

MAY 2023

Venture Capital Portfolio

Ag-Tech In Africa



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Market Analysis

Africa



MARKET OUTLOOK

- Despite 60% of its land being uncultivated arable land, research shows Africa's Agricultural productivity has barely increased in the past 20 years.
- Technology has proven to be the key solution to this challenge by assisting farmers improve efficiency in their activities.
- In 2021 African Agri-tech start-ups received \$95mill, this is 58.5% year on year increase from previous year.



MARKET SIZE

- Africa is second most populous continent in the world (1.5 bill people) and 60% of its population are youths and adults in production age.
- 2/3 of this population are involved in agriculture while 60% are practicing small-scale farming.
- According to World Health Organization(WHO) African Agribusiness sector is expected to grow to \$ 1 trill by 2030 and ag-tech is said to be the catalyst.



CUSTOMER ANALYSIS AND PERCEPTIONS

- Youths involved in Agriculture in Africa confess that lack of funds, skills and technology is hindering them from fully exploring the fruits of the sector.
- For technology to work in Africa it therefore has to be affordable, accessible and applicable to the environment where it is to be deployed.

Trend Analysis

Highlights and trends



Digitizing supply chain or midstream technology has gain the most attention due to the fragmented supply chain in Africa. In 2021 60% of all the funds that went to Ag-tech went to midstream technology scooping \$293mill.some of these start-ups are Apollo and thrive-agric.



Crowdfarming allows people who cannot practice farming collect their funds and resources and give to smallholder farmers and they get to share the output after harvests. Example of such start-up is Farm crowdy.



Start-up shutdowns. There are some start-ups in Agtech that have closed operations in the recent years due to several reasons. Some of them are WeFarm and Kune Foods which was started to help farmers access important farm information.



The rise of Precision Agriculture. This involves the use of Artificial intelligence(AI) and robots in farming activities. Some information collected here are disease types, amount of water plant is getting, weather forecasts etc. Examples of startups in this area are Aerobotics and Gro Intelligence.



Some Technologies that have worked in other continents but are struggling to penetrate the market in Africa include alternative protein and vertical farming. This is due to a fact that for a new technology to succeed it has to be ten time cheaper and ten better than existing one.

Trend Analysis

Deals



Africa's Ag-tech industry is still new and has recently secured funds amounting to \$1bill whereby 92.2% of these deals have gone to the four tech giants Nigeria, Egypt, South-Africa and Kenya. This is equivalent to 150 deals and of those 21 were on seed round.



Apollo Agriculture which is a start-up in Kenya received \$40mill series B funding from Soft bank Vision Fund 2 to enable them to reach more smallholder farmers with their technology that gives them access to quality farm inputs, financing and market for their products



ThriveAfric received debt financing worth of \$56.4mill from local commercial banks in Nigeria. This is one of the start-ups in West Africa which has performed very well in recent years and attracted a lot of attention through its use of technology in Agriculture to connect smallholder farmers to finance, market and best Agronomic services



Twiga foods is another start-up that has banked \$50mill series C funding led by a French Investment Company named Creadev. Founded in 2014, Twiga is one of the best funded start-up in Africa, Kenya that provide a platform for rural farmers to supply fresh produce to small and medium vendors and retailers.



Gro Intelligence closed \$85 mill series B funding co-led by Intel capital and Africa Internet Ventures etc in the beginning of 2021. This start-up with HQs in Kenya and USA uses satellite imagery, remote sensors and satellite imagery to provide analytical data to Agribusinesses, food and farm input suppliers.

Key Players



Thrive agriculture

- Links farmers to capital, global market and farming data.
- Based in Nigeria
- It has 251 employees.
- Current valuation is \$600mill and annual revenue of \$39.9mil.
- Co-founded by Uka Eje and Ayodeji Arikawe in 2016.



GroIntelligence

- Uses AI to capture important farming information
- Based in Kenya and US.
- Current Valuation is \$340mill with annual revenue of \$34mill.
- More than 219 employees
- Its female founded by Sarah Menker in 2014



Apollo Agriculture

- Supports farmers to access insurance, financing and inputs.
- Founded in 2015 by Eli pollack.
- It has headcount of 721 people.
- Annual revenue is \$254 mill and valued at \$160mill
- Based in Kenya



Twiga foods

- Connects farmers to buyers of their agricultural produce
- Founded in 2014 by Peter Njojo
- It has 918 employees
- Estimated annual revenue of \$367mill
- Based in Kenya



Aerobotics

- Founded by James Peterson and Benji Meltzer
- Uses AI for Precision agriculture to maximize production.
- Based in South africa
- Annual revenue is \$12.9mill
- It has 80 employees

Pitch Decks

Shortlist of companies to Invest in;

Kitovu Agricultural company

- equip farmers with climate smart information, soil and post-harvest infrastructure
- This app benefits farmers, transporters, storage facilities owners and financial institutions
- It was founded in 2018 by Emeka Nwachinemere
- Annual revenue is \$200,000
- Has 7000 registered farmers using their services
- It is based in Nigeria

AgriTech

- Based in Cameroon
- It was founded by Adamou Nchange Koutou in 2018
- assists farmers detect and treat crop diseases by using machine learning
- has reached 100,000 farmers where 40% are women and it has financed 380 agricultural projects
- To encourage adoption, they have customized the app into farmers' local languages and uses agents to assist them in using it

Kilimo Fresh

- Based in Tanzania
- Was founded in 2018 by Baraka Chijenga
- It helps combat food waste by connecting small-scale farmers with retailers, hotels and supermarkets.
- 48% of food produce usually spoils before it reaches the market, this is equivalent to \$4bill annually
- There are 2500 supermarket, 15000 street vendors in Dar es Salaam which is home to 4.8mill people.

Start-up Ranking

Company Name	Rank
Kilimo fresh	1
Kitovu Agricultural Company	2
AgriXTech	3

- If I were to rank the three startups Kilimo fresh would be on top of the list because it has the highest potential to grow given the size of its market with potential to extend to other parts of Tanzania.
- Coming in second would be Kitovu technology company because it serves not just the farmer but also other service providers like transporting companies, silos and storage facilities owners, exporters and traders. This is already a large number of people across the value chain benefiting from the same technology.
- Lastly would be the AgriXTech because of providing service which is different in the market and preventing the loss resulting from harmful diseases

I would be comfortable to present Kilimo Fresh and Kitovu technology to my team because of the high potential to growth that I believe they possess. I would not present AgriXTech because of small updated data available online regarding their incomes, and their growth since they launch.

For more conviction especially for AgriXTech I would like to have current data on their number of farmers registered and using the platform, their income statement of a few years they have been in operation and real evidence of how this technology has helped reduce post-harvest loss through early detection of the diseases

Deal flow

1. What is the First Step I need to take?

I will use google to explore all the important information I can get on what is happening in Agriculture space. This is to begin with understanding the key players of the industry and what they are currently doing (activities, deals etc), where are they investing and why, their investees and what are their qualities etc. I need to also understand how the market feels about the industry at the moment, what are the challenges existing in this space that need to be solved, what can be done to solve them etc.

2. Who should I speak to For Advice?

I can start with colleagues and friends who are working in Agriculture sector and those who have deep understanding of the agriculture dynamics. These can be university lecturers, former schoolmates, friends and relatives that are working in agriculture sector and other stakeholders such as VC firms, angel investors and NGOs that are focused on creating an impact in Agriculture sector.

3. What is the quickest of this idea I can create this week?

To create a roadmap for the work ahead I can create a list of these possible stakeholders and colleagues who are involved in Agriculture and can have some inputs for me, contact them via an introductory email explaining who I am and a brief explanation on my interests and abilities on the sector and how we can collaborate. I can also explain my availability for further engagement.

RESOURCES

- Google
- Webinars

STAKEHOLDERS

- VCs focusing on Agriculture
- University lecturers and agricultural institutions
- Colleagues and relatives



Deal flow

Action plan

- Explore Key players and learn their activities and deals. Understand what is happening in the agriculture sector in terms of challenges and solutions and what more can be done.
- Contact colleagues (from work, lecturers, schoolmates) and stakeholders (VC and start-ups) who are involved in agriculture sector to learn how they can be of help. I can also send an email to agriculture focused NGOs for advice and support.
- Attend agricultural events, webinars and trainings to learn more on current trends and opportunities together with meeting the industry stakeholders to create a network
- Keep updating my list of key players and stakeholders of agriculture and staying up to date on what they are doing by following them on their social media platforms to stay alert on current issues on agriculture.
- Prepare a comprehensive and informative pitch to share with the investors and stakeholders so that when the opportunity arise I am ready to take the shot.
- Never settle until I achieve my goal by always striving to improve myself through learning and keeping track of my progress