

Supporting innovations at scale through relevant funding mechanisms and markets

Elise Juguet

*Boosting agrifood research and innovation
cooperation for impact at scale*

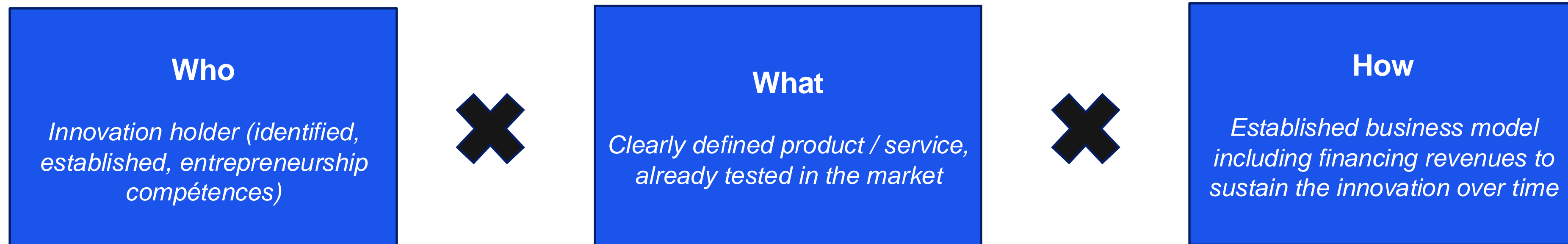


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Assumptions

- Scale up is related to an innovation, not to a project
- As grant resources are scarce, they should be limited to what really requires grant funding
- Scale up requires to shift from a “development project” mode to a “run” mode mobilizing private sector and typically requiring the combination of various financing tools and funding mechanisms.
- Scale up components:



Funding journey of an innovation

Stage of the innovation		Research / ideation	Market entry strategy	Scale up / Dissemination			
Grant funding	What	Applied research	Market entry costs	Non-economic activities / public services	Further R&D	Capacity Building	Acquisition cost - end beneficiaries (incentives)
	Who	State budget, Cooperation, Awards and prices	Cooperation, Innovation funds, incubators, awards and prices	State budget	State budget, Cooperation, foundations, corporate ESR, carbon/biodiversity finance, philanthropy, national dvpt funds		
Equity funding		What	Market entry costs	Long term investments / equipment	Launch of new products / services – growth financing	Further R&D	
		Who	Venture capital, business angels, love money	Impact investors, corporate (venture) capital, national			
Debt funding		What	Working capital / equipment cost of production unit(s)	Working capital / equipment cost of distribution units	Acquisition cost - end beneficiaries		
		Who	Impact investors, development & commercial banks	Impact investors, development & commercial banks	MFIs, banks, impact investors, value chain finance		

Mapping the financial mechanisms

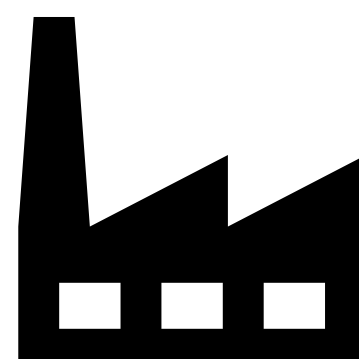
High-level mapping

Category	Funding mechanism	Examples
Grant-based financing mechanisms	Grant-based innovation funds, incubators/accelerators, research-oriented awards and prizes, foundations, state budget, R&D tax credits, national or local development funds, carbon/biodiversity finance	FID, DIV-USAID, DFCD, Global Innovation Fund, BOPinc, 2scale, Africa Food Prize, WAYA, BIOFIN, Ikea Foundation, AGRA, McKnight Foundation, FNDA, Rwanda Green Fund, L3F, BioFa, ...
Equity-based financing mechanisms	Impact investing funds, impact venture capital funds, local private equity funds, equity-based crowd-funding, love money, corporate venture capital	AATIF, Huruma Fund, Acumen, SIDI, Aceli, Mercy Corp Venture, Elea Foundation, Sinergi (Niger), Miarakap (Madagascar), Fako Capital (Central Africa), GrowForMe (Ghana), Agrivest Africa, ...
Credit-based financing mechanisms	National public development banks / funds, Commercial banks, Microfinance institutions, Value chain finance, impact investing funds / impact banks	TADB (Tanzania), BNDA (Mali), BoA, Ecobank, UBTEC (Burkina), Baobab (Senegal), Heineken, Barry Callebaut, SIDI, Shared Interest, SME Impact Fund, Balloon Ventures, Kampani, Triodos, ...

Major alternative funding sources



Local financial systems



Agric. Value chain players

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Example: BIOSTAR

- **Innovation:**

The BIOSTAR project designed innovative bioenergy equipment to the benefit of pre-existing small and medium processing companies in the agricultural sector in Burkina Faso.

- **Main financing need associated to the scale up:**

The processing companies need to access funds to acquire bioenergy equipment.

- **Financing options:**

- 1 Commercial funding – depending on the size of the SMEs:
 - Microfinance institutions: RCPB, GRAINE, UBTEC, PAMF, Prodia, CEC / BM
 - Commercial / development banks: BADF, Coris Banque, Ecobank, Orabank, AFP-PME, FAARF, FBDES, FIE
 - National equity funds: SINERGI
 - International impact investors: SIDI, Shared Interest, ...

- 2 Blended finance for de-risking / incentives:
 - Matching grants
 - First loss guarantee
 - Structured impact funds

Working questions

- How can R&I projects foster the mobilization of private finance to fund the scale up of responsible innovations?
- How could blended finance / hybrid funding be further mobilized to scale up responsible innovations?

Thank you!



ejuguet@horus-df.com

www.horus-df.com

