

The Baobab Network Report
for
ZENMONDO Members
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Baobab Insights weekly round-up
News, views and analysis on tech and VC in Africa

28th January 2020

Issue #28



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This week, we look at Paga's acquisition of Apposit as they make a big play in Ethiopia's Fintech space, we analyse Flutterwave's \$35m Series B round and we unpick what went wrong as Cango Africa closes down.

Hi!

Nigeria digital payments company Paga has acquired Apposit, a software development company with a base in Addis Ababa, as it announces plans for expansion into Ethiopia.

Since we released our [deep dive into Ethiopia's digital economy](#) last year, we've been making the case that Ethiopia's financial services space presents international investors with a vast opportunity. With a population of over 109m people, the country's economy is still very cash driven, with limited mobile money or digital banking penetration.

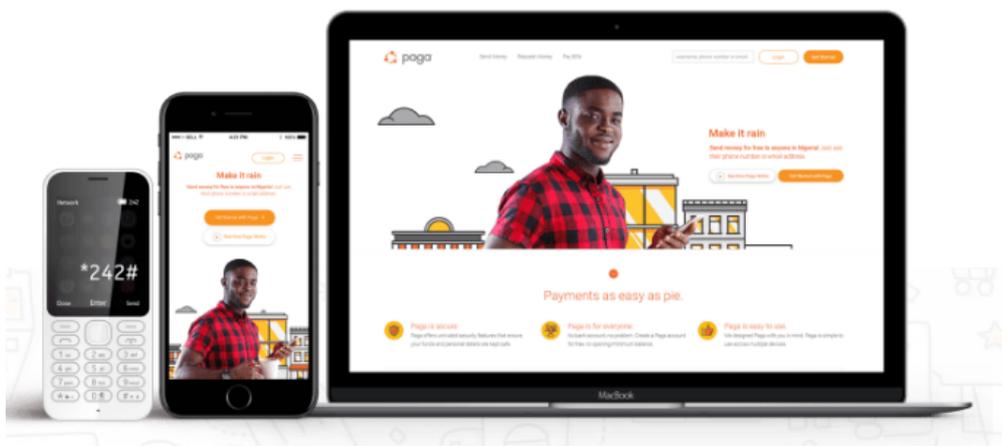
[Paga](#), one of Nigeria's most successful Fintech start-ups, may have just made a very important first step in moving into this space, by acquiring [Apposit](#), a software development firm based in the US but with operations in Ethiopia. The move comes after Paga raised \$10m in Series B funding at the end of 2018, which took total funding since launch to over \$34m:

Paga funding since launch - USD Millions



Source: [Crunchbase](#)

Tayo Oviolu, Paga's Founder, said in [his announcement](#) that their research had shown that Ethiopia suffered from similar cash and payment problems as Nigeria, and that the acquisition of Apposit provided the Nigerian Fintech with an 'instant go-to market strategy in Ethiopia'.



We'll be keeping a close eye on this as it ties together three of the big trends we're tracking at the moment here at [Baobab Insights](#): digital banking, Ethiopia's economic growth and strategic investments in Africa's Fintech space.

Story source: [Ventureburn](#)

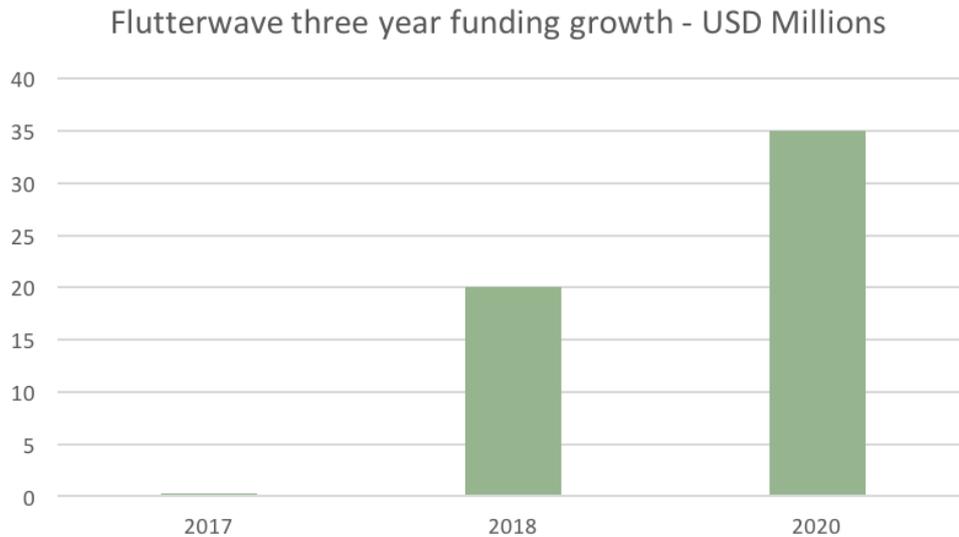
News

Flutterwave raises Series B and partners with Worldpay

Flutterwave has raised \$35m [in a Series B round](#) led by [Greycroft](#) and [e.ventures](#). The funds will be used to invest in technology and business development to further grow market share in key markets. The Nigerian Fintech also announced a new strategic

partnership with global payments provider [Worldpay FIS](#), which it says will further enable its ambitious expansion plans.

Flutterwave has raised over \$55m in venture funding since 2017:



Source: [Techcrunch](#)

Opera's lending methods criticised

Internet services company [Opera](#) has come under a short-sell assault following [a report released by Hindenburgh Research](#) based on allegations of predatory lending practices through its Fintech products in Africa. The paper released suggests that some of Opera's lending activities in Africa may fall short of Google's new [Play Store regulations](#), which were introduced in 2019 to combat predatory loan apps.

Source: [Techcrunch](#)

CanGo Africa (previously Safemotos) closes its doors

On-demand motorbike taxi app [CanGo Africa](#), formerly known as SafeMotos, has closed its doors after running out of cash. The company expanded its operations from Rwanda to DRC in September of 2019, with big ambitions to gain quick market share in Kinshasa, however since then, has struggled to gain traction with investors.

Source: [Disrupt Africa](#)

Fund news

[Janngo Capital](#) has launched a €60m fund to invest in African tech start-ups

[Wyclef Jean has raised \\$25 Million](#) to finance music publishing services In Africa and other emerging markets

[Catalyst Fund](#) announces new \$15 million commitment from UK aid and J.P. Morgan to

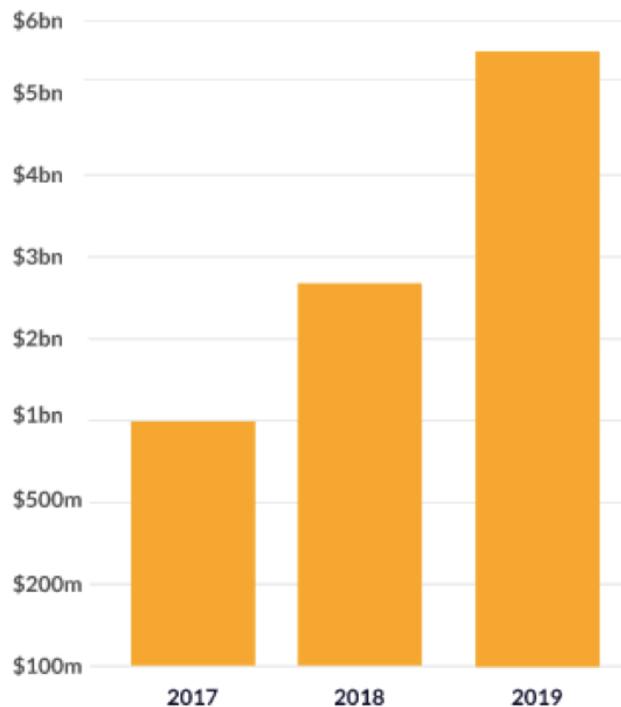
advance financial inclusion in emerging markets

Deals

- SA security startup [AURA](#) raises \$420k [follow-on funding from HAVAÍC](#)
- [Complete Farmer](#), [Reelfruit](#) and seven other start-ups raise \$50k in funding through the [Village Capital Agriculture Accelerator](#)

Chart of the week

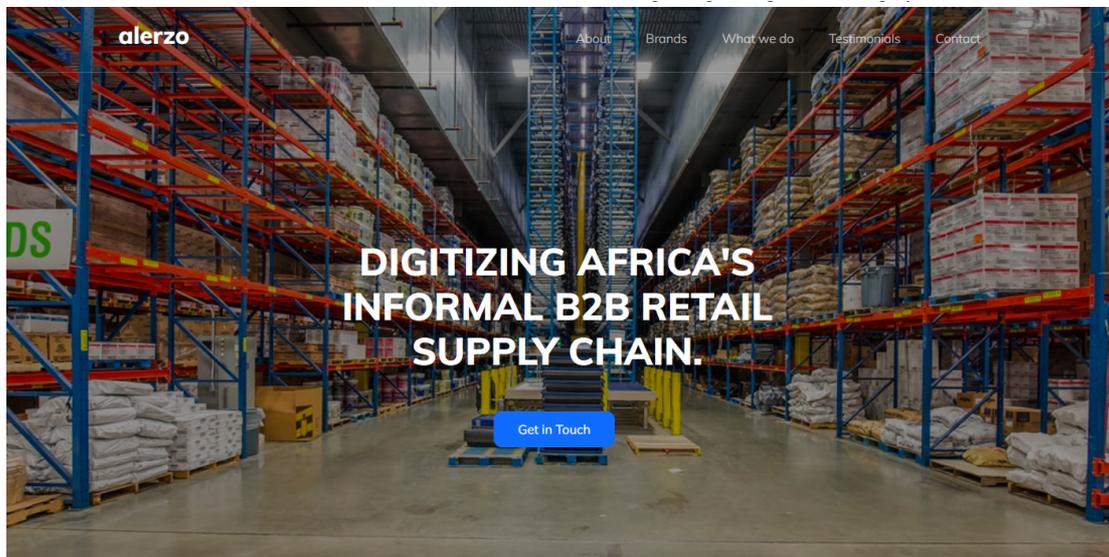
Following Flutterwave's [big Series B announcement this week](#), our analysts dug into the company's [2019 annual report](#). The key number that stood out was \$5.4bn, the value of payments processed through the Flutterwave platform last year. Here is a chart showing how that number has grown in the last three years:



Source: [Flutterwave Annual Report, 2019](#)

Start-up spotlight

[Alerzo](#) are digitising Nigeria's informal B2B retail supply chain. Based in Ibadan, 130km North East of Lagos, Alerzo's platform delivers all in one inventory distribution and management, bridging the gap between retailers and FMCGs.



[McKinsey estimate](#) that 90% of all retail trade in Nigeria goes through the informal sector, which presents a huge opportunity in the space. Certainly one to watch.

Source: [Alerzo](#)

Know a company building something cool?

Nominate them for our weekly spotlight at team@baobabinsights.com.

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