

Around Investment:

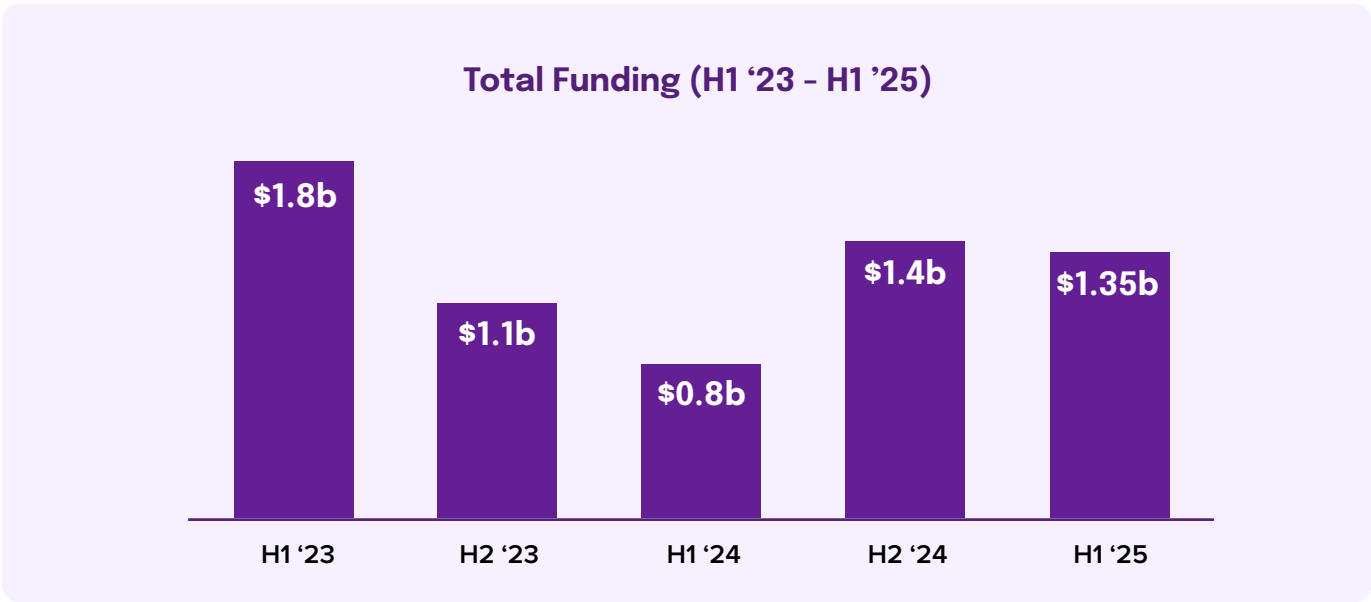
**H12025 in Review,
Outlook on H2 2025**

Introduction

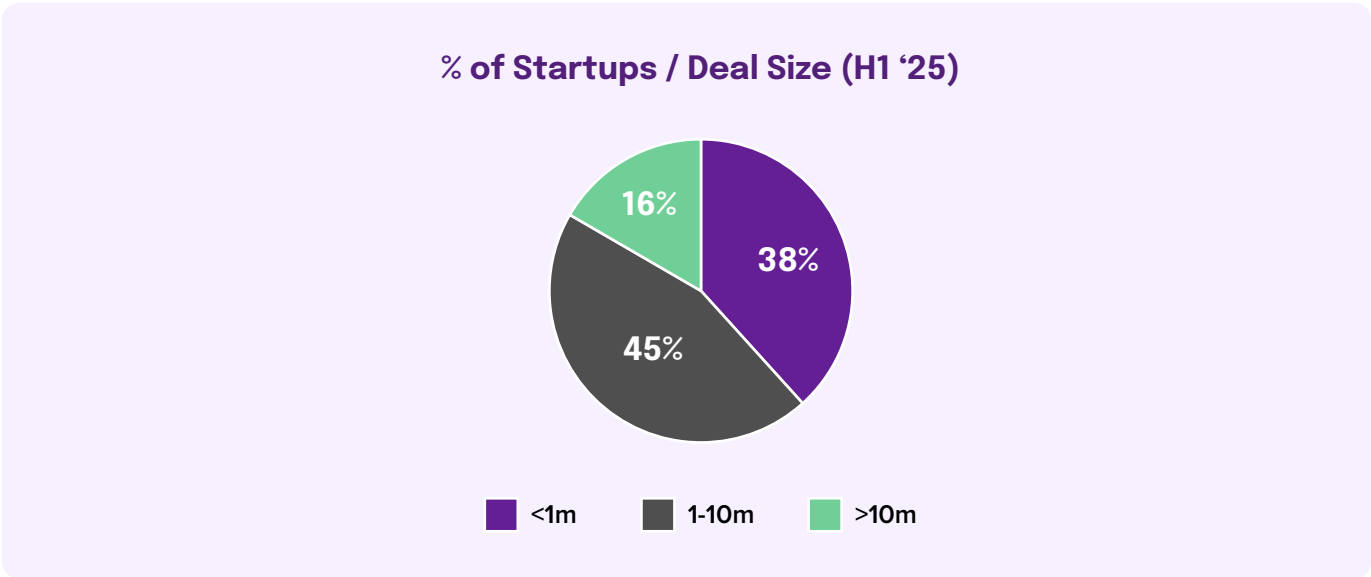
In the first half of 2025, Africa’s investment landscape has seen notable fundraises, key trends and activities worth paying attention to. In this H1 overview, we take a closer look at where funding is flowing, the shift happening across sectors, and some regional highlights. Additionally, we took note of notable happenings and spotlights in the investment space.

Funding

The first half of the year saw a total of \$1.35 billion in investment throughout Africa, with June showing the best performance with \$365 million. In H1, the monthly average was \$237 million, which was a rise over H1 2024's \$187 million, or more precisely, \$133 million raised by startups. It also represents a 78% increase compared to \$800m total funding raised in the same period last year. This is consistent with \$1.4b raised in H2 2024. Equity funding took the greater portion of the financing, with \$950m raised, and \$400m raised in debt during the period.



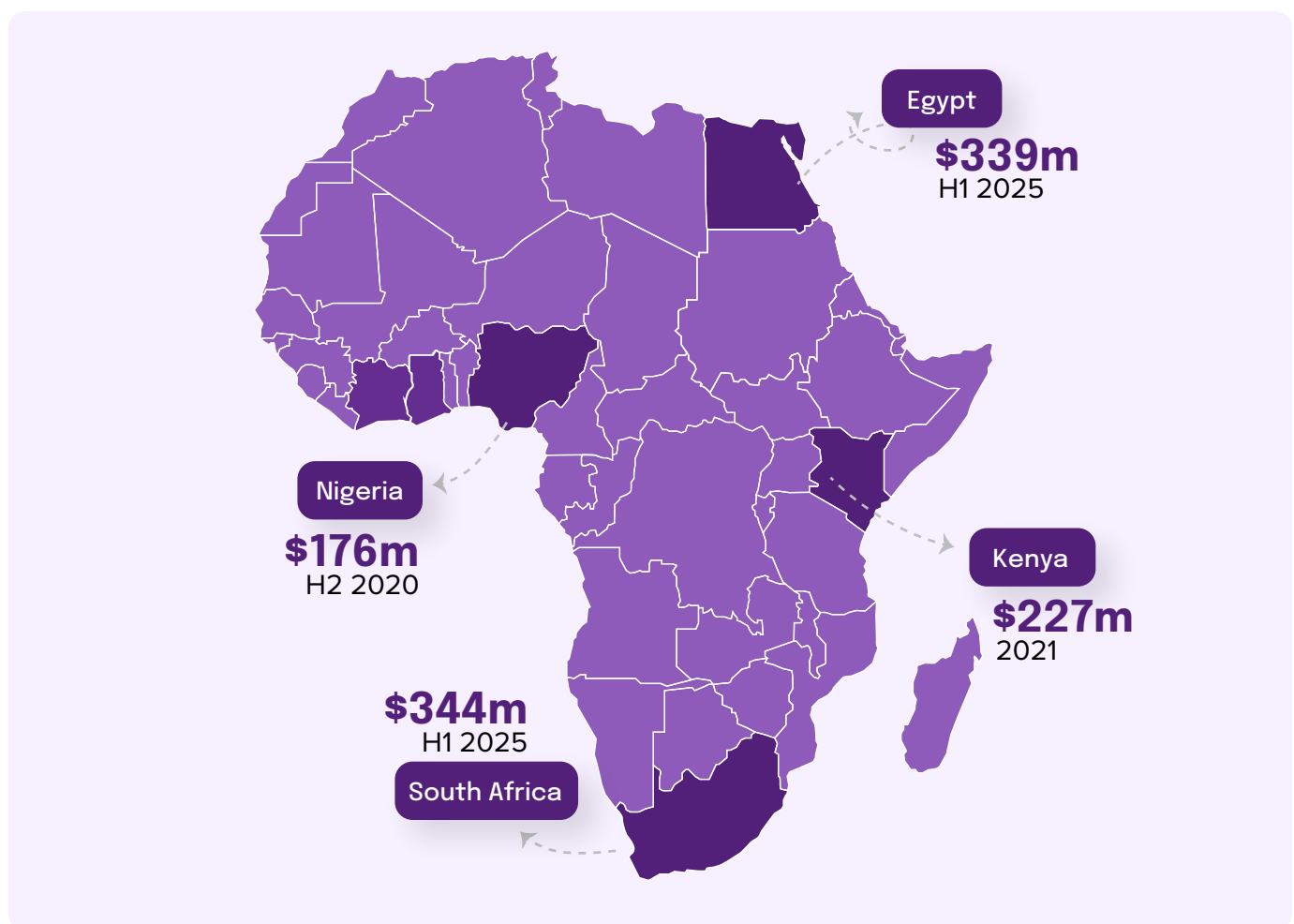
Africa’s startup funding held steady in H1 2025, with 238 startups raising \$100k or more, slightly below H1 and H2 2024 but up from 2023. Notably, 108 of these raised \$1m+, and 39 secured \$10m+ deals, signaling a continued rebound in large-ticket investments not seen since 2022.



Regional Highlights

The share of investments between regions remains consistent with previous years. South Africa, Egypt, Kenya, & Nigeria accounted for 78% of total deals. However, other African countries like Côte d'Ivoire, Ghana, Senegal, Togo, and Uganda recorded notable investment activities.

South Africa recorded the largest percent of investments with \$344m in H1 2025, and 26 startup ventures announcing at least \$1m in funding, which is also the highest on the continent. With \$339 million, Egypt came in second place. During that time, 42 ventures raised at least \$100,000, while 21 raised \$1 million or more.. Kenya recorded its lowest half-year performance since 2021, with \$227m coming 4th in terms of both start-ups raising \$100k+ (30) and \$1m+ (16). With \$176 million, Nigeria also experienced its lowest half-year since H2 2020. Nonetheless, the nation outperformed Egypt in terms of the number of businesses funding \$100,000 or more, reaching 42, and businesses raising \$1 million or more, reaching 21, which tied Egypt for second place.



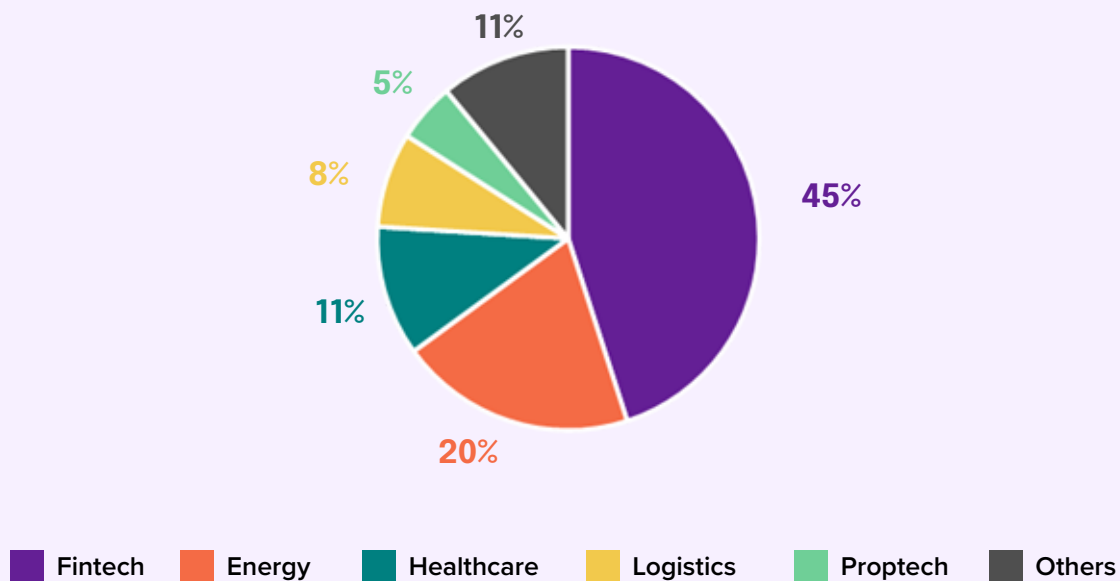
Beyond the Big Four, Senegal was the only other country to pass the \$100m threshold with a total \$148m in funding; 93% of this amount came from Wave Money's \$137m debt deal. The other three notable \$10m+ large deals outside of the big four were GoZem (Togo), Zeepay (Ghana) and Djamo (Côte d'Ivoire). Ghana maintained its spot as the market with the highest number of \$100k+ deals after the big four, and good levels of deal activity were also recorded in Morocco, Tunisia, Uganda, and Tanzania.

Despite the fact that major African countries show high levels of investment activities, a total of 33 countries recorded no \$100k+ deals at all in the first half of the year. 19 out of these 33 haven't had a single deal over this threshold since 2019.

Sector Insights

The first half of 2025 saw a shift in investing across sectors. Fintech continues to dominate the scene; however, there is an increasing shift towards other sectors. Fintechs received \$640 million, or 45% of all capital, and were responsible for one-third of deals worth \$1 million or more. Next in line with \$220 million, or 20% of the total, was the energy industry. Proptech contributed 5% (\$75 million), logistics and transportation contributed 8% (\$116 million), and healthcare contributed 11% (\$160 million).

Sector Distribution



Exits/Investors

There were 21 exits in total in H1 2025, a considerable rise above the 20 and 22 exits in the full years 2023 and 2024, respectively. This figure demonstrates that investment in Africa is still viable and that it is possible to exit with gains, even though the exact amount and other specifics are still unknown. Six of these exits were announced in June alone, an unprecedented level since 2022.

Over 330 investors participated in at least one 100k+ deal, and over 85 in more than one. Top investors include: Partech, Launch Africa, DFW, Renew Capital, Unilever, Digital Africa, Investing in Innovation, KFW DEG, British International Investment, Esquared, among others.

Investment Spotlights

We featured some notable happenings in our Q1 2025 report, from key raises to VCs getting returns on their investment. If you missed it, you can catch up [here](#).

The momentum continued in Q2 2025 with a mix of large deals and strategic activities across key sectors;



hearX (South Africa) secured a landmark \$100M merger with U.S.-based Eargo to form LXE Hearing, marking one of the continent's most notable healthtech exits to date and underscoring growing cross-border alignment in medtech innovation.

Bokra (Egypt) raised \$59M via sukuk issuance, a significant jump from its \$4.6M pre-seed round just a year prior. The raise highlights investor appetite for alternative financing vehicles in Egypt's evolving fintech landscape

Stitch (South Africa) closed a \$55M Series B to accelerate the development of its payments API and fintech infrastructure stack. The round positions Stitch as a critical enabler of embedded finance across the continent.

Nawy (Egypt) raised \$75M to deepen its footprint in the regional proptech space. The raise reinforces Nawy's ambition to lead the digital transformation of North Africa's real estate sector. This also reflects a significant milestone for the sector.

AURA (South Africa) raised \$15M in Series B funding to expand its emergency response and security tech offering. The deal reflects growing investor interest in scalable public safety solutions tailored to African markets.

Key trends



Fewer Deals, Bigger Tickets: The first half of 2025 recorded significantly fewer deals compared to H1 2024. Yet, total funding volume rose by 78%, indicating a shift toward larger ticket sizes. While there was a slight dip compared to H2 2024, the overall capital raised remained high despite the reduced deal count. This marks a continued trend of investor confidence in startups.

Female Funding at an All-Time Low: The gender funding gap has widened even further. In 2024, only 14% of deals and 3% of capital went to female-founded or co-founded startups, the lowest since 2019. 2025 numbers (as of May) are even lower; just 9% of deals and 0.9% of total funding went to female-led ventures, and only 1.5% of funded companies have female CEOs. Female-led and co-founded startups continue to face steep barriers, especially in accessing larger funding rounds, with disparities growing as companies mature.

Growing Diversification Beyond Fintech: While fintech continued to dominate, the first of the year has seen increased sector diversification. The energy sector attracted 20% of total investments, and sectors like logistics, healthcare, proptech also recorded significant investment activity.

Uneven Regional Distribution: Investment remains highly concentrated. 33 of Africa's 54 countries saw no deals over \$100K in H1 2024. 19 of those 33 haven't recorded such a deal since 2019. This persistent gap highlights the need for stronger ecosystem development and capital access across underrepresented regions.

Africa vs The Rest of the World: Despite local momentum, Africa's total equity funding still accounts for just 0.4% of global startup funding. This underscores the massive capital gap that persists between African ecosystems and the rest of the world.

Investment Outlook

The investment space has seen significant momentum in 2025, with activities concentrated in key markets. Even though the largest share of funding remained the same in these key markets, we see an interesting turn in the country-by-country leaderboard.

South Africa, Egypt, and Kenya came ahead of Nigeria in the first half of the year. In previous years, Nigeria claimed the top spot in 2021 and 2022, and Kenya led the charts in 2023 and 2024. Now in 2025, South Africa is back at the top, but it may not remain so for the full year. Major transactions are reportedly in the works, particularly in Nigeria, that could reshape the rankings before year-end. These include a potential 100 million dollar round for PalmPay and a combined 1.5 billion dollars in equity and debt funding for Moove. If these deals materialise, they could propel Nigeria back into the lead.

Beyond country-level dynamics, the second half of the year is expected to continue the trend of larger ticket sizes across fewer deals. Sectoral diversification is gaining ground, as investor interest gradually expands beyond fintech with sectors like Energy, Healthcare, Logistics, and Proptech attracting significant funding. Cross-border mergers and acquisitions are also likely to pick up, driven by growth-stage companies seeking scale and resilience in tough markets.

On the flip side, female-led ventures remain significantly underfunded, and a large number of African countries still see little to no deal activity. This highlights an ongoing need to foster more inclusive and geographically diverse investment flows across the continent.

MARKET SPOTLIGHT: KENYA

MARKET OVERVIEW

Kenya remains one of Sub-Saharan Africa's most dynamic economies and innovation Hubs, underpinned by a youthful, mobile-first population, resilient sectoral performance (in key sectors such as agriculture, services, and technology), and a fast-evolving startup ecosystem.

In H1 2025, Kenya recorded steady economic growth, easing inflation, and a strengthening local currency. However, its political climate was volatile following youth-led nationwide protests against the Finance Bill 2025. These events highlighted growing generational and economic divides, placing pressure on the government to recalibrate its approach to governance, taxation, and public engagement. Meanwhile, the startup ecosystem continues to attract global capital, especially in climate tech and renewable energy, cementing Kenya's status as a continental leader in digital and green innovation. Despite challenges, Kenya remains a market with strong long-term potential, although success depends on managing short-term political risks and maintaining investor confidence.

Key themes include:

- Youthful, digitally engaged population
- Stable Economic growth with sectoral resilience
- Favourable monetary and inflation conditions
- Fiscal tightening and debt strategy reforms
- Political risks and civil unrest
- Innovation and the startup investment landscape



DEMOGRAPHICS & CONSUMER PROFILE

- **Population:** 50.6 million in 2022 and grew to 57 million in January 2025, with a youthful demographic profile. ([KNBS, Data Report](#))
- **Median age:** As of the beginning of 2025, the median age of Kenya's population was 20, with half of the population above this age and the other half below it. ([Data Report](#))
- **Urbanisation:** As of early 2025, urbanisation remains low, with 30.3% of Kenya's population residing in urban centres, with Nairobi, Mombasa, Kisumu, and Nakuru being the major cities. Whereas 69.7% lived in rural areas. ([Data Report](#))
- **Mobile Internet Penetration:** Mobile internet penetration remains significantly low at 33.5%. This is a major gap that limits digital service adoption, and constrains the scale of tech-enabled businesses. ([GSMA Intelligence](#))

MACROECONOMIC OVERVIEW

- **GDP growth:** Kenya's economy grew by 4.9% YOY in Q1 2025, consistent with Q1 2024, driven by strong agriculture, forestry and fishing (+6.0%), supported by favourable weather and robust outputs. While sectors like accommodation and food slowed to 4.1%, and ICT and Finance moderated to 5.8% and 5.1% respectively, the economy's broad-based resilience was evident across most sectors. ([KNBS, Reuters](#))

- **Inflation Rate Trends:** Inflation remained steady at 3.8% in June, and an average of 3.68% in the first half of 2025 from an average of 5.6% in the corresponding quarter of 2024, well within the CBK's 2.5%-7.5% target range. The was mainly supported by lower prices of food and non-alcoholic beverages. (KNBS, KNBS)
- **Exchange rate trends:** Kenyan Shilling appreciated sharply in Q1 2025 compared to Q1 2024, strengthening against the US Dollar, Euro, and Pound Sterling by 13.6%, 16.3%, and 14.2% respectively. Moving to Q2, the Shilling has mostly held steady, trading between Ksh 128.9 and Ksh 129.5 per US Dollar. (KNBS, Reuters)
- **Monetary policies:** Kenya's Central Bank cut its benchmark Central Bank Rate (CBR) six times in a row, from 11.25% in January to 10.75% in February/March, then 10.0% in April, and finally 9.75% in June, aimed at sustaining private-sector credit growth. However, it still takes a while for lenders to adjust rates downwards, delaying potential benefits to the economy and the public at large. (Reuters, KNBS)
- **Government Debt & Fiscal Policy:** The fiscal deficit in the first half of 2025 remained high, as the government pursued a more cautious approach to generate revenue amid public discontent. For the 2024/2025 fiscal year (ending June), the Fiscal deficit edged down slightly to 4.9% of GDP, from around 5.1% the previous year. The government also moved to cap the 2025/26 budget deficit at 4.5% by cutting spending and improving tax compliance, instead of introducing new taxes. To reduce its rising public debt, the government focused on the new Medium-term Debt strategy aimed at shifting borrowing to longer-term, cheaper domestic sources (25% from external sources and 75% from domestic markets), and lowering the debt-to-GDP ratio from 63.7% to 57.8% by 2028. (Kenya News, Reuters, Reuters)

SOCIO-POLITICAL UPDATES

- **Political Alliance and Opposition Dynamics:** In March 2025, the ruling United Democratic Alliance (UDA) and the main opposition party, the Orange Democratic Movement (ODM), signed a pact to collaborate on key government policies. While proponents argue that the agreement aims to foster national unity, critics contend that it undermines the effectiveness of the opposition and raises concerns about checks and balances in governance. (AP News)
- **Anti-Government Protests & Civil Unrest:** In June 2025, Kenya experienced youth-led protests sparked by the controversial Finance Bill 2025, which proposed steep tax hikes on essential goods and services. The movement, largely organised through social media by Gen Z activists, quickly gained national traction under hashtags like #RejectFinanceBill2025. Public outrage intensified following the death of blogger Albert Ojwang in police custody, leading to mass demonstrations in major cities, including Nairobi, Kisumu, and Mombasa. Clashes between protesters and security forces turned deadly, resulting in over 70 deaths, hundreds of injuries, and widespread condemnation from civil society and international observers. The protests marked a significant political turning point, revealing deep public dissatisfaction with President William Ruto's administration and exposing growing generational and economic divides. In response, the government withdrew parts of the bill, but the unrest underscored broader issues of governance, inequality, and civic trust. (Al Jazeera, AP News, Reuters)
- **Al-Shabaab attacks near Somali border:** In the first quarter of 2025, suspected Al-Shabaab militants attacked a police reservists camp in Garissa County, killing six police personnel and injuring four others, who were taken to the hospital for treatment, highlighting persistent cross-border insecurity. (Reuters)

STARTUP & FUNDING LANDSCAPE

- Kenyan startups continued to attract significant venture capital, raising around \$227 million in H1 2025, placing Kenya among the top-funded hubs in Africa. [\(The Big Deal\)](#)
- Climate tech/Clean Tech dominated Kenya's deal flow, capturing 46% funding in 2024-2025, led by renewable energy, electric mobility, and agri-climate solutions. Fintech, although still significant, saw a reduced share (13%) relative to prior years, while Enterprise Software (HR Tech, Logistics, EdTech) and EV mobility gained traction, with auto tech investment up over 200% YoY in H1. [\(Partech\)](#)
- Only approximately 5% of seed-funded startups managed to secure Series A funding, and there were a few Series A+ deals that occurred in H1. No deals topped \$100 million, and no new unicorns or IPOs emerged during the period. [\(Partech\)](#)
- A few notable Kenyan Startups and investments:
 - Burn Manufacturing, a Nairobi-based climate tech firm, raised \$80 million to expand its clean cooking operations across Southern and Central Africa. [\(Launch Base Africa\)](#)
 - PowerGen secured \$50 million to expand renewable energy infrastructure regionally. [\(Empower Africa\)](#)

KEY RISKS TO WATCH

- Delays in new IMF financing negotiations could heighten fiscal instability and borrowing costs.
- Public backlash to renewed tax reforms, especially in the passing of the 2025 Finance Bill.
- Continued security threats in border regions, where cross-border Al-Shabaab attacks remain a concern.

KENYA'S OUTLOOK

Looking ahead, Kenya's economic growth is expected to remain steady, though slightly moderated. The Central Bank projects GDP growth of 5.2% in 2025 and 5.4% in 2026, while the Finance Ministry forecasts a consistent 5.3% for both years. These projections reflect continued resilience in key sectors such as agriculture, services, and technology, although they also suggest a tempered pace compared to earlier expectations. Large-scale efforts are underway, such as the Konza Technopolis smart-city project, banking sector capital reforms, and increased foreign direct investment. These efforts are expected to bolster productivity and attract long-term capital.

At the same time, Kenya's fiscal position remains under pressure, with the cost of servicing debt projected to stay elevated. Continued domestic borrowing at around 4% of GDP, coupled with the risk of missing the 4.5% deficit target, poses challenges to fiscal credibility. Without progress on securing the anticipated IMF program later in the year, the government could face tighter financing conditions, potentially impacting both investor confidence and long-term fiscal stability.

[\(Reuters\)](#)



Sources

Tech Africa, Techpoint, Africa: The Big Deal, Reuters, Kenya National Bureau of Statistics, GSMA Intelligence, Digital 2025: Kenya Report (Data Reportal), Kenya News, AP News, Al Jazeera, 2024 Africa Tech Venture Capital Report (Partech), Launch Base Africa, Empower Africa.

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