

Crowdfunding For Africa Coffee Industry

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1. Introduction

The funding markets are composed of various subtypes, such as lending (loan), equity and bonds as well as non-securitized types including charitable donations and rewards.¹ People publicly ask their fans to fund their project and then creative entrepreneurs have tried to employ a new source of finance, so-called crowdfunding, by tapping the “crowd” instead of specialized investors (Belleflamme, Lambert, and Schwienbacher, 2013).

Crowdfunding helps entrepreneurs adopt new approaches of undertaking business projects and managing ventures. The concept of crowdfunding is rooted in the broader concept of crowdsourcing, which refers to using the crowd to obtain ideas, feedback, and solutions to develop corporate activities (Bayus, 2013; Howe, 2008; Kleemann et al., 2008). The use of crowd base online technology (CBOT) in order

¹ Traditional sources of external financing consist of bank loan, angel capital, venture capital (Belleflamme et al ;2013). Start-up firms often face difficulties from lack of collateral to access financial resources from banks and other financial institutions. In the entrepreneurial financing perspective, firms need capital to turn new ideas into the prototypes and prepare for commercial launch. Therefore, the seed funds, business angels, and venture capital (VC) provide important sources of risk finance for high risk and early stage start-ups. Seed funds or capital from private individuals play an important part on the growth of technology-based firms. In later stages (growth stage onwards), commercial banks and capital markets are critical for further growth of successful technology-based firms.

to raise funds from a large number of people is viewed as disruptive innovation in entrepreneurial financing.

The fast-growing crowdfunding platforms recently had funded a diverse range of projects that are for fashion, film, product design and agriculture. According to an estimate of the World Bank, the global coffee markets will reach US\$93billion by 2025 (Swart, 2013). However, banks regulations makes it difficult for a rural farmer in emerging countries such as Africa to access loans and capital sources. Africans who have engaged in coffee industry solely rely on their family for obtaining funds and labor. Sub-Saharan Africa is the lowest performing country in the world in utilizing crowdfunding. Despite this slow adoption, crowdfunding has been heralded as an opportunity to expand access to capital for Africans (Kshetri, 2015).

The purpose of this paper is to explore the most effective crowdfunding platform model in Africa and how to boost the Africa coffee industries. This paper tries to elaborate how crowdfunding enables investors to have a better knowledge of and to promote coffee products in efficient way in Africa. The remainder of this paper is structured as follows. We illustrate essential background knowledge on crowdfunding in Chapter 2. Then Chapter 3 presents our literature reviews on crowdfunding models in and out of Africa. Chapter 4 describes how to build crowdfunding for coffee industries in Africa. Finally, we conclude this study in Chapter 5.

2. Literature Review

2.1 Origin and Growth

Crowdfunding has evolved from a small personal fundraising platform. The first noteworthy instance of online crowdfunding was in the music industry in 1997 when fans underwrote an entire U.S. tour for the British rock band Marillion and raised US\$60,000 through donations made by a fan-based internet campaign. They subsequently used this method to fund their studio albums. In the film industry,

independent writer/director Mark Tapio Kines established a website in 1997 for his unfinished first feature film *Foreign Correspondents*. By early 1999, he had raised over US\$125,000 through internet donations by about 25 fans who wanted to help his film completed.

According to Global Crowdfunding Market 2016-2020 Report, the crowdfunding hit \$6.1 billion in 2013 and expanded by 167% and reached \$16.2 billion in 2014. In 2015, the industry fundraised more than double of previous year and hit \$34.4 billion. The crowdfunding market is expected to grow at CAGR (Compound Annual Growth Rate) of 26.87% during the period 2016-2020.² The crowdfunding industry is growing at an unparalleled rate influencing enterprise innovation, changing the role of financial institutions, and impacting government policies. The explosive growth has led to entrepreneurs and startup executives to keep up with the changes.

2.2 Types of Crowdfunding

New ventures attract and make funds from angel investors, venture capital funds, and banks. Crowdfunding directly appeals to the general public in order to obtain financial assistance with getting their innovative ideas off the ground (Venkat. K.; Barry, L., 2016; Agrawal et al., 2015; Belleflamme et al., 2014; Mollick, 2014). There are four basic types of crowdfunding as followed.

1. **Donations-based:** The crowdfunder donates funds without expecting anything in return. Donations are typically used to support disaster relief, famine, education programs, etc. JustGiving and GoFundMe are included in the largest donations-based platforms. Globally, over US\$2.85 billion of donations were raised in 2015. contributions to donation-based microlending projects clearly involve prosocial behavior (Ordanini et al.,

² The World Bank predicts that the crowdfunding market could raise between \$90 and \$96 billion by 2025, which is approximately 1.8 times the size of the global venture capital industry today. It is close to the report by the (Global Crowdfunding Market 2016-2020 Report). It estimates the crowdfunding industry would hit the \$93 billion mark by 2025, attributing it to the rise of Asia as a key crowdfunding region.

2011; Galak et al., 2011; Allison et al., 2015), research also indicates that prosocial motivation—the desire to help others—is important to supporters of rewards- and financial-based crowdfunding projects.

2. **Rewards-based:** The crowdfunder offers funds with the expectation of a reward, which may be in the form of a token gift or an early/exclusive release of a product or service offered by the startup company. Kickstarter and Indiegogo are two of the most successful crowdfunding platforms built on the rewards-based model of crowdfunding. Since its launch in 2009 through April 2017, more than 123,000 projects had been funded through Kickstarter with nearly US\$3 billion. (Kickstarter, 2017). Kickstarter has provided more funding for artists than the National Endowment for the Arts (Mollick and Nanda, 2016). In-depth interviews with backers in prominent rewards-based crowdfunding communities including Kickstarter confirm that people appreciate the perks. However, their stronger motive was to support creative people bring their ideas and dreams to life (Gerber and Hui, 2013; Lin et al., 2014). The importance of prosocial behavior is also evident in reward-based crowdfunding in which backers want to earn a financial return while helping make an entrepreneur's idea a reality (Ordanini et al., 2011; Galuszka and Bystrov, 2014).

3. **Lending-based or Peer-to-Peer (P2P):** This fastest growing type of crowdfunding occupies 73 percent of market share. The crowdfunder lends money to individuals or companies for interest in return. While there are platforms exclusively targeting socially-oriented lending, the majority operate as commercial platforms in direct competition with other financial intermediaries. KIVA is providing small loans (from US\$100 to US\$100,000) to farmers, NGOs and SMEs that make positive impacts on society. Its total small loan has reached over US\$1 billion.

4. **Equity-based crowdfunding:** The crowdfunder purchases equities in a company. Equity is a new, yet rapidly growing, model in crowdfunding with over US\$2.5 billion invested in 2015. Equity-based crowdfunding could

reach up to US\$36 billion by 2020 and eventually surpass venture capital by value. Equity-based crowdfunding remains highly dependent upon supportive regulatory frameworks, which often restrict equity investment from professional investors. A successful crowdfunding campaign may draw on a platform with a wide audience, such as Kickstarter, Indiegogo, Kiva, or GoFundMe. New platforms may also be established under certain circumstances.

Since perceptions of impact are positively related to goal proximity, we predict and find that support for a crowdfunding project gets greater as the project approaches to its target goal (Kivetz et al., 2006; Toure-Tillery and Fishbach, 2011).

2.3 Why to Adopt Crowdfunding

2.3.1. Access to Economical Funding

Crowdfunding has emerged as a novel way for entrepreneurial ventures to secure funds without having to seek out venture capital or other traditional sources of venture investment. Crowdfunding allows entrepreneurs to raise funding through an open call on the internet, and is an access to economical funding and securing an entrepreneur's control of the project.³ What separates crowdfunding from more traditional financing mechanisms is the online forum which provides a uniquely accessible method of allowing average people to participate in the funding process and allowing small- and medium-sized enterprises (SMEs) to seek to fund from the external (Matthew, 2017). Some researchers define that crowdfunding involves an open call essentially through the internet, for the provision of financial resources

³ Kuti (2014) explains the fundamental principles of crowdfunding is that transaction involves three key players, the project initiator who is seeking the funding, the funders who are offering the financing, and the platform provider who is linking the project initiator with funders through an online forum. The project initiator is not always the beneficiary of the funding and may act as a representative for another individual.

either in form of donation or in exchange for some forms of reward or voting rights in order to support initiatives for specific purposes (Belleflamme et al., 2014; Schwienbacher and Lambert, 2010).

2.3.2. Cost Reduction and No Barrier

Agrawal et al. (2013) provide two elementary incentives of crowdfunding. Crowdfunding can lead to a lower cost of capital and reduce barriers to effective funding.

Costs will be diminished if customers contribute to the project by creating innovative ideas and effective marketing strategies, and this will increase the value of the project without any expenses (Schwienbacher and Larralde, 2010). Internet thus provides a convenient channel to support peer-to-peer lending where the borrowers can benefit from low cost of financial capital (Cordovaetal., 2015; Lin, Prabhala, and Viswanathan, 2013; Schwienbacher and Larralde, 2012).

The crowdfunding can reduce the access barrier of getting loans from a bank due to the lack of collateral. In addition, crowdfunding appears to support and magnify systems of economic sharing on local, national, and global stages by breaking down distance barriers and encouraging active participation (Renwick and Mossialos, 2017).

2.3.3. Extra Benefits

Crowdfunding is likely to become more mainstream in regards to how people approach to raising funds and investing their money to pre-purchase a unique product or to gain equity in a profitable venture (Mollick, 2014). An important characteristic is the extra private benefits that funders (“crowdfunders”, for example) enjoy by participating in the crowdfunding mechanism. These additional private benefits vary with the forms of crowdfunding, ranging from an equity-based model, profit-sharing scheme, and lending to outright donations (Lambert and Schwienbacher, 2013). Renwick and Mossialos (2017) also identified four economic benefits of crowdfunding: expanding market participation, increasing

funding access for individuals and SMEs, drawing awareness and funding to neglected issues, and improving social engagement.

2.4. Potential Factors of Success

Elizabeth, et al. (2014) state that crowdsourcing is defined as a way to harness the creative solutions of a distributed network of individuals to fund small ventures or projects. To make this a reality, crowdfunding platforms provide a platform for creators and funders to exchange resources with ideas. Agrawal et al. (2014) explain that funders may participate as they can access affordable investment opportunities without being an accredited investor, and formalize their contribution through a reputable platform. Mollick (2014) argues that personal networks and underlying project quality are associated with the success of crowdfunding efforts, and that geography is related to the both of the project proposed and successful fundraising. Schwienbacher (2017) states that investors consider information provided by entrepreneurs in the form of updates as well as peer investments and comments posted by other investors. If an investor's comment is valuable on the product or the market, it can induce other investors to join the funding project. Vanamo (2014) believes that the attitude of helping others may be more prominent in crowdfunding compared to that of regular investors. Though crowdfund investors put in smaller sums out of curiosity, they place a greater value on supporting good causes. The value is closely related to networking and learning new things.

Crowdfunding platform provides support to entrepreneurs who are interested in investing in new ideas via internet. Entrepreneurs and start-up companies can raise a great sum of money from a large number of people or organizations (the crowd of investors) to launch their new ventures and create products or equity in return (Cordovaetal., 2015; Lin, Prabhala, and Viswanathan, 2013; Schwienbacher and Larralde, 2012). Crowdfunding only presents an opportunity to overcome traditional barriers to capital and it is simply a technology-enabled approach to performing an old and difficult task of raising money from a network. Entrepreneurs should spend a significant amount of time in building a strong network that can be expected to

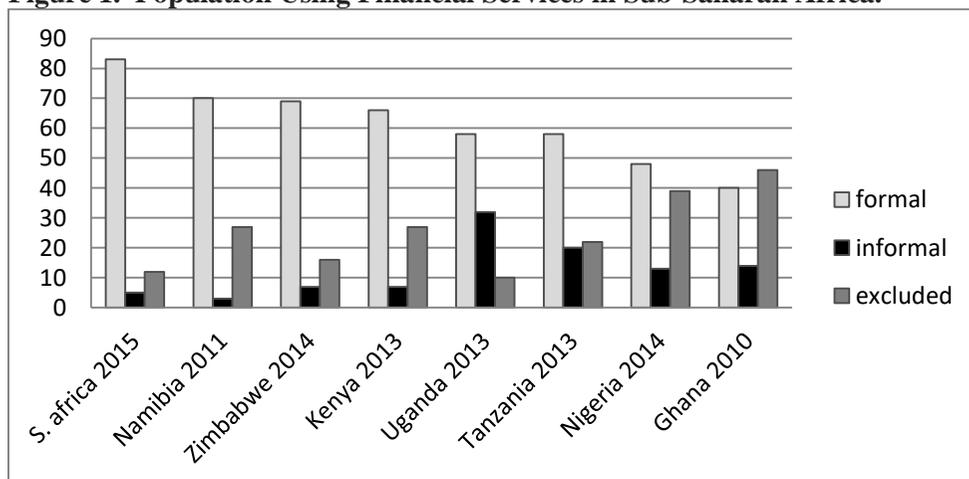
participate in a crowdfunding project without hesitation. In general, the quality and quantity of networks dictate the success of funding in a crowdfunding campaign.

3. Crowdfund in Africa

3.1 Financial Inclusion in Africa

In the globalized world more than one-third of its population, especially Africans is excluded from the formal financial system. Figure 1 shows the level of financial inclusion in Sub-Saharan African countries.

Figure 1. Population Using Financial Services in Sub-Saharan Africa.

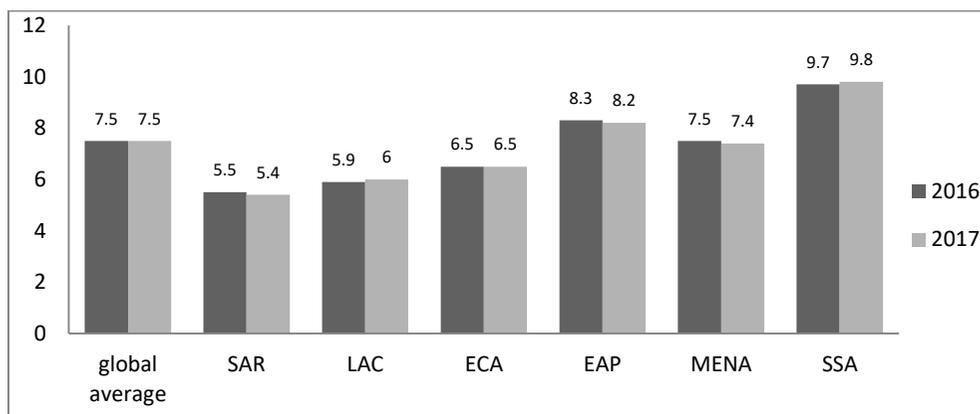


Source: FinMark Trust, Finscope Survey

In Sub-Saharan Africa, its funding entirely relays on individuals. Remittance flows have become one of the largest sources of external finance to African countries except Foreign Direct Investment (Vrajlal Sapovadia 2018). World Bank (2017) claims that Sub-Saharan Africa had the highest average remittance cost, at 9.8 percent, in 2017. Remittance costs across many African corridors remain above 10 percent because of the low volumes of formal flows, inadequate penetration of technologies, and lack of a competitive market environment. Moreover, the lack of

regulated and legal remittance providers led to more diverted flows toward informal channels, which in turn has increased money laundering financing.

Figure 2: Remittance Cost Worldwide

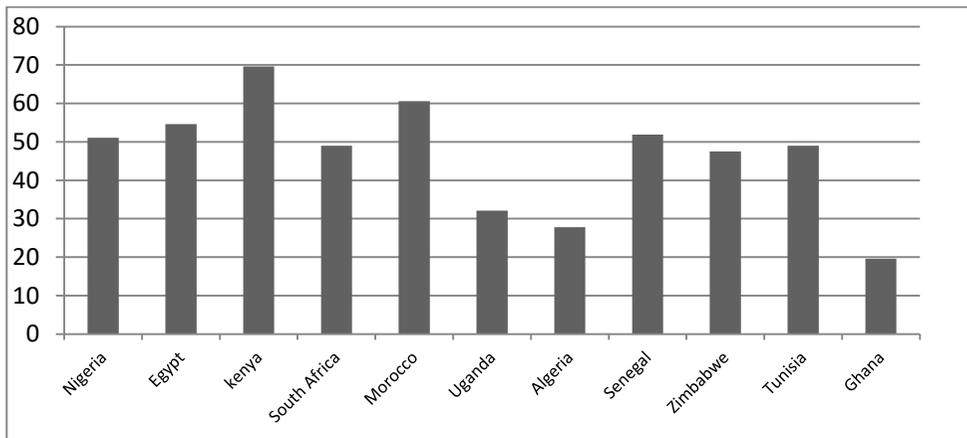


Source: World Bank. *EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia region; SSA = Sub-Saharan Africa*

Mobile money-based global remittances are growing at a fast pace, especially in East Africa and South Asia, along with the proliferation of smartphones which make online transfers more convenient and cheaper. In addition, as mobile money services have partnered with traditional remittance providers and digital-first startups, they provide an alternative to traditional cash-to-cash models and offer instant online money transfers to mobile accounts. The application of blockchain technology to remittance services are expected to grow its influence; however, its current stage is still nascent. Digital currency and mobile technology can spur the penetration of financial system especially for unserved people and cater the needs of small transaction at an affordable cost (Sapovadia, 2018). Kenya is the birthplace of the wildly successful M-Pesa mobile money system, which is now used by over 20 million Kenyans or approximately two-thirds of the adult population. Such systems using mobile money services have had a positive impact on increasing financial inclusion in Africa. MTN Group and Vodafone Group have entered into a

partnership which is enabling international remittances between MTN Mobile Money customers in Uganda, Rwanda and Zambia, and M-PESA customers in Kenya, Tanzania, the Democratic Republic of Congo and Mozambique. Additionally, many mobile operators have announced partnerships with global remittance hubs (for example, HomeSend, TransferTo, MFS Africa) to allow their mobile money customers to receive international transfers through their mobile devices. Countries that have raised money in their crowdfunding platforms are characterized by a high level of internet penetration and Facebook usage. Figure 3 shows the percentage of internet users in Africa countries in 2015 and the average of all stands at 29%. Belleflamme et al. (2014) stress that social network platforms offer crowdfunding possibilities to entrepreneurs, and they facilitate communications as well as information flow among the people in business. Therefore, it can be said that online social networks will significantly benefit coffee entrepreneurs to find future investors.

Figure 3: Internet Penetration in African Countries (in % of population)



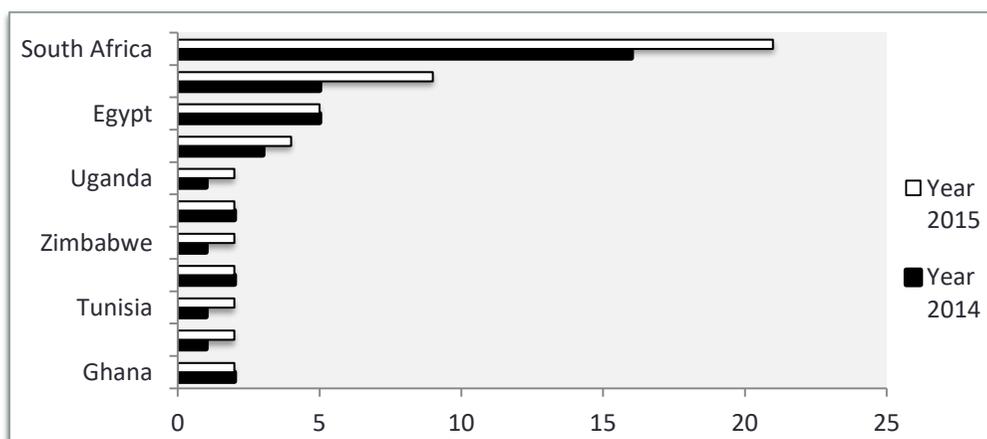
Source: <http://www.internetworldstats.com/stats1.htm>

3.2. Platforms and Fundraising in Africa ⁴

In spite of hurdles of financial access and low internet penetration in Africa, entrepreneurs have been utilizing online fundraising platforms to overcome the challenges occurred when raising money from crowds in 2012.

The pioneer portals ventured into crowdfunding were *Shekra* and *Yomken* in Egypt, and *Slicebiz* in Ghana. In 2012, *Startme*, *Rainin* and *Jumpstarter* were launched in South Africa. So was the charity platform *234Give* in Nigeria, then the Kenyan mobile platform *M-Changa*. South Africa takes the lead in crowdfunding and accounted for over a third of the crowdfunding platforms in 2015 according to *Crowdfunding Africa*(www.infoDev.org). Nigeria is catching up, and followed by Egypt and Kenya. More francophone countries from West Africa, such as Togo, Senegal and Ivory Coast, ventured into crowdfunding in 2015. Figure 2 shows the number of platforms created in African countries between 2014 and 2015

Figure 4: Platforms in Africa between 2014 and 2015



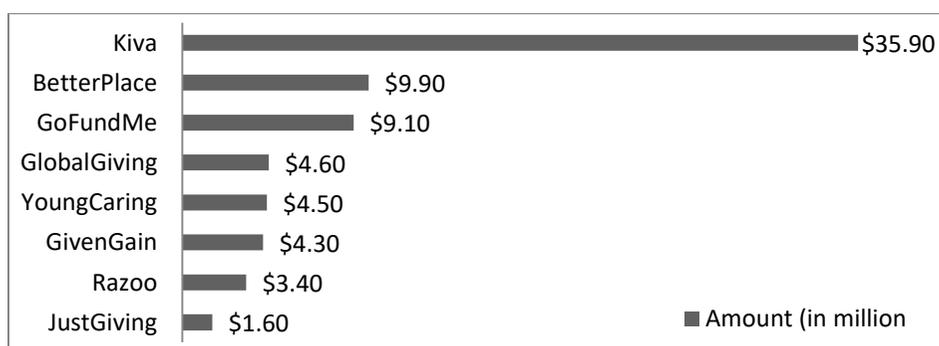
Source: www.infoDev.org/CrowdfundingAfrica

⁴ The prospect of the Africa crowdfunding market is bright. The market potential of crowdfunding in Sub-Saharan Africa alone is estimated at \$2.5 billion by 2025. More crowdfunding platforms are being launched. Crowdfunding is a major vector of Africa's self-empowerment. Top recipient countries of funds from foreign crowdfunding platforms are mainly African English-speaking countries, either East Africa or West Africa.

In 2015, Kenya ranked as the top fund collector among African countries with the fact that the country received \$21.7 million. Rwanda and Uganda, two neighboring countries of Kenya, ranked as the second and the third since they respectively received \$8.7 million and \$8.4 million. South Africa came in fourth with \$8 million collected, then Tanzania with \$5.6 million. Africa now has 57 active crowdfunding platforms and they collectively raised \$32.3 million in 2015.

On the other hand, platforms outside Africa channeled \$94.6 million in 2015 to fund projects in Africa. Renwick and Missiakos (2017) underscore that well-known crowdfunding platforms in Africa include *Kick starter*, *GoFundMe*, *Indiegogo*, *Crowd cube*, and *FundRaza*. The micro-lending platform *Kiva* is the top fundraiser which raised \$35.9 million in 2015 to offer loans to African entrepreneurs. The German platform *Betterplace.org* raised \$9.9 million to support African projects as well as American donations-based platforms. Foreign crowdfunding platforms primarily fund projects in Africa through donations (\$48 million) and loans (\$42.2 million). In contrast, rewards-based donations and equity-based platforms only raised \$4.5 million in 2015. The majority of Africa-focused crowdfunding platforms are located in Europe.

Figure 5: Foreign Platforms Operated in Africa in 2015



Source: AlliedCrowds Open Analytics/Afrikstart

Compared to developed countries crowdfunding in Africa is slowly spreading across East Africa: Kenya, Uganda, and Zimbabwe. Low adoption of crowdfunding in Africa can be attributed to a number of factors, such as the lack of information circulation, low internet coverage and national regulatory environments.⁵

However, crowdfunding platforms focus on gaining a foothold and a significant market share within their home country. The crowdfunding market in Africa is set to experience significant growth prospects. Money raised by crowdfunding platforms for Africa in 2016 is estimated to reach \$190 million, based on AlliedCrowds projections. The overall market potential of crowdfunding in Sub-Saharan Africa is estimated at \$2.5 billion in 2025 by the World Bank/Infodev

4 . Crowdfund For Coffee Industry in Africa

The coffee industry plays an important role in the economy and livelihoods in Africa.⁶ Coffee is cultivated as a cash crop with the aim of boosting individual farmers’ earnings. While Ethiopia is an Arabica-producing country, coffee farmers in Uganda cultivate predominantly Robusta. During post-1990 both countries increased their production output twice. Coffee is by far the most important export commodity in both countries, making up more than three-quarters of total exports in value. The share has since decreased significantly as exports diversified.

Table1. Economic Significance of Coffee Producing Countries

Country	Share in % of GDP		Share in % of export value	
	1990	2015	1990	2015

⁵ The amount of money raised by the crowdfunding platforms in each country is dependent on the level of involvement of the diaspora(nationals living overseas) to fund local projects in Africa. In Kenya, for instance, about 35% of the funds received by the crowdfunding platform M-Changa are from the members of the Kenyan Diaspora from 50 countries. Tunisian and Moroccan crowdfunding platforms also receive a great deal of funding for the projects from the diaspora based in France.

⁶ But productivity is low in most coffee-producing countries in Africa due to the limited use of mineral fertilizers, pesticides and aging coffee trees, which are slowly being replaced because the access to finance is severely constrained.

Uganda	3.3	1.5	92.1	17.9
Burundi	5.3	1.3	80.6	35.6
Ethiopia	1.1	1.2	44.0	18.9
Rwanda	3.2	0.8	75.2	9.4
Togo	1.1	0.5	6.6	1.6
Ivory coast	2.6	0.3	9.2	1.0
Kenya	2.4	0.3	20.0	3.6
Tanzania	1.9	0.3	24.2	3.0

Source: ICC 120-7 (2017)

4.1. Building CF for Coffee Industry

There are a lot of opportunities and responsibilities involved in a crowdfunding project. Once an entrepreneur has decided to pursue crowdfunding, the next step is to choose a platform that can meet the company's business needs. There is a wide range of platforms that offer entrepreneurs an access to diverse financial products and contributors. Choosing the correct platform is crucial to achieving success and entrepreneurs should base their platform choice between international platforms and African platforms. The figure below illustrates major guidelines for international and local platforms.

Figure 6: Crowdfunding Platforms for Coffee In Africa

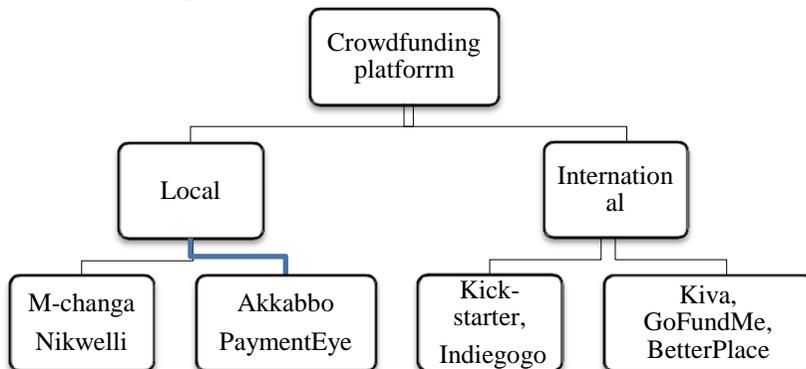


Table 2. Guidelines for international platforms

Platforms	Fee	Entrepreneurs	Backer
	Launched in 2009, charges a 5% fee & a 3% payment processing fee, + \$0.20 per pledge.	Must have a bank account in one of the OECD countries.	Must pay with a major credit card of only the 18 OECD countries.
	Founded in 2008, charges 5% and 3% third party credit card fee which varies from country to country, Pre- launch is free.	No restriction on geographic location	Can pay with any major credit card, apple pay, or PayPal.

Kickstarter has been cited as the largest rewards-based crowdfunding platform in North America, in terms of both venture utilization and the level of capital provided by funders (Davis et al., 2017). Since its inception in 2009, *Kickstarter* has provided entrepreneurs with roughly \$2.7 billion (*Kickstarter*, 2017) and reported a success rate of roughly 36% (the rate of ventures that achieved their stated funding goals), closely mirroring the success rates of ventures in the open market (Spinelli and Adams, 2012). When attempting to transact across borders, legal and regulatory regimes impede the transfer of funds. For example, to launch a campaign on *Kickstarter*, entrepreneurs must have an identification card (ID) and a bank account issued in one of the 18 OECD countries. *Kickstarter* also requires the use of a major credit card while *Indiegogo* adds another paying option of *PayPal* to the credit card payment. However, if entrepreneurs run their campaigns on local platforms, such as *Akabbo* and *M-Changa*, they can pay back their loans by a variety of tools: *PayPal*, credit cards, *M-Pesa*, mobile money via networks such as *MTN*, *Safaricom*, and *Airtel*. Mobile money is the most popular payment tool since almost all adults are connected with mobile networks.

Table 3. Guidelines for African Platforms

Platforms	Fee	Entrepreneurs	Backers
	Founded in 2014, charges 7% of total collected and a 3% surcharge for mobile money or credit and debit card processing fee.	No restriction on geographic location.	Both VISA card and Mobile money, PesaPal, PayPal.
	Founded in 2011, charged 5% handling fee for each PayPal and Credit Card donation. NO additional charges for contributions via Equitel or Airtel Money.	No restriction on geographical location.	Safaricom MPESA, Airtel Money or Equitel. Other through credit card, PayPal or SimbaPay.

M-Changa based in Kenya is a good example of crowd-funding platforms built to accept payments from mobile phones. Most users of *M-Changa* are the subscribers of mobile networks like Safaricom and Airtel and this allows them to donate their money through *M-Changa*. While international contributors are more inclined to use credit or debit cards via platforms like Kick-starter, locals prefer to using mobile payments. *M-Changa* also caters to donors outside Uganda and Kenya who can contribute monetarily through PayPal as well as credit card.

4.2. Attracting Investors and Backers into the Coffee Industries

Entrepreneurs should seek assistance from multiple sources including matching funds, business incubators, and online networks so as to increase their fundraising prospects. Crowdfunding is so powerful that coffee industries can get all the funding they need via the internet without the need to go to banks or other institutions. Africa coffee farmers and investors can eliminate the middlemen between the producer and the end consumer of their product through crowdfunding.

It is known that entrepreneurial narratives are effective in shaping the beliefs of potential funders (Frydrych et al, 2014). As a result, we have yet to obtain sufficient

understanding of why funders decide to offer financial capital to a specific crowdfunding campaign. Meeting people in the real world enable new people to learn about coffee and back up the funding campaign.

A number of crowdfunding matching schemes have been implemented in order to incentivize the giving or lending of money to campaigns along with a positive social or environmental impact. Rewards-based crowdfunding empowers entrepreneurs to acquire financial resources from the general public, via internet-based platforms, in exchange for some level of non-financial rewards (Davis et al., 2017; Mollick, 2014). Belleflamme et al. (2012) argue that though entrepreneurs prefer to use reward-based funding for smaller sums, they tend to seek equity-based funding when a large amount of money is needed.

As for launching coffee business in Africa, presale campaigns should be taken into great consideration. Rewards-based crowdfunding best fits with consumer products that can be sold in advance. Presale is beneficial for Africa's entrepreneurs as it requires no additional activity of rewarding the investors with special prizes. Presale will also satisfy most investors by allowing them to purchase the product before someone else.

5. Conclusion

Financial technology (FinTech) is the new technology or innovation that aims to compete with traditional financial methods in financial services and to replace the usage of financial services provided by existing financial companies. Mobile banking , investing services and cryptocurrency transaction using smartphones are examples of financial technologies that are aiming to make financial services more accessible to the general public. Funding for startups or projects is available in different forms of capital.⁷ Crowdfund is a new application of FinTech business

⁷ And the loan type of funding would fit a stabilized company itself and has the cash flow to pay back the interest and principal whereas offering equity suits startups and growth companies.

models that provides an end-to-end process through the internet technology in order to raise funding.

As the coffee sectors grow and evolve in Africa, crowdfunding needs to be an alternative source of financing for coffee industry due to the expansion of mobile technology, the rise of a middle class, and the active contribution of the African diaspora. Crowdfunding is a suitable form of raising capital in coffee business of Africa with the following reasons. First, the rise of financial inclusion assisted by the expansion of mobile technology can enable Africa to create an access for coffee agriculture funding. Second, the crowdfunders can provide effective supports for African enterprenurs to produce coffee in a cheaper and more efficient way. Third, a large number of crowdfunding platforms outside Afrcia can endeavor to find new inverment opprortunities to make profits from Africa markets. Thus, Africa should consider crowdfunding not only as a source of direct funding, but also as a way to expand its market base. For the accomplishment of this task, Africa entrepreneurs should try to make social networks broaden for effective and efficient marketing before producing coffee products.

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