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You only get down the road if you START MOVING in the first place.

Source: Ventureburn , and more

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By. Heraldina Gazette

African Startup Funding Landscape Shifts: Accelerators Take the Lead

The first half of 2023 saw a significant downturn in Africa's startup ecosystem, with venture capital investments declining by 54%, totaling $951 million, as reported by MAGNiTT. Deal completions also dropped by 50%, with VC firms closing 214 deals, including one mega deal. Despite the decline, fintech maintained its appeal, securing 29% of total funding. E-commerce, transport, and logistics secured 12% and 11% respectively. Notable investments included Mt Halan with $260 million in February, Tyme Bank with $78 million in May, and M-okpa, a logistics firm, raising $55 million in May. Nigeria led in deal numbers, followed by Kenya and South Africa. However, Egypt led in deal value, primarily due to the $260 million investment in Mt Halan. South Africa followed with a 3% decrease in deal value, and Nigeria came next.

In an interesting development, ***accelerators took charge***, leading five of the top 10 investments in H1 2023. The most active players were ARM Labs Lagos, Catalyst Fund, The Baobab Network, and Norrsken Global, securing 13, 19, 9, and 8 deals respectively. The top 10 investments by value were dominated by foreign investors, including Chimera Capital, Tencent, Blue Earth Capital, Sumitomo Corporation, and Apis Partners. Exits made up 25% of the anticipated 60 for 2022, with Kenya reporting four successful exits. Amidst ongoing VC funding challenges, investors are increasingly focusing on early-stage startups, constituting 57% of total investments—an uptick from 2022 by 5%. The landscape may be shifting, but African startups display resilience, adapting to challenges in their pursuit of growth.

So, what makes Africa is a fertile ground for ***Tech entrepreneurs?***

Firstly, ***Africa's young and rapidly growing population is becoming increasingly tech-savvy.*** With 60% of the continent's population under 25, there's a vast and expanding market for tech start-ups. Secondly, a burgeoning middle class in Africa seeks innovation and improved services, providing opportunities for start-ups to disrupt traditional industries as people look for better ways to access products and services.

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Finally, there's a growing acknowledgment among policymakers and business leaders of the potential of tech start-ups to drive economic growth and job creation. Governments are introducing supportive policies, such as tax incentives and streamlined regulatory processes. In conclusion, ***the outlook for African tech start-ups is optimistic.*** While challenges like limited funding and infrastructure persist, Africa's entrepreneurial spirit remains robust. With the right support, the tech scene in Africa has the potential to continue growing and positively impact millions of lives.

Exploring a classic piece of startup advice

"Doing Things That Don't Scale"

It means taking steps early on in the entrepreneurial journey that help you make progress even though they're not sustainable in the long term.
We can understand why this works with an analogy to concepts we all learned about in middle school science: static friction and kinetic friction. Consider an object on a table.

By Nir Zicherman.

It takes more force to move the object in the first place than it takes to keep it moving. That's because an object's static friction is greater than its kinetic friction. Amazingly, once you get to the kinetic phase (the green) and the object starts moving, an increase in speed does not result in an increase in friction (hence the flat green line).
Which brings me back to startups. Prior to the magical state where things suddenly get going (often referred to as Product Market Fit), a startup is like that object on the table. There are significant resistive forces that prevent it from moving. At that red phase, the job of the employees is to focus, above all else, on entering the green.
"Do things that don't scale" is another way of saying "do things in the red zone that won't work in the green zone".
Why? Because the forces that are keeping you from starting are not the same forces that will keep you from moving. In other words, the laws of startup physics are different prior to achieving product market fit. Use that to your advantage.

Don't reject solutions that won't work in the green when you're still in the red. Realizing that is quite liberating. It means that the solution space for any problem is substantially bigger the earlier on you are in your journey.