing models are integrated into the design.

These localized platforms broadened accessibility and provided evidence of the potential of indigenizing digital fundraising in Africa. Rather than leveraging existing banking systems and third-party services, these platforms focused on mobile technology, trust-based social networks, and social trust networks (Onginjo & Mei, 2022; Cambridge Centre for Alternative Finance, 2020). This marked a shift from externally driven platform solutions to homegrown innovations that seek to harmonize crowdfunding with local practices of collective action and informal financing models.

While figures on reward-based crowdfunding are usually reported within broader alternative finance reporting, available evidence suggests that reward and donation models constitute the majority of crowdfunding activity throughout Sub-Saharan Africa, particularly for creative, social, and community-oriented campaigns (Cambridge Centre for Alternative Finance, 2020). In 2020, South Africa alone accounted for nearly 60% of Sub-Saharan Africa's overall crowdfunding volume, with reward-based projects dominating the arts, design, film, and education sectors (Ziegler et al., 2019). Kenya followed closely, with reward-based campaigns that primarily funded grassroots entrepreneurship, tech prototypes, and health-related causes.

Nigeria and Ghana also have active crowdfunding ecosystems supported by the popularity of social media platforms like Twitter, Facebook, and Instagram, enabling targeted promotions to diaspora audiences. Such campaigns tend to focus on pre-launch phases of creative works such as books and films or other community projects prompting measurable results. For instance, in Nigeria, reward-based models have been increasingly adopted by content creators in the fashion and creative industries to presell items or for garnering support for events (Onginjo & Mei, 2022).

Despite the relatively low absolute transaction volumes in Africa as compared to global markets, the importance of reward-based crowdfunding is increasing, especially considering its dual role as a marketing tool and as financing source. Reward-based crowdfunding continues to face a myriad of structural challenges including low public awareness, absence of trust in online systems, logistical problems related to the actual delivery of the rewards, and infrastructural challenges such as inconsistent internet and limited broadband access (Onginjo & Mei, 2022). In addition, weak legal frameworks for intellectual property rights and the lack of defined frameworks stifle broader use. Nevertheless, crowdfunding presents a more democratic capital distribution mechanism which significant potential to address critical funding gaps, especially when coupled with compelling narratives, improved governance, better campaign management and diaspora engagement (Chao et al., 2020; Ziegler et al., 2019). Therefore, understanding why some campaigns are successful and others are not, is therefore important.

Previous literature argues that the success of reward-based crowdfunding campaigns lies in campaign-level attributes including size of goals, number of people backing a campaign, length of a campaign, use of a video, and project type (Mollick, 2014; Colombo et al., 2015). However, whether or how far such global predictors carry over into campaigns based within Africa remains underexplored, making region-specific empirical studies a necessity.

2.6.2 Opportunities and Prospects

Reward-based crowdfunding has a strong potential to be a solution for Africa's ongoing financing gaps, particularly for early-stage companies and creative industries. The appeal of the model is its simplicity and inclusivity, allowing campaign creators to raise money without relinquishing equity or incurring debts, making it particularly appealing for micro-, small-, and medium-sized enterprises (MSMEs), social entrepreneurs, and first time business owners (Belleflamme et al., 2014; Agrawal et al., 2015)

One of the primary enabling factors is the ongoing digital transformation in the continent. The increase in internet and mobile penetration, with a strong emphasis on mobile broadband, has created new opportunities for electronic payments. Mobile payment services such as Kenya's M-Pesa, Ghana and Uganda's MTN Mobile Money, and Ethiopia's Telebirr and Chapa are among the main enablers of low-barrier, seamless transactions for donors and campaign creators alike (Jack & Suri, 2014; FSD Africa, 2016). This promotes inclusivity in even the most remote areas, incorporating populations that are normally excluded from traditional banking.

Africa's predominantly youth population also serves as an opportunity with over 60% of the continent below the age of 25 (UNFPA, 2022). The digitally connected younger generation is more familiar with online platforms, not only for social connectedness, but also entrepreneurship, with many already involved in creative industries like film, music, design, and technology, areas where reward-based crowdfunding is especially useful. Sites like South Africa's Thundafund and Nigeria's 234Give have been pivotal in lending a voice for youth-driven innovation (Adjakou, 2021).

The growing diaspora engagement in the continent is also an opportunity for scaling rewards-based crowdfunding on the continent. Diaspora groups tend to be more digitally literate and financially able to support campaigns, particularly those with a high cultural or social appeal. Rewards-based campaigns are attractive to diaspora donors who would like to support a cause or endeavor without necessarily being a long-term investor (Ziegler et al., 2019). This trend has been particularly visible in Nigeria. Crowdfunding platforms that support cross-border mobile money and card transfers further promote this dynamic.

Social capital is also another key strength, whereby a number of African societies have already deeply ingrained communal support mechanisms like Equb in Ethiopia, Stokvels in South

Africa, and Chamas in Kenya. This social capital and baseline awareness can be leveraged and channelled through crowdfunding platforms (Coetzee, 2013; Onginjo & Mei, 2022). These culturally relevant frameworks complement the participatory culture of crowdfunding and facilitate greater backer participation.

Finally, there is increasing attention from donor organizations, NGOs, and fintech companies interested in backing alternative financing platforms for wider financial inclusion. Institutional backing can increase platform credibility, subsidize transaction costs, and embed crowdfunding within wider innovation ecosystems (World Bank, 2020).

2.6.3 Challenges and Constraints

Despite the multiple prospects involved, reward-based crowdfunding in Africa also faces significant challenges that limit its expansion and impact. For instance, the existing digital divides, whether infrastructure-driven or literacy-driven, acts as a major obstacle. In spite of increasing mobile penetration, reliable internet connectivity is sparsely available, and digital literacy is still in the works especially amongst rural and underserved groups (World Bank, 2020).

Second, a lack of a well-defined and supportive regulation erodes confidence and platform sustainability. Most crowdfunding activity in Africa, particularly for equity and debt-based models, is unregulated or has poor oversight. This brings issues of fraud, platform accountability, and consumer protection (FSD Africa, 2016), deteriorating backer trust. The absence of regulation also contributes to the high rates of platform failure. For example, only 22% of platforms initiated during the period 2012–2020 period is currently operational (Adjakou, 2021).

Campaign-level design issues also significantly hinder success rates. Existing studies have indicated that elements such as the incorporation of multimedia (e.g., campaign-related videos, photos), setting realistic funding targets, shorter campaign durations, and providing consistent updates for backers all positively affect the success of a campaign (Mollick, 2014; Koch & Siering, 2015). However, most African campaigns do not address these aspects often due to poor training and exposure to best practices. Data on campaign creators' experience, backer engagement metrics, and campaign management practices also serve as key predictors of campaign outcomes but are rarely captured on African platforms (Zhao et al., 2019). This soon leads to lower funder confidence and reduced contributions (Kuppuswamy & Bayus, 2017).

Finally, low savings rates and limited household incomes limit potential contributors, especially for those offering low-value rewards. Despite the contribution of diaspora networks in alleviating this limitation, local contributions remain low in most countries in the continent (World Bank, 2018; CGAP, 2017).

2.7 Empirical Literature Review

2.7.1 Overview of Empirical Approaches in Crowdfunding Research

Over the last decade, there has been growing empirical research on crowdfunding, stimulated by the increased use of online platforms, including Kickstarter, Indiegogo, and GoFundMe. Most of this research has made use of quantitative approaches, most often logistic regression models (Mollick, 2014), survival analysis (Kuppuswamy & Bayus, 2017), and machine learning classifiers (Zheng et al., 2014), to measure determinants of campaign success. Most of these research use large-scale datasets collected by scraping crowdfunding platforms, with Kickstarter being among the most commonly studied with its structured data and campaign diversity (Cordova et al., 2015).

The available empirical literature tends to find four broad areas for success predictors. Firstly, it considers campaign-level factors, including the funding goal, duration of the campaign, multimedia usage, and campaign updates. Secondly, it views founder-level factors including prior experience, social capital, and location. Thirdly, it observes platform-level features including recommendation algorithms and exposure. Lastly it explores external social signals, including the momentum of initial backers and media attention (Belleflamme et al., 2014; Colombo et al., 2015; Koch & Siering, 2015).

From these success predictors, the most accessible and extensively researched predictor of success has continuously been campaign-level factors. Strong correlations have been found between funding outcomes and variables like the campaign's duration, number of backers, existence of promotional videos, and funding goal size (Mollick, 2014; Parhankangas & Renko, 2017). Nonetheless, empirical analysis is centered towards campaigns originated in wealthier nations, especially those in North America and Europe. Hence, the applicability of the findings to other contexts is restricted by this geographic focus, particularly in regions like Africa where the financial culture, digital infrastructure, and trust building mechanisms diverge greatly from Western models (Ziegler et al., 2019)

In Africa, reward-based crowdfunding has not received much attention. The majority of the current literature focuses on descriptive analyses or conceptual frameworks of crowdfunding ecosystems (FSD Africa, 2016; Onginjo & Mei, 2022), rather than a quantitative campaign-level analysis. Therefore, there is limited understanding and interpretability of how these success factors and predictors appear in the African context and whether the same analysis holds across a more varied socioeconomic and technological environment.

2.7.2 Empirical Review of Campaign-Level Success Factors in Reward-Based Crowdfunding

Numerous empirical studies have sought to identify the attributes of successful reward-based crowdfunding campaigns, focusing on campaign-level design features that influence funding outcomes. While much of the literature originates from Western and Asian contexts, a growing body of research from Africa is revealing both commonalities and unique dynamics.

2.7.2.1 Funding Goal Size

The funding goal is consistently identified as a critical determinant of campaign success. Multiple studies, including those focused on Africa, have found that lower or more realistic funding goals are associated with higher success rates, as they appear more attainable to potential backers and can generate early momentum (Mollick, 2014; Wachira & Wachira, 2021; Elkhidir, 2019). Excessively high goals may deter contributions by signalling overconfidence or unrealistic expectations, particularly in contexts with limited disposable income (Kraus et al., 2016; Wachira & Wachira, 2021). However, despite the likeliness of smaller projects to obtain funding, prior research also notes that backers tend to be less satisfied with the project/campaign results (Wessel et al., 2021).

On the contrary, some research revealed that in reward based crowdfunding projects, if a stretched goal is combined with a higher level of openness in communication with backers, this may also improve the success of a crowdfunding project (Yasar et.al, 2022). Overall however, multiple researches consistently agree that a smaller goal size is significantly associated with higher campaign success (Barbi and Bigelli, 2017, Cordova et al. 2015; Koch and Siering, 2019; SalamzadehandRamadani, 2021; Jimenez-Jimenez et al., 2022), reinforcing the importance of strategic goal-setting (Cumming et al., 2019).

2.7.2.2 Number of Backers and Amount Pledged

Prior research notes that crowdfunding campaigns that have a higher number of backers, not only contribute to raising the total amount of funds pledged but also promotes herd behavior by acting as social proof and increasing the reliability of the campaign. This in turn leads to further backer participation (Colombo et al., 2015; Burtch et al., 2013; Wachira & Wachira, 2021). Support from numerous backers and particularly the African Diaspora can greatly increase campaign legitimacy in markets where community validation and interpersonal trust are essential (Wachira & Wachira, 2021; Elkhidir, 2019). This cycle is strengthened by the gradual increase in the total amount pledged, which even separately conveys momentum and credibility, particularly when it is consistent (Preprints.org, 2024; SSRN, 2024). Overall both the quantity of backers and the amount pledged are highly positive indicators of campaign success, according to recent synthesis research (SSRN, 2024).

2.7.2.3 Campaign Duration

The optimal campaign duration needs to strike a balance between the necessity of rallying support and the possibility of audience fatigue. According to previous research, campaigns that are medium in length, usually lasting 30 days or less, perform the best because it gives campaign creators enough time to obtain supporters without sacrificing urgency (Etter et al., 2013; Koch & Siering, 2015; SSRN, 2024). Longer campaign durations are occasionally seen in Africa to account for slower digital onboarding and lower platform traffic, but this does not always result in higher success rates (Wachira & Wachira, 2021; Elkhidir, 2019). While shorter campaigns may miss potential backers due to limited outreach, longer campaigns can actually dilute urgency and engagement (Elkhidir, 2019; SSRN, 2024).

Although fundraisers are typically free to choose how long their projects will last, platforms like Kickstarter have indicated that longer-running campaigns are rarely successful and recommends a campaign duration of 30 days or less. (Kickstarter.com, 2020)

Overall, the campaign duration is a significant indicator of campaign success with longer funding periods associated with less successful fundraising campaigns (Barbi and Bigelli, 2017; Koch & Siering, 2015; Mollick, 2014;).

2.7.2.4 Campaign Description and Narrative Quality

The clarity, detail and emotional appeal of a campaign's description has a significant impact on its success (Barbi & Bigelli, 2017; Koch & Siering, 2015; Xiao et al., 2014; Hos-seiniet al. 2022). Compelling storytelling is important in Africa given the varying levels of digital literacy (Wachira & Wachira, 2021; Preprints.org, 2024). Trust and engagement are built from detailed descriptions articulating the projects purpose, goals and social value (Allison et al., 2017; SSRN, 2024). Both the length and the readability of the project description is important. Having a description that is too short could be perceived as vague and one that is too technical could alienate non-expert audiences (Elkhidir, 2019; Wachira & Wachira, 2021).

2.7.2.5 Use of Multimedia Content (e.g., Videos, Photos)

There is a consistent association between the inclusion of multimedia elements, particularly videos, and high campaign success rates. Not only do videos provide proof of legitimacy, but they also add a human-like touch, capturing the viewers' attention far more than written text (Mollick, 2014; Xu et al., 2016; SSRN, 2024). In more rural regions of Africa, where language barriers and illiteracy may persist, storytelling through pictures and videos fosters greater inclusiveness and understanding (Elkhidir, 2019; Preprints.org, 2024). This is also supported by Kickstarter that notes that projects that feature a video tend to succeed at a much higher rate than those that don't.

This is further supported by empirical evidence, such as Mollick (2014), who noted that project videos were among the strongest indicators of a campaign's success on Kickstarter. In the same manner, Zhao et al (2019) argue that videos mitigate information asymmetry and serve as signals of credibility, enhancing emotional and trust-based engagement by potential supporters. In the case of Africa, where there is skepticism towards digital platforms and campaigns, such multimedia tools may fill the gap on trust, making them even more crucial.

On the contrary, some researchers argue that the simple existence of a video, in most cases, is not a strong predictor of overall success without engaging content to accompany it (SSRN, 2024).

2.7.2.6 Project Category and Nature

The nature of a project or its category as an aspect of scope can be a factor to determine campaign success. The creative industries such as music, film, and the arts tend to receive more interest in terms of global crowdfunding. However, in the African context, the focus lies more on development areas such as education, agriculture and social development sectors due to their perceived impact (Agrawal et al., 2015; FSD Africa, 2016; Preprints.org, 2024). However, certain domains such as health may be subject to more skepticism or scrutiny in the face of lacking transparency (Wachira & Wachira, 2021; SSRN, 2024).

Another perspective to this is that, instead of the sector that the campaign is in, the nature and quality of the campaign itself could be a more relevant factor. Some research indicate that funders in some cases behave as venture capitalists looking to invest in high quality products or projects. In this sense, they assess several factors including the quality of the product, the team behind it, and the likelihood of success (Gorman and Sahlman, 1989, MacMillan, 1986) to make an “investment decision”. It stands to reason that some projects will inevitably outperform others in the competition for funding while others will sink without sufficient backers. In crowdfunding, quality signals are further amplified through a Matthew Effect (Merton, 1957), which entails that high quality projects attract backers who promote it to other potential backers, and even the media, thus increasing the appeal of the project.

2.7.2.7 Founder-Specific Characteristics

The social media presence of a founder, his or her previous entrepreneurial experience, the number of campaigns participated in, and educational background are all important predictors that influence the likelihood of success (Ahlers et al., 2015; Bi et al., 2017; Elkhidir, 2019). Elkhidir (2019) and SSRN (2024) argue that founders with established networks are more trustworthy, and therefore are able to mobilize early support. In Africa, the ability to engage with social capital (internal social capital) and backers have a great deal of power (Preprints.org, 2024; SSRN, 2024).

Prior research conducted on an Australian equity crowdfunding platform found that possession of advanced business degrees correlates positively with the efficiency of project outcomes (Ahlers et al. 2015). This shows that campaign creators should make an effort to demonstrate their expertise and mastery relevant to the scope of the project in order to build credibility and

momentum. Prior experience in crowdfunding further demonstrates credibility by signaling some level of understanding of the workings and intricacies of crowdfunding.

2.7.2.8 Backer Engagement and Campaign Updates

Campaign success is closely linked to active backer engagement through regular, high-quality updates (Kuppuswamy and Bayus, 2018; Koch and Siering, 2019; Wachira & Wachira, 2021; SSRN, 2024). Updates keep backers interested, project professionalism, and instantly resolve their concerns. Regular communication helps establish the trust required for successful campaigns in African markets, where there may be a greater degree of scepticism regarding online fundraising (Preprints.org, 2024; Wachira & Wachira, 2021). A campaign is more likely to be successful when there is more communication with the audience through blogs or social media posts (Mollick 2014; Xu et al. 2014). Prior research goes into further detail by classifying blog posts into seven distinct categories, including those that announce new rewards, provide answers to queries, or reveal new content (Xu et al., 2014). These studies have revealed that despite differing significance, all types of blog posts had a positive influence on the probability of success.

2.7.2.9 Provision of Financial Information

Transparency regarding the usage of funds through budget breakdowns, timelines, and deliverables decreases backers' perceived project risks by the added visibility, thus improving campaign performance (Ahlers et al., 2015; Cumming et al., 2019; SSRN, 2024). In Africa, where concerns about fraud and misuse are common, this is particularly crucial. Comprehensive financial disclosures can distinguish trustworthy campaigns from less reliable ones and reassure backers (Preprints.org, 2024; Wachira & Wachira, 2021).

2.7.2.10 Contribution Timing and Initial Momentum

High early contribution, particularly those made within the first 48 to 72 hours, disproportionately improved the success of a crowdfunding campaign (Etter et al., 2013; SSRN, 2024). This is due to the fact that early momentum may cause platform algorithms to give the campaign more prominence in terms of visibility, which would increase backer engagement and participation, building a positive feedback loop. Although this trend is consistent in African contexts, restricted promotional reach and decreased platform traffic can constrain its impact (Wachira & Wachira, 2021; Preprints.org, 2024).

2.8 Research Summary

Reward-based crowdfunding has become a fundamental source of alternative financing for SME's and entrepreneurs in Africa, particularly in areas where formal financial institutions are lacking or constricted. Prior research has identified a variety of campaign level factors that determine the success of crowdfunding campaigns on a campaign-level including but not limited to the number of backers, pledged amounts, funding goal size, campaign duration, multimedia usage, length of the campaign description, the campaign category and lastly backer engagement.

Empirical studies on global platforms rooted in more developed crowdfunding ecosystems particularly in North America and Europe have consistently related that factors such as a higher backer number, engagement rate, and pledges have significantly positive impact on campaign success. Similarly, campaigns that have longer, but concise, and well-crafted descriptions supported by the usage of multimedia content enhance campaign performance building trust and creditworthiness, positively influencing campaign success. On the other hand, having a large funding goal tends to deter backers and negatively influence campaign success and campaign duration has a mixed impact depending on the contextual situation. Project category also seems to have an impact although not consistently cited, where categories that are more creative or artistically oriented exhibit a higher success rate compared to others such as education or healthcare related projects.

However, due to the fact that the majority these findings come from crowdfunding campaigns rooted in more mature ecosystems, there is limited evidence that these insights and recommendations are applicable in the African context with multiple findings differing between global and African based research. This can be related to the unique sociocultural and macroeconomic context that is present in Africa. For instance, some empirical findings suggest that African backers care more about the campaign quality, the clarity of the goals, transparency and authenticity of the crowdfunding campaign as compared to the project category and the length of narrative description. In the african context where there are infrastructural and bandwidth limitations as well as varying linguistic preferences presence of videos and lengthy descriptions may have limited or no impact (Wachira & Wachira, 2021; Preprints.org, 2024). Furthermore, as a continent deeply rooted in trust building and informal relationship building and fundraising, strategies involving conventional marketing and prelaunch campaigns may prove ineffective. These contrasting findings reveal a gap in the research and point to the

urgent need for larger, systematic studies that unravel what really drives crowdfunding activity on the continent.

2.9 Research Conceptual Framework

The success of reward-based crowdfunding campaigns are linked to various campaign-level and external factors. With the campaign level factors being the most significant determinants of the success or failure of a reward-based campaign, it is essential to understand the factors and the conceptual framework that surrounds these factors and determines or anticipates their presumed relationship with campaign success. In addition, it is important to understand the nature of their relationship as well as the theoretical ground and practical link, in order to justify the relevance and significance of these factors as well as the relationship, insights and recommendations that are derived.

2.9.1 Theoretical Foundations of Campaign Success Determinants

The factors that influence the success of reward-based crowdfunding platforms are linked to several socio-cultural norms that are unique to the African context. However, these relationships can also be rooted, defined and justified through key theoretical frameworks including the Signalling Theory, Social Proof Theory, Expectancy Theory, and Narrative Transportation Theory that provide conceptual explanations for how and why these variables affect campaign outcomes.

2.9.1.1 Number of Backers and Campaign Success

The number of backers, which relates to the number of people that have supported or pledged to support the crowdfunding campaign, has been seen to positively affect campaign success acting as a direct measure of public interest and engagement in a crowdfunding campaign (Kuppuswamy & Bayus, 2017). From a logical standpoint, this relationship seems to be rather imperative i.e. the probability of success should increase since more people are contributing. However, this relationship is also heavily linked to the idea of “social proof” which relates that a higher number of backers ultimately signals more credibility to other backers which in turn leads to a herding effect and ultimately increases the overall number of backer that contribute to the campaign. This relationship is rooted in the social proof theory which relates to the effect that collective behaviour and perceived credibility have on individual decision making. The social proof theory, originated by Cialdini (2009), notes that people often rely on the actions of others to guide their own behaviours especially in unfamiliar circumstances or environments,

due to the perceived credibility. In the context of crowdfunding, this supports the notion that if a campaign is supported by a higher number of backers, more backers are inclined to invest or fund the campaign, following in the behaviour of others and trusting their judgement in the soundness of the campaign.

2.9.1.2 Backer Pledges and Campaign Success

Similar to the concept observed with the number of backer's involved, backer pledges, which relates to the amount of dollars that backers or funders pledge to the crowdfunding campaign, positively influence campaign success by building perceived legitimacy. Drawing on the social proof theory, a higher pledge amount justifies more pledges in the eyes of other backers. Higher pledge amounts from early backers may also serve as a signal of campaign legitimacy to other backer, in line with the signalling theory, whereby when early contributions are large, it sends a signal of trustworthiness, thus encouraging further contributions.

2.9.1.3 Funding Goal and Campaign Success

Looking into previous literature, funding goal, which relates to the dollar amount that campaign creators seek to raise, has consistently been negatively related to campaign success due to the perceived unattainability of larger funding goals. This apparent relationship can be justified and explained through the expectancy theory that notes that individuals are more likely to act or contribute when they believe or expect will lead to a tangible outcome. Thus, when it comes to reward-based crowdfunding, backers may be less inclined to campaigns that have high funding goals as they perceive it will ultimately not be achieved, and their contribution will not lead to success. However, this effect maybe less effective in the African context due to infrastructure limitations and cultural relevance.

2.9.1.4 Use of Multimedia Content and Campaign Success

The use of high-quality multimedia content such as photos and videos has been seen to have positive effects on campaign success. Prior research notes that this is related to the perceived legitimacy through enhanced transparency, emotional engagement and storytelling. This notion is further supported by the signalling theory which suggests visible and effort-intensive elements such as high-quality videos give the perception of credibility and increase backer confidence, hence positively affecting campaign success.

2.9.1.5 Campaign Description and Narrative Quality

A well-crafted campaign description can easily convey key messaging about the campaign to backers, increasing their engagement and emotional resonance to the campaigns. In more mature crowdfunding ecosystems, longer descriptions that instil emotional resonance are highly linked to campaign success. In mature crowdfunding ecosystems, longer, detailed, and emotionally resonant narratives (Mollick, 2014; Allison et al., 2017). This relationship is supported by the narrative transportation theory which related that immersive storytelling can bring about greater trust and emotional engagement as well as cooperative spirit (Green & Brock, 2000). In the crowdfunding context this translates into a higher number of backers and consequently higher probability of campaign success. However, this may not translate directly in the African context due to the linguistic diversity and differences in communication preferences. As a continent whose culture is rooted in trust building and informal fundraising means, simple communication supported by endorsements or social backing could prove more beneficial than lengthy descriptions.

2.9.1.6 Project Category and Campaign Success

Project Category, which relates to the nature or specific theme that the campaign is associated with, is shown to be very variable in the Kickstarter dataset but has been condensed into 10 key sections with the final section containing all less frequent categories. According to empirical research, campaigns associated with certain categories such as documentary, public arts, photography and so on are associated with higher success rates. This is primarily due to the preference of creative projects compared to educational or people related projects which may be seen as less intriguing and lack unique messaging (Mollick, 2014). This can also be linked to the fact that artistic projects are more likely to provide backers with rewards such as books, artwork and so on compared to other types of projects. This makes it more favorable for backers who seek to get some sort of benefit out of their contribution (Agrawal, Catalini, & Goldfarb, 2015). However, this effect may not translate directly into the African context as some research have cited that in African crowdfunding campaigns, the quality and presentation of the campaign is far more important than its thematic category and backers respond more to projects that are perceived to be better in terms of goal clarity, transparency and the utility of the contribution.

2.9.1.7 Backer Engagement and Campaign Success

Backer engagement relates to the consistent engagement and involvement that campaign creators have with backers on crowdfunding platforms. This engagement can take the form of providing regular updates and transparent communication regarding the progress of the project or fundraising efforts or the impact of contributions that have been received (Kuppuswamy & Bayus, 2018; Koch & Siering, 2019; Wachira & Wachira, 2021; SSRN, 2024). Regular updates not only sustain backer interest but also increase trust between campaign creators and backers, which is essential in markets like Africa (Preprints.org, 2024; Wachira & Wachira, 2021). This aligns with the signalling theory whereby frequent updates act as positive signals of transparency project quality, legitimacy and commitment, hence positively influencing campaign success by reducing backer uncertainty.

2.9.2 Visual Representation of the Conceptual Framework

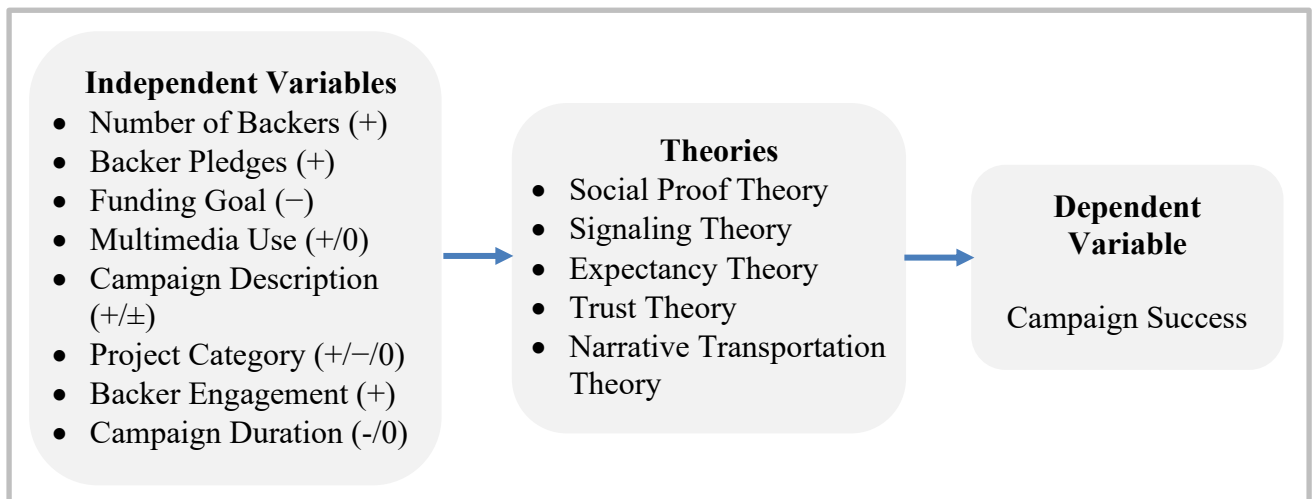


Figure 1: Research Conceptual Framework

2.10 Research Gap

While the body of research on reward-based crowdfunding has grown globally, it remains disproportionately concentrated in Western contexts, with limited empirical focus on African markets. As a result, African campaign creators face conflicting guidance, international studies emphasize predictors such as funding goal, project updates, or video presence (Mollick, 2014; Koch & Siering, 2015), whereas Africa-based studies are fewer and often divergent in their emphasis.

For instance, El Khidir (2021) and Wachira (2020) explore qualitative dimensions such as social proximity, trust, and the influence of diaspora communities on funding decisions, while studies like Aderibigbe et al. (2022) focus on factors such as spelling mistakes or language simplicity. These studies rarely address quantitative predictors like backers count, funding goal size, or description length in a structured, multivariate statistical framework. Consequently, campaigners in Africa receive mixed or incomplete recommendations, with no unified evidence to guide strategy.

Additionally, much of the existing Africa-focused literature is qualitative or descriptive, relying on case studies or thematic interviews rather than robust statistical modeling. Empirical, data-driven research quantifying the relative importance of different predictors in African crowdfunding success is notably lacking. This gap limits the development of localized best practices and may hinder platform growth in underrepresented regions.

By applying a multivariate logistic regression framework to a curated Kickstarter dataset, this study aims to contribute empirical evidence on success factors relevant to African crowdfunding campaigns and offer a comparative perspective that bridges global findings with context-specific realities.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology used to investigate the campaign-level factors that influence the success of reward-based crowdfunding initiatives in Africa. Given the growing relevance of crowdfunding in financing early-stage ventures, it is essential to analyze campaign level data for African reward-based crowdfunding projects to identify and assess which campaign factors significantly influence fundraising outcomes as well as the extent of their influence.

Hence, this chapter describes the research design, sampling, data collection methods used to address the research questions. It also highlights methodological limitations and steps taken to mitigate them.

3.2 Research Approach

This research adopts a quantitative research approach, which utilizes numeric data and applies a statistical analysis to measure variables, test hypothesis and identify causal relationships between variables. This approach is used to define, interpret and predict variables of interest and consequently generalize these findings to a larger population. Quantitative research approaches are commonly utilized in research studies that seek to conduct hypothesis testing and measure the degree of association between variables from a certain set of data and draw conclusions that can be applied to a broader group (i.e. the population).

Therefore, given that this research seeks to analyze the influence specific campaign-level factors on the success of reward-based crowdfunding campaigns in Africa by testing hypotheses, quantifying association and predicting the binary outcomes (success or failure), this approach is ideal in providing an accurate estimate of the cause-and-effect relationships through regression modelling. This approach is consistent with prior empirical studies in crowdfunding, such as those by Mollick (2014), Colombo et al. (2015), and Kuppuswamy and Bayus (2017).

3.3 Research Design

This research employs an explanatory research design with a descriptive component. Explanatory research involves employing statistical analysis and controlled experimentation to identify causal links and provide evidence-based explanations for observed phenomena. This

design is ideal for understanding the causal relationships between dependent and independent variables in a dataset, clarifying why and how this influence exists. Thus, this research design is particularly suitable for this research given that it seeks to explain how the campaign-level variables influence the success of reward-based crowdfunding campaigns, studying the causal relationship observed between the independent variables, i.e. the the factors, and the dependent variable, i.e. campaign success.

Furthermore, this research incorporates descriptive elements to provide contextual insights into key campaign characteristics. The research utilizes a cross-sectional dataset to evaluate the likelihood of campaign success based on observable factors at launch, with the unit of analysis being the individual crowdfunding campaign data filtered for African reward-based crowdfunding campaigns

3.4 Population and Sampling

The target population for this study included all reward-based crowdfunding campaign in Africa launched between 2009 and 2025 on Kickstarter. Kickstarter was selected due to its large user base, global reach and publicly available campaign data. The platform is also one of the pioneers in reward-based crowdfunding and has one of the largest transaction volumes amongst crowdfunding platforms.

Originally, Kickstarter mandates that campaign creators be located in specific countries with South Africa being the only African country included in the list. Therefore, to identify campaigns that focus on Africa (campaigns raised for causes/projects in Africa), the sampling frame was defined as the set of all Kickstarter campaigns with identifiable African country tags or location metadata. From this frame, an initial sample of 414 campaigns were identified through a filtering process that matched campaign metadata (e.g., location_country) to the list of 54 African nations.

In order to maintain the integrity of outcome-based analyses, campaigns with a final status of “live”, “cancelled” or “submitted” were dropped using a purposive sampling technique. These statuses are not conclusively resolved fundraising attempts, hence offer no definitive success or failure metrics that can be interpreted. Applying this criterion has provided a final sample of 378 campaigns, which had binary outcomes of 1 for “successful” and 0 for “failed”. This approach is consistent with empirical practices which highlight the need for extracting completed campaigns to avoid censoring bias (Mollick, 2014; Kuppuswamy & Bayus, 2017).

3.5 Data Collection Methods

This research uses the publicly available dataset on Kickstarter crowdfunding campaign projects. The dataset is obtained from Webrobot.io, who is licensed by Kickstarter to extract and archive campaign data using tools such as web-scraping. This dataset consists of information on campaign characteristics such as funding goals, pledged and funded amounts, number of backers, campaign duration, campaign descriptions, video inclusion, and category classification.

Data cleaning and preprocessing steps were executed in R and included variable transformation, addressing missing values, normalizing currency to USD, and determining derived variables such as `log_goal`, `desc_length`, and `duration`. Only campaigns with complete information and a known conclusive status (successful or failed) were kept for the analysis. Based on `location_country`, other non-African country campaigns were dropped which resulted in a final filtered sample of 378 completed African campaigns spanning the period from July 2009 to February 2025.

3.6 Variables and Measurement

Variable Name	Type	Description
Dependent Variable		
Campaign Success	Binary (0 = Failed, 1 = Successful)	Final campaign status as reported by Kickstarter
Independent Variable		
Log of Funding Goal (USD)	Continuous (log-transformed)	Natural logarithm of the campaign's funding goal in USD
Number of Backers	Count	Total number of contributors/funders to the campaign
Amount Pledged (USD)	Continuous (USD)	Total amount pledged to the campaign backers in USD
Description Length	Count (characters)	Character count of the campaign's blurb or description
Duration	Count (days)	Number of days from campaign launch to deadline
Presence of Video	Binary (0 = No, 1 = Yes)	Indicates whether the campaign featured a video
Prelaunch Page Activation	Binary (0 = No, 1 = Yes)	Indicates whether a Kickstarter campaign had an official prelaunch page activated prior to its launch
Campaign Category	Categorical	Primary theme of the campaign, grouped for frequency

Figure 2: Definition of Dependent and Independent Variables

3.7 Model Specification

This research employs a binary logistic regression model to analyse the relationship between the specified campaign-level variables and the probability of campaign success, whereby the binary outcome of success is defined as the meeting or exceeding of the funding goal set at the initiation of the campaign (success=1, failure=0). Due to the binary nature of the dependent variable “success”, logistic regression is best suited as an estimation technique to model the log-odds of success.

This model was selected over other alternatives such as the linear probability model or probit regression due to its reliability and interpretability. Unlike the linear probability model, the logistic regression keeps predicted probabilities between 0 and 1, so it avoids the issues of assumption violations associated with ordinary least squares. Although probit regressions provide similar outputs to the logistic regression model, it was not selected because logit models offer better interpretability of coefficients as odd ratios (Wooldridge, 2010; Long & Freese, 2014). This means that by allowing the direct interpretation of coefficients in terms of log odds, the logistic regression models make it easier to communicate the magnitude and direction of the relationship between variables.

The probability of campaign success was modelled as a function of multiple campaign-level factors extracted from prior literature including These factors are grouped into project-specific variables (e.g., funding goal, use of multimedia), funding period characteristics (e.g., duration, prelaunch activation), and other relevant controls.

$$\text{Likelihood of Success} = f(\text{Funding Goal Size, Number of Backers, Use of Multimedia, Campaign Quality, Narration Length, Project Category, Pre-launch Promotion, Backer Engagement})$$

Thus, the model is specified as follows:

$$\log\left(\frac{P(\text{Success}=1)}{1-P(\text{Success}=1)}\right) = \beta_0 + \beta_1*\log_goal + \beta_2*backers_count + \beta_3*usd_pledged + \beta_4*desc_length + \beta_5*duration + \beta_6*has_video + \beta_7*prelaunch_activated + \beta_8*category_main + \epsilon$$

Whereby:

- log_goal: Natural logarithm of the campaign's funding goal
- backers_count: Number of individual contributors to the campaign

- `usd_pledged`: Total amount of USD pledged by backers
- `desc_length`: Total character count of the campaign description
- `duration`: Overall time period the campaign was live measured by the number of days
- `has_video`: Binary variable indicating presence of a video (1 = yes, 0 = no)
- `prelaunch_activated`: Binary variable indicating whether pre-launch page was activated (1 = yes, 0 = no)
- `category_main`: Categorical variable capturing the main project category (dummy-coded)
- ϵ : Error term

This model focuses on the individual effect of each individual independent variable and its predictive ability with regards to the likelihood of campaign success, controlling for other variables. The factor “category” was dummy coded prior to model estimation as it is a categorical variable with multiple non-ordinal categories, which cannot be directly used in a regression model individually. Furthermore, the factor funding goal was log translated in order to account for non-linearity and skewness in goal size distribution, in accordance with prior research (e.g., Mollick, 2014; Colombo et al., 2015).

3.8 Data Analysis Methods

This research follows a clear three-step analysis strategy including descriptive statistics, inferential statistics, and regression modelling.

Initially, the descriptive statistics provide a summary of the key characteristics of the crowdfunding campaigns including mean values, counts, and spreads for variables like backer numbers, funding targets, project length, media presence, and description count. These summary figures paint a broad picture of the campaign-level factors that influence African reward-based campaigns and how heterogeneous or homogeneous the dataset is overall before a more detailed analysis is conducted.

Second, inferential statistics is applied to the data to test the hypotheses and estimate the strength and direction of the relationship between the dependent and independent variables. The overall objective of using this analytical method is to assess whether the patterns that have been observed thus far are statistically significant and it is possible to generalize from the sample to the population. Bivariate tests and significance levels are conducted to reveal early links between independent predictors and the binary outcome of success or failure.

Lastly, a binary logistic regression model is applied to estimate the probability of campaign success as a function of multiple independent variables. The model assesses the strength, direction and significance of each predictor's effect on the probability of campaign success. Significance levels are evaluated using p-values, and model fit is assessed using indicators such as pseudo R.

This multi-stage analytical approach ensures a comprehensive understanding of both the descriptive patterns and explanatory relationships within the data.

3.9 Ethical Considerations

This project draws on secondary data from publicly available campaign data on Kickstarter, collected and archived by Webrobots.io. Therefore, no direct interactions or surveys were conducted with individuals, no private, sensitive or confidential information was gathered. Thus, this research complies with ethical standards employed for studies that use non-reactive data (Bryman, 2016).

Nevertheless, the research adheres to the core ethical principles outlined in literature such as respect for persons, beneficence and justice (Israel & Hay, 2006; Resnik, 2015). Prior to analysis, the data was cleaned to maintain confidential information and ensure the non-exploitative use of data, limiting the usage of all information strictly for academic use.

In addition, no information was altered or collected by deceitful means, either during collection or analysis, adhering to long-standing norms for treating digital records responsibly (Townsend & Wallace, 2016).

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Overview of the Dataset

The campaign level dataset analysed in this study consists of 378 completed reward-based crowdfunding campaigns on Kickstarter that targeted projects in Africa between 2009 and early 2025. These campaigns were identified through platform metadata, specifically location tags and country information aligned with African nations. Only campaigns with a definitive outcome, i.e. either “successful” or “failed”, were retained to allow binary analysis. The dataset captures a range of campaign-level characteristics including funding goals, amounts pledged, number of backers, campaign duration, description length, video presence, and category type and allows for the assessment of predictors of crowdfunding success in the African context using standardized platform-level variables.

4.2 Descriptive Analysis of Campaign Outcomes

Variable	Description	Min	Max	Mean	SD
log_goal	Natural log of campaign's funding goal (USD)	2.4	16.0	8.9	1.6
backers_count	Number of individuals who backed the campaign	0	1,196	89	175
usd_pledged	Total amount pledged in USD	0	128,188	9,671	19,120
desc_length	Number of characters in the campaign's blurb	31	150	114	26
duration	Duration of the campaign in days	8	90	36	13

Table 1: Descriptive Statistics

The dataset reveals substantial variation in campaign scale and engagement. The log-transformed funding goals ranged from 2 (~USD 9) to 16 (~USD 8.8m), with a mean of 9 (SD = 2), reflecting broad differences in target amounts across campaigns. The number of backers varied widely (0 to 1,196; mean = 89; SD = 175), indicating that while some campaigns gained significant traction, many attracted minimal support. Similarly, the amount pledged ranged from \$0 to \$128,188 (mean = \$9,671; SD = \$19,120), showing high dispersion and a positively skewed distribution. Campaign descriptions were relatively concise, averaging 114 characters (range: 31 to 150), suggesting a consistent use of brief promotional content. The campaign duration spanned from 8 to 90 days, with a mean of 36 days (SD = 13), indicating moderate variation in campaign timelines, generally adhering to platform norms. These patterns

underscore the heterogeneity in campaign outcomes and presentation, providing a strong basis for predictive analysis.

4.1.1 Overall Campaign Success Rates

Campaign Status	No. of Campaigns	Percent
Successful	215	52%
Failed	163	39%
Live	12	3%
Submitted	16	4%
Cancelled	8	2%
Total (population)	414	

Table 2: Campaign Status

From Table 1, it can be observed that out of the 414 reward-based crowdfunding campaigns on Kickstarter in Africa, 215 (i.e. 52% of the total) were successful, while 163 (~39%) were unsuccessful. The remainder of the campaigns were either active (2.9%), submitted but yet to be launched (3.9%), or canceled (1.9%). The observed success aligns with earlier studies which indicate that there is a higher success rate for campaigns focusing on Africa but hosted on platforms like Kickstarter compared to those on local platforms which usually have a success rate of 7%-12% (Journal of Risk and Financial Management, 2023). This is attributed to greater diaspora participation as well as stronger infrastructure and marketing resources that come with international platforms (Ziegler et al., 2019; FSD Africa, 2016).

Ziegler et al. (2019) and Chao et al. (2020) stated that diaspora donors, who are central to campaign success, are more likely to fund African campaigns on global platforms due to their established reputations, ease of accessibility, and social validation mechanisms like visible backer accounts and updates on the campaign. In comparison, native platforms tend to lack basic technical infrastructure, international payment systems, and perceived credibility needed to gain support from the diaspora in bulk (Adjakou, 2021; TSI Co).

In addition, FSD Africa (2016) stated that local platforms in Kenya, Nigeria, and South Africa struggle with issues related to lack of trust in the platforms and friction in digital payments, which are further exacerbated by limited global outreach and brand visibility. This makes global platforms more suitable for international backers that are more risk-averse as they benefit from more publicity on search engines and social media, solid market reputation due to longer presence and higher social proof supported by its previous track record.

Looking at the platform level factors, Kickstarter is a popular global reward-based crowdfunding platform with high traffic, advanced campaign features, broader community engagement, and backer support. All of these attributes have been historically viewed as vital to campaign success (Zhao et al,2019; CCAF 2020). However, it is important to mention that due to underlying platform restrictions regarding the location where campaigns can be initiated, a significant number of Africa centered campaigns on Kickstarter and some other international platforms are sponsored by North American and European beneficiaries with closer ties to the continent. Hence, the success of these projects may be overlooked or misclassified as the success of more developed markets with the reality being quite different.

Therefore, while this dataset presents a 52% average success rate, which is quite encouraging for the continent, the fact that Kickstarter is an international platform that hosts better-resourced campaigns and has greater international visibility compared to local platforms should be taken into consideration. Local platforms may not observe similar trends due to their perceived lack of trust and infrastructure limitation amongst other factors, including campaign level issues. Hence, it is imperative that further research in this area try to disaggregate the crowdfunding platform from its creators' locations, project locations and digital engagement strategies to make an unbiased observation.

4.1.2 Regional Differences in Success Rates

Region	Failed	Successful	Percentage of Campaigns Successful
Central Africa	7	5	42%
East Africa	54	103	66%
North Africa	3	2	40%
Southern Africa	35	36	51%
West Africa	64	69	52%
Total	163	215	57%

Table 3: Campaign Distribution by Region

Table 2 captures regional variations in campaign success. In this dataset, East Africa takes the lead with a 66% success rate, followed by West Africa (52%) and Southern Africa (51%). Central and North Africa fall behind with 42% and 40% success rates, respectively. These patterns are in line with previous studies which highlighted the importance of digital infrastructure, mobile money usage, diaspora participation, and regulatory environment in influencing crowdfunding outcomes (FSD Africa, 2016; Chao et al., 2020). East Africa's top position is justified by the availability of mobile-enabled platforms such as M-Changa in Kenya, which incorporates the payment platform M-Pesa, allowing for seamless fundraising in

even more remote areas, reflecting the increasing role of fintech in the crowdfunding ecosystem.

Likewise, West Africa has historically been one of the most active crowdfunding ecosystems in Africa, supported by its large youthful and tech-savvy population, particularly in Nigeria. This is further confirmed by the strong success rate observed in this dataset. However, this contrasts with prior research which has noted lower campaign success in the region, with some as low as 1% (Bouba Ismaila, 2023). However, given that these observations were made on local West African local platforms like NaijaFund and StartCrunch, the increased success rate on this dataset is justified as Kickstarter is a global platform that has greater visible, more credibility and has a more diaspora reach.

South Africa on the other hand has sustained its historical performance with platforms like Thundafund reporting success rates of up to 21% (FSD Africa, 2016). This could be attributed to a more developed digital payment ecosystem and greater platform localization. North Africa, led by Morocco and Algeria, has conversely shown a relatively low success rate which can be attributed to a mix of regulatory constraints and low public awareness (FSD Africa, 2016; Adjakou, 2021), further constrained by the lack of financial infrastructures for online transactions and marketing issues despite having an active crowdfunding ecosystem with several active campaigns under international crowdfunding platforms (Behi, Agarwal, & Brem, 2020).

These disparities in the region provide evidence that the success of crowdfunding in Africa is not simply dependent on the platform, but on context factors such as institutional readiness, available fintech resources, and access to diaspora groups.

4.1.3 Category-Level Success Rates

Category	Details	Failed	Successful	% of Successful Campaigns
Academic	Academic includes campaigns focused on education, research, and school-related activities.	8	3	27%
Animals	Animals includes projects involving animal rescue, welfare, or conservation.	4	6	60%
Documentary	Documentary	1	25	96%
Farms	Farms refers to agriculture-related projects such as community farming, livestock, or agro-enterprises.	16	3	16%
People	People typically includes personal cause-related campaigns, often medical or social in nature.	10	3	23%
Photobooks	Photobooks are photography-driven projects compiled into published collections.	1	13	93%
Public Art	Public Art refers to installations or art intended for public engagement.	2	8	80%
Workshops	Workshops involves educational or skill-building events.	2	8	80%
World Music	World Music includes music projects rooted in traditional or cultural African music.	11	22	67%
Other	Other aggregates less frequent or mixed-category campaigns such as fashion, design, and technology-related initiatives.	108	124	53%
Total		163	215	

Table 4: Campaign Categories

From Table 3, it can be observed that the overall success rate across categories was 57%, with the highest success rates observed in Documentary (96%), Photobooks (93%) and Public Art and Workshops (both 80%). All categories with the exception of academics (27%), people (23%) and Farms (16%), had more than a 50% success rate. These results are consistent with prior research on global crowdfunding, which mentions projects that are imaginative, narratively complex, and visually appealing typically do better in reward-based crowdfunding environments (Mollick, 2014; Colombo et al., 2015). This is, however, in contrast to the African reward-based crowdfunding research which stated that funding tends to focus more on development-related areas like healthcare, agriculture/farms, and education/academics (Agrawal et al., 2015; FSD Africa, 2016; Preprints.org, 2024), except for documentary, which does also seem to perform well in the Kickstarter dataset.

One possible reason for the underperformance in the Farm, academics, and people categories could lie in the aesthetics or emotional engagement that these categories are able to build online, lack of novelty, or the inability to communicate clear results to potential backers. This aligns with Western research findings, where initiatives perceived as more utilitarian or less "rewarding" tend to initiate poorer outcomes (Kuppuswamy & Bayus, 2017).

Another consideration might be the impact that platform design and the audience make-up have on a particular category's success. As a global platform, dominated by a western audience, Kickstarter backers may often fund projects more aligned with "western" interests such as creative innovation, appealing aesthetics, and emotionally captivating narratives. While some campaigns under agricultural or educational categories might be pressing and impactful from an African perspective, they often lack perceived tangible "rewards" and therefore may be less appealing to backers seeking personal gratification or novelty (Kuppuswamy & Bayus, 2017).

4.1.4 Assumption Testing and Model Evaluation

To ensure the robustness and interpretability of the logistic regression model, a series of diagnostic and assumption checks were performed. These include tests for multicollinearity (via correlation matrix and Generalized Variance Inflation Factors (GVIF)), model discrimination (using the Area Under the Curve (AUC)), and model fit (using McFadden's pseudo R²). In addition, a calibration plot was employed to evaluate the concordance between predicted probabilities and observed outcomes.

4.1.4.1 Correlation Analysis

Variable	log_goal	usd_pledged	backers_count	desc_length	duration
log_goal	1	0.36***	0.28***	0.03	0.11*
usd_pledged		1	0.91***	- 0.08	0.01
backers_count			1	- 0.07	0.01
desc_length				1	0.04
duration					1

Note: *** $p < 0.05$, ** $p < 0.01$, * $p < 0.001$

Table 5: Correlation Matrix of Independent Variables

4.1.4.2 Multicollinearity Checks

Variable	GVIF	Df	GVIF ^{(1/(2*Df))}
log_goal	2.56	1	1.6
backers_count	1.94	1	1.39
usd_pledged	2.814	1	1.68
desc_length	1.136	1	1.07
duration	1.077	1	1.04
has_video	1.408	1	1.19
prelaunch_activated	1.177	1	1.08
category_main	1.947	9	1.04

Table 6: VIF Table

The correlation matrix and multicollinearity diagnostics table (Table 7) indicates that independent variables in this research show low to moderate intercorrelations, with the highest being between `usd_pledged` and `backers_count` ($r = 0.91$, $p < 0.001$). This strong, positive correlation is consistent with previous studies, where the number of backers was highly predictive of the total amount of money raised, particularly in reward-based funding campaigns (Mollick, 2014; Koch & Siering, 2015). This relationship shows the incremental nature of crowdfunding platforms suggesting that more backers leads to higher amounts pledged and consequently supports the bigger picture of generating more backer momentum, hence increasing campaign visibility and traction (Zvilichovsky et al., 2015).

While the high collinearity between these two variables may raise some concerns, this issue mitigated by the VIF scores, which for all considered factors remain under three, well within the acceptable bounds of Wooldridge (2015). Hence, this justifies retaining the two variables within the model. Their theoretical significance with `backers_count` acting as a proxy for social validation and active participation, and `usd_pledged` as the direct financial outcome.

In contrast to these strong correlations, variables like `desc_length` and `duration` were weakly correlated to success as well as other predictors, findings that are consistent prior research, which related that campaign descriptions have limited explanatory power unless combined with other media or founder credibility (Colombo et al., 2015). `desc_length`, in particular, was weakly correlated with other variables and was not a significant predictor in the logistic model, findings which may indicate that the limited influence of extensive campaign descriptions in the African context where narrative styles or reading formats may differ from Western expectations. Research by El Khidir (2021) and Wachira (2020) also highlighted that funders in African markets often prioritize referrals, testimonials, and social proximity over narrative detail, a dynamic that may reduce the utility of long-form text. Furthermore, linguistic diversity

and language barriers, especially on global platforms like Kickstarter where English dominates, may further dilute the impact of lengthy textual descriptions on non-English-speaking audiences.

4.1.4.3 Model Discrimination: Area Under the Curve (AUC)

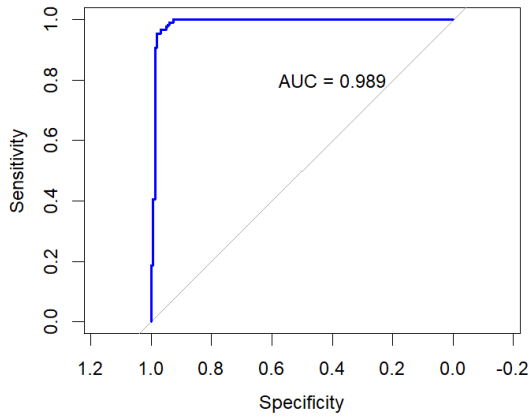


Figure 3: ROC Curve of the Regression Model

The model presents good discriminative ability with an Area Under the Curve (AUC) of 0.989. This shows that the model can accurately distinguish between successful and failed crowdfunding campaigns 98.9% of the time. An AUC of above 0.9 is generally considered to have significant predictive power (Hosmer et al., 2013), suggesting that the selected predictors yield highly accurate classifications and that key predictors such as `log_goal`, `usd_pledged`, and `backers_count` hold considerable explanatory power

4.1.4.4 Model Fit: McFadden's Pseudo R^2

In terms of model fit, the McFadden's pseudo R^2 value is 0.7452, which surpasses the median R^2 values from related studies on crowdfunding, which tend to be within the bounds of 0.1 to 0.3 (e.g., Agrawal et al., 2015; Colombo et al., 2015; Beaulieu et al., 2022). This suggests that the model explains a considerable proportion of the variation in campaign outcomes, likely due to the strong contribution of variables such as `log_goal`, `usd_pledged`, and `backers_count`, and the binary nature of the success outcome.

4.1.4.5 Predictive Accuracy: Calibration Plot

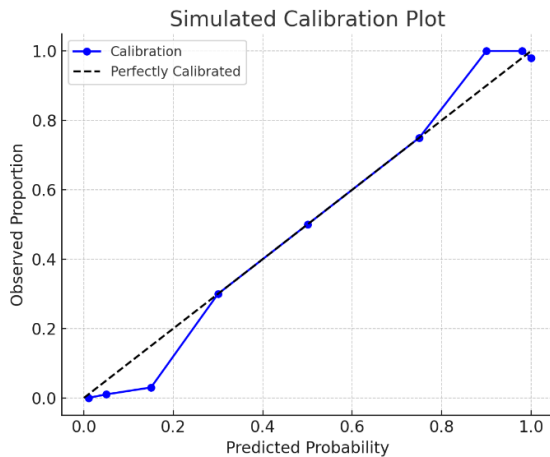


Figure 4: Model Calibration Assessment: Observed vs. Predicted Probabilities

The calibration plot compares predicted probabilities from the logistic model to the actual observed outcomes across deciles of risk. The points closely align with the diagonal reference line, indicating strong calibration—i.e., the model's predicted probabilities match well with the true event rates. This reinforces the model's reliability in estimating real-world success likelihoods and complements the high AUC (0.989) observed in the ROC analysis.

4.1.5 Regression Analysis of Campaign Success

Variable	Coef. (β)	Std. Error	z-value	p-value	Significance
(Intercept)	13.58	3.028	4.483	<0.001	***
log_goal	-2.244	0.379	-5.918	<0.001	***
backers_count	0.048	0.015	3.116	0.0018	**
usd_pledged	0.00072	0.00017	4.326	<0.001	***
desc_length	0.0087	0.0102	0.851	0.395	
duration	0.013	0.0177	0.731	0.465	
has_video (TRUE)	0.485	0.589	0.824	0.41	
prelaunch_activated (TRUE)	-0.511	0.79	-0.646	0.518	
category_mainAnimals	-2.738	2.131	-1.285	0.199	
category_mainDocumentary	1.169	1.588	0.737	0.461	
category_mainFarms	-2.573	3.316	-0.776	0.438	
category_mainOther	-0.432	1.084	-0.398	0.691	
category_mainPeople	-0.827	1.326	-0.623	0.533	
category_mainPhotobooks	-8.253	178.9	-0.046	0.963	
category_mainPublic Art	-0.479	1.675	-0.286	0.775	
category_mainWorkshops	0.924	2.316	0.399	0.69	
category_mainWorld Music	0.4	1.243	0.321	0.748	

Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Table 7: Regression Results

The logistic regression model analyzing predictors of crowdfunding success in Africa identified log of funding goal (*log_goal*), number of backers (*backers_count*), and amount pledged by backers in USD (*usd_pledged*) as statistically significant predictors of success. These findings conform to international studies on reward-based crowdfunding which underline the importance of realism in goals and engagement from backers in attaining crowdfunding success (Mollick, 2014; Colombo et al., 2015).

Log_goal, in particular, exhibited a significant negative relationship with campaign success ($\beta = -2.244$, $p < 0.001$), suggesting that high funding goals dramatically reduce the likelihood of campaign success. This complements prior literature which has shown that overly ambitious targets tend to deter potential contributors who might think the project is overly optimistic (Kuppuswamy & Bayus, 2017; Koch & Siering, 2015). Kuppuswamy & Bayus (2017) emphasize that low goals generate early momentum since backers perceive a “herding” dynamic which is vital in time-constrained funding models like crowdfunding. This effect could be exacerbated in the African context where donors have a greater aversion to funding goals because of the perceived financial risk and general lower trust in online fundraising platforms (FSD Africa, 2016). These findings complement existing literature that highlights the importance of setting achievable and modest campaign targets in order to optimize feasibility and donor confidence.

In contrast, both *backers_count* ($\beta = 0.048$, $p = 0.0018$) and *usd_pledged* ($\beta = 0.00072$, $p < 0.001$) demonstrated a significant positive relationship with success. This aligns with the hypothesis that backer participation, both in number and monetary value, acts as a social proof and motivation for further contributions (Colombo et al., 2015). The strong correlation between backers and funding ($r = 0.91$) confirms findings from international studies that cite campaigns with greater initial backer participation build perceived legitimacy, especially on international platforms (Zvilichovsky et al., 2015). This is especially relevant in African markets that face donor fatigue and platform unfamiliarity. High levels of backer participation not only drive direct funding but also generate visibility and perceived credibility, which are essential in low-trust environments (Adjakou, 2021). Therefore, if a campaign creator is able to garner high levels of backer engagement, especially during the early phase of the crowdfunding campaign whether in terms of actual support or pledges, this will generate momentum and perceived credibility that will lead to the campaign's ultimate success.

Several commonly cited predictors of crowdfunding success in global crowdfunding literature including campaign duration ($\beta = 0.013$, $p = 0.465$), campaign description length (*desc_length*) ($\beta = 0.0087$, $p = 0.395$), presence of video ($\beta = 0.485$, $p = 0.410$), and prelaunch activation ($\beta = -0.511$, $p = 0.518$), were not statistically significant in this dataset. These findings deviate from patterns observed in more developed markets where such factors are considered indicators of professionalism, transparency, and campaign quality (Mollick, 2014; Belleflamme et al., 2014; Xu et al., 2014).

The fact that campaign duration did not observe a statistically significant relationship with campaign success contradicts Mollick (2014), who noted that longer time frames often allows more exposure and increases funding in international crowdfunding. However, African-centric research analysis by Mamaro and Sibindi (2023) found that longer lengths may indeed decrease success by diffusing urgency and increasing the likelihood of supporter burnout. In less developed crowdfunding ecosystems, shorter campaigns may generate a sense of heightened urgency and concentrate societal momentum, which is crucial when the audience is limited in size and there is limited digital visibility. Therefore, campaign creators in the African context should actually consider setting shorter funding periods for their campaigns.

Similarly, while campaign description length is treated as a reflection of credibility and effort in research concentrating on global crowdfunding (Belleflamme et al., 2014), it was not a key factor in this case study. This brings forth the argument that, due to the heterogeneity of languages and literacy levels, as well as varying preferences in visual or audio content, the impact of long form narratives may be very marginal. Supporting this idea, Mamaro and Sibindi (2023) showcased that textual overloading had minimal effects on African campaign performance, particularly where other trust-building mechanisms like testimonials or community endorsements were absent. Therefore, campaign creators should focus more on developing visual and qualitative materials that build their credibility verses building lengthy campaign descriptions.

Mollick (2014) and Kuppuswamy & Bayus (2017)'s works indicate a strong positive impact of videos as a signal of legitimacy, other studies have shown that this is not the case for African campaigns, where infrastructural limitations might dampen the effect of videos. FSD Africa (2016) observed that in rural and peri-urban areas, text and image marketing, as well as relationship-based marketing, is preferred due to the limited bandwidth, high data costs, and slow video loading speeds on smartphones. Thus, campaign creators aiming for a broad reach in

Africa need to consider the lower impact of video content and select less bandwidth-intensive materials. Behi, Agarwal & Brem's (2020) research on North African startups also supports this finding by showing that most funders preferred less complex and more direct narrative images over videos, which consume more bandwidth.

Another reason videos were not critical to success in the African context might be attributed to the cultural need to build trust and interpersonal relationships. According to Agrawal et al., (2015) and Kshetri (2015), video content may be superseded by trust and identity alignment when it comes to external aid from diaspora funders. Diaspora funding is commonly based on personal relationships, community bonds, or shared cultural or national identity as opposed to a campaign's visual appeal. In these circumstances, technical or visual sophistication is less likely to matter in comparison to emotional resonance and authenticity.

Prelaunch activation similarly observed no significant relationship with campaign success. This finding undermines the presumed effectiveness of marketing research strategy preparatory work, which is typically positively associated with success in U.S. and European campaigns. When it comes to the African context, crowdfunding is a relatively new practice and creators may not have the digital marketing tools or networks to generate interest prior to the launch. Typically, digital marketing using video and multimedia content is far less utilized by small African businesses due to the high cost of video production, lack of knowledge about digital marketing strategies, and limited audience reach through video channels (Wachira, 2019). Moreover, trust tends to be established through informal networks rather than structured promotional ones. All these factors reduce the effectiveness of prelaunch strategies (Kuppuswamy & Bayus, 2017; Mamaro & Sibindi, 2023).

In terms of campaign category, none of the categorical predictors emerged as statistically significant. Notably, categories traditionally associated with higher performance globally, such as Documentary ($\beta = 1.169$), Public Art ($\beta = -0.479$), and World Music ($\beta = 0.4$), were not significant in this analysis. Although Documentary and Photobooks exhibited the highest empirical success rates in raw percentages (96% and 93% respectively), the absence of a significant relationship with success may be attributed the great deal of heterogeneity within categories. In further support of this, Koch and Siering (2015) observed that a category-level approach is overly simplistic as it does capture the individual campaign's quality, which is a key element that determines campaign success. This clearly indicates that campaign-level factors tend to dominate in explaining success as opposed to the category of the campaign.

Another difference occurs with categories like Farms ($\beta = -2.573$), Academics, and People which are, in the African context, traditionally associated with development-oriented objectives and were hence historically seen to have greater campaign success. However, in this analysis these variables show either negative or non-significant effects in relation with campaign success. This differs from local analyses which indicate that development themed campaigns are more popular among sponsors (FSD Africa, 2016; Agrawal et al., 2015). One possible justification is the lack of emotional appeal, strong visuals, or captivating storytelling that usually characterizes reward-based frameworks (Kuppuswamy & Bayus, 2017). Another explanation can be found in the recent work of El Khidir (2021) and Mamaro & Sibindi (2023) which claims that development oriented campaigns tend to suffer from generic messaging, poor branding, and inadequate narrative structures which are essential for garnering audience attention in reward-based contexts. Therefore, these campaigns, especially in the short run, may lack the novelty or the emotional appeal to attract funding in comparison to past funding trends. Additionally, with Kickstarter being a international platform, the determinants of success may vary from purely local considerations.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings and Key Insights

Overall, examining the predictors of success for reward-based crowdfunding campaigns in the African context has offered new insights into the unique contextualities involved in determining the type and extent of factors that impact campaign success. Contrary to common belief, the factors influencing global crowdfunding platforms do not translate directly into the African context and thus necessitates that it be studied separately. The findings of this research have confirmed this hypothesis and has provided insights to campaign creators, platform managers and, in a broader context, policy holders, providing a tailored approach to successful crowdfunding in Africa.

After conducting a logistic regression analysing on 378 crowdfunding campaigns listed on Kickstarter, with strong model accuracy and explanatory power ($AUC = 0.989$, $R^2 = 0.745$), this research was able to extract 3 key trends and insights in relation to the objectives of this research.

Firstly, key factors including campaign funding goal, the number of backers, and the total amount pledged by backers were observed as significant determinants of campaign success, which is consistent with other global studies (Mollick, 2014; Colombo et al., 2015). Like prior studies, this research has observed that lower funding goals are better opted for success due to the perceived attainability of the goal by backers as well as the early funding traction that comes with lower targets. Similarly, the number of backers as well as the amounts pledged positively influence campaign success by acting acts as a social proof, increasing perceived credibility, and serving as motivation for further contributions. Hence, this reaffirms the central role of target size and user engagement in determining crowdfunding success and stresses the fact that campaign creators are recommended to lower their funding goals and look for strategies to encourage early backer participation to build traction.

In terms of strategies involved in promoting backer engagement, this research has also uncovered important gaps between the dynamics of African crowdfunding and those of more developed markets. For instance, the presence of video which was a widely recognized success factor in global campaigns, was not a significant predictor in this dataset. This was justified by infrastructure limitations that exist in Africa including limited broadband access, high data costs, and low smartphone video loading speeds, particularly in rural and per-urban regions.

This gives preference to less bandwidth-heavy content like text or images. This is further supported by prior research that notes that in the African context, campaign presentation in general is outweighed by personal ties, community affiliation, or a shared cultural or national identity. This necessitates that campaign creators in Africa prioritize relationship-based marketing approaches, emphasizing emotional resonance and authenticity, compared to more technical or visual sophistication that we see in the international context.

This is further supported by the lack of significance of pre-launch activation and description length. In the African context, trust is often built through informal networks, which essentially dilute the effectiveness of prelaunch strategies (Kuppuswamy & Bayus, 2017; Mamaro & Sibindi, 2023). Mamaro & Sibindi (2023) also noted that social networks, not structured promotional tools, drove engagement and funding during COVID-19 campaigns in Africa showing the prominence of personal networks in building formal credibility that ultimately encourages external backers through a herd-like mentality. Similarly, they also note that textual overloading, while initially assumed to reflect credibility and effort, had minimal impact on African campaign performance, especially when not accompanied by other trust-building mechanisms like testimonials or community endorsements. This concludes that description length and pre-activation campaigns are not significant determinants of campaign success and that campaign creators should employ an informal approach to their backer engagement strategy, investing effort into relationship-based outreach that triggers herd-like momentum, rather than depending solely on conventional prelaunch campaign structures designed for Western digital markets. Creators should focus on building broad outreach networks, particularly by tapping into diaspora communities, social circles, and aligned interest groups. Transparent communication, even if not captured in this dataset through metrics like update frequency, remains critical to sustaining engagement and building credibility.

Lastly, the categorical predictors in this study which includes campaign themes such as Documentary, Farms, and People, significantly influence the likelihood of campaign success, holding all other factors constant. This indicates that there is less emphasis on the category that is being funded and more focus on the presentation campaign and its reach. This could be attributed to a variety of reasons. First, category labels are far too general in scope and include a diverse range of projects that all differ in campaign quality. This makes it difficult to determine consistent patterns of success across categories. Second, in reward-based crowdfunding, funders often respond more strongly to emotional signals, trust, and the campaign's traction rather than its categorical focus. Finally, the over or under representation of some categories in the sample,

and their relatively small sub-sample sizes could likely limit statistical power. All these factors combined suggest that performance is not solely dictated by thematic framing, and that the African context requires more comprehensive engagement and design elements.

In general, these insights highlight the importance of encouraging more localized analysis when interpreting global policy frameworks in alignment with Africa's crowdfunding ecosystem and policies. Although global frameworks and models put heavy focus on the presentation and overarching thematic fit, it can be concluded that such frameworks may not translate directly to the African context, which is characterized by trust gaps, informal participation modalities, infrastructural deficits, and unique user behaviour. It is an indication that the disparity of success in Africa's crowdfunding ecosystem necessitates tailored, refined policy and platform-centric strategies to address disparities in success rates between emerging markets like Africa and more developed regions.

5.2 Policy and Practice Recommendations

Given the varying mobile phone penetration across the continent and differing levels of digital literacy, tools that allow for easy creation, monitoring, and sharing of campaigns can support wider participation. Therefore, platform operators, particularly those working with African campaign creators, need to enhance mobile accessibility and simplify campaign creation processes. Streamlined user interfaces, optimized for lower-end smartphones, are especially crucial in settings where feature phones and older Android models remain dominant.

To further support broader engagement, platforms should also integrate local language options into their design. The linguistic diversity across Africa presents a significant barrier to inclusive participation when platforms rely solely on English or French. Incorporating major regional languages, such as Swahili, Hausa, Amharic, or Arabic, not only improves usability but also fosters trust. As noted by GSMA (2022) and UNESCO (2019), digital platforms that reflect local language preferences tend to see higher adoption, particularly among first-time and rural users.

Another avenue for expanding participation involves bridging the gap between offline and online engagement. This could include the use of SMS-based alerts, USSD codes for campaign contributions, or outreach via local radio and community centres. UNCTAD (2020) underscores that in markets with lower digital penetration, combining offline trust-building tools with online fundraising mechanisms improves campaign reach and legitimacy, especially among populations unfamiliar with formal crowdfunding.

Finally, local payment integration is essential. Most global crowdfunding platforms rely heavily on credit and debit card systems, which are not widely adopted in much of Africa. Supporting mobile money platforms like M-Pesa, MTN Mobile Money, and Orange Money—already trusted and widely used for everyday transactions—can drastically improve access to crowdfunding. As the Consultative Group to Assist the Poor (CGAP, 2021) emphasizes, mobile money not only enables financial inclusion but also supports micro-contributions, a key feature of successful grassroots campaigns in lower-income communities.

Policymakers also have a central role in supporting the development of crowdfunding ecosystems by introducing clear regulatory frameworks that address fraud prevention, consumer protection, and digital payments. At the same time, public investment in digital financial literacy, particularly for youth and micro-entrepreneurs, would create a more confident base of fundraisers and backers. Governments might also consider diaspora investment mechanisms through matched crowdfunding schemes or tax incentives, given the vital role the diaspora plays in Africa’s crowdfunding landscape.

Finally, backers themselves, both within and outside Africa, must be viewed not only as donors but as collaborators. Encouraging their involvement through feedback mechanisms, campaign updates, and recognition features could improve retention and repeat participation. Platforms and creators alike should be encouraged to create transparent, dialogic relationships with supporters, even when the campaigns are small in scale.

5.3 Recommendations for Future Research

This study opens several avenues for further exploration. First, future research could incorporate variables that were unavailable or excluded in the current dataset, such as campaign creator experience, update frequency, and social media metrics. These factors have been shown to influence crowdfunding outcomes in other contexts but could not be analyzed here due to data limitations.

Second, comparative studies across multiple platforms, including those natively based in Africa, versus international ones, would yield richer insights into platform-specific dynamics. Third, qualitative studies that examine user behavior, perceptions of trust, and motivations for backing African campaigns would complement quantitative findings and deepen contextual

understanding. Region specific dynamics can also be explored to provide more detailed recommendations based on the varying cultural and macroeconomic landscapes.

Finally, longitudinal studies tracking campaign trajectories over time and examining real-time engagement metrics could illuminate how momentum is built, or lost, across a campaign lifecycle. Understanding these dynamics is crucial for designing more adaptive and equitable crowdfunding ecosystems tailored to African realities.

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