



THE STATE OF
TECH in
AFRICA
2022



AFRICARENA
THE AFRICAN TECH ECOSYSTEM ACCELERATOR

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Overview of 6 ecosystems 2021

THE “BIG 4”

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Africa: The Big Deal

Foreword

Launched in Cape Town, South Africa in 2017, AfricArena supports the creation of market access and investment opportunities for its ever-increasing community of founders, angels, incubators and accelerators, corporates and Venture Capital (VC) investors. AfricArena produces research content, hosts both digital and in-person events, and operates a digital platform all of which provides over \$3m worth of opportunities/exposure to African tech founders annually, enabling AfricArena Alumni to have raised over \$400m in funding in the last 5 years.

The AfricArena Tour

Throughout the year, the AfricArena Tour hosts digital and face to face events in the US, Europe, Asia and across Africa through 4 major regional Summits in Southern Africa, Western Africa, Eastern Africa and North Africa, fostering the availability of capital to African tech founders by showcasing the best Seed, Series A and Series B startups.

The AfricArena Summit

At the end of every year, the AfricArena Summit sees founders, corporates and investors gathering in Cape Town; the home of the African tech community, to share ideas, take part in pitches, hear and thought-leaders share their insights and participate in several collaborative side events such as the AfricArena Founders Boostcamp and AfricArena VC Unconference.

Innovation and ecosystem challenges

All year round, AfricArena and its corporate and institutional partners run a series of open innovation and ecosystem challenges to identify high-potential startups at various maturity levels. Over the past four years companies, having been selected through the tour events to pitch at the AfricArena Summit, have subsequently raised over \$220m in funding (see appendix).

Research

Through its Research and Editorial team, AfricArena provides knowledge and insights via its weekly content including articles, podcasts and research papers, all of which are available on the AfricArena Wired mobile applications (iOS and Android) and AfricArena.com

AfricArise

Because we are all about impact and supporting founders, we run an all year-long program to help founders rise, raise and scale by providing various services to showcase and amplify the stories of African founders, to support the execution of fundraising transactions and to help with efforts to scale Africa focused ventures internationally.

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 ecosystem.

We constantly strive to learn and improve, so please do not hesitate to engage with us!

Bintou Adeboye

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Crosby Hunda

Christophe Viarnaud

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Executive Summary

2021 was a record-breaking funding year: for economies, industries, businesses, and communities around the world. The number of deals almost doubled, increasing by 92% YoY according to the Partech report. This rate of growth makes African tech one of the fastest-growing ecosystems in the world. In 2021, it accelerated significantly, far outstripping the past 6 years' growth with a CAGR of 45%."

Deals in Africa above \$100,000 are still being dominated by investors who are not Headquartered in Africa, taking up 70% of deals made in 2021. Unfortunately, not more local African Investors see the value being produced on the African continent, on the flip side The overall benefit of Foreign Direct Investment (FDI) for developing country economies are well documented. Given the appropriate host-country policies and a basic level of development, a preponderance of studies shows that FDI triggers technology spillovers, assists human capital formation, contributes to international trade integration, helps create a more competitive business environment and enhances enterprise development. All of these contribute to higher economic growth, which is the most potent tool for alleviating poverty in developing countries. Moreover, beyond the strictly economic benefits, FDI may help improve environmental and social conditions in the host country by, for example, transferring "cleaner" technologies and leading to more socially responsible corporate policies.

The top 5 Investors in Africa was led by Launch Africa securing (44+ deals in 9 markets), Kepple Africa (31+ deals in 7 Markets), Y Combinator (27+ Deals in 9 Markets), LoftInc (23+ Deals in 5 Markets), and Flat6Labs (19+ Deals in 2 Markets) have been involved in 1 in 3 early-stage deals mostly within Fintech, Logistics & Transportation and Healthcare.

Last year we saw debt funding emerge as a new asset class for funding, taking a total of 7% of funds raised in Africa over the past 10 years. 37

Startups raised \$767M in over 43 debt rounds. Debt financing can be both good and bad. If a company can use debt to stimulate growth, it can be positive due to lenders not having claim to future profits, Debt obligations are predictable and can be planned, Debt financing offers flexible alternatives for collateral and repayment options, Interest is tax-deductible and it doesn't dilute owner's portion of ownership. The risk of debt financing doesn't come without its drawbacks including, assets that could be seized in case of default, owners may be required to personally guarantee the debt, Higher debt-equity ratios increase the financial risk of the company, Some debt instruments restrict businesses from pursuing alternative financing options and Can be difficult to qualify for, depending on financial status and credit score.

2021 saw a record year with Mega Deal-rounds raising over \$100M. Between all the reports, there were 12 to 14 Mega-rounds that took place last year including OPay, Zepz, Zipline, Andela, Wave, Flutterwave, Chipper Cash (x2), Tala, MNT-Halan, JUMO, TymeBank, PalmPay and an undisclosed round from one of these companies. 2022 has already seeded two Mega Deals of \$100M raised by Tunisian Series B InstaDeep and by Africa's most valuable unicorn Flutterwave raised \$250M in Series D.

It's interesting to note that when looking at the evaluation of startups the medium and barrier to entry changes per economic region. Typically a \$5m deal labelled as a Series B, Series A, Seed, or even pre-Seed. Pre-seed would have a medium of \$125K, Seed \$1M in comparison to Kenya where the medium would be \$1.25M and lower in Nigeria and South Africa with a medium of \$0.5M, but typically this would be an indicator of how accessible funding would be for startups within each economic region and the fluidity of deal flow.

The top 5 funding rounds per sector see Financial Technology securing over 40% of the investment pool. securing deals over \$50M, E-commerce

Executive Summary

(12.4%), E-health (9.8%), Logistics (7.6%) and Ed-Tech securing (5.1%) of the total funding raised in 2021. We will continue to see Financial technology leading and paving the way to growth in 2022, with other sectors still struggling to secure funding as aggressively. Africa's tech ecosystem attracted 2x more investors in 2021 (+101% YoY) with 891 active investors. They showed more commitment to the market, with 268 involved in 2 or more deals (+144% YoY) and 65 involved in 5 or more (+195% YoY).

The ranking is shifting in 2021 when looking at the big 4. Nigeria secured the top funding with (\$1.8B Partech / \$1.5B Big Deal) followed by South Africa (\$832M / \$949M), Egypt (\$652M /\$599M), Kenya (\$571M / \$411M) and outside the top 4, Senegal (\$353M / \$222M) and Ghana (\$167M) all raising above \$100M in the region. Nigeria is the undisputed leader in the Africa tech VC ecosystem, pulling ahead on both funding amount and number of equity rounds. While Nigeria is in a league of its own with \$1.8B, 34% of all African equity funding, Egypt, South Africa and Kenya also attracted more than half a billion each. Senegal completes the top 5 as francophone Africa accelerates 2.6x faster than the continent, at 695% YoY growth in the amount invested but largely due to the Wave deal.

The big 4; South Africa, Nigeria, Tunisia, Senegal and Kenya are leading the way by implementing start-up acts. The government's buy-in into the Start-up Act is critical to the success of tech start-ups and scaling up Governments is crucial in creating policymakers and laws for the Start-up Act, and for the creation of funding opportunities for start-ups.

All African countries are facing similar challenges when it comes to issues faced by start-ups across Africa, namely; limited access to financing, inconsistent government regulations, cross-border payments, globalisation, weak infrastructure and minimal government assistance.

All African countries are facing similar challenges, when it comes to issues faced by start-ups across Africa, namely; limited access to financing, inconsistent government regulations, cross-border payments, globalisation, weak infrastructure and minimal government assistance.

In Africa women represent 30% of the African tech sector, even though this is above the global average 28%, there is still a need to involve more women within this male dominant industry. Unfortunately, women raise significantly less than their male counterparts, as Female-led founders generated 7% of 2021 tech investments in Africa, that's a 3% increase from 2020. Female-founded start-ups raised 20% of all rounds in 2021, up 7 percentage points from 13% in 2020. They took \$834M or 16% of the total equity funding, up 2 percentage points from 14% in 2020.

2021 saw the M&A market in Africa double since the previous year with over 33 Acquisition in 2021 and 32 startups acquired over the course of the year, this was more than double with an increase of 128,6%. Overall, Africa remains an attractive PE and VC investment destination, relative to other emerging markets, with significant growth expected.

Considering that the African startup economy is growing faster than the global economy in 2021, our views are that 2022 will see a substantial surge in deals, accelerating throughout the year, as African startups have already raised 1B+ in the first 7 weeks of the year according to The Big Deal. We estimate that investment into tech startups will be between \$6.25 and \$8 billion, making it the best year in the history of tech investment on the continent, superseding the \$4.3B+ record set in 2021. In the next few months, African ecosystems should continue to rise. With the tech scene getting more mature, VCs will start to take a look at new countries. As Africa the Big Deal newsletter underlined it, even if the Big 4 are still far ahead, there is healthy competition on the continent.

How did we get to a \$4 billion VC investment in 2021?

1.1

WHAT HAPPENED IN 2021 COMPARED TO 2020 (DEAL SIZES, SECTORS, DEAL STAGES)

Deal Sizes

This year, we'll be looking at figures from data-tracking publications: [Briter Bridges](#), [Partech](#), [Disrupt Africa](#) and [The Big Deal](#). It's important to understand that each of the above publications uses contrasting methodologies as can be seen below as broken down by Techcrunch.

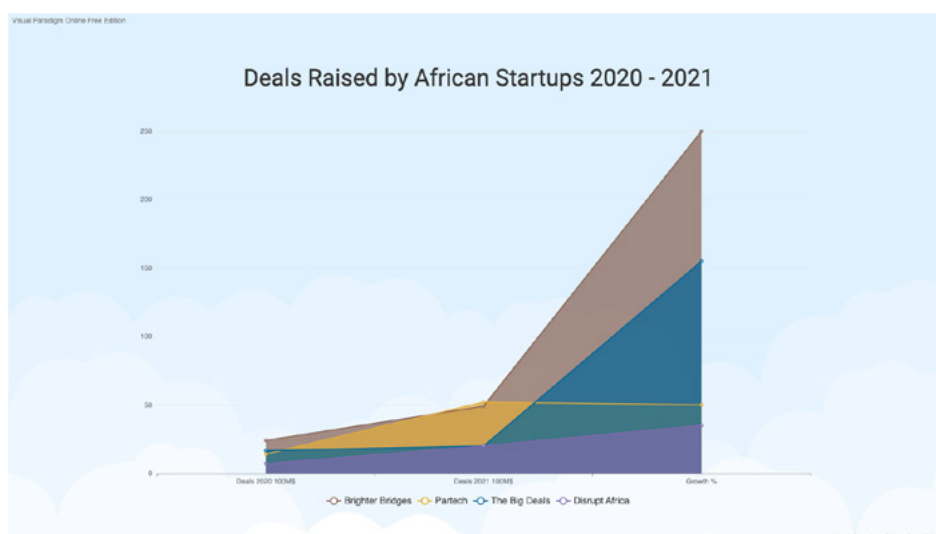
Briter Bridges: Avoids using geography to define an African startup due to factors contributing to business identities like taxation, customers, IP and management team.

Partech Africa: Covers equity deals in tech and digital spaces and funding rounds higher than \$200,000. It also defines African startups as companies with their primary market, in terms of operations or revenues, in Africa, it also excludes startups that don't have their headquarters (HQ) on the continent or incorporations.

The Big Deal: Tracks funding rounds from \$100,000 and above from startups operating in Africa with their headquarters on the continent and includes startups with HQ outside of Africa but with founders from Africa.

Disrupt Africa: Provide deep dives into investment trends within key startup geographies and verticals, as well as data on African startup acquisitions.

How Many Deals and how much did African Startups raise in 2020 vs 2021

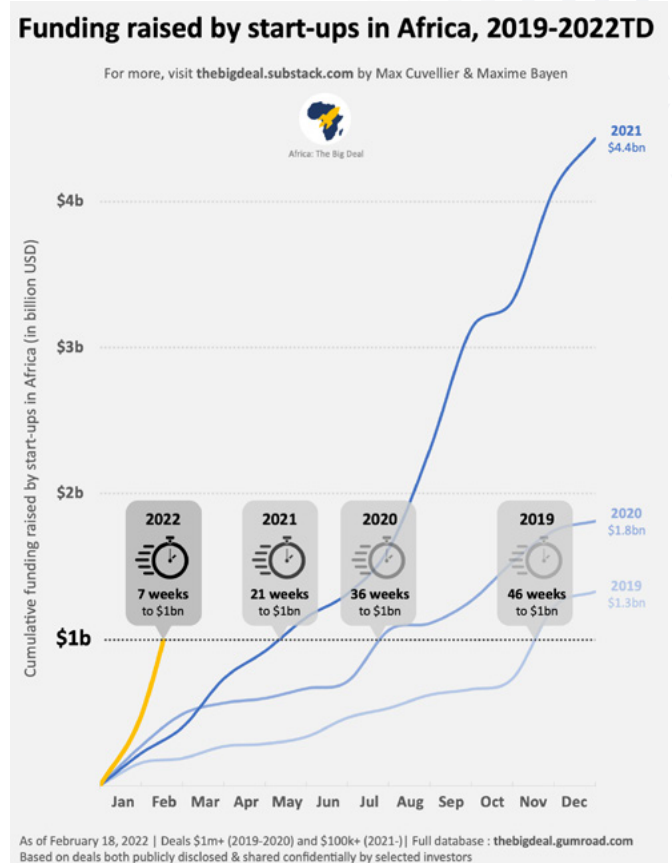


Section 1. How did we get to a \$4 billion VC investment in 2021?

“Partech: The number of deals almost doubled, increasing by 92% YoY. This rate of growth makes African tech one of the fastest-growing ecosystems in the world. In 2021, it accelerated significantly, far outstripping the past 6 years’ growth with a CAGR of 45%.”

The African startup economy is growing faster than the global economy and 2022 is looking promising as the first 7 weeks have startups in Africa raising \$1B.

Why the sudden boom in investment in Africa? For Zachariah George, a managing partner at Launch Africa Ventures, a Pan-African fund looking to address investment gaps in the investment landscape, there are several reasons behind this boom in investment. “For starters, I believe that there is a better understanding of the African opportunity, the cost of data has dropped dramatically in many African economies – which was a barrier for customers – and Internet and mobile phone penetration has improved, which means that more people are now online,” Zachariah George said. According to Maxime Bayen and Max Cuvellier from the Big Deal, about 7 of 10 investors involved in deals in Africa [of above \$100,000 as of 2021] so far are headquartered outside of the continent. The bulk of investment in Africa has come in from outside the shores of the country.



Sourced from The Big Deal

Africa Tech Start-ups Funding Evolution

Total Amount Raised (\$M)	2015	2016	2017	2018	2019	2020	2021
Distrupt Africa	186	129	195	335	491	701	2,148
Partech	227	367	560	1,163	2,020	1,429	6,000
Weetracker		130	169	726	1,340	757	4,082
Briter Bridges		331	438	669	1,119	1,315	4,650
Africa: The Big Deal					1,327	1,695	4,330

Yoy Funding Growth (%)	2015	2016	2017	2018	2019	2020	2021
Distrupt Africa		-31%	51%	71%	47%	43%	206%
Partech		33%	53%	108%	74%	-29%	320%
Weetracker					85%	-44%	439%
Briter Bridges			32%	53%	67%	18%	254%
Africa: The Big Deal						28%	155%

Number of Deals	2015	2016	2017	2018	2019	2020	2021
Distrupt Africa	125	146	159	210	311	397	564
Partech	55	77	124	164	250	359	724
Weetracker		153	201	458	427	478	
Briter Bridges							740
Africa: The Big Deal					121	244	820

Average Deal Size (\$M)	2015	2016	2017	2018	2019	2020	2021
Distrupt Africa	1.5	0.9	1.2	1.6	1.6	1.8	3.8
Partech	5.0	4.8	4.5	7.1	8.1	4.0	8.3
Weetracker		0.9	0.8	1.6	3.1	1.6	
Briter Bridges							6.3
Africa: The Big Deal					11	6.9	5.3



Section 1. How did we get to a \$4 billion VC investment in 2021?

The rise of a new asset class: debt funding

Africa is home to an increasing number of growth companies in need of capital. Before these businesses start tapping into sources of finance to expand operations, they must evaluate the type of funding that suits their particular needs. There are several capital options for fundraisers, which include traditional sources such as conventional debt from local banks, investment from Private Equity (PE) firms and soft loans from development finance institutions (DFIs). But the structural mismatch between the supply and demand for capital has been a recurring theme in the African investment ecosystem, despite the different channels for raising funds. From the perspective of, AVCA “The African Private Equity and Venture Capital Association” this funding option gap has led to the emergence of private debt as a preferred investment type. As the total value of available capital increases and the investment ecosystem deepens, access to credit will be critical to boosting the performance of African companies and the overall macroeconomic environment.

In comparison to global levels, the ratio of private debt to equity funding is much lower across Africa. Research from the Emerging Market Private Equity Association (EMPEA) shows that 7% of funds raised in Africa in the last 10 years have been debt. But debt is growing in popularity, especially among low-cap to mid-cap companies, due in part to lower returns across other asset classes. Debt comes in different tiers, with some of the primary types in Africa being:

- Trade finance: short-term credit to facilitate international trade or commerce
- Mezzanine finance: hybrid finance where debt can be converted into equity
- Bridge finance: short-term working capital or temporary finance before an equity fundraise
- Corporate debt: short or long terms loans taken on a company's balance sheet

37 African tech start-ups raised a total of \$767M in 43 debt rounds. As start-ups grow and achieve more predictability, debt financing becomes a useful instrument that helps accelerate growth, while limiting dilution from equity rounds. 2021 set real trends in this space, with strategic debt players launching dedicated debt funds targeted to emerging markets – Africa in particular. Nigerian start-ups raised almost half of the total amount of debt (\$345M), taking 45% of the total debt raised.

Mega-rounds

According to [TechCrunch's, Tage Kene-Okafor](#) the 2021 influx of cash created a record year for mega-rounds — deals that equal or exceed \$100 million.


Briter Bridges: 55% of total funding in 2021 came from 13 mega deals. They include OPay, Chipper Cash, JUMO, Tala, TymeBank, MFS Africa, MNT-Halan, Wave, Zepz, Zipline, Andela, Flutterwave and TradeDepot.

Partech: 48% of total equity funding went to 14 megadeals from 12 companies. They include OPay, Zepz, Zipline, Andela, Wave, Flutterwave, Chipper Cash (x2), Tala, MNT-Halan, JUMO, TymeBank, PalmPay and an undisclosed round from one of these companies.

The Big Deal: In the first 7 weeks of 2022, two ‘mega deals’ (\$100m+) have already been disclosed: the \$100m Series B from Tunisia's InstaDeep in late January, and of course last week's \$250m Series D announced by Flutterwave, now Africa's most valuable unicorn. They ‘only’ represent about a third of the funding raised though. Most of the funding (76%) and the deals (78%) have been claimed by start-ups



Section 1. How did we get to a \$4 billion VC investment in 2021?

Take a listen to a Fireside Chat  on African Unicorns featuring panellists Zach Geroge - Launch Africa, Melvyn Lubega - GO1, Oshone Ikazoboh - Access Bank Plc and moderated by Catherine Young - GrindstoneXL at the AfricArena Grand Summit 2021 in Cape Town South AfricaArena



headquartered in one of the 'Big Four' (NG, ZA, KE, EG) so far, though Tunisia (almost entirely driven by the InstaDeep deal) and Ghana (6 deals worth \$56m) are also doing pretty well. Fintech represents almost half (47%) of the funding raised to date, roughly in line with 2021 numbers.

Should African Companies not headquartered on the continents' rounds be excluded from the reports, venture capital in African startups conservatively falls between \$4 billion and \$4.5 billion. If included, it touches \$5 billion. Whatever the case, 2021 was a record-shattering year.

Deal Stages

[The Big Deal](#) raised valuable questions surrounding Pre-Seed, Seed, Pre-Series A, Series A... and what these labels mean in Africa? The range of funding raised under each of the above stages is very wide: you can come across a \$5m deal labelled as a Series B, Series A, Seed, or even pre-Seed (Telda) round. Beyond those extremes, **The Big Deal** found that:

- Most pre-Seed rounds fall between \$100k and \$300k, with a median at \$125k
- Seed rounds most often range from \$0.5m to \$2.5m. The median is \$1m. If we compare key countries, Seed rounds in Kenya tend to be slightly bigger (\$1.25m median), comparable to the African average in Nigeria and South Africa, and quite smaller in Egypt (\$0.5m median)
- At Series A level, the median deal is \$3.5m, and most deals fall in the \$1.5m to \$15m brackets. Kenya and Egypt are aligned with the African average (\$3.8m median) while deals tend to be smaller in South Africa (\$2.5m median), and considerably larger in Nigeria (\$9m median)
- Series B rounds mostly range from \$8m to \$38m, with a median of \$20m
- Finally, beyond pre-Seed, the use of 'pre-' rounds is limited. The median for the 12 pre-Series A rounds we identified is actually below that of Seed rounds (\$900k vs. \$1m). And pre-Series B rounds are a very rare sighting, understandably so.



Section 1. How did we get to a \$4 billion VC investment in 2021?

Top 5 Deal Stages Per Sector in Africa

Brighter Bridges breaks down the 5 sectors with Financial Technology companies still holding a lead in capturing the largest share of funding in Africa. The trend remains the same when excluding deals over \$50 Million with Fintechs still raising over 40%+ of the total investment pool. Factoring in innovation in sub-Fintech sectors like Payments, Asset Financing, Transfers, Point of sale, Banking and Financial API.

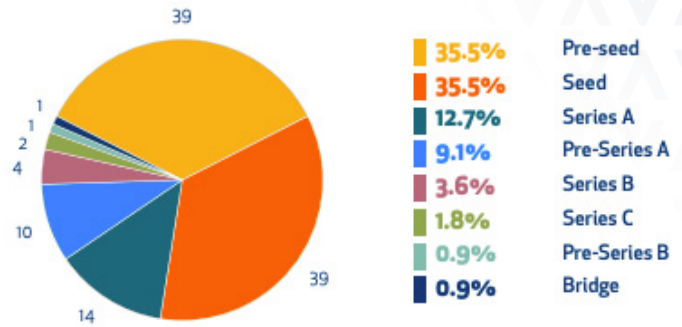
70 of the fintech startups that raised 38 per cent of the total deals made in 2021 has come from accelerator or incubators. After Flutterwave's \$170M round, the trend continued with startups like Kuda, Moove, TeamApt and Fairmoney raising significant rounds. Nigeria remains the undisputed leader when it comes to Fintech funding in Africa. Other countries outside of the powerhouse Nigeria with funded fintech include countries like Ghana (8), Ivory Coast (7), Uganda (6), Morocco (4), Cameroon (3), Senegal (3), Rwanda (2), Tunisia (2) and Angola, Botswana, Ethiopia, Mali and Zambia all with one Funded Fintech.

From 2015 we've seen widely fluctuating funding totals from year to year as investor deals went up and down for the African e-commerce and retail-tech sectors. From 2018 Brighter Bridges saw an increase in steady funding and growth. Last year 70 African e-commerce and retail startups acquired 12.4 percent of the total funding, that's an increase of 27.3 per cent on 55 in 2020. Companies securing investment has increased by 77 per cent between 2019 and 2020.

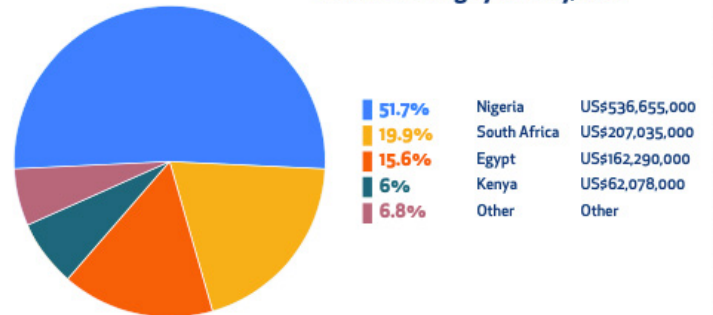
The importance of the retail-tech segment to e-commerce is based on the premise that it contributed 14 of the 26 investments worth \$1M + across the board in 2021. Out of the 73 distinct rounds, a total of 43 (58.9%) disclosed at which stage funding was secured. Seed rounds held the bulk of the deals at 60.5 per cent and Series A was next with 20.9 per cent. Only one startup raised Debt capital in 2021.

E-health securing the third-highest secured funding with 55 startups at 9.8 per cent of the African total has seen an upward trajectory in 2021 with a slower

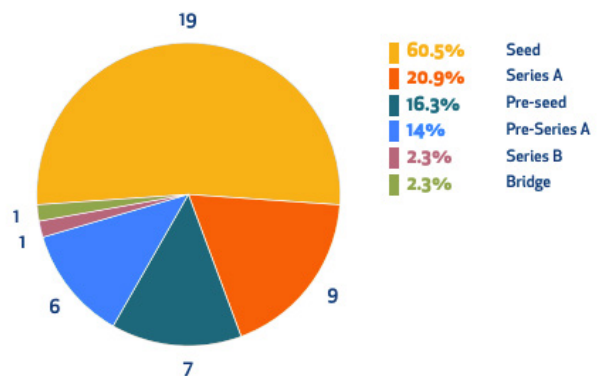
Stages of fintech funding rounds, 2021



Fintech funding by country, 2021



Disclosed stage of e-commerce and retail-tech funding rounds



Section 1. How did we get to a \$4 billion VC investment in 2021?

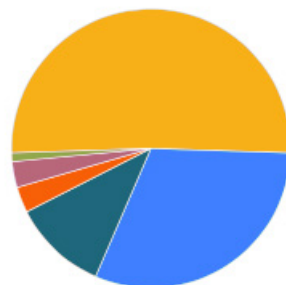
consistent pace in comparison to other sectors. E-health as a sector is relatively diverse with 14 - 25.5 per cent of companies having at least one female co-founder. The trend in E-health tech with regards to nationality saw 90.9% are local co-founders and have an 18.2% international presence. They are also more accelerated with 47.3 per cent taking part in some sort of accelerator or incubator program.

Other countries that saw activity in E-health included Ghana (3), Morocco, Rwanda, Tunisia, Uganda and Zambia.

Funding will continue to flow into the space, but the sector will continue to struggle in comparison to fintech and e-commerce verticals until it can find a way to prove it has the capacity for high Returns. There is a need for more success stories in this sector and it has a huge potential to grow bigger than the current trajectory.

E-health funding by country

50.9%	South Africa	US\$62,367,000
30.7%	Nigeria	US\$37,605,000
11.2%	Egypt	US\$13,707,000
3.3%	Kenya	US\$4,050,000
3.2%	Ghana	US\$3,900,000
0.7%	Other	

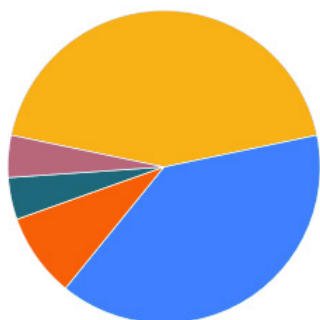


After a disappointing 2020 Funding round, the logistics sector made a recovery in 2021 ranking fourth for funded startups. 43 Logistics companies secured funding for the year. The sector saw an increase of 48.3 per cent on 2 startups in 2020 and grew with 0.3% from 7.3% to 7.6% in 2021.

2020 saw investments plummet to \$37,075,000 from \$69, 627, 000 in 2019, that's a total decline of 87.8 per cent. The sector has recovered well, reaching a record high of \$86, 751, 000 even though the total African Investment continues to fall at 4% in 2021.

Despite the poor performance in 2020, the logistics market would remain to bring in investment opportunities into Africa as a long-term given the quality of startups operating in large markets such as Egypt and Nigeria, Providing solutions and answering real needs.

African logistics funding rounds by stage



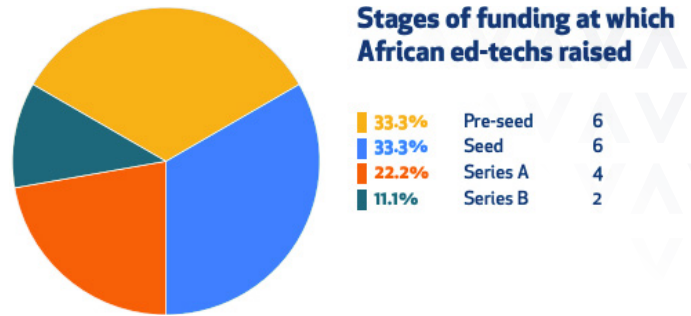
43.5%	Pre-seed	10
39.1%	Seed	9
8.7%	Series A	2
4.3%	Pre-Series A	1
4.3%	Bridge	1

Total logistics funding by country

78.1%	Egypt	US\$ 67,781,000
6.6%	Kenya	US\$ 5,735,000
6.4%	Nigeria	US\$ 5,555,000
3.5%	Ghana	US\$ 3,000,000
2.9%	Senegal	US\$ 2,500,000

Section 1. How did we get to a \$4 billion VC investment in 2021?

Ed-Tech has seen its highest numbers for both funded startups and total secured investment. In 2020 the sector was not performing well but saw incredible growth in 2021. 29 ed-tech startups took 5.1 per cent of the overall secured funding in Africa, that's 70.6 per cent from 17 in 2020. That is an elevation of 6.3 per cent on 16 in 2019. As the growth remains steady and similar each year, there is clear growth in terms of the number of companies that are raising annually.



The number of companies raising \$1 million or more also increased rapidly to 13 from just three in 2020. The number was four in 2019 and just one in 2018. Of a total of 30 rounds, 18 (16%) of the deals were disclosed at stage round with pre-seed and seed accounting for a third of each. There were strong levels of activity at Series A level, as well as Series B rounds and only one startup, raised an element of debt funding.

Overview of Other Sectors performing in Africa

Energy

It was a further year of development in the energy sector, in terms of total funding secured if not the number of startups.

Twenty-two African energy ventures were backed in 2021, the same amount as in 2020, with the sector's share of funded companies falling from 5.5 per cent to 3.9 per cent. The space had seen a big leap in 2020, which was up 83.3 per cent on 12 startups in 2019.

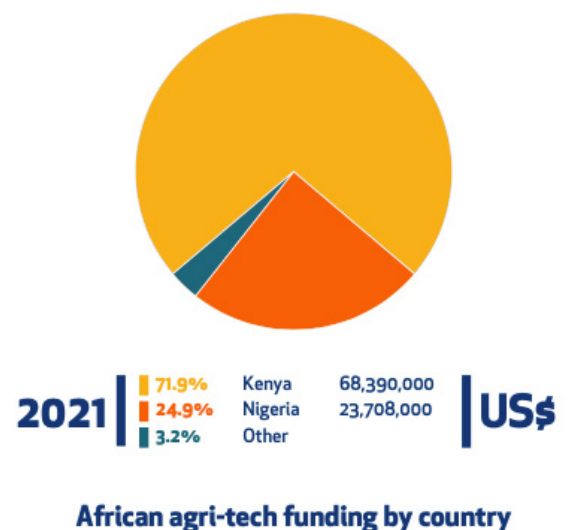
Total funding raised by African energy startups by year

Year	US\$
2021	536,655,000
2020	65,200,000
2019	55,943,000
2018	37,605,000

AgriTech

The stages at which startups are raising is more distributed than other sectors. Twelve (12) of 22 funded agri-tech ventures disclosed the round's stage. Seed accounted for half these, but there was also activity at pre-seed (2), pre-Series A (2), Series A (2) and Series C (2). Two startups - 9.1 per cent of the total - secured some debt funding.

Funded African agri-tech startups by year



Section 1. How did we get to a \$4 billion VC investment in 2021?

Transport

The average raise per startup grew to US\$5,021,190 from US\$3,473,000 in 2020, with eight companies - over one-third of the funded transport ventures, raising over US\$1 million. The standout rounds went to Nigeria's MAX (US\$31 million), Algeria's Yassir (US\$30 million) and South Africa's WhereIsMyTransport (US\$14.5 million).

Total funding secured by transport startups by year, 2017-2021

Year	US\$
2021	105,445,000
2020	52,098,000
2019	65,682,000
2018	34,523,000
2017	1,260,000



Entertainment

2021 saw more entertainment startups raise funding than ever before, with 14 startups (2.5 per cent of the continent's total) securing backing. This was up 40 per cent on 10 in 2020, which in turn was up 150 per cent on four in 2019. So there has at least been sustained growth in this regard.

Year	US\$
2021	11,590,000
2020	13,900,000
2019	745,000
2018	120,000
2017	2,800,000

Total African entertainment funding by year, 2017-2021

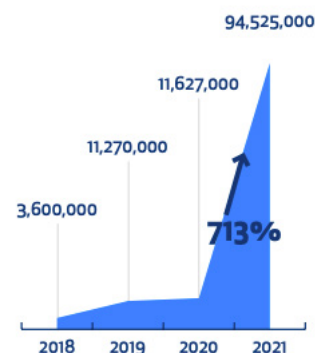
Three startups raised US\$1 million or over, down from four in 2020, with the average raise per company falling back below that figure to US\$827,857 from US\$1,390,000 in 2020. Of the 11 that disclosed stage, six were a seed, three pre-seed, and 1 each pre-Series A and Series A.

AI

Big rounds have always given the AI sector a boost. In 2019, 62 per cent of the total was raised by Tunisia's Instadeep. In 2020 it was South Africa's DataProphet, accounting for 51.6 per cent of funding. Yet the percentage of AI funding raised by one startup in 2021 is unprecedented, and suggests there is still work to be done in the wider ecosystem to ensure more startups are raising more money across the board.

Five other startups raised US\$1 million or over. All investments were equity investments and relatively spread out stage-wise. Of nine where the round stage was disclosed, two were pre-seed, four seed, one Series A and one Series B.

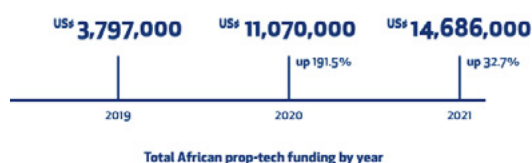
African AI funding, by year



Prop-Tech

The same amount of prop-tech startups - 10 - raised capital in 2021 as in 2020, with the sector's share of the total falling from 2.5 per cent to 1.8 per cent. The number of funded ventures had jumped 66.7 per cent between 2019 and 2020, from six.

The average amount raised by an African prop-tech company grew to US\$1,468,600 from US\$1,107,000, with three companies raising US\$1 million or over. The ecosystem is especially early-stage, with two pre-seed and four seed rounds making up the six deals where the stage was disclosed. None of these startups took on any debt capital.



Section 1. How did we get to a \$4 billion VC investment in 2021?

Marketing

There are signs of accelerating growth in the marketing tech space, if only from a small base. Ten startups secured investment in 2021, 1.8 per cent of the total, with the figure rising 66.7 per cent from six in 2020. That, in turn, had been up 20 per cent on five startups in 2019, which had been up 25 per cent on four in 2018.

All of this saw the average raise size increase to US\$1,015,200 from US\$443,500 in 2020, though the marketing sector continues to show the wild fluctuations you would expect from such an embryonic space. Rounds were raised across multiple stages, with one pre-seed, three seed, one pre-Series A and one pre-Series B from six disclosed. All were equity rounds.

Other Sectors:

Beyond these defined categories, 70 additional startups secured funding in 2021, making up 12.4 per cent of the overall total. Between them, they raised a combined US\$57,965,000 (2.7 per cent of the overall African tally).

Twelve (12) of the startups listed in this section of the report raised amounts of US\$1 million or more, with standout rounds going to Egyptian food delivery startup elmenus (US\$10 million), Kenyan manufacturing tech company Guidewheel (US\$8 million), South African recruitment startup OfferZen (US\$5.1 million), Egyptian restaurant-tech platform Koinz (US\$4.8 million) and South African security startup AURA (US\$4 million).

Funded African marketing startups, by country



Top startup funding rounds in "Other" category in 2021



1.2

SECTOR, GEOGRAPHICAL AND GENDER ANALYSIS

Sectors

Fintech and other sectors

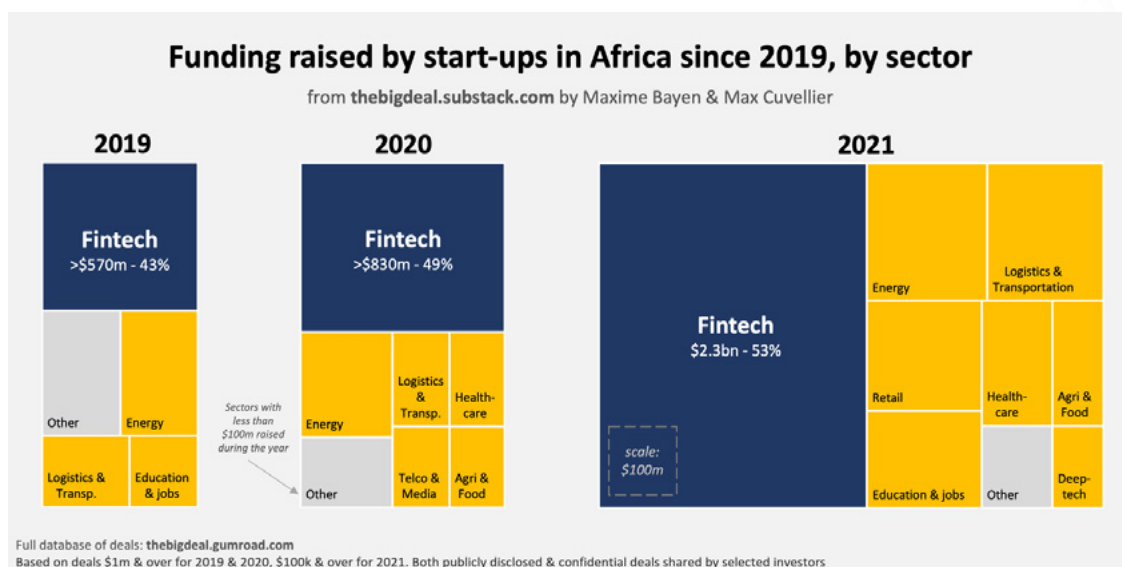
“Africa’s Ecosystem is booming and Europe has a lot to learn from Africa and Mobile Technology”

Bastien Ecosystem Lead at Vivatech

The fintech sector was, yet again, the most attractive to investors in 2020, with more startups securing funding than any other sector and a combined total that dwarfed all others. The sector broke the US\$1 billion funding barrier, something the African tech space as a whole only managed for the first time in 2021, with fintech accounting for almost half of total investment.

Briter Bridges: In 2020, the publication reported that fintech companies accounted for 31% of the total VC funding. That number doubled to 62% in 2021. Other sectors include health tech (8%), logistics (7%), education (5%) and cleantech (5%).

Section 1. How did we get to a \$4 billion VC investment in 2021?



Partech: According to Partech, fintech, as the top sector, represented 25% of total African funding raised in 2020. In 2021, fintech startups got 63% of the continent’s total investments. Completing the top five is logistics at 7%, edtech at 6%, e- and social commerce at 5%, and enterprise at 5%.

The Big Deal: African fintech startups received 53% of the total VC funding in 2021; it was 49% in 2020. According to the publication, the sectors making up the top five are energy, logistics/transport, retail, and education and jobs.

Geographical

Nigeria and South Africa are in the top two; Egypt and Kenya switch

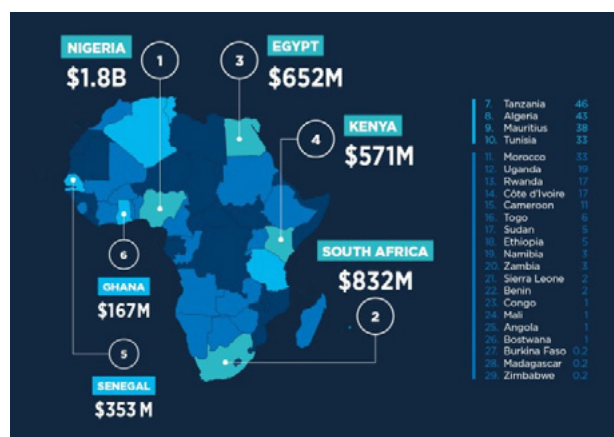
Like two years ago, 2021 showed the Big Four countries’ preponderance in terms of an investment destination.

Brighter Bridges: For its 2020 report, Briter Bridges chose to attribute funding to startups’ place of incorporation or headquarters. It was different from what other trackers used and it slightly altered the Big Four’s positions. But for its 2021 report, Briter Bridges reverted to the more generally accepted method of ascribing rounds to startups’ main offices in Africa.

The publication didn’t give specific numbers this time, but it said Nigeria, South Africa, Kenya, and Egypt received the most investments in that order.

Partech: Its 2020 report had Nigeria on top, with Kenya, Egypt and South Africa rounding up the top four. Ghana came fifth.

In 2021, Nigeria retained the first spot (\$1.8 billion), South Africa was second (\$832 million), Egypt came third (\$652 million) and Kenya landed fourth (\$571 million). Senegal took the fifth spot with \$353 million, while Ghana was sixth (\$167 million).



Source: Partech Report

Section 1. How did we get to a \$4 billion VC investment in 2021?

The Big Deal: Nigeria topped African VC investment destination at \$1.5 billion, South Africa with \$949 million, Egypt with \$599 million, and Kenya with \$411 million. Startups in Senegal received more than \$222 million, placing the country in fifth.

Gender

More women are getting into tech and raising more money

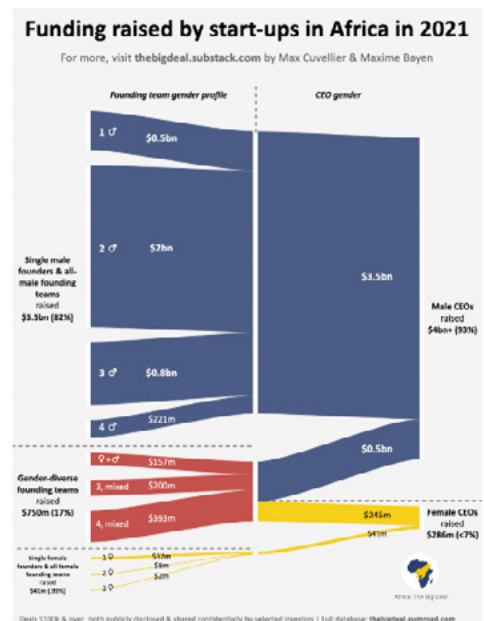
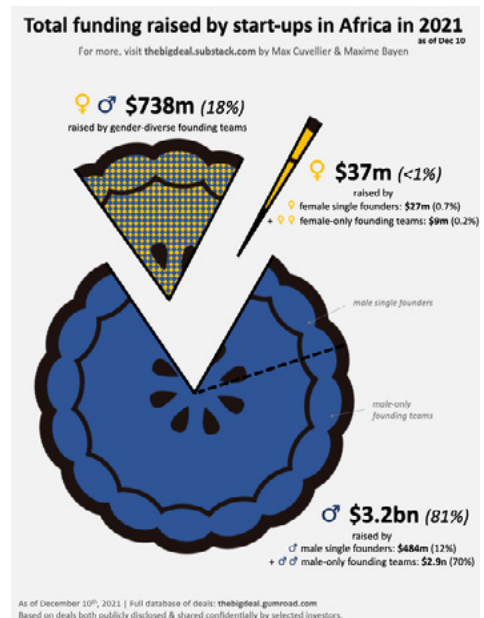
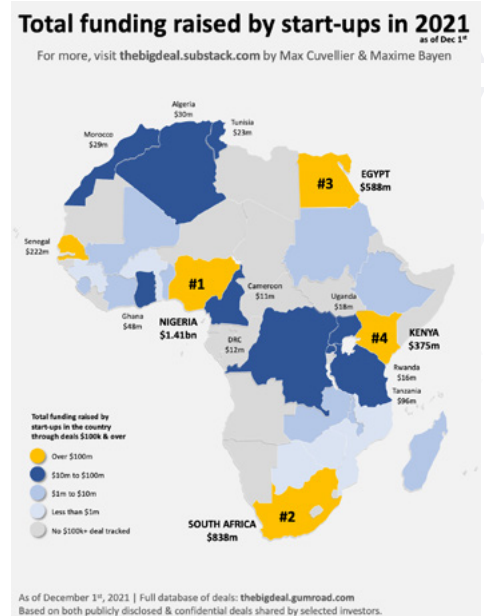
According to UNESCO, women represent 30% of professionals in Africa's tech sector. This is above the global average of 28%. This growth comes from coordinated action to involve women and girls in tech and STEM fields on the continent.

Initiatives such as Women in Tech Africa, She Code Africa, and Africa Code Week are equipping women and girls with skills and opportunities aimed at reducing gender disparity. Last year, Ingressive for Good (I4G) launched a 'Women in Design' programme, which awarded design scholarships to 1,000 women.

Female-led start-ups have historically raised much less funding than male counterparts. A dive into the investment data shows female CEOs raised about 7% of 2021 tech investments in Africa. 2019 and 2020 saw much lower figures at 4% & 2%.

While women-led enterprises made progress in 2021, there is room for growth. Female-led start-ups like Lami, a Kenyan insurtech firm, and Ejara, a blockchain start-up from Cameroon, raised \$1.8 and \$2M, respectively. The launch of FirstCheck Africa, an angel fund for women-founded/co-founded tech start-ups bodes well for female tech empowerment.

Grindstone Ventures is a majority female-led fund, it's not only funds female businesses, it's being equal in the way we fund. When you have a balanced (50/50) VC team and a balanced IC in terms of Male and Female. The balanced companies invested in delivered 2.5 times better returns in comparison to non-balanced teams. Grindstone venture fund has a gender lens and not a female lens, the focus is on balance, therefore ESG is very important to keep in mind because without it you don't even have a ticket to the game. "Catherine Young - Grindstone Ventures"



Sourced from The Big Deal

1.3

CORPORATE VC INVESTMENTS AND M&A GROWTH OR NOT?

2021 M&A Growth in comparison to 2020

According to White & Case, The M&A market in Africa has more than doubled since 2020 with 33 acquisitions in 2021 in comparison to the 17 known deals that took place in 2020. According to Brighter Bridges 2021 investment report, these deals accounted for a smaller percentage of total capital flow in comparison to last year's 50% of investments with acquisitions such as Wave, Stripes acquisition of paystack. 2021 saw 33 disclosed acquisitions, <1% of total disclosed funding and \$100M+ estimated market size.

According to Disrupt Africa, it saw a record of exits in 2021, with 32 startups acquired over the year. This was more than double the exits experienced in 2020 with an increase of 128.6%.

As with funding, fintech leads the way. Thirteen (13) - 40.6 per cent - of acquisitions made in 2021 were in the fintech sector, which was by far the most active space in this regard. E-commerce and retail-tech saw five deals, accounting for 15.6 per cent of the total, while transport saw three (9.4 per cent). There were two deals in each of the logistics and e-health sectors, while seven other types of startups were acquired.

Where is Africa sourcing its Growth Capital From?

The top 20 deals of 2021 captured 65% of total volume deals on the continent. Most investment came from the United States and the United Kingdom. South Africa and Mauritius are the top two African countries housing investors involved in these major deals. There is major growth in the participation of Asian payers such as Softbank, Tencent, and Toyota that are taking part in Larger rounds.

Which investors funded the top 20 deals?



Africa's exit environment has been a consistent challenge for PE funds. In surveys conducted even before the onset of COVID-19, LPs identified limited exit opportunities as a key challenge, and Africa recorded a small number of exists in 2019 (only 43 exits, down from a peak of 52 in 2017).²⁸ Trade buyers account for almost half of PE exits, and the share of secondary exits was in decline. Initial public offerings (IPOs) remain rare as an exit route.

According to the Private Equity in Africa: Trends and opportunities in 2021 insights done by Kenneth Barry from White & Case report that Africa's exit problems are largely due to

Section 1. How did we get to a \$4 billion VC investment in 2021?

a lack of liquidity, which leaves PE funds without consistent, reliable exit options. However, despite Africa's historic exit issues and the further disruptive impact of COVID-19, an AVCA survey shows that LPs are optimistic about major aspects of the exit environment, with approximately 85 per cent of respondents expecting exits to both trade buyers and PE or other financial buyers to increase over the following three-to-five years, while 52 per cent expect the same of IPOs and capital markets. 29 LPs see Africa as an attractive medium- to long-term opportunity, with more than 90 per cent believing returns in Africa will be similar to or better than those in other emerging markets over the next decade.

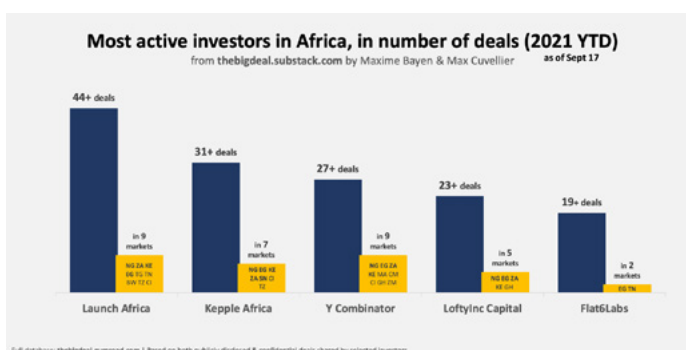
Overall, Africa remains an attractive PE and VC investment destination, relative to other emerging markets, with significant growth expected.

Although the impact of the ever-evolving pandemic on investments in Africa is unclear, the long-term outlook for PE in Africa appears bright. Current economic challenges will require agility from PE and VC funds—for example, through innovative fundraising efforts, But stretched government finances and a challenging macro-environment may also represent enticing opportunities for PE investors in healthcare, fintech, renewables and other sectors in 2021.

The Largest challenge for us is to get investors globally, to get the foot in the door and to get very good LPs, Acquiring VCs as an asset class and to get it recognised. We need the pensions funds to contribute at least 1% to VC as an asset class. “Catherine Young”

Africa's Top Investors

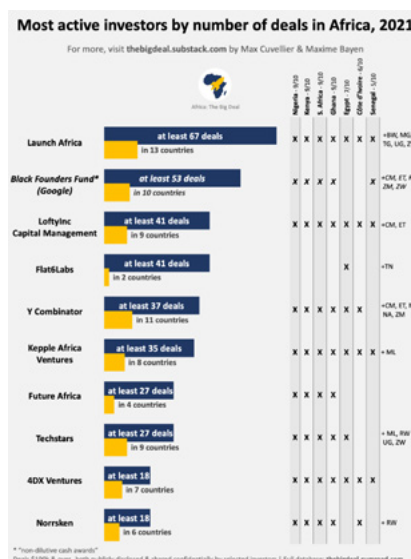
It's not hard to distinguish young early-stage fund Launch Africa with more deal activity a week on average, taking the top position, followed by Kepple Africa, Y Combinator and Flat6Labs. These Investment firms are still amongst the most active, and they're joined by LoftyInc Capital Management, who complete the Top 5 most active investors of 2021 so far.



This Top 5 have been involved in 1 in 3 'early-stage' deals, mostly investing in Fintech which represents one-third of the deals followed by logistics & transportation (12%) and healthcare (10%).

Deal sizes ranged from (\$100k to \$1m) on the continent so far this year and they have invested in 97 out of 295 deals. In total, they have already invested in 127 deals in 2021.

They have been most active in Nigeria (41 deals), Egypt (30), Kenya (15) and South Africa (15). In total, they have invested in start-ups in 14 different countries. The only country they have all invested in at least a deal is Egypt.



1.4

WHAT WAS CHALLENGING AND WHAT WENT WELL FOR INVESTORS IN 2021?

The global economic downturn following the outbreak of COVID-19 slowed private equity (PE) and venture capital (VC) activity across emerging economies. The COVID-19 crisis particularly affected the short-term and medium-term growth prospects of funds' portfolio companies, which are generally experiencing negative impacts on revenues, costs and profitability.

Grace Legodi is the Africa Director at Grindstone Ventures. Grindstone Ventures is a female-led fund that invests in and supports post-seed, pre-series A equity (incl. quasi-equity) investments. Their focus is on early-stage innovation-driven and/or technology companies with strong intellectual property, evident growth potential, to deliver capital growth and sustainable cash yields over the long term.

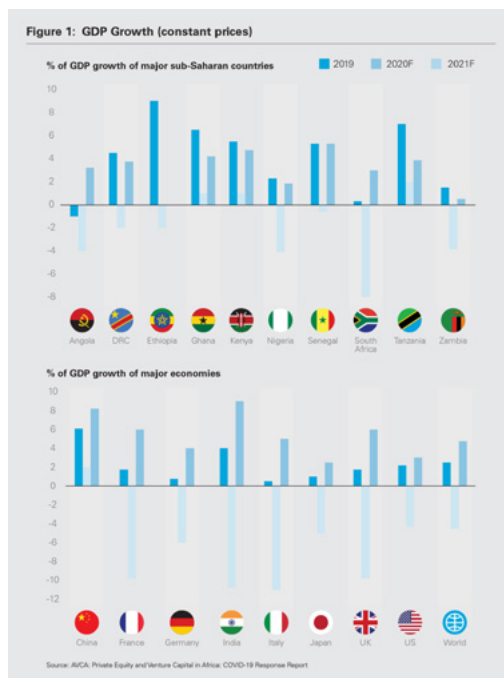


Take a **listen to Grace Legodi's key insights** into the African Ecosystem and how we work together to support startups

The COVID-19 pandemic had a particularly damaging impact on Africa. Many economies which were among the fastest-growing in the world were brought to a grinding halt in 2020. Getting them back up and going in 2021 proved challenging.

That does not, however, mean that there aren't opportunities for investors, far from it. In fact, there will be more opportunities in Africa, especially among companies that have faced the storms of COVID-19. They'll need investment to rebuild and be profitable.

In particular, Africa will present opportunities for infrastructure and technology growth. When it comes to the former, investors will have to find projects and companies capable of going beyond the feasibility and planning stage. When it comes to technology, meanwhile, the most important thing will be identifying the companies that best take advantage of the growing levels of connectivity on the continent.



Section 1. How did we get to a \$4 billion VC investment in 2021?

VC activity in Africa has grown significantly over the past two decades, becoming a more recognizable investment space. This trend will likely continue in 2022.

The world's second-fastest-growing region, Africa experienced 4.6 percent average annual GDP growth from 2000 to 2016. This robust economic backdrop has been a crucial driver of Africa's VC industry, creating a positive economic environment to catalyze innovation, entrepreneurship and investment.

According to AVCA, the total number and value of VC deals

reported on the continent reached a six-year record high in 2019, and the value of VC deals reported in Africa reached US\$1.4 billion in 2019, a record high.

Africa comprises almost 1.3 billion people today. By the year 2100, the UN predicts that an additional 2.4 billion consumers will live on the continent. Consumption as a driver of economic growth, driven by long term positive demographic trends, are generally well understood. Yet custodians of the world's largest pension funds which, conceptually, should have a long-term view have not yet stepped up.

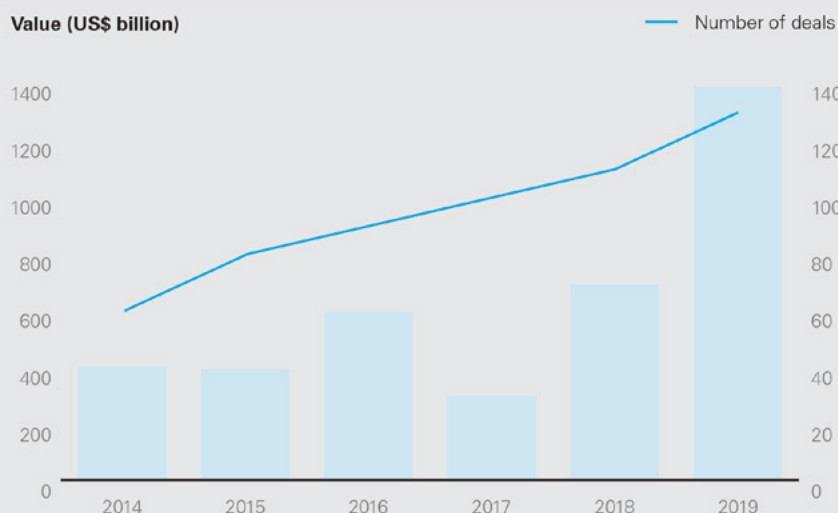
On the other hand, the development finance institutions have continued to dominate the inward allocation of foreign capital to Africa, principally because of their longer-term focus and a political imperative which promotes initiatives to address poverty, education, climate change, food security, energy and infrastructure to name a just few investment themes.

When the first wave of the Covid-19 pandemic surfaced in March 2020, South Africa's Johannesburg Stock Exchange (JSE) fell almost 35% in less than a month but subsequently staged a remarkable 'V-shaped' recovery, recouping all losses and rallying to an all-time high in January 2022. Notably, many of the small and mid-cap stocks on the JSE failed to fully participate in the recovery and remain moribund, cash-starved and with limited access to both public and private capital markets to fully exploit their growth strategies.

According to an analysis done by " Andy Smith, the CEO of Sandown Capital, a private equity fund established in partnership with Peresec and based between Johannesburg, Dubai and London." suggests that the most intrinsically undervalued listed equities across the major public African markets carry a disproportionate quantum of debt at often punitive interest rates and with short-term maturities. Whilst the risk of default is baked into some share prices, market dislocations have created real valuation anomalies even factoring in extremely high equity risk premiums which are (rightly) being priced in.

Ultimately, it's unlikely that the uncertainty of the past two years will disappear in 2022. It might not even be

Figure 2: VC activity in Africa, 2014 – 2019



Source: AVCA: Private Equity and Venture Capital in Africa: COVID-19 Response Report

Section 1. How did we get to a \$4 billion VC investment in 2021?

dramatically reduced. But amidst that uncertainty there is opportunity. With the right understanding of a market, it's possible to find companies that make things better for the communities they operate in and for the planet - and that provide real returns for investors.

Kohei Muto is the CEO and founding partner of Double Feather Partners, Corporate finance & strategic advisory firm with a VC Investment arm providing comprehensive support to innovative African companies with strong social impacts.



Listen to [Kohei Muto's insights on Investment](#) into Africa by bridging the gap between Africa and Asia

KEY TAKEAWAYS



How did we get to a \$4 billion VC investment in 2021?

- 1. Country breakdown:** Nigeria is the undisputed leader in the Africa tech VC ecosystem, pulling ahead on both funding amount and number of equity rounds. While Nigeria is in a league of its own with \$1.8B, 34% of all African equity funding, Egypt, South Africa and Kenya also attracted more than half a billion each. Senegal completes the top 5 as francophone Africa accelerates 2.6x faster than the continent, at 695% YoY growth in amount invested but largely due to the Wave deal
- 2. Sector breakdown:** Driven by Megadeals, Fintech accounted for only 32% of deals, but a large majority (63%) of funding. Digitization of foundational sectors of the economy (Commerce, Education, Energy, Health, Logistics) meant each of these sectors broke into the \$200M range.
- 3. Founder gender breakdown:** Female-founded start-ups raised 20% of all rounds in 2021, up 7 percentage points from 13% in 2020. They took \$834M or 16% of the total equity funding, up 2 percentage points from 14% in 2020.
- 4. Investor breakdown:** Africa's tech ecosystem attracted 2x more investors in 2021 (+101% YoY) with 891 active investors. They showed more commitment to the market, with 268 involved in 2 or more deals (+144% YoY) and 65 involved in 5 or more (+195% YoY).

Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

2.1

PUTTING SUDAN ON THE MAP - TIRHAL (MOBILITY)



Company:	Tirhal www.tirhal.net
Geography:	Sudan
Sector:	Mobility
Main Hustlers:	Mohamed Elzakey (CEO), Hassan Haider (Data Analytics Manager)
Launch:	2016
Funding history:	\$100,000 in 2016 (local Business Angels)

In Sudan, public transportation is expensive and often inconvenient. This major pain point caused Mohamed Elzakey to launch Tirhal in 2016 with 3 relatives. The Sudanese startup offers an Uber-like service with numerous options, fitted for all budgets. They are currently working on developing new services before the end of 2021: express mail & parcel delivery, food delivery, marketplace and delivery. And it seems that the solution is highly relevant: in just 5 years of operation, Tirhal has captured an astounding 88% market share and is involved in almost 30% of private trips in Sudan.

However, the beginnings weren't always so easy. Speaking on the launch of Tirhal, Mohamed Elzakey, CEO, describes: " At the beginning, money was a struggle. We started with family money, around \$20,000, and had to give 5% away of the company in exchange for an office. And even there, we had to all work in a single room to save electricity".



[Discover more about Tirhal by listening to Hassan,](#)
Data Analytics Manager at Tirhal



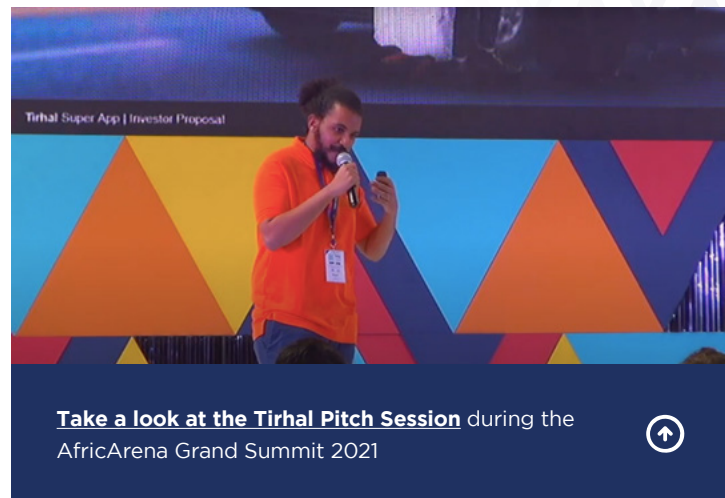
Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

The lack of startup culture in Sudan made it almost impossible to raise money from businessmen, let alone from banks. And of course, no VCs had activities in the country back in 2016. The market is very young, with immature infrastructures. Investors and banks do business in the traditional way, looking at assets and liabilities before putting in any money. On the other hand, it is very hard for a young company to do forecasting given the unstable political and economical situation. Since 2018, the country has gone through a major political crisis, which was amplified by covid-19, and sky-rocketing inflation on basic products due to the lift of public subsidies.

Even if things are starting to change, Sudan has been hardly attractive for international players over the last decade. Elzakey says “We tried to raise money a lot of times, but every time we connected to investors, the US embargo prevented us from making deals abroad.” Further to this, Hassan Haider, Data Analytics Manager, comments “In Africa, the media played a big role in depicting a bad image of the country. On top of that, many African countries had close connections with the US and were turned away by the sanctions”. This also has an impact on talent retention. According to Haider, “In Sudan, people are very smart and educated, especially in the tech field. There are plenty of skilled young graduates. The problem is that most young people go abroad, in the Middle East especially. However, Tirhal has done a great job attracting talents lately, either from big companies or directly from the university.”

Today, Haider and Elzakey are optimistic about the situation. “Tirhal has reached the same income it had before covid-19, which tends to show once more how essential the service is”. They are raising a \$10M Series A to fuel international expansion and new services, and are confident that investors will start looking into Sudan, especially after Alsoug’s announcement. They have received confirmation from Africa-based investors and are working on Due Diligence. Haider comments on the process “A big part of the DD process was also confirmed that Sudan has a market and traction and that it has real value. The market of 40M inhabitants indeed goes along with unique problems that need to be solved innovatively. Sudan really can’t afford to start building from scratch”. The involvement of early-stage investors could be an open door to many disruptive solutions.

For now, Tirhal is looking at expanding into Africa. Based on a unique understanding of the local markets, they are confident they will challenge the big players such as Uber and Careem. “We want to keep looking at Africa’s local specificities,” Haider says, “this is why Careem failed to settle in Sudan, even if they had more capital”.



Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

2.2

LAUNCHING A STARTUP IN UNCERTAIN TIMES: ONE YEAR AFTER, WHERE DOES ZURI HEALTH STAND? - ZURI HEALTH (HEALTHTECH)



Company:	Zuri Health www.zuri.health
Geography:	Kenya
Sector:	healthtech/m-health
Main Hustlers:	Arthur Ikechukwu Anoke (CEO), Daisy Isiaho (Chief Product Officer)
Launch:	March 2020
Funding history:	Bootstrapped

Last year, we met Zuri Health's co-founders at a very early stage of their company. One year after, the goal is to assess the startup's evolutions and successes and to come back on their experience of launching during a pandemic.

The startup was founded in March 2020, and the products were launched in January 2021. They offer accessible healthcare to the underserved through an SMS consultation service and developed an app to integrate with various medical players. Through the app, users can order lab testing, pharmacy products or get in touch with a medical practitioner (book an appointment, video call, or request for a home visit). Through tackling the increasing fragmentation of the telehealth services, Zuri Health is targeting an estimated US\$4billion market in Sub-Saharan Africa.

In just a few months of activity, Zuri Health has achieved over 20 000 patient interactions and built solid partnerships with leading telcos in 9 African countries, as well as labs,



Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

pharmacies and 150 doctors. Their partnerships with telcos have allowed them to reach an extensive number of customers and to find 400,000 subscribers for their health tips service through SMS. Zuri Health's team is currently working on their pre-seed round, which is to be closed in January.

CEO of Zuri Health Arthur Ikechukwu Anoke says "The pandemic was a blessing in disguise. It helped us with the core of our business: SMS telemed services and covid testing. As we were able to meet the demand of the professionals handling the pandemic and to fix logistics and distribution problems, feedbacks were very positive". However, restrictions made managing day to day operations, not an easy task. With remote teams, online meetings and travelling restrictions, Arthur Ikechukwu Anoke found it hard to close opportunities, especially regarding their international expansion.

Zuri Health is indeed rapidly scaling abroad. Leveraging on local partnerships, the startup has chosen to settle in different countries at an early stage of development to build around a very high regulatory risk. By looking at Africa as a whole, the team plans to be present in most Africa cities by 2024. This strategy comes with its challenges: heterogeneous regulations, travelling restrictions, languages... The team had to develop different approaches to settle in anglophone or francophone countries, which either over-regulated healthcare or have no regulations.

Zuri Health has based part of its growth on building solid partnerships with various actors in the market. Asked about corporate open innovation, Arthur Ikechukwu Anoke says: "Corporate open innovation is very interesting when done right. Corporates can find it difficult to innovate, whereas they have the funds to invest in startups to solve their challenges. On the other hand, startups have a lot to take from them. For example, our partnership with Netcare not only brought us funds but also huge opportunities based on our alignment".

Finally, with a gender-mixed team of founders, Zuri Health is rooting for more inclusion in the startup ecosystem. With more than 80% of the funds being raised by exclusively male founding teams in Africa (M&M), Arthur Ikechukwu Anoke and Daisy Isiaho look like an exception. On that matter, Daisy Isiaho comments: "Over the past few months, we have seen female leaders starting to have a voice in the sector. It is one of Zuri Health's dreams to achieve equal opportunities for men and women in the tech ecosystem". For now, with one \$85M raise by a female-led company () this year, Kenya had done way better than all other African countries towards this goal.



[Watch Zuri Health's pitch](#) at the AfricArena Grand Summit 2021



Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

2.3

NIGERIA - FARMCROWDY (AGRITECH)



Company:	Farmcrowdy www.farmcrowdy.com
Geography:	Nigeria
Sector:	Agritech
Main Hustlers:	Ifeanyi Anazodo (Co-founder and Chief Growth Officer)
Launch:	2016
Funding history:	to complete

In the years to come, Agritech is going to become a crucial sector for many countries in Africa. With the continent's first population growing fast, Nigeria has to find disruptive ways of improving yields and agricultural practices. In 2016, Ifeanyi Anazodo and his co-founders decided to go down to the root of the value chain: farmers. They first developed a solution to help farmers access funding. The company now assists the 400 000 farmers in the network with access to finance, market access but also economic advisory.

For Farmcrowdy, the covid-19 crisis came as an opportunity to re-focus the business. Ifeanyi Anazodo says "We used the pandemic to build partnerships and collaborations. The crisis highlighted a need for coherent work across the value chain. We shaped a new downstream approach to structure the value chain for farmers. It was also an opportunity to imagine the future of food and distribution. New realities were brought in, that we had to add to the equation".

Last year, Agritech was Africa's second most invested-in sector (Partech). Startups provide new ways to disruptively approach the problems of the industry to provide food security to the continent, and VCs grasp the value in that. But those companies, often labelled as impact-driven, tend to be more and more attractive for investors. Ifeanyi Anazodo says "We noticed a shift in investment. Investors are starting to grow conscious. They seek

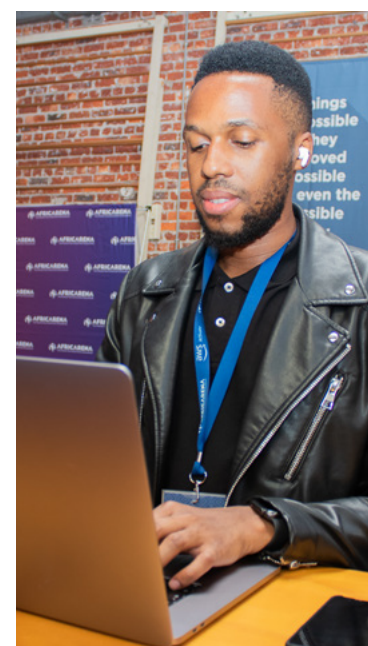
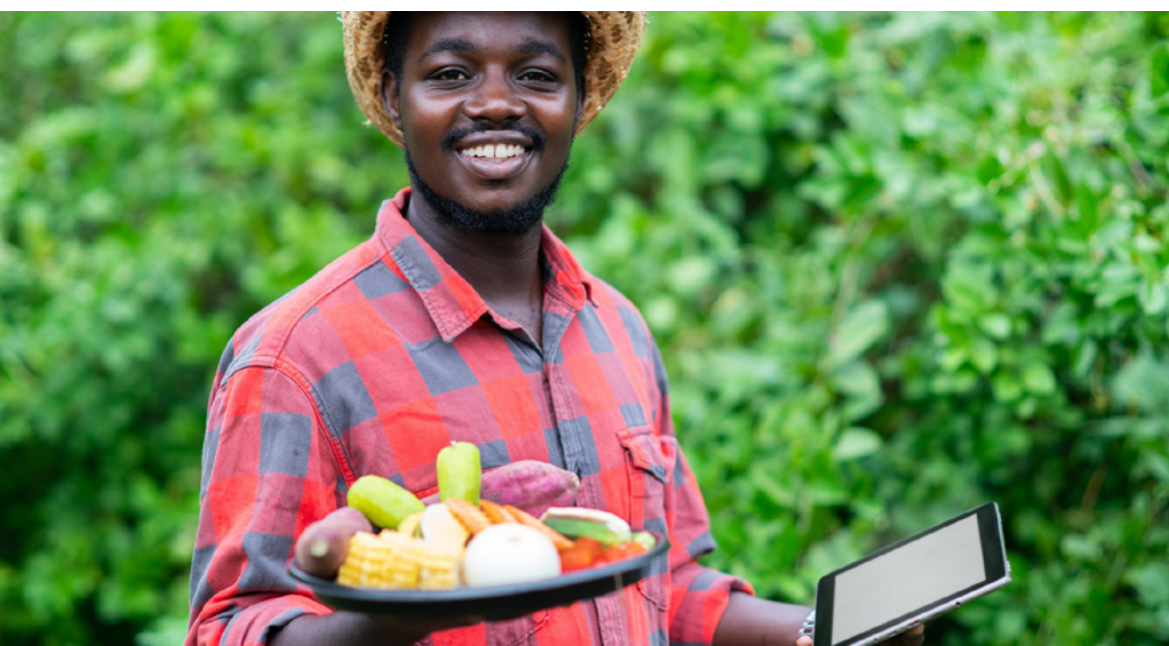


Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

more social impact, greener investment". And investors are not the only ones to be driven by impact: "The team is very young, 25 years on average. They are mostly GenZ, a very inspirational generation. They seek purpose and impact in everything they do".

Farmcrowdy has been discussing a lot with investors this year. If Anazodo acknowledges that a startup is always trying to raise money, he also adapted his investment strategy. "We chose to refocus on our business. We know what we want from investors, and we decided to redefine both our approach and Business Model so discussions can be beneficial for everyone." Anazodo says "Of course, we look for introductions, connections, opportunities, but overall, investment is like marriage. The first thing you need to check is compatibility". And for him, new VC models such as Launch Africa or Future. Africa is totally relevant to this strategy. They act more locally, get involved in more deals, and focus on understanding the real needs of the African market, which results in greater alignment with the startups' goals. On top of that, they have played a big role in educating young founders about Due Diligence processes. Anazodo comments "At the beginning, we knew absolutely nothing. You get to a point where you ask investors for a valuation formula. A lot of education is needed for the founders, and some standardized deals should be available (mettre DCA)."

It is hard to talk about investment in Nigeria without mentioning fintech's crazy numbers. Anazodo says "Fintech startups are boosting innovation. With regards to Agritech, Nigeria is the biggest market due to its the population size. Even if you identify the relevant pain points, launching a business is not easy." Nigeria has indeed been ranked 131st among 190 countries for the ease of doing business (10 <https://www.doingbusiness.org/en/rankings>). However, it seems that the fintech sector is changing things a little. "We need regulations to encourage that. Fintech startups make it easier, and not only on the transactional side. Every challenge can be translated into opportunities and there is a lot to do in Nigeria".



Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

2.4

SENEGAL - ASSURAF (FINTECH)

assuraf

Company:	Assuraf www.assuraf.com
Geography:	Senegal
Sector:	Insurtech
Main Hustler:	Souleymane Gning (CEO)
Launch:	2019
Funding history:	Bootstrapped

Provide quicker, better, cheaper insurance. Assuraf's vision is to bring insurance into West African people's lives. The company was founded in 2019 to offer a 100% digital service for all insurance products (health, property, car, life, etc). End-users can access an instant quote and subscribe online while managing current contracts on their personal profile. Assuraf also developed a hybrid offering for B2C clients, partially offline. Souleymane Gning, founder and CEO, says: "For now, we see a lot of traction from ecosystem partners and we proved the concept with hundreds if not thousands of clients. Part of our added value comes from the innovation we bring in terms of channels but also products. For example, we bet on insurance combos to boost customer acquisition".

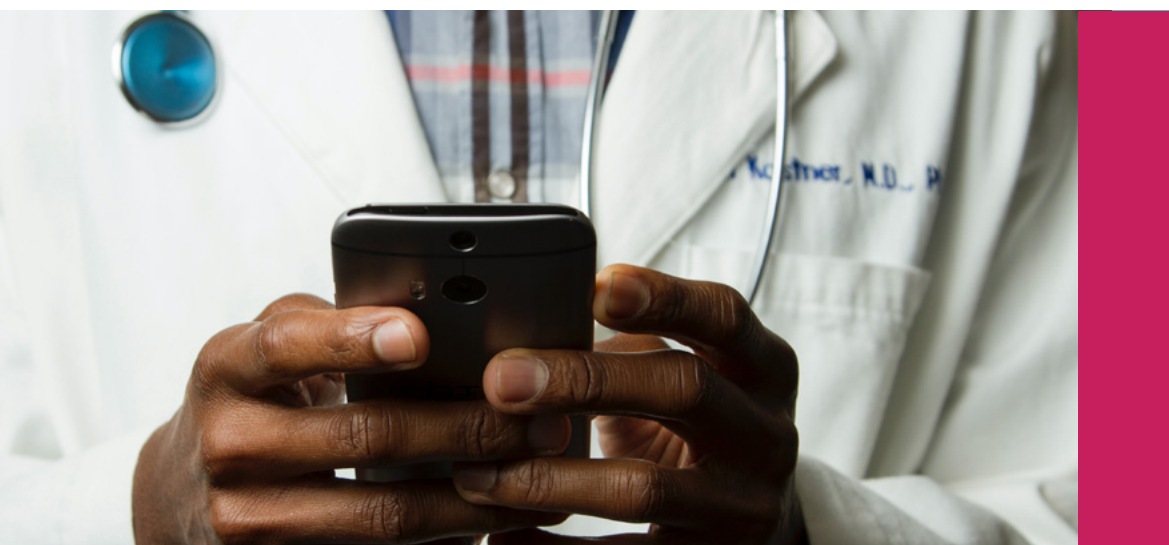
Assuraf is currently raising a pre-seed round that has been in the works for the last year. As the company was founded during the pandemic period, they didn't approach investors at first. The first VCs came to them halfway through the pandemic. Gning went through a very long Due Diligence. Different factors impacted the process. "The financial model of the VC included many projections, which took a lot of time. Covid didn't help because our investor was based in the US, and some things need to be carried out face to face. On top of that, covid impacted the ability of the VCs to raise funds. Finally, as I have no co-founder, I am running the business alone and I don't have the time to participate in long meetings every day." Gning comments. The process took a whole year.



Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

However, Assuraf found a way to get the best out of the pandemic. On the insurance market, demand was reduced due to several factors: the decrease in the needs of certain products (car insurance for example), the financial situation of clients, and the fact that insurance remains a luxury product for many Africans. But the team witnessed an increase in demand, as other traditional insurance companies were close. The 100% online process for end-users was at that time the only solution available. They benefited from the digitalization induced by the pandemic. Nevertheless, Gning acknowledges some difficulties in the operations: “The biggest impact for Assuraf was staff productivity. As the young team moved to remote, operations were impacted”.

Assuraf is a senegalese startup. When asked about the \$222M raised by startups in Senegal this year (M&M map, Senegal being 5th country for raising funds this year), Gning says: “As a Senegalese founder, it is interesting to see Senegal on the map. However, 90% of this amount comes from Waze, which is, for me, not part of the ecosystem. This deal is a way to show that there is market value as well as innovative startups in Senegal. But the maturity of the ecosystem should be measured without Wave's \$200M raise. “Even if Senegal took a small market in terms of population, it is an open door to the CFA franc zone. The cohesion in that region is a serious advantage for startups being founded there. However, francophone Africa is still out of investors' radars, especially early-stage investors. Gning says “New models of early-stage VCs are emerging around the continent. They combine funds with acceleration which is a big asset for young startups. But francophone Africa is still left behind, leaving the early-stage funding gap even bigger. The only local investor is Partech, and they don't do seed funding, let alone pre-seed. Some of the fintech startups I know are betting on jumping straight to Series A funding, skipping Seed stage”. All in all, Souleymane Gning remains optimistic: “There is currently so much cash available in Europe. Even though investment is not equally distributed in Africa, we can show the value of the francophone Africa market”



Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

5.7

SOUTH AFRICA - OZOW (FINTECH)

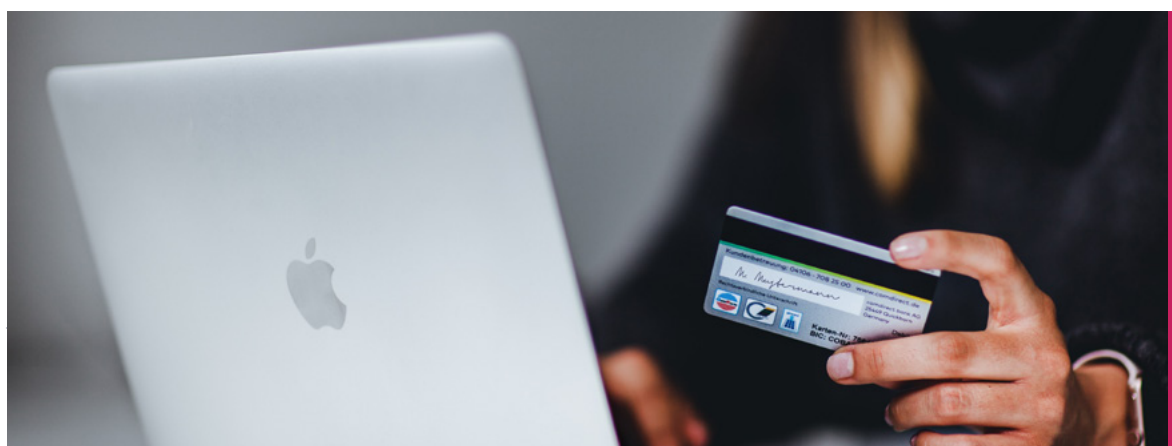


Company:	Ozow www.ozow.com
Geography:	South Africa
Sector:	fintech
Main Hustler:	Thomas Pays (CEO)
Launch:	2014
Funding history:	\$51.7M in total, \$1.2M in Angel and Seed rounds (from 2016 to 2017) \$2.5M in Series A (completed in 2019), \$48M in Series B (completed in November 2021)

Created in 2014 to give South Africans without a credit card access to online payment, Ozow has announced in November 2021 a \$48M Series B led by Chinese internet company Tencent. In over 7 years of activity, the startup has broadened its offer to address supermarket chains' problems, on their online stores as in their physical points of sales. They recently launched a data-free payment app to allow people to access their bank account and pay without using expensive internet services. 5 million South African people are using the platform on average 7 times a month.

Commenting on the pandemic impact, Ozow CEO Thomas Pay says: "We cannot say that covid-19 had a negative impact on our business. Some of our revenue drivers, such as travel agencies, were completely shut down whereas others grew. Having activities within 100 different industries allowed us to make up for the loss. We also adopted a very proactive attitude, implementing an action plan a month before the first quarantine. The crisis allowed us to review and improve team management".

The pandemic also impacted Ozow's recent funding round. Pays says: "The effects of the pandemic were negative on our fundraising process. Investors putting such a high amount of money in a business want to engage physically, to visit offices, to see tangibles. The process was harder, all the way more than most of our investors were international. We were very lucky to have the round led by Tencent which developed a successful remote investment strategy".



Section 2. Surviving and thriving amidst a pandemic: Africa's key tech sectors and start-ups, and their 2021 experience

Pandemic also shed a light on fintech opportunities in Africa. Enormous amounts of money were invested in fintech and Nigeria got the craziest numbers. But for Thomas Pays, this is a bubble. “Some international investors don’t have an accurate understanding of the Nigerian market. They see fintech as one industry, whereas there are plenty of fintech industries. Some of them are very promising due to Nigeria’s population, but some are not. For example, e-commerce in Nigeria is a dangerous investment. Compared to South Africa for example, infrastructures are not developed enough. In South Africa, there is a fintech bubble as well, but the bubble is driven by tangible revenue. There is demand but also growth and history. In Nigeria, opportunities are all based on population growth and on industry successes.”

Finally, when asked about VC models in South Africa, Pays says “We can’t compare South Africa to the US or Europe. This is a very new country but very conservatory. This reflects also on VCs. But for the last 5 years, we have seen amazing changes: international VCs co-investing with local VCs, more and more Business Angels and early-stage investors. The ecosystem has grown and developed many opportunities for small startups.”



[Watch the highlights](#) of Ozow's hackathon challenge in 2020



KEY TAKEAWAYS

 **Surviving & Thriving Amidst A Pandemic:**

- 1. The startups that survived and managed to grow during the Covid crisis are the ones that found a way to challenge their organization, operations or products. They used this difficult period to reflect on their model and got the best out of it.**
- 2. All founders agree that there is a lot to be done on the continent on the VC side. A big step has been taken this year with new models investing in early-stage startups, but Africa is still lagging.**
- 3. Early-stage startups need more education on fundraising.**
- 4. In the next few months, African ecosystems should continue to rise. With the tech scene getting more mature, VCs will start to take a look at new countries. As Africa the Big Deal newsletter underlined it, even if the Big 4 are still far ahead, there is healthy competition on the continent.**

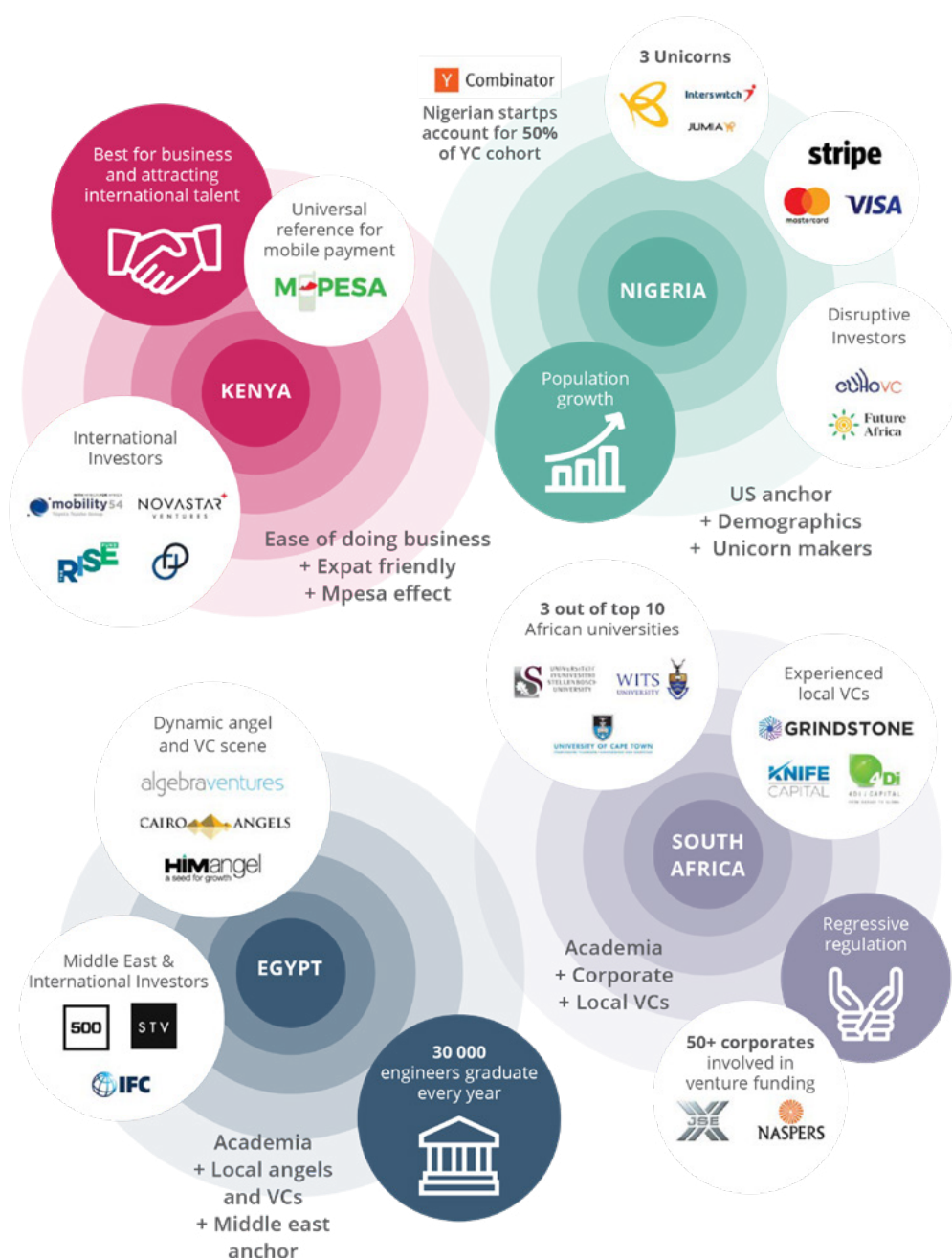
Overview of Six Ecosystems 2021

3.1

THE “BIG 4”

We can identify six major African tech ecosystems in Africa. The first is the “Big 4”, which are Nigeria, South Africa, Egypt, and Kenya, and we could also include Senegal and Tunisia - the first two countries to enact a Start-up Act in Africa - as leading regions for African start-up growth.

As the African start-up ecosystem’s value is concentrated in these six regions. The goal of this chapter is to take a closer look at these ecosystems to understand their differences and similarities, as well as to gain an overview of the African ecosystem.



Section 3. Overview of 6 Ecosystems 2021

Nigeria

Nigeria will have the highest ecosystem value in Africa again in 2021, thanks to a large customer market, very low entry barriers in many sectors which foster amazing innovation, low regulation which allows innovative founders to thrive, a strong anchor with the US ecosystem, and the ability to create unicorns (Interswitch, Flutterwave, Andela, OPay, Jumia). Many Nigerian start-ups operate in the Fintech sector, taking advantage of the country's under-provision of banking services. When asked about the boom of Fintech in Nigeria, the Nigerian start-ups are unanimous "Payment is key to the whole economy. Nigeria is the largest economy on the continent, which means there are a lot of transactions happening.



Listen to [Lyinoluwa Aboyeji's key insights](#) about fundings in Africa and the fintech sector in Nigeria.

Fintechs are solving those transaction issues. We expect to see more, and the final customer will be beneficial for it. Payments enable other sectors, new companies can do business better thanks to Fintech." Says Ifeanyi Anazodo the founder of Farmcrowdy a start-up that aims to create access to finance for farmers.



South Africa

This mature ecosystem is one of the leading ecosystems in Africa, with the country recording the second-highest number of start-ups after Nigeria (with the majority concentrated in Cape Town, which is home to approximately 60% of South Africa's tech start-ups). South Africa's main assets are its high internet penetration, developed VC network and a large number of start-up accelerator programs. This country has sub-sector strengths in Fintech and Edtech.



Take a listen to [Phillippe Mourain's key insights](#) into the South African Tech Startup ecosystem

Egypt

The Egyptian ecosystem serves as a link between the African and Middle Eastern markets, making it very appealing to entrepreneurs and investors. The Egyptian market also has great and strong academia (Cairo University, Alexandria University, Mansoura University) as well as a dynamic scene of local investors, which attracts international investors not only from the Middle East but also from the United States. The Egyptian market holds a lot of promise.



Section 3. Overview of 6 Ecosystems 2021

Kenya

Kenya, the economic capital of East Africa, has developed a thriving start-up scene and established itself as a tech hub in recent years as a result of its high internet penetration, a growing number of international investors, a tech-savvy population and mobile money innovation. This is enhanced by the mobile banking M-Pesa created in 2007, which has revolutionized banking not only in Kenya but also across Africa and has brought financial inclusion to millions with access to banking services through mobile phones, paving the way for a lot of fintech start-ups. Kenya also has a rich network of coworking spaces, incubator programs and community hubs.

According to the M&M 2021 report[1], Nigeria, South Africa, Egypt, and Kenya continue to have the most advanced ecosystems, accounting for 80% of the funding raised by African start-ups. Other African countries, however, have seen several notable developments. Indeed, some less well-funded emerging tech ecosystems are now seeing an increase in funding facilities and interest. For this report, we will concentrate on Senegal and Tunisia, two countries that have adopted a Start-up Act and are experiencing rapid growth.

3.2

SENEGAL AND TUNISIA: 2 EMERGING ECOSYSTEMS

Senegal

Senegal's ecosystem is the most developed in Francophone Africa. Senegal became the second African country to pass the Start-Up Act in December 2019. In addition, the country has a young, skilled, and qualified workforce, political stability and it's a gateway to the French-speaking market. This year, start-ups in Senegal have raised \$222M, this makes Senegal the 5th country, just behind Kenya when it comes to funding. Wave, a Senegalese-based mobile money provider, has become the first francophone unicorn, indicating that things are beginning to change.

If we look at the Francophone countries in Africa, Senegal is one of the first countries in terms of innovation. Mostly specialized in Fintech, Healtech and Agritech. We can also see that some of the key ecosystem players are located in this grooming country such as Partech or Orange Venture. Finally, the role of the state in entrepreneurship is truly unique, we do not see this model elsewhere in Africa. That created all the conditions to make Dakar a Tech hub in Francophone Africa.

The creation of DER/FJ (General Delegation for Rapid Entrepreneurship of Women and Youth) and other state-created start-up organizations was one of the most visible boosts to the start-up scene. We had the opportunity to interview Carine Vasseur, the Innovation and Animation ecosystem division manager at DER/FJ, a state agency founded three and a half years ago, assisting entrepreneurs with access to financing, by offering financial products adapted to their specific needs, but also non-financial help to best support entrepreneurs in their journey.

According to Carine "an early-stage start-up start-up challenge is access to funding, there was a lot of support that was being done but little funding available" To date this state



Section 3. Overview of 6 Ecosystems 2021

agency has supported 130,000 entrepreneurs, 75% of whom are women. The DER/FJ has developed multiple initiatives to support the ecosystem and the key actors such as accelerators and incubators.

Senegal's good results this year can be explained by the Wave phenomena, out of the 222 million dollars, we are aware that 200 million were raised by Wave, the first unicorn in French-speaking Africa. "This demonstrates that Senegal is a great market from which to launch your pilot and grow," Carine says. Things are changing in Francophone Africa, particularly in Senegal. She concludes by saying "We must not wait for this moment to pass to come and invest in this country, now is the time to come because the opportunities are now to be seized."

To learn more about the investments opportunities in Senegal and the DER/FJ initiatives to support the entrepreneurs, you can [listen to Carine's interview here](#) and watch the Minister, General Delegate for Rapid entrepreneurship of Women and Youth, Papa Amadou Sarr exclusive interview for AfricArena



[Papa Amadou Sarr exclusive interview](#)
for AfricArena



Tunisia

Tunisia has established itself as a digital hub as a result of the Tunisian Startup Act, an innovative and legal framework launched by the Tunisian government to assist local entrepreneurs who choose to invest in the country. Tunisia was the first African nation to enact a Startup Act. The Tunisian Startup Act is a great example of collaboration between civil society, the private sector, and the government. The encouraging indicators should persuade other African countries to follow suit and implement their versions.

Despite its deep innovation potential, active start-up community and access to European markets, the Tunisian ecosystem is still in its early stages, with only Flat6lab and the giant AfricInvest as major local funds. This leads to one of the most serious issues confronting Tunisian entrepreneurs looking to expand: the lack of funding. Furthermore, the Tunisian ecosystem continues to face challenges in developing its funding landscape and attracting more foreign investment. At the moment, there is a high demand for additional legal instruments to raise funds (Startup Act 2.0).

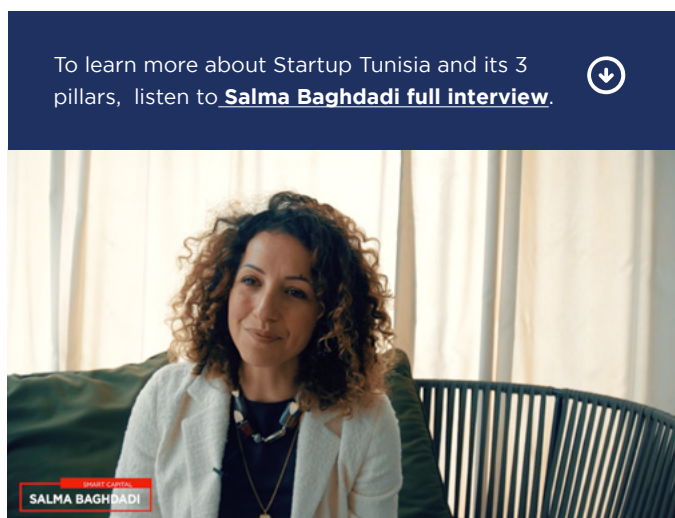


Section 3. Overview of 6 Ecosystems 2021

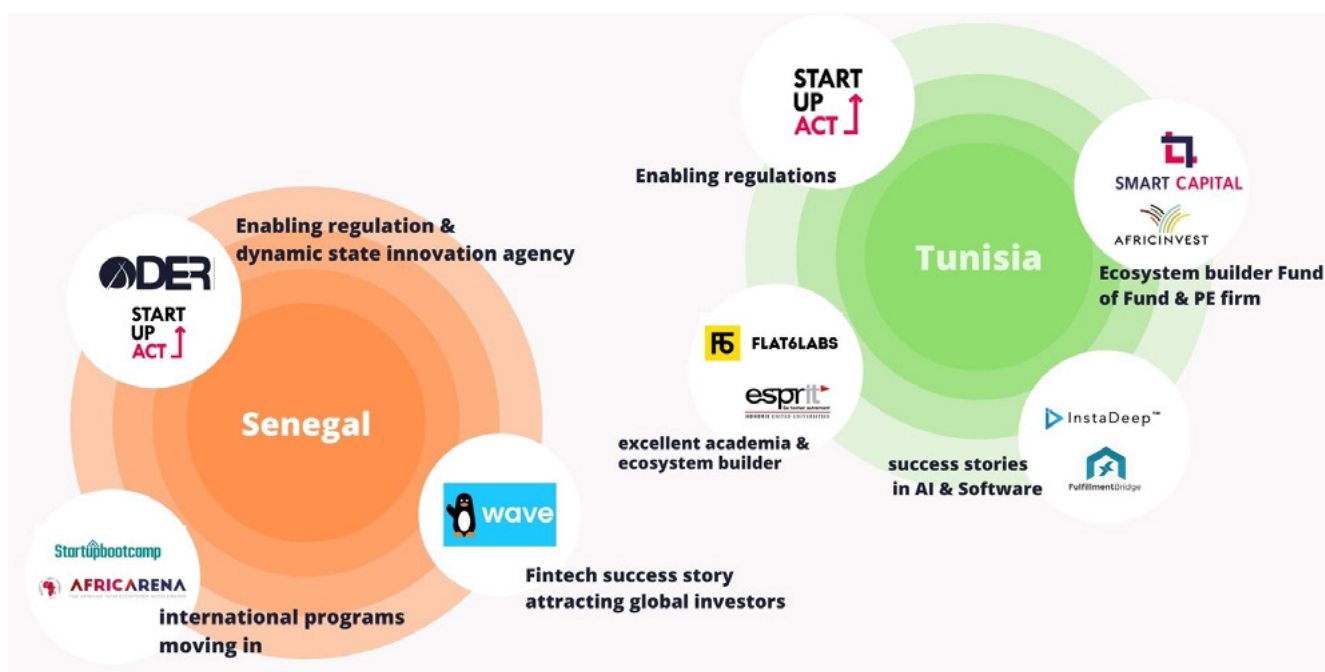
Some actors, such as STARTUP TUNISIA by Smart Capital, play an important role in strengthening the start-up ecosystem and creating a culture of entrepreneurship. STARTUP TUNISIA is a national initiative that wants to make Tunisia a “Startup Nation” with a vision build on 3 pillars: the legal framework (Startup Act.), start-up investment (Anava fund of funds), start-up ecosystem support (financial support, connectedness and promotion).

We had the opportunity to interview Salma Baghdadi, the Start-up Ecosystem Director at Smart Capital “We have a solid strategy to tackle the main problem, through the legal framework which is facilitating a lot of work for the start-ups and the investors also, from the investment side, the start-up invest will tackle the lack of money and give investors more opportunity to invest with less risk. We are tackling the biggest challenges. Now we need, to keep it up and work on the new challenges that we are facing”

Tunisia appointed a new government in October, and for the first time in history, the Prime Minister is a woman. While female founders received less than 1% of total funding in Africa in 2021, we have asked Salma for her perspective. “In Tunisia, exclusivity and gender equality are very important (...) we have the talents, we need to empower women to do that leap into entrepreneurship. 35% of start-ups are funded or co-funded by women, but 5% only are exclusively female. Even if women are well represented as co-founders, we need them to get more power (...) we also need to make access to funding easier for females, cause it is one of the biggest barriers, we need to work on that as a priority.”



Despite the current challenges, Expensia a Tunisian Fintech start-up and one of the best-funded start-ups in Tunisia, GoMyCode, a rapidly expanding coding school that has trained 5000 developers and opened three local offices in Morocco and Algeria, are two success stories and a good example that things are starting to move in Tunisia.



3.3

PAN-AFRICAN AND REGIONAL DYNAMICS

African entrepreneurs have long faced unfavourable regulatory environments, which make it difficult to launch, grow, and scale an innovative business. Start-ups require a legislative environment that promotes business creation, data sovereignty, and legislation governing these topics. Governments in Africa must do more to improve the regulatory and investment environments for start-ups not only in their own country but for the entire region because legislation enables start-ups to operate with the certainty provided by a well-defined framework for growth. Pro-start-up legislation will help Africa increase innovation, create jobs, and build trust between governments and entrepreneurs because there is still a lack of proper and consistent regulation across the continent.

“Many Startups have scaling challenges due to double taxation issues because we don’t yet have this standardization of the legislative and regulatory framework at the regional level,” says Carine Vavasseur.

“Many Startups have scaling challenges due to double taxation issues because we don’t yet have this standardization of the legislative and regulatory framework at the regional level,” says Carine Vavasseur. “There are things that are being built but it is not effective yet. I was talking with an entrepreneur who creates unique watches in Senegal. He manages to sell his watches in many countries (US, France) but he is struggling in the African market. The framework is so difficult that it is easier to scale in France and the United States than to scale in Africa”. According to Carine there are still a lot of barriers so there is a need for “Standardization of the legislative framework at the regional level to facilitate business, investment, movement of goods and people in Africa”

The other roadblock is access to data. Data scarcity is generally known to be a problem for businesses at the pan-African or regional level in Africa. It is difficult to learn about start-up deals and valuations in a region where very little and fragmented information is available. There are a lot of deals going on which are not reported in the regional or international rankings. We can take the Senegalese example “There are a lot of deals happening but which do not appear in rankings”. According to Carine we need to “Work at our level to ensure that the data is properly shared and that the ecosystem players produce reports on what is happening in their ecosystem. We also need to make sure that those who produce the international reports can have access to all this data to ensure that everything is properly informed. There is a lot of classification where there is a real gap between what is described and what is happening in the country”.



Section 3. Overview of 6 Ecosystems 2021

There is a need to connect the ecosystems together and unlock collaborations between key ecosystem players. The AfricArena Regional Tour was a great step forward to connect people, knowledge, tools and talents in the African start-up scene. So many of these key stakeholders in the Tech space did not work together and even worse, were, sometimes working on similar initiatives and tools. It seems more necessary than ever to continue creating links that make sense between stakeholders based on respective interests in different regions. As Salma says “One of the objectives of hosting the North AfricArena Summit in Tunisia was to connect all the African ecosystems that are booming. We look very closely at what is happening in other African countries. We were very happy and proud to see all the investments and all the innovations created in Africa and we would like to learn from their experience but at the same time also share our experiences (..) and what we can do together to go to the next level”

Africa’s technology and start-up ecosystems have seen consistent growth in recent years and are seen as playing an increasing role in defining the continent’s attractiveness. The funding raised by start-ups in Africa in 2021 has reached 4 billion dollars[2], this is promising and in the next few years, we expect to see continuous record breaking capital injection into start-ups on the continent. With a young and passionate population, a truly entrepreneurial spirit, and a solid technical infrastructure, Africa’s potential is limitless.

KEY TAKEAWAYS

→ Specificities of the different ecosystems.

There is a huge need to connect the different African ecosystems and unlock collaboration between key ecosystem players



NIGERIA:
Large customer market, low regulation, strong anchor with the US



SOUTH AFRICA:
Developed VC network, high internet penetration, strong academia



EGYPT: Proximity with the Middle East market, strong academia, dynamic local investors



KENYA: International investors, tech-savvy population, mobile money innovation



SENEGAL: Young, skilled and qualified workforce, gateway to the French-speaking markets



TUNISIA: Access to European markets, active start-up community

The various models of corporate innovation and Corporate VC in Africa?

Corporate innovation can be described as the development and promotion of innovative business ideas within an established company. Enterprises implement innovation opportunities into existing business models through Corporate innovation process. Established companies who engage in the corporate innovation typically have a dedicated team towards innovation efforts.

All successful corporate innovation models start in the same place: building a strategy around what the company wants to achieve in the future. This ranges from improving customer service to building new product lines. However, there are archetypal corporate innovation models that can guide you in the right direction.

Express Ventures provided an overview of corporate innovation models.

	INTRAPRENEURSHIP	CORPORATE VENTURE CAPITAL	CORPORATE ACCELERATOR	VENTURE BUILDER
Description	Intrapreneurship programmes support employees in developing innovative product ideas and entirely new business models within a company	Corporate venture capital depicts companies (outside of the finance sector) holding private equity shares in spin-off projects or startups in their early phase	Corporate accelerators are training camps for ventures from outside of the	Venture Builders help entrepreneurs with their market knowledge about trends and development approaches
Expert Access	Access to business units for validation of ideas, mentoring & support in seed funding	Access to industry experts and the start-up community	Access to industry experts and their network	Access to important customer networks, industry experts and start-up community
Goals	Optimisation of business processes & innovation through new business models	Gain a competitive advantage by coming into contact with new technologies and/or markets	Achieve market fit and market access in a certain period of time	Build up and grow new startup faster than standalone projects
Services	Office space, administrative support, access to partners	Validation of ideas, mentoring & support in sales, tech or finance	Mentoring in fields such as sales, tech or finance	Network, market data, support during ideation processes
Investment	Investment only taken by the organization	VC holds equity shares in the innovation project	Providing a seed investments	Provides a seed investment often together with third parties
Funding	Project funding is provided	Provides funds in exchange for the exploitation of new business opportunities	Gets hold of minority stake companies while founders stay in control	Gets hold of minority stake companies while founders stay in control

Corporate venturing is a subset of Venture Capital, Corporate Venture Capital (CVC) was started due to the vast emergence of start-up companies in the technology field. The main goal of CVC is to gain a competitive advantage and/or access to new, innovative companies that may become potential competitors in the future.

According to research conducted by PwC's Innovation Benchmark "Companies are embracing open innovation models: "The most innovative companies today are promoting innovation both inside and outside their organisations by breaking down traditional barriers to bring in a much wider ecosystem for ideas, insights, talent and technology. 61% of respondents say their company deploys an open innovation model, followed by design thinking (59%) and co-creating with customers, partners and suppliers (55%), all well ahead of traditional R&D (34%). More-inclusive operating models, such as open innovation, design thinking and co-creation with partners, customers, and suppliers are now all embraced ahead of traditional R&D, and by a wide margin – almost twice as many companies favour these models."

To understand how the corporate innovation models have been implemented, a business case study of applied corporate innovation and VC was conducted with: Founders Factory

Section 4. The various models of corporate innovation and Corporate VC in Africa?



Who is Founders Factory Africa (“FFA”)?

We’re fueling the early-stage entrepreneurs driving Africa’s startup economy.

Launched in 2018 and headquartered in Johannesburg, South Africa, Founders Factory is a unique bunch of creative builders, designers, technologists, product specialists, entrepreneurs and investors spread across the continent, who bring a wealth of knowledge and years of experience to the founders and teams they work with. FFA has a heart for Africa and they are proud to be a part of its complex and flourishing fabric and humbled by its history of individual and collective progress. Locally grounded and globally connected, they are becoming the go-to innovation partner for startups, investors and corporates — throughout Africa and beyond.

Rajiv Daya is the Head of Investments at FFA and he delves into the fundamentals of innovation by explaining it as either i) finding more effective and efficient ways of executing the same objectives or ii) finding completely new problems to solve within an ever-evolving macro and micro context. Startups aren’t necessarily trying to reinvent the wheel by creating new ideas, but instead leverage new thinking or new technology to solve problems and create inclusive growth at scale. It’s important to recognise that even though “innovation” is predominantly a tech industry buzzword, it needn’t be limited to technology itself, but rather the fundamental approach to disruption or creation of new ideas. It just so happens that the advent of technology has created boundless opportunities to do these things efficiently.

Considering this, he further describes corporate innovation as “either a set of internal or external tools and mechanisms that corporates deploy in order to make sure they continue to innovate with the world around them”. Corporates (and any established incumbents for that

matter) are inherently incentivised to cultivate innovation from a shareholder returns standpoint; however, many organisations struggle to balance the short-term return expectations with long-term returns and this is where external vehicles like ours play a crucial role i.e. enabling a corporate to continue focusing on their core value proposition while still testing innovation with a trusted partner.

What is Founders Factory Africa’s corporate innovation model?

Corporate innovation (CI) can be adopted either internally or externally. Certain organisations prefer to run CI internally to run initiatives that align with their corporate methodology, while others prefer to outsource or look externally in order to focus more on their corporate identity as not to diverge from their core business.

FFA can be seen as the external arm that gives corporates the time they need to focus on their core value proposition, while FFA drives Corporate Innovation that both supplements and expands the reach and growth of the economy.

For example, Standard Bank which is a FFA anchor and first shareholder has various internal innovation mechanisms. The benefit of externalising corporate innovation is that it creates more of an independent vehicle for innovation to thrive without having to undergo the same regulatory scrutiny until it is required. When corporates scale to the size of a Standard Bank, one naturally has a lot of boxes that need to be ticked. Technology evolves so quickly that we often need to make sure that we as an ecosystem are consistently innovating, doing it in a vehicle that is more agile that is able to fail without it being directly associated with a specific business unit within a larger organisation. Think

Section 4. The various models of corporate innovation and Corporate VC in Africa ?

of it as a broken telephone, the longer the chain becomes, the more diluted the core message is. Unfortunately, this leads to the stagnation of agile innovation within scale.

Founders Factory Africa Strategy

When you look at the investor landscape, Founders Factory Africa is essentially the vehicle for corporate innovation, acting an “API” to catalyse other stakeholders and communities. Within this context, Rajiv references his two pillars of investment for corporates: i) financial returns and ii) access to innovation for an existential reason. He mentions that the latter is often the more dominant driver, which allows the non-cash portion of their equity investment to be tied to a larger than usual operating team to really drive the success of these startups, as the funders are willing and able to provide what FFA calls an ‘unfair advantage’. This is market access and resources to those who would ordinarily not access these due to their location, economic climate or social indicators.

Let’s consider that corporate innovation through a CVC structure is done in a way that ultimately creates a conducive environment for innovation. Rajiv believes that corporates do have a huge role to play, but it fundamentally comes down to the intent of this involvement. If the intention is to hang onto decreasing market share by buying out innovation (i.e. the existential problem), that’s a problem. However, as FFA has seen through its model, if the intention is to foster innovation for the market and capture value / market share from the upside of that, then the intent will likely yield positive results.

“Africa needs to support its growing startup ecosystem by enabling more entrepreneurs to succeed.

I don’t believe that Founders Factory Africa is a panacea. We’re not here because Africa needs to import talent or ideas, and we’re not needed to cultivate innovation or ambition. We’re here because we’re inspired by the unlimited and uninhibited creativity, leadership, and spirit of African entrepreneurs.”

**Our mission is to fuel their success.
- Roo Rogers, CEO**

Founders Factory Africa invests in pre-seed and seed-stage startups, which means anything from an idea/ concept to a pre-Series A startup on the continent, within their core sectors of FinTech, HealthTech and AgriTech. The whole idea behind that is not to compete with the series A capital or later stage capital that is available but rather to help build a more investable pipeline of business and start-ups that are going to solve that pre-seed gap that we all know exists. Essentially trying to mitigate the risk associated with early-stage investment by creating an early enabling environment for founders to thrive.



Download the wired up for more exclusive content like Ep #17 - Future of Work. Facilitated by Patrick Craig ft Annette Muller (Flexyforce), Rajiv Daya (Founders Factory Africa), Sean Friedrich & Vincent Viollain (Viva Technology).

Section 4. The various models of corporate innovation and Corporate VC in Africa?

Sector investments from sponsored or corporate shareholders as an external arm usually focuses on specific sectors depending on their expertise. A big part of the Founders Factory model is working with or working within sectors where they feel they can add value through corporate shareholders and external partners and create impact. With the current sponsors and corporate shareholders, they predominantly focus on FinTech as a sector with Standard Bank and have invested in health checks as a sector with Netcare and Agri tech as the sector of focus with the small foundation.

Founders Factory has made 38 investments up to date, nearly growing their portfolio twofold from last year. They typically invest through their venture scale program, which is focused on seed-stage startups with a \$300,000 ticket and for startups they work with from the ground up, they've invested up to \$500,000, but that is done over two tranches.

Rajiv's assumption is that 2022 is going to be a continuation and amplification of that interdependency of small businesses. Not just in tech start-ups and small businesses, but in all of the decentralized ways in which we as an ecosystem are building value chains. Incumbents have traditionally created centralised structures as these have been easier to manage given the limited ability to coordinate with other stakeholders. Technology has disrupted this and we are starting to see corporates – for example – embrace this decentralisation of value chains in a way that opens up opportunities for smaller businesses to participate in value creation.

Public policy: State of Start-up Act in Africa

The impacts of 2020 were certainly unprecedented, but while adapting was difficult, the world proved that it wasn't impossible. As communities reopen and businesses resume as usual, founders face a gamut of opportunities to keep their startups well afloat.

5.1

WHAT IS THE START-UP ACT?

A Startup Act is essentially a component of policy or legislation that aims to make it easier for startups to establish, grow and scale. With a mission to largely see an ecosystem environment where innovative high growth startups are not highly constrained because of policy. And unlock the full potential of entrepreneurial skills of the people, through policy alterations or additions.



[Listen to Matsi Modise's Interview](#) on the SA Startup Act 

5.2

DO ENTREPRENEURS REALLY NEED THE GOVERNMENT'S HELP

According to one of the champions of the [Start-up Act South Africa](#), Matsi Modise: It is important for the government to be involved, as it plays an important role in assisting start-ups with capital funding, growth capital opportunities and scaling-up capital, hence government/political buy-in is crucial in scaling up the start-up ecosystem. Government should step in and cut the red tape, make a clear differentiation between big organisations, micro-enterprises, SMEs and start-ups. For startups to grow, the government should put in place legislative frameworks, political frameworks and laws that allow for the Start-up Act to be in place. Without

Section 5. Public policy: State of Start-up Act in Africa



these frameworks and policies in place, local tech start-ups will look into investment/funding opportunities overseas, in places like Delaware in the USA, where opportunities for start-ups are plentiful. South Africa hasn't made it possible for tech start-ups to scale their ventures so that they can contribute towards job creation and economic development.

In a recent meeting between the Start-up Act committee and the president, the common theme that emerged from the meeting was the need to foster a vibrant ecosystem for startups. This requires addressing systemic constraints and regulatory barriers, in addition to direct enterprise support and funding. On this last point, it was discussed that new and innovative models of financing be developed, including outcomes funding and early-stage funding. Attendees reached the consensus that South Africa needs to establish itself as a hub for venture capital and a gateway to the continent.

It was also agreed that a partnership approach would be crucial for strengthening linkages between government and organisations in the sector and for developing solutions collaboratively. Other crucial enablers that were explored included developing skills in digital and tech, addressing late payment of SMMEs through a mechanism for purchase order financing, and tackling other causes of business failure.

With the South African Startup Act potentially being an additional enabler, Alison Collier, [Endeavor South Africa's](#) managing director elaborated on the proposed policy amendments detailed in the draft Act.

“There are four key policy amendments that we propose for qualifying startups that will drive around 80% of the change. These include tax breaks and incentives for investors to ensure SA's tax regime makes us attractive for foreign VC investors relative to the best startup locations globally, automatic BBBEE level 1 status, increasing access to skilled talent by allowing a small number of visas for highly skilled foreign nationals per startup each year, and automatic exchange control approval for IP transfer as well as amnesty from current and future exchange control regulatory actions for investments into qualifying startups. The exciting part is that it's possible to implement these in the very short term and the upside is big – both for employment creation and gains to the fiscus.” - [BizCommunity Article](#)

Section 5. Public policy: State of Start-up Act in Africa



Take a [listen to a panel discussion on the topic “Do entrepreneurs really need the government’s help”](#) featuring panellists Carine Vavasseur, Aziza Inoubil, Zule Vuuren and Matsi Modise at the AfricArena Grand Summit 2021 in Cape Town South Africa

5.3

FINDINGS AND LEARNING FROM SENEGAL AND TUNISIA

In a recent interview with Noomane Fehri, founder of the Start-up Act in Tunisia and CEO of Our Digital Future, for AfricArena - Start-ups need the government to make sure that there is funding that exists for start-ups and they also need to fund the ecosystems, otherwise start-ups do not need the government’s help. Tunisia now has about 700 operating start-ups, through the work of the [Smart Capital](#), co-constructed by the start-up communities and not the government.

Understanding that all African countries are dealing with the same issues, the government creating procurement opportunities for start-ups is critical to start-ups scaling up their ventures. Tunisia has shown us exactly what the concept of a Start-up Act and what it means, based on these three pillars: (i) Building an ecosystem (ii) Being able to invest in these start-ups, creating a founders fund (iii) primarily creating a start-up act Buble were start-ups can thrive and grow within the ecosystem. There also needs to be a sense of a start-up nation, where start-ups from all over Africa, can collaborate and work together, to grow and scale-up, sharing insights and ideas. - Matsi Modise, AfricArena Interview.

AfricArena North Africa Summit Tour MC, Wassim Ben Larb - from my experience at the North Africa Summit, the north African region needs to have more unicorns, by opening a North African market, that will allow for international Venture Capital investment opportunities and scaling/growth funding opportunities, for the local ecosystem.

[Learn more about the Tunisian Startup Act: Noomane Fehri](#)

5.4

WHAT'S HAPPENING IN OTHER COUNTRIES (KENYA, NIGERIA, SOUTH AFRICA)?

The State of Start-up Act in Africa: It has grown, it has progressed with Tunisia being the pioneer, Senegal and South Africa, with Kenya, Nigeria, all looking to implement the start-up act.

The Nigeria Startup Bill (NSB) is a step closer to getting enacted into law as it has now been approved by the Federal Executive Council (FEC). The approval was made on December 15, and now, the Presidency will submit the bill to the National Assembly for consideration. The [NSB](#) aims to create an enabling environment for Nigerian startups to thrive. The three major challenges that the bill is looking to tackle are the lack of an enabling environment, unclear regulatory framework, and inadequate local content support. The bill proposes measures to ensure that these issues are addressed. For example, there will be protection and incentives, like tax breaks and access to an exclusive list of public and private-led funding opportunities, for local entrepreneurs. There will also be incentives to attract local and foreign investors to the Nigerian startup community - as reported by [TechCabal](#).

[CIO Africa](#) released an article on the progress of the start-up bill in Kenya: The Kenya Senate earlier in December of 2021, approved the bill, which means it can now progress to the next stage. The bill seeks to provide a framework that fosters a culture of innovative thinking and entrepreneurship. The proposal has also been developed to detail the process of registration of startups and provide a framework for linkage of startups with the private sector, financial institutions, investors, and research organizations.

The bill also has a lot of other benefits;

Facilitate the provision of fiscal and non-fiscal support to startups in Kenya;

Provide a framework that promotes an enabling environment for the establishment, development, conduct of business and regulation of startups;

The establishment of incubation facilities at the National and county levels of government;

Establish an environment that promotes the establishment of startups; and

Monitoring and evaluation of the legal and regulatory framework to encourage the development of startups.

[Start-up Africa](#) - In Tunisia, where the first Start-up Act was implemented, it is being heralded as a solution to widespread youth unemployment. With roughly a third of all young Tunisians unemployed, the government is using the Startup Act to encourage young people to take matters into their own hands and become novel business owners^[ii]. So far, this is proving to be a success with funding for startups increasing from \$5m in 2017 to \$18.5m in 2019^[iii]. Additionally, the government and World Bank-led Startup Tunisia programme, which is encouraging the creation and growth of tech startups and digital small businesses, has also allowed for the provision of equity and quasi-equity financing for innovative startups and SMEs. This is being done through both the Anava Fund of Funds and InnovaTech Fund with the aim of investing in 280 innovative startups and small businesses.

Section 5. Public policy: State of Start-up Act in Africa



“The Startup Acts in Tunisia and Senegal is a lightning rod channelling energy towards entrepreneurship, boosting collaboration in the ecosystem and attracting significant additional funding. The processes to develop the laws were heavily participatory and deliberative, ensuring the laws benefit not just entrepreneurs but the communities and industries around them too. In the case of Senegal, for example, there are clear measures to boost startup success, such as procurement preference, intellectual property support, and funding, but the co-creation process also resulted in revolutionary tax reforms to support all small businesses.” - [Jon Stever](#), Managing Director of the [Innovation for Policy Foundation](#) (i4Policy).

In Tunisia there are already discussions around implementing a Startup Act 2.0, as the actors and stakeholders of the Tunisian Innovation ecosystem call for an improvement of the regulatory framework relating to startups by changing the “startup act” to a second version “startup act 2.0” which should fill the gaps in the legislation in force. Ali Mnif, a member of the Startup Act Tunisia, emphasized the need to change the regulatory framework. As a launchpad, the Startup Act must be consolidated with

other mechanisms to support the growth of startups. The “startup act 2.0” must address the ecosystem challenges by improving and supplementing the legislation in force with other measures targeting startups, for example the sandbox of the BCT. Egypt and Nigeria have adopted much more friendly SandBoxes, which have revolutionized the fintech ecosystem. With regards to startup growth opportunities, some markets are completely blocked for regulatory reasons, but also because of mechanisms linked to the rent economy - [La Press.tn](#)

KEY TAKEAWAYS

→ Public policy : State of Start-up Act in Africa

1. The start-up act has grown in popularity, more and more African countries are stepping forward and taking the necessary steps to implement it, in their respective countries
2. The big 4, South Africa, Nigeria, Tunisia, Senegal and Kenya are leading the way in implementing start-up acts
3. The government’s buy-in into the Start-up Act is critical to the success of tech start-ups, scaling up
4. Government is crucial in creating policymakers and laws for the Start-up Act, and the creation of funding opportunities for start-ups.
5. All African countries are facing similar challenges, when it comes to challenges faced by start-ups across Africa namely - limited access to financing, inconsistent government regulations, cross-border payments, globalisation, weak infrastructure and minimal government assistance.

Predicting an uncertain future

6.1

THE CHANGING DRIVERS OF SCENARIO PLANNING FOR INVESTMENT IN AFRICAN TECH

Forecasting the total deployment of capital, from Seed to Growth, in Africa is no easy task given the early-stage nature and substantial differences between regions. At the time of writing our previous report in February 2021, a few weeks after the start of the pandemic, there were a lot of uncertainties:

- Will the investment momentum be put to a brutal halt or only a short delay?
- Can the new context impact the type, size and structure of transactions?
- Will the investors protect their portfolio or make new deals?
- Will the early-stage sector African tech startups, which are largely underfunded and typically have less than 3 months of cash on hand, survive the drought?

AfricArena research team had at the beginning of the pandemic provided an accurate prediction of the drop of investments that took place in 2020, forecasting between \$1.2 and \$1.8 billion, for an actual of \$1.4 billion. Early 2021 we provided guidance indicating our expectations that investment in the African tech startups would rebound strongly to reach its highest ever levels in 2021, with a top range of “over \$3 billion”. The reality turned out to beat our most

Fireside Chat

Unicorns: Nigeria 6 vs Rest of Africa
Catrien

Zach George

Melvyn Lubega

Oshone Ikazob

AFRICARENA

Take a listen to a Fireside Chat on winning strategies for investment in Africa featuring panellists Zach Ben Marrel - Breega, Carine Vavasseur -, Tandokazi Nquma Moyo - and Kohei Muto - Double Feather Partners at the AfricArena Grand Summit 2021 in Cape Town South Africa

Section 6. Predicting an uncertain future

optimistic scenario, reaching \$4 billion as elaborated in the analysis contained in earlier sections of this report. An important factor to consider is the impact of delayed large deals - which reduction had fueled the sharp decrease in 2020 - finally taking place in the second half of 2021. And it turned out that the pandemics had the interesting effect of further enabling the business case of many African tech startups which was supported by very dynamic new and already present investment firms focusing on early stages, such as Launch Africa Ventures, Kepple Ventures, Future Africa or new initiatives launched by Google. Although somewhat limited in absolute terms, this is a turning point as the rise of Pan-African early-stage investors will create a long term runway to create future champions and unicorns and eventually attract more late-stage investors.

Going into 2022, our scenarios factor several new parameters:

- How fast will early-stage investors be able to raise further capital and accelerate their impact in enabling the early stage ecosystem? And in particular how quickly will they be able to raise significant fresh capital?
- The Future of VC in Africa could increasingly be defined by fast-moving local players such as Future Africa or Launch Africa Ventures. We foresee this model to strongly grow in the coming years and be a catalyst for the overall growth of the ecosystem.
- Corporates have long been the missing piece of the investment puzzle in the ecosystem. However, the success of fund managers such as Newtown Partners in managing corporate VC funds, or the strong increase in the involvement of large US tech companies such as Google, Amazon and Microsoft, might provide an enormous amount of new capital made available.
- Corporates may enable the creation of new much-needed female-led funds, such as Norske 22, to bridge the major remaining gender gap in the African VC ecosystem.
- Will the geopolitical (induced by the war in Ukraine) and macro economical parameters, combined with the increasingly high valuations of the top tier of African fintech startups, pose a risk to the short term growth of the funding available to the ecosystem

6.2

WHAT'S NEXT

As of early 2021, our long term model indicated a solid mid-term growth for the investment in the African tech ecosystem, with guidance for 2022 ranging between \$3.8m to \$4.7 billion, an upper range of \$6.8 billion in 2023, \$8.8 billion in 2024 and over \$10 billion in 2025.

It is worth noting that new factors will come into play that will only fuel the growth of the sector. In particular:

- Many major initiatives from Europe (programs such as Enrich in Africa, Boost Africa), the UK (now having to establish specific programs to connect its tech sectors and corporates to opportunities on the continent), the US, Japan and China.

Section 6. Predicting an uncertain future

- As noted above an increased allocation of capital from Corporates to their corporate VC activities and acquisitions of African tech companies, largely driven by US tech corporates. It is to be noted as well that corporates are increasingly looking at working with experienced and established local fund managers to deploy their capital.

The intensification of investment by DFIs both via direct investment and increased allocation to VC firms. For example, The CDC Group is expanding its interests in the sector. CDC's new venture capital strategy focuses on partnerships with VC funds across key technology hubs in Africa such as Sawari Ventures (Egyptian / North African fund); TLcom (Pan-African fund); Novastar Ventures (Pan-African fund).

The increasing effect of successful exits and IPOs on angel investments and entrepreneurs led seed rounds to support new ventures. A gradual increase in valuations, particularly in regions such as West and North Africa (in particular francophone Africa, as seen with the Wave transaction).

The major restraints of these trends are the extremely slow adoption of regulatory reforms (startup acts and equivalent) to address the competitive shortfalls of many countries in the continent, such as South Africa, Kenya, Nigeria, Morocco, Tanzania. The only countries to have achieved meaningful progress are Kenya and Nigeria, already having draft regulations at parliament or the presidential approval stage. South Africa, astonishingly and despite a large ecosystem mobilization, has failed to make any meaningful progress on the path of modernizing archaic exchange controls, IP regulation and a complete lack of holistic approach to the sector, only announcing a potential "startup visa" but at the same time further tightening other immigration laws.

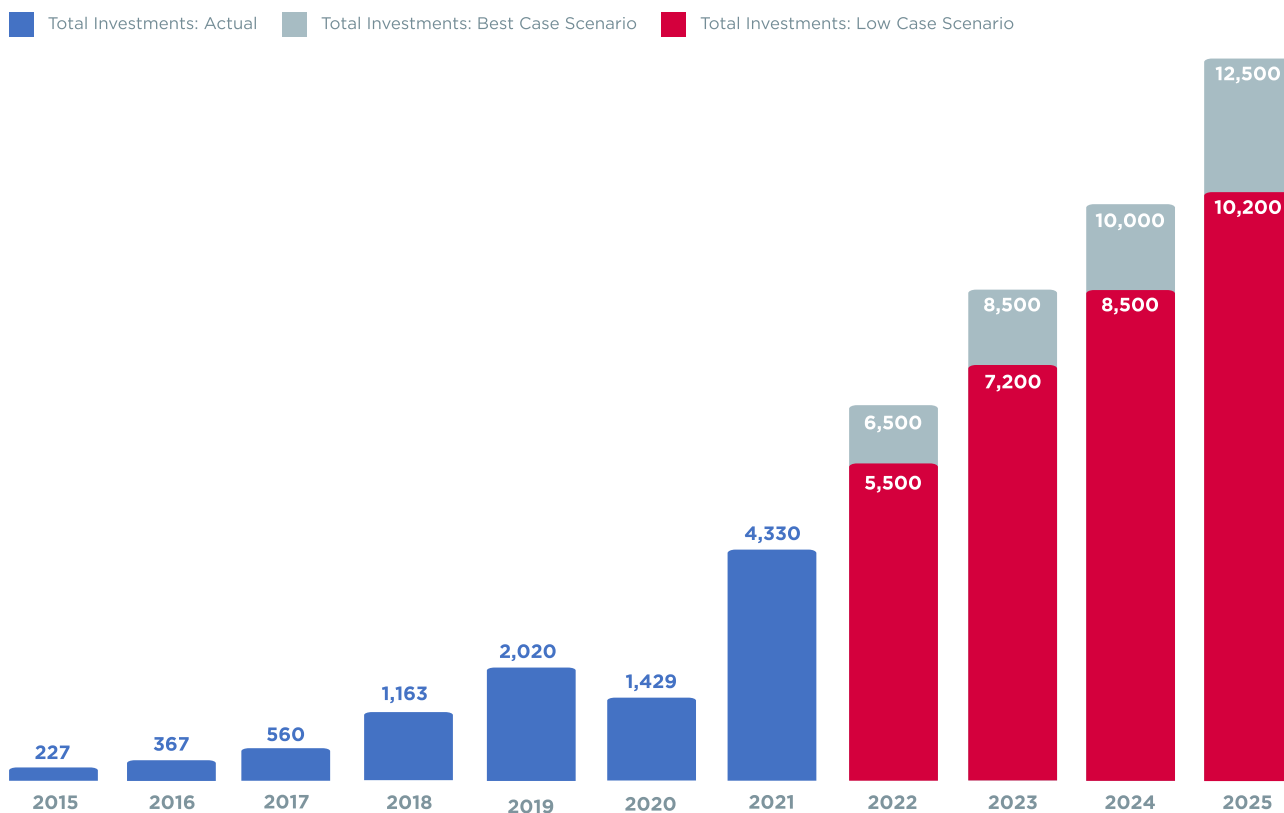
6.3

OUR KEY PREDICTIONS FOR 2022 AND BEYOND FOR INVESTMENT IN AFRICAN TECH STARTUPS

Based on the above observations, our views at the time of writing this report (February 2022) are that 2022 will range between \$5.5 and \$6.5 billion - boosted by increased corporate VC activity, a sharp increase in the number and size of early-stage investment firms, and the deployment of capital from late-stage investors. We further believe that we will see increased activity on the IPO and M&A side within particular an increased number of acquisitions of startups by other startups as part of their scale-up strategies around the continent, particularly in Fintech.

Section 6. Predicting an uncertain future

Investment in African Tech Startups: 2015 - 2025 (In \$ Million)



Our model for subsequent years, indicates an upper range of \$8.5 billion in 2023, over \$10 billion in 2024 and \$12.5 billion in 2025, a 25% increase from our last year's modelization and triple what it stood at in 2021. While the growth of these numbers appears significant, it should be noted that this remains a very small fraction of the overall VC activity in tech globally and - as of 2021 - less than \$2.5 per habitant.

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GLOSSARY

A-I

Accelerator: A structure that offers cohort-based and fixed term programmes to support growth stage ventures to achieve scalability and self-sufficiency. Accelerators offer advisory services, mentorship, workshops, networks and usually investments in cash or in-kind.

Accounting Rate of Return (ARR): The expected percentage rate of return on investment, compared to the initial investment's cost. (Compare with Return on investment)

Agritech: A portmanteau of "agriculture" and "technology", which refers to technology-enabled products or services geared towards better agricultural practices and outputs. •
Angel Investor ... An individual investor who uses their own money to fund an early-stage business.

Angel Investor: An individual investor who uses their own money to fund an early stage business.

Bootstrap: The founder(s) of a business use their personal capital to start the business and the money coming from the sales to grow it.

Corporate Venture Capital (CVC): Corporate venture capital is the investment of corporate funds directly in external startup companies.

Development Finance Institution (DFI): A financial institution that provides risk capital for economic development projects on a non-commercial basis.

Early Stage: A startup in its early days, usually with little or no funding.

Ecosystem: A dynamic framework consisting of a set of stakeholders - startups, hubs, investors, academic institutions, public institutions, corporates - who interact and engage with each other to seize new opportunities, support

innovation and strengthen the overall business environment for entities at different stages, sectors, and geographical locations.

Fintech: A portmanteau of "financial" and "technology" which refers to any sort of technology used to support or enable financial-related services.

Founder: The initial person(s) that start a business.

Fund Manager: A person or a legal entity who determines the investment strategy and manages the investment of money on behalf of an institution or group of people.


GDP per capita: The division of a country's GDP distributed across the population of the country.

General Partner (GP): A general partner in a VC fund manages the deployment of funds into investments in startups and the day-to-day operations of running the VC firm. (Compare to Limited Partner)

Gross Domestic Product (GDP): The total value of goods produced and services provided in a country during one year.

Healthtech (or e-health): A portmanteau of "healthcare" and "technology" which refers to the use of technology (databases, applications, etc.) support or enable health-related services.

Impact investing: Investments made into companies/organizations/funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return.

Incubator: A support structure that helps early-stage start-ups transform from idea to venture, by offering advisory services, resources, workshops and hands-on training that guide 

GLOSSARY

L-V

entrepreneurs in defining and refining their business models and value propositions to become a sustainable business.

Limited Partner (LP): A limited partner in a VC fund transfers to the general partners the assets under management for a limited duration to deploy them through investments in startups. Limited partners are not committed operationally in the management of the fund. They are usually Africa Arena - The State of Tech in Africa 2021 76 public institutions, pensions funds, development finance institutions, etc. (Compare to General Partner)

M&A (Merger and Acquisition): A general term used to describe the consolidation of companies or assets through various types of financial transactions, including mergers, acquisitions, consolidations, tender offers, purchase of assets, and management acquisitions.

Minimum Viable Product (MVP): A product with enough features to attract early-adopter customers and validate a product idea early in the product development cycle.

Off-grid: Technologies/products/facilities that do not rely on connectivity to a main electric grid to function, but rather, use alternative power options.

Open Innovation: The use of purposive inflows and outflows of knowledge and resources to accelerate internal innovation.

Open Innovation Challenge: Part of an Open Innovation program. Its goal is to source and connect startups with corporates.

Private Equity (PE): An alternative investment class and consists of capital that is not listed on a public exchange.

Proof of Concept (PoC): The materialization of a certain method or idea to demonstrate its feasibility.

Return on Investment (ROI): The measure of the amount of return on a particular investment, relative to the investment's cost. (Compare with Accounting Rate of Return)

Seed Funding: Early stage of funding where the startup might not even have an MVP.

Series A Funding: Follows the Seed Funding, usually enables the scaling phase of the business.

Startup: A company using technology to bring new products or services to the market. In our definition, it covers only companies being headquartered in or with most of its operations in Africa.

Startup Act: A legislation that is intended to encourage the growth and viability of startup companies.

Tech Hub: A centre, structure or network comprising actors supporting or facilitating the development of an environment conducive to entrepreneurship or innovation (e.g. incubator, accelerator, coworking spaces, etc.).

Ticket: "Ticket size" refers to the amount of money that goes into an investment transaction.

Venture Capital (VC): A venture capital firm is a specific type of private equity investment firm that focuses on high-growth potential, risky and innovative businesses. The expected above-average returns compensate for the high level of risk associated. It usually takes the form of an equity stake in exchange for cash money.



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