THE STATE OF TECH IN AFRICA

2025

AFRICARENA
THE AFRICAN TECH ECOSYSTEM ACCELERATOR

Contents

27

Looking beyond

THE NUMBERS

Contents

SECTION 4

Gender Diverse Pledge: Where We Are One Year Later

SECTION 5

Shaping the Future of Venture Capital Investing in Africa: A Look At The Digital Collective Africa

SECTION 6

Conclusion: Predicting the Future

124

Key Preditions for 2025

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Acknowledgements

A very special thank you to those that contributed to this report

Abderrahmane Chaoui (Sendemo)
Alaya Bettaieb (Smart Capital)
Alison Collier (Endeavor South Africa / Harvest Fund)
Abby Stern (Holocene)
Ahunna Ogunedo (54 Collective)
Alex Calvin Gbetie (The Future List)
Alexia Amichia (Ministère de la Transition Numérique et de la Digitalisation)
Ali Mnif (Digital Africa)
Alvin Anderson (BORDA South Africa)
Anthony William Catt (Ventures 54 / London Africa Network)
Andrew Darge (E3 Capital)
Anton Gaylard (Crossfin Technology Holdings)
Aude Juglard (M-studio)
Aurélie Ette Askia (Sanofi)
Ashim Egunjobi (Octerra Capital)
Ahunna Ogunedo (54 Collective VC)
Ben Marrel (Breega VC)
Brice Delangneaux (Afrique Green Side)
Catherine Young (Knife Capital / Grindstone Ventures / Thinkroom Consulting)
Cédric Oliver Tzeuton (AWS)
Cindy Ai (Dream VC)
Cyriac Gbogou (Ovillage)
Cynthia Mwaura (E3 Capital)
Covadonga Rayon (European Business and Innovation Centre Network)
Charnez Jacobs (FMO: Dutch Entrepreneurial Development Bank)
Collins Fomba Ken (IWOMI Technologies Ltd)
Dario Guiliani (Briter Bridges / London Africa Network)
David Saunders (Briter Bridges)
Dexter Outtara (CODELN)
Dr Bienvenu Comlan Agbokponto Soglo (Intel Corporation)
El Mehdi Messek (Babimo)
Elisabeth Moreno (Ring Capital)
Egla Ntumba (MsFiT)
Emmie van Halder (Batazia)
Eunice Ajim (Ajim Capital)
Eva Waweru (Village Capital)
Eduardo Herrmann (Steinbeis Europa Zentrum)
Felix Darko (PayStack)
Flo Motsane (Bolemi Climate Smart Agri)

Acknowledgements

A very special thank you to those that contributed to this report

Florent Nduwayezu (HackGroup)
Ghita Zniber (Kalys Ventures)
Grégoire Padirac (Digital Africa)
Gilbert Were (Blue Radio Kenya)
Karen Seremo Waithaka (DOB Equity)
Kyra Fantou (Breega VC)
Kevin Simmons (LoftyInc Capital)
Khlaifia Bilel (NextAV)
Hema Vallabh (Five35 Ventures)
Henry Ojuor (Startupbootcamp AfriTech)
Henri Zietsman (AWS)
Hossam Allam (Climate Resilient Africa Fund)
Ido Sum (TLcom Capital LLP)
Jacobus de Nysschen (Growth Cap)
Jeffrey Akemu (Launch Africa Ventures)
Keet Van Zyl (Knife Capital)
Koya Matsuno (VunaPay)
Kmar Sahnoun (Startup Village)
Jacobus de Nysschen (GrowthCap)
Jessica Francisca Colaço (101 Capital Partners)
Jocelyn Nyaguse (Startupbootcamp AfriTech)
Joshua Romisher (Holocene)
Julien Draper (Knife Capital)
Jill Curr (MsFiT)
Leslie Ossete (M-studio)
Lizbeth Odima (KCIC)
Mafini Dosso (OIITID)
Mathias Léopoldie (Julaya)
Mark Kleyner (Dream VC)
Maurizio Caio (TLcom Capital LLP)
Max Bayen (Africa: The Big Deal / Catalyst Fund)
Max Cuveiller (Africa: The Big Deal)
Mary Ndinda (CFO Innovation Partners)
Melanie Mwangi (ENRICH in Africa Center)
Michelle Allade-Kouadio (MetaBank)
Mohamed Lamine Sanogo (MOHAMEDIAS)
Moses Spiff (CloudPlexo)
Muthoni Wachira (Katapult Ventures)
Natasha Ngundu

Acknowledgements

A very special thank you to those that contributed to this report

Namara (Flat6Labs Africa Seed Fund)
Nadine Zoro (Impact Hub)
Nick Allen (Savant)
Ndeye Coumba Diop (OIT)
Nora Monnet (ACEN Foundation)
Onyeka Ekeh (Bluespace Africa)
Olufemi Oyinsan (TCVP)
Partech Team (Marie Benrubi, Sabrine Chahrour, Cyril Collon, Tito Cookey-Gam, Tidjane Dème, Lewam Kefela, Matthieu Marchand, Aminata Ndoye, Isabelle Tresson)
Priaash Ramadeen (The Awareness Company)
Peter Wamburu (E Squared Investments)
Philip Kiracofe (Startupbootcamp AfriTech)
Phindile Malaika Dhlamini (Capaciti)
Samantha Stodel (Thinkroom Consulting)
Samuel Munguti (Shamba Pride)
Samuel Mungadze (IT Web Africa)
Sanelisiwe Njobe (OURSpace)
Sebastien Lacour (PayGenius)
Stéphane Coulibaly (Ministère de la Transition Numérique et de la Digitalisation)
Romain Diaz (Satgana)
Ross Davies (Silicon Overdrive)
Rushil Vallabh (Secha Capital)
Tatenda Nyamuda (E4Africa)
Tania Eyanga (CAMPEA)
Tendai Pasipamire (ENRICH in Africa Center)
Thea Sokolowski (Stitch / Women Who Build Africa)
Thaheer Mullins (Savant)
Thulani Dlamini (E Squared Investments)
Tshilidzi Matalala (E Squared Investments)
Tonee Ndungu (Tribbe Nation)
Yassine Ouassaifi (AfricInvest)
Yinka Adeoke (Semafor)
Vere Shaba (Decarbonise Ventures)
Viraj Sikand (EarthAcre)
Wassim Ben Larbi (Express FM)
Zachariah George (Launch Africa Ventures)
Zandile Ntuli (ENRICH in Africa Center)
Zipho Zwane (Technology Innovation Agency)
Zied Ben Othman (Smart Capital)

Foreword

Africa, the Next Frontier of Growth

We are thrilled to bring the sixth edition of the AfricArena State of Tech in Africa Report 2025 to you, our valued readers and esteemed partners and supporters within Africa's tech, innovation and investment ecosystem.

What a time to be alive and pioneering new ground in Africa, the world's next frontier of growth! It certainly is a bold undertaking, thrusting forward into unknown territory together with a like-minded community as we build Africa's digital infrastructure, that is bringing digital transformation into the continent, revolutionizing the way some things are done, and bringing in new ways, new ideas to do things that impact our lives for good.

Nine Years in Business

It's hard to believe AfricArena is going into its ninth year of operation since its inception in 2017. It's been a fantastic journey thus far and we appreciate your invaluable support in our mission to play a key role in accelerating Africa's fast expanding tech, innovation and investment ecosystem by connecting founders, incubators, accelerators, investors, corporates and venture capital to one another through our unique, connected and interactive spaces at our AfricArena Summits and side events, which include the AfricArise Founder's Bootcamp, AfricArena VC Unconference, and AfricArena Wired Connect. These events, which make up our unique annual AfricArena Tour circuit take place digitally or in-person. We also provide exemplary research content and operate a digital platform that has produced over US$880 million in funding from startups who successfully raised through AfricArena.

Taking the AfricArena Tour Throughout Africa to the World

We showcase the best of Africa's tech ecosystem to interested investors in the U.S., Europe and Asia through an AfricArena summit and a tailored program in the U.S., Europe and Asia that by showcasing the best Seed, Series A and Series B startups in Africa, foreign investors get a flavour of Africa's investment potential and this unlocks much needed funding to the African continent.

Purpose of this report

This AfricArena State of Tech in Africa report, issued annually, aims at providing all interested parties with insights and knowledge about the trends seen in the African tech sector. Its goal is not to add another set of analytics, but rather to add value by telling some of the key stories behind the numbers, and making sense of the underlying trends. We hope this is a valuable read for anyone interested in the developments and potential of the African tech, innovation and investment ecosystem.

We are open to feedback as we are continuously learning and improving on what we do to provide better services and opportunities to our partners, clients, founders and supporters within the ecosystem. Please do not hesitate to engage with us!

Here's to a great 2025!

Christophe Viarnaud
Abderrahmane Chaoui (Sendemo)
Dan Mabbyalas
Nafisah Abrahams
Thomas Hart

Jabulile Ngwenya
Malamu Kiyombo
Botlhale Seremo
Sarah Kitwanga
Tialise Taljaard

Executive Summary

The African tech ecosystem in 2024 faced considerable headwinds, mirroring global economic trends. Funding dropped to US$2.2 billion (AtBD) or US$3.2 billion (Partech), marking a limited 7% decline from 2023. This contraction underscores the challenges posed by global economic uncertainty, high interest rates, and currency pressures. Despite these hurdles, the ecosystem demonstrated resilience, marked by key achievements such as the emergence of two new unicorns—TymeBank and Moniepoint—and the growing sophistication of the regional startup landscape.

The lack of standardized methodologies for defining "startups," sectors, and deal sizes across reporting platforms continues to cloud funding data, with up to 40% of deals remaining undisclosed. Regional funding remained concentrated in four countries—Kenya, Nigeria, Egypt, and South Africa—which collectively attracted 84% of total investment. Kenya led the continent, raising $638 million, supported by a vibrant climate-tech sector. Nigeria followed, raising US$410 million, driven by its fintech powerhouse, despite enduring economic challenges. South Africa, while showing signs of promise in digital banking and cannabis tech, saw a 34% decline in funding. Egypt, facing macroeconomic instability, also experienced a sharp downturn, raising US$478 million, a 35% drop compared to 2023. Emerging markets like Morocco, Côte d'Ivoire, and Tanzania displayed encouraging signs, but funding remains heavily dominated by the Big Four.

Amid declining valuations and investor pullbacks, there were shifts in investor behavior. New "super investors," such as 54 Collective and Digital Africa, played a key role in underserved markets, prioritizing rational valuations and strong unit economics. The ecosystem saw a drop in the number of active investors engaging in multiple deals, but new models of engagement, including corporate venture capital (CVC) and debt financing emerged to fill some of the gaps.

The second half of 2024 delivered stronger funding performance compared to the first, hinting at a bottoming-out of the downturn and setting the stage for recovery. While challenges remain, such as funding disparities, regulatory bottlenecks, and underrepresentation of female founders, the year ended with a cautious optimism for more sustainable growth in 2025.

Regional Highlights: Resilience Across Africa's Ecosystem

East Africa emerged as the top-performing region, raising US$725 million, with Kenya accounting for the lion's share. Nairobi retained its position as a leading hub for innovation, particularly in climate tech and e-mobility, with startups like Spiro and BasiGo securing notable investments. The ICT Authority Bill 2024 reinforced Kenya's reputation as a tech-friendly environment, despite legal disputes and funding constraints.

Executive Summary

West Africa, led by Nigeria, attracted US$587 million, with fintech maintaining its position as the dominant sector. Moniepoint's achievement of unicorn status and Flutterwave's impending IPO reinforced the region's global relevance. Government-led initiatives, such as Nigeria's 3 Million Technical Talent (3MTT) program, aim to strengthen the country's workforce and drive innovation across sectors.

North Africa faced setbacks, with funding declining 35% to US$478 million, largely due to economic instability in Egypt. Nevertheless, Cairo continues to thrive as a hub for tech innovation, bolstered by initiatives like the Digital Egypt Builders Initiative (DEBI) and the expansion of its first unicorn, MNT-Halan, into Turkey. Morocco, while less mature, showed significant progress with a 93% increase in investment by 2023, driven by funds like the Digital Morocco Fund and UM6P Venture Fund.

Southern Africa raised US$250 million, with South Africa remaining a prominent player. Tyme Group attracted the year's largest single investment in the region, positioning the country as a leader in digital banking and international expansion. Additionally, South Africa's medical cannabis market made strides, with Cilo Cybin becoming the first cannabis company listed on the Johannesburg Stock Exchange.

Emerging markets such as Côte d'Ivoire also made strides, supported by the introduction of the Startup Act and a favorable regulatory framework. These advancements, along with notable funding for startups like Tuzzo and Wi-ASSUR, reflect the growing potential of Francophone Africa as a hub for tech innovation.

Gender Diversity: A Critical Gap in African Funding

The Gender Diversity Pledge, launched in 2023 to address the chronic underfunding of female entrepreneurs, saw disappointing results in 2024. Female-led startups received just 7% of total funding, underscoring persistent gender bias in the ecosystem.

Despite the discouraging data, the pledge drove some progress, with programs like Catalyst Fund and Digital Africa achieving 32% and 31% female-founded startups in their portfolios, respectively. Digital Collective Africa's Diversity pledge calls for urgent action to close the gender gap, urging investors to be more intentional in supporting female founders and recognizing their critical contributions to Africa's innovation landscape.

Innovation and Collaboration: Key Drivers of Ecosystem Maturity

The Digital Collective Africa (DCA) took a central role in fostering collaboration and transparency across the ecosystem. Through VC Unconferences in Johannesburg, Morocco, and Cape Town, DCA gathered global and local investors

Executive Summary

to discuss critical challenges, such as funding gaps in early-stage startups and the "missing middle" between seed and Series A funding.

Innovative financing models like FLOATS (Funding and Liquidity Optimized Alternative Transfer Structures) gained traction, offering startups non-dilutive funding options while addressing liquidity challenges. Similarly, debt financing grew in popularity, particularly for cash-flow-positive startups in sectors like fintech and renewable energy. These initiatives underscore the growing focus on creating sustainable pathways for African startups to scale without diluting founder ownership.

Future Outlook: Toward a Transformative 2025

The year 2025 is projected to mark a strong recovery for African tech investments, with 30–40% growth expected, bringing total funding to US$4 - 4.4 billion. This rebound will likely be driven by the return of international VCs, the expansion of corporate venture capital (CVC) initiatives, and improved post-election global economic conditions.

Emerging ecosystems like Rwanda, Morocco, and Tunisia are set to gain prominence, supported by government policies and investments in tech infrastructure. Additionally, specialized funds focusing on climate tech, agritech, and logistics are expected to drive sector-specific growth. Programs from Europe, Japan, and South Korea are poised to inject an estimated US$60 million annually into the ecosystem.

However, challenges such as currency volatility, political instability, and infrastructure gaps remain significant risks. The rise of "zombie funds" with limited capacity to reinvest could also hinder momentum.

By 2028, total investments in African tech could exceed US$10 billion, fuelled by collaboration, innovation, and regulatory reforms. The year 2025 will be pivotal, offering a chance to build a more inclusive, diversified, and sustainable ecosystem that cements Africa's place as a global leader in tech innovation.

SECTION 1

What happened with the Numbers?

1.1

Introduction

Abderrahmane Chaoui, co-founder and CEO at Sendemo shares his thoughts about Africa's funding numbers and the possibilities for Africa's tech future

Will we see a return to 2021-2022 funding levels, or are we slowly getting back to pre-pandemic funding levels (2019 - 2020)?

If you are involved in Africa startup ecosystems, that's probably one of the questions you, along with like-minded investors, founders and ecosystem support organizations also had on your lips when 2024 kicked off one year ago. And as it often turns out, time has shown us the question, or the way it was asked was probably wrong.

Let's cut off the suspense and get to the point as you have by now, probably already seen the numbers from our dear friends at Africa: The Big Deal (AfBD), Partech or others which indicate that we did not do that well in terms of funding in 2024 and yes, it represents a serious decline from 2023 (2022 and 2021). Yet, it would still be wrong to rely only on these numbers to predict where we are going, to understand where we're coming and see where we need to improve as an ecosystem to achieve our vision of fostering a dynamic, innovative, investment-attractive African tech landscape.

The brilliant infographies from AfBD or Partech have more to tell about Africa's funding numbers and that's what we are going to look at in this report. We will take a look beyond these reports to highlight and analyze new trends and weak signals that we have seen emerging in our ecosystems, whether it is related to investments and exits, to scaling and expanding geographically or more system-level notable initiatives.

We believe that a good understanding of the key underlying trends will help you use the numbers and statistics recently published in a more informed manner, and to keep abreast with developments pertinent to our ecosystem's future.

A Talk by Abderrahmane Chaoui | Understanding Startup Support in Africa

1.2 The Numbers Are Out There, and A Lot of Data Discrepancies Remain

At Sendemo, we want to be crystal clear from the beginning of this section that the point of this section is to highlight and explain key methodological differences behind the most read reports that relate to African startup funding so you can make the most of them. This certainly does not put the blame on the publishers as we are navigating a vigorous, resilient economic landscape.

While these reports are of immense value and importance, they remain year after year the reflection of a wider misalignment - our misalignment - on the very definitions of the basic concepts that are foundational to our ecosystems on one hand, and the reflection of the absence of common data indexes, practices and methodologies at a continental level on the other.

In African ecosystems, no one is responsible for the data. No one says how we should collect it and structure it, how we should define our categories (pre-Seed, Seed), our sectors (what's fintech and what's HR? What's logistics and what's energy?) or our very own companies (what's a startup and what's a SME? What's an African company and what is not?).

This is why it is important to start by acknowledging the efforts of those who, in this wild data environment, are working hard on their own and sometimes for free, to bring us visibility and structure.

The Undisclosed Deals - The Forever Pebble in the Shoe

Due to the nature of some markets and idiosyncratic differences within these markets, it is inevitable that year-over-year (YoY) we will have undisclosed and partially disclosed deals. These undisclosed and partially disclosed deals account for up to 40% of total deals and an estimated 15% of funding. There is nothing we can do about it as some deals will never be disclosed due to multivarious factors. However, it must be noted that the data providers currently have different positions towards those multivarious reasons some people have for not disclosing these deals. Some try to estimate them (Disrupt Africa) while others simply exclude them. Some will consider privately shared whispers and others will strictly focus on verifiable deals.

Every position is understandable - you just need to know it and pick the numbers that seem the most useful in your specific case.

Some try to estimate them (Disrupt Africa) while others simply exclude them. Some will consider privately shared whispers and others will strictly focus on verifiable deals.

Wild Definitions

It comes down to one “simple” question. What to take into account? And it’s not that simple.

Let’s try for a second. If a business founded by two bright Nigerians from MIT is registered in the U.S., with investors and founders in the U.S., would you dub it as African? Now if the same business has most of its engineering team between Cairo and Lagos, would that change your definition? And what if it has finally pivoted to start addressing a similar problem in South-East Asia? Should we look at the proportion of revenues? The reports would have different answers to these questions, so would every ecosystem player in Africa...It is not really a problem, as at the end of the day who cares, but from a data perspective the issue matters and is one of the sources of many discrepancies.

The same definition issue lies within the very concept of startup. For some, it must include tech, for others the business must be “innovative” (deal with it), or under x years of incorporation and so on. This leads to considerable confusion among the various stakeholders in our ecosystems, particularly between the concepts of SMEs and startups, or more broadly the concepts of entrepreneurship and innovation. This last confusion is more or less harmful depending on your position in the ecosystem.

Back to our reports, Briter Bridges would include mergers and acquisitions (M&A) as a

funding event for these M&A milestones does mark the end of a lifecycle and can understandably shed light on an interesting trend for founders and corporates. But others won't, understandably as well, after all, no investor has disbursed any dollar.

The deal size categories can also be subject to discrepancies and some of us have witnessed these discrepancies first hand. The definition of a 'venture round', a 'Seed round' or a 'Series A' varies a lot from one African region to another. These discrepancies create difficulties for data collectors who need to further homogenize their set following one standard definition, and it also gives room to different standards defining these major milestones. In our reports, the minimum deal size taken into consideration varies a lot from one to another.

While the bar has to be set somewhere, the proportion of forgotten deals would vary a lot from one country to another and tend to be more important in younger ecosystems, showing an even downsized picture of our smaller ecosystems. This is also the case with South Africa where the proportion of undisclosed angel investments is comparatively higher than anywhere else in the continent.

The same problem would happen with sector breakdowns. This is, in my opinion, a problem that does not concern only Africa. Software and tech businesses have little consideration for traditional sectors simply because these businesses do not obey the same rationale as traditional businesses. Enterprise SaaS could start addressing new needs (new sectors) simply by adding a little functionality to their product. Some other businesses are defining new categories, such as electric vehicles (EV) that most reports have a hard time categorizing either in 'logistics and transportation' or in 'energy'. This will continue to happen more and more. Some of us don't look too much at these industry breakdowns as from a business perspective, sectors tend to matter less and less.

At Sendemo, most of our observations related to these discrepancies finally come down to one: the need for a continental index, with clear and commonly agreed upon definitions, opening the way for a pan-African, transparent, data requisitory for our ecosystem stakeholders. Meanwhile, we must thank the few who work hard to provide us with quality information despite the aforementioned challenges. Kudos!

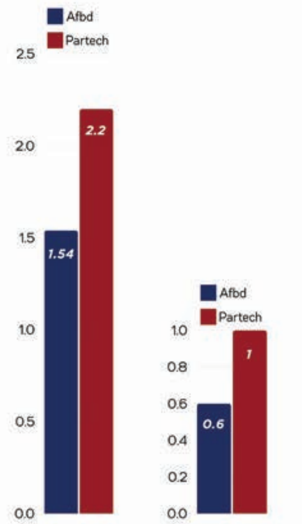
To conclude on a positive note, Systemic Innovation is moving forward on this topic and has recently embarked Ethiopia on a pilot with the creation of the Ethiopian Startup Data Hub. An initiative we hope can receive the echo it deserves and be scaled across Africa's 54 countries. For more details about the methodology discrepancies in funding data, find the report the team has published last year here.

1.3 Let's Look At The Numbers

In a nutshell... it hurts.

- Africa: The Big Deal announced US$ 2.2 billion only, while Partech announced
- US$3.2 billion;
- This is a 25% drop from 2023 levels following AtBD; and 7% only if you follow Partech;
- These numbers also represented a 52% drop from 2022 levels;
- Therefore, logically, the number of active investors also declined (15% according to AtBD)

2024 Discrepancies' analysis between Africa: The Big Deal and Partech



Equity funding difference (in billion US dollars)

Debt funding difference (in billion US dollars)

Report Methodology / Discrepancies	PARTECH	Africa: The Big Deal *Startup Deals Database*
Deals Tracked	Only equity or debt rounds that are $200K or above; Undisclosed (non-public) small and large deals (i.e Zepz formally WorldRemit and Sendwave).	Public (open source) equity, grant and debt rounds that are 100K and above.
Geography Focus	African startups whose main market is within the continent, even if they expand globally / based outside of Africa.	Pan-African headquarted startups only, which exclude non-African headquartered startups with 80% - 95% of their staff outside Africa, and entire management (inc. founders) outside Africa and non-African.

Report Methodology / Discrepancies Breakdown

Source: Figure produced by AfricArena based on comparative analysis between Partech and Africa: The Big Deal 2025 reports.

Since we're talking about bad news, let's drop this here and now: Despite all the nice talks and conferences, **WE have been more gender-biased than ever before.**

However, there are signs that investor confidence remained despite the downward trend in funding numbers. The number of hyperactive investors (+10 deals) remained steady, despite several funds currently raising funds.

This means that a few funds have doubled down on their activities and increased levels of investments and/or geographies.

During 2024, two new unicorns emerged, confirming their growth and the ability for a few champions to mobilize hundreds of millions of fresh dollars. Congratulations to TymeBank and Moniepoint.

Thanks to these two megadeals, equity deals did not drop that much, by 11% only. And H2 2024 even outperformed H2 2023, which is good news for Africa's startup ecosystem.

Egypt and Nigeria, two countries from the Big Four, experienced serious money devaluations amid economic downturns and global conflicts, sometimes halving startup valuations and affecting more broadly the investors confidence in flying back their returns. The impressive US$400 million they both raised is a testament to the dynamism of these ecosystems and the confidence investors maintain, even in times of crisis.

The African tech industry is rapidly expanding and evolving, with various sectors making significant advancements in innovation and development.

1 Year, Two Dynamics

As mentioned briefly above, H2 2024 was better than H2 2023. Actually, H2 2024 even matched the performance of H2 2022! And this can only mean two things: Firstly, 2024 was not that bad. We can kick off 2025 with some signs of encouragement and secondly, H1 2024 was really, really bad.

Indeed, in 2024, the time the ecosystem took to reach the first billion is the longest since 2020 whereas the same target was achieved in seven months. We had to wait until July 2024 to start feeling the end of the so-called funding winter. For comparison, in 2023, this bar was reached in April, whereas in 2022 it was reached in February.

This slow first semester can be explained by different reasons. Internationally of course, global conflicts and inflation had put pressure on retail investors, business angels, and forced institutional investors to refocus their priorities. The fragile situations of both the Nigerian naira and Egyptian pound, two heavy-weights in our continental startup scene, especially in the beginning of the year, have considerably slowed down investments in both countries. Finally, the reduced activity of hyperactive seed funds in 2023, such as Flat6Labs or Y Combinator, has reduced the pipeline of investable startups at Seed level and Series A that we would have normally expected in early 2024. This is a trend we should continue to see in 2025, but one that should come to an end with the upcoming announcements of their next funds.

Finally, the success of H2 - in terms of funding - is essentially attributable to two companies, namely Tyme Group and Moniepoint. The first has become South Africa's first unicorn after securing US$250 million Series D led by a leading digital banking platform in Brazil, Nubank, and there is more to uncover about it. The second started out in Nigeria and earned its status after a US$110 million Series C led by ADP and Google in November. Both are fintech, again.

A quick calculation shows just how simplistic Sendemo has been in attributing the H2's success solely to these two companies. Of course they don't cover for the US$1.4 billion raised in this semester, but they played a great part (Series C, pre-Series C). To be more nuanced, 50% of the 2024 funding went to ten businesses only and they are as follows: MNT-Halan, d.light, Moove, BasiGo, SunKing, Spiro, M-Kopa, and Nuitée complete the table. A sectoral classification of these businesses may be subject to challenges so let's keep in mind that they are either related to financial services, the most "secure" asset class among startups, promising important returns and less risky exits, or energy and climate related, demonstrating the proportional importance taken by impact investors in times of downturn.

The Big 4, Again and Always

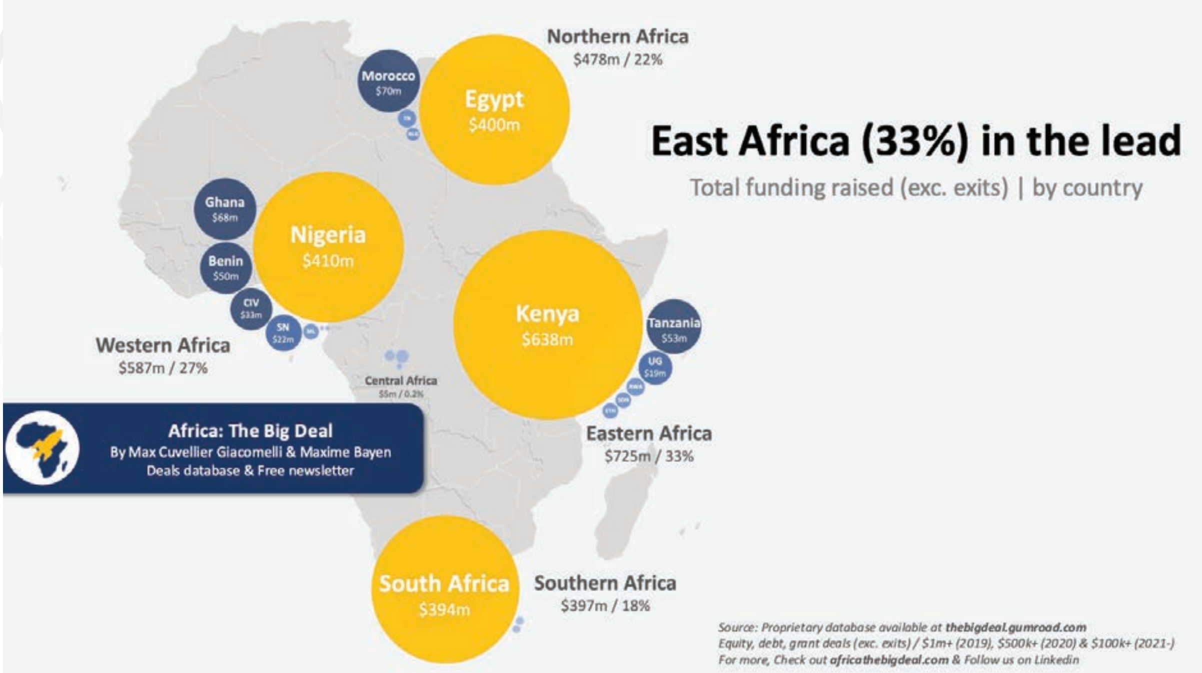
The concentration of funding continues to be geographically outrageous, with 84% of funding going to startups in four African countries only, namely: Kenya, Nigeria, Egypt and South Africa. More striking, each of these four countries have raised more than the rest of the 50 countries combined (summing up for 16% of total funding only).

If we look at it with more details, Kenya is leading the run for the second year in a row, with a total US$638 million raised in 2024, marking a 19% decline from 2023. There is no significant change in regulation or any other endogenous argument to explain Kenya's rise to power over the last two years, so we can understand that the country is still and temporarily taking advantage of the macroeconomic situation in Nigeria.

The concentration of funding continues to be geographically outrageous, with 84% of funding going to startups in four African countries only, namely: Kenya, Nigeria, Egypt and South Africa.

Nigeria, the continent's startup powerhouse, has not yet recovered from its 2023 crisis, but still manages to reach the silver medal with a US$410 million raised according to data from AtBD. It is worth noting that it is the only country out of the Big Four to actually do better in 2024 than in 2023. As we said earlier, the broader macroeconomic situation the country finds itself in, had serious impacts on its performance. With the naira back at its pre-crisis levels, the country's performance would have been two or three times what it has been.

Egypt, the other giant with feet of clay, has also probably underperformed, due to the poor macroeconomic environment. An environment that has been successfully stabilised at the cost of selling land to foreign investors and brought some stability in the Egyptian pound along with the investors' confidence. Sawari Ventures, the iconic Egyptian VC fund behind the creation of the iconic Flat6Labs, recently announced a



Source: Africa: The Big Deal

US$200 million close up to their Fund II. With only US$400 million raised by Egyptian startups in 2024, a 37% decline from 2023 levels, Egypt is probably the country among the Big Four that underperformed the most. With an overall economic situation stabilized and the recent expansion of the most active investor in 2024 to the country, 54 Collective, no doubt the country is all set to do much better in 2025. Let's stay tuned.

Finally, South Africa, despite registering its first unicorn, is still closing-up the quarter (after 2023 and 2022), with US$387 million raised, a 34% drop from 2023. Despite being the most sophisticated capital market in the continent, despite having the most involvement from corporations and the highest GDP, and despite having the most advanced universities of the continent in entrepreneurship, South Africa still underperforms compared to its peers. This can partly be explained by the methodological choices made by the report providers, choices explained in the first section of this document.

South Africa is, by far, the country with the highest proportion of angel investing at different stages of the startup lifecycle. A recent study by ABAN, the African Angel Academy and Briter Bridges revealed that the country is home to 15% of the continent's active angel investors. Again, most angel investments go under the radar in our reports.

Far behind the Big Four, we have a new runner-up with US$70 million raised, the recent efforts from the Kingdom of Morocco are reflecting in this year's results and Moroccan startups seem to be confirming their new attractiveness.

Steady runners-up for years now, Ghana and Tanzania are following, respectively with US$68 million and US$53 million. While Benin made an appearance in the top 10 for the first time, we mostly notice the disappointing performances of countries such as Tunisia, Senegal, Côte d'Ivoire or Uganda. Here again, our methodological remarks need to be kept in mind as many deals go under the radar.

Is It Really About Four Countries? Or More About a Few Super Founders?

In truth, funding statistics quickly reach their limit when we consider countries after the big four...there is simply not enough volume to get a sense of the activity in these ecosystems based on statistics only.

Take Benin for example. With US$50 million raised, the country stands at a proud eighth place out of 54 countries. Not bad at all for a country with a population of 12 million and a US$20 billion GDP. But all the US$50 million raised in 2024 went to one startup only, Spiro. While we at Sendemo, together with AfricArena and many more love Benin from many perspectives as its ecosystem shows a lot of interesting features (you can find a deep dive here), the point is that funding statistics across the board year-over-year (YoY) won't give you a proper feel of them as there is simply not enough volume.

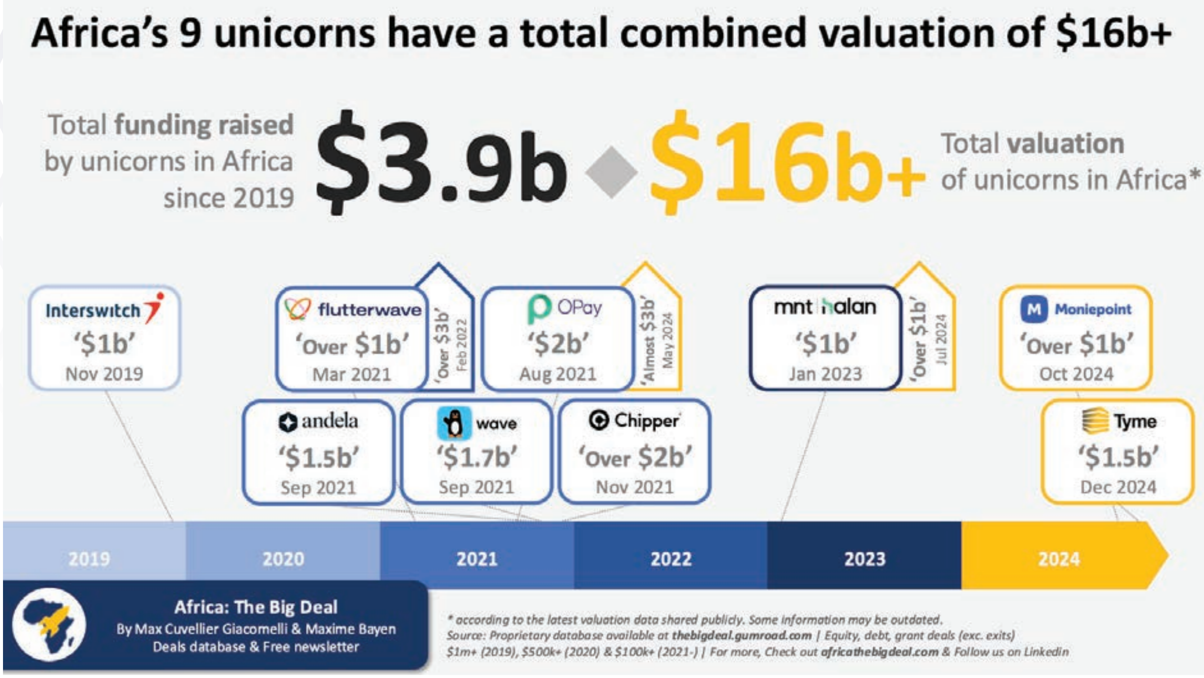
A similar observation could be made for Tunisia in 2022, Senegal in 2021 and so on. The point is that, in our funding scarce environment, the few megadeals that happen in the continent produce mega twists in the funding statistics.

When we take a look at the bigger picture and look at the funding statistics since our friends at AfBD started counting in 2019, **the nine unicorns the continent still has (excluding the businesses that lost the status) raised a cumulative US$3.9 billion, 23% of the total funding the continent has received.** Again, this does not take into account Jumia's US$500 million raised, SWVL cumulative raises, and a few others.

As it occurs, our funding statistics are still heavily influenced by a few founders with exceptional curriculums, extensive networks, and a strong ability to mobilize private capital outside Africa (preferably in the U.S.). It happens that the four countries in Africa with the highest density of diaspora in top American universities are as follows, Nigeria, South Africa, Kenya and Egypt. Coincidence? This is correlation, says Milain Fayulu, an MIT graduate student and entrepreneur.

So it's not a surprise that out of the nine unicorns the continent has, six have obtained their status between 2021 and 2022. We could say seven if we take into account Interswitch's

Exploring Africa's Top Investors: An Analysis of the Most Active Contributors



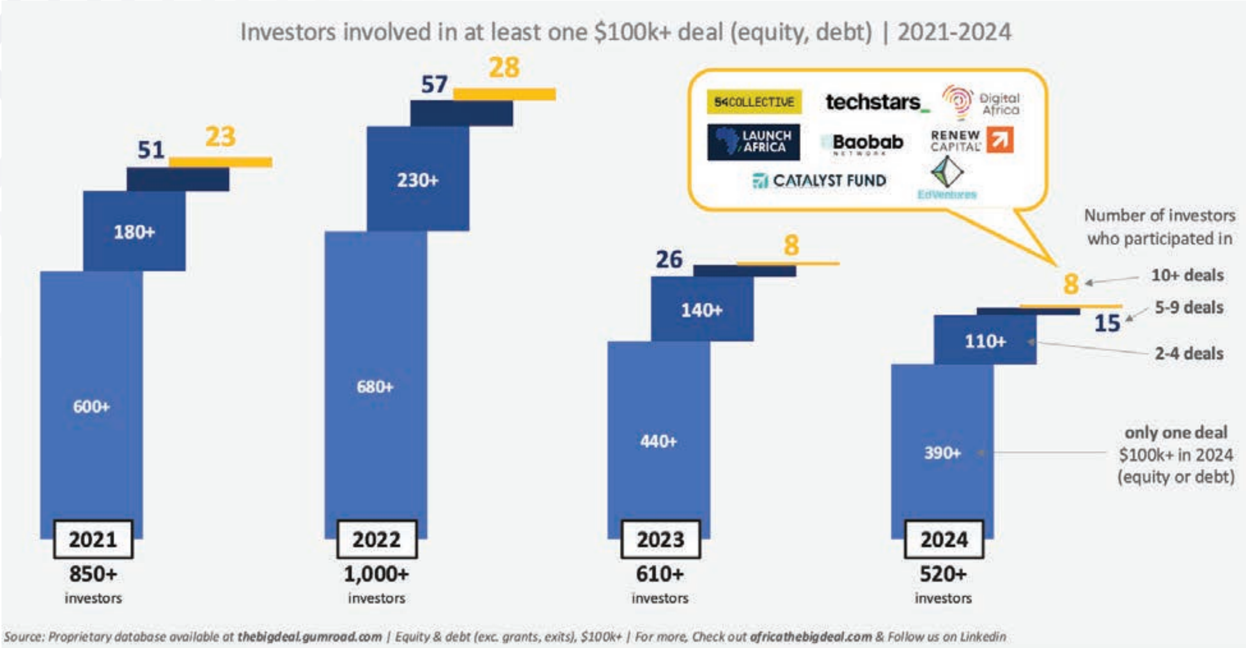
Source: Africa: The Big Deal

US$110 million in 2022, but the company already had earned its status. We will let you wonder with the chicken and egg question on this one, whether the amount of unicorns has been influenced by the low interest rates and the funding bubble in 2021, or if **the 2021 peak of investment is due to the coincidental appearance at the same time (like a grape or a promotion) of these exceptional founders.**

Well, 2025 might help us answer the question - only time will tell as many scaleups, or soon to be, are expected to announce their next milestone, or die trying.

Most of these businesses have raised their mega rounds in the same time period (2021-2023), and have - for some of them - demonstrated good traction and growth in the meantime, meaning that we might witness in 2025 the emergence of a new grape (or promotion) of unicorns on the continent, flipping the funding curve again and getting us back to 2023 or even 2022 levels. The long awaited suspects for this year are as follows: OnAfriq, Jumo, PalmPay, Sun King, M-Kopa, Bboxx, Yassir, and Planet42. We should keep an eye on these promising startups, as well as keep a look out for surprise newcomers.

"... the nine unicorns the continent still has (excluding the businesses that lost the status) raised a cumulative $3.9 billion, 23% of the total funding the continent has received."



Source: Africa: The Big Deal

And a Few Super Investors...

Having said this, let us have a look at the capital providers on the African continent. By now, you are beginning to to understand the picture and it shouldn't come as a surprise if I tell you the number of active investors on the continent reached a peak in 2022 and has since been in decline, considering data from AfBD.

Sendemo, in collaboration with AfricArena has reviewed the numbers from a two-year scale. From our perspective, with just over 500 recorded active investors in 2024, nearly half of the data recorded in 2022, we cannot undervalue the fact that there has been a strong refocus and repatriation of capital amid global conflicts, inflation and uncertainty. This is particularly revealed by the number of one-time investors that shrunk by nearly 50% in two years, from 680 to 380, and by the number of investors involved in between two to four deals that decreased from 230+ to 110 only.

Now on to the more positive news, **in 2022, nine investors were involved in 20+ deals against one only in 2024.** Moreover, six investors were involved in 30+ deals against none in 2024. These nine organizations have had an immense impact as very active seed funds providing catalytic investments and creating the investable pipeline for later stage investors, contributing to shaping the champions we mentioned before. Among them are as follows: Launch Africa Ventures (50+ deals in 2022), of course, Techstars, Future Africa, LoftyInc Capital (30+ deals each), Flat6Labs (40+ deals), Y Combinator, 500 Global. These early stage funds or accelerators have all disappeared or seriously climbed down in the ranking in 2024.

At this point, it is important to understand that this decline is more cyclical than due to any fatal reason. It was to be expected as funds ran out and the fundraise took much longer than expected because of the aforementioned mac-

roeconomic reasons. Some funds recently announced being back on track. This is an indication that the others should follow soon and we can imagine what the numbers would have been if their data was accounted for in the reports.

While these super active investors have reduced their activity, the impact they demonstrated has inspired others and further proved that this form of catalytic capital is what our young ecosystems need at their earliest stages, and this is encouraging news indeed. This positive trend is well demonstrated by the rise of new super investors who have considerably increased their activity in 2024 such as 54 Collective (formerly Founders Factory Africa) whose rebranding aligns perfectly with their geographical expansion to North Africa and Francophone West Africa, and who went from six investments in 2023 to 20+ in 2024. Going forward, this is a standard the funds aim at maintaining on a year-over-year (YoY) basis. Digital Africa also deserves its mention for its first appearance in the top 10 of most active investors, with a mission of kickstarting an investment dynamic through catalytic capital in a bucket of 18 underserved countries and overlooked ecosystems including Central Africa. EdVentures, Renew Capital and the Baobab Network are also breaking through the top 10 for the first time.

Another reassuring view on the investors' activity comes when changing the scale of the reading from two years to one year and realizing that the overall decline in investors' involvement on the continent since 2022 is seriously slowing down and getting towards a certain stability. **This also means that there is on this continent, an irreducible core of conviction-driven investors that are here to stay.**

At Sendemo, we digress as it's interesting to note at this point that, **along with a highest proportion of conviction-driven investors among the pool, priorities seem to have shifted this last year towards strong unit economics and overall more rational assessment metrics and valuations.**

Tunisia was mentioned as an underperformer in 2024, after being at the forefront of Africa's ecosystem development and an example to follow since they launched their pioneering Startup Act in 2018. The Tunisian example is perfect to illustrate thesuper-investors' presence and activity within the African continent. **In 2021 and 2022, Flat6Labs accounted for respectively 53% and 61% of the deals that happened**

In 2021 and 2022, Flat6Labs accounted for respectively 53% and 61% of the deals that happened in Tunisia.

in Tunisia, signalling how heavily dependent Tunisian startups have been on Flat6Labs' fundraising strength and the startups felt the weight of this dependence in 2023 and 2024 while Flat6Labs has been fundraising and refocusing on a continental scale. Beyond Flat6Labs, several new funds have started their activity in Tunisia, spanning out from the Anava Fund of Funds initiative led by Smart Capital. Among the seven child funds, 216 Capital Ventures, Janngo Capital and others have demonstrated strong continental ambition and a steady activity, which, while not striking in the broader funding statistics, represents **a strong signal that the activity in Tunisia should be much stronger in the next years**, when Flat6Labs bounces back and the Anava child funds grow stronger operationally. Let's hope that Tunisia's institutions can remain strong in this time of crisis and the country's startups will flourish again.

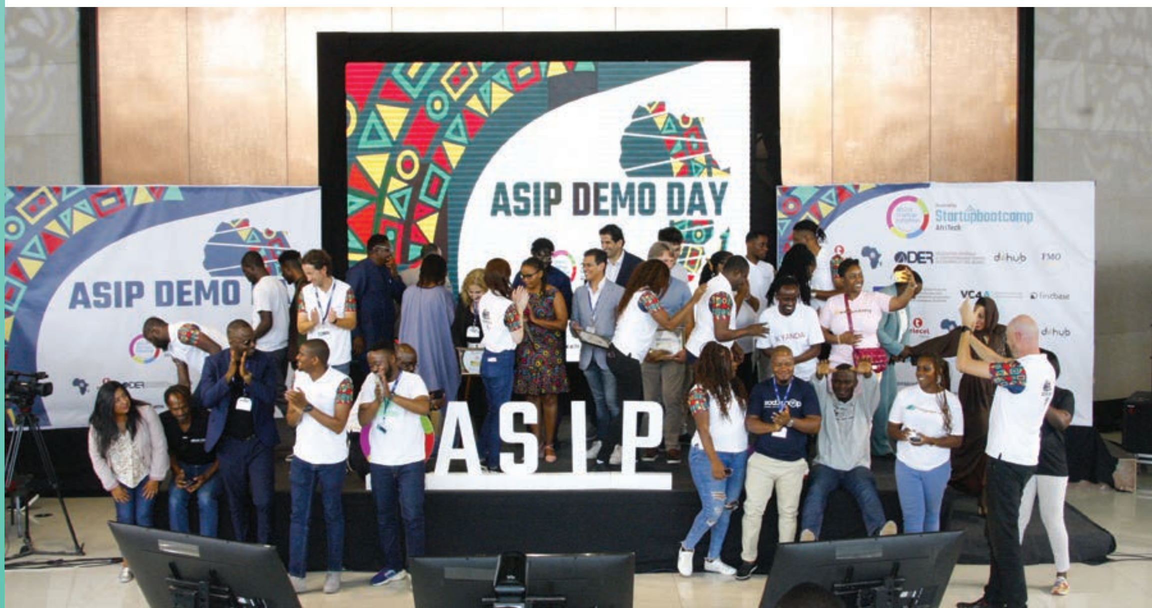
To conclude this part, as demonstrated by the examples of Benin and Tunisia, but also by the weight of a handful of investors and founders in our yearly funding statistics, an optimistic analysis would be to consider that we are, in fact, in a cyclical industry. A cyclical industry that has suffered from conjunctural macroeconomic events, but that should see a strong push in 2025 with the comeback of a few super investors and the projected growth of a few ventures led by super founders.

Now on the other side of the pyramid, in 2022, nine investors were involved in 20+ deals against one only in 2024. Moreover, six investors were involved in 30+ deals against none in 2024.

1.4

Looking Beyond the Numbers

We're not only here to make the numbers grow bigger, although it's important in the specific phase of development we are in. If numbers can change so swiftly, our overall sentiment and our deep convictions over our ecosystems should not. So, we should try to look beyond the statistics to see what trends and weak signals are emerging.



M&A and Startup Consolidations

2024 saw a sustained M&A activity with very interesting operations within Africa's tech and startup scene, demonstrating a growing maturity and understanding of African realities. Let's start with the most important, the exits. Exits drive investments, they also drive entrepreneurship as a concept, apart from social entrepreneurship and similar forms. The trends in exits are thus particularly important to follow and understand.

The data coming out of 2024 is confirming two things as follows:

- South Africa is definitely the country for exits, with a network of digitally mature and educated corporations, strongly involved in the startup ecosystem. Which seems paradoxical with the fact it is only fourth in levels of investments. Again, South African business angel activity goes unnoticed in our reports.

- Mergers and acquisitions, mostly acquisitions, are the most likely exit for African startups. The most likely and the most desirable? While the lack of liquidity at later stages reduces the number of exits and sets a glass ceiling upon most startups, the only successful IPOs the continent has witnessed occurred on local stock exchanges. The fact Jumia, Swvl and others have followed after listing on NASDAQ does not look like the best outlook for founders to aim for. What is interesting to notice as well is that most acquirers were African businesses, a testament to the trust in local (technology) solutions, and a sign of pragmatism and maturity from our local startup founders.

Let's do a simple categorization here to mention the most notable deals that happened.

- **External growth in same market:**

South African fintech Adumo was acquired by counterpart Lesaka in a deal worth US$85.9 million in a strategic move. Ghanaian retail tech startup Tendo acquired its counterpart Shopa in a move aiming at combining both supply chain infrastructure, while in a similar move in the health industry, Rivia, a management system for clinics, has acquired healthcare focused SaaS company Waffle.

- **Geographic expansion:**

Kenya's Wasoko and Egypt's MaxAB, two start-up giants competing in the same industry but with different markets, have announced a merg-er early this year, strengthening their operational capacity to expand in the rest of the continent.

Kenyan startup BuuPass acquired QuickBus to scale in Nigeria and South Africa, while the Algerian superapp Yassir, after being somehow hesitant on the Tunisian market, acquired Tuni-sian food delivery service Kool.

South African fintech Adumo was acquired by counterpart Lesaka in a deal worth $85.9 million in a strategic move.

Another interesting acquisition move we noticed that was more HR-driven and aimed at acquiring an engineering team more than a business, took place when South African fintech startup Peach Payments acquired engineering firm Operativa.

- **Also notable:**

In South Africa again, short-term insurer Santam acquired Kandua, a home-service marketplace that raised an undisclosed pre-Series A in July 2021, and PaySpace, a South African HR and payroll start-up was acquired by American outsourcing giant Deel, aiming at strengthening its positions in the African market.

Finally, an exit in EdTech is always a rare event that is interesting to note and it came from Nigerian startup Quizac, acquired by investment firm Tekedia Capital.

These examples all confirm a trend that has been shaping for a few years where founders and investors come together to shape and prepare their businesses for a future acquisition: by targeting key customer segments, by emphasizing on their technological assets or by demonstrating strong unit economics through a product offering that is complementary to the incumbents' catalogue.

We should see that trend confirming in 2025, with a few corporations (from North Africa especially) getting more and more involved in Africa's startup scene.

Making the Continent a Reality

After being long awaited, hailed and often failed, the African tech scene was marked in 2024 by several geographic expansions. Less grandiloquent, more thoughtful and cautious, they seem to have understood from the failures of their elders and are shaping a real trend.

We mentioned a few in the previous section, and indeed M&A represents the most secure way of expanding in Africa for those who can afford it (Moniepoint). For the rest, patience is of the essence. A much deeper dive is needed on the continent's successful expansions to truly understand the lessons other startups and investors could learn.

Regional expansions are still the most common, especially in East Africa with the East Africa Community economic and political agreement considerably facilitating the expansion of Kenyan founders in the region. In West Africa, Côte d'Ivoire continues to attract many successful startups from the region.

Inter-region expansions are happening and it's super interesting for us to see. We witness more and more movement from North Africa startups targeting West Africa to expand. After Yassir pioneered the way three years ago, many founders from Morocco, Tunisia or Egypt have been luring customers in sub-Saharan markets. We can mention Logidoo or Freterium in the logistics industry, two startups from Morocco that have expanded their presence in West Africa by choosing Senegal. We can see more and more founders from Egypt who are raising their interest in sub-Saharan markets as well, after having placed their hopes in Saudi Arabia and the GCC (Gulf Cooperation Council) in these recent years of crisis.

Finally, it is also important to highlight what could be the most interesting weak signal of 2025, founders considering expansion not at a continental level anymore, but from an emerging market perspective, considering markets with

similar market environments, customer behaviors, sophistication levels and other parameters. That is what we saw with Moove, expanding its presence in India, with Tyme, doubling down in South East Asia and being acquired by Brazilian digital banking giant Nubank.

The interest seems to go in both ways with more and more investors, founders and ecosystem builders from India or the broader SEA (South East Asia) region or from Latin America that are showing a willingness to gain knowledge on the continent's specificities and startup scenes or started a humble activity.

In summary, despite the challenges encountered in 2024, the African tech and startup landscape continues to exhibit vitality and great promise. The continent's tech entrepreneurs have shown remarkable resilience and innovation, consistently identifying novel approaches to problem-solving and value creation. The escalating interest from international investors and corporations in African startups serves as evidence of the substantial potential inherent in the continent's digital economy.

While considerable work remains, the outlook for African tech is optimistic. Through sustained collaboration among governments, investors, entrepreneurs, and other stakeholders, the African tech ecosystem can achieve new levels of success and contribute significantly to the continent's economic growth and development.

The African tech and startup landscape continues to exhibit vitality and promise

SECTION 2

Overview of the African Tech Ecosystem in 2024

In 2024, the African tech ecosystem showcased exceptional resilience and adaptability, overcoming the challenges that defined 2023. These challenges included budgetary constraints, declining valuations, strategic shifts in business models, workforce reductions, and the closure of certain startups. Despite these hurdles, African startups secured US$2.2 billion in equity, debt, and grants (excluding exits) in 2024. While impressive in absolute terms, this figure represents a 25% decrease compared to the US$2.9 billion raised in 2023. Additionally, 188 ventures raised at least US$1 million in 2024 (excluding exits), reflecting only a 10% decline from the previous year.

The regional funding analysis of this section was primarily based on the AfBD report data over the Partech report data, as Partech based their regional funding analysis on equity funding only, versus Africa the big deal which took all funding types in account (debt, equity and grants). It is interesting to see that the total amount of equity funding, with undisclosed deals taken into account, revealed by Partech equals the total number of deals, all funding types included, of the Africa the big deal report data. The analysis of the differences in terms of the core startups which raised funding is covered in Section 3 which discusses Africa's tech sector trends for 2024. Regionally, the distribution of startup funding saw significant shifts. East

Africa maintained its lead as the region attracting the most funding for the second consecutive year, securing US$725 million (-18% YoY), which accounted for one-third of all funds raised across the continent in 2024. Kenya was the dominant player, contributing US$638 million (88% of East Africa's total) and representing 29% of the continent's total funding - making Africa's top-funded market. This performance was driven by substantial investments in climate tech, including large deals involving companies like d.light, SunCulture, and BasiGo. Tanzania followed as a distant second within the region, raising US$53 million (#7 overall), while Uganda ranked third with US$19 million (#11 overall). Other countries, such as Rwanda, Sudan, and Ethiopia, also contributed to the regional activity.

West Africa claimed the second position in 2024 with US$587 million (27% of the total), climbing from its fourth-place ranking in 2023. Nigeria secured just over US$400 million in funding in 2024, placing it on par with Egypt and South Africa. Notably, West Africa emerged as the most balanced region in terms of funding distribution, with the leading country accounting for the smallest share (70%) of the region's total. This performance mirrors 2023, when the region experienced a significant decline and lost its top ranking. West Africa was also home to four of the seven countries that attracted between US$10 million and US$100 million last year: Ghana (US$68 million, #6), Benin (US$50 million, #8), Côte d'Ivoire (US$33 million, #9), and Senegal (US$22 million, #10). Combined with Nigeria's steady performance, these contributions enabled the region to experience only a slight drop in funding in 2024 (-3% YoY).

A standout milestone was Nigeria-based fintech Moniepoint achieving unicorn status following a US$110 million funding round led by Development Partners International, with additional support from Google's Africa Investment Fund. This achievement not only highlights the strength of Nigeria's fintech sector but also reaffirms the country's pivotal role in Africa's tech ecosystem.

In North Africa, funding totaled US$478 million (22% of the continent's total) in 2024, marking a steep decline of 35% compared to 2023. This downturn was largely driven by a sharp 37% drop in Egypt's funding (the most significant contraction among the Big Four), which accounted for 84% of the region's total. Despite Morocco's relative resilience, securing US$70 million (#5), it wasn't sufficient to offset the broader regional decline.

Southern Africa faced a similar setback, with funding dropping by 36% YoY to US$397 million, and South Africa experiencing a comparable decline of 34% YoY. The region has historically struggled to attract substantial investment beyond South Africa, a trend that intensified in 2024, as 99.4% of all funding in Southern Africa went to the Rainbow Nation.

Central Africa, meanwhile, recorded only a handful of deals in 2024, with a total funding amount of US$5 million—over ten times less than in 2023.

The regional distribution of funding remains heavily influenced by the performance of the "Big Four" countries—Kenya, Nigeria, Egypt, and South Africa—which collectively accounted for 84% of all startup funding in Africa in 2024. This trend has persisted since 2019 and continues to shape regional dynamics.

As we analyze the intricacies of these trends, we gain deeper insight into the evolving landscape of Africa's startup ecosystem, setting the stage for sustained growth and innovation in 2025 and beyond.

2.1

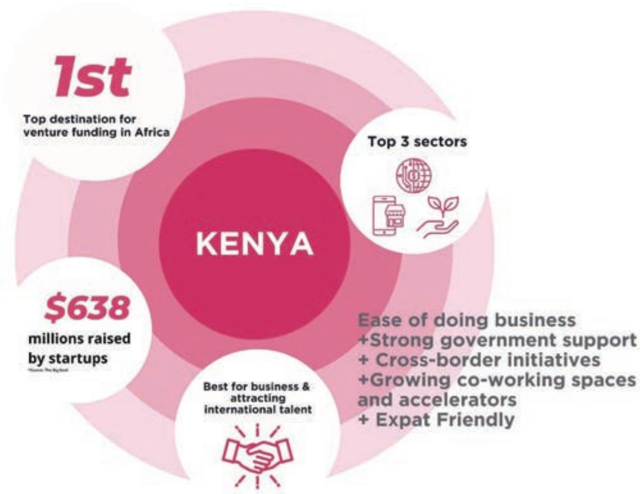
The Big Four: A Year of Dominance, Resilience and Pioneering Innovations

For the Big Four countries in the African tech ecosystem - Kenya, Nigeria, Egypt, and South Africa - 2024 was arguably a strong year, marked by notable advancements in the region's funding landscape. Collectively, these countries secured 84% of Africa's total startup funding, as previously noted, representing their second-highest share since 2019. Let's delve deeper into their performance.

Kenya

In 2024, Kenya reinforced its position as a leader in Africa's startup funding landscape, securing approximately US$638 million, which represented 29% of the continent's total investments. This accomplishment highlights Kenya's vibrant entrepreneurial ecosystem and its strong appeal to both local and international investors.

Kenya's tech ecosystem, often dubbed Africa's "Silicon Savannah," is celebrated for its dynamic innovation landscape, with notable strengths in fintech, agritech, e-commerce, and climate tech. Its capital, Nairobi, serves as the epicenter of this ecosystem, hosting approximately 97% of the country's startups. With a population of 4.4 million, Nairobi is a bustling commercial hub and the regional



headquarters for numerous global companies.

Kenya's strategic geographic location and membership in regional economic blocs position it as an ideal gateway to markets in eastern and southern Africa. The country benefits from preferential trade agreements, including the African Growth and Opportunities Act (AGOA), which grants duty-free access to the U.S. market for over 6,000 products, and the Africa-Caribbean-Pacific-European Union Economic Partnership Agreement, which provides duty-free access to the EU (link here).

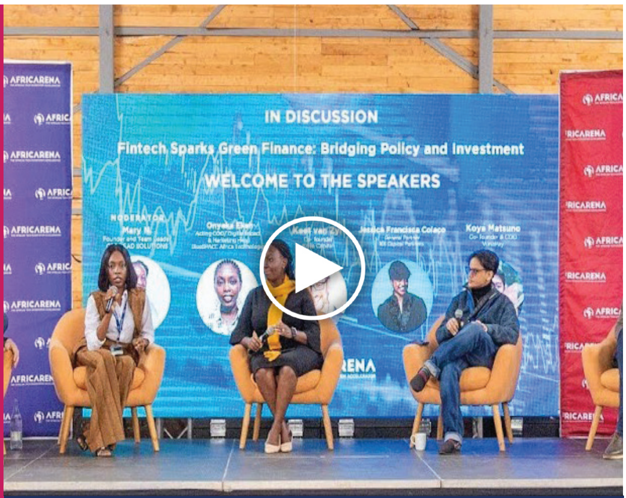
"Ever evolving and growing, Nairobi is an African entrepreneurship and innovation powerhouse. It thrives on innovation, collaboration, and resilience, fuelling an insightful space for others to learn with and from," says Ian Lorenzen, Executive Director & Partner, GrowthAfrica.

Kenya's recent move to become "visa-free" for foreign visitors, effective from 2024, simplifies the travel process through an electronic travel authorization system. This initiative aligns with the country's ambition to boost tourism and position itself as Africa's top travel destination. In 2023, Kenya welcomed over 1.9 million international visitors, marking a near-complete recovery to pre-pandemic levels. This figure is projected to grow further in 2025.

Additionally, Kenya has embraced the rise of remote work with the launch of its digital nomad visa. On October 2, 2024, President William Ruto announced the introduction of a remote work permit, enabling digital nomads to "live and work in Kenya while enjoying the country's natural beauty and high-quality lifestyle." This development makes Kenya an attractive destination for remote workers worldwide, offering them a new home away from home.

In 2024, Kenya introduced the ICT Authority Bill 2024, a landmark piece of legislation with the potential to significantly transform the country's tech startup landscape and broader innovation ecosystem. This bill establishes the ICT Authority as a regulatory body with comprehensive oversight across the ICT sector, encompassing hardware, software, and digital services. Key provisions of the bill include enhanced cybersecurity requirements, mandating compliance through audits, inspections, directives, and penalties for non-compliance. While these measures aim to foster a more structured and secure ICT environment, they also bring regulatory challenges that, in turn, may increase bureaucratic hurdles for emerging startups. The ICT Authority

"Ever evolving and growing, Nairobi is an African entrepreneurship and innovation powerhouse. It thrives on innovation, collaboration, and resilience, fuelling an insightful space for others to learn with and from".



Watch the Fintech Sparks Green Finance Bridging Policy and Investment Panel Discussion

Bill 2024 presents both opportunities and challenges. Its success will depend on achieving a delicate balance between fostering innovation and enforcing regulation. The coming months in 2025 will be pivotal as stakeholders adapt to these changes, working to sustain the momentum of Kenya's thriving tech ecosystem amidst new regulatory demands.

However, the year was not without its challenges, particularly legal ones. Kenya's president intervened in lawsuits involving Meta Platforms over alleged human rights violations at a Nairobi-based content moderation facility. These cases highlight the ongoing struggle to balance economic growth with workers' rights in the tech industry.

2024 has been a year of mixed fortunes for Kenyan startups, as entrepreneurs and businesses navigate an uncertain economic and political landscape, compounded by the ongoing funding winter across the continent. The year began on a challenging note when B2B e-commerce startup Marketforce scaled back operations in three of its five markets and shifted its focus to alternative business models. This decision came as a surprise, given that the company had raised US$40 million in Series A funding in February 2022. Co-founder and CEO Tesh Mbaabu explained that Marketforce was "exploring other high-margin opportunities in adjacent verticals, such as social commerce," in response to macroeconomic pressures and diminishing funding prospects within the ecosystem.

Despite these challenges, several Kenyan startups managed to secure capital this year. Notable fundraising rounds include Bio-Logical (US$1.3 million), Uncover Skincare (US$1.4 million), Pula (US$20 million), SunCulture (US$12 million), and Chpter (US$1.2 million). E-mobility startups, in particular, had a strong year. BasiGo raised KSh1.3 billion (US$10 million) from the United States International Development Finance Corporation (DFC) to boost local assembly of its buses, in addition to receiving over US$300 million in pledges from a Norwegian fund to support e-mobility. In May, electric vehicle manufacturer Spiro secured a KSh 6.5 billion (US$50 million) loan from Afreximbank to expand its presence across Africa. This agreement, signed in Kigali, Rwanda, supplemented the KSh 8.2 billion (US$63 million) received from Société Générale the previous year. Spiro now operates around 600 battery swapping stations across the continent. Ugandan mobility startup SafeBoda also made a significant move, resuming operations in Kenya in February after a hiatus since 2020 due to the covid pandemic. The relaunch included the introduction of a new product, SafeCar, as well as a fleet of electric bikes in April.

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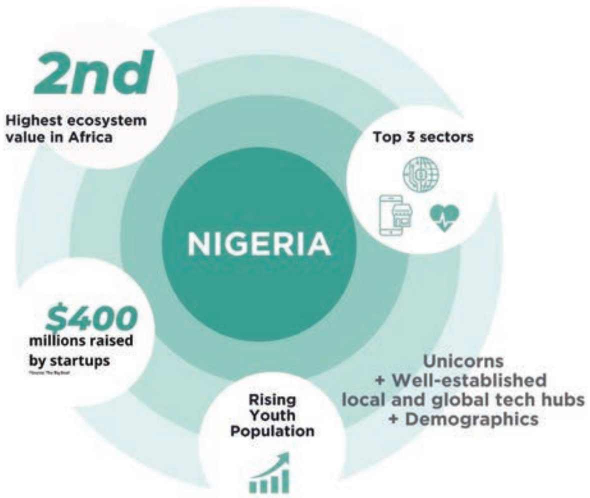


Nigeria

In 2024, Nigeria secured the second spot with a strong rise, despite a notable decline in venture funding, which dropped by two-thirds to US$410 million compared to US$1.2 billion in 2022 and US$1.7 billion in 2021. Nevertheless, Nigeria's tech sector demonstrated remarkable resilience, securing approximately 30.5% of Africa's total funded ventures and 16.6% of the continent's total funding. This achievement solidifies Nigeria's pivotal role in Africa's rapidly evolving tech ecosystem.

Often referred to as the "Giant of Africa," its capital city Lago, is touted as Africa's "Silicon Valley" is the epicentre for the country's dynamic, innovative and resilient tech scene where over 460 tech startups have set up base within proximity of numerous tech hubs and incubators offering resources, mentorship, and support to entrepreneurs.

Nigeria's tech landscape is characterized by a robust focus on fintech innovation, and a vibrant entrepreneurial spirit reflected in its youthful and tech-savvy population that has a median age of approximately 18 years. This demographic advantage fosters an entrepreneurial culture that has supported the development of successful ventures across various sectors, notably fintech. The country's connectivity plays a crucial role in their success as Nigeria accounts for 82% of Africa's telecom subscribers and 29% of the continent's internet usage, solidifying its position as Africa's biggest mobile market and showcasing why the country's tech ecosystem is one of the most established in Africa, with companies like Interswitch laying the groundwork for innovation as early as 2002. The meteoric rise of Nigeria's fintech sector reflects the country's focus on improving financial inclusion and offering services to the unbanked.

In 2024, Nigeria made significant strides in advancing its technology and innovation ecosystem through various government initiatives. A notable development was the announcement of the 3 Million Technical Talent (3MTT) program by the federal government, spearheaded by the Minister of Communications, Innovation, and Digital Economy. This program aims to cultivate Nigeria's technical talent to fuel the growth of its digital economy and position the country as a net talent exporter. An advisory committee was established, comprising prominent figures in Nigeria's technology sector, including the senior director of developer success at Okta as the chairman and the founders of Andela and Flutterwave. The program's potential became evident when it received an overwhelming 1.7 million applications during its first phase, demonstrating the high demand for such initiatives within Nigeria's population. Moreover, over 1,400 organizations expressed interest in supporting the training of talent. This initiative is set to provide a significant influx of technically capable individuals into Nigeria's workforce, bolstering the country's local digital ecosystem and offering a promising outlook for its global digital offerings. In addition, the Federal Government, through the Minister of

Watch the Panel Discussion: Fintech in Africa: The Era Of Consolidation Has Begun

Innovation, Science, and Technology, unveiled plans to establish the National Research and Innovation Council (NRIC) and the National Research Fund (NRF). These entities aim to transform research and innovation in Nigeria. The Minister confirmed that the bill to create the NRIC and NRF is currently under review by the National Assembly.

Furthermore, the Nigerian government launched a new program as part of its digital transformation strategy. This initiative seeks to empower 1,000 citizens annually with advanced skills in artificial intelligence (AI), blockchain, and other emerging technologies. The government will collaborate with Gluwa, a private tech company, to implement the program. This partnership aligns with President Tinubu's vision to revolutionize Nigeria's digital technology space. While training 1,000 individuals in advanced tech skills is a positive development, it is unlikely to match the scale of investments made by global tech leaders like the U.S. and China, who allocate billions annually to research and development and maintain vast tech workforces. However, this new initiative represents a crucial step forward for Nigeria, offering beneficiaries the opportunity to join the global workforce and contribute to the innovation that will shape the country's future in the digital age.

Despite its successes, 2024 was not without its challenges. Increased focus on labor rights within the tech industry emerged, particularly regarding the working conditions of content moderators. These events highlighted the growing importance of ethical labor practices as the digital sector expands rapidly.

By the end of 2024, Nigeria was leading Africa's tech prowess with a young population and growing internet access. The fintech sector, with giants like Flutterwave and Moniepoint, is revolutionizing digital payments. Nigeria hosts five out of seven African tech unicorns, attracting investments worth over US$3 billion. Despite infrastructure challenges, startups drive economic growth, comprising 15% of GDP and creating jobs. Success stories like PiggyVest inspire future unicorns, as the tech sector transforms sectors from healthcare to agriculture in a rapidly digitizing economy.

In 2024, Nigeria's tech ecosystem continued to thrive, underscored by several major accomplishments that reinforced its position as a key player in Africa's innovation landscape. A standout achievement was Moniepoint, a fintech company that raised US$110 million in funding, propelling its valuation to over US$1 billion and earning it "unicorn" status. This funding round, which saw participation

In 2024, Nigeria's tech ecosystem continued to thrive, underscored by several major accomplishments that reinforced its position as a key player in Africa's innovation landscape.

from prominent investors like Google, highlights the global confidence in Nigeria's fintech sector. Moniepoint's rise to unicorn status marks it as the eighth African company to reach this milestone, and its success positions the company to redefine business banking across the continent. With over 800 million transactions processed monthly, Moniepoint has been a vital force in driving financial inclusion in Nigeria, particularly among underserved communities. This funding is expected to fuel the company's ambitious plans for continental expansion.

In other developments, Flutterwave, one of Africa's leading digital payment companies, announced its plans for an Initial Public Offering (IPO) in April 2024. Flutterwave has previously attracted substantial investments, including a $170 million Series C round in 2021 and a US$250 million Series D round in 2022. The IPO marks a new chapter in the company's growth, with plans to expand its digital payment services across the continent.

Nigeria's tech ecosystem in 2024 demonstrated resilience, innovation, and strategic growth

Moove, a mobility fintech startup, secured US$100 million in funding to further its expansion and enhance its services across Africa. Meanwhile, Yellow Card, a pan-African fintech startup, raised US$33 million in Series C funding, bringing its total equity funding to US$85 million. The company plans to leverage the new funds to drive its global expansion and pursue strategic initiatives that will strengthen its presence across the African continent and beyond.

These significant funding rounds and expansions reinforce the dynamism of Nigeria's tech ecosystem, positioning it as a hub for fintech innovation and investment in Africa.

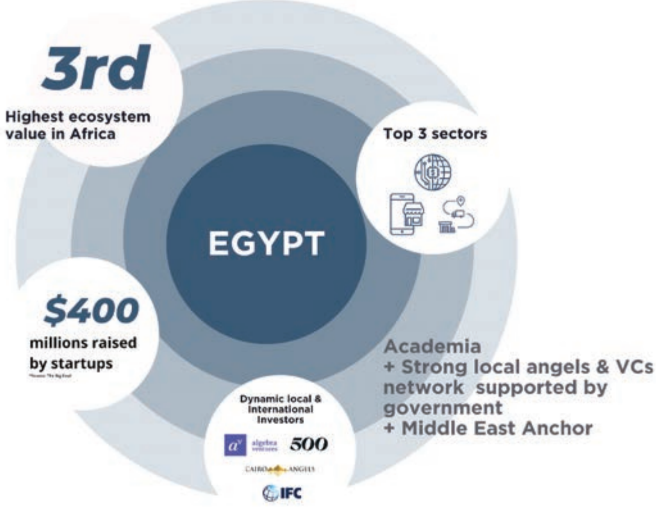
Egypt

Egypt continued to dominate startup activity in Africa in 2024, securing over a third of the continent's total funding despite a 21% year-over-year decrease. Egyptian startups raised a combined US$400 million across 78 funding rounds. Notably, MNT-Halan led with the largest funding round in Egypt, Africa, and the MENA region, securing US$157.5 million in July.

Egypt's startup ecosystem remains one of the most dynamic and diverse in both Africa and the MENA region, with thriving sectors including fintech, e-commerce, logistics, health tech, and edtech. Cairo, as the heart of this ecosystem, offers a strategic location and a youthful, large population that fuels innovation. The government has been instrumental in supporting entrepreneurship through policies like the Digital Egypt Builders Initiative (DEBI) and the establishment of Creativa Innovation Hubs, which focus on enhancing digital skills and providing entrepreneurship support. The ecosystem benefits from growing venture capital inflows, active angel investors, and strong partnerships with international accelerators and programs.

In 2024, Egypt's startup ecosystem faced challenges, notably a significant decline in venture capital funding. In the first half of the year, startups raised approximately US$88.7 million across 39 transactions, marking a substantial decrease from previous years. This downturn was attributed to global economic conditions and a cautious investment climate.

Egypt's startup ecosystem is characterized by its rapid growth and diversification, particularly in sectors like fintech, e-commerce, and health tech.



Despite the challenges, Egypt's startup ecosystem saw notable highlights in 2024:

- **MNT-Halan's Expansion:** Egypt's first unicorn, MNT-Halan, made a strategic move by acquiring Turkey's largest non-bank micro-leasing company, Tam Finans. This acquisition aimed to bolster MNT-Halan's factoring business in Egypt and expand its consumer credit services into the Turkish market.
- **Cairo's Ecosystem Ranking:** Cairo secured the third position in the Middle East and North Africa (MENA) startup ecosystem, according to the Global Startup Ecosystem Report 2024 by Startup Genome. The city's improved global standing reflects its rapid growth and increasing influence in the global startup community.
- **Government Initiatives:** The Egyptian government continued its robust support for the startup ecosystem through programs like the Digital Egypt Builders Initiative (DEBI) and the Creativa Innovation Hubs. These initiatives focus on enhancing digital skills and fostering entrepreneurship nationwide.

Despite economic headwinds, Egypt demonstrated resilience in 2024, with strategic expansions by key players highlighting the country's commitment to innovation and entrepreneurship. We can see this in the following:

- **Fintech** remained a dominant sector, with companies like Paymob expanding digital payment solutions.
- **E-commerce and logistics startups** continued scaling, tackling challenges in supply chain management and last-mile delivery.
- **Agritech and cleantech** gained momentum, aligning with Egypt's focus on sustainability and food security.

While overall funding declined by 21% year-over-year, Egypt's ability to attract high-value deals and sustain interest from regional and international investors illustrates the resilience and potential of its startup ecosystem. Economic challenges, including currency fluctuations, were mitigated by strong government backing and a robust entrepreneurial spirit.

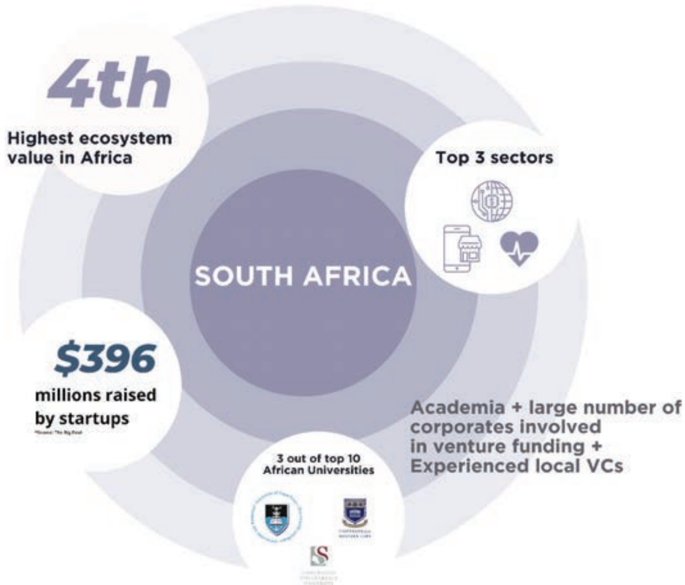
South Africa

South Africa's startup ecosystem is one of the most robust and developed in Africa, marked by a diverse range of sectors, including fintech, health tech, e-commerce, and renewable energy. Cape Town and Johannesburg are key hubs, collectively hosting over 60% of the country's startups. The ecosystem benefits from a combination of a large consumer and business market, sophisticated entrepreneurial talent, and a strong corporate sector. South Africa also enjoys access to local capital and connections to an increasing number of international investors, which fosters a conducive environment for high-tech startups.

In 2024, South Africa improved its global ranking to 52nd, moving up one spot from the previous year and surpassing Serbia.

Notable developments include:

- **Tyme Group's Investment:** Tyme Group, a digital banking firm backed by South African billionaire Patrice Motsepe, led the funding



Re-watch the Country Policy Infrastructures and Its Impact on the Tech Ecosystem | Fireside Chat talk at the AfricArena Grand Summit 2024

charts with its US$250 million raise. The round was spearheaded by Latin America's Nu Holdings, which contributed US$150 million, with additional investments from M&G's Catalyst Fund, Tencent, and Norrsken22. TymeBank, the group's South African subsidiary, has over 10 million customers. The company also operates a joint venture in the Philippines and has expanded into Vietnam, serving a total of 15 million global users. TymeBank aims to replicate its success in Southeast Asia and Africa, with plans for an IPO by 2028 and a target return on equity of 30% in South Africa.

- **Regulatory Sandboxes**: A report by Naspers and the Mapungubwe Institute for Strategic Reflection (MISTRA) emphasized the need for regulatory 'sandboxes' to accelerate innovation within South Africa's digital platform sector. These controlled environments would allow new digital services to operate without extensive initial regulatory approvals, potentially boosting growth in e-commerce and fintech.
- **Medical Cannabis Breakthrough:** In June 2024, Cilo Cybin became the first medical cannabis company to list on the Johannesburg Stock Exchange's Alternative Exchange. This move positions South Africa within the rapidly growing global medicalcannabis market, projected to expand from US$12.6 billion in 2023 to US$40.48 billion by 2032.

Despite facing global macroeconomic challenges, such as rising inflation and cautious investor sentiment, South Africa's startup ecosystem demonstrated remarkable resilience. Its ability to attract significant investments and improve its global standing highlights the ecosystem's strength and adaptability.

Overall, 2024 marked a year of significant progress for South Africa's startup ecosystem, characterized by improved rankings, substantial investments, and pioneering initiatives, consolidating its position as a leading startup hub in Africa.

2.2

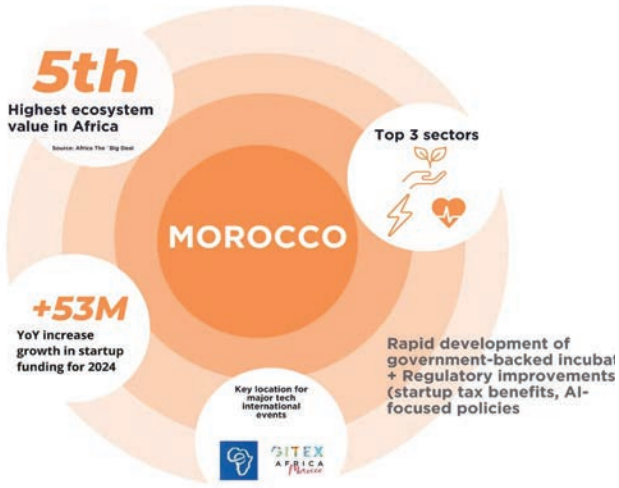
Rising Stars: Morocco and Ivory Coast

Morocco: Africa's New Startup Paradise

In 2024, Moroccan startups raised US$70 million, further solidifying their position among the most innovative and dynamic ecosystems in Africa. Over the past decade, Morocco has nurtured a modest pipeline of early-stage startups, some of which are on the cusp of significant breakthroughs. Unlike more mature ecosystems such as Egypt or Tunisia, these ventures have not been burdened by inflated valuations, offering discerning investors a unique opportunity to enter the market ahead of anticipated growth.

However, Morocco's startup scene is not without its challenges. While public entities have only recently begun to show interest in supporting startups, the country still lacks a cohesive national startup strategy. This gap has made it more difficult for startups to scale at the pace expected by international investors. As Salma Kabbaj, co-founder and CEO of Impact Labs, points out, this has created a need for investors to adopt a more patient, hands-on approach.

Morocco is actively working to stimulate the growth of startups, with a particular focus on technology and innovation. The country saw significant growth in attracting investment, with a 93% increase by 2023. This high-



lights the growing tech scene and the increasing interest of entrepreneurs in Morocco, despite the challenges. Several investment funds are now focusing on tech companies, and the country ranks fifth on the continent for deals, with aspirations to rise to third.

In recent years, over 10 public and private investment funds have been established to support startups. During 2024, Morocco signed 17 financial agreements, and this number continues to rise. According to StartupBlink's Global Startup Ecosystem Report (GSER), Morocco has improved its ranking to 34th, signaling substantial growth in its startup ecosystem. Casablanca, Morocco's largest city, ranks third in North Africa in the Startup Ecosystem Index, with access to funding being the primary barrier to further progress.

Morocco's largest investment funds have invested around US$44 million in recent years and are planning to double this figure, focusing on startups in the health, agriculture, and industrial sectors. Two of the largest funds, the Digital Morocco Fund and the UM6P Venture Fund, are playing a key role in supporting startups in these sectors. These funds are also working to support startups expanding into the Middle East and North Africa (MENA) region.

Access to finance remains the most significant obstacle to the growth of startups in Morocco. Founded in 2010, the Moroccan Digital Fund became the country's first startup funding organization, investing US$25 million in 26 startups. The State Fund for Management and Deposits also launched the Founders 212 startup support program in 2019, investing US$12 million, with plans to increase financial resources to support more startups in the future.

The UM6P Entrepreneurship Fund, established by the Mohammed VI University of Technology, has invested US$7 million since 2021 and plans to allocate US$50 million in the coming years to support startup growth. Despite its potential, startup development in Morocco faces several obstacles, including restrictive regulations, limited government contracts, lack of demand for government services, and the small size of the local market. The UM6P Venture Capital Fund primarily focuses on supporting deep-tech startups in sectors such as agriculture, chemicals, healthcare, green technology, and digital transformation across the globe.

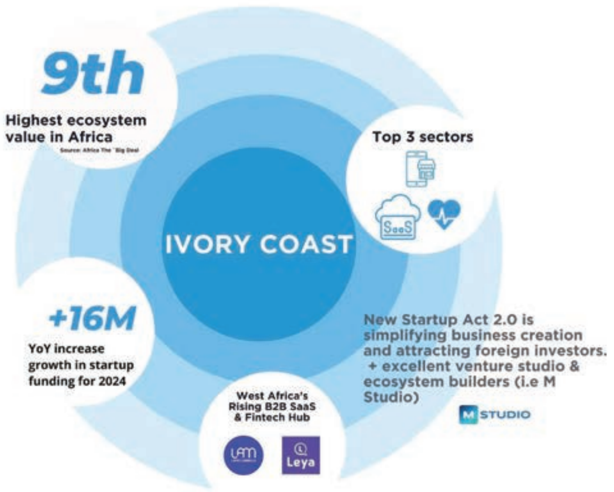
Yassine Laghzioui, CEO of UM6P Venture Capital, is committed to advancing technology sovereignty in Africa. The fund's goal is to invest US$50 million over the next few years, building on the current US$7 million raised in 2023. These funds underscore the African market's growing potential, targeting emerging companies in regions such as Africa, Europe, and the Gulf to expand their client bases. A common practice within the fund's strategy is to focus on foreign-led projects outside Morocco, a trend also seen in local organizations like the Mo-

roccan Digital Foundation.

By 2024, the total value of startups in Morocco is expected to increase by 25%, with the number of employees growing by 20%. Additionally, the survival rate of startups is predicted to rise by 15%. The volume of funds investing in Moroccan startups is forecasted to grow by 20%, and foreign investments in Moroccan startups are expected to increase by 15%.

GITEX Africa Morocco, held under the High Patronage of His Majesty King Mohammed VI, took place from May 29-31, 2024. This event was organized by the Moroccan Ministry of Digital Transition and Administrative Reform, with the Digital Development Agency (ADD) as the host. Building on the success of its debut in 2023, which was hailed by the tech community as the world's best tech launch event, GITEX Africa Morocco 2024 saw a surge in global interest. The event fueled the growth of Morocco's maturing digital ecosystem, attracting thousands of attendees from across the continent and driving collaboration in diverse tech sectors, including cloud, IoT, cybersecurity, digital health, future finance, consumer tech, telecoms, and artificial intelligence. H.E. Dr. Ghita Mezzour, the Moroccan Minister of Digital Transition and Administrative Reform, recently met with organizers to discuss plans for an expanded, purpose-built venue to accommodate the growing demand from global exhibitors.

By 2024, the total value of startups in Morocco is expected to increase by 25%, with the number of employees growing by 20%.



Ivory Coast

Francophone Africa's tech ecosystems have faced significant challenges in recent years, yet they have begun to gather momentum, with Côte d'Ivoire emerging as a standout contender. Unlike Senegal's state-driven approach, Côte d'Ivoire's startup ecosystem has been primarily shaped by the private sector. The CI20, a coalition of early Ivorian founders, played a pivotal role in formalizing an otherwise fragmented ecosystem, including driving the implementation of the country's Startup Act.

The groundwork for Côte d'Ivoire's tech ecosystem was laid by international organizations such as Seedstars, which opened Abidjan's first co-working space in 2012. Through its programs, Seedstars raised awareness and stimulated activity in what was, at the time, a nascent ecosystem. Soon, other international players such as the Founders Institute and Impact Hub Abidjan joined the scene, alongside startups like Jumia, which helped establish basic infrastructure in market education, logistics, and payments. These developments were bolstered by the introduction of mobile money technology by telcos such as Orange and MTN, a cornerstone of many African tech ecosystems. Côte d'Ivoire's growth, therefore, followed an unstructured, bottom-up path driven largely by the efforts of international organizations, individuals, and corporates.

Around 2018, the pace of development accelerated with the entry of private investors such as Saviu, Comoé Capital, Janngo, and Brightmore Capital, who injected much-needed capital into the ecosystem. They were later joined by development finance institutions (DFIs) and donor agencies like Proparco, GIZ, and I&P, which expanded their focus to foster entrepreneurship. Côte d'Ivoire's favorable regulatory framework for foreign investment, low taxation, and strong macroeconomic performance - an annual growth rate exceeding 8% - made it an attractive hub for regional activity. This environment also caught the attention of international VCs such as LoftyInc Capital, known for investing in African success stories like Andela, Flutterwave, Wave, and Anka, leading them to establish operations in the country.

Re-watch the Sustainable Digital Growth in Ivory Coast: Public Private Partnership

Founders in Côte d'Ivoire navigate an unequal but booming economy, forecasted to have Africa's highest GDP growth rate in 2024. Compared to its Anglophone neighbors, the country benefits from a more stable currency thanks to its euro peg. The digital transformation of this burgeoning economy presents a significant opportunity for Ivorian startups. However, despite the ecosystem's "Anglo-style" private sector-led development, founders face challenges typical of Francophone Africa, including limited familiarity with the language, norms, and expectations of the VC-backed startup world. Consequently, many promising Ivorian companies remain stable digital SMEs rather than scaling into high-growth startups.

This contrasts with Lagos, Nigeria, where startup culture is more widespread and entrepreneurs are better equipped to navigate the VC landscape. While Côte d'Ivoire's population of 28 million is dwarfed by Nigeria's 219 million, parallels between the two ecosystems are evident. Both have experienced bottom-up development in fast-growing economies, with numerous industries poised for tech-driven disruption, offering tremendous potential for innovation and growth.

To reach its next stage of growth, Côte d'Ivoire's startup ecosystem could emulate a key driver of Nigeria's success: the inflow of returning diaspora talent. These individuals bring not only capital but also the expertise and strategic insights needed to build and scale startups. For investors, Côte d'Ivoire represents an entry point to the vast and underserved 140 million-strong francophone West African market - a greenfield ripe for innovation across various sectors.

One of Côte d'Ivoire's standout strengths lies in the availability of diverse funding sources, ranging from development finance institutions (DFIs) and corporate investments to venture capital, private equity, and microfinance. This financial variety, combined with a network of corporates actively stimulating the ecosystem, creates a sustained demand for tech and software products. A noteworthy anomaly in the Ivorian landscape has been the relative absence of robust startup support organizations. However, this gap is being bridged as corporates increasingly establish operations in the country, such as CMA-CGM in the freight sector.

Despite its nascent state, Côte d'Ivoire's ecosystem has produced impressive funding activity, with several notable deals involving AfricArena alumni:

- Tuzzo: This platform helps content creators monetize their audiences through affiliate marketing and sponsored content management. It successfully raised US$831,000 from Ring Capital and M-studio.
- WiASSUR: A digital platform that aggregates products from various insurance providers, enabling users to compare, purchase, and manage claims online, secured undisclosed funding from Axian Group.
- Djoli: Connecting local farmers directly with consumers via an online marketplace, this platform ensures fair pricing and offers resources for improved yield and sustainability. It raised US$100,000 from Digital Africa (AFD).
- These success stories highlight Côte d'Ivoire's potential to produce scalable, impactful startups. With increasing support from both local and international players, the country is poised to transform into a regional tech powerhouse, serving as a cornerstone of Francophone Africa's innovation landscape.

2.3 Key takeaways

The African tech ecosystem in 2024 demonstrated remarkable resilience and innovation despite a challenging global environment. While the Big Four countries continued to dominate, emerging markets like Morocco and Côte d'Ivoire showed promise for future growth. The rise of fintech, climate tech, and government-driven initiatives highlighted Africa's potential as a hub for innovation and investment. To sustain momentum, fostering a balanced funding landscape, nurturing talent, and improving regulatory environments will be critical for the continent's tech-driven future.

- **Kenya:** Embraced policy innovations like visa-free travel and a digital nomad visa, strengthening its appeal for international talent and investors;
- **Nigeria:** Maintained its fintech leadership with Moniepoint achieving unicorn status and substantial government-led initiatives to build technical talent;
- **Egypt:** Showcased resilience despite a 21% funding drop, with notable activity in fintech and government-backed innovation hubs;
- **South Africa:** Advanced its global ecosystem ranking, driven by investments in fintech, regulatory innovation, and emerging industries like medical cannabis;
- **Morocco and Côte d'Ivoire:** Emerging as rising stars, focusing on innovation and leveraging both public and private sector support to drive ecosystem growth.

The rise of fintech, climate tech, and government-driven initiatives highlighted Africa's potential as a hub for innovation and investment.

Sectoral Trends:

- Fintech remained dominant across key regions.
- Emerging sectors like e-mobility, agritech, cleantech, and digital health gained momentum.
- Key legislative and regulatory developments created both opportunities and challenges for startups.

Challenges and Opportunities:

- Funding distribution remains heavily concentrated in the Big Four countries (Kenya, Nigeria, Egypt, and South Africa).
- Ecosystems outside the Big Four, like Morocco and Côte d'Ivoire, show promising growth potential but require better infrastructure and policies.
- Regulatory hurdles and economic instability remain obstacles for many startups.

SECTION 3

Africa's Tech Sector Trends: : Unveiling the Landscape for 2023

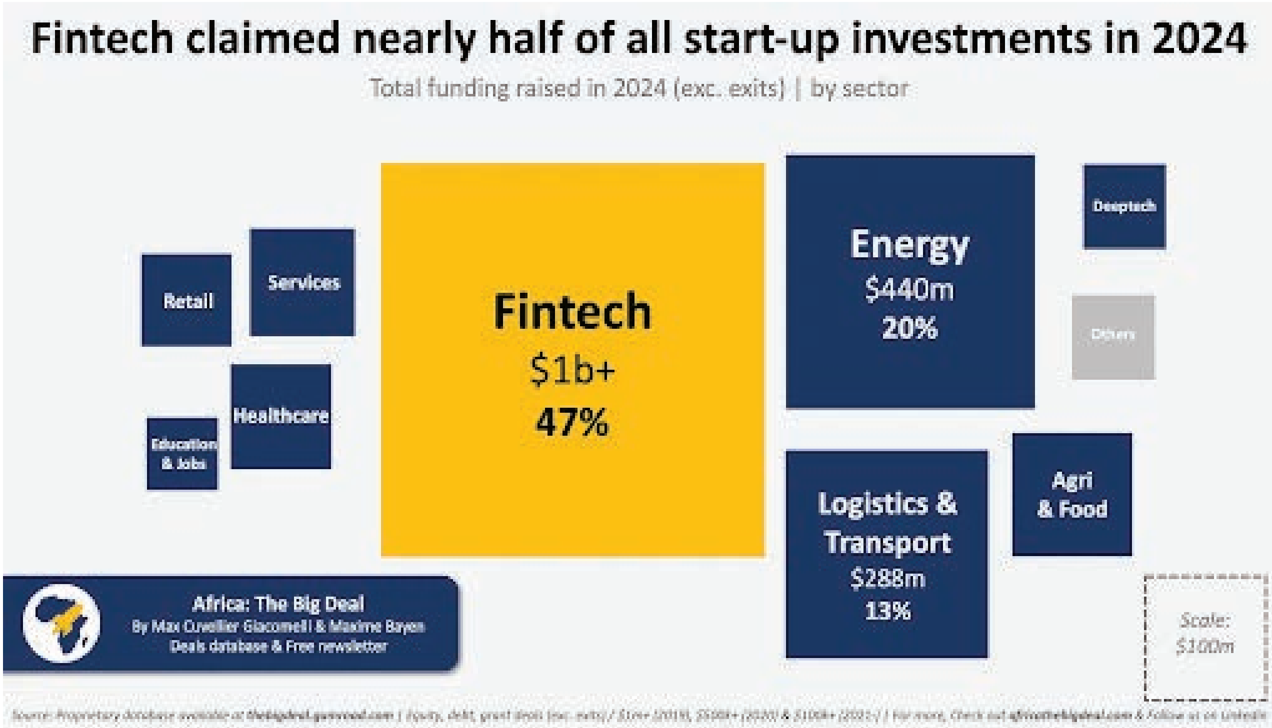
3.1 Introduction

Preliminary reports from Africa: The Big Deal (AfBD) published in January 2025 suggest the continued downturn in the total venture capital funds raised by African tech startups from 2023 into 2024. In 2024, there was a reported decline of 25% in the total investment raised during the year with African startups only being able to raise US$2.2 billion in 2024, compared to US$2.9 billion in 2023 (AfBD). The decline has been the result of global macroeconomics with high interest rates from across the world having an impact on investors' confidence that has led them to continue to hang onto their dry powder. As a result, the African tech sector continues to experience a dry winter in investments invested into the tech sector with only 430+ African startups able to raise above US$100,000 in investments during 2024 compared to the 520+ deals secured above US$100,000 in 2023 (AtBD).

Based on the 2024 Africa Tech Venture Capital Report by Partech (2025), the African tech ecosystem experienced a moderate contraction in 2024, with total funding declining to US$3.2 billion across 534 deals, representing a 7% year-over-year decrease in total funding and a 2% reduction in deal volume. This slight downturn, according to Partech, reflects broader global economic challenges and potential market consolidation in the African technology landscape (Partech).

The large difference between the two reports are due to the different methodologies of analysis by AfBD and Partech. The major difference between the two reports is the classification of the African tech startup and what is deemed an African founder. For AfBD, their data collection framework targets African startups that have both their head offices, operations and founders operating within Africa. They also take into account deals secured by African startups from US$100,000 and above that include equity, debt and grants. While for Partech, they do not consider the requirement of African startup founders and their head offices having to reside in Africa, but mostly focus African representation based on its founders and operations in Africa. Partech only takes in account equity and debt deals secured from US$200,000 and above and does not include grants raised by African startups. Thus, it will be interesting how these different frameworks of target data will affect the different tech sectors in the overview of the African ecosystem in 2024 and in 2025.

According to AtBD, the top African tech sectors of 2024 based on deals made and investments secured were the fintech, climate tech (energy) and logistics sector. Fintech continued to be the leading tech sector in Africa for raised investments during the year with a combined total of US$1 billion that African startups secured in 2024. The biggest contributors to this total were TymeBank (US$250 million), Moniepoint (US$110 million), MNT-Halan (US$151 million) and M-Kopa (US$50 million). All four of these fintech startups are now valued at US$1 billion+ and will be going into 2025 pushing for unicorn status. With 32% of the total secured investments of 2024 and closing in on the fintech sector, the climate tech sector secured second place for the third year in running with a combined total of US$600 million in investments during 2024. Renewable energy startups led the raised investments largely due to the d.light's US$192 million and SunKing's US$87 million investment deals that made two thirds of the US$440 million in investments deals. The standout of the year was the logistic sector where African logistic and mobility startups were able to raise US$288 million in investments and place the sector third with a funding increase of 6% YoY compared to 2023. This was mainly due to the investments raised by BasiGo (US$42 million), Moove (US$100 million) and Spiro (US$50 million). Overall, these top three tech sectors captured 80% of all funding in 2024, highlighting their dominance in Africa's startup ecosystem.



Source: Africa: The Big Deal tech sector infographic according to investments raised

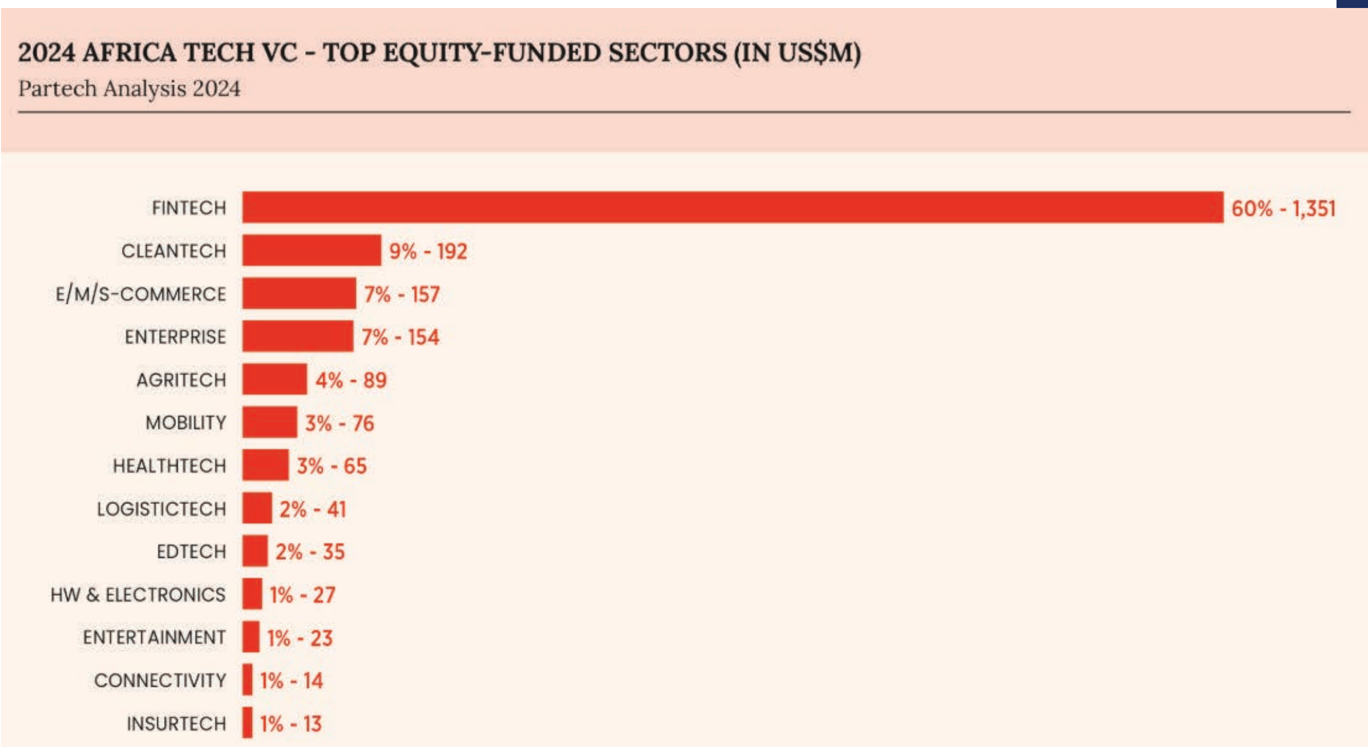
All other tech sectors in Africa suffered a loss in both absolute and relative terms for 2024, except for the deep tech and SaaS sectors The tech sectors in Africa that battled to raise funds this year with the steepest sectorial drops were Agri & Food (-44% YoY) and Healthcare (-61% YoY). Agritech startups in Africa were only able to raise US$215 million 2024 while African healthtech startups were only able to raise US$150 million. According to Briter Bridges in their State of Agtech Investment in Africa 2024 report, the US$215 million raised by agritech startups in Africa came from 158 deals. However, the majority of these deals were very early-stage funding, with deals below US$100,000 accounting for 59% of the total investments secured (Briter Bridges).

In Partech's 2024 report of investment deals secured by African tech startups in 2024, their sector analysis paints a different picture, with fintech as the leading tech sector in Africa but the e-commerce and enterprise sectors leading second and third in the number of deals and investment secured and Climate Tech and Logistics (mobility) performing poorly at fourth and seventh among the tech sectors. The fintech sector led the sectors in Africa in both deals and funding representing 29% of all equity transactions with 131 deals which Partech states is a significant 16% increase from 2023. According to Partech, the sector secured US$1.3 billion, accounting for 60% of total equity funding in 2024 which highlights the importance and strength of the sector in the impact it provides Africans in addressing critical economic challenges across the African continent. What is interesting is that there is a difference of US$300 million investment between the AfBD report (US$1 billion) and the Partech report (US$1,3 billion). This is due to Partech including Zepz's African expansion investment deal of US$263 million that they secured in October 2024. Although their founder Ismail Ahmed is African and they do operate within Africa, Zepz has its registered headquarters in England which does not meet the parameters of AfBD's framework on African startups and investment deals.

Falling in second and third place, Partech states that the E/M/S-commerce and enterprise sectors in Africa secured the second and third highest amounts of deals with 62 and 55 respectively. However, both saw declines compared to 2023. Partech's inclusion of these sectors provides an interesting outlook compared to AfBD's report and may be the reason why the Partech report has larger deal count and larger difference in the total investments for 2024. The Partech report also mentions that the mobility sector showed growth, with total funding increasing 60% to US$76.4 million in 2024 but with fewer deals. While emerging sectors like EdTech showed promise, with a 72% increase in deal volume and 27% growth in funding to US$34.6 million. However, this figure remains significantly lower than the US$291 million invested in 2021 highlighting the effects of investors holding onto their funding and post-covid caution among investors on whether there are high growth and scalable edutech solutions on the continent where 43% of the African continent do not have access to a smartphone. Where the two reports do align is in the healthtech sector's decline in deals and investment with a substantial downturn of funding dropping 70% to US$65 million and deal counts reducing from 52 to 31 (Partech).

The Partech report also mentions that the mobility sector showed growth, with total funding increasing 60% to US$76.4 million in 2024 but with fewer deals.

Source: 2024 Partech Africa Tech VC Report (2025) Top Active Sectors in Equity Deal Counts



Source: 2024 Partech Africa Tech VC Report (2025) Top Active Sectors in Equity Deal Counts

With the AfBD report and the Partech report both highlighting the fintech sector's dominance in Africa, it is no surprise that five of the top 10 startup investment deals of 2024 belong to fintech startups with valuations of $1 billion and above. Based on the AfBD and Partech reports, these are the biggest investment deals secured by African based startups in 2024:

1. Zepz (UK) - US$267 million
2. TymeBank (South Africa) - US$250 million
3. d.light & Paygo (USA & Kenya) - US$176 million
4. MNT-Halan (Egypt) - US$157 million
5. Moniepoint (Nigeria) - US$110 million
6. Moove (Nigeria) - US$100 million
7. SunKing (Kenya) - US$87 million
8. M-Kopa (Kenya) - US$51 million
9. Spiro (Rwanda) - US$50 million
10. BasiGo (Kenya) - US$42 million

Notable African startups that just missed the top 10 are Nuitée from Morocco with a US$41 million investment deal, Nala from Tanzania who secured US$40 million, Sabi from Nigeria with a US$38 million investment deal, and SunCulture from Kenya who secured US$27.5 million from a number of investors in 2024.

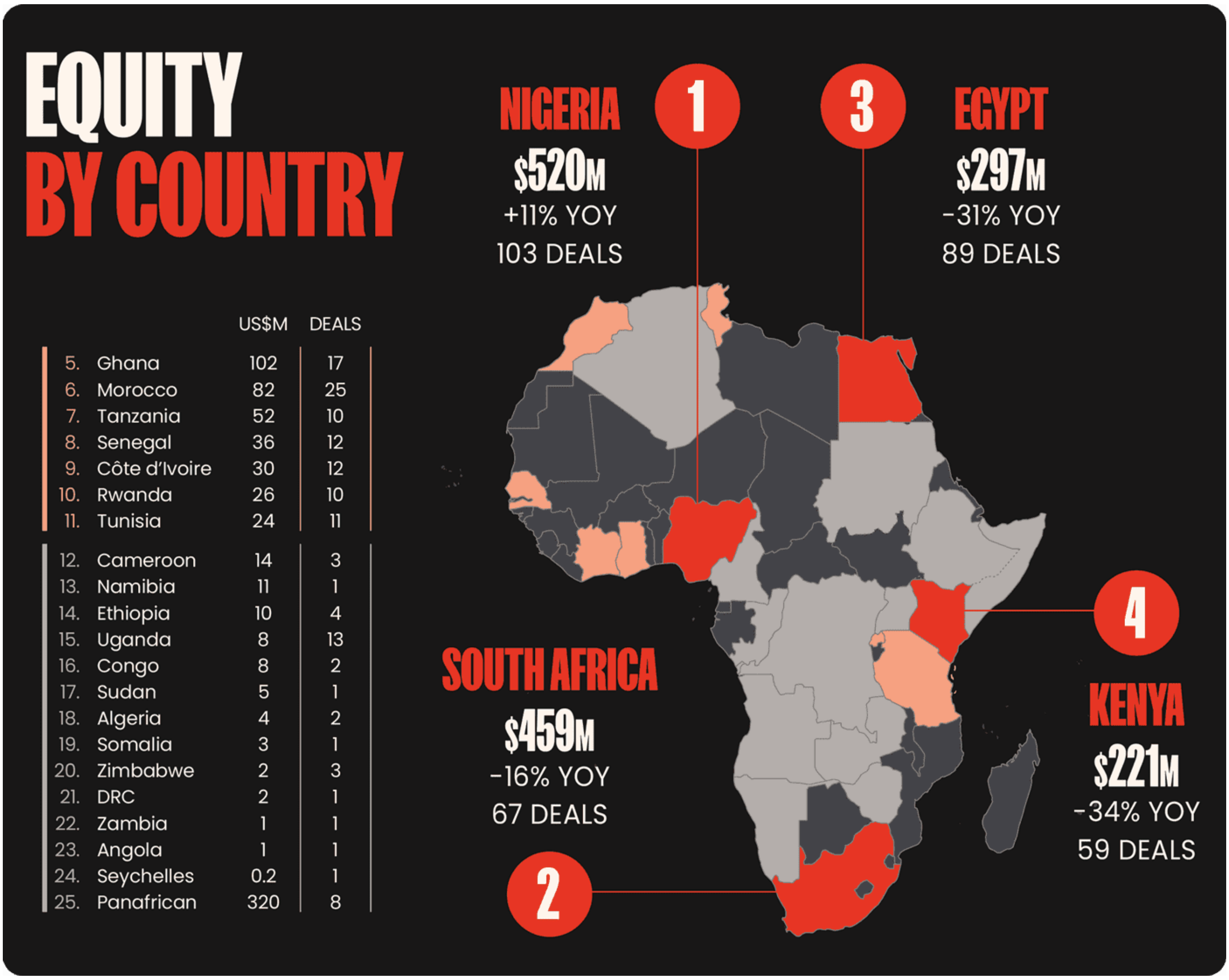
From the above list and infographic, eight of the ten startups that raised the most funds are in a Big Four country — Nigeria, Kenya, Egypt, and South Africa. Thus, there has been no change in the ecosystems of Africa with the Big Four attracting 84% of all start-up funding (excluding exits). Kenya led the Big Four for the first time with US$638 million, Nigeria (US$410 million) second, Egypt (US$400 million) third, and South Africa (US$394 million) fourth (AfBD).

Ghana lies at fifth and is slowly closing the gap on the Big Four. Kenya's dominance of the Big Four most investable ecosystems in Africa is mainly due to the deals secured by d.light and Paygo, SunKing, M-Kopa, Basigo and SunCulture as highlighted in the AfBD report. It must be highlighted that d.lights is an American founded solar product manufacturer that operates in Africa through their payment and marketplace partner Paygo. They have their headquarters of operations in Kenya.

However, the Partech report paints a completely different picture with the Big Four where Nigeria is the leading ecosystem with 103 deals that total US$520 million in investments, South Africa is second with a 67 deals totalling US$459 million in investments, Egypt is third with 89 deals to make US$297 million in investments and Kenya at fourth with 59 deals making a total of US$221 million in investments. The vast difference to the AfBD report may be due to Partech including undisclosed investment deals within the framework of targeted data and that they only included equity deals and investments in their analysis and left out debt investments like d.light. With the case of the AfBD report, they included the new securitization facility debt investment deal of d.light to purchase US$176 million of receivables in Kenya, Tanzania and Uganda. D.light is an American based company that provides affordable renewable energy products for consumers in Africa. They have a joint partnership with the solar fintech Kenyan startup Paygo who will be the beneficiary of the securitization facility investment in scaling up its consumer finance offerings to low-income households and communities without access to electricity in Kenya, Tanzania and Uganda.

Thus, this may be why in the AfBD report, Kenya is the top ranking country in terms of investments made while Partech views the ecosystem last among the Big Four. In addition to their differences, Partech has included the Zepz investment deal in their analysis as the startup has an African founder and operates mainly while the AfBD omitted the deal due to Zepz headquarters being in England and not Africa.

Kenya's dominance of the Big Four most investable ecosystems in Africa is mainly due to the deals secured by d.light and Paygo, Sun King, M-Kopa, Basigo and SunCulture as highlighted in the Big Deal report.



Source: Partech Africa Tech VC Report (2025) Equity Deals and Total Investments by Country

3.2 Fintech in Africa

Although the African fintech sector continued its investment fundraising slow down throughout 2024, there were positives from the sector with its resurgence in the latter part of the year that helped it dominate investments for 2024 as the top performing sector. While funding experienced a sharp decline, with the first half of 2024 seeing a 51% drop to US$419 million compared to US$864 million in the same period of 2023, the underlying foundation of the sector remained strong hinting that the sector may be maturing with both traditional services and fintechs maintaining an average annual revenue growth of 8% (McKinsey). The sector secured eight fintech deals struck in just the first quarter, compared to twelve deals in all of 2023. By the end of the year, the fintech sector had a strong resurgence with large Series C and D investment deals secured by TymeBank and Moniepoint which took both companies to US$1 billion and over valuations. According to the AfBD report, African fintech startups raised US$1.034 billion, representing 47% of the total funding secured by startups across the continent. This marked an increase from 42% in 2023, due to a resurgence of deals in the later part of the year in Q3 and Q4.

In relation to the above analysis by AfBD and the McKinsey report, the Partech report also highlighted the sector's dominance of the African tech ecosystem, securing US$1.4 billion, equivalent to 60% of total equity funding (Partech). This total investment into the sector during 2024 consisted

Fintech in Africa: The Era Of Consolidation Has Begun

of 131 deals secured by African fintech startups which accounted for 29% of the transaction count for the year. As a result, Partech stated that the fintech sector grew by 16% YoY in deal count and 59% YoY in total funding during 2024, making it Africa's most active and mature ecosystem. However, in comparison to the AfBD's analysis of deals there is a difference of US$300 million plus between the two reports. This difference is attributed to Partech including the Zepz investment deal of US$267 million and a few undisclosed deals that would make up the difference.

Although there is decline in total deals and total investments into African fintech startups highlighted in by both the AfBD and Partech reports, the sector will remain Africa's most investable and dominant sector even as emerging sectors like cleantech and agritech gain ground in the investment landscape (Partech). This is because African and international investors see the fintech sector in Africa as a mature sector that has been validated over the last seven years with a proven track record. This is highlighted by Partech who states that while the deal count for the fintech sector increased by 16% in 2024 and the total investment funding increased by 59% compared to 2023, all the other tech sectors of Africa experienced a 10% decrease in deals secure and a 38% in total investment funding (Partech). In addition to deals and investment funding being raised, the success of the sector has had an increased impact on African entrepreneurs where the emergence of new African fintech startups has almost tripled since 2020. Thus, the sector is becoming increasingly significant in the African ecosystem, with the sector now attracting more than half of the overall equity funding.

3.2.1

Fintech Startups of the Year:

Currently as of 2025, there are approximately 1,263 operational fintech startups in Africa according to the European Investment Bank's Finance in Africa report: Unlocking investment in an era of digital transformation and climate transition 2024, marking a 27.7% increase since 2020. The majority of these startups are concentrated in the continent's top tech hubs, namely Nigeria (32%), South Africa (20.6%), Kenya (15%), and Egypt (9.6%). Of these 1,263 fintech startups, a majority of them are providing financial products and services in digital financial planning, neobanking, and digital payments.

In the following list below are the top 10 African fintech startups of 2024 according to the investment funding they raised during the year and their growth and expansion across Africa. It includes both equity, debt and undisclosed deal investments (Please note, this is our own interpretation based on available data provided in in the AfBD and Partech reports and other online sources):

1. Zepz (UK) - US$267 million
2. TymeBank (South Africa) - US$250 million
3. MNT-Halan (Egypt) - US$157.5 million
4. Moniepoint (Nigeria) - US$110 million
5. Moove (Nigeria) - US$100 million
6. M-Kopa (Kenya) - US$51 million
7. Nala (Tanzania) - US$40 million
8. Sabi (Nigeria) - US$38 million
9. YellowCard (USA & Nigeria) - US$33 million
10. Paymob (Egypt) - US$22 million
11. YellowCard (USA & Nigeria) - $33 million

From the above list and analysis of AfBD, Briter Bridges and Partech reports, Nigerian fintech start-ups had a good year with South African following in second mainly due to the TymeBank investment deal. Egypt and Kenya remain the same in their positions since 2023 with MNT-Halan success and investment deal of 2024 keeping the Egyptian fintech ecosystem at third and Kenya's M-Kopa leading the way for Kenyan ecosystem. What is interesting to see on this list is the emergence of African fintech companies from outside the Big Four securing some large deals such as the Tanzanian fintech company, Nala. One can also add reflection on the list above by questioning what the leader board would look like and the position of Kenya's fintech ecosystem if one were to consider the d.light investment deal of US$175 million as a fintech deal due to Paygo being a joint venture partner with d.light in providing affording financial services, products and packages for d.light solar products? One can also question Zepz place in the top ten with their leading investment of US$267 million as they are headquartered in the UK. But due to the Zepz founder being African and the majority of their operations being in Africa in countries such as South Africa, Uganda, Tanzania, Kenya and Zimbabwe, they are included in the list.

The African fintech startups to watch out for in 2025 in terms their participation with the AfricArena Tour ecosystem and who have been noticed of their growth and early stage investments are the following (Please note, this is our own interpretation based on available data provided from our own research):

1. Valu (Egypt)
2. Allawee (Nigeria)
3. Miden (Nigeria)
4. Mono (Nigeria
5. Keyrails (Nigeria)
6. Payday (Kenya)
7. Kwara (Kenya)
8. Swahilies (Tanzania)
9. Koree (Cameroon)

3.2.2

African Fintech Ecosystems

Africa's fintech sector ecosystem is thriving as digital finance expands much faster than traditional banking across Africa especially in the regions of West Africa. The number of African companies offering new products and services in the area of finance jumped to 1,263 at the start of 2024 from 450 in 2020. This growth has been spurred on by changes in the regulatory landscapes of African countries such as Nigeria, South Africa, Kenya, Ghana, Tanzania, Egypt and many other countries. Pan-African initiatives such as AfCFTA and PAPPS have gained momentum in 2024 and are pushing in facilitating easier cross-border transactions and promoting regional financial integration across the continent to grow the fintech sector. These regulatory initiatives being facilitated by multiple countries in Africa signal a growing view on the importance of the sector among African leaders and maturity of the sector with its continued dominance in deals secured and investments raised.

As stated in the analysis of the fintech sector in Africa, Nigeria continues to dominate this sector on a yearly basis and for 2024 was the leading ecosystem within the fintech sector. The fintech sector represented 72% of total equity funding secured by Nigerian startups in 2024 (Partech). This high percent of the total funding raised and reduction of sector diversification was partly driven by the Moove and Moniepoint's funding rounds that total US$210 million together. According to Partech, without these two mega-deals, the fintech sector of Nigeria would have only represented 31% of total funding secured by Nigerian startups which would have been below 2023's percent of 37%. However, due to its large population and growing mobile and online consumer base, the fintech sector continues to

The Future of Cross Border Payments Fintech Impact in Africa | Fireside Chat grow in the country even when there is a downturn in investments and the global economy.

In South Africa, the fintech sector accounted for 70% of total funding that South African tech startups secured in 2024. This 70% dominance of the total VC investment funding was largely driven by TymeBank's US$250 million mega-deal. Some other notable South African fintechs that pushed South Africa to the second biggest fintech ecosystem was Planet42's US$18 million deal, Omniscient's US$7.5 million deal and there was also a South Africa-led acquisitions deal made by the South African fintech startups Lesaka in acquiring majority shares in Adumo for US$86 million that assisted in South Africa rise to the top of the fintech sector behind Nigeria.

Across the continent to the North, Egypt's tech venture capital market and startups ecosystem was also driven by Egyptian fintech and e-commerce startups who raised 60% and 12% of total equity funding for 2024 (Partech). Fintech's dominance of the Egyptian ecosystem was mainly due to MNT-Halan securing another investment of US$157.5 million after their record breaking investment of US$400 million in 2023. Following the MNT-Halan deal, the next big fintech investment deal was secured by Paymob at a total of US$22 million, followed by Valu (US$22 million), and Connect Money (US$8 million). Although Egypt has a lower percentage of total investments within the fintech sector than Nigeria and South Africa, its tech and VC investment ecosystem in 2024 presented a more balanced market compared to the other top four tech ecosystems (Partech).

For Kenya, the fintech sector is continuing to grow as Kenyan fintech startups expand into the rest of East Africa and beyond. However, the sector usually has to fight for the dominant spot in the Kenyan ecosystem with the likes of the clean energy, agriculture and climate tech sectors each year. Depending on which report one takes into account in the analysis of the Kenyan fintech sector for 2024, the findings are very different. For Partech, Kenyan fintech startups only made just 13% of total equity funding raised by Kenyan startups in 2024. However, if you take into account the AfBD's inclusion of d.light's investment deal and dig deep into the joint venture between d.light and Paygo in pro-

viding affording financial services and packages for d.light solar products, one could flip the data which may show an equal representation of the fintech and cleantech sectors in the percent of investments raised in 2024. The cleantech sector, according to Partech, secured 46% of Kenya's total equity funding while the agritech sector secured 15% of the funds making the climate solution sectors your most investable for 2024.

Other emerging fintech ecosystems in Africa that grew their number of deals and investments into fintech startups during 2024 were Tanzania, Morocco, Rwanda, Senegal and the Ivory Coast. The most noticeable investment deal out of these five countries was Nala's US$40 million investment. The fintech sector that took the biggest dive in 2024 was Ghana where fintech startups only raised US$3 million in equity funding across three rounds (Tracxn). In the same period last year, Ghanaian fintech startups raised US$22 million across five rounds thus putting the ecosystem at a 86.39% drop in funding. The US$3 million deal came from one round, where Zeepay secured their first Seed round in April. However, one must note that there were two other Seed deals with Affinity Ghana and Oze that are undisclosed.

Thus, in relation to the above, Nigeria continues to be the most matured fintech ecosystem on the African continent for investors going into 2025 and is positioned for further growth with the emergence of new fintech startups catching the eyes of investors such as Miden and Mono while growth startups like Moniepoint and Moove slowly approach unicorn status with the likes of Flutterwave.

3.2.3

Predictions for the Fintech Sector in 2025

Although venture capital investment into the fintech tech sector has slowed down over the last two years with fewer deals and large investments, the African fintech sector is poised for growth in 2025, driven by the maturity of the sector, possibilities of new unicorns on the horizon and the increasing need for accessible finance services and products by consumers both locally and across the continent. With the emergence and adoption of new technologies like AI, blockchain and stablecoins, African fintech startups will follow these latest market trends and expand their offerings to drive for more revenue and investment going into 2025. On reflection of the above, these are the top five trends discussed in the reports by the AfBD and Partech as well as panel discussions at AfricArena Summits during 2024.

1. Consolidation

The fintech sector in Africa is likely to experience significant consolidation in 2025 due to the challenging fundraising environment over the last two years with investors holding onto their funds instead of investing which has created a contraction of the market, increasing regulatory scrutiny across major African markets, and the natural maturation of the sector which saw substantial investments in fintech startups between 2020 - 2023 and the emergence of unicorns such as Flutterwave. Consolidation will appear through M&A led by larger and mature fintech startups looking to achieve economies of scale, expand their geographic footprint, and enhance their technological capabilities while eliminating unsustainable competition (Partech). An example of this was Lesaka acquiring majority shares in Adumo for US$86 million. Watch out for large African fintech startups in the cross border payment and digital lending markets in Nigeria, Kenya, Egypt, and South Africa start looking for M&A with new innovative fintech startups in 2025 especially in other African markets.

2. Customer and Revenue Growth and Retention

With the slow down of investments and funds during 2024, African fintech startups will shift their focus towards growing and retaining new customers in order to pay off operations through profitability instead of investment. Sustainable growth of one's customers and revenue from them will be the objectives of 2025. Fintech startups will look for new markets and customers through cross-border payment facilities, services and offerings as migration becomes a hot topic for 2025 and labour hustles across the continent. Fintech and neobanks companies like MNT-Halan, M-Kopa, Zepz and Moove will expand their markets further through their cross-border solution.

3. Debt Investment Growth

According to Partech, there has been a 71% YoY increase in unique debt investors, reaching 70 debt investment deals in 2024, thus signaling a growing trend toward debt financing in African fintech. This shift is likely to accelerate in 2025 as fintech startups, particularly those with proven revenue models and steady cash flows, seek alternatives to equity funding amid challenging valuations (Partech). Debt financing offers these companies a way to fund expansion and working capital needs without diluting ownership, particularly attractive for lending-focused fintechs that can use their loan books as collateral.

4. AI and machine learning

The use and development of AI technologies by African fintech startups in their financial products and services has already come into effect and will have a large impact in the sector going into 2025. African fintech startups are leveraging AI to reduce their operational costs and expand services to previously underserved markets. A great example of a large fintech startup integrating AI into their operations and offerings is Jumo who has deployed AI onto their platform to drive accessibility to credit and lending across Africa and open new markets with the deployment

5. Emergence of Stablecoin Solutions

In the last year, there has been an emergence of stablecoin-based startups or fintech startups who have deployed stable coins in their financial offerings. The major African fintech startups that have driven stablecoin adoption in Africa are Yellowcard, Bitmama, Canza Finance and Busha. Stablecoins in Africa address key challenges around cross-border payments, remittances, and currency volatility, particularly in countries experiencing high inflation. Stablecoin growth among African fintech startups is expected to accelerate in 2025 as a trend as regulatory frameworks mature and more traditional financial institutions partner with stablecoin providers like Circle to enhance their digital payment infrastructure.

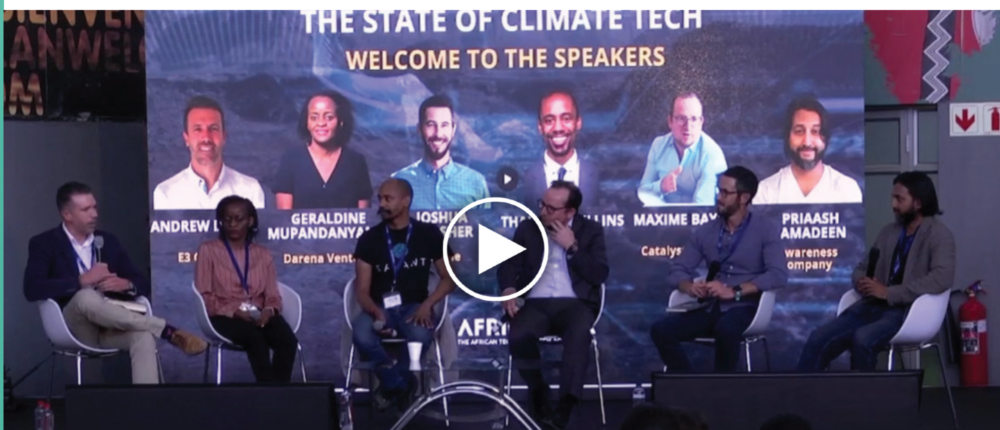
The Partech report also mentions that the mobility sector showed growth, with total funding increasing 60% to US$76.4 million in 2024 but with fewer deals.

3.3 Climate Tech - (Cleantech, Agritech and Greentech)

3.3.1

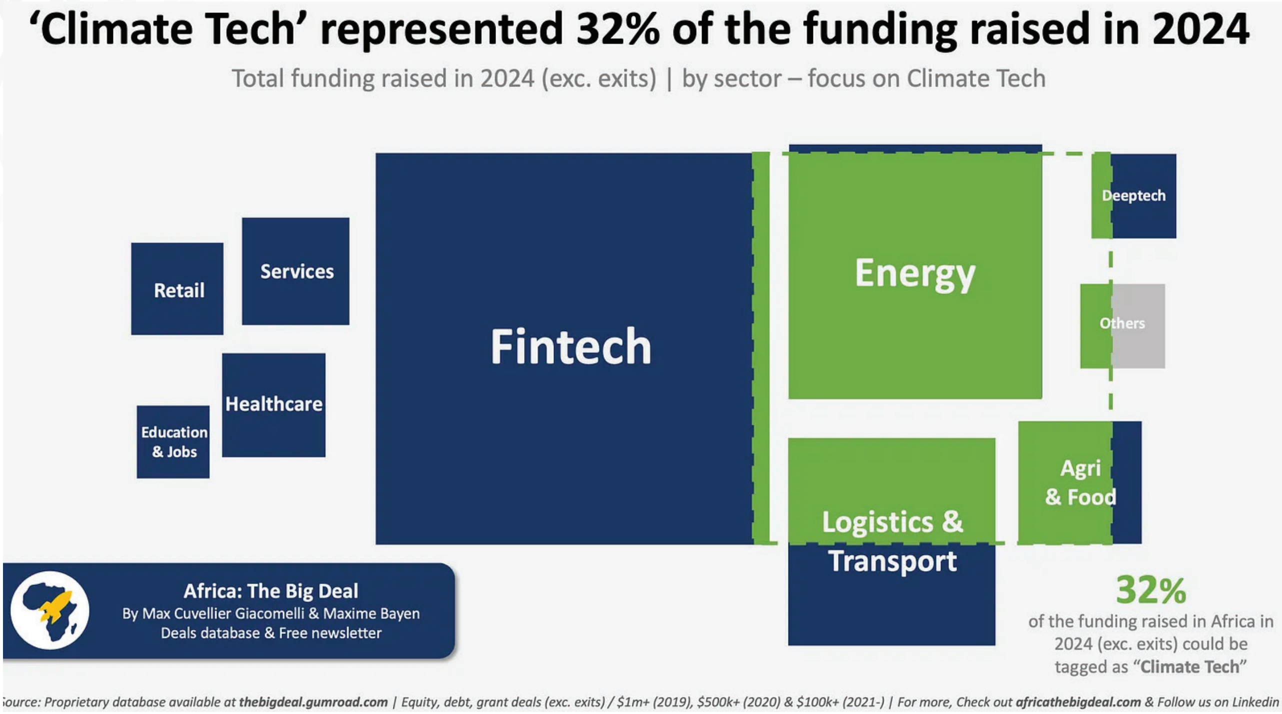
Introduction

Over the years, the term 'climate tech' has been used loosely by investors, start-ups and ecosystem stakeholders to describe technologies and businesses in the sectors of energy, agriculture, waste, construction, land use, logistics, transport, water, and biodiversity use. Thus, 'climate tech' is used interchangeably with greentech and cleantech which may have complicated classifications of specific technologies. As a result, one is going to refer to climate tech as a broad tech sector that is used to consolidate a number of technologies that try to migrate climate change. These interchangeable tech sectors under the phrase, 'climate tech' include cleantech, and agritech. Climate tech on technologies that aim to reduce or mitigate greenhouse gas emissions and climate change, such as carbon capture, carbon trade, waste management, reforestation, climate data analysis, and circular supply chains. While cleantech covers a broader range of technologies that aim to improve the environment by providing clean and green alternatives to water purification, energy production, and transportation. Agritech fits with these two sub sectors when the technologies used are for the purpose of driving sustainable farming practices and providing food security for all.



AfricArena Johannesburg Summit 2024: State of Climate Tech

During 2024, climate tech related startups secured 32% of all total investments into African startups with a total of US$600 million (AfBD). According to the AfBD (2025), this saw a slight decrease compared to 2023 where the sector secured 36% of the overall total investments into African startups. This decrease of 4% was mostly due to the drop in funding going to the clean energy market. In 2023, while clean energy made up 72% of all climate tech investments with US$761 million, its share dropped to 59% in 2024 to US$423 million (AfBD). The other sectors of e-mobility, agritech, waste and carbon migration within the climate sector remained stable between 2023 and 2024 where they raised US$289 million in 2024 compared to US$301 million in 2023 with a -4% YoY (AfBD).



Source: Africa: The Big Deal Report 2025: Climate tech representation in total funds raised.

In the Partech report, they highlight that clean energy startups only raised US$192 million in 2024 with 37 deals which meant the sector had a 35% YoY decline in funding and 6% growth in deals compared to 2023. However, with 37 deals secured in 2024, the clean energy sector closed more deals than in any other sector, except for fintech, confirming the dynamic nature of the sector in Africa and its attractiveness for investors (Partech). This sector within the climate tech sector has continued to grow and be seen as a profit sector even with the declines in deals and investments over the last two years. Cleantech companies, which went from barely 1% of the funding in 2020 to 17.5% in 2022, are still a significant segment, claiming 9% of 2024's equity funding (Partech).

However, when one analyzes the data from both the reports above, there is a noticeable difference between the two, especially in the total investments secured in 2024 by climate tech and cleantech startups. Where this difference lies is in the investment deal secured by d.light and their joint venture partner Paygo. In the AfBD report, they have included the d.light deal of US$176 million in their data due to joint venture partnership with Paygo where the securitisation multi-currency facility funds will directly go through Paygo. However, Partech seems to have omitted the d.light deal from their data as the founders of d.light are American and their products are manufactured in the U.S. However, the main market is Africa where they have been successful in the growth and expansion across East Africa. Due to their joint venture with Paygo, who benefits from the investment deal through the purchase of US$176 million worth of receivables in Kenya, Tanzania, and Uganda on their platform, one includes the deal in our analysis. By adding Partech's total investment into cleantech and the d.light deal, one gets a total investment of US$368 million which is short of US$55 million of the AfBD's total funding. That US$55 million difference could be the Spiro deal of US$50,000 of which Partech may have included in their logistics sector analysis as it is a mobility startup.

Cleantech companies, which went from barely 1% of the funding in 2020 to 17.5% in 2022, are still a significant segment, claiming 9% of 2024's equity funding (Partech).

The investment deals that put cleantech at the top of the climate tech sector and assisted the sector in claiming second place in total investment and deals after the fintech sector d.light and Paygo US$176 million, SunKing's US$80 million deal, SunCulture's US$27.7 million deal, and Roam's US$24 million deal One could add the Spiro deal of US$50 million and the BasiGo deal of US$42 million if one does not view them as mobility but as cleantech startups. For the agritech sector associated with sustainability, the notable deals were Pula who secured US$20 million for their crop insurance platform, Hello Tractor with their US$5 million deal, Winich's US$3 million deal and Farm to Feed with the pre-Seed round of US$1 million. For the first time on the African continent, the carbon market sector emerged into the market with Octavia Carbon's combined US$8 million in investment deals that they secured during 2025. The rise of Octavia Carbon into the climate tech sector of Africa has been a game changer with new African carbon migration and market startups and technologies slowly emerging and establishing operations in Africa.

Of these deals, a majority of them consisted of debt investments and financing such as d.light and SunKing's deals respectively. With the downturn in available investment funds which led to a shortage of equity investment funds, a lot of African cleantech startups pivot to debt financing over 2024 and affirmed the movement amongst startups towards hybrid forms of funding that use both equity and debt investments to shore up funds to expand. Debt funding is largely captured by two sectors, clean tech and fintech, with cleantech taking the lead and representing 50% of all debt funding, driven by two out of the three debt megadeals recorded this year (Partech).

Abidjan Summit FireSide Chat: The State of Clean-Energy in Africa

3.3.2

Top 10 Climate Tech Startups

Although there was a decline in total investments and deals in the climate tech sector in Africa, there were a number of notable investments raised by climate tech startups during 2024. In the following below are the top 10 climate tech investment deals of 2024, they include both equity, debt and undisclosed deal investments (Please note, this is our own interpretation based on available data provide in in the AfBD and Partech reports and other online sources):

1. D.light and Paygo (Kenya) - US$176 million
2. SunKing (Kenya) - US$80 million
3. Spiro (Benin) - US$50 million
4. BasiGo (Kenya) - US$42 million
5. SunCulture (Kenya) - US$27 million
6. Burn Manufacturing (Kenya) - US$27 million
7. Roam (Kenya) - US$24 million
8. Ampersand (Kenya) - US$21.5 million
9. Pula (Kenya) - US$20 million
10. Okra (Nigeria) - US$16 million

The African climate tech startups to watch out for in 2025 in terms of their participation with the AfricArena Tour ecosystem and who have been noticed of their growth and early stage investments. It includes both equity, debt and undisclosed deal investments (Please note, this is our own interpretation based on available data provided from our own research):

1. Nithio (Nigeria) - US$10 million
2. Octavia Carbon (Kenya) - US$8 million
3. Yola Fresh (Morocco) - US$7 million
4. Insight Terra (South Africa) - US$5.7 million
5. Koolboks (Nigeria) - US$4.3 million
6. Arnergy (Nigeria) - US$3 million
7. MonSapo (Tunisia) - US$1.32 million
8. Keep It Cool (Kenya) - US$1.25 million
9. GAYO (Ghana) - US$1.25 million
10. NoorNation (Egypt) - Undisclosed
11. ReNile (Egypt) - US$400,000

3.3.3

Top 10 Agritech Startups

Agriculture is the foundation and soul of Africa that feeds just over a billion people. The industry is one of the dominant financiers of each of Africa's GDP. Thus, the agritech sector within Africa is one of the most popular sectors for venture capital and impact investors to invest in. It is its own tech sector that can be distinguished outside of the broad and the overlapping tech sector of climate tech. However, due to a lot of agricultural tech businesses having ESG and sustainable farming focused objectives within their operations, agritech startups are often consolidated into the climate-tech sector. Most of the deals consist of early stage, Seed and Series A investments. This was evident in the highest deal in the sector being a Series A investment deal secured by Apollo Agriculture, their second US$10 million deal in two years, and then Seed round raised by Shamba Pride. The rest of the deals consist of pre-Seed investments rounds. This is evident in the top 10 agritech investment deals of 2024 in the list below that includes both equity, debt and undisclosed deal investments (Please note, this is our own interpretation based on available data provided from our own research):

1. Apollo Agriculture (Kenya) - US$10 million
2. Shamba Pride (Kenya) - US$3.7 million
3. Farmworks (Kenya) - Undisclosed
4. Stable Foods (Kenya) - US$2 million
5. Farm to Feed (Tanzania) - US$1 million
6. Seabex (Tunisia) - Undisclosed
7. Hello Tractor (Nigeria) - US$750,000
8. GenePlus (Kenya) - US$500,000
9. Complete Farmer (Ghana) - US$300,000
10. Rhea (Kenya) - US$150,000

From this list of the top 10 performing agritech startups in terms of investment secured for 2024, it is notable that startups from East Africa dominate the sector and interest from investors. This may be to do with the vibrant farming and agriculture market of Kenya and other Eastern African countries that is receiving interest from impact funds like the GIZ SAIS, One Acre Fund, the Catalyst Fund and the Acumen Fund.

Agriculture is the foundation and soul of Africa that feeds its population of a billion and the industry is one of the dominant financiers of each Africa's GDP.

The agritech startups to look out for in 2025 that are predicted to experience growth in the market and are busy raising Seed investment are the following list (Please note, this is our own interpretation based on available data provided from our own research):

1. Kuda (Kenya) - US$50,000
2. BioAge (South Africa) - Undisclosed
3. Arable Grow (South Africa) - Undisclosed
4. Maua Mazuri (Kenya) - Undisclosed
5. iShamba (Kenya) - Undisclosed
6. IrWise (Tunisia) - Undisclosed

AfricArena Nairobi Climate Summit: Panel Discussion - Ripe for Disruption: Africa's Big Leap in Agritech

3.3.4

Africa's Carbon Market

During AfricArena's Nairobi Climate Summit in September 2024, a panel of experts discussed Africa's vast potential for carbon credit inflows that could bring in an estimated US$500 billion to US$1.3 trillion in capital inflows for green development in Africa. In this discussion it was acknowledged that the African continent has unique geological features that offer excellent storage locations for CO_2, making carbon capture and storage solutions effective and scalable. However, they did highlight challenges like inaccessibility to small and medium-sized projects, high costs, opacity, and over-intermediation hinder growth. The panelists suggest redesigning carbon markets, using digital platforms, and creating a carbon credit showcase to address these issues and ensure a larger share of revenue returns to projects and communities. Companies and corporations, particularly those setting net zero targets with high carbon emission industries, can play crucial roles in carbon markets by promoting transparency, authenticity, and innovation.

In the link below is the video of this panel discussion on Africa's carbon market potential being the new climate tech investment frontier.

Next Gen Renewable Energy The Impact of AI and Carbon Credits on Sustainability | Panel Discussion

They did highlight challenges like inaccessibility to small and medium-sized projects, high costs, opacity, and over-intermediation hinder growth.

Due to the potential size and impact of Africa's carbon market, a number of African countries have recently drafted and signed carbon and climate change bills into action to provide regulation within the new market. For example, Kenya recently enacted the Climate Change (Amendment) Act, 2023, which amends the Climate Change Act, 2016, to provide for the regulation of carbon markets. Tanzania has committed to reducing GHG emissions by recently adopting the Environmental Management (Control and Management of Carbon Trading Mechanism) Regulations to establish a framework for the control and management of carbon trading, including a national carbon registry. While in South Africa the government has enacted a range of legislative measures to measure and monitor carbon or greenhouse gas (GHG) emissions. In 2019, South Africa introduced the Carbon Tax Act into legislation as a fiscal measure to reduce GHG emissions in South Africa through the levying of a carbon tax on such emissions. In addition to the Carbon Tax Bill, the Johannesburg Stock Exchange (JSE) launched its carbon market in partnership with Xpansiv, an infrastructure provider for global environmental markets operating under a separate entity, JSE Ventures. The local stock exchange intends to allow local companies and corporations who are large carbon emission producers to buy or sell carbon credits and energy certificates held in either local or global registries.

Going into 2025, one will potentially see more and more carbon capture and credit startups emerge from within Africa especially Kenya where the Great Rift Valley has been positioned as the frontier to carbon capture innovation.

As African countries have invested into legislation and market access to the global carbon markets, so have African entrepreneurs invested in the new market by establishing their own technologies and business. Thus, over the last two years, a series of carbon tech startups have emerged into the African tech market with the most famous being Octavia Carbon who raised a number of investment rounds in 2024 totalling US$9 million. Other notable carbon tech startups that have emerged into the market in the last two year have the following:

- Flux (Kenya)
- Green Voyager (Kenya)
- EcoLinks (Cameroon)
- Cavex (Senegal and Kenya)
- Insight Terra (South Africa
- SpekTech (South Africa)

The emergence of such carbon tech startups highlights the growing market of carbon credits in Africa that has been sparked by Octavia Carbon's success. What is also of interest to climate tech startups in Africa, is the opportunities the carbon credit market provides in new sources and channels of investment for startups. Going into 2025, one will potentially see more and more carbon capture and credit startups emerge from within Africa, especially Kenya where the Great Rift Valley has been positioned as the frontier to carbon capture innovation. Furthermore, through the opportunities that arise from the trade of carbon credits, one may see a movement among climate tech startups testing the waters of carbon credit trade as a financial vehicle to secure investments when investors are holding onto their funds at the moment.

3.3.5

Predictions for 2025

The African climate tech sector continued its decline in total investments and deals secured for the second year in a row. However, there were positives in the sector with clean energy startups securing large debt and equity deals that position the sector just behind the fintech sector. The sector is yet to provide the maturity of the fintech sector but its growth since 2019 has been substantial and it is a favourite among investors who see value in the growing consumer energy market and the migration of risks that climate change will bring to Africa. Looking into 2025, investors will be a bit cautious in investments due to impending changes that the Trump administration will bring to the global outlook of climate tech and renewable energies. The Trump administration has already pulled out of the Paris Agreement and frozen all funding managed by USAID for review, Thus, it is predicted that there will be a slow start to the year in the number of deals that will be made and climate tech startups will turn to DFIs in larger numbers looking for debt investments or grant funding. As the geopolitical landscape quiets down, one might see larger investments deals come through in the last two quarters of the year as the world gears up for the G20 Summit in South Africa and COP30 in Brazil. There will be a stable growth of smaller pre-Seed and Seed throughout the year with emergence of the carbon market, AI and new markets being determining factors of interest by investors. In relation to the above, the following trends are predicted to come into focus during 2025:

> ***They did highlight challenges like inaccessibility to small and medium-sized projects, high costs, opacity, and over-intermediation hinder growth.***

1. The Trump Era

The Trump administration has made sweeping changes to climate and energy policies in America since the start of the year where Trump has pulled America out of the Paris Agreement and stopped all investments and policies focused on growing renewable energy and electric vehicle (EV) production. These sweeping changes have already had an impact in the sector with American banks Citigroup, Bank of America, Morgan Stanley, Goldman Sachs and Wells Fargo all pulling out of the UN-convened Net-Zero Banking Alliance. Canadian banks then followed suit with European banks now debating on whether to exit climate pledges always. This does not bode well for climate tech focused VC funds and investors as well as climate tech startups in Africa. It is too soon to tell, but this new era of geopolitical view on climate change and solutions may have an impact on the sector that further declines the total investments and deals in African climate tech startups for 2025.

2. Gap Between Large Growth Rounds and pre-Seed Deals

With the VC investment market in a dry winter for a second year, the only growth in the climate tech sector for 2025 will be your larger growth investment rounds into maturing clean energy startups like one seen over the last two years. Depending on the global market, we will continue to witness increasing volumes of pre-Seed deals between US$100,000 to US$300,000 especially when it comes to agritech and circular economy startups. As the investment winter has dragged on for two years and will continue in 2025, we will see more and more early stage climate tech startups search for these pre-Seed tickets through grants, DFIs and accelerators.

3. Debt Financing Will Grow

The use of debt financing by climate tech startups especially in the clean energy sector will continue to grow throughout 2025 and 2026 as the fundraising winter lingers longer and investors hold onto their funds. This means there most likely will be more large blended finance deals that will be secured in 2025 especially with cleantech startups.

4. AI Integration in Climate Tech

AI and machine learning technologies will have an impact on the climate tech sector in Africa as the technology entrenches itself in every tech sector on the continent. During 2024, AI had a positive impact on the agritech sector with many African agritech startups integrating AI in their product and services offerings which pulled in new customers and increased revenues. Thus, AI will further increase its presence in the sector throughout 2025 especially in new technologies that monitor carbon emissions within different industries.

3.4 Logistics and Mobility

3.4.1

Introduction

The logistics technology sector in Africa showed mixed signals in 2024, with an increase in deal activity but a decline in total funding. While the number of deals increased by 24% to reach 26 transactions, the total funding raised dropped by 15% to US$41 million (Partech). This decrease suggests that investors may be taking a more cautious approach to logistics investments, possibly due to challenges in achieving sustainable unit economics and the list of African logistic and mobility startups that have struggled in the market in 2023 and 2024. Startups like Sendy and Kobo360 have struggled to pay off their debt investments as their growth in the market flatline and are now laying off staff and negotiating with debt investors.

While logistics saw more deals but less funding, mobility attracted fewer deals but more capital, suggesting different risk appetites and investment strategies for each sector.

Facilitating Cross-Border Trade Through Advanced Logistics and Mobility Solutions

In contrast, the mobility sector demonstrated stronger performance in terms of funding, even with fewer deals. The sector secured US$76.4 million in 2024, representing a substantial 60% increase in funding compared to the previous year (Partech). However, the number of deals decreased from 17 to 13, marking a 24% decline (Partech). This pattern suggests that while fewer mobility start-ups received funding, those that did manage to raise capital secured larger amounts, possibly indicating investor preference for more established players or companies with proven business models in the mobility space.

When comparing both sectors, we see an interesting divergence in investor behavior. While logistics saw more deals but less funding, mobility attracted fewer deals but more capital, suggesting different risk appetites and investment strategies for each sector. The mobility sector's larger average deal size was approximately US$5.9 million per deal compared to logistics which was US$1.6 million per deal. This difference may indicate that investors view mobility start-ups as having more immediate scaling potential or clearer paths to profitability. However, both sectors represent relatively small portions of the overall African tech investment landscape, with mobility accounting for 3% of total equity funding and logistics securing even less.

3.4.2

Top 10 Logistics and Mobility Startups of 2024

From the available data, here are the notable investment deals of 2024 into logistics and mobility startups in Africa. It includes both equity, debt and undisclosed deal investments This listing excludes the BasiGo and Spiro investments deal as one has listed them in the climate tech sector while Moove views itself as a fintech startup and thus it is also excluded. (Please note, this is our own interpretation based on available data provided from our own research) :

1. GoMetro (South Africa) - US$11 million
2. Pargo (South Africa) - US$4 million
3. BuuPass (Kenya) - US$3 million
4. Logidoo (Nigeria) - US$1.55 million
5. Enakl (Morocco) - US$1.4 million
6. Rabbit Mobility (Egypt) - US$1.3 million
7. Maramoja transport (Kenya) - US$500,000
8. Colis (Morocco) - US$300,000
9. Mbay Mobility (Senegal) - US$235,000
10. Shiprazor (South Africa) - Undisclosed

3.4.3

Predictions for 2025

Looking towards 2025, several key trends are expected to shape the logistic and mobility sectors:

1. Integration of AI Solutions

AI is poised to significantly transform Africa's logistics and mobility sectors by enabling startups to optimize operations and reduce costs in ways previously unattainable. African startups are expected to leverage AI for enhanced route optimization, predictive maintenance, and real-time fleet management, which could help address the continent's unique last-mile delivery challenges and complex urban mobility needs.

2. Increased Focus on Sustainable and Green Logistics Solutions

For the last three years running, the logistics and mobility startups within Africa that have secured large equity and debt investments due to their growth into new markets have been e-mobility startups associated with the EV and last mile delivery markets in Africa. Startups like BasiGo, Spiro, and Roam have continued to attract investors with their clean energy transport solutions by securing their Series A and B rounds of funding. Thus, going into 2025, investors will continue to invest in more established startups with proven business models in the mobility space than early stage and scale startups.

3. Expansion of Cross-Border Logistics Capabilities

The increasing efficiency in cross-border payments and logistics infrastructure is set to be a major catalyst for logistics and mobility startups in Africa, particularly as the African Continental Free Trade Area (AfCFTA) continues to mature. African startups operating in these sectors are uniquely positioned to benefit from improved payment rails and cross-border trade mechanisms, as they can now more easily facilitate international deliveries and expand their operations across multiple countries.

3.5 The Healthtech Sector of Africa

3.5.1

Introduction

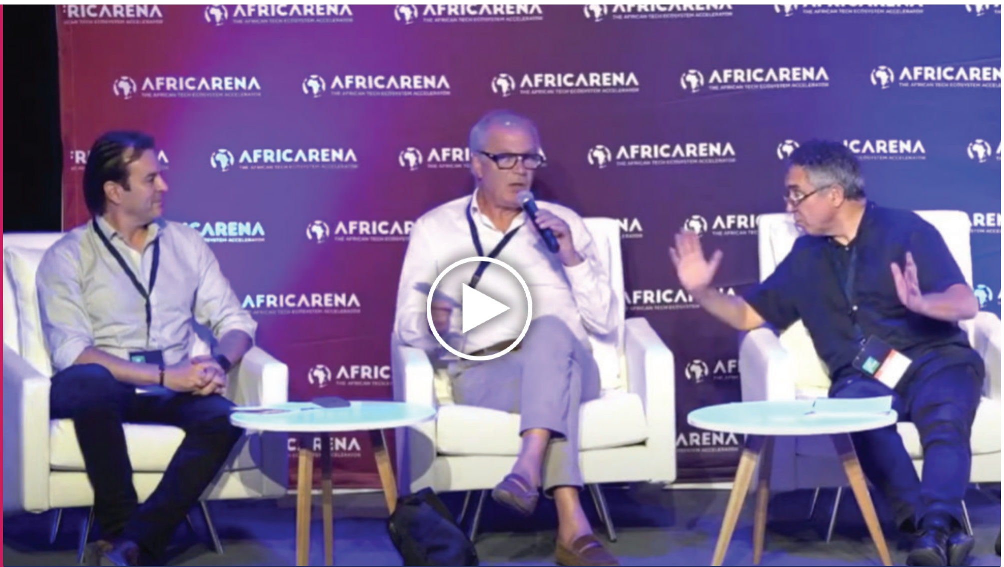
The significant downturn in Africa's healthtech sector during 2024 presents a complex picture of an industry in transition. With funding plummeting 70% to US$65 million from US$212 million in 2023, and deal counts decreasing by 40% from 52 to 31 deals, the sector experienced one of the most dramatic declines among all tech sectors (Partech). This sharp reduction in both funding and deal activity signals a fundamental shift in investor sentiment and market dynamics within the African healthtech ecosystem.

The decline can be attributed to several key factors. First, like many emerging tech sectors, healthtech startups faced increased scrutiny of their unit economics and paths to profitability, particularly given the complex nature of healthcare delivery in African markets. Second, regulatory challenges and the need for compliance across different jurisdictions may have made investors more cautious about deploying capital. Third, the longer time horizons

typically required for healthtech companies to achieve scale and profitability may have deterred investors in a market environment that increasingly favors faster returns.

However, this downturn should be contextualized within the broader evolution of Africa's healthtech sector. The US$65 million raised, while significantly lower than the previous year, still indicates continued investor interest in companies addressing critical healthcare challenges across the continent. The reduced number of deals (31) but still significant total funding suggests a trend toward more selective investments in companies with proven business models and clear market traction. This could indicate a maturing market where quality is beginning to take precedence over quantity in terms of funded ventures.

Looking at subsectors, telemedicine and digital health platforms appeared to maintain investor interest, likely due to their more straightforward path to monetization and lower regulatory hurdles compared to more complex healthcare delivery models. Additionally, companies focusing on healthcare data management, pharmacy supply chains, and diagnostic solutions continued to attract attention, though at lower funding levels than in previous years.



The Future of Healthcare in Tunisia | Panel Discussion

3.5.2

Healthtech Startups of 2024

With 31 deals over 2024 coming to a total investment, here are the top six health tech startups of 2024. It includes both equity, debt and undisclosed deal investments (Please note, this is our own interpretation based on available data provided from our own research):

1. mPharma (Ghana) - US$13 million
2. Yodawy (Egypt) - US$10 million
3. Pharmacy Mart (Egypt) - Undisclosed Seed Round
4. Ilara Health (Kenya) - US$3.9 million
5. Lapaire Glasses (Kenya) - US$3.8 million
6. BIMA (Ghana) - US$2.3 million

Thus, going into 2025, investors will continue to invest in more established startups with proven business models in the mobility space than early stage and scale startups.

3.5.3

Predictions in the Health Tech Sector for 2025

From the above analysis and findings from the Partech and the AfBD reports, the health tech sector experienced a notable decline in investments and deals made during 2024. However, going into 2025, the sector will stabilize with increased opportunities arising from the emergence of AI technologies that provide new markets and products. Thus, as the the sector ventures forth into 2025 it will be looking at these trends to stabilize and hopefully increase its investment and deal flow:

- Adoption of AI Mobile Health (mHealth) Solutions

With over 1 billion mobile users in Africa, mHealth solutions are gaining traction amongst African consumers and has given rise to a number of innovative mHealth startups that are providing healthcare services to underserved populations. The rise of mHealth startups in Africa will continue especially with the emergence of AI technologies and services.

- Rise of Artificial Intelligence (AI) in healthcare

AI and machine learning technologies have already made their way in the health tech sector with many health tech startups adopting the technologies into their operations. This adoption of AI and machine learning will continue especially in the telehealth, healthcare management, and diagnostic product services are being leveraged to optimize healthcare delivery in Africa.

- Blockchain Technologies for Efficiency

Blockchain technology is positioned to play a transformative role in Africa's health tech sector in 2025 by addressing critical challenges in healthcare data management, drug supply chain verification, and patient record systems. The technology's inherent capabilities for creating immutable, transparent, and secure records could help African healthtech startups tackle persistent issues like counterfeit medications, fragmented patient histories, and inefficient healthcare delivery systems.

3.6 Conclusion

Looking ahead to 2025, several trends are expected to shape the African tech ecosystem. The adoption of AI is anticipated to grow significantly within the African tech sectors of fintech, climate tech, health tech, agritech, and logistics. Startups within the cleantech sector, especially those offering renewable energy, are expected to attract more debt funding in 2025 with mature fintech startups doing the same. In Q1 and Q2 of 2025, startups within the fintech, enterprise and mobility sectors will most likely raise investments funds especially through blended finance channels. While in the later quarters of the year one will see investments secured by cleantech startups with a history of growth. The agritech sector will bounce back in 2025 if environmental conditions are favourable and agritech startups look to diversify their offerings and services with AI and blockchain integrations or transition into other tech sectors such as fintech and e-commerce.

SECTION 4

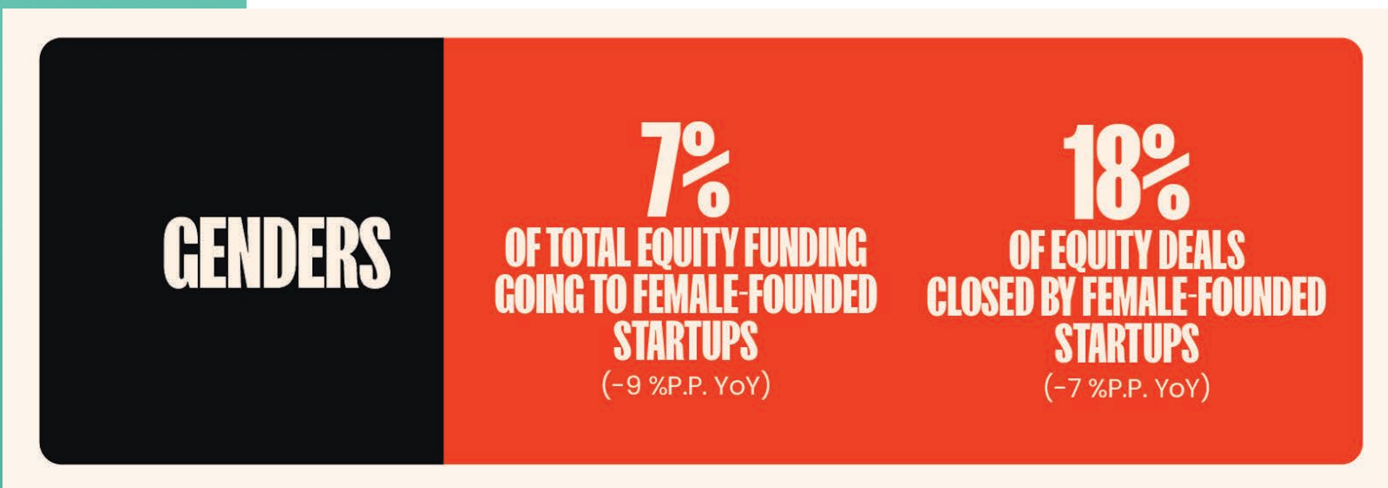
Gender Diversity Pledge - Where We Are One Year Later

4.1 Let's Look at How Much Funding is Going to Female Founders

As the numbers for the 2024 investment year are unveiled, three key data insights become evident as the bigger picture begins to emerge, with data from the AfBD and Partech's reports providing us with insight into where we are a year after the Gender Diversity Pledge was first co-created and launched in 2023 during a Digital Collective Africa (DCA) session in Nairobi, Kenya.

The driving force behind the co-creation of the Gender Diversity Pledge came about when investors realized they aren't doing enough to support female founders in Africa's dynamic tech space. The goal of this pledge is to make the tech and startup ecosystem in Africa more inclusive and diverse, and to provide a more accurate picture of what the numbers look like for funding female founders and female founding teams, whether they are all female or a mix of male and female founders.

These three data insights mentioned earlier in this report from the AfBD and Partech reports have significant bearing on the gender diversity conversation



Source: 2024 Partech Africa Tech VC Report

we are having within Africa's tech, innovation and investment ecosystem, particularly in relation to the amount of investment disbursed toward women.

This is an ongoing conversation for there is much that needs to be done in bringing women to the investment table and ensuring they have equal opportunities for being part of this important conversation in a male-dominated sector.

While the numbers may at first look pretty dismal, almost funeral-like, making some of us take out our handkerchieves at times and weep, there is still hope on the horizon as we prepare to gird our belts and surf through 2025, searching for the best cresting waves to ride on and cutting a solid, strategic, swift path through the troughs in order to catch the next cresting wave to success. A glorious funding spring awaits, and with the funding spring, we hope to see a revival where investors will show a greater gravitas toward the matter of empowering female founders and female-led startups by disbursing much needed funding to them.

But first, the bad news must be served before we get to the good news. The bad news is that during 2024, African startups raised a total of US$2.2 billion in funding (excluding exits), marking a 25% year-on-year decline compared to previous years, especially 2021 when startups attracted a stunning US$4.3 billion in funding. Africa's fintech sector claimed 47% of all startup funding in 2024, closely followed by the climate tech sector (energy, agritech and logistics) which grabbed 32% of the funding pie.

Given this rather bad news about Africa's three-year funding decline, it can only be expected that the overall number of active investors in Africa's tech, innovation and investment landscape decreased to its lowest number since 2021,

Only 1% ($21 million) went toward all female founding teams, 5.5% ($123 million) went to gender diverse founding teams and 95% ($2.1 billion) went to all male founding teams.

with 520+ active Africa-focused investors on the continent.

Now, for the shocker with a slight discrepancy in data, which is a sure-fire conversation starter. According to the AfBD report during the 2024 investment year, female-led and female-funded startups received their lowest share of funding on record since 2021, with just 2% of funding or US$48 million going to female founders and female-led startups. However, Partech, on the other hand, portrays a higher number, with 7% (US$159 million) of total equity funding going to female-founded startups. In the same breath, the report states how female-founded startups captured 18% of all deals on the African continent.

Despite the data differences, both reports agreed that gender parity within Africa's VC landscape saw a marked decline and this means Africa's VC ecosystem has their homework cut out to ensure there are seats available for female-led startups and female-founded startups at the funding table.

Investment in female CEOs, as AfBD cited in their report, "has never been so low" and "female founders have never been so underrepresented". Looking at the data, the 2021 investment year in terms of funding disbursed was the best year for female founders and female-led startups with US$258 million being disbursed to women in Africa's tech, innovation and investment startups. That is a difference of US$210 million or about 30% difference that female founders missed out on receiving during the 2024 funding year.

If we compare Partech's data (US$159 million) to the 2021 stats indicated in AfBD (US$258 million), that's a US$99 million difference, showing that female founders did not receive just over half of the funding that they could have received in 2024.

It goes without saying that female founders could have achieved a great deal more in 2024 had there been an additional 30% increase in funding available for them to match 2021 levels,

particularly as it is a known fact that women are more financially savvy than men.

Dealwise, according to Partech, Nigeria leads the continent with the highest number of deals (20) led by female-founded startups, followed by Kenya, South Africa and Egypt. However, it is a different story when talking about the female-founded startups who successfully closed deals. Surprisingly, Ghana saw 41% of deals successfully closed by 41% of female-founded startups, Rwanda 40%, Kenya 34% and Cameroon 33% which tells a unique story of how female-led startups in much of Francophone Africa are vocal in telling their founder stories and taking home the bag. Female founders in Anglophone Africa can learn a few tips from their francophone counterparts.

An interesting story, when we delve closer into the numbers is how, despite Partech's data showing that while 77% of total deals in the Seed-stage were raised by female-led startups, only 1% of Growth-stage funding was secured by a female-led startup. Surprisingly, agritech was the only sector that achieved gender parity in terms of funding at 51%, closely followed by mobility (37%), edtech (17%) and health tech (14%), indicating that while fintech is attracting the lion's share of funding, it is, according to Partech, "one of the least gender-balanced sectors" within the African continent, with a 1% gender balance. These statistics reveal how grossly underrepresented women are, not only in Africa's fintech sector, but within the global fintech sector.

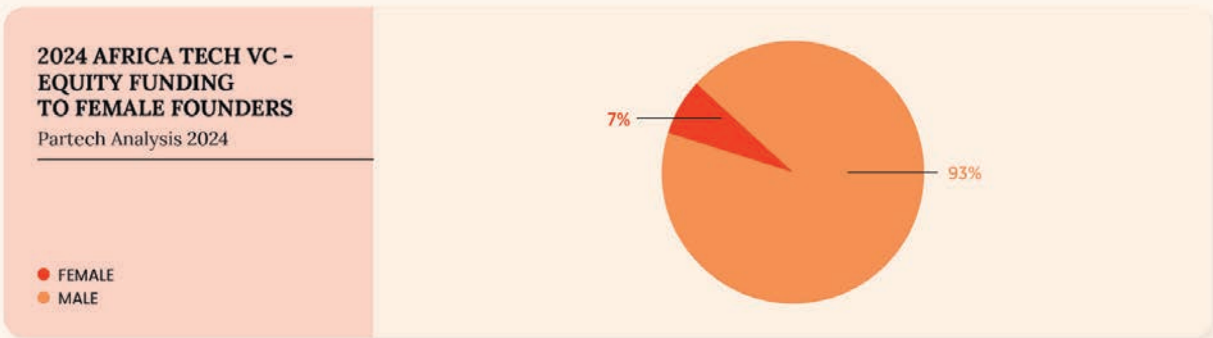
That's not all. The numbers, when broken down from the AfBD report reveal an interesting snapshot of where the money is actually going. Only 1% (US$21 million) went toward all female founding teams, 5.5% (US$123 million) went to gender diverse founding teams and 95% (US$2.1 billion) went to all male founding teams. This is something for us to ponder on as it asks the question, how do we break the inherent gender bias within Africa's funding landscape?

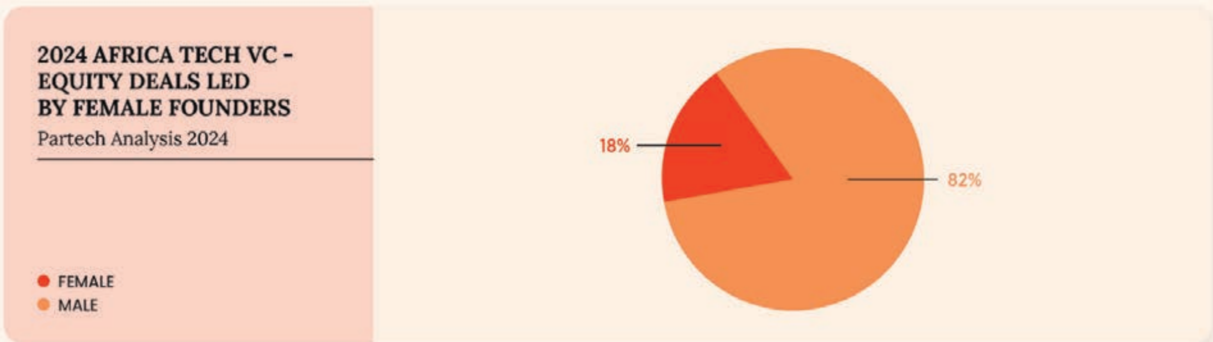
A Disrupt Africa report, the Diversity Dividend: Exploring Gender Equality in the African Tech Ecosystem 2024 powered by Madica Ventures discovered that out of a total of 2,600 African tech startups they studied, "just 17.3 per cent had at least one female co-founder, and 11.1 per cent had a female CEO." According to the report, this is a positive as the numbers have increased since their first report when 14.6% of African tech startups had a female co-founder and 9.6% were female led. Nevertheless, these numbers indicate that much work is needed to be done on the ground to increase funding to women in tech.

Overall, while this news is indeed disappointing, and not close to what we wanted it to be, as according to AfBD, "19 out of the 20 most funded startups in Africa either have a single male founder or an all-male founding team", it does highlight that much work needs to be done in overcoming gender bias and open the floor for ample debate within Africa's investment ecosystem. This is particularly relevant, and close to our hearts as over 20 Africa-focused funds joined the Gender Diversity Pledge as signatories in 2023 and committed to ensuring that female founders and female-led startups get a decent slice of the investment pie.

Furthermore, it must be noted that the decline in funding for female founders and female founding teams is not limited to Africa, as it is a global issue. Pitchbook published an article that looked at how funding for female founders in the AI sector is impacted. The article stated, "As AI eats more and more VC funding, the share of deals going to female-founded startups is noticeably shrinking." This is food for thought. The article further indicated that "companies with at least one female founder made up 22.7% of total VC deals, down 1.9 percentage points year-over-year and the lowest rate since 2017, according to the Q4 2024 Pitchbook-NVCA Venture Monitor."

Addressing the root causes of what is fuelling gender disparity in funding for female founders and how to effectively close the gender gap in funding for women is more needed now than ever. The Gender Diversity Pledge is a starting point for key players within Africa's tech, innovation and investment landscape to begin tackling this challenge and ensure the continent's female founders and startups receive visibility within the landscape.





Source: 2024 Partech Africa Tech VC Report

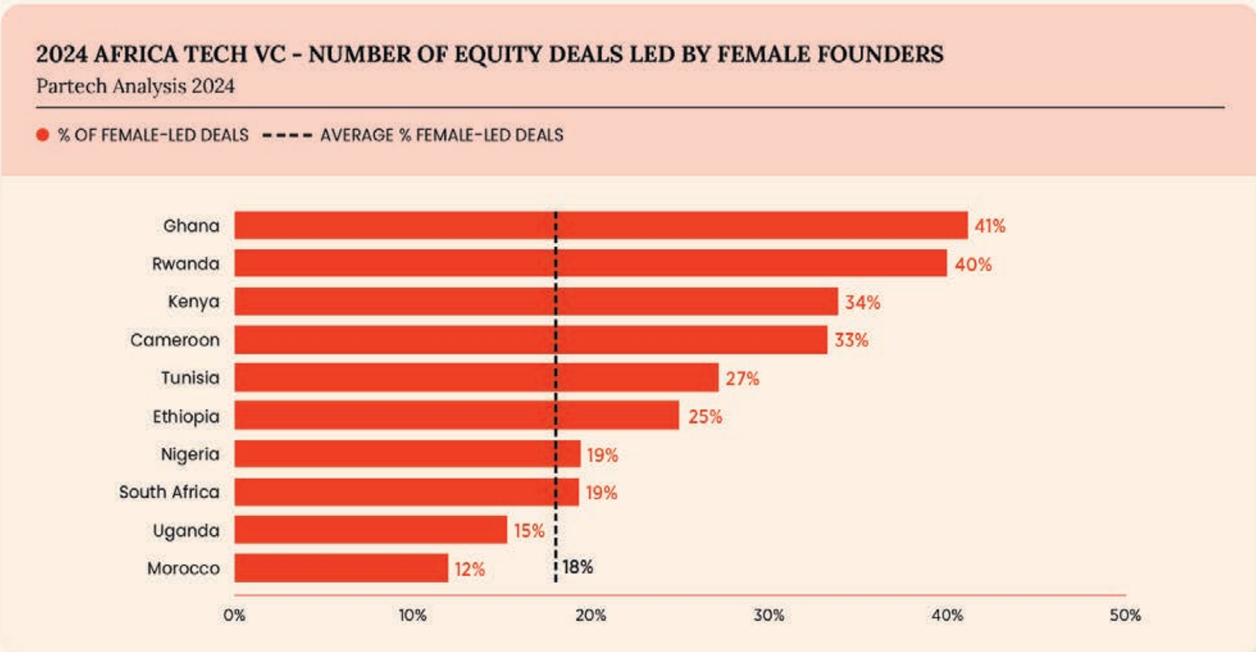
4.2 The Ongoing Impact of the Gender Diversity Pledge

A year later after the co-creation of the Gender Diversity Pledge, the pledge continues to gain momentum within Africa's investment landscape. The pledge encourages fund managers and ecosystem support organizations (ESOs) to commit to real actions that are aimed at making a tangible difference.

This is what it means to sign the pledge:

- **Invest with intention:** Commit to backing more female-founded companies;
- **Be transparent:** Allow your firm to be listed publicly as a signatory and share your progress on websites, social media, and in the press;
- **Track and report:** Share how many female-founded companies you've supported each year and make that info public for everyone to see and use the data.

This pledge has already seen some success since its inception in 2023. We asked several signatories to share their gender diversity statistics for 2024, and what their challenges have been in meeting these targets to ensure that women receive a bigger slice of the funding pie.



Source: 2024 Partech Africa Tech VC Report

Diversity Pledge - Commitments in terms of 12 months of rolling investment in startups with at least one female in the founders' team (holding equity) for 2024.

TARGET IN %	FIRM
80 - 100%	FIVE 35 VENTURES
60 - 79%	Creative Growth Capital, EnovateLab, aws startups, Cranium Investments, Vessels of Virtue
40 - 59%	acasia, CATALYST FUND, CRAF Climate Resilient Africa Fund, Digital Africa, GRINDSTONE VENTURES, NP NEWTOWN PARTNERS, harvest, Entrepreneurs for Entrepreneurs Africa, AFRICARISE, FOUNDERS FACTORY AFRICA, Future Africa, VestedWorld
20 - 39%	esquared, KNIFE CAPITAL, OUTLIERZ VENTURES, AV Atlantica Ventures, DIGITAL AFRICA VENTURES, LAUNCH AFRICA, Jaza Rift Ventures, Satgana, breega, Ventures Platform, 27FOUR, ENYGMA VENTURES, JAMBAAR CAPITAL
0-19%	KALYS VENTURES, FLAT6LABS, SHARED VALUE AFRICA INITIATIVE

Source: Digital Collective Africa Gender Diversity Pledge 2024

Diversity Pledge - Results in terms of 12 months of rolling investment in startups with at least one female in the founders' team (holding equity) for 2024.

TARGET IN %	FIRM
80 - 100%	FIVE 35 VENTURES, KALYS VENTURES
60 - 79%	
40 - 59%	GRINDSTONE VENTURES, AFRICARISE, esquared .org.za
20 - 39%	CRAF Climate Resilient Africa Fund, CATALYST FUND, Digital Africa, Satgana, VestedWorld, Creative Growth Capital, Entrepreneurs for Entrepreneurs Africa, LAUNCH AFRICA
0-19%	harvest fund
Results not yet out	54COLLECTIVE, acasia, Jaza Rift Ventures, breega, KNIFE CAPITAL, ENYGMA VENTURES, DIGITAL AFRICA VENTURES, AV Atlantica Ventures, EnovateLab, Cranium Investments, Ventures Platform, NP NEWTOWN PARTNERS, JAMBAAR CAPITAL, 27FOUR, Future Africa, SHARED VALUE, FLAT6LABS, OUTLIERZ, Vessels of Virtue, aws startups

Source: Digital Collective Africa Gender Diversity Pledge 2024

Let's listen to their successes, and learn from their challenges to create better strategies for the road ahead:

Catalyst Fund

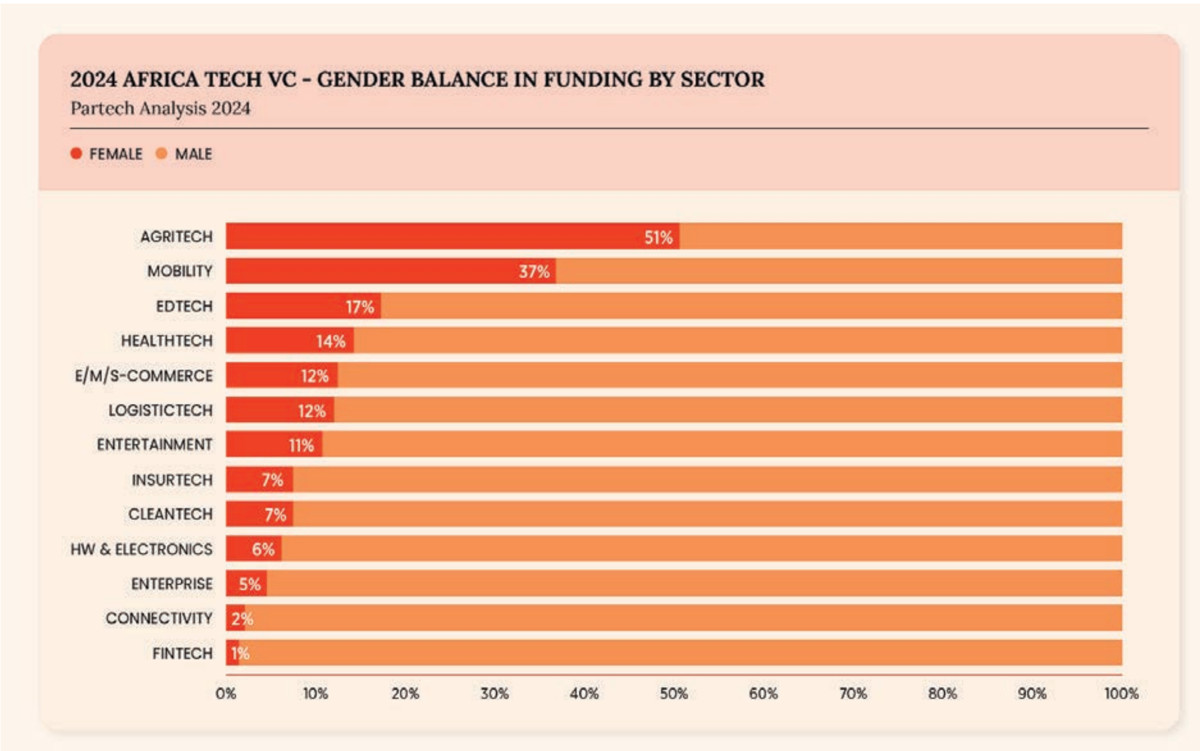
Maxime Bayen, Operating Partner at the Catalyst fund and co-founder at Africa: The Big Deal said they reached a 32% target for female founded companies in their portfolio and aim to reach 40% in 2025.

Climate Resilient Africa Fund

Hossam Allam, Managing Director at the Climate Resilient Africa Fun, shared that they reached a 33% target for women led or co-led portfolio companies and expect to reach their full target in 2025.

Digital Africa

Digital Africa's Chief Investment Officer Ali Mnif said, "Digital Africa reached 31% of female founded startups amongst its portfolio startups signed in 2024. Out of the 29 startups we welcomed to our portfolio, nine were co-founded by women." He continued to say this journey was not without its challenges. "We were hoping for better results but the reality is much more complex. I think it's important that we collectively push to bring more women to start businesses, structure them well, get ready for funding and scale soundly. We will be more than happy to support such initiatives. We are not surrendering and we set the 50% mark again as an objective for 2025."



Source: 2024 Partech Africa Tech VC Report

E4Africa

E4Africa's Principal and Head of Portfolio Tatenda Nyamuda said, "At E4E Africa, we are proud that approximately 24% of our portfolio companies (Fund 1 and Fund II combined) are led by women. This surpasses both global and African averages, which remain in the low single digits. We know that building successful female role models will encourage more women to step into the entrepreneurial ecosystem."

Grindstone Ventures

Catherine Young, founder of Thinkroom Consulting, co-owner of Grindstone and partner at Knife Capital said they reached a 52% capital deployed target and they are determined to surpass this target in 2025 to break the glass ceiling for female-led startups and female founders. She shared that while there were significant challenges, there were incredible milestones. Outlining the challenges, Catherine said, "It was difficult to raise follow-on funding for the majority female owned first time fund. Having a small fund means we do not have sufficient resources to fully support the female founder in additional softer issues and the pipeline of female companies versus male companies continue to have and reflect a male dominant pipeline." Speaking about their significant milestones Catherine said they celebrated how they were able to ensure a "balanced investment between male and female founded funds, with females receiving 52% of the funding and Grindstone Ventures' commitment to balanced investing enabled a further follow on funding opportunity focusing on four more female founded businesses from another funder."

Creative Growth Capital ("GrowthCap")

Jacobus de Nysschen, CEO at GrowthCap, shared that they have achieved their 25% target for female-founded ventures and are delighted with this success. "Our goal is to maintain this target throughout 2025, reflecting our commitment to fostering diversity in our portfolio," said de Nysschen. "We see strong growth potential in female-led ventures across South Africa and remain committed to supporting our existing founders while continuing to explore new opportunities."

E Squared Investments

Thulani Dlamini said "About 50% of our funding went to female owned businesses."

Five35 Ventures

Hema Vallabh, founding partner at Five35 Ventures said, "We are proud to share that we achieved a more than 90% target of deploying funding toward female-led businesses within our portfolio. Only one out of our 16 companies is male founded, so technically we are at 93.75%. We are committed to driving gender diversity across our businesses, supporting female founders and female-founded startups across the African continent."

Flat6Labs

Namara, Partner at the Flat6Labs Africa Seed Fund said, "Flat6labs through their Africa Seed Fund, a US$85 million fund investing in East, West and North Africa, have committed to investing at least 30% of this capital into 2X Global eligible startups in a continued effort in their Gender Diversity Pledge commitment"

Harvest Fund

Alison Collier, Managing Director at Endeavor South Africa shared that they reached a 12% target for capital deployed toward female-led startups within their Harvest Fund portfolio and aim to reach a 17% target in 2025.

Kalys Ventures

Ghita Zniber, co-founder at Kalys Ventures said, "We are thrilled we exceeded our target and achieved a 110% target as we invested in one female-founded startup. We are focused on empowering female owned businesses in Africa."

Launch Africa Ventures

"We have 20% of our portfolio companies being female led, this amounts to 30 female founders across both funds and out of our second Seed fund we have four female founders making 21% in our second fund," said Jeffery Akemu, Platform and Operations Associate at Launch Africa Ventures. "We have seen increased quality and quantity of female founders in our pipeline as compared to Seed Fund I. We plan to raise our gender diversity in our second seed fund to 30% in 2025. We see more investors begin to embody active gender lens investing in their strategies and seek out more female led companies in their outbound sales/communications.

Satgana

Romain Diaz, founder and CEO at Satgana said, "I am pleased to report that 33.33% of Satgana's portfolio founding CEOs in Africa are females. Despite

DEI efforts being cracked upon in the US, we at Satgana remain absolutely committed to empowering underrepresented minorities within our portfolio, founding teams and broader ecosystem."

Startupbootcamp AfriTech

Henry Ojuor, Director of Programs at Startupbootcamp AfriTech revealed that they achieved a 40% gender diversity target. "Out of the ten startups we invested in for our ASIP cohort 4, four startups were female founded or had a female co-founder and/or shareholder." Startupbootcamp AfriTech CEO Philip Kiracofe said, " We are aiming at reaching a 50% target for the 2025 year."

VestedWorld

Peter Wamburu, Vice President at VestedWorld said "As of December 2024, 20% of our portfolio was female-led with a further 28% having a female co-founder and or/shareholder. We expect to achieve our 40% goal by the end of our current fund's investment period and maintain this target throughout 2025."

As you can see, it is not easy to single-handedly change the statistics on gender diversity overnight. Overturning the funding status quo for female founders across Africa requires an intentional, cohesive and concerted effort from key stakeholders and players across Africa's tech, innovation and investment ecosystem to ensure women receive a fair share of funding and play a role in catalyzing the success of female founders and their startups as women play an integral role in generating and mobilizing economic growth.

Here is a list of all the fund managers or ESOs that have pledged their support to the Gender Diversity Pledge.

4.3 Gender Diversity is about Balance, as Balance is the Name of the Game

During the Gender Diversity Pledge – Where Are We 1 Year Later panel discussion at the AfricArena Grand Summit 2024, moderator Catherine Young, founder of Thinkroom Consulting, co-owner of Grindstone and partner at Knife Capital set the scene for us, telling us that it is "gender diversity - it's not feminism or sexism or whatever the case may be" and that gender diversity is not just about women as "it's about balance. It's about balanced portfolios, it's about balanced investment committees, it's about balanced boards. Why? Because we will have an impact and make more money for all of us."

Catherine emphasised that women bring great value to the table as statistics show that "women led businesses generate 78% more revenue per dollar invested than just purely male led businesses." In addition, an interesting fact she pointed out is that "in terms of venture capital, female founded businesses are most likely to bring twice as many female led investments to the investment committee than those who don't." This remarkable fact, she said, is a whole story in itself.

Gender Diverse Pledge : Where Are We 1 Year Later | Panel Discussion

4.4 It is a Time for Women's Voices to Become Louder

Given the level of dissatisfaction rumbling through Africa's tech, innovation and investment landscape about the decreasing amount of funding going to female founders, it is clear that change is imminent on the horizon. It is a time for women to raise their voices and visibility in the rooms they are in.

Jill Curr, co-founder of MsFiT Ventures with Egla Ntumba touched on this sentiment in a LinkedIn article expressing discontent at the whitewashing, with funding for female-led startups and founders declining to a five year low. However, this trailblazing duo calls these white washed walls "pink washed walls", sending a strong message to Africa-focused investors to examine their unconscious gender bias in the midst of discussing the numbers, especially as numerous reports have proven how women bring great value to the table, and specifically with the context that Africa is home to the world's highest number of female entrepreneurial activity.

In their article, both Jill and Egla stated how not only them and their team, but many women across the board from different regions and backgrounds are not willing to have an endless discussion on the same topic without seeing tangible outcomes. "We are tired of the pink washing, of women struggling to raise cap-

ital, of trying to convince people that gender-diverse teams provide better returns, and of hearing that there is no pipeline of good female entrepreneurs. Every investor we speak to agrees that female-run businesses provide higher returns and lower default rates on debt, and that diversity within teams lead to better outcomes."

Looking at the numbers produced in the AfBD 2024 report which shows that during 2024, female-led startups raised US$48 million, a meagre 2% of all funding compared to male-led startups who raised US$2.2 billion or 98% of all funding, both Jill and Egla, in their article, indicated that sugarcoating the real issues without addressing the root causes of how grossly underrepresented Africa's female-led and female-founded startups are when it comes to funding is a futile exercise.

Real change, Jill noted between the lines, will only begin to emerge when we bravely examine ourselves and take the logs out of our eyes so we can see clearly and begin to uproot the preconceived notions that "women are a risker investment than men".

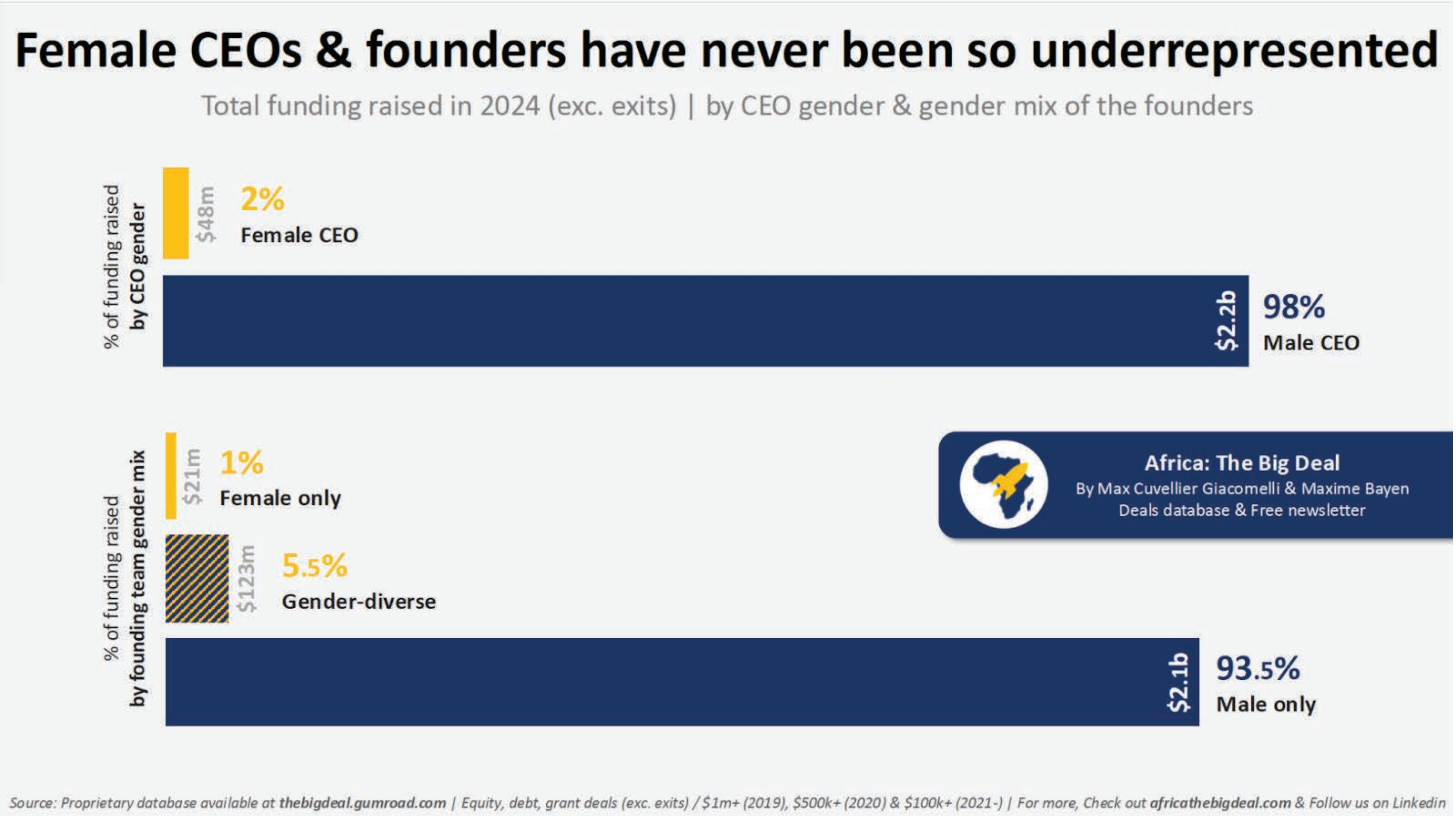
Passionate about showcasing the true value of women's economic strength through the noteworthy female-led and female-founded SMEs they champion, Egla, who is an ex-SME operator and investor leading MsFiT Ventures' fundraising efforts, together with Jill, are on a mission to prove the critics and naysayers wrong. "We will not be part of those that keep making this mistake. Over the next four years, we will prove that betting on female entrepreneurs and gender-diverse teams is a solid investment strategy that provides cold hard returns." Read their MsFiT Ventures article here.

Indeed, it is a time for women's voices to start becoming louder, going from a soft purr to a resounding crescendo worthy of a pride of lionesses roaring after a successful hunt and asserting their dominance in bringing home the funding trophies, so to speak. Women, it is your time to speak up.

It is a time for women's voices to start becoming louder, going from a soft purr to a resounding crescendo worthy of a pride of lionesses roaring after a successful hunt and asserting their dominance in bringing home the funding trophies, so to speak.

4.5 In 2025, Give Women Money

We asked Namara, Partner at Flat6Labs Africa Seed Fund to share her insights on why more female founders need investments. Namara was part of our [Gender Diversity Pledge – Where Are We 1 Year Later? panel discussion] at the AfricArena Grand Summit 2024. This panel was moderated by Catherine Young, and featured in addition to Namara, the following panellists, Henri Zietsman, Senior Startup Business Development Manager at AWS Startups; Tshilidzi Matlala, Chief Portfolio Officer at E Squared Investments and Thea Solokowski, Marketing and Communications Officer at Stitch and co-founder at Women Who Build Africa. Let's take a look at what Namara has to share with us in her section focused on gender diversity in Africa and why it's critical for investors to step up their game when it comes to funding female founders.



Interview with Namara, Partner at Flat6Labs Africa Seed Fund

I was invited to share my thoughts on the value of gender diversity in the tech ecosystem in Africa. And to highlight where we are.

And my initial thought was, absolutely not. Why?

Because, it is tempting to simply rehash the unnerving statistics - that female CEOs attracted only US$48 million in funding in 2024, a mere fraction of the US$2.2 billion that went to their male counterparts (Africa: the Big Deal database), to highlight funding to women was the lowest it has ever been, and four times less than 2023. To remind us all that not only are we receiving crumbs but even those crumbs are being taken away.

And then the next thing I would be expected to do is to chat about how investing in women is commercially viable and I would go ahead and quote studies that have shown that companies with diverse leadership teams often outperform their peers in terms of innovation, profitability, and overall performance, with companies in the top quartile for racial and ethnic diversity being 35% more likely to have higher financial returns. And then preach to the choir about how these findings underscore the immense value that women entrepreneurs bring to the table and the untapped potential that exists within the African ecosystem.

Which sincerely, we are all aware of. Then I would have to balance my tone to not sound like I am preaching doom, by appreciating and recognizing the hard work and efforts of organizations like IFC, VFW, the 2X Global team, and many investors like Flat6Labs who have made it their business to make sure that capital goes to women, efforts that have and will continue to shape the conversation. And acknowledge the great strides through the gender pledge and so on.

But, I am tired. So, instead I will take us back to history to remind us that women have and always will continue to be a critical part of economies and shaping their growth, and it is entirely up to us to take the queues or continue to chase our tails.

Let's start with the Nana Benz of Togo, powerful women who dominated the textile trade, not only built economic empires but also shouldered the burden of supporting their nation during economic hardship. It is estimated that between 1976 and 1984, at least 40% of the commercial business in Togo which was in the informal sector, was in the hands of the Nana Benz. The Nanas also carried the nation's economic burden during a time marked by large budget deficits (from 13.4% of GDP in 1973 to 39.6% of GDP in 1979).

In Benin, The Dahomey Amazons were an all-female military regiment in the Kingdom of Dahomey, which is now Benin, West Africa. They were known for their fearlessness and fought in the kingdom from the 17th century to the late 19th century. These women were known to be extremely effective, as soldiers, guards and some unconventional trophies that they kept as spoils from war.

To bring things home, there are amazing women building and leading organizations that are changing the African tech ecosystem, ESOs and VCs like ABAN, HealthCap, Flat6Labs, FirstCheck Africa, Ajim Capital, startups like Chefaa, Dabchy, Klasha, Jetstream, Bankly, Thola, Ejaram and Uncover. I could go on like this for a very long time and not list a fraction of these amazing companies led by exceptional women that will be spoken about in the history books.

Women are great entrepreneurs, fighters, and always have been, to truly unleash the full potential of the African tech ecosystem, we must celebrate stories of women entrepreneurs, amplify their voices, and strategically channel investments to empower their success and do it like the life of this ecosystem depends on it. Because it does.

We must move to action mode, for years of analyzing and assessing, the action required is to give women money. In your conversations with VC, LPs, founders, and funders ask if they are investing in women, and if not why? Then hold each other accountable. I don't want to sound rabid, but just give women money on all levels. Give African women money.

Sign up here for the Gender Diversity Pledge, my challenge to you is to lead with intentional action.

This article could have been just one sentence: ***In 2025 Invest in Women!***

SECTION 5

Shaping the Future of Venture Capital Investing in Africa: A Look At The Digital Collective Africa

5.1

What is Digital Collective Africa (DCA)?

You might be asking yourself: what exactly is Digital Collective Africa (DCA)? Founded in 2019 as a result of the first AfricArena VC Unconference, DCA is a pan-African alliance of investors, incubators, accelerators, and founders committed to supporting early-stage startups with an African focus—in their nature, character, output, and vision. By fostering collaboration, DCA and its partners aim to overcome obstacles, enhance transparency, and leverage collective expertise to drive success within the ecosystem.

> "We are a collective of African investors, incubators, accelerators, founders who aim to support early-stage startups.We work together on projects to limit frictions and offer more transparency within the the ecosystems. We believe in the power of the collective to leverage individuals' talents."

The Evolution of the VC Unconference

In 2024, Digital Collective Africa hosted four VC Unconferences across Johannesburg, Marrakech, Tunis, and Cape Town. Before diving into the key topics discussed during these gatherings, let's clarify what a VC Unconference entails.

The VC Unconferences theme based, participant-driven events that brings together investors from around the world. This year alone, more than 70 investors attended the events, organized by AfricArena for the sixth consecutive year. Unlike traditional conferences, the VC Unconference creates an informal setting for unfiltered exchanges of ideas and collaboration, aiming to streamline and enhance the investment process across Africa.

The DCA's Mission and Impact

Since its inception in 2019, the DCA has focused on creating open-source tools to facilitate investment between founders and investors. Some of its key projects include:

- **Governance Toolkit for Startups:** A resource to help startups establish sound governance structures;
- **Due Diligence Checklist & Policy Building:** Tools to streamline the due diligence process and create robust investment policies;
- **Building Ecosystem Bridges:** Initiatives to foster connections with other ecosystems globally.

Flipping the Traditional Conference Model

The VC Unconference flips the traditional conference model on its head. Attendees propose and vote on topics they're most passionate about, ensuring the agenda reflects the group's collective interests. Once topics are prioritized, the discussions focus on four or five key themes, tailored to the specific location and participants.

A Recap of 2024's VC Unconferences Around Key Ecosystem Challenges

Throughout 2024, DCA's VC Unconferences provided a platform for investors to exchange innovative ideas and tackle pressing challenges in Africa's investment landscape. In the sections to follow, we'll take a closer look at the topics discussed during these transformative gatherings.

In 2024 Digital Collective hosted a total of four VC Unconferences in Johannesburg, Marrakech, Tunis and Cape Town. Before we deep drive into the topics we discussed at these VC Unconferences, let us explain what a VC Unconference is. The VC Unconference is an annual, participant-driven event that brings together investors from all over the world (this year alone over 50+ Investors attended the VC Unconference), organized by AfricArena for the sixth year running. This informal gathering fosters unfiltered exchanges of innovative ideas and collaboration within the investment ecosystem, aiming to streamline and enhance the process of investing across the African continent.

This initiative started in 2019 and is aimed at creating open-source tools for investment facilitation between founders and investors. Some key projects they have worked on includes, but is not limited to the following:

- Governance Toolkit for Startups;
- Due Diligence Checklist & Policy Building;
- Building Ecosystem Bridges with other ecosystems.

During these innovative, forward-thinking VC Unconferences, we flip the traditional conference model on its head by allowing attendees to propose and vote on topics they are most interested in discussing. Once these topics have been proposed and voted on, we then prioritize these proposed topics into four or five key topics for the attendees to discuss during the VC Unconference that is taking place at a specific location.

Let's take a closer look at the topics we discussed throughout 2024.

Making Sense of the Technical Assistance and ESO Funding (covered during April 2024 AVCA/AfricArena Summit VC Unconference in Pilanesberg)

A central part of the conversation was around unpacking the ENRICH in Africa Center's inaugural report "Exploring the Funding Landscape of Africa's Tech Innovation Support Ecosystem."

The "Exploring the Funding Landscape of Africa's Tech Innovation Support Ecosystem" report, published by the ENRICH in Africa Centre (EiA-C) in 2024, provides an in-depth analysis of funding trends for Africa's innovation ecosystem support activities between 2020 and 2023. The study examines grant funding data from nine major global funders active in Africa and incorporates insights from interviews with key stakeholders.

Key Findings

1. Stable Yet Concentrated Funding: Despite a general decline in overall innovation funding, grant funding for ecosystem support has remained steady. However, this funding is concentrated in specific countries - namely Kenya, Tunisia, Rwanda, Ghana, and Egypt - and often benefits a select group of recipients. Many of these recipients receive funds indirectly through intermediaries, which can lead to challenges in addressing local needs effectively.

2. Increased Specialization: There is a growing trend toward specialization within the innovation ecosystem, with funders focusing on high-impact sectors such as agriculture, climate, health, and gender. This mirrors broader trends in the innovation landscape and reflects funders' strategic priorities.

3. Challenges for Local Organizations: Local ecosystem support organizations (ESOs) often face challenges due to the intermediated nature of funding. This structure can pressure their business models and limit their capacity to deliver effective support, as intermediaries may lack a deep understanding of local contexts.

4. Increased Reporting Burden: Funders are imposing more stringent financial and impact reporting requirements on ESOs. While accountability is essential, this increased burden can divert resources away from core support activities, potentially hindering the effectiveness of ESOs.

5. Lack of Transparent Data: There is a notable absence of comprehensive databases tracking funding flows to organizations supporting innovation ecosystems in Africa. This lack of transparency makes it challenging to assess the full funding landscape and understand the constraints and opportunities faced by local innovation partners.

Recommendations

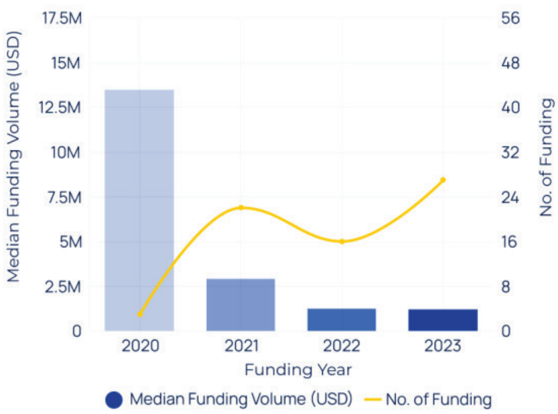
There is a need for a more equitable distribution of funding across Africa's diverse innovation ecosystems. It advocates for empowering local organizations by streamlining funding channels and reducing reliance on intermediaries. Additionally, the report calls for the development of transparent data systems to better track funding flows and inform strategic decision-making.

By addressing these challenges and implementing the report's recommendations, stakeholders can work towards building a more inclusive, effective, and sustainable innovation ecosystem across the African continent. To read the full report, visit ENRICH in Africa's report on the funding landscape.

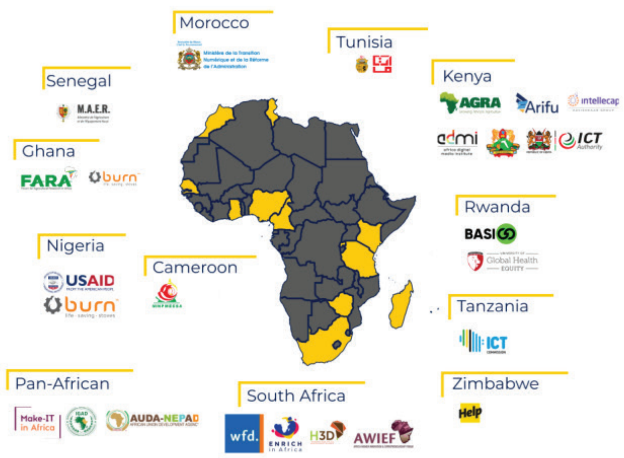
Exploring the funding landscape of Africa's tech innovation support ecosystem

Innovation Ecosystem Support Funding

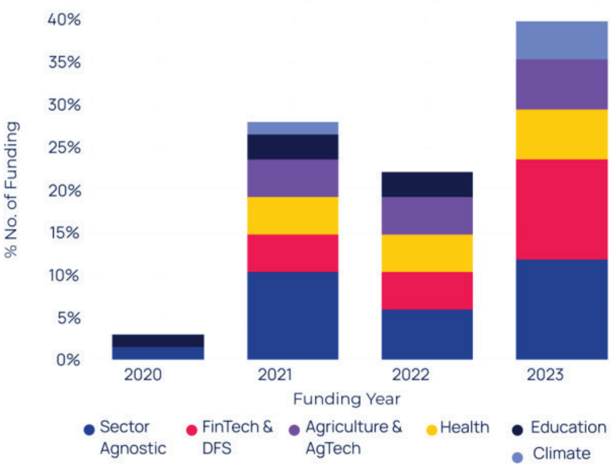
Ecosystem Support Funding Trend



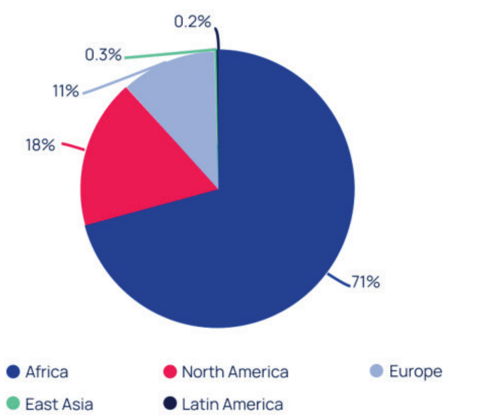
Mapping Key Recipients



Key Sectors for Ecosytem Support Funding



Recipient Regions by Funding Volume



5.2 Corporate Venture Capital: Overview and Opportunities

In May 2024, we hosted the inaugural CVC Morocco Unconference, a groundbreaking event held over two days at the luxurious Kalyptus Camp in Morocco's Agafay Stone Desert. The event brought together 15 participants from 10 countries, including representatives from five Corporate Venture Capitals (CVCs). Discussions centered around the role of CVC in Africa, the history of corporate venturing, and the critical need for a CVC playbook to unlock opportunities in Africa's tech ecosystem and help stakeholders understand and secure CVC funding.

Highlights of the Event

With the collaboration of Dream VC and GITEX Africa the event fostered insightful discussions about the future of CVC in Africa. Key topics included:

- **Expanding CVC Funds:** How the venture industry can drive the creation of more corporate venture funds;
- **Corporations as Key Players:** The multifaceted role of corporations in driving startup exits and funding innovation;
- **Global Insights:** Lessons from the history of CVCs in Europe, the U.S., and Asia, along with success stories such as MNT-Halan and PalmPay, which demonstrate the potential for corporate venturing in Africa.

What is Corporate Venturing?

Corporate venturing encompasses various ways large companies support entrepreneurs, such as minority equity stakes, venture capital investments, accelerators, and internal innovation programs (“intrapreneurship”). While corporate venturing and Corporate Venture Capital (CVC) are closely related, they differ:

- **CVC Focus:** CVC emphasizes direct financial investments that align strategic and financial goals;
- **Broader Scope:** Corporate venturing includes other innovation tools like incubators and accelerators.

Understanding these nuances is critical for stakeholders entering the CVC space. Historically, corporations in the U.S. and Japan have shaped CVC’s structure, and now, this model is gaining traction in Africa’s growing tech ecosystem.

Why Africa Needs a CVC Playbook

A CVC playbook is essential for structuring and clarifying how corporations can effectively engage with venture capital. Many corporates and VCs remain unfamiliar with the complexities of CVC, and a playbook would:

- **Guide Stakeholders:** Help corporates assess their needs, understand CVC’s role, and collaborate more efficiently with VC;
- **Provide Tools:** Include case studies, strategies, and resources to identify opportunities and foster awareness;
- **Bridge Gaps:** Address funding and knowledge gaps to unlock innovation in emerging markets.

Such a playbook would improve communication, enhance investment efficiency, and strengthen ecosystem support. Experts from the “Corporate Venture Capital: A Global Survey” by the National Venture Capital Association emphasize the importance of playbooks in facilitating impactful partnerships and investments.

To ensure success, it’s crucial for corporates, VCs, and industry leaders to collaborate on creating an Africa-specific CVC playbook and DCA is currently in development of a first version of the document.

CVC playbook to unlock opportunities in Africa’s tech ecosystem and help stakeholders understand and secure CVC funding

The Missing Middle: Challenges in Early-Stage Funding

In December 2024, the Cape Town VC Unconference hosted a pivotal session led by David Saunders, Director of Strategy and Growth at Briter Bridges, and Anthony William Catt, founder of Ventures 54 and co-founder at the London Africa Network. The session focused on the pressing issue of the "Missing Middle" in early-stage investing in Africa, drawing over 20 investors from 10 countries to engage in this critical conversation.

The discussion underscored the significant challenges faced by small and medium-sized enterprises (SMEs) when seeking early-stage funding. A key issue highlighted was the "seed

The Future of CVC in Africa

As Dream VC's Mark Kleyner noted, "The Marrakech CVC Unconference underscored the significant role African-based and African-exposed corporates can play in advancing innovation across the continent. By fostering strategic partnerships, addressing capital gaps, and adopting venture mindsets, corporates can drive impactful market growth. Dream VC is committed to supporting more corporates on their CVC journeys and looks forward to welcoming increased corporate venturing across Africa's thriving ecosystems."

This shift toward corporate venture represents a promising step forward for Africa, where startups often face funding gaps and require strategic partnerships to scale. CVCs have the potential to bridge these gaps, create impactful partnerships, and play a transformative role in strengthening Africa's innovation landscape.

ceiling," the substantial gap between seed funding and Series A investment. This gap often leaves promising startups stranded without the capital needed to scale effectively. Additionally, the session pointed out a misalignment between accelerators, venture capitalists (VCs), and the actual needs of the market, exacerbating the funding challenges.

SMEs in Africa encounter numerous hurdles in accessing early-stage funding. According to the African Development Bank, these barriers include:

- Limited access to formal banking services
- Lack of credit history
- High perceived risk by investors

These challenges contribute to a significant financing gap that stifles the growth and sustainability of SMEs across the continent.

The Need for a Cohesive Framework

Addressing these challenges requires a cohesive framework that aligns the objectives of accelerators, VCs, and market needs. As David Saunders emphasized, "The gap between startups coming out of accelerators and reaching Series A is only growing within the African startup ecosystem." Such a framework would establish clear pathways for startups to secure funding, fostering a more inclusive and sustainable ecosystem.

By aligning strategies and actions, the African startup ecosystem can create a funding environment that enables SMEs to thrive.

Bridging the Missing Middle

To bridge the "Missing Middle," collaborative efforts from industry leaders, investors, and policymakers are essential. This includes:

- **Mapping the Funding Landscape:** Identifying the gaps and opportunities in the ecosystem;
- **Addressing Capital Gaps**: Creating tailored financial instruments to meet SME needs;
- **Ensuring alignment:** Promoting collaboration and shared goals among accelerators, VCs, and market stakeholders.

By aligning strategies and actions, the African startup ecosystem can create a funding environment that enables SMEs to thrive. Bridging the "Missing Middle" is not just about closing financial gaps—it's about unlocking the potential of Africa's entrepreneurial talent and driving sustainable economic growth across the continent.

5.3 Debt and Mezzanine Funding for Startups

What is Debt and Mezzanine Funding?

Debt and mezzanine funding are two types of financing options that startups and businesses can use to raise capital. While they both provide crucial funds, they differ in structure, risk, and costs.

- **Debt Funding** involves borrowing money that must be repaid with interest over a set period. The lender does not receive ownership of the company. It's a predictable funding option, but it requires strong cash flow management to repay this.

- **Mezzanine Funding** is a mix of debt and equity financing. It usually involves borrowing money that can convert into equity if the company fails to repay. This structure is more flexible but comes with higher risks and potentially higher costs.

The Rise of Debt and Mezzanine Funding Focusing On The Growing Importance of Alternative Sources Pan

Key differences between Debt and Mezzanine Funding?

ASPECT	DEBT FUNDING	MEZZANINE FUNDING
Nature of Funding	Loan that must be repaid	Loan that may convert to equity
Risk Level	Lower risk for lenders, higher for businesses	Higher risk for lenders, higher returns for them
Repayment	Fixed repayment schedule	May convert to equity if not repaid
Control	No equity or control given to lenders	May involve giving up ownership or control
Cost	Lower cost (interest rates)	Higher cost (interest rates and equity conversion)
When to Use	When business is cash flow positive	When business needs flexible funding options

Venture Debt: An Increasingly Crucial Tool for African Startups

Debt financing is often regarded as one of the most affordable and efficient methods to fuel growth, particularly for startups that have achieved capital efficiency and are generating stable revenue. Unlike equity financing, which requires founders to relinquish ownership, debt allows businesses to access funds while maintaining control.

Joshua Romisher, CEO and Head of Portfolio at Holocene, shared his insights after raising over US$300 million for solar companies in Africa:

"Many people don't realize how much cheaper debt is compared to equity, especially in projects with high technical risks like climate tech."

This observation underscores the advantage of debt financing for startups that are capital-efficient and cash-flow positive. Debt is particularly valuable for scaling businesses in sectors like climate tech, where large amounts of capital are required, but founders want to retain ownership.

Benefits of Debt Financing for Startups

KEY REASONS STARTUPS OFTEN OPT FOR DEBT FINANCING

1. **Speed**: Raising debt is typically faster than equity rounds, which can take months to finalize.
2. **Ownership Retention**: Founders can maintain control of their companies without diluting equity.
3. **Flexible Terms**: Debt agreements can be structured to accommodate the financial health and goals of the business.

However, debt is not without risks. Repayment is non-negotiable, and failure to meet repayment obligations can harm a company's finances and creditworthiness. For this reason, debt is most suitable for startups that are cash-flow positive and confident in their ability to manage repayments.

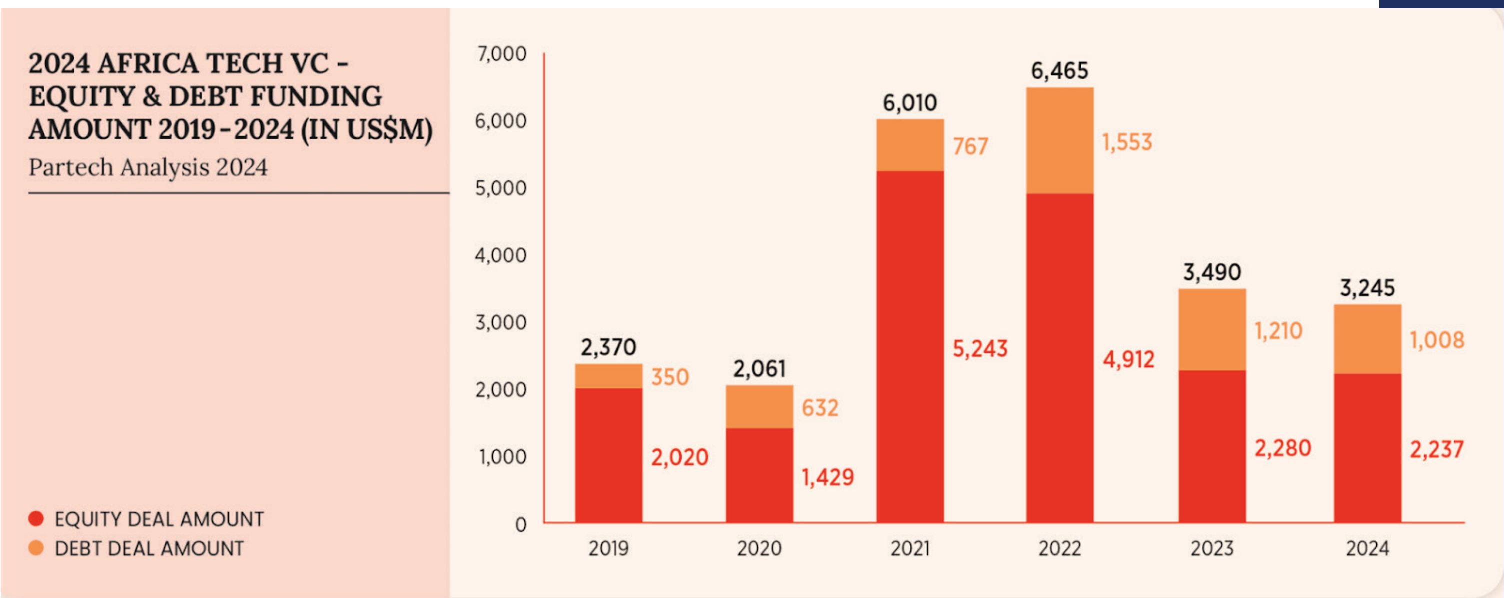
While the total debt financing amount decreased from 2023 to 2024, the number of debt rounds increased, indicating a broader distribution of debt financing among startups.

Trends in Debt Financing

Debt financing is gaining traction as a preferred funding strategy, even amidst global economic uncertainty:

- **Europe:** In 2024, European tech startups raised approximately €25.2 billion (US$26.2 billion) in debt financing across 3 700 deals. While the total amount was slightly lower than in 2023, the increase in the number of deals highlights the growing accessibility and appeal of debt as a funding option.
- **Africa:** According to the Partech Africa Report, African startups raised US$1 billion in debt financing in 2024 - a 17% drop in total funding compared to 2023. However, the number of debt deals increased by 4%, suggesting that more startups are successfully leveraging debt as a viable alternative to equity.

Interestingly, mezzanine financing—a hybrid of debt and equity—is gaining popularity in industries like fintech, clean energy, and logistics. These sectors often require significant upfront capital, making debt an attractive option for funding growth while preserving ownership.



Source: 2024 Partech Africa Tech VC Report

"You need to understand upfront when mezzanine funding converts. If you don't, you may find yourself giving away more control than you intended."

When Should Startups Raise Debt?

An important question startups ask themselves and even their investors is if they should raise debt financing and if so, when should they raise debt? It's a good question given that debt financing can be an effective financial instrument when used correctly, at the right time.

Debt financing is most effective when:

- **Capital Efficiency Is Achieved:** The business generates significant revenue with minimal investment.
- **Cash Flow Is Positive:** Startups need reliable cash flow to service their debt.

As Olufemi Oyinsan, General Partner at The Continent Venture Partners (TCVP) explains:

"Businesses that are very capital-efficient and profitable are the ones that qualify easily for debt."

Startups considering mezzanine financing must also understand the terms, especially the conditions under which debt can convert to equity. Jill Curr, co-founder at MsFiT Ventures, cautioned at the AfricArena Grand Summit:

"You need to understand upfront when mezzanine funding converts. If you don't, you may find yourself giving away more control than you intended."

Key Takeaways for Startups

1. **Choose the Right Timing:** Debt works best when your company is cash-flow positive and operationally efficient.
2. **Understand the Risks:** Mezzanine funding offers flexibility but can lead to equity conversion if mismanaged.
3. **Follow Market Trends:** The increasing adoption of debt financing shows that startups are using it to scale while avoiding equity dilution.
4. **Seek Expert Guidance:** Navigating complex financial instruments requires informed decision-making to mitigate risks.

Debt financing is an invaluable tool for startups looking to scale without sacrificing ownership. It enables businesses to secure capital for expansion, product development, and other critical initiatives while maintaining operational control. However, success with debt financing hinges on careful cash flow management, a solid repayment strategy, and a thorough understanding of the terms.

Startups that approach debt financing strategically can unlock significant growth opportunities and position themselves for long-term success. As emphasized by industry leaders like Joshua Romisher and Jill Curr, the combination of debt and effective governance can empower startups to achieve scalability and sustainability without giving up too much equity.

5.4 Funding and Liquidity Option for African Startups (FLOATS)

Simplifying Funding for African Startups

FLOATS, which stands for Funding and Liquidity Options for African Startups, is an initiative designed to address two of the biggest challenges faced by African startups: accessing funding and providing liquidity for investors. By offering innovative funding mechanisms and alternative exit strategies, FLOATS aims to attract more investment into Africa's tech ecosystem. However, significant work remains to realize its full potential.

FLOATS in Action

FLOATS was first introduced at the 2023 VC Cape Town Unconference edition, during which a dedicated workgroup was formed to explore its potential impact. The session gave participants an opportunity to unpack the FLOATS framework and strategize on how it could address the funding and liquidity gaps that African startups currently face.

Key Objectives of the Workgroup

1. **Exits and Liquidity: I**dentifying viable exit strategies to ensure liquidity for investors while benefiting startups.

2. **Scaling for the African Context:** Adapting FLOATS to Africa's unique challenges, such as smaller deal sizes and fragmented markets, while promoting investment-friendly solutions.

3. **Engaging Stakeholders:** Developing governance best practices to align the interests of startups, investors, and other key players for a more sustainable venture ecosystem.

By offering alternative funding options and exit strategies, FLOATS aims to attract more investment into Africa's tech scene, but the road is still long.

The Moonshot Project

Building on the FLOATS framework, Startupbootcamp AfriTech introduced the Moonshot Project - a pilot program aimed at revolutionizing startup funding in Africa. This initiative seeks to go beyond traditional funding approaches to create a more accessible, scalable, and inclusive investment environment.

Goals of the Moonshot Project

1. **Attract Larger Investments:**
   - Create a new asset class to unlock access to larger pools of capital, including retail investors;
   - Bring in substantial and consistent funding to help African startups scale and compete globally.
2. **Decouple Investor Liquidity from Startup Growth:**
   - Introduce mechanisms, such as listing Special Purpose Vehicles (SPVs) on public exchanges, to give investors liquidity without forcing founders to dilute their ownership prematurely;
   - Ensure startups remain adequately funded for the long term while providing investors with timely returns.
3. **Promote Ecosystem-Wide Change:**
   - Address systemic challenges in the African startup space by advocating for better policies and building stronger connections among ecosystem players.

Philip Kiracofe, CEO of Startupbootcamp AfriTech, explained the significance of the Moonshot Project:

"Everyone in the industry can see that the tiny number of later-stage deals is a direct result of a very limited set of high-quality startups at the earliest stages of funding. We should all be aligned to solve this challenge. FLOATS has the potential to increase the number of deals by 20x–100x, exponentially growing the pipeline of startups seeking early-stage funding."

If successful, the Moonshot Project could transform the lifecycle of African startups, paving the way from early-stage ventures to publicly traded companies while dramatically increasing the number of investable startups.

Read more about it here.

By offering alternative funding options and exit strategies, FLOATS aims to attract more investment into Africa's tech scene, but the road is still long.

Challenges on the Horizon

Despite its promise, implementing FLOATS is not without obstacles:

- **Stakeholder Collaboration:** Success requires alignment among investors, startups, policymakers, and other ecosystem players - a complex and ongoing process;
- **Policy and Regulation:** Creating a conducive environment for alternative funding mechanisms like SPVs and retail investments demands thoughtful regulatory support;
- **Ecosystem Maturity:** Many African startups are still navigating early-stage growth, which means developing robust pipelines and support systems will take time.

The success of FLOATS hinges on collective commitment from all stakeholders to address these challenges and build a thriving, self-sustaining startup ecosystem in Africa.

Why FLOATS Matters

FLOATS is more than a funding model - it's a pathway to unlocking Africa's startup potential. By addressing funding and liquidity challenges, it creates opportunities for startups to scale while ensuring that investors can see returns. Initiatives like the Moonshot Project are critical steps in driving this vision forward, with the potential to bring transformational change to the continent's tech ecosystem.

As FLOATS evolves, its impact could redefine how African startups attract capital, grow sustainably, and compete on the global stage. The road ahead is long, but the promise of a more dynamic and equitable funding environment makes the journey worthwhile.

Initiatives like the Moonshot Project are critical steps in driving this vision forward, with the potential to bring transformational change to the continent's tech ecosystem.

SECTION 6

Conclusion

6.1 Key Predictions for 2025: African Tech VC Investments

Building on the trends and forecasts of previous years, 2025 is poised to be another transformative year for venture capital investment in African tech start-ups.

As we had predicted in our 2024 State of Tech in Africa report, equity investment remained mostly flat in 2024, with some declines in certain areas. The uptake we had anticipated for the second half of 2024 did however not materialise. In particular, the return of global investors from the U.S. did not take place, in part due to uncertainty of U.S. policy post elections. In 2024, it was clear that the risk and rewards associated with investments in the African tech sector remained sensitive to the high interest rate environment and the weakness of African local currencies. Further to this, debt investment also declined sequentially in spite of strong growth observed in the past two years. The number of defaults of startups, particularly in Series A, remained high and valuations which had more than halved across all sectors, in particular fintech, remained depressed. The market has therefore seen a significant phase of consolidation which has likely reached its inflection point in H2 2024.

Our forecast is based on the analysis contained in this report, what we observed all year long on the 2024 AfricArena Tour and in our interaction with founders, ecosystem support organizations (ESOs) and investors, and informed by a model we have trained since 2019 including demographic, economic and market drivers.

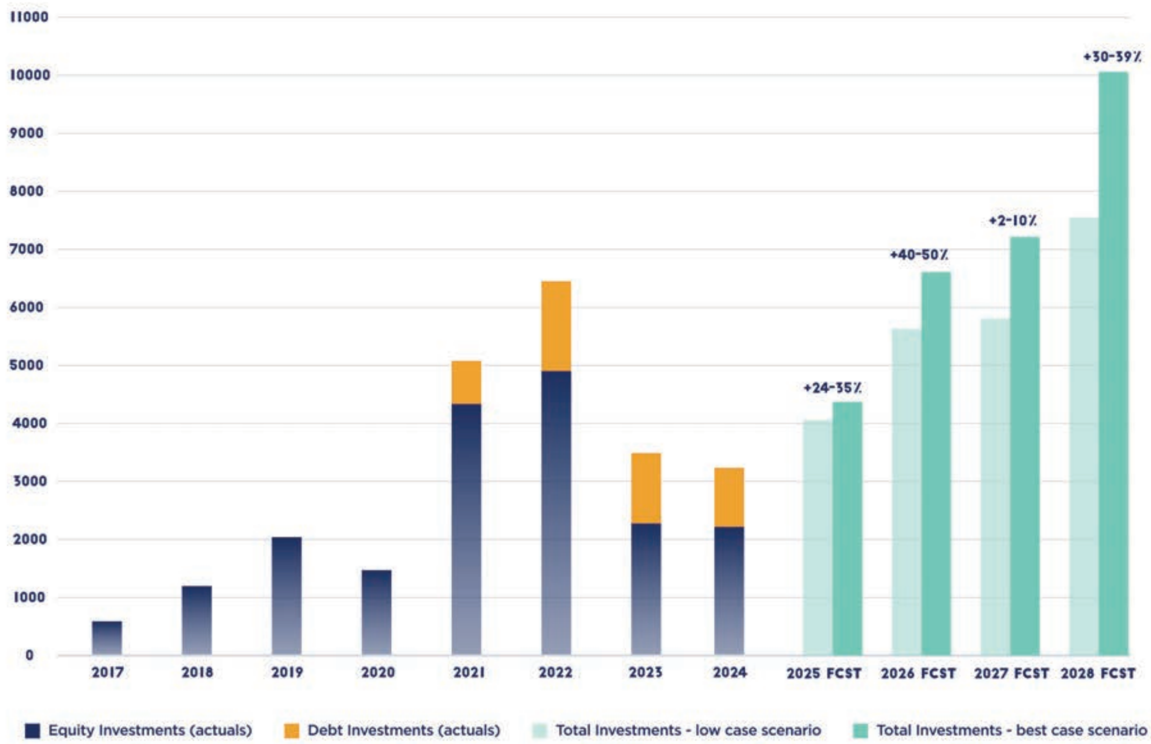
While it is difficult to completely factor the impact of geopolitical developments, in particular the end of the war in Ukraine, and the impact of the Trump second presidency, it appears clear that the interest rates cycle has - as we had anticipated in our last year report, started to reverse as of late Q3 2024, with its associated impact in investment appetite in the high risk asset class that African VC is. Pressure on operating currencies of most African startups, such as what we have seen with the Nigerian naira in 2024 should decrease.

Projected Growth and Investment Figures

Our views at the time of writing this report (January 2025) are that 2025 will see a resurgence of investment, and a total investment ranging from between US$4 billion and US$4.4 billion in 2025, marking a growth of 30% - 40% compared to 2024. This rebound will be fueled by several key factors, in particular the return of North American investors post US elections, as favorable policies towards the VC sector will drive outwards investment activities of U.S. VC firms and Corporate VC, as well as impact of a number of new Africa focused new funds.

Our model for subsequent years, indicates an upper range of US$6.6 billion in 2026 with an accelerated rebound of the market and an expected 40% - 50% growth, driven in part by return of North American investors post U.S. elections. but will soften in 2027 with another slower cycle from mid 2027. Total investment may exceed for the first time US$10 billion by 2028. While the growth in these numbers may appear significant, it should be noted that this remains a very small fraction of the overall VC activity in tech globally and as of 2024, less than 1% of the global VC market and less than US$3 per capita.

Investment in African tech startups: 2017 - 2028 (in $ million)
Source: Partech reports (2017 to 2024), AfricArena forecast (2025 to 2028)



Amongst the long-term factors supporting our forecast:

- **Return of International VCs:** International venture capitalists, particularly from North America and Europe, are expected to return, increasingly partnering with local funds, leveraging their market expertise. Additionally, Middle Eastern sovereign wealth funds are set to play a significant role, especially in North, West, and East Africa.
- **Increased capital allocation from corporates** to their corporate VC activities and, most importantly to investment and acquisitions of African tech companies. Major African corporations, particularly telcos and banks, are launching venture arms to invest in B2B startups that align with their core business operations. This surge in corporate VC activity will drive significant investments in iInfrastructure startups focused on power, logistics, and digital connectivity.
- Increasing effect of **successful exits and IPOs** on angel investments and entrepreneur-led seed rounds to support new ventures in early stage rounds.
- The return of valuations to higher levels, particularly in regions such as West and North Africa (in particular francophone Africa).
- A number of **major initiatives from Europe** (programs such as Horizon 2020), Japan and South Korea. Our research indicates that over US$60 million will pour annually from these programs into the African tech ecosystem (ESOs, VC firms and directly to startups).
- The adoption of **regulatory reforms** (startup acts and equivalent) to address the competitive shortfalls of many countries in the continent, such as Kenya, Nigeria, Morocco, Tanzania, and South Africa. As previously outlined and correctly predicted for Nigeria, we expect Kenya to adopt such reforms in 2025 and South Africa should follow by 2026. Rwanda will continue to position as a leader in the field and will further improve its position as on shore financial center for the African tech ecosystem, competing with Mauritius.
- We however also believe that the **effects of the funding winter** will become evident in 2025. The consolidation phase for African startups, risking shut down due to liquidity crisis or be acquired at massive discounts, will continue into 2025. A significant number of VC funds are going to remain unable to raise follow-on funding and, running out of dry powder, will turn into a zombie state (earning management fees on deployed capital but unable to further invest).

- We will also likely see a trend for **Specialization of African Funds**: The "spray and pray" era of generalist funding is likely over. Pan-African funds are increasingly specializing in sectors such as climate tech, agritech, and infrastructure, moving beyond agnostic approach.
- **Rising Ecosystems Beyond the Big Four:** While Nigeria, Kenya, Egypt, and South Africa will remain dominant, emerging ecosystems like Rwanda, Tunisia and Morocco are gaining traction. These countries are benefiting from forward-thinking government policies and investments in tech infrastructure as well as some level of sector specialisation.
- **Long term Impact of African Institutional Money:** Local institutional investors, such as pension funds and insurance companies, are gradually entering the VC space. This influx of local capital will have a strong long term effect.

Challenges to Watch

While the outlook for 2025 is optimistic after two difficult years, potential challenges remain. Currency volatility, political uncertainty in key markets, and persistent infrastructure gaps could temper growth. Additionally, the global venture capital market's sensitivity to interest rate fluctuations will continue to influence risk appetite.

African startups are set to redefine the continent's economic future and cement their place in the global tech landscape

6.1

Conclusion

2025 will be a landmark year for African tech, characterized by a significant rebound in venture capital investment and an evolving ecosystem poised to attract global attention. With the right mix of international collaboration, local innovation, and supportive policy frameworks, African startups are set to redefine the continent's economic future and cement their place in the global tech landscape. The long-term outlook remains promising, with total investment potentially exceeding US$10 billion by 2028, underscoring the vast opportunities that lie ahead.

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GLOSSARY

Accelerator

A program designed to support early-stage start-ups with mentorship, workshops, networking opportunities, and sometimes seed funding to help achieve scalability and growth.

Acquisition

The process by which one company takes owner-ship of another to expand operations, gain market share, or enter new markets.

African Growth and Opportunities Act (AGOA)

A U.S. trade policy granting duty-free access to African products, promoting economic growth and development.

Agritech

A combination of "agriculture" and "technology," referring to tech-driven solutions aimed at improv-ing agricultural efficiency, practices, and outputs.

Alternative Funding

Non-traditional funding methods, such as crowd-funding, revenue-based financing, or peer-to-peer lending.

Angel Investor

An individual who uses personal funds to invest in early-stage businesses, often in exchange for equity.

Artificial Intelligence (AI)

The simulation of human intelligence by machines, encompassing processes like speech recognition, machine vision, and decision-making systems.

B2B (Business-to-Business)

Businesses that sell products or services to other businesses rather than consumers.

Big Four

Refers to Kenya, Nigeria, Egypt, and South Africa—the dominant players in Africa's tech ecosystem, accounting for the majority of funding and activity.

Blockchain

A decentralized digital ledger used to record trans-actions across many computers securely, making it nearly impossible to alter or hack.

Bootcamp

An intensive training or learning program designed to rapidly develop skills or prepare startups for market readiness.

Circular Economy

An economic system aimed at eliminating waste and promoting the continual reuse of resources.

Cleantech

Technology designed to improve environmental sustainability, often focusing on renewable energy, waste management, and reducing carbon foot-prints.

Corporate Venture Capital (CVC)

Investment by large corporations into innovative startups, aiming to leverage technology or solutions for strategic benefit.

Debt Financing

A method of raising capital by borrowing funds, which must be repaid with interest, commonly used by startups to fuel growth.

Deep Tech

Advanced, cutting-edge technologies rooted in scientific or engineering innovation, such as AI, robotics, or quantum computing.

DFI (Decentralized Finance)
Blockchain-based financial systems that operate without traditional intermediaries, like banks.

Digital Economy
An economy driven by digital technologies, where businesses and services operate primarily online.

Digital Infrastructure
Foundational technologies that support digital activities, such as data centers, broadband networks, and cloud computing.

Digital Nomad
An individual who leverages technology to work remotely while traveling to different locations.

Digital Transformation
The integration of digital technology into all areas of a business, fundamentally changing operations and delivering value to customers.

E-Commerce
Online platforms that facilitate buying and selling of goods and services.

E-Mobility
Electric-powered transportation solutions, including electric vehicles (EVs), bikes, and buses, aimed at reducing emissions.

Early-Stage Investing
Investing in startups at the initial phases of their development, often focusing on pre-seed, seed, or Series A funding rounds.

Ecosystem
A network of interconnected organizations, including startups, investors, accelerators, and government entities, working collaboratively to drive innovation and growth.

Ecosystem Builder
A person or organization working to connect and support various stakeholders within a startup ecosystem to foster growth and innovation.

EdTech
Educational technology aimed at improving learning experiences through digital tools and platforms.

Equity Financing
A method of raising capital where investors provide funds in exchange for ownership shares in a business.

Exits
A deal agreement whereby investors and founders agree on a set plan or strategy in order to cash out their stake in a company, typically through acquisitions, IPOs, mergers, or private sales.

Fintech
Short for "financial technology," it refers to innovative tech solutions aimed at improving and automating financial services.

FLOATS
FLOATS stands for Funding and Liquidity Options for African Startups and it refers to the various ways African startups can access capital and manage cash flow. This includes equity funding, debt financing, grants, venture capital, and alternative options like crowdfunding or revenue-based financ-

ing, tailored to support the unique needs of startups on the continent.

Funding Gap
The shortfall in investment capital, particularly for startups in the “missing middle” between Seed and Series A stages.

Gender Diversity Pledge
A Digital Africa Collective driven initiative to promote equitable funding and representation of female founders in Africa’s tech ecosystem

Greentech
Technology designed to mitigate the effects of climate change, focusing on sustainability and renewable energy solutions.

Hardware Startups
Startups focused on developing physical technology products.

HealthTech
Technology and innovation in the healthcare industry to improve diagnosis, treatment, and management of diseases.

Incubator
A program providing startups with resources like mentorship, workspace, and networking to nurture early-stage business growth.

Innovation Hub
A collaborative space or community designed to support creative ideas and technological advancements.

Investments
Funding provided by individuals or organizations to startups or companies in exchange for equity, debt, or future returns.

Logistics Tech
Technological solutions aimed at optimizing supply chains, shipping, and delivery processes.

Mergers & Acquisitions (M&A)
The process where companies merge or acquire one another to expand operations, markets, or capabilities.

Missing Middle
A gap in funding faced by startups between early-stage and growth-stage capital (typically between seed and Series A).

Mobility Tech
Technology-driven solutions for transportation and urban mobility.

Non-Dilutive Funding
Funding that does not require giving up equity, such as grants, debt financing, or revenue-sharing models.

Open Innovation
A business model that encourages external collaborations to drive innovation.

PropTech
Technology applied to the real estate sector to improve how properties are bought, sold, and managed.

GLOSSARY

R - V

Regulatory Sandbox
A controlled environment where startups can test innovative products without being subject to full regulatory requirements.

Scaleup
A business in a high-growth phase, focusing on expanding operations and market reach.

Seed Funding
The initial round of capital investment provided to startups to help them develop their product or service.

Series A Funding
A funding round aimed at scaling a startup's operations and market reach, typically following seed funding.

Social Entrepreneurship
Entrepreneurship that aims to address social issues or create social change while generating revenue.

Startup Act
Legislation designed to support entrepreneurship and innovation, often by reducing barriers to entry for startups.

Super Investor
An active investor or investment firm that participates in a significant number of deals within a specific ecosystem.

Talent Pipeline
The pool of skilled individuals being prepared to meet industry needs.

Tech Hubs
Collaborative spaces that provide resources, mentorship, and networking opportunities for startups.

Tech-Enabled SMEs
Small and Medium Enterprises that leverage technology for operations and growth.

Unicorn
A privately held startup company valued at over $1 billion.

Venture Capital (VC)
A form of private equity investing focused on startups and early-stage businesses with high growth potential.