

# Breega makes commitment to flourishing African tech ecosystem

*The successful launch of the GITEX Africa exhibition and conference in Morocco has highlighted the continent's growing potential as a tech powerhouse.*

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In May, *GITEX Africa brought together over 32,000 attendees* from 128 countries to celebrate and learn more about Africa's burgeoning tech and startup scene. The conference in Morocco was attended by over 900 startups and exhibitors, and 250 VCs and investors.

The inaugural event, which was the largest tech and startup event in Africa, shone the spotlight on the continent's ongoing efforts to grow its *tech innovation ecosystem and bring together talent* from its different countries.

"In recent years, Africa has been experiencing a real boom in entrepreneurship and young people who left to study abroad are returning, driven by the ambition to meet the challenges of the continent," says Melvyn Lubega, partner at VC *Breega*.

"Despite an unprecedented global slowdown in venture capital in 2022 (-35%), African tech startups have raised a total of \$6.5B, up 8% year-on-year. This is a strong signal for investors to keep supporting this growth by encouraging innovation on the continent."

# A growing market

Seeing the flourishing potential of the continent, Breega has made a commitment to support African startups. Lubega says Breega sees investment as a tool that must serve an ideal and that investing in tech innovators can solve some of the continent's biggest challenges – not only focusing on Africa's established tech hubs, but being catalytic capital for change across the continent.

“As a VC, we seek high-impact technological innovations that will help meet the Sustainable Development Goals as defined by the United Nations in promising sectors such as agritech, edtech, health tech, fintech, insurtech and logistics,” says Lubega.

“For example, we support the South African fintech startup Sava, whose ambition is to simplify access to credit for companies in emerging markets by reducing the risks associated with loans.”

The level of maturity of the digital market and startup ecosystem varies between countries, with South Africa, Kenya, Nigeria and Egypt ranking among the top investment destinations in Africa.

Growth in venture capital funding in these countries has been driven by new deals in recent months – despite VC funding slowing worldwide.

“The Maghreb and countries in West Africa like Ivory Coast show strong political will to reinforce the national startups ecosystem,” says Aya Zaghnin, investor at Breega.

“The Digital Development Agency in Morocco, for instance, undertook a digital shift in 2009 with a clear and ambitious national strategy named ‘Maroc Numérique 2013’ to emerge as a tech hub for the region, updated as ‘Maroc Digital 2025’ in 2017.

“Regarding Ivory Coast, the country is about to adopt a ‘startup law’ to better identify major players and contributors to the tech local ecosystem.”

## Creating a nurturing ecosystem

Despite the tech ecosystem growing at impressive rates, Africa still has challenges to overcome - notably when it comes to talent and investment.

Zaghnin says talent education and retention is a shared responsibility among private and public actors to galvanise a tech talent pool within the continent. Investments in structured and efficient training is only part of the solution - future recruits also expect companies to offer a qualitative work environment and conditions.

“Tech engineer offer is a huge issue for all countries and tech companies while demand is constantly and rapidly exploding,” says Zaghnin.

“As a VC on the continent, we are witnessing a paradigm shift in education and training for digital professions, which stands out from our culture in Europe. Tech positions are, for the most part, self-taught occupations for which diplomas are no longer even a requirement for recruiters.

“Many people in Africa have developed advanced technical skills through their passion for video games - this personal experience then becomes a highly prized hard skill thanks to the training, tutorials and online courses that universities and other training centres can offer.”

Funding and wider opportunities is another challenge African startups must face. Ben Marrel, cofounder and CEO at Breega, notes that access to capital and exit opportunities are catalytic for ecosystem growth - he says

the \$6.5B in VC funding African startups received in 2022 is progress, but nonetheless remains less than 2% of global funding for a continent that is home to 17% of the world's population.

“African countries don't have the finances from a state point of view, so private capital and/or capital from major international organisations must take over,” says Marrel. “For exits, both African and non-African corporates need to take an interest in the continent to seek out growth drivers and local exits.”

Marrel believes maintaining an open and continuous dialogue and developing fruitful collaborations among key players of the tech ecosystem are important pillars for a sustainable tech sector growth in Africa.

“Entrepreneurs are visionary and ambitious – Breega is an optimistic advocate of the idea that founders can have a real, positive and lasting impact on the world,” he says.

“Technology provides solutions in a demanding world – it is key to us to nurture and convey trust and incentives to the startups ecosystem and their potential contribution to strengthen the economic and social fabric in territories.”

## A promising future

Breega says Africa is now, in 2023, where Europe was in the early 2010s, and expected GDP growth will lead to subsequent investments in tech and high attractivity of the continent for international investors.

“Africa is facing colossal challenges with a very fast growing population,” concludes Marrel. “This induces a fundamental transformation of African economies. At Breega, we truly believe that these challenges cannot be

tackled without technology.”

“It starts with the most basic needs that will need fulfilling – housing, food, health and education. For that, we need finance, energy and connectivity to build the necessary infrastructure, or the economy won’t sustain population growth.

“With 70% of mobile adoption in Africa, digitising the financial infrastructure is the first step of the technological revolution, enabling businesses and individuals to make and receive payment, invest and finance.”

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