

State of Startup VC Funding in Africa

2023



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A message from our Publisher



Africa's tech and startup ecosystem has been rapidly developing over the past decade, driven by a large working population and technological advancements. With the UN projecting Africa's population to reach 2.5 billion by 2050, entrepreneurs and investors have a massive business opportunity.

Venture capital inflow to Africa has grown by over 15,440% from 2012 to 2022, making it a lucrative area for investment. As an indigenous and independent media organisation from Nigeria, we've been providing fair and factual reporting on the African tech ecosystem.

Our "BD Funding Tracker" collates open and verified data on funding in Africa, making us an indispensable tool for investors, startups, and media outlets like the Financial Times.

We are excited to introduce our inaugural report titled "The State of Startup funding in Africa 2023" which provides a comprehensive analysis of the African tech ecosystem and its funding landscape.

Benjamin Dada
Publisher, Bendada.com

Methodology



Funding reports are nuanced and their methodology is crucial. Here is an explanation of our approach:

- **Focus on African startups:**

Our definition of an African startup is one founded by at least one African, with significant operations (e.g. headquarters) and revenue generation on the continent.

- This is because the identity of the founder impacts their ability to fundraise. For instance, Black founders in the US raised only 1% of the total VC funding in 2021.
- Similarly, the peculiarities of doing business in Africa—a continent with a massive population but low purchasing power—are lost on those raising money to operate outside of the continent.
- We also do not misjudge an African startup as not African solely based on its headquarters. This is because many African startups are incorporating outside of their home country to gain access to international investors. For instance, Y Combinator – a leading global accelerator only invests in “US, Cayman, Singapore, and Canada corporations”, none of which are countries in Africa. Or to enjoy tax savings; e.g. Singapore has a low corporate tax of about 17%, compared to the US with 24%
- Against this backdrop, we see that:
 - Flutterwave is an African startup despite being headquartered in the US.
 - Calendly is not an African startup despite having an African founder.

Jumia is an African startup despite being co-founded by non-Africans.

That said, our limited presence in the MENA region could see us miss out on some North Africa deals. We do not deliberately exclude those deals, as we count them as part of Africa.

- **Focus on disclosed deals, for increased transparency and accountability:**

There are major attributes of a deal like the name of the startup, lead investor (where present) and participating investor(s), round size, round type, and funding type. However, the major parts of contention are whether to announce a raise at all or whether to abstract key details like the amount raised. Thus, analysts end up with three types of deals in their funding reports:

- Fully disclosed—round is publicly announced, alongside the amount and other details
- Partially disclosed—round publicly announced but the amount and some other details are withheld.
- Undisclosed—round not announced. Thus, only known within closed circles.

Our report only features publicly disclosed deals with a provision to state what details were withheld. We don't feature undisclosed deals because they are not falsifiable. Thus, we expect to exclude about 19% of the African funding data, going by [Partech's](#) historical reporting of "confidential" deals.

- **Inclusion of debt funding:**

For this report, we excluded funding rounds that were fully debt funding but included funding rounds that were a mix of debt and equity rounds. Hence this meant that our total funding figure for Africa excluded about \$1.2 billion in debt funding.

- **Inclusion of funding from accelerators, with a publicly disclosed standard deal and the exclusion of grants:**

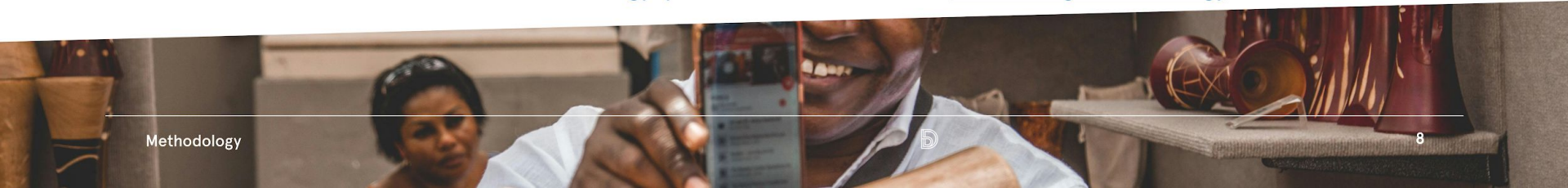
Accelerators play an important role in helping companies start. Many times, they infuse capital into the businesses they incubate in exchange for equity. Thus, fits our criteria for inclusion. However, the problem is that sometimes, there is some obscurity about the actual type of model, and terms that an “accelerator” operates on. Hence, we have resolved to only feature the accelerator funding from those with a publicly disclosed standard deal like Y Combinator and Techstars.

Grants, on the other hand, are not a sustainable form of raising capital. So, we exclude it in our report.

- **Focus on tech startups:**

Not every company is a startup and a lot has already been said about this. We exclude traditional SMEs and focus on tech companies with high-growth potential and loosely defined revenue/operations models. We are sector-agnostic and so, focus on the fact that the company is venture-backable and using innovativeness to deliver solutions to a new or existing problem. Oftentimes, we all agree on what a startup is and what is not a startup.

For more information about our methodology, please visit our website – [BD Funding methodology](#)



Executive summary

The African tech startup landscape, once a roaring torrent of innovation fueled by record-breaking VC investments, navigated choppy waters in 2023. While global economic headwinds sent ripples across the continent, the African entrepreneurial spirit remained buoyant, adapting and innovating in the face of a changing tide. This report delves deep into the dynamics of VC funding in Africa's tech ecosystem during this pivotal year.

• Key findings and opportunities



2023 witnessed a marked further shift from the breakneck pace of 2021, with overall funding figures declining compared to the previous year's record highs. African startups raised \$2 billion in 2023, a 43% decline compared to the 3.3 billion raised in the previous year. While this might seem like a downturn, it reflects a maturing ecosystem prioritising quality over quantity.

The traditional "big four" of Nigeria, Egypt, Kenya, and South Africa retained their position as top investment destinations. However, Ghana was displaced by Democratic Republic of the Congo as the fifth-ranked country, highlighting the potential for new hubs to emerge. While funding figures decreased, fintech's share of funding accelerated from 30% in 2022 to 50%.

This was a result of the overall funding decline which exaggerated the place of fintech in the funding circle. Cleantech, Mobility, and the eCommerce sector followed, showcasing areas of continued investor interest. However, emerging sectors like AI are poised for future growth, with early signs of a boom on the horizon.

Amidst this recalibration, new trends emerged that offer a glimpse into the future of Africa's tech scene. Investors, adopting a more cautious approach, prioritised established startups demonstrating strong traction. There were fewer funding deals in 2023 (263 deals) compared to 2022 (359 deals). Profitability and strong unit economics returned to the forefront as the most relevant business metrics for startups.

This shift, while challenging for early-stage ventures, signifies a maturing ecosystem where proven business models and solid execution take centre stage.

• Recommendations



2023's funding slowdown presents challenges and opportunities, demanding new approaches from founders, investors, and all players in the ecosystem.

For Startups, building sustainable business models is no longer a suggestion, it's a prerequisite. Show investors a clear path to profitability, not just moonshot potential. Strengthen your unit economics, demonstrating efficient operations and value creation. Be prepared for longer fundraising rounds – patience and persistence will be your allies in this new climate

Investors, shift your gaze from quantity to quality. Prioritise established startups with proven traction, not just flashy pitches. Recognise that African startups may require longer runways to reach profitability – offer patient capital and nurture their growth.

Foreign investors should partner with local VCs, accelerators and other stakeholders, their ground-level expertise can help mitigate risks, making your investments more successful.

The entire ecosystem must shift gears; encouraging further collaboration between founders, investors, governments, and other institutions. With the establishment of startup Acts in different countries, we must advocate for policies that support innovation and create a fertile ground for tech businesses to flourish.

We're still in the early days of the African tech ecosystem.

\$2 in equity
funding raised.
billion

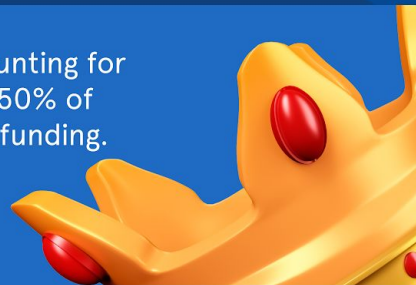
↓ 43% less than in 2022.

29

mergers and acquisitions
(M&A) deals across
insurtech, cleantech,
healthtech and fintech.

**Fintech is
still king**

accounting for
over 50% of
total funding.



Nigeria is still the top
market with Egypt,
Kenya, and South Africa
following respectively.

263
deals

took place in 2023, a
46% drop compared
to 359 deals in 2022.

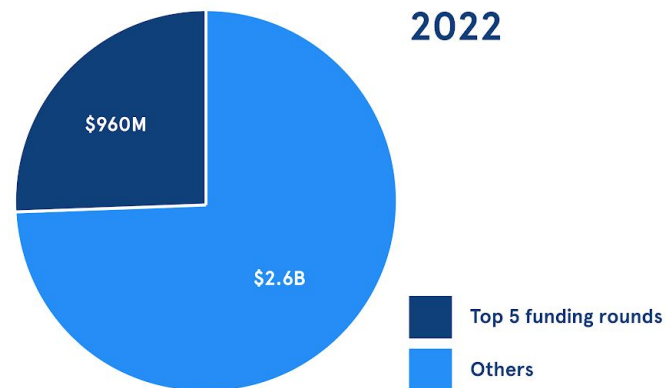
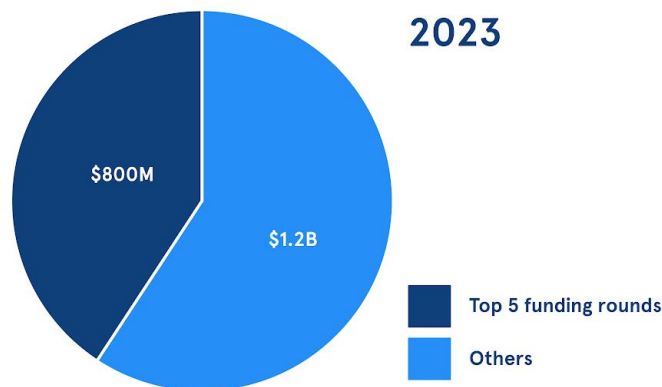


Funding rounds

Top 5 funding rounds represents 40% of all the money raised in 2023

In reality, there was less capital available to African startups in 2023 as the top five funding rounds absorbed about 40% of the total funding raised. Thus, leaving the remaining 219 startups grappling for just \$1.2 billion.

However, In 2022, the top 5 funding deals accounted for 26.54% of the total funds raised during that year (\$3.6 billion)



Top Five Funding Rounds Expanded

- Fintechs continue to dominate, raising more than 70% of the funding
- Cleantech funding finds its ground
- Debt financing on the rise, representing
- The “big four” are ably represented



Funding Rounds

In 2023, startups raised funding mostly across these funding stages:

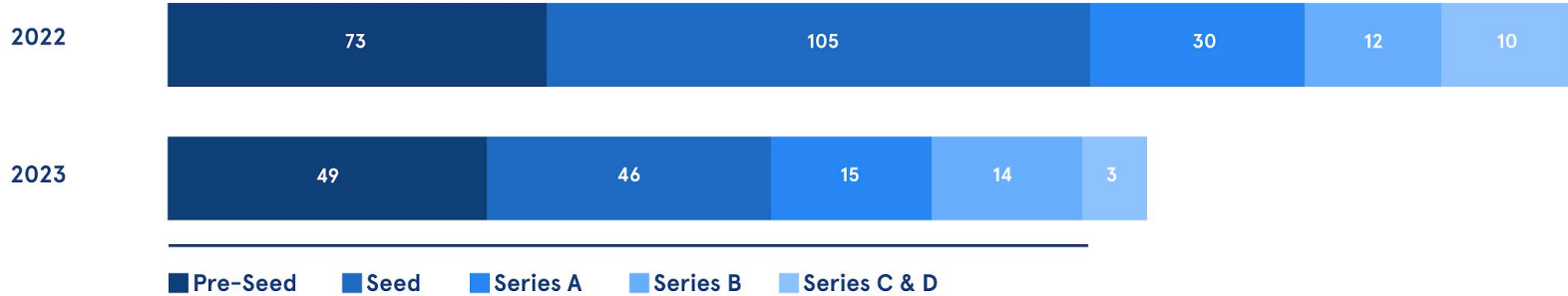
- Pre-seed
- Seed
- Pre-series A
- Series A
- Series B stage

Our findings are viewed through the lens of the Seed and Series A round on a timeline of year-on-year and quarter-on-quarter growth. Here are five of our key findings about the funding rounds in Africa:

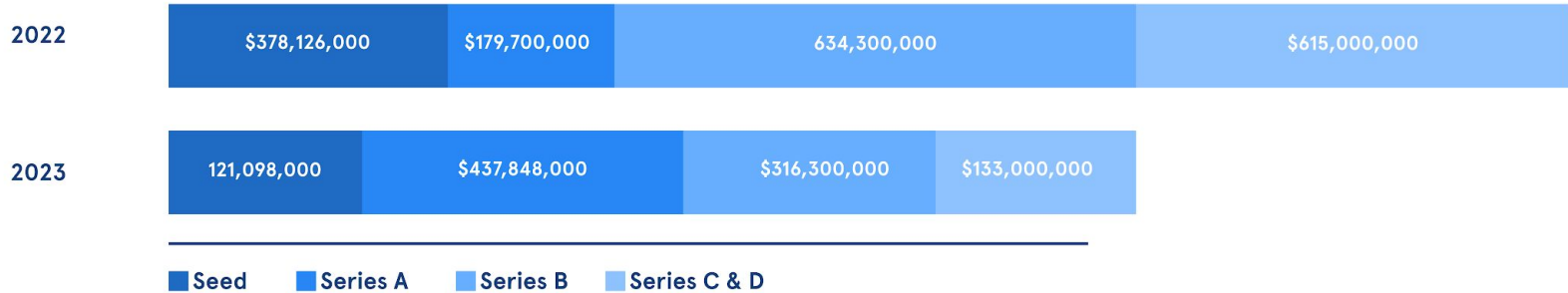
- **The number of deals per round declined**

There were fewer seed deals and series A deals in 2023, compared to the same period in 2022.

No. Of Deals



Values Of Deals



Average ticket sizes have gotten smaller

Let's take Seed and Series A rounds, for instance, since they are the first set of institutional rounds and the most prevalent on the continent.



- Average seed round size

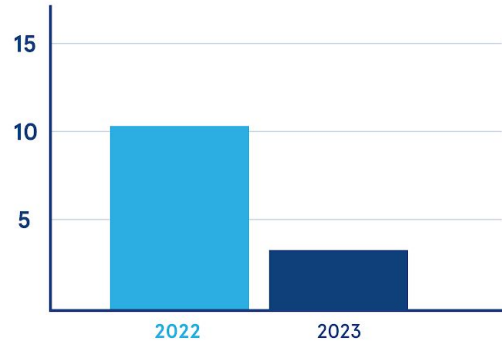
Given how rare (< 10%) it is to make it to the Series A, it's important to examine the average ticket size at that level.



- Average series A round size

There is a paucity of later-stage funding rounds

2023 had only three post-series B funding rounds compared to eleven in 2022. There were only two Series C rounds – Egyptian Edtech startup, Almentor and Kenyan e-commerce startup Copia Global – and one Series D round by Husk Power Systems.



• Post-series B rounds in 2022 vs 2023]

M&As are taking the place of later-stage funding rounds

There were 29 mergers and acquisitions (M&A) deals in 2023 which cut across different sectors such as Insurtech, cleantech, healthtech and fintech. Most of the deals took place among Nigerian startups (12) and in the fintech space (9).

The pricing of most of the M&A deals was undisclosed, but here are the deals that were disclosed.

- BioNtech's acquisition of Tunisia's Instadeep was the largest M&A deal of the year at \$680 million.

- Egypt's Esports platform GBarena acquired Tunisian gaming startup Galatech for \$15 million.

- Kenyan fintech Lipa Later acquired Kenyan e-Commerce startup Sky.Garden in a \$1.6 million deal.

- South African proptech Neighbourgood acquired South African Traveltech Local Knowledge for \$1.5 million.

List of some other M&A deals

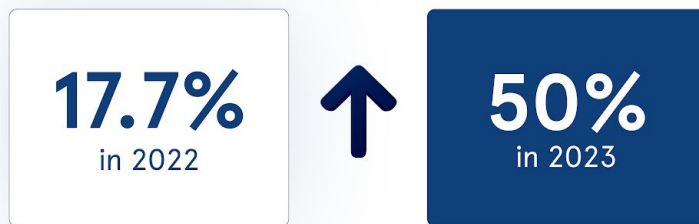
Acquirer	Acquiree	Sector	Primary market
Rology	Arkan United	Healthtech	Egypt
TFK	Opio	e-Commerce	Egypt
Kyosk	KwikBasket	e-Commerce	Kenya
Moniepoint	Kopo Kopo	Fintech	Kenya
Medius	Expensya	Fintech	Tunisia
Asaak	FlexClub Mexico	Mobility	Kenya/Mexico
BTrust	Qala	Crypto & Web3	Nigeria
WhoGoHost	Sendchamp	Communications	Nigeria
Turaco	MicroEnsure United	Insurtech	Ghana
Risevest	Chaka	Fintech	Nigeria
Gozem	Moneex	Fintech	Benin

view full list of M&A deals [here](#).

Undisclosed rounds are still the norm

In 2023, an estimated 50% of the total amount raised value remained under wraps, up from 17.7% in 2022. This partly explains why there are fewer early-stage deals as many of them were undisclosed.

Several factors contribute to this lack of transparency, including the privacy preferences of both startups and investors, strategic considerations surrounding valuation, and the nascent nature of certain markets.



• Total amount raised value under wraps

Countries

"The "Big Four" markets in Africa

Nigeria, Egypt, Kenya and South Africa retained their position as top tech investment destinations in Africa; securing 88% of the total equity funding amount last year.

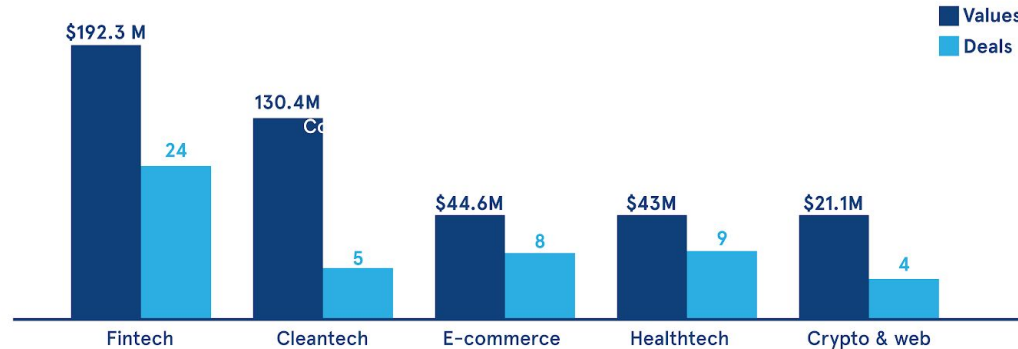


Nigeria

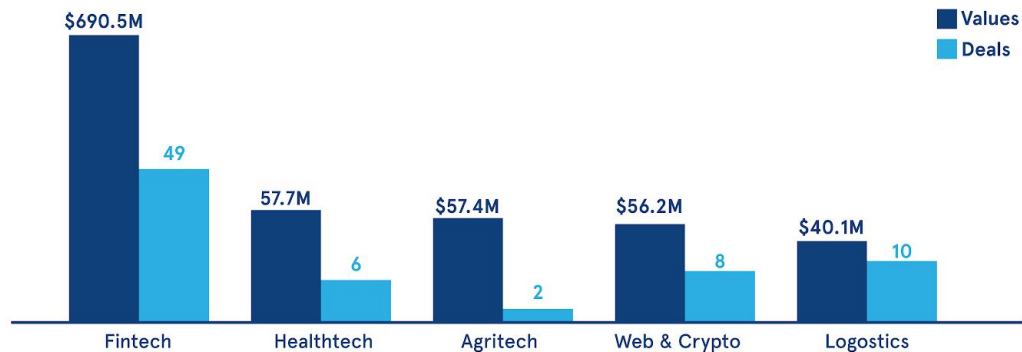
Nigeria's clear lead, both in deal volume and total funding, underscores its position as a powerhouse within Africa's startup ecosystem. This can be attributed to its large population, growing middle class, and vibrant tech scene driven by sectors like fintech and e-commerce.

A year-on-year 53% decline in funding raised by fintech startups compared to 2022 is a reflection of the economic downturn.

Total funding in 2023: \$477,985,000



Total funding in 2022: \$1,016,701,000



Fintech's dominance with 24 deals and \$192.3 million raised is undeniable. This reflects Nigeria's large unbanked population, growing mobile money adoption, and a surge in innovative financial services platforms. Although fewer deals (5), cleantech's \$130.4 million haul is a remarkable show of investor confidence in Nigeria's renewable energy and eco-friendly solutions, catering to a growing awareness of climate change.

This was largely driven by one deal: Husk Power's \$103 million funding.

With 8 deals and \$44.6 million, e-commerce continues its steady growth, fueled by internet penetration and a rising middle class embracing online shopping.

Nine deals and \$43 million suggest an increasing focus on healthcare solutions catering to Nigeria's large population and underserved medical needs.

Though nascent, with 4 deals and \$21.1 million, crypto and Web3 show sustained interest in blockchain

technology and decentralized solutions despite the crypto winter season.

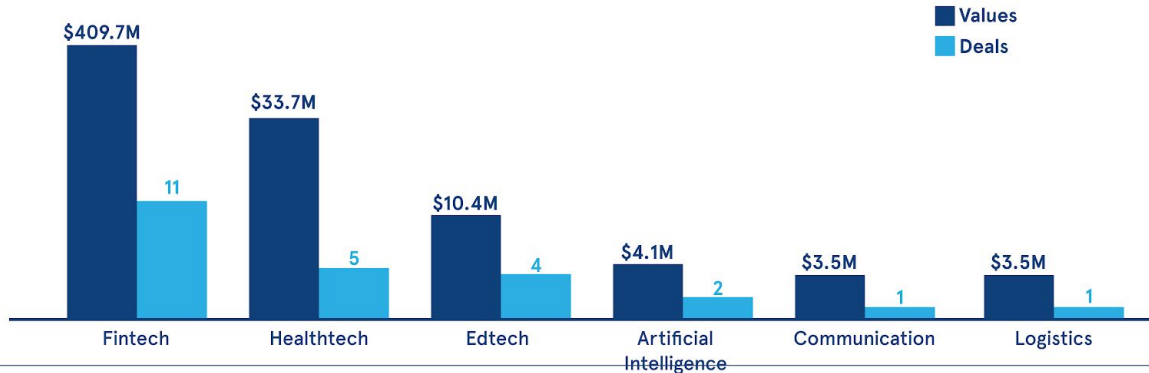
Egypt

Egypt and Nigeria are almost tied in total funding, despite Nigeria having more deals. This suggests Egypt attracts larger, later-stage ventures in established sectors like fintech and consumer goods.

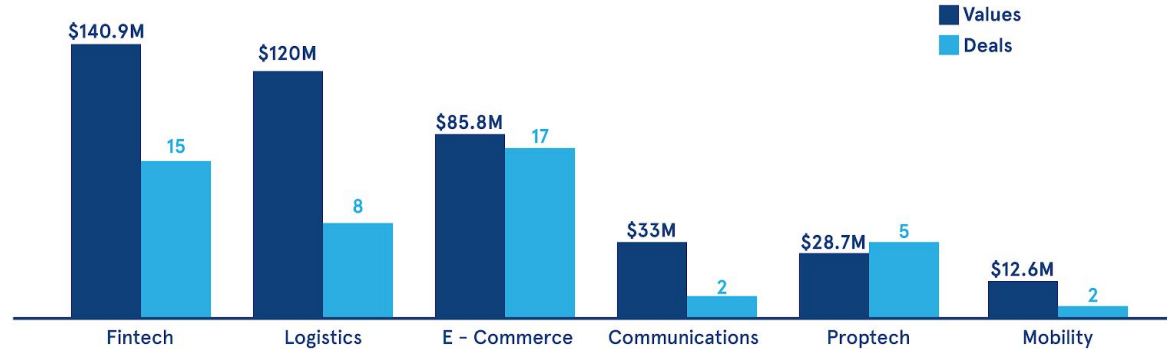
It's noteworthy that eCommerce startups attracted a paltry \$3.3 million compared to \$85.8 million raised in 2022.

Does this indicate a shift in investors' preference or a saturation of the eCommerce startup space?

Total funding in 2023: \$473,660,000



Total funding in 2022: \$544,095,000



11 deals securing a staggering \$409.7 million, underscores Egypt's focus on financial inclusion and technological innovation in banking and payments. This aligns with the country's large unbanked population and increasing mobile penetration. In 2023, Egypt achieved a major milestone by creating its first unicorn, MNT-Halan.

Healthtech's promising \$33.7 million across 5 deals signifies growing attention to digital solutions in healthcare.

This could be driven by factors like an ageing population, rising healthcare costs, and government initiatives to improve healthcare access.

Though modest in funding (\$10.4 million across 4 deals), Edtech's presence highlights the importance of education and skill development in Egypt's future. Continued investment in this sector could equip the workforce with the necessary skills for a knowledge-based economy.

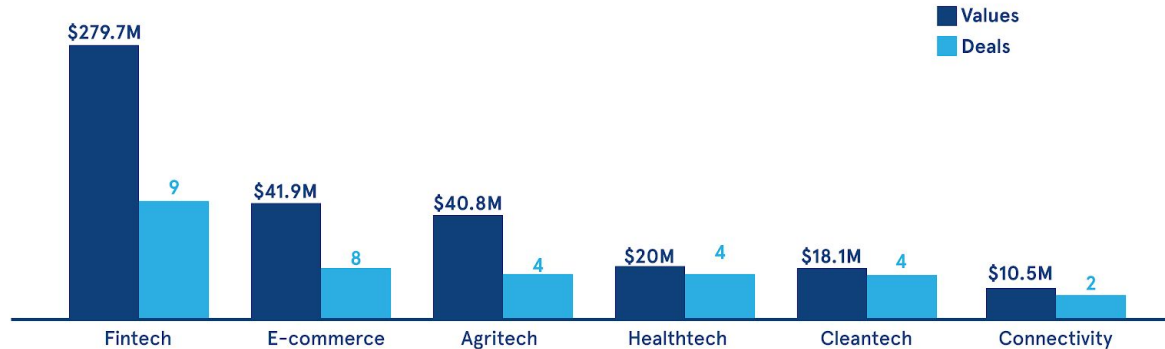
The appearance of AI, Communication, and Logistics, each with one deal and \$3.5 million, paints a picture of a diversifying ecosystem exploring new avenues for innovation.

These sectors hold potential for future growth and could attract further investment as they prove their viability.

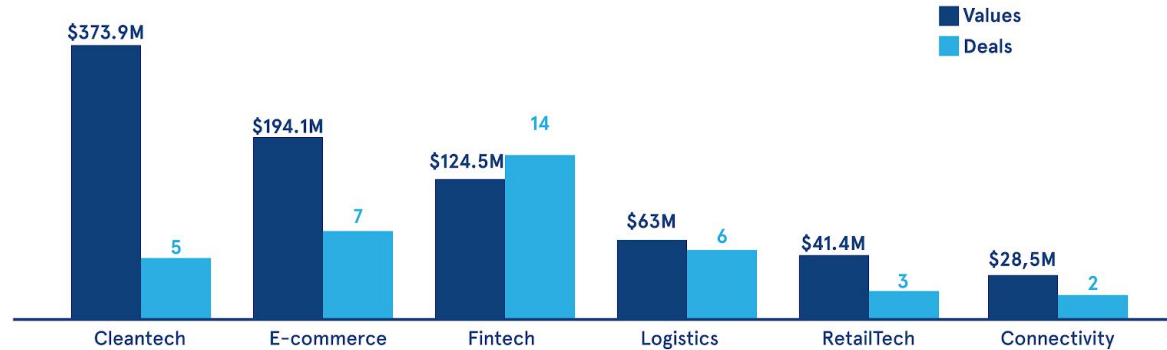
Kenya

Close behind with 40 deals, Kenya leverages its mobile money revolution and reputation as a regional innovation hub to compete for the top spot.

Total funding in 2023: \$427,310,000



Total funding in 2022: \$936,363,000



With 9 deals securing \$279.7 million, Fintech maintains its throne as the undisputed leader. This aligns with Kenya's mobile money revolution and its established position as a regional hub for financial technology.

eCommerce, with \$41.9 million raised across 8 deals, puts up a strong fight for the top spot. This reflects the growing online shopping culture in Kenya, fueled by improved internet connectivity and a tech-savvy population.

The \$40.8 million secured in 4 Agritech deals signifies a growing focus on agricultural innovation in Kenya. This could be driven by factors like a large rural population, climate change concerns, and government initiatives to modernize the sector.

The \$10.5 million raised in 2 deals for Connectivity demonstrates the importance of digital infrastructure in enabling innovation across all sectors. Continued investment in this area could unlock further potential for the entire Kenyan ecosystem.

South Africa

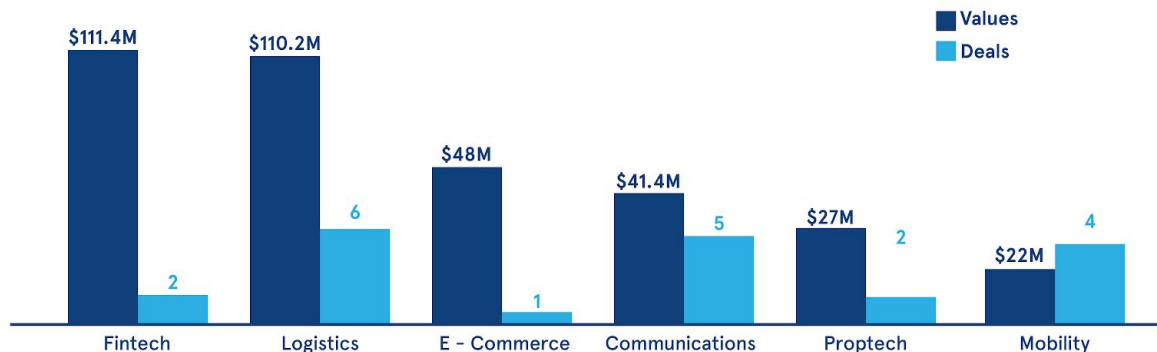
While not topping the charts, South Africa maintains a solid presence with high average deal sizes, showcasing a mature ecosystem focused on larger, later-stage ventures in mobility and financial services.

On the bright side, South Africa is the only one out of the “big four” which experienced a growth in funding raised. The \$40.8 million secured in 4 Agritech deals signifies a growing focus on agricultural innovation in Kenya.

This could be driven by factors like a large rural population, climate change concerns, and government initiatives to modernize the sector. The \$10.5 million raised in 2 deals for Connectivity demonstrates the importance of digital infrastructure in enabling innovation across all sectors.

Continued investment in this area could unlock further potential for the entire Kenyan ecosystem.

Total funding in 2023: \$384,366,000



Total funding in 2022: \$314,770,000



With a whopping \$111.4 million across just 2 deals, Mobility emerges as the unexpected frontrunner. This could be attributed to factors like increasing urbanization, demand for convenient transportation alternatives, and a focus on electric vehicles.

Fintech, with 6 deals securing \$110.2 million, maintains its established position as a major player. South Africa's strong financial infrastructure and large unbanked population continue to attract investment in this sector. The \$48 million secured in a single Cleantech deal highlights the growing awareness of environmental sustainability in South Africa.

This could be driven by government incentives for renewable energy and increasing concerns about climate change. Insurtech's \$41.4 million across 5 deals indicates a growing appetite for digital solutions in the insurance sector. This could be fueled by factors like a tech-savvy population and increasing demand for personalized insurance products.

Gaming's \$27 million across 2 deals and Communication's \$22 million across 4 deals highlight the presence of diverse sectors with potential for future growth.

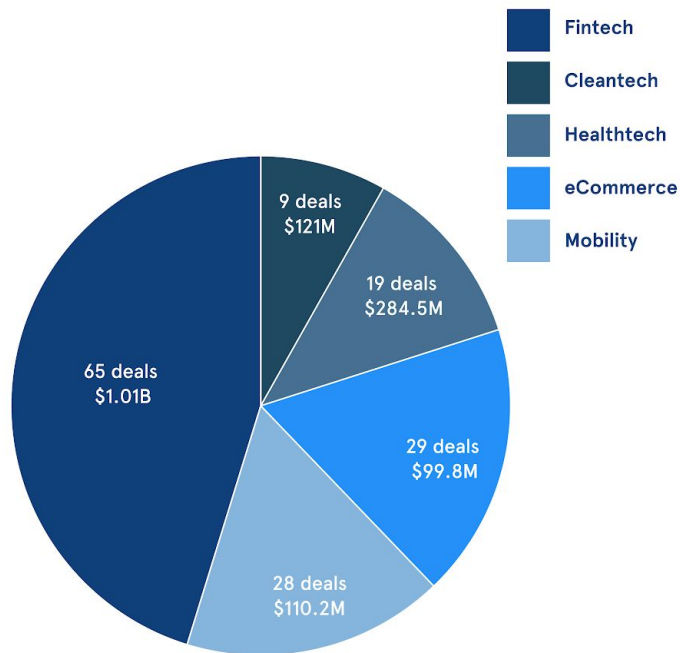
These areas could attract further investment as they gain traction and prove their viability.

Democratic Republic of the Congo was an outlier in that it displaced Ghana as the fifth-most-ranked country. This was largely driven by the \$40 million series B round of cleantech startup Nuru. Other countries like Uganda, and Rwanda, despite a lower deal count, have significant average investments, indicating untapped potential and investor interest in their startups and tech-savvy populations.

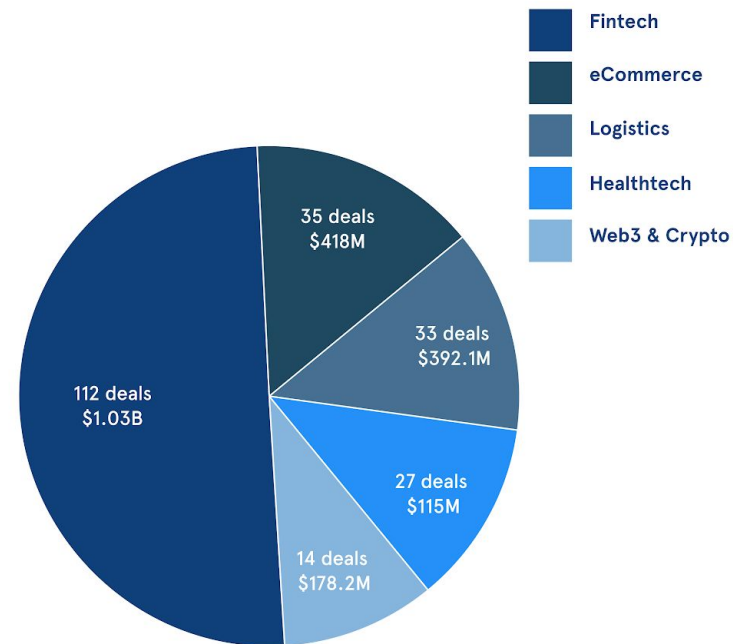
The significant disparity between the top four countries which accounted for almost 80% of the total funding raised and the rest highlights the uneven distribution of investment. This points to the need for better infrastructure, talent development, and policy frameworks to nurture startups in less-developed regions.

Sectors

2023



2022



While the number of deals in 2023 decreased compared to 2022, Fintech retains its undisputed crown, securing over \$1 billion in funding. This underscores the continent's continued focus on financial inclusion and mobile money innovation.

A significant increase in funding cleantech startups despite fewer deals demonstrates investors' growing awareness of environmental sustainability and the potential of renewable energy solutions in Africa.

e-Commerce, the 2022 runner-up, experienced a drop in deals and funding in 2023. This could be due to market saturation or investors focusing on other sectors with higher growth potential.

Mobility, absent from the top 5 in 2022, jumps to the third spot in 2023. This surge reflects interest in solving transportation challenges through ride-sharing, electric vehicles, and smart logistics solutions.

The absence of Web3 & Crypto in the top 5 of 2023 marks a decline from its 2022 prominence. This could be due to market volatility or investors shifting focus to more established sectors.

Notably, despite the global buzz surrounding AI, funding for the sector is still minimal in Africa with only \$9 million funding raised.

2024 might be the year that Africa catches up with the AI boom.

Sectors	Amount 2023	Deals 2023	Amount 2022	Deals 2022
Fintech	\$1,015,672,193	65	\$1,363,281,000	112

Sectors	Amount 2023	Deals 2023	Amount 2022	Deals 2022
Cleantech	\$284,585,000	19	\$381,640,000	8
Mobility	\$121,000,000	9	\$72,973,000	9
Healthtech	\$110,290,000	8	\$122,516,000	32
e-Commerce	\$99,881,000	29	\$418,800,000	35
Agritech	\$64,360,000	17	\$157,317,000	14
Logistics	\$53,515,000	15	\$390,214,000	33
Insurtech	\$47,106,000	12	\$34.6 million	4
Communication	\$46,803,000	13	-	-

Sectors	Amount 2023	Deals 2023	Amount 2022	Deals 2022
Connectivity	\$42,500,000	4	\$84,120,000	7
Gaming	\$27,191,000	3	\$21,000,000	2
Crypto & Web3	\$23,405,000	7	\$178,270,000	14
Identity	\$20,500,000	3	\$4,300,000	4
Edtech	\$15,860,000	12	\$26,734,000	18
HRTech	\$9,300,000	6	\$3,270,000	5
AI	\$9,007,000	9	\$155,300,000	8
PropTech	\$3,040,000	6	\$52,215,000	13

Sectors	Amount 2023	Deals 2023	Amount 2022	Deals 2022
Emerging Tech	\$2,160,000	2	-	-
RegTech	\$2,000,000	-	-	-
Construction	\$539,000	-	-	-
Identity	\$20,500,000	3	\$4,300,000	4
Other	-	-	\$114,909,000	19
Media & Comms	-	-	\$42,725,000	7

African-focused VC Funds in 2023

Some VC firms that raised funds to invest in startups in the region include:

- Nairobi-based VC firm, [Enza Capital](#) closed a \$58 million funding round across two funds. Over the years, it has made 48 investments in 31 companies operating in eight African markets, including Kenya, Uganda, Nigeria, Ghana, Ivory Coast, Senegal, Egypt, and South Africa.
- South Africa-based venture builder, [Founders Factory Africa](#) secured \$144 million to scale its hybrid investment model across Africa. Since its inception in 2018, Founders Factory Africa has backed over 55 African tech startups, including Mycover ai, OkHi, and Zuri Health.
- US-based firm, [Black Ostrich Ventures](#) raised a \$20 million fund to invest in startups operating in cleantech, supply chain, agritech, and edtech, outside of “the big four markets” bubble, including Tanzania, Zambia, Morocco, and Uganda.
- Catalyst Fund closed the first round of its \$40 million venture capital fund and accelerator. The fund will be invested in African cleantech startups.
- Pan-African Seed VC fund, P1 Ventures completed the first close of its \$50 million fund to invest in African startups with transformational software businesses.
- South African VC firm, [Knife Capital](#) closed a \$50 million Series B fund for startups with high exit potential. The Cape Town-based VC firm says it will invest in 10-12 startups via this fund, with an average cheque of \$3 million (the remainder saved for follow-on).

Layoffs and shutdowns

African startups that laid off employees in 2023

In 2023, approximately 1,500 employees in African tech startups experienced layoffs primarily driven by economic challenges. We have compiled a list of startups that conducted layoffs as well as those that shuttered their operations, impacting the entire workforce in the latter case.



In July, news broke about layoffs at Medsaf, a Nigerian healthtech startup. Per exclusive reporting by TechCabl, the startup laid off all its full-time employees, due to “challenges ranging from funding gaps to account receivables due to different the macroeconomic policies and dismal payment behaviour of hospitals in our industry,” according to COO Rotimi Lawal.



Pan-African media startup, Big Cabal Media downsized its workforce by 19% in August. Its new publication focused on politics and governance in Nigeria, Citizen was the most affected by the layoff.



Kenyan e-commerce startup, Copia laid off 25%; that is 350 employees of its workforce.



In August, another Kenyan e-commerce startup, Twiga fired 283 employees, representing 33% of its 850 workforce, in what it describes as “strategic operating adjustments”.



As part of restructuring at Cellulant, the Kenyan fintech startup laid off 20% of its employees in August.



In September, Ghanaian healthtech startup, mPharma parted ways with 150 of its employees due to tightening macroeconomic conditions.



There were three rounds of layoff in 2023. In the first round of layoffs in February, the fintech company let go of more than a third – 140 employees – of its workforce in IT, engineering and some leadership. 15% of the 140 employees were Nigerians. The other two rounds in June and December saw more than 20 employees leave including the company’s COO, Alicia Levine, and Kenya Country Director, Leon Kiptum.



In December, Paystack laid off 33 employees in the UAE and Europe, in a move aimed at localising cost.

African startups that shut down in 2023

Startup	Founding date	Sector	Primary Market	Amount raised since launch (disclosed)
Okada Books	2013	e-commerce	Nigeria	N/A
Sendy	2015	e-commerce	Kenya	\$26.5 million
Zumi	2016	e-commerce	Kenya	\$970 million
WhereIsMyTransport	2016	Logistics	South Africa	\$26.5 million
Zazuu	2018	Fintech	Nigeria	\$2 million
Dash	2019	Fintech	Ghana	\$86.1 million
54gene	2019	Healthtech	Nigeria	\$45 million

Startup	Founding date	Sector	Primary Market	Amount raised since launch (disclosed)
Vibra	2021	Crypto & Web3	Nigeria	\$6 million
Pivo	2021	Fintech	Nigeria	\$2.8 million
Lazerpay	2021	Crypto & Web3	Nigeria	\$1.1 million
Wabi	2021	e-commerce	Nigeria	N/A
Hytch	2022	Logistics	Nigeria	N/A

Outlook for 2024

12 African startups to watch out for in 2024, according to investors

In the wake of the global market reset, African startups are hustling to regain momentum in a funding winter. We asked four investors—Joe Kinvi, Stephen Deng, Jasiel Martin-Odoom and Peter Oraifo—on the continent

about the top must-watch startups, the list includes startups operating in fintech, cleantech, logistics and e-commerce from Nigeria, Kenya, Tanzania, South Africa and Senegal.

brass

Co-founded in 2020 by Sola Akindolu and Emmanuel Okeke, Brass delivers easy access to affordable premium banking services for small and medium-sized businesses (SMEs), and is making business banking simple again. The Nigerian fintech has raised about \$1.2 million in funding.

“They are very intentional about building each product and their ecosystem approach is coming together very nicely. If you haven’t heard of it, your favourite business is probably using them,” according to Joe Kinvi, a founding partner at HoaQ.

RAYDA

Rayda provides businesses with the infrastructure to acquire, manage, insure, track, and dispose of their business assets globally, the Nigerian startup was founded in 2022 by Francis Osifo. “Francis the CEO has built many businesses in the past but found a very good niche that is not very sexy and ignored. My money is on Francis to build a truly global business,” says Kinvi.

Tembo

Founded by Tanzanian tech entrepreneur, Victor Joseph in 2019, Tembo Plus is a digital banking service that works with mobile money accounts. “Victor might just put the Tanzanian fintech ecosystem on the global map with what they are building. He is relentless and will not give up until he achieves his goals,” according to Joe Kinvi.

ANDO

Asif Khan and Vineet co-founded Ando Foods in 2020, a food tech startup operating in Kenya and South Africa that is disrupting the conventional restaurant model. Stephen Deng, general partner at DFS Lab, commends Ando Foods as a standout startup, demonstrating how to build a food-first food-tech business in Africa.

Terminal

The Nigerian logistics startup facilitates continental and global commerce through scalable technology-based solutions and is said to be serving over 3,500+ businesses, shipping goods worth over ₦350 million monthly. Terminal Africa was founded in 2021 by Nnamdi Okoh and Udi Okoh and has raised about \$2.1 million. According to Deng, “Terminal is a startup worth watching for leading the cross-border delivery opportunity while staying asset-light.”

AKIBA

This fintech startup was founded in 2017 and is headquartered in Johannesburg, South Africa. Akiba provides alternative credit-scoring infrastructure that connects lenders with small and medium enterprises.



Orda is referred to as the OS for small and medium-sized African restaurants, founded in 2020 by Guy Futi, Fikayo Akinwale, Mark Edomwande, Kunle Ogungbamila, and Namir El-Khoury and their vision is to help small-sized African restaurants optimize their business and achieve sustainable growth.



In 2018, Andy Milne, Sam Brawerman, and Morne van der Westhuizen founded a Kenyan startup, Kuunda to address ongoing liquidity challenges in emerging economies. By 2021, they had disbursed over 6 million loans and raised \$2.25 million in seed funding led by Accion Venture Labs, while also launching a Nairobi operations hub to support African country launches.



According to its website, Lami provides end-to-end insurance, with powerful APIs revolutionising insurance for underwriters and businesses in Africa via a single platform. The female-led startup founded in 2018 by Jihan Abass is working to increase insurance penetration in Africa, starting in Kenya.



Founded in 2022 by Chidalu Onyenso, Earthbound is a Nigerian cleantech startup with a focus on helping African SMBs leverage solar energy to boost their profits and savings. It is also a female-led venture

Duplo

Duplo is a Nigerian B2B startup that provides payment operations solutions for African enterprises, allowing them to collect payments from their clients and partners and make payments to their suppliers and vendors. The YC-backed startup was founded in 2021 by Yele Oyetola, Tunde Akinnuwa, and Emeka Okwuagwu. It has raised about \$5.6 million since inception.



Co-founded by Sidy Niang and Jessica Long, Maad is a B2B e-commerce startup headquartered in Dakar, Senegal. "Since its pre-seed round in 2021, Maad has become the largest tech wholesaler in Senegal, with best-in-class gross margins," according to Peter Oraifo, principal at Oui Capital.

Closing words

While the year 2023 was a tough one for Africa's tech ecosystem, it was more or less a continuation of the post-storm calm that started in 2022.

Investments into startups operating in the continent hit an all-time high in 2021, then began trickling down in 2022 in response to the global funding winter. Investors tightening their pursestrings jumpstarted an era of re-evaluation for business models, ticket sizes and worths.

With less dry powder thrown around, mergers and acquisitions took a front-row seat, filling the dearth of funding for later-stage startups. Local investors also pooled efforts to plug the gap. More startups have been struggling since last year, unable to survive the tough environment, and shut down operations.

The ecosystem managed to score some big wins to make up for the low moments;

it will build more on this resilience in 2024. Local investor attention, coupled with the resumption of some foreign efforts, would consolidate the space more.

We would also see more secondaries, as venture money will come to clean up cap tables that were previously littered with smaller investors. Whether or not the funding winter persists, 2024 will be a more significant year in the ecosystem.

Climate-focused companies took centerstage during the year, challenging fintech's stronghold for the first time. Given Africa's role as the world's climate change battling ground, the trend is likely to continue next year.

Traditional funders who pumped into fintech in the past would diversify to help solve other everyday problems in the continent.

Equally, there will be more interest in public markets, newer deals, more Series A and B candidates, and a stronger focus on underlying digital infrastructure.

Overall, Africa's tech ecosystem is not performing quite badly funding-wise given the current hamstrings associated with raising VC money and staying sustainable in an unstable macroeconomic environment. More of the same is expected.

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