2023 AFRICA TECH VENTURE CAPITAL

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FOREWORD

> **There is no way around it: 2023 was a rough year for the African tech ecosystem.**
> **There was a decrease in transactions. The region attracted much less capital, just about half of 2022's haul.**
> **This happened across all stages, all sectors, and all countries.**
> **Even more striking, half of the investors disappeared from the market and those who stayed were less active.**
> **It's clearly a good time to pause, take stock of the ecosystem and ponder where it might go next.**

Looking all the way back to our first report published at the end of 2016, we can only marvel at the journey from then to 2023. Even after the correction, the ecosystem has grown by nearly 10x in transactions as well as in amounts invested. It's a total of nearly 3,000 rounds and $20B over the last 10 years, 68% of it in the last 3 years. We have seen VC activity spread from a handful of countries to 38. Even though the top 4 markets have stayed dominant, entrepreneurs almost everywhere are getting more exposed to investors and a chance to access resources to build innovative companies. In total nearly 3,000 investors have been active on the continent over this 10 year period, committing to these entrepreneurs and their vision.

We have witnessed the emergence of a full-blown Africa tech VC ecosystem. And what a rocky infancy for this ecosystem: it went through COVID, the 2021 VC craze, and the SVB collapse. Each of these forced all the players to adapt, learn, and build new mechanisms and safeguards.

So here we are with another crisis. Another occasion to once again adjust, learn, come out stronger.

And some learnings have started crystallizing already. As the influx of capital dried up, companies strived to control cash burn. Founders had to learn the importance of being "default alive", i.e. simply not dying if the next fundraising target was missed. Board meetings are focusing on growing in a more sustainable way, discussing paths to profitability. Many had to learn in dire circumstances how to navigate the downside scenarios: down rounds, lay-offs, bankruptcy filings,... And many of these learnings will continue to apply when the crisis is behind us, and a new cycle of growth starts.

But amidst all this turmoil the fundamental forces propelling the emergence of this tech ecosystem will continue to shape its near future: growing economies, accelerating tech penetration and an entrepreneurial talent pool that is getting deeper and stronger.

As a result, there are a few predictions we can make with confidence: founders who have secured their businesses against the headwinds will see room for growth and less competition; investors who are committed to this region, those who stay the course, will find better opportunities; the ecosystem will keep growing.

We are looking forward to chronicling new aspects of this growth in the Partech Africa Report.

The Partech Africa Team

2023 DEALS & VOLUMES

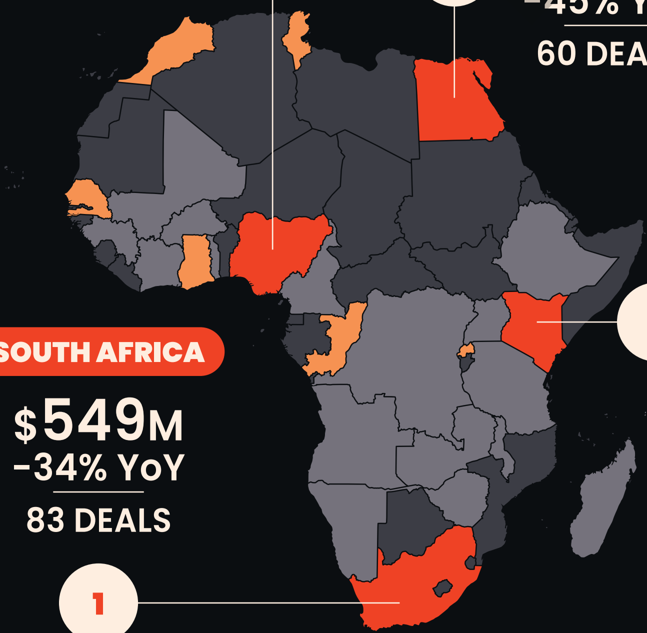
EQUITY FUNDING	TOTAL FUNDING	DEBT FUNDING
$2.3B	$3.5B	$1.2B
-54% YoY	-46% YoY	-22% YoY
473 DEALS	547 DEALS	74 DEALS
-32% YoY	-28% YoY	+4% YoY
569 INVESTORS		41 INVESTORS
-50% YoY		-52% YoY

EQUITY BY COUNTRY

NIGERIA
$469M
-59% YoY
111 DEALS

2

EGYPT
3
$433M
-45% YoY
60 DEALS



KENYA
4
$335M
-56% YoY
67 DEALS

SOUTH AFRICA
$549M
-34% YoY
83 DEALS

1

		US$M	DEALS
5.	Morocco	93	17
6.	Ghana	75	16
7.	Congo	42	2
8.	Rwanda	38	11
9.	Tunisia	33	16
10.	Senegal	27	12
11.	Cote D'Ivoire	21	14
12.	Madagascar	20	1
13.	Zambia	20	5
14.	Cameroon	18	8
15.	Mali	15	2
16.	Malawi	14	1
17.	Togo	12	1
18.	Uganda	10	9
19.	Guinea	8	3
20.	Angola	6	1
21.	Seychelles	4	2
22.	Tanzania	4	6
23	Burkina Faso	4	1
24	Ethiopia	3	7
25	DRC	1	3
26	Namibia	1	1
27.	Zimbabwe	0.4	1

2023 AFRICA TECH VENTURE Capital Report

CONTENTS

01 TOPLINE DEALS AND VOLUMES

DEALS & VOLUME

TOTAL FUNDING VOLUME:
$3.5B
(-46% YoY)

COUNT OF DEALS:
547
(-28% YoY)

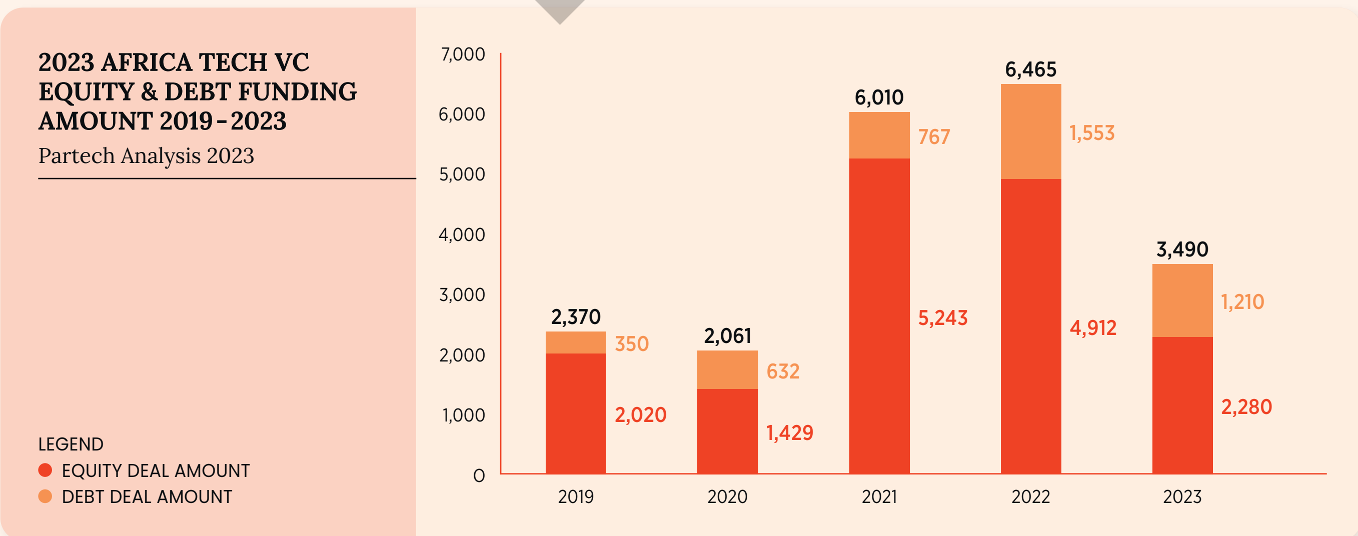
TOTAL EQUITY FUNDING
$2.3B (-54% YoY)
IN 473 DEALS (-32% YoY)

TOTAL DEBT FUNDING
$1.2B (-22% YoY)
IN 74 DEALS (+4% YoY)

> In 2023, with a total of $3.5B raised in 547 deals, African VC investments experienced a significant downturn with a 46% decline in total funding and, for the first time in 8 years of reporting, a 28% decline in deal count. While in 2022 this region stood out against the global downturn, in 2023 the African tech sector saw a larger decline than the global trend despite a display of resilience on the debt side.

In 2023, the global venture capital ecosystem faced considerable challenges, leading to significant changes in investment patterns. Global equity funding experienced a sharp decline of 38% YoY to $285B[1] while venture debt saw a more modest decrease of 5% to $59.2B[2].

African tech was not immune to these macroeconomic headwinds, and the year ended with the region securing just over half of the funding it had achieved in 2022:



2023 AFRICA TECH VC EQUITY & DEBT FUNDING AMOUNT 2019-2023
Partech Analysis 2023

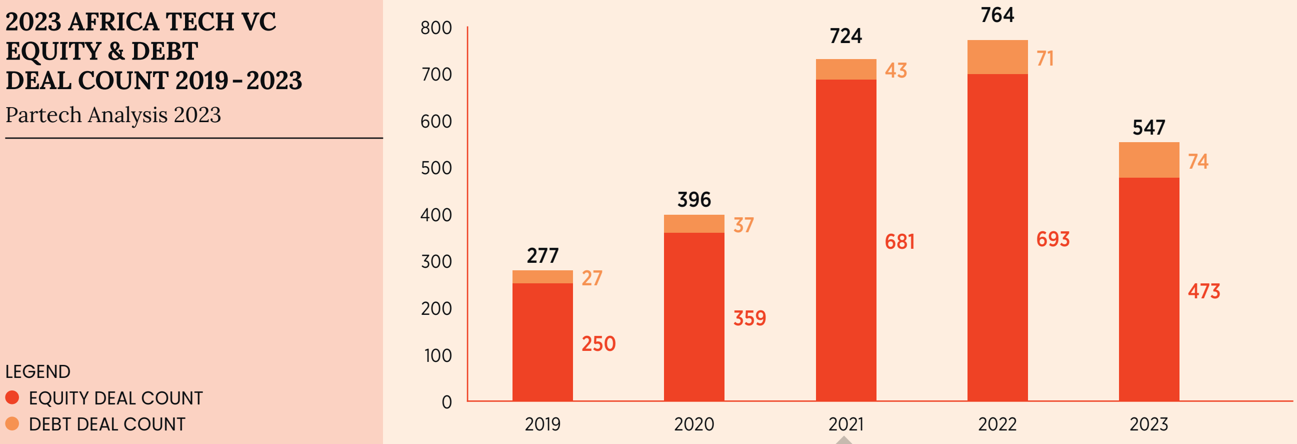
[1] https://news.crunchbase.com/venture/global-funding-data-analysis-ai-eoy-2023
[2] https://www.statista.com/outlook/fmo/capital-raising/traditional-capital-raising/venture-debt/worldwide#capital-raised

- **Total funding, including both equity and debt, fell by 46% year-over-year, from $6.5B to $3.5B.**

- Even more striking, **the number of deals** completed also saw a significant reduction, **dropping by 28% from 764 to 547 deals,** marking for the first time, in the 10+ years of data we have, a decline in deal count in this fast-growing ecosystem.

2023 AFRICA TECH VC EQUITY & DEBT DEAL COUNT 2019 - 2023

Partech Analysis 2023



Beyond the known challenges linked to the global macroeconomic environment (i.e., high interest rates, currency devaluation, inflation, layoffs), two key factors contributed to this contraction in funding:

- Conservative Capital Raising: Faced with strong valuation decline and stronger requirements on their economics, many startups focused on cash efficiency over fundraising.

- Investor Withdrawal from the Market: Compared to last year, **the number of investors that participated in funding rounds in Africa in 2023 decreased by 50%.** There was a major decline in participation from major institutional funds, who generally drive the larger rounds. For instance, we noted only 1 equity and 3 debt megadeals in 2023 (i.e., above $100M), compared to 7 equity and 4 debt megadeals in 2022.

Despite this downward trend, a standout in this landscape was the resilience of debt deals, which continued to be made available to African tech startups. **The number of deals saw a modest increase from 71 in 2022 to 74 in 2023, and while there was a 22% decrease in the amount raised, from $1.6B in 2022 to $1.2B in 2023,** it was less severe compared to the overall funding downturn notably thanks to 8 deals above $50M (vs. 7 in 2022).

To put this overall downturn in perspective, it is crucial to recognize that:

- The decline in funding is occurring in the context of a global downturn which appears to be hitting the African ecosystem with a delay of roughly two quarters.

- Other emerging markets have been experiencing similar downward trends in VC funding, in the case of Latin America and Southeast Asia, on a larger scale.

- Despite the downturn, current levels of funding still present a significant growth over the past five years – nearly doubling the pre-2021 figures.

02 EQUITY BREAKDOWN

DEALS AND VOLUME

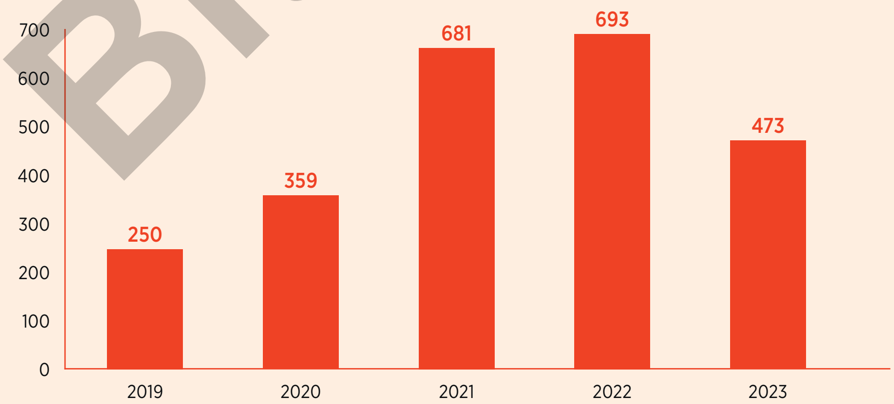
TOTAL FUNDING OF AFRICAN VC TECH EQUITY DEALS:
$2.3B
(-54% YoY)

COUNT OF AFRICAN VC TECH EQUITY DEALS:
473 DEALS
(-32% YoY)

> In 2023, 452 African tech startups raised a total of $2.3B, a 54% decrease from the previous year, and completed 473 equity rounds, a 32% decline year-over-year. This drop marked the first-ever setback in transaction count and represents the continent's steepest decline yet, surpassing the downturn experienced during the COVID crisis.

1. In 2023, we tracked a total of **473 equity rounds raised by 452 startups,** compared to 693 rounds by 653 startups in 2022, representing a **32% decrease in activity,** and illustrating the first significant downturn in deal activity within the African tech ecosystem since our initial report in 2016.

2023 AFRICA TECH VC EQUITY DEAL COUNT 2019-2023
Partech Analysis 2023



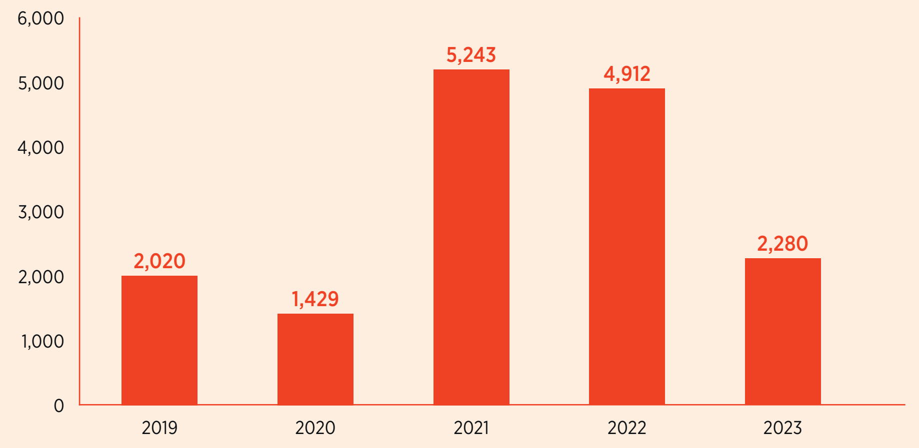
LEGEND
● EQUITY DEAL COUNT

This drop in deal volume is indeed a sobering trend in an ecosystem that has seen consistent growth in activity for the last 10 years. It reflects not only a slowdown in investment activity but also a diminished capacity for startups to raise capital, even for small ticket sizes. As such, it has the potential of translating into fewer startups progressing to subsequent funding stages in the coming years.

This decline reflects the global downturn in VC investment as well as broader economic challenges, including high interest rates and currency devaluations in major tech markets. These factors have led to a retreat in investment activity from both international and local investors. Startups have also been cautious, often refraining from fundraising to avoid the pitfalls of down-rounds and lower valuations.

2. **In 2023, we tracked a total amount of equity funding of $2.3B, down 54% compared to $4.9B in 2022.**

2023 AFRICA TECH VC EQUITY FUNDING AMOUNT 2019 - 2023
Partech Analysis 2023



LEGEND
● EQUITY DEAL AMOUNT

African tech saw the largest ever decline in equity funding amounts in 2023. For comparison, in 2020, the COVID crisis led to a 29% drop and the onset of the downturn in 2022 only led to a 6% drop, while in 2023, we saw an unprecedented decline of 54% in equity funding (almost double the COVID crisis drop).

This significant decline is happening within the context of a global "funding winter". According to Crunchbase[3], **global funding fell by 38%** between 2022 and 2023. This global downtrend was even more pronounced in growth markets such as **Latin America, which saw a 60% reduction in funding from $8.3B in 2022 to $3.4B[4], and Southeast Asia, where funding plummeted by 65% from $12.4B to $4.3B[5].** Thus, compared to these regions, the decrease in funding for the African market was less severe.

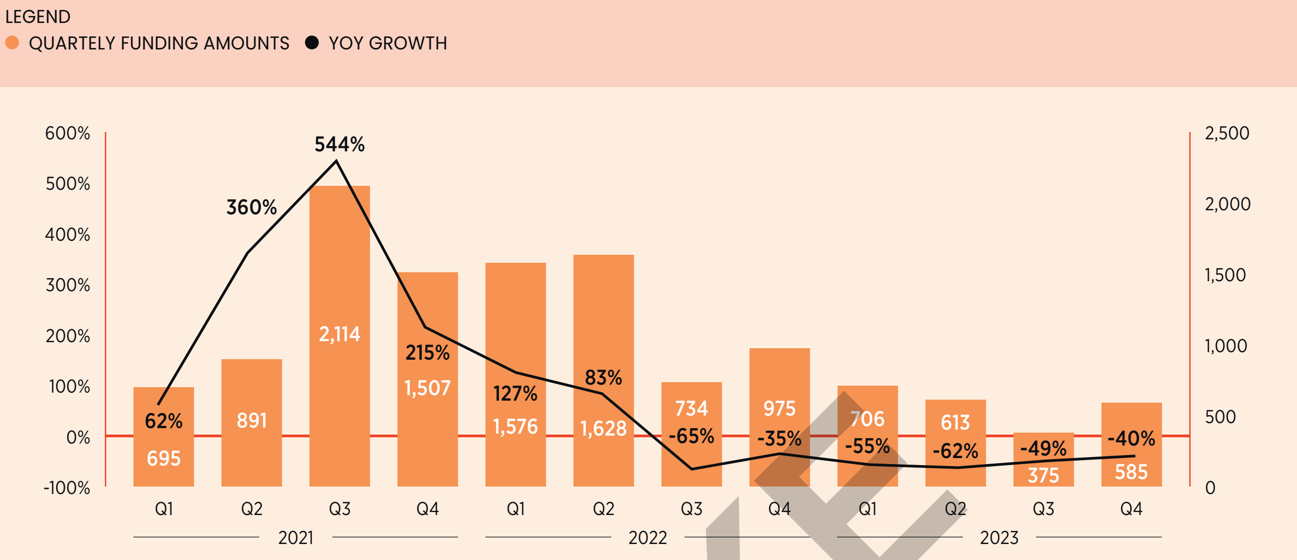
Despite this downturn, it is noteworthy that the funding levels in 2023 still exceeded those seen in the pre-pandemic era, prior to the surge in 2021. This resilience suggests that, while affected by global economic factors, the African tech sector maintains a robust underlying growth trajectory and continues to attract significant investor interest, albeit at a more cautious pace in the current economic climate.

[3] https://news.crunchbase.com/venture/global-funding-data-analysis-ai-eoy-2023
[4] https://dealroom.co/blog/latam-tech-in-2023
[5] https://e27.co/with-us108m-raised-december-was-the-least-funded-month-in-2023-tracxn-2024010

3. **Q3 2023 was the lowest quarter in equity funding amount since Q3 2020,** the outcome of a downward trend since the peak of Q3 2021.

AFRICA TECH VC - QUARTELY EQUITY FUNDING AMOUNT AND YOY GROWTH OF QUARTERLY DEALS (IN $M) 2021-2023

Partech Analysis 2023

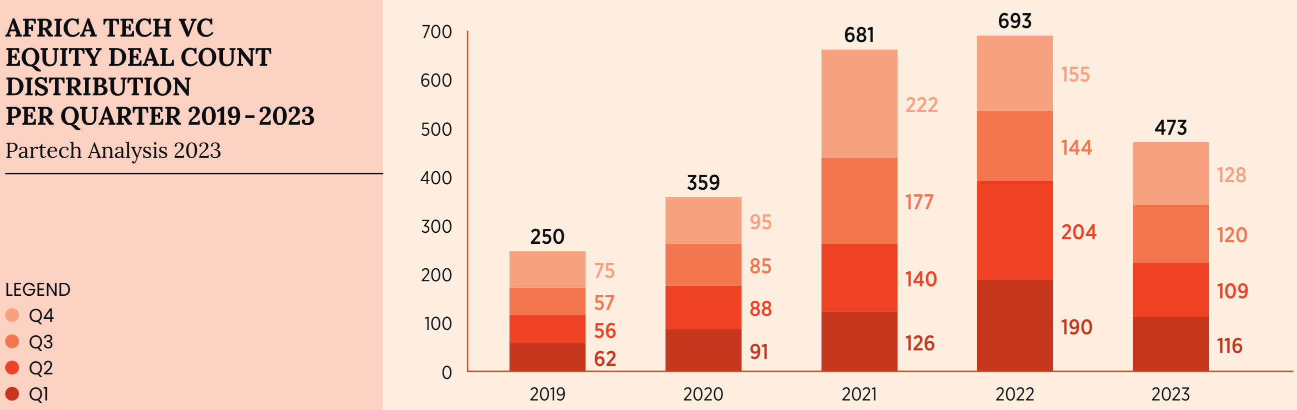


Q1 2022 marked the beginning of the global downturn that led to a **35% YoY slowdown in global venture funding in 2022.** This drastic pullback was more significant for the startup world than any previous crisis including the internet bubble crisis in 2000 and the economic crisis in 2008. 2023 saw another decline of **38% YoY in global funding,** which has resulted in an uncontrolled readjustment of the global venture asset class for 8 consecutive quarters now.

As expected, the African VC ecosystem follows the same trend, but is lagging behind the global market by 2 quarters. It is now facing its 6th consecutive quarter of decline since the start of the funding winter on the 3rd quarter of 2022. The first half of 2022 was the best first semester ever delivered by the ecosystem making 2022 a robust year for the ecosystem, despite the onset of the decline, with an impact of **-6% YoY.** In 2023, the crisis struck the ecosystem with full force, realigning the African trajectory to the global one with a deep readjustment of **-54% YoY in African VC funding,** and another 4 quarters that saw each a YoY drop between no less than -40% for Q3 to even -62% in Q2.

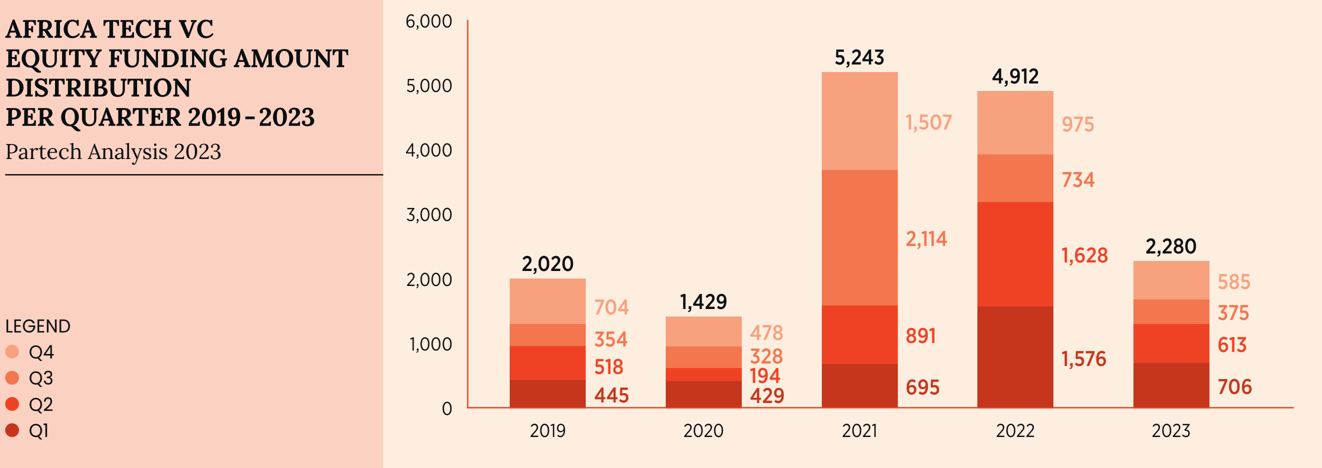
AFRICA TECH VC EQUITY DEAL COUNT DISTRIBUTION PER QUARTER 2019-2023

Partech Analysis 2023



AFRICA TECH VC EQUITY FUNDING AMOUNT DISTRIBUTION PER QUARTER 2019 - 2023

Partech Analysis 2023



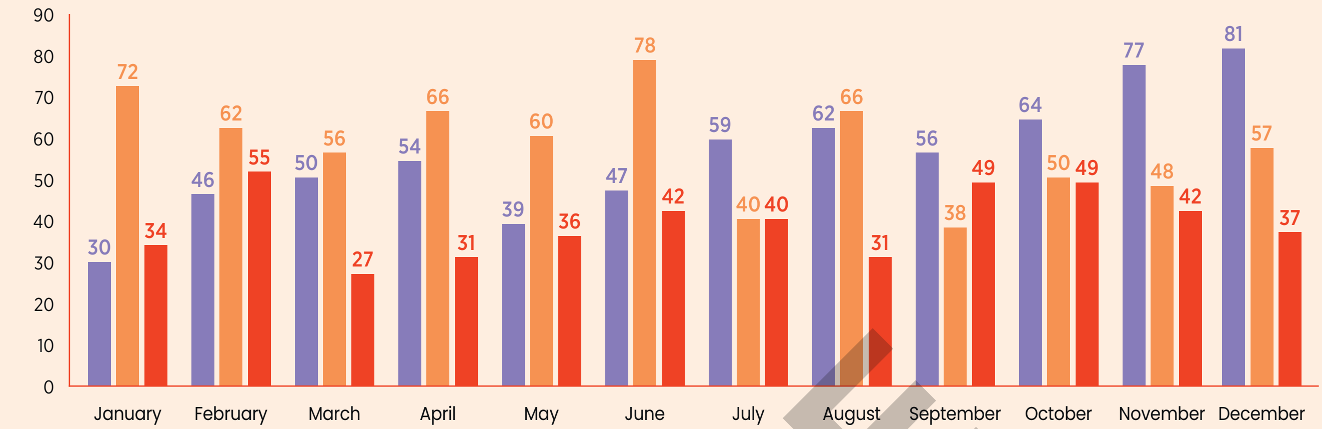
While challenging, the current scenario reflects in part a natural evolution in the venture capital industry, which previously experienced exceptionally high valuations and multiples, along with a significant surge in funding in 2021. The industry is now undergoing a correction which we hope will be followed by a more stable growth trajectory. Such adjustments are typical in the evolution of any emerging ecosystem, representing a phase of consolidation that paves the way for more sustainable and balanced development.

4. A more granular look at monthly data points reaffirms the observed patterns throughout

AFRICA TECH VC - TOTAL EQUITY DEAL COUNT PER MONTH 2021-2023

Partech Analysis 2023

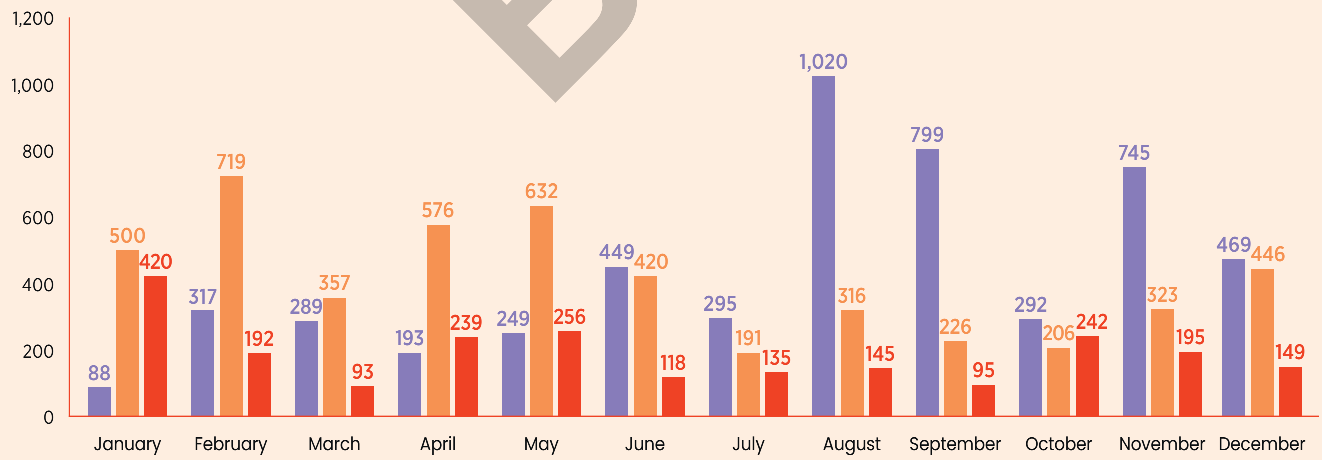
LEGEND
2021 2022 2023



AFRICA TECH VC - TOTAL EQUITY FUNDING PER MONTH 2021-2023 (IN $M)

Partech Analysis 2023

LEGEND
2021 2022 2023



2023 saw fluctuations in activity, with the **highest equity funding achieved in January ($420M)** and the **greatest number of deals in February (55 deals).** In addition, 58% of the year's total funding was secured in the first six months. The deal count demonstrated a gradual increase from 34 in January to 37 in December, though it dipped to its lowest at 27 deals in March. Conversely, equity funding showed a general **decline from $420M in January to $149M in December,** hitting its lowest point of **$93M in March.**

STAGES

SEED+	SERIES A	SERIES B	GROWTH
$1.3M	$7.0M	$18.9M	$34.7M
-5% YoY	-16% YoY	0% YoY	-31% YoY

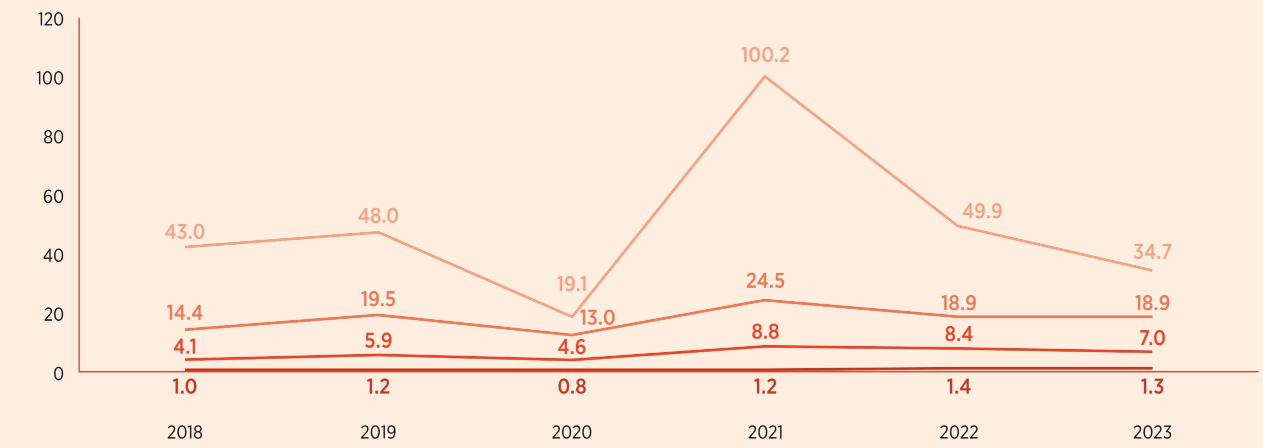
> Six quarters into the downturn, the Growth stage is the most drastically impacted with a significantly reduced average ticket size of $34.7M, down 31% YoY, with a deal count and funding volume respectively at 14 deals (-39% YoY) and $573M (-61% YoY), a significant contraction back to 2018 levels.

1. Upholding the 2022 trend, the fundraising landscape across various stages witnessed a general decline, but the **largest decline in ticket size was at the Growth stage level.**

Seed, Series A, and Growth stages experienced drops of 8%, 16%, and 31% respectively, compared to their 2022 averages. In contrast, the Series B stage maintained a steady average deal size at $18.9M, similar to 2022.

AFRICA TECH VC - AVERAGE EQUITY COUNT SIZE BY STAGE 2018-2023 (IN $M)
Partech Analysis 2023

LEGEND
● SEED+ ● SERIES A ● SERIES B ● GROWTH



The trends we see in deal sizes reflect significant shifts within the African tech startup ecosystem.

- **Almost all of funding at the Growth stage was previously sourced from large global funds** with no dedicated African mandates. These funds are now redirecting their focus towards their core mandates.

- This has created a new scarcity of large growth stage tickets and the absence of megadeals with **only 1 equity deal above $100M compared to 7 in 2022** and **only 4 deals above $50M vs. 21 in 2022 (-81% YoY).**

This has had deep consequences for startups on operations as well as fundraising:

- The era of focus on top-line growth fueled by cheap global capital is gone. There is a new (and healthy) **focus on building long-term sustainable businesses** with the goal for founders to build more control over their destiny in an uncertain market.

- Following the same trends, **large startups have also learned to work on survival, with heavy adjustments on cash,** including layouts, streamlining of operations, pauses on expansion initiatives to refocus on core markets, among others.

- Still, **numerous growth-stage companies encountered challenging fundraising rounds in 2023, marked by stringent terms.** This included multiple layers of liquidation preference, significant drops in valuation, and in some cases, pay-to-play scenarios and extensive cap table restructuring. As a result, a few of these scale-ups ultimately ceased operations and shut down during the year.

If there is a silver lining for the ecosystem in the retreat of global funds, it is the clear opportunity it creates for local and Africa-focused fund managers to take over the growth stage. There is also an opportunity for mature startups who have weathered the storm and secured capital to consolidate strong positions and secure greater market share while their potential competitors are weakened.

2. At Early stage, startups did not face the same severity of funding reduction seen in later stages. Instead, we see more local investors competing for early tickets leading to a smaller decline in ticket sizes: **-5% for Seed+** stage and **-16% at Series A.**

The trends leading to this relative stability are mostly on the investor side:

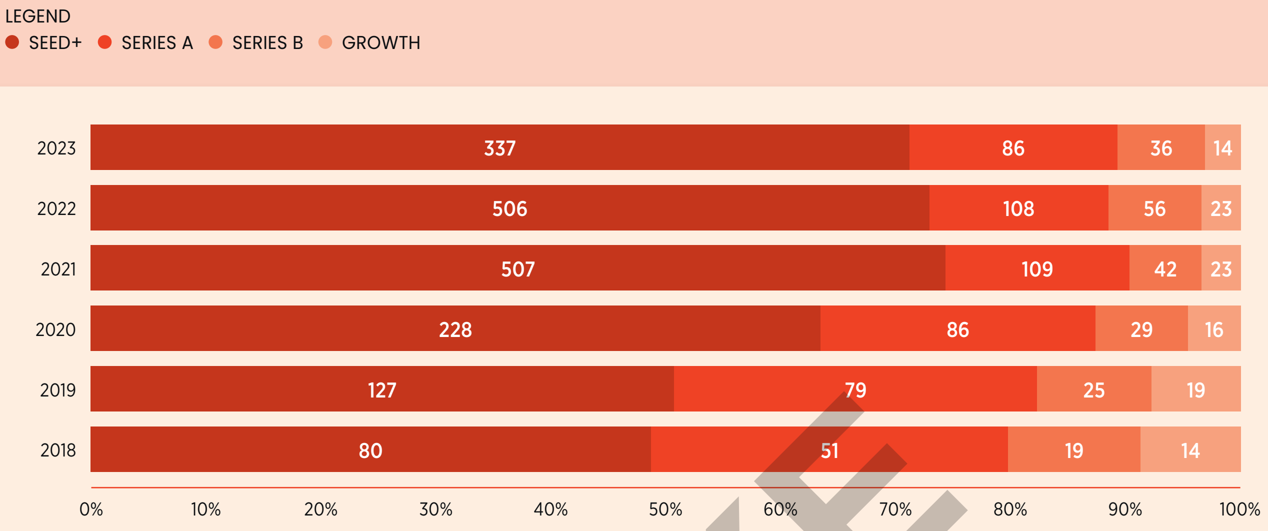
- First, there was a shift over the last few years: **now most investors active from Seed to Series A are Africa-focused funds with dedicated mandates** to support the ecosystem.

- However, global fundraising slowed down fund managers leading to delays in closing new funds. Many announced early-stage funds for Africa did not materialize as expected. Consequently, **with the total dry powder reduced, fund managers adjusted their strategies towards earlier stages** with smaller ticket sizes to maintain a diversified portfolio.

- This shift has led to increased competition among local funds in earlier stages, sustaining the round sizes and valuations from Seed to Series A.

3. Total deal count dropped anywhere between 20% and 39% YoY depending on the stage, but the ecosystem maintained a solid foundation with a much more active early stage: **Seed+ deals are consistently more than 70% of transactions for the last three years** creating a reservoir of deal flow in A, B and Growth.

AFRICA TECH VC - EQUITY DEAL COUNT PER STAGE 2018-2023
Partech Analysis 2023



The **Seed stage** continued to account for most of the equity deals in 2023, **with 337 deals**, though this **represents a significant contraction from 506 deals in 2022 (-33% YoY).** This reduction aligns with the broader decrease in venture activity noted in the year, reflecting a more cautious approach from investors amid a challenging economic backdrop.

At the **Series A** stage, we've seen a moderate decline from **108 deals in 2022 to 86 deals in 2023 (-20% YoY),** suggesting that while early-stage investments have slowed, there remains a consistent interest in startups as they begin to scale.

The **Series B** and Growth stage faced a **notable** decrease, dropping from **56 deals in 2022 to 36 deals in 2023 (-36% YoY),** and from **23 deals to 14 deals (-39% YoY),** respectively. This not only illustrates the overall reduction in the number of large-scale investments but also reflects the significant shift in investor sentiment, where there is a cautious stance on the most substantial funding rounds amidst the economic uncertainties.

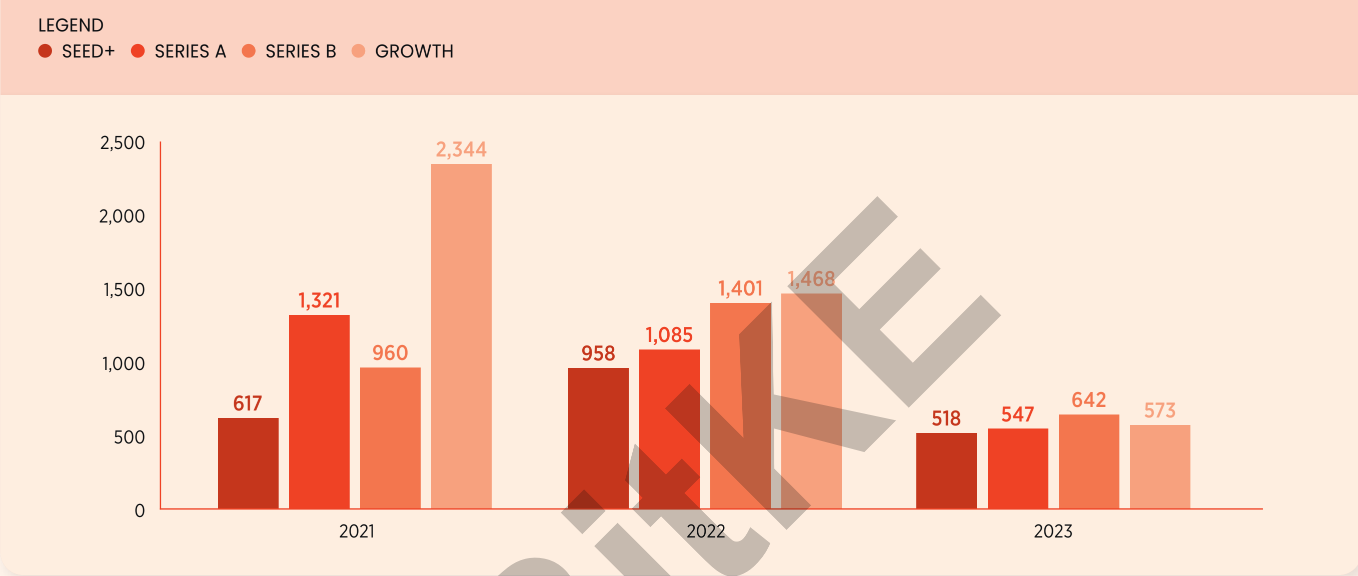
Over the ten-year span, the data reveals a trajectory of rapid expansion in deal activity across all stages up to 2021, followed by a more reserved pattern in the subsequent years. The rise from 2018 to the peak in 2021 highlighted a period of enthusiasm and support for startups across the continent. However, the subsequent decline from that peak signals a market recalibration, possibly prompted by global economic trends and localized challenges.

STAGE	2015	2016	2017	2018	2019	2020	2021	2022	2023	GROWTH
SEED+	24	39	73	80	127	228	507	506	337	-33%
SERIES A	17	24	33	51	79	86	109	108	86	-20%
SERIES B	10	7	15	19	25	29	42	56	36	-36%
GROWTH	3	4	7	14	19	16	23	23	14	-39%
	54	**74**	**128**	**164**	**250**	**359**	**681**	**693**	**473**	**-32%**

4. In 2023, the total amount of equity invested on the continent declined significantly, translating into volumes slashed by half at all stages.

- **Seed** funding experienced the smallest yet still significant decrease with a total **of $518M (-46% YoY).**
- **Series A** investments shrunk by half, with startups raising **$545M (-50% YoY).**
- **Series B** amounts experienced a drop of **-54% YoY to $642M.**
- **Growth** funding saw the sharpest decline, characterized by the lack of megadeals, with **$573M raised (-61% YoY).**

AFRICA TECH VC - TOTAL EQUITY FUNDING PER STAGE 2021-2023 (IN $M)
Partech Analysis 2023



Over the last two years (the span of the ongoing VC downturn), **the total funding amount at Growth Stage went from $2.6B down to $573M, a 75% decline.** This decline is driven by both deal count and average ticket size at Growth stage. However, it is notable that the ecosystem went from 14 equity megadeals (above $100M) in 2021 to just 1 in 2023, accounting for a least $1.3B drop in the growth stage equity funding.

2021 was an exceptional year that is hard to use as a baseline, but the emergence of these megadeals was an important proof point for the ecosystem's ability to attract large tickets and investors. However, these large tickets were mostly driven by big global players who have now refocused drastically into their primary market. In their absence, large rounds have been less frequent leading to an overall decrease in growth stage funding.

STAGE	2015	2016	2017	2018	2019	2020	2021	2022	2023	GROWTH
SEED+	18	32	67	79	151	220	617	958	518	-46%
SERIES A	65	90	147	208	469	447	1,321	1,085	547	-50%
SERIES B	56	78	157	274	488	449	960	1,401	642	-54%
GROWTH	38	166	189	602	912	313	2,344	1,468	573	-61%
	177	**365**	**560**	**1,163**	**2,020**	**1,429**	**5,242**	**4,912**	**2,280**	**-54%**

5. Breaking down the data into brackets confirms the analysis above and further highlights even more the decline in transactions above $50M.

THRESHOLD	2018	2019	2020	2021	2022	2023	YOY
M$ 0.2 TO $1	61	92	175	270	215	166	-23%
M$ 1 TO $5	58	87	114	276	301	207	-31%
M$ 5 TO $10	18	29	29	45	69	47	-32%
M$ 10 TO $20	13	22	25	41	48	26	-46%
M$ 20 TO $50	8	10	14	28	39	23	-41%
ABOVE $50M	6	10	2	21	21	4	-81%
	164	**250**	**359**	**681**	**693**	**473**	**-32%**

THRESHOLD	2018	2019	2020	2021	2022	2023	YOY
M$ 0.2 TO $1	37	44	81	104	88	67	-24%
M$ 1 TO $5	142	165	249	521	613	448	-27%
M$ 5 TO $10	117	195	189	292	460	315	-32%
M$ 10 TO $20	165	129	347	532	650	355	-45%
M$ 20 TO $50	309	563	423	854	1,086	642	-41%
ABOVE $50M	394	926	140	2,940	2,015	453	-78%
	1,163	**2,020**	**1,429**	**5,243**	**4,912**	**2,280**	**-54%**

6. Conversion rates reflect the growth and maturity of the ecosystem and the impact of the two major crises.

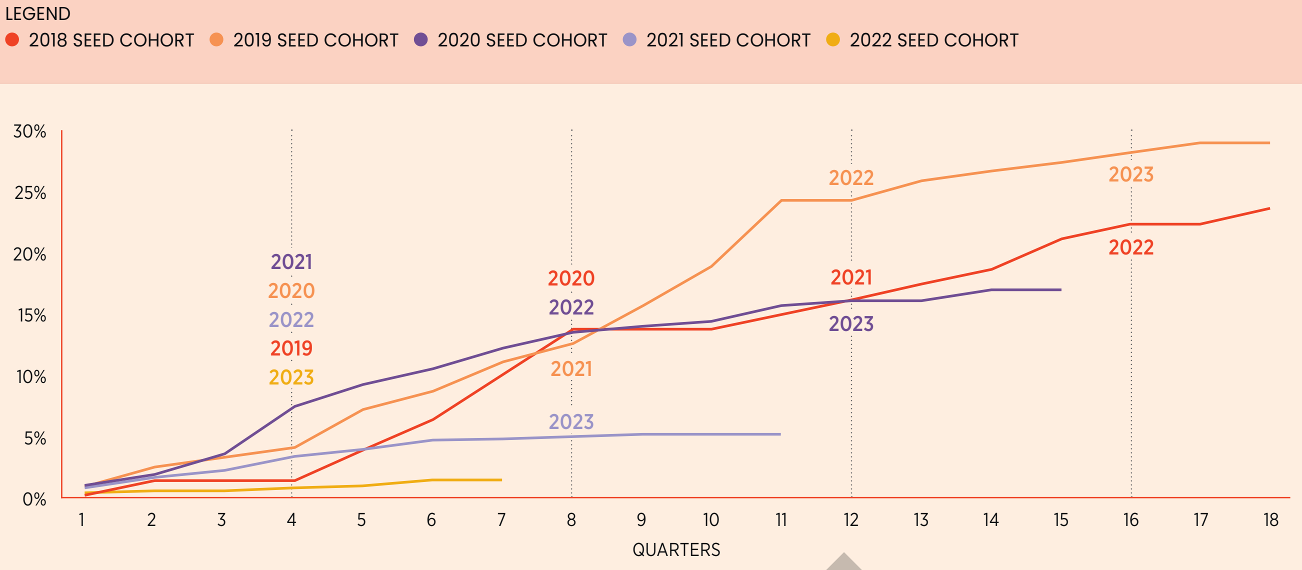
Conversions rates from Seed to Series A over the year reflect the story of the ecosystem so far:

- The first three cohorts (2018-2020) spotlight the booming trends of the ecosystem despite COVID-19:
  - Overall, the three earliest years all show strong conversions reaching **14% in 2 years.**
  - The 2019 cohort benefits from the exceptional year in 2021, leading to conversion rates accelerating up to 25% in its third year.

- 2021-2022 shows a vastly different trajectory, as the downturn made it harder to raise a Series A:
  - 2021 Cohorts started strong but lost momentum after one year, exactly when the downturn started hitting the market. They barely reached **5% in 2 years,** 3x less than the previous cohorts.
  - Unlike other cohorts which reached 5% within a 24-month timeframe, the 2022 cohort never took off, staying **below the 2% mark by Year 2.**

2023 AFRICA TECH VC - SEED TO SERIES A CONVERSION RATES BY ANNUAL COHORTS

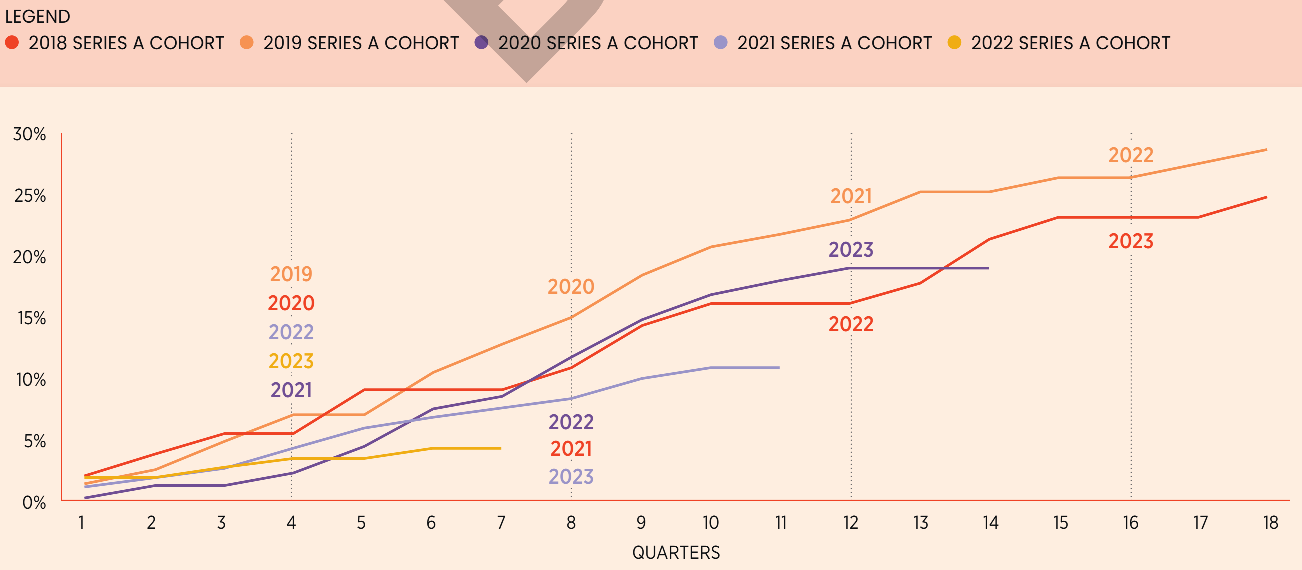
Partech Analysis 2023



Looking at conversion rates from Series A to B shows the same patterns, except with higher conversions. The 2021 and 2022 cohorts are converting twice as much between A and B than between Seed and A (9% vs 5% for the 2021 cohort and 5% vs 2% for the 2022 cohort). Clearly the impact of the downturn on conversion rates is higher on Seed companies than Series A companies. This reflects the fact that a Series A company maturing into B has a much lower risk profile and is more likely to achieve the next phase.

2023 AFRICA TECH VC - SERIES A TO B CONVERSION RATES BY ANNUAL COHORTS

Partech Analysis 2023



COUNTRIES

SOUTH AFRICA #1
IN EQUITY FUNDING
$548M
(-34% YoY)

NIGERIA #1
IN EQUITY DEALS
111 DEALS
(-41%YoY)

79% of total funding went to the top 4 countries

27 African countries attracted tech equity funding, 52% Francophone countries

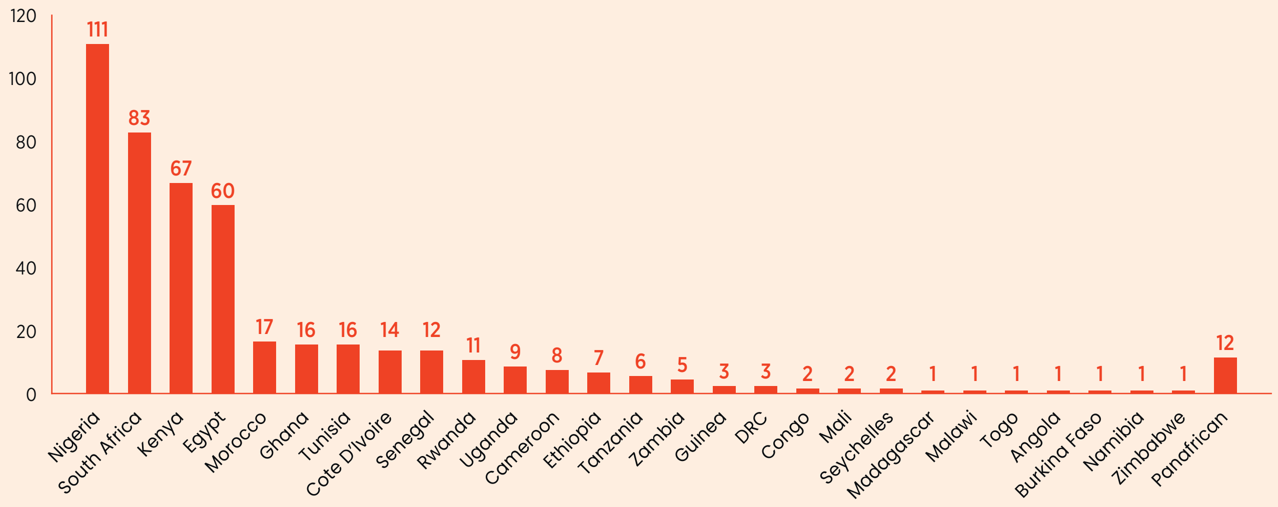
61% of total deals outside top 4 markets came from Francophone African countries

> Despite a -34% YoY decline in total equity funding in 2023, South Africa has been the most resilient ecosystem in the top 4, emerging as the new leader of the African tech funding landscape with $548M raised (-34% YoY), dethroning Nigeria which saw a significant drop in total funding at $468M (-59% YoY), despite leading in the number of equity deals.

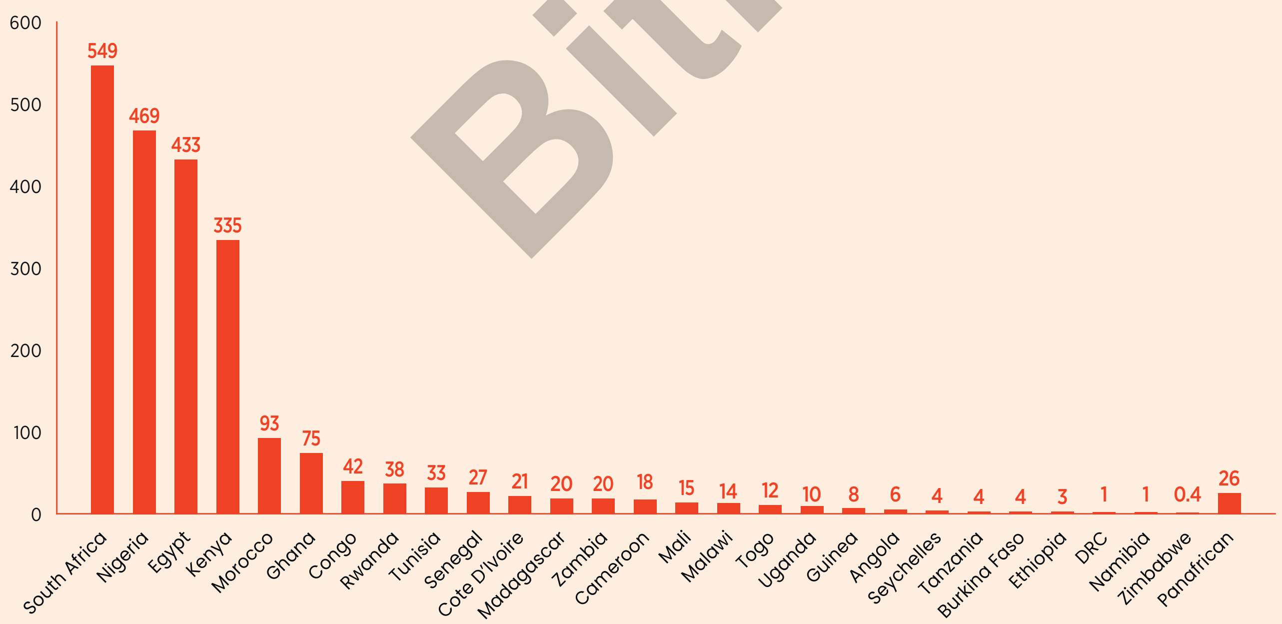
1. **South Africa became the #1 VC investment destination in Africa in 2023, leading in equity funding amount** while its top 4 peers all saw sharper declines in deals counts and volumes.

- Despite a 34% decline in equity funding amount, South Africa took the top position with $548M. **The country also recorded 83 deals with the lowest YoY decline among the top 4 at 13%,** resisting extremely well and ranking #2.
- **Nigeria, however, kept the lead in the number of equity deals with a total of 112 deals** (-41% YoY), and moved to **#2 in equity funding amount at $468M** with the largest decline among the top 4 at 59%.
- Egypt is the most drastically impacted of the top 4. **The deal count dropped by 58% (highest decline in top 4) to 60 equity deals.** On the funding volume, the 45% decline that kept Egypt at the #3 spot with **$432M** is hiding an even steeper decline as 60% of that amount went into a single deal.
- **Kenya holds the #3 spot on deal count with 67 equity rounds** (-35% YoY) but experienced a steep decline in equity funding amount (-56% YoY) to reach $335M.
- Beyond these leading countries, Morocco and Ghana were the only other countries surpassing the $50M funding threshold, with **Morocco reaching $93M (+252% YoY) and Ghana securing $75M (despite -63% YoY decline),** making Morocco part of the top five for the first time, both in total funding and deals count (17 deals, -11% YoY).

2023 AFRICA TECH VC - NUMBER OF EQUITY COUNT PER COUNTRY
Partech Analysis 2023



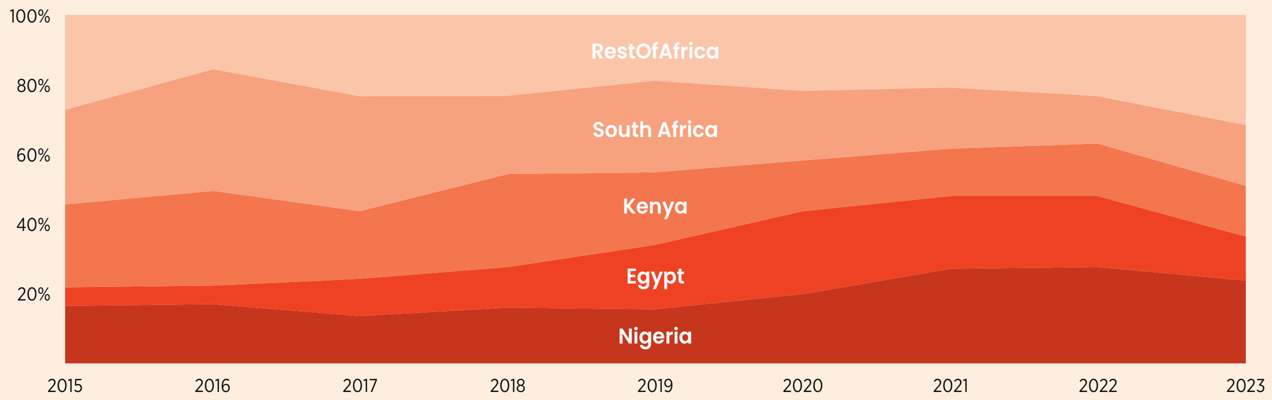
2023 AFRICA TECH VC - EQUITY FUNDING PER COUNTRY (IN $M)
Partech Analysis 2023



2. The top four countries - **South Africa, Nigeria, Egypt, and Kenya** – take the biggest share of the market and this share is growing again for the first time since 2019. They continued to be the primary destinations for investment activity with **79% of the total equity funding volume** (vs. 72% in 2022), despite a slight decrease in deal count with **68% of all deals** (vs. 77% in 2022).

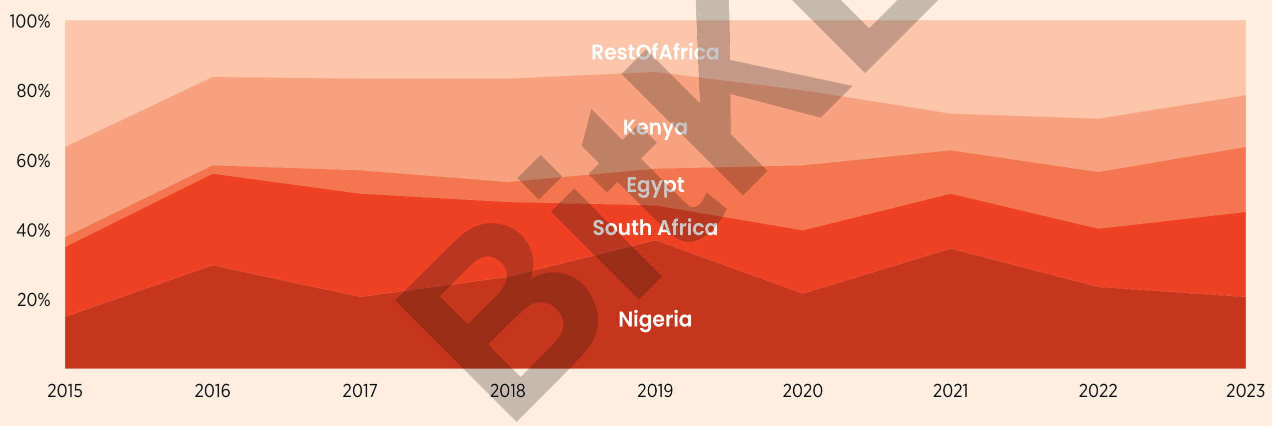
AFRICA TECH VC - EQUITY DEAL COUNT TOP 4 VS REST OF AFRICA 2015-2023

Partech Analysis 2023

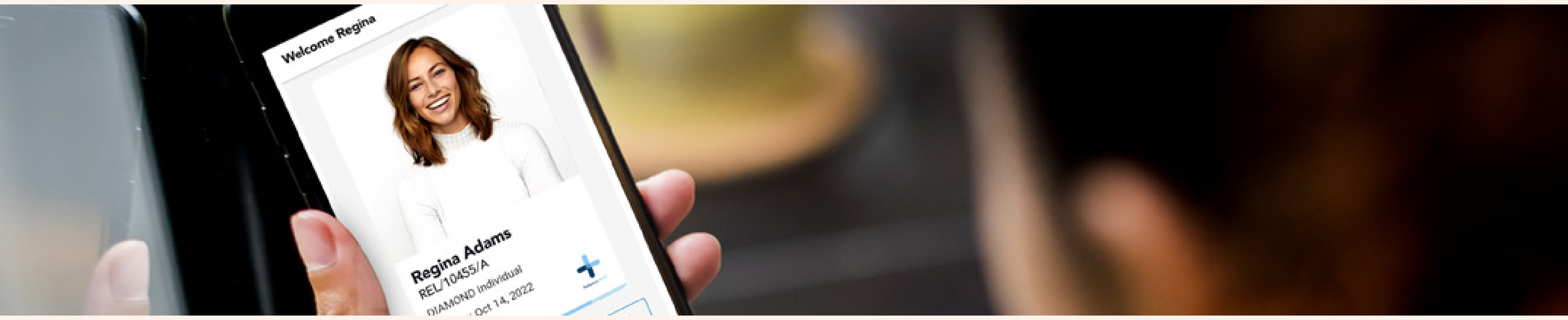


AFRICA TECH VC - EQUITY FUNDING AMOUNT TOP 4 VS REST OF AFRICA 2015-2023

Partech Analysis 2023



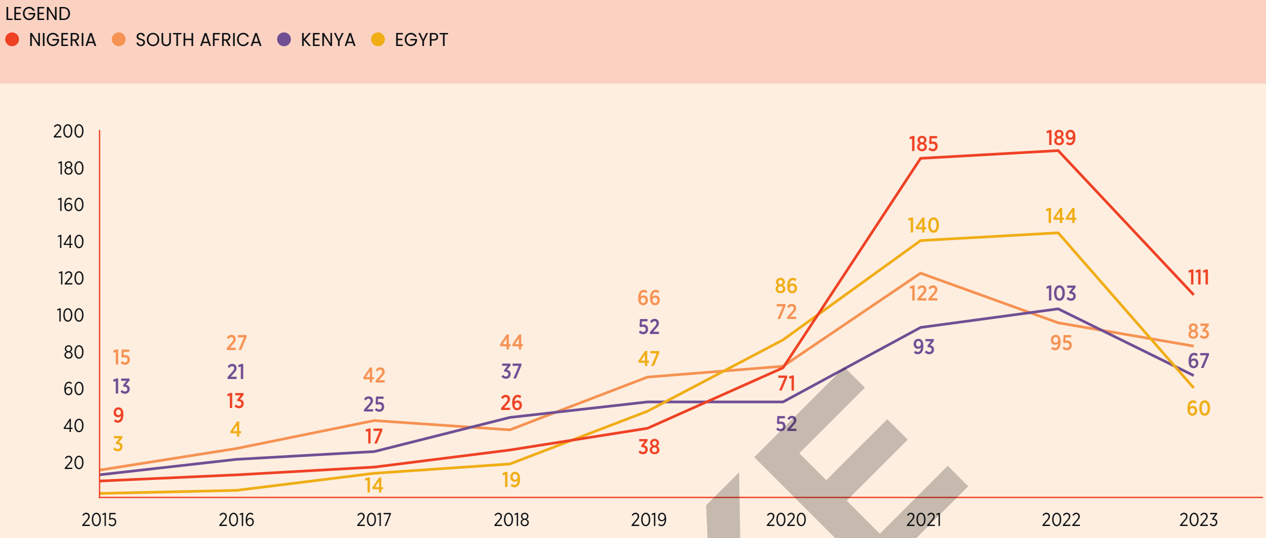
The dominance of these four markets goes even further: the top 4 remains unchanged whether we consider the deal count or the amount of funding, but also whether we restrict our view to Seed+, Series A or Growth stages (only excluding Series B). Furthermore, all Growth stage deals went to these top 4 markets, seeming to indicate that in an uncertain market, later stage investors refocused again on larger, better known tech markets. It is also not a coincidence that three of these markets are the largest economies and consumer markets in Africa, making it an even safer bet.



3. Despite leading the market, all four countries witnessed a considerable decrease in funding due to prevailing market challenges. **Nigeria (-59% YoY) and Kenya (-56% YoY)** experienced a significant reduction in their equity funding from 2022, while **Egypt and South Africa saw declines of 45% and 34%, respectively.**

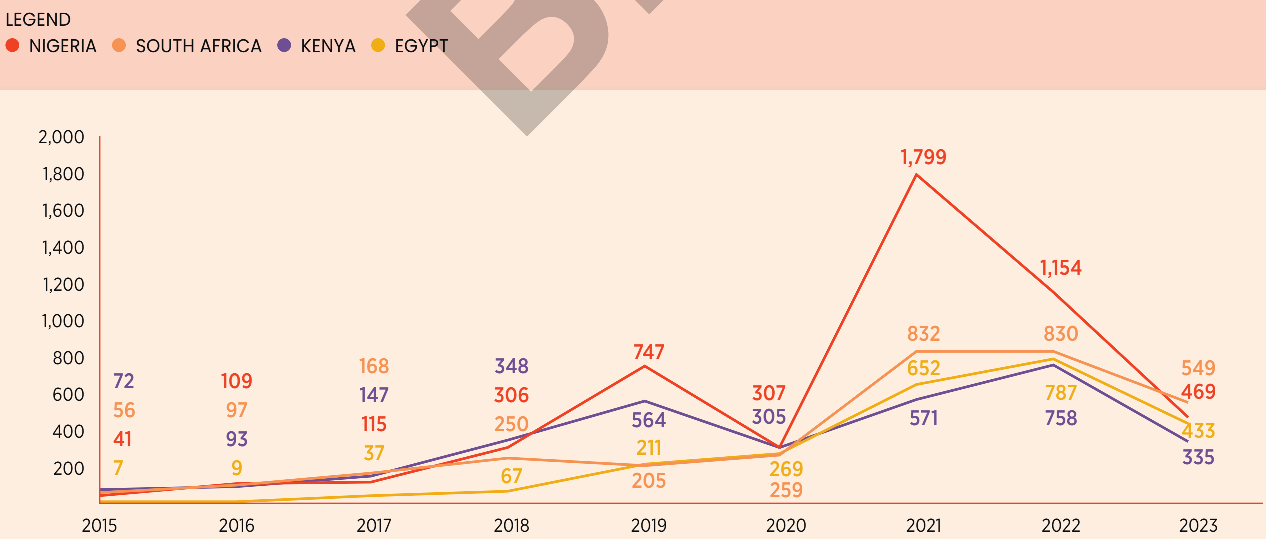
AFRICA TECH VC - EVOLUTION OF DEAL COUNT FOR TOP 4 MARKETS

Partech Analysis 2023



AFRICA TECH VC - EVOLUTION OF FUNDING AMOUNTS ($M) FOR TOP 4 MARKETS

Partech Analysis 2023



Factors such as strong currency devaluations, particularly in Nigeria and Egypt, have contributed to uncertain investment environments, resulting in startup closures and investor pullback. But it is also important to note that these four markets were already experiencing a significant decrease in funding simply from the global VC downturn.

4. The overall geographical reach of VC funding remained steady, with 27 countries.

This brings the total number of countries with equity tech deals above $200K in the last five years to a total of **38 countries. Equity funding for the Rest of Africa (ROA) - which excludes the top 4 countries - saw a significant decrease: $495M (-64% YoY) for 152 deals (-6% YoY).** There has been a marked focus in equity funding towards the established markets, with only 22% of total equity funding directed to the ROA, compared to 28% in 2022. **Nevertheless, these regions saw an increase in deal count from 21% in 2022 to 32% in 2023, indicating growing interest in other markets,** even though the focus has been on smaller and early-stage deals.

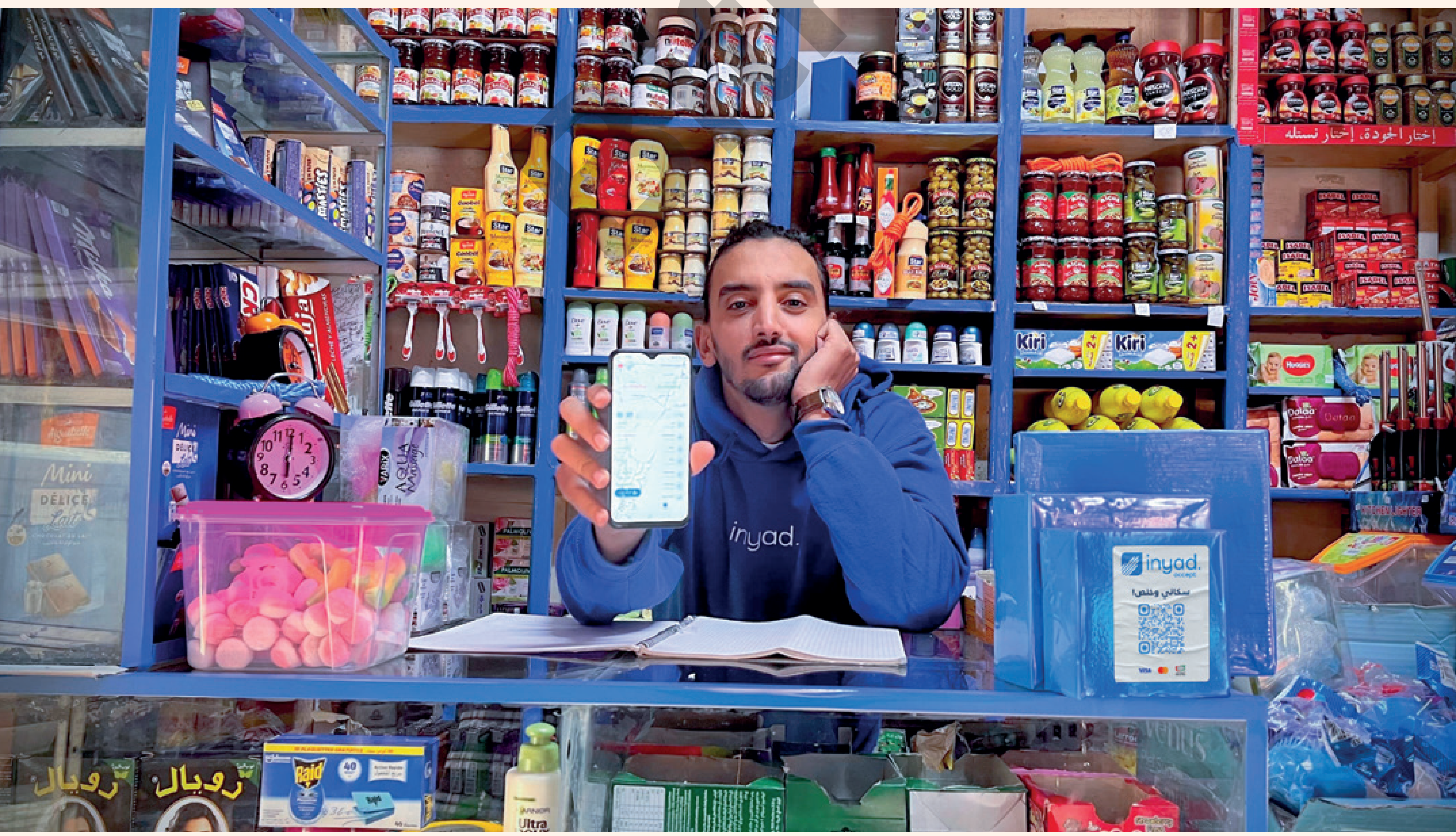
5. **Francophone countries saw an upsurge in their representation,** with Morocco ($93M), Congo ($42M), Rwanda ($38M), Tunisia ($33M) and Senegal ($27M) collectively securing five spots in the top 10:

- In these regions, **Francophone countries accounted for 68% of the Rest of Africa (ROA) equity funding volume vs 38% in 2022,** a drastic shift in investor focus. Funding is totaling $335M (-37% YoY) and represents 15% of the continent's total equity funding (vs. 11% in 2022). 61% of all deals outside the top 4 (vs. 49% in 2022) are now happening in Francophone countries for a total of 93 deals (+16% YoY).

- Similarly, **Francophone Africa represented 52% of the countries** (vs. 46% in 2022) **that have seen a transaction this year,** i.e., 14 countries out of 27 countries. When looking at the ROA collective specifically, this share increases to 61% of countries.

- Francophone North Africa experienced a downturn, with combined funding for **Morocco and Tunisia at $125M, a 57% drop from 2022.** Notably, Algeria, which led the region last year with a significant investment in mobility startup Yassir, was absent from this year's funding landscape.

This evolving landscape suggests that as these emerging countries mature and startups progress to later funding stages, we might witness a more diversified spread across different African countries in future investment patterns.



CASE STUDY

A ZOOM-IN ON FRANCOPHONE AFRICA

In the face of challenging macroeconomic conditions and widespread funding contractions in 2023, an in-depth analysis of venture capital activity across Africa highlights a key trend: Francophone Africa has significantly increased its stake in the continent's VC landscape, representing 15% of total equity funding in Africa against 20% of total equity deals, and 68% of overall equity funding for the Rest of Africa (ROA), when excluding the "Big Four".

KEY FIGURES

14
OUT OF 27 COUNTRIES HAVING RAISED MONEY IN 2023

$1.8B
EQUITY FUNDING RAISED BETWEEN 2015 AND 2023

369
EQUITY DEALS BETWEEN 2015 AND 2023

55x
EQUITY FUNDING BETWEEN 2015 AND 2023

68 %
OF THE EQUITY FUNDING IN THE REST OF AFRICA*

Instadeep
AFRICA'S LARGEST TECH EXIT (TUNISIA)

Wave
ONLY UNICORN OUTSIDE OF BIG FOUR (SENEGAL)

FRANCOPHONE AFRICA IN NUMBERS

The Francophone African region covers 21 countries where French is widely spoken and is home to 400 million individuals. Over the years, the region has grappled with unique challenges which have led to a late entry into the tech startup scene, including regulatory complexities, smaller market sizes, talent gaps and notably, the language barrier.

However, the region is now at a turning point. The IMF reports that six of the ten fastest-growing economies in emerging markets are in Francophone countries, signaling an upturn in economic conditions favorable for venture capital and technological progress.

In a broader perspective, the concentration of global VC funding is shifting, reducing the impact of the language barrier that previously posed a significant challenge. In 2023, 53% of global venture capital funding originated from the US and the UK, a notable decline from 71% in 2013 and 82% in 2003. This trend mirrors the funding distribution on the African continent. In 2023, the share of venture capital investors in Africa originating from the US and UK decreased to 49%, giving way to investors from other countries.

As the investment environment matures, many VC firms have emerged with capital dedicated to the continent and some even with a Francophone Africa mandate to actively explore and capitalize on opportunities in these markets. This movement towards a broader range of investment sources marks a significant step towards a more inclusive and balanced investment ecosystem. It aptly reflects the continent's varied economic potential, leading to a more vibrant startup ecosystem, fueled by a more equitable flow of funding.

FRANCOPHONE AFRICA: THE NEXT FRONTIER OF TECH IN AFRICA

In 2023, Francophone Africa distinguished itself as a dynamic and growing force in the tech sector, defying broader market trends, and being the only region to demonstrate year-over-year growth both in the number of deals and investor participation. Over the last 10 years , the region has seen a continuous growth of its equity deal count in spite of harsh market conditions (COVID crisis, high inflation, etc.).

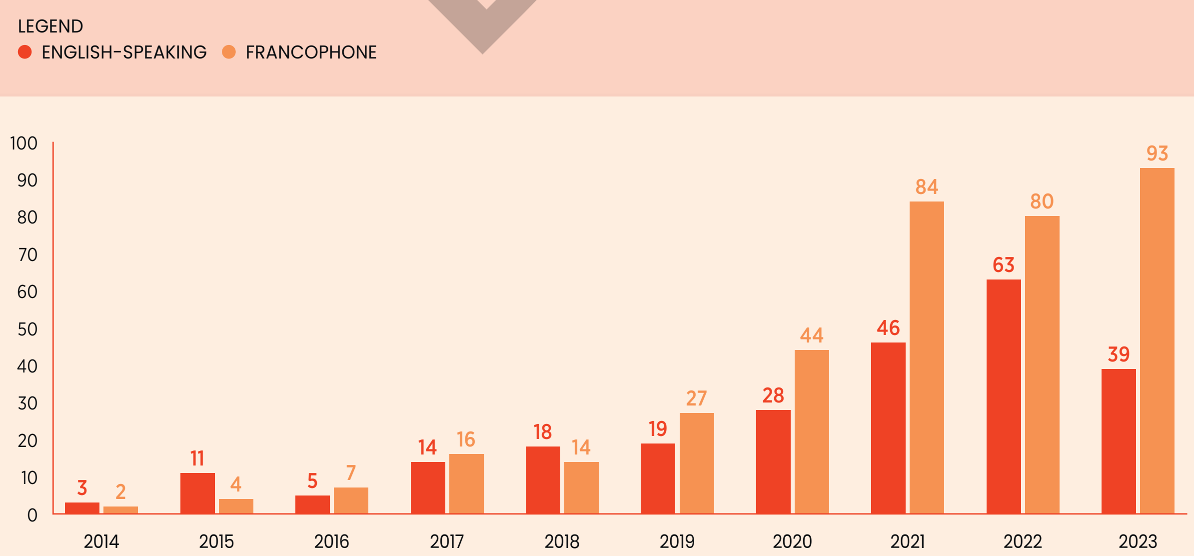
1. One of the most striking trends is the representation of Francophone countries in the lead countries of African tech investment. In 2023, five Francophone countries – Morocco ($93M), Congo ($42M), Rwanda ($38M), Tunisia ($33M), and Senegal ($27M) – secured their spots in the top 10 of African tech funding, highligh-ting the growing appeal and potential of these markets in the tech sector.

2. Francophone Africa's share of transactions on the continent has seen a significant increase. In 2023, 52% of all African countries that recorded a transaction were Francophone (14 out of 27), a rise from 46% in the previous year. Similarly, 18 out of the 21 countries in Francophone Africa have received equity funding since the beginning of our tracking in 2014. This shift not only reflects the region's active participation in tech ventures as a whole, but also highlights a broader change in the landscape of African tech investment.

3. When examining investments outside of Africa's "Big Four" (South Africa, Nigeria, Kenya, and Egypt), there has been a drastic shift in investor focus towards Francophone countries. In 2023, these countries accounted for 68% of the Rest of Africa (ROA) equity funding volume, a substantial increase from 38% in 2022. Additionally, Francophone Africa represented 61% of all deals made outside the top four, up from 49% in the previous year.

AFRICA TECH VC - DEAL COUNT IN FRANCOPHONE VS ENGLISH-SPEAKING COUNTRIES OUTSIDE TOP 4

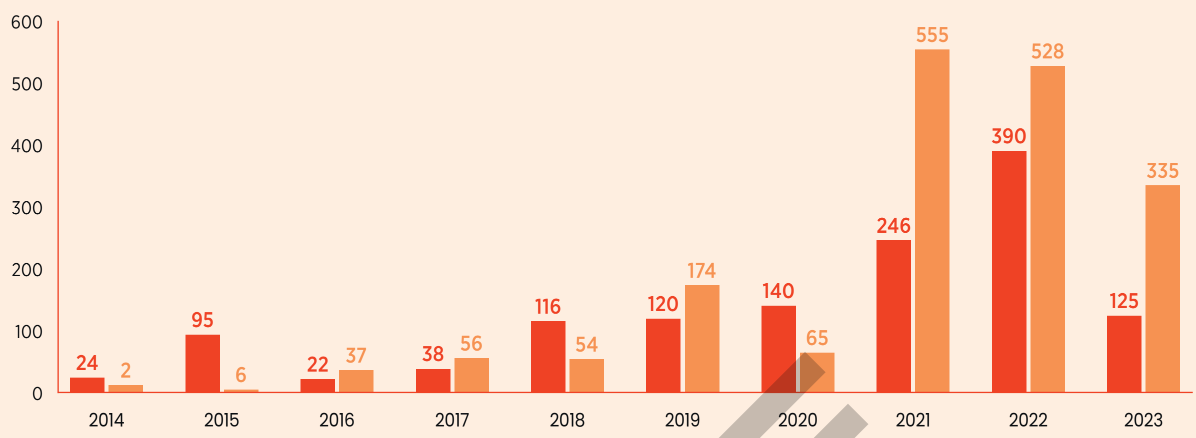
Partech Analysis 2023



AFRICA TECH VC - EQUITY A FUNDING IN FRANCOPHONE VS ENGLISH-SPEAKING COUNTRIES OUTSIDE TOP 4

Partech Analysis 2023

LEGEND
- ENGLISH-SPEAKING
- FRANCOPHONE

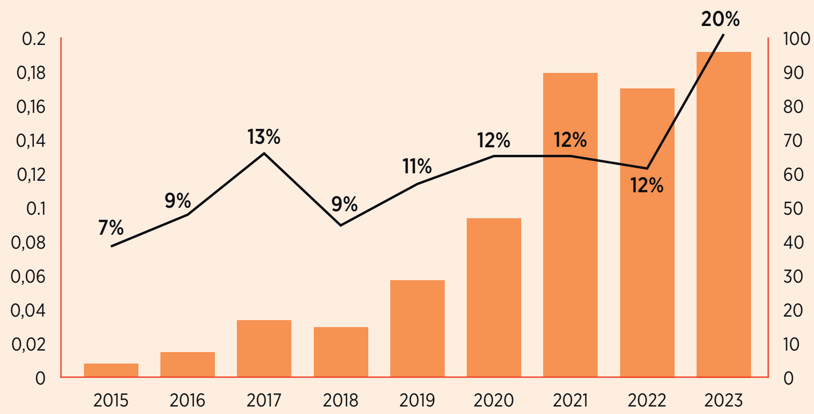


4. While funding in Francophone Africa totaled $335M in 2023, marking a 37% YoY decrease, it still constituted 15% of the continent's total equity funding, rising from 11% in 2022. The number of deals in the region keeps showing resilience, totaling 93 deals for a 16% YoY increase, while the continent saw a drastic 32% YoY drop. This now represents 20% of the continent's total deals, up from 12% in 2022.

2023 AFRICA TECH VC FRANCOPHONE AFRICA EQUITY DEALS 2015-2023

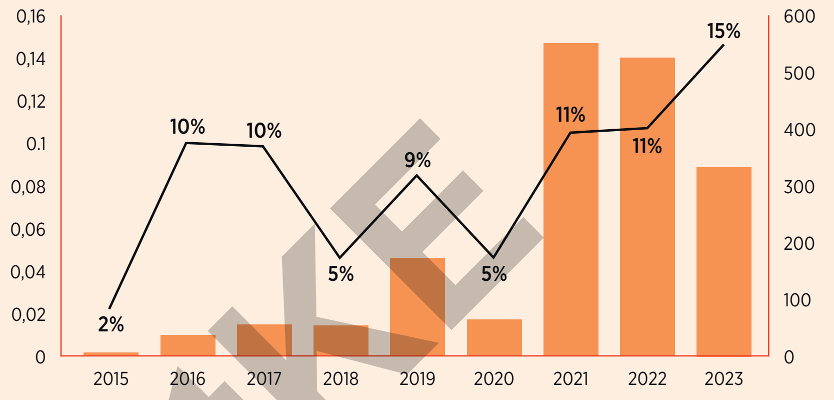
Partech Analysis 2023

LEGEND
- DEAL FRANCOPHONE COUNTRIES
- DEAL % FRANCOPHONE COUNTRIES



2023 AFRICA TECH VC FRANCOPHONE AFRICA EQUITY FUNDING 2015-2023

Partech Analysis 2023



LEGEND
- FUNDING FRANCOPHONE COUNTRIES
- FUNDING % FRANCOPHONE COUNTRIES

5. The region maintained stable investor participation with a slight 3% year-over-year increase, involving 152 investors. This stability in Francophone Africa contrasts with the massive decline seen everywhere else on the continent, where investor participation dropped by 50% YoY. This data suggests that despite broader economic challenges, Francophone Africa has not only retained but also grown its appeal to investors. The steady growth of this region over the last years is explained by the ability of local investors to expand beyond the top markets visible to global investors. They have local mandates and see the untapped opportunity in francophone countries.

SPOTLIGHTING WAVE: A FRANCOPHONE AFRICA SUCCESS STORY

Wave, the Senegal-based mobile money service, exemplifies the region's potential. The company was propelled into the billion-dollar valuation club following a $200M funding round in 2021 —a first for Senegal and for any startup outside Nigeria and Egypt. Wave's strategy to offer better customer experience at a lower cost disrupted the market, particularly in a country with a population of just over 17 million. Though often considered an isolated phenomenon, Wave's rise to success demonstrates that startups possess the ability to not only flourish within a Francophone market, but also to strategically expand their operations. With economic zones like the West African Economic and Monetary Union (WAEMU), companies such as Wave can take on the advantage of operating within a collective of countries that share a common language, currency, and regulatory system, emphasizing the necessity for investors to see beyond language barriers and unfamiliarity, and to engage with a market that, in unity, spans a population of more than 400 million.

SECTORS

FINTECH #1
BOTH IN FUNDING & DEALS

$852M
IN EQUITY FUNDING
(-56% YoY),
37% OF EQUITY FUNDING

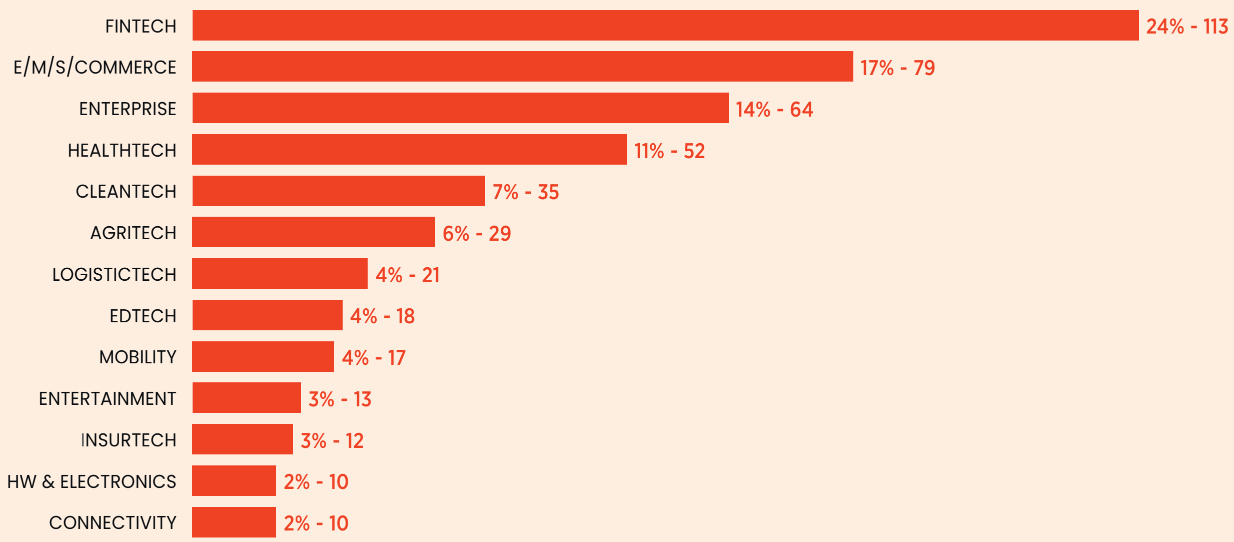
113
EQUITY DEALS
(-48% YoY),
24% OF EQUITY DEALS

> **Fintech held its position as the leading sector in the African tech ecosystem, attracting $852M across 113 deals, despite the broader market downturn. This dominance underscores the sector's appeal to investors, even as emerging sectors like Cleantech begin to gain ground in the investment landscape.**

1. In 2023, the sectoral dynamics within the African tech ecosystem underwent a few changes in trends, but **Fintech retained the leading position accounting for 24% of deals with 113 equity deals, despite a 48% decline** from last year's 217 count.

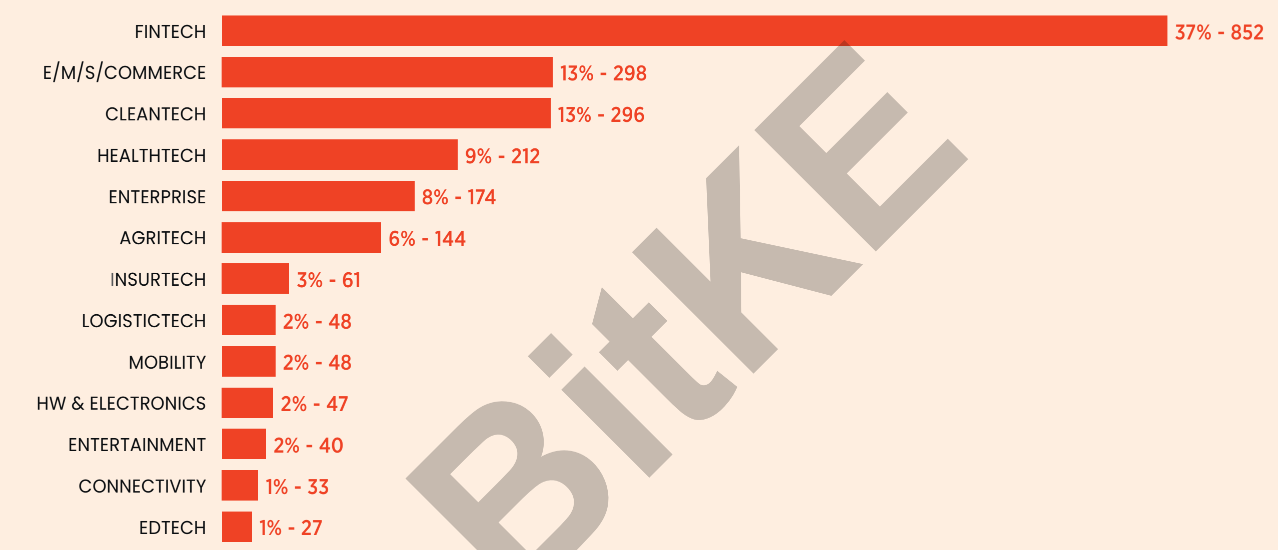
- E/M/S-Commerce and Enterprise, the 2nd and 3rd most active sectors, with 79 and 64 deals respectively, both declined by 37% in deal count from last year.
- Healthtech, Agritech and Mobility sectors stood out as the only ones immune to the downturn with the latter two experiencing a growth in deal counts.

2023 AFRICA TECH VC - TOP ACTIVE VERTICALS (EQUITY DEAL COUNT)
Partech Analysis 2023



2. From a funding amounts perspective, **Fintech also held its position as the leading sector in the African tech ecosystem, securing $852M in investments.** This figure marks a 56% reduction from the previous year, yet still accounts for over one-third of the total funding in the ecosystem.

2023 AFRICA TECH VC - TOP EQUITY-FUNDED VERTICALS (IN $M)
Partech Analysis 2023



Despite the general decrease in funding volume, Fintech continued to lead in 2023, securing **37% of the total equity investment, slightly down from 39% in 2022.** This steady performance shows several key insights:

- Investors tend to gravitate towards more validated models in times of uncertainty, and Fintech, with its proven track record, remains a preferred choice.
- Fintech plays a critical role in addressing infrastructural challenges in Africa. Beyond just being payment applications, these solutions are essential in enabling a wide range of ventures. By establishing both local and cross-border solutions, and fostering key connections between individuals, businesses, and financial institutions, Fintech's role remains integral to the ecosystem.
- The Financial Services sector includes some of the highest revenue-generating companies in Africa. Its capacity to intersect various sectors and cater to the needs of both individuals and businesses makes it an indispensable part of the economic fabric.
- A sizable portion of Africa's population and business sector remains either unserved or underserved, particularly in the informal sector. This gap presents a persistent challenge and an ongoing opportunity for innovation and investment, making the continent a fertile ground for entrepreneurs and investors.

3. E/M/S-Commerce and Cleantech tie for the second spot, commanding each 13% of the total funding amounts.

- **E/M/S-Commerce secured over $298M in equity funding (-53% YoY), representing 13% of the total amount raised in 2023** (same as for 2022).

  The sector has not achieved the same level of disruption as Fintech startups but has raised $1.2B between 2021 and 2023, notably producing Africa's first tech unicorn. For the last four years this sector has been in the top 3. However, it's important to recognize that growth within the E/M/S-Commerce sector is not consistent across all its subsectors, with multiple companies facing obstacles in building sustainable models. Additionally, a good part of this year's funding in the sector has been in "distressed" companies, reflecting a situation where numerous companies are striving for survival rather than experiencing vigorous growth.

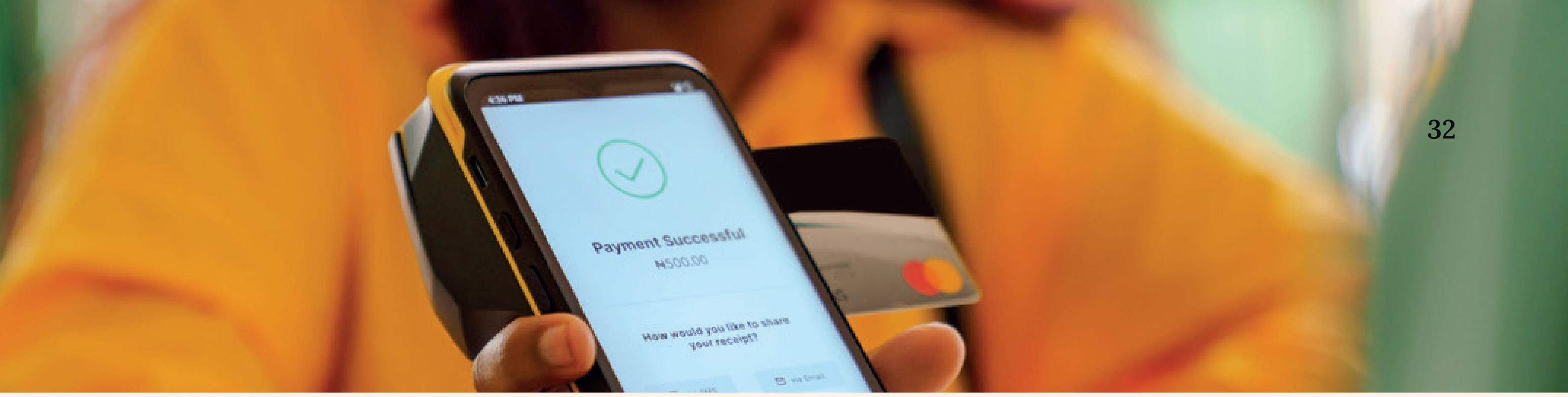
- **Cleantech,** a sector gaining increasing attention from both founders and investors due to its crucial role in sustainable development, **claimed the third position. With over $296M in equity funding - also 13% of the total (vs 18% in 2022)** - the sector experienced a 66% year-over-year decrease in funding volume yet continues to be a significant point of discussion.

  While now predominantly fueled by debt financing, it has also seen a sizeable equity investment, affirming the importance of both funding types in its growth. The rise of numerous Cleantech and Climate-tech focused funds, particularly aimed at investing in emerging markets, partly explains the current figures and indicates a trend that is expected to grow in the coming years. Furthermore, the sector's capacity to draw Development Finance Institutions (DFIs) focused on sustainability and climate highlights its continued relevance and potential for making a substantial impact.

4. **Agritech and Healthtech are the only significant sectors where we see growing investment.** Agritech saw a growth in deal counts (29, +21% YoY) to reach $144M (+67% YoY) while Healthtech was essentially flat in deal count (52) and reached $212M (17% YoY).

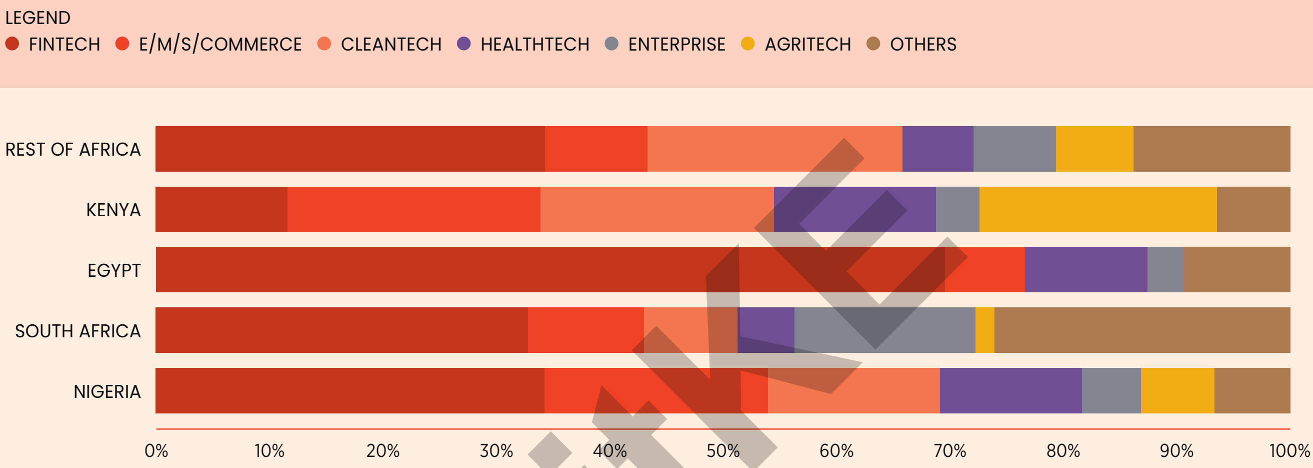
- **Healthtech and Enterprise Solutions ranked fourth and fifth respectively,** with Healthtech witnessing a rise in funding. This sector secured **$212M in 2023 (+17% YoY),** amounting to **9% of the total equity funds** raised, a considerable increase from the 4% share it held in the previous year.

- Ranked sixth and tenth, **Agritech and HW & Electronics presented the highest year-over-year growth of 67% and 174% respectively from 2022 to 2023.** They are the only two sectors in 2023 that saw a YoY growth both in equity and deal count: Agritech with $143M in funding amount (+67% YoY) and 29 deals (+21% YoY), while the HW & Electronics sector saw its equity funding at $47M (+174% YoY) from 10 equity deals (+67% YoY).



5. **Fintech continued to dominate the investment landscape in 2023 across the top four African countries, with the exception of Kenya.**

2023 AFRICA TECH VC - EQUITY FUNDING BY VERTICAL IN TOP MARKETS (IN %)
Partech Analysis 2023



- **Egypt stands out with 70% of its equity funding amount deployed in Fintech,** amounting to $301M out of $392M. This is **largely** driven by MNT-Halan's $260M deal.

- **Kenya also stands out with a very low portion of Fintech, 12% of the funding amount at only $39M.** In contrast, across the broader African region, the Fintech sector accounted for an average 34% of the represented countries' total equity funding. In fact, Fintech funding in Kenya has been on a downward trend for the last 5 years, except for 2021. This points to unique market dynamics in this space, probably worth a separate study.

- Kenya is mostly led by E/M/S/Commerce at $74M (25% of total sector funding) followed by Agritech with $70M (49% of sector funding) and Cleantech with $69M (23% of sector funding).

- **South Africa and Nigeria stood out as the most diversified markets,** with a broader investment profile across the top six verticals, reflecting their status as more mature markets within the African tech ecosystem.

  These two markets boast a higher concentration of tech talent, and a history of entrepreneurial success, which attracts a wider range of investors.

  Nigeria's large market provides a fertile testing ground for a variety of tech solutions, from Fintech to Healthtech and beyond, catering to a range of consumer and business needs.

  South Africa's established financial and legal systems, along with its strategic position as a gateway to the African continent, have fostered a conducive environment for startups across multiple sectors, not just Fintech. This maturity in the market dynamics allows for a more balanced distribution of venture capital, which is less skewed towards a single vertical, and encourages a more general development of the tech sector.

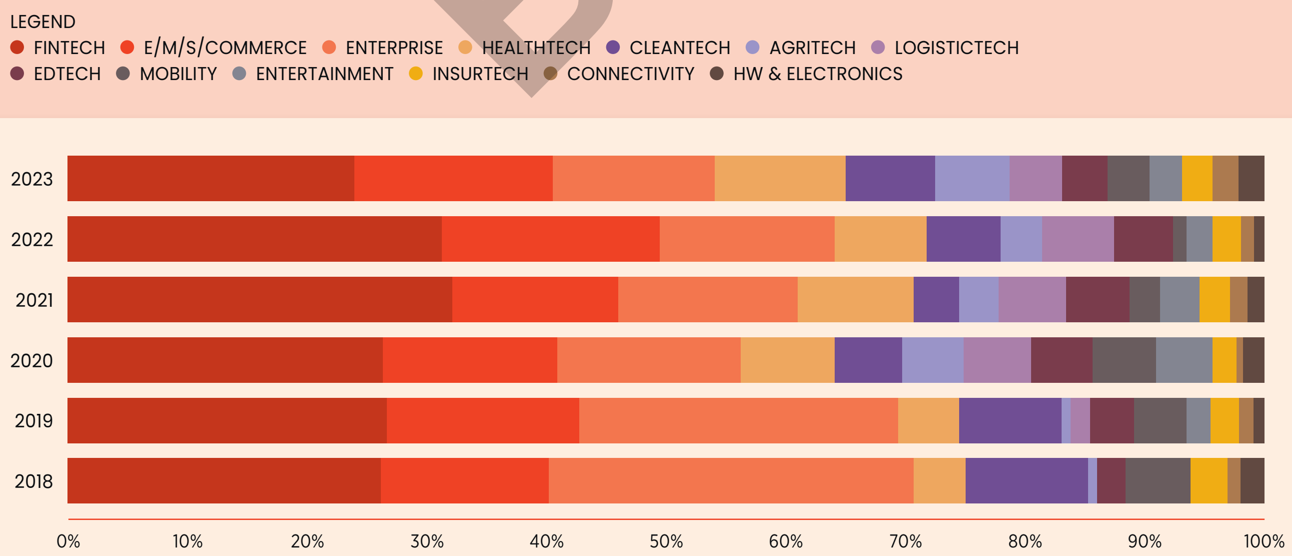
6. Analyzing how the equity deals and funding per sector evolved over recent years reveals a consistent lead by Fintech but also an evolving landscape when it comes to other sectors.

- Consistent with annual sectorial trends, **Fintech** continues to be the frontrunner in funding volumes, although the percentages have varied. It accounted for **41% of the funding in 2019, peaked at 62% in 2021, and stood at 37% in 2023.**
- **Cleantech, Enterprise, and E/M/S Commerce** have been alternating in their rankings over the years, each averaging around **11%, 10%, and 9% of total funding respectively over the past five years.**
- However, when looking at the number of deals, the picture shifts slightly. **Fintech,** while still leading, represents a smaller portion of total deals, **averaging 28% as opposed to its 41% share in funding.** This discrepancy is likely due to larger individual deals within Fintech.
- **Cleantech** mirrors Fintech's pattern, commanding a **larger slice of funding (an average of 11%) compared to its share in deal count (average of 6%).**
- **Enterprise Services,** operating predominantly on a B2B model, promises more stable and predictable revenue streams than consumer-focused startups, which is appealing to investors. It **peaked at 26% of deal count in 2019 and averaged 17% in subsequent years.**
- **E/M/S Commerce** has shown relative stability, **ranging from 14% to 18% of the total equity deal count** over the five-year period.
- **Healthtech,** propelled by the COVID-19 pandemic, has seen its share of **deal numbers grow from 5% in 2019 to 11% in 2023.**

These trends emphasize the evolving nature of the African tech ecosystem, with sectors like Fintech and, increasingly, Cleantech consistently attracting larger investments, while Healthtech gains traction in deal volume, reflecting the sector's growing importance in the post-pandemic landscape.

2023 AFRICA TECH VC - EQUITY DEAL COUNT BY VERTICAL 2019 - 2023

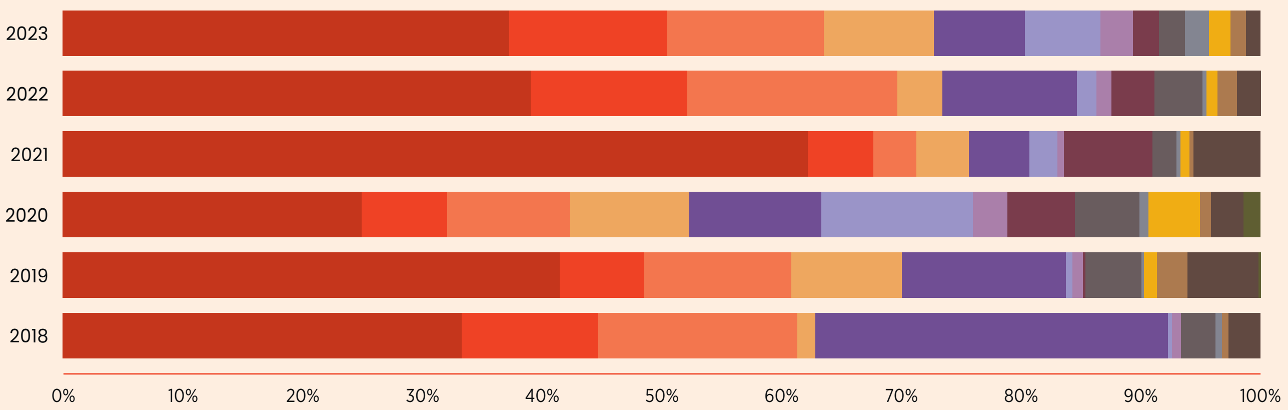
Partech Analysis 2023



2023 AFRICA TECH VC - EQUITY FUNDING BY VERTICAL 2019 - 2023

Partech Analysis 2023

LEGEND
FINTECH · E/M/S/COMMERCE · CLEANTECH · HEALTHTECH · ENTERPRISE · AGRITECH · INSURTECH · LOGISTICTECH · MOBILITY · HW & ELECTRONICS · ENTERTAINMENT · CONNECTIVITY · EDTECH · OTHER



FEMALE FOUNDERS

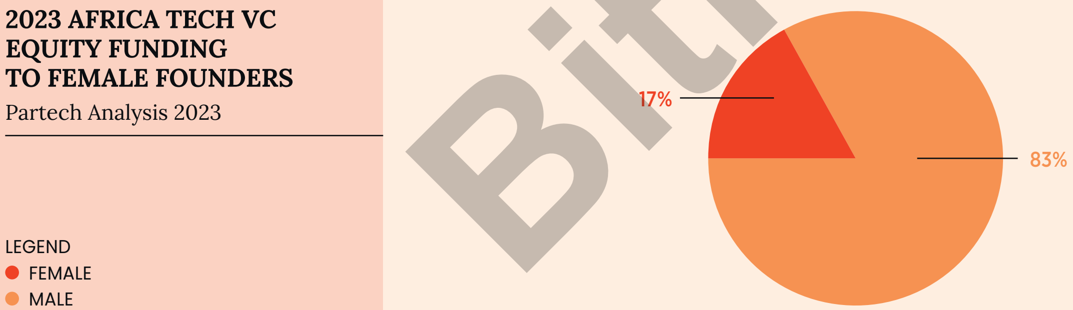
17%
OF TOTAL EQUITY FUNDING GOING TO FEMALE-FOUNDED STARTUPS
(+4 %P.P. YoY)

25%
OF EQUITY DEALS CLOSED BY FEMALE-FOUNDED STARTUPS
(+3 %P.P. YoY)

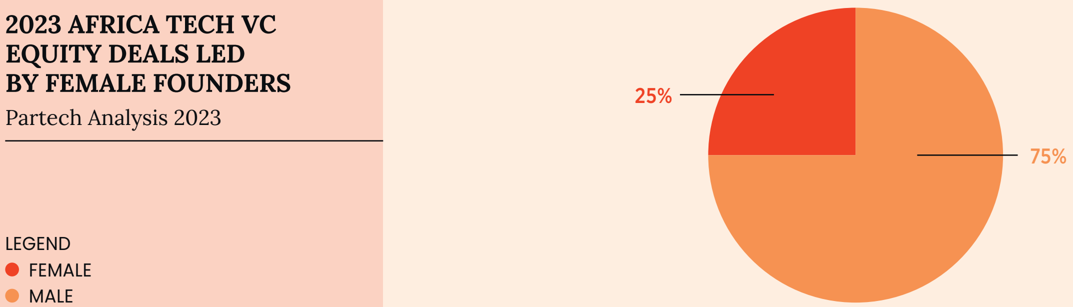
> Female-founded startups raised 25% of all deals, marking a 3 percentage point (p.p.) increase from the previous year. Through 116 deals, they accounted for $392M (-39% YoY), or 17% of the total equity funding – an increase of 4 p.p. from 2022 – marking a modest shift towards gender diversification among recipients.

1. **In 2023, startups with female founders were responsible for securing $392M in equity funding for the year, representing 17% of overall funding amount, through 116 rounds representing 25% of the total deal count.**

2023 AFRICA TECH VC EQUITY FUNDING TO FEMALE FOUNDERS
Partech Analysis 2023



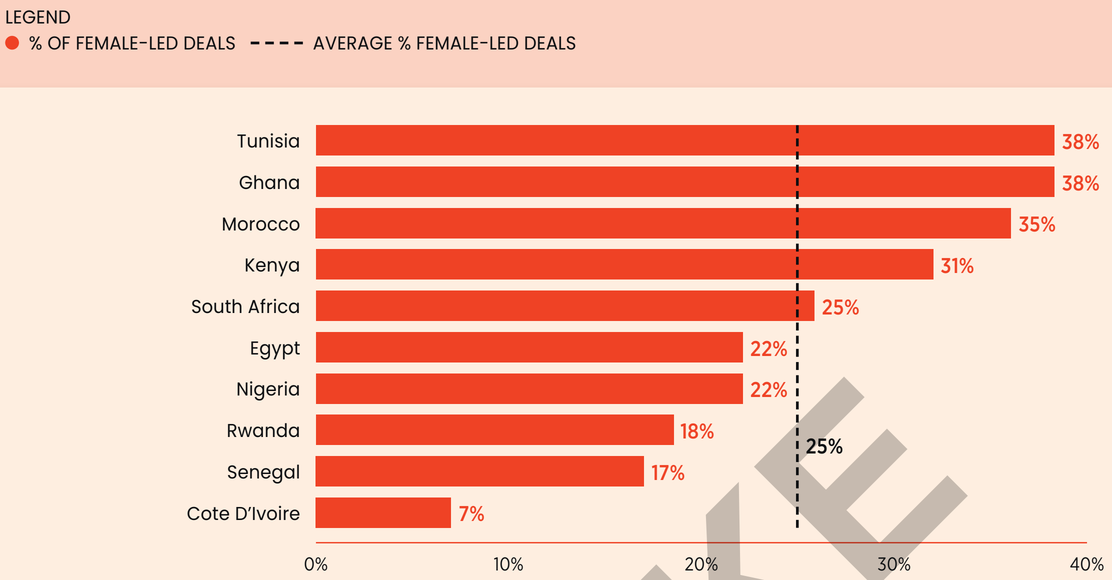
2023 AFRICA TECH VC EQUITY DEALS LED BY FEMALE FOUNDERS
Partech Analysis 2023



While reflective of a step forward in addressing the gender funding gap, it's clear that the disparity between male and female founders in Africa's venture capital landscape is still pronounced and warrants continued attention.

2. Taking a closer look at the deal counts, we see varying distribution trends towards female-led startups across countries, yet no particular regional trend, other than the presence of the top four – Kenya, South Africa, Egypt, and Nigeria – as some of the countries with the highest percentage of female-led funded startups, after Tunisia, Ghana, and Morocco.

2023 AFRICA TECH VC - NUMBER OF EQUITY DEALS LED BY FEMALE FOUNDERS
Partech Analysis 2023



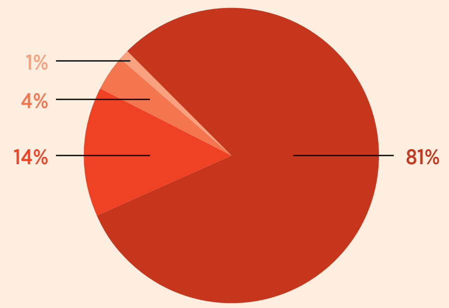
While **Nigeria** continued to lead in the absolute number of investments in female-led startups with **24 deals, Tunisia and Ghana emerged as frontrunners** in terms of percentage, with female-founded startups representing **38% of total deals** in these countries (a count of 16 total deals each).

In terms of funding volume, female-led startups made strides by raising $392M, which represented 17% of the total equity funding in 2023, an improvement from the 13% recorded in 2022. **Kenyan female-founded startups led in fundraising, with $105M** (25% of the total amount raised by female founders), closely followed by **Nigeria with $103M.**

3. **Most of the funding for female founders was concentrated at the Seed stage, which represented over 81% of all female-led deals,** slightly up from 79% in the previous year. Series A rounds maintained a steady pace, accounting for 14% of the total deals for female-founded startups.

2023 AFRICA TECH VC EQUITY DEAL COUNT PER STAGE LED BY FEMALE FOUNDERS
Partech Analysis 2023

LEGEND
- SEED+
- SERIES A
- SERIES B
- GROWTH

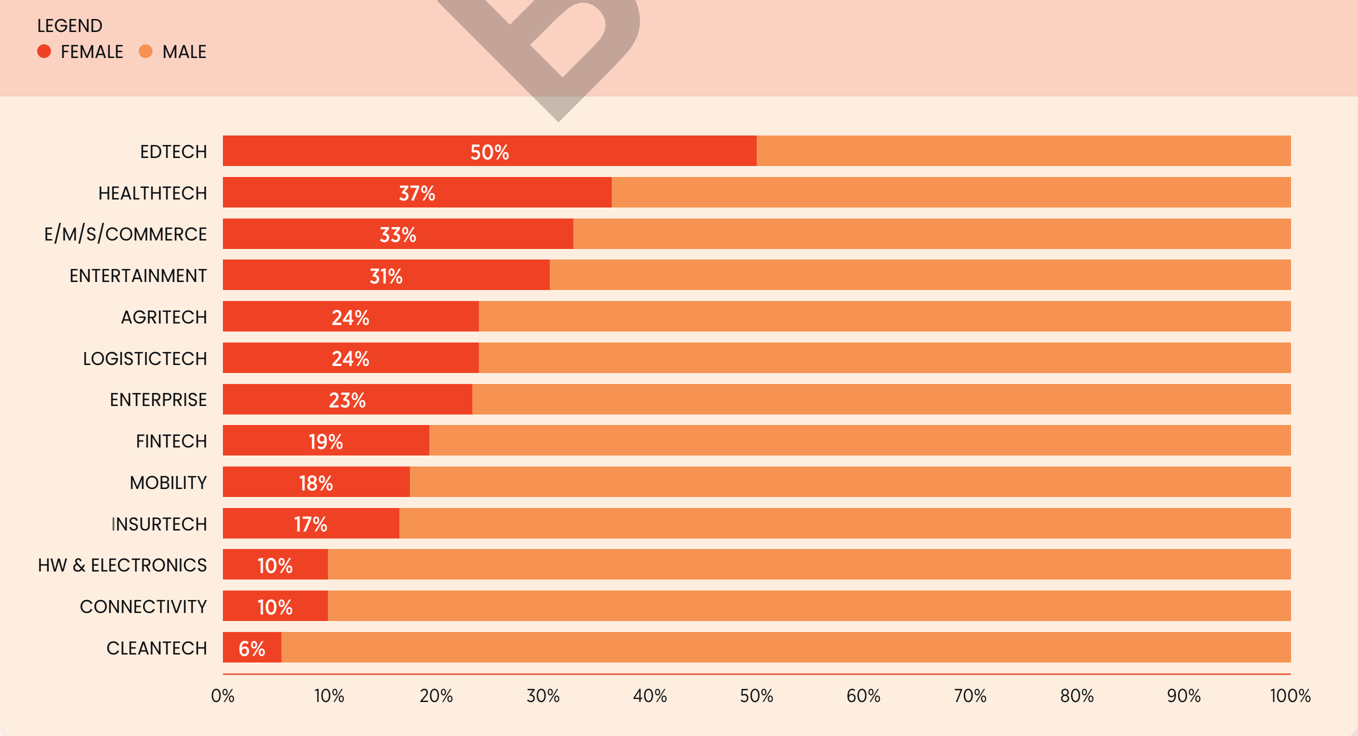


The distribution of this funding across different stages revealed some differences: **$147M was raised at Seed+** (28% of all Seed+ funding), **$100M at Series A** (18% of all Series A funding), **$125M at Series B** (19% of all Series B funding), and **$20M at the Growth stage** (only 3% of all Growth funding). This indicates a challenge for female founders in advancing to larger funding stages and securing more substantial investment amounts.

4. **Significant variations in gender parity are also noted across different sectors.** In **Edtech, gender parity has been achieved** in terms of deal numbers, with 50% of funded startups being female-led. Similarly, in **Healthtech,** women-led startups account for 51% of the total funding amounts, indicating a balance. In stark contrast however, Fintech, despite being the sector with the largest share of equity funding, allocates only 6% of its funding to women-led companies.

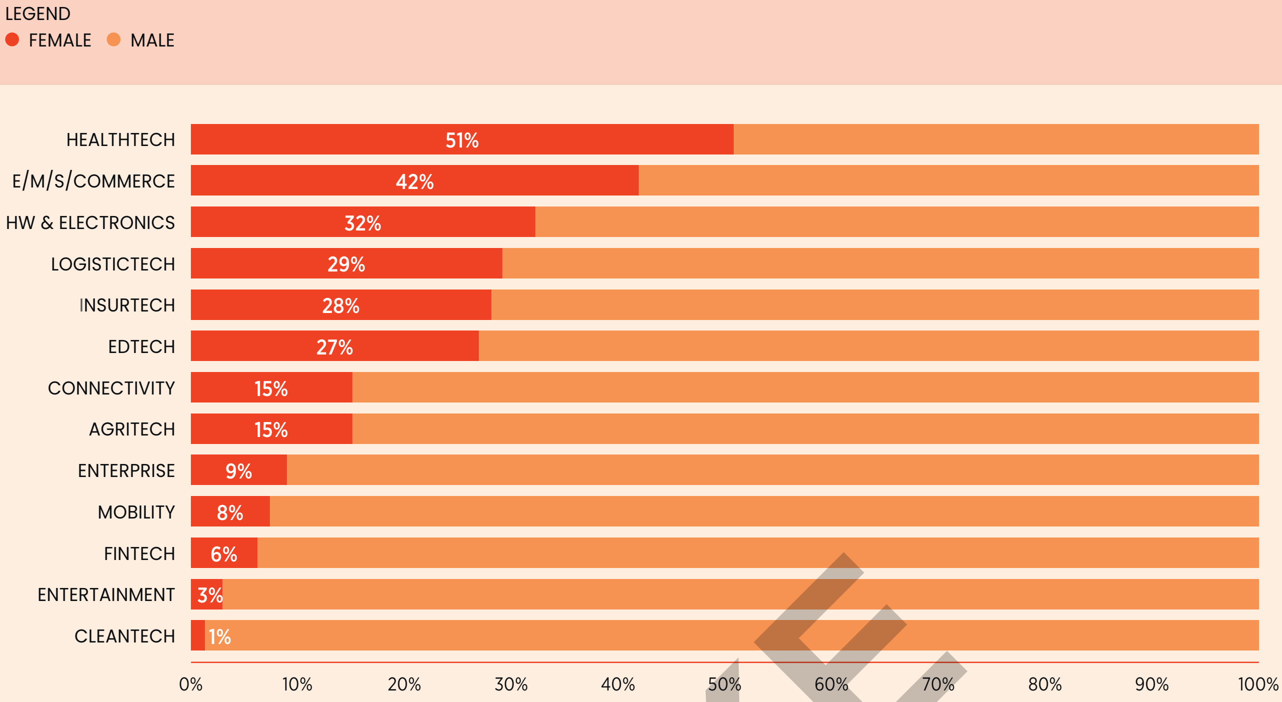
2023 AFRICA TECH VC - GENDER BALANCE IN DEAL COUNTS BY SECTOR

Partech Analysis 2023



2023 AFRICA TECH VC - GENDER BALANCE IN FUNDING BY SECTOR

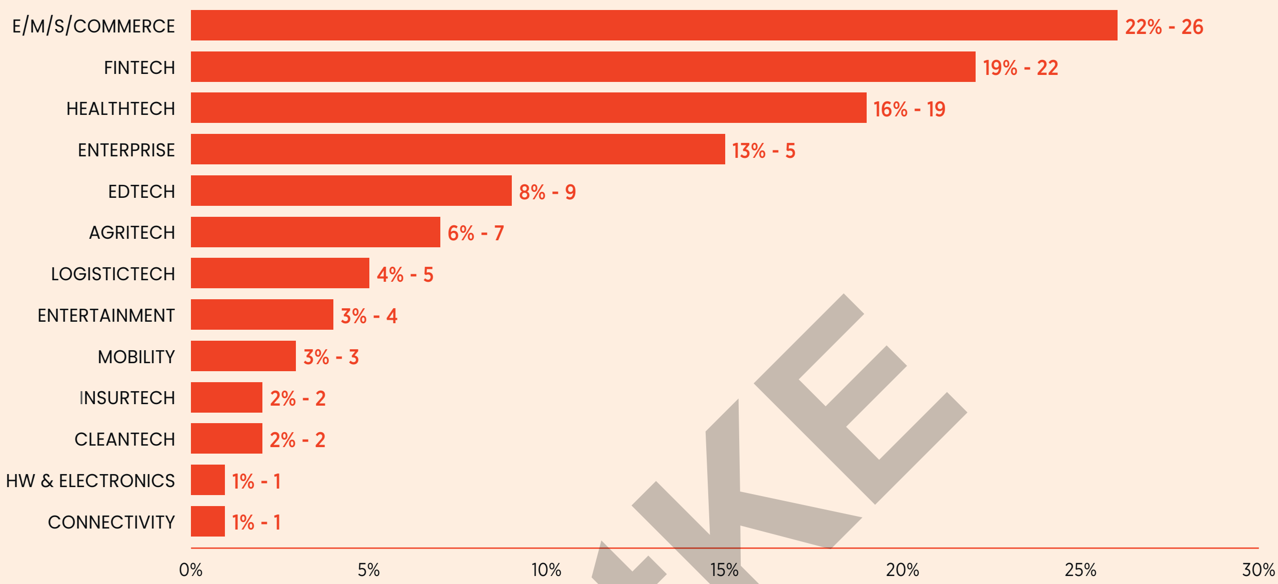
Partech Analysis 2023



5. **Female-led companies raised most of their funding rounds in E/M/S-Commerce, the sector capturing 22% of all funding for female-led startups,** compared to its 17% share of total funding across all startups. Meanwhile, **Fintech ranked second, securing 19%** of female-led startups funding, which contrasts with its larger 24% share in the overall startup funding landscape. Lastly, **Healthtech** also commanded a larger proportion (16%) of funding for female-led companies than their shares in the total funding for all companies (11%).

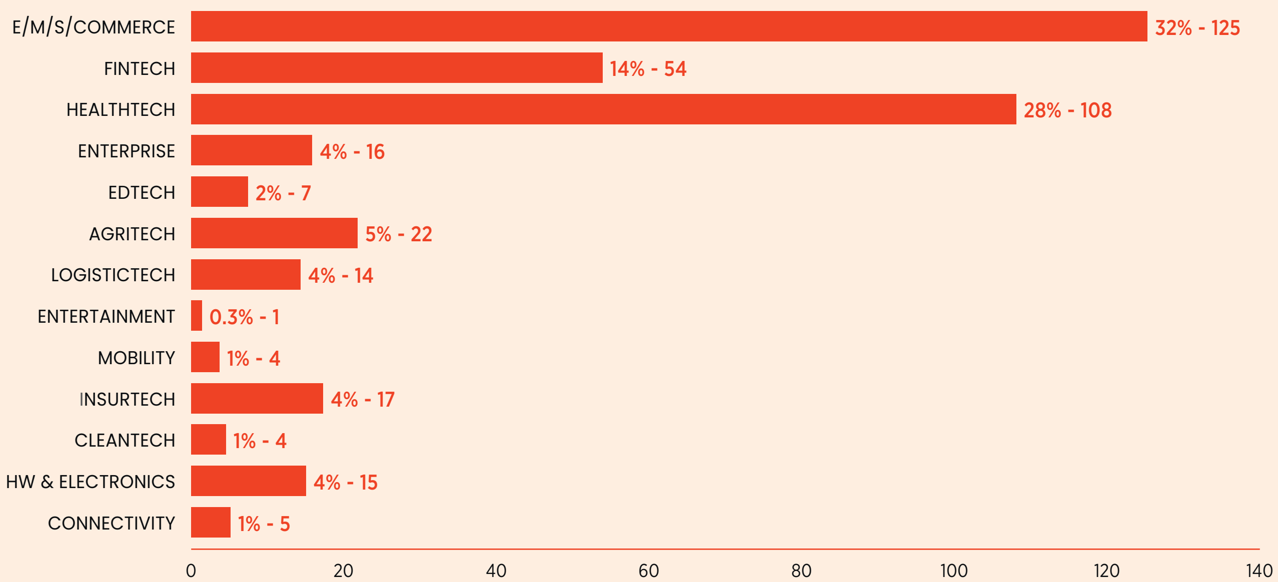
2023 AFRICA TECH VC - FEMALE LED DEAL COUNT BY SECTOR

Partech Analysis 2023



2023 AFRICA TECH VC - FEMALE LED FUNDING BY SECTOR

Partech Analysis 2023



INVESTORS

569

UNIQUE EQUITY INVESTORS IN 2023 (-50% YoY)

171 INVESTORS HAVE PARTICIPATED IN 2 DEALS OR MORE (-49% YoY)	**45** INVESTORS HAVE PARTICIPATED IN 5 DEALS OR MORE (-49% YoY)	**1** INVESTOR HAS PARTICIPATED IN 15 DEALS OR MORE (-88% YoY)

> **In 2023, the African tech ecosystem saw a massive 50% decrease in active investors and a similar 49% decrease in highly active investors who participated in 5+ deals.**

1. **Only 569 Investors participated in rounds in the Africa tech ecosystem in 2023, half of the previous year's number which stood at 1,149.**

This drastic reduction in active investors is one of the most obvious indicators of the nature of the VC downturn: many investors disappeared from the market, leaving startups with fewer options.

2. The market also saw a similar reduction in participation: active investors were much less active.

Throughout the year, only **46 investors engaged in five or more deals**, a 48% decline from the 89 investors active in such a capacity in 2022. This decrease was even more pronounced among **investors involved in 15 deals or more, which plummeted from 8 to just 1, marking** an 88% decrease year-over-year.

3. When we zoom in at country level, we find a massive disparity in the evolution of investor participation between markets.

ROW LABELS	2022	2023	% YOY
NIGERIA	350	185	-47%
SOUTH AFRICA	161	146	-9%
KENYA	262	131	-50%
EGYPT	187	83	-56%
GHANA	69	40	-42%
SENEGAL	16	31	94%
MOROCCO	22	27	23%
COTE D'IVOIRE	25	21	-16%
RWANDA	8	17	113%
TANZANIA	18	17	-6%
TUNISIA	17	16	-6%
CAMEROON	22	13	-41%
UGANDA	30	11	-63%

- **South Africa stands out among the top 4, with only a 9% drop in investor participation,** from 161 in 2022 to 146 in 2023. This could reflect the fact that this market relies much more heavily on local south African investors, insulating it from the retreat of global investors.
- **Nigeria, Kenya, and Egypt, track the regional average,** with respectively 47%, 50% and 56% declines in participation.
- **Francophone countries fared well, with an increase in investor participation for Senegal, Morocco, Rwanda, and small declines for other countries like Tunisia and Cote d'Ivoire.** This may reflect the growing interest in the region driven not only by an increase in exposure but also a pressure for regional investors to find new opportunities in a dry market.

4. Looking at the topmost active investors per stage, we see similar changes across the board. Some names have dropped off the radar, leaving room for smaller investors to shine.

- At **Seed+ stage, 8 investors did 5 deals or more** above $200K and they are in alphabetic order: Future Africa, Hoaq, Launch Africa, P1 Ventures, Techstars, Ventures Platform, Voltron Capital, and Y Combinator.
- At **Venture stage,** including Series A and Series B, **the 6 most active investors closed 5 deals** or more and they are in alphabetic order: Endeavor, International Finance Corporation (IFC), Launch Africa, Partech, Proparco, and Ventures Platform.

These trends reflect a more cautious investment climate in Africa's tech sector, with a shift towards strategic investments, characterized by a deepening focus on the long-term potential and sustainability of startups, rather than the high-volume, rapid investment approach seen in previous years. Another significant trend is the rise of funds specifically dedicated to investing in Africa, reflecting growing confidence in the region's tech ecosystem and its potential for long-term value creation, and ensuring that capital continues to flow into the sector.

Despite the apparent downturn in investment figures, these evolving trends underscore a maturing ecosystem that is steadily paving its way toward sustainable growth. The African tech sector, with its dynamic investor landscape and startup scene, remains poised for continued development and resilience in the face of global economic challenges.

03 DEBT BREAKDOWN

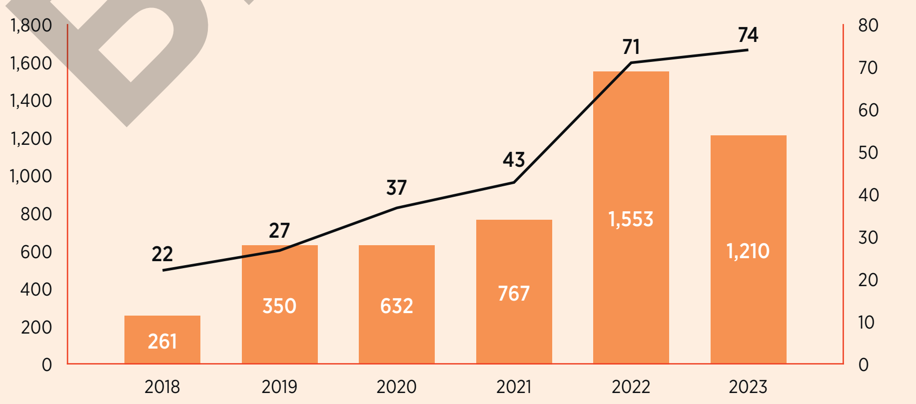
DEBT BREAKDOWN

$1.2B **TOTAL DEBT FUNDING VOLUME** (-22% YoY)	**74** **TOTAL DEBT DEALS** (+4% YoY)	**41** **UNIQUE DEBT INVESTORS** (-52% YoY)	**KENYA#1** **IN DEBT FUNDING** 32% OF TOTAL

> Debt is showing to be a solid alternative source of capital for African tech startups in 2023, representing 35% of the total $3.5B, a jump of 11 percentage points compared to the 24% of 2022.

1. **With 74 debt deals (+4% YoY) accounting for $1.21B (-22% YoY) in total funding,** 2023 confirms the growing impact of debt funding as a driving asset class for the African tech ecosystem.

2023 AFRICA TECH VC DEBT DEAL COUNT AND FUNDING AMOUNT
Partech Analysis 2023



LEGEND
- DEAL AMOUNT ($M)
- DEAL COUNT

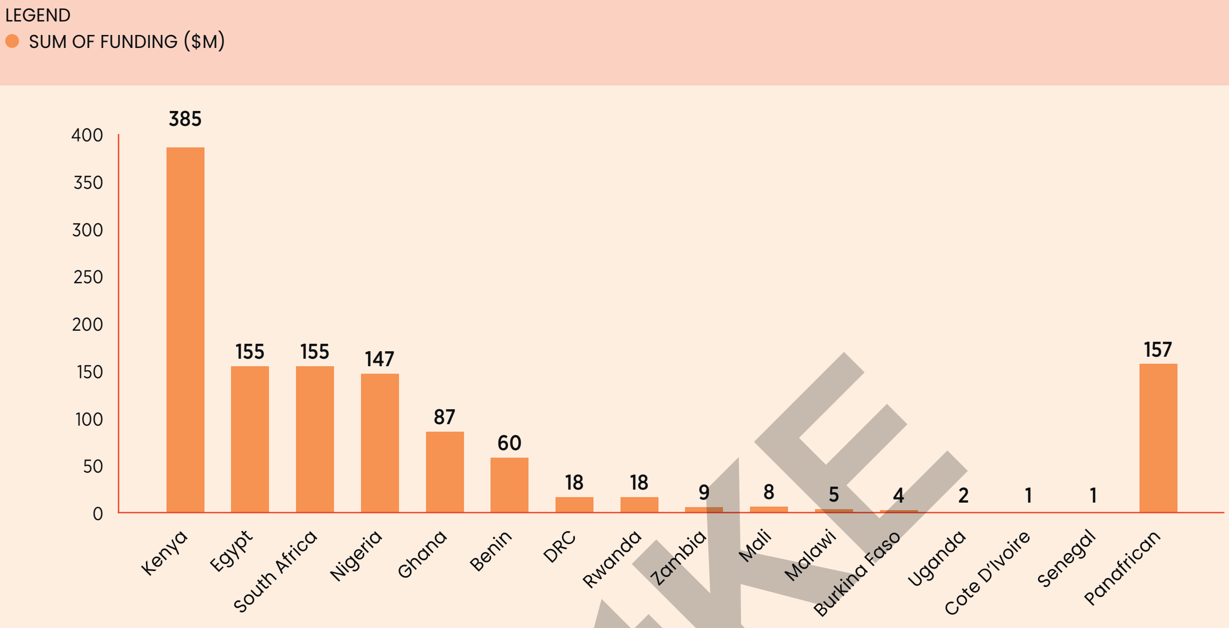
With the challenging environment for equity funding in 2023, we saw an increased appetite for debt financing from startups that needed to fuel their growth and develop. Market segments such as Cleantech and Fintech have built more mature and healthy operations, attracting a new generation of debt capital providers more adapted than traditional lenders in the region.

As a result, the downturn impacted the volume of debt funding less than equity funding, with a total of **$1.21B raised in 74 separate deals (+4% YoY).**

2. Similar to the earlier trends in equity funding, debt funding sees at this stage of maturity a strong country concentration with **$841M (-35% YoY) or 70% of the total debt funding going to the major tech hubs (vs. 83% in 2022)** - Kenya, Nigeria, Egypt and South Africa - that also aggregate **68% of all debt deals** with 50 deals (similar to 2022, with 69% in 49 deals). Ghana also recorded the same number of debt deals as Egypt i.e., 6 deals despite a lower amount.

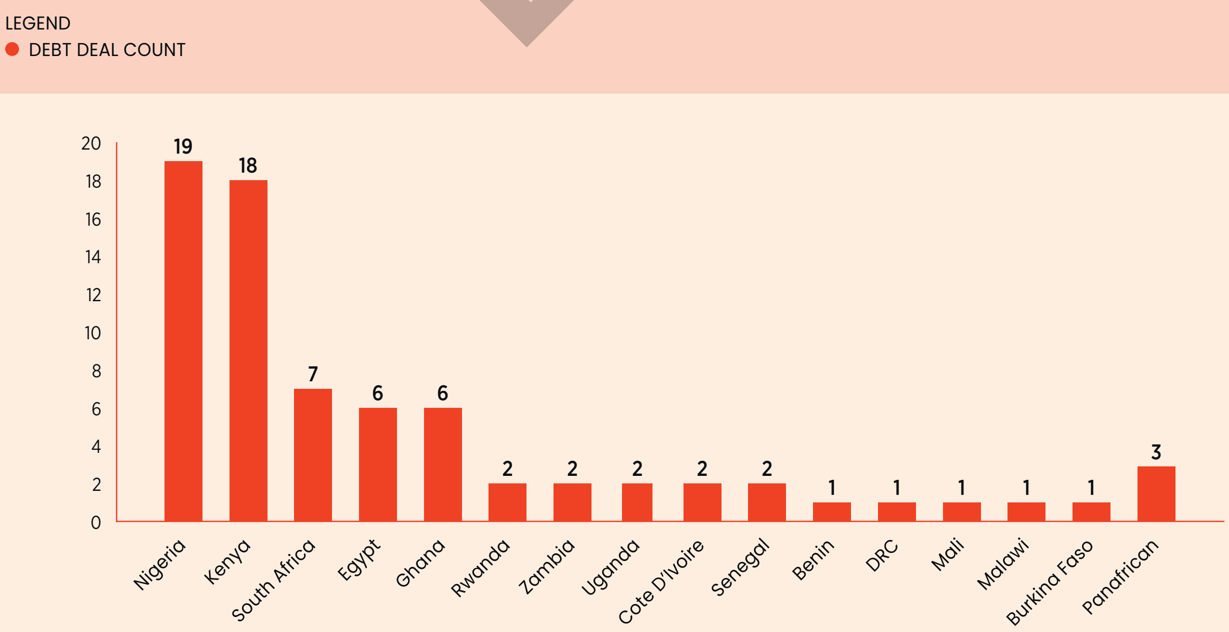
2023 AFRICA TECH VC - DEBT FUNDING AMOUNT PER COUNTRY

Partech Analysis 2023



2023 AFRICA TECH VC - DEBT DEAL COUNT PER COUNTRY

Partech Analysis 2023



- With one mega debt deal over $200M, **Kenya has attracted more debt than any other African country** ($385M in total, -37% YoY), taking 32% of the total amount raised (vs. 40% in 2022) through 18 debt deals (+20% YoY).

- **Egypt and South Africa take the #2 spot in debt financing with $155M (-56% YoY)** raised across **6 deals (-40% YoY) for Egypt** and across **7 deals (-13% YoY) for South Africa,** both representing 13% of all debt funding raised (vs. 23% in 2022). It is important to note Egypt's position as second lead position thanks to one megadeal of $140M in early 2023.

- Finally, **Nigeria** is #4 in debt financing with **$147M (-42% YoY)** but #1 in the number of deals, with a total of 19 debt rounds (+19% YoY) representing 26% of the total debt deals this year.

18 companies raised a total of $1B, with single transactions ranging from $10M to $200M, representing 83% of total debt raised over the year. Among these, three transactions were megadeals (>$100M$) vs. four transactions in 2022.

COUNTRIES	DEBT FUNDING ($M)		DEBT DEAL COUNT	
KENYA	385	31.8%	18	24.3%
PANAFRICAN	157	13.0%	3	4.1%
EGYPT	155	12.8%	6	8.1%
SOUTH AFRICA	155	12.8%	7	9.5%
NIGERIA	147	12.1%	19	25.7%
GHANA	87	7.2%	6	8.1%
BENIN	60	5.0%	1	1.4%
DRC	18	1.5%	1	1.4%
RWANDA	18	1.5%	2	2.7%
ZAMBIA	9	0.7%	2	2.7%
MALI	8	0.6%	1	1.4%
MALAWI	5	0.4%	1	1.4%
BURKINA FASO	4	0.3%	1	1.4%
UGANDA	2	0.1%	2	2.7%
COTE D'IVOIRE	1	0.1%	2	2.7%
SENGAL	1	0.1%	2	2.7%
	1,210	**100%**	**74**	**100%**

3. **Debt funding is largely captured by two sectors, Cleantech and Fintech,** with Cleantech taking the lead and representing 50% of all debt funding, driven by two out of the three debt megadeals recorded this year.

SECTORS	DEBT FUNDING ($M)		DEBT DEAL COUNT	
CLEANTECH	605	50.0%	18	24.3%
FINTECH	315	26.0%	25	33.8%
E/M/S/COMMERCE	123	10.1%	4	5.4%
LOGISTICTECH	72	5.9%	6	8.1%
AGRITECH	34	2.8%	7	9.5%
ENTERPRISE	14	1.2%	3	4.1%
HEALTHTECH	14	1.2%	3	4.1%
MOBILITY	13	1.1%	3	4.1%
EDTECH	12	1.0%	2	2.7%
INSURTECH	3	0.2%	1	1.4%
HW & ELECTRONICS	3	0.2%	1	1.4%
CONNECTIVITY	2	0.2%	1	1.4%
	1,210	**100%**	**74**	**100%**

Cleantech led the charts as #1, totaling $605M (flat YoY) or 50% of debt funding, through 18 deals (+13% YoY) representing 24% of the total deal count. This represents a significant and sharp increase compared to 2022, when Cleantech represented 39% of total debt funding. Beyond being driven by two megadeals, debt financing is also becoming an increasingly accessible funding instrument for these maturing startups.

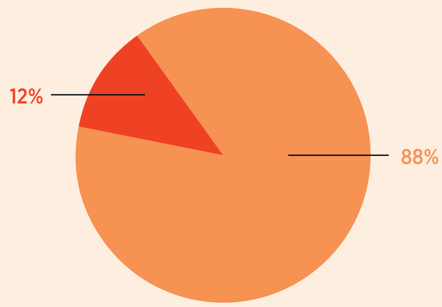
Total funding for Fintech dropped from $605M in 2022 to $315M in 2023 (-54% YoY), now representing only 26% of total debt funding (vs. 45% in 2022). It is important to note that while the funding amount went down, the sector still managed to have the **highest number of debt deals at a 25 deal count** (-22% YoY), representing 34% of total deals (vs. 45% in 2022).

4. **Despite the rise of debt funding as an alternative financing instrument in the African tech landscape, a significant gap is still observed when it comes to female-led startups.**

2023 AFRICA TECH VC DEBT COUNT LED BY FEMALE FOUNDERS

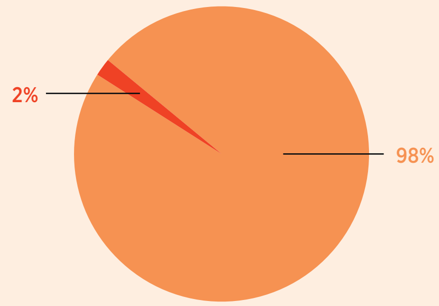
Partech Analysis 2023

LEGEND
- FEMALE
- MALE



2023 AFRICA TECH VC DEBT FUNDING TO FEMALE FOUNDERS
Partech Analysis 2023

LEGEND
- FEMALE
- MALE



5. **The number of active debt investors faced a significant decline from 85 unique debt investors to 41, a decrease of 52%.** While representing a mix of local debt institutions, international lenders with emerging market vehicles and Development Finance Institutions, the number reflects the challenging market conditions and the resulting pullback from investors from the Africa tech ecosystem.

The top 5 most active debt investors are listed in alphabetical order:
- Lendable
- Oikocredit
- Stanbic
- Symbiotics
- United Capital

04 METHODOLOGY & DISCLOSURE

METHODOLOGY

> **The Partech Africa Report aims to provide a comprehensive and in-depth view into the evolution of the African tech VC ecosystem. Launched in 2016, the report maps out the early stages and subsequent growth of Africa's entrepreneurial environment, emphasizing key growth patterns and emerging trends that define the landscape.**

Scope: We report on fundraising for African tech and digital startups, specifically venture capital equity and debt deals above $200K.

1. Methodology and disclosures:

   We include only equity or debt rounds that are **$200K or above.** This means our focus is on Late Seed (Seed+) to Growth stage equity & debt rounds.

   Example: South African LeaseSurance's $161K Seed round is not counted.

2. Geographic Focus:

   Our coverage is limited to **African startups, defined as those whose primary market (by operations and/or revenues) is in Africa.** Companies that expand globally are still considered African if their primary market remains on the continent.

   Example: Bitget's $10M Series B round, despite its Seychelles HQ, is not counted as its primary business is not in Africa.

3. Exclusions:

   We exclude all non-equity and non-debt financial instruments: grants, awards, prizes, Initial Coin Offerings (ICOs), non-equity/technical assistance, post-IPO activities, private investment in public equity (PIPE), securitization and all M&A deals.

   Examples:
   - Egyptian company MNT-Halan's $130M raise in securitized bonds is not counted.
   - South African company e4's $54M acquisition is not counted.
   - Kenyan company Maisha Meds' $5.25M grant is not counted.

Our approach is designed to capture a substantial portion of investment activities that influence the market, with a particular emphasis on the African tech and venture capital scene. However, it is crucial to acknowledge that despite our best efforts, the report might not capture every aspect of the investment activities within our defined scope. Due to the confidential nature of some deals, there could be instances of undisclosed transactions or partial information on certain deals. Our primary objective continues to be offering a realistic and practical picture of the state and progression of the African Tech VC ecosystem, drawing upon publicly available data and insights gathered from our network.

We extend our heartfelt thanks to everyone who responded to our data gathering requests, as their contributions have been invaluable in shaping our understanding.

DATA SOURCES AND TRANSPARENCY

Our data collection process categorizes deals into three disclosure levels:

- **Fully Disclosed:**
  Deals announced publicly through press releases or platforms like CrunchBase, Tracxn, PitchBook, etc., with details on series, round size, and investors.

- **Partially disclosed:**
  Deals with public announcements but lacking details like round size. We supplement this data by engaging with our network of founders and investors.

- **Confidential:**
  Deals not disclosed publicly. We gather this data through direct engagements under confidentiality agreements.

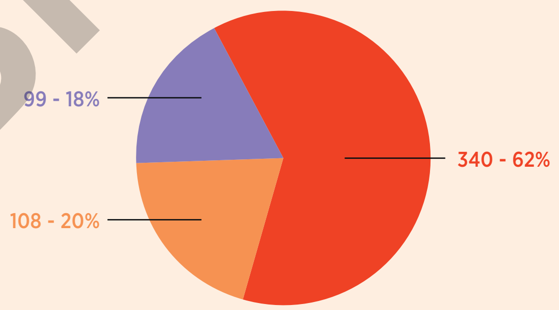
The below will provide aggregate metadata on the level of disclosure in our database entries for equity deals, debt deals, and both debt and equity combined.

ALL DEALS

Looking at all equity and debt deals, the fully disclosed and partially disclosed deals represent 340 transactions out of 547 or **62% of the total deal count,** translating into $3B out of $3.5B or **85% of the total funding.**

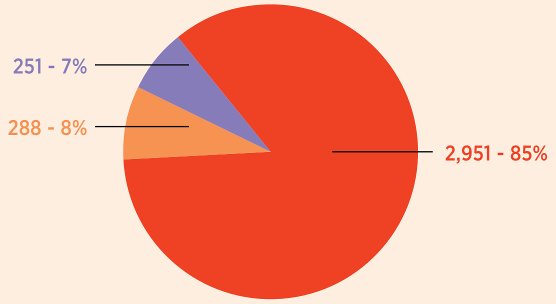
AFRICA TECH VC NUMBER OF EQUITY & DEBT DEALS DISCLOSED IN 2023
Partech Analysis 2023

LEGEND
- FULLY DISCLOSED
- PARTIALLY DISCLOSED
- CONFIDENTIAL



AFRICA TECH VC AMOUNT OF EQUITY & DEBT FUNDING DISCLOSED IN 2023 (IN $M)
Partech Analysis 2023

LEGEND
- FULLY DISCLOSED
- PARTIALLY DISCLOSED
- CONFIDENTIAL



KEY FIGURES

FULLY DISCLOSED:
60% of deals have been fully disclosed in 2023 (282 deals), representing 82% of equity funding amount.

PARTIALLY DISCLOSED:
22% of deals have been partially disclosed in 2023 (102 deals), representing 9% of equity funding compared to 7% in 2022.

CONFIDENTIAL:
19% of deals were kept entirely confidential, significantly higher than 2022 (10%).

DISCLOSURE OF EQUITY DEALS

In analyzing the disclosure trends, equity and debt deals have followed a relatively consistent pattern over the course of the year. However, notable differences emerge when breaking down the data by the type of funding instrument.

Equity deals in 2023 have experienced a slight decline in the proportion of **fully disclosed transactions: down to 60%** (comprising 282 deals), from 61% in 2022. In contrast, the number of **confidential deals grew significantly, from 13% in the previous year to 19% in 2023.**

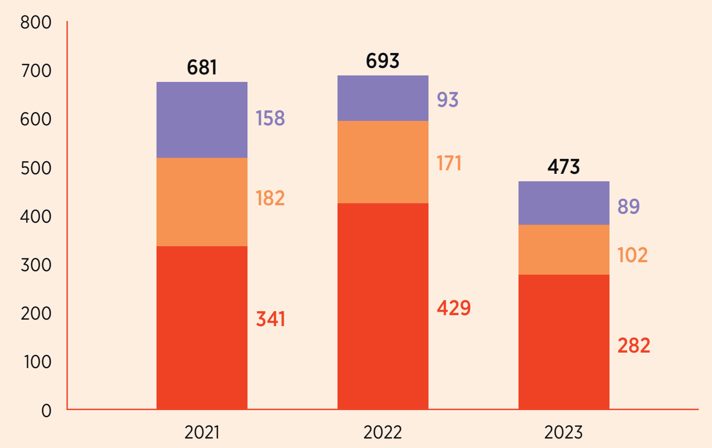
This shift in disclosure trends is further nuanced when considering the actual funding amounts involved. Despite the growing number of confidential deals, **82% of the total equity funding for 2023 has been fully disclosed,** an increase from 78% in 2022. Partially disclosed deals have also witnessed a marginal rise in their share of the funding, climbing from 7% in 2022 to 9% in 2023.

Conversely, the funding amounts associated with **confidential deals** have not mirrored this upward trend; they **decreased slightly from 15% in 2022, to 9% in 2023.**

A deeper dive into the underlying data reveals a distinct trend in the stages of deals and their disclosure status. Approximately **three-quarters of later-stage deals, specifically those in Series B and Growth stages, are typically announced publicly.** On the other hand, **early-stage deals, namely those in the Seed and Series A stages, have only about half of their transactions fully disclosed.** This difference in disclosure rates between smaller early-stage deals and larger later-stage deals accounts for the disproportionate representation of fully disclosed transactions in terms of funding amounts, as opposed to the actual number of deals.

These trends and insights highlight the evolving nature of disclosure practices in the African tech venture capital space, particularly in a tough macroeconomic environment that has seen multiple down-rounds, reflecting a complex relationship between the stage of investment and the preference for confidentiality in deal-making.

AFRICA TECH VC EQUITY DEALS DISCLOSED 2021-2023
Partech Analysis 2023

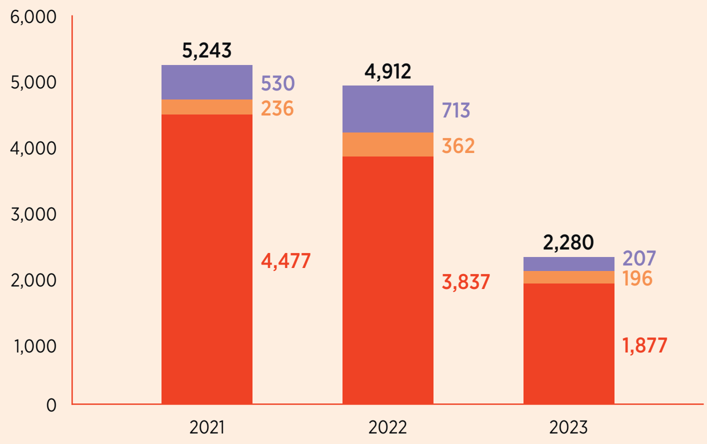


LEGEND
- FULLY DISCLOSED
- PARTIALLY DISCLOSED
- CONFIDENTIAL

AFRICA TECH VC EQUITY AMOUNTS DISCLOSED 2021-2023

Partech Analysis 2023

LEGEND
- FULLY DISCLOSED
- PARTIALLY DISCLOSED
- CONFIDENTIAL



KEY FIGURES

FULLY DISCLOSED:
78% of the deals (58 deals)
were fully disclosed in 2023. This represents 89% of debt funding.

PARTIALLY DISCLOSED:
8% of deals
have been partially disclosed in 2023 for both deal count and funding amount.

CONFIDENTIAL:
14% of deals
were kept entirely confidential, representing 4% of debt funding.

DISCLOSURE OF DEBT DEALS

The disclosure patterns within debt deals have generally followed an upward trend over recent years. In 2023, the rate of **fully disclosed debt deals rose to 78% (58 deals),** a slight increase from 75% in 2022. This category of deals accounts for **89% of the total debt funding amounts,** representing a significant concentration of funding in fully disclosed transactions.

Diving deeper into both **fully and partially disclosed debt deals,** together they account for 64 out of 74 transactions, which equates to **86% of the total number of debt deals.** In terms of funding volume, these deals represent **$1.16B, or 96% of the overall debt funding,** underscoring the level of transparency in a majority of the debt deals in the market.

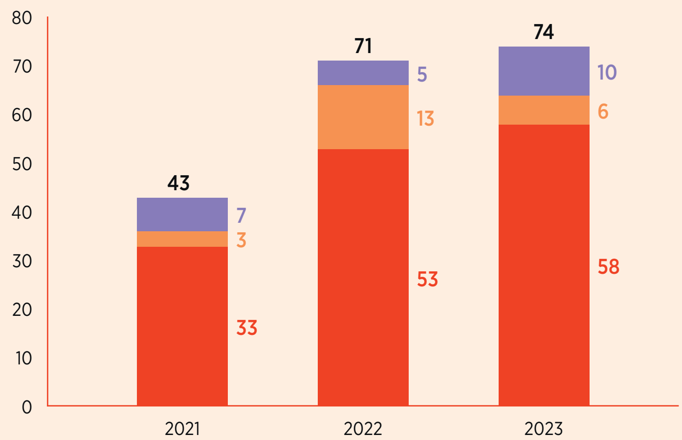
Conversely, **confidential debt deals** still play a role in the ecosystem: they represent **14% of the total number of debt deals,** or **30 individual deals.** Notably, these transactions are predominantly smaller in scale, which aligns with their contribution of only 4% to the total debt funding amount.

This distribution and evolution in the disclosure of debt deals provide insight into the prevailing disclosure trend of debt deals in the African tech venture capital sector, particularly in larger-scale funding rounds, while smaller, confidential deals continue to form a vital, yet smaller, part of the landscape.

AFRICA TECH VC DEBT ROUNDS DISCLOSED 2021-2023

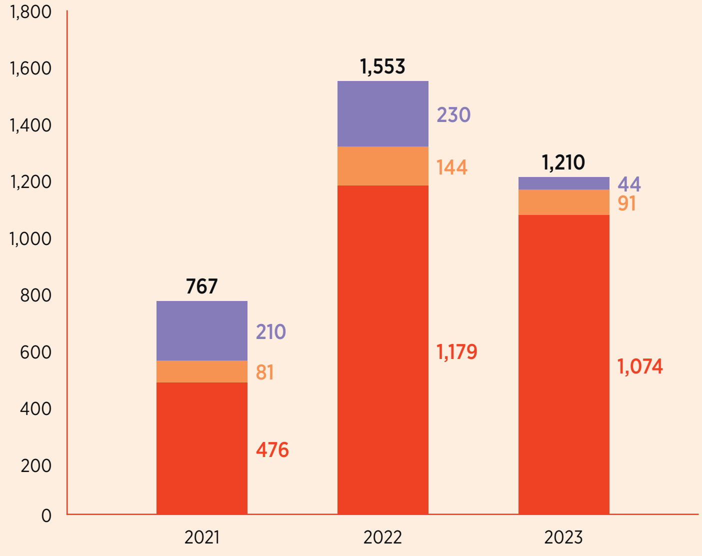
Partech Analysis 2023

LEGEND
- FULLY DISCLOSED
- PARTIALLY DISCLOSED
- CONFIDENTIAL



AFRICA TECH VC DEBT FUNDING AMOUNTS DISCLOSED 2021-2023

Partech Analysis 2023



LEGEND
- FULLY DISCLOSED
- PARTIALLY DISCLOSED
- CONFIDENTIAL

PARTECH

AFRICA IS ON!

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