

AROUND INVESTMENT: Q1 2025 IN REVIEW;

Outlook on Q2 2025





EXECUTIVE SUMMARY

Africa's investment landscape in 2025 is redefining itself through a blend of resilience, innovation, and growing sectoral diversification. This edition of the report offers a comprehensive overview of the latest developments, spotlighting Nigeria as a key market of interest, alongside broader insights into the continental funding environment.

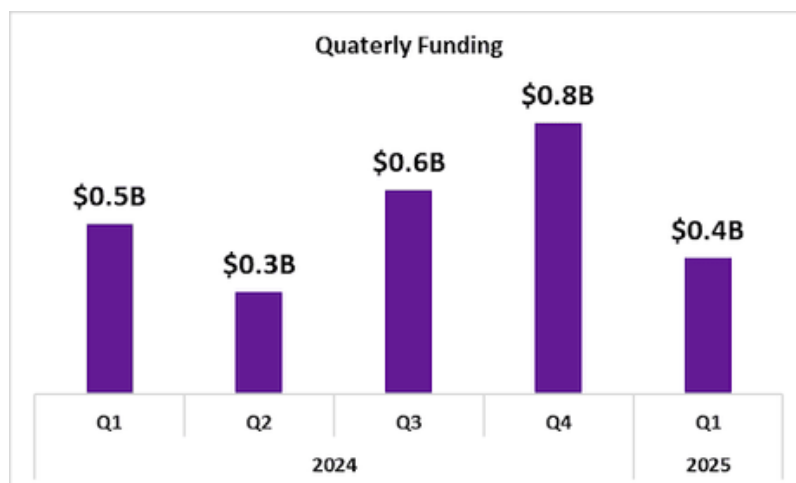
Despite ongoing debt pressures, Nigeria's fiscal outlook is improving, driven by stronger non-oil revenue performance and renewed policy discipline. The Central Bank of Nigeria (CBN) projects cautious optimism, setting a more stable foundation for future capital flows. As Africa's largest economy recalibrates, Nigeria's trajectory will be critical in shaping broader investor sentiment across the region.

On the continental front, venture funding in Q1 2025 reached \$460 million, a modest dip of about 5% vs Q1 2024 at \$486 million. Fintech remains dominant, yet investors are increasingly shifting capital toward cleantech, education, mobility, and enterprise software. Regional leaders, Kenya, Nigeria, South Africa, and Egypt continue to capture the lion's share of funding, although new entrants like Togo are beginning to attract attention.

Looking ahead, the outlook for Q2 2025 remains cautiously positive. Investors are increasingly focused on scalable, impact-driven businesses across sectors such as renewable energy, HR technology, and digital financial services. This report equips investors, executives, and ecosystem players with critical insights to navigate an increasingly dynamic and fast-evolving market.

INVESTMENT OVERVIEW

A total of \$460 million was raised across Africa in Q1 2025 excluding exits, slightly down from over \$500 million in the same period in 2024. In January, there was a total of \$289 million raised in funding, largely driven by equity funding, making it more than three times the amount raised in January 2024 (\$85 million). February however, saw a decline with \$119 million raised. Performance worsened in March, with only \$50 million raised, lowest monthly total since late 2020. Overall Q1 2025 performance was lower than Q1 2024, and more significantly, much lower than the previous quarter (Q4 2024), which saw stronger performance.



Around \$195 million was raised in equity funding in Q1 2025 across 63 deals, with tickets ranging from \$200k to \$37m. About 73% of the investments went to early stage companies from pre-seed through to series A. This shows that investors are still betting on young companies and fresh ideas. Funding for series B and C rounds was almost non-existent at 3%, and only 8% of deals went to later-stage startups, series D and beyond. The remaining 16% were undisclosed or in other categories.

In Africa, there were 20 M&A exits and zero IPOs, continuing a pattern of private secondary deals as the preferred exit route in African venture markets.

Regional Highlights

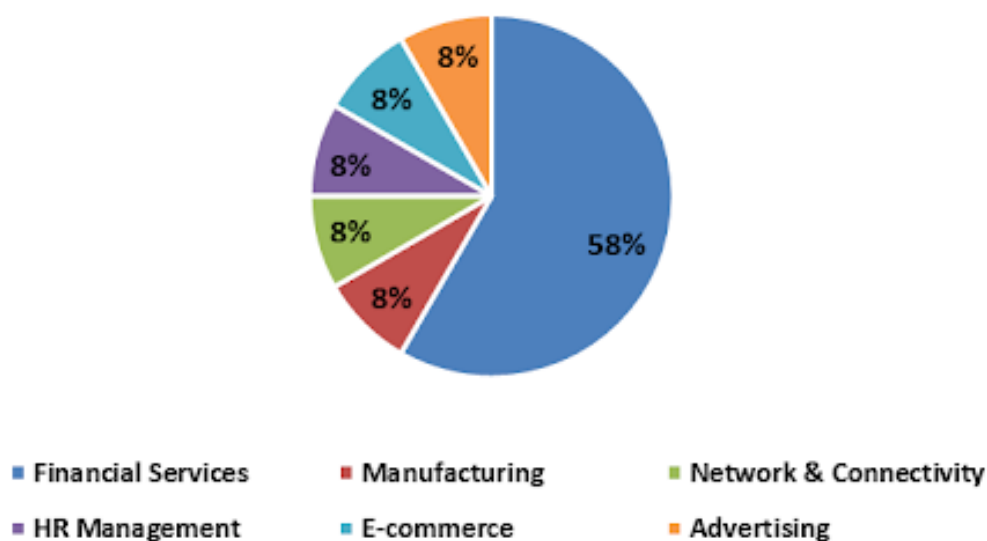
The funding landscape was dominated yet again in Q1 2025 by the big four – Kenya, Nigeria, South Africa, and Egypt. Kenya, Nigeria, and South Africa each secured about \$100 million in funding. Kenya and Nigeria recorded 24% each of the total funding, and South Africa followed closely at 22%. Egypt came next, with \$61 million, accounting for 14% of the overall funding. In a notable move, Togo made it into the top five, thanks to Gozem's successful \$30 million Series B round.

Sector Insights

More than half of top investment deals flowed into financial services, affirming fintech's ongoing dominance in the continent. Other sectors that registered activity, although with far fewer deals, include HR Management, Network & Connectivity, Manufacturing, E-commerce, and Advertising.

Top investors in Q1 2025 were Beltone Venture Capital, Disruptech Ventures, KuCoin Ventures, Unreal Capital, Al Mada Ventures, Enza Capital, Flat6Labs, Janngo Capital, Launch Africa, Next176, Norrsken22, and Witamax.

Top Investment Sectors, Q1 2025



Investment Spotlights



- Oui Capital achieved a 53x return on its \$150,000 investment in Moniepoint, through a partial exit. This exit alone returned enough to repay Oui Capital's debut \$4 million fund in full. In a landscape where full fund returns are rare, especially in emerging markets, this moment reaffirms the power of venture capital to identify and nurture transformational businesses. It also underscores the catalytic role VCs can play, not just in deploying capital, but in guiding startups toward sustainable growth and returns.
- Gozem, originally launched in 2018 as a ride-hailing service in Togo, has now transformed into a dynamic super app, offering a wide range of services across French-speaking West Africa, including ride-hailing, commerce, vehicle financing, and digital banking. Despite the historically limited funding for francophone West Africa and countries like Togo, Gozem raised \$30 million in Series B funding, a mix of \$15 million equity and \$15 million debt. The round was led by SAS Shipping Agencies Services and Al Mada Ventures. This sets the company on a path to strengthen its vehicle financing capabilities and expand into new markets.
- PowerGen, a growing player in distributed renewable energy solutions, secured over \$50 million to establish a scalable platform focused on powering Africa's energy future. This funding underscores the growing momentum in cleantech, a sector we have seen gaining increased attention as investors move toward sustainable solutions. PowerGen's success further solidifies the shift towards clean energy as a critical piece of Africa's development.

- In an uncommon move for the education sector, Enko raised \$24 million in equity funding in January 2025, led by Africa Capitalworks with continued backing from Adiwale Fund I. This raise highlights the growing potential of the education sector in Africa, marking a pivotal step towards increasing access to world-class education for the continent's youth. Enko Education has established itself as a fast-growing network of international schools across Africa, committed to offering high-quality, inclusive education that opens doors to the world's top universities and successful careers.
- LemFi, a remittance startup serving customers across 22 countries, raised \$53 million in Series B funding to support its European expansion. This includes the acquisition of a European fintech firm as part of the strategy to streamline global transfers and regulatory compliance. The round positioned LemFi among Africa's most well-funded fintechs in 2025, and it reflects the growing investor confidence in diaspora-focused financial services that bridge African populations with the rest of the world.
- Purple Elephant Ventures (PEV), a Nairobi-based venture studio, raised \$4.5 million in seed funding to develop and scale startups targeting Africa's tourism industry. Branding itself as the "world's first tourism-focused venture studio" PEV aims to solve persistent challenges in the sector by supporting businesses that blend sustainability, digital infrastructure, and customer experience. In a continent where travel and tourism are vital yet under-innovated sectors, PEV's approach reflects a bold effort to carve out a niche away from the well-trodden paths of fintech and e-commerce.
- SeamlessHR, a Nigerian company providing Human Resource management tools, has raised a \$9 million Series A extension. The startup has steadily built a reputation for digitizing HR processes, from payroll to performance management, for businesses across Africa. In an ecosystem where much of the attention is still concentrated on fintech, SeamlessHR stands out as a strong example of what is possible in B2B enterprise software.
- Cross-border remittance startup, Raenest raised \$11 million in Series A funding, bringing its total raised to \$14.3 million. The Nigeria-based startup provides multicurrency accounts to freelancers and global-facing businesses, helping them receive payments without friction. As the remote work economy continues to grow in Africa, Raenest is well-positioned to serve a rapidly expanding user base of borderless workers and digital entrepreneurs.

Key Trends



- **Continued Shifting Attention to Cleantech:** Following the momentum seen in the previous quarter, cleantech remains a key focus area for investors in Q1 2025. With major investments in renewable energy and distributed energy solutions, cleantech remains a key area of focus. Companies like PowerGen raising significant funds signal a growing interest in sustainable technologies across the continent.
- **Rise of Non-Fintech Sectors:** While financial services remain dominant, there is growing momentum in sectors such as education (Enko Education), mobility (Gozem), and human resources (SeamlessHR). This diversification of investment across industries beyond fintech signals that investors are increasingly recognizing the potential in other sectors.
- **Underrepresentation of Female Founders:** While there was notable investment activity, only a little over 2% of the funding raised in Q1 2025 went to female founders. This underscores the ongoing gender disparity in funding, highlighting an area for potential improvement in equity across the startup ecosystem.
- **Continued Dominance of the Big Four:** The bulk of funding continues to flow toward Kenya, Nigeria, South Africa, and Egypt, with these countries collectively accounting for over 80% of total investment in Q1 2025. This trend shows that investors remain focused on key regional hubs while other countries still struggle to attract substantial funds

Investment Outlook



In Q2 2025, we expect investment activity across Africa to remain steady, with a focus on high-potential sectors like cleantech, mobility, and edtech. The cleantech sector, in particular, is poised to continue its growth, with companies addressing Africa's energy challenges likely to get investor interest. The momentum from Q1, with substantial investments in renewable energy solutions, will likely carry over into the next quarter as sustainability remains a key priority.

In addition to cleantech, other non-fintech sectors, HR tech and mobility, are expected to continue attracting capital. This diversification signals an increasing recognition of the value in industries that address needs beyond financial services. Investors will continue to look for startups with scalable models that can expand across the continent and into global markets.

Looking ahead, ongoing global uncertainties will likely influence investment trends in Q2. However, Africa's emerging market potential remains undeniable, with innovation across various sectors positioning the continent for sustained long-term growth. With the right mix of capital and support, Africa's startups will continue to be a driving force in shaping the global business landscape.



Key Investment Market Spotlight – Nigeria



1. MARKET OVERVIEW

Nigeria is emerging as a linchpin market in Africa's economic and strategic landscape, offering a compelling, strategic entry point for long-term investors and a pivotal market for Africa's future growth. With a population exceeding 220 million and set to surpass 400 million by 2050, Nigeria boasts the continent's most youthful demographics and increasingly urbanized customer base. These factors are reshaping consumer behaviour across healthcare, education, housing, and financial services, with demand on the rise.

The economy grew by 3.4% in 2024, supported by services, mining, and a more liberalized foreign exchange regime. Inflation remains elevated at 24.23%, but FX liquidity has improved, reserves have strengthened, and Nigeria's reform momentum earned a credit rating upgrade. While debt pressures persist, policy discipline and rising non-oil revenues are strengthening the fiscal outlook, with the Central Bank of Nigeria (CBN) signalling cautious optimism.

Strategically, Nigeria is positioning itself as Africa's digital and innovation hub, leading efforts in AI, broadband expansion, and digital identity. Its BRICS partnership status and deepening global engagement reinforce its geopolitical importance.

Key Themes:

- **Digital Leadership:** Massive investment in infrastructure and AI positions Nigeria at the forefront of Africa's digital economy.
- **Demographic Tailwinds:** A young, urbanising, and connected population is driving structural shifts in consumption and services.
- **Investment Momentum:** Tech startups remain resilient, foreign inflows are rising, and structural reforms are creating new opportunities in fintech, infrastructure, and services.

2. DEMOGRAPHICS AND CONSUMER PROFILE

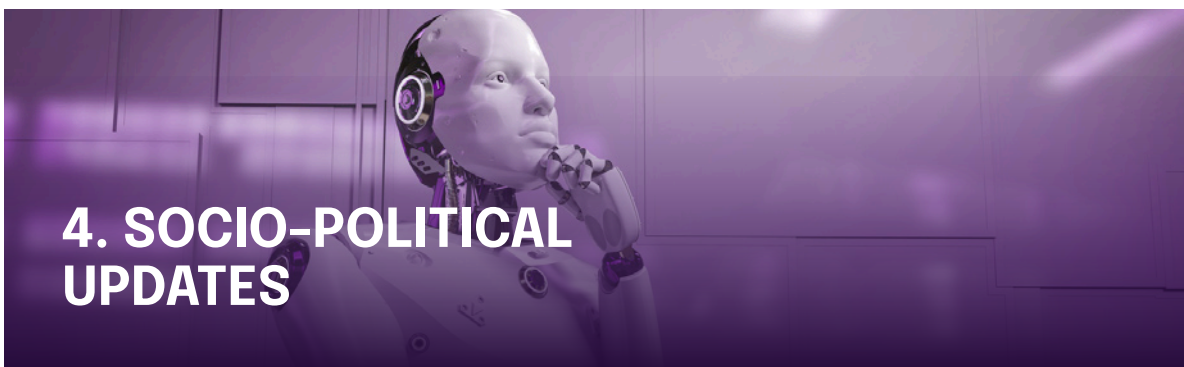
- **Population:** ~220 million, largest in Africa; projected to exceed 400 million by 2050.
- **Median Age:** ~18 years; a young, digitally savvy population.
- **Urbanization:** Over 50% urbanized, with Lagos, Abuja, and Port Harcourt as key urban hubs. Projected to reach 70% by 2050.
- **Consumer Trends:** Rising demand for digital services, affordable healthcare, education, and urban housing.
- **Mobile & Internet Penetration:** ~87% mobile penetration rate and 45% internet penetration rate.

3. MACROECONOMIC OVERVIEW

GDP Growth: Nigeria's GDP growth has rebounded after two consecutive years of decline, returning to its 2021 levels. In 2024, the country recorded a 3.4% GDP growth rate, a notable increase from 2.74% in 2023. This growth is particularly impressive given the persistent inflationary pressures, elevated interest rates, and exchange rate volatility throughout the year. The performance was primarily driven by the services sector, especially financial services and insurance, information and communication as well as the mining and quarrying industries.



- **Inflation & Exchange Rate Trends:** As of March 2025, Nigeria's inflation rate rose to 24.23%, up from 23.18% in the previous month, driven largely by rising food and energy costs. Despite this, the exchange rate has remained relatively stable year-on-year, supported by policy interventions such as the launch of the Electronic Foreign Exchange Market System (EFEMS) and a \$200 million forex injection by the Central Bank of Nigeria (CBN). The naira currently averages N1,600 to the dollar, compared to N1,500 in the same period last year.
- **FX Flows:** In Q1 2025, Nigeria recorded a net foreign exchange (FX) inflow of \$15.2 billion, driven by market reforms and rising investor confidence. Total inflows reached \$28.92 billion, an 18.7% year-on-year increase while outflows also rose by 32.7%. Despite higher outflows, the country maintained a strong net balance, with improved FX liquidity and reduced reliance on central bank intervention. This positive record could be attributed to reforms such as the unification of the naira, which have enhanced market transparency, signaling a more resilient and liberalized FX environment supportive of economic stability and growth.
- **Monetary Policy:** The Central Bank of Nigeria (CBN) has maintained a tight monetary stance to curb inflation and stabilize the naira. The Monetary Policy Rate remains at a record high of 27.5%, with a Cash Reserve Ratio of 50% for commercial banks. Foreign exchange reforms and rising non-oil revenues boosted Net FX Reserves by 479% in 2024, reaching \$23.11 billion. Gross reserves also rose to \$38.3 billion by March 2025 from \$33.8 billion in 2024. With early signs of inflation moderation, the CBN may cautiously ease rates, contingent on continued FX stability and fiscal discipline.
- **Government Debt and Fiscal Policy:** Nigeria's 2025 budget expanded to ₦54.99 trillion, backed by improved revenue expectations from FIRS and Customs, and non-oil sources. However, public debt surged by 48.6% year-on-year to ₦144.67 trillion, driven by FX depreciation and increased borrowing. Despite the debt rise, Fitch upgraded Nigeria's rating to 'B' with a stable outlook, citing reform momentum. Federation Account Allocation Committee (FAAC) disbursements declined over three consecutive months in early 2025 due to lower collections from oil royalties, VAT, and levies, highlighting fiscal strain despite the government's ambitious revenue plans.



- **National Artificial Intelligence Strategy Launch:** In April 2025, Nigeria unveiled its National Artificial Intelligence (AI) Strategy, positioning the country as a leading AI hub in Africa. Developed collaboratively with government, academia, and industry stakeholders, the strategy aims to harness AI for economic growth, social development, and technological advancement. The strategy outlines a roadmap to embed AI across sectors such as healthcare, agriculture, and education, with a focus on building foundational infrastructure, encouraging responsible use, and attracting global talent and investment. For investors, this presents new opportunities in AI applications, data infrastructure, and tech talent development.
- **Commitment to Digital Services Improvement:** Nigeria has reaffirmed its commitment to enhancing digital services through a substantial investment of approximately \$2 billion in digital public infrastructure. The initiative aims to expand the national fiber optic backbone from 35,000 km to 125,000 km, dramatically improving digital access. Additionally, the government targets enrolling 180 million people in its digital ID program by 2026, with over 90% adult enrollment already achieved. This ambitious digital push enhances service delivery, strengthens identity systems, and supports the broader digital economy, creating opportunities for private sector players in telecoms, fintech, e-government platforms, and last-mile connectivity solutions. For investors this presents a strategic entry point in connectivity, digital identity, and tech-enabled services.
- **Allocation of Funds to Offset Health Aid Cuts:** Following the suspension of U.S. health aid, Nigerian lawmakers approved an additional \$200 million in the 2025 budget to support the health sector. The funds are intended to mitigate the impact of the aid cuts, particularly in areas such as vaccine supply and epidemic disease treatment.

- **Global Diplomatic Engagement:** Nigeria becomes the ninth BRICS partner country, joining Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Thailand, Uganda, and Uzbekistan. Nigeria's admission as a "partner country" in the BRICS bloc reflects its growing influence in international affairs and commitment to multilateral cooperation. This development signifies recognition of Nigeria's political and economic potential on the global stage.
- **National Anti-Corruption Strategy Committee Inauguration:** Nigeria inaugurated a high-level National Anti-Corruption Strategy Committee in February 2025, signaling renewed commitment to curbing corruption across public and private sectors. Chaired by Attorney General Prince Lateef Fagbemi, SAN, the committee includes key ministers and legislative leaders. Its action plan, aligned with international anti-corruption conventions, is anchored on five pillars: prevention, public engagement, ethical re-orientation, enforcement, and asset recovery. The initiative builds on the National Anti-Corruption Strategy (NACS) 2022–2026, emphasizing institutional accountability, transparency, and strengthened enforcement. It reflects the present administration's effort to reinforce Nigeria's anti-corruption framework and drive inclusive governance and economic reforms.
- **State of Emergency in Oil-Rich Rivers State:** In March 2025, President Bola Tinubu declared a state of emergency in Nigeria's oil-rich Rivers State, suspending the governor, deputy, and all lawmakers for six months. He cited pipeline vandalism by militants and the inaction of local authorities, following a major blast on the Trans-Niger Pipeline valued at \$14 million in daily oil exports. The decision, amid a political rift and threats of impeachment, sparked national controversy. Legal experts and opposition parties condemned it as unconstitutional and authoritarian. Critics, including the Nigerian Bar Association and PDP, accused Tinubu of orchestrating a power grab and undermining democratic governance in the state.
- **Female Lawmaker Suspension:** Senator Natasha Akpoti-Uduaghan was suspended for six months after alleging sexual harassment by Senate President Godswill Akpabio. Her petition was dismissed on procedural grounds, with the ethics committee citing "public opprobrium." The suspension sparked outrage from women's rights groups and the public, who view it as suppressing accountability. Uduaghan vowed to pursue justice, while the Senate claimed the action was due to her "disruptive" conduct, not the allegations.



5. STARTUP & FUNDING LANDSCAPE

- Home to five out of seven African unicorns, Nigeria maintained its place among the big four on the African continent. The country's startups raised about \$110 million in the first quarter of 2025, bolstered by PowerGen and Lemfi receiving \$50 million and \$53 million funding respectively.
- Nigerian fintech unicorn, Moniepoint has launched MonieWorld, a diaspora-focused platform starting with the UK–Nigeria remittance corridor. Positioned as more than a remittance app, MonieWorld offers a full banking experience tailored to immigrants, helping them manage financial responsibilities at home and abroad. Competing with players like LemFi and NALA, MonieWorld leverages Moniepoint's scale for competitive pricing and value-driven services. The move aligns with Moniepoint's diversification strategy, reducing dependence on Nigeria's volatile market and extending services to African diasporas globally, with plans to expand into countries like Kenya. The platform marks a bold step into international fintech for the African unicorn.
- LoftyInc Capital, a key early investor in African unicorns like Flutterwave and Andela, raised \$43 million in the first close of its third fund, LoftyInc Alpha. Shifting from its traditional pre-seed focus, the fund will now target late-seed and Series A startups across Nigeria, Egypt, Kenya, and Francophone Africa. This strategic shift aims to bridge the funding gap between early and growth stages, as Series A deals saw steep declines. LoftyInc plans to back 20–25 startups in financial services, logistics, health tech, retail, climate, and deep tech, with initial checks of \$1 million and follow-ons of up to \$5 million.



6. NIGERIA'S OUTLOOK

- Nigeria's GDP is projected to reach 4.1% by the Central Bank of Nigeria (CBN). This positive outlook is influenced by recent and ongoing governmental reforms. However, the IMF in its April 2025 World Economic Outlook projects that Nigeria's GDP will close at 3.0% in 2025 and further down to 2.7% by 2026, attributed to lower oil prices. Similarly, global economic uncertainties and policy dynamics could potentially impact this.
- Nigeria is poised to lead Africa's digital trade revolution with a projected \$180 billion African digital economy by 2025, leveraging its vast market, vibrant fintech and creative sectors, and expanding digital infrastructure. With the initiatives aligning national policy to AfCFTA protocols, broadband expansion, and digital customs, Nigeria aims to drive inclusive growth. Its leadership in services, tech talent, and innovation, alongside strategic reforms and investments, positions it as a continental hub for digital trade, job creation, and sustainable economic transformation.
- The U.S. imposed reciprocal tariffs of up to 50% on several African countries, including a 14% tariff on Nigerian exports. These tariffs, especially if maintained beyond temporary delays, could reduce Nigeria's export competitiveness to the U.S., impacting sectors like textiles, agriculture, and manufactured goods. For Nigeria, which is diversifying trade under AfCFTA and seeking to grow non-oil exports, this could stall progress, reduce foreign exchange earnings, and increase trade deficits unless it secures exemptions or alternative trade agreements.
- Stricter security screening for visa applicants has been implemented by the United States, potentially affecting Nigerian travelers and immigrants, who make up 16.3% of the 2.75 million African-born population in the U.S. Tighter vetting could reduce student, skilled worker, and family-based migration. This has ripple effects on remittances, which are a key source of foreign exchange for Nigeria (over \$20.9 billion in 2024), and may also limit brain circulation, diaspora engagement, and talent mobility crucial for Nigeria's tech and academic sectors.

- The cumulative effect of these U.S. policies could significantly strain Nigeria's macroeconomic stability. Higher tariffs may suppress non-oil exports, widen the trade deficit, and reduce foreign exchange earnings, placing added pressure on the naira and contributing to inflationary pressures. Cuts to U.S. foreign aid, especially in health, education, and development may increase public sector spending burdens and slow human capital development. Stricter visa policies could reduce remittances, a vital inflow that supports household consumption and foreign reserves. Collectively, these shifts may dampen GDP growth, heighten fiscal vulnerabilities, and complicate monetary policy management, especially if alternative funding sources or trade partnerships are not swiftly secured.

Sources: Africa: The Big Deal, BBC News, CBI Insights State of Venture Report Q1 2025, Central Bank of Nigeria (CBN), CNBC Africa, International Monetary Fund World Economic Outlook: April 2025, Nairametrics, National Bureau of Statistics: 2024 Nigeria Gross Domestic Product Report, Nigerian Biometric Update, Nigerian Tribune, Reuters, Tech Cabal, Tech Crunch, Tech Point, The Independent, UN-Habitat Country Brief (Nigeria) 2023.