



UNLOCKING INNOVATION. INVESTMENT. IMPACT

Funders:



Co-funded by  
the European Union



**UKaid**  
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# Integrated Approach to Supporting Impact-Driven Startups

Presentation at the 6<sup>th</sup> Tanzania Annual ICT Conference  
Zanzibar, October 28, 2022

# Background info



UNDP Initiative funded by the European Union as part of the “Business Environment, Growth and Innovation” (BEGIN) Programme.

FUNGUO is also co-funded by UNDP and the British Government, implemented by UNDP Tanzania in partnership with UNCDF.

FUNGUO’s aim is to contribute towards increasing the number of successfully scaled impact-driven start-ups and innovative MSMEs to accelerate the achievement of SDGs in Tanzania.

- This will be achieved through the programme’s integrated approach to contribute towards addressing the stumbling blocks and gaps in the innovation ecosystem that hinder innovative impact ventures from scaling, while promoting an environment that empowers innovators, entrepreneurs and enablers

The programme’s theory is that the more start-ups and innovative MSMEs are supported and scaled, the more jobs will be created for women and youths, and more income will be generated, leading to quality livelihoods and sustainable and inclusive development.

# FUNGUO KEY PILLARS



## Innovation Financing (FUNGUO Catalytic Fund)

- blended financing : grants, loans, quasi-equity, etc
- Building the pipeline
- Setup a separate legal entity – FUNGUO Innovation Facility
- Technical assistance to startups (through empowered enablers)
  - =====**Key: Unlocking 3<sup>rd</sup> party financing**

## Innovation Service Delivery

- Strengthening the capacity of local BDS providers and innovation enablers (hubs, accelerators, incubators, professional services providers – law firms, consulting firms, etc)
- Sourcing services from empowered innovation enablers and BDS providers

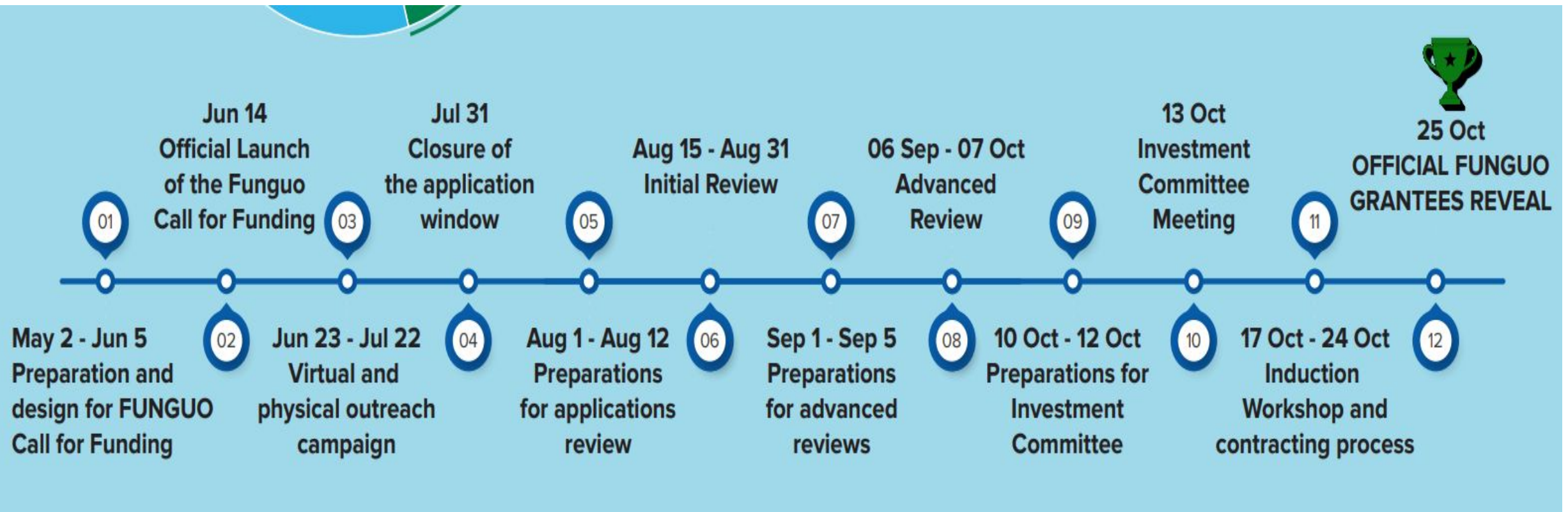
## Innovation Enabling Environment

- Partnering with Government agencies and policy makers
- Working with partners to promote:
  - Strategic dialogues
  - Policy influencing
  - Engagement across the wider innovation ecosystem
  - Innovation promotion

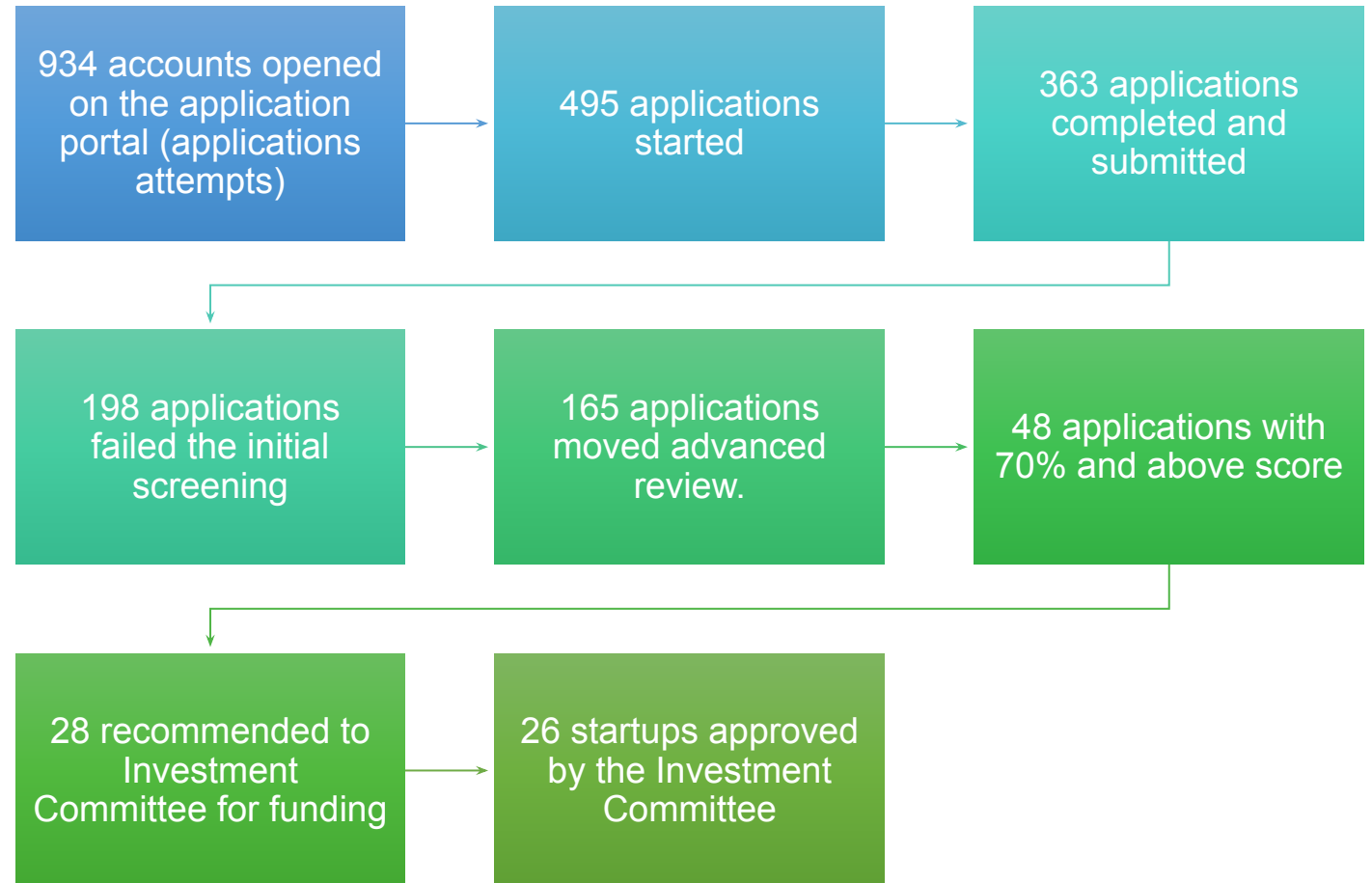
# Innovation Financing

1<sup>st</sup> Funding Round Insights

# Key Timelines



# Innovation Financing – Round 1 Funding Process results



# Early lessons

There is a lot of appetite for catalytic funding out there –

- more and more young people are engaging themselves in businesses and they need to be supported.

Technology is a game changer in youth-led businesses –

- Majority of those that were selected were either digital innovations or their innovations were tech-enabled.

A very encouraging aspect in this process was that more and more young women are active players in this emerging startup economy.

- The initial gender analysis of submitted applications reveals the following:



# Early lessons (Cont'd)

Of all the 363 applications received:

**61%**



Have at least  
one (1) female  
as shareholder

**15%**



Have females  
as the majority  
shareholders

**30%**



Equal number of  
male and female  
shareholders



# Innovation Service Delivery

Currently supporting the activities of BUNI Hub and DTBi through the COSTECH partnership

Supported the Tanzania Industrial Research Development Organization to refurbish and equip their Tech Hub, and training their technical team in innovation management

Currently working with SMIDA (Zanzibar) to strengthen innovative capacities of SMEs that they serve.

In discussion with SIDO to strengthen their offering to SMEs.

Working with a number of innovation hubs in supporting their activities, and currently working on various partnerships.

# Innovation Enabling Environment

Supported the Capital Markets and Securities Authority in drafting the Crowdfunding Guidelines

Working with COSTECH and MoEST in updating the STI policy and National Innovation Framework

Working with the ICT Commission to support their initiatives towards strengthening tech startup ecosystem.

In discussions with various partners to advocate and support the movement towards a conducive environment for startups through a potential Startup Policy (Act?) ===== **Tanzania Startup Association** Leading the way

Been supporting various strategic engagement platforms:

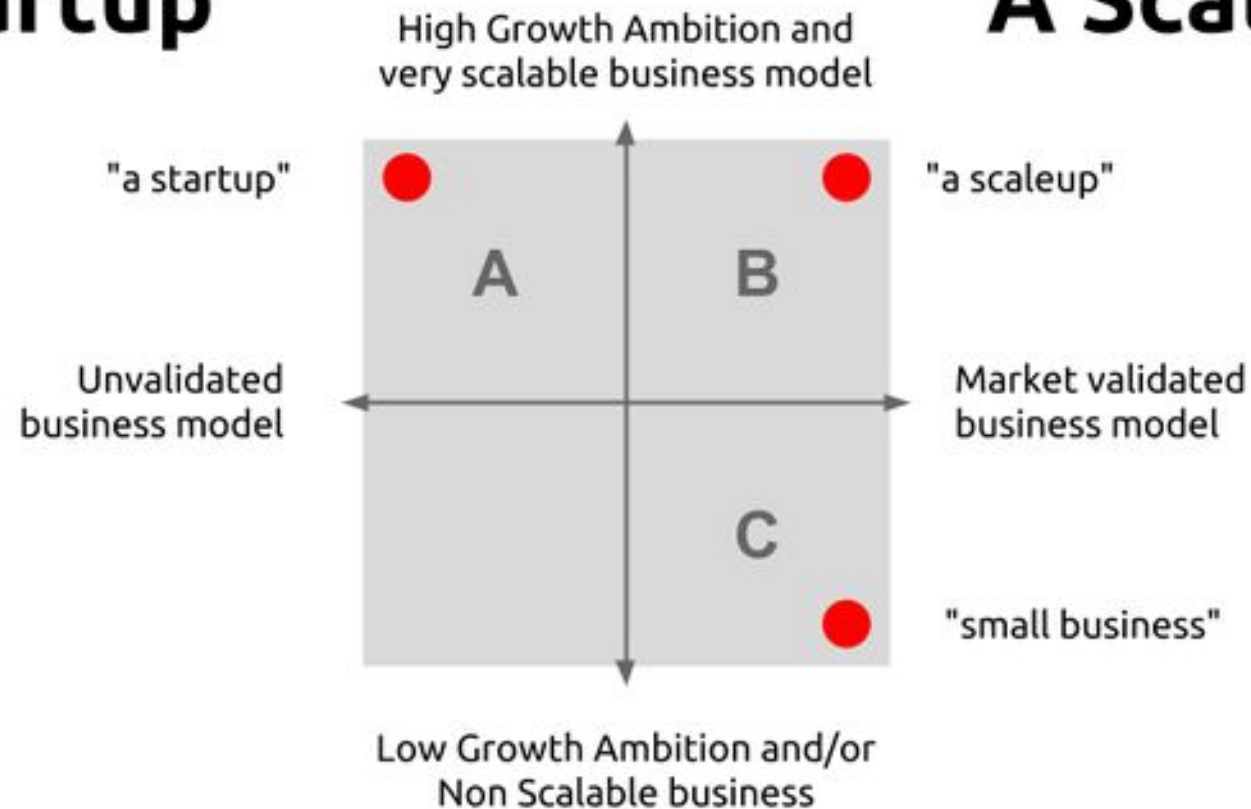
- Innovation Week
- Annual ICT Conference
- Sahara Sparks
- Innovation & Tech Forum
- Tanzania Youth Digital Summit
- Ministerial Roundtable discussions, etc.

**But WHY Startups?**  
**What are they?**  
**How should they be supported?**

# What is a startup? ([www.startupcommons.org](http://www.startupcommons.org))

## A Startup

## A Scaleup





**Comparison table of the Start-up Act (Law No. 20 of 2018) of Tunisia,  
Start-up Act (Law No. 2020-01 of January 6, 2020) of Senegal,  
Kenyan Start-up Bill 2021, Start-up Proclamation (No. of June 2, 2020)  
of Ethiopia and the Nigerian Start-up Bill, 2021.**

SUBJECT	ISSUES	TUNISIA	SENEGAL	KENYA	ETHIOPIA	NIGERIA
Scope	Extra-territorial application	✓	✓	✓	✓	✓
Accountability and Governance	Registration as an emerging business with the supervisory authority	✓	✓	✓	✓	✓
	Ease of doing business	✓	✓	✓	✓	✓
	Establishment of a Technical Committee/Commission/Council	✓ (Art. 6)	✓ (Art. 4)	✗	✓	✓
	Establishment of Incubation programmes	✗	✗	✓ (S. 5)	✗	✓ (S. 23)
	Appointment of a Registrar of Start-ups	✗	✗	✓ (S. 6)	✗	✓ (S. 11)
Incentives and Grants	Right to a paid vacation(for public and private employees) to resurrect a fledgling establishment	✓ (Art. 8)	✗	✗	✗	✗
	Tax relief	✓ (Art. 13)	✓ (Art. 8/10)	✓ (S. 27)	✓ (Art. 29)	✓ (S. 36)
	Granting of guarantees for obtaining credit	✓ (Art.18)	✓ (Art. 8)	✓ (S. 24)	✓ (Art. 31)	✓ (S. 29)
	Government support (monetary or otherwise)	✓	✓ (Art. 10)	✓ (S. 23)	✓ (Art. 12)	✓ (S. 10,25,28;30)



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SUBJECT	ISSUES	TUNISIA	SENEGAL	KENYA	ETHIOPIA	NIGERIA
	Access to private and public support/funding	✓ (Art. 18)	✓ (Art. 6/8)	✗	✗	✓ (S. 19)
	Access to public order/ procurement	✗	✓ (Art. 13)	✗	✓ (Art. 33)	✓ (S. 10)
	Favourable investment measures	✓ (Art. 18)	✓ (Art. 8)	✗	✓ (S. 36)	✓ (S. 30,40)
	Implementation of capacity building measures	✓ (Art. 11)	✓ (Art. 8)	✓ (S. 25)	✗	✓ (S. 21)
	Facilitating the grant or revocation of patents (Protection of IP)	✓ (Art. 12)	✗	✓ (S. 26)	✓ (Provides support to register IP rights nationally and internationally. Art. 27)	✓ (S. 34)
Enforcement	Supervisory authorities	✓	✓	✓	✓	✓
	Monetary penalties	✗	✗	✗	✗	✗
	Sanctions e.g. withdrawal of labels/marks	✓ (Art. 7)	✓ (Art. 16)	✗	✗	✓ (S. 11)

# Wrap up

A lot is being done – by the Government, corporates, development partners, innovation enablers, etc, but there is a need for a more harmonized and integrated approach to supporting startups if we want to see positive results

There is a need for a common vision among stakeholders on what we are pushing and advocating for.

There is a need for a policy guidance specifically focusing on startups



# LET'S KEEP THE CONVERSATION GOING

ASANTENI KWA KUNISIKILIZA