



**“The more startups 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.”**



## KEY INFORMATION



### Focus areas:

Science, Technology, Innovation, Entrepreneurship



### Funding Partners:

- European Union Delegation to Tanzania, through its Business Environment, Growth and Innovation (BEGIN) Programme coordinated by the President's Office – Planning & Investment.
- The UK's Foreign, Commonwealth & Development Office through the Africa Technology and Innovation Partnerships, ATIP
- United Nations Development Programme (UNDP) Tanzania as part of the Youth Catalyst Portfolio.



### Implemented by:

UNDP Tanzania



### In collaboration with:

UNCDF, ANZA  
ENTREPRENEURS, COSTECH,

## BACKGROUND

The FUNGUO Innovation Programme (also referred to as “FUNGUO”) was born out of the Tanzania innovation ecosystem’s desire to have a more viable and sustainable replacement of the former UKaid-funded Human Development Innovation Programme (HDIF) to continue promoting innovation and supporting innovative startups and MSMEs in Tanzania.

The FUNGUO programme is therefore committed to advancing Sustainable Development Goals (SDGs) in Tanzania 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.

## MISSION

The FUNGUO programme is dedicated to fostering the growth of impact-driven startups and innovative Micro, Small, and Medium Enterprises (MSMEs) in Tanzania, with the emphasis on youth and women-led ventures. Its overarching goal is to contribute significantly to the acceleration of Sustainable Development Goals (SDGs) in the Tanzania through promoting and investing in innovation



## INTERGRATED & COLLABORATIVE APPROACH

FUNGUO adopts an integrated approach, strategically addressing obstacles and gaps within the innovation ecosystem that impede the scaling of innovative ventures. The program aims to create an enabling environment that empowers innovators, entrepreneurs, and key facilitators.

FUNGUO's collaborative and multi-stakeholder approach ensures a holistic and impactful intervention, aiming to make a lasting contribution to Tanzania's innovation ecosystem and sustainable development landscape. The Programme is therefore meant to be a vehicle open to any partner interested in investing in catalysing the Tanzanian ecosystem in various ways.

## PROJECT DETAILS

The ultimate aim of the FUNGUO Innovation Programme is to increase the number of successfully scaled innovation impact ventures to contribute to the national development goals and the SDGs in Tanzania. This is being achieved through the programme's contribution in addressing the stumbling blocks and gaps in the innovation ecosystem that hinder innovative impact ventures from scaling, while promoting an environment that promotes innovation for development and empowers innovators, entrepreneurs, and enablers. The FUNGUO Programme operate under three key pillars mainly:



### Innovation Financing

- FUNGUO seeks to fill the market gaps and is especially interested in supporting impact-driven startups that may otherwise struggle to find appropriate forms of funding.
- The Programme aims at making targeted, smart catalytic investments, complemented with targeted technical assistance, which will contribute to de-risking beneficiary ventures and enable them to attract more funding from external sources.
- The Programme therefore looks for startups that have a clear rationale for why FUNGUO is needed, and how catalytic funding can help them unlock their potential to attract additional financing and contribute to the long-term vision of success.



### Innovation Service Delivery

- FUNGUO seeks to contribute to strengthening the capacity of Enterprise Support Organizations - ESOs (hubs, incubators, accelerators, professional business development services providers and others) to be the source of more investor-ready startups and support them through their growth journey and make them attractive to impact and/or commercial investors



### Innovation Enabling Environment

- Under this pillar, FUNGUO works with and supports policy makers and other innovation stakeholders to promote innovation and technology for development through conducive, progressive, and friendly policies and regulations, strategic dialogues, and engagement platforms across the innovation ecosystem.



## **THEORY OF IMPACT**

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At the core of FUNGUO's theory of impact lies the belief that by supporting and scaling startups and innovative MSMEs, the program can spur job creation, especially for women and youth. This, in turn, leads to increased income generation, fostering quality livelihoods, and contributing to sustainable and inclusive development.

## **EXPECTED RESULTS**

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- An innovation facility that outlives the Programme implementation period (FUNGUO Innovation Facility).
- At least 60 impact-driven startups and business ventures supported with flexible financing and technical assistance.
- At least 30% of supported ventures to have unlocked third-party financing.
- A vibrant ecosystem of capacitated enterprise support organizations.
- A more conducive policy and regulatory innovation and business environment.

## **KEY ACHIEVEMENTS AND ONGOING INITIATIVES**

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- Since its inception, FUNGUO has reached close to 1,800 startups and MSMEs, invested over TZS 3.8 billion in catalytic grants in 43 competitively selected impact-driven ventures from its two funding rounds, with 39% of the portfolio in agribusiness value chain and 32.5% of the portfolio being women-owned businesses (over 50% ownership).
- Thanks to the support and linkages with potential funders, 50% of FUNGUO Investees have already managed to raise additional funding from third parties.
- The support has contributed towards generating and/or sustaining over 4,000 direct and indirect jobs for Tanzanian young men and women.
- FUNGUO supported the drafting and publications of the first Crowdfunding Guidelines by the Capital Markets and Securities Authority (CMSA) to enhance capital raising options by early-stage businesses.
- Through COSTECH, the programme has been engaged in the preparation of the National Innovation Framework and the review of the Draft STI Policy.
- FUNGUO is actively engaged in catalysing the Zanzibar Startup ecosystem by supporting the Zanzibar Startup Ecosystem Scoping Study by ZRCP and supporting the Zanzibar Startup Association in pushing for a startup-friendly business environment through policy interventions.
- Part of the FUNGUO mandate to contribute to the vibrancy of the innovation ecosystem is to enhance innovation promotion and this is done through supporting and co-curating key strategic engagement and innovation showcasing platforms. Key platforms that the programme is engaged and or take lead in include the Innovation Week Tanzania (IWTz), the Tanzanian Annual ICT Conference (TAIC), the Science, Technology and Innovation Conference & Exhibition (STICE), among others.
- The Programme is engaged in enabling university-driven entrepreneurship by strengthening commercialisation models, implementation and outputs for universities, research institutions and college faculties active in research.
- The FUNGUO Programme is coordinating a tripartite partnership (UK-India-East Africa) dubbed Research, Innovation and Entrepreneurship Partnership (RIEP) aimed at enabling cross-border collaboration, learning and knowledge/tech exchange among academic institutions, incubators and startups/entrepreneurs in India, East Africa and the UK through joint, collaborative projects and access to resources.



## For More Information:

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