Reimagining the Future of Enterprise Support Organizations in East Africa

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This report is intended for stakeholders deeply engaged in the East African entrepreneurship ecosystem. Rather than simply restating well-known challenges, it aims to advance the ongoing dialogue by (1) highlighting the interconnectedness of these challenges and (2) documenting 25 proposed or implemented solutions at both the organizational and system levels.

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Purpose and Goals of this Report

Purpose

Enterprise support organizations (ESOs) play a vital role in entrepreneurial ecosystems by offering a range of services to companies, including technical assistance for product and service development, funding, mentoring, investor readiness training, leadership and governance support, and access to investor and peer networks. ESOs are essential because they help idea-stage, start-ups, and early-stage companies mature into small- and medium-sized enterprises (SMEs), which are key drivers of inclusive economic growth in low- and middle-income countries. In East Africa, entrepreneurship serves as a key engine for job creation in response to the continent's youth bulge, while also fostering opportunities for innovative businesses to emerge and for investors to explore new possibilities. Startups in East Africa also provide market-based services to address infrastructure and basic services gaps, such as services for online payments, to help informal businesses integrate into supply chains, and for farmers to lease machinery.

This report consolidates knowledge and practices from East African entrepreneurship ecosystem stakeholders, building on previous work by initiatives such as the **Global Accelerator Learning Initiative** by The Aspen Network of Development Entrepreneurs (ANDE), the **SCALE framework** by the Argidius Foundation, and the **Lemelson Foundation's** decades-long systems work.

WDI's solutions-oriented approach aims to provide guidance for a future where ESOs are better equipped to serve entrepreneurs, make effective use of limited donor resources, and help develop a strong pipeline of companies for investment and scale. Through this report, WDI also aims to accelerate the testing and replication of solutions that make the ecosystem viable, catalyze investments in the East African entrepreneurship ecosystem, and foster greater collaboration and incentive alignment among stakeholders.

Challenges faced by the ecosystem

WDI has compiled the diverse and complex range of interconnected and compounded challenges facing the East African entrepreneurship ecosystem based on insights from over 40 stakeholder conversations.

ESOs' primary challenge is their overreliance on donors for often short-term, prescriptive grants, reducing their programmatic autonomy and ability to learn, the ability and resources to improve programs in real-time and pursue long-term, strategic objectives of growth in the ecosystem. Additionally, there is a proliferation of ESOs offering the generic services, attached with a small amount of capital (typically grants) for companies, leading to fragmentation of resources, entrepreneurs "jumping from one ESO to another," and more importantly, the inability to meet the needs of entrepreneurs' evolving business challenges. ESOs are also plagued by high-skilled talent recruitment and retention issues.

Entrepreneurs have limited time, but continue to attend programs to access funding. However this affects their ability to genuinely participate in the program and with their peer circles. Additionally, entrepreneurs find that networking and mentoring opportunities are often inadequate. Entrepreneurs show a willingness to pay for ESO services for specific purposes, such as deep technical support in areas like distribution and sales or assistance with recruiting highly skilled technical leads, provided these services come with guarantees of tangible outcomes. Some entrepreneurs (corroborated by other stakeholders and literature) discussed the challenges of investor bias for certain kinds of (co-)founders over others based on race, education, and/or place of origin.

Donors to ESOs: A critical issue lies in the misaligned incentives and expectations between donors and key stakeholders. Furthermore, there is limited room for discussion and learning between donors and ESOs.

Investors: Investors do not trust the pipeline channel secured through ESOs; they are frustrated by the inconsistent quality of companies graduating from ESO programs and perceive many of them as inadequately prepared for investment or scaling.

Solutions to address these challenges

WDI's key contribution is the documentation of a range of solutions identified through interviews with key stakeholders and a review of recent reports. These solutions reflect diverse perspectives and often require collaboration and trust-building among stakeholders. Solutions require action at two levels:

- **Organizational (operational) level:** Optimizing internal processes and practices within individual organizations.
- **Systems level:** Implementing ecosystem-wide changes, such as collaboration, resource consolidation, and market building strategies.

WDI maintains independence in this research phase, neither prioritizing nor endorsing any single solution. Instead, we along with the interviewees applied an analytical lens, highlighting the strengths and weaknesses of each solution. Solutions are organized into four goals:

Visit this Solutions Google Sheet to explore comprehensive details on each solution, including its strengths and potential weaknesses.

1

Improve ESO financial sustainability

Funding models to reduce ESOs' overreliance on grants, including earned income, cost reduction, and alternative financing mechanisms.

2

Improve ESO program design

Development of technical programs tailored to sector or company stage, as well as those that build markets and expand program features.

3

Strengthen ESO leadership, governance, and impact measurement

Strengthening ESOs' internal capacities—including impact management, accountability, talent recruitment, and retention.

4

Strengthen the entrepreneurship ecosystem

Solutions that foster dialogue, collaboration, knowledge sharing, and resource pooling among ESOs, donors, and investors.

PART 1

Project Context

In this section, WDI introduces Entrepreneurial Support Organizations (ESOs), outlines the research questions, and describes the methodology used for data collection and analysis.

Introduction to ESOs

ESOs deliver programs and services to companies at all stages of growth, including idea, early, and growth stages.

- Provide structured technical support in key areas, including product-market fit, business model validation, user-centered product design and refinement, market research and access (market linkages), and financial systems
- Offer mentorship and peer-to-peer learning
- Deliver investor readiness training and services, including developing pitch decks and pitching, setting up data rooms, and advice on cap tables
- Offer investor and peer networking opportunities investors
- Support entrepreneurs with leadership and resilience training
- Provide legal consultations and potentially access to government offices
- In some cases: Offer co-working space and/or subsidize other software products such as cloud technology, etc.

The prominent types of ESOs are:

- Incubators
- Accelerators
- Investment readiness programs offered by ecosystem intermediaries
- Venture studios

In this report, WDI focuses on incubators and accelerators in East Africa but interviewees did discuss solutions that are better placed for venture studios. There are some key differences between incubators and accelerators:

Incubators typically support founders at the earliest stages—often those with only a prototype or just beginning to set up operations. These companies may or may not be generating revenue, and founders generally have more autonomy within incubator programs. Incubators often include co-working space.

Accelerators usually work with more established companies that have larger teams, higher revenue, and a longer track record. Accelerator programs tend to be more structured (set program over a fixed period of time) and prescriptive, guiding participating companies through a defined process. They often include seed funding.

Determining the current number of accelerators and incubators in East Africa is challenging due to the region's dynamic startup ecosystem—new organizations frequently launch, while others close or shift their focus. According to the investment platform **Tracxn**, as of July 29, 2025, East Africa is home to 109 accelerators and incubators. Back in October 2021, Briter Bridges and AfriLabs **reported** over 1,000 ESOs across Africa, with 90 located in Kenya alone. However, of these ESOs, 53% were primarily co-working or community spaces, while 45% offered formal programs (no clarification on the remaining 2%). Today, East Africa's ESOs play a vital role in addressing the region's most pressing challenges, such as food security, healthcare access, and climate change. For example:

- **Villgro Africa** focuses on healthcare ventures
- **Kenya Climate Innovation Center** and the **UNDP Timbuktoo GreenTech Hub Accelerator Programme** support climate and clean energy solutions
- **Kigali Agribusiness Incubation Center** and **O-Farms** (in Uganda and Kenya, implemented by Bopinc) target the agricultural value chain

Network organizations such as **ANDE**, **AfriLabs**, and **Pollinate Impact** also play distinct yet complementary roles in the entrepreneurial ecosystem. These organizations act as conveners bringing together stakeholders to share knowledge and best practices. They often conduct research, and play a role in advocacy for favorable policies for businesses. These organizations may also support their members with capacity-building programs, strategic partnerships, and funding opportunities and facilitates cross-border, cross-sector learning.

Research Questions

Through participatory research (a survey conducted prior to the Sankalp Africa 2025 session), a detailed literature review, and feedback from our collaborators, WDI crafted three core research questions. These questions served as the guiding pillars during our interviews.

How can ESO programming be improved to meet the goals of entrepreneurs?

This question probes into the efficacy, efficiency, and relevance of current ESO offerings, seeking to understand how programs can be better aligned with the diverse and evolving needs of entrepreneurs. It explores the importance of tailor-made support, focusing on areas such as mentorship quality, curriculum design, and access to essential resources, to ensure that programming genuinely empowers and accelerates idea-stage, startups, and early-stage companies.

This report uses the same definitions of business stages as proposed by GALI (**Landscape Study of Accelerators and Incubators in East Africa**):

- Idea-stage: Entrepreneurs have little more than an unproven idea, so the focus is on testing the idea and identifying a product-market fit
- Startup: Company is in the process of being set up
- Early-stage: May have initial market traction but require further funding and will likely not yet be generating profits
- Growth-stage: Demonstrate viability, growth, and potential profitability

How can ESOs be financially sustainable?

This question explores innovative strategies and business models that can ensure ESO financial viability. It delves into topics such as diversified funding sources, strategic partnerships, earned revenue models, operational efficiencies, and cost reductions, aiming to move ESOs beyond grant overreliance toward self-sustaining operations.

"Financial sustainability for an ESO is its capacity to cover its recurring and rationalized operating costs through predictable revenue streams, without relying on restricted short-term grants." (**Catalyzing Change: A systemic review of ESO systems**)

How can the ecosystem reframe success for ESOs?

This question calls for a redefinition of 'success' for ESOs, urging a shift beyond traditional company-level metrics like jobs created, revenue generated, and capital raised. It encourages a broader perspective that considers long-term impacts on local economies, indirect job creation, social equity, and the overall health of the entrepreneurial ecosystem such as partnerships among key stakeholders. This approach advocates for incorporating qualitative methods, such as narrative storytelling, in addition to quantitative surveys.

"The entrepreneurial ecosystem comprises a set of interdependent actors and factors that are governed in such a way that they enable productive entrepreneurship." (**Entrepreneurial Ecosystem Elements**)

Methodology: Activities and Stakeholders

Laying the groundwork

FEBRUARY 2025

WDI conducted a literature review and held discussions with Villgro Africa to identify key knowledge gaps. We developed a survey and facilitated a discussion at the Sankalp Africa Summit 2025 in Nairobi, engaging 11 ESOs, one donor, and two intermediaries. These activities helped us refine our core research questions.

In-depth interviews and data collection

MARCH - AUGUST 2025

WDI conducted 35 confidential interviews with organizations representing five key stakeholder groups, discussing both the challenges and solutions present within the entrepreneurial ecosystem.

Solution documentation and further literature review

JUNE-AUGUST 2025

WDI documented the identified solutions, detailing their strengths and weaknesses. We also reviewed the latest reports to capture solutions.

Analysis and writing

JUNE - OCTOBER 2025

WDI analyzed the collected data and insights to develop and share the interconnected challenges presented in this report, along with a solutions table. We gathered and incorporated feedback from leading organizations that have conducted foundational work in this ecosystem. Looking ahead, we will launch Phase 2 of this project in November 2025. We welcome your ideas, comments, and feedback at WDI-Impact@umich.edu.

Understanding stakeholders: WDI's objective in conducting these interviews was to uncover underlying issues that hinder impact, learning, and progress within the entrepreneurial ecosystem. By engaging a diverse set of actors, we sought to better understand the interdependencies among key stakeholder groups and to identify common pain points, disconnects, and inefficiencies, and learn how one challenge can compound another. We also examined systems-level issues, such as the transfer of resources (including data and funding) and barriers to communication and trust-building. Throughout this process, WDI documented solutions proposed or tested by various stakeholders, capturing the strengths and challenges of each from multiple perspectives. We aimed to achieve data saturation and triangulation and conduct at least six interviews per homogeneous group, in accordance with qualitative research **best practices**.

ESOs (13 interviews & 11 attendees at Sankalp)

WDI examined the challenges ESOs face internally, including operational hurdles, funding limitations, and constraints related to human and technical capacity. We also discussed solutions, and their strengths and weaknesses.

Investors (5 interviews)

We examined the crucial role of investors, highlighting their unique perspectives on pipeline quality and their collaborations with ESOs. We also discussed relevant solutions, and their strengths and weaknesses.

Entrepreneurs (7 interviews)

We explored the experiences of healthcare entrepreneurs with ESO programming and the barriers they face in accessing critical resources.

Donors to ESOs (henceforth called donors; 6 interviews and 1 attendee at Sankalp)

We explored the motivations behind donor strategies and discussed emerging trends shaping their future approaches. We also discussed relevant solutions, and their strengths and weaknesses.

Intermediaries (4 interviews and 2 attendees at Sankalp)

We explored the experiences of consulting groups, business advisories, and network organizations within the ecosystem. Intermediaries in this context also include business support organizations, independent consultants, and research institutes such as WDI.

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PART 2

Key Challenges

In this section, WDI examines the interconnected challenges faced by key stakeholders in the entrepreneurship ecosystem — ESOs, entrepreneurs, donors, and investors — and explores how these challenges both stem from and contribute to systemic issues. The challenges outlined in this part are based on data collected from interviews and a light but targeted literature review.

Overview of Interconnected Challenges Faced by ESOs

Monetization barriers leading to grant overreliance and program limitations

Cash-strapped entrepreneurs are unwilling to pay for programs that do not meet their needs, forcing ESOs' overreliance on donors' restricted and short-term grants. Consequently, ESOs implement redundant or generic programs that prioritize scale (measured by the number of companies graduating) to satisfy donor requirements, instead of tailoring their offerings to the real-time challenges faced by entrepreneurs. This approach prevents ESOs from differentiating themselves and perpetuates a cycle of limited revenue generation and overreliance on grants. Additionally, short funding cycles force ESOs to continually seek new funding, preventing them from securing long-term financial stability and diverting their attention from programming.

Limited experimentation, learning, and impact measurement by ESOs further compounded by legacy definitions of success

ESOs' limited resources for testing, learning, and implementing diverse impact measurement methods restrict innovation in this area. Many donors and ESOs continue to define success by graduating companies' revenue growth, job creation, and capital raised. However, attendees at the Sankalp Africa 2025 session expressed concerns that focusing on investment as the primary metric is problematic, given the high failure rates among startups. They also highlighted the difficulty of attributing financial outcomes directly to ESO interventions, as this requires complex statistical analysis and comparison groups. Attendees suggested alternative success measures, such as quality mentorship, strong network connections, community engagement, founder satisfaction, long-term startup survival, and contributions to ecosystem maturity. However, ESOs often lack the technical, financial, and donor support needed to collect and analyze this broader data. Storytelling was also identified as an underutilized tool for both measurement and communicating value to donors and entrepreneurs.

Inability to attract and retain skilled and experienced talent due to limited resources

ESOs often do not have the technical and leadership staff and teams in place to design and implement high-quality programs that are valued by both early-stage and/or growth-stage companies and that can convince donors of ESO prowess. Many ESO staff, particularly junior members, lack substantial hands-on entrepreneurial experience and cannot help companies with their complex market entry, product-market fit, and fundraising challenges. High turnover of staff leads to a loss of institutional memory and disrupts knowledge transfer processes.

Limited and ineffective mentorship

Many ESOs lack the resources to design effective mentorship programs. Some bring mentors into their programs without providing clear direction or guidance on how to best support entrepreneurs. Mentorship is often limited to brief interactions over three to six months, which can result in short, ineffective calls. Additionally, ESOs can mismatch mentors with entrepreneurs, misaligning geographic, sectoral, or technical expertise, which limits the relevance and impact of the guidance provided. Even when mentors possess relevant knowledge, they may lack the skills necessary to be truly effective. However, as noted by some interviewees, short-term mentorship of even three months can be highly effective if the mentor has both the necessary knowledge and strong mentoring skills.

Limited and ineffective investment readiness training

ESOs often struggle to define "investment readiness," as each investor has different criteria. To cater to multiple investors, ESOs typically focus their investment readiness training on helping early-stage entrepreneurs create visually appealing pitch decks and improve presentations. However, these trainings seldom address the deeper technical and communication skills needed to effectively position business models and financials to investors. Additionally, there is skepticism around the term "impact investing." Some interviewees noted that, in practice, most investors prioritize financial returns and risk, with impact considerations often secondary and superficial. This lack of clarity makes it difficult for ESOs to tailor their programming effectively.

Limited investor introductions and networking opportunities

Some ESOs struggle to maintain deep, long-term connections with investors, often because investors lack the time or resources for sustained engagement. High staff turnover within ESOs can also disrupt relationships, such as departing employees may take their investor connections with them. Additionally, shifting donor priorities can push ESOs into sectors where they have limited networks, further restricting investor access. Many ESOs rely on pitch competitions and demo days to connect entrepreneurs with investors, but these opportunities are not always accessible to all participants. This limited engagement frustrates entrepreneurs, who feel short-changed by the ESO that organized the investor event.

"The way these donor agencies, and I have a lot of respect for them, are structured, and the way they evaluate success is very much focused on outputs, and it's the number of companies here again and again. … But [how many] entrepreneurs actually went on to set up a business, to register it, to operate it, to generate revenues and to create jobs? We never get to that level."

Donor

Domino Effect: Vicious Cycles of Donor Overreliance Erode ESO Value

Company unwillingness to pay for low-value ESO programs

With the rapid influx of new ESOs, competition in the market is fierce, making it difficult for any single ESO to stand out. Many ESOs are founded by former entrepreneurs who are drawn to the availability of donor funding for such programs. However, when ESOs accept donor funds which are often limited and come with constraints, they tend to deliver redundant, generic, and uniform programs, even when they would prefer to offer more tailored support. As a result, these programs are often ineffective, creating a vicious cycle. ESOs struggle to develop or showcase their value proposition in three key areas critical to entrepreneurs and investors in the ecosystem: company revenues and costs, customer acquisition, and capital (fundraising). Consequently, cash-strapped entrepreneurs are unwilling to pay for ESO programs, which forces ESOs to seek additional funding from local and international donors, ultimately resulting in a cycle of overreliance on donor dollars.

Grant overreliance

ESO overreliance on grants is a central compounding factor. It forces ESOs into mere "implementers" of donor mandates rather than strategic leaders. Donors, particularly international ones with limited local context and understanding of what local ESOs need or entrepreneurs require, often impose restricted funding models such as short funding cycles and/or prioritize their metrics (like the number of companies supported) over the nuanced and evolving needs of entrepreneurs in East African markets. This pressure often compels ESOs to tailor their programs to meet donor requirements, particularly in terms of scale and sector of focus. Due to short funding cycles, ESOs are constantly responding to Request for Proposals and fundraising. These conditions then redirects attention and resources and further limits ESOs from applying their strengths (for example, expertise of the ESO founder and leadership staff) and further erodes their value proposition. Please note: Some level of donor funding will continue to be necessary to subsidize programs, as ESOs are unlikely to cover all costs through revenue alone—especially when offering sophisticated, fully integrated programs. This finding does not account for potential future cost reductions through the adoption of AI.

Fragmentation of resources and impact on learning

Given the heavily fragmented funding landscape and the primary use of Request for Proposals, ESOs are forced to compete against one another even when collaboration can yield many more benefits. These benefits can be improved programmatic results, higher collective power, improved ecosystem features, more effective use of limited funds, and the ability to raise more funds by showcasing partnerships and the maturity of the ecosystem. Given the limited resources for experimentation, ESOs cannot test new business models or have open conversations with their donors on failures, lessons, and redefining impact. This lack of transparency further stifles innovation, holding back ESOs from adapting to the evolving needs of the entrepreneurship ecosystem.

Talent constraints

Limited resources also impact talent acquisition and retention: ESOs struggle to secure adequate and flexible funding or earn revenues, which directly limits their ability to hire, train, and retain quality talent. With low salaries and lack of strong benefits, staff tend to leave in about two years, with the higher-skilled staff heading to investment funds. All of this, in turn, affects the depth and quality of support they can provide to entrepreneurs, hindering the overall effectiveness and impact of their programs. Furthermore, the lack of experienced and committed staff can erode the credibility of ESOs in the eyes of entrepreneurs and other stakeholders, making it even harder to demonstrate value, attract paying entrepreneurs, or secure sustainable funding from donors. Interestingly as heard in one interview, there is also a lack of awareness of career opportunities offered by ESOs in the broader business sector, both for young emerging talent and for experienced professionals who are motivated more by impact than by financial gain. Stakeholders have been unable to build aspiration around behind-the-scenes career paths within this ecosystem.

> **"Many ESOs want to do bespoke programming, but it's too expensive. The default they always fall back on is that group-based generic training [that] is just cheaper to deliver. It's not that they don't want to do more, it's that they often don't have the latitude or resources to do more, within the constraints of the funded program.**
>
> **[And then on talent, while resources for hiring is] only half of the equation, [the other half is]...the reputation of the industry isn't 'sexy' enough to attract young new talent or sophisticated talent who may want to create more impact than money."**
>
> **Network Organization**

Summary: What is the vicious cycle that ESOs face in this ecosystem?

Company unwillingness to pay for low-value programs

ESOs often struggle to demonstrate their value, leading cash-strapped entrepreneurs to be unwilling to pay for services. This, in turn, forces ESOs to rely heavily on donor funding which further limits their ability to develop bespoke programs.

Grant overreliance

Overreliance on donor funding turns ESOs into implementers of donor mandates, limiting their ability to innovate and adapt to the specific, evolving needs of local entrepreneurs.

Talent constraints

Resource shortages result in low salaries and limited benefits, making it difficult for ESOs to attract and retain quality talent. This lack of experienced staff undermines program effectiveness and organizational credibility, further diminishing the perceived value of ESOs. Interestingly, stakeholders have also been unable to build aspiration around behind-the-scenes career paths within this ecosystem.

Resource fragmentation

The competitive funding environment discourages collaboration among ESOs, preventing resource sharing, collective impact measurement, and experimentation with new business models.

This cycle reinforces itself, trapping ESOs in a state of limited impact and ongoing financial insecurity.

Domino Effect: Poor Program Designs Erode ESO Value

Fundamental issues in the design and implementation of ESO programs often hinder their effectiveness and diminish their value proposition for entrepreneurs. As described earlier, these challenges originate from ESOs' inability to persuade cash-strapped companies to pay for their programs, leading to an overreliance on limited and restricted donor funding. This is further compounded by limited resources for continuous improvement and learning. Without robust mechanisms to assess program effectiveness against real entrepreneurial needs and long-term impact, ESOs struggle to adapt and refine their offerings. As a result, programs may fail to deliver the bespoke programming necessary to address the most pressing business, market, and capital-raising challenges companies face, ultimately undermining the East African entrepreneurship ecosystem's capacity for innovation and growth.

Generic, cohort-based programs create training fatigue among entrepreneurs

As discussed, ESOs frequently offer generic, repetitive programs that lead to training fatigue among entrepreneurs—despite a preference for tailored support. This approach often results in founders repeatedly encountering the same foundational content, rather than receiving specialized guidance suited to their stage of growth or unique business needs. Constrained by limited funding, talent shortages, and donor expectations, ESOs tend to scale up cohort sizes without adapting curricula to address key sector, market, customer, investment, or partnership and relationship-management challenges.

These programs typically overemphasize business models and pitch deck preparation at the expense of substantive, hands-on support for core business needs. While pitch decks are important for fundraising, this focus often neglects essential areas such as product-market fit, operational efficiency, leadership and governance, regulatory compliance, and team building. Consequently, entrepreneurs are left ill-equipped for sustainable growth and genuine investment readiness, resulting in a disconnect between what they need and what ESOs provide.

Top-down approach, especially prevalent among international donors and ESOs

Some ESOs and donors, particularly international organizations, impose theories of change and curricula developed at their headquarters, which often lack localization. This results in generic programs that do not reflect the unique socio-economic, cultural, and regulatory contexts of East African markets. The absence of locally relevant examples, case studies, and mentors can make program content less relatable and actionable for entrepreneurs. This gap is often a result of top-down leadership approaches that prioritize their incentives and goals over local needs.

> **Don't overload founders… as much as we're in these programs, we are still running a business. Pitch competitions are overrated. How many entrepreneurs can be on stage, like 10, right? Also, [with] mentors: by the time the one hour is done, it was more of a catch up of what my business is [versus guidance from the mentor].”**
>
> **Entrepreneur**

Short-term nature of programs

Most ESO programs are considered too short—typically lasting only three to six months—to enable meaningful, long-term transformation for startups. True entrepreneurial growth requires sustained support, mentorship, and iterative learning. The limited duration of these programs often leads to insufficient follow-up, a lack of post-program support, and few opportunities for entrepreneurs to apply newly acquired knowledge with the ESO by their side in real-world scenarios.

Without ongoing support, entrepreneurs are left to tackle complex challenges on their own, restricting both the sustainability and the long-term impact of these initiatives. However, some interviewees noted that three to six month programs can be effective when they are high-quality and highly targeted. They also emphasized that entrepreneurs benefit most from support delivered at critical points in their journey, tailored to specific needs. Therefore, ESO engagements should be viewed as ongoing continuums of support rather than one-off interventions.

Weak network building

Many ESO programs struggle to meaningfully connect entrepreneurs with relevant investors, mentors, industry experts, and even peers. This challenge often stems from limited ecosystem networks or from donor grants pushing ESOs into sectors beyond their expertise. For instance, when ESOs shift focus from agriculture to health to the circular economy—or from early-stage to growth-stage—based on donor priorities, they lack the time and capacity to build strong relationships and networks in each area. While programs often promise networking opportunities, these connections are then frequently superficial, especially when mentors and investors are not a good fit, or peers are disengaged due to training fatigue. Such shallow connections rarely lead to funding or partnerships, resulting in wasted time for entrepreneurs who must also manage their businesses. One interviewee also shared how the limitations of physical infrastructure hinder effective network building. Many ESOs operate out of residential spaces (such as three- or four-bedroom houses) that lack adequate facilities for learning, working, and collaboration. This negatively impacts the quality of service delivery and networking opportunities. The inability to foster meaningful, long-term relationships further restricts entrepreneurs' access to crucial capital, market insights, and strategic guidance—key resources needed for scaling their ventures.

"One of the challenges is a sort of information asymmetry between the entrepreneur and what's available. And that's also not helped by the fact that ESOs often aren't very good at describing who they're supposed to be helping, and donors don't help them do that because, donors themselves don't give a premium to [ESOs] that really know [which kind of businesses they can and can't work with]."

Donor

Operational and External Challenges Faced by Entrepreneurs

Information asymmetry and the prevalence of one-size-fits-all, duplicative programs for entrepreneurs

ESOs often deliver cohort-based, one-size-fits-all programs that do not consider a company's stage of growth, sector, or business model, resulting in unmet entrepreneurial needs and training fatigue. As discussed earlier, this program design is frequently driven by the limited and restricted funding that ESOs receive from donors, creating tension between funding constraints and entrepreneurs' real needs. Many programs offer only surface-level technical knowledge, even when ESOs would prefer to provide more tailored support. Furthermore, startups often join multiple accelerator cohorts primarily to access small amount of funding as they are cash-strapped. In interviews, entrepreneurs highlighted specific priorities, such as recruitment and retention support, and deep technical support in business (market access and scale) and financial areas of the company. Additionally, the current ESO landscape is opaque and many entrepreneurs do not have the necessary information about available support.

Cash-strapped entrepreneurs unwilling to pay for generic ESO services

Idea-stage, startup, and early-stage companies often struggle to generate revenue, reduce costs, and access new customers and markets, leaving them with limited resources for learning and development. These challenges can stem from several factors including poor infrastructure or low customer awareness of product benefits, with the associated costs to address these challenges frequently absorbed by the company. Being cash-strapped, these entrepreneurs are unwilling to pay for ESO programs that do not clearly articulate or deliver value to help their companies scale. Interviewees noted that such companies are indeed willing to pay for services that address critical technical challenges—such as recruiting functional specialists or increasing sales—when ESOs can guarantee outcomes. Despite this demand, ESOs often struggle to communicate their value or provide these targeted services at accessible and affordable price points. Moreover, ESOs are typically unable to guarantee results, particularly in complex environments.

Depending on the type of entrepreneur and company, pitch competitions can offer both benefits and frustrations

Mature entrepreneurs shared that they find limited value in pitch competitions for several reasons, including investor bias, the same companies repeatedly winning, and being pitted against companies who are in different growth stages or sectors. They note that while pitch competitions can be helpful for first-time entrepreneurs to refine their pitch and build self-confidence, more experienced founders prefer one-on-one introductions and tailored guidance on investor engagement. Notably, a non-entrepreneur interviewee mentioned that this challenge was highlighted a decade ago and still persists.

Entrepreneurs find investment biases

Some interviewees (from different stakeholder groups and corroborated by literature) shared that companies with white and/or foreign-educated and/or expat founders or co-founders are more likely to secure funding. Most funding tends to go to same few "golden child" companies, leading to capital fragmentation. There is a gap between what ESO programs and investors publicly state they are looking for (e.g., just an idea, an impact-first company, etc.) and what they actually want (e.g., a team, revenue, traction, strong financials), leading to frustration among idea-stage, startups, and early-stage companies. Entrepreneurs express dissatisfaction with the lack of transparent feedback, particularly following program rejections.

Entrepreneurs do not receive high value from the mentorship

Entrepreneurs find that in some cases, their mentors lack relevant backgrounds, leading to advice that is not well-suited to their needs. They shared that in some cases, mentors may also be ill-prepared, short on time, or not fully aligned with the entrepreneur, resulting in calls where much of the time is spent on providing context rather than problem-solving. Entrepreneurs find that mentorship is often limited to 3–6 months, which may be insufficient for meaningful progress though some ESOs counter that by sharing the highest value comes in the first three months. Entrepreneurs share that mentor matching can fail due to biases, cultural differences, donor-driven sector shifts, or simply a lack of genuine connection. In such cases, power dynamics may prevent entrepreneurs from requesting a new mentor when the fit is not right.

Entrepreneurs want introductions to key actors in the ecosystem

Entrepreneurs seek both introductions to key stakeholders and soft-skills training on how to effectively engage with different actors, particularly investors. They also want introductions to business-to-business connections, senior talent, mentors, peer networks, etc. This is especially critical because early-stage companies face a significant funding gap between initial seed investments and larger Series A rounds, often referred to as the "valley of death" (namely, "too big for microfinance, too risky for banks and too small for venture capital funds.") This challenge is compounded by a heavy dependence on foreign capital, leaving early-stage entrepreneurs vulnerable when international investors withdraw during global economic downturns.

> **"Ventures that have white person co-founders are more likely to get funding. I want to stay true to my mission and I was even asked to bring on a white co-founder but I don't want a person who is not in sync or doesn't know this reality."**
> **Entrepreneur**

> **"Building a company is hard enough anywhere in the world. It's even harder on the [African] continent, and it's even harder in Kenya because of the white bias."**
> **Investor**

> "[Yes] we are impact investing, but still, we want to make sure that you're successful in the business. … First, we look at the team and then the sustainability of the business [and] how stable it is. But if you don't know how to acquire a customer and have a proper sales strategy, and your math is not mathing, as people say, then that means there's no sustainability in that."
>
> Investor

Investor Experiences in this Ecosystem

Frustration with the pipeline due to lack of investment readiness

Investors consistently report that their main challenge is the insufficient number of truly investment-ready companies, with a greater emphasis on quality over quantity in the pipeline. They find that companies graduating from ESO programs often lack preparedness for detailed discussions on financial management and key technical areas such as product-market fit and customer acquisition. Many companies also cannot provide the data needed to demonstrate a clear path to scaling. Furthermore, the definition of "investment readiness" varies among investors due to differences in minimum ticket sizes and investment theses, and is further complicated by the fact that investor decisions are also influenced by trust.

Cultural nuances and biases affect investor decision-making

Significant cultural differences in pitching styles exist across African markets. Investors, especially those from outside the continent or different regions, may struggle to interpret these nuances. Additionally, some interviewees (from different stakeholder groups and corroborated by literature) shared that investors often display unconscious or conscious biases, favoring white, foreign-educated, and/or expat founders or co-founders.

Local East African investors seek risk-averse investments

Local investors often favor conventional, low-risk sectors like real estate over investing in local entrepreneurs with idea-stage, startups, or early-stage companies, which are perceived as higher risk. Many remain unconvinced of the potential returns in East Africa's entrepreneurship ecosystem, limiting a vital source of investment. Additionally, there is a frequent mismatch between the type and amount of capital provided and what entrepreneurs need for real-time business activities such as R&D, infrastructure, and market expansion. More so, companies need different capital at different stages of growth. All of these complex elements and features can push away local investors.

Donor Experiences in this Ecosystem

> **"One of the gaps that we have identified is that an enterprise says [it is] ready for investment, [but] due diligence finds differently. We've been talking to few investors where the pipeline has been a big challenge for them."**
>
> **Donor**

Misaligned goals with other key stakeholders

There is a persistent misalignment between ESOs, investors, and donors due to differing and often conflicting interests. There is a mismatch between available funding and what ESOs actually need for sustainability. Donors frequently prioritize output metrics because their stakeholders want tangible, easily measurable results—such as the number of companies supported and the number of jobs created. International donors, who are key funders in this ecosystem, often lack local teams or have local teams that are unable or unwilling to challenge headquarters directives. As a result, they lack the lived experience of local entrepreneurs and ESOs, and do not fully understand the local context or challenges.

Power dynamics between donors and grantees push ESOs to deliver redundant, generic programs focused on donor targets, even when they would prefer a more tailored approach. These programs often fail to meet entrepreneurs' needs, particularly in fundraising, leaving investors frustrated by the lack of investment-ready graduates. Some donors further complicate the landscape by issuing competitive Requests for Proposals that pit ESOs against one another, instead of co-developing programs with trusted partners. Short funding cycles exacerbate these issues, forcing ESOs into a continuous loop of proposal writing and business development, which diverts resources from effective program design, refinement, and learning.

Donors new to the ecosystem also face the gap between expectations and reality: many startups do fail, and ESOs can risk fostering unsustainable or unrealistic expectations which can damage the relationship and trust in new partnerships.

Limited focus on learning and soul-searching

Some donors are slow to recognize their own role in the challenges facing the entrepreneurship ecosystem and are also slow to implement learning agendas or engage in internal reflection on how they can contribute to strengthening the ecosystem. Power dynamics, with donors controlling resources, often make ESOs nervous to share their lived experiences, further hindering opportunities for genuine learning among donors. Additionally, donors continue to use traditional and narrow metrics to assess ESOs, which constrains experimentation and learning within these organizations.

Practices limiting systems thinking

Many donors continue to require the use of attribution methodologies to measure outcomes of ESO programs, often placing the burden of implementation, such as data collection, on resource-constrained ESOs. However, within the complex environment of East Africa, accurately measuring attribution is both methodologically and practically challenging. For example, entrepreneurs frequently participate in multiple ESO programs, making it nearly impossible to establish true treatment and comparison groups and raising issues of double counting across programs. Companies who are not selected for the programs (and placed in the comparison group) have no incentives to participate in any study of outcomes (namely, complete time-intensive surveys and share their data with ESOs). This emphasis on attribution can also divert focus away from achieving systems-level change, instead highlighting only the donor's direct impact in an environment where isolating true attribution is extremely difficult.

From the perspective of donors who practice systems thinking, there is a need for more ESO leadership to adopt this mindset and develop strong theories of change.

Stakeholder Challenges Both Create and Are Compounded by Systemic Issues

Lack of trust and co-creation among stakeholders

A significant trust deficit exists among investors, donors, and ESOs, which hinders effective dialogue, co-creation, and meaningful relationship-building across the ecosystem. Collaboration is also limited within stakeholder groups. While competition is important for driving innovation and market forces, achieving large-scale, system-wide change requires collaboration, especially in pre-competitive areas.

Superficial engagement among stakeholders

The ecosystem is hampered by superficial engagement, characterized by transactional interactions rather than deep, long-term partnerships and holistic support. Although conversations do occur among ESOs, investors, and donors, they are typically one-off and lack cadence to result in tangible outcomes. This limited dialogue is often the result of constrained resources, including time and insufficient buy-in from leadership.

Policy and regulatory gaps

A lack of common policy or standards governing ESO operations leads to inconsistent quality, duplicated efforts, and unclear stakeholder roles within the ecosystem. Improvements in company registration and licensing policies could also strengthen the ecosystem, as the ESOs supporting companies in this area may encounter significant time burdens and government bureaucracy, diverting their attention from core support services.

No central actor responsible for the ecosystem

There is a fundamental disconnect in the goals, criteria, and expectations of donors, investors, and ESOs, resulting in fragmented efforts and an inability to collectively adjust approaches. Moreover and in fact more importantly, the ecosystem lacks a central actor that takes responsibility to align these goals, facilitate ongoing multi-stakeholder dialogues, and drive the testing of innovative models.

"Silicon Valley" model inappropriateness

The prevalent Silicon Valley-centric incubation and acceleration model is often ill-suited to the diverse contexts of emerging markets, especially in East Africa, where funding structures and local realities significantly limit "Silicon Valley" style outcomes. Nevertheless, this is often the model that stakeholders set as the standard for success and attempt to replicate in this ecosystem. There is a persistent need for donors to engage with intermediaries such as local market specialists, industry experts, local academia, to learn about local ecosystems and with ESOs, investors and entrepreneurs to co-design programs for East Africa. Yet, this is often missing.

> **"Are we actually contributing to the problem, or are we actually helping solve the problem? Because, the systemic issues that drove the creation of [incubators and accelerators] still exist, and in some ways, have become more entrenched."**
>
> **Donor**

PART 3

Solutions

In this section, WDI documents the solutions that ESOs, investors, and donors are currently exploring, piloting, or implementing to address the challenges outlined in Part 2 of this report.

Solutions for the Entrepreneurship Ecosystem in East Africa

WDI documented 25 solutions identified through interviews with five stakeholder groups and a review of the latest reports. These solutions reflect diverse perspectives and often require collaboration (co-creation) and trust-building among stakeholders. These solutions, listed in the Google Sheet, are organized by three levels: (see Figure 1).

META CATEGORY

Solutions require action at two levels:

- Organizational (Operational) Level: Optimizing processes within individual organizations
- Systems Level: Engaging in collaboration, co-creation, resource consolidation, standardization, trust-building, and/or using systems-level tools among ecosystem actors

MACRO CATEGORY

Next, solutions are further organized by four goals that align with the research questions:

- Improve ESO financial sustainability
- Improve ESO program design
- Strengthen ESO leadership, governance and impact measurement
- Strengthen the entrepreneurship ecosystem through collaboration and trust-building

MICRO CATEGORY

And finally, solutions within each macro category, are further categorized by key elements:

- Sustainable business model and innovative finance
- Specialization, market building, and program augmentation
- Inter-collaboration, intra-collaboration, standard setting, and learning for resilience
- Internal capacity-building and reframing success

WDI remains independent and solution-agnostic in this research phase, neither prioritizing nor endorsing any single solution. We applied an analytical lens to lay out key strengths and weaknesses of each solution, drawing on insights from various stakeholder groups through the interviews.

Google Sheet Description

Each solution is described in detail, including the primary stakeholder(s) responsible for implementation, and a balanced analysis of its key strengths and weaknesses. The sheet also notes the number of interviewees who mentioned each solution during one-on-one interviews and the Sankalp session, with the recognition that individual interviewees could propose multiple solutions. Additionally, WDI provides examples of organizations piloting or implementing each solution, identified through both interviews and a light-touch literature review.

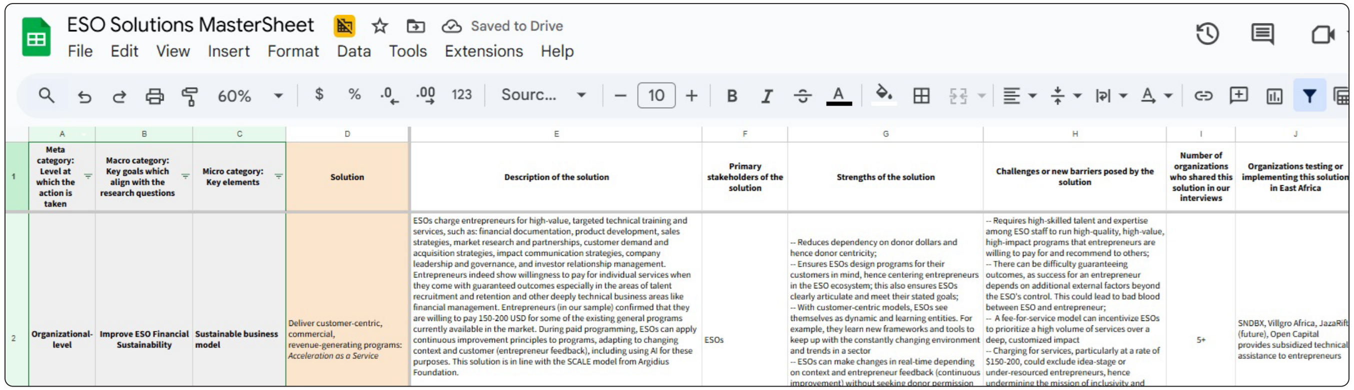


Figure 1: Meta, Macro and Micro Categorization of Solutions
Key takeaway: Interconnected challenges require solutions that target both the organizational- and systems-levels, and that incorporate diverse goals and elements. In this phase of research: WDI is solution-agnostic. We do not provide associated costs or a blueprint for designing solutions tailored to specific contexts. WDI recognizes that not all solutions are the sole responsibility of ESOs, even though they are at the center of the entrepreneurship ecosystem. Furthermore, organizations may need to implement multiple solutions simultaneously to maximize benefits.

Categorization of Solutions

ORGANIZATIONAL (OPERATIONAL) - LEVEL				SYSTEMS - LEVEL	
Improve ESO financial sustainability **Common elements:** These solutions are designed for ESOs to increase revenue, reduce costs, and test and implement innovative finance solutions with the goals of reduced donor overreliance, increased ESO autonomy, and redistribution of power among stakeholders	**Improve ESO program design** **Common elements:** These solutions are designed to increase program specialization, enabling ESOs to develop and articulate their unique value to enterprises and donors. They also focus on augmented, holistic, longer-term support with a focus on developing relationships among stakeholders, both within the ESO portfolio and in the entrepreneurship ecosystem, to build markets		**Strengthen ESO leadership, governance, and Impact measurement** **Common elements:** These solutions are designed to build internal ESO capacity. They also aim to increase the ESO's accountability and build learning practices	**Strengthen the entrepreneurship ecosystem** **Common elements:** These solutions are designed to enable multi-stakeholder collaboration, redistribution of power among stakeholders, and realignment of goals among actors to make the entrepreneurship ecosystem more effective and efficient. These solutions emphasize trust-building, co-creation, and behavior and norm change among stakeholders	
Sustainable business model: Deliver customer-centric, commercial, revenue-generating programs: *Acceleration as a Service*	**Specialization:** Replace pitch competitions with investor relationship-building exercises within ESO programs designed for growth-stage companies	**Program augmentation:** Design longer-term mentorship programs that pair entrepreneurs with right-fit mentors	**Internal capacity-building:** Build ESO capacity through technical assistance: *Incubator of Incubators*	**Inter-collaboration:** Facilitate dialogue among donors, ESOs, investors, and entrepreneurs to address power imbalances and align on incentives and goals	**Standard setting:** Develop a rating system for ESOs to enable ESO quality assurance
Sustainable business model: Establish a fee-earning ESO hub where service providers can offer and sell their services directly to companies	**Specialization:** Specialize ESO programs according to company sector, business model, stage of growth, etc.	**Program augmentation:** Implement technical programs with longer durations, extending beyond the typical 3–6 month timeframe	**Internal capacity-building:** Manage recruitment and retention of high-quality talent within ESOs	**Inter-collaboration:** Co-create ESO programs with donors and investors to align incentives and goals while addressing the needs of entrepreneurs	**Standard setting:** Advocate and co-develop innovation, entrepreneurship, acceleration, and business-friendly policies with government
Sustainable business model: Reduce ESO programmatic costs by engaging in mutually beneficial trades with alumni	**Market building:** Implement value chain–focused programs that foster commercial, business-to-business partnerships among companies within the ESO portfolio	**Program augmentation:** Offer a full stack of services to companies, including technical assistance, funding, investor access, etc., providing support across all stages of company growth	**Reframing success:** Reframe success of ESOs by including non-typical indicators and methodologies to measure program effectiveness and impact	**Intra-collaboration:** Develop shared ESO capacity for administrative and/or program activities	**Learning for resilience:** Conduct learning and systems change activities within donor organizations
Innovative finance: Take equity in companies as a form of payment for ESO programs	**Market building:** Engage in systems-level problem-solving, such as market building, in collaboration with entrepreneurs and donors focused on addressing systems-level challenges		**Reframing success:** Establish a clear demand and review of outcomes of ESO programming, based on broader definitions of success	**Intra-collaboration:** Leverage the collective power of ESOs through pre-competitive collaboration	
Innovative finance: Receive performance-based funding, such as results-based financing, with or without accompanying technical assistance			**Reframing success:** Adopt, learn from, and accelerate the use of established frameworks, such as SCALE from Argidius Foundation, to enhance program effectiveness and reach of ESOs	**Intra-collaboration:** Provide a graduation path to companies from ideation to scale through a progression of ESO programming	

In this phase of research, WDI does not prioritize solutions. We do not provide associated costs or a blueprint for designing these solutions. Solutions are not the sole responsibility of ESOs. Furthermore, organizations may need to implement multiple solutions simultaneously to maximize benefits.

Solutions to Improve ESO Financial Sustainability (1/2)

> **“If you are selling something and somebody can see value in it, they are highly likely going to pay for it... Hence, ESOs, first of all must show their value.”**
>
> **Investor**

SUSTAINABLE BUSINESS MODEL

COMMON STRENGTHS +

- Reduced donor overreliance
- Increased power redistribution between donor and ESO and ESO and entrepreneur
- Increased ESO autonomy in programming
- Increased alignment in goals and incentives between ESO and entrepreneur

COMMON WEAKNESSES –

- Resource intensive for ESO: especially in design, delivery, and operations management
- Uncertain outcomes from external factors
- Increased risk if entrepreneur does not engage/purchase offering

SUSTAINABLE BUSINESS MODEL	STRENGTHS +	POTENTIAL WEAKNESSES –
Deliver customer-centric, commercial, revenue-generating programs: *Acceleration as a Service* **Example: Villgro Africa**	When ESOs adopt customer-centric, commercial, revenue-generating business models, they become less dependent on donor funding. This increased flexibility and autonomy allows ESOs to design programs that prioritize entrepreneurs’ needs and adapt quickly to changing market trends. Free from donor contractual limitations, ESOs can make real-time program adjustments. They can also broaden their definitions and measurement of impact.	This solution requires high-skilled talent to deliver programs that are both high-quality and commercially viable, which increases administrative, technology, and customer service costs. ESOs may find it challenging to guarantee results—a key expectation for paying entrepreneurs—due to the influence of external factors. Additionally, there is financial risk in developing programs that may face limited customer demand.
Establish a fee-earning ESO hub where service providers can offer and sell their services directly to companies **Example: SNDBX**	Building a central hub of diverse, vetted service providers enables ESOs to offer a one-stop shop for entrepreneurs, streamlining access to high-quality support. This approach diversifies ESOs’ revenue streams, reduces donor dependency, and lessens the need for ESOs to maintain extensive internal networks of mentors and staff. Additionally, it can foster collaboration opportunities among service providers.	This solution can make it challenging for an ESO to establish a unique selling point. Offering a wide range of services requires attention to ensure each provider maintains high quality, increasing costs and operational complexity. It may also create a conflict of interest by tying the ESO’s financial success to the hub’s profitability rather than to entrepreneurs’ outcomes. Additionally, ESOs may face competition from other platforms for service providers, who may prefer to work directly with companies rather than through an intermediary.
Reduce ESO programmatic costs through mutually beneficial trades with alumni **Example: Villgro Africa**	This solution lowers program costs by allowing entrepreneurs to pay with their time and technical expertise, enabling program graduates to mentor future cohorts. As peer mentors, they offer firsthand knowledge of the local context and the specific challenges new entrepreneurs encounter. This approach strengthens peer-to-peer learning, encourages more practical and candid advice, and facilitates a richer exchange of ideas. Additionally, it can create a safe, supportive environment for women entrepreneurs facing unique challenges and biases.	When experiencing business distress, entrepreneurs tend to deprioritize participation in other activities, which can limit their engagement with ESOs and possibly withdraw from commitments.

For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the ***ESO Solutions Google Sheet****.*

Solutions to Improve ESO Financial Sustainability (2/2)

INNOVATIVE FINANCE

COMMON STRENGTHS +

- Increased ESO accountability
- Increased focus on long-term success
- Encourages innovation in ESO approaches

COMMON WEAKNESSES –

- Resource intensive for ESO: especially on fund and financial management
- Potential for ESOs becoming more risk averse
- Potential for misaligned or perverse incentives
- Financial strain for ESO in short-term from cash flow issues
- Currently, uncertain verdict on success

INNOVATIVE FINANCE	STRENGTHS +	POTENTIAL WEAKNESSES –
Take equity in companies as a form of payment for ESO programs **Example: Villgro Africa**	By holding equity positions in the businesses they support, ESOs can work toward financial sustainability through potential future returns on investment. This solution also enhances accountability by directly aligning the ESO's success with the success of the entrepreneurs they serve.	In East African markets, equity in startups and small businesses may have limited value, depending on the company's valuation. For an ESO to take equity, it must build resource-intensive fund management capabilities, including expertise in financial modeling, exit strategies, and investor relations. ESOs may remain cash-strapped in the interim while waiting for equity to appreciate. This model can also create conflicts of interest, encouraging ESOs to prioritize quick exits or work only with lower-risk, "sure-bet" companies—potentially undermining inclusivity and increasing risk aversion.
Receive performance-based funding, such as results-based financing, with or without accompanying technical assistance **Example: Dutch Good Growth Fund**	This solution creates strong incentives for impact by linking funding to the achievement of specific, predefined outcomes. It aligns the interests of donors, ESOs, and entrepreneurs, shifting the risk of failure from the funder to the ESO. At the same time, it provides ESOs with the flexibility and technical assistance necessary to innovate and effectively achieve their goals.	Accurately measuring and attributing impact solely to an ESO's intervention is challenging. This solution can also create perverse incentives for the ESOs. The long timeframes required to achieve outcomes may also cause cash flow issues for ESOs and push them toward risk aversion, undermining their mission to support a diverse range of entrepreneurs. Currently, this solution is still being piloted, and its overall effectiveness is under evaluation.

"I think there's a place for [taking equity], but it needs to be very thoughtful... Because if you're taking equity from a very early-stage company that doesn't have a lot of value yet, you're potentially taking a lot of upside from the founder for not a lot of capital that you're providing."

Investor

*For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the **ESO Solutions Google Sheet**.*

Solutions to Improve ESO Program Design (1/3)

SPECIALIZATION

COMMON STRENGTHS +
- Deeper, focused support for entrepreneur
- Efficient resource allocation for ESO
- Increased alignment in goals and incentives between ESO and entrepreneur

COMMON WEAKNESSES –
- Resource intensive for ESO: especially on highly-technical skills
- Increased risk of scalability challenges for ESO

SPECIALIZATION	STRENGTHS +	POTENTIAL WEAKNESSES –
Replace pitch competitions with investor relationship-building exercises within ESO programs designed for growth-stage companies **Example: Miller Center**	Replacing time-consuming pitch competitions with relationship-building and soft skills investment readiness trainings for growth-stage companies allows ESOs to focus on developing essential qualities in entrepreneurs, such as the ability to navigate complex conversations with investors and to demonstrate grit, business acumen, and resilience. This shift also frees up resources for ESOs to provide more in-depth support on critical areas like company financials, where entrepreneurs often need more assistance than with simply refining a pitch deck.	Engaging in effective dialogue with investors requires talented and experienced ESO staff who have strong communication and technical skills to successfully navigate these complex conversations
Specialize ESO programs according to company sector, business model, stage of growth, etc. **Example: Daya Hub East Africa**	Focusing on a specific sector or company growth stage allows ESOs to offer more effective, long-term support by leveraging their deep expertise and connections, which can assist with fundraising, regulatory compliance, and other critical needs. This approach also enables ESOs to carve out a niche and provide a unique value proposition that attracts entrepreneurs, donors, and investors, while reducing strain on limited resources.	This solution may limit collaboration and learning among participating entrepreneurs, who might see each other as competitors, potentially leading to an insulated "silo" effect. It may also complicate the company selection process, as personalization is challenging to scale. Additionally, it can restrict entrepreneurs' networking opportunities with investors who are not sector-focused.

> **"If you're looking for funding, pitch competitions can be a waste of time, but if you're looking to refine your skill on pitching generally, to customers, to clients, to stakeholders, it is not a bad idea."**
> **Entrepreneur**

For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the ***ESO Solutions Google Sheet****.*

Solutions to Improve ESO Program Design (2/3)

> "We think quite deeply about how to close the gap between supply and demand, [for example], between climate commitments and current reality. And what we see is a lot of solutions that can get to a certain point, but then have difficulty in scaling and moving beyond that."
>
> ESO

MARKET BUILDING

COMMON STRENGTHS +

- Efficient resource allocation, including from portfolio synergies for ESO
- Increased collaboration in markets and ecosystems, with network effect
- Increased potential for market building for scalable, sustainable impact, with network effect
- Enhanced ESO ability to attract stakeholders (investors, donors, or entrepreneurs)

COMMON WEAKNESSES –

- Resource intensive for ESO: especially to conduct complex stakeholder coordination
- Risk for imbalances and barriers to entry for entrepreneur / potential for ESOs becoming more risk averse
- Increased ESO dependence on ecosystem support

MARKET BUILDING	STRENGTHS +	POTENTIAL WEAKNESSES –
Implement value chain–focused programs that foster commercial, business-to-business partnerships among companies within the ESO portfolio **Example: HealthTech Hub Africa**	This solution can be both resource-effective and efficient, fostering synergies and partnerships among cohort companies and thereby reducing risk. It enables the ESO to develop cohesive, comprehensive solutions that are more attractive to investors, potentially resulting in larger funding rounds and higher company valuations. Additionally, by providing cohort-based technical assistance, the ESO can leverage economies of scale, reducing costs for both the organization and the entrepreneurs. This approach is particularly well-suited for venture studios that co-build with entrepreneurs.	It can be challenging to identify companies and entrepreneurs that will genuinely benefit from these synergies. Imbalances in scale or operational maturity among participants may create bottlenecks and partnership concerns. This approach also increases risk for the ESO, as operational differences or negative external shocks affecting one company could impact the entire portfolio. Additionally, it requires the ESO to have deep sector expertise and strong partnership management skills, which makes rapid scaling difficult. As noted, this solution may be better suited for venture studios.
Engage in systems-level problem-solving, such as market building, in collaboration with entrepreneurs and donors focused on addressing systems-level challenges **Example: Climate-KIC**	ESOs choose to work on systemic issues, including ecosystem mapping, and/or partner with companies and donors applying a systems-lens approach to address fundamental challenges in areas such as infrastructure, talent pipelines, supply chains, health equity, etc. Working with a systems lens can help ESOs stand out, as donors are increasingly interested in learning how to use funds for systems change including building markets. This approach can also help ESOs better understand their ecosystem and empowers them to act as catalysts for system-wide change. This strategic focus also improves collaboration among ESOs and could help build local capability within the ESO and the community, ensuring that communities can sustainably manage their own initiatives.	Adopting this systems-level approach requires a deliberate commitment from ESO leadership, which can be challenging given resource constraints. It calls for new mindsets among investors, donors, ESOs, and entrepreneurs to focus on long-term impact. Achieving meaningful collaboration among diverse stakeholders is resource-intensive to initiate and manage. ESOs may also be reluctant to contribute to the ecosystem until they receive adequate support themselves. Additionally, systems-level work demands a different scale of funding and knowledge than individual projects, which is often a significant barrier when resources are already limited. Traditional donor funding mechanisms, such as program- and cohort-based Requests for Proposals, further discourage ESOs from adopting a systems perspective.

For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the ***ESO Solutions Google Sheet****.*

Solutions to Improve ESO Program Design (3/3)

> **"For example, a company comes and says, I'm growth-stage and looking for funding. I should expect them to have a pricing model, [financial model and operating model]. How do you actually do sales? How do you go to market? How do you convince customers? How do you stand out into market?"**
>
> **Investor**

PROGRAM AUGMENTATION

COMMON STRENGTHS +
- Deeper, focused support for entrepreneur
- Enhanced relationship building between mentor and mentee, among peer network, and across the value chain

COMMON WEAKNESSES –
- Resource intensive for ESO
- Increased risk of commitment challenges from mentor, entrepreneur, and ESO staff
- Increased risk of scalability challenges for ESO
- Increased risk of mismatched value as perceived by entrepreneur

PROGRAM AUGMENTATION	STRENGTHS +	POTENTIAL WEAKNESSES –
Design longer-term mentorship programs that pair entrepreneurs with right-fit mentors **Example: Duke Global Health Innovation Center**	This solution can enable strong, long-term relationships between mentors with lived experiences and mentees that can even extend beyond the program itself. Mentors can benefit from meaningful engagement opportunities, while mentees receive guidance from individuals who genuinely understand their context and are flexible in addressing their specific needs.	This solution increases the cost and time required for ESOs to identify suitable mentors. Some mentors may provide vague guidance or unintentionally create power imbalances that hinder productive conversations. Additionally, sustaining long-term mentor-mentee relationships can be challenging, as changing business priorities or contexts may disrupt structured engagement.
Implement technical programs with longer durations, extending beyond the typical 3–6 month timeframe **Example: Kenya Climate Innovation Center**	This solution enables continuous, long-term support, addressing issues such as short mentorship periods and the limited time entrepreneurs have to apply lessons from ESO programs. Longer programs allow for deeper exploration of key topics, tailored support for each company's unique challenges, and more meaningful engagement with investors and peer networks. Additionally, extended programs can be structured in distinct phases—such as an incubator phase followed by an accelerator phase—to better support entrepreneurs at different stages.	This solution increases program costs and may reduce the number of cohorts an ESO can serve. It can also be difficult to find mentors who can commit to longer engagements. Extended programs may add stress for entrepreneurs, who must balance program participation with running their businesses. As a result, entrepreneurs must continually assess whether the program's value justifies the opportunity cost of a longer commitment.
Offer a full stack of services to companies, including technical assistance, funding, investor access, etc., providing support across all stages **Example: The Catalyst Fund**	This solution can reduce the burden on the entrepreneur by consolidating diverse expertise in a single location. It can enable collaboration between ESOs and entrepreneurs across the entire value chain and fosters valuable partnerships among entrepreneurs. Additionally, it offers opportunities for revenue diversification, as ESOs can provide a variety of services.	This solution requires significant commitment, including a broad range of in-house expertise, an extensive network, and a major cultural shift among ESO staff to build a comprehensive ecosystem rather than simply deliver a program. It also entails higher operational costs and risks, particularly if entrepreneurs are unwilling to pay for the full suite of services. As such, this solution may be better suited to a venture studio model.

For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the ***ESO Solutions Google Sheet****.*

Solutions to Strengthen ESO Leadership, Governance, & Impact Measurement (1/2)

INTERNAL CAPACITY-BUILDING

COMMON STRENGTHS +

- Improved ESO credibility and capacity
- Increased ESO ability to attract and retain high-quality talent

COMMON WEAKNESSES –

- Resource intensive for ESO: especially in terms of costs and increased risk of ESO staff overload
- Increased risk of ESO staff overload
- Risk of short-term benefits for ESO especially if root causes are not addressed

INTERNAL CAPACITY-BUILDING	STRENGTHS +	POTENTIAL WEAKNESSES –
Build ESO capacity through technical assistance: *Incubator of Incubators* **Example: Village Capital and Norad providing technical assistance to ESOs**	This solution helps de-risk ESOs by enabling them to assess and strengthen their internal governance and structures. Such support enhances ESOs' capacity to articulate their unique value proposition and move toward reduced donor dependence. Utilizing diverse technical assistance channels, such as consultants, peer networks, shared train-the-trainer models, and online toolkits, can also make this support more accessible and affordable for the ESO.	Securing the necessary resources to hire technical assistance providers can be challenging. There is also a risk that donors and entrepreneurs may perceive the need for external support as a sign of internal issues within the ESO. Additionally, the benefits of such partnerships may be short-lived, particularly if key staff depart or if underlying root causes remain unaddressed. Introducing multiple new initiatives can also overwhelm ESO staff, leading to "initiative fatigue" and distracting from their core mission of supporting entrepreneurs.
Manage recruitment and retention of high-quality talent within ESOs **Example: Daya Hub East Africa**	Longer staff retention helps preserve institutional knowledge and maximizes the return on recruitment and onboarding investments. Hiring staff with direct entrepreneurial experience allows ESOs to offer more credible and effective support to participating companies. Fostering a strong community and culture also attracts and retains talent by providing opportunities to connect with a broad network of entrepreneurs, investors, and other stakeholders, supporting career growth. Additionally, maintaining a well-rounded board of directors helps ESOs attract both talent and donors by signaling organizational maturity.	This solution faces feasibility challenges due to the high costs of hiring experienced personnel and the limited resources often available to ESOs. Talent-sharing strategies, such as secondments, are only temporary fixes and do not address long-term retention issues. They may also increase staff workload if the seconded individual must train ESO staff during their placement.

> **"You can't help an entrepreneur if you haven't been one yourself."**
> **Donor**

For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the ***ESO Solutions Google Sheet****.*

Solutions to Strengthen ESO Leadership, Governance, & Impact Measurement (2/2)

REFRAMING SUCCESS

COMMON STRENGTHS +

- Increased ESO accountability
- Improved ESO credibility, leading to building trust and maturity in the ecosystem
- Reduced resource fragmentation
- Expanded and nuanced definition of ESO success
- Increased ESO learning practices for continuous improvement and informed decision making

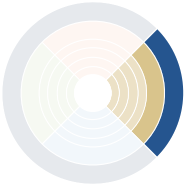
COMMON WEAKNESSES –

- Resource intensive for ESO: especially on measurement practices and using new frameworks
- Difficulty in ESO comparability
- May require additional investment or collaboration with experts (especially measurement and SCALE experts)

REFRAMING SUCCESS	STRENGTHS +	POTENTIAL WEAKNESSES –
Reframe success of ESOs by including non-typical indicators and methodologies to measure program effectiveness and impact **Example: IKEA Foundation**	Revising the definition of success to include a variety of outcomes for both ESOs and participating entrepreneurs allows ESOs to leverage and showcase their unique strengths. This solution redefines success for the entire entrepreneurship ecosystem by emphasizing long-term impact and resilience. By employing diverse data collection methods, it can also helps identify any unintended negative impacts.	This solution does not facilitate comparisons among ESOs when needed. It requires ESOs to have strong technical skills in impact measurement and management, as they must design, collect, and analyze complex, non-standard qualitative and quantitative data. Developing new metrics and engaging in necessary conversations with donors can be resource-intensive and complex.
Establish a clear demand and review of outcomes of ESO programming, based on broader definitions of success **Example: IKEA Foundation**	This solution helps build trust within the ecosystem, especially between donors and their grantees, and signals greater ecosystem maturity. It encourages ESOs to develop strong programs that meet their goals and equips them with resources to measure, learn from, and improve program effectiveness. Entrepreneurs can use this data to make informed decisions about participating in programs based on an ESO's track record, while donors can allocate grants to high-quality ESOs based on proven results—reducing resource fragmentation. This approach also fosters nuance and learning across different program types and encourages a broader, more nuanced definition of success beyond traditional metrics.	This solution is highly complex to implement, even when donors provide resources for program measurement. Collecting high-quality data from a large number of past participants poses logistical challenges and can lead to data fatigue for both entrepreneurs and ESOs. Depending on the methodology used, it may also be difficult for donors and entrepreneurs to compare ESOs when needed. While the approach promotes transparency, some donors or ESOs may choose not to share results publicly.
Adopt, learn from, and accelerate the use of established frameworks, such as SCALE from Argidius Foundation, to enhance program effectiveness and reach of ESOs **Example: ANDE**	Research and frameworks released by leading donors and other organizations can gain significant traction and pave the way for deeper exploration of established entrepreneurial environments. For example, the SCALE framework is a set of characteristics for business growth, not a strict solution, hence providing a framework that can be applied in different contexts.	Researchers should further investigate the effectiveness of these frameworks across diverse contexts. This kind of implementation research requires additional funding, technical resources, and willing partners.

*For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the **ESO Solutions Google Sheet**.*

Solutions to Strengthen the Entrepreneurship Ecosystem (1/4)



INTER-COLLABORATION

COMMON STRENGTHS +

- Increased trust building, collaboration, and maturity in the ecosystem
- Increased power distribution among stakeholders
- Increased alignment in goals and incentives among stakeholders
- Reduced resource fragmentation
- Deeper, focused support for entrepreneur

COMMON WEAKNESSES –

- May require additional investment or collaboration with experts (especially facilitation and design experts)
- Increased risk of ESO staff overload
- Complex coordination and dialogue, especially when stakeholders have conflicting incentives; may also require a "translator" to bridge communication gaps among these actors
- Uncertain outcomes from external factors such as donors and investors pulling out during economic crisis
- Increased risk if stakeholders do not engage fully or in a sustained manner

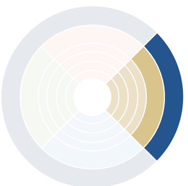
INTER-COLLABORATION	STRENGTHS +	POTENTIAL WEAKNESSES –
Facilitate dialogue among donors, ESOs, investors, and entrepreneurs to address power imbalances and align on incentives and goals **Example: Pollinate Impact**	Third-party, neutral organizations can facilitate transparent conversations among investors, ESOs, and donors, helping to align goals and address misaligned priorities. This solution can reduce power imbalances and shift the focus from individual project failures to addressing the root causes of systemic challenges. By leveraging the diverse knowledge and resources of all stakeholders, it enables collaborative identification and co-creation of more effective solutions.	The effectiveness of this solution depends heavily on the skill of the neutral facilitator, who must understand the diverse motivations and biases of all stakeholders. Sustained engagement can be challenging, as stakeholders often lack the time for regular, in-depth dialogue. The process itself can be slow and complex. Involving government stakeholders may add further complications, as they often operate in silos and at a different pace and culture from other participants.
Co-create ESO programs with donors and investors to align incentives and goals while addressing the needs of entrepreneurs **Example: SRC and Kenya Climate Ventures**	This solution can enable the creation of highly tailored programs, where investor and donor input ensures alignment with market needs and increases the likelihood of successful funding for graduating companies. It can elevate the ESO's role from an implementing partner to a strategic partner, potentially creating new revenue streams through success fees from investors. This collaborative process builds trust and strengthens relationships among all stakeholders, benefiting the entire ecosystem.	This solution requires substantial time and resources from all stakeholders and can be hindered by conflicting incentives between the ESO and its partners. Building the necessary level of trust can also be a slow process. Additionally, a narrow investment pipeline may result in overlooking unconventional but promising business models, thereby limiting opportunities for both companies and investors.

> **"Over time, [we have sat down] with funders to say — okay, this is what you want to achieve, but we have a method to it... and we will use [this method] to be able to achieve this [goal].**
>
> **ESO**

*For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the **ESO Solutions Google Sheet**.*

Solutions to Strengthen the Entrepreneurship Ecosystem (2/4)

> **"We want the measurement. ESOs don't all do it, and we're okay with that at the outset, but they have to have the intentionality because this is a big issue. It's growing, and innovation has a role to play in it."**
>
> Donor



INTRA-COLLABORATION

COMMON STRENGTHS +

- Increased trust building, collaboration, and maturity in the ecosystem
- Increased alignment of goals and incentives among stakeholders
- Reduced resource fragmentation/ duplication of efforts
- Increased attractiveness of the ecosystem among donors, investors, and (other not-yet-participating) ESOs
- Enhanced efficiency and resource sharing among ESOs
- Stronger ESO collective voice and advocacy
- Deeper, focused support for entrepreneur

COMMON WEAKNESSES –

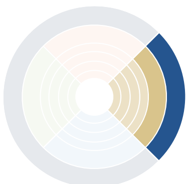
- Resource intensive for ESO: complex ESO coordination, trust-building, decision-making, process management, and dialogue/negotiations
- May require additional investment or collaboration with experts
- Increased risk of ESO staff overload
- Increased risk of failure if ESOs do not engage fully or in a sustained manner
- Risk of unequal participation among ESOs or dominance by some ESOs

INTRA-COLLABORATION	STRENGTHS +	POTENTIAL WEAKNESSES –
Develop shared ESO capacity for administrative and/or program activities **Example: Africa Impact Challenge and Villgro Africa**	Collaboration between ESOs can lead to a more efficient and mature ecosystem by allowing them to share administrative and operational burdens, reducing costs and enabling each organization to focus on its unique strengths. This solution can foster dialogue, encourage strategic gap analysis, and signal to stakeholders that a healthy, collaborative environment exists, ultimately attracting more funding and innovation to the entrepreneurship ecosystem.	Managing partnerships among multiple ESOs can be particularly challenging, especially when they are competitors with different levels of maturity and distinct business cultures. Limited time and low levels of trust further complicate collaboration. Additionally, reaching consensus on who will design, implement, and manage the necessary processes and systems can pose a significant challenge for the group.
Leverage the collective power of ESOs through pre-competitive collaboration **Example: AfriLabs**	This solution gives ESOs a unified voice and stronger position when engaging with donors and investors. By pooling resources, data, and expertise, ESOs can collectively advocate for themselves and the entrepreneurs they serve. This collaborative approach can also enhance their understanding of the ecosystem, supports the development of a shared vision for its future, and positions ESOs as potential catalysts for systemic change.	For ESOs to build collective power, they must be willing to collaborate. Managing a consortium can be complex and resource-intensive, posing a burden for smaller or time-constrained organizations. Internal conflicts and lack of trust among competing ESOs can further slow progress. There is also a risk that larger, more established ESOs may dominate, leading to an unequal distribution of benefits and potentially weakening the individual brand of smaller ESOs.
Provide a graduation path to companies from ideation to scale through a progression of ESO programming **Example: Daya Hub East Africa and Villgro Africa (limited)**	This solution enables the identification and filling of ecosystem gaps by aligning support with companies' specific stages of growth, fostering complementary rather than competing programs. As a result, it can reduce program duplication and resource fragmentation among ESOs. Each ESO can then develop a unique value proposition tailored to a particular growth stage, ensuring entrepreneurs receive targeted support—enhancing their willingness to pay for programs. This approach also allows for better segmentation of companies and fairer competition among both companies and ESOs.	Designing, piloting, and implementing a coordinated, multi-stage entrepreneurial program is resource-intensive and complex. It requires a dedicated team such as a regional hub or another structure centered around a neutral third-party organization, strong stakeholder collaboration, and a continuously updated map of the entrepreneurship ecosystem. Each of these elements demands significant resources and can be challenging to execute and manage.

*For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the **ESO Solutions Google Sheet**.*

Solutions to Strengthen the Entrepreneurship Ecosystem (3/4)

> "One key challenge in the ESO ecosystem is lack of a common policy to oversee the ESO operations. We have accelerators and incubators [and] they determine what they do, [but] most of the time, they duplicate operations, and it doesn't bring efficiency [to the ecosystem]."
>
> ESO



STANDARD SETTING

COMMON STRENGTHS +

- Increased ESO accountability
- Increased trust building and maturity in the ecosystem
- Improved ESO service quality
- Reduced resource fragmentation
- Deeper, focused support for entrepreneur
- Increased ESO demonstration of value, attracting more resources from donors, investors, and entrepreneurs

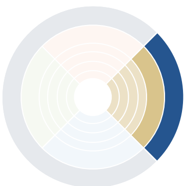
COMMON WEAKNESSES –

- Complex stakeholder engagement and coordination, implementation, dialogue, and bureaucracy for involved stakeholders
- ESO management of flexibility versus standardization with a potential risk to reduced innovation in program design and delivery
- Difficulties in objective measurement (may require additional investment or collaboration with experts such as liaisons)
- Increased risk of ESO staff overload and frustrations when engaging with external parties

STANDARD SETTING	STRENGTHS +	POTENTIAL WEAKNESSES –
Develop a rating system for ESOs to enable ESO quality assurance **Example: Impact Investing Ghana (proposed)**	This solution demonstrates the value ESOs provide to all stakeholders by enabling consistent service quality. It also drives out low-quality ESOs, reducing resource fragmentation and market saturation within the ecosystem.	This solution requires a clear, unbiased "referee" to design and implement a fair system that gains broad acceptance among ESOs and stakeholders. Navigating complex power dynamics is essential, as ESOs must be willing to undergo review and accept the outcomes, and both donors and ESOs need to agree on the standards. Additionally, it can be challenging to quantify and rate the experience of an ESO's founder—a key aspect of an ESO's value—since such qualities are difficult to measure objectively.
Advocate and co-develop innovation, entrepreneurship, acceleration, and business-friendly policies with government **Example: Uganda**	This solution can help establish a more formalized regulatory environment, building trust and unlocking public resources. For example, the government could allocate resources to develop and maintain an up-to-date ecosystem map. Such measures can also foster the collaboration needed to address systemic challenges that individual ESOs cannot tackle alone. Additionally, if ESOs are recognized as a public good, they can attract more resources by framing their mission as benefiting society, and gain support from stakeholders such as corporations and local small businesses. This approach can also lower barriers to entry, encouraging more people—especially first-time entrepreneurs—to pursue entrepreneurship.	This solution can introduce additional bureaucracy and slow timelines within the entrepreneurial ecosystem. ESOs will need to invest time in advocating for and co-developing policies with government officials, while also navigating complex government cultures. Adhering to accountability plans may be required to ensure long-term compliance, often under standardized, one-size-fits-all policies. If not carefully designed, government policies can hinder the flexibility and responsiveness that are essential for fostering innovation.

For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the ***ESO Solutions Google Sheet****.*

Solutions to Strengthen the Entrepreneurship Ecosystem (4/4)



LEARNING FOR RESILIENCE

LEARNING FOR RESILIENCE	STRENGTHS +	POTENTIAL WEAKNESSES −
Conduct learning and systems change activities within donor organizations **Example: Visa Foundation**	By implementing learning mechanisms for their actions, donors can address the root causes of complex issues such as healthcare equity, access and affordability, and/or environmental challenges. This solution fosters local ownership by securing buy-in from government agencies, integrating regional and local teams, and domestic funding sources. Ultimately, it helps build a mature ecosystem where stakeholders collaborate, share resources, and reduce duplication of efforts, leading to more sustainable and impactful outcomes.	This solution requires donors to make strategic internal decisions and allocate resources specifically for learning and systems-building activities. This solution can lead to a “top-down” approach where funding and support are not fully aligned with ESOs and entrepreneur needs. For example, a focus on ecosystem-strengthening can inadvertently displace entrepreneurs’ current challenges — leading to misalignment in incentives and goals among actors. Donors and local teams may need technical capacity in both systems-change and continuous improvement principles. It also requires coordination among donors adopting a systems lens to prevent funding duplicate initiatives, especially if there is limited communication between them.

“We are looking at changing our way of grant making, so that we don’t grant individual organizations or ESOs, but we grant make for a systemic effect, whether it’s in finance, market development, in regulatory reform, even in awareness, even in organizing an ecosystem.”

Donor

*For detailed descriptions of each solution, as well as a comprehensive list of strengths, potential weaknesses, and additional examples with links, please refer to the **ESO Solutions Google Sheet**.*

Trends Across Solutions: Promising Direction of the Ecosystem

Based on conversations with over 40 organizations, WDI has identified six themes in the evolution of ESO programming that highlight promising directions for the ecosystem.

1. Creating value for entrepreneurs in real-time

Many ESOs are now implementing programs that deliver tangible value to entrepreneurs. When these programs effectively address entrepreneurs' needs, there is a greater willingness to pay for services, which helps reduce ESOs' dependence on donor funding. ESOs collect real-time feedback from participants and adapt their support and delivery to better meet the evolving needs of the businesses they serve. For growth-stage companies, ESOs are moving away from traditional cohort-based, classroom programs and pitch competitions toward more practical, hands-on models, such as assigning relationship managers to entrepreneurs. This approach is further explored in the discussion of venture studio models and specialization themes.

2. Moving towards in-depth, complete support (venture studio model)

Some newly-launched ESOs are shifting from traditional incubator and accelerator models toward a more comprehensive venture studio approach. This model delivers full-stack support to entrepreneurs, extending beyond standard mentorship and programming. Services can include milestone-based funding, personalized technical assistance, mental health support, investor and peer introductions, assistance with business registration and licensing, and the creation of "deal rooms" to directly connect investor-ready entrepreneurs with investors. Notably, there is also a growing trend among investors to launch their own venture studios.

3. Co-creating programs with stakeholders

Some ESOs are shifting their focus from the quantity to the quality of program graduates. This approach involves engaging in dialogue and co-creating programs with donors, and in some cases, collaborating directly with investors. ESOs may co-select companies and co-develop program curricula with investors, particularly around investment readiness. These changes help ensure that programs are relevant and valuable to entrepreneurs, rather than simply fulfilling grant requirements.

4. Specialization among ESOs

There is a growing trend toward sector-specific and stage-specific ESOs. Sector-focused ESOs offer entrepreneurs specialized technical assistance, connect them with relevant networks of investors and clients, and provide expertise on navigating industry-specific regulatory requirements. Similarly, ESOs that concentrate on particular business stages (such as idea, early, or growth stage) or specific challenges (like market entry or financial management) help ensure resources are used efficiently and effectively. By moving away from a one-size-fits-all approach, these ESOs provide entrepreneurs with the right support at the right time and clearly showcase their value proposition to key stakeholders.

5. Strengthening the ecosystem through systems-change practices

Some donors are increasingly focused on bringing together diverse ecosystem actors to build trust, align on shared purpose, and foster mutual interests. They are working to cultivate local buy-in, particularly from government agencies and domestic funding sources, to leverage innovation and entrepreneurship in addressing public needs such as healthcare and financial access. Such donors are also investing in organizational strengthening. ESO member-based network organizations and some ESOs are also adopting systems-level practices: For example, some of the more established ESOs in East Africa such as Villgro Africa, **Village Capital**, **GrowthAfrica**, **WYLDE International**, etc. are involved in convening, conducting critical research, investing, and incubating incubators and other such service providers. Organizations such as **Seedstars** are developing an ecosystem-level **maturity index**, and ANDE has published ecosystem maps for countries such as **Ethiopia**. Strengthening the ecosystem through greater dialogue, collaboration, research, technical assistance, and incentive alignment can help reduce resource fragmentation. Notably, some donors such as the Lemelson Foundation, have been applying a systems-thinking lens long before it became mainstream.

6. Donors engaging in learning

There is a growing recognition among donors that greater humility and curiosity are essential for addressing the complex challenges within the entrepreneurship ecosystem. In response, some donors are actively seeking to understand broader ecosystem dynamics, such as entrepreneurs on a "carrousel of training programs" and their own roles within these systems. They are engaging in internal learning exercises—both at their headquarters and in-country offices—and collaborating with like-minded donors to identify key enablers of systems-level change, such as the **Growth Firms Alliance**. These efforts have underscored the importance of investing time in relationship- and trust-building, as well as fostering stakeholder collaboration to maximize impact. Donors are increasingly sharing these insights with peers and researchers, and they are engaging in open, candid conversations with ESOs and other key stakeholders. Some donors are also piloting a strategic shift from directly supporting portfolio companies to supporting ESOs, reinforcing the trend towards systems-change practices.

> **"Most enterprises do not need to be treated like they were sitting in Silicon Valley, because they're not and, they're not going to be unicorns."**
> **Donor**

Interconnected Next Steps for ESOs, Donors, and Investors to Better Serve Entrepreneurs

ESOs

Clearly articulate the unique value proposition to entrepreneurs, donors, and investors and adhere to your mission and purpose – this drives program design and relationship building. (Co-)Develop programs that attract paying companies to reduce overreliance on donor funding. These programs may need to offer advanced technical skills and services tailored to the needs of mature entrepreneurs, such as scaling operations, improving products and services, increasing sales and marketing effectiveness, reducing operational costs, and securing investment. At the same time, they may also need to provide foundational business model and pitch-deck guidance for first-time entrepreneurs and idea-stage companies and startups. ESOs should adapt their programming in real time based on entrepreneur feedback.

Forge deeper partnerships with mentors, investors, and industry experts in the entrepreneurship ecosystem to ensure entrepreneurs have access to both capital and valuable knowledge networks. This may require ESOs to proactively develop and implement relationship cultivation strategies with investors, rather than relying on chance encounters. Building networks is an investment of time.

Recruit high-skilled staff with entrepreneurial and innovation experience, and implement robust incentives and retention programs. Engage in honest discussions with donors to identify where catalytic funding is most needed, including internal skill-building, organizational strengthening, recruitment, and retention. Additionally, develop forward-looking strategies to inspire both young talent and seasoned professionals to join the team.

Test and refine comprehensive approaches to learning, impact measurement, and management. Ensure these processes include collecting real-time feedback from entrepreneurs, while minimizing the data collection burden on already overstretched teams.

Donors and investors

Engage earlier in ESO program design and selection to ensure programs are truly entrepreneur-centric. Co-develop models that are contextualized and reflect local realities rather than defaulting to Silicon Valley approaches. Foster more opportunities for trust-building and co-creation with ESOs by leveraging external, neutral facilitators. Use incentives to encourage specialization and collaboration among ESOs.

Develop flexible funding and contracting mechanisms that enable ESOs to experiment and learn in real time. Secure internal champions within ESO senior leadership to support and drive the adoption of these approaches.

Recognize and address biases in investment and grant decisions. Identify internal processes and barriers that hinder growth and learning or perpetuate outdated practices. Engage in honest internal discussions about your organization's role in the ecosystem—both historically and going forward.

Collaborate with ESOs to broaden the definition of success within the entrepreneurship ecosystem. Focus on outcomes that reflect meaningful growth and impact for both entrepreneurs and ESOs, rather than relying solely on outputs such as the number of program graduates.

Be an Active Voice: Share your Solution!

If your organization is piloting or implementing any of the solutions documented in this report, please email WDI-Impact@umich.edu with a description of your solution, its strengths and weaknesses (especially if they differ from those noted in the Google Sheet), the motivations behind its design, and any relevant public links.

WDI will include your organization's name in the actively maintained **Google Sheet**.

Closing Thoughts

The path forward calls all stakeholders to measure and learn what is and is not working, followed by strategic action.

These actions may result in market-wide changes such as the consolidation of ESOs and the reduction of resource fragmentation. Such approaches aim to lessen overreliance on donors and foster solutions that are demand-driven, rather than donor-driven.

As we conclude, WDI leaves you with these reflection questions and invites you to engage with us in Phase 2 of this research:

- How does my role create value within an expanded framework of ESO success—one that goes beyond enterprise revenue, job creation, and capital raised?
- What steps can I take to strengthen the sustainability of the value chain in the entrepreneurship ecosystem that begins with ESO operations, followed by successful company exits that scale socio-economic community impact, and concludes with investors who achieve positive returns for their stakeholders?
- What changes must I make in my current implementation approach, and why?
- Do I play any unintentional role in holding back the entrepreneurship ecosystem—and if so, how can I address this?

Our shared objective as an ecosystem is to build a more sustainable, effective, and inclusive environment that meets entrepreneurs' needs and delivers meaningful financial, economic, and social impact.

Future Areas of Research

WDI aims to build on this research through Phase 2. As in Phase 1, we plan to use participatory approaches to shape the research focus, ensuring alignment with the most pressing challenges faced by ESOs, investors, donors, entrepreneurs, and other partners. We also seek to build on research already being undertaken by organizations such as Pollinate Impact, ANDE, and various ESOs, and to address complementary questions. Our goal for Phase 2 will be to ensure a collective and coordinated movement forward without duplicating research efforts within the same context. Potential research questions include:

1. Deeper focus into ESOs:

- What are the key features of venture studio models — especially those launched by investors — and investment readiness programs in East Africa?
- How do the findings in this report apply to other lesser-discussed countries in the region, such as Ethiopia? Where do differences emerge, such as between the entrepreneurial ecosystems in India and Colombia, and which countries are excelling in specific aspects, and why? What standout examples can be highlighted from other regions?

2. Operations, measurement, and continuous improvement:

- What impact framework can we develop to accurately assess the effectiveness of each solution? For example, how do we measure the quality or performance of services offered by ESOs?
- How do we improve the competency of ESOs?
- What data, insights, and practices do we need to co-develop to effectively address the challenges associated with particular solutions?

3. Scaling:

- What are examples of financially sustainable ESOs, and what is the optimal mix of funding streams, such as grants, direct revenue, and indirect revenue? Can financially sustainable ESOs be scaled in East Africa, and if so, how? More importantly, how can we ensure the financial sustainability of the entire value chain, with ESOs as the starting point, entrepreneurs at the endpoint, and investors and other intermediaries in between these ends?
- What role will AI play in shaping the future of ESO programming? For example, how might AI be leveraged for administrative efficiency (to reduce costs), mentor matching, company selection, custom curriculum development, milestone monitoring, investor matching, pitch deck refinement, and due diligence? Additionally, how can AI support entrepreneurs with business-centric needs such as developing customer personas and achieving product-market fit?

4. Cost-benefit analysis:

- Given the vast number of interconnected and compounded challenges, is it necessary to prioritize the solutions presented here, or should a comprehensive approach be taken? If prioritization is needed, what criteria should guide it—resources required, depth, breadth, and sustainability of impact, traditional return on investment, the willingness of stakeholders to pilot specific solutions, or another set of considerations?

WDI acknowledges limitations in this research

We conducted over 40 conversations with five key stakeholder groups. Outside of the 90-minute Sankalp Africa 2025 session, our one-on-one interviews were only between 30-60 minutes. During this time, we focused on the main challenges and solutions encountered, including the strengths and weaknesses of proposed solutions. Due to these time constraints, we were unable to explore the costs and implementation burdens of each solution in depth, or assess their breadth, depth, sustainability, and equity of impact. As a result, we could not develop or present a comprehensive framework for measuring the outcomes and impact of different mechanisms; this remains an area for future research.

Additionally, we did not examine potential changes in the ecosystem in a post-USAID donor landscape, nor did we focus on the needs of underrepresented founders. Insights are skewed toward the stakeholder experience in Kenya. We also did not conduct an in-depth investigation into the roles of academia, corporates, or policymakers within this ecosystem. We recognize that our sample is relatively small and may not capture the full breadth and depth of challenges or solutions currently in practice. Therefore, we invite you to contact us if your solution is not represented.

Research Team and Reviewers

WDI team

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This research is conducted and funded by WDI to ensure unbiased results and an independent, third-party understanding of the challenges and solutions in the entrepreneurship ecosystem in East Africa.

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About William Davidson Institute

WDI is a global non-profit affiliated with the University of Michigan that operates at the intersection of education, entrepreneurship, and impact across emerging markets. We are dedicated to unlocking the power of business and markets to tackle critical global challenges and drive inclusive economic growth. We mobilize entrepreneurs, investors, governments, and academia to drive pioneering solutions across sectors, with a focus on energy and e-mobility, climate-health, and health.

Contact

For questions or feedback, please reach out to Yaquta Fatehi at WDI-Impact@umich.edu.

Partners and reviewers

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Grace Wachori, ANDE

Neil Walmsley, Mineral Springs

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Reviewers observed that several of the challenges highlighted in this report are also present in other regions, such as Mexico. Additionally, many solutions have been piloted in other regions, such as the secondment of highly specialized technical staff to ESOs and ESOs taking equity from companies as a form of payment.

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