

Finding ways for financing innovation

In August 2019 HDIF organised a Finance for Innovation workshop which brought together a cross sector of actors that are active or interested in financing innovations and innovation programs, including angel investors, development partners, impact investors, financial advisors and banks. The purpose of the workshop was to facilitate useful connections between various actors, create collective insight in current innovation financing & programming, identify the gaps & opportunities and explore ways to jointly roll out a full innovation funding pipeline approach.

From the discussions it became clear that although innovation in Tanzania is vibrant and, in some cases, thriving, the eco-system is still somewhat disjointed and primarily donor driven. There are several challenges and issues that need to be worked on, in order to make the eco-system more connected, demand based and able to thrive in a more sustainable manner. These challenges range from a lack of aligned information, conducive policy environment, availability of financial instruments, the business & technical capacity of the innovator and a 'go-to-body' with convening and coordinating power. The workshop concluded that there is a need for an 'Innovation Finance Facility' that comprises the following mutually reinforcing elements:

1. **INFO:** an integrated data system that provides insight in the innovation stage of investees/innovator, the available service provision (hubs), and the available financial instruments for each stage of the innovation funnel
2. **FINANCE:** offer blended finance along the innovation funnel pipeline, based upon the concrete needs of the investee/innovator
3. **BROKERING & TA:** a strong network of ecosystem enablers (hubs) in and outside Dar that effectively broker between innovators & financiers and provide the appropriate services (creation of pipeline)
4. **SHARED VALUE:** mutual education and awareness building between private sector, donors and investors: learn about and respect each other's mission, values, conditions and language