

HDFIF

HUMAN DEVELOPMENT INNOVATION FUND



UKaid

from the British people

CATALYSING AND SCALING INNOVATION IN TANZANIA

A REVIEW OF APPROACHES

ACKNOWLEDGEMENTS

The **Human Development Innovation Fund (HDIF)** is a £39.4 million UKAid-funded innovation programme managed by Palladium International in partnership with KPMG, Newcastle University, and the Institute of Development Studies (IDS). Working in collaboration with Tanzania’s Commission for Science and Technology (COSTECH), HDIF seeks to accelerate the testing and scaling of innovations in health, education, and water, sanitation and hygiene (WASH) in Tanzania. To catalyse the development of new models of service delivery, the use of new technologies, involvement of new providers and establishment of new partnerships, HDIF implements:

- Strategies and interventions to strengthen Tanzania’s innovation ecosystem;
- Grant mechanisms to effectively and efficiently identify, select, and support projects through the innovation fund; and
- Activities to strengthen the innovation evidence base in Tanzania and translate findings and lessons learned into policy and practice.

The **Commission for Science and Technology (COSTECH)** is the government partner to HDIF and a key strategic partner for the project. HDIF and COSTECH work together to realise a shared goal: to accelerate innovation and effective use of technology to increase and improve opportunities for health, education, and WASH in Tanzania. Further details can be found at www.costech.or.tz

The **UK Department for International Development (DFID)** leads the UK’s global efforts to end extreme poverty. It is tackling development challenges in Tanzania through a portfolio of investments including HDIF. Further details can be found at www.dfid.gov.uk

Palladium works with corporations, governments, investors, communities, and civil society through a global network operating in over 90 countries. See www.thepalladiumgroup.com

The authors would like to thank Marjolijn Wilmink, Joseph Manirakiza, and Alexa du Plessis from HDIF for their contributions, and the following programmes: Amplify, Fondation Botnar, Frontier Tech Livestreaming, Grand Challenges Canada, Segal Family Foundation, Spring Accelerator, Southern Africa Innovation Support Programme (SAIS), the Information Society and ICT Sector Development Project in Tanzania (TANZICT) and the Tanzania Digital Innovation Youth Empowerment Programme (TADIYE).

Report authors: Kristiina Lähde, with Clare Gorman and Emma Davies.

KEY TO NOTES

REFERENCES

 More detail is given on the same page where indicated by the magnifying glass symbol.

ENDNOTES

¹ Roman numerals in the text indicate further information listed at the back of the report on page 38.

CONTENTS

ACKNOWLEDGEMENTS	2	
EXECUTIVE SUMMARY	4	
INTRODUCTION	6	
1. CONTEXT	10	
1.1 The innovation ecosystem in Tanzania	10	
1.2 Who is supporting innovation in Tanzania? And how?	11	
1.3 Innovation funders	11	
2. WHERE IS SUPPORT NEEDED?	13	
2.1 Support along the innovation pipeline	13	
3. VOICES FROM THE ECOSYSTEM	16	
3.1 Programme models and management	16	
FUNDERS CASE STUDY TANZICT	18	
3.2 Financing innovation	20	
FUNDERS CASE STUDY AMPLIFY	22	
3.3 Capacity building	24	
FUNDERS CASE STUDY SPRING ACCELERATOR	26	
3.4 Strengthening the innovation ecosystem	28	
FUNDERS CASE STUDY HDIF	30	
4. THINGS TO TRY	32	
5. (ANNEX) SUPPORT MECHANISMS	34	
5.1 Some innovation support mechanisms present in Tanzania	34	
5.2 Financial and non-financial support	35	
ENDNOTES	38	

EXECUTIVE SUMMARY

Since 2013, the Human Development Innovation Fund (HDIF) has been working with some of the most inspiring and creative Tanzanian innovators in the country, investing £23.5 million into projects that seek to pilot or scale up innovations that can improve the quality of peoples' lives through basic services. Along the way, HDIF has been capturing insights and lessons to better understand the complex practice of social innovation in Tanzania and help build a picture of the types of support that early-stage innovations need in order to thrive and grow.

This report follows on from *Investing in Social Innovation and Technology in Tanzania* (2019)^Q, in which HDIF offers recommendations to innovation funders, policymakers, and practitioners based on its own experiences. Here we turn our eyes outwards and examine the range of innovation support mechanisms and programmes available in Tanzania and situate our work within this wider environment.

HDIF is due to close in 2021. As the programme enters the final phase of its work, we want to tell a story that includes others working at the heart of the Tanzanian innovation ecosystem – a story about the lessons we and others have learned to inform the design of future programmes in Tanzania and other countries. In October 2019, the authors interviewed representatives of a number of donor programmes (either currently active or recently so) and ecosystem actors. We also sought insights from entrepreneurs and social innovators and spoke to people at a number of hubs that have either received support from, or otherwise worked with several different programmes. We asked them similar questions: What worked for what purpose? What could benefit from improvement? What would their recommendations be for others attempting to design something similar? And what might be missing from the ecosystem in terms of support? We were delighted with their responses, which were honest and thought-provoking in equal measure.

This report is divided into four chapters that share insights and put forward ideas based on our collective experiences. Chapter 1 helps situate the report by

examining the state of the innovation ecosystem in Tanzania as well as the different actors supporting it. Chapter 2 looks at how best to resource different social innovations by examining the innovation pipeline. Chapter 3 reports on our discussions with other ecosystem players around the themes of programme models and management, financing innovation, capacity building, collaboration and partnerships, and strengthening the innovation ecosystem. Chapter 4 puts forward a series of practical 'things to try' or best practice approaches for funders and investors to explore and apply in their work to support social innovation. These are as follows:

■ **Encourage learning by doing through outsourcing work to local ecosystem actors. Create real relationships, from which to learn about and understand the ecosystem and its dynamics.**

How: Use local organisations as partners, outsource activities to them, and be prepared to work closely and offer guidance throughout the process.

■ **Adopt a pipeline approach to address funding and resource gaps in order to take innovations from the viable business model phase to scale.**

How: Work together with other funders to share risks and costs and to attract private investors. Consider basket funds or other platforms to facilitate easier collaboration.

■ **Support investment readiness by helping innovators to get their organisational systems and processes in shape.**

How: Invest in activities that build the capacity of innovators jointly with other funders. Build these capabilities in local innovation ecosystem actors so that they can continue the work after donor programmes end.

■ **Assume a broad variance in skills and cater for a broad range of support needs.**

How: Prioritise the critical innovation skills and capabilities for the target group and activity and tailor your programme as needed; for example, offer training in Kiswahili and other local languages.

■ **Collaborate and coordinate with other funders to avoid duplication of efforts and to direct appropriate levels and types of funding to the areas where it is most needed.**

How: Set up an integrated information system that maps the stage of each innovator and the available finance. Establish a neutral coordinating body to provide overall coordination of innovation support efforts.

■ **Seek out the unknown and avoid the temptation to support the most visible players to the detriment of less visible innovators.**

How: Exchange information about current or recently active programmes as well as participating grantees. Consider supporting the same ones only if you can be sure your activity drives them into a new space or catalyses further growth.

■ **Highlight the activities of local intermediaries and hubs at a global level in order to attract external investment.**

How: Share your own information actively and openly. Blog and promote others' success. Do this jointly with other funders if you can.

■ **Be a neutral player and be mindful of cliques and groups within the innovation ecosystem that may not be easy to spot.**

How: Take the time to listen to different people, attend various events, and pay attention to who is there. Do not be quick to jump to conclusions or follow recommendations based solely on marketing and visibility.

As with all of HDIF's knowledge and learning products, this report is not intended to be a complete or scientific analysis of all the innovation support present in Tanzania, but rather lead-in to what is available. We do not pretend to know everything there is to know about supporting the country's innovators and are aware that there is no one-size-fits-all approach. Instead, we hope that in sharing this broader collection of experiences and analysis, we can contribute to a much-needed body of evidence on the innovation ecosystem in Tanzania.

Left
Angel (second left), a beneficiary of the Sense International 'Inclusive Education for Children with Deafblindness and Multi-Sensory Impairment in Tanzania' programme with her family in Mbezi, Dar es Salaam.





KUMI MEDIA

INTRODUCTION

Over the past decade, global efforts to tackle some of the world's biggest development challenges have taken a different turn. Whether seeking to reduce the number of women dying in childbirth, getting clean water to rural communities, or increasing girls' access to education, increasing numbers of development initiatives are looking towards innovation and technology for solutions that more traditional methods of delivering development have often failed to provide.

Funders such as the UK's Department for International Development (DFID), the Bill and Melinda Gates Foundation, and the United States Agency for International Development (USAID) have been at the centre of this shift, introducing a raft of innovation challenges, accelerators, and funds over the years to encourage new responses to old problems. More recently, both the development and private sectors have begun to recognise the value of working together to create services or products that combine social purpose and commercial potential.

Above
Huria (left) is part of CRS Tanzania's 'Youth-Led Sanitation Business Development' programme in Chunya, Mbeya, pictured with her mother and twins.

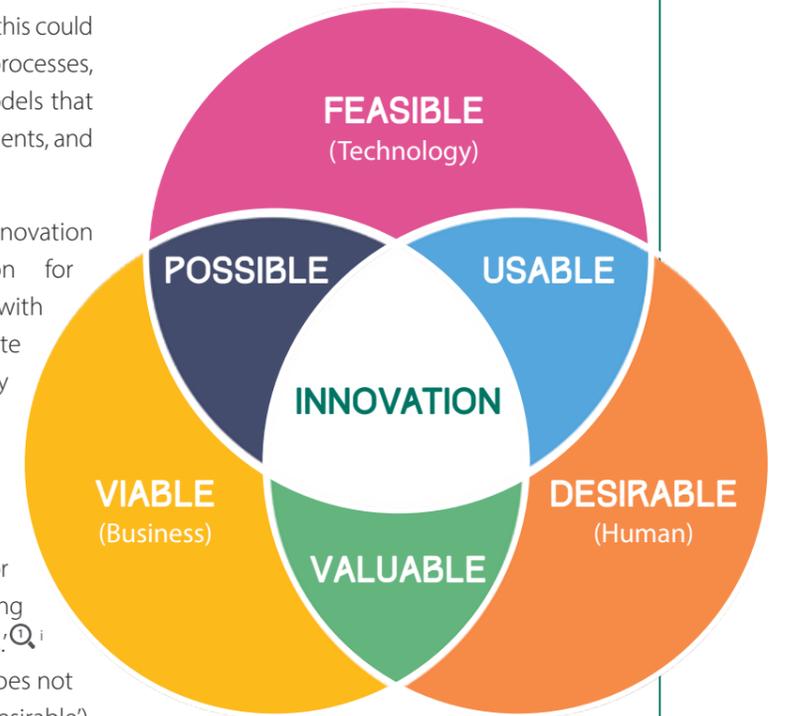
INNOVATION

Innovation can be defined simply as a 'new idea, device, or method' and can be viewed as the application of better solutions that meet new requirements or existing market needs; this could be through more effective products, processes, services, technologies, or business models that are made available to markets, governments, and society.

The International Development Innovation Alliance (IDIA) defines innovation for development as 'a new solution with the transformative ability to accelerate impact. Innovation can be fuelled by science and technology, can entail improved ways of working with new and diverse partners, or can involve new social and business models or policy, creative financing mechanisms, or path-breaking improvements in delivering essential services and products.'¹

As illustrated in Figure 1, innovation does not only need to address a certain need ('desirable'), but should also be designed with the user ('usable') and should address a market/paying customer ('viable').

Figure 1 The balanced breakthrough model, or 'Three Lenses of Innovation' – created by IDEO²



Competitions such as that run by the GSMA Mobile for Development Innovation Fund³ and the Global Learning XPrize⁴ initiative have also played their part in attracting innovators to the development field.

Away from the international stage, the momentum for funding innovation is still taking time to build. Over the past five years, Tanzania has risen from position 123 (in 2014) to position 97 in the Global Innovation Index 2019 rankings, putting it ahead of many other countries in sub-Saharan Africa, and signalling potential for the adoption of new technologies and associated growth opportunities.

So what help is there for Tanzanian innovators – be it a non-government organisation (NGO), social enterprise, academic institution, or start-up? Who is nurturing an idea with the potential to create lasting

social impact, and needing a kick-start to make it happen? What forms of assistance are available to suit the whole spectrum of innovations and innovators? What are the challenges for a funder in this environment? And are there particular models of funding that work better than others?

HDIF'S WORK IN UNDERSTANDING THE TANZANIAN INNOVATION ECOSYSTEM

Determining the types of intervention needed to support social innovation requires us to unpack and scrutinise every aspect of the innovation ecosystem itself – from the actors and the roles they play to the processes and infrastructures holding it together.

¹ www.idiainnovation.org

² www.ideo.org

³ www.gsma.com/mobilefordevelopment/?gclid=Cj0KCQiAvJXxBRceARisAMSkArpmYN-SKTny86Cqv8k8N6sStmkG0OzVgP8erWCe4eVc8Brib22aUEaAv-AEALw_wcB

⁴ www.xprize.org/prizes/global-learning

THE INNOVATION ECOSYSTEM

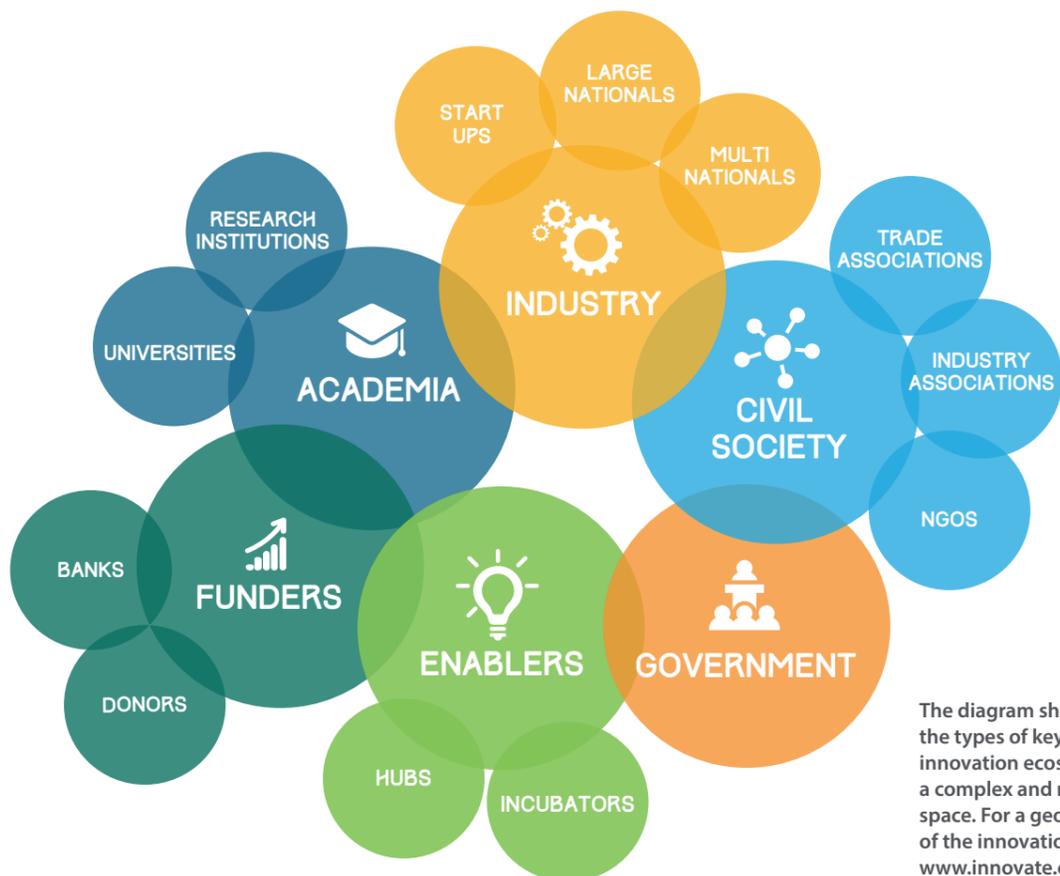
The term ‘innovation ecosystem’ is used to describe the large number and diverse nature of participants and resources that are necessary for innovation. These include entrepreneurs, investors, researchers, university faculty, venture capitalists as well as business development and other technical service providers such as accountants, designers, contract manufacturers and providers of skills training and professional development.

During the past six years, HDIF has been convening players that are involved in the innovation process – including the government, funders, the private sector and the innovators themselves – to create the network and systems needed to take innovations beyond the prototype phase and realise deep and lasting impact. HDIF has been

catalysing new approaches to delivering basic services and the uptake of new technologies; involving new providers; and establishing new partnerships between the private sector, development agencies, and public-private partnerships. It has also connected and supported the innovation hubs, which play a crucial role in assisting innovators in prototyping, commercialising, and anchoring their solutions. And HDIF continues to work in partnership with Tanzania’s Commission for Science and Technology (COSTECH), a network of hubs, donor-funded programmes, and other stakeholders, to support a culture of innovation and the country’s burgeoning innovation ecosystem.

Over time, HDIF has supported a range of innovations with divergent needs and routes to scale. Some innovations in its portfolio have a deep social impact, but do not have a strong commercial value proposition. In contrast, others have the potential to evolve into business propositions and, with the right support, develop into high growth enterprises, as illustrated in Figure 3.

Figure 2 Understanding the innovation ecosystem in Tanzania



The diagram shows some of the types of key players in the innovation ecosystem of Tanzania; a complex and rapidly evolving space. For a geographical map of the innovation ecosystem see www.innovate.co.tz

DIAGRAM: SIMON MTABAZI, SOCIAL INNOVATION FELLOW, HDIF

THE ROUTES TO ECONOMIC AND DEVELOPMENT IMPACT

We could say that, ideally, innovation support aims to help create innovations that have both a significant development impact and a significant economic impact. When new innovations are created, their impact in either respect is usually small or incremental.

The model described in the Figure 3 illustrates that when an innovation scales, it typically takes one of two routes. For example, an innovation could first scale commercially, targeting higher value markets and, only after reaching significant volume, expand the service to reach lower-income markets where the development impact will be increased.

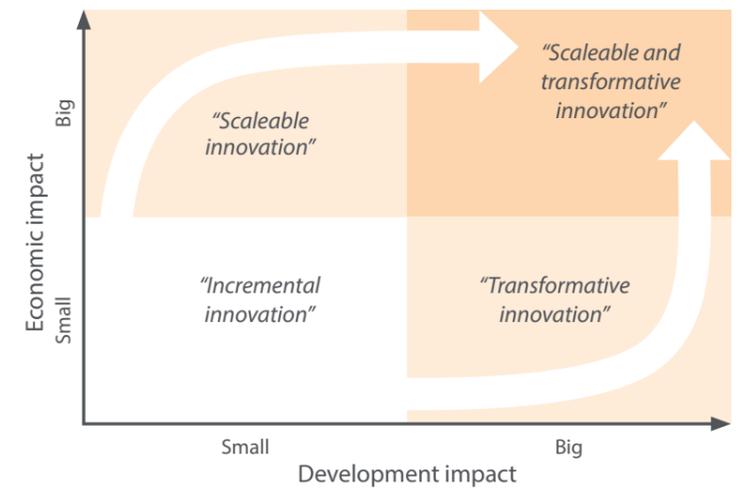
An alternative route to scale is through large-scale implementation supported by public funding to prove feasibility and development impact, using that experience to attract other funders, scale to multiple markets, and to develop a sustainable business model.

The support needs of different innovations within the ecosystem vary hugely. A good deal of thought needs to be given as to how different sets of financial instruments and support can be applied to make all types of innovation both thrive and be sustainable.

In recent years, more funders have realised the potential of innovation for development, and there is increasing support and investment at various stages of the ‘innovation pipeline’ in Tanzania and East Africa as a whole. Different types of investment are required depending on the nature of the innovation, but frequently the right type of investment is not available. Furthermore, with increasing investment comes a need for greater collaboration, shared valueⁱⁱ, knowledge sharing, and analysis.

Meanwhile, policymakers are increasingly looking more seriously at the role that innovation and technology can play in contributing to industrialisation and job creation. To make long-term systemic change it is important to first understand the impact, success, and risks associated with different approaches – who are the stakeholders that are involved in supporting innovation, who is funding what, and where, along the innovation pipeline – to know where the gaps exist.

Figure 3 The routes to economic and development impact



In this report, we specifically look at the complex support needs of social innovation, as well as how best to foster the supportive environment needed in order for all types of social innovation to reach their full potential and scale or diffuse.ⁱⁱⁱ By sharing our experiences and learning, we hope to bring understanding on how best to improve the support that innovators in Tanzania can, and should, expect to receive.

We encourage readers to take note of the insights gathered, and work together to develop a shared vision for innovation in Tanzania.

Below
Community members accessing water at a prepaid water kiosk in Maganzo town in Kishapu District, part of an ICS project.



KUMI MEDIA

1. CONTEXT

1.1 THE INNOVATION ECOSYSTEM IN TANZANIA

Successful innovation ecosystems comprise multiple players – including the government, the private sector, research institutions, innovation hubs, civil society, and the innovators themselves – developing strong connections and contributing resources, knowledge, and skills that together influence the creation of new solutions.

Tanzania is home to an increasing number of dynamic individuals and institutions who make up the country’s flourishing innovation ecosystem. A network of innovators, entrepreneurs, tech businesses and hubs have come together to promote their services, host events, and put themselves on the map. Yet without a supportive environment, even the most innovative ideas will struggle to scale and grow. Although the ecosystem is gaining momentum and becoming more active and connected, it is still in its early stages. In order for it to transition to a mature ecosystem, a concerted effort is needed to improve the flow of information, create better linkages between actors,

strengthen the policy environment, and build the capacity and resources of key institutions as well as the business and technical capacity of the innovators themselves.

In an early-stage ecosystem, hubs play a crucial role in incubating and accelerating innovative ideas and building entrepreneurship skills. In Tanzania, new hubs are popping up every day: whereas in 2011, Buni Hub, Kinu Hub and Mara Space² were the three main physical spaces that provided support to entrepreneurs, there are now more than 40 hubs across the country. Local, community-driven initiatives, such as Sahara Sparks³ and Smart Lab⁴, that provide support to start-ups and connect them with the private sector have emerged. The Annex to this report provides an overview of the different types of support mechanisms that are present in Tanzania.

Despite the proliferation of new hubs, many of them struggle with generating cash flow and a sustainable business model to support their activities. At the same time, the services that they provide are not always well aligned to the needs of the start-ups, and the public and private clients they serve. Many

¹ <https://maraphones.com/philanthropy/B>

² www.saharasparks.com

³ <http://smartlab.co.tz/>



Below
A woman experiencing Virtual Reality (VR) at Innovation Week 2018, with OnaStories, a media production company that uses VR for immersive storytelling in Tanzania.



HDF

hubs focus on providing business support to small and medium-sized enterprises and individuals to help commercialise their ideas. Less attention is given to the convening role they could play in bringing the different innovation stakeholders together and facilitating connections to funders and investors to create a conducive environment for any innovation to thrive.

The government recognises the role that science, technology, and innovation (STI) can play in finding solutions to the development and economic challenges facing the country. The Tanzania Development Vision 2025⁵ expresses the need to industrialise in order to create jobs for millions of young people to achieve its vision of becoming a middle-income country. Underpinning the Vision is Tanzania’s 1996 National Science and Technology Policy (currently under review) which acknowledges STI tools as key for fostering industrial development and eventually developing into a modern economy.

For Tanzania to realise its vision, it is critical for the younger generation to be given the opportunity to develop skills for innovation and entrepreneurship. Universities could play a stronger role in this. Innovation does not feature strongly

in the curriculum, and technology transfer from research to innovation is not yet very common. Universities are starting their own hubs to support entrepreneurship, but as with the other hubs, these are still in the process of finding their individual ways of working.

1.2 WHO IS SUPPORTING INNOVATION IN TANZANIA? AND HOW?

There is a growing number of stakeholders who are ready to support innovation in Tanzania – including angel investors, donors, venture capitalists, foundations, the private sector, and the government.

The telecom sector is a champion of innovation and continues to build on the success of Mpesa, the market disrupting mobile phone-based banking service that launched in 2007 and quickly grew to reach more than 10 million customers in just a few years. For example, Vodacom Tanzania and Smart Lab recently launched Vodacom Digital Accelerator⁶, a programme to help early-stage and growth-stage technology start-ups in Tanzania to become profitable. But the telecom sector is ahead of the curve and corporate engagement in

Above
Children drink water filtered by the locally-manufactured Nanofilter at a water kiosk in Arusha.

⁵ <https://mof.go.tz/mofdocs/overarch/Vision2025.pdf>

⁶ <https://vodacom.co.tz/en/news/index/view/id/307/>

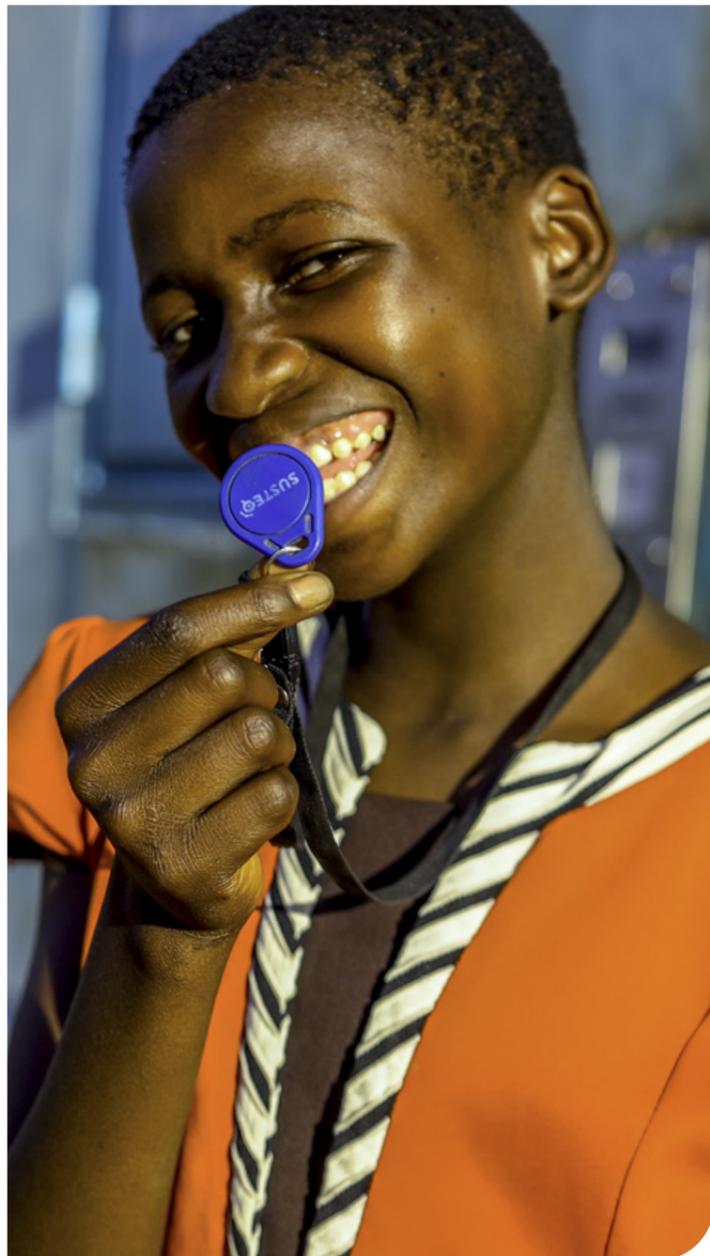
the innovation ecosystem in general is still lacking across the region.

The Government of Tanzania is also playing a role. COSTECH manages the National Fund for Advancement of Science and Technology (NFAST) which, until recently, largely funded research. Using the lessons and experiences of other innovation funds, including HDIF, in 2019 COSTECH launched an ‘innovation fund’ window alongside its research fund. This signalled a re-prioritisation of government support to innovation, and a promising step in helping to build national support for innovation. COSTECH works closely with the National Economic Empowerment Council (NEEC), which oversees empowerment initiatives in Tanzania and increasingly recognises the role that innovation can play in job creation and sustainable industrial development.^{iv}

1.3 INNOVATION FUNDERS

The volume of overseas development assistance directed towards innovation is dwarfed by the size of funding allocated to more traditional sectors such as health, education, and WASH. Nevertheless, large institutional donors including Sweden, Finland, the UK, and the World Bank have been providing grants to various innovation programmes in Tanzania for a number of years.

While donors have been the primary source of innovation funding, interest from local investors is gradually increasing. In recent years, investor networks such as the Tanzania Angel Investors Network (TAIN)¹⁰ have sprung up seeking to promote the angel-investing culture^v and grow innovative Tanzanian start-ups. As the number of high net worth individuals investing in local businesses has risen, this has become an important source of capital for early-stage innovation. And the venture capital sector, which represents private investors, is slowly growing with the support of organisations such as the recently launched Tanzania Venture Capital Network (TVCN).¹¹ Yet this interest is still nascent and focuses on the sectors which promise greater returns on investment



KUMI MEDIA

– typically fintech, telecom, agriculture, energy, and infrastructure.

In spite of the variety, there is little coordination between the different funders who are prone to operating in silos, driven by their own agendas. The result is duplication of effort, lack of recognition of synergies among them, and lack of understanding of how they can best play their part in developing the sector in a coordinated way. There is a growing need for funders to break out of the silos and see how to coordinate funding approaches to meet the needs of the entire innovation pipeline.

Above
Susteq's water ATMs provide access to clean water to token holders in Maganzo Village in Shinyanga District, 24-hours a day.

¹⁰<https://vc4a.com/tanzania-venture-capital-network/tanzania-angel-investors-network/>

¹¹<https://tvcn.org/>

2. WHERE IS SUPPORT NEEDED?

While we know that innovation in Tanzania is being championed by funders, can we be confident that it is being funded adequately, at the right times and in the right places, and with the right support? How can we be sure that their investments are really helping to make the innovation ecosystem more connected, and the innovations themselves more demand-based and more sustainable? How can we attract and leverage the different types of financing that are needed at different stages of an innovation's progression to scale?

2.1 SUPPORT ALONG THE INNOVATION PIPELINE

How best to resource the multitude of innovations with potential requires an understanding of where current support is focused along the innovation pipeline and where the gaps are. Enabling any innovation to scale needs specific types and levels of support at different stages along its journey. This includes particular types of financing, from catalytic grants for early-stage social service innovations, to debt and equity for more mature innovations that can absorb commercial investment.

Whilst this report focuses on innovations for social impact, an innovation can be developed in many different contexts and scaled through various routes – as a scalable enterprise, in public-private partnerships, through non-profit organisations, or through being adopted and scaled by the government as a public service.

HDIF has been endeavouring to gain a better understanding of where support is needed by mapping support for innovation in Tanzania against a tried and tested model that tracks innovation from ideation to scale. Known as the ‘innovation pipeline’, this process starts from the problem-solving, ideation, or business idea stage, and develops into an innovation and develops into an innovation prototype which is then tested. If the innovation

proves to work, responds to customer needs, and has a working business model it can enter the growth stage and scale to reach new markets.

Through our interviews with donor programme representatives and innovation ecosystem actors, and interactions with entrepreneurs and social innovators, and others at various hubs (see Chapter 3), we have identified specific challenges related to certain stages in the innovation pipeline. In the Tanzanian context, it appears that the biggest obstacles faced by innovators (whether based within a company or an NGO) are related to growing and scaling an innovation. Many of the challenges relate not to the innovation itself but to growing and sustaining the organisation through identifying the right business model and securing the right mix of financing. Innovations born within already large organisations, or mainstreamed through government ownership, may have a more specialised set of challenges related to organisational constraints, and legal and political issues.

Below
A table banking group at their weekly meeting in Handeni, Tanga, supported by DORCAS Aid International.

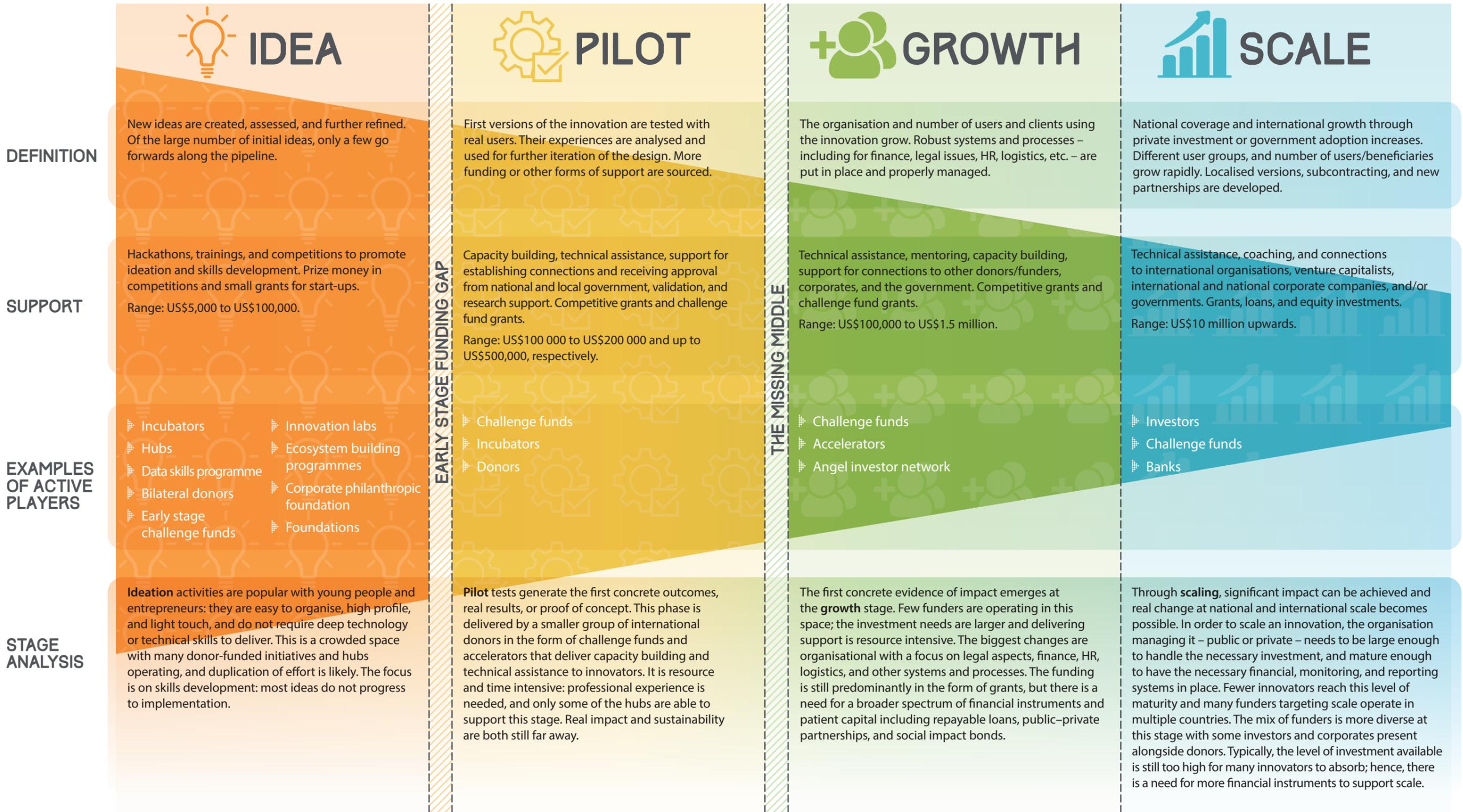


KUMI MEDIA

2.1.1 Innovation pipeline in Tanzania

In Figure 4, we present the main stages of the innovation pipeline and our analysis of the specific situation and challenges in Tanzania for each stage.

Figure 4 Innovation pipeline in Tanzania



ECOSYSTEM SUPPORT

Some innovation funders support ecosystem-building activities; this includes supporting hubs and catalysing connections between ecosystem players. Hubs and other ecosystem enablers are important in supporting and growing the innovation ecosystem, but they also need both financial and capacity-building support. Currently, most hubs lack the skills needed to support innovations at the growth and scale stages. Linkages with industry and government are also weak. There is little consistent capacity support for the hubs, despite the critical need for it. Universities and research organisations could also benefit from more support in building skills and expanding their curriculum in relation to innovation.

Figure 4 Innovation pipeline in Tanzania *Continued*

OVERALL ANALYSIS

- In Tanzania, donor and investment support along the innovation pipeline tends to cluster around the stages that demonstrate quick results and attract greater interest than those that are harder and slower to develop. Much of the current support concentrates on the early stages of the innovation pipeline where a multitude of initiatives targeting young entrepreneurs and start-ups, such as pitching competitions and hackathons, exist. Whilst such initiatives are good for raising visibility and honing innovation skill sets, this kind of support is short term and light touch.
- There are support gaps in the pipeline, especially from the idea to pilot and the pilot to growth stages – the latter is often known as the ‘missing middle’ in terms of content, skills, and funding – and it will require a significant collaborative effort to address this. Moving from the idea to pilot stage requires formalising the idea and registering an organisation, NGO, or a company. This is a big leap and requires the kind of knowledge that students or fresh graduates characteristically do not possess. Donor programmes are not typically focused on this transition. Many hubs offer support but their capabilities vary.
- Likewise, moving from the pilot to growth stage has its own challenges. At the pilot stage it is possible to operate with a relatively light organisational set-up. However, accessing funds to fuel the growth stage, from either donors or private funders, requires passing a due diligence process. This includes skills and expertise in areas such as finance, reporting, monitoring and evaluation, HR, and legal issues. As a result, innovators often lack access to the range of financial instruments to support growth beyond the start-up phase. Acquiring these skills through either capacity building or recruitment needs significant investment, and there is very little financial or capacity support available for this in the ecosystem.
- At the other end of the spectrum are larger funds, such as HDIF and AECF, and accelerators like SPRING Accelerator. These provide technical support and grant funding designed to scale innovations that have reached the growth stage either commercially (in the case of AECF and SPRING) or through other routes including government adoption or adaption, by securing onward investment or a combination of these (as with the majority of HDIF innovations).

3. VOICES FROM THE ECOSYSTEM

Innovation is thriving in Tanzania, yet its fledgling nature means that it is still heavily shaped by those who have the opportunity to support it, rather than those who are driving it from the ground up. Ensuring that donors’ decisions are grounded in evidence is therefore critical; however, much of the knowledge about the innovation ecosystem and how to support innovation is tacit.

In October 2019, we interviewed a number of donor programmes (either currently active or recently so) and ecosystem actors selected by HDIF in a bid to extract and learn from this knowledge. Besides looking at their different modalities and target groups, the questions for programmes concentrated less on actual outcomes of the programmes and more on their learning: what did and did not work, what changes were made, and what their recommendations would be for others attempting to design something similar.

We also sought insights from entrepreneurs and social innovators and spoke to people at a number of hubs that have either received support from, or otherwise worked with several different programmes. We asked them similar questions: What worked for what purpose? What could benefit from improvement? And what might be missing from the ecosystem in terms of support?

In addition to these interviews, HDIF organised a workshop titled ‘Finance for Innovation’ in August 2019, during which angel investors, development partners, impact investors, financial advisors, and banks discussed the potential for collaboration, gaps in the market, and the current status and future views of financing innovation according to the different stages of innovation.

This chapter looks at the inputs from all these engagements. The inputs have converged around certain themes: programme models and management, financing innovation, capacity building, and strengthening the innovation ecosystem.

3.1 PROGRAMME MODELS AND MANAGEMENT

The manner through which innovation support programmes are managed and structured varies greatly. Whilst there are a few well-known models, such

as challenge funds and accelerators, each is managed differently with their own theory of change, objectives, and indicators. With various different concepts of what success looks like, it is not easy to identify a ‘best’ approach. Here we have unpacked some of the common elements of successful programmes based on feedback and insights from the interviews and backed up by our own research and consultations.

3.1.1 Flexible programme design

A common characteristic of donor-funded programmes is the need for the funded organisations to comply with rigid donor frameworks and pre-agreed plans. The development partners we spoke to reflected that this is often the result of needing to manage the reputational risk of investing taxpayers’ money in innovations that fail. The same applies to local stakeholders implementing activities with donor funds. This is at odds with most types of innovation, which need built-in flexibility for testing, iteration, and learning through both success and failure.

Many of the programmes supporting early-stage innovation that we spoke to have tried to incorporate ‘adaptive programming’ to bring flexibility to their processes and build in opportunities for innovators to test and iterate, but this is not always the case. Culturally too, in Tanzania and elsewhere, discussing failure is difficult, and all this makes it hard to admit that sometimes things just do not work out.

“It seems easier to tick the boxes than to think critically and to admit the results weren’t what was expected and then to improve on that.” – Hub Manager, Dar es Salaam

Due to the fast-evolving nature of innovation, HDIF has learned that long design processes and traditional logframe approaches do not fit innovation programmes well. For example, a needs analysis done for the purpose of programme design may rapidly become obsolete. Instead, adaptive programming, strong coordination, good communications and clear decision-making processes are considered paramount for a successful innovation programme. This challenge is also present in the monitoring and evaluation (M&E) of rapidly evolving innovation



HDIF

programmes. Social innovations do not always follow a linear route to scale, nor stay within national boundaries or logframe structures, making it difficult to capture the real results unless the M&E frameworks evolve as well.

“One of our success factors was our iterative approach; activities were not pre-planned too tightly but designed with the stakeholders and beneficiaries as we went on.” – Innovation programme, Tanzania

“Iterative disbursements and payment-by-learning means the programme really puts its money where its mouth is.” – International innovation programme

3.1.2 Support for innovators

Whether it is a pitching contest, challenge fund, or an acceleration programme, the most successful programmes invest in face-to-face, time-intensive support to their investees. Many of the innovators we spoke to considered this aspect of investment to be more important than the funds provided. This type of support is expensive to provide but it can reap the highest rewards. For example, SPRING¹² worked hand in hand with fuseproject¹³, a design agency with expertise in human-centred design (HCD), to run intensive two-week bootcamps for the businesses in its programme to test and refine their ideas. A prototype grant was only provided to the businesses that had proof of concept. Many of their grantees cited the HCD design process as the most valuable aspect of the programme.

Above
Participants at the Innovation showcase at Innovation Week 2019.

¹² www.springaccelerator.org

¹³ <https://fuseproject.com/>

“SPRING was our favourite programme as it helped us to prototype and create a new product, and to re-brand. Bringing in another person to help was very useful and we got a lot done!” – Entrepreneur and SPRING participant

3.1.3 Resourcing across geographies

The geographical reach of a programme influences the way projects are resourced and the level of engagement in the ecosystem. Programmes with a single-country focus with staff embedded in the country had the advantage of being able to create the necessary relationships and to understand the current situation of the fast-changing ecosystem. Regional and global programmes such as SPRING, Grand Challenges¹⁴, and Amplify¹⁵ have advantages for supporting international growth, whilst currently most Tanzanian ecosystem actors are concentrating on local opportunities for scale. However, programmes which operate across geographies tend to be more complex and relatively costly. When it is not possible to embed a full-time team in-country, alternative resourcing models do exist. As a global accelerator, SPRING appointed Country Managers to lead its country efforts. They managed the portfolio of businesses, helping to identify and respond to their individual needs, and connecting them with international partners for scale-up opportunities.

¹⁴ <https://grandchallenges.org/>

¹⁵ www.openideo.com/amplify

¹⁶ www.tea.or.tz/skills-development-fund-call-proposal

¹⁷ <https://tanzict.wordpress.com>

SPOTLIGHT

Accept that success and impact should not only be defined by the success of the innovation but also from the process of learning and failing:

- Although HDIF was originally designed as a challenge fund, the programme was adapted to include ecosystem support, building the capacity of local organisations along the way.
- Organisations applying to the Tanzania Education Authority (TEA) Skills Development Fund¹⁶ are encouraged to think deeply about and to learn from the project’s M&E and impact, as well as the problem they are in the process of solving.
- TANZICT¹⁷ (the Information Society and ICT Sector Development Project in Tanzania) supported very early stage start-ups and innovations, most of which are no longer operational. However, many of the innovators are now successfully running their fourth or fifth innovation.

CASE STUDY TANZICT

The Information Society and ICT Sector Development Project (TANZICT) was a €5.8 million programme designed to strengthen the Tanzanian information and communications technology (ICT) enabling sector and to be better positioned to contribute to the government’s socioeconomic development goals. Funded by the Ministry for Foreign Affairs of Finland, the programme ran between 2011 and 2016. TANZICT was managed by Niras Finland Ltd and was supported by the Ministry of Communication, Science and Technology of Tanzania (MCST). TANZICT collaborated with many partners including COSTECH and Living Labs, as well as a number of Tanzanian universities and entrepreneurship support organisations. The programme did this by:

➤ **Reviewing national ICT policy and policy implementation.** The rapid development of ICT in Tanzania in the years preceding the existence of TANZICT gave rise to the need for a revised National ICT Policy (NICTP). The programme supported MCST and its consultative partner UNECA (United Nations Economic Commission for Africa) to review the existing policy by providing an analysis of current national development policies and strategies and facilitating a participatory multi-stakeholder review process. Together, they also helped to raise awareness of the policy and draft the accompanying implementation strategy.

➤ **Strengthening the institutional capacity of MCST.** In 2008, MCST was set up to coordinate ICT policy development and roll-out across government departments. TANZICT supported the fledgling ministry by assessing its institutional needs and devising a five-year implementation plan based on the findings.

➤ **Supporting entrepreneurship and innovation.** TANZICT developed the Tanzanian Innovation Program (TIP) to support and collaborate with members of the ICT community. Under this banner, TANZICT helped to build Buni Hub – a technology hub that fosters innovation and technology entrepreneurship. It provided training for pre-incubation and incubation activities and



Above Participants learn about entrepreneurial teaching methods at a TANZICT workshop at the University of Iringa.

‘living labs’, which are locally driven initiatives where communities define the problems and challenges to address in their environments. TANZICT’s ‘TaFinn Exchange Programme’ provided short-term exchanges and group visits between organisations, Tanzanian students, and university staff in Tanzania and Finland.

➤ **Awarding grants.** TANZICT’s Innovation Fund provided financial support to products, services, and businesses focusing on social innovation. Forty-four successful applicants were awarded a total of €220,000 over five rounds.

Impact, success, and strengths

Examples of the programme’s key strengths are given below.

Adopting a people-centred approach. Openness and transparency were core elements of TANZICT and the programme only collaborated with organisations that placed people at the centre of their work. For example, the living labs were all based on principles of participation and inclusion, with special attention paid to vulnerable groups such as women, children, older people, and people living

with disabilities. The Innovation Fund gave special attention to innovations that made the everyday lives of vulnerable people safer and more inclusive.

Connecting communities. A key component of TANZICT’s work focused on improving the community’s role in the innovation ecosystem by encouraging them to participate and lead in local initiatives designed to improve their lives. Through the living labs model, communities and local champions came together to decide what challenges they wanted to address in their environment and how they would develop. TANZICT supported eight such labs by providing a range of services to encourage entrepreneurship and facilitating peer learning between the labs so innovators could learn from each other and replicate successful programmes.

Replicating good practice. The approach TANZICT used to improve the role the community plays in the innovation ecosystem was to support existing Tanzanian sustainable community organisations, and to use proven methods such as the South African RLabs development model, and various Finnish training techniques and methodologies.

3.2 FINANCING INNOVATION

The type and size of funding needed to support innovation varies depending on the kind of organisation delivering it, the size of the organisation, its capacity to absorb funding, its business model, and the nature of the innovation itself. Besides the target group and the purpose of the funding, programmes and funders have to make decisions on the types of financial instruments, reporting requirements, and the size and frequency of disbursements.

Part of this equation is designing funding approaches that suit the local environment and that take into account existing instruments and funding providers. The banking sector in Tanzania is highly regulated and the interest rates are high, making bank loans unreachable for most businesses and innovators. Early stage innovators are often very reliant on personal connections to access capital to fund their activities; this includes family and relatives, friends, and wealthy individuals who are willing to loan or invest. These

informal networks and individuals are not always visible and steering or supporting their growth is challenging. TAIN and TVCN are trying to promote and make visible private investors and their networks, but much remains to be done.

3.2.1 Pros and cons of grant funding

A widespread challenge for many innovators is that the right type of funding is not always readily available. The majority of innovation financing in Tanzania is provided in the form of grants. While grants are often an excellent source of funding to de-risk innovations, particularly to test and prototype a solution, to fail and re-design, and to leverage other types of funding, they can also have a detrimental effect. For example, in markets where early-stage growth capital from private investors is scarce, grant funding can, in the long run, also stunt the growth of for-profit or sustainable business models; that is, it may allow innovators to scale too fast too soon without fully understanding their market or business model, and at times, distort the market.

Below
Young
entrepreneurs
from the CRS
Tanzania 'Youth-
Led Sanitation
Business
Development'
programme in
Chunya, Mbeya



KUMI MEDIA

Smaller organisations that rely on grants to cover their operational running costs are vulnerable and any delays in funding can be crippling. Grants can also come attached with heavy reporting requirements that are time intensive to deliver and can distract an innovator from their strategy.

On the other hand, the accountability requirements of the grants may also be a significant source of capacity building. When the reporting requirements are combined with encouragement and support, they can help grantees improve their internal processes and practices, helping them to prepare for more demanding funder requirements in the later stages of their development.

Some organisations succeed at securing grants from multiple innovation programmes, and crop up in various donor portfolios. These 'donor darlings', whether innovators or hubs, are at risk of becoming 'grantpreneurs' – organisations without a sustainable business model that become overly reliant on grant funding. They are sometimes internationally led organisations with an understanding of the language and a similar organisational culture which puts them at an advantage, often to the detriment of local organisations that many of these donor-funded programmes are intended to benefit.

"[In the context of start-ups] donor funding could be used to de-risk private funding; 5k–10k concept stage ideal for donors, after that 75–100k funding could be private." – Hub Manager, Dar es Salaam

The reality is that many innovators in Tanzania and elsewhere in East Africa continue to rely on grant funding due to the lack of alternatives. The availability of new and appropriate types of financing, such as repayable loans, social impact bonds, and blended financing could help alleviate this problem and lead to a more efficient distribution of the right type of funding within the ecosystem. Better collaboration and sharing of information between donors would also lead to a more efficient distribution of the funding within the ecosystem.

"There is a lack of support past the very early stage – most of the businesses that started with us have failed." – Entrepreneur, Dar es Salaam

3.2.2 Appropriate funding mechanisms

A number of programmes have introduced new funding approaches that are designed to encourage accountability on the part of the implementing partners, and make more effective use of funds. For example, the South African Innovation Support Programme (SAIS)¹⁸ supports regional consortiums and cross-border collaborative projects, and provides sizeable funding through a results-based model that enables innovation support organisations (hubs, academia, and NGOs) to run bigger and more effective programmes. The implementing partners are required to invest their own resources at the outset as well as secure 20 per cent of the total programme costs in match funding before they receive any funds from the donor. The partner will be reimbursed based on their audited costs and the work completed. Whilst this approach encourages strong commitment from the partners, it also requires them to take on significant financial risk, and that does not work for all organisations – such as start-ups or smaller organisations that have no funds to spend upfront.

Under its flagship 'Stars in Global Health' pillar, Grand Challenges Canada is pilot funding modalities that are tailored to the needs of innovators at different stages. This covers a spectrum of funding instruments from seed funding in the form of grants for untested ideas to larger amounts of catalytic funding in the form of loans for proven ideas that are ready to scale. Grand Challenges' funding limit of CAD\$1 million has proven to be insufficient for transition to scale and the organisation has found that more flexibility is required for providing finance to support innovators at this level.

SPOTLIGHT

Make sure that collected learning about funding benefits others by talking to other funders that are operating both in national and international innovation ecosystems:

- SPRING advocated for the creation of new financing vehicles for high-risk ideas and early-stage businesses in developing markets, and actively sought to influence the discourse amongst the impact investment community through its presence at events and forums such as the Gender-Smart Investing Summit¹⁹, Sankalp Africa²⁰, and the Asian Venture Philanthropy Network (AVPN) Conference²¹.

¹⁸ <https://www.saisprogramme.org/>

¹⁹ www.gendersmartinvesting.com

²⁰ <https://africasummit2020.sankalpforum.com>

²¹ <https://avpn.asia>

CASE STUDY AMPLIFY

Amplify was a six-year partnership between IDEO[®] and the UK Department for International Development (DFID) to identify and support innovative solutions to pressing development challenges. Amplify sought to create a new model for identifying early-stage innovative solutions

to emergent challenges, supporting the development of these ideas from idea to proof of concept using human-centred design (HCD), and testing new, more iterative ways of working to inform innovative programmes at DFID. This model was an open challenge model where all ideas were posted publicly on the OpenIDEO[®] online platform.

Amplify ran from 2013 to 2019 and supported 46 grantees – comprising small to large NGOs, and social enterprises across 19 countries worldwide – with funding and design support to bring their innovative ideas to life. 1.8 million people had been reached through Amplify-incubated products and services by the programme's completion in 2019.

Amplify was set up to explore how HCD and a more open grant-making mechanism could drive progress on key development issues and to attract ideas from a more diverse set of actors. The programme did this by:

- Holding an open online challenge.** The OpenIDEO platform was an online platform that encouraged participation from new actors and, in particular, supported local organisations to apply. The platform was designed to support innovators to connect and collaborate online. Through this online platform, users could access HCD tools to help refine their ideas, even if they were not selected as a grantee.
- Introducing a user-centred design approach.** Through a four-day bootcamp, grantees learned the basics of HCD, including methods to conduct user research and rapid



prototyping. With the support of HCD experts, each grantee created a three-month research and prototyping plan to test their idea.

- Rapid prototyping.** Each grantee received US\$10,000 to conduct user research and prototype elements of their solutions in quick, low-cost ways. The only metric of success for this phase was learning – allowing grantees the freedom to try new things and prove (or disprove) their assumptions.
- Pilot funding.** Grantees received between US\$50,000 and US\$200,000 to run a 12-month pilot of their solution, informed by learnings from research and prototyping. Throughout the pilot, grantees were encouraged to continuously iterate, creating solutions that were desirable, feasible, and viable.

Above
Conducting design research with Challenge 2 winner, Kidogo, to understand how to structure support for “Mamapreneurs”, women with small businesses providing childcare and early childhood development (ECD) support in Kenya.

www.ideo.org

www.openideo.com/amplify

Impact, success, and strengths

The value of equipping innovators with the skills to bring an idea to fruition. Amplify found that most applicants' ideas were not new, but they had never been tested because the applicant lacked the tools or the flexible funding to enable them to take their innovation forward. Whereas many traditional donor requirements and grant management processes direct grantees to scale their solutions in a linear pathway, leaving little room for experimentation, Amplify's model gave innovators the tools and understanding of how to turn their idea into a workable product or service. The prototyping phase allowed grantees the freedom to learn and fail safely through user-centred research and rapid prototyping and testing, whilst the flexible funding model facilitated grantees to learn on the go and to change their strategies accordingly.

Sourcing ideas from a wide range of applicants. One of the key aims of Amplify was to source local ideas

from local actors. The online platform was designed to be easily accessible and promoted widely. In Amplify's portfolio of grantees, 65 per cent had never received a DFID grant prior to Amplify, indicating that the majority were from new sources or outside of DFID's existing network.

Encouraging collaboration not competition. Amplify was designed as an open challenge model in order to promote collaboration amongst organisations which are often in competition with one another or are unaware of the work of their peers. The online platform gave applicants the chance to connect with each other for peer support, to upload research findings and other resources, to comment on each other's ideas, and it generally encouraged feedback and connection. The IDEO.org team also made direct introductions between grantees working on related challenges, enabling an organic exploration of how they could strengthen one another's work.

3.3 CAPACITY BUILDING

The various actors in the innovation ecosystem have very different capacity-building needs. Grass-roots innovators and entrepreneurs may benefit from such basic skills as problem solving, pricing, and marketing, whereas a high-tech innovation attempting to grow or scale will need sector-specific expert support, as well as higher level skills in business management and leadership. Some innovations are developed by for-profit companies and some by NGOs or other non-profits, and the necessary skills for both vary to some extent. The hubs need another specific skill set; from coaching and mentoring to project and programme management, as well as the ability to organise capacity building for the entrepreneurs they support. Universities might need help in building innovation-related curricula, as well as support for running the hubs they have started.

For many of the programmes that we interviewed,

capacity building was in some way part of the model – as a separate activity, as part of the support, or as an unofficial way of supporting partners. It is not difficult to identify capacity-building needs; rather, the challenge is to choose which ones to prioritise. HDIF supports hubs through its 'Institutional Capacity Building' activity which provides tailored support that targets their learning needs, specifically those related to financial sustainability, and programme or process management skills.

“Providing a ‘right-sized’ amount of design support to a very diverse portfolio of organisations with wildly different projects and capacities was a challenge.”
–Grand Challenges Canada

The points made in the interviews reinforced our own belief that capacity building or technical assistance is a key ingredient for most innovations to succeed. Capacity building is important for organisations as well as individual innovators, and the success

Below
Nancy Sumari
and Barbra
Mtenu, part of
the team at
Jenga Hub.



HDIF

and sustainability of indigenous ones in particular depends on it. Investing in real capacity is expensive and time intensive; it does not happen by people simply taking a course, but by working side by side.

“Tailored and appropriate technical assistance is really important. It’s not just a cheque that helps. Smart money is needed as well as support to overcome challenges.” –Grand Challenges Canada

3.3.1 Building innovation skills from the ground up

Local innovation ecosystem actors, such as hubs, have capacity-building activities as their core offering, yet do not necessarily have the appropriate systems and processes in place to deliver them. For example, the staff in hubs and incubators tend to be young people with creative ideas and energy but who often lack the experience needed to support entrepreneurs beyond the early stages of their innovations.

“Not a lot of support around the nuts and bolts of how you turn an idea into an organisation – books into accounts, legal, governance, etc. is a barrier to getting to the next stage. The cost of doing legal and accounting in Tanzania is so high, that this is really, really important and would be great support to provide too.” – Entrepreneur, Tanzania

For a robust ecosystem, the next generation of innovators needs to be equipped with innovation-related knowledge and skills. During the 2019 ‘Finance for Innovation’ workshop organised by HDIF, participants observed that the education system does not prepare young people for innovation or for entrepreneurship, and called for curriculum improvement – especially at tertiary-level education. The ecosystem actors in our interviews agreed. Universities and tertiary education institutes need support to integrate innovation into what they offer, as well as how to deliver innovation-related research that has the potential to be commercialised. Primary and secondary schools also need support to integrate mindset change into the curriculum to encourage out-of-the-box thinking to foster innovation. The Ministry of Foreign Affairs of Finland plans to launch a programme in 2020 that will help vocational training schools to mainstream innovation skills development across Tanzania.

3.3.2 Grass-roots peer learning

Grass-roots peer learning, rather than classroom-based training, works for many of the innovation ecosystem actors we spoke to. For example, TANZICT provided a travel fund which allowed local grass-roots-focused hubs to visit each other, facilitate team exchanges, replicate good practices, and create lasting peer networks and friendships. Grand Challenges Canada is trialling a ‘peer support’ model through its Digital Health platform, which encourages peer-to-peer sharing of experiences and challenges.

“One of our early-stage innovators in the digital health portfolio reached out to a later stage innovator.... The discussions in person and over email helped the early stage innovator to think through approaches and strategies to scale their innovation. Grand Challenges Canada recognises the unique value of peer-to-peer interactions and will continue to facilitate these connections between innovators.” – Marin MacLeod, Grand Challenges Canada

“Others look down on us, but peers help each other to move forward.” – Feedback from a peer group organised by the TADIYE programme.

www.escalino.com/techvelopment.html

<https://entrepreneurship.duke.edu/social-entrepreneurship/case/>

SPOTLIGHT

Programmes that build in capacity-building support such as M&E, business modelling, finance, and legal infrastructure are more successful at helping organisations to be ‘investment ready’:

- Amplify built in needs-based technical support to upskill small and nascent organisations to monitor indicators and help larger organisations to be more thoughtful about M&E. This type of support proved helpful in improving the investment readiness of the grantees, with 67 per cent going on to receive follow-on funding for their solution post programme.
- Recognising that many of its businesses needed access to capital to progress to the next stage, SPRING introduced an ‘investment readiness’ component. With this, businesses had access to ‘Smart Impact Capital’, an online, self-paced interactive tool offered by Duke University’s CASE School of Business for impact investment capital raising, as well as additional mentoring support from the Regional Investment Support Managers.

CASE STUDY SPRING ACCELERATOR

SPRING was a five-year business accelerator programme working with growth-oriented companies on innovations that could transform the lives of adolescent girls living across East Africa and South Asia. The programme ran between 2014 and 2019, and was supported by the UK Department for International Development (DFID), Australia’s Department for Foreign Affairs (DFAT), and the United States Agency for International Development (USAID). It also received funding from the Nike Foundation in the first four years, and advisory support from Girl Effect in the design phase. SPRING was managed by the Palladium Group in partnership with fuseproject, the African Entrepreneur Collective, and GrowthAfrica.

Businesses under the SPRING programme reached over 2.5 million girls in nine countries with innovations that supported girls to ‘keep safe, learn, earn, and save without harm’. Seventy-two per cent of the businesses experienced first-year revenue growth, and 85 per cent of the prototypes were still in the market after two years. The businesses raised an additional US\$38.1 million in investment (US\$28.7 million into 25 East Africa businesses and US\$9.4 million into 23 South Asia businesses).^{vi}

SPRING set out to prove that businesses could offer innovative and commercially viable solutions that could improve the lives of adolescent girls. The programme did this by:

🔧 **Developing business models for ‘girl impact’.** SPRING invested in businesses that had a case for impacting adolescent girls. Over five years, SPRING worked with 75 companies – from early stage to large corporates – in nine countries across South Asia and East Africa to grow new business models which demonstrated how to achieve impact for girls via commercial products and services.

🔧 **Applying the core accelerator model.** The model comprised of six notable phases:

- **Understanding the local context.** At the outset, the priority was to understand the business operating environment and the specific issues and challenges that girls face in the selected countries. Local experts were contracted to carry out in-depth research as a starting point for market entry.

- **Business selection.** Businesses were selected through a competitive application process, and included for-profit companies, NGOs, and social enterprises. They offered various physical products and services that had the potential to create positive impact for girls (e.g. sanitary pads or solar lights), human services (e.g. tutoring or health-care services), and digital products (e.g. edutainment TV/radio/online programmes or digital wallets).
- **Introducing the ‘human-centred design’ (HCD) approach.** The SPRING model and curriculum focused on HCD to create a specific prototype. Each business cohort was convened for ‘bootcamps’ – immersive workshops that involved brainstorming sessions and customised one-to-one coaching. The participants learned how to gain a deeper understanding of their specific market by applying the HCD approach to the development of their ideas.
- **Business model research and prototyping.** Participants had the opportunity to examine their prototype innovation from an end user perspective, researching with and receiving feedback from girls. This was followed by a second bootcamp to refine prototypes, develop business models, and create brand and digital assets, to help bring their innovations to market.
- **Prototype funding.** While most of SPRING’s resources went towards technical support, in some cases grants were provided for businesses to build early-stage prototypes. Grants were allocated based on key criteria: business need, girl impact potential, and potential to leverage additional investment. Funding allocations ranged from £5,000 to £80,000 depending on the scope and needs of the business.
- **Getting businesses ‘investment ready’.** SPRING helped businesses to become ‘investment ready’ and connected them with local and international investor networks. Working with leading experts, SPRING provided vital training and mentoring in business growth, investment readiness, HCD, innovation, and marketing.



SPRING/AURELIA RUSEK

Impact, success, and strengths

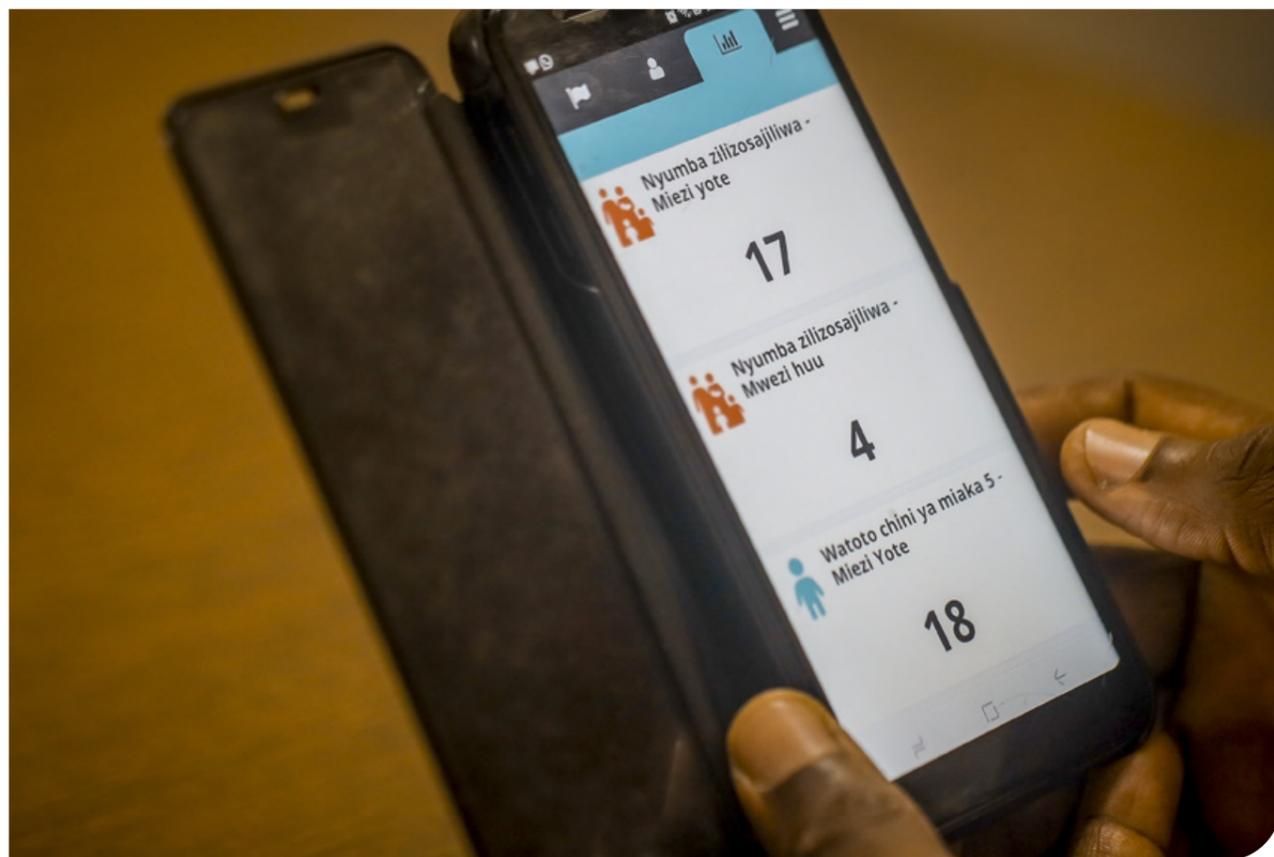
Integrating HCD-improved solutions. There is no shortage of free online resources on HCD, but SPRING offered a unique approach that provided participants with access to HCD experts from fuseproject, plus comprehensive hands-on opportunities to conduct research and rapid prototyping. This was critical in helping businesses to gain a deep understanding of the needs of both users and customers. Girls were included throughout the process and this proved an effective way for businesses to develop inclusive solutions. As a result, a number of businesses changed their business strategy or design to create scalable, inclusive, and commercially viable solutions.

Local knowledge and networks proved to be crucial in selection, business support, and follow-on investment. SPRING was a global programme implemented across nine countries. The core team was headquartered in the UK and focused

on running the accelerator, but it relied on a network of Country Managers to support the delivery of the programme at country level. Recruited from the local business or development sector, the Country Managers drew on their expertise and networks to deliver bespoke packages of support to the businesses. With their support, and that of impact investing advisors, the businesses were able to individually attract a range of capital – grant, impact, and mainstream, from local, regional, or global actors.

Sharing best practices strengthens the market for investing in girls. A key aim of SPRING was to drive further innovation and investment into the ecosystem for adolescent girls. The programme created resources and tools to support other funders and investors to adopt elements of SPRING’s model. In its final year, SPRING worked with a number of accelerators to integrate elements of the SPRING approach and curriculum to create a legacy that would further amplify girl impact through other programmes.

Above SPRING supported Pan Ka Lay, an organisation aiming to overcome menstrual health stigmas in Myanmar and empower girls and women to manage their menstruation safely and confidently.



HDIF

3.4 STRENGTHENING THE INNOVATION ECOSYSTEM

In addition to supporting innovators, many programmes also provide support to help strengthen the innovation ecosystem and the actors within it, including hubs, incubators, universities, and research institutes. There was consensus amongst those that we interviewed that ecosystem support is important and necessary, but there are differing opinions on how this should be achieved. Most innovation ecosystem support focuses on a specific national innovation ecosystem, but there are also funders supporting hubs across regions, such as the AfriLabs network. National innovation ecosystems are naturally linked to each other and to the global ecosystem as many donors and investors operate globally or regionally in multiple countries.

Our interviewees generally agreed that it is easier to support the ecosystem from within than from outside. Any programme attempting to influence the Tanzanian innovation ecosystem needs to make a long-term commitment to embedding themselves in it to create connections, trust, and understanding.

Having implemented a similar programme in a neighbouring country does not guarantee it will work in Tanzania. As with everywhere in the world, factors such as culture, religion, and the prevalence of feature phones can have a significant influence on how an activity will work in Tanzania and how it could be designed.

A nascent innovation ecosystem can feel disjointed with many stakeholders acting in silos according to their own goals and agendas with little cohesion and collaboration. In the ‘Finance for Innovation’ workshop, participants agreed on the need for a neutral convener to bring different actors and interests together and coordinate activities to address gaps in the ecosystem and ensure that resources are used most effectively.

3.4.1 A crowded market

Many Tanzanian ecosystem actors we spoke to felt that donor-supported innovation programmes and activities are competing with the local ecosystem by replicating innovation support activities that are already provided by local players. There is space in the market for everyone, but donor-funded

Above
D-Tree International's 'Moby App' aims to reduce the burden of paper-based reporting and improve tracking of mother-baby pairs in health facilities.

programmes can distort a budding market by impeding competition or propping up unsustainable entities. If angel funders are targeting entrepreneurs who are used to securing grants, or if hubs are trying to generate income from support services which donor programmes are providing for free, the road to sustainability will be considerably longer. The innovation funders we spoke to referred to ‘donor syndrome’, which occurs when innovators become so used to grant money that their growth is limited by a fear of equity-based funding. To be fair, equity funding remains scarce, and debt financing in Tanzania is expensive and hard to secure unless one has significant collateral. For many entrepreneurs the only accessible local sources of funding are the informal loans or capital from family or through other personal networks.

The hubs we consulted expressed frustration with donors and other foreign organisations who ignore and undermine the local ecosystem by duplicating their efforts and targeting the same user groups, such as early stage entrepreneurs. For them, a lose-lose situation arises in which support is lost, resources are wasted, and no real impact is achieved. As the capacity of the local hubs is somewhat limited, it would make more sense if the donors targeted groups that the local hubs are not so well placed to support, for example innovators looking to scale or grow internationally.

“The frustration is real. New donor-funded organisations come in with big money to do the same thing that someone in the ecosystem is already doing.” – Hub Manager, Dar es Salaam

Sustainability was highlighted as a major challenge for hubs, incubators, and accelerators as they generally support individuals or companies who are not able to pay a market price for the support they need. Research on hubs in Tanzania^{ix} carried out by HDIF indicates that many are grappling with finding the right way to structure services and create income, or engaging the right amount of donor support versus consulting income vs paid services.

Innovations delivering public services such as health, education or sanitation, require government approval and adoption in order to scale. Scaling innovations in highly regulated sectors is more complex and

needs not only the right type of financing, but also collaboration between a mix of partners – often including the government, the private sector, and an NGO – that can provide the necessary funding and technical expertise, whilst also meeting the policy and regulatory requirements. There is an opportunity for hubs to act as conveners between these groups while aligning to the needs of clients so that their offering is more demand driven. Besides helping to build clusters, hubs could also offer other innovation process support such as stakeholder management.^{vii}

3.4.2 Sharing knowledge

There are many incubators and accelerator programmes which are keen to play a role in social innovation but lack the necessary skills, content, or network to enable innovators to develop their ideas beyond the very early stages. They need innovation-related curricula and support to adapt best practices to the Tanzanian context. As a consequence of competing for the same resources, grants, and work opportunities, hubs are often inclined to gatekeep their knowledge instead of sharing it with those that could benefit from it.

Not all funders are sharing their information either. Exits^{viii} are happening in the market, but the information is not public. When there is no information on successful exits, the ecosystem is unable to learn from them and investors are also wary. Based on our interviews and feedback from the ‘Finance for Innovation’ workshop, private local and international investment capital is available but due to the limited visibility of many Tanzanian innovations, and the perceived risk of investing in sub-Saharan Africa, limited private funding flows to Tanzanian start-ups and innovators.

3.4.3 Gaps in legislation

While other countries have specific policies to support start-ups, such as the Tunisia Start-up Act,^{ix} no such policy currently exists in Tanzania. Start-ups in Tanzania therefore have to comply with the same legislations as big international businesses. This gap also has an effect on equity-based investments, as the same laws apply to small investors investing into small, local companies as they do, for example, to a large telecom company acquiring another.

^{ix} www.hdif-tz.org/2018/12/21/new-report-mapping-of-tanzanian-hubs-and-innovation-spaces/

CASE STUDY HDIF

The Human Development Innovation Fund (HDIF) is a £39.4 million, UKAid-funded innovation programme managed by Palladium International in partnership with KPMG, Newcastle University, the Water, Engineering and Development Centre (WEDC) at Loughborough University, and the Institute of Development Studies (IDS). The programme was launched in 2013 and will run until 2021. Since its launch, HDIF has hosted three rounds of funding through the challenge fund and invested £23.5 million in 43 projects seeking to pilot new ways to improve the quality of peoples' lives through innovations in basic services.

Working in collaboration with COSTECH, HDIF seeks to accelerate the testing and scaling of innovations in health, education, and WASH in Tanzania. The programme does this by:

▀ **Providing grants of between £250,000 and £500,000 to a diverse range of organisations alongside a tailored package of support.**

This support is delivered through technical advisors with expertise in topics ranging from business modelling to M&E, through to on-site consultations and remote support.

▀ **Inspiring a stronger culture of innovation and catalysing connections between different multi-sector players.**

HDIF invests in ecosystem-building activities to create stronger networks that can bring people together to solve problems, and share resources. For example, Innovation Week is an annual series of events held in Dar es Salaam, curated by HDIF and COSTECH. Now in its sixth year, the Week aims to foster an innovation culture by inspiring participants to explore new ideas, learn about innovation and collaborate across sectors.

▀ **Providing practical advice for investors and policymakers based on lessons learned and increasing knowledge and understanding about the practice of**

innovation. By documenting its efforts and sharing its findings through publications and knowledge-sharing events, HDIF has been building a compelling case for increased investment in innovation and technology in Tanzania and influencing policymakers on the importance of innovation to support the country's development.

Impact, success, and strengths

Tailoring funding and support to suit the whole spectrum of innovations

HDIF's portfolio is made up of a broad range of innovations; those at the commercial end of the spectrum with the potential to evolve into business propositions and, with the right business model, into high growth enterprises. At the other end of the spectrum it supports innovations that have impacted health or education systems, but do not have a strong commercial value proposition. HDIF has learnt to adapt the support it provides to fit the various types of innovation and their specific needs to thrive and become sustainable. For example; after a successful pilot, HDIF supported the Kishapu District in Shinyanga Region to adopt a prepaid water solution that was implemented through a partnership between Catholic Relief Services, an international NGO and Susteq, a technology start-up company. The successful adoption has led to other local authorities flocking to Kishapu to learn from their peers in order to implement the model in their own districts. HDIF has also provided technical and financial support to Gongali Model Ltd to help develop the right business model to refine and distribute their Nanofilter in order to build a successful profit-making venture.

Investing in the ecosystem

HDIF wasn't designed to be an ecosystem building programme; at the outset the focus was on providing large grants to pilot and scale innovations. But HDIF quickly realised that without the right enabling environment



Left
A secondary school student, who is part of the 'Menstrual Hygiene Management For Her' programme by Dorcas Aid International Tanzania, at home.

many of these innovations would not be able to scale and grow. HDIF adapted the programme to focus more on ecosystem building activities; by connecting partners, engaging policymakers and strengthening networks which either did not exist or were weak. This support has been made possible by the in-country team, who are fully embedded in the ecosystem and have helped to facilitate new collaborations between different actors – including intermediaries such as hubs, the government, and innovators – and assisted their

access to resources.

HDIF helped to catalyse connections between innovators in the education portfolio where no formal network existed which resulted in several new collaborations. For example, HDIF grantee Ubongo's learning content has been made available on the tablet computers used by Silverleaf Academy's (another grantee) network of pre-primary schools and through Equip-T, a DFID-funded programme operating in over 4,000 primary schools throughout the country.

4. THINGS TO TRY

Through this collective review of different innovation approaches in Tanzania and East Africa we had the opportunity to learn from the many experts and specialists from across the social innovation sector. Here we have attempted to synthesise the curated lessons and insights and put forward some 'things to try'. These are aimed at anyone designing or implementing social innovation programmes and those who are interested in learning more about this sector. We hope that our insights and lessons will inspire other programmes to apply these tried and tested approaches and share their own lessons for creating scalable, sustainable innovations that deliver lasting impact.

Encourage learning by doing. Skills such as project management, communicating with customers or clients, pricing work, and reporting are best learned in practice. Subcontracting work to ecosystem actors that have limited exposure and experience can, from the funder's point of view, mean more hand holding and iterative working as compared with working with international consulting companies. On the upside, however, this allows the funders to create real relationships, from which they can learn about and understand the ecosystem and its dynamics, and therefore have a better chance to create real impact going forward.
How: Use local organisations as partners, outsource activities to them, and be prepared to work closely with partners and offer guidance throughout the process.

Adopt a pipeline approach. There is a need for donors to jointly address funding and resource gaps by leveraging private money and investing public funds smartly to take innovations from the viable business model phase to scale. This is linked to the next recommendation on investment readiness, and these two should go hand in hand.
How: Work together with other funders to share risk and costs (identification of investees, due diligence, etc.) and to help private investors get on board. Consider basket funds or other platforms to facilitate easier collaboration.



HDF

Support investment readiness by helping organisations to get their processes in shape.

In order for an innovator to grow their innovation it requires them to manage their organisation in a professional manner. No investor will be interested in an innovator who does not know their business model or their HR costs, or is unclear on their intellectual property regardless of how wonderful their innovation is. This can often be difficult and tedious, but it is absolutely necessary.

How: In the short term, invest into activities that build these capacities in potential growth organisations together with other funders. In the long term, build these capabilities in local innovation ecosystem actors so that they are able to continue the work after donor programmes end.

Assume a broad variance in skills. Working with grantees or beneficiaries can be challenging when levels of education, technology literacy, business experience, language skills, and any other skills differ greatly. Similar-looking organisations may be run by innovation champions with very little formal education or, conversely, with university degrees from the best institutions in the world. Remember that one size does not fit all, and it is helpful to add extra support or to redesign activities quickly where needed.

How: Try to prioritise the critical innovation skills and capabilities for the target group and activity.

Above
Participants at the Jenga Hub event during Innovation Week 2019.

For example, a grantee's fluency in English makes life easier for donors but may not be necessary for the actual innovation or activity. Tailor your programme as needed; for example, offer training in Kiswahili and other local languages.

Collaborate and coordinate with other funders to avoid duplication and to address gaps.

Resources can be used more effectively if donors and investors collaborate to share information and direct appropriate levels and types of funding to the areas where it is most needed. Look at where the expansion of existing solutions and structures could be supported and do not always create something new – if you do, try to identify a gap and be sure you are not replicating programmes and interventions.

How: Use government organisations, industry forums, civil society organisations, research, and information from other funders to understand what is already happening and where the gaps are. This could be supported by an integrated information system that maps the stage of each innovator and the available finance. Establish a neutral coordinating body to provide overall coordination of innovation support efforts.

Seek out the unknown. Some visible innovators can end up being the donor darlings who are courted by every programme. This can be counterproductive for these organisations as it may distract them from doing the boring, yet essential work needed to grow. It is also unfair on less visible innovators struggling to get exposure. Exchanging information between programmes on who each is supporting would help to alleviate this.

How: Find out about programmes that are active or have happened recently as well as who were the participants or grantees. Consider supporting the same ones only if you can be sure your activity drives them into a new space or catalyses further growth.

Highlight the activities of local intermediaries and hubs at a global level.

International companies and venture capitalists need local partners to enter Tanzanian markets, but unless the local innovation ecosystem is promoted and made visible to international players, it is difficult to attract external investment.

How: Share your information actively and openly. Blog and promote others' success. Do this jointly with other funders if you can.

Be a neutral player. Some organisations in the Tanzanian innovation ecosystem operate in cliques – working together but not with outsiders. These are not always easy to spot but can hinder progress if the funder is seen as partial to a certain group.

How: Take your time, start slowly. Listen to different people, attend various events, and pay attention to who is there. Do not be quick to jump to conclusions or follow recommendations based solely on marketing and visibility.



Left
School students in Arusha enjoy water filtered by Gongali Model's Nanofilter.

HDF

5. (ANNEX) SUPPORT MECHANISMS

5.1 SOME INNOVATION SUPPORT MECHANISMS PRESENT IN TANZANIA

Tanzania has a growing number of organisations that provide support to entrepreneurs and early stage start-up businesses. Most of these organisations are broadly referred to as ‘hubs.’^x These hubs can be divided into three categories in terms of organisational development and focus:

- More professionally run hubs with a budget, advisory boards, a technology or sector focus, and at least some full-time employed staff. Some are part of international

organisations (e.g. Seedspace), and many are supported by corporates (e.g. Vodacom/Smart Lab) or receive some of their income from donor projects (e.g. Sahara Accelerator).

- More informal, community-driven hubs that focus on skills, employability, and human and community development such as RLabs Iringa and Mkwawa Community Art Space.
- Non-independent hubs either owned and run by parent organisations such as universities (e.g. MUST ICT Solutions and Innovation Centre (MIIC), government (COSTECH and Buni), or UN organisations (including the World Food Programme Tanzania and the WFP Innovation Accelerator).

Table 1 Types of hubs based on their target group and offering^{xi}

Hub type	Definition	Examples
Makerspaces	Offer technology or machinery to help the innovators and local community experiment with making physical products. They may have tools ranging from woodworking and welding equipment to 3D printers or CNC machines.	<ul style="list-style-type: none"> STICLab Twende Buni 3D Lab
Business incubators and accelerators	Focus on supporting the growth of companies with a combination of intensive coaching, support services, and sometimes funding. Typically, an accelerator is a cohort-based limited time programme, and incubators have continuous intake, but in Tanzania the names are often used interchangeably.	<ul style="list-style-type: none"> DTBi Anza Sahara Accelerator Kakute Seedstars
Co-working spaces	Focus on the shared workspace and related services such as the internet, printing, meeting space, etc. Some also provide training, mentoring, and capacity building.	<ul style="list-style-type: none"> Seedspace Kilihub Hub255
Living labs and social impact hubs	Tend to focus on social change, capacity building, and community-driven innovation. Some focus on the entire community, others on certain members such as youth, or women and children.	<ul style="list-style-type: none"> RLabs Iringa Mkwawa Community Art Space She Codes for Change
University hubs	Target students, new graduates, or staff. Depending on the circumstances, they may focus on technology transfer, entrepreneurship, innovation awareness, business plan development, and competitions.	<ul style="list-style-type: none"> Kiota Hub UDICTI MUST ICT Solutions and Innovations Centre MIIC
Donor programme hubs	Engage and support the broader innovation ecosystems with specific activities to incubate, accelerate, and diffuse innovations that positively impact their own programme and development agenda.	<ul style="list-style-type: none"> WFP Innovation Accelerator UNDP Accelerator Lab UNICEF Y4C Innovation Hub

5.2 FINANCIAL AND NON-FINANCIAL SUPPORT

There is a whole range of innovation support approaches provided by diverse actors that target different stages of the innovation pipeline.

Table 2 Key actors and approaches currently present in Tanzania

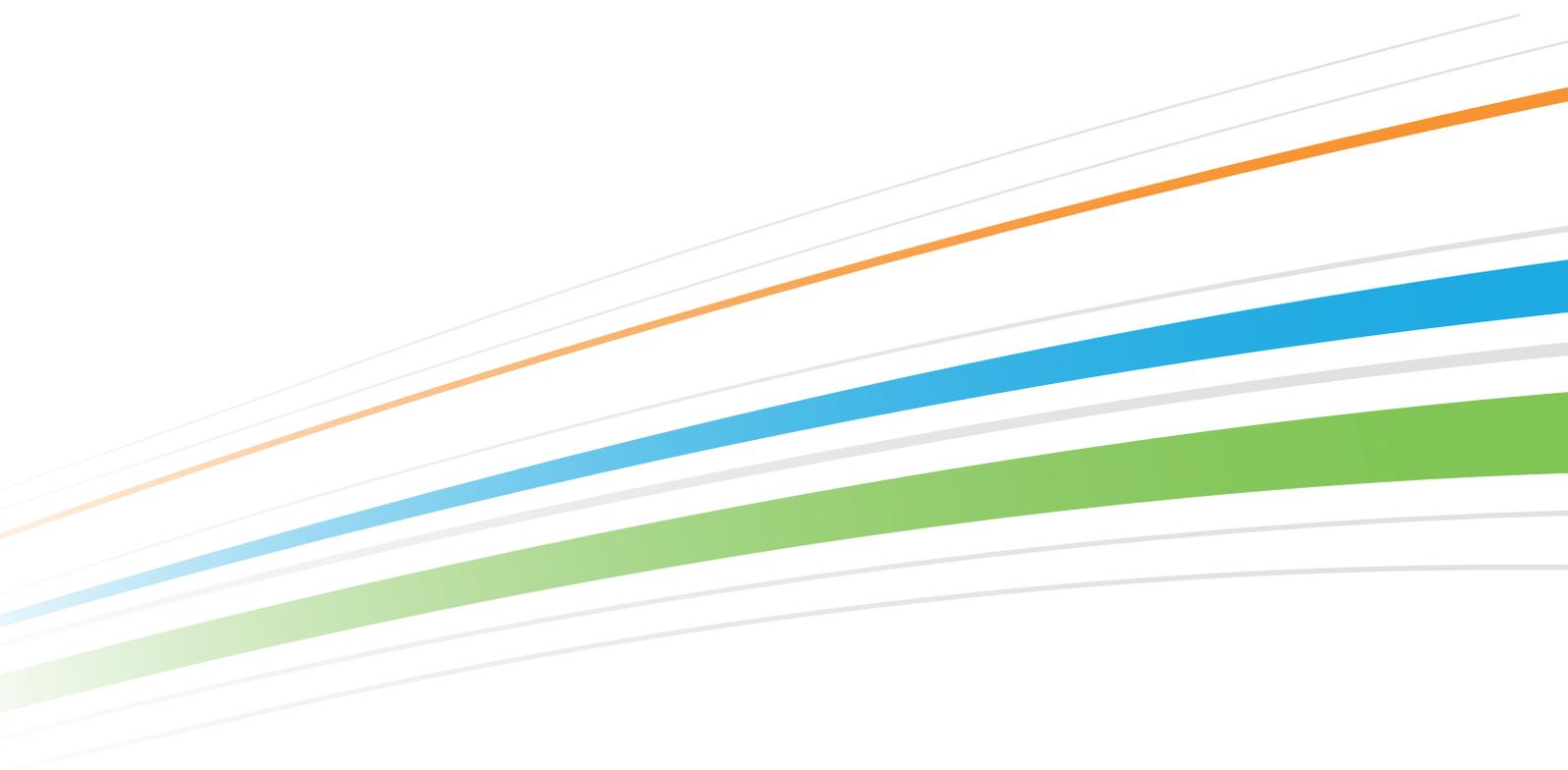
Type of support	Definition	Examples
Challenge funds	Provide funding to innovations working to solve defined challenges or technology areas. Often facilitated through a series of time-bound funding rounds, sometimes focusing on different themes per round.	<ul style="list-style-type: none"> HDIF SAIS Global Innovation Fund Grand Challenges Amplify
Competitions	Provide prize money to winners as well as capacity-building opportunities. Competitions operating in one country only tend to target very early-stage innovation, ideas, or concepts developed by young people (e.g. students or graduates). Some international competitions concentrate on further development of innovations.	<ul style="list-style-type: none"> Mawazo Challenge (HDIF) Seedspace Challenge Vodacom/Smartcode Data for Local Impact Innovation Challenge Tanzania Digital Innovation Youth Empowerment Programme (TADIYE)
Capacity-building programmes	Typically support groups of cohorts to become ‘investment ready’ by providing training and mentorship.	<ul style="list-style-type: none"> SPRING Vodacom/Smartcode
Foundations	Foundations are typically more flexible in their ways of working and can tailor their activities and support to fit the situation. Foundations support both innovators and the innovation ecosystem, and can provide funding, capacity building, and other support.	<ul style="list-style-type: none"> Segal Foundation Fondation Botnar
Private sector funding	Private sector funding for innovation in Tanzania includes angel investors, corporates, and banks with an interest in start-ups with commercial growth potential. Depending on the investor, they can offer loans, equity-based investment, capacity building, and networking support, etc.	<ul style="list-style-type: none"> Tanzania Angel Investors Network Vodacom

Table 3 Donor programmes that participated in the review

Programme	The Information Society and ICT Sector Development Project (TANZICT)	Human Development Innovation Fund (HDIF)	SPRING	Amplify	Frontier Technology Livestreaming (now Frontier Technology Programme)	Tanzania Digital Innovation Youth Empowerment Programme (TADIYE)	Grand Challenges Canada is dedicated to supporting Bold Ideas with Big Impact®. Funded by the Government of Canada and other partners, Grand Challenges Canada funds innovators in low- and middle-income countries and Canada.	Southern Africa Innovation Support (SAIS)	Segal Family Foundation
Basic info	TANZICT was a programme designed to strengthen the Tanzanian information society with enhanced capacities to contribute to the achievement of the government's socio-economic development goals.	HDIF seeks to accelerate the testing and scaling of innovations in health, education, and water, sanitation and hygiene (WASH) in Tanzania.	SPRING was an accelerator with a mission to impact the lives of adolescent girls through business.	As a challenge fund, Amplify explored how human-centered design and a more open grant making mechanism could drive progress on key development issues.	Frontier Technology Livestreaming (FTL) applies 'frontier' technologies to test whether technology might solve the biggest challenges in development.	TADIYE is an innovation and entrepreneurship ecosystem development initiative designed to inspire and promote technology-based young start up entrepreneurs in Tanzania through DTBi.	Grand Challenges is a group of initiatives fostering innovation to solve key global health and development problems. It seeks integrated innovation: ideas that integrate scientific, technological, social, and business innovation.	SAIS 2 is a regional initiative that supports the growth of new businesses through strengthening innovation ecosystems and promotion of cross-border collaboration between innovation stakeholder in Southern Africa.	The Segal Foundation is a grant giving philanthropic organisation with a focus on supporting grantee partners working on issues of social justice in Sub-Saharan Africa.
Timing	2011–2015 – extended to 2016	2013–2021	2014–2019	2013–2019	2016–2020	2018–2019 (Pilot)	2010 – ongoing		2007 – ongoing
Funder	Ministry of Foreign Affairs, Finland	DFID	DFID, USAID and DFAT with Nike Foundation for the first four years	DFID	DFID	DANIDA	Funded primarily by the Government of Canada	Government of Finland	Segal Family Foundation
Budget	5,800,000 €	39,400,00 £	20,017,000 £	10,100,000 £	4,100,000 £	\$1,194,000		8,700,000 €	
Reach	Tanzania	Across 20 regions in Tanzania	Nine countries in South Asia and East Africa	Sub-Saharan Africa, the Middle East, and Southeast Asia.	All DFID country office staff are eligible to participate; to date FTL have worked in or with 15 DFID countries across South Asia and Sub-Saharan Africa.	Tanzania	95 countries worldwide	Botswana, Namibia, Zambia, South Africa and Tanzania	Sub Saharan Africa with a focus on East Africa.
Sector focus	Innovation ecosystem and ICT	Health, education and WASH	12 sectors including education, health and financial services	Eight sectors or themes including women's safety, climate resilience, childhood development, refugee education, youth employment, disability and inclusion	Funding is allocated primarily in response to opportunities and gaps identified by DFID staff	Enhancing the capacity of youth in entrepreneurship and innovation with special emphasis on women and people living with disabilities.	Indigenous innovation through eight programmes designed to address unique challenges in low- and middle-income countries, conflict zones and in Canada.	Products and services with and for socially and economically excluded communities.	A broad sector focus including agriculture, youth, jobs and entrepreneurship with a focus on community driven development.
Website address	https://tanzict.wordpress.com	www.hdif-tz.org	www.spring-accelerator.org	www.openideo.com/amplify	https://medium.com/frontier-technology-livestreaming/what-is-frontier-technology-livestreaming-d0275608750e	https://tadiye.or.tz	www.grandchallenges.ca/	www.saisprogramme.org	www.segalfamilyfoundation.org
ToC/Logic									
Impact	A Tanzanian information society with enhanced capacities supports the government to achieve its socio-economic development goals.	Improved access, service delivery and innovation in basic services contributes to better human development outcomes in Tanzania.	Sustainable and scalable businesses that have the power to improve the lives of girls.	New solutions for development impact tailored to meet the needs of local beneficiaries. Grantees set their own outcome metrics to measure the positive change their solutions created in the communities they serve.	i) New collaborative business models enabled by digital platforms and technologies ii) Reducing the transaction costs of market, public and social activities iii) Bringing a range of household and other assets into the market economy.	To create a stronger innovation ecosystem in Tanzania by building the knowledge and skills of young tech start-ups and entrepreneurs.	To catalyse innovation that saves and improves the lives of the most vulnerable in Canada and low- and middle-income countries. Grand Challenges Canada envisions a world in which innovation accelerates the achievement of Sustainable Development Goals.	Enhanced regional innovation cooperation and national innovation systems contributing to inclusive business and development.	Empowered local organisations and change makers who can design effective, locally appropriate solutions to poverty in their communities.
Target group	Entrepreneurs, innovators, ecosystem enablers (hubs, living labs etc), universities, government	Entrepreneurs, innovators, ecosystem enablers (hubs, living labs etc)	SMEs including for-profit companies, not-for-profits and organisations with hybrid structures.	Amplify funded grantees which were outside DFID's traditional funding pool, especially small community-based organisations from the Global South.	DFID's entire geographic and technical portfolio.	Young Tanzanian tech entrepreneurs between 15-35 years of age.	Grand Challenges Canada funds innovators in low- and middle-income countries and Canada. The bold ideas Grand Challenges Canada supports integrate science and technology, social and business innovation – known as Integrated Innovation®.	Innovation support organisations such as incubators, accelerators, innovation hubs and labs, as well as projects and networks supporting innovation and early-stage entrepreneurship.	Small and early stage community-based organisations that are locally registered in the countries they operate in, mainly in East Africa.

ENDNOTES

- i www.idiainnovation.org/innovation
- ii www.sharedvalue.org/about-shared-value
- iii Definitions of “scale” and “diffusion” in https://youngfoundation.org/wp-content/uploads/2013/11/Davies-Simon_Growing-social-innovation_ISIRC-2013.pdf
- iv www.uwezeshaji.go.tz/uploads/publications/en1566552839-Annual%20Report%202019%20Final%20-%204%20June%202019.pdf
- v www.investopedia.com/terms/a/angelinvestor.asp
- vi www.springaccelerator.org/wp-content/uploads/2019/09/0.-Building-businesses-for-girl-impact-Executive-summary-250919_web.pdf
- vii A cluster is a geographic concentration of related companies, organisations, and institutions in a particular field that can be present in a region, state, or nation. The term cluster was introduced and popularised by Michael E. Porter in *The Competitive Advantage of Nations* (1990).
- viii ‘Exit’ is the event where an investor sells his/her stake in a firm to realise the gains (or losses) to get a return for the investment
- ix Part of the government’s broader ‘Digital Tunisia 2020’ strategy to boost socioeconomic development and expand technological infrastructure (see [in French]: www.mtcen.gov.tn/index.php?id=startupact&L=2).
- x Hubs use various names to describe themselves and their service offering. The terminology is not standardised in any way, and what is behind a certain term sometimes varies enormously.
- xi The hubs featured in this table are just some of the many hubs operating in Tanzania. It is not intended to be a comprehensive list.



HUMAN DEVELOPMENT INNOVATION FUND

HDIF | PO Box 76724 | Plot 436 Block 11 | TCRS Building, 2nd Floor Mwai Kibaki Road / Kiko Avenue | Mikocheni Area Dar es Salaam | Tanzania | East Africa
Email: info@hdif-tz.org | Phone / Fax: +255 22 270 1542

www.hdif-tz.org [@HDIFtz](https://twitter.com/HDIFtz) www.facebook.com/HDIFTanzania [HDIF Tanzania](https://www.youtube.com/HDIFTanzania)

Managed by

In partnership with

