

Technology

Sector Report, Africa:

JANUARY 2025

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Industry Overview

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Sector Performance:

This month, Africa's technology sector reflects optimism and transformative growth. After a 7% funding dip in 2024 (\$3.2 billion), early 2025 shows stabilisation, driven by easing interest rates and renewed foreign investor interest in fintech, healthtech, and agritech. Mergers and acquisitions are rising as firms leverage lower valuations to consolidate market positions.

The Africa Tech Summit 2025 in Nairobi spotlighted Kenya's innovation leadership, with 15 local startups among 55 finalists for AI-driven solutions. Risks persist: unsustainable business models threaten startups (e.g., Copia Global's 2024 shutdown), while cybersecurity gaps loom amid digital expansion.

Investors now prioritise scalable, revenue-focused models over speculative ventures, aligning with initiatives like the Pan-African Payment System (PAPSS) to boost regional integration. February underscores Africa's tech duality; dynamic growth in fintech and AI, tempered by infrastructure deficits and market volatility, but highlights a path toward inclusive, collaborative development.

Industry Players of The Month:

Zuri Health:

- Zuri Health, a Kenyan health tech startup founded in 2020, is revolutionising healthcare access in Africa through AI-driven digital solutions. Recognised with the 2025 Africa Tech Summit Health Tech Award, its platform offers virtual consultations via WhatsApp, SMS, mobile apps, and websites, prioritising affordability and reach in underserved regions. Key services include AI-powered diagnostics (e.g., mental health pre-screening, diabetes detection), chronic care management programs, and medication delivery. With \$1.3 million in funding, Zuri has expanded to Senegal and partners with telecoms and NGOs to bridge Africa's doctor-patient gap (1:1,000 ratio). Despite competition from rivals like My Health Africa, it leads in innovation and funding, leveraging SMS-based solutions to overcome infrastructure barriers. The startup's vision focuses on scaling predictive healthcare analytics and boosting insurance penetration (<5% in Africa). By combining technology, multi-channel accessibility, and CSR initiatives (e.g., rural health education), Zuri Health exemplifies transformative, patient-centric care, aiming to make healthcare a "fundamental human right" continent-wide.

Flutterwave:

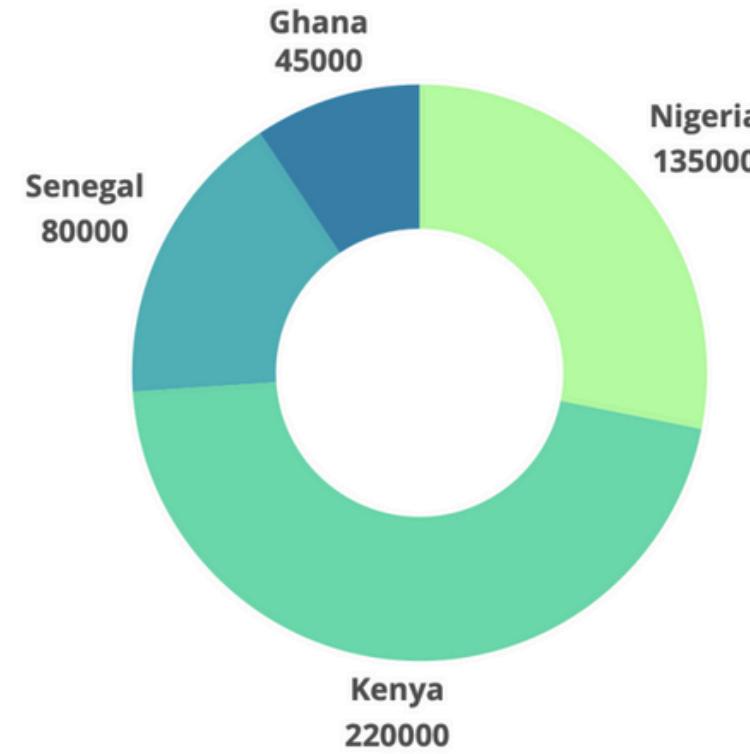
- Flutterwave, Africa's leading fintech company, achieved record-breaking performance in 2024, processing 31 billion in transactions, a 40% year-on-year increase, and expanding its services to 35+ countries, including Rwanda, Ghana, and Uganda. Its flagship Send App, now active in 49 U.S. states, facilitates low-cost remittances from global diaspora communities to Africa, supporting financial inclusion.
- Recent innovations include a fivefold surge in card transaction processing speed and the launch of Direct Debit in Nigeria, streamlining recurring payments for businesses. Despite IPO speculation, CEO Olugbenga Agboola prioritises sustainable profitability, stating, "We're building a resilient business for the long term." Strategic partnerships with Nigeria's EFCC and global giants like Visa enhanced compliance and fraud prevention, addressing past regulatory challenges in Kenya. Leadership bolstered by hires from PayPal and Visa underscores governance improvements.

Industry Milestone 1

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Zuri Health Wins 2025 Africa Tech Summit Health Tech Award, Scaling AI-Driven Care Across Africa:

Overview: Zuri Health, a Kenyan healthtech startup, has emerged as a catalyst for Africa's digital healthcare revolution, winning the Health Tech Award at the 2025 Africa Tech Summit and securing \$1.3 million in funding from investors.



Geographic Expansion: Patient Count (Thousands)

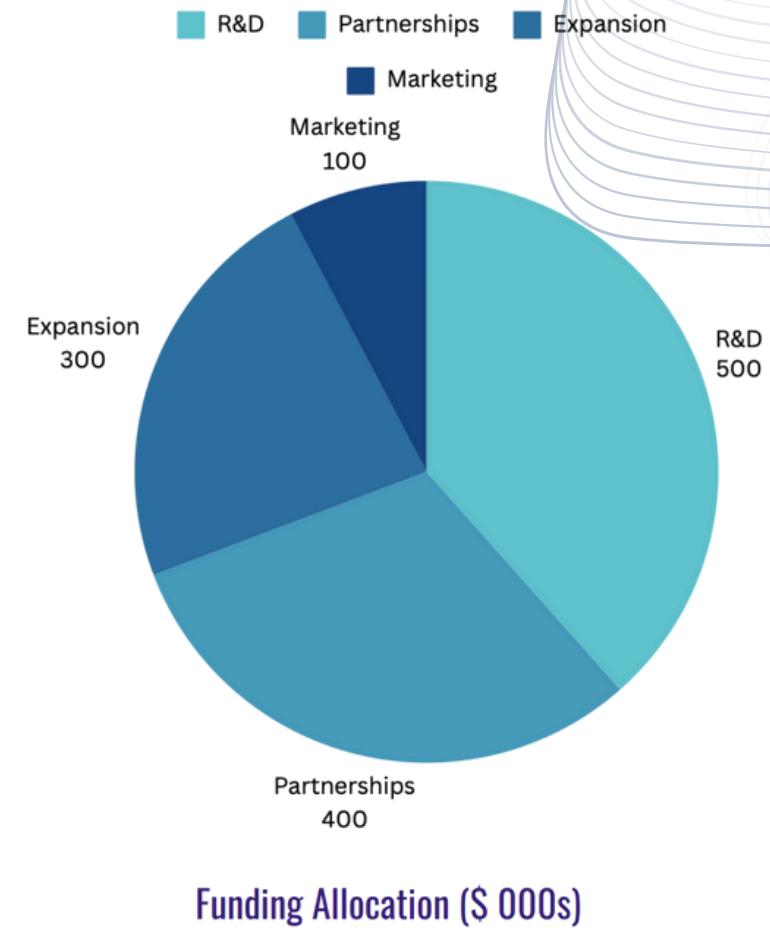
This milestone underscores rising investor confidence in African tech ventures that blend scalability with social impact, particularly in underserved sectors like healthcare.

Significance:

- **Investor Confidence in Scalable, Socially-Driven Tech:** Zuri Health's repeated funding success reflects a broader trend of capital flowing into African startups addressing systemic challenges. Investors like Five35 Ventures (focusing on female-led ventures) and UM6P Ventures (backed by Morocco's OCP Group) highlight a shift toward backing startups that combine profitability with social impact 1315.
- For instance, Five35's investment philosophy emphasises female-led teams' potential for 35% higher ROI, aligning with Zuri's gender-inclusive leadership and patient-centric model 13. This signals growing trust in African tech's ability to deliver returns while tackling critical issues like health care access.
- **Technology's Role in Bridging Infrastructure Gaps:** Zuri Health leverages multi-channel platforms (mobile apps, WhatsApp, SMS) and AI-driven diagnostics to overcome Africa's healthcare infrastructure deficits. For example, its AI tools enable mental health pre-screening via voice analysis and detect conditions like diabetes and STDs, addressing a critical shortage of specialists 1113.
- By integrating with telecom partners like Safaricom and Orange, Zuri ensures accessibility even in low-connectivity regions, demonstrating how technology can democratise services. This model has implications for other sectors, such as education and finance, where similar hybrid approaches could bridge gaps.
- **Catalysing Cross-Sector Collaboration:** Zuri's partnerships with pharmacies (e.g., PharmaPlus), labs (e.g., Ilara Health), and insurers (e.g., Jubilee Health) exemplify how tech startups are fostering ecosystem-driven growth.
- These collaborations enhance supply chain efficiency and expand service reach, creating a blueprint for sectors like agritech or logistics to replicate. For instance, its Chronic Care Program, which supports 20,000+ patients, relies on integrated data sharing between providers, pharmacies, and patients—a model applicable to other chronic disease management systems globally.
- **Policy and Regulatory Implications:** Zuri's growth highlights the need for harmonised regulations to support cross-border healthtech services. Its expansion into seven African countries 813 underscores the potential of regional integration, mirroring fintech initiatives like PAPSS. However, challenges such as fragmented data governance frameworks persist, urging policymakers to prioritise digital infrastructure and AI ethics guidelines to sustain innovation.

Key Beneficiaries:

- **Underserved Populations:** Low-income and rural communities gain affordable, accessible healthcare via Zuri's multi-channel (SMS, WhatsApp) and AI-driven solutions, bridging gaps in medical access.
- **Investors:** Venture capital firms (e.g., Five35 Ventures, UM6P Ventures) benefit from high-growth potential in socially impactful African tech, with models blending profitability and systemic change.
- **Healthcare Providers:** Partner physicians, pharmacies, and labs expand reach and efficiency through integrated digital platforms (e.g., 600+ physicians accessing Zuri's network).
- **African Tech Ecosystem:** Zuri's success boosts Africa's reputation as a hub for scalable healthtech innovation, attracting global partnerships and funding.
- **Policymakers:** Highlighted need for harmonised regulations (e.g., cross-border data sharing, AI ethics) to support tech-driven healthcare expansion.
- **Other Sectors:** Agritech, logistics, and education can replicate Zuri's hybrid (digital-physical) model to overcome infrastructure challenges.
- **Global Healthtech:** Demonstrates cost-effective AI/telemedicine solutions applicable to other emerging markets facing similar resource constraints.

**Relevant Data for Visualisation:**

- Funding Raised: \$1.3 million (pre-seed and follow-on rounds)
- Investors: Five35 Ventures, UM6P Ventures, DOB Equity
- AI Utilisation: 80% of consultations use AI tools
- Geographic Reach: 7 African countries, serving 500,000+ patients
- Partnerships: 600+ physicians, 16 pharmacies, 29 labs

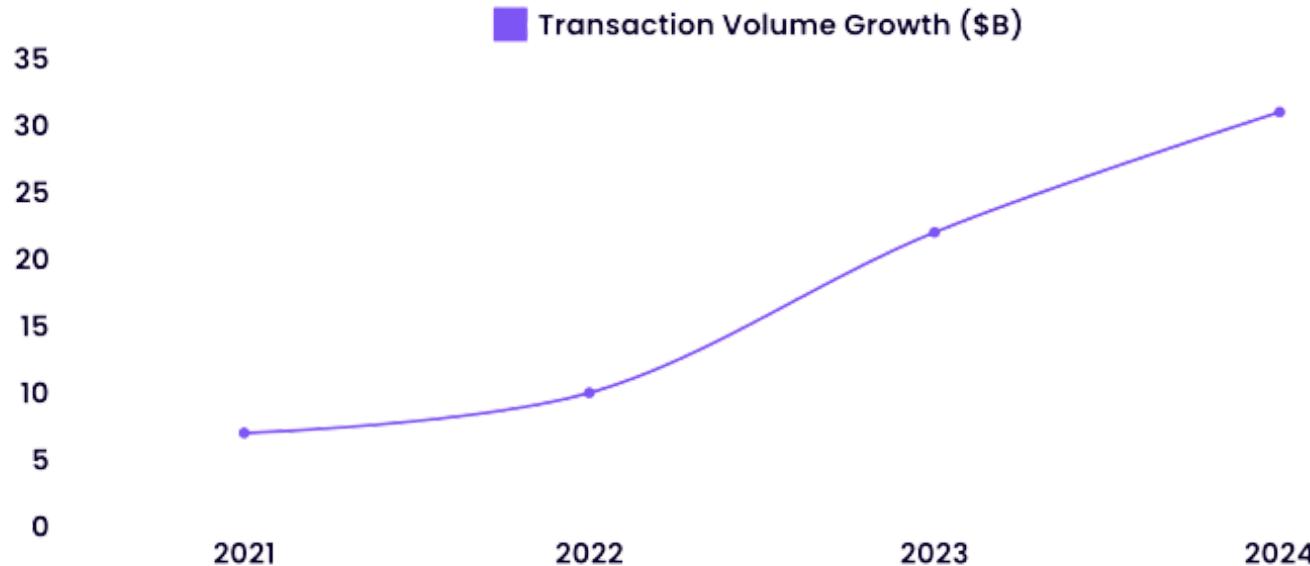
Industry Milestone 2

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Pioneering Africa's FinTech Future and Nearing IPO Readiness:

Valued at 3.2bn, African fintech leader Flutterwave is advancing towards a potential public listing, bolstered by processing \$31bn in transactions across 35+ African nations and 49 US states in 2024. Its Send App and partnerships with firms like Visa streamline cross-border payments, serving over 1 million businesses and the diaspora.

Prioritising sustainable profitability under CEO Olugbenga Agboola, the firm bridges cash-reliant economies and sets regulatory precedents, reinforcing Africa's role as a fintech innovator. A successful IPO could galvanise global investor confidence, highlighting the continent's capacity for scalable, inclusive tech solutions.



Significance:

1. Investor Confidence in Scalable African Tech

Flutterwave's 534 million total funding including its 250 million Series D round, reflects robust investor trust in Africa's fintech potential. Its valuation growth (3x since 2021) signals confidence in startups addressing systemic challenges like fragmented payment systems. Global investors like Google Pay and Apple Pay now partner with Flutterwave, validating Africa as a high-growth market for digital finance.

2. Technology's Role in Financial Inclusion

Flutterwave's infrastructure digitises 90% of cash-dominated transactions in Africa, enabling SMEs and unbanked populations to participate in the formal economy. Innovations like its Direct Debit in Nigeria and Barter P2P platform showcase how fintech can leapfrog legacy banking limitations. The company's API-driven solutions are now a blueprint for sectors like e-commerce and logistics seeking seamless payment integration.

3. Cross-Sector Collaboration and Embedded Finance:

Partnerships with telecoms (MTN, Airtel), insurers (AXA), and agritech platforms (Farmcrowdy) demonstrate fintech's role as an enabler for other industries. For example, Flutterwave's integration with Audiomack Plus allows African creators to monetise content globally, while collaborations with Microsoft Azure enhance cloud-based payment security.

4. Strengthening Africa's Global Fintech Leadership:

Flutterwave's licensing success in Egypt, Ghana, and Mozambique positions Africa as a regulatory innovator. Its Send App, now active in 49 U.S. states, highlights the continent's ability to export fintech solutions, attracting partnerships with global players like Visa and American Express. This reinforces Africa's role in shaping decentralised finance (DeFi) trends.

5. Policy and Regulatory Evolution:

Flutterwave's expansion into fragmented markets underscores the urgency for harmonised African fintech regulations. Its compliance upgrades (e.g., ISO 27001 certification) and collaboration with Nigeria's EFCC set benchmarks for fraud prevention, urging policymakers to prioritise cross-border data governance and digital infrastructure.

Key Beneficiaries:

SMEs and Informal Businesses: Over 1 million businesses, particularly in cash-reliant sectors, gain access to digital payments, reducing operational friction and enabling participation in formal economies.

African Diaspora: Users in 49 US states leverage Flutterwave's Send App for low-cost, rapid remittances (98% processed in <5 minutes), supporting families and local economies.

Investors: Global backers (e.g., Tiger Global, Salesforce Ventures) benefit from Africa's fintech growth, with Flutterwave's \$3.2bn valuation signalling high returns in scalable, inclusive tech models.

Financial Institutions: Banks and telecoms (e.g., MTN, Airtel) expand reach through partnerships, integrating Flutterwave's APIs into their ecosystems.

Relevant Data for Visualisation:

GDP Contribution: Estimated \$1.5bn+ annual boost to African economies

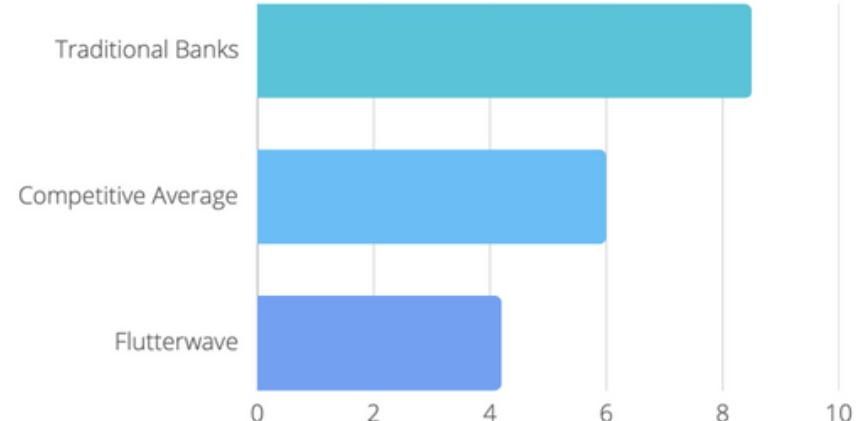
Job Creation: Supports 250,000+ indirect jobs via SME enablement

Regulatory Influence: Licensing success driving harmonised fintech policies across Africa

Next-Gen API (2025): Focus on unifying African payment systems (multi-currency support) SME Growth

Goal: 5 million African businesses by 2026

Cash-to-Digital Shift: Digitising 90% of cash transactions in operational African markets.



Industry Trends: Challenges & Opportunities

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Funding Volatility Amid Economic Global Shifts:

Challenges:

African tech startups faced intensified funding headwinds in February 2025, with early-stage ventures in Nigeria and Kenya experiencing a 20% month-on-month drop in VC investments—the steepest decline since 2023. This was driven by:

- **Global Interest Rate Swings:** The U.S. Federal Reserve's 0.5% rate hike spooked investors, diverting capital to safer assets.
- **Currency Instability:** Nigeria's naira fell 15% against the dollar in January 2025, eroding returns for foreign investors.
- **Risk-Averse Sentiment:** Investors prioritised "profitability over growth," pressuring startups like Kenya's Twiga Foods (agritech) to cut 20% of its workforce and South Africa's Yoco (fintech) to delay its \$200 million Series E round.

Solutions:

- **Government-Backed Venture Debt Funds:**

Nigeria launched a \$150 million Tech Stabilisation Fund in partnership with Afreximbank, offering low-interest loans to high-potential startups. Kenya introduced tax rebates for VCs investing in climate tech and AI, mirroring Rwanda's 2024 incentives.

- **Diaspora Investment Platforms:**

Platforms like AfroTech Capital (pan-African) and NaijaFund (Nigeria-focused) crowdsourced \$30 million in February 2025 alone, connecting startups with diaspora investors at reduced FX risks.

- **Revenue-Sharing Models:**

Startups like Ghana's Complete Farmer pivoted to revenue-sharing agreements (e.g., 5% of future profits to investors) to bypass equity dilution fears.

- **Regional VC Coalitions:**

The East African Venture Alliance (EAVA) pooled \$80 million from Kenya, Uganda, and Tanzania to back cross-border fintech and logistics startups.

Challenges & Opportunities

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Combatting a Cybersecurity Surge

Challenges:

February 2025 saw a dramatic escalation in cyberattacks across Africa, driven by rapid digitisation, underinvestment in security infrastructure, and the continent's growing reliance on interconnected systems like mobile money and IoT networks.

- **Legacy Systems:** 60% of African fintechs rely on outdated software, lacking real-time threat detection.
- **Skills Shortage:** Only 1 certified cybersecurity professional exists per 10,000 internet users in Sub-Saharan Africa (vs. 1:500 in the EU).
- **Cross-Border Vulnerabilities:** Poor coordination among national CERTs (Computer Emergency Response Teams) let attackers exploit regulatory gaps.
- **Example Safaricom's M-Pesa Breach:** A ransomware attack on February 12 disrupted services for 12 hours, blocking 15 million users from accessing 200 million plus in transactions. Hackers exploited vulnerabilities in third-party SMS APIs, demanding a 5 million Bitcoin ransom.

Solutions:

- **Pan-African Cybersecurity Frameworks:** Accelerate implementation of the African Union Convention on Cyber Security, harmonising data protection laws and mandating minimum security standards for cross-border digital services (e.g., mobile money, e-commerce). Establish a shared African CERT Alliance to enable real-time threat intelligence sharing among member states.
- **Localised AI and Blockchain Innovations:** Support homegrown startups developing AI-driven tools tailored to African threat landscapes, such as Swahili-language phishing detection systems or blockchain-based identity verification for unbanked populations. Incentivise adoption through tax breaks for SMEs integrating these solutions.
- **Mobile-First Security Protocols:** Partner with telecom giants (e.g., MTN, Airtel) to embed end-to-end encryption and multi-factor authentication in mobile money platforms, prioritising USSD and SMS-based services used by 80% of Africa's unbanked.

- **Cybersecurity Skills Pipeline:** Launch Africa Cyber Fellows, a continent-wide training program certifying 10,000 specialists annually through partnerships with universities and hubs like Kenya's Konza Technopolis. Include Kiswahili, Hausa, and Arabic-language modules to broaden accessibility.
- **Cross-Border Rapid Response Funds:** Create an African Cybersecurity Emergency Fund, financed by the AfDB and regional bodies, to subsidise breach recovery for critical infrastructure (e.g., hospitals, power grids) and SMEs in crisis.
- **Community-Led Awareness Campaigns:** Deploy grassroots networks (e.g., religious groups, market associations) to educate users in rural areas on phishing scams and SIM-swap fraud, using radio dramas and local dialects.

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Glossary:

Fintech - Financial Technology refers to innovative technologies designed to improve and automate the delivery of financial services.

Artificial Intelligence (AI) - AI refers to the simulation of human intelligence in machines that are programmed to think, learn, and solve problems.

IoT (Internet of Things) - The interconnection of everyday devices to the internet, allowing them to collect and exchange data.

Cybersecurity - The practice of protecting systems, networks, and programs from digital attacks or unauthorised access.

Tech Hub - A physical or virtual space where technology startups, innovators, and entrepreneurs gather to collaborate, learn, and innovate.

Agri-Tech - Agricultural Technology refers to innovations in the tech space aimed at improving the efficiency, output, and sustainability of farming.

Venture Capital - A form of financing where investors provide funding to early-stage startups with high growth potential in exchange for equity.

IPO (Initial Public Offering) - A private company's first sale of shares to the public, becoming publicly traded to raise capital.

Mergers & Acquisition (M&A) - Business deals where companies come together or one company buys another. These deals help companies grow, enter new markets, or improve their business by combining resources or cutting costs.

Crypto mining - The process of verifying and adding new transactions to a blockchain ledger in a cryptocurrency network. This process involves solving complex computational problems, which requires significant computational power. Miners who successfully solve these problems are rewarded with new cryptocurrency tokens and transaction fees, making mining an essential part of maintaining and securing decentralized networks like Bitcoin and Ethereum.

Private Equity - Investing in privately held companies to improve their value over time, often through restructuring or capital infusion, with the goal of selling the company for a profit later.

Health Technology - The use of technology—software, devices, and systems—to improve healthcare delivery, diagnostics, treatment, and patient outcomes.

SME (Small and Medium-sized Enterprise): A business with limited employees and revenue, defined by regional thresholds (e.g., under 250 employees in the EU), vital for economic growth and innovation.

