

## Open Mic Africa @MIT

*A seminar series on Africa's rising innovation sector –  
its unique dynamics, use of technology, emerging leaders, and impact on the continent.*

### PRE-SESSION INFO: March 5, “Entry Points for Investment in Africa's Tech Landscape”

#### TECH & BIZ OVERVIEW

Investment into African startups and expansion by big global tech names in Africa's ecosystem is surging. In 2018, there were more VC rounds of higher value into the continent's digital ventures than any previous year. The largest included a \$37.5 million Series C investment in Kenyan digital payment company Cellulant led by TPG Growth. South African lending startup [Jumo raised \\$52 million](#) led by Goldman Sachs. In December, [The Carlyle Group invested \\$40 million](#) in Africa-focused online travel site Wakanow.com.

On the capital formation side, Africa's VC landscape is becoming more African. A 2018 Crunchbase study identified 22 of 51 (or 43 percent) of Africa focused VC funds globally headquartered in Africa and managed by Africans. Given the unique macro-environment faced by African startups, many of these funds, including [Nigeria's Microtraction](#), are developing unique VC models, tailored to the African tech market.

Pinning down reliable annual VC stats on the region's nascent startup scene is a budding exercise. Core growth in Sub-Saharan Africa's tech sector has occurred recently so there's less accompanying infrastructure—i.e., analyst reporting, long-term databases, and robust media coverage—than other markets.

Recent attempts by VC firms and media outlets to quantify annual venture funding to Africa, and the variance in results, has [sparked some debate](#) (see below reading). VC firm Partech estimated 2017 venture funding to African startups at \$560 million. Digital media outlets *Disrupt Africa* and *Digest Africa* pegged 2018 VC funding at \$334 million and \$686 million respectively, and African media company WeeTracker came up with \$725. Whatever the actual number, there has been significant growth in annual VC investment to African startups from a [2012 estimate](#) of \$40 million.

Parallel to VC, Africa's tech ecosystem has seen an increase in capacity related funding—support to the continent's 442 hubs, digital skills building, and infrastructure—from big tech names, such as Facebook, Google, and Alibaba. DFIs and aid-agencies, such as IFC and the [French government's AFD](#) have also started funds (some with non-equity mondy) to support Africa's startup ecosystem.

Local corporate venture arms are also emerging to support Africa's startups and tech ecosystem. African mobile telecommunications giant MTN has invested in startups (including e-commerce unicorn Jumia), Standard Bank South Africa added \$1 million to Founders Factory's African accelerator, and South Africa's Naspers announced a \$100 million fund, as part of its overall [\\$300 Naspers Foundry](#).

For all the increased points of investment, Africa's tech ecosystem is still performance light, with only one unicorn, a handful of smaller exits, and no major IPO to date.

## **SPEAKER INFO**

### **Marieme Diop**

Investor

Orange Digital Ventures

Marieme currently serves as a VC investor in early stage African start-ups at Orange Digital Ventures Africa—Orange Group's VC fund. Her passion is to support founder teams of early stage technology companies in building Africa's next business champions. Through her role at Orange Digital Ventures, she's actively involved in launching and scaling investment vehicles and business lines targeted at African tech startups.

In 2018, Diop also co-founded an angel network for francophone startups called the [Dakar Angel Network](#).

Under her tutelage, Orange Digital Ventures (ODV) participated in a [\\$16 million round](#) for South African fintech startup Yoco and the [\\$8.6 million round to Africa's Talking](#)—a Pan-African business enterprise software startup.

Formed in 2017 as the venture arm of French telco Orange, ODV is a €150 million fund with €50 million allocated for Africa, according to Diop. It has made 17 investments globally, with 2 in Africa. These follow pre-fund Orange investments in startups Jumia (Africa's first unicorn), Afrimarket, and Afrostream.

Orange has €40 million left for African startup investments, according to Diop. "Our target is to make 4 African investments each year," [Diop told TechCrunch](#) in 2018.

## **OPTIONAL READING**

"Local venture capital fund formation is on the rise in Africa, led by Nigeria"—[@TechCrunch](#)

"Venture capital, global expansion, blockchain and drones characterize African tech in 2018"—[@TechCrunch](#)

"Why Everyone Is Confused By "African Startups" Funding Figures"—[@DigestAfrica](#)