



ENRICH in Africa Center

EXPLORING THE FUNDING LANDSCAPE OF AFRICA'S TECH INNOVATION SUPPORT ECOSYSTEM

**GROWING A NETWORK OF
SUPPORT ECOSYSTEM CHAMPIONS**



ENRICH in Africa project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement n° 101004709. This document reflects only the author's view, and the Commission is not responsible for any use that may be made of the information it contains.



1.1 Authors

The ENRICH in Africa Centre (EiA) is an innovation outcome of the ENRICH in Africa project: an EU funded project seeking to pilot and release support tools for innovation ecosystems across Africa and Europe. EiA's mission is to strengthen the EU-Africa tech and innovation ecosystems, supporting innovators' collaboration, and connecting incubators and accelerators, investors, corporates and policymakers to enable positive social impact and green business.

1.2 Contributors



1.3 Funding Data Sources

For the purpose of this study, a new donor funding database was developed using publicly available funding information between 2020 and 2023 from a sample of nine global funders. Funders who made their funding information public between 2020 and 2023 including funding size, recipient information and funding purpose were included as a data source in this report. The selected funders in the data are Agence Française de Développement (AFD), the African Development Bank (AfDB), Bill & Melinda Gates Foundation (BMGF), Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), the Canadian International Development Agency, the European Commission, Kreditanstalt für Wiederaufbau (KfW DEF), Mastercard Foundation (note: only 2020 data is publicly available), and the United Nations Development Programme (UNDP). Many other funders contribute to the African tech innovation development but were excluded from this study due to the limited information of their funding records. The data used in this study, therefore, represents a sample of global funders in the African tech innovation ecosystem.

2020-2023 data source



Canadian International Development Agency

BILL & MELINDA GATES foundation



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1.1 About this Report

Funding towards activities and organisations supporting innovation ecosystems in Africa is crucial for sustainably fostering scalable solutions that tackle local challenges. This report offers insight into the trends in funding towards Africa's innovation ecosystem support activities. It analyses grant funding data to innovation ecosystem support organisations and activities from the nine 9 biggest funders active in Africa from 2020 to 2023, as well as draws on insights from interviews with key funders and recipients of innovation ecosystem support in Africa.

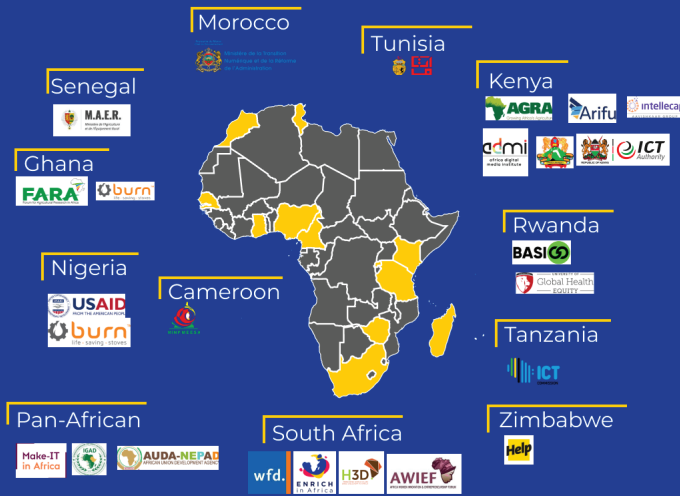
The report looks at both the broader innovation funding ecosystem that support organisations and activities operate within as well as the specific funding for ecosystem support activities and organisations. It aims to provide funders and recipients of innovation support activities with the data and intelligence to build sustainable and impactful innovation ecosystems in Africa.

The report was prepared by the Enrich in Africa Center (EiA-C). EiA bridges the gap between funders and recipients by creating meeting places and generating knowledge for the stakeholders in the ecosystem.

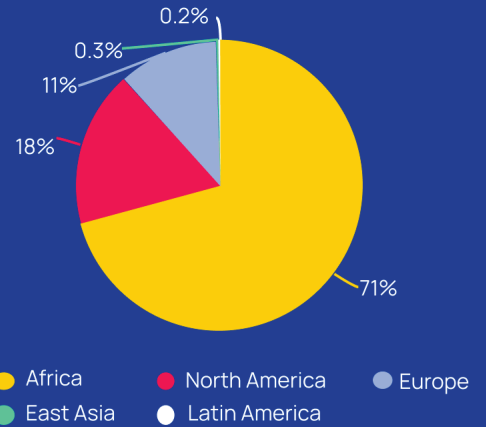


Exploring the funding landscape of Africa's tech innovation support ecosystem

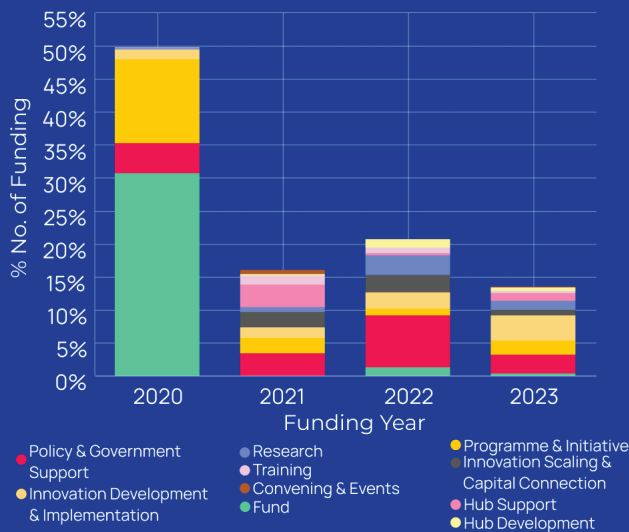
Mapping Key Recipients



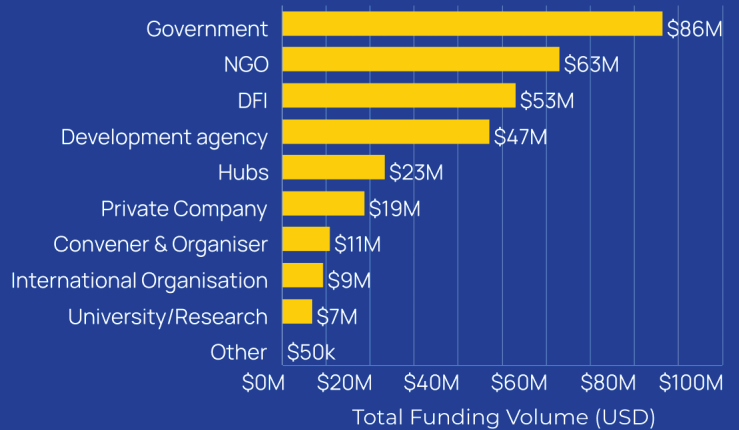
Recipient Regions by Funding Volume



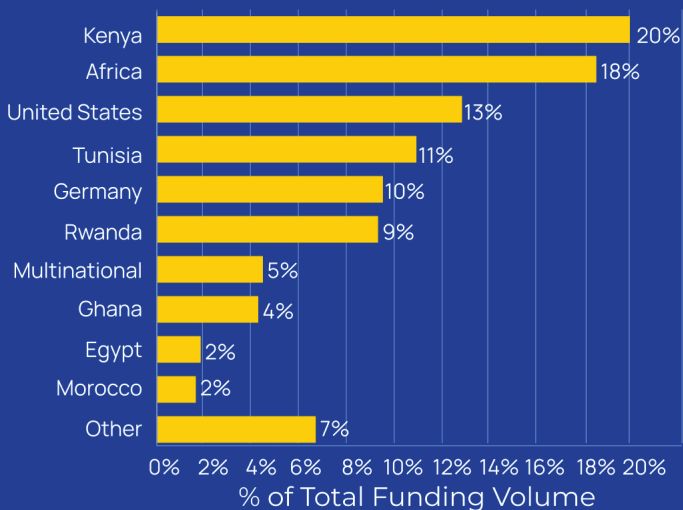
Broader Innovation Funding Types



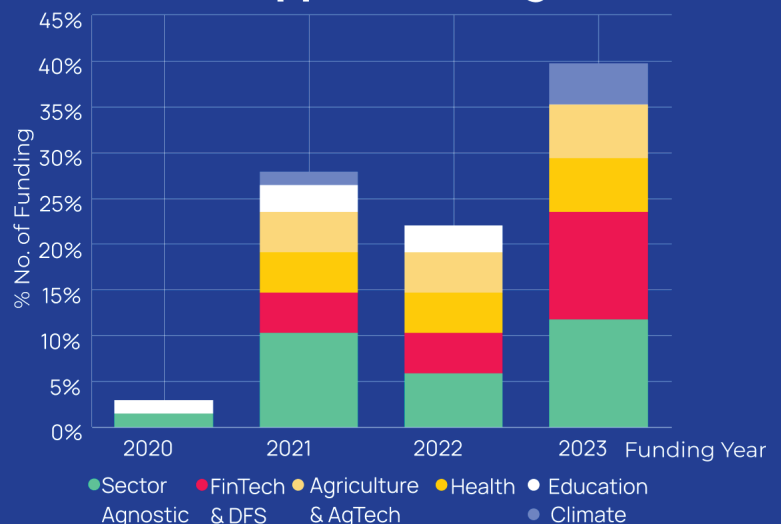
Key Recipient Types excl. government recipients (2020-2023 aggregate)



Key Recipient Destinations (2020-2023 aggregate)



Key Sectors for Ecosystem Support Funding



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2. Key Findings

The report highlighted five key insights for innovation ecosystem support activities and organisations:

1. Funding remains stable, but concentrated and not evenly distributed across innovation ecosystems and recipients.

Ecosystem support grant funding remains steady amidst a general decrease in innovation funding. However, funders are consolidating their funding for longer periods and more scalable projects. Kenya, Tunisia, Rwanda, Ghana, and Egypt are the top recipient countries of ecosystem support funding. The majority of support outside of the above-mentioned countries is channelled towards Pan-African initiatives. Further, within these markets there are a select group of recipients that receive the majority of funding. Several receive funding directly from funders, but the majority are intermediated through other organisations, often located outside of the markets where the work is being delivered.

2. Specialisation support is on the rise mirroring trends in the wider innovation ecosystem.

Funders are increasingly seeing innovation ecosystems as a tool to deliver wider socio-economics outcomes focusing on support to high-impact sectors such as agriculture, climate and health as well as underrepresented groups such as female and local startup founders. This reflects wider trends in innovation ecosystems in Africa where more and more funding is going towards funds and startups focusing in these areas. For example, in 2023, Briter Intelligence data shows that nearly \$1 out of every \$3 invested in startups in Africa went to climate-related startups. The innovation ecosystems are catching up with this shift with several new support initiatives being launched around climate by major funders active in the continent in 2024. Similarly, more and more funds are being set up and capitalised focusing on agriculture, health and gender with funders also increasingly launching initiatives around these areas.

3. The current funding approach is not yet empowering local organisations.

Ecosystem support champions are rarely the direct recipients of funding. Their funding is often intermediated by another organisation and is often subject to the constraints of these intermediaries. Stakeholder interviews revealed this is creating pressure on the business models of local ESOs and also undermining the ultimate impact they can deliver. Many intermediaries take between 10 to 15% of the total grant funding as overheads while putting pressure on recipients to reduce costs and budgets. This is a good business for many of these intermediaries, as evidenced by the number of major consulting firms that have emerged as financial intermediaries for funders. But it is rarely good for local organisations. Further, many of these intermediaries do not understand the local context of the markets they are intermediating funding to as they are often located elsewhere.



4. Funders are increasing the burden of financial and impact reporting for ecosystem support champions.

Interviews highlighted that ecosystem support champions are spending more and more time tracking and reporting how grant funding is spent and the impact it has had. In many cases, funders are requiring this before they release funding. Those who can afford it are increasingly bringing on additional capacity related to financial management and monitoring and evaluation capacity to meet these growing demands. The result is that funding is going to a smaller number of ecosystem players making it harder for new entrants to access this grant funding. Those that can access it, are spending less time on the support activities that the funding was initially disbursed for and more time on reporting.

5. The lack of transparent data obscures the full funding picture.

While there are many organisations tracking funding flows to investors and startups in Africa's innovation ecosystem, there are currently no databases tracking funding flows towards the organisations supporting these stakeholders. Further funding to many of these activities and organisations falls across different focus areas and departments within funders making it harder to collect, aggregate and analyse. For example, some support activities fall under private sector engagement, while others fall under specific sectors like agriculture, climate and health. Given the nascent nature of Africa's startup ecosystems, this makes it hard to provide a full picture of the funding to innovation ecosystem support organisations and activities in Africa, limiting the understanding of local innovation partner constraints and opportunities in Africa.

The Enrich in Africa Center (EiA) recognizes the changing funding landscape and the increasing focus on creating social impact. This report is the first step in helping to make sense of it for different partners to serve as a bridge to support ecosystem actors in taking advantage of these opportunities. It is not fully comprehensive and going forward the EiA will look to deepen the data and intelligence available to these different partners. If you are interested in getting involved or have data and intelligence that will help advance the understanding of the innovation support ecosystem in Africa, reach out to the EiA at [Hello@enrichinacfrica.com](mailto>Hello@enrichinacfrica.com).



3.

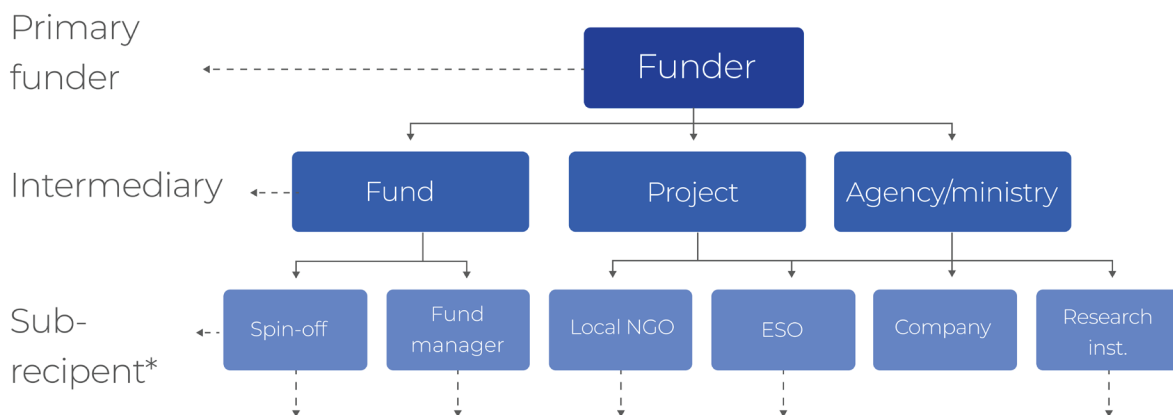
Funding for Africa's Tech Innovation at Large

Understanding the Funding Flow

Funding in the tech innovation support ecosystems is typically a part of the broader cross-sectoral funding agenda set by funders. For example, the majority of Bill and Melinda Gates Foundation funding goes into health and education programmes that are not directly related to tech innovation support. However, some of the funding incorporates digital innovation as a part of the funding agenda such as using healthtech and edtech transformation as a part of solutions for the health and education programmes. This means that innovation support programmes often cross-cut between multiple sectors and stakeholders rather than being standalone funding programmes for digital innovation. Even the funding that is more geared towards tech innovation is usually designed to address a broader digital transformation agenda such as Digital4Reforms in Tunisia and Digital Centre Kenya. This report looks at the subset of the broader funding that has digital and tech innovation mandate as a part of the cross-cutting agenda to analyse the funding landscape for the African tech innovation ecosystem.

Analysis of African tech innovation ecosystem funding from 9 major funders shows that funding does not flow directly from funders to local actors. Instead, they go through intermediaries. Figure 1 shows how global donors directly fund their trusted intermediaries, and these intermediaries then fund sub-recipients in the innovation ecosystem support ecosystem. The funding flow from global funders into intermediaries is complex as many funders often fund portions of the same intermediary such as BMZ funding the majority of GIZ's operations while the Bill and Melinda Gates Foundation funding the GIZ SAIS programme.

Funding funnel



*Sub-recipient information is often not available at the bigger level. Most data is primarily available from primary funder to the intermediary.

Figure 1: Funding Flow Diagram



The intermediaries typically fulfil a set of criteria such as having alignment with activities of the funding agenda and the ability for the funder to hold them accountable. Funding data from 9 major global funders shows that intermediary recipients are funds, direct projects, funders' agencies based in Africa, and government ministries. Funding flow differs by the activities the recipients specialise in. For example, broader ICT infrastructure reform funding goes to government intermediaries, innovation development programme funding goes to universities or technical agencies, and funding mobilisation programmes invest in funds.

Intermediaries then fund sub-recipients who become implementation partners to support the innovation ecosystem. For example, BMZ (funder) funds Make-IT Africa (intermediary), which then works with local incubators and accelerators (sub-recipients). Another example is the Bill and Melinda Gates Foundation (funder) funding PATH and Mercy Corps (intermediaries), which then partner with ecosystem support actors (sub-recipients) throughout their process. There are cases where funders also directly fund ecosystem support actors, such as the Gates Foundation funding Co-Creation Hub, but these cases are proportionally rare.

Trends in the Broader Innovation Funding in Africa

Broader Tech Innovation Funding in Africa

Total funding	No. of funding	Median Size	Recipients
\$1.4B	190+	\$2M	150+

Based on funding data between 2020-2023 from 9 funders with publicly available funding data.

Source: AFD, AfDB, BMGF, BMZ, the Canadian International Development Agency, the European Commission, KfW DEF, the Mastercard Foundation (note: only 2020 data is publicly available), and UNDP

Figure 2 : Broader Innovation Funding

The broader innovation ecosystem funding for Africa from 9 major funders amounts to 1.4 billion between 2020 and 2023 with the median funding size at \$2M (Figure 2). There were close to 200 funding opportunities distributed to over 150 intermediary recipients in the broader African innovation ecosystem. Figure 3 shows that the top recipients of innovation funding are government, funds, and NGO intermediaries that can implement on-the-ground programmes and initiatives.



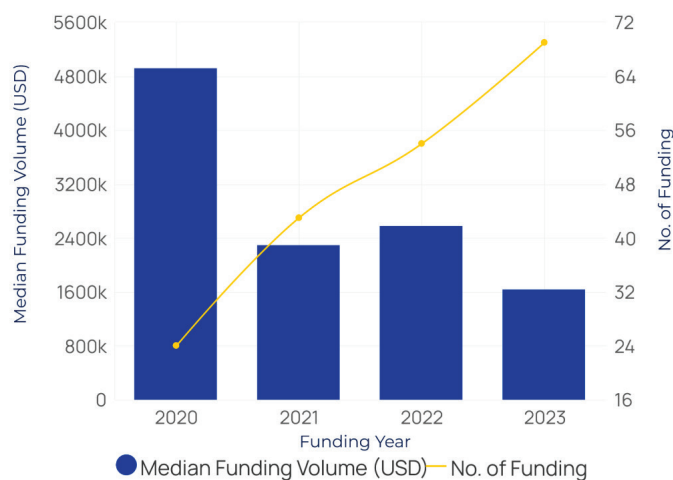
Recipients of Broader Innovation Funding (2020-2023 Aggregate)



Data Source: Authors' calculation based on publicly available data from 9 global funders (2020-2023)

Figure 3: Funding Volume by Type of Recipient

Broader Innovation Funding Trend

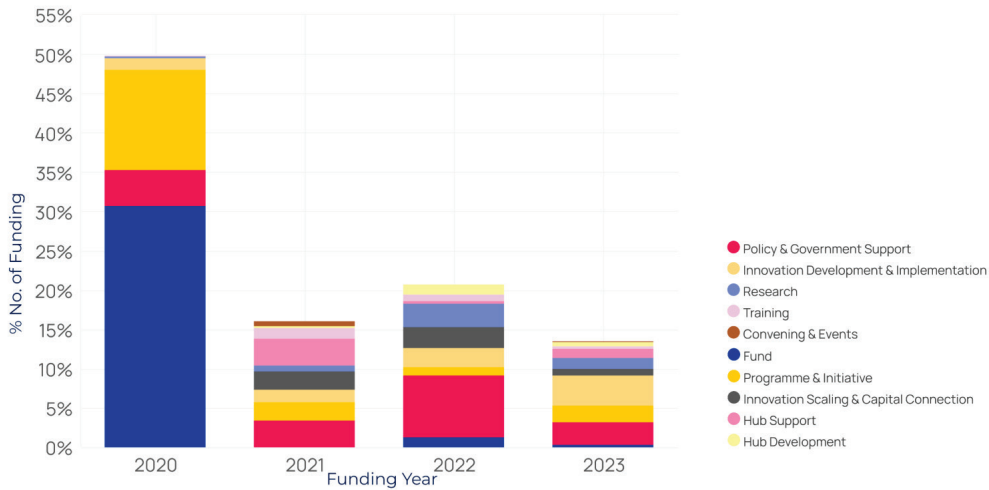


Data Source: Authors' calculation based on publicly available data from 9 global funders (2020-2023)

Figure 4: Funding Median Vs Funding Count

Figure 4 shows that while the funding opportunities are increasing in number, the median funding size is getting smaller. There is still large-sized funding coming into the ecosystem, but there tend to be funding opportunities in which multiple funders have consolidated their funding.

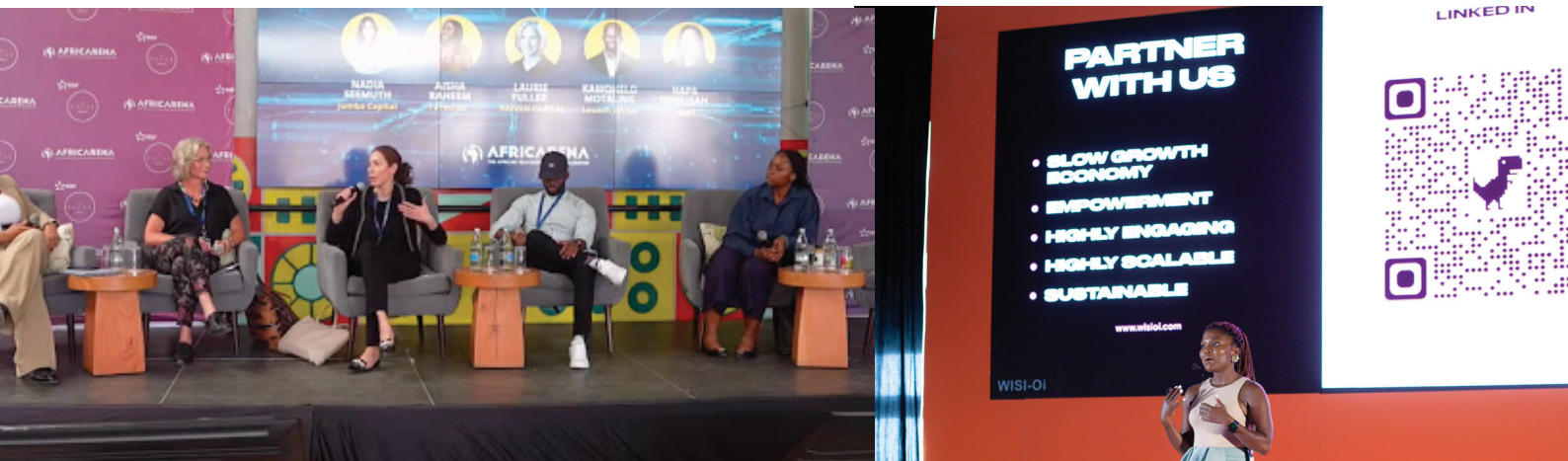
Broader Innovation Funding Types



Data Source: Authors' calculation based on publicly available data from 9 global funders (2020-2023)

Figure 5: Funding Volume Over Time by Initiatives Types

Figure 5 shows that in 2020 funding to the broader innovation ecosystem peaked. However, this was largely driven by one initiative from the Mastercard Foundation, the Africa Growth Fund. It accounted for X% (or X\$m) and also received contributions from BMZ, KfW, and Allianz. The Africa Growth Fund is a fund-to-fund vehicle that backs local fund managers on the continent. The last two years have seen a similar increase in funding to support organisations with new funds being announced such as the Women in Digital Economy Fund (WiDEF) with funding by USAID, BMGF, Microsoft and Korean International Cooperation Agency; and the Digital Transformation with Africa Initiative (DTA) funded by the US government. Unlike the Africa Growth Fund, WiDEF and DTA support programmes and provide technical assistance for digital advancement and gender impact in programmes.



4.

Funding for Africa's Tech Innovation Support Ecosystem

The ecosystem support funding is a subset of the broader innovation funding that enables innovation ecosystem development through grants and predominantly grant funds and works closely with ecosystem support actors through initiatives on innovation scaling & capital connection, convening & events, programmes & Initiatives, hub development, hub support, and training.

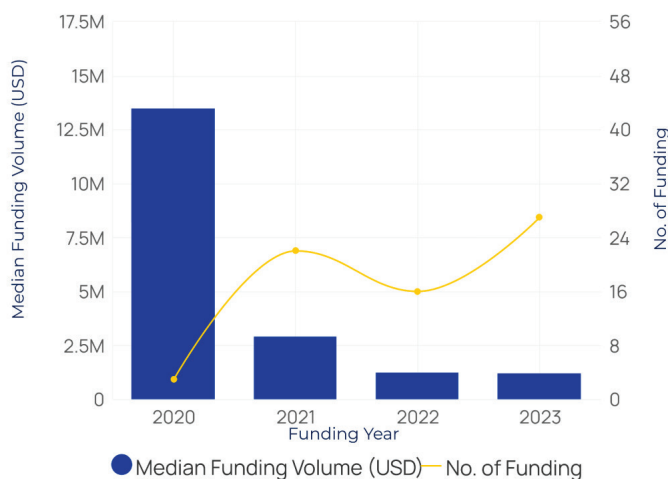
Innovation Ecosystem Support Funding

Total funding	No. of funding	Median Size	Recipients
\$320M	60+	\$1.5M	50+

Based on funding data between 2020-2023 from 5 funders with publicly available funding data.
Source: AFD, AfDB, BMGF, BMZ, the European Commission

Figure 6 : Innovation Ecosystem Support Funding

Ecosystem Support Funding Trend



Data Source: Authors' calculation based on publicly available data from 5 global funders (2020-2023)

Zooming into funding activities and funding types that are the most relevant for the network of innovation support ecosystem, Figure 6 shows that the funding opportunities for innovation ecosystem support champions are about 25% of the overall tech innovation funding. Between 2020 and 2023, 5 major global funders distributed over \$300M through 68 funding rounds with a median size of \$1.5M to 56 recipients.

Figure 7 : Median Funding Vs Count Over The Works



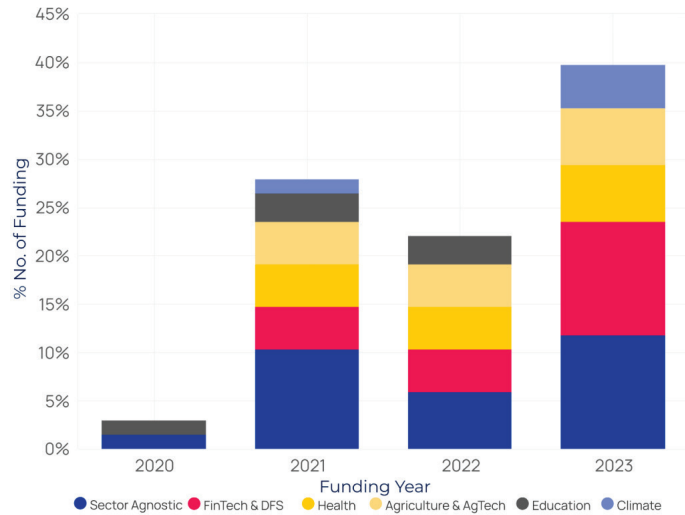
BMZ, the Gates Foundation, the European Commission, AfDB, and AFD show up as the main funders in the ecosystem. These funders have traceable data on grant funding for ecosystem support activities. They likely represent the larger pool of funders who are not captured due to the lack of data. These funders are ramping up their engagement with ecosystem support champions through the upcoming calls shown in Table 1.

Funder	Country	Topic	Committed Amount
USAID	Pan-Africa	Digital Invest: Mobilising private capital for internet connectivity and digital financial services in emerging markets	Four \$500,000 grants
USAID	LESA (Lesotho, Eswatini, and South Africa)	Academy for Women Entrepreneurs	Est. \$119,000
AfDB	Pan-Africa	Climate Action Window	TBD
ROV - Orange Corners	Phase 2: Senegal, South Africa, Ghana, Egypt, Algeria Phase 3: Mali, South Sudan, Sudan, Tunisia, Burundi	Orange Corners Innovation Fund Subsidy Programme	EUR 2.2 M between 2024-2030
European Commission	Pan-African	The African Union-European Union Innovation Platform	€370,000
UNDP	Sierra Leone	Innovation challenge awards to support financial intermediaries and fintech firms to develop, design, pilot, and scale up financial products and services targeting informal enterprises	\$40,000 per grant
UNDP	Sierra Leone	Innovation challenge awards to support financial intermediaries and fintech firms to develop, design, pilot, and scale up financial products and services targeting informal enterprises	Two \$150,000 grants for financial intermediaries
Mastercard Foundation	Sub-Saharan Africa (20 focus countries)	The Agribusiness Challenge Fund	Grants ranging \$500,000-\$2,500,000

Table 1: Box spotlighting the Gates Foundation, BMZ, and AfDB and their key Q1 2024 proposal calls



Key Sectors for Ecosystem Support Funding



Data Source: Authors' calculation based on publicly available data from 5 global funders (2020-2023)

Figure 8 : Top Sectors

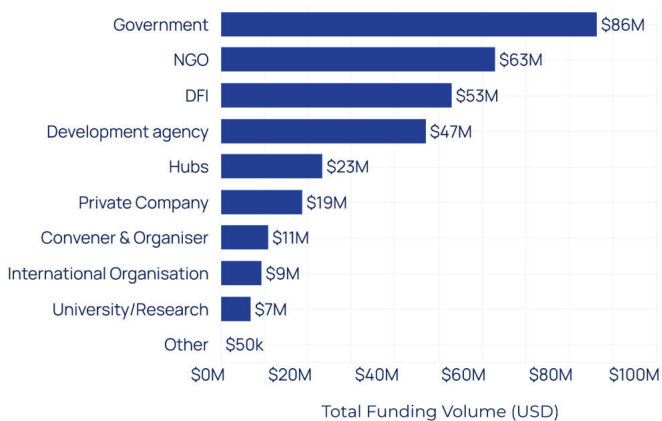
Key sectors shown in Figure 8 show that while most ecosystem support funding goes into sector-agnostic initiatives, fintech, agriculture, health and education sectors are increasingly drawing interest from funders. Agriculture and health sectors have received more attention since 2021 as the COVID-19 pandemic and geopolitical disruptions in the supply chain emphasised the need to innovate African health and agriculture supply chains. Climate funding has begun to come into the African tech innovation support funding landscape and qualitative insights show that climate, gender, and youth impact areas will increasingly become important in programme designs and reporting.





The key recipients of the ecosystem support funding are intermediaries who can design and implement programmes, as shown in Figure 9. For example, the Bill and Melinda Gates Foundation has funded the IFC to narrow the gender gap for Kenyan entrepreneurs and the UN Capital Development Fund to promote financial innovations. These intermediary recipients often partner with other implementation partners and evaluation partners in executing the initiatives and programmes.

Key Recipient Types excl. government recipients (2020-2023 aggregate)



Data Source: Authors' calculation based on publicly available data from 5 global funders (2020-2023)

Mapping Key Recipients

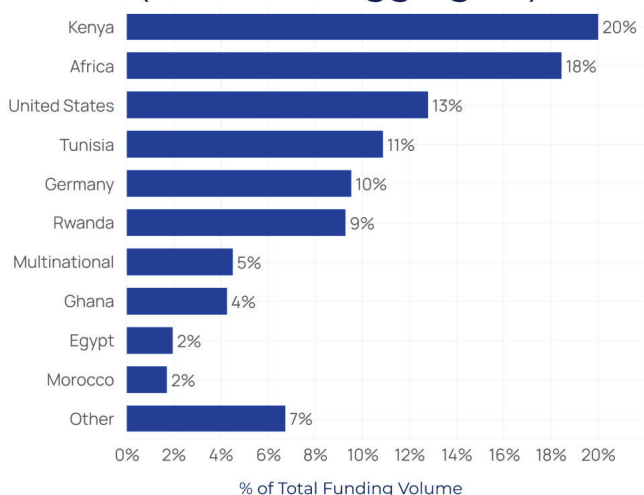


Figure 9: Key Recipient Types and Key Recipient Maps

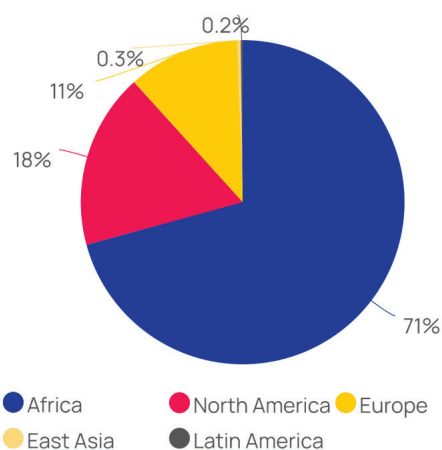


Figure 10 shows that 70% of the total funding volume for the African tech innovation support ecosystem goes to intermediaries located in Africa with Kenya, Tunisia, and Rwanda being the top destination for funding. However, taking a closer look at fund recipients based in Africa reveals that there are nuances to how innovation support funding is dispersed to the local innovators. Many Africa-based recipients are the African branch of international organisations such as the World Health Organisation, Save the Children, and World Peace Services. There are also governmental agencies with African-based programmes such as Make-IT in Africa, and KfW African branches. Most non-African recipients are in North America and Europe. Yet, there are advantages to being embedded in the local ecosystem, such as having more established relationships with local innovators and being more knowledgeable about local value chains. These advantages will need to be married with the ability to navigate due diligence and reporting requirements of intermediaries based in the Global North.

Key Recipient Destinations (2020-2023 aggregate)



Recipient Regions by Funding Volume



Data Source: Authors' calculation based on publicly available data from 5 global funders (2020-2023)

Figure 10 : Recipient Geography by No. of Funding

The Enrich in Africa Center (EiA) recognizes the changing funding landscape and the increasing focus on creating social impact. This report is the first step in helping to make sense of it for different partners to serve as a bridge to support ecosystem actors in taking advantage of these opportunities. It is not fully comprehensive and going forward the EiA will look to deepen the data and intelligence available to these different partners. If you are interested in getting involved or have data and intelligence that will help advance the understanding of the innovation support ecosystem in Africa, reach out to the EiA at Hello@enrichin africa.com.



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