



Q3
2024

Venture Capital Activity in Africa

Global Venture Capital

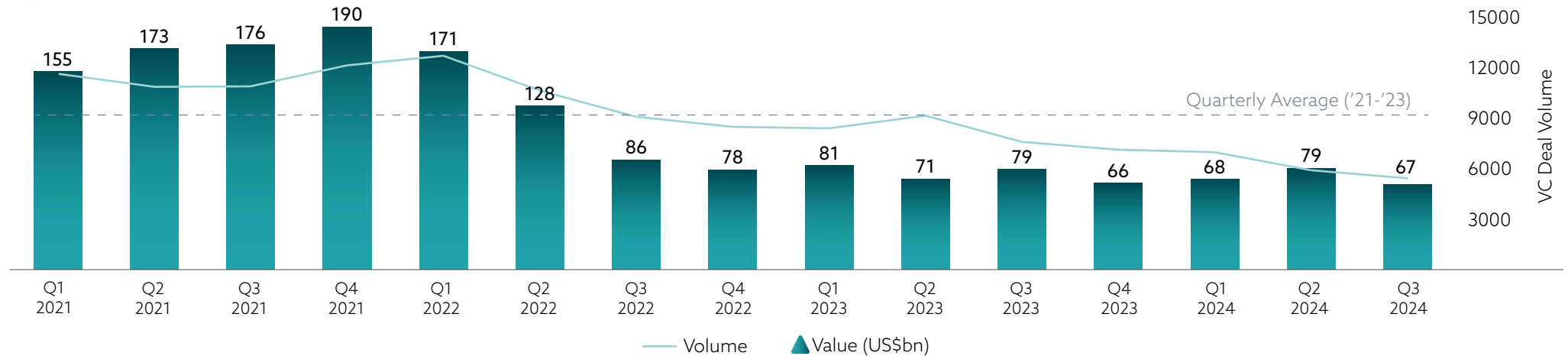
Despite early signs of stabilisation in the second quarter that fostered cautious optimism for industry recovery, global venture capital continued its downward trajectory in the third quarter of 2024. Total funding declined to US\$67 billion across approximately 5,300 deals, representing a 15% decrease in value and a 30% decrease in volume compared to the same period in 2023.

North America remained the dominant region for venture capital, accounting for 61% of global funding with US\$40.6 billion invested in Q3 2024. While dominant, it has not been immune to the broader market slowdown, with deal volumes continuing to shrink. Although Asia secured US\$13.2 billion in venture capital during the quarter, the region's grip on second place grows increasingly tenuous following significant contractions in both deal value and volume. Coming in third, Europe saw US\$10.2 billion invested and is on track to outpace Asia, despite market fluctuations

in the UK and France which affected regional totals in Q3. Latin America, Africa's closest economic and developmental comparator, closed out Q3 with just under US\$0.9 billion deployed, driven by capital deployed at the early-stage.

One of the most prominent trends in Q3 2024 was the reduced number of mega-rounds (deals exceeding US\$500 million), which contributed significantly to the year-on-year reduction in global deal value. Despite the overall cooling of venture capital activity, artificial intelligence (AI) continues to be a sector of notable interest, particularly in North America. In Q3 2024, AI companies in the region raised US\$15 billion, underscoring the ongoing belief in AI's transformative potential across industries¹. While AI is one of the few sectors experiencing growth, its impact has not been sufficient to reverse the broader market decline. These shifts highlight an increasingly discerning investment climate, where investors

Figure 1: **Volume and Value (US\$bn) of Global Venture Capital, 2021- Q3 2024**



Source: Crunchbase 2024 Global Funding Report

1 Crunchbase, 2024. [North American Startup Funding Weakened In Q3 As Largest Deal Took Longer To Close](#)

are prioritising low-risk, operationally sound companies with clear, demonstrable paths to profitability. In the face of ongoing macroeconomic uncertainty, there is a heightened focus on startups with strong business fundamentals, raising capital not out of operational necessity but to support long-term growth.

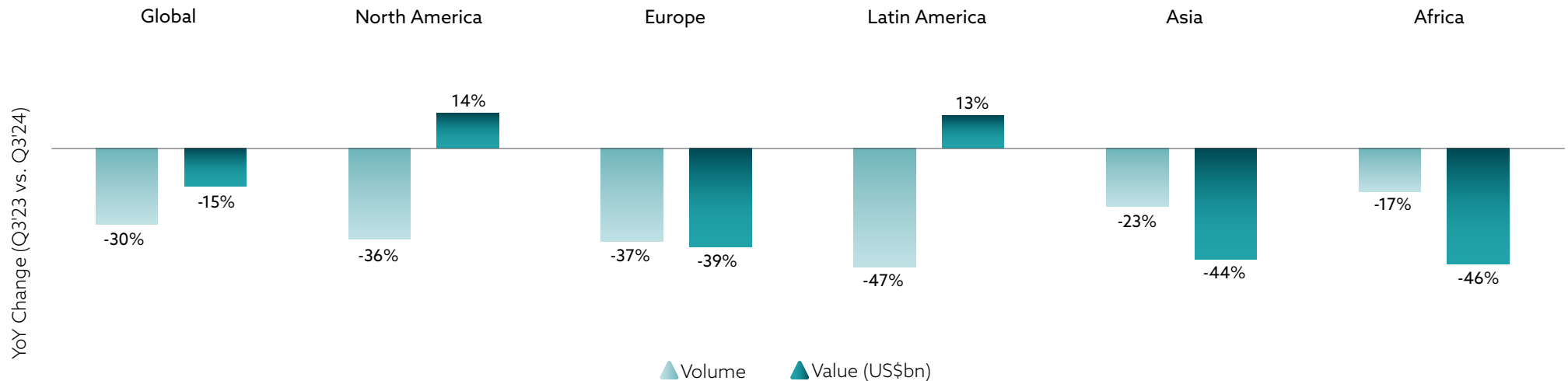
Africa in the Global Context

Q3 2024 revealed significant disparities in global venture capital activity, with North and Latin America standing out as the only regions to record increases in deal value year-on-year. North America's 14% YoY increase translates to US\$3 billion increase in Q3 2024 compared to Q3 2023, while Latin America's modest 13% increase amounted to just US\$100,000 more than the previous year. Despite the positive year-on-year comparison for both geographies, funding margins between Q3 2023 and Q3 2024 in Latin America were marginal, indicating that the region's funding environment has seen little improvement.

Africa and Asia, on the other hand, suffered twin trajectories in the third quarter. Both regions recorded nearly 50% declines in venture capital deal value compared to Q3 2023. In Asia, the drop was largely attributed to a sharp fall in late-stage and growth deals, which raised just US\$5.8 billion: a 62% decrease from the previous year². Bilateral tension with the United States, the subsequent exodus of foreign investment, dwindling valuations of Chinese companies, and the lasting effects of government crackdowns on Big Tech have collectively created a subdued environment for entrepreneurial and venture capital activity in China³—traditionally a growth engine for the Asiatic region.

For Africa, the reduction in venture capital flows is largely due to the retreat of global investors (particularly from North America) who had opportunistic rather than dedicated mandates for African investments. Additionally, capital is increasingly being concentrated in already-backed startups led by more established founders. This shift toward doubling down on existing investments has resulted in fewer deals overall and a notable decline in aggregate funding, further amplifying the region's challenges in attracting capital amidst global economic uncertainty.

Figure 2: **Global Comparison of YoY Changes to VC Deal Volume & Value, Q3 2024**



Source: AVCA Database & Crunchbase 2024 Global Funding Report

2 Crunchbase, 2024. [Asia Venture Funding Hits 10-Year Low In Q3](#)

3 Financial Times, 2024. [How China Has 'Throttled' Its Private Sector](#)

2024 YTD IN REVIEW

A Measured Year: 2024 On Track For Lowest Performance Since 2020

Venture capital activity in Africa has slowed considerably in 2024. In Q3, venture capital funding reached just US\$507 million across 108 deals in a steep decline by both volume and value compared to previous years. This brings the total for 2024 YTD to US\$1.2 billion raised over 313 deals and paints a sobering picture for the continent's startup ecosystem in what is shaping up to be a year of modest performance for venture capital.

Looking ahead, 2024 is on track to deliver a conservative three quarters of the deal volume reached in 2023, should the present dealmaking pace continue into Q4. In terms of deal value, the bigger picture is even bleaker: the continent may end the year with only half of the venture capital flows it recorded in 2023. For context, Africa's venture capital market raised US\$3 billion across 405 deals by the end of Q3 2023, underscoring the notable decline in investor activity to date in 2024.

A Pinch at the Early Stage, A Punch at the Late

Venture capital activity across all investment stages have witnessed significant contractions in the year to date. The late stage was the hardest hit with only two deals completed by September 2024, down from seven such deals that took place within the same period in 2023 (a 71% YoY decline). This drop reflects the increasing difficulty of and need for more mature startups to demonstrate growth, profitability, and a judicious burn rate of operational capital in order to secure follow-on funding. Compounding this challenge is the increasingly competitive fundraising environment for fund managers, which has reduced the availability of deployable capital in the market and further contributed to the scarcity of funding.

The seed stage also saw a 43% decline in deal volume, with 87 deals closed in 2024 YTD. Despite this contraction, median deal sizes at the seed stage are trending upward, now averaging US\$1.9 million, compared to US\$1.2 million in 2023. Similarly, the early stage shrunk by approximately a third by both deal volume and value. 37 early stage deals totalling a combined US\$530 million were completed in 2024 by the close of Q3 - falling shy of the (still modest) US\$857 million raised within this market segment the previous year. However, this stage

remains relatively insulated, benefiting from the historical abundance of seed-stage investments that have created a steady pipeline of companies transitioning to the early stage.

West Africa Dethroned, North Africa Surpasses All Regions By Both Volume & Value

North Africa emerged as the top performer in 2024, claiming a total US\$368 million from 78 deals by the end of Q3. After a mixed performance in the first half of 2024, North Africa was buoyed by several high-value funding rounds in Q3, particularly in Egypt's financial services sector. Notable deals included US\$34 million pre-Series A raised by *FlapKap* and US\$22 million Series B extension secured by *Paymob*. This surge helped dethrone West Africa, which typically leads the continent, but slipped by 32% YoY to stand at 73 deals by Q3 2024. West Africa's decline by deal volume is mirrored in its shrinking deal value, which has fallen to US\$185 million year-to-date in 2024, compared to US\$327 million in 2023.

East and Central Africa have both remained stable in 2024, with East Africa maintaining consistency quarter-over-quarter, while Central Africa held steady year-over-year. East Africa secured 75 deals year-to-date, reflecting sustained investor interest, though the region saw a decline in deal value, raising US\$196 million in 2024 compared to US\$480 million in 2023. Similarly, Central Africa maintained stability with 7 deals so far in 2024, in line with previous years. However, the region continues to struggle in attracting significant capital, raising just US\$6 million in 2024, primarily from seed-stage companies securing their first rounds of funding.

FinTech Expands Dominance in African VC, AI Crosses Verticals, and CleanTech Gains Momentum

FinTech and Digital Banks remain the beating heart of venture capital in Africa, encompassing innovations in cryptocurrency, digital payments, mobile wallets, and embedded finance solutions tailored to the continent's unique needs. One in three tech-enabled startups (32%) that raised funding in 2024 operate within this vertical, collectively attracting US\$564 million in venture capital to date.

While FinTech dominates, the rise of Artificial Intelligence (AI) is shaping multiple sectors. AI's cross-vertical applications—spanning from predictive analytics in FinTech to optimising grid management solutions in Clean and ClimateTech—have fuelled its growth. AI deals now account for 13% of venture capital activity directed to tech-enabled startups, placing it alongside CleanTech as one of the most funded verticals. This composition of capital flows highlights the growing investor preference for sectors that combine sustainability, scalability, and technological sophistication.

Venture Debt Grows in Size and Frequency

Q3 2024 saw 9 venture debt deals completed in Africa, totalling US\$317 million. This brings the cumulative value for 2024 to US\$755 million across 40 deals, highlighting the growing prominence of venture debt as a key funding mechanism for African businesses. Notably, the deals in Q3 exhibited strong sector concentration, with recipients primarily operating in the Financials (56%), Utilities (33%) and Consumer Staples (11%) sectors.

One unique trend in 2024 has been the rise of repeat venture debt investments within the same year. Venture debt is typically leveraged by more established companies raising follow-on rather than initial funding, and is typically raised in successive years. However in Q3 2024 companies like *d.Light*, *One Acre Fund*, *UsPlus*, and *ValU* have raised their second or even third venture debt round within the same year—a deviation from the norm. This unusual frequency may be attributed to the increased availability of tailored credit solutions, or the result of specific capital needs to support product or geographic expansion.

In addition, median venture debt deal value continues to rise, standing at US\$9.5 million for 2024 year-to-date, compared to US\$5 million in 2023 and US\$5.8 million in 2022. This upward trend reflects both the growing demand for larger debt deals and the increasing maturity of the companies seeking this type of funding.

The Road Ahead: What's Next for VC in Africa?

Reflections & Outlook for 2024

The venture capital landscape in Africa has faced undeniable challenges in 2024, yet room for (some) optimism remains. As we move into Q4, a modest rebound in deal activity could narrow the year's overall decline in volume. Turning to value,

despite the overall decline this year, investors are still deploying capital at scale for startups with stable fundamentals and demonstrable growth. The rise in average deal sizes across some market segments reflects this trend, with seed-stage deals increasing from US\$1.8 million in 2023 to US\$2.4 million in 2024, and early-stage deals rising to an average of \$16.1 million. Even the late-stage segment, where the funding pullback has been most pronounced, saw some high-value rounds for resilient companies. Examples include Egypt's *MNT-Halan* and Nigeria's *MoniePoint*, which secured \$160 million and \$110 million respectively. These trends hint at continued capital access for high-performing startups, and in the medium term may result in a gradual return to growth for both deal volumes and values.

A New Normal?

As venture capital navigates this funding downturn, a key question lingers: is the current landscape here to stay? Today's figures—just under US\$2 billion raised so far in 2024, with the inclusion of venture debt—already surpass the industry's performance in pre-boom years like 2019 and 2020. However, the soaring deal activity of 2021-2022, driven by abundant capital in late-stage deals, appear increasingly distant in today's risk-averse climate. As investors evaluate opportunities more conservatively, founders may face a reality where the heightened pace of dealmaking seen in previous years is unlikely to return soon. With more questions than answers on everyone's minds, the future for and direction of Africa's startup ecosystem remain to be seen.

Venture Debt: A Lifeline For The Road Ahead

Though the duration and long-term impact of the funding slowdown remain uncertain, venture debt offers a viable path forward, providing an essential lifeline as the industry struggles toward the light at the end of the tunnel. By Q3 2024, 40 venture debt deals totalling \$755 million were concluded—steady in volume and up notably from \$633 million across 43 deals at this point last year. For founders hoping to ride out the downturn, this steady source of capital could be the strategic cushion needed to navigate the months ahead and position for success when the venture capital market regains momentum.

A Measured Year: Deal Counts Remain Below The Quarterly Average

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

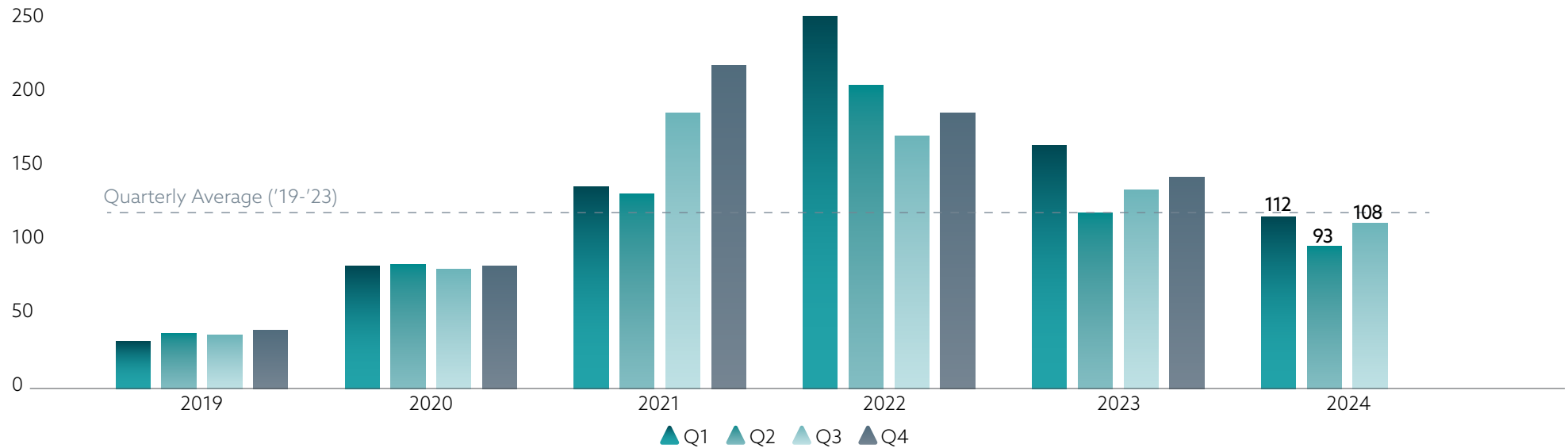
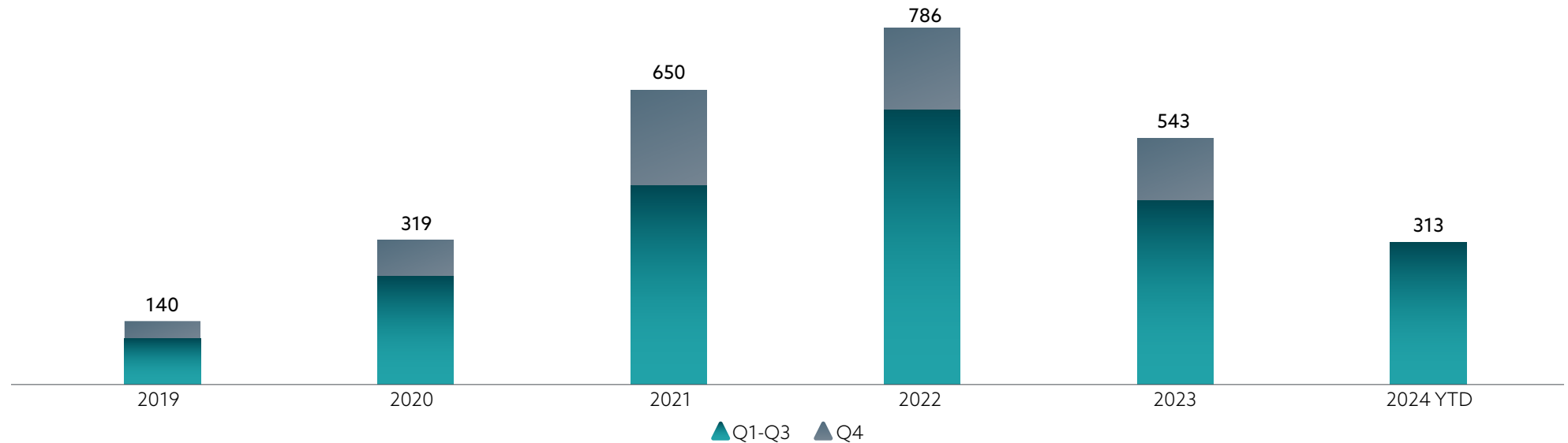


Figure 4: Volume of Venture Capital Deals in Africa by Year, Q1-Q3 vs. Q4



A Measured Year: 2024 On Track For Lowest Performance Since 2020

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

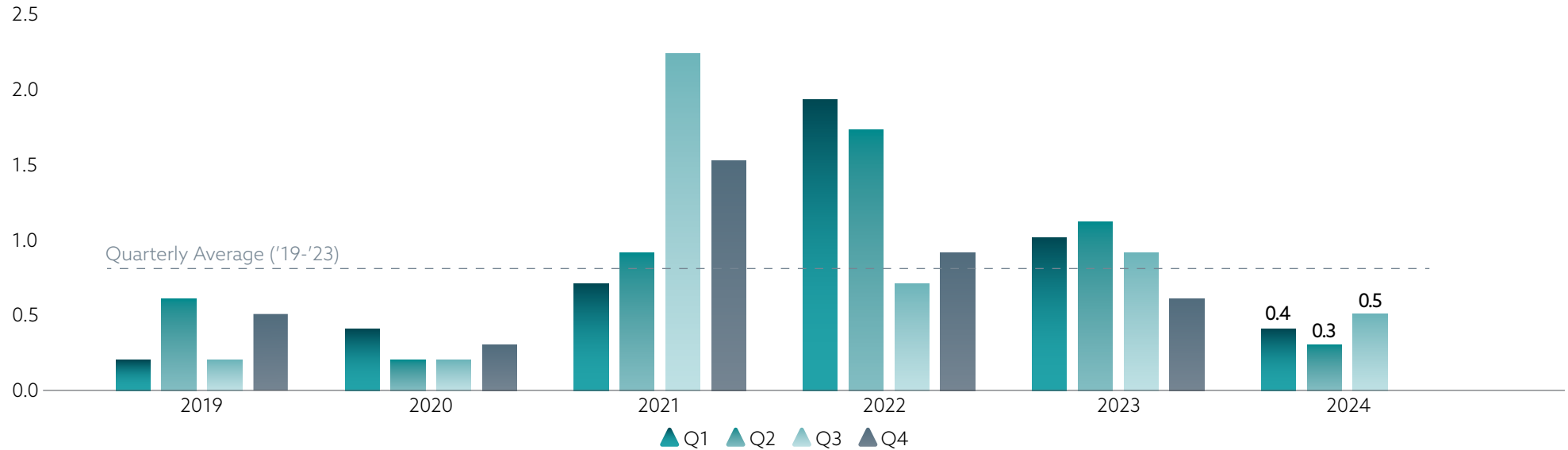
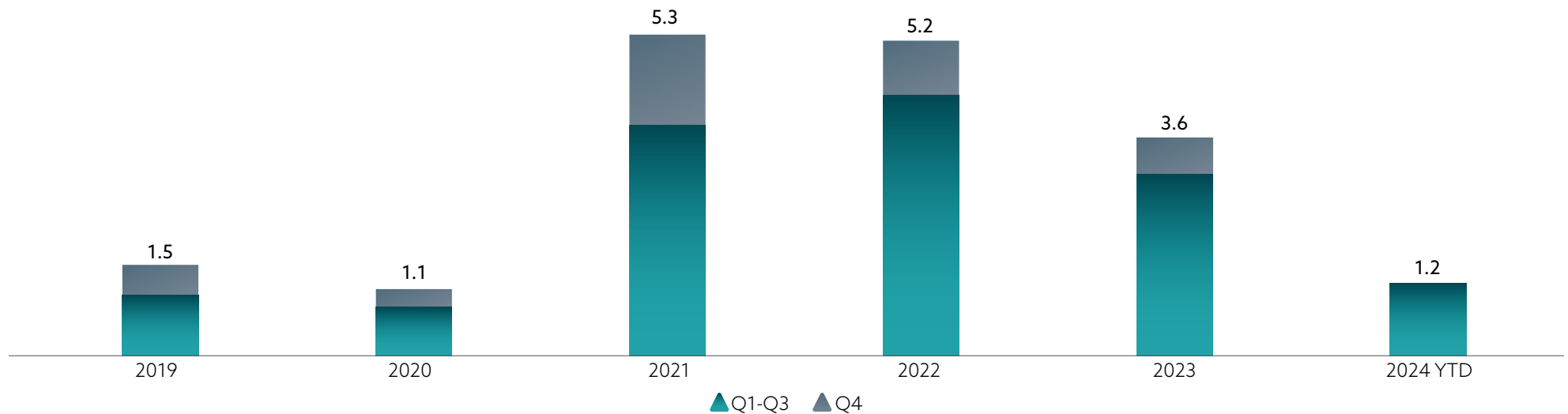


Figure 6: Value of Venture Capital Deals (US\$bn) in Africa by Year, Q1-Q3 vs. Q4



A Pinch at the Early Stage, A Punch at the Late

Figure 7: Annual Evolution of VC Deal Volume by Stage, 2019 - Q3 2024

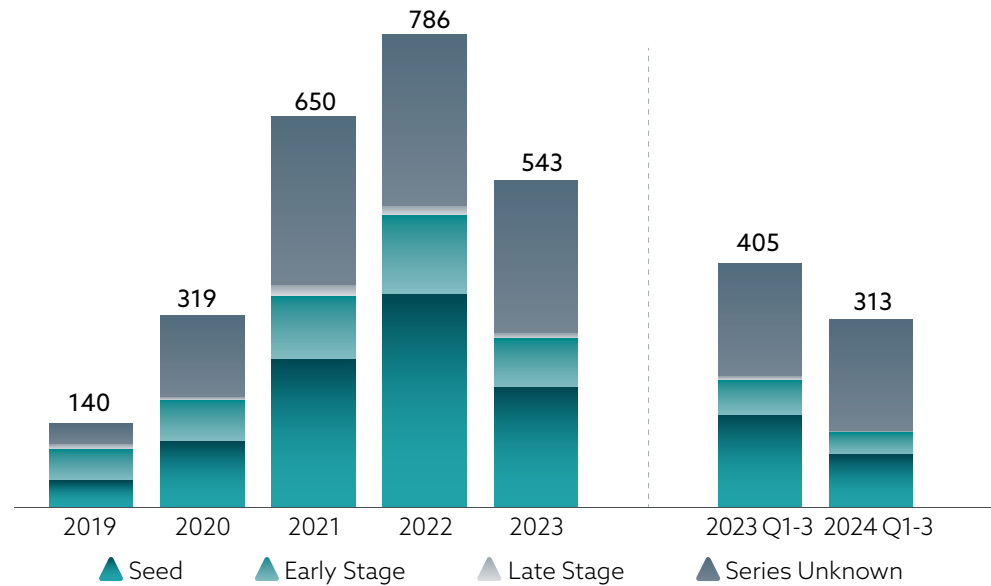


Figure 8: Annual Evolution of VC Deal Value by Stage, 2019 - Q3 2024

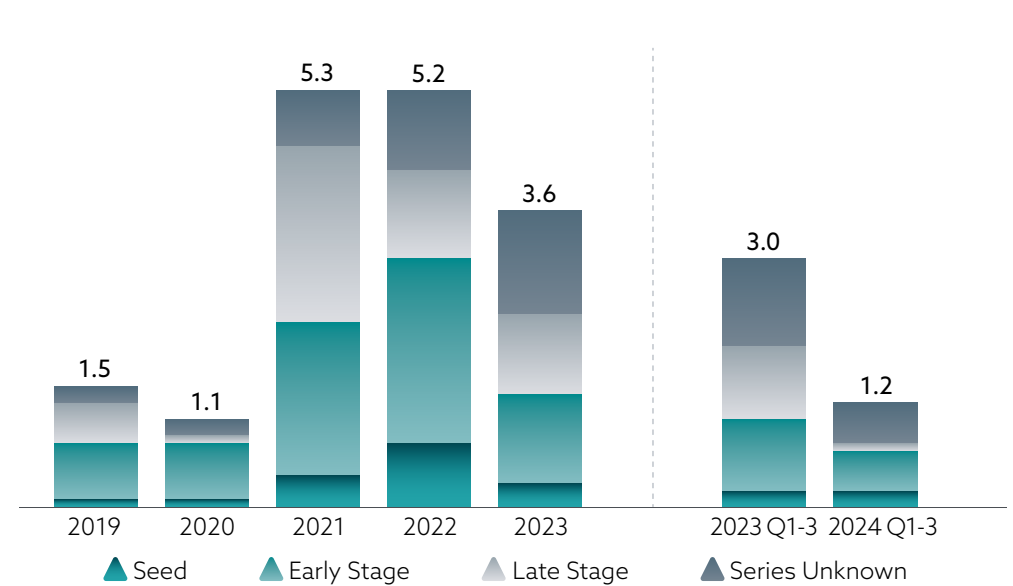
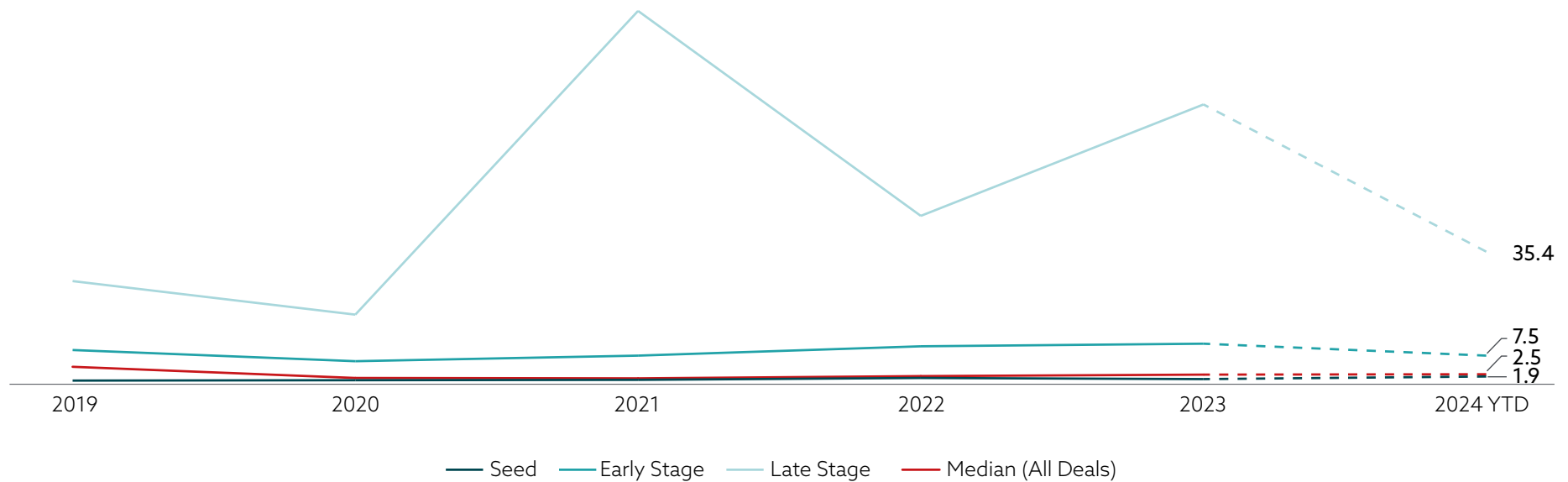


Figure 9: Annual Evolution of Median Deal Size (US\$mn) by Stage, 2019-2024 YTD



West Africa Dethroned, North Africa Surpasses All Regions By Both Volume & Value

Figure 10: Evolution of VC Deal Volume in Africa, 2021-2024 YTD

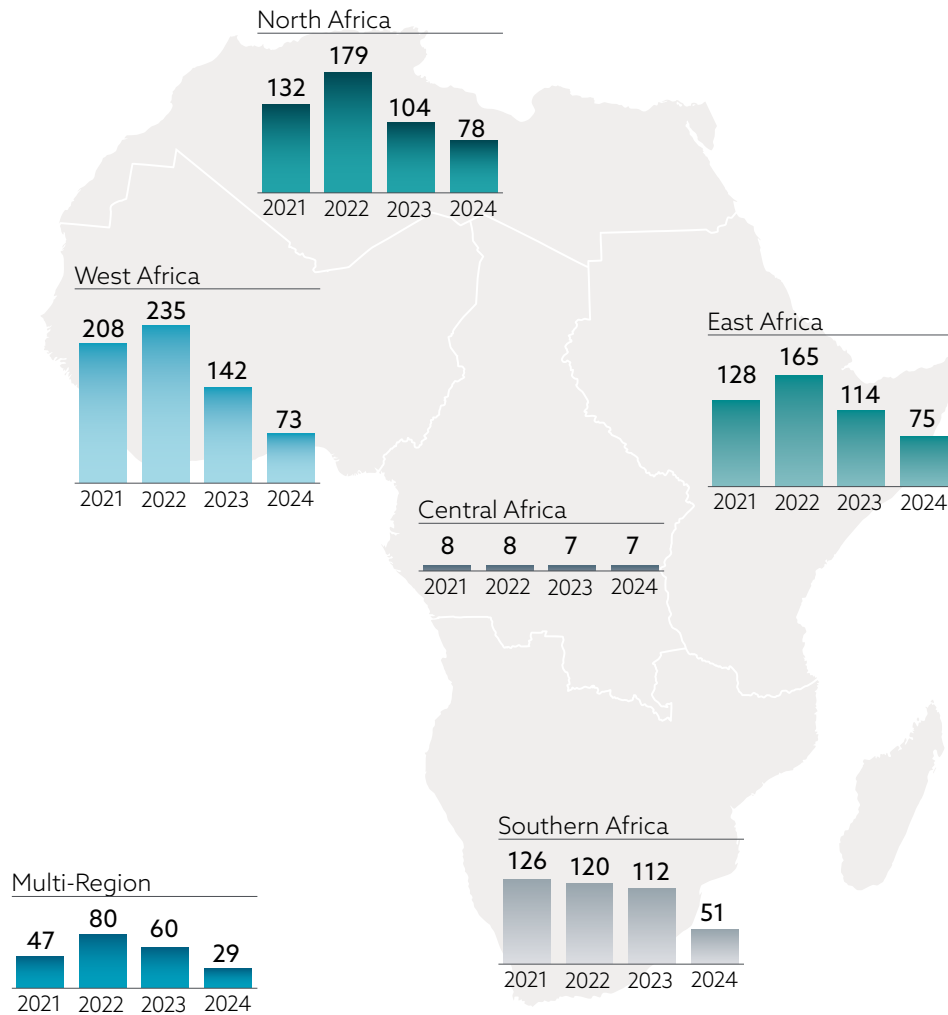
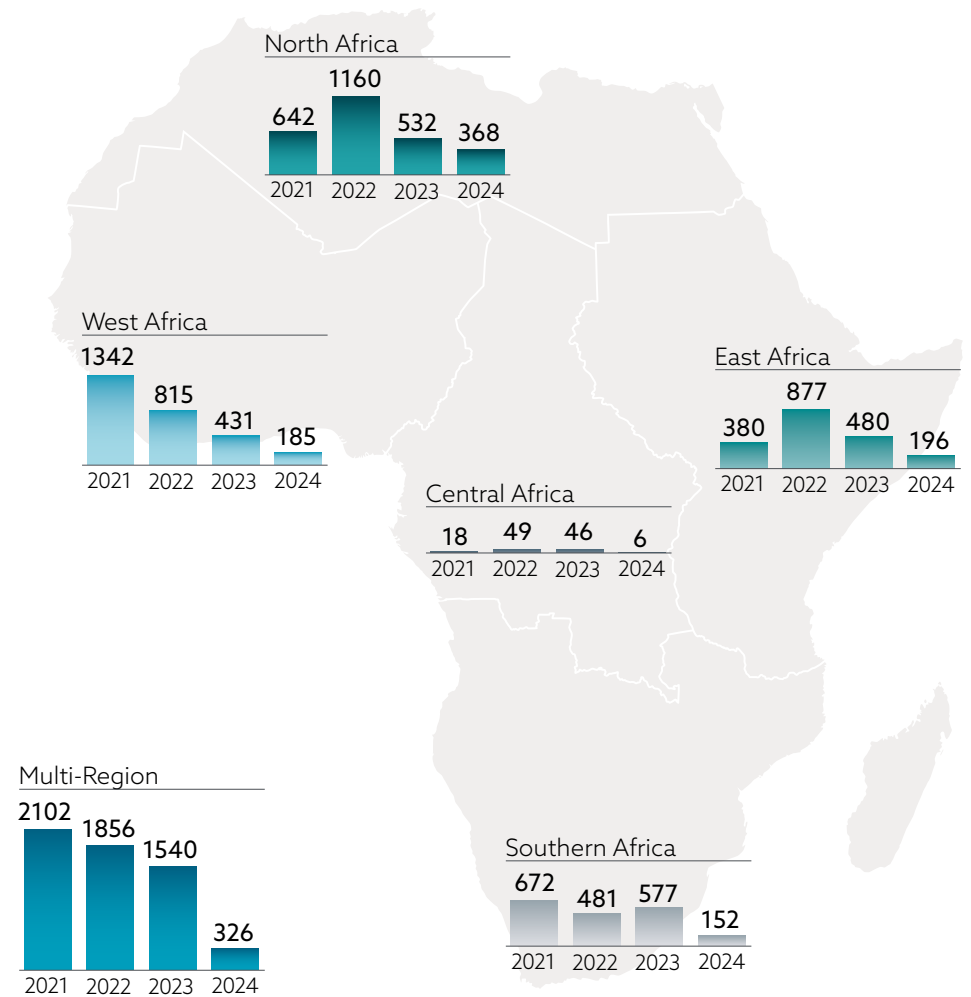


Figure 11: Evolution of VC Deal Value (US\$mn) in Africa, 2021-2024 YTD



Driving African Consumerism: Financials, Information Technology, and Consumer Discretionary Dominate in Volume and Value

Figure 12: Share of VC Deal Volume by Sector, 2019 - 2022 vs 2023 vs 2024 YTD

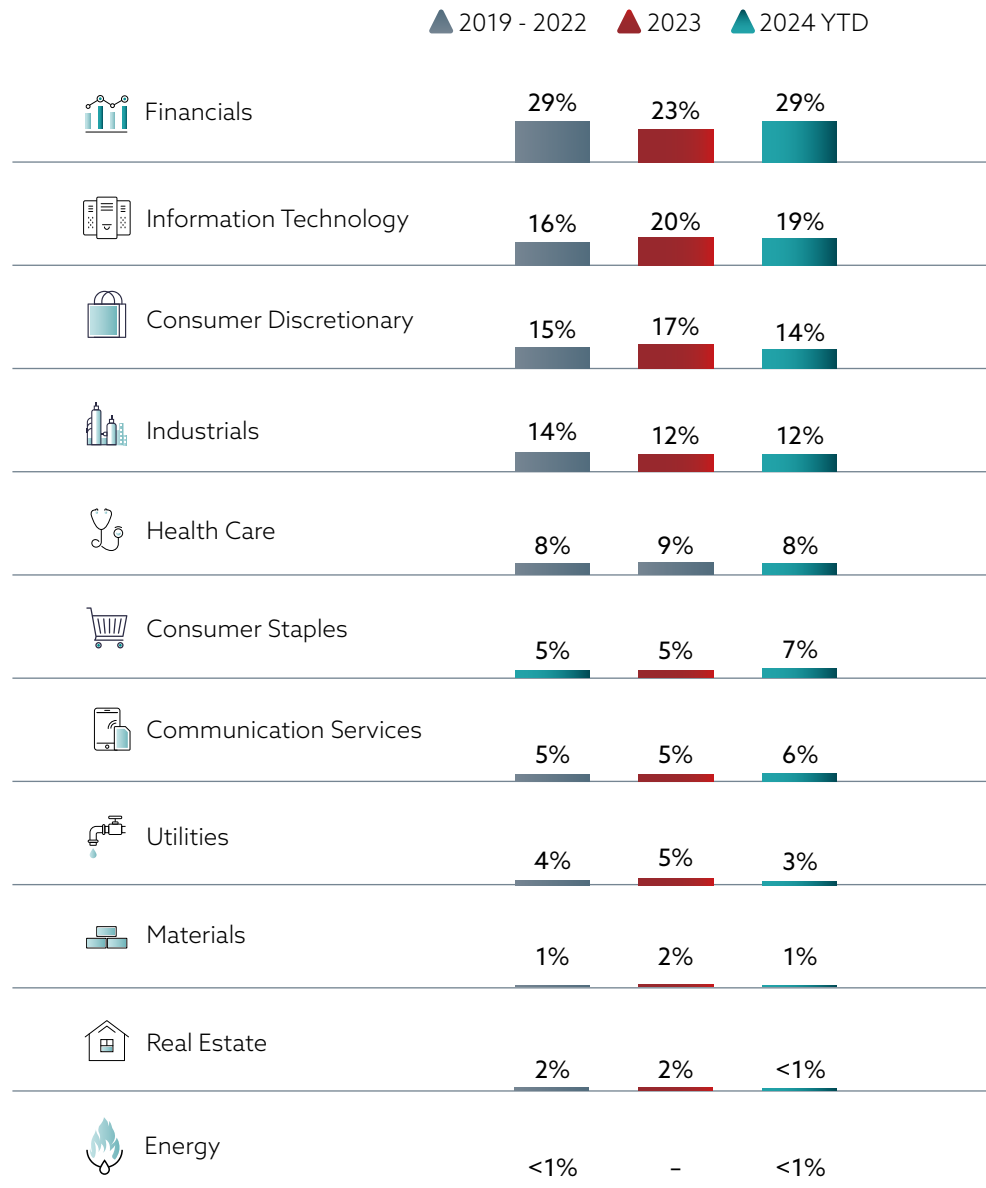
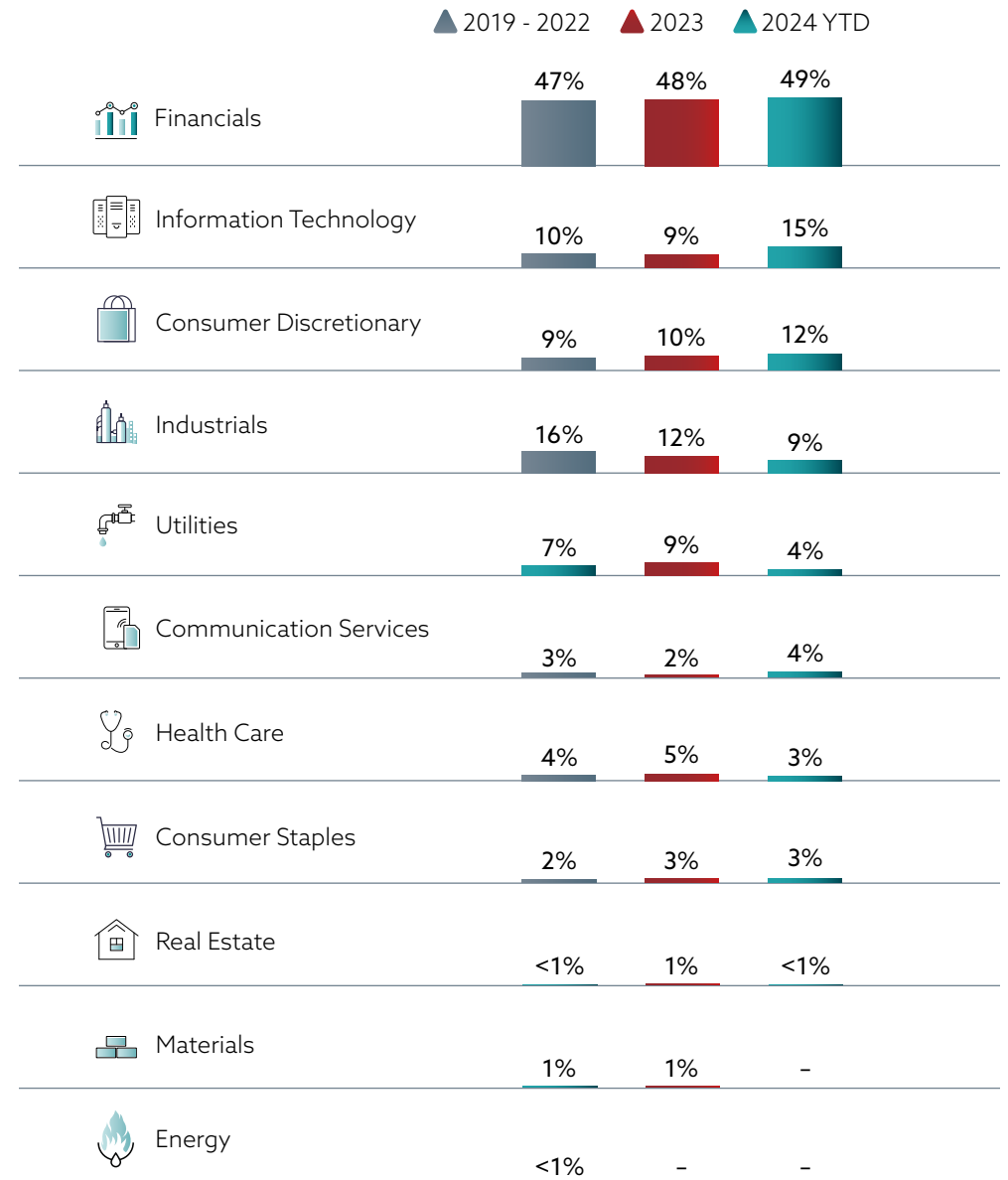


Figure 13: Share of VC Deal Value by Sector, 2019 - 2022 vs 2023 vs 2024 YTD



FinTech Expands Dominance in African VC, AI Crosses Verticals, and CleanTech Gains Momentum

Figure 14: **Top Verticals Amongst Tech-Enabled Companies, 2019 - 2023**

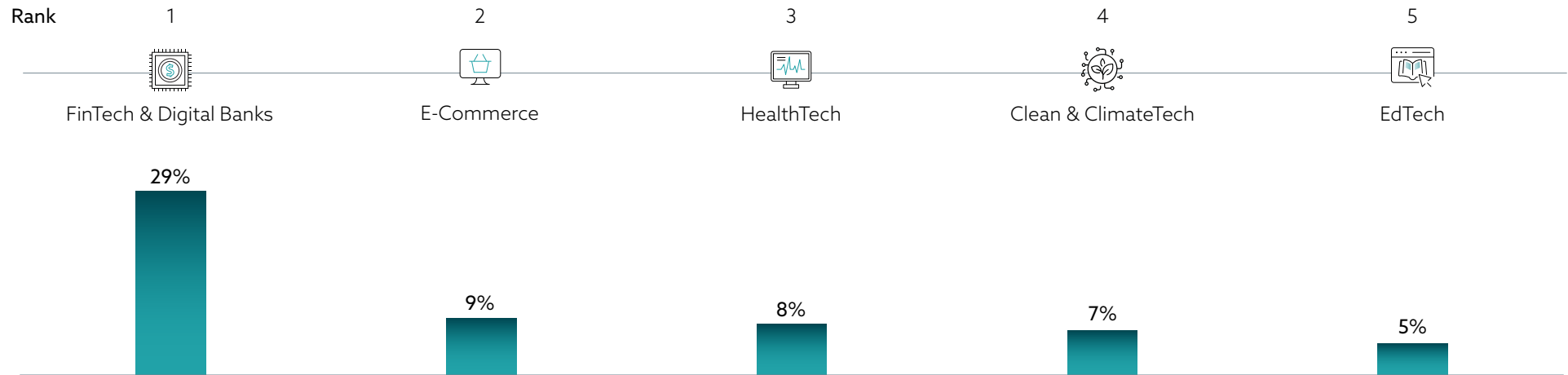
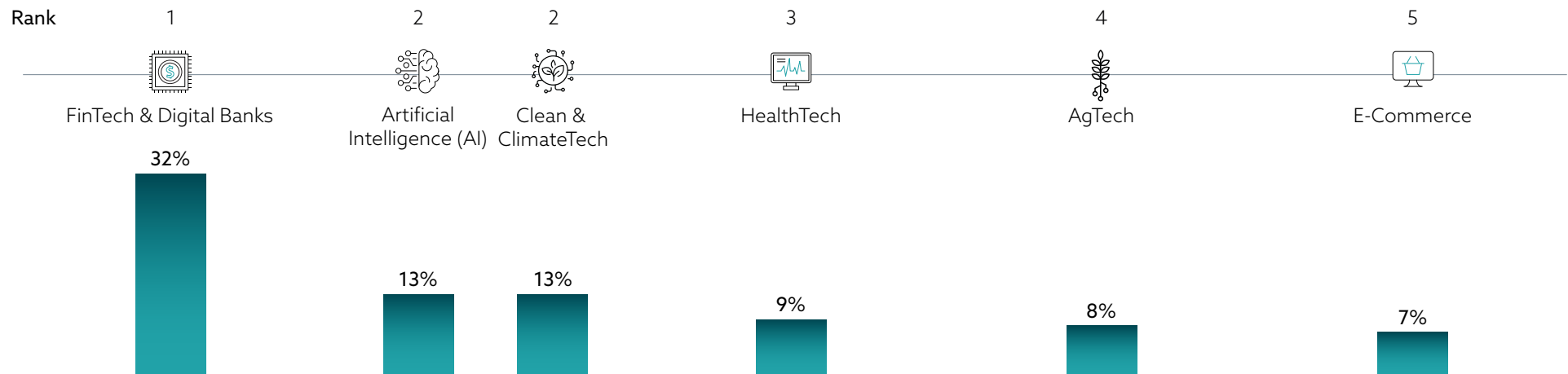


Figure 15: **Top Verticals Amongst Tech-Enabled Companies, 2024 YTD**



Venture Debt Grows in Size and Frequency

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

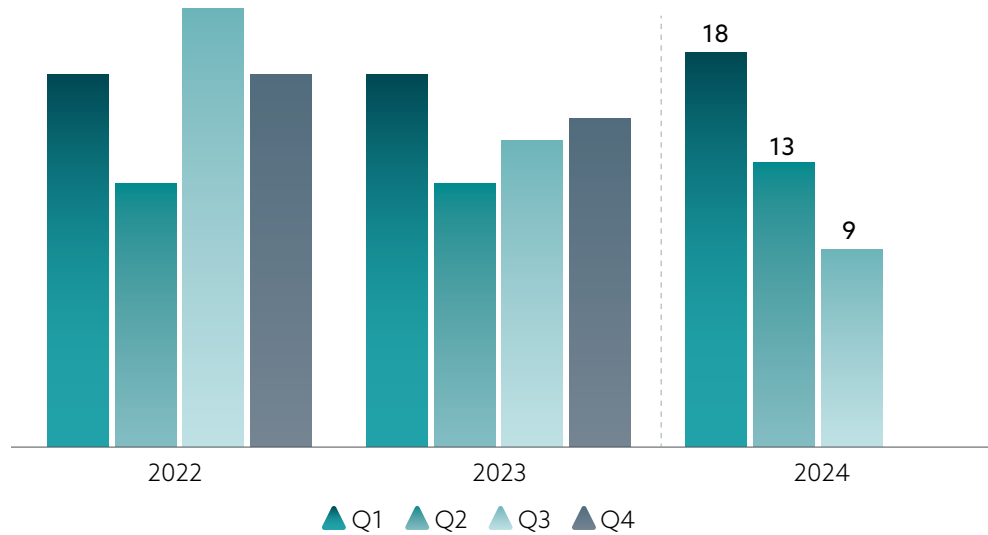


Figure 17: Value of Venture Debt Deals in Africa (US\$m), by Year & Quarter

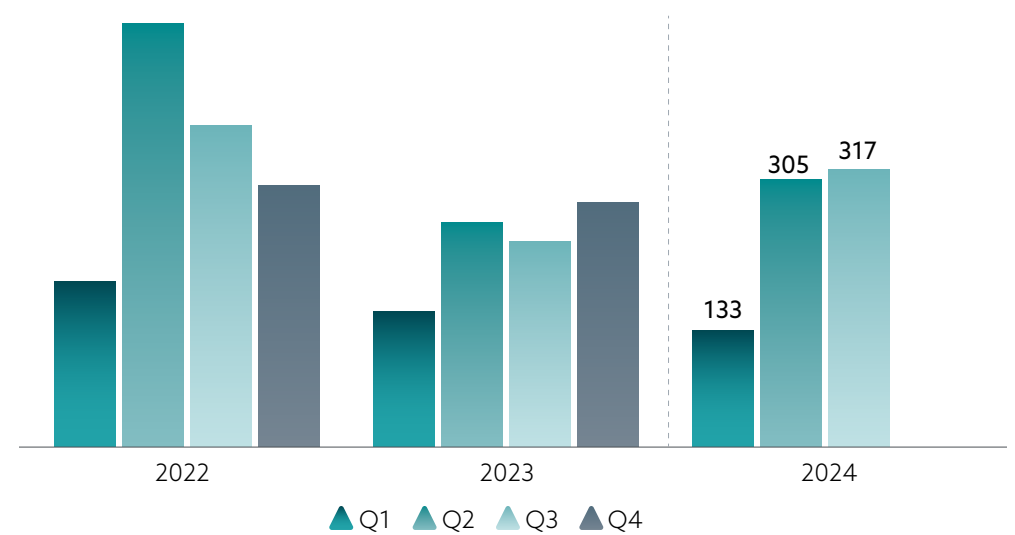
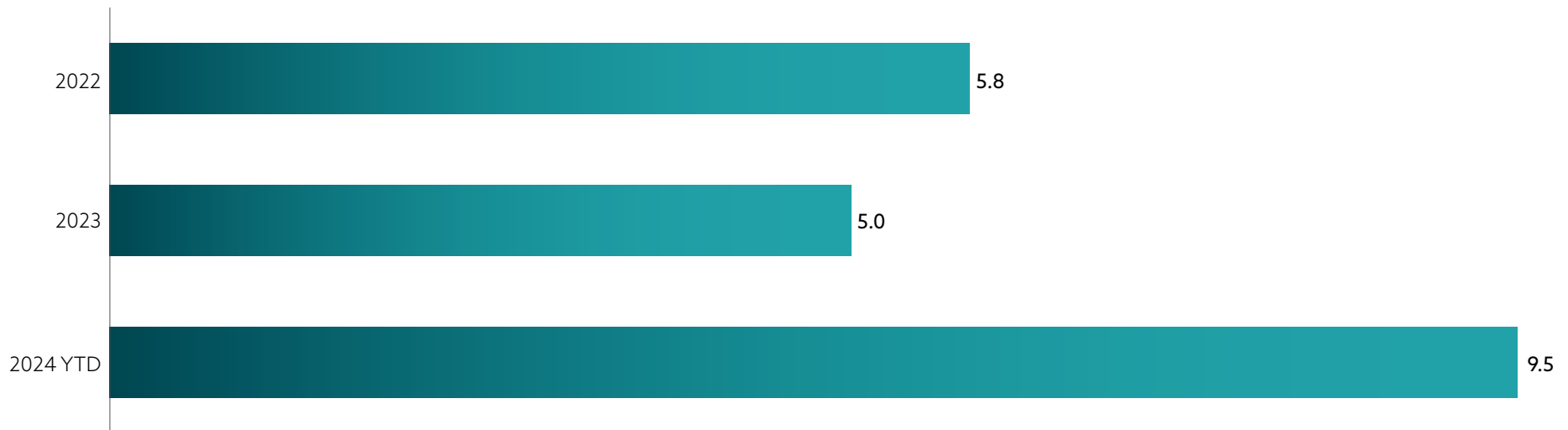


Figure 18: Evolution of Median Venture Debt Deal Value (US\$m), 2022 - 2024 YTD



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.