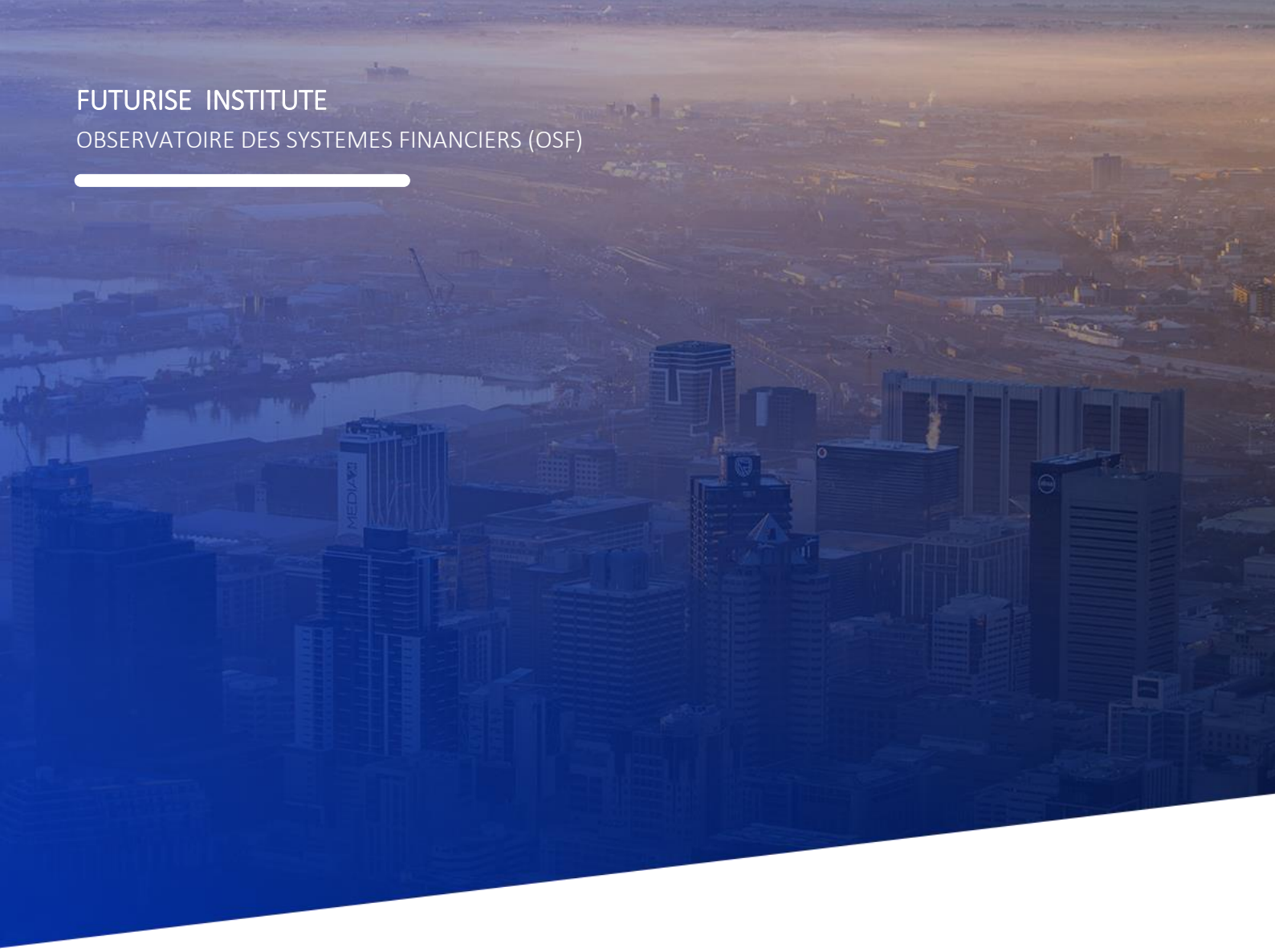

FUTURISE INSTITUTE
OBSERVATOIRE DES SYSTEMES FINANCIERS (OSF)

From Growth to Capacity

African Health Innovation and Private Capital

Kawtar **Ait El Haj**

Report • July 2026

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This report is published by Futurise Institute through its Financial Systems Observatory (OSF), in collaboration with Pan African Advisory, the advisory firm led by the author, Kawtar Ait El Haj.

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From Growth to Capacity

African Health Innovation and Private Capital

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About this report

This report extends Futurise Institute's work on African private capital by asking a more demanding question: not whether capital has arrived, but what type of operating capacity it has built.

It focuses on healthcare and health innovation because the sector makes the distinction between growth and scale especially visible.

CORE PROPOSITION

The market has not disappeared. It has become more selective about what deserves to be financed.

Contents

The references and source URLs appear at the end of the report.

AT A GLANCE

Five key takeaways

01

Capital has become more selective

African private capital remains active, but allocation is increasingly disciplined by stage, instrument and bankability.

02

Growth is not the same as traction

Revenue can be episodic. Traction requires a repeatable customer, use case and revenue loop.

03

Scale is an operating condition

An organisation scales only when it can absorb complexity without losing quality, governance, economics or strategic coherence.

04

Debt is becoming more important

Venture and private debt are playing a larger role where cash-flow visibility and operating maturity can be underwritten.

05

Healthcare exposes weak staging early

The sector forces hard answers about procurement, payer logic, compliance, outcomes and trust.

EXECUTIVE SUMMARY

From capital arrival to capacity built

This report extends the argument I made in my previous analysis for Futurise Institute [1]:

Africa's private-capital question is no longer whether capital arrived, but what type of capacity it built.

In that earlier piece, I distinguished between "fast" capital, which improves interfaces, distribution and commercial velocity, and productive capital, which builds assets, standards, operating depth and bankable capacity. The conclusion was clear: the next phase would not be another indiscriminate venture boom, but a reallocation towards capacity.

The evidence now supports that continuity. AVCA [2] shows resilient deal activity, rising exits, deeper use of debt, stronger local participation and smaller, more disciplined tickets across 2024 and 2025.

The market has not disappeared. It has become more selective about what deserves to be financed. [3]

DISTINCTION

Growth can be opportunistic. Traction must be repeatable. Scale begins only when an organisation can absorb complexity.

EXECUTIVE SUMMARY

A more selective capital cycle

That shift matters because many companies still describe themselves as “scaling” when they are, in fact, still assembling traction.

Growth can be opportunistic. Traction must be repeatable. Scale begins only when an organisation can absorb complexity without losing quality, governance, economics or strategic coherence.

In 2025, AVCA recorded 506 venture deals worth US$3.9 billion, yet venture debt alone accounted for US$1.8 billion of that amount; in parallel, H1 2025 seed rounds drove the recovery in volume while late-stage activity remained largely absent.

The message is unmistakable: the market is funding proof selectively and reserving scale capital for businesses that can evidence conversion, not only motion. [4]

Healthcare and health innovation make this distinction even sharper.

The continent carries 24% of the global disease burden but only 3% of the world’s health workers, and Africa CDC[5] notes that Africa will need 6.1 million additional health workers by 2030.

At the same time, the WHO Regional Office for Africa[6] reports that 60% to 80% of people in the region are already using mobile phones, creating genuine room for digital-health innovation.

Yet the central bottleneck is not ideas. A 2025 peer-reviewed analysis of Nigerian digital health identifies a persistent post-seed conversion problem: many ventures can prove a pilot, but far fewer can convert that proof into procurement, recurring revenue and credible follow-on scale. The core challenge is now staging. [7]

506 VENTURE DEALS IN 2025	**US$3.9bn** VENTURE VALUE	**US$1.8bn** VENTURE DEBT
24% GLOBAL DISEASE BURDEN	**3%** WORLD HEALTH WORKERS	**6.1m** ADDITIONAL WORKERS NEEDED BY 2030

Headline figures drawn from AVCA, Africa CDC and WHO sources cited in the report.

01

Continuity with the *Futurise* Thesis

From fast capital to productive capacity

01 / *FUTURISE* THESIS

The analytical fault line remains capacity

In the earlier *Futurise* article, I argued that the most important distinction in African private capital was not between "good" and "bad" sectors, but between forms of capital that accelerate commercial cycles and forms of capital that deepen productive capacity. Fast capital improves interface efficiency.

Productive capital expands the frontier of what an economy can actually deliver over time. The strategic question, therefore, was whether the acceleration of fast capital had been matched by sufficient mobilisation of productive capital.

That asymmetry remains the central analytical fault line today. [8]

FAST CAPITAL	PRODUCTIVE CAPITAL
Improves interfaces, distribution, commercial velocity and transaction efficiency. It accelerates the movement of an existing model.	Builds assets, standards, operating depth, bankable capacity and the ability to deliver reliably over time.

FUTURISE THESIS

Fast capital improves interface efficiency. Productive capital expands the frontier of what an economy can actually deliver over time.

01 / *FUTURISE* THESIS

The market is sorting by strategy, instrument and bankability

The recent AVCA evidence strengthens, rather than weakens, that thesis. In 2024, African private-capital fundraising more than doubled to US$4.0 billion across 22 funds even as global private-capital fundraising fell 19% year on year. Yet this was not a return to indiscriminate exuberance.

Generalist fundraising fell to zero for the first time in 13 years; specialised infrastructure and private-equity funds each captured 30% of fundraising value; deals below US$50 million represented more than 50% of total deal value for the first time in a decade; average deal size fell to US$15.2 million from US$18.2 million; and dry powder stood at US$10.3 billion, equivalent to roughly two years of deployment at current rates. This is not a market behaving as though all growth is equal. It is a market sorting by strategy, instrument and bankability. [9]

The pattern persisted into 2025. AVCA's 2025 African Private Capital Activity Report shows US$5.1 billion invested across 530 deals, an 8% increase in volume but a 5% decline in value, alongside 81 exits and a 34% drop in fundraising value to US$2.7 billion across 16 funds. Private debt accelerated sharply, with deal volume rising 57% year on year, while private-equity volume rose only modestly.

On the venture side, AVCA recorded 74 venture-debt deals worth US$1.8 billion in 2025, up 91% by value. Partech's 2025 Africa Tech VC report reaches the same directional conclusion from a broader tech-funding lens: total funding rose to US$4.1 billion, debt climbed to US$1.64 billion, and the top four ecosystems absorbed 72% of total funding. This is a market rewarding validated cash-flow visibility, operating maturity and ecosystem depth. [10] [36]

That is why growth versus scale can no longer be treated as a semantic debate. It has become a capital-allocation issue.

A company that is still moving from one contract, one tender, one partnership or one urgent market opening to the next may still produce revenue. But in a more selective market, revenue without repeatability no longer reads as maturity. It reads as interim motion. [11]

US$4.0bn	**US$10.3bn**	**US$15.2m**
2024 FUNDRAISING	DRY POWDER	AVERAGE DEAL SIZE
US$5.1bn	**530**	**81**
2025 INVESTED	2025 DEALS	2025 EXITS

02

Definitions for a More Disciplined Debate

Growth, traction, staging, investment readiness and scale.

02 / DEFINITIONS

Operating Definitions

I use the following terms deliberately.

They are not abstract labels. They are operating distinctions drawn from the earlier Futurise thesis, AVCA's 2024–2025 market evidence, and the health-innovation literature on post-seed conversion.

In this report, I also distinguish opportunistic traction from intentional traction. Opportunistic traction is episodic revenue produced because opportunities appear.

Intentional traction is repeatable revenue produced because the company has chosen a segment, a buyer, a problem and an operating model, and can reproduce that motion with discipline. [12]

INTERPRETIVE FILTER

Revenue is evidence.
Repeatability is traction.
Resilience is scale.

Revenue is evidence. Repeatability is traction. Resilience is scale.

In the current African market cycle, those distinctions are no longer optional. They are interpretive filters for both management and capital. [14]

Source note: this framework is an authorial synthesis supported by the Futurise distinction between fast and productive capital, AVCA's annual and quarterly stage evidence, the Nigerian healthtech scale-up literature, and healthcare operating requirements identified by WHO and IFC. [13]

02 / ANALYTICAL DISTINCTIONS

Growth, traction, staging, investment readiness and scale

Term	Definition used in this report	How it is evidenced	What it does not mean
Growth	**An increase in revenue, users, projects, or geographic reach, often accompanied by greater complexity and cost.**	Rising top-line revenue, more contracts, additional customers, and higher transaction volume.	Evidence that the underlying model is repeatable, resilient, or able to absorb expansion.
Traction	**Repeated commercial proof around a defined customer, use case and revenue loop**	Renewals, repeat orders, retention, conversion to paid contracts, stable core margins	Isolated pilots, grants, one-off tenders, founder-dependent hustle
Staging	**Objective diagnosis of what the company has actually validated so far**	Stage-specific KPIs, reporting cadence, operating map, clear bottlenecks	A branding exercise, or what the deck claims the company has become
Investment readiness	**Stage-appropriate evidentiary package aligned with the right financing instrument**	Data room, reporting discipline, compliance, governance, use-of-proceeds logic, instrument fit	Merely having a pitch deck and fundraising ambition
Scale	**Ability to expand volume, sites, segments or geographies without proportional organisational instability**	Replication in a second site or cohort, stable quality metrics, reduced founder dependence, matched financing and controls	Speed, publicity, hiring surges or geographic spread alone

03

What the Market Data Now Demonstrates

Activity has held. Discipline has intensified.

03 / MARKET EVIDENCE

Activity holds. Discipline intensifies.

The dashboard below compiles the most relevant 2024–2025 indicators from AVCA's annual and quarterly reports, with Partech used only as corroborating context for broader Africa tech funding.

The datasets are complementary, not identical: AVCA's private-capital and venture reports rely on their own narrower market definitions, while Partech captures a broader Africa tech equity-and-debt universe. The directional message, however, is consistent across both.

Activity has held. Discipline has intensified. [15]

530 PRIVATE-CAPITAL DEALS	**US$5.1bn** CAPITAL INVESTED	**81** EXITS
506 VENTURE DEALS	**US$3.9bn** VENTURE VALUE	**US$1.8bn** VENTURE DEBT

STAGE SIGNAL

The bottom of the funnel is active;
the apex remains thin;
scale capital is scarce and selective.

Source note: AVCA annual and quarterly publications for 2024–2025, plus broader Africa tech context from Partech. All amounts are in US dollars. [18] [36]

03 / 2024-2025 DASHBOARD

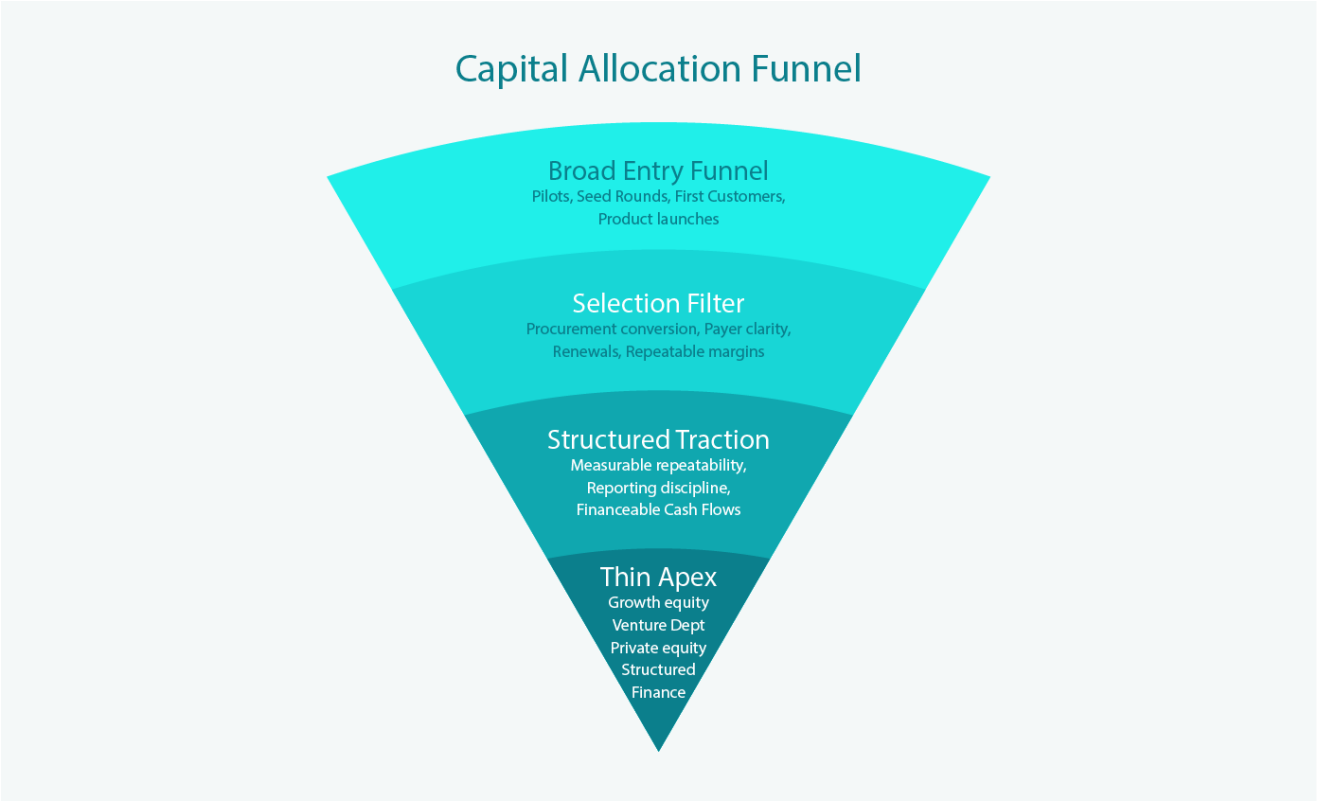
Private capital and venture market signals

Indicator	2024	2025	Strategic read-through
Private capital market size	• 485 deals; • US$5.5bn invested; • 63 exits; • US$4.0bn fundraising across 22 funds	• 530 deals; • US$5.1bn invested; • 81 exits; • US$2.7bn fundraising across 16 funds	Deal activity remained resilient, but ticket discipline sharpened and fundraising became more selective
Venture market size	• 487 venture deals in total: • 427 VC deals worth US$2.6bn and 60 debt deals worth US$1.0bn	• 506 venture deals worth US$3.9bn; • 74 venture-debt deals worth US$1.8bn	Venture did not disappear; debt became materially more important in financing validated businesses
Sector pattern	**Private capital:** Financials 23% of volume and 33% of value; **VC:** Financials 30% of volume and 59% of capital	**VC:** climate-related ventures absorbed US$1.5bn, or 40% of deal value; H1 private capital capital flowed to FinTech, AI, green mobility and HealthTech	Capital is rotating towards sectors with clearer monetisation, infrastructure logic or structural demand

Indicator	2024	2025	Strategic read-through
Geography	**Private capital:** Southern Africa attracted US$2.0bn across 129 deals; **VC:** the Big Four countries represented 55% of deals and 64% of capital	**Private capital:** Southern Africa remained largest at US$2.0bn and 129 deals, while East Africa reached US$1.2bn, up 75% year on year; **VC:** the Big Four represented 53% of deal volume and 45% of value in AVCA's dataset, while Partech's broader tech universe places the top four ecosystems at 72% of funding	Capacity and absorptive depth still cluster in a limited set of markets
Stage signal	• Median VC deal size rose 32% to US$2.5mn; • African Series B and Series C medians exceeded global medians; • VC fundraising in 2024 totalled US$879mn across 20 funds	• H1 2025 seed rounds drove 80% of the net increase in venture volume; early-stage value rose 32%; • late-stage was largely absent by H1; • 2025 VC fundraising fell to US$107mn across six funds	• The bottom of the funnel is active; • the apex remains thin; • scale capital is scarce and selective

03 / CAPITAL ALLOCATION

A thin apex and a more demanding conversion path



Three conclusions follow.

First, Africa still has deal density. Private capital volume rose from 485 deals in 2024 to 530 in 2025, while venture volume rose from 487 to 506.

Second, discipline has clearly intensified: private-capital average deal size fell in 2024, total values softened again in 2025, and fundraising tightened materially.

Third, where conviction exists, capital can still be substantial: AVCA shows that African Series B and Series C medians in 2024 exceeded global medians, which means mature, high-quality companies remain financeable.

The bottleneck is not possibility. It is conversion. [19]

This also explains the “thin apex” logic already visible in the Futurise analysis and reinforced by 2025 quarterly data. H1 2025 seed activity rose sharply from the bottom up, yet late-stage remained almost absent.

Many founders are therefore trying to have a scale conversation in a market that is still asking them to prove structured traction. The market is not saying “do not grow”. It is saying “show me what is repeatable first”. [20]

04

Healthcare as the Real Test of Scale

Where weak operating systems become public-interest risks.

04 / HEALTHCARE

Healthcare is the most unforgiving environment in which to confuse growth with scale

Healthcare is the most unforgiving environment in which to confuse growth with scale. In some sectors, a weak operating process produces delay, customer irritation or margin pressure. In healthcare, it can produce interruptions in care continuity, clinical risk, stock failures, claims friction, provider distrust or regulatory exposure.

This is why healthcare scale is not merely a commercial event. It is an operating condition. The WHO African Region reports that 60% to 80% of people already use mobile phones, which creates significant room for eHealth deployment, while Africa CDC highlights a structural workforce imbalance: 24% of the disease burden, 3% of the world's health workers, and a need for 6.1 million additional workers by 2030.

At the same time, IFC[26] reports that it has invested and mobilised over US$1.1 billion in Africa's health and life-sciences sectors over the past 20 years, especially where capacity, quality and access can be expanded structurally. [22] [26] [37]

24% OF THE GLOBAL DISEASE BURDEN	**3%** OF THE WORLD'S HEALTH WORKERS	**6.1m** ADDITIONAL WORKERS NEEDED BY 2030
60 - 80% MOBILE-PHONE USE IN THE REGION	**US$1.1bn+** IFC INVESTED AND MOBILISED	**Dual test** FINANCIAL RESILIENCE + CARE QUALITY

HEALTH-SYSTEM IMPLICATION

Healthcare scale is not merely a commercial event. It is an operating condition.

04 / ILLUSTRATIVE VIGNETTES

Intentional traction and capacity-linked capital

The health-innovation evidence is equally instructive. A 2025 peer-reviewed analysis of digital-health scale-up in Nigeria[23] describes a persistent post-seed conversion problem. It shows that many ventures can get through pilot phases, but far fewer convert that proof into procurement, recurring revenues and growth-stage capital.

The reasons are structural rather than rhetorical: longer sales cycles than fintech, unclear payer responsibility, narrower pools of specialised follow-on investors, regulatory ambiguity, trust barriers, hospital-integration problems, and shortages of hybrid health-tech talent.

In other words, healthcare punishes opportunistic growth far earlier than other sectors because the system asks harder questions about payment, compliance, outcomes and trust. [24]

RELIANCE HEALTH / NIGERIA

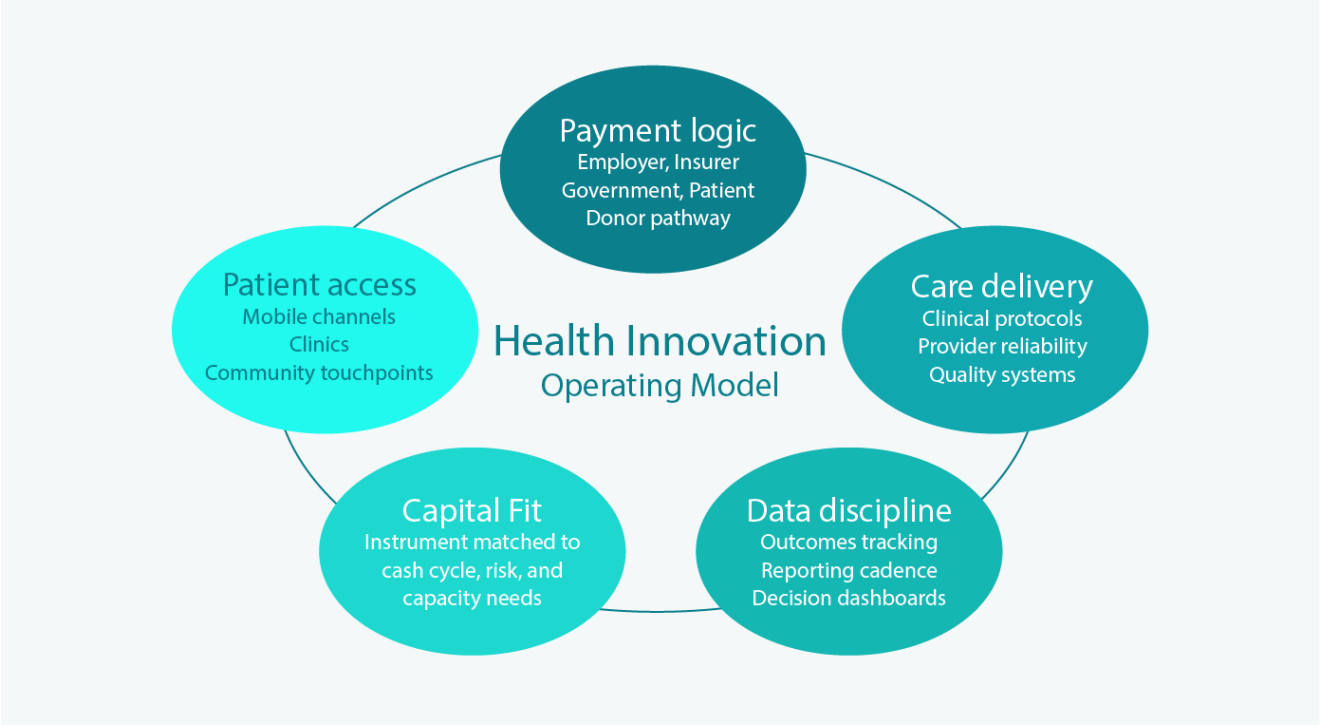
The strategic lesson is not simply that Reliance Health raised capital; it is how the company earned the right to do so. The peer-reviewed case analysis shows a move away from a narrow telemedicine narrative towards a more coherent insurer-provider model. The company pivoted from Kangpe's doctor-on-demand model, obtained the relevant HMO licence, focused on paying corporate clients, and built a B2B2C pathway linking financing, service delivery and compliance. Only once that operating model became legible did the company secure a US$40 million Series B. The vignette illustrates intentional traction: not more activity, but a clearer answer to who pays, how care is delivered, why users stay, and what evidence investors can underwrite. [24]

ACCRA MEDICAL CENTRE / GHANA

IFC's US$5.7 million loan was not built around optics. It was attached to a new 20-bed hospital in Takoradi, service-line upgrades in maternity, intensive care and specialist surgery, healthcare quality-management advisory support, and local-currency protection through the IDA Private Sector Window. The expected result was not abstract "scale"; it was increased patient capacity, stronger quality systems and more durable economics. This vignette shows the core distinction for health services: scale is built through capacity, duration-matched capital and operating quality, not through noise. [26]

04 / OPERATING MODEL

Health innovation requires a coherent operating system



Health Innovation Operating Model (illustrative, non-exhaustive)

PUBLIC-INTEREST GUARDRAIL

Capacity must be assessed through a dual test: financial resilience and improved reliability, quality and reach of care delivery.

Public-interest guardrail. In healthcare, capacity cannot be assessed only through the lens of investability. A company may become more attractive to capital without necessarily strengthening access, affordability or continuity of care. Health-sector scale should therefore pass a dual test: whether the operating model becomes financially more resilient, and whether it also improves the reliability, quality and reach of care delivery. Private capital is most useful when it finances this dual capacity rather than merely accelerating commercial expansion.

05

Staging Framework and Investment Readiness

What must be true before the next financing conversation.

05 / STAGING FRAMEWORK

What must be true before the next financing conversation

If the debate is to become useful for both operators and investors, staging must be treated as a management discipline. The sequence below is my synthesis of what the current African market now requires, especially in healthcare where proof-to-procurement, reimbursement logic, regulatory compliance and quality systems matter as much as customer acquisition.

It is deliberately practical. It asks what must be true before a company claims the right to the next financing conversation. [27]

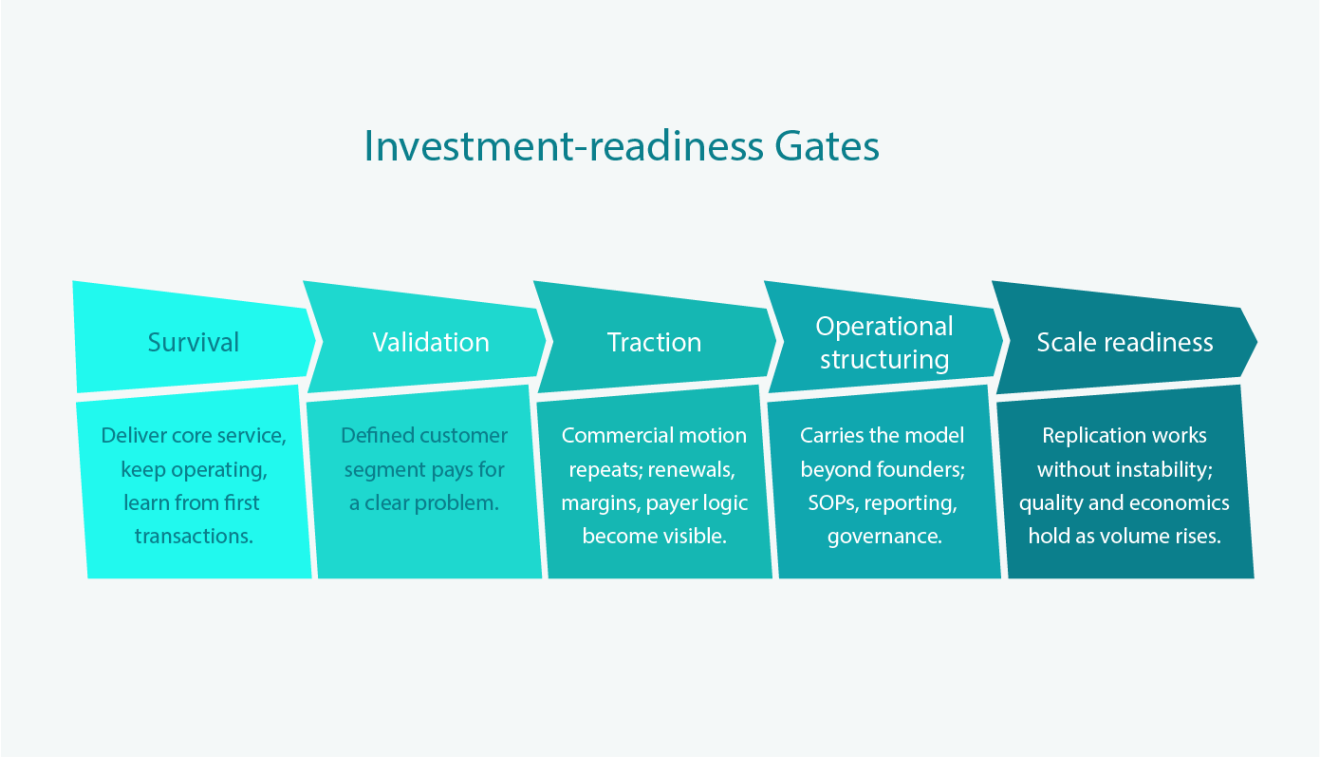
Stage	What must be true	Indicative KPIs and evidence	Investor signal
Survival	The company can deliver the core service at all and can keep operating long enough to learn	6–12 months of cash visibility; first paid transaction or reimbursed service; first 5–10 successful deliveries; no critical compliance breach	Catalytic capital, grants, angels or pre-seed investors focus on founder-market fit and learning velocity
Validation	A specific customer segment is willing to pay for a clearly defined problem	3–10 reference customers or sites; pilot-to-paid conversion; first repeat purchase or renewal; regulatory path mapped; early quality metrics visible	Seed investors look for problem-solution fit, use-case clarity and disciplined focus
Traction	The commercial motion repeats with enough consistency to be modelled	Revenue concentration around one core use case; repeat orders or renewals; contribution margin positive on the core product; defined payer logic; stable service delivery	Seed+ and Series A investors look for repeatability, not just excitement; healthcare investors focus hard on procurement and reimbursement conversion

Stage	What must be true	Indicative KPIs and evidence	Investor signal
Operational structuring	The organisation, not only the founders, can now carry the model	Monthly management accounts; SOPs; quality or clinical governance; working-capital visibility; key management layer beyond founders; reporting cadence; audit readiness improves	Growth investors, impact funds and some credit providers start underwriting execution quality, not only market promise
Scale readiness	Replication works without proportional instability	Second site, cohort or segment validates economics; quality metrics hold as volumes rise; founder dependence reduces materially; financing instrument matches cycle; governance is credible	Growth equity, venture debt, private equity or structured capital become realistic only here

Source note: this staging grid is an analytical framework derived from AVCA's stage evidence, the healthtech post-seed literature, WHO/Africa CDC system constraints, and IFC's operating view of what health-sector expansion actually requires. [28]

05 / INVESTMENT-READINESS GATES

A company can skip presentation language. It cannot skip organisational gates.



The progression should be read sequentially, not rhetorically. A company can skip presentation language. It cannot skip organisational gates. [29]

The most common error occurs between traction and operational structuring. A business produces revenue, mistakes that for repeatability, and then tries to finance expansion before reporting discipline, governance, working-capital controls, quality systems and founder deconcentration are in place.

In healthcare, this gap is even more dangerous because operational fragility tends to surface through service failure, reimbursement friction or trust erosion rather than through a simple decline in growth rate. [30]

06

Risks and Strategic Actions

From opportunity pressure to stage clarity.

06 / RISKS

Two risks dominate the transition from growth to scale

RISK 01 / EPISODIC REVENUE

If the commercial engine depends on bespoke tenders, founder relationships, one-off pilots or non-core contracts, growth remains contingent. This is precisely what the healthtech literature identifies as the proof-to-procurement gap: many ventures can demonstrate utility, but far fewer can convert that utility into a stable buying mechanism. In practical terms, that means management must separate core repeatable revenue from opportunistic revenue before it can speak credibly about scale. [31]

RISK 02 / CAPITAL MISMATCH

The earlier Futurise analysis stressed that capacity-building businesses require financing structures that respect duration, bankability and currency reality. That remains true. Partech noted in 2024 that most available debt was still largely foreign-currency debt, which became more burdensome as local currencies weakened. IFC's healthcare examples show the opposite logic: local-currency protection, quality-linked advisory and long-term financing attached to real operating assets. Debt should therefore not be treated as maturity by itself: it supports capacity only when repayment visibility, cash collection discipline and currency exposure are understood. Otherwise, it can convert long procurement cycles, delayed reimbursements and foreign-exchange pressure into balance-sheet fragility. A good business can still be damaged by the wrong instrument. [32]

CAPITAL FIT

A good business can still be damaged by the wrong instrument.

06 / STRATEGIC ACTIONS

Stage clarity for founders; disciplined underwriting for investors

FOR FOUNDERS

For founders, the immediate priority is staging clarity. Conduct a quarterly stage audit; classify every revenue line as core repeatable, core experimental or opportunistic; define one primary traction KPI and one primary quality KPI; refuse market expansion before operating controls are stable; and raise the financing instrument that matches the operating cycle rather than the storyline you assume investors want to hear. In health innovation, this means proving not only demand, but procurement conversion, payer logic, service reliability, compliance maturity and quality continuity. [33]

FOR INVESTORS

For investors, the opportunity is to reward disciplined capacity-building more explicitly. Underwrite stage before storyline; test whether the company has one repeatable commercial engine or several disconnected revenue experiments; distinguish interface businesses from capacity-building businesses and price them differently; support local-currency, working-capital and structured solutions where the model is operationally heavy; and make governance, reporting quality and operating repeatability the threshold for follow-on capital. The AVCA data suggest the market is already moving in this direction through greater specialisation, smaller ticket discipline, rising domestic LP participation and a stronger role for debt in validated business models. [34]

PRACTICAL CHECKLIST

- ✓ payer clarity
- ✓ repeatable revenue
- ✓ regulatory
- ✓ monthly reporting cadence
- ✓ founder deconcentration
- ✓ debt-service exposure
- ✓ the repayment cycle
- ✓ procurement conversion
- ✓ clinical or quality governance
- ✓ compliance status
- ✓ working-capital visibility
- ✓ FX
- ✓ instrument fit between the capital raised
- ✓ the operating need

CONCLUSION

From opportunity pressure to stage clarity

STRATEGIC CONCLUSION

The relevant question is whether African companies are growing from stage clarity or from opportunity pressure.

The strategic conclusion is straightforward.

African companies do need to grow. But the relevant question is whether they are growing from stage clarity or from opportunity pressure.

In the current African capital cycle, and especially in healthcare and health innovation, that distinction increasingly determines who merely moves and who genuinely scales. [35]

In the current African capital cycle, and especially in healthcare and health innovation, that distinction increasingly determines who merely moves and who genuinely scales.

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From Growth to Capacity

African Health Innovation and Private Capital

Revenue is evidence.

Repeatability is traction.

Resilience is scale.

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