KIEFF | Kenya Innovation Ecosystem Funders Forum

Domestic Capital Coordination and the Science-Based Venture Gap

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I. Two Bodies of Evidence

At the STRI4Society Conference in Nairobi, two bodies of evidence sat side by side at the Kenya Innovation Ecosystem Funders Forum (KIEFF) Roundtable.[1] The first, drawn from the Kenya Science Research and Innovation (SRI) Synergy Blueprint, launched in March 2026, was a single figure: an estimated 74% of innovation financing in Kenya is externally sourced. The second was a Kenya-specific ecosystem dataset presented by Briter Bridges in partnership with the Kenya Innovation Ecosystem Funders Forum (KIEFF) — a system-level mapping of how ecosystem support is funded, coordinated, and distributed.

Read together, these two sources describe the same condition from different angles. The Kenya SRI Synergy Blueprint figure measures dependence on capital that can exit, impose conditions, and shift priorities from elsewhere. The Briter dataset, by contrast, shows whether the domestic system is structured to absorb and scale innovation on its own terms. The answer is clear and, crucially, does not depend on the 74% figure to be alarming.

It is tempting to interpret dependence on external financing as a fundraising challenge: a gap to be closed through better pitches, stronger due diligence, or greater international venture interest. Yet structural dependency is not a market imperfection that corrects itself over time. It channels the logic of an innovation system toward the time horizons and exit strategies of actors who are not accountable to the ecosystem they finance. When Mazzucato (2013) documented the entrepreneurial state's role in underwriting foundational technologies, her central argument was that patient, mission-oriented capital cannot be replaced by

[1] KIEFF roundtable objective was to explore ways to strengthen coordination and unlock more domestic capital for STRI in Kenya.

market capital without distorting what gets built, who benefits, and who controls the direction of innovation.

This article draws on the Briter/KIEFF ecosystem dataset and on observations from three concurrent KIEFF roundtable sessions held during STRI4Society Week, which brought together a diverse group of actors, including philanthropy, government, development partners, entrepreneurs and startups, ecosystem enablers, and researchers and academics. The discussion was organised around three themes — investor diagnostics, ecosystem architecture, and corporate philanthropy — to argue that Kenya's challenge is not primarily one of capital volume but of **coordination architecture**, and that closing the domestic capital gap requires a structured coordination function rather than incremental instrument reform.

II. Science-Based Ventures and the Instrument Mismatch

The clearest empirical finding in the Briter dataset is also its most uncomfortable. Figure 1 below maps financing instruments across three venture archetypes including software, hardware, and science-based. Software ventures register strong activity across every instrument: equity, grants, awards, debt and hybrid, and non-financial assistance. Hardware ventures register moderate activity across the same set. Science-based ventures such as biotech, advanced materials, R&D-intensive innovation appear as the smallest bar for every single instrument type. They are not underserved in aggregate; they are underserved everywhere.

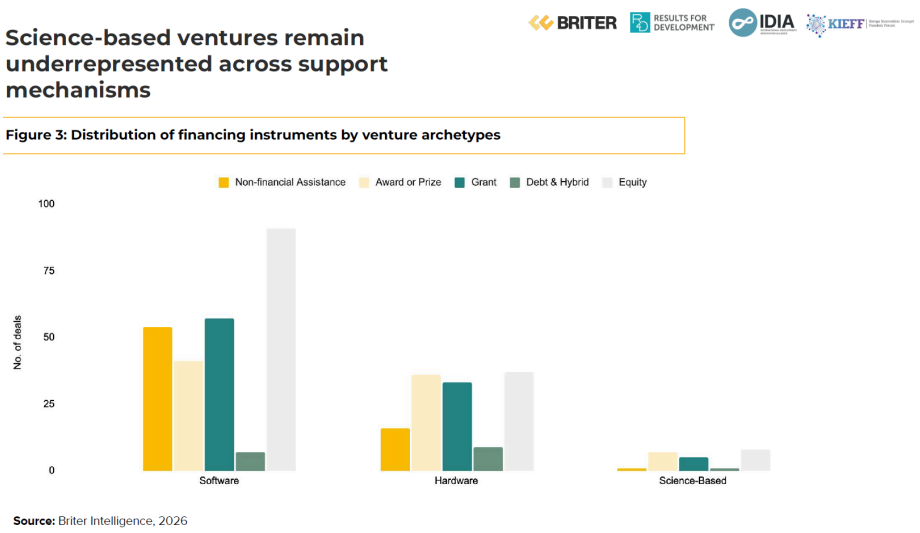

Figure 1: Representation of science-based ventures in financing instruments

This matters because the standard response to a financing gap is instrument diversification. The Briter evidence shows why that response could fail here because the problem is not the absence of instruments, but the absence of instruments *fitted* to the science-venture profile. The archetype analysis explains the mismatch. Science-based ventures run long development timelines with uncertain outcomes; they concentrate capital needs in validation and piloting; their risk is tied to technical feasibility and regulation rather than to market fit. Instruments built around the adoption-and-distribution logic of asset-light software ventures are structurally misaligned with that profile.

The academic literature corroborates this. Nightingale et al. (2009) documented the "valley of death" in science commercialisation as a structural feature, not a transitional one and highlighted the gap between proof-of-concept and investable proposition requires patient, domain-competent capital that neither philanthropic nor commercial investors are positioned to provide. Lerner and Nanda (2020) traced how the financialization of venture capital characterised by shorter

horizons, lower technical-risk tolerance has deepened this valley specifically for deep-tech ventures even in capital-rich environments. This means that in a capital-scarce environment like Kenya, the effect compounds.

As one Roundtable participant asked: `*Who is investing in the groundwork for science-based ventures?*`

The roundtable also flagged a specific sub-problem: the absence of anchor investors and principal investigators as co-investors. Science ventures sit at the boundary of academic, commercial and development-sector logics — legible to none and designed for none. Feldman and Desrochers (2003) identified this as a persistent feature of science commercialisation ecosystems: the translation infrastructure between university-based science and investable venture creation is chronically underfunded and institutionally orphaned. The employee share ownership and concessional instrument discussions at the investor table were attempts to redesign the instrument layer, which is necessary but as Pereira`s (2017) suggests, insufficient without a coordination infrastructure to route those instruments coherently.

III. The Coordination Architecture Gap

The Briter dataset turns what was previously an anecdotal sense of fragmentation into a measured pattern, which is the heart of the diagnosis.

First, early-stage support has expanded dramatically but it is now contracting. The Briter Intelligence research shows that the number of supported deals grew roughly fifteen-fold between 2016 and a 2023 peak, then declined across 2024 and 2025.

Second, that support does not translate to scale. Figure 2 maps ventures across ticket sizes and shows a cliff: roughly 130 ventures in the under-$100k band, around 70 in the $100k–$250k band, and then a steep fall — only a handful of ventures cross the $1m threshold. This could be described as the "missing middle" of African venture financing (Klonowski, 2010; Hornberg K. & Chau V., 2018) but rendered with unusual precision and applied specifically to a system that fills early and empties before growth.

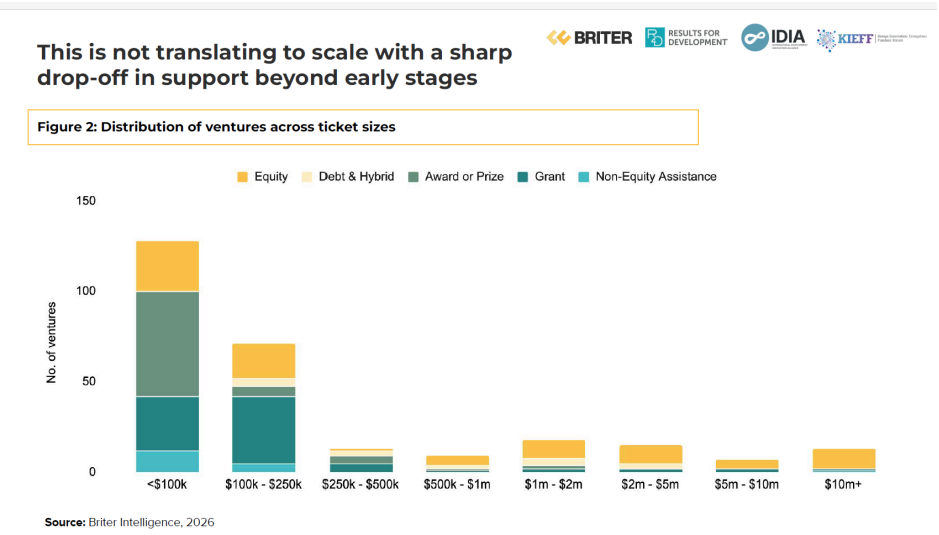

Figure 2: Distribution of ventures across ticket sizes

Third, the support organisations themselves cluster at the same point. The Briter report distributes enterprise support organisations across venture stages: approximately 13% operate at the discovery stage, 25% at the matching stage, and 50% at the acceleration stage, while only 13% focus on the go-to-market stage. Across all venture archetypes examined in this analysis, support builds from research to acceleration but falls away before scale.

Fourth, the support that exists is mostly advice rather than capital. About 37% is on capacity building and ecosystem access (~27%) together accounting for roughly two-thirds of all support activity, while capital access and investment readiness is around 7% and policy and systems support around 2%. Could an ecosystem be busy and still not be doing the thing that moves ventures to scale?

One participant's formulation: *"sometimes we collaborate, sometimes we synergize"* captures what the innovation systems literature calls systemic coordination failure: actors who individually recognise the problem but collectively reproduce it. Carlsson and Stankiewicz (1991) defined innovation systems partly as sets of *relationships* between actors, not just the actors themselves. The Briter data shows an ecosystem with the actors such as research organisations, accelerators, incubators, hubs, funders present but the relationship infrastructure remains episodic. Metcalfe (1995) warned that innovation policy fails most reliably when it mistakes the parts of a system for the system itself: adding an accelerator or a grant scheme without attending to interaction produces not a system but an inventory. Briter data reinforces this — government, donors and foundations anchor the ecosystem (each funding the largest counts of initiatives), while venture capital firms barely register and often support accelerator models. The components exist but they do not reliably compound.

This is what Rodrik (2004) identified as the core challenge of industrial policy in developing economies: not the absence of policy tools but the absence of deliberation infrastructure — the institutionalised dialogue between state and private sector that keeps policy responsive. The roundtable observation that government "sees but doesn't hear" is a practitioner description of exactly that deficit.

IV. The Philanthropy Table: Language, Legitimacy, and the CSR/Impact Divide

The corporate philanthropy session introduced a different register of the same problem. The diagnostic question: *"Are we speaking the same language?"*. Initially this looks like a communications observation but at depth it is that different actors hold incommensurable theories of what capital is for, what return means, and what legitimacy looks like.

The Briter dataset makes this fragmentation almost literal. As part of developing the KIEFF Data Coordination Dashboard, the team had to build a taxonomy to map the ecosystem— defining and separating institutional donors, foundations, government funders, corporate investors, development finance institutions, family offices and venture capital, each with its own working definition, because in practice these communities do not share a common taxonomy.

Figure 3 below shows the consequences of that fragmentation in the distribution of effort: foundations fund a substantial share of initiatives, but corporate investors and DFIs play far smaller, more targeted roles, and the routing across these funder types is not coordinated by any shared success criteria or time-horizon logic. Porter and Kramer's (2011) shared value framework attempted to dissolve the CSR/commercial divide by argument. The roundtable scepticism reflects accumulated practitioner wisdom that this dissolution has not materialised particularly in African markets where CSR remains largely for compliance and impact investing remains largely Northern-defined.

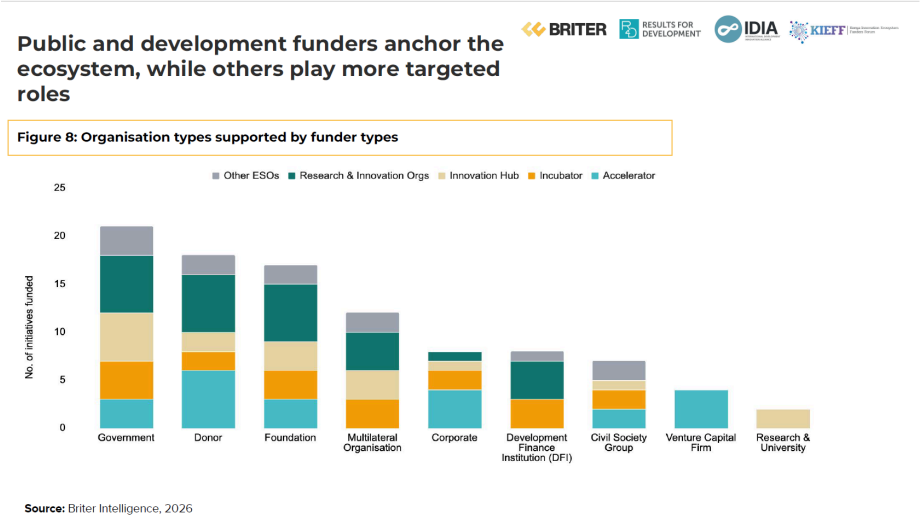

Figure 3: Distribution of support by funder type

This matters because philanthropy in Kenya is not marginal. Recent estimates from the State of Philanthropy in Kenya report place annual private and corporate philanthropic giving at over KES. 172 billion, with 68% of sampled organisations reporting philanthropic activity and most support concentrated in education, health, and environmental programming. The same study found strong alignment with both government priorities (68%) and the SDGs (87%). Read against the roundtable discussion, the point is not that philanthropy is absent, but that its dominant allocation logic remains programme-oriented rather than infrastructural: active, sizeable, and development-facing, but potentially not yet organised to build the ecosystem conditions that make science-based ventures fundable.

The more generative framing came from the *"product vs. process"* distinction raised at the table. The philanthropic capital literature increasingly separates catalytic philanthropy — capital deployed to build market infrastructure, translation capacity and coordination vehicles — from direct philanthropy, which funds specific products or programmes (Kania and Kramer, 2011; McCreless M., 2017). The

roundtable's conclusion, read carefully, is that African science-venture ecosystems need the former: not philanthropy that funds a venture, but philanthropy that funds the infrastructure that makes ventures fundable. This aligns with Woolcock's (2001) analysis: the density and quality of institutional relationships matter more for long-run development outcomes than the volume of resources flowing through them.

The language question also implicates power. Capital instruments encode the theories of change of those who design them. When the dominant design logic is from the Global North, domestic actors must translate themselves into legible forms at the cost of fit. Srinivas and Sutz (2008) documented this in the "appropriate technology" debates: what counts as a fundable science venture is not a neutral classification but a product of historically specific funding logics.

V. The Evolving Development Funding Landscape

The Official Development Assistance (ODA) contraction — driven by fiscal consolidation in donor countries, the restructuring of USAID programming, and the re-orientation of European development finance toward geo-strategic priorities — has materially altered the external-financing landscape that the STRI Blueprint's dependency estimate describes. The decline in deal counts captured in Briter`s research across 2024 and 2025 may already be an early signal of that contraction reaching Kenya's ecosystem.

This should be experienced as a crisis but also as a forcing function. External capital dependency, long normalised, is now being tested by the actual exit or conditionality shift of external actors. The domestic mobilisation agenda from pension fund reform, diaspora instruments, corporate philanthropy domestication

and sovereign blended finance vehicles, are no longer a long-term aspiration but an immediate operational requirement. Mazzucato and Penna's (2015) mission-oriented framework is useful here: the question is not only how to mobilise more domestic capital but toward what missions, under what governance, and with what accountability. The science-venture pipeline is not self-evidently a mission unless it is connected to societal challenges — health access, food security, climate adaptation — that gives patient capital a purpose beyond return.

VI. What "Build the Vehicle" Requires — and the Dashboard as First Step?

The most consequential phrase across the roundtable sessions was the simplest: *build the vehicle*. It is the practitioner conclusion from a structural diagnosis, which is not more pilots, but a structure that can hold blended capital, translate across funder logics, and route capital to the stage where the pipeline empties.

Howells (2006) categorised intermediaries by functions such as brokering, knowledge translation, standards-setting, financing mediation — and argued that their absence is the most reliable predictor of ecosystem coordination failure. The "vehicle" the roundtable gestured toward is a multi-functional intermediary of exactly this kind.

Significantly, the Briter research introduces the **KIEFF Data Coordination Dashboard** as a shared framework for action and a system-level mapping of, in its own counts, 99 organisations, 103 funding partners and 98 programme partners, with their ecosystem roles, stages and support types made visible and available for

querying. This is the first concrete instantiation of the coordination function the roundtable was describing. It is the visibility layer: the mechanism that lets gaps stop being anecdotes and start being decisions.

But visibility is necessary, not sufficient. A dashboard that maps the ecosystem is not yet a vehicle that *routes capital* through it. Convergence's market data and regional briefs on blended finance in Sub-Saharan Africa show a substantial and growing population of such vehicles, but their distribution remains concentrated in energy, infrastructure, agriculture, and financial services — sectors with more established commercial pathways and greater DFI familiarity (Convergence, 2024; Convergence, 2025). Science-intensive ventures remain systematically underrepresented.

The governance question the dashboard alone cannot resolve is the one the roundtable surfaced: **who holds the coordination mandate?** Intermediaries require mandate clarity and they must be authorised to broker, not merely invited to convene. The "government sees but doesn't hear" comment at the roundtable may suggest that state actors are not currently positioned to hold it while the language-gap analysis suggests no single private actor commands sufficient cross-ecosystem legitimacy. Could this be, paradoxically, an argument for a genuinely new institutional form and not an extension of an existing DFI, accelerator or foundation? A proposition for a structure designed specifically to hold the coordination function across these boundaries? Could the KIEFF dashboard be the platform on which such a structure is built?

VII. Conclusion: From Diagnosis to Architecture

Across three diagnostic lenses, a single structural conclusion emerges: Kenya's science and innovation ecosystem exhibits the components of a functional system and the absence of systemic coherence. Capital exists but does not compound. Instruments exist but do not interoperate. Actors are present but do not coordinate. The Briter dataset gives this diagnosis its empirical backbone — the scale cliff, the acceleration-stage clustering, the science-venture instrument gap, the dominance of advice over capital.

The KIEFF Data Coordination Dashboard is the shared framework the roundtable was reaching for and the visibility infrastructure on which coordinated, evidence-based decision-making can be built. The development funding landscape is contracting around the external financing the ecosystem has depended on, and that contraction makes the domestic mobilisation agenda urgent.

The question that may remain and which no dashboard can resolve is who holds the mandate to move from visibility to routing, from a map of the ecosystem to a vehicle that finances it?

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