Research and Innovation Systems for Africa

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Unlocking Finance to Power Africa's Research and Innovation Future

Perspectives from

The Research and Innovation Systems for Africa (RISA) Fund

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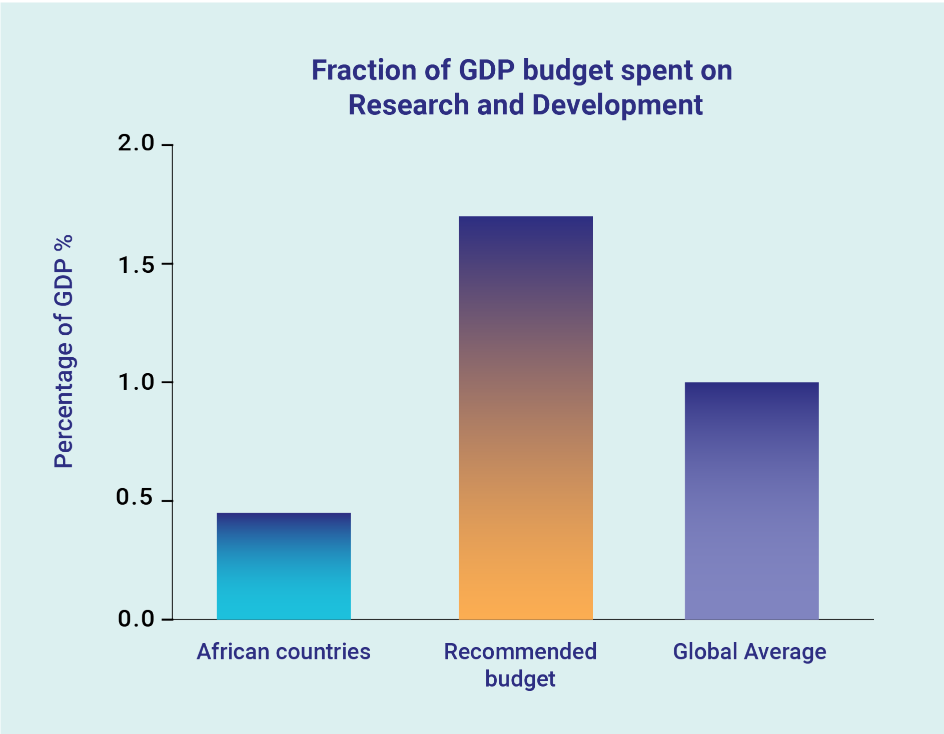
Background

Access to finance is a critical enabler for strengthening research and innovation ecosystems across Africa, and a fundamental aspect that all countries strive to improve continuously. It plays a pivotal role in translating research into practical innovations and supports the uptake of new knowledge in both policy and private sector domains. While all countries, strive to improve financing for research and innovation, African countries face unique structural and contextual challenges that require tailored solutions.

Many African countries allocate a minimal fraction of their budgets to research and development, often below the recommended 1% of GDP[1]. According to the World Bank, African countries currently spend an average of 0.45% of GDP on Research and Development (R&D), which is significantly below both the African Union (AU) target and the global average of 1.7%. A substantial portion of funding for **research and innovation funding in Africa is sourced from international donors.**

While this support is valuable, it if often volatile and influenced by changing donor priorities and global economic conditions -such as the disruptions caused by COVID-19 and geopolitical shifts. In addition, there is **limited engagement from the private sector** in funding research and incubating innovations, often due to perceived high risks and low returns.

This disconnect is also a result of limited financial literacy, for example, researchers, research institutions and innovators may lack the knowledge and institutional support to navigate funding processes and engage with potential financiers. Increasing the volume of financial resources for research and innovation from both the government and private sector is essential.



1 The recommended minimum percentage of GDP that African countries should allocate to research and development (R&D) is 1%, as endorsed by the African Union (AU). This target was formally adopted during the Eighth Ordinary Session of the AU Executive Council in 2006 and reaffirmed in subsequent sessions

Traditional Financing Approaches

Traditionally, financing models for research-oriented programmes and innovation-driven projects have often operated under distinct objectives, priorities, and funding instruments

For example, financial resources for more basic research often depend on public or institutional budgets, grant schemes, or long-term investments that aim at generating knowledge, with returns measured in academic outputs, policy influence or society-beneficial solutions rather than immediate revenue. Financing for innovations, by contrast, is typically driven by market potential and commercial viability.

The financial needs also evolve from proving an idea, to building and testing it, to scaling up and taking it to market, with changing capital needs and investor expectations. For instance, basic biology research, such as studying the genetic mechanisms of viruses, may require long-term grant funding over 5–10 years. At this stage, there may be no immediate commercial application, and success is typically measured through publications and scientific breakthroughs. As the research progresses toward clinical application - such as developing and testing a market-ready diagnostic kit or therapeutic intervention - it enters a phase that demands substantial investment in prototyping, regulatory approvals, and early-stage manufacturing. This stage often starts to attract both public and private capital, and the outcomes measured based on their potential to reach the market, deliver measurable health impact, and generate economic returns. (See Table 1).

Table 1: Key differences between research funding and innovation funding

Dimension	Research Funding	Innovation Funding
Primary objective	**Generate** new knowledge, advance science, and build capacity (OECD, 2015)	**Translate** knowledge into products, services, or processes with market or societal impact (OECD, 2018)
Funding sources	Government grants, public research councils, philanthropic foundations, universities (World Bank, 2010)	Private investors, venture capital, corporate R&D budgets, development banks (Hall & Lerner, 2010)
Time horizon	**Long-term** (often multi-year) (OECD, 2015)	**Short to medium-term**, focused on time-to-market (Hall & Lerner, 2010)
Risk level	**Lower** financial risk, high uncertainty in immediate applicability (Gulbrandsen & Smeby, 2005)	**Higher** financial risk with potential for high returns (Branscomb & Auerswald, 2002)
Evaluation criteria	Peer-reviewed publications, scientific breakthroughs, capacity building (OECD, 2015)	Market potential, commercial viability, user adoption, scalability (OECD, 2018)
Funding instruments	Grants, institutional budgets, research fellowships (OECD, 2015)	Equity investment, convertible loans, blended finance, innovation grants (World Bank, 2010)
Expected outcomes	**Academic outputs**, trained researchers, open data (OECD, 2015)	**Commercial products**, patents, market adoption (OECD, 2018)

Global Models in Research and Innovation Funding

Given the distinct financial requirements of research and innovation, countries adopt varied approaches to the design, governance, and management of funds/funding mechanisms. International practices highlight two representative approaches. The **Distributed Approach**, exemplified by the United States, allocates research and innovation funding across multiple agencies, while ensuring strategic alignment through strong bridging programmes, legislative mandates, national development strategies, and coordinated policy priorities.
The **Unified Approach**, seen in the United Kingdom and European Union systems, consolidates multiple councils and agencies under a single national agency or ministry, enabling closer alignment of priorities and facilitates cross-fertilisation funding between research and innovation. Table 2 below outlines the key features, strengths, and challenges of both models.

Table 2: Main approaches to research and innovation funding

Features	Distributed Approach	Unified Approach
Main characteristics	Multiple autonomous agencies fund research and innovation separately, each with its own budget, governance, and mandate, but they are linked through formal coordination mechanisms such as strong bridging programmes, national strategies or R&D roadmaps, legislative mandates and inter-agency committees or working groups.	Multiple councils or agencies are consolidated under a single national agency or ministry with shared leadership, budget oversight, and strategic planning. While it can fund research and innovation projects separately, it often runs joint programmes that combine both objectives within the same call or funding stream.
Example countries	United States, Japan, Germany, Canada, Australia, South Korea, etc.	United Kingdom, New Zealand, Ireland, Norway, Finland, Singapore, France etc.
R&I integration mechanisms	Strong national bridging programmes, national strategies, and legal frameworks (e.g., Bayh–Dole Act in the US).	Built-in coordination, with sub-councils or agencies aligning priorities.
Advantages	Specialisation by agency; strong tech transfer mechanisms; large-scale funding capacity	Streamlined funding pathways; efficient resource allocation; more agile cross-discipline funding
Challenges	Risk of duplication; relies on robust coordination systems	Complex internal coordination; risk of reduced diversity in funding and evaluation models

In many African countries, the institutional landscapes reflect a multi-agency structure, where research and innovation are funded separately by different ministries, councils, or agencies. However, these entities usually lack a formal and national coordination mechanism to align priorities or facilitated collaboration between research and innovation. In addition to this, both research and innovation activities heavily depend on international donors or multilateral organisations. As a result, agendas and sustainability are shaped mainly by external programme cycles and donor priorities, rather than the national strategies and domestic development goals beneficiary countries.

This combination of fragmented research-innovation governance and external dependency creates gaps at critical transition points – particularly where research should translate into innovation - and makes it harder to sustain a smooth and integrated research and innovation systems.

As illustrated in both the Distributed and Unified approaches, despite differences in fund management structures, the strategic priority remains the same: to establish robust and well-aligned financing mechanisms that connect research and innovation systems. For many African countries, this is precisely where gaps emerge - and where targeted strengthening is needed to enable system-level transformation. Funding policies and frameworks that are intentionally designed with the research–innovation interconnection in mind, can be better positioned to align resources with the distinct needs of each stage, from initial concept/early discovery through to final impact.

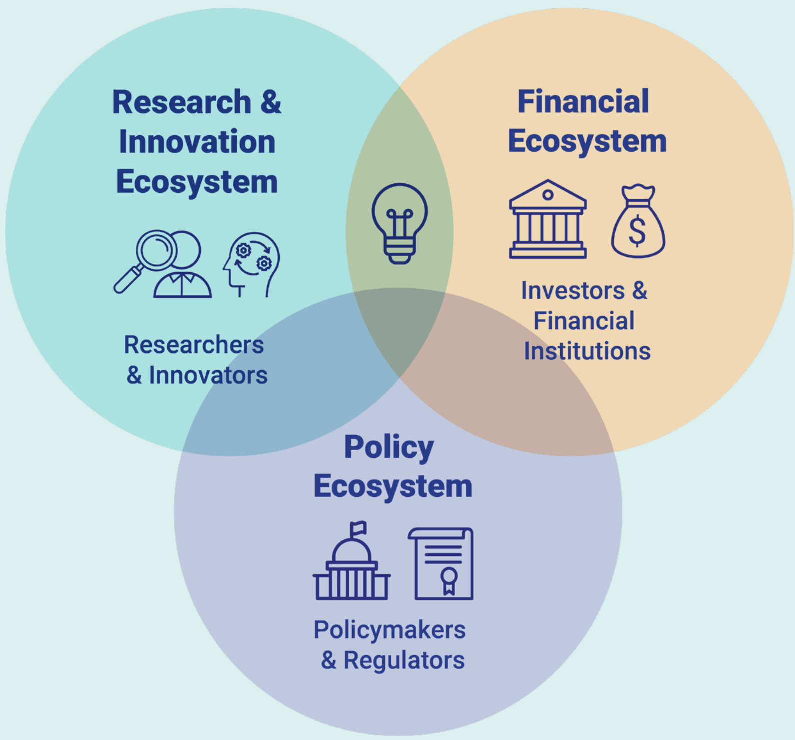
Strengthening Access to Finance in the Research and Innovation Ecosystems

RISA Fund's Approach

Within RISA Fund, **access to finance is understood as an enabling function embedded within broader systemic efforts to strengthen the pathways from research to innovation, and from innovation to market-ready solutions**. RISA Fund focused on **improving access to finance** at two challenging transition points: **(1)** the translation of research knowledge into practical solutions or innovations; and **(2)** the progression of innovations into viable products and services with scalable economic and societal impact.

RISA Fund's needs assessment and mapping results across focal countries revealed that researchers and innovators struggle to attract traditional forms of finance. Capital markets, as they currently structured, are often not well-aligned with the financing needs for research-to-commercialisation pipelines. Therefore, in the context of the RISA Fund, the strengthening of access to finance prioritises engaging domestic financial players to co-create strategies and instruments to mobilise financial resources for research and innovation development, updating funding policies and frameworks, creating and enhancing bridging programmes and platforms, and testing integrated funding instruments that link research findings to innovation outputs.

The following section showcases examples of RISA-supported projects that achieved systemic breakthroughs in improving access to finance for research and innovation. The initiatives have gone beyond simply securing funding – they have designed and tested approaches embed financial intermediation mechanisms directly within the structure of research and innovation ecosystems. Collectively, these locally developed models highlight the value of coordinated, hybrid financial architectures that bridge gaps between research, innovation, and finance systems. It helps move beyond fragmented and donor-dependent funding approaches toward more resilient and self-sustaining research and innovation ecosystems.



Pictorial Presentation of Ecosystem Interconnections

▸ Case Study 1: Impact Investing Ghana (IIGh) – Deal Source Africa and Ci-Gaba Funds

RISA Fund served as an essential catalyst in bringing homegrown ideas into actionable solutions. While Impact Investing Ghana (IIGh) had developed theoretical models and strategic frameworks to facilitate stakeholder collaboration and co-create frameworks and platforms for innovators to co-develop investment platforms and opportunities.

However, without seed funding, these ideas would have remained unrealised. RISA's support enabled IIGh to move from concept to execution, unlocking the potential of their models and achieving the following outcomes:

Creating Inclusive Connections and Improving Financial Literacy for Investors and Innovators

Across Ghana and Africa, many businesses - especially start-ups - struggle to find investors and face barriers in accessing affordable, skilled transaction advisory services. This gap often stifles growth and limits their capacity to drive economic change/transformation. IIGh's Deal Source Africa programme bridges this gap by connecting businesses with investors through the Deal Source Africa platform and carefully curated deal rooms. Deal Source Africa (DSA), piloted in 2022 and officially launched in May 2023, is a comprehensive programme that connects businesses to investors and transaction advisors.

Its digital platform (https://dealsourceafrica.co), offers a rich database of businesses that meet their investment criteria. The site provides online tools, deal rooms, and deal trips that connect investment firms and Angel investors, individuals, and network members, willing to invest in small and growing enterprises. The platform also promotes international deal-making and knowledge sharing with local investors and enterprise organisations.

As a prime example of this success, a female-led agritech business in Northern Ghana that refines Shee Butter for export while promoting sustainability. Through DSA, Sommalife, secured $300,000 in funding from Wangara Green Ventures to expand its operations. This investment is part of over US$1.7 million funding secured by businesses through Deal Source Africa, demonstrating the model's effectiveness in unlocking meaningful capital.

To date, more than 200 businesses have participated in virtual, and in-person deal rooms with investors, with many of them being at the verge of closing deals. Thirty-four (34) funds have been registered and onboarded to the platform, providing businesses with a broader range of funding sources and strategic partnerships. A success fee model was rolled out to ensure the programme's long-term sustainability. This financing model has been acknowledged by both investors and businesses, leading to increased provision of sustainable financing for the programme. The programme has strengthened its presence in Nigeria with local team members and has begun discussions regarding expansion to Kenya, South Africa, and Zambia with local partners.

Deal Source Africa Milestones

- **200+ businesses have participated in deal rooms.**
- **34 funds have been onboarded, expanding access to diverse financing options.**
- **73 Angel investors have completed the investment-readiness training gaining deeper insights into how to assess, structure, and execute high-quality deals**
- **A success fee model has been introduced to ensure programme sustainability, with positive reception from both investors and businesses.**
- **DSA has expanded its footprint in Nigeria, with plans underway to launch in Kenya, South Africa, and Zambia.**

The novelty of Deal Source Africa lies in its dual focus on forging meaningful investor-business connections and enhancing financial literacy for both entrepreneurs and investors. Through Deal Source's investment-readiness support, entrepreneurs acquired essential skills to navigate and secure financial resources effectively. This means that Deal Source Africa is not only creating opportunities for innovators to meet potential investors but, more importantly, equipping them with the knowledge and tools necessary to pursue investment opportunities confidently, such as understanding how private equity and venture capital operate.

This hands-on financial literacy training enables start-ups to prepare investor pitches and structure deals that attract long-term financing. The technical support is equally available for investors. To date, 73 Angel investors have completed the investment-readiness training, through which they have gained deeper insights into how to assess, structure and execute high-quality deals. Eight investors made direct investments, including a US$50,000 investment in a Lagos-based venture studio.

From an ecosystem perspective, IIGh's approach to improving access to finance through the DSA, delivers long-term benefits for research and innovation ecosystems. It goes beyond simply connecting innovators with investors (matchmaking) - it tackles practical challenges that hinder successful and quality connections. The technical supports enable key players, such as innovators, entrepreneurs, investors, and financial institutions, to develop a deeper mutual understanding of their needs, priorities, and constraints. This ensures that entrepreneurs are investment-ready and that investors are equipped to assess and structure high-quality deals. The effort to improve investment quality significantly contributes to a structured investment pipeline that will further strengthen innovation-driven growth. It lays the foundation for a more sustainable and resilient entrepreneurial ecosystem in Africa.

Creating New Financing Pathways and Reshaping the Financial Ecosystem

One breakthrough from IIGh's project is its success in integrating local pension funds into the research and innovation ecosystem as key players in financing entrepreneurial ventures and SMEs. Traditionally, pension funds in West Africa have largely avoided SME investments given their perceived high risk, regulatory constraints, and absence of structured investment vehicles.

Through targeted research, IIGh identified pensions as a promising capital source for supporting SMEs in Ghana. A major step in IIGh's strategy of involving pension funds was the convening of the Pensions Industry Collaborative (PIC). It brought together seven of the largest pension trustees and fund managers to identify critical barriers preventing pension funds from investing in alternative assets. One of the most pressing constraints identified was the limited capacity of pension funds to evaluate and invest in venture capital and SME financing vehicles. To address this, the PIC developed the Pensions Industry Alternative Investments Plan, a structured roadmap outlining the key actions needed to unlock pension capital for SMEs while ensuring the long-term financial security of pension beneficiaries.

In 2023, with support from the RISA Fund, IIGh initiated the operational set-up of the Ci-Gaba Fund of Funds (FoF) domiciled in Ghana. Designed to mobilise $75 million in local and international funding, Ci-Gaba aims to finance. Among its unique features, 75% of the funding is local and focused on investing in SMEs, with investments made in local currency to encourage local market development and capital mobilisation from Ghana's pension industry.

The Ci-Gaba Fund of Funds was successfully launched in 2024, with Savannah Impact Advisory, a female-led fund management firm, appointed as its manager. The fund has obtained regulatory approval from the Securities and Exchange Commission, and commitments have been secured from pension funds and catalytic capital providers. While negotiations with pension funds are ongoing, a first close of an estimated $13 million is anticipated, with $10 million already raised from catalytic funders including FSD Africa and Small Foundation, The raised capital will mainly target financing or investing in innovators and start-ups, particularly those from sectors with significant development potential, such as agribusiness, education, health, financial services, housing, light manufacturing, ICT, and tourism, as well as initiatives addressing climate resilience or promoting zero-carbon growth.

Building on its success in Ghana and recognising the need to expand its impact on sustainable financing solutions for research and innovation ecosystems regionally, IIGh partnered with the Impact Investors Foundation (IIF) Nigeria to establish the Nigeria Wholesale Impact Investment Fund (WIIF). This innovative Fund of Funds will invest through intermediary impact funds and act as a “market builder”, strengthening the impact of investment ecosystem across West Africa by improving access to capital for SMEs.

WIIF is currently undergoing legal and tax reviews, and the development of its private placement memorandum, and other documentation to establish the fund. The first close target is $100 to $150 million, with the government of Nigeria (GoN) through the Federal Ministry of Budget, and Economic Planning (FMBEP), committing to invest $50 million and the balance to be raised from private sector investors.

Together, IIGh and IIF have pioneered innovative financing pathways that are re-shaping capital flows for research and innovation ecosystems across West Africa. Pension funds in Ghana and Nigeria are now actively exploring to channel capital into new financial vehicles such as Ci-Gaba and WIIF that directly support SMEs across West Africa.

Not only did this project generate new access to finance for researchers and innovators, but also marked a paradigm shift in West Africa's financial ecosystem by introducing new financial instruments that engage both institutional investors and innovation actors in new, sustainable ways. This project clearly demonstrated that transforming the financial ecosystem is a powerful strategy for achieving system-level and long-term solutions to the persistent financing challenges facing the research and innovation sectors. By engaging closely with the financial actors, stakeholders in research and innovation ecosystems can shift the narrative - from passively seeking funding to actively designing and deploying mechanisms that mobilise capital for sustainable impact.

IIGh is also contributing to the development of new financial vehicles for enterprise financing through the Enterprise Support Organisation (ESO) Collaborative. This initiative was established to enhance both the quality and reach of enterprise support programmes in Ghana. The collaborative brings together key stakeholders, including government agencies such as the Ghana Enterprises Agency and the National Entrepreneurship and Innovation Programme (NEIP), Innovation hubs from the Ghana Hubs Network and leading ESOs across the country.

Together, these partners have developed a joint action plan and formed sub-committees to drive progress on shared priorities. As part of this programme, IIGh has been designing and raising anchor funding for the ESO Sustainable Pool of Funds — an innovative financing mechanism that blends a pre-seed fund for high-growth-potential businesses emerging from ESO programmes with a grant facility that provides sustainable financing to ESOs. This dual approach incentivises ESOs to consistently support startups through their growth journeys. The success of this fund will unlock new sources of capital and technical support for researchers and innovators seeking pre-seed or seed funding, ultimately strengthening the entrepreneurial ecosystem in Ghana.

▸ Case Study 2: Katapult Africa – Angel Networks for Climate Innovation Financing

The Katapult project was designed to scale and sustain climate technology innovation in Rwanda and across the growing pan-African climate innovation ecosystem. Its success in addressing financing challenges stems from identifying a critical gap in the research and innovation landscape – the lack of integrated support for early-stage innovation acceleration. To fill this gap, Katapult launched the Katapult Africa Accelerator and Pre-Accelerator Programmes, tailored to support underfunded and under-capacitated pre-seed and seed stage climate technology start-ups to scale and grow. These programmes provided not only pre-seed/ seed impact funding but also targeted support in investment readiness, impact strategy and growth planning, responding to the urgent need for holistic early-stage support for climate technology innovations on the African continent.

Katapult also made a significant contribution to bringing down the barrier to finance by leveraging the catalyst role of in-country Angel investor networks. It developed and delivered a Katapult Africa Investor Training Programme to grow scalable East African Angel networks, which strengthened the capacity of 79 Angel investors to assess and invest in climate tech ventures; established a Katapult Africa Investment Fund, with a goal to accelerate 45 more companies over a span of four years, and provided scaling support to 250 African climate tech start-ups enhancing their visibility and access to capital.

A major outcome of Katapult's work was the creation of the NextWave Angels Fund, supported by RISA Fund to strengthen "Business Angel" networks. RISA Fund supported Katapult's proactive engagement with a network of governmental bodies, which ensured compliance and promoted the NextWave Angels Fund's long-term viability. A series of NextWave Angel Fund start-up meet-ups commenced in December 2024, using networking opportunities to foster a thriving investment environment and create a robust pipeline of investable opportunities. Looking ahead, Katapult plans to expand and replicate this model across Africa, fostering a pan-African network of Angel investors through future partnerships. Once the initial Rwandan phase is fully established the model will be adapted to other regions, contributing to a more connected and resilient climate innovation ecosystem.

Key Learnings

Key learning from Katapult is that Strengthening Business Angels matters in Africa's research and innovation ecosystem. Across Africa, researchers, entrepreneurs, and innovators face significant challenges in securing seed funding through traditional financial institutions. Banks and other mainstream lenders often perceive early-stage ventures as high-risk and are reluctant to offer small-scale financing. This results in a critical funding gap that stifles innovation and limits economic growth.

While many efforts to address this challenge have focused on supporting researchers and innovators to enhance their capability to attract other forms of investment, they often overlook the root cause of the problem - the financial ecosystem itself.

A key challenge in Africa's financial ecosystem is the lack of robust mechanisms to aggregate small pockets of capital while maintaining investment agility for financing small-scale and seed-stage innovations. Katapult's approach directly addresses this gap by strengthening in-country and regional Angel investor networks tackling structural weakness in the financial ecosystem. It leverages Business Angels to mobilise capital to support the growth of pre-seed/seed-stage research findings and innovations, helping transform promising research into viable products and services.

A strong Angel investment network is essential for Africa's research and innovation ecosystem to thrive. Traditional funding models often rely on large institutional investors, who have strict lending criteria, extensive documentation, and are slow-moving. In contrast, Angel networks can operate with greater flexibility, pooling resources from individual investors and rapidly deploying capital into high-potential early-stage ventures. This flexibility allows innovations to progress without bureaucratic delays, ensuring that promising research and innovations receive timely financial support.

While traditional lenders focus on loans requiring repayment schedules and collateral, Angels often invest in equity. This means they usually buy a stake in the business instead of requiring monthly repayments, which can significantly reduce administrative hurdles. In addition, Angels focus on the potential of the entrepreneur and the business idea rather than rigid financial records or evidence to prove immediate profitability. Most Angels sit on the board and play a crucial role in strategy and management. They offer mentorship, industry connections, and strategic advice, which helps start-ups navigate early-stage challenges without additional bureaucracy. Their involvement helps mitigate risks associated with innovation, making start-ups more attractive to follow-on investors, including venture capitalists and institutional funders.

Katapult's emphasis on empowering Angel networks ensures that African capital is mobilised to support African solutions that will help promote long-term sustainability in innovation financing. Researchers and innovators, therefore, can gain access to localised and patient capital that aligns with their unique needs and growth trajectories. Katapult is not merely addressing access to finance for start-ups; it is shaping Africa's financial ecosystem to be more aligned with the growth needs of local research and innovations. This approach demonstrates that systemic change in financing—not just isolated support—is key to unlocking sustainable innovation across the continent.

Why Angel Networks Matter

- ✓ **Operate with greater flexibility, pooling resources from individuals and deploying capital quickly.**
- ✓ **Invest in equity, reducing the burden of loan repayments and collateral requirements.**
- ✓ **Focus on the potential of the entrepreneur and the idea, rather than rigid financial documentation.**
- ✓ **Provide strategic support, including mentorship, industry connections, and board-level guidance.**

▸ Case Study 3: Viktoria Solutions (VSL) -KeNIA – Co-founder and Industry Matchmaking

The Research to Commercialisation (R2C) Project, led by Viktoria Solutions (VSL) in partnership with the Kenya National Innovation Agency (KeNIA) aims to empower research innovators and foster an enabling environment for successful commercialisation and entrepreneurial growth. The R2C Project has supported research institutions and innovators by enhancing capacity for business focused innovation, facilitating access to funding opportunities, promoting GESI integration, and establishing strong industry linkages.

Implementation of the project through Phase I & II, has seen 48 innovators participated in VSL accelerator programme. 12 innovators successfully raised a combined USD 951,941 in funding. Through training sessions on business-focused innovation, Viktoria Solutions (VSL) prepared innovators to have investor-ready products and pitches, alongside providing business advisory and strategic networking support. The business advisory support focused on innovator development of investment teasers and company profiles alongside technical assistance with pitch deck development, IP management, business modelling, accounting and finance. Beyond individual capacity-building, the project introduced the Trainer of Trainers (ToT) Programme targeting research institutions; it equipped 1625 individual researchers / innovators and 59 ToTs from 21 research institutions across Kenya, with the skills to continue training within their respective institutions. These trainers are now positioned to cascade knowledge within their institutions, ensuring sustainability of capacity-building efforts.

VSL's strategic matchmaking to accelerate commercialisation connected innovators with experienced co-founders - aligned them with investor interests - and facilitated access to funding and industry exposure.

The tailored support provided to 48 innovators through VSL's accelerator programme led to 12 innovators successfully securing a total of USD 951,941 in funding, with investor-ready products and compelling pitches playing a key role in their fundraising success.

Building on the success and lessons learned from earlier training programmes, Phase II of the project incorporated a matchmaking component. This initiative connected innovators with co-founders who posed proved experience in fundraising and commercialisation. VSL developed an investor database to align innovators' thematic needs with investor interests enhancing relevance and effectiveness of engagements. A curated pool of co-founders with industry and fundraising expertise was established, enabling organic matchmaking and collaborations that support innovators on their commercialisation journey. This approach not only facilitates access to financial resources and industry exposure but also strengthens partnerships with financial and industry stakeholders. VSL is currently exploring crowdfunding initiatives to unlock further funding opportunities for innovators.

A key insight from the VSL–KeNIA Research to Commercialisation (R2C) Project is that achieving systemic change in research and innovation financing hinges on institutional policy reform.
Without reforming institutional policies, efforts to transform R2C financing at the national level are likely to remain fragmented and unsustainable. Institutional reform is therefore essential to unlock more coordinated, scalable, and impactful financing mechanisms that can support the full research-to-commercialisation pathway. While many efforts focus on improving individual innovator capacity or access to funding, VSL recognized that institutional frameworks themselves often pose barriers to commercialisation and sustainable financing. Subsequently, VSL developed a comprehensive guidebook designed to help institutions identify and amend policies that hinder innovation uptake and funding. This guidebook serves as a practical tool for institutions to align their internal polices with national innovation priorities, enabling a more effective and compliant management of research and commercialisation processes.

A notable example is KCA University in Kenya, which used the guidebook to revise its Innovation and Incubation Policy by incorporating a robust financial management process for research grants, thereby enhancing research quality and compliance. The refined Innovation and Incubation Policy introduced a tiered vetting system for innovations, provided clarity on governance roles, and defined seed funding mechanisms, effectively enhancing inclusivity and support for researchers and innovators.

By equipping institutions with tools to reform their policies, VSL has laid the groundwork for evidence-based, system-level reforms in national research and innovation funding. This approach demonstrates that policy transformation at the institutional level is essential for unlocking sustainable financing pathways and driving long-term impact in Africa's innovation ecosystem.

▸ Case Study 4: RISA's Seed Funds – Early-Stage Capital for R&I Acceleration

The RISA Fund has also demonstrated the transformative role of small-scale seed funding in driving sustainable growth for researchers and innovators across Africa. By providing timely early-stage capital to promising individuals and organisations, the Fund has enabled individuals and recipient organisations to implement research findings, refine their innovations, build credibility, and position themselves for follow-on investment.

Partners such as Mawazo Institute, Jimma University, Heritos Lab[2], the University of Lagos (UNILAG), and Aybar Engineering have witnessed first-hand how access to small but strategic funding has helped their supported researchers and innovators move from ideation to implementation or scale-up. Through targeted support—including mentorship and innovation pitching events—researchers and innovators were empowered to attract external funding. This enabled them to advance their concepts into fully functional prototypes and, in many cases, launch start-ups.

These success stories reinforce a key insight echoed in Katapult's experience: in African contexts where access to medium- and large-scale financing remains limited, small-scale seed funding is essential. It provides the critical first step that many researchers and innovators need to de-risk their ideas, enable rapid testing and iteration, and unlock further opportunities for growth, sustainability and impact.

Insights from the RISA project point to a clear opportunity for future initiatives: small-scale, flexible funding should be recognised as a strategic instrument for strengthening research and innovation ecosystems. Rather than being viewed as peripheral, these early-stage funds can serve as a powerful enabler to identify and support several high-potential ideas, build a pipeline of ventures ready for larger investment and foster inclusive and sustainable innovation environments.

For funders and ecosystem actors, integrating such funding mechanisms into broader support strategies will be essential to nurturing long-term impact for researchers and innovators to thrive.

Awardee	Country	Amount of External Funding secured (USD
Mawazo	Kenya	$10,000
Jimma University	Ethiopia	$72,000
Aybar Engineering	Ethiopia	$5,000
University of Lagos	Nigeria	$142,130

2 Heritors Labs business pitch awardee, Mudeys, gains export license to tap into new markets - MyJoyOnline

Implications and Recommendations

Embedding Finance into R&I System Design and Delivery

1. **Sustained Support for Skilled Intermediaries**

   Continued investment is in skilled intermediaries – such as IIGh, VSL and Katapult is essential. These actors play a crucial bridging role between research and innovation stakeholders and financial providers by, translating technical and financial needs across sectors, improving financial literacy among innovators and investors, aligning incentives and expectations, and building trust and facilitating collaboration across different stakeholders. Supporting these intermediaries ensures that financing pathways are not only created but also sustained and scaled effectively.

2. **Deeper Integration of Financial Sector Players into R&I Ecosystem Strengthening**

   Financial actors – including Business Angels, venture capitalists, banks, and institutional investors – should be engaged from the outset of the R&I programmes, not just at the dissemination or scale-up phases. Early involvement allows them to shape financial strategies, understand innovation pipelines and align their investment models with ecosystem needs – bringing both capital and the capacity to mobilise finance to shape and support financing pathways. Insights from RISA grantees show that many financial actors, including pension funds and Angel investors, do not yet fully recognise their strategic role in the R&I ecosystem. Embedding them in programme design, implementation, and capacity-building initiatives can help close this gap and foster more collaborative financing models.

3. **National-Level Policy Advocacy for Integrated R&I Funding Models**

   Governments and development partners should prioritise the development of coherent national **policies and regulatory frameworks** that foster stronger alignment and coordination between the research, innovation, and funding bodies. This integration is vital for ensuring that resources flow seamlessly across the r**esearch–innovation–market** pipeline.

Experiences from the RISA focus countries in Africa illustrate the varying degrees of progress towards such integration:

- South Africa provides one of the most robust examples, with the National Research Foundation (NRF) funding research, the Technology Innovation Agency (TIA) supporting innovation and commercialisation, and sector-specific funds in areas such as energy and agriculture, together forming a relatively coherent pathway from research to market.

- Kenya has established the National Research Fund (NRF) to support research, but operational funding remains inconsistent. While its policies point toward integration, limited financing has hindered full implementation.

- Ghana has taken important steps with the creation of the Ghana Innovation and Research Commercialisation Centre (GIRC) as a national coordination body for R&I funding. However, the framework remains in its early stages.

- Nigeria’s system is more fragmented, with agencies such as the Tertiary Education Trust Fund (TET Fund) and the National Office for Technology Acquisition and Promotion (NOTAP) managing different parts of the R&I system but operating largely in silos.

- Rwanda, meanwhile, has strong science, technology, and innovation (STI) policies and coordination structures, yet remains heavily reliant on donor funding for large-scale R&I initiatives, leaving the system vulnerable to shifts in the geopolitical landscape and international priorities.

Future efforts to refine funding policies and frameworks may consider prioritising the following: enhancing national strategies that link research, innovation, and socio-economic goals; refining guidelines and coordinating mechanisms for dedicated agencies to better align funding priorities and reduce duplications; introducing incentives for financial institutions and private sectors to invest in R&I; using a diverse mix of financial instruments tailored to local needs; and integrating funding streams across the research-to-market pathway.

4. **Exploring and Strengthening New Funding Strategies for Basic Research**

While the RISA Fund has successfully enabled new pathways for accelerating innovations and research commercialisation, there remains limited evidence of its impact on generating finance access for basic and non-commercial-driven research. This is due in part to shorter project timeframes that do not accommodate the extended horizons needed to demonstrate impact in research-heavy initiatives. Most mobilised funds to date have supported short- to medium-term innovation activities. However, long-term and often non-commercial research, such as theory building/testing, experiments, data building and research method development, plays a fundamental role in generating new knowledge and sustaining the growth of the R&I ecosystem.

Future programmes can explore financing strategies that are better suited to support basic research, recognise the value of non-commercial or less quantifiable outcomes, and separate funding mechanisms for innovation and commercialisation.

5. **Strengthening Africa's Financial Ecosystem to Support R&I**

The RISA Fund has shown that improving access to finance for researchers and innovators requires strengthening the broader financial ecosystem. Initiatives such as unlocking pension funds, building new investment vehicles, and growing Angel networks have proven effective in addressing persistent financing challenges. Key components for further strengthening include Capital Mobilisation Infrastructure: Mechanisms to pool and deploy local capital (e.g. pension funds, Angel networks). Investment Readiness Support: Tools and training for both innovators and investors to improve deal quality and reduce risk. Policy and Regulatory Reform: Enabling environments that support flexible, inclusive, and innovation-friendly financing models. By aligning efforts across the R&I ecosystem, the financial sector, and policy frameworks, Africa can build a more resilient and inclusive innovation landscape.

Expanding Options for R&I Financing Ecosystems in Africa

The experiences of IIGh, Katapult and VSL, reveal that challenges in accessing finance for researchers and innovators are not soley rooted in the R&I ecosystems – they are deeply intertwined with the broader health of a country's financial ecosystem.

Through the RISA Fund, targeted efforts to strengthen the financial ecosystem - such as unlocking pension funds, building new investment vehicles, and growing Business Angel networks - have delivered transformational solutions to financing challenges experienced persistently by researchers and innovators. These efforts demonstrate that it is incentive-compatible to strengthen the R&I ecosystem, the financial ecosystem, and the policy ecosystem together.

Components of Africa's Financing System that Require Further Strengthening

Drawing on lessons from the RISA Fund, three critical components of financial systems which could be explored to better support research and innovation funding in Africa emerge:

Private Equity

Strengthening the role of private equity is essential for research to commercialisation initiatives. In many emerging economies, especially in the global South, private equity has played a pivotal role in scaling innovation and enterprise development. In Africa, this could include;

- Seed funding for small and early-stage companies
- Support for start-ups transitioning from research to market
- Management buy-outs (MBOs) and buy-ins (MBIs) to restructure and grow small businesses (SMEs)
- Leveraged buyouts (LBOs) and public-to-private (PTP) transactions to unlock value in underperforming firms

A more active and structured private equity landscape would provide innovators with flexible, growth-oriented capital and strategic support.

Short- and Medium-Term Finance

As research translates into innovation and new product development for companies in Africa, short- and medium-term financing becomes critical for companies, especially small companies, to scale research and development (R&D) operations and produce new products. Key instruments include: the bank overdraft and term loan for working capital and expansion, trade credit especially for exporters who may have additional need for different services offered by a factoring firm, hire purchase and leasing for acquiring plant and equipment for expanding production following innovation, and bills of exchange and bank bills trade financing for exporters.

Once the research system and innovation ecosystem has been strengthened, aligning these financial instruments with the evolving needs of researchers and innovators ensures businesses can scale efficiently and sustainably.

Long-term finance

As the research ecosystem becomes well established and the innovation ecosystem takes root, business activity will naturally expand demand stronger financial ecosystem. Long-term finance mechanisms including issuing long-term bonds in local capital markets, tapping into international debt markets such as Euromarkets for foreign bonds, Eurobonds, Euro Medium-Term Notes, and commercial paper.

Overall, diversified and sustainable access to long-term capital is essential for supporting the growth, resilience and global competitiveness of Africa's research and innovation sectors.

Conclusion

The RISA Fund's experience across diverse contexts in Africa has made one thing clear: **access to finance is not just a barrier—it is a system-level lever** for unlocking the full potential of research and innovation (R&I). From early-stage seed funding to long-term capital mobilisation, the ability of researchers and innovators to thrive depends on the strength, inclusivity, and responsiveness of the financial ecosystem around them.

The cases of **IIGh, Katapult, VSL**, and RISA's seed funding partners demonstrate that **transformational change is possible** when financial innovation is embedded within R&I ecosystems. These initiatives have shown that:

- **Small-scale, flexible funding** can catalyse early-stage innovation.
- **Skilled intermediaries** are essential for bridging gaps between innovators and capital.
- **Angel networks, pension funds, and private equity** can be mobilised to support local solutions.
- **Institutional policy reform** is critical to sustaining financing pathways.
- **Financial ecosystem strengthening** must go hand-in-hand with R&I ecosystem development.

Looking ahead, the challenge is not only to scale what works but to **embed financial innovation into the DNA of national R&I strategies.** This means:

- Designing inclusive funding models that serve both commercial and non-commercial research.
- Engaging financial actors from the outset of programme design.
- Advocating for coherent national policies that align research, innovation, and finance.

By treating finance as a **strategic enabler**—not a downstream concern—Africa can build resilient, self-sustaining innovation ecosystems that deliver long-term impact for society, the economy, and the planet.

About the RISA Fund

The RISA Fund (2021-2025) is a multi-country initiative funded by UK International Development from the UK government designed to strengthen research and innovation systems across Africa. It brings together two complementary programmes under the Foreign, Commonwealth and Development Office's (FCDO) Research and Evidence Division—Strengthening Research Institutions in Africa (SRIA) and African Technology and Innovation Partnerships (ATIP)—to harness synergies and drive systemic change. Managed by a consortium comprising Chemonics UK, Results for Development, and SOAS University of London, RISA collaborates with a wide range of implementing partners including universities, innovation hubs, government agencies, private sector actors, and international development firms. The programme operates in six countries: Kenya, Ghana, Nigeria, Rwanda, Ethiopia, and South Africa, supporting locally driven solutions and fostering cross-sectoral learning and impact.

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RISA Research and Innovation Systems for Africa

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