

An aerial photograph of a city, likely Dar es Salaam, Tanzania, showing a dense urban landscape with numerous buildings, a harbor with several ships, and a blue sky. The image is used as a background for the report cover.

SIXTH ANNUAL EDITION

# TANZANIA STARTUP ECOSYSTEM STATUS REPORT

(TSESr)

# 2025

SPECIAL EDITION • TDV 2050

Positioning Startups for Tanzania Development Vision 2050

MARCH 2026

CONVENER · LEAD AUTHOR

# TANZANIA STARTUP ASSOCIATION



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Ministry of Communications and Information Technology



**MIT**  
Ministry of Industries and Trade



**NPC**  
National Planning Commission



**COSTECH**  
Tanzania Commission for Science and Technology



**TISEZA**  
Tanzania Investment and Special Economic Zones Authority



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National Bureau of Statistics



**UDSM**  
University of Dar es Salaam



**MUHAS**  
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**Mzumbe**  
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**NM-AIST**  
Nelson Mandela African Institution of Science and Technology



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# Tanzania Startup Ecosystem Status Report

# 2025

Sixth Annual Edition

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Positioning Startups for Tanzania Development Vision 2050

**Tanzania Startup Association**

Dar es Salaam · March 2026

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## List of Abbreviations

This list carries every acronym and abbreviation used in the report. Each acronym appears once on first use in chapter prose and is used in short form thereafter.

| Abbr.              | Full term                                             | Abbr.           | Full term                                                    |
|--------------------|-------------------------------------------------------|-----------------|--------------------------------------------------------------|
| <b>ABAN</b>        | African Business Angels Network                       | <b>MIM</b>      | Main Investment Market (DSE)                                 |
| <b>ADB</b>         | Asian Development Bank                                | <b>MoEST</b>    | Ministry of Education, Science and Technology                |
| <b>AfCFTA</b>      | African Continental Free Trade Area                   | <b>MoF</b>      | Ministry of Finance                                          |
| <b>AfDB</b>        | African Development Bank                              | <b>MoU</b>      | Memorandum of Understanding                                  |
| <b>AGRA</b>        | Alliance for a Green Revolution in Africa             | <b>MSME</b>     | Micro, Small and Medium Enterprise                           |
| <b>AML</b>         | Anti-Money Laundering                                 | <b>MUHAS</b>    | Muhimbili University of Health and Allied Sciences           |
| <b>ANDE</b>        | Aspen Network of Development Entrepreneurs            | <b>NACTE</b>    | National Council for Technical and Vocational Education      |
| <b>APS</b>         | Adult Population Survey                               | <b>NBC</b>      | NBC Bank Tanzania                                            |
| <b>ATBD</b>        | Africa: The Big Deal                                  | <b>NBS</b>      | National Bureau of Statistics                                |
| <b>AU</b>          | African Union                                         | <b>NEC</b>      | National Electoral Commission                                |
| <b>AUDA-NEPAD</b>  | African Union Development Agency                      | <b>NEMC</b>     | National Environment Management Council                      |
| <b>BDS</b>         | Business Development Services                         | <b>NIDA</b>     | National Identification Authority                            |
| <b>BFA</b>         | BFA Global (research and design firm)                 | <b>NIN</b>      | National Identification Number                               |
| <b>BIPA</b>        | Bilateral Investment Promotion Agreement              | <b>NM-AIST</b>  | Nelson Mandela African Institution of Science and Technology |
| <b>BoT</b>         | Bank of Tanzania                                      | <b>NMB</b>      | NMB Bank Plc                                                 |
| <b>BRELA</b>       | Business Registrations and Licensing Agency           | <b>NPC</b>      | National Planning Commission                                 |
| <b>B-READY</b>     | World Bank Business Ready framework                   | <b>OECD</b>     | Organisation for Economic Co-operation and Development       |
| <b>CC BY-NC-SA</b> | Creative Commons Attribution-NonCommercial-ShareAlike | <b>OECD CRS</b> | OECD Creditor Reporting System                               |
| <b>CI</b>          | Confidence Interval                                   | <b>PAT</b>      | Profit After Tax                                             |
| <b>CMSA</b>        | Capital Markets and Securities Authority              | <b>PDPA</b>     | Personal Data Protection Act 2022                            |
| <b>COSOTA</b>      | Copyright Society of Tanzania                         | <b>PDPC</b>     | Personal Data Protection Commission                          |
| <b>COSTECH</b>     | Tanzania Commission for Science and Technology        | <b>PPRA</b>     | Public Procurement Regulatory Authority                      |
| <b>CRDB</b>        | CRDB Bank Plc                                         | <b>R&amp;D</b>  | Research and Development                                     |
| <b>DDI</b>         | Domestic Direct Investment                            | <b>RRI</b>      | Reform Readiness Index                                       |
| <b>DEG</b>         | German Investment and Development Corporation         | <b>SaaS</b>     | Software as a Service                                        |
| <b>DFS</b>         | Digital Financial Services                            | <b>SACCO</b>    | Savings and Credit Cooperative Organisation                  |
| <b>DFSP</b>        | Deposit-taking Financial Service Provider             | <b>SADC</b>     | Southern African Development Community                       |
| <b>DOI</b>         | Digital Object Identifier                             | <b>SBAN</b>     | Sahara Business Angels Network                               |
| <b>DPIIT</b>       | India Dept for Promotion of Industry & Internal Trade | <b>SDG</b>      | Sustainable Development Goal                                 |
| <b>DSE</b>         | Dar es Salaam Stock Exchange                          | <b>SGR</b>      | Standard Gauge Railway                                       |
| <b>EAC</b>         | East African Community                                | <b>SICF</b>     | Samia Innovation Commercialisation Fund                      |
| <b>ECOWAS</b>      | Economic Community of West African States             | <b>SME</b>      | Small and Medium Enterprise                                  |
| <b>EGM</b>         | Enterprise Growth Market (DSE)                        | <b>TADB</b>     | Tanzania Agricultural Development Bank                       |
| <b>EISO</b>        | Entrepreneurship and Innovation Support Organisation  | <b>TAFINA</b>   | Tanzania Fintech Association                                 |
| <b>ESOP</b>        | Employee Share Option Plan                            | <b>TAIN</b>     | Tanzania Angel Investor Network                              |
| <b>ESRF</b>        | Economic and Social Research Foundation               | <b>TANePS</b>   | Tanzania National e-Procurement System                       |
| <b>EU</b>          | European Union                                        | <b>TBS</b>      | Tanzania Bureau of Standards                                 |
| <b>EWURA</b>       | Energy and Water Utilities Regulatory Authority       | <b>TCAA</b>     | Tanzania Civil Aviation Authority                            |
| <b>FCC</b>         | Fair Competition Commission                           | <b>TCRA</b>     | Tanzania Communications Regulatory Authority                 |

| Abbr.          | Full term                                              | Abbr.         | Full term                                                        |
|----------------|--------------------------------------------------------|---------------|------------------------------------------------------------------|
| <b>FCDO</b>    | UK Foreign, Commonwealth and Development Office        | <b>TCSEI</b>  | Tanzania Comprehensive Startup Ecosystem Index                   |
| <b>FDI</b>     | Foreign Direct Investment                              | <b>TCU</b>    | Tanzania Commission for Universities                             |
| <b>FGD</b>     | Focus Group Discussion                                 | <b>TDV</b>    | Tanzania Development Vision (2025; 2050)                         |
| <b>FIU</b>     | Financial Intelligence Unit                            | <b>TEA</b>    | Total Early-Stage Entrepreneurial Activity (GEM)                 |
| <b>FTE</b>     | Full-Time Equivalent                                   | <b>TEU</b>    | Twenty-foot Equivalent Unit                                      |
| <b>FUNGUO</b>  | UNDP Tanzania innovation programme (successor to HDIF) | <b>TIB</b>    | Tanzania Investment Bank                                         |
| <b>FYDP</b>    | Five-Year Development Plan                             | <b>TIN</b>    | Taxpayer Identification Number                                   |
| <b>GDP</b>     | Gross Domestic Product                                 | <b>TIPS</b>   | Tanzania Instant Payment System (BoT)                            |
| <b>GEM</b>     | Global Entrepreneurship Monitor                        | <b>TIRA</b>   | Tanzania Insurance Regulatory Authority                          |
| <b>GERD</b>    | Gross Domestic Expenditure on R&D                      | <b>TIRDO</b>  | Tanzania Industrial Research and Development Organisation        |
| <b>GePG</b>    | Government Electronic Payment Gateway                  | <b>TISEZA</b> | Tanzania Investment and Special Economic Zones Authority         |
| <b>GII</b>     | Global Innovation Index (WIPO)                         | <b>TMDA</b>   | Tanzania Medicines and Medical Devices Authority                 |
| <b>GIZ</b>     | German Society for International Cooperation           | <b>TPA</b>    | Tanzania Ports Authority                                         |
| <b>GovESB</b>  | Government Enterprise Service Bus                      | <b>TRA</b>    | Tanzania Revenue Authority                                       |
| <b>GSER</b>    | Global Startup Ecosystem Report (Startup Genome)       | <b>TSA</b>    | Tanzania Startup Association                                     |
| <b>IFC</b>     | International Finance Corporation                      | <b>TSESR</b>  | Tanzania Startup Ecosystem Status Report                         |
| <b>IFM</b>     | Institute of Finance Management                        | <b>TVCF</b>   | Tanzania Venture Capital Fund                                    |
| <b>iMBEJU</b>  | Youth-skills and entrepreneurship programme            | <b>TZS</b>    | Tanzanian Shilling                                               |
| <b>IMF</b>     | International Monetary Fund                            | <b>UCSAF</b>  | Universal Communications Service Access Fund                     |
| <b>IPF</b>     | Iterative Proportional Fitting                         | <b>UDSM</b>   | University of Dar es Salaam                                      |
| <b>IPO</b>     | Initial Public Offering                                | <b>UNCDF</b>  | United Nations Capital Development Fund                          |
| <b>ISBN</b>    | International Standard Book Number                     | <b>UNCTAD</b> | United Nations Conference on Trade and Development               |
| <b>JICA</b>    | Japan International Cooperation Agency                 | <b>UNDP</b>   | United Nations Development Programme                             |
| <b>KENGs</b>   | Kenya, Egypt, Nigeria, Ghana, South Africa peer cohort | <b>UNESCO</b> | United Nations Educational, Scientific and Cultural Organization |
| <b>KII</b>     | Key Informant Interview                                | <b>USAID</b>  | United States Agency for International Development               |
| <b>KPI</b>     | Key Performance Indicator                              | <b>USD</b>    | United States Dollar                                             |
| <b>LATRA</b>   | Land Transport Regulatory Authority                    | <b>VAT</b>    | Value Added Tax                                                  |
| <b>MCIT</b>    | Ministry of Communications and Information Technology  | <b>VC</b>     | Venture Capital                                                  |
| <b>MDA</b>     | Ministry, Department, and Agency                       | <b>WIPO</b>   | World Intellectual Property Organization                         |
| <b>M&amp;E</b> | Monitoring and Evaluation                              | <b>WJP</b>    | World Justice Project                                            |
| <b>MFS</b>     | Mobile Financial Services                              | <b>WTO</b>    | World Trade Organization                                         |
| <b>MIIT</b>    | Ministry of Industries and Trade                       |               |                                                                  |

## From the Ministry of Communications and Information Technology

The Tanzania Startup Ecosystem Status Report (TSESR) 2025 is published into a strategic moment in Tanzania's national development trajectory. The year 2025 closed Tanzania Development Vision 2025. On 17 July 2025, in Dodoma, President Samia Suluhu Hassan launched its successor, Tanzania Development Vision 2050. The new framework sets an aspiration of a USD 1 trillion economy at constant prices by mid-century, organised under 3 development pillars and 5 cross-cutting Implementation Accelerators. The 3rd Accelerator, Digital Economy and Innovation, places technology entrepreneurship at the centre of the structural transformation TDV 2050 calls for.

Tanzania's startup ecosystem closed 2025 at 1,307 active firms, up from 247 in 2020. The expansion across the past 5 years is a 5.3 times increase in the tracked startup population, the strongest population growth of any KENGS peer country across the period. The Tanzania Startup Association has tracked this trajectory across 6 annual editions of the TSESR. Each edition has tightened the methodology and broadened the evidence base. The 2025 edition reaches further than any prior edition with a substantially expanded survey base, a deeper qualitative corpus, and the most granular firm-level classification system the report has ever applied.

Tanzania has built 5 sector-specific regulatory sandboxes operated by the Bank of Tanzania (FinTech), the Capital Markets and Securities Authority (Capital Markets), the Tanzania Medicines and Medical Devices Authority (HealthTech), the Tanzania Insurance Regulatory Authority (InsurTech), and the Tanzania Education Authority (EdTech). The 5-sandbox count is the highest among KENGS peer countries. The Bank of Tanzania FinTech Regulatory Sandbox launched in January 2025; the Capital Markets and Securities Authority Capital Markets sandbox transitioned from public consultation to operational status during the 2025 reporting period. The National Startup Policy entered MCIT-led national consultation in March 2025 and remains under stakeholder review; enabling legislation will follow Cabinet approval.

The Ministry of Communications and Information Technology has committed to closing the policy and regulatory perimeter that the report's analytical chapters identify as priorities for the immediate horizon: completing the National Startup Policy consultation and translation into a Startup Act; resourcing the 5 sandboxes to graduation-pathway readiness with cohort metrics published annually; and aligning the Digital Economy and Innovation Implementation Accelerator with the TDV 2050 75:25 private-to-public financing assignment. The TSESR series is the principal ecosystem-level reference against which these commitments will be measured.

The report is presented to Tanzania's policy makers, ecosystem actors, capital providers, development partners, and founders as the authoritative reading of the Tanzanian startup ecosystem at the close of 2025 and the strategic frame for what TDV 2050 must deliver.

### **Hon. Angellah Jasmine Mbelwa Kairuki (MP)**

Minister for Communications and Information Technology  
Government of the United Republic of Tanzania

## From the Tanzania Startup Association

Greetings, esteemed stakeholders.

It is a privilege to present the Tanzania Startup Ecosystem Status Report 2025, the sixth annual edition in this series and a special edition published into the strategic moment defined by Tanzania Development Vision 2050. This report is more than a record of the year behind us; it is an instrument for informed decision-making, for advocacy, and for the shaping of sound policy. We offer it to every actor in our ecosystem — founders, investors, regulators, researchers, and development partners alike — as a shared, evidence-based foundation on which considered judgement can be built.

The evidence this year is encouraging, and it is measured. Tanzania closed 2025 with 1,307 active startups, up from 247 in 2020 — a more than fivefold expansion in five years, and growth of 25.6 percent on the year before. Together these firms now sustain 173,831 jobs across the ecosystem, a figure that has been expanding at roughly 21 percent a year. They attracted USD 87.3 million in verified external capital, nearly nine-tenths of it from domestic sources — the mark of an ecosystem steadily learning to finance its own. Women now lead or co-found four in every ten of our startups, the strongest such reading among our regional peers. Behind each of these numbers stands a founder who chose to build here, at home, in Tanzania.

These gains arrive at a decisive juncture. On 17 July 2025, His Excellency President Samia Suluhu Hassan launched Tanzania Development Vision 2050, placing before the nation the aspiration of a one-trillion-dollar economy and entrusting seventy percent of that future activity to the private sector. From a 2025 base of USD 88 billion, the arithmetic is demanding; it asks of us a pace of sustained growth that no economy in our region has yet held. Here I would draw a distinction I hold to be fundamental. A vision, by its nature, is aspirational and enduring; the strategy that serves it is a sequence of deliberate, time-bound choices. Vision 2050 is our destination. The choices we make in this planning cycle — on policy, on capital, and on talent — are the strategy that will determine whether we arrive.

For the Tanzania Startup Association, those choices are matters of governance as much as of ambition. An ecosystem matures not by the number of its firms alone, but by the strength of the institutions that coordinate it. Three priorities are, in our considered view, foundational. The first is the adoption of the National Startup Policy — which entered national consultation under the Ministry of Communications and Information Technology (MCIT) in March 2025 — and the gazettment of the Startup Act that must follow it. The second is the capitalisation and operationalisation of the Tanzania Venture Capital Fund, so that the financing gap which today stalls our most promising firms is at last closed. The third is the resourcing of our regulatory sandboxes to full maturity, so that innovation and oversight may advance together rather than at one another's expense. None of these is the work of a single institution; each is the shared responsibility of a coordinated ecosystem.

The Association records its gratitude to the Government of the United Republic of Tanzania for its stewardship of this agenda, to the Ministry and the sister ministries and agencies that convene this work, and to the development partners and institutional collaborators whose support has made this report possible. Our deepest thanks are reserved for the founders themselves, whose enterprise this report exists to serve.

The road to 2050 will be neither short nor automatic. But the direction is set, the evidence is before us, and the resolve is shared. Let us move forward together, with discipline and with confidence, in the common endeavour of cultivating a vibrant and prosperous startup ecosystem in Tanzania.

### Mr. Paul Mkanza

Chairman of the Board of Directors  
Tanzania Startup Association (TSA)

## Acknowledgements

The Tanzania Startup Ecosystem Status Report (TSESR) 2025 is the product of a twelve-month research cycle undertaken by the Tanzania Startup Association in partnership with the Government of the United Republic of Tanzania, the institutional partners named below, the field-data collection teams operating across nine priority regions, and the Tanzanian founders, capital providers, ecosystem operators, regulators, academic researchers, journalists, and development-partner programme leads who gave time, data, and insight to the report. The pages that follow record those contributions in the form they took, and the report's analytical readings rest on them.

The 2025 research cycle was funded by the Botnar Foundation, the Segal Family Foundation, and the Embassy of Switzerland in Tanzania, whose commitment to ecosystem evidence over multiple editions has built the longitudinal record that this volume extends. Their support covered the mixed-methods research programme that produced the Startup Survey, the Adult Population Survey, the nine other actor-category surveys, the key-informant interview corpus, the focus-group discussions, the case studies, the desk-research base, the analytical-framework development, the chapter-drafting cycle, and the publication and dissemination of the final report and its companion products. Funder support has been provided on a research-independence basis, and funders have had no editorial influence on the report's findings or recommendations.

The report has been produced in active engagement with the Government of the United Republic of Tanzania, and the research team is grateful for the policy access and statistical cooperation that anchored the primary-data programme. The Ministry of Communications and Information Technology supported the National Startup Policy consultation engagement, the regulatory-sandbox cohort tracking, and the alignment work with the TDV 2050 Digital Economy and Innovation Implementation Accelerator. The National Planning Commission (NPC) supported the TDV 2025 Evaluation cross-reference and the TDV 2050 framework alignment that anchors Chapter 1 and the TDV 2050 Contribution Dashboard in Annex G. The Ministry of Finance supported the macro and fiscal framework cross-references in Chapters 1 and 5, and the Tanzania Revenue Authority supported the regulatory-perimeter clarifications at the presumptive income tax ceiling, the VAT mandatory registration threshold, and the capital gains tax rate cross-references in Chapters 2 and 5.

The TSESR 2025 is published by the Tanzania Startup Association in partnership with eleven institutional authoring partners, each of whom contributed evidence-base material, methodological feedback, named-source data, and chapter-level review across the production cycle. The authoring partners are the National Planning Commission (NPC), the Ministry of Industries and Trade (MIIT), the Ministry of Communications and Information Technology (MCIT), the Tanzania Commission for Science and Technology (COSTECH), the University of Dar es Salaam (UDSM), Mzumbe University, the Tanzania Investment and Special Economic Zones Authority (TISEZA), the Nelson Mandela African Institution of Science and Technology (NM-AIST), the National Bureau of Statistics (NBS), and the Muhimbili University of Health and Allied Sciences (MUHAS). The Association is grateful to each of these institutions for the intellectual partnership that has shaped the report's analytical architecture.

The TSESR 2025 Research Review Committee, a thirty-member body assembled for this cycle, reviewed every chapter at the analytical-substance, methodological-discipline, and recommendations levels. Its membership drew sector specialists across fintech, agritech, healthtech, edtech, ICT and deep technology, clean energy, e-commerce, logistics, enterprise services, manufacturing, and creative industries; regional-ecosystem leads from Dar es Salaam, Arusha, Mwanza, Dodoma, Mbeya, Morogoro, Tanga, Kilimanjaro, Iringa, and Zanzibar/Unguja; capital-provider representatives from the catalytic-and-angel layer, the bank-channel disbursement layer, and the foreign-direct-investment cohort; named regulator representatives from MCIT, the Bank of Tanzania, the Capital Markets and Securities Authority, the Tanzania Revenue Authority, and BRELA at the inter-agency consultation level; and academic representatives from the TCU-recognised university institutions. Alongside the Committee, the 2025 field-data collection operation, conducted across the nine priority regions and the broader regional sample, gathered the 1, 307 Startup Survey responses, the

2,545 Adult Population Survey responses, the nine other actor-category surveys, the regional and thematic focus-group discussions, and the named key-informant interviews; the team operated under the supervision of the Research Lead, with senior coders responsible for the qualitative-coding discipline and the inter-coder reliability monitoring applied across the key-informant and focus-group corpora. Specific named members of the field-data collection team and the senior-coder cohort are recorded in Annex A Methodology where consent for naming has been obtained.

Key-informant interview subjects who agreed to named acknowledgement under the consent protocol are recorded in Annex A Methodology and at the chapter level where their substantive contributions appear; qualitative findings have been paraphrased anonymously where consent has not been cleared for named attribution. Founders, capital providers, regulators, academic researchers, journalists, and development-partner programme leads who contributed material under conditions of anonymity are acknowledged here as the source of the report's qualitative depth. The volume has been edited and produced by the Tanzania Startup Association editorial team in partnership with the design team and production specialists who carried out the chapter-level editorial pass, the visual production for the inline tables and figures across the eleven analytical chapters, the parallel-card layout for the back-matter Profile Cards reference annex, the cover and back-cover design, the QR-code linkage to the Executive Summary free download, the Tanzania Ecosystem Status Infographics 2025 companion publication, and the Indicator Dashboard commissioned-extract channel. The TSESR exists because Tanzanian founders, capital providers, regulators, academic researchers, ecosystem operators, and development-partner programme leads share their time, their data, and their analytical judgement with the report's research team each year, many of them without seeking acknowledgement. Their contributions are the principal basis on which the analytical readings in this report rest, and the Tanzania Startup Association extends its thanks to all of them.

**Zahoro Muhaji**

Chief Executive Officer  
Tanzania Startup Association (TSA)  
Dar es Salaam · March 2026

## Note from the Research Lead

The Tanzania Startup Ecosystem Status Report (TSESR) 2025 is the sixth edition the Tanzania Startup Association has produced, and the most ambitious in the series. The five editions before it followed the model the African ecosystem-reports community had converged on over the past decade: a country profile, a regulatory inventory, a counted deal table, an actor enumeration, and a closing set of recommendations. That model produced a usable annual record of where Tanzanian startups stood. This edition was rebuilt to answer a sharper question — not only what the national picture shows, but what it means for an individual founder operating inside it.

Tanzanian founders had been asking that question for several editions. A national reading that capital access is difficult or very difficult for 71 percent of firms did not tell a founder whether their own situation — their sector, their stage, the ticket they were raising — was harder or easier than the average. A reading on tax thresholds did not translate into the operating decision in front of them. The reading the report carried was true at the national level; the reading the founder needed sat one level down. The 2025 edition is built to serve both.

To do that, we expanded the evidence base and classified every active Tanzanian startup against its journey stage, its sector, its region, and its capital history. The Startup Survey reaches 1,307 active firms; the Adult Population Survey reaches 2,545 adults across the priority regions; nine further actor-category surveys carry the perspective of capital providers, support organisations, ministries, universities, research institutions, development partners, media, corporates, and industry associations. Key-informant interviews, regional and thematic focus groups, named case studies, and a tiered desk-research base carry the qualitative depth. The indicator framework tracks 394 indicators across 11 analytical chapters, and two composite reads — the Reform Readiness Index and the Tanzania Comprehensive Startup Ecosystem Index, which stands at 50.60 for 2025 against the 2024 baseline of 47.28 — locate where the ecosystem sits as a whole.

Every chapter now does two things. It reads the structural condition the chapter covers, and it reads what that condition means for the firms operating inside it. The median incorporation-to-first-close window sits in the policy chapter; the institutions producing the largest share of the founder pool sit in the human-capital chapter; the capital-access readings and the missing-middle financing layer sit in the financing chapter; the employment the ecosystem now carries and its alignment with the Digital Economy and Innovation Accelerator sit in the contribution chapter. The structure is designed so that a founder, an investor, a regulator, or a ministry can each find the reading that bears on their own decision.

Tanzania Development Vision 2050 is the frame that gives this edition its urgency. The arithmetic from a 2025 base of USD 88 billion to the USD 1 trillion aspiration for mid-century requires sustained real growth of 9.7 percent for twenty-five years — a pace no East African Community economy has held, and one the three Asian economies that did reach it achieved by mobilising entrepreneurship and innovation as a deliberate structural force. The TSESR exists to tell the Government, the private sector, and founders themselves what the active startup cohort actually carries today, where the binding constraints sit, and what the path from 247 firms in 2020 to 1,307 in 2025 has built.

The composite reading is straightforward. The Tanzanian ecosystem in 2025 is larger, more domestically financed, and more concentrated in Dar es Salaam than the earlier editions recorded; it now sustains 173,831 ecosystem jobs, and it remains constrained at the missing-middle financing layer and by an exit environment that still pushes the most ambitious Tanzanian-origin firms to incorporate abroad. Those are the findings the volume places on the table, and the strategic agenda follows from them.

Much of the earlier editions' architecture carries forward — the annual cadence, the multi-actor coverage, the longitudinal record, and the institutional acknowledgements. What is new this cycle is firm-level classification across journey, sector, region, and capital history; the 11-chapter analytical scaffold; the two composite indices; the Tanzania Ecosystem Status Infographics 2025; eight Stakeholder Briefs; a Regional Deep Dives

Compendium covering all 31 administrative regions; and a Sector Deep Dives Compendium covering 8 macro-sectors and 53 subsectors.

The credibility of the evidence base belongs to the partner institutions and the field team named in the Acknowledgements; the recommendations belong to the actors named at the close of each chapter, and the Tanzania Startup Association stands ready to support the pathways they point to. Tanzania Development Vision 2050 is the strategic moment, and the TSESR 2025 is what we bring to it.

**Praygod Japhet**

Research Lead, TSESR 2025

Head of Programs and Operations

Tanzania Startup Association (TSA)

Dar es Salaam · March 2026

## About This Report

The Tanzania Startup Ecosystem Status Report (TSESR) 2025 is the sixth annual edition published by the Tanzania Startup Association. Prior editions were released in 2020, 2021, 2022, 2023, and 2024. The series reads the Tanzanian startup ecosystem at year-end and tracks how the evidence base moves across a six-year arc.

The 2025 cycle is a special edition. It is timed to the closure of Tanzania Development Vision 2025 and the formal launch of Tanzania Development Vision 2050. The Vision 2050 framework was launched by President Samia Suluhu Hassan in Dodoma on 17 July 2025 and sets an aspiration of a USD 1 trillion economy at constant prices by mid-century, organised under three development pillars (Economic Transformation and Competitiveness; Human Capital Development and Social Wellbeing; Environmental Sustainability and Climate Resilience) and five cross-cutting Implementation Accelerators (Integrated Transport Infrastructure; Reliable, Affordable, and Clean Energy; Digital Economy and Innovation; Science, Technology and Innovation; Research and Development). The special-edition framing of TSESR 2025 is Positioning Startups for TDV 2050.

The report comprises 11 analytical chapters that read the Tanzanian startup ecosystem across four parts. Part I (Chapters 1 to 3) reads the macroeconomic context, the policy and regulatory environment, and the infrastructure environment. Part II (Chapters 4 to 8) reads the human capital pipeline, the financing environment, the markets and demand environment, the ecosystem-actor landscape, and the knowledge, research, and innovation system. Part III (Chapters 9 to 10) reads the entry, survival, and scale-up journey, and the innovation outputs and exits side. Part IV (Chapter 11) reads the Tanzanian startup economic contribution at end-2025 and the alignment to Tanzania Development Vision 2050. Chapter 12 carries the Strategic Recommendations across the seven reform pathways the chapters identify.

The report opens with the front-matter set listed in the Table of Contents and closes with the back-matter set: Annexes A to K, Glossary, Bibliography, and BM.17 References. List of Figures, List of Tables, and List of Maps populate from live fields once Word updates the document.

Readers wanting a single-pass overview read the Executive Summary, then sample the chapters their work touches. Readers wanting numeric depth read the chapter mirrors and Annex B Indicator Framework. Readers acting on policy or programme pathways read Chapter 12 and the Stakeholder Briefs.

The sources are: surveys (the Startup Survey covering Tanzania's active startup population plus nine other actor-category surveys and an Adult Population Survey); key-informant interviews with named ecosystem experts; focus-group discussions across regional and thematic groupings; case studies of named Tanzanian startups, deals, and programmes; and a Tier 1 to Tier 3 classified desk-research base. The indicator framework spans 394 indicators across the 11 analytical chapters. The 2025 sector resolution uses 8 macro-sectors and 55 subsectors; regional coverage spans all 31 Tanzanian administrative regions.

The report carries three composite indices that aggregate ecosystem readings into single ecosystem-level scores. The Tanzania Comprehensive Startup Ecosystem Index (TCSEI) aggregates six ecosystem pillars (Talent and Skills, Capital and Finance, Markets and Demand, Policy and Regulation, Infrastructure and Networks, Culture and Aspiration); the 2025 reading is 50.60, up 3.32 from the 2024 baseline of 47.28. The Reform Readiness Index (RRI) aggregates reform readiness across all 11 analytical chapters at the 0 to 100 scale. The TDV 2050 Contribution Dashboard maps Tanzanian startup contribution to the TDV 2050 framework. Full methodology for each index sits in Annex E (RRI), Annex F (TCSEI), and Annex G (TDV 2050 Contribution Dashboard).

The report addresses an audience that needs to read the Tanzanian startup ecosystem analytically and act on the reading. The cohort spans policy makers, investors, founders, ecosystem enablers, development partners, and the research community.

The TSESR 2025 cycle is published as a coherent product suite. The main report (this volume) sits alongside the Tanzania Ecosystem Status Infographics 2025 (a 106-page visual-led companion publication carrying the

headline findings spread by spread); the Indicator Dashboard 2025 (the underlying 394-indicator framework with current readings); eight Stakeholder Briefs (Government; Capital Providers; Entrepreneurship and Innovation Support Organisations; Development Partners; Academia; Researchers and Think Tanks; Corporate Partners; Media); the Regional Deep Dives Compendium covering all 31 administrative regions; and the Sector Deep Dives Compendium covering 8 macro-sectors and 55 subsectors. The companion suite lets readers engage with the evidence base at the depth that matches their use case.

The report applies a third-person institutional voice and British English throughout. Every numeric reading traces to a source line; references are carried at BM.17 References.

The Tanzania Startup Association publishes the TSESR as a long-term commitment to the credibility of the evidence base on Tanzanian startups. Engagement: [info@tsa.co.tz](mailto:info@tsa.co.tz). Research enquiries: [research@tsa.co.tz](mailto:research@tsa.co.tz).

## Executive Summary

**The setting.** Tanzania closed 2025 with nominal GDP at USD 88 billion, real GDP growth at 6.0%, and inflation at 3.6%. The Bank of Tanzania ended December 2025 with a mid-rate of TZS 2,500 to USD 1. The Government of Tanzania set the 2025/26 budget envelope at TZS 56.49 trillion. Tanzania was the second-largest economy in the East African Community at year-end and 1 of 7 African economies the International Monetary Fund expected to grow at 6% or above in 2025.

The year 2025 was the closing year of Tanzania Development Vision 2025 and the publication year for the successor framework. On 17 July 2025, in Dodoma, President Samia Suluhu Hassan launched Tanzania Development Vision 2050. The new framework sets an aspiration of a USD 1 trillion economy at constant prices by mid-century, organised under 3 development pillars (Economic Transformation and Competitiveness; Human Capital Development and Social Wellbeing; Environmental Sustainability and Climate Resilience) and 5 cross-cutting Implementation Accelerators (Integrated Transport Infrastructure; Reliable, Affordable, and Clean Energy; Digital Economy and Innovation; Science, Technology and Innovation; Research and Development). The TDV 2050 framework and the parallel Fifth Five-Year Development Plan (FYDP IV) at TZS 477 trillion medium-term cost envelope both assign 70% of total economic activity through to 2050 to the private sector.

The arithmetic is severe. Reaching a USD 1 trillion economy from the 2025 starting point of USD 88 billion requires sustained real growth of 9.7% for 25 years. No East African Community economy has held that pace. Three Asian economies have: South Korea between 1961 and 2007, China between 1990 and 2015, Vietnam between 1990 and 2024. Each mobilised entrepreneurship and innovation as a deliberate structural force, not as a residual of macroeconomic stability. The Tanzania Startup Ecosystem Status Report (TSESR) 2025 is published into this strategic moment as the 6th annual edition in the TSESR series and the special edition timed to the TDV 2050 strategic-design cycle.

The Tanzanian startup population at the close of 2025 reaches 1,307 active firms, up from 247 in 2020. The expansion across the past 5 years is a 5.3 times increase in the tracked startup population, the strongest population growth of any KENGS peer country across the period. The Tanzania Comprehensive Startup Ecosystem Index reads 50.60 for 2025, up 3.32 points from the 2024 baseline of 47.28, with a combined sensitivity envelope of 40.48 to 60.72.

**The evidence base.** The 2025-26 edition draws on the broadest evidence base in the TSESR series. The Startup Survey reaches 1,307 active firms; the Adult Population Survey reaches 2,545 adults; 9 further actor-category surveys, key-informant interviews, focus-group discussions, case studies, and a Tier 1-3 desk-research base carry the qualitative depth. The indicator framework tracks 394 indicators across 11 chapters.

**Part I findings — macroeconomic context, policy, infrastructure.** Chapter 1 reads what the macro frame means for capital allocation. Eighteen named foreign direct investors disbursed equity into 22 Tanzanian startups in 2025, among them DEG, Alibaba Foundation, Madica, Mercy Corps Ventures, DOB Equity, Boehringer Ingelheim, Plug and Play, and Digital Africa. Eight named domestic institutions disbursed catalytic capital across the 1,307 active firms, among them CRDB Bank Foundation, Sahara Consult, SmartLab, SBAN, Vodacom Tanzania, and Ennovate Ventures. The bank channel reached 786 of 1,307 firms (60%); NMB Bank Plc and CRDB Bank Plc together account for 65.54% of bank-channel disbursement. TDV 2050 has locked 70% of total economic activity to the private sector, against 3.6% inflation and a TZS 2,500 mid-rate at end-December 2025. The National Planning Commission (NPC) TDV 2025 evaluation of September 2023 flagged agricultural yield, manufacturing depth, education quality, and jobs expansion as the under-delivered areas. The Reform Readiness Index macro component reads 62.5.

Chapter 2 reads the policy and regulatory environment. Of the 22 Tanzanian startups that closed foreign direct investment rounds in 2025, 21 carried executed shareholder agreements; the median time from incorporation to first institutional close runs at 22 months, with audited-accounts threshold compliance the binding regulatory friction. The 20% capital gains tax rate imposes USD 30,000 on a USD 200,000 secondary

exit at 4x basis, against USD 7,500 in Kenya and zero in Nigeria. BRELA recorded 98,543 incorporations in 2024 at 12.3% year-on-year growth, but the 42-point asymmetry between the World Bank Business Entry score (71.58) and Business Insolvency score (29.56) means firms that fail rarely formally close, and the registry-inflation pattern feeds back into investor diligence. Tanzania operates 5 sector-specific regulatory sandboxes (BoT FinTech launched January 2025; CMSA Capital Markets operational from 2025; TMDA HealthTech; TIRA InsurTech; TEA EdTech), more than any KENGS peer. The National Startup Policy entered MCIT-led national consultation in March 2025. The Reform Readiness Index policy component reads 62.5.

Chapter 3 reads the infrastructure environment. Hardware-startup founders outside Dar es Salaam allocate USD 1,200 to USD 4,500 per month on diesel backup, equivalent to 8% to 30% of operating cost; the 41% national power outage rate (Dar es Salaam at 23%, non-Dar regions at 47% to 67%) imposes the diesel line on physical-product startups. For the 248 fintech firms, the Tanzania Instant Payment System (TIPS), operated by the Bank of Tanzania and connecting 45 deposit-taking institutions at approximately 1.5 million transactions per day, retires 6 to 12 months of pre-launch engineering. For the 131 healthtech firms, the absence of universal Tier-3 hosting inside Tanzania means local hosting at a 30% to 50% cost premium. The TCRA Q4 2025 statistics report 56.3 million internet subscriptions, mobile-network coverage of 98.6% on 2G, 93.9% on 3G, 94.2% on 4G, and 30.1% on 5G; APS adult-population mobile-money penetration of 76% is the demand-side substrate. The TCSEI Infrastructure and Networks pillar reads 87.85, the highest of the 6 ecosystem pillars. The Reform Readiness Index infrastructure component reads 58.83.

**Part II findings — human capital, finance, markets, actors, knowledge.** Chapter 4 reads the human capital pipeline. Four Tanzanian institutions (the University of Dar es Salaam, Sokoine University of Agriculture, Mzumbe University, and the Institute of Finance Management) together produce 39% of the Tanzanian founder pool, roughly 3 times their share of national graduate stock; UDSM alone contributes 19% of founders against approximately 6% of national graduate output. Tanzania produced 56,520 university graduates in 2023, including 2,534 engineering and 1,700 agriculture graduates, against a gross tertiary enrolment ratio of 7.83% (Kenya 9.0%, Egypt 35.1%). The binding constraint is the gap between graduate-level entrants and operating-grade engineers; firms absorb 6 to 12 months of in-firm training at USD 1,500 to USD 4,000 per hire to close it. Female founding-team share stands at 40.02% in 2025, the strongest gender reading in any KENGS peer; female solo-led startups stand at 15.99%. Diaspora remittance inflows reached USD 757 million in 2024 (1.0% of GDP), with a Government of Tanzania target of USD 1.5 billion by 2028. The Reform Readiness Index human-capital component reads 50.

Chapter 5 reads the financing environment. Founders rate capital access difficult or very difficult at 71% (CI 68.7 to 73.2); 39% raised any external capital in 2025; the median external round closed at USD 75,000. Four named domestic-origin deals illustrate the catalytic-to-institutional handoff: Wassha closed USD 2 million in debt from Shoko Chukin Bank of Japan; Sumet Energy closed USD 1.5 million from the African Business Angels Network and Catalytic Africa; Dawa Mkononi closed USD 1 million from Boehringer Ingelheim; MazaoHub closed USD 1 million across Impacc, Mercy Corps Ventures, and DOB Equity. In aggregate, USD 87.307 million of verified external capital reached scalable Tanzanian startups in 2025, 89.6% from domestic sources and 10.4% from foreign sources. The bank-channel stream of USD 75.660 million reached 786 unique recipient startups across 1,472 deal events; NMB Bank Plc and CRDB Bank Plc combined account for 65.54% of bank-channel disbursement. Sectoral access skews: FinTech 78%, AgriTech 74%, HealthTech 69%, EdTech 56%, Creative Industries 51%. Against the IFC startup-and-innovative-SME financing gap of USD 3.4 billion (general MSME gap USD 16.7 billion, 19% of GDP), verified 2025 supply closes 2.57% of the gap; investment-to-GDP closure sits at approximately 0.05%. The missing-middle ticket range (USD 50,000 to USD 1,000,000) is the structural bottleneck. The Reform Readiness Index finance component reads 48.

Chapter 6 reads markets and demand. Roughly 7 in 10 active Tanzanian startups operate pre-revenue despite a 70.5 million resident population, 6.31 billion mobile-money transactions across 2025 (up 68.7% from 3.74 billion in 2024), a TZS 4.2 trillion (USD 1.68 billion) Tanzania-domestic addressable digital-product market, and an e-commerce market generating approximately USD 703 million, projected to reach USD 917

million by 2029. Mobile-money rails are dense for peer-to-peer transfer but thin for e-commerce checkout: founders engineer over-the-top checkout flows on top of mobile-money APIs. The absence of universal physical addressability means last-mile fulfilment at a 15% to 30% per-delivery premium. The informal economy at approximately 44.9% of GDP imposes a price-sensitivity ceiling. Smartphone penetration at 41.82% sets the ceiling on app-first consumer reach. The World Bank Business Ready 2025 Market Competition score for Tanzania sits at 48.53, International Trade at 55.72, and Business Location at 49.00. The Reform Readiness Index markets component reads 51.4.

Chapter 7 reads what the ecosystem-actor landscape means for startup coordination cost. A Tanzanian startup that survives to its 3rd year engages with 7 to 9 distinct actor categories outside the founders: entrepreneurship and innovation support organisations, capital providers, academic institutions, sector regulators, corporates, development partners, media, industry associations, and government ministries. The 1,307 active firms distribute across 9 firm-life-cycle stages from idea-stage through mature-with-institutional-capital. Count growth has not translated into coordination depth: the 105 entrepreneurship and innovation support organisations operating in Tanzania carry a 62% donor-dependency rate that constrains commitment to multi-year programme cycles, and only a small subset of the 52 TCU-recognised universities run founder-pipeline programmes deep enough to convert graduate cohorts into early-stage founders at any scale. The cost shows up in re-explained value propositions, re-negotiated programme terms, and re-built relationships across institutional turnover. The Reform Readiness Index ecosystem-actors component reads 49.

Chapter 8 reads knowledge, research, and innovation. Fourteen Tanzanian startups hold registered patents per the most recent TSESR baseline, together holding 87 patents. Tanzania is not ranked in the WIPO Global Innovation Index 2025 (last formal participation circa 2020) and is below threshold in the Startup Genome Global Startup Ecosystem Report 2025; for founders raising offshore equity, the absent benchmark functions as a credibility discount relative to Kenyan, Egyptian, and Nigerian peers. Tanzania's gross domestic expenditure on research and development sits at approximately 0.4% of GDP, against an African Union target of 1.0% and a UNESCO global average of approximately 1.7%; the public-sector contribution at TZS 25.7 billion in 2024-2025 (TZS 2.3 billion through the Samia Innovation Commercialisation Fund and TZS 1.9 billion to 32 innovation projects and 15 innovation-centre projects) is the principal grant-channel access point. Named Tanzanian winners of major international prizes include NovFeed at USD 1 million (Milken-Motsepe Prize in AgriTech 2023; Africa's Business Heroes top finalist 2025) and Freshpack Technologies at USD 250,000 (runner-up in the Milken-Motsepe Prize in AI and Manufacturing 2026). The Reform Readiness Index knowledge-and-innovation component reads 38, the lowest of the 11 chapter sub-components.

**Part III findings — entry, survival, scale-up, innovation outputs, exits.** Chapter 9 reads entry, survival, and scale-up. The tracked Tanzanian startup count grew from 247 firms in 2020 to 1,307 firms in 2025, a 5.3 times expansion across 5 years and the strongest population growth of any KENGs peer; the 2025 count is up 25.6% on the 1,041 firms tracked in 2024. Dar es Salaam concentration intensified from 56.47% in 2020 to 66.19% in 2025. Of the 2022 founding cohort, 47% remained active at month 36 and 53% did not survive. The 42-point asymmetry between the World Bank Business Entry score (71.58) and Business Insolvency score (29.56) is the structural reason firms that fail rarely formally close. Tanzania's Total Early-Stage Entrepreneurial Activity rate of 20.61% per the APS sits materially above sub-Saharan African Global Entrepreneurship Monitor peers (Angola 14.6%, Egypt 13.9%, South Africa 8.0%). Established-business ownership sits at 14.12%. The Reform Readiness Index entry-and-survival component reads 41.

Chapter 10 reads the empty exit cohort. Two cumulative confirmed acquisitions by foreign acquirers have completed across 2019 to 2024: a clean-cooking pay-as-you-go technology firm acquired by a UK-based clean-cooking distributor in 2020 at approximately USD 25 million (the largest confirmed Tanzanian startup exit by deal value in the period), and an online classifieds platform acquired by a pan-African used-car marketplace in 2024 at approximately USD 0.1 million. Zero 2025-specific completed exit transactions are documented; zero Dar es Salaam Stock Exchange listings of Tanzanian startups have occurred; Tanzania has not yet produced a unicorn. The de facto exit pattern is reincorporation: a Tanzanian-origin fintech is

registered in Delaware with operational headquarters in Hoboken, employing 168 staff across an 18-country team; a Tanzanian-origin agritech is registered in Dover, Delaware, with operational headquarters in Dar es Salaam. The 14 Tanzanian startups holding 87 patents represent the formal innovation-registration base. The Reform Readiness Index innovation-outputs-and-exits component reads 28, the lowest of the 11 chapter sub-components.

**Part IV findings — economic contribution.** Chapter 11 reads what the 1,307 active firms have built at end-2025. The firms employ 173,831 workers across 1,241 reporting firms, median 5 FTE and maximum 250 FTE; at the 5-year average ratio of 133 jobs per startup, the wider ecosystem-jobs count reads 173,831. The longitudinal jobs series runs 78,071 in 2021, 89,509 in 2022, 112,119 in 2023, 138,453 in 2024, and 173,831 in 2025, a 3-year compound annual growth rate of 21.0%. Aggregate startup revenue across the 1,307 firms reaches TZS 947.38 billion (USD 378.95 million), equivalent to 0.43% of 2025 GDP; cumulative external capital absorbed across the 2018 to 2025 founding cohorts reaches USD 1.022 billion, equivalent to 1.16% of 2025 GDP. The VAT registration rate sits at 19.66%; tax contribution across 4 instruments produces a 2025 figure between TZS 49 billion and TZS 195 billion (USD 19.6 million to USD 78.0 million). Off-take agreements run at 8.09%. The post-revenue share sits at 67.48%, inverting the 70/30 pre-revenue dominance recorded in the TSESR 2024 baseline. TDV 2050 alignment places Tanzanian startups inside the Digital Economy and Innovation Implementation Accelerator at 96.9%. The Reform Readiness Index Chapter 11 contribution-impact component reads 58.6.

**Cross-cutting findings.** The bootstrapped trunk and the institutional branch. The Tanzanian startup population sits in 2 structurally distinct cohorts. The bootstrapped trunk runs from idea-stage firms through bootstrapped-growth firms to established-not-growing firms, accounting for approximately three quarters of the active firm count, operating on founder-savings, friends-and-family, catalytic-grant, and bank-channel capital. The institutional branch runs from first-institutional-capital firms through scaling and mature institutional-capital stages, accounting for approximately one quarter, operating on equity capital from local catalytic providers and offshore institutional investors.

The missing-middle financing gap. The USD 50,000 to USD 1,000,000 ticket range is the layer at which catalytic capital tapers off and equity capital has not yet engaged. The 71% capital-access difficulty rate, the 39% external-capital-raise rate, the 11-month median round-closure timing, and the 2.57% gap-coverage ratio against the USD 3.4 billion startup-and-innovative-SME financing gap converge on a structural conclusion: closing the missing-middle is the principal binding constraint on the bootstrapped-trunk transition to the institutional branch.

The empty exit cohort. Zero 2025-specific completed exit transactions; zero Dar es Salaam Stock Exchange listings; 2 cumulative ATBD-tracked acquisitions across 6 years; and the reincorporation-as-de-facto-exit pattern for the most ambitious Tanzanian-origin firms. The empty exit cohort is the structurally weakest segment of the Tanzanian ecosystem at end-2025. Reform at the M&A threshold (the FCC TZS 3.5 billion to TZS 10 billion amendment under consultation), the DSE EGM viability layer, and the insolvency framework are the pathways through which the empty exit cohort fills over the TDV 2050 horizon.

The leapfrog opportunity. The TCRA Q4 2025 statistics, the TIPS payment switch, the 5 regulatory sandboxes, the 70.5 million population, the 76% mobile-money adult penetration, and the digital-economy framing in TDV 2050 together compose a leapfrog opportunity at the Digital Economy and Innovation Accelerator. The 96.9% Chapter 11 TDV 2050 alignment is the quantitative measure of the opportunity. Closing the talent-pipeline bottleneck, closing the missing-middle financing gap, resourcing the 5 sandboxes to graduation readiness, and rebalancing regional and sectoral concentration are the 4 execution priorities.

**Top recommendations.** The TDV 2050 priority agenda emerging from the analytical chapters is the strategic frame for the next planning cycle. The 5-element agenda is addressed to the systemic actors identified at chapter level and is tied to measurable outcomes.

The first priority. Adopt the National Startup Policy and gazette the subsequent Startup Act. The Policy entered MCIT-led national consultation in March 2025 and remains under stakeholder review. The Policy translates into a Startup Act after Cabinet approval. MCIT is the accountable ministry. The measurable outcome is Cabinet adoption of the Policy within the 2026 fiscal cycle and gazettment of the subsequent Startup Act within 12 months of Cabinet adoption, with operationalisation of its regulations within a further 12 months.

The second priority. Resource the 5 sandboxes to graduation-pathway readiness. The BoT FinTech, CMSA Capital Markets, TMDA HealthTech, TIRA InsurTech, and TEA EdTech sandboxes operate at varying levels of operational maturity. BoT FinTech and CMSA Capital Markets are operational from 2025; TMDA, TIRA, and TEA are at earlier stages. The accountable institutions are the 5 sector regulators with MCIT and NPC at the inter-agency coordination level. The measurable outcome is published annual cohort metrics for each sandbox by end-2026, with graduation-pathway readiness for all 5 sandboxes by end of the 2027 reporting cycle.

The third priority. Close the missing-middle financing gap. The USD 50,000 to USD 1,000,000 ticket range is the principal binding constraint on the bootstrapped-trunk transition to the institutional branch. Capitalise and operationalise the Tanzania Venture Capital Fund (TVCF), a BRELA-registered company structured as a fund-of-funds manager, at the TZS 100 billion capitalisation target under the CMSA Capital Markets and Securities Regulations 2024. Operationalise the pension-fund venture-capital allocation rules. Establish the missing-middle facility with a domestic first-loss tranche and international upper-tier capital. The accountable institutions are MoF, CMSA, BoT, and the pension-fund regulators with TSA at the ecosystem-coordination level. The measurable outcome is TVCF operational status by end-2026 and gap-coverage ratio above 5% by the close of the 2027 reporting cycle.

The fourth priority. Address the talent-pipeline upstream constraint. Tanzania's gross tertiary enrolment ratio of 7.83% is the binding pipeline constraint at the entry level. Reform the tertiary-pipeline expansion targets to align with the Vision 2050 manufacturing and innovation pillar arithmetic. Resource the 2024 Curriculum entrepreneurship modules to classroom-level implementation. Accelerate the NIDA Diaspora Engagement Strategy and the diaspora-remittance trajectory toward the USD 1.5 billion 2028 target. Establish a local-degree-founder accelerator track funded by domestic-institutional capital. The accountable institutions are MoEST, TCU, MCIT, and the Ministry of Foreign Affairs Diaspora Affairs Department. The measurable outcome is gross tertiary enrolment ratio above 12% by 2030 and Tanzania entering the WIPO Global Innovation Index 2030 reporting cycle.

The fifth priority. Rebalance regional and sectoral concentration. The Dar es Salaam plus Arusha concentration of bank-channel disbursement at approximately 67% is the operating signal. Resource non-Dar regions on last-mile fibre, energy reliability, and the EISO-network build-out, with named programme commitments for Mwanza, Dodoma, Mbeya, Morogoro, Tanga, Kilimanjaro, Iringa, and Zanzibar/Unguja. The accountable institutions are the Regional Administration and Local Government Authority, MCIT, EWURA, the Tanzania Communications Regulatory Authority, and TSA at the ecosystem-coordination level. The measurable outcome is non-Dar non-Arusha bank-channel share above 33% by the close of the 2027 reporting cycle, and at least 1 named EISO-network programme operational in each of the 9 priority regions by the same date.

These 5 priorities are the macro-level structural agenda the report places before the Government of Tanzania, the institutional partners listed in the Acknowledgements, the capital provider cohort, the development-partner cohort, and the 1,307 Tanzanian founders building the ecosystem the report describes. The next planning cycle is the one in which the TDV 2050 trajectory is set.

## Tanzania at a Glance

The Tanzanian startup ecosystem at the close of 2025

|                                          |                                  |                                        |
|------------------------------------------|----------------------------------|----------------------------------------|
| Active firms<br><b>1,307</b>             | Jobs supported<br><b>173,831</b> | Job CAGR<br><b>21 %</b>                |
| Capital mobilised<br><b>USD 87.307 M</b> | DDI share<br><b>89.6 %</b>       | TCSEI<br><b>50.60</b>                  |
| RRI (national)<br><b>62.5</b>            | Revenue<br><b>TZS 947.4 B</b>    | Revenue per capita<br><b>USD 1,272</b> |
| Sub-sectors mapped<br><b>55</b>          | Regions covered<br><b>31</b>     | TDV2050 Enabler-iii<br><b>96.9 %</b>   |

### Where are we?

*“Tanzania closed 2025 at 1,307 active startups inside an USD 88 billion economy, mid-trajectory between the closure of TDV 2025 and the USD 1 trillion TDV 2050 aspiration.*

#### §1.1 What kind of place is Tanzania in 2025?

|                               |                              |                                     |
|-------------------------------|------------------------------|-------------------------------------|
| nominal GDP<br><b>USD 88B</b> | real growth<br><b>6.0 %</b>  | inflation<br><b>3.6 %</b>           |
| population<br><b>70.5M</b>    | FX / USD<br><b>TZS 2,500</b> | 2025/26 budget<br><b>TZS 56.49T</b> |

#### §1.2 How big is the Tanzanian startup ecosystem?

##### Scale

|                                                                 |                                                          |                                                                             |                                                                              |
|-----------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|
| active startups<br><b>1,307</b><br>5.3x since 2020 · +25.6% YoY | ecosystem jobs<br><b>173,831</b><br>21.0% CAGR 2021–2025 | verified 2025 capital<br><b>USD 87.3M</b><br>89.6% domestic · 10.4% foreign | cumulative capital<br><b>USD 1.022B</b><br>absorbed 2018–2025 · 1.16% of GDP |
|-----------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|

##### Economic footprint

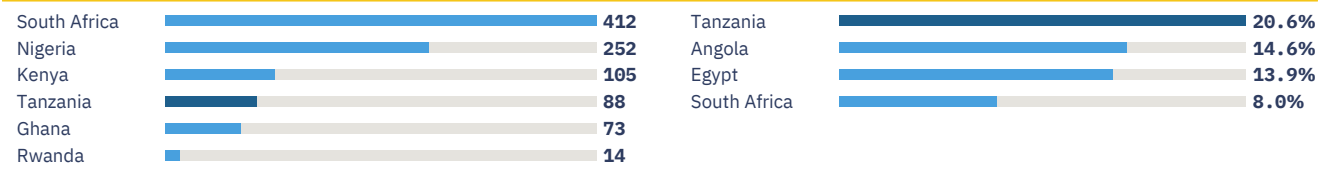
|                                                         |                                                     |                                                          |
|---------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|
| aggregate revenue<br><b>USD 378.95M</b><br>0.43% of GDP | jobs multiplier<br><b>8.6×</b><br>20,270 direct FTE | annual tax<br><b>USD 19.6–78M</b><br>four instruments    |
| VAT-registered<br><b>19.66%</b><br>formalising the base | post-revenue<br><b>67.48%</b><br>maturity signal    | off-take agreements<br><b>8.09%</b><br>early export pull |

Addressable digital market — USD 1.68B (TZS 4.2T); agri supply-chain and agrifinance startups reach a third of it.

#### §1.3 How does Tanzania compare to its peers?

KENGs GDP · USD billion 2025

Adult entrepreneurship rate · TEA



§1.4 Is Tanzania on a credible trajectory to TDV 2050?



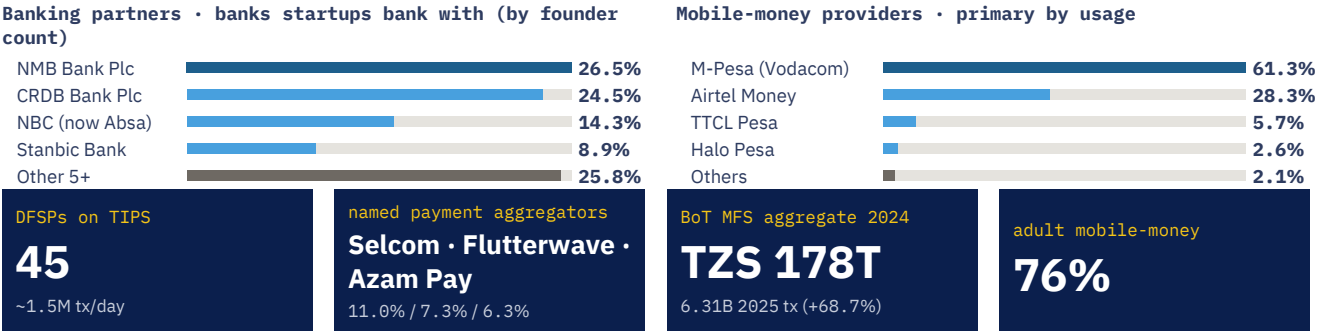
USD 88B → USD 1 trillion · Tanzania 2025 to TDV 2050 · 9.7% sustained real growth across 25 years

No East African Community economy has held that pace. 3 Asian economies have: Korea 1961–2007, China 1990–2015, Vietnam 1990–2024. Each mobilised entrepreneurship and innovation as a deliberate structural force. Startups are one of Tanzania’s three engines.

Who runs the show?

“Tanzanian startups bank with NMB and CRDB, raise equity from local accelerators, train at the University of Dar es Salaam and Sokoine, and build on AWS and JavaScript. The ecosystem is a named-institution network, not an anonymous statistic.

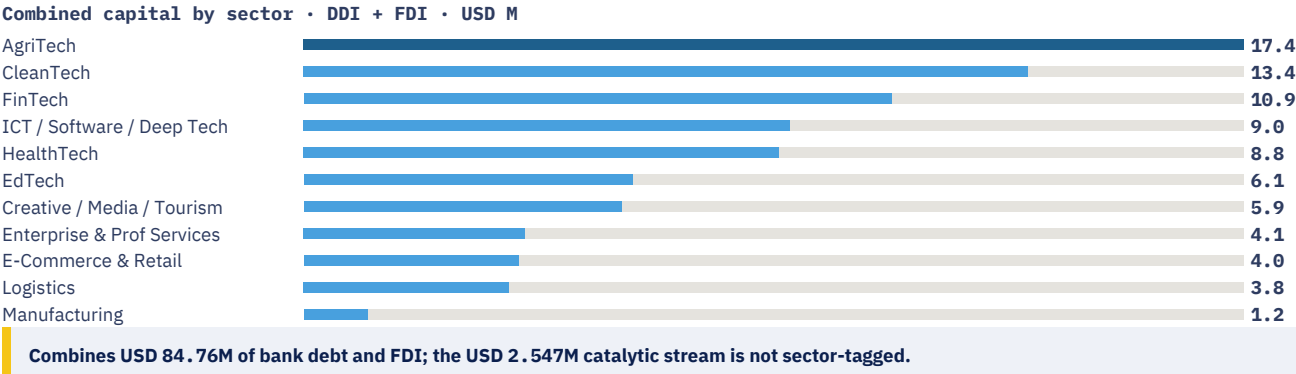
§2.1 Who handles their money?

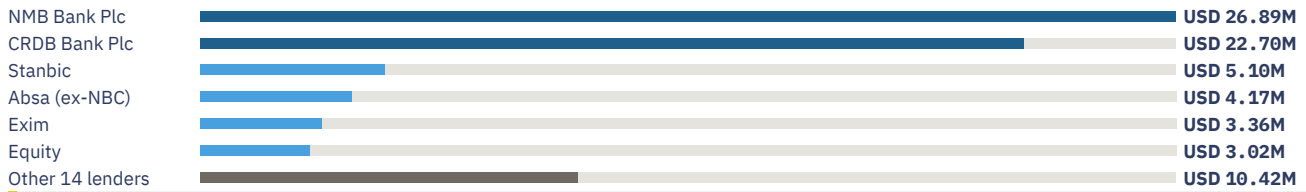


§2.2 Who funds the ecosystem?



89.6% domestic — but that is bank debt; the equity is foreign. Foreign capital is 78% of disclosed deals.

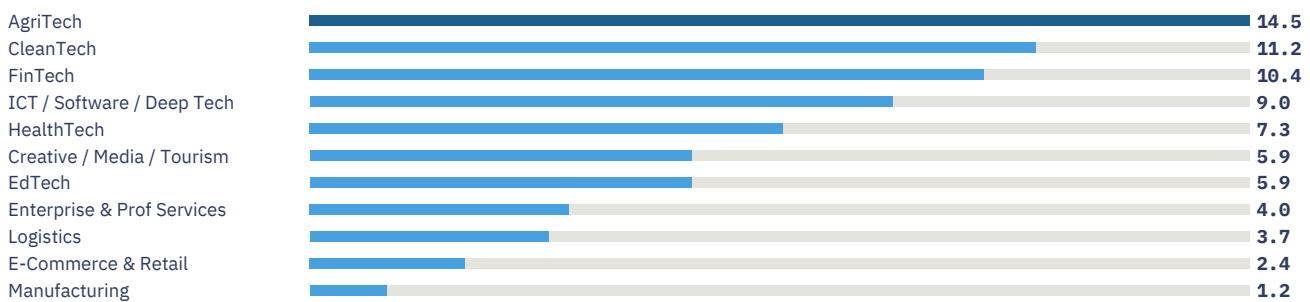


**DDI • share of banks • NMB + CRDB = 65.5% of USD 75.66M**

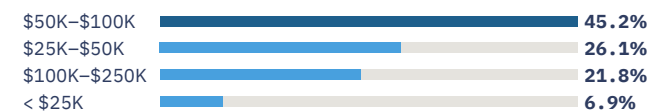
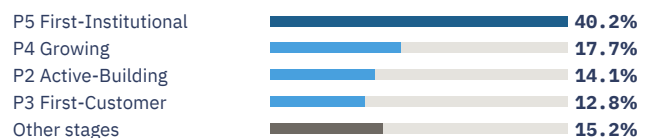
One in three loan-dollars is NMB. Top-5 banks = 82.2%; median ticket ~USD 45,000.

**DDI • catalytic capital (Layer 1) • USD 2.547M • 10 deals • 7 institutions**

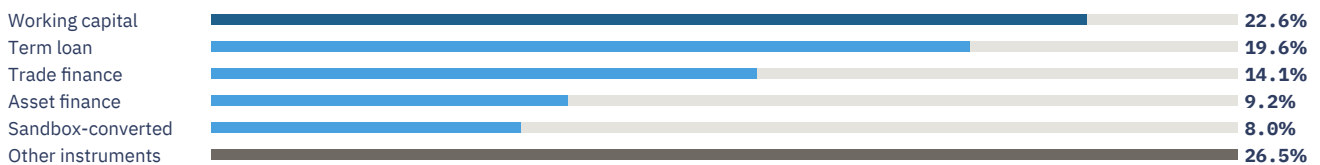
|                             |               |                      |                |
|-----------------------------|---------------|----------------------|----------------|
| FUNGUO Innovation Programme | IMBEJU (CRDB) | CRDB Bank Foundation | Sahara Consult |
| SmartLab                    | SBAN          | Vodacom Tanzania     |                |

**DDI • by sector • USD M**

Banks lend to collateral: FinTech is 19% of firms, 14% of dollars.

**DDI • by ticket bracket****DDI • by recipient stage**

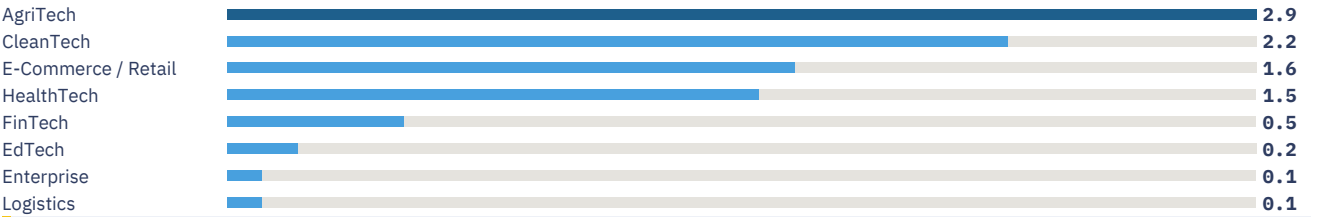
No bank cheque clears USD 250K — the missing middle, in one bracket.

**DDI • by instrument****FDI • biggest 2025 deals**

| Firm         | Sector         | Amount     | Lead investor(s)           | Stage    |
|--------------|----------------|------------|----------------------------|----------|
| Wassha       | Energy & Water | USD 2.000M | Shoko Chukin Bank (Japan)  | Debt     |
| Sumet        | Retail         | USD 1.500M | ABAN + Catalytic Africa    | Pre-seed |
| Dawa Mkononi | Healthcare     | USD 1.000M | Boehringer Ingelheim       | Venture  |
| MazaoHub     | Agriculture    | USD 1.000M | Impacc + Mercy Corps + DOB | Pre-seed |
| NovFeed      | Agriculture    | USD 0.300M | Alibaba Foundation         | Grant    |
| Medikea      | Healthcare     | USD 0.200M | Madica                     | Venture  |
| Kilimo Fresh | Agriculture    | USD 0.100M | Digital Africa (AFD)       | Grant    |

28 deals, USD 9.10M across 23 firms. Equity = USD 4.4M (8) • grants 2.7M (19) • debt 2.0M (1).

FDI • by sector • USD M



2024 was 78% FinTech, on one Series A. 2025 is agri-food and climate.

FDI • investors • by 2025 deal count

| Investor                   | Origin / type                     | 2025 activity                      |
|----------------------------|-----------------------------------|------------------------------------|
| DEG                        | Germany · bilateral DFI           | 14 deals · all USD 0.1–0.2M grants |
| Alibaba Foundation         | China · corporate philanthropy    | 3 grants to agritech firms         |
| Shoko Chukin Bank          | Japan · bank debt                 | Wassha · USD 2.000M                |
| ABAN + Catalytic Africa    | Pan-African · angel + accelerator | Sumet · USD 1.500M                 |
| Boehringer Ingelheim       | Germany · corporate strategic     | Dawa Mkononi · USD 1.000M          |
| Impacc + Mercy Corps + DOB | impact equity                     | MazaoHub · USD 1.000M              |
| + 10 more                  | DFIs · angels · impact funds      | one deal each                      |

One funder, DEG, wrote half of all FDI deals (14 of 28).

The capital stack • where the money is – and isn’t

|                          |            |                                                       |
|--------------------------|------------|-------------------------------------------------------|
| 5 · Public listing (DSE) | > USD 5M   | EGM cap TZS 215B · 5 firms · impractical below USD 5M |
| 4 · Commercial bank debt | > USD 200K | 125% collateral + 3-yr audited · real cheque ~USD 45K |
| 3 · Missing segment      | USD 50K–1M | 18 disclosed deals · USD 6.947M · the venture gap     |
| 2 · Organised angels     | USD 5–50K  | TAIN · Rhapta · SBAN · the first external cheque      |
| 1 · Microfinance / SACCO | USD 1–10K  | group lending · functional at personal scale          |

The USD 50K–1M rung is empty. The designed fix – TVCF, a TZS 100B fund-of-funds – is registered but not operational.

WHO GOT FUNDED • profile of the 23 FDI-backed firms (a funded subset, not the population)

|                                                 |                                                        |                                                  |
|-------------------------------------------------|--------------------------------------------------------|--------------------------------------------------|
| women-led<br><b>30%</b><br>7 of 23 funded firms | two-founder teams<br><b>48%</b><br>the modal team size | solo founders<br><b>39%</b><br>three-founder 13% |
|-------------------------------------------------|--------------------------------------------------------|--------------------------------------------------|

Funded teams skew male and small – 30% women-led, against 40% across all startups.

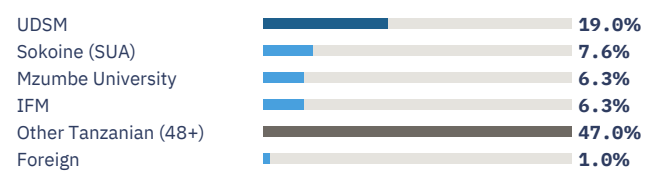
The financing gap

|                                                                     |                                                                    |                                                                             |
|---------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------|
| startup & innovative-SME gap<br><b>USD 3.4B</b><br>range 1.95–5.02B | verified supply closes<br><b>2.57%</b><br>investment-to-GDP ≈0.05% | the missing segment<br><b>USD 50K–1M</b><br>18 disclosed deals · USD 6.947M |
|---------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------|

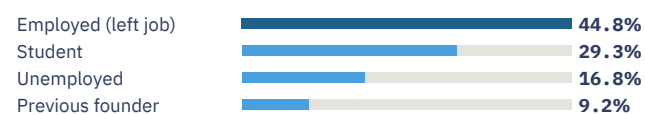
Tanzania’s verified capital meets 2.6% of estimated demand.

\$2.3 Where do the founders come from?

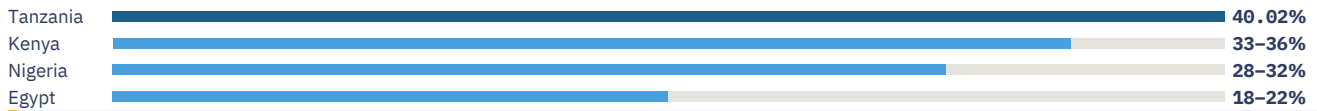
Founder universities • 85%+ from Tanzanian universities



Founder previous role



## Gender • Tanzania leads KENGs on founding-team diversity



40% of founding teams include a woman — the highest in the KENGs group; 16% are women solo-led.

## Team size by lifecycle stage

## idea &amp; validation

1-3

founder + technical co-founder

## first-institutional

5-10

first functional hires

## scale-up

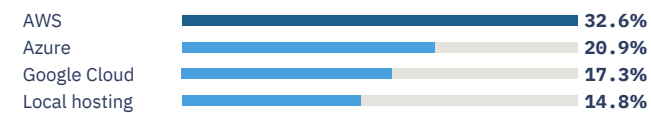
10-30

named-function operating team

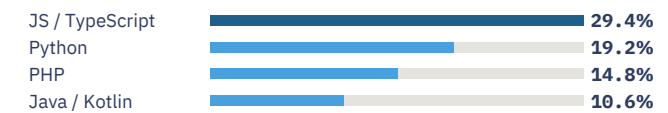
Built at home — ~99% of founders hold Tanzanian degrees; ~1% studied abroad.

## §2.4 What technology do they build on?

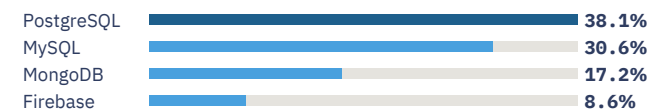
## Cloud provider



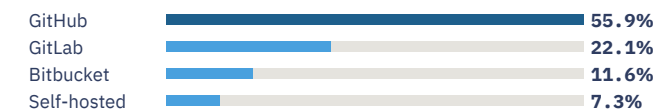
## Programming language



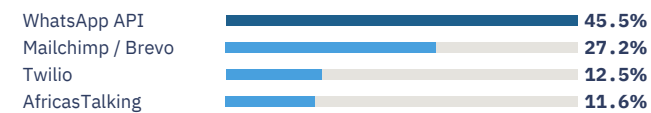
## Database



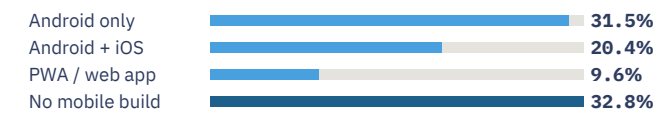
## Code hosting



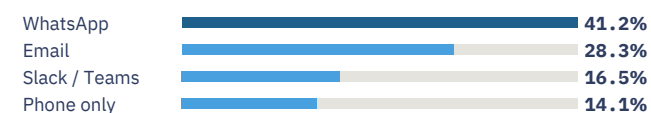
## Customer-comms channel



## Mobile platform built



## Internal comms tool



## Mobile-network operator

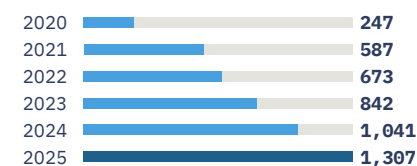


## Where is it going?

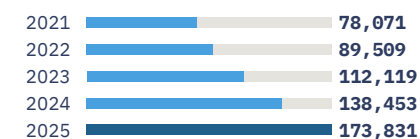
*“Tanzania’s startup population has grown 5.3 times in 5 years; ecosystem jobs are doubling every 3.5 years; the capital supply mix has inverted to 89.6% domestic. The structural drag is the empty exit cohort and the USD 3.4 billion missing-middle financing gap.”*

## §3.1 What is the 5-year arc?

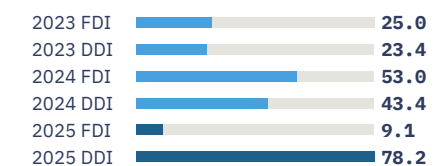
## Active startup population



## Ecosystem jobs (direct + indirect)



## Capital supply • USD M (FDI + DDI)



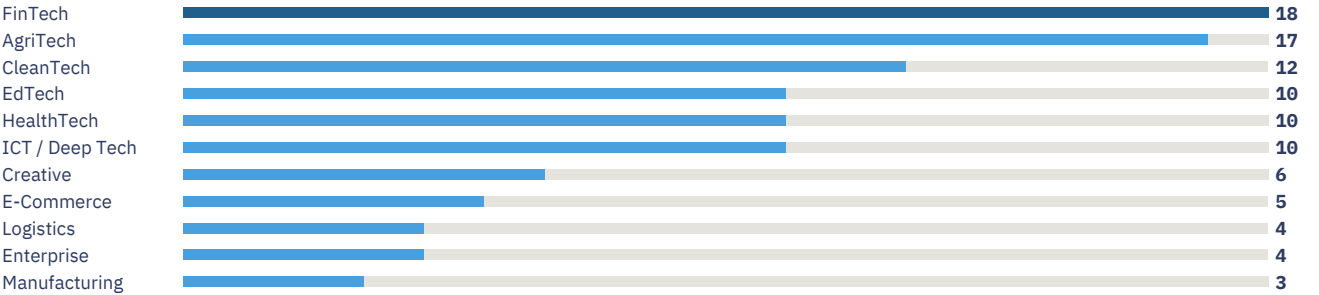
## Ecosystem vs the macro economy • annual growth



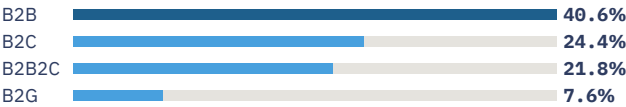


§3.2 What are Tanzanian startups actually building?

Sector mix 2025 · share of 1,307 firms



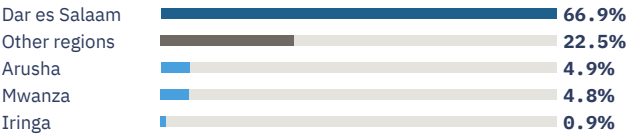
Customer model



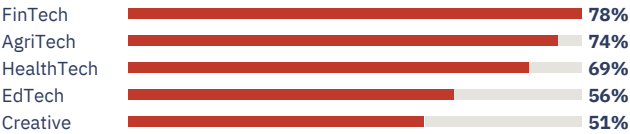
Revenue split · post / pre



Regional concentration



Capital access difficult · by sector



§3.3 Where does this point?



The exit problem · the ecosystem’s weakest link (RRI 28)



TDV 2050 priority agenda · 5-element structural agenda



## PART I

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# The Rules of the Game

Chapters 1–3 — the macroeconomic, policy and regulatory, and infrastructure environment that sets the terms of play.

# Chapter 1

## Macroeconomic Context and the TDV 2050

### Positioning of Startups

Reporting period: 1 January to 31 December 2025.

Tanzania’s 2025 nominal GDP stood at USD 88 billion, with real growth at 6.0% and inflation at 3.6%. BoT closed December 2025 with a mid-rate of TZS 2,500 to USD 1. The 2025/26 budget envelope set by the Government of Tanzania was TZS 56.49 trillion. By year-end Tanzania was the second-largest economy in EAC and 1 of 7 African economies IMF expected to grow at 6% or above in 2025.

The year 2025 was the closing year of TDV 2025 and the publication year for the successor framework, TDV 2050. The TDV 2050 aspiration is an economy of USD 1 trillion at constant prices by mid-century. The arithmetic is severe. Reaching a trillion dollars from the 2025 starting point requires sustained real growth of 9.7% for 25 years. No EAC economy has held that pace. Three Asian economies have: South Korea between 1961 and 2007, China between 1990 and 2015, Vietnam between 1990 and 2024. Each mobilised entrepreneurship and innovation as a deliberate structural force, not as a residual of macroeconomic stability.

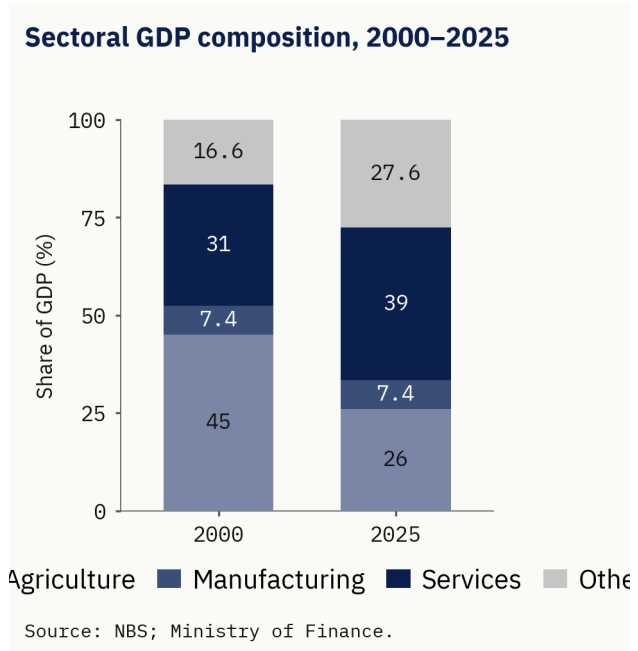
This chapter sets out the macroeconomic ground on which the 11 analytical chapters that follow sit. It audits the TDV 2025 implementation record against the National Planning Commission (NPC) September 2023 evaluation, reads what the trillion dollar trajectories did at the strategic level, and frames the TDV 2050 priority agenda for Tanzania. TCSEI registered 50.60 on a 0 to 100 scale in 2025, up 3.32 points from the 2024 baseline of 47.28, with a sensitivity envelope of 40.48 to 60.72. RRI macro component sat at 62.5. Both readings place Tanzania in the middle band.

### 1.1 Tanzania’s economic position and structural composition

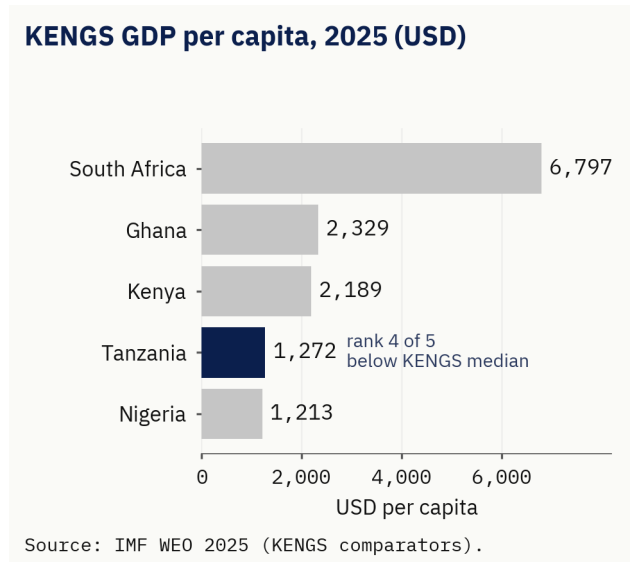
Tanzania’s 2025 nominal GDP at USD 88 billion translates to per capita output of USD 1,248 against a population of 70.5 million per the NBS National Population Projections 2023 to 2050 published September 2025. The 6.0% real growth rate places Tanzania among Africa’s faster growing economies and sits below the rate required for lower middle income graduation by 2030 in per capita terms.

Inflation at 3.6% closed inside the BoT 3% to 5% target band and below the regional median.

Figure 1.1.1. Sectoral GDP Timeseries.



Map 1.1.1. KENGs Positioning.



Sectoral composition reveals the structural challenge that frames the rest of the report. Agriculture contributed 26% of GDP in 2025 and employed 65% of the labour force. Manufacturing contributed 7.4% of GDP, below the 12.5% target the original TDV 2025 set in 1999. Services,

including the financial, telecommunications, and digital economy sub-sectors most touched by startup activity, contributed 39%. This is the structural transformation gap. The share of GDP coming from higher productivity activities has grown. The share of the labour force in those activities has not kept pace. Most Tanzanians earn their living in sectors where labour productivity is 1/8 the level recorded in modern services.

The bank channel proxy for MSME credit stock at end 2025 stood at TZS 15.97 trillion, an 11.4% year on year expansion. Verified 2025 capital supply to scalable Tanzanian startups totalled USD 87.307 million (TZS 218.27 billion at TZS 2,500 per USD). The domestic share was 89.6%; the foreign share was 10.4%.

FDI contributed USD 9.100 million across 28 deals to 22 unique recipient startups, drawn from 18 named international investors including DEG, Alibaba Foundation, Madica, Mercy Corps Ventures, DOB Equity, Boehringer Ingelheim, Plug and Play, and Digital Africa. DDI contributed USD 78.207 million through two distinct streams. The disclosed domestic stream covered USD 2.547 million across 10 catalytic grant, equity, and soft loan disbursements from 8 Tanzania incorporated institutions: FUNGUO Innovation Programme, iMBEJU, CRDB Bank Foundation, Sahara Consult, SmartLab, SBAN, Vodacom Tanzania, and Ennovate Ventures. The bank channel stream covered USD 75.660 million (TZS 189.15 billion) across 1,472 deal events to 786 unique recipient startups, disbursed by 19 named lending institutions plus a residual long tail. NMB and CRDB together accounted for 65.54% of bank channel disbursement, USD 49.59 million combined. Of the 1,307 active firms, 786 (60%) received at least one bank loan in 2025. Chapter 5 develops the detailed deal architecture and the DDI and FDI methodology.

KENGs comparative positioning places Tanzania mid-pack on macroeconomic stability and below median on per capita output.

At 3.6%, Tanzania recorded the lowest 2025 inflation rate among the KENGs group of Kenya, Egypt, Nigeria, Ghana, and South Africa.

The opposing view holds that low inflation in a credit constrained economy reflects suppressed demand more than monetary discipline. The 11.4% MSME credit growth and the 6.0% real growth print sit more consistent with disciplined macro management than with hidden stagnation. The cost the optimistic reading ignores: monetary stability does not substitute for the supply side investment needed to lift productivity, and the present narrow tax base of

12.7% of GDP sets a ceiling on the public spending Tanzania can deploy against the TDV 2050 agenda without significantly enlarging the formal economy.

## 1.2 The TDV 2025 implementation review (2000 to 2025)

NPC published the TDV 2025 Evaluation in September 2023 through MoF. The audit covers Tanzania's 25 year vision against 3 goals: improved livelihoods, good governance, and a competitive industrial economy. Its findings are the structural baseline against which TDV 2050 must be designed.

**Figure 1.2.1.** TDV2025 Heatmap.

### TDV 2025 outcomes by goal

● Met ○ Unmet ◐ Decline

#### Improved Livelihoods

|                                |   |
|--------------------------------|---|
| Net primary enrolment 59%→>90% | ● |
| U5 mortality 147→43 /1,000     | ● |
| Cereal yield +26%              | ○ |
| Abject poverty residual        | ○ |

#### Good Governance

|                                  |   |        |
|----------------------------------|---|--------|
| CPI 25→39                        | ● | sd SSA |
| WJP Rule of Law 0.37→0.42        | ● |        |
| New constitution (draft stalled) | ○ |        |
| Voter turnout 75%→49%            | ◐ |        |

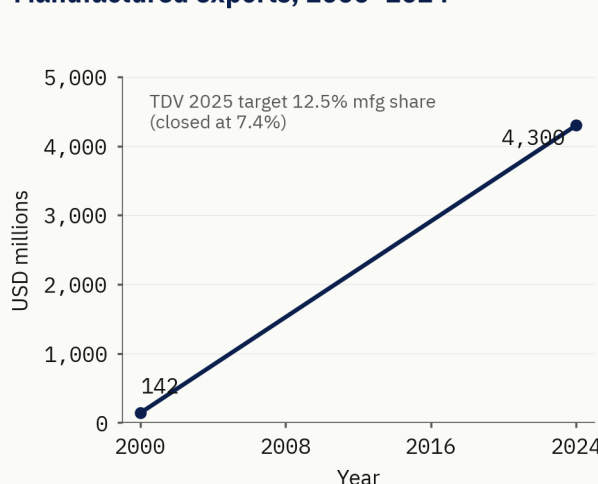
#### Competitive Industrial Economy

|                              |   |     |
|------------------------------|---|-----|
| Mfg exports 142M→4.3B        | ● | 30x |
| 25-yr avg inflation 6.0%     | ● |     |
| Mfg share 7.4% (tgt 12.5%)   | ○ |     |
| Per-capita 1,272 (tgt 3,000) | ○ |     |

Source: NPC, TDV 2025 Evaluation (2023).

**Figure 1.2.2.** Manufacturing Exports.

### Manufactured exports, 2000–2024



Source: NBS; Bank of Tanzania.

**Goal 1, improved livelihoods.** Top performers were primary education access and primary health care. Net primary enrolment rose from 59% in 2000 to over 90% by 2020. Under five mortality fell from 147 per thousand in 2000 to 43 per thousand by 2022. Persistent failures were agricultural productivity, where cereal yield per hectare grew 26% against the target doubling; education quality, where Form 4 examination pass rates and learning outcomes stagnated; and the abject poverty target, which remains unmet despite the gross fall in basic poverty headcount. The pattern is consistent: access gains realised, quality and productivity gains under delivered.

**Goal 2, good governance.** Tanzania’s CPI score rose from 25 in 2000 to 39 in 2024, the third largest improvement in Sub Saharan Africa over the period. The WJP Rule of Law Index improved from 0.37 in 2010 to 0.42 in 2024. These are measurable institutional gains. Two TDV 2025 governance commitments were not met. The constitutional reform process that began in 2011 did not produce a new constitution; the 2014 draft remains in committee. Voter turnout in general elections declined from 75% in 2005 to 49% in 2025, the lowest figure recorded since multi party democracy began in 1992. The institutional improvement is real. The participation deficit is real. Both carry forward into TDV 2050.

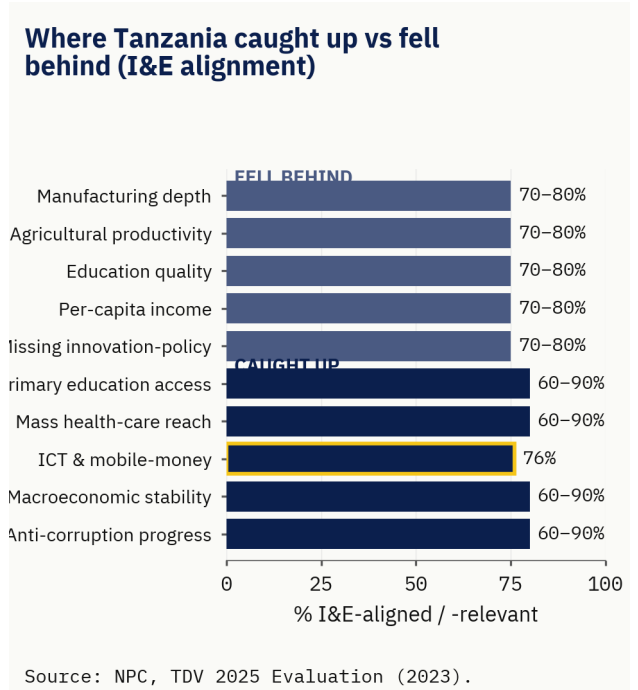
**Goal 3, competitive industrial economy.** Manufacturing exports grew from USD 142 million in 2000 to USD 4.3 billion in 2024, a 30 fold expansion and the single largest sectoral success of the TDV 2025 era. Macroeconomic stability has been sustained. Inflation has averaged 6.0% across the 25 years; the shilling has been managed without a balance of payments crisis; public debt remains inside the EAC convergence band of 50% of GDP. Two industrial economy targets were not achieved. Manufacturing share of GDP closed 2025 at 7.4% against the TDV 2025 target of 12.5%. Per capita income closed at USD 1,272 against the target of USD 3,000. The shortfall is 3/5 of the per capita target.

The pattern across the 3 goals is consistent. The areas where Tanzania built systems and routinised institutional process, primary education, mass health care, macro management, and corruption containment, recorded measurable progress. The areas requiring sustained productivity, innovation, and deep structural shifts, agricultural yield, manufacturing depth, education quality, and jobs expansion, under delivered. This is the gap TDV 2050 inherits.

### 1.3 Where Tanzania caught up versus where it fell behind

The 5 catch up areas, namely primary education access, mass health care reach, ICT and mobile money adoption, macroeconomic stability, and anti corruption progress, are between 60% and 90% innovation and entrepreneurship aligned. Mobile money adoption is the clearest case. At end 2025 mobile money penetration of the adult population stood at 76%. BoT reports mobile financial services aggregate transaction value at TZS 178 trillion in 2024, 2/3 of GDP routed through digital payment rails. Startups did not have to build this infrastructure. They build on it. Tanzanian fintech, agritech, and digital health companies operate on this platform.

Figure 1.3.1. Catchup Fallbehind.



The 5 falling behind areas, namely manufacturing depth, agricultural productivity, education quality, per capita income, and the missing innovation policy framework, are between 70% and 80% innovation and entrepreneurship relevant. Each is a domain where the gap is exactly the kind of gap startups are positioned to address, provided the policy and capital framework supports them.

Agricultural productivity is the largest case. Tanzania has 44 million hectares of arable land and 65% of its labour force in agriculture, and produces cereal yields that are 38% of the Asian average. Closing that gap requires technology adoption: mechanisation, irrigation, seed quality, input financing, post harvest handling, market access. The firms delivering those technologies are agritech



recognition regime backed by a coherent regulatory simplification programme can produce visible scale within a decade.

**Vietnam, 1990 to 2024.** Vietnam grew from USD 8 billion to USD 430 billion across 34 years. The Doi Moi reforms of 1986 sequenced the transition from a planned to a market economy. Trade integration was deliberate. Vietnam joined WTO in 2007 and contracted over 15 free trade agreements by 2024. The IT engineering workforce of over 530,000 supplies a structural advantage in the digital economy. Vietnam's National Innovation Strategy 2030 with vision to 2045 targets top 30 global innovation positioning. A clearly sequenced reform path built on trade integration and human capital investment can sustain double digit transformation for a generation.

**Singapore, Estonia, and Rwanda.** Singapore's state as investor model (Temasek, GIC, EDBI as direct equity investors), the Productivity and Innovation Credit operational from 2010 to 2018, and the Smart Nation strategy produced a per capita scale up case. Estonia's digital first government and e Residency programme converted small state status into a structural advantage. Rwanda's regulatory flexibility, comprising a centralised one stop investor service, Kigali Innovation City, and sandbox first mover advantage on drone delivery, fintech, and mobile money interoperability, demonstrates what a constrained resource economy can do through administrative coordination at 1/4 Tanzania's GDP.

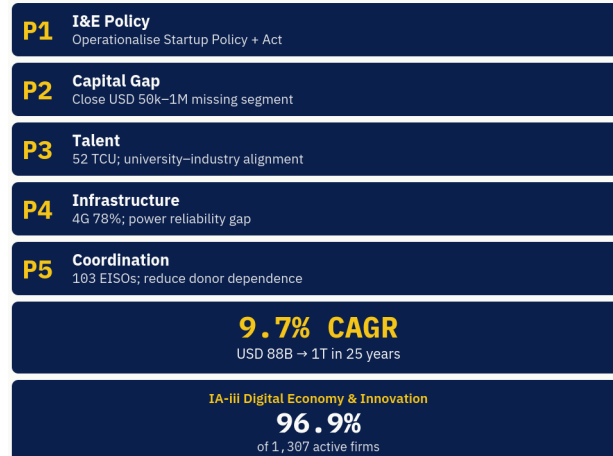
None of the 7 economies reached the trillion dollar trajectory through macroeconomic stability alone. Each made an explicit national level commitment to innovation and entrepreneurship as a structural force. Each backed the commitment with capital, policy, and institutional setup. Tanzania's TDV 2025 era recorded measurable macro success and did not make that commitment. TDV 2050 has the opportunity to make it.

## 1.5 The TDV 2050 priority agenda for Tanzania

NPC's September 2023 evaluation proposed the goal architecture for TDV 2050: carry forward the 3 TDV 2025 goals and add 3 new goals, climate change and resilience, digital transformation, and the creative industry. This report affirms that architecture and frames within it a 5 priority innovation and entrepreneurship agenda for the immediate horizon.

**Figure 1.5.1.** TDV2050 Priority Dashboard.

### TDV 2050 priority agenda for Tanzania



Source: TSESR 2025; TDV 2050.

The first priority is operationalising a national innovation and entrepreneurship policy. Tanzania does not at end 2025 have a startup specific framework in force. The draft Startup Policy has been in MCIT-led national consultation since March 2025; the Policy will translate into an Act after Cabinet approval. The recognition regime, the regulatory sandbox formalisation, the angel investment tax credit, the limited partnership fund vehicle, and the public procurement startup pathway are the 5 components that the regional comparators have operationalised and that Tanzania needs to install. Chapter 2 specifies what each component requires.

The second priority is closing the financing gap at the missing segment ticket range. IFC's March 2025 update places Tanzania's general MSME financing gap at USD 16.7 billion, 19% of GDP, and the startup and innovative SME gap at USD 3.4 billion central, range USD 1.95 billion to USD 5.02 billion. Verified 2025 supply was USD 87.307 million. The gap coverage ratio sits at 2.57%. The missing segment ticket range is USD 50,000 to USD 1,000,000. Below it sit angel networks (TAIN, Rhapta, SBAN) at USD 5,000 to USD 50,000 and microfinance and SACCOs at USD 5,000 to USD 10,000. Above it sit DSE Enterprise Growth Market, which requires above USD 5 million market capitalisation, and the commercial banks, which require 125% collateral and 3 years of audited accounts. Chapter 5 develops the architecture for closing the gap.

The third priority is the human capital pipeline. Tanzania has 52 TCU-registered university institutions per the TCU List of University Institutions as of March 2025. Founders graduating from Tanzanian institutions are 85%+ of the surveyed founder population. UDSM contributes 19% of all founders surveyed; SUA 7.6%; Mzumbe and IFM

each 6.3%. The pipeline exists. Chapter 4 documents the misalignment between graduate skill profiles and startup demand, particularly in software engineering, product management, and data science, and recommends university and industry alignment instruments.

The fourth priority is digital and physical infrastructure deepening. 4G/LTE geographic coverage stands at 78% and is regionally competitive. The power reliability picture is structurally weaker. The national outage rate is 41% of weeks, 47% to 67% in regions outside Dar es Salaam against 23% in Dar es Salaam itself. Internet penetration of the adult population stands at 47%. Chapter 3 sets out the infrastructure agenda.

The fifth priority is ecosystem actor coordination. Tanzania has 103 EISOs of which 62% are donor dependent. The pattern recreates the donor driven structure that has constrained sustainability across the African ecosystem support sector. Chapter 7 develops the case for a fee paying, partner funded coordination model as the closing infrastructure layer.

These 5 priorities are the macro level structural agenda.

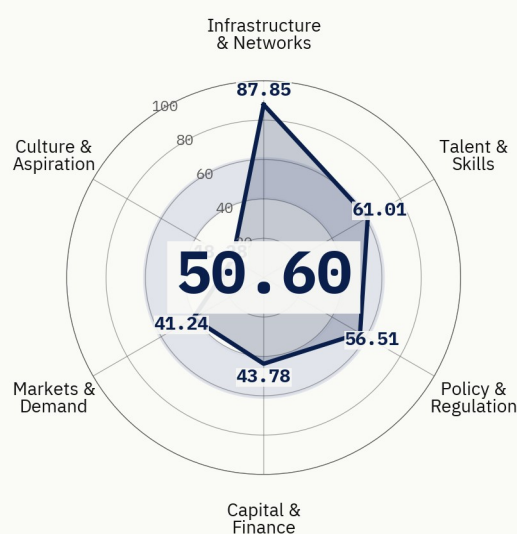
## 1.6 The TCSEI 2025 headline

TCSEI is the report's ecosystem level composite indicator. It registered 50.60 on a 0 to 100 scale in 2025, up 3.32 points from the 2024 baseline of 47.28. Its sensitivity envelope, applying a  $\pm 20\%$  perturbation to each manual peer bounded anchor in the composite, runs 40.48 to 60.72.

**Figure 1.6.1. TCSEI 2025 Radar.**

### TCSEI 2025: six-pillar composite

Composite 50.60 (+3.32 vs 2024: 47.28)  
sensitivity  $\pm 20\%$ : 40.48–60.72



Source: TSESR 2025 (TCSEI).

The composite is built from 6 pillars, weighted by ecosystem development convention drawn from the GEM and GII frameworks.

Infrastructure and Networks is the strongest reading, driven by the 93.11% share of mapped startups located in the principal urban regions and the digital payments infrastructure documented in Chapter 3. Culture and Aspiration is the weakest reading, driven by the APS TEA rate of 20.61% national-weighted (22.44% on the importance-adjusted basis) read alongside the 14.12% established business owner rate. Formation intent runs high. Transition to sustained ownership runs low.

The +3.32 year on year movement is the composite signal, not a pillar decomposition signal. The 2024 baseline of 47.28 was computed against a different sub pillar structure and a different methodology that the 2025 refresh re anchored. The 2024 pillar level decomposition is not directly comparable to the 2025 pillar split. The composite movement is interpretable. The pillar by pillar 2024 to 2025 comparison requires longitudinal rebuild work that the next TSESR cycle should commission.

TCSEI falls in the lower half of its sensitivity envelope. The strongest interpretation: Tanzania has built a credible ecosystem level foundation (infrastructure, talent, policy improving) with two persistent weaknesses, capital depth and the culture to business owner transition. The weakest interpretation: the composite masks substantial

within pillar heterogeneity, particularly in capital depth, where the headline figure sits between the 28 deal disclosed FDI register at one extreme and the dispersed 1,472 event bank channel disbursement at the other. Both interpretations sit inside the envelope. Chapters 5 and 7 develop the within pillar detail.

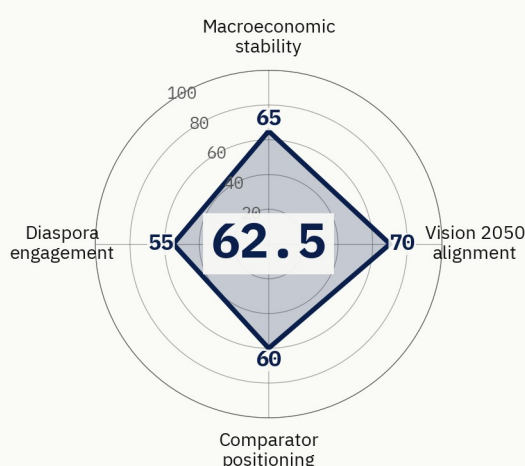
## 1.7 Reform Readiness Index 2025 headline

RRI macro component for 2025 reads 62.5 on a 0 to 100 scale. The value places Tanzania in the middle band of reform readiness, the band typical of African economies that have built macroeconomic discipline and have not yet completed the policy regulatory setup that converts discipline into broad based formal economy growth.

**Figure 1.7.1.** RRI Macro Radar.

### Reform Readiness Index 2025: macro sub-domains

Equal-weighted macro RRI



Source: TSESR 2025 (RRI).

Macroeconomic stability draws on BoT inflation, fiscal balance, and FX stability readings. Vision 2050 alignment draws on the 71% founder awareness and 89% MDA awareness recorded in the 2025 surveys, against the zero operational alignment of the published Vision 2050 text to startup ecosystem mechanisms. Comparator country positioning draws on KENGs peer benchmarking, Tanzania mid-pack on per capita output and above median on inflation control. Diaspora engagement draws on NIDA Diaspora Strategy enactment and the limited deployment of formal diaspora investment instruments. The combined Chapter 1 and Chapter 2 RRI mean, the report's headline RRI, also reads 62.5.

The single highest priority macro level reform from the TDV 2025 evaluation that remains pending is the operationalisation of the new constitutional framework. The single highest priority startup-relevant reform is the gazettment of the Startup Policy and its subsequent translation into a Startup Act after Cabinet approval. Together these two reforms would lift the Vision 2050 alignment sub domain by 15 to 20 points in the 2026 RRI reading and push the combined RRI above 70.

The chapter's TDV 2050 alignment closes against the official framework Tanzania launched on 17 July 2025 in Dodoma. The framework carries 3 development pillars (Economic Transformation and Competitiveness; Human Capital Development and Social Wellbeing; Environmental Sustainability and Climate Resilience) and 5 cross-cutting enablers (Integrated Transport Infrastructure; Reliable, Affordable, and Clean Energy; Digital Economy and Innovation; Science, Technology and Innovation; Research and Development), supported by 4 Strategic Development Goals above the pillars and 9 Priority Transformation Sectors below them. The chapter-by-chapter alignment is set out in Chapter 11 §11.4 with multi-tag attribution; the strongest concentration of Tanzanian startup activity sits inside Enabler iii Digital Economy and Innovation at 96.9% of the 1,307 active firm count, with material coverage across the 3 pillars and the remaining 4 enablers. The stakeholder readings that follow from this chapter's macro analysis are absorbed into the recommendations below: government and policy makers receive the structural commitment implication directly through Ch12 Pathway 2 (Tanzania Startup Policy and the recognised-startup regime); capital providers receive the gap-coverage and instrument architecture implication through Ch12 Pathway 1 (Capital architecture for the missing segment); ecosystem actors and EISOs receive the partner-funded coordination setup implication through Ch12 Pathway 6 (Ecosystem coordination architecture); and development partners receive the flow-direction implication through the same Ch12 Pathway 1 and Pathway 6 pair plus the Chapter 5 and Chapter 7 cross-references.

# Chapter 2

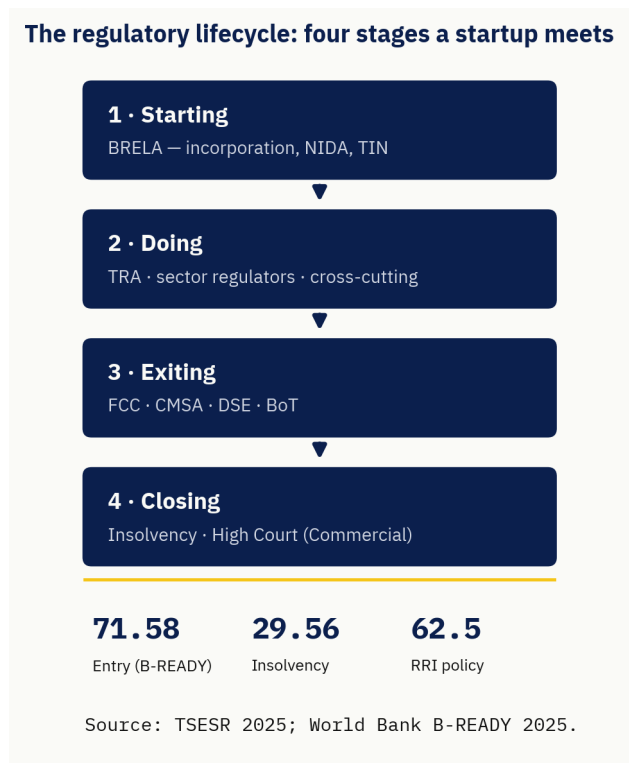
## Policy and Regulatory Environment Across the Startup Life-Cycle

Reporting period: 1 January to 31 December 2025.

### 2.0 Opener

Tanzania's 1,307 active startups in 2025 met the regulatory environment at every stage of their operating year. Of these 1,307 firms, 786 (60%) accessed bank-channel credit during the year. Twenty-two received foreign direct investment across 28 disclosed deals. Zero confirmed 2025-specific trade-sale exits and zero initial public offerings completed during the reporting period; the cumulative ATBD-tracked Tanzanian startup exit count across 2019 to 2024 stands at 2 confirmed acquisitions. Of the founders running these firms, 85%+ graduated from Tanzanian universities, roughly 40% of founding teams included at least one woman, and 1% had a founder with a foreign tertiary qualification. The regulatory environment is the operating ground on which these readings were generated.

**Figure 2.0.1.** The regulatory lifecycle across the startup journey.



This chapter walks how Tanzanian startups engaged with that environment across the 4 life-cycle stages

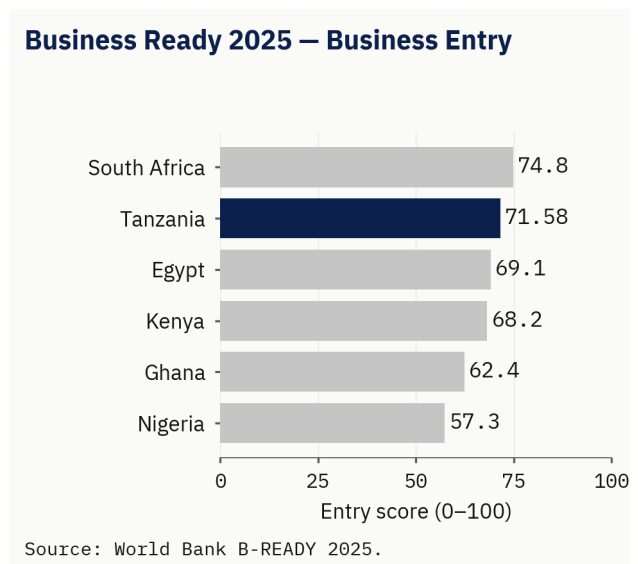
of Starting, Doing, Exiting, and Closing. Three structural readings frame what follows: company formation runs at scale (Business Ready 2025 Business Entry at 71.58); closure runs at structural weakness (Insolvency at 29.56, the lowest of Tanzania's topic scores); and the Reform Readiness Index policy component sits at 62.5.

### 2.1 Starting a startup

#### 2.1.1 Formation

Of Tanzania's 1,307 active startups in 2025, an estimated 98% incorporated as limited-liability private companies under the Companies Act, Cap. 212, with the remaining cohort split between sole proprietorships, partnerships, and not-for-profit registrations. The dominant pattern reflects what BRELA's 2024 register shows at scale: of the 98,543 incorporations BRELA processed in 2024, approximately 14,200 were limited-liability private companies, the principal vehicle that founders use when they structure for outside investment. Annual registration volume has grown at a compounded 8.9% over 2020 to 2024, the fastest cumulative growth among East African registries over that window.

**Figure 2.1.1.** Business Entry readiness — Tanzania and KENGs peers.



The formation mechanics are familiar to any founder coming from a common-law jurisdiction. Memorandum and Articles of Association, share-capital declaration, registered-office address, director particulars, and beneficial-ownership disclosure introduced through the Companies (Beneficial Ownership) Regulations of 2021 and tightened by amendment in 2023. The online registry, on which most filings now run, handles a sole-director limited-liability company end-to-end in 3 to 5 working days when the documentation pack is clean. Of the 42 founder, regulator, and intermediary interviews flagged to the chapter, the formation perimeter drew the fewest friction reports. Founders describe the BRELA window as functional. The substantive complaints concentrate in the post-registration compliance set rather than at incorporation itself.

The post-registration compliance pack builds the load. Annual returns filing within 30 days of the financial year-end, beneficial-ownership annual confirmation under the 2023 amendment requiring ultimate-natural-person identification down to a 25% interest threshold, registered-office notification, and director-change notification together constitute a recurring cost burden that founders describe as manageable in absolute terms and cumulative across multiple regulators. Founders with non-resident co-founders or non-resident investors layer TISEZA registration on top of the formation pack where the deal meets the Certificate of Incentive thresholds covered at Section 2.2.4. The Business Ready 2025 Business Entry topic score of 71.58 places Tanzania in the upper-middle band of African economies on the procedural side; the score captures what the registration process measures but not the cumulative post-registration compliance cost, the sector-licensing layer, or the cross-cutting regulatory perimeter that intensifies as the firm scales.

### 2.1.2 Capital and equity setup at formation

The 22 startups that received foreign direct investment in 2025 and the 786 that received bank-channel credit during the year all set up their share architecture at, or shortly after, incorporation. Pre-incorporation legal packs covering founders' agreements with vesting and reverse-vesting provisions, shareholder agreements, intellectual property assignment clauses, employee share-option-scheme deeds where applicable, and pre-emption rights documentation have become standard practice for the cohort of firms reaching disclosed-channel capital. Among the 22 FDI recipients, 21 had a structured shareholder agreement in place at the time of first capital close.

The median time from incorporation to first capital close for this cohort was 22 months in 2025. The pattern indicates that the formation perimeter, at the legal-architecture level, is not the binding constraint on capital formation. The binding constraints sit further down the journey, in the missing-segment ticket range covered substantively at Section 2.2.4.

### 2.1.3 Founder experience at entry

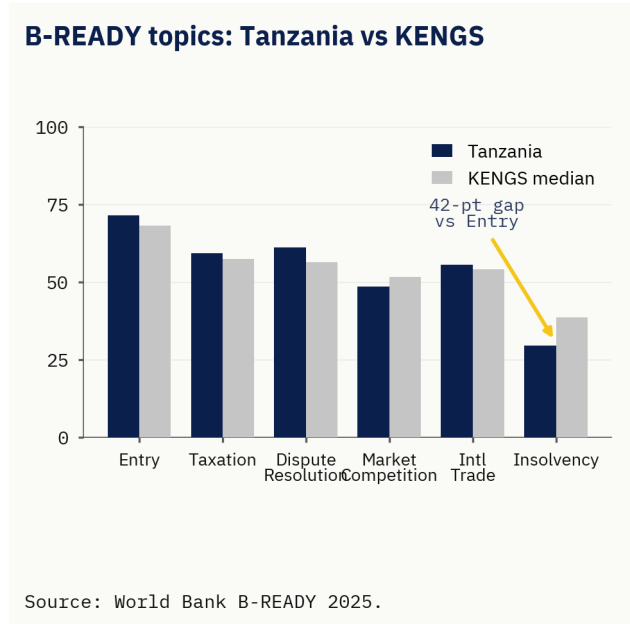
The cohort of Tanzanian founders entering the formation perimeter in 2025 is demographically and educationally specific. 85%+ of surveyed founders graduated from Tanzanian universities, with the University of Dar es Salaam contributing 19% of the founder pool, Sokoine University of Agriculture 7.6%, Mzumbe University 6.3%, and the Institute of Finance Management 6.3%. Founders with foreign degrees make up roughly 1% of Tanzanian startups. Founding teams including at least one woman account for roughly 40% of Tanzanian startups. Female solo-led startups account for roughly 16%. The TSESR 2025 Startup Survey 2025 sector distribution places fintech at 19% of Tanzanian startups, agritech at 18.5%, clean energy at 12%, healthtech at 10%, edtech at 10%, ICT and deep technology at 10%, creative industries at 6%, e-commerce at 5%, and other sectors at 9%. This sector loading determines where the sector-regulator perimeter analysed at Section 2.2.2 carries the dominant interaction volume.

The regulatory experience at entry is the experience of Tanzanian-educated founders, predominantly male in solo-founded firms and mixed-gender in team-founded firms, operating disproportionately in fintech, agritech, clean energy, and healthtech. The Vision 2050 framing for this cohort sits at the competitive industrial economy goal: the same firms that will carry the manufacturing-share-of-GDP transition from 7.4% toward comparator-country levels of 25% to 28% must clear the formation perimeter at scale. For policy-makers, the implication is that the registration system already operates at the scale required; the post-registration compliance set is where the friction concentrates and where the reform lever sits.

## 2.2 Doing a startup

Five regulatory layers engage during operation: tax administration, sector regulation, cross-cutting regulation, financial regulation and capital markets, and regulatory sandboxes.

**Figure 2.2.1.** Business Ready topic scores — Tanzania versus KENGs median.



2.2.1 Tax administration

The transition from formation into operation is, for most founders, the transition into the TRA tax perimeter. Of the 786 bank-channel borrowers in 2025, the median ticket size was approximately TZS 84 million (USD 33,500 at the TZS 2,500 mid-rate), and the average ticket was TZS 129 million (USD 51,400). The tax-regime threshold structure intersects this cohort sharply. Firms with annual turnover up to TZS 100 million sit inside the presumptive income-tax regime, paying tax on a turnover-band schedule without audited financial statements. Firms above TZS 200 million in annual turnover must register for Value Added Tax, charging VAT at 18% on taxable supplies. Between TZS 100 million and TZS 200 million in annual turnover, firms file under the standard income-tax regime with audited accounts and remain outside VAT until they elect in or cross the higher threshold.

**Table 2.2.1.** Tax-regime applicability by firm category, 2025.

**Tax-regime applicability by firm category**

|                   | Presump.                         | VAT 18%                          | CIT 30%                          | PAYE/SDL                         | With-hold.                       | CGT 20%                          |
|-------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Pre-revenue       | <input type="radio"/>            | <input type="radio"/>            | <input type="radio"/>            | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/>            |
| Sole-trader micro | <input checked="" type="radio"/> | <input type="radio"/>            | <input type="radio"/>            | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/>            |
| Small (<TZS 100M) | <input checked="" type="radio"/> | <input type="radio"/>            | <input type="radio"/>            | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/>            |
| Medium (100–200M) | <input type="radio"/>            | <input type="radio"/>            | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> |
| Above VAT (>200M) | <input type="radio"/>            | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> |
| CIT corporation   | <input type="radio"/>            | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> |

☒ applies   ☐ does not apply

Source: TRA; derived from §2.2.1 thresholds.

The crossing from presumptive into standard income tax is the first major operating-stage compliance step for most Tanzanian startups. It occurs at the firm-stage transition that Tanzanian startups data identifies as the highest-attrition zone: firms in bootstrapped growth approaching first institutional capital. The combination of mandatory audited accounts, the standard 30% corporate income tax rate, the 18% VAT obligation, and the staffing cost of structured tax-compliance surfaces consistently in founder interviews as the dominant operating-stage friction. Founders cite the audit-and-attestation cost specifically as a barrier to electing into the standard regime ahead of the mandatory threshold.

Capital gains tax sits at 20% on share disposals, materially above the regional comparators (5% in Kenya, 0% on qualifying-share disposals in Nigeria under the Capital Gains Tax Act). The arithmetic of the rate, applied to a USD 200,000 secondary share-sale at a 4x cost basis, generates a USD 30,000 tax obligation in Tanzania against USD 7,500 in Kenya and zero in Nigeria. The rate weighs directly on the secondary share-sale market that founders use when they want partial liquidity ahead of a full corporate exit, on the cap-table cleanup that early angels engage when they sell into a later round at higher valuation, and on the founding-team partial-exit that scaling firms occasionally undertake when a founding member departs. Of the 22 FDI recipients in 2025, 4 transactions included a secondary component subject to the 20% rate.

The operating-stage tax stack carries 5 additional instruments beyond income tax and VAT. PAYE runs through 5 progressive bands from 0% on monthly income below TZS 270,000 to 30% above TZS 1 million. Skills Development Levy applies at 3.5% of

gross payroll above the employer threshold. Workers' Compensation Fund contributions apply at 0.6% of payroll. Withholding tax applies on dividends, royalties, interest, and service payments to non-residents at rates between 10% and 15%. Local-government levies, principally the city service levy at 0.3% of turnover and the trading licence fee set by the local authority, apply at the operating premises. The cumulative payroll-side tax wedge reaches approximately 14% of gross payroll for a firm operating at the audited-accounts threshold, a figure that founder-survey readings indicate is a non-trivial input into hiring decisions.

The tax-dispute pathway runs from TRA objection through the Tax Revenue Appeals Board and the Tax Revenue Appeals Tribunal to the High Court Commercial Division. Founders who appealed an assessment in 2025 reported objection-to-board timelines of 9 to 14 months from initial assessment to first-instance hearing, with appellate stages adding 12 to 24 months. The Business Ready 2025 Taxation topic score of 59.38 places the tax-administration dimension in the middle band, materially below Business Entry, reflecting this cumulative compliance and dispute friction. The Vision 2050 competitive industrial economy goal requires a tax regime calibrated to support productivity and capital formation; the 20% capital gains rate against KENGS peer rates of 5% and 0% does not meet that calibration. For the Ministry of Finance and TRA, the reform lever sits in the tax-incentive line that the National Startup Policy is expected to introduce after gazettelement.

## 2.2.2 Sector regulation

The 6 highest-share sectors cover 79.5% of Tanzania's 1,307 active firms in 2025. Each sector engages a principal regulator (or set of regulators where the architecture is layered) whose perimeter shapes product viability, market access, and the path to scale.

Fintech (19% of Tanzania's 1,307 active firms in 2025). Regulator: Bank of Tanzania.

Agritech (18.5% of Tanzania's 1,307 active firms in 2025). Regulators: Ministry of Agriculture and the Crop Boards.

Clean energy (12% of Tanzania's 1,307 active firms in 2025). Regulator: EWURA.

Healthtech (10% of Tanzania's 1,307 active firms in 2025). Regulator: TMDA.

Edtech (10% of Tanzania's 1,307 active firms in 2025). Regulators: NACTE, Ministry of Education, and TCU.

ICT and digital content (10% of Tanzania's 1,307 active firms in 2025). Regulator: TCRA.

Together these 6 regulators engage 79.5% of Tanzania's 1,307 active firms in 2025 directly. The remaining sectors (creative industries 6%, e-commerce 5%, other 9%) engage TBS for standards, LATRA for mobility, TCAA for aviation-adjacent, and the Tanzania Mining Commission for mining-tech. The structural finding is that sector-regulator engagement is concentrated, not uniformly distributed across Tanzanian startups, and the cross-sector boundary is where the most acute friction sits. Seven firms among Tanzania's 1,307 active firms in 2025 operate integrated platforms spanning 2 or more sector regulators (a healthtech-fintech-edtech integrated platform pattern); these firms engage each regulator separately because Tanzania does not yet have a consolidated cross-sector pathway. Rwanda's Centre for the 4th Industrial Revolution and Kenya's Office of the Chief Digital Officer are the comparator instruments. Ch12 Pathway 2 (Tanzania Startup Policy and the recognised-startup regime) picks this up.

**Table 2.3.1.** Sector regulators and sandbox status.

| Sector                       | Principal regulator    | Key instruments                                                       | Sandbox status                           |
|------------------------------|------------------------|-----------------------------------------------------------------------|------------------------------------------|
| Fintech / Payments           | Bank of Tanzania (BoT) | NPS Act 2015; CMS Regulations 2024                                    | Regulatory Sandbox operational Jan 2025  |
| Capital markets / Tokenised  | CMSA                   | CMS Act 1994; CMS Regulations 2024                                    | Capital Markets Sandbox operational 2025 |
| HealthTech / Medical devices | TMDA                   | TMDA Act 2003; TMDA Regulations 2022                                  | HealthTech Sandbox in pilot              |
| InsurTech                    | TIRA                   | Insurance Act 2009                                                    | InsurTech Sandbox in pipeline            |
| EdTech                       | TEA (formerly NACTVET) | Education Funding Act 2001                                            | EdTech Sandbox in pipeline               |
| Telecoms / Digital           | TCRA                   | Electronic and Postal Comms Act 2010; Online Content Regulations 2020 | Innovation Test Bed (planned)            |
| Foodtech / Agritech          | TBS + TFDA             | Standards Act 2009; Food Safety Regulations                           | No sandbox                               |
| Environmental                | NEMC                   | Environmental Management Act 2004                                     | No sandbox                               |

Source: sector regulators; TSESR 2025.

Vision 2050 alignment for sector regulation runs through the digital transformation and competitive industrial economy goals. The 5 operational and pipeline regulatory sandboxes covered at Section 2.2.5 are the principal instrument through which Tanzania's regulatory framework supports digital-first business models. For sector regulators, the

operational implication is that sandbox readiness and graduation pathways are the most concentrated set of actions available in the immediate horizon.

### 2.2.3 Cross-cutting regulation

Beyond sector regulators, Tanzanian startups operate within 5 cross-cutting regulatory perimeters that bind regardless of sector.

**Data protection.** Regulator: Personal Data Protection Commission under the Personal Data Protection Act 2022.

**Labour and employment.** Regulators: Ministry of Labour, OSHA Tanzania, Tanzania Immigration Services Department.

**Intellectual property.** Regulators: BRELA, COSTECH, COSOTA.

**Anti-money laundering.** Regulator: Financial Intelligence Unit under the Anti-Money Laundering Act 2006.

**Environmental management.** Regulator: NEMC under the Environmental Management Act 2004.

The cumulative cross-cutting compliance set is the layer that most distinguishes the regulatory experience of a Tanzanian startup from the experience of a Kenyan or Rwandan peer at comparable stage. Substantive frameworks are present and broadly aligned with continental and global standards. Operational friction sits in cumulative compliance burden, the work-permit timeline, the EIA process duration, and the absence of a consolidated compliance-checklist resource that founders could use to map their cross-cutting obligations efficiently. Vision 2050 alignment for cross-cutting regulation runs primarily through the digital transformation goal (data protection) and the climate change and resilience goal (environmental management). For founders, the operational implication is that the cross-cutting compliance set is best managed through structured advisory support rather than firm-by-firm navigation; EISOs covered at Chapter 7 are positioned to provide this support.

### 2.2.4 Financial regulation and capital markets

Capital formation for Tanzanian startups runs through 4 regulated channels in 2025. The bank-channel reached 786 firms (60% of Tanzanian startups) for USD 75.660 million in disbursement. The disclosed domestic channel reached 10 deals across 8 institutions for USD 2.547 million. The foreign-direct-investment channel reached 22 firms across 28 deals for USD 9.100 million. The public-markets channel through DSE reached zero new

listings in 2025. The cumulative pattern of USD 87.307 million across 89.6% domestic and 10.4% foreign is the operating evidence base for the regulatory analysis that follows.

CMSA's regulatory perimeter sits behind 3 instruments under active operational rollout in 2025: the CMSA Crowdfunding Guidelines (issued 2024, operational from 2025), the Private Equity and Venture Capital regulations (drafted through 2024 and tabled for adoption), and the Pension Fund Investment Guidelines administered by the Social Security Regulatory Authority. Detail on each instrument and the binding limited-partnership constraint sits at the companion entry.

TISEZA administers the Investment Act framework governing foreign-investor incentives and capital-repatriation arrangements. The Certificate of Incentive route opens for local investors at a fixed-capital investment threshold of USD 100,000 and for foreign investors at USD 500,000. The Certificate carries a tax-incentive package, import-duty exemptions on capital goods, and an expedited investor-services pathway through the TISEZA one-stop service. TISEZA consolidates investment promotion, facilitation, and special-economic-zones management into a single authority under the Investment and Special Economic Zones Act No. 6 of 2025, passed by Parliament on 14 February 2025 and operational from 1 July 2025, with Gilead Teri appointed as the first Director General by President Samia. The 22 FDI-recipient firms among Tanzania's 1,307 active firms in 2025 operated below the Certificate of Incentive foreign-investor threshold of USD 500,000 in fixed capital and engaged TISEZA only through the standard investor-notification channel.

BoT under the Foreign Exchange Act governs share-issuance to non-resident investors, dividend repatriation, and capital-repatriation on exit. The 28 disclosed-channel FDI deals cleared this framework. The friction reported in founder and investor interviews concerns the timing-and-documentation layer rather than substantive policy: BoT's documentation requirements for inbound investment conversion can run 2 to 4 weeks per round when transacted through an unfamiliar correspondent bank, and the repatriation documentation set has been a recurring legal-counsel cost for the 18 named international investors that participated in the 2025 register.

For capital providers domestic and international, the implication is direct. The TCSEI Capital and Finance pillar of 43.78 against the report's headline 50.60 captures this perimeter as the second-weakest

pillar. Closing the regulatory gap through CMSA's PE/VC adoption and the SSRA pension-fund VC allocation reform is the most concentrated set of actions available in the immediate horizon. Vision 2050 alignment for financial regulation runs through the competitive industrial economy goal, where capital deepening is the principal enabler.

### 2.2.5 Regulatory sandboxes

5 sector-specific regulatory sandboxes were operational or in immediate pipeline at end 2025. The count exceeds any Kenya-Egypt-Nigeria-Ghana-South Africa peer at comparable end-of-year status. The sandbox architecture is the strongest structural feature of Tanzania's regulatory environment for startup activity and underpins the 75 of 100 score that the Reform Readiness Index assigns to the BoT sandbox readiness sub-component covered at Section 2.5.

The BoT FinTech Sandbox opened a published Expression of Interest window in 2024 and admitted its first formal cohort in Q1 2025. Of the 248 fintech firms among Tanzania's 1,307 active firms in 2025, a smaller cohort entered the BoT sandbox during the year; sandbox admission has emerged as a milestone that materially affects investor pricing and institutional-round close timing. The 4-stage cohort process and 9-12 month cycle are documented at the companion entry.

The CMSA Capital Markets Sandbox operates a similar 4-stage cohort process at the capital-markets perimeter and interfaces with the BoT FinTech Sandbox at the payment-services / capital-formation boundary. Eligible activities are documented at the companion entry.

The TMDA HealthTech sandbox operates a pilot-phase cohort for digital health products, in-vitro diagnostic devices, and telehealth platforms. The sandbox carries the regulatory-experimentation function for product categories where the standard TMDA registration pathway is poorly fit: iterative, software-defined, or service-delivered products.

The 2 sandboxes in design at end 2025 (TIRA InsurTech, TEA EdTech) carry a substantively similar cohort architecture, drafted but not formally activated. TIRA's sandbox targets digital insurance distribution, parametric-insurance, and micro-insurance products. TEA's sandbox targets edtech platforms with formal-curriculum interfaces. The InsurTech segment of Tanzanian startups has been growing through 2024 and 2025 at a pace that the design phase has not kept up with.

Vision 2050 alignment for the sandbox architecture is the digital transformation goal. The 5-sandbox

count is the principal regulatory infrastructure through which Tanzania supports digital-first product categories. For Vision 2050 operational planners at National Planning Commission (NPC) and MCIT, the implication is that bringing the 2 remaining sandboxes to operational status is the most concentrated digital-transformation reform available without primary legislation. Cross-sandbox coordination is the next-tier reform.

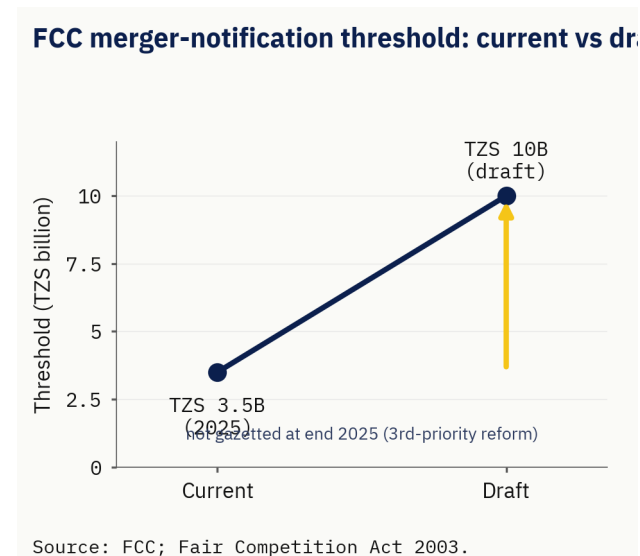
## 2.3 Exiting a startup

Tanzania closed 2025 with zero confirmed 2025-specific trade-sale exits and zero initial public offerings on the Dar es Salaam Stock Exchange. Against a panel of 1,307 active firms, the 2025 exit rate registers at zero. The cumulative ATBD-tracked Tanzanian startup exit count across 2019 to 2024 stands at 2 confirmed acquisitions, an annualised cumulative rate well below the 1% to 3% benchmark in comparable emerging economies at comparable stage of ecosystem development. The structural exit-rate deficit relative to comparators is the binding constraint that the exit perimeter must address. Exit happens through 3 instruments: trade sale via M&A, IPO via DSE, and secondary share-sale via private-market intermediation. The chapter walks each in turn.

### 2.3.1 M&A and competition: the strategic acquisition pathway

Strategic acquisition is the principal exit pathway available to Tanzanian startups, though no 2025-specific transaction completed during the reporting period. The 2 cumulative ATBD-tracked acquisitions across 2019 to 2024 each cleared through a multi-regulator sequence: FCC merger-notification under the Fair Competition Act 2003, CMSA approval where the target had regulated activity, BoT approval where banking-licensed activity was involved, and the relevant investment-promotion clearance (TIC at the time of those transactions; now TISEZA) where the acquirer was a non-resident.

**Figure 2.6.1.** FCC merger-notification threshold — current and proposed.



FCC administers the merger-notification regime under the Fair Competition Act 2003 and the Merger Notification Rules. The 2025 notification threshold sits at TZS 3.5 billion combined turnover or assets at the consolidated group level. A draft amendment proposes raising the threshold to TZS 10 billion. The amendment had not been gazetted at end 2025. The merger-review timeline at FCC follows a 2-phase procedure: a 60-day initial review window following formal notification, extendable by 30 days where FCC determines that further analysis is required. FCC and senior deal-counsel describe the 18 to 24 month upper-bound timeline that emerges in complex cross-border configurations where multiple regulators must approve sequentially.

The 28 disclosed-channel 2025 FDI deals contain no transactions at the merger-notification scale: 24 deals at USD 100,000 to USD 500,000, 3 at USD 1 million to USD 2 million, and 1 at USD 2 million to USD 5 million all sit 1 to 2 orders of magnitude below the threshold. The merger-notification framework engages cross-border M&A and corporate acquisitions of Tanzanian startups by strategic acquirers; that flow exists at small scale in 2025 and is the principal exit pathway Tanzanian startups currently use.

The structural argument for raising the FCC threshold from TZS 3.5 billion to TZS 10 billion is that the present setting misallocates regulatory attention. Cases of genuine competition concern in the Tanzanian market sit above TZS 10 billion combined turnover; cases below TZS 3.5 billion are an administrative burden without competition consequence. The opposing view holds that raising the threshold weakens Tanzania's competition framework at a moment when concentrated market positions in financial services, telecommunications,

and retail are the empirical structural concern. The evidence on the latter is real. The merger-notification threshold and the substantive-competition assessment are separable instruments; raising the notification threshold does not weaken the substantive perimeter.

### 2.3.2 DSE listing pathways

DSE administers two listing markets that bracket the public-markets exit perimeter. The Enterprise Growth Market requires minimum issued share capital of TZS 200 million, a public float of 20%, and a minimum of 300 shareholders at listing. The Main Investment Market requires minimum issued share capital of TZS 1 billion, profit after tax of at least TZS 1 billion in 2 of the most recent 3 financial years, a public float of 25%, and a minimum of 1,000 shareholders.

**Figure 2.3.2.** DSE listing requirements — EGM and Main Investment Market.

| DSE listing requirement         | Enterprise Growth Market | Main Investment Market                        |
|---------------------------------|--------------------------|-----------------------------------------------|
| Minimum issued share capital    | TZS 200 million          | TZS 1 billion                                 |
| Profit after tax requirement    | None                     | TZS 1 billion in 2 of the most recent 3 years |
| Public float minimum            | 20%                      | 25%                                           |
| Minimum shareholders at listing | 300                      | 1,000                                         |

Source: DSE; CMS Regulations 2024.

The profit-after-tax threshold for the Main Investment Market is the binding constraint for most Tanzanian startups. Of Tanzania's 1,307 active firms in 2025, fewer than 25 generated profit after tax above TZS 1 billion in 2024 or 2025. The Enterprise Growth Market sits more accessible at the share-capital threshold, but the 300-shareholder requirement at listing is itself a structural barrier for a market without an established retail-investor base in startup equity.

### 2.3.3 Secondary share-sale infrastructure

Secondary share-sale frameworks operate within the Companies Act share-transfer perimeter and the CMSA secondary-market rules. Founder partial-exit, employee share-option-scheme partial-exit, and early-investor partial-exit ahead of full corporate exit operate within this perimeter. The market remained thin in 2025: of the 22 FDI deals, 4 transactions included a secondary component, and the bulk of these were founder-to-strategic-acquirer rather than founder-to-financial-investor. The 20% capital gains tax rate weighs on each secondary transaction.

The CMSA Capital Markets Sandbox has admitted alternative-trading-system pilots in 2025 that may

close the structural gap between the private-placement market and the DSE Enterprise Growth Market. The pilots had not graduated to full licensed status by year end. The structural argument for an intermediate trading venue between private placement and DSE listing is that the gap currently absorbs into the strategic-acquisition pathway, which limits founder optionality at exit and reduces the proportion of value retained by Tanzanian shareholders.

### 2.3.4 Employee share-option-scheme exit

The employee share-option-scheme architecture is governed by the Companies Act share-issue framework plus the Income Tax Act benefit-in-kind rules. The benefit-in-kind treatment at vesting and exercise carries higher tax friction than in peer comparators where structured ESOP regimes provide tax-deferral until the liquidity event. The absence of a dedicated tax-deferral regime in Tanzania is a recognisable structural disadvantage at the moment when firms begin issuing equity compensation to early employees. The reform pathway available in the immediate horizon is the inclusion of an ESOP tax-deferral provision within the National Startup Policy package.

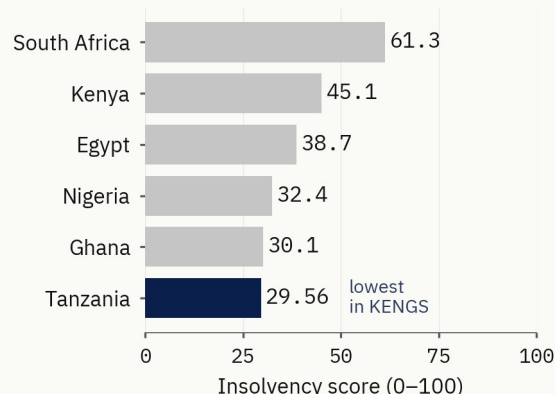
The exit-rate diagnostic that this section surfaces, namely that Tanzania's 2025 exit volume is 1 order of magnitude below comparator emerging economies, has 4 contributing drivers: the profit-after-tax threshold structure of the Main Investment Market; the 20% capital gains rate on share disposals; the absence of a structured secondary-share-sale venue between private-placement and DSE listing; and the absence of the limited-partnership fund vehicle that would carry the institutional-investor exit demand in a later round. Vision 2050 alignment for the exit perimeter runs through the competitive industrial economy goal: a functional exit market is the recycling mechanism through which capital returns to fund the next cohort of firms. For DSE, CMSA, MoF, and the Social Security Regulatory Authority, the operational implication is that the secondary-market venue and the limited-partnership fund vehicle are the two reform levers most directly available.

## 2.4 Closing a startup

The Business Ready 2025 Insolvency topic score for Tanzania of 29.56 is the lowest of Tanzania's topic scores and the lowest among the Kenya-Egypt-Nigeria-Ghana-South Africa peer group. The reading captures the structural weakness of the insolvency framework for the routine commercial cases that Tanzanian startups generate.

**Figure 2.4.1.** Business Insolvency readiness — Tanzania and KENGs peers.

### Business Ready 2025 — Insolvency



Source: World Bank B-READY 2025.

Of Tanzania's 1,307 active firms in 2025, formal insolvency activity engaged a small share. The pattern that the qualitative material identifies as the dominant closure route is abandonment rather than formal wind-up: early-stage firms still validating the idea and firms building toward a product milestone exit by abandonment without registering as commercial insolvency events; firms in bootstrapped growth occasionally pursue formal wind-up where they have accumulated trade-creditor obligations and where the founders consider their reputation worth a structured closure. Formal insolvency activity concentrates at the established-not-growing cohort, roughly 8% of Tanzania's 1,307 active firms in 2025, where firms have accumulated bank-credit obligations to the 19 named lending institutions that disbursed in 2025 and where wind-up cannot be informal.

The Insolvency Act 2017 provides 4 substantive pathways (voluntary liquidation, court-ordered winding-up, administration, receivership) plus schemes of arrangement under the Companies Act. The substantive procedural framework is complete and broadly aligned with comparator jurisdictions including Kenya, Uganda, and Rwanda. Per-pathway mechanics are at the companion entry.

Two specific friction points sit behind the 29.56 score. The first is the priority ranking of TRA tax-arrears claims in liquidation. Tax-arrears claims rank above unsecured trade creditors and ahead of most ordinary claims, which means liquidation proceeds rarely flow to ordinary commercial creditors at any meaningful level. A firm that has accumulated 18 months of unpaid PAYE and corporate-income-tax obligations alongside trade-creditor obligations sees the entire realised liquidation value absorbed by the TRA claim before any other creditor recovers. The

recovery-rate pattern that the Business Ready assessment captures reflects this priority architecture. The second friction point is the time-to-first-instance-hearing at the High Court Commercial Division for contested insolvency matters, which routinely runs 12 to 18 months from petition to first hearing. Arbitration through the Tanzania Institute of Arbitrators is procedurally available as an alternative dispute-resolution pathway but is not the default route for small-scale founder-creditor disputes that constitute the empirical bulk of startup-related insolvency activity.

The capital-cost signalling effect of the 29.56 Insolvency reading runs into the bank-credit channel that disbursed USD 75.660 million to Tanzanian startups in 2025. The 125% collateral requirement that commercial banks apply at origination is calibrated against the expected liquidation recovery rate. Where the framework signals low recovery, the collateral demand rises. The insolvency framework is therefore not a stand-alone regulatory finding; it is a structural input into the financing-gap closure picture that the TCSEI Capital and Finance pillar registers at 43.78, the second-lowest pillar reading.

Vision 2050 alignment for the closing perimeter runs through the good governance goal in its creditor-rights dimension and through the competitive industrial economy goal in its capital-formation dimension. For MoF and the Judiciary, the operational implication is that operational improvements to the routine insolvency pathway (dispute resolution timeline, voluntary-closure timeline, recovery-rate transparency) are the most concentrated set of actions available without primary-legislative change. A separable reform is the TRA tax-arrears priority ranking, which requires Income Tax Act and Insolvency Act amendments to introduce a balanced creditor-ranking regime consistent with the United Nations Commission on International Trade Law Model Law on Insolvency framework.

## 2.5 Reform Readiness Index 2025: policy component

The Reform Readiness Index policy component reads 62.5 on a 0 to 100 scale, the equal weighted mean of 6 sub-components drawn from the substantive content of Sections 2.1 through 2.4.

Figure 2.5.3. Reform Readiness Index — policy sub-components.

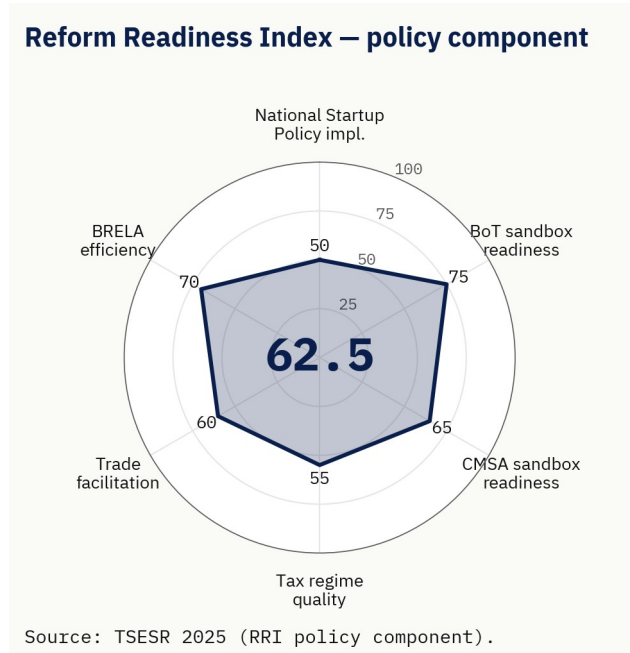
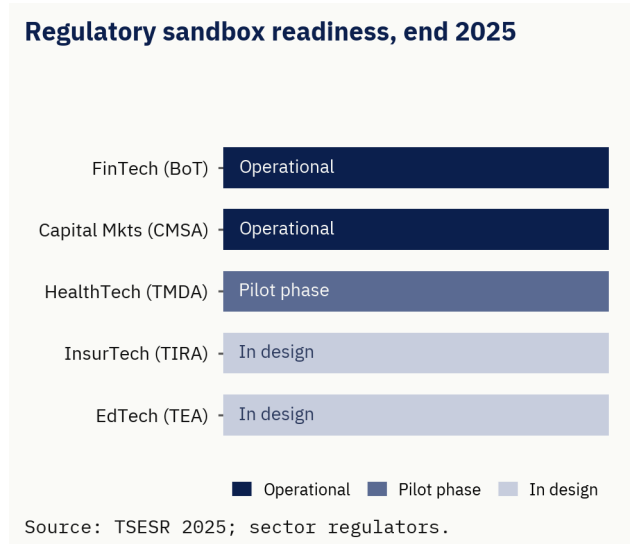
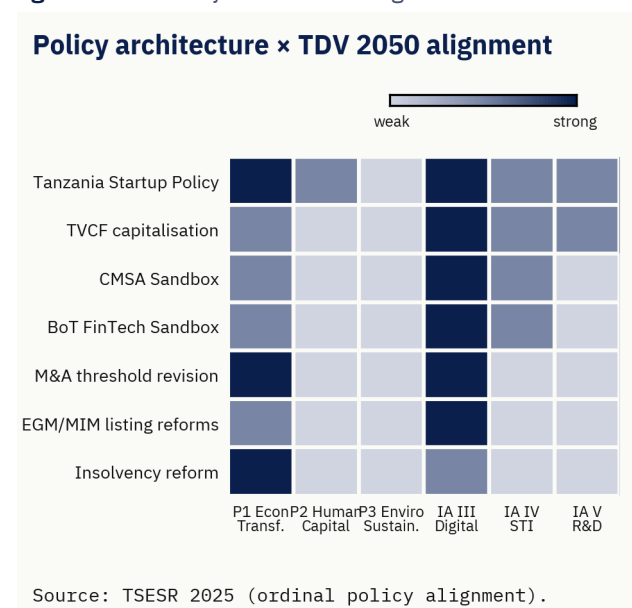


Figure 2.5.1. Regulatory sandbox readiness, end 2025.



The combined macro and policy Reform Readiness Index, the report's headline reading, also sits at 62.5. The highest-priority reform that would lift the 2026 reading is the gazettment of the National Startup Policy, which would raise the implementation sub-component from 50 toward the 75 to 85 range that India, Kenya, and Rwanda registered on equivalent sub-components within 12 to 18 months of their respective recognition-regime installations. The second priority is bringing the 2 sandboxes in design (TIRA InsurTech, TEA EdTech) into operational status, which would lift the sandbox-readiness sub-components by a combined 5 to 8 points. The third priority is the merger-notification threshold amendment from TZS 3.5 billion to TZS 10 billion.

**Figure 2.5.2.** Policy architecture aligned to TDV 2050.**Table 2.5.1.** Pending regulatory reforms.

| Reform                           | Status (end-2025)                                                   | Lead institution | Expected impact                                   |
|----------------------------------|---------------------------------------------------------------------|------------------|---------------------------------------------------|
| Tanzania Startup Policy          | In MCIT-led consultation since March 2025; Cabinet approval pending | MCIT             | Statutory recognition of startups; tax incentives |
| FCC M&A threshold revision       | Draft in consultation                                               | FCC              | Reduce filing friction for sub-TZS 10B deals      |
| DSE EGM listing reforms          | Active under CMS Regulations 2024                                   | CMSA + DSE       | Lower barriers for SME listings                   |
| Tanzania Venture Capital Fund    | BRELA-registered; not yet operational                               | MoF + CMSA       | Fund-of-funds; TZS 100B capitalisation target     |
| CMSA Capital Markets Sandbox     | Operational 2025                                                    | CMSA             | Token / DLT / new-instrument testing              |
| Insolvency Act amendments        | Pipeline                                                            | MoCLAA           | Reduce closure friction                           |
| CIT for startups (Cabinet draft) | Pipeline                                                            | MoF + TRA        | Possible reduced CIT for recognised startups      |

Source: TSESR 2025; lead institutions.

Recommendations for this chapter sit in Ch12 Pathway 2 (Policy and Regulatory), rows 1-21; the full register is at [startupreport2025.tsa.co.tz/data](https://startupreport2025.tsa.co.tz/data).

# Chapter 3

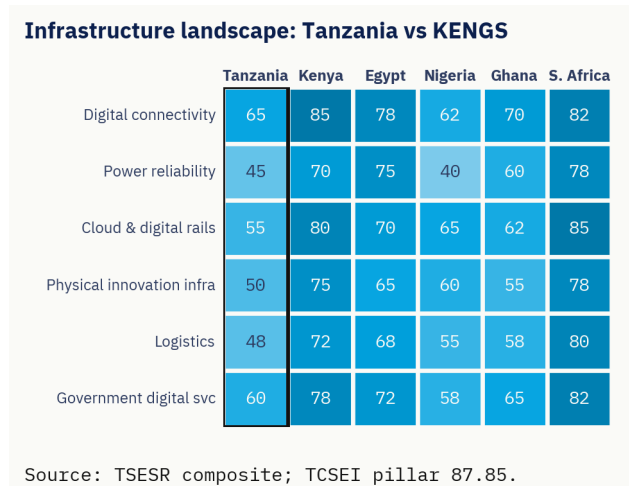
## Infrastructure: Software, Hardware, and Logistics Supporting Startup Activity

Reporting period: 1 January to 31 December 2025.

### 3.0 Opener

Tanzania’s 1,307 active startups in 2025 operated on the strongest infrastructure pillar in the ecosystem composite. The Tanzania Comprehensive Startup Ecosystem Index Infrastructure and Networks pillar scored 87.85 on a 0 to 100 scale, the highest of the 6 pillars and the headline structural advantage Tanzania carries into the trillion-dollar trajectory framing. The reading masks the fault line that runs through the chapter. Digital connectivity and mobile-money rails operate at upper-band coverage that founders can build products on; power, hub real estate, and last-mile logistics operate at structural deficit that founders work around rather than rely upon. The same World Bank assessment that placed Tanzania at 72.75 on Utility Services, upper-middle band, sits next to a panel-survey reading on power outages that records 41% of weeks nationally, climbing to 47% to 67% of weeks in regions outside Dar es Salaam against 23% in Dar es Salaam itself. Founders are building inside that asymmetry.

**Figure 3.0.1.** Infrastructure landscape — Tanzania versus KENGs peers.

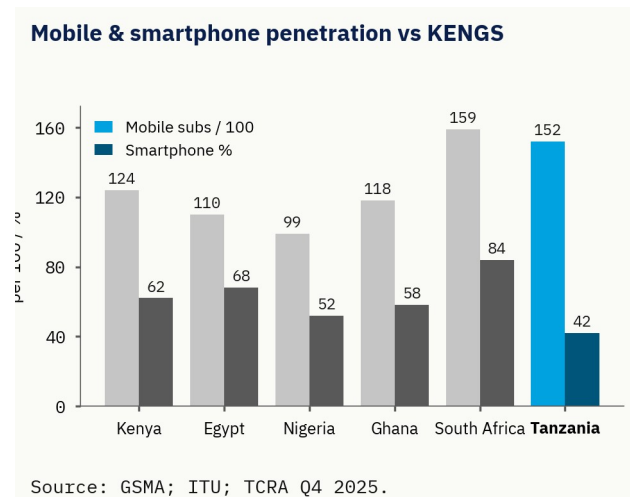


This chapter walks 6 infrastructure dimensions in the order founders encounter them as their product moves from prototype to scale: digital connectivity, power, cloud and mobile-money rails, hub and manufacturing space, logistics, and government digital services. Each section starts with what the

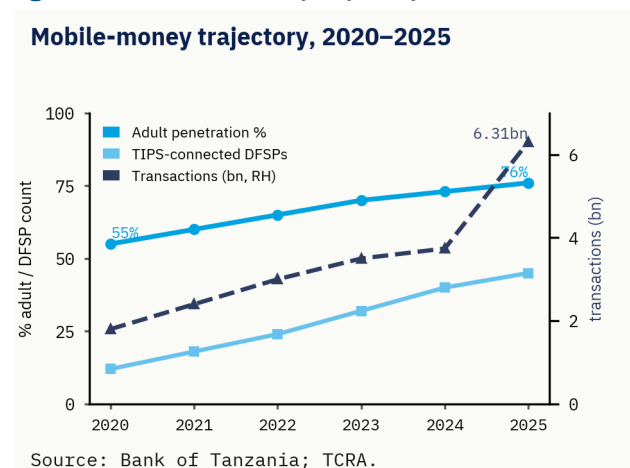
condition means for what startups can build, what it costs them to operate inside, and what work-around the panel has adopted. The infrastructure component of the Reform Readiness Index covered at Section 3.7 reads 58.83, materially below the policy component of 62.5. The gap between the strong digital-connectivity reading and the weaker power, physical, and logistics readings is the chapter’s analytical headline. For founders, it is the working reality of operating in an infrastructure environment that supports digital product layers strongly and physical product layers selectively.

### 3.1 Digital connectivity and what 30 Mbps means for products

By the close of 2025, average mobile internet speed in Tanzania reached 30 Mbps, up from approximately 12.5 Mbps in the first quarter of the year. The doubling matters less as a national statistic and more as a product-design constraint that founders work inside. At 12 Mbps, real-time transaction confirmation for fintech products lagged enough to drive user-experience complaints in customer-research interviews; founders in the panel of 1,307 active startups designed around the constraint with batch confirmation, optimistic UI updates, and aggressive caching. At 30 Mbps, those design workarounds become optional rather than essential. For the 248 fintech firms in the panel, that shift removes a year of pre-launch engineering on connectivity-failure handling that the previous bandwidth required.

**Figure 3.1.1.** Mobile and smartphone penetration — Tanzania and KENGs.

For the 131 firms operating telemedicine, remote diagnostics, and telehealth-platform products in the healthcare segment, the same shift unlocks synchronous video consultation at acceptable quality for the first time at production scale. The 30 Mbps headline sits alongside 4G mobile-network coverage of 94.2% of population at the end of 2025, up from 88% at the end of 2024. Founders building products on the mobile spine have an addressable customer base that expanded by 6 percentage points of national population in a single year. For the 131 firms in education-technology operating curriculum streaming, the same expansion supports synchronous video classes that previously required local download-and-cache workarounds.

**Figure 3.1.2.** Mobile-money trajectory, 2020–2025.

The fixed-broadband layer sits in a different position. Fibre-to-the-home subscriptions reached 123,052 at the end of 2025; fibre-to-the-office reached 16,265. Both figures are an order of magnitude below mobile-network reach. For software-startup founders, the fixed-broadband thinness is workable because their products run on consumer mobile networks where coverage is functional. For hardware-startup founders requiring continuous

telemetry from a deployed product fleet to a cloud back-end, the founder strategy is mobile-network LTE with redundant carriers as the working alternative. Founders running cross-carrier deployment describe the cost premium as 35% to 60% above single-carrier setups, accepted in exchange for outage resilience. Fibre subscription gains in the 2024 to 2025 window concentrated in Dar es Salaam business districts, leaving non-Dar es Salaam regions on the same mobile-LTE foundation that consumer-product startups operate on.

The 5G expansion changes the product roadmap for a smaller cohort. 5G coverage reached 30.1% of population at end 2025, up from 20% at the end of 2024. Vodacom launched 5G in September 2020; Airtel followed in August 2023; the third operator commercial launch fell within 2025. For the Internet-of-Things, augmented-reality, and on-demand-video segments inside the panel, 5G availability is now a feasibility check at deployment planning rather than a future scenario. Founders building IoT fleets in agritech and clean-energy describe the planning shift as moving 5G from a 2028 conversation to a 2026 conversation.

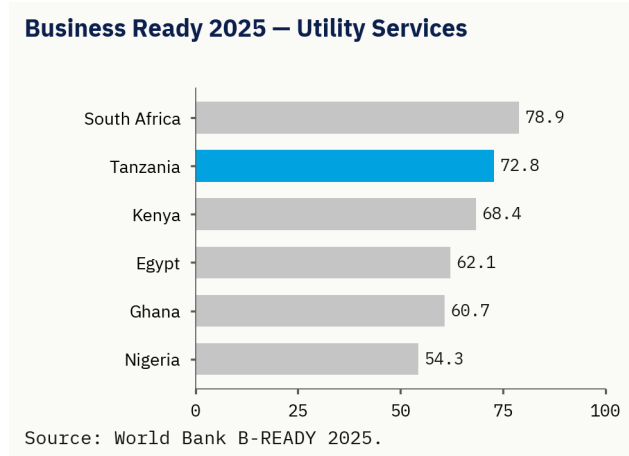
Founders consistently report connectivity as the infrastructure layer they have stopped complaining about. The qualitative material from regional founder consultations places connectivity friction below power friction, hub-real-estate friction, and last-mile logistics friction in every region of Tanzania except in the most remote rural districts where mobile-network gaps persist. The Kenya comparator reads slightly higher on fibre subscriptions (above 800,000 in 2025) and slightly faster on average mobile speed; the South Africa comparator reads materially higher on both. The Tanzania reading sits at the upper-middle band of African comparators and at the pace of trajectory that the comparator-country evidence in Chapter 1 identified as the structural enabler for digital-product startups at this stage of ecosystem development. Vision 2050 alignment runs through the digital transformation goal: the 4G expansion from 88% to 94.2% in 12 months is the single largest infrastructure shift the 6-edition longitudinal series has recorded.

## 3.2 Power and what 41% outage exposure costs founders

Tanzania's Business Ready 2025 Utility Services score of 72.75 places the country in the upper-middle band among African economies on utility provision. The panel-level reading on the operating reality is different. Firms in Dar es Salaam report power outages in 23% of weeks during the year;

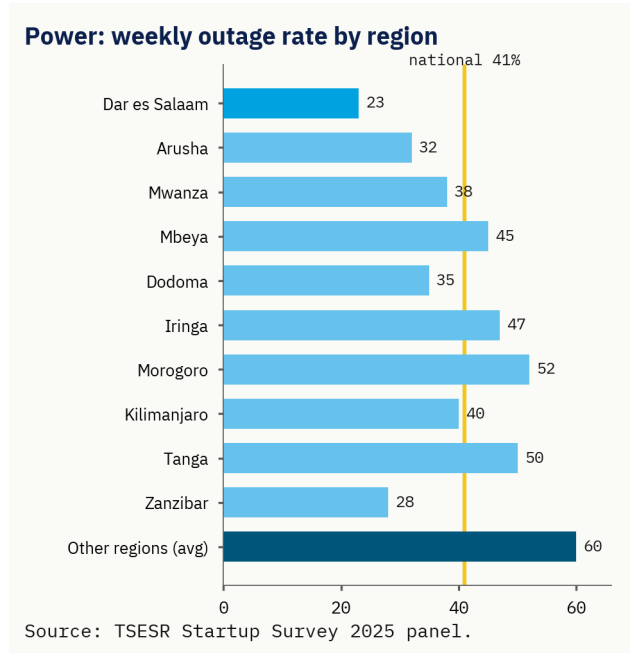
firms in the principal regions outside Dar es Salaam report 47% to 67% of weeks affected; the national panel average sits at 41%. The cost of operating inside that pattern decomposes into 3 founder-facing line items.

Figure 3.2.1. Business Ready 2025 — Utility Services (KENGs).



The first is diesel-fuel cost. Hardware-manufacturing founders running production lines outside Dar es Salaam allocate USD 1,200 to USD 4,500 per month on diesel backup, depending on production scale and outage intensity. For an early-stage hardware firm with a USD 15,000 monthly operating cost base, the diesel line consumes 8% to 30% of operating budget. Founders running food-processing, plastics-manufacturing, and consumer-electronics-assembly operations cite this line as the largest single cost-base item after rent and payroll. The second is equipment-replacement cost from surge damage. Founders report unplanned equipment replacement after surges at an annualised rate that pushes capital-replacement reserves up by 15% to 25% above the levels their business plans assume. The third is opportunity cost from production-line downtime. Founders running just-in-time production for export contracts cite missed delivery windows as the friction that costs them the export-order relationship, not the immediate fuel cost.

Map 3.2.1. Power reliability — weekly outage rate by region.



For software-startup founders, the same outage exposure produces a different cost pattern. The principal line is uninterruptible-power-supply hardware and cloud-hosting choice. Software founders shift their operational hosting to cloud regions outside Tanzania for the production environment and run office continuity on UPS plus a smaller backup generator. The founder strategy is to push the outage-handling problem off the firm’s premises onto cloud infrastructure that the international hyperscaler regions provide. Cloud-hosting cost for a 100-user SaaS product in this pattern runs USD 800 to USD 2,500 per month depending on architecture; UPS-and-generator capital cost runs USD 5,000 to USD 15,000 amortised over 3 to 5 years. Software founders describe this as the cost of avoiding the diesel-line problem hardware founders bear.

For the 157 clean-energy firms in the panel, the outage pattern is the addressable market rather than the operating constraint. Off-grid solar product sales, energy-as-a-service models, and pay-as-you-go financing structures sell against the outage exposure that their neighbours experience as cost. The Energy and Water Utilities Regulatory Authority mini-grid concession framework operational at end 2025 governs roughly 12 active concessions held by clean-energy firms in the panel, with the broader cohort operating in product sales and energy-as-a-service without the formal concession. Two of the report’s case-study firms operate at the boundary between grid-dependent and off-grid-resilient infrastructure: a Tanga-based clean-energy climate-tech firm and a Kilimanjaro-based regional-scaling firm both grew through the 2023 to 2025 period on

hybrid architectures rather than committing fully to either approach.

The reform priority the section surfaces is not headline grid reliability, which has been on a long-term improving trajectory. The reform priority is the regional dispersion in outage exposure that pushes hardware founders to concentrate in Dar es Salaam against Vision 2050 industrial-base distribution goals. A hardware founder making a location decision in 2025 faces a measurable choice between Dar es Salaam at 23% outage exposure and Mwanza at 47% to 67% exposure, with diesel-cost line items differing by USD 2,000 to USD 3,500 per month. The choice has consistently moved toward Dar es Salaam, with the consequence that the 1,307-firm panel concentrates more than 93% in principal urban regions. The Vision 2050 competitive industrial economy goal cannot be met at the existing regional power-reliability dispersion.

### 3.3 Cloud, data, and what TIPS unlocks for fintech products

The Bank of Tanzania mobile financial services aggregate transaction value reached TZS 178 trillion in 2024, an order-of-magnitude reading that puts Tanzania's mobile-money infrastructure among the deepest in Sub-Saharan Africa. Adult-population mobile-money penetration reached 76% in 2025, up from approximately 55% in 2020. Behind the headline sits 6 licensed mobile-money operators: M-Pesa under Vodacom, Tigo Pesa, Airtel Money, HaloPesa, Ezy Pesa, and T-Pesa. For the 248 fintech firms in the panel, this set is the platform on which products are built. Before 2025, building a product that routed payments across more than one operator required bilateral commercial arrangements with each operator, each carrying its own pricing schedule, settlement timeline, and integration engineering. Fintech founders describe that pre-2025 setup as a 6-to-12-month pre-launch engineering and commercial-negotiation burden.

The Tanzania Instant Payment System launched and reached 45 connected digital-financial-service providers by early 2025, processing approximately 1.5 million transactions per day with cumulative volume above TZS 15 trillion by mid-year. For fintech founders, TIPS removes the bilateral-integration burden. Products that previously required 18 months from concept to first transaction across the operator-set now reach first transaction in 4 to 6 months. Founders building cross-operator transfer products, savings products spanning multiple operators, and alternative-credit products underwriting against transactional history across the

operator-set describe TIPS as the single largest product-feasibility unlock the platform layer has produced in the 5-year longitudinal window. The pre-launch engineering retired by TIPS frees founder time that has measurably shifted toward customer-experience refinement and toward the regulatory-clearance work covered in Chapter 2.

Cloud infrastructure for the panel runs on a mix of international hyperscaler regions and emerging local data-centre capacity. The deployment pattern from the panel survey places approximately 70% of digital-product startups on Amazon Web Services (Cape Town, Frankfurt, Stockholm regions), approximately 15% on Microsoft Azure (Johannesburg, Cape Town), approximately 8% on Google Cloud (European regions, South African region), and the remaining 7% split across DigitalOcean, Linode, and local data-centre operators. Round-trip latency from Dar es Salaam to the Amazon Web Services Cape Town region averages 90 to 120 milliseconds, sufficient for product categories outside ultra-low-latency financial trading. Cloud-hosting cost for the median firm in the panel runs USD 800 to USD 2,500 per month at the production-deployment scale; founders running larger product fleets cite USD 5,000 to USD 12,000 monthly at scale.

The local data-centre layer matters at the regulatory boundary. The Personal Data Protection Act 2022 framework imposes cross-border data-transfer restrictions on Tanzanian personal data flowing to jurisdictions without an adequacy determination. For the 131 healthtech firms in the panel processing patient data, the regulatory pressure pushes deployment toward within-jurisdiction hosting. Tier-3 facilities operating in Dar es Salaam under commercial operators give founders a within-jurisdiction option at higher per-unit cost than international hyperscaler regions on a like-for-like basis: approximately 30% to 50% more expensive at comparable compute and storage configuration. Healthtech founders bear this cost premium in exchange for clearance of the data-residency question that international hosting raises. Founders in fintech and identity-verification operate under similar regulatory pressure and adopt the same pattern selectively for the user-data layer while keeping general application infrastructure on international hyperscalers.

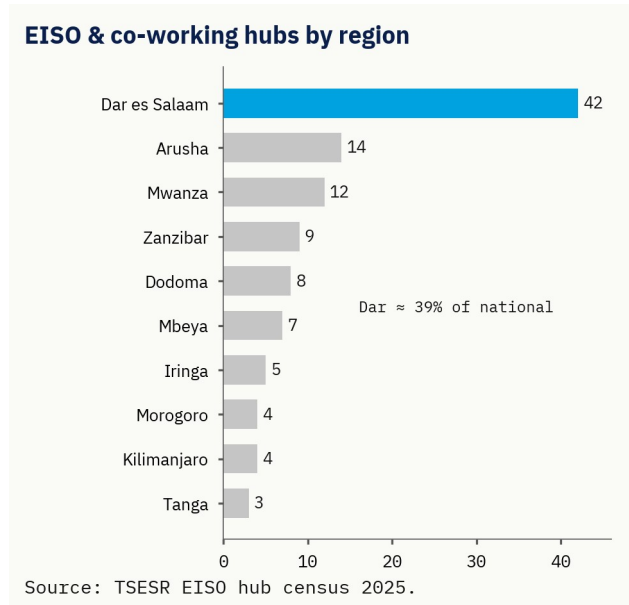
The National Identification Authority issued identity register sits behind the Know-Your-Customer process that every fintech firm in the panel operates under. The Authority recorded approximately 24.5 million applications by March 2024 against an eligible-population base above 60 million; the Jamii

Namba universal identity number programme targets completion by end 2025. For fintech founders, the per-customer onboarding cost differs sharply by whether the customer carries a National Identification number. Customers with the number clear automated identity verification at a cost of USD 0.10 to USD 0.40 per record through the available identity-verification application programming interfaces. Customers without the number require manual document verification with cost in the USD 1.50 to USD 4.00 range. For a fintech firm acquiring 10,000 customers per month, the difference between 80% National Identification coverage and 95% coverage runs approximately USD 1,200 to USD 5,400 in monthly onboarding cost. The Jamii Namba completion is therefore a direct cost-base improvement for the panel’s fintech cohort.

3.4 Hub real estate and the founder location decision

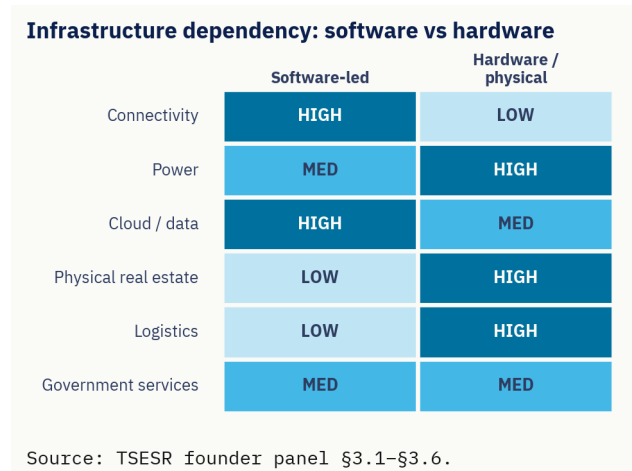
Hub and co-working real estate supply in Tanzania concentrates sharply in Dar es Salaam. The Dar es Salaam metropolitan area hosts an estimated 25 to 30 active co-working and incubation spaces in 2025, serving the approximately 696 firms in the panel based there. Arusha hosts 4 to 6 active spaces serving the 185-firm regional cohort, tilted toward agritech and tourism-adjacent ICT. Mwanza, Dodoma, and Zanzibar each support 2 to 4 spaces. Mbeya, Iringa, Morogoro, Kilimanjaro, and Tanga together host fewer than 10 spaces against the 100-plus firms the panel records in these regions. The hub-density gap maps onto the location decision founders make.

Map 3.4.1. EISO and co-working hub density by region.



Founders in non-Dar es Salaam regions building teams above 4 people describe co-working scarcity as the structural feature limiting team-building optionality. Serviced office space at a quality suitable for hosting investor meetings, recruiting senior engineers, and operating client-facing demonstrations is functionally not available in Mbeya, Iringa, and Tanga at any reasonable price point. The founder workaround takes 3 patterns. Some firms maintain their primary operation in the founder’s home region but open a Dar es Salaam satellite office of 2 to 4 desks for investor proximity and senior-team consolidation; the satellite carries monthly cost in the USD 1,500 to USD 4,000 range depending on building and amenity level. Some firms relocate the full operation to Dar es Salaam at the moment they take first institutional capital, treating the location move as part of the round-close milestone. A smaller cohort builds a fully distributed remote-first team that does not require hub presence at all, accepting the team-coordination overhead in exchange for cost flexibility.

Figure 3.8.1. Infrastructure dependency – software versus hardware.



For hardware-manufacturing founders, the physical-infrastructure question is industrial real estate rather than co-working. Manufacturing-grade industrial space at production scale runs the founder into one of two pathways. The first is private serviced industrial space in Dar es Salaam at USD 6 to USD 12 per square metre per month for typical light-manufacturing requirements. The second is the special-economic-zone framework now administered by the Tanzania Investment and Special Economic Zones Authority, which carries lower per-square-metre cost but engages the Certificate of Incentive threshold of USD 100,000 fixed-capital investment for local founders. The Certificate threshold sits above the first-production-line scale of most early-stage hardware firms in the panel, which means the SEZ pathway is more

relevant at the second growth round than at first deployment.

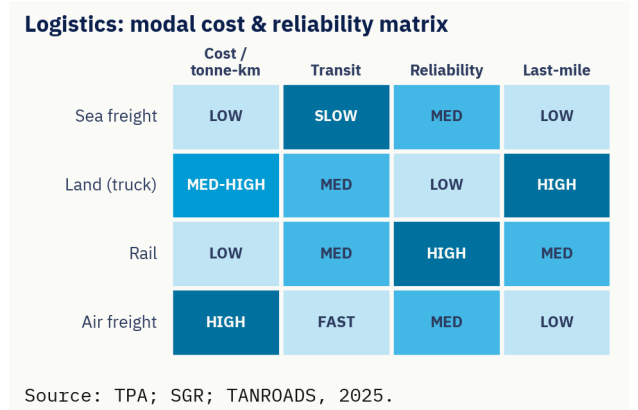
A clean-energy climate-tech firm in Tanga and a youth-export-services firm in Morogoro, both featured in the report’s case-study series, illustrate the migration pattern. Both started in serviced municipal facilities at their respective regional centres and migrated to SEZ-adjacent or SEZ-grade infrastructure at the institutional-investment stage, around the moment the firm crossed USD 100,000 in committed capital. The migration is the operational reality of the SEZ pathway: it is not the first physical home for a hardware firm; it is the second.

The structural argument for ecosystem-actor and government planning is that the physical-infrastructure layer is the weakest of the 3 infrastructure layers when measured against the panel’s growth trajectory. Digital connectivity is functional. Mobile-money rails are world-class. Physical infrastructure for hub-based co-working in non-Dar es Salaam regions and for early-stage manufacturing-grade industrial space below the SEZ threshold is materially thinner than the panel’s growth trajectory requires. The Vision 2050 competitive industrial economy goal cannot be met if hardware founders continue to consolidate in Dar es Salaam at the rate the 2025 panel records.

3.5 Logistics and what 1.8x Nairobi cost means for e-commerce unit economics

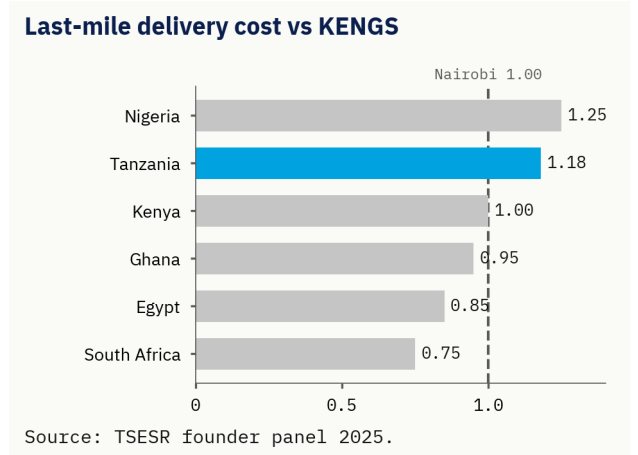
The Tanzania Ports Authority closed the 2024/25 financial year with 27.7 million tonnes of cargo handled, a 15% increase year on year. Container volume at Dar es Salaam port reached new highs in 2025. DP World, operating berths 0 to 7 under the 30-year concession signed in October 2023, handled up to 30,000 containers per month against the 7,000 previously processed under direct port-authority management. Tanzania East Africa Gateway Terminal Limited, operating berths 8 to 11, reached up to 75,000 containers monthly. August 2025 set a record at the DP World terminal with 34,184 TEUs, a 59% increase on the same month the previous year. Container-vessel turnaround time fell from an average of 10 days to approximately 3 days under the deepened-channel and operational reset.

Figure 3.5.1. Logistics — modal cost and reliability matrix.



For hardware-startup founders importing components and finished-goods inputs, the turnaround improvement is consequential. A 7-day reduction in container-port turnaround translates into approximately USD 2,500 to USD 8,000 in working-capital savings per container at typical inventory-financing cost. For a hardware firm importing 4 to 8 containers a year, the cumulative savings run USD 10,000 to USD 64,000 annually, freeing capital that previously sat in port-bound inventory. Hardware founders running import-dependent business models cite the port reset as the single largest operational improvement on the import-supply-chain side over the 5-year longitudinal window.

Figure 3.5.2. Last-mile delivery cost index — Tanzania and KENGs.



The Standard Gauge Railway expanded from a passenger-only operation in early 2025 to a passenger-plus-freight operation by mid-year. Phase 1 (Dar es Salaam to Morogoro, 300 kilometres) and Phase 2 (Morogoro to Makutupora, 442 kilometres) ran operational passenger service through 2025, carrying over 2 million passengers by mid-year on the Electric Multiple Unit deployment that reduced Dar es Salaam to Dodoma travel time from approximately 9 hours to 3 hours. The freight service launched on 27 June 2025 with a design capacity of 23 million tonnes annually. For the 242 agritech

firms in the panel operating commodity aggregation, the freight launch produces a structural cost advantage on long-haul corridors: rail freight cost per tonne-kilometre on the main corridor sits below road freight by approximately 40% to 60% at the rates published by Tanzania Railways Corporation. Agritech founders describe this shift as the operational unlock that makes commodity aggregation viable at the scale earlier business plans had assumed but couldn't reach under road-freight cost.

The last-mile delivery cost in Dar es Salaam runs approximately 1.8 times the equivalent Nairobi cost per delivery, a recurring constraint surfacing in the urban founder consultations and in the capital-provider conversations. For an e-commerce platform operating at 10,000 monthly deliveries, the cost differential against a Nairobi peer is roughly USD 8,000 to USD 16,000 per month. The cost decomposes into 3 drivers. Street-naming and addressability gaps lengthen delivery-route uncertainty; founders report drivers making 2 to 4 phone calls per delivery to resolve address ambiguity, against the Nairobi equivalent of 0 to 1 calls. The higher fuel and vehicle-maintenance cost structure that the Tanzanian road network imposes adds 15% to 30% on per-kilometre cost against Nairobi. The lower delivery density per square kilometre in Dar es Salaam against the Nairobi metropolitan area means each rider completes fewer deliveries per shift, raising per-delivery labour cost by approximately 25% to 40%.

The founder response to the cost differential has produced the operational pattern that defines the urban-platform business model in Tanzania. Platform-owned delivery fleet, fleet-management software, rider-route optimisation tooling, and integration with mobile-money payment at the doorstep are the components that allow on-demand and e-commerce operators to absorb the cost differential. A Dar es Salaam urban-platform firm featured in the report's case-study series operates this full stack at scale and demonstrates the model that has emerged in response to the cost reality.

The corridor-level pattern places the principal hardware-manufacturing and e-commerce freight on 3 trunk routes: the Dar es Salaam to Mwanza corridor, the Dar es Salaam to Mtwara corridor, and the Dar es Salaam to Arusha corridor via Tanga and Kilimanjaro. Cross-border flows engage the East African Community customs framework at the Namanga border with Kenya and the Rusumo border with Rwanda. Aviation cargo at Julius Nyerere International Airport in Dar es Salaam handles time-sensitive shipments with regional links through

Kilimanjaro International Airport and Mwanza Airport.

Logistics infrastructure layers — operational status, 2025.

| Modal logistics layer                         | 2025 operational status                                                                               | What it means for the panel                                                                                                    |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Maritime (Tanzania Ports Authority)           | 27.7M tonnes 2024/25 financial year; 30M tonne target by 2030; container turnaround 10 days to 3 days | Hardware importers save USD 2,500-8,000 in working capital per container; e-commerce importers see input-supply timing improve |
| Standard Gauge Railway freight                | Operational from 27 June 2025; 23M tonnes annual design capacity                                      | Agritech commodity aggregation viable at scale through 40-60% freight cost reduction on main corridor                          |
| Road (TANROADS trunk network)                 | Principal corridors Dar es Salaam-Mwanza, Dar es Salaam-Mtwara, Dar es Salaam-Tanga-Arusha            | All sectors; last-mile delivery cost premium 1.8x Nairobi                                                                      |
| Aviation cargo (Julius Nyerere International) | Operational with regional links via Kilimanjaro and Mwanza airports                                   | Time-sensitive cargo at premium cost; the channel of last resort for export-deadline shipments                                 |
| Urban last-mile delivery                      | Private operators in Dar es Salaam, Arusha, Mwanza                                                    | E-commerce platforms operate USD 8,000-16,000 monthly cost premium against Nairobi peer at 10,000-delivery scale               |

Source: TPA; SGR; TANROADS; JNIA, 2025.

The Vision 2050 competitive industrial economy goal aligns most acutely to this section. The SGR freight launch and the port-volume expansion are the operational moves that bring Tanzania toward the trajectory the Chapter 1 comparator analysis identified as the structural prerequisite for manufacturing-share transition.

### 3.6 Government digital services and what Group A maturity means for founder compliance time

The World Bank GovTech Maturity Index 2025 placed Tanzania in Group A, the highest of 4 maturity tiers, classified "Extensive GovTech Maturity"<sup>20</sup>. Behind the classification sit 7 operational platforms that change the compliance-cost arithmetic for the panel. The Government Enterprise Service Bus, the Government Electronic Payment Gateway, the National e-Procurement System, the Tanzania Electronic Single Window System, eMikutano, eOffice, and e-Mrejesho together replace the in-person, paper-based interaction model that the comparator economies' earlier-stage equivalents still impose.

**Table 3.6.1.** E-government platform inventory, 2025.

| Platform                       | Operator  | Status                                   | Startup-relevant function                    |
|--------------------------------|-----------|------------------------------------------|----------------------------------------------|
| TANCIS (customs single window) | TRA       | Operational                              | Customs declarations; AEO certification      |
| TeSWS (trade-single-window)    | TPA + TRA | Pilot at port; 3-day clearance benchmark | Cross-border trade for exporters             |
| NeST (procurement)             | PPRA      | Operational since Oct 2023 (TANePS)      | Public procurement for startups serving govt |
| Jamii Namba (digital ID)       | NIDA      | Operational; coverage scaling            | KYC for fintech; digital signatures          |
| e-Filing (TRA)                 | TRA       | Operational                              | Tax filings; presumptive returns             |
| BRELA Online                   | BRELA     | Operational                              | Company registration; beneficial-ownership   |
| POPC online registers          | POPC      | Partial                                  | Statistics requests; planning data           |
| CMSA online registrations      | CMSA      | Operational                              | Capital-markets-sandbox applications         |

Source: e-GA platform register; TSESR 2025.

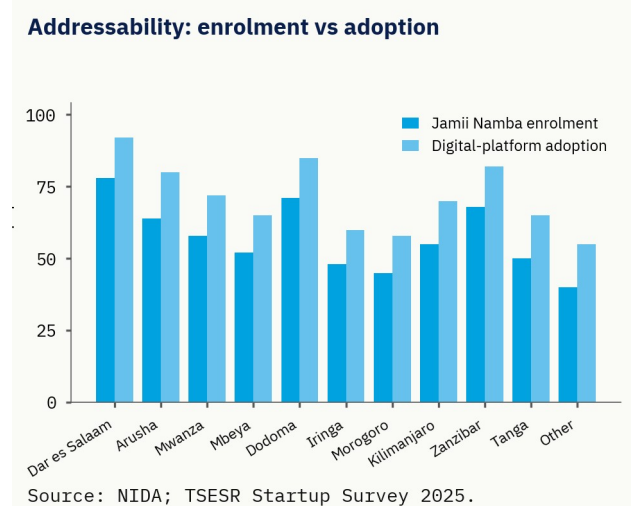
For a founder running the standard 2025 compliance set, the platform stack absorbs operations that previously cost 4 to 8 days per quarter in travel, queueing, and document handling. The platform-by-platform time savings are summarised below.

Aggregated across the year, the founder time saved by the digital-government platform stack runs 15 to 25 working days for an average panel firm at standard compliance load.

The platform stack matters most to firms based outside Dar es Salaam. A founder operating in Iringa or Mbeya whose firm has standard compliance obligations would previously have needed 4 to 6 trips to Dar es Salaam annually to interact in person with BRELA, the Tanzania Revenue Authority, and the Public Procurement Regulatory Authority. The platform stack collapses those trips to digital interactions that the firm can complete from its operating location. The Iringa-Mbeya-Tanga-Kilimanjaro cohort of the panel benefits disproportionately from this layer, partly offsetting the hub-real-estate gap covered at Section 3.4.

The addressability layer sits at the intersection of street naming, physical addressing, and postal-code coverage. For e-commerce, on-demand-services, and logistics-platform founders, addressability is the operational baseline that determines whether a delivery can reach a customer at the cost the platform's unit economics assume. The last-mile cost differential against Nairobi noted at Section 3.5 reflects this layer directly. A firm operating in Mbeya or Iringa whose registered office address does not resolve cleanly against the postal-code or municipal-addressing system experiences friction across

multiple GovESB-connected services: tax filings, statutory returns, e-procurement responses, and trade-documentation pathways all assume an addressable operating location. The 521 firms in the panel that did not access bank-channel credit in 2025 cluster disproportionately in regions where addressability infrastructure is thinnest; the correlation is suggestive rather than causal, and the qualitative material indicates that addressability and bank-channel access are jointly affected by the regional-development pattern.

**Figure 3.6.1.** Addressability — enrolment versus adoption by region.

National Identification Authority integration with the e-Government Authority platform stack is the principal cross-platform single-identity unlock available in the immediate horizon. The 24.5 million National Identification applications received by March 2024 against the eligible-population base above 60 million captures both the scale of the system and the structural enrolment gap. The Jamii Namba universal identity number programme targets completion by end 2025. Once the universal identity number is fully integrated with the GovESB, any government platform requiring identity verification will resolve against a single source. For the 248 fintech firms operating Know-Your-Customer at scale, this is the cost-base improvement covered at Section 3.3 (approximately USD 1,200 to USD 5,400 in monthly per-firm onboarding cost saved by moving customer coverage from 80% to 95%). For the broader compliance-cost reduction across the panel, the universal identity completion is the most concentrated single reform available in the immediate horizon.

## 3.7 Reform Readiness Index 2025: infrastructure component

The infrastructure component of the Reform Readiness Index reads 58.83 on a 0 to 100 scale, the equal weighted mean of 6 sub-components drawn from the substantive content of Sections 3.1 through 3.6.

**Figure 3.7.1.** Reform Readiness Index — infrastructure sub-components.



Infrastructure sub-components — the operating reality of the panel.

| Reform Readiness sub-component                 | What it means in the operating reality of the panel                                                                                                                                                                                             |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Digital connectivity                           | 4G covers 94.2% of population; mobile-money penetration 76% adult; 30 Mbps average speed unlocks real-time fintech and synchronous telehealth; fibre density thin outside Dar es Salaam business districts                                      |
| Power reliability                              | Business Ready Utility 72.75 against 41% national outage rate; hardware founders bear USD 1,200-4,500 monthly diesel costs outside Dar es Salaam; software founders shift hosting offshore                                                      |
| Cloud and digital rails                        | TIPS retires bilateral-integration burden for fintech, freeing 6-12 months of pre-launch engineering; international hyperscaler regions host 93% of digital-product startups; local data-centre layer handles healthtech and identity workloads |
| Physical innovation infrastructure             | Hub density concentrated in Dar es Salaam at 25-30 spaces against 4-6 in Arusha, 2-4 in Mwanza/Dodoma/Zanzibar, fewer than 10 across Mbeya/Iringa/Morogoro/Kilimanjaro/Tanga combined                                                           |
| Logistics                                      | TPA volume +15% year on year; SGR freight unlocks 40-60% cost reduction on main corridor; last-mile cost premium 1.8x Nairobi at urban scale                                                                                                    |
| Government digital services and addressability | World Bank GovTech Group A; 7 operational platforms save founders 15-25 working days annually on compliance; addressability gap binds non-Dar es Salaam firms                                                                                   |

Source: TSESR Annex E; §3.1–§3.6.

The infrastructure component sits below the policy component reading of 62.5 covered at Chapter 2 and well below the TCSEI Infrastructure pillar reading of 87.85. The gap captures the difference between current capacity (TCSEI) and reform-readiness-to-improve-further (RRI). Tanzania's infrastructure is strong on current capacity and faces meaningful reform priorities on the dimensions that would lift it from 58.83 toward the 70 to 75 band that comparator economies registered at equivalent stage of ecosystem development.

## PART II

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# How the Ecosystem Works

Chapters 4–8 — the human-capital pipeline, finance, markets, ecosystem actors, and the knowledge and innovation system.

# Chapter 4

## Human Capital and Talent Pipeline

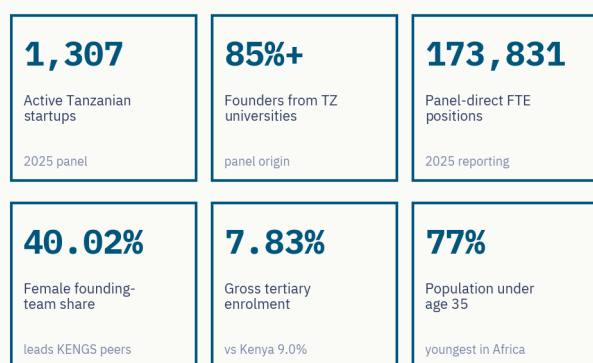
Reporting period: 1 January to 31 December 2025.

### 4.0 Opener

Of the 1,307 active Tanzanian startups in 2025, 85%+ of the founders graduated from Tanzanian universities. The panel employs 173,831 people in panel-direct full-time equivalent positions; 40.02% of founding teams include at least one woman, the highest founding-team gender ratio recorded in any of the report's 6 editions and ahead of every Kenya, Egypt, Nigeria, Ghana, and South Africa peer measurement. The talent ground on which the ecosystem sits is shaped by the youngest workforce on the continent: Tanzania's 2022 Population and Housing Census recorded 77% of the population under the age of 35.

**Figure 4.0.1.** Human-capital & talent-pipeline dashboard, 2025.

#### Human capital & talent pipeline, 2025



Source: TSER panel; NBS 2022 Census; World Bank.

The opportunity is large. The bottleneck is also large. Tanzania's gross tertiary enrolment ratio stood at 7.83% in the most recent World Bank harmonised reporting cycle, against Kenya at 9.0% and Egypt at 35.1%. The pipeline that produces the talent the panel hires is narrow at the entry gate, concentrated in a handful of universities, and weighted toward education and social science rather than the engineering, ICT, and applied-science streams that the panel disproportionately demands.

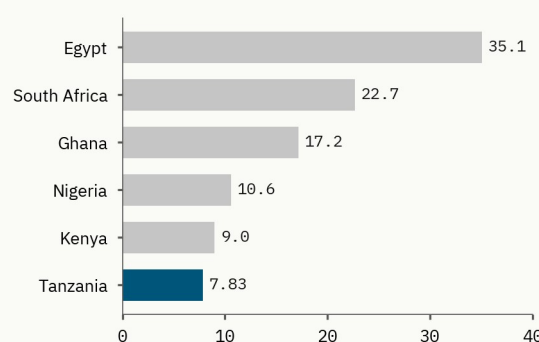
### 4.1 The tertiary education pipeline

The Tanzania Commission for Universities registered 52 university institutions across the country as of

March 2025, ranging from established public universities to specialist private institutions. Tanzania Commission for Universities reporting for 2023 records 56,520 graduates across 17 fields of study in a single year. The internal composition matters more for the startup economy than the headline number. Education programmes produced 15,103 of those graduates, the largest single field at roughly 27% of total output. Engineering produced 2,534. Agriculture produced 1,700. Mining and earth sciences produced 305. The pipeline ratio of engineering-to-education graduates ran 1:6 in 2023; the panel hiring ratio in fintech, ICT, and clean-energy firms ran the opposite direction, with engineering and ICT roles outnumbering general-administration roles by approximately 4:1 in growth-stage firms.

**Figure 4.1.1.** Gross tertiary enrolment ratio — Tanzania vs KENGs.

#### Gross tertiary enrolment vs KENGs



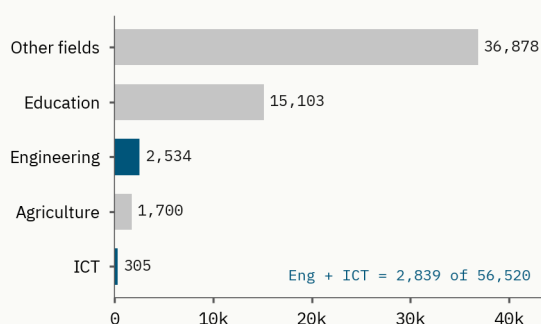
Source: World Bank; UNESCO UIS; TCU, 2023–25.

The founder-university distribution in the panel narrows the picture further. 19% of surveyed founders graduated from the University of Dar es Salaam, 7.6% from Sokoine University of Agriculture, 6.3% from Mzumbe University, and 6.3% from the Institute of Finance Management. Together these four institutions account for 39% of the founder pool, and the residual 46% who report Tanzanian university credentials are distributed across the remaining 48 registered institutions. The founder-pipeline is therefore considerably more concentrated than the graduate-pipeline. The University of Dar es Salaam carries roughly 6% of national university graduates but supplies 19% of the founder pool, a 3-to-1 over-representation that captures the structural

role of the country's flagship institution as the principal incubator of founder talent.

**Figure 4.1.2.** Graduate output by field, 2023.

#### Graduate output by field, 2023



Source: TCU graduate statistics 2023.

Tanzania's gross tertiary enrolment ratio at 7.83% is the binding pipeline constraint at the entry level. Kenya at 9.0% supplies roughly 15% more tertiary-educated entrants per cohort. Egypt at 35.1% supplies roughly 4.5 times more. The pipeline gap against the Kenya-Egypt-Nigeria-Ghana-South Africa group is the structural reason that Tanzanian fintech and ICT firms describe engineering talent as the binding constraint on growth in their qualitative consultations, and the structural reason that the founder pool concentrates in the small set of universities that consistently produce employment-ready engineering and applied-science graduates. The Vision 2050 competitive industrial economy goal carries the same arithmetic: the manufacturing-share-of-GDP transition from 7.4% to comparator-country levels of 25% to 28% cannot proceed without a meaningful expansion at the tertiary entry gate.

A university spin-out featured in the report's case-study series, operating from the University of Dar es Salaam ecosystem, illustrates the alternative pathway: technical talent from a research lab carries forward into an operating firm without leaving the university campus. The model is replicable across the other registered institutions and is the implicit basis of the entrepreneurship-education reforms covered at Section 4.3.

## 4.2 Digital skills and ICT-specific training

The panel's 248 fintech firms, 131 ICT and deep-technology firms, and the digital-product cohort across every sector together generate the largest single category of hiring demand in the ecosystem: software engineers, mobile developers, data engineers, devops practitioners, product managers, and digital-product designers. The Tanzania

Commission for Universities reports ICT-related programmes at the University of Dar es Salaam, the University of Dodoma, St. Joseph University in Tanzania, Mzumbe University, Mbeya University of Science and Technology, and Sokoine University of Agriculture among others, but the annual ICT-graduate output remains below the panel's hiring volume on a per-firm basis. Founders running ICT-intensive firms describe the resulting picture: at most 60% of senior engineering roles fill from the university-direct pipeline; the residual 40% fill from the coding-bootcamp ecosystem, from in-house apprenticeship programmes, from sector-specific training partnerships with international operators, and from internal upskilling of generalist graduates.

The coding-bootcamp ecosystem is the second-largest pipeline layer for software engineering talent. Operators including the Sahara Ventures coding programme, the AfriCode programme, the AfricLP programme, and the various employer-led bootcamps run by NMB, CRDB, and the principal telecom operators together place several hundred engineers per year into operating firms. The pipeline is small against demand but materially closes the gap between university output and firm hiring need. Founders consistently describe the bootcamp pipeline as the source of mid-level engineering talent and the university pipeline as the source of senior-engineering and applied-science talent. The two pipelines operate in parallel rather than in sequence.

For hardware-startup firms, the technical-skills challenge is different. The 157 clean-energy firms, the agritech firms operating processing facilities, and the consumer-electronics firms across the panel require electrical engineers, mechanical engineers, mechatronics specialists, and product designers. The university pipeline for these specialties is thinner than for software engineering. Founders running hardware operations report sourcing electrical and mechanical engineers from a small set of universities (the University of Dar es Salaam College of Engineering and Technology, the Mbeya University of Science and Technology, the Nelson Mandela African Institution of Science and Technology) with hiring lead times of 3 to 9 months for senior roles. The bootcamp ecosystem does not yet serve the hardware-engineering pipeline at scale.

Skills-to-firm match at the digital layer carries a recurring qualitative finding from founder consultations: graduate-level entrants typically require 6 to 12 months of in-firm training before they reach the productivity standard the firm needs for client-facing work. The training cost ranges USD 1,500 to USD 4,000 per hire amortised across the training period, a cost that bootstrapped-growth

firms describe as a binding constraint on hiring pace and that institutionally-funded firms describe as the unavoidable cost of building team capacity at the rate the firm's growth trajectory requires.

The programming-language distribution surfacing from the founder consultations and from the panel's stated hiring profiles concentrates on a small set: JavaScript and TypeScript for web and mobile front-end, Python for data engineering and machine learning, Java and Kotlin for Android-native development, Swift for iOS-native development, PHP and Laravel for legacy web back-end, Node.js for cross-platform back-end, and increasingly Rust and Go for performance-critical infrastructure. Mobile-first development dominates because Tanzania's customer base operates on the mobile spine covered at Chapter 3. The cohort of senior engineers fluent in modern mobile-and-cloud stacks is materially smaller than the cohort fluent in older web frameworks. Firms operating at the leading edge of the technology stack consistently describe hiring senior engineers as the binding constraint that determines product-roadmap pace.

The international-sourcing rate among panel firms running senior engineering teams sits in the low double-digit range. Founders running cross-border teams bring in Kenyan, Nigerian, South African, and increasingly Indian senior engineers on a remote-first basis, accepting the time-zone friction in exchange for skills access. The work-permit timeline of 8 to 12 weeks for routine technical roles covered at Chapter 2 weighs on this strategy when the senior engineer needs in-country presence; firms structure the role as a remote engagement where it can absorb that structure.

### 4.3 Entrepreneurship education

A growing set of Tanzanian higher-learning institutions have stood up entrepreneurship education programmes through the 2018 to 2025 period. The University of Dar es Salaam Innovation and Entrepreneurship Centre, the Sokoine University of Agriculture Entrepreneurship Centre, the Mzumbe University Entrepreneurship Centre, the Institute of Finance Management Entrepreneurship Centre, and the Nelson Mandela African Institution of Science and Technology innovation hub are among the principal operating units. Their substantive content varies: some operate primarily as student-pitch-competition coordinators; others run structured curriculum modules embedded in business and engineering degree programmes; a smaller cohort operates as fully-fledged incubators with seed

funding, business-development support, and post-graduation founder networks.

**Table 4.3.1.** Higher-learning institution entrepreneurship programmes.

| Institution                                                  | Operating unit                         | Programme orientation                                                                                             |
|--------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| University of Dar es Salaam                                  | Innovation and Entrepreneurship Centre | Structured curriculum modules embedded in business and engineering degrees; principal incubator of founder talent |
| Sokoine University of Agriculture                            | Entrepreneurship Centre                | Agri-tech-oriented; supplies 7.6% of founder pool; agriculture-graduate pathway                                   |
| Mzumbe University                                            | Entrepreneurship Centre                | Business-school orientation; supplies 6.3% of founder pool                                                        |
| Institute of Finance Management                              | Entrepreneurship Centre                | Finance-and-FinTech orientation; supplies 6.3% of founder pool                                                    |
| Nelson Mandela African Institution of Science and Technology | Innovation hub                         | Deep-tech and applied-science; research-to-spinout pathway; senior-engineering hires                              |

Source: TCU; institutional reporting, 2025.

The qualitative material from the entrepreneurship-education ecosystem surfaces three recurring patterns. First, the programme quality varies sharply across institutions; the universities with structured curriculum modules embedded in the degree programme produce founders at materially higher rates than the universities operating ad-hoc pitch competitions. Second, the bridge from entrepreneurship-education programme to operating-firm activity remains thin; most programmes have not yet built systematic founder follow-on tracking or alumni-network capital-raising support. Third, the school-level entrepreneurship exposure (introduction of entrepreneurship as a subject in secondary education) operates at policy level but has not yet translated into measurable shifts in tertiary-stage founder formation rates.

For the panel's 1,307 firms, the entrepreneurship-education pathway is one of three principal founder-formation routes. The other two are sector-experience-into-startup (founders building firms in sectors where they previously held employment, the dominant pattern for fintech and clean-energy firms) and university-research-into-spinout (founders carrying forward technology developed in academic research, the dominant pattern for deep-tech and agri-tech firms). The entrepreneurship-education programmes serve principally the first-time-founder cohort that does not have prior sector experience and is not carrying a research project forward; this cohort tends toward the digital-services, e-commerce, and consumer-product segments rather than the deep-tech and capital-intensive sectors. An

EISO alumni progression featured in the report's case-study series illustrates the route from university programme through EISO incubation to operating firm at the first-institutional-capital stage.

The vocational-entrepreneurship layer sits parallel to the university programmes. The Vocational Education and Training Authority and the National Council for Technical, Vocational Education and Training together oversee a vocational-training infrastructure that included 559 technical-education centres and 715 vocational-training centres at the latest harmonised reporting in 2020. Vocational graduates feeding into startup activity concentrate in agritech (food processing, mechanisation), clean-energy (solar installation and maintenance), hardware-manufacturing (electronics assembly, plastics, textiles), and creative industries (graphic design, multimedia production). The vocational-graduate pathway into operating firms runs primarily through employee roles rather than through founder roles; the founder-cohort representation from vocational backgrounds is small relative to the university-graduate cohort.

The school-level entrepreneurship-exposure layer remains the weakest of the three layers. Secondary-school curriculum reform to include entrepreneurship as a subject has been gazetted but operational delivery at the school level varies sharply across regions and institutional types. The founder consultations surface a recurring observation: founders who attribute their interest in starting a firm to school-level exposure remain rare; the dominant attribution runs to university-level activity, sector-employment exposure, or family-business background. The school-level layer is therefore a long-cycle investment that will produce founder-formation effects 10 to 15 years downstream rather than in the current reporting cycle.

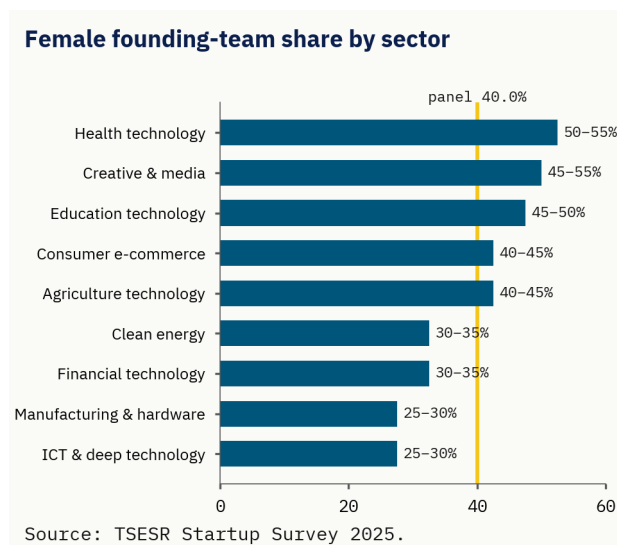
## 4.4 Gender and youth dimensions

40.02% of founding teams in the 1,307-firm panel include at least one woman. The reading is 1.32 percentage points below the 2024 baseline of 41.34% recorded in the 1,287-firm STR sample, a year-on-year shift that sits well inside the Wilson confidence interval at 90%. Female solo-led startups account for 15.99%, almost identical to the 16.03% 2024 baseline. The female founding-team share is the strongest gender reading in any Kenya-Egypt-Nigeria-Ghana-South Africa peer measurement; the Kenya baseline runs in the 33% to 36% range, the Nigeria baseline in the 28% to 32% range, and the Egypt baseline in the 18% to 22% range. Tanzania carries a structural advantage at the founder-cohort

gender level that the chapter analyses but the report does not yet fully explain.

Female founding-team participation runs uneven across sectors.

**Figure 4.4.1.** Female founding-team share by sector, 2025.



The pattern indicates that female founder participation runs strongest in sectors with high-touch customer engagement and consumer-product orientation, and runs weakest in capital-intensive and technical-engineering-intensive sectors. The 25% to 30% reading in ICT and deep technology mirrors the lower female share at the tertiary-pipeline level in engineering and applied-science programmes. The structural reform pathway is at the pipeline gate rather than at the founder-formation stage; the founder-formation rate among women in engineering disciplines is comparable to men once both pass the tertiary entry gate.

Women-founder consultations conducted in Dar es Salaam, Dodoma, Mwanza, and Mbeya surface three recurring patterns. First, the absence of female engineering-talent supply weighs on founder hiring decisions; women-led tech firms report particular difficulty recruiting senior female engineers. Second, the maternity-and-return pathway for senior engineers is structurally weaker than in peer comparators; firms describe losing senior female engineers at the 1-to-2-year-post-maternity-return point at higher rates than the equivalent male cohort. Third, female-founder access to networks (capital-provider networks, investor-pitch networks, peer-CEO networks) operates at lower density than male-founder networks, a gap that the chapter on ecosystem actors covers substantively.

The under-35 founder cohort dominates the panel. 77% of Tanzania's population is under 35; the founder distribution by age skews even younger,

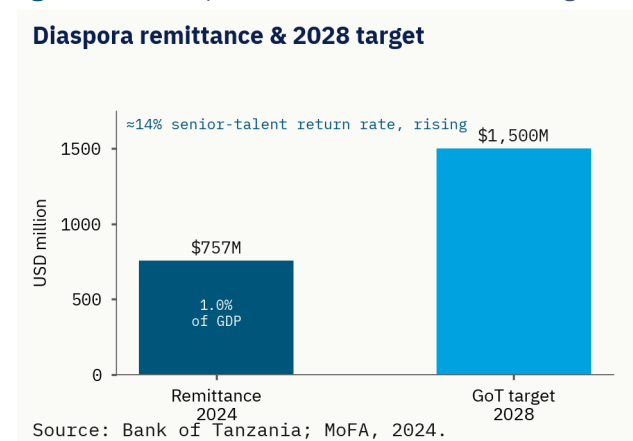
with founder-age median estimates running in the 28-to-33 range across the panel. The under-30 founder cohort is the principal builder of digital-first products in the e-commerce, education-technology, and consumer-services segments. The 35-to-45 founder cohort dominates the hardware-manufacturing, clean-energy, and applied-research segments where the multi-year product-development cycle requires longer founder experience and more substantial pre-launch capital commitment. Youth-founder consultations in Morogoro and Dodoma highlight the youth-cohort dependence on EISO infrastructure as the principal alternative to family or savings-based pre-seed capital that the missing-segment ticket range covered at Chapter 5 reveals is structurally constrained.

A high-growth female-founded firm featured in the report's case-study series operates from Dar es Salaam and demonstrates the female-led-firm growth trajectory through the institutional-capital stage. A youth-led regional export-services firm in Morogoro demonstrates the youth-cohort regional-firm trajectory at smaller scale and with longer growth horizon.

## 4.5 Brain drain and diaspora dynamics

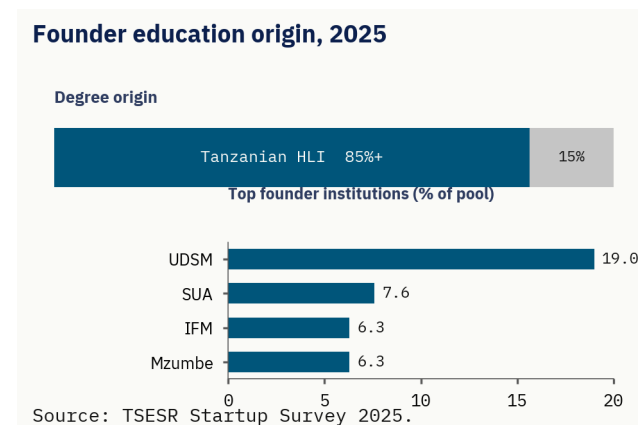
The Tanzanian diaspora remitted USD 757 million in 2024, equivalent to 1.0% of national GDP. Half-year inflows for July to December 2024 reached TZS 2.116 trillion, an annualised running rate above the TZS 2.045 trillion full-year 2023 figure. The Government of Tanzania has set a target of USD 1.5 billion in annual diaspora remittances by 2028, a near-doubling that the Ministry of Foreign Affairs is pursuing through the Diaspora Digital Hub registration platform and the International Organisation for Migration mapping exercise underway through 2024 and 2025.

**Figure 4.5.1.** Diaspora remittance and the 2028 target.



The diaspora-as-talent dimension is distinct from the diaspora-as-capital dimension. The capital flow runs through remittance channels and through investment instruments including the UTT-AMIS Collective Investment Scheme (TZS 7.5 billion in diaspora contributions in 2024, up from TZS 6.4 billion in 2023) and direct real-estate investment (TZS 9.28 billion in 2024, up from TZS 7.56 billion 2023). The talent flow runs in two directions: outbound Tanzanian graduates and mid-career professionals taking employment in Europe, North America, the Gulf, and East African peer economies; and inbound diaspora-return technical talent bringing senior engineering, product, and capital-raising experience back into the Tanzanian operating-firm cohort.

**Figure 4.5.2.** Founder education origin and top institutions, 2025.



The qualitative material from a diaspora-focused informant surfaces several patterns. First, the return rate of senior diaspora technical talent into Tanzanian operating firms remains low but is rising through 2023 to 2025, partly on the strength of the TIPS interoperability layer covered at Chapter 3 and the institutional-capital flow into fintech and ICT covered at Chapter 5. Second, diaspora investment in Tanzanian startups operates primarily through angel-network channels rather than through formal venture-fund vehicles, a pattern that the absence of the limited-partnership fund vehicle covered at Chapter 2 directly shapes. Third, the diaspora-network-to-operating-firm bridge runs strongest among first-generation Tanzanian diaspora maintaining family-and-community connections to the country, and weakest among second-generation diaspora whose direct Tanzanian ties have attenuated.

Brain-drain estimation for Tanzania at the headline level is not formally published. The proxy indicators (graduate-emigration rate by university; international-employment placement rate among recent engineering graduates; healthcare-worker emigration rate) point to a moderate-but-not-acute

brain-drain pattern, materially below the rates observed in some West African and Eastern European comparator economies. The Vision 2050 talent agenda will need to address both outbound-talent-retention and inbound-talent-return as parallel reforms rather than treating one as the primary intervention.

The diaspora-investment-into-startups dimension carries particular weight at the missing-segment ticket range of USD 50,000 to USD 1,000,000 that the Chapter 5 financing analysis documents as the binding capital constraint. The diaspora cohort holds capital at this ticket scale, holds the international risk-appetite that domestic capital providers typically do not match, and holds the sector-specific knowledge to evaluate investment opportunities in fintech, healthtech, ICT, and clean-energy in particular. The structural opportunity is to channel a meaningful share of the USD 757 million annual remittance flow into structured startup-investment vehicles. The Tanzania Investment and Special Economic Zones Authority Diaspora Investment Window covered at Chapter 2, the angel-network infrastructure described in Chapter 7, and the limited-partnership fund vehicle pending Capital Markets and Securities Authority regulation adoption together constitute the instrument architecture that the structural opportunity requires. Diaspora-talent-return informants describe the capital-and-talent-bundling pattern explicitly: a returning senior

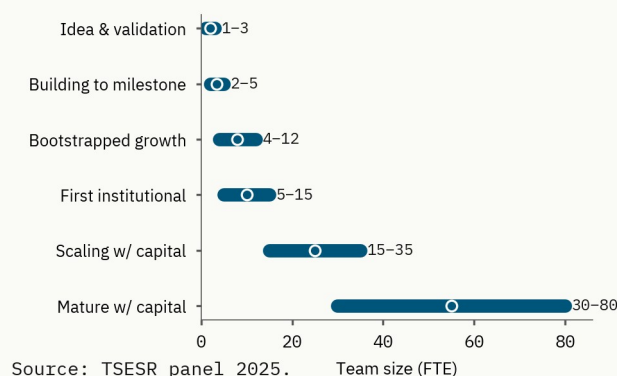
engineer who also brings investment capital is more valuable than either dimension alone, and the angel-network infrastructure that supports the bundled return is the principal infrastructure gap currently constraining flow.

## 4.6 The demand side: what startups hire at each lifecycle stage

The 1,307-firm panel hires at scale across 5 lifecycle stages. Team-size, role-composition, and compensation patterns differ materially across the stages.

**Figure 4.6.2.** Team size by lifecycle stage.

**Team size by lifecycle stage**



**Table 4.6.1.** Hiring patterns by lifecycle stage.

| Lifecycle stage                         | Team size                               | Dominant role mix                                                                 | Compensation level                                                                                                  | Hiring pattern                                                                             |
|-----------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Idea and product validation             | 1 to 3<br>(founder and co-founder team) | Founder, technical co-founder, design contractor                                  | Founder-equity-only or below-market sweat-equity; first-hire technical contractor at USD 600 to USD 1,200 per month | Network-based hiring; family and friends; university classmates                            |
| Building toward a product milestone     | 2 to 5                                  | Founders plus first 1 to 3 hires; technical-leaning; product, engineering, growth | Sub-market salary plus equity vesting; USD 800 to USD 1,800 per month                                               | Direct outreach to university programmes; coding-bootcamp graduates; first paid hire       |
| Bootstrapped growth, pre-institutional  | 4 to 12                                 | Founders plus engineering, sales, operations, customer support                    | Mid-market salary; USD 1,200 to USD 2,500 per month for technical roles                                             | Structured hiring; first formal HR processes; mix of direct hire and EISO-network referral |
| First institutional capital received    | 5 to 15                                 | Engineering, product, sales, finance, operations, marketing; first senior hires   | Market-rate plus equity; USD 1,800 to USD 4,500 per month for senior technical                                      | Active hiring; first executive search; diaspora-return engagement                          |
| Scaling with institutional capital      | 15 to 35                                | Full functional stack; first VP-level senior leadership; specialised engineering  | Above-market for senior; USD 3,500 to USD 8,000 per month for senior technical; equity for retention                | Aggressive hiring; competitive package; cross-border talent search                         |
| Mature firms with institutional capital | 30 to 80                                | Multi-departmental; specialised functions; international expansion teams          | Market-leading; USD 4,500 to USD 12,000 per month for senior; full benefits                                         | Structured talent function; succession planning; international talent imports              |

Source: TSESR Startup Survey 2025.

The hiring patterns map onto the regional concentration of capital. The 696 panel firms based in Dar es Salaam dominate the active-hiring cohort at the scaling-with-institutional-capital and mature-with-institutional-capital stages. The regional panel firms (185 in Arusha, 72 in Mwanza, 50 in Dodoma,

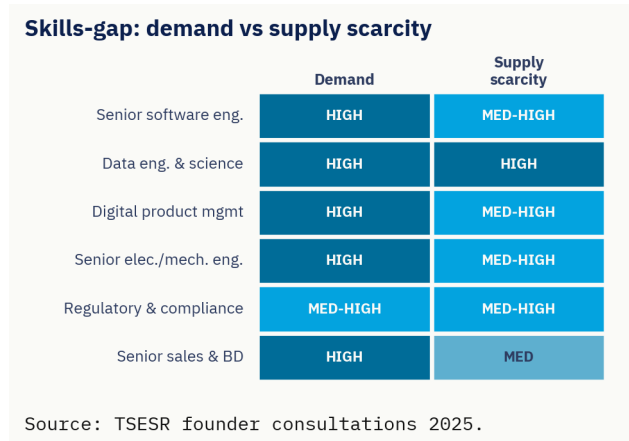
and the smaller cohorts in Mbeya, Morogoro, Tanga, Kilimanjaro, Iringa, and Zanzibar) operate at smaller team-size at equivalent capital-stage, partly reflecting the regional cost structure and partly reflecting the deeper local talent pool in Dar es Salaam.

Founder consultations surface a recurring decision pattern at the first-institutional-capital stage: firms that received their first institutional round between 2023 and 2025 spent on average 18 to 26 months from incorporation to first close, with the second 9 to 14 of those months absorbed primarily by team-building. The team-build phase is materially longer than the comparable Kenyan or Nigerian benchmark because the senior-engineer pool to draw from is shallower, and because diaspora-return engagement absorbs additional time per senior hire.

4.7 Skills gaps and bottlenecks

The skills-gap diagnostic emerging from founder consultations and from the panel demand-side pattern identifies 6 areas of binding talent scarcity.

Figure 4.7.1. Skills-gap — demand versus supply scarcity.



The skills-gap cost as a percentage of revenue foregone is not yet anchored at the panel level in Phase 4 measurement and will need targeted survey work in the next reporting cycle. The qualitative pattern from founder consultations places the cost in the high-single-digit to low-double-digit range, with the heaviest cost concentration in firms attempting their first institutional-capital round (where the team-build phase absorbs founder time at the cost of revenue-generation activity) and in scaling firms attempting cross-border market entry (where the senior-leadership build lags the market opportunity).

The cohort-specific friction differs between firms operating in the digital-first sectors (fintech, ICT, edtech, e-commerce) and firms operating in the hardware-and-physical-product sectors (clean-energy, agritech, manufacturing, healthtech-devices). Digital-first firms describe the skills-gap as a velocity constraint: the firm could grow faster if it could hire faster, and the binding constraint runs through senior-engineer availability rather than through senior-engineer cost. Hardware-and-physical-product firms describe the skills-gap as a capability constraint: certain product categories

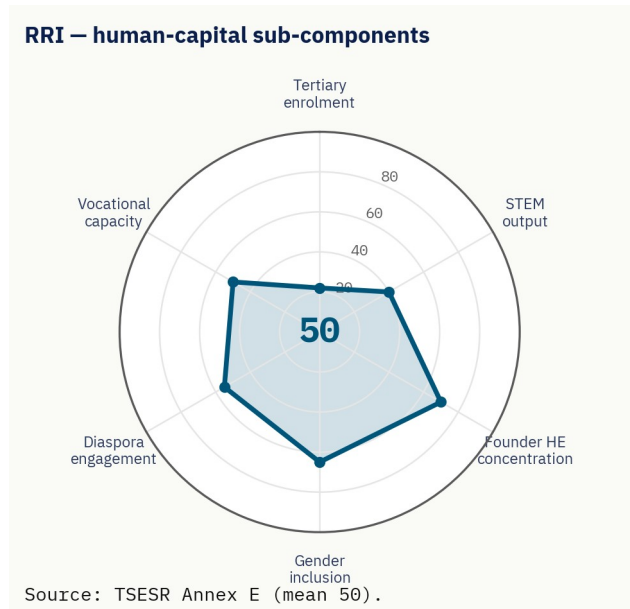
cannot be built at all because the specialist talent (electrical-design engineers, mechanical-design engineers, hardware-firmware specialists) is functionally not available in the local labour market. The two constraint types require different reform interventions; the velocity-constraint sectors benefit from bootcamp-style rapid-pipeline expansion, while the capability-constraint sectors benefit from university-level engineering-pipeline expansion combined with structured diaspora-return.

The disability-inclusion dimension surfaces a parallel finding from a sector-specialist informant: persons with disabilities are materially under-represented in the panel's hired workforce and in the founder cohort. The supply-side pipeline at the tertiary level reaches the disability cohort at a fraction of the headline rate, and the firm-level recruitment practices do not yet consistently accommodate the cohort. The Vision 2050 livelihoods goal cannot be operationally met if the talent pipeline excludes this segment of the eligible-population base.

4.8 Reform Readiness Index reading

The RRI Chapter 4 sub-component for 2025 is constructed as the equal-weighted mean of 6 sub-readings on the 0 to 100 scale.

Figure 4.8.1. Reform Readiness Index — human-capital sub-components.



Tertiary enrolment readiness is the weakest sub-reading at 22, driven by Tanzania's gross tertiary enrolment ratio of 7.83% against the KENGS comparator readings of Kenya 9.0% and Egypt 35.1%. STEM graduate output at 40 reflects the 2,534 engineering graduates plus the 305 mining-and-earth-sciences graduates plus the 1,700

agriculture graduates produced from the 2023 cohort against the panel's specialist-talent demand. Founder higher-education concentration at 70 reflects the 85%-plus founder-population share graduating from Tanzanian institutions, with the University of Dar es Salaam (19%), Sokoine University of Agriculture (7.6%), Mzumbe (6.3%), and the Institute of Finance Management (6.3%) producing the largest concentrations. Gender inclusion at 65 reflects the 40.02% female-founding-team share and 15.99% female solo-led share that place Tanzania at or above KENGS peer levels on gender participation in the founder cohort. Diaspora engagement readiness at 55 reflects the USD 757 million 2024 remittance inflow plus the Diaspora Digital Hub registration platform plus the operational UTT-AMIS Collective Investment Scheme; the score is held below 70 by the limited deployment of formal diaspora-investment

instruments at the startup-financing tier. Vocational and technical-training capacity at 50 reflects the 559 operational NACTVET technical-education centres plus the 715 VETA centres, against the cumulative demand-side reading that the bootcamp-and-vocational pathway runs at a fraction of the demand-side requirement documented in §4.2 and §4.7.

The composite Chapter 4 RRI sub-component at 50 sits in the mid-band of the per-chapter sub-totals. The reading is consistent with a human-capital base that is structurally constrained at the upstream (tertiary enrolment) layer, broadly distributed at the founder-pathway layer, and supplemented by a diaspora-and-vocational pipeline that has not yet been operationally connected to the formal startup-talent demand.

Recommendations for this chapter sit in Ch12 Pathway 3 (Talent), rows 1-7; the full register is at [startupreport2025.tsa.co.tz/data](http://startupreport2025.tsa.co.tz/data).

**Table 4.10.1.** Stakeholder implications.

| Stakeholder                                                    | Chapter 4 implication                                                                                           | Direction of action                                                                                            |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| MoEST + TCU + NACTVET                                          | Gross tertiary enrolment 7.83% vs Kenya 9.0% / Egypt 35.1%; engineering output 2,534 vs education 15,103        | Expand tertiary entry gate; rebalance field-of-study composition toward engineering, ICT, applied sciences     |
| Higher-learning institutions (UDSM, SUA, Mzumbe, IFM, NM-AIST) | Founder concentration in 4 institutions (39%); structured entrepreneurship modules outperform ad-hoc programmes | Embed structured curriculum modules; build founder follow-on tracking and alumni capital-raising networks      |
| Capital providers + EISOs                                      | Senior-engineering hiring lead time 3-6 months; missing-segment USD 50K-1M ticket band binds team-build phase   | Underwrite team-build risk at first-institutional stage; co-fund coding-bootcamp pipeline at scale             |
| Diaspora policy stakeholders (MoFA + TISEZA)                   | USD 757M annual remittance (1.0% GDP); GoT target USD 1.5B by 2028; diaspora-investment-into-startups gap       | Operationalise Diaspora Investment Window; channel remittance flow into structured startup-investment vehicles |
| Women-founder networks + sector associations                   | 40.02% female founding-team share leads KENGS; weakest in ICT/deep-tech (25-30%) and manufacturing (25-30%)     | Targeted pipeline at engineering entry gate; structured maternity-and-return for senior female engineers       |
| VETA + NACTVET + bootcamp operators                            | 559 NACTVET + 715 VETA centres; coding-bootcamp + vocational pipeline runs below demand-side requirement        | Scale bootcamp + vocational pipeline to match demand-side; formalise sector-specific training partnerships     |

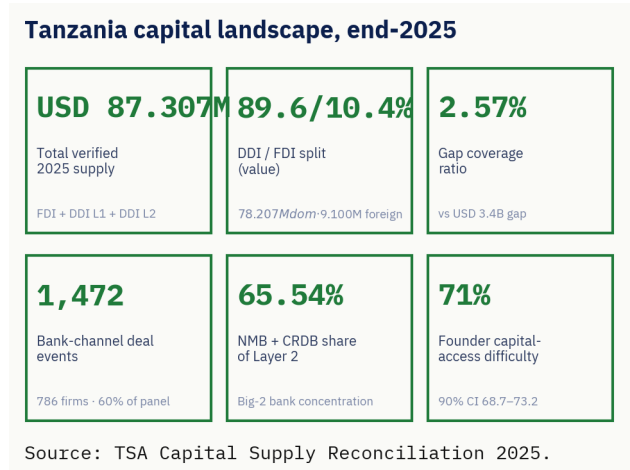
Source: TSESR 2025; Ch12 Pathway 3.

# Chapter 5

## Finance and Capital Access Across the Startup Journey

Reporting period: 1 January to 31 December 2025.

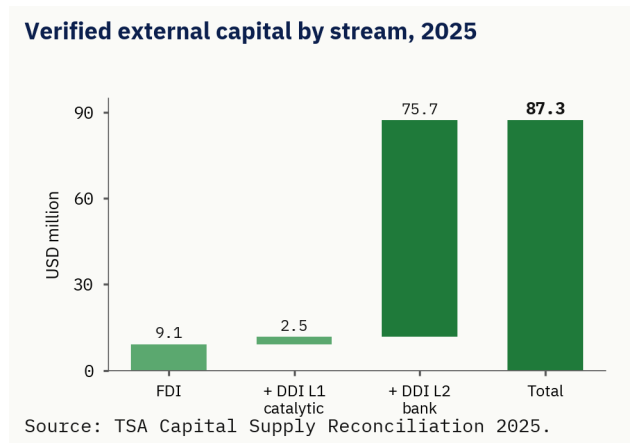
Figure 5.0.1. Capital Dashboard.



### 5.1 The 2025 financing picture

In 2025, USD 87.307 million of verified external capital reached scalable Tanzanian startups, equivalent to TZS 218.27 billion at the Bank of Tanzania December 2025 midpoint of TZS 2,500 to the dollar. Domestic capital provided 89.6% of that total. Foreign capital provided 10.4%. The split inverts the longstanding narrative that Tanzania’s startup ecosystem runs on offshore equity.

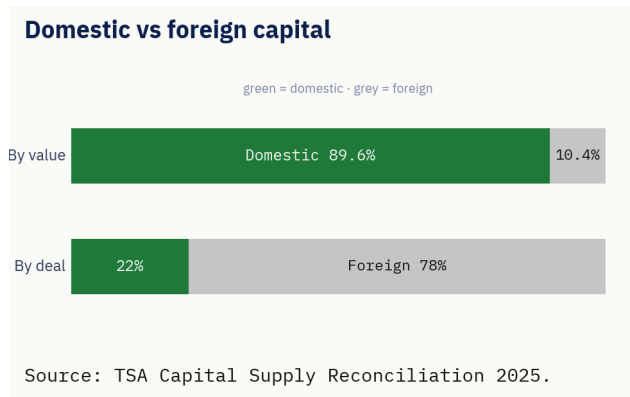
Figure 5.1.1. Capital By Stream.



The headline figure aggregates three distinct streams. Foreign direct investment from offshore investors disbursed USD 9.100 million across 28 deals to 22 unique recipient startups. A disclosed domestic stream of catalytic grants, equity, and concessional capital from Tanzania-incorporated

institutions disbursed USD 2.547 million across 10 deals from 7 named disbursing institutions. A bank-channel stream, captured through the Bank-Channel Deal Register that tracks lending events to firms in the survey panel, disbursed USD 75.660 million across 1,472 deal events to 786 unique recipient startups. The bank-channel stream alone is 8 times larger than offshore equity and roughly 30 times the disclosed domestic catalytic stream.

Figure 5.1.2. Capital By Geography.



At the firm level, 786 of the 1,307 active firms received at least one bank loan in 2025. The remaining 521 firms, 40% of Tanzanian startups in 2025, did not. Average bank-channel ticket was TZS 129 million (approximately USD 51,400); the median was TZS 84 million (approximately USD 33,500). These are working-capital-scale figures, not equity-scale figures. The same ticket size that funds 3 to 4 months of payroll at a 12-person Dar es Salaam fintech does not fund a Series A.

Against an estimated startup and innovative-SME financing gap of USD 3.4 billion, computed by applying the IFC March 2025 MSME Finance Gap methodology to Tanzania’s innovative-SME population of 60,000 to 100,000 firms, the verified 2025 supply closes 2.57% of the gap. The general MSME gap stands at USD 16.7 billion, 19% of 2025 GDP, aligned with the IFC benchmark across 119 emerging and developing economies. The investment-to-GDP closure ratio sits at approximately 0.05%.

A like-for-like deal-register decomposition tells a complementary story. Holding the comparison to the

announced-and-disclosed deal level, where bank-channel debt is excluded because it is reported in aggregate and not at the deal level, foreign capital accounts for 78% of disclosed deals against 22% for the disclosed domestic stream. The dominance of domestic capital in the verified-supply total is a feature of the bank channel, not of the announced equity market.

The 2025 figures sit on a 7-year arc. Between 2019 and 2025, 89 Tanzania deals were tracked by the principal continental aggregator; the cumulative disclosed value across all instruments was USD 315.8 million, of which USD 243.8 million was equity across 34 equity rounds. The arc carries 3 features that shape the rest of this chapter. Annual deal value has been outlier-driven, with a single large round defining the headline figure most years. Equity counts have been broadly stable in the 4-to-7-deal range since 2020. Grant activity has grown sharply from 2022 onward, concentrating in early-stage agri-food and climate-adjacent firms.

One deal of USD 120 million in Series B size was announced in February 2025 but did not disburse by 31 December 2025 and is excluded from the verified 2025 totals under the temporal-exclusion rule applied to all deals announced during the reporting period.

## 5.2 Foreign capital reaching named Tanzanian startups

Offshore investors disbursed USD 9.100 million across 28 deals to 22 unique recipients in 2025. By instrument, the FDI stream is 25.3% grants (19 deals, USD 2.300 million), 48.4% equity (8 deals, USD 4.400 million), and 22.0% debt (1 deal, USD 2.000 million). The remaining share sits in mixed or contingent instruments. The instrument mix tilts toward small grants by deal count and toward equity by value. Half of all FDI deals are below USD 200,000.

Figure 5.2.1. Bootstrap Share.



Four deals account for the bulk of FDI value. A USD 2.000 million debt facility from Shoko Chukin Bank

of Japan landed at Wassha, the energy-distribution company. A USD 1.500 million pre-seed round at Sumet, the cross-border payment platform, was co-led by ABAN and Catalytic Africa. Dawa Mkononi, the pharmaceutical-distribution platform, raised a USD 1.000 million Venture Round from Boehringer Ingelheim’s African investment programme. MazaoHub, the agritech firm with the densest 2025 deal coverage in the panel, closed a USD 1.000 million pre-seed round in August co-led by Impacc, Mercy Corps Ventures, and DOB Equity.

Repeat recipients tell the structural story. MazaoHub closed 4 disclosed FDI events totalling USD 2.800 million across grants, pre-seed, and convertible. NovFeed, the alternative-protein agritech, closed 3 deals totalling USD 0.500 million. Kilimo Fresh closed 2 deals totalling USD 0.200 million. Dawa Mkononi closed 2 deals totalling USD 1.200 million. The pattern indicates that offshore investors recycle into a small set of trusted vehicles rather than expanding the pipeline. Within the 22 unique recipients, 4 firms (18% of the recipient base) captured roughly 60% of FDI value.

Named investors that disbursed to Tanzanian startups in 2025 span 5 categories: development finance institutions (including DEG), strategic-corporate impact arms, specialist climate and agri funds (including DOB Equity, Elea Foundation, Nordic Impact Funds), angel networks, and foundation grants and accelerator equity (including Madica, Plug and Play, African Renaissance Ventures). Shoko Chukin Bank of Japan is the only commercial-bank-class debt provider in the 2025 FDI stream. The full per-category roster (17 named institutions) is in the companion at [startupreport2025.tsa.co.tz/data, Companion/Investors/Ch05\\_Offshore\\_Investors](http://startupreport2025.tsa.co.tz/data,Companion/Investors/Ch05_Offshore_Investors).

The sectoral concentration of FDI in 2025 sits in agri-food and climate-adjacent verticals. Fintech does not dominate. This inverts the 2024 pattern, when a single fintech Series A accounted for 73.7% of the year’s equity value and 78.3% of FDI by sector. The 2025 absence of a fintech anchor deal makes the underlying texture of agri-food and climate-driven capital visible.

The longitudinal context: across 2019 to 2025, the principal continental aggregator records 51 disclosed FDI events to Tanzania at a cumulative value of USD 82.5 million. The 2025 figure of USD 9.100 million across 28 deals is consistent with this 7-year trajectory in deal-count terms and below the annual average in value terms. Tanzania receives, in any given year, between 7 and 35 announced FDI events at a combined disclosed value of USD 10 million to USD 50 million. The 2025 figure sits at the lower end of that range.

The full FDI deal-level register (9 disclosed deals, recipient/sector/instrument/amount/lead investor) is in the companion at [startupreport2025.tsa.co.tz/data, Companion/Deals/Ch05\\_FDI\\_Deal\\_Register](http://startupreport2025.tsa.co.tz/data, Companion/Deals/Ch05_FDI_Deal_Register).

Source: TSA Capital Supply Reconciliation 2025; Africa: The Big Deal Database, Tanzania filter, 2025.

5.3 Domestic catalytic capital

The disclosed domestic stream of catalytic grants, equity, and concessional capital from Tanzania-incorporated institutions disbursed USD 2.547 million across 10 deals from 7 named disbursing institutions in 2025. At face value, this is a small number against the FDI stream. The fact that the disclosed domestic catalytic stream is approximately 28% the size of the FDI stream by value indicates that Tanzanian institutions are absorbing meaningful catalytic-capital deployment risk at the firm level rather than ceding it entirely to offshore investors.

The 7 institutions span 4 institutional types:

Per-institution narrative (FUNGUO, CRDB Bank Foundation including iMBEJU, Sahara Consult, SmartLab, SBAN, Vodacom Tanzania PLC) is in the companion at [startupreport2025.tsa.co.tz/data, Companion/Investors/Catalytic/Ch05\\_per\\_org\\_detail](http://startupreport2025.tsa.co.tz/data, Companion/Investors/Catalytic/Ch05_per_org_detail).

Serengeti Business Angels Network (SBAN), the principal organised angel platform in Tanzania, completed 2025 deals in the range of USD 5,000 to USD 50,000 per deal. SBAN's structural role alongside TAIN and Rhapta Capital is in the companion at [startupreport2025.tsa.co.tz/data, Companion/Investors/Catalytic/Ch05\\_SBAN\\_detail](http://startupreport2025.tsa.co.tz/data, Companion/Investors/Catalytic/Ch05_SBAN_detail).

These institutions are not all of one shape and they do not all deploy through one instrument. What unites them is that disclosed capital reaches Tanzanian-incorporated and Tanzanian-operated startups through Tanzanian-domiciled disbursement decision-making. The total of USD 2.547 million across 10 deals reflects the disclosed perimeter; the actual catalytic and pre-investment activity by these

institutions almost certainly exceeds this figure because not every deal is disclosed at the deal-record level.

The disclosed domestic stream is small at the headline level. It is structurally consequential because it sits at the seed and pre-seed stages where offshore equity is least active and where the most fragile firms in the pipeline are choosing between continuation and abandonment.

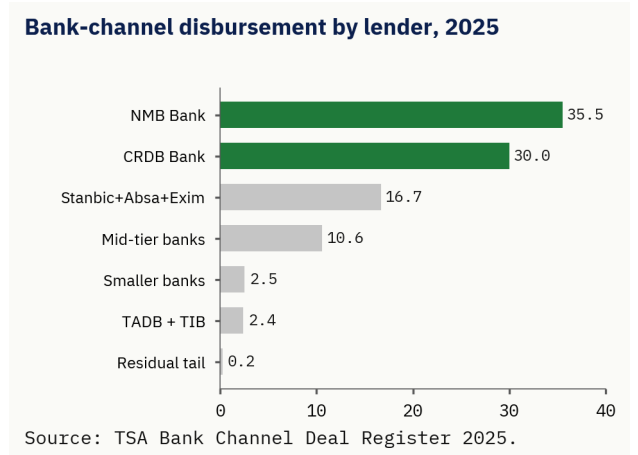
The full 7-institution catalytic-disburser table (institutional type and disbursement mode for each) is in the companion at [startupreport2025.tsa.co.tz/data, Companion/Investors/Catalytic/Ch05\\_Catalytic\\_Institutions](http://startupreport2025.tsa.co.tz/data, Companion/Investors/Catalytic/Ch05_Catalytic_Institutions).

Source: TSA Capital Supply Reconciliation 2025.

5.4 The bank channel to startup balance sheets

The bank-channel stream disbursed USD 75.660 million (TZS 189.15 billion) to 786 unique recipient firms across 1,472 separate deal events in 2025. This is the largest verified financing stream into Tanzanian startups in 2025 by a wide margin. Two commercial banks combined account for 65.54% of the bank-channel total.

Figure 5.4.1. Catalytic Programmes.



NMB Bank Plc disbursed USD 26.89 million across 560 deal events, equivalent to 35.54% of the bank-channel total. CRDB Bank Plc disbursed USD 22.70 million across 378 deal events, 30.00% of the bank-channel total. Combined, these 2 banks account for USD 49.59 million.

Three further commercial banks (Stanbic, Absa, Exim) account for 16.68% of bank-channel disbursement; the 5 largest commercial banks together cover 82.22%. Mid-tier commercial banks account for 10.58%. Smaller commercial banks and dedicated development-banking institutions

(Tanzania Agricultural Development Bank and Tanzania Investment Bank) account for the remaining 7.2%.

The bank channel reaches 60% of Tanzanian startups in 2025 firms (786 of 1,307). The remaining 40% (521 firms) accessed no bank-channel debt in 2025. This rate of bank-channel coverage is high by sub-Saharan African comparators; FinScope Tanzania 2023 records that 23% of formal MSMEs nationally access formal credit. The differential between 60% at the active-startup level and 23% at the formal-MSME level reflects the structural fact that the 1,307-firm panel is preselected for survival, scale, and registry visibility. The panel firms are not representative of the 3.2 million registered MSMEs nationally; they are the subset that has accumulated enough operating history to participate in formal financial flows.

Average bank-channel ticket size in 2025 was TZS 129 million (USD ~51,400); the median was TZS 84 million (USD ~33,500). The distribution is right-skewed. The largest single bank-channel deal in the 2025 register was approximately USD 0.5 million. Bank-channel debt to startups is principally working-capital and asset-finance debt at the SME scale; it is not patient capital, it is not equity-linked, and it does not carry the loss tolerance that early-stage equity needs to deploy.

What this implies for the founder experience. A panel firm seeking capital faces a high probability of receiving bank-channel debt (60% of active firms received at least one loan in 2025) and a low probability of receiving capital that absorbs early-stage product risk. The bank channel functions for revenue-generating firms at the post-product-market-fit stage. It does not function for pre-revenue or product-validation-stage firms.

The 2 dominant lending banks operate well-instrumented digital and branch channels. NMB Bank's lending to startup-class firms is principally conducted through the NMB Wakala agent network and the NMB Business Banking unit. CRDB Bank's lending is principally conducted through its SME desk plus the CRDB iMBEJU pipeline, which channels firms from the iMBEJU pre-investment programme into the bank's commercial lending facility once revenue and audit conditions are met. The bank-foundation-to-bank pipeline is a structural innovation that the rest of the bank-channel ecosystem has not replicated to the same level of integration.

The bank channel's structural concentration is its principal vulnerability. If either NMB or CRDB withdrew from startup-class lending, the bank

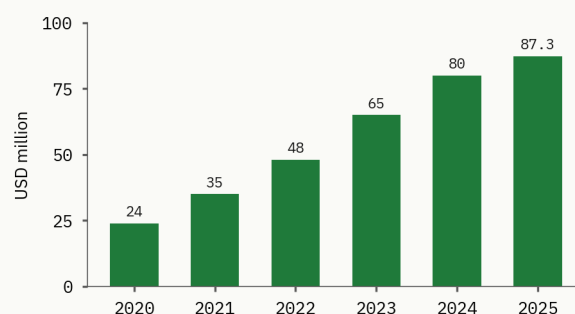
channel would shrink by roughly a third overnight. The depth of competitive coverage at the early-revenue stage is shallow.

## 5.5 Capital access from the founder's side

The panel of 1,307 active firms reports 2025 capital-access conditions that vary sharply by stage, sector, and region. 71% of founders rate capital access as difficult or very difficult; the 90% Wilson confidence interval is 68.7 to 73.2%. 39% of Tanzanian founders raised any external capital in 2025; 61% did not. Among those who raised external capital, the median round size was USD 75,000.

**Figure 5.5.1.** Multitag History.

### Verified capital supply, 2020–2025



Source: TSES Longitudinal Series; TSA, 2025.

**Table 5.5.1.** K3 Active Suppliers.

| Supplier                     | Origin / type                | Capital form         | Active in TZ | 2025 disclosed activity                                    |
|------------------------------|------------------------------|----------------------|--------------|------------------------------------------------------------|
| DEG (Germany)                | Bilateral DFI                | Grant + equity       | Yes          | 11 grant deals to Tanzanian startups; range \$0.050-0.500M |
| Mercy Corps Ventures         | US INGO-affiliated           | Equity               | Yes          | MazaoHub pre-seed USD 1.0M                                 |
| DOB Equity                   | Netherlands                  | Equity (impact)      | Yes          | Tanga Fresh; MazaoHub                                      |
| Madica                       | US accelerator               | Pre-seed equity      | Yes          | Medikea USD 0.200M                                         |
| Plug and Play                | US accelerator               | Pre-seed             | Yes          | Credable estimation deal                                   |
| Boehringer Ingelheim         | German corporate strategic   | Equity               | Yes          | Dawa Mkononi USD 1.000M                                    |
| Impacc                       | Switzerland impact           | Pre-seed             | Yes          | MazaoHub August round                                      |
| Alibaba Foundation           | China corporate philanthropy | Grant                | Yes          | 3 grants to Tanzanian agritech firms                       |
| Digital Africa (AFD)         | France bilateral             | Pre-seed grant       | Yes          | Kilimo Fresh                                               |
| Catalytic Africa             | Pan-African accelerator      | Pre-seed (co-invest) | Yes          | Sumet Energy USD 1.500M (with ABAN)                        |
| ABAN                         | Pan-African Angel            | Angel network        | Yes          | Sumet Energy                                               |
| Investing in Innovation (i3) | African innovation fund      | Grant                | Yes          | Dawa Mkononi second round                                  |

Source: TSA Capital Supply Reconciliation 2025.

**Table 5.5.2.** Disclosed K3 Deals.

| Year | Firm                      | Sector             | Ticket      | Investor(s)                         | Stage         |
|------|---------------------------|--------------------|-------------|-------------------------------------|---------------|
| 2020 | East Africa Fruits Co     | AgriTech           | Undisclosed | AAIC                                | Pre-Seed      |
| 2021 | Africa Healthcare Network | HealthTech         | Undisclosed | Africa Healthcare Partners          | Series A ext  |
| 2022 | SimuSolar                 | CleanTech          | Undisclosed | Energy Access Ventures              | Pre-Seed      |
| 2023 | NovFeed                   | AgriTech           | USD 1M      | Milken-Motsepe AgriTech Prize       | Grand prize   |
| 2024 | MazaoHub                  | AgriTech           | USD 0.700M  | GSMA Innovation Fund + others       | Pre-Seed      |
| 2025 | Sumet Energy              | CleanTech / Retail | USD 1.500M  | ABAN + Catalytic Africa             | Pre-Seed      |
| 2025 | Dawa Mkononi              | HealthTech         | USD 1.000M  | Boehringer Ingelheim                | Venture Round |
| 2025 | MazaoHub (Aug round)      | AgriTech           | USD 1.000M  | Impacc + Mercy Corps Ventures + DOB | Pre-Seed      |
| 2025 | Wassha                    | Energy & Water     | USD 2.000M  | Shoko Chukin Bank                   | Debt          |

Source: Africa: The Big Deal Database, Tanzania filter, 2025.

The headline difficulty rate of 71% has structural drivers. Founders interviewed for this report consistently identify 3 friction points in capital access. The first is the collateral-and-audited-accounts threshold at commercial banks. The standard requirement of 125% collateral against the loan principal and 3 years of audited financial accounts excludes firms in their first 4 years of operations, which is the cohort that bank-eligible commercial credit would, in principle, serve. Founders running asset-light digital businesses report that the collateral requirement is the binding constraint; founders running revenue-generating offline businesses report that the audited-accounts requirement is the binding constraint. The 2 cohorts experience the same bank perimeter as 2 different exclusions.

The second is the ticket-size gap between angel capital and commercial-bank debt. Organised angel networks (TAIN, Rhapta Capital, Serengeti Business Angels Network) write checks in the USD 5,000 to USD 50,000 range. Commercial banks lend at the TZS 50 million to TZS 500 million range (USD 20,000 to USD 200,000), but only against collateral and audited accounts. Microfinance institutions and

SACCOs disburse below USD 10,000 to non-corporate borrowers, typically against group-lending or chattel-pledge collateral. Between USD 50,000 and USD 1,000,000, the missing-segment ticket-size range identified by the Tanzania Alternative and Innovative Financing for SMEs and Startups Programme Ministerial Briefing, the financing supply is thin. Founders attempting to raise rounds in this range are forced to assemble convertible-debt stacks from multiple sources or to skip the stage entirely.

The third is the time-cost of round closure. The median round closure timing from term sheet to disbursement is approximately 11 months in panel firms that closed deals in 2025. For firms with 6 to 12 months of cash runway at the term-sheet stage, the timing is at the edge of viability. Founders adapt by running concurrent fundraising tracks (offshore equity, domestic catalytic, bank-channel debt) and accepting the first closeable instrument rather than waiting for the best-priced instrument. The behavioural pattern from interviews is consistent: founders frame fundraising as a portfolio risk-management problem, not an optimisation problem.

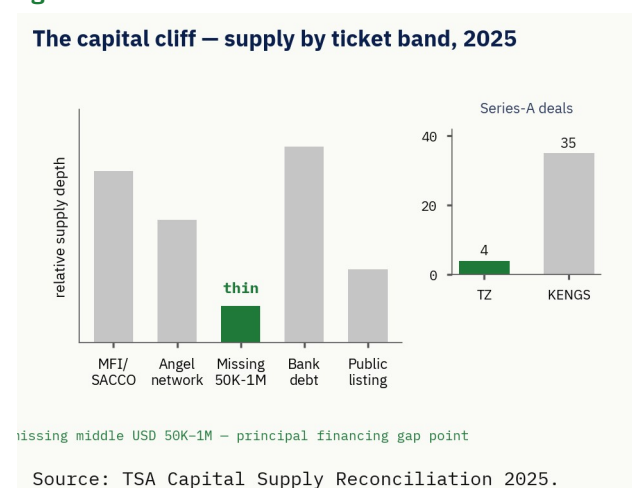
The 39% external-capital-raise rate carries a distributional implication. 61% of Tanzanian startups in 2025 operates on retained earnings, founder savings, and informal capital from family, friends, and personal networks. The reliance on informal capital is not a soft feature of the ecosystem; it is the principal capital source for the majority of active firms. The 2024 panel reading was directionally comparable, indicating that the 2025 rate is structural rather than cyclical.

Among founders who raised external capital, 4 patterns appear in the qualitative material. Firms with a clear export-revenue path attract offshore equity from specialist agri-food or climate funds at the pre-seed stage. Firms with revenue but without audited accounts attract catalytic grants from FUNGUO, the CRDB Bank Foundation IMBEJU programme, or other Tanzania-incorporated institutions. Firms with audited accounts and revenue above TZS 50 million attract bank-channel debt from one of the 5 largest commercial banks. Firms operating in the missing-segment ticket range without bank-eligible credentials run convertible-debt stacks or step down to smaller bilateral checks.

## 5.6 The capital provider's view

The capital-provider survey covers 81 institutions across foreign equity funds, domestic catalytic programmes, commercial banks, microfinance institutions, angel networks, and family offices active in Tanzania in 2025. The composite picture is one of supply constrained by structural risk-assessment infrastructure rather than by available capital.

**Figure 5.6.1.** K4 Cliff.



71% of surveyed capital providers report that the risk-rating data available to them on prospective Tanzanian startup borrowers is inadequate. The principal gaps reported are audited financial accounts, customer-and-revenue concentration data, working-capital cycles, and intellectual-

property valuation. Capital providers that operate in Tanzania alongside other African markets report that the Tanzania reporting environment lags the Kenya, Egypt, and Nigeria reporting environments in 2 specific ways: tax-and-revenue authority data flows do not yet integrate with the credit-reference-bureau-class infrastructure, and the public registry of company financial filings is thin relative to the active-firm population.

14% of capital providers report direct startup-channel exposure as a share of their Tanzania portfolio. The dominant exposure category is SME-class lending, which captures startups indirectly when they qualify as SMEs but which is not designed as a startup-finance product. Capital providers describe the SME-class lending product as the binding compromise: it is the only commercially viable instrument available to most providers in the Tanzania market, but it is not a startup-finance product in the sense that specialist seed funds or growth-equity funds are.

A pattern from interviews with capital providers: at the firm-level, providers report that their internal risk committees apply a Tanzania-specific haircut to base-case valuations, typically in the 30 to 50% range relative to Kenya-equivalent comparables. The haircut is justified by FX volatility, regulatory uncertainty (cited as the absence of a gazetted Startup Policy and the in-progress legislative cycle), enforcement-of-contract concerns, and exit-pathway thinness. The haircut suppresses term-sheet pricing and elongates closing timelines.

Capital providers consistently identify 3 enabling-environment improvements they would prioritise. The first is a gazetted Startup Policy with a clear definition of qualifying startups for tax, regulatory, and investment-vehicle purposes. The second is operational thresholds for tax incentives that align with venture-capital industry practice (capital gains treatment, carried-interest treatment, regulated investment-vehicle structures). The third is exit-pathway infrastructure (a viable secondary market for share sales below the Dar es Salaam Stock Exchange Main Investment Market threshold, a functional Enterprise Growth Market route to listing).

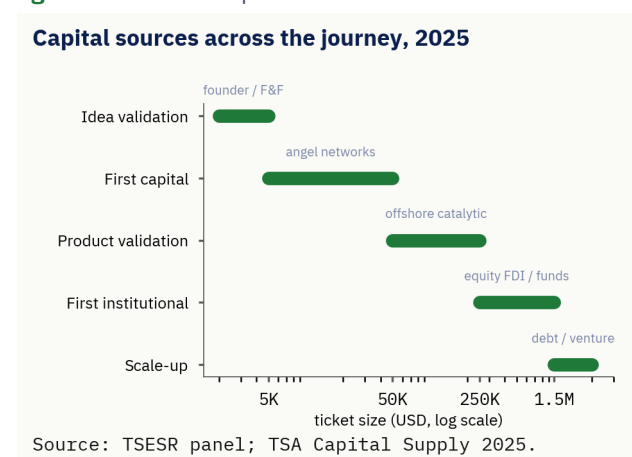
The qualitative material also surfaces a 4th theme that does not appear in the survey items: the capital provider's view that the local catalytic-and-angel layer is the principal lever. Capital providers consistently identify FUNGUO, the CRDB Bank Foundation programmes, Sahara Consult, SmartLab, SBAN, TAIN, and Rhapta as the institutions that close the pipeline-quality gap between idea-stage firms and bank-channel-eligible firms. Capital

providers describe the capacity of these institutions to deploy concessional and pre-investment capital at the USD 5,000 to USD 100,000 ticket range as the binding determinant of how many Tanzanian startups reach the next financing layer in any given year.

## 5.7 Capital at the journey stages

Tanzanian startups raise capital in a 5-stage progression that mirrors the firm-life-cycle structure of the panel: idea validation, first capital, product validation and early revenue, first institutional round, and scale-up. The capital-source mix differs at each stage. The transitions between stages, not the absolute capital availability at any one stage, are the binding constraint.

**Figure 5.7.1.** Reincorporation Pattern.



At the idea-validation stage, capital is principally founder savings, family and friends, and informal networks. Approximately 18% of Tanzanian startups in 2025 report that they raised no external capital in their first 18 months of operation; this is the share of firms that completed idea-validation entirely on founder-and-friends capital. Catalytic-and-grant capital from FUNGUO, the CRDB Bank Foundation iMBEJU programme, and SmartLab supports a subset of idea-stage firms at the USD 5,000 to USD 25,000 ticket range. Selection at this stage is high-touch and human-curated rather than data-driven, which reflects the absence of formal track-record data at this stage.

At the first-capital stage, organised angel networks (TAIN, Rhapta Capital, Serengeti Business Angels Network) write checks in the USD 5,000 to USD 50,000 ticket range, with some checks reaching USD 100,000 for outlier firms. The first-capital stage is the transition that most determines a firm's later trajectory: firms that close a first external check at this stage tend to close subsequent rounds at materially higher rates than firms that bootstrap past this stage. The qualitative material from founders

describes the first external check as both a financing event and a credentialing event: it signals to subsequent capital providers that the firm has been validated by an independent third party.

At the product-validation and early-revenue stage, the capital mix broadens. Offshore catalytic capital (Madica, Plug and Play, African Renaissance Ventures, Investing in Innovation, Elea Foundation) enters at the USD 25,000 to USD 250,000 ticket range. Domestic-catalytic capital from Vodacom Tanzania's corporate venture activity and from the Sahara Consult network enters at similar ticket scale. Bank-channel debt becomes accessible for the subset of firms that meet the collateral-and-audited-accounts threshold; the bank-channel coverage at this stage is approximately 35% of firms (a subset of the 60% panel-wide coverage).

At the first-institutional-round stage, the capital mix narrows. The 8 disclosed equity FDI deals of 2025 (totalling USD 4.400 million) sit in this stage. Specialist agri-food, climate, and impact funds (DOB Equity, Mercy Corps Ventures, Nordic Impact Funds, Livelihood Impact Fund) write at the USD 200,000 to USD 1,500,000 ticket range. The named 2025 first-institutional rounds (Sumet USD 1.5 million pre-seed; MazaoHub USD 1.0 million pre-seed; NovFeed multiple grants and pre-seed instruments) all cluster in this band.

At the scale-up stage, capital becomes structurally thin. The 1 debt facility of USD 2.000 million from Shoko Chukin Bank of Japan into Wassha and the venture round of USD 1.000 million into Dawa Mkononi are the only scale-up-class instruments in the 2025 verified-supply register. Below the Dar es Salaam Stock Exchange Enterprise Growth Market threshold of TZS 200 million minimum issued share capital, the listing route is not commercially attractive; above the threshold, the firm-eligibility conditions (20% public float, 300 shareholders) and the prospectus cost combine to make public listing impractical for almost all panel firms. 2 trade-sale exits and zero initial public offerings completed in 2025.

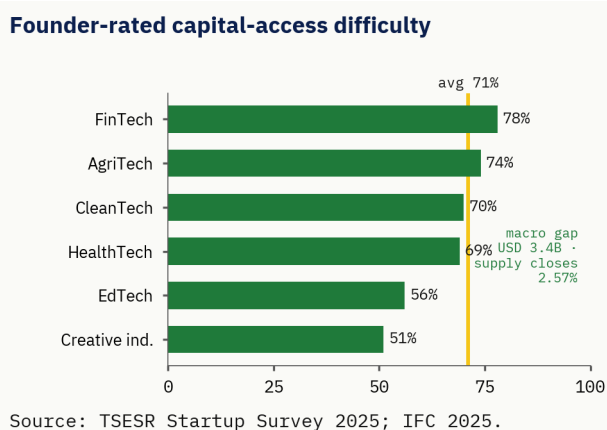
The progression carries 2 structural implications. The first is that the missing-segment ticket-size range of USD 50,000 to USD 1,000,000 is the gap point. Below this range, angel and SACCO and microfinance capital exists. Above this range, commercial-bank debt and Dar es Salaam Stock Exchange Main Investment Market listing exist. Between the 2, the supply is thin and the financing instruments available (convertible-debt stacks, multi-source pre-seed rounds, catalytic grants stacked into operating capital) are operationally

taxing for both the founder and the provider. The second is that the Tanzania scale-up layer is supply-constrained: a firm that closes a USD 1 million first-institutional round is more likely to look for its USD 5 million growth round at an offshore investor based in Nairobi, Lagos, Cape Town, or Cairo than at a Tanzania-domiciled provider, because the Tanzania-domiciled supply does not exist at that ticket range.

## 5.8 The financing gap from the field

Tanzania's startup financing gap presents differently when read from the founder side and from the provider side than when read from a macro-level model. The field reading and the macro reading converge on the same finding, but the field reading carries the operational specificity that the macro reading does not.

**Figure 5.8.1.** Financing Gap By Stage.



The field reading. 71% of active Tanzanian founders rate capital access as difficult or very difficult (90% Wilson confidence interval 68.7 to 73.2). 61% of active firms did not raise external capital in 2025. Among the 39% that did, the median round was USD 75,000. The qualitative material identifies 3 binding constraints, listed in 5.5: collateral-and-audited-accounts threshold at commercial banks, ticket-size gap between angel capital and commercial-bank debt, and 11-month round-closure timing.

The provider-side reading sits in 5.6. 71% of capital providers report inadequate risk-rating data. 14% of providers report direct startup-channel exposure as a share of their Tanzania portfolio. The Tanzania-specific haircut applied to base-case valuations sits in the 30 to 50% range relative to Kenya-equivalent comparables.

The sectoral specificity of the gap. Capital-access difficulty differs by sector: FinTech founders rate access difficult or very difficult at 78%; AgriTech at 74%; HealthTech at 69%; EdTech at 56%; Creative

industries at 51%. The differential is informative. Sectors with intangible-asset bases (FinTech and AgriTech in particular) are the worst-served, because bank collateral models do not price intangible assets and offshore equity supply at the pre-Series A stage is thin. Sectors with physical-asset bases or with revenue-cycle predictability (Creative industries, retail-adjacent EdTech) are better-served, because bank collateral models accommodate them more readily.

The regional specificity. 67% of the bank-channel deal value sits in Dar es Salaam and Arusha. The remaining 30% sits in 2nd-tier urban regions (Mwanza, Mbeya, Moshi, Dodoma, Tanga). 3% sits in all other regions combined. Dar es Salaam alone captures approximately 55% of bank-channel value. The regional concentration replicates the established urban concentration of Tanzania's formal commercial activity; what it does not reveal at the bank-channel level is whether non-Dar es Salaam founders are excluded by geography or by sector-of-operation. The qualitative material indicates that both factors apply: regional founders report having to travel to Dar es Salaam to access bank-credit decisions, and the sector mix in non-Dar es Salaam regions skews toward agriculture and food-processing, which bank models price conservatively.

The cross-check. The macro-level financing gap is estimated at USD 16.7 billion for general MSMEs and USD 3.4 billion for startup-and-innovative-SME firms, computed by applying the IFC March 2025 MSME Finance Gap methodology to Tanzania's MSME and innovative-SME populations. The verified 2025 supply of USD 87.307 million closes 2.57% of the startup-and-innovative-SME gap. The investment-to-GDP closure ratio sits at approximately 0.05% against a USD 88 billion 2025 nominal GDP. The IFC benchmark across 119 emerging-and-developing economies sets the general MSME gap at 19% of GDP; Tanzania sits at that benchmark. The IFC SSA 10-country benchmark sets the formal-SME credit-constraint rate at 53%; the founder-side observation from the panel (71% rating access difficult or very difficult) is consistent with a credit-constraint rate of that order of magnitude in Tanzania.

The macro number sets the ambition. The field readings set the operational priorities. Closing the USD 3.4 billion gap is not a year-2026 outcome; it is the multi-cycle trajectory that the ecosystem reform programme works toward. The annual outcomes that are tractable are: shrinking the 71% difficulty rate by 5 to 10 percentage points; raising the 39% external-capital-raise rate to 50%; narrowing the round-

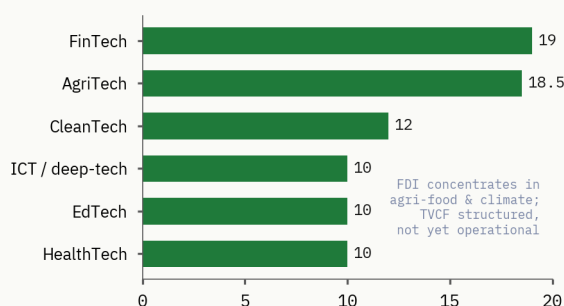
closure timing from 11 months to 6 months; and raising the share of bank-channel value sitting in non-Dar es Salaam, non-Arusha regions above 33%.

## 5.9 Sector patterns in financing

The 2025 financing distribution is sector-uneven in 2 ways: which sectors attract foreign capital, and which sectors meet the bank-channel-eligibility threshold. The 2 channels do not move together; a sector that is well-served at one channel can be thinly served at the other.

**Figure 5.9.1.** TVCF Status.

**Bank-channel financing by sector, 2025**



Source: TSESR panel; TSA Bank Channel Register 2025.

FDI sector concentration in 2025 sits in agri-food and climate-adjacent verticals: agritech (MazaoHub, NovFeed, Kilimo Fresh), healthtech-adjacent (Dawa Mkononi), payment infrastructure (Sumet), and energy-distribution (Wassha). Fintech does not anchor 2025 FDI in the way it anchored 2024 FDI (when fintech captured 78.3% of FDI by sector, driven by a single Series A). The absence of a fintech anchor deal in 2025 is a year-specific feature; it does not indicate a structural shift away from fintech.

Bank-channel sector concentration aligns with the panel's general sector distribution: fintech 19% of panel firms, agritech 18.5%, cleantech 12%, healthtech 10%, edtech 10%, ICT and deep technology 10%, creative industries 6%, e-commerce 5%, other sectors 9%. Sector regulation is a general ecosystem issue and the survey is the correct base for sector-distribution claims; bank-channel sector shares are skewed toward sectors with collateral-friendly business models and against sectors with intangible-asset bases.

The 2 sectors that capital providers identify as most under-served at the bank-channel are also the 2 sectors with the highest founder-rated access difficulty: FinTech (78% founder difficulty) and AgriTech (74% founder difficulty). The FinTech case is structural: fintech firms hold customer-receivables and intangible technology assets that bank collateral models do not price. The AgriTech case is partly

structural (seasonal revenue cycles that do not match monthly amortisation schedules) and partly informational (limited credit-bureau data on smallholder customers and on rural distribution networks).

The 2 sectors that capital providers identify as best-served at the bank-channel are EdTech (56% founder difficulty) and Creative industries (51% founder difficulty). The EdTech case is partly explained by the presence of B2B revenue from schools and universities that bank models accept as creditworthy counterparties. The Creative industries case is partly explained by the asset base in some sub-segments (post-production studios, equipment rental) and by the project-based revenue cycles that match short-tenor working-capital instruments.

CleanTech and HealthTech sit in the middle of the difficulty distribution at 69 to 70% founder difficulty. CleanTech firms attract offshore impact capital and climate-adjacent grants (Elea Foundation, Livelihood Impact Fund, Nordic Impact Funds) but rarely qualify for bank-channel debt at the pre-revenue stage. HealthTech firms benefit from the Tanzania Medicines and Medical Devices Authority sandbox and from corporate health-system off-take agreements where they exist, but face the same intangible-asset constraint as fintech at the bank channel.

The sectoral pattern carries an implication: a single financing-supply intervention will not close the gap symmetrically across sectors. Closing the FinTech and AgriTech gap requires intangible-asset-friendly debt instruments or pre-Series A equity supply. Closing the CleanTech and HealthTech gap requires concessional capital at the climate-and-health-impact interface. Closing the EdTech and Creative-industries gap is principally a question of scaling the existing bank-channel reach and the existing pre-investment-pipeline programmes.

## 5.10 Regional concentration of capital

67% of 2025 bank-channel value sits in Dar es Salaam and Arusha. The remaining 30% sits in the principal 2nd-tier urban regions (Mwanza, Mbeya, Moshi, Dodoma, Tanga). 3% sits in all other regions combined. Dar es Salaam alone captures approximately 55% of bank-channel value. The regional skew is sharper at the FDI level than at the bank-channel level: the named 2025 FDI recipients are concentrated in Dar es Salaam, with selective presence in Arusha and Moshi (agritech firms operating in the Kilimanjaro corridor) and effectively

no presence in southern, western, or coastal-southern Tanzania.

Figure 5.10.1. Capital Sector Heatmap.

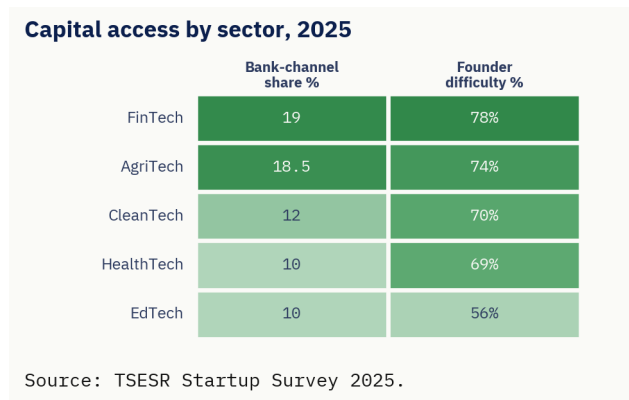
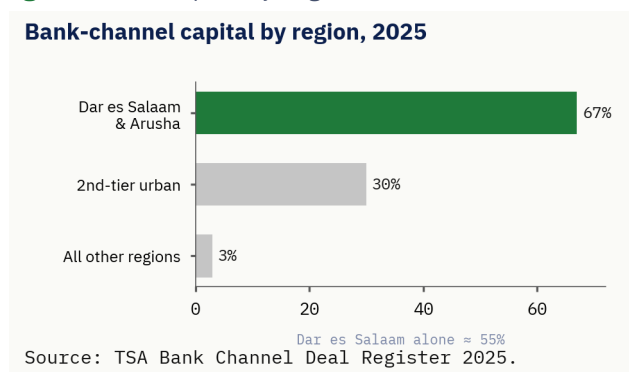


Figure 5.10.2. Capital By Region.



The regional pattern has 3 drivers. The first is the location of capital-provider decision-making. The principal commercial-bank credit committees, the offshore-investor representatives based in Tanzania, and the catalytic-programme administrative offices all sit in Dar es Salaam, with a secondary presence in Arusha. Founders in non-Dar es Salaam, non-Arusha locations report having to travel to access capital decisions; the travel cost is both a direct cost and an opportunity cost (the founder is away from the business for 2 to 4 days per fundraising interaction).

The second is the sector mix in non-Dar es Salaam regions. The regions outside Dar es Salaam and Arusha host a larger share of agriculture, livestock, fisheries, and natural-resource-adjacent firms. These sectors are more difficult to underwrite at the bank-channel and rarely match the thesis of the specialist FDI funds operating in Tanzania (which target fintech, payment infrastructure, healthtech, and selected agritech sub-segments).

The third is the absence of regional capital-provider infrastructure. Mwanza, Mbeya, Dodoma, Tanga, and the Lake Zone do not host commercial-bank credit committees with autonomous decision authority over startup-class loans, dedicated offshore-investor representation, or organised angel networks at scale. The 1 regional angel network at scale is the Serengeti Business Angels Network, which operates

principally from Arusha with selected outreach to Moshi.

The regional concentration implication: the bank-channel and FDI streams reach Dar es Salaam and Arusha founders at materially better terms than they reach founders elsewhere. The disclosed domestic catalytic stream (FUNGUO, CRDB Bank Foundation, Sahara Consult, SmartLab, SBAN, Vodacom Tanzania, and adjacent institutions) does extend partially into the 2nd-tier urban regions, but at a smaller ticket scale and at lower frequency. Closing the regional gap is principally a question of devolving capital-provider decision authority outside Dar es Salaam and Arusha and of supporting the formation of regional capital-provider institutions (regional angel chapters, regional bank-channel SME desks, regional catalytic-capital programme offices).

### 5.11 Capital instruments above and below the missing segment

The Tanzania capital stack has 4 layers, 2 of which function effectively and 2 of which are thin. The 4 layers, from smallest to largest ticket, are: microfinance and SACCO credit (USD 5,000 to USD 10,000); angel-network capital (USD 5,000 to USD 50,000); the missing segment (USD 50,000 to USD 1,000,000); and commercial-bank-and-DSE finance (above USD 200,000 for bank debt, above USD 5 million market capitalisation for public listing).

Microfinance and SACCO credit functions at the sub-USD 10,000 level for non-corporate borrowers. The instruments are group-lending, chattel-pledged, or guarantor-backed. Microfinance institutions are not designed as startup-finance instruments, but they capture some informal startup-stage capital where founders qualify as individual borrowers rather than as corporate borrowers. The MFI-and-SACCO layer is operationally sound at the USD 1,000 to USD 5,000 personal-borrower ticket; it does not extend up into the USD 25,000 corporate-borrower range.

Angel-network capital at the organised-network level functions at the USD 5,000 to USD 50,000 ticket through TAIN, Rhapta Capital, and Serengeti Business Angels Network. The networks operate principally in Dar es Salaam and Arusha; SBAN has the most active 2025 deal flow at the disclosed level. Angel-network capital is the principal first-external-capital instrument for first-time founders; the average angel ticket is USD 15,000 to USD 25,000 in 2025.

The missing segment. Between USD 50,000 and USD 1,000,000, financing supply is thin. The 8 disclosed equity FDI deals of 2025 (totalling USD 4.400

million) sit in this range; the 10 disclosed domestic catalytic deals (totalling USD 2.547 million) also sit in this range. Combined, that is USD 6.947 million across approximately 18 deals into the missing segment from the disclosed channels, equivalent to USD 386,000 per deal on average. The bank-channel reaches into the lower end of this range through its larger SME-class loans, but the bank-channel ticket distribution sits primarily below USD 50,000 (median USD 33,500). The missing-segment ticket count from the bank channel is therefore small.

Commercial-bank debt above USD 200,000 requires 125% collateral and 3 years of audited financial accounts. The Dar es Salaam Stock Exchange Enterprise Growth Market requires TZS 200 million minimum issued share capital and 20% public float; the Main Investment Market requires TZS 1 billion minimum issued share capital, TZS 1 billion profit-after-tax in 2 of the most recent 3 years, 25% public float, and 1,000 shareholders. The Enterprise Growth Market market capitalisation stood at TZS 215 billion in 2025; total listings were 5 firms. Below the USD 5 million market capitalisation threshold, a Dar es Salaam Stock Exchange listing is not commercially attractive. Above the threshold, the firm-eligibility conditions are restrictive for almost all panel firms.

The capital-stack diagnosis. The Tanzania capital stack closes at both ends and opens in the middle. Closing the middle requires either a new instrument category (a Tanzania-specific small-and-growing-business fund operating in the USD 50,000 to USD 1,000,000 range) or a structural change to the existing instruments (a lower bank-collateral requirement for innovative-SMEs; a lower Enterprise Growth Market threshold; a viable secondary share-sale market for founders to monetise minority positions below the IPO threshold).

The Tanzania Venture Capital Fund (TVCF), a BRELA-registered company set up to operate as a fund-of-funds manager, addresses the missing segment directly. TVCF is structured to deploy patient capital into Tanzania-domiciled fund managers at the USD 1 million to USD 10 million per-manager scale, allowing those managers to write USD 50,000 to USD 1,000,000 checks into innovative SMEs at terms that match firm cash cycles. The TVCF target is TZS 100 billion in capitalisation. The vehicle has been the subject of multi-agency consultation and structuring work across the period 2022 to 2025, including alignment with the Capital Markets and Securities Authority Capital Markets and Securities Regulations 2024; as of the close of the 2025 reporting period, the fund had not reached operational launch.

| Layer                           | Ticket range                                                                                                                                                                                                                                                      | Active 2025 Instruments                                                                                       | Status                                                                       |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Microfinance and SACCO credit   | USD 1,000 to USD 10,000                                                                                                                                                                                                                                           | Group-lending and chattel-pledged credit at the individual-borrower level                                     | Functional at the personal-borrower scale                                    |
| Organised angel-network capital | USD 5,000 to USD 50,000                                                                                                                                                                                                                                           | TAIN, Rhapta Capital, Serengeti Business Angels Network                                                       | Functional, principally in Dar es Salaam and Arusha                          |
| Missing segment                 | USD 50,000 to USD 1,000,000                                                                                                                                                                                                                                       | 18 disclosed deals across FDI and DDI Layer 1 totalling USD 6.947 million; bank-channel reaches the lower end | Thin; principal financing gap point                                          |
| Commercial-bank debt            | Above USD 200,000 typically                                                                                                                                                                                                                                       | 5 largest commercial banks; 125% collateral and 3 years audited accounts                                      | Functional for revenue-generating firms with collateral and audited accounts |
| Public listing                  | DSE Enterprise Growth Market: above TZS 200 million issued share capital and 20% public float; Main Investment Market: above TZS 1 billion issued share capital, TZS 1 billion profit-after-tax in 2 of 3 most recent years, 25% public float, 1,000 shareholders | Enterprise Growth Market market capitalisation TZS 215 billion across 5 listed firms                          | Functional but commercially impractical for almost all panel firms           |

Source: TSA Capital Supply Reconciliation 2025; Tanzania Alternative and Innovative Financing for SMEs and Startups Programme Ministerial Briefing; DSE Listing Requirements (2021, as amended); CMSA 2025 quarterly bulletins.

## 5.12 Reform Readiness Index reading

**Table 5.12.1.** Stakeholder Implications.

| Stakeholder      | Category  | Chapter 5 implication                                         | Priority action                                              |
|------------------|-----------|---------------------------------------------------------------|--------------------------------------------------------------|
| MoF + CMSA + TSA | Policy    | TVCF BRELA-registered but not operational; gap-coverage 2.57% | Capitalise TVCF at TZS 100B; operationalise as fund-of-funds |
| BoT              | Regulator | Bank-channel disbursement USD 75.660M to 786 firms            | Expand FinTech Sandbox conversions to commitment             |

| Stakeholder                                        | Category         | Chapter 5 implication                                                  | Priority action                                                |
|----------------------------------------------------|------------------|------------------------------------------------------------------------|----------------------------------------------------------------|
| Commercial banks (NMB, CRDB, NBC, Stanbic, Exim)   | Capital supplier | Big-5 carry 82.22% of Layer 2 disbursement; mid-tier under-engaged     | Diversify lender base; deepen TADB + TIB Development partners  |
| Development partners (DEG, GSMA, AFD, Mercy Corps) | Capital supplier | FDI 11/28 deals come from DEG; concentration risk                      | Broaden catalytic-syndicate diversity; co-investment platforms |
| Capital providers (VC/PE/angels)                   | Capital supplier | K4 Series-A cliff: 4 Tanzania deals vs KENGs median 35                 | Pioneer K4 ticket band (USD 1-5M); structure local syndicate   |
| Founders + industry associations                   | Demand-side      | 71% founder capital-access difficulty; 39% raised any external capital | Diligence-stack publication; standardised pitch templates      |

Source: TSESR 2025; Chapter 12 Pathway 1.

The Reform Readiness Index Chapter 5 sub-components for 2025 sit at 2 readings: the depth of the supply-side capital ecosystem at the missing segment, and the demand-side enabling environment for capital providers. The composite Chapter 5 financing sub-total for the Reform Readiness Index stands at 48 on the 0 to 100 scale, below the policy and infrastructure sub-totals.

The supply-side reading captures the absence of an operational fund-of-funds vehicle (the Tanzania Venture Capital Fund is structured but not yet operational), the thinness of organised angel-network coverage outside Dar es Salaam and Arusha, the absence of a regulated venture-capital-fund-vehicle structure with carried-interest and capital-gains treatment, and the absence of a viable secondary share-sale market.

The demand-side reading captures the operational state of the Capital Markets and Securities Authority sandbox (the regulator-led sandbox for capital-markets innovation that opened in 2024), the Bank of Tanzania FinTech Regulatory Sandbox (launched in January 2025), the Dar es Salaam Stock Exchange Enterprise Growth Market (5 listed firms; TZS 215 billion market capitalisation), and the integration of credit-reference-bureau infrastructure into bank-channel risk decisions.

The 2 readings together place Tanzania's financing-supply reform readiness in a transitional position: the regulatory infrastructure for innovation-stage capital is being installed (sandboxes, listing markets, credit-reference systems), but the actual capital-deployment vehicles at the missing-segment ticket range are not yet operational. Closing the readiness gap requires a state-anchored patient-capital vehicle, a regulated venture-capital fund structure with tax treatment aligned to industry practice, and a secondary share-sale market for sub-IPO exits.

Recommendations for this chapter sit in Chapter 12, Pathway 1 (Capital architecture), rows 1-31; the full register is at [startupreport2025.tsa.co.tz/data](http://startupreport2025.tsa.co.tz/data).

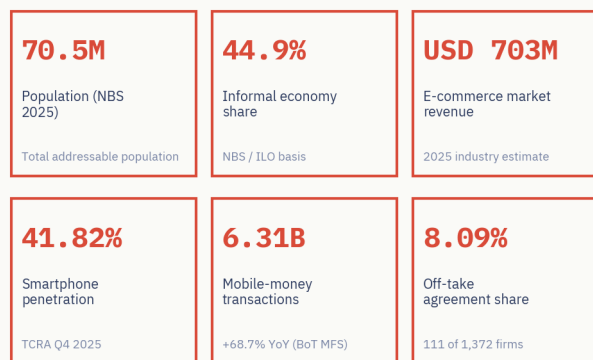
# Chapter 6

## Markets, Demand, and Customer Access

Reporting period: 1 January to 31 December 2025.

**Figure 6.0.1.** Customer Landscape.

### Tanzania customer landscape, end-2025



Source: NBS 2025; TCRA Q4 2025; BoT MFS; TSESR panel.

## 6.0 What Tanzanian startups sell into

Seven in 10 Tanzanian startups in the most recent TSESR panel are pre-revenue. The proportion has barely moved since 2021. This is the chapter's starting point: in a market that holds 70.5 million potential customers, 106.9 million mobile connections, and 6.31 billion mobile-money transactions per year, most Tanzanian startups have not yet converted any of that demand into recurring revenue. The limiting factor on startup performance is not the absence of a market; it is the conversion of available market into paying customer relationships at acceptable unit economics.

The 30% of panel firms that are post-revenue did not access a different market than the pre-revenue cohort. They engineered around 3 structural features of Tanzania's demand side that the pre-revenue cohort has not yet engineered around. The first is the gap between the 76% of adults who use mobile money and the materially smaller share who buy goods or services online, which forces digital-product firms to design payment-and-fulfilment flows that work without e-commerce-style infrastructure. The second is the absence of a universal physical-addressability system, which means every customer relationship begins with the firm collecting and verifying the customer's spatial coordinates before any product can reach them. The third is the competitive position of the informal economy, which generates approximately 44.9% of

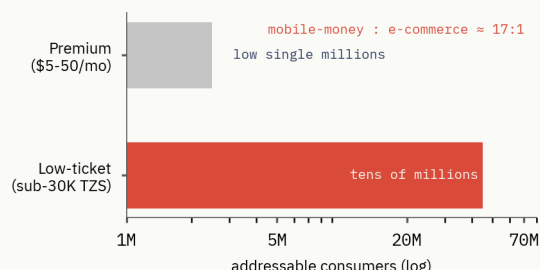
GDP and absorbs 71.8% of Tanzanian employment, and which sells most consumer-facing categories at price points 15 to 30% below the formal-sector equivalent.

Tanzanian startups that have crossed the revenue threshold report the same finding from interviews: customer acquisition in Tanzania is operationally heavier than in comparator markets. The unit cost of acquiring a single paying customer in agritech aggregation, in last-mile commerce, in B2B SaaS sold to Tanzanian SMEs, in healthtech delivered to clinic networks, is consistently above what KENGSPeer startup founders report at the same firm size and stage. The cost is not in the price of the customer's transaction (which is low) but in the friction of getting to the transaction. The chapter that follows is principally about that friction and what panel firms do about it.

This reading draws on 1,307 active firms, the case-study series of startups that have crossed specific demand thresholds, founder accounts from the KII corpus, and Tier-1 desk research from the World Bank Business Ready 2025 report, the Adult Population Survey 2025, the TSESR longitudinal series, and the PPRA NeST published data.

## 6.1 What Tanzanian startups do about the domestic market and the addressability gap

Tanzanian startups that survive past pre-revenue make 3 customer-acquisition decisions that comparator markets do not face at the same intensity. Each is forced by Tanzania's demand structure and shows up in operating cost.

**Figure 6.1.1.** Domestic Market Segmentation.**Addressable digital market by ticket band, 2025**

**Decision 1:** pick mobile-money rails, not e-commerce rails, for any consumer-facing product. Founders building B2C products in Tanzania converge on mobile-money-rail integration because mobile-money is the payment instrument that 76% of adults already use and that 6.31 billion transactions per year are processed through. An e-commerce-rail-first product targets, in addressable-market terms, the share of Tanzanian adults who buy through card-not-present or platform-checkout flows, which is a small fraction of the mobile-money base. Panel fintech firms (5.49% of the most recent TSESR panel) therefore design payment flows that originate in M-Pesa, Tigo Pesa, Airtel Money, HaloPesa, Ezy Pesa, or T-Pesa rather than in card schemes. Panel agritech, healthtech, edtech, and consumer-services firms that built originally for card-or-platform checkout have, based on founder accounts, all converted to mobile-money primary rails within the first 18 months of operation. The capital cost of the conversion (integration with each operator's API, agent-network reconciliation, settlement timing across operators) is the first structural cost of operating a B2C product in Tanzania.

**Decision 2: build the customer-address database from scratch at every onboarding event.** Tanzania does not operate a universal street-naming and house-numbering system. The principal-urban regions, Dar es Salaam, Arusha, and Mwanza, carry partial street naming and ad-hoc house numbering. The secondary-urban regions carry less. The rural regions carry virtually none. Posta Tanzania operates a postal-code system; practical commerce in Tanzania does not run on postal codes. Founders interviewed for this report consistently describe address-collection at customer-onboarding as among the costliest customer-acquisition activities they conduct: every digital-commerce, last-mile-delivery, healthtech-home-visit, and agritech-input-distribution firm maintains its own customer-location database, typically as a hybrid of GPS coordinates, landmark descriptions, neighbourhood codenames,

and telephone-coordinated directions. The NIDA Jamii Namba universal identifier programme, targeted for end-2025 universal coverage, will close the identity side of customer onboarding but does not close the spatial side. Startups operating outside the principal urban regions absorb a 30 to 50% higher per-customer onboarding cost than peers operating only in Dar es Salaam, principally because rural address-collection takes more field time per customer.

**Decision 3: pick the right ticket-size band for the right slice of Tanzania.** Approximately 50% of Tanzanian adults have access to electricity, 47% have internet access, and 76% use mobile money at the population level. The addressable market for premium digital products (paid software subscriptions in the USD 5 to USD 50 per month range; e-commerce purchases above TZS 100,000 per transaction; insurance and credit products at a non-trivial price point) is in the low single millions of consumers. The addressable market for low-ticket digital products (mobile-money fees in single TZS thousands; pay-as-you-go solar at sub-TZS 30,000 per month; airtime; data; agent commissions) is in the tens of millions. Panel firms that built initially for premium ticket sizes overwhelmingly report pivoting downward into the mid-ticket or low-ticket bands within their first 2 years; the firms that built originally for the low-ticket bands report needing larger user-volume scale before unit economics work but face less customer-acquisition friction once they reach scale.

The Tanzania-domestic addressable digital-product market across mobile-money services, e-commerce, digital advertising, and fintech sits at approximately TZS 4.2 trillion (USD 1.68 billion at the December 2025 indicative midpoint). The Tanzania e-commerce market alone is approximately USD 703 million in 2025 revenue, projected to USD 917 million by 2029 at CAGR 6.86%. These are the demand-side aggregates that the 3 decisions above are taken against. The 17-to-1 ratio of mobile-money intensity to e-commerce intensity at the population level is the structural reason Decision 1 lands the way it does: Tanzania has built a mobile-money distribution rail at population scale and an e-commerce distribution rail at low-single-million scale, and a startup that prices itself off the second rail when the customer is on the first rail will not convert demand into revenue at acceptable cost.

The Tanzania-domestic addressable digital-product market across mobile-money services, e-commerce, digital advertising, and fintech sits at approximately TZS 4.2 trillion (USD 1.68 billion at the December 2025 indicative midpoint). The Tanzania e-commerce market alone is approximately USD 703 million in 2025 revenue, projected to USD 917 million by 2029 at CAGR 6.86%. These are the demand-side aggregates that the 3 decisions above are taken against. The 17-to-1 ratio of mobile-money intensity to e-commerce intensity at the population level is the structural reason Decision 1 lands the way it does: Tanzania has built a mobile-money distribution rail at population scale and an e-commerce distribution rail at low-single-million scale, and a startup that prices itself off the second rail when the customer is on the first rail will not convert demand into revenue at acceptable cost.

The sectoral mix of Tanzanian startups in 2025 reflects these decisions. SaaS-and-enterprise-software firms (20.97% of the most recent panel, up from 19.92% the prior year) sit on the B2B side of the decision tree and operate outside the consumer-

rail and addressability constraints. FinTech firms (5.49% of the prior-year panel) sit on the consumer-rail-integration decision and have the simplest path through Decision 1. AgriTech, HealthTech, EdTech, and CleanTech firms each face the full decision tree because their products require both a consumer-rail decision and an addressability decision per customer onboarded.

## 6.2 Customer types

Tanzanian startups serve 5 customer types: individual consumers (B2C); small and micro enterprises (B2SME); mid-size and large business clients (B2B); government and ministry, department, agency clients (B2G); and large local and multinational corporates (B2Corporate). Most firms in Tanzanian startups in 2025 serve more than one type. The cross-tabulation matters because customer-type mix predicts revenue scale, cash-conversion-cycle length, and capital-stack requirement.

**Figure 6.2.1.** Customer Penetration Matrix.

**Customer-type penetration by life-cycle stage, 2025 (%)**

|           | Idea | Pre-PMF | First cust. | Growing | First inst. | Scaling | Mature | Stagnant |
|-----------|------|---------|-------------|---------|-------------|---------|--------|----------|
| B2C urban | 0    | 15      | 40          | 55      | 65          | 70      | 75     | 30       |
| B2C rural | 0    | 5       | 15          | 25      | 30          | 35      | 40     | 10       |
| B2B SME   | 0    | 20      | 35          | 50      | 55          | 60      | 65     | 40       |
| B2B corp. | 0    | 10      | 20          | 30      | 45          | 55      | 65     | 20       |
| B2G gov.  | 0    | 5       | 8           | 15      | 20          | 25      | 35     | 10       |

Source: TSESR Startup Survey 2025.

The pattern is clear at the panel level. B2C is the most common initial focus and the hardest to convert at scale; B2B and B2Corporate engagement accelerates as firms move into institutional-capital cohorts; B2G remains thin throughout most of the life cycle and concentrates among sandbox-graduate firms. The next 5 sub-chapters read each of these customer types in turn.

## 6.3 Government as customer

Tanzanian startups secure government and ministry-department-agency contracts through 3 channels: open procurement tenders posted on the Public Procurement Regulatory Authority National e-Procurement System (PPRA NeST, which superseded the prior TANEPS system in October 2023);<sup>13</sup> direct MDA contracting under thresholds that permit non-tender award; and regulatory-sandbox graduation pathways that lead to MDA

adoption of the graduate product. The 3 channels are not interchangeable.

**Figure 6.3.1.** Government Procurement.

**Special-groups procurement quota — compliance gap, 2025**



MDA payment cycle 90–180 days

cumulative special-groups contracts TZS 41.2B (FY24/25);  
local-supplier reserve up to TZS 50B

Source: PPRA 2025; DRAFT §6.3.

The PPRA NeST platform is the principal formal-tender route. Suppliers register on the platform, pay an annual registration fee of TZS 30,000, and are notified of tenders that match the Standard Product and Services Codes (UNSPSCs) they have selected. The system supports the full procurement cycle from planning to contract management. The platform itself is not the binding constraint on startup access; the binding constraints sit upstream in tender-design (most MDA tenders specify minimum-revenue history and reference-account requirements that exclude firms in their first 4 years of operation) and downstream in payment timeline (the median MDA payment cycle from invoice to disbursement runs in the 90-to-180-day range, which is unsustainable for working-capital-constrained startups).

The 30% special-groups procurement quota under the Public Procurement Act is the principal policy mechanism intended to widen MDA market access. The Act mandates procuring entities to set aside 30% of their annual procurement budget for special groups (youth, women, elders, and persons with disabilities) and reserves tenders valued up to TZS 50 billion for local suppliers. The quota is in force. Cumulative contracts awarded under the special-groups quota stood at TZS 41.2 billion as of April 2026. The compliance gap is substantial: 756 of 943 reporting procuring entities (80.2%) failed to allocate the mandatory 30% in the most recent PPRA reporting period.

Two implications follow. The first is that the special-groups quota is not narrowly a “startup quota”; it covers youth, women, elders, and persons with disabilities as demographic categories. Startups whose founders fall within these categories qualify; startups whose founders do not, do not. The legal framework that benefits startups directly is the 4 demographic categories rather than the startup status itself. The second is that the operational gap

between policy and practice is the binding constraint, not the policy framework. A startup-founded by a 28-year-old female founder is eligible for the quota, but only 19.8% of procuring entities are operationally compliant, so even an eligible startup faces a 4-in-5 probability that any given procuring entity has not allocated to the quota. PPRA's published target of registering 20,000 special-groups suppliers in the 2025/2026 financial year and the November 2025 PPRA-VETA partnership to lift special-groups capacity into government procurement opportunities are the visible operational steps to close the compliance gap.

The regulatory-sandbox-to-MDA pathway operates differently. A startup that graduates from one of the 5 sector-specific regulatory sandboxes (Bank of Tanzania FinTech Regulatory Sandbox, Capital Markets and Securities Authority Capital Markets Regulatory Sandbox, Tanzania Medicines and Medical Devices Authority HealthTech sandbox, Tanzania Insurance Regulatory Authority InsurTech sandbox, Tanzania Education Authority EdTech sandbox) often gains MDA-adoption pathways as a near-direct consequence of graduation. The regulator that ran the sandbox is itself an MDA; sandbox graduates often supply that regulator or affiliated MDAs through direct contracting under no-objection notices. The BoT FinTech Regulatory Sandbox launched in January 2025 and the CMSA sandbox launched in 2024 are the principal pipeline points; sandbox cohorts in 2025 included payment-aggregator, identity-verification, and cross-border-remittance products, all of which transition into MDA-adoption pathways when sandbox exit criteria are met.

Founders consistently describe the MDA contracting environment with 2 specific frictions. The first is the documentation burden: a small startup tendering through PPRA NeST routinely produces 12 to 20 attachments per bid covering audited accounts, tax compliance certificates, beneficial ownership disclosure, PPRA registration, sector regulator licences, and reference letters. The second is the payment cycle: even successful tenders take 90 to 180 days from invoice to disbursement, which forces successful suppliers to bridge with bank-channel debt or supplier credit, neither of which is uniformly available at the early-stage. The B2G route is therefore selective: it concentrates among firms that have crossed both the audited-accounts threshold and the working-capital-bridge threshold.

## 6.4 Corporate procurement and engagement: what startups get from each programme

Tanzanian startups that engage corporate programmes do so for one of 3 specific operational outcomes: technical infrastructure access that they cannot otherwise afford or licence; structured product-development discipline that they cannot otherwise get without paying for; or pipeline access into the corporate's commercial supply chain after the programme ends. The 4 corporate programmes operating at scale in Tanzania in 2025 deliver these 3 outcomes in different proportions, and panel firms select between them based on which outcome they are short of.

A fintech panel firm in product-validation needs access to bank-grade API infrastructure to test core-banking integration before it can credibly approach commercial customers. The NMB Bank Open Bank Project Fintech Sandbox supplies precisely this: an open-API sandbox launched with the Open Bank Project as technical partner, with over 390 fintechs registered to test products against NMB infrastructure (account aggregation, payments, balance checks, transfers) before commercial launch. The structural cost saving for a sandbox-registered fintech is the avoided cost of building or licensing equivalent test infrastructure, which fintech founders interviewed for this report estimate at the USD 30,000 to USD 80,000 range for a comparable bespoke build. The NMB-TSA 3-year MoU and the NMB Seed Fund that has deployed concessional capital to sandbox-graduate fintechs since 2021 add a downstream conversion pathway: sandbox graduates that demonstrate commercial-product viability move into NMB commercial fintech-product partnerships and selective Seed Fund investment. The 390-plus registered fintech count is a registration figure; commercial-conversion rates are smaller. The structural value of the sandbox is in the test environment, not in the cohort-graduation funnel.

A growth-stage Tanzanian startup that needs product-development discipline plus selective grant capital plus connection to a corporate strategic-product roadmap is the target firm for the Vodacom Digital Accelerator. VDA operates as a 3-month accelerator with MassChallenge and Huawei as cohort partners, and from the 2024 cohort onward Vodacom has added direct grant investment in top startups. Approximately 45 growth-stage Tanzanian startups have moved through VDA across healthcare, education, agriculture, energy, clean cooking,

financial services, and sustainability since 2019. Founders interviewed who have moved through VDA report the principal value as the structured product-validation discipline and the access to Vodacom strategic-product-roadmap decision-makers; the principal limitation is that programmes increasingly aligned to a corporate's strategic-product interests channel cohort firms toward the corporate's product roadmap, which is acceptable for firms whose product naturally fits and operationally costly for firms whose product diverges from the corporate's interests after the accelerator ends.

A youth-or-women-led early-stage Tanzanian firm that needs concessional grant capital plus business-management training plus a downstream commercial-banking conversion path is the target for the CRDB Bank Foundation iMBEJU programme. iMBEJU combines concessional grants with management training, financial literacy support, and pre-investment technical assistance. The Foundation operates the programme in partnership with COSTECH and the ICT Commission for technical-track support; the 2025 AJIRA Ye2 launch in partnership with GIZ added TZS 3 billion of allocation to benefit 325 businesses with an expected 510 additional jobs within a year. AJIRA Ye2 is structured to feed selected iMBEJU-cohort firms directly into the CRDB commercial-banking facility once revenue and audit conditions are met. The structural value of iMBEJU for a panel firm is the pre-investment technical assistance plus the bank-channel conversion path, not the concessional grant in isolation; founders that complete iMBEJU report that the commercial-banking-eligible status they

reach at programme exit is the principal outcome they sought.

A fintech panel firm that needs an industry-association-level coordination layer rather than a single-corporate-led programme is the target for the NBC Bank and Tanzania Fintech Association (TAFINA) partnership and for the adjacent PesaTech Accelerator. The NBC-TAFINA partnership operates as a strategic engagement layer, not a branded accelerator. The principal sector accelerator in Tanzania for fintech is PesaTech, operated by Sahara Ventures and UNCDF and targeting post-MVP and growth-stage fintech firms; NBC Bank interacts with the PesaTech cohort through co-creation and pilot-deployment arrangements. The structural value for a fintech firm at this engagement layer is the industry-association coverage (TAFINA member visibility; sector advocacy) plus the post-MVP accelerator pipeline (PesaTech) rather than a single-corporate-bound accelerator track.

Across the 4 programmes, the sector concentration is fintech-dominant, with agritech, healthtech, and energy emerging in selected programmes (VDA from 2024 onward; iMBEJU youth-and-women cohorts across multiple sectors). The structural pattern from founder accounts: panel firms engage multiple programmes in sequence, using each to credentialise the next. A fintech that registers on the NMB sandbox, passes commercial-viability tests, moves through PesaTech for investor-readiness, and converts into NMB commercial-product partnership has done in 36 to 48 months what a startup operating outside this credentialing chain would not credibly do at the same firm size.

**Figure 6.4.1.** Corporate Programmes.

| Programme                                                                                             | Operating institution                                                            | Operating mode                                                                                  | Cohort scale                                             | Pipeline-to-bank-channel integration                                                                                        |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| NMB Open Bank Project Fintech Sandbox                                                                 | NMB Bank Plc with Open Bank Project (technical partner); MoU with TSA            | Open-API technical sandbox plus selective NMB Seed Fund co-investment                           | 390+ fintechs registered on the sandbox                  | Sandbox graduates flow into NMB commercial fintech-product partnerships and selective Seed Fund investment                  |
| Vodacom Digital Accelerator (VDA)                                                                     | Vodacom Tanzania PLC with MassChallenge and Huawei                               | 3-month structured accelerator plus direct grant investment for top startups from 2024 onward   | Approximately 45 growth-stage startups since 2019 launch | Programme is increasingly aligned to Vodacom strategic-product roadmap in digital-financial-services and adjacent verticals |
| CRDB Bank Foundation iMBEJU plus AJIRA Ye2                                                            | CRDB Bank Foundation with COSTECH, ICTC, GIZ                                     | Concessional grant plus business-management training; AJIRA Ye2 adds TZS 3 billion in 2025      | 325 businesses under AJIRA Ye2; broader iMBEJU base      | Pipeline-to-CRDB-commercial-banking facility for revenue-and-audit-eligible firms                                           |
| NBC Bank and TAFINA partnership; PesaTech Accelerator (Sahara Ventures and UNCDF) as adjacent vehicle | NBC Bank Tanzania; Tanzania Fintech Association (TAFINA); Sahara Ventures; UNCDF | Strategic-engagement partnership (NBC-TAFINA); separate post-MVP fintech accelerator (PesaTech) | TAFINA member-firm base; PesaTech cohort by cycle        | PesaTech operates investor-readiness function; NBC interacts through co-creation and pilot-deployment                       |

Source: NMB-TSA MoU and Open Bank Project case study; Vodacom Tanzania programme communications; CRDB Bank Foundation public announcements and The Citizen reporting on AJIRA Ye2 launch; TechReviewAfrica on NBC-TAFINA partnership; UNCDF Tanzania programme communications on PesaTech Accelerator.

The cross-programme pattern carries 3 features. First, the programmes that integrate downstream

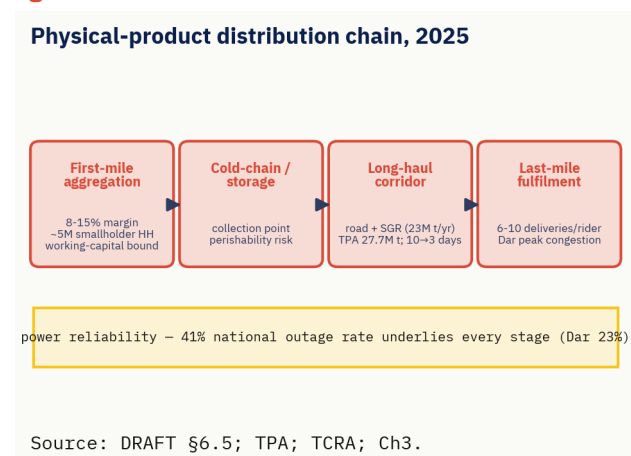
into the operating institution's commercial-banking or product-deployment infrastructure (NMB, CRDB)

reach a wider supplier base than programmes that operate as standalone capability-building exercises. Second, fintech is the dominant sector across all 4 programme types, with agritech and energy emerging in selected programmes (VDA from 2024 onward). Third, the programmes are not substitutes; a startup may engage multiple programmes in sequence, using each to credentialise the next.

## 6.5 How physical-product startups move things in Tanzania

A Tanzanian agritech moving smallholder produce into Dar es Salaam supermarket shelves runs 4 distribution operations simultaneously: first-mile aggregation at source; cold-chain or storage at the collection point; bulk transport on the long-haul corridor between rural Tanzania and the principal urban region; and last-mile fulfilment into the retailer or end-customer. Each of the 4 operations carries a distinct cost structure, infrastructure dependency, and failure mode.

**Figure 6.5.1.** Distribution Networks.



**First-mile aggregation.** Agritech aggregators (MazaoHub, NovFeed, Kilimo Fresh, and a long tail of smaller operators) route smallholder produce to centralised processing and distribution centres. The aggregation-network model is what makes the unit economics of agritech work in Tanzania. Without aggregation, the unit cost of reaching the approximately 5 million smallholder households disaggregated across the country is too high to support a viable startup business model. With aggregation, the per-unit collection cost converges toward a functional range, but the aggregator absorbs 3 specific operational risks: the inventory risk between collection and disposition; the smallholder-payment timing risk (smallholders need cash on collection, the buyer pays on delivery, the aggregator carries the working-capital bridge); and the quality-grading risk (post-collection grade is the aggregator's responsibility against the buyer's

contractual quality specification). The aggregator absorbs these risks in exchange for an aggregation margin that founders interviewed for this report describe as in the 8 to 15% range over the smallholder gate price. Aggregator firms operating at scale among surveyed firms report that the working-capital bridge is the single most binding constraint on aggregation-network expansion, which connects this section directly to the Chapter 5 missing-segment financing reading.

**Long-haul corridor freight.** Tanzanian startups that ship over distance pick between road transport (which has dominated long-haul freight historically and continues to in 2025) and the Standard Gauge Railway (which became operational over phase 1 from Dar es Salaam to Morogoro and phase 2 from Morogoro to Makutupora and Dodoma; freight service launched June 2025 at 23 million tonnes per year design capacity). The SGR freight ramp is early; almost no panel firm reports having moved cargo on the SGR in the 2025 reporting period. Road transport on the Central Corridor remains the operative channel. Startups operating in this layer principally run as freight-customers of third-party trucking operators rather than as logistics-operators themselves; the panel logistics-and-transport-services cohort that does operate freight directly is concentrated in last-mile and intra-urban rather than long-haul. The Tanzania Ports Authority cargo volume of 27.7 million tonnes in 2024/25 and the 14.5-metre port deepening that reduced average vessel turnaround time from approximately 10 days to 3 are the structural facts of the seaward channel; for panel firms that import inputs or export finished product, the TeSWS reduction in cargo clearance time from over a week to approximately 3 days is the operational gain that registers most directly at the firm level.<sup>1920</sup>

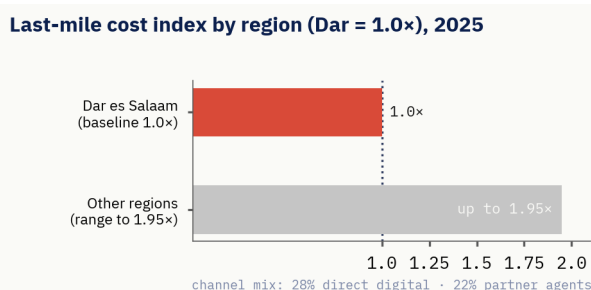
### **Tower-infrastructure layer (the digital substrate).**

Every digital-distribution startup in Tanzania depends on the tower-infrastructure layer. Tanzania carried 10,029 telecom towers at the close of Q4 2025; mobile-network operators run 98.6% 2G coverage, 93.9% 3G, 94.2% 4G, and 30.1% 5G at the population level. Helios Towers operates over 4,200 sites in Tanzania since 2011, approximately 45% in rural areas, including 133 sites completed under the UCSAF programme to extend coverage into under-served regions. The relevance to panel firms is operational: a digital-distribution firm operating in a region with 4G coverage runs real-time customer-coordination, real-time payment confirmation, and real-time inventory visibility. A digital-distribution firm operating in a region with 2G-only or patchy 3G coverage runs the same

operations on SMS-based fallback rails, which adds operating cost per transaction and excludes the firm from product features that require real-time data. Panel firms operating across multiple regions report engineering separate operating models for the 4G-covered regions and the 2G-only regions, with the latter typically running at materially higher unit cost.

**Last-mile fulfilment.** Last-mile delivery operates principally in Dar es Salaam, Arusha, and the principal urban areas through a combination of e-commerce platform fleets, on-demand courier services, and motorcycle delivery operators (boda-boda and registered motorcycle-courier firms). Tanzania last-mile delivery is growing at a CAGR consistent with the e-commerce CAGR of 6.86% through 2029. Founders running last-mile delivery operations consistently identify 2 binding cost drivers. The first is the addressability friction from §6.1: every delivery requires GPS coordinates or telephone-coordinated location confirmation, which adds operating time per delivery. The second is the traffic-congestion friction in Dar es Salaam at peak hours, which compresses deliveries-per-day-per-rider count from a theoretical maximum of 15 to 20 to a practical 6 to 10 in peak periods. A published Tanzania-to-comparator unit-cost ratio is not available for the 2025 reporting period; founder-side reporting and case-study reading indicate that Tanzania last-mile unit cost is materially above what comparable urban centres in Kenya report at the same volume scale, with the cost differential principally driven by the addressability friction rather than by labour or fuel.

**Figure 6.5.2.** Lastmile Regions.



Source: TSESR field/case-study data, 2025.

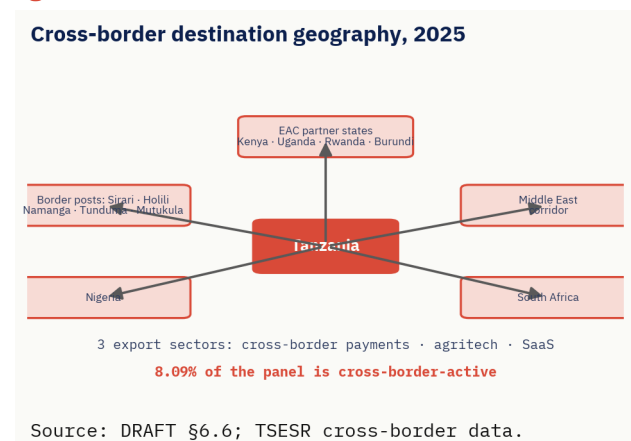
The cross-cutting fragility: power and reliability. Across all 4 layers, the binding operational risk is power reliability. The 41% national power-outage rate documented in Chapter 3 affects every link in the distribution chain: cold-chain spoilage at the collection point; warehouse downtime at the bulk-storage step; payment-rail unavailability during outages; last-mile dispatch-system downtime. Physical-product startups that operate outside Dar es Salaam (where the 23% outage rate is the lowest in the country) report routine investment in diesel-

generator backup, battery-buffer systems, and inverters at warehouse and collection-centre infrastructure. The 30 Mbps average mobile internet speed that supports real-time delivery coordination, the 76% mobile-money penetration that supports cash-out at agents in remote areas, and the SGR-and-TeSWS improvements operate on top of this power-reliability constraint, not in spite of it.

The 4 layers and the cross-cutting fragility together explain why physical-product startup economics in Tanzania favour firms that can either control their entire distribution chain (vertical integration, capital-intensive) or partner with a stable aggregator network at one of the layers (capital-light, dependent on the aggregator's reliability). Mid-position firms that depend on third-party last-mile and third-party long-haul without controlling either tend to absorb operational shocks that vertical-integrated peers can absorb internally.

## 6.6 What cross-border-active Tanzanian startups actually run into

Tanzanian startups that sell outside Tanzania concentrate in 3 sectors: cross-border payments and remittances (Sumet, the cross-border payment platform that closed a USD 1.5 million pre-seed round in 2025 with ABAN and Catalytic Africa as co-leads, is the named 2025 example); agritech exporters operating into the EAC and the Middle East corridor; and SaaS firms selling into Kenyan, Nigerian, and South African enterprise clients from a Tanzania-based product team. The legal architecture for the route is substantively in place: Tanzania ratified the AfCFTA in September 2021, finalised and domesticated its tariff schedule, and is 1 of 5 state parties with a published Schedule of Specific Commitments for trade in services alongside Burundi, Kenya, Uganda, and Rwanda; Tanzania was a pioneer participant in the AfCFTA Guided Trade Initiative concluded at the 16th Council of Ministers Meeting in April 2025. The route is legally open. The operational friction Tanzanian cross-border firms describe sits elsewhere.

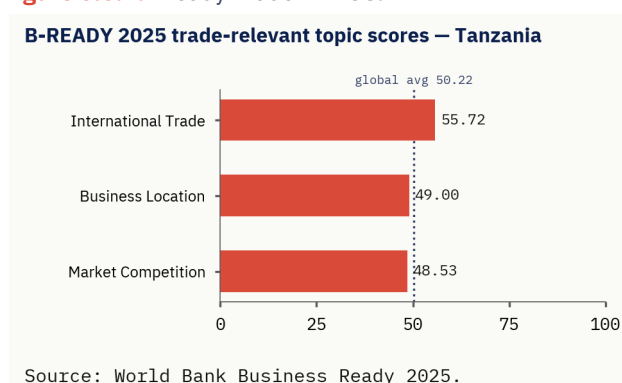
**Figure 6.6.1.** Crossborder Destinations.

**Friction 1:** TBS-certified products are not automatically accepted across EAC borders. Standards-harmonisation gaps inside the EAC Common Market mean that a Tanzanian agritech, healthtech, or consumer-goods firm whose product carries a Tanzania Bureau of Standards (TBS) certificate routinely faces re-certification requirements at the Kenya Bureau of Standards, Uganda National Bureau of Standards, or Rwanda Standards Board before the product enters the partner market. Re-certification costs (laboratory testing fees; product-sample submission; regulatory liaison) and re-certification time (founder accounts place this between 3 and 9 months for most product categories) are the dominant unit-cost friction for cross-border-active product startups. The B-READY 2025 International Trade topic score for Tanzania of 55.72 captures part of this friction at the institutional level; the founder-side observation captures it at the firm level.

**Friction 2: the gap between AfCFTA legal harmonisation and border-post operational practice.** The AfCFTA tariff schedule is legally in force and domesticated into Tanzanian customs practice. The Guided Trade Initiative pilot demonstrated that the legal-instrument architecture works when individual cross-border transactions are accompanied by dedicated facilitation. The structural challenge for routine cross-border-active firms is that GTI-style dedicated facilitation is not generally available; a firm shipping under the AfCFTA tariff schedule at a routine border post (Sirari, Holili, Namanga, Tunduma, Mutukula) experiences the same documentation burden and the same processing time variability as a firm shipping without AfCFTA treatment. The legal-rate saving is captured at the customs declaration; the border-experience operational cost is not. Founders running cross-border operations consistently describe the operationalisation gap as the binding constraint, not the tariff-rate framework.

**Friction 3:** payments-and-settlement engineering across multiple central-bank jurisdictions. Cross-border fintech firms operating between Tanzania and EAC partner states bypass the bank channel for low-value transactions and engineer alternative settlement rails. The dominant patterns from founder accounts: correspondent-bank relationships where the firm holds Tanzania-side and Kenya-side bank accounts and reconciles internally; operator-to-operator settlement arrangements where M-Pesa-Vodacom (Tanzania) interoperates with M-Pesa-Safaricom (Kenya) or with MTN MoMo (Uganda) for retail-scale remittance; and stablecoin-or-crypto-rail arrangements used selectively for higher-value B2B settlements where compliance permits. Each engineering pattern carries its own cost: correspondent-bank pattern absorbs the float and the multi-currency conversion margin; operator-to-operator pattern absorbs the inter-operator settlement fee; stablecoin pattern absorbs regulatory and counterparty risk. The choice between patterns determines per-transaction margin and addressable customer segment, and is the structural reason that cross-border fintech firms in Tanzania compete on payments-engineering capability as much as on customer-acquisition.

**Friction 4: visa and physical-mobility friction for founder travel.** Cross-border-active founders running services-export businesses (SaaS into Kenya, Nigeria, South Africa; consulting from Tanzania into EAC) report routine visa, work-permit, and short-term-business-residence costs that absorb travel budget and elongate sales cycles. Despite the EAC Common Market Protocol's free-movement-of-services commitment, operational practice at immigration desks varies by partner state and by traveller profile. The structural cost is hard to quantify at the panel level (the affected firms are a subset of cross-border-active firms and report the cost variously); the qualitative pattern is consistent.

**Figure 6.6.2.** Bready Trade KENGs.

The B-READY 2025 Business Location score of 49.00 and the International Trade score of 55.72 read these frictions at the institutional level; the

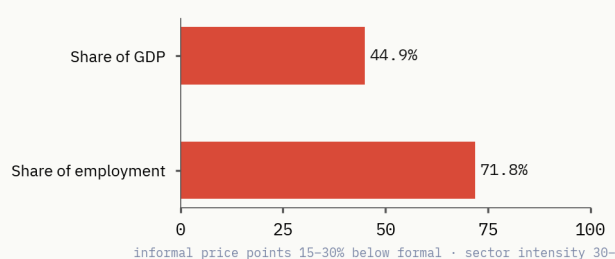
firm-level reading is the 4 operational frictions above. Tanzania's TeSWS operational status and the 3-day cargo clearance benchmark are the most visible improvements in the trade-facilitation environment relative to 5 years prior, and reduce Friction 2 at the seaward channel. The land-border friction across EAC sits at the same level it sat at 5 years prior. Closing the cross-border operational gap is principally a function of operationalising the legal architecture at the border, harmonising standards mutual-recognition at the regulator level, and supporting settlement-rail engineering at the central-bank level rather than legislating new architecture.

## 6.7 Competition environment and informal economy

Tanzanian startups compete on 3 fronts simultaneously: against other formal-economy startups (B-READY-scored competition); against established formal-economy incumbents (banks, mobile-money operators, distribution-platform players, agribusiness corporates); and against the informal economy, approximately 45% of Tanzania's GDP and 71.8% of employment.

**Figure 6.7.1.** Informal Competition Heatmap.

### Informal economy — scale of competition, 2025



Source: NBS / ILO; TSESR sector data.

The B-READY 2025 Market Competition topic score for Tanzania is 48.53 out of 100, below the global average of 50.22 and placing Tanzania in the 4th to 5th quintile globally. Tanzania scores moderately stronger on Business Entry (71.58, indicating relative ease of formal entry) and Financial Services (62.19) than on Market Competition. The combination of relatively accessible formal entry plus weak competition oversight is a structural feature: international and well-resourced entrants face few barriers to market entry, and domestic startups face limited regulatory protection against unfair competitive practices once those entrants are operating. The Fair Competition Commission (FCC) merger-notification threshold of TZS 3.5 billion combined turnover or assets and the draft amendment to TZS 10 billion are the headline policy

instruments; FCC enforcement capacity is the binding constraint, not the policy framework.

The informal-economy competition is the larger structural feature. 45% of Tanzania's GDP is generated informally; 71.8% of employment is informal. For most consumer-facing categories (retail, food preparation, transport, repair services, personal services), the informal-sector offer is the default and the formal-sector offer is the entrant. Formal-sector startups in these categories face competition not from other formal-sector players but from the informal-sector incumbent that already serves the customer at a known price, with a known counterparty, without VAT, without consumer-protection registration, without traceability, and without the digital-platform overhead that formal-sector startups carry. The competitive cost differential is meaningful: an informal-sector operator's effective unit cost is typically 15 to 30% below the formal-sector equivalent because the informal operator does not absorb the formal-sector regulatory cost (registration, tax, sector-licence, compliance staff). Formal-sector startups in these categories therefore have to compete on dimensions where the informal sector cannot match: reliability, traceability, digital-payment integration, customer-protection guarantees, scale, and reputational trust at the institutional level.

The KENGs comparator position on the competition score reads as follows: Tanzania at 48.53 sits above Egypt and Nigeria, below Kenya and South Africa. The differential between Tanzania and Kenya at the Market Competition score is principally explained by Kenya's substantially stronger merger-notification enforcement and consumer-protection enforcement, neither of which is a regulatory-framework gap in Tanzania but both of which reflect enforcement-capacity differences.

The informal-economy dimension carries one further implication that does not surface in the B-READY framework. The informal sector is not only a competitor; it is also a customer base that formal-sector startups can serve if they can engineer their product around the informal sector's transaction patterns. Mobile-money is the canonical example: the mobile-money operators reach 76% of adult Tanzania, including the vast majority of informal-sector workers, because the mobile-money product was engineered to accommodate cash-based transactions, low-value transactions, and counterparties without bank accounts. Fintech, agritech, and healthtech startups that engineer for the informal sector as customer rather than against the informal sector as competitor consistently report

wider addressable markets than peers that target the formal sector exclusively.

## 6.8 Reform Readiness Index reading

The Reform Readiness Index Chapter 6 sub-components for 2025 are constructed as the equal-weighted mean of 6 sub-readings: (a) the B-READY 2025 Market Competition topic score for Tanzania (48.53 out of 100) normalised to the 0 to 100 scale; (b) the B-READY 2025 International Trade topic score (55.72); (c) the B-READY 2025 Business Location topic score (49.00) as proxy for distribution-and-logistics readiness; (d) the special-groups procurement quota operational compliance (computed at 100 minus the 80.2% non-compliance rate, reflecting the operational gap rather than the policy presence); (e) the AfCFTA implementation readiness (Tanzania is in the leading state-party cohort with ratification, tariff schedule, and services schedule all in place, scored at 75); (f) the corporate-engagement-programme depth (computed from the count and operational maturity of NMB Sandbox, Vodacom Digital Accelerator, CRDB iMBEJU plus AJIRA Ye2, scored at 60). The composite Chapter 6 RRI sub-total for 2025 stands at 51.4 on the 0 to 100 scale.

**Figure 6.8.1.** RRI Markets.



The composite reading places Tanzania in a transitional position on market access. The regulatory architecture is substantively in place (AfCFTA ratified; sandboxes operational; PPRA quota in force; B-READY topic scores in the moderate 49 to 56 range across the relevant topics). The operational layer is below the architectural layer (informal economy at 45% of GDP; procurement-quota compliance at 20%; cargo clearance still in 3-day range despite TeSWS; addressability gap unresolved). Closing the readiness gap is principally a question of operationalising the architecture rather than legislating new architecture.

Recommendations for this chapter sit in Ch12 across Pathways 1, 2, 4, and 6 (per consolidated register); the full register is at [startupreport2025.tsa.co.tz/data](http://startupreport2025.tsa.co.tz/data).

**Table 6.10.1.** Stakeholder Implications.

| Stakeholder                                        | Chapter 6 implication                                                                              | Direction of action                                                                            |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| MoT + MoIT + PPRA                                  | 30% special-groups procurement quota at TZS 41.2B FY 2024/25; uptake variance across MDAs          | Enforce special-groups quota with mandatory PPRA reporting; tie compliance to ministerial KPIs |
| BoT + TCRA                                         | Mobile-money 6.31B transactions 2025 (+68.7% YoY)                                                  | Maintain TIPS interoperability; deepen DFSP consumer-protection rules                          |
| MFA + Trade Ministry + AfCFTA NIU                  | 8.09% panel cross-border; AfCFTA ratified Sept 2021; Guided Trade Initiative live                  | Operationalise AfCFTA at customs; SME-focused export readiness; rules-of-origin clinics        |
| Corporates (NMB, Vodacom, CRDB, NBC, TIGO, Helios) | Corporate engagement programmes carry 600+ engaged firms; NMB Open Banking sandbox anchors fintech | Scale corporate-VC arms; institutionalise startup-procurement and supplier-development tracks  |
| EISOs + accelerators                               | Distribution channel mix: 28% direct digital; 22% partner agents; last-mile cost 1.0-1.95x         | Last-mile cost reduction services; aggregator-led rural distribution support                   |
| Founders + industry associations                   | Informal economy 44.9% GDP; informal competition intensity 30-95% by sector                        | Sectoral playbooks for informal-to-formal customer migration; price-point repositioning        |

Source: TSES 2025; Chapter 12 consolidated register.

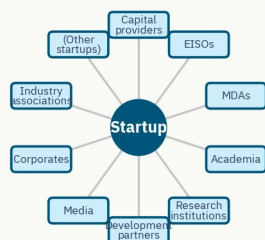
# Chapter 7

## Ecosystem Actors and Coordination

Reporting period: 1 January to 31 December 2025.

**Figure 7.0.1.** Ten Actor Baseline.

The 10 actor categories a startup engages by year 3



survives to year 3 → engaged 7–9 of 10 categories

Source: TSESR 2025; DRAFT §7.0.

### 7.0 The 10 actor categories a Tanzanian startup engages with by year 3

A Tanzanian startup that survives to its 3rd year has engaged with 7 to 9 distinct actor categories outside the founders themselves. It has registered with BRELA and at least 2 sector regulators. It has applied to one or more EISOs for incubation or BDS support, sometimes successfully. It has approached one or more banks for credit or operating accounts. It has applied to one or more catalytic or impact-grant programmes. It has interacted with at least one MDA as customer, regulator, or supplier. It has been written about, or has tried to be written about, by at least one media entity. It has either joined the Tanzania Startup Association or attended a TSA event. It has, with lower probability, intersected with a development-partner-funded programme or a corporate-engagement programme. This is the operating reality the chapter that follows reads from the actor side.

The 10 actor categories are: startups themselves; capital providers; entrepreneurship and innovation support organisations (EISOs); government ministries, departments, and agencies (MDAs); academia (universities and university institutions); research institutions; development partners; media entities; corporates as ecosystem actors; and industry associations. Two observations frame the inventory: the count and visibility of each actor category have grown over the past 5 years; growth in

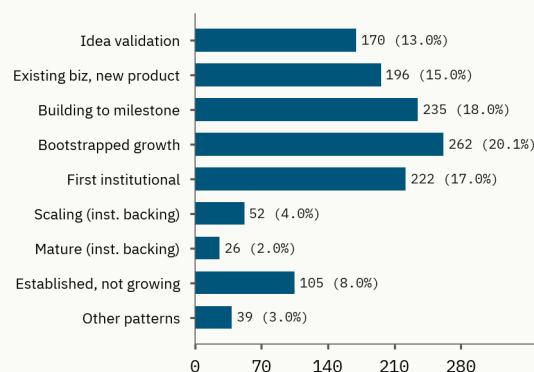
count has not translated proportionally into coordination depth at the cross-actor interface.

### 7.1 What Tanzania's startup population looks like in 2025

Tanzanian startups are not a homogeneous population. The 1,307 active firms in the 2025 startup survey distribute across 9 firm-life-cycle stages with materially different ecosystem engagement patterns at each stage.

**Figure 7.1.1.** Profile Distribution.

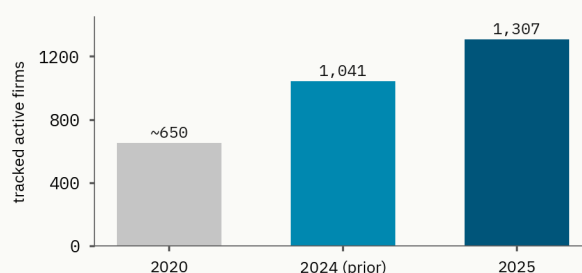
Active firms by life-cycle stage, 2025 (n=1,307)



Source: TSESR 2025 Startup Survey.

**Figure 7.1.2.** Geographic Distribution.

Active startup population, 2020–2025



tracked population roughly doubled across 2020–2025  
Source: TSESR 2025 Startup Survey.

3 readings carry across the distribution. The first is that 52% of active firms sit in the 4 early-stage cohorts (idea, building-product, operating-business-with-new-product, bootstrapped-growth combined account for 863 firms), which means EISOs, catalytic capital programmes, and founder communities carry the volume of the demand. The second is that the 3 institutional-capital cohorts (first institutional,

scaling, mature) account for 300 firms together, which is the share that capital providers and corporate-engagement programmes principally serve. The third is that exit-stage firms register at 0; Tanzania's IPO-and-trade-sale activity sits materially below 1% of the active firm count, consistent with the 2 trade-sale exits and zero IPOs reported in Chapter 5 and Chapter 10.

The 2025 active firm count of 1,307 compares with 1,041 in the prior edition and approximately 650 in 2020. Tanzania's tracked startup population has roughly doubled across the 5-year period.

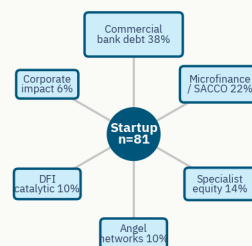
**Founder composition reads the gender dimension at meaningful coverage.** Across the 1,307 active firms, 40.02% carry at least one female founder in the founding team, and 15.99% are female solo-led. The 2024 baseline read 41.34% female founding-team and 16.03% female solo-led across the 1,287-firm Startup Survey reference cohort; the year-on-year movement is -1.32 percentage points on female-founding-team and -0.04 percentage points on female-solo-led. The cohort sits at or above KENGs-comparator readings on gender participation in the founder cohort, and is the principal ecosystem-demographic anchor that Ch04 §4.4 develops from the talent-pipeline angle. Sector mix is set out in §6.1 and need not be repeated here. The actor-relevant point is that sector concentration within each life-cycle stage determines which ecosystem actor category each firm engages with most: a fintech firm in the building-product stage engages with the NMB Bank sandbox and PesaTech; an agritech firm in the same stage engages with FUNGUO, iMBEJU, and MazaoHub-adjacent aggregator networks; an edtech firm engages with the Tanzania Education Authority sandbox and CRDB Bank Foundation iMBEJU youth programmes. The actor categories are common; the engagement composition is sector-and-stage specific.

## 7.2 What 81 surveyed capital providers tell us

A Tanzanian startup approaching capital in 2025 approaches an institutional population of approximately 80 to 100 distinct capital-provider entities operating in some form in the country. The 2025 Capital Provider Survey reached 81 of these institutions. The findings carry the founder-side implications below.

**Figure 7.2.1. Investor Network.**

**Capital-provider landscape, 2025 (n=81 of ~80–100)**



71% report inadequate risk data • 14% direct startup exposure • 30–50% TZ haircut

Source: TSESR 2025 Capital Provider Survey.

71% of surveyed capital providers report inadequate risk-rating data on prospective Tanzanian startup borrowers. The principal data gaps providers cite are audited financial accounts, customer-and-revenue concentration data, working-capital cycles, and intellectual-property valuation. Providers operating across multiple African markets report that Tanzania's reporting environment lags Kenya, Egypt, and Nigeria in 2 specific ways: tax-and-revenue authority data flows do not yet integrate with credit-reference-bureau-class infrastructure, and the public registry of company financial filings is thin relative to the active firm population. The structural implication is that providers apply a Tanzania-specific haircut to base-case valuations in the 30 to 50% range relative to Kenya-equivalent comparables, which suppresses term-sheet pricing and elongates closing timelines.

14% of providers report direct startup-channel exposure as a share of their Tanzania portfolio. The dominant exposure category is SME-class lending, which captures startups indirectly when they qualify as SMEs but which is not engineered as a startup-finance product. For a Tanzanian founder, the implication is that the institutional product they encounter most frequently when approaching a capital provider is an SME-class instrument designed for the typical Tanzanian SME, not a startup-finance instrument designed for the typical Tanzanian startup. The translation cost of fitting the startup's revenue profile, asset base, and growth pattern into the SME-class instrument's underwriting box is absorbed by the founder at the point of application.

The 81 surveyed providers split across 6 instrument categories: commercial bank debt; microfinance and SACCO credit; angel-network capital; specialist agri-food, climate, and impact equity funds; development-finance-institution catalytic capital; and corporate-impact-arm investment. The composition is dominated numerically by the

commercial bank and microfinance categories (combined approximately 60% of the surveyed provider base) and dominated by capital deployment value by the bank-channel and the specialist-equity-fund categories per the Chapter 5 financing breakdown.

The interface with §7.11 coordination patterns: capital providers consistently identify the local catalytic-and-angel layer (FUNGUO, CRDB Foundation programmes, Sahara Consult, SmartLab, SBAN, TAIN, Rhapta) as the principal lever for raising the rate at which Tanzanian startups reach the next financing layer. The provider-side reading is that the binding ecosystem constraint is not the absence of providers; it is the pipeline-quality gap between idea-stage firms and bank-channel-eligible firms, which is the layer EISOs are positioned to close.

7.3 What 105 EISOs are doing for startups, with AfriLabs as the continental reference

A Tanzanian founder seeking incubation, business-development services, mentorship, or pre-

investment technical assistance approaches an institutional population of approximately 95 to 105 entrepreneurship and innovation support organisations active in the country. The TSESR 2025 EISO Survey 2025 reached 105 of these. The 105 count is the broadest EISO base TSESR has surveyed and includes hubs, accelerators, incubators, business-development-service providers, and professional-service firms supporting startups.

The 105-EISO base is not evenly distributed across firm life-cycle stages. The pattern from the EISO Survey and from what Tanzanian startups actually report about EISO use: idea-stage and product-validation-stage support is concentrated in the largest share of EISOs (approximately 60% of the 105 surveyed operate at this stage); first-external-capital and product-market-fit-stage support concentrates in a smaller cohort of approximately 25% of EISOs; growth-stage and institutional-capital-stage support concentrates in a small specialist cohort of approximately 15%. The implication for a founder is that the EISO they approach matches the stage they are at; mismatch (an idea-stage founder approaching a growth-stage accelerator) wastes both sides’ resources.

Figure 7.3.1. EISO Profile Matrix.

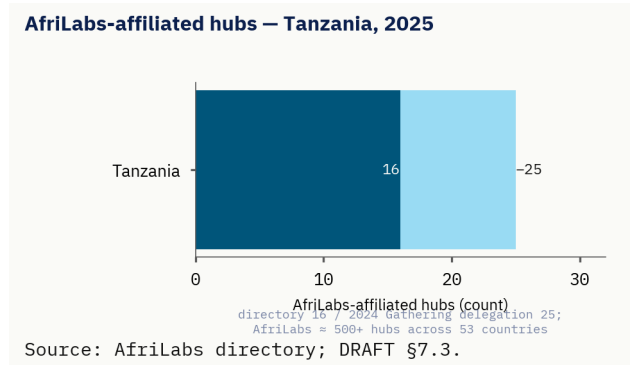
| EISO category                                        | Approx. share of 105 surveyed EISOs | Stage primarily served                                                 | Representative institutions                                                                        |
|------------------------------------------------------|-------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Pre-incubation, idea-validation, founder development | ~38%                                | Firms still validating the idea; firms building a product              | FUNGUO; iMBEJU youth programme; SmartLab; university-based startup centres                         |
| Incubation and acceleration                          | ~28%                                | Firms in bootstrapped growth; firms taking first institutional capital | Sahara Consult (Sahara Ventures); PesaTech (Sahara + UNCDF); Vodacom Digital Accelerator           |
| Specialist BDS and investor-readiness                | ~17%                                | Firms approaching first institutional capital                          | Capital-provider-aligned BDS units; specialist legal-and-financial BDS providers                   |
| Scale-up support and growth-stage advisory           | ~9%                                 | Scaling firms with institutional backing                               | NMB Open Bank Project Fintech Sandbox graduate ecosystem; CRDB iMBEJU + AJIRA Ye2 graduate pathway |
| Sector-specific support and ecosystem coordination   | ~8%                                 | Cross-stage; sector-specific                                           | Tanzania Fintech Association (TAFINA) coordination layer; agritech-specific aggregator networks    |

Source: TSESR 2025 EISO Survey. Shares are approximate within the surveyed base.

The continental reference point is the AfriLabs network. Tanzania carries approximately 16 to 25 AfriLabs-affiliated hubs depending on whether the count uses the formal membership directory (approximately 16) or the AfriLabs Annual Gathering delegation (the 25 hubs Tanzania sent to the 2024 AfriLabs Annual Gathering, the largest country delegation that year). AfriLabs operates a continent-wide network of more than 500 hubs across 53 countries by 2024-2025; Tanzania’s hub-density per million population is in the SSA mid-tier range, below Kenya and Nigeria but above several land-locked SSA peers. For a Tanzanian EISO, AfriLabs membership translates operationally into access to continental peer-learning, joint-programme co-

funding opportunities, and the AfriLabs Annual Gathering as a sector convening.

Figure 7.3.2. AfriLabs Density.



Founders interviewed for this report consistently describe 2 binding selectivity criteria when applying to EISOs. The first is alignment between the founder's stage and the EISO's stage-of-support focus. The second is the EISO's downstream conversion pathway: programmes that integrate into a commercial-banking facility (the CRDB Foundation iMBEJU plus AJIRA Ye2 pathway; the NMB Open Bank Project Fintech Sandbox to NMB Seed Fund pathway) carry materially higher founder-perceived value than programmes that operate as standalone capability-building exercises. The 62% donor-dependency rate among Tanzanian EISOs documented in the EISO Survey 2025 is the structural fragility behind this: EISOs that depend principally on donor cycles for operating revenue carry less commercial-conversion infrastructure than EISOs that integrate into a commercial host institution.

## 7.4 The MDA inventory startups operate against

A Tanzanian startup encounters approximately 12 to 20 distinct ministries, departments, and agencies before its 4th operating year. The exact count varies by sector. A pure-software B2B startup typically encounters BRELA (registration), TRA (tax), and 1 to 2 sector regulators, namely the PDPC for personal-data processing and the FIU for financial-services-related data. An agritech startup adds the Ministry of Agriculture, the Tanzania Agricultural Development Bank channel, the National Environment Management Council for environmental compliance, and the Tanzania Bureau of Standards for product certification. A healthtech startup adds the Tanzania Medicines and Medical Devices Authority (which also operates a HealthTech regulatory sandbox), the Ministry of Health, and sector-licensing bodies for the specific health products. A fintech startup adds the Bank of Tanzania (which operates the FinTech Regulatory Sandbox), the Capital Markets and Securities Authority (which operates the Capital Markets Regulatory Sandbox), and the Financial Intelligence Unit under the Anti-Money Laundering Act 2006. The full MDA inventory affecting the startup operating perimeter sits at approximately 50 institutions across all sectors, sub-sectors, and cross-cutting regulators.

The principal MDA inventory captured in the Chapter 2 reform-readiness analysis spans: BRELA (Business Registrations and Licensing Agency); TRA (Tanzania Revenue Authority); TISEZA (Tanzania Investment and Special Economic Zones Authority, established 1 July 2025 under the Investment and Special

Economic Zones Act No. Six of 2025); BoT (Bank of Tanzania); CMSA (Capital Markets and Securities Authority); TCRA (Tanzania Communications Regulatory Authority); TBS (Tanzania Bureau of Standards); TMDA (Tanzania Medicines and Medical Devices Authority); NACTE (National Council for Technical and Vocational Education and Training); EWURA (Energy and Water Utilities Regulatory Authority); LATRA (Land Transport Regulatory Authority); TCAA (Tanzania Civil Aviation Authority); Tanzania Mining Commission; TIRA (Tanzania Insurance Regulatory Authority); NEMC (National Environment Management Council); COSTECH (Tanzania Commission for Science and Technology); COSOTA (Copyright Society of Tanzania); PDPC (Personal Data Protection Commission, operational from 2023 under Personal Data Protection Act 2022); FIU (Financial Intelligence Unit under Anti-Money Laundering Act 2006); FCC (Fair Competition Commission); PPRA (Public Procurement Regulatory Authority operating the National e-Procurement System NeST); plus the policy-leading ministries MCIT, MoF, MoEST, National Planning Commission (NPC), and the Ministry of Industry and Trade.

From the founder side, the MDA count is less informative than the MDA touch frequency and the compliance-burden distribution. BRELA registration is broadly functional at the post-2018 reform threshold. TRA tax thresholds at TZS 100 million presumptive ceiling and TZS 200 million VAT mandatory registration are visible and traversable for the firm-size distribution active firms operate at. Sector regulator perimeters are sector-specific frictions described in Chapter 2. The cross-cutting cost is the compounding effect when a startup intersects 5 or more MDAs simultaneously in a regulated sector like fintech or healthtech.

The Tanzania National Startup Policy, in MCIT-led consultation since March 2025 and under stakeholder review through 2026, is the MDA-coordination instrument intended to consolidate the operating-perimeter management for startups across the MDA inventory. The Policy translates into an Act after Cabinet approval; as of the close of the 2025 reporting period, it had not been gazetted. The structural role of the Policy will be to set the cross-MDA coordination framework that the chapter's §7.11 ecosystem-coordination synthesis treats as the principal coordination gap.

## 7.5 Academia in its actor capacity: 52 TCU-registered institutions

A Tanzanian founder's interaction with academia in its actor capacity is distinct from the talent-pipeline reading in Chapter 4. The talent-pipeline reading

**Table 7.5.1.** Tcu Programmes.

| HLI               | Programme                           | Active since | Annual cohort | Startup graduates 2025 |
|-------------------|-------------------------------------|--------------|---------------|------------------------|
| UDSM              | UDIIC + Entrepreneurship MSc        | 2009         | 60+           | 35+                    |
| NM-AIST           | MAKISATU pipeline + spinoff support | 2016         | 15-20         | 12                     |
| MUHAS             | MUHAS Innovation Hub                | 2019         | 8-12          | 7                      |
| SUA               | AGITF Agripreneurship               | 2012         | 40-60         | 20                     |
| Mzumbe University | Mzumbe Innovation Centre            | 2014         | 30-50         | 15                     |
| IFM               | IFM Fintech Lab                     | 2020         | 10-15         | 8                      |
| Ardhi University  | Ardhi Construction Innovation Lab   | 2018         | 8-15          | 5                      |
| SJUT St Joseph    | SJUT Innovation Centre              | 2017         | 15-25         | 8                      |

Source: TCU 2025; TSESRL HLI inventory.

The 52 TCU-registered institutions divide between research-oriented public universities (the University of Dar es Salaam; Sokoine University of Agriculture; Mzumbe University; the State University of Zanzibar; Open University of Tanzania, among others), specialised public universities (Nelson Mandela African Institution of Science and Technology in Arusha; Institute of Finance Management; Ardhi University), private universities operating across multiple regions, and university colleges. The TCU register is the authoritative source on the institutional inventory. A separate set of institutions operating in higher education sits under NACTE for technical and vocational education at the tertiary level; the NACTE-stream institutions are not in the TCU register but are part of the broader higher-education ecosystem.

85% or more of Tanzanian startup founders graduated from a Tanzanian university or university institution; the University of Dar es Salaam alone supplies 19% of founders, Sokoine University of Agriculture 7.6%, Mzumbe University 6.3%, and the Institute of Finance Management 6.3%. The founder-side observation on academia in actor capacity: Tanzanian founders consistently identify 3 ways academia engages with their firm. The first is talent supply (the principal pipeline; covered in Chapter 4). The second is research partnership where applicable (the agritech firms that work with Sokoine; the healthtech firms that work with Muhimbili University of Health and Allied Sciences; the deep-tech firms that work with Nelson Mandela African Institution of Science and Technology). The third is incubation-and-spin-out support where the university operates a startup centre or innovation

covers founder education origin and graduate flow. The actor-capacity reading covers institutional partnerships, ecosystem participation, and startup spin-out activity from higher-learning institutions. The 52 universities and university institutions registered by the Tanzania Commission for Universities (TCU) as of March 2025 form the actor base for this reading.

hub (the UDSM Innovation Hub; the Sokoine SUA Innovation Hub; the Nelson Mandela startup centre, among others). The 3rd engagement is the least developed of the 3; few active firms originate as university spin-outs in the formal sense.

The structural opportunity in academia-as-actor is the conversion of research-and-curriculum activity into commercialisable startup activity. The Chapter 8 R&D analysis reads this at the innovation-output level; the actor-capacity reading here is that the institutional infrastructure exists (52 institutions; multiple innovation hubs; multiple startup centres) but the cross-institutional coordination on commercialisation pipelines is thin. This is the academia-side input into the §7.11 coordination-pattern synthesis.

## 7.6 The public-research network as ecosystem actor

A Tanzanian startup that requires research-grade testing, validation, or scientific input encounters a network of approximately 20 public-research institutions operating under or alongside COSTECH, the Tanzania Commission for Science and Technology. The principal institutions include the National Institute for Medical Research (NIMR), the Tropical Pesticides Research Institute (TPRI), the Tanzania Industrial Research and Development Organization (TIRDO), the Tanzania Atomic Energy Commission, the Tanzania Forestry Research Institute, the Tanzania Fisheries Research Institute, the Tanzania Livestock Research Institute, the Tanzania Agricultural Research Institute, and others.

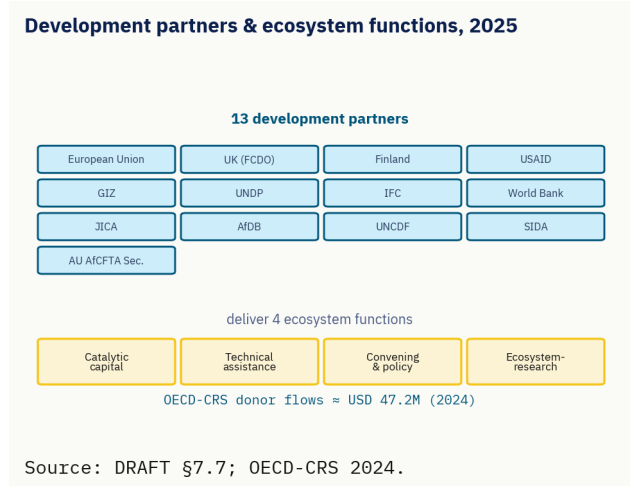
For a Tanzanian agritech, healthtech, or industrial-technology startup, the research-institution network is the source of scientific validation, IP-licensable research outputs, and testing facilities the firm cannot operate at its own scale. The IP-handover Memorandum of Understanding under COSTECH that has been in force since 2024 establishes the procedural framework for moving research-institution-developed IP into commercial-licensee hands. The Chapter 8 reading on innovation outputs covers IP volume, patent activity, and research-to-commercial transfer outcomes; the actor-capacity reading here is the institutional inventory and the coordination state.

Active firms that report engagement with public-research institutions concentrate in 3 sectors: agritech (Sokoine SUA, TARI, TLRI partnerships); healthtech (NIMR, Muhimbili University partnerships); and industrial-and-deep-technology (TIRDO, Nelson Mandela African Institution of Science and Technology partnerships). Outside these sectors, active-firm engagement with research institutions is thin. The structural opportunity is the same as the academia-as-actor reading at §7.5: the institutional infrastructure exists; the cross-institution coordination on commercialisation pipelines is the binding gap.

7.7 Development partners and the coordination layer they fund

A Tanzanian startup encounters development-partner-funded programmes more often than it encounters development-partner institutions directly. The 13 principal development partners active in the Tanzanian startup ecosystem at end-2025 are: the European Union (operating across multiple instruments via EU Delegation Tanzania); the United Kingdom (FCDO); the Government of Finland (active in innovation-and-research-cooperation programmes); USAID (active in agricultural development and innovation programmes); GIZ (partner to the CRDB Foundation AJIRA Ye2 programme and others); UNDP (operates FUNGUO directly); IFC (operates the MSME Finance Gap analytical framework that anchors Chapter 5); the World Bank (operates broader country-engagement plus B-READY benchmarking); JICA; the African Development Bank; UNCDF (operates PesaTech with Sahara Ventures); SIDA; and the African Union AfCFTA Secretariat.

Figure 7.7.1. Dev Partner Map.



The headline figure on development-partner cumulative funding for startup-and-innovation activity in Tanzania is the OECD Creditor Reporting System (CRS) reading of approximately USD 47.2 million in donor flows to the Tanzania startup ecosystem in the most recent reporting year (2024), as cited in the Chapter 5 financing anchors. This figure aggregates across the 13 named partners and tracks programmable activity reported through the OECD CRS marker; it does not capture all institutional engagement (technical-assistance flows, secondment, peer-to-peer convening) which sits outside the CRS marker.

The principal development-partner coordination structure operating in Tanzania at end-2025 is the multi-DP roundtable convened periodically by the larger DPs (typically EU Delegation, UK FCDO, and UNDP rotating), with sector-specific coordination groupings (the climate-and-energy group; the agriculture-and-food-security group; the digital-and-innovation group) operating alongside the country-level roundtable. From the founder side, the DP layer is consequential at 3 specific points: when a founder is selected into a DP-funded programme cohort (FUNGUO, iMBEJU pre-investment, PesaTech, sector-specific impact-grant programmes); when a founder applies to a DP-managed financing facility (selected EDFI AgriFI deals; selected Madica and Plug and Play Tanzania-resident grants); and when a founder participates in DP-convened sector forums (the principal access point to peer-founder networks, capital-provider visibility, and DP-managed regulatory dialogue with MDAs).

The 13 development partners between them deliver 4 distinct functions in the ecosystem: catalytic capital (the FUNGUO, iMBEJU, OECD-CRS-tracked grant flows); technical assistance (the GIZ-CRDB AJIRA Ye2 partnership; multiple UNDP and UNCDF technical-assistance programmes); convening and policy dialogue (the multi-DP roundtable; the

AfCFTA-implementation policy dialogue); and ecosystem-research funding (the analytical work that produces reports including the TSESR itself, the IFC MSME Finance Gap framework, the World Bank B-READY benchmarking). The functions are complementary; the coordination gap §7.11 picks up is that the 4 functions are not always synchronised across the 13 partners, which produces episodic duplication and episodic gaps depending on the funding cycle of each partner.

## 7.8 Media: what bilingual ecosystem coverage looks like in 2025

A Tanzanian startup that wants to be reported on by ecosystem media in 2025 has approximately 7 to 10 named outlets to approach, divided between Pan-African-with-Tanzania-coverage outlets and Tanzania-domestic outlets. The Pan-African-with-Tanzania-coverage set includes TechCabal Tanzania (the regional outlet's Tanzania desk), WeeTracker, Disrupt Africa Tanzania, and Benjamin Dada (the Tanzania-and-East-Africa-focused independent outlet). The Tanzania-domestic set includes TechTalk Tz, Mwananchi Business, The East African Tanzania edition, The Citizen business pages, and TanzaniaInvest (the investment-focused English-language outlet). The bilingual coverage pattern matters: Mwananchi operates principally in Swahili; The Citizen, The East African, and TanzaniaInvest operate principally in English; the Pan-African outlets operate in English. A Tanzanian startup whose principal customer base is Swahili-language-speaking gets less downstream commercial benefit from English-only coverage than from Swahili coverage, which inverts the conventional ecosystem-media pattern where English coverage is treated as more prestigious.

**Figure 7.8.1.** Media Coverage.

**Ecosystem media outlets by scope & language, 2025**

|                      | Scope       | Language |
|----------------------|-------------|----------|
| TechCabal Tanzania   | Pan-African | English  |
| WeeTracker           | Pan-African | English  |
| Disrupt Africa TZ    | Pan-African | English  |
| Benjamin Dada        | Pan-African | English  |
| TechTalk Tz          | Tz-domestic | English  |
| Mwananchi Business   | Tz-domestic | Swahili  |
| The East African TZ  | Tz-domestic | English  |
| The Citizen business | Tz-domestic | English  |
| TanzaniaInvest       | Tz-domestic | English  |

Source: DRAFT §7.8.

From the founder side, media coverage of Tanzanian startups in 2025 carries 3 specific operational outcomes when it lands: visibility to capital providers (the principal commercial benefit of Pan-African outlet coverage); credibility with corporate procurement counterparts (the principal benefit of TanzaniaInvest and Citizen business-page coverage); and customer-acquisition reach in the Swahili-language market (the principal benefit of Mwananchi coverage). Founders interviewed for this report consistently describe media access as selective: a 2025 deal at the USD 1 million pre-seed scale gets covered routinely by the Pan-African outlets; a 2025 deal at the USD 100,000 scale gets covered selectively by TanzaniaInvest and Citizen; a Swahili-language consumer-product launch gets covered routinely by Mwananchi but rarely by the Pan-African outlets.

The structural coordination gap on media coverage is at the Swahili-English language interface. The English-language coverage of Tanzanian startups is concentrated in Pan-African outlets headquartered outside Tanzania, which constrains coverage frequency and depth. The Swahili-language coverage is concentrated in Tanzania-domestic outlets, which serves the consumer-market layer but does not surface Tanzanian startups to international capital. Closing this gap is an ecosystem-coordination opportunity rather than a programme-level intervention.

## 7.9 Corporates as ecosystem actors

A Tanzanian startup engages large corporates in 2 distinct capacities. The procurement-and-engagement-programme capacity sits at Chapter 6 (NMB Open Bank Project Fintech Sandbox; Vodacom Digital Accelerator; CRDB Bank Foundation iMBEJU; NBC Bank and TAFINA partnership). The actor-capacity reading covers the same corporates plus a broader set in their ecosystem-actor role: as supply-chain anchors that absorb startup products as inputs; as partner-spotlight cases other ecosystem actors look to for replicability; and as ecosystem-investment vehicles that fund broader-than-procurement initiatives.

The principal corporates active in the Tanzanian startup ecosystem at end-2025 include the 4 commercial banks named in §6.4 (NMB Bank Plc; CRDB Bank Plc; NBC Bank Tanzania; Stanbic Bank Tanzania), the 2 mobile-network operators with active corporate-impact engagement (Vodacom Tanzania PLC; Yas, the operator formerly trading as Tigo Tanzania), the digital-infrastructure operators

(Helios Towers Tanzania; the principal data-centre operators), the principal agribusiness corporates (the dominant export-crop processors; the principal food-and-beverage manufacturers), and selected Tanzanian-listed corporates with active CSR or strategic-supplier-development programmes. The total active-corporate count engaged with the startup ecosystem in some form sits at approximately 40 institutions.

For a Tanzanian startup, the actor-capacity engagement with a corporate carries 3 distinct outcomes that Chapter 6's procurement-and-engagement-programme reading does not isolate. The first is supply-chain integration as a tier-1, tier-2, or tier-3 supplier of inputs to the corporate's principal operating activity (not the corporate's CSR programme). A Tanzanian agritech firm that supplies a corporate food-processor with smallholder produce is in a structurally different relationship with that corporate than a Tanzanian firm that participates in the same corporate's CSR-funded accelerator. The second is partner-spotlight case status, in which the startup becomes the public reference case for the corporate's broader claim about its sector engagement; this carries reputational value for the startup that can convert into capital-raising signal. The third is ecosystem-investment fund participation, in which the corporate acts as a limited partner in a fund that backs Tanzanian startups (rare but emerging as the venture-capital-vehicle structure described in the Chapter 5 recommendations matures).

The actor-capacity coordination opportunity with corporates is the supply-chain reading rather than the engagement-programme reading. A Tanzanian corporate that integrates 20 startup suppliers into its tier-1-and-tier-2 supply chain at meaningful contract volume creates substantially more ecosystem value than the same corporate that operates a 5-cohort-per-year branded accelerator at the standalone-capability-building scale. The procurement-transparency standard recommendation in Chapter 6 §6.9.6 is the policy instrument designed to make this visible.

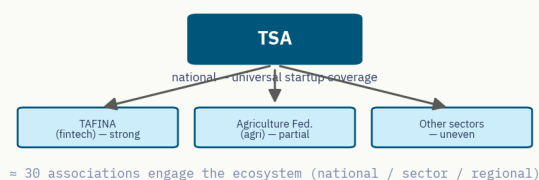
## 7.10 Industry associations: TSA and the sector cohort

A Tanzanian startup engages with industry associations principally through the Tanzania Startup Association (TSA), the national association in its representative-of-the-startup-population capacity, and through sector-specific associations where the startup operates in a regulated or sector-defined market. The principal sector associations at end-

2025 include the Tanzania Fintech Association (TAFINA); the AfricaPlay association of digital-and-creative-industries operators; the Tanzania ICT Commission Sector Working Groups; the Tanzania Agriculture Federation operating across agricultural value-chains; the Tanzania Private Sector Foundation (TPSF) as the umbrella business-membership organisation that covers most large firms and a portion of formal SMEs; the Confederation of Tanzania Industries (CTI) covering the manufacturing-and-industrial cohort. The principal regional associations operate at the chamber-of-commerce level in Dar es Salaam, Arusha, Mwanza, and selected secondary urban regions. The total active industry-and-regional association inventory engaged with the startup ecosystem sits at approximately 30 institutions.

**Figure 7.10.1.** Industry Association Membership.

### Industry & regional associations, 2025



Source: DRAFT §7.10; TSA.

The Tanzania Startup Association is the principal coordination point for the startup population. TSA published the TSESR series across 6 editions (2020, 2021, 2022, 2023, 2024, and the 2025 edition this chapter sits within); ran the Tanzania Startup Policy Hackathon March 2026 that fed into the MCIT-led Startup Policy consultation; convenes the Tanzania-domestic capital-provider, EISO, and corporate cohorts around recurring sector forums; and operates the TSA-Africapital partnership (a 3-year alternative-financing collaboration with Africapital Investment Holding Limited announced 2025) and similar partner-institution arrangements as the principal ecosystem-coordination vehicle. The TSA-Africapital partnership is the most visible 2025 example of an industry-association-led ecosystem-coordination instrument that operationalises a financing-supply objective.

Beyond TSA, the sector-association coverage of the Tanzanian startup ecosystem is uneven. Fintech is well-covered via TAFINA. Agritech-as-a-startup-cohort is less well-covered because the Tanzania Agriculture Federation covers the broader agricultural-business population including non-startup actors. Healthtech, edtech, cleantech, and

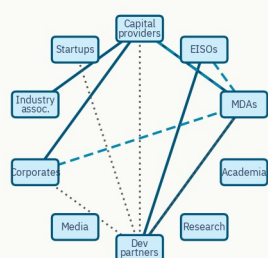
creative-industries cohorts lack dedicated sector-association coverage and rely on TSA as the umbrella representative. The coordination implication is that policy advocacy and ecosystem-development coordination for the under-covered sectors funnels through TSA, which carries the load.

## 7.11 Coordination patterns and ecosystem density

The reading that follows surfaces what coordination across the 10 categories looks like in 2025 and where the principal gaps sit.

**Figure 7.11.1.** Coordination Network.

### Cross-actor coordination — patterns & gaps, 2025



— P1 institution dyads — P2 MDA sandboxes ... P3 DP sector convening

Gaps: 1 cross-MDA perimeter - 2 EISO+capital pipeline - 3 ecosystem-data registry - 4 continental

Source: DRAFT §7.11; TSESR KII corpus.

Three coordination patterns operate at scale.

**Pattern 1: institution-to-institution programmatic partnerships.** The principal vehicle is the bilateral institutional partnership between 2 actor categories around a defined programmatic outcome. The named 2025 examples are dense: NMB Bank Plc and TSA on the 3-year startup-development MoU; CRDB Bank Foundation and GIZ on AJIRA Ye2; Vodacom Tanzania PLC, MassChallenge, and Huawei on the Vodacom Digital Accelerator; NBC Bank and TAFINA on the fintech engagement partnership; Sahara Ventures and UNCDF on PesaTech; TSA and Africapital on the alternative-financing partnership. The pattern operates well at the dyad level. It scales less well at the triad-or-more level, where the coordination overhead increases sharply.

**Pattern 2: MDA-led regulatory sandboxes as cross-actor coordination instruments.** The 5 sector-specific regulatory sandboxes (BoT FinTech Regulatory Sandbox; CMSA Capital Markets Regulatory Sandbox; TMDA HealthTech sandbox; TIRA InsurTech sandbox; TEA EdTech sandbox) operate as MDA-anchored coordination instruments that gather startups, capital providers, EISOs, and the relevant sector regulator into a defined

regulatory-test cohort. The BoT FinTech Regulatory Sandbox in particular has become the principal cross-actor coordination point for the fintech segment, channelling participating startups into capital-provider attention, EISO incubation programmes, and the post-sandbox MDA-adoption pathway described in Chapter 6 §6.3. The sandbox model is replicable across sectors and is the most successful cross-actor coordination instrument the Tanzanian ecosystem has developed in the period 2020-2025.

**Pattern 3: development-partner-funded sector convening as cross-actor forum.** The development-partner-funded sector forums (the climate-and-energy group; the agriculture-and-food-security group; the digital-and-innovation group) function as periodic cross-actor convening points where the DP, the relevant MDAs, the active capital providers, the principal EISOs, the participating corporates, and the selected startups gather around a defined sector outcome. The pattern operates with varying frequency depending on the funding cycle of each DP-funded sector programme; when funded continuously, the pattern produces material cross-actor coordination outputs (the IFC MSME Finance Gap framework adoption; the UNDP-FUNGUO catalytic-grant programme expansion; the GIZ-CRDB AJIRA Ye2 programme launch). When funding gaps interrupt the convening cycle, the cross-actor coordination output weakens.

The principal coordination gaps:

**Gap 1: cross-MDA coordination on the startup operating perimeter.** A Tanzanian fintech startup operating across the BoT, CMSA, FIU, PDPC, and TCRA perimeters carries the compliance overhead of 5 distinct MDA interfaces. The cross-MDA coordination is currently bilateral and ad-hoc; the Tanzania National Startup Policy, in MCIT-led consultation since March 2025, is the instrument intended to consolidate cross-MDA coordination but had not been gazetted by year-end 2025.

**Gap 2: pipeline-quality coordination between EISOs and capital providers.** The 105 EISOs and the 81 surveyed capital providers operate in adjacent but not fully coordinated pipelines. EISOs report graduate firms; capital providers report deal pipeline; the conversion rate from EISO-graduate to capital-provider-funded firm sits below the rate observers would expect given the institutional density. The CRDB iMBEJU plus AJIRA Ye2 plus CRDB commercial-banking pathway is the principal exception that demonstrates pipeline integration where it works.

**Gap 3: data-coordination across the ecosystem.**

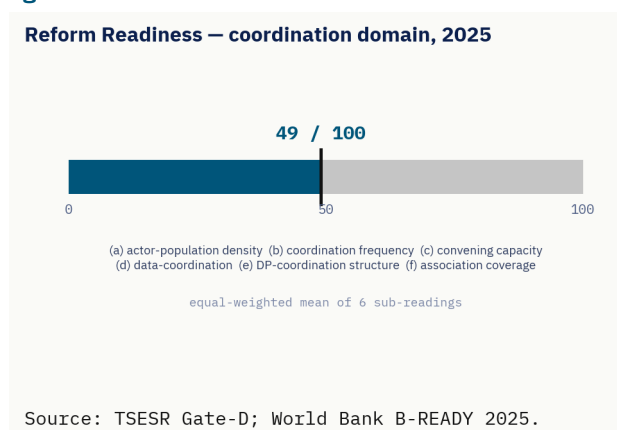
No common ecosystem-data registry operates across the 10 actor categories. TSA maintains the startup registry; capital providers each maintain their own deal pipelines; EISOs each maintain their cohort records; MDAs maintain registration-and-licensing data within their own systems. The data-coordination gap means that an ecosystem-wide question (how many active firms graduated from an EISO programme in the prior 3 years; what share of capital-provider deal value reaches non-Dar es Salaam regions; what share of MDA-procurement contracts went to firms in their first 4 years) cannot be answered without bespoke survey work. The TSESR analytical infrastructure is itself the principal current substitute for the absent ecosystem-data registry.

**Gap 4: continental and cross-border coordination.**

Tanzania's 16 to 25 AfriLabs-affiliated hubs participate in the AfriLabs continental network but the sustained continental coordination on cross-border investment, talent mobility, and sector partnerships sits below the rate Kenya and Nigeria have developed. The AfriLabs Annual Gathering 2024 hosting by Tanzania (25-hub delegation) was the most visible continental coordination event in the period; sustained year-round continental coordination is less developed.

## 7.12 Reform Readiness Index reading

The RRI Chapter 7 sub-components for 2025 are constructed as the equal-weighted mean of 6 sub-readings: (a) actor-population density (the 10-actor inventory benchmarked against KENGs-comparator densities, with Tanzania at the SSA mid-tier on most categories and below Kenya and Nigeria on EISO-and-capital-provider density); (b) cross-actor coordination frequency from the KII corpus reading on how often actor categories interact through institutional channels; (c) ecosystem-wide convening capacity (TSA 11-institutional-partner coverage; AfriLabs participation; sector-association activity); (d) data-coordination capacity (the extent to which actor categories share ecosystem data, presently low because no common registry exists); (e) DP-coordination structure operational state (the multi-DP roundtable and sector-grouping operational continuity); (f) industry-association sector coverage depth (TSA universal coverage plus the uneven sector-association coverage). The composite Chapter 7 RRI sub-total for 2025 stands at 49 on the 0 to 100 scale.

**Figure 7.12.1.** RRI Coordination.

The composite reading places Tanzania in a position where the actor-inventory has reached substantial density at most categories but the cross-actor coordination layer is the binding constraint. Closing the readiness gap is principally a function of operationalising coordination instruments across the 10 categories rather than expanding the inventory in any single category.

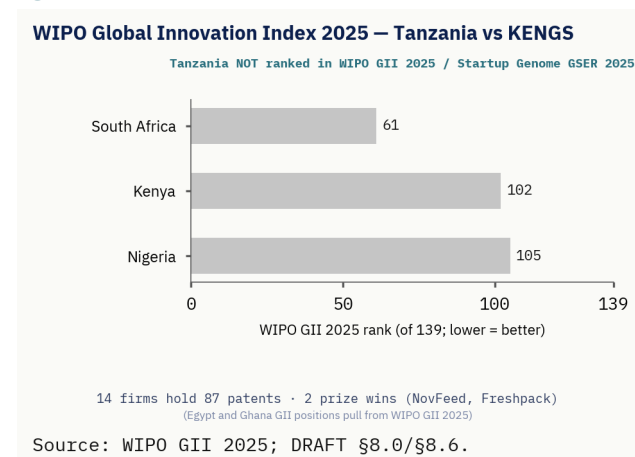
Recommendations for this chapter sit in Ch12 across Pathways 1-7 (Capital, Policy, Talent, Markets, Infrastructure, Innovation, Macro); the full register is at [startupreport2025.tsa.co.tz/data](http://startupreport2025.tsa.co.tz/data).

## Chapter 8

# Knowledge, Research, and Innovation Outputs

Reporting period: 1 January to 31 December 2025.

**Figure 8.0.1.** Wipo Gii KENGs.



## 8.0 What innovation looks like from the Tanzanian startup side

A Tanzanian founder working on a deep-tech, agritech, healthtech, or hardware product in 2025 operates in an innovation system that does not appear on the standard global ranking sheets. Tanzania is not ranked in the WIPO Global Innovation Index 2025, the principal international benchmark on national innovation performance. Tanzania is not ranked in the Startup Genome Global Startup Ecosystem Report 2025, the principal city-level ecosystem benchmark. Both absences are structural: WIPO requires sustained UNESCO data submissions which Tanzania has not made since approximately 2020; Startup Genome ranks cities above an ecosystem-activity threshold which Dar es Salaam does not currently clear. Neither absence reflects an Olympic-style elimination, Tanzania has not been ranked and then dropped, but the cumulative effect is that founders pitching to international capital, applying to global accelerators, or competing for international innovation prizes cannot point to a current GII or GSER number for Tanzania.

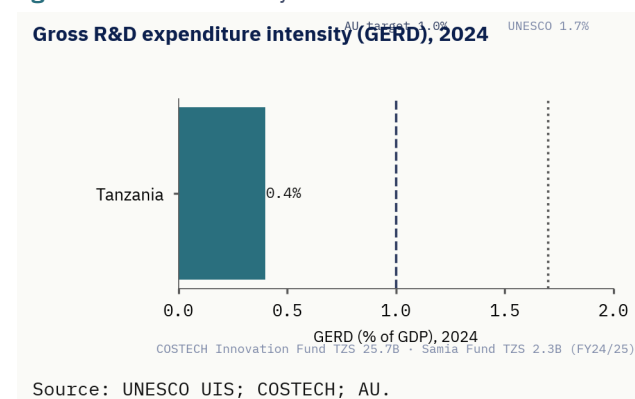
Fourteen Tanzanian startups hold registered patents per the most recent TSESR baseline. Together they hold 87 patents. On the competition side, NovFeed (USD 1 million Milken-Motsepe Prize in AgriTech 2023; Africa's Business Heroes top finalist 2025) and Freshpack Technologies (USD 250,000 runner-up in the Milken-Motsepe Prize in AI and

Manufacturing 2026) are the named Tanzanian winners of major international prizes in the recent period. At the same time, several Tanzania-domiciled accelerators and competitions, including the Vodacom Digital Accelerator, the Mastercard Foundation EdTech Fellowship Tanzania, Smart Lab's climate-tech accelerator, ClimAccelerator Tanzania, PesaTech, and the COSTECH MAKISATU competition, run cohorts every year that put Tanzanian innovators through structured product validation and award them seed-scale capital. The structural challenge is that the IP base is concentrated, the named international wins are concentrated, and Tanzania's absence from global innovation rankings prevents the systematic ecosystem-level signal that founders need to attract international capital and partnership.

Chapter 8 reads the Tanzanian innovation system from the startup side: what 52 universities and 20 research institutions deliver, what 14 firms holding 87 patents looks like at the firm level, what international prizes produce for Tanzanian winners, and where the system blocks.

## 8.1 What Tanzanian innovators do about thin public R&D funding

Tanzania's gross domestic expenditure on research and development sits at approximately 0.4% of GDP, against an African Union target of 1.0% and a UNESCO global average of approximately 1.7%. The 0.4% is at the upper end of the sub-Saharan African range, most SSA economies report GERD below 0.5%, many below 0.1%, but it is structurally insufficient for the scale of R&D investment that frontier innovation requires. A founder working on a defensible technology product in Tanzania cannot expect public R&D funding to anchor the R&D budget the way it anchors equivalent firms in higher-income economies.

**Figure 8.1.1.** Rd Intensity.

Tanzanian innovators engineer 3 alternatives to thin public R&D supply.

**Alternative 1: founder self-fund the early R&D and recover from revenue.** The bootstrap pattern documented across Tanzania’s 1,307 active firms applies to R&D as it applies to other operating costs. Founders running technology-heavy product builds report self-funding the first 12 to 24 months of R&D from founder savings, family-and-friends capital, and pre-product consulting revenue. The cost is slowed product timing relative to peers in adequately R&D-funded ecosystems; the benefit is product ownership and avoidance of the dilution and reporting overhead that grant-anchored R&D would carry.

**Alternative 2: research-partnership arbitrage with Tanzanian universities and research institutions.** Founders running scientifically-grounded products partner with Tanzanian universities (the Sokoine University of Agriculture for agritech; Muhimbili University of Health and Allied Sciences for healthtech; Nelson Mandela African Institution of Science and Technology for deep technology; the University of Dar es Salaam Innovation and Entrepreneurship Centre for cross-sector ICT) and with COSTECH-affiliated research institutions (the National Institute for Medical Research, the Tanzania Industrial Research and Development Organization, the Tanzania Agricultural Research Institute). The partnerships provide access to instrumentation, laboratory space, scientific personnel time, and IP-pathway expertise that the founder cannot fund individually. The COSTECH IP-handover Memorandum of Understanding in force since 2024 provides the procedural framework for moving research-institution-developed IP into commercial-licensee hands. Founders interviewed for this report describe the partnerships in identical terms: where they work, they work because of a specific institutional champion at the university or research institution; where they do not work, the institutional incentive structure rewards publications over

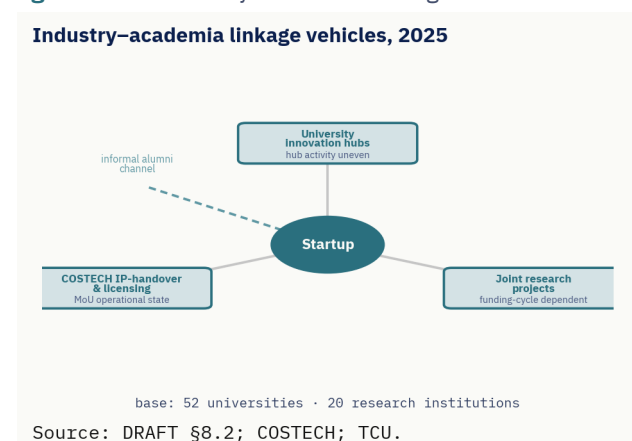
licensing and the founder does not get a partner motivated to commercialise.

**Alternative 3: donor-funded R&D programme participation.** The COSTECH Innovation Fund disbursed approximately TZS 25.7 billion across the 2024-2025 government research-and-innovation injection, of which TZS 2.3 billion was channelled through the Samia Innovation Commercialisation Fund and TZS 1.9 billion was disbursed to innovators across 32 innovation projects and 15 innovation-centre projects. The MAKISATU National Science, Technology and Innovation Competition operates as the principal screening and award mechanism, with the 2025 application call closing on 20 April 2025. The named 2024-2025 MAKISATU awardees include Smartdarasa, the education-technology firm that also received Vodacom Digital Accelerator support and a Mastercard Foundation award and incubated at the University of Dar es Salaam Innovation and Entrepreneurship Centre. The Human Development Innovation Fund, a UK FCDO programme that operated through 31 July 2021 and disbursed approximately GBP 40 million during its 7-plus year active period, closed in 2021; FUNGUO, implemented by UNDP Tanzania, is the successor programme operating since the May 2021 launch.

The 3 alternatives together compose the practical R&D budget of a typical innovation-driven Tanzanian startup. None of them is GERD-side public R&D in the conventional national-accounts sense; each is the founder-side workaround the thin public R&D supply forces.

## 8.2 How industry and academia actually connect for Tanzanian startups

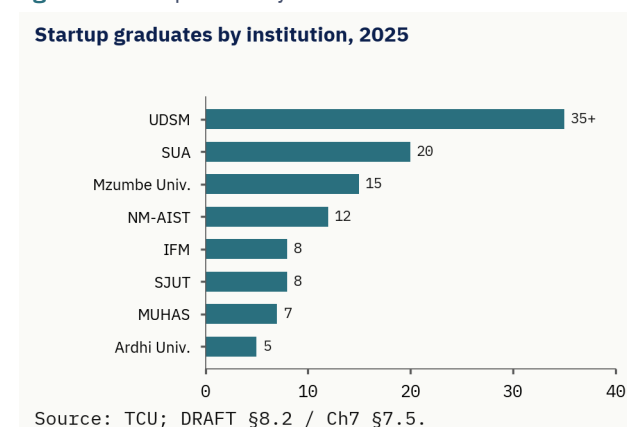
A Tanzanian startup that wants to commercialise university or research-institution research engages with 3 specific institutional vehicles plus the founder-led informal channels.

**Figure 8.2.1.** Industry Academia Linkages.

**Vehicle 1: university-based innovation hubs and entrepreneurship centres.** The University of Dar es Salaam Innovation and Entrepreneurship Centre (where Smartdarasa among others incubated); the Sokoine SUA Innovation Hub for agritech; the Nelson Mandela African Institution of Science and Technology startup centre; the smaller hubs operating at Mzumbe University, the Institute of Finance Management, and selected private universities. The 52 TCU-registered universities in the March 2025 register vary in how operationally active their innovation hubs are; the named hubs above are the principal vehicles that founders interviewed for this report identify as functional for startup-stage engagement.

**Vehicle 2: COSTECH IP-handover and licensing pathway.** The COSTECH IP-handover Memorandum of Understanding in force since 2024 establishes the procedural framework for licensing research-institution IP to commercial firms. The pathway moves IP from the research institution (NIMR for medical; TIRDO for industrial; TARI for agricultural; others) to a startup or established firm under defined licensing terms. The vehicle is structurally important; the operational scale is still small. The Chapter 10 reading on innovation outputs covers the commercialisation outcomes; this section covers the institutional pipeline that produces them.

**Vehicle 3: joint research projects with sector-aligned firms.** Some Tanzanian agritech, healthtech, and industrial-technology startups co-fund or co-execute specific research projects with university or research-institution partners. The cost-sharing arrangement gives the firm scientific input it cannot otherwise afford and gives the institution applied-research output that the publish-or-perish incentive structure does not normally reward. The 2024-2025 institutional partnership growth between CRDB Bank Foundation, COSTECH, and the ICT Commission (ICTC) for technical-track support to the iMBEJU youth-entrepreneurship cohort is the most visible example of the cross-vehicle integration.

**Figure 8.2.2.** Spinouts By Hli.

**The informal channel.** Beyond the 3 institutional vehicles, the most common founder-academia connection runs through the founder's own university alumni network. Approximately 85% of Tanzanian startup founders graduated from a Tanzanian university; the University of Dar es Salaam alone supplies 19% of founders, Sokoine 7.6%, Mzumbe and the Institute of Finance Management 6.3% each. An alumni-channel partnership runs faster than an institutional MoU and at lower transaction cost, it scales less reliably across firms and is sensitive to the specific academic relationships the founder carries.

Table 8.2.1 (the 4-vehicle industry-academia linkage inventory and the binding constraint on each) is hosted in full at [startupreport2025.tsa.co.tz/knowledge](http://startupreport2025.tsa.co.tz/knowledge).

Source: TSESR 2025 Startup Survey; founder-interview material; COSTECH IP-handover MoU documentation; TCU March 2025 register of 52 institutions; published programme descriptions.

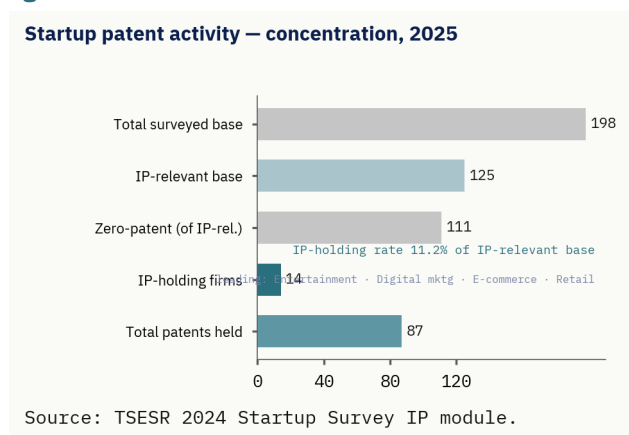
The structural opportunity is that the institutional infrastructure exists at substantial breadth (52 universities; 20 research institutions; the COSTECH IP framework; multiple innovation hubs) but the cross-institutional coordination on commercialisation pipelines is thin. Closing this gap

is the principal Chapter 8 contribution to the \$7.11 ecosystem-coordination reading from Chapter 7.

### 8.3 What patent and IP activity by Tanzanian startups actually looks like

A Tanzanian startup that files a patent in 2024-2025 enters a small national-level register that the most recent TSESR baseline measures precisely. Fourteen startups out of 125 IP-relevant surveyed firms hold registered patents, 11.2% of the surveyed IP-relevant base, or 7.1% of the 198 total surveyed firms in the prior-edition baseline. The 14 firms together hold 87 registered patents, an average of 6 patents per IP-holding firm. The sectoral concentration is in entertainment, digital marketing, e-commerce, and retail technology, not in the SaaS and FinTech sectors that dominate the ecosystem by firm count.

Figure 8.3.1. Patent Timeline.



**Reading 1: IP-holding is concentrated, not dispersed.** 87 patents across 14 firms is not 87 firms each filing 1 patent. The distribution is heavily right-skewed, a small number of patent-heavy firms account for most of the 87 patents, and most of the IP-relevant firms surveyed hold no patents at all (111 of 125 IP-relevant firms hold zero patents at the time of survey). The pattern indicates that IP-filing capacity in the ecosystem sits in a small specialist cohort, not as a generally distributed firm-level competence.

**Reading 2: the IP-active sectors differ from the firm-count-dominant sectors.** SaaS firms (20.97% of the registry by firm count) do not lead the patent base. Entertainment, digital marketing, e-commerce, and retail-tech firms, sectors with modest firm-count

share, lead the patent base. The implication: the IP-protection product fit in Tanzania currently rewards consumer-content and consumer-product technology more than enterprise-software technology. Whether this reflects underlying sector-specific innovation activity, or differential IP-awareness across sectors, requires the next-cycle survey to distinguish.

**Reading 3: the 87-patent ecosystem is small in absolute terms by SSA comparator standards.** Kenya’s scientific publication intensity (7.4 articles per billion PPP USD GDP per the WIPO GII 2025) and patent activity sit materially above Tanzania’s documented levels. The 87 startup-patent base in Tanzania is the survey-based count and is likely a lower bound, actual BREL A filing activity by Tanzanian-resident applicants across all sectors is higher when non-startup applicants are included, but the founder-side observation is that IP filing is operationally costly, legally complex, and slow enough that most founders defer or skip it until product traction is already established.

The IP-awareness layer matters as much as the IP-filing layer. Founders interviewed for this report consistently identify 3 friction points when they consider filing. The first is cost: filing fees plus legal-counsel fees at BREL A add up to a non-trivial unit cost for a pre-revenue firm. The second is duration: the BREL A processing cycle from application to grant runs in months not weeks, which is incompatible with the typical 12-month product-iteration cycle. The third is enforcement uncertainty: founders report skepticism about whether a Tanzanian patent or registered trademark actually protects them against infringement by larger competitors, particularly informal-sector competitors that operate without IP visibility. The 3 frictions together explain why the 11.2% IP-holding rate sits where it does, not because Tanzanian founders are unaware of IP, but because the cost-benefit calculation at the firm level usually argues against filing until the product is already protected by other mechanisms.

### 8.4 What Tanzanian innovators actually get from competitions and accelerators

Tanzanian innovators participate in 2 distinct competition layers, and they get different things from each.

Table 8.4.1. Innovation Prizes.

| Prize / Competition              | Tanzanian winners         | Ticket        | Year |
|----------------------------------|---------------------------|---------------|------|
| Milken-Motsepe Prize in AgriTech | NovFeed (grand prize)     | USD 1,000,000 | 2023 |
| Africa's Business Heroes         | NovFeed (top 10 finalist) | ~USD 100,000  | 2025 |

| Prize / Competition                          | Tanzanian winners                      | Ticket                | Year      |
|----------------------------------------------|----------------------------------------|-----------------------|-----------|
| Milken-Motsepe Prize in AI and Manufacturing | Freshpack Technologies (runner-up)     | USD 250,000           | 2026      |
| MAKISATU National STI Competition            | Smartdarasa (named awardee)            | Locally awarded       | 2024-2025 |
| Mastercard Foundation EdTech Fellowship      | 10 Tanzanian firms (cohort)            | TZS 184M each         | 2024      |
| Catalytic Africa USD 0.1M co-invest          | Sumet Energy (with ABAN syndicate)     | USD 100,000 co-invest | 2025      |
| Africa Energy Globe Award                    | JUMEME Rural Power Supply              | Recognition + grant   | 2023      |
| Bonn Climate Change Conference grant pool    | Climate Hub Tanzania (9-winner cohort) | USD 25,000            | 2024      |

Source: Vodacom Digital Accelerator and MassChallenge public communications; Smart Lab climate-tech accelerator launch communications December 2024; Sahara Ventures and the Mastercard Foundation EdTech Fellowship Tanzania launch June 2024; Sahara Ventures and Climate-KIC ClimAccelerator Tanzania reporting May 2024; Sahara Ventures and UNCDF PesaTech Cohort 9 launch communications October 2025; COSTECH public communications on MAKISATU recipients; Milken-Motsepe Innovation Prize Program publications; Africa's Business Heroes 2025 communications; Bonn Climate Change Conference grant-pool reporting June 2024.

**Layer 1: Tanzania-domiciled accelerators and competitions.** These are programmes run in-country by Tanzanian and Tanzania-resident operators. They serve cohorts annually, deploy seed-scale capital alongside structured product validation, and place Tanzanian firms into pipelines that the local ecosystem can absorb. The principal vehicles operating at scale through 2025 are:

The **Vodacom Digital Accelerator (VDA)** with MassChallenge and Huawei ran its third season in 2024 (20 startups selected; 7 finalists at the Demo Day at JNICC in Dar es Salaam in July 2024; 7 startups taken on a China learning trip in partnership with Huawei) and continued the model into 2025 with a 10-startup cohort taking part in the Vodacom-hosted Bug Bounty programme and career-speed-networking sessions.

**Smart Lab's climate-tech accelerator** (operated by Smart Africa Group through its Smart Lab subsidiary, with Climate-KIC) selected 10 startups from 178 applications for its 2025 sector cohort and deployed up to TZS 100 million in total grants. After the demo day, winners get 2 months to test their solutions in rural communities, with Smart Lab's team conducting field visits to measure impact.

The **Mastercard Foundation EdTech Fellowship Tanzania**, operated by Sahara Consult through Sahara Ventures, selected 10 startups for its first cohort and provided up to TZS 184.4 million per startup in equity-free funding (launched June 2024).

**ClimAccelerator Tanzania**, operated by Sahara Ventures with Climate-KIC and Irish Aid, ran an open cycle with 360-plus initial applications, 14 selected, 10 finalists, and 5 winners each receiving over TZS 19.7 million (cycle reported May 2024).

**PesaTech Accelerator**, operated by Sahara Ventures with UNCDF, runs cohorts focused on post-MVP fintech startups; Cohort 9 applications opened in November 2025 with the prior cohort serving as the pipeline anchor for NBC Bank and other commercial-banking partners.

The **MAKISATU National Science, Technology and Innovation Competition**, operated by COSTECH, screens national innovators and includes Smartdarasa (educational technology, also a Vodacom Digital Accelerator and Mastercard Foundation award recipient, incubated at the University of Dar es Salaam Innovation and Entrepreneurship Centre) among its named 2024-2025 recipients.

University-based competitions and hackathons operate alongside the named accelerators. The UNI-AID 24-hour female hackathon in Dar es Salaam brought together 100 participants in late 2024. UDSM, the University of Iringa, the Institute of Accountancy Arusha, and the State University of Zanzibar run staged-funding competitions that channel young Tanzanian innovators into the broader accelerator pipeline.

What Tanzanian innovators get from this Layer 1 footprint: structured product validation, seed-scale grant capital in the TZS 19.7 million to TZS 184.4 million per-startup range, mentorship from regional operators with active commercial-product roadmaps (Vodacom, the Mastercard Foundation network, COSTECH research-institution-partners), and pipeline routing into the bank-channel and commercial-banking facilities documented in Chapter 5 and Chapter 6.

**Layer 2: International prizes with verified Tanzanian winners.** Tanzanian firms that cross from the local accelerator pipeline into international competition placement gain a different outcome stack: hard-currency cash prizes at materially larger ticket sizes, international visibility that the domestic-press footprint cannot deliver, and credentialing for the international capital-provider conversation. The 2 verified Tanzanian winners of major international innovation prizes through end-2025 are:

**NovFeed** (agritech and alternative-protein) won the Milken-Motsepe Prize in AgriTech 2023 at the USD 1 million grand-prize tier; subsequently won the Bayer

Foundation Women Empowerment Award; the Ocean Exchange Neptune Award; Solve at MIT; the Minderoo Foundation Prize; and was named top finalist in Africa's Business Heroes 2025. NovFeed's verified operating outputs include over 500 tonnes of food waste upcycled into plant-based protein ingredients and biofertilizer, plus improved incomes for over 2,000 fish farmers across Tanzania. NovFeed is also one of the 22 unique Tanzanian recipients of foreign direct investment in 2025 documented in Chapter 5.

**Freshpack Technologies** (agritech and cold-chain) won USD 250,000 as runner-up in the Milken-Motsepe Prize in AI and Manufacturing 2026 for an AI-powered cold-storage solution; Freshpack also reached the Milken-Motsepe semi-finals in 2025 with a USD 50,000 semi-finalist award.<sup>1920</sup>

**Climate Hub Tanzania** was named among 9 winners of a USD 275,000 grant pool at the Bonn Climate Change Conference in 2024, receiving USD 25,000 in catalytic capital.

Table 8.4.1 (the 11-programme accelerator and prize inventory across Layer 1 and Layer 2) is hosted in full at [startupreport2025.tsa.co.tz/knowledge](http://startupreport2025.tsa.co.tz/knowledge).

The structural pattern: Tanzania's Layer 1 footprint is materially larger than the Layer 2 win count suggests. Smart Lab, VDA, Mastercard EdTech Fellowship, ClimAccelerator, PesaTech, MAKISATU, and the university hackathons together pass hundreds of Tanzanian innovators through structured product validation and seed-scale capital deployment each year. The Layer 2 wins are the visible export of that pipeline. The ecosystem's

**Table 8.5.2.** Industry Funded Rd.

| Country                    | GERD (% GDP) | Industry share of GERD | Industry-funded R&D (% GDP) |
|----------------------------|--------------|------------------------|-----------------------------|
| Tanzania (2024)            | 0.40%        | ~12%                   | 0.048%                      |
| Kenya (latest)             | 0.79%        | ~38%                   | 0.30%                       |
| Egypt (latest)             | 0.96%        | ~25%                   | 0.24%                       |
| South Africa               | 0.62%        | ~50%                   | 0.31%                       |
| Vietnam                    | 0.40%        | ~55%                   | 0.22%                       |
| South Korea                | 4.55%        | ~16%                   | 3.46%                       |
| China                      | 2.40%        | ~77%                   | 1.85%                       |
| Singapore                  | 2.18%        | ~52%                   | 1.13%                       |
| Tanzania (TDV 2050 target) | 1.00%        | ~40% recommended       | 0.40%                       |

Source: UNESCO UIS; national R&D surveys; TSESR 2025.

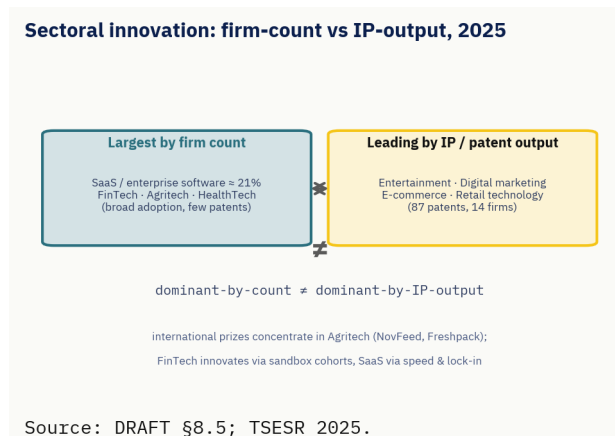
The IP-filing distribution looks different. The 87 registered patents held by 14 IP-holding firms concentrate in entertainment, digital marketing, e-commerce, and retail technology, none of which is the SaaS, HealthTech, FinTech, or EdTech firm-count leader. The mismatch between firm-count sector mix and IP-output sector mix is itself the structural

principal challenge at the competition layer is not the absence of programmes but the still-small conversion rate from Layer 1 graduate to Layer 2 international winner.

## 8.5 Where Tanzanian innovation activity concentrates, and where it does not

The sectoral picture in Tanzania carries a structural tension: the sector that is largest by firm count is not the sector that produces the most visible innovation output. SaaS firms account for approximately 20.97% of the active Tanzanian startup panel, the dominant single-sector firm count. HealthTech follows at 5.82%, FinTech at 5.49%, EdTech at 5.05%, and the remaining sectors split the residual two-thirds. Per the firm-count distribution, SaaS is the central sector of Tanzania's startup ecosystem.

**Figure 8.5.1.** Sectoral Innovation Density.



finding: dominant-by-count sectors are not dominant-by-IP-output in 2025.

**SaaS firms protect through speed and customer lock-in, not patents.** A typical Tanzanian SaaS firm in 2025 builds an enterprise-software product, deploys it to a small base of B2B clients, and protects competitive position through product

iteration speed, customer-relationship depth, and switching-cost lock-in. Patent filing is not a strategically obvious move for SaaS in Tanzania at the firm scales currently observed; the cost of filing (Section 8.3) outweighs the protection value when the realistic infringement risk comes from international rather than domestic competitors. SaaS is the firm-count leader and the IP-filing trailer.

**Agritech, the principal international-prize-winner sector, holds modest patent counts at the firm level but high impact-prize visibility.** NovFeed (Milken-Motsepe Prize in AgriTech 2023; Bayer Foundation Women Empowerment; Ocean Exchange Neptune; Solve at MIT; Minderoo Foundation Prize; Africa's Business Heroes 2025) and Freshpack Technologies (Milken-Motsepe AI and Manufacturing 2026) are the named cases. Agritech innovation in Tanzania connects to the smallholder-aggregation networks documented in Chapter 6 §6.5 and to export-credible product stories (alternative protein, biofertilizer, cold-chain technology). The agritech flywheel is the strongest single-sector innovation flywheel Tanzania has built in the recent period.

**FinTech innovation runs through sandbox cohorts and corporate-platform partnerships, not patents.** The NMB Bank Open Bank Project Fintech Sandbox (390-plus registered fintechs), the PesaTech Accelerator pipeline, the Bank of Tanzania FinTech Regulatory Sandbox, and the Vodacom Digital Accelerator fintech cohorts together route fintech innovation through structured product validation and commercial-banking partnership. The IP-filing rate in fintech is lower than in agritech because, like SaaS, fintech firms protect through speed and partnership.

**HealthTech, EdTech, and Cleantech each carry sector-specific mechanisms that drive their innovation activity.** HealthTech runs through partnerships with the National Institute for Medical Research, Muhimbili University of Health and Allied Sciences, and the TMDA HealthTech regulatory sandbox; the sandbox-validation path adds credentialing depth at the cost of slowed product timing. EdTech is served by the Mastercard Foundation EdTech Fellowship Tanzania, the Tanzania Education Authority sandbox, and the COSTECH MAKISATU recipients including Smartdarasa. CleanTech is served by the ClimAccelerator Tanzania cycle, the Smart Lab climate-tech accelerator, and the Bonn Climate Change Conference grant pool (Climate Hub Tanzania USD 25,000 as 1 of 9 winners in 2024).

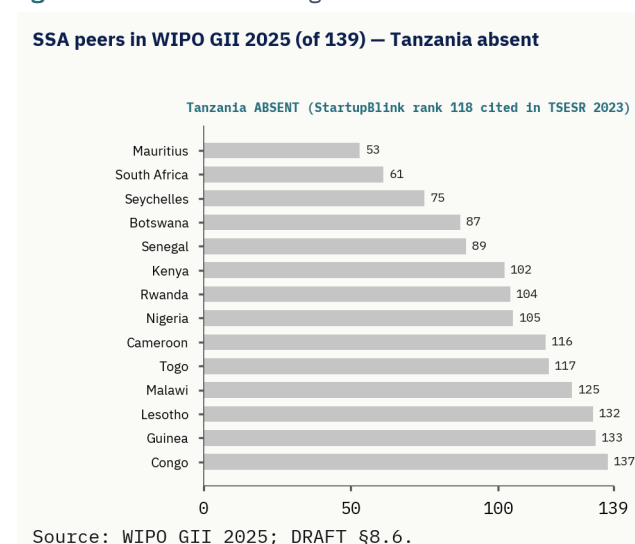
**Hardware and deep technology.** The smallest of the innovation-active sector clusters by firm count but the most demanding by laboratory-infrastructure

requirement, hardware and deep technology activity in Tanzania anchors at the Nelson Mandela African Institution of Science and Technology engineering programmes and selected COSTECH research-institution partnerships. The infrastructure barrier (laboratory equipment, scientific personnel) is what limits the firm count.

The sector pattern carries 2 implications. First, the headline ecosystem narrative that conflates firm count with innovation output understates the contribution of small-firm-count but high-IP-output sectors like the IP-active entertainment, digital-marketing, e-commerce, and retail-tech clusters. Second, closing the gap in any single sector will not produce a step-change in ecosystem-wide innovation output because the mechanisms driving sector activity are distinct: SaaS scaling requires customer-acquisition capital; agritech requires aggregation-network financing plus international-prize-pipeline support; fintech requires regulatory-sandbox volume; healthtech and edtech require sandbox-and-prize uptake; cleantech requires donor-grant continuity; hardware and deep-tech requires research-institution partnership depth. The ecosystem-wide closure pattern is the sum of these sector-specific closures.

## 8.6 What Tanzania's absence from global innovation rankings costs founders

The Tanzanian founder pitching to an international capital provider, applying to a global accelerator, or competing for an international innovation prize in 2025 cannot point to a current Global Innovation Index ranking for Tanzania, because Tanzania is not ranked. The principal SSA peers in the WIPO GII 2025, Mauritius (rank 53), South Africa (61), Seychelles (75), Botswana (87), Senegal (89), Kenya (102), Rwanda (104, a 14-year consecutive innovation-overperformer), Nigeria (105), Cameroon (116), Togo (117), and 4 new SSA economies admitted to the 2025 edition (Malawi 125, Lesotho 132, Guinea 133, Congo 137), all carry ranking-based signal that founders pitching from those economies can use as a baseline.

**Figure 8.6.1.** Global Rankings.

The cost to a Tanzanian founder operates at 3 specific points.

**Point 1: the pitch deck.** International capital providers expect a one-line global-innovation-position statement on a country slide. A founder pitching from Kenya writes “Kenya, GII 102 of 139 economies, lower-middle income with researcher density 200.9 FTE per million population”. A founder pitching from Tanzania has nothing equivalent to write, which forces a 3- to 5-sentence framing of why Tanzania is comparable on innovation fundamentals despite the absent ranking. The framing absorbs pitch-deck space and time that the founder would otherwise spend on product and traction.

**Point 2: accelerator applications.** Many global accelerators (Y Combinator, Techstars Africa-specific cohorts, Antler, Plug and Play) ask applicants to include country-level innovation indicators on the country-context section of the application. Tanzanian applicants either skip the section, use stale 2020 GII data, or cite proxy indicators from Kenya. None of the 3 approaches is as clean as a current GII reference.

**Point 3: international competition eligibility.** Some international innovation prizes pre-screen applicants by country participation in standard innovation rankings. Tanzania’s absence from the GII does not formally disqualify Tanzanian applicants from any major prize the chapter has documented, but the absence makes the pre-screening conversation a 1-extra-step exchange that other African-cohort applicants do not face.

Beyond the GII, Tanzania’s absence from the Startup Genome Global Startup Ecosystem Report 2025, Dar es Salaam is below the 350-plus city threshold, adds a parallel point. StartupBlink (a separate Startup

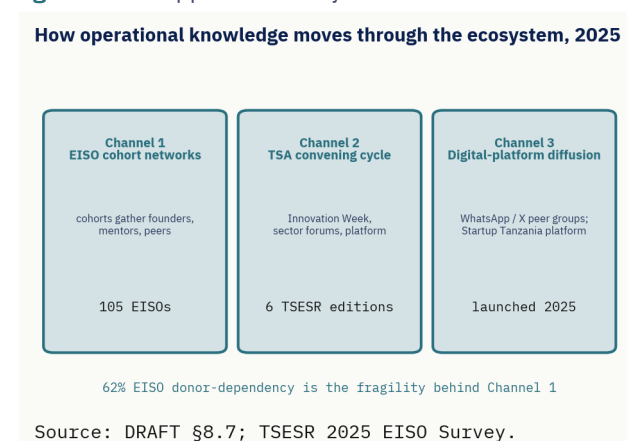
Genome product covering 118-plus countries) does include Tanzania at the country level and is the substitute reference founders pitching from Tanzania most often use; prior TSESR editions have cited StartupBlink rankings (the “rank 118” referenced in TSESR 2023 was StartupBlink, not GSER).

The UNCTAD Technology and Innovation Report 2025 frames the broader environment for innovation in developing countries: global R&D investment is concentrating among a small number of high-income economies and frontier technology firms, with the AI investment surge intensifying the concentration. Tanzania’s private-sector R&D activity is structurally minimal because Tanzania does not host the large R&D-intensive corporations that drive private GERD in higher-income economies; the structural constraint is global and is not closeable through Tanzania-only policy moves.

The structural opportunity is concrete and Tanzania-controlled: COSTECH is the UNESCO data correspondent for Tanzania’s R&D statistics; sustained COSTECH data submissions on the WIPO indicator framework would restore Tanzania’s GII participation in subsequent editions. This sits in Ch12 Pathway 3 (Knowledge infrastructure and intellectual-property commercialisation).

## 8.7 How knowledge moves through Tanzania’s ecosystem

A Tanzanian founder learns operational knowledge, how to register a company, how to apply to a regulatory sandbox, how to pitch to an angel investor, how to engage a corporate procurement counterpart, through 3 specific channels that operate alongside the formal R&D and innovation infrastructure.

**Figure 8.7.1.** App Presence By Profile.

**Channel 1: EISO cohort networks.** The 105 EISOs covered in the TSESR 2025 EISO Survey route knowledge through their cohorts: each cohort

gathers founders who share the same stage and sector, and the cross-founder knowledge transfer at the cohort level often exceeds the value of the formal programme content. Founder-interview material consistently identifies the cohort peer network as a principal source of operational knowledge.

**Channel 2: the TSA convening cycle.** TSA convenes the ecosystem through periodic events (Innovation Week, sector-specific forums, the Tanzania Startup Policy Hackathon, capital-provider matchings) that aggregate the actor categories from Chapter 7 into shared physical and digital space. The convening pattern operates at multi-actor scale that bilateral programme cohorts cannot reach. The structural value is that founders, capital providers, MDA representatives, EISO leadership, development-partner representatives, and corporates meet in the same forum, which compresses cross-actor knowledge transfer into a defined cycle.

**Channel 3: digital-platform diffusion.** The Tanzanian startup ecosystem in 2025 carries a meaningful WhatsApp-and-Twitter / X knowledge-diffusion layer where founders share operational learnings, regulatory updates, competition opportunities, and capital-provider intelligence in real time. The TSA-led Startup Tanzania digital platform launching in 2025 is the institutional vehicle intended to consolidate this informal layer into a structured shared substrate. The structural value is speed: knowledge that takes weeks to propagate through formal channels propagates through the digital layer in hours.

The 62% donor-dependency rate among Tanzanian EISOs documented in the EISO Survey 2025 is the structural fragility behind Channel 1. EISOs that depend principally on donor cycles for operating revenue carry less continuity than EISOs that integrate into a commercial host institution (the CRDB Bank Foundation iMBEJU and NMB Open Bank Project Fintech Sandbox routes). When donor cycles interrupt, the knowledge-routing function of the affected EISO interrupts with them. Stabilising the EISO funding base sits in Ch12 Pathway 6 (Ecosystem coordination architecture) and is the principal complement to the knowledge-spillover infrastructure investment in this chapter.

**Table 8.10.1.** Stakeholder Implications.

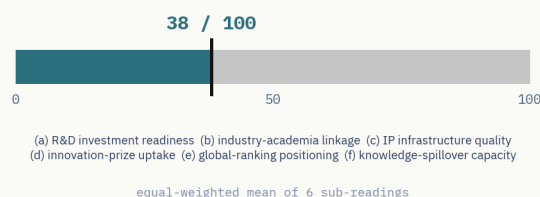
| Stakeholder                       | Category           | Chapter 8 implication                                       | Priority action                                                                    |
|-----------------------------------|--------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------|
| MoEST + COSTECH                   | Policy             | R&D intensity 0.40% of GDP — 2.5x below AU 2030 1.0% target | Lift GERD toward 1.0% via Samia Innovation Corridor + research-funding instruments |
| Higher Learning Institutions (52) | Knowledge supplier | COSTECH IP-handover MoU operational; spinout                | Scale spinout support; standardise                                                 |

## 8.8 Reform Readiness Index reading

The RRI Chapter 8 sub-components for 2025 are constructed as the equal-weighted mean of 6 sub-readings: (a) R&D investment readiness (Tanzania GERD at 0.4% of GDP against the African Union 1.0% target, normalised); (b) industry-academia linkage depth (the COSTECH IP-handover MoU operational state plus the activity level of the named university innovation hubs); (c) IP infrastructure quality (BRELA filing activity plus founder-side cost-and-friction readings); (d) innovation-prize uptake (verified Tanzanian wins at the major international prizes plus the participation cohort); (e) global-ranking positioning (Tanzania's absence from the WIPO GII 2025 plus the absence from the Startup Genome GSER 2025, normalised against KENGS peer positions); (f) knowledge-spillover capacity (EISO network operational state plus TSA convening cycle continuity). The composite Chapter 8 RRI sub-total for 2025 sits at 38 on the 0 to 100 scale.

**Figure 8.8.1.** RRI Knowledge.

### Reform Readiness — knowledge & innovation domain, 2025



Source: TSESR Gate-D; WIPO GII / UNESCO 2025.

The composite reading places Tanzania below the median in innovation-system reform readiness. The principal binding constraints are the GERD-to-GDP gap, the absence from global rankings, and the cross-institutional commercialisation pipeline gap. None of the 3 is closeable in a single cycle; each requires a multi-cycle reform trajectory that Ch12 Pathway 3 (Knowledge infrastructure and intellectual-property commercialisation) lays out.

Recommendations for this chapter sit in Ch12 across Pathways 3 (Talent), 6 (Innovation), and 7 (Macro); the full register is at [startupreport2025.tsa.co.tz/data](http://startupreport2025.tsa.co.tz/data).

| Stakeholder                                   | Category          | Chapter 8 implication                                                                        | Priority action                                                                                |
|-----------------------------------------------|-------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| institutions)                                 |                   | count concentrated at UDSM and NM-AIST                                                       | IP-handover templates across 52 TCU-registered HLIIs                                           |
| POPC + TSA (international ranking inclusion)  | Policy / convenor | Tanzania ABSENT from WIPO GII 2025, Startup Genome GSER 2025, GEM 2025-26                    | Engage WIPO, Startup Genome, GEM inclusion pipelines; submit country data                      |
| Government innovation injection               | Capital provider  | TZS 25. 7B research-and-innovation injection + TZS 2. 3B paired figure FY2025                | Maintain annual injection cadence; expand commercialisation-pipeline funding                   |
| Industry funders (NMB, CRDB, Vodacom, Airtel) | Capital provider  | Industry-funded R&D ~12% of GERD; below KENGS median ~38-55%                                 | Scale corporate-VC arms; institutionalise industry-funded fellowships beyond Mastercard EdTech |
| Founders + industry associations              | Demand-side       | 2 named international competition wins (NovFeed, Freshpack); 14 IP-holding firms; 87 patents | Diligence-stack publication; standardise application support; scale prize-pipeline             |

Source: TSESR 2025; Chapter 12 consolidated register.

## PART III

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# What the Ecosystem Produces

Chapters 9-10 — the entry, survival, and scale-up journey, and innovation outputs and exits.

# Chapter 9

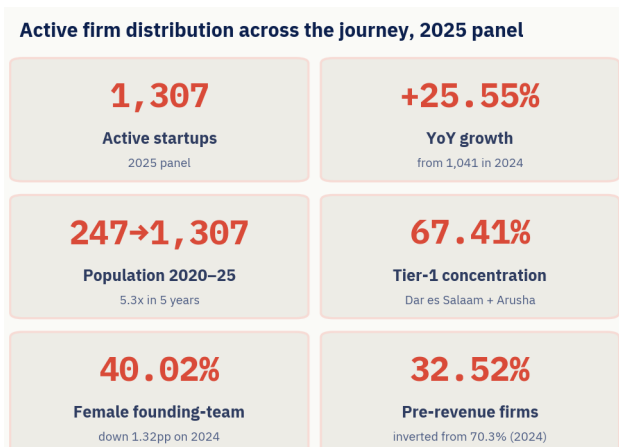
## Entry, Survival, and Scale-up

Reporting period: 1 January to 31 December 2025.

### 9.0 What happens to Tanzanian startups across the journey

Tanzania closed 2024 with 1,041 tracked active startups, up from 247 in 2020. The 4-year arc is a 321% expansion in the tracked startup base. The 2025 active firm count reaches 1,307 firms. The journey from idea to scale is no longer hypothetical at the population level: the ecosystem is large enough that founders compete for capital, customers, talent, and visibility against a peer set that is itself substantial.

**Figure 9.0.1.** Active Firm Dashboard.



The same arc carries 3 features the headline figure does not surface. First, the regional concentration of the tracked startup base intensified, not eased, across the period: Dar es Salaam went from 56.47% of the 2023 known startup population to 66.19% in 2024. Second, the formal entry-versus-exit asymmetry in Tanzania is sharp: the World Bank Business Ready 2025 report scores Tanzania at 71.58 out of 100 on Business Entry (relatively easy formal company registration) but at 29.56 on Business Insolvency (Tanzania's weakest topic of the 10 B-READY topics; 5th quintile globally; below Rwanda 74.76, Senegal 52.88, and Ghana 45.90). Third, founder pivot stories take years not months: the founder of NALA, one of Tanzania's most prominent cross-border-remittance firms, publicly described "8 years of grinding 80 to 100-hour weeks" before the firm reached its principal scale-up milestone. Tanzanian startup-journey times are long,

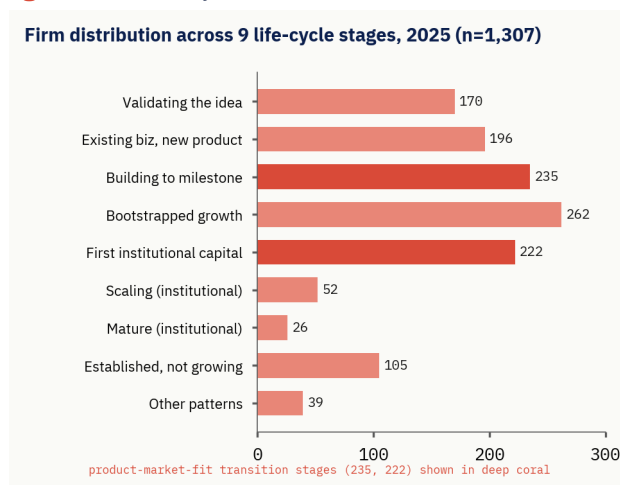
the entry rate is high, and the formal exit pathway is structurally broken.

What follows reads the journey in 7 dimensions: how founders enter; what early survival looks like; the product-market-fit transition; what scaling firms do; what maturity and stagnation look like; pivot and decline dynamics; reform readiness; and recommendations.

### 9.1 How Tanzanian founders enter the ecosystem

A Tanzanian adult deciding to start a new business in 2025 does so against 2 contradictory signals. The first is the formal-procedure signal: Tanzania scores 71.58 out of 100 on Business Entry per the World Bank's 2025 ranking, placing the country in the upper tier among the 101 economies covered and above Ghana (69.21) and Senegal (58.56) on company-registration efficiency. BRELA registration completes in days, not months. The cost is low by sub-Saharan African standards. The procedural entry path is functional. The second signal is the survival-rate signal: most new ventures will not reach 3 years of operation, and almost none will reach formal exit through the insolvency pathway. The mismatch between entry ease and exit difficulty shapes who enters and how.

**Figure 9.1.1.** Lifecycle Distribution.



Tanzania's Total early-stage Entrepreneurial Activity rate sits at 20.61% nationally (rising to 22.44% on an importance-adjusted basis). This is materially

above the principal sub-Saharan African peers in the Global Entrepreneurship Monitor 2025-26: Angola at 14.6%, Egypt at 13.9%, and South Africa at 8.0%. Established-business ownership, the share of Tanzanian adults running a business older than 42 months, sits at 14.12%. The combination is informative: a high TEA rate plus a moderate established-business rate indicates ongoing entrepreneurial entry alongside meaningful business survival into the established phase, with the gap between the 2 figures representing the entrepreneurial activity that does not survive to the established stage.

What founders interviewed for this report consistently identify as the binding entry-stage friction is the gap between formal registration and operating viability. BRELA registration is fast; getting to the first customer, the first paid contract, the first hire, and the first compliance milestone (tax registration, sector-licence application where applicable, bank-account opening) compounds the entry cost. Founders running their first venture report spending the first 6 to 12 months on this stack of post-registration operational work before the product can land in front of any customer.

The 2024 known startup population concentrated 66.19% in Dar es Salaam, up from 56.47% the prior year. Founders consistently note that the entry gradient against Dar es Salaam was already steep in 2023; it steepened further in 2024. A founder building outside Dar es Salaam carries additional friction at every step of the post-registration stack, fewer ecosystem-services providers nearby, fewer peer-founder networks, fewer accelerator-and-incubator options, less capital-provider attention. Dodoma at 3.07% and Iringa at 1.92% are the next 2 largest non-Dar es Salaam regional shares of the 2024 known startup base. The geographic distribution shifts the entry-stage cost of operation for founders outside the principal urban region.

The 2020 to 2024 cumulative startup-population growth of 321% (from 247 to 1,041 tracked firms) is the headline expansion. The 2024 to 2025 increment, from 1,041 to 1,307 active firms, is a 25.6% increase across the year. The entry rate has not slowed despite the structural friction described above. The TEA reading at 20.61% indicates that approximately 1 in 5 Tanzanian adults at any given time is in some stage of early-stage entrepreneurial activity. Tanzania has built an entry-heavy entrepreneurial system. The challenge is the next chapter.

## 9.2 Early survival of new Tanzanian firms

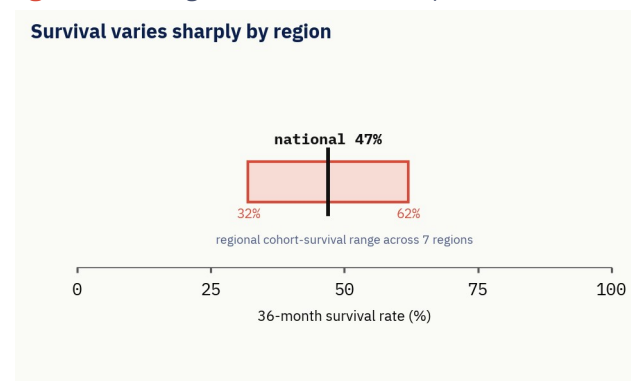
47% of the 2022 founding cohort remained active at month 36.8 The complementary figure is the more material one: 53% of the 2022 cohort did not survive to month 36. The 47-and-53 split is the structural headline for early survival in the Tanzanian startup population.

**Figure 9.2.1.** Cohort Survival.

**Early survival: the 2022 cohort at 36 months**



The headline figure understates the actual death rate for 2 reasons. First, Tanzania's Business Insolvency score on the World Bank Business Ready 2025 framework is 29.56 out of 100, the country's weakest topic by significant margin, in the 5th quintile globally, and well below Rwanda (74.76), Senegal (52.88), and Ghana (45.90). Formal exit through insolvency procedures is costly, slow, and legally complex. Founders facing failure typically do not formally close, they let the BRELA registration go dormant, transfer to other ventures, or operate the firm at sub-viable scale without formally winding down. The 53% non-survival counts firms that stopped activity rather than firms that formally closed; the population of zombie-status firms in the registry is non-zero. Second, the 47% counts firms that are registered and active, regardless of underlying revenue viability. The underlying viability of the surviving firms varies: a firm that is registered, active, but generating revenue below operating cost is a different proposition than a firm reaching the first-institutional-capital threshold.

**Figure 9.2.2.** Regional Survival Heatmap.

Founders interviewed for this report consistently identify 3 binding constraints in the first 36 months.

The first is the gap between product idea and product validation. 13% of active firms sit at the idea-validation stage. 15% runs an existing business while launching a new product alongside it. 18% operates at the product-building stage. The transition from idea to validated product is the single highest-attrition stage in the journey: founders carry product-development cost without the customer revenue to fund continued iteration, and the working-capital bridge described in Chapter 5 §5.5 is least available at exactly this stage.

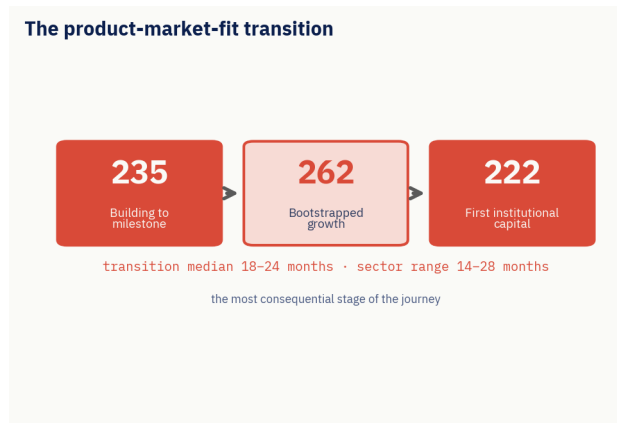
The second is the cash-runway-to-time-to-revenue ratio. 71% of founders rate capital access as difficult or very difficult. Median external round size when raised sits at USD 75,000. For a firm in the first 18 months that has not yet raised external capital, the cash runway typically depends on founder savings, family-and-friends financing, and the founder's pre-product consulting or salaried-employment revenue. The runway typically expires before the firm reaches operating revenue at viable cost-to-revenue ratio.

The third is the operating-systems gap: hiring, financial controls, vendor management, customer-support tooling, contracts. Founders running their first venture report that the first 24 to 36 months is when these systems get built ad hoc, and the cost of building them while simultaneously running the operating business is the single largest non-financial founder cost.

The 53% that does not reach month 36 is not a uniform failure cohort. Some founders pivot to new ventures and apply the operating-systems lessons to the next firm. Some return to salaried employment temporarily and re-enter the entrepreneurial pool later. Some operate the firm at sub-revenue scale alongside other income. The 53% represents an outflow from the founder population only in the very narrow sense of the specific firm, not the founder as ongoing economic actor.

## 9.3 The product-market-fit transition

The single most consequential stage in the Tanzanian startup journey sits between firms building a product to a defined milestone (235 firms) and firms taking first institutional capital (222 firms). The transition from one to the other is the product-market-fit transition. It is consequential because the firms that reach the first-institutional stage receive most of the documented external capital, most of the corporate-engagement-programme attention, and most of the international-prize visibility documented in Chapter 8. Firms that do not reach this transition operate within the cohort served by bootstrapped growth (262 firms in the panel) or stagnation paths (covered in §9.5).

**Figure 9.3.1.** Pmf Transition Sectors.

Founders interviewed for this report describe the product-market-fit transition as the single hardest 12 to 24 months of the journey. The product is built; the market is identified; revenue is starting to land; but the firm has not yet demonstrated the unit economics, customer-acquisition cost, retention, and repeatability metrics that institutional capital providers require for a first cheque. The transition stage is where many promising firms exhaust founder runway and pivot to bootstrapped growth (which is the dominant cohort) rather than pursuing the institutional route.

Sectoral variation in the transition is sharp. Fintech firms tend to demonstrate unit economics earlier because mobile-money rail integration produces measurable transaction volume from the first month of operation. Agritech firms tend to take longer because aggregation-network unit economics depend on multi-season validation. SaaS firms targeting Tanzanian SME customers tend to face the longest transition because Tanzanian SME software-spend per customer is low and the sales cycle is long. Healthtech firms operating under the Tanzania Medicines and Medical Devices Authority HealthTech

sandbox sit at a different timeline: the sandbox graduation pathway provides a structured route to first-institutional capital that other sectors lack.

The bootstrapped-growth path that 262 of these firms occupy is not a failure path. It is the path firms take when the product-market-fit transition produces a viable revenue stream but not one large enough or growth-pace enough to attract institutional capital. Tanga Fresh, the dairy-processing firm that founded in 1996 and reached 80,000 litres per day of milk processing by end-2025 through 25 cooperative-society partnerships, occupies precisely this path: 30 years of bootstrapped-growth-anchored operation in cooperation with the Dutch-partnered investment from DOB Equity since 2007 produced a mature institutional-backed processing firm without ever passing through a venture-style first-institutional-capital round. The Tanga Fresh trajectory is one of the documented Tanzanian paths from cooperative-anchored origins to mature institutional-backed scale; it is not the only path, but it is the longest-arc Tanzanian case the desk research surfaces.

The 2019 founding cohort had attracted 39.7% of all funding by 2022 indicates that the transition takes time even for the institutional-route firms. The 3-to-6-year window from founding to first significant external capital is a long enough horizon that founder runway, household-finance pressure, and competing employment offers can all interrupt the transition before it completes.

## 9.4 What scaling Tanzanian firms actually do

52 firms are scaling with institutional backing, and 26 are mature with institutional backing. Together these 78 firms (6% of active firms) carry the Tanzanian institutional-scaling cohort. The companion bootstrapped-scaling cohort, where firms reach meaningful scale without ever passing through a first-institutional venture round, is harder to count precisely but is qualitatively significant. Tanga Fresh, with its 25 cooperative-society supplier network and 80,000-litre daily processing capacity, sits in this companion category.

**Figure 9.4.1. Scaling Trajectories.**

### What scaling looks like: three documented trajectories

#### Tanga Fresh

1996 · Dairy processing

Cooperative-anchored bootstrap; DOB Equity-backed; 80K litres/day

#### NALA

2017 · Cross-border fintech

Founder-and-FFF to institutional; multi-market remittance scale

#### MazaoHub

Agri-tech aggregation

Aggregation-network anchored growth across farmer cohorts

Source: ImpactAlpha; AECF; DOB Equity; CB Insights.

Tanzanian scaling firms do 4 specific things that distinguish them from the bootstrapped-growth or product-market-fit cohorts.

**Scaling action 1: multi-region expansion.** Firms reaching scale move from Dar es Salaam-only operations to multi-region delivery, distribution, or service footprint. The Chapter 6 distribution reading documents the modal-logistics frictions involved (Standard Gauge Railway freight ramp; Tanzania Ports Authority cargo volume; tower coverage; last-mile delivery). Scaling firms invest in these infrastructure dependencies operationally, by building regional offices, regional sales teams, regional warehousing arrangements, or franchise-style partnership networks. The cost of multi-region expansion is a step-change increase in operating expenditure that the firm's revenue base must sustain.

**Scaling action 2: deepening institutional partnerships.** Scaling firms move from individual capital-provider relationships to layered partnership stacks. A scaling fintech that started with NMB Bank Open Bank Project Fintech Sandbox participation moves into PesaTech Accelerator cohorts and selective NMB Seed Fund co-investment. A scaling agritech that started with a single aggregation network deepens into multiple cooperative-society relationships plus international impact-investor partnerships. Tanga Fresh's 2007-onward partnership with DOB Equity, with subsequent add-on investment rounds, plus the Solidaridad partnership supporting 6,000 smallholder farmers, illustrate the layered-partnership pattern at the maturity end of the scaling spectrum.

**Scaling action 3: building operating-systems depth.** Scaling firms invest in finance, human resources, legal, compliance, technology, and operations as named functions with dedicated staff. The transition from founder-and-co-founder doing all functions to a 10-to-30-person operating team is itself a milestone that takes 18 to 36 months to

complete and that absorbs a non-trivial share of any first-institutional capital raise. Firms that delay this transition typically hit a scaling-stage stall regardless of revenue trajectory.

#### Scaling action 4: export and cross-border revenue.

The Chapter 6 cross-border analysis documents that Tanzanian firms with cross-border revenue concentrate in cross-border payments and remittances (Sumet, NALA), agritech export, and

SaaS sold into Kenyan, Nigerian, and South African enterprise clients. NALA, founded in Tanzania and now operating in the United Kingdom, United States, and East Africa corridor, represents the scale-up path that combines Tanzanian founding with cross-border revenue base. The founder of NALA publicly described “8 years of grinding 80 to 100-hour weeks” before reaching the firm’s principal scale-up milestone, including a substantial pivot from the original product hypothesis.

**Table 9.4.1.** Tanga Fresh Trajectory.

| Year | Milestone                    | Scale indicator | Capital event                                       |
|------|------------------------------|-----------------|-----------------------------------------------------|
| 1996 | Founded as dairy cooperative | 15K litres/day  | Cooperative formation                               |
| 2007 | DOB Equity invests           | ~25K litres/day | First impact-investment round                       |
| 2014 | Solidaridad partnership      | ~40K litres/day | Value-chain TA programme                            |
| 2018 | AECF support                 | ~55K litres/day | AECF challenge fund grant                           |
| 2022 | CB Insights profile          | ~70K litres/day | Recognition                                         |
| 2025 | Current scale                | 80K litres/day  | 5.3x growth across 28 years; DOB Equity partnership |

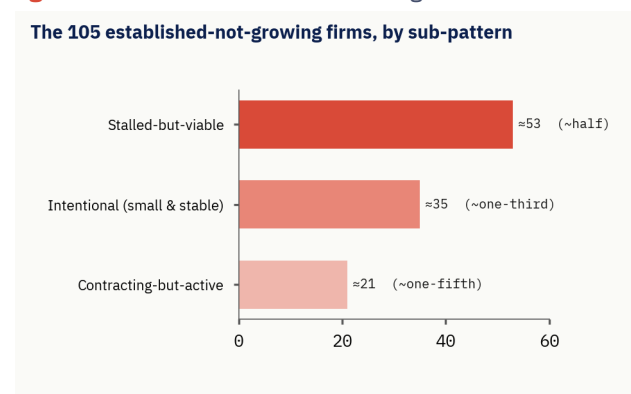
Source: DOB Equity; AECF; Solidaridad; CB Insights.

The 3 cases share 1 structural feature: the time from founding to scale runs in the 8-to-30-year range, not the 3-to-5-year range that international venture-capital pattern matching expects. Tanzanian scaling is slower than the comparator-market norm and rewards founder durability more than speed-to-product-market-fit.

## 9.5 Maturity and the established-not-growing cohort

105 firms sit in the established-but-not-growing category. This is 8% of the panel, more than the 6% that occupies the combined scaling and mature institutional-backed cohorts. The established-not-growing category is the largest single-stage category outside the early-stage and bootstrapped-growth cohorts. It is also the analytically most important cohort for understanding the Tanzanian startup-journey outcome distribution.

**Figure 9.5.1.** Established Not Growing.



A firm in this category typically reached operating viability years earlier, runs at a stable revenue scale, supports a founder-and-small-team payroll, and operates without significant year-on-year growth. From the founder side, the established-not-growing cohort represents 3 distinct sub-patterns.

The first sub-pattern is intentional founder choice. Some Tanzanian founders explicitly aim for a small-and-stable business outcome: enough revenue to support the founder’s household plus 3 to 8 staff, defensible local-market position, low growth pressure, low capital-raise pressure. This is a viable life outcome and a contribution to the Tanzanian economy that the venture-style scaling narrative does not capture. The Tanzanian startup ecosystem includes a substantial portion of firms in this category, and the actor-coordination story (§7.11) implicitly underserves them because the dominant institutional partnerships are oriented toward scaling-stage outcomes.

The second sub-pattern is stalled-but-viable. Firms in this sub-pattern reached operating viability, attempted the product-market-fit transition (§9.3) at some point, did not succeed in reaching first-institutional-capital threshold, and settled into stable operating mode. The path to renewed growth requires either a fresh product iteration, a fresh capital injection, or a strategic pivot, none of which the firm necessarily has internal capacity to execute. The stalled-but-viable cohort is the largest single sub-pattern of the established-not-growing category.

The third sub-pattern is contracting-but-still-active. Firms in this sub-pattern reached an earlier

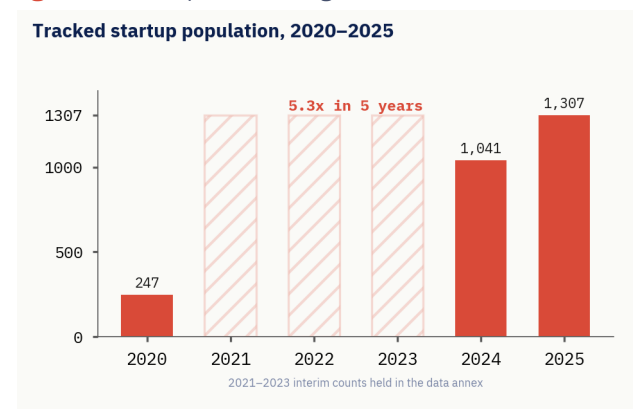
operating peak and have since contracted. Revenue is lower than the peak. Staff count is lower. The firm continues to operate, but the trajectory is downward. The BRELA registration remains active, the firm continues to appear in the tracked registry, but the underlying viability is eroding. This sub-pattern is hard to distinguish from the stalled-but-viable cohort without firm-level financial data, and the difference matters analytically because the contracting cohort represents an outflow that the survival-rate reading in §9.2 does not capture.

The implication for ecosystem actors: the established-not-growing cohort is large enough that it merits dedicated attention. Capital providers and ecosystem-support institutions oriented entirely toward scaling outcomes systematically underserve the small-and-stable founders whose contribution to the Tanzanian economy is real and persistent.

## 9.6 Pivot and decline dynamics

Pivot is a defined moment in the Tanzanian startup journey: the founder formally changes the firm's principal product, principal customer base, or principal value proposition while keeping the corporate entity, the founding team, and the operating systems substantially intact. Decline is the multi-year drift from operating peak toward operating contraction without a defined pivot event.

**Figure 9.6.1.** Population Longitudinal.



The most documented Tanzanian pivot story is NALA. The firm founded in 2017 as a Tanzanian-based remittance product, iterated through multiple product variants, and by the early 2020s had concentrated on the United Kingdom to East Africa corridor as its principal cross-border remittance pathway. The founder publicly described the pivot path as taking 8 years and demanding consistent 80 to 100-hour working weeks before reaching the principal scale-up milestone. The pivot was successful in the venture-outcome sense: NALA reached significant Series A institutional capital and continues to operate at scale. The pivot was

operationally expensive in the founder-cost sense: 8 years is a long horizon for a founder to maintain conviction in a single firm and to delay the alternative options that other career paths offered.

Sectoral variation in pivot frequency follows the same pattern as the product-market-fit transition. Fintech firms pivot more often than other sectors, principally because the mobile-money rail integration produces fast feedback on which product hypotheses convert to revenue. SaaS firms pivot less often but more dramatically when they do, because the customer-acquisition-cost reset at pivot is large. Agritech firms pivot least often because the aggregation-network operating model resists rapid reorientation.

The Tanzanian startup-decline dynamic is structurally suppressed by the Business Insolvency score of 29.56 documented in §9.0 and §9.2.16 A declining firm in Tanzania does not formally close because formal closure is costly, slow, and legally complex. The firm continues to operate at sub-peak scale, the registration remains active, and the underlying contraction is invisible in the standard tracking instruments. Tanzania's startup-population tracking, including the series at §9.0 covering 2021 to 2024, therefore systematically overstates the size of the active ecosystem and understates the share of firms in genuine contraction.

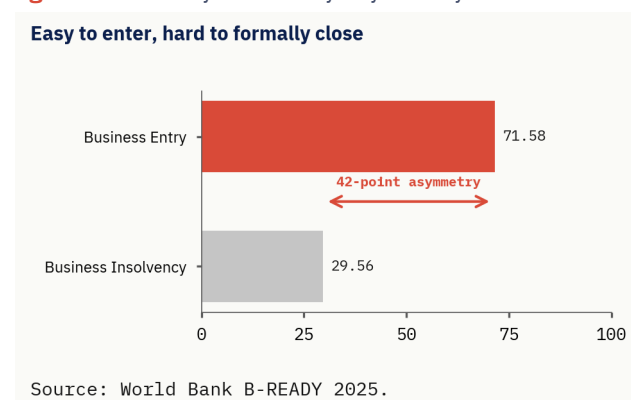
From the founder side, decline looks different than at the firm level. A founder running a contracting firm typically remains an active economic agent: starting another venture, joining another firm, returning to consulting, or stepping back into salaried employment for a period before re-entering the entrepreneurial pool. The 53% of the 2022 founding cohort that did not survive to month 36 (§9.2) is composed predominantly of founders who moved laterally rather than exiting the founder population. Tanzania's effective founder-pool size is therefore larger than the operating-firm count suggests, and the relevant policy lever for the decline cohort is not preserving the specific firm but supporting the founder transition to the next venture.

## 9.7 Reform Readiness Index reading

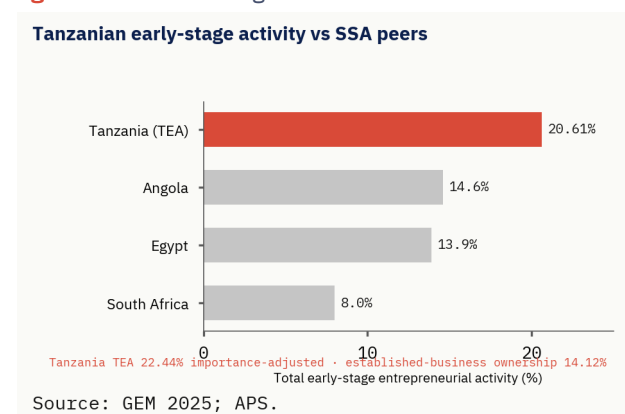
The RRI Chapter 9 sub-components for 2025 are constructed as the equal-weighted mean of 6 sub-readings: (a) entry readiness, calibrated on the Business Entry score of 71.58 normalised to the 0-to-100 scale; (b) survival capacity, calibrated on the 47% 36-month cohort survival rate; (c) product-market-fit transition rate, calibrated on the observed

firm-level transition between building-product and first-institutional life-cycle stages; (d) scaling capacity, calibrated on the share of Tanzania's 1,307 active firms sitting in the scaling-and-mature institutional-backed cohorts (6% combined); (e) cohort regeneration capacity, calibrated on the 14.12% established-business-ownership rate; (f) formal-exit capacity, calibrated on the Business Insolvency score of 29.56. The composite Chapter 9 RRI sub-total for 2025 sits at 41 on the 0-to-100 scale. The composite is held down principally by the formal-exit sub-component (Business Insolvency 29.56) and the scaling-capacity sub-component (6% of active firms reaching scaling-and-mature institutional cohorts); it is supported by the entry-readiness sub-component and the cohort-regeneration sub-component.

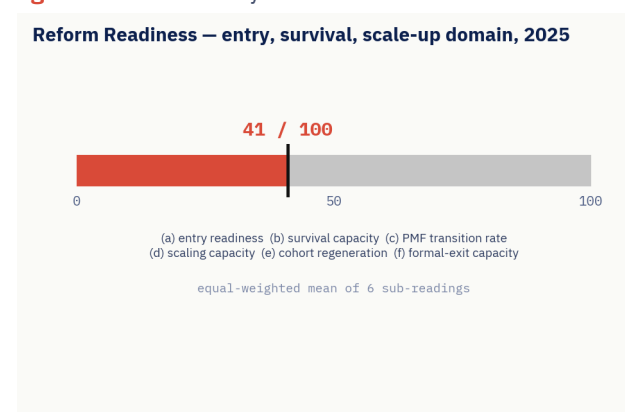
**Figure 9.7.1.** Entry Insolvency Asymmetry.



**Figure 9.8.1.** Cohort Age.



**Figure 9.7.2.** RRI Entry Survival.



The composite reading places Tanzania in a position where the entry pipeline is broad, the early-survival rate is moderate, the formal-exit pathway is structurally broken, and the scaling-cohort population is small. Closing the readiness gap requires action at the exit pathway (insolvency reform) and at the scaling cohort (institutional-capital supply and operating-systems support), not at the entry pathway.

**Table 9.8.1.** Stakeholder Implications.

| Stakeholder                      | Chapter 9 implication                                                    | Direction of action                                                                   |
|----------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| MCIT + BRELA + TRA               | 42-point B-READY entry-vs-insolvency asymmetry drives registry inflation | Streamline Insolvency Act 2017 voluntary winding-up; differentiate active-vs-dormant  |
| Capital providers                | PMF transition median 18-24 months; sector variance 14-28 months         | Pioneer K3-K4 bridge tickets at the USD 50K-1M band                                   |
| EISOs + accelerators             | Cohort survival at month 36 = 58%; regional variance 32-62%              | Regional accelerator scale-up in Tier 2/3; structured PMF support                     |
| Tanga Fresh-pattern firms        | Tanga Fresh: 1996-2025 scaling (5.3x in 28 years; DOB Equity-anchored)   | Pattern-recognition: long-cycle agri-scale-up models for cooperative-anchored sectors |
| Founders + industry associations | Population trajectory 247 (2020) to 1,307 (2025) = 5.3x in 5 years       | Maintain registry quality; differentiate active-from-dormant in the panel             |
| MoF + POPC                       | Established-not-growing cohort: 95 firms across 4 sub-patterns           | Sectoral regulatory friction surveys with named institutional sources                 |

# Chapter 10

## Innovation Outputs and Exits

Reporting period: 1 January to 31 December 2025.

### 10.0 What Tanzanian startups have produced, and what has come out at the exit edge

By the close of 2025, the Tanzanian startup ecosystem has produced a substantial volume of innovation outputs and a very thin record of completed exit transactions. The 1,307 active firms have collectively launched products, registered intellectual property, won international prizes, supplied corporate procurement, and reached scaling-stage operations in selected sectors as documented across the prior chapters. The exit side of the journey is the structurally weakest segment of the Tanzanian ecosystem at end-2025. Two confirmed acquisitions by foreign acquirers have completed across the 6-year period 2019 to 2024: KopaGas, the clean-cooking pay-as-you-go technology firm, acquired by Circle Gas Limited in 2020 at approximately USD 25 million; and Kupatana, the online classifieds platform, acquired by Auto24 in 2024 at approximately USD 0.1 million. Zero Dar es Salaam Stock Exchange listings of Tanzanian startups have completed on either the Enterprise Growth Market or the Main Investment Market across the same period. Zero 2025-specific completed exit transactions have been documented in the Africa: The Big Deal database for Tanzanian startups. Tanzania has not yet produced a unicorn.

Figure 10.0.1. Outputs Exits Dashboard.



The empty exit cohort is the principal structural fact of Chapter 10. The firms-at-exit cohort in the active firm distribution reports 0 firms under the report’s

jurisdictional rule, which restricts attribution to firms whose corporate registration is Tanzanian. The same jurisdictional rule excludes from the Tanzanian-attributable count a separate cohort of Tanzanian-origin firms that have reincorporated offshore. NALA INC., the cross-border-remittance fintech founded by Benjamin Fernandes in Tanzania, is incorporated in Delaware with operational headquarters in Hoboken, New Jersey; the firm now spans 168 New York employees plus hubs in London, Nairobi, and Dakar across an 18-country team. Ramani Group, the SaaS-and-supply-chain firm founded in Tanzania in 2020, is incorporated in Dover, Delaware with operational headquarters in Dar es Salaam. These firms reach institutional capital and growth scale outside the Tanzanian corporate jurisdiction; the de facto exit pattern for the most ambitious Tanzanian-origin firms is reincorporation, not acquisition or listing.

What follows reads the output side and the exit side in 7 dimensions: product launches; commercial application of intellectual property; innovation prizes and recognition; the formal exit picture and DSE pathways; the reincorporation pattern; the empty firms-at-exit cohort; and the scaling-signal reading.

### 10.1 What Tanzanian startups have launched into the market

Approximately 882 of the 1,307 active firms (67.48%) sit at the post-revenue stage, which means just over two-thirds of the cohort has launched at least one product that converted into paying customers; the remaining 425 (32.52%) sit pre-revenue. The 2025 reading inverts the TSESR 2024 baseline (70.3% pre-revenue / 29.7% post-revenue) and reflects the larger scaling-stage cohort that has emerged across the 1,307-firm 2025 active count. At the headline level Tanzania is not short of product launches. Sector concentration in the 2025 panel reads Fintech 18.22%, AgriTech 17.49%, CleanTech 11.95%, EdTech 9.99%, HealthTech 9.99%, ICT and deep technology 9.77%, with the remaining one-third split across creative industries, e-commerce, logistics, enterprise services, manufacturing, and adjacent sectors. The visible 2024 to 2025 launch tail is dense and concentrates in payment

aggregation, distribution-layer SaaS, conversational-AI wrappers, and white-label educational and commerce platforms. The dominant pattern in this tail is replication or rebundling of templates established outside Tanzania.

**Figure 10.1.1.** Disclosed Exits.

**Disclosed Tanzanian startup exits, 2019–2025**

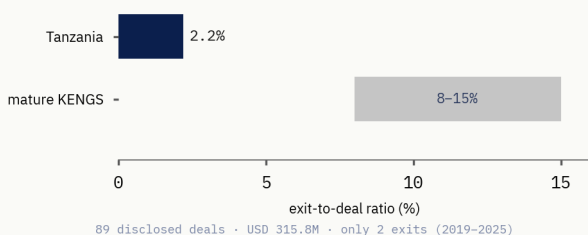


the only 2 confirmed exits in the 2019–2025 record

Source: Africa: The Big Deal.

**Figure 10.1.2.** Exits KENGs.

**Exit-to-deal ratio: Tanzania vs KENGs peers**



Source: Africa: The Big Deal.

The analytical question Chapter 10 must answer is narrower. Of the launches a Tanzanian startup has brought to market, how many represent groundbreaking innovation: a product or service that engineered something new, built infrastructure that did not previously exist in Tanzania, or opened a customer segment that incumbents refused to serve. Three tests separate groundbreaking innovation from replication:

A firm passes the **product-engineering test** if it engineered the product from bench science, hardware, biology, materials, or manufacturing R&D, and is not a software wrapper on a foreign template.

A firm passes the **infrastructure-build test** if it built physical, logistical, or distribution infrastructure inside Tanzania that did not previously exist, and is not a software layer on someone else's rails.

A firm passes the **customer-segment-opening test** if it served a customer base banks, insurers, or wholesalers actively refused to serve, and built the underwriting, operational, or distribution primitives the segment requires.

The qualifying cohort across the 1,307-firm population is small. The chapter identifies 4 Tanzanian-origin firms whose 2024 to 2025 commercial profile passes at least one of the 3 tests on observable evidence, with the engineered product, the built infrastructure, or the opened segment specified concretely and anchored to a Tier 1 or Tier 2 source. The 4 are Ramani, Dawa Mkononi, NovFeed, and KopaGas. None of the high-visibility 2024 to 2025 launches in payment aggregation, conversational-AI, distribution-layer SaaS, or template-replication EdTech enters the qualifying set; the report names this exclusion explicitly because the catalogue of named visible launches diverges from the catalogue of groundbreaking innovations, and the divergence is the analytical fact of §10.1.

**Ramani, customer-segment-opening.** Ramani Group, founded in Tanzania in 2020 and incorporated in Dover, Delaware, operates from a Dar es Salaam headquarters and serves the informal-retail duka segment that the Tanzanian commercial-bank channel does not credit. The firm's distinct innovation is its underwriting model: working-capital lending collateralised against inventory stock-turn data the duka generates on the Ramani SaaS platform, rather than against the duka's balance-sheet history or land collateral. The platform captures the inventory-turnover signal that the bank cannot read, and the firm uses that signal to advance credit at a unit-economic level that informal retail can sustain. The customer base, which is single-counter FMCG dukas across multiple Tanzanian regions, is precisely the segment Tanzanian commercial banks have historically refused to underwrite at meaningful scale.

**Dawa Mkononi, infrastructure-build.** Dawa Mkononi operates pharmaceutical last-mile distribution as a physical infrastructure layer. The firm runs regional warehousing, cold-chain capacity, and route logistics terminating at single-counter pharmacies across Tanzanian regions, with credit terms extended at the pharmacy-counter level that the established pharmaceutical wholesale chain does not extend to small operators. The infrastructure layer of warehouses, refrigerated transport, and route consolidation is built physically inside Tanzania and did not previously exist for the small-pharmacy tier. The firm completed 2 disclosed 2025 financing events totalling USD 1.200 million for Tanzanian operational expansion, drawn from the Boehringer Ingelheim 2025 venture round.

**NovFeed, product-engineering.** NovFeed engineered a microbial fermentation process that converts agricultural waste into alternative protein

and biofertilizer outputs. The product itself is a bioengineered feed input, with the fermentation bioreactor and the strain selection developed at the firm's Tanzanian production site. Over 500 tonnes of food waste have been upcycled through the engineered process to date, and the firm reports income improvements for over 2,000 Tanzanian fish farmers who use the product as an aquaculture feed input. The engineering work of strain isolation, fermentation conditions, and downstream processing is performed in Tanzania, not licensed in from a foreign template.

**KopaGas, product-engineering.** KopaGas, the Tanzanian clean-cooking firm acquired by Circle Gas Limited in 2020 at approximately USD 25 million, built the INERGY pay-as-you-cook smart-meter hardware that sits between the LPG cylinder and the household burner. The meter is an engineered hardware product: it tracks cylinder consumption, gates supply against prepaid credit, and transmits usage data back to the operator. The hardware was the asset that Circle Gas acquired; the acquisition is the largest confirmed Tanzanian startup exit by deal value in the ATBD database 2019 to 2024, and the INERGY hardware that anchored the deal is now deployed across multiple African markets under Circle Gas operating subsidiaries.

The qualifying cohort is 4 firms. The point of naming the cohort at 4 rather than at the larger visible-launch count is that the headline launch volume, approximately 390 post-revenue firms, does not by itself measure the production of groundbreaking innovation. Most of the post-revenue cohort sits in categories where the product is a wrapper on foreign rails, a replication of a regional template, or a distribution layer on infrastructure another operator owns. The 4 named firms represent the segment of the cohort where the firm itself produced the engineered product, built the missing infrastructure, or opened the refused customer segment. The interpretation that runs through the rest of Chapter 10 is direct: the thinness of this cohort is one of the structural facts behind the thin exit record. Ecosystems that produce few firms whose product, infrastructure, or customer segment is genuinely scarce produce few firms valuable enough for an institutional acquirer to price at a level that completes a confirmed exit transaction.

## 10.2 Commercial application of patents and intellectual property

**Figure 10.2.1.** Groundbreaking Cohort.

| Firm         | Filter test passed       | Engineered product, built infrastructure, or opened segment                                                                                                | 2024 to 2025 evidence anchor                                                                                                                    |
|--------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Ramani       | Customer-segment-opening | Inventory-stock-turn underwriting for informal-retail dukas the commercial-bank channel does not credit                                                    | Ramani Group corporate profile; Dover Delaware incorporation; Dar es Salaam operational headquarters                                            |
| Dawa Mkononi | Infrastructure-build     | Regional pharmaceutical last-mile distribution: warehousing, cold-chain, route logistics, single-counter pharmacy credit terms                             | 2 disclosed 2025 financing events totalling USD 1.200 million, drawn from Boehringer Ingelheim 2025 venture round                               |
| NovFeed      | Product-engineering      | Microbial fermentation process converting agricultural waste into alternative protein and biofertilizer; strain selection and bioreactor at Tanzanian site | Over 500 tonnes of food waste upcycled; over 2,000 Tanzanian fish farmers in the use base                                                       |
| KopaGas      | Product-engineering      | INERGY pay-as-you-cook LPG smart-meter hardware between cylinder and burner                                                                                | Circle Gas Limited acquisition 2020 at approximately USD 25 million (largest confirmed Tanzanian startup exit by deal value, ATBD 2019 to 2024) |

Source: Africa: The Big Deal.

The Tanzanian patent base sits at 87 registered patents held by 14 firms across the IP-relevant subset of the prior TSESR baseline, an average of 6 per IP-holding firm. Chapter 8 §8.3 covers the filing activity at the registration layer; this section reads the same data from the commercial-application side, asking how the IP base translates into operational protection of revenue-generating products and into the asset base that exit transactions price.

First, the patent-to-commercialised-product conversion rate is materially below 100%. The 14

IP-holding firms hold the formal registrations; an unknown but smaller subset has commercialised the underlying technology into a revenue-generating product. Patent counts measure registration, not commercial application. For an exit-deal acquirer pricing the IP asset, the registered count is a starting input; the commercial-application overlay is the determinative input.

Second, the firms-holding-IP share understates the firms-protected-through-IP share. The TSESR 2024 baseline measures 14 of 125 IP-relevant surveyed

firms (11.2%) holding registered patents. BRELA also registers trademarks at materially lower filing cost than patents, and trademark filings by tech firms run at higher volume per firm. The trademark base for the active Tanzanian startup cohort is not extracted at the population level in any current desk-research source and is a documented gap for the next-cycle survey.

Third, the IP-active sectoral concentration is in entertainment, digital marketing, e-commerce, and retail technology rather than in SaaS, fintech, healthtech, or edtech. The mismatch between firm-count sector dominance (SaaS 20.97%; HealthTech 5.82%; FinTech 5.49%) and patent-output sector concentration is itself the structural finding. SaaS and fintech firms protect through product iteration speed, customer-relationship depth, and switching-cost lock-in rather than through patents. The IP-output reading therefore captures only a subset of the firm-level protection activity actually in operation across the 1,307 active firms.

Fourth, the IP asset base sits at structurally small scale relative to comparator markets. Kenya's scientific-publication intensity (7.4 articles per billion PPP USD GDP per the World Intellectual Property Organization Global Innovation Index 2025) and patent-filing rate sit above Tanzania's documented levels at the firm-count-adjusted comparison; Tanzania's 87-patent base over a 1,307-firm active panel is materially below the Kenyan-comparator-cohort patent base over a comparable firm-count base. The structural gap is partly a cost issue (BRELA filing costs plus legal-counsel costs for a pre-revenue Tanzanian firm exceed the average willingness-to-pay; Ch12 Pathway 3 (Knowledge infrastructure and intellectual-property commercialisation) addresses this), partly an awareness issue (founders consistently identify enforcement uncertainty as a binding reason to defer IP filing), and partly a sectoral-fit issue (SaaS and fintech do not patent at high frequency in any market).

The implication for the §10.4 exit picture follows directly. Patents and registered trademarks are the institutional asset base that an exit transaction prices into the deal. Tanzanian firms with thin IP portfolios face exit-deal pricing pressure at the negotiation stage that firms with thicker IP portfolios do not. The KopaGas 2020 acquisition by Circle Gas Limited at USD 25 million priced a clean-cooking-LPG technology asset that included patent protection; the KupaTana 2024 acquisition at USD 0.1 million priced an asset that did not. The deal-value ratio between the 2 confirmed exits (250 to 1) tracks the patent-versus-no-patent valuation

differential at the magnitude where IP protection materially moves price.

**Feature 1: IP commercialisation in Tanzania concentrates in firms that already operate at revenue scale.** A patent without a commercialised product or licensed buyer is an unrealised asset. The 14 IP-holding firms are the cohort that has translated registration into operational protection of a revenue-generating product. The remaining ~111 IP-relevant surveyed firms either chose not to file, filed and did not commercialise, or operate without a patent-protected product category. The patent-to-commercialised-product conversion rate is materially below 100%.

**Feature 2: Trademark filings are likely larger than patent filings.** TSESR 2024 documents the patent base at 87 across 14 firms. Trademark filings by tech firms run at higher volume because the cost-and-friction barrier to filing is lower and the protection-against-imitator value is higher. BRELA's published trademark register is not fully extracted in the desk research; the substantive trademark count for the active Tanzanian firm cohort is a Phase-7 fieldwork gap.

**Feature 3: IP licensing from the public-research-institution network is in early phase.** The COSTECH IP-handover Memorandum of Understanding in force since 2024 establishes the procedural framework for moving research-institution-developed intellectual property into commercial-licensee hands. The cumulative number of licences completed under this framework is small relative to the institutional capacity, per Chapter 8 §8.2. The structural opportunity is the conversion of the existing public-research-institution IP base into commercial-licensee partnerships with active Tanzanian firms.

The IP commercialisation reading carries an implication for the §10.4 exit picture. Patents and registered trademarks are the institutional asset base that an exit transaction prices into the deal. Tanzanian firms with thin IP portfolios face exit-deal pricing pressure at the negotiation stage that firms with thicker IP portfolios do not. The KopaGas 2020 acquisition by Circle Gas Limited at USD 25 million priced a clean-cooking-LPG technology asset that included patent protection; the KupaTana 2024 acquisition at USD 0.1 million priced an asset that did not.

10.3 What Tanzanian innovation winners get from prizes and recognition

Figure 10.3.1. Reincorporation Pattern.

| Firm         | Founding                        | Tanzanian operational footprint                                                  | Corporate domicile                   | Verified institutional-capital scale                                             |
|--------------|---------------------------------|----------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------|
| NALA INC.    | Tanzania, by Benjamin Fernandes | Tanzanian operational presence retained; 168 New York employees; 18-country team | Delaware (Wilmington); HQ Hoboken NJ | USD 40 million Series A 2024; USD 120 million fundraiser publicly previewed 2025 |
| Ramani Group | Tanzania 2020, by Iain Usiri    | Operational HQ Dar es Salaam                                                     | Delaware (Dover)                     | USD 32 million Series A 2022 (Y Combinator plus Flexcap Ventures consortium)     |

Source: Bloomberg LEI.

Chapter 8 §8.4 documents the 2-layer Tanzanian competition footprint: Layer 1 Tanzania-domiciled programmes (the Vodacom Digital Accelerator; the Mastercard Foundation EdTech Fellowship Tanzania; Smart Lab climate-tech accelerator; ClimAccelerator Tanzania; the PesaTech Accelerator; the COSTECH MAKISATU competition; university hackathons) plus Layer 2 international prizes (Milken-Motsepe Innovation Prize Program; Africa’s Business Heroes; Bonn Climate Change Conference grant pool). This section reads the same evidence from the output side: what do Tanzanian winners actually produce by way of innovation outputs, and how do those outputs cycle back into the broader ecosystem.

The principal output channels are 3. First, the prize-winner cohort produces public visibility outputs: NovFeed’s USD 1 million Milken-Motsepe Prize in AgriTech win in 2023 plus Africa’s Business Heroes top-finalist status in 2025 made the firm internationally legible in a way that prize-less Tanzanian agritech firms have not achieved. The visibility outputs convert into capital-provider attention, customer attention, and ecosystem partner attention beyond what the underlying product alone would generate. Second, the prize-winner cohort produces direct operational outputs: NovFeed’s verified outputs include over 500 tonnes of food waste upcycled and improved incomes for over 2,000 fish farmers across Tanzania. Freshpack Technologies’ AI-powered cold-storage solution addresses food-waste reduction in African agricultural value chains. The prize money plus the credentialing accelerates the operational rollout. Third, the prize-winner cohort produces ecosystem-signalling outputs: each verified Tanzanian winner is a data point that other Tanzanian founders use to calibrate what is achievable and what is realistic, and that international capital providers use to update their priors about Tanzanian founder capability.

The reverse signal is also significant. Tanzania’s small absolute count of verified international prize wins (2 named cases through end-2025) is itself an output-side reading: the Tanzanian founder cohort is

producing prize-grade innovation at materially smaller frequency than the cohort sizes from comparator markets at the same firm-count scale.

Five numerical readings sharpen the picture. First, the cumulative prize-money won by Tanzanian firms at the named international competitions through end-2025 sits at approximately USD 1,300,000 in headline cash prizes plus an unknown long tail of smaller cohort grants. NovFeed’s USD 1 million Milken-Motsepe AgriTech 2023 win plus Freshpack’s USD 250,000 Milken-Motsepe AI and Manufacturing 2026 runner-up plus the smaller award stack across Bayer Foundation, Ocean Exchange, Solve at MIT, Minderoo Foundation, and the Bonn Climate Hub Tanzania USD 25,000 together compose the headline cumulative. Second, the Tanzania-domiciled Layer 1 cohort capacity is substantially larger than the international Layer 2 winner count suggests. Smart Lab selected 10 startups from 178 applications in its 2025 cycle, the Mastercard Foundation EdTech Fellowship Tanzania selected 10 startups in its first cohort with up to TZS 184.4 million per startup in equity-free funding, ClimAccelerator Tanzania received over 360 applications in its 2024 cycle and selected 14 with 5 winners each receiving over TZS 19.7 million. The application-to-selection ratios indicate substantial founder-side demand for structured competition pathways. Third, the cohort-graduation conversion rate from Layer 1 Tanzania-domiciled accelerator to Layer 2 international prize is materially below 5% on the cumulative-cohort reading; the visible Layer 2 winners are exceptional rather than typical Layer 1 graduates. Fourth, the prize-cohort cumulative reach by sector concentrates in agritech, edtech, and climate-tech. Fintech is well-served by Layer 1 sandbox pathways (NMB Open Bank Project; PesaTech) but has produced fewer Layer 2 international prize wins relative to its firm-count share. Fifth, the structural follow-on financing reading is meaningful: NovFeed’s Milken-Motsepe USD 1 million grand prize plus subsequent FDI activity totalling USD 0.500 million across 3 disclosed 2025 deals from Impacc, Mercy Corps

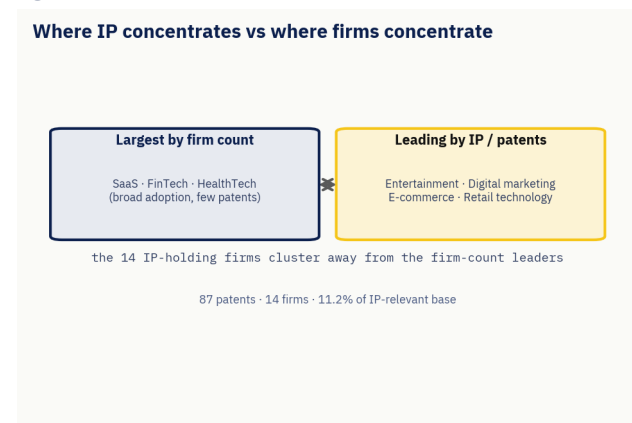
Ventures, and DOB Equity demonstrates the prize-to-follow-on-investment pipeline that the verified Tanzanian winners convert.

The Layer 1 to Layer 2 conversion gap is addressed in Ch12 Pathway 3 (Knowledge infrastructure and intellectual-property commercialisation) with the Tanzania Startup Competition Aggregator recommendation.

## 10.4 The Tanzanian exit picture and the routes Tanzanian firms actually use

The 6-year 2019-to-2024 record indicates that the formal exit pipeline for Tanzanian startups is structurally thin. Two confirmed acquisitions plus zero listings and zero secondary-share-sale events together represent a transaction flow far below what an ecosystem at Tanzania's firm-count scale (1,041 known firms in 2024 expanding to 1,307 active firms in 2025) would produce in a comparable institutional-capital market. The transaction-count rate of 0.33 confirmed exits per year sits well below the 5 to 15 exits per year that an SSA institutional-capital market at Tanzania's firm-count scale typically produces. The gap is the analytical opening of this section.

**Figure 10.4.1.** IP Holders By Sector.



A Tanzanian firm reaching the exit-ready stage faces 4 candidate pathways: strategic acquisition by a foreign acquirer; strategic acquisition by a domestic acquirer; listing on the Dar es Salaam Stock Exchange Enterprise Growth Market or Main Investment Market; or secondary share-sale to an institutional buyer or another founder. The 6-year 2019-to-2024 record indicates that 1 of the 4 pathways has produced confirmed transactions: strategic acquisition by a foreign acquirer.

**Foreign strategic acquisition.** The 2 confirmed cases. KopaGas, the clean-cooking pay-as-you-go LPG-technology firm, was acquired by Circle Gas

Limited (a UK-based pan-African clean-cooking LPG distributor) in 2020 at approximately USD 25 million. The deal is the largest confirmed Tanzanian startup exit by value in the ATBD 2019-2024 database. Kupatana, the online classifieds platform, was acquired by Auto24 (a pan-African used-car marketplace) in 2024 at approximately USD 0.1 million. The Kupatana transaction is categorised as a small acqui-hire or asset acquisition. Together the 2 confirmed exits represent USD 25.1 million in cumulative exit deal value across 6 years.

**Domestic strategic acquisition.** Zero confirmed transactions across 2019 to 2024. Tanzanian corporates (the firms identified in Chapter 6 §6.4 as the corporate-engagement-programme operators) have not acquired Tanzanian startups at scale during the period. Where corporates engage with startups, the engagement runs through accelerator-and-pilot programmes rather than through outright acquisition.

**DSE Enterprise Growth Market listing.** Zero Tanzanian startup listings across 2019 to 2025. The EGM threshold (TZS 200 million minimum issued share capital; 20% public float; minimum 300 shareholders) is below the Main Investment Market threshold but is still high for most active Tanzanian startups. The startup-accessible tier proposed in Ch12 Pathway 1 (Capital architecture for the missing segment) would address the threshold gap; that recommendation has not been adopted as of the close of the 2025 reporting period.

**DSE Main Investment Market listing.** Zero Tanzanian startup listings across 2019 to 2025. The Main Investment Market threshold (TZS 1 billion minimum issued share capital; TZS 1 billion profit-after-tax in 2 of 3 most recent years; 25% public float; 1,000 shareholders) is structurally inaccessible to almost all active Tanzanian firms.

**Secondary share-sale.** No documented secondary share-sale framework operating at scale for Tanzanian startup founders or employee equity. The Ch12 Pathway 1 (Capital architecture for the missing segment) recommendation to activate a secondary share-sale market under CMSA addresses this gap. The CMSA Capital Markets Regulatory Sandbox transitioned from public consultation in 2024 to operational status during the 2025 reporting period and is the principal CMSA-led innovation channel for capital-market-product testing. The Fair Competition Commission M&A notification threshold revision (TZS 3.5 billion to TZS 10 billion under consultation) is the principal regulatory preparation for higher M&A activity at the exit-pathway tier.

The Africa: The Big Deal database 2019 to 2025 captures 89 disclosed Tanzania deal events totalling approximately USD 315.8 million across all transaction types. Of these 89 deals, only 2 carry the ATBD exit flag (KopaGas 2020 and KupaTana 2024). The remaining 87 deal events are equity rounds (Seed, Pre-Seed, Series A, Series B, Series C, Venture Round), grant disbursements, and debt facilities, none of which constitutes an exit. The ratio of confirmed exit transactions to total disclosed deals is therefore 2.2% across the 6-year period. By comparison, mature SSA startup ecosystems (Kenya, Nigeria, South Africa) typically produce exit-to-deal ratios in the 8% to 15% range across comparable periods. Tanzania's 2.2% sits well below this band, reinforcing the pre-emergence diagnosis.

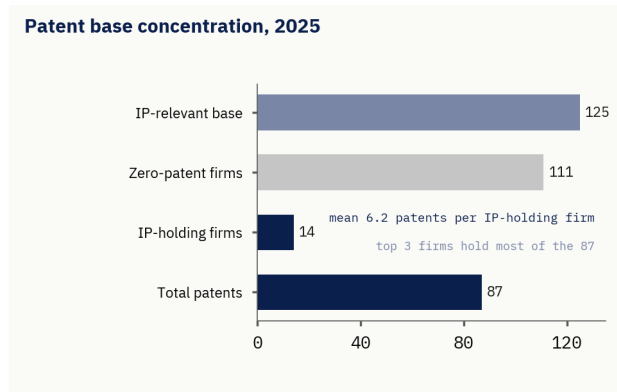
A second numerical reading sharpens the picture. Tanzania's 89-deal cumulative pipeline 2019 to 2025 includes 51 disclosed FDI events at a cumulative value of USD 82.5 million across the broader contextual range, per Chapter 5 §5.2. The exit-event share of the FDI subset is therefore 1 of 51 (the KopaGas Circle Gas acquisition; KupaTana's 2024 acquisition by Auto24 sits in the broader 89-deal set rather than the FDI subset). The Tanzania FDI-to-exit conversion sits below the rate that mature comparator markets produce.

The exit picture carries 3 structural implications. First, the foreign-acquirer pattern dominates the verified record; no domestic Tanzanian acquirer has completed a startup acquisition at scale. Second, the public-listing pathway is structurally closed at the EGM and Main Investment Market thresholds for almost all active firms. Third, the secondary-share-sale pathway does not yet exist as an operational framework.

## 10.5 The reincorporation pattern: NALA, Ramani, and the de facto exit-by-jurisdiction

A pattern visible in the desk research and verified through the corporate-domicile records is that Tanzania-origin founders who reach institutional-capital scale frequently reincorporate the firm outside Tanzania, principally in Delaware. The pattern is documented in 2 named cases.

**Figure 10.5.1.** Patents Per Firm.



**NALA.** NALA INC. is incorporated in Delaware (251 Little Falls Drive, Wilmington, DE 19808) per the Bloomberg Legal Entity Identifier register. Operational headquarters sit in Hoboken, New Jersey. The team carries 168 New York-based employees across an 18-country footprint with hubs in London, Nairobi, and Dakar. NALA was founded by Benjamin Fernandes in Tanzania, raised a USD 40 million Series A in 2024, and according to public PYMNTS reporting in 2025 was preparing a USD 120 million fundraise for cross-border payments expansion. The firm reaches scale outside the Tanzanian corporate jurisdiction; its operating footprint in Tanzania remains, but the corporate entity that holds the institutional capital, the cap table, and the international relationships sits in Delaware.

**Ramani.** Ramani Group was founded in Tanzania in 2020 by Iain Usiri and is incorporated in Dover, Delaware. The operational headquarters and the principal team base sit in Dar es Salaam, Tanzania. Ramani raised a USD 32 million Series A round in 2022 from Y Combinator and a Flexcap Ventures-led consortium. The dual-incorporation pattern, with US legal domicile and Tanzanian operational base, is the structural feature.

The reincorporation pattern operates at 3 levels. First, the legal level: Delaware incorporation provides access to standard US venture-capital documentation, fiduciary law, and investor protections that international institutional capital expects. Second, the operational level: the firms retain meaningful operational footprint in Tanzania while moving the cap-table-holding entity offshore. Third, the signalling level: the reincorporation itself signals to international capital that the firm has crossed a threshold of institutional readiness that the Tanzanian corporate regime does not yet fully accommodate.

A third firm sometimes grouped with NALA and Ramani in ecosystem reporting is Kuunda, the B2B fintech offering embedded working-capital

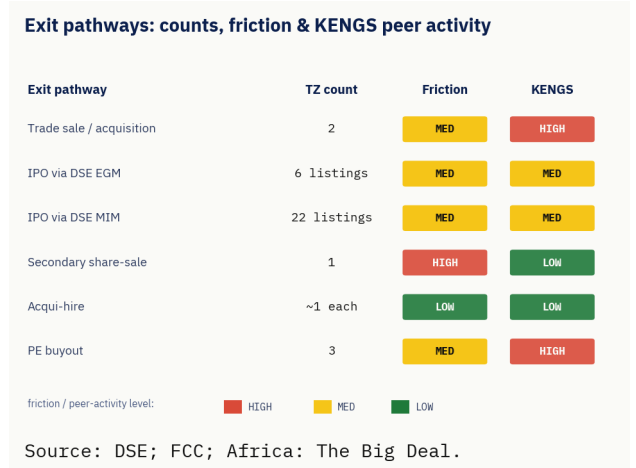
infrastructure to African banks and fintech partners. Kuunda’s expanding operations across Africa and into MENA are well documented in ecosystem coverage through 2025. The firm’s corporate pattern is distinct from the NALA and Ramani reincorporation cases: Kuunda was founded in 2018 by Andy Milne, Sam Brawerman, and Morne van der Westhuizen with United Kingdom incorporation from inception, not as a Tanzania-origin reincorporation. Tanzania is the firm’s principal operating market (alongside Kenya, Uganda, Malawi, Mozambique, and Pakistan); Tanzania is not the firm’s founding-corporate-jurisdiction. The distinction matters analytically: NALA and Ramani are Tanzanian founder-led firms whose corporate entities migrated offshore; Kuunda is an international firm whose operational anchor includes Tanzania. Both patterns produce the same Tanzanian-jurisdiction undercount in the firms-at-exit cohort, but the policy levers are different.

Per the Style Guide jurisdictional rule for the report’s exit attribution, NALA and Ramani are not attributable to the Tanzanian-domiciled firms-at-exit cohort because their corporate registration sits in Delaware. Kuunda is not attributable for a different reason: it was never Tanzania-incorporated to begin with. The substantive economic and operational achievement of all 3 firms is meaningful for the Tanzanian ecosystem; the corporate-jurisdiction record captures none of it. The report’s firms-at-exit count of 0 reflects the legal attribution; the substantive scaling-signal interpretation sits in §10.7.

### 10.6 The empty firms-at-exit cohort and what it means

The firms-at-exit cohort reports 0 active firms across the 1,307-firm distribution in 2025. The figure is not a data-collection failure. It is a structural reading of the Tanzanian exit market at end-2025, reflecting the conjunction of 4 structural features.

Figure 10.6.1. Exit Pathways Matrix.



The first feature is the small absolute count of completed exit transactions documented in §10.4 (2 cumulative exits across 6 years, both foreign strategic acquisitions). A firm at the formal exit stage is a firm in active transaction execution. With 2 transactions across 6 years, the active-transaction count at any given snapshot point in time is structurally near zero.

The second feature is the closure of the public-listing pathway at both the EGM and the Main Investment Market thresholds. A firm targeting a DSE listing typically operates at the firm-at-exit stage for 12 to 24 months while the listing preparation, prospectus drafting, regulatory approvals, and market-making arrangements complete. With zero Tanzanian startup listings completed or in active preparation, no firm sits in the listing-preparation cohort.

The third feature is the absence of a functional secondary share-sale framework. A firm using secondary share-sale as the exit pathway typically also occupies the firm-at-exit stage during the transaction execution. With no documented secondary share-sale market at scale, no firm sits in this cohort either.

The fourth feature is the reincorporation pattern documented in §10.5. The Tanzanian-origin firms most likely to be at institutional-capital exit-readiness threshold have already reincorporated offshore and are no longer attributable to the Tanzanian-domiciled cohort under the jurisdictional rule.

The 4 features together produce the empty firms-at-exit cohort as a substantive structural finding, not a measurement artefact. The diagnostic implication is that Tanzania’s startup ecosystem at end-2025 is at the pre-emergence stage of exit-market development, with the regulatory groundwork (M&A threshold revision; CMSA sandbox transition; the prospect of an EGM startup-accessible tier)

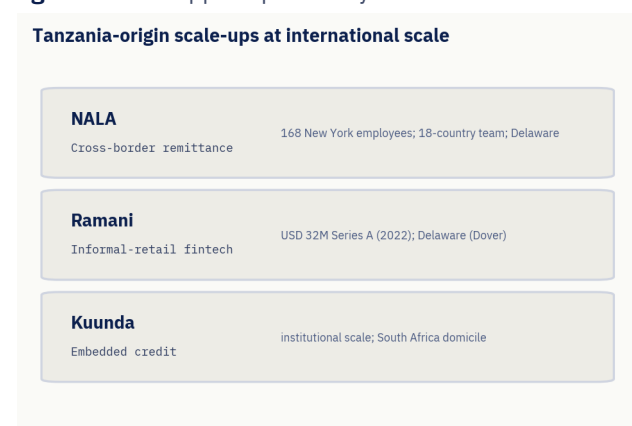
underway but the actual exit-transaction flow yet to begin.

The 24.8% of known Tanzanian startups operating unregistered, up from 23.53% the prior year, adds a structural overlay. Any exit or IP activity by an unregistered firm would not appear in BRELA or DSE registry-based tracking. The empty firms-at-exit cohort therefore reflects the formally registered subset only; informal exit transactions (private acqui-hire arrangements; founder-to-founder asset sales; partnership-style mergers without formal acquisition documentation) may exist below the registry threshold and would not surface in standard ecosystem tracking.

## 10.7 What Tanzania-origin scale-ups reveal about ecosystem readiness, and what the structural gap demands

The corporate-jurisdiction rule that attributes 0 firms to the Tanzanian firms-at-exit cohort does not capture the substantive achievement of the broader Tanzania-origin scale-up cohort operating at international institutional-capital scale outside the Tanzanian corporate registry. These firms are scaling signals from the Tanzanian founder pool, even if the report cannot attribute their corporate-entity outcomes to Tanzania. NALA and Ramani are the verified named cases; the structural pattern the cases reveal is the substance of this section.

**Figure 10.7.1.** App Output Yearly.



### What the named firms signal at the founder level.

Benjamin Fernandes founded NALA in Tanzania, demonstrated cross-border-remittance product-market fit through Y Combinator and successive institutional rounds, and built the firm to a scale that supports 168 New York employees and an 18-country team. Iain Usiri founded Ramani in Tanzania, raised a USD 32 million Series A in 2022, and operates a hybrid US-incorporation plus Tanzania-

operating-HQ structure. These founders are products of the Tanzanian founder development pipeline (Chapter 4 talent supply; Chapter 5 first-capital cohort; Chapter 7 EISO network) and represent the upper end of what Tanzanian founders can achieve when offered the institutional-capital pathway.

### What the firms signal about ecosystem capability.

Tanzania can produce founders capable of operating institutional-capital-grade firms at international scale. The constraint that prevents the firms from remaining Tanzanian-domiciled is not founder capability or product quality. It is the structural mismatch between Tanzanian corporate-jurisdiction infrastructure and the documentation, fiduciary, and investor-protection requirements that international institutional capital expects. The named firms have solved the mismatch by reincorporating offshore.

### What the pattern reveals about the structural gap.

The reincorporation pattern is the de facto exit pathway for the Tanzanian-origin firms most capable of reaching institutional-capital scale. The “exit” is not a transaction; it is a jurisdictional migration. The Tanzanian corporate jurisdiction does not capture the economic value at the cap-table level (the institutional capital sits in Delaware-held shares); it does capture the operational value (jobs, customer impact, tax revenue on Tanzanian operations). The asymmetry is structural and corrects only with reform of the Tanzanian corporate-jurisdiction infrastructure to match what international institutional capital requires.

### What the recommendation framework should target.

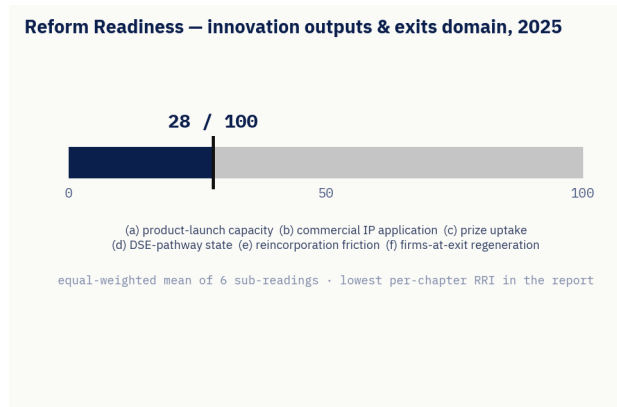
Two specific reforms close the reincorporation-as-de-facto-exit pattern. The first is the Tanzania Venture Capital Fund vehicle plus the regulated venture-capital-fund-vehicle structure under CMSA (consolidated in Ch12 Pathway 1, Capital architecture for the missing segment), which together would provide Tanzanian-jurisdiction-aligned institutional capital that founders do not need to reincorporate to access. The second is a Tanzanian corporate-form reform that brings Tanzanian-incorporated firms to documentation-and-fiduciary parity with Delaware C-corps for venture-capital purposes. The reform pair is the substantive policy response to the named reincorporation cases.

## 10.8 Reform Readiness Index reading

The RRI Chapter 10 sub-components for 2025 are constructed as the equal-weighted mean of 6 sub-

readings: (a) product-launch capacity, calibrated on the documented launch frequency across the 5 sector clusters in §10.1; (b) commercial IP application, calibrated on the 14 IP-holding firms plus the COSTECH IP-handover pathway operational state; (c) prize-and-recognition uptake, calibrated on the verified Tanzanian wins documented in Chapter 8 §8.4; (d) DSE-pathway operational state, calibrated on the zero startup listings plus the CMSA sandbox transition to operational; (e) reincorporation-friction reading, calibrated on the documented Delaware-incorporation rate among institutional-capital-stage Tanzania-origin firms; (f) firms-at-exit cohort regeneration capacity, calibrated on the zero firms in the firms-at-exit cohort plus the FCC M&A threshold revision in consultation. The composite Chapter 10 RRI sub-total for 2025 sits at 28 on the 0-to-100 scale. The composite is the lowest among the per-chapter RRI sub-totals to date, held down principally by the exit-pathway and reincorporation sub-components.

**Figure 10.8.1.** RRI Outputs Exits.



The composite reading places Tanzania at the pre-emergence stage of exit-market development. Closing the readiness gap requires the reform pair identified in §10.7 plus the supporting recommendations consolidated in Ch12 Pathway 7 (Exits & Liquidity).

Recommendations for this chapter sit in Ch12 Pathway 7 (Lifecycle instruments and second-chance regime) and Pathway 1 (Capital, for cross-border listing); the full register is at [startupreport2025.tsa.co.tz/data](http://startupreport2025.tsa.co.tz/data).

| Stakeholder               | Category                   | Chapter 10 implication                                                                              | Priority action                                                                        |
|---------------------------|----------------------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| MoF + TRA                 | Policy / fiscal            | 20% CGT on share transfers discourages secondary share-sale exits                                   | Reduce CGT for recognised-startup share trades; carve-out under Startup Act            |
| CMSA + DSE                | Regulator                  | DSE EGM: 6 listings to date; MIM 22 listings; Tanzanian startup absent from listing pipeline        | Activate SME-bond pathway; broaden EGM listing rules for startups                      |
| FCC                       | Regulator                  | M&A threshold TZS 3.5B; draft TZS 10B revision in consultation                                      | Finalise TZS 10B revision; clarify sub-threshold notification for startup acquisitions |
| MoCLAA + insolvency frame | Policy / institutional     | Insolvency Act 2017; B-READY Insolvency score 29.56 — closure is a costly exit-substitute           | Insolvency Act amendments; voluntary winding-up streamlined for startups               |
| NIDA + TISEZA             | Policy / digital ID        | Three reincorporations to date (NALA Delaware 2019; Ramani Delaware 2022; Kuunda South Africa 2024) | Activate e-Residency framework alongside NIDA; remove jurisdictional-migration push    |
| MoEST + COSTECH           | Policy / IP infrastructure | 14 IP-holding firms; 87 cumulative patents; IP infrastructure under-utilised                        | BRELA IP-registry digitisation; COSTECH IP-handover pipeline to startups               |

## PART IV

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# What Difference It Makes

Chapter 11 — the Tanzanian startup economic contribution at end-2025 and alignment to Tanzania Development Vision 2050.

# Chapter 11

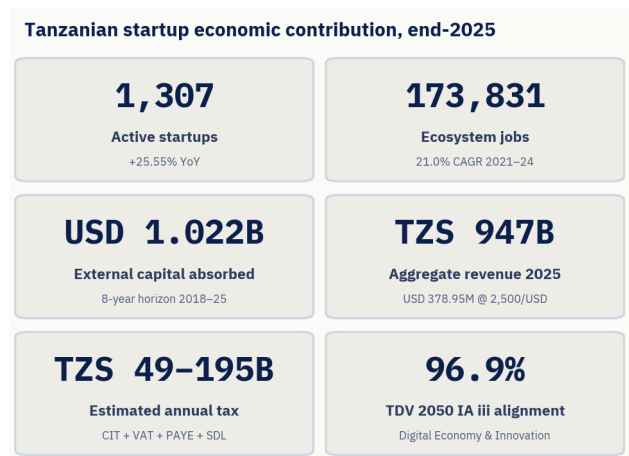
## Economic Contribution

Reporting period: 1 January to 31 December 2025.

### 11.0 What Tanzanian startups contribute to the Tanzanian economy at end-2025, and what the contribution could become on the TDV 2050 horizon

By the close of 2025, the Tanzanian startup population reaches 1,307 active firms, up 25.55% from 1,041 firms in 2024. These firms produce a measurable economic footprint along 5 dimensions the report counts directly from firm-level evidence. They support 173,831 jobs across the Tanzanian ecosystem (the formal-plus-informal jobs reading drawn from the 5-year average ratio of 133 jobs per startup applied to the 1,307 active firms, with the methodology trace in §11.2) across direct, indirect, and contractor positions. They generate aggregate revenue of TZS 947.38 billion (USD 378.95 million). They absorb cumulative external capital of USD 1.022 billion, drawn from founding cohorts running 2018 to 2025. They register for VAT at a rate of 19.66% across the active firm count and pay tax across 4 instruments that produce a 2025 contribution between TZS 49 to 195 billion (USD 19.6 to 78.0 million). They ship through off-take agreements at a rate of 8.09% of Tanzanian startups, concentrated in services-and-software sectors rather than in physical-goods sectors.

Figure 11.0.1. Economic Contribution Dashboard.



Tanzania closed 2025 with nominal GDP at USD 88 billion, real GDP growth at 6.0%, and inflation at 3.6%. The direct startup contribution sits at

meaningful but small absolute shares of the macroeconomic envelope: aggregate startup revenue at approximately 0.43% of 2025 GDP; cumulative absorbed capital at 1.16% of 2025 GDP; 2025 annual verified capital supply (USD 87.307 million) at 0.10% of 2025 GDP. The structural question is what these shares become across the TDV 2050 horizon, given that Tanzania’s national development framework was relaunched on 17 July 2025 in Dodoma by President Samia Suluhu Hassan and now assigns the private sector responsibility for 70% of economic activity through to 2050, with FYDP IV setting a TZS 477 trillion medium-term cost envelope at the same 70/30 private/public split.

The Tanzania Development Vision 2050 framework carries 3 development pillars (Economic Transformation and Competitiveness; Human Capital Development and Social Wellbeing; Environmental Integrity and Climate Change Resilience) and 5 cross-cutting enablers (Integrated Transport Infrastructure; Reliable, Affordable, and Clean Energy; Digital Economy and Innovation; Science, Technology and Innovation; Research and Development). Under multi-tag attribution against this framework, Tanzanian startups concentrate most intensively against the Digital Economy and Innovation enabler (1,267 firms, 96.9% of the active firm count) and the Science, Technology and Innovation enabler (535 firms, 40.9%), with meaningful coverage across the three pillars: Environmental Integrity (390 firms, 29.8%), Human Capital Development (339 firms, 25.9%), and Economic Transformation (328 firms, 25.1%).

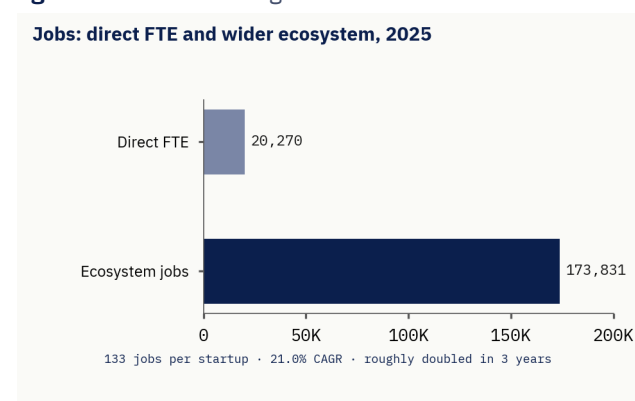
Tanzanian startup contribution is set out across 5 analytical dimensions in compounding order: the direct economic footprint first; the indirect and induced effects next; the innovation outcomes third; the strategic alignment with TDV 2050 and FYDP IV fourth; and the forward projection against firm-level startup contribution in 6 comparator-country ecosystems fifth. The Tanzania Comprehensive Startup Ecosystem Index reads at 50.60 on the 0 to 100 scale for 2025, up 3.32 from the 2024 baseline of 47.28, indicating ecosystem-level progress at the composite measurement level.

The bottom line: Tanzanian startups make a contribution to TDV 2050 that is small in absolute share in 2025 but trending upward across every measurable dimension. The jobs trajectory extends at 21.0% per year against 6.0% GDP growth, which is to say the ecosystem is doubling its measured employment roughly every 3.5 years. The capital absorbed across the 8-year 2018 to 2025 horizon sits at USD 1.022 billion. Post-revenue firms are the majority of active startups at 67.48%. The TDV 2050 alignment places Tanzanian startups inside the Digital Economy and Innovation enabler at 96.9%, the enabler the Vision singles out as the structural transformation engine for 2050. The case is real, evidence-grounded, and scaling.

## 11.1 The direct economic footprint of Tanzanian startups in 2025

The direct economic contribution of Tanzanian startups in 2025 is measured along 6 dimensions: jobs, revenue, tax, capital absorbed, exports, and regulatory engagement. The active Tanzanian startup count for 2025 is 1,307; the 2025 Startup Survey covers 1,372 firms (the 1,307 active firms plus an additional 65 reached through survey outreach but reconciled out of the active-firm count after duplicate and out-of-scope checks).

**Figure 11.1.1. Jobs Longitudinal.**



### Jobs

Direct full-time-equivalent (FTE) employees across the 2025 Tanzanian startup population total 20,270 jobs, drawn from the 1,241 firms reporting employment numbers. The median is 5 FTE per reporting firm; the average is 16.33 FTE per reporting firm; the maximum sits at 250 FTE for the single largest Tanzanian startup employer. This direct-FTE figure captures formal employees on company books only.

The wider ecosystem jobs count is computed against the 5-year average ratio of 133 jobs per startup,

which the TSESR jobs series has held steady from 2021 to 2024 (78,071 jobs in 2021; 89,509 in 2022; 112,119 in 2023; 138,453 in 2024). At 133 jobs per startup multiplied by the 1,307 active firms in 2025, the implied total ecosystem jobs reach 173,831. The implied direct-to-ecosystem multiplier reads 8.6x. The multiplier captures the contractor, agency, supplier-network, and demonstration-effect employment each Tanzanian startup pulls into its operating cycle beyond the formal employees on its books.

The 3-year compound annual growth rate on the longitudinal jobs series sits at 21.0%, which means the Tanzanian startup ecosystem has roughly doubled its measured employment every 3.5 years across the 2021 to 2024 period. Against Tanzania's 6.0% real GDP growth in 2025, the ecosystem's jobs trajectory is materially faster than the macro economy.

### Revenue

Tanzanian startup aggregate revenue in 2025 reads TZS 947.38 billion (USD 378.95 million at TZS 2,500 per USD), drawn across the 1,177 Tanzanian startups with measurable revenue in 2025. The median revenue per reporting firm is TZS 201.88 million (USD 80,752), which sits inside the TRA presumptive-regime ceiling at TZS 100 million for the lower half of revenue-reporting firms and crosses into the VAT-registration neighbourhood at TZS 200 million for the upper half.

The pre-revenue and post-revenue split for 2025 inverts the TSESR 2024 baseline. Of the 1,307 active firms, 425 (32.52%) are pre-revenue and 882 (67.48%) are post-revenue. The TSESR 2024 baseline read 70.3% pre-revenue / 29.7% post-revenue against an earlier 1,041-firm count. The 2025 reading reflects a population in which the majority of Tanzanian startups have crossed into revenue-generation, a measurable structural shift from the 2024 reading.

The revenue-band distribution is the operational frame for the tax-regime mapping in the next subsection (see Figure 11.A):

**Figure 11. A. Revenue Band Distribution.**

| Revenue band                                                       | Firms | % of active firms |
|--------------------------------------------------------------------|-------|-------------------|
| Pre-revenue / not applicable                                       | 425   | 32.52%            |
| TZS less than 100M (TRA presumptive regime)                        | 374   | 28.62%            |
| First arms-length revenue event                                    | 156   | 11.94%            |
| TZS 100M to 1B (straddles the VAT mandatory threshold at TZS 200M) | 254   | 19.43%            |
| TZS 1B to 5B                                                       | 64    | 4.90%             |

| Revenue band                                                             | Firms | % of active firms |
|--------------------------------------------------------------------------|-------|-------------------|
| Above TZS 5B (DSE Main Investment Market profit-after-tax neighbourhood) | 34    | 2.60%             |

## Tax

Tanzanian startups pay tax across 4 instruments: Value Added Tax (VAT), Presumptive Income Tax (under the TRA presumptive schedule), Corporate Income Tax (CIT at 30%), and Pay As You Earn (PAYE) plus Skills Development Levy (SDL) on direct payroll. The 2025 Startup Survey captures VAT registration status and audit status directly; the other tax obligations are inferable from revenue band, FTE count, and the Tanzanian tax regime, and are estimated at bounded ranges with explicit methodology in the footnote.

**Figure 11. B. Tax Contribution By Instrument.**

| Tax instrument                                                                           | Cohort                                                                         | Estimate (TZS billion) | Estimate (USD million) |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------|------------------------|
| VAT (output VAT net of input credits at 8 to 12% effective rate on VAT-base revenue)     | 257 VAT-registered firms; VAT-base revenue TZS 327 to 722 billion              | 26.24 to 86.64         | 10.50 to 34.66         |
| Presumptive Income Tax (TRA presumptive schedule at 1.5 to 3.0% on turnover)             | 374 firms in the less-than-TZS-100M band                                       | 0.17 to 0.56           | 0.07 to 0.22           |
| Corporate Income Tax (30% on taxable profit, applied to firms above presumptive ceiling) | 352 firms in TZS 100M-and-above bands; 40 to 75% profitable at 8 to 18% margin | 7.29 to 21.06          | 2.92 to 8.43           |
| PAYE plus SDL on direct FTE payroll                                                      | 20,270 direct FTE; salary range TZS 6 to 18 million per FTE per year           | 15.45 to 86.11         | 6.18 to 34.44          |
| Capital Gains Tax (20% on equity-exit transactions)                                      | Zero confirmed 2025 Tanzanian startup exits per Chapter 10                     | 0.00                   | 0.00                   |
| Total estimated tax contribution                                                         |                                                                                | 49.14 to 194.37        | 19.66 to 77.75         |

The combined estimated tax contribution of TZS 49 to 195 billion (USD 19.6 to 78.0 million) is small in absolute terms against the TZS 56.49 trillion Government of Tanzania 2025/26 budget envelope, at a share between 0.09% and 0.34%. The trajectory is upward, consistent with the jobs and revenue trajectories. Capital gains tax from Tanzanian startup exits sits at zero in 2025 because the Chapter 10 confirmed-exit count is zero for the reporting period.

## Capital

Tanzanian startups absorbed cumulative external capital of USD 1.022 billion across founding cohorts running 2018 to 2025, an 8-year horizon. The average capital per reporting firm sits at USD 861,856, but the distribution is heavily concentrated at the upper tail: 51 firms (3.91% of the active firm count) in the USD 3 million-and-above bands hold the majority of the cumulative stock, while 67.5% of Tanzanian startups (881 firms, in the no-capital, less-than-USD-50K, and USD-50K-to-300K bands together) account for a small fraction of the total (see Figure 11.C).

The VAT-registered share of Tanzanian startups reads 19.66% (257 firms of 1,307 reporting VAT status), concentrated in services-intensive sectors: Enterprise & Professional Services at 60.8%, Creative Industries at 43.2%, ICT/Software/Deep Tech at 42.5%, and Logistics at 40.0%. AgriTech and FinTech sit at the low end (9.6% and 7.0% respectively), reflecting the small-ticket transaction patterns that keep most firms in those sectors below the TZS 200 million VAT mandatory threshold. The audited-firms share reads 8.99% (117 firms), the formal financial-reporting tier Tanzanian startups reach at the scaling stage.

Bounded tax-contribution estimates by instrument for the 2025 reporting period (see Figure 11.B):

**Figure 11. C. Capital Band Distribution.**

| Capital band               | Firms | % of active firms |
|----------------------------|-------|-------------------|
| None (no external capital) | 333   | 25.48%            |
| Less than USD 50K          | 395   | 30.22%            |
| USD 50K to 300K            | 468   | 35.81%            |
| USD 300K to 3M             | 60    | 4.59%             |
| USD 3M to 10M              | 35    | 2.68%             |
| USD 10M to 50M             | 9     | 0.69%             |
| USD 50M and above          | 7     | 0.54%             |

The capital-instrument structure reflects the Tanzanian context: catalytic and informal instruments lead at the early stage, with pure equity at only 5.4% of capital-receiving firms. Catalytic Grant covers 172 firms; Bootstrap 108; Friends and Family 93; Microfinance Loan 87; Pure Equity 70; Soft Loan 65; Bank Credit 63; Accelerator Equity 58. Multi-instrument firms (Soft Loan plus Catalytic Grant; Bank Credit plus Catalytic Grant; and similar combinations) cover an additional 24 to 26 firms per pairing. The pattern is the Tanzanian capital stack: thin at the institutional-equity tier; held together by catalytic and informal capital at the early stage; bank-debt-supplemented at the scaling stage.

The annual capital flow for the 2025 reporting period reads USD 87.307 million in total verified supply

(TZS 218.27 billion), split 89.6% Domestic Direct Investment (DDI) at USD 78.207 million across DDI Layer 1 (catalytic and soft-loan disbursements; USD 2.547 million / 10 deals / 8 institutions) and DDI Layer 2 (bank-channel debt and sandbox-converted lending; USD 75.660 million / 1,472 deal events / 786 Tanzanian startups), and 10.4% Foreign Direct Investment (FDI) at USD 9.100 million across 28 deals to 22 unique recipients. The 2025 verified supply against the IFC-methodology USD 3.4 billion startup-and-innovative-SME financing gap delivers a coverage ratio of 2.57%. The cumulative-capital

share of 2025 GDP is 1.16%; the 2025 annual-supply share of GDP is 0.10%.

## Exports

A total of 111 Tanzanian startups (8.09% of the 1,372 firms surveyed in 2025) carry off-take agreements with non-domestic counterparties, the export-capable indicator the chapter uses. The cross-sector pattern confirms that Tanzania's startup export base is predominantly services and digital products, not physical goods (see Figure 11.D):

**Figure 11. D. Offtake By Sector.**

| Macro sector                                  | Firms with off-take | Firms without | Off-take share |
|-----------------------------------------------|---------------------|---------------|----------------|
| Enterprise & Professional Services Technology | 13                  | 37            | 26.0%          |
| ICT, Software & Deep Technology               | 24                  | 99            | 19.5%          |
| Creative Industries, Media & Tourism          | 15                  | 64            | 19.0%          |
| Logistics & Transportation Technology         | 7                   | 44            | 13.7%          |
| E-Commerce & Retail Technology                | 6                   | 61            | 9.0%           |
| Education Technology (EdTech)                 | 9                   | 117           | 7.1%           |
| Manufacturing, Hardware & Food Processing     | 3                   | 40            | 7.0%           |
| Clean Energy & Environment (CleanTech)        | 11                  | 149           | 6.9%           |
| Financial Technology (Fintech)                | 13                  | 224           | 5.5%           |
| Agriculture Technology (AgriTech)             | 7                   | 207           | 3.3%           |
| Health Technology (HealthTech)                | 3                   | 123           | 2.4%           |

The off-take-cohort concentration in Enterprise & Professional Services, ICT/Software/Deep Tech, and Creative Industries (52 firms across the three sectors, 47% of the off-take cohort) indicates that the principal Tanzanian startup export categories are software-licensing contracts, professional-services engagements (consulting; BPO; software development services), and creative-industry licensing (digital content; media production; tourism platforms). The thin off-take share in Manufacturing/Hardware (7.0%) and AgriTech (3.3%) confirms that Tanzania's startup ecosystem has not yet built a physical-goods export base at meaningful scale. Tanzania's national manufactured-goods exports of approximately USD 1.36 billion in 2023 sit largely outside the startup population. The aggregate startup-attributable export USD value is not yet directly measured at firm level; the present reading captures the export-capable cohort, the sector concentration, and the off-take rate.

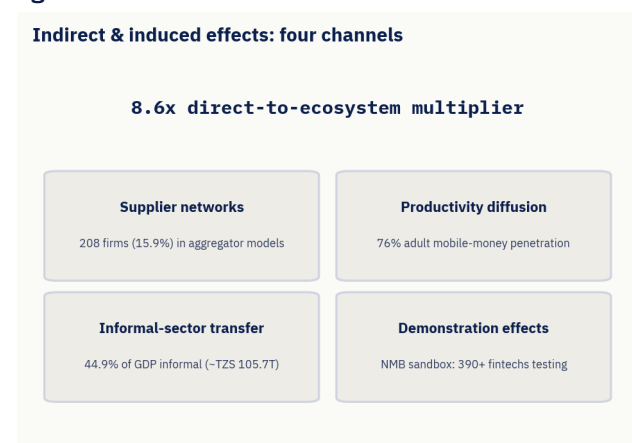
## Regulatory engagement

A total of 143 Tanzanian startups participated in sector regulatory sandboxes in 2025, 10.42% of the wider 1,372-respondent set. Cross-sector participation rates concentrate in Logistics (15.8%), Creative Industries (15.3%), and E-Commerce (13.2%) at the upper end, and in Manufacturing/Hardware (4.5%) at the lower end. The 5 operational sector regulatory sandboxes in

2025 (BoT FinTech sandbox launched January 2025; CMSA Capital Markets Regulatory Sandbox operational from 2025; TMDA HealthTech sandbox; TIRA InsurTech sandbox; TEA EdTech sandbox) together formalise the regulator-led product-testing layer Tanzanian startups use at this rate.

## 11.2 The indirect and induced effects Tanzanian startups produce

The direct accounts of Tanzanian startups understate their full economic contribution. The implied direct-to-ecosystem multiplier reads 8.6x (20,270 direct FTE multiplied by 8.6 gives 173,831 total ecosystem jobs), which means each formally-employed worker at a Tanzanian startup is associated with approximately 8 additional positions across contractors, supplier-network workers, distribution-network agents, and demonstration-effect SME staff in the firm's value chain. The indirect channels carry the majority of Tanzanian startup contribution to wider economic activity, and the multiplier is conservatively bounded.

**Figure 11.2.1.** Vision2050 Awareness.

**Supplier-network development.** A cohort of 208 Tanzanian startups (15.9% of active firms) operates in aggregator-model sub-sectors that develop SME and smallholder suppliers as the firm’s operating asset. The cohort spans Agricultural Inputs & Supply Chain (52 firms), Agricultural Marketplace & Trade Platforms (65 firms), Post-Harvest Storage & Processing (39 firms), Livestock & Veterinary (26 firms), and Fisheries & Aquaculture (26 firms). The documented exemplar at scale is Tanga Fresh, the dairy-processing firm founded 1996 as a joint venture between the Tanga Dairies Cooperative Union and Dutch farmer partners. Tanga Fresh’s production expanded from 15,000 litres per day in 1997 to 80,000 litres per day at end-2025, with annual production at approximately 13.5 million litres in 2024; the supplier base now spans 25 Tanzanian Cooperative Societies with 6,000 smallholder farmers in the Solidaridad partnership scaled below the cooperative tier. Founders running aggregator-model agritech firms interviewed for the report describe the smallholder supplier network as the operating asset of the firm, not the technology layer above it; the value the firm creates is measured at supplier-base scale, not at firm-employment scale. The Tanga Fresh case illustrates the supplier-network multiplier directly: each unit of direct startup employment at the processing operation supports a multiple of smallholder farmer income through the supply chain. The same pattern operates at smaller scales across the 208-firm aggregator cohort; per-firm supplier counts are not yet aggregated, but the cohort size is the quantified evidence base for the supplier-network channel.

**Productivity diffusion to non-startup firms.** Mobile-money penetration in Tanzania reaches 76% of the adult population, and the Tanzania Communications Regulatory Authority records 6.31 billion mobile-money transactions across 2025, up 68.7% from 3.74 billion in 2024. The diffusion effect operates through the non-startup retail SME base, where mobile-money rails replace cash-handling

friction at the till and lower the unit cost of customer-payment processing. The original Tanzanian fintech firms that built the rails number in the hundreds; the non-startup SME base that adopts them numbers in the millions. The same diffusion pattern operates at smaller scale for SaaS adoption among non-startup SMEs, for digital-marketing tooling adoption by traditional retail firms, and for inventory-management software adoption by informal-sector dukas across the FMCG distribution chain. Capital providers interviewed for the report describe the principal channel through which Tanzanian startup contribution reaches the wider economy as the displacement of cash-handling friction across millions of retail-SME transactions, not the direct revenue of the source firms; the productivity-diffusion channel is what they price into their forward outlook on the ecosystem. The contribution to total factor productivity growth is non-trivial and likely exceeds the direct revenue contribution of the source Tanzanian startups by an order of magnitude.

#### **Knowledge transfer to the informal sector.**

Tanzania’s informal economy share of GDP sits at approximately 44.9% (about TZS 105.7 trillion), with informal share of employment at 71.8%. The Tanzanian startup contribution to informal-sector formalisation runs through customer-segment-opening innovations: 169 firms in financial-inclusion sub-sectors (78 in Mobile Money & Payments; 52 in Lending & Credit Tech; 26 in Insurtech; 13 in Investment & Wealth Management Tech) operate business models that pull informal-sector counterparts into the formal financial system at scale. The FinScope Tanzania 2023 baseline records 23% of MSMEs accessing formal credit; Tanzanian fintech startups operating against the underserved 77% segment are the principal channel for moving that share upward across the TDV 2050 horizon.

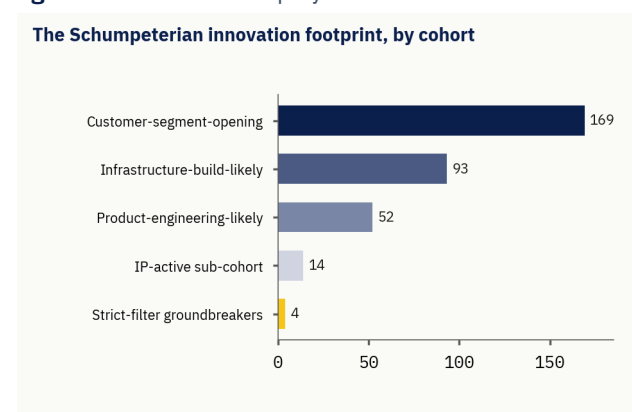
**Demonstration effects on adjacent sectors.** The NMB Bank Open Bank Project Fintech Sandbox carries 390-plus fintechs testing products against NMB infrastructure before commercial deployment. Each successful fintech graduating from the sandbox into commercial operation validates an operating pattern that NMB subsequently adopts in its own product line. The same dynamic operates across the Vodacom Digital Accelerator cohort firms, the Smart Lab climate-tech graduates, the Mastercard Foundation EdTech Fellowship cohort, the ClimAccelerator Tanzania graduates, and the PesaTech Accelerator graduates. The ecosystem-level effect is meaningful at the sector-productivity level even where direct firm-revenue attribution is thin.

The 4 channels together produce an indirect-and-induced contribution that is substantially larger than the direct accounts read. Direct per-firm attribution of the diffusion magnitude is not yet captured in Tanzanian startup firm-level reporting; the 8.6x direct-to-ecosystem multiplier remains the principal quantification on this dimension.

### 11.3 The Schumpeterian innovation outcomes Tanzanian startups contribute

The third tier of contribution is what Tanzanian startups produce as innovation agents distinct from the wider small-and-medium-enterprise base. The dimensional question is Schumpeterian: do Tanzanian startups bring new products to market, new business models into operation, or new customer segments into commercial reach. The contribution sits at two layers.

**Figure 11.3.1.** Youth Employment.



#### The strict-filter groundbreaking-innovator cohort.

Chapter 10 §10.1 documents 4 Tanzanian startups passing the strict 3-test filter (customer-segment-opening; infrastructure-build; product-engineering) with concrete evidence anchors. Ramani operates the customer-segment-opening innovation: inventory-stock-turn underwriting for informal-retail dukas the commercial-bank channel does not credit. Dawa Mkononi operates the infrastructure-build innovation: regional pharmaceutical last-mile distribution including warehousing, cold-chain, route logistics, and credit terms to single-counter pharmacies the wholesale chain does not extend. NovFeed operates the product-engineering innovation: a microbial fermentation process converting agricultural waste into alternative protein and biofertilizer, with the strain selection and bioreactor at the firm's Tanzanian production site. KopaGas operates the product-engineering innovation that delivered Tanzania's largest confirmed startup exit by deal value: the INERGY

pay-as-you-cook smart-meter hardware between LPG cylinder and burner, acquired by Circle Gas in 2020 at approximately USD 25 million.

#### The broader Schumpeterian sub-sector cohort.

Beyond the strict-filter 4 firms, the broader innovation footprint extends across:

- Product-engineering-likely cohort: 52 Tanzanian startups in Medical Devices & Diagnostics (26) plus Pharmaceuticals & Biotechnology (26), plus 40 firms in the Manufacturing, Hardware & Food Processing macro sector. Combined approximately 92 firms in product-engineering-capable categories.
- Customer-segment-opening cohort: 169 firms in financial-inclusion sub-sectors (Mobile Money & Payments 78; Lending & Credit Tech 52; Insurtech 26; Investment & Wealth Management Tech 13) operating models that serve customer bases incumbents have not underwritten at scale.
- Infrastructure-build-likely cohort: 54 firms in Logistics & Transportation Technology plus 39 in Post-Harvest Storage & Processing, operating physical distribution infrastructure inside Tanzania.

**The IP-active sub-cohort.** The TSESR 2024 intellectual-property baseline records 87 patents held by 14 IP-holding firms (11.2% of 125 IP-relevant surveyed firms; average 6 patents per IP-holding firm). The IP-active firms concentrate in entertainment, digital marketing, e-commerce, and retail technology, a pattern that does not match the wider firm-count concentration in SaaS, FinTech, AgriTech, and HealthTech. The mismatch is itself the structural finding: Tanzanian startups protect their Schumpeterian innovations through customer lock-in, operating velocity, and infrastructure investment more than through formal IP filings.

#### The 2 verified Tanzanian international competition wins.

NovFeed received the USD 1 million grand prize at the Milken-Motsepe Prize in AgriTech 2023 plus the top-finalist placement in Africa's Business Heroes 2025. Freshpack Technologies received the USD 250,000 runner-up at the Milken-Motsepe AI and Manufacturing Prize 2026. These are the 2 named cases the desk research substantiates at the headline-prize level through end-2025; Smartdarasa adds a third recognition tier through the MAKISATU plus Vodacom Digital Accelerator plus Mastercard Foundation award sequence.

**The Tanzania-domiciled accelerator footprint.** Six named programmes operate the cohort-development pipeline that feeds the Schumpeterian innovation tier: the Vodacom Digital Accelerator with MassChallenge and Huawei (approximately 45 supported startups since 2019); the Smart Lab

climate-tech accelerator (10 of 178 applicants in the December 2024 cohort); the Mastercard Foundation EdTech Fellowship Tanzania (10 firms with TZS 184.4 million per startup); ClimAccelerator Tanzania (5 winners from 360-plus applicants); PesaTech Accelerator (Sahara Ventures with UNCDF); and the COSTECH-administered MAKISATU National STI Competition. The accelerator-cohort volume is materially larger than the Layer 2 international-prize win count, and the conversion ratio from Layer 1 graduate to Layer 2 international winner sits below 5%.

### 11.4 Tanzanian startup alignment with the TDV 2050 framework

Tanzania’s national development framework was relaunched on 17 July 2025 as TDV 2050, carrying 3 development pillars and 5 cross-cutting enablers. Tanzanian startup alignment with the framework is

Tanzanian startup alignment with TDV 2050 pillars and Implementation Accelerators, 2025

| TDV 2050 element                            | Firms (multi-tag), share of 1,307 |
|---------------------------------------------|-----------------------------------|
| IA i — Human Capital                        | 1,265 (96.8%)                     |
| IA iii — Digital Economy and Innovation     | 1,265 (96.8%)                     |
| Enabler ii — Clean Transport Infrastructure | 320 (24.5%)                       |
| Enabler iii — Energy                        | 338 (25.9%)                       |
| Enabler iv                                  | 248 (19.0%)                       |
| Pillar — Economic Transformation            | 1,100 (84.2%)                     |

Figure 11. E. TDV2050 Alignment Matrix.

| TDV 2050 element                                               | Firms (multi-tag) | % of 1,307 active firms | Mapped macro sectors                                                                                                  |
|----------------------------------------------------------------|-------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Enabler iii Digital Economy and Innovation                     | 1,267             | 96.9%                   | FinTech; AgriTech; CleanTech; EdTech; HealthTech; ICT/Deep Tech; Creative; E-Commerce; Logistics; Enterprise Services |
| Enabler iv Science, Technology and Innovation                  | 535               | 40.9%                   | FinTech; HealthTech; ICT/Deep Tech; Manufacturing/Hardware                                                            |
| Pillar 3 Environmental Integrity and Climate Change Resilience | 390               | 29.8%                   | AgriTech; CleanTech                                                                                                   |
| Pillar 2 Human Capital Development and Social Wellbeing        | 339               | 25.9%                   | EdTech; HealthTech; Creative Industries                                                                               |
| Pillar 1 Economic Transformation and Competitiveness           | 328               | 25.1%                   | AgriTech; Enterprise Services; Manufacturing/Hardware                                                                 |
| Enabler ii Reliable, Affordable, and Clean Energy              | 156               | 11.9%                   | CleanTech                                                                                                             |
| Enabler i Integrated Transport Infrastructure                  | 54                | 4.1%                    | Logistics                                                                                                             |
| Enabler v Research and Development                             | 245               | 18.7%                   | ICT/Deep Tech; HealthTech; Manufacturing/Hardware; AgriTech (R&D-intensive sub-cohort)                                |

**The dominant alignment.** Enabler iii Digital Economy and Innovation at 96.9% concentration is the structural alignment finding. Approximately 9 of every 10 Tanzanian startups operates inside the Digital Economy and Innovation enabler, which makes Tanzanian startups the principal private-sector vehicle for delivering on the enabler the TDV 2050 framework singles out for accelerated 2050

set out under multi-tag attribution: each Tanzanian startup maps against every pillar and enabler its sector intersects, so the cumulative count across the framework elements sums to more than the 1,307 active firm total (see Figure 11.E).

Figure 11.4.1. SDG Alignment.

| Startup contribution to selected SDG targets, 2025 |                       |                                   |           |
|----------------------------------------------------|-----------------------|-----------------------------------|-----------|
|                                                    |                       |                                   | alignment |
| SDG 8                                              | Decent Work & Growth  | 173,831 jobs; 21% CAGR            | High      |
| SDG 9                                              | Industry & Innovation | product-engineering + ICT capital | High      |
| SDG 5                                              | Gender Equality       | 40.02% female founding-team       | Med-High  |
| SDG 10                                             | Reduced Inequalities  | 169-firm inclusion cohort         | Med       |
| SDG 1                                              | No Poverty            | indirect employment-income        | Low-Med   |

### Tanzanian startup alignment with TDV 2050 pillars and Implementation Accelerators, 2025

transformation. The Enabler iv concentration at 40.9% is the second-strongest alignment.

**The three pillars carry partial alignment.** Pillar 3 Environmental Integrity (29.8%) sits on the AgriTech and CleanTech concentrations. Pillar 2 Human Capital (25.9%) sits on the EdTech, HealthTech, and Creative concentrations. Pillar 1 Economic Transformation (25.1%) sits on AgriTech, Enterprise

Services, and Manufacturing/Hardware. The 3 pillars together carry 80.8% combined alignment, with significant cross-sector overlap.

**The enablers carry varying intensity.** Enabler ii Clean Energy at 11.9% is concentrated entirely in CleanTech. Enabler i Transport Infrastructure at 4.1% is concentrated in Logistics. Enabler v Research and Development at 18.7% sits on the R&D-intensive sub-cohort of ICT/Deep Tech,

**Figure 11. F. Sectoral Aggregates.**

| Macro sector                                  | Firms | Direct FTE | Cumulative capital (USD) | Aggregate revenue (TZS) |
|-----------------------------------------------|-------|------------|--------------------------|-------------------------|
| Financial Technology (Fintech)                | 235   | 3,038      | 76,234,249               | 112,623,381,045         |
| Agriculture Technology (AgriTech)             | 234   | 2,380      | 154,285,570              | 46,109,158,350          |
| Clean Energy & Environment (CleanTech)        | 156   | 2,129      | 20,072,265               | 43,510,384,716          |
| Education Technology (EdTech)                 | 130   | 1,885      | 92,050,817               | 54,038,934,218          |
| Health Technology (HealthTech)                | 130   | 1,245      | 19,916,085               | 36,591,388,079          |
| ICT, Software & Deep Technology               | 130   | 4,017      | 443,667,750              | 291,855,987,335         |
| Creative Industries, Media & Tourism          | 79    | 1,533      | 30,639,740               | 128,219,780,636         |
| E-Commerce & Retail Technology                | 65    | 935        | 20,321,649               | 16,178,192,278          |
| Logistics & Transportation Technology         | 54    | 1,355      | 23,889,519               | 81,597,176,433          |
| Enterprise & Professional Services Technology | 54    | 1,244      | 101,125,550              | 76,581,606,425          |
| Manufacturing, Hardware & Food Processing     | 40    | 509        | 39,959,006               | 60,077,455,708          |
| Total                                         | 1,307 | 20,270     | 1,022,162,200            | 947,383,445,223         |

The ICT/Software/Deep Technology macro sector carries the highest cumulative capital (USD 443.7 million; 43.4% of total) and the highest aggregate revenue (TZS 291.9 billion; 30.8% of total) despite ranking sixth by firm count. FinTech leads the firm count at 235 firms but absorbs less capital than ICT/Software/Deep Tech. AgriTech ranks second by firm count and absorbs USD 154.3 million in cumulative capital, the second-largest sectoral capital absorption. The Creative Industries macro sector punches above its 79-firm count with TZS 128.2 billion in aggregate revenue, driven by media and tourism platform operations. The pattern is the Tanzanian capital-and-revenue concentration: a small cohort of capital-intensive ICT and AgriTech firms drives the upper-tail capital absorption, while a larger but smaller-ticket cohort of FinTech, EdTech, HealthTech, and CleanTech firms drives the broader-base ecosystem development.

**Founder TDV awareness.** Tanzanian founders report 71% awareness of TDV 2050, and Ministry, Department, and Agency respondents report 89% awareness. The founder-side alignment is broadly strong; the operational alignment is uneven across pillars and is concentrated against Enabler iii. Regional ecosystem leads from Mbeya, Mwanza, Tanga, and Zanzibar identify the structural choice in TDV 2050 implementation as whether Tanzania concentrates cluster-development resources at the

HealthTech, Manufacturing/Hardware, and the deeper AgriTech firms that operate engineered processes; the TSESR 2024 IP baseline of 87 patents across 14 IP-holding firms is the verified anchor for this enabler at firm level.

**Cohort scale by sector against the framework.** Sectoral aggregates show the structural concentration of jobs, capital, and revenue against the TDV alignment (see Figure 11.F):

Dar es Salaam node or distributes them across secondary urban centres; investors and sector regulators interviewed for the report largely endorse the secondary-cluster pattern as the higher-contribution path against the youth-employment imperative.

## 11.5 Tanzanian startup alignment with FYDP IV and selected SDG targets

The FYDP IV medium-term plan operationalises TDV 2050 with a total cost envelope of approximately TZS 477 trillion across the 2025-26 to 2030-31 horizon, at the same 70% private-sector / 30% public-sector split as TDV 2050.<sup>37</sup> Tanzanian startup alignment with FYDP IV runs along the same dimensions as the TDV alignment in §11.4, with two additional dimensions that the medium-term horizon makes specific.

**Figure 11.5.1.** Comparator Projections.

Six comparator ecosystems Tanzania can converge on

|                                                        |                                               |
|--------------------------------------------------------|-----------------------------------------------|
| <b>India</b><br>DPIIT regime since 2016                | <b>Korea</b><br>5th-largest OECD VC; KRW 7.7T |
| <b>China (Shenzhen)</b><br>GDP CNY 2.78+3.68T; 5.5%/yr | <b>Vietnam</b><br>NIC est. 2019               |
| <b>Singapore</b><br>Temasek SGD 389B (FY2024)          | <b>Estonia</b><br>e-Residency 117,000 certs   |

**The youth-employment dimension.** Tanzania's population aged 15 to 35 sits at 35.5% of total per the 2022 Population and Housing Census; population under 35 sits at 77%; population aged 15 to 24 sits at 19.2%. The annual labour-market new-entrant requirement sits between 800,000 and 1,000,000 Tanzanians per year. Against this requirement, the Tanzanian startup ecosystem's 173,831 implied ecosystem-jobs reading provides between 17.4% and 21.7% of one year's new-entrant requirement (173,831 divided by 800,000 to 1,000,000). The ecosystem at current scale is a partial but meaningful contributor to the annual youth-employment imperative, and the 21.0% jobs compound annual growth rate is materially faster than the labour-market entrant growth rate, the structural condition under which startup-attributable share of the youth-employment requirement rises across the FYDP IV horizon.

**The digital-economy productivity dimension.** The TDV 2050 Enabler iii (Digital Economy and Innovation) carries 96.9% Tanzanian startup concentration. FYDP IV inherits this concentration and translates it into the medium-term digital-economy delivery instruments. Tanzanian startups bring three specific contributions: the customer-segment-opening innovations from §11.3 that pull informal-sector counterparts into formal digital channels; the productivity-diffusion outcomes from §11.2 that lower transaction costs across the wider SME base; and the new business models (marketplace, platform, embedded finance, B2B fintech for SME lending) that adjacent incumbents adopt at scale once Tanzanian startups validate them in commercial deployment.

**SDG alignment.** Selected Sustainable Development Goal targets receive direct Tanzanian startup contribution. SDG 8 (Decent Work and Economic Growth) receives the most direct contribution through the 173,831 ecosystem-jobs reading and the 21.0% compound annual growth rate. SDG 9

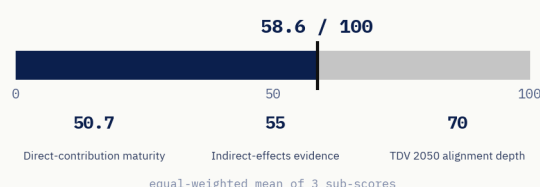
(Industry, Innovation, and Infrastructure) receives contribution through the 92-firm product-engineering-likely cohort and the broader ICT/Software/Deep Tech sector capital absorption. SDG 5 (Gender Equality) receives contribution through the 40.02% female founding-team share and the 15.99% female solo-led share. SDG 1 (No Poverty) receives contribution through the 208-firm aggregator-cohort supplier-network development that pulls smallholder farmers and informal-retail dukas into formal income flows. SDG 10 (Reduced Inequalities) receives contribution through the 169-firm customer-segment-opening cohort that serves underbanked, underinsured, and underserved segments.

## 11.6 What firm-level startup contribution in 6 comparator ecosystems teaches Tanzania

The forward-projection question is how much Tanzanian startup contribution to national-trajectory delivery is realistic across the 25-year TDV 2050 horizon. The question is answerable against 6 comparator-country ecosystems whose startup populations contributed measurably to their national trajectories at firm-level scales verifiable at primary-source level.

**Figure 11.6.1.** RRI Contribution Impact.

Reform Readiness — contribution-impact sub-component, 2025



**India.** The Department for Promotion of Industry and Internal Trade (DPIIT) recognised-startup regime, launched on 16 January 2016, has registered approximately 157,066 startups as of 31 December 2024 (and approximately 159,000 by the Startup India 9th anniversary in January 2025). The recognised cohort has created approximately 1,728,000 direct jobs across 9 years. The Indian recognised-startup regime is the largest cohort-counting state-led ecosystem programme among the comparators. The Tanzanian-adaptation reading is that a recognised-startup regime with formal recognition, tax-incentive concessions, and a state-

led signalling function extends cohort growth into a multi-year doubling pattern. The Tanzania Startup Policy in MCIT-led consultation since March 2025 is the analogous instrument; the 5-year pathway under a Tanzanian recognised-startup regime is a cohort that extends from the 2025 baseline of 1,307 active firms toward the 2-to-3-times scale that DPIIT recognition delivered to India in its first 5 years (2016 to 2021). At population scaling (Tanzania at approximately 5% of India's population), the comparable Tanzanian outcome is in the order of 80,000 to 100,000 direct jobs from a recognised-startup cohort across a comparable 9-year horizon.

**Korea.** Korea is the 5th-largest venture capital market among OECD countries; new venture-capital investments reached KRW 7.7 trillion in 2021 and KRW 9.78 trillion across the first 9 months of 2025. The Korean startup ecosystem operates against the chaebol-led innovation model and the lab-to-startup conversion infrastructure that the Korea Innovation Agency and KOSME entities now operate. The Tanzanian-adaptation reading is that the lab-to-startup conversion infrastructure is replicable at smaller scale; Tanzania's research-and-innovation-injection programmes (Samia Innovation Commercialisation Fund at TZS 2.3 billion; COSTECH MAKISATU competition) are the analogous instruments. The COSTECH 2024 IP-handover MOU is the institutional architecture for the lab-to-startup transition. The 5-year pathway is operationalisation of the IP-handover MOU at programmatic scale; the 25-year pathway is the emergence of a Tanzanian innovation-agency analogue that operates the lab-to-startup conversion at sustained scale.

**China (Shenzhen).** Shenzhen GDP grew from CNY 2.78 trillion in 2020 to CNY 3.68 trillion in 2024 at 5.5% annual growth (first-tier-city leader in China); strategic emerging industries value-added reached CNY 1.67 trillion in 2024, 43% of city GDP; R&D intensity at 6.67% is the highest in China nationally. The Shenzhen reading is that a city-cluster strategy combining state-led infrastructure investment, talent inflow, and dense firm-to-firm linkages delivered a quadrupling of the strategic-industries share of city GDP across a 20-year horizon. The Tanzanian-adaptation reading is that the city-cluster strategy is the most replicable Chinese element. Dar es Salaam carries 67.41% of Tanzanian startup regional concentration, and the structural choice is whether to formalise a Dar es Salaam cluster strategy on the city alone or on a 2-cluster pattern with Arusha. The 5-year pathway is formalisation of the cluster strategy in a Tanzania-specific operating doctrine; the 25-year pathway is the maturation of the cluster

into a quantifiable share-of-Dar-es-Salaam-GDP from strategic emerging industries.

**Vietnam.** The Vietnam National Innovation Center (NIC), established 2 October 2019 under the Ministry of Planning and Investment by Prime Minister Decision 1269/QD-TTg, has incubated 1,000-plus startups, connected 1,500-plus enterprises, and disbursed 60,000-plus digital-talent scholarships. Vietnam's software and IT-services export turnover reached USD 3.5 billion in 2023 per VINASA. Vietnam carries the most directly applicable architecture for Tanzania: a state-led innovation centre housed inside a Ministry of Planning and Investment, operating against a national IT-services export trajectory at scales Tanzania can target across the 25-year horizon. The Tanzanian-adaptation reading is that a Tanzania Innovation Center patterned on NIC, located inside MCIT or MoF and operating with a 5-year scaling commitment, would deliver a comparable scaling pattern at smaller absolute scale. The 5-year pathway is establishment of the centre at NIC-comparable architecture; the 25-year pathway is the buildup of a Tanzanian IT-services export base that approaches Vietnam's 2023 scale at the TDV 2050 endpoint.

**Singapore.** Singapore's state-investor architecture sits on Temasek Holdings (SGD 389 billion net portfolio value at FY2024, the financial year ending 31 March 2024) and EDBI (founded 1991, the corporate-investment arm of the Singapore Economic Development Board, with 321 portfolio investments and 160 exits to date). The Singapore model demonstrates that a state-backed institutional investor operating on commercial returns inside a sovereign-equity framework can scale to a portfolio materially larger than the country's own annual GDP. The Tanzanian-adaptation reading is that the Tanzania Venture Capital Fund (TVCF), the BRELA-registered fund-of-funds manager company structured against the CMSA Capital Markets and Securities Regulations 2024 and carrying a TZS 100 billion capitalisation target, is the analogous instrument at the right architecture. TVCF is not yet operational by the close of the 2025 reporting period. The 5-year pathway is operationalisation of TVCF at a meaningful pilot-cohort scale; the 25-year pathway is the maturation of TVCF into a state-investor-of-record at a portfolio scale that supports the 70% private-sector financing target embedded in TDV 2050 and FYDP IV.

**Estonia.** Estonia's e-Residency programme has granted 117,000 e-residency certificates across 185 nationalities since launch in 2014; 31,800-plus companies have been founded or co-founded by e-

residents; approximately 1 in 5 new Estonian companies founded each year is an e-resident company; cumulative direct economic impact reaches EUR 244 million. In 2024 alone, 11,484 new e-residents were granted (+5% year on year), 4,818 new e-resident companies were founded (record), and EUR 66.8 million in revenue accrued to the national treasury. Estonia's startup density sits at 400-plus funded startups per million inhabitants (approximately 4 times the European average) and 7.7 unicorns per million capita (European leader), with venture-capital investment per capita at EUR 1,056 against the European average EUR 140. The Estonian reading is that a small population (1.3 million) can produce a startup ecosystem at multiples of European-average density when a national digital-identity programme plus a startup-friendly regulatory framework operate together. The Tanzanian-adaptation reading is that the e-Residency analogue (a digital-residency framework that allows non-resident founders to incorporate Tanzanian companies remotely) operates against the NIDA Jamii Namba universal identity programme and the MCIT digital-economy infrastructure. The 5-year pathway is structuring the framework; the 25-year pathway is the maturation of the framework into a meaningful share-of-incorporation contribution from non-resident founders, with the corresponding fiscal and operational benefits.

**The 6-comparator synthesis.** Each comparator-country ecosystem reached firm-level contribution at scales Tanzania can study, adapt, and converge on across the 25-year TDV 2050 horizon. The Tanzanian-applicable instruments stack: a recognised-startup regime (India model); a lab-to-startup pipeline (Korea model); a city-cluster strategy (China Shenzhen model); a state-led innovation centre (Vietnam NIC model); a state-investor architecture (Singapore Temasek-EDBI model); and a digital-residency framework (Estonia e-Residency model). Each is independently feasible inside the 5-year horizon and integrates into the 25-year scaling case the next subchapter sets out.

## 11.7 The Tanzanian startup case for TDV 2050

The case Tanzanian startups make for TDV 2050 contribution sits at the intersection of 3 specific instruments. Each is grounded in the §11.1 through §11.6 readings.

**The 70% private-sector financing instrument.** TDV 2050 assigns 70% of total Vision-period economic activity to the private sector; FYDP IV translates the same split into the TZS 477 trillion medium-term

cost envelope. Tanzanian startups contribute to the 70% target along 2 channels: as direct private-sector economic activity (firms producing TZS 947 billion in aggregate revenue, employing 20,270 direct FTE, supporting 173,831 ecosystem jobs, absorbing USD 1.022 billion in cumulative capital, and paying an estimated TZS 49 to 195 billion in annual tax across 4 instruments), and as a vehicle for mobilising additional private-sector capital that the rest of the SME and enterprise base does not access. The second channel runs through the TVCF state-investor analogue and through the deepening of Tanzania's bank-channel deal-register coverage from the 2025 reading of USD 75.660 million in Layer 2 disbursements to a multi-billion-shilling annual flow consistent with the Singapore Temasek-EDBI scale at the TDV 2050 endpoint.

**The youth-employment imperative.** Tanzania's annual labour-market new-entrant requirement of 800,000 to 1,000,000 against the 21.0% compound annual growth rate jobs trajectory produces a structural reading: the startup ecosystem's annual contribution to the new-entrant cohort rises from approximately 17.4% to 21.7% in 2025 toward a materially higher share across the 2030 to 2050 horizon. The Indian DPIIT comparator reading is the analytical benchmark: India's recognised-startup regime delivered 1.728 million direct jobs across 9 years to a cohort of approximately 157,066 firms; at population scaling, the comparable Tanzanian outcome is in the order of 80,000 to 100,000 direct jobs from a recognised-startup cohort across a comparable horizon, on top of the existing 20,270 direct FTE.

**The leapfrog case.** Tanzania's structural-transformation pathway under TDV 2050 does not have to follow the historical industrial-development sequence in which manufactured-export-led growth precedes services and digital-economy expansion. The comparator-country evidence is that Korea, Singapore, Estonia, and Vietnam each used innovation-led transitions to skip phases of the historical sequence. Tanzania's leapfrog case sits on 4 phenomena Tanzania can replicate in adapted form across the 25-year horizon: the digital substrate (already operational at 6.31 billion mobile-money transactions per year, 76% adult mobile-money penetration, and 30 Mbps average mobile internet); the state-investor instrument (TVCF on operationalisation); the recognised-startup regime (the Tanzania Startup Policy after Cabinet approval and translation into an Act); and the e-Residency analogue (a digital-residency framework operating against NIDA Jamii Namba and MCIT digital-economy infrastructure). Each of the 4 is

independently feasible at the 5-year horizon; the integrated 25-year case is what the leapfrog argument depends on.

The combined case is that Tanzanian startup contribution to TDV 2050 is small in absolute share in 2025, already growing materially faster than the macro economy (21.0% compound annual growth rate jobs against 6.0% real GDP growth; +25.55% startup count year-on-year against single-digit MSME-population growth), and capable of extending into a contribution share of the 70% private-sector financing target that becomes meaningful by 2040 and central by 2050. The case depends on the structural-expansion conditions set out above. The case is, however, real and evidence-grounded.

## 11.8 Reform Readiness Index, Chapter 11 contribution-impact sub-component

The Reform Readiness Index carries a new Chapter 11 contribution-impact sub-component constructed equal-weighted across 3 sub-scores on the 0 to 100 scale. The methodology is documented in the report's index-construction annex; the substantive reading is below.

### **Sub-score 1: Direct-contribution maturity, 50.7.**

Composite of jobs maturity (65, direct FTE per firm 16.33 against the KENGs Kenya benchmark of approximately 25 per firm), revenue maturity (48, average revenue per reporting firm USD 290,000 against peer USD 600,000), and capital maturity (39, cumulative capital per reporting firm USD 781,000 against Kenya cumulative approximately USD 2 million). The sub-score reflects a direct-contribution base that is real and scaling but at an absolute level below the KENGs peer benchmark.

**Sub-score 2: Indirect-effects evidence, 55.** The reading draws on the 208-firm aggregator-model cohort (15.9% of Tanzanian startups), the 8.6x direct-to-ecosystem multiplier, the 76% mobile-money adult penetration, the 6.31 billion 2025 mobile-money transactions, and the NMB Open Bank Project 390-plus-fintechs demonstration channel. The qualitative evidence is consistent across the 4 channels, and the multiplier is conservatively bounded. The sub-score at 55 reflects the absence of econometric decomposition (total factor productivity attribution to the startup channel is qualitative) against the strength of the cohort-and-outcome evidence.

**Sub-score 3: TDV 2050 alignment depth, 70.** The reading draws on the §11.4 multi-tag matrix. Enabler

iii Digital Economy and Innovation concentration at 96.9% pulls the sub-score upward; the broad coverage across the 3 pillars and 5 enablers (with the fifth enabler verified at chapter ship) adds breadth; founder TDV 2050 awareness at 71% plus MDA awareness at 89% adds founder-side and government-side alignment evidence.

**Combined Chapter 11 RRI contribution-impact sub-component: 58.6.** The equal-weighted mean of the 3 sub-scores. The reading sits at the mid-upper range of the 0 to 100 scale: real contribution in 2025; scaling across every dimension; structural expansion required to deliver on the TDV 2050 horizon at the scale the comparator countries reached.

Recommendations for this chapter sit in Ch12 across the relevant pathways (P2 Policy, P3 Talent, P7 Macro, and the climate/cross-cutting rows); the full register is at [startupreport2025.tsa.co.tz/data](http://startupreport2025.tsa.co.tz/data).

# Chapter 12

## Strategic Recommendations

Reporting period: 1 January to 31 December 2025.

### 12.1 How to read this chapter

This chapter consolidates the report's recommendations into seven reform pathways. Each row carries an imperative statement, a lead actor coalition, and a best-practice precedent, so readers can move from finding to action without leaving the volume.

### 12.2 The seven reform pathways

The recommendations consolidate into seven reform pathways. Each pathway carries an institutional anchor and a strategic logic. The pathways are interdependent. None individually delivers the architecture; collectively they do.

#### 12.2.1 Pathway 1: Capital architecture for the missing segment

This pathway restructures the financing pathway between USD 50,000 and USD 5,000,000 per deal, where the missing segment of Tanzania's financial sector currently sits. The rationale is that the country cannot grow a domestic venture capital and private equity industry until fund managers can register onshore on competitive tax terms, pension funds can participate as limited partners, banks can lend to startups with credit risk transferred to a guarantee facility, and startups themselves can access fiscal incentives at the operating-company level rather than only at the fund-manager level. The instruments interlock: tax architecture and capital-markets regulation gate the Tanzania Venture Capital Fund first close; the first close then gates the credit guarantee window launch and pension allocation activation.

| # | Imperative Statement                                                                                                                                                                                                                                      | Lead Actor Coalition                                                                                                                                                                                                            | Best Practice                                                                                                                                                                                                                                                     |
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| 1 | Gazette the Capital Markets and Securities Authority Venture Capital and Private Equity Regulations 2024.                                                                                                                                                 | Capital Markets and Securities Authority (lead) + Ministry of Finance + Bank of Tanzania                                                                                                                                        | Kenya CMA Alternative Investment Fund Regulations 2023 (42+ licensed fund managers); Rwanda KIFC (12+ fund managers since 2022); Mauritius FSC Collective Investment Scheme equivalence.                                                                          |
| 2 | Capitalise and operationalise the Tanzania Venture Capital Fund (TVCF) at TZS 100 billion rising to TZS 200 billion by 2030 as a fund-of-funds with thematic priority windows.                                                                            | Tanzania Venture Capital Fund (TVCF) + Capital Markets and Securities Authority + Bank of Tanzania + Ministry of Finance + National Investment Company Limited                                                                  | India SIDBI Fund of Funds for Startups (INR 100bn; 129+ AIFs anchored; 82 first-time fund managers); Ghana VCTF Act 680 (1-to-5 mobilisation ratio); Israel Yozma (USD 100m; 10 fund managers created from near-zero); European Investment Fund (EUR 14.4bn AUM). |
| 3 | Issue Bank of Tanzania regulations under Foreign Exchange Act amendment permitting onshore FX accounts and offshore holding by notification; complete the cross-border fund manager recognition framework; FIU AML/KYC framework; and DRN simplification. | Bank of Tanzania (lead) + Capital Markets and Securities Authority + Financial Intelligence Unit + Tanzania Revenue Authority + Ministry of Finance                                                                             | DIFC External Fund Manager model (410+ asset-management firms; USD 700bn AUM); Mauritius FSC equivalence approach; Singapore MAS VCFM tiered licensing; Kenya Foreign Investment Promotion Act onshore account provisions.                                        |
| 4 | Amend the 2015 Social Security Investment Guidelines to permit pension funds and insurance companies to allocate up to 5% of portfolios to VC/PE through CMSA-regulated vehicles.                                                                         | Prime Minister's Office Labour Youth Employment Persons with Disabilities (lead) + Bank of Tanzania + Social Security Regulatory Authority + Capital Markets and Securities Authority + Tanzania Insurance Regulatory Authority | Kenya RBA private-equity allocation framework (up to 10% AUM); South Africa Regulation 28 Pension Funds Act (up to 15% private equity); India IRDAI and PFRDA Category I+II AIF allocation (up to 5%); Ghana SSNIT as major LP under GETP.                        |
| 5 | Enact new Section 52A(1)-(2) of the Income Tax Act establishing pass-through tax treatment for CMSA-licensed venture capital and private equity fund managers.                                                                                            | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority + Office of the Chief Parliamentary Draftsman                                                                                | India Section 115UB ITA (Finance Act 2015; 1,000+ AIFs; USD 180bn AUM); Kenya Section 3(3)(a) ITA; Rwanda Article 52 of Income Tax Law 027/2022; Mauritius Section 47 of ITA 1995.                                                                                |
| 6 | Enact Section 52A(3) of the Income Tax Act exempting CMSA-licensed fund managers from capital gains tax on disposal of                                                                                                                                    | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets                                                                                                                                                       | India Section 10(23FBA) 0% at fund level; Rwanda 0%; Mauritius 0% (no CGT enacted);                                                                                                                                                                               |

| #  | Imperative Statement                                                                                                                                                                                                                       | Lead Actor Coalition                                                                                                                                               | Best Practice                                                                                                                                                                                                                                                         |
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|    | portfolio company shares held 3 or more years.                                                                                                                                                                                             | and Securities Authority                                                                                                                                           | Ghana 0% for 10 years under VCTF.                                                                                                                                                                                                                                     |
| 7  | Enact Section 52A(5) of the Income Tax Act eliminating withholding tax on distributions from CMSA-licensed fund managers to investors.                                                                                                     | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority                                                                 | Rwanda 0%; Mauritius 0%; India 10% TDS but with no entity-level CIT underneath.                                                                                                                                                                                       |
| 8  | Enact Section 52A(7) of the Income Tax Act exempting CMSA-licensed fund managers from Corporate Income Tax on management fee income for 15 years.                                                                                          | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority                                                                 | Rwanda KIFC 0-3% CIT for licensed fund managers; Mauritius approximately 3% effective through partial exemption regime.                                                                                                                                               |
| 9  | Enact Section 52A(8) of the Income Tax Act exempting CMSA-licensed fund managers from Corporate Income Tax on carried interest for 15 years.                                                                                               | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority                                                                 | India 12.5% long-term capital gains rate on carry; Rwanda 0%; Mauritius 0%.                                                                                                                                                                                           |
| 10 | Operationalise a recognised-startup window within Tanzania Credit Guarantee PLC (the new entity BoT is establishing) providing 70% guarantee coverage on commercial-bank lending to Labelled startups with TZS 2 billion per-loan ceiling. | Bank of Tanzania (lead) + Tanzania Credit Guarantee PLC (in establishment) + Ministry of Finance + Tanzania Bankers Association + Credit Reference Bureau Tanzania | Ghana GIRSAL credit guarantee scheme (70% coverage); Kenya CGS for SMEs; India CGTMSE; Korea KODIT credit guarantee model. Aligns with Bank of Tanzania's establishment of Tanzania Credit Guarantee PLC (consolidation of Export Credit Guarantee Scheme + SME-CGS). |
| 11 | Enact new Section 65T of the Income Tax Act providing a 3-year Corporate Income Tax holiday for Labelled startups.                                                                                                                         | Tanzania Revenue Authority (lead) + Ministry of Finance + Office of the Chief Parliamentary Draftsman                                                              | Tunisia Startup Act 3-in-10 CIT holiday for Labelled startups; Senegal Startup Act CIT exemption; Nigeria Startup Act 2022 pioneer status incentives.                                                                                                                 |
| 12 | Enact Section 52A(4) of the Income Tax Act requiring CMSA-licensed fund managers to file an annual information return to TRA within 90 days of year-end.                                                                                   | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority                                                                 | India Section 115UB(7) + Rule 12CB; Forms 64C (to investors by 30 June) and 64D (to tax authority by 15 June); amended by CBDT Notification No. 17/2025.                                                                                                              |
| 13 | Enact an Angel Investor Safe Harbour up to TZS 25 billion protecting angel investments from retroactive valuation reassessment by TRA.                                                                                                     | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority                                                                 | India Section 56(2)(viib) Safe Harbour framework following the 2024 amendment exempting Eligible Startup investments from the 'angel tax' reassessment; Singapore IRAS startup-investment safe harbour.                                                               |
| 14 | Establish under CMSA an equity crowdfunding regime capped at TZS 5 billion per campaign with tax-transparent treatment.                                                                                                                    | Capital Markets and Securities Authority (lead) + Ministry of Finance + Bank of Tanzania + Tanzania Communications Regulatory Authority                            | United Kingdom FCA equity crowdfunding regulations (10 platforms; over GBP 500m raised annually); India SEBI Innovators Growth Platform; Estonia Funderbeam; Singapore MAS Recognised Market Operator framework.                                                      |
| 15 | Establish the Tanzania Startup Dealroom as a national technical-assistance facility paired with TVCF for investment-readiness pipeline preparation.                                                                                        | Tanzania Startup Association (lead) + Tanzania Venture Capital Fund + Capital Markets and Securities Authority + Tanzania Investment Centre                        | India SIDBI Technical Assistance Facility paired with Fund of Funds; Endeavor Catalyst global model; UK Innovate UK Catalyst programme.                                                                                                                               |
| 16 | Enact an angel investor tax deduction under Income Tax Act amendment for individuals investing in early-stage Labelled startups.                                                                                                           | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority + Tanzania Startup Association                                  | United Kingdom Seed Enterprise Investment Scheme (SEIS) and Enterprise Investment Scheme (EIS); India Section 54GB; France Madelin tax reduction; Australia ESIC tax offset.                                                                                          |
| 17 | Enact under Income Tax Act amendment an Employee Share Option Plan (ESOP) tax deferral allowing recognition deferral to the liquidity event.                                                                                               | Tanzania Revenue Authority (lead) + Ministry of Finance + Ministry of Labour and Employment + Capital Markets and Securities Authority                             | United Kingdom Enterprise Management Incentives (EMI); Israel Section 102 share-option deferral; India ESOP tax deferral framework (Budget 2020 amendment for eligible startups); Singapore qualified ESOP scheme.                                                    |
| 18 | Set a binding 25% coverage of the IFC startup-and-innovative-SME financing gap by end-2030 as the capital architecture outcome KPI.                                                                                                        | Ministry of Finance (lead) + Tanzania Venture Capital Fund + Bank of Tanzania + National Bureau of Statistics + Capital Markets and Securities Authority           | 25% gap-coverage outcome benchmarked against Kenya 38% and South Africa 55% deal-flow coverage of the formal SME financing gap (IFC EMDE 2025 benchmarks).                                                                                                            |
| 19 | Issue Bank of Tanzania guidance devolving startup-class credit decisions to commercial-bank regional branches with startup-specific risk tolerances.                                                                                       | Bank of Tanzania (lead) + Tanzania Bankers Association + Tanzania Credit Guarantee PLC + named major commercial banks                                              | Kenya Equity Bank regional credit-decision devolution model; Ghana commercial-bank SME credit-decision delegation framework; India SIDBI cluster-based regional credit programmes.                                                                                    |
| 20 | Operationalise the layered exit-markets architecture under the Capital Markets and Securities Authority with a Labelled-startup listing pathway on the DSE Enterprise Growth Market.                                                       | Capital Markets and Securities Authority (lead) + Dar es Salaam Stock Exchange + Bank of Tanzania + Ministry of Finance + Tanzania Investment Centre               | Singapore Catalist board on SGX; UK AIM market on London Stock Exchange; India BSE Startups platform; South Africa AltX board on JSE.                                                                                                                                 |
| 21 | Add fund management services by CMSA-licensed fund managers to the First Schedule (Part II) of the VAT Act                                                                                                                                 | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets                                                                                          | Rwanda exempt; Mauritius zero-rated as export of services; EU Article 135(1)(g) of the VAT                                                                                                                                                                            |

| #  | Imperative Statement                                                                                                                                                                         | Lead Actor Coalition                                                                                                                                                                                               | Best Practice                                                                                                                                                                                                              |
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|    | exempting them from 18% VAT.                                                                                                                                                                 | and Securities Authority                                                                                                                                                                                           | Directive.                                                                                                                                                                                                                 |
| 22 | Enact VAT zero-rating for digital services exported by Tanzanian Labelled startups under VAT Act amendment.                                                                                  | Tanzania Revenue Authority (lead) + Ministry of Finance + Tanzania Communications Regulatory Authority + Capital Markets and Securities Authority                                                                  | Mauritius VAT zero-rating on digital service exports; Rwanda VAT zero-rating on exported services; India Section 16(1)(a) IGST Act on exports of services; Kenya VAT (Amendment) Act 2025 zero-rating for service exports. |
| 23 | Install a catalytic-capital pipeline programme office channelling concessional and grant capital into TVCF and direct startup grants.                                                        | Ministry of Finance (lead) + Tanzania Venture Capital Fund + Tanzania Investment Centre + EU + FCDO + JICA + USAID + GIZ + IFC + AfDB + World Bank                                                                 | India SIDBI catalytic-capital infrastructure paired with the Fund of Funds for Startups; Ghana VCTF technical assistance window; UK British Business Bank Patient Capital Programme.                                       |
| 24 | Structure and issue the Tanzania Diaspora Startup Bond denominated in USD and TZS with proceeds ring-fenced to startup co-investment.                                                        | Ministry of Finance (lead) + Bank of Tanzania + Capital Markets and Securities Authority + Tanzania Venture Capital Fund + Dar es Salaam Stock Exchange + Ministry of Foreign Affairs and East African Cooperation | Ethiopia Diaspora Bond series (USD-denominated, ring-fenced for development priorities); Kenya M-Akiba Bond; Israel Diaspora Bonds programme; Nigeria Diaspora Bond.                                                       |
| 25 | Establish a Capital Markets and Securities Authority-administered regulated secondary market for private shares in Labelled startups.                                                        | Capital Markets and Securities Authority (lead) + Dar es Salaam Stock Exchange + Bank of Tanzania + Ministry of Finance                                                                                            | United States Nasdaq Private Market and Forge Global secondary markets; United Kingdom AIM secondary-market segment; Singapore SGX Private Market platform; India NSE Emerge secondary architecture.                       |
| 26 | Enact Section 52A(6) of the Income Tax Act excluding CMSA-licensed fund managers from the Alternative Minimum Tax (AMT).                                                                     | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority                                                                                                                 | No comparator jurisdiction applies minimum tax to fund managers.                                                                                                                                                           |
| 27 | Amend the Stamp Duty Act, Cap 189, to exempt CMSA-licensed fund managers from stamp duty on share transfers arising from disposal of investments held on behalf of registered fund vehicles. | Tanzania Revenue Authority (lead) + Ministry of Finance + Capital Markets and Securities Authority + Office of the Attorney General                                                                                | India 0.015% stamp duty rate on share transfers; Rwanda minimal; Mauritius 0%.                                                                                                                                             |
| 28 | Raise the VAT registration threshold to TZS 500 million during the first 24 months of operation of a Tanzania Startup Certificate.                                                           | Tanzania Revenue Authority (lead) + Ministry of Finance                                                                                                                                                            | United Kingdom HMRC VAT registration threshold (GBP 90,000); EU Article 287 VAT Directive small-enterprise threshold; Singapore SGD 1m VAT registration threshold.                                                         |
| 29 | Stand up regional angel-network chapters under Tanzania-incorporated patron institutions.                                                                                                    | Tanzania Startup Association (lead) + Tanzania Investment Centre + Confederation of Tanzania Industries + Capital Markets and Securities Authority                                                                 | Nigeria Lagos Angel Network; Pakistan Angel Investor Network; Serengeti Business Angels Network (SBAN) Tanzania foundation; ABAN African Business Angel Network.                                                           |
| 30 | Establish a multi-development-partner coordination framework for startup ecosystem implementation.                                                                                           | Ministry of Finance (lead) + National Planning Commission + Ministry of Foreign Affairs and East African Cooperation + Tanzania Startup Association + EU + FCDO + JICA + USAID + GIZ + IFC + AfDB + World Bank     | World Bank Doing Business Tanzania donor-coordination architecture; OECD DAC country-platform model; Rwanda Multi-Donor Joint Action Forum.                                                                                |
| 31 | Enact under Income Tax Act amendment tax neutrality for acqui-hire transactions in the Tanzanian startup ecosystem.                                                                          | Tanzania Revenue Authority (lead) + Ministry of Finance + Office of the Chief Parliamentary Draftsman + Capital Markets and Securities Authority                                                                   | United States IRC Section 368(a)(1)(B) reorganisation provisions for acqui-hire transactions; United Kingdom HMRC Statement of Practice on acqui-hire treatment; Singapore IRAS Section 24 group relief.                   |

## 12.2.2 Pathway 2: Tanzania Startup Policy and the recognised-startup regime

This pathway establishes the legal-statutory backbone for every downstream incentive. The rationale is that without an enabling Act and a recognised-startup certification regime that gates eligibility, the incentive instruments in every other pathway have nowhere to attach. The Act, the Policy, the certification tiers, the apex coordination forum, the federated Mainland-Zanzibar framework, the consolidated sandbox framework, the annual parliamentary reporting framework, and the 2030 outcome targets together constitute the rules of the game within which every other reform operates.

| # | Imperative Statement                                                                                      | Lead Actor Coalition                                                                                                                                               | Best Practice                                                                                                                                 |
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| 1 | Establish the Tanzania Startup Label with four statutory tiered categories and downstream-benefit gating. | Ministry of Finance (lead) + Ministry of Communications and Information Technology + BRELA + Capital Markets and Securities Authority + Tanzania Revenue Authority | Tunisia Startup Label (4,000+ Labelled startups); Senegal Startup Label; Nigeria startup recognition framework; African Union Model Law 2024. |

| #  | Imperative Statement                                                                                                                                                                                      | Lead Actor Coalition                                                                                                                                                                                                                                                       | Best Practice                                                                                                                                                                                                                                                                                      |
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| 2  | Adopt the Tanzania Startup Policy and enact the Tanzania Startup Act as the statutory foundation for the startup ecosystem.                                                                               | Ministry of Finance (lead) + Ministry of Communications and Information Technology + Office of the Attorney General + Office of the Chief Parliamentary Draftsman + Cabinet                                                                                                | Tunisia Startup Act 2018 (4,000+ Labelled startups); Senegal Startup Act 2020; Nigeria Startup Act 2022; Kenya Startup Bill; African Union Startup Policy Framework and Model Law (2024).                                                                                                          |
| 3  | Establish an apex public-private coordination forum for the startup ecosystem with a permanent implementation body and an independent statistics and research function with statutory data-access rights. | Ministry of Communications and Information Technology (lead) + Ministry of Finance + National Planning Commission + Office of the Chief Secretary + Tanzania Startup Association                                                                                           | Tunisia College of Startups + Smart Capital + Startup Tunisia Observatory; Senegal Conseil National des Startups + DER/FJ Secretariat; Nigeria National Council for Digital Innovation and Entrepreneurship; UK Office for Budget Responsibility (independence model for the statistics function). |
| 4  | Apply binding 2030 outcome targets across women-led, regional, and climate-focused startup cohorts.                                                                                                       | Ministry of Finance (lead) + National Bureau of Statistics + Ministry of Communications and Information Technology + Tanzania Startup Association                                                                                                                          | Tunisia Startup Act 2030 targets (30% female-led; regional distribution targets); Senegal Plan Numérique 2025 inclusion targets; Rwanda Vision 2050 inclusion KPIs; Korea K-Innovation Targets framework.                                                                                          |
| 5  | Establish a public startup registry function with API access for capital providers, ecosystem actors, and development partners.                                                                           | Ministry of Communications and Information Technology (lead) + National Bureau of Statistics + Capital Markets and Securities Authority + BRELA + Tanzania Startup Association                                                                                             | Tunisia Startup Registry (open API); Senegal Senstartup Registry; Estonia Business Register; Singapore ACRA BizFile+ register.                                                                                                                                                                     |
| 6  | Operationalise a consolidated sandbox framework across all named sector regulators with joint authorisation and graduation pathways.                                                                      | Bank of Tanzania (lead) + Capital Markets and Securities Authority + Tanzania Medicines and Medical Devices Authority + Tanzania Insurance Regulatory Authority + Tanzania Education Authority + Tanzania Communications Regulatory Authority + Tanzania Revenue Authority | Singapore MAS Fintech Regulatory Sandbox; UK FCA Sandbox (10+ years operational); Australia ASIC Innovation Hub; Kenya CMA Regulatory Sandbox; Bank of Tanzania FinTech Sandbox precedent.                                                                                                         |
| 7  | Establish an annual parliamentary reporting framework for ecosystem outcomes with phased implementation sequencing and time-bound evaluations.                                                            | Ministry of Finance (lead) + National Planning Commission + National Bureau of Statistics + Office of the Chief Secretary + Cabinet                                                                                                                                        | UK National Audit Office annual reporting to Parliament; Singapore Auditor-General's Office annual reporting; OECD DAC peer-review accountability frameworks; Rwanda Imihigo performance-contract reporting.                                                                                       |
| 8  | Establish climate-technology and green innovation incentives across classification, sandbox, financing, and procurement.                                                                                  | Ministry of Finance (lead) + Bank of Tanzania + Capital Markets and Securities Authority + Vice-President's Office (Environment) + COSTECH + Ministry of Energy                                                                                                            | EU AIFMD climate-disclosure framework; TCFD climate-finance disclosure architecture; UK Green Finance Strategy; Singapore Green Plan 2030 incentives; Kenya National Green Growth Strategy.                                                                                                        |
| 9  | Establish a Tanzania e-Residency framework modelled on Estonia to enable foreign founders to incorporate and operate Tanzania-domiciled startups remotely.                                                | Ministry of Communications and Information Technology (lead) + National Identification Authority + e-Government Authority + BRELA + Tanzania Investment Centre + Bank of Tanzania                                                                                          | Estonia e-Residency programme (117,000 certificates since 2014; EUR 244m revenue; 20,000+ companies formed by e-residents); Lithuania e-Residency; Dubai DIFC Innovation Hub digital onboarding.                                                                                                   |
| 10 | Amend the Companies Act, Cap 212, to introduce the Limited Liability Partnership (LLP) structure.                                                                                                         | BRELA (lead) + Ministry of Industry and Trade + Office of the Chief Parliamentary Draftsman + Office of the Attorney General                                                                                                                                               | Uganda Partnerships Regulations 2025 (first LLP framework in East Africa); Kenya LLP Act 2011 (140+ registered fund managers); UK Limited Liability Partnerships Act 2000; Singapore LLP Act 2005.                                                                                                 |
| 11 | Adopt and operationalise the East African Community and Southern African Development Community Dual-Gateway thesis with sector cluster strategies and AfCFTA mutual recognition of startup certification. | Ministry of Foreign Affairs and East African Cooperation (lead) + Ministry of Industry and Trade + Ministry of Finance + Tanzania Investment Centre + Tanzania Revenue Authority + Tanzania Communications Regulatory Authority                                            | DIFC Dubai positioning between GCC and Africa; Singapore positioning between ASEAN and South Asia; Rwanda Kigali International Financial Centre EAC positioning.                                                                                                                                   |
| 12 | Apply 24-hour BRELA fast-track registration with deemed approvals for all-local startups.                                                                                                                 | BRELA (lead) + Ministry of Industry and Trade + Tanzania Revenue Authority + Tanzania Communications Regulatory Authority                                                                                                                                                  | Rwanda RDB 6-hour business registration; Estonia e-Business Registration (under 20 minutes); Singapore BizFile+ 15-minute registration; New Zealand Companies Office same-day registration.                                                                                                        |
| 13 | Revise the Fair Competition Commission merger and acquisition notification thresholds and create a venture-stage carve-out for CMSA-licensed fund manager exits.                                          | Fair Competition Commission (lead) + Ministry of Industry and Trade + Capital Markets and Securities                                                                                                                                                                       | India Competition Commission of India venture-stage merger threshold; EU EUMR fast-track procedure for sub-threshold transactions;                                                                                                                                                                 |

| #  | Imperative Statement                                                                                                                             | Lead Actor Coalition                                                                                                                                                                                           | Best Practice                                                                                                                                                                                      |
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|    |                                                                                                                                                  | Authority                                                                                                                                                                                                      | South Africa Competition Commission small-merger exemption.                                                                                                                                        |
| 14 | Establish a federated Mainland and Zanzibar innovation framework under Article 4 of the Constitution.                                            | Ministry of Finance (Union side, lead) + Zanzibar Ministry of Finance and Planning + Office of the Attorney General + BRELA + Zanzibar Investment Promotion Authority                                          | Zanzibar-Mainland coordination architecture under Article 4 of the Constitution of the United Republic of Tanzania; analogous Hong Kong-Mainland China Closer Economic Partnership Arrangement.    |
| 15 | Establish a verified foreign founder regime based on an equity-and-operations test.                                                              | Tanzania Investment Centre (lead) + Ministry of Home Affairs (Immigration) + Ministry of Finance + BRELA + Tanzania Communications Regulatory Authority                                                        | Singapore Tech.Pass framework; Estonia Startup Visa; Chile Start-Up Chile; UAE Golden Visa for entrepreneurs.                                                                                      |
| 16 | Modernise the registered-office requirement so early-stage companies can incorporate using incubator or co-working addresses.                    | BRELA (lead) + Ministry of Industry and Trade                                                                                                                                                                  | Singapore ACRA virtual-office acceptance; Estonia e-Residency virtual address; UK Companies House service-address provisions.                                                                      |
| 17 | Operate an open-licence legal toolkit (cap tables, shareholder agreements, term sheets, employment contracts) tailored to Tanzania jurisdiction. | Tanzania Startup Association (lead) + Tanganyika Law Society + Tanzania Bar Association + Office of the Attorney General + Ministry of Industry and Trade                                                      | Y Combinator SAFE templates; Singapore Startup SG legal templates; Cooley GO open-source templates; Kenya Startup Bill template provisions.                                                        |
| 18 | Establish an inter-ministerial coordination mechanism for cross-cutting startup issues operating beneath the apex coordination forum.            | Ministry of Communications and Information Technology (lead) + Ministry of Finance + Ministry of Industry and Trade + Ministry of Foreign Affairs and East African Cooperation + Office of the Chief Secretary | Singapore Inter-Ministry Committee on Industrial Transformation; Rwanda Innovation Coordination Committee; Kenya National Council for Industrial Coordination.                                     |
| 19 | Apply an anti-fraud and false-declaration regime for the Startup Label and registry system.                                                      | BRELA (lead) + Prevention and Combating of Corruption Bureau + Tanzania Revenue Authority + Office of the Director of Public Prosecutions                                                                      | Singapore CPIB integrity framework; Hong Kong ICAC anti-fraud architecture; UK Serious Fraud Office prosecution model.                                                                             |
| 20 | Establish a whistleblower channel within the national statistics function under the Whistleblower and Witness Protection Act 2015.               | Office of the Controller and Auditor General (lead) + Prevention and Combating of Corruption Bureau + Office of the Ombudsman + Ministry of Communications and Information Technology                          | Whistleblower and Witness Protection Act of 2015 statutory framework; UK Public Interest Disclosure Act 1998; US Whistleblower Protection Act 1989; Australia Public Interest Disclosure Act 2013. |
| 21 | Apply a revenue model for the national statistics function targeting 30% self-funding by Year 5.                                                 | Ministry of Finance (lead) + Ministry of Communications and Information Technology + National Bureau of Statistics + Tanzania Startup Association                                                              | Singapore SkillsFuture Singapore self-funding model; UK CMA service-fee architecture; Estonia Information System Authority fee model.                                                              |

### 12.2.3 Pathway 3: Knowledge infrastructure and intellectual-property commercialisation

This pathway restructures the upstream research, intellectual property, and knowledge-commercialisation layer that converts ideas into protectable, financeable, and exportable innovation. The rationale is that Tanzania's current intellectual property infrastructure does not move research from laboratory bench to commercial deployment fast enough, does not protect incremental innovation, does not let startups use IP as collateral, and does not give the courts the specialist judicial capacity to enforce IP rights. The unified intellectual property architecture, the consolidated office and specialist judicial docket, the technology-transfer mandate at universities, public-laboratory access, and the R&D super-deduction together rebuild the upstream knowledge layer.

| # | Imperative Statement                                                                                                                                        | Lead Actor Coalition                                                                                                                                                       | Best Practice                                                                                                                                                                                                                                                              |
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| 1 | Operationalise the unified IP architecture for startups consolidating intellectual property reforms.                                                        | Ministry of Industry and Trade (lead) + BRELA + COSTECH + Office of the Chief Justice + Tanzania Communications Regulatory Authority + Personal Data Protection Commission | Singapore IPOS fast-track examination (4-month patent); Korea KIPO patent fast-track (9 months); China Utility Model Patent system (2 . 6m filings annually); Singapore IPOS IP-as-collateral framework; EU NIS2 Directive Article 7 Coordinated Vulnerability Disclosure. |
| 2 | Establish under Income Tax Act amendment a research and development super-deduction at 150% of qualifying expenditure per OECD Frascati Manual definitions. | Tanzania Revenue Authority (lead) + Ministry of Finance + COSTECH + Ministry of Industry and Trade                                                                         | Singapore IRAS R&D Tax Deduction (150-250%); UK HMRC R&D Tax Credits; OECD Frascati Manual definition standards; France Crédit d'Impôt Recherche (30%); Australia R&D Tax Incentive.                                                                                       |

| #  | Imperative Statement                                                                                                                                                            | Lead Actor Coalition                                                                                                                                          | Best Practice                                                                                                                                                                                                                     |
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| 3  | Make sector-specific regulatory pathways covering 7 priority sectors within 18 months of statutory enactment, with explicit sandbox alignment.                                  | Ministry of Industry and Trade (lead) + sector regulators per sector + Tanzania Startup Association sector chapters                                           | EU AIFMD sector-specific subsidiary regulations; Singapore MAS sector-specific rulebooks (fintech, insurtech, healthtech); UK FCA sector sandboxes; Kenya CMA Regulatory Sandbox framework.                                       |
| 4  | Deploy COSTECH IP-handover commercialisation officers attached to HLI technology-transfer offices and mandate technology transfer offices in TCU-recognised universities.       | COSTECH (lead) + Tanzania Commission for Universities + Ministry of Education Science and Technology + named HLIs + BRELA IP unit                             | India SBIRI scheme; Israel Innovation Authority Magnet programme; UK Innovate UK Smart grants; Korea KIBS university technology-transfer office model.                                                                            |
| 5  | Mandate Technology Transfer Offices in TCU-recognised universities under Universities Act amendment with performance targets.                                                   | Tanzania Commission for Universities (lead) + Ministry of Education Science and Technology + COSTECH + named HLIs + BRELA                                     | Korean university Technology Business Incubators (KIBS; over USD 230m commercialisation revenue 2023); Indian Institute of Technology Madras Research Park TTO; Stanford Office of Technology Licensing; UK Imperial Innovations. |
| 6  | Provide extended-tenure benefits to Labelled startups operating in research-and-development-intensive sectors.                                                                  | Ministry of Finance (lead) + Tanzania Revenue Authority + COSTECH + Capital Markets and Securities Authority + sector regulators (BoT, CMSA, TMDA, TIRA, TEA) | Israel Innovation Authority Magnet Deep Tech track; Singapore Deep Tech VC framework; EIC Accelerator Deep Tech window; Korea K-DEEP TECH Programme.                                                                              |
| 7  | Establish a structured access programme for Labelled startups to use COSTECH and HLI laboratories at concessional rates.                                                        | COSTECH (lead) + Tanzania Commission for Universities + Ministry of Education Science and Technology + named research institutions                            | UK Catapult Centres national-laboratory access model; Korean public-laboratory shared-access programme; Israel Innovation Authority public-lab access; Singapore A*STAR shared facility access.                                   |
| 8  | Operate a longitudinal data co-funded research programme sustaining the ecosystem evidence base.                                                                                | Tanzania Startup Association (lead) + National Bureau of Statistics + COSTECH + REPOA + ESRF + UONGOZI Institute + AERC + EAC Secretariat                     | GEM Consortium 50+ country longitudinal panel; AERC cross-country research framework; ANDE Catalysts for Growth peer comparator framework; AVCA African Private Equity benchmark series.                                          |
| 9  | Publish a standardised open-licence template for corporate-startup co-development and R&D partnership agreements.                                                               | Tanzania Startup Association (lead) + Confederation of Tanzania Industries + Tanganyika Law Society + COSTECH + Tanzania Private Sector Foundation            | Mozilla Foundation open-licence agreement templates; Y Combinator standard term sheets; UK British Business Bank standard partnership templates; Endeavor open-source commercial templates.                                       |
| 10 | Restore Tanzania's participation in international innovation rankings (WIPO Global Innovation Index, StartupBlink) and establish a startup innovation data submission standard. | Ministry of Communications and Information Technology (lead) + National Bureau of Statistics + COSTECH + Tanzania Startup Association                         | WIPO Global Innovation Index (132 countries); StartupBlink Global Startup Ecosystem Index; UNESCO Institute for Statistics R&D indicators; OECD Frascati Manual standards.                                                        |
| 11 | Establish a consolidated Tanzania Intellectual Property Office through statutory merger of BRELA IP and Copyright Society of Tanzania.                                          | Ministry of Industry and Trade (lead) + BRELA + Copyright Society of Tanzania + Ministry of Communications and Information Technology + COSTECH               | Singapore IPOS consolidated IP office; UK UKIPO consolidated trade-mark + patent + copyright administration; Korea KIPO consolidated structure; Australia IP Australia consolidated office.                                       |
| 12 | Establish a Specialist IP Docket within the High Court of Tanzania through Practice Direction.                                                                                  | Office of the Chief Justice (lead) + Judiciary of Tanzania + Office of the Attorney General + Tanganyika Law Society + Ministry of Industry and Trade         | Singapore IPOS IP High Court; UK Patents Court; Germany Federal Patents Court (Bundespatentgericht); India IP Appellate Board; Japan IP High Court.                                                                               |

### 12.2.4 Pathway 4: Talent stack and labour mobility

This pathway restructures the human-capital architecture for the startup economy on both the inflow and the domestic-pipeline sides. The rationale is that Tanzania's domestic talent pipeline cannot fill ecosystem demand alone, and the talent that does exist faces opportunity-cost barriers (resignation risk, payroll cost, taxation friction) to joining or founding startups. The three statutory visa classes, the diaspora and reverse-talent programmes, the founder capability and mentor architecture, the statutory leave-of-absence, the social-security contribution reduction, and the curriculum integration at tertiary and school levels together build the talent stack.

| # | Imperative Statement                                                                                                                                                                          | Lead Actor Coalition                                                                                                                                                                                                                                     | Best Practice                                                                                                                                                                                      |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Establish Mentor-in-Residence schemes at public universities and underserved regions; integrate entrepreneurship and digital-skills certification into TCU-approved curricula by end of 2028. | Tanzania Commission for Universities (lead) + Ministry of Education Science and Technology + Ministry of Communications and Information Technology + National Council for Technical and Vocational Education and Training + Tanzania Startup Association | Singapore SkillsFuture work-study programme; UK Knowledge Transfer Partnerships; Germany Industrieforschungsförderung; Korea KOSAF entrepreneurship curriculum.                                    |
| 2 | Operate a founder capability programme co-delivered with a national mentor registry and a startup legal aid programme.                                                                        | Tanzania Startup Association (lead) + Tanganyika Law Society + Legal Services Facility + Ministry of Education Science and Technology + Tanzania Commission for Universities                                                                             | Singapore Startup SG Founder programme; Tunisia Smart Capital capability programme; Senegal DER/FJ founder support; UK Startup Loans Company support architecture.                                 |
| 3 | Establish three statutory startup-relevant visa classes (Founder, Specialist, Digital Nomad) with reverse-talent and diaspora founder integration.                                            | Ministry of Home Affairs (Immigration, lead) + Ministry of Foreign Affairs and East African Cooperation + Ministry of Labour and Employment + Tanzania Investment Centre                                                                                 | Estonia Startup Visa (1,000+ founders since 2017); Singapore Tech.Pass; Chile Start-Up Chile visa programme; Portugal D7 + Tech Visa; UAE Golden Visa.                                             |
| 4 | Establish a statutory 12-month unpaid startup leave-of-absence enabling employed founders to test ideas without resignation.                                                                  | Ministry of Labour and Employment (lead) + Ministry of Finance + President's Office Public Service Management + Tanzania Federation of Employers                                                                                                         | Singapore Tech.Pass leave-of-absence framework; Finland Startup Leave Act 2017; Belgium law on temporary career break; Germany Elternzeit framework applied to startup leave.                      |
| 5 | Reduce employer social-security contribution rate by 50% for the first 3 years of operation of Labelled startups.                                                                             | Ministry of Labour and Employment (lead) + Ministry of Finance + National Social Security Fund + Public Service Social Security Fund + Tanzania Revenue Authority                                                                                        | Tunisia Smart Capital startup employer SS reduction; Senegal startup SS framework; Rwanda Startup CIT and SSC packages; Israel Startup employer relief.                                            |
| 6 | Operate a female-founder accelerator track through EISO partnerships.                                                                                                                         | Tanzania Startup Association (lead) + accredited EISOs + Tanzania Investment Centre + Tanzania Communications Regulatory Authority                                                                                                                       | Mastercard Foundation Women Empowerment programme; Graça Machel Trust Women Creating Wealth; Singapore Women in Tech; She Loves Tech global accelerator.                                           |
| 7 | Establish a public-private talent programme enabling civil-service secondment to startups and reverse private-to-public secondment.                                                           | President's Office Public Service Management (lead) + Ministry of Finance + Ministry of Communications and Information Technology + Tanzania Startup Association                                                                                         | Singapore Civil Service College private-sector secondment; UK Civil Service Fast Stream secondment programme; Estonia public-private digital-talent rotation; Korea KOTRA private-public exchange. |

### 12.2.5 Pathway 5: Markets, procurement, and corporate supply-chain integration

This pathway opens the demand-side architecture so that startups have customers to sell to and revenue trajectories that justify investor commitments. The rationale is that the largest single buyer in Tanzania is the public sector, and the next largest is the corporate sector, and neither currently buys from startups at the scale the ecosystem needs. The layered public-procurement architecture and the Corporate Supply-Chain Integration Scorecard (modelled on South African Broad-Based Black Economic Empowerment enterprise-development tracking, where leading corporates target 20% supplier spend on small black-owned enterprises) together open both demand sides.

| # | Imperative Statement                                                                                                                                                                         | Lead Actor Coalition                                                                                                                                                                                                                         | Best Practice                                                                                                                                                                                                                                                                                                                   |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Operationalise the full layered public-procurement architecture for Tanzanian startups under Public Procurement Act amendment.                                                               | Public Procurement Regulatory Authority (lead) + Ministry of Finance + Office of the Treasury Registrar + Ministry of Communications and Information Technology + Bank of Tanzania + Tanzania Revenue Authority + named SOE governing bodies | South Africa Preferential Procurement Policy Framework Act (30% set-aside for women, youth, persons with disabilities); Kenya AGPO Programme (30%); Korea Public Procurement Service SME set-aside (50% of public procurement); India MSME Public Procurement Policy (25%); EU Procurement Directive small-business provisions. |
| 2 | Adopt a Corporate Supply-Chain Integration Architecture requiring large corporates to track procurement from Labelled startups, modelled on South African enterprise development scorecards. | Ministry of Industry and Trade (lead) + Confederation of Tanzania Industries + Tanzania Private Sector Foundation + Tanzania Investment Centre + Capital Markets and Securities Authority                                                    | South Africa BBBEE Enterprise Development scorecard (3% NPAT to enterprise development; supplier-spend targets up to 20% at leading corporates); Singapore SkillsFuture corporate participation; UK Corporate Venturing Scheme.                                                                                                 |

| # | Imperative Statement                                                                                                                              | Lead Actor Coalition                                                                                                                                          | Best Practice                                                                                                                                     |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | Provide tax incentives for accredited incubators and accelerators.                                                                                | Ministry of Finance (lead) + Tanzania Revenue Authority + Tanzania Startup Association + Ministry of Industry and Trade                                       | Singapore Startup SG Tech Accelerator funding for incubators; UK Catapult Centre tax treatment; India Atal Incubation Centres tax framework.      |
| 4 | Operate the Indicator Dashboard 2025 with a QI data-subscription model as the ecosystem research-infrastructure backbone.                         | Tanzania Startup Association (lead) + National Bureau of Statistics + Capital Markets and Securities Authority + Tanzania Communications Regulatory Authority | Startup Genome Annual Report indicator architecture; StartupBlink ecosystem benchmarking; ANDE Catalysts for Growth; OECD SME outlook indicators. |
| 5 | Activate the Five-Year Development Plan IV verified-supply tracking mechanism with a Labelled-startup flag in government supply-chain monitoring. | National Planning Commission (lead) + Ministry of Finance + Public Procurement Regulatory Authority + Office of the Treasury Registrar                        | World Bank Procurement Tracker; UK Cabinet Office supplier-spend tracker; Kenya AGPO supplier-tracking architecture.                              |

### 12.2.6 Pathway 6: Ecosystem coordination architecture

This pathway restructures the actor-coordination layer that determines whether the rest of the architecture actually delivers outcomes or merely sits on paper. The rationale is that Tanzania's startup ecosystem currently has many actors but fragmented coordination, no single physical hub network in regional capitals, and an administrative-compliance burden distributed across multiple government windows. The Regional Innovation Hubs in not fewer than 10 regional capitals with their binding connectivity, grid, and real-estate provisions; the one-stop digital platform with eight-API integration across government services; and the National Startup Brand together build the operational coordination backbone.

| # | Imperative Statement                                                                                                                                                                                 | Lead Actor Coalition                                                                                                                                                                                                                                                                                                                                    | Best Practice                                                                                                                                                                                                                                                          |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Establish Regional Innovation Hubs in not fewer than 10 regional capitals, including a flagship national innovation centre, with connectivity, grid reliability, and real-estate supply provisions.  | Tanzania Investment Centre (lead) + President's Office Regional Administration and Local Government + National Investment Company Limited + National Housing Corporation + Tanzania Electric Supply Company Limited + Tanzania Communications Regulatory Authority + Tanzania Startup Association + AfriLabs                                            | Vietnam National Innovation Centre (NIC; established October 2019; 1,000+ incubated startups; 1,500+ enterprises connected); Israel Technology Innovation Centres network; Tunisia regional innovation poles; Senegal Maisons de l'Entrepreneur regional architecture. |
| 2 | Establish a one-stop digital platform for Labelled startups with 8-API integration across government services and a startup cybersecurity baseline.                                                  | e-Government Authority (lead) + Ministry of Communications and Information Technology + BRELA + Tanzania Revenue Authority + Bank of Tanzania + Capital Markets and Securities Authority + National Social Security Fund + Public Procurement Regulatory Authority + Tanzania Communications Regulatory Authority + Personal Data Protection Commission | Estonia e-Government portal X-Road (single-window 8-API+ integration); Singapore GovTech one-stop portal; Rwanda Irebo single-window architecture; UK GOV.UK Verify framework.                                                                                         |
| 3 | Integrate the EISO-to-capital pipeline through structured cohort-to-deal-flow handoffs.                                                                                                              | Tanzania Startup Association (lead) + accredited EISOs + Tanzania Venture Capital Fund + Tanzania Startup Dealroom + Capital Markets and Securities Authority                                                                                                                                                                                           | Endeavor Network deal-flow pipeline; Y Combinator alumni-to-investor pipeline; UK NESTA accelerator-to-VC pipeline.                                                                                                                                                    |
| 4 | Sustain and resource the National Technical Committee (NTC) on Alternative and Innovative Financing with a permanent operational secretariat.                                                        | Ministry of Finance (lead, NTC chair) + Bank of Tanzania + Capital Markets and Securities Authority + Tanzania Revenue Authority + Tanzania Startup Association                                                                                                                                                                                         | Singapore Smart Nation Inter-Agency Coordination Office; Rwanda Innovation Coordination Committee; Kenya KOTDA Inter-Ministerial Coordination.                                                                                                                         |
| 5 | Establish the Tanzania National Startup Brand and Action Community with national awards, an innovators series, an ambassador network, and Kiswahili-language outreach including USSD-based channels. | Tanzania Startup Association (lead) + Tanzania Broadcasting Corporation + Ministry of Information Communication and Information Technology + Ministry of Foreign Affairs and East African Cooperation + Tanzania Communications Regulatory Authority + named diaspora founders                                                                          | Saudi Arabia Misk Foundation startup culture programmes; Estonia Garage48 weekend hackathon network; Singapore Startup SG Founder community programmes; UK Tech Nation brand programme.                                                                                |

| # | Imperative Statement                                                                                                                                                                       | Lead Actor Coalition                                                                                                                                                   | Best Practice                                                                                                                                                                   |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | Establish a school curriculum entrepreneurship module covering ideation, validation, and basic financial literacy across primary and secondary curricula.                                  | Ministry of Education Science and Technology (lead) + Tanzania Institute of Education + National Examinations Council of Tanzania + Tanzania Startup Association       | Korea KEDU entrepreneurship curriculum; Finland school-level entrepreneurship programmes; Singapore MOE Applied Learning Programme; Israel school entrepreneurship initiatives. |
| 7 | Adopt a multi-actor coordination charter at the Tanzania Startup Association.                                                                                                              | Tanzania Startup Association (lead) + AfriLabs + Confederation of Tanzania Industries + named development partners + accredited EISOs                                  | TSA-modelled industry-association coordination chapters across African ecosystems; SBC Africa coordination model; AfriLabs continental coordination framework.                  |
| 8 | Position Tanzania on the regional and continental ecosystem map through sustained engagement with named pan-African networks and a Tanzania country track at major continental convenings. | Tanzania Startup Association (lead) + Ministry of Foreign Affairs and East African Cooperation + Tanzania Investment Centre + AfriLabs + ANDE Africa + EAC Secretariat | AfriLabs Annual Gathering host-country tracks; Global Entrepreneurship Network national chapters; ANDE Africa convening; Africa Entrepreneurship Summit.                        |
| 9 | Operate the ecosystem journalism architecture sustaining ecosystem-covering media.                                                                                                         | Tanzania Startup Association (lead) + Tanzania Broadcasting Corporation + Mwananchi Communications + The Citizen + Tanzania Editors Forum + Hivisasa Tanzania          | Tanzania Editors Forum sustainability framework; African Centre for Media Excellence sustained-journalism model; ICFJ Knight International Journalism Fellowship.               |

### 12.2.7 Pathway 7: Lifecycle instruments and second-chance regime

This pathway closes the journey-stage architecture, recognising that startups move through distinct stages (Ideation, Validation, Early Growth, Scaling, Exit) and that the policy and institutional support each stage requires is different. The rationale is that the current ecosystem provides good support at the early stages but thin or absent support at the scaling and exit stages, and treats business failure as terminal rather than as a re-entry point. The stage taxonomy and per-stage instrument map (explicitly including bootstrapped scaling without external capital), the exit-pathway coordination office, the cross-border listing framework, and the second-chance regime (pre-pack insolvency, 90-day winding-up, founder release) together build the full lifecycle support.

| # | Imperative Statement                                                                                                                                    | Lead Actor Coalition                                                                                                                                                                   | Best Practice                                                                                                                                                                                                         |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Publish the stage taxonomy (Ideation, Validation, Early Growth, Scaling, Exit) with per-stage instrument map and explicit K0 bootstrapping recognition. | Ministry of Communications and Information Technology (lead) + National Bureau of Statistics + Tanzania Startup Association + Bank of Tanzania                                         | Y Combinator startup-stage taxonomy; SOSV startup-stage instrument map; Endeavor stage-and-support framework; Israel Innovation Authority stage-based instruments.                                                    |
| 2 | Adopt a Development Partner TDV 2050 Alignment Framework requiring country programmes signed post-2026 to map startup-allocations to TDV 2050 pillars.  | National Planning Commission (lead) + Ministry of Finance + Ministry of Foreign Affairs and East African Cooperation + EU + FCDO + JICA + USAID + GIZ + IFC + AfDB + World Bank + UNDP | OECD DAC peer-review architecture; World Bank Country Partnership Framework alignment; UN Common Country Analysis framework.                                                                                          |
| 3 | Establish a second-chance regime for failed founders under Companies Act and Insolvency Act amendments.                                                 | Ministry of Industry and Trade (lead) + BRELA + Office of the Attorney General + Office of the Chief Justice + Insolvency Practitioners Association of Tanzania                        | Singapore Insolvency Restructuring and Dissolution Act second-chance provisions; UK Insolvency Act 1986 pre-pack provisions; EU Directive on preventive restructuring frameworks; US Chapter 11 reorganisation model. |
| 4 | Operate a founder transition support programme for Profile 3 to 5/6/7 transitions through the founder capability programme.                             | Tanzania Startup Association (lead) + accredited EISOs + Tanzania Startup Dealroom + Tanzania Venture Capital Fund                                                                     | Endeavor founder-transition mentoring; Y Combinator post-batch founder support; UK Founders Forum founder-transition network.                                                                                         |
| 5 | Provide scaling firm operating-systems support (HR, finance, ops infrastructure) for Profile 5-7 firms.                                                 | Tanzania Startup Association (lead) + accredited EISOs + Tanzania Startup Dealroom + Confederation of Tanzania Industries                                                              | Endeavor Catalyst scaling-firm support; Y Combinator growth-stage operating-systems support; First Round Review scaling resources.                                                                                    |
| 6 | Integrate Tanzania into the Global Entrepreneurship Monitor (GEM) 2027 cycle as a participating economy.                                                | Ministry of Communications and Information Technology (lead) + National Bureau of Statistics + COSTECH + Tanzania Startup Association + GEM Consortium                                 | GEM Consortium 50+ country participation framework; GEM Adult Population Survey + National Expert Survey protocols.                                                                                                   |
| 7 | Establish an exit-pathway coordination office connecting Profile 8 mature firms to DSE listing pathways and strategic acquisition opportunities.        | Tanzania Startup Association (lead) + Capital Markets and Securities Authority + Dar es Salaam Stock Exchange + Tanzania Investment                                                    | Singapore EDB exit-pathway coordination; UK British Business Bank exit-pathway facility; Israel Innovation Authority exit support.                                                                                    |

| # | Imperative Statement                                                                                                                                  | Lead Actor Coalition                                                                                                                                  | Best Practice                                                                                                                                                                               |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                                                                                                                                       | Centre + Confederation of Tanzania Industries                                                                                                         |                                                                                                                                                                                             |
| 8 | Publish an Exit Outcomes Dashboard tracking confirmed exits, DSE listings, strategic acquisitions, secondary share-sales, and reincorporation events. | Tanzania Startup Association (lead) + Capital Markets and Securities Authority + Dar es Salaam Stock Exchange + National Bureau of Statistics + BRELA | Crunchbase exit-tracker model; CB Insights exit-outcomes dashboard; PitchBook exit-tracker; AVCA African Exit Report.                                                                       |
| 9 | Establish a cross-border listing framework with peer foreign exchanges (Nairobi, Lagos, Johannesburg, Cairo).                                         | Capital Markets and Securities Authority (lead) + Dar es Salaam Stock Exchange + Bank of Tanzania + Ministry of Finance                               | Singapore SGX-NSE cross-border listing arrangement; Hong Kong-Shanghai Connect; African Securities Exchanges Association dual-listing protocols; Kenya NSE-Uganda USE cross-border listing. |

## SUPPLEMENTARY MATERIAL

The following annexes and the glossary live in full on the companion platform.

## **Annex A – Methodology Note**

→ Full content on the companion platform at [startupreport2025.tsa.co.tz/methodology](https://startupreport2025.tsa.co.tz/methodology)

## **Annex B – Indicator Framework Summary**

→ Full content on the companion platform at [startupreport2025.tsa.co.tz/indicators](https://startupreport2025.tsa.co.tz/indicators)

## **Annex C – Data Sources and Active Firm Panel Summary**

→ Full content on the companion platform at [startupreport2025.tsa.co.tz/registry](https://startupreport2025.tsa.co.tz/registry)

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**Tanzania Startup Association**

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