Africa 2023 Investment Report

Crisis or adjustment?

BRITER BRIDGES

Authors

Briter Bridges is a leading intelligence and research firm providing data and insights on business, innovation, and investment trends across emerging markets. With an active presence in Nairobi, Lagos, Tunis, Cape Town, and London, we have been building a knowledge infrastructure to enable access to unavailable information and put a spotlight on business activities across Africa.

Since 2018, we have been producing state-of-the-art mappings, databases, reports, and have provided advisory to a global clientele, including investors, governments, DFIs, consultancies, and academics, such as the World Bank, United Nations agencies, Bill and Melinda Gates Foundation, Amazon, Boston Consulting Group, and Salesforce.

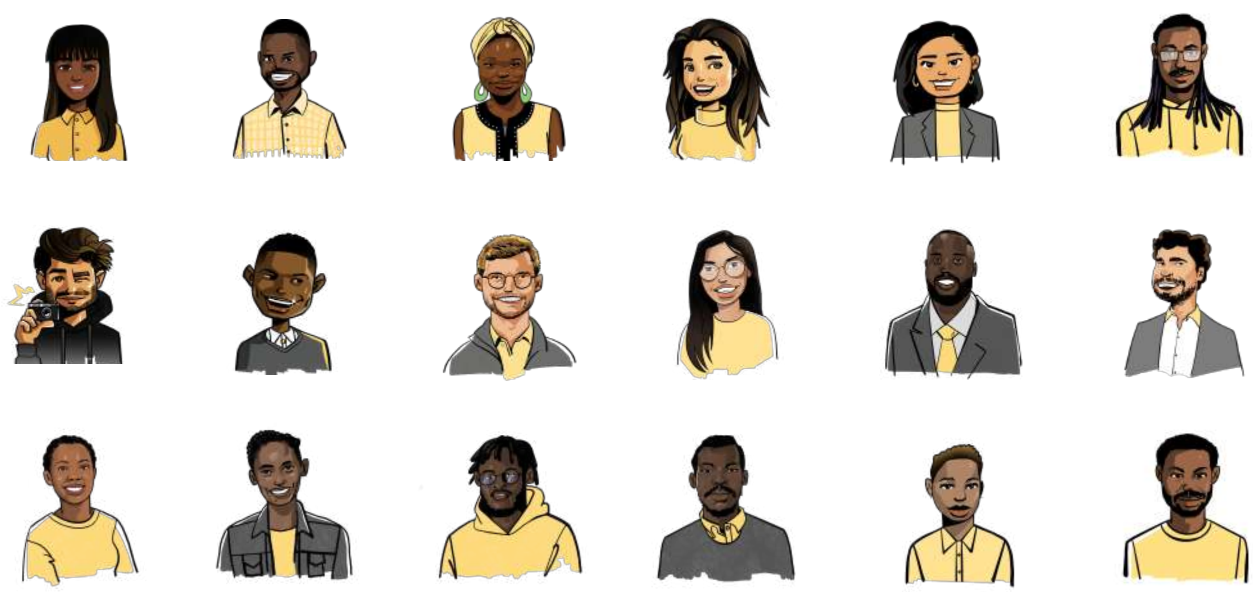
Our flagship product, Briter Intelligence, is a key source for business and investment information across Africa and underserved markets.

The platform is a portal to comprehensive information on companies, investors, enablers and several types of stakeholders across more than 80 industries and 400 verticals, from agriculture to fintech and logistics. Subscribers can dive into more than a decade's worth of data on investments, businesses and investors' profiles, events, and macro indicators.

As we expand our data to new markets and industries, we remain committed to providing regular and up-to-date intelligence on business activities that can inform market analysis, investment pipelines, fundraising journeys, and help track key developments across ecosystems.

Africa Investment Report 2023 is the 4th chapter of our annual publication, and it summarises research and insights from our Intelligence platform, as well as learnings gathered from directly engaging with hundreds of businesses and investors every year.

Our team



Contributors

Investors sharing investment activity data

216 Capital
500
AAIC Asia Africa
ACCION
AFRICINVEST
AgDevCo
algebra ventures
AMV
ANTLER
AUC ANGELS
Baobab NETWORK
beyond capitalventures
Chandaria Capital
Chui Ventures
DFS LAB
Digital Africa
E3 CAPITAL
elea
endeavor
ENYGMA VENTURES
ENZA CAPITAL
FALAK STARTUPS
FINCA Ventures
First Circle
FLAT6LABS
flourish
FOUNDERS FACTORY AFRICA
FrontEnd VENTURES
Future Africa
GRINDSTONE VENTURES
GLOBAL INNOVATION FUND
global. ventures
HAVAÍC
HELIOS DIGITAL VENTURES
IP INVESTISSEURS & PARTENAIRES

Contributors

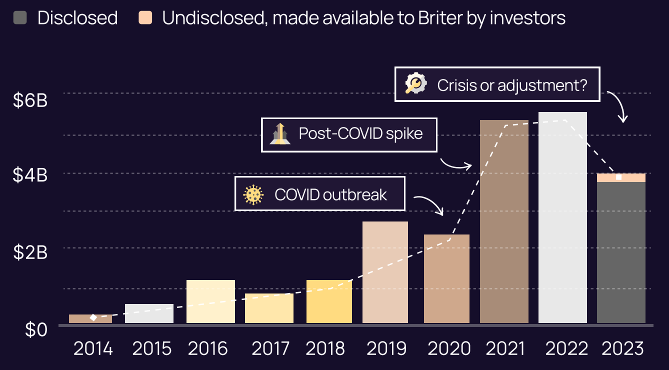
Investors sharing investment activity data

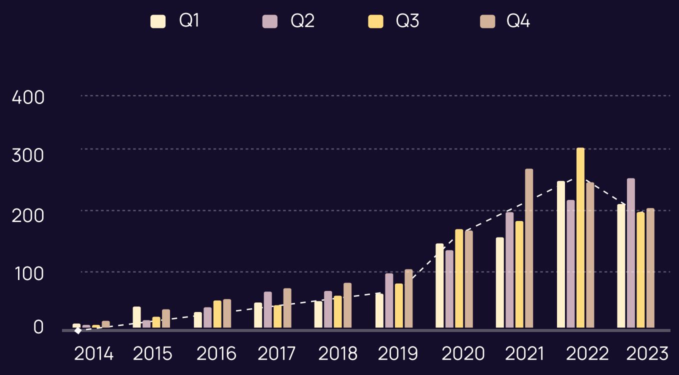
Africa Investment Report 2023

BRITER BRIDGES

$22B Announced deal volume over a **decade** (2014-2023)

SLOWDOWN OR ADJUSTMENT? After a decade of slow but steady rise, with **$18B** raised, African ecosystems after Covid (2021-2022) saw a sudden **funding spike. Growth halted** in **2023** due to factors such as a global venture investment downturn that impacted Africa's access to finance, rising concerns around inflated valuations, businesses' sustainability, and increased due diligence and scrutiny from investors.





10 YEARS IN PERSPECTIVE

2023

Deal volume in USD Incl. undisclosed and acquisitions

4.1B **21%** lower than **$5.2B** raised in **2022**

Deal count Incl. undisclosed and acquisitions

1080+ **11%** higher than 975 in **2022**

Single largest deal in USD

$400M mnt halan

Disclosed deal count to at least 1 female founder

30% **23%** higher than 217 in **2022**

Top funded ventures

mnt halan, HUSK, Zipline, M-KOPA, sunking, spiro, terrapay, Planet42

Top investors and accelerators

Launch Africa, Ventures Platform, algebra ventures, Catalyst Fund, Labs, Kepple Africa Ventures, norrsken22, voltron capital, Grindstone, Baobab, Google for Startups, SBC, Future Africa, Founders Factory Africa, mastercard foundation, 500, Flat6Labs, norrsken accelerator, Catalytic Africa, VISA

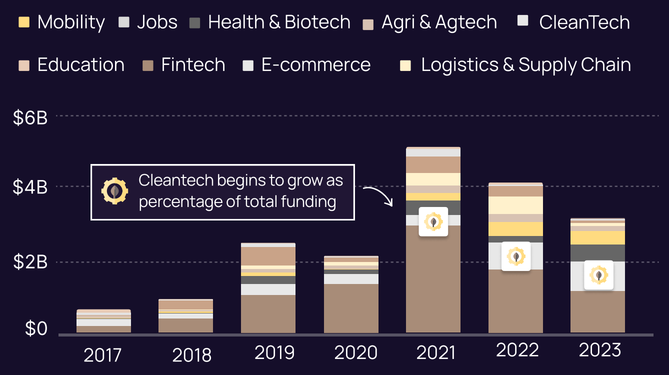
M&A activity

30+ Announced acquisitions

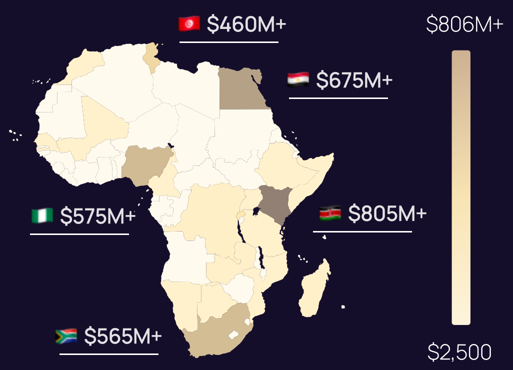
InstaDeep **$440M**

maxab, MaSoKo

30% investments into fintechs but growing **sector diversification**



68% of all funding in **Kenya, Egypt, Nigeria, South Africa**



Notes on the data

All data presented in this report come from Briter Intelligence, drawing on both publicly announced and disclosed deals, tracked and updated weekly by Briter's dedicated data team, and direct engagement with investors and businesses. Secondary sources of data include public directories, media articles, and company announcements, companies' websites, and the figures represent the total amount of funding data accessible to Briter Bridges. To ensure more comprehensive coverage, we also regularly engage key stakeholders active in Africa's innovation ecosystem, such as founders, governments, media, and more. In instances where undisclosed information has been shared, the data was factored into total aggregated numbers in order to retain anonymity.

The data includes two primary stakeholders: investors on the funding side and startups/innovative companies on the receiving end. Our focus in tracking investment flows is on deals directed towards green, digital, and technology-driven companies with core or primary operations across Africa. The geographic distribution is determined by the primary African headquarters of the company, although it's worth noting that some of the companies included in the total are incorporated outside the continent.

This year's report

This year's report is structured across two key chapters: 1) **Reflections on the past decade** and 2) **2023 A Year in Review**. First, we take a retrospective approach, in an effort to present a comprehensive overview of the past decade's investment landscape. By showcasing funding volumes, deal activity, stage composition, and investment types year on year, we aim to unveil long-term trends, fluctuations, and how figures for 2023 fit in the broader context. We explore the factors influencing the slowdown observed in 2023, providing insights into trends within key sectors and geographies.

Turning our focus to the year 2023, we offer a detailed breakdown of the current landscape. The report also features select 'Deep Dives' drawn from recent reports by Briter. These offer the reader the ability to access in-depth insights from our body of publications beyond Africa Investment Report 2023.

Table of contents

Introduction 1

CHAPTER 1: REFLECTIONS ON THE PAST DECADE 2

A ten-year perspective: onwards and upwards 3

Digging deeper into the causes of the slow down 4

Funding the new cycle: early-stage investment activity remains high 4

Shutdowns and layoffs 5

M&A activity: exits, consolidation, and rescues 5

Mega-deals always influence the big numbers 6

Investments saw progressive geographical diversification 7

Diversification is visible 8

Long live fintech, but here come new challengers 9

Deep dive: Read Climate Tech Innovation In Africa Report 10

Deep dive: Explore our recent work in agriculture 11

New financial instruments offer alternative funding avenues 12

Deep dive: Read our Debt Financing in Africa Report 12

CHAPTER 2: 2023 A YEAR IN REVIEW 13

Crisis or adjustment? 14

Early-stage funding shows resilience as late-stage slows down 15

A new cycle: opportunities for early-stage investments 16

Deep dive: Read our Angel Investment Report with ABAN 17

Overseas capital remains critical at growth- and late-stage 18

New funds 19

Where did the money go? A geographical analysis 21

Sector and product analysis: which industries sparked interest? 22

Moving money, moving people, and reducing carbon emissions 23

A closer look at the leading businesses in the ecosystem 24

Normalising M&As 25

Gains in inclusivity remain low but with silver linings 26

CHAPTER 3: LOOKING AHEAD 27

Investors' takes 28

Conclusion 29

BriterEYE 30

Briter Intelligence 31

Introduction

This year's Africa Investment Report 2023 opens, as its predecessor, with a decade-long overview of the investment landscape in Africa, as opposed to diving immediately into the analysis of 2023 data. The report walks the reader through a time-lapse of investment into Africa in an effort to analyse market flows offering alternative perspectives to conclusions that would suggest a market collapse or funding decline, and instead providing a comprehensive contextualisation of the investment landscape.

Crisis or adjustment? 2023 was the first year in over a decade where the amount of investment flowing to Africa's ventures was visibly lower than in previous years. This apparent inversion of a ten-year trend alarmed investors and founders as it came at a time when global venture markets took a hit and thousands of companies were forced to shut down. Several names among the leading African champions of the past few years were impacted in different ways, with dozens of businesses declaring bankruptcy or drastically reducing their size. Yet, most indicators still remain higher than five years ago, offering an positive perspective and indicating a clear long-term upward trend for the ecosystem, despite the short term swings. According to Briter Intelligence data, in 2021 and 2022 represented the years with the highest ever amount of investment injected into ventures the African continent. The ten year time horizon presented in this report shows that there is a relation between the cash bonanza seen after the halt of 2020, when COVID-19 hit, and the substantial rise in valuations and bullish investor behaviour that followed. When markets are cash abundant, investors compete for the best deal and the winners are often those who can afford more expensive deals. This became clear as names such as Tiger Global Management, and Sequoia were often heard in investor circles in Africa.

Therefore, as total figures have historically been heavily influenced by a few, mega deals worth several tens or hundreds of millions led by overseas investors, the slowdown of global venture markets that saw US, British, and Gulf-based investors redirect their focus towards existing portfolios in core markets meant that African beneficiaries paid the price of this retrenchment. This resulted in growth-stage funding drying up and companies that had previously had access to large deals at high valuation being left without any investors willing to write cheques. As a result, unable to fuel fast growth via large ticket backing, several companies were forced to cut their staff or close shop. Not all hope was, however, gone. Investment activity by numbers did not seem to have taken a significant hit, and while growth-stage funding became scarce, several accelerators, angel syndicates, and seed funds continued funding new generations of companies (see Figure 2 on pp. 3)

Dario Giuliani
Founder and Director

Reflections on the last decade

A ten-year perspective: onwards and upwards

$22B Announced deal volume over a **decade** (2014-2023)

The last decade saw investment into ventures operating in Africa virtually go from nothing to a market of between **$2 and $5 billion per year** over the past five years, with hundreds of new companies and investors entering the ecosystem. Briter Intelligence data calculate over **$22 billion** in funding raised in little over a decade. Figure 1 shows annual growth in investment through the decade, revealing an interruption of the upward trend in 2020, due to the COVID-19 outbreak, and the immediate market response during the two following years, when the stacked cash started to become available again and markets rallied. In this context, 2023 was a unique year as it saw a striking reduction in announced capital raised, as this report will explore. However, as Figure 1 and 2 clearly show, both deal activity and value of investments made remain high, and 2023 is still the 3rd most funded year and about twice the average ($2.2 billion) of the past ten years.

Figure 1 I Total funding by USD deal value, 2014 - 2023

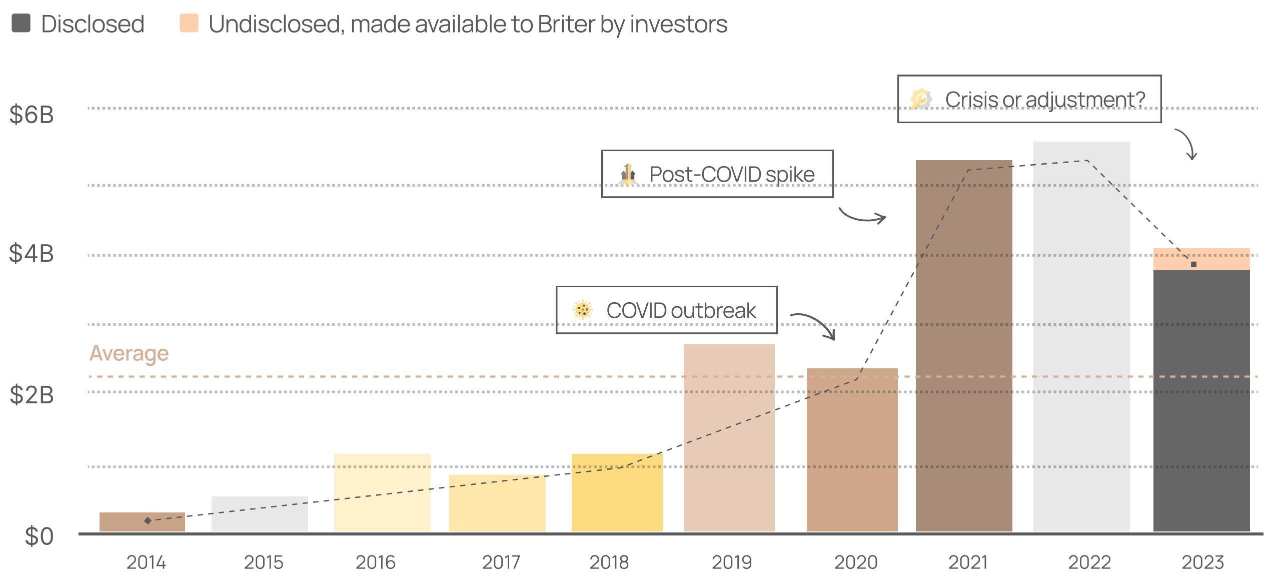
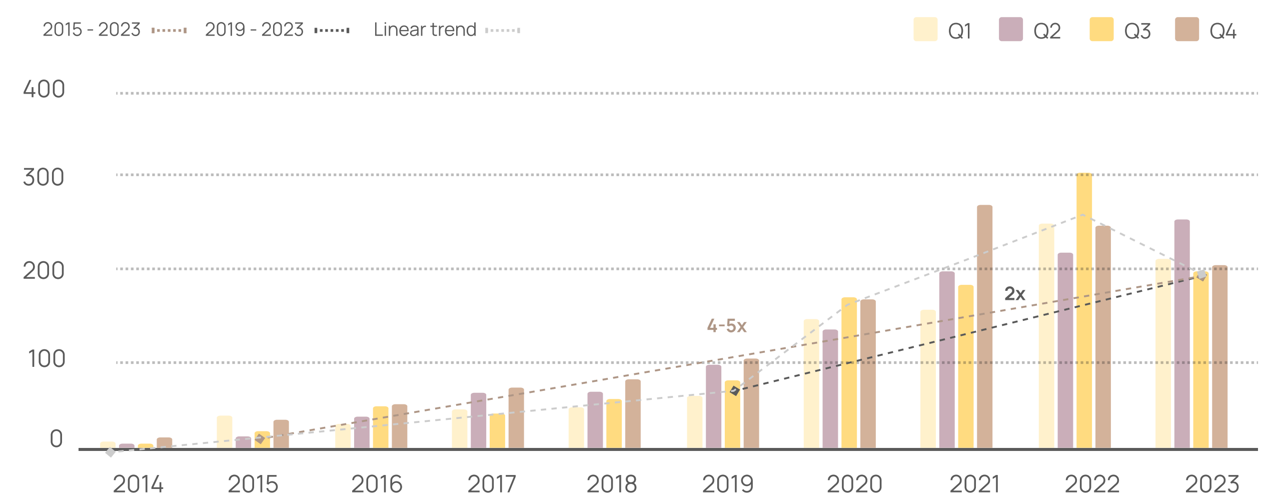


Figure 2 I Number of deals by quarter, 2014 - 2023



BRITER INTELLIGENCE

Digging deeper into the causes of the slow down

Global figures for 2023 show a slow down across all regions that has led to a growing debate on whether venture finance may be experiencing a '**funding winter**'. This report argues that instead of crisis, we may be observing a process of reconfiguration or adjustment, which comes as a consequence of the two cash-abundant years that followed Covid-19, during which valuations skyrocketed and the high liquidity meant that investors had to compete for ever more expensive deals. This process arguably created a generation of overpriced businesses which struggled to find an equally-bullish investor market as soon as the tide turned and capital became less available and more expensive. The result? Many stagnated or were forced to downsize or shut down.

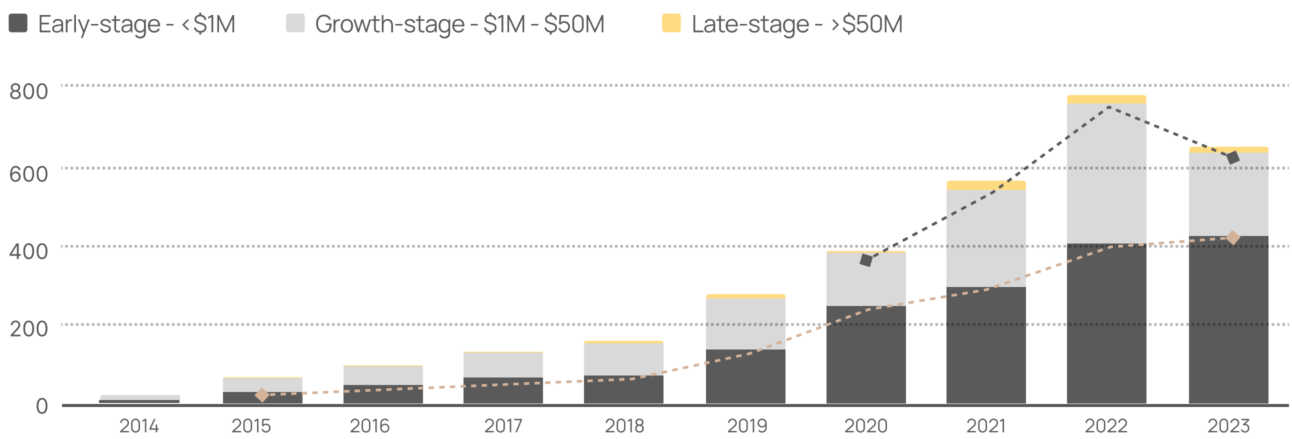
Analysing market bubbles and anomalies such as this one in their broader context is critical because data show that activity remains strong and several new funds are being launched to invest in ventures in Africa. Figure 3 shows a clear contraction at growth- and late-stage, while early stage investment continued to grow. 2021 and 2022 saw the highest spike, but 2023 deal activity by numbers remained strong, second only to 2022. When taking a ten year view, the upward trend is clearly visible and the **investment landscape expanded by multiples** since 2014 across all indicators: dollar value, number of transactions, types of instruments, number and types of investors, as well as sector and geographical diversification.

Funding the new cycle: early-stage investment activity remains high

As shown, the tougher conditions for larger companies did not considerably impact activity at the early-stage, and large cohorts of accelerators and pre-seed and seed funds were announced throughout the year, by both local and international investors. In fact, **early-stage deals hit new records** in 2023 and the contraction largely involved deals above $1 million.

The reduction in mega deals is indeed visible and, as discussed later in the report, many large transactions last year were not pure equity but saw the rise of **alternative financing instruments**, such as debt, as discussed in the Deep Dive on pp. 12.

Figure 3 I Number of deals by stage, 2014 - 2023



Shutdowns and layoffs

One of the most striking consequences of the investment contraction in 2023 was the number of announcements of **companies shutting down** or significantly reducing their growth trajectory, and falling back to their core market or product. According to the website, layoffs.fyi, companies that were forced to downsize and review their cost structure laid over 2500 employees off, including Twiga Foods, Copia, Cellulant, Jumia, Wave, Marketforce, and Renmoney. 2023 also saw many names that characterised the past decade declare bankruptcy or sought asset sale to other peer startups or larger companies, such as the case of Payday and Sky.Garden. Figure 4 includes some of the most notable companies announcing closure last year.

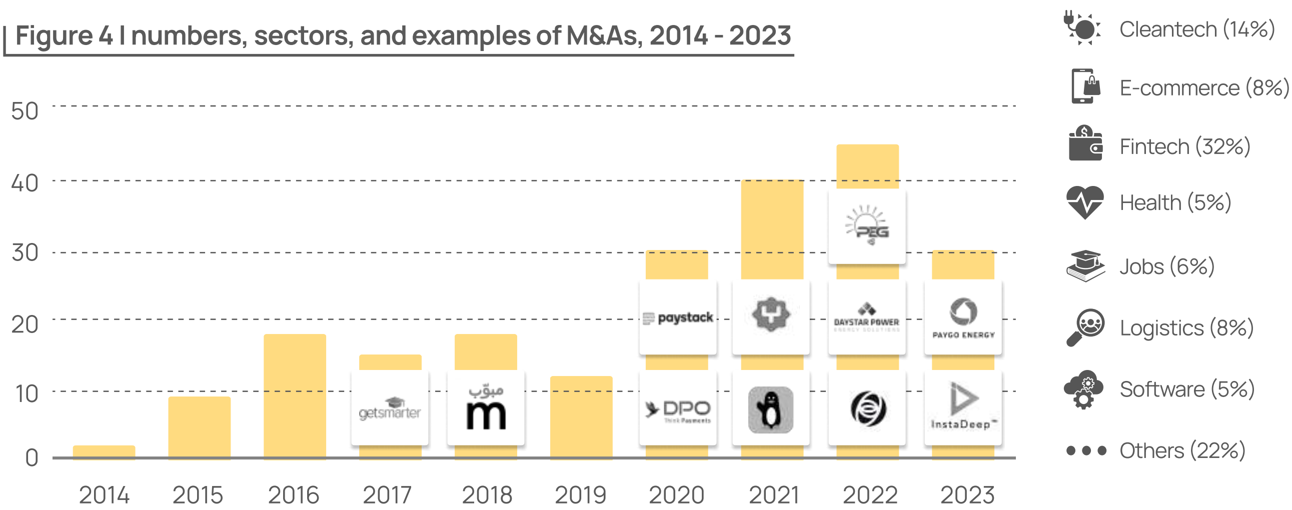
Figure 4 I Shutdowns in 2023

M&A activity: exits, consolidation, and rescues

While public listing remains an aspiration for many entrepreneurs, the scarce IPO activity of the past decade meant that the topic became less common, and acquisitions and mergers have begun taking centre stage. Though success stories are present through the years (See figure 4), acquisitions, for many companies struggling to keep the lights on, sometimes have simply been a synonym for asset liquidation or equity swaps, without much or any cash involved.

Disclosed acquisitions peaked in 2022, reducing in numbers by a third in 2023. Most of the transactions are seen in fintech, reflecting the overall industry preference, but an increasing number of deals are happening in cleantech and healthtech, especially driven by corporate acquisitions, such as the case of Shell acquiring Daystar Power, Circle Gas acquiring KopaGas, as well as BioNTech's latest notable acquisition of Tunisian InstaDeep.

Figure 4 I numbers, sectors, and examples of M&As, 2014 - 2023

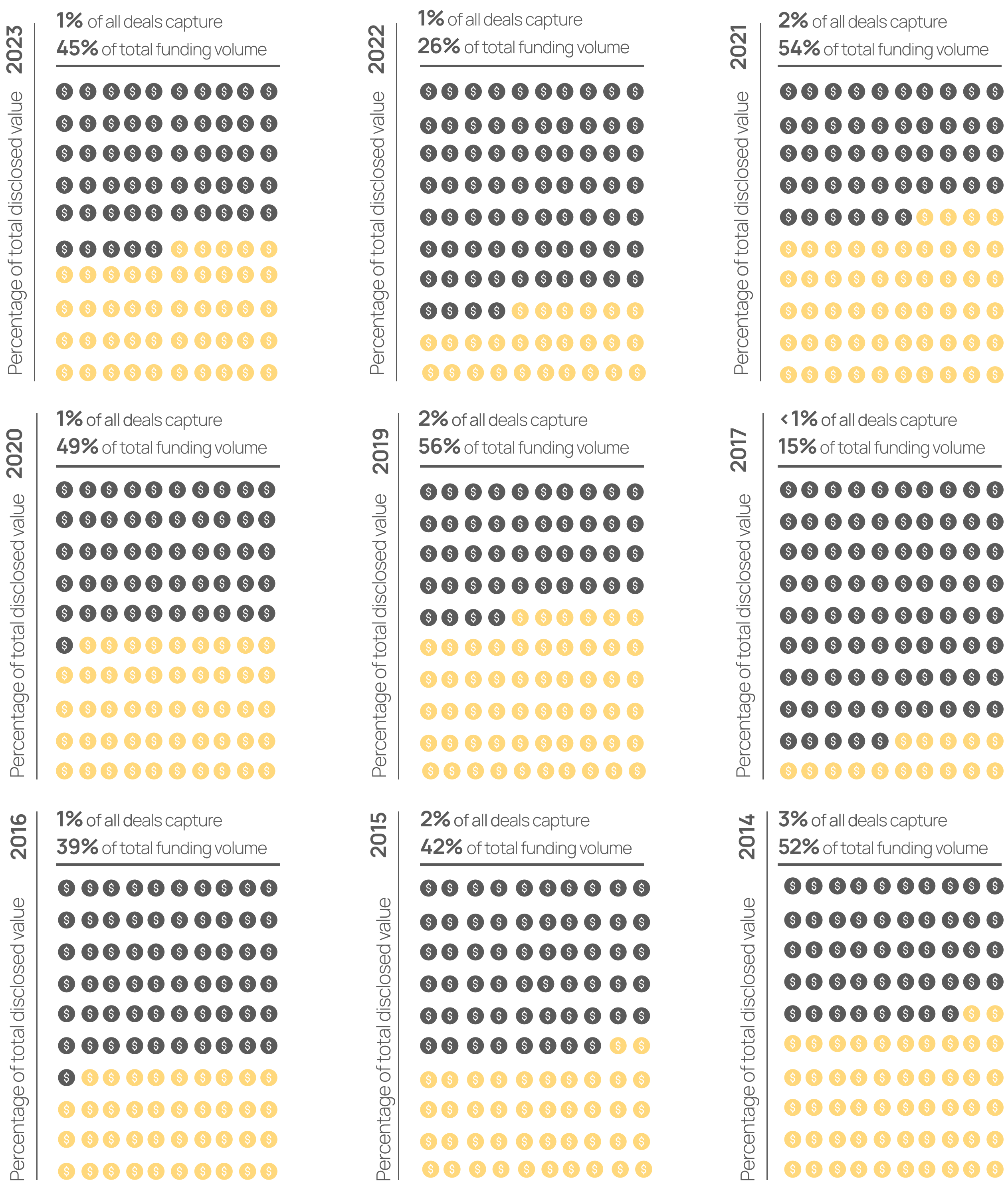


Mega-deals always influence the big numbers

Africa Investment Report 2022 discussed how few mega deals (usually between 1-3% of all disclosed deals), largely led by overseas investors from the US, UK, and the Gulf, tend to capture most of funding every year.

2023 was no exception, but the reduced activity at the late stage resulted in the significantly lower total investment raised ($4B vs $5.2B) compared to the previous years. Page 18 looks at the investors involved in these deals more closely.

Figure 5 I Weight of $100M+ funding on deals volume, 2014 - 2023



No disclosed $100M mega deal in 2018

Investments saw progressive geographical diversification

Investment flows towards the continent's ecosystems have traditionally been heavily polarised towards what has come to be known as the '**Innovation Diamond**', made of Kenya, South Africa, Egypt, and Nigeria. Figure 6 shows how, in the early 2010s, virtually all funding was concentrated in very few countries. Throughout the decade, while these retained their role as leading investment destinations, an increasing number of neighbouring countries began seeing deal activity, making up a '**tier-2**' layer of investable ecosystems, such as Tanzania, Ghana, Côte d'Ivoire, Uganda, Rwanda, Ethiopia, Zambia, Tunisia, and Morocco. Some of the most notable companies of the past decade, such as mPharma, Yassir, Zipline, InstaDeep, and Wave Mobie developed in these 'Tier-2' ecosystems.

Figure 6 I Distribution of funding across different markets

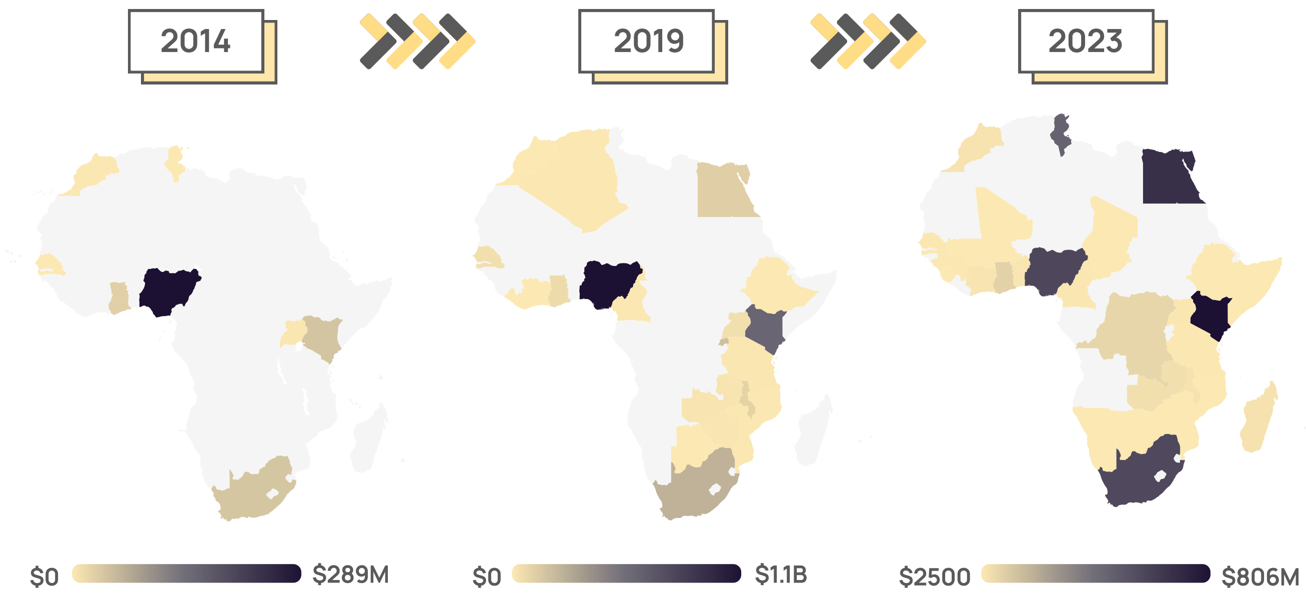


Figure 7 I Leading markets by deals volume, 2014-2023

Nigeria
$6B+ across
1000+ deals

Kenya
$5B+ across
860+ deals

South Africa
$3B+ across
700+ deals

Egypt
$2B+ across
545+ deals

Rwanda
$850M+ across
70+ deals

Ghana
$745M+ across
245+ deals

Figure 8 I Emerging markets by deals volume, 2014-2023

Tunisia
$625M+ across
80+ deals

Mauritius
$535M+ across
45+ deals

Senegal
$410M+ across
45+ deals

Uganda
$195M+ across
45+ deals

Algeria*
$185M+ across
5+ deals

Tanzania
$155M+ across
90+ deals

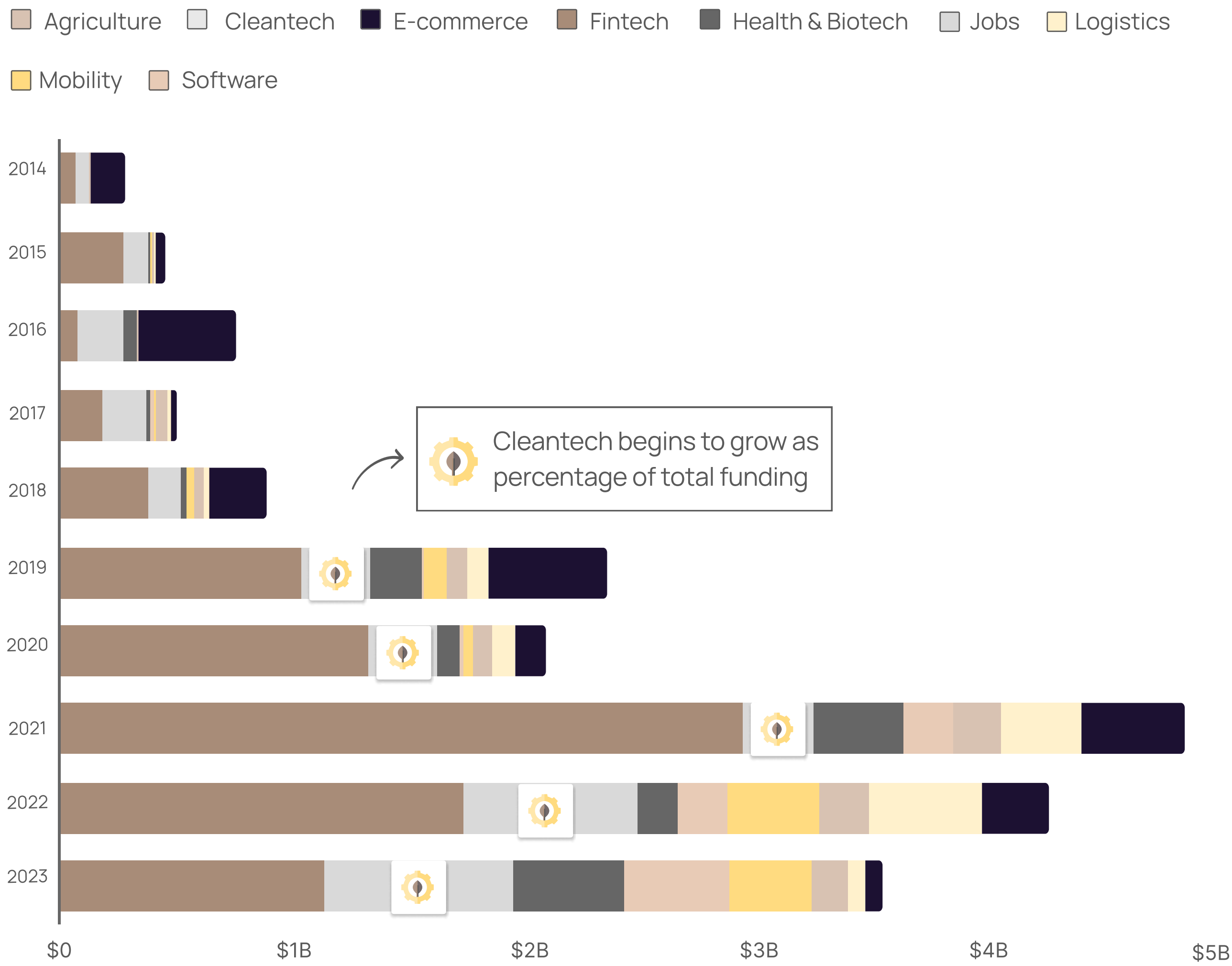
* Largely driven by Yassir's $150 million deal

Diversification is visible

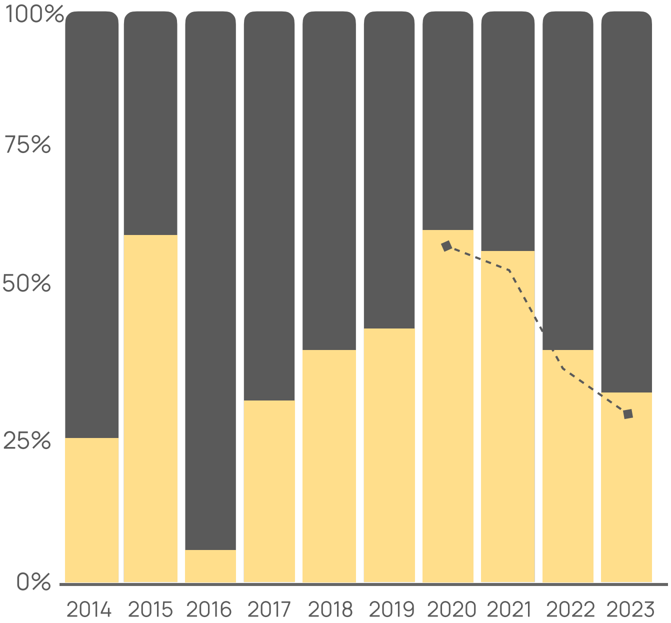
The last few years were characterised by a diversification process that saw sectors such as cleantech, healthcare, and SaaS businesses attract increasingly greater investment. The higher number of growth-stage transactions, such as M-Kopa's $200M, SunKing's $130M and Spiro's $128M rounds is one of the indicators. **Sector specialisation** has become more common and several funds were launched to address industry-specific challenges. While VCs are quickly entering the race to tackle climate change, sectors such as healthtech are still dominated by corporate venture and philanthropic capital. Figure 9 displays some of the leading investors funding cleantech, and Figure 10 shows the progressive growth of these sectors as a percentage of total funding.

Figure 9 I Cleantech funds in Africa

Figure 10 I Key sector breakdown by deals volume, 2014-2023

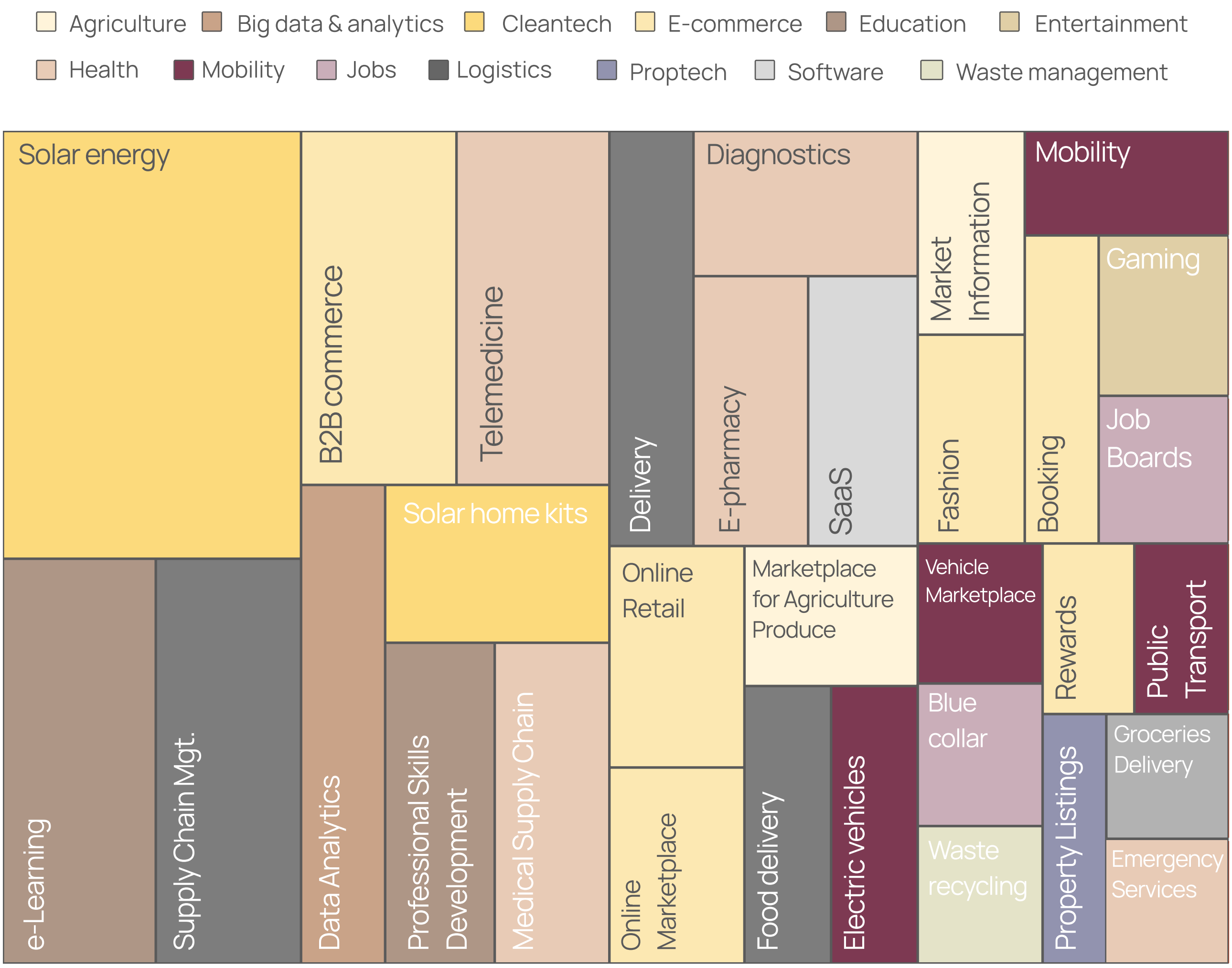


Long live fintech, but here come new challengers



Fintech has been the most frequent recipient of funding over the past couple of decades, capturing the largest acquisitions and deals. Since 2020, this trend started to change, driven by a greater diversification towards cleantech, logistics, and healthcare. Yet, reality is not as simple. Several companies in these sectors kept fundraising to grow **adjacent products** like embedded finance solutions, such as Pay-As-You-Go, asset finance, and lending. What does this mean? This can have implications from a methodological standpoint. Should all this funding still be categorised as fintech and embedded finance?

Figure 11 I Key non-fintech product breakdown by deals volume, 2014-2023

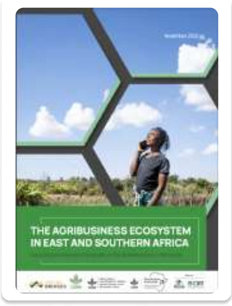


Deep dive: Explore our recent work in agriculture

At a glance: investment & innovation in Africa's agtech industry

Exploring the state of the agtech innovation and investment landscape across Africa from Briter Intelligence.

DOWNLOAD HERE



The agribusiness ecosystem in East and Southern Africa

Briter partnered with CGIAR to conduct a study that mapped players in the agtech ecosystem, assessing challenges, opportunities, and the role of synergies.

DOWNLOAD HERE

Innovating Food Systems in East Africa

A report developed in partnership with the World Food Programme, exploring the state of the agtech ecosystem in countries across East Africa.

DOWNLOAD HERE

Connect. Convene. Facilitate. Scale.

Briter partnered with ILRI as part of the Ukama Ustawi initiative to map and analyse the agribusiness support ecosystem in East and Southern Africa.

DOWNLOAD HERE

Partners

CGIAR · ILRI International Livestock Research Institute · WFP World Food Programme · eit Climate-KIC · giz · Bill & Melinda Gates foundation · Foreign, Commonwealth & Development Office

AgBase

LEARN MORE

Welcome to AgBase!

A multi-year and multi-million dollar programme hosted by **Briter Bridges** and **Mercy Corps** and funded by **Bill and Melinda Gates Foundation** and **FCDO**. AgBase aims to increase investment and innovation in foodtech and agtech ecosystems in emerging markets through the development, incubation and scaling of a sustainable and impactful business intelligence and data platform that connects investors and innovators to information, research, and market insights.

Deep dive: Read Climate Tech Innovation In Africa Report

Partners

Contributors

The agri- and climate tech industry are two of the fastest growing in Africa. Not only has the number and range of solutions increased in these sectors, but the type and availability of investment have expanded. One of the key drivers has been of the rise of dedicated funds that stem from global private and public agendas aiming to meet the Sustainable Development Goals (SDGs) by 2030.

Briter Intelligence counts more than five hundred start-ups operating across Africa in the climate tech space, operating across thirty five areas or products. Beyond startups and larger corporate organisations, the private sector is contributing to a significant share of commercial energy generation and infrastructure development in Africa. Between 2014 and 2023, climate start-ups in Africa cumulatively raised just over $4b in disclosed funding, growing from the figure found at the time of publication in September 2022.

Given the focus on a low-carbon transition, most climate tech solutions identified are in the renewable energy space. Other sectors, such as sustainable agriculture and agritech, waste management and circular economy products, electric mobility, and smart living, are relevant as the innovative solutions offered in these sectors also directly or indirectly contribute to mitigating or adapting to climate change.

A notable characteristic of many of the investors that are active in the climate tech space is having an impact- or environment focused mandate. These mandates span a range of investor types ranging from hubs to venture capitalists (VC), DFIs, corporate venture arms, and private foundations.

DOWNLOAD HERE

New financial instruments offer alternative funding avenues

As the investment landscape matures, so does the conversation on the appropriate financial instruments needed at different stages of a company's journey, as well as what type of financing different needs would require. **Debt financing** (see Deep Dive box for our recent report) has begun being adopted by investors as one of the go-to instruments to fund companies that present proven business models and the ability to repay their debt through revenues.

Figure 12 I Funding value by instrument, 2014-2023

Only key deal types are included in the analysis, disclosed deals only

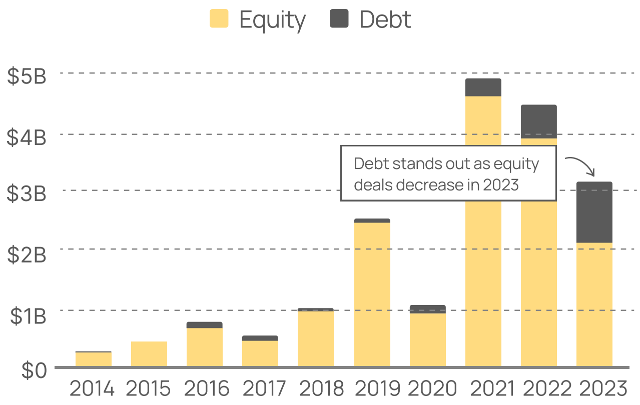


Figure 13 I Examples of debt financing deals by sector

Cleantech
SHS, PAYG

FMCG & logistics
Supply chain

Mobility
Electric Vehicles

Fintech
Asset finance, BNPL

Health
Medical supply chain

mPharma

Agtech
Agri equipment

Deep dive: Read our Debt Financing in Africa Report

Contributors

AgDevCo, AHL Venture Partners, Chandaria Capital, Lendable, responsAbility, symbiotics, iungo capital

DOWNLOAD HERE

Over the past ten years, more than **$2 billion** in disclosed debt funding has been raised by digital, technology-enabled, and green companies in Africa from more than 140 funders for a total of more than 200 deals.

This accounts for about 10% of the total funding raised over this period in Africa. Similar to equity, more than three-quarters of debt funding has gone to Nigeria, Kenya, Egypt and South Africa. Unlike with equity, the majority of debt funding is flowing to companies with collateral. Nearly 75% of debt funding has gone to asset-heavy businesses in cleantech, mobility, agriculture and logistics. Nearly half of all disclosed debt funding went to cleantech companies. The exception is fintech and digital lending. Fintech accounted for around 20% of the total disclosed debt funding. The majority of this went into digital lending products where startups can use their existing loan books as collateral.

2023:
A year in review

Crisis or adjustment?

Deal volume in USD Incl. undisclosed and acquisitions

4B 23% lower than $5.2B raised in **2022**

Deal count Incl. undisclosed and acquisitions

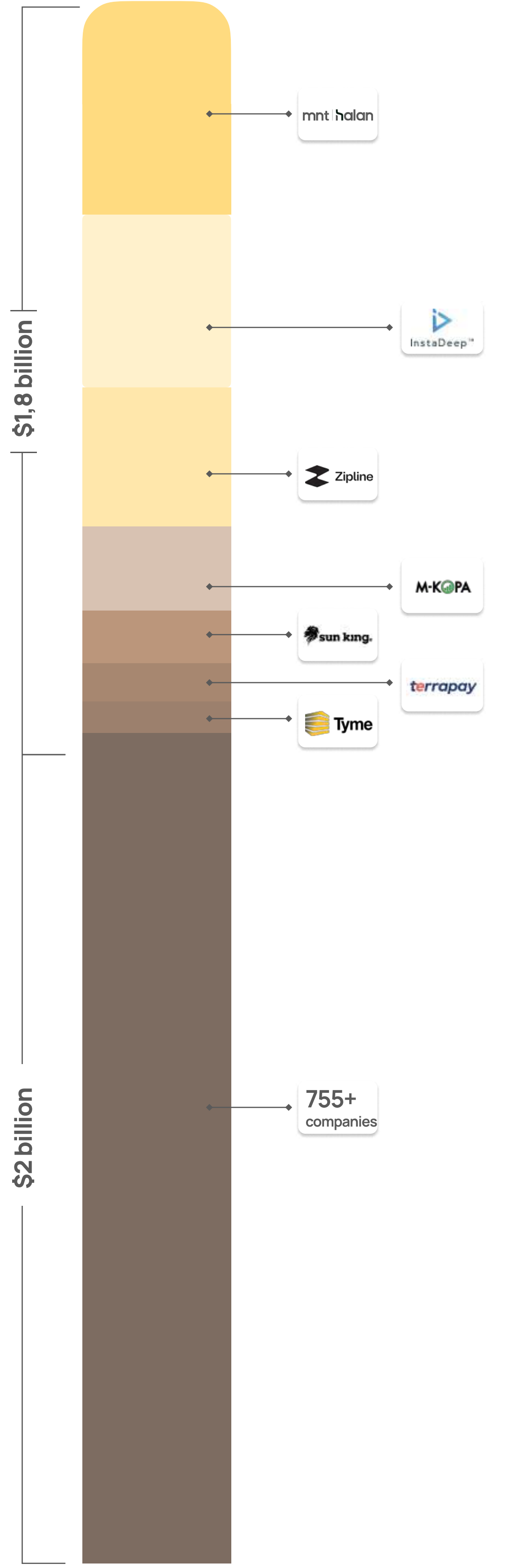
1080+ 11% higher than 975 in **2022**

Mega deals Incl. undisclosed and acquisitions

45% of funding captured by 7 companies (1%)

Data from Briter Intelligence and information shared by dozens of investors for the purpose of this report show that **$4 billion** was raised in 2023, about a fifth less than the amount of 2022. Of this, **1%** of all funded companies (based on disclosed deals alone) captured **45%** of all funding. These include usual suspects that have built a name across the continent's ecosystems throughout the past decade: MNT-Halan, M-Kopa, SunKing, and Zipline. On the other hand. **99%**, or **755+** companies captured about **$2 billion in** disclosed funding and **220+** companies announced their deals but never disclosed the amount. Figure 3 showed that early-stage activity dominated the funding landscape in 2023 as later-stage deals suffered a slow down that involved Africa and the global investment space. When analysing funding flows to Africa's ecosystems, it is critical to separate money value and activity volumes. Dollar value figures are important as they inform about the size of the investment, but they are highly skewed towards large deals, and they do not tell much about the **reach and distribution** of this capital.

Figure 14 I Share of top funded startups, 2023



Early-stage funding shows resilience as late-stage slows down

One of the key messages of this report purports that deal activity remained **stable and still well above pre-Covid volumes**, with the majority of disclosed investments happening at the pre-seed, accelerator, and early-stage. This was influenced by the rise of several new vehicles. Both international accelerators such as Techstars and 500 Global and Africa-focused Founders Factory Africa and Flat6Labs remained active with fresh capital raised to fund large cohorts.

Figure 15 I Total deals count by stages in 2023

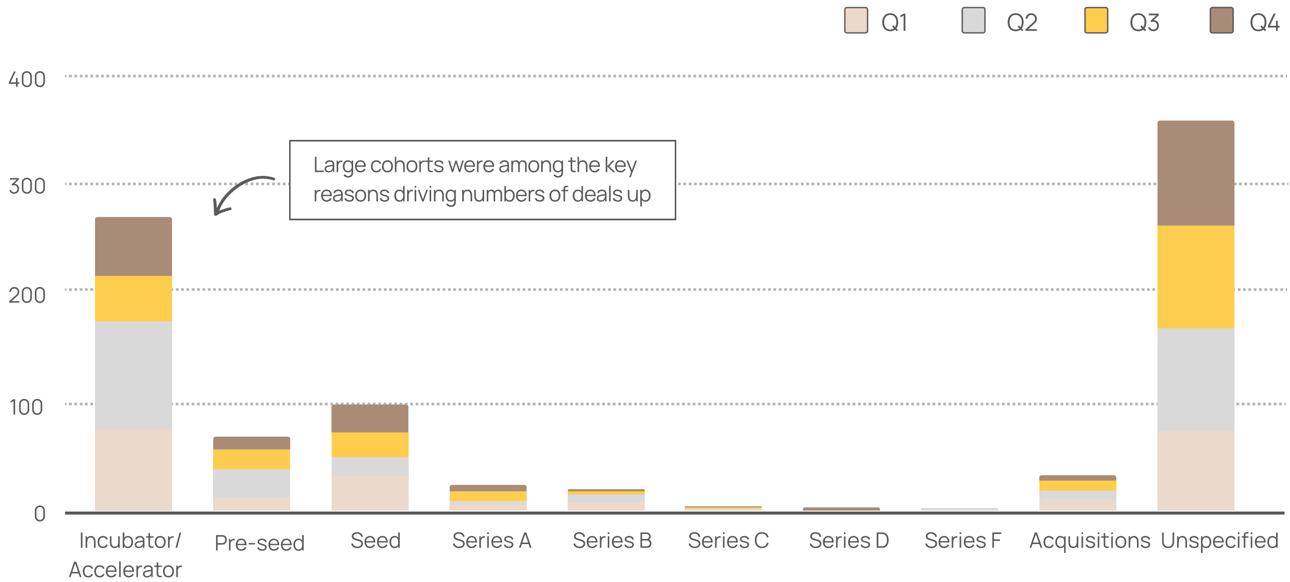
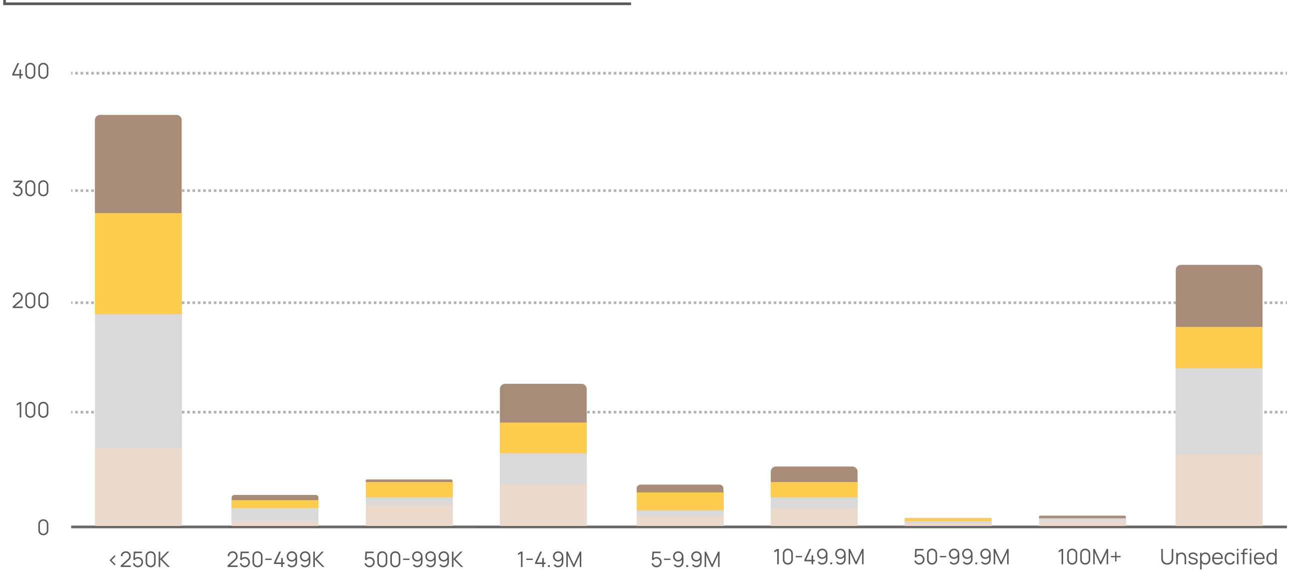


Figure 16 I Total deals count by ticket sizes in 2023



A new cycle: opportunities for early-stage investments

2023 was the year where early-stage investment saw a strong, new cycle, propelled by the presence of several accelerators, angel activity, and pre-seed funds. **More than 50%** of all disclosed deals were in fact under the **$250,000 mark**. Table 1 below shows some of the leading organisations funding early-stage companies. A striking aspect of this trend is the diversity of these funders.

From corporate accelerators such as Google for Startups to corporate foundations, e.g. Bill & Melinda Gates and Mastercard Foundation, on through humanitarian organisations such as UNICEF Startup Lab, and private entities of the like of the Baobab Network, the landscape has become highly vibrant.

Table 1 I List of early-stage investors and portfolio sample

INVESTOR NAME	INVESTOR TYPE	PORTFOLIO	
Google for Startups	Accelerator	RAENEST, ilkoma health, CHARGEL	20+
Bill & Melinda Gates	Foundation	wellahealth, BENECARE, Famasi.	20+
Arm Labs	Accelerator	swoove, GetEquity, CDcare	20+
UNICEF Startup Lab	Accelerator	Ako Fresh, Jowato, GAPhealth	15+
SAB Foundation	Foundation	SONKE, XHUMA	15+
Mastercard Foundation	Foundation	SCHOOLINKA, KUNDA KIDS	10+
Startupbootcamp	Accelerator	oonema, SAFETRACK	10+
World Bank	DFIs	abela, bento	10+
NSIA Prize for Innovation	Award/Prize	CreditChek, vella	10+
Catalyst Fund	Fund	SAND TO GREEN, Agro Supply	10+
Baobab Network	Accelerator	pocket food, AFRIGILITY	8+
develoPP Ventures	Fund	built	8+

Deep dive: read our Angel Report

Partners

ABAN african business angel network

African Angel Academy

Ministry of Foreign Affairs

Based on previous angel studies by ABAN, and in recent years, reports developed with the support of Briter Bridges and African Angel Academy (AAA), a clear and consistent picture of the composition and activities of angel investors has emerged. It shows that the angel investment landscape in Africa is evolving with a new crop of diverse angels and investment vehicle types playing an important role in accelerating entrepreneurship on the continent.

Estimates from ABAN's network of angels indicate that 2058 angel investors invested more than **$22.5m across 408 deals, out of 5,743 applications received**, at an average ticket size of $55.2k in the first and second quarter of 2023. Angels are increasingly playing a crucial source of capital for entrepreneurs, especially at the early stages.

Findings from the 2023 Angel Investment Survey reveal that angel investors in Africa are high net-worth individuals and professionals that are playing an active role in offering financial and non-financial support to drive job creation. catalyse innovation in Africa. Angels determine their investment strategies in startups based on the value that they can provide and gain. For example, the majority of surveyed angels prefer to invest in startups at the idea phase or the pre-product market fit stage, where they can help them to build solutions that people need. Angels are also increasingly focusing on specific sectors they know well or care deeply about.

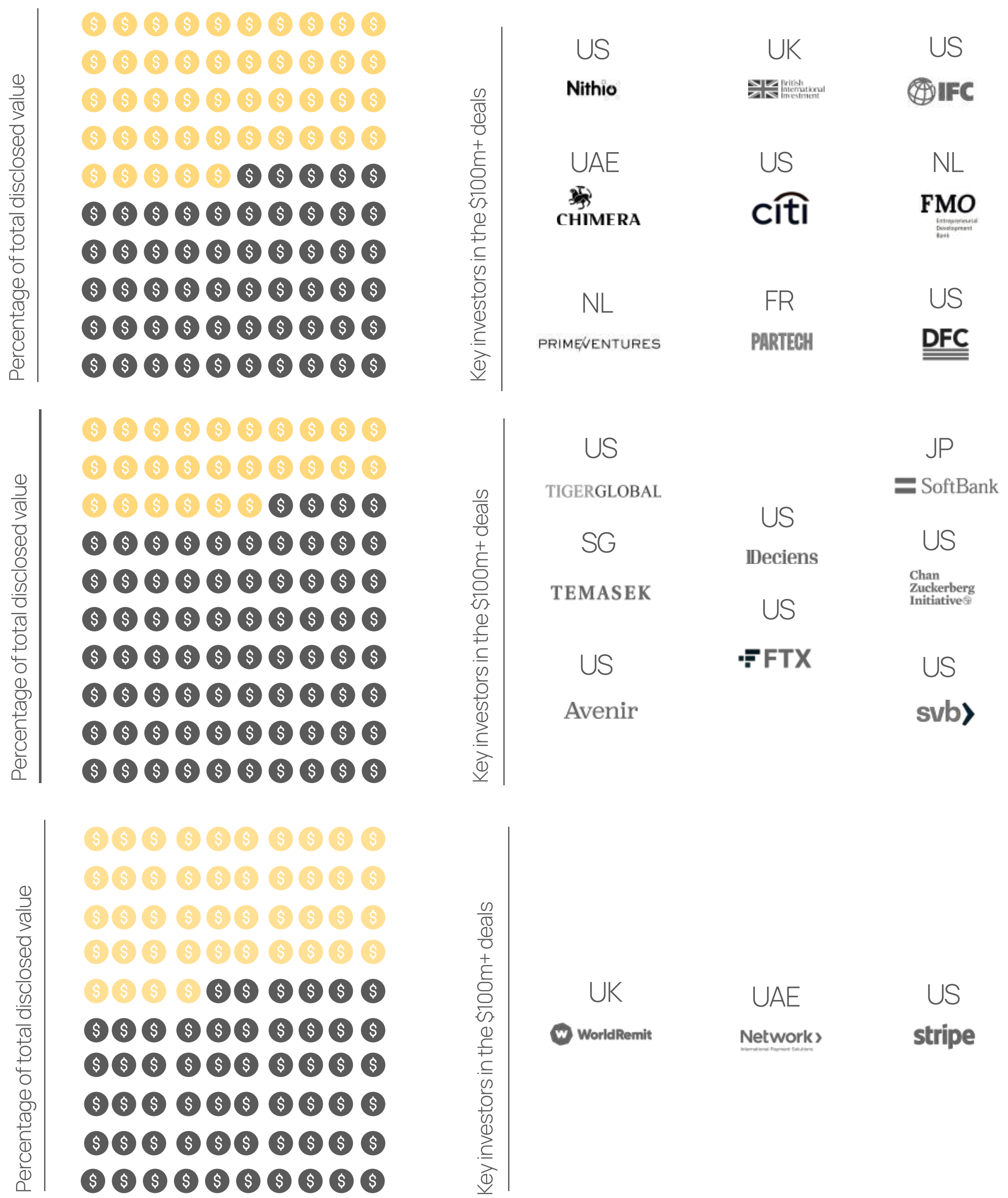
Angels face numerous challenges, with one of the foremost being the limited existence of mature startup ecosystems in Africa. As they become more experienced, angels are adopting strategies to manage risks, such as opting for safer investments and diversifying their portfolio. Angels have also developed strategies to realise a return on their investment, including building a pipeline of startups for late-stage investors.

DOWNLOAD HERE

Overseas capital remains critical at growth- and late-stage

American, British, and Gulf-based funds have played a key role in boosting Africa's late-stage investment landscape throughout the past decade, but 2023 stood out as a year where public investors and Development Finance Institutions (DFIs) became an essential lifeline for growth rounds. Most deals above $50 million often included a mixture of DFIs, state or private banks, corporations, conglomerates, or foundations. Figure 17 below explores the weight mega deals had on the overall funding over the past three years, and provides examples of key investors.

Figure 17 I weight of mega deals to total funding in 2023



BRITER INTELLIGENCE

New funds

In 2023, Africa's venture capital and private equity fund managers secured at **$2.4b** across **43 deals in disclosed fundraising exercises**, increasing the cash available for early and growth stage startups on the continent. The largest volume and number of fund deals were captured by South Africa, followed by the United States of America, the United Kingdom, France, and Kenya.

While some funds aim to target startups and SMEs in specific stages, sectors, and regions with their fundraise, others plan to take an agnostic approach to investing. The leading limited partners that invested in the funds include IFC, FMO, DFC, Rand Merchant Bank, and Proparco.

Table 2 I List of funds launched, partly-raised, and closed

Fund Name/Manager	HQ Country	Size (million)	Status*
AAIC Investment	Singapore	$87.0	Fundraised
AfricaGoGreen Fund (AGGF)	UK	$87.0	Closed
African Development Bank	Côte d'Ivoire	$50.0	Fundraised
AfricInvest	Tunisia	$54.5	Closed
Alterra Capital Partners	Mauritius	$140.0	Closed
BluePeak Private Capital	UK	$156.0	Closed
Camco	UK	$50.0	Fundraised
Capria Ventures	USA	$100.0	Fundraised
Catalyst Fund	Kenya	$8.6	Closed
Chui Ventures	Kenya	$9.0	Fundraised
Comoé Capital	Côte d'Ivoire		Fundraised
Convergence Partners	South Africa	$296.0	Closed
Disruptech Ventures	Egypt	$36.0	Fundraised
E4E Africa	South Africa	$30.0	Fundraised
Enable Capital	South Africa	$10.9	Fundraised
Enza Capital	Kenya	$58.0	Closed
Founders Factory Africa	South Africa	$114.0	Closed
Gaia Impact and Capital Croissance	France	$42.0	Fundraised
Goodwell Investments and Alitheia Capital		$60.0	Closed
Incofin Investment Management	Belgium		Fundraised
Joliba Capital	Côte d'Ivoire	$59.0	Closed
Knife Capital	South Africa	$50.0	Closed

New funds II

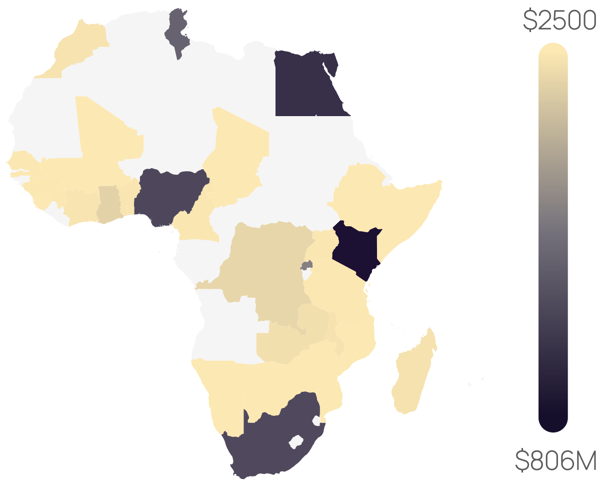
Fund Name/Manager	HQ Country	Size (million)	Status*
Leapfrog Investments	UK	$110.0	Fundraised
Lendable	Luxembourg	$110.0	Fundraised
MCE Social Capital	USA	$41.6	Closed
Medin Fund Management Company	Tunisia	$10.0	Fundraised
Mediterrania Capital Partners	Malta		Closed
Norrsken22	Rwanda	$205.0	Closed
Novastar Ventures	UK	$200.0	Fundraised
P1 Ventures	USA	$25.0	Closed
Partech	USA	$263.0	Closed
REdimension Capital	South Africa	$10.0	Closed
RGREEN INVEST and ECHOSYS INVEST	France	$92.6	Closed
Sanari Capital	South Africa	$65.0	Closed
Saviu Ventures	France	$13.0	Closed
Secha Capital	South Africa	$15.8	Closed
Shuraako	Somalia	$5.0	Fundraised
SME Impact Fund	Tanzania	$8.0	Fundraised
Sony Ventures	Japan	$10.0	Fundraised
Startup Wise Guys (SWG)	Estonia	$26.7	Closed
The SA SME Fund	South Africa	$30.0	Closed
Triple Jump	Netherlands	$125.0	Closed
Verod-Kepple Africa Partners (VKAP)	Nigeria	$43.0	Closed
Verod-Kepple Africa Partners (VKAP)	Nigeria	$10.0	Fundraised
VestedWorld	USA	$10.0	Fundraised
WIC Capital	Senegal	$1.0	Fundraised

- Funds labeled as "fundraised" secured investments but may not have concluded the entire fundraising process
- Funds labeled as “closed” had a partial or full close

Where did the money go? A geographical analysis

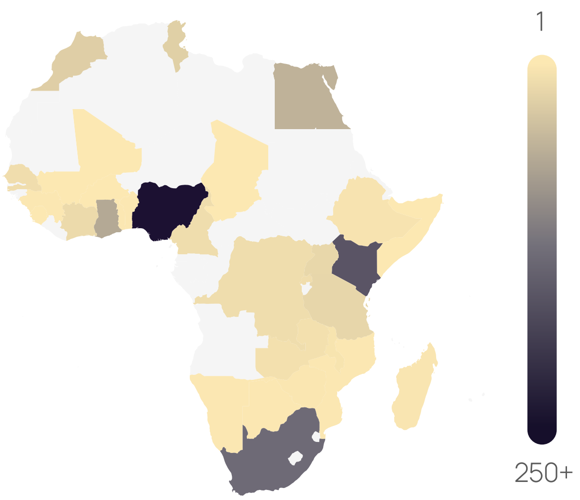
The top four markets, Kenya, Nigeria, South Africa, and Egypt continue have continued to solidify their position as the lead destinations for funding, especially as they increasingly act as regional headquarters for companies expanding towards neighbouring countries. However several other locations are emerging as hot spots for funding, largely driven by a few mega deals or new investors focusing on new geographies. Among these, Tunisia and Rwanda have been quickly catching up to funding volumes received by the 'Big Four', largely led by a few mammoth-size deals into companies like Zipline and InstaDeep.

Figure 18 I Total funding by markets in 2023



Big Four markets	Emerging ecosystems
$806M+	$460M+
$675M+	$350M+
$575M+	$125M+
$565M+	$70M+

Figure 19 I Total deals count by markets in 2023



Big Four markets	Emerging ecosystems
250+	55+
160+	25+
130+	15+
65+	15+

Sector and product analysis: which industries sparked interest?

Fintech captured about **25%** of deals in 2023 but, as observed, the wave of diversification driven by the launch of several sector-specific funds, continued and led to the surge in areas such as health and biotech, climate and cleantech, and logistics.

In addition to this, the growth in corporate venture and M&A has seen significant activity in the cleantech space, with players such as Mitsui, Mitsubishi, Shell, Circle Gas investing or acquiring African companies in this sector.

Figure 20 I Key sector breakdown by deals count in 2023

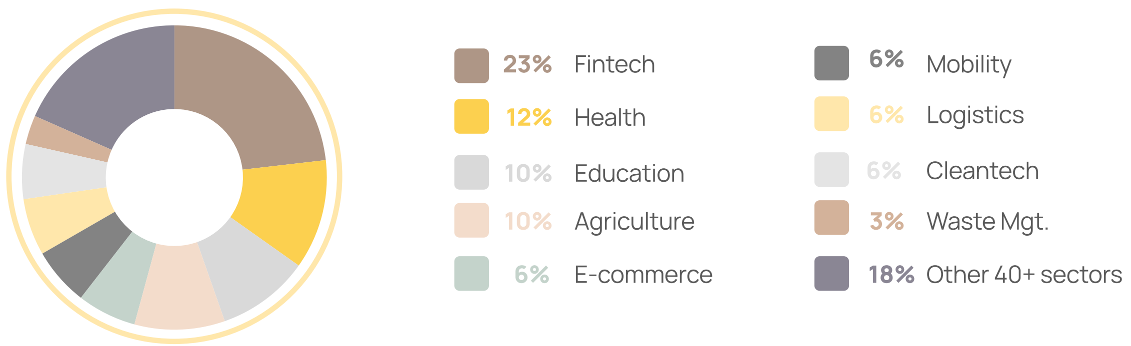
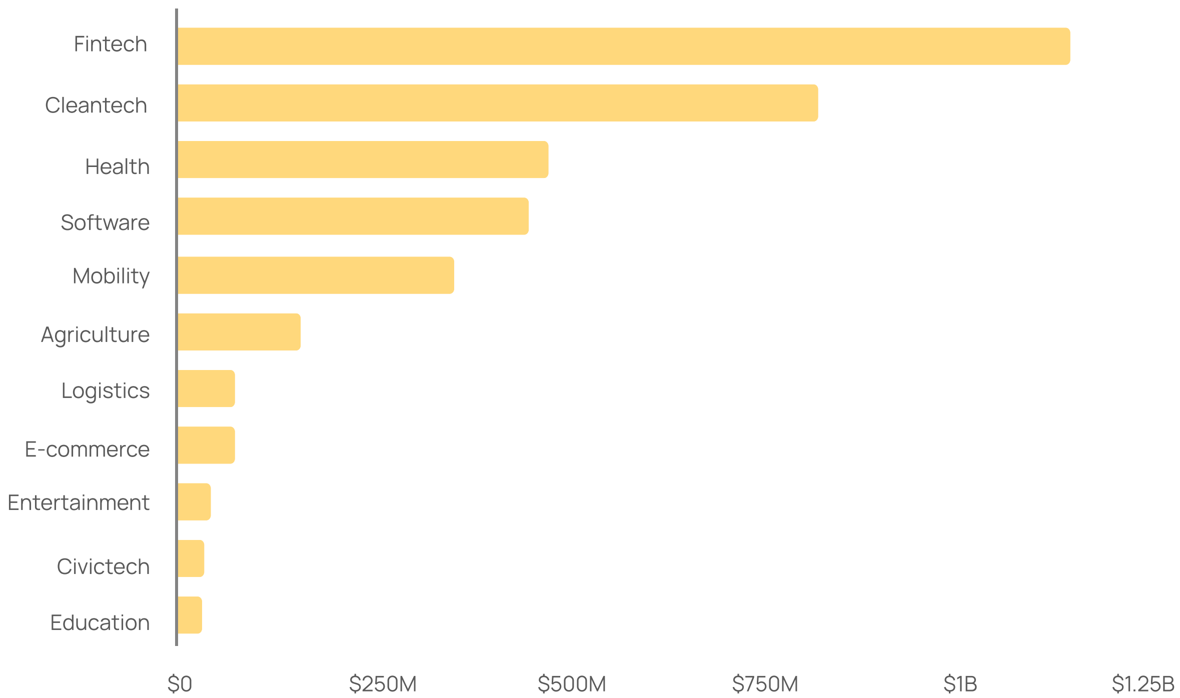


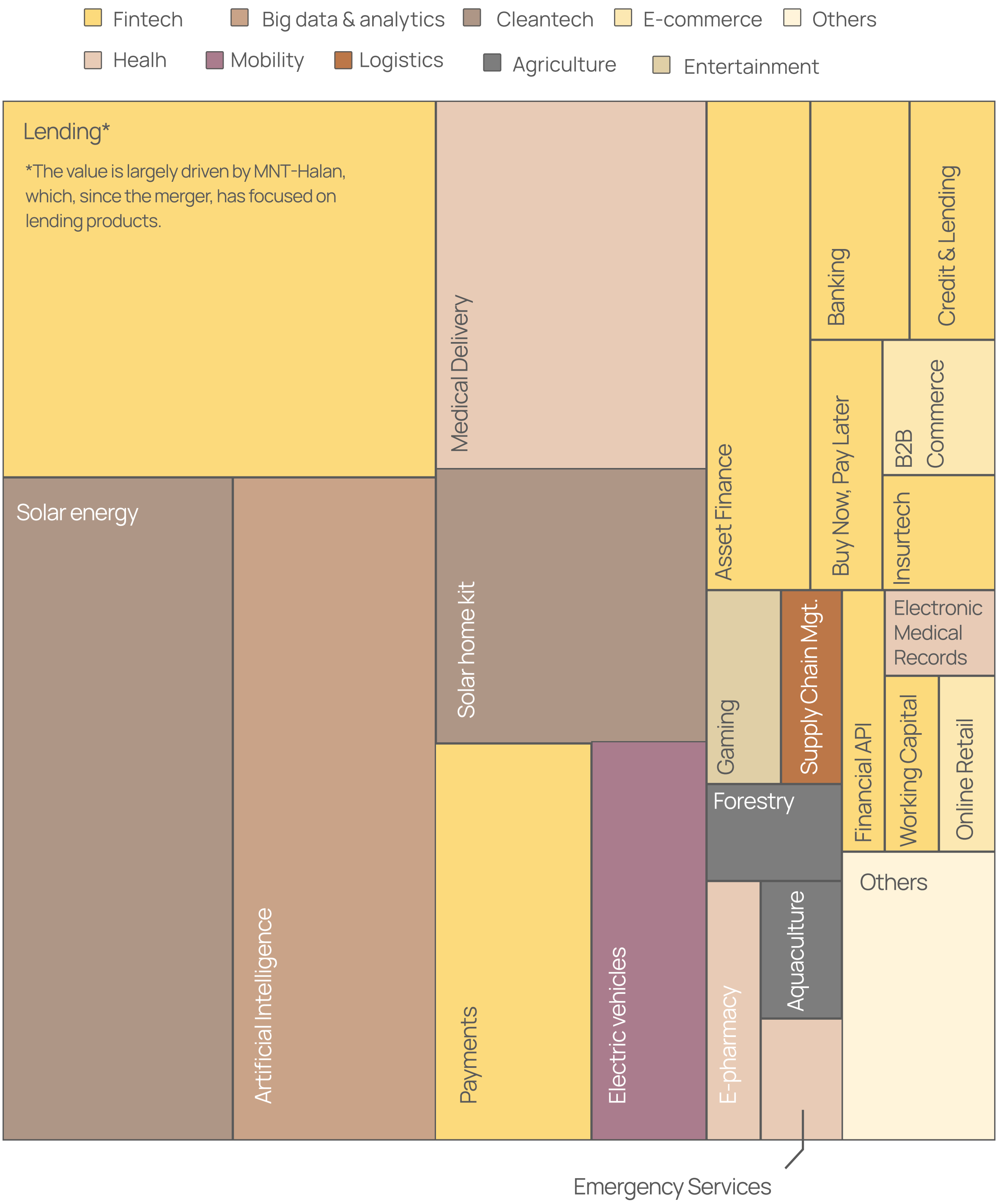
Figure 21 I Key sector breakdown by total funding in 2023



Moving money, moving people, and reducing carbon emissions

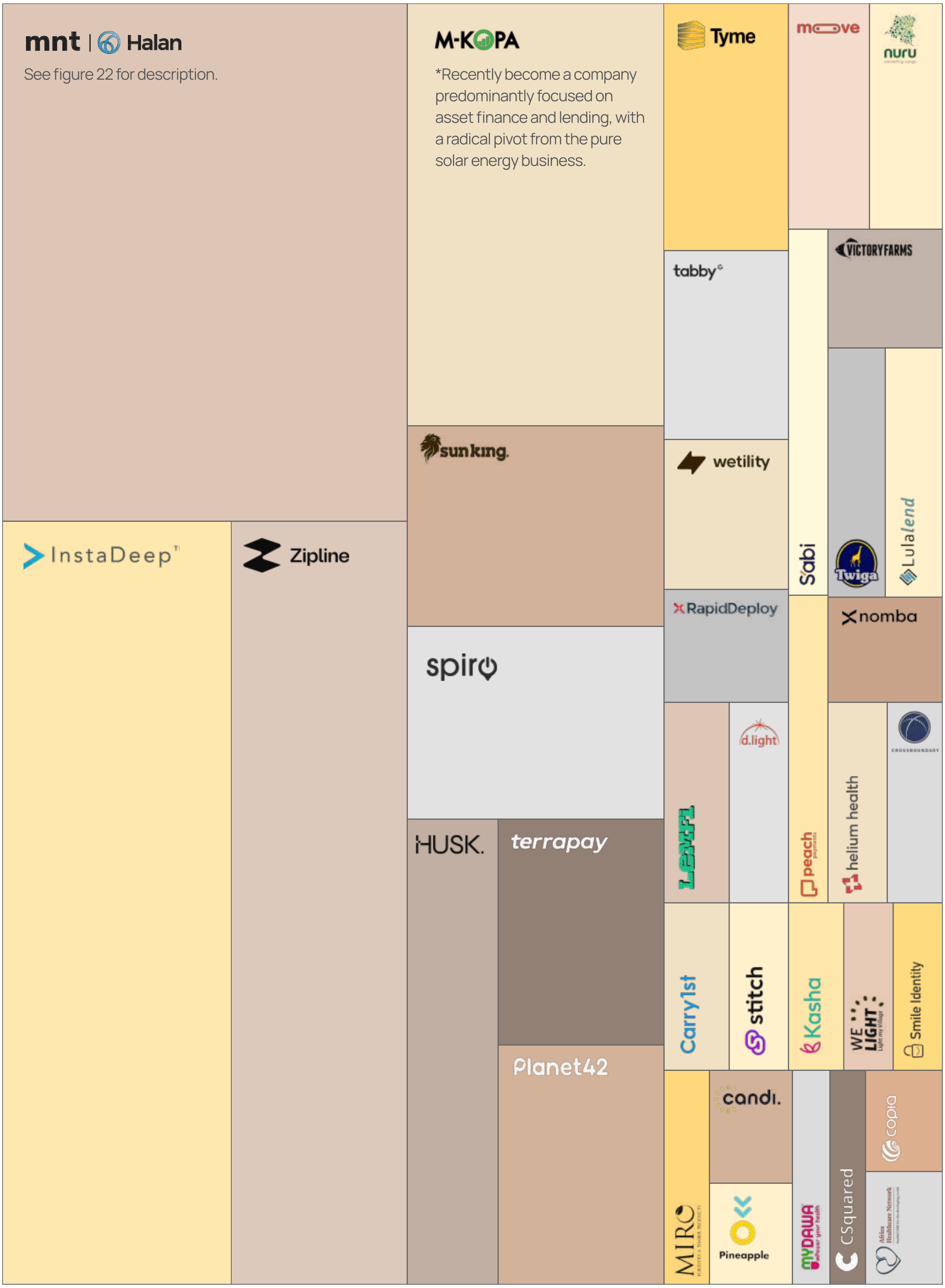
Due to the size of a few deals, the total dollar value seems to be skewed towards 1) lending, 2) solar energy and solar home kits, 3) medical supply chain and delivery, and 3) artificial intelligence. These are **four clear deals**: MNT-Halan, SunKing, Zipline, and InstaDeep. Yet, it is very important to acknowledge the emergence of verticals such as electric vehicles (EV), forestry, asset finance and gaming. Products such as buy now, pay later peaked over the past couple of years but are now undergoing adjustment as they were for a long time the drivers of mega deals.

Figure 22 I Key product breakdown by total funding in 2023



A closer look at the leading business in the ecosystem

Figure 23 I Companies with funding volume of $20M+ in 2023



BRITER INTELLIGENCE

Normalising M&As and the future of exits

Just over **30** acquisitions were recorded in 2023, adding up to total of **147** over the past decade. While this year's figure indicates a slight decrease compared to previous years, it signals ongoing activity across the continent and, depending on the evolution of the financing landscape, over the coming years, M&A may play a strategic role for exits and rescues. Last year's success story is told by InstaDeep's acquisition by BioNTech, but one of the interesting aspects of 2023's M&A activity were the startup-startup transactions.

Figure 24 I Number of acquisitions, 2014 - 2023

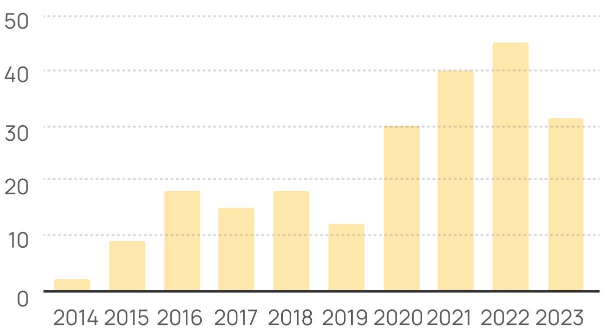


Figure 25 I Number of acquisitions, 2014 - 2023

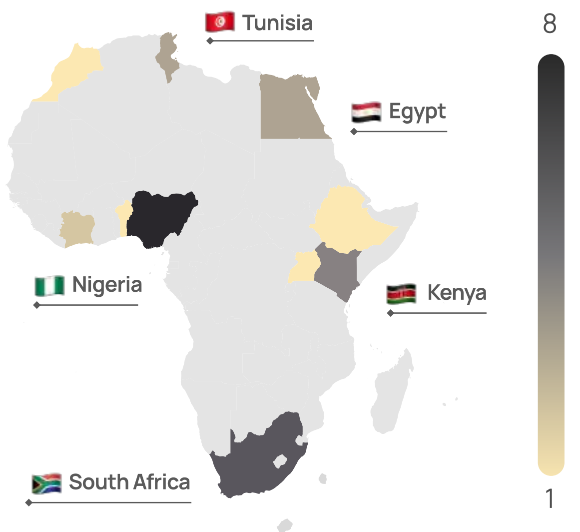
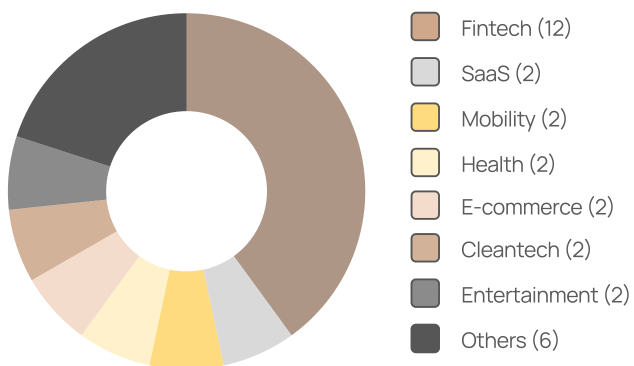


Figure 26 I Number of acquisitions, 2014 - 2023



ACQUIRED	ACQUIRER
InstaDeep™	BIONTECH
payForce	FairMoney
IRNET COOP KENYA	kwara
AutoTager	autochek
THUTHUKANI	fin
PAYGO ENERGY	sun king
chaka	rise
Cloud Invest	equiti
Qala	Btrust Builders
AutoCure	GRINTA
Expensya	medius
KopoKopo	Moniepoint
QENE GAMES	Carry1st
GO! twentysix	DriveMe

Gains in inclusivity remain low but with silver linings

A trend that has struggled to see significant change is investment into female-led companies. Despite marginal gains, funding into all female-founded companies remains a meagre fraction of that going to male-founded companies. While deals into all female-founded companies are on the rise, the total dollar value raised by these companies is not showing radical increases (see Figures 27 and 28).

Figure 27 and 28 I Number and value of deals by type, 2014 - 2023

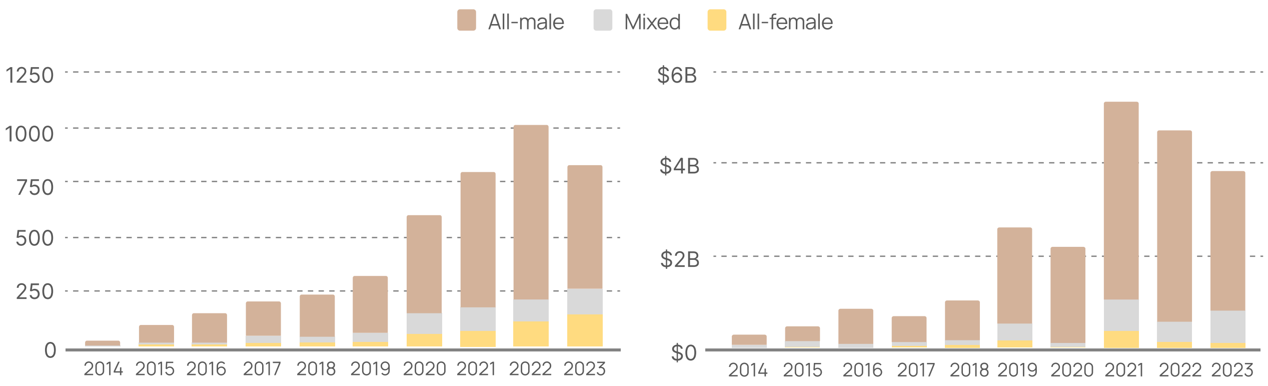
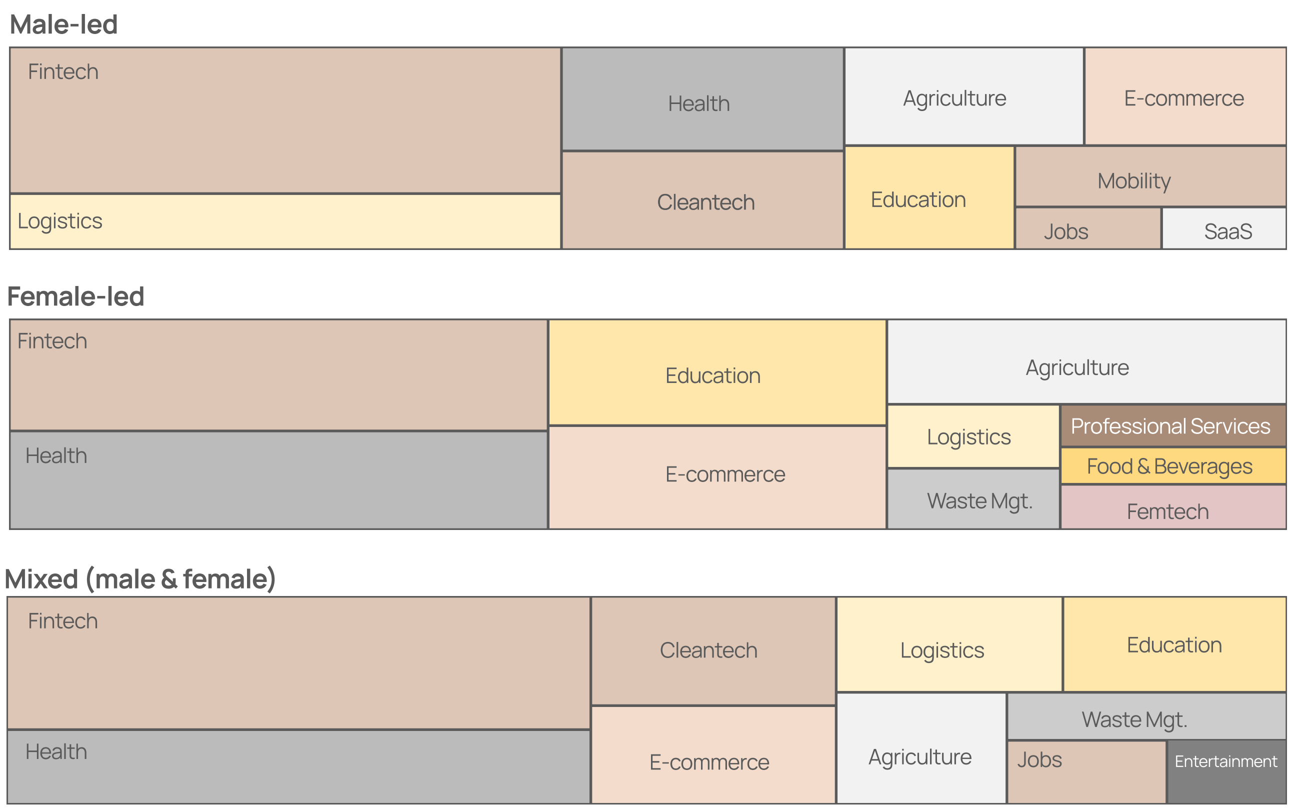


Figure 29 I Breakdown of deals count by sector and gender, 2023



Looking ahead

Investors' takes

...Building for the global market and emerging technologies

Offiong Isyah
Investor
Microtraction

"We are confident that the quality and pool of talent in Africa will continue to increase. As more African startups hit the local and regional growth ceiling along with the necessity to hedge against currency risks, it will drive startups to build products with the global market in mind. Additionally, we are bullish on the startups enabling the creator's economy and the future of work. We are convinced that AI and web3 provide a technological tailwind for African founders to build global businesses."

The opportunity for artificial intelligence...

"Africa is currently in a dynamic and emerging stage of its ecosystem maturity. The continent is experiencing a significant transition, signifying a move from an infant to a nascent stage. Healthtech is an especially promising sector for leveraging new technologies, like AI in Africa. Implementing and fine-tuning AI-based models in Africa offers the added value of potentially exporting these models to more developed economies. Other sectors, such as agtech and climatetech, also present exciting opportunities.

Vianney Mathonet
General Partner
Modus Africa

What lies beyond fintech...

Yann Azandegbe
Investment Analyst
Digital Africa

"African startups are focusing more on B2B business models either as SaaS or commission based models. Apart from fintechs, we think agritechs and greentechs would gain more ground in Africa as startups are able to design competitive or asset light business models. In addition, edtechs offering upskilling and vocational retraining products, as well as startups within the creative industry, might gain more traction from investors."

Conclusion

Africa Investment Report 2023 builds on a ten-year time horizon to analyse last year's market swings under the tag line 'Crisis or Adjustment?' and strives to draw objective conclusions on what happened and what to expect in the coming years. Here are some of the key conclusions:

- Deal activity remains high, largely driven by a surge in new funds being closed. In 2023, funds who announced partial or total close raised almost $3 billion.

- After two years of mega deals, 2023 was the year of early-stage funding. New cycles are constantly being created but the lesser capital availability at growth-stage meant smaller rounds stood out.

- Growing off the back of a bullish market comes with risks, and many of those who raised big for this, crashed big too.

- Risk is especially high when the ecosystem is highly reliant on overseas investors for growth-stage who do not hesitate to retrench if markets turn unfavourable. Dependency on foreign capital is the loud elephant in the room, but local funds are gearing up.

- Philanthropic and public money may be uncomfortable and come with strings attached but it's critical. DFIs, foundations, and government-led funding programmes offered a helping hand to hundreds of entrepreneurs.

- Not all hope is gone. In a small ecosystem, failures are loud, but are not worse than elsewhere.

- Consolidation is underway and lessons are being learnt, the soft or hard way. Some acquisitions go a long way but these aren't always success stories, and can simply be weapon of last resort to avoid bankruptcy.

- Four countries still capture the bulk of funding but geographical diversification is real, driven by both companies expanding from core to neighbouring countries and investors with mandates to enter traditionally risky markets.

- Sector diversification seems to happen towards cleantech, logistics, and healthcare, but most funding remains dedicated to embedded finance products, such as asset finance and PAYG.

- Sector specialisation of funds and funding programmes is one of the tangible drivers of diversification.

- Numbers for gender equality and demographic inclusion do not show significant change of the status quo but several funds are being set up to invest in female and local founders.

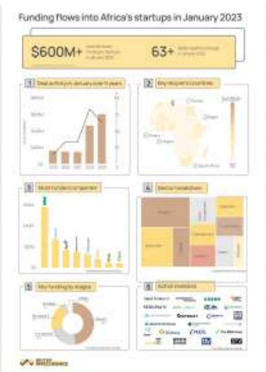
This market is on a journey to maturity and learning and this report series represents an annual effort to make sense of a highly volatile and diverse environment.

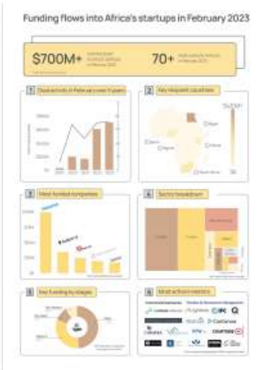
We hope you enjoyed the read and invite you to reach out to our team with questions for further research.

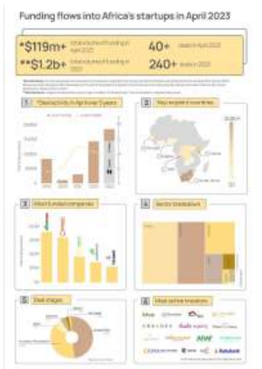
BriterEYE

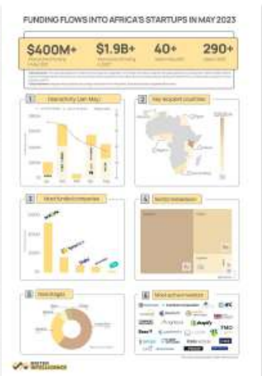
Stay up-to-date on the latest trends and insights on the African investment landscape by subscribing to Briter Bridges' newsletter, published at the start of every month.

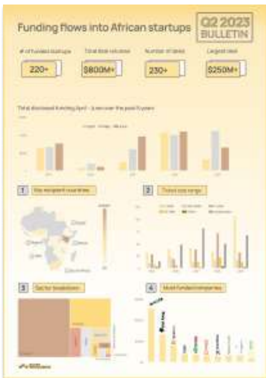
SUBSCRIBE TO BRITER EYE

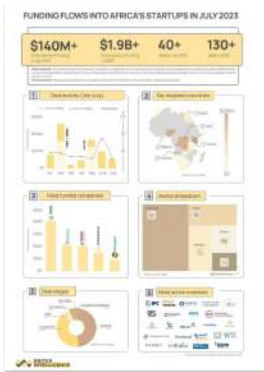


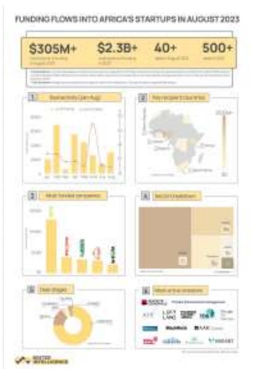


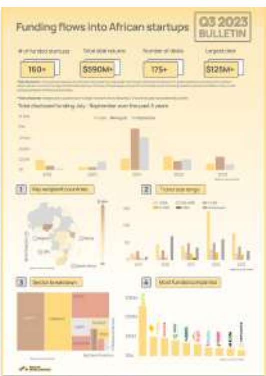


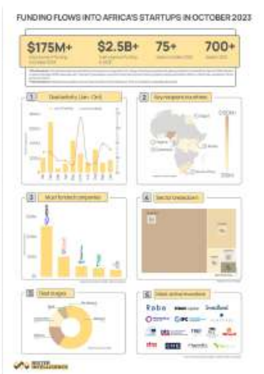


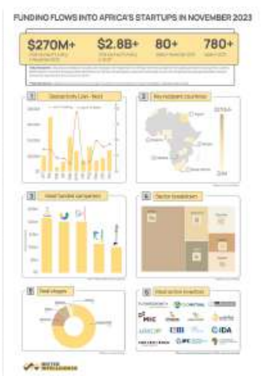


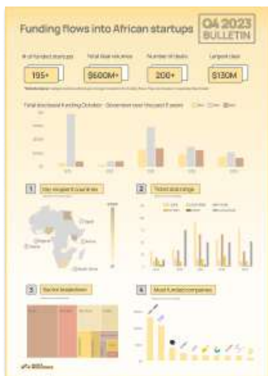








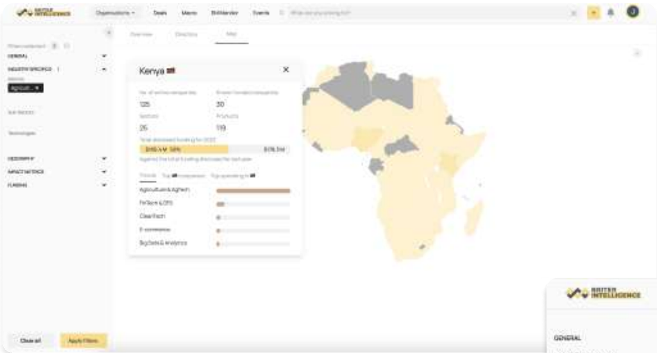


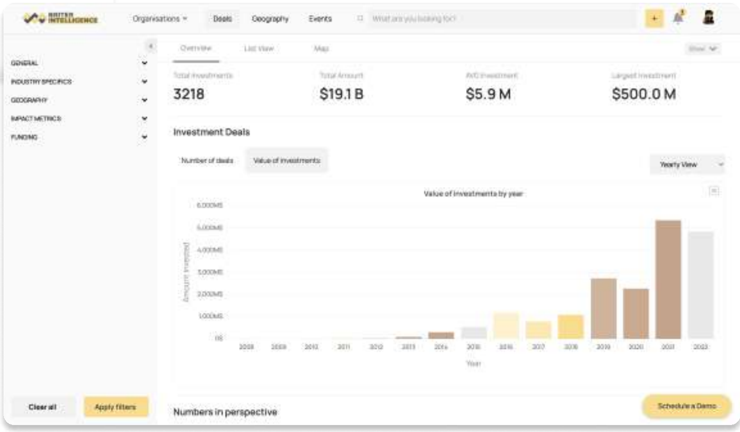


Briter Intelligence 2.0

The underlying data used to produce this report has been gathered from Briter Intelligence, a leading business intelligence platform dedicated to emerging markets.

Briter Intelligence boasts over two decades worth investment deals' log, over 10,000 organisations listed, events, emerging markets comparisons and integration with a number of global macroeconomic data to allow comprehensive analysis. Startups, investors, corporates, governments, philanthropies and other organisations use it regularly to learn about the ecosystems they work in and find opportunities in these markets.





Request a demo with Briter Bridges' team **here**.

Already a user? Engage our team: **hello@briterbridges.com**

intelligence.briterbridges.com

Briter Bridges Ltd.

Castle House, Castle Street,
Guildford, Surrey, England, GU1
3UW

Contact our team at:
hello@briterbridges.com
partnerships@briterbridges.com

Social media:
@briterbridges.com

Website and platform:
briterbridges.com
intelligence.briterbridges.com