

African tech ecosystem still growing with \$6.5bn raised in 2022 - Report

Partech Africa, a VC fund dedicated to technology startups in Africa, has issued its annual report on African tech venture capital. The report, which aims to provide a practical picture of the state of the ecosystem, revealed that despite the global VC downturn, the African tech ecosystem grew faster than all other markets globally. Amid the drastic pullback in global VC funding, the African tech ecosystem stands out with +8% growth from 2021. Debt funding doubled in volume to \$1.5bn, accounting for nearly a quarter of the total funding. Fintech, still leading, attracted 39% of the total equity volume; Nigeria retained the top spot with 23%



Source: [Unsplash](#)

Focusing on equity funding, the report revealed the ecosystem was still accelerating during Q1 and Q2 of 2022 compared to 2021, with the YoY comparison showing Q1 and Q2 at +127% YoY and +83% YoY, respectively.

However, the global VC slowdown stifled growth in activity in Q3, -65% YoY and Q4, -35% YoY. In 2022, fundraising activities remained flat across all stages. At \$1.4m, Seed+ ticket sizes averaged higher in 2022, +12% YoY, while Series A remained the same at \$8.5m.

Later stages reverted to 2019 levels, as Series B and Growth round sizes dropped by -23% and -50% YoY, respectively. In addition, 2022 witnessed a significant reduction in the number of megadeals over 100M, with only seven deals compared to 14 in 2021.

Speaking on the launch of the annual report, Tidjane Deme, general partner at Partech, said:

"2022 was a particularly challenging year for the venture ecosystem worldwide, as venture and growth investors scaled back their investment by a third. However, by comparison, our report revealed the African tech ecosystem showed great resilience, as more investors have doubled their commitment to the continent by investing in local teams and funds dedicated to the market, which is proving to be the best way forward."

Overall, Nigeria, South Africa, Egypt and Kenya remain the top investment destinations in Africa, with a share of total volume staying relatively steady at 72%. Nigeria retained the top rank, bringing in \$1.2bn in capital, despite a decline of 36% from 2021; South Africa, Egypt, and Kenya each attracted over \$0.7bn in funding, with Ghana completing the top 5 with just over \$0.2bn. Overall, 28 countries attracted equity funding in 2022, 13 of them in Francophone Africa.

In light of the market downturn, the report's findings also revealed that fintech, which has historically attracted sizable investments, was the most impacted by the slowdown in the number of large rounds.

However, fintech remains the most funded sector in Africa, and this across all sources of capital, with 39% of the total equity volume (\$1.9bn) and 45% of the total debt volume (\$69m).

Other sectors have experienced substantial growth and gained a meaningful share of the equity funding activity this year, most notably Cleantech, which made a big comeback with 18% of total equity funding at \$863m, +347% YoY, but also 39% of the total debt funding at \$605m.

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