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Catalysts for Growth: A Landscape Study of Entrepreneur Support Organizations in Tanzania



Disclaimer

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INTRODUCTION

The FUNGUO Innovation Programme is a multi-partner initiative designed to unlock the potential of impact-driven startups and innovative micro, small, and medium enterprises (MSMEs) in Tanzania. It does so through catalytic funding, technical assistance, and ecosystem strengthening.

Co-funded by the European Union (EU) through the Business Environment, Growth and Innovation (BEGIN) Programme, the British Government (through the Africa Technology and Innovation Partnerships, ATIP), the Republic of Finland, and UNDP Tanzania, FUNGUO is implemented in collaboration with various ecosystem partners. This multi-stakeholder approach ensures a holistic and impactful intervention within Tanzania's innovation ecosystem. Through strategic partnerships with government agencies such as the Tanzania Commission for Science and Technology (COSTECH) and others, FUNGUO is strengthening the country's capacity to foster innovation-driven development.

FUNGUO aligns closely with the national development agenda and the Sustainable Development Goals (SDGs), aiming to increase the number of successfully scaled startups and MSMEs that deliver inclusive social and environmental impact alongside commercial returns.

The Programme particularly seeks to fill the funding gap in the “missing middle”—where many promising startups and MSMEs struggle to access appropriate early- to growth-stage finance. By offering catalytic funding and tailored support, FUNGUO aims to:

- Build a viable pipeline of high-potential businesses for follow-on funding by larger institutional and impact investors.
- Strengthen the innovation ecosystem in Tanzania by working collaboratively with other accelerators, incubators, financiers, and government institutions.

The Programme's vision is to create lasting change by not only addressing existing ecosystem challenges but also laying a strong foundation for a thriving innovation landscape aligned with Tanzania's national development aspirations. By working closely with key partners, FUNGUO is catalysing positive, long-term impact and positioning itself as a pivotal driver of innovation-led growth and inclusive development.



STRENGTHENING ESOs

A core element of FUNGUO's mandate is enhancing the ecosystem's support structures through ESOs. These organisations play a crucial role in nurturing Tanzania's innovation and entrepreneurial landscape by providing essential services to startups, facilitating access to investment opportunities, and equipping startups with the skills needed to scale their businesses.

One of FUNGUO's key initiatives in this area is its support for the Tanzanian Hubs Network (THN), which offers ESOs opportunities for capacity building, peer learning, and resource sharing. FUNGUO is also exploring additional strategies to strengthen ESOs, ensuring they can better serve startups and investors by responding to real market needs and enhancing the overall effectiveness of the support ecosystem.



THE ESO ECOSYSTEM SCOPING STUDY

To further inform and refine its support mechanisms, FUNGUO commissioned the Tanzanian ESO Ecosystem Scoping Study. This study aimed to assess the capacity needs of Tanzanian ESOs, evaluate the alignment of their services with the requirements of startups and investors, and provide actionable recommendations for strengthening the startup ecosystem. By leveraging insights from this study, efforts by the various ecosystem players can coherently contribute towards building a more resilient, responsive, and well-connected ecosystem that fosters innovation and economic development in Tanzania.

Acknowledgements

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Acronyms

Acronym	Definition
ATIP	Africa Technology and Innovation Partnerships
ABC	Activity based costing
ADC	Business Development Services Provider
BDS	Business Development Services
BOT	Bank of Tanzania
BRELA	Business Registration and Licensing Agency
B2B	Business to Business
CBE	Central Bank of Egypt /College of Business Education
CLP	Conservation Leadership Programme
COSTECH	Tanzania Commission For Science And Technology
CRDB	Cooperative and Rural Development Bank
CSR	Corporate Social Responsibility
CYPRESS©	Capacity, Performance, Results, Sustainability Methodology
DIT	Dar Es Salaam Institute Of Technology
DTBi	Dar Teknohama Business Incubator
DTIC	Department of Trade, Industry and Competition
EU	European Union
ESO	Entrepreneur Support Organisation
ESRF	Economic and Social Research Foundation
FGD	Focus Group Discussions
FMO	Dutch Development Bank
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HDIF	Human Development Innovation Fund
HQ	Headquarters
HCD	Human Centred Design
IEC	Innovation and Entrepreneur Centre
ICDIE	international Council for Digital Innovation and Entrepreneurship
ICT	Information and Communication Technology
ITC	International Trade Centre
ILO	International Labor organisation
IPO	Initial Public Offering
JICA	Japan International Cooperation Agency
KII	Key Informant Interviews
M&E	Monitoring and Evaluation
MAVCAP	Malaysia Venture Capital Management Berhad
MEDA	Mennonite Economic Development Associates
MFIs	Micro-Finance Institutions
MOU	Memorandum of Understanding
MSDTC	Management and Skills Development Training Centre
MSMEs	Micro, Small And Medium Sized Businesses
MUST	Mbeya University of Science and Technology
MVP	Minimum Viable Product
NCDIE	National Council for Digital Innovation and Entrepreneurship
NDA	Non-Disclosure Agreement

Acronyms

Acronym	Definition
NEEC	National Economic Empowering Council
NIMPO	National Intellectual Property Management Office
NGO	Non-Governmental organisation
NVCF	National Venture Capital Fund
RFP	Request For Proposal
RIW	Research and Innovation Week
SARS	South African Revenue Services
SDC	Swiss Development Cooperation
SDG	Sustainable Development Goals
SEAF	Investment Management Group
SGB	Small and Growing Businesses
SIDA	Swedish International Development Cooperation Agency
SIDO	Small Industries Development organisation
STEM	Science, Technology, Engineering and Mathematics
SUA	Sokoine University of Agriculture
SUGECO	Sokoine University Graduate Entrepreneurs Cooperative
TADB	The Tanzania Agricultural Development Bank
TAOTIC	The Arena of Taking Charge
TAPBDS	Tanzania Association of Professional Business Development Services
TAREA	Tanzania Renewable Energy Association
TAVCA	The Tanzanian Private Equity and Venture Capital Association
TBD	To Be Determined

TCRA	Tanzania Communications Regulatory Authority
TIA	Technology Innovation Agency
TMDA	Tanzania Medicines and Medical Devices Authority
TRA	Tanzania Revenue Authority
TSA	Tanzania Startup Association
TZS	Tanzanian Shillings
UDSM	University of Dar es Salaam
UK	United Kingdom
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WFP	World Food Programme
WIPO	World Intellectual Property Organisation
WSHA	Westerwelle Startup Haus
YSA	Young Scientists Association
YSLA	Young Scientists Leadership Academy
Y4C	Youth 4 Change
ZSA	Zanzibar startup Association

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Executive summary

The background is a solid dark blue color. A bright green horizontal line is positioned near the top left. Below it, the text 'Executive summary' is written in a large, bold, white sans-serif font. The background is decorated with a series of thin, light blue wavy lines that create a sense of motion and depth, flowing across the page.

Executive summary

The UNDP FUNGUO Innovation Programme Tanzania commissioned an ESO ecosystem scoping study to define, map, and assess capacity of the ESOs operating in Tanzania, towards meeting the needs of startups

Introduction

This report provides the findings of an ESO ecosystem scoping study undertaken by Deloitte commissioned by the UNDP Funguo Innovation Programme Tanzania. The objectives of the study were to map ESOs in Tanzania and assess their capacity towards meeting the needs of startups. The study aims to guide stakeholders in the ecosystem on the journey to strengthening ESOs and ultimately Tanzania's innovative entrepreneurial ecosystem.

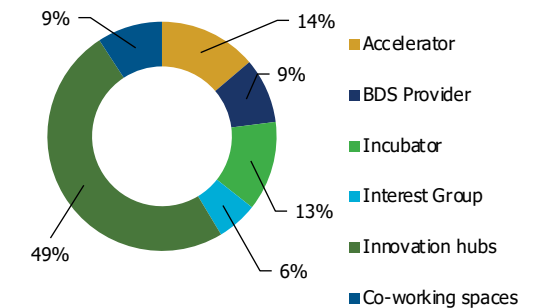
The study methodology included a desk review, interviews, ESO and startup surveys, as well as an organisational capacity assessment with select ESOs. The study findings were analysed and validated with a group of key stakeholders and study participants to ensure accuracy of the gathered insights to inform the final report on the ESO ecosystem. The study concludes with strategic recommendations to bridge the gap between the needs of startups and the services offered by ESOs.

Snapshot of the ESO ecosystem in Africa and Tanzania

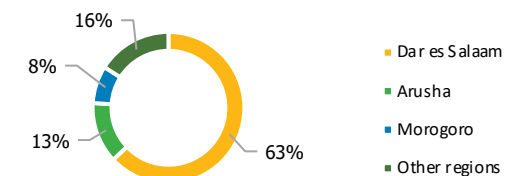
The landscape of ESOs across Africa is characterised by a concentration of hubs, incubators, and accelerators in predominantly urban centres. In Kenya for example, the ecosystem features over 200 hubs, while in Egypt, there are over 56 entrepreneurial awareness programmes offered by incubators, accelerators, academic institutions such as universities and summits, NGOs and the government; and a total of 925 registered ESOs in Nigeria, including incubators and accelerators. South Africa has over 300 incubators and accelerators, while Ghana's ESO ecosystem features over 145 tech and innovation hubs, with 50% of the total innovation hubs and incubators in Accra.

ESOs in Tanzania have grown considerably over the past few years across urban areas and select regions, indicating a vibrant support infrastructure, particularly for seed and early-stage ventures. The study identified a total of 87 ESOs in Tanzania, of which 63% were found to be in Dar es Salaam, followed by 13% in Arusha, 8% in Morogoro and 16% across the other Tanzanian regions. 42% of ESOs surveyed were found to have been established in the last four years. Most ESOs in Tanzania are registered as Non-Governmental Organisations (NGOs) and operate as innovation hubs, providing various services across multiple sectors. At the same time, although most ESOs provide services to startups across all sectors, the agriculture/agribusiness and ICT sectors have the next highest concentration. This reflects a gradual progression towards more specialised support for some sectors.

Types of ESOs in Tanzania

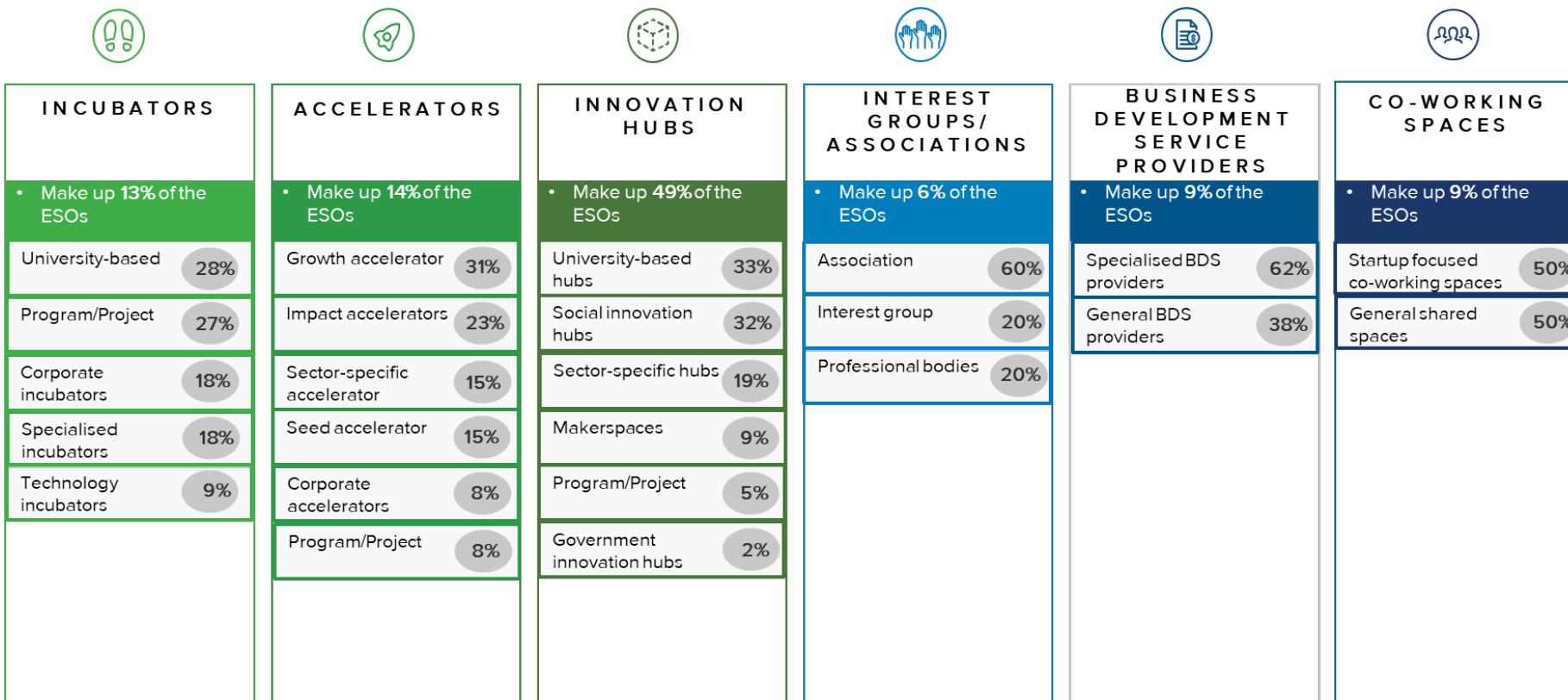


Location of ESOs in Tanzania



ESO mapping

Of the 87 ESOs identified through the study, early-stage support organisations were found to dominate the ecosystem, led by hubs, accelerators and incubators



87

Total number of ESOs

- Overlapping ESO Services and Early-Stage Focus:** ESOs increasingly offer similar services. The ecosystem prioritises early-stage support, with incubators, accelerators, and innovation hubs well-equipped for ideation but less so for scaling established businesses.
- University-Driven Innovation and Collaborative Support:** Universities are key drivers of ESO innovation, particularly in social impact and technology. However, limited Government involvement suggests a potential opportunity for increased public sector support.
- Business Development Services (BDS) are provided across ESOs:** BDS are concentrated in foundational skills, financial advice, and mentorship, delivered not only by dedicated providers but also integrated within incubators, accelerators and innovation hubs.

ESO capacity gaps and implications

The study found that the ESOs capacity gaps in Tanzania fall into six categories, namely financial sustainability, skills and experience, tailored support, collaboration and partnerships, operational efficiency and leadership challenges

LEADERSHIP AND STRATEGIC FOCUS



ESOs lean on development partners for programme design and implementation, often adopting their strategies. While this approach incorporates beneficiary input, it undermines the ESOs' independent strategic planning, resulting in inefficient resource allocation and challenges in long-term growth.

LONG-TERM FINANCIAL SUSTAINABILITY

ESOs rely heavily on donor funding as the main revenue stream. The limited diversity in funding is attributed to a lack of strategic focus and resource mobilization experience. Minimal income from service fees limits ability to build a sustainable business model, as startups are typically unwilling/unable to pay. This affects continuous innovation in target markets and diverts efforts from strengthening commercial revenue streams.

TAILORED SUPPORT FOR STARTUPS



ESO program design and delivery are not aligned with the diverse and evolving needs of startups, leading to a generic service experience that does not adequately meet the needs of innovative ventures. This stems from a lack of specialised knowledge among ESO staff, a limited network of industry Subject Matter Experts (SMEs) and insufficient financial resources. Furthermore, donor interests drive program design, frequently creating a disconnect between the services offered and the needs of startups.

COLLABORATION, PARTNERSHIPS AND SYNERGY



ESOs demonstrate a low propensity for collaboration, primarily due to a lack of formal collaborative structures, disparities in capacity levels, and a lack of trust. Consequently, smaller ESOs are often excluded from partnership opportunities, further fragmenting the ecosystem, resulting in duplicated services and a lack of unified support for startups.

SKILLS, EXPERIENCE AND EXPOSURE WITHIN ESOs

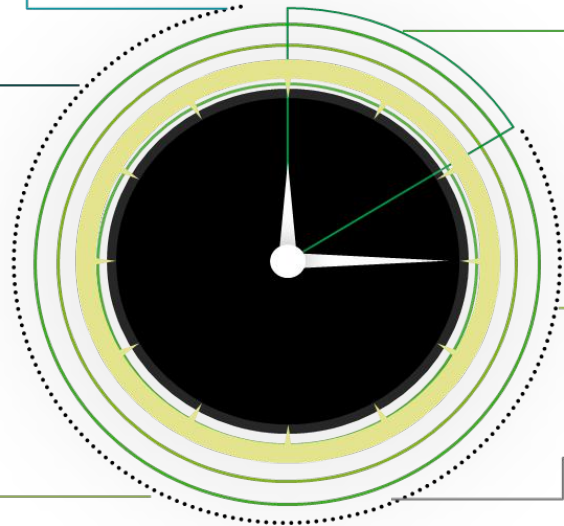


ESOs operate with minimal staff who struggle to attract and retain talent due to scarce funding and competitive market conditions. Additionally, staff lack practical entrepreneurship experience, limiting their ability to provide hands-on, tailored support that startups need.

OPERATIONAL CAPACITY AND EFFICIENCY



ESOs grapple with inefficient administrative financial systems, weak internal controls, and untrained staff, which leads to poor financial management, and budget overruns. Additionally, robust monitoring and evaluation frameworks are largely absent, impeding their ability to track impact and demonstrate value to funders and other stakeholders.



Enabling environment challenges

The prevailing environment also presents implementation challenges for ESOs, particularly in the absence of policies, limited availability of specialised skills, and challenges in accessing financing and infrastructure

Availability of Skills

ESOs often struggle with sourcing specialised skills in the market to support the needs of startups. This is due to a combination of limited availability of industry and specialised talent on the supply side and limited financial capacity to attract and retain the required talent on the ESO side.

Financing constraints

ESOs face a major funding gap due to high collateral and interest rate requirements, limited access to innovative financing options, and underdeveloped credit information systems. Early-stage ESOs often lack credit histories and proven business models, making it difficult to secure loans or attract alternative funding.

Commercial incentives

Government interest has only translated into limited support, with limited commercial and trade incentives to spur the overall growth of ESOs.

Ease of doing business and sustainability

The business environment in Tanzania includes administrative processes that can impact ESOs in their efforts to formalise and expand.

Infrastructure

While broadband internet access in the country has been steadily improving, access to high-speed internet continues to be an area where overall ESOs are impacted.

Policy and regulatory framework

The Tanzania ecosystem is further hampered by a lack of relevant policies and frameworks, as well as a fragmented ecosystem with no central coordination.



Key recommendations

The study recommendations are aimed at improving ESO service delivery, fostering financial sustainability, building skills and capacity, and strengthening the enabling environment for ESOs



IMPROVE SERVICE PROVISION

- I. Leverage partnerships to service startups** – ESOs should partner with angel investors and funders for startup financing (early-stage and growth). There is also an opportunity for more proactive collaboration with corporations for specialised skills, training, and industry connections.
- II. Results-oriented, tailored service provision** - ESOs should develop training curricula and KPIs based on strategic focus areas and core business operations. They must also establish M&E frameworks to more closely align with their goals. ESOs should invest in Human Centered Design (HCD) frameworks and training to deliver tailored services.
- III. Expand geographical reach** – There is an opportunity to further invest in establishing and strengthening ESOs beyond the top 3 urban centres (Dar es Salaam, Arusha and Morogoro), to expand the reach of startup and innovation support across the country



FOSTER ESO FINANCIAL SUSTAINABILITY

- I. Strategic focus in investments** – ESOs should adopt a strategic focus in their investments, utilising milestone-based financing to align funding with progress. Furthermore, funding should be directed towards specific strategic areas requiring targeted support.
- II. Diversify funding** – ESOs should diversify their funding by leveraging alternative financing models to complement traditional grant-based mechanisms. This requires investing in resource mobilisation training for teams and exploring innovative financing options.
- III. Invest in sustainable ESO models** – There is an opportunity to improve the overall sustainability of ESOs by investing in strengthening university-based ESOs with access to knowledge platforms and infrastructure (while establishing robust IP frameworks to protect startups). In addition, more corporations should consider establishing in-house ESOs for mutual benefits for startups and the corporations themselves.



BUILD SKILLS AND CAPACITY

- I. Build capacity in structured operations and governance** – ESOs should build capacity in structured operations and governance by providing targeted training in financial management, M&E, and organisational governance.
- II. Strengthen ESO leadership capabilities and entrepreneurial DNA** – ESOs should invest in their leadership capabilities and focus on infusing an entrepreneurial DNA and culture. This can be done through leadership and strategic planning training.
- III. Improve exposure for ESOs** – ESOs should improve their exposure by facilitating foreign exchange programmes for key staff members.



STRENGTHEN ENABLING ENVIRONMENT

- I. Access to finance for startups**– Establish NVCF that startups and ESOs can tap into to diversify funding sources.
- II. Infrastructural improvements** – ESOs should prioritise equipping hubs with high-speed internet. There is also an opportunity for the government and/or private sector to establish technology parks, with special economic zones, to spur innovation.
- III. Forums and platforms for ESOs** – ESOs should foster engagement with startups by creating dedicated forums, strengthening THN, and establishing a centralised digital platform to provide linkage.
- IV. Regulation and legal framework for ESOs** – It is crucial to recognise ESOs, their standards, and provide guiding frameworks within a comprehensive startup policy. This policy should also include tax incentives to foster their growth and impact.

Background, approach and methodological framework

Assignment background

Deloitte was engaged by UNDP to conduct an ESO ecosystem scoping study to define and map the ESOs operating in Tanzania and assess their capacity towards meeting the needs of startups

BACKGROUND

Situation

UNDP is on a journey to strengthen Tanzania's innovative entrepreneurial ecosystem by empowering ESOs to better serve startups and investors.

- Tanzania's startup ecosystem is experiencing rapid growth, with an increase of 11.48% in ESOs from 2022 to 2023.¹
- This growth is fueled by both public and private sector initiatives, and donor-funded programmes like FUNGUO and private sector partnerships like the CRDB Bank Foundation's IMBEJU programme and Vodacom's Digital Accelerator. These initiatives provide a range of support services, from skill development and networking opportunities, to funding and mentorship.
- The Tanzanian entrepreneurial landscape, while characterised by a diverse range of ESOs, faces a notable gap in the availability of effective accelerators and incubators to cater to startups and investors on their entrepreneurial journey and account for their evolving needs, which diversifies as the ventures grow from startup to scale-up.

Complication

ESOs in Tanzania face challenges in sustaining and scaling their own efforts which impedes their ability to serve startups effectively.

- **Lack of Collaboration:** ESOs often work in silos, leading to duplication of efforts and reduced impact.
- **Funding Misalignment:** programmes are frequently designed to fit available funding rather than actual entrepreneurial needs, with limited support for growth-stage startups.
- **Financing Challenges:** Traditional grant-based financing models may not be suitable for the sustained growth and scaling that ESOs require.
- **Accessibility Constraints:** Reliance on donor funding and high service costs limit the accessibility of ESOs to many startups.
- **Geographic Disparity:** The concentration of ESOs in urban areas limits their reach to startups in rural areas.
- **Expertise Gap:** Some ESOs may lack the necessary expertise to address the evolving needs of the market.
- **Limited incubators and accelerators:** These organisations provide early-stage and growth-stage support.

Opportunity

Deloitte conducted an ESO ecosystem scoping study to define and map the ESOs operating in Tanzania and assess their capacity needs. The findings from this study enabled Deloitte to provide strategic recommendations for different stakeholders in the ecosystem, ESOs, development partners, policymakers and others to bridge the gap between the needs of startups and the services offered by ESOs. Questions Deloitte answered through the study include the following:

- 1 Who are ESOs?
- 2 What are the capability gaps hampering ESOs from aligning their service offerings to the needs of startups ?
- 3 What opportunities exist for ESOs to empower and enable startups?

Overview of ESOs

ESOs in Tanzania play a pivotal role in nurturing entrepreneurship, elevating innovation and contributing to economic growth

What are ESOs

Literature defines ESOs as organisations, projects, networks and associations that support, train or fund startups and are missioned to help current or aspiring startups move closer to starting or growing a viable business.¹

ESOs are companies that mentor, train and, in some instances, fund startups.²

ESOs usually provide startups with non-financial services, knowledge and expertise to accelerate learning and with a network of support that both challenges and encourages startups as their companies grow. One crucial role that an ESO plays is that of a facilitator between the startup and the other parts of the ecosystem. Some ESOs provide grants and other forms of financing, but this is usually a smaller segment of the broader set of services.³

For this study, however, Deloitte defines **ESOs as entities that support, train, mentor and sometimes fund startups to develop, scale, and sustain viable businesses. ESOs spur innovation and economic growth by providing business development services and resources.**⁴

Their role is to aspire all current and emerging startups to move closer to starting or growing viable businesses.



Select Examples of types of ESOs

- Incubators
- Accelerators
- Innovation Hubs
- Interest Groups/Associations
- BDS Providers
- Co-working spaces

Startups definition

A startup is an innovative venture in its early stage of operation, focused on developing and launching a new product, service, or a significantly different business model. Key characteristics include having high growth potential with the ambition to scale rapidly, often aiming to disrupt existing industries or create entirely new markets.⁵

A startup is a newly established business designed for rapid growth and often built around an innovative idea or technology, typically seeking external funding and aiming to scale quickly.

Deliverables

This report presents findings on the ESO ecosystem mapping and capacity assessment, and further provides recommendations to address the identified gaps

Deliverable	Description
<p>Inception Report</p>	<p>The Inception Report served as the main output of a project's initial phase. It reflected on introductory and kick-off meetings, and follow-up, summarising the project objectives and scope. The report describes the approach and methodology for achieving project goals and deliverables. Its main purpose was to ensure that UNDP and Deloitte had a common understanding of the services to be provided and how they would be delivered. The inception report acted as the definitive statement of the project approach and served as the foundation for subsequent project phases.</p>
<p>Interim Report</p>	<p>The interim report presented findings on the current landscape of ESOs gathered from primary and secondary research, including field visits, interviews, focus group discussions and surveys. The findings identify challenges, opportunities and recommendations to support ESOs to better align to the needs of startups. The interim report was the basis for the stakeholder validation workshop conducted.</p>
<p>Final Report</p>	<p>The feedback from the validation workshop was incorporated into the final report. The final report provides the analysis of data gathered through primary and secondary research and proposes recommendations to enhance the effectiveness of ESOs in supporting startups.</p>
<p>ESO Database</p>	<p>The ESO database provides the list of ESOs identified in the study. This includes key attributes such as their name, location, ownership, primary services/ support provided to startups, and funding sources.</p>

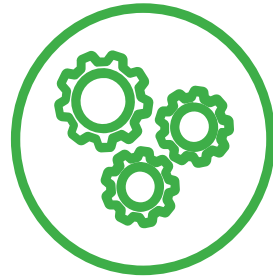
The execution phase

The study entailed conducting data collection through interviews, focus group discussions, surveys and a deep dive assessment on select ESOs using Deloitte's Capacity, Performance, Results, Sustainability (CYPRESS) methodology



1. Desk Review

Deloitte conducted an in-depth desk review of relevant literature and market information to map out ESOs across Tanzania. This review enabled Deloitte to identify key stakeholders within the ESO ecosystem and understand the distribution of each ESO according to key functional categories. The primary objective was to gain a comprehensive understanding of the ecosystem and its key players through available documentation.



2. Development of Scoping Study Tools

Deloitte developed and used data collection tools to conduct the scoping study. These included Key Informant Interviews (KIIs) questionnaires, Focus Group Discussions (FGDs) guides, and surveys. Deloitte also tailored its CYPRESS tool for conducting deep dive organisational capacity assessments on select ESOs.



3. Data collection

Deloitte gathered primary qualitative data through:

- **KIIs;**
- **FGDs;**
- **Startup survey;**
- **ESO survey;** and
- **Organisational capacity assessment.**

These methods were guided by validated tools designed to collect information relevant to the key objectives of the scoping study, while providing insights into the broader startup ecosystem. **A total of 26 KIIs, 8 FGDs, 3 deep dive capacity assessments were done, with a 47% response rate gathered from the ESO survey.**



4. Analysis

Deloitte analysed the data collected and developed a draft report to present the findings based on the objectives of the scoping study.



5. Validation and Reporting

Deloitte validated findings with key entrepreneurial ecosystem stakeholders to ensure accuracy and gather insights to inform the final report on the ESO ecosystem.



Deloitte made every effort to conduct thorough research and analyse available inputs to identify ESOs within the ecosystem. This process resulted in the identification of 87 ESOs. While care was taken to ensure accuracy and completeness, it is possible that some organisations may not have been captured due to the dynamic and evolving nature of the ecosystem.

Guiding questions (1/2)

Deloitte aligned data analysis methods and sources with the objective of the scoping study to deliver actionable value

SN	Objective	Guiding Questions	Type of Data Collected	Source of Information	Data Collection Method
1	Map the ESO ecosystem in Tanzania	<ul style="list-style-type: none"> <input type="checkbox"/> Which ESOs are currently operating in the entrepreneurial ecosystem? <input type="checkbox"/> What are the demographic characteristics of these ESOs i.e. location, size, focus areas, target groups, and years of operation? <input type="checkbox"/> What is the nature of the services they provide, and who are the primary beneficiaries <input type="checkbox"/> Are they privately owned, government-affiliated, or university-based? 	Quantitative and qualitative data on ESO demography	<ul style="list-style-type: none"> • Existing Documentation, ESO directories, Reports and existing databases • Startups, ESO representatives, Key Stakeholders 	<ul style="list-style-type: none"> <input type="checkbox"/> Desk Review, <input type="checkbox"/> Survey for ESOs <input type="checkbox"/> Survey for startups
2	Assess the capacity needs of ESOs	<ul style="list-style-type: none"> <input type="checkbox"/> How adequate is the human resource capacity (skills and experience) to support startups/businesses effectively? <input type="checkbox"/> What standards do the ESOs employ in delivering their services to businesses/startups? <input type="checkbox"/> What is the current financial status of the ESOs in aligning their services to the needs of startups/business? <input type="checkbox"/> How are the ESOs operationally positioned to effectively support businesses/startups? 	Qualitative data on ESO capacity, gaps and Maturity rating	ESO representatives and key stakeholders	<ul style="list-style-type: none"> <input type="checkbox"/> KIIs with Key Stakeholders <input type="checkbox"/> Desk Review, <input type="checkbox"/> Survey for ESOs <input type="checkbox"/> CYPRESS Assessment of ESOs <input type="checkbox"/> FGDs with ESOs and startups
3	Align ESO services with startup and investor needs	<ul style="list-style-type: none"> <input type="checkbox"/> What are the core needs of startups and investors that ESOs are currently addressing? <input type="checkbox"/> How effectively do ESO services meet startup needs in key areas and service categories? which needs are being addressed and which are not? <input type="checkbox"/> Are there mismatches between the perceived needs of startups and the services offered by ESOs? <input type="checkbox"/> What are the capability gaps that ESO have in providing key services demanded? 	Qualitative data on the alignment between services and needs	ESO representatives and Key stakeholders	<ul style="list-style-type: none"> <input type="checkbox"/> KIIs with Key Stakeholders, <input type="checkbox"/> Desk Review, <input type="checkbox"/> Survey for ESOs <input type="checkbox"/> Survey for startups <input type="checkbox"/> FGDs with ESOs and startups

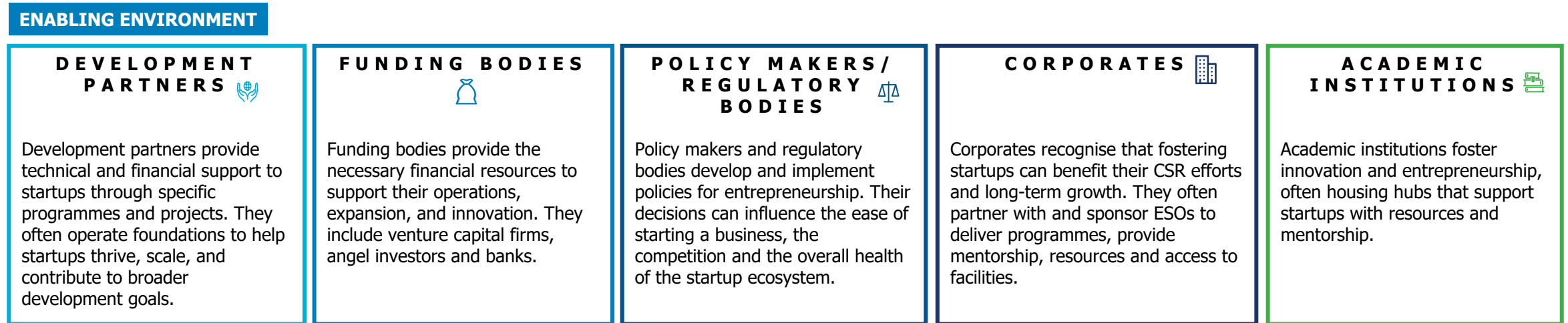
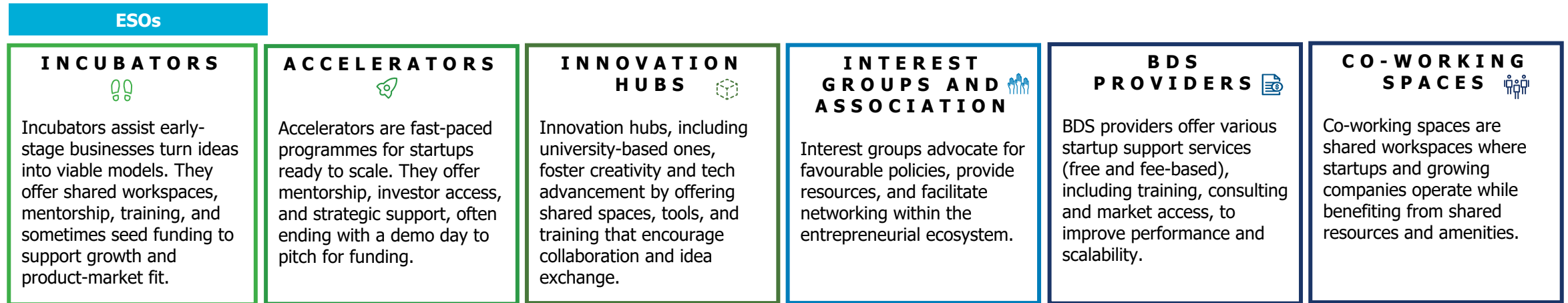
Guiding questions (2/2)

Deloitte aligned data analysis methods and sources with the objective of the scoping study to deliver actionable value

SN	Objective	Guiding Questions	Type of Data Collected	Source of Information	Data Collection Method
4.	<i>Evaluating stakeholder collaboration</i>	<ul style="list-style-type: none"> <input type="checkbox"/> What are the existing partnership and collaborations between the identified ESOs and other entities? <input type="checkbox"/> How structured are the existing partnerships and collaboration <input type="checkbox"/> What can be done to ensure improved collaborations in the ecosystem? 	Qualitative data on partnerships, collaborations, and stakeholder relationships	ESOs representatives and Key Stakeholders	<ul style="list-style-type: none"> <input type="checkbox"/> KIIs with Key Stakeholders, <input type="checkbox"/> Desk Review, <input type="checkbox"/> Survey for ESOs <input type="checkbox"/> FGDs with ESOs and beneficiary startups
5.	<i>Evaluating the enabling environment</i>	<ul style="list-style-type: none"> <input type="checkbox"/> How does the current funding environment support the sustainability and growth of ESOs in the ecosystem? <input type="checkbox"/> What enabling structures are in place to enhance ESO capacity through skills development, and how effectively do they address identified gaps? <input type="checkbox"/> How and to what extent does the regulatory and policy framework create a supportive environment for ESOs to operate and thrive in the ecosystem? <input type="checkbox"/> What mechanisms, networks, or infrastructure exist within the ecosystem to strengthen the operational and strategic support for ESOs? 	Qualitative data on the enabling environment on funding, regulatory framework and supportive environment	ESO representatives, Key Stakeholders	<ul style="list-style-type: none"> <input type="checkbox"/> Literature review <input type="checkbox"/> KIIs with Key Stakeholders <input type="checkbox"/> Survey sent out to ESOs and startups.

The population

Through the scoping study, Deloitte engaged with 12 key stakeholder groups that are critical to ESOs to ensure a thorough understanding of the Tanzanian entrepreneurial ecosystem



Startups

Startups are the intended beneficiaries and target of ESO services. As the customer, they are central to why ESOs exist.

Selected regions for the assignment

To identify ESOs across the country, the focus was on four key zones for sampling purposes, to assess the capacity of the ESOs in the Tanzanian ecosystem

Deloitte scanned through Tanzania to identify ESOs present to develop a database of ESOs. The list in the findings has been compiled from interviews and FGDs conducted, the ESO and startup surveys and literature review among other sources.

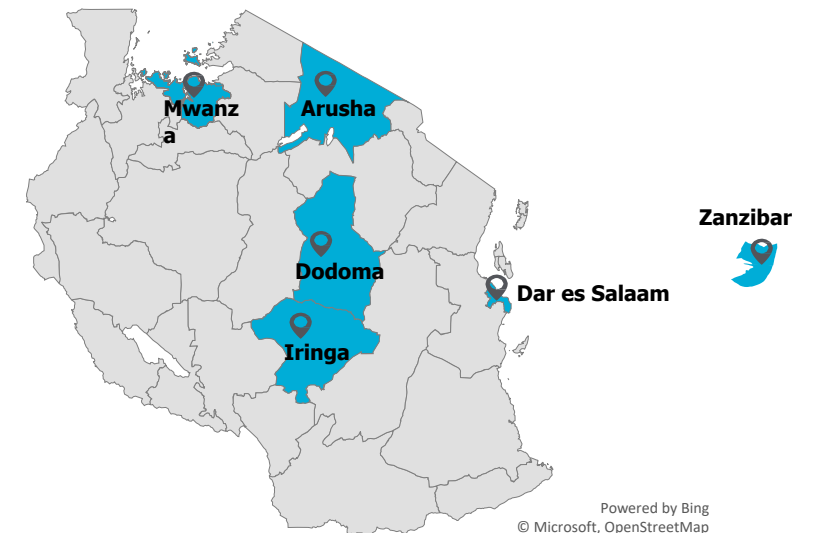


For this study, a diverse range of stakeholders within Tanzania's ESO ecosystem were engaged. To ensure representativeness across the country's varied contexts, a stratified sampling approach was employed.

Four out of six national zones (Northern, Central, Southern Highlands, and Eastern) were purposefully selected. Within each chosen zone, one region (Arusha, Dar es Salaam, Dodoma, and Iringa) was strategically selected to represent key stakeholders, considering geographical variations and activity niches. This resulted in a total of four regions being physically reached during the study. These regions, known for significant entrepreneurial activities and innovations, provided valuable insights into the ecosystem's dynamics and capacity across Tanzania.

This approach ensured that the study encompassed a broad spectrum of geographical areas and key entrepreneurial hubs, ultimately providing valuable insights into the status and capacity of ESOs across the nation. The identified zones and regions have been surveyed virtually.

Zones	Selected Region
Northern	Arusha
Southern Highlands	Iringa
Coastal	Dar es Salaam
Central	Dodoma



Selected regions for FGDs

Deloitte visited three key regions to conduct focus group discussions with ESOs to gather inputs on their capacity and explore the effectiveness of the services provided to startups

To ensure a disaggregated analysis of the ESO ecosystem and address specific aspects of its functioning, two ESOs were purposefully sampled from each of the three regions, totaling six ESOs. The sampling aimed to capture diverse perspectives by including ESOs that provide different services and represent various categories within the ecosystem. To gain an in-depth understanding of the capacity of these ESOs, the services they offer, and the challenges and opportunities they face, staff from each selected ESO participated in FGDs or roundtable discussions. These discussions centred on key issues aligned with the study’s objectives, particularly on the capacity of the ESOs and the alignment of their services with the needs of startups and investors. Additionally, one FGD was conducted with startups supported by one of the selected ESOs in each region to capture their perspectives. These discussions explored the extent to which the services provided by the ESOs met their needs, their satisfaction levels, and other critical factors relating to service delivery and ecosystem dynamics. In total, three FGDs with startups were conducted for the entire study, with each FGD comprising 7 to 12 participants.

Zones	Selected Region	Selected ESO	Number of FGDs	
			With ESOs	With startups
Northern	Arusha	5	2	1
Southern Highlands	Iringa	5	2	1
Coastal	Dar es Salaam	5	1	1
Total		15	8	



KIIs

Deloitte sought interviews and participation from key stakeholders across ESO, enabler and startup categories

To gather in-depth insights into the Tanzanian entrepreneurial ecosystem, Deloitte conducted KIIs with 26 key stakeholders across the selected regions by selecting at least 2 from each KII Group. The KIIs were conducted using a developed tool ensuring consistency across the board, covering all relevant topics. This step was to gather insights from those with direct knowledge and experience of the entrepreneurial ecosystem

Type of stakeholder	List of Stakeholders Interviewed
Innovation hub	Sokoine University of Graduate Entrepreneurs Cooperative (SUGECO) Edtech
Accelerator	Sahara Ventures
Incubator	Dar Teknohama Business Incubator Stanbic Biashara Incubator
Association/ Interest Group	Tanzania Startup Association Zanzibar Startup Association Tanzania Hubs Network
Development partner/ Foundation/ Trust	BOTNAR Japan International Cooperation Agency (JICA) United Nations Development programme United Nations Capital Development Fund (UNCDF) The European Union Delegation Finland Embassy Sweden Embassy Financial Sector Deepening Trust
Policymaker/ Regulatory body	COSTECH President Office – Planning and Investment ICT Commission
Funding body	Warioba Ventures SSC Capital Renew Capital
Startup	Mipango app Kazi Yetu Silverleaf Academy Altitudex

Surveys

Deloitte utilised online surveys to gather quantitative data from ESOs and startups to assess capacity and service alignment with startup needs

The study employed a quantitative research approach, utilising two online surveys to collect data from both ESOs and startups/businesses respectively across Tanzania to gather robust data to inform the scoping study's objectives.

The surveys focused on key aspects such as ESO capacity, service offerings, and the alignment between these services and the needs of their beneficiaries.

The survey was sent to 66 participants, out of which 31 responded, representing a 47% response rate. Based on the number of identified ESOs by the end of the assignment, this represents a 38% sample.

A separate survey was conducted to assess the needs of startups and link them to ESO services. The startup survey garnered responses from 88 startups across Tanzania. According to the Tanzania Startup Association (TSA) report, there are approximately 780 startups in Tanzania.

OUTLOOK OF THE SURVEY

GENERAL INFORMATION



ORGANISATIONAL RESOURCES AND OPERATIONS



SERVICES PROVIDED



COLLABORATION AND ECOSYSTEM BUILDING



FINANCING ENTREPRENEURS



FACILITIES AND RESOURCES



CHALLENGES AND OPPORTUNITIES



ENABLING ENVIRONMENT

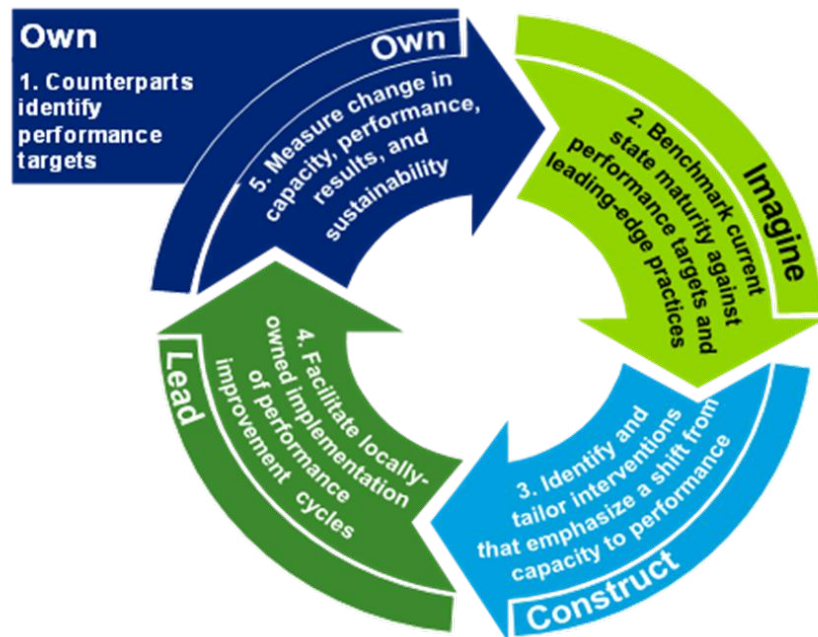
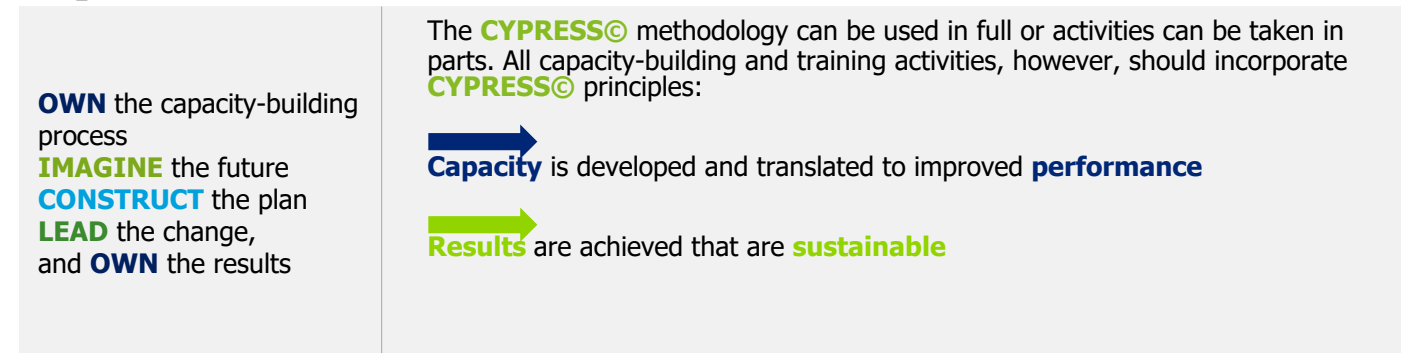
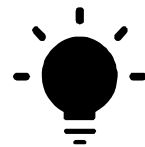


Capacity assessment methodology

The CYPRESS capacity assessment framework was utilised to conduct deep dives on 3 select ESOs to evaluate organisational capacity and provide an in-depth perspective of ESO capability challenges

Deloitte's **CYPRESS** methodology was critical and central in assessing the capacity of ESOs. This participatory methodology empowered ESOs to assess their capacity and their own strategic changes that are required to build their capacity. Counterparts (ESOs) were in the driver's seat as they owned the process, imagined their future, constructed their plan, led the change, and owned the results as illustrated below. **CYPRESS** recognises that capacity is just a means to an end. The "end" is sustainable performance improvement led by organisations. Details of the assessed ESOs is in slides 64 – 65.

The **CYPRESS** name comes from four themes essential to the Deloitte methodology:



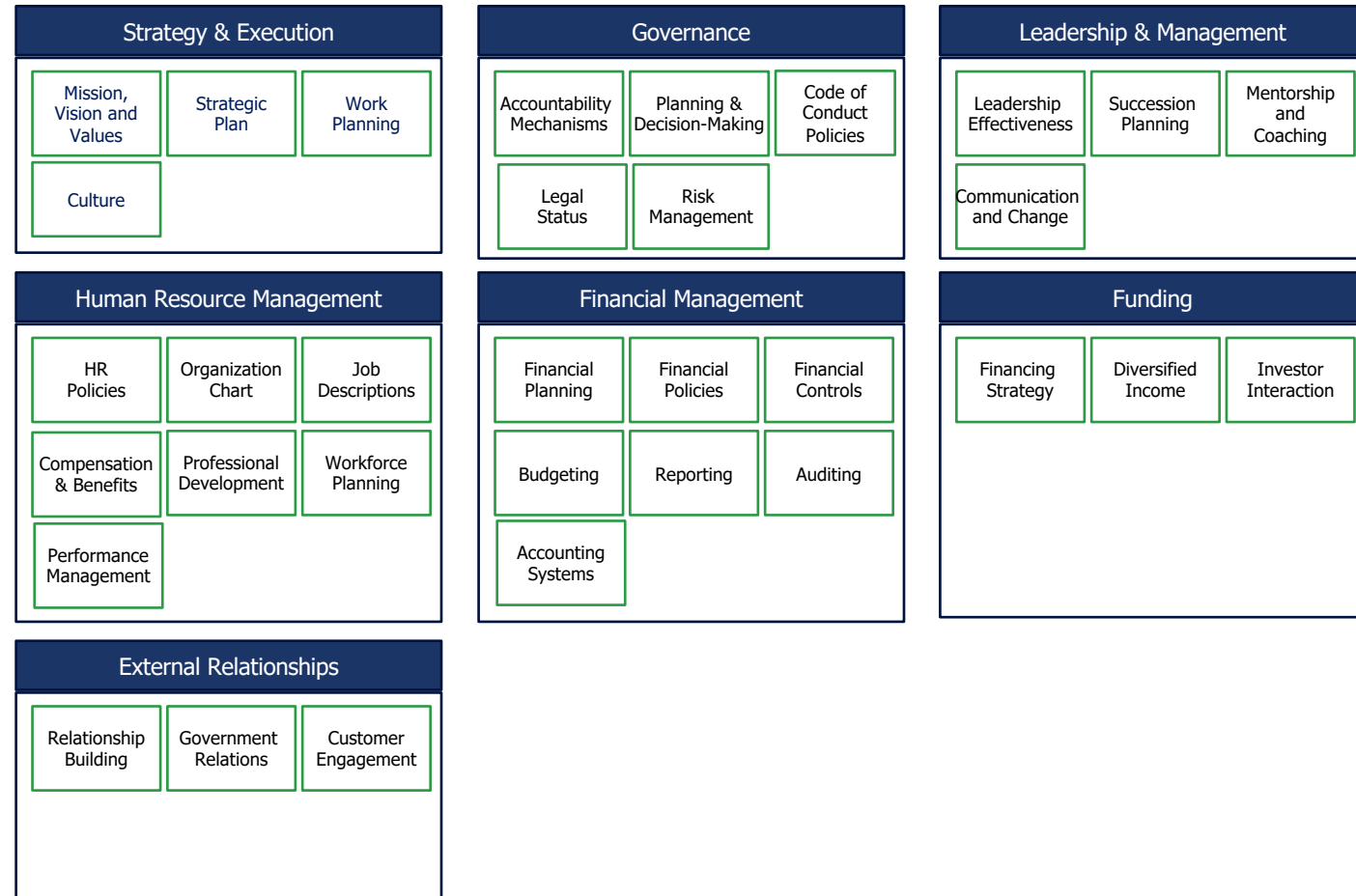
The Maturity Model Benchmarking Tool (MMBT)

The MMBT used for the CYPESS assessment consisted of multiple standardised domains tailored to assess each ESO's organisational capacity and performance in key capability areas

Deloitte utilised the MMBT to assess the capacity of 3 selected ESOs in Dar es Salaam, Dodoma and Iringa. These ESOs were evaluated across seven key domains: Strategy and Execution, Governance, Leadership and Management, Human Resource (HR) Management, Financial Management, Funding and External Relations. This helped to provide a more in depth understanding of institutional capacity gaps for ESOs.

The MMBT employed a 5-tiered maturity scale across the 7 domains and 33 subdomains to provide a quantitative measure of institutional capacity for the ESOs for key capability areas. For each sub-domain, the tool defines specific criteria for the 5 levels, respectively. For the purpose of this assignment, the Deloitte team conducted the assessment through interviews and FGDs with the ESOs.

MMBT Tailored Domains

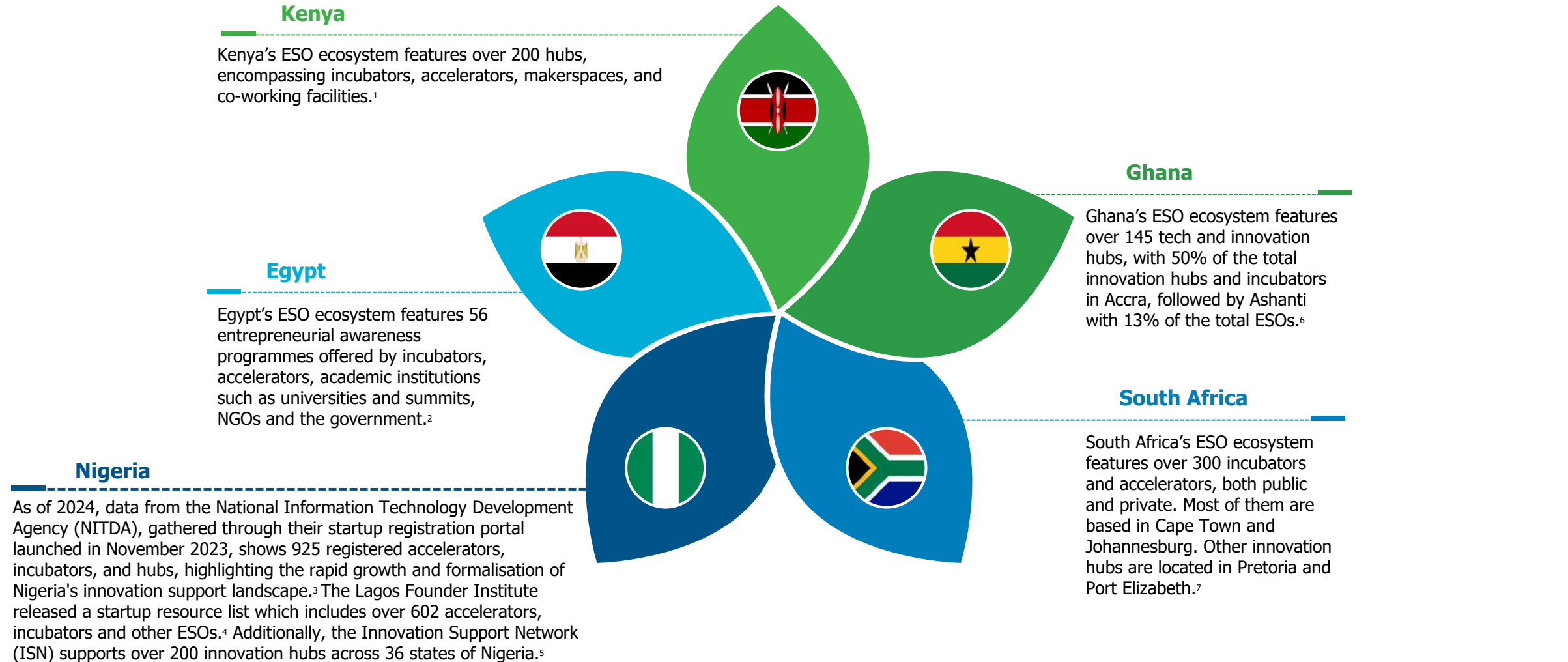


ESO mapping

The background features a series of light blue, wavy, overlapping lines that create a sense of motion and depth, flowing across the bottom and sides of the slide.

Overview of the ESO ecosystem in Africa

Across Kenya, Egypt, Nigeria, Ghana, and South Africa, the ESO landscape is characterised by a concentration of hubs, incubators, and accelerators in urban centres, notably Nairobi, Cairo, Lagos, Accra, and Cape town

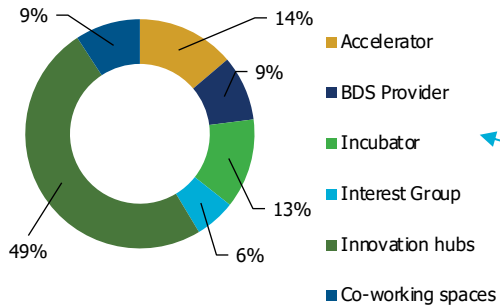


Source(s): (1) Mapping the Innovation Ecosystem in Kenya, UNDP, 2022; (2) Entrepreneurship in Egypt: 2022 Ecosystem Overview, AFDB, 2022; (3) Nairametrics: Nigeria Startup Act: NITDA says 12,948 startups now registered, 2024; (4) Lagos Startup Resource List: 602+ Accelerators, Incubators, Investors, and more, The Founders Institute, 2024; (5) ISN Press Release 2023, Innovation Support Network; (6) Science, Technology and Innovation Parks Development in Ghana: Assessment and Policy Issues, UNCTAD, 2024; (7) The South Africa Startup Ecosystem Report, Disrupt Africa, 2022

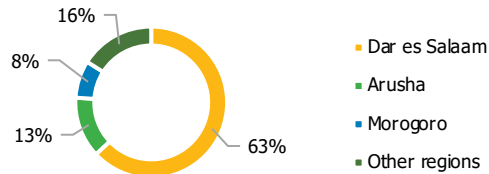
Overview of the ESO ecosystem in Tanzania

Tanzanian ESOs were found to be predominantly located in Dar es Salaam, with a significant number established in the last four years. Most are registered as NGOs and operate as innovation hubs, providing services across various sectors

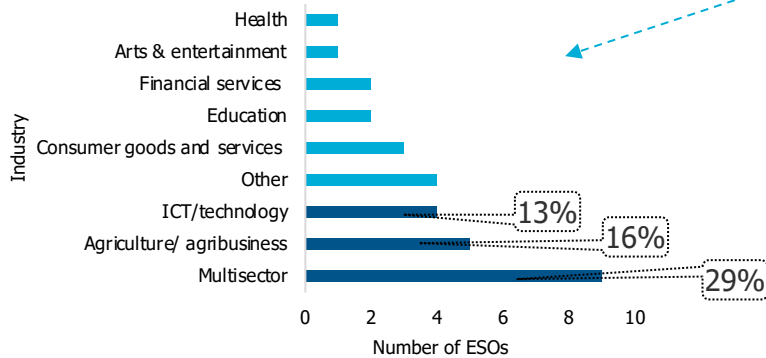
Types of ESOs



Location of ESOs



Primary Industry focus



- **Total number of ESOs** Identified in the study is **87**



- **63%** of ESOs identified are in **Dar es Salaam**, followed by **13%** in Arusha and **8%** in Morogoro, with the remaining 16% in other regions.



- **42%** of ESOs surveyed were **established in the last four years**. The trend is positive and growing.



- The **most common type of ESOs** identified are **Innovation hubs at 49%**.



- **29%** of ESOs surveyed provide **services to startups** across sectors, followed by Agriculture/ agribusiness at **16%** focused ESOs and ICT/ technology focused ESOs at **13%**.



- ESO increasingly offer **overlapping** services, blurring the lines between incubation and acceleration



- The ecosystem **prioritises early-stage support**, with incubators, accelerators, and innovation hubs well-equipped for ideation but less so for scaling established businesses.

Source(s): [1] All subsequent graphs and metrics are sourced from the Deloitte startup and ESO survey, and the interviews and focus group discussions except where cited [2] Tanzania Startup Ecosystem Report 2024

What works well

ESOs in Tanzania have grown considerably over the past 5 years across urban areas and select regions, indicating a vibrant support infrastructure, particularly for seed and early-stage ventures

Growth in the number of ESOs

42% of the surveyed ESOs were established between 2021 to 2024. This increase aligns with the strong and accelerating growth of **321%** in the number of established startups launched between 2020-2024.¹

Service provision is becoming specialised

16% of ESOs surveyed prioritise the Agriculture/AgriTech industry. This focus suggests a gradual move towards specialised entrepreneurial support.

Startups are consuming ESO services

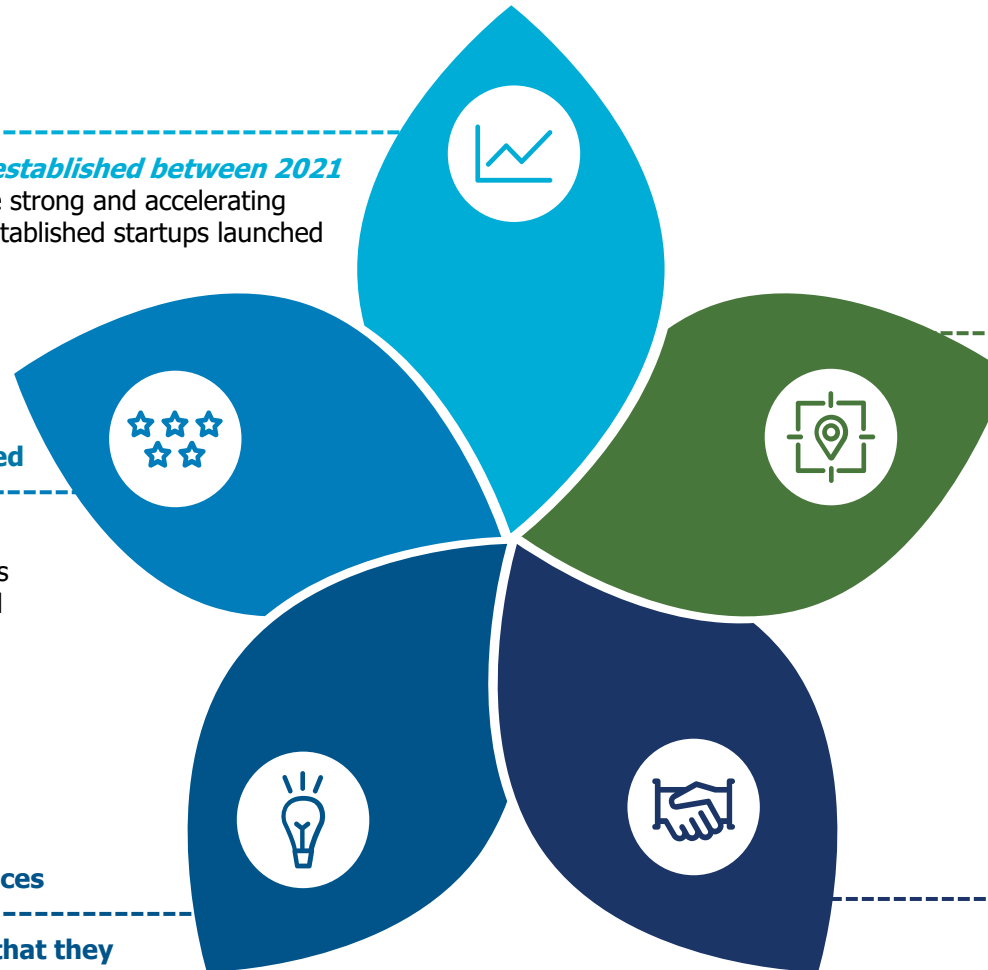
59% of startups surveyed noted that they utilised ESO services.

ESOs increasingly serve non-urban areas

While Dar es Salaam remains the primary hub for ESOs, there is a **positive trend of ESOs expanding their reach to other regions** with emerging startup activity, promoting more equitable access to resources across Tanzania.

ESOs actively nurture startups in the early-stages

42% of surveyed ESOs provide support to early-stage startups, encompassing both the pre-seed and seed stages of the venture lifecycle.



ESO Categorisation

The study identified six main types of ESOs in the Tanzanian innovation ecosystem



INCUBATORS

Incubators are structured programmes designed to support nascent or early-stage enterprises in transforming innovative ideas into viable business models. These initiatives typically offer a nurturing environment that includes access to shared workspaces, mentorship, business development training, and sometimes seed funding. The primary aim is to help entrepreneurs validate their product-market fit, refine their value proposition, and establish a sustainable foundation for growth.



Make up **13%** of the ESOs



ACCELERATORS

Accelerators are intensive, time-bound programmes tailored for startups that have already demonstrated some degree of market validation and are poised for rapid growth. These programmes typically last a few months and provide structured mentorship, access to investors, and strategic guidance to help scale operations. Unlike incubators, accelerators often culminate in a 'demo day' where startups pitch to potential investors.



Make up **14%** of the ESOs



INNOVATION HUBS

Innovation hubs including those based within universities, foster creativity, experimentation, and technological advancement by providing entrepreneurs with shared spaces, resources (tools, technologies, training), acting as catalysts for collaboration for idea exchange.



Make up **49%** of the ESOs



INTEREST GROUPS/ ASSOCIATION

Interest groups and associations share a common interest in developing the entrepreneurial environment, advocate and lobby for favorable policies, provide resources and support to members and host events and conferences to facilitate networking and knowledge sharing.



Make up **6%** of the ESOs



BDS PROVIDERS

BDS providers offer a range of support services, both free and fee-based, to startups throughout their lifecycle, enhancing performance, scalability, and competitiveness. This includes training, consulting, advisory support, market access facilitation, and networking opportunities.



Make up **9%** of the ESOs



CO-WORKING SPACES

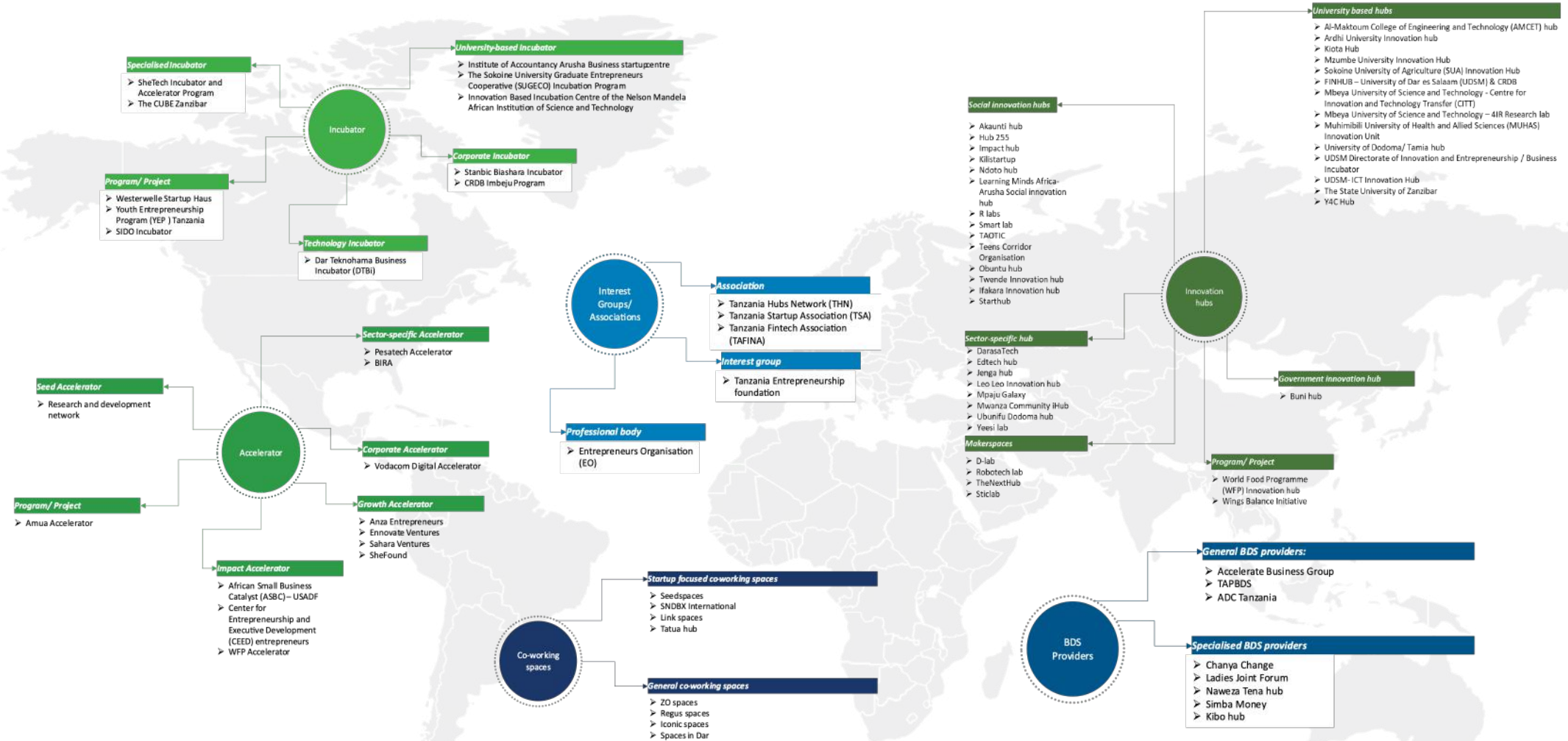
Co-working spaces are shared and flexible workspaces where entrepreneurs, startups, small teams and growing companies operate independently while benefiting from shared resources and amenities.



Make up **9%** of the ESOs

ESO Mapping

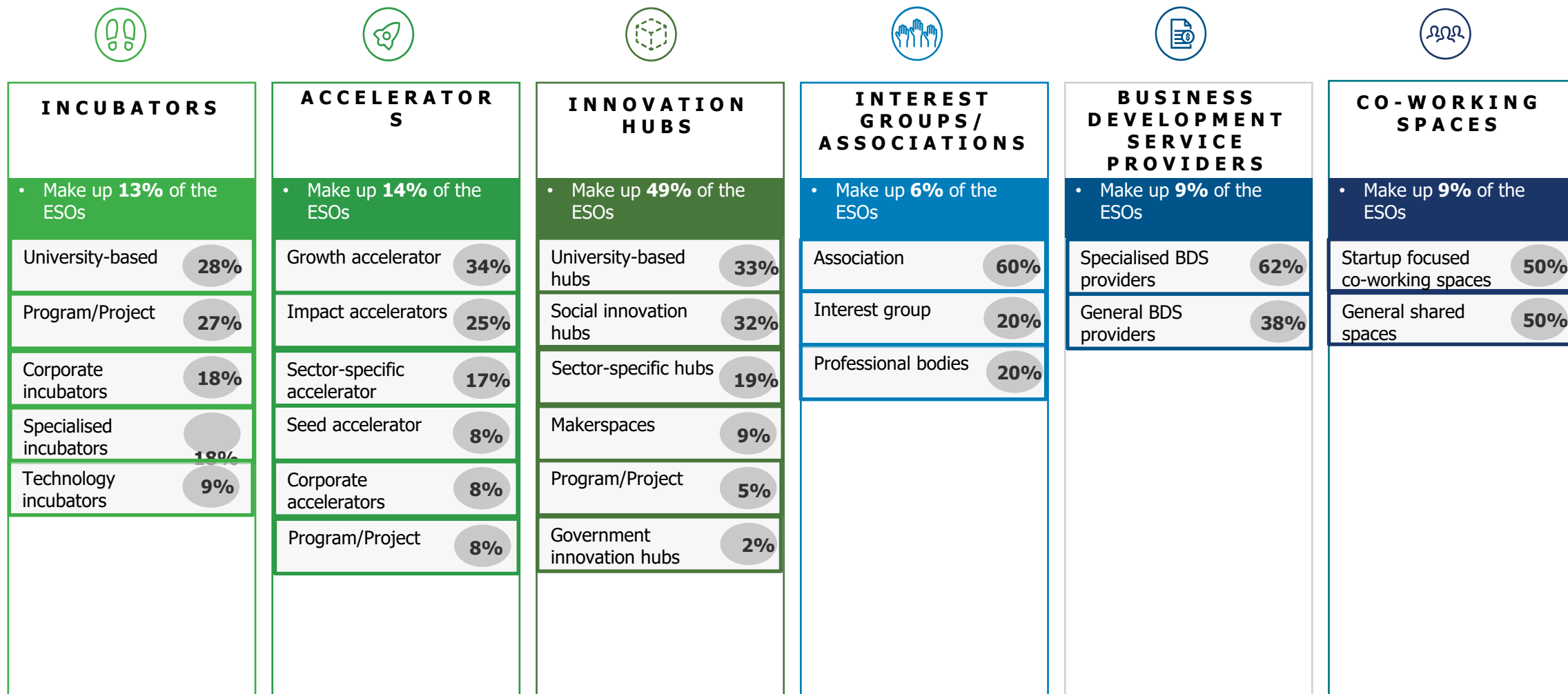
87 ESOs were identified in the ecosystem, categorised into the six main groups, namely Incubators, Accelerators, Innovation Hubs, Interest Groups/ Associations, BDS Providers and Co-working spaces



Deloitte acknowledges that many ESOs provide overlapping services. However, for the purposes of this analysis, categorisation has been based on each ESO's primary service offering and its principal target startup segment. Due to its distinctive and multifaceted nature, the FUNGUO Programme has not been classified under any of the identified ESO categories. This is because it extends its support not only to startups but also to other ESOs, collaborates with development partners on joint initiatives, and engages with government stakeholders to strengthen the broader innovation ecosystem in Tanzania.

Who are the ESOs?

Of the 87 ESOs identified, early-stage support organisations were found to dominate the ecosystem, led by hubs, accelerators and incubators



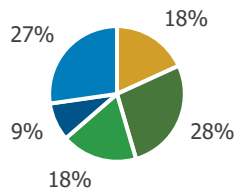
ESO types (1/2)

The study identified sub-categories for incubators, accelerators and innovation hubs in the ecosystem

Key Takeaways:

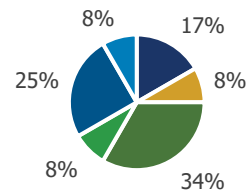
- ✓ ESO organisations increasingly offer overlapping services, blurring the lines between incubation and acceleration. While potentially beneficial, this requires careful resource allocation and specialisation.
- ✓ The ecosystem prioritises early-stage support, with incubators, accelerators, and innovation hubs well-equipped for ideation but less so for scaling established businesses.
- ✓ Universities are key drivers of ESO innovation, particularly in social impact and technology. However, limited Government involvement suggests a potential opportunity for increased public sector support.

Incubators



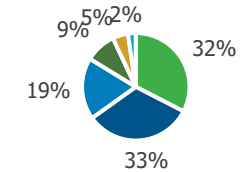
- Specialised Incubator
- University-based Incubator
- Corporate Incubator
- Technology Incubator
- Program/Project

Accelerators



- Sector-specific Accelerator
- Corporate Accelerator
- Growth Accelerator
- Seed Accelerator
- Impact Accelerator
- Program/Project

Innovation hubs



- Social innovation hubs
- University-based hubs
- Sector-specific hubs
- Makerspaces
- Government innovation hubs

- There are 11 incubators in the ESO ecosystem.
- University-based incubators and program/project are the most common, followed by corporate incubators and specialised incubators.
- From interviews held, there appears to be a crossover between incubation and acceleration, with ESOs often providing both. Notable examples include, Dar Teknohama Business incubator (DTBi), which is an incubator but has an acceleration programme targeting startups at the growth stage. Anza Entrepreneurs is an accelerator but is also involved in incubation programmes.

- There are 12 accelerators in the ESO ecosystem.
- Growth accelerators are the most common accelerator at 34%, focusing on scaling startups and Small and Medium Enterprises (SMEs).
- The second most common type are impact accelerators at 25% of the accelerators, and sector-specific accelerators and seed accelerators at 17% respectively, indicating a focus on fostering social impact and accelerating fast-growing startups.
- The least common accelerators are corporate accelerators and program/project, each at 8% respectively.

- There are 43 innovation hubs in the ESO ecosystem.
- University-based hubs and social innovation hubs are the most common at 33% and 32% respectively, underscoring the role of academia in fostering innovation.
- This is followed by sector-specific hubs at 19% and makerspaces at 9%
- The least common types of hubs are program/project and government innovation hubs.

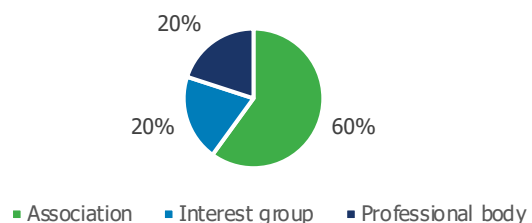
ESO types (2/2)

The study also identified sub-categories for interest groups/ associations and BDS providers in the ecosystem

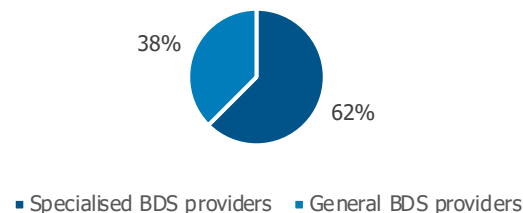
Key Takeaways:

- ✓ Interest groups and associations which often provide advocacy and event hosting, play a crucial role in empowering startups through collective action, networking opportunities, and access to resources.
- ✓ BDS providers are concentrated in the provision of foundational business skills, financial advisory, and mentorship.
- ✓ BDS provision is not limited to dedicated BDS providers. Accelerators, innovation hubs, and venture capital financiers also offer these services, as demonstrated by SIDO's comprehensive incubator programme. This integrated approach suggests a more holistic and potentially synergistic support system for startups.
- ✓ Co-working spaces offer paid workspace, networking, and resources to startups, fostering growth and collaboration.

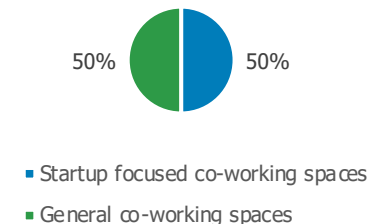
Interest group/ Associations



BDS Providers



Co-working spaces



- There are 5 interest groups and associations in the ESO ecosystem.
- Associations, notably the TSA and THN, constitute the majority (60%) of ESO members. Interest groups, such as the Tanzania Entrepreneurship Foundation, and professional bodies, such as the Entrepreneur Organisation (EO), also contribute to the ecosystem.
- Interest groups and associations empower startups through advocacy, networking, resource access, and enhanced credibility. A notable example is TSA, an established association that actively is lobbying for favourable policies and hosting informational events.

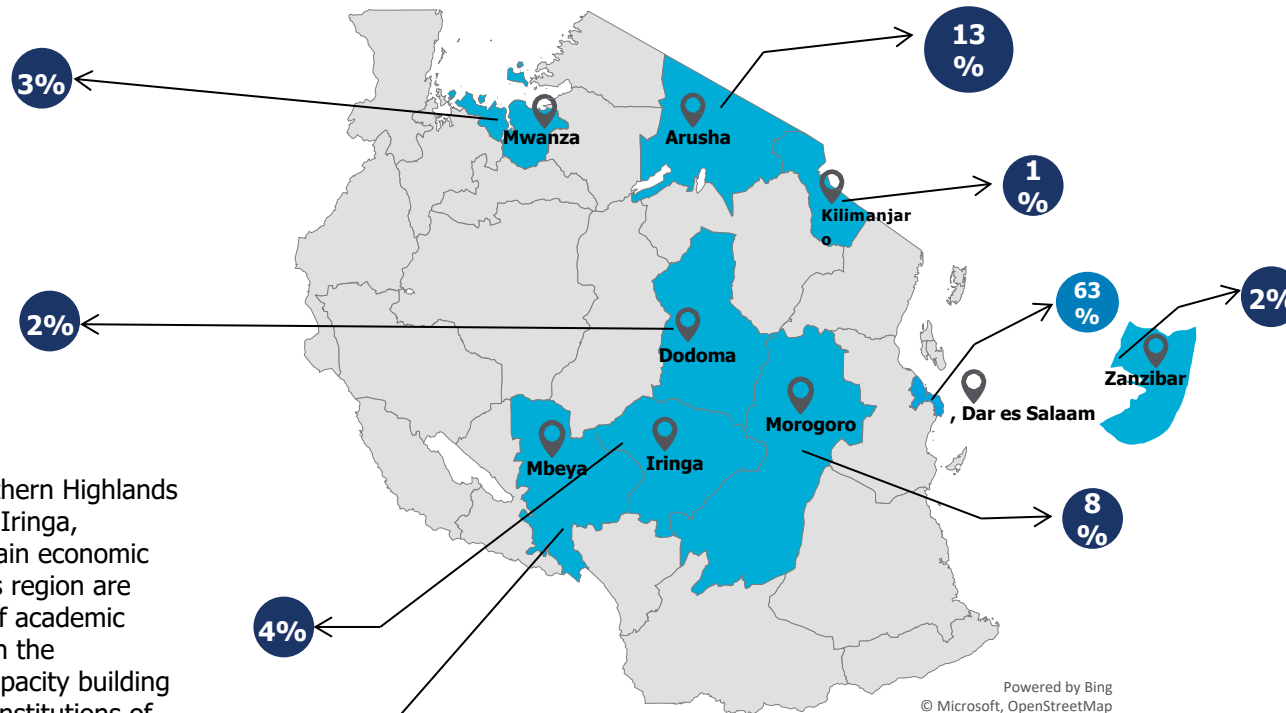
- There are 8 BDS providers in the ESO ecosystem, with a greater focus on specialised BDS providers.
- The prevalence of general BDS, financial advisory, and mentorship services across all BDS providers suggests a focus on foundational business skills and growth strategies.
- According to the responses from the surveys and KIIs, the provision of BDS is not restricted to those in this category as other ESOs such as accelerators, innovation hubs and venture capital financiers also provide BDS services. E.g. SIDO Business and Technology incubator programmes provide access to financial services, marketing facilitation and product development which is a suite of BDS.¹

- There are 8 co-working spaces in the ESO ecosystem, equally split between general and startup focused co-working spaces. The services provided by these spaces include offices, meeting rooms, event spaces, as well as other amenities.
- Co-working spaces contribute to the startup support by providing affordable workspaces, opportunities to network and engage with other founders and access to resources that cultivate growth and collaboration for startups in all stages of the venture lifecycle.
- An example is SNDBX Spaces, which provides co-working spaces and a learning lab.

ESOs geographical distribution

The concentration of ESOs was found to be highest in Dar es Salaam, followed by Arusha, Morogoro, Iringa, Mbeya, Mwanza, Dodoma, Zanzibar and Kilimanjaro

- Mwanza is a leader within the Lake zone for the innovation ecosystem. Like Dar es Salaam, Mwanza is rich in talent and opportunities that attracts both startups and ESOs to establish themselves in the region.



- The presence of ESOs in the Southern Highlands and neighboring regions (Mbeya, Iringa, Morogoro) is influenced by the main economic activity – Agriculture. ESOs in this region are also influenced by the presence of academic institutions that actively engage in the agriculture research space and capacity building for startup founders. Among the institutions of higher learning are the University of Iringa, Sokoine University of Agriculture (SUA) and Mbeya University of Science and Technology (MUST).

- The ESO ecosystem in Zanzibar is gradually growing, with the Zanzibar Startup Association (ZSA) leading efforts to strengthen and coordinate ecosystem development. In 2024, a formal partnership was established between mainland Tanzania and Zanzibar through a Memorandum of Understanding (MoU) between ZSA and national ecosystem actors, marking a significant step toward greater integration. ZSA collaborates with key ESOs such as The Cube and the State University of Zanzibar Hub to support local startups.

- Dar es Salaam has the highest number of ESOs at **63%**. The incredibly high number compared to other regions is due to, among others:

- Availability of talent to establish and run the ESOs
- Access to support infrastructure
- The level of awareness of business founders regarding support organisations is higher in Dar es Salaam.
- Availability of startups, the key beneficiaries of the support

- Arusha has risen to be the second powerhouse after Dar es Salaam for ESOs, with the establishment of effective ESOs such as Westerwelle Startup Haus and Anza Entrepreneurs, as well as academia such as the Nelson Mandela African Institute of Science and Technology and MS Training Centre for Development Cooperation (MS TCDC).
- Kilimanjaro is still emerging. While the region benefits from national-level entrepreneurship efforts, localised support remains limited and fragmented.

Services provided by ESOs

ESOs were found to offer startups a variety of support services, ranging from business development assistance and mentorship to funding and market access. They also provide training, capacity building, and networking opportunities

Type of service provided	Type of ESO					
	<i>Incubator</i>	<i>Accelerator</i>	<i>Innovation Hubs</i>	<i>Interest Groups and Associations</i>	<i>BDS Providers</i>	<i>Co-working Spaces</i>
Access to funding opportunities		✓	✓		✓	
Access to workspace	✓	✓	✓			✓
Advocacy and policy influence				✓		
Business development support	✓	✓	✓		✓	
Legal and regulatory support				✓	✓	
Market access support	✓	✓	✓		✓	
Mentorship and coaching	✓	✓	✓		✓	
Networking opportunities	✓	✓	✓	✓	✓	✓
Technical support and Research and Development (R&D)	✓	✓	✓			
Training and workshops	✓	✓	✓	✓	✓	

Analysis of the services provided by ESOs

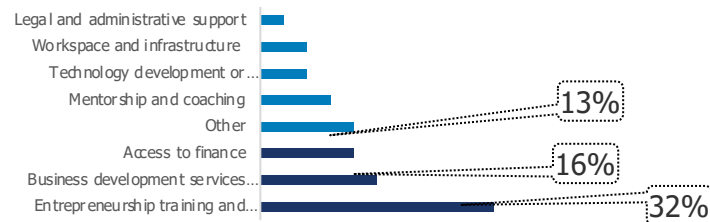
ESOs focus on early-stage startups, primarily offering training, business development services, and some funding, while later-stage support is limited

Key Takeaways:

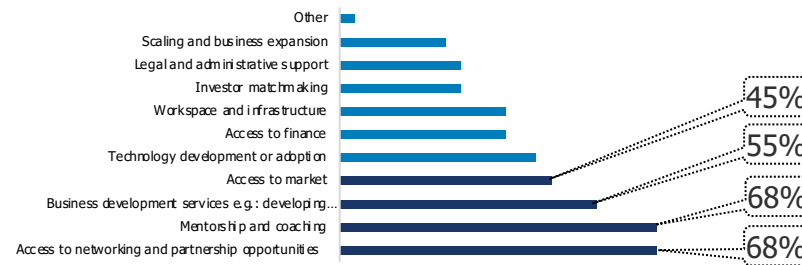
- ✓ ESOs services in Tanzania are heavily skewed towards entrepreneurship training and business development services, while crucial practical support like access to finance, market access, and investor connections are less available as primary offerings.
- ✓ While networking and mentorship are offered as secondary services, they still do not fully address the need for market access and scaling support. The quality of these services are often limited.
- ✓ ESOs overwhelmingly focus on early-stage and pre-seed startups, leaving a noticeable gap in support for ventures at the growth and later stages. Although growth-stage startups receive some support, this is only provided by a limited number of ESOs, and often lacks the depth and experience required. There is a major gap in helping successful startups achieve significant growth and eventual exit strategies.

Primary support provided to startups

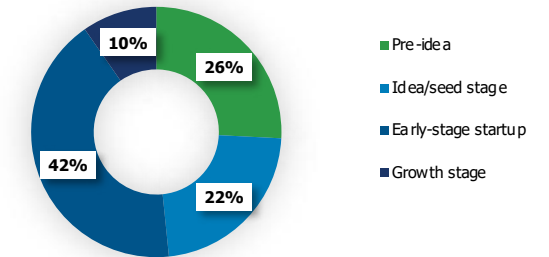
Primary support provided to startups



Additional/ secondary support provided to startups



Primary target venture stage



- Entrepreneurship training and workshops are the most common primary support provided by ESOs (32%), followed by business development services (16%) and access to finance (13%).
- Notably, access to market, networking/partnership opportunities, investor matchmaking, and scaling/expansion are not primary service offerings.

- Access to networking/partnership opportunities and mentorship/coaching are the leading secondary support services (68% each), followed by business development services (55%) and access to market (45%).

- Early-stage startups are the primary target for the majority of ESOs (42%), followed by the pre-idea stage (26%).
- ESO support significantly decreases as startups progress.

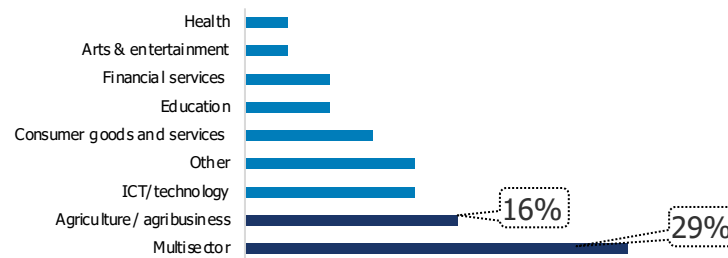
Analysis of the industry focus of ESOs

The majority of ESOs provide generalised support across all sectors. There is a move towards more industry focus in recent years, particularly in agriculture and tech-enabled sectors

Key Takeaways:

- ✓ A significant number of ESOs employ a generalised, "all sectors" approach to startup support.
- ✓ Agriculture/agribusiness and ICT/technology sectors receive increasing attention from ESOs. This concentration of support suggests that these two sectors are particularly prominent and active within the Tanzanian startup ecosystem.
- ✓ The emergence of other categories, encompassing areas such as Agritech, Edutech, and Greentech, highlights the growing trend of technology integration within traditionally non-tech sectors. Innovation in Tanzania is increasingly driven by the application of technology to solve challenges and create new opportunities in established industries.

Primary Industry focus



Secondary Industry focus



- The survey reveals most ESOs take a multisector/ focus at 29%, followed by the Agriculture/agribusiness category at 16%.

- Survey respondents noted financial services as a key secondary industry of focus at 16%.

ESO enablers

The study also identified five main types of ESO enablers in the ecosystem, including Development Partners, Funding Bodies, Policy Makers, Corporates and Academia



DEVELOPMENT PARTNERS

Development partners provide technical and financial support to startups and ESOs to achieve broader development goals. They often have foundations and fund specific programmes and projects to catalyse startups to thrive and scale.



FUNDING BODIES

Funding bodies play a critical role in enabling startups to grow and scale by providing the necessary financial resources to support their operations, expansion, and innovation. They include venture capital firms, angel investors and banks. Funding bodies often partner with ESOs to support startups.



POLICYMAKERS / REGULATORY BODIES

Policy makers and regulatory bodies are responsible for developing and implementing policies related to entrepreneurship. Their decisions can influence the ease of starting and running a business, the level of competition and the overall health of the startup ecosystem.



CORPORATES

Corporates recognise that fostering startups can benefit their CSR efforts, talent acquisition and long-term growth. They often partner with and sponsor ESOs to deliver programmes, provide mentorship, resources and access to their facilities and networks.



ACADEMIA

Academic institutions serve as a breeding ground for innovation and entrepreneurial talent. Universities now house innovation hubs designed to support startups through resources, mentorship, and a collaborative environment.



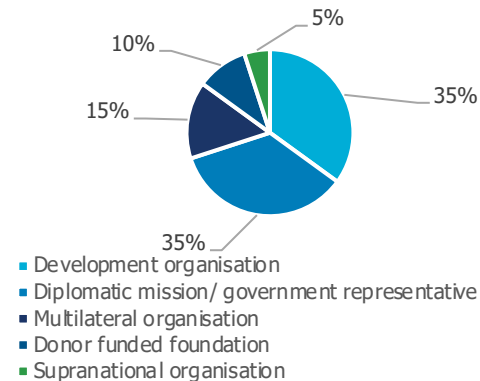
Enabler organisation types (1/2)

Development Partners are key enablers of the startup ecosystem and the dominant funders for most ESOs

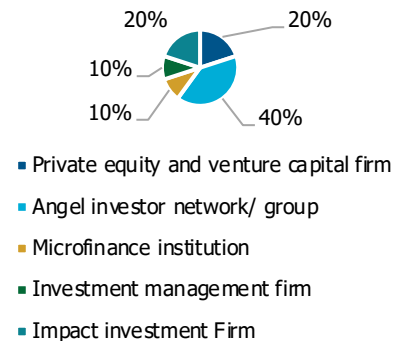
Key Takeaways:

- ✓ Development partners are key external drivers of the startup ecosystem. They primarily fund ESOs that align with their social or environmental goals or directly invest in startups, indicating a significant reliance on impact-driven funding.
- ✓ VC firms and angel investor networks are also providing some funding, however due to limited investment readiness, grant funding from development partners remains to be the dominant form of funding.
- ✓ The Government increasingly recognises the value of startups, actively working to create a more supportive and structured environment for new businesses. Initiatives like the Tanzania Investment Centre's (TIC) involvement in establishing a startup desk demonstrate this progress.

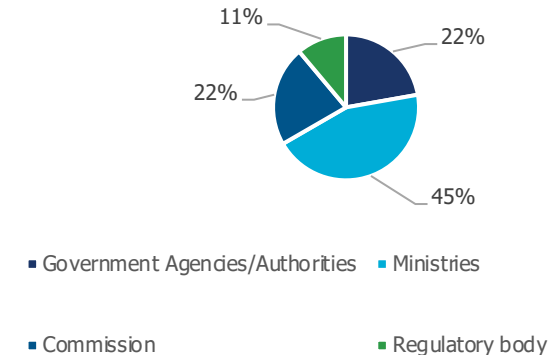
Development partners



Funding bodies



Policymakers/ regulatory bodies



- The study identified 20 development partners in Tanzania that are instrumental as enablers in the innovation ecosystem.
- The most common type of development partners are development organisations and diplomatic mission/ government representatives (embassies) at 35% respectively and multilateral organisations at 15%.
- Most development partners support startup activity in entrepreneurial ecosystems; Tanzanian ESOs are heavily funded by development partners that align to their social and environment goals. They also fund the startups directly through accelerator programs and competitions.

- The study only identified 9 funding bodies active in the Tanzanian innovation ecosystem, including private equity investment firms, angel investor networks, microfinance institutions, impact investment firms as well as investment management firms.

- The study identified 9 policymakers/ regulatory bodies that are instrumental as enablers in the ecosystem, including COSTECH, the ICT Commission, the Ministry of Communications and IT, and the President's Office – Planning and Investment, among others.
- Over the past decade, COSTECH has played a leading role as an enabler from the government. More recently, the Ministry of Communications and IT and ICT Commission have also stepped up involvement.
- The government is recognising the importance of startups and the need to invest in a startup policy, creating financial incentives to enable them to grow. For example, the TIC has been involved in initiatives to establish a startup desk.

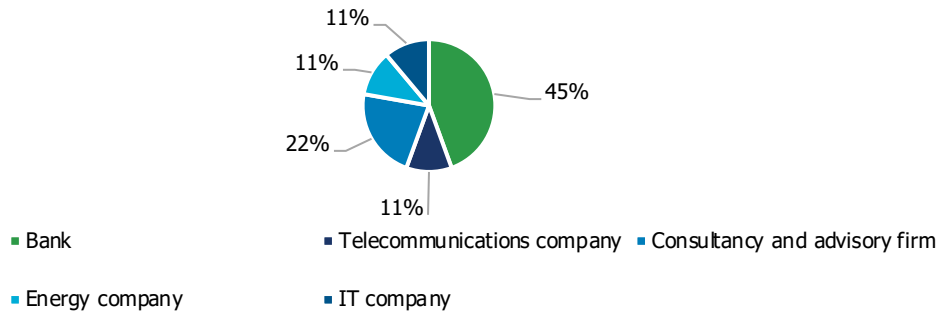
Enabler organisation types (2/2)

Universities and Corporates have also played a key role in the ESO landscape, including through establishment of innovation hubs and incubators

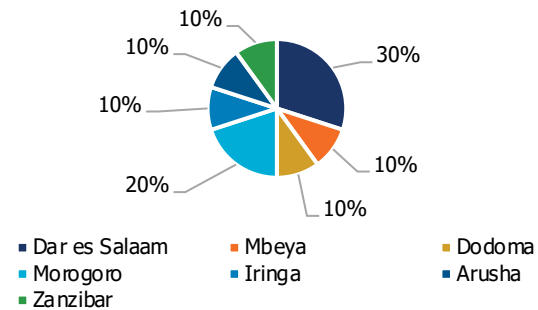
Key Takeaways:

- ✓ University hubs promote entrepreneurship through research-driven development, incubation, and talent development. They create innovation spaces, build corporate partnerships, and assist startups in refining their MVPs.
- ✓ Corporate engagement in the startup ecosystem which is largely concentrated in banking and telecommunications, encompasses both strategic business alignment and corporate social responsibility.
- ✓ Corporations actively participate by integrating startups into their supply chains, offering capacity-building workshops, facilitating access to capital through micro-lending initiatives, and promoting digital literacy programmes.

Corporates



Academic institutions



- The study identified 9 corporations that are active in the innovation ecosystem.
- The largest percentage of corporate involvement comes from banks at 45%, with consultancy and advisory firms at 22%.
- Corporates are involved through CSR Initiatives, partnerships with ESOs or sponsorship of events. Some Corporates have taken a step further and established foundations and programs focused on the innovation ecosystem.
- Through its Stanbic Biashara Incubator for example, Stanbic Bank provides startups with training, capacity building, investment readiness preparation, and access to funding. CRDB Bank has also established the IMBEJU program through the CRDB Foundation, which partners with ESOs to support startups.
- 10 universities in Tanzania are reported to have an innovation hub in the ecosystem.
- The largest concentration of these academic institutions is in Dar es Salaam at 30%, followed by Morogoro at 20%.
- Academic institutions like the University of Dar es Salaam (UDSM) and Muhimbili University of Health and Allied Sciences (MUHAS) contribute to the ecosystem through research, innovation, incubation and talent development.
- A notable example of a partnership between corporates and academia is the Financial Technology Hub (FINHUB), a collaboration between CRDB and UDSM, which promotes financial innovation and tech startup in projects, by providing them with product development support to help them scale.
- Student startups engaging with university-based ESOs may face challenges in navigating Intellectual Property (IP) protection for their innovations. When clear guidance and accessible resources are less apparent, this can present a hurdle to leveraging and trusting these university-based innovation environments.

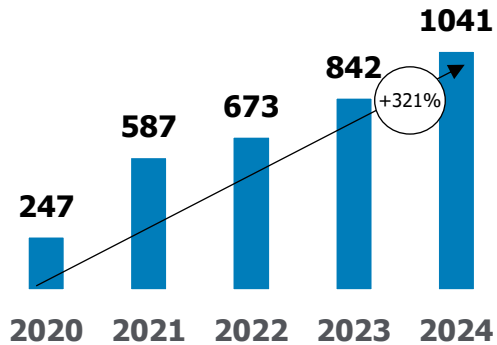
Startup capacity needs



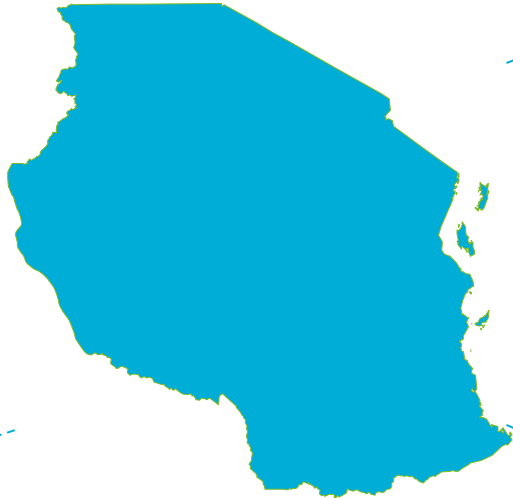
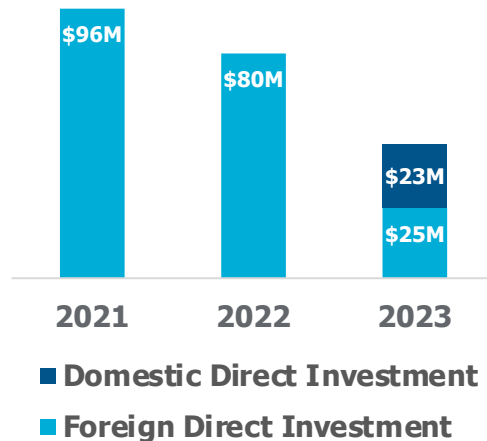
Snapshot of the startup ecosystem in Tanzania

Tanzania's startup ecosystem is experiencing positive momentum, with rising global rankings and startup growth

Number of known startups ³



Funds raised by startups ¹



Powered by Bing
© Microsoft, OpenStreetMap



In 2024, Tanzania ranked **6 out of 17** in East Africa and **490 in 1500 startup ecosystems** globally in the Global Startup Ecosystem Index and was described as a seed ecosystem with positive momentum. The rank advanced by **36.49%** from 2023 and Tanzania is expected to grow stronger as a startup ecosystem in 2025.¹



According to the World Intellectual Property Organisation (WIPO, 2024), Tanzania ranked **118th** out of 133 in innovation outputs.² African countries that lead in innovation outputs include South Africa (61st), Tunisia (64th), Egypt (80th), Kenya (87th), Nigeria (98th) and Ethiopia (112th).



According to the Tanzania Startup Ecosystem status report, Tanzania's startups grew by 321% in 2024 reaching a total of **1041**.³



According to the Tanzania Startup Ecosystem status report, Dar es Salaam has the **highest** concentration of startups, followed by Morogoro, Arusha and Mbeya.³



According to Africa: The Big Deal report, 2024, the total funding raised by startups in Tanzania in 2024 amounted to **\$53M**⁴ with Nala Money securing most of this funding. Kenya emerged as the leader on the continent with **\$638M**, followed by Nigeria at \$410M, Egypt at \$400M, and South Africa at \$394M.

Source(s): [1] Global Startup Ecosystem Index, 2024, [2] World Intellectual Property Organisation, 2024, [3] Tanzania Startup Ecosystem status report, 2024, [4] Africa: The Big Deal report, 2024

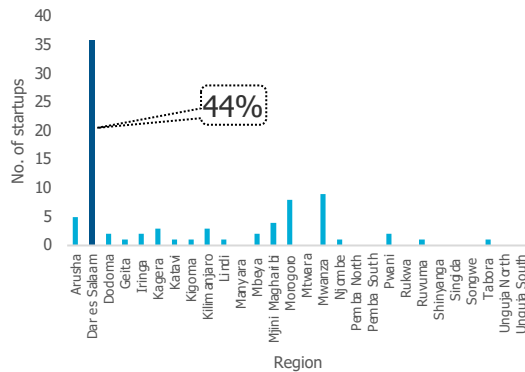
Startup Survey Overview

Of the startups surveyed for this study, the highest concentration was found to be in Dar es Salaam. Most are young, private limited companies, primarily in the growth stage, and focused on agriculture, ICT, and Manufacturing

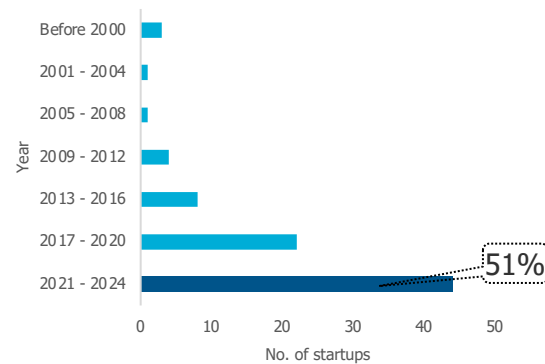
Key Takeaways:

- ✓ The highest concentration of startups surveyed were found to be in Dar es Salaam
- ✓ More than half of the startups were established in the past 4 years, most of them registered as private limited companies
- ✓ Many startups surveyed are at the growth stage, followed by the MVP, maturity, expansion/exit, and seed stages respectively.
- ✓ Most of the startups are in the agriculture/ agribusiness industry, followed by ICT/ technology and manufacturing

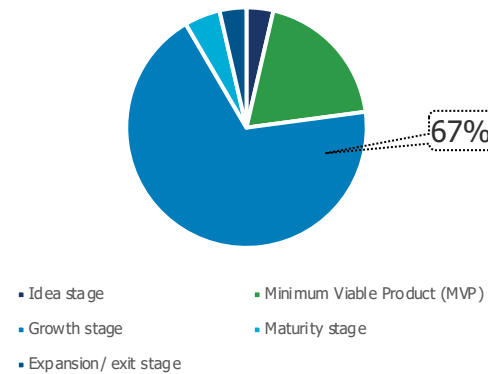
Location of startups



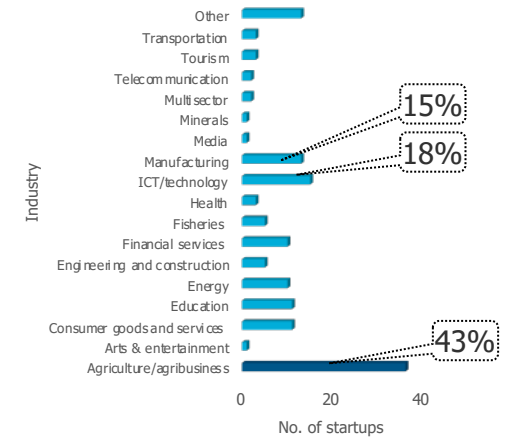
Year of establishment of startups



Current stage of startups



Industry focus



- 44% of the startups surveyed were found to be in Dar es Salaam, followed by Mwanza, Morogoro, Arusha and Mjini Magharibi.

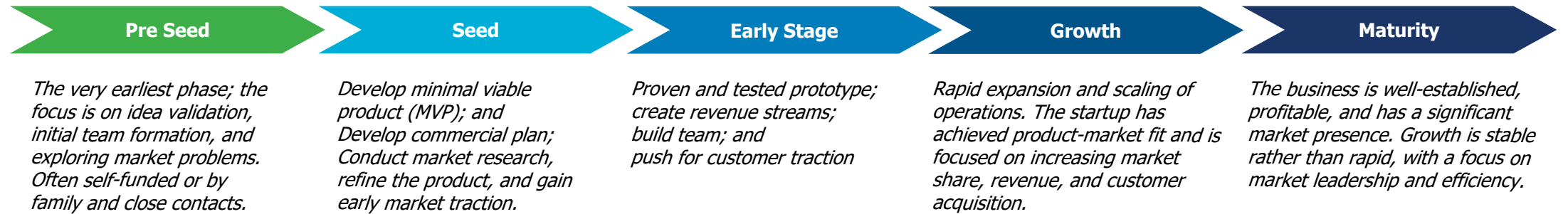
- 51% of the startups surveyed were established in the last four years.
- 93% of the startups were registered with only 7% not registered.
- 77% of the startups were registered as private limited companies, followed by 11% as sole proprietorships, partnerships and cooperatives.

- 67% of startups were found to be at the growth stage, followed by 22% at the MVP stage, 5% at the maturity stage and 3% at the expansion/ exit stage and seed stage respectively.

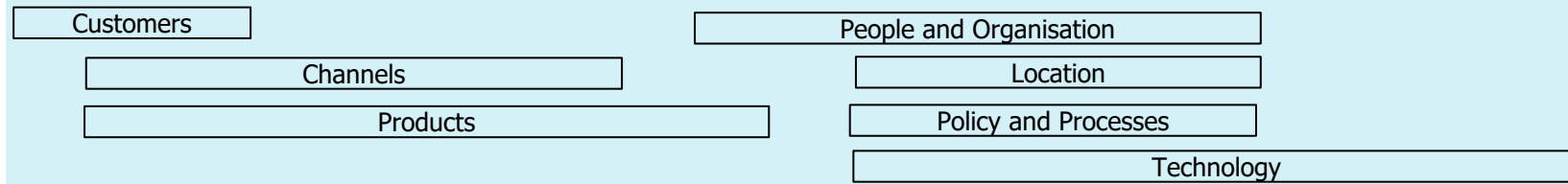
- 43% of startups were concentrated in agriculture/ agribusiness, 18% in ICT/ technology and 15% in manufacturing.

Startup capacity needs across the venture lifecycle (1/3)

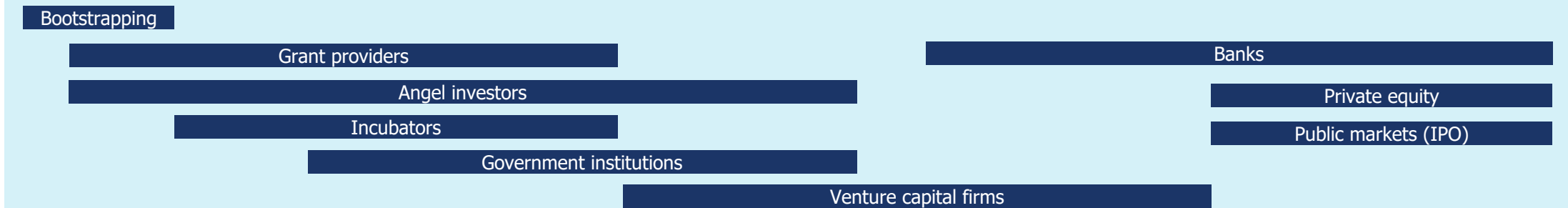
The study assessed the needs of startups in Tanzania across the venture lifecycle



Key Components to be Established



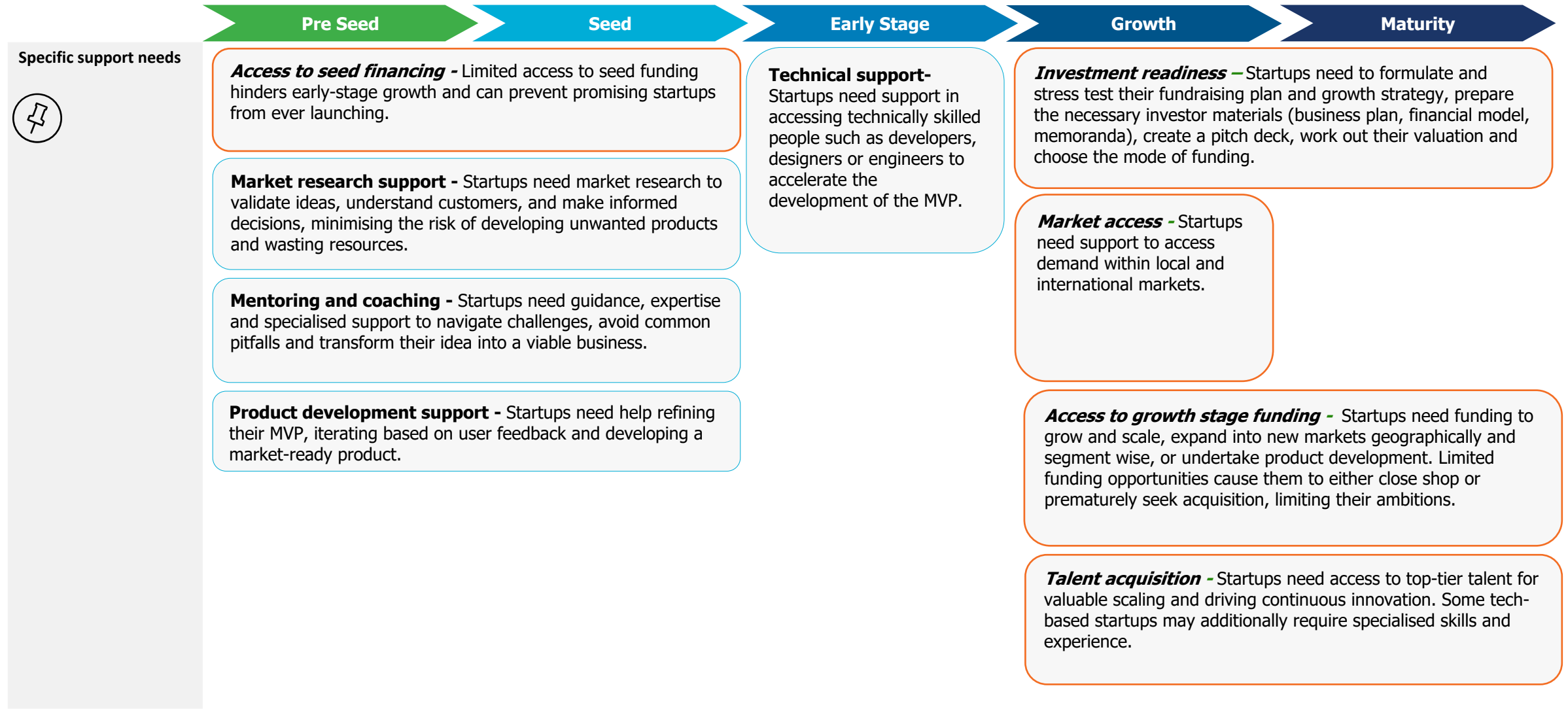
Typical Types of Funding



Startup capacity needs across the venture lifecycle (2/3)

Most gaps in support were found to align to growth stage needs for startups

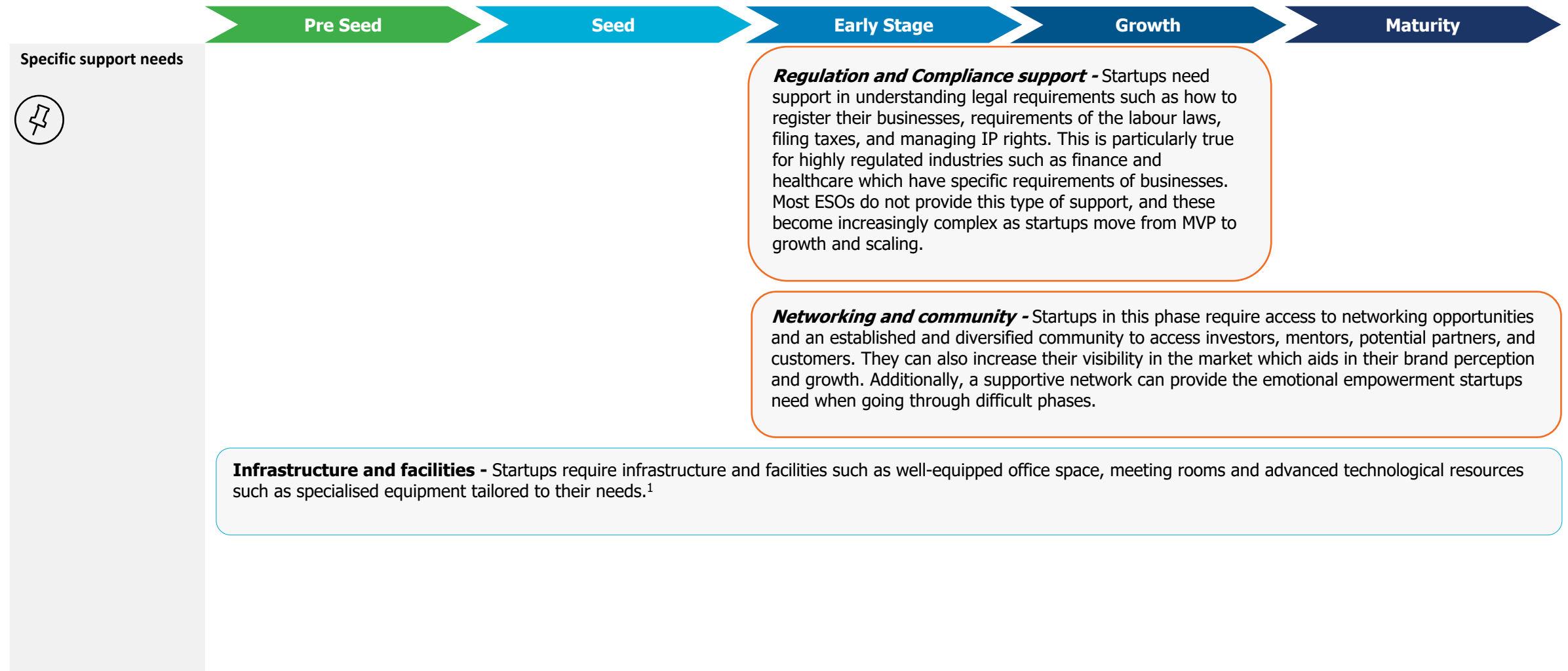
Key
 □ ESO service provision gap from Deloitte analysis (Interviews, FGDs and survey results)



Startup capacity needs across the venture lifecycle (3/3)







Most gaps in support were found to align to growth stage needs for startups

Key
□ ESO service provision gap from Deloitte analysis (Interviews, FGDs and survey results)



Startup needs and industry focus by high-density locations

Most of the surveyed startups fell in the growth-stage, with a predominant industry focus of agriculture, a national priority. Many face significant scaling challenges with access to finance as a primary support need

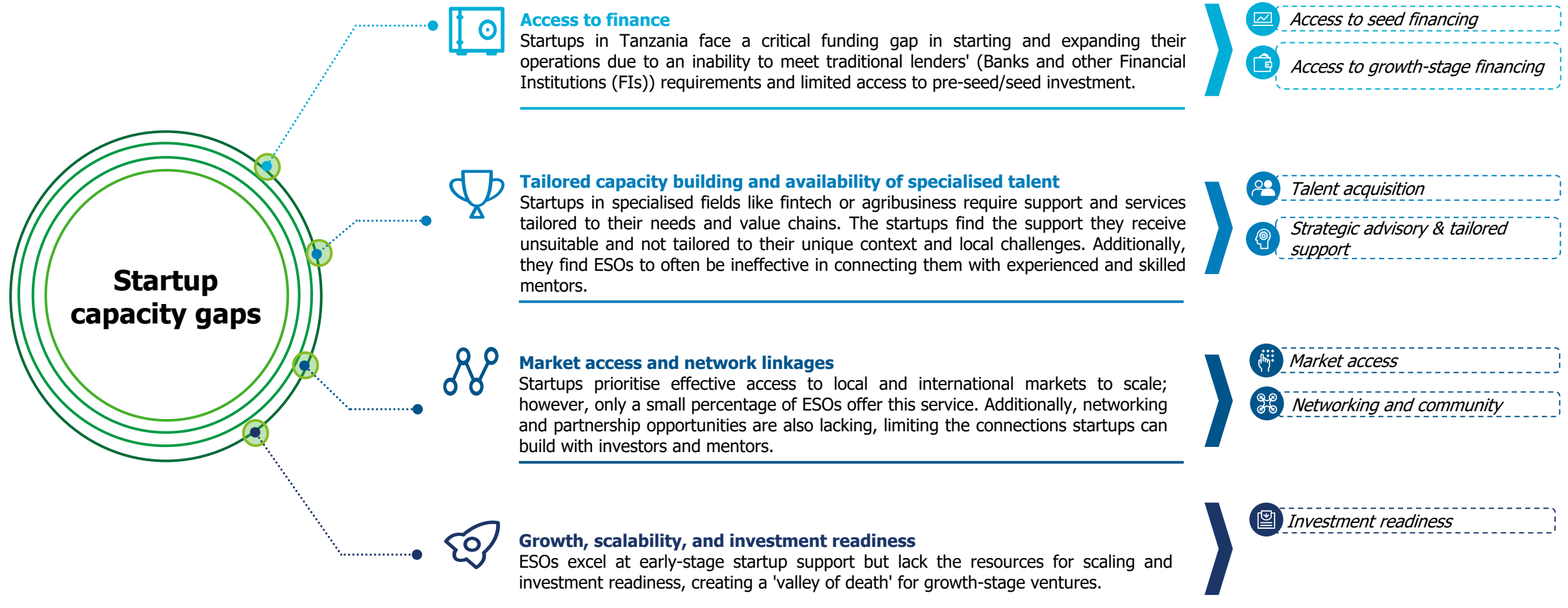
Startup Stage & Industry focus				
Location		Venture Lifecycle Stage	Industry focus	Priority area of support required
Dar es Salaam	▶	67% Growth stage	 Agriculture	Access to finance
Morogoro	▶	63% Growth stage	 Agriculture	Access to finance
Arusha	▶	57% Growth stage	 Agriculture	Access to finance and Scaling
Mwanza	▶	100% Growth stage	   Agriculture, Education and Energy	Access to finance, Investor matchmaking, Scaling, Networking, and Workspace

- 32% of all surveyed startups reported scaling and business expansion as the support they feel is lacking from ESOs, pointing to an increasing need for this type of service from ESOs.
- Of the startups that responded to the survey, it was noted that in all high-density locations, the predominant industry focus was agriculture, indicating a concerted effort by startups to address challenges and capitalise on opportunities within the agricultural sector. This concentration is also reflective of Government initiatives and development partner goals to bolster the agricultural sector.
- The priority area of support required was noted to be access to finance across all startups.



Startup support needs summary

Gaps in startup support needs were found to fall into four broad categories, including access to finance, infrastructure, ability to engage and retain skilled human resources, and market and network linkages



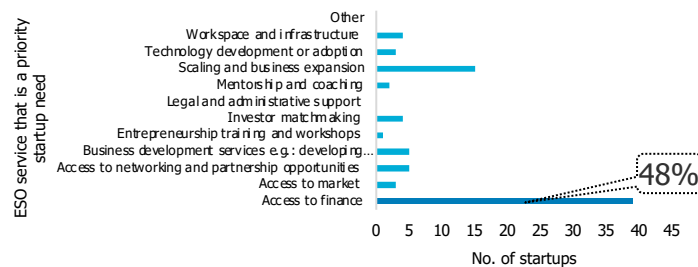
Access to finance

Tanzanian startups face persistent funding challenges, from scarce seed funding to limited venture capital activity, thus limiting their efforts to scale and grow

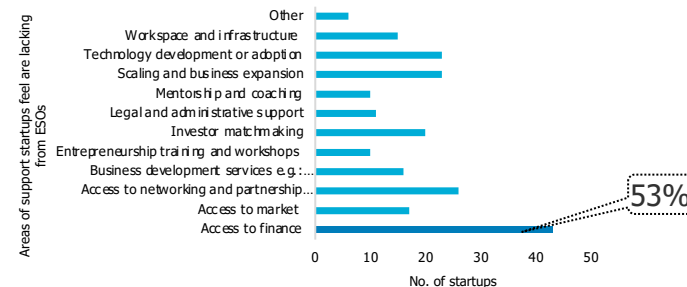
Key Takeaways:

- ✓ Tanzania faces a venture capital paradox. Systemic challenges such as an underdeveloped financial ecosystem, weak infrastructure, and unsupportive regulations limit investor confidence. This forces local funders to focus on revenue-generating, post-seed stage startups, while development partners prioritise social impact over the commercial viability startups need to attract such investment.
- ✓ There are only limited angel investors and grant sources in the market for early-stage startups. Further, traditional financial institutions typically require extensive collateral and credit histories, which many lack, making it difficult for even the growth stage startups to qualify for debt financing.
- ✓ Access to finance is the top priority for startups, yet ESOs provide the least support in this area, leaving many to rely mainly on bootstrapping and available grants from development partners

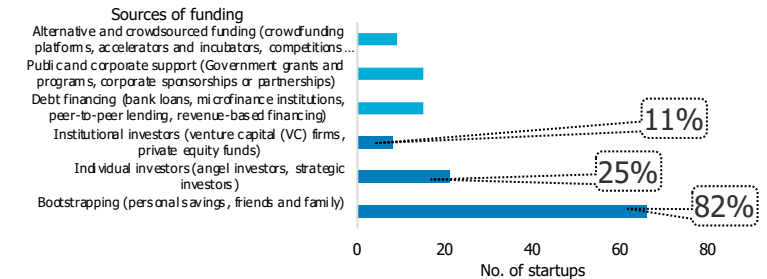
ESO service that is a priority need for startups



Areas of support startups feel are lacking from ESOs



Source of funding for startups



- The startup survey revealed that access to finance is the highest priority service required from ESOs, representing 48% of responses.
- African startups raised \$2.2b in funding in 2024, which is a 25% Year-On-Year (Y-O-Y) drop from previous years with Tanzania at \$53m which represents 2.4% of the total startup funding across Africa.¹
- 53% of respondents to the startup survey revealed that access to finance is the area of support by ESOs that is most lacking.
- Many startups rely on grants from development partners at 52.38%, while pre-seed and seed funding collectively only accounts for 23.81% of the funding.²
- Because of limited funding in the ecosystem, ESOs compete with startups for donor funding, diminishing the pool of funding available.
- 82% of startups surveyed listed bootstrapping as their primary source of funding, with individual investors as their secondary source of funding (25%), including angel and strategic investors
- Only 11% of surveyed startups receive funding from institutional investors such as VC firms and private equity funds
- Development partners and VCs use significantly varying investment criteria. VCs prioritise commercial viability and financial feasibility, while development partners focus more on societal impact, sometimes supporting ventures that may not be financially sustainable in the long run.

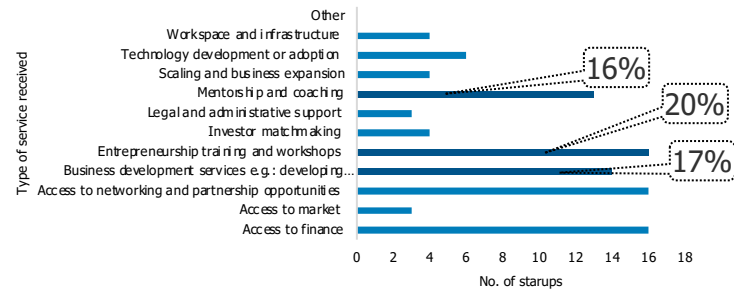
Tailored capacity building and access to specialised talent

Tanzanian startups need specialised support, but ESOs often lack the sector-specific expertise and practical experience to provide it

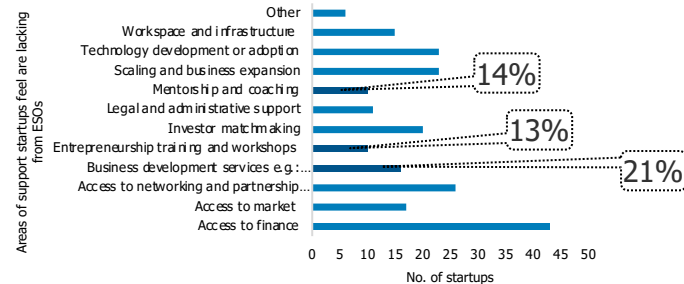
Key Takeaways:

- ✓ Capacity-building efforts often fall short, and the services provided by ESOs frequently fail to meet startups' specific needs. Additionally, they find the services offered by ESOs expensive, while they do not perceive significant value in these services.
- ✓ Startups require mentors with proven experience in scaling businesses, but many ESOs lack this expertise, limiting the practical value of their guidance.
- ✓ Startups prefer specialised, locally relevant support over generic programmes. Through engagement with startups and ESOs, the study learned that ESOs prioritise revenue-generating activities such as hosting office space for events and conferences as opposed to focusing on core services like mentorship and coaching.

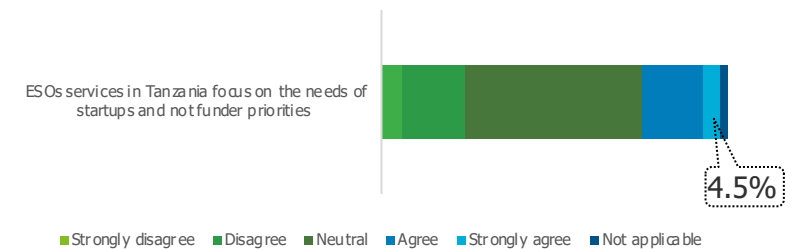
Type of service or support received from ESO



Areas of support startups feel are lacking from ESOs



Alignment of ESO Support to Startup Needs



- 53% of the surveyed startups received some form of capacity-building support from the ESOs through business development services, entrepreneurship training & workshops, and mentorship & coaching.
- Startups need access to ESOs with proven experience in building and scaling businesses. Through FGDs with startups, it was noted that many ESOs in Tanzania lack professionals with firsthand entrepreneurial experience, which limits their ability to offer practical, experience-based guidance.

- 48% of the surveyed startups feel that the capacity-building support received by ESOs is lacking and inadequate.

- Only 4.5% of surveyed startups strongly agree that the services provided by ESOs are relevant to their current needs.
- Startups prefer ESOs that offer tailored products and services specific to their local requirements.¹
- 55.2% of surveyed startups strongly agree that ESOs need to improve their service delivery to better support startups and ensure effectiveness.

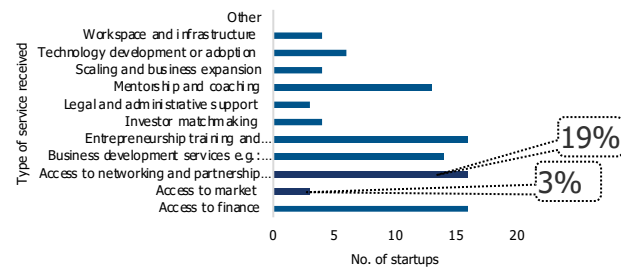
Market access and network linkages

Tanzanian startups require access to broader markets and robust networking opportunities to achieve sustainable growth

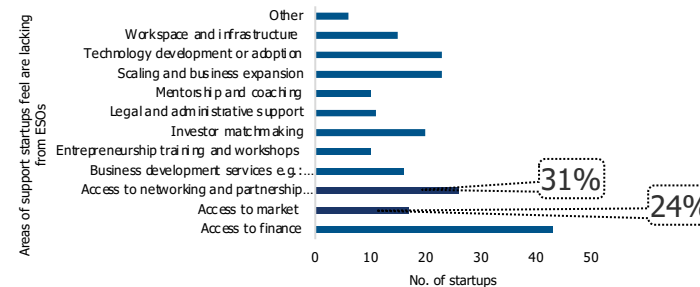
Key Takeaways:

- ✓ Networking opportunities and ecosystem contacts are highly valued by startups because they allow for connection with industry leaders, and like-minded professionals and even attract potential customers for their business. Unfortunately, ESOs do not effectively provide this service to startups limiting their ability to attract investors, build partnerships, and generate sales.
- ✓ Market access is necessary for startups to sell their product or services and effectively reach their target market. It also helps to find new opportunities to innovate and expand their service offerings and revenue streams; startups have cited market access as one of their top priorities however only a small number of startups have received this service from ESOs, and those who have often found it inadequate.

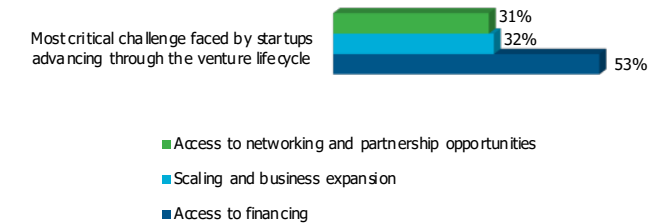
Type of service or support received from ESO



Areas of support startups feel are lacking from ESOs



Top three most critical challenges faced by startups



- The startup survey indicated that only 3% of the startups reported to have received market access services from ESOs.
- 19% of startups reported access to markets as their second top priority, following access to finance as the first.
- Startups need access to local and international markets to grow and scale their businesses effectively. Market access interventions increase startup revenues, profits, and product quality in various industries and countries.¹

- 31% of surveyed startups felt that ESOs lack the ability to provide access to networking and partnership opportunities. This is the third most common area of support startups feel is lacking
- 40.9% of startups stated that ecosystem contacts would be the most useful form of non-financial support.²
- 24% of surveyed startups believe that ESOs cannot provide them with market access.

- Access to networking and partnership opportunities was identified as a major challenge by 31% of startup survey participants, ranking it among the top three concerns.
- The prominence of networking and partnerships as a challenge suggests that startups may struggle to connect with potential investors and mentors—key relationships that can accelerate growth and innovation. Similarly, limited access to markets constitutes barriers in scaling operations, reaching customers, or navigating international trade.

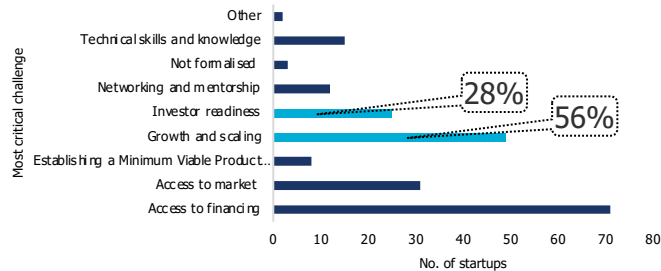
Growth, scalability and investment readiness

Startups face a critical gap in support for scaling and investor readiness. ESOs primarily focus on seed and early-stage ventures, leaving a gap for growth-stage and post-revenue startups seeking assistance

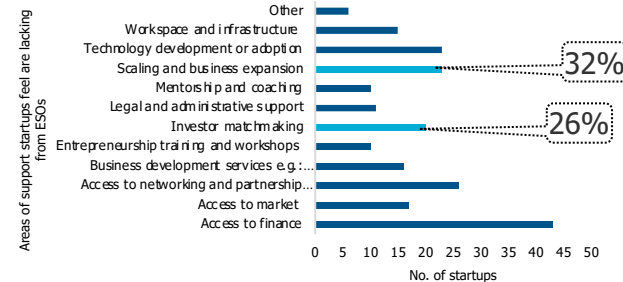
Key Takeaways:

- ✓ Data strongly suggests a "valley of death" phenomenon. While ESOs are effective at supporting seed and early-stage development, they fail to adequately equip startups for the complex challenges of scaling and securing investment.
- ✓ The decline in ESO support for later-stage startups indicates a disconnect between ESO service models and the evolving needs of ventures in an ecosystem that is growing in maturity. ESOs appear to be structured for early-stage incubation, not for the more sophisticated demands of growth and exit. This may be an indication of a maturing startup ecosystem that calls for a coinciding evolution of ESOs.

Most critical challenge startups face



Areas of support startups feel are lacking from ESOs



- 56% of surveyed startups reported scaling and business expansion as their most critical challenge, while 28% identified investor readiness.
- The fact that investment readiness remains one of the top desired skill requirement for founders, confirms the underlying struggle for startups to effectively prepare for investment and scale.¹

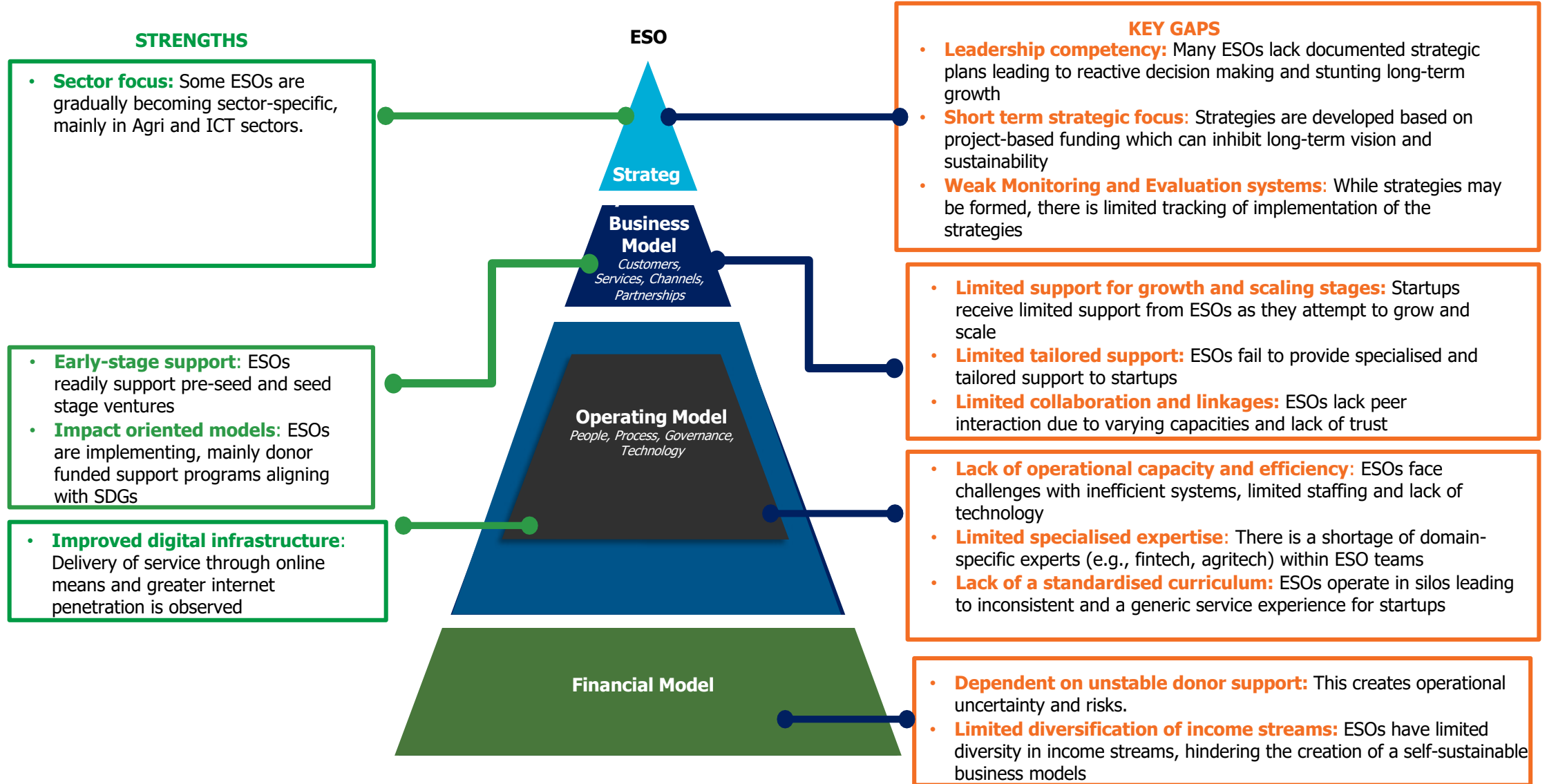
- 32% of startups surveyed cited a lack of assistance with scaling and business expansion, and 26% pointed to inadequate investor matchmaking.
- Qualitative data gathered through KIIs and FGDs suggests that ESOs provide diminishing support as startups transition through the venture lifecycle, with a limited assistance for post-revenue stages.

ESO capacity gaps



ESO capacity gaps

When assessed through the lens of the business continuum, ESOs in Tanzania demonstrate both strengths and gaps across strategy, business model, operating model and financial model



Summary of ESO capacity gaps

The study found that the ESOs capacity gaps in Tanzania fall into six broad categories including financial sustainability, skills and experience, tailored support, collaboration and partnerships, operational efficiency and leadership challenges

Long-term Financial Sustainability

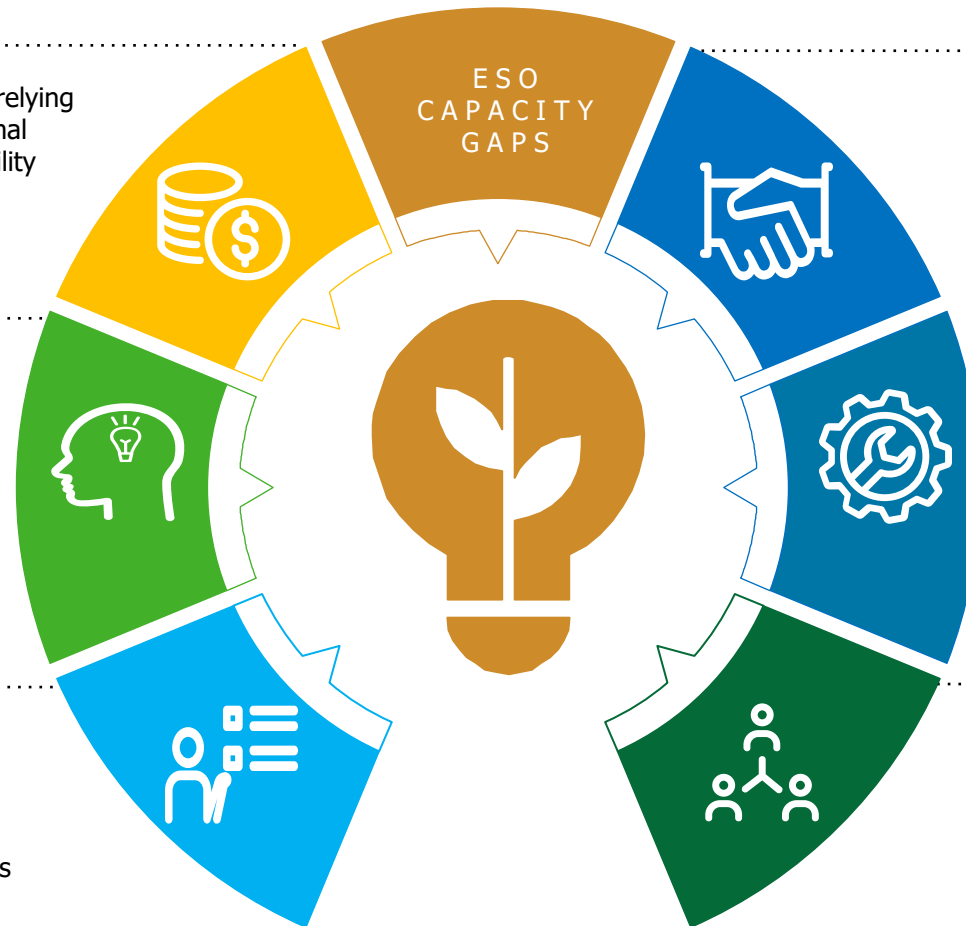
ESOs struggle with a lack of sustainable funding, relying on unstable donor support while generating minimal income from service fees. This financial sustainability challenge speaks directly to a lack of diversified, sustainable revenue models.

Skills, experience and exposure within ESOs

ESOs struggle with inadequate human resources facing difficulties attracting, retaining, and developing qualified talent. Often ESOs lack practical entrepreneurial experience, with trainers having generic rather than specific industry expertise.

Tailored support for startups

ESOs are struggling in some cases to provide tailored support to startups. This stems from a combination of factors, including capability gaps, competing donor priorities and measures that are often misaligned with the unique needs of startups and the contextual realities of the local entrepreneurial landscape.



Collaboration partnerships and synergy

ESOs rarely collaborate with each other, despite partnering more often with other stakeholders. Additionally, there is also limited collaboration with industry in service delivery to startups. This lack of peer interaction stems from missing collaboration structures, and a lack of trust that prevents them from leveraging synergies to more effectively support startups.

Operational capacity and efficiency

ESOs are hampered by inefficient administrative and financial systems, often due to inadequate software, weak internal controls, nascent governance structures and skills gaps. This results in challenges around financial management, budget overruns, and difficulties controlling costs. Additionally, most ESOs do not have a robust M&E framework and KPIs aligned to their core mission.

Leadership strategic focus

Many ESOs, even those with strong mission and culture, often lack documented strategic plans, and have reactive decision making limiting long-term growth. Leadership capacity can be a challenge, as well as capacity to drive results through effective monitoring and evaluation. This can ultimately lead to ineffective use of resources and a lack of alignment between ESO offerings and the needs of startups.



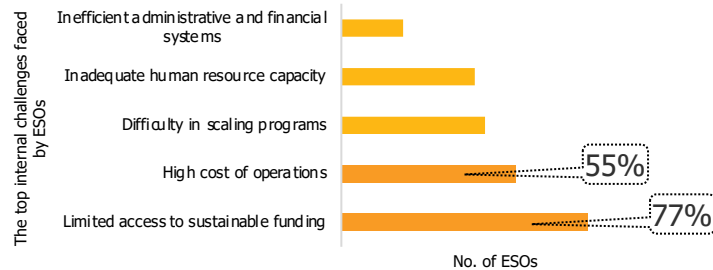
Long-term financial sustainability

ESOs have limited funding diversification, resulting in an unsustainable dependency on donor funds

Key Takeaways:

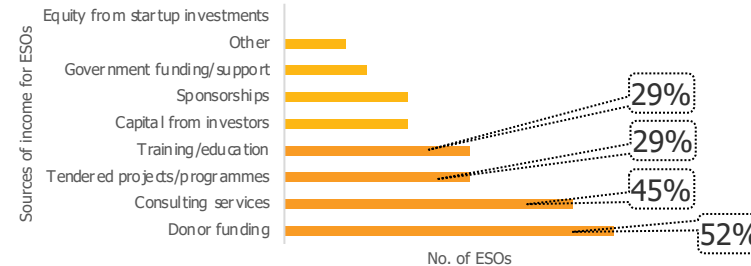
- ✓ Limited access to sustainable financing constitutes the foremost internal challenge for ESOs, directly impacting their capacity to deliver consistent startup support. Elevated operational expenditures further compound this financial precarity.
- ✓ ESOs exhibit a strong reliance on donor funding, which while beneficial as the primary revenue stream, is inherently unstable. The limited diversification of funding streams is a primary challenge, often stemming from their nascent operational stage, a lack of investment readiness, and insufficient leadership and strategic focus.
- ✓ Income generated from service fees remains minimal, indicating a struggle to establish self-sustaining business models. The limited startup willingness to remunerate for services reinforces this reliance on external capital.
- ✓ The persistent need to secure external funding diverts effort away from cultivating diversified revenue streams and strengthening core service delivery capabilities.

The top internal challenges faced by ESOs



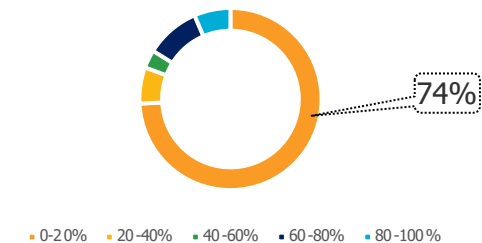
- Limited access to sustainable funding is the top internal challenge for ESOs surveyed (77%), followed by high operational costs (55%).
- Financial instability directly impacts ESOs' ability to consistently deliver critical startup support services, including business training, mentorship, and access to finance.

Sources of income for ESOs



- Donor funding was cited as the primary income source by 52% of respondents of the survey, followed by income from consulting services, projects/programmes, and training/education.
- This aligns with broader Sub-Saharan African trends, where half of the ESOs receive over 50% of their funding from grants, comprising more than 57% of their total income.¹
- Precarious funding is a persistent threat to ESO operations, with diminishing donor support often resulting in service cuts, staff reductions, or closures. ESOs frequently experience "starvation cycles" resorting to a constant cycle of grant applications to secure any available resources.²

Percentage of income from service fees



- For the majority of ESOs (74%) surveyed, less than 20% of their income comes from service fees.
- Just under half of the startups are willing to pay for ESO services.² Therefore, ESOs need to constantly pursue external funding which can divert attention and resources away from developing sustainable revenue models.



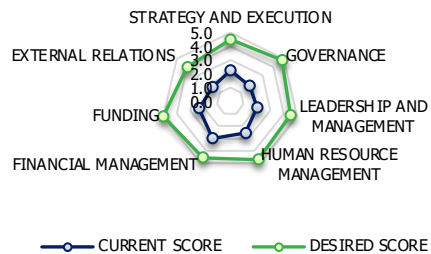
Skills, experience and exposure within ESOs

ESO's experience difficulties attracting and retaining skilled and qualified personnel, combined with limited experience in entrepreneurship, affecting the quality of startup support services

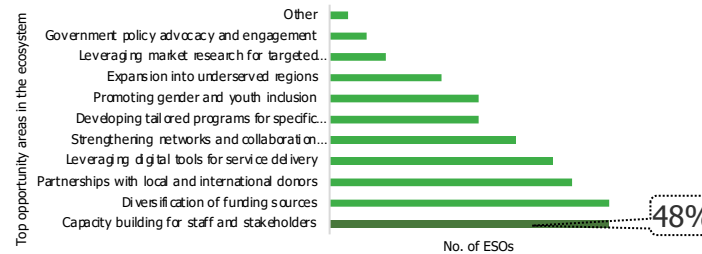
Key Takeaways:

- ✓ Many ESOs operate with minimal staffing levels, encountering difficulties in attracting qualified personnel and retaining trained employees due to competitive market conditions and scarcity of the right talent.
- ✓ The quality of human resources in the ESOs is also limited due to the skills and knowledge gap, impacting the ability of ESOs to provide specialised support to startups.
- ✓ ESOs often lack staff with practical entrepreneurship and management experience, and trainers often have a generic background rather than specific industry expertise.
- ✓ Trainers in university-based hubs frequently come from purely academic and theoretical backgrounds, which limits the value startups gain from ESO engagement, as they seek and require industry-specific and tailored support.

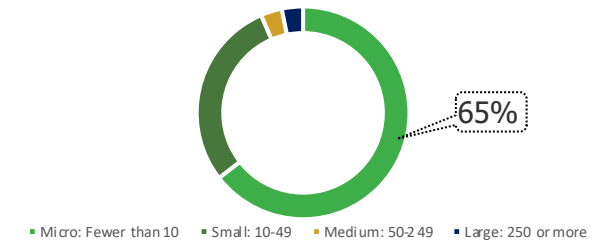
Cyprus assessment of a university innovation hub



The top opportunity areas in the ecosystem



Full-time staff members of ESOs



As an example, a university innovation hub encountered impediments to the development of staff skills, experience, and exposure. The institutional capacity assessment conducted identified gaps across the 7 domains.

- 48% of ESOs surveyed have identified internal staff capacity building as a top opportunity area in the ecosystem. Based on interviews, ESOs have cited that although leadership may be experienced, the staff need more capacitating in terms of skills and knowledge, and they find it challenging to find quality talent in Tanzania.
- Additionally, ESOs acknowledge that not only are they unable to attract and hire skilled staff but also face high attrition rates for the staff that they train because the market can offer better packages and opportunities for career advancement.

- 65% of surveyed ESOs have fewer than 10 full-time staff, and 29% have between 10 to 49 full-time staff members.

Tailored support for startups

ESOs in Tanzania struggle to provide tailored support due to capability gaps and donor-driven programme priorities, often leading to startup dissatisfaction with generic services

Key Takeaways:

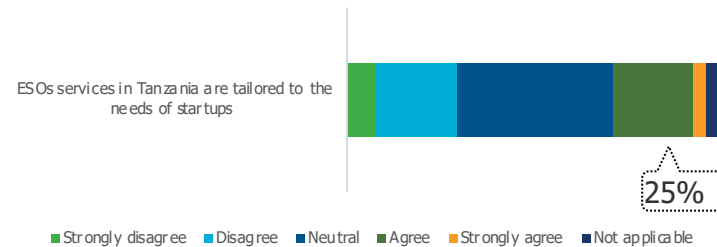
- ✓ The survey data indicates a systemic issue where ESO programme design and delivery do not effectively align with the diverse and evolving needs of Tanzanian startups. This manifests as a perception of generic services and a lack of tailored support, particularly for technology-driven and innovative ventures.
- ✓ The inability of ESOs to deliver industry-specific programmes stems from underlying capability deficiencies. This includes a lack of specialised knowledge and limited access to industry experts.
- ✓ The exogenous donor influence on programmatic design often results in a divergence between the donor priorities and the contextual realities of the local startup landscape, thereby diminishing the efficacy of support mechanisms

The top opportunity areas in the ecosystem



- 26% of the surveyed ESOs agreed that developing tailored programmes for startups is a top opportunity.
- From insights gained from KIIs, FGDs, and research, it is evident that startups perceive the programmes delivered by ESOs as often generic, particularly considering the increasing prevalence of technology-driven ventures, such as those within the agritech and fintech sectors. This lack of specialisation impedes the efficacy of ESO interventions, as these specialized/ sector specific startups require targeted support that addresses the unique challenges and opportunities inherent in their respective industries.

Startups' perception of tailored ESO services



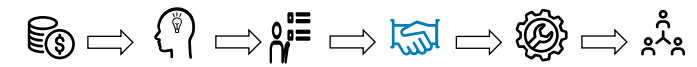
- Only 25% of surveyed startups either agree or strongly agree that ESO services are tailored to their specific needs. Startups often find ESOs ineffective in connecting them with experienced entrepreneurial and management talent.¹ This is in line with the scarcity of seasoned founders capable of guiding the transformation of ideas into viable businesses.²
- For startups to gain credible value from ESO services, the service need to be tailored and industry specific.³

Case study



A specific example provided during a KII with an ESO illustrated the challenges associated with non-contextualised programme delivery. A partnership with a Canadian NGO facilitated a virtual programme for forestry value chain innovators and startups.

Notwithstanding the programme's intent, its impact was severely limited by the absence of tailored content reflecting the specific nuances of the Tanzanian forestry sector.



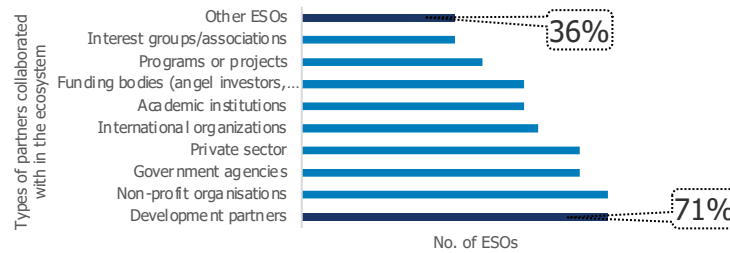
Collaboration, partnerships, and synergy

Limited collaboration and partnerships, coupled with a lack of effective mechanisms to facilitate such collaborations, hinder ESOs' ability to leverage collective resources and expertise

Key Takeaways:

- ✓ ESOs demonstrate a low propensity for collaboration amongst themselves, despite more frequent partnerships with development organisations. This limited peer interaction is in part contributed by a lack of formal collaborative structures, disparities in organisational capacity and expertise, and a lack of reciprocal trust and transparency.
- ✓ The absence of robust collaboration mechanisms prevents ESOs from identifying and exploiting potential synergies and developing joint initiatives, resulting in suboptimal resource allocation and a failure to leverage collective capabilities.
- ✓ Smaller ESOs are frequently excluded from partnership opportunities, leading to further fragmentation of the ecosystem.
- ✓ The lack of cohesive collaboration leads to duplicated services, inefficient resource allocation, and a lack of unified support for startups.

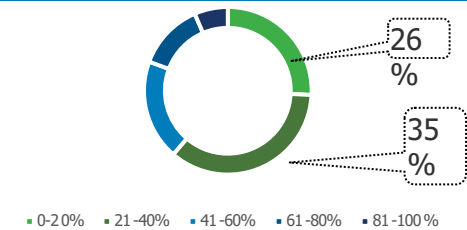
Types of partners collaborated with in the ecosystem



The top opportunity areas in the ecosystem



Percentage of activities done in collaboration with other organisations



- ESOs least frequently collaborate with other ESOs, while they collaborate the most with development partners.
- Limited formal structures or mechanisms hinder ESO peer collaboration and communication, creating difficulty in identifying synergies and developing joint initiatives.
- Fundamentally, a lack of trust and transparency between some ESOs can further impede collaborative initiatives.

- ESOs surveyed listed strengthening networks and collaboration as one of the top five opportunity areas in the ecosystem.

- 61% of ESOs surveyed conduct less than 50% of their activities collaboratively.
- Based on interviews held, smaller ESOs are often excluded from partnership opportunities, which reduces diversification and synergy of the entrepreneurial ecosystem. This leads to fragmented service delivery as a key consequence of limited collaboration. This fragmentation leads to duplication of services across ESOs, inefficient use of resources, and a lack of cohesive support for startups.¹



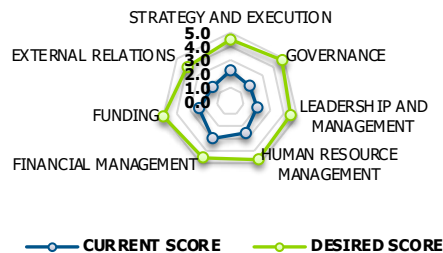
Operational capacity and efficiency

Operational efficiency challenges including deficiencies in financial management, operational governance, inadequate infrastructure and limited focus on scalability and impact measurement, constrain ESOs' performance

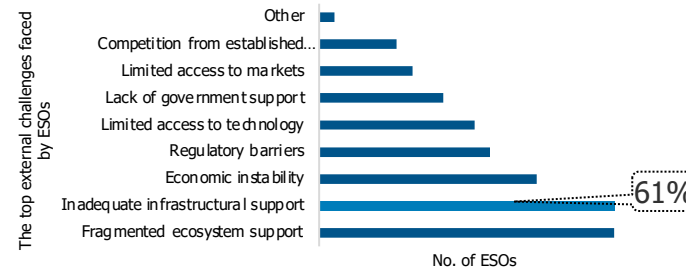
Key Takeaways:

- ✓ A significant number of ESOs struggle with inefficient administrative and financial systems, often due to a lack of appropriate software, internal controls, and trained staff. This leads to poor financial management, budget overruns, and difficulties in cost control. Inadequate human resource capacity further complicates organisational growth and scaling.
- ✓ Most ESOs also demonstrate nascent governance structures, often without a Board in place, with limited documented policies and strategic planning.
- ✓ Many ESOs, especially smaller ones, lack the resources and expertise to utilise modern technology, including basic tools like computers and reliable internet. Critically, a lack of a monitoring and evaluation framework and technological capacity prevents ESOs from effectively tracking their impact and demonstrating their value to stakeholders. This is further compounded by a perceived lack of follow-up with startups after the growth stage.

Cypruss assessment of university innovation hub



The top external challenges faced by ESOs



The top three opportunity areas in the ESO ecosystem



- As an example, a university innovation hub's operational efficiency was found to have unclear accounting systems and a lack of staff understanding of existing financial policies, despite having financial controls in place.
- Many ESOs, particularly smaller ones, lack adequate accounting software, internal controls, and trained personnel, leading to inefficient financial management.
- Without clear financial policies and procedures, ESOs struggle with expense management, cost control, and sound financial decision-making, leading to budget overruns.

- 61% of ESOs surveyed cited inadequate infrastructural support as their top external challenge.
- Poor infrastructure, including unreliable electricity (especially in rural areas) and poor road networks, disrupts operations, limits technology use, hinders communication, and restricts access to remote communities.

- 39% of ESOs surveyed have stated leveraging digital tools for service delivery as one of their top four opportunity areas. Many ESOs, particularly smaller ones, lack the resources and expertise to invest in and utilise modern technology, including basic tools like computers and reliable, high-speed internet.
- Based on interviews, a lack of a monitoring and evaluation framework and technological capacity limits ESOs ability to collect and analyse data on service effectiveness metrics, making it difficult to track impact and demonstrate value. 70% of startups believe ESOs provide services up to the growth stage but do not follow up after.¹

Leadership and strategic focus

ESO leadership often demonstrate limited entrepreneurial expertise and strategic planning capacity, leading to misaligned resources and fragmented startup support

Key Takeaways:

- ✓ While some ESOs have a strong foundation in mission, vision, and culture, a lack of documented strategic plans for many ESOs leads to reactive decision-making and inefficient resource allocation, hindering long-term growth.
- ✓ Even with a vision, ESOs struggle to translate strategic plans into concrete actions. This disconnect between planning and execution results in fragmented startup support.
- ✓ The absence of strategic foresight can lead to misallocated resources and a misalignment between ESO offerings and actual startup needs. This can stem from inexperience in strategic management, leadership experience, and/ or entrepreneurial DNA.

Cypress Assessment of an ESO



Importance of a sound strategy



Companies with written strategic and business plans grow 30% faster.¹

71% of fast-growing companies have strategic plans, business plans, or similar long-range planning tools.²

- In addition to the insights from the FGDs and KIIs, our deep-dive Cypress capacity assessment revealed this gap in most cases. For example, the assessment for an ESO revealed that the organisation possesses a clear mission, vision, values, inclusive work planning, and strong culture, however, the lack of a documented strategic plan resulted in reactive decisions and inefficient resource use, impacting long-term growth and competitiveness.
- An ESO might identify access to finance as a key challenge but lack a concrete plan to address it. This disconnect between planning and execution results in a fragmented approach to startup support.
- Majority of ESOs consult with their funders before designing and implementing initiatives and following their strategies. This allows the funder to influence the activities they conduct; this affects their long-term strategic planning and development.¹

Case study: Anza Entrepreneurs

Demonstrating capacity in having clarity in strategy, delivering tailored services, strong institutional governance and a diverse funding model



ABOUT ANZA ENTREPRENEURS

Anza Entrepreneurs, a non-governmental organisation, provides comprehensive support to startups operating within the Education, Agriculture, Clean Energy, Water and Sanitation, and Information Technology sectors. Their service portfolio is structured around three core pillars:

1. Capacity Building, offering investor readiness and business foundation accelerator programmes to enhance financial, marketing, and legal compliance;
2. Capital Facilitation, providing affordable business loans through Anza Growth Fund Microfinance Limited, with plans for expanded outreach; and
3. Co-working Space, offering accessible workspaces with essential amenities.

Anza Entrepreneurs also engages in consulting, research, and programme implementation, notably through initiatives like Conservation Leadership Programme (CLP) and FUNGUO, and collaborates with key innovation ecosystem actors, including Twende, Westerwelle, Tanzania Women Chamber of Commerce, Mennonite Economic Development Associates (MEDA), and Tanzania Renewable Energy Association (TAREA).

The Cypress assessment indicates that Anza Entrepreneurs demonstrates a strong foundation with a documented strategic plan, a structured operating model, a well-defined funding strategy incorporating diverse income streams, and a robust grasp of its financial position. Furthermore, the organisation is characterised by strong governance and management structures, including an active Board with diverse skills.



BUSINESS MODEL

Anza's financial operations are supported by a blended funding strategy, wherein 60% of revenue is generated through partnerships with international development organisations, including UNDP, UNCDF, and a range of foundations and embassies. The remaining 40% is derived from consulting services, leveraging Anza's expertise within the entrepreneurial ecosystem. While this model provides a degree of financial stability, Anza acknowledges the strategic imperative of diversifying its revenue base to ensure long-term sustainability and mitigate reliance on donor funding.



VALUE PROPOSITION

Anza Entrepreneurs distinguishes itself as a trusted and collaborative ESO by providing startups with sustained, results-driven support that extends beyond typical accelerator programmes. This is achieved through lifetime access to workspaces and investor linkages, demonstrating a commitment to long-term growth. Anza's credibility is further solidified by its proven implementation expertise, evidenced by successful programmes like FUNGUO and PesaTech.



Source(s):[1] The case study and accompanying image have been sourced from discussions with Anza entrepreneurs and the Anza website

Case study: RLabs Tanzania

Demonstrating capacity in delivering tailored services to targeted beneficiaries, namely youth and marginalised communities

★ ABOUT RLABS TANZANIA

RLabs is a learning and impact-driven organisation dedicated to the holistic transformation of youth lives through entrepreneurship, prioritising comprehensive development. Unlike conventional ESOs, RLabs focuses on empowering underprivileged young people to establish sustainable businesses. Core activities include mindset transformation training, which has reached 15,000 youth across five regions through programmes like Grow Leadership, and Youth Savings and Loans Associations, in which young people have saved over 770 million TSH from their new businesses. Programmes are designed to be accessible for marginalised youth in their home locations, with interactive activities to shift their world view and inspire confidence to start businesses without external capital. The organisation employs the Zlto Reward System, an incentive programme that allows participants to accumulate points for essential items. Demonstrating a commitment to social impact, and using human centered design, RLabs adapted its Grow Leadership for street connected youth which has stimulated deposits of more than 5.6 million TSH into the Malengo Savings Scheme and has transitioned 38 children from street life into rented accommodation. RLabs is now supporting partners across Tanzania to integrate the Grow model into their programmes for greater impact.

The Cypress Assessment demonstrated strengths, including a well-defined strategic plan, a structured operational framework with standardised procedures, and a clear funding strategy. There is an opportunity to enhance long-term financial stability. While RLabs Tanzania benefits from a formal board, codified systems, and a code of conduct, strengthening risk control mechanisms presents an avenue for increased organisational resilience.

👉 BUSINESS MODEL

RLabs sustains its operations through a funding-driven model, strategically balancing grant acquisition and consultancy services. Its primary revenue stream is derived from "friendly funders," notably UNICEF, which enabled the organisation to reach 10,000 young people across Tanzania, as well as the Segal Family Foundation. Complementing this, RLabs offers consultancy services, providing advisory expertise and training programmes within the broader entrepreneurial ecosystem.

🚀 VALUE PROPOSITION

RLabs delivers a distinct value proposition by prioritising holistic youth empowerment over conventional investment-readiness, fostering long-term entrepreneurial sustainability. The organisation distinguishes itself through its commitment to mindset transformation, providing entrepreneurial exposure that unlocks economic opportunities.



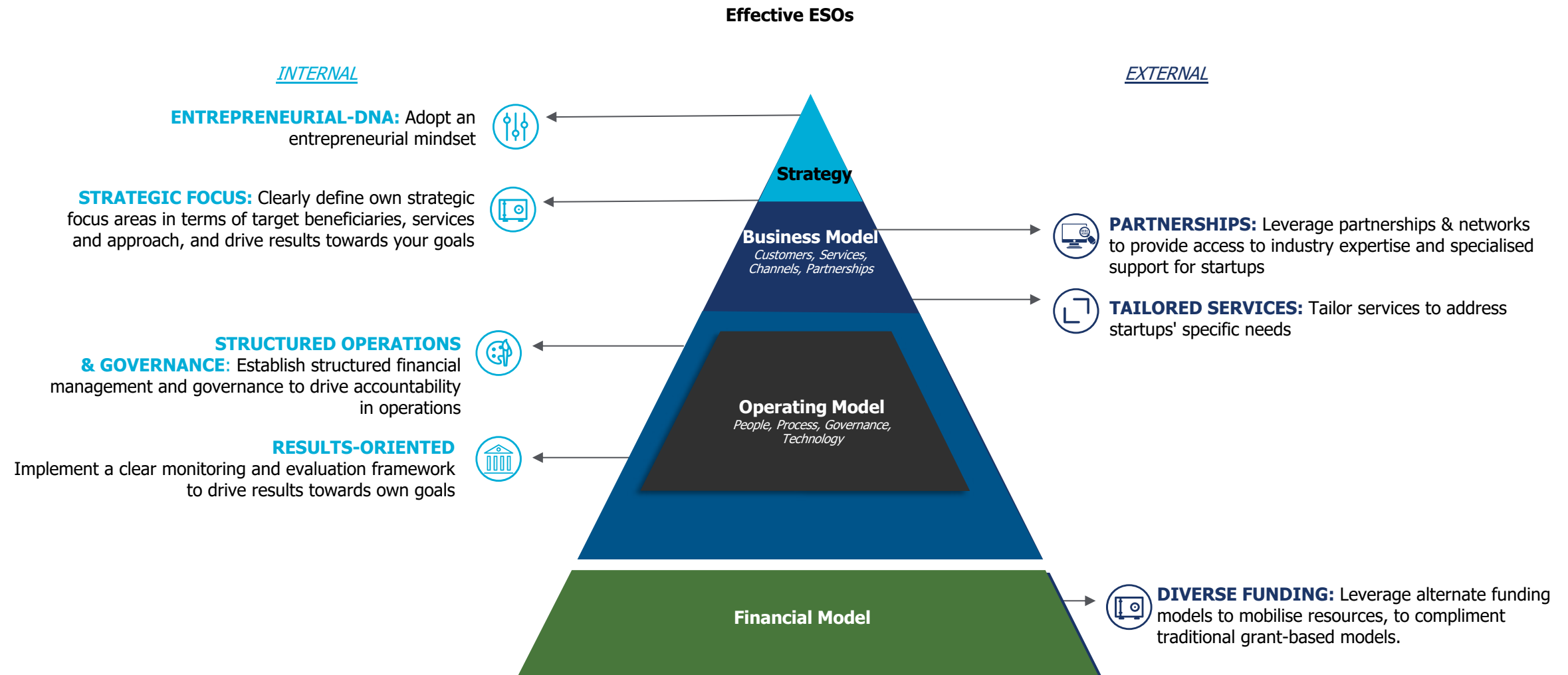
Source(s):[1] The case study and accompanying image have been sourced from discussions with the University of Dodoma and the University of Dodoma website

Summary recommendations



Critical Success Factors for effective ESOs

An effective ESO business model should demonstrate strategic focus, with an entrepreneurial DNA, an ability to leverage partnerships to provide targeted services and a focus on tailoring services to startup needs



Key recommendations

The study recommendations aim at improving ESO service delivery, fostering financial sustainability, building skills and capacity, and strengthening the enabling environment for ESOs



IMPROVE SERVICE PROVISION

- I. Leverage partnerships to service startups** – ESOs should partner with angel investors and funders for startup financing (early-stage and growth). There is also an opportunity for more proactive collaboration with corporations for specialised skills, training, and industry connections.
- II. Results-oriented, tailored service provision** - ESOs should develop training curricula and KPIs based on strategic focus areas and core business operations. They must also establish M&E frameworks to more closely align with their goals. ESOs should invest in HCD frameworks and training to deliver tailored services.
- III. Expand geographical reach** – There is an opportunity to further invest in establishing and strengthening ESOs beyond the top 3 urban centres (Dar es Salaam, Arusha and Morogoro), to expand the reach of startup and innovation support across the country



FOSTER ESO FINANCIAL SUSTAINABILITY

- I. Strategic focus in investments** – ESOs should adopt a strategic focus in their investments, utilising milestone-based financing to align funding with progress. Furthermore, funding should be directed towards specific strategic areas requiring targeted support.
- II. Diversify funding** – ESOs should diversify their funding by leveraging alternative financing models to complement traditional grant-based mechanisms. This requires investing in resource mobilisation training for teams and exploring innovative financing options.
- III. Invest in sustainable ESO models** – There is an opportunity to improve the overall sustainability of ESOs by investing in strengthening university-based ESOs with access to knowledge platforms and infrastructure (while establishing robust IP frameworks to protect startups). In addition, more corporations should consider establishing in-house ESOs for mutual benefits for startups and the corporations themselves.



BUILD SKILLS AND CAPACITY

- I. Build capacity in structured operations and governance** – ESOs should build capacity in structured operations and governance by providing targeted training in financial management, M&E, and organisational governance.
- II. Strengthen ESO leadership capabilities and entrepreneurial DNA** – ESOs should invest in their leadership capabilities and focus on infusing an entrepreneurial DNA and culture. This can be done through leadership and strategic planning training.
- III. Improve exposure for ESOs** – ESOs should improve their exposure by facilitating foreign exchange programmes for key staff members.



STRENGTHEN ENABLING ENVIRONMENT


- I. Access to finance for startups**– Establish NVCF that startups and ESOs can partner with to tap into to diversify funding sources.
- II. Infrastructural improvements** – ESOs should prioritise equipping hubs with high-speed internet. There is also an opportunity for the government and/or private sector to establish technology parks, with special economic zones, to spur innovation.
- III. Forums and platforms for ESOs** – ESOs should foster engagement with startups by creating dedicated forums, strengthening THN, and establishing a centralised digital platform to provide linkage.
- IV. Regulation and legal framework for ESOs** – It is crucial to recognise ESOs, their standards, and provide guiding frameworks within comprehensive policies such as a startup policy. This policy should also include tax incentives to foster their growth and impact.

Improve service provision to startups

The study has identified key recommendations for various stakeholders in the Tanzanian innovation ecosystem

Impact

- Low
- Medium
- High


Theme	Recommendations	Gap addressed	Impact	
Improve service provision to startups 	Leverage partnerships to service startups			
	1	Partner with angel investors to provide early-stage funding to startups	Limited early-stage capital availability stems from nascent angel investor networks and the absence of formalised support for angel investors.	●
	2	Partner with private sector and funders to strengthen ESO's capacity to provide blended financing in the growth and scaling stage	Startups that have outgrown early-stage seed funding and grants but are not mature enough or perceived as high-risk for conventional financial instruments.	●
	3	Partner with corporates to provide access to specialised skills and training	Human capital and specialised expertise deficit prevalent in many startups.	●
	Results-oriented, tailored service provision			
	4	Devise a training curriculum and KPIs based on core operations for ESOs	Lack of industry-specific, relevant technical skills, training standards, and insufficient practical application of knowledge.	●
	5	Create and utilise a robust M&E framework	Lack of central monitoring on services provided by ESOs and inability to track progress linked to support received.	●
6	Provide HCD training to ESOs	Lack of user-centricity and relevance in support programs offered by ESOs, and ability to deliver better service offerings and achieve greater impact.	●	
Expand geographical reach				
7	Strengthen rural ESOs	Uneven distribution of innovation opportunities and resources in underserved and rural areas.	●	

Foster ESO financial sustainability

The study has identified key recommendations for various stakeholders in the Tanzanian innovation ecosystem


Impact

- Low
- Medium
- High

Theme	Recommendations	Gap addressed	Impact	
<p>Foster ESO financial sustainability</p> 	<i>Strategic focus in investments</i>			
	8	Provide milestone financing to ESOs	Inefficient funding practices including lack of accountability and high risk.	●
	9	Direct funding towards strategic focus areas requiring support	Inefficient and fragmented allocation of development capital, which results in a diluted impact on startup ecosystem development.	●
	<i>Diversify funding and leverage alternative funding models</i>			
	10	Provide training to ESOs on resource mobilisation and income diversification	Overreliance on grant funding and limited ability to capitalise on commercial revenue streams.	●
	11	Implement alternative financing models for ESOs	Overreliance on traditional, often short-term, and unpredictable grant-based funding.	●
	<i>Invest in sustainable ESO models</i>			
	12	Strengthen university-based ESOs	Inefficient translation of academic research and student innovation into viable market solutions.	●
	13	Establish corporate-based ESOs	Disparity in access to critical resources and market channels between nascent, innovative startups and large, established corporations.	●

Build skills and capacity

The study has identified key recommendations for various stakeholders in the Tanzanian innovation ecosystem


Theme	Recommendations	Gap addressed	Impact
Build skills and capacity 	<i>Build capacity in structured operations and governance</i>		
	14 Targeted training in financial management, M&E and governance	Internal operational and institutional capacity deficit.	● Medium
	<i>Strengthen ESO leadership capabilities and entrepreneurial DNA</i>		
	15 Targeted training in leadership and strategic planning	Lack of organisational autonomy and long-term strategic coherence, stemming from weak internal leadership and an over-reliance on funder-driven agendas.	● Medium
	<i>Improve exposure for ESOs</i>		
	16 Foreign exchange programs of ESO key staff members to gain from knowledge transfer	Insufficient exposure to, and adoption of, international best practices and advanced operational methodologies within ESOs compounded by skills deficit.	● High

Enabling environment

The study has identified key recommendations for various stakeholders in the Tanzanian innovation ecosystem

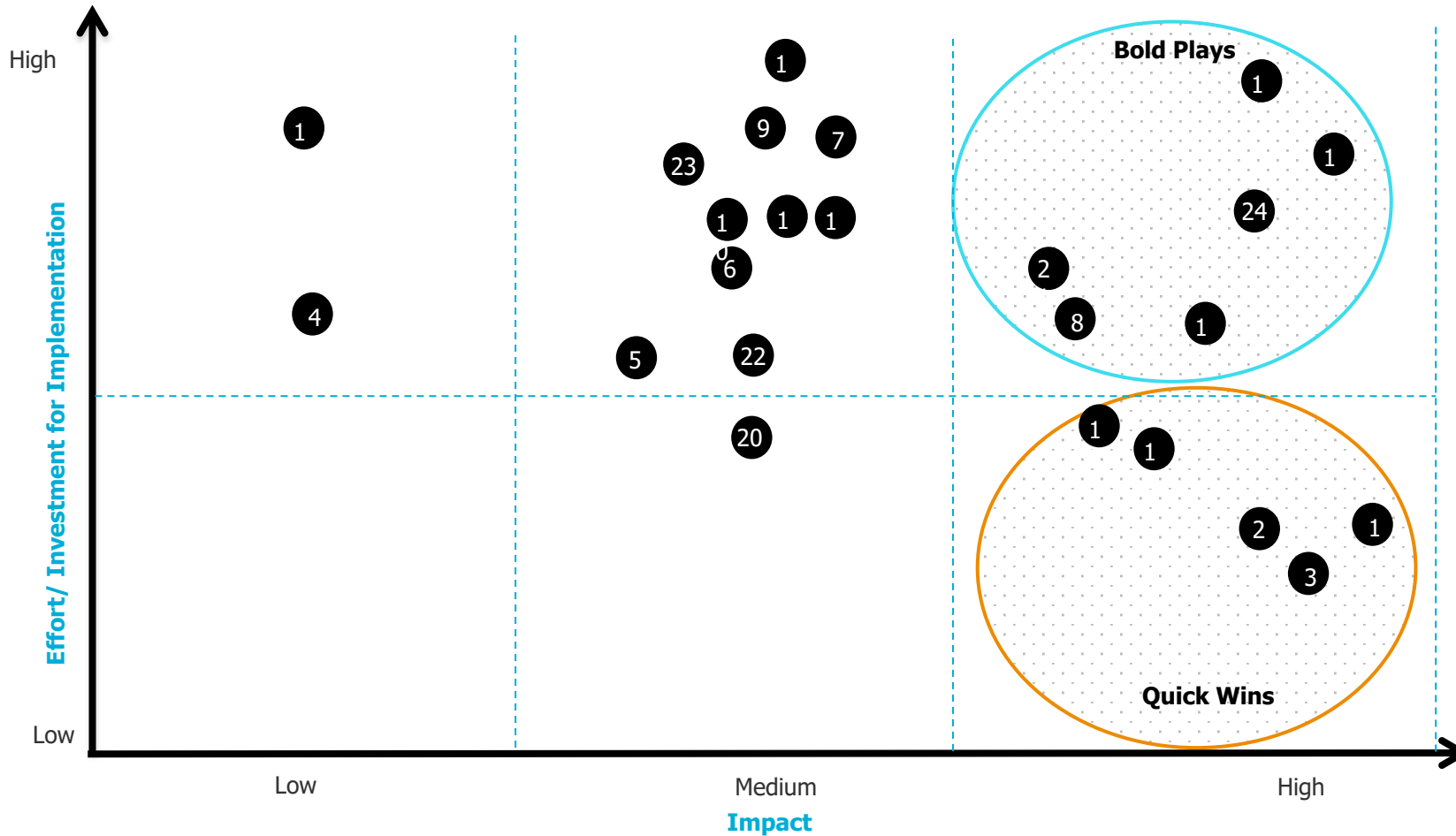
Impact

- Low
- Medium
- High

Theme	Recommendations	Gap addressed	Impact
<p>Enabling environment</p> 	<i>Access to finance for startups</i>		
	17 Establish a NVCF	Pervasive shortage of risk capital, particularly for innovative, high-growth startups, that the conventional private financial market is unable or unwilling to provide adequately.	●
	<i>Infrastructural improvements</i>		
	18 Facilitate availability of high-speed internet infrastructure through a research and innovation network to support ESOs	Suboptimal digital infrastructure specifically tailored to the needs of technology startups within innovation hubs.	●
	19 Develop a Technology Park	Inadequate physical and operational environments for startups and research-driven ventures.	●
	<i>Forums and platforms for ESOs and startups</i>		
	20 Create a forum for ESOs and startups to engage with each other	Informational asymmetry and lack of direct, iterative communication between the ESOs and startups.	●
	21 Strengthen the local hubs networks (including THN)	Inadequate collaboration and complementarity among hubs in their support to startups, contributing to duplication of efforts and limited impact on the ground.	●
	22 Implement a digital platform to link ESOs with startups	A fragmented ESO network and absence of a central platform to formalise ESO operations in the country.	●
	<i>Regulation and legal framework for ESOs</i>		
23 Design and implement a structured system of tax incentives, relief, and exemption programmes for ESOs	Financial constraints faced by ESOs in the innovation ecosystem that impacts organisational focus and inflicts additional administrative hurdles for early-stage ventures.	●	
24 Develop a startup act that recognises ESOs and sets a guiding support framework for ESO's support to startups	Lack of a regulatory framework in the country to guide the operation of startups in the innovation space.	●	

Prioritisation of recommendations

The developed recommendations are mapped on the prioritisation matrix according to their respective levels of impact versus complexity to provide a directional view of what stakeholders could implement as quick wins or bold plays

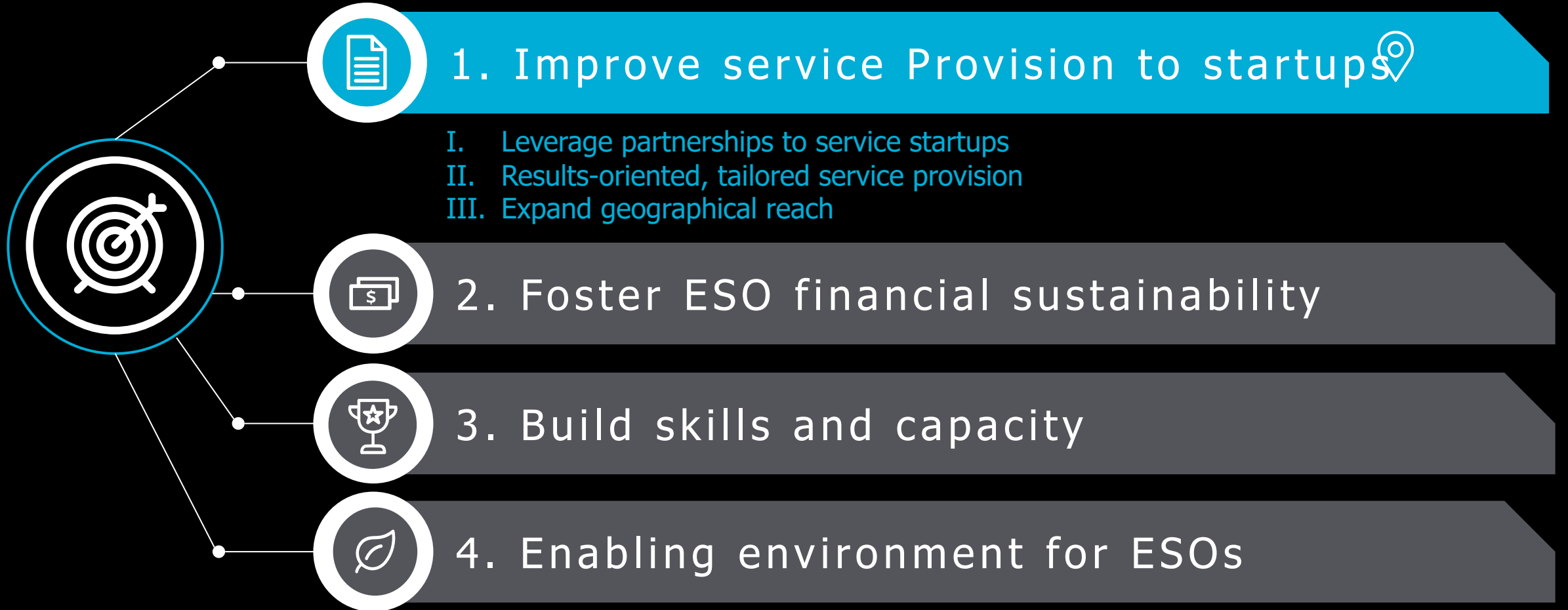


- Bold Plays:**
- 8 Provide milestone financing to ESOs
 - 1 Implement alternative financing models for ESOs
 - 1 Foreign exchange programs of ESO key staff members to gain from the knowledge transfer
 - 1 Establish a NVCF
 - 2 Strengthen the local hubs network (THN)
 - 24 Develop a startup act that recognises ESOs and sets a guiding framework
- Quick Wins:**
- 1 Partner with angel investors to provide early-stage funding to startups
 - 2 Partner with private sector and funders to provide blended financing to startups in the growth and scaling stage
 - 3 Partner with corporates to provide access to specialised skills and training
 - 12 Strengthen university-based ESOs
 - 13 Establish corporate-based ESOs

Detailed recommendations



Detailed recommendations



01 | Partner with angel investors to provide early-stage funding to startups



Description of the recommendation

Developing an angel investment ecosystem involves creating structured co-investment programmes that enable angel investors and ESOs to pool resources and share risks, thereby enhancing funding opportunities for startups. This approach not only increases the availability of early-stage funding but also fosters a collaborative environment where investors can work together to support promising ventures.

Additionally, specialised training programmes for angel investors and ESOs are crucial to equip them with the necessary skills to evaluate and support early-stage ventures effectively. By understanding the nuances of startup investment, they can make informed decisions that benefit both the startups and the innovation ecosystem. Furthermore, implementing policy incentives, such as tax concessions, can significantly encourage angel investment in startups. These incentives reduce the financial burden on investors, making it more attractive to invest in early-stage companies, thus increasing the overall availability of angel funding.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Increased access to funding opportunities, enabling support for a larger number of startups.
- ✓ Strengthened relationships with angel investors, leading to strategic partnerships and collaborations.
- ✓ Improved capacity-building efforts, offering better training and support services to startups.

Impact on Innovation Ecosystem/Startups:

- ✓ Accelerated startup growth and innovation due to increased funding availability.
- ✓ Diversified funding sources, reducing dependency on traditional financing.
- ✓ Enhanced market competitiveness, allowing startups to innovate and compete effectively.



Gap addressed

Limited early-stage capital availability stems from nascent angel investor networks and the absence of formalised support for angel investors.



Proposed Implementors

- ☐ ESOs
- ☐ Financiers in the angel investment ecosystem



Cases in Tanzania, Africa and globally



The Tanzania Angel Investors Network (TAIN) promotes angel investment through structured programmes and training; however, this can be enhanced.¹



Lagos Angel Network provides a platform for angel investors to support early-stage ventures. They have strong partnerships with incubators, accelerators and other ecosystem players.²



Techstars, a mentorship-driven accelerator, leverages its network of mentors, which includes angel investors, that startups can tap into during a pitching programme and receive investment.³

02 | Partner with private sector & funders to provide blended financing to startups in the and scaling stage



Description of the recommendation

ESOs are uniquely positioned to orchestrate blended financing models through strategic partnerships with private sector entities and funders. Blended finance structures possess a distinct capacity to broaden the scope of what constitutes an attractive investment. Where certain investors might initially perceive an opportunity as unviable due to its risk-adjusted returns, integrating it within a blended finance vehicle introduces a lower-cost capital layer. This strategic restructuring effectively de-risks the proposition, enabling more risk-averse investors to re-evaluate the opportunity as a sound investment.

Furthermore, ESOs can facilitate tailored financial solutions that cater specifically to the distinct needs of growth-stage and scaling startups. This can involve structuring convertible notes, venture debt, or revenue-based financing alongside traditional equity rounds. By packaging these financial instruments with non-financial support such as market access programmes, talent acquisition assistance, and strategic advisory, ESOs enhance the viability of these ventures.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Blended finance unlocks substantial private capital, helping ESOs bridge funding gaps and support innovative ventures.
- ✓ By providing de-risked investments, blended finance enables ESOs to better assist startups struggling to secure traditional funding.
- ✓ ESOs can focus on strategic sectors aligned with Tanzania's development priorities.

Impact on Innovation Ecosystem/Startups:

- ✓ De-risking encourages more investors to engage with the innovation ecosystem and support startups.
- ✓ Blended finance combines financial returns with sustainability through social and environmental benefits.
- ✓ Leads to targeted growth in sectors like agriculture, renewable energy, and technology.



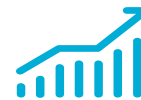
Gap addressed

Startups that have outgrown early-stage seed funding and grants but are not yet mature enough, or are perceived as high-risk, often face a significant funding gap.



Proposed Implementors

- ☐ ESOs
- ☐ Financiers in the private sector



Cases in Tanzania, Africa and globally



Daraja Impact uses impact-linked financial instruments and technical assistance to catalyze private sector funding for startups.¹



Aceli Africa is a market incentive facility that has mobilised US\$ 1.5bn in private sector lending to high-impact agricultural startups.²



The Africa Enterprise Challenge Fund (AECF) partners with the private sector to identify and finance innovative, high-risk startups in agriculture and renewable energy.³

03 | Partner with corporates to provide access to specialised skills and training



Description of the recommendation

Corporates possess deep reservoirs of industry specific knowledge and best practices and can deploy their expertise through partnerships with ESOs to facilitate specialised skills and training for startups. From a corporate perspective, engaging with startups provides corporates with early exposure and insights to disruptive technologies and new verticals to stay ahead of their competition. They may also be looking to transform how they work, to become more agile and innovate.

Startups can gain from the corporate's knowledge on customers and the market or in its development resources and capabilities or they can leverage the opportunity to turn the corporate into a customer for their ventures. These partnerships can increase sales opportunities, scale faster, enable market access to a larger customer base and bolster their reputation in the market. In the next five to ten years, 54% of corporates and 53% of startups agree that corporates will combine their efforts in corporate venturing and other innovation vehicles.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Augments service offering beyond traditional incubation or acceleration, providing access specialised, industry-specific skills and training
- ✓ Aligning with reputable corporates can allow ESOs to elevate their standing, opening doors to new funding opportunities and strategic collaborations
- ✓ Enhancing resilience of portfolio startups can reflect positively on the ESO impact metrics.

Impact on Innovation Ecosystem/Startups:

- ✓ Access to technical, managerial, and operational skills directly from industry leaders, which are often beyond their financial and resource capabilities to acquire independently.
- ✓ Corporate endorsement can substantially de-risk the investment proposition and accelerate fundraising efforts
- ✓ Optimises operations, improves product-market fit and navigate complex market challenges effectively.



Gap addressed

Limited expertise and experience in ESO teams and limited access to such talent for startups

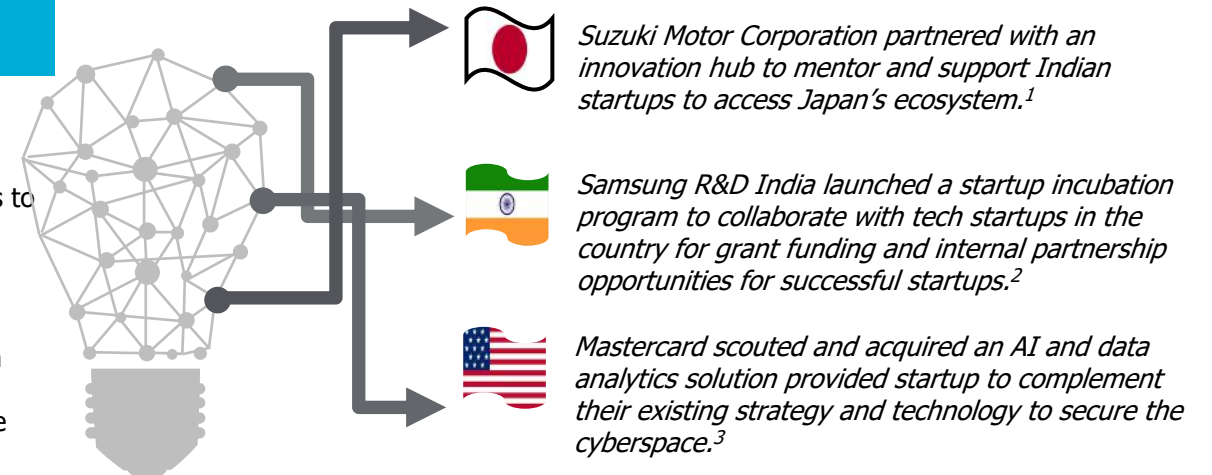


Proposed Implementors

- ☐ ESOs
- ☐ Corporates



Cases in Tanzania, Africa and globally



04 | Devise a training curriculum and KPIs based on core operations for ESOs



Description of the recommendation

Currently, most ESOs in the ecosystem lack a framework that guides the quality, scope, and outcomes of services delivered by ESOs, leading to substandard program delivery. This deficiency leads to inconsistent programme delivery, thereby weakening accountability to funders, startups, and national development objectives. Consequently, ESOs must devise training curricula and KPIs based on their core business operations, the specific industries they support, and the developmental stage of their assisted startups.

This approach will reduce the perception of generic training, advocating instead for bespoke interventions intrinsically tied to the ESO's business mandate and core strategic focus. By delivering structured, modular content on essential topics like business modelling and fundraising, with clear and measurable KPIs, this curriculum equips ESO staff to provide consistent and effective support to startups based on their needs.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Establishing standards ensures ESOs deliver consistent, high-quality services, reducing the risk of ineffective support programmes.
- ✓ KPIs provide measurable assessments of ESO performance, aiding funders and policymakers in tracking impact and making informed funding decisions.
- ✓ A structured training curriculum equips ESO staff with updated knowledge and skills.

Impact on Innovation Ecosystem/Startups:

- ✓ Startups gain access to training content and mentorship aligned with their industry, current developmental stage and the core challenges they face.
- ✓ Standardisation of KPIs means startups can rely on a consistent quality level in support and training received.
- ✓ Rapid acquisition of critical competences that enhance operational efficiency, strategic decision making and market readiness.



Gap addressed

Lack of industry-specific, relevant technical skills, training standards, and insufficient practical application of knowledge.

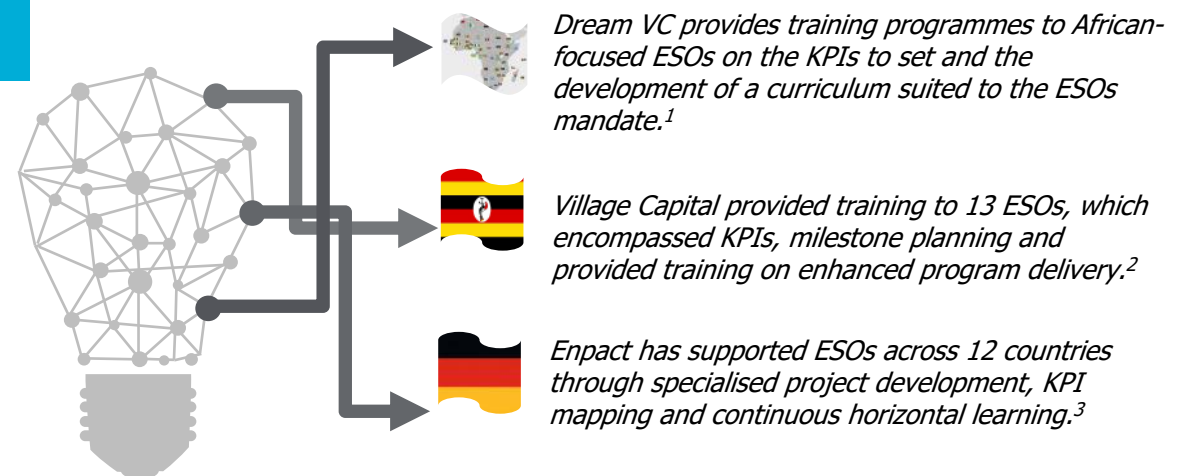


Proposed Implementors

☐ ESOs



Cases in Tanzania, Africa and globally



05 | Create and utilise a robust M&E framework



Description of the recommendation

ESOs need to develop a M&E framework aligned to their strategic objectives and the intended outcomes for beneficiaries. Metrics need to be clear, measurable and attributable and encompass both output-level metrics (e.g., number of startups supported, training hours delivered) and outcome-level indicators (e.g., startup revenue growth, job creation, successful fundraising rounds). Furthermore, the framework must delineate appropriate data collection methodologies, including quantitative surveys, qualitative interviews, and financial audits, alongside defined reporting frequencies and responsibilities.

By consistently collecting and analysing performance data, ESOs can gain invaluable insights into the effectiveness of their interventions, identify areas requiring programmatic refinement, and allocate resources more efficiently. Moreover, a well-implemented M&E framework enables ESOs to transparently report on their impact to a diverse array of stakeholders, including funders, government bodies, and the entrepreneurial community, thereby enhancing credibility and facilitating future resource mobilisation.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ ESOs gain clear data on the effectiveness of their programmes, allowing for informed improvements and resource allocation, and alignment to their strategic goals.
- ✓ M&E helps ESOs demonstrate their impact to funders and stakeholders, enhancing credibility and attracting further support.
- ✓ Feedback mechanisms within the M&E framework enable ESOs to better understand and respond to the specific needs of startups.

Impact on Innovation Ecosystem/Startups:

- ✓ The ecosystem benefits from more efficient and impactful support services for startups, leading to higher success rates.
- ✓ Increased transparency and accountability within the ESO network build trust and encourage greater collaboration among stakeholders.
- ✓ Data-driven insights from M&E can inform national innovation policies and strategies, leading to a more effective overall ecosystem.



Gap addressed

Lack of central monitoring on services provided by ESOs and inability to track startup progress linked to received support. Limited alignment of ESO services to their strategic goals



Proposed Implementors

□ ESOs



Cases in Tanzania, Africa and globally



Acumen, a global non-profit venture fund, has KPIs that are aligned with their core values of social impact and financial viability, such as the number of lives improved, income generation and empowerment metrics.¹



Endeavor supports high-impact startups. Their KPIs directly reflect their strategic goals, including revenue growth, job creation, follow-on capital raised and how much they have given back.²



Village Capital's strategy aims to ensure that impact-driven startups secure the necessary capital for growth. Their KPIs are directly aligned with this objective, tracking the amount of capital raised by alumni, the socio-economic impact generated by startups, and the diversity of the founders.³

06 | Provide HCD training to ESOs



Description of the recommendation

HCD is an iterative process focused on understanding the needs, behaviours, and motivations of people to create solutions that are functional, desirable, and usable. By emphasising empathy, exploration, prototyping, and testing, HCD enhances ESOs by enabling them to conduct thorough needs assessments and design targeted programmes. This approach improves service delivery and user experience, making programmes, workshops, and resources more user-friendly for startups.

Integrating HCD into ESOs fosters tailored services, ensuring the ESOs focus on startup needs. It also encourages collaboration among stakeholders, including ESOs, startups, government agencies, and investors, to address shared challenges. HCD also enhances monitoring and evaluation frameworks by focusing on user experience and program impact, allowing ESOs to gather meaningful data for service improvement. Recommendations for implementing HCD include training, developing an HCD toolkit, partnering with experts, and fostering a culture of user-centricity.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ HCD enables ESOs to design programmes that closely align with the real needs of startups, enhancing their effectiveness and impact.
- ✓ By prioritising user experience, ESOs can boost engagement with their services, leading to higher participation and satisfaction.
- ✓ programmes developed through HCD enhance ESOs' long-term sustainability

Impact on Innovation Ecosystem/Startups:

- ✓ HCD fosters a culture of innovation within the ecosystem by promoting experimentation, prototyping, and continuous user feedback.
- ✓ The collaborative nature of HCD encourages partnership building among stakeholders in the ecosystem
- ✓ HCD-designed programmes help startups develop solutions that better fit market demands.



Gap addressed

Lack of user-centricity and relevance in startup support programmes offered by ESOs, and ability to deliver better service offerings and achieve greater impact

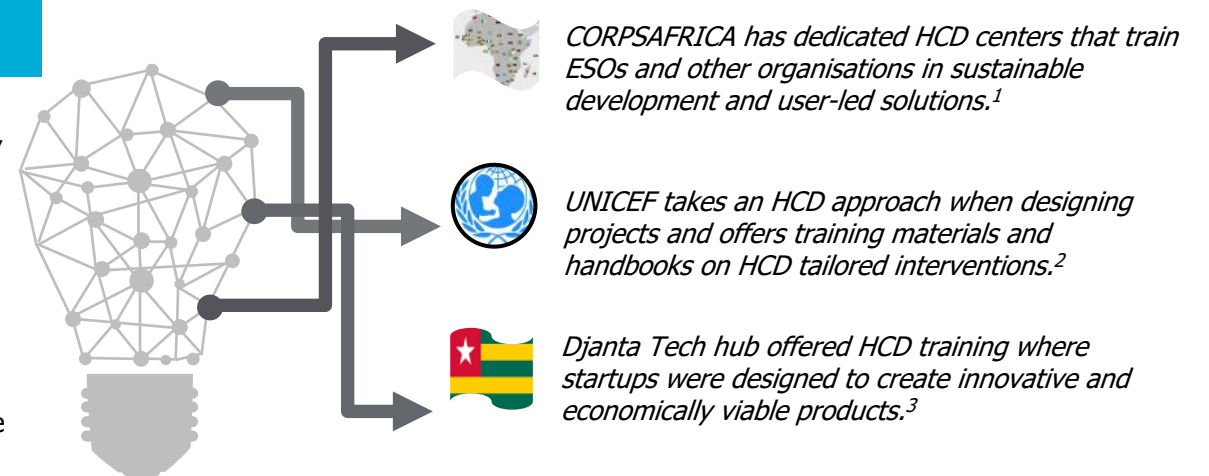


Proposed Implementors

- ESOs
- Development partners



Cases in Tanzania, Africa and globally



07 | Strengthen rural ESOs



Description of the recommendation

Rural areas in Tanzania present significant untapped opportunities for startup development. ESOs operating in rural areas are uniquely positioned to identify and cultivate these nascent ventures, owing to their understanding of local market dynamics and community-specific advantages. However, rural ESOs frequently grapple with systemic challenges, including limited access to diversified funding streams, a scarcity of specialised talent, and insufficient integration into broader national or international innovation networks.

Strengthening rural ESOs will involve targeted capacity-building initiatives by funders, dedicated funding mechanisms and network integration between urban and rural ESOs. Capacity building will professionalise ESO staff on training to offer startups; funding is necessary to ensure support provided is holistic and ESOs are financially sustainable; and stronger linkages will ensure rural ESOs are gaining from knowledge exchange from larger, rooted ESOs in urban areas.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ ESOs in urban areas can extend their geographical footprint, reaching a wider portfolio of startups
- ✓ A more integrated startup ecosystem can facilitate the collection of data on rural startup needs, trends and success to feed into evidence-based policy formulation and programme design.

Impact on Innovation Ecosystem/Startups:

- ✓ Startups in rural areas receive highly specialised skills and training that are directly relevant to their specific local market context, industry, and unique challenges.
- ✓ Reduced need to relocate or incur substantial travel and accommodation costs to access support typically found in urban centres.
- ✓ Better equipped to develop competitive products, attract rural investment and accelerated growth trajectory.



Gap addressed

Uneven distribution of startup support and resources in rural areas



Proposed Implementors

- ☐ ESOs
- ☐ Development partners
- ☐ Public and private sector stakeholders



Cases in Tanzania, Africa and globally



Farm Africa's strategic plan for 2021-2025 was centred on building the resilience of rural communities in Eastern Africa. They support smallholder farmers and startups by providing access to finance, market, and mentorship.¹

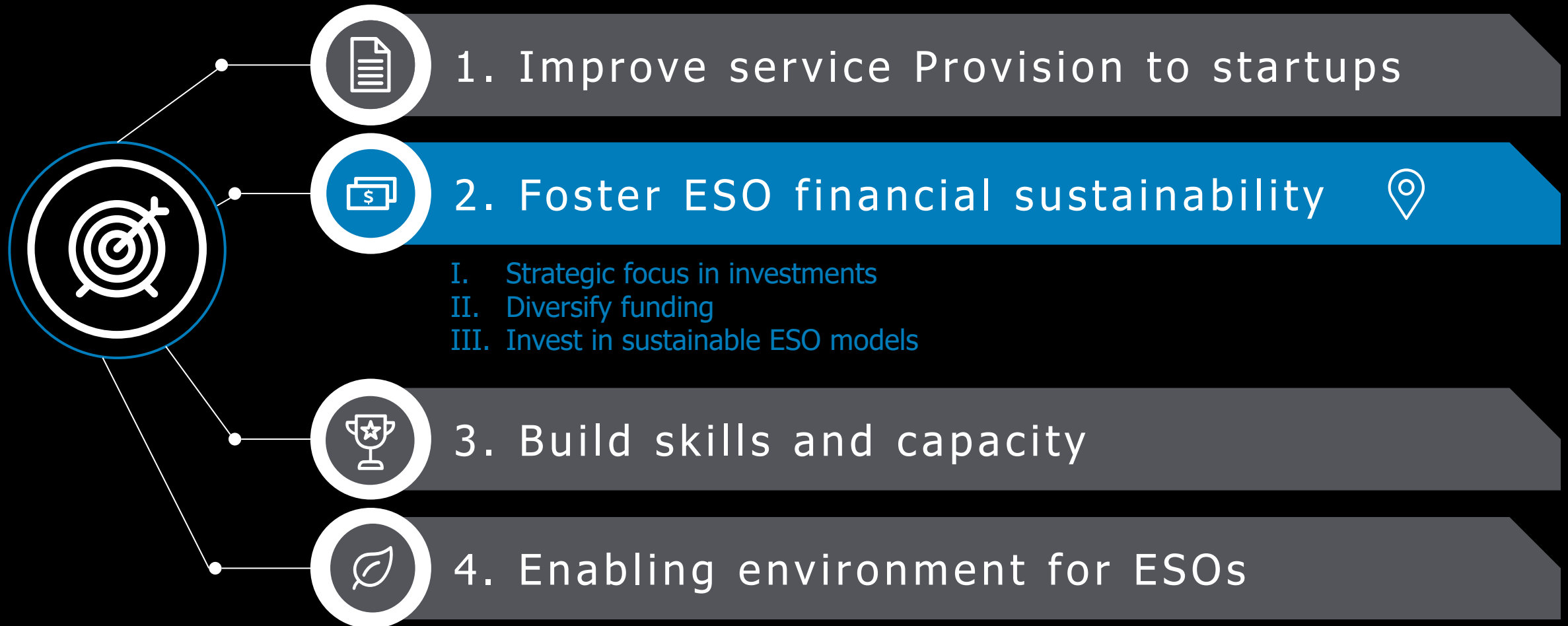


Village Enterprise equips startups in remote, economically challenged communities with the resources to monetise their businesses through training, seed grants and ongoing mentorship.²



The Royal Countryside Fund enables rural farmers in the UK to become self-sufficient and viable through community-led solutions and investments.³

Detailed recommendations



08 | Provide milestone financing to ESOs



Description of the recommendation

A milestone financing model provides a strategic solution for ESOs to secure sustainable funding. By setting specific milestones that ESOs must achieve to access further funding, development partners and investors ensure accountability and incentivise progress. This structured approach mitigates risks for investors, attracting more private capital to support ESOs and enabling them to overcome funding gaps.

With milestone financing, ESOs can plan and execute their programmes more effectively, knowing that funding is tied to achieving predefined objectives. Development partners and other financiers can enhance this model by offering concessional capital or de-risking mechanisms, such as partial guarantees, encouraging private investment. Ultimately, this approach fosters a sustainable funding environment, empowering ESOs to support innovation and entrepreneurship and contribute to long-term economic growth.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ De-risking through milestone funding, ESOs can attract financiers from the private sector and development partners to support operations.
- ✓ Ensures ESOs are operationally effective and are focused on achieving strategic objectives.
- ✓ Strategic disbursement of funds ensures ESOs use capital effectively

Impact on Innovation Ecosystem/Startups:

- ✓ Reduced risk for investors encourages more investment in ESOs and early-stage companies.
- ✓ Milestones provide clearer metrics for valuing ESOs, tying the progress of startups to tangible achievements and enhancing investor decision-making.
- ✓ Milestones can be aligned with national priorities, ensuring investments contribute to economic growth and social impact.



Gap addressed

Inefficient funding practices including lack of accountability and high risk

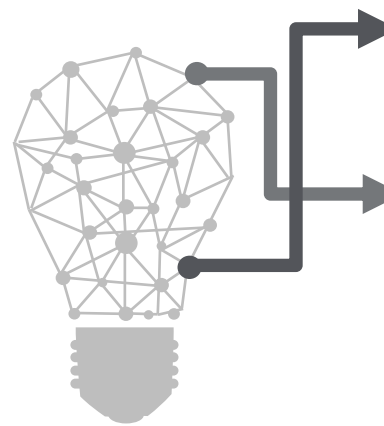


Proposed Implementors

- Development partners
- Financiers



Cases in Tanzania, Africa and globally



Rwanda Information Society Authority (RISA), in partnership with the World Bank for the Digital Acceleration Project, disburses grants to ESOs in tranches contingent on achievement of milestones.¹



Village Capital, in partnership with the Argidius foundation, launched the Uganda Ecosystem Builders programme, where several ESOs were chosen to receive milestone-based grant financing contingent on ESOs implementing their strategic plans, monitored using Village Capital's diagnostic tools.²

09 | Direct funding towards strategic focus areas requiring support



Description of the recommendation

Currently, funding for ESOs often appears fragmented and broadly dispersed, which dilutes their catalytic impact and fails to address critical bottlenecks. There's a compelling need for development partners to shift from a generalised funding approach to one that meticulously identifies and directs capital towards an ESO's pre-existing, strategically defined focus areas. This means development partners should align their investments with an ESO's established specialisation, i.e., sector or startup venture stage, rather than imposing their programmatic objectives.

For example, if an ESO has a robust portfolio of agriculturally-focused startups in the growth stage, the development partner can allocate funding based on that proven expertise, bolstering existing strengths and maximising impact, instead of starting separate, potentially redundant, programmes. By channeling financial resources into these specific strategic domains, development partners can significantly enhance the efficiency and accountability of their investments.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ ESOs receive funding based on their strategic area of focus and mandate allowing them to align their programme design and operational efforts with defined startup priorities
- ✓ ESOs can more effectively measure and report on their performance against predefined KPIs
- ✓ Targeted funding allows concentration of efforts and expertise on critical areas requiring support, preventing resource dilution across disparate initiatives.

Impact on Innovation Ecosystem/Startups:

- ✓ Startups operating within the identified strategic focus areas (e.g., specific industries, stages, or regional locations) gain preferential access to financial and non-financial resources that are precisely tailored to their unique needs and challenges.



Gap addressed

Inefficient and fragmented allocation of development capital, which results in a diluted impact on startup ecosystem development.

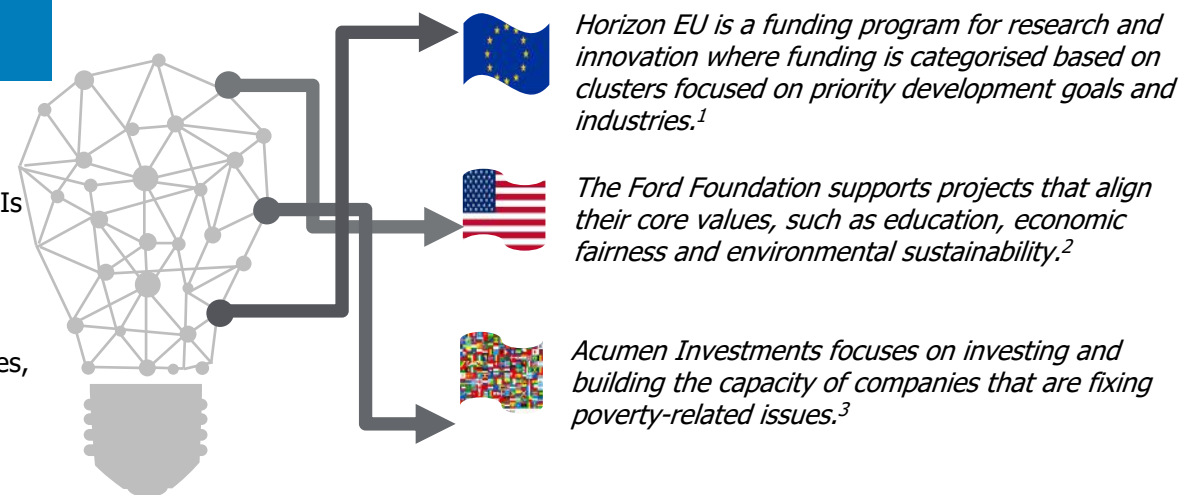


Proposed Implementors

- Development partners
- Financiers



Cases in Tanzania, Africa and globally



10 | Provide training to ESOs on resource mobilisation and income diversification



Description of the recommendation

Income diversification training for ESOs will equip them to generate revenue from multiple sources, enhancing financial sustainability and reducing reliance on single funders. This training covers identifying diverse revenue streams such as membership fees, fee-for-service programmes, earned income ventures, sponsorships, grants, and impact investing. Developing comprehensive business plans for each revenue stream is crucial, detailing target audiences, pricing strategies, marketing plans, and financial projections.

Additionally, the training would address pricing strategies, marketing and sales, financial management, legal compliance, and grant writing. ESOs learn to set pricing models based on delivery costs, market demand, and competitor pricing, and develop effective marketing strategies using social media and partnerships. Strengthening financial management skills ensures accountability, while understanding legal requirements is vital for compliance. Finally, ESOs enhance their grant writing and fundraising abilities, enabling them to craft compelling proposals and secure funding for new initiatives.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Diversification decreases dependence on a single funding source, providing ESOs with a stable financial base.
- ✓ Training enables ESOs to generate income from various sources.
- ✓ Diversification necessitates stronger financial management skills, equipping ESOs to effectively track income, manage budgets, and ensure accountability.

Impact on Innovation Ecosystem/Startups:

- ✓ Enhanced financial stability allows ESOs to expand service offerings.
- ✓ With diversified income, ESOs gain greater autonomy, allowing them to make decisions that best serve their mission and the startups.
- ✓ ESOs with diversified income and strong financial management are more likely to attract investment from impact investors and other funding sources



Gap addressed

Overreliance on grant funding and limited ability to capitalise on commercial revenue streams



Proposed Implementors

- ☐ Development partners



Cases in Tanzania, Africa and globally



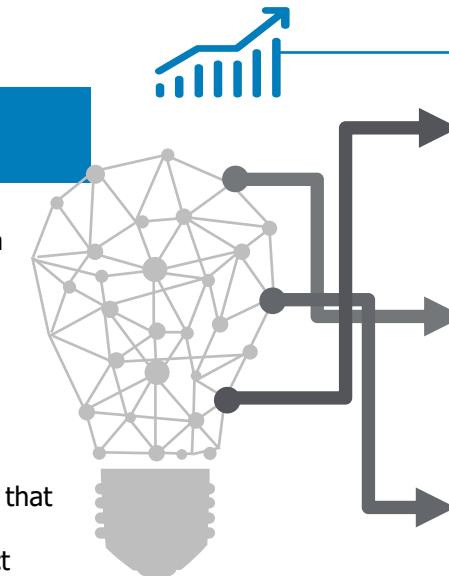
Acumen provides training to startups and ESOs to map out their value, develop a sustainable business model and educate them on self-sustainable revenue engines.¹



Village Capital provided training to 13 ESOs, which encompassed identifying a pathway to financial sustainability and impact using their custom diagnostic tool.²



Enpact has supported ESOs across 12 countries by providing training on financial support, program design, team building and leadership development.³



11 | Implement alternative financing models for ESOs



Description of the recommendation

To ensure sustainable support for startup ecosystems, alternative financing models need to be considered when providing funding for ESOs. These models move beyond traditional grants to create more resilient and impactful funding streams.

Here are three such models:

- i. Revenue-Based Repayment: startups repay a percentage of their revenue once generated, avoiding equity dilution and creating a revolving fund for future cohorts.
- ii. Sponsored Accelerator As-a-Service: Corporates fully fund accelerator programmes in exchange for access to startup pipelines and market insights, benefiting startups with no fees or equity dilution.
- iii. Programme Licensing and Tiered Philanthropy: ESOs license their curriculum to other organisations and secure philanthropic funding for specific beneficiary cohorts, diversifying revenue streams beyond core operations.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Reduced reliance on traditional grant funding, creating more diversified and sustainable revenue streams.
- ✓ By generating their own revenue or securing targeted corporate/philanthropic support, ESOs gain greater autonomy in programme design and delivery.
- ✓ Models like revenue-based repayment inherently align ESO success with startup success, fostering a stronger focus on tangible outcomes.

Impact on Innovation Ecosystem/Startups:

- ✓ Models like revenue-based repayment provide funding without requiring equity dilution, which is highly beneficial for founders seeking to retain ownership
- ✓ Financing structures that tie repayment or sponsor benefits to startup growth enhance the alignment of incentives between the ESO, funders, and the startup.
- ✓ For startups, these models often translate to reduced or eliminated programme fees, making high-quality acceleration, incubation, and training more accessible.



Gap addressed

Overreliance on traditional, often short-term, and unpredictable grant-based funding

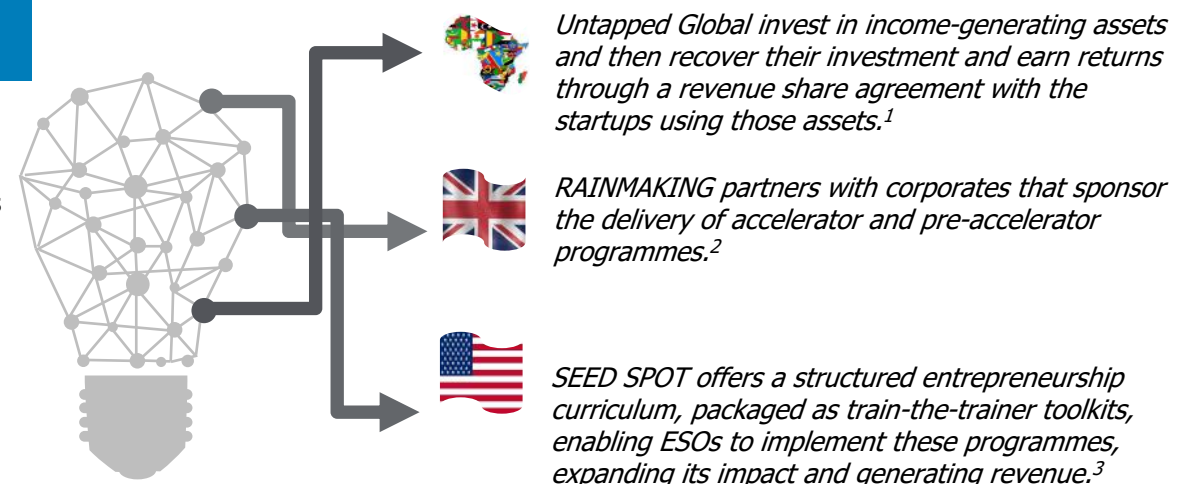


Proposed Implementors

- Corporates
- Development partners
- ESOs and Financiers



Cases in Tanzania, Africa and globally



12 | Strengthen university-based ESOs



Description of the recommendation

Investing in university-based ESOs represents a crucial strategy for bolstering Tanzania's innovation ecosystem. University-based incubators and hubs or labs are the most common in the ecosystem, positioning them as critical support players.

When well-resourced and strategically managed, these university based ESOs can foster a vibrant entrepreneurial culture, facilitate the translation of cutting-edge research into commercially viable products and services, critically supported by intellectual property (IP) protection frameworks. Such frameworks are essential for safeguarding novel innovations, ensuring their commercialisation potential, and attracting investment. Furthermore, these ESOs connect aspiring startups with essential resources and mentorship and ultimately create a robust pipeline of skilled and entrepreneurial talent.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ ESOs gain the capacity to translate university research into commercially viable products and services, potentially generating revenue and increasing their institutional impact within Tanzania.
- ✓ ESOs attract and cultivate entrepreneurial-minded students, creating a strong pipeline of talented graduates
- ✓ ESOs facilitate connections between diverse academic disciplines

Impact on Innovation Ecosystem/Startups:

- ✓ University-driven research is more effectively converted into practical innovations that can address real-world needs
- ✓ The ecosystem benefits from a growing pool of skilled graduates and innovative startups
- ✓ Increased investment in university ESOs fosters a stronger entrepreneurial mindset among future leaders and innovators



Gap addressed

Inefficient translation of academic research and student innovation into viable market solutions.

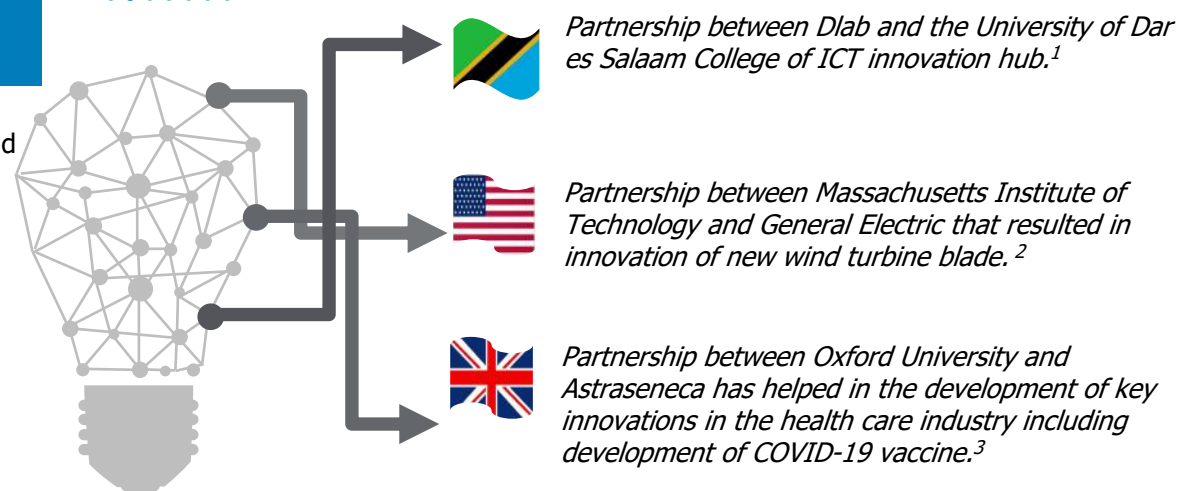


Proposed Implementors

- Government
- Development partners
- Education Institutions



Cases in Tanzania, Africa and globally



13 | Establish corporate-based ESOs



Description of the recommendation

These entities, typically integrated within larger corporate structures, are uniquely positioned to provide unparalleled access to corporate resources, including specialised technical infrastructure, extensive market intelligence, and seasoned professional mentorship. By formalising internal or external-facing accelerator and incubation programmes, corporate ESOs can systematically identify, nurture, and scale promising startups whose innovations align with the parent corporation's strategic objectives or address identified market gaps. This symbiotic relationship enables corporations to engage in open innovation, diversify their product pipelines, and preempt disruptive market shifts.

Furthermore, corporate-based ESOs serve as vital conduits for knowledge transfer and talent development, bridging the chasm between agile startup methodologies and established corporate governance. They can facilitate the absorption of entrepreneurial agility into the corporate culture, cultivating a pipeline of acquisition targets and enhancing brand reputation as an innovation leader.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Corporate ESOs provide the parent company with direct, early-stage access to a pipeline of innovative startups, offering a strategic advantage in identifying and engaging with disruptive technologies and business models before they become widely known.
- ✓ By closely collaborating with nascent ventures, corporate ESOs facilitate the acquisition of real-time market insights and emerging trend data.
- ✓ Strengthens CSR

Impact on Innovation Ecosystem/Startups:

- ✓ Startups gain privileged access to the corporate parent's extensive resources, including state-of-the-art infrastructure, R&D facilities, industry-specific data, and the expertise of seasoned corporate professionals and mentors.
- ✓ Opportunities for pilot projects, product testing, and potential customer acquisition within a large, established market.
- ✓ Pathway to direct investment from the corporate venture arm or even eventual acquisition.



Gap addressed

Disparity in access to critical resources and market channels between nascent, innovative startups and large, established corporations.

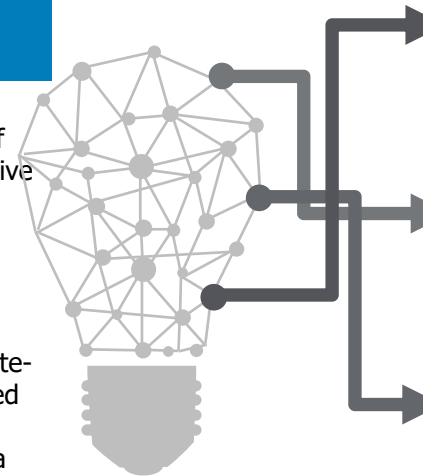


Proposed Implementors

- ☐ Corporates



Cases in Tanzania, Africa and globally



Stanbic Biashara Incubator, powered by the Stanbic Bank supports startups. They provide capacity building, access to the market, finance and a community.¹

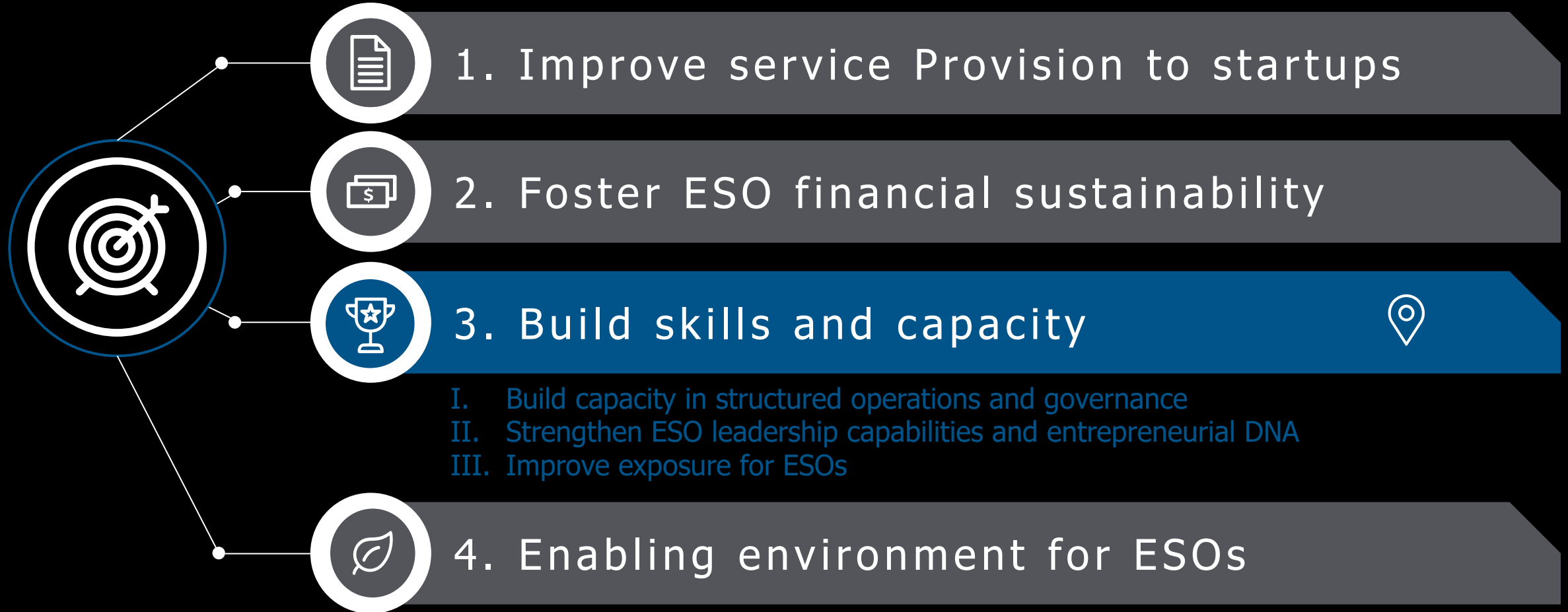


Barclays launched Rise 10 years ago, and its accelerator program has launched several successful fintech-ecosystem companies, including Chainalysis and Novo Bank.²



The Pegasus program is a 2-year incubator, an extension of the Microsoft Startup Founders hub, for startups building customer-facing products on the Microsoft Cloud Platform. An example is Silverfort that is working on go-to-market products alongside Microsoft.³

Detailed recommendations



14 | Targeted training in financial management, M&E and governance



Description of the recommendation

Findings of the study noted challenges in financial management, the implementation of M&E practices, and the establishment of sound operational governance frameworks. These deficiencies collectively undermine an ESO's capacity to allocate resources optimally, demonstrate tangible impact, and ensure transparent and accountable operations, thereby limiting their potential to provide consistent, high-quality support to startups across various stages and sectors.

Consequently, addressing these specific structural weaknesses is paramount for unlocking the full potential of ESOs within the broader startup landscape. This necessitates a focused intervention strategy, primarily comprising targeted capacity-building initiatives specifically in the aforementioned areas of financial management, monitoring and evaluation, and governance. Such specialised training will professionalise ESO staff, equipping them with the competencies to manage financial resources with greater prudence, systematically track and report on programmatic outcomes, and adhere to best practices in organisational oversight.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Improved resource allocation through robust budgeting, expenditure tracking and financial reporting systems
- ✓ Proficiency in M&E allows ESOs to systematically measure, document, and communicate their impact with greater precision
- ✓ Training in governance best practices equips ESOs with the frameworks and knowledge to ensure transparent decision-making, mitigate risks, and adhere to regulatory standards

Impact on Innovation Ecosystem/Startups:

- ✓ Startups benefit from ESOs that are professionally managed, financially sound, and capable of rigorously tracking their own performance.
- ✓ Development partners can be assured regarding the responsible utilisation of their investments



Gap addressed

Internal operational and institutional capacity challenges



Proposed Implementors

- ☐ ESOs
- ☐ Development partners



Cases in Tanzania, Africa and globally



Climate Knowledge Innovation Community (KIC) provides online capacity building and training through tailored programmes for European ESOs supporting climate innovation.¹



Local Initiative Support Corporation (LISC) provides capacity-building programmes to ESOs offering resources, training in financial management and market access to enable them to build sustainably.²



Making Cents International provides technical and operational capacity strengthening of ESOs using human-centered design principles.³

15 | Targeted training in leadership and strategic planning



Description of the recommendation

Findings from study have consistently revealed a significant challenge ESOs pertaining to limited leadership capabilities and a notable absence of robust, long-term strategic planning. This challenge often results in ESOs operating reactively, with their programmatic direction disproportionately influenced by the short-term agendas and specific requirements of development partners and funders, rather than being driven by an intrinsic, comprehensive vision for ecosystem development.

There is a need for targeted training focused on enhancing leadership acumen and strategic planning competencies within ESOs. This training should equip ESO leaders with the analytical tools and frameworks necessary to conduct thorough ecosystem analyses, articulate a compelling long-term strategic vision, and develop resilient operational plans that transcend immediate funding cycles. By fostering a culture of proactive, data-driven strategic planning, ESOs can assert greater agency in shaping their own trajectories, ensuring their interventions are deeply aligned with the evolving needs of startups



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Strong strategic planning enables ESOs to design and implement programmes that are more cohesive, intentionally aligned with identified ecosystem needs
- ✓ ESOs with clear strategic plans and capable leadership are better positioned to articulate their value proposition, attract aligned funding that supports their long-term objectives, and build more sustainable partnerships based on shared strategic goals rather than transactional project funding.

Impact on Innovation Ecosystem/Startups:

- ✓ ESOs that are strategically led and capable of long-term planning can provide more comprehensive and reliable reporting on their progress against strategic objectives. This reduces the need for constant oversight from funders, fostering greater trust and enabling development partners to focus on higher-level strategic engagement.



Gap addressed

Limited organisational autonomy and long-term strategic coherence, stemming from weak internal leadership and an over-reliance on funder-driven agendas.



Proposed Implementors

- ☐ ESOs
- ☐ Development partners



Cases in Tanzania, Africa and globally



The JICA NINJA Accelerator run by Deloitte delivered capacity-building initiatives, including strategic planning and entrepreneurial DNA enhancement programmes, designed to address gaps identified in institutional assessments.¹



The Association of Startup and SME Enablers of Kenya (ASSEK) launched a regional ESO capacity building program which has a module for Personal Entrepreneurial competencies within ESO leaders and managers.²



Conecta Africa's key component of their offering to ESOs is "Tailored trainings" and "Leadership development" aimed at boosting ESO capacity and financial stability.³

16 | Foreign exchange programmes of ESO key staff members to gain from knowledge transfer



Description of the recommendation

Foreign exchange initiatives enable professionals to immerse themselves in different operational contexts, observe varied programmatic approaches, and engage directly with international counterparts who may possess advanced expertise in areas such as venture capital readiness, impact measurement, or sector-specific incubation methodologies.

This direct exposure facilitates the acquisition of tacit knowledge and nuanced understanding that cannot be readily gleaned from theoretical frameworks or remote consultations. The objective is to cultivate a cadre of highly skilled ESO personnel capable of integrating globally recognised best practices into local contexts, thereby elevating the overall quality and sophistication of startup support services. The knowledge and insights acquired can then be disseminated internally, leading to a multiplier effect that strengthens the entire ESO.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Rapid integration of globally recognised best practices into their local operations.
- ✓ More capable and specialised workforce within the ESO, improving the quality of support offered.
- ✓ These expanded networks can lead to new funding collaborations, knowledge-sharing platforms, and opportunities for joint programmes, strengthening the ESO's global standing.

Impact on Innovation Ecosystem/Startups:

- ✓ Startups benefit from ESOs whose staff have gained exposure to international best practices, leading to more sophisticated, relevant, and globally informed programmes, mentorship, and resources tailored to their specific needs.
- ✓ Startups receive guidance that better prepares them for global market entry, cross-border expansion, and engagement with international investors and partners.



Gap addressed

Limited exposure to, and adoption of, international best practices and advanced operational methodologies within ESOs



Proposed Implementors

- ☐ ESOs
- ☐ Development partners



Cases in Tanzania, Africa and globally



Kenya Climate Innovation Center has participated in exchange programmes with partners like the World Bank and CleanTech Open to send staff abroad.¹

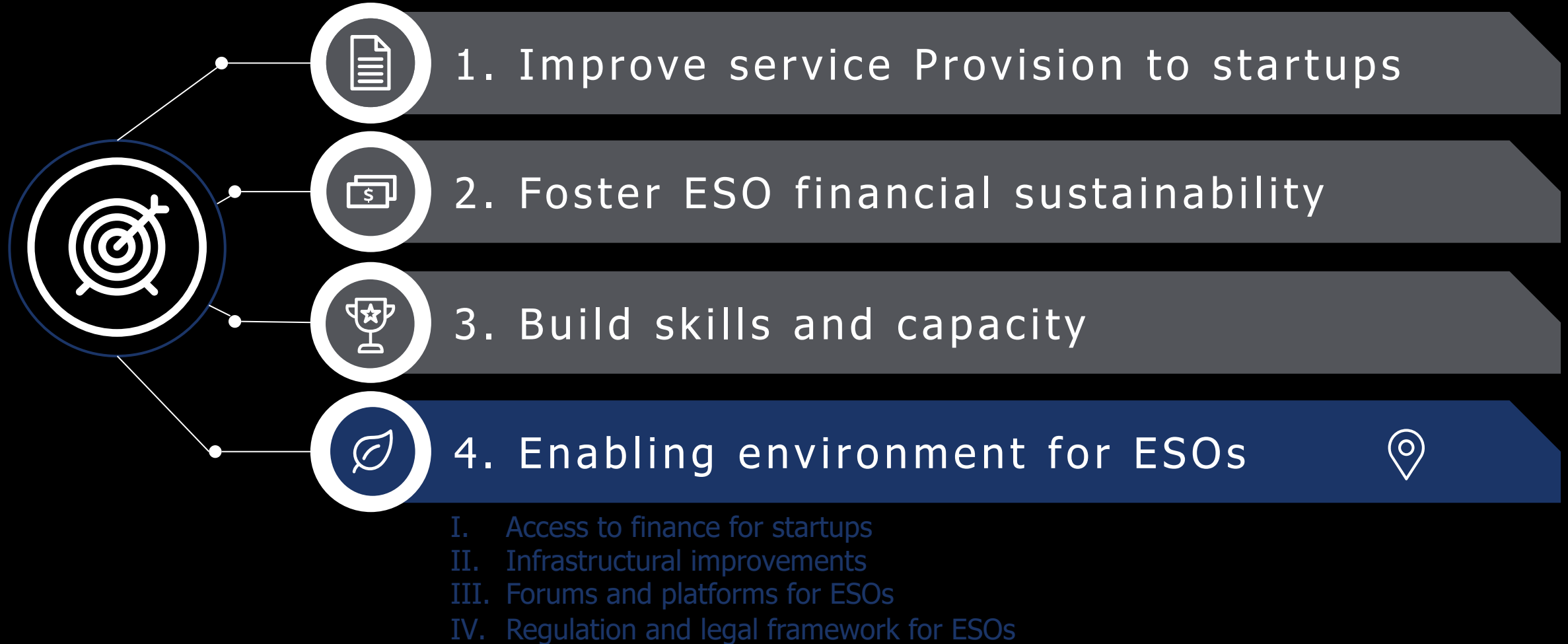


Tony Elumelu Foundation has partnered with the UNDP and EU for exchange opportunities for both staff and startups.²



National Youth Service Corps have participated in Commonwealth Exchange programmes and AU/UN exchange platforms sending staff and fellows to various countries.³

Detailed recommendations



17 | Establish a National Venture Capital Fund (NVCF)



Description of the recommendation

A well-structured NVCF can bridge the early-stage startup financing gap, stimulating innovation, job creation, and economic diversification. The NVCF could be established as a government-owned or quasi-governmental entity, operating independently with a professional management team, under a well-structured legal framework to ensure transparency and accountability. The fund should focus on investing in high-growth potential startups across diverse sectors aligned with Tanzania's development priorities, supported by a clear investment strategy and rigorous due diligence conducted by experienced professionals.

Success for the NVCF hinges on management by seasoned investment professionals and a strong governance structure to maintain independence, transparency, professional management and prevent conflicts of interest, overseen by an independent board. Additionally, a clear exit strategy through IPOs, acquisitions, or sales is crucial for returning capital to investors and demonstrating the fund's performance, thereby reinforcing its role in fostering economic growth and innovation.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ NVCF could provide seed funding, enabling ESOs to support more startups through partnerships and collaboration
- ✓ ESOs can enhance comprehensive support for startups in new technologies, products and services.

Impact on Innovation Ecosystem/Startups:

- ✓ Startups can validate their business models quickly and attract further investment to grow.
- ✓ A well-managed NVCF can attract foreign investment to local startups and create a favourable investment climate.
- ✓ Successful startups create jobs, reduce unemployment and boost economic growth.



Gap addressed

Pervasive shortage of risk capital, particularly for innovative, high-growth startups, that the conventional private financial market is unable or unwilling to provide adequately

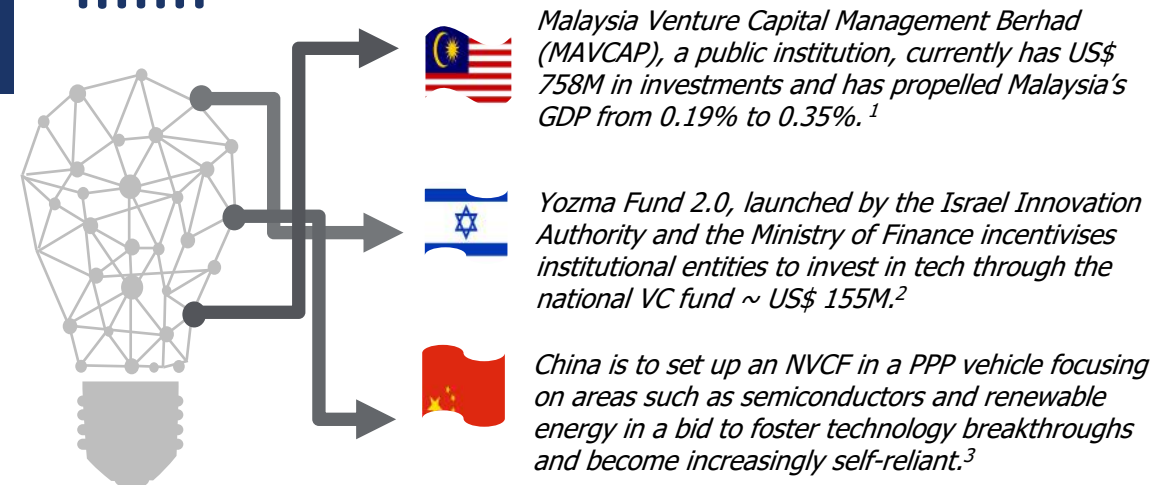


Proposed Implementors

- Government
- Financiers
- Development partners



Cases in Tanzania, Africa and globally



18 | Facilitate availability of high-speed internet infrastructure through a research and innovation network to support ESOs



Description of the recommendation

Ensuring widespread and affordable high-speed internet is no longer optional but fundamental for Tanzania to cultivate a robust innovation ecosystem. This access directly empowers both ESOs in their work nurturing startups and the startups themselves by providing essential connectivity to global resources and markets.

Achieving this requires strategic infrastructure investment, facilitated by public-private partnerships. Crucially, initiatives to make internet affordable, especially in underserved areas, must be coupled with digital literacy programmes. Supporting internet service providers to expand and improve their services, while promoting competition, will further enhance internet access across the nation.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ High-speed internet enables ESOs to seamlessly deliver virtual training modules, online mentorship, and remote incubation programmes to startups across all regions of Tanzania, particularly reaching those in underserved or rural areas who face geographical barriers to physical hubs.
- ✓ Reliable, fast internet facilitates the efficient use of cloud-based management systems, communication platforms, and data analytics tools. This allows ESOs to streamline administrative processes, conduct more rigorous M&E of their programmes

Impact on Innovation Ecosystem/Startups:

- ✓ With high-speed internet, startups can effectively utilise e-commerce platforms, engage in digital marketing, and access global supply chains.
- ✓ Reliable internet connectivity is fundamental for seamless communication within remote or distributed teams, enabling efficient collaboration.



Gap addressed

Challenges in digital infrastructure specifically tailored to the needs of technology startups within innovation hubs.

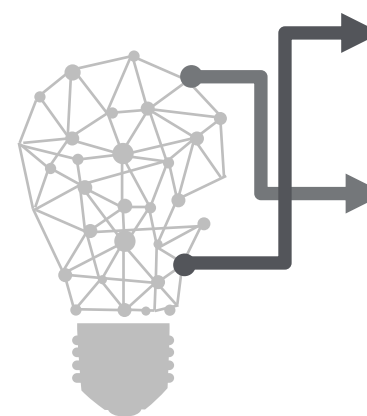


Proposed Implementors

- ❑ Development partners
- ❑ Government
- ❑ Education Institutions



Cases in Tanzania, Africa and globally



Canada's Centre of Excellence in Next Generation Networks (CENGN) and CANARIE, an ultra-fast research and innovation network provides startups with 10Gbps+ speeds.¹



India's BharatNet project delivers high-speed fiber connectivity to rural and urban areas while cities like Bangalore benefit from PPPs for Wi-Fi and fiber rollouts.²

19 | Develop a Technology and Innovation Park



Description of the recommendation

Developing a Technology and Innovation Park should be a joint effort led by the government and supported by universities, the private sector, and development partners. The government typically provides infrastructure and policy support, while universities contribute research and talent, and private sector players bring in investment and market access. By co-locating these key players, the park would foster collaboration, knowledge spillovers, resource sharing, infrastructure, and business support services. This concentration of innovative activity can catalyse the development of new technologies, drive the growth of startups, and ultimately enhance Tanzania's competitiveness in the global knowledge economy.

Furthermore, it can act as a magnet for both domestic and foreign investment, creating high-skilled jobs and contributing to economic diversification. The park can also house ESOs, providing startups with readily accessible mentorship, incubation, and acceleration programmes. By strategically locating the park near universities or research institutions, it can facilitate the commercialisation of academic research and the creation of university spin-off companies.



Impact and benefit on ESOs and the innovation ecosystem

Impact on Innovation Ecosystem/Startups:

- ✓ The ecosystem experiences accelerated growth of technology-focused startups.
- ✓ The ecosystem attracts increased domestic and foreign investment in innovation.
- ✓ The ecosystem fosters stronger linkages between research, industry, and commercialisation.



Gap addressed

Limited physical and operational environments for startups and research-driven ventures.



Proposed Implementors

- Development partners
- Financiers
- Government



Cases in Tanzania, Africa and globally



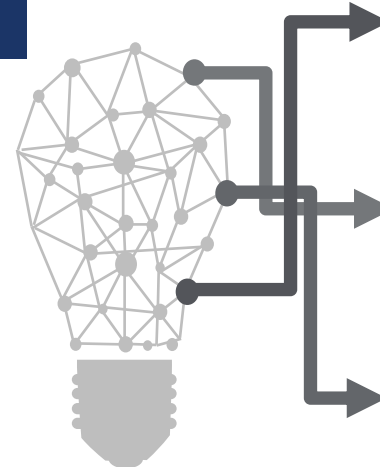
Technopark Zürich: A leading Swiss technology park supporting startups and innovation in various high-tech sectors.¹



Accra Digital Centre: An example of a digital technology park in Africa, aiming to foster the growth of the digital economy.²



Kista Science City: One of Europe's largest ICT clusters, hosting major companies like Ericsson and IBM, and playing a key role in developing mobile telephony infrastructure.³



20 | Create a forum for ESOs and startups to engage with each other



Description of the recommendation

ESOs often miss the mark in identifying key startup needs, whilst startups may struggle to navigate the diverse landscape of available support. This diminishes the overall catalytic potential of the ecosystem. A lack of a dedicated forum for direct, iterative dialogue impedes the co-creation of relevant solutions and limits the mutual learning essential for dynamic ecosystem evolution.

Consequently, the establishment of a formalised forum for continuous engagement between ESOs and startups is an imperative for fostering a more responsive and effective startup landscape. Such a platform would facilitate invaluable feedback loops, enabling ESOs to gain real-time insights into the challenges faced by ventures, thereby informing the iterative refinement and strategic tailoring of their offerings. Concurrently, startups would benefit from enhanced transparency regarding available resources, direct access to a diverse array of support providers, and opportunities to articulate their specific needs, fostering a more demand-driven support environment.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ Real-time, empirically-driven insights into the evolving needs, challenges, and opportunities faced by ventures
- ✓ Reduced fragmentation in the support landscape and encourages a more synergistic approach

Impact on Innovation Ecosystem/Startups:

- ✓ Startups gain a direct voice in shaping the support they receive, ensuring that programmes and resources are precisely aligned with their specific stage of development, industry, and immediate challenges, rather than generic offerings
- ✓ The forum provides a clear, centralised point of access to a diverse array of ESOs and their offerings, making it easier for startups to identify and connect with the most appropriate support providers, reducing time and effort



Gap addressed

Limited direct, iterative communication between the ESOs and startups



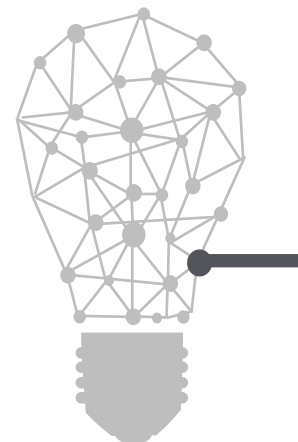
Proposed Implementors

- ☐ ESO Associations
- ☐ Startup Associations
- ☐ ESOs



Cases in Tanzania, Africa and globally

Nigeria's National Information Technology Development Agency (NITDA) Startup Consultative Forum offers a forum for startups to engage with ESOs directly. Launched under the Nigerian Startup Act. This forum brings together labelled startups with verified ESOs, angel investors, and venture capitalists. Startups use this space to articulate their real-time needs directly to ESOs and policymakers, ensuring that the entrepreneurial landscape is genuinely demand-driven.¹



21 | Strengthen the local hubs network THN



Description of the recommendation

To strengthen the Tanzania Hubs Network and enhance its role in nurturing innovation hubs, a focused strategy on capacity building, resource mobilisation, and knowledge sharing is key. This includes tailored training for hub leaders in areas like innovation management, fundraising, and digital tools, alongside the creation of a centralised platform for sharing best practices and resources. Strategic partnerships with development agencies, academia, and the private sector can further provide technical support and funding to scale impactful initiatives.

Equally important is reinforcing the network's governance and advocacy capacity. A clear strategic roadmap aligned with national development goals would help position the network as a unified voice for innovation hubs. This enables effective lobbying for supportive policies—such as startup incentives, broadband access, and public procurement opportunities. Establishing regional chapters can also ensure inclusive representation and support for hubs in underserved areas, fostering a more balanced and resilient innovation ecosystem across Tanzania.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ ESOs within a stronger network gain enhanced opportunities for collaboration, knowledge sharing, and peer learning with other hubs.
- ✓ A well-supported hub network can attract more resources, funding, and partnerships that individual ESOs can then leverage.
- ✓ Standardised quality guidelines within a strengthened network can enhance the credibility and impact of individual ESOs.

Impact on Innovation Ecosystem/Startups:

- ✓ A robust hub network provides startups across Tanzania with more accessible and higher-quality support services, increasing their chances of success.
- ✓ Stronger connections within the hub network facilitate better resource flow, mentorship access, and market linkages for startups.
- ✓ A well-coordinated and effective hub network contributes to a more vibrant and productive national innovation ecosystem, driving economic growth and job creation.



Gap addressed

Inadequate collaboration and complementarity among hubs in their support to startups, contributing to duplication of efforts and limited impact on the ground

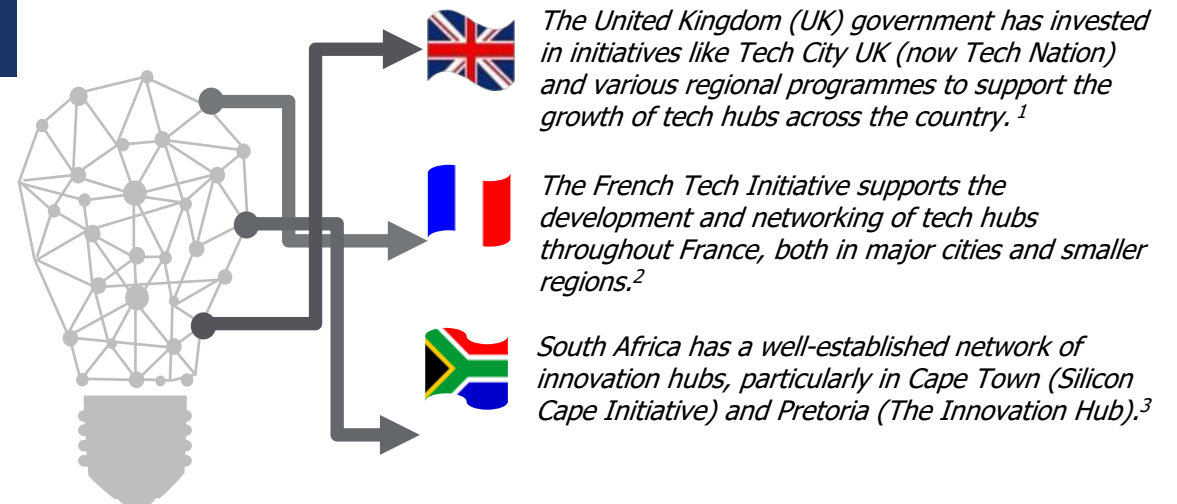


Proposed Implementors

- Development partners
 - Government
 - THN
 - ESOs



Cases in Tanzania, Africa and globally



22 | Implement a digital platform to link ESOs with startups



Description of the recommendation

This creates a cohesive support system, replacing fragmented efforts with a unified and accessible platform for startups nationwide. The digital portal acts as a central hub for information, resources, mentorship, funding, and collaboration tools for both startups and ESOs.

This coordinated network, facilitated by the portal, enhances efficiency and impact. Startups can easily find relevant ESOs and resources, while ESOs can share best practices and collaborate. This centralised digital infrastructure promotes transparency, streamlines processes, and builds a more robust and interconnected ecosystem that effectively supports and scales innovative ventures across Tanzania.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ ESOs gain increased visibility and reach to startups across the country through the central digital portal.
- ✓ ESOs can access and share best practices, resources, and collaborate on programmes through the network platform.
- ✓ ESOs benefit from streamlined data collection and reporting on their impact within the national ecosystem.

Impact on Innovation Ecosystem/Startups:

- ✓ Startups experience easier and more equitable access to a comprehensive range of support services and resources nationwide.
- ✓ The ecosystem benefits from enhanced transparency and a clearer understanding of the available support landscape.
- ✓ Collaboration and knowledge sharing among ESOs and stakeholders are significantly improved, leading to a more unified and effective support system.

Source(s): [1] About Startup India Initiative, Startup India [2] Innovation and Startups, Enterprise Singapore [3] Digital Boost website



Gap addressed

A fragmented ESO network and absence of a central platform to access ESOs

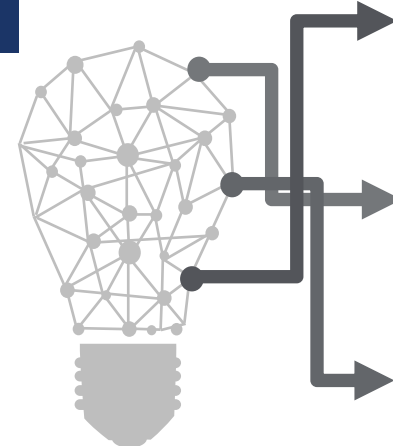


Proposed Implementors

- ESO associations
- Startup associations
- Development partners



Cases in Tanzania, Africa and globally



The Startup India initiative features a comprehensive online portal. This portal acts as a central hub connecting startups, investors, incubators, accelerators, mentors, and government schemes.¹



Startup SG Network serves as a central information point, directing users to different schemes, incubators, accelerators, and funding opportunities available across the nation.²



Digital Boost acts as a centralised online platform connecting these entities with expert volunteer mentors and workshops covering various digital skills relevant to startups.³

23 | Design and implement a structured system of tax incentives, relief, and exemption programmes for ESOs



Description of the recommendation

ESOs, both non-profit or for-profit, often face significant operational cost burdens, which can constrain their capacity to invest in programme development, attract and retain high-caliber talent, and scale their outreach effectively. This financial disincentive can inadvertently stifle the growth of vital support infrastructure, thereby impeding the overall development trajectory of startups.

Consequently, the design and implementation of a well-calibrated fiscal framework, encompassing tax incentives, relief, and exemption programmes for ESOs, is paramount. Such a system would alleviate financial pressures, enabling ESOs to reallocate resources towards core programmatic activities, enhance the quality and scope of their services, and ultimately increase their catalytic impact on startup growth and job creation. Moreover, these fiscal measures serve as a clear policy signal of governmental commitment to fostering entrepreneurship, thereby attracting further private sector investment and philanthropic engagement in the ecosystem.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ ESOs may receive tax exemptions on income generated from supporting innovative startups, freeing up resources for programme expansion.
- ✓ Tax deductions for ESOs investing in infrastructure or training specifically for innovative ventures can lower operational costs.
- ✓ Government tax credits for ESOs that successfully incubate or accelerate high-growth startups can incentivise effective support.

Impact on Innovation Ecosystem/Startups:

- ✓ Innovative startups gain increased capital due to reduced tax burdens in their early growth stages, allowing for reinvestment.
- ✓ Tax incentives attract more investment (both local and foreign) into Tanzanian startups, fueling innovation and scaling.
- ✓ A supportive tax environment fosters a stronger culture of entrepreneurship and risk-taking within Tanzania.

Source(s): [1] About Startup India Initiative, Startup India



Gap addressed

Financial constraints faced by ESOs in the innovation ecosystem that impacts organisational focus.

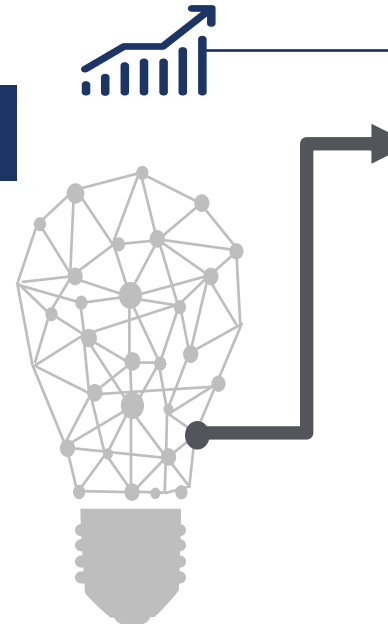


Proposed Implementors

- Government



Cases in Tanzania, Africa and globally



Through its Startup India initiative, the government grants recognised incubators—particularly those registered with the Department for Promotion of Industry and Internal Trade (DPIIT)—a range of tax benefits. These include income tax exemptions for not-for-profit ESOs, customs and excise duty exemptions on imported research equipment, and eligibility to receive tax-exempt government grants and CSR funding. These measures are designed to reduce operational costs and strengthen the capacity of ESOs to support early-stage startups across the country.¹

24 | Develop a startup act that recognises ESOs and sets guiding framework



Description of the recommendation

Tanzania does not have comprehensive guidelines, and frameworks specifically tailored for ESOs and startups. This ambiguity can lead to legal uncertainties, hinder access to support mechanisms, and impede the growth of new ventures. Without a formalised legal instrument, the operational realities of startups and the unique roles of ESOs within the innovation landscape remain ill-defined, stifling investment. Tanzania has, however, made significant strides towards fostering innovation, particularly in the financial sector, through the Bank of Tanzania (BoT) FinTech Regulatory Sandbox. This initiative provides a controlled environment for companies to test novel financial products, aiming to enhance financial inclusion.

A startup Act, delineating the legal status, rights, and obligations of both ESOs and startups, is a mechanism for an enabling environment. Such legislation would provide clear definitions for entities such as "startup," "incubator," and "accelerator," thereby creating a shared understanding and facilitating targeted policy interventions. Furthermore, it would establish clear guidelines for their registration, operation, and access to supportive measures, including potential tax incentives, simplified regulatory processes, and intellectual property protection.



Impact and benefit on ESOs and the innovation ecosystem

Impact on ESOs:

- ✓ A clear policy provides ESOs with a defined framework and government backing for their support programmes and initiatives.
- ✓ The policy can streamline ESO access to potential government funding and resources specifically earmarked for startup development.
- ✓ A strategic policy can facilitate better collaboration and coordination among different ESOs within Tanzania's ecosystem.

Impact on Innovation Ecosystem/Startups:

- ✓ The policy signals a strong government commitment to supporting innovation, attracting more investment and startup activity.
- ✓ A tailored policy can address the specific challenges faced by Tanzanian startups, leading to higher success rates and faster growth.
- ✓ Clear regulations and incentives within the policy create a more predictable and favorable environment for both startups and investors in Tanzania.



Gap addressed

Lack of a regulatory framework in the country to guide the operation of startups in the innovation space

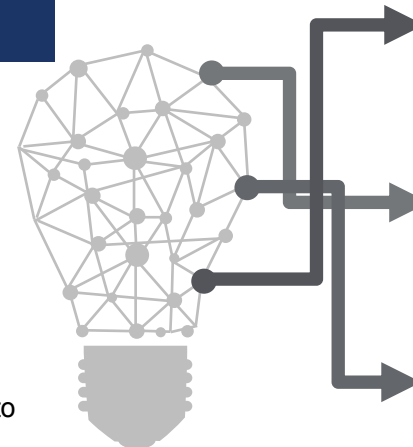


Proposed Implementors

- Government



Cases in Tanzania, Africa and globally



Tunisia (Startup Act, 2018): Often cited as a pioneering example in Africa, offering benefits like salary support for founders, tax breaks, and streamlined processes.¹



Senegal (Startup Act, 2020/2021): Followed Tunisia with similar goals of fostering innovation and high-growth startups through specific legal and financial frameworks.²



Rwanda (Startup Act, 2021): Focuses on fostering digital innovation in the financial sector and provides a regulatory sandbox.²

Appendices

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Enabling environment



Key gaps in the enabling environment

The prevailing environment makes it challenging for ESOs, in the absence of a policy on entrepreneur ecosystem, limited specialised skills in the market, and challenges in accessing financing and infrastructure

Availability of Skills

ESOs often struggle with sourcing specialised skills in the market to support the needs of startups. This is due to a combination of limited availability of industry and specialised talent on the supply side and limited financial capacity to attract and retain the required talent on the ESO side.

Financing constraints

ESOs face a major funding gap due to high collateral and interest rate requirements, limited access to innovative financing options, and underdeveloped credit information systems. Early-stage ESOs often lack credit histories and proven business models, making it difficult to secure loans or attract alternative funding.

Commercial incentives

Government interest has not translated into concrete support in the form of commercial and trade incentives such as tax holidays, to spur the overall growth of ESOs

Ease of doing business and sustainability

The business environment in Tanzania includes administrative processes that can impact ESOs in their efforts to formalise and expand. This is reflected in the country's Ease of Doing Business ranking

Infrastructure

While broadband internet access in the country has been steadily improving, access to high-speed internet continues to be an area where overall ESOs are impacted.

Policy and regulatory framework

The Tanzanian ecosystem is further hampered by a lack of relevant policies such as the startup policy framework and a fragmented ecosystem with no central coordination.





Policy and regulatory framework

The study identified enabling environment challenges constraining ESOs from effectively supporting startups

Key

- High impact
- Medium impact
- Low impact



GAP	DESCRIPTION	IMPLICATION	IMPACT
<p>1 Financing constraints</p> 	<ul style="list-style-type: none"> High collateral requirements from banks and high interest rates on loans: Tanzanian ESOs face a critical funding gap due to an underdeveloped financial ecosystem. Lending by banks requires ESOs to have not only an asset base but also a proven business model which they often do not have.¹ Limited funding mechanisms to support early activity: ESOs lack access to innovative financing models, including matching funds, loan guarantees, industry-specific secondary market funds, and co-investment programmes.² Limited maturity in credit information bureaus, impacting the ability to acquire loans: Many ESOs, particularly those in the early stage, lack established credit histories, or the data is not effectively captured by the existing bureaus. This deficiency translates to lenders' limited visibility into borrower risk, leading to conservative lending practices and higher collateral requirements. Moreover, the lack of standardised and comprehensive credit scoring systems often results in inaccurate assessments, further hindering loan accessibility. Diverging investment priorities between development partners: Development partners are primarily concerned with social impact, while VCs prioritise commercial viability. Insights gathered from KIIs, especially those conducted with VC founders, revealed a widespread perception of a scarcity of bankable businesses. Specifically, stakeholders suggested that, by frequently prioritising alignment with impact objectives over demonstrable traction and robust business models, donor funding may contribute to the difficulty of creating commercially viable and sustainable startups. 	<p>The cumulative effect of high collateral requirements, limited funding mechanisms, credit information deficiencies, and diverging investor priorities in Tanzania directly stifles ESO innovation and growth by creating a severe capital bottleneck. This bottleneck forces ESOs to prioritise survival over expansion, limiting their ability to scale, create jobs, and contribute to economic diversification. Furthermore, it discourages startup activity by signaling a high-risk, low-reward environment.</p>	

Commercial incentives

The study identified enabling environment challenges constraining ESOs from effectively supporting startups

Key

- High impact
- Medium impact
- Low impact



GAP	DESCRIPTION	IMPLICATION	IMPACT
<p>2 Commercial incentives</p> 	<ul style="list-style-type: none"> • Regulatory and compliance burdens: The tax burden makes it challenging for ESOs to maintain compliance; this is compounded by the costs from (Tanzania Revenue Authority (TRA) and Business Registration and Licensing Authority (BRELA) for ESOs which become difficult and costly. Additionally, lack of financial support for innovative ESOs seeking licensing impacts ESOs attempting to scale up.¹ 	<p>The gap between Tanzania's stated commitment to ESOs growth and actual implementation, coupled with burdensome regulatory compliance and a lack of accessible incentives for ESOs create a challenging environment in which to function.</p>	

Ease of doing business and sustainability

The study identified enabling environment challenges constraining ESOs from effectively supporting startups

Key

- High impact
- Medium impact
- Low impact

GAP	DESCRIPTION	IMPLICATION	IMPACT
<p>3 Ease of doing business and sustainability</p> 	<ul style="list-style-type: none"> Ease of doing business: A 2024 comparison of Tanzania and Rwanda reveals notable differences in terms of ease of doing business. Tanzania's Regulatory Framework score is 65, the Public Services score is 51.56, and the Operational Efficiency score is 62.15, accompanied by a business entry score of 69.15. Conversely, Rwanda exhibits robust performance, with a Regulatory Framework score of 70.25 (placing it within the top two quintiles globally), a Public Services score of 67.37 (the highest in Sub-Saharan Africa), and an Operational Efficiency score of 81.31 (third globally), and a strong business entry score of 85.39. This underscores Rwanda's leadership among low-income and lower-middle-income economies in facilitating business entry.¹ Singapore distinguishes itself as a premier performer, particularly in Operational Efficiency (87.33) and with an exceptional business entry score of 93.57, alongside a strong Regulatory Framework score of 72.37.¹ The "Doing Business 2020" report revealed a striking disparity between Tanzania and Rwanda in business registration efficiency. In Tanzania, starting a business requires 30 days and 10 procedures, with associated costs amounting to 40.6% of the country's income per capita. Conversely, Rwanda's streamlined processes allowed for business registration in just 4 days, involving only 5 procedures and incurring zero cost as a percentage of income per capita. This stark contrast underscores Rwanda's successful implementation of regulatory reforms and digitalisation while highlighting the significant bureaucratic hurdles and financial burdens faced by startups in Tanzania.² 	<p>The B-READY project's comparative analysis of Tanzania and Rwanda reveals implications for Tanzania's economic prospects. Tanzania's scores across key pillars—Regulatory Framework (65), Public Services (51.56), Operational Efficiency (62.15), and Business Entry (69.15)—indicate a less conducive business environment compared to Rwanda's robust performance, which positions it as a leader among lower-income economies. This disparity suggests that Tanzania faces substantial regulatory and operational challenges, hindering its ability to attract investment and foster entrepreneurship, and ultimately constraining its economic growth potential.</p>	





Source(s):: [1] Business Ready report 2024, The World Bank, [2] Doing Business 2020 report for Tanzania, Rwanda, Kenya, India and Egypt, The World Bank Group, 2020

Infrastructure

The study identified enabling environment challenges constraining ESOs from effectively supporting startups

Key

- High impact
- Medium impact
- Low impact


GAP	DESCRIPTION	IMPLICATION	IMPACT
<p>4 Infrastructure</p> 	<ul style="list-style-type: none"> Digital infrastructure deficiencies: The limitations around internet access impact the quality of the services provided to startups including for remote service provision, online resource access, and delivery of digital-only programmes. Currently, 31% of Tanzania's population has internet access, with mobile broadband (3G to 5G) accounting for approximately 81% of that connectivity.¹ Energy Reliability Challenges: Frequent power cuts, particularly for ESOs operating in rural areas can make it challenging to deliver consistent support to startups. Tanzania Electric Supply Company (TANESCO)'s power grid experiences a high rate of interruptions with System Average Interruption Frequency Index (SAIFI CP) at 6.27 and System Average Interruption Duration Index (SAIDI) at 10.8 indices respectively.² 	<p>Tanzania's limited internet penetration and energy infrastructure, characterised by frequent power outages, creates an impediment to the development of a robust ESO ecosystem. These challenges hinder ESOs' ability to deliver consistent and effective support, limiting remote service provision, online resource access, and digital programme delivery, while also creating operational disruptions and increased costs.</p>	
<p>5 Policy and regulatory framework</p> 	<ul style="list-style-type: none"> The absence of a government entity mandated to coordinate and promote ESO-related activities contributes to a fragmented ecosystem. This lack of coordination can lead to duplicated efforts and inefficient resource allocation.³ The Government's limited understanding and perception of the role/function of ESOs impedes collaboration and support, as there is no legal definition/requirement of what ESOs do, and the services provided to startups. The lack of a dedicated policy, act, or regulatory framework creates ambiguity and impedes growth. ESOs operate without clear guidelines and support structures, complicating navigation of the regulatory landscape. 	<p>The absence of a national coordinating body hinders collaboration and impact. Without a central platform, these organisations may duplicate efforts or operate in silos, reducing efficiency. Addressing service gaps becomes challenging, and securing funding is difficult without a national strategy. The Government's limited understanding of these organisations and their role hinders recognition and support from stakeholders.</p>	

Knowledge and skills

The study identified enabling environment challenges constraining ESOs from effectively supporting startups

Key

- High impact
- Medium impact
- Low impact

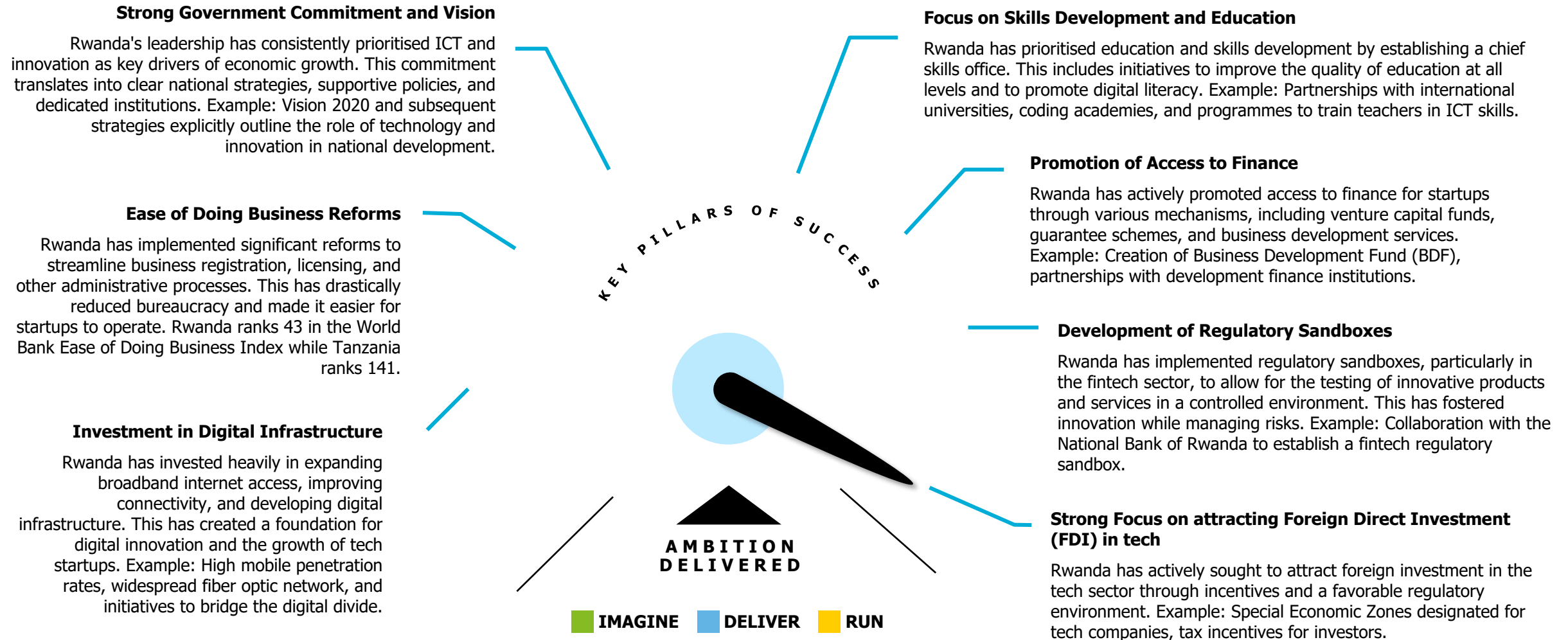
GAP	DESCRIPTION	IMPLICATION	IMPACT
<p>6 Knowledge and skills</p> <div style="text-align: center; margin-top: 20px;">  </div>	<ul style="list-style-type: none"> Skills and knowledge mismatch: There is a skills mismatch between university produced graduates and the requirements from industry.¹ Further, the current vocational training system plays a limited role in delivering demand-driven industry-relevant skills. This gap has an impact on ESOs as much as it does to Corporates. Startups requiring specialised skills, such as specialised digital skills in emerging technologies, or practical industry expertise, struggle to find them in the market. Similarly, ESOs struggle to provide these to startups. 	<p>The gap in skills availability in the market creates limitations for ESOs to grow and scale, particularly when it comes to highly innovative products, services and/or sectors. High skilled experienced talent is often expensive and challenging to find in the market, leaving ESOs often forced to look outside of the country.</p>	<div style="width: 20px; height: 20px; background-color: red; border-radius: 50%; margin: 0 auto;"></div>

Case Study: Rwanda

Creating a more conducive enabling environment for startups and ESOs to thrive



Rwanda has emerged as a leading example in Africa for having a conducive enabling environment. Its rapid progress provides valuable lessons for other countries, including Tanzania.



Opportunities

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Policy and regulatory framework

To foster an enhanced startup scene, Tanzania can prioritise creating supportive legislation, open communication between government and startups, and targeted investment in startup resources

Opportunity area

Policy and regulatory framework:

Adopting dedicated startup legislation, mirroring the structure and function of existing Startup Acts, could streamline registration processes, provide targeted tax incentives, and facilitate the development of essential support infrastructure, including resource centres, mentorship programmes, and training initiatives. Furthermore, fostering open communication and collaborative engagement between government and startup stakeholders, similar to the Nigerian NCDIE model, is crucial for ensuring policy responsiveness and relevance. Finally, strategic government investment, such as dedicated tech funds (as in Nigeria) and co-financed loan programmes (as in Senegal), can provide critical financial resources to startups and ESOs, thereby stimulating growth and driving innovation within the ecosystem.

Use cases

SENEGAL

- ✓ Senegal's Startup Act provides a legal framework, registration process, and support infrastructure (resource center, tax breaks, mentorship, training).¹
- ✓ Organisations have been established to focus on startups, entrepreneurship, mentorship, funding, and women's inclusion.¹
- ✓ The Ministry of Economics and Finance works to improve startup productivity and competitiveness through advisory services and microfinance.¹
- ✓ The Senegalese government and the African Development Bank (AfDB) co-financed a loan to support local energy businesses and startups, including youth training and startup incubation.¹

NIGERIA

- ✓ Nigeria's Startup Act is designed to provide tax breaks, simplify regulatory requirements and establish a startup fund.²
- ✓ The government has formed the National Council for Digital Innovation and Entrepreneurship (NCDIE), bringing together government officials and industry stakeholders; the council sets policies, amends laws to the needs of startups and provides financial support to the tech sector.²
- ✓ In 2023, the government launched a programme with a US\$ 618M tech fund to promote entrepreneurship and innovation in the digital technology and creative industries.³

What is required

- Conducive laws, regulations and policy framework
- Clear line of communication and consultation between startups/ ESOs and the government
- Enforcement and consistent application of new regulations
- Government initiative and investment towards startups and ESOs

Metrics of use cases



Senegal ranks **4th** in Western Africa in the Global Startup Ecosystem Index and **92nd** globally.⁴



Nigeria ranks **1st** in Western Africa in the Global Startup Ecosystem Index and **66th** globally.⁴



Senegal and Kenya lead Africa's **US\$345M startup funding** boom in June.⁵



Nigeria has over 2000 tech startups worth **above US\$ 9BN**.⁷



Dakar, Senegal is featured in the **top 1000** cities that has a vibrant and growing startup scene.⁶

*“ There is an opportunity for Tanzania **to create a thriving startup ecosystem through a supportive legal framework. The government can provide funding, mentorship & infrastructure to empower startups** ”*

Financing and investment

A supportive regulatory environment, robust infrastructure, financial literacy, and strong partnerships will empower Tanzanian startups with access to vital funding and support

Opportunity area

Financing and investment:

Tanzania can significantly improve startup financing by establishing a government-backed or co-investment venture fund, similar to Egypt, to attract private investment. Drawing inspiration from both Egypt and Tunisia, Tanzania can also develop a comprehensive funding ecosystem, including financial literacy programmes, direct funding options, and a multi-faceted framework like Tunisia's Startup Tunisia, potentially incorporating a Fund of Funds and guarantee programme. Finally, exploring initiatives like founder grants and expanding equity-free funding models can further support early-stage startups.

Use cases

EGYPT

- ✓ Egypt has a government-backed venture capital fund that operates on a co-investment model, partnering with private investors to support startups through seed funding, networking and acceleration.¹
- ✓ The Central Bank of Egypt (CBE) offers loans to startups, and NGOs offer microfinance initiatives. Additionally, CBE has initiated a programme in collaboration with universities and banks offering financial literacy training, business planning assistance and direct funding options.¹
- ✓ Some government programmes provide equity-free funding allowing startups to grow; they also have centres that provide incubation, mentorship, training, and funding opportunities.¹







TUNISIA

- ✓ Tunisia's national initiative – Startup Tunisia has a financing framework to create an ecosystem of VC funds with high added value for startups which will include three instruments – a VC Fund of Fund (ANAVA), an Incubator of Management Companies and a Guarantee programme.²
- ✓ ANAVA is worth 100MN euros and has led to the launch of four times more startups and funds in the past five years.²
- ✓ Founders and shareholders of startups in Tunisia receive a one-year grant to cover their living expenses financed by the National Employment Fund.³

What is required

- Conducive regulatory environment for the establishment of innovative financing solutions
- Robust technological infrastructure
- Financial literacy programmes
- Partnerships between financial institutions, development partners and ESOs

Metrics of use cases

-  Egypt ranks **1st** in Northern Africa in the Global Startup Ecosystem Index and **65th** globally.⁴
-  Tunisia ranks **3rd** in Northern Africa in the Global Startup Ecosystem Index and **327th** globally.⁴
-  The number of fintech startups in Egypt has multiplied by **more than 5 times** over 5 years in 14 sub-sectors.⁵
-  The value of the Tunisian startup ecosystem **grew by 205%** from 2021 to 2023.⁷
-  Egypt attracted US\$228MN **within the first five months of 2025** with approximately US\$ 340MN in funding.⁵
-  The entrepreneurial landscape in Tunisia generated **above US\$ 240MN**.⁷

“*There is an opportunity for Tanzania to establish a framework encouraging financial solutions tailored to startups such as VC, angel investment, and microfinance supported by ESOs and stakeholders*”

Source(s): [1] Egypt's efforts to boost business incubators and startups, Naser Mourad Refaat, 2024, [2] Exploring the Rising Tunisian startup Ecosystem, GSMA, 2020 [3] The Tunisian Startup Act, 2023, [4] Startup Blink, 2025 [5] Egypt's FinTech Landscape Report 2023, [6] Egypt startups attract \$228 mln in investments in 1st 5 months of 2025, Ahram Online, [7] Tunisia's Tech Ecosystem by numbers, Startup Genome

Revenue-share/Success-based financing model

The revenue-share model supports repayment as a percentage of revenue facilitating sustainable funding for ESOs

REVENUE-SHARE/ SUCCESS-BASED FINANCING MODEL

The Revenue-Based Repayment model works by supporting startups repaying a percentage of their revenue over time, only if they generate revenue. This avoids equity dilution and aligns support costs with startup growth trajectories.

- *Beneficiary startups commit to a revenue-based repayment structure, contributing a fixed percentage (e.g., 2-5%) of future earnings up to a specified limit (e.g., 2x initial support).*
- *Repayment obligations are activated only upon reaching established revenue benchmarks.*
- *Recycled capital is directed into a revolving fund, ensuring the continuity of support for subsequent startup cohorts.*

RATIONALE

- *Promotes accessibility and facilitates early-stage engagement by removing upfront financial barriers.*
- *Generates a **sustainable reinvestment mechanism**, leading to a gradual decrease in dependence on external philanthropic sources.*

CASE STUDY

Untapped Global utilises a "Smart Asset Financing" approach. They don't directly operate as a traditional ESO providing incubation or acceleration programmes. Instead, they invest in income-generating assets (like motorcycles for ride-hailing, solar equipment, or agricultural machinery) and then recover their investment and earn returns through a revenue share agreement with the micro-entrepreneurs or SMEs using those assets.

- *Untapped Global provides financing for an asset that helps an entrepreneur generate income.*
- *The entrepreneur agrees to share a percentage of the revenue generated using that asset with Untapped Global over a set period.*
- *Once the agreed-upon amount is repaid (often a multiple of the initial investment), the entrepreneur typically owns the asset outright.*

Key takeaways from the Case Study

- + **Untapped Global has supported 578,231 entrepreneurs across emerging markets in several African countries, including Nigeria, Kenya, Uganda, and Zambia.**¹
- + **They deployed US\$15.7M monthly by 4G Capital in working capital loans for MSMEs in Kenya and Uganda.**¹
- + **They financed 2887 vehicles through Gigmile in Ghana.**¹



Sponsored Accelerator As-a-service model

The Sponsored Accelerator model partners with corporates to deliver fully funded accelerator programmes for startups



SPONSORED ACCELERATOR AS-A-SERVICE MODEL

The Sponsored Accelerator As-a-service model facilitates fully funded accelerator and pre-accelerator programmes for early-stage startups through the strategic development of corporate innovation partnerships.

- *Corporate sponsors invest in ESO operations to secure exclusive access to a pipeline of curated early-stage ventures (even at the seed phase), valuable market insights, and customised research services.*
- *Startups benefit from our programmes without incurring fees or equity dilution at their initial stages.*
- *Corporations recognise this collaboration as a strategic avenue for early market intelligence gathering, brand elevation, and the advancement of their corporate social responsibility objectives.*



RATIONALE

- *Early-stage startups gain crucial support and resources without financial commitment.*
- *The ESO generates a robust and recurring revenue stream through a diversified portfolio of corporate partnerships, offering "innovation-as-a-service."*



CASE STUDY

RAINMAKING's success lies in their core competency: building and managing impactful corporate partnerships that fuel their accelerator and pre-accelerator programmes. Their model isn't limited to a single industry; instead, they strategically engage with diverse corporations seeking innovation, market insights, and new growth opportunities.

- **Strategic Alignment of Corporate Needs and Startup Innovation:** *They excel at understanding the specific innovation objectives and strategic priorities of corporations and then curating accelerator cohorts and partnership structures that directly address those needs with relevant early-stage ventures.*
- **Value-Driven Partnership Model Beyond Simple Sponsorship:** *Their corporate engagements transcend mere financial contributions. They offer tangible returns to sponsors through exclusive access to vetted startups, valuable market intelligence derived from the startup ecosystem, and opportunities for customised research and pilot collaborations, positioning themselves as strategic innovation enablers.*



Key takeaways from the Case Study

- + **RAINMAKING has successfully delivered over 100 innovation cycles in partnership with 200+ industry partners such as**



- + **RAINMAKING has worked in over 35 cities, scaled over 1000 startups and created over 150 corporate-startup connections**



Programme Licensing and Tiered Philanthropy model

The programme licensing model generates revenue by licensing its curriculum and training other ESOs

PROGRAMME LICENSING AND TIERED PHILANTHROPY MODEL

The programme Licensing and Tiered Philanthropy model generates revenue by licensing its curriculum, training non-profits and universities to deliver entrepreneurship programming. It blends this with tiered philanthropic partnerships, where donors fund specific cohorts (e.g., women founders, rural youth), not core operations.

- Startups benefit from programmes without incurring fees or equity dilution at their initial stages.
- Corporations recognise this collaboration as a strategic avenue for early market intelligence gathering, brand elevation, and the advancement of their corporate social responsibility objectives.

RATIONALE

- Establishes a Business-to-Business (B2B) revenue generation model, mitigating financial reliance on early-stage venture capital or the maturation of supported startups.
- Ensures donor contributions directly support mission-critical initiatives, with a transparent separation from organisational overhead costs.

CASE STUDY

SEED SPOT offers a structured entrepreneurship curriculum, packaged as train-the-trainer toolkits (including facilitator guides, participant workbooks, lesson plans, videos, slide decks, and outcome tracking), to empower seed- and early-stage founders in validating business models, building MVPs, and pitching. Through a B2B licensing model, SEED SPOT enables organisations like high schools, universities, non-profits, government agencies, and other ESOs to implement these programmes, expanding its impact and generating revenue.

- SEED SPOT licenses its structured entrepreneurship curriculum and training materials to organisations, enabling them to run effective programmes and generate revenue for SEED SPOT.
- Donors fund specific entrepreneur cohorts (e.g., women, youth) aligned with their impact goals, receiving visibility and engagement in return for covering programme costs.
- SEED SPOT offers facilitator certification and rigorously tracks programme outcomes to ensure quality

Key takeaways from the Case Study

+ **SEEDSPOT has generated US\$399M in revenue with corporate revenues amounting to 46% of their total revenue, followed by other ESOs and social impact foundations**

+ **SEEDSPOT provides acceleration services to ESOs, helping them with budgeting, strategy development and market positioning and connecting them to mentors and industry leaders**



ESO capacity building and strengthening

Tanzania can strengthen its startup ecosystem by establishing a national capacity development fund to support ESOs, offering specialised training on organisational development, and implementing ESO mentorship programmes

Opportunity area

ESO Capacity building and strengthening:

Tanzania can strengthen its startup ecosystem by establishing a national capacity development fund to support ESOs, like Rwanda's model, enabling them to offer specialised training in organisational development and implement mentorship programmes. Inspired by initiatives like the Westerwele Foundation and raISE Singapore, Tanzania can prioritise networking opportunities for ESO staff, access to expert mentors, and training in areas like financial sustainability and impact measurement. Furthermore, drawing on the World Bank's grant programme approach, Tanzania could incentivise ESO growth and collaboration.

Use cases

RWANDA

- ✓ The Westerwelle Foundation in Kigali provides networking opportunities to staff with the regional and global foundation network.¹
- ✓ The Rwanda Development Board mobilised a National Capacity Development fund aimed at supporting institutional capacity-building and promoting sector-centered capacity development.²
- ✓ The World Bank recently partnered with the government to launch a grant programme aimed at i) Enhancing ESO capability, ii) Empowering the strategic growth of ESOs by providing incentives for local and international expansion and iii) Promoting the collaboration of ESOs at all levels to ensure effective service provision for high-growth startups.³







SINGAPORE

- ✓ raISE Singapore is dedicated to capacity building of ESOs. One of their programmes is designed to train ESOs and social organisations in financial sustainability, impact strategy and measurement and organisational capabilities.⁴
- ✓ ImpacTech organises workshops and inspiration bootcamps to upgrade the innovation roadmap and strategic initiatives of entrepreneur support foundations.⁵
- ✓ Accelerators in Singapore have full-time mentors in senior positions from various industries and corporations to provide the ESO with strategic guidance and aid startups that go through their programmes.

What is required

- Needs-based training tailored to the Tanzanian context
- Experienced mentors with practical knowledge
- Access to relevant networks and markets
- Clear process for monitoring and evaluating impact
- Sustainability of funding for ESO operations

Metrics of use cases

- | | |
|---|--|
|  Rwanda ranks 3rd in Eastern Africa in the Global Startup Ecosystem Index and 96th globally. ⁶ |  Singapore ranks 1st in Southeast Asia in the Global Startup Ecosystem Index and 4th globally. ⁶ |
|  Rwanda has the 2nd highest ease of doing business in Sub-Saharan Africa. ⁷ |  Singapore has the 2nd highest Ease of Doing Business in the world. ⁷ |
|  Ampersand, Rwanda's biggest EV manufacturer has raised US\$ 36.4MN to date, with an additional US\$ 2M to expand across East Africa. ⁸ |  Singapore dominated the regional tech funding landscape and emerged as a leading startup ecosystem in Asia. ⁹ |

“*There is an opportunity for Tanzania to offer specialised training to ESOs, mobilise a national capacity development fund and mandate the need for experienced mentors in ESOs to deliver value to startups*”

Source(s): [1] Westerwelle Foundation, [2] Strategic Capacity Development, Rwanda Development Board, [3] ESO Performance-Based Grant programme, Rwanda Information Society Authority, [4] Business with Impact Programme, raISE Singapore, [5] For Foundations & Initiatives, ImpacTech, [6] Startup Blink, 2025 [7] Doing Business Archive, World Bank Group, [8] Rwandan Startup Ampersand, The Kenyan Wall Street, 2024, [9] Singapore's Tech Ecosystem By the Numbers, Startup Genome

Digital infrastructure

With startups becoming increasingly innovative, there is an opportunity to improve the digital infrastructure for enhanced internet access and connectivity

Opportunity area

Digital infrastructure:

To support increasingly innovative startups, Tanzania can prioritise improvements to its digital infrastructure, focusing on reliable, affordable, and secure broadband connectivity. This includes developing logistics infrastructure, ensuring access to appropriate and affordable devices, implementing effective digital asset management, and strengthening payment systems and data centers. Tanzania can expand digital hubs beyond urban areas, providing co-working spaces, mentorship, and investor access. Such improvements will not only foster digital entrepreneurship and innovation but also drive growth in key economic sectors.

Use cases



KENYA

- ✓ The digital infrastructure element covers the development of reliable, affordable, and secure broadband. This includes logistics infrastructure, appropriate and affordable devices, management of digital assets, payment systems, and data centres. The infrastructural improvement has led to the development of more fintech startups.
- ✓ Kenya's ESO ecosystem features over 200 hubs, encompassing incubators, accelerators, makerspaces, and co-working facilities.¹



SOUTH AFRICA

- ✓ Investments in digital infrastructure and the emergence of new technologies are contributing to the development of the key economic sectors in South Africa, steered by the adoption of 5G. This is expected to contribute around 0.37% of GDP in 2030.²
- ✓ South Africa's ESO ecosystem features over 300 incubators and accelerators, both public and private. Most of them are based in Cape Town and Johannesburg. Other innovation hubs are located in Pretoria and Port Elizabeth.³

What is required

- Extending ICT access beyond urban areas to promote digital entrepreneurship and innovation.
- Developing and enhancing digital hubs for startups and ESOs through collaborative partnerships.

Metrics of use cases



Kenya ranks **1st** in Eastern Africa in the Global Startup Ecosystem Index and **58th** globally.⁴



South Africa ranks **1st** in Southern Africa in the Global Startup Ecosystem Index and **52nd** globally.⁴



Kenya has raised over **US\$ 1.98BN** in funding for startups from 2015 to 2024.⁵



South Africa has raised over **US\$ 2.4BN** in funding for startups from 2015 to 2024.⁷



Nairobi ranked **107** worldwide in 2024 as one of the most preferred cities for startup investments.⁶



Cape Town ranked **136th** worldwide in 2023 for the best city worldwide for startups.⁷

“*There is an opportunity for Tanzania to improve the digital infrastructure of the country, to ensure the national digital agenda is achieved and the youth can access reliable and affordable internet connection.*”

Monitoring and evaluation of startups

By establishing a monitoring and evaluation system for startups, ESOs can gain a deeper understanding of the ecosystem, identify areas for improvement, demonstrate the effectiveness of their interventions

Opportunity area

Monitoring and evaluation of startups

By establishing a comprehensive M&E system for startups, Tanzanian ESOs can gain deeper insights into the ecosystem, identify areas for improvement, demonstrate the effectiveness of their interventions, and ultimately increase investor confidence. Drawing inspiration from Kenya's data-driven investment approach and Nigeria's success in scaling startups through tracking-driven support, Tanzania can adopt globally recognised M&E mechanisms, such as the Entrepreneurial Diagnostic Toolkit, and implement robust frameworks to track startup performance and demonstrate impact.

Use cases

KENYA

- ✓ Key ecosystem players, in partnership with development partners and research institutions, leverage advanced ICT infrastructure to effectively monitor and evaluate the ecosystem through established digital platforms.¹
- ✓ Kenya's ease of doing business and rapid tech adoption further facilitate this structured approach to M&E.






NIGERIA

- ✓ Nigeria participates in the Global Entrepreneurship Monitor (GEM) for ongoing monitoring and progress reporting.²

What is required

- To effectively monitor and evaluate startups, Tanzania needs to adopt globally recognised mechanisms and implement comprehensive M&E systems, such as the Entrepreneurial Diagnostic Toolkit, at all ecosystem levels. This should be guided by policy and reinforced through associated regulations.

Metrics of use cases

-  Kenya ranks **1st** in Eastern Africa in the Global Startup Ecosystem Index and **58th** globally.³
-  Nigeria ranks **1st** in Western Africa in the Global Startup Ecosystem Index and **66th** globally.³
-  Kenya has raised **US\$ 1.98BN** in funding for startups from 2020 to 2024.⁴
-  Nigeria has over 2000 tech startups worth **above US\$ 9BN**.⁶
-  Nairobi ranked **107** worldwide in 2025 as one of the most preferred cities for startup investments.⁵

“*There is an opportunity for Tanzania to build a startup M&E system, adopt global best practices and implement frameworks to track startup performance, demonstrate impact and attract investment.*”

Source(s): [1] The Kenya National Digital Master Plan 2022-2032, [2] Global Entrepreneurship Monitor (GEM), [3] Startup Blink, 2025 [4] The African Tech Startups Funding Report Disrupt Africa, 2024, [5] Nairobi rises six places in startup friendly rank, Business Daily Online, [6] Lagos startup ecosystem now worth over \$9 billion – Tunbosun Alake, Nairametrics

Collaboration and partnerships

The ESO ecosystem offers growth potential through strategic local and international collaborations focused on expertise and knowledge sharing

Opportunity area

Collaboration and partnerships

Tanzania's ESO ecosystem has significant growth potential through strategic collaborations. While information sharing and collaboration are common, there's room for improvement. Ghana's collaborative platform, linking government, hubs, and ESOs, has demonstrably improved programme quality. Kenya's "Silicon Savannah" model showcases the power of university-private sector partnerships for talent development and innovation. To realise similar gains, Tanzania needs to actively engage with regional and international partners, build ESOs' capacity to forge effective partnerships, and create a platform connecting local and global ecosystem players.

Use cases

GHANA

- ✓ Collaboration, information sharing, and exchanges are prevalent among ecosystem actors, with service delivery being a close second.¹
- ✓ Ghana's ESO ecosystem features a collaborative platform designed to improve the quality and quantity of startup support programmes. This platform unites government, the Ghana Hubs Network, and other ESOs.²
- ✓ In 2024, 12 ESOs benefited from the platform, enhancing their business support programmes through the SCALE Quality Improvement Programme.²
- ✓ The Argidius foundation tool established a framework for ESO programme quality assessment.²







KENYA

- ✓ Kenya, often referred to as the "Silicon Savannah," has effectively leveraged collaborations between universities and the private sector. University-affiliated labs play a crucial role in talent development, industry partnerships, and innovation commercialisation.³
- ✓ The Kenyan innovation ecosystem has actively pursued expanded partnerships, including cross-border collaborations. A recent example is the India-Kenya Innovation Nexus Partnership Charter.⁴

What is required

- Active engagement with East African and broader African innovation ecosystem players through events and collaborative interventions.
- Capacity building for ESOs focused on developing networking skills and the ability to identify and establish relevant partnerships.
- Development of a platform connecting local Tanzanian ecosystem stakeholders with international players and enablers from ecosystems.

Metrics of use cases

-  Ghana ranks **3rd** in Western Africa in the Global Startup Ecosystem Index and **81st** globally.⁵
-  Kenya ranks **1st** in Eastern Africa in the Global Startup Ecosystem Index and **58th** globally.⁵
-  The Ghanaian tech ecosystem has raised **US\$ 127 MN** in 2024.⁶
-  Kenya has raised **US\$ 1.98BN** in funding for startups from 2020 to 2024.⁸
-  Ghana's startup friendliness index ranked 43,84 out of 100,00.⁷
-  Nairobi ranked 107 worldwide in 2025 as one of the most preferred cities for startup investments.⁹

“There is an opportunity for Tanzania **to prioritise strategic local and international collaborations, including collaborative platforms and university-private sector partnerships to enhance knowledge sharing.**”

Documents reviewed

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Documents Reviewed (1/2)

S/N	Document
1	Africa: The Big Deal report
2	Business Ready report 2024, The World Bank
3	Critical Assessment of Tanzania's Tax System, Tanzania Digest
4	Doing Business Archive, World Bank Group
5	Ecosystem report: Nigeria Startup Scene, JICA
6	Egypt's efforts to boost business incubators and startups, Naser Mourad Refaat
7	EIT Climate-KIC Tanzania Early-Stage Climate Adaptation Venture Landscape Final Report
8	Electricity Sub-Sector Regulatory Performance Report for the Financial Year 2021/2022, Energy and Water Utilities Regulatory Authority
9	Ennovate hub's ITC ecosystem report;
10	Entrepreneurial Ecosystem Mapping of Mafraq, GIZ International
11	Entrepreneurial Support Organisations; U.S. Securities and Exchange Commission
12	Entrepreneurship in Egypt: 2022 Ecosystem Overview, AFDB
13	Ethiopian Entrepreneur Support Organisations, Mapping and Insights
14	EU's digital ecosystem report;
15	Exploring the Rising Tunisian startup Ecosystem, GSMA
16	Ghana's Tech ecosystem raised an estimated \$127 million in 2024, Tech Labari
17	Ghanaian Enterprises Transform Business Quality Through ESO Collaborative SCALE Programme
18	Global Innovation Index reports over the years;
19	Global Startup Ecosystem Index

S/N	Document
20	Global Startup Ecosystem Report 2024, African Manager
21	Growth Africa, European Union and BIC Ethiopia
22	GSMA-Driving Digital Transformation of the Economy in South Africa
23	HDIF Hubs report;
24	Innovate.co.tz and its analysis;
25	JICA BDS report;
26	Kenya Country Commercial Guide
27	Kenya National Digital Master Plan
28	Kenyan Startup Ecosystem Report, Disrupt Africa
29	Lagos startup ecosystem now worth over \$9 billion, Nairametrics
30	Mapping Assessment of the Startup Ecosystem, ILO
31	Mapping of Tanzanian hubs and innovation spaces, HDIF
32	Mapping Skills Gap and Skills Needs for Technician Graduates in the Selected Economic Sectors for Industrial Growth in Tanzania, National Council for Technical Education
33	Mapping the Innovation Ecosystem in Kenya, UNDP
34	Market access, Abdul Latif Jameel Poverty lab
35	Meet the Toshikas: Startup Ecosystem Map South Africa
36	Mobile Penetration and Internet Usage in Tanzania, GeoPoll
37	Nairobi up 24 places on startup-friendly city log, Business Daily Africa
38	Nigeria Startup Scene 2022: Ecosystem report, JICA

Documents Reviewed (2/2)

S/N	Document
39	Policies of Senegal's startup ecosystem, Enpact
40	Rise of Startups in South Africa, GO-Globe
41	Rwandan Startup Ampersand, The Kenyan Wall Street
42	Science, Technology and Innovation Parks Development in Ghana: Assessment and Policy Issues, UNCTAD
43	Senegal's Startup Boom: A Beacon of Innovation and Economic Growth in West Africa, The Rio Times
44	SIDO Business and Technology Incubator Programme
45	Singapore's Tech Ecosystem By the Numbers, Startup Genome
46	SME Enterprise Support organisations In Sub-Saharan Africa, SAFIN; Nourishing Africa
47	Startup Blink
48	Startup Country Guide 2024, The Federal Republic (TFR) of Nigeria
49	Startup Ecosystem Report Accra
50	Startup ecosystem report Tunisia, enpact data lab
51	State of entrepreneurship support in Kenya
52	Strategic and Business Planning Practices of Fast-Growth Family Firms, Journal of Small Business Management
53	Strategic Capacity Development, Rwanda Development Board
54	Strengthening Entrepreneurial Ecosystems: An Interactive Guide for Development Professionals; German Cooperation and GIZ
55	Strengthening the entrepreneurial support infrastructure, Battelle
56	Sustain Impact: Donor practices to grow enterprise support organisations, Snowmelt, Argidius foundation
57	Tech Entrepreneurship Ecosystem in Ghana

S/N	Document
58	The African Tech Startups Funding Report
59	The Entrepreneurship and Enterprise Growth Landscape, Argidius Foundation
60	The FMO Report on the ecosystem;
61	The Growth of Startups in Egypt Exceeds 500% Over 5 Years. entARABI
62	The Importance of a Strong Digital Infrastructure, Rauva
63	The Innovation Ecosystem in Kenya: Africa's Silicon Savannah
64	The multiple effects of business planning on new venture performance, Journal of Management Studies
65	The national entrepreneurship framework conditions in Sub-Saharan Africa: a comparative study of GEM data/National Expert Surveys for South Africa, Angola, Mozambique and Madagascar
66	The Nigerian Entrepreneurial Ecosystem and Its Effect on Entrepreneurs' Performance in Lagos State
67	The SDC Gender assessment
68	The South Africa Startup Ecosystem Report, Disrupt Africa
69	The Tanzania Startup Ecosystem report; Tanzania Startup Association
70	The Tunisian Startup Act
71	UNCDF's FinTech report;
72	Village Capital: Unlocking World Bank report on the tech ecosystem in Dar es Salaam.
73	Why entrepreneur support organisations are critical for Social Entrepreneurs , Aaron Katler, Forbes
74	Working in the dark, Stanford Social Innovation Review
75	World Bank report on the tech ecosystem in Dar es Salaam;
76	World Intellectual Property Organisation

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Youtube: [Funguo Tanzania](https://www.youtube.com/channel/UCFunguoTanzania)