How investors are betting on Africa's early-stage startups

TC Insights | The Baobab Network | Future Africa

Introduction

2021 was an undoubtedly different year...

...as startups were getting over the effect of the COVID-19 pandemic and resulting lockdown measures enforced not just in Africa, but worldwide. The pandemic changed the way we do business and live. In Africa's tech industry and across the world, many entrepreneurs had to struggle to ensure that their businesses survive.

However, the pandemic hasn't been bad news for all businesses as it provided opportunities globally for certain sectors like financial services and healthcare to thrive. On the other hand, sectors such as ride-hailing saw declines in passenger trips`of up to 70% in 2020.[1] This decline was observed in, among other things, the amount of funding received by ride-hailing startups.

According to data provided by The Baobab Network, total funding activity in 2021 across early-stage startups dropped as much as 20% compared to 2020. For sectors like e-commerce, financial services, and healthcare, 2021 was indeed a favorable year in terms of deal size. However, in terms of deal count, the transport and logistics sector with 35 deals comes second ahead of the healthcare sector with four deals. One interesting data point about the transport and logistics is the significant decline in its early-stage deal size by 59% from $4.3 million in 2020 to $1.76 million in 2021.

Investors usually have mixed feelings about early-stage funding because of its higher level of risk compared to later-stage investing. However, the pandemic brought many startups into the spotlight as it helped them become more innovative with their business models. As a result, investors' interest climbed in 2020 and they invested more. By the end of 2021, when the pandemic was becoming more of a normal phenomenon, the deal count and deal size for early-stage investors dwindled.

1 https://www.washingtonpost.com/technology/2020/03/19/uber-coronavirus-analyst-call/

Contents

Methodology/Disclaimer

We define early-stage startups as nascent companies that leverage technology to solve problems. To help us capture a good amount of data about them, we further define them as startups who have raised pre-seed, seed and pre-series A rounds.

We define each early-stage funding as the following:

- **Pre-seed** is considered the first funding a startup gets at the beginning of the project. It is often funded by the founders themselves or sourced from family and friends. As venture capital becomes increasingly accessible for founders, it is now possible for startups to get institutional funding even at the ideation stage.

- **Seed stage** is the first official institutional funding round which is raised in exchange for equity. At this stage, the idea may not be fully formed but it is no longer just in the imagination of the founder. It now seeks product-market fit and the funding raised is used to launch in the open market.

- **Pre-series A** is a thin funding stage between seed-stage and Series A. Though not common, it exists to further help startups gain more traction in the market and to acquire a sufficiently large customer base, prove the product is ready for growth and attract investors that will sign big checks for Series A.

Other terminologies you'll see often in this report include:

- **Deal Size** - Refers to the amount in dollars of a particular deal. For completeness, we have included undisclosed deals and listed the transaction value as 0.
- **Deal Count** - Refers to the count of times investments were made. If an investor signs 10 checks over the course of a period for 10 different startups, we say the investor has a deal count of 10.
- **Venture Rounds** - Describes any instance where a startup collects investment in exchange for equity and the stage isn't specified neither is it ambiguous.
- **Equity** - This explains ownership in a startup or company. This is what investors get in exchange for their investments.
- **Debt Financing** - Refers to a type of funding where startups pay back the investment amount with a fixed interest rate. This is opposed to giving investors equity.

1 https://www.washingtonpost.com/technology/2020/03/19/uber-coronavirus-analyst-call/

The list of companies we used as the basis for this report includes both tech-enabled startups and companies in adjacent sectors that define themselves as startups.

The data used in this report was provided by The Baobab Network. Deal and investor data was derived from tracked mentions, press releases, and articles published on carefully selected public sources and proprietary data we believe are reasonable. We do not guarantee its accuracy or completeness and nothing in this document shall be construed to be a representation of such a guarantee.

We conducted an initial statistical analysis on funding ranges and specified stages to determine our scope. To exclude later stage deals mislabelled as pre-seed or seed stage, our analysis considered the size of funding up to and including the 75th percentile of funding rounds reported between 2017 and 2021 at the seed and pre-seed stages. Our definition of early-stage funding round therefore includes all funding up to and including those totaling $550,000.

Inclusions	Exclusions
• All deals up to and including those totaling $550,000. • All funding rounds listed as grants, pre-seed, angel or seed stage or any unspecified venture funding round. • All start-ups that have raised an in-scope round between 2017 to 2021. • All deals listed as raising an undisclosed amount. • Any deal which has a subsequent deal listed as the same type e.g. multiple seed stage deals.	• Any funding rounds listed as Series A+. • Any round listed as providing non-equity assistance only. • Any funding round which raised capital via an alternative funding method e.g. Initial Coin Offering (ICO).

Early-stage investing

Early-stage investing, otherwise known as seed investment, involves giving capital to businesses to get off the ground. The business can then raise further funding if it proves viable.

Historically, early-stage investment comes from angel investors who happen to be in the founder's friend and family circle. It wasn't until 2012 when President Obama signed the Jumpstart Our Business Startup Act (JOBS Act) that early-stage companies could publicly announce they were raising funding in the United States.[2] This suggests that the idea of having the public invest in early-stage startups became mainstream only in the last decade but this may not be true for Africa where countries largely do not have any law speculating what is acceptable when investing in nascent companies.

Top early-stage venture investors in Africa include Metavest Capital[3], Unreal Capital[4], Sequence Ventures[5], FSD Africa Investments[6], and Ventures Platform[7].

Asides from funding, early-stage investment also comes with mentoring, getting the right contacts, building the right network, and accessing specialized knowledge about the startup industry which are also as important as the money.

"Having a strong group of investors at pre-seed and seed is vital for the long-term growth of our ecosystem. Entrepreneurs at this stage need funding to test and iterate their model, and ultimately to get them to the next level. They also provide support, guidance and networks to unlock that next stage of growth" said Arthur Chupeau, Head of Ventures at The Baobab Network.

"There is a huge opportunity for investors including angel investors that want to specialise in early stage in Africa, and this is where we see the most exciting pipeline of companies coming through" he added

"Strong active early-stage investors are able to synthesize tools, frameworks, and learnings from a range of startups they've worked with to give founders that peek around the corner, anticipating challenges and building mitigation strategies from day one," said Aaron Fu, co-founder at Sherpa Ventures.[8]

"They're also able to leverage the trust and understanding they've built with potential partners in delivering supporting services or go-to-market pathways to give their portfolio a headstart working

2 https://docs.google.com/document/d/1-828cc-vnq_58CUiQDldscEvd4bJPlVVDlqF_LP1CN4/edit#

3 https://www.crunchbase.com/organization/metavest-capitalinvesting

4 https://www.crunchbase.com/organization/unreal-capital

5 https://www.crunchbase.com/organization/unreal-capital

6 https://www.crunchbase.com/organization/fsd-africa-investments

7 https://www.crunchbase.com/organization/ventures-platform

8 https://regtechafrica.com/early-stage-funding-has-proven-a-problematic-gap-within-africas-startup-space-but-developments-in-2020-went-some-way-to-addressing-that/

with these partners," he added.

These investors have also built a solid talent network comprising operators, and other professionals which according to Fu, gives startups a deep understanding of the results they can achieve in different contexts.

Why is early-stage investing crucial?

Early-stage investing is important in building an investment pipeline for investors and more importantly, to encourage innovation. To successfully run their startups and sustain their business models, early-stage entrepreneurs need resources to get it running. They need to hire staff, buy equipment, carry out research, buy office space, among other needs.

However, finding investors is not a walk in the park. This is because investing at this stage, no matter how promising the startup looks, can sometimes be a gamble. There isn't always a strong indicator of the startup's viability. However, the risk is a natural characteristic of investment, no matter what the investment entails and how tested and trusted the startup's founders or business model are. Thus, the idea of being exposed to risk shouldn't deter investors so much more than it does when investing in other ventures.

Zach George who is the Managing Partner at Launch Africa Ventures believes that while early-stage investments are very risky, they offer the greatest opportunity for returns. The size of these returns ranges from three to ten times the original investment, and sometimes even more within the first few years of making the investment.

But even without this high rate of returns, it is still absolutely necessary for startups to get this investment because funding at the earliest of stages is critical to a thriving startup ecosystem.[9]

On the issue of how an increase in early-stage funding benefits the ecosystem, Arthur Chupeau, Head of Ventures at The Baobab Network believes that it will give founders more runways to pilot, try, and launch their products. "Founders are looking for enough money to reach product-market fit. Early-stage funding provides founders enough support in those critical starting points along the entrepreneurial journey," he says.

There is so much that entrepreneurs can achieve with more funding. "The results bootstrapping founders have achieved in the last ten years have been incredible, but imagine how many good outcomes could have been phenomenal if there was more capital accelerating their progress, enabling them to take bolder risks, strengthen their talent base and invest in stronger design and software architecture," said Fu of Sherpa Ventures.[10]

9 https://regtechafrica.com/early-stage-funding-has-proven-a-problematic-gap-within-africas-startup-space-but-developments-in-2020-went-some-way-to-addressing-that/
10 https://regtechafrica.com/early-stage-funding-has-proven-a-problematic-gap-within-africas-startup-space-but-developments-in-2020-went-some-way-to-addressing-that/

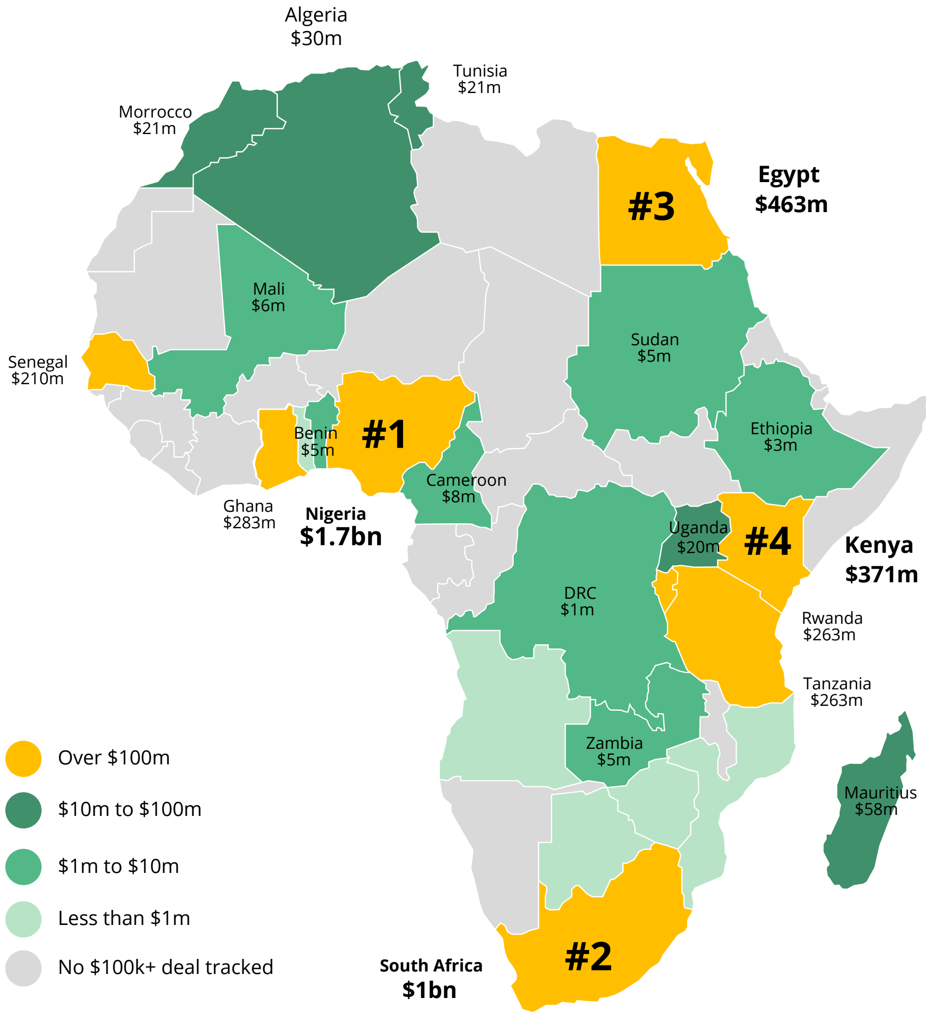
The early-stage investment landscape in Africa

Early-stage investing in Africa is trivial compared to other continents like North America. For example, Moss Adams (a top accounting firm in the United States) reported that total investment in early-stage startups in the US for 2019 alone was $29.1 billion compared to about $79 million received by Africa between 2019 and 2021.[11]

However, overall funding has been on the rise in Africa. After a difficult year in 2020, funding in 2021 increased owing to the success of companies such as Chipper Cash, Twiga Foods, and MaxAB securing funding at the later stage. Overall funding exceeded $4 billion in 2021.

The 'big four' countries raised over 70% of total funding

Total VC funding secured across Africa in 2021

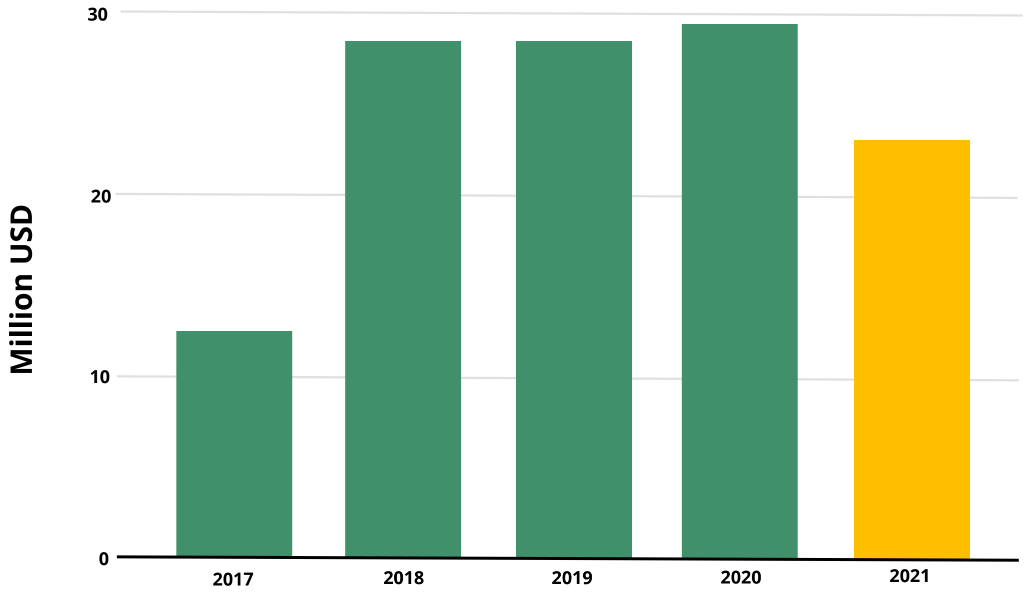


Source: The Baobab Network

[11] https://www.mossadams.com/getmedia/26649386-0eef-48ce-9957-6603124194f7/early-stage-venture-capital-investment-report.pdfthe US

Early-stage investment peaked in 2020, during the pandemic

Early-stage investing: A five-year overview



Source: The Baobab Network

Over the years, Africa's tech industry has seen varying levels of investment in its different sectors. From fintech, which sits comfortably in the top spot, to relatively nascent sectors like govtech.

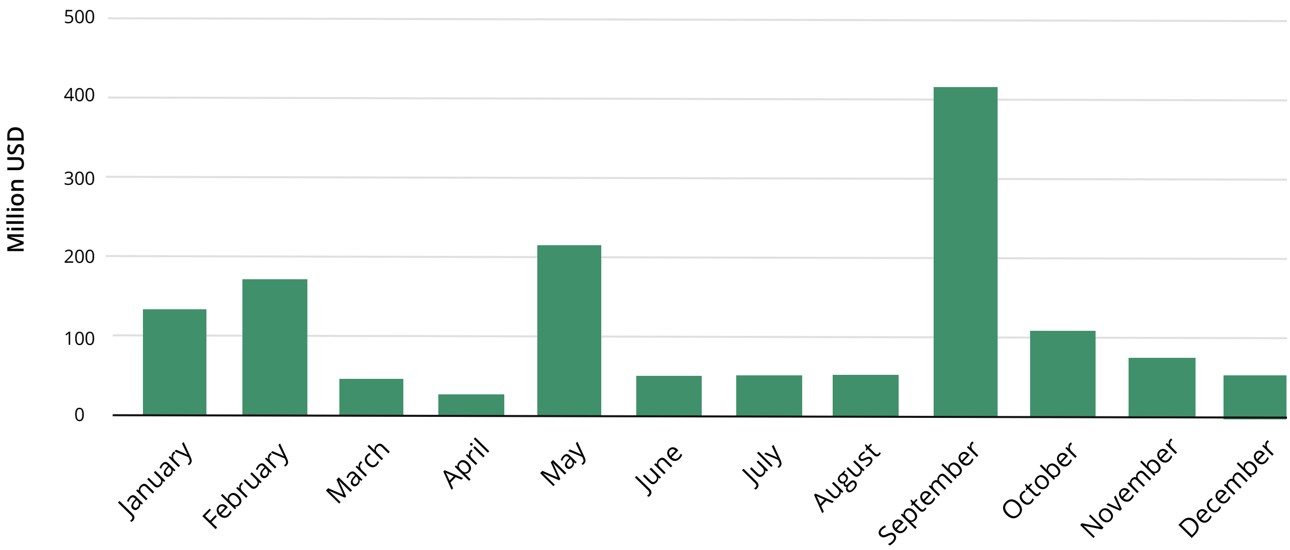
With the year 2020 topping all other years in early-stage funding, it's safe to say that the pandemic drew the minds of investors to hitherto unpopular tech-enabled sectors like food/grocery delivery, edtech and healthtech.

This isn't hard to imagine because the average person interacted more with new technology or spent more time on the internet during the lockdown. People couldn't eat out often, so food ordering and delivery facilitated by contactless payments became common, enriching the logistics and fintech sectors. While some people rushed to the mall to stock up on toiletries, most people simply ordered online.

With the year 2020 topping all other years in early-stage funding, it's safe to say that the pandemic drew the minds of investors to hitherto unpopular tech-enabled sectors like food/grocery delivery, edtech and healthtech

African startups raised the most funding in September, at the peak of of the pandemic

Monthly early-stage funding in 2020



Source: The Baobab Network

In addition to an increase in early-stage investment, the year 2020 also proved to be an important year for exits.[12] For example, Stripe, a US-based payments company, acquired Paystack, a Nigerian payment processing company for $200 million, and WorldRemit, a UK-based remittance payments company, acquired Africa-focused remittance company, SendWave, for $500million. There was also the $288 million purchase of Kenya's DPO Group by Network International.

Value vs Volume

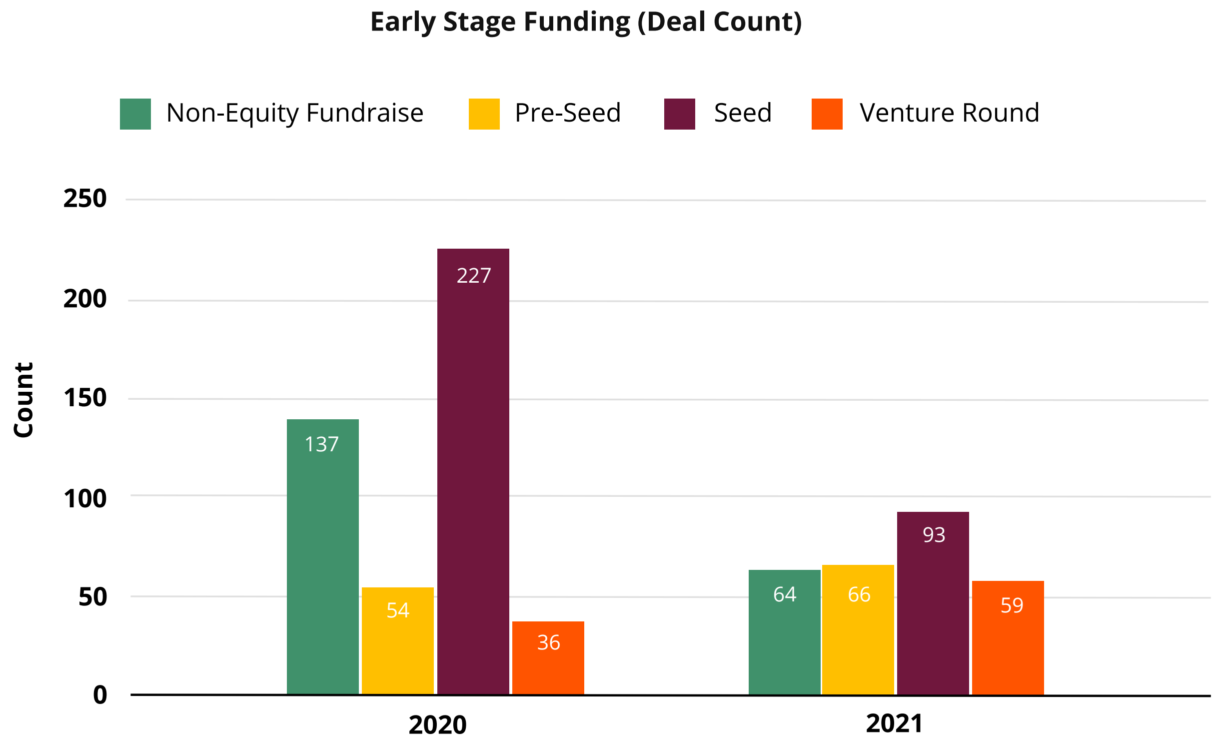
Both the deal values and the volume of deals paled in comparison to the figures for 2020. Data shows that in 2020, 454 early-stage deals were closed, 38% higher than 282 deals closed in 2021. All of these exits inspired investors to double-down on Africa.

454

early stage deals were closed in 2020

12 https://techcrunch.com/2021/02/11/how-african-startups-raised-investments-in-2020/

More seed-stage and non-equity fund were raised in 2020 than in 2021



Source: The Baobab Network

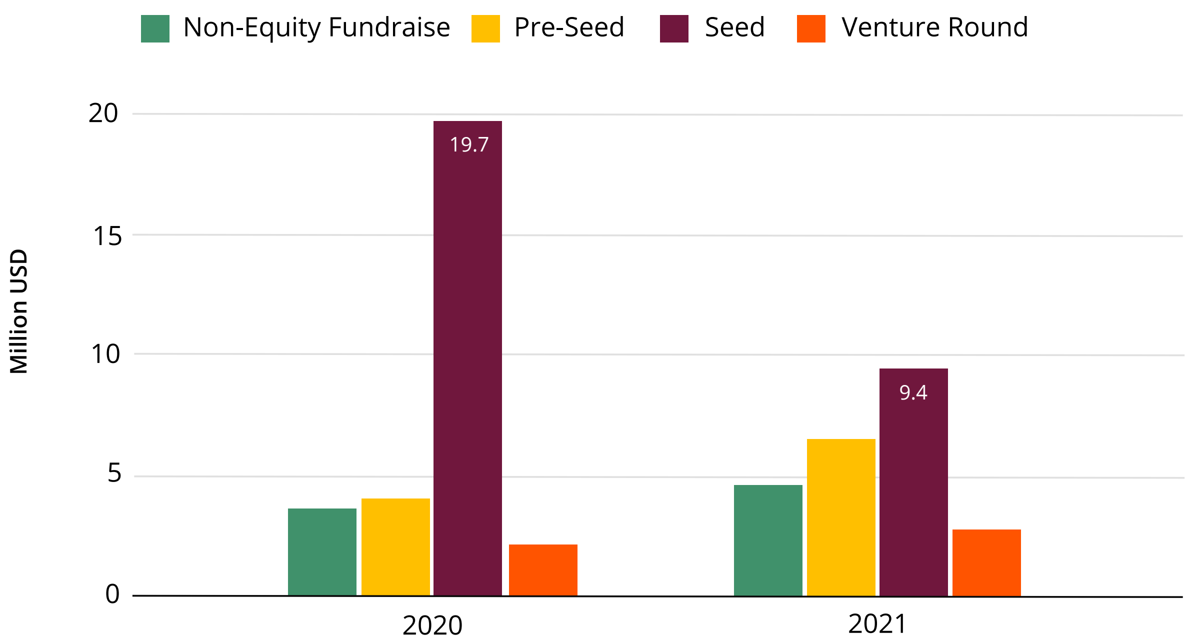
In terms of deal size, 2020 clearly outdid 2021 in the seed stage with a 52% gap. In all other stages, however, 2021 significantly got better funding. This would mean that investors played it safe by putting in a lot of small-sized cheques at the pre-seed stage and non-equity fundraises but became frugal towards seed stage cheques which will usually be bigger bets.

2020 clearly outdid 2021 in the seed stage with a

52% Gap

All stages of funding shows growth in total funding secured in 2021 for early-stage start-ups except at seed stage

Early Stage Funding (Deal Size in USD)



Source: The Baobab Network

It is difficult to fully understand the reasoning behind the reduction in funding. Since this is a study of publicly announced funding rounds, it is only natural in a year of major headline-grabbing raises that early-stage funding rounds become less newsworthy. This is perhaps a symptom of changes within the African tech space as markets mature.

However, it is critical we understand the bigger picture. A recent report published by Reuters discussed the changing relationship between Wall Street and technology markets. It pushed the notion of a growing belief that many companies are currently overvalued and might nosedive in the near future.[13]

While this analysis was made within the context of the US investment ecosystem, it is easy to draw a straight line from that occurrence to Africa's low early-stage investment in 2021 because the majority of our funding still comes from the western world.

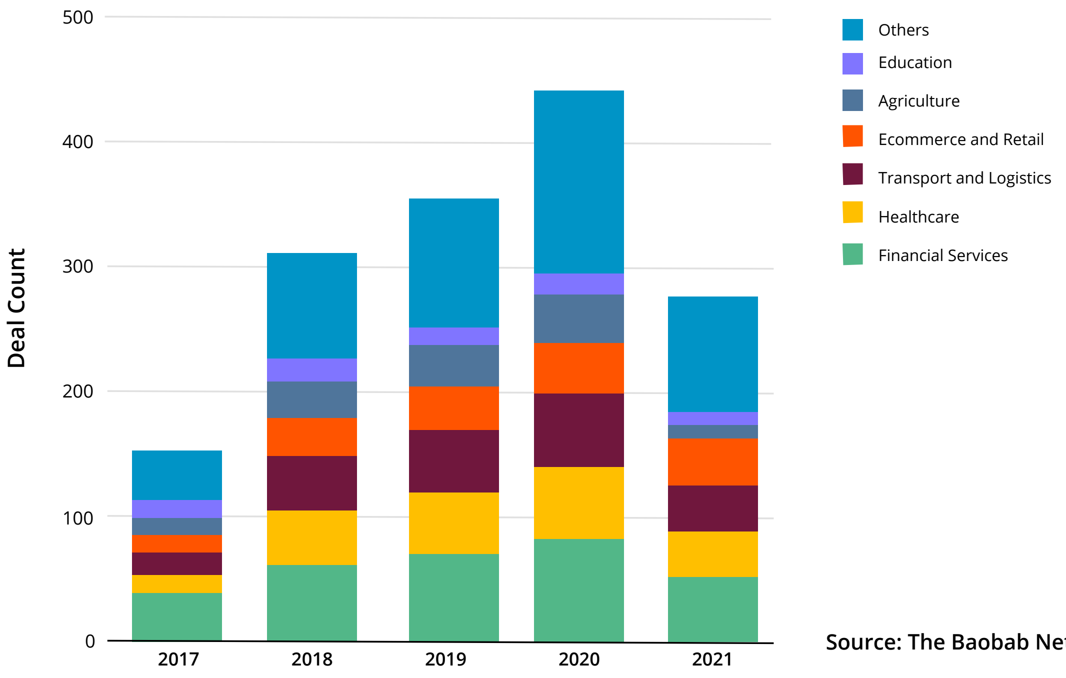
13 https://www.reuters.com/business/wall-st-week-ahead-some-investors-look-diversify-amid-big-tech-rally-2021-11-05/

Fintech dominance in early-stage funding

Fintech has dominated funding in the last five years, probably due to its scalability and short investment-to-exit time relative to other sectors. But even within fintech, payment platforms are the king. However, over the past couple of years, we have seen the proliferation of other fintech subsectors like investment tech (e.g. Bamboo, Risevest), API platforms (e.g. Mono, Okra etc.) and insurtech (e.g. Curacel, LAMI etc.)

Fintech has continually had the highest number of deals over the last five years

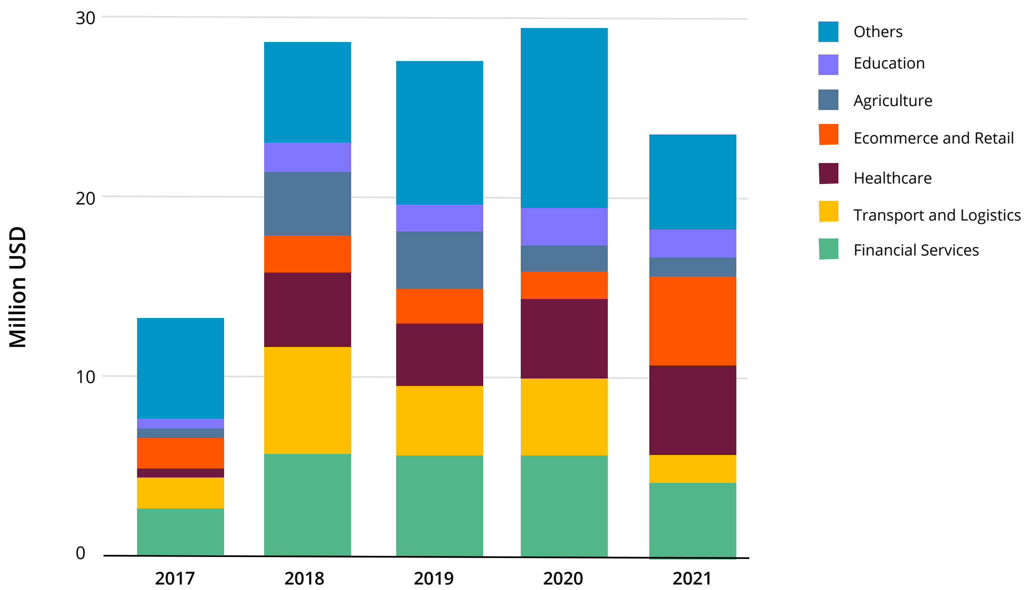
Early-stage investment trends from 2017-2021



Source: The Baobab Network

Fintechs also leads in terms of funding amount except in 2021

Early-stage deal size across sectors between 2017 - 2021



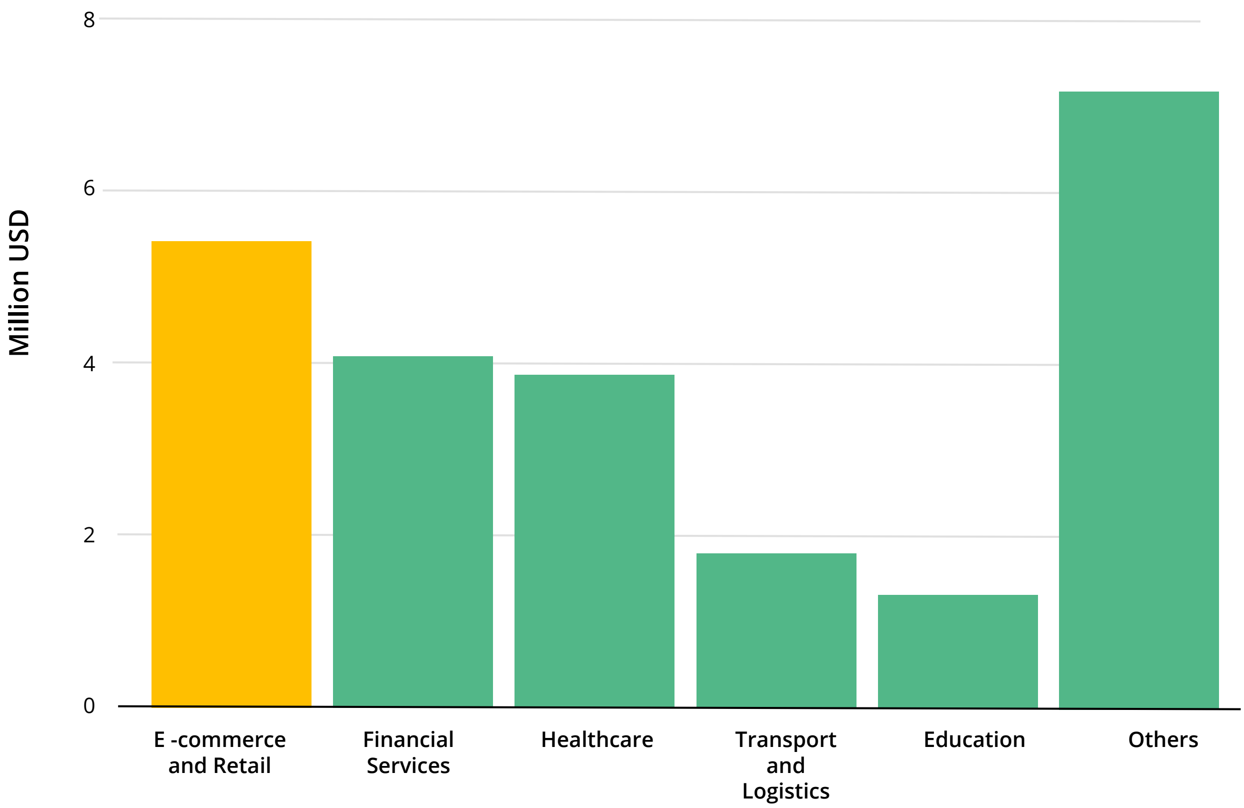
Source: The Baobab Network

Fintech vs. Ecommerce

Fintechs have reigned as the primary choice industry for many investors since 2017. However, 2021 saw e-commerce and retail move to the top spot in terms of early-stage deal size, raising $5.3 million across 41 deals.

About 23% of early - stage funding landed in e-commerce and retail

Early-stage funding across sector in 2021



Source: The Baobab Network

This goes to show that while investors are not keeping their eyes away from fintechs as one of the most scalable sectors with a short return-on-investment period, other sectors like e-commerce and retail are also getting big cheques as they should. The advancement of commerce in Africa is dependent on several factors including how smoothly products (consumer goods, raw materials, etc.) can reach their point of use. Though a long time frame is involved before investors can see returns on their money (or resources), the e-commerce and retail sector is definitely an infrastructural cash-cow if well established and groomed.

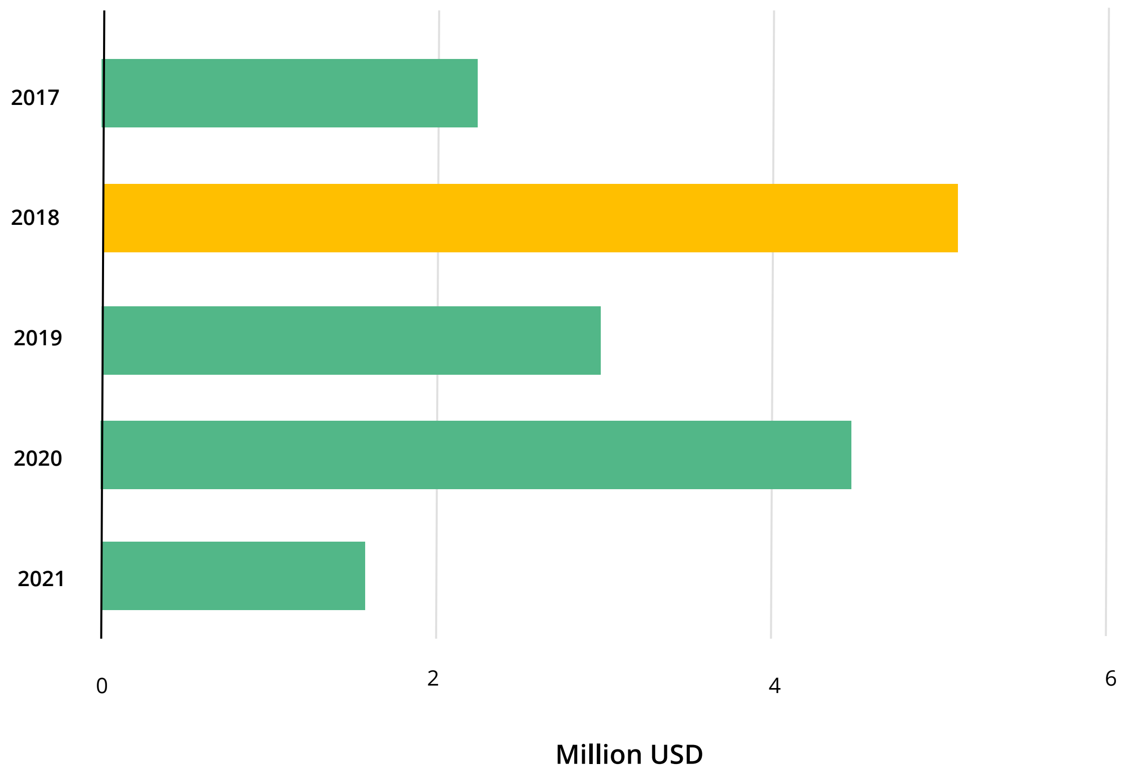
It is believed that investors would continue to develop greater interests in other sectors as more entrepreneurs focus on them to develop innovative solutions that harnesses their potentials.

Pace in the transport and logistics sector

The transport and logistics (T&L) sector recorded a total early-stage funding of $3.7 million in 2019 across 43 deals. By 2020, early-stage funding into T&L had risen by over 16% to $4.3 million across 54 deals. This was aided by the outbreak of the pandemic which saw the preference by consumer for online delivery services. However, the positive trend was significantly uttered in 2021 as the sector only recorded a meagre early-stage deal size of $1.7 million representing a significant decline of 60.5% over its prior year value. The deal count also exhibited similar trajectory, declining to 34 compared to 54 posted in 2020.

2018 was a standout year for the transport and logistics sector, raising $5.2 million

Early-stage funding in transport and logistics between 2017 - 2021



Source: The Baobab Network

Transport and Logistics - What happened in 2018?

In 2018, Bolt, an Estonia-headquartered ride-hailing giant with operations in Africa became a unicorn, indicating a strong future not just for Bolt, but for the transport industry.

There were also a number of regional and national transportation infrastructure development projects which led to an improvement in transport networks. A poll by Statista in 2018 showed that the rate of infrastructure development was 21.4% in 2018, compared to 13.6% and 15.% in 2016 and 2017 respectively.

Another growth driver was the growth of the middle-class to over 310 million across the continent which increased consumer spending to 31.9% in 2018, compared with 23.9% and 25.6% in 2016 and 2017 respectively.

Also, in 2016, Charles Brewer who is the Managing Director of DHL Express in Sub-Saharan Africa, projected a positive outlook for Africa. "Our dependence on Europe has been reduced, while trade with Asia, as well as intra-Africa, has picked up significantly". "This is proving to be extremely positive, in light of the economic pressure Europe is currently experiencing," he said. One other important catalyst could be the launch of the African Continental Free Trade Agreement (AfCFTA) in 2018 which offers investors diverse opportunities to test the market with early-stage investments that would spur growth.

Stunted growth in healthtech

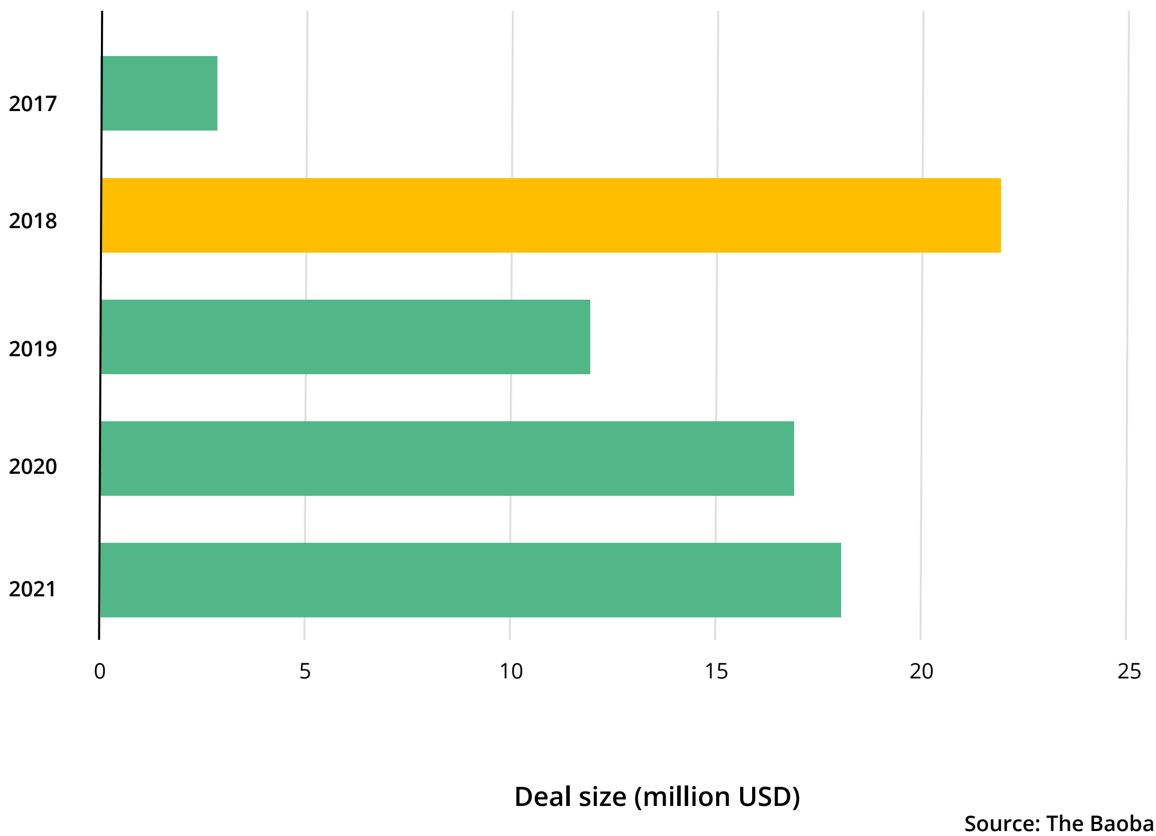
The early-stage funding scene in the healthtech sector has seen a slow increase in the past 3 years, including 2021. The sector raised $13.4 million, $16.2 million, and $17.4 million in 2019, 2020, and 2021 respectively. In terms of deal count, it had a similar story to logistics; it had 162 deals in 2019, a spike to 204 in 2020, and a decline to 60 in 2021 across all early-stage deal rounds including grants, pre-seed, and seed stage

This does not augur well for the African health sector which has been adjudged as having one of the worst health indicators in the world amidst a growing population number. For instance, Sub-Saharan Africa has the highest under-five mortality rate in the world. According to UNICEF, 1 in 13 children in Sub-Saharan Africa die before reaching their fifth birthday. Similarly, life expectancy for Africa is equally lower than the global average.

This and many more underscores the need to leverage technology to democratise health service delivery in the continent and improve the general well-being of the people.

Healthtech recorded a 7% increase in early-stage funding in 2021

Early-stage funding in healthtech between 2017 to 2021



Source: The Baobab Network

An interesting thing to note is that the year 2018 tried to create a trajectory in the healthtech sector as MDaas Global, a Nigerian healthtech startup, alone raised US$1 million in a seed round.

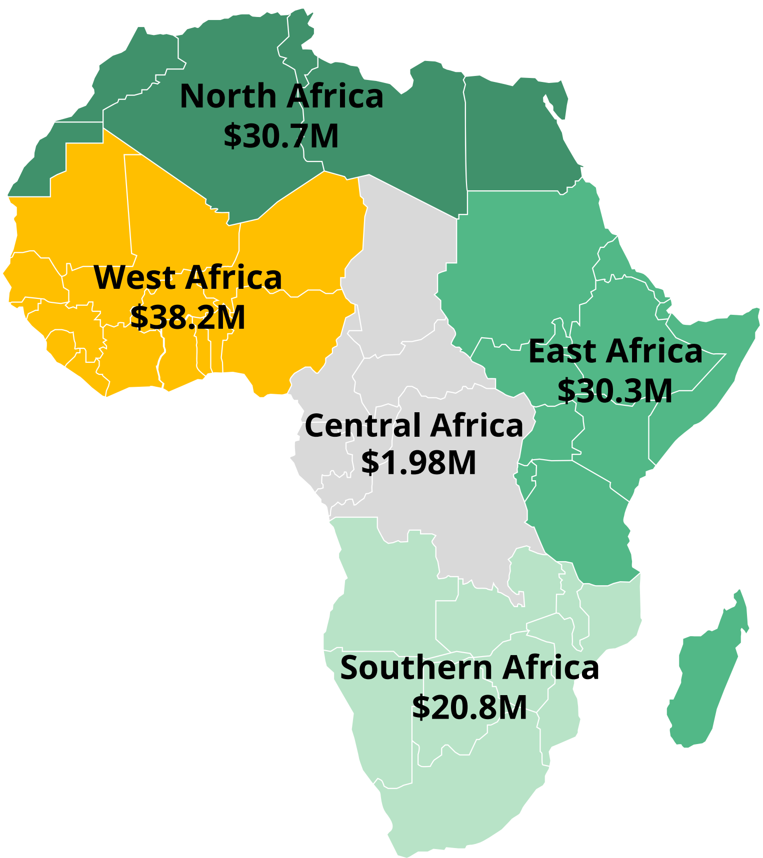
Key locations for early-stage investment in Africa

Regional view

Between 2017 and 2021, West African early-stage startups attracted a total amount of US$38.2 million across 84 deals, while North Africa recorded US$30.7 million across 71 deals. East Africa on the other hand received US$30.3 million across 63 deals. For Southern Africa, the region recorded US$20.8 million from 56 deals while Central Africa received $1.98 million in 4 deals.

Early-stage startups in West Africa had the most funding in 2021

2021 early stage deals by regions in Africa



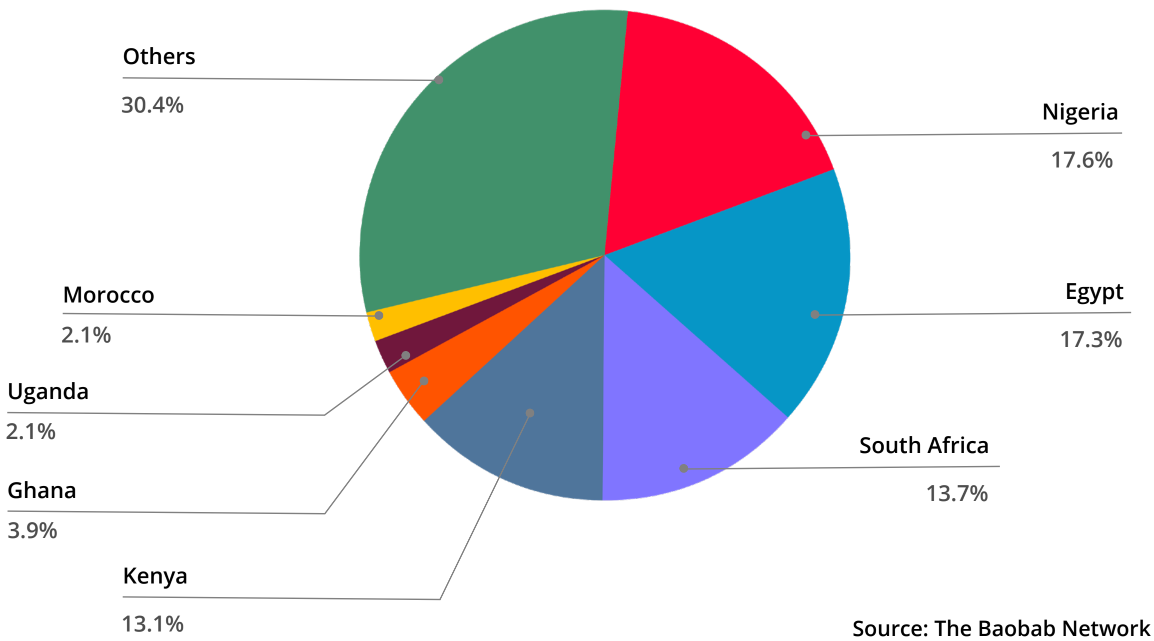
Source: The Baobab Network

Country view

Egypt-based early-stage ventures raised a leading total of US$ 5.81 million across 58 deals. Nigeria, surpassing Egypt with just 1 deal, raised $5.7 million in 59 deals. South Africa received US$2.99 million across 47 deals; while Kenya received US$2.77 million across 44 deals. Together, the four countries accounted for more than half (51.7%) of the total early-stage deals across Africa in 2021.

Nigeria and Egypt lead the pack in number of early-stage funding received by startups

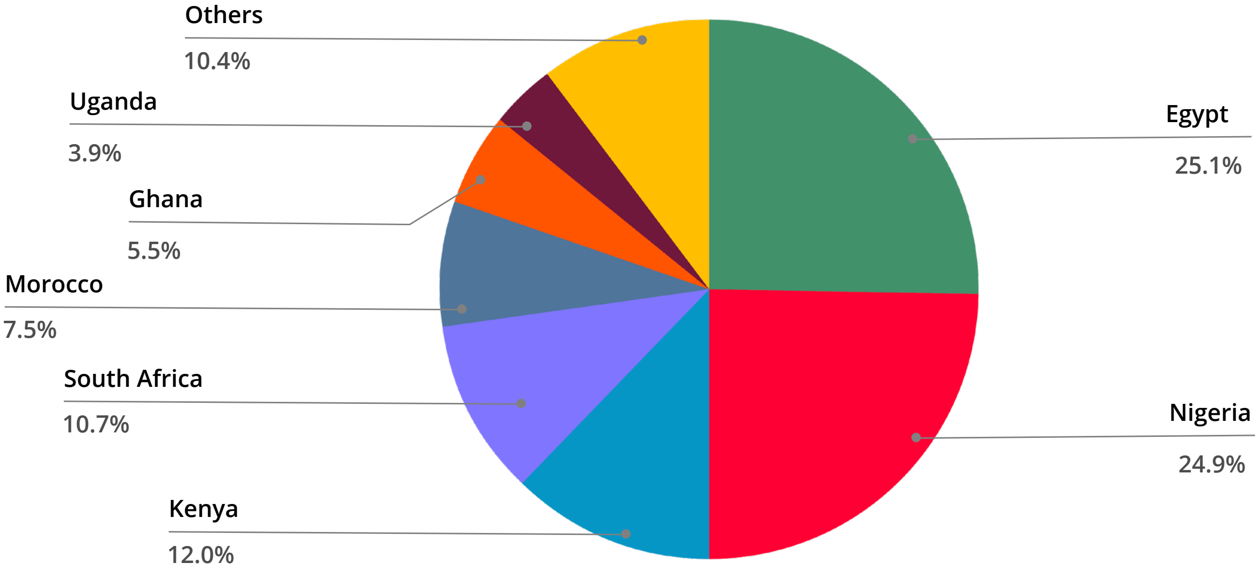
Early-stage deal count by countries, 2021



Source: The Baobab Network

Early-stage startups in Egypt and Nigeria received more cheques than any other country on the continent

2021 early-stage deal Size by countries



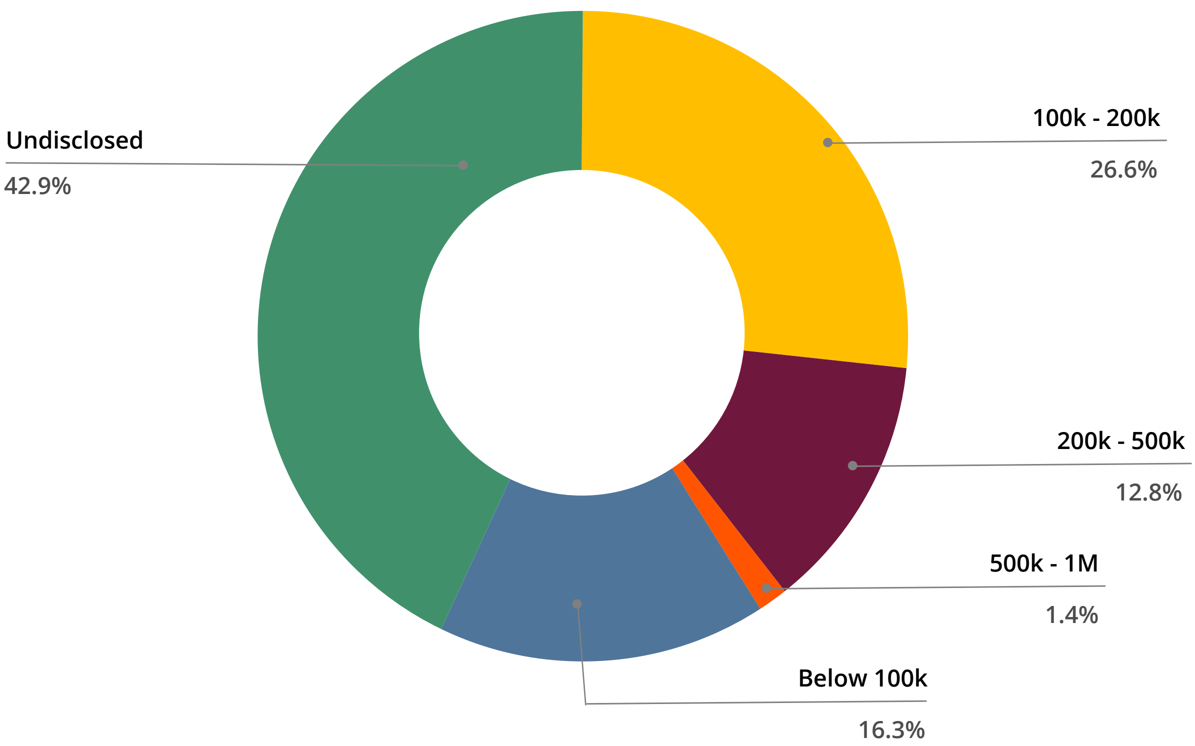
Source: The Baobab Network

Disclosed vs undisclosed early-stage funding

There are a number of reasons startups don't disclose the amount of funds raised -- if at all they let the public know funds were raised-- and the most common of them according to TechCrunch's Steve O'Hear is that "the size of the round would be viewed by the market as derisory in comparison to competitors. This is particularly common at the seed stage..." [14]

Undisclosed funding created a 42.9% blindspot in Africa's early-stage funding data

Early-stage deal size in 2021



Source: The Baobab Network

[14] https://techcrunch.com/2013/05/26/follow-the-money/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAD8hday9_A3yTblu-4eoBbaAENxBUFlX9gQKFLc6aEvebdGNdKxmVE4iWFb-Z619BcFruHP4nv8W-jxlVfaitEXUyvn1BuD4nqaswkaXMJ_sNFuOro6wCNl8TjAZrd-rxXhwzpJ3jCeqxzTAXGM1GZF5gUCjHiTCCfhxw82tBJVp

Challenges of early-stage investing in Africa

Some of the gaps in early-stage investing in Africa come from the lack of preparedness of startups, which is sometimes to be expected. At other times, it comes from faults on the part of investors. Yet in a few cases, it simply reveals the inadequacies in the ecosystem.

A. Investor-induced gaps

1. **Absence of institutional investors in pre-Series A rounds:** According to Partech Africa, total seed-stage funding declined from $1.2 million [15] recorded in 2019 to $800,000[16] in 2020 on the back of the pandemic.

It becomes particularly worrisome when we compare these numbers to other markets like Asia which saw $3.5 billion go into angel and seed stage investing despite the pandemic. George believes that the early-stage funding gap is caused by the dearth of institutional investors that participate in early-stage rounds.[17]

Accelerators try to fill this gap, but it is not enough. Data available on Crunchbase shows that there are 218 accelerators in Southeast Asia alone while the numbers for Africa stands at 61. “Accelerators provide much-needed financial and non-financial support too at this juncture. But it is definitely the one area of equity funding in Africa that has the biggest opportunity for further development,” George said.

> “Accelerators provide much-needed financial and non-financial support too at this juncture...”
>
> Zach George
> MANAGING PARTNER, LAUNCH AFRICA VENTURES

Total number of early-stage venture investors in Africa is put at about 644 according to Crunchbase.[18] This number is relatively small when compared to other ecoystems like Southeast Asia with about 1,415 early-stage venture investors. This shortage of seed-stage investors in Africa also creates problems for late-stage investors. This is because everyone has a role to play across the investment value chain which encompasses incubators, accelerators, angels, early-stage investors and late-stage investors. So, if one party can’t do their job, it causes a break in functionality.

[15] https://cdn-website.partechpartners.com/media/documents/2020.01_Partech_Africa_-_2019_Africa_Tech_VC_Report_FINAL.pdf

[16] https://cdn-website.partechpartners.com/media/documents/2021-02_Partech_Africa-2020_Africa_Tech_VC_Report_1.pdf

[17] https://regtechafrica.com/early-stage-funding-has-proven-a-problematic-gap-within-africas-startup-space-but-developments-in-2020-went-some-way-to-addressing-that/

[18] https://www.crunchbase.com/hub/early-stage-venture-investors-investments-in-africa

Chupeau says it's a process, and if one of the steps in the process fails, it basically affects the next. "Later-stage investors in Africa have pipeline issues because there are not enough series B to series C start-ups big enough to absorb the kind of money these investors are willing to put in."

2. **Showing preferential behaviour for certain sectors:** Another problem is that, investors tend to favour the more popular sectors of tech when making investments. Fintech is one of those sectors. One reason for this is the high probability of acquisition. As of 2021,10 African fintechs got into an acquisition or merger deal. This is the highest of any tech sector in Africa since 2016.[19]

   This preferential treatment takes the much-needed attention away from other sectors. "If you are an investor and you are looking for a startup that might get acquired, you pick fintech. Also, it (fintech) is easy to understand. But there are so many other areas where you can find opportunities," said Gregoire de Padirac, an investment manager who was one of the panelist at the Orange Digital Ventures of the 2019 AfricaCom event held in Cape Town.

   "We need investors that are not going to look at something that is shiny. Not everything that glitters is gold. What is needed is investors that have real guts, who take real risks, that can give money to the guys that really need it," de Padirac added.

   "The problem is that investors exhibit herd behaviour, and are not diverse within their own investment teams. The pipeline exists, and we need to challenge ourselves and take that early risk and take that journey with the entrepreneur," said Danai Musandu, Investment associate at Goodwill investments.

> "The problem is that investors exhibit herd behaviour, and are not diverse within their own investment teams..."
>
> Danai Musandu,
> INVESTMENT ASSOCIATE ,GOODWILL INVESTMENTS

3. **Mis-alignment of expectations:** According to Bongani Sithole, Chief Scale Officer at Founders Factory, a fairly common mistake that many early-stage investors (especially pre-seed) make is looking for profitability in ventures that are still working out a path to product-market Fit.

19 Fintech Mergers and Acquisition in Africa.

"Funding early-stage startups means backing founders looking for early signs of a commercially viable and disruptive business model and supporting startup building efforts aimed at establishing robust operations that can potentially deliver value at scale," he said.

"Early indications of this sort of potential include a startup that has repeat paying customers along with a high customer retention rate. Early on, having sticky customers and positive revenue is more important than profitability."

4. **Backing the idea and not the founder:** A second mistake early-stage investors make is putting more emphasis on backing the idea rather than the founder. Investing in the founder instead of their idea(s) leaves critical room for them to pivot as and when it makes sense to do so.

5. **Deploying capital without commitment:** Startups, particularly those at the embryonic stage face many problems, many of which cannot be solved by cash. So while cash is good, it's even more important for founders to know what they are getting from any partner and to consider what challenges that partner is helping them solve. Otherwise, founders end up optimizing for capital as opposed to strategic knowledge even when they have problems.

   According to Sam Sturm, Chief Venture Architect at Founders Factory Africa, this is equally true for investors. "Some will only be able to provide capital. Others will be able to make introductions to potential customers, and others will have valuable insights into the founder's market or sector," he said.

   "I don't think that having 'disconnected' capital providers is a problem in and of itself . Having many investors is largely a good thing. It however becomes a problem when they come at the expense of other strategic partners," he concluded.

B. Startup-facing mistakes

1. **Talent mistakes:** Many founders underestimate the importance of securing the right talent such as Chief Technology Officer (CTO), Product/Growth Leads, or senior-level engineers. Sithole believes that putting this off till later growth stages ultimately results in operational sluggishness, a lack of proper governance, and overall structural integrity needed to undergo the growth and scale all startups crave.

   "Success is achieved when sound product management, robust growth engines, fluent sales mechanisms, and efficient internal operations click together, enabling a venture to deliver value sustainably and consistently at scale," he said.

2. **Pitch deck mistakes:** Founders tend to spend too much time articulating macro inefficiencies that all investors are already familiar with. "This time is better used explaining how their unique solution addresses the core problem they seek to solve," said Rajiv Daya, Head of Investments at Founders Factory Africa.

3. **Cost-estimation mistakes:** It's possible for founders to underestimate the costs of building and scaling a startup in their markets. Later on, they realise that it's more expensive to acquire customers than they think, B2B sales cycles are longer than they estimate, and the time it takes to find/hire talent is often significantly longer than projected.

4. **Early assumptions:** Sometimes, founders make the mistake of assuming they know what their users want and build ahead of what the business needs. On the contrary, Sam Sturm believes that a product should be a means to an end - it's a way of delivering a solution to your users - rather than an end in itself.

   "What potential customers want to know is not all the things your product can do, but what problem it solves for them. Similarly, investors, especially, early-stage investors, want to see evidence that you're solving a problem. I care less about Total Available Market (TAM) and your 5-year revenue projections than I do about what you've learned from your target customers and how those insights influence what you're building," he stated.

   Instead of talking about what they will do or plan to do, founders should talk more about what they have done and what they've learned from it.

5. **Not verifying legal terms:** According to Ricardo Schaefer, Partner at Target Global, the biggest pitfall is raising at terms that are not market standard. Because of lack of capital, people take on "not-so-smart" money from investors that attach strings and demand clauses which hurt the company down the line.

   "It's not so easy, because sometimes you just want to raise capital. However, this impatience can hurt you down the line because you can get stuck with an investor that will prevent you from raising your next round. Founders should always look out for what's market standard in terms of dilution, market rights, and so on."

> "What potential customers want to know is not all the things your product can do, but what problem it solves for them..."
>
> Sam Sturm
> CHIEF VENTURE ARCHITECT, FOUNDERS FACTORY AFRICA.

For every round, Schaefer advises that founders should have a lawyer look over the terms and make sure everything is in order. However, before a founder signs a term sheet, they should get advice from either other founders, other people in the ecosystem or people within their network. “Make sure that whatever you agree on signing can be run by someone who’s more knowledgeable, has raised capital, or knows how venture works,” Schaefer concluded.

It’s important for startups, investors, and external observers of the ecosystem to understand that headlines and funding announcements can be deceiving. Although more money is coming into the ecosystem, it does not mean that all the funding problems have been solved.

“More large pre-seed and seed rounds often just mean that investors are following one another into pre-validated deals; the result is a greater concentration of capital around high-profile investors rather than better distribution of capital into a broader spectrum of ideas and opportunities. In a vibrant funding ecosystem, it should be way easier to raise $50K than $500K - I’m not sure that’s actually the case at the moment,” said Sam Sturm.

How can investors close early-stage funding gaps?

To close this gap, some investors have dedicated themselves to solving the funding problem of early-stage startups. An example is Future Africa - through its Future Africa Fund which is dedicated to providing capital to early-stage African entrepreneurs. There’s also First Check which was launched in 2021 to provide capital to young, vibrant female entrepreneurs in exchange for 7% equity stake.

Another one is Microtraction, an early-stage venture capital firm aiming to be “the most accessible and preferred source of pre-seed funding for African tech entrepreneurs.” The Baobab Network has also been investing in African founders at the earliest stage through their accelerator for more than three years now.

Founders Factory Africa on the other hand supports ventures in a holistic, hands-on manner—addressing insight gaps and blind spots head-on. That support often involves assisting founders to source, onboard, and manage turnkey startup talent.

Owing to the emergence of these funds, Jake Kendall, partner at DFS Lab believes that the gap is beginning to close.[20] “There could be more capital for sure at the pre-seed and seed stages. But it’s actually getting much more competitive at pre-seed than it was. I would say that the gap is not nearly as big as it was a few years ago, with both international and more local angels playing in the field too,” he said.

20 https://regtechafrica.com/early-stage-funding-has-proven-a-problematic-gap-within-africas-startup-space-but-developments-in-2020-went-some-way-to-addressing-that/

Angel investors are waking up to the call

Angels are answering the prayers of early-stage startups in Africa. Although the number of institutional investors focused on startups at the early stage are few, there is an increasing number of angel investors and funds.

Notable among these are the Lagos Angel Network (LAN), Benin Business Angel Network (BBAN), Mali Business Angel Network (MBAN), Viktoria Business Angels Network (VBAN), among others. Angel investing in Africa is in its infancy and while there is no data available to measure their impact on the ecosystem, like a child, it is growing every day, and this is evidenced by the launch of women-only networks like Rising Tide Africa (2016) and First Check Africa (2021).

This is important because angel investors tend to be very hands-on when investing and as such provide smart capital to early-stage startups, especially because angel investors are not as time constrained as venture capitalists. This means they are more patient with startups as they grow. A prominent example is Olumide Soyombo, an angel investor with investments with over 33 startups across Africa including Paystack, which recently got acquired by US based Stripe.[21]

Yet, a lot of African countries still don't have angel networks, and there aren't so many incentives encouraging corporate CEOs and successful founders to become angels. It's understandable that there is some wariness associated with being a local investor in Africa, particularly in countries with rickety regulation. Addressing this requires appropriate authorities to formulate policies that incentivize angel investing.

However, co-investing could also be crucial to moving the wheels faster as it reduces risk, enables shared learning, and is a better offering for young startups as they now have the expertise and acumen of more than one angel at their disposal.

The outliers

One of the benchmarks we had to decide on in building this report was the cap for early-stage investments. This was necessary because startups do not always disclose the stage at which they raise. However, as stated earlier in the methodology, all amounts below or at $550,000 were considered early-stage. We also explained the thinking behind this.

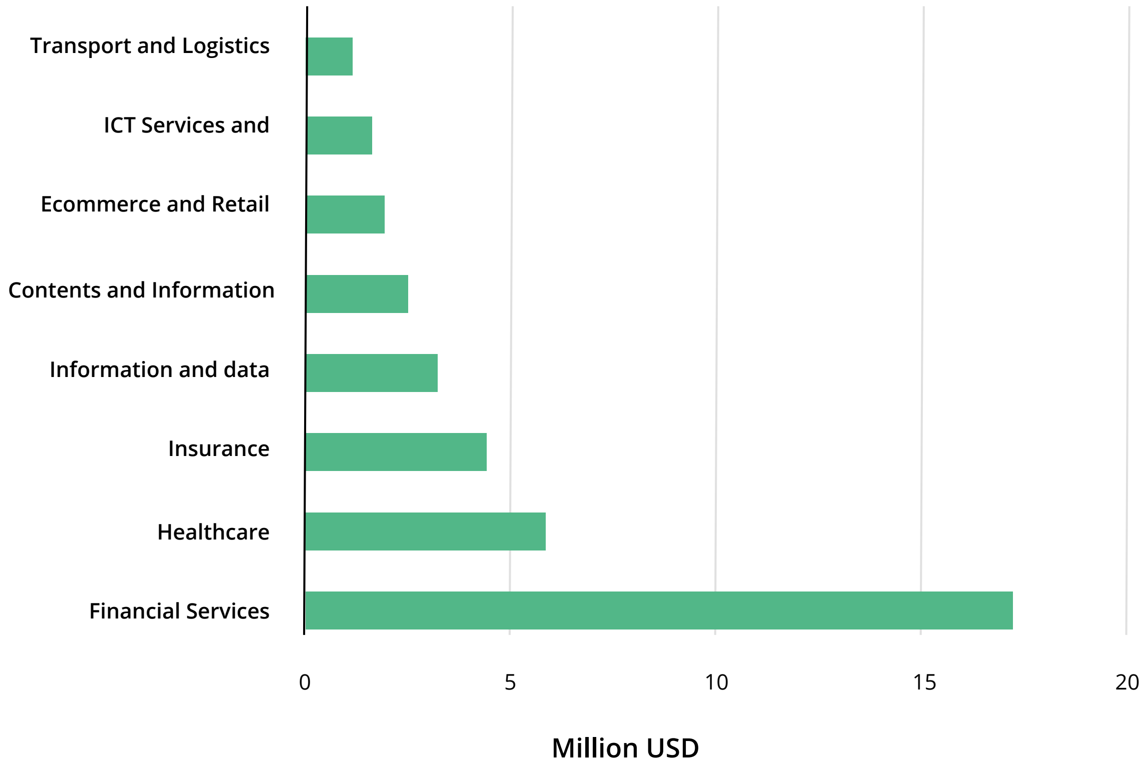
However, we noticed some interesting growth trends in the deal sizes of some early-stage investments.

21 https://techcrunch.com/2021/07/26/one-of-nigerias-high-profile-angel-investors-is-launching-a-fund-for-african-startups/

In the past, smaller cheques (usually in thousand of dollar) meant that the startup was still at an early stage, while million-dollar checks were reserved for growth-stage companies. However, this is noticeably changing. For example, Edukoya, a Nigerian edtech startup, raised a pre-seed round of $3.5 millon in December 2021.[22] More recently, Float, a Ghanaian fintech raised a $17 million seed round (an equity-debt mix). This is undoubtedly becoming a trend and they make our definition of what early-stage investments are really trivial .

Investors cut more checks in early-stage funding for fintech than any other sector between 2017-2019

Early-stage investment across sectors



Source: The Baobab Network

Between 2017 to 2019 alone, the total number of early-stage funding (including pre-seed, seed, and pre-series A) that raised above the $550,000 totaled 23 in deal count and over $34.2 million in deal size which means that each deal was worth an average of $1.5m. This is an interesting trend to track as it suggests that investors now have a fair share of trust in the ideas and not-so-developed products of African founders before they hit the market.

It would then mean that investors are trying to get a fair share of the startup's equity with the hope of having a behemoth stake to sell when they exit. It is too early to tell if this is the only reason why investors are betting big on early-stage startups but we'll unravel it all in our future reports as data becomes available to study trends and make assertions.

Recommendations

The current problems do not begin or end with investors. So, for the state of things to improve, it would take effort from both investors and startups.

First, what can startups do differently to attract more funding?

Many investors share the sentiment that while entrepreneurs have great ideas, there are usually three things that investors want to see aside from a great idea and raising funding comes off quite easy when entrepreneurs/founders show these characteristics:

a. **Passion:** The founding team should have an overzealous sense about surmounting the problems they are trying to solve. "We need to feel the passion of the entrepreneur because entrepreneurship is a tough journey. "Unless you're truly passionate about the product, the likelihood of you staying the course is diminished," said Adam Molai[22], Chairman of Jua Fund.

b. **Understanding the problem:** Investors also want to see a balanced and in-depth knowledge of the business from a macro perspective of the industry. If startups can't show that they understand whatever they're trying to solve when pitching their idea or show why they think it's viable, then it becomes hard to convince investors.

c. **Networks:** This means that as a founder, you should have and be able to build solid networks. According to Richard Schaefer, this is a skill that Target Global actually looks for as an investor. "Are you as a founder able to reach out to people and connect with folks that can help you? That's a skill that's important to have throughout the life of your business," Schaefer stated.

   He also believes that founders that don't have this skill should take the time to work on it.

   According to Adam Molai, key questions for startups to ask are:

   - What does the landscape look like?
   - Who are the current players?
   - How does my product come in and create a blue ocean within the industry that we're in?
   - What are the unique selling points that my product or service brings that will differentiate them from everything else in the market?
   - How do I implement the product; have I gone beyond "the what" to "the how"?
   - What skills do I need to have or hire to execute?

   According to Hope Ditlhakanyane - Head of Sourcing at Founders Factory Africa, founders should consider the following when seeking investments:

   - Founders must deeply understand and be able to succinctly articulate the unique insight

[22] https://www.youtube.com/watch?v=HYfX7Se7pik

they have into a problem that others do not. This then enables them to have a refined sense of the gap their team intends to solve—that existing solutions do not adequately address.

- Founders should be able to clearly articulate how they intend to solve the problem in a manner that others won't be able to easily replicate.
- They should showcase how they have validated that the problem exists and that customers would be keen to pay to have it solved (this can be through a waitlist, initial revenue, etc).
- Furthermore, they should articulate and substantiate growth projections over the next few years and what they would need to make it happen (key hires, resources, partnerships, etc.)
- Finally, they should answer why they are the team to outcompete everyone else, i.e. what is unique about their collection of skills and experiences that allows them to execute this vision well?

Startups should also focus on understanding where problems lie and what they are, as opposed to finding problems where there are none. "Most times you see people hyped up about what is going on in the ecosystem and they just jump over to the solution and then start looking for problems," said Idris Bello of LoftyInc Capital.

"It should be the other way around. The bigger the problem, the bigger the solution, and the bigger the opportunity for you and everyone else."

Investors also want to see a level of commitment when it comes to fund management. Entrepreneurs should be able to draw a visible line between their personal funds and business capital.

For investors, it's important that they get more involved, especially for local investors. While foreign investors are becoming more visible on the African tech scene, the place of local investors cannot be over-emphasized because they have more context on what startups really need and how to navigate hurdles like regulation, for instance.

Foreign investors can also partner with active local investors to get a deeper understanding of the industry. If foreign investors have the funds to invest, and local investors have the knowledge to build, then a collaboration between them will be invaluable to the growth of startups.

> "Most times you see people hyped up about what is going on in the ecosystem and they just jump over to the solution and then start looking for problems"
>
> Idris Bello
> FOUNDING PARTNER, LOFTYINC CAPITAL

Investors should also consider whether founders have market-fit. Hope Ditlhakanyane of Founders Factory Africa talked about how this has become a key consideration, asides whether or not the startup falls within its investment mandate.

“At Founders Factory Africa, we invest in early-stage businesses within the healthtech, fintech, and agritech spaces. Therefore, the primary initial consideration in our investment process is whether or not the startup falls within our investment mandate. Now, after investing in over 35 startups across the continent, we have learned to place extreme importance on establishing founder suitability and ascertaining whether they are the right fit for scaling that particular business,” she said.

Conclusion

When the pandemic first hit the continent, it created a lot of speculation about how it would impact not just startup ecosystems but global economies. Predictions were made about which sectors would thrive and which would struggle - some of these predictions were more speculative than others.

However, over a year since that time, Africa's tech industry have had a number of success stories, from some major funding rounds to widely-celebrated acquisitions, to the emergence of Africa's eighth unicorn.

While it's easy to get lost in the reverie of these announcements, it's important to consider a key element that has made them all happen - early-stage funding. Stories like Nigeria's Flutterwave and Paystack would not have happened if they didn't receive funding early on. So, if you say that some of the early-stage checks being written today will go on to become even bigger than these globally-acclaimed companies, you're not wrong.

We need to create more success stories that we can tell not just to the world but in each country's corner; stories that show stakeholders why it's important to strengthen the pipeline through increased early-stage funding.

"Behind each investment decision, there is a human or a group of people that have given the green light to make the investment. Investors whether based in Africa or globally need to hear enough good stories to also jump in. VC is capital at risk, so by default, you need to assume you might never see that money back, but you also need to balance this and hear some of the positives," says Arthur Chupeau of The Baobab Network.

In addition to this, there is a need to manage some of the biases foreign investors have regarding Africa, such as their perceptions around political risk, economic risk, currency risk, and even sector risk.

However, since not all of these biases are unfounded, it's up to African governments as well to think deeply about how to support the startup environment in their respective countries, so Africa can have better and more stories to tell each year.

About TechCabal

TechCabal is a pan-African publication focused on high-quality coverage of startups, technology, and innovation across the continent. We cover the business of technology, the core players, the ecosystem, and the real human effects of tech across Africa.

TechCabal elevates issues to a pan-African level and situates coverage and analysis in ways that provide readers with a continental and global context.

TechCabal provides unparalleled insight to the most discerning entrepreneurs, investors, and decision-makers through the following:

- Our flagship site, Techcabal provides informed, on-the-ground reporting about startups, technology and innovation on the continent
- The TC Daily newsletter is the most comprehensive roundup of African tech news, delivered to your inbox every weekday at 7 am WAT. Subscribe here
- Events: Our digital and physical events bring the smartest players in African tech together to identify the most important trends, the smartest investments, and the key drivers for success in this developing ecosystem

TechCabal Insights

TC Insights is an Africa-focused digital economy consultancy that leverages big data to help startups, investors, operators, big tech companies, government and other ecosystem players on and off the continent to answer specific questions and implement key interventions.

Our sector-specific reports provide insight into the key players, business trends, customer clusters, regulatory issues, and problem-solving opportunities in each tech sub-sector. Additionally, we conduct both primary and desk research to create custom reports to answer specific client questions about the tech industry on the continent.
To speak in more detail about how the TechCabal Insights team can provide actionable insights for you, please email:
Olanrewaju Odunowo, Lead Analyst: olanrewaju@bigcabal.com
Favour Ogunlana, Head of Partnerships: favour@bigcabal.com

About The Baobab Network

The Baobab Network is a technology accelerator investing in the next generation of Africa's tech companies. The Baobab Network invests $25,000 into early-stage ventures in exchange for equity and provides them with a global platform for their business.

In addition to $25,000 funding, The Baobab Network also affords early-stage startups the following:

- Two week of world-class consulting: A team of business and industry experts to work alongside founders and deliver an intensive 10-day in-country consulting project to tackle the most pressing challenges they face.
- Two years of hands-on support: Each start-up is assigned a dedicated Baobab Venture Partner for 24 months, who creates and implements a unique acceleration plan for the business and provides remote, hands-on support to founders.
- Lifetime access to a global network: The Baobab Network provides a network that offers its services and expertise, runs pilots and explores early commercial partnerships, and provides grants, equity, and debt funding to start-ups.

Baobab Insights

Baobab Insights is The Baobab Network's research and analytics unit. Baobab Insights provides venture capital data and insight covering Africa's technology markets by tracking startup growth, technology trends, and investment.

About Future Africa

Future Africa is an early-stage venture fund that connects investors to mission-driven founders who are turning Africa's most difficult challenges into global businesses. The fund's mission is to work with relevant stakeholders towards an abundant future where purpose and prosperity are within everyone's reach.

Future Africa provides founders and co-investors with coaching, support, and a vibrant community of professionals — in addition to capital provided through its investment vehicles including the Future Africa Fund and the Future Africa Collective.

Led by a team of experienced founders, innovators, and investors, Future Africa has helped found, fund, and build many of Africa's fastest-growing startups from Andela and Flutterwave, to Kobo360 and 54gene, amongst others. Future Africa currently has 60+ portfolio companies with over $26 million under management.

Funded early-stage startups: Class of 2021

Company Funded	Amount ($)	Round Type	Sector	HQ Country
SendChamp	100,000	Angel	Information and Data Services	Nigeria
Kamioun	400,000	Seed	Transport and Logistics	Tunisia
Flex Finance	100,000	Pre-Seed	Financial Services	Nigeria
BeXel	100,000	Venture Round	ICT Services and Computer Security	Egypt
Hollydesk	325,000	Pre Series A	Financial Services	Egypt
Releaf	250,000	Grant	Agriculture	Nigeria
PraxiLabs	300,000	Grant	Education	Egypt
CARMA	125,000	Pre-Seed	Financial Services	Kenya
HouseAfrica	125,000	Pre-Seed	Real Estate and Construction	Nigeria
Mazzuma	125,000	Pre-Seed	Financial Services	Ghana

Company Funded	Amount ($)	Round Type	Sector	HQ Country
The Bulb World	100,000	Grant	Energy and Utilities	Botswana
Pravica	125,000	Pre-Seed	Information and Data Services	Egypt
Enda Athletic	150,000	Grant	Ecommerce and Retail	Kenya
Identitypass	360,000	Pre-Seed	ICT Services and Computer Security	Nigeria
Career 180	200,000	Seed	Human Resources	Egypt
BlinkApp	100,000	Pre-Seed	Transport and Logistics	Egypt
Chooya	100,000	Seed	Ecommerce and Retail	Nigeria
BlinkApp	15,000	Grant	Transport and Logistics	Egypt
OTO Courses	400,000	Seed	Education	Egypt
Adbot	500,000	Seed	Advertising and Marketing	South Africa
Jise	100,000	Angel	Transport and Logistics	Nigeria
Elmawkaa	100,000	Seed	Ecommerce and Retail	Egypt

Company Funded	Amount ($)	Round Type	Sector	HQ Country
PaySika	348,000	Pre-Seed	Financial Services	Cameroon
DigsConnect	200,000	Grant	Real Estate and Construction	South Africa
BioCODE	480,000	Venture Round	Healthcare	South Africa
GBarena	100,000	Pre-Series A	Entertainment and Gaming	Egypt
SafeNow	8,000	Prize	ICT Services and Computer Security	Nigeria
Bitmama	350,000	Pre-Seed	Financial Services	Nigeria
Edusko	25,000	Pre-Seed	Education	Nigeria
Cloud Fret	390,000	Seed	Transport and Logistics	Morocco
DataPathology	232,000	Seed	Healthcare	Morocco
ShipHaly	100,000	Seed	Ecommerce and Retail	Egypt
Ambani Africa	70,000	Prize	Education	South Africa
Bumpa	200,000	Pre-Seed	Ecommerce and Retail	Nigeria
RideLink	150,000	Pre-Seed	Transport and Logistics	Uganda

Company Funded	Amount ($)	Round Type	Sector	HQ Country
MarketForce 360	100,000	Pre-Seed	Transport and Logistics	Kenya
CashBackApp	475,000	Pre-Seed	Ecommerce and Retail	Kenya
Showlove	300,000	Pre-Seed	Ecommerce and Retail	Nigeria
Schoolz	100,000	Pre-Seed	Transport and Logistics	Egypt
Chekkit Technologies	500,000	Pre-Seed	Healthcare	Nigeria
Zowasel	100,000	Seed	Agriculture	Nigeria
Suplias	125,000	Seed	Ecommerce and Retail	Nigeria
Teegara	10,000	Pre-Seed	Ecommerce and Retail	Egypt
Gamesbandy	40,000	Grant	Entertainment and Gaming	Egypt
Ambani Africa	17,000	Prize	Education	South Africa
Saweblia	340,000	Seed	Human Resources	Morocco
LNKO	335,000	Seed	Ecommerce and Retail	Morocco
Estshara	500,000	Seed	Healthcare	Egypt

Company Funded	Amount ($)	Round Type	Sector	HQ Country
Feelgood Health	280,000	Seed	Healthcare	South Africa
Strove	278,000	Seed	Healthcare	South Africa
Estasharah	500,000	Seed	Healthcare	Egypt
GetEquity	100,000	Pre-Seed	Financial Services	Nigeria
Tix Africa	100,000	Pre-Seed	Events Management	Nigeria
Wazi	100,000	Pre-Seed	Healthcare	Kenya
Asaak	100,000	Pre-Seed	Financial Services	Uganda
Revix	100,000	Pre-Seed	Financial Services	South Africa
ClinicPesa	250,000	Prize	Financial Services	Uganda
Damanesign	450,000	Venture Round	Professional Services	Morocco
Zeew	170,000	Seed	Ecommerce and Retail	Egypt
Brown and Ayo	278,000	Venture Round	Ecommerce and Retail	South Africa
AWABAH	200,000	Angel	Financial Services	Nigeria

Company Funded	Amount ($)	Round Type	Sector	HQ Country
Dawa Pay	50,000	Venture Round	Ecommerce and Retail	Kenya
Wekebere	20,000	Grant	Healthcare	Uganda
Simbona	50,000	Grant	Healthcare	Ethiopia
Damu-Sasa	50,000	Grant	Healthcare	Kenya
Grassroots Economics	100,000	Seed	Agriculture	Kenya
Sunculture	250,000	Prize	Agriculture	Kenya
Leaf	100,000	Seed	Financial Services	Rwanda
Kotani Pay	100,000	Seed	Financial Services	Kenya
mPharma	250,000	Prize	Healthcare	Ghana
Dresscode	250,000	Seed	Ecommerce and Retail	Egypt
Mangwee	5,000	Grant	Financial Services	Zambia
SUMET	5,000	Grant	Transport and Logistics	Tanzania
UBI	5,000	Grant	Information and Data Services	Mozambique

Company Funded	Amount ($)	Round Type	Sector	HQ Country
Luma Law	5,000	Grant	ICT Services and Computer Security	South Africa
Astech-Congo	5,000	Grant	ICT Services and Computer Security	Democratic Republic of the Congo
MoneyHash	100,000	Pre-Seed	Financial Services	Egypt
Tejarra	100,000	Seed	Ecommerce and Retail	Egypt
iSchool Cloud	160,000	Venture Round	Education	Nigeria
Kibanda TopUp	460,000	Pre-Seed	Ecommerce and Retail	Kenya
dKilo	80,000	Pre-Seed	Advertising and Marketing	Egypt
Sehatech	5,000	Prize	Healthcare	Egypt
Tays	63,000	Pre-Seed	ICT Services and Computer Security	Egypt
Ecila Films	9,000	Grant	Entertainment and Gaming	Kenya
Ufasiri Halisi SLI Innovations	9,000	Grant	Human Resources	Kenya
Mandevu Beardcare	9,000	Grant	Ecommerce and Retail	Kenya
Bento	35,000	Seed	Financial Services	South Africa

Company Funded	Amount ($)	Round Type	Sector	HQ Country
Imfuyo Technologies	35,000	Seed	Agriculture	South Africa
MatchKit	35,000	Seed	Entertainment and Gaming	South Africa
Agricool Finance	35,000	Seed	Agriculture	South Africa
Mburu	450,000	Venture Round	Ecommerce and Retail	Senegal
Rabawa	163,000	Venture Round	Ecommerce and Retail	Nigeria
Bosea (Credify)	10,000	Grant	Financial Services	Ghana
Goo Technologies (Wegoo)	6,000	Grant	Transport and Logistics	Ghana
Motito	4,000	Grant	Financial Services	Ghana
Suitera	230,000	Seed	ICT Services and Computer Security	Egypt
Appetito	450,000	Seed	Ecommerce and Retail	Egypt
Kemitt	100,000	Seed	Ecommerce and Retail	Egypt
BezoMoney	200,000	Seed	Financial Services	Ghana
Lamma	65,000	Seed	Transport and Logistics	Tunisia

Company Funded	Amount ($)	Round Type	Sector	HQ Country
Laverie	100,000	Seed	Professional Services	Egypt
Africa 118	137,000	Grant	Advertising and Marketing	Kenya
ScholarX	137,000	Grant	Education	Nigeria
Zonful Energy	137,000	Grant	Energy and Utilities	Zimbabwe
WidEnergy Africa Ltd	137,000	Grant	Energy and Utilities	Zambia
Ensibuuko	137,000	Grant	Financial Services	Uganda
Pricepally	100,000	Pre-Seed	Ecommerce and Retail	Nigeria
TalentQL	120,000	Seed	Human Resources	Nigeria
Curacel Health Systems	450,000	Pre-Seed	Healthcare	Nigeria
Weelo	100,000	Seed	Ecommerce and Retail	Egypt
Pine Kazi	2,000	Prize	Fashion	Kenya
ScholarX	137,000	Grant	Education	Nigeria
Farmhut	100,000	Grant	Agriculture	Zimbabwe
Blueloop	125,000	Seed	Financial Services	Nigeria

Company Funded	Amount ($)	Round Type	Sector	HQ Country
zVendo	100,000	Seed	Ecommerce and Retail	Egypt
Plentywaka (Treepz)	120,000	Seed	Transport and Logistics	Nigeria
KudiGo	120,000	Venture Round	Financial Services	Ghana
Boost	120,000	Venture Round	Financial Services	Ghana
NowPay	125,000	Seed	Financial Services	Egypt
AfriBlocks	120,000	Seed	Human Resources	Zimbabwe
Kidato	125,000	Seed	Education	Kenya
Raise	25,000	Pre-Seed	Financial Services	Kenya
Deya	50,000	Pre-Seed	Financial Services	Angola
RentUp	100,000	Pre-Seed	Real Estate and Construction	Egypt
Stars From All Nations (SFAN)	250,000	Pre-Seed	Education	Ghana
Sky Garden	50,000	Seed	Ecommerce and Retail	Kenya
Lipa Later	50,000	Seed	Financial Services	Kenya
Gozem	50,000	Seed	Transport and Logistics	Togo

Company Funded	Amount ($)	Round Type	Sector	HQ Country
RxAll Inc.	50,000	Seed	Healthcare	Nigeria
Send Technologies	50,000	Seed	Transport and Logistics	Nigeria
GnuGrid Africa	250,000	Venture Round	Energy and Utilities	Uganda
Djamo	125,000	Seed	Financial Services	Côte d'Ivoire
Dileny Technologies	160,000	Grant	Healthcare	Egypt
Mono	125,000	Seed	Government, Legal and Regulatory Technology	Ghana
Lami	110,000	Grant	Insurance	Kenya
Jetstream Africa	110,000	Grant	Transport and Logistics	Ghana
Power	110,000	Grant	Financial Services	Kenya
Indicina	110,000	Grant	Financial Services	Nigeria
Kandua	110,000	Grant	Real Estate and Construction	South Africa
Koa	110,000	Grant	Financial Services	Kenya
Isqan	100,000	Seed	Real Estate and Construction	Egypt

Company Funded	Amount ($)	Round Type	Sector	HQ Country
3DIMO	25,000	Pre-Seed	Agriculture	South Africa
Uncover Skincare	100,000	Pre-Seed	Ecommerce and Retail	Kenya
Cooked	100,000	Pre-Seed	Ecommerce and Retail	Kenya
Zeew	100,000	Seed	Ecommerce and Retail	Egypt
Opio	300,000	Seed	Ecommerce and Retail	Egypt
AllBase Energy	100,000	Grant	Energy and Utilities	Nigeria
Reeddi Technologies	100,000	Grant	Energy and Utilities	Nigeria
Salpha Energy	100,000	Grant	Energy and Utilities	Nigeria
Vesselnet Integrated Services Limited	100,000	Grant	Energy and Utilities	Nigeria
Sunhive Limited	100,000	Grant	Energy and Utilities	Nigeria
Covenant Plus Engineering	100,000	Grant	Energy and Utilities	Nigeria
Green Acres Microfinance Bank	100,000	Grant	Financial Services	Nigeria
Ashdam Solar Company	100,000	Grant	Energy and Utilities	Nigeria

Company Funded	Amount ($)	Round Type	Sector	HQ Country
Solarworld Alternative Energy Resources	100,000	Grant	Energy and Utilities	Nigeria
OZÉ	70,000	Seed	Financial Services	Ghana
Docspert	10,000	Seed	Healthcare	Egypt
FitBot	12,000	Grant	Entertainment and Gaming	Egypt
Healthbotics	12,000	Grant	Healthcare	Nigeria
Adafri	25,000	Pre-seed	Advertising and Marketing	Senegal
Shopper Connect	25,000	Pre-seed	Ecommerce and Retail	Kenya
AnalyticaBI	25,000	Pre-seed	Information and Data Services	Egypt
FXKudi	25,000	Pre-seed	Financial Services	Ghana
Shago Payments	25,000	Pre-seed	Financial Services	Nigeria
One Kiosk	25,000	Pre-seed	Ecommerce and Retail	Nigeria
Terminal	25,000	Pre-seed	Ecommerce and Retail	Nigeria
Drugstore	25,000	Pre-seed	Healthtech	Nigeria