



Q2
2024

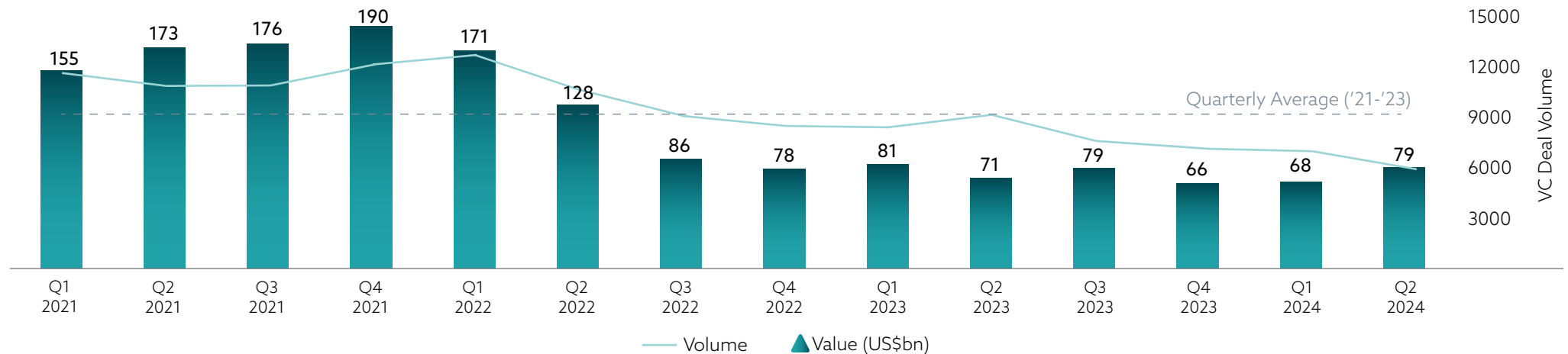
Venture Capital Activity in Africa

Global Venture Capital: A Reprieve or a Recovery?

The landscape of global venture capital investments showed signs of stability in the first six months of 2024, giving rise to narratives of cautious optimism for industry recovery. While a clear downward trend in deal value has dominated since 2021, with a substantial 40% decline from Q1 2021 to Q1 2024, a potential turning point emerged in Q2 2024. US\$79 billion was raised globally between April and June 2024¹, bringing total venture capital disbursements for the half year to US\$147 billion.

While deal volumes continue to limp along, the rate of decline for venture capital deal values appears to be slowing, dropping by just 3% YoY for H1 2024 compared to the same period a year prior. Whether this subtle shift signals a nascent resuscitation of the industry, or is just a brief reprieve from the funding winter, remains to be seen.

Figure 1: **Volume and Value (US\$bn) of Global Venture Capital, 2021-2024 Q2**



Source: Crunchbase 2024 Global Funding Report

¹ This corresponds to a 12% YoY increase compared to Q2 2023, and a 16% QoQ increase compared to Q1 2024.

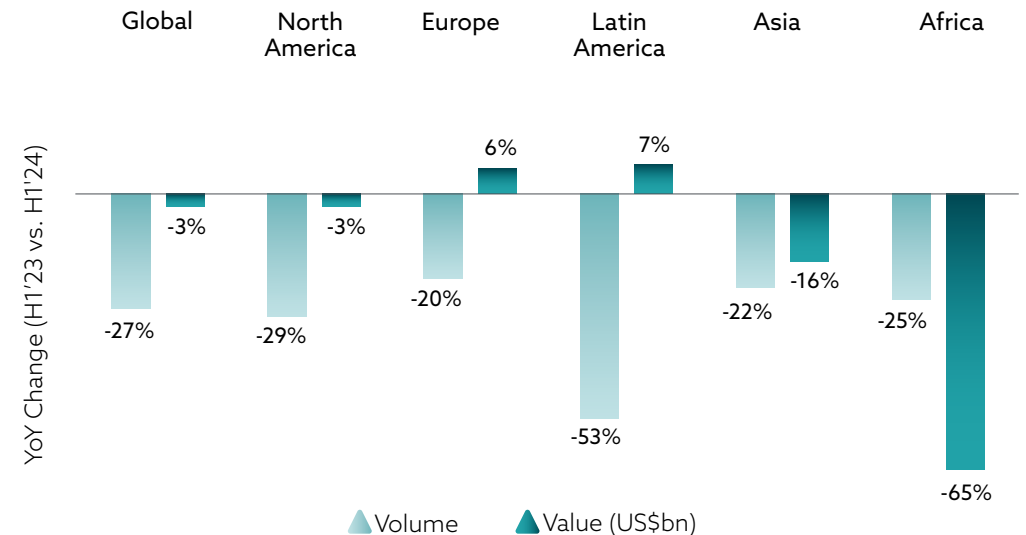
Regionally, North America (54%) and Asia (23%) remained the primary contributors to global aggregates for H1 2024, mirroring historical norms. However, Europe emerged as an unexpected bright spot in the funding landscape. European venture capital reached close to US\$16 billion in Q2 2024, surpassing that of Asia for the first time in a decade. This ascent can largely be attributed to significant quarterly growth in the UK, which more than doubled from US\$2.9 billion in Q1 to US\$6.7 billion in Q2 2024. Leading the charge in the British market were the AI and FinTech sectors. For the former, this included the US\$1 billion raise for autonomous driving company *Wayve*, and for the latter this included a collective US\$1.6 billion haul by credit technology firm *Abound* and digital bank *Monzo*. While still a pale shadow of startup funding reached during the record-breaking quarters of 2021, Q2 2024 also saw a rebound in Latin America driven by an upswing of late stage funding rounds. FinTech led the region's recovery in Q2 2024. The four largest funding recipients of the quarter were all FinTech startups, which collectively amassed \$364 million (46% of capital raised that quarter). Brazil, the undisputed leader in Latin America, spearheaded this recovery.

Turning to sectoral influences of funding for the first half of 2024, Artificial Intelligence (AI) emerged as a clear driver. Notably, 5 of 6 mega funding rounds (i.e. with a value of US\$1 billion dollars and above) that closed in Q2 2024 went to AI companies. These investments totalled US\$24 billion, contributing heavily to the quarter's increase. Geographically, North America (particularly the United States) and Europe (specifically the UK, France, and Germany) emerged as hotspots for AI-related fundraises. Despite this uptick in AI-driven investments, the overall outlook for global venture capital remains opaque. Investor concerns about high valuations, uncertain revenue generation streams, and a challenging exit environment continue to shape market sentiment and be headwinds for venture capital allocation.

Africa in the Global Context: Delayed Frostbite

Africa's market contraction, marked by a 25% YoY decline in deal volume and a more significant 65% YoY drop in deal value during H1 2024, is undeniably disappointing at first glance. While the decline in deal volume aligns with global trends, experiencing a comparable downturn to other regions, the drop in deal value is notably more severe. That said, although these contractions seem severe, they are in line with peak deal value declines experienced historically by other global regions. For example, Latin America saw an 80% drop in Q1 2023, and North America faced a 62% decline in Q4 2022. Similarly, Europe and Asia both encountered contractions of around 59% in early 2023. This context underscores that Africa's market shrinkage, though pronounced, is not an isolated phenomenon but part of a broader global trend. Instead, it reflects a measure of delayed frostbite from the global funding downturn, which materialised far later on the continent than its more developed counterparts.

Figure 2: **Global Comparison of YoY Changes to VC Deal Volume & Value, 2024 H1**



Source: AVCA Database & Crunchbase 2024 Global Funding Report

H1 2024 IN REVIEW

Quarterly Deal Volume Falls Below 100 For The First Time Since Q4 2020 As African Entrepreneurs Raise \$0.3 Billion, Pushing The Half-Year Total To \$0.7 Billion

Deal activity reached historic lows in the second quarter of 2024, signalling the continuation of a downward trend in venture capital investment to Africa. Illustratively, the 112 deals concluded in Q1 and the meagre 93 registered in Q2 2024 corresponds to a combined half-year contraction of 25% compared to 2023. For the first time since the tail end of 2020, quarterly deal counts fell below the 100-mark precedent. This underscores a period of adjustment and recalibration within the continent's venture capital ecosystem as a growing pool of entrepreneurs vie for increasingly scarce funding. Notably, African startups raised \$0.3 billion in Q2 2024, bringing the half-year total to \$0.7 billion. This amount is only 35% of the \$2.1 billion raised in H1 2023, and only a fifth (20%) of the total value of venture capital channelled to the continent by the same point in 2022.

Amidst early signs of cooling capital streams for African ventures, the 2023 *Mid-Year Venture Capital Activity Report* questioned whether the industry was in the grips of a funding winter, or had merely plateaued. It is now relatively undisputed that deal activity has nosedived, and the temperature in Africa's silicon savannah is decidedly frigid. The highest volume of deals in 2024 thus far was recorded in Q1, yet this figure still falls short of the peak volumes seen in 2022 – an apt reflection of the incremental cooling off from the unprecedented highs experienced during that period. This echoes a pattern of fluctuating investment values and what would have been an 8-month hiatus in super-sized deal activity², once again demonstrating changing investor sentiment and evolving market conditions.

The Late-Stage Remains Sluggish, While Seed And Early-Stage Deals See Modest QoQ Rebounds

In what appears to be a global phenomenon, seed and early-stage companies in Africa saw QoQ rebounds in Q2 2024, with seed deals increasing from 25 to 31 and early-stage deals rising from 10 to 15. However, these figures still represent a far cry from the levels attained during the same period in 2023, highlighting the ongoing volatility in early-stage investments. The ecosystem's sluggishness at the late stage carried forward into the second quarter of the year, which heralded one US\$38 million Series C funding round in solar power solutions company *Candi Solar*. Despite these fluctuations, the median deal size saw an appreciable rise, reaching US\$3.0 million in H1 2024 compared to US\$2.4 million in 2023.

East And West Africa Collectively Account For Over 50% Of Deal Activity

East and West Africa emerged as dominant regional players in the second quarter of the year, collectively accounting for over half of both the volume and value of deal activity recorded across the continent. This notable share underscores the significant and almost balanced bicoastal influence these regions exert on Africa's innovation ecosystem. In East Africa, Kenya alone attracted 52% of total half year investment. Interestingly, beyond this usual contender, the Seychelles remained a solid contributor to the region's deal volume, coupled with a surprising uptick in investments in Tanzania. In West Africa, a substantial 67% of capital recipients were concentrated in Nigeria. However, the region's investment landscape was further diversified by deal activity in Francophone West Africa (15%). Specifically, Senegal contributed with four deals, Côte D'Ivoire with two, and Togo with one, adding a layer of diversity to West Africa's overall impressive deal count in H1 2024. Central Africa, albeit with a modest rise in deal activity, also added variety to Africa's investment landscape

² Prior to *Moove Africa's* US\$100 million Series B fundraising in March 2024, the most recent super-sized deal that took place in Africa was the US\$103 million Series D for *Husk Powering Possibilities* in October 2023.

in 2024. This region's incremental growth in 2024 signifies an emerging interest from regional venture builders seeking new opportunities beyond traditionally dominant markets.

While startups with a multi-region geographic footprint typically receive the largest proportion of venture funding allocated to the continent, the share of deal value attributed to this category witnessed a decline in 2024 H1. This trend coincides with a decrease in large, late-stage deals that typically bolster the multi-region segment, indicating a shift towards more localised investment strategies amidst increased investor stringency.

Dominance, A Dip, And Demonstrable Resilience in H1 2024: Information Technology & Financials Lead The Way; Consumer Discretionary Experience A Decline; While Health Care & Industrials Hold Steady

The distribution of venture capital across sectors in the first half of 2024 exemplifies Africa's dynamic and evolving investment landscape, characterised by both dominance and resilience in key areas, alongside strategic realignments in others. The Information Technology and Financials sectors – both twin flames in Africa's economic transformation – emerged as dominant forces, contributing a collective 45% to aggregate deal volume and 47% to deal value. Conversely, the Consumer Discretionary sector experienced a slight decline, with its share of VC deal volume and value decreasing to 14% and 16% in H1 2024, respectively. This dip coincides with recent market challenges for B2B E-Commerce startups particularly in Egypt and Kenya, which led to the closure of *Copia Global* (April 2024), *RejaReja* (March 2024) and *Capiter* (July 2023), among others. Amidst these shifts, the Health Care and Industrials sectors demonstrated notable resilience. Health Care maintained a steady 9% share of deal volume and 6% of deal value, highlighting sustained investor confidence in solutions at the cornerstone of physical wellbeing and economic prosperity. Similarly, Industrials accounted for 14% of deal volume and 15% of deal value, enabled by the enduring importance of Transportation (particularly e-mobility), Logistics and the Environmental Services sub-industries.

FinTech Corners the Market for Tech-Enabled VC Investment in Africa While AI and CleanTech Surge in Growth, Eclipsing E-Commerce

FinTech and Digital Banks have solidified their pre-eminence in the landscape of tech-enabled venture capital investment in Africa, assuming 29% of deal volume in H1 2024. This near-third control underscores FinTech's pivotal role in driving innovation and financial inclusion across the continent, which has been dubbed the world leader in digital and mobile banking³. Concurrently, verticals such as Artificial Intelligence (AI) and Clean and ClimateTech have exhibited remarkable growth trajectories, jointly elevating the status of both to the second most funded verticals. Conversely, E-Commerce, despite maintaining an 8% share of VC deal volume, witnessed a relative decline in its standing, now ranking fifth following the resurgence of the AgTech and HealthTech verticals. This shift reflects a nuanced recalibration of venture capital flows, with a pronounced shift towards tech-enabled solutions that demonstrate high impact and growth potential as well as an increasing investor emphasis on sustainable and environmentally focused technologies.

Venture Debt Nearly Achieves Parity With Venture Capital Fundraising

Venture debt remained stable in Q2 2024, maintaining consistency with deal counts recorded in previous quarters. Venture debt deal value reached a significant US\$295 million across a total 12 deals, nearly achieving parity with the US\$322 million raised through venture capital in the same period. This convergence, combined with the notable increase of median debt deal values in H1 2024, underscores a strategic evolution in the capital-raising strategies employed by African startups. The increased uptake of venture debt indicates a strategic adaptation to presently unfavourable market dynamics, given the increasing competition for traditional equity fundraising. Simultaneously, it highlights the rising attractiveness and leveraging of diverse financial instruments and venture debt's unique value add as a flexible and less dilutive financing alternative.

3 World Economic Forum, 2023. [Here's Why Africa Is The World Leader In Digital And Mobile Banking](#)

Quarterly Deal Volume Falls Below The 100 Mark For The First Time Since Q4 2020, Signalling The Continuation Of A Downward Trend In Venture Capital Deal Activity

Figure 3: Volume of Venture Capital Deals in Africa, by Year & Quarter

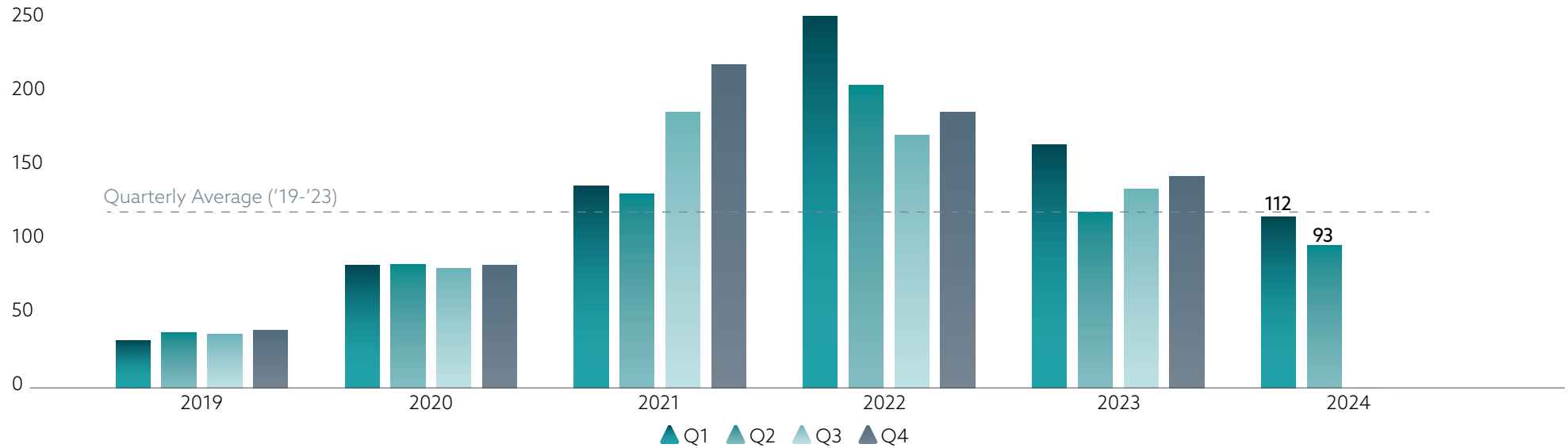
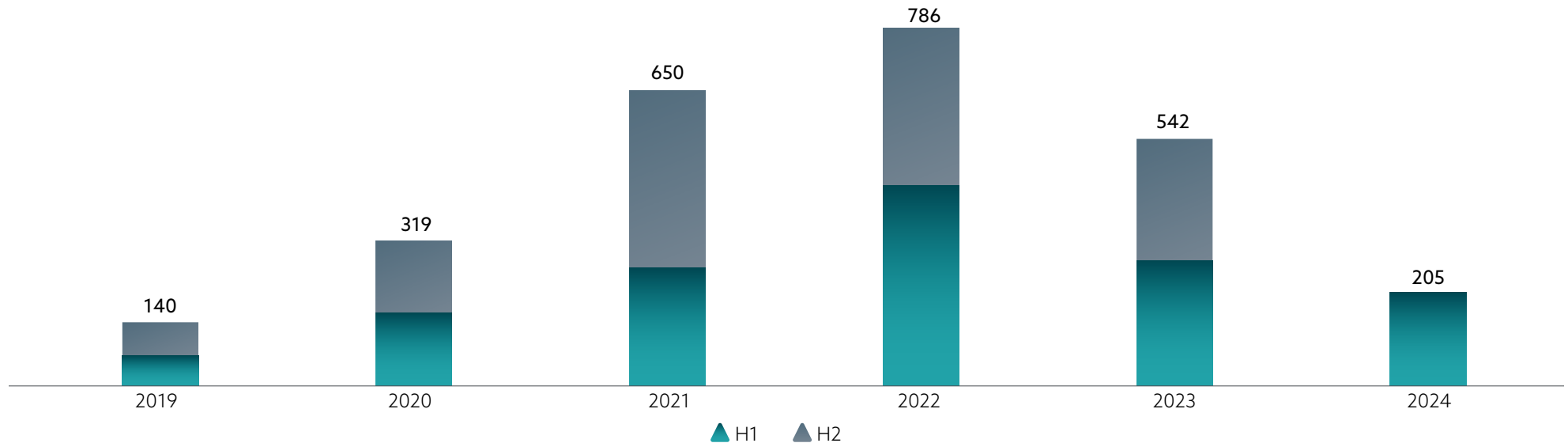


Figure 4: Volume of Venture Capital Deals in Africa by Year, H1 vs. H2



African Entrepreneurs Raised \$0.3 Billion This Quarter, Pushing The Half-Year Total To \$0.7 Billion—Just 35% Of The \$2.1 Billion Secured In H1 2023

Figure 5: Value of Venture Capital Deals in Africa, by Year & Quarter

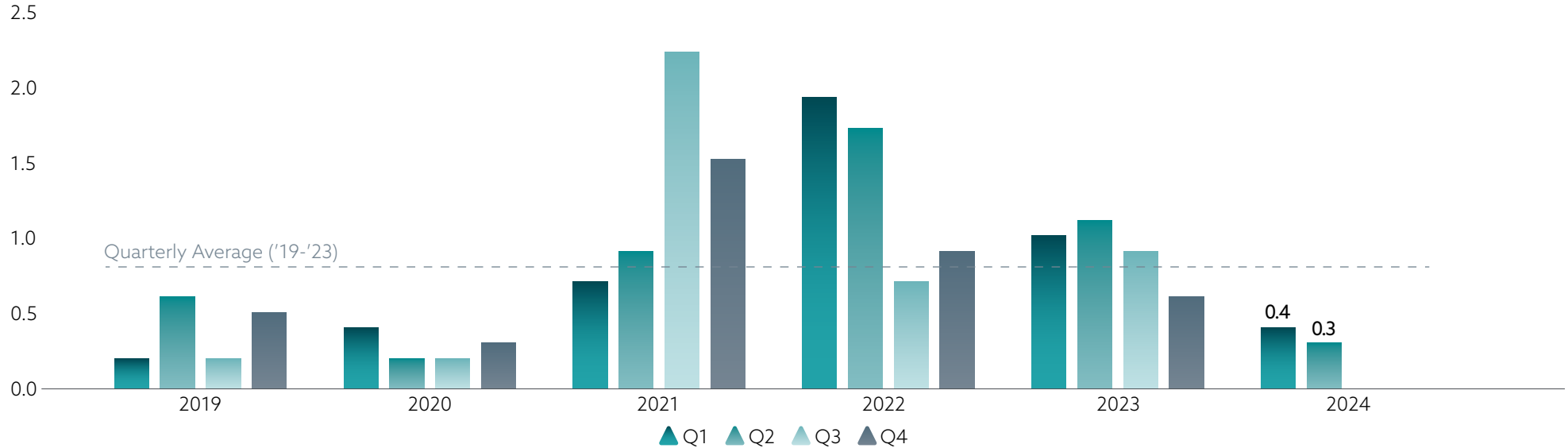
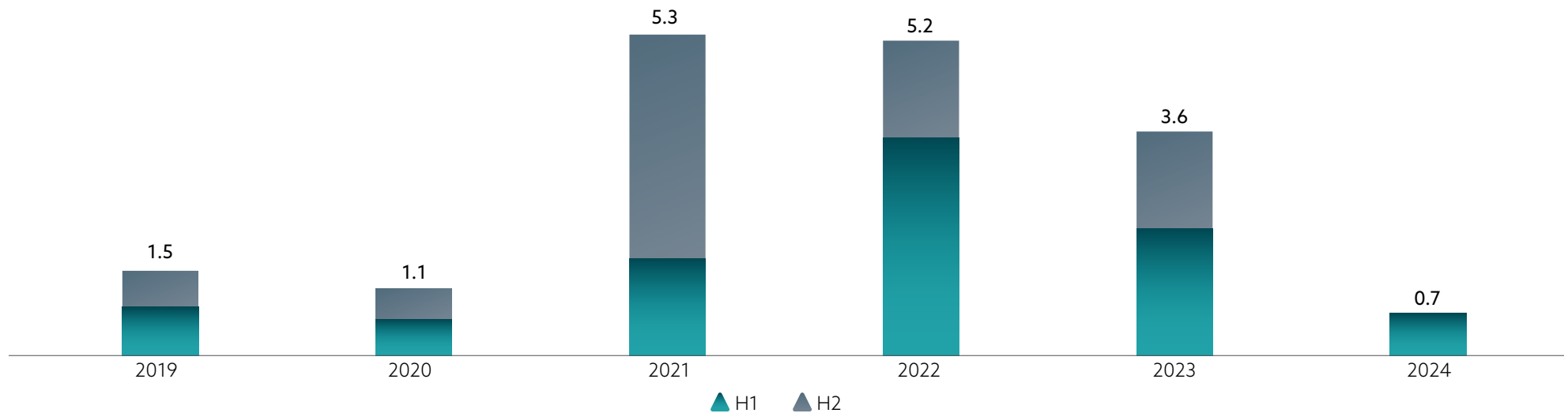


Figure 6: Value of Venture Capital Deals in Africa by Year, H1 vs. H2



The Late-Stage Remained Sluggish While Seed And Early-Stage Deals Saw Modest QoQ Rebounds

Figure 7: Annual Evolution of VC Deal Volume by Stage, 2019 - H1 2024

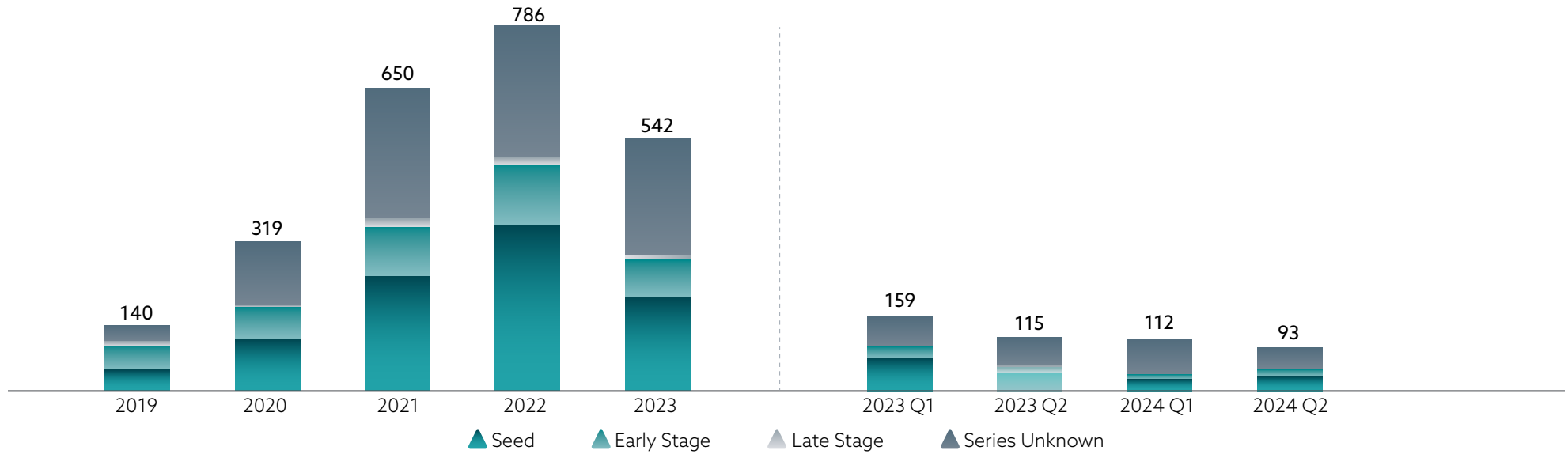


Figure 8: Annual Evolution of VC Deal Value by Stage, 2019 - H1 2024

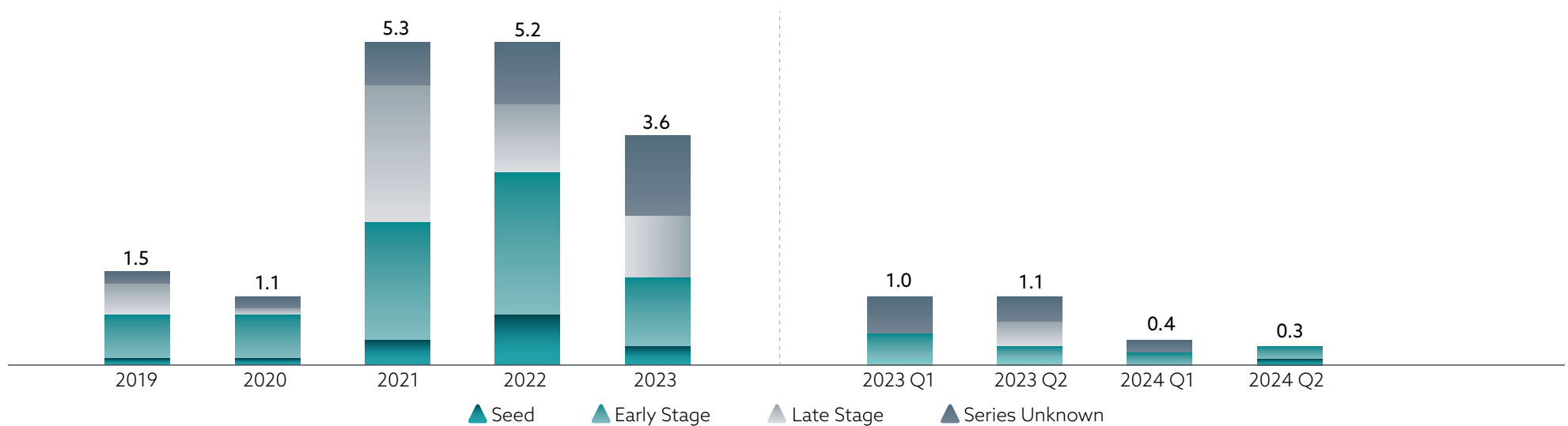
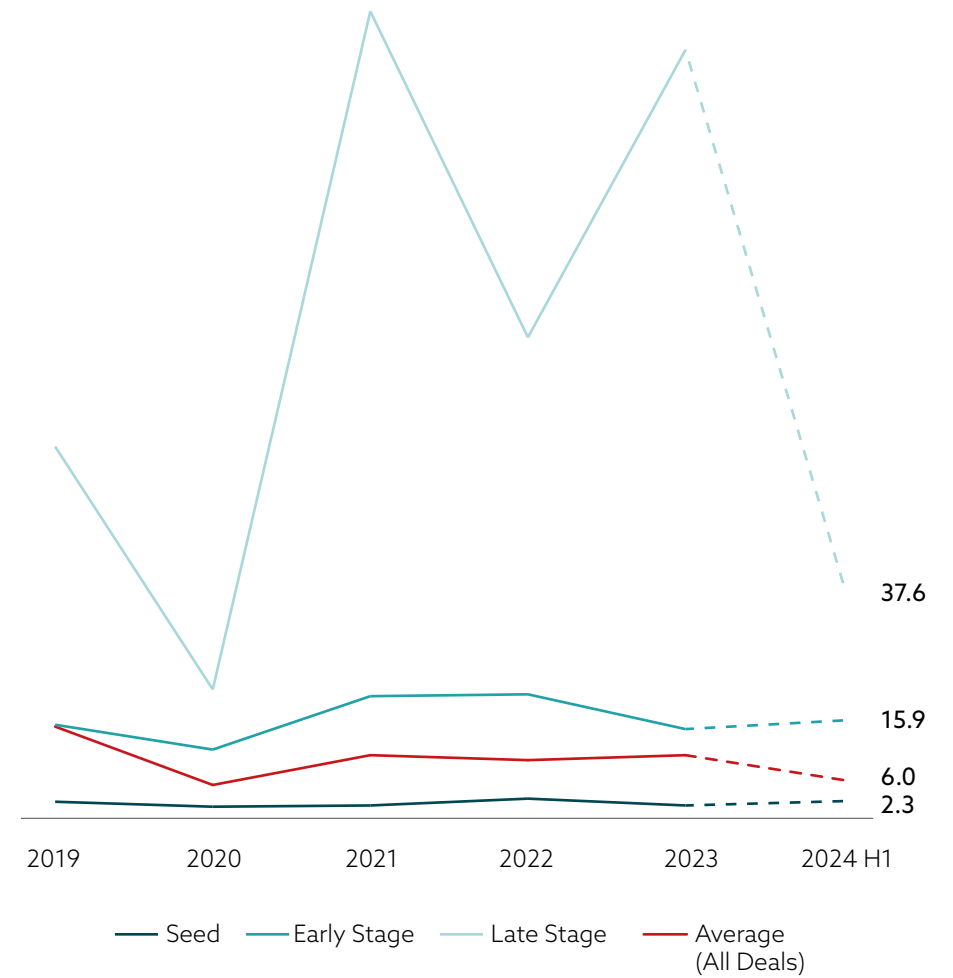
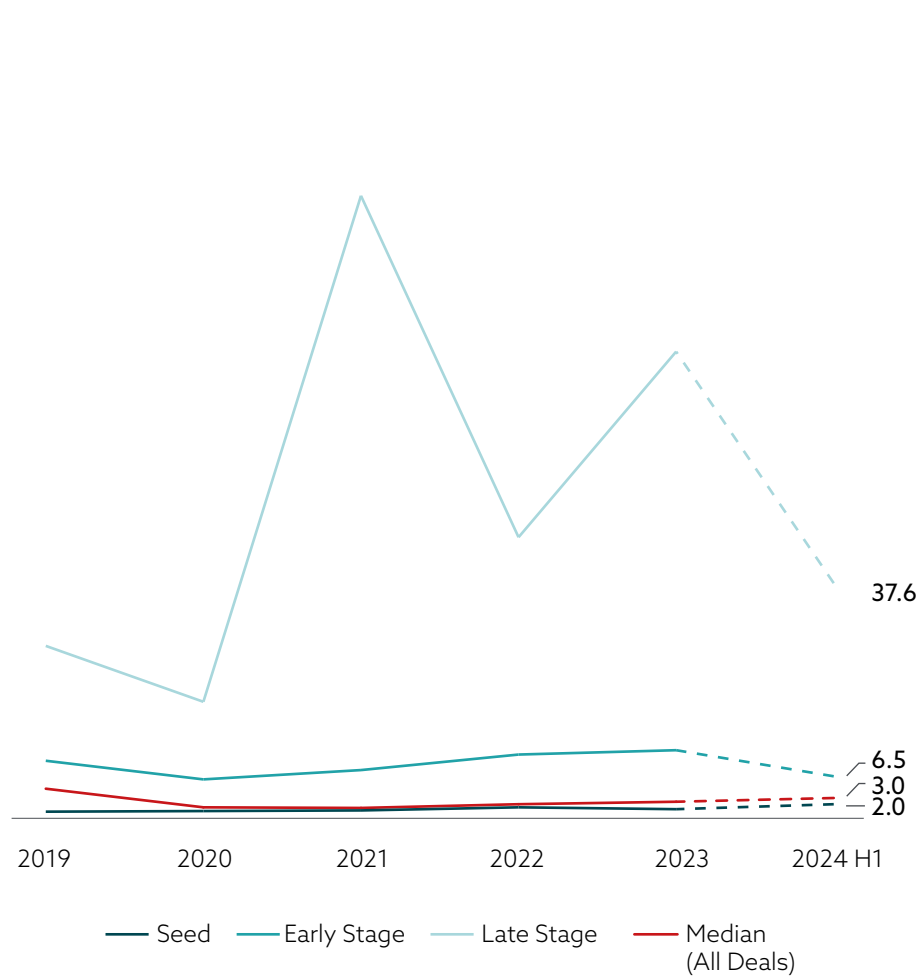


Figure 9: Annual Evolution of Median Deal Size (US\$m) by Stage, 2019 - H1 2024

Figure 10: Annual Evolution of Average Deal Size (US\$m) by Stage, 2019 - H1 2024



East And West Africa Collectively Account For 50%+ Of Deal Activity In H1 2024; Showcasing A Significant Bicoastal Influence Across The Continent's Investment Landscape

Figure 11: Share of VC Deal Volume in Africa, by Region, 2019 – 2023 vs H1 2024

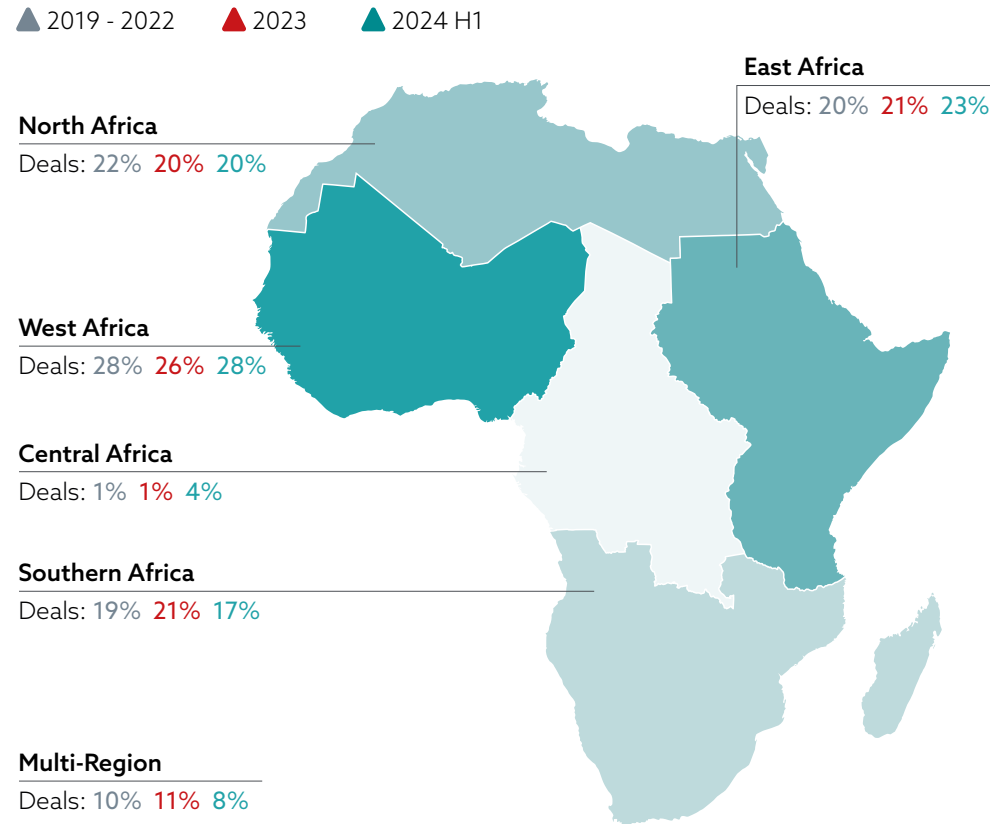
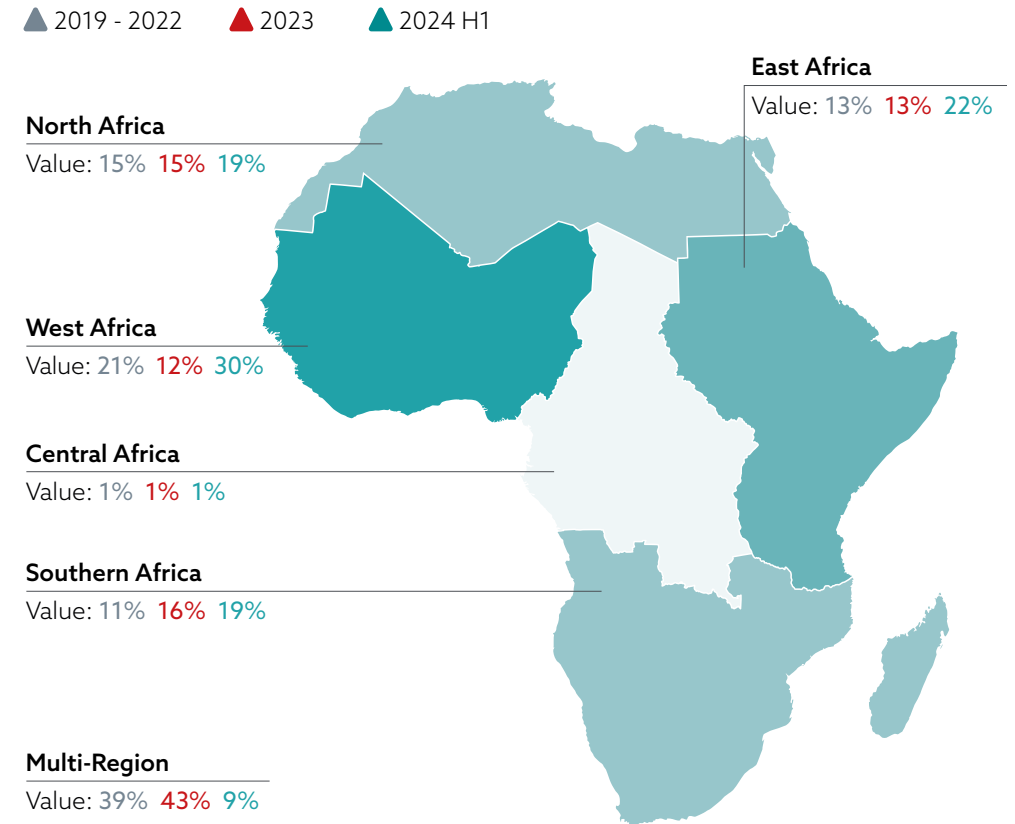


Figure 12: Share of VC Deal Value in Africa, by Region, 2019 – 2023 vs H1 2024



Dominance, A Dip, And Demonstrable Resilience in H1 2024: Information Technology & Financials Lead The Way; Consumer Discretionary Experience A Decline; While Health Care & Industrials Hold Steady

Figure 13: Share of VC Deal Volume by Sector, 2019 - 2022 vs 2023 vs H1 2024

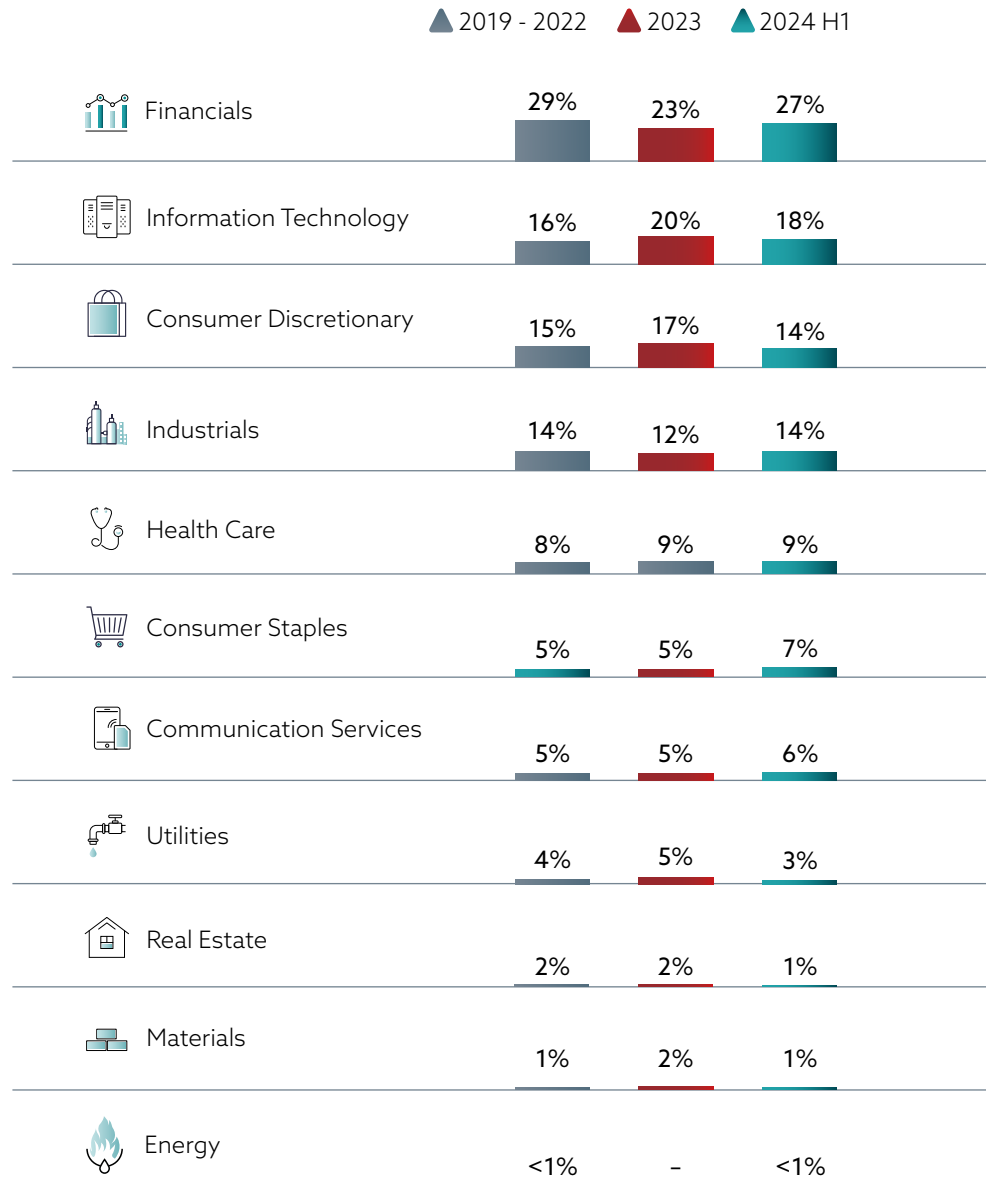
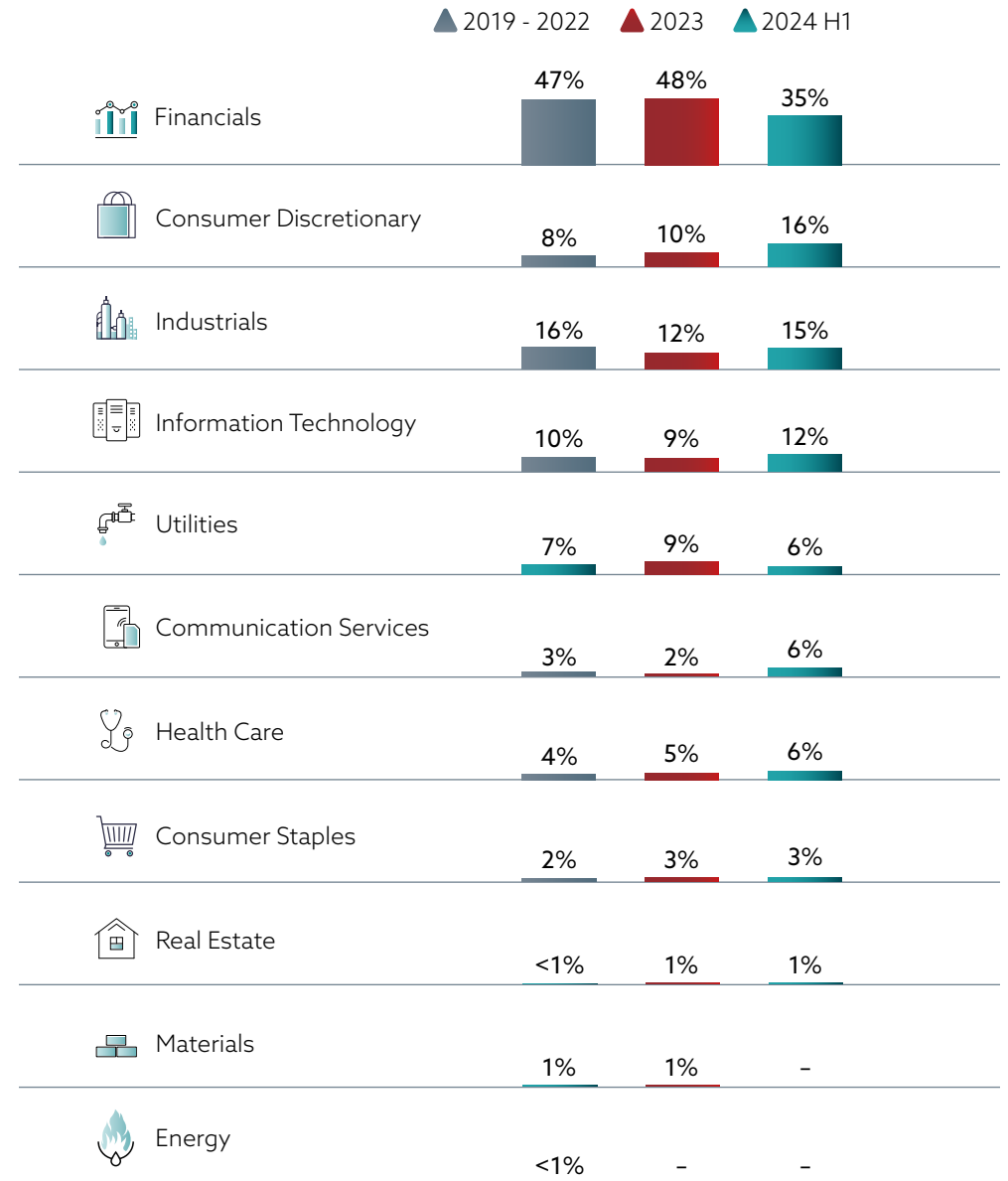
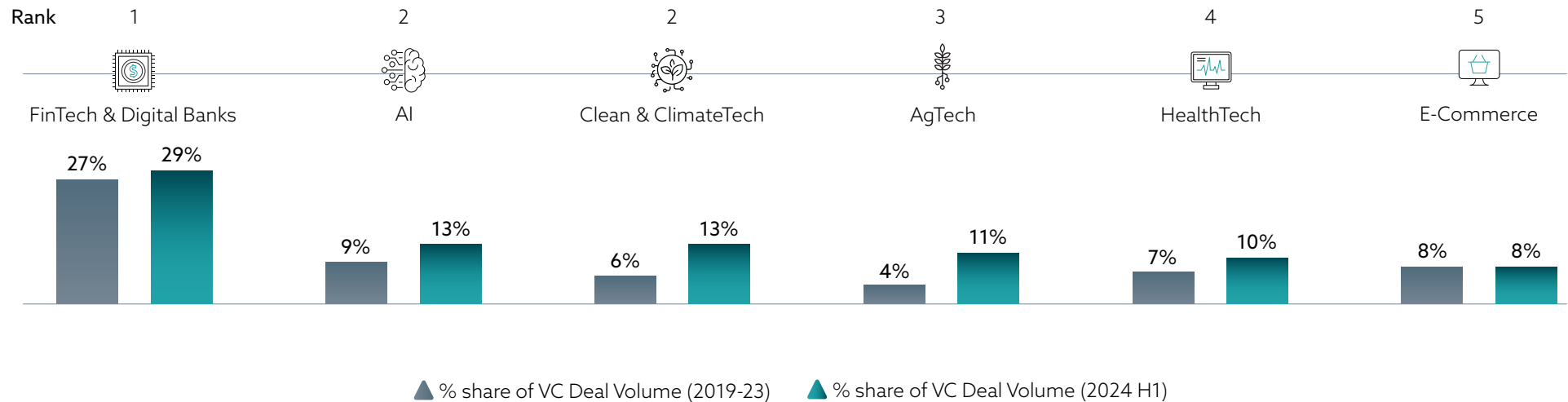


Figure 14: Share of VC Deal Value by Sector, 2019 - 2022 vs 2023 vs H1 2024



FinTech Corners the Market for Tech-Enabled VC Investment in Africa While AI and CleanTech Surge in Growth, Eclipsing E-Commerce

Figure 15: Top Verticals Amongst Tech-Enabled Companies, 2019 - H1 2024



Venture Debt - Which Saw US\$295 Million Raised Across 12 Deals - Nearly Achieved Parity With Venture Capital Dealmaking In Q2 2024, Reflecting Strategic Shifts In A Maturing Ecosystem

Figure 16: Volume of Venture Debt Deals in Africa, by Year & Quarter

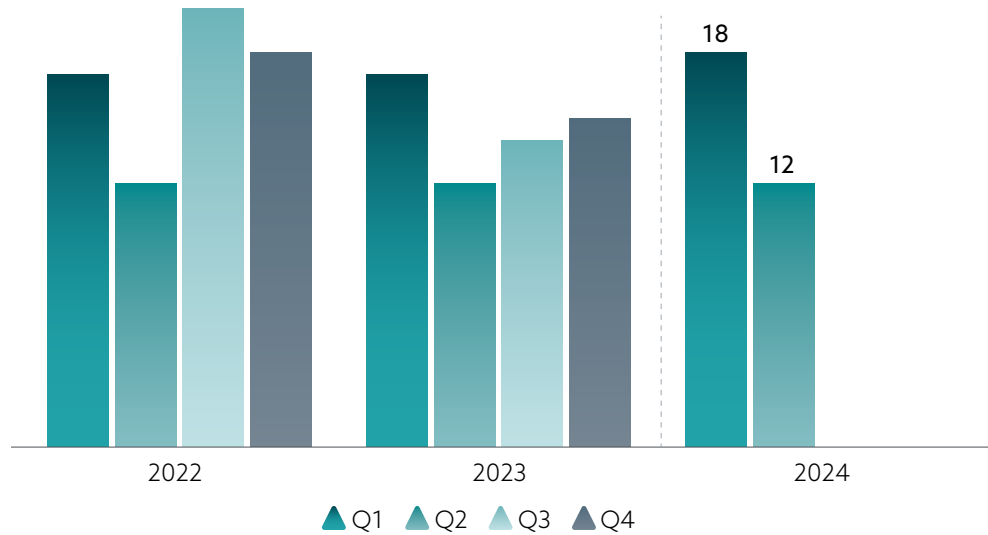


Figure 17: Value of Venture Debt Deals in Africa (US\$m), by Year & Quarter

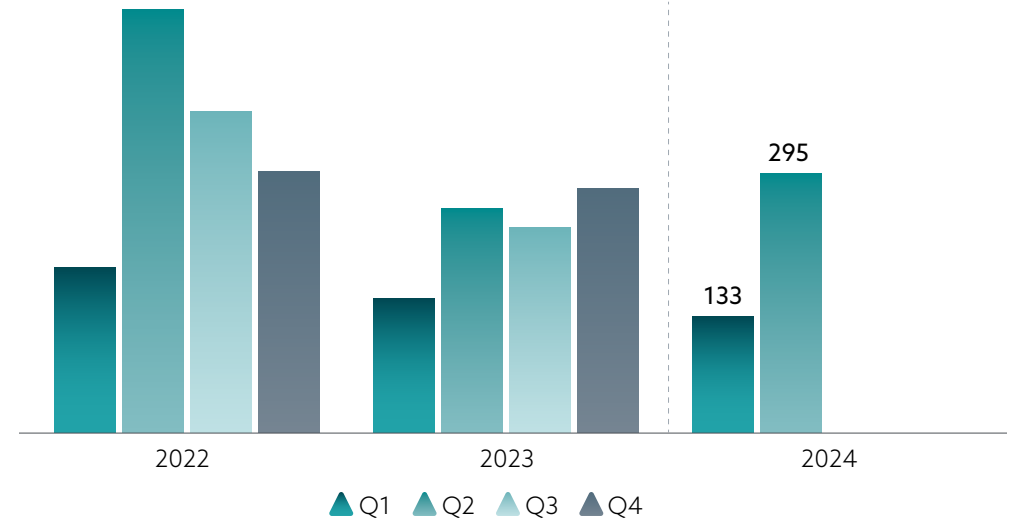
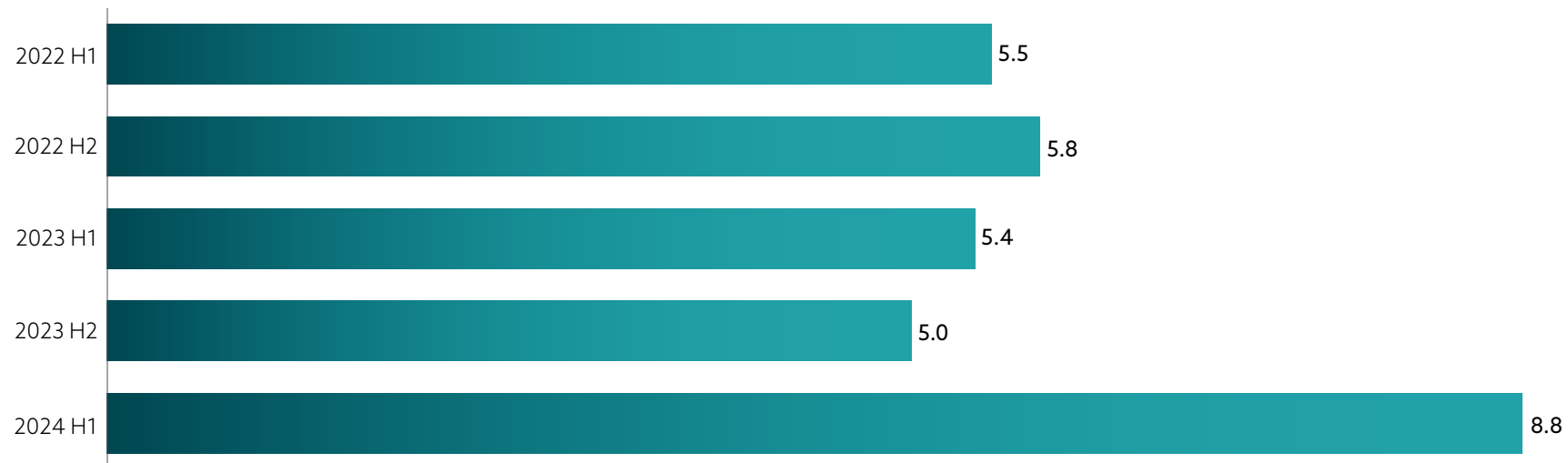


Figure 18: Evolution of Median Venture Debt Deal Value (US\$m), 2022 - H1 2024



Research Methodology

This report maintains the same methodology used in the full year Venture Capital in Africa series. A detailed overview of the Research Methodology used can be accessed [here](#), on pages 45-46.



Contact AVCA

37 North Row
3rd Floor
London W1K 6DH

E avca@avca-africa.org
W www.avca-africa.org
C www.avcaconference.com
T +44 (0)20 3874 7008

Championing Private Investment in Africa

The African Private Capital Association is the pan-African industry body which promotes and enables private investment in Africa.

AVCA plays an important role as a champion and effective change agent for the industry, educating, equipping and connecting members and stakeholders with independent industry research, best practice training programmes and exceptional networking opportunities.

With a global and growing member base, AVCA members span private equity and venture capital firms, institutional investors, foundations and endowments, pension funds, international development finance institutions, professional service firms, academia, and other associations.

This diverse membership is united by a common purpose: to be part of the Africa growth story.