Venture Capital Activity in Africa

Q3 2025

2025 YTD IN REVIEW

Holding Steady: Africa's Venture Market Finds Its Post-Reset Rhythm

After two years in flux, venture capital in Africa appears to be regaining its footing. YTD figures suggest the ecosystem is emerging from the turbulence of the funding downturn and is settling into a steadier rhythm of dealmaking. The 122 deals recorded in Q3 2025 represents a 17% YoY increase and a steady continuation from Q2. It marks the third consecutive quarter of stable output, reinforcing the notion that deal volumes are holding their own in the aftermath of the reset. Still, activity remains below the long-term average observed between 2022 and 2024, which underscores the structural shift taking shape. The question posed in this report this time last year—*whether the subdued levels of investment represented a pause or a plateau*—now appears closer to being answered.

With 362 deals concluded between Q1 and Q3, cumulative deal volume for 2025 sits almost exactly in line with the two-year average for the same period across 2023 and 2024. This alignment lends weight to the view that Africa's venture ecosystem is operating in its "new normal," having absorbed its correction and adapted to a more sustainable baseline. While the exuberance of the boom years may have faded, in its place lies more resilient growth marked by pragmatic deployment, smaller yet steadier deal flows, and a recalibrated investor appetite.

A Gradual Recovery Interrupted: Deal Value Falters Amid Heightened Opacity

Africa's recovery by venture capital deal value lost momentum in the third quarter of 2025, interrupting what had appeared to be a gradual return to form. After raising US$0.6 billion in both Q1 and Q2, startups on the continent secured just US$0.2 billion in disclosed funding in Q3. While at face value this appears both abrupt and disruptive to the market's upward trajectory, the headline numbers obscure as much as they reveal. The quarter saw an unusually high share of deals with undisclosed values: 17pp higher than Q3 2024 and 26pp points above the average for 2022-2024. This suggests that capital deployment did not collapse outright, but rather became less transparent, reflecting investors' heightened discretion and a market still navigating relative uncertainty.

What does remain visible suggests that capital flows, while subdued, are increasing in size and selectivity. The US$3.0 million median deal size for 2025 represents a 20% increase on 2024 (US$2.5 million) and a 36% rise compared to the boom years (US$2.2 million). At US$1.4 billion YTD, cumulative funding is effectively flat compared to the same period in 2024. Although the absence of high-profile fundraising has dampened headline figures, the market's underlying consistency suggests that stabilisation is holding in Africa's venture ecosystem. Deal volume continues to recover faster than deal value, but together they reflect an industry finding equilibrium after an extended period of correction.

Healing From the Bottom-Up: Seed and Early Stages Anchor the Market's Recovery

The foundation of Africa's bottom-up recovery lies in a revitalised Seed segment, which grew 14% YoY to 107 deals—already 85% of the total achieved across all of 2024. Although disclosed value declined from US$558 million to US$218 million, 15% of these were undisclosed, obscuring the true scale of capital deployed. Even so, the renewed depth at this entry point signals that investors are re-engaging at the base of the venture pyramid, favouring early bets on emerging founders and ideas with potential to drive the next growth cycle.

Momentum carries through to the Early Stage, where both volume and value trends reflect strengthening investor conviction. Deal count held steady at 43 from 42 a year earlier, while total capital disbursed tripled to US$0.6 billion. Nearly half of 2025's Series A transactions (11) and 3 Series Bs occurred in Q3, concentrated in Egypt, Morocco, South Africa and Nigeria. Notable examples include *Kredete's* US$22 million Series A in FinTech, *Intella's* US$12.5 million Series A in AI, and *Chowdeck's* US$9 million Series A in FoodTech.

Above this layer, however, the capital ladder narrows considerably. Late Stage activity, limited to only two recorded deals, is at its weakest point since 2020. The slowdown extends to large transactions as well. Only 13 deals valued at US$20 million or more have been logged this year. Collectively, these total slightly over US$0.5 billion: the weakest aggregate value in five years. The absence of these high-value rounds constrains overall dollar growth and leaves many scale-ups short of expansion capital. The first three quarters of 2025 portray a market gaining depth at the base but thinning toward the top. Africa's revitalisation remains bottom-heavy, anchored in the Seed and Early Stages while awaiting the capital needed to propel its next generation of exits.

Capital Rebalances: Southern Africa Takes the Lead as Regional Dynamics Shift

The long-dominant Multi Region category has continually ceded ground to sub-regional hubs in 2025, revealing a funding landscape that is more balanced but increasingly reliant on the strength of regional pipelines. Southern Africa now commands the largest share of capital, accounting for 26% of total value despite contributing less than a fifth of deal volume. Hosting over a third of deals valued above US$20 million thus far in 2025, the region benefits from a stable investment environment that supports higher-value transactions, particularly in South Africa, where investor familiarity continues to underpin activity.

West Africa, by contrast, remains the continent's most active corridor by volume but trails by value. Nigeria continues to drive much of this dynamism, fuelled by a wave of Series A activity throughout the year. With a median deal value of US$1.9 million, smaller deal sizes limit the proportion of overall value assumed by this region. This suggests that founders may face tougher paths to scale, unless later-stage funding makes an earnest comeback. Meanwhile, North Africa continues its measured ascent, contributing 23% of both deal volume and value. This corresponds to an increase of 5pp in value share compared to 2024, with Egypt and Morocco together accounting for nearly three quarters of the region's funding.

Elsewhere, East Africa's steady pace of deal activity conceals a notable contraction in equity inflows, as investors pivot toward debt instruments in financial services, transportation, and clean energy. Multi Region deals, once the principal source of megadeals, have slipped to 18% of total value in 2025 YTD, from a long-term average of 39%. This decline has driven a broader rebalancing of Africa's venture capital map: funding is now more evenly distributed across regions, but also more exposed to the capacity of local markets to sustain momentum as the year draws to a close.

A Broader Base: Sectoral Shifts Reflect a Build-and-Basics Agenda

The Financials sector's grip on venture capital has loosened considerably in 2025. Long the continent's anchor, its share of total deal value fell to 31% in 2025 YTD, from 59% across the full year in 2024. This contraction has reshaped the market's sectoral balance, redistributing capital toward a wider mix of industries. Within Financials, investor attention has shifted from the digital banking surge that defined 2024 to the underlying rails of financial technology—payments infrastructure, BNPL platforms such as *Sevi* in Kenya, *Leya* in Côte d'Ivoire and *ValU* in Egypt, and personal credit services. Information Technology has stepped into the gap, increasing its value share to 20% and emerging as a key driver of digital enablement across the ecosystem.

Meanwhile, Industrials has emerged as the volume engine of 2025. Deal count for 2025 YTD already exceeds the full year 2024, lifting its share to one in five deals and restoring its value contribution to 13%. Investment continues to concentrate in

Commercial and Professional Services, particularly HR-tech, recycling, and circular economy ventures. This shift reflects a market turning toward practical innovation that enhances productivity and employment while advancing sustainability objectives. Notable examples from Q3 include *Jobzyn*, an AI-driven recruitment platform; *Farm to Feed*, a circular food-systems company; and *Hinckley Recycling*, a provider of e-waste processing facilities.

Beyond these frontrunners, "essential economy" sectors are drawing a growing share of capital. Consumer Staples, Utilities and Energy now corporately account for nearly one-fifth of total funding, buoyed by investments in food distribution and off-grid electrification. Investor appetite is shifting towards predictable and needs-based industries powering the continent's everyday economy, enabling a transition towards a broader build-and-basics agenda in Africa's venture capital landscape.

Debt Takes the Lead: Venture Lending Sets the Pace for Startup Financing

Venture debt in Africa reached record highs in 2025, setting new benchmarks for both deal volume and value. The asset class has expanded rapidly amidst the increasing scarcity of Late Stage equity, establishing debt as a central pillar of startup financing across the continent. 55 venture debt deals have closed as of Q3 2025 (a 31% YoY increase), while total value has more than doubled to US$1.6 billion—already surpassing 2024's full-year total of US$1.0 billion.

This surge was powered by six megadeals (two each quarter) which together contributed a combined US$1.1 billion. Notable examples include *Sun King's* US$156 million local currency securitisation in Kenya[1] and *Wave's* US$137 million debt raise in Senegal. Even excluding these headline deals, YTD performance still edges above the like-for-like 2024 baseline, reflecting growing institutional appetite for debt.

Geographically, East Africa dominates the field. Kenya alone accounts for 22% of venture debt deals in 2025, double the contribution of Egypt, Ghana, or Nigeria which each represent about 11%. Median deal value remains elevated at US$7 million, only slightly below 2024's record of US$7.5 million, indicating that investors continue to issue larger tickets to meet the working capital and asset finance needs of African startups. Collectively, these developments point to a decisive shift in the funding landscape: debt is no longer a niche, supplementary tool but the primary driver of growth and liquidity across the continent.

Looking Ahead: Outlook for Q4 2025

Africa's venture capital market enters the final quarter of 2025 with a steadier rhythm, though recovery remains uneven. Deal volume continues to outpace value growth, reflecting a market rebuilding breadth faster than depth. With the inclusion of venture debt, a combined US$3.0 billion across 417 deals have been recorded across the continent, compared to 361 deals valued at US$2.2 billion by this point in 2024. Venture debt remains the crucial buffer, cushioning the slowdown in equity capital and sustaining liquidity across growth stages. Based on historical trends, Q4 typically contributes around one quarter of annual activity. This places 2025 on track to close with an estimated 550-570 deals worth roughly US$3.6 billion in disclosed value. The outlook is measured rather than exuberant: Africa's venture ecosystem is stabilising, disciplined, and quietly regaining momentum heading into 2026.

1 This was the largest transaction of its kind in sub-Saharan Africa (outside of South Africa), backed by a consortium of Kenyan commercial banks as well as international development finance institutions.

Holding Steady: Africa's Venture Market Finds Its Post-Reset Rhythm

Figure 1: **Volume of Venture Capital Deals in Africa, by Year & Quarter**

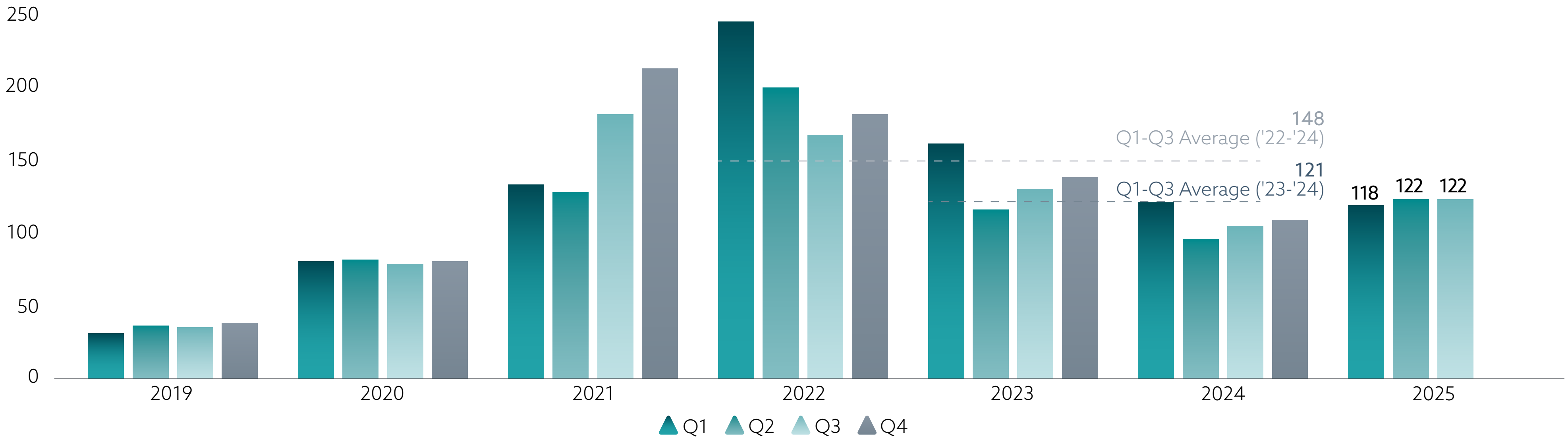
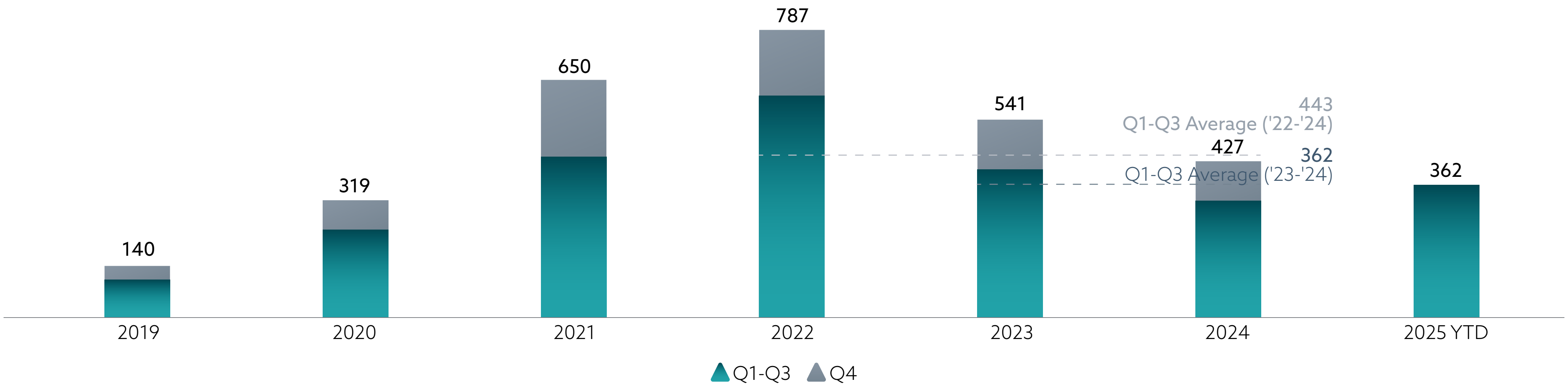


Figure 2: **Volume of Venture Capital Deals in Africa by Year, Q1-Q3 vs. Q4**



A Gradual Recovery Interrupted: Deal Value Falters Amid Heightened Opacity

Figure 3: **Value (US$bn) of Venture Capital Deals in Africa, by Year & Quarter**

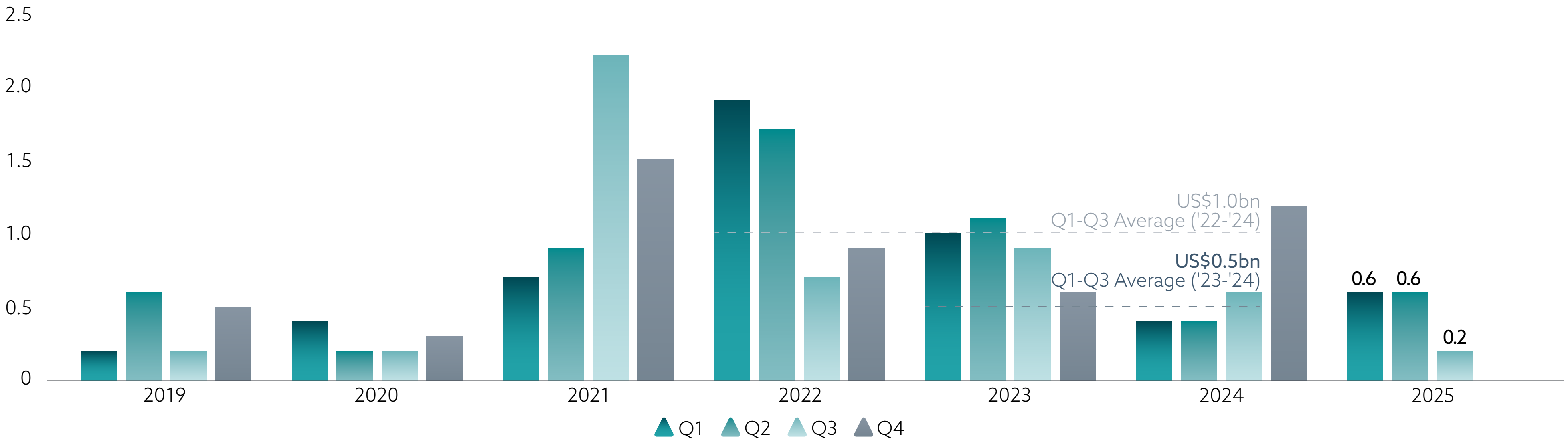
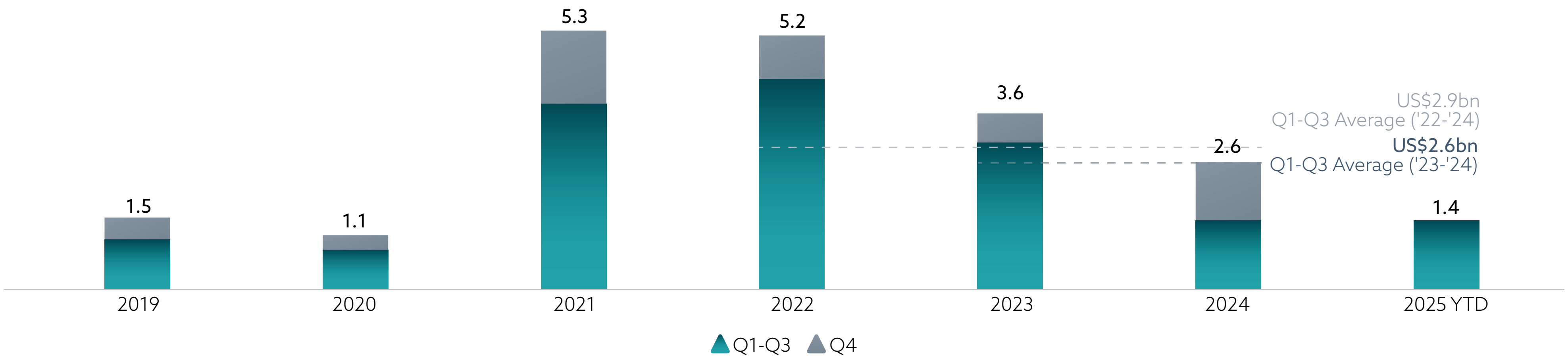


Figure 4: **Value (US$bn) of Venture Capital Deals in Africa by Year, Q1-Q3 vs. Q4**



Healing From the Bottom Up: Seed and Early Stages Anchor the Market's Recovery

Figure 5: **VC Deal Volume by Stage, 2019 – 2025 YTD**

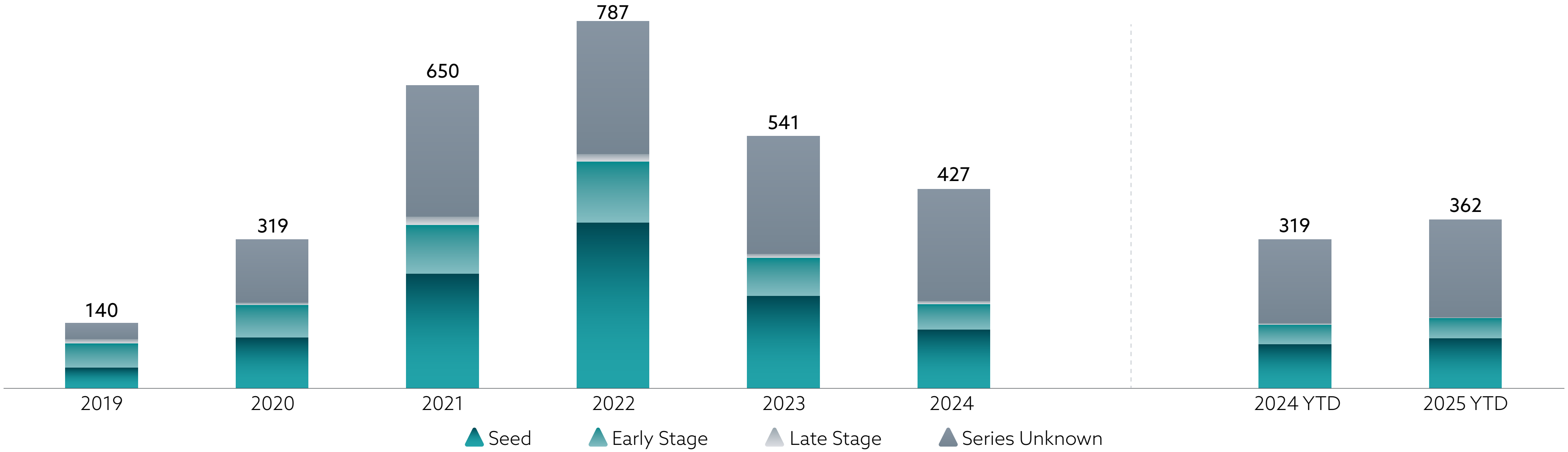
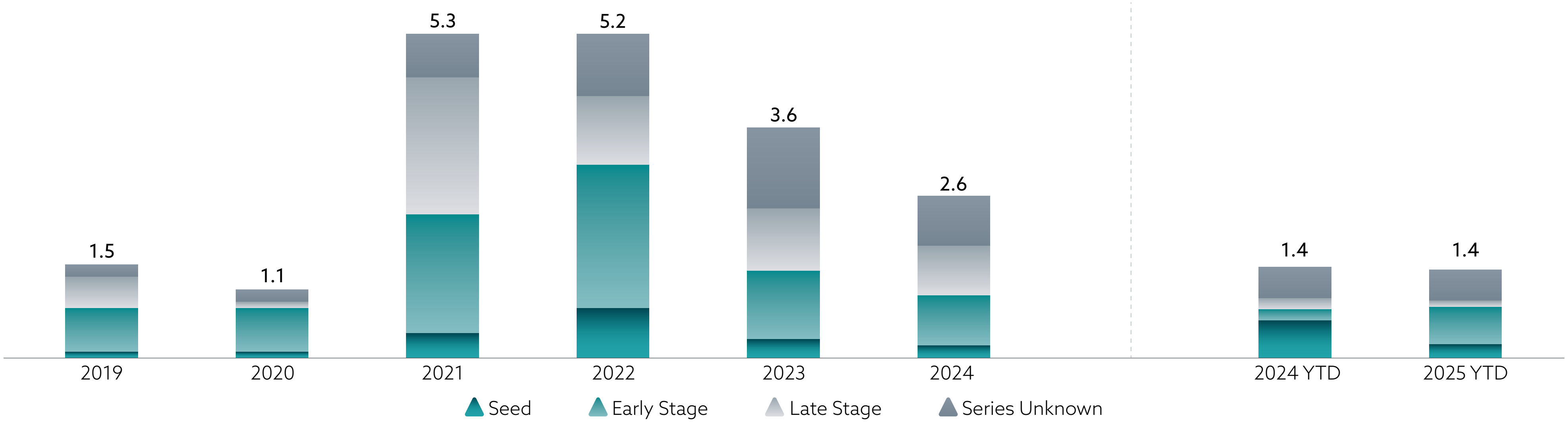


Figure 6: **VC Deal Value (US$bn) by Stage, 2019 – 2025 YTD**



Capital Rebalances: Southern Africa Takes the Lead as Regional Dynamics Shift

Figure 7: **Share of VC Deal Volume in Africa by Region, 2020–2023 vs 2024 vs 2025 YTD**

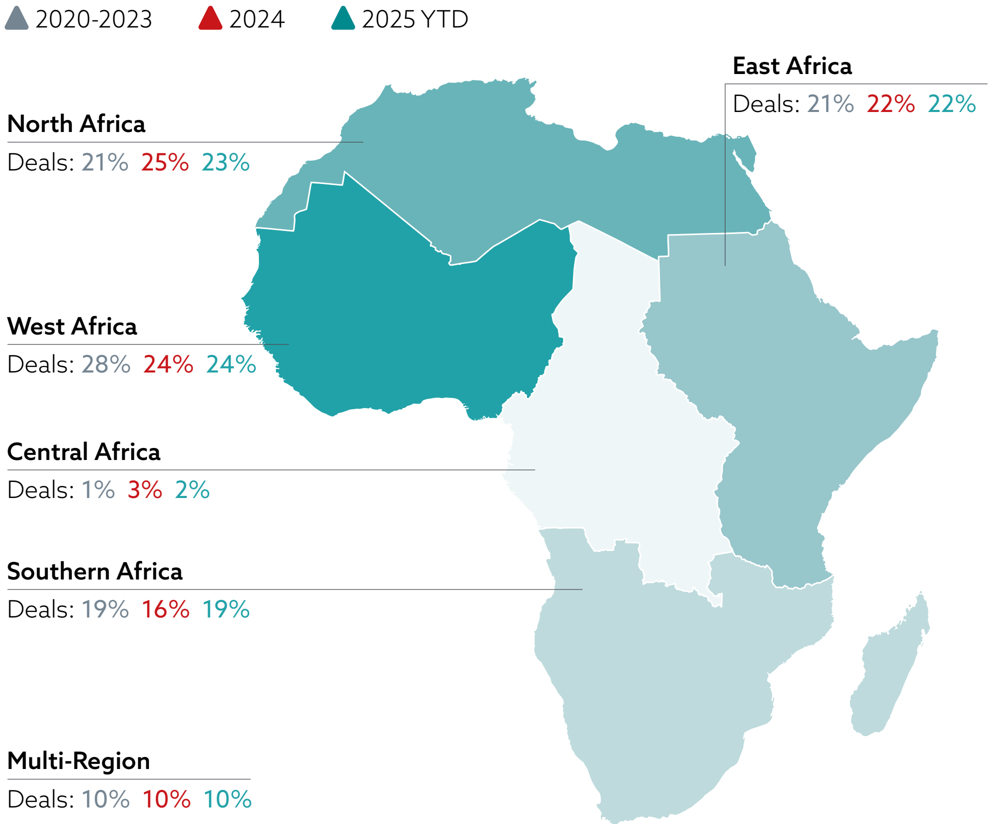
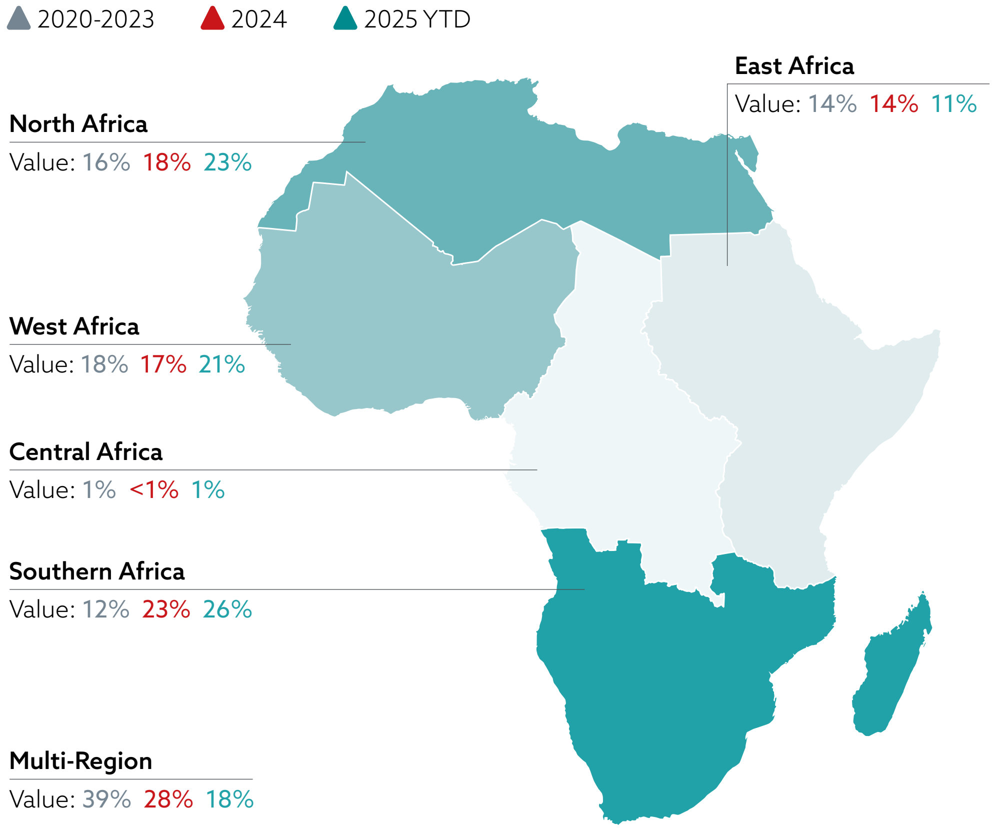


Figure 8: **Share of VC Deal Value in Africa by Region, 2020–2023 vs 2024 vs 2025 YTD**



A Broader Base: Sectoral Shifts Reflect a Build-and-Basics Agenda

Figure 9: **Share of VC Deal Volume by Sector, 2020–2023 vs 2024 vs 2025 YTD**

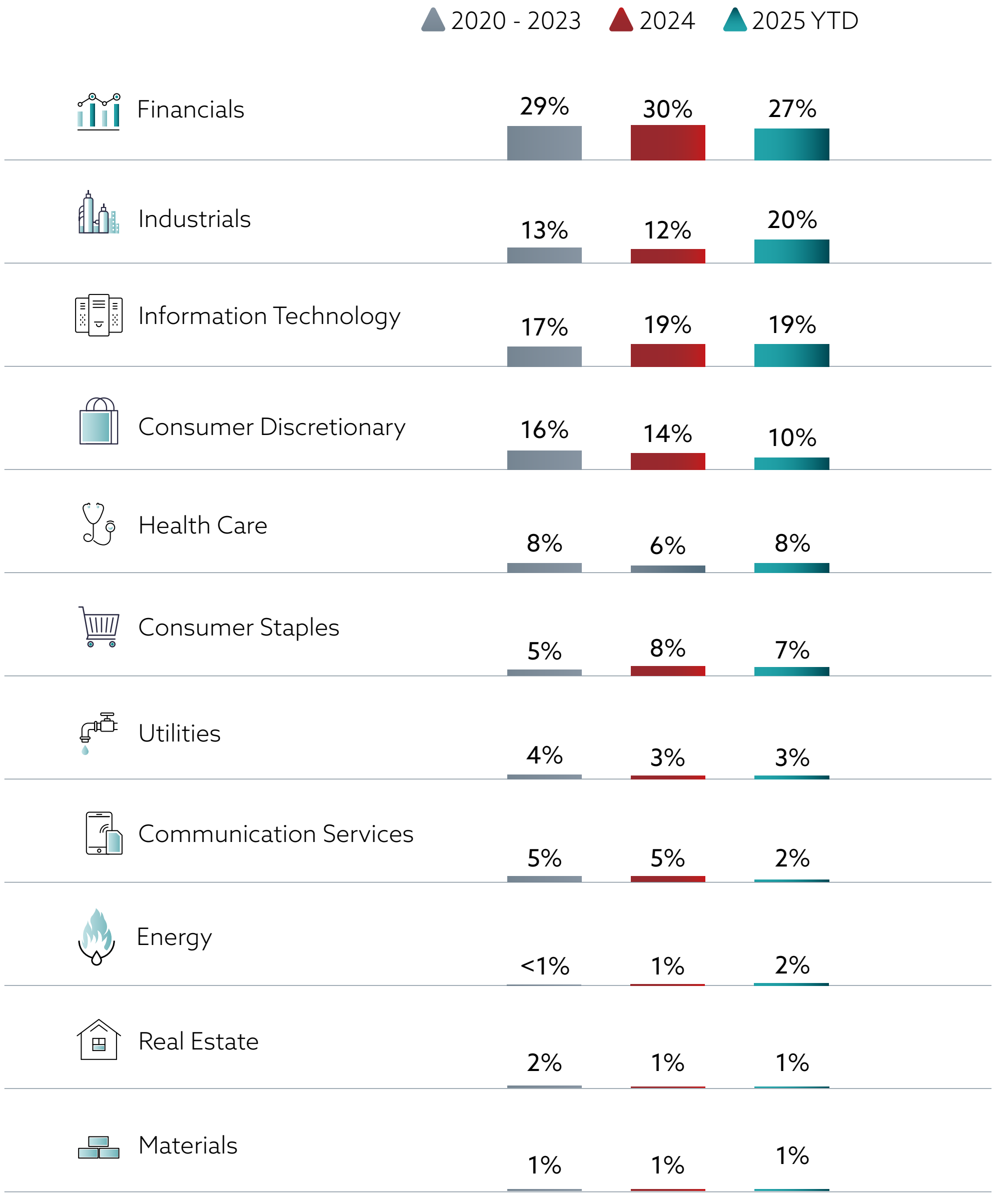
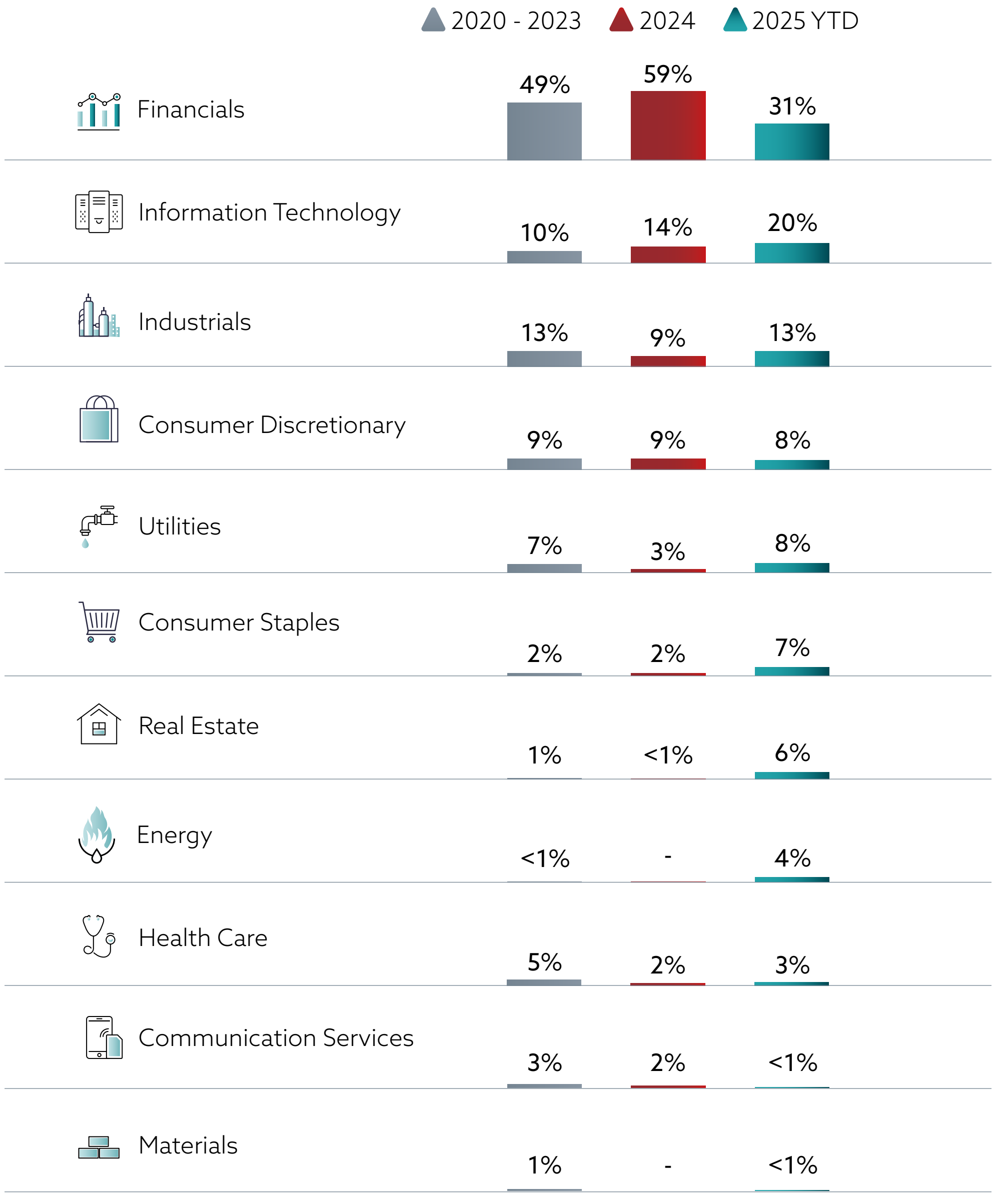


Figure 10: **Share of VC Deal Value by Sector, 2020–2023 vs 2024 vs 2025 YTD**



A Narrowing Divide: AI and CleanTech Close the Gap on FinTech's Lead

Figure 11: **Top Verticals Amongst Tech-Enabled Companies, 2020 - 2024**

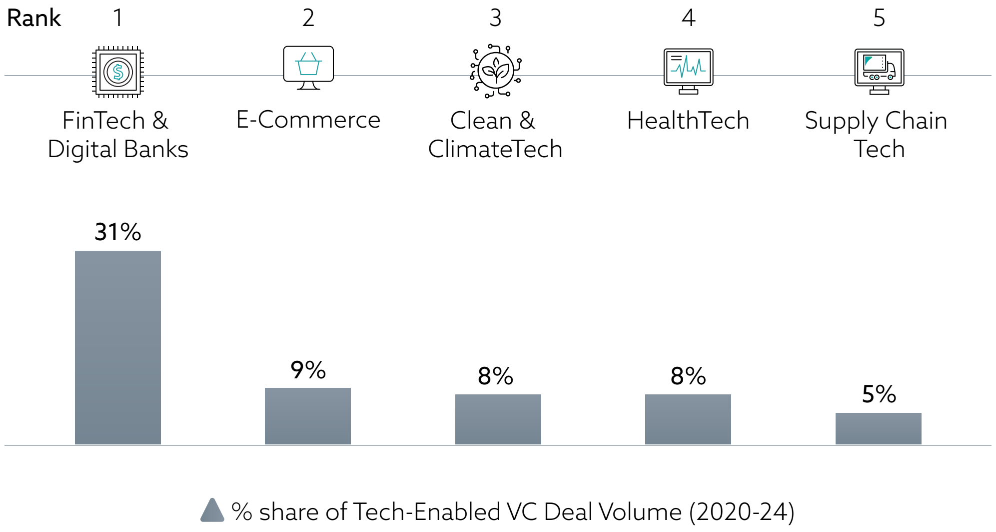
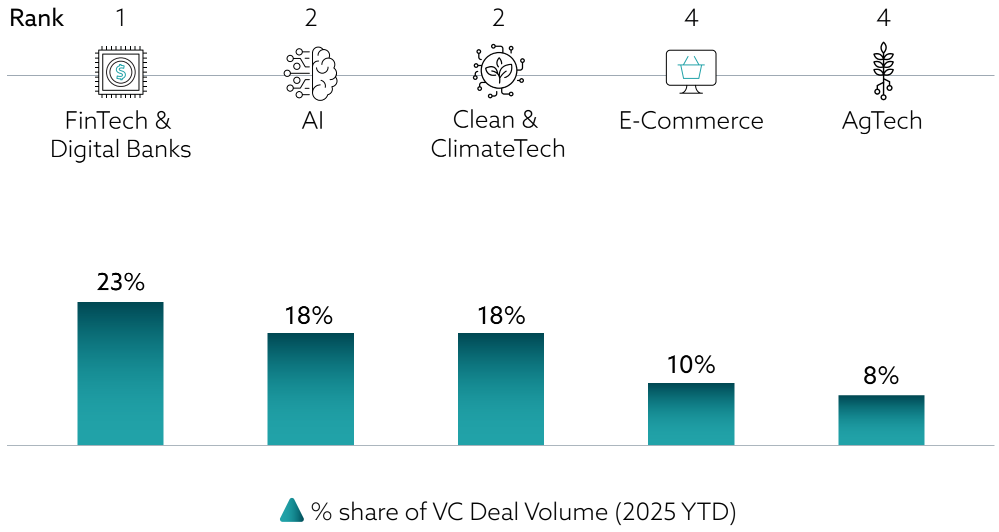


Figure 12: **Top Verticals Amongst Tech-Enabled Companies, 2025 YTD**



Debt Takes the Lead: Record Highs Achieved in 2025

Figure 13: **Volume of Venture Debt Deals in Africa, by Year & Quarter**

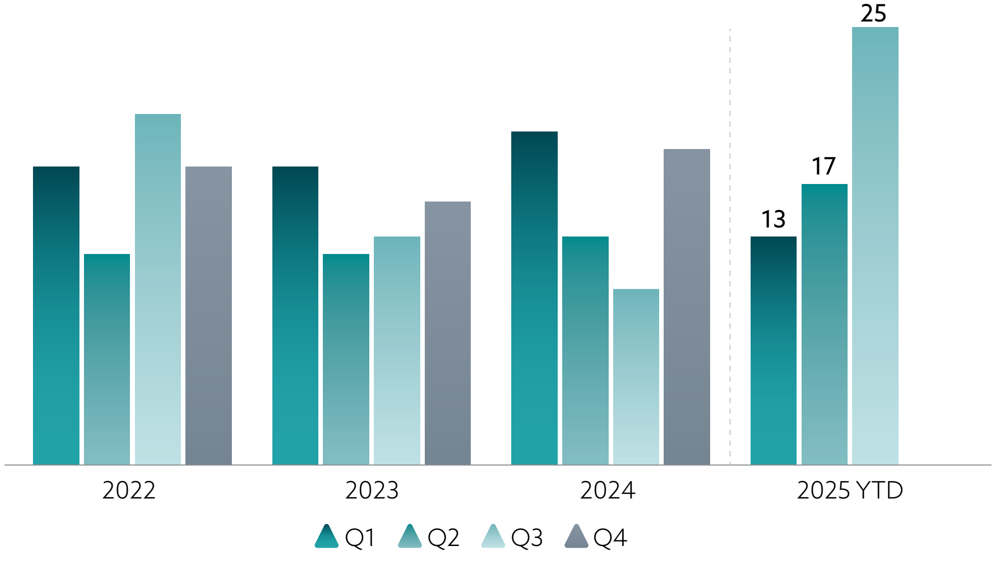


Figure 14: **Value (US$mn) of Venture Debt Deals in Africa, by Year & Quarter**

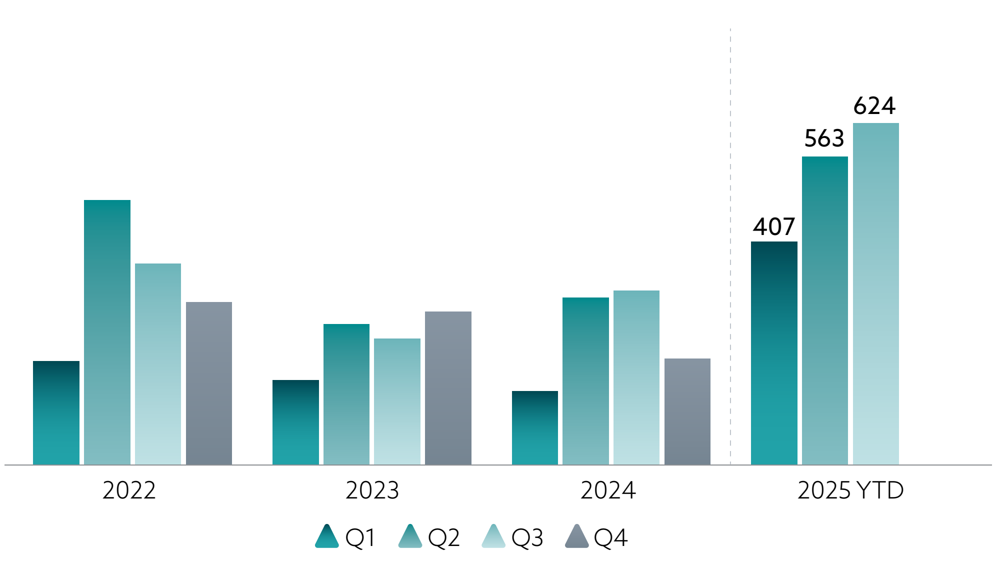


Figure 15: **Evolution of Median Venture Debt Deal Value (US$mn), 2022 – 2025 YTD**

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 55-56.

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