

REPORT
OF
STARTUP ECOSYSTEM SURVEY
IN
THE DEMOCRATIC REPUBLIC OF
CONGO

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VEROD-KEPPLE NIGERIA PARTNERS LIMITED

CONTENTS

1. [Summary](#)
2. [An overview of the macroeconomy and startup ecosystem of DRC](#)
3. [Comparison of the startup ecosystems among Nigeria, Francophone West Africa and DRC](#)
4. [Trend and business models of the indigenous startups from DRC](#)
5. [Analysis of the characteristics of startups that have entered or are considering entering the DRC](#)
6. [Analysis of the potential expansion by startups from DRC to other markets](#)
7. [Potential contribution of startups to the economic development of DRC](#)
8. [Analysis of the potential opportunities for Japanese companies to partner with startups in DRC](#)
9. [Conclusion](#)
10. [Sources](#)

1. Summary

This DRC Survey Report compiles the key findings and recommendations from the research and analysis on the startup ecosystem in DRC.

The research was funded by JICA Nigeria, and conducted by the consultants from Verod-Kepple Africa Ventures in cooperation with Haske Ventures.

The purpose of the Report is to illustrate the opportunities and challenges of the fledgling startup ecosystem in DRC from both the macro and micro perspectives. The survey was conducted in a unique way through a combination of desktop and field research.

In Chapter 2, an overview of macroeconomic conditions, social and technological contexts, and availability of infrastructure, human capital, and policy framework for the startup ecosystem in DRC is presented.

The findings from Chapter 2 will be dug deeper in Chapter 3 by comparing the key components of the ecosystem in DRC against those in Francophone West Africa and Nigeria. While the startup ecosystem in Nigeria has grown to the status of market leader in Africa without enabling government policies, Francophone West Africa is trying to accelerate the growth of startups through government initiatives. DRC is similar to Nigeria in terms of vast opportunities and social issues, but it can also learn from how Francophone West Africa is bringing together the forces of dominant startups and the regulatory incentives initiated by the government.

Chapter 4 reveals profiles of founders and key features of the business models in DRC. Because DRC is still a nascent market, there are unique dynamics and structural challenges faced by the startups, such as the lack of funding, information and skill gap, the lack of benchmarking against other African startups, and high cost of operation. In order to capture the market opportunity and overcome the challenges, Congolese startups are pursuing different strategies to scale and grow, but they obviously need more support.

Chapter 5 and 6 throws a spotlight on the cross-border expansion from and to DRC. This analysis reveals the dynamics, motivations, and strategies behind the competition between the startups from DRC and other African markets. It also highlights the uniqueness and attractiveness of the DRC market compared to the neighboring countries from the startups' perspective.

Chapter 7 discusses potential development impact by the startups in DRC, featuring the utility and social benefits by the users and employees of the startups.

Chapter 8 discusses the opportunities for Japanese companies to collaborate with startups operating in DRC. This analysis leads to a perspective on how the big global companies and local startups can create synergies.

Chapter 9 summarizes the findings from the survey and concludes with the recommendation of next actions.

2. An overview of the macroeconomy and startup ecosystem of DRC

2-1. Macroeconomy of the Democratic Republic of the Congo

A Congolese entrepreneur once described the DRC as a country of extremes.

Everything is extreme: its realities, possibilities, and risks. This continental country, the second largest in Africa and 11th in the world, has an estimated population between 96 million and 101 million in 2022, of which more than 53% are 18 years old or younger. Its capital city Kinshasa has an estimated population of more than 15 million, surpassing many African countries' populations.

It is impossible to speak of French-speaking Africa without considering this most populated French-speaking country in the world, despite 4 official national languages. The East of the country speaks mainly Swahili, which is one more element connecting it with the East African Community (EAC) it joined in 2022, making it one of the only countries in two regions (with Central Africa). DRC shares a border with 9 countries in Africa's Eastern and Central regions, including Uganda, Rwanda, Tanzania, and Angola. This is undoubtedly one of the reasons for its rich linguistic, artistic, musical, and culinary culture.

Although difficult to quantify, its diaspora is mainly based in Belgium, France, the UK, the USA, Canada, and South Africa and is estimated at +6M people. Consequently, DRC attracts a significant flow of money transfers from its diaspora, estimated at +4B\$, more important than the country's development aid commitments (\$3B). In addition to investing and participating in the needs of their families, the diaspora is beginning to return more to participate in economic development, generally in more diversified sectors than the current economy, which is 95% dependent on raw materials.

DRC's GDP per capita is \$577 (2021), 3.5 times lower than Nigeria's or Kenya's GDP. The GDP per capita grew by 6.2%.

The DRC's government worked over the last 5 years for the stability of the economy with an increase in foreign exchange reserves to \$4B at the end of June 2022. Although not official, DRC's economy has "dollarized", reducing the foreign exchange risk. Recently, more international companies are setting up local entities in DRC, including world class companies such as DP World, Hilton, etc. Some existing players such as Accor group or Orange are also strengthening their local presence. In the banking sector, DRC has noticed the arrival of some African banks such as Equity Bank (which acquired DRC national bank BCDC in 2020) and Access Bank. Although banking activities seem mainly for corporations, there is room to grow retail banking with only 15% of the adult population owning a bank account. This also represents an opportunity for fintech companies to develop solutions for the unbanked.

2-2. Overview of the startup ecosystem

The startup ecosystem in DRC is still in its infancy, with most tech startups operational for less than 6 years.

Below is a non-exhaustive mapping of the startup ecosystem in DRC.

Figure 1: Mapping of the startup ecosystem in DRC



Source: AEDIB.NET / Digital Africa - Gaps and needs of the innovation ecosystem in Africa

The entrepreneurial support structures have problems common to other African ecosystems, such as the need for a sustainable business model, lack of adequate human resources, and being able to offer financial support in addition to incubation or acceleration.

Most tech startups are based in Kinshasa, the capital city of DRC but developing solutions that can be used in other big cities such as Bukavu, Lubumbashi, and Goma.

High cost and low quality of internet data are critical bottlenecks for the widespread adoption of B2C technological solutions. For instance, 40GB of mobile data costs US\$30 in Senegal, compared to DRC, which costs US\$80.

On the policy side, the Congolese government has identified digital transformation as a key pillar to leapfrog the country's economic emergency path. The drafting and ratification of a National Digital Plan in 2019 have materialized this willingness and interest. As a result, Liquid Telecom has built the country's first privately owned optic

fiber network, connecting with the Zambian fiber network. However, DRC needs to invest more in national IT infrastructure with more connection to the global IT systems.

Reliable and affordable internet allows tech innovation to thrive and grow. The mobile internet penetration rate is still low in DRC, although it is increasing. Despite more than 48.15 million active telephone lines, internet penetration has risen only from 17.7% to 22.9% between 2019 and 2022. The jump coincides with the arrival of 4G transmission technologies in the country in 2019.

3. Comparison of the startup ecosystems among Nigeria, Francophone West Africa and DRC

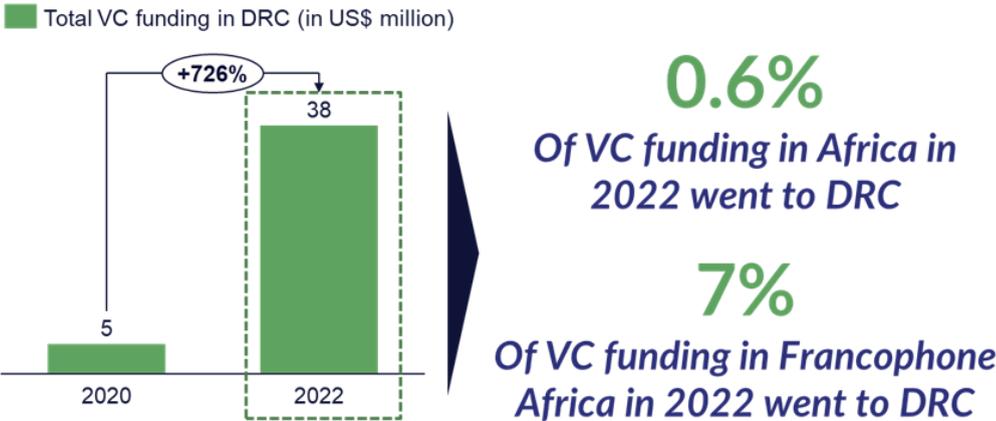
Overview of the tech ecosystems in Africa

According to the latest Partech report, 2022 was a particularly tumultuous year for the Venture Capital (VC) ecosystem, with global funding down by 35% from 2021. Despite the global VC slowdown, Africa's performance was strong:

- In 2022, African tech startups raised a total of \$6.5B (8% growth YoY) in 764 deals (6% growth YoY) thanks to solid debt funding growth (102% growth YoY, which accounts for 24% of total funding) and resilient equity funding (almost flat at 6% growth YoY). African tech startups' growing access to debt funding, which doubled in volume to \$1.5B, is a sign of growth and maturity for African startups.
- Nigeria, South Africa, Egypt, and Kenya are still the hotspots for African VC investment, although their contribution to the total funding was relatively flat (72%) compared to the previous year.
- Outside of the top 4 countries, Ghana (\$202M), Algeria (\$150M), Tunisia (\$117M), and Senegal (\$105M) were the only other countries that broke the \$100M funding mark.
- When we look at the Rest of Africa (ROA), 38% of the funding flows into Francophone countries; the \$527M represents 11% of the total Equity and 8% of total funding in Africa. West and Central Africa, with a total of \$221.4M raised, represent 4% of total equity funding in 2022.

Congolese ecosystem compared to other markets:

Figure 2: Total VC funding in DRC



Source: Partech Reports 2020 and 2022

Total venture capital funding in DRC increased 8x between 2020 and 2022 to reach US\$38 million. The growing ecosystem of tech startups in the country mainly drives

this. 79% of VC funding in 2020 went to Jambo, a DRC-based startup (according to press reports) building a Web3 user acquisition platform. (Jambo is a web3 super app enabling Africans to trade crypto, buy and sell NFTs, experience play-to-earn crypto games, and access top-notch global web3 applications). The funding round was led by Paradigm, with additional participation from ParaFi Capital, Pantera Capital, Delphi Ventures, Kingsway Capital, Gemini Frontier Fund, BH Digital, Graticule Asset Management Asia, Shima Capital, Morningstar Ventures.

Beyond Jambo, only two startups have raised more than US\$ 1 million in 2022. Maxicash, a fintech company that does cross-border money transfers and provides visa cards to its customers. 50% of the Maxicash funding round comes from Launch Africa Ventures and Five35. Altech Group, a solar power and clean cookstoves startup received \$500K in debt from a Swedish crowd investment platform, Trine.

Despite the tremendous growth, DRC startups captured less than 0.6% of the venture capital funding flow into Africa in 2022 and 7% of VC funding into Francophone African countries.

Comparing DRC with Francophone West Africa

The DRC ranks number 4 among French-speaking countries in terms of total funding raised in 2022, ahead of Côte d'Ivoire, which raised \$33 million. The top 3 countries are Algeria, Tunisia, and Senegal. Most of the funding raised in a Francophone African country usually goes to one startup, as we have noticed for DRC.

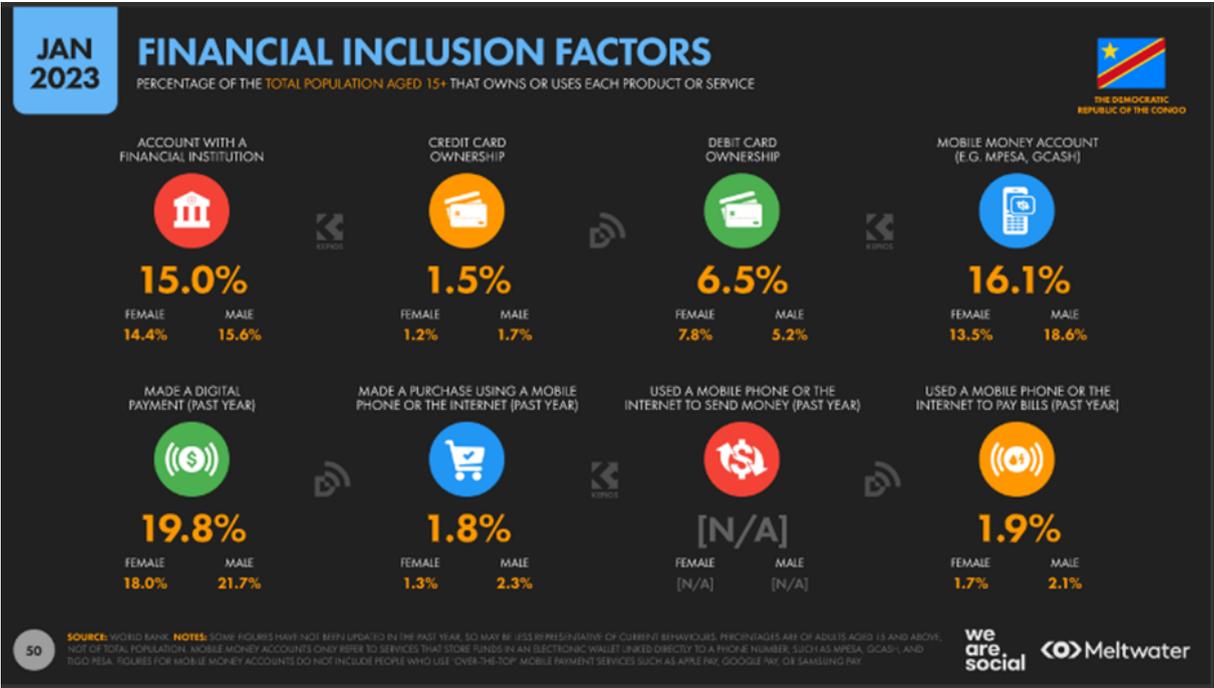
- In Algeria, the delivery and mobility startup Yassir captures ~100% of the total funding raised;
- In Tunisia, InstaDeep raised \$100M, which captured 85% of the total funding raised in Tunisia;
- In Senegal, Wave captured 86% of the total VC funding raised by local startups.

The distribution of funding raised in Cote d'Ivoire was more balanced, with no mega deal (4 transactions worth more than \$5M, including the fintech Djamo which has raised \$14M). These seed+ and series A rounds suggest megadeals in the years to come.

DRC will likely follow the pathway of Senegal and Tunisia with a few mega deals in the future. Fintech players such as Flash and MaxiCash will likely raise mega-rounds in the future if utility payments are allowed with mobile money. Furthermore, improved interoperability and internet penetration will lead to the creation of Fintech giants in DRC. In Senegal, the percentage of the population using mobile money has moved from 6% in 2018 to +45% in 2023, mainly driven by various payment use cases (utilities, taxis, informal retail, etc.), low cost of internet data, and favorable competitive terms. The current Fintech ecosystem in DRC is comparable to the ecosystem in Senegal in 2016-2018 when utility payments via mobile money were

experiencing pushback from utility companies.

Figure 3: Analysis of the financial inclusion in DRC



Source: DataReportal - Digital 2023: The Democratic Republic of the Congo

The status of the Entrepreneurship Support System

The number of Entrepreneurship Support Organizations (ESOs) continues to increase in the DRC, the most recent being Orange Digital Center, launched in the second half of 2022. In general, the ESOs provide various support to the ecosystem, including training programmers, providing workspaces to entrepreneurs, and delivering incubation programs. ESOs such as Kobo Hub Accelerator have access to the best international knowledge and practices for startup support through collaboration with international organizations such as Afrilabs and Ovation.

ESOs like Silikin Village are betting on top-class physical infrastructure to support entrepreneurship. In a country like DRC, where access to stable internet and energy is uneven, having access to state-of-the-art facilities is essential. Silikin is building one of Africa's most prominent business hubs (11.625 m2) to have all relevant business players under one roof. Silikin hub will host more than 1,500 individuals at scale. Senegal is also building a similar business center (Centre Mohamed Bin Zayed pour l'entreprenariat et l'innovation) , under the leadership of La DER, with a target size of 26,000 m2 of usable space.

Figure 4: Silikin Village, the biggest business hub in Kinshasa



Source: Silikin Village brochure

Access to talent is a key success factor for a growing startup ecosystem. The Polytechnic Faculty of Kinshasa is essential in training the skills necessary to feed companies' and startups' technical and technological talent needs.

Unlike other Francophone African countries, where tech talents are mainly located in the capital cities, DRC has built tech training hubs in Lubumbashi and Goma. In Lubumbashi, the capital of the Katanga region and copper, the leading actor is CINOLU (Center of Innovation of Lubumbashi). In Goma, the ecosystem is more extensive, with more players. For example, UptodateDevelopers, launched by Joséphine NDEZE, acculturates, trains, creates, and supports tech projects. Their latest engagement includes supporting ElekApp Food, a food delivery startup using bikes.

Public institutions and communities

In Senegal, The Delegation of Rapid Entrepreneurship (La DER), a government entity created in 2017 to boost startup creation by youth and women, has played a tremendous role in building the startup ecosystem. Today, except Wave, most of the startups that have raised more than US\$1 million in Senegal have received seed funding from La DER. Startups such as PAPS, Yobante Express, and Logidoo have all been supported by La DER in their early days. DER combines debt and equity funding, with flexible but market-based terms to avoid market disruption. Cote d'Ivoire is in the process of setting up an institution such as La DER to boost its startup ecosystem. In DRC, FOGEC (Guarantee Fund for Entrepreneurship in Congo) is positioned as a Guarantee mechanism that allows startups to raise bank loans. However, given the types of funding suitable for startup growth and banks' non-flexible lending conditions, most startups will not benefit from FOGEC. A seed

funding instrument, using patient capital such as DER in Senegal, can play a critical role in increasing the number of startups in the country.

DRC has also promulgated its startup act in September 2022, which is a big milestone. In terms of the next steps, DRC needs to work on the decree of application of the Startup Act to make it operational. Regarding the effective application of the Startup Act, DRC should rather follow the example of Tunisia, which has managed to successfully implement its start-up act. On the contrary, Senegal has signed its Startup Act in 2020, but it is yet to be operational.

In Côte d'Ivoire, two community-led initiatives have contributed strongly to the development of links between the ecosystem actors.

- A WhatsApp group Cool Kids of Abidjan, in which all the actors share information and opportunities in a warm and open atmosphere, launched many years ago under the pulse of various actors, including SeedStars, and
- Ci20, which started by bringing together 20 Ivorian startups is now working alongside ministries to draft a Startup Act for Cote d'Ivoire.

In DRC, private initiatives like the Makutano network, the Congo Business Network, and LaTech243 (a startup collective) are playing key advocacy roles on behalf of startups.

Infrastructure

- Access to power: Senegal's electrification rate of 78.6% is one of the highest on the African continent, compared to 19.1% for DRC. Senegal combines high grid energy penetration with a very reliable electricity supply (rare and short power cuts). Cote d'Ivoire's electrification rate is also above 80% although the supply is not yet reliable. Unlike these two countries, DRC is a vast country (+1,500km separates Kinshasa from Beni), making high penetration difficult. But given the country's natural resources, investing in local energy production solutions can solve the issue.
- Road infrastructures are pretty well developed in Dakar and Abidjan unlike Kinshasa, which is a mega-city. Over the last 10 years, Senegal has invested heavily in its transport infrastructure, with the construction of express highways and railways. Senegal and Cote d'Ivoire also have very good road connections between their capital cities and their main regions. The poor road conditions between Kinshasa and the main agricultural production regions are key drivers of the high prices of agricultural products in the capital city, Kinshasa.
- Digital connectivity: At the end of 2021, the internet penetration rate was at 17.6% in DRC. The development of the DRC's internet and broadband market has been held back by poorly developed national and international infrastructure. Ongoing and coming projects in the pipeline have the capacity to increase internet coverage to 50%-70% within the next three years. The construction of data centers is relatively recent in the DRC. Various projects are currently under development. For example, Raxio Group, an American data center developer, plans to open a carrier-neutral data center in Kinshasa in 2023 (with 1,000 square meters in size), which makes it possible to reach customers regardless of the operator. In the future, Raxio Group plans to open up to 12 data centers in

the DRC, which will likely increase the local computing and cloud capacity to host startups operating in DRC. In Senegal, the internet penetration rate is estimated at 94.82% according to the report of the Telecommunications and Posts Regulatory Authority (ARTP). The national digital agency has been privatized to support the digitalization of the country. Sénégal Numérique SA owns more than 6,000 km of optical fiber and a tier-3 data center. The Senegalese government has also launched a super calculator dedicated to boosting the research sector, as well as the private sector. Senegal is the third African country to have a super calculator, after South Africa and Côte d'Ivoire.

Entrepreneurs and tech talents

When we ask entrepreneurs how they can find the necessary human resources, they all answer: that there are 100 million people, and you can't miss seeing a few gems. As a reminder, the population is young, and +53% are under 18, meaning at least 50 million people, and their digital acculturation gives an idea of the potential quality of entrepreneurs and resources.

Different structures are working on training young people in digital skills. It is the case of Kinshasa Digital Academy, which offers web and mobile developer training and digital marketing training of up to 18 months, including six months of internship.

The phenomenon of repatriation is increasingly strong among the Congolese diaspora. The latter is strongly present in the English-speaking countries of South Africa, Kenya, the UK, and the USA / Canada, in addition to countries where graduates have a good level of English, such as France, Belgium, and the Netherlands. Those profiles also reassure international investors about their education status or the ability to have international codes. This is the case of Launch Africa, which financed MaxiCash, founded by two Congolese who lived in South Africa, or the Rawbank, which chose Mopépé Solution, founded by a Congolese with exposure to Nigeria and the USA, but also Wiikko, founded by a Congolese graduate of the University of Alabama, USA.

One of the main obstacles to diaspora return is the high cost of living, which forces them to be on high levels of remuneration and, therefore, burdensome for companies. Indeed, while waiting for actors to come and offer solutions to solve the cost of living problems, to find accommodation in good conditions with almost continuous electricity for a two-bedroom apartment, only a few neighborhoods attract expatriates and repatriates, which drives prices up. Eating out is also expensive due to the difficulties of the local value chain and the cost of imported products.

Senegal and Côte d'Ivoire have become emerging countries regarding the number of developers and digital resources, with 10,000 and 9,000 software developers, respectively. These growing number are due to work carried out by national and international players. Simplon and GoMyCode have schools in Abidjan and Dakar. Sayna started with Abidjan before expanding to Dakar. Ecole Supérieure Polytechnique de Dakar (ESP) has been very successful in providing talents and entrepreneurs to the ecosystem. Omar Cisse, the Founder of InTouch is an ESP alumni.

In Senegal, other training institutes such as Volkeno, BEM Technology, AIMS, and DAUST provide talents to the ecosystem.

Furthermore, the entrepreneurship ecosystems in Senegal and Cote d'Ivoire benefit strongly from the recent trend of talent from diaspora relocating back due to improved quality of life and economic conditions. PAPS has been co-founded by Bamba Lo, who is a returnee from France. Kwely has been founded by Birame Sock, who is a serial women entrepreneur who has founded and exited 2 startups in the US. In Côte d'Ivoire, Djama has been co-founded by Hassan Bourgi, who founded and sold Busportal in Latin America.

Dakar also attracts numerous Francophone talents from West Africa, who come for university-level education but decide to remain. For instance, PayDunya in Senegal has been founded by Aziz Yerima, from Benin.

Finance/Capital

Still perceived as a high-risk frontier country, investors are among the most prominent missing parts of the Congolese ecosystem. Beyond the Development Finance Institutions, only three structures finance startups, two of which are supported by donors.

DRC Impact Angels, led by Djo MOUPONDO, is a network of Congolese business angels whose ambition is to finance and support startups and innovative SMEs in their early-stage financing needs. Launched in 2022, they have made three investments, including WENZE Mobile (an AgTech startup), ExpressApp (a Fintech simplifying USSD payment requests). DRC Impact Angels is the first formal angel investing vehicle, but most entrepreneurs in DRC have received angel funding from friends, families, and networks. However, terms offered by individual angel investors are often unethical and not designed to incentivize entrepreneurs. In one case, angel investors own 65% of the company, with the full-time founder owning only 35%. Due to the lack of early-stage funding vehicles, most passionate founders are willing to accept those terms to keep their startups alive.

Proparco, attached to the local AFD antenna, and XSML are seeking to invest in startups with a minimum ticket size of US\$1 million. The lack of early-stage funding hinders the development of investment-ready startups that can absorb ticket sizes above US\$1 million. So far, only Proparco has managed to close a deal with Nuru.

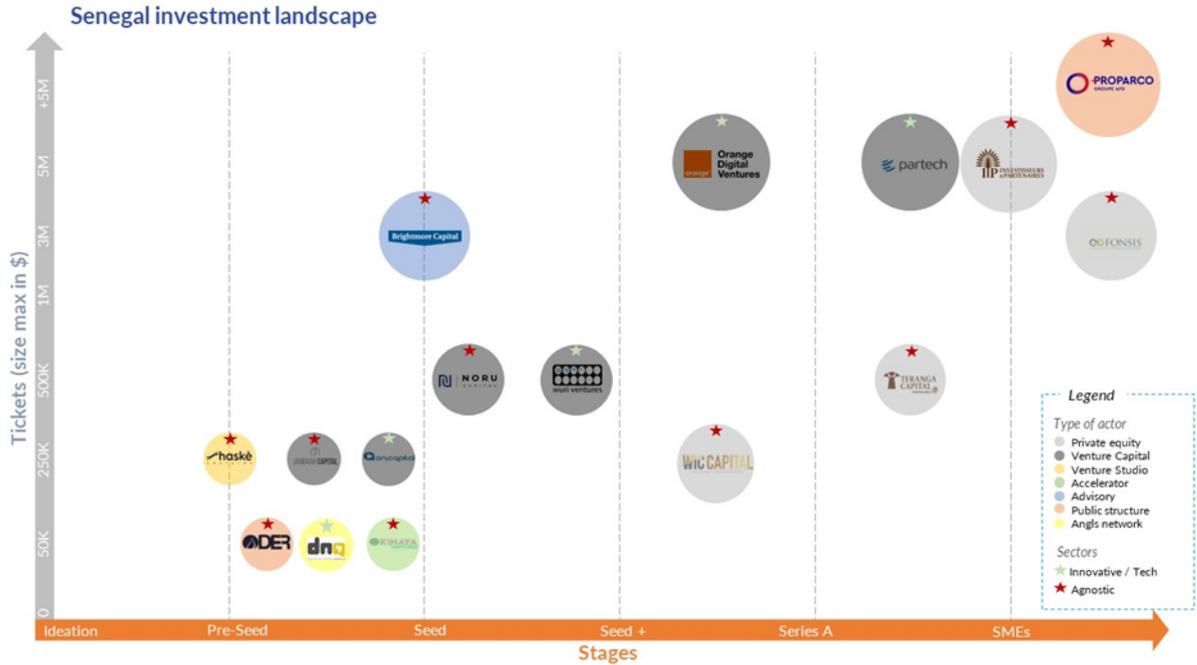
Investisseurs & Partenaires plans to open a local office. A subsidiary of Proparco, Digital Africa, is looking to invest in startups at the pre-seed level (Proof-of-Concept, MVP) in DRC.

Commercial banks, in particular, EquityBCDC and Rawbank, intend to play an active role in supporting entrepreneurship. EquityBCDC has created a Foundation endowed with \$400M to provide impact investment to SMEs and startups. RawBank has created a FinTec department to provide startups with the right level of support.

Due to the quality of life, and political stability, Dakar is also a hub for investors. For instance, well-known investors such as Partech Africa and Investisseurs et

Partnaires have an office in Senegal. Although insufficient, early-stage funding is more structured in Senegal than in DRC. Dakar has the first venture studio in Francophone West Africa (Haskè Ventures) and the first gender-lens fund (WIC Capital). Investors are in different stages of maturity, giving entrepreneurs more funding options than in DRC.

Figure 5: Analysis of the investment landscape in Senegal



Source: Haskè Ventures internal report

In Côte d'Ivoire, three structures work identically to a venture studio:

- Saviu Ventures, a historical VC with many promising startups in its portfolio such as Kamtar, Anka (Afrikrea) or Julaya
- Janngo, a fund/venture studio with a gender lens angle
- M Studio, which has just started and looking to build and finance tech startups

Comparing DRC with Nigeria

- **Entrepreneurship Support Organizations (ESO):** Co-Creation Hub (CcHub), was the first coworking space in Nigeria. It was founded in late 2010 and launched formally in 2011, as a dedicated innovation center to accelerate social capital and technology in Nigeria. It has been instrumental in growing the local tech community, via innovation consulting, programme management, community support, network and partnership nurturing. In 2012, it also led the convergence of many stakeholders to build the technology cluster in Yaba, Lagos. Over the years, it has built a community of over 14,000 people and incubated and supported over 120 early-stage ventures.

- **Public institutions and communities:** the role of the Nigerian public sector in intentionally driving growth in tech innovation is minimal. Despite the early birth of Nigeria's tech ecosystem (in relation to DRC), the Startup Act was only introduced in 2022. The invention of market-leading tech companies such as Interswitch or Paystack are driven more by market forces and entrepreneurial wills, than tax benefits or other policy incentives. However, there are a few notable exceptions, which paved the way for innovations in the financial service sector to scale much more quickly than otherwise.

One of them is the Nigeria Inter-Bank Settlement System (NIBSS), which was incorporated in 1993. It allows all licensed banks in Nigeria to achieve interoperability with each other. Hence, the banks themselves all started their own digital banking Apps whereby users can initiate bank transfers to the counterparty (individuals or businesses) regardless of which recipient bank it is. It further enabled Fintechs to build on top of it to provide additional financial service products.

The other one is the introduction of nation-wide bank verification number (BVN) - which is a biometric identification system launched in 2014 by the Central Bank of Nigeria, and used as a primary source of identity for financial institutions and many Fintechs. As of December 2022, total registered users in the database stood at 51.7 million, out of 134 million active bank accounts. Although it has not captured all the bankable population in Nigeria yet, it provides a good enough user base for Fintechs to scale with these verified and banked users.

- **Infrastructure**
 - Power/electricity: Similar to DRC, Nigeria also faces significant challenges when it comes to stable power. There are constant power cuts throughout the day and most businesses and households prepare stand-by generators to cope with downtime. It increases cost of business and frustration for startup founders as well, especially when a stable internet is required to build and test their products.
 - Road and logistics: Similar to Kinshasa, Lagos is also a mega city with a huge population but poorly developed road and transport infrastructure.
 - Digital connectivity: internet penetration has steadily improved - it stands at 37% by end of 2021, and 39% by end of 2022, which grew from 19% in 2013, which is almost the level of internet penetration in DRC today.
- **Entrepreneurs and tech talents**
 - The first generation of tech entrepreneurs in Nigeria was also in a way shaped by the returned diaspora. Iyinoluwa Aboyeji, for example, came back to Nigeria from the United States, to build Andela and later Flutterwave, which catalyzed huge impacts on the ecosystem not only because of the role model he is able to build for fellow entrepreneurs, but also because of the talents he was able to bring up and groom under Andela, which is a leading platform connecting African software developers to global job opportunities.
 - In addition, the early birth of e-commerce platforms such as Jumia and

Konga also played a critical role in inspiring young graduates to join tech companies and build a career from there. Many of the second or third generation entrepreneurs in Nigeria are proud to label themselves as 'ex-Jumia', 'ex-Konga' etc.

- **Finance/Capital**

- From the early stage of the ecosystem in Nigeria, there were active local angel investing activities and early stage investors, which encouraged entrepreneurial ventures.
- LoftyInc, inspired by Houston Angel Network, was founded in 2010 as an angel investing group which later on became known as the Afropreneur Angel Group in 2012 and invests with \$50,000 - \$250,000 tickets.
- Greenhouse Capital, an early-stage investment firm, was founded in 2014, as a spin-off from Venture Garden Group (started in 2011). While VGG was focused on building fintech products in different verticals, varying from payments to lending to aviation or education-oriented financial services or products, Greenhouse Capital was one of the very active early investors. Similarly, Microtraction, started in 2017, with the first cheque of \$100,000 (for 7% equity).
- However, it is also worth noting that, when angel investing was still not a quite familiar topic for many first-time entrepreneurs, there were some aggressive/predatory terms that founders signed (back in 2015-2016) which made their future fundraising very challenging as they have already given out a huge portion of the business at a very early stage.
- As the ecosystem gained more and more attention, VC practices became more standardized, and a lot more early stage focused funds were set up to capitalize on the plentiful early stage opportunities that were rising since 2015. These include Kepple Africa Ventures (founded in 2018), Future Africa (started in 2020), Launch Africa (started in 2021), etc., with each having invested in more than (or almost) 100 startups on the continent.

4. Trend and business models of the indigenous startups from DRC

4-1. Sectors

The research team interviewed 25 startups randomly selected through introductions and meetups. Business models of these 25 startups are diversified as shown below.

Fintech	6	24%
Food Delivery	2	8%
Supply chain	2	8%
Healthcare	2	8%
Edtech	2	8%
Energy	1	4%
Media	1	4%
Mobility	1	4%
Human Capital	1	4%
Marketplace	1	4%
Phone	1	4%
Contents	1	4%
Delivery/Ecommerce	1	4%
SaaS	1	4%
Cyber security	1	4%
Booking	1	4%
TOTAL	25	100%

The top share is **fintech**, representing 24% of the startups, followed by **food delivery, supply chain, healthcare, and edtech**, each representing 8%. These top 5 sectors obviously reflect where the basic infrastructure and public services are missing in DRC. Given the vast size of the land and scattered population, it has been challenging to penetrate the financial services to the population and to build the logistics networks across the country. Entrepreneurs are trying to solve these issues with digitized solutions that are scalable and affordable.

For example, fintech companies are building the digital payment infrastructure and the interoperability system across different banks and mobile money wallets, so that people and businesses can electronically send and receive money, and make payment more easily.

Food delivery and supply chain startups are basically connecting the entire food value chain from the rural farmers to the urban stores, restaurants, and consumers. The value chain is fragmented by multiple layers of aggregators and middlemen, and inflicted with broken logistics from the first mile to the last mile. Startups in this space are building platforms to digitally connect the value chain and improve efficiency and transparency.

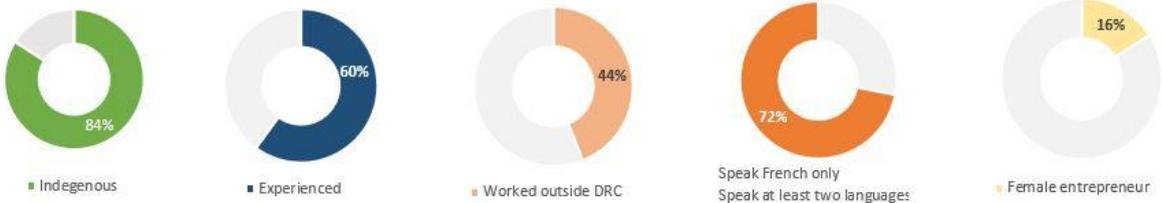
Payment and logistics are the most critical infrastructure to support other businesses and services. Healthcare and education sectors are no exception. For example, it is almost impossible for people to access drugs, medical equipment, and text books without the functioning payment and logistics infrastructure. Startups in the healthcare and education sectors are basically solving the issue of availability and accessibility through digital solutions. For example, one edutech startup is distributing tablets with educational contents to rural schools. Another healthcare startup is connecting Congolese diasporas living abroad to pay for the medical expenses of their family members in DRC who cannot afford it by themselves.

Apart from these top 5 sectors, diversity of the sectors that DRC startups are engaged in implies that there are no hype-driven market trends yet in this nascent market. As the DRC market is still disconnected from the global startup ecosystem, entrepreneurs are building their businesses in whatever sectors they find opportunities without paying too much attention to the global trends or the investors' interest. There are pros and cons with this. Pros are that there might be a great bottom-up innovation by indigenous entrepreneurs without being biased by the global tech trend. On the other hand, due to the lack of benchmarking against the global startups, DRC startups might not be able to learn from the mistakes experienced by its peers, and it takes time to grow the business by themselves.

4-2. Profiles of entrepreneurs

We have interviewed 36 entrepreneurs representing 25 startups in our research. Here is a summary of the 25 startups by the profiles of their founders.

Figure 6: Profiles of the Founders



DRC is a complicated market for businesses, ranked 183 among 190 countries in the ease of doing business by World Bank (2020). Startups have to navigate an inconsistent regulatory environment and deal with various conflicts and confrontations from the incumbent businesses. This tough business environment requires entrepreneurs to have some experiences in the corporate world and know who to talk to in the local network when they run into troubles. A finding from our research shows that 84% of founders are indigenous and 60% are experienced business persons. This is consistent with our assumptions that entrepreneurs should be local and experienced to be successful in the difficult DRC market.

While the local experience matters, it is also important for entrepreneurs to have a broader perspective to compare their business models against the comps in other

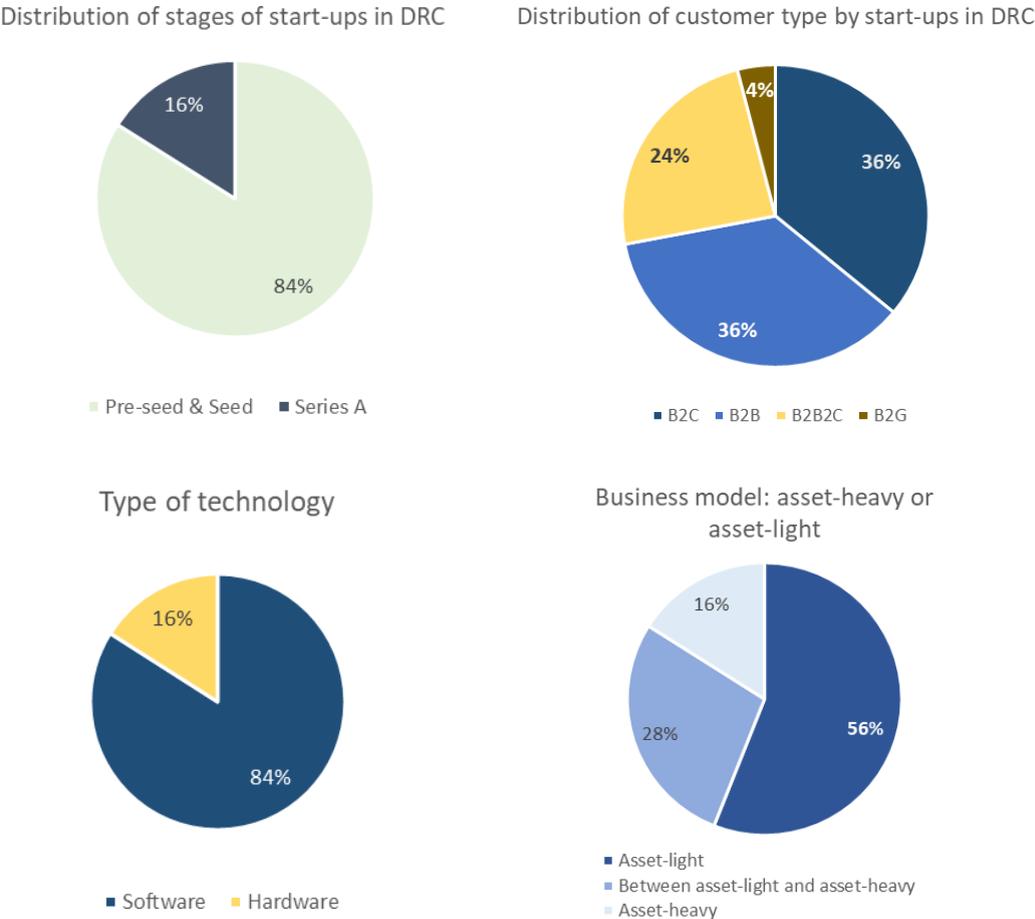
markets. One of our observations from our interactions with the entrepreneurs in DRC was that they are isolated from the other African startup ecosystems and do not know well about their competitors in the other markets. This can partly be explained by our data showing that only 44% of the founders worked outside DRC. In fact, we found that entrepreneurs who worked outside DRC are relatively more familiar with the best practices of the startups in the global market.

Although the official language of DRC is French, it was impressive to find that most of the founders we interviewed spoke English. As the data shows, only 28% of the founders spoke French only. Most of the founders who speak English have studied or worked in South Africa before starting their businesses.

Female founders are still rare in DRC. Only 16% of the startups had female founders, as shown in the data. In Nigeria and other African markets, we have seen some successful female entrepreneurs, who are inspiring other females to follow. This trend is further underpinned by a rise of female focused VCs. In DRC, there are no role models yet either from entrepreneurs or investors.

4-3. Stage and business model of startups

Figure 7: Snapshot of the Startups



As DRC is still a nascent market, not many startups have ever fundraised from external investors other than friends and families. 84% of the startups we interviewed are either in pre-seed or seed stage. Only 16% are currently raising Series A.

In terms of the business model, we assumed that B2B is dominant, as spending power of the consumers is still low, and B2C is difficult to monetize. However, we have found that there are as many B2C models as B2B models. This could be explained by the undersaturated status of the B2C market in DRC. Since not many tech startups have been launched yet in DRC, there is effectively a vacuum in the market where the demand is overwhelmingly bigger than the supply. With the growing urban population and terrible traffic jams, food delivery and ecommerce are increasingly sought for by the consumers, but there is no dominant player yet, and the competition is little. This is a completely different landscape from Nairobi, Lagos, or Cairo where the delivery services are very competitive and getting saturated. When the market is undersaturated, there are many new entrants at the beginning. This explains why we are seeing an increasing number of B2C businesses in DRC at this early phase.

Given that most startups in DRC are very young and bootstrapping, they do not have financial capability to develop high-cost products or own expensive assets. Hardware products are usually more capital intensive than software to develop, and the working capital required for inventories is also significant for hardwares. Therefore, it is quite obvious that 84% of the startups in DRC are focused on software. The fact that most of the startups have low to medium asset intensity is also in line with the lack of funding. However, as more DRC startups become successful in fundraising, it is expected that they will start to own more assets to grow their businesses, since limited availability of the third party asset providers could be the bottleneck for the growth. For example, startups providing digital solutions for the supply chain struggle to find warehouses and trucks provided by third parties. Then they have no choice but to own more assets by themselves in order to grow their businesses.

4-4. Key findings

In addition to the characteristics and trends discussed above, there are other key findings from the DRC startups.

- **Partnership with Government**

Some startups have successfully collaborated with the government, enjoying the privilege of backing from the government. For example, one ride hailing startup provides a digital registration platform for taxi vehicles, which is part of the mandatory process required by the city government. As this company has exclusivity with the city government to provide such service, it can onboard drivers to its ride hailing platform almost automatically without spending a single cent on customer acquisition. This business model can effectively be described as the “B2G2B” model.

Another example is an edtech startup that distributes tablets with pre-installed

educational contents for students in remote areas. The DRC government has supported this startup by instructing schools to introduce tablets and replace conventional textbooks. Its business model is B2G, government entities and public schools being its customers.

- **Importance of Offline Touchpoints with Consumers**

As explained in the previous sections, internet connection in DRC is still expensive for most of the population. Penetration of mobile money is also very low compared to other African countries. These market conditions result in consumers' tendency to rely on offline touchpoints with the service providers, underpinned by their lack of tech savviness to use apps. Most of the B2C startups echoed this point in our interviews. For example, although a food delivery startup provides an online ordering app to the consumers, most of the orders come through phone calls to the restaurants. A fintech company that provides agent networks for mobile money operators also mentioned that their core focus is on over-the-counter transactions for the end users as most of them are not familiar with transactions on the app, and they prefer to transact with agents in person.

- **Leveraging Diaspora's Money**

Given the limited spending power of mass consumers in DRC, some B2C startups are trying to leverage Congolese diaspora's money. For example, one startup is serving congolese diasporas to pay for their family members in DRC to access healthcare services. Another ecommerce startup allows diasporas to choose food and FMCG items for the family members in DRC and pay for the purchase. Then, the startup delivers these orders to the family members, and shares their excitement with the diaspora in real time with their pictures and delivery completion notices.

- **Significant Dilution of Founders Shares by the Aggressive Terms**

As seen in other nascent startup ecosystems (including Nigeria back in 2015/16), there is an issue of exploitative terms by investors when the value of money is so high in the fledgling startup ecosystem. It is daunting to see significantly diluted founders' shares in a cap table of a seed stage company. Actually, it was shocking to see some of the founders not owning even the majority of shares after their first fundraising of less than \$30k. Even with great products and strong tractions, these founders will not be able to proceed to the next funding rounds unless they clean up their cap tables. In order to support healthy and sustainable growth of the Congolese startup ecosystem, we need to educate both the founders and local investors. It is important to create an active community of the local entrepreneurs and investors and to provide seminars and sessions for them.

5. Analysis of the characteristics of startups that have entered or are considering entering the DRC

As DRC is still a nascent market, there have not been many African startups that have expanded to DRC yet. However, despite the high cost and unique challenges such as local regulatory complexities and the lack of skilled talents, some startups have already entered the DRC market, and others are following them.

Key drivers and strategies for expansion to DRC are discussed here based on the experiences of pioneers that entered the DRC market in the past few years.

5-1. Replication of Building an Infrastructure Layer

As called “sleeping giant”, DRC has its vast potential as the last frontier markets of the continent. As a flip side of the coin, there is a significant time lag between DRC and other mature markets such as Kenya, Nigeria, and even Francophone West African countries. This time lag of ecosystem development gives advantages to the startups from the mature markets, letting them replicate their business models in DRC. Replicability of the business models could be easier for the infrastructure layer rather than application layer, because backend infrastructure layer is more universal than the app layer which requires localized UI/UX on the frontend to cater to the nuanced local needs.

MFS provides a backend infrastructure for international money transfers in multiple African countries originating from South Africa. MFS launched its operation in DRC in 2021 by creating a local JV entity with its local founding partner. The local founding partner is very experienced in the relevant sector, having worked in South Africa and DRC.

LAfrica Mobile provides an integrated communication platform across different telcos to help businesses build their services upon the integrated USSD infrastructure. Originally from Senegal, LAfrica Mobile expanded to West African Francophone countries and DRC. Its expansion to DRC was triggered by an opportunity to collaborate with a fintech startup in DRC that requires the technology of LAfrica Mobile.

These are the examples of pan-African startups expanding to DRC and replicating the creation of an tech infrastructure.

5-2. Regional and Cultural Cohesiveness

Language and culture are big barriers for international expansion. In the western region of DRC including Kinshasa, its language and cultural continuity with the

neighboring countries such as Angola, Congo-Brazzaville, Cameroon, and even Francophone West African countries is important. The cohesiveness with these markets consists of multiple layers such as French/Belgian colonial legacy, cultural, historical, and tribal connections, and language commonalities such as Lingala and French.

As mentioned above, LAfrica Mobile expanded from Senegal to DRC. Some other Senegalese startups in logistics, B2B, and agricultural sectors are also considering expansion to DRC. There are also other startups in the transportation and legal tech sectors from Togo and Ivory Coast respectively, that are planning to expand to DRC.

Angola, a country that shares the longest land border with DRC, is also an interesting market that could have synergies with the western region of DRC. A successful B2C food delivery startup from Angola is already active in Kinshasa.

Among the Francophone Central African countries, Cameroon is recently attracting lots of attention from investors. There is a growing momentum by the Cameroonian startups to expand to DRC after their successful fundraising. There are a few healthcare and fintech startups from Cameroon that are expanding to DRC.

While the regional and cultural cohesiveness serves as push factors, there are also pull factors. Most of these African startups that are expanding to DRC are strongly motivated by the massive size of the DRC market and its high growth potential, compared to the limited size of their home markets.

5-3. Strategic Investment by Anglophone Scale-ups

Although it is not publicly announced, an African fintech giant has made a strategic investment in a Congolese payment company. This fintech company comes from the Anglophone country. Due to the language barrier, it makes sense for an Anglophone startup to enter the French-speaking market through strategic investment into the local company instead of expanding by itself. Since the successful scale-ups with the valuations of more than \$100M are mainly from the Anglophone mature markets such as Nigeria, Kenya, and South Africa, we expect to see more cases of strategic investment (or even acquisition) as a dominant form of expansion to DRC from these Anglophone countries.

6. Analysis of the potential expansion by startups from DRC to other markets

6-1. Cross-border Expansion

Since most of the startups in DRC are in the early stage, they are not ready to expand to other countries. We have seen only a few companies expanding to other markets so far, such as a Congolese fintech company that expanded to Congo Brazzaville and Ivory Coast. This expansion was mainly driven by the organic expansion from Kinshasa to Brazzaville due to its geographical proximity just across the river. Usually it is easier for startups to expand from a very chaotic market to a less chaotic market as required adaptation of the product and operation would be less challenging. For example, it is very common to find Nigerian startups expanding to other African markets, but less so for Rwandan startups, because Nigeria is a very chaotic market, while Rwanda is a very organized market. As DRC is obviously one of the most chaotic markets in Africa, we expect to see more Congolese startups expanding to other markets in the next few years. This outlook is partially validated by the strong interest of Congolese startups to expand to other markets.

Among the 25 startups that we have interviewed, 4 are currently pursuing cross-border expansion, out of which 2 are fintech, 1 B2C food delivery, and 1 cyber security. All of them mentioned Congo Brazzaville as a target market, while Ivory Coast, Gabon, and Cameroon are also mentioned by at least one of them.

6-2. Hardship of Domestic Expansion in DRC

Due to the lack of transportation infrastructure, geographical and cultural diversity, and the political divisions and conflicts, it is not easy for indigenous startups to expand domestically across the country from a practical and operational perspective. If we divide DRC into the 3 major regions (i.e. West, South, and East), it could be easier to expand to adjacent countries from each region rather than integrating the three as a single market. Here are our hypotheses on the expansion dynamics for each of the 3 regions, which remain to be proven in the next few years.

- **Western DRC (centered around Kinshasa)**

In the Western parts of DRC, most of the imported goods are transported from Pointe Noire (Congo Brazzaville) to Matadi and to Kinshasa. The large economic zone is formed along these major logistics routes, and thus Western DRC is deeply connected to Congo Brazzaville and Angola. It is quite obvious for the startups from Kinshasa (Western DRC) to expand to these neighboring markets. Especially if their business models are related to logistics, supply chain, and lifestyles of the consumers, the cross-border expansion to Congo Brazzaville and Angola seems organic if they follow the flow of goods, people, and money.

- **Southern DRC (centered around Lubumbashi)**

The economy of southern DRC is driven by the mining industry and mineral resources. Backed by the huge wealth of local government and entrenched businesses, there would be more top-down initiatives to facilitate local innovations and encourage collaboration between incumbent businesses and startups. With such regional-orientation and inward-looking dynamics, startups from the southern region might be a bit slow to expand across the border.

Meanwhile, due to the strong economic ties between Southern DRC and Zambia, influence from Zambia should not be underestimated. Zambia is recently attracting attention from Web3 investors because of its crypto-friendly market environment with favorable policy directions. Although the DRC government is strictly regulating against crypto, increasing presence of crypto and web3 startups from Zambia might bring new opportunities and waves of changes to the Southern DRC.

- **Eastern DRC (centered around Goma and Bukavu)**

The Eastern DRC has been deeply integrated into the economy of East Africa, with Swahili as a regional common language. DRC's recent joining to EAC is also accelerating the region's interdependence with East African countries. As Eastern DRC is considered a frontier market for the East African countries, it presents itself as a new attractive market to expand from Kenya and other East African countries. As these Kenyan and East African startups are usually more mature with deep pockets and successful track records compared to fledgling indigenous startups from Eastern DRC, it is not sure if they can compete against them, let alone make cross-border expansion from Eastern DRC to the more mature neighboring markets.

7. Potential contribution of startups to the economic development of DRC

In 2027, the Congolese GDP should grow by 78% compared to 2021 to reach \$100.81B. This increase in GDP will be a consequence of the diversification of the economy and an improvement in many parts of the economy resulting from startup innovations.

The startup ecosystem has yet to create local business champions in the different sectors and contribute substantially to the country's economic development. Traditional sectors such as agriculture and mining are still the economy's main drivers. The first local champions should come from Fintech, given the readiness of the technology. However, startup founders should explore innovations that digitize traditional sectors that are still the economy's main drivers.

The number of developers should increase to support the emergence of the tech ecosystem. In 2022, the DRC was not part of the 10 African countries with software developers, counting less than 18,000 developers, which represents less than 0.02% of the population at most. By comparison, Kenya has one developer per 1,000 inhabitants, which means 5x DRC's number of developers per capita. More developers will lead to more tech solutions and, therefore, more job creation by startups.

8. Analysis of the potential opportunities for Japanese companies to partner with startups in DRC

8-1. Activities of the Japanese Startups in DRC

Although there were some Japanese companies engaged in the infrastructure, oil and gas, and metal mining businesses in DRC in the past, none of them are active now. Some Japanese trading companies and manufacturers are visiting DRC on an ad-hoc basis for business development and support for their existing distribution channels, but we have not heard of any new plans to expand to DRC.

In contrast to inactivity by the big Japanese corporates, there are Japanese startups operating in DRC.

- **SOIK**

SOIK, a Japanese startup providing digital healthcare solutions for pregnant women at hospitals in the remote areas, has been operating in DRC since 2019. SOIK supplies medical devices to the hospitals through the contract with the Ministry of Public Health in DRC. SOIK has been granted tax exemption for importation of medical devices through the support from ANAPI, National Investment Promotion Agency of DRC. The CEO/founder of SOIK, a Japanese entrepreneur, had spent more than 3 years at JICA Kinshasa office before starting SOIK. Toyota Tsusho Corporation is collaborating with SOIK for research, technology transfer, and human resource development in order to create innovative medical services that contribute to Universal Health Coverage in DRC.

- **Wassha**

Wassha is a Japanese startup distributing solar panels and LED lanterns through a pay-as-you-go (PAYG) model in areas with limited access to the power grid. Wassha has recently expanded to the DRC from Tanzania. Wassha considers DRC as a very promising market to expand its LED lantern business. It recently hired a Japanese person based in DRC as a new local representative. Wassha has been supported by Japanese investors such as Marubeni and Yamaha, which also operate in African markets.

8-2. Implications for Japanese Companies

Even if we just look at the startup ecosystem in DRC, the market has been evolving very quickly driven by entrepreneurs, local ecosystem builders, and the government. It is also expected that investment by venture capitals will start to grow rapidly in the next few years. In order to catch up with the ongoing positive changes and assess the new opportunities, it is important for Japanese companies to consider collaboration with the startups. Startups are driving innovation for conventional businesses, building new layers of tech-driven infrastructure, and spearheading the disruption and leapfrogging of the DRC economy. Here are potential approaches that Japanese companies can consider in order to facilitate their expansion to the DRC

market.

- **Collaboration with the Japanese Startups operating in DRC**

Both Soik and Wassha are dealing with the nitty-gritty of running businesses in DRC on the ground. Their market insights and experiences are very useful resources for the Japanese companies entering the DRC market. By building strategic synergies with these Japanese startups operating in DRC, Japanese companies can complement their conventional approaches by learning from the entrepreneurial and iterative approaches to penetrate the market.

- **Collaboration with the Local Startups in DRC**

Most of the local startups are tackling the fundamental issues caused by the market frictions and the lack of public infrastructure in DRC. These are the major bottlenecks for any businesses to grow and scale. For example, payment aggregators, logistics platforms, digital supply chain solutions, and last mile delivery providers are the lynchpin for most businesses. Collaborating with these local startups in DRC can be the first step for Japanese companies to connect with the key industrial players in the target space and build partnerships. We have already seen some Japanese companies successfully taking this approach in other African markets, especially in the logistics, payment, and supply chain. (For example, Yamaha collaborates with Sendy in Kenya and Max in Nigeria.)

It is also noteworthy that some startups in DRC have successfully engaged with the government on an exclusive basis (as mentioned in 4-4) to create barriers against new entrants and build the first mover advantage. In order to navigate the complex regulatory environment in DRC, Japanese startups can partner with these startups and learn from their B2G approaches.

- **Collaboration with Startups through Accelerators and Investors in DRC**

It is not easy for Japanese companies to find strategic partners from a huge pool of startups. Rather than directly reaching out to individual startups, they can partner with tech hubs, accelerators, and investors to learn about the ecosystem first, and curate the process toward collaboration with the specific startups. For example, Ovation, an accelerator operating in DRC, is helping the global mining companies to provide support to the startups in Lubumbashi. In a similar way, there are both local and international stakeholders that can design original programs for Japanese companies to collaborate with startups in DRC.

9. Conclusion

As discussed throughout the report, DRC has both huge potential and challenges to grow its startup ecosystem and drive economic growth. In order to maximize the positive outcome, the key parameters will be identified, and the next actions will be recommended in this chapter.

- **Huge Potential of DRC**

As reflected in the recent upgrading of DRC by Moody's and S&P, DRC has a positive economic outlook with expected increase of foreign direct investment. Its vast market size and population growth are the key drivers of long-term economic growth. Although the lack of infrastructure and public services have caused abundant social challenges, the digital innovation will potentially catalyze the disruption of different bottlenecks and leapfrog the economy of DRC.

- **Drawbacks and Enabling Factors**

It is expected that the growth of the startup ecosystem will spearhead the innovation to untap the huge potential of DRC. However, there are some drawbacks that need to be improved and overcome such as:

- High cost of operation;
- Heavy and arbitrary taxation;
- Adhoc enforcement of obscure rules by the regulators;
- Lack of local talents and the cost of training;
- Lack of solid working culture and prevalent mistrust between employers and employees; and
- Lack of capital

On the other hand, there are enabling factors such as:

- Increased penetration of internet and mobile phones;
- Improving regulatory support through ANAPI or enactment of Startup Act;
- Still expensive, but downward trend of internet cost;
- Senior and experienced talents returning to DRC; and
- Increase of incubators and tech hubs.

Putting these factors in the dynamics between the government initiatives vs organic growth of the startup ecosystem, and comparing DRC against Francophone West Africa (Senegal and Ivory Coast) and Nigeria as discussed in Chapter 3, the outlook of DRC is still optimistic.

First of all, Nigeria was able to develop its startup ecosystem without explicit government support up to date. Most of the efforts for ecosystem building came from the private sector. Given the similarities in “extreme” nature of the market between

DRC and Nigeria with their vast population, we can expect DRC to strive its way even without strong government support.

In contrast to Nigeria, Senegal and Ivory Coast have seen better coordination between the government and ecosystem stakeholders, helping to accelerate the growth of startups. DRC is considered to be positioned somewhere between Nigeria and Francophone West Africa in terms of political willingness to support the startup ecosystem. Therefore, if we can facilitate more collaboration between the public sector initiatives and organic growth of the startups, DRC will be able to achieve significant growth in the coming years.

- **Practical Challenges for Startups in DRC**

There are practical challenges that undermine sustainable growth of startups in DRC as discussed in Chapter 4. These challenges are mainly caused by the immaturity of the ecosystem.

The common challenges faced by the startups in DRC are:

- Isolation from other markets and Information gap;
- Lack of benchmarking against comps in other markets;
- Aggressive terms by local investors and unfairly diluted founders shares; and
- Lack of professional investors who can bring the global best practice.

These challenges can be tackled through collaboration among the stakeholders of the ecosystem, without the need for top-down initiatives by the government.

- **Recommendations for Next Actions**

Based on the analysis and discussion in this report, here are our key recommendations for next actions that are helpful for the whole ecosystem.

- 1) Venture Building Approach**

The nascent DRC market is disconnected from other markets in Africa. The isolated status of the DRC market causes the information gap, lack of benchmarking, and short-sighted speculative behaviors. Under such an environment, it is difficult to encourage long-term commitment even at employees level. In order to bridge the skill gaps and information gaps, provide necessary support, and transfer best practices to the founders, a venture building model would be effective.

A venture builder serves as a co-founder of the entrepreneurs, helping them from ideation to iterations, building prototypes, and scaling. In a young and new market like DRC, this super hands-on and long-term approach is more effective than the short-term programs of incubators and accelerators. Venture builders can effectively provide all the resources that founders need.

2) Learning Opportunities

There is a significant lack of basic knowledge about entrepreneurship, running startups, fundraising, and VC investment. Without the existence of fundamental shared knowledge, opportunistic and adhoc decisions by both investors and founders will misguide the whole ecosystem. As discussed in Chapter 4, majority of the founders have never worked outside DRC, and they do not have access to network and resources to benchmark their business models against the comps in the other markets. Some local investors are also naive, and they can push aggressive terms to the founders without considering its negative consequences.

In order to provide learning opportunities for all the stakeholders in DRC, there is a need for seminars and sessions to share the best practices and connect Congolese stakeholders with the broader startup ecosystem. Competition would also bring learning opportunities. As discussed in Chapter 5, there is a growing interest of startups to expand to DRC from the other African markets. Peer network and healthy competition will help DRC startups to have a broader perspective to grow and scale their businesses. It is important for investors to play the role of facilitating cross-border collaboration and expansion between DRC and other markets.

3) Community for the Startup Ecosystem

We have discussed the issue of misalignment at different levels, between local investors and founders, between Congolese founders and their African peers, between government and startups, between multinationals and government, and between startups and big corporates. When these misalignment at different levels come together, sustainable and long-term development of the ecosystem will be hampered. In order to avoid such a situation, simply creating a more active community of the diverse ecosystem stakeholders is important. From that perspective, this research team consisting of later-stage pan-African VC fund, venture builder from Francophone West Africa, and the Japanese development institution from Nigeria, played a catalytic role to foster the discussion across diverse stakeholders. As we plan to partner with the local techhub and other stakeholders, the momentum for collaboration will be further strengthened. It is very important for us to keep expanding this multi-stakeholder initiative and help to create an active community for the DRC ecosystem.

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