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Tanzania Early- to Growth-stage SME Market Overview

Market landscape & capital access assessment

June 2026

Tanzania’s SME and startup ecosystem is expanding, but remains concentrated at the early stage

Growing potential pipeline...

~23%

increase in registered startups (2024–2025)

...but limited progression to the growth stage

~75%

of start ups are early stage

Growing deal volume...

6x

increase in of annual deals (2020–2024)

...but mostly grants

~60%

of deals were grants (2020–2025)

Sources: TSA Ecosystem Status Reports, FUNGUO Landscape Study for Entrepreneur Support In TZ, Africa The Big Deal Database

Structural drivers across policy, employment, and ecosystem support are reinforcing the momentum

Policy momentum

- Draft National Startup Policy
- Draft Digital Economy and SME strategies

Expanding founder talent pipeline

- Founders aged 24–34 are making up a growing share of the ecosystem
- University enrolments have doubled from 2018 to 204, expanding the educated talent pool

Broadening Ecosystem Support Organisation (ESO) base

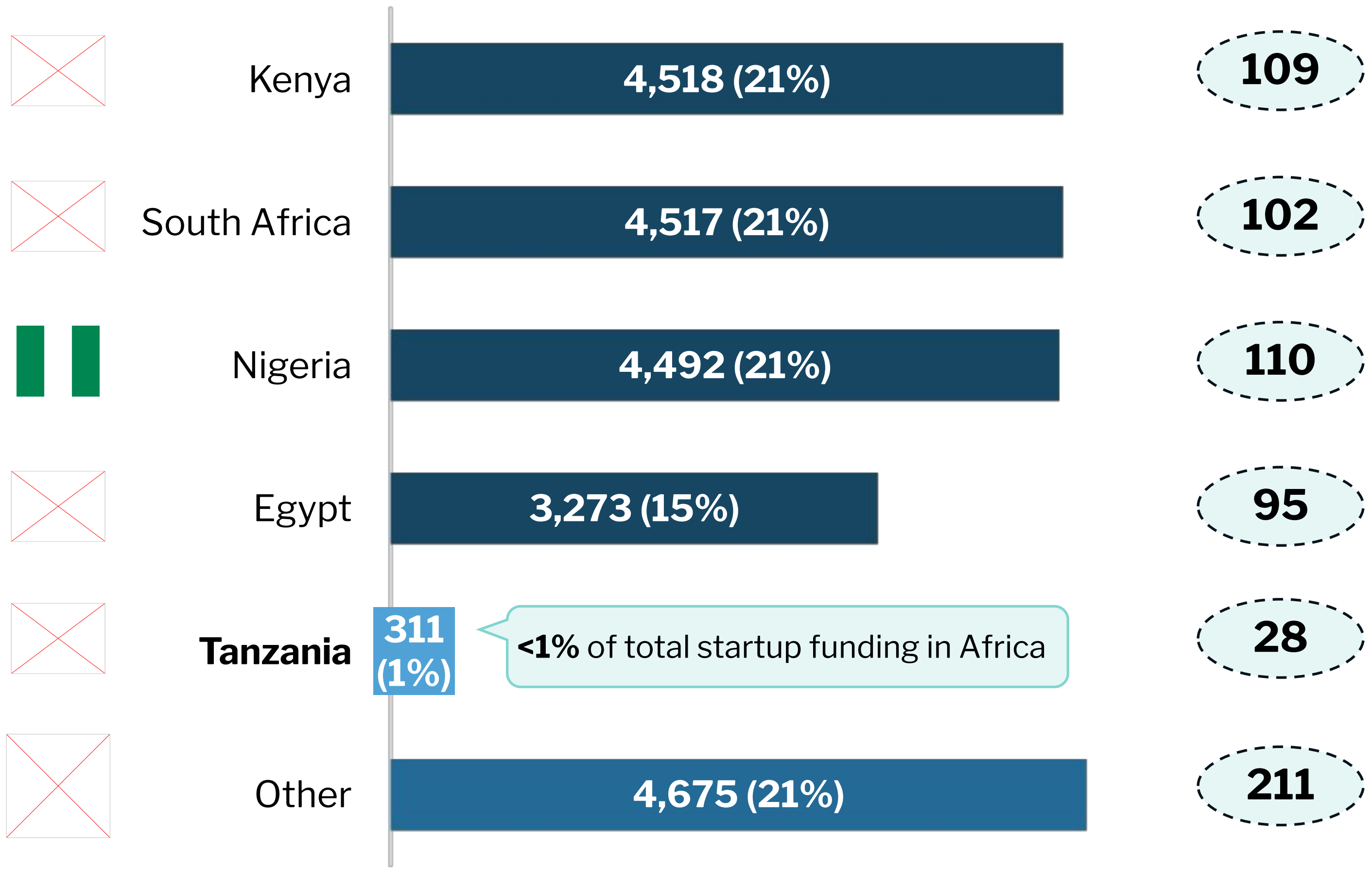
- Improving deal flow and investment readiness

Sources: , Stakeholders Push for Clearer Legal Framework in Draft Startup Policy, Impact Assessment Report 2024, Government kicks off consultations for TZ’s first startup policy, Tanzania’s blueprint for regulatory reforms, Vitalstats on University Education in TZ,

Tanzania accounts for <1% of African startup funding, reflecting a relatively underpenetrated early- to growth-stage SME financing market

Total startup capital raised in Africa
US$mn (2020-2025)

# of deals
2025

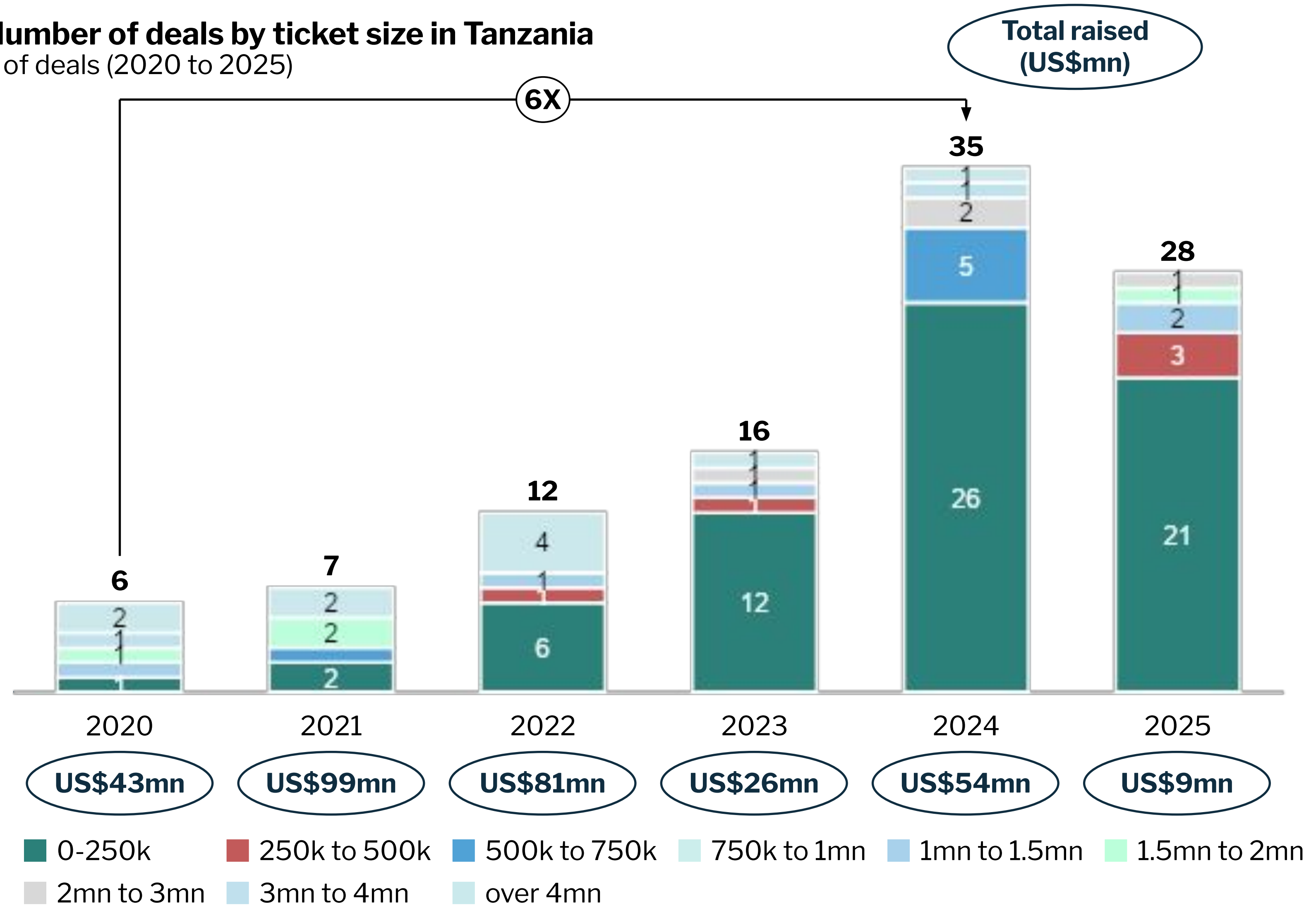


What Tanzania's funding profile may imply for investors

- **Limited funding leaves room for additional early-stage capital**
- **Lower deal density suggests less competition for quality opportunities**
- **Earlier entry may provide exposure before companies' scale and attract broader capital**

Tanzania's startup funding remains focused on small ticket sizes

Number of deals by ticket size in Tanzania
# of deals (2020 to 2025)



Where current deal flow falls short of scale-up needs

- **Inconsistent capital deployment** limiting predictable access to capital
- **Limited funding maturity** concentrated in small ticket sizes, with limited activity above US$ 2mn

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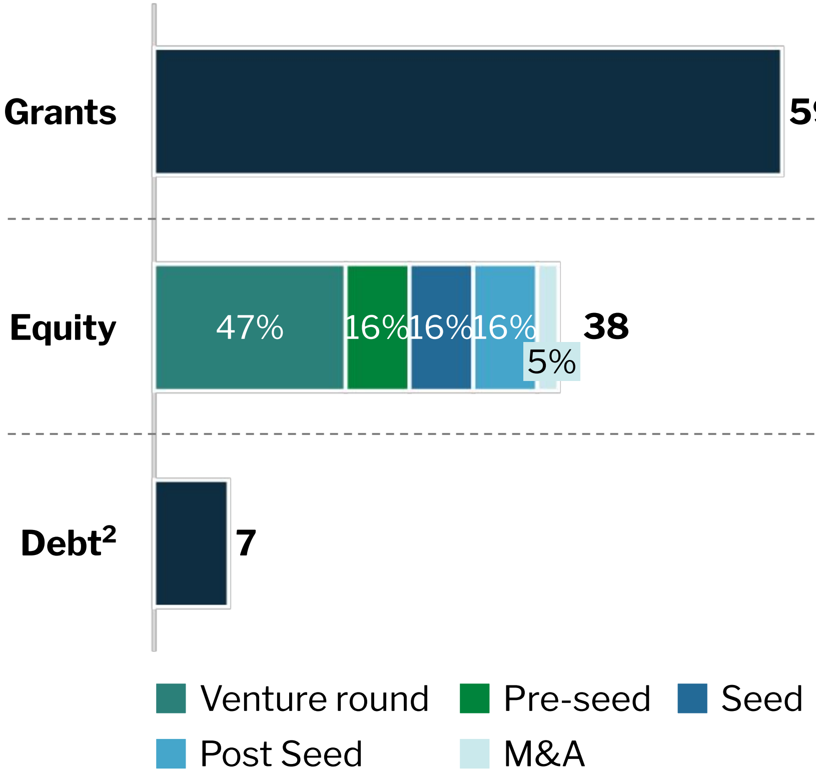
Notes: 1. Africa The Big Deal database captures deals over US$100k across Africa, primarily publicly announced deals, and does not include financing from banks
Sources: Africa The Big Deal Database, Crunchbase data, AVCA 2024 Report

Tanzania's funding ecosystem is grant-led in volume and equity-led in value with limited diversity in funding sources and deployment

Grants dominate deal volume; equity remains early-stage

Funding instruments used[1]
# of deals by instrument (2020 to 2025)



Amount invested
US$mn

Instrument	Amount invested
Grants	US$ 38mn
Equity	US$ 261mn
Debt	US$ 12mn

Deals are concentrated among a small number of providers & sectors

Non-exhaustive

Grants
- Concentrated among a few DFI-linked providers
- Mainly in the agriculture and food sectors

Equity
- Focused on early-stage businesses
- Limited Series A+ activity

Debt
- Limited activity, primarily DFI-led
- Mainly in the agriculture and food sectors

Funding mix reflects an early-stage ecosystem reliant on concessional capital, with no private mechanism bridging seed to growth

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Notes: 1. Africa The Big Deal database captures startup deals over US$100k across Africa, primarily publicly announced deals, and does not include financing from banks. 2. Bank-provided debt is not included. **Sources:** Crunchbase data, Big Deal Database, Stakeholder Interviews

Tanzania's early- to growth-stage SME ecosystem is growing, but capital, regulation, and ecosystem development must advance together to unlock scale

	CONSTRAINT	IMPLICATION	ACTIONS
CAPITAL	Deal volume up 6x, but most tickets still <US$250k	US$250k+ scale-up gap remains underserved	**Use blended finance to absorb early-stage risk and crowd in private capital**
ECOSYSTEM	Growing SME pipeline, but limited scale readiness	Limited growth-capital pathways after ESO support	**Combine capital, investment readiness, and ESO support beyond early stage**
REGULATION	Positive reform momentum, but investment friction remains	Smaller deals constrained by unclear regulations	**Clarify startup investment rules, fund structures, and tax treatment**

Sources: TSA Ecosystem Status Reports, FUNGUO Landscape Study for Entrepreneur Support In TZ, Stakeholders Push for Clearer Legal Framework in Draft Startup Policy, Impact Assessment Report 2024, Government kicks off consultations for TZ's first startup policy, Tanzania's blueprint for regulatory reforms, Africa The Big Deal Database

Next steps | Market feedback is needed to validate whether blended finance can address the early- to growth-stage financing gap

Next steps

Complete the polls to contribute

Share your views on the financing gap, priority sectors, pipeline readiness, and role of blended finance

Fill in the survey to remain in the know

Provide your contact details and we will keep you updated on progress and next steps as the research advances

Help refine the findings

Your input will help shape the priorities, assumptions, and areas requiring further validation

Continue the conversation through the survey

Thank You!

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