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## VC funding raised by African Tech Start-ups totals record breaking US\$ 366.8 million in 2016.

*At Partech, we have been tracking for the past 3 years the dynamics of African tech investment, to better understand the investment landscape on the continent. Partech's analysis is based on market research, publicly available data and our trusted relationships within the tech ecosphere. The main purpose of this is to share our findings with the ecosystem as we strongly believe that market data is core to identifying gaps and developing a strong alignment of interests between entrepreneurs, investors and other ecosystem players. We hope you'll be as excited as we are when you read our findings!*

### Methodology

For this analysis, we considered data limited to certain types of deals and start-ups.

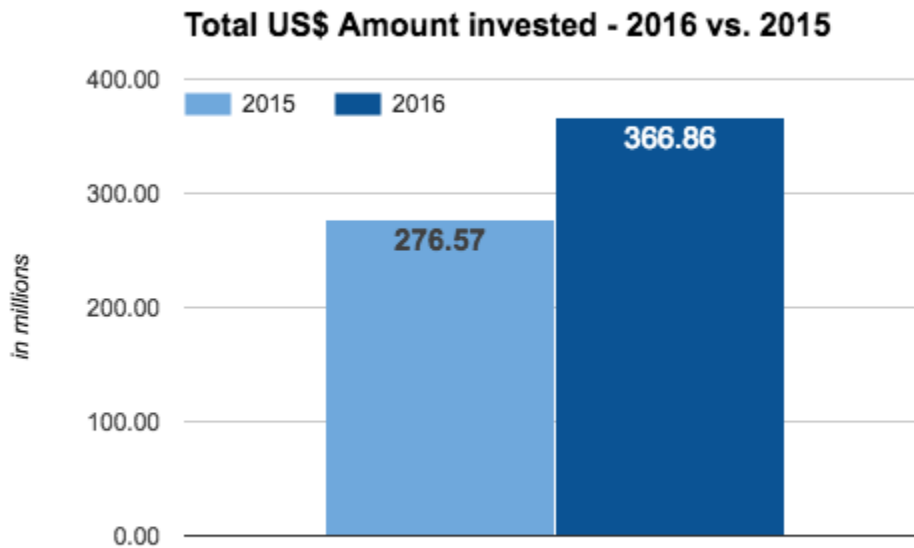
1. The numbers only include **deals higher than US\$ 200K**. Smaller deals are harder to keep track of and are outside of our focus.
2. The numbers **exclude any Grant or Debt deals**.
3. The numbers also voluntarily **exclude what we call "megadeals", i.e. higher than US\$ 100 million**. For instance, Jumia 2016 mega-deal of US\$ 463+ million raised over multiple rounds from AXA Group, MTN, Rocket Internet, Goldman Sachs, Orange and CDC is not taken into account. Large (and excluded from our numbers) outliers total US\$ 774 million from 2014 to 2016.
4. The numbers cover **African start-ups defined by market focus**: with entrepreneurs now locating HQs in foreign countries, and a strong presence of expats, it's been harder to identify which start-ups are from which market. We have decided to consider "African Start-ups" as ones that have their **primary market in Africa**. As an illustration:
  - a. Flutterwave, incorporated in the US by a Nigerian founder, delivering a platform to accept payment across African countries, is an African Start-up.
  - b. Mobisol, incorporated in Germany by a German founder, delivering Pay-As-You-Go Off-grid Solar Home Systems in East Africa, is counted as an African Start-up.

- c. Zipline, incorporated in the US by a US founder, currently testing drone delivery in Rwanda but still targeting US market, was not counted as an African Start-up. But this might change as they seem to be pivoting toward an African focus.
5. For start-ups with local presence in more than one African country, **only one primary country of operation has been identified** and that is where the investment is counted.

## Findings

### 77 African Tech Start-ups raised a total of \$366.8M in 2016.

1. The VC funding raised by African tech start-ups in 2016 totalled **US\$ 366.8 million**, compared to US\$ 276.5 million in 2015, a +33% growth YoY.



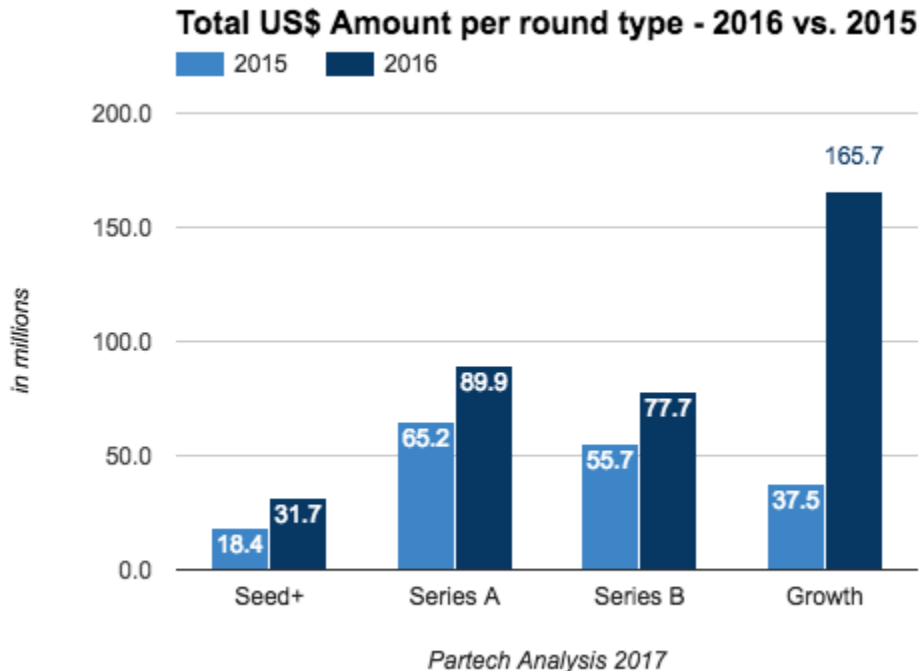
*Partech Analysis 2017*

To put some perspective, if we compare this to 2012, the year where we started to “feel” this vibration coming from the continent, the tech VC funding amount in Africa has grown by a **factor of x8.7** over the past 4 years. Just crazy.

2. In 2016, a total of **77 African tech start-ups** got funded, from Seed+ (US\$ 200K+) to Growth stages (largest round was US\$ 40M), compared to 55 start-ups in 2015, a +40% growth YoY in deals.

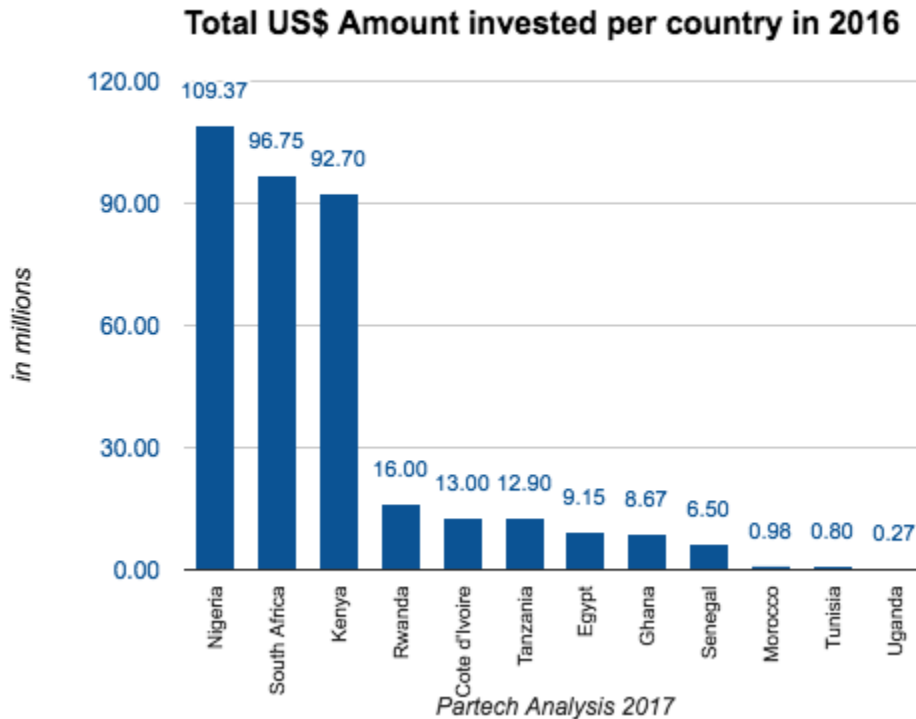
## Africa's Series A average deal size reached US\$ 3.7M in 2016.

Looking at it from a stage-angle, the African tech investment keeps growing very fast with a distributed growth across all round types. Diving deep into round size, the average size in Africa for **Seed+ round was US\$ 0.83 million** in 2016 with 38 transactions, **Series A US\$ 3.7 million** (24 transactions) and **Series B US\$ 11.1 million** (7 transactions).



## Nigeria led the race in 2016 receiving 30% of the total investment (US\$ 109M), while Francophone Africa kept rising with 10% (US\$ 37.3M).

1. The geographic distribution is still focused on the Top 3 markets: 1) **Nigeria with US\$ 109 million** in funding (29.8% of total investment), followed by 2) South Africa with US\$ 96 million (26.4% of total) and 3) Kenya with US\$ 92 million (25.3% of total). These top 3 investment destinations still account for 79.4% of the continent's total funding.
2. In terms of deals, South Africa saw the highest number of deals with 28 transactions (36.4% of total transaction), followed by Kenya with 21 deals (27.3% of total) and Nigeria with 13 deals (16.9% of total).
3. The investment landscape is actually broadening with in particular Francophone African countries that are gaining traction, and some destinations appearing for the first time this year: Rwanda, Côte d'Ivoire, Senegal, Morocco and Tunisia.

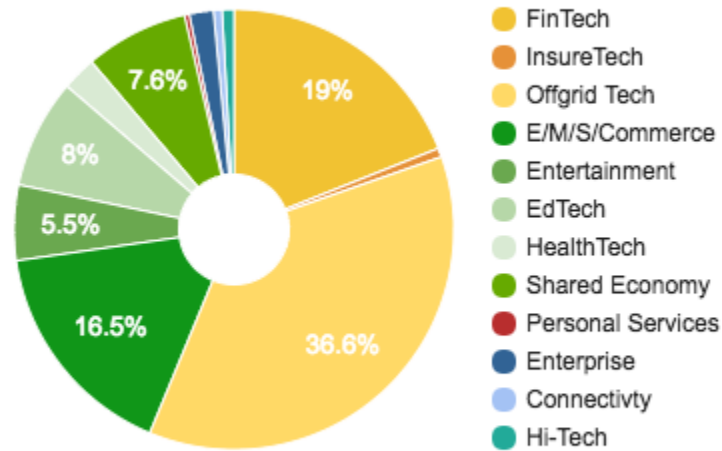


### **3 sectors – Off-Grid Tech, FinTech & E/M/S-Commerce – attracted 72% of Africa’s VC investment in 2016.**

Financial Inclusion and Consumer Services segments draw in most of the investment.

1. **Financial Inclusion** accounted for **56.2%** of the total investment with US\$ 206.3 million across 28 transactions. This goes into Off-Grid Tech (36.6%), FinTech (19%) and InsurTech (0.6%).
2. **Online & Mobile Consumer Services** accounted for **40.5%** with US\$ 148.5 million across 36 transactions. This goes into E/M/S-Commerce (16.5%), EdTech (8%), Shared Economy (7.6%), Entertainment (5.5%), HealthTech (2.5%) and Personal Services (0.4%).
3. **Tech Adoption** accounted for **3.3%** of the total investment with US\$ 12 million across 13 transactions. This goes into Enterprise (1.8%), Hi-Tech (0.9%) and Connectivity (0.6%).

### Top funded sectors in 2016



Happy to share more and we would love to hear your feedback.

Africa is on!

Cyril Collon & Tidjane Dème, General Partners at Partech.