

The African Tech Startups Funding Report

2021



NOVASTAR⁺
VENTURES

IMF'S AFRICA

QUONA

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FROM GARAGE TO GLOBAL



mest

Future
Africa

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PARTNERS



MFS AFRICA

QUONA



Other partners

Novastar Ventures is a venture capital firm dedicated to helping founders build innovative businesses for the common good. With offices in Nairobi, Lagos and London, Novastar is one of the largest platforms dedicated to financing and supporting early- and growth-stage businesses on the continent.

novastarventures.com

MFS Africa is a leading Pan-African fintech company, operating the largest digital payments hub on the continent. Connected to over 200 million mobile wallets in Sub-Saharan Africa, MFS Africa offers its partners unparalleled reach for scale across the continent.

mfsafrica.com

Quona Capital is a scale-up stage venture firm focused on fintech for inclusion in emerging markets.

quona.com

4Di Capital is an independent venture capital fund manager based in South Africa's "Silicon Cape", specialising in high-growth technology venture opportunities, at the seed, early-and growth-funding stages.

4dicapital.com

Mest is an Africa-wide technology entrepreneur training programme, internal seed fund, and network of hubs offering incubation for technology startups in Africa.

meltwater.org

Future Africa is a fund that connects investors to mission-driven startups turning Africa's most difficult challenges into global business opportunities.

future.africa



INTRODUCTION

To our friends across Africa's thriving tech startup ecosystem:

The Disrupt Africa team is delighted to present to you the seventh edition of the African Tech Startups Funding Report, covering 2021.

This year's report is a landmark one, as for the first time since Disrupt Africa began tracking investments back in 2015, total funding entering the space passed not just the US\$1 billion mark, but the US\$2 billion mark, as more startups raised more money than ever before. As you will see as you read on, 2021 truly was the year the ecosystem came of age.

Before we get into the nitty gritty of the data, however, some thanks must be offered. This is the second year in a row in which we have open-sourced the African Tech Startups Funding Report and its associated dataset.

The publication had built a formidable customer base since the release of its first edition in January 2016, including leading global tech companies, supranational investors, Big Four consulting companies, venture capital firms, and international trade bodies. Yet it was a concern to us that the data and analysis contained within its pages were not reaching the people that could arguably benefit from it most - African startup founders.

We were determined to put this right, and last year made the report free to all alongside key ecosystem partners. This year, we have done the same, and as such are delighted to have partnered with Novastar Ventures, MFS Africa, Quona Capital, 4Di Capital, MEST Africa and Future Africa to again open-source the African Tech Startups Funding Report and deliver it to everyone, corporate or startup, institution or angel, for free.

The valued support of these esteemed partners, all of whom are contributing so much otherwise to the development of the continent's tech startup ecosystem, will once again ensure the report ends up in the hands of thousands of entrepreneurs, who can use the data and trends it details to inform their own fundraising strategies. We cannot thank them enough, and hope to work with them in the future on ensuring access to leading data and analysis remains free.

To that data, then. 2021 was another record year for funding activity in the African tech startup ecosystem, with total investment passing US\$2 billion. Disrupt Africa is privileged to have been a witness to the extraordinary development of the sector since we first started tracking investment in 2015, yet 2021 took things to a new level.

In the first edition of this report, Disrupt Africa found that 125 tech startups had raised funding in 2015, to the tune of US\$185,785,500. We were all pleased by the solid starting point from which figures could only increase. Fast forward to January 2022, and we are immensely proud to report that in 2021, 564 startups raised US\$2,148,517,500. That means total annual funding flowing into African tech startups has grown by 1,000 per cent since we began our work in 2015.

Though the bulk of funding activity continues to take place in the "big four" markets of Nigeria, Egypt, South Africa and Kenya, there is growth in activity across many other ecosystems, while acquisitions are becoming a regular feature of the ecosystem. A new unicorn was minted, with Nigeria's Flutterwave achieving a valuation of over US\$1 billion via the US\$170 million Series C round it raised back in March (other unicorns emerged in 2021, though as non-African companies as per our definition they fell outside the purview of this report). More such developments can be expected, however, as more African startups come to maturity, and with the number of active investors on the continent continuing to grow exponentially at all stages, the future looks very bright indeed.

INTRODUCTION

In the following pages we share our year's work and analysis with you, telling the story of an ecosystem increasingly confident in itself, maturing nicely, spreading continent-wide, and endlessly innovative.

As with our previous funding reports, this research is based on our initial dataset gleaned from reporting on funding rounds throughout the year, which we have supplemented with widespread polling of hundreds of startups, investors, and tech hubs.

The result is our best calculation of the minimum value of the investment that has gone into the tech entrepreneurship ecosystem in Africa in 2021. The real total figure is sure to be higher - with some deals taking place behind closed doors or slipping through our nets. However we are confident we have provided a realistic, reliable - and the most comprehensive available - set of data.

What we can guarantee is that our dedication to precise information and reporting continues; and our seven years' worth of data can be relied on as a minimum "benchmark" to measure the progress of the ecosystem.

In this report we detail the value of funding flowing into Africa's various markets, the number of funding rounds raised in each country and sector, average deal sizes, as well as standout deals. We have provided analysis of seven key markets across the continent, as well as details of funding trends in a further 17 countries. We also look in-depth at 12 different tech sectors. A separate section is dedicated to tracking acquisitions on the continent, while the full list of funded African tech startups is provided as an appendix, sorted by country and sector. In addition, this edition of the report also looks for the first time at the makeup of founder teams, in terms of gender and nationality, and examines the job creation ability of funded African tech ventures.

And, of course, thanks to our partners, it is free to all!

We remain available at any point for follow-up discussions and questions; and would also appreciate feedback as to how we can work to make our publication of more value to you in the future.

All the best for 2022, which has already gotten off to a great start!



Gabriella Mulligan



Tom Jackson

Co-founders of Disrupt Africa

METHODOLOGY

The Disrupt Africa African Tech Startups Funding Report 2021 is based on data gathered by the Disrupt Africa team over the course of 2021. The information contained herein is an accurate work of journalism - the compilation of our list of funding rounds, as well as all analysis within the report, has been conducted in-house.

A complete record of funding rounds was kept over the year, as they were disclosed publicly or confidentially to the Disrupt Africa team. Using that initial dataset as a base, we have polled hundreds of startups, investors, hubs and other ecosystem players to identify rounds that we may have missed, or to clarify the amount raised where this was not initially disclosed.

Where amounts were publicly disclosed, or startups have informed us they can be disclosed, they are declared in the report. Where the figure was given in confidence, the number has been included in the aggregate total but not identified in the report.

Where we were unable to definitively ascertain the amount raised by a particular company, we have estimated the lowest possible figure based on the details we have managed to obtain. For example, if a startup indicated their funding was a “seven-figure dollar amount”, we have estimated that figure as US\$1,000,000.

In a few cases, we have used a combination of the investment parameters of the funder in question, previous rounds raised by the startup, and the size of rounds raised by similar companies in similar sectors, to come up with a minimum possible figure.

In all, 297 of the funded startups (52.7%) in 2021 disclosed the amount raised, with the rest off the record or estimated.

We do not claim to have identified every funding round going to an African tech startup in 2021, as there will be some that took place quietly. As such, the overall total funding raised is likely to be higher than our total; especially given our very conservative estimates of undisclosed rounds.

This report seeks to ascertain a minimum figure for funding for 2021 as we continue to track the growth of the African tech startup ecosystem, for the seventh consecutive year.

Comparative data used to reflect on progress over the years since 2015 stems from previous editions of this report, published annually for the past six years. Data regarding the makeup of startup teams was either provided by startups themselves, or collected from publicly available information on platforms such as LinkedIn. Employment figures at the time of investment were either provided by the startup or sourced from LinkedIn.

A note on the definition of a startup. In deciding what “startups” to include and exclude from this study, Disrupt Africa has followed its usual editorial process, working on a case-by-case basis to decide whether a company qualifies as a startup. The definition of “startup” is more subjective than objective in any region; especially so in Africa where the scene is so nascent and there are no established qualifications in terms of revenues and employee numbers.

Startups are relatively young businesses where success is not guaranteed, where people choosing to work for the company are forgoing stability in exchange for innovation and the promise of tremendous growth. This ability to grow is key, what differentiates startups from small businesses is the potential - and desire - to scale regardless of geography.

More specifically, for the purposes of this report, the majority of companies featured are usually no older than seven years old (though this is not a fixed rule), are still in the process of scaling up, their potential profitability is still growing - regardless of whether profitability has to date been achieved -, and they may still seek external funding. We have excluded companies that are spin-offs of corporates or any other large entity.

The definition of “African startup” is also a controversial topic. In the clearest scenario, an African startup would be headquartered in Africa, founded by an African, and have Africa as its primary market. This, however, is rarely the case. Many Africa-based, Africa-focused startups are founded by non-Africans. Many Africa-focused, African-founded startups are, for regulatory and financial reasons, headquartered outside the continent. Many Africa-founded, Africa-based startups target customers elsewhere in the world.

Once again, Disrupt Africa tackles this issue on a case-by-case basis, and we may not always get it right in everybody’s eyes. For the most part, the startups included in this report are at least Africa-based and Africa-focused, and we have applied thinking around the economic impact of a company - and where that impact is most felt - in the event of a startup diverging from this.

OVERVIEW

OVERVIEW

A landmark year in which the African tech startup space came of age.

Since 2015, the African Tech Startups Funding Report has tracked significant growth in terms of investment coming into the sector, but the sort of growth witnessed over the course of 2021 has been unprecedented.

Not only were new records set, but they were set in style. Having not passed the US\$1 billion mark before, more than US\$2 billion was raised in 2021, by a larger number of startups than ever.

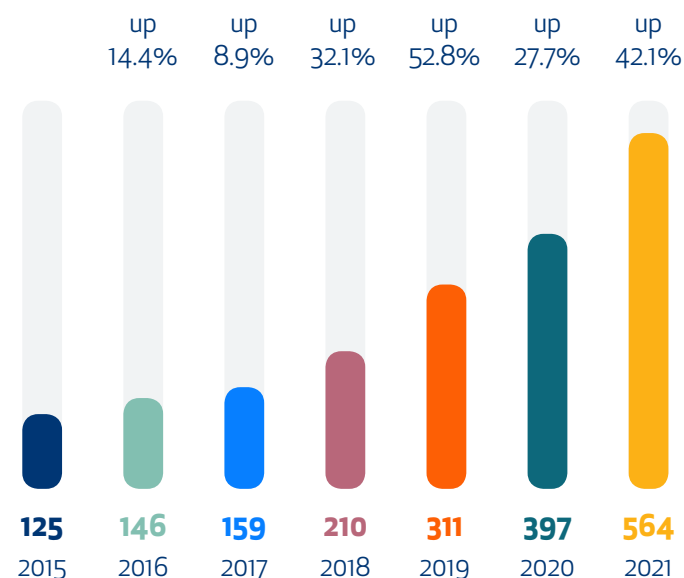
In all, 564 startups raised a combined US\$2,148,517,500 in 2021. This represented incredible growth. The number of funded startups grew by 42.1 per cent on 397 in 2020, and the funding total was more than treble - up 206.3 per cent - the US\$701,460,565 banked the previous year.

The number of startups to secure funding has continuously increased each year since Disrupt Africa began publishing its annual funding report. In 2015, only 125 startups secured investment. This figure grew to 146 the following year, 159 in 2017, and 210 in 2018. The number leapt in 2019 to 311, and though growth slowed in 2020, it sped up again in 2021 to hit 568.

In all, the number of African startups securing investment has increased by 351.2 per cent since 2015.

The amount of total funding going to African tech startups also continues to increase. When Disrupt Africa records began in 2015, the continent's startups raised a combined US\$185,785,500, though this total fell to US\$129,113,200 in 2016. Thereafter, however, the growth began. In 2017, total funds raised were up 51 per cent to US\$195,060,845; they soared a further 71.5 per cent to reach US\$334,520,500 in 2018; grew 46.7 per cent to US\$491,623,400 in 2019; and went up another 42.7 per cent to US\$701,460,565 in 2020.

Funded African tech startups by year 2015-2021



OVERVIEW

In 2021, however, investment into African tech exploded to unprecedented levels. The US\$2,148,517,500 secured was the first time total funding into the space passed either the US\$1 billion or US\$2 billion marks, and represented an increase of 206.3 per cent on 2020.

Total annual funding for African tech startups has increased by 1056.5 per cent since 2015.

The average deal size more than doubled, increasing to US\$3,809,428 from US\$1,766,903 in 2020. Average deal sizes have risen, dipped and plateaued to varying extents over the past few years, but now seem to be on a general upward trend, with the 2020 figure having been an increase of 11.8 per cent on US\$1,580,783 in 2019.

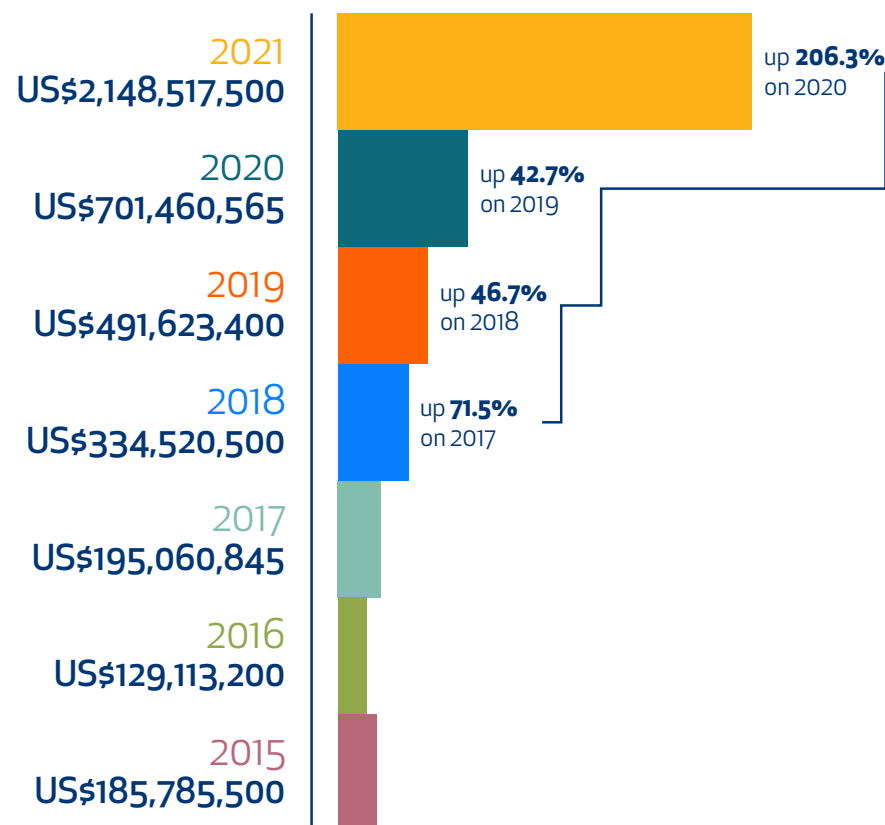
A total of 205 startups raised US\$1 million or over in 2021, representing 36.3 per cent of the total. This was up from 110 (27.7%) in 2020 and 81 (26%) in 2019.

The record for largest round ever raised by an African tech startup was beaten on multiple occasions over the course of the year. Standout amounts were raised by Nigerian fintech startup Flutterwave (US\$170 million), Egyptian fintech company MNT-Halan (US\$120 million), Nigerian retail-tech startup TradeDepot (US\$110 million), Kenyan AI platform Gro Intelligence (US\$85 million), South African fintech Yoco (US\$83 million), Nigerian digital bank Kuda (US\$80 million), Nigerian mobility fintech Moove (US\$63.2 million), Nigerian energy company Daystar Power (US\$62 million) and Egyptian e-commerce startup MaxAB (US\$55 million).

 Flutterwave  mnt |  Halan  tradedepot  Gro Intelligence
 US\$170 million US\$120 million US\$110 million US\$85 million

 yoco  kuda.  moove  DAYSTAR POWER ENERGY SOLUTIONS  مكسب maxab
 US\$83 million US\$80 million US\$63.2 million US\$62 million US\$55 million

Total funding secured by African tech startups by year 2015-2021



OVERVIEW

Investors in African tech startups more than double.

There were at least 771 different disclosed investors in African tech startups in 2021, an increase of 108.4 per cent on the 370 tracked in 2020. The number of investors in the sector has been growing exponentially, reflecting the wider publicity the space is receiving and the increased confidence in impressive returns.

These investors vary in shapes and sizes, with the most active being early-stage funds such as Launch Africa Ventures, Kepple Africa Ventures and Musha Ventures. Local and international accelerators are very active, among them the likes of Y Combinator, Techstars and Flat6Labs, while there are a number of very busy locally-focused angel networks. Increasingly, successful African founders, such as Paystack's Shola Akinlade, mPharma's Gregory Rockson, and Flutterwave's Olugbenga Agboola, are starting to back startups themselves, speaking to the ecosystem's growing maturity.

At later stages, there are a host of international and local VC firms active in the market, with the number of firms investing at Series A and beyond increasing by the year. Major global investors such as Tiger Global and Sequoia Capital have been taking their first steps in Africa of late, while there is also an uptick in African corporates supporting local startups, most notably in South Africa with the likes of Naspers, Standard Bank and Nedbank.

With increased investor interest and activity at all stages, and longstanding funding gaps steadily being closed, the future health of the African startup landscape looks very good indeed.

Number of investors in African tech startups by year	2018	155	Up 68.4%
	2019	261	Up 42.8%
	2020	370	Up 108.4%
	2021	771	

The top investors in African tech startups in 2021, by number of funded startups

65	Launch Africa Ventures
32	Kepple Africa Ventures
30	Flat6Labs
27	Y Combinator
25	Musha Ventures
19	Future Africa
18	DFS Lab
17	Founders Factory Africa
16	Acuity Ventures Rally Cap Ventures Techstars
15	Greenhouse Capital
13	4DX Ventures Microtraction

OVERVIEW

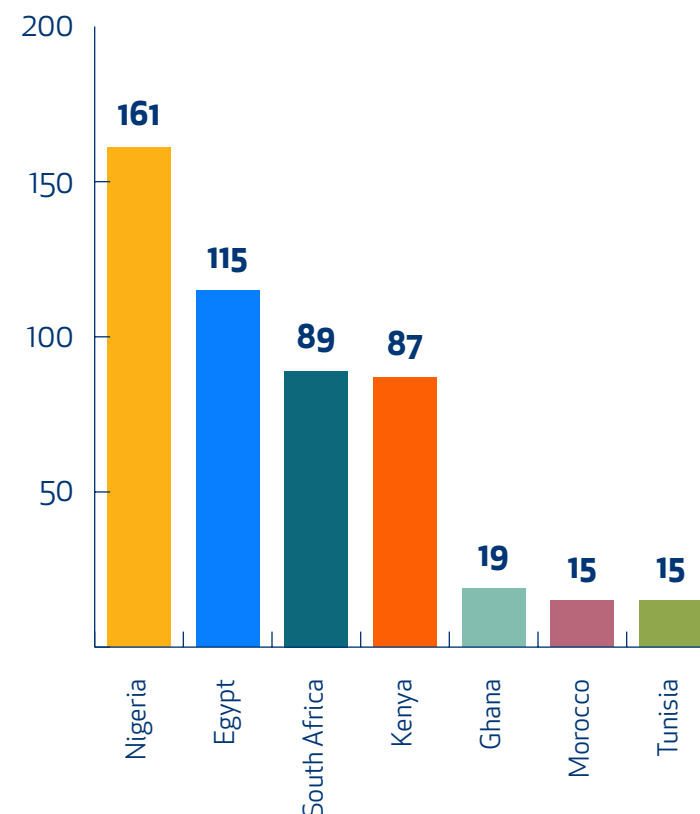
More and more for the “big four”.

Investment into African startups may have increased substantially across 2021, but the benefits are being felt by a relatively small group of countries. Africa’s “big four” startup ecosystems - Nigeria, Egypt, South Africa and Kenya - raked in a combined US\$1,977,910,000 over the course of the year, 92.1 per cent of the overall total.

This was the continuation of a multi-year trend whereby a greater share of funding is going to these more established destinations. The 92.1 per cent secured by the “big four” in 2021 was up from 89.2 per cent in 2020, 87.5 per cent in 2019, and 79.4 per cent in 2018. So while funding is undoubtedly on the rise, it is becoming more concentrated. The “big four” also accounted for a greater share of funded startups than in 2020, up to 80.1 per cent from 77.3 per cent.

Though its share of total funding has declined, the rest of the continent is still benefiting from a trickle down effect. Non-big four countries raised US\$170,607,500, 7.9 per cent of the overall total. More than 40 per cent of that was secured by startups from Ghana, Morocco and Tunisia, with the latter two having especially strong years, while 64 startups from 17 additional markets secured backing. These included many of the fastest growing startup funding destinations on the continent, with gigantic strides made by the likes of Zimbabwe, Uganda, Rwanda and Ivory Coast, so there are certainly many reasons for pride and optimism.

Number of funded startups, by country



Startup funding, by country US\$	1	Nigeria	903,680,000
	2	Egypt	445,842,000
	3	South Africa	336,405,000
	4	Kenya	291,983,000
	5	Algeria	30,000,000
	6	Morocco	28,420,000

OVERVIEW

Fintech powers African tech's record year.

More so than ever before, fintech is the most popular sector for investments in African tech. An extraordinary year saw new unicorns minted, round size records tumble, and fintech startups break the US\$1 billion funding barrier, something the African tech space as a whole only managed for the first time in 2021.

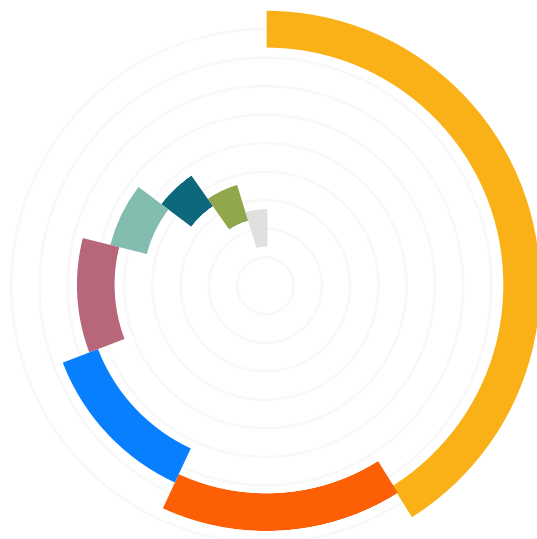
Fintech companies raised US\$1,038,456,500, up 547.7 per cent on US\$160,319,065 in 2020. This took fintech's share of total funding to just shy of the 50 per cent mark, a significant increase on 2020, when it accounted for less than a quarter.

These impressive figures were driven primarily by Nigeria, which saw major rounds for the likes of Flutterwave (US\$170 million), Kuda (US\$25 million and US\$55 million), Moove

(US\$63.2 million) and FairMoney (US\$42 million), and accounted for more than half of fintech investment. Egypt's MNT-Halan (US\$120 million) and South Africa's Yoco (US\$83 million) also contributed significantly.

The relentless growth of Africa's fintech space should not, however, detract from positive developments elsewhere. Non-fintech startups still raised over US\$1 billion between them in 2021, with many sectors more than doubling the amount of funding secured the previous year. E-commerce and retail-tech saw total funding leap 271.5 per cent to US\$326,156,000, transport investment grew 102.4 per cent to US\$105,445,000, logistics saw an increase of 134 per cent to US\$86,751,000, and ed-tech funding jumped 516.3 per cent to US\$81,030,000. So while fintech shone the brightest, it was an impressive year all round.

African startup funding
by sector



Startups	US\$	Sector
184	1,038,456,500	Fintech
70	326,156,000	E-commerce
55	122,542,000	E-health
43	86,751,000	Logistics
29	81,030,000	Ed-tech
22	104,118,000	Energy
22	95,101,000	Agri-tech
21	105,445,000	Transport

OVERVIEW

Seed and pre-seed key areas for growing ecosystem.

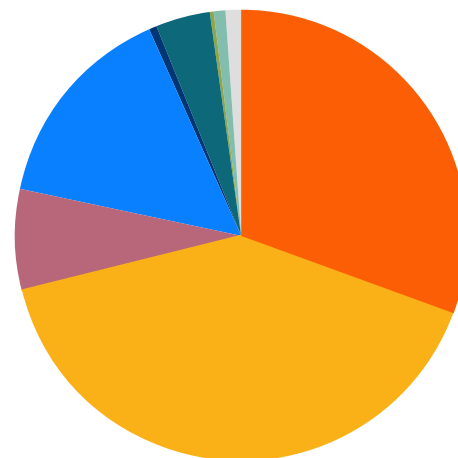
Of the rounds raised by the 564 African tech startups funded in 2021, in 316 the stage of funding was disclosed. Of those 316 rounds, the majority - more than 70 per cent - were at the seed and pre-seed stage. We are, however, seeing more activity at later stages, with 47 Series A, 12 Series B, and three Series C funding rounds taking place over the course of a groundbreaking 2021.



Equity funding remains dominant.

Only 27 (4.8%) of the funded startups tracked for this publication reported any element of debt as part of any of their rounds.

Stage at which African tech startups raised funding (from 318 disclosed)



Pre-seed
97

Seed
128

Pre-series A
23

Series A
47

Pre-series B
2

Series B
12

Pre-series C
1

Series C
3

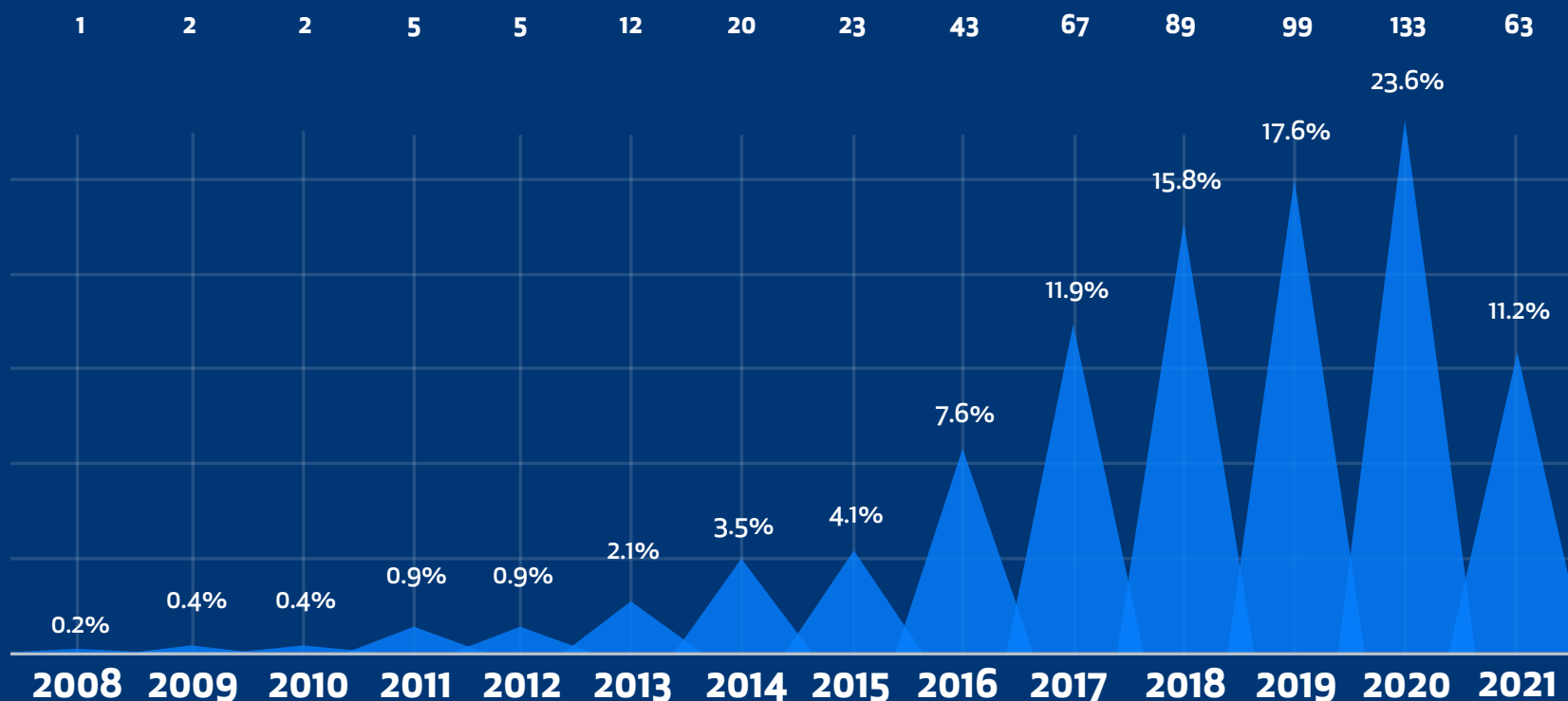
Bridge
3

OVERVIEW

More than half of 2021's funded startups launched in the last three years.

Given the predominance of seed and pre-seed rounds, it is hardly surprising that the majority of the African tech startups that raised funding in 2021 were founded in the last three years.

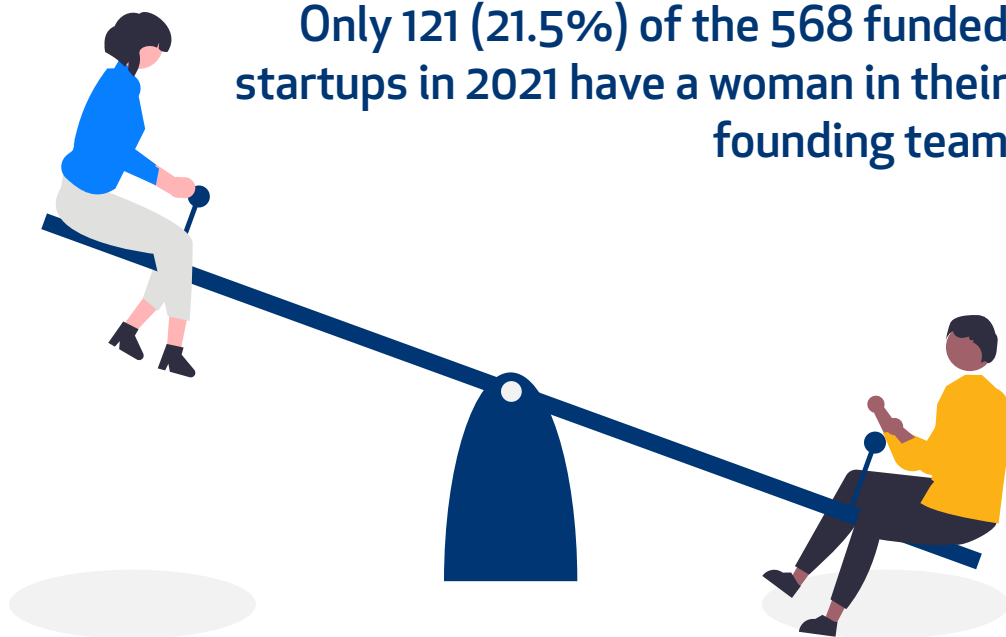
Launch dates of African tech startups funded in 2021



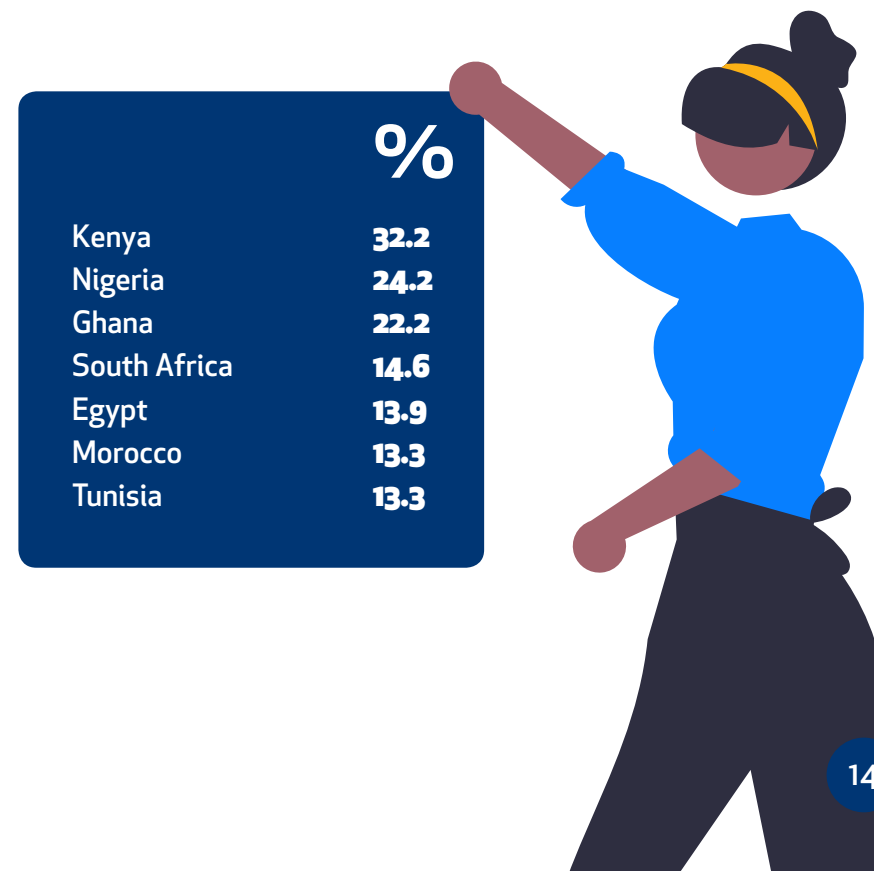
OVERVIEW

For all the positivity, African tech still has a gender problem.

Only 121 (21.5%) of the 568 funded startups in 2021 have a woman in their founding team



Funded startups (%) with at least one female founder in the top 7 ecosystems



OVERVIEW

Local versus international founders.

The issue around non-African founders securing funding in Africa is well-documented, and real, but in 2021, 500 (88.7%) of the funded startups had at least one local in the founding team. Sixty-four (11.3%) did not, and were entirely founded by either expatriates living on the continent or foreigners living overseas.

Ninety-three of the 564 funded startups - 16.5 per cent - had at least one non-African in their founding team, while 471 (83.5%) were only local founders. Twenty-nine (5.1%) were a combination of local and international founders.

88.7% of funded startups had a local in their founding team, 11.3% were entirely foreigner-founded



OVERVIEW

The African startup ecosystem is a major job creator.

The 564 African tech startups funded in 2021 employed between them, at the time of investment, 17,915 people, an average of 32 per company.

Acceleration important, but not pivotal, to fundraising success.

A total of 213 (37.8%) of the funded African tech startups from 2021 took part in some form of accelerator or incubation programme either prior to raising, or as part of their raise. The majority did not.



African startup ecosystems by number of people employed by funded startups (2021)

COUNTRIES

POWERED BY



Novastar's founders have been partnering with entrepreneurs on the continent since 2009, launching a first venture fund in early 2014. It has been exciting to play a part in the development of the venture asset class since then.

A year ago, many industry watchers peered nervously into 2021 fearing that unremitting COVID-19 waves, continued economic uncertainty, and unpredictable travel restrictions would slow the momentum, or even stifle venture funding in Africa. Instead, the quality of African entrepreneurs, for whom crises are normal, and the opportunity to address latent demand in vast – often informal – markets shone through the COVID haze.

2021 now seems to mark a significant inflection point for venture in Africa on several dimensions. The number and size of venture funding rounds grew exponentially. New unicorns were minted, with more on the way. There was increased activity by well-known global investors without an existing presence on the continent, providing both needed funds and positive signalling to the international capital markets. Businesses originating in the four main entrepreneurial hubs – Cairo, Lagos, Nairobi and Cape Town – expanded across the continent, and beyond. Meanwhile, having discovered some years earlier that VC is well suited to their development mandate, development finance institutions began to co-invest directly alongside the funds they'd helped to capitalise.

The venture flywheel is now turning with transformative businesses attracting increased venture funding, in turn begetting increased entrepreneurial activity in a virtuous circle.

The challenge now is to convert this into growth and value for all stakeholders. Big funding rounds inevitably bring expectations of rapid progress. Yet, growing from proof-of-concept to scale tends to take longer in Africa. Plug-and-play tech solutions that address a single problem rarely work in contexts where so many value chains are broken. Successful businesses often need to build full stack, end-to-end solutions, which takes more time, more capital, and entails greater operational complexity.

Capital partners that understand this will be patient, recognising that the most valuable companies will be those that deliver end-to-end solutions to the biggest problems on the continent for the many, not just the few.



Steve Beck

Co-founder and managing partner of Novastar Ventures

COUNTRIES

Nigeria

There was a wholesale reshuffle of the leading destinations when it came to both number of funded startups and total amount raised in 2021. Nigeria soared past all other countries to take the crown in 2021, with 161 startups raising a huge combined total of US\$903,680,000.

The 161 startups based in Nigeria make up 28.5 per cent of the continent’s funded ventures in 2021, the most companies backed in any country - a title Nigeria holds for the second year running. The figure is up 89.4 per cent from 2020, when Nigeria had only 85 funded companies; and up 77 per cent on 2019 when the country contributed 48 startups to the list. The number of startups attracting investment in Nigeria is obviously snowballing.

The total amount raised by Nigerian ventures in 2021 marks a new record of epic proportions. The US\$903,680,00 raised in the country is up 501 per cent on the previous year, when Nigeria ranked second on the continent with its combined total of US\$150,358,000. This year, no other country came close to Nigeria, and it contributes a whopping 42.1 per cent of total funding secured in Africa.

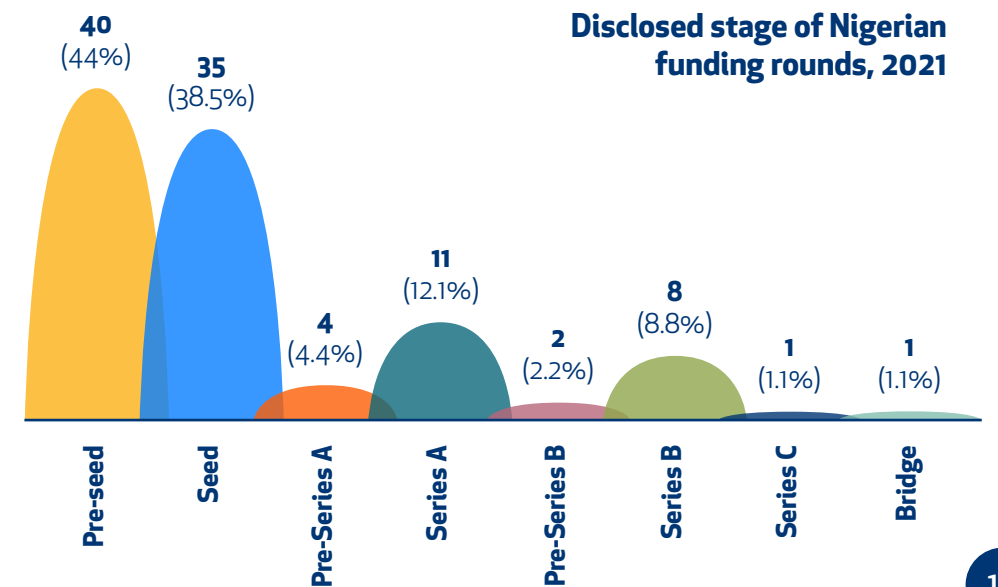
While in the last edition of this report, the Nigerian funding landscape was characterised by a large number of startups raising at a generally lower ticket size, this has reversed in 2021. The average raise per startup increased to US\$5,612,919 from US\$1,768,918 in 2020, while 56 ventures secured US\$1 million or above - 34.8 per cent of the country’s funded companies.

This figure is a substantial increase on the previous year, when 23 startups raised in excess of the million dollar mark - accounting for 27.1 per cent of the country’s funded startups. In 2019, 15 startups raised US\$1 million or more, 13 in 2018, and six in 2017.

There were a number of exceptional standout rounds in Nigeria in 2021, which put previous records to shame. Flutterwave’s US\$170 million was the biggest round of the year on the continent; TradeDepot added US\$110 million to the total; Moove contributed US\$63.2 million; Daystar Power US\$62 million; Fairmoney US\$42 million; Metro Africa Express US\$31 million, and 54gene US\$25 million - to name just a handful of the headliner rounds.

Of 164 different rounds, 91 (55.5%) disclosed at what stage the raise was at. Of those, pre-seed and seed-stage raises were by far the most prevalent, accounting for 44 per cent and 38.5 per cent of rounds respectively. A further 12.1 per cent took place at Series A level, with the remaining rounds spread across other stages. Seven out of 161 startups raised any form of debt funding (4.3%).

Total funding raised by Nigerian startups, by year	2021	903,680,000
	2020	150,358,000
	2019	122,475,000
	2018	94,912,000
	2017	63,332,445
	2016	46,530,000
	2015	49,404,000
	US\$	



COUNTRIES

The data on stages of funding is echoed by the figures around launch dates of the startups funded in 2021. Twenty-eight (28) of the companies launched in 2021; a further 41 in 2020; and 36 in 2019. These were by far the busiest years for launch dates, reflecting the higher prevalence of pre-seed and seed-stage funding of these younger startups.

Fintech was the most popular sector in Nigeria once again, accounting for 44.1 per cent of funded startups (71), raising a combined US\$536,655,000 - 59.4 per cent of Nigeria's total. A majority of the biggest rounds took place in the fintech space.

In terms of number of startups backed, e-commerce was the second most popular sector, with 17 ventures (10.6 per cent of Nigeria's total); followed by e-health, with 15 (9.3%); and logistics with 10 (6.2%). The ed-tech space saw eight ventures backed, agri-tech six. The energy and entertainment sectors saw five startups funded apiece.

From a total funding perspective, the breakdown was slightly different. Beyond fintech, the e-commerce sector took home US\$135,036,000 (14.9 per cent of Nigeria's total); while the energy sector made up the top three with US\$65,200,000 (7.2%). Ed-tech contributed US\$55,943,000 (6.2%); the e-health space secured US\$37,605,000 (4.2 per cent of the total), transport US\$35,620,000 (3.9%), and agri-tech contributed US\$23,708,000 (2.6%).

Funding secured by Nigerian startups in 2021, by sector



Sector	US\$	%
Fintech	536,655,000	59.4
E-commerce	135,036,000	14.9
Energy	65,200,000	7.2
Ed-tech	55,943,000	6.2
E-health	37,605,000	4.2
Transport	35,620,000	3.9
Agri-tech	23,708,000	2.6

While fintech has dominated the Nigerian investment landscape for a while now, spurred on by the successes of the likes of Flutterwave, ed-tech proved a rapid grower in 2021 having been totally absent the year before. Similarly the energy space rocketed in 2021, having secured only US\$7.2 million in 2020 - 4.8 per cent of that year's total. The e-commerce space was carried largely by TradeDepot's US\$110 million Series B round. Although the e-health space has performed well for the second year running, 2021 saw a marked decline in the importance of this segment in Nigeria, having been second placed the previous year, and falling to fourth with only 4.7 per cent of the year's funds.

This year marks the first year Disrupt Africa can report reliable data around founding teams. In Nigeria, 39 out of 161 ventures (24.2%) had at least one female co-founder, which is above the continental average.

A vast majority of Nigerian startups have at least one local co-founder - 147 startups (91.3 per cent of the total); while 22 companies have an international co-founder (13.7%). Between them, Nigerian ventures employ 5,446 people. Out of interest, 66 of the funded startups (41%) have been through an accelerator in their lifespan.

Nigeria is always a big player on the continent's startup stage. Generally speaking, it has been a market of two extremes - pre-seed and seed-stage startups just setting out on their journey, and raising small amounts and often showing high turn-over rates; while at the other end a handful of very high-raising companies (notably in the fintech space). However, the middle gap has been closing, and there is increasingly backing available to ventures across the full startup lifecycle. In 2021, the country really put forward an unprecedented performance and has rocketed ahead of the rest of the continent to become the undisputed premier startup destination in Africa.

%

24.2	have at least one female founder
91.3	have at least one local founder
13.7	have an international founder
41	have been accelerated

COUNTRIES

Egypt

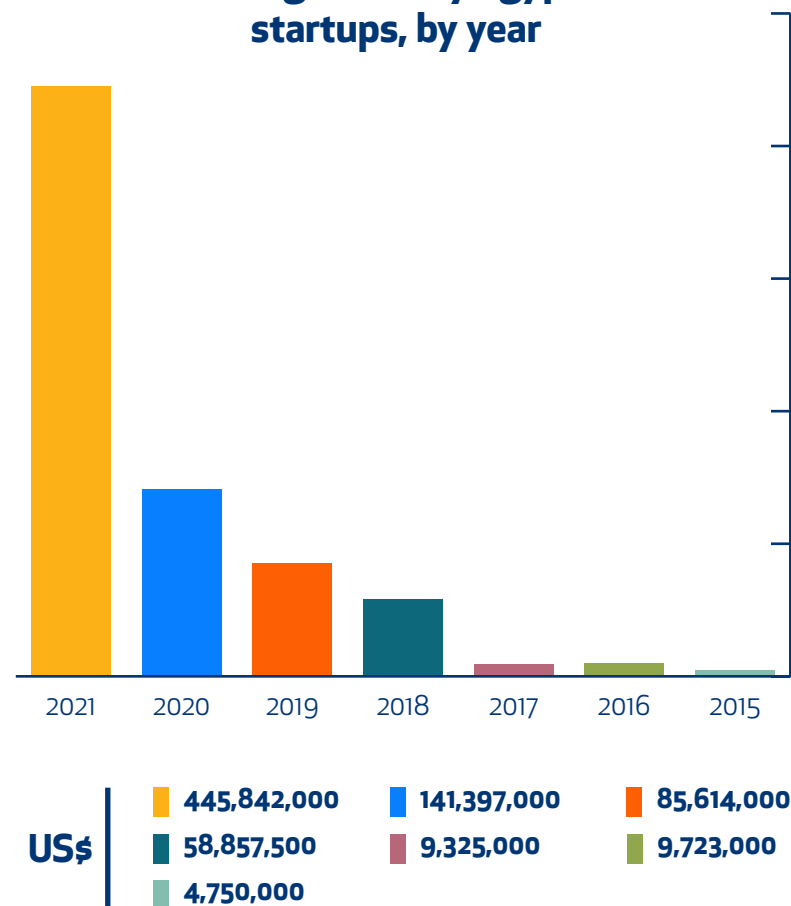
It was another strong year of development for the Egyptian tech startup space from a funding perspective, with the country now well-established among Africa's "big four". Egypt ranked second for both number of funded startups and total investment, and in moving clear of both South Africa and Kenya has well and truly disrupted the established order on the continent from a funding perspective.

In all, 115 Egyptian startups raised funding over the course of 2021 - 20.4 per cent of the African total. This was up 40.2 per cent from 82 startups in 2020, which also had it ranked second. Eighty-eight startups were backed in 2019, but as recently as 2018 only 34 Egyptian companies secured investment. The ecosystem has developed extremely quickly when it comes to investment over the last few years.

This rapid development is even more evident when it comes to total secured funding. Those 115 Egyptian startups secured a combined US\$445,842,000 (20.8 per cent of the African total), less than only record-breaking Nigeria. This represented growth of 215 per cent on US\$141,397,000 (20.2 per cent of the total) in 2020, making Egypt one of the fastest-growing countries on the continent in that regard.

Egypt has posted impressive annual growth rates over the last few years, with 2020's figure having been up 65 per cent on 2019, which itself has been a rise of 45.5 per cent from 2018. Total Egyptian startup funding increased by 531.2 per cent between 2017 and 2018. To truly get a feel for how speedy growth has been from a funding point of view, it is also worth considering that in 2015, when Disrupt Africa began collecting data, just five Egyptian startups raised a meagre US\$4,750,000. To have started at that level and now be a continental leader is quite some feat.

Total funding raised by Egyptian tech startups, by year



COUNTRIES

The increase in the amount of capital available to Egyptian ventures can be attributed to the arrival of different types of investors on the scene. As recently as 2019, for more than 40 per cent of funded Egyptian startups the only source of funding was a relatively small amount raised from participating in an accelerator programme. In 2021, those accelerators remain very active, with Egyptian startups among the most accelerated on the continent, but they have been joined on the field by a host of VC firms, both local and international, investing at higher ticket sizes. This resulted in an increased average raise per startup, up to US\$3,876,887 in 2021 from US\$1,724,354 in 2020 and US\$972,886 in 2019.

Egypt witnessed 43 rounds worth US\$1 million or more in 2021, with standout investments made in fintech company MNT-Halan (US\$120 million), retail-tech platform MaxAB (US\$55 million), logistics startup Trella (US\$42 million), retail-tech company Capiter (US\$33 million), e-commerce platforms Breadfast (US\$26 million) and Homzmart (US\$15 million), and fintech company Paymob (US\$15 million).

There is still plenty of room for Egypt to grow, however. Of 117 different individual rounds raised by Egyptian startups over the course of the year, 71 (60.7%) made it public what stage of funding it was. Pre-seed (23; 32.4%) and seed (29; 40.8%) investments were by far the majority, accounting for a combined 73.2 per cent of rounds. With just eight pre-Series

A, eight Series A, and two Series B rounds announced, plus one pre-Series C, fundraising Egyptian startups are clearly at an earlier stage than their counterparts in, say, Nigeria, so further increases in investment can be forecast as these companies advance along their fundraising lifecycles. Only two startups raised any form of debt capital, an average of 1.7 per cent which is well below the continental average.

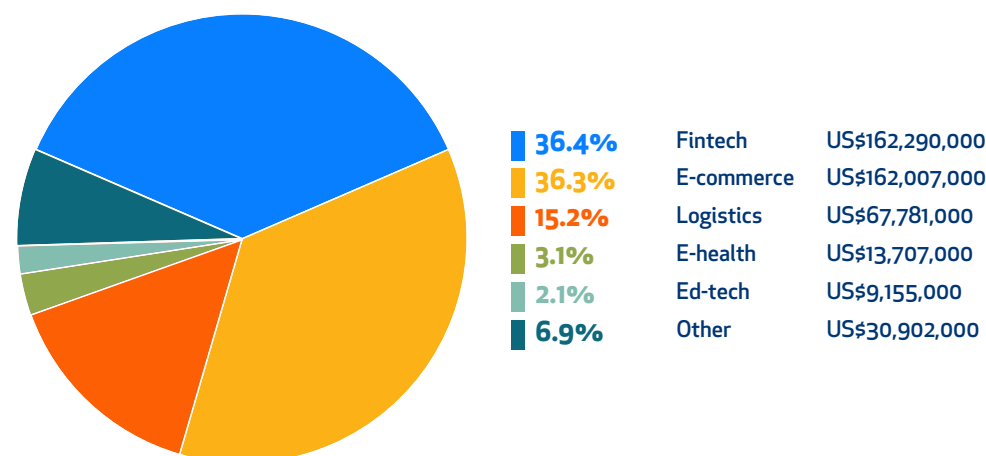
The relative youth of funded Egyptian ventures is also worth noting, as almost 60 per cent of the 115 startups listed were founded in the last three years. Twelve of those - 10.4 per cent - were only launched in 2021, 34 (29.6%) opened their doors in 2020, and 21 (18.3%) were founded in 2019.

Egypt is unusual amongst leading African investment destinations in that smaller shares of funding are flowing into the fintech space, with e-commerce performing especially well in the country as compared to elsewhere. More e-commerce and retail-tech startups secured funding - 27, 23.5 per cent of the total - than any other sector, with fintech lagging behind on 15 (13 per cent of total). E-health, logistics and ed-tech were other strong performers here.

Stages of Egyptian funding rounds, 2021

Sector	Stages	%
Seed	29	40.8
Pre-seed	23	32.4
Pre-Series A	8	11.3
Series A	8	11.3
Series B	2	2.8
Pre-Series C	1	1.4

Total Egyptian startup funding by sector



COUNTRIES

MNT-Halan's bumper round meant fintech did narrowly beat e-commerce to top spot for total funding, with Egyptian fintechs raising a combined US\$162,290,000 (36.4%) compared to e-commerce's US\$162,007,000 (36.3%). The dominance of these two sectors in 2021 represents a big change on 2020, when fintech and e-commerce were relatively underfunded compared to the better-performing e-health and transport spaces.

Egypt underperforms for diversity, with only 16 of its funded ventures - 13.9 per cent - having at least one female co-founder on the team. It is a very locally-driven ecosystem, however, with every funded startup having a local co-founder, and only one involving an international co-founder. Just less than half of its funded ventures have taken part in some kind of acceleration or incubation programme since they were founded, and the 115 Egyptian startups funded in 2021 employ between them 4,516 people, an average of 39 per company.

The growing maturity of the Egyptian startup ecosystem is, therefore, evident from a detailed analysis of its funded ventures. More startups are raising larger amounts from a wider array of investors, and while in the past a significant amount of total funding could be attributed to just one startup, 2021 picked up where 2020 left off in painting a picture of more equally distributed investments across startups of all sectors, stages and sizes. We expect growth to snowball as more ventures start to raise larger, later-stage rounds and the interest of international investors in joining what is already a strong local VC ecosystem continues to grow.



%

13.9	have at least one female co-founder.
100	have a local co-founder
0.9	have an international co-founder.
49.6	accelerated.

COUNTRIES

South Africa

South Africa ranked third in 2021, but while posting solid growth, the country's historic lead as a startup hotspot continues to be challenged by other markets on the continent, as seen above. This year 89 startups raised a combined US\$336,405,000, accounting for 15.7 per cent of the continent's funded startups and 15.7 per cent of funds secured.

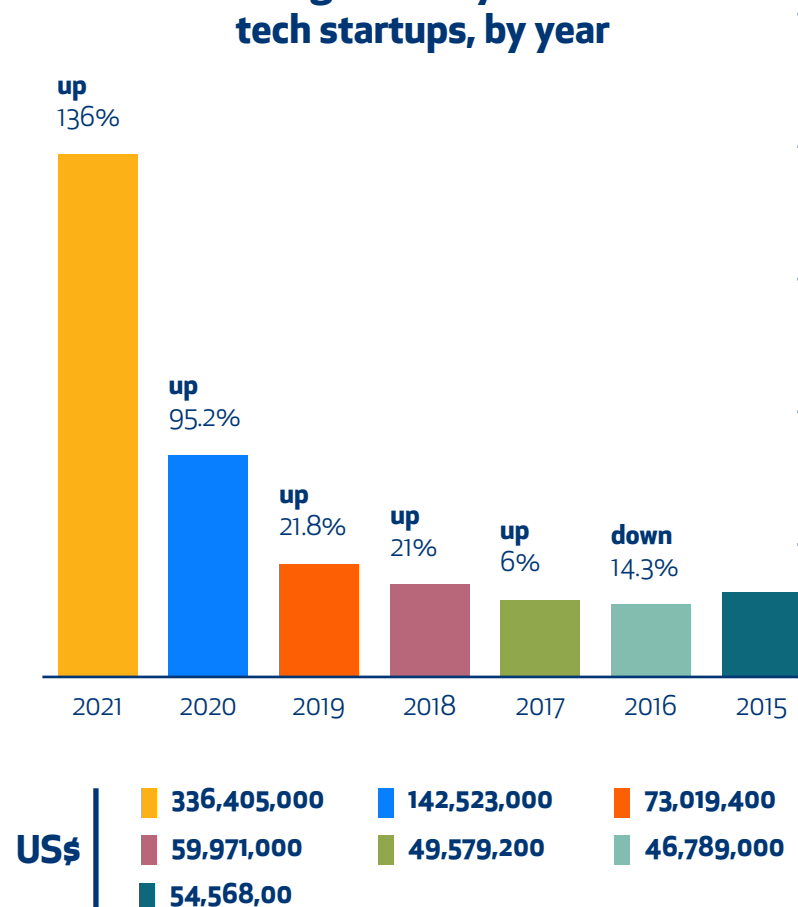
Although more South African ventures are gaining backing each year, with the 2021 total up 9.9 per cent on 2020, the country's overall proportion of funded startups compared to the rest of the continent is on the decline, with a larger proportion of the increased investor attention on Africa focused elsewhere. In 2021, South Africa was home to 15.7 per cent of African startups to receive funding. In 2020, this figure was 20.4 per cent, and in 2019 it was 25.4 per cent.

The amount of funding raised showed a strong performance, with the US\$336,405,000 figure an increase of 136 per cent on the US\$142,523,000 raised in 2020 (20.3 per cent of that year's total). In turn, 2020 had seen an increase of 95.2 per cent on the preceding year, when only US\$73,019,400 (14.9 per cent of total) went to South Africa. Prior to 2020, growth was stable but low-key, and it is in the last three years that funding has really accelerated - as it has continent-wide.

In total, 39 South African ventures raised over the US\$1 million threshold. This is up significantly on the 26 US\$1 million plus rounds in 2020 and 2019. However in 2020, South Africa's tally of 26 was the highest number on the continent. In 2021, Nigeria and Egypt both outstripped South Africa with 55 and 43 rounds over the US\$1 million mark respectively; and Kenya also racking up 35 rounds. This serves to further evidence the increasing turn by investors towards other markets around the continent.

There were three standout rounds in South Africa in 2021 - fintech Yoco bagged an impressive US\$83 million; e-health venture LifeQ secured US\$47 million; and fintech Planet42 raised US\$30 million.

Total funding raised by South African tech startups, by year



COUNTRIES

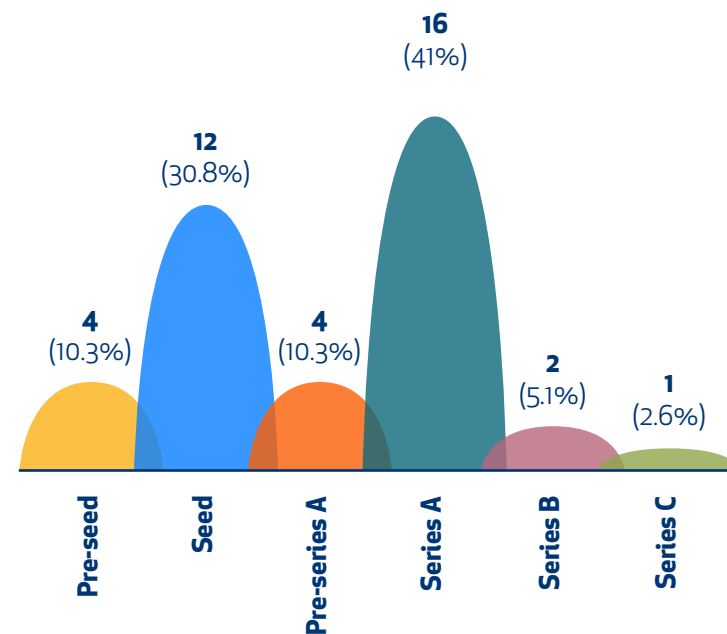
As in previous years, the “missing middle” evident in some other markets is far less apparent in South Africa, as the country’s ecosystem is more mature than elsewhere, and there is a higher prevalence of Series A level backing than elsewhere. Of 39 rounds where the stage of investment was disclosed, 41 per cent were Series A, and a further 10.3 per cent were pre-Series A. However, international VCs and institutional investors are less engaged in South Africa than elsewhere on the continent, and as a result, the mega rounds we see in Nigeria, Egypt and Kenya are much less common.

The relative maturity of the ecosystem is borne out by the launch dates of the companies, with new launches of funded ventures peaking back in 2018. This means that 21.3 per cent of companies funded in 2021 were in their fourth year of operation. The years from 2017-2020 were the most active in terms of when companies launched, with this figure dwindling to only three launches in 2021. That, and the relative lack of seed and pre-seed rounds as compared to elsewhere, suggests funding at the very earliest stages may be an issue in South Africa.

The fintech space far outstripped any other sector in 2021. Twenty-eight (28) fintech start-ups (31.5 per cent of the country’s backed ventures) raised US\$205,935,000 - accounting for 61.2 per cent of the country’s total funding. Of course, two of the standout rounds of the year were in this space - Yoco and Planet42, contributing 54.9 per cent of fintech investment.

Beyond fintech, there was activity across a range of sectors. The e-health space ranked second, with 14 companies (15.7 per cent of country total) raising US\$62,367,000, of which US\$47 million went to LifeQ. The AI sector performed well in South Africa, with eight ventures backed (9 per cent of funded companies), to the tune of US\$9,525,000. The transport and ed-tech spaces saw less startups funded than AI, but to higher amounts, with these two sectors receiving US\$14,850,000 and US\$10,736,000 respectively.

Stages of South African funding rounds, 2021



COUNTRIES

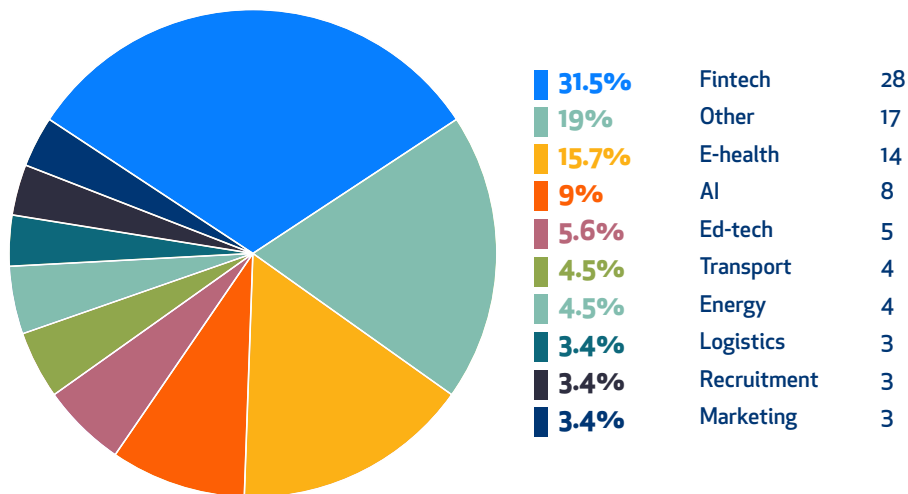
There was a notable lack of e-commerce funding in South Africa in 2021, particularly so given that in the previous year e-commerce was the most funded sector. That year it contributed US\$41,046,000 - 28.8 per cent of the year's total amount - although this figure was boosted substantially by the year's standout round of US\$30 million, which went to Skynamo.

Looking at the data around founders, South Africa does not perform well for gender representation - only 13 of the funded startups have at least one female co-founder (14.6%), well below the continental average. Eighty (80) of the backed companies have a local co-founder (89.9%), while 11 have at least one international co-founder (12.4%).

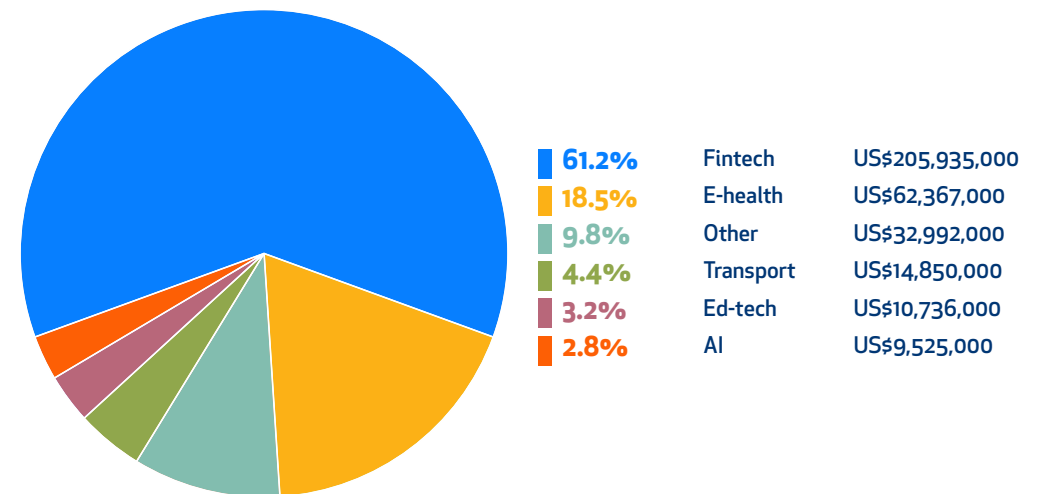
The startups in total employ 2,400 people, and 20 of the companies have been accelerated at some point in their journey (22.5%).

Overall South Africa performed well in 2021 and posted growth across all measures, but the country is definitely losing its dominance in the African startup arena. Arguably the country has an over-reliance on local investors, while international investors are gaining more confidence to invest in other markets growing on the continent.

Backed South African startups, by sector



South African startup funding, by sector



COUNTRIES

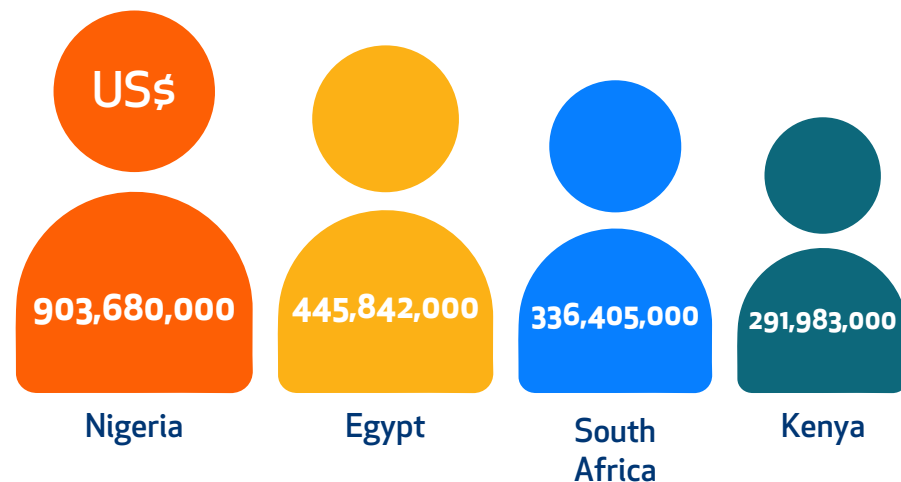
Kenya

Kenya has had a very strong year when compared to its own previous performance, albeit this has not been enough for it to jump higher than fourth place in this year's data. The country saw 87 startups raise funding (15.4 per cent of Africa's total), and together they secured US\$291,983,000 (13.6 per cent of the total pot).

These figures are substantial increases on Kenya's 2020 results. The number of startups funded is up 47.5 per cent on the 59 startups backed in 2020; while the total funds raised are up 52.6 per cent on the US\$191,381,000 netted.

In general, Kenya has been on the rise for the past years, with the amount of funding raised in the country spiking year-by-year. In 2020, the amount raised by the country's startups was the biggest total achieved by any country to date - beating Kenya's own previous record, set only the year before in 2019. In 2021, Kenya beat the record amount again, but so did other countries, the above three of which have shot ahead.

"Big four" startup funding, 2021

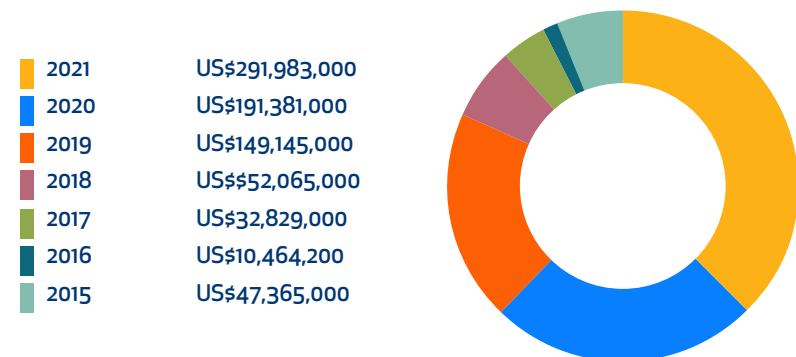


There were two standout rounds for Kenya in 2021, which seriously boosted the country's total funds raised. AI company Gro Intelligence raised an US\$85 million Series B round, and agri-tech venture Twiga Foods raised US\$50 million in Series C. These two companies accounted for 46.2 per cent of Kenya's annual funds.

The country saw 35 raises in excess of the US\$1 million mark, a substantial increase from the 22 of the previous year. This contributed to an average ticket size of US\$3,356,126 per startup, up from US\$3,243,746 in 2020, and up on the US\$3,314,334 of 2019.

Despite this positive trend, Kenya remains a market skewed towards the earlier stages of funding. Of the 48 rounds to name the stage of funding, 37.5 per cent was at the pre-seed level, and a further 41.7 per cent at seed stage. This echoes the fact that 60 per cent of startups in Kenya raised below the million dollar mark.

Kenyan startup funding, by year



COUNTRIES

Similarly, the launch years of Kenya's funded startups tended to be more recent, with 2020 the peak year, when 22 ventures were founded. A further 14 began operating in 2019; 12 more in 2018. Nine of the funded startups only launched in 2021.

Fintech was the sector with by far the most funded startups in Kenya this year, with 27 ventures receiving backing, making up 31 per cent of Kenya's funded companies. In second place was e-commerce, with 13 startups funded (14.9%). Agri-tech, e-health, energy and logistics saw six ventures funded each; while transport had five. The AI sector hosted Kenya's biggest round of the year; and there were a further 17 deals spread across a spattering of spaces.

In terms of total funds, AI was the best funded sector in Kenya due to Gro Intelligence's mega-round (with one other AI startup raising a smaller amount). Beyond this, agri-tech secured the highest amount at US\$68,390,000 - accounting for 23.4 per cent of Kenya's total investment. Twiga Foods contributed US\$50 million of this.

Fintech was the third best funded sector, netting US\$62,078,000 (21.3 per cent of the total). Given the lack of any mega round in the fintech sector this year and that this sizeable amount was raised by 27 ventures combined, arguably fintech was ultimately the most popular space overall.

The energy sector contributed a further 10.7 per cent of Kenya's funds - US\$31,350,000. Other note-worthy sectors included e-commerce, where startups raised US\$9,820,000; transport startups bagged US\$6,175,000; and logistics US\$5,235,000.

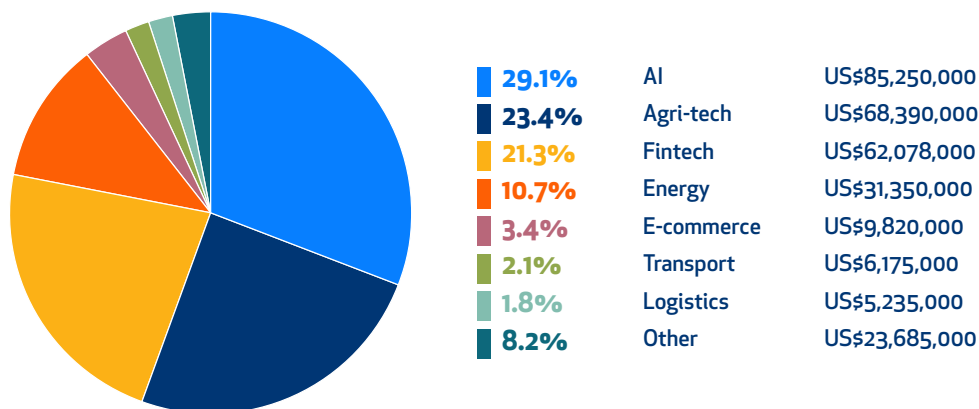
Kenya fares well when it comes to female co-founders, with 32.2 per cent of the year's funded startups (28) having at least one female co-founder - better than the pan-African average.

Conversely, only 72.4 per cent (63 companies) have a local founder; while 42.5 per cent have at least one international founder.

Twenty-six of Kenya's funded ventures (29.9%) have taken part in an accelerator at some point. In total, the funded startups employ 2,480 people.

As one of the early startup markets in Africa, Kenya holds a steadfast place at the forefront of the continent's startup landscape, meandering between the top four positions year-by-year. Generally speaking, Kenya's ecosystem is fairly well-spread - with some funding across all stages of the startup lifecycle, and startups funded across all sectors. Kenya will continue to fare well and outperform its own records, although it may already have had its time in the spotlight as investors increasingly look to West and North Africa for new opportunities.

Kenyan startup funding, by sector



%

32.2

of funded startups have at least one female founder

72.4

have a local founder

42.5

have an international founder

COUNTRIES

Ghana

Ghana placed fifth in 2021 for the third year running, as it continues its rather muted journey. There was growth in the number of startups to secure funding, although the total amount raised declined slightly.

Eighteen (18) startups secured investment in 2021 (3.2 per cent of Africa's total), which is up 20 per cent on the 15 ventures who raised in 2020. In turn, that tally had been up 25 per cent from the 12 to raise funding in 2019 - so a positive upwards trajectory in terms of number of startups backed.

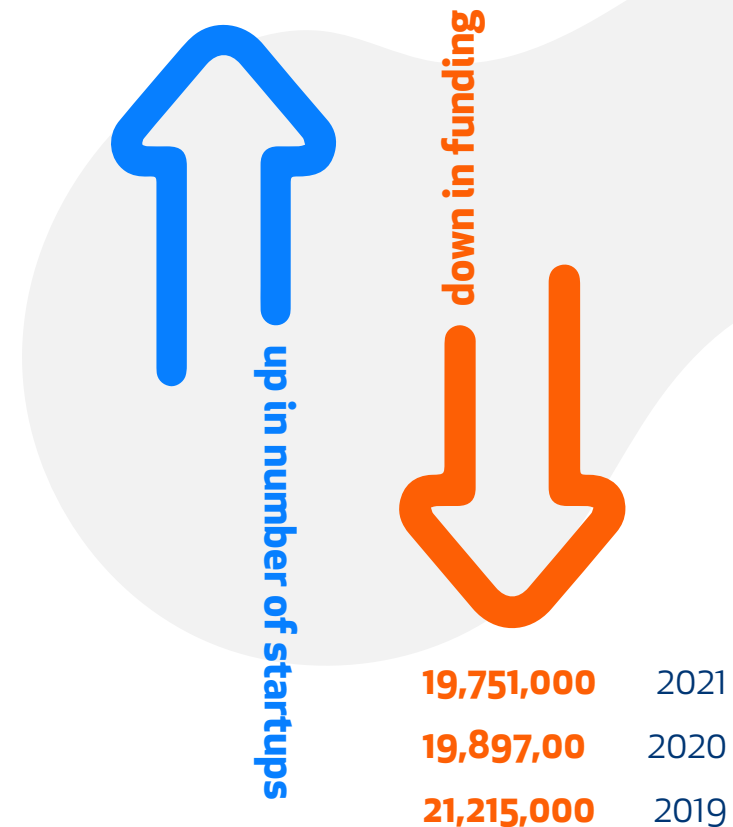
However, the amount of investment going to Ghanaian startups paints a less rosy picture. In 2021, the total raised was US\$19,751,000, down slightly on the US\$19,897,000 raised in 2020; which in turn was down 6.2 per cent from US\$21,215,000 in 2019.

In previous years, Ghana has been carried by large raises by one or two companies (notably energy venture PEG Africa, and e-health startup mPharma), which have tended to contribute the vast majority of the year's total in the country. This year was different - a positive sign.

There were four rounds over US\$1 million, the largest of which - US\$7.9 million - went to fintech Zeepay. There were two sizeable seed rounds, e-health company RxAll netted US\$3,250,000; and logistics venture Jetstream secured US\$3 million. Fintech appsNmobile also raised US\$1 million.

Beyond Zeepay's Series A, and one other pre-Series A round, all the other rounds disclosing a stage belonged in the pre-seed and seed categories.

2021	18
2020	15
2019	12

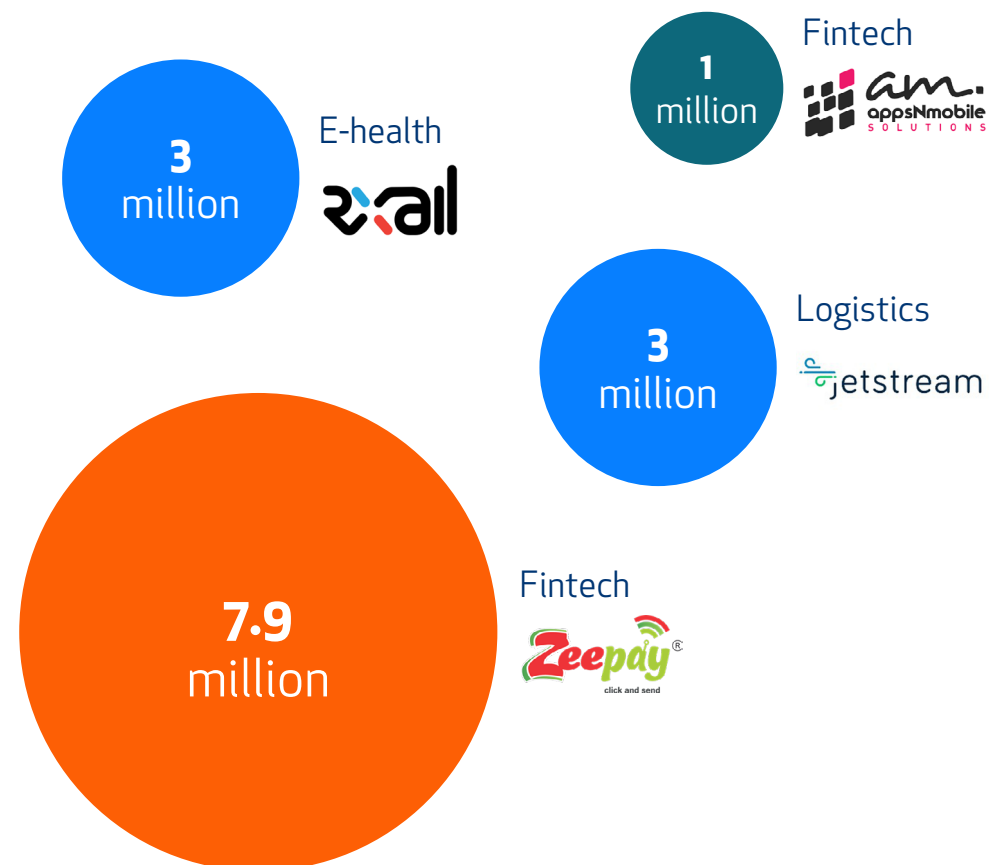


COUNTRIES

Indeed, in Ghana early-stage investors currently rule the roost, with most startups securing backing from the likes of Launch Africa Ventures, Ingressive Capital, Microtraction and DFS Lab, or accelerator programmes.

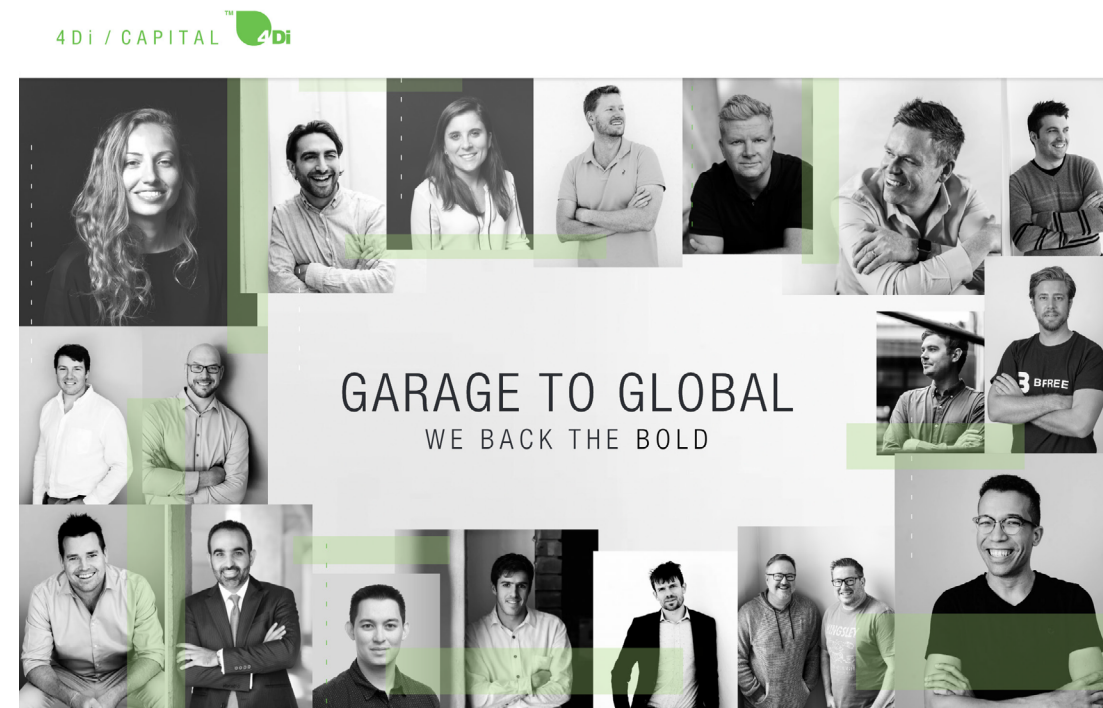
Ghana's top deals echo the current sector focus in the country - fintech led this year, making up 44.4 per cent of funded startups and 51.4 per cent of total funding (US\$10,143,000). There hasn't previously been a notable focus area in Ghana, so much as individual stand-out rounds, so this year is the first where a sector-preference is clear.

Looking at founding teams in Ghana, four startups (22.2%) had a female co-founder. Fifteen (15) had at least one local co-founder (83.3 per cent of startups); and four (22.2%) had an international co-founder.



Ten ventures (55.6%) said they had been through an accelerator at some point; and the funded ventures employ a combined 280 people.

Generally speaking, while Ghana consistently ranks fifth for both number of startups to raise funding as well as amount raised, there has been a lack of any decisive ecosystem expansion in the country over the past years. A relatively early entrant as an alternative market to the big four, Ghana seems to have mostly stagnated. There were a few signs in 2021 that this might be changing - with the increase in million dollar-plus rounds, but only time will tell.



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COUNTRIES

Morocco & Tunisia

North Africa is developing in leaps and bounds as a general rule, and in 2021 both Morocco and Tunisia put on a strong show, placing sixth and seventh respectively and meriting a stand-alone section of this report.

Both saw 15 startups raise funding, contributing 2.7 per cent of Africa's total funded startups each. This marks particular growth in Morocco, which listed only 10 startups backed in 2020, and two in 2019. In Tunisia, there were 14 ventures backed in 2020, and eight the year before.

There were similarly positive stories with regard to the total amount raised in both countries.

Moroccan startups raised US\$28,420,000 (1.3 per cent of Africa's total), up 175.8 per cent on 2020's total of US\$10,306,000; which in turn had been up 1,570 per cent on the only US\$617,000 reported in 2019.

Tunisian startups raised US\$23,850,000 (1.1 per cent of the continent's pot), up 514 per cent on 2020, when US\$3,883,000 was raised. That had been down 50.1 per cent on the US\$7,778,000 of 2019. However, the caveat here is that the 2021 total was carried mostly by fintech Expensya, which raised a US\$20 million round.

On a sector view of the region, fintech, e-commerce and prop-tech dominated Morocco's activity, evenly accounting for a combined 73.4 per cent of funded startups, and 95 per cent of funding. In Tunisia, fintech also dominated, but due to Expensya's standout round. The logistics space saw the most ventures backed in the country (three).

Only four ventures in Morocco disclosed their stage of funding, while 10 Tunisian startups disclosed their stage - all of the disclosed rounds were seed stage.

The two countries have very similar founding team profiles - all but one Moroccan startup have a local founder; and only one Moroccan startup has an international founder. In both countries, 13.3 per cent of funded ventures have a female co-founder.

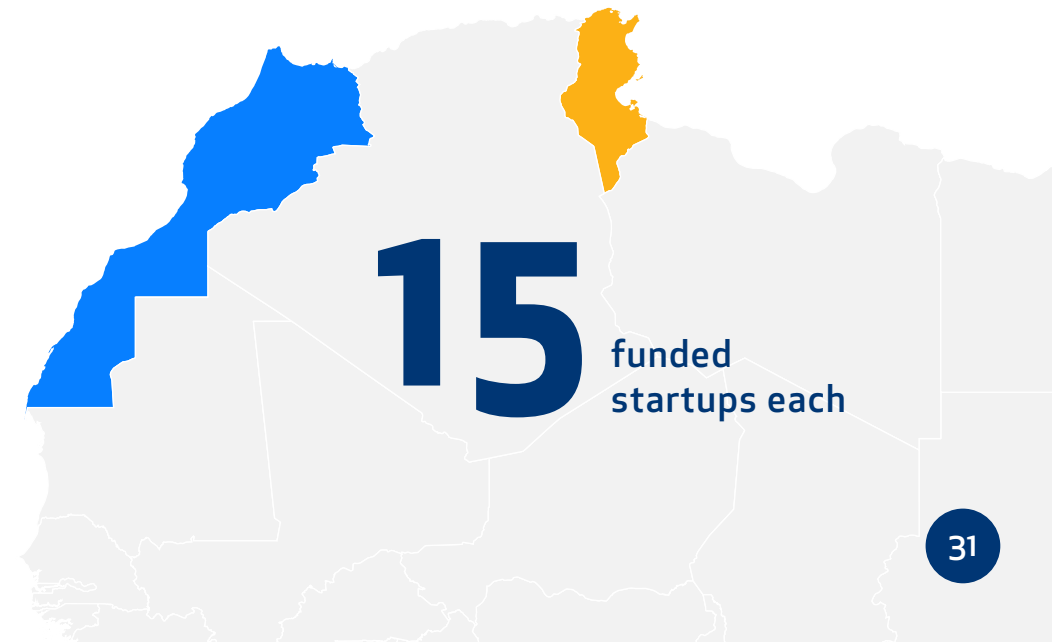
Three Moroccan ventures said they have participated in an accelerator; while eight of Tunisia's backed startups have (53.3%) - this latter figure is attributable to the presence of Flat6Labs, which is also one of the more active investors in the country.

Morocco's funded startups employ a combined 355 people, while Tunisia's ventures have a combined 352 employees.

With remarkably similar ecosystem profiles at the moment, Morocco and Tunisia are on the rise. It is clear that North Africa more widely is developing at a pace spurred on by Egypt's powerhouse performance year-by-year, and the region will undoubtedly have an increasing presence in the pan-African funding data in future years.

Raised

	Morocco	Tunisia
US\$	28,420,000	23,850,000



COUNTRIES

Rest Of Africa

Startups raised funding across 24 African countries in 2021, the widest geographic span of investment to date, albeit the same figure as in 2020.

The share of investment going to the “big four” markets of Nigeria, Egypt, South Africa and Kenya increased in 2021 - not the best news - although not surprising that investors should pull away from unknown markets they feel are more risky under the current global economic climate.

These top four markets were home to 80.1 per cent of the continent’s funded startups this year, up from 77.3 per cent in 2020. This figure had been on the decline over previous years as investors become more confident in seeking out investments in emerging destinations.

The amount of investment going to the top four markets is also on the rise, at 92.1 per cent this year. This proportion has been expanding annually, from 89.2 per cent in 2020, 87.5 per cent in 2019, and 79.4 per cent in 2018. However, this increasing figure speaks more to spiking growth in the top four markets, rather than a poor performance by alternative countries.

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COUNTRIES



On the contrary, in 2021, the rest of Africa also fared well, providing some of the fastest growth of the year.

Ghana, Morocco and Tunisia placed fifth, sixth, and seventh respectively, as discussed previously.

A further 64 startups from 17 additional markets secured backing.

In East Africa, Uganda saw 11 startups backed (down from 13 the preceding year), raising US\$6,512,500 - an increase of 375.7 per cent on 2020's poor showing of only US\$1,369,065. Meanwhile Rwanda posted growth across both metrics, with seven startups raising investment (up from four) to the tune of US\$16,070,000 - up 301.8 per cent on US\$4 million in 2020. This followed 248 per cent growth in 2020 as compared to 2019 - Rwanda is on the move.

There were positive stories in West Africa too. It was another good year of development for the Ivory Coast, with funded startups growing by 66.7 per cent to 10; and raising US\$13,725,000. This total is up 248.8 per cent on the US\$3,935,000 netted in 2020, which had itself been 240 per cent growth on the year before.

Senegal saw its total number of funded startups jump 150 per cent to 10, but the US\$3,400,000 they raised was down 63.7 per cent on the US\$9,368,000 reported in 2020.

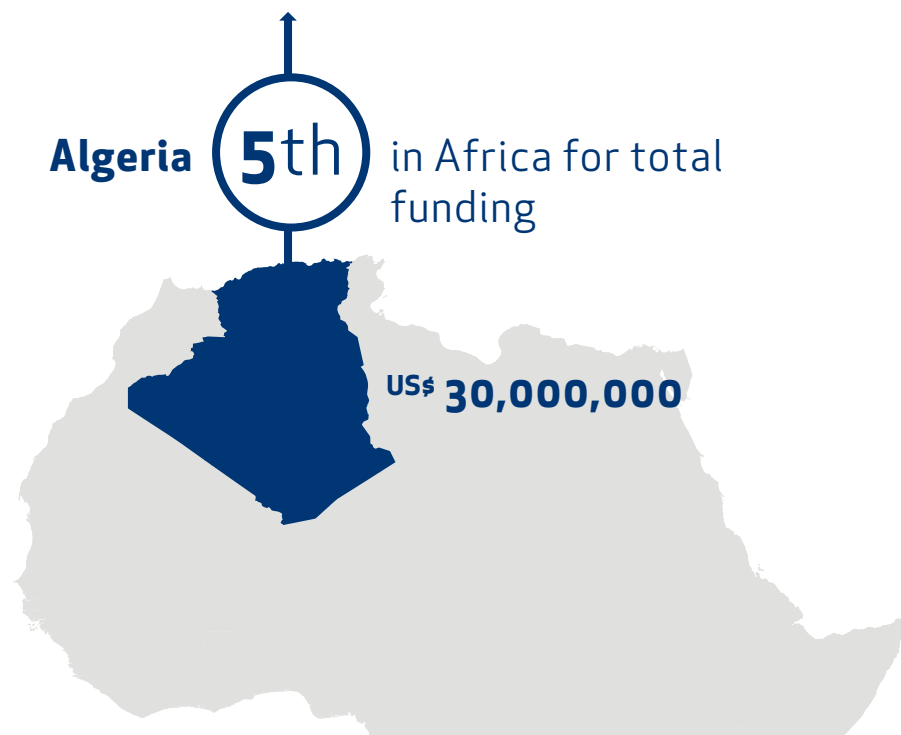
COUNTRIES

Cameroon put on a show in 2021, with four companies funded - double the two of 2020 - to a combined total of US\$7,618,000, up 203.3 per cent on the US\$2,512,000 in 2020.

Elsewhere, Ethiopia saw four startups backed (down from five in 2020); raising US\$3,775,000 - an increase of 63.1 per cent on US\$2,315,000 in 2020. Ethiopia is developing nicely, and these figures represent respectable growth, albeit much slower than the 9,160 per cent jump in investment witnessed in 2020!

In Southern Africa, Zimbabwe reported growth, as it saw four companies secure investment (up from one the previous year), with total funding hitting US\$338,000, increasing 576 per cent from the meagre US\$50,000 of 2020. Conversely Zambia didn't have a great year, hosting three funded companies - it had been four the preceding year -, raising US\$3,068,000, which is down 20.3 per cent on 2020.

There were also two rounds apiece in the Democratic Republic of Congo (DRC) and Madagascar; and one each in Algeria, Angola, Botswana, Mali, Sudan, Tanzania, and Togo. To end on a high - Algeria's single round of 2021 was a US\$30 million investment for transport startup Yassir, that ranked the North African country fifth on the continent for total funding raised!



Fastest growth rates in terms of total funding received by ecosystems that saw four or more funding rounds in 2021

576% Zimbabwe	514% Tunisia
501% Nigeria	376% Uganda
302% Rwanda	249% Ivory Coast
215% Egypt	203% Cameroon
176% Morocco	136% South Africa

SECTORS

FINTECH

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Dare Okoudjou

Founder and CEO, MFS Africa

The Ghanaian government in November last year said it was introducing a 1.75 per cent e-levy on mobile money transactions of 100 cedis and above in the 2022 budget. The implementation is projected to come into effect on February 1. Similarly, Cameroon is introducing a 0.2 per cent levy on mobile money transactions under a new 2022 tax bill. For every FCFA10,000 sent, the sender and receiver will each pay an extra 20 francs. This brings the cost of the whole transaction to 40 francs.

It should come as no surprise that African governments are increasingly looking towards digital payments as the next source of additional tax revenues. After all, the African fintech industry has been growing tremendously. In the last decade, daring, innovative approaches on how to deepen financial inclusivity on the continent sprung up everywhere and importantly, there was the singular focus on getting this task done at a reduced cost. We have seen remarkable advancement to shift habits away from cash-based transactions to digital - and to do so at a significantly affordable rate.

This approach clearly worked as African fintech companies dominated fundraising on the continent. Raising over US\$1 billion, just short of half the total raised by African startups as a whole, is a testament that we must be doing something right. However, despite these wins, we are at risk of losing the grounds already gained.

It must be said that while it is important for those who do business in Africa to pay their fair share, by targeting often financially excluded communities, these levies and taxes will only set back the gains we are making in the fintech space. There is still so much we must do to convert the informal finance sector, and this undoubtedly makes our work harder. High-cost financial services can have an immense negative impact on the growth of the fintech sector, and this can in turn undermine years of challenging work designed to serve lower-income and last-mile users.

In this new year, a key part of ensuring an inclusive financial sector should be effectively engaging with regulators and policymakers. It is imperative that we strive - together - towards fairness in revenue collection without endangering financial inclusion. We must take care to ensure users do not feel compelled to return to informal channels.

So, while we celebrate the immense growth of our sector, we think it is time for a more unified regulatory engagement approach that is most sympathetic to African consumers.

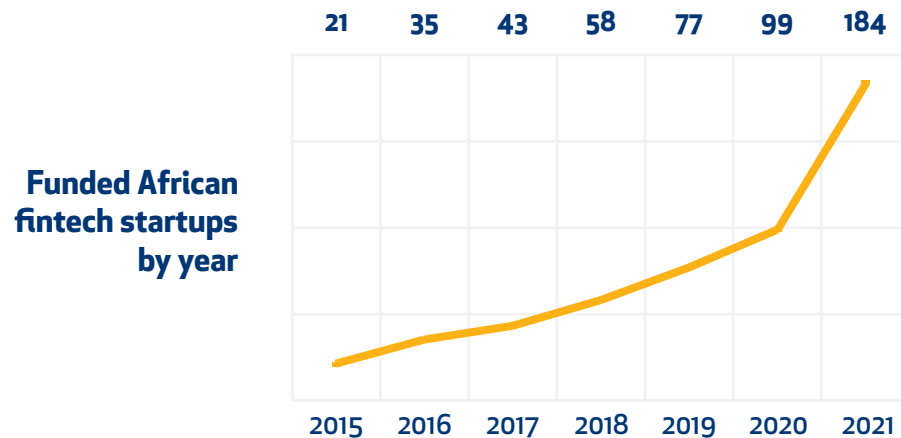
SECTORS

Fintech

It was an extraordinary year of investment for the African fintech space, which accounted for more than half the total funding received by startups on the continent over the course of 2021. Total investment passed the US\$1 billion mark for the year, something the wider African tech startup ecosystem was only itself able to do in 2021.

In all, 184 fintech startups secured investment in 2021, representing 32.6 per cent of the pan-African total. This was up 85.9 per cent on 99 startups in 2020, which had accounted for just less than a quarter of funded ventures. The previous year had seen 77 companies backed, again around a quarter the African total.

These startups raised a combined US\$1,038,456,500, 48.3 per cent of the continent's total of more than US\$2 billion. This was up a remarkable 547.7 per cent on the US\$160,319,065 raised by African fintechs in 2020. Indeed, the amount of capital secured by fintech companies in 2021 was almost 50 per cent more than the continent-wide total, across all sectors, in 2020.



This hugely impressive 2021 for African fintech came on top of previous annual growth that had been by no means small, or so we thought at the time. 2020's total had been up 49.3 per cent on the US\$107,352,000 raised in 2019. Prior to that, total funding secured by fintech startups each year had fluctuated somewhat. What had remained relatively stable was fintech's share of total funding, always around the 25 per cent mark, but this was blown out of the water over the course of a dominant 2021.

Seventy-seven (77) fintech startups raised amounts of US\$1 million or larger, contributing to an average per startup of US\$5,643,785. This was a huge leap from US\$1,619,384 in 2020 and US\$1,394,182 in 2019. The major rounds raised by the likes of Flutterwave, MNT-Halan, Yoco, Kuda, TeamApt and FairMoney contributed to this high average, but there were also a significant amount of rounds in the US\$10 million to US\$20million range that upped the average.

Indeed, more so than any other space, fintech startups were raising at a broad range of stages. Of 187 individual rounds, 110 (58.8%) disclosed the stage at which money was raised. The pre-seed and seed stages account for the majority of these rounds, with a combined 71 per cent, generally mirroring launch dates of funded fintech ventures. Twenty-nine (26.4%) were launched in 2021, and 40 (36.4%) in 2020.



SECTORS

Yet fintech saw activity right through to Series C, with notably strong activity at pre-Series A and Series A stages. Large proportions of funded companies were founded more than two years ago, with 35 (31.2%) launched in 2019, 25 (22.7%) in 2018, 22 (20%) in 2017 and 12 (10.9%) in 2016. The relative maturity of the sector is reflected by the fact it had more startups secure at least some debt capital (eight; 4.3%) than any other sector other than the debt-reliant space.

With this being the first year Disrupt Africa has compiled data as to the teams of funded ventures, we are able to make a better analysis as to what a funded African fintech looks like. Thirty-nine (21.2%) of them had at least one female co-founder, generally mirroring the continent-wide average. While 88.5 per cent of them had at least one local on the founding team, Nigerian fintech startups are more likely than most to have an international presence. A total of 33 (88.5 per cent of the total) have at least one international co-founder.

Seventy of the fintech startups that raised in 2021, or 38 per cent of the total, had been through some form of accelerator or incubator, which is on par with the continental average, while the 184 funded fintechs employed, at the time of investment, a total of 5,445 people, or 30 per company.

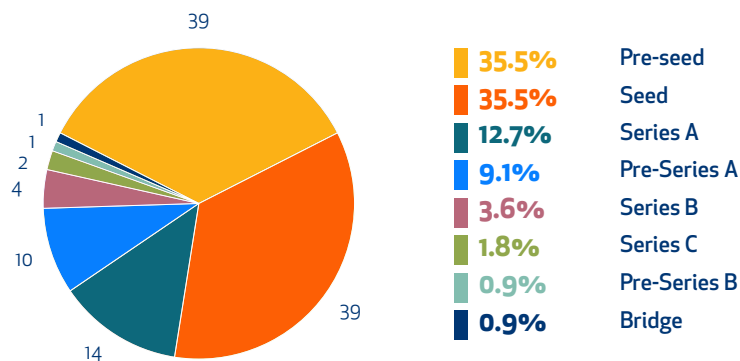
Having minted a unicorn in 2021, after Flutterwave's US\$170 million round, and seen the likes of Kuda, Moove, TeamApt, and FairMoney raise significant rounds, Nigeria remained the undisputed leader when it comes to fintech funding in Africa. Yet, interestingly, its share of funded startups and total secured investment remained broadly the same as in 2020.

Nigeria's share of funded startups was 38.6 per cent, with 71 backed ventures, only marginally more than the 37.4 per cent share it had in 2020, when it saw 37 companies funded. As in 2020, South Africa comes in second in this regard, with 29 startups, though its share declined to 15.8 per cent from 26.3 per cent in 2020. Kenya was third with 27 (14.7%) and Egypt fourth with 17 (9.2%).

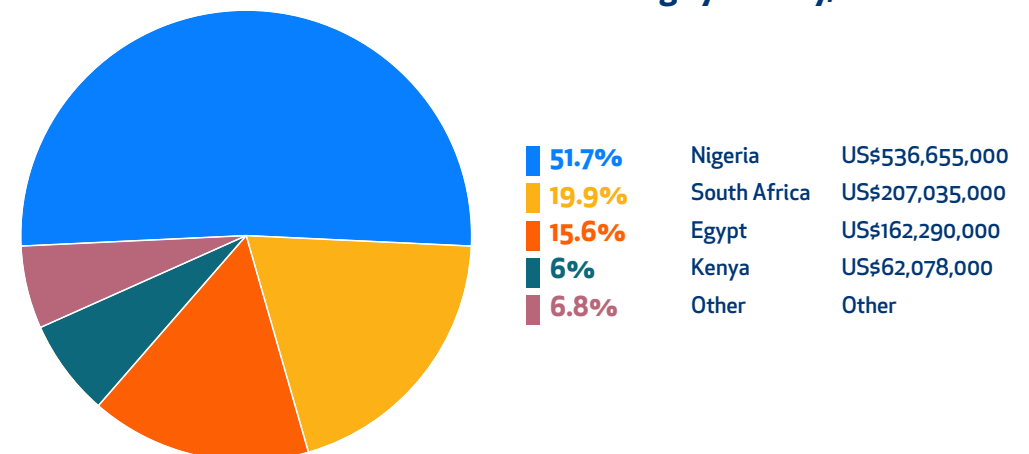
There we also funded fintechs in Ghana (8), Ivory Coast (7), Uganda (6), Morocco (4), Cameroon (3), Senegal (3), Rwanda (2), Tunisia (2), and Angola, Botswana, Ethiopia, Mali, and Zambia (all one).

When it comes to total secured funding, in fact, Nigeria's share actually declined on 2020. Though the amount raised by Nigerian fintechs increased approximately six-fold between 2020 and 2021, to US\$536,655,000, its share of investment fell to 51.7 per cent from 55.7

Stages of fintech funding rounds, 2021



Fintech funding by country, 2021



SECTORS

per cent. Though South Africa's also fell, to 19.9 per cent from 23 per cent, the difference was made up by growth in Egypt and Kenya. The former accounted for 15.6 per cent of investment, and the latter for six per cent.

Though the funding raised by fintech startups from the "big four" amounted to a combined US\$968,058,000, 93.2 per cent of fintech's total, this was still down from a 97 per cent share in 2020, meaning we are seeing a small drip-down effect into other markets.

All in all, it was a magnificent year for African fintechs from a funding perspective, with the sector shattering records, and following the 2020 landmark of Paystack's acquisition by Stripe with the confirmation of a rare African unicorn in the shape of Flutterwave. And though Nigeria inevitably grabbed the headlines, fintech is an investor favourite across the continent.

Why? Key is the fundamental issue so many African fintechs are solving - access to financial services. In providing such services, whether payments, credit, insurance or anything else, African fintechs are addressing huge target markets. And with the potential to scale from one vertical to the next, digital bank style, and increasingly into new regions as the continent becomes more interconnected, investors are seeing the possibility of huge returns. Moreover, with fintech startups increasingly collaborating with incumbents, and regulators opening their eyes to the potential of the sector, the path to such scale is being smoothed, and as the sector matures, we can expect increased funding - and more unicorns - in the fintech space in the years to come.

African fintech funding by year, 2015-2021



SECTORS

E-commerce & retail-tech

Once renowned for its volatility, with funding totals fluctuating wildly from year to year as investor sentiment ebbed and flowed, the African e-commerce and retail-tech sector has now seen a steady increase in funding every year since 2018.

The space is now firmly established as the second most popular with investors on the continent behind fintech, both in terms of the number of startups raising and total funds, with a large portion of the credit for this newly-found solidity attributable to the development of the retail-tech segment within the wider e-commerce space.

Last year saw 70 African e-commerce and retail-tech startups - 12.4% of the African total - bag funding, an increase of 27.3 per cent on 55 in 2020. The sector's share of funded startups has, however, declined, from 13.9 per cent in 2020. The number of companies securing investment had increased by 77 per cent between 2019 and 2020, and 72.2 per cent between 2018 and 2019, so growth is slowing in this regard.

When it comes to total capital secured, however, growth is picking up pace. Those 70 startups raised US\$326,156,000 between them in 2021, 15.2 per cent of the African total. This was up 271.5 per cent on US\$87,785,000 in 2020, though once again that did account for a larger proportion of the overall African tally (12.5%). Funding increased by 85.6 per cent between 2019 and 2020, and 283 per cent between 2018 and 2019.

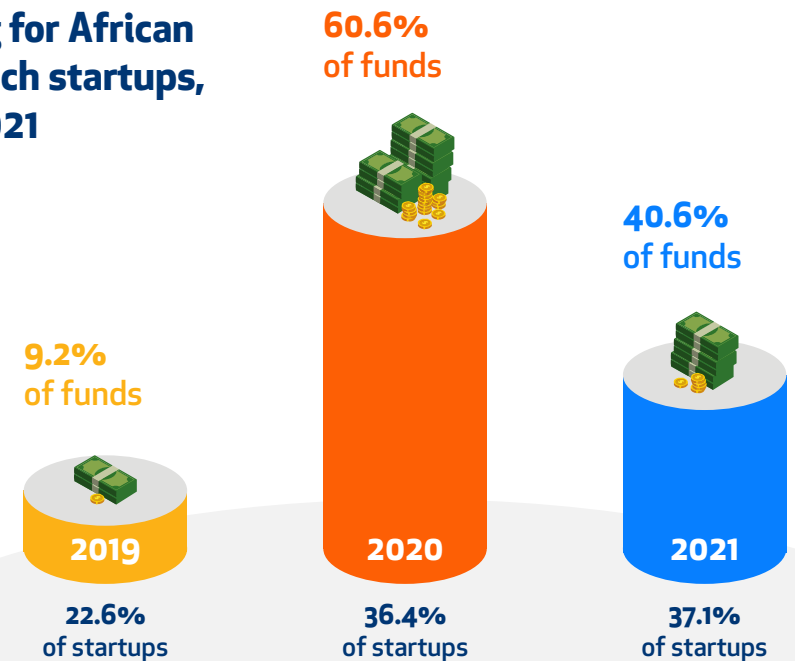
Prior to 2019, the picture had been less rosy, with total funding declining between 2015 and 2016, rising again in 2017, before falling in 2018. Steady growth since then has cemented the sector's status as a major funding recipient on the continent, and that looks set to continue.

Part of the reason for this is the emergence of retail-tech as a niche of some force. Such startups are building solutions to help existing, physical merchants with things like inventory management, product ordering and loyalty solutions, as opposed to offering online storefronts in the Amazon or Jumia style. In 2021, such platforms accounted for 37.1 per cent of funded startups across the e-commerce sector, and 60.6 per cent of total funding. This was somewhat down on the 65.9 per cent of funds it took in 2020, but still a very significant amount.

The importance of the retail-tech segment to e-commerce funding is borne out by the fact it contributed 14 of the 26 investments worth US\$1 million or more across the space in 2021.

Of 73 distinct rounds, 43 (58.9%) disclosed the stage at which funding was secured, demonstrating that e-commerce and retail-tech startups are raising at a variety of stages. However, there is greater activity at later stages than in other sectors. Seed rounds accounted for the bulk of deals, with 60.5 per cent falling into that category, and Series A was next with 20.9 per cent. Only one startup raised any form of debt capital.

Funding for African retail-tech startups, 2019-2021



SECTORS

Almost 75 per cent of funded e-commerce ventures from 2021 were founded over the course of the last four years, which makes sense given the stage at which the majority of them are raising. 2020 led the way with 20 launches, followed by 2018 (13) and 2019 (12). Seven of the startups that raised in 2021 were launched in the same year.

The sector overperforms for diversity, with 19 (27.1%) of startups having at least one female co-founder. Sixty - or 85.7 per cent - had a local co-founder, and 12 (17.1%) had at least one international one. Twenty-seven of the funded ventures had been through some form of accelerator or incubator programme. The 70 startups that secured capital in 2021 employed between them 3,113 people, an average of 44 per startup.

Anecdotally, Nigeria has earned a reputation as being an African e-commerce leader, given the reputations of companies like Jumia and Konga, but over the last few years it is in fact Egypt that has emerged as the dominant force, at least from an investment perspective. The North African country accounted for 27 of the funded startups, 38.6 per cent of the total, putting it clear of Nigeria (17; 24.3%) and Kenya (13; 18.6%), and extending a lead it has held since 2018. Of note here is the decline of South Africa as a recipient of e-commerce funding - usually a popular destination, in 2021 it saw just one such venture secure investment.

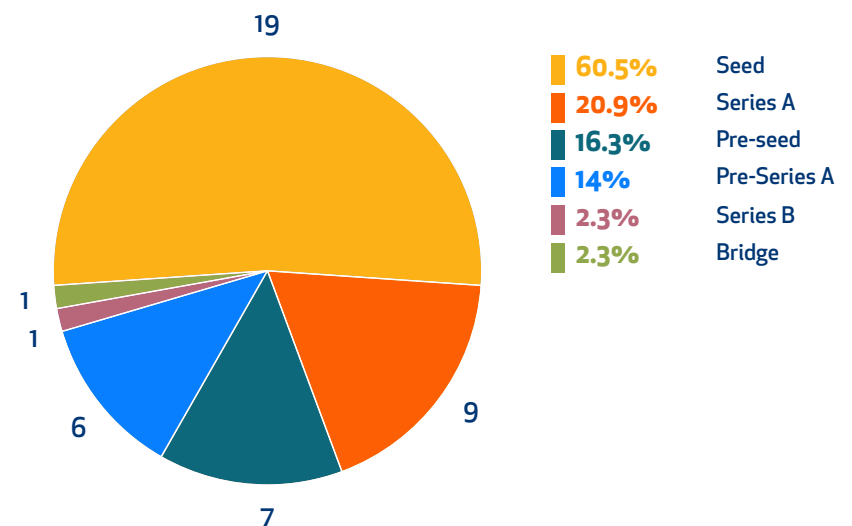
E-commerce and retail-tech funding by country

Country	US\$	%
Egypt	162,007,000	49.7
Nigeria	135,036,000	41.4
Kenya	9,820,000	3
Morocco	7,373,000	2.3
Sudan	5,000,000	1.5

Egypt also proved a dominant force when it came to total funding, with its US\$162,007,000 accounting for 49.7 per cent of the total. This was driven by rounds raised by the likes of MaxAB (US\$55 million), Capacitor (US\$33 million), Breakfast (US\$26 million), and Homzmart (US\$15 million). However, Nigeria was a close second for funds secured, with 41.4 per cent of the funding, and home to the biggest round of the year - TradeDepot's US\$110 million. This represented quite a change on 2020, when South Africa led the way with 38.2 per cent of funding, and Egypt ranked third with 14.7 per cent.

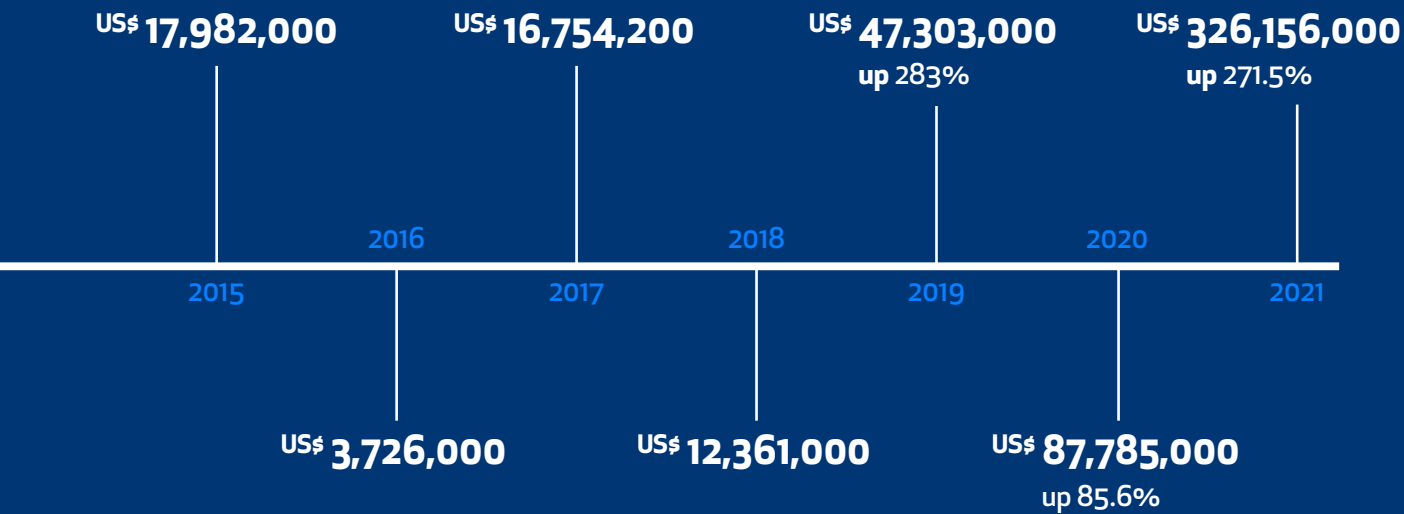
Funding was raised continent-wide, however, with impressive rounds for startups in less typical nations such as Morocco and Sudan. This speaks to the broader health of the e-commerce ecosystem, with investors backing Jumia-style multi-product platforms, niche platforms selling only certain products, and retail-tech platforms targeting physical retailers. With African spending power on the rise, and investors now convinced of the durability of online retail on the continent, this space can expect a bright future.

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



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Total e-commerce and retail-tech funding by year, 2015-2021



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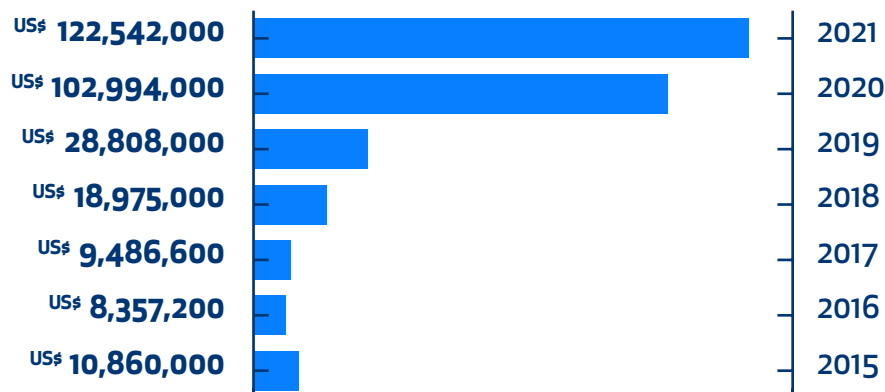
E-health

The e-health space continued on its upward trajectory from an investment perspective in 2021, albeit at a slower pace, to rank third for both funded startups and total secured capital.

A total of 55 startups - 9.8 per cent of the African total - secured investment, a figure that was a 34.1 per cent increase on the 41 that raised in 2020. The number of companies raising funding has grown each year since 2018, though at a slower rate. The 2020 figure of 41 was up 41.4 per cent on 29 startups in 2019, which had in turn been a 70.6 per cent increase on 17 in 2018. E-health startups have generally made up between eight and 10 per cent of funded African ventures over the course of these years.

There was also growth when it came to total funding secured by those 55 startups, but here the rate was much slower than the previous year. Partly due to the boost provided by COVID-19 and its related lockdowns and distancing, which allowed many startups to rapidly increase their user bases and levels of public visibility in a very short space of time, the e-health space saw supercharged growth in 2020. Indeed, African e-health startups raised more funding in 2020 than they did in all of the previous five years combined, with US\$102,994,000 raised.

Total African e-health funding by year

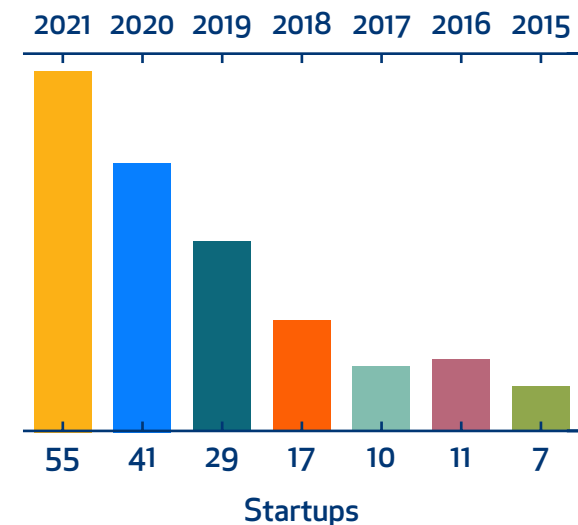


We did see an increase in funding in 2021, with a total of US\$122,542,000 raised, but a growth rate of 19 per cent compares unfavourably with other major sectors. It also meant e-health's share of total funding fell to 5.7 per cent, back to pre-2020 levels.

The average raised per startup fell back to US\$2,228,036 from US\$2,512,049 in 2020. As with total funding, average e-health raises had increased hugely in 2020 compared to 2019, when it had been US\$993,379.

A reset of sorts, then, after a dramatic advance in 2020, but the e-health sector remains on a growth trajectory that began in earnest in 2018. Eighteen startups raised US\$1 million or above in 2021, up from 10 in 2020, eight in 2019, and four in 2018. LifeQ's US\$47 million round accounted for a decent amount of the overall tally, but in general funding is becoming more evenly spread as the space moves away from a reliance on mega-rounds to bolster its overall performance. Nigeria's 54gene (US\$25 million), South Africa's hearX Group (US\$8.3 million), Egypt's Yodawy (US\$7.5 million) and Nigeria's DrugStoc (US\$4.4 million) were the other main fundraisers in 2021.

Funded African e-health startups by year



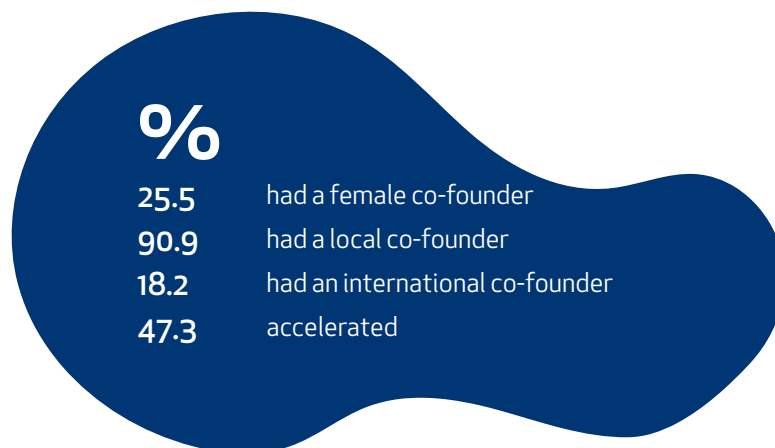
SECTORS

Thirty-four (61.8%) of the funded startups disclosed the stage at which they raised, with more than three-quarters of them doing so at seed stage or earlier. Seed rounds accounted for half of those disclosed, and pre-seed another 26.5 per cent. Pre-Series A and Series A investments each made up 5.5 per cent of the total, while another 3.6 per cent were Series B rounds. There was no particular pattern with regard to launch dates of funded ventures, with the biggest years being 2020, when 19 (34.5%) were founded, and 2018, when 10 (18.2%) opened their doors. Only one startup raised any element of debt funding.

E-health as a sector is relatively diverse, at least when it comes to funded startups, with 14 - or 25.5 per cent - of the companies listed here having at least one female co-founder. The startups were both more likely than funded African ventures in general to have at least one local co-founder (50; 90.9%), and have an international presence (10; 18.2%). They are also more accelerated, with 26 (47.3%) having taken part in some form of accelerator or incubator.

Funded African e-health startups employed 1,357 people, an average of 25 per business.

Where are the continent's e-health investment hotspots, then? In terms of numbers of funded startups, the "big four" strengthened its hold in 2021, with Nigeria, South Africa, Egypt and Kenya accounting for a combined 85.5 per cent of the companies that raised. This was up from 80.6 per cent in 2020. Ghana (3), Morocco, Rwanda, Tunisia, Uganda and Zambia also saw activity.



This was even more the case with regard to total funding, with the four leading markets bringing in 96.1 per cent of the continent's e-health investment. Yet among the "big four" there were larger disparities in this regard, with South Africa taking the lion's share with US\$62,367,000 (50.9 per cent of e-health capital), largely due to the LifeQ round. Nigeria came second with 30.7 per cent, and Egypt third with 11.2 per cent.

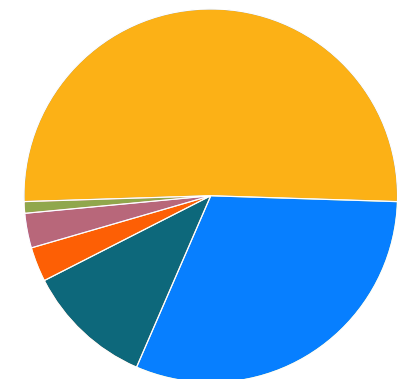
This represents a shift from 2020, when Egypt led the way, albeit mostly because of a mega-round for telehealth startup Vezeeta, ahead of Nigeria and Ghana. South Africa accounted for only 3.6 per cent of e-health investment in 2020, so has seen a major turnaround in 2021.

For the fourth year running, then e-health had its best year on record, yet the slower rate of growth offers a bit of a reality check after the major advancements of 2020. E-health startups across the continent reported a significant heightening in customer adoption as a result of the COVID-19 crisis, and this uptake in usage and the opportunity to prove their value sparked increased investor interest.

That interest has not gone away, and e-health remains a key component of the African tech landscape when it comes to investment, yet long-term concerns over the ability to monetise certain health-tech solutions, especially ones focused on bottom of pyramid users remain. Funding will continue to flow into the space, but the sector will struggle to get on a par with verticals like fintech and e-commerce until it can prove it has the capacity for huge returns. More success stories are needed, but the potential is certainly there.

E-health funding by country

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



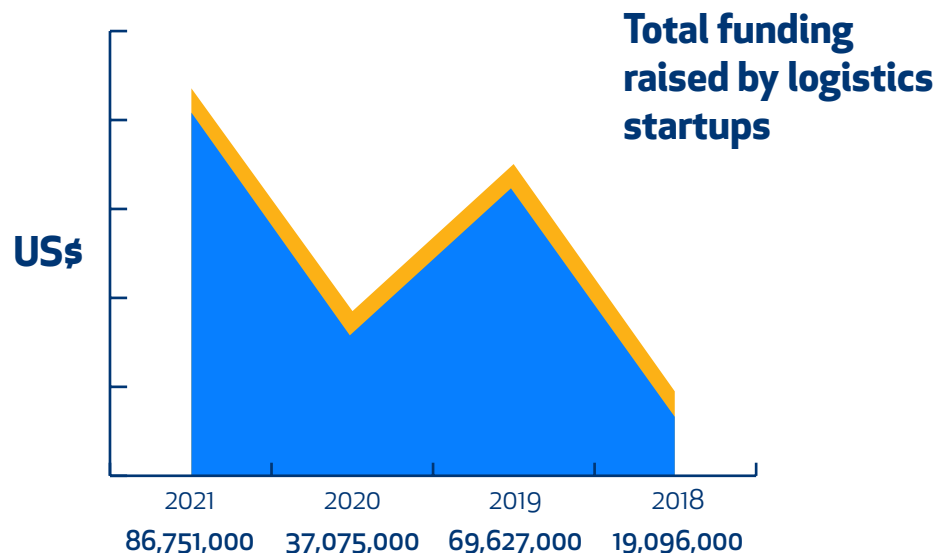
SECTORS

Logistics

Africa's logistics sector rebounded funding-wise in 2021 after a disappointing 2020, ranking fourth for funded startups, if only eighth for total secured investment.

Forty-three (43) logistics companies secured backing over the course of the year. This was an increase of 48.3 per cent on 29 startups in 2020, which meant it grew its share to 7.6 per cent from 7.3 per cent. The number of funded startups has been steadily increasing for years, with 2020 having seen growth of 26.1 per cent on 23 startups in 2019, which was in turn up 91.7 per cent from just 12 in 2018.

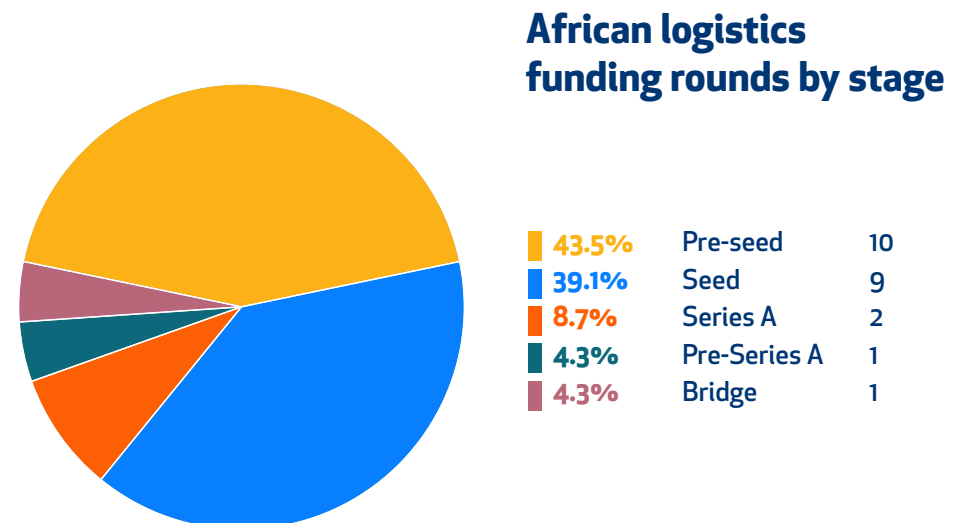
The really good news for the logistics space came from the combined amount secured by those 43 startups, however. A dismal 2020 had seen investment plummet, to US\$37,075,000 from US\$69,627,000 in 2019, a fall of some 87.8 per cent. That in turn saw the sector's share of investment tumble to 5.3 per cent from 14.2 per cent in 2019. The sector has rebounded well, however, with funding leaping to US\$86,751,000, a record high, though its share of total African investment continues to fall (4 per cent in 2021).



As is common, one startup was a large contributor to overall logistics funding. Egypt's Trel-la accounted for almost half of total investment with its US\$42 million Series A round, with this being a bit of a trend in this space. Nigeria's Kobo360 and Kenya's Lori Systems often made up huge proportions of total capital, even beyond the 50 per cent mark.

That said, a total of 10 logistics companies raised US\$1 million or more, up from six in 2020, contributing to an average per startup of US\$2,017,465. Rounds took place at a variety of stages, though pre-seed (10; 43.5%) and seed (nine; 39.1%) accounted for the vast majority of the 23 rounds where stage was disclosed. There was also activity at Pre-Series A and Series A. Unsurprisingly, given the trend towards seed and pre-seed investments, 25 (58.1%) of funded logistics startups were founded in the last three years. Only one startup raised any form of debt funding.

Only six (14%) of the funded ventures had at least one female co-founder, well below the continental average. It is a very locally-run space, however, with 41 (95 per cent of funded



SECTORS

startups) having a local co-founder, and only four (9.3%) having an international presence. It is more accelerated than most too, with 20 - 46.5 per cent of them - having gone through some form of support or growth programme. Between them, the 43 startups employed 1,177 people at the time of securing funding, 27 per startup on average.

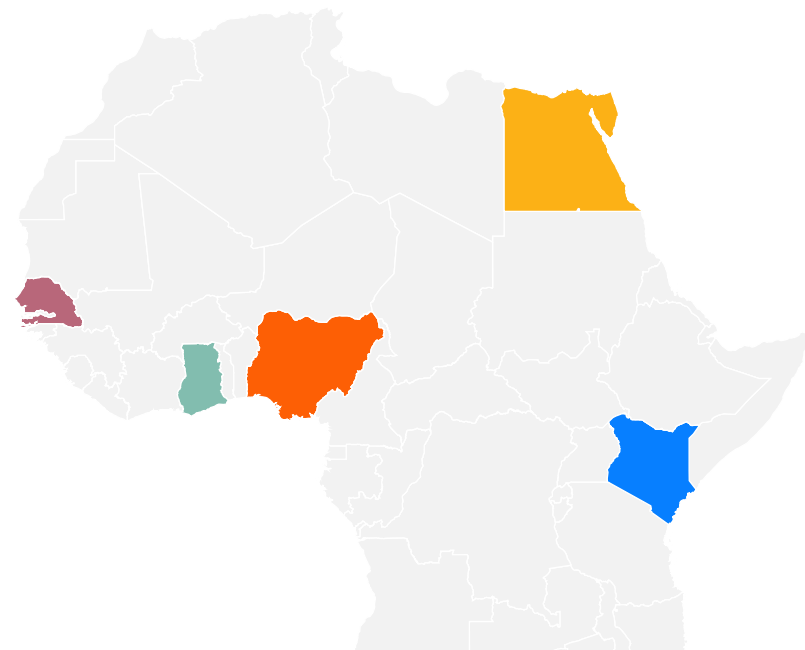
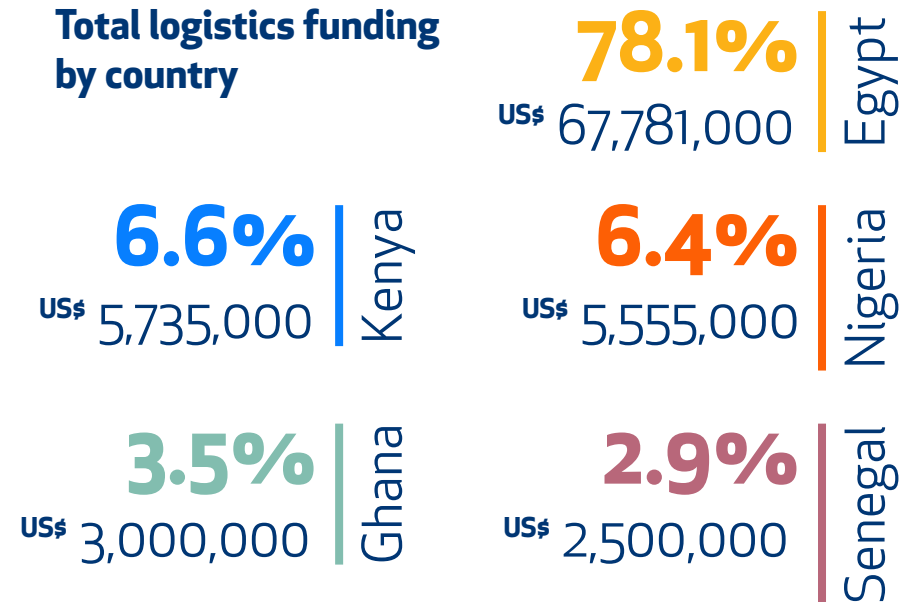
Egypt accounted for the majority of funding, its US\$67,781,000 (78.1 per cent of the total), dwarfing the amounts raised by Kenya and Nigeria, its closest competitors. This was unsurprising given the US\$42 million raised by Trella already took Egypt's share close to the 50 per cent mark, yet the North African country also leads for the number of funded ventures. Ten Egyptian logistics startups were backed, making up 23.2 per cent of the total, the same as in Nigeria. Kenya was third with six (14%), while Senegal, South Africa and Tunisia were next with three (7%) each. Egypt and Nigeria were also the leaders in this regard in 2020.

This report noted last year that in spite of its disappointing 2020 performance, the logistics market would remain attractive to investors long-term given the quality of startups operating in large markets like Egypt and Nigeria, answering a real need. Much of the decline witnessed in 2020 was due to the lack of a headline round for a Kobo360 or a Lori Systems, a gap filled by Trella in 2020, and with activity also tracked in a wide variety of countries, the ongoing problems that need fixing within the African logistics sector, and the opportunities created by the advent of the African Continental Free Trade Area (AfCFTA), startups in this space should expect investor interest to remain fairly strong.

%

14	had a female co-founder
95.3	had a local co-founder
9.3	had an international co-founder
46.5	accelerated

Total logistics funding by country



SECTORS

Ed-tech

It was a watershed year for Africa's ed-tech sector, which saw record levels of growth to reach its highest ever tallies for both funded startups and total secured investment. The speed of development is all the more impressive considering the sector had treaded water in 2020, consolidating rather than building upon a couple of years worth of decent growth.

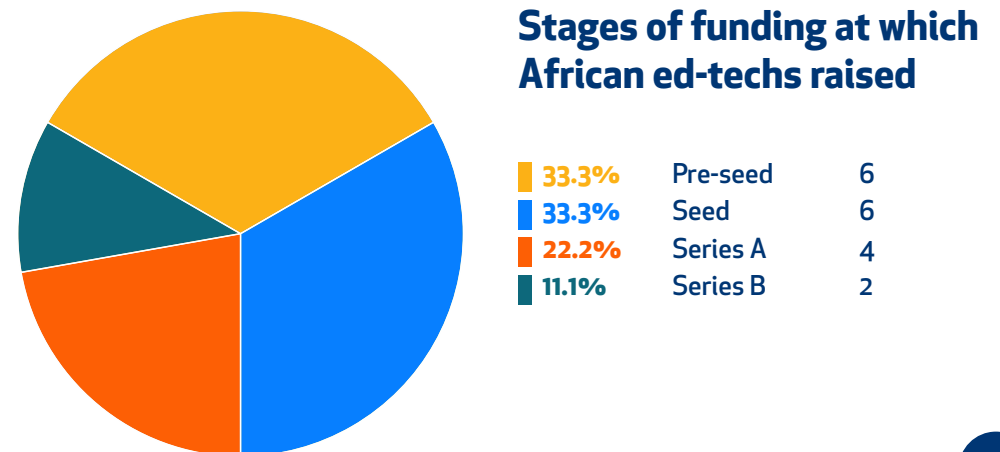
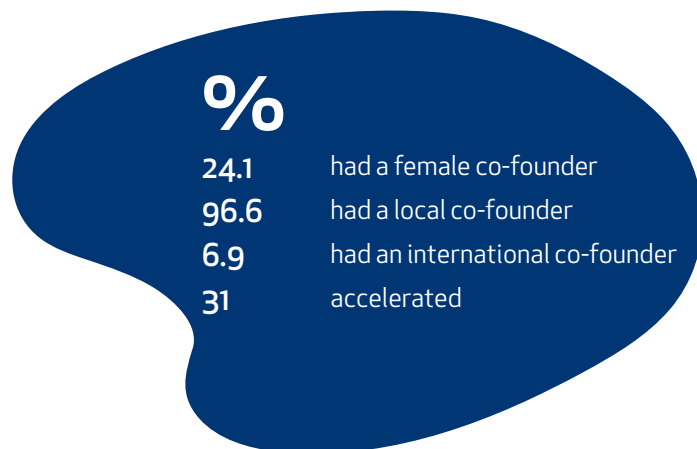
Twenty-nine (29) ed-tech startups - 5.1 per cent of the overall total, secured funding over the course of 2021, a number that leapt 70.6 per cent from 17 (4.3 per cent of the total) in 2020. That in turn had been up 6.3 per cent on 16 in 2019, so while ed-tech's share of funded ventures remains broadly similar each year, there is clear growth in terms of how many companies are raising.

This growth is even more pronounced when we come to look at the combined capital taken in by ed-tech ventures. The 29 startups raised US\$81,030,000 in total, 3.8 per cent of the African total and an amount that brings ed-tech investment up to a level similar to that of logistics or agri-tech. This move into a higher tier of fundraising activity comes on the back of 516.3 per cent funding growth year-on-year, with total investment in 2020 having been a meagre US\$13,148,000. It also signals quite the reversal in fortunes, as ed-tech funding had in fact been in decline, falling 4.4 per cent in 2020 from US\$13,750,000 in 2019.

Whereas in the past the ed-tech space has demonstrated high levels of fluctuation, with little real growth and a declining share of total funding, it is now showing signs of real traction, with 2021 signalling its entry into the "big leagues" of African tech verticals. The average raise increased in size to US\$2,794,138 per startup, a big leap from US\$773,412 in 2019.

The amount of companies raising rounds worth US\$1 million or more also dramatically increased, to 13 from just three in 2020. The number was four in 2019, and just one in 2018. Of 30 rounds, 18 (60%) disclosed the stage of that round, with pre-seed and seed accounting for one-third of those each. There were also strong levels of activity at Series A level, as well as a couple of Series B rounds. One startup raised an element of debt funding.

Ed-tech rated above the African average for both representation of women within founding teams (seven - 24.1 per cent of the total - had at least one female co-founder) and presence of local co-founders (28; 96.1%). Only two of the teams - or 6.9 per cent of the total - had an international co-founder. A relatively small amount - 31 per cent - of funded ed-tech ventures had undergone some form of acceleration prior to raising capital. Between them they employed 1,487, a relatively high average of 51 per company. The majority of launches occurred evenly spread between 2015 and 2021.



SECTORS

Egypt and Nigeria rule the roost in terms of number of funded ventures, with nine (31%) and eight (27.6%) each, ahead of South Africa (5; 17.2%) and Kenya (3, 10.3%). Ed-tech is very much the domain of the “big four”, though there was also activity in Ghana, Madagascar, Morocco and Zimbabwe.

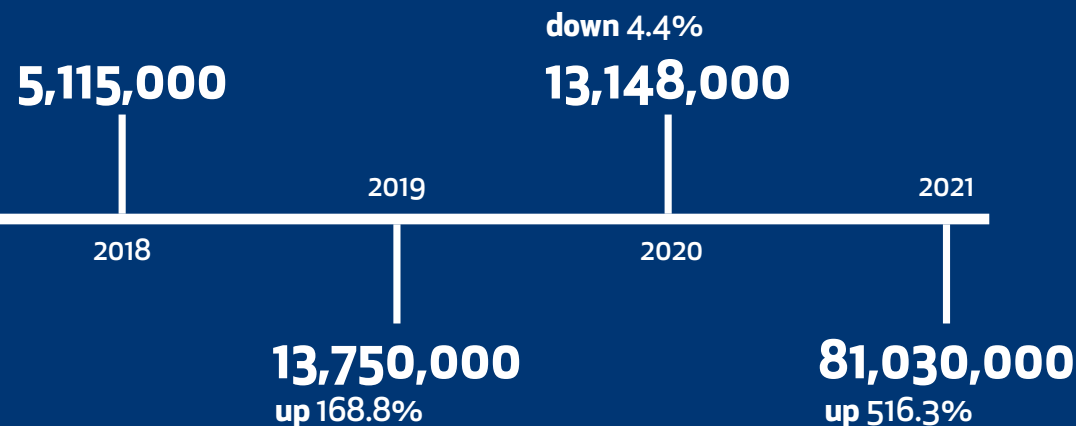
When it comes to total funding secured, however, Nigeria was a clear winner in 2021, raking in US\$55,943,000 worth of funding - 69 per cent of the overall ed-tech tally. The country was assisted here by being the location of the two largest ed-tech fundraisers of the year - Decagon, which raised a US\$26.5 million round, and uLesson, which took in US\$22.5 million across two rounds. In distant third in this regard was Egypt's Almentor, which banked US\$6.5 million.

South Africa was second for total funding (13.2%), Egypt third (11.3%) and Kenya fourth (5.5%). All of this represented a big change from 2020, when South Africa accounted for 41.2 per cent of ventures and 81.5 per cent of capital.

In the past, we have attributed the lack of sustained growth from a funding perspective in the ed-tech space to a handful of different factors - difficulties implementing tech solutions in underfunded school communities, for example, or a lack of clear path to profitability. Those challenges remain, but the potential for ed-tech solutions to have a real impact on education outcomes also remains undimmed. As a handful of startups across Africa begin to make real progress in this regard, investors are increasingly seeing the potential, while an increased reliance on digital learning solutions occasioned by the COVID-19 lockdowns has given the sector a timely boost. If funded ventures can continue to demonstrate real traction, then there is no reason why ed-tech should not further establish itself as a major player in the African startup investment ecosystem.



African ed-tech funding by year — US\$



SECTORS

Energy

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

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

The combined amount raised by energy ventures over the year did increase, however, growing 48.1 per cent to hit US\$104,118,000. This accounted for 4.9 per cent of the African total, which was nonetheless smaller than the 10 per cent share the US\$70,306,000 raised in 2020 covered. 2020 was up 44.5 per cent on US\$48,665,000 (9.9 per cent of the total) in 2019, which had been almost exactly the same as 2018's US\$48,351,000, which was 14.5% of total.

The average raise for energy startups was US\$4,732,636, up from US\$3,195,727 in 2020. Energy ventures in general require more capital than most, as a reliance on credit and pay-as-you-go (PAYG) business models mean the opportunity for bootstrapping in the early

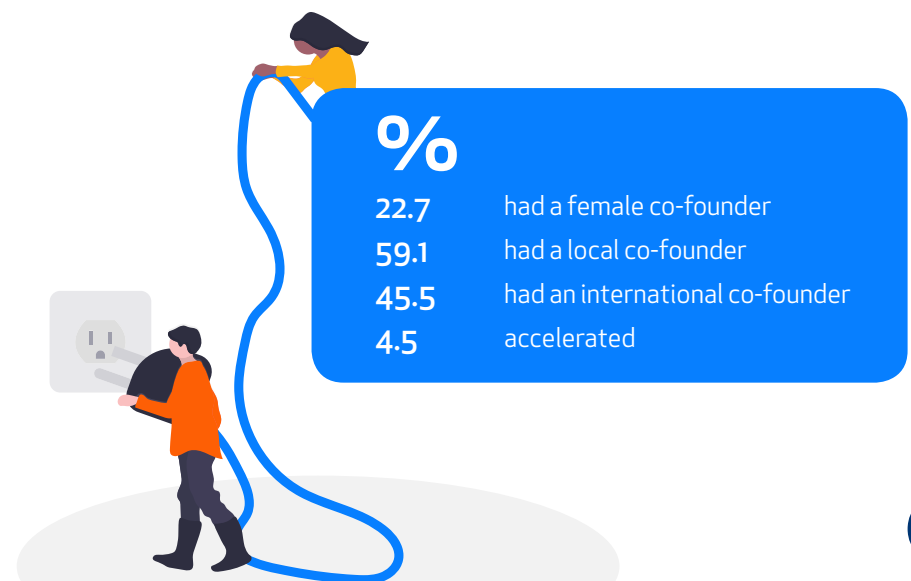
days is limited, and thus are usually among the higher raisers. Nine (40.9%) of the 22 funded ventures raised US\$1 million or more, with the biggest fundraiser being Daystar Power (US\$62 million over two rounds), followed by Kenyan companies PowerGen (US\$9 million) and Solarise (US\$5.9 million).

All round stages were undisclosed bar one seed and one Series B round, with 10 startups raising at least some debt capital, an average of 45.5 per cent that dwarfs the continental average.

The sector is relatively in line with the African average on diversity, with five (22.7%) of the funded ventures having at least one female co-founder, but funded energy ventures are more likely to be internationally-founded than their counterparts in other sectors. Ten of the startups listed here had at least one international co-founder, 45.5 per cent of them. Only 13, 59.1 per cent, had at least one local co-founder, the lowest of any sector. African energy startups are much less likely to go through accelerators or incubators than their peers, with only one (4.5%) of 2021's funded ventures having taken part in such a programme.

Total funding raised by African energy startups by year

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

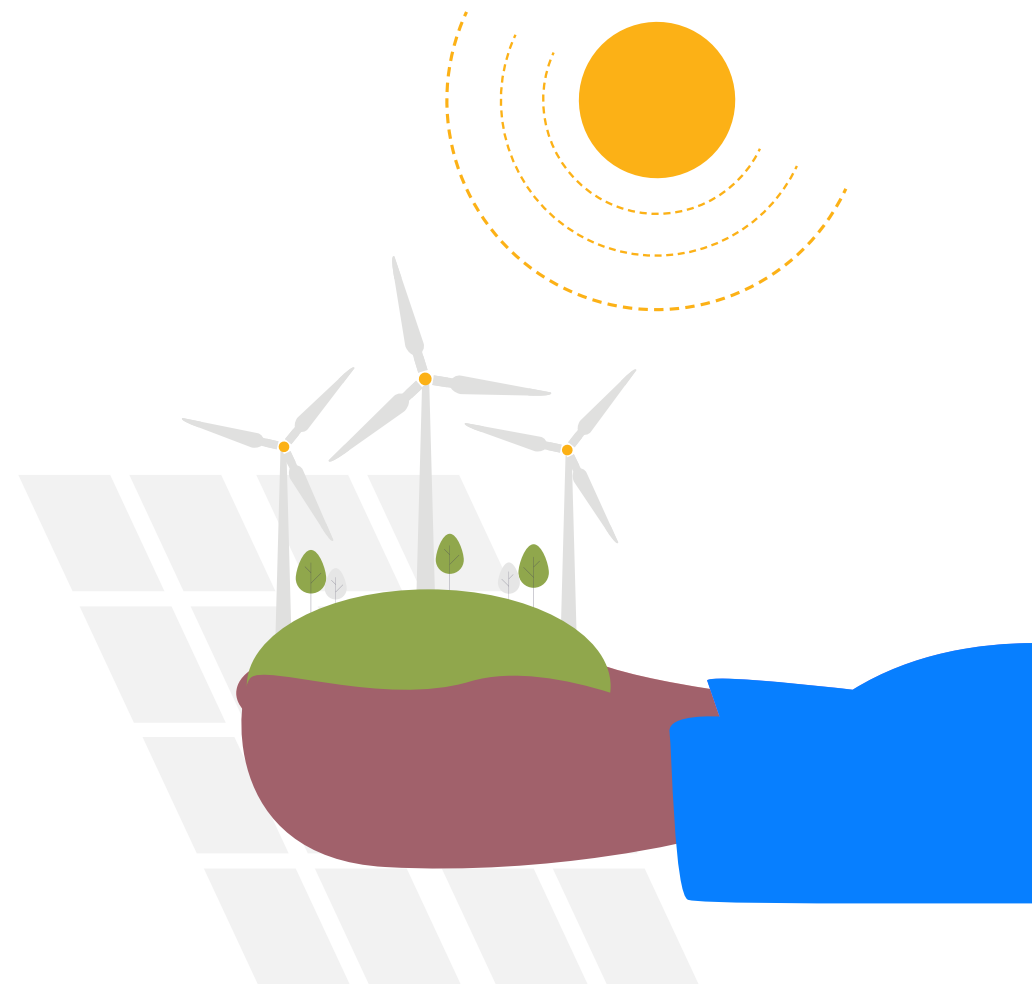


SECTORS

Funded energy startups are generally more established than those in other sectors. Whereas the trend has been towards funded startups having been launched in the last three years, given the propensity towards seed and pre-seed rounds, energy startups are raising larger amounts and have typically therefore built up traction over a longer period. Only five (22.7%) of 2021's funded companies were launched since 2018, with the vast majority being founded in 2017 (6; 27.3%) or earlier.

Kenya and Nigeria are the key markets when it comes to energy funding on the continent. Kenya accounted for 27.3 per cent of funded ventures and 30.8 per cent of funding in 2021, whereas Nigeria's share was 22.7 per cent of startups but an impressive 62.6 per cent of total investment - primarily down to Daystar Power's strong year. South Africa came in third on both counts with four funded companies raising a combined US\$4,590,000, while there were also rounds in the Democratic Republic of Congo (DRC), Ghana, Madagascar and Rwanda.

In the energy space, investors see a dual attraction that marries profit with impact - significant potential returns given the size of the addressable market, plus the ability to provide power and all its many benefits to previously disconnected communities using alternative energies and innovative business models. It is quite the cocktail, yet runways are quite long given the need to essentially provide things like solar home systems on credit to low-income communities, and therefore typically a smaller, select group of companies generally raise larger amounts than other sectors.



SECTORS

Agri-tech

A sector of such pivotal importance to the continent, and arguably the world, African agri-tech has nonetheless seen fluctuating fortunes from a funding perspective. While total funding has steadily increased, the number of startups raising has ebbed and flowed. Yet 2021 saw new growth after a period of stagnation.

Twenty-two (22) startups - 3.9 per cent of the overall total - secured investment over the course of the year, an increase of 37.5 per cent on the 16 (4%) that raised in 2020. That year had seen a decline on 17 startups (3.9 per cent of the total) in 2019. The number of agri-tech startups raising per year has increased by 2,100 per cent since 2015.

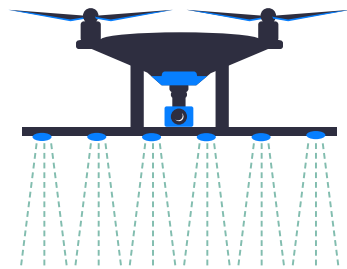
No such fluctuations when it comes to the total funding secured by these startups, however. African agri-tech had a record year in 2021, continuing a period of steady growth. A total of US\$95,101,000 was secured, representing 4.4 per cent of the overall tally, and an

increase of 58.5 per cent from US\$59,990,000 (8.6 per cent of the total) in 2020. That in turn had been up 23.7 per cent on US\$48,499,000 in 2019. African agri-tech has come a long way since one startup banked US\$50,000 in 2015.

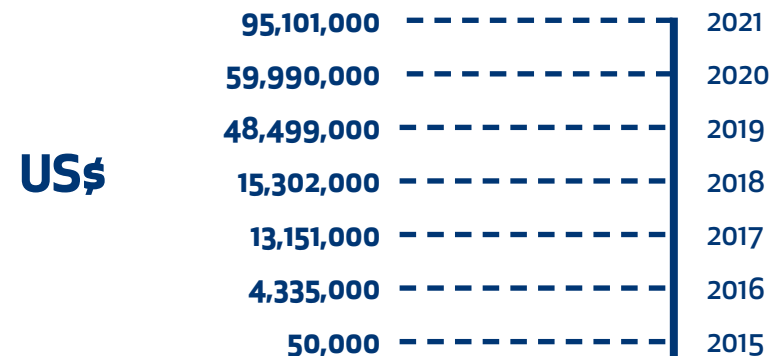
Startups raised an average of US\$4,322,773 each, up from US\$3,749,375 in 2020, US\$2,852,882 in 2019, and US\$1,391,090 in 2018. Seven startups raised US\$1 million or more. Once again, there were encouraging signs that funding is becoming slightly more distributed. Agri-tech has typically been a space dominated by one or two mega-rounds each year, but this is slowly changing. The two biggest fundraisers in 2021 - Kenya's Twiga Foods (US\$50 million) and Nigeria's Agricorp (US\$17.5 million) - accounted for 71 per cent of total investment, down from 76.5 per cent (Twiga Foods and Aerobotics) in 2020 and 88.4 per cent (Twiga and Apollo Agriculture) in 2019.

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

Funded agri-tech startups employed 1,000 people, an average of 45 per startup.



African agri-tech funding, by year



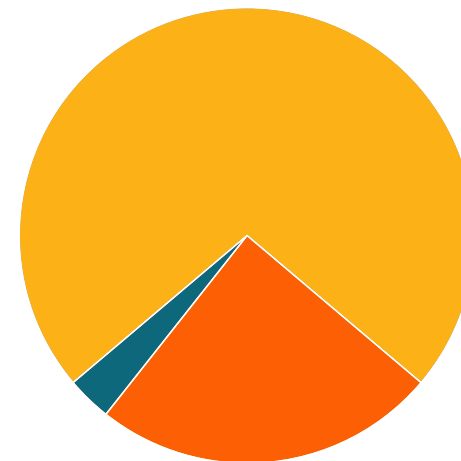
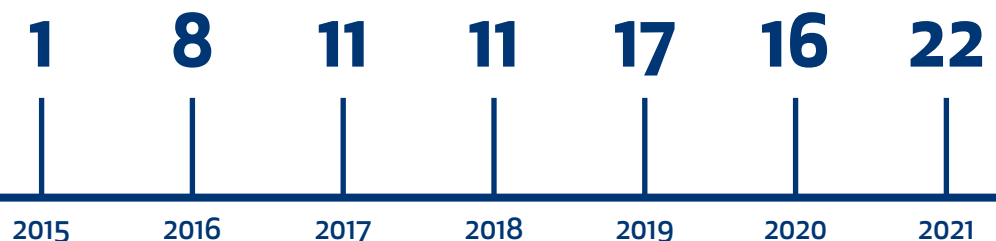
SECTORS

Agri-tech underperforms for diversity, with only 9.1 per cent of funded ventures having a female co-founder. Nineteen (86.4%) of the startups have a local co-founder, and five (22.7%) an international one. Given the high potential impact of startups in the sector, funded ventures are hyper-accelerated, with 13 (59.1 per cent of them) having gone through some kind of startup support programme. Funded agri-tech startups employed 1,000 people, an average of 45 per startup.

Kenya remains the main market, accounting for over a quarter of funded startups and over 70 per cent of total investment - up from 59.5 per cent of total investment in 2020. Twiga Foods has often led the way here, and did so once again in 2021 with more than 50 per cent of funding. Nigeria was also a strong performer in 2021; indeed, the two countries hoovered up 96.8 per cent of investment between them.

The fact investment into the agri-tech sector on the continent continues to rise is unsurprising. Agriculture is Africa's primary employer and accounts for more than 30 per cent of gross domestic product (GDP), yet remains extraordinarily inefficient, with yields far below their potential and the sector as yet not fulfilling its potential. Agri-tech startups can have a huge impact here, by helping farmers access markets, inputs, insurance, financing and knowledge, or by improving farm management and increasing outputs, and investors know it, hence major rounds for the key companies in the space. Key now is ensuring there is a trickle down effect to ensure startups other than Twiga Foods, Apollo Agriculture, Agricorp and Aerobotics can access the necessary funding to help them scale.

Funded African agri-tech startups by year



African agri-tech funding by country

SECTORS

Transport

The transport space is one that has had its ups and downs, but 2021 was an impressive year, with growth across the board and major rounds in multiple markets.

In all, 21 startups (3.7 per cent of the total) raised funding last year, a number that was up 40 per cent on 15 (3.8%) in 2020. This represented a significant leap after a few years of fluctuations around the same kind of percentage level. Thirteen startups (4.2 per cent of total) were funded in 2019, and 16 (7.6%) in 2018.

Growth was even faster when it came to total secured funding. Between them, those 21 transport startups raised a combined US\$105,445,000, 4.9 per cent of the African total, which was up 102.4 per cent on US\$52,098,000 (7.4%) in 2020. The figure from that year had been down 20.7 per cent on US\$65,682,000 - 13.4 per cent of total - in 2019.

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

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



Ten of the 22 startups disclosed the stage at which they raised. Of those, pre-seed, seed and Series A made up 30 per cent of the total each, while there was one Series B round. Two raised some element of debt funding.

Four - or 19 per cent - of the funded transport ventures in 2021 had at least one female co-founder, just below, the African average, while 17 (81%) had a local co-founder and four (19 per cent) an international one. Seven (33.3%) had previously undergone some form of acceleration or incubation. Transport startups employed 1,129 people at the time of securing investment, or 54 per company.

Funding was relatively evenly spread amongst countries, with Kenya (5; 23.7%), Nigeria (4; 19%) and South Africa (4; 19%) leading the way for number of funded startups. The rounds for MAX and Yassir meant Nigeria and Algeria were the leading countries by total funding.

A strong year, then, in the transport space, in which a number of superb startups are solving serious, long-standing problems in mobility in Africa, with potentially huge addressable markets - especially in the continent's growing major cities. The stage may now be set for a period of sustained growth, with funding beyond the major players, and 2022 is already set to be a big year as Egypt's Swvl prepares a listing on the US-based Nasdaq exchange.



SECTORS

Entertainment

Not unusually for a relatively nascent space, the African entertainment sector followed up a record year with one of stagnation, as 2021 failed to live up to the expectations set by a positive 2020.

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

Yet when it came to total funding, the entertainment sector again took a backwards step. Startups raised a combined US\$11,590,000 (0.5 per cent of the total), down 16.6 per cent on US\$13.9 million (2%) in 2020. Whereas 2020 had seen major development, with funding that year up 1,765 per cent on US\$745,000 in 2019, 2021 saw funding fall back, though it remained far above previous levels.

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

The entertainment sector scores relatively highly for diversity, with four (28.6%) funded ventures having at least one female co-founder. The startups were also entirely locally-driven, with not one international founder among them, while just two of them - 14.3 per cent - had undergone some form of acceleration. Between them, the funded companies employed 214 people, or 15 per startup on average.

There was no central point of funding, with the round raised by gaming startup Carry1st proving enough to make South Africa the best funded nation, while Minly and Jeel carried Egypt into second. Such influence for individual rounds only goes to prove the nascency of the entertainment space, which is still seeing major fluctuations but has undoubted potential given the desire of consumer demand for such content.

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

Total African entertainment funding by year, 2017-2021



SECTORS

AI

Worthy of its own section for the third year in a row (the previous two having been alongside IoT startups, which saw no raises in 2021), AI had another decent year of development. Fourteen startups were backed, comprising 2.5 per cent of the African total. This was up 40 per cent from 10 startups, also a 2.5 per cent share, in 2020. Ten also raised in 2019, up from four in 2018.

In 2021, AI companies secured combined investment of US\$94,525,000, 4.4 per cent of the continent's tally, an increase of 713 per cent from US\$11,627,000 in 2020. The AI space right now seems to follow a trend whereby it grows by a big amount one year, and then a small amount the next. 2020's figure had been up 3.2 per cent on US\$11,270,000 in 2019, which had been a jump of 223 per cent on US\$3.6 million in 2018.

The growth seen in the space in 2021 was, however, unprecedented, though there is a caveat here in that the high figure was in reality accounted for by Kenya's Gro Intelligence, which raised a US\$85 million round early in the year. Without that, which accounts for 89.9 per cent of the AI funding total, the sector would have had a very different year.

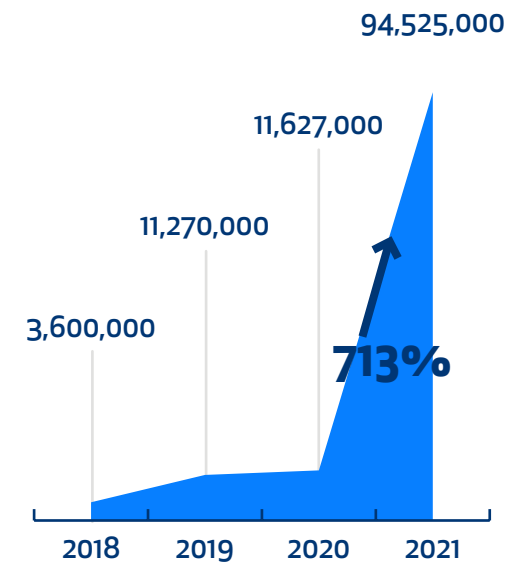
Five other startups raised US\$1 million or over. All investments were equity investments, and relatively spread out stage-wise. Of nine where round stage was disclosed, two were pre-seed, four seed, one Series A and one Series B.

Three (21.4%) of the funded ventures had at least one female co-founder, including big raiser Gro Intelligence. Eleven (78.6%) had a local co-founder, with four (28.6%) registering an international presence. Three of the startups - 21.4 per cent of the 14 - had at some point prior to investment taken part in some kind of startup support programme. Funded AI ventures employed 413 people at the time of investment, an average of 30 per company.

Ventures were primarily located in Africa's major startup ecosystems, with six (42.9%) based in South Africa, three in Egypt and two in Kenya. Gro Intelligence's bumper round meant Kenya was the leader by quite some way when it came to total funding.

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

African AI funding, by year



SECTORS

Prop-tech

Having shot to prominence with strong growth in 2020, the prop-tech sector had a more restrained 2021 but nonetheless still registered steps forward from an investment perspective.

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

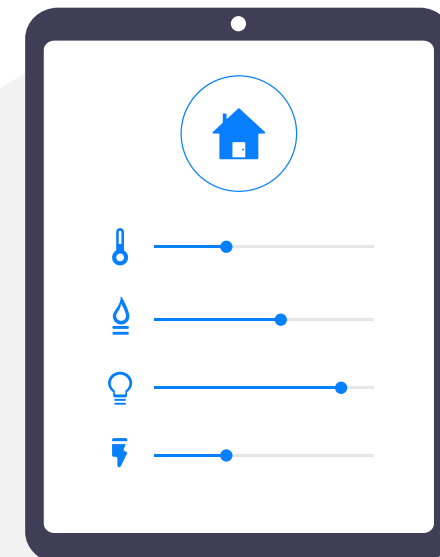
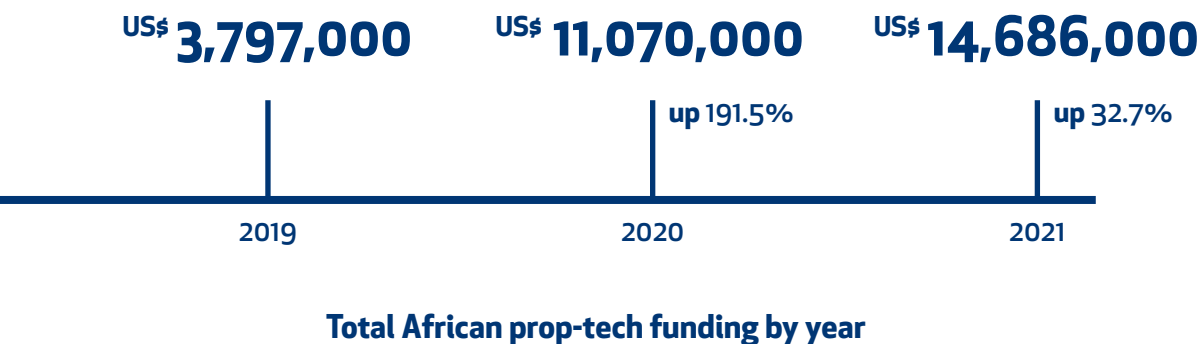
Total secured investment did rise, however, if slower than the previous year. Those 10 startups raised a combined US\$14,686,000, 0.7 per cent of the total. This represented an increase of 32.7 per cent on the US\$11,070,000 figure from 2020, though pailed in comparison to the 191.5 per cent growth witnessed between 2019 and 2020.

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

In terms of founding teams, three had at least one female representative, nine had a local co-founder, and two had an international presence. Two had taken part in some kind of accelerator or incubator. Between them, the 10 companies employed 291 people, or 29 per startup on average.

Egypt led the way for number of funded ventures, with four of the 10, followed by South Africa and Nigeria with two each. South Africa in general has seen a decline, having accounted for 40 per cent of startups and more than a quarter of total investment in 2020. This year, just one round - that of Morocco's Mubawab (US\$10 million) - accounted for almost 70 per cent of investment, with the rest evenly spread.

The prop-tech sector, then, continues to see growth, if not yet at a profound level, as investors continue to get to grips with an area that demonstrates real potential but has yet to provide any real success stories or demonstrable traction.



SECTORS

Marketing

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

Those 10 startups banked a combined US\$10,152,000 (0.5 per cent of the total), up 281.5 per cent from US\$2,661,000 (0.4%) in 2020. This represented a recovery of sorts after marketing funding fell 80.1 per cent from a record peak of US\$13,360,000 in 2019. While 2019 had been a big leap on US\$152,000 in 2018, 91.3 per cent of the 2019 figure was attributable to just one company, skewing the numbers somewhat.

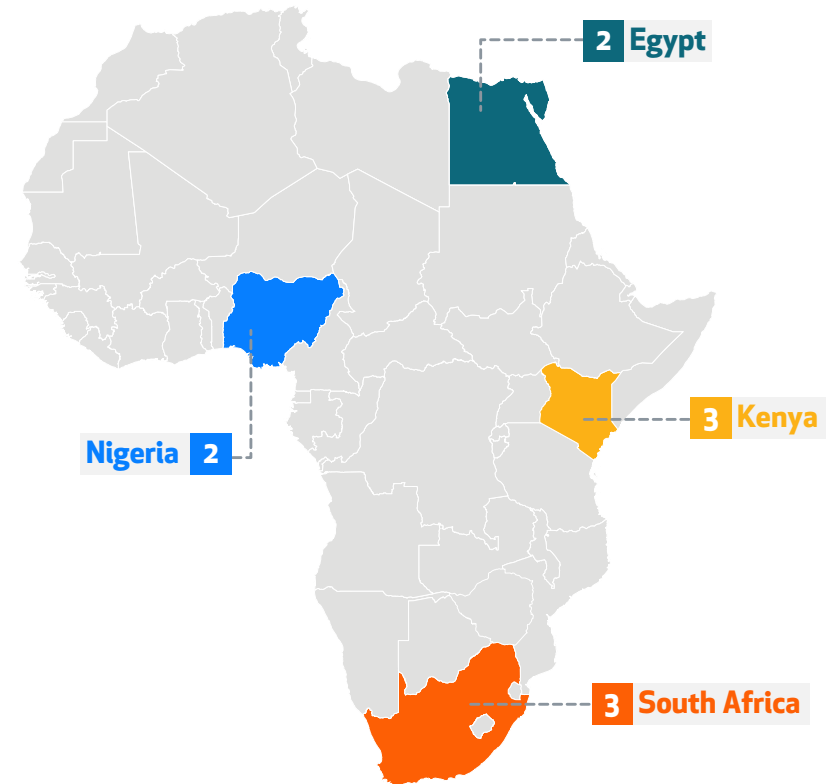
All of this saw the average raise size increase to US\$1,015,200 from US\$443,500 in 2020, though the marketing sector continues to show the wild fluctuations you would expect from such an embryonic space. Rounds were raised across multiple stages, with one pre-seed, three seed, one pre-Series A and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

Just one startup had at least one female co-founder, while all 10 were 100 per cent locally-founded. Four (40%) had taken part in some kind of startup support programme, and between the 10 of them they employed 232 people, or 23 per company.

Funding was evenly spread among the “big four”, with Kenya and South Africa (three each) leading the way. Those two also raised the most total capital, with South Africa narrowly beating Kenya to top spot.

Having seen a total lack of interest in the early years of Disrupt Africa data, marketing has been steadily developing since 2018 as investors take baby steps into the sector. Generally, one startup accounts for the majority of the space’s funding each year, though this was not the case in 2021, with the biggest round - the US\$4 million raised by South Africa’s Mo-biz - making up substantially less than 50 per cent. A more even spread of funding across startups and geographies suggests a widening interest in the sector, if not at this point a deepening one.

Funded African marketing startups, by country



SECTORS

Other

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

Funded startups within the “other” category are active across a variety of up-and-coming verticals that may well warrant dedicated sections in future editions of this publication, such as auto-tech, legal-tech, restaurant-tech or kitchen-as-a-service, waste management, and construction. Prop-tech and AI are examples of verticals that built up enough momentum in this regard to be studied as standalone sections.

This year, it also includes a sector that usually merits its own section within this report, but had a tough 2021, potentially due to the impact of COVID-19 on work behaviours. Five recruitment and HR startups raised funding in 2021, down 72.2 per cent on 18 in 2020. These startups raised just US\$7,265,000, down 58.7 per cent on US\$17,604,500 in 2020. It remains to be seen if this was a temporary downturn or something representative of a general loss of investor interest in a previously busy space.

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

Top startup funding rounds in “Other” category in 2021

US\$ 10,000,000



US\$ 8,000,000



US\$ 5,100,000



US\$ 4,800,000



US\$ 4,000,000



ACQUISITIONS

ACQUISITIONS

Exit activity on the rise as African startup ecosystems mature.

Just as 2021 was a bumper year for funding on the continent, so too was it a record one for exits, with 32 startups acquired over the course of the 12 months. This was more than double - an increase of 128.6% - the 14 acquisitions witnessed in 2020. There were also 14 such deals in 2019.

The more developed African startup ecosystems, unsurprisingly, lead the way here. South Africa saw nine acquisitions in 2021, accounting for 28.1 per cent of the total. The country also led the way in 2020, with 35.7 per cent of deals. It continues to be the location most likely to produce news of acquisitions, being the only country in Africa to have recorded multiple acquisitions annually over the last seven years since Disrupt Africa data began.

Other ecosystems stepped up to the plate in 2021 as well, however. Nigeria made headlines in 2020 with the acquisition of fintech company Paystack by Stripe, but other than that it only saw three further acquisitions. This number increased by 75 per cent in 2021, with seven Nigerian startups acquired.

There was even faster acceleration in exit activity in Egypt, where the number of deals leapt 600 per cent to seven from just one in 2020. Morocco saw three acquisitions, Kenya lagged behind other leading markets with just two, and there were also individual buyouts in Ghana, Ivory Coast, Uganda and Zambia.

A caveat, however. Most of the growth seen this year in terms of acquisitions has been driven by startup-on-startup deals, no doubt mostly representing good business on the part of the seller but generally less lucrative for founders and investors than acquisitions by corporate entities. Indeed, many deals named as “acquisitions” will in all reality be more representative of mergers on the ground. In all, 21 (65.6 per cent) of the 32 acquisitions in 2021 were such arrangements, with 11 startups - 34.4 per cent - acquired by more established or corporate entities.

This represents a significant change compared to 2020, when the majority of acquisitions - nine, or 64.3 per cent - were made by corporates.

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

ACQUISITIONS

One development from 2021 which was not an acquisition, and not yet technically an exit, but significant nonetheless, was Egyptian transport startup Swvl's announcement that it will this year be going public via special purpose acquisition company (SPAC), listing on the Nasdaq exchange. This will be only the third initial public offering (IPO) in the African tech space, with Egyptian fintech startup Fawry becoming the first startup to go public with a listing on the Egyptian Exchange in 2019, and Kenya-based music service Mdundo listing on the Nasdaq First North Growth Market Denmark in 2020.

Swvl was also among a group of African tech startups that made acquisitions of non-African, or non-tech, or non-startup businesses in 2021. The company bought Spanish on-demand busing startup Shotl in August. The other African startup acquirers over the course of the year were South Africa's Skynamo (bought UK's mSeller), Nigeria's Autochek (bought Cheki's Kenya and Uganda businesses), Ghana's mPharma (bought a physical pharmacy business), Nigeria's CribMD (bought a pharmaceutical company), Nigeria's Helium Health (bought UAE-based Meddy), and Egypt's Minly (bought UAE-based Oulo).

After a relatively slow burn on the acquisition front, with COVID-19 no doubt restricting any growth between 2019 and 2020, an increase in activity of over 100 per cent in 2021 was very welcome indeed. If growth in the number of exits can continue to track growth in investment in such a manner, which of course is the goal, then the African tech space can look towards a very bright future.



African tech startup acquisitions by year



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