

Beyond Incubators

**The New Powerhouses Keeping Startups Alive
in East Africa**

East Africa's startup ecosystem is not slowing down - it is maturing

East Africa's startup ecosystem has transitioned into an environment where founders and investors can no longer rely on generalist incubators. The transition from generalist incubation to specialised venture studios and debt-funding acceleration is defining the region's maturity.

The Structural Shift in East Africa's Startup Ecosystem

Changes in the Ecosystem

Startups are moving away from generalist incubators that offer broad, non-specialised support

Founders are shifting beyond equity-only funding models that depend on large VC rounds

The focus is no longer "grow fast at any cost," but "grow well so it lasts."

About

44% of incubated digital startups fail within a few years,

exposing the limits of generalist incubation.

Quibi raised

\$1.75B and had strong advisory backing, yet shut down within six months in 2020.

The problem wasn't funding-it was poor market fit and weak execution.

The lesson is clear: startup survival today depends less on access to capital and more on disciplined execution and models built for real market conditions.

The Structural Shift in East Africa's Startup Ecosystem



In the last seven years the rise of specialised venture studios has expanded over **600%**

More startups are open to debt and blended funding models, helping founders regain their power

Delta40 embeds regulatory compliance into startup development. Ortus Africa offers flexible financing through grants, equity, debt, and revenue-based funding tailored to startups.

Rethinking Capital:

Debt and Blended Funding are Handing Founders more Control

31% ↑

Venture debt deals in Africa rose **31%** in 2025, while total value doubled to **\$1.6 billion**, reflecting a move away from pure equity dependence. East Africa led this transition, with Kenya accounting for **22%** of all venture- debt deals in 2025.



Ventures Studios now Operate as Regulatory and Compliance Intermediaries

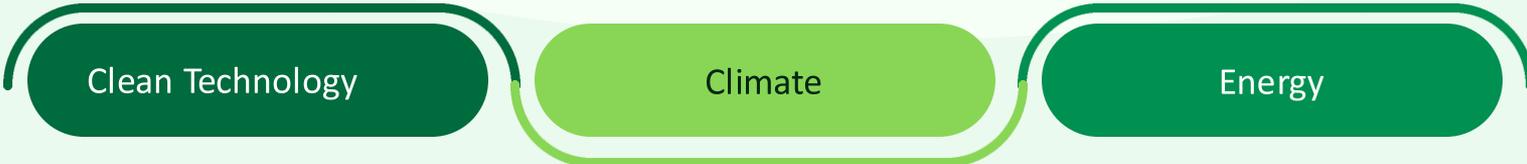
As regulations tighten, venture studios are also helping startups move faster by embedding compliance support. By managing licensing, approvals, and compliance processes often delays that can take 1-2 years studios and venture builders enable startups to enter markets faster and operate with greater certainty.



Infrastructure- Heavy Sectors are Driving this Shift

Kenya stands out as a market driven primarily by cleantech (**46%** of funding). Fintech's dominance is shrinking as the market diversifies. Cleantech alone attracted **\$1.18 billion** in 2025, becoming the second-largest funded vertical after fintech. Climate-tech investment is heavily concentrated in renewable-energy deployment, which accounts for roughly **75%** of venture capital directed to the segment, reflecting the physical nature of these innovations.

Funding dominance is shifting towards:



Clean Technology

Climate

Energy

These sectors now dominate because they require physical assets, long payback periods, and disciplined capital deployment. Venture studios are structurally better aligned with these sectors because they combine operational control, governance, and capital structure design, rather than scaling without a clear strategy.



Spurt! The Execution Partner for Sustainable Venture Building

Spurt! collaborates with venture studios and ecosystem partners to strengthen how startups are structured, financed, and scaled, helping them turn commitment into durable growth.

Spurt! supports Venture Studios by:

Providing ecosystem research and insights

Design capital-efficient operating models

Strengthen execution and governance frameworks

Support sustainability and regional expansion

Improve long-term startup survival