

# The Kenyan Startup Ecosystem Report

2022



QUONA



Startup • Invest • Disrupt

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# PARTNERS

## QUONA



Quona Capital is a venture firm focused on fintech that can expand access for underserved customers and small businesses in emerging markets including Africa and the Middle East (MENA), Latin America, and South and Southeast Asia.

[www.quona.com](http://www.quona.com)

NEAR Kenya is a Regional Hub representing NEAR Protocol in Africa. The Hub was established through a collaboration between the NEAR Foundation and Sankore 2.0 - a regional blockchain ecosystem catalyst based in Nairobi, Kenya - to support and represent the African community building disruptive technology on NEAR Protocol. NEAR Kenya offers funding and business support for blockchain project developers building solutions for Africa.

[www.nearkenya.com](http://www.nearkenya.com)



MarketForce is a US and Kenya-based technology company, building the operating system for retail distribution in Africa. MarketForce provides an all-inclusive B2B Commerce and Fintech platform (dubbed "RejaReja" - Swahili for 'retail') that empowers neighbourhood merchants in Africa to source, order and pay for inventory digitally and conveniently, access financing, collect digital payments and make extra money by reselling digital financial services such as airtime, electricity tokens and bill payments. Launched in 2018, MarketForce is a fast-growing YC-backed company currently operational in 5 markets in Sub-Saharan Africa, with over 200,000 merchants and 100 consumer brands trading on the platform.

[www.marketforce.io](http://www.marketforce.io)



Newtown Partners is the family office of successful startup entrepreneurs Llew Claasen and Vinny Lingham. The firm invests across various alternative and traditional asset classes, primarily early-stage venture capital, to back startups spearheading emerging technologies and disruptive business models. Since 2019, the team has worked with global logistics group, Imperial (a DP World company) to enable their corporate venture capital program. Newtown Partners operates out of offices in San Diego, U.S. and Cape Town, South Africa.

[www.newtownpartners.com](http://www.newtownpartners.com)



Enza Capital is a multi-stage venture firm backing founders and teams using technology to solve large and meaningful problems across Africa. Enza invests in and partners with category-defining technology companies building in the fintech, logistics, health, human capital, and climate smart sectors.

[www.enza.capital](http://www.enza.capital)



Cellulant is a leading pan-African payments technology company that provides locally relevant and alternative payment methods for global, regional and local merchants. We provide a single API payments platform - Tingg - that enables businesses to collect payments online and offline while allowing anyone to pay from their mobile money, local and international cards or directly from their bank.

[www.cellulant.io/](http://www.cellulant.io/)



AAIC Investment is a fund management firm which seeks to invest in fast growing companies within the Healthcare sector in Africa. The focus will be to provide growth capital as well as long term value to assist companies in improving their performance and expansion.

[www.aaicinvestment.com/](http://www.aaicinvestment.com/)

# INTRODUCTION

## To our friends across Africa's tech startup and investment ecosystem:

The Disrupt Africa team is delighted to present to you our 19th research publication, and our fourth geographically-focused report, with the Kenyan tech startup ecosystem its subject.

Part of a "big four" that also includes Egypt, Nigeria and South Africa, Kenya is a hotbed of innovation activity and a major player when it comes to tech startup funding on the continent. Its impact upon the wider African tech space as the birthplace of M-Pesa, Ushahidi and the iHub, among others, is not to be underestimated, and even today Kenya is home to some of the major African startup success stories.

The Kenyan Startup Ecosystem Report 2022 report tracks the growth and development of Kenya's tech startup ecosystem since 2015. We meet the startups, learn about their founders, find out what verticals they are active in, where they were incubated or accelerated, and who funded them. And we dig deeper into the broader ecosystem, taking a look at funding sources, hubs, incubators and accelerators, and detailing what support is available to startups from government, corporates and universities.

As with all of our recent reports, we have open-sourced the report and the accompanying list of Kenyan tech ventures. Making the publication free to all, from the smallest startup to the biggest multinational, is a great source of pride for us at Disrupt Africa, as we aim to democratise access to data so that the people that could arguably benefit from it most - startup founders - are able to do so.

We could not do this without the support of our partners, however, and we had some key supporters that ensured this publication could be read and utilised by as many people as possible. They are **Quona Capital**, a venture firm focused on fintech that can expand access for underserved customers and small businesses in emerging markets including Africa and the Middle East (MENA); **NEAR** Kenya, a regional hub established through a collaboration between the NEAR Foundation and Sankore 2.0 to support and represent the African community building disruptive technology on NEAR Protocol; and **MarketForce**, which is a US and Kenya-based technology company that is building the operating system for retail distribution in Africa.

We would also like to thank **Newtown Partners**, the family office of successful startup entrepreneurs, Llew Claasen and Vinny Lingham; **Enza Capital**, a multi-stage venture firm backing founders and teams using technology to solve large and meaningful problems across Africa; **Cellulant**, a leading pan-African payments technology company that provides locally relevant and alternative payment methods for global, regional and local merchants; and **AAIC Investment**, a fund management firm which seeks to invest in fast growing companies within the healthcare sector in Africa.

We very much hope you find the information contained here valuable. As with all of Disrupt Africa's industry reports, we greatly value your feedback as we strive to ensure our publications offer as much value as possible to your business and the development of the African tech ecosystem. Please let us know what more we can do.

Thanks for reading,



**Gabriella Mulligan**



**Tom Jackson**

*Co-founders of Disrupt Africa*

# METHODOLOGY

The Kenyan Startup Ecosystem Report 2022 is primarily based on data extracted from a list of 308 Kenyan tech startups collated by the Disrupt Africa team. This list was built over a number of years from Disrupt Africa's own reporting on the African tech space, as well as additional research and information provided by third parties.

A note on the definition of a startup. In deciding what "startups" to include and exclude from this study, Disrupt Africa has followed its usual editorial process, working on a case-by-case basis to decide whether a company qualifies as a startup. The definition of startup is more subjective than objective in any region; especially so in Africa where the scene is so nascent and there are no established qualifications in terms of revenues and employee numbers.

Startups are young businesses where success is not guaranteed, where people choosing to work for the company are forgoing stability in exchange for innovation and the promise of tremendous growth. This ability to grow is key, what differentiates startups from small businesses is the potential - and desire - to scale regardless of geography.

More specifically, the majority of companies featured in this report are still in the process of scaling up, their potential profitability is still growing - regardless of whether profitability has to date been achieved -, and they may still seek external funding. Companies that are a spin-off or built by a corporate or other large entity are not included.

The definition of "Kenyan startup" is also subjective. In the clearest scenario, a Kenyan startup would be headquartered in Kenya, founded by a Kenyan, and have Kenya as its primary market. This, however, is not always the case. Some Kenya-based, Kenya-focused startups are founded by non-Kenyans. Many Kenya-focused, Kenyan-founded startups are, for regulatory and financial reasons, headquartered elsewhere. Some Kenyan-founded, Kenya-based startups target customers elsewhere in the world.

Once again, Disrupt Africa tackles this issue on a case-by-case basis, and we may not always get it right in everybody's eyes. While many startups included in this report fit the criteria clearly, some do not, and in those cases we have applied thinking around the economic impact of a company - and where that impact is most felt - to decide whether or not that company should be included.

We do not claim to have identified every single Kenyan tech startup in existence in 2022 - there will be plenty that have slipped through the net. The data contained in this report is, nonetheless, what we believe to be the most comprehensive information available currently on startup activity in the Kenyan tech space.

Launch dates of startups, gender of founders, number of employees and whether or not that business has taken part in an accelerator programme have been ascertained via our own research and surveys of the companies in question.

Data on funding and acquisition comes from our separate annual report on funding for African tech startups, The African Tech Startups Funding Report, with some extra data added by third parties. Only equity and debt funding rounds are included, not grants.

A complete record of funding rounds is kept over the year, as they were disclosed publicly or confidentially to the Disrupt Africa team. Using that initial dataset as a base, we then poll hundreds of startups, investors, hubs and other ecosystem players to identify rounds that we may have missed, or to clarify the amount raised where this was not initially disclosed.

Where amounts were publicly disclosed, or startups have informed us they can be disclosed, they are declared. Where the figure was given in confidence, the number has been included in the aggregate total but not identified in the report.

Where we were unable to definitively ascertain the amount raised by a particular company, we have estimated the lowest possible figure based on the details we have managed to obtain. For example, if a startup indicated their funding was a "seven-figure dollar amount", we have estimated that figure as US\$1,000,000. We have in general not included funding rounds below US\$50,000 in value, or rounds referred to as "Friends and Family" investments.

In a few cases, we have used a combination of the investment parameters of the funder in question, previous rounds raised by the startup, and the size of rounds raised by similar companies in similar sectors, to come up with a minimum possible figure.

We again do not claim to have identified every funding round going to a Kenyan tech startup since 2015, as there will be some that took place quietly. As such, the overall total funding raised is likely to be higher than our totals; especially given our very conservative estimates of undisclosed rounds.

This report seeks to ascertain a minimum figure for funding for Kenyan tech startups between January 2015 and August 2022 as we continue to track the growth of the ecosystem.

A world map composed of white dots on a blue background. The dots are arranged in a grid pattern that forms the outline of the continents. The word "OVERVIEW" is written in white, bold, uppercase letters across the center of the map.

# OVERVIEW

# OVERVIEW

This report found

# 308

active startups  
in Kenya



With at least 308 startups active across the country as of November 2022, Kenya is one of Africa's "big four" startup ecosystems, alongside Egypt, Nigeria, Kenya and South Africa.





# OVERVIEW

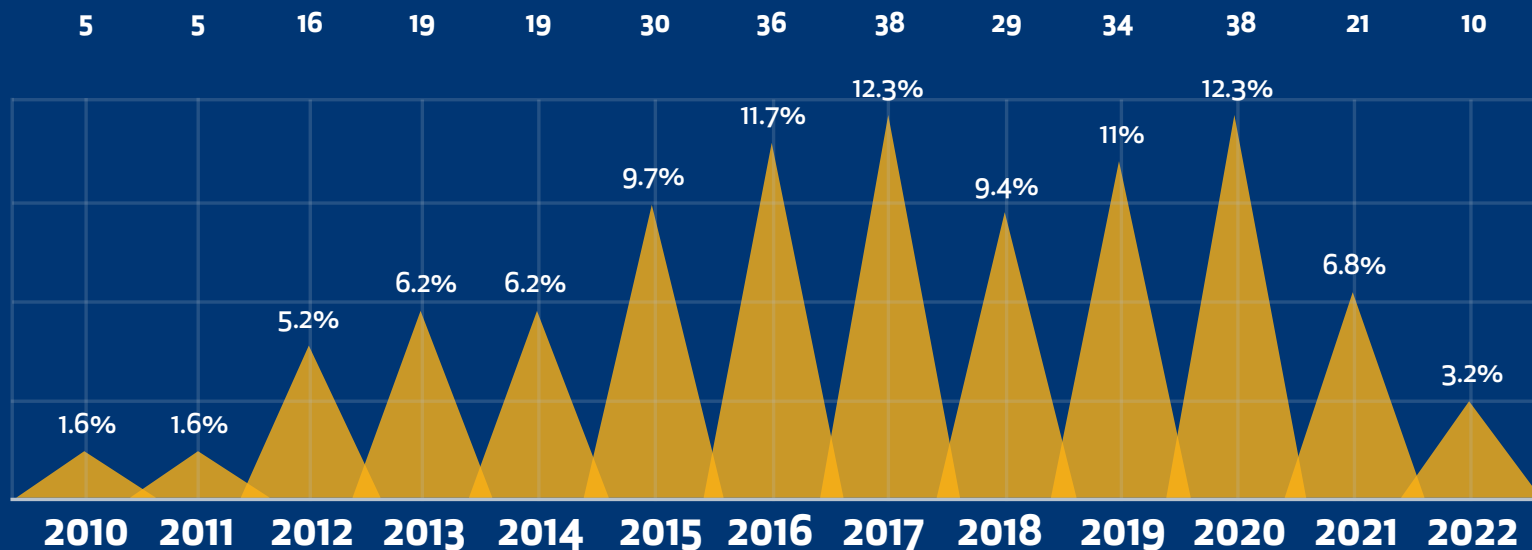
## Nairobi leads the way for Kenya's startup ecosystem.

Nairobi is the dominant hub of Kenya's startup ecosystem, and is one of the leading startup cities on the continent, alongside Cairo, Cape Town, Lagos and Johannesburg. No fewer than 97.4 per cent of the Kenyan tech startups tracked by this report are based out of the city.

# OVERVIEW

Kenya is one of Africa's formative startup ecosystems, and startups tracked by this report date back to the mid-2000s. Activity has been relatively constant since about 2010, though a clear majority of the startups tracked by this publication launched between 2015 and 2020.

### Kenyan startups by launch year

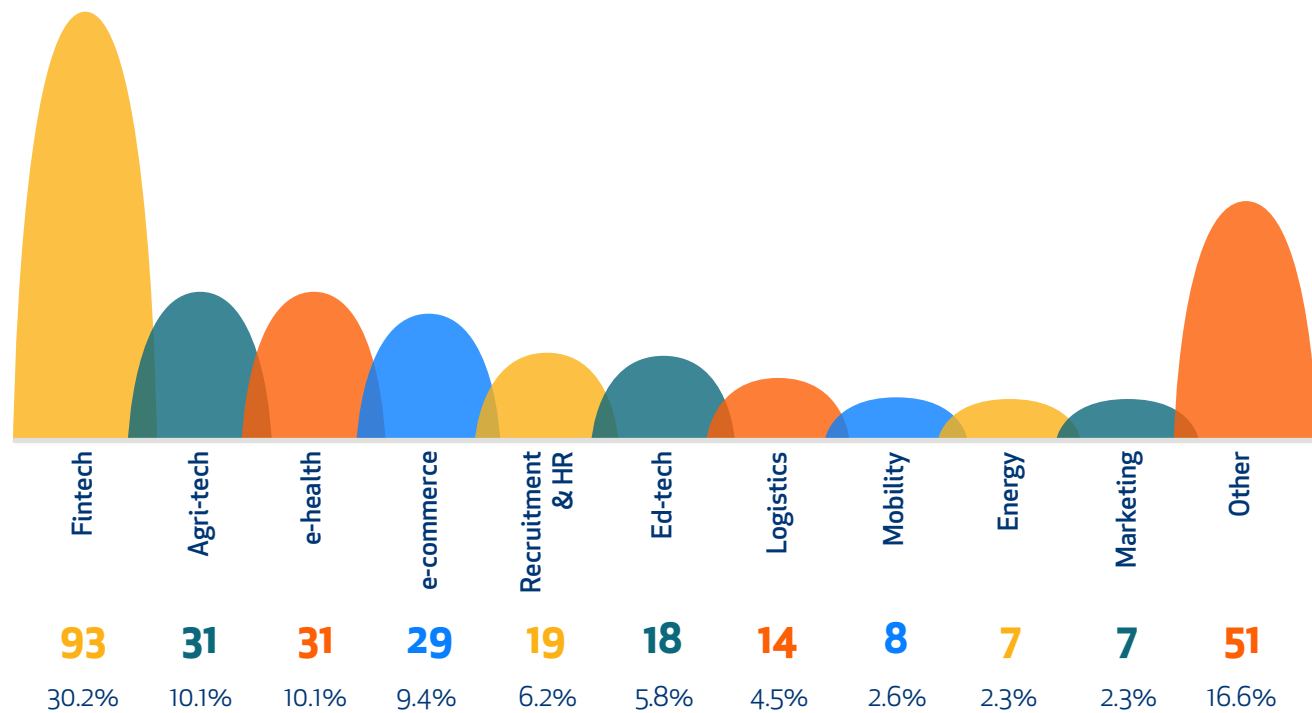


# OVERVIEW

Fintech is the leading sub-sector of the Kenyan startup space in terms of levels of activity, with 93 of the startups tracked here (30.2%) fintech ventures, almost three times more than its nearest challengers. Those are agri-tech and e-health, which account for 10.1 per cent of Kenyan startups each, with e-commerce and retail-tech, recruitment and HR, and

ed-tech coming in third, fourth and fifth respectively. Kenya has an extremely varied range of activity across its startup ecosystem, with ventures active across areas as varied as mobility, logistics, agri-tech, marketing, prop-tech, legal-tech, waste management, and energy.

**Kenyan tech startups by sub-sector**





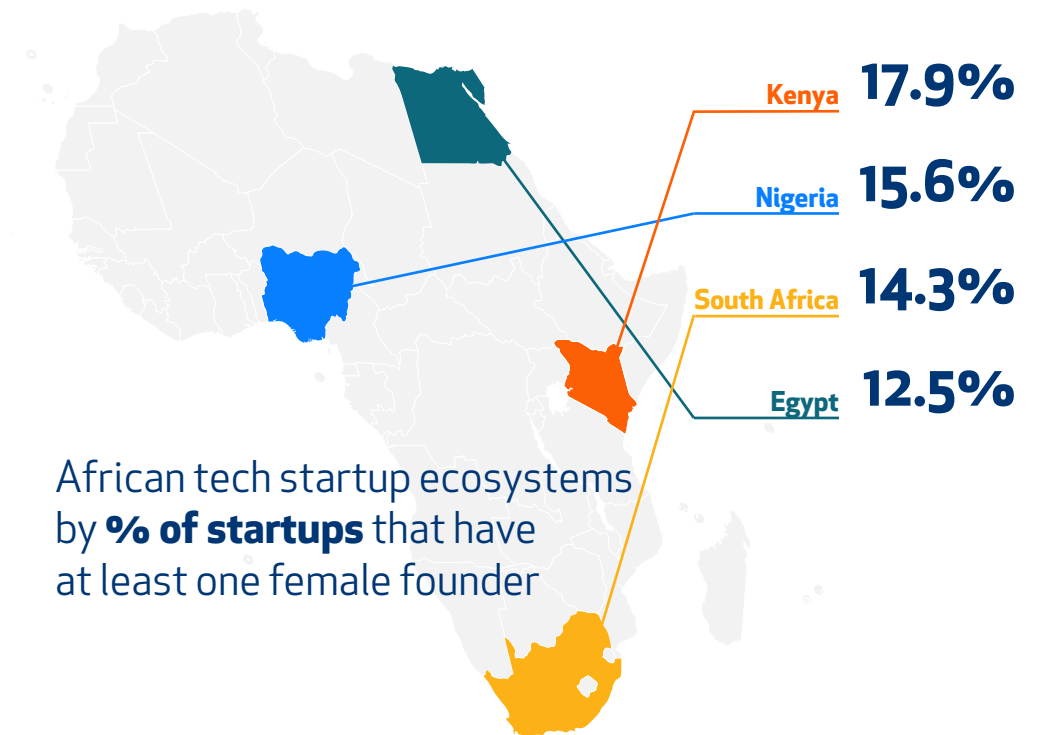
# OVERVIEW



**Diversity divide - just 17.9 per cent of Kenyan tech startups have at least one female founder.**

Only 55 - 17.9 per cent - of Kenyan tech startups have at least one woman within their founding team, meaning the country is more diverse in this regard than all of its fellow “big four” ecosystems - Egypt, Nigeria, and South Africa.

However, this figure is still far too low for a leading ecosystem such as this. Though the newer generation of startups are more likely to be female-founded, and a handful of venture capital firms are especially focused on backing female entrepreneurs, with over 80 per cent of ventures solely male-founded, there is clearly work to be done to ensure more women become leaders within the country’s startup landscape.



African tech startup ecosystems by **% of startups** that have at least one female founder

# OVERVIEW

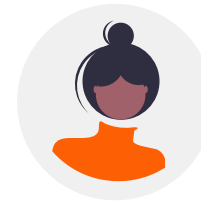
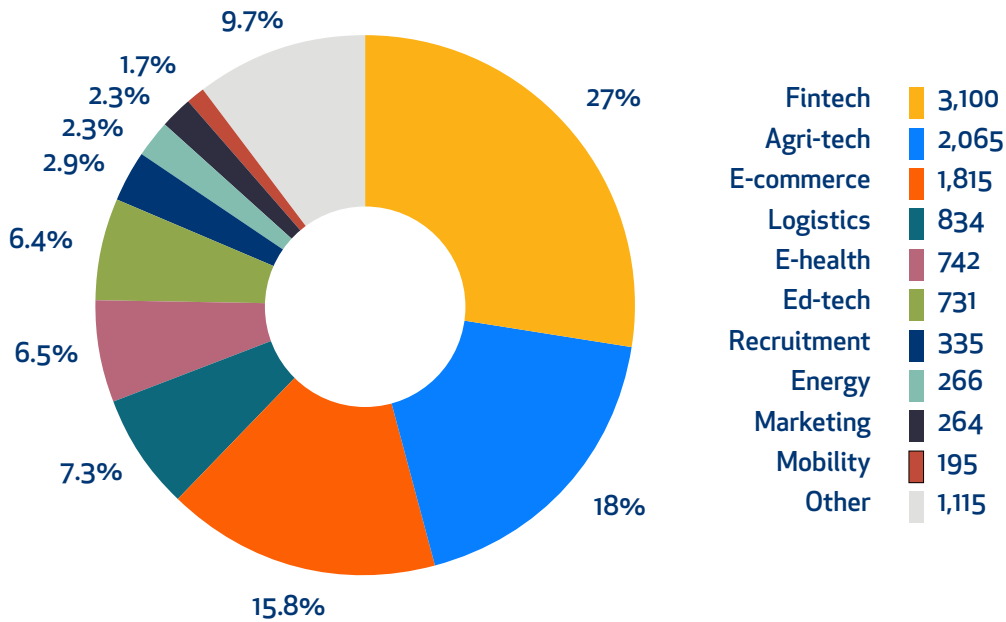
Kenyan startups have access to unparalleled levels of ecosystem support, with almost half the 308 companies tracked by this report having undergone some form of acceleration or incubation over the course of their lifespan. In all, 140 companies have taken part in either a local or an international accelerator or incubator, with this 45.5 per cent figure better than the 45.1 per cent seen in Nigeria, the 38.6 per cent witnessed in Egypt, and the 25.7 per cent rate tracked in South Africa.

**45.5 per cent of Kenyan startups are “accelerated”.**

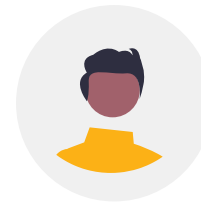
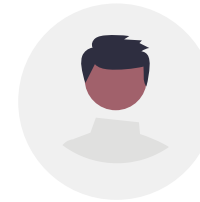
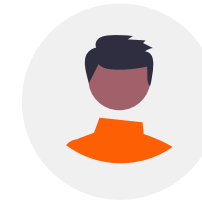
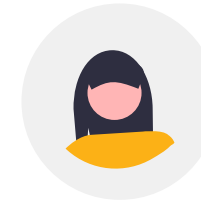
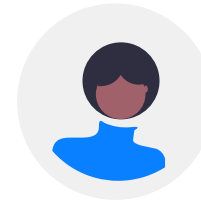


# OVERVIEW

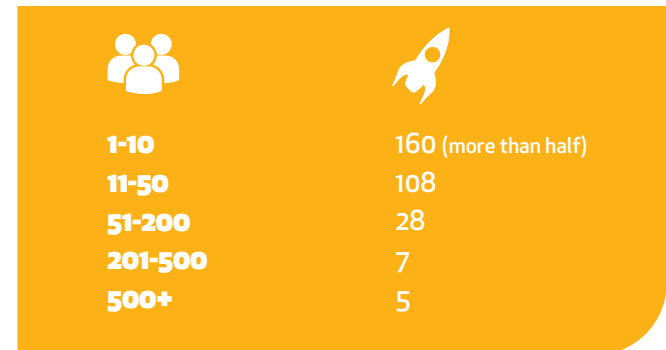
The 308 Kenyan tech startups tracked by this report employ a combined total of 11,462 people, far fewer than the 19,334 employed by their counterparts in Nigeria but marginally more than the 11,330 jobs provided by South African tech startups. The average headcount per startup stands at 37. The fintech sector accounts for 27 per cent of Kenyan startup employment, with 3,100 jobs, while between them the fintech, agri-tech, and e-commerce and retail-tech sectors account for over 50 per cent of jobs.



**11,462** individuals are employed by Kenyan tech startups.



## Kenyan tech startups by number of employees





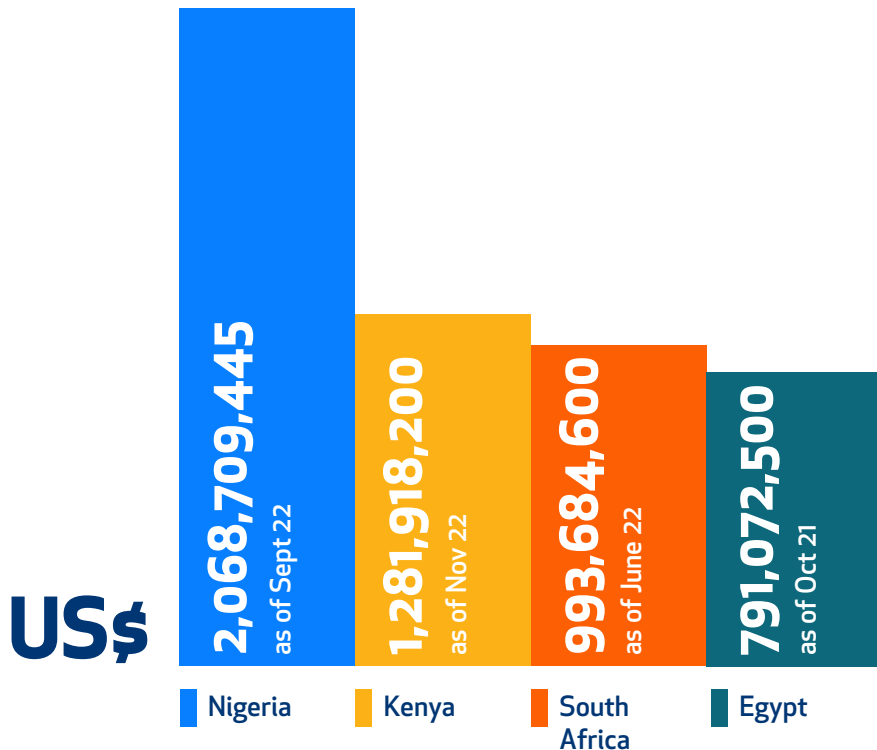




# OVERVIEW

Kenya is one of the four leading startup ecosystems on the continent when it comes to funding, with 242 individual Kenyan startups having secured investment between January 2015 and mid-November 2022. Those startups secured a combined US\$1,281,918,200 between them, a figure bettered in that time only by Nigeria.

As of mid-November, 63 Kenyan startups had raised funding in 2022, with the country's running total for the year standing at US\$506,686,000. This is approaching double the US\$291,983,000 raised by Kenyan startups in 2021, and represents a record annual total for the ecosystem.



Kenyan startups secured a combined **US\$1,281,918,200** between them, a figure bettered in that time only by Nigeria.



Total investment in Africa's "big four" startup ecosystems since January 2015

A world map composed of white dots on a blue background. The dots are arranged in a grid pattern that forms the outline of the continents. The word "SECTORS" is written in white, bold, uppercase letters across the center of the map.

# SECTORS

# FINTECH

*As one of the first places to see mobile money take off, Kenya's vibrant fintech ecosystem has continued to leapfrog technology to improve access to financial services.*

*Amidst the recent news of layoffs, shutdowns and pivots, analysis by Disrupt Africa shows that even with the global slowdown, startups in Kenya have (as at the end of November 2022), already raised almost double the total amount raised in 2021. And the innovation continues, with new startups focused on emerging themes, like climate tech, embedded finance and sustainability, showing Africa and the rest of the world why Kenya continues to attract international investors.*

*Despite its many successes, though, Safaricom remains the only company part of the recent innovation wave that is publicly listed on the Nairobi Securities Exchange. As in most African countries, home grown startups aspire to list on international stock exchanges, which further perpetuates the low participation of retail investors. Kenya's government has taken notice of this, with President William Ruto recently announcing a drive to increase participation of retail investors in the capital markets. While it is currently unclear what programmes, regulations and incentives would come out of this, the venture ecosystem has a huge role to play.*

*There are various startups already educating consumers and providing easier access to savings and investment products, such as our portfolio company Cowrywise in Nigeria. We need to go further with improved and transparent corporate governance to give retail investors greater comfort to invest in Africa. Only by participating in and being part of the overhaul will we be able to grow our capital markets to make listing on local exchanges the ultimate achievement.*

*At Quona, we remain committed to the Kenyan fintech ecosystem. The special breed of innovators, enablers and supporters that contribute to the ecosystem continues to rise to the challenges.*



## QUONA

**Kofoworola Agbaje**

Senior Investment Associate, Quona Capital

## Fintech

Fintech is by the far the most populated sector in the Kenyan startup landscape, with 93 startups making up 30.2 per cent of the country's ventures. This figure is three times higher than the next biggest sectors, e-health and agri-tech.

This trend is not unusual, in fact fintech takes the top spot in most African countries as it solves fundamental problems for the populace, is an area in which novel tech solutions tend to be well received and quickly adopted, as well as offering attractive returns for investors.

The most popular areas of focus for Kenyan fintech startups are the payments and remittances space (24 ventures; 25.8 per cent of fintech companies) and the lending and financing space (21 startups; 22.6%). This is no surprise, as these areas cover many of the most fundamental financial services that are still lacking for much of the population; and historically these categories have been the jumping off point for fintech ecosystems continent-wide.

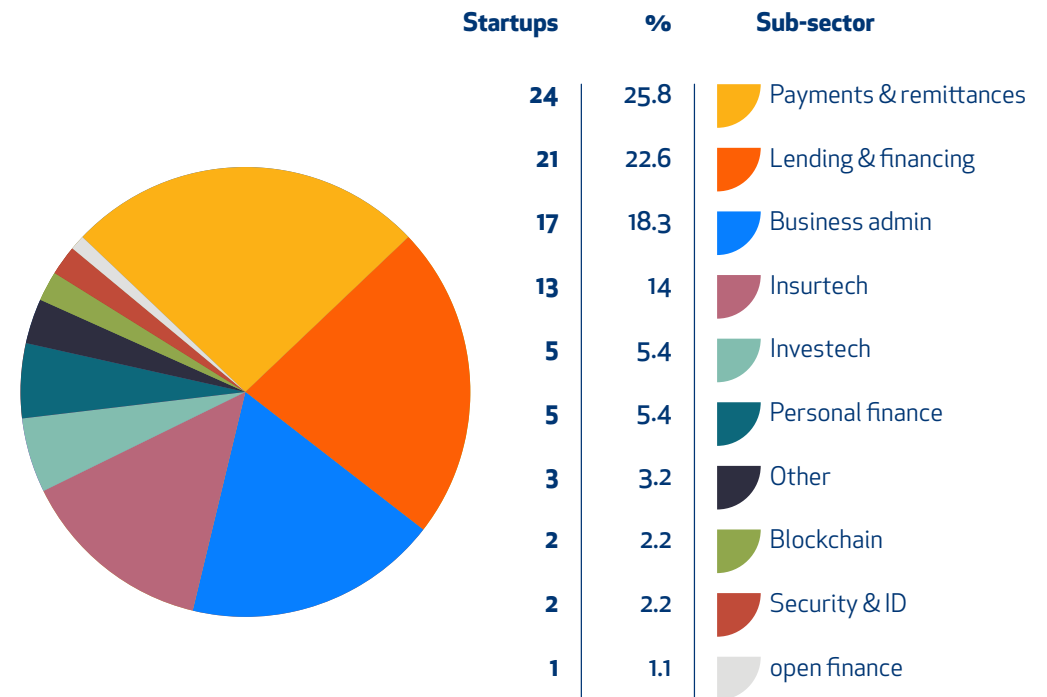
In Kenya, the business administration space ranks third, with 17 companies making up 18.3 per cent of total active ventures; while in fourth place, insurtech accounts for 13 companies (14%).

Beyond these four areas, Kenya's remaining startups are spread across the investtech, personal finance, blockchain, security and ID, open finance, and "other" categories.

It is no surprise that 92 of the 93 startups in the fintech space are based in Kenya's capital, Nairobi.

There is the suggestion that the fintech space in Kenya is entering a slightly more mature phase, as new launches have definitely slowed. The majority of active fintech startups were

### Kenyan fintech startups by category





# SECTORS

launched between 2015 and 2020; 2020 being the year with the highest number of startup launches (17). In the past two years, new launches dropped to six in 2021 and four in 2022.

Echoing this progression in the ecosystem, fintech is also the leading sector for job creation. Kenyan fintechs provide 3,100 jobs (27 per cent of jobs created by startups); coming to an average of 33 employees per startup. This figure is slightly tipped by the biggest employer - Watu Credit - which has 1,201 employees. The next biggest employers are AZA Finance (218) and PesaPal (216).

Thirty-five (35) fintechs have been involved with an accelerator - 37.6 per cent, which is below the very high national average of 45.5 per cent. In other key markets, fintech ventures are among the more likely to participate in accelerators. In South Africa 32 per cent of fintechs have been accelerated; and in Egypt a whopping 49.2 per cent - both figures above the national averages. Nigerian fintechs have a very low accelerator participation rate (16.8%).

Only 15 fintech startups have at least one female founder (16.1%), which is also below the country's average.

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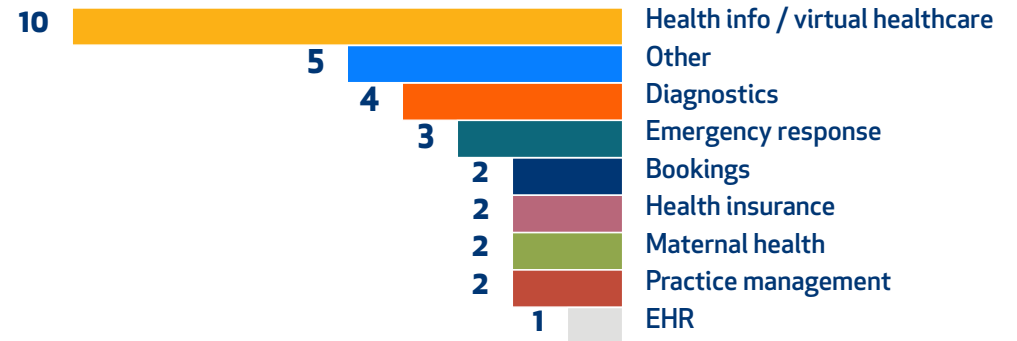
## E-health

Kenya has 31 startups working in the e-health sector, accounting for 10.1 per cent of the country's startups. The e-health space across Africa has been given a boost over the past few years as COVID prompted a more wide-spread turn towards virtual healthcare solutions. Both consumers and healthcare providers are more engaged with the possibilities of tech-powered solutions than ever before.

In Kenya, the majority of the e-health space centres around platforms providing health information and virtual healthcare - 10 startups (32%) are active in this area.

Beyond this, ventures operate across the diagnostics; emergency response; bookings; health insurance; maternal health; practice management; electronic health records; and "other" segments.

Kenyan e-health startups by category



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# SECTORS

While most of the country's e-health ventures are based in Nairobi (93.1 per cent), there is more variation here than in other sectors. Startups are also based in Meru and Mombasa, speaking to the wide-spread relevance and dissemination of e-health solutions across the country.

Launch dates of the e-health ventures currently active in Kenya are relatively evenly spread, although 2017 was the peak year. New launches continue at a steady pace given the recent rebounding interest in e-health, and presents on-going opportunities particularly from an impact perspective.

The ratio of accelerated ventures is slightly higher than the general average in the e-health sector, with 15 accelerator participants (48.4%). There is a solid representation of female founders, eight startups, 27.6 per cent - well above Kenya's average.

The space ranks fourth in job creation terms, providing 742 jobs (6.5 per cent of startup jobs); an average of 24 employees per startup. The top employers in the e-health sector are Ilara Health (145), M-TIBA (114), and Access Afya (48).

## Launch dates of active Kenyan e-health startups



**ENZA**  
C A P I T A L

/ 'ɛnzə' /

Zulu { verb } meaning to do, make, create,  
build, manufacture, generate

# SECTORS

## Agri-tech

Ranking equal alongside e-health, the agri-tech sector also has 31 startups in operation, making up 10.1 per cent of Kenyan ventures. Agri-tech represents a much higher proportion of startups than in other markets around the continent, reflecting the importance of agriculture to Kenya's economy and local communities.

Agri-tech entrepreneurs are primarily focused on improving internal efficiencies and market reach for farmers. Farm and supply chain management is the most populated category, with nine startups (29%) innovating here. A further six focus on e-commerce (19.4%) within the agri space. Five startups are active in both the AI/IoT and fintech for farmers categories (16.1% each).

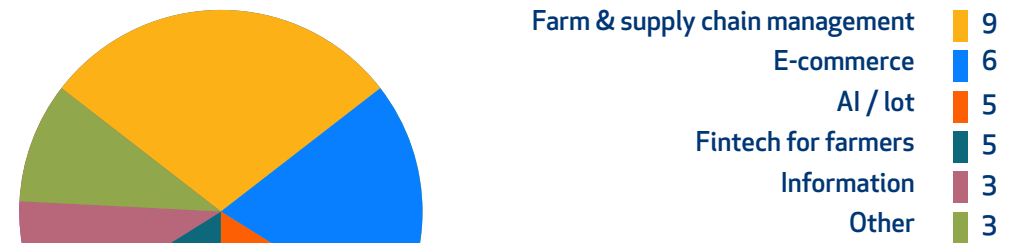
Despite focusing on farming clientele, all but one of the agri-tech startups are based in Nairobi. Here too, 2017 was the peak launch year for companies currently in operation, and the rate of new launches has slowed to just one per year in the past couple of years.

Reflecting the importance of the agri-tech space within the Kenyan ecosystem, the sector ranks second behind only fintech in job creation terms. The sector provides 2,065 jobs (18 per cent of startup jobs). There are some big-name startups with significant teams behind them, including Twiga Foods (821), Apollo Agriculture (594), and Pula (224), which are three of Kenya's top 10 (startup) employers.

There is a higher than average rate of accelerator participation among agri-tech companies, with 16 accelerated (51.6%). Meanwhile the number of female founders in the sector is particularly low, with only four companies boasting female leads (12.9%).



### Kenyan agri-tech startups by category



**Agri-tech is the 2nd biggest sector for job creation. 3 of Kenya's top 10 startup employers are in this category**

# BLOCKCHAIN

*There is a change in the global technology paradigm, that is allowing individuals and businesses to build a new world from its very foundations.*

*Blockchain technology is becoming a central element of the digital transformation of our age, as builders and developers continue making varied use of this shared and immutable ledger, to offer new solutions to known challenges.*

*Africa is right at the heart of this technological revolution, and Kenya has been among the countries leading the charge, with some of the highest blockchain and cryptocurrency adoption rates in the world.*

*The broader startup ecosystem has demonstrated increasing confidence in the potential of blockchain solutions. Blockchain startups in Africa, raised US\$91 million in the first quarter of 2022, and a total of US\$127 million was raised throughout 2021. Of the funding raised in 2021, 96% went to Nigeria, Kenya, South Africa and Seychelles, making Kenya deserving of the spotlight when it comes to blockchain innovation and integration.*

*Kenyan startups have demonstrated transformative use cases in industries such as digital identity integration, agriculture and food security management, standardisation of health services, humanitarian aid, overall community integration and much more.*

*These are the companies that are paving the way for a more digitally robust and inclusive future, solving real-world problems.*

*Examples include companies such as UTU Trust, building trust infrastructure including AI-powered and curated trust signals, to help users and platforms engage and transact in an easier, safer, and more trustworthy way., and Vibranium ID which facilitates a digital identification solution that is encrypted on a Pan-African blockchain service and accessible from anywhere in the world.*

*Our greatest admiration goes out to these founders, and others like them who form the special breed of developers, entrepreneurs and ecosystem enablers who have kept Web3 alive during the most turbulent times of an industry that is still coming into its own.*

*The importance of supporting these groups cannot be overstated. The future of the industry depends on the collective effort to offer education, funding and community support - a core focus for NEAR Kenya (regional hub, powered by Sankore 2.0).*

*Funding options such as the NEAR Fast Grant offered through NEAR Kenya, have a tremendous impact on the growing industry, having supported more than 20 blockchain startups from all across Africa, five in Kenya.*

*Provision of reliable data in and around blockchain is also essential, and every contribution to highlight the impact of the technology is a welcome one.*

*We are therefore honoured to have partnered with Disrupt Africa on the production of this report, and to bring specific focus on the impact of blockchain technology at the very grassroots in Kenya.*

*We hope that this showcases the great promise of decentralised technology in Kenya.*



**Kevin Imani**

CEO of NEAR Kenya

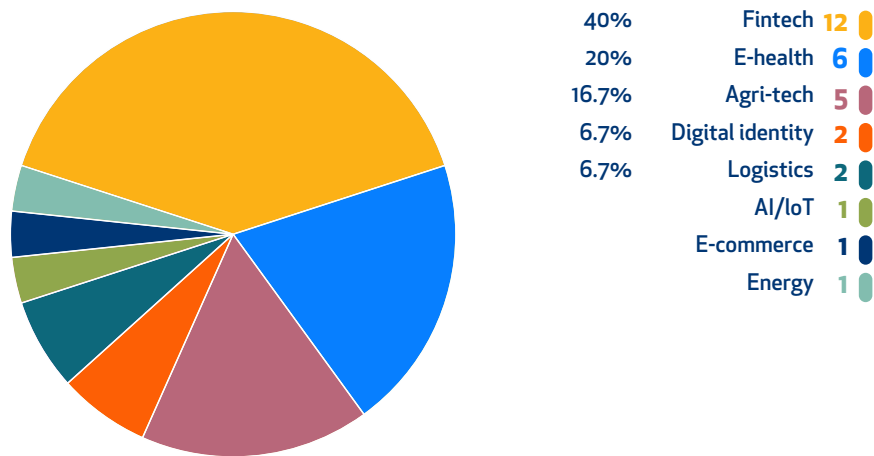


## Blockchain

Blockchain - a shared, immutable ledger that facilitates the process of recording transactions and tracking assets - is a coming technological force in Africa, not least in Kenya, where 30 (9.7%) of the 308 startups tracked by this publication utilise some aspect of blockchain technology within their products or services.

Most commonly associated with cryptocurrencies, blockchain nonetheless has wider potential applications, and that is demonstrated by the variety of sub-sectors in which it is utilised in Kenya. Twelve - 40 per cent - of the 30 blockchain-based ventures listed here are in the fintech space, but others are active in areas as diverse as e-health, agri-tech, digital identity, logistics and energy.

### Application of blockchain by sub-sector in Kenya



The technology is being utilised by startups both “old” and new”, with companies incorporating blockchain into their services having launched at fairly regular intervals between 2013 and 2022, suggesting that though blockchain is in itself a young technology, the application of it is perhaps more appropriate to companies with more mature offerings.

Sixteen of these blockchain-focused companies have been accelerated, with this 53.3 per cent rate being above the national average. Six, or 20 per cent, have at least one female founder, again above the national average, and they have between them created 1,678 jobs. This again speaks to the greater maturity - or level of development - of companies utilising blockchain within their work, as only fintech, agri-tech and e-commerce startups employ more.

Kenya has not always taken a positive approach to blockchain and cryptocurrencies, with the Central Bank of Kenya in 2015 going so far as to issue a public notice warning that virtual currencies did not constitute legal tender and remained unregulated. The government did, however, set up a Distributed Ledgers and Artificial Intelligence Task Force in March 2018 to evaluate applications of blockchain within the public sector. Its recommendations are currently being analysed.

A wider support ecosystem is coalescing around blockchain in Kenya. Sankore 2.0 is an Africa-focused community integrating the NEAR blockchain to projects and solutions conceived and built by local developers in Kenya, while support and education is also offered by the African Blockchain Institute (ABI), the United African Blockchain Association instead (UABA), and the BitHub accelerator.

# E-COMMERCE & RETAIL-TECH

The barter of goods or services is an age-old practice. In Africa, the evolution from traditional to modern trade varies by market, influenced by various factors, but informal retailing continues to be the cornerstone of African commerce, contributing nearly 70% of total retail in Kenya. Despite perceptions that only low-income consumers shop through this channel, many middle-class consumers purchase from informal markets regularly. Kenyan consumers buy 77% of their goods from informal retailers.

Many consumer goods sold through modern trade are also sold by informal retailers. However, most are imported from outside the region, demanding an efficient supply chain. This comes with challenges, such as currency fluctuations, as revealed by the war in Ukraine. Partnering local players such as MarketForce, connected along the value chain and offering creative, flexible approaches to supply chain and logistics, helps FMCG companies overcome distribution and affordability challenges, offers visibility on purchase and consumption, and enables retailers to access digital solutions for payments, sourcing, and last-mile delivery. The integration of embedded finance presents new revenue opportunities for retailers, whilst also offering a formal safety net for the communities they serve.

In Kenya, the wholesale and retail trade sector supports over 70% of non-agricultural jobs and contributes around 7% to GDP. To increase this to 20% by 2030, the government has invested in developing road, rail and port infrastructure, addressing complex distribution channels faced by companies and products in reaching consumers. The government's ambition for universal 4G coverage alongside accelerated smartphone ownership further places Kenya as one of the fastest-growing markets for technology innovation. With such an enabling infrastructural environment, dynamic technology ecosystem, and significant penetration of mobile money, it is no wonder that this sector has now surpassed fintech in terms of investment.

However, as exciting as it is to report funding, transaction volume and revenue milestones, the real opportunity for the sector lies in the number of livelihoods improved, increase in banked population, and communities transformed. At MarketForce, we bring intentionality to the impact we seek to achieve, especially with regards to empowerment of women. Women in East Africa are disproportionately self-employed in informal enterprise, increasing their vulnerability and reducing access to finance and services. By providing them with the necessary technology and support to transform themselves from simple informal outlets to comprehensive financial service hubs, MarketForce is transforming last-mile communities into digital natives included in the financial system.

In the short term, we expect to see increased momentum toward the digitisation of informal retailers, as well as an increasing number of FMCG suppliers, financial services companies, and governments leveraging the distribution networks and data of e-commerce and retail-tech players. Finally, we expect these players to extend their portfolio of financial services products to consumers in a B2B2C play, broadening access and deepening inclusion. In the medium term, we expect the ecosystem to mature and consolidate through M&A activity.

MarketForce is building the largest retail distribution network in Africa through an organic and inorganic growth strategy. Our goal is to be the ultimate partner for retailers, empowering them to maximise their profits and grow in a digital age. We are operational in five markets in Africa, with over 200,000 merchants and 100 consumer brands trading on the platform. Together, we are reimagining a better future for retail trade and the communities we serve.



**Muthoni Wachira**

Chief of Staff, MarketForce





# SECTORS

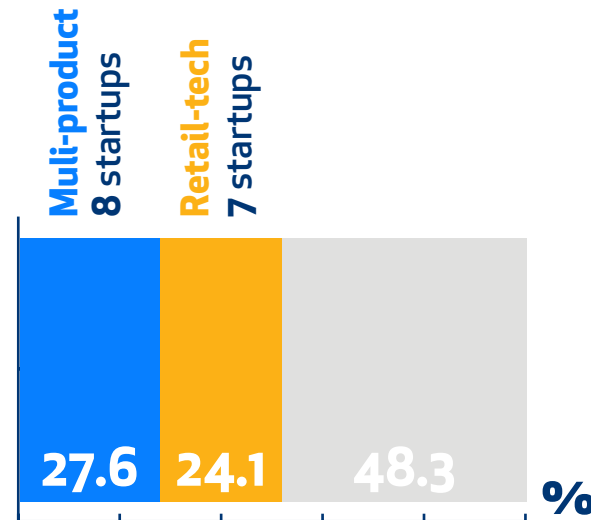
## E-commerce & retail-tech

There are 29 startups active in the Kenyan e-commerce and retail-tech sector (9.4 per cent of the country's ventures). The space is enjoying a relatively high level of renewed interest prompted by the heightened need for online solutions during COVID; and a generalised maturing of the ecosystem alongside the allure of an as-yet untapped opportunity.

Broadly speaking activity in this sector can be grouped into two main categories - consumer facing multi-product e-commerce platforms (eight startups; 27.6%) and B2B retail-tech solutions (seven startups; 24.1%). Together these two areas account for more than half of all activity.

Otherwise, there is a spattering of startups operating in e-commerce facilitation; food and drinks; apparel; and electronics.

All the startups in this sector are based in Nairobi.



**“Two categories - “multi-product” and “retail-tech” - account for more than half of startups in this sector.**



# SECTORS

New launches have picked up mainly in the past five years mainly. Four of the currently active startups began operation in 2018; five in 2020; eight in 2021. Prior to that, one or two startups launched each year; but there does seem to be a pronounced interest in the sector in more recent years.

E-commerce and retail-tech is also a big employer in Kenya, ranking third in job creation terms., providing 1,815 positions (15.8 per cent of startup jobs). The average comes to 63 jobs per startup, and here too, there are some big teams in action. Wasoko (607 jobs), Copia (516), and MarketForce (269) are three of Kenya's top 10 startup employers.

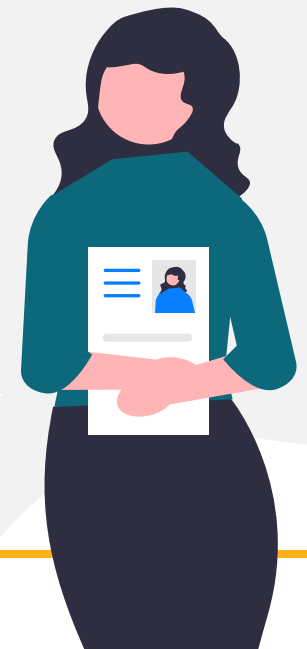
The ratio of accelerated startups is well above the overall average at 65.5 per cent (19 startups). There are also more female founders in the e-commerce and retail-tech space, with six startups headed up by female founders (20.7%).

WASOKO

Copia

MarketForce

**3 of the  
top 10  
startup  
employers  
in Kenya**



## Recruitment & HR

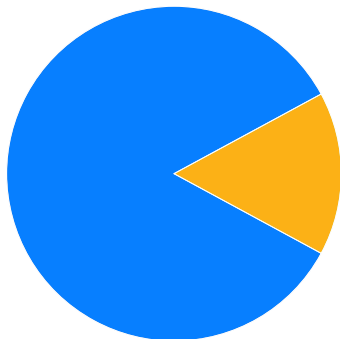
There are 19 startups active in the recruitment and HR space, making up 6.2 per cent of Kenya's startups. These are overwhelmingly focused on connecting employees with jobs in various ways (16 of these platforms); while the remaining three companies are HR solutions. All are based in Nairobi.

The sector is in general dwindling slightly, with 2017 the peak year for launches among the currently active startups, when six companies started trading. 2015 and 2020 both saw three startups launch, but otherwise it is a case of one launch or none per year.

Perhaps the most standout statistic about this segment is the high prevalence of female founders at eight companies, 42.1 per cent, which is substantially above the average in the Kenyan ecosystem.

Ten of the companies in this space have participated in accelerators (52.6%). In job creation terms, recruitment and HR doesn't perform particularly well, with 335 jobs (2.9 per cent of Kenya's startup jobs). Fuzu is the biggest employer with 110 jobs; WorkPay provides 64 roles; and Tiny Titos 25.

**16**  
Recruitment



**3**  
HR

**42.1% of recruitment & HR startups have a female founder.**



## Ed-tech

Kenya has 18 startups active in the ed-tech sector (5.8 per cent of startups), with the majority (14) providing virtual access to learning resources for students. With proximity to quality learning opportunities not always a given in many African countries, online learning is a valuable tool in improving access to education across the continent. As such the ed-tech space offers a great impact-driven business opportunity.

A further two startups operate education facilitator solutions - aggregating scholarship opportunities and the like. There are also two learning management systems for schools.

All the startups in this sector are based in Nairobi.

Five of the 18 startups currently in operation launched in 2016; otherwise launch dates are scattered across the past decade. There have continued to be launches in the past three years, pointing to a sustained interest in the sector, which feels like it has not yet unlocked its full potential.

Nine of the startups have been accelerated in some way - 50 per cent - which is above average. The ratio of female founders is also well above average in this space, with five female-founded companies (27.8%).

The ed-tech sector has contributed 731 jobs (6.4 per cent of startup jobs), ranking sixth. This works out at an average of 41 employees per startup, but is tipped slightly by the top three employers in the sector: Moringa School (269), Yusudi (108), African Management Institute (95).

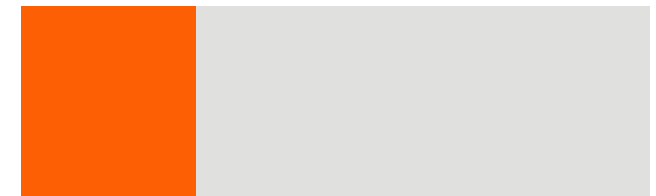
**9 ed-tech startups have participated in an accelerator**

**50%**  
country average **45.5%**



**5 ed-tech startups have female founders**

**27.8%**  
country average **17.9%**



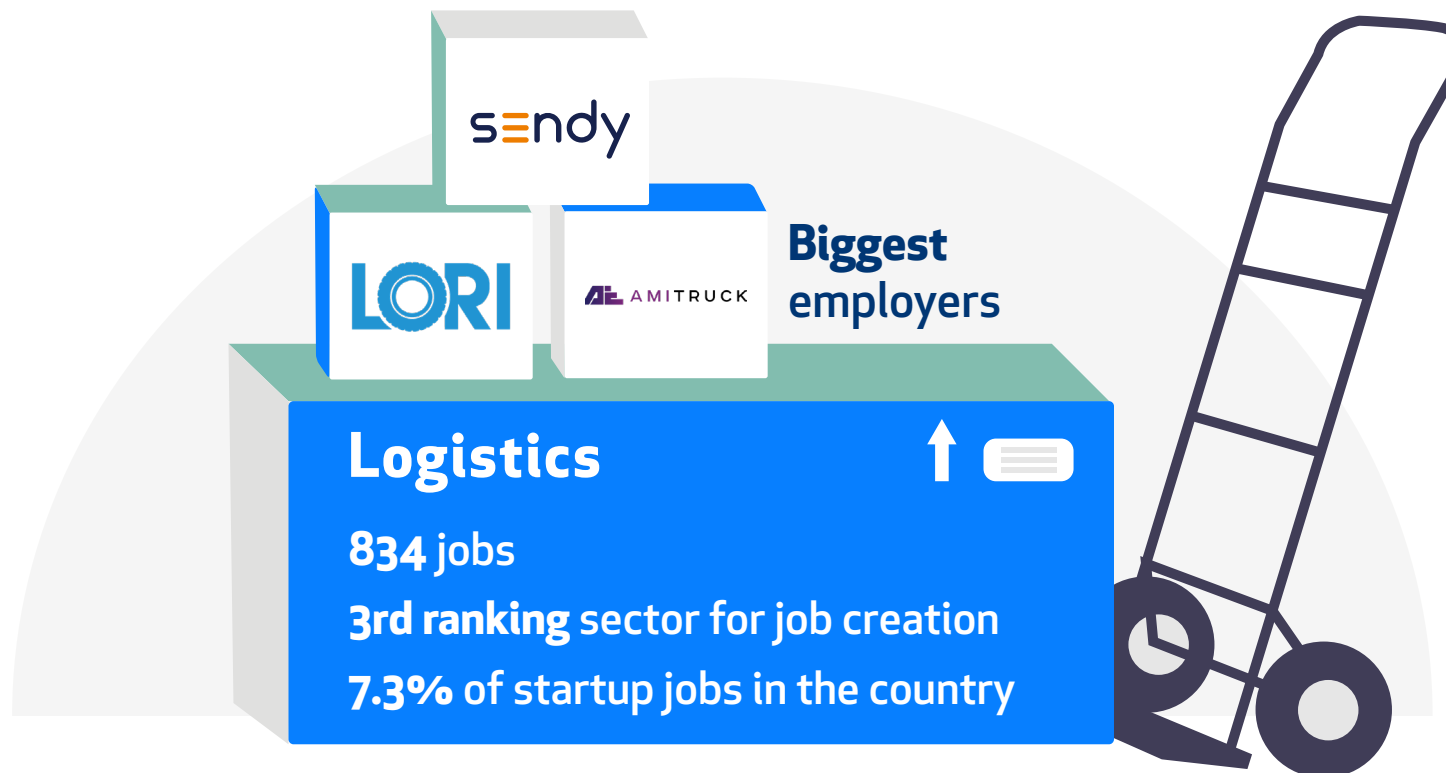
## Logistics

Fourteen (14) startups make up the logistics sector (4.5 per cent of Kenya's ventures); all are based in Nairobi. Ranging from on-demand trucking, to food delivery, and addressing solutions, logistics is a space with little legacy infrastructure in Africa, and few entrenched incumbents. As such it is a space ripe for disruption, but activity in the sector in Kenya hasn't really come to full fruition yet.

There have been one to three new launches almost annually since 2014, although the last three years have seen limited activity on this front.

Accelerator participation is exceptionally high at 57.1 per cent (eight of 14), and there are three female founded businesses in the space - 21.4 per cent, slightly over average.

The logistics sector contributes 834 jobs (7.3 per cent of Kenya's startup employment), making it the third biggest startup employer. This comes to 60 employees per startup; with the three biggest employers in the sector being Sindy (391), Lori Systems (189), Amitruck (67).









A world map composed of white dots on a blue background. The dots are arranged in a grid pattern that forms the continents, with varying density to create a halftone effect. The word "FUNDING" is centered in white, bold, uppercase letters.

**FUNDING**

# FUNDING

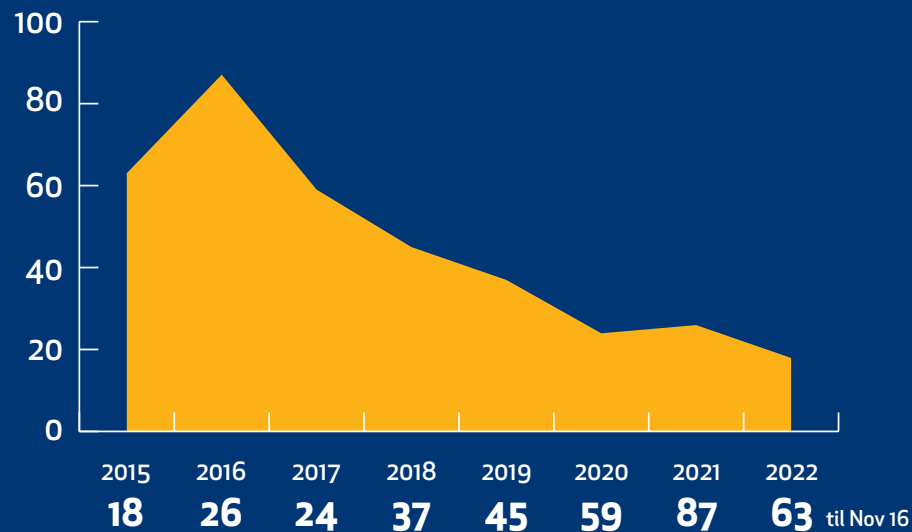
Over the almost eight years since Disrupt Africa started tracking funding data in Africa (2015-2022), Kenya has been the second most popular investment destination on the continent, after Nigeria. At least **242 Kenyan startups** have secured funding, totalling at least **US\$1,281,918,200**.



# FUNDING

The number of Kenyan startups raising funding each year has grown steadily since 2017, but this growth quickened between 2020 and 2021. This year, however, there has been a slow-down in the number of startups raising, and barring a burst of rounds in the last six weeks of the year fewer ventures will raise in 2022 than did so in 2021.

Number of funded Kenyan tech startups by year, 2015-2022



Accept and Make  
Payments Online  
and Offline  
Across Africa



Established and growing companies use **Tingg by Cellulant** to accept and make payments across multiple payment methods and in different currencies.

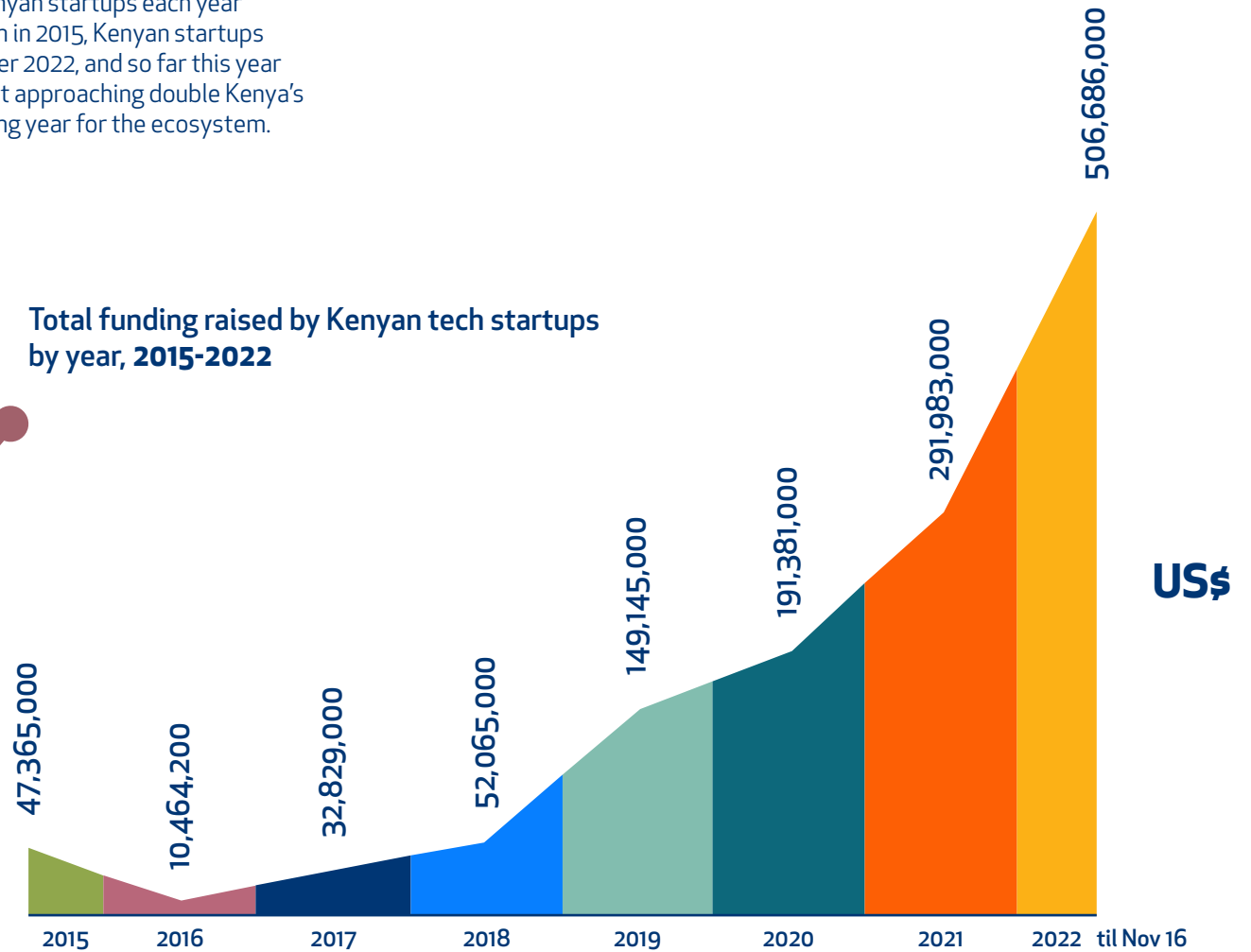




# FUNDING

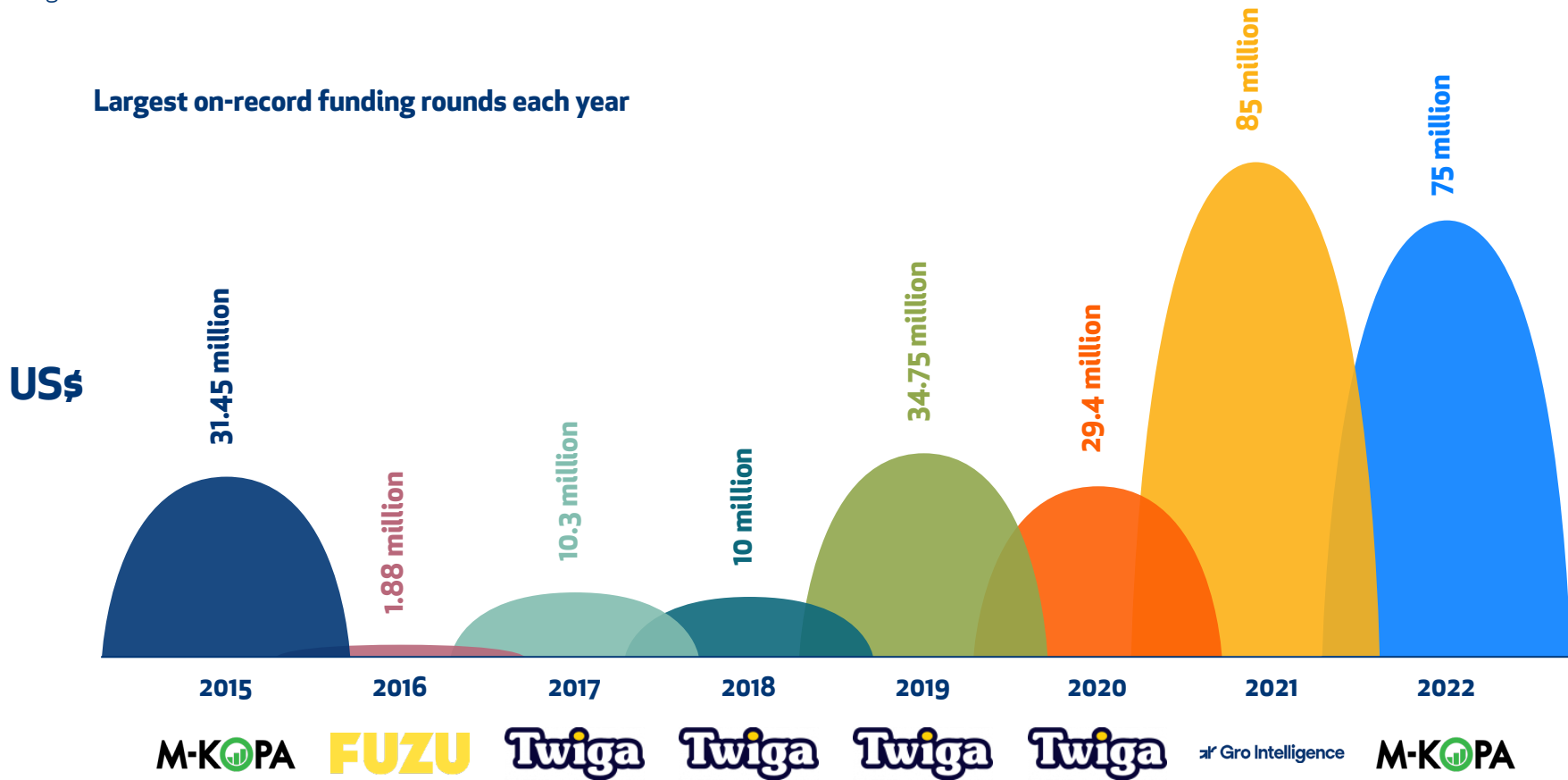
The growth in the total amount of investment secured by Kenyan startups each year has been significant. Back when Disrupt Africa records began in 2015, Kenyan startups raised a combined US\$47,365,000. Fast-forward to November 2022, and so far this year US\$506,686,000 has already been secured. This figure is just approaching double Kenya's total in 2021, and as such already represents a record-breaking year for the ecosystem.

Total funding raised by Kenyan tech startups by year, 2015-2022



# FUNDING

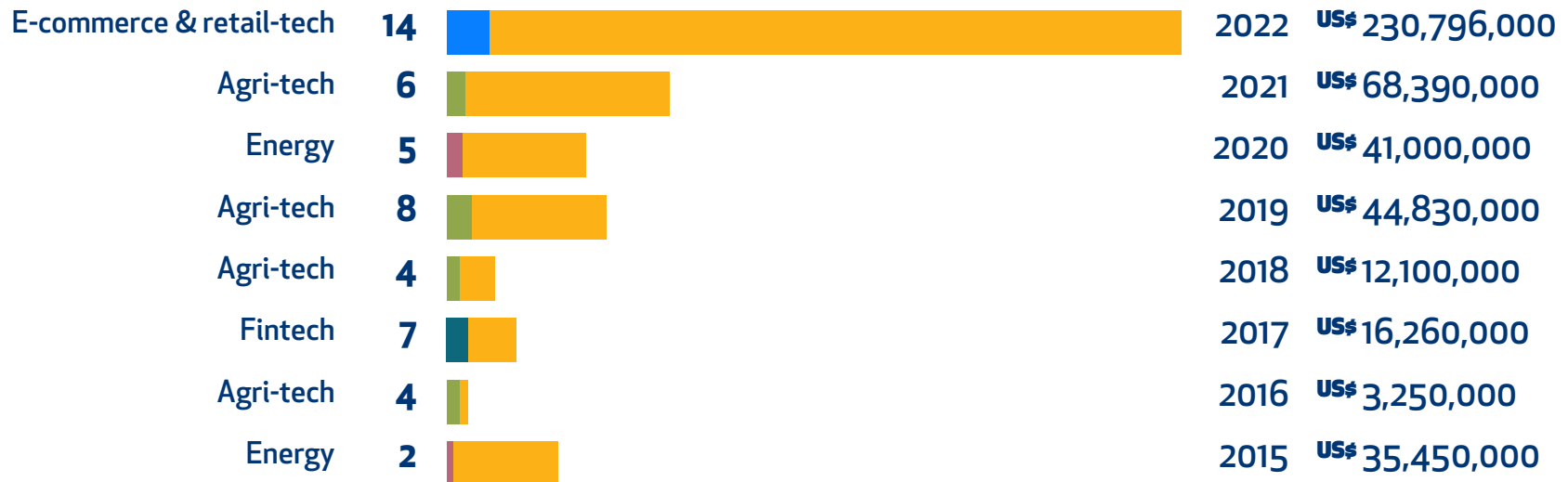
The largest rounds of each year are also increasing in size, but not in such a hockey-stick fashion. So far this year, the largest disclosed round went to energy company M-KOPA Solar, which bagged US\$75 million in funding, yet that is still smaller than the US\$85 million raised by Gro Intelligence in 2021. Nonetheless, the ecosystem has come a long way since 2016, when the largest disclosed round was worth less than US\$2 million.



# FUNDING

Whereas in other leading African startup ecosystems the fintech space is a clear favourite for investors, in Kenya investment flows a little more equally. While generally fintech accounts for the lion's share of funded ventures, when it comes to total secured funding a handful of sectors have come out on top in the years since 2015. Agri-tech and energy have at various points been recipients of the most capital, generally dependent on whether it was Twiga Foods or M-KOPA Solar securing a bumper round that year, while in 2022 e-commerce and retail-tech has emerged as a dominant force.

## Most popular sectors for Kenyan tech startup funding, 2015-2022



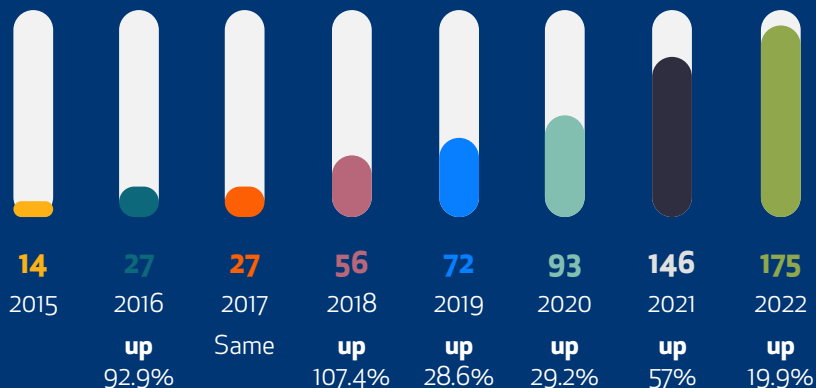
# FUNDING

Kenya attracted the second highest number of investors of any African country between January 2015 and November 2022, behind only Nigeria. In just shy of eight years, 435 different individuals or entities made investments in Kenyan tech startups. In comparable periods, Nigeria had 641 investors, South Africa 382, and Egypt 203.

The rate of growth in the annual number of investors in Kenyan startups has varied since 2015, some years leaping by more than 100 per cent and in some taking place more steadily. Having at various points leapt and then stagnated between 2015 and 2018, growth has been taking place at a quickening rate since then, with more individuals or entities having invested already in 2022 as compared to 2021.

In spite of being one of the more-established African tech startup ecosystems, in many ways a pioneer, Kenya to a large extent lacks a local investment scene compared to its counterparts in Nigeria and South Africa. Nonetheless, the likes of Novastar Ventures and Chandaria Capital are worthy of mentions, and their funding is supplemented by international capital. Both pan-African early-stage investors, key among them Kepple Africa Ventures, DFS Lab, and Launch Africa Ventures, and institutional funders such as DOB Equity and IFC, are active in the country.

Investors in Kenyan tech startups by year (2015-2022)



**16 Kepple Africa Ventures**

**14 DFS Lab**

**13 DOB Equity**

**12 Launch Africa Ventures**

**11 Musha Ventures**

**10 Founders Factory Africa**

**10 Novastar Ventures**

**10 Y Combinator**

**9 Chandaria Capital**

**8 Future Africa**

Top 10 most active investors in Kenyan tech startups, 2015 - 2022



A world map composed of a grid of white dots on a blue background. The dots are arranged in a pattern that roughly follows the outlines of the continents, with a higher density of dots in the landmasses and a lower density in the oceans. The overall effect is a pixelated or dotted representation of the world's geography.

# ACQUISITIONS

# ACQUISITIONS

Kenya lags far behind South Africa, Egypt and Nigeria when it comes to acquisitions of its startups, with only 10 such deals taking place since Disrupt Africa started tracking this data in 2016. That places the country fourth on the continent, though mention must be made of the 2015 acquisition of Weza Tele, which was at least then considered a major breakthrough.

There has certainly been an uptick in activity here, however. Until 2021, only five Kenyan startup acquisitions had taken place since 2016. Two deals were completed in 2021, and a further three have gone through so far in 2022, suggesting a degree of momentum in this regard. There has been no such deal to rival that of Nigeria's Paystack being acquired by Stripe, for example.

## African startup acquisitions

As of November 19, 2022, since January 1, 2016



South Africa

38

Egypt

27

Nigeria

16

Kenya

10

# ACQUISITIONS

Given there has been such little activity, it is not surprising that there are few trends to be found within the data. In terms of sector, startups operating in fintech, e-commerce, retail-tech, AI, entertainment, ed-tech and e-health have been acquired. What is clear, however, is that the vast majority of these deals, seven of 10, have been "intra-ecosystem" ones, with one Kenyan startup buying out another one.

Indeed, Kenyan startups have proven themselves to be active acquirers, whether of local or international counterparts, with the likes of Ajua, MarketForce, AZA Finance, BRCK, Elloe and Lami active in this regard in the last couple of years alone. A further three - all occurring in 2019 or earlier - were what Disrupt Africa would refer to as genuine, bonafide exits for startup founders and their investors, where a successfully scaled, or quickly scaling, startup has been bought out by a larger, corporate entity - either local or international - for a significant cash fee.

**The vast majority of these deals, seven of 10, have been "intra-ecosystem" ones, with one Kenyan startup buying out another one.**

Impact the Health Care Sector in Africa  
by Creating a Sustainability Growth Model

 **AAIC** Investment

Established Japan's First Dedicated Fund  
for the Africa's healthcare and innovation



# ACQUISITIONS

2016

bun<sup>o</sup>tv → TRACE

Acquired by

2017

N/A

2018

bamba Group → maximeyes

Acquired by

2021

wii → AJUA

digiduka → MarketForce

Acquired by

2020

cloud → HO HotelOnline

elimu → Co-Creation Hub

Acquired by

2019

connected → MERCK

Acquired by

2022

BLUEWAVE International → LMI

LYNK → eden

flo By Saada → elloe

Acquired by



A world map composed of white dots on a blue background. The dots are arranged in a grid pattern that forms the outline of the continents. The background is a solid blue color.

# **STARTUP SUPPORT**

# STARTUP SUPPORT

## Hubs and co-working spaces

Defining what exactly a “hub” or “co-working” space is can be challenging in an era where Regus-style flexi-offices are available alongside independently-run, tech entrepreneur-focused spaces, and sometimes the line between “hub” and “incubator” can become blurred. All of this leads to challenges both in defining and counting the number of such spaces in Kenya, as it does elsewhere.

Coworker.com lists 94 co-working spaces across Kenya as of the end of November 2022, the vast majority of them in Nairobi, but this figure surely underrepresents the true size of the co-working market across the country. The GSMA lists 48 “hubs” in its 2019 research, though this means “innovation hubs” as opposed to co-working spaces for the most part, both of which will have certainly seen their numbers rise since.

The issue with all these figures is that they generally fail to count multiple hubs and spaces in smaller towns and cities across the country. From Disrupt Africa’s own research and analysis of others, key among them the Association of Startup and SMEs Enablers of Kenya (ASSEK) we conservatively conclude there are approximately 150 hubs and co-working spaces across Kenya, primarily focused in Nairobi but also based in the likes of Mombasa, Kisumu, Eldoret and Nakuru.

Key among them are iHub, Nairobi Garage, Nailab, Pawa 254, Dlab Hub (Eldoret), SoteHub (Mombasa), and LakeHub (Kisumu). The first of those, iHub, is a pioneer within Africa’s tech hub industry, having opened its doors in 2010 and played a formative role in the journeys of hundreds of Kenyan startups.

*Disrupt Africa estimates there are 150 hubs and co-working spaces across Kenya - primarily focused in Nairobi but also based in the likes of Mombasa, Kisumu, Eldoret and Nakuru.*



Photo courtesy of iHub

# STARTUP SUPPORT

## Incubators and accelerators

Kenya, or more specifically Nairobi, has long been a leader in Africa's acceleration and incubation spaces, with active programmes going back as far as any other country. There has, nonetheless, been plenty of churn, but that seems to have settled down in the last few years.

Disrupt Africa estimates there to be approximately 30 private and public incubator and accelerator programmes available to startups in Kenya, again mostly focused on Nairobi but also located - or at least available to startups located - nationwide. Many of these programmes are standalone offerings, while a number of them are run by or in partnership with various hubs and VC firms. Kenyan startups are also regularly accepted into leading international accelerators such as Y Combinator, Techstars, 500 Global, Google for Startups and Facebook Accelerator.

Key among these dedicated programmes, or organisations offering such programmes, are iHub, Nailab, Antler, Pangea, GrowthAfrica, E4Impact, ygap, FoodTech Africa, NINJA Accelerator Kenya, and ShelterTech.



Photo courtesy of C4DLab



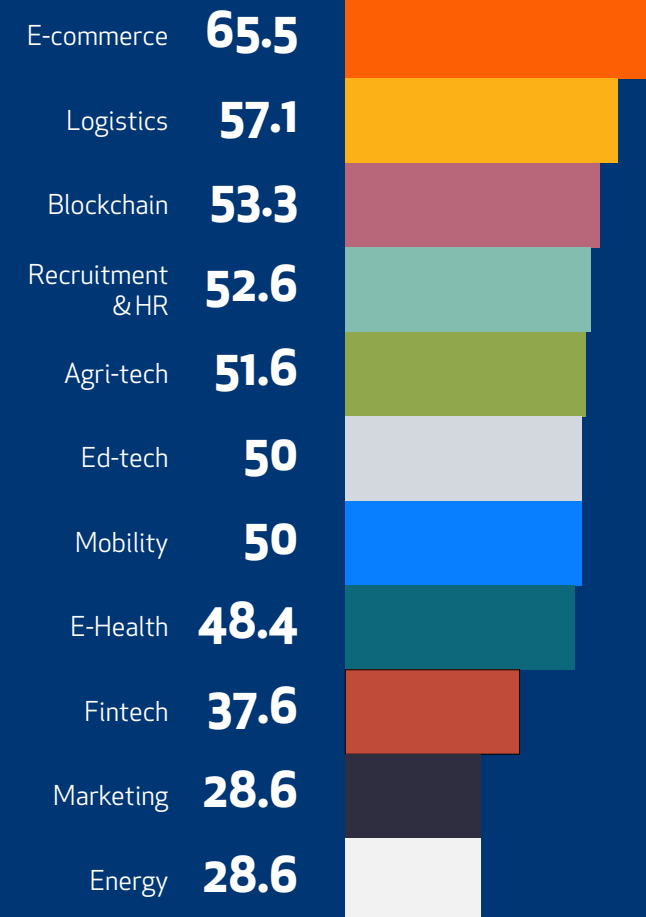
# STARTUP SUPPORT

Kenyan startups are more likely to undergo some form of incubation or acceleration than their peers in other African countries, with 45.5 per cent of the startups tracked by this report having taken part in such a programme. The sizeable number of local options available, as well as the relatively high popularity of Kenyan ventures with pan-African and more international programmes, accounts for this statistic.

Most of the leading sub-sectors of Kenya's startup ecosystem have above average rates of acceleration, suggesting programme operators favour companies from established verticals rather than distinct, unique innovations. E-commerce and retail-tech, logistics, blockchain, and recruitment and HR startups are the most likely to take part in accelerator or incubator programmes. Interestingly, fintech startups are relatively under-accelerated, with only 37.6 per cent of companies in Kenya's most populated sector having taken part in such programmes.

## Accelerated Kenyan ventures by sector

%



# STARTUP SUPPORT

## Government initiatives

Kenyan startups have access to relatively large amounts of government support compared to other markets, especially Nigeria, and have also for the most part avoided negative governmental diktats when it comes to technological advances, though statements regarding cryptocurrencies and blockchain in the past were far from helpful.

Initiatives from the Kenyan government focused on startups - or at least small businesses - over the last few years, include:

- The Youth Enterprise Development Fund is a state corporation under the Ministry of Public Service, Gender and Youth Affairs. Gazetted in 2006 and transformed into a State Corporation in 2007, the fund's focus is on enterprise development as a key strategy that will increase economic opportunities for, and participation by, Kenyan youth. The fund seeks to create employment opportunities for young people through entrepreneurship, by providing easy and affordable financial and business development support services to youth who are keen on starting or expanding businesses.
- The Uwezo Fund, launched in 2013, is another empowerment programme, this time designed to benefit women, youth, and persons with disability. It offers capital and mentorship to entrepreneurs with the primary aims of achieving gender equality and eradicating poverty. Meanwhile, the Women Enterprise Fund offers credit to female entrepreneurs but also markets goods and services produced by them.
- The Industrial and Commercial Development Corporation provides medium and long term financing to Kenyan companies with the goal being to support industrial development in Kenya. The Agriculture Finance Corporation, meanwhile, though initially set up to enable transfer of land to Kenyan farmers in post-independence Kenya, now provides credit to the agricultural entrepreneurs.
- In more recent times, President Uhuru Kenyatta in 2015 announced the launch of Enterprise Kenya, in order to help local ICT innovations to become global entities. The latest government project to help the ICT sector grow after the Kenya ICT Authority and the newly created Presidential Digital Talent programme, the results of the programme have been limited.

- Also in 2015, Kenya's Information Communication Technology Authority (ICTA) agreed a three-year US\$1.2 million funding project with the Government of the Netherlands to grow Kenya's ICT sector through the support of ICT startups and small and medium enterprises (SMEs). The programme saw several dozen Kenyan ICT startups and SMEs receive support in expanding their reach and launching their businesses in foreign markets.
- Increasingly active to this day, the Kenya National Innovation Agency (KeNIA) is a state corporation established under the Science, Technology and Innovation Act in 2013. The core mandate of the agency is to develop and manage the "National Innovation Ecosystem", by strengthening relationships between actors in order to promote innovation and enterprise development out of research and ideas. It runs Kenya Innovation Week, among initiatives.
- In 2021, the Ministry of Industrialisation, Trade and Enterprise Development (MoITED) launched Startup Savanna, an international business acceleration programme to link Kenyan startups to global angel investor and business support resource networks.
- Announced in 2019, the Capital Markets Authority Regulatory Sandbox is a tailored regulatory environment that allows for the live testing of innovative capital markets related products, solutions and services with the potential to deepen and develop the capital markets prior to launching into the mass market. Several startups are currently taking part.

Kenya is one of various African countries that has initiated efforts at putting in place a Startup Act. The first specific startup law globally was passed in Italy in 2012, and Tunisia and Senegal were the first two African countries to enact them. A host of countries, including Mali, Ghana, Ivory Coast, the Democratic Republic of Congo (DRC), and Rwanda, are at varying stages of enactment, while Nigeria recently became the first "tier one ecosystem" to adopt such pro-startup legislation.



# STARTUP SUPPORT

## Corporate initiatives

Africa's tech ecosystems are increasingly entering an era of startup-corporate collaboration and engagement as opposed to competition and suspicion. Disrupt Africa's first two country-focused publications - on Egypt and South Africa - found high levels of cooperation, but its third - on Nigeria - found limited amounts. Unfortunately, Kenya follows the latter in that it is seeing less than optimal levels of engagement from its corporate sector when it comes to tech startups.

The below are examples of initiatives that are active, or have been in the past, with telecoms firms leading the way. We can only hope for more such collaboration to occur over the coming years.

- Safaricom, the country's leading mobile operator, has probably been the most active when it comes to engaging with local startups. Two editions of its Spark Venture Fund have invested millions of dollars in a handful of companies, among them Sendy, Lynk, Ajua, Eneza Education, iProcure and FarmDrive. The firm often partners with local ventures, and has also run initiatives such as the Appwiz Challenge and the Safaricom Foundation Technology for Good Accelerator.
- On the banking side, KCB Bank in 2016 launched a KES120 million (then worth US\$1,180,000) fund aimed at supporting women and youth entrepreneurs in Makeni county with interest-free loans to build-out their businesses. Standard Chartered has run four editions of its Women in Tech incubation programme in partnership with @ iBizAfrica-Strathmore University, awarding thousands of dollars in grant funding to female-founded startups.
- Kenyan payments company Cellulant has signed partnership agreements with a number of African tech startups, with Kenyan retail-tech startup MarketForce among them.



image courtesy of Safaricom

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