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**AFRICAN STARTUPS &  
VC ECOSYSTEM REPORT**

**H1**  
**2018**

# A Toast From WeeTracker

No ecosystem can flourish without bringing to limelight, breakthroughs, perseverance and headways of innovation made by startups and entrepreneurs. We at WeeTracker are passionate about telling these stories and much more. We aren't just a tech blog, but hustlers dedicated to helping the ecosystem blossom holistically, and connecting it to the rest of the world. Our founding team brings vast experience and learnings from diverse economies like the US, India, and China to further push the growing entrepreneurial landscape in Africa.

In this report, we have analysed the breakout potential of African startup scenario concerning the investments injected into various tech sectors across the African continent and have left no stone unturned in gathering and putting together these data nuggets. Also, we find it our responsibility to not ask a charge for the report, for we know that our efforts in churning out this piece are invaluable and the ecosystem deserves to know their facts, for free.

We hope that the industry finds this report insightful in charting a course for a sustainable and scalable tech sector in Africa. If you'd like to discuss any of the information contained in this report in more detail or if you think we have missed out anything, feel free to drop us a line at [editor@weetracker.com](mailto:editor@weetracker.com).

On a closing note, we'd like to raise a toast to all of the incredible startups, entrepreneurs, investors and fellow enablers who are helping African technology scene shine just a little brighter.

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*Rishabh Lawania*  
*Founder & CEO, WeeTracker*

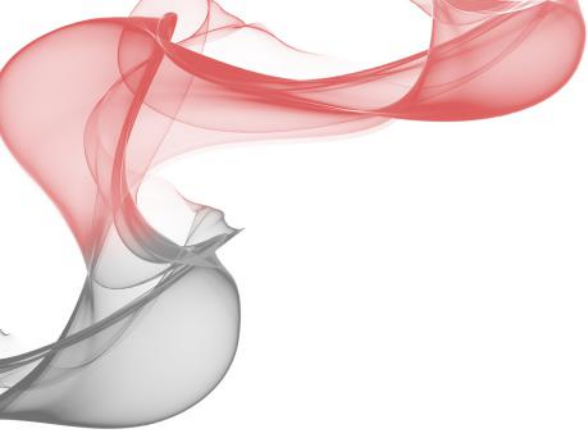
"We truly believe in the potential that African startup ecosystem holds and are assiduously committed to join as many dots as possible for this energetic faction."



# AFRICAN STARTUP INVESTMENT MAP

Companies That Raised Investment In/For Africa In 2018 So Far

\* The position of the logos does not correspond to their headquarters.



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This first half of 2018 saw **USD 168.6 Million** being poured into **120 deals**, crossing the 2017 annual funding the mark of 167.7 Million.

**17 Funds, Accelerators & Incubators** were launched this year with a gross corpus of USD 257 Million.

**Fintech** clings on to the top, being the highest funded sector as well as securing highest number of deals.

**14 M&A's** were observed in these two quarters, out of which 12 deals were acquisitions.

**Nigeria** has come out to be the top funding destination, closely followed by Kenya and Egypt.

**Grants** wrest top slot, **seed stage** remains the preference for investors, while Series A deals have soared compared to H1 of the previous year.

## Spotlight

# The End Of A Great Beginning

## The First Half '2018 In Review

The year has opened on an exciting high note, the first half of 2018 having seen an influx of USD 168.6 million spread across 120 disclosed deals into the African startup ecosystem, outstripping the 2017 annual funding mark of USD 167.7 million.

The most prominent deal remains the USD 47 million Series C funding of Cellulant, a digital payments provider. Next in the string is Branch International, a micro lending platform that bagged USD 20 million. The two have together cornered a major chunk of ~39.88% of the gross deal value.

The investment amount also represents a massive jump of 3.5 times in amount invested from H1 2017 that closed with only USD 47.23 million of funding being poured into 72 deals.



“













*David Van Dijk*  
*Co-Founder, ABAN Angels*

“The secret sauce of finding the right deal at the right time in Africa is not different from anywhere else in the world, you need to understand the market - the opportunities, the challenges - better than anyone else and be brutally good at picking the team that indeed can deliver. Execution in Africa is very different... as there are many additional battles to win before calling victory.”

# Top Heavy - Holding Up Half The Funding Sky

The following tech firms have managed the highest deal amounts. Four of the top 10 startups are operating in the space of fintech, while 5 from this list are headquartered in Kenya. Having cumulatively raised USD 123.9 Million which is ~74% of the total funding amount, the top ten startups seem to have help up majority of the funding sky.

## AFRICA'S TOP 10 FUNDED STARTUPS - H1 2018

STARTUP	COUNTRY	INDUSTRY	FUNDING TYPE	AMOUNT (USD)	INVESTORS
 cellulant	Kenya	Fintech	Series C	47.5 Million	TPG's Rise, Satya Capital, Endeavour Catalyst, Velocity Capital, Progression Capital Africa, TBL Mirror Fund
*  branch	Kenya + Nigeria + US	Fintech	Venture Capital	20 Million	Trinity Ventures, IFC, Andreessen Horowitz, CreditEase Fintech Investment Fund, Victory Park Capital
 M-KOPA SOLAR	Kenya	Cleantech	Private Equity	10 Million	CDC Group
 Africa's Talking	Kenya	SaaS	Venture Capital	8.5 Million	IFC Venture Capital, Orange Digital Ventures
 SWVL	Egypt	TransportTech	Series A	8 Million	BECO Capital, Silicon Badia, DiGAME, Raed Ventures, Arzan VC, Oman Technology Fund, Esther Dyson
 SureRemit	Nigeria	Fintech	ICO	7 Million	—
 Lidya	Nigeria	Fintech	Series A	6.9 Million	Omidyar Network, Accion Venture Lab, Newid Capital, Alitheia Capital, Bamboo Capital Partners, Tekton Ventures
 ibii	Egypt	Recruitment	Series B	6 Million	European Bank for Reconstruction and Development, Endure Capital, Kingsway Capital
 we farm	Kenya	Agritech	Seed Investment	5 Million	True Ventures, LocalGlobe, Accelerated Digital Ventures
 terragon group	Nigeria	Analytics	Venture Capital	5 Million	TLcom Capital

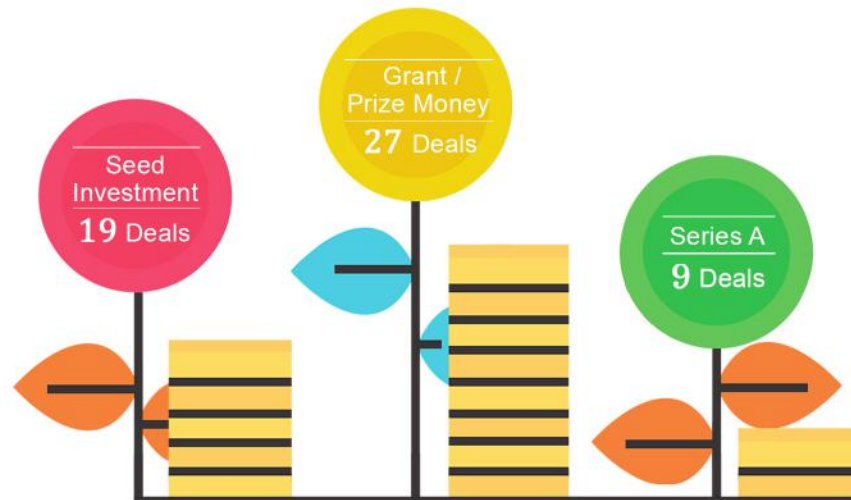
\*The amount excludes USD 50 Million debt financing

# Seed And Grants Wrest Top Slot, Series A On The Rise

The ecosystem being at a nascent stage, 19 deals of the total were Seed Investments. The public as well as private sector have been actively bestowing grants and prize money onto 27 startups to encourage the entrepreneurial ecosystem. GSMA Ecosystem Accelerator and ICT Drive by POTRAZ merit recognition here.

It is interesting to note that series A investments seem to have picked up with this category capturing 9 deals. Juxtaposed with H1 of the previous year which only saw 5 Series A deals, we are seeing this almost double up. This is suggestive of maturing of the ecosystem and the increased confidence of investors towards deals involving bigger tickets and more evolved startups.

Two debt financing deals were also observed during the two quarters. Branch International raised a USD 50 million in debt along with USD 20 million venture money. The other deal falling in this category is that of Pawame which raised USD 500 K via crowdfunding platform TRINE.



*Keet Van Zyl*  
*Partner, Knife Capital*

“The ramp-up in VC activity in South Africa is more visible this year, but it is the result of a long slog momentum build-up in the background. Some of the portfolio’s of the top SA VC’s are maturing, which bring about exit and M&A activity. There is also more and more co-investment happening between VC’s which is a positive trend for the ecosystem.”



# Nigeria Garnerers Maximum Investor Love

The West African nation of Nigeria has emerged as the top destination netting 29 deals. Standing next is Kenya with 23 startups getting funded here. What is fascinating is the funding amounts corresponding to these two locations. Nigeria which managed a higher number of deals, could only get a gross of USD 29.41 million, while Kenya with lesser deals amassed a far greater USD 82.86 million, almost three times of the total funding received by Nigeria.

Trailing further are countries of Egypt and South Africa that have 21 and 19 deals respectively to their credit.



“



**Zachariah George**

*Managing Partner, StartupBootCamp Africa*

“Based on our Fast Track tour across 19 cities in Africa, we’ve seen a growing trend in Nigeria, Ghana, Kenya and Uganda where entrepreneurs are focusing on Fintech, Ecommerce, Agritech and Healthtech. In Zimbabwe, with the disruption in fiat currencies, there has been an explosion of Blockchain based tech startups. There is a rare breed of entrepreneurs spread across Africa but if I have to choose one geography, it would be Nigeria.”

\*The given investment amounts exclude the Branch International fund raise

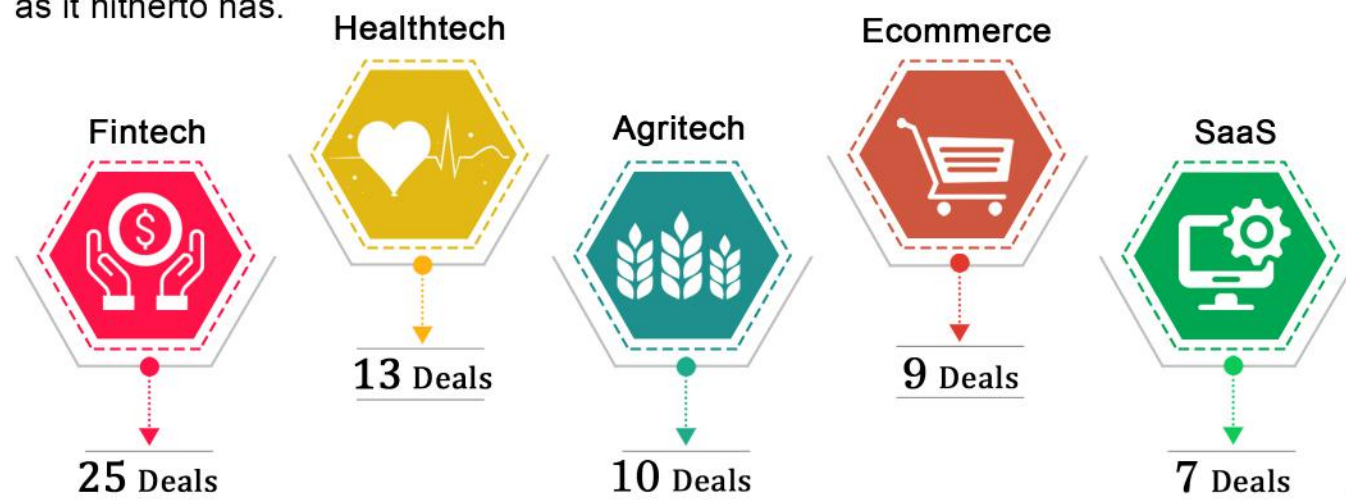
# Good Times Keep Rolling For Fintech

The tech startup funding trend in each of the sectors has continued without many detours. Fintech has maintained the top position and deserves a sweeping 25 deals to its credit. 9 of these Fintech startups were based out of Nigeria, while 6 were based out of South Africa. The sector has attracted a grand total of USD 95 million. This whopping amount can be largely attributed to the investment raise of Cellulant and Branch International, which are the two biggest investments of the period under consideration.

This is followed by Healthtech and Agritech that have managed to hit 13 and 10 deals respectively. Ecommerce comes at fourth position with 9 deals to its credit.

Interestingly, Egypt turns out to be the hub where ecommerce is booming. 6 out of the 9 ecommerce startups that received investment in the first two quarters happen to be headquartered in Egypt.

It is also worth mentioning that Cleantech does not feature among the top 5 sectors as it hitherto has.



**Moustafa Khater**  
Managing Director, Flat6Labs, Egypt

“The quality of ecosystem as a whole is partially a reflection of the macro-economy. Ideas of entrepreneurs are becoming multi-layered to adapt to opportunities in digital economies which is an industry growing into various directions with IoT, AI and Blockchain on speed. Egypt has been growing as a nation of people during the past 7 years and now it is being reflected on the financial economy. I would say the same would be true for most emerging economies.”

# The Driving Force - Supplying The Fuel

The significant perking up of the investment activity this year can be credited to a number of VC's, angels, corporates, accelerators and incubators that contributed to brightening the startup scenario.

About a dozen of angels participated in the investments in the first two quarters of the year. These include Manal Al Alem, (Jordanian celebrity chef), Olumide Soyombo, (Founder of Leadpath Nigeria), Frank Wouters (CEO of Wouters Ltd), Paddy Padmanathan (CEO of Acwa Power), Esther Dyson (Chairman of EDventure Holdings), Richard Owen (founding member of Net Promoter Score), amongst others.

African startups have a strong support system in the form of many tech hubs, incubators and accelerators. And more and more seem to be coming up lately. The two quarters saw the launch of 11 incubators and accelerators. South Africa followed by Nigeria, had the maximum number of these facilities being opened up. Notably, four of these had a focus on skill development of aspiring and early stage entrepreneurs. Also, the World Bank gave USD 3 million to Nigeria, to be invested in 6 technology hubs across the country.

Following are the institutional investors that were at the forefront of the funding landscape this H1.



“



**Stephen Deng**  
Investment Officer, DFS Lab, Africa

“Our last round of applicants we received was the most qualified yet and our last bootcamp was built on the most talented and diverse set of founders we have worked with so far. As the startup ecosystem continues to develop in Sub-Saharan Africa, we are seeing founders with more global aspirations for their products and a more robust foundation of previous startup experience to draw upon. As quality continues to improve so will success in the market, and alongside both, smart investors.”



Facility For Energy Inclusion  
Off-Grid Energy Access Fund  
USD 55 Million  
\*Off-Grid Energy

3



Rwanda Innovation Fund  
USD 30 Million  
\*Tech Enabled SMEs

4



Partech Ventures  
USD 70 Million  
\*Sector Agnostic

2

# Funds Launched

5



Goodwell Investments  
USD 24.8 Million  
\*Fintech And Impact



Digital Africa Initiative  
Fund By French  
Development Agency  
USD 76 Million  
\*Sector Agnostic

1

6



A24Media  
USD 1 Million  
\*MediaTech



\* Refers to focus sector

# The Startup Fusion

## Setting The Stage For A New Play

A strong consolidation environment has the power to overthrow long standing market leaders, while acquisitions also mean successful exits for entrepreneurs as well as early investors. The M&A activity in the African continent has perked up astronomically, first half of the year witnessing 14 such deals. This spells out an almost 3 fold increase in the M&A activity compared with 5 such deals accruing to H1 of the previous year.

Also, out of these, only 2 deals were mergers, that of Nigerian ecommerce giants Konga and Yudala, and the other one of Teranga and HotelOnline.



\*Refers to merger.

\*\*orderTalk was originally launched in SA, but later moved HQs to USA following its userbase.

\*\*\*Teranga and HotelOnline are not headquartered in Africa but have operations in Senegal and Lagos respectively.

# Blockchain And Cryptocurrency In Africa

Globally, bitcoins and cryptocurrency have seen a notable downfall with a scare of coming close to end, just like the dot com crash. Last two weeks especially, have been chaotic for the global markets as all the cryptocurrencies were trading at lower rates than preceding weeks.

Africa too has had its share of surprises in this sector in H1 2018, taking many tumultuous turns.



Kenya's crypto exchange platform SureRemit raised USD 7 Mn in an ICO.



Reserve Bank of Zimbabwe banned trading of cryptocurrency in Africa's most active crypto market.



Golix from Zimbabwe moves ahead with its plan of USD 32 Mn ICO launch after court lifted Central Bank's ban on crypto exchanges.



South Africa's The Sun Exchange launched a USD 25 Mn ICO.



4 countries of Djibouti, Zimbabwe, South Africa and Kenya launched Bitcoin ATMs.

“



*Jalal Ghiassi-Razavi*  
*Blockchain ICO Lead, PwC, South Africa*

“Blockchain has the potential to powerfully disrupt many aspects of how businesses and economies work; even how societies are organised. Blockchain goes to the core of the role of trust in markets – an area that is central to PwC’s purpose.

Emerging markets are seeing significant interest in Blockchain and distributed ledger technologies. Whilst the technology is still nascent there are plenty of signs of its potential to solve some of the many challenges that developing countries face.”



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