

Technology

## Angel Investors Plan Rare SPAC Targeting African Startups

- Agarwal and Kulasingam want to emulate Swvl's merger with SPAC
- The duo have invested in more than 50 African startups



Countries in Africa have a tech-savvy youth population but the continent often lacks financial infrastructure. *Photographer: Waldo Swiegers*

By [Samuel Gebre](#)

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A pair of early-stage investors, who have made fivefold returns funding African startups since 2017, said they plan to list a blank-check company targeting technology companies from the continent.

Investment banker Vishal Agarwal and corporate lawyer Raj Kulasingam hope to emulate the success they saw as investors in Swvl Inc., an Egyptian bus-hailing service now based in Dubai, that's merging with [Queen's Gambit](#)

Growth Capital, a blank-check company. An Africa-focused SPAC would fill a gap to provide funds for a startup needing capital to rapidly expand, according to Agarwal.

“As there is more interest in Africa, we want to give founders a route to market,” Agarwal, who previously worked for PwC and General Electric Co., said in an interview from Nairobi. “A SPAC gives an acceleration to our founders and is overall a good thing for the ecosystem.”

Agarwal didn’t provide further details on the SPAC listing plan. The duo have invested in more than 50 startups as well as in Acuity Ventures, an early-stage venture capital fund, which had stakes in Flutterwave Inc. and Paystack before the firms attained unicorn status.

There were more than 500 early-stage deals in Africa last year -- most valued at less than \$5 million each -- setting the stage for a jump in demand for new capital, according to research provider Briter Bridges. African tech startups raised a record \$5 billion in funding last year with U.S.-based investors dominating the space.

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Still, less than 1% of the nearly 600 New York-listed SPACs hunting for a deal are specifically targeting Africa, according to data provider SPAC Research. FIM Partners, the emerging markets asset manager backed by Egyptian investment bank EFG Hermes, raised \$200 million in July for a blank-check company targeting digital firms in high-growth markets in the Middle East, Africa and Asia.

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Agarwal and Kulasingam's biggest success has been their investment in Kuda Technologies Ltd.'s Kuda Bank, a Nigerian lender that has so far raised \$55 million, valuing it at about \$500 million. The pair backed Kuda Bank with \$600,000 and exited with 14.5-fold gain in 20 months.

"When we do dealmaking, we are influenced not only by being able to get in at the right price, but being able to come out," Agarwal said. "We are very conscious about that, and it's not always straightforward to come out."

Countries in Africa have a tech-savvy youth population but the continent often lacks financial infrastructure and last-mile delivery of goods and services. That's the gap many investors, including Agarwal and Kulasingam, are trying to fill. The duo plan to invest in about 20 startups this year -- after completing 33 transactions last year -- and hope that five to six of their existing portfolio companies will close Series A funding rounds, he said.

"You don't need a dog walking app in Nairobi," said Kulasingam. "It is about moving money from one point to another: how do you get medicine to the people who need it, when transport is so difficult?"

– *With assistance from Paul Abelsky*

*(Adds number of transactions completed in 2021 in ninth paragraph.)*

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