2018 was a Monumental Year for African Tech Start-ups, with US$ 1.163 Billion raised in equity funding, a 108% YoY Growth.

2018 saw another record year for the African VC market. It’s quite simply astonishing. When we started our journey to create the Partech Africa Fund in 2015, we had anticipated the $1 Billion mark to be broken by 2020. We are now already 2 years ahead of our projections. Even better news, the ecosystem is shaping up at every investment stage, already including the early growth stage, which is very promising from a maturity curve perspective and a very critical step forward to keep the rise of African Tech mainstream. 2018 figures are confirming the growing attractiveness of African entrepreneurs, their ability to transform the continent into a global powerhouse and their increasing influence on the emerging market.

**Methodology**

First, let’s discuss our methodology, as more and more reports are coming up with different figures regarding the investment landscape in Africa (which, by the way, is another very good sign of the continent’s attractiveness and dynamics! 😊😊)

The fact of the matter is that each report simply chooses to track different things! So, let’s be clear about what we are counting.

Our methodology has remained unchanged since our first report, and here is a recap of the fundamentals:

1. We only cover deals that are in **Tech & Digital** spaces. Nothing else!
2. Our numbers are for **Equity deals only**. We are excluding any grants, awards, prizes, debt, loans, Initial Coin Offering (ICO), non-equity assistance and M&A deals.
3. Our numbers only include **funding rounds higher than US$ 200K and lower than US$ 100 Million**. We cover what we can categorize as **Late Seed to Growth stage Equity rounds**. Angel deals or small Seed deals below US$ 200K (which are numerous on the continent) are omitted voluntarily.

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4. We include disclosed deals but we also collect and analyze undisclosed deals, accessing more detailed information thanks to our relationships with the ecosystem and the entrepreneurs (by the way, they trust us to respect this confidentiality and we do. So, we only share aggregate numbers. Please don’t ask for line by line figures). However, this also means that African start-ups have most certainly raised more than the US$ 1.163 Billion in equity. Undisclosed deals that we have information on represented another US$ 291 Million i.e. 25% of the total funding in 2018 (see Figure below).

5. The numbers cover African start-ups that we define as companies with their primary market being in Africa itself (i.e. in terms of operations & revenues). In other words, what we call an African start-up is not based on the HQ’s location or the country of incorporation.

6. For start-ups with a local presence in more than one African country, only one primary country of operation has been identified and selected (at the time of entering our database) and that is where the investment is accounted for and will be accounted for down the road if there are follow-on rounds. This means the country by country breakdown reflects where the companies started and is NOT a good evaluation of where the investment is spent.

![Total funding per stage - Disclosed vs undisclosed (in USS M)](chart.png)

Partech Analysis 2019

- 29 61 42 159
- 50 146 232 444

- Seed +
- Series A
- Series B
- Growth

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Findings

146 African tech start-ups raised a total of US$ 1.163 Billion in equity through 164 rounds.

1. The VC funding raised by African tech start-ups in 2018 totaled US$ 1.163 Billion, compared to US$ 560 Million in 2017, a +108% growth YoY.

   ![Total funding chart](chart.png)

   The yearly funding amount is accelerating exponentially, from a YoY growth rate of +33% in 2016, +53% in 2017 to now +108% in 2018. This represents x4.2 growth multiple in the last 36 months.

2. We tracked a total of 164 rounds raised by 146 start-ups compared to 128 rounds from 124 start-ups last year, a +28% growth YoY.

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3. Three important trends to be highlighted, reflecting the increasing investor confidence in the potential of African start-ups, are:

- The number of **Series A & B stage** start-ups attracting funding are massively accelerating with **70 rounds (+46% YoY)**, representing a total of **US$ 482 Million (+58% YoY)**.
- The rise of large venture **growth deals**, with **14 rounds (+100% YoY)**, totaling **US$ 602 Million (+120% YoY)**. It is definitively not anecdotal anymore and a crucial signal that that early stage companies will receive follow-on rounds to growth stage.
- A number of PE investors (TPG, Helios, Goldman Sachs, Carlyle, etc.) as well as major Corporate players (Naspers, Paypal, Pernod Ricard, etc.) are now joining the game earlier, investing early & growth stage tickets in African tech start-ups.
Number of funding rounds per stage - 2015 to 2018
Partech Analysis 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Seed+</th>
<th>Series A</th>
<th>Series B</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>80</td>
<td>51</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>2017</td>
<td>73</td>
<td>33</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>2016</td>
<td>39</td>
<td>24</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>2015</td>
<td>24</td>
<td>17</td>
<td>10</td>
<td>3</td>
</tr>
</tbody>
</table>

Total funding per stage - 2015 to 2018 (in USS M)
Partech Analysis 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Seed+</th>
<th>Series A</th>
<th>Series B</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>18</td>
<td>32</td>
<td>67</td>
<td>79</td>
</tr>
<tr>
<td>2016</td>
<td>65</td>
<td>90</td>
<td>147</td>
<td>208</td>
</tr>
<tr>
<td>2017</td>
<td>56</td>
<td>78</td>
<td>157</td>
<td>274</td>
</tr>
<tr>
<td>2018</td>
<td>38</td>
<td>166</td>
<td>189</td>
<td>602</td>
</tr>
</tbody>
</table>

https://partechpartners.com/
Kenya, Nigeria and South Africa are still leading the race, absorbing 78% of the total funding, exactly as per last year with Egypt closing-up.

1. Kenya
   - Kenya takes the lead this year attracting US$ 348 Million (+136% YoY) in funding over 44 deals (+76% YoY)
   - A total of 11 start-ups raised 13 rounds equal to or higher than US$ 5 Million.
2. Nigeria
- Nigeria has attracted US$ 306 Million (+167% YoY) in funding over 26 deals (+53% YoY)
- A total of 12 start-ups raised 13 rounds equal to or higher than US$ 5 Million.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Vertical</th>
<th>Sector</th>
<th>Funding (fm)</th>
<th>Main Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tala</td>
<td>Financial inclusion</td>
<td>FinTech</td>
<td>50.00</td>
<td>Revolution, IVR, Data Collective, Lowercase Capital, Ribbit Capital, Female Founders Fund</td>
</tr>
<tr>
<td>Cellulant</td>
<td>Financial inclusion</td>
<td>FinTech</td>
<td>47.50</td>
<td>The Rise Fund, Impact Fund, Endeavor, Satya Capital, Velocity Capital Private Equity, Progression Capital Africa</td>
</tr>
<tr>
<td>Blight</td>
<td>Financial inclusion</td>
<td>Offgrid Tech</td>
<td>41.00</td>
<td>FMO, Swedfund, Norfund, Inspired Evolution</td>
</tr>
<tr>
<td>Branch</td>
<td>Financial inclusion</td>
<td>FinTech</td>
<td>20.00</td>
<td>Trinity Ventures, Andreessen Horowitz, CreditEase, IFC</td>
</tr>
<tr>
<td>M-Kopa</td>
<td>Financial inclusion</td>
<td>Offgrid Tech</td>
<td>10.00</td>
<td>CDC, Dya, Generation Investment Management, LGT Venture Philanthropy</td>
</tr>
<tr>
<td>Africa’s Talking</td>
<td>BI &amp; Tech adoption</td>
<td>Enterprise</td>
<td>8.62</td>
<td>IFC, Orange, Social Capital</td>
</tr>
<tr>
<td>Lori Systems</td>
<td>BI &amp; Tech adoption</td>
<td>Enterprise</td>
<td>6.17</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>Mobiwo</td>
<td>Online &amp; Mobile Consumer services</td>
<td>E/M&amp;S/Commerce</td>
<td>6.00</td>
<td>Panafrican Investment, Playfair Capital, Tekstars, Chandaria, VestedWorld</td>
</tr>
<tr>
<td>BitPesa</td>
<td>Financial inclusion</td>
<td>FinTech</td>
<td>5.00</td>
<td>Sompao Holdings</td>
</tr>
<tr>
<td>WeFarm</td>
<td>Online &amp; Mobile Consumer services</td>
<td>Shared Economy</td>
<td>5.00</td>
<td>True Ventures, Niklas Zennstrom, Matt Mullenweg, Bryan Meehan, Norsken Foundation, LocalGlobe, Accelerated Digital Ventures</td>
</tr>
<tr>
<td>M-Kopa</td>
<td>Financial inclusion</td>
<td>Offgrid Tech</td>
<td>Undisclosed</td>
<td>Sumitomo Cooperation</td>
</tr>
</tbody>
</table>

Tala
- Financial inclusion
- FinTech
- Funding: 50.00
- Investors: Revolution, IVR, Data Collective, Lowercase Capital, Ribbit Capital, Female Founders Fund

2. Nigeria
- Nigeria has attracted US$ 306 Million (+167% YoY) in funding over 26 deals (+53% YoY)
- A total of 12 start-ups raised 13 rounds equal to or higher than US$ 5 Million.

3. South Africa
- South Africa has slowed down compared to Kenya and Nigeria, with US$ 250 Million (+49% YoY) in funding over 37 deals (-12% YoY).
- In this case, 6 start-ups raised as many rounds equal to or higher than US$ 5 Million.

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4. Rest Of Africa

- The geographic distribution has expanded with a total of 19 countries counting at least one equity tech deal above US$ 200K this year, compared to 13 countries in 2017.
- With a total funding of US$ 260 Million (+100% YoY) raised over 57 deals (+30% YoY), the rest of the continent is actually growing as fast as the top 3 markets and now attracting decent attention.
- And it is not just small deals: 10 start-ups raised 11 rounds equal to or higher than US$ 5 Million in the rest of the continent.
- It’s important to note though that Egypt takes the lead here with 19 deals, nearly catching up with South Africa in activity.
- In French-speaking Africa, Senegal confirms itself as the leading hub with US$ 22 Million raised in 4 deals. Overall this group only raised US$ 54.3 Million vs. US$ 55.5 Million last year, stagnating where the rest of the market has doubled.
Looking at sector break-down, the outstanding story is the rise of Enterprise/B2B platforms

Driven by Fintech, **Financial Inclusion remains the main investment sector** in the continent, attracting **50% of the total funding**.

However, we witness a shift putting **B2B & Tech adoption** in the 2nd position with **30.4% of funding** (vs 13% in 2017) while **Consumer Services** only account for **19.6%** (vs 42% in 2017).

Let’s zoom in to understand this upheaval in investment sectors.

1. **Financial Inclusion** still attracts the lion’s share with **50% of the total investment** at US$ 582 Million, over **64 transactions**.
   - Fintech – US$ 379M (+218% YoY), 33% of total funding, 42 deals (+45% YoY).
   - Off-Grid Tech – US$ 194M (+62% YoY), 17% of funding, 17 deals (+31% YoY).
   - InsurTech – US$ 8.9M (-36% YoY), 0.8% of total funding, 5 deals (+25% YoY).

2. **B2B & Tech Adoption** continues its phenomenal growth to account for **30.4%** at US$ 353 Million (+397% YoY), across **55 transactions**. This spectacular trend, again last year, goes mainly to Enterprise Software start-ups.
   - Enterprise – US$ 333M (+455% YoY), 29% of funding, 44 deals (+91% YoY).
   - Connectivity & Hardware – US$ 11.6M (+10% YoY), 1% of funding, 5 deals.
   - Marketing Tech – emerges this year with 6 deals accounting for US$ 8.4M.
3. **Online & Mobile Consumer Services** stay flat in absolute funds at **US$ 228 Million** (- 3% YoY) but now only represent **19.6%** of total funding (vs 42% in 2017), across **45 transactions** (-17% YoY). The 4 main sub-verticals this year are:

- **E-Commerce** – US$ 131.5M (+25% YoY), 11% of funding, 19 deals (+16% YoY).
- **Shared Economy & Personal Services** – US$ 47M (+15% YoY), 4% of total funding, 12 deals (-25% YoY).
- **EdTech** – US$ 31.8M (-51% YoY), 2.7% of total funding, 3 deals (vs 5 in 2017).
- **HealthTech** – US$ 18M (-14% YoY), 1.5% of total funding, in 7 deals.

### Top funded verticals - 2018 (in US$ M)

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Funding (US$ M)</th>
<th>% of Funding</th>
<th>Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FinTech</td>
<td>326,379</td>
<td>32.6%</td>
<td></td>
</tr>
<tr>
<td>Enterprise</td>
<td>286,333</td>
<td>28.6%</td>
<td></td>
</tr>
<tr>
<td>Offgrid Tech</td>
<td>167,194</td>
<td>16.7%</td>
<td></td>
</tr>
<tr>
<td>E/M/S/Commerce</td>
<td>113,131</td>
<td>11.3%</td>
<td></td>
</tr>
<tr>
<td>Shared Economy</td>
<td>41,47</td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td>EdTech</td>
<td>27,32</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td>Health Tech</td>
<td>15,18</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>InsurTech</td>
<td>8,9</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>Marketing Tech</td>
<td>0,7, 8</td>
<td>0.7%</td>
<td></td>
</tr>
<tr>
<td>Connectivity</td>
<td>0,5, 6</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>Hardware</td>
<td>0,5, 5</td>
<td>0.5%</td>
<td></td>
</tr>
</tbody>
</table>

Maturing cohorts attract high tickets leading to an average round size of **US$ 43M** in Growth stage

When we look across stages of investments, we find the following:

1. **Seed+** round sizes average **US$ 1 Million** (vs. US$ 0.91 Million in 2017) with **80 transactions** (+10%), accounting for **US$ 79 Million**.

2. **Series A** round sizes have slightly decreased to **US$ 4.1 Million** (vs. US$ 4.5 Million in 2017) with **51 transactions** (+55% YoY), totaling **US$ 208 Million**.

[https://partechpartners.com/](https://partechpartners.com/)
3. **Series B** round sizes have bumped up this year to average **US$ 14.4 Million** (vs US$ 10.5 Million in 2017) with **19 transactions** (+27% YoY), totaling **US$ 274 Million**.

4. **Growth stage** finally shapes up as a category in this report (we did not have enough data points in previous years). Growth stage deals averaged **US$ 43 Million** per round in 2018 (vs US$ 27 Million in 2017) with a number of transactions that doubled from 2017 to **14 transactions in 2018**. Total funding is impressive with **US$ 602 Million** in 2018 (+217% YoY).

**Average round size per stage - 2015 to 2018 (in US$ M)**

*Partech Analysis 2019*

Africa is on!

*Cyril Collon & Tidjane Dème, General Partners at Partech*