Crowdfunding and Diaspora Philanthropy: An Integration of the Literature and Major Concepts

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Abstract Crowdfunding and diaspora philanthropy are two emerging areas of research that are generating excitement in the field of philanthropic studies. However, little if any research examines the shared characteristics and advantages of these two phenomena, and if and how crowdfunding might serve to strengthen efforts in the practice of diaspora philanthropy. This article reviews relevant literature on crowdfunding and diaspora philanthropy, and then analyzes overlapping characteristics, strengths, and limitations of these practices. The article then considers the potential of crowdfunding to contribute toward diaspora philanthropy, giving particular attention to the contexts and challenges faced in philanthropy in the global South.

Résumé Le financement collectif et la philanthropie de la diaspora sont deux domaines de recherche émergents qui génèrent de l'engouement dans le milieu des études philanthropiques. Cependant, nulle ou peu de recherches examinent les caractéristiques et avantages communs de ces deux phénomènes et si et comment le financement collectif peut renforcer la pratique de la philanthropie de la diaspora. Cet article examine la documentation pertinente publiée sur le financement collectif et la philanthropie de la diaspora, pour ensuite analyser les caractéristiques, forces et limites chevauchantes de ces pratiques. L'article tient ensuite compte de la potentielle contribution du financement collectif envers la philanthropie de la diaspora, en portant une attention particulière aux contextes et défis qui caractérisent la philanthropie dans l'hémisphère sud.

Zusammenfassung Die Gruppenfinanzierung (Crowdfunding) und die Diaspora-Philanthropie sind zwei neuere Forschungsgebiete, die den Bereich der philanthropischen Studien begeistern. Wenn überhaupt, untersuchen allerdings nur wenige

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Forschungsarbeiten die gemeinsamen Merkmale und Vorteile dieser beiden Phänomene und ob und wie das Crowdfunding die Bemühungen in der Praxis der Diaspora-Philanthropie stärken können. Dieser Beitrag prüft die einschlägige Literatur zum Crowdfunding und zur Diaspora-Philanthropie und analysiert sodann die überlappenden Merkmale, Stärken und Einschränkungen dieser Praktiken. Man erwägt das Potenzial des Crowdfunding, zur Diaspora-Philanthropie beizutragen, und konzentriert sich insbesondere auf die Zusammenhänge und Probleme im Bereich der Philanthropie im globalen Süden.

Resumen El crowdfunding o micromecenazgo y la filantropía de la diáspora son dos áreas emergentes de la investigación que están generando entusiasmo en el campo de los estudios filantrópicos. Sin embargo, pocas investigaciones, si las hay, examinan las características y las ventajas compartidas de estos dos fenómenos, y si y cómo el crowdfunding puede servir para intensificar los esfuerzos en la práctica de la filantropía de la diáspora. El presente artículo revisa el material publicado relevante sobre crowdfunding y la filantropía de la diáspora, y analiza después las características que se solapan, las fortalezas y las limitaciones de estas prácticas. Después, el artículo considera el potencial del crowdfunding para contribuir a la filantropía de la diáspora, prestando una atención específica a los contextos y desafíos a los que se enfrenta la filantropía en el hemisferio sur.

Introduction

Crowdfunding and diaspora philanthropy are two emerging areas of research that are generating excitement in the field of philanthropic studies. However, little if any research examines the shared characteristics and advantages of these two phenomena, and if and how crowdfunding might serve to strengthen efforts in the practice of diaspora philanthropy. Practitioners in the world of international development policy see strong potential for diaspora communities to contribute to economic and social development in their countries of origin. A great deal of the existing empirical research on diaspora impacts in international development focuses on ways diaspora remittances (i.e., money sent to family members in countries of origin) may stimulate economic growth in less economically developed countries. Much less is known about when, why, and how diaspora communities fuel development efforts in their countries of origin beyond offering support to their immediate and extended families.

Crowdfunding is "the raising of capital from a large number of individuals donating or investing relatively small amounts of money using Internet-based platforms in an environment of high mutual visibility among participants" (Davies 2014 p. 25). Crowdfunding platforms provide a potential mechanism for attracting and organizing philanthropic donations from diaspora members. Using an integrative literature review as its method, the objective of this article is to review relevant

literature on crowdfunding and diaspora philanthropy, and then integrate these two disparate bodies of research by analyzing overlapping characteristics, strengths, and limitations of diaspora philanthropy and crowdfunding. Through this integration, the article speaks to the ways these two philanthropic practices have the potential to complement one another in beneficial ways. Crowdfunding in diaspora philanthropy has not been the subject of much, if any empirical study as of yet, in part, because it is an emerging practice in the developing world, where much diaspora philanthropy is directed. However, the findings of this literature synthesis suggest integrating the two practices potentially can have great benefits for development. The article gives particular attention to the contexts and challenges faced in philanthropy toward economically developing countries.

What is Diaspora Philanthropy?

Modern diasporas are "ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin—their homelands" (Sheffer 1986, p. 3). For this research project, the author defines diaspora philanthropy as money, goods, volunteer labor, knowledge and skills, and other assets donated for the social benefit of a community broader than ones' family members, in a country or region where there is a population with whom the donor(s) have ancestral ties. The focus is expanded intentionally beyond geographic locations where donors have ancestral roots to other locations hosting populations with whom the donor(s) shares ancestral ties because this allows us to consider, for example, Somalis in the United States giving to Somali refugees in Kenya, or Syrians in Germany giving to conflict-displaced Syrians in Lebanon.

Members of diasporas, or diasporans, are drawn to practice philanthropy toward communities with whom they share ancestry for many reasons. Awareness of and emotional connection to a common language, culture, and homeland are integral to diaspora membership; Werbner (2002) explains that diasporas see themselves as a single community with a shared destiny in spite of their geographic dispersion. This emotional connection promotes awareness and concern for the challenges faced by other diaspora members (Best et al. 2013; Brinkerhoff 2008, 2011). Philanthropy toward the diaspora becomes a way to demonstrate connection to and membership in the group and becomes a key means of expressing diasporan identity (Brinkerhoff 2011; Nielsen and Riddle 2010; Werbner 2002). Some contend that a sense of obligation due to comparatively high income or quality of life can motivate diaspora philanthropy (Brinkerhoff 2008, 2011), while others reason that country of origin cultural norms dictating that social needs should be provided by the family, clan, or ethnic group are at play (Brinkerhoff 2011; Tchouassi and Sikod 2010).

Much of the existing research on the impact of diasporas on development in their countries of origin focuses on remittances, business investing, and business networks (Brinkerhoff 2009a, b; Chacko and Gebre 2013; Lowell and De la Garza 2000; Gillespie et al. 1999, 2001; Leblang 2010; Mehrez and Hamdy 2010; Mohan

2002; Mullings 2011; Mutume 2005; Newland and Tanaka 2010; Nielsen and Riddle 2010; Nyberg-Sorensen et al. 2002; Özden and Schiff 2005; Page and Plaza 2006; Sikod and Tchouassi 2007; Newland and Patrick 2004; Riddle et al. 2008; Tchouassi and Sikod 2010). While scholars recognize diaspora philanthropy as an important subset of remittances (Orozco 2001; Özden and Schiff 2005; Page and Plaza 2006; Sikod and Tchouassi 2007; Tchouassi and Sikod 2010), research specifically on diaspora philanthropy is "in its infancy" (Brinkerhoff 2014, p. 1). Johnson (2007) calls diaspora philanthropy as one of the least understood subfields of philanthropy, with scholars agreeing it seems not to be a strategic tool but an ad hoc practice (Newland and Patrick 2004; Sidel 2008). Although research on this philanthropic subfield is increasing (see for example Brinkerhoff 2008, 2009a, b, 2011, 2012, 2014; Dhesi 2010; Hilber 2008; Johnson 2007; Merz 2005; Moon and Choi 2012; Newland and Patrick 2004; Newland et al. 2010; Sidel 2008; Tchouassi and Sikod 2010), as is the case with much early social science research in new areas of inquiry, at present case studies of a single country, organization, or ethnic community predominate (Brinkerhoff 2014; Sidel 2008).

Mechanisms of Diaspora Philanthropy

While diaspora philanthropy remains poorly understood, we do have an emerging sense of some of the mechanisms that allow it to take place. Diaspora philanthropy is a portion of remittance flows that come back to the homeland in all countries' (Sidel 2008) reviews in Asia, making the growing literature on remittances highly relevant to understanding mechanisms of diaspora philanthropy. Family channels are central in many cases, including diaspora giving through families (Sidel 2008) and giving through clan associations (Sidel 2008; Tchouassi and Sikod 2010). Philanthropic intermediaries help funnel assistance from diasporans to causes in the country of origin and are especially useful to middle- and lower income migrants,

		Donor Aggregation	
		Individual donor	Multiple donors
Donation Size	Small	Some remittances, individual donations	Hometown associations, neighborhood and regional groups, ethnic and clan associations, foreign-based ethnic NGOs, online platforms, small foundations
	Large	Direct donations from highly successful businesspersons, celebrities, sports stars, and large foundations started by such individuals	Professional associations, family foundations, venture philanthropy funds

Adapted in part from Newland et al. 2010, p. 10

Fig. 1 Mechanisms of diaspora philanthropy

since lack of time, resources, and know-how make it difficult to pursue projects independently in their countries of origin (Newland et al. 2010; Sidel 2008).

The spectrum of philanthropic intermediaries used in diaspora philanthropy is large and includes ethnic and professional groups, neighborhood and regional groups, hometown associations, online giving platforms, faith-based organizations, diaspora foundations, and foreign-based ethnic NGOs (see Fig. 1) among others (Newland et al. 2010; Sidel 2008). Easily, the most studied among these are hometown associations, through which individuals who have immigrated to the same community in the country of residence collect small donations to fund projects of interest in their home village or town (Merz 2005; Orozco 2001, 2003; Orozco and Lapointe 2004; Rabadán et al. 2011). Hometown associations in Mexico are best understood (Orozco 2001, 2003; Orozco and Lapointe 2004), and similar associations have been found to operate in Bangladesh (Brinkerhoff 2008), the Philippines (Sidel 2008), and countries in Central Africa (Tchouassi and Sikod 2010).

Advantages of Diaspora Philanthropy

Diasporans are thought to bring a comparative advantage to the table when compared to other development actors, who have generated optimism among international development practitioners. Aside from the comparatively greater resources a typical diaspora member can offer when compared to the individuals in the country of origin, it is thought that diasporans may target philanthropy toward places and projects that are not of interest to traditional donors due to their additional emotional and social commitment (Brinkerhoff 2014). Unlike other actors who may be risk averse, diasporans may be more prepared to persist through obstacles and setbacks. There is also a sense that members of the diaspora may be more willing to engage in smaller scale but beneficial efforts that many larger donors would not pursue (Brinkerhoff 2011).

Diaspora members' local knowledge and cultural competency may give them a more nuanced understanding of specific needs and viable solutions than nondiasporan donors or professionals (Johnson 2007; Newland and Patrick 2004). Because diasporans may have greater familiarity with and access to local organizations, particularly faith-based organizations, diaspora philanthropy can reach remote or underserved locations and assist with crises that the international community may not be able to address as effectively (Brinkerhoff 2008, 2011). Diasporans may be at an advantage in locating reliable partners, establishing their own credibility, and enforcing agreements within weak legal systems (Brinkerhoff 2011; Newland and Patrick 2004). The "social remittances" (Levitt 1998) that diasporans bring from their countries of residence can be valuable as well; ideas, behaviors, and social capital that transmit from the country of residence may make diasporans more willing to engage with locally sensitive issues like gender equality, human rights, or the use of violence in conflict resolution (Al-Ali et al. 1999; Brinkerhoff 2009a, b; Brinkerhoff 2011; Johnson 2007).

Drawbacks and Challenges of Diaspora Philanthropy

While there seem to be numerous benefits offered by diaspora philanthropy, challenges also abound. Financial capacity is clearly a problem because, while diasporans may be relatively well-resourced when compared to their country of origin counterparts (Brinkerhoff 2014), advocates warn that burdening migrants with these financial obligations create excessive demand on individuals who themselves are struggling to adapt and survive in new, usually more expensive societies (Brinkerhoff 2011). Scholars also warn that country of origin governments should not be allowed to abdicate their responsibility for achieving development goals instead of depending on diaspora philanthropy and remittances, because while diasporans may be able to make substantial contributions toward development, their investments alone cannot create just and viable economies (Brinkerhoff 2011; Vertovec 2004).

Another challenge of diaspora philanthropy is possible antipathy from country of origin governments. Smaller scale, volunteer-based efforts by diasporans are usually accepted (Brinkerhoff 2011) and may even be actively invited when weak states are interested in finding ways to access foreign currency (Brinkerhoff 2008). However, country of origin views of diasporans may vary depending on a variety of factors, including reasons for migration; for example, economic migrants may be viewed as less potentially threatening than political or conflict-driven refugees (Shain 2002). Country of origin governments may see diaspora activities as political and as potential competition for legitimacy (Brinkerhoff 2011) and may be particularly suspicious of diasporans that act on behalf of minority interests (Shain and Barth 2003). As diasporans form formal organizations and professionalize, country of origin governments may also see diasporans as competition for donor resources, and if these organizations begin to see a need for policy advocacy, governments may see them as a political threat. Brinkerhoff suggests a continuum of acceptance where small and amateur diaspora efforts are tolerated, but as diasporans become larger and more professionalized (and likely more effective), they become more of a threat to the country of origin (Brinkerhoff 2011).

The kinds of amateur, small-scale activities that governments are more willing to tolerate pose a challenge themselves. While individual donors can set priorities relatively easily, as diasporans begin to work in groups setting priorities collectively becomes more of a challenge, it may be reasonable to assume that diasporans may have a more accurate account of local priorities than some other donors, but the concerns of diaspora donors and beneficiaries may not necessarily align. This misalignment between diasporans' and community members' perceptions of needs can decrease effectiveness and damage local partnerships (Newland et al. 2010). In addition, diaspora efforts may be characterized by philanthropic amateurism (Salamon 1995) or large volunteer services by individuals lacking relevant professional training or unfamiliar with professionalized systems for providing services. These less professional efforts can at times result in ineffective programs or inefficient use of resources.

In addition to identifying appropriate needs, identifying appropriate target populations can be a challenge in diaspora philanthropy as well, and as such social

equity concerns can arise. Because the practice of diaspora philanthropy is often so dependent upon friend and family networks, there is no guarantee that funds will reach the poorest of the poor because these individuals may be less likely to have links to the diaspora (Bains 2014; Brinkerhoff 2008). Donor efforts often are characterized by philanthropic particularism, a desire to help a specific (typically the donor's own) ethnic, religious, or geographic group, which can lead to gaps in services and resources in some communities and duplication in other communities (Salamon 1995). This behavior becomes manifest in diaspora philanthropy as well, with diasporans often showing interest solely or primarily in their own group or region, thereby exacerbating socio-economic inequality (Van Hear et al. 2010).

Finally, there is ample evidence that in some cases diasporans from conflict zones actively contribute to violent conflict in their countries of origin (Newland and Patrick 2004; Orjuela 2008; Østergaard-Nielsen 2006; Shain 2002; Van Hear et al. 2010; Wayland 2004), and diasporans provide support to warring parties in terms of weapons, personnel, skills, and money, and contribute to conflicts in nearly all world regions (Newland and Patrick 2004; Van Hear et al. 2010). Newland and Patrick (2004) suggest that diasporans may be even less willing to compromise than individuals remaining in the country of origin because they are shielded from the daily effects of violence. In summary, while there are many purported benefits and advantages in diaspora philanthropy, there are drawbacks and challenges as well that must be carefully considered.

What is Crowdfunding?

Crowdfunding is the raising of funds in the form of relatively small donations or investments from a large number of individuals—i.e., the crowd. Using this very basic definition, we see that crowdfunding has a long history that extends well before the digital age; consider for example the wide variety of mutual support organizations that have existed in many societies for centuries. However, the term "crowdfunding" was made popular with the creation of the U.S.-based internet platforms IndieGoGo and Kickstarter in the late 2000s, and in its present usage the term presumes the use of an internet-based platform in fundraising (Davies 2014). In crowdfunding, an individual or group sets a financial goal, typically time limited, for a specific charitable or investment purpose. (For example, one might launch a campaign to raise $10,000 for a school for refugee children within 14 days.) Crowdfunding platforms are environments where contributors have high levels of mutual visibility; they are aware of each other's contributions and are frequently updated on overall progress toward the financial goal. According to Davies (2014), this mutual visibility is the key as it strengthens participants' sense of belonging and generates social benefits associated with group connection. As Davies (2014) notes, "This enables a greater sense of collective energy and breaks down the mistaken belief of individuals that they are acting alone" (p. 26). Saxton and Wang (2014) note that this mutual visibility also generates peer pressure that leads potential donors to support causes that their family members, friends, or colleagues have supported.

Although crowdfunding has generated excitement in the world of philanthropic practice, research on the topic is in its very early stages. As Mollick (2014) explains, "even basic academic knowledge of the dynamics of crowdfunding is lacking, outside of the still-uncommon analysis of particular crowdfunding efforts" (p. 1). What literature does exist focuses mainly on investment-based crowdfunding rather than donation-based crowdfunding (Agrawal et al. 2011; Antonenko et al. 2014; Belleflamme et al. 2013, 2014; Best et al. 2013; Bradley and Luong 2014; Ley and Weaven 2011; Ordanini et al. 2011; Shiller 2013), although within the research on investment-based crowdfunding there is a growing work on crowdfunding social enterprises (Lehner 2013). Much of the literature that discusses donation-based crowdfunding focuses on donations as a possible starting point for business opportunities rather than purely for social benefit (Best et al. 2013; Mollick 2014; Özdemir et al. 2015; Profatilov et al. 2015; notable exceptions being Lehner 2013; Saxton and Wang 2014). An exception to this is the small but growing body of literature on civic crowdfunding, a subset of crowdfunding activities, through which citizens collaborate with government to fund projects meeting public needs (Davies 2014, 2015; Hollow 2013; Stiver et al. 2015).

While many crowdfunding efforts are for profit-earning purposes, not all are. According to Best et al. (2013), there are two large categories of crowdfunding: (1) donation and reward models of crowdfunding and (2) crowdfunding investing that includes equity, debt, and royalty models. Investment crowdfunding is a means for businesses to raise capital, ranging from $1000 to $1 million, from investments from numerous individuals. More and more capital is directed toward high-growth entrepreneurs as debt or equity investments, meaning business owners must repay the investment or offer shares in their company (Best et al. 2013). While business investment in the developing world is undoubtedly valuable, because of this article's focus on diaspora philanthropy, the attention here is on donation-based crowdfunding.

Donation-Based Crowdfunding

There is a great deal of variation even within the category of donation-based crowdfunding, and not all donation-based initiatives are what we might classically think of as philanthropy. Donation crowdfunding raises nonequity capital for projects or causes; in other words, donation crowdfunding raises funds that are not repaid to the donor/investor. Sometimes this is purely philanthropic and directed toward a charitable cause, but often such efforts are targeted toward a creative endeavor (for example, a crowdfunded independent film), early stages of a company's launch, or early stages in product innovation. While donors/investors do not earn equity in the project or company, they may receive some kind of "reward" such as early access to a product or service, or one's name listed in the credits of a crowdfunded film. Similar to nonprofit fundraising where donors receive different kinds of recognition depending on the amount they donate, smaller donors to crowdfunding campaigns may be recognized or rewarded simply by their name

appearing online, while larger donors may receive more specialized rewards (Best et al. 2013).

Mechanisms of Donation-Based Crowdfunding Platforms

Most crowdfunding takes place through structured internet platforms, although there are means to engage in the practice individually without using a preexisting platform (see for example Belleflamme et al. 2013). While some crowdfunding platforms are registered nonprofit organizations that do not charge for services, such as DonorsChoose and ioby (Davies 2014), most platforms for crowdfunding are for-profit enterprises. This means one must pay to use the platform for fundraising purposes. Platforms vary in terms of how they assess fees, but examples include keeping a percentage of the money raised if the project is successful, or collecting a percentage of each transaction. The percentages retained by the crowdfunding platform range from 2 to 8 %, and often additional transaction fees are charged as well.[1] There are two broad types of platforms: all-or-nothing fundraising or keep-what-you-raise fundraising. All-or-nothing fundraising requires a cause to reach 100 % of its funding goal within a specified amount of time; otherwise money is returned to donors. Kickstarter is a well-known example of a crowdfunding platform that uses this model. In the all-or-nothing model, either donors are not charged until the goal is achieved or money is held in escrow and then returned to donors if the fundraising target is not met. As is implied by the title, keep-what-you-raise crowdfunding platforms allow causes to keep the funds that are donated by the campaign's end, with Indiegogo being a well-known platform that offers such an option. Many keep-what-you-raise platforms charge a higher fee if the fundraising goal is not met, which incentivizes efforts to reach the fundraising goal (Best et al. 2013).

Benefits of Crowdfunding

While crowdfunding has important parallels with initiatives like microfinance (Yunus 2008) and crowdsourcing (Poetz and Schreier 2012), it represents a distinct category of fundraising (Best et al. 2013) based in part on its integration of technology. Two different technological environments have emerged that make crowdfunding possible. First, the widespread adoption of information and communication technology (Best et al. 2013) and availability of affordable online payment processing (Davies 2014) have provided the infrastructure necessary for crowdfunding to operate. Second, the tremendous expansion and social acceptance of online social networks are a key factor in crowdfunding's viability and growth (Agrawal et al. 2011; Best et al. 2013; Davies 2014; Mollick 2014; Saxton and Wang 2014).

While individuals or organizations involved in crowdfunding campaigns' hope to reap financial gains, other nonfinancial benefits accrue to the participants as well.

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[1] These figures are based on a review of 48 crowdfunding platforms that engage in donation-based crowdfunding, found in a database compiled by NESTA (http://www.nesta.org.uk/).

Researchers speak about the social capital-building benefits of civic crowdfunding (Gerber et al. 2012), such as enabling networking and increasing cooperation between citizens and government, thereby possibly enhancing civic participation (Davies 2014; Stiver et al. 2015; Zuckerman 2014). Researchers also assume that participants enjoy "community benefits" that increase the value of their participation (Belleflamme et al. 2014). Hollow (2013) indicates that investment-based crowdfunding platforms offer greater opportunity than other investment prospects to become involved with initiatives that correlate with one's ethics and interests. Hollow's research shows that most European contributors to crowdfunding campaigns do not expect a substantial return on their investment, which he cites as evidence of the "value of the emotional and ethical returns" from crowdfunding platforms (2013, p. 71).

Project creators benefit as well, since the social network aspect of crowdfunding provides an opportunity to gain volunteers, receive in-kind donations, or increase publicity (Baeck et al. 2014; Gerber et al. 2012; Stiver et al. 2015). In fact, Stiver et al. note that civic crowdfunding platforms are beginning to market these nonfinancial benefits as important features of the service (2015). Crowdfunding also has the potential to make use of the dynamics of crowdsourcing, where diverse voices can help refine a project as it develops, and presumably produce a better end result for project creators (Baeck et al. 2014; Best et al. 2013; Surowiecki 2005).

Davies (2014) argues that crowdfunding also may provide a broader societal benefit by providing a platform that gives voice to new groups whose perspectives might not easily be heard. Writing about civic crowdfunding, he notes,

> "…crowdfunding creates an opportunity to convert social capital into economic and/or political capital. The fact that the process allows groups to organize more cheaply and at greater scale increases the spectrum of projects being proposed and has the potential to build new agencies rather than simply being a voice for existing ones" (Davies 2014, p. 108).

Best et al. (2013) echo this, stating that crowdfunding can provide investment to formerly underserved segments of society, thereby offering promise to democratize and increase access to capital. Indeed, Baeck et al. (2014) found that almost two-thirds of individuals using crowd-based fundraising in their study indicated it was unlikely they could have funded their projects by other means. However, Davies (2014) and others remind us that crowdfunding should not be seen as a panacea in this regard. Participation in and success of crowdfunding campaigns vary based on geography, class, and race (Davies 2014), and civic crowdfunding is likely to be more prevalent and successful in wealthier neighborhoods with high levels of internet access (Zuckerman 2013).

Potential of Crowdfunding in the Developing World

In reviewing the literature on crowdfunding, we see that there are both advantages and challenges for its adoption in the developing world. The technological factors mentioned earlier, availability of information and communication technology and online payment processing, and the prevalence online social networks, are clearly

essential conditions of crowdfunding success. In their study, Best et al. (2013) found that social media penetration, particularly the use of Facebook, was the single most important factor in predicting the use of crowdfunding in a given country. However, technology itself may not be the barrier that one might assume in the developing world. Technology costs are dropping and access to technology is increasing at unprecedented rates in the developing world. Best et al. (2013) note that one-third of the world's population has access to internet and 85 % have access to a mobile phone. Broadband internet is becoming more available in the developing world as technology advances and costs decrease, and smartphone use is increasing. In fact, some estimate that by 2018 40 % of people in Africa will have access to a smart phone (Best et al. 2013). The fact that the technological conditions that enable crowdfunding are growing in less economically developed countries indicates that this may be a viable tool.

Crowdfunding often is noted because it does not require traditional financial intermediaries (Mollick 2014), which can be useful in countries where bank penetration is low, where banking is expensive, where access to banks is reserved for the wealthy, or where banking quality is low. Best et al. (2013) note that crowdfunding can serve as a substitute for these institutions. Also, whereas traditional microfinance practices are local by definition, requiring that participants access a geographically contiguous network for monitoring and governance, crowdfunding demonstrates that networks do not need to be local (Agrawal 2011). This capacity for "boundary-less" investment (Agarwal et al. p. 26) can be particularly useful in the developing world where capital may not be present in one's immediately proximate social network.

In addition to these potential advantages of crowdfunding in the developing world, it is important also to consider the characteristics of developing countries that may serve as barriers to the adoption of crowdfunding. Regulatory factors matter; Best et al. (2013) explain that crowdfunding can only flourish in the presence of a "supportive ecosystem and enabling factors, including forward-thinking regulations, effective technological solutions, and cultures that can adapt to this new investment vehicle" (p. 8). In addition to high levels of internet access and social media participation, online marketplaces need to be regulated in ways that simplify accumulation of funds while also providing protections to donors or investors (Best et al. 2013). Regulatory frameworks in the global south are often weak or corrupt. They may create inefficiencies that do not promote transparent, quick, or scalable internet technology systems, or may not offer the sorts of protections donors and investors need.

Best et al. (2013) found that cultural factors are significant predictors of crowdfunding success as well. The more a culture stresses performance, the more likely crowdfunding platforms will succeed in that environment. Crowdfunding performs better in environments where people are not afraid of losing face or experiencing group criticism for risk-taking; in contrast, aversion to uncertainty, face-saving orientation, and in-group collectivism are strong negative predictors of crowdfunding success (Best et al. 2013). Best et al. (2013) hypothesize that this is because when people are concerned with saving face, they give greater significance to other people's opinions and are the less likely to take risks. Similarly, in cultures

characterized by collectivism, individuals are less likely to try new approaches because of the strong influence of the crowd on individual decisions and behaviors (Best et al. 2013). The cultural factors that Best et al. (2013) found to be negative predictors of crowdfunding success—in group collectivism, face-saving orientation, and uncertainty avoidance—are often prevalent in many developing countries.

Integrating Knowledge About Crowdfunding and Diaspora Philanthropy

In reviewing the two bodies of literature on diaspora philanthropy and crowdfunding, we see a surprising number of shared characteristics between these two practices. Consider Table 1 where both crowdfunding and diaspora philanthropy share a number of aspects that indicate the practices might integrate well with one another.

Shared Aspects of Crowdfunding and Diaspora Philanthropy

The networked aspects of both crowdfunding and diaspora philanthropy are a key shared characteristic. In crowdfunding, social trust and friend and family networks play an important role. The literature on business finance gives great attention to the

Table 1 Shared networked aspects of crowdfunding and diaspora philanthropy

	Crowdfunding	Diaspora philanthropy
Role of family and friends	Friends and family are a critical component of entrepreneurial investment, including in crowdfunding	Much diaspora philanthropy is directed through friend and family networks
Social trust	Friends and family have an informational advantage about the project and its creator, which extends to the social network because of trust that accumulates among network members	Diasporans may be trusted more in the community than outside development actors, have knowledge of trustworthy partners, and have greater legitimacy
Multiple voices and perspectives	Multiple perspectives of "the crowd" signal and shape successful entrepreneurial ventures.	Diasporans are seen as knowledgeable about communities, but also able to contribute potentially valuable "country of residence" norms to development and conflict reduction projects
Brings new (typically under-represented) voices to the table	Allows groups to organize more cheaply and at greater scale, increasing voices that propose projects and who has access to capital	Diasporans may bring attention to people, places, and problems not addresses by traditional donors and development partners
Group dynamics and membership	High mutual visibility creates a sense of belonging to a group, and creates peer pressure to give	Philanthropy is a means of expressing belonging to the diaspora community

role of family and friends as a source of start-up capital for new projects (Agrawal et al. 2011), indicating these networks are especially well suited for funding social enterprises (Lehner 2013). Crowdfunding arose as an online extension of this historical socially networked means of acquiring start-up funding (Best et al. 2013). The networks present in crowdfunding also are common in diaspora philanthropy, where friend and family networks are a frequent mechanism for requesting and transferring funds (Brinkerhoff 2008; Merz 2005; Orozco 2001, 2003; Orozco and Lapointe 2004; Rabadán et al. 2011; Sidel 2008; Tchouassi and Sikod 2010).

In addition, Agrawal et al. (2011) note that in the world of business enterprise, friends and family have an informational advantage about the quality of the project and its creator. This advantage extends to the social networks involved in crowdfunding, in part due to the trust that accumulates among network members (Agrawal et al. 2011). Informational advantages and the benefits of shared trust extend to diaspora philanthropy as well, where diaspora networks are viewed as valuable in ascertaining the dependability and trustworthiness of partners (Brinkerhoff 2008, 2011; Newland and Patrick 2004), and in identifying needs and developing solutions to pressing problems (Johnson 2007; Newland and Patrick 2004).

Both crowdfunding and diaspora philanthropy bring new and unique sets of knowledge to the table that influence projects under consideration. By making use of crowdsourcing, crowdfunding can bring in numerous perspectives to help shape and refine projects (Baeck et al. 2014; Best et al. 2013; Surowiecki 2005); many of these voices typically are not represented in other venues for investing and philanthropy (Davies 2014). Similarly, because of diasporans' emotional and social commitment, diaspora philanthropy is thought to target locations and causes that are less likely to catch the attention to traditional donors (Brinkerhoff 2014), bringing new ideas and new participants into the development agenda.

Aside from bringing fresh voices to the development discussion in the broad sense, both crowdfunding and diaspora philanthropy provide new potential to incorporate perspectives of underserved and under-represented groups. Best et al. (2013) argue that crowdfunding is uniquely positioned to draw capital to underserved social groups, with almost two-thirds of crowdfunding users in their study stating their projects would have been unlikely to be funded by other means. Similar statements are made about diaspora philanthropy. Using the resources and perspectives present in the diaspora, there is an opportunity to represent voices that are typically unheard within the international development community and better communicate beneficiary needs to the myriad of actors involved (Brinkerhoff 2011). As Brinkerhoff (2014) notes, there is an emerging sense that diaspora philanthropy has vast potential to address needs and populations that often are not included in the "global giving landscape" (p. 2.)

Group membership is also a critical component of the dynamics at play; participation in both practices gives individuals a sense of expression, membership, and belonging (see Table 1). Diasporans are acutely aware of the common cultural aspects and practices that are part of the diaspora membership (Werbner 2002), and philanthropy toward the group becomes a means of expressing connection to and membership in the diaspora in a concrete fashion (Brinkerhoff 2011; Nielsen and

Riddle 2010; Werbner 2002). Participants in crowdfunding experience the benefits of group membership as well, including enhanced networking and cooperation (Davies 2014; Stiver et al. 2015; Zuckerman 2014), and emotional benefits that derive from expressing one's ethical commitments (Hollow 2013). Project creators benefit from increased opportunities for volunteers, in-kind donations, and publicity (Baeck et al. 2014; Gerber et al. 2012; Stiver et al. 2015). In fact, aspects of the group experience are cited as mechanisms that increase crowdfunding's success. For example, mutual visibility and peer pressure to give to the same causes as one's friends and colleagues can generate more donations to crowdfunding campaigns (Davies 2014; Saxton and Wang 2014).

Complementary Aspects of Crowdfunding and Diaspora Philanthropy

Crowdfunding technologies and diaspora philanthropy complement one another in specific ways that may address the limitations of each individual practice (see Table 2). Newland et al. (2010) explain that, except in the cases of the largest donors, diaspora philanthropy usually requires the assistance of an intermediary because the knowledge and coordination necessary to collect and direct smaller donations to appropriate projects are overly burdensome to individual small-scale donors. Crowdfunding platforms are a low cost and easy to use technology that can serve this intermediary function. First, these platforms attract and aggregate the donations of innumerable smaller donors at relatively low cost. Second, the crowdsourcing aspects of crowdfunding platforms can assist with facilitating connections to appropriate partners on the ground.

Table 2 Complementary aspects of crowdfunding and diaspora philanthropy

	Problem	Solution
Intermediaries	Diaspora philanthropy by small- and medium-sized donors usually requires an intermediary to aggregate and transmit donations	Crowdfunding platforms are a low-cost technology that can serve this intermediary function
Identifying and refining priorities	Identifying group priorities can be a challenge as diaspora members begin to work in aggregate groups	With crowdfunding platforms, the "crowd" of diasporans can collectively set priorities and refine project plans, resulting in a better end project
Philanthropic amateurism	Diaspora philanthropy may be characterized by well-meaning but inexpert, unprofessionalized efforts to address development problems	The crowdfunding process attracts resources beyond money, including volunteers and expertise
Suitable policy, legal, and regulatory frameworks	Crowdfunding platforms and operators may be risk adverse to environments with weak legal and regulatory regimes	Diasporans can identify trustworthy and dependable local partners, and may have means to enforce contracts where legal systems are weak

Groups of diasporan donors face challenges with agenda setting and identifying priorities (Newland et al. 2010); in spite of their local knowledge, their geographic and temporal distance from conditions in local communities can make some perspectives inaccurate and some ideas for project implementation less impactful or even damaging. With crowdfunding platforms, the "crowd" of diasporans can collectively set priorities and refine project plans, resulting in better information flow and a superior end project.

Diaspora philanthropy can be characterized by philanthropic amateurism (Salamon 1995), meaning large volunteer efforts by individuals lacking relevant professional training or unfamiliar with professionalized service systems. Crowdfunding may help ameliorate this challenge since the process can generate nonfinancial benefits such as volunteers, in-kind donations, and expertise (Baeck et al. 2014; Gerber et al. 2012; Stiver et al. 2015). This crowd-based process can bring expert and professional voices into the discussion who may be able to correct amateuristic flaws in projects prior to their implementation, thereby increasing the likelihood of a project's success.

Diasporans also may have assets that offset the limitations of crowdfunding (see Table 2). Unlike diasporans, crowdfunding operators may not have the same social incentives to overlook the risks associated with environments with weak legal and regulatory regimes. However, because diasporans are skilled at recognizing trustworthy partners and may have means to impose contracts even in the absence of a strong legal system (Brinkerhoff 2011; Newland and Patrick 2004), their cultural competence may prove useful in creating a suitable environment for crowdfunding platforms to support projects effectively. In fact, Best et al. (2013) cite a strong diaspora community as one of the reasons that crowdfunded investments would be expected to be effective in Central Europe, Latin America and the Caribbean, and the Middle East and North Africa.

Conclusion

An analysis integrating these two bodies of literature gives reason to believe that crowdfunding technologies could serve as an important vehicle for better enabling diaspora philanthropy and that diasporans offer networks and knowledge that can offset crowdfunding's vulnerabilities. Best et al. (2013) note that some crowdfunding platforms, such as HomeStrings.com, are effectively generating business investments from diasporans and channeling money between countries of residence and countries of origin. These models can be expanded to include more socially oriented, philanthropic purposes. Strategically capitalizing on the shared characteristics and complementary strengths of these two practices can help diaspora-generated philanthropic crowdfunding flourish.

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