

# Evaluation Summary

## Seed Fund by Digital Africa

Country: **Multi-country**

Sector: **Digital**

Evaluator: **Technopolis Group**  
Date of the evaluation: **February-May 2023**

### Key data on AFD's support

**Project number:** CZZ2417

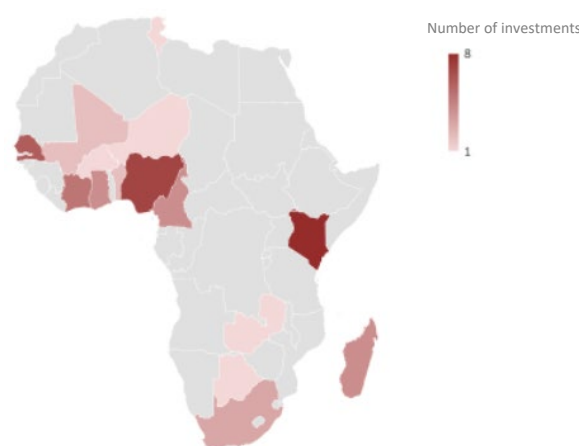
**Amount:** 15 M€

**Disbursement rate:** 100%

**Signature of financing agreement:**  
30th September 2019

**Completion date:** December 2023

**Total duration:** 4 years



### Context

Launched in 2018, and endowed with €130 million, the Digital Africa Initiative aimed to strengthen the capacity of African digital entrepreneurs to design and deploy disruptive innovations at scale to serve the real economy. Among its flagship programmes is the €15 million Seed Fund by Digital Africa, whose specific vocation was to help innovative startups emerge on the continent and support their ecosystems.

### Actors and operating method

The project has two complementary components, implemented by six operators (six separate programmes) and funded through grant:

- **A technical assistance component**, for capacity building of innovation and entrepreneurship support structures (incubators/accelerators) in Africa, with a view to ecosystem structuring: Programme PAI2 (Bondy Innov / Afric'innov) and AfriLabs Capacity Building programme (AfriLabs)
- **A support and seed financing component for African digital startups**, offered by four operators using their own support mechanisms and financial instruments: Catalytic Africa (AfriLabs / ABAN), Venture Building (Greentec Capital Africa Foundation), I&P Afrique Technologies (I&P Entrepreneurs & Développement consortium) and Catalyzing Digital Startups Operating in Africa programmes (Mercy Corps Ventures)

### Objectives

The objective of the Seed Fund by Digital Africa project was to support the emergence and development of young innovative companies in Africa. The project aimed, on the one hand, to improve access to finance for startups in the seed phase and, on the other hand, to support the creation of a sustainable environment for digital innovation, entrepreneurship and investment.

### Expected outputs

#### Concerning technical assistance programmes :

- Strengthen and professionalize entrepreneurship support structures
- Create and make available training programs and tools for entrepreneurship support structures
- Animate and promote the Afric'innov and AfriLabs networks

#### Concerning support and seed funding programme :

- Propose seed financing to African digital startups
- Provide personalized support and follow-up (pre- and post-investment)
- Support the scaling-up of promising startups
- Identify, train and support local relays capable of supporting startups.

## Performance assessment

### Relevance

The early-stage financing and technical assistance activities carried out by the Seed Fund appeared to be very relevant in view of the objectives set and the market failures. However, the targeting of funding to French-speaking Africa should have been more accentuated. Besides, the activities of support structures funding through grants are indispensable and should be systematized.

### Coherence

The activities carried out by each of the programmes are generally consistent with each other, but the coherence of the programme has not been sufficiently achieved at the level of the Fund. Although there are very positive synergies between the various programmes and operators, these remain limited and should have been more encouraged to participate effectively in the construction of a coherent innovation ecosystem.

### Effectiveness

Concerning support structures, while feedback from final beneficiaries is generally positive, the effectiveness of activities in strengthening and increasing the competence of final beneficiaries is not verifiable, due to lack of consolidated data. Concerning direct support to startups, feedback is generally positive about the funding received, both in terms of the amounts proposed and the structure of the funding, sometimes with a desire for larger envelopes, but above all for technical support, which is complementary and essential for maximizing the effects of the funding.

### Efficiency

The human, material, and financial resources made available within the framework of the seed fund programmes were rather adapted to the needs. Greater cooperation between operators would have made it possible to optimize resources.

### Impact

It's still too early to talk about the impact of our programs, as this requires a time lag of one or two years. But it is clear that the desired effect can only be achieved if there is better coordination between programs and post-financing, with scale-up players. Regarding the support to startups, the indicators provided by operators and the interviews conducted give a fairly positive picture in terms of job creation, growth, increase in start-up sales/revenues, and fund-raising.

### Sustainability

The sustainability of the effects of ecosystem strengthening support programmes is uncertain, especially given the lack of diversification of support structures sources of funding. The sustainability of the effects on the supported startups would be optimized by a better articulation with scale-up actors.

### Added value of AFD's contribution

The positioning of the Seed Fund is unique, compatible and complementary to what exists on the market. Nevertheless, the very ambitious geographical coverage of this pilot programme confirmed the interest of a tighter positioning and a concentration of funds on French-speaking Africa.

## Conclusions and lessons learnt

The final evaluation found that the programmes are still relevant in view of the considerable needs in terms of funding and ecosystem strengthening, particularly in Francophone Africa.

The results of the programmes are quite good, and the targets should be reached for all of them by the end of 2023.

The evaluation found that the programmes were generally coherent with each other, but the report stressed that this coherence had not been sufficiently thought through at the Fund level.

The report emphasizes that the effects of the various programmes are globally positive, both on the support structures and the startups. A linkage between operators and Proparco would maximize the effects on the startups supported.

Finally, the evaluation notes the limits to the sustainability of the effects of the ecosystem strengthening support programmes due to the lack of diversification of hubs sources of funding.