

The State of Startup Innovation in Ethiopia:

Mapping Valuations, Investment and Employment

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Ethiopia's startup ecosystem is at a critical juncture. Over the last few years, a new wave of startups and scaleups has begun to reshape the country's economic landscape, driving growth, job creation, and innovation across key sectors. This momentum reflects the growing appetite for entrepreneurship and the increasing role of investment in fostering high-potential businesses. Yet, Ethiopia's innovation story is still being written - marked by steady progress, untapped opportunities, and the persistent challenges which typically face scaling companies.

This report provides an exploration of Ethiopia's emerging innovation economy. By analysing enterprise valuations, employment trends, and investment flows, it offers a view of the ecosystem's growth trajectory and the dynamics shaping its development. Drawing on data from Dealroom, the report identifies the opportunities, gaps, and pathways needed to unlock Ethiopia's startup potential, while aligning progress with broader societal goals. As Ethiopia positions itself to become a key player in Africa's innovation landscape, this report serves as both a benchmark of achievements and a roadmap for future growth.

Introduction

The Ethiopian innovation ecosystem is still in its formative stages but has shown notable progress in recent years. Historically, startup activity in Ethiopia was minimal, with negligible funding or company formation prior to 2015. However, the past decade has witnessed a marked shift, with a significant increase in new ventures, particularly in emerging sectors that align with global trends such as sustainability, education, and mobility.

Out of the 562 companies identified in the ecosystem via the Startup Data Hub, powered by Dealroom, 516 have secured some level of funding, signalling growing investor interest and the increasing vibrancy of the startup landscape. Despite this, funding remains concentrated among a small number of standout firms. The highest funding raised by a single company to date is \$42mn, yet the average funding remains modest at \$0.24mn, reflecting the challenges many startups face in accessing substantial capital to scale.

Sector analysis highlights FMCG as the most prominent industry, attracting \$26mn in total funding. Other emerging sectors include Training (\$4.15mn), pointing to a growing focus on workforce development and education, and Electric Mobility (\$4mn), demonstrating increasing interest in sustainable transportation solutions.

Innovation within the ecosystem remains nascent. Only 2 companies have reported holding patents, with a combined total of 15 patents. This underscores a potential gap in intellectual property creation and protection, which is often a critical indicator of innovation maturity.

The data also reveals clear trends in company formation over time. Prior to the mid-2010s, startup activity was sparse, with little measurable impact on the ecosystem. However, a sharp increase in company launches and funding activity post-2015 marks a turning point, positioning Ethiopia as an emerging player on the African startup map.

While the Ethiopian ecosystem remains in its early stages, the steady growth in funding, sector diversity, and increasing investor confidence provide a strong foundation for future development. Addressing gaps in innovation, improving access to late-stage funding, and supporting scalable high-growth ventures will be key to unlocking the full potential of Ethiopia's startup landscape in the years to come.

This report dives into valuations, employment, and characteristics of companies operating in Ethiopia. Ethiopia's startup ecosystem reflects a story of steady progress, untapped potential, and emerging momentum. As the country's startups begin to take root in key sectors like sustainability, education, and mobility, this report captures both the current state of growth and the pathways needed to unlock its full potential. By uncovering key trends and addressing critical challenges - such as access to funding, scaling barriers, and gaps in innovation - it provides stakeholders with the insights needed to nurture Ethiopia's innovators, accelerate growth, and lay the foundations for a thriving and sustainable ecosystem.

Methodology and Data

This report uses data from Dealroom, accessed in December 2024 on 562 companies, of which 489 companies are startups, to explore enterprise valuations, investment flows, and employment trends in Ethiopia's startup ecosystem. The data, made available through the open-access Ethiopian Startup Data Hub, forms the foundation for analysing the evolution of company growth, sectoral dynamics, and investment alignment with sustainable development goals (SDGs).

Data Scope and Limitations

The dataset primarily captures formal enterprises within Ethiopia's innovation ecosystem. It emphasises startups, scaleups, and high-growth firms that meet the criteria for inclusion in Dealroom's database. The Ethiopian Startup Data Hub has enabled tracking of firms in Ethiopia, but there are likely gaps in accuracy and completeness that remain, and will be filled with enhanced engagement from startups and other ecosystem entities. Furthermore, while this approach provides a robust view of Ethiopia's formal startup landscape, it does not account for the informal sector, which constitutes a significant portion of the broader Ethiopian economy.

The valuation data in Dealroom focuses on firms that have attracted investor attention, whether through funding rounds or public disclosures. As such, the analysis might not comprehensively reflect smaller or early-stage companies operating outside formal investment channels.

Approach

This report integrates quantitative and qualitative analysis to uncover key trends and insights:

1. Enterprise Valuation Analysis:

- Examines the total enterprise value (TEV) of Ethiopian firms over time, segmented by founding cohorts.
- Tracks valuation trends across different ranges (\$0–200 million, \$200 million–\$1 billion, \$1–10 billion, and \$10 billion+), offering insights into firm-level dynamics and ecosystem maturity.

2. Investment Trends:

- Analyses investment data across funding round sizes (\$0–1 million, \$1–4 million, \$4–15 million, etc.), revealing patterns of ecosystem development and scaling challenges.
- Explores sectoral investment flows and alignment with UN SDGs to assess the balance between economic growth and societal impact.

3. Employment Contribution:

- Maps employment trends by firm valuation and size, highlighting the role of startups and large firms in Ethiopia's labour market.

4. Sectoral and SDG Alignment:

- Links investment trends to sector-specific activity and SDG priorities, identifying gaps and opportunities for aligning capital with Ethiopia's broader developmental agenda.

Data Verification and Quality Control

The data utilised in this report has been verified against available sources, including public announcements, investor reports, and government records.

Data Limitations

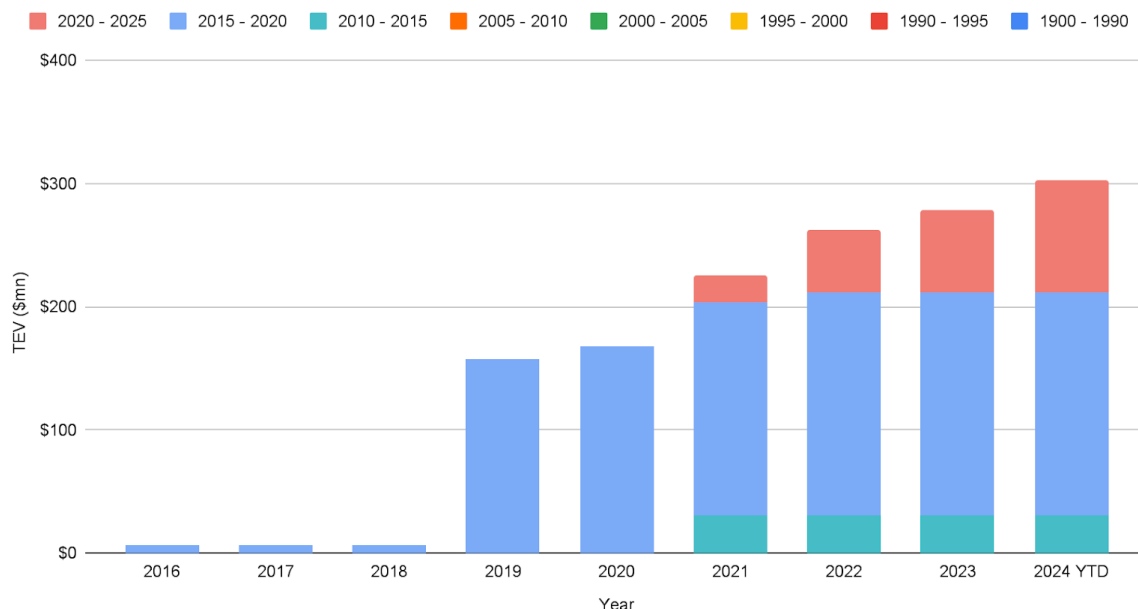
The emphasis on Dealroom data, which primarily focuses on formal companies, introduces potential biases. While microenterprises and informal businesses are acknowledged as vital contributors to Ethiopia's overall economy, their absence in this report reflects a deliberate focus on formal startup ventures. Additionally, certain sectors are underfunded and underrepresented in the dataset, which may affect the analysis of gaps and opportunities.

While the dataset offers comprehensive coverage of Ethiopia's formal startup ecosystem, it is essential to contextualise findings within the broader economic and societal framework. This report, therefore, balances the quantitative data with a narrative on Ethiopia's entrepreneurial journey, aiming to provide actionable insights for policymakers, investors, and ecosystem enablers.

Ecosystem Value

The total enterprise value of Ethiopian startups is just over \$300mn in 2024, with significant growth in the value contribution made by firms founded since 2020.

Figure 1: Total enterprise value of Ethiopian startup companies from 2016 to YTD 2024 by year founded



Source: Systemic Innovation
and Dealroom, 2024

The Ethiopian startup ecosystem has shown significant shifts in value creation over recent years, particularly with a strong emergence of companies founded between 2015–2020 and 2020–2025. A chronological analysis reveals clear trends in value growth across different founding cohorts, reflecting the evolving nature of Ethiopia's startup landscape.

The 2010–2015 cohort represents some of Ethiopia's earliest ventures, but their ecosystem value remained negligible until 2021, when it reached \$30mn. This value plateaued through 2022, 2023, and into 2024 YTD, highlighting the challenges faced by early entrants in scaling beyond their initial successes. While these companies played a foundational role in establishing the ecosystem, their stagnant growth suggests structural barriers, such as limited access to late-stage funding or constraints in scaling operations, which may have curtailed their long-term growth trajectories.

The 2015–2020 cohort has emerged as the key driver of Ethiopia's startup value to date. Starting with a modest \$6mn in 2016, these companies quickly gained momentum, growing to \$157mn by 2019 and continuing their upward trajectory through 2020 (\$168mn) and 2021 (\$173mn). By 2022, their combined value peaked at \$182mn, where it has remained stable into 2023 and 2024 YTD. This period of accelerated growth corresponds to a broader rise in startup activity, coupled with increasing investor interest and improvements in Ethiopia's regulatory and business environment. However, the plateau in recent years may indicate a maturing phase for this cohort or systemic challenges in scaling to the next level of growth.

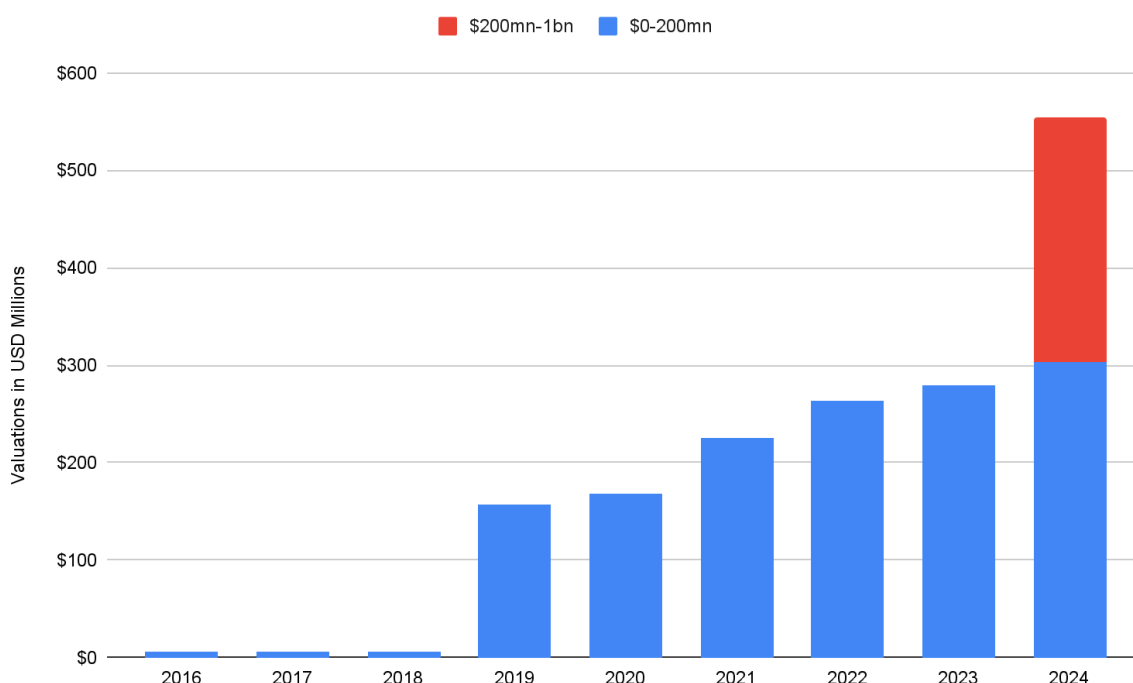
The 2020–2025 cohort represents the newest generation of Ethiopian startups and has shown steady and consistent value growth since 2021, when they first recorded a combined value of \$22mn. This figure has steadily climbed year-on-year, reaching \$51mn in 2022, \$67mn in 2023, and \$91mn in 2024 YTD. Despite emerging amid global economic uncertainty, these companies have demonstrated remarkable resilience and potential. The steady growth trajectory of this cohort signals an expanding ecosystem that is benefiting from improved market conditions, investor confidence, and the lessons learned by earlier companies.

The Ethiopian Ecosystem Opportunity

The Ethiopian startup ecosystem remains in its early stages, particularly when compared to more established markets across Africa. For much of the early 2000s, startup activity in Ethiopia was limited, with virtually no measurable value creation prior to 2015. This slow start can be attributed to a combination of factors, including underdeveloped entrepreneurial infrastructure, restricted access to capital, and an absence of enabling policies to support innovation. While neighbouring ecosystems like Kenya and Nigeria began gaining momentum in the late 2000s, Ethiopia's progress was hampered by historical economic policies, limited market access, and a lack of venture capital to fund ambitious new businesses.

However, the past decade has marked a turning point. Since 2015, Ethiopia has experienced accelerated growth, driven by a burgeoning focus on innovation enablement, improving business conditions, and increasing interest from local and regional investors. The rapid rise in ecosystem value from companies founded in recent years demonstrates the potential that exists within Ethiopia's startup landscape. Though still emerging, this momentum positions Ethiopia as an increasingly important player in Africa's innovation economy, with the promise of significant growth in the years to come.

Figure 2: Total enterprise value of Ethiopian startup companies from 2010 to YTD 2024 by valuation



Source: Systemic Innovation
and Dealroom, 2024

Ethiopian Firms by Valuation Bucket

The distribution of Ethiopian firms by valuation reveals a concentration of ecosystem value in the \$0–200mn range, with emerging signals of upward momentum towards higher valuation tiers. The data highlights both the significant progress made in recent years and the relatively nascent stage of the ecosystem, with no firms yet reaching the \$1–10bn or \$10bn+ categories.

Firms Valued at \$0–200mn

Firms in the \$0–200mn valuation bucket have been the primary drivers of Ethiopia's ecosystem growth. In 2016, this group recorded a modest £6mn in combined value, reflecting the early-stage nature of Ethiopian startup activity at the time. By 2019, this figure surged to £157mn, marking a clear turning point as ecosystem momentum accelerated. Growth continued steadily through 2020 (£168mn) and 2021 (£225mn), with subsequent years showing sustained expansion:

- 2022: £263mn
- 2023: £279mn
- 2024: £303mn

This steady climb underscores the growing dynamism of Ethiopia's startup landscape, particularly among early- and mid-stage firms. These companies reflect the core of the ecosystem, driving innovation across key sectors while establishing a foundation for future scale. The sustained upward trend signals increasing investor confidence and market opportunities, despite structural challenges to scaling beyond this valuation range.

Firms Valued at \$200mn–1bn

The \$200mn–1bn valuation range remains an emerging tier in Ethiopia's ecosystem. Until 2024, no firms had crossed the £200mn valuation threshold, reflecting the ecosystem's limited maturity relative to more developed markets. However, in 2024, a significant breakthrough occurred as the first firms entered this bracket, with a combined valuation of £252mn. This milestone represents a critical step forward, suggesting that select Ethiopian companies are beginning to demonstrate scale and resilience sufficient to attract larger investments and achieve higher growth trajectories.

Firms Valued at \$1–10bn and \$10bn+

To date, no Ethiopian firms have reached the \$1–10bn or \$10bn+ valuation ranges. The absence of companies in these buckets reflects the nascent nature of the ecosystem, as well as the broader challenges faced by startups in achieving scale on a global level. Structural barriers such as limited access to late-stage capital, market size constraints, and infrastructure challenges continue to inhibit the emergence of unicorns or decacorns.

Jobs and Employment

Employment is a critical indicator of economic health and societal progress, making it an essential metric for assessing the impact of companies within Ethiopia's entrepreneurial ecosystem. Beyond providing livelihoods, jobs contribute directly to reducing poverty, improving living standards, and fostering social stability. In a country like Ethiopia, where a significant portion of the population is young and entering the workforce, understanding how businesses of various sizes and valuations generate employment offers valuable insights into the broader trajectory of economic development.

Moreover, employment acts as a proxy for understanding the wider spillover effects of business activity. Job creation by Ethiopian startup companies drives demand for goods and services, stimulates supply chain growth, and supports informal sector opportunities. It can also indicate the degree to which companies are scaling their operations, attracting investment, and contributing to regional development. Furthermore, employment metrics can highlight disparities in labour market access, pointing to areas where targeted interventions might be needed, such as gender equality or skill development initiatives.

In Ethiopia's context, where entrepreneurship is often framed as a driver of inclusive growth, measuring employment by company valuation helps unpack the role of different types of businesses in shaping the labour market.

Employment by company valuation

Employment within Ethiopia's startup ecosystem has seen significant growth in recent years, driven by an expanding cohort of startups and early-stage firms, particularly in the \$0–200mn valuation range. Between 2018 and 2024, employment figures have surged, reflecting both the dynamism of the ecosystem and the increasing role of startups as drivers of job creation in the economy.

In 2018, employment in startup companies valued at \$0–200mn stood at just 124 jobs, underscoring the ecosystem's early stage and limited economic impact. By 2019, this number grew exponentially to 10,587, marking the beginning of a clear upward trajectory. Over the subsequent years, job creation within this valuation range continued to climb steadily:

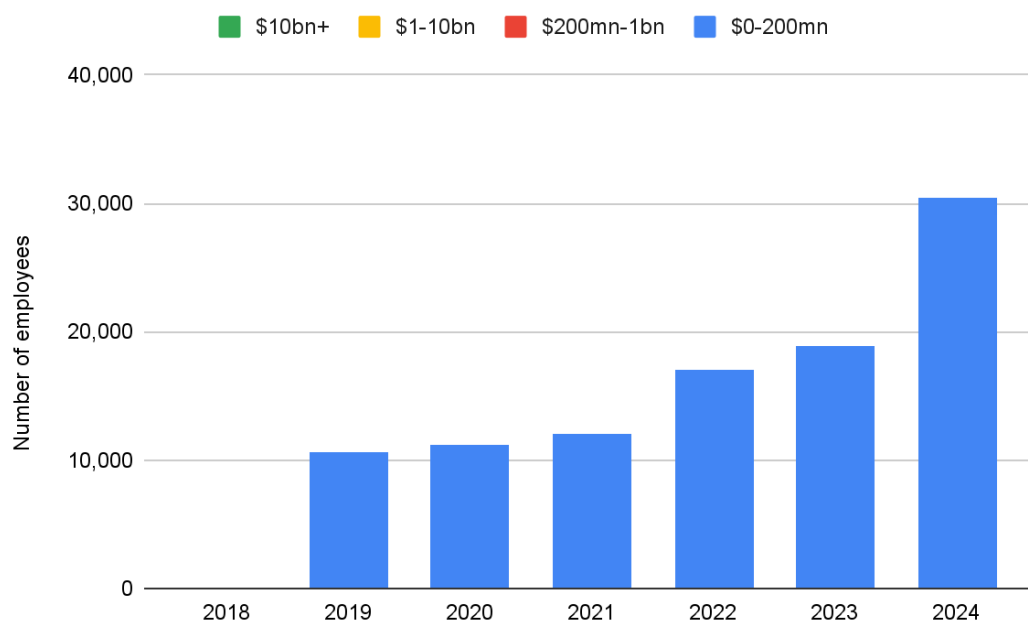
- 2020: 11,188 jobs
- 2021: 12,089 jobs
- 2022: 16,971 jobs
- 2023: 18,852 jobs

This steady growth indicates the critical role startups play in absorbing the country's workforce, particularly as new ventures gain traction and scale their operations. The most notable spike occurred in 2024, with employment reaching 30,422 jobs. This surge highlights an acceleration in both company formation and expansion, suggesting that Ethiopia's ecosystem is beginning to mature and generate meaningful economic impact.

While the \$200mn–1bn valuation range has only recently emerged, with the first firms entering this bracket in 2024, employment contributions remain minimal, adding just 18 jobs. There are currently no companies in the \$1–10bn or \$10bn+ valuation categories, reflecting the ecosystem's nascence and the challenges Ethiopian firms face in scaling to higher valuations.

Source: Systemic Innovation
and Dealroom, 2024

Figure 3: Total employment by Kenyan companies from 2018 to YTD 2024 by valuation



Employment Breakdown within the \$0–200mn Valuation Bucket

The employment distribution within the \$0–200mn valuation range reveals that the vast majority of firms fall into the \$0–10mn category, with very limited representation in higher sub-buckets.

- **\$0–10mn: 513 companies** dominate this range, highlighting the early-stage nature of Ethiopia's startup ecosystem. These companies are likely responsible for the majority of job creation but face significant challenges in scaling beyond this level.
- **\$10–50mn:** Only **3 companies** are in this range, suggesting that relatively few startups have attracted mid-level funding necessary to expand operations and drive significant employment growth.
- **\$50–100mn:** No firms currently occupy this range, reflecting the challenges in accessing larger funding rounds required to scale.
- **\$100–200mn:** Similarly, no firms have yet reached this valuation tier, underscoring the early-stage nature of the ecosystem and the need to support firms to scale.

This breakdown underscores the need for targeted support to enable startups to scale, secure mid- to late-stage funding, and contribute more meaningfully to employment growth within the ecosystem.

Employment by Number of Employees

The Ethiopian startup ecosystem has undergone significant transformation in recent years, not only in terms of startup formation and funding but also as a driver of employment across the country. What began as a landscape dominated by small, early-stage firms has evolved into a more diverse and balanced mix of companies, ranging from micro-enterprises to major employers.

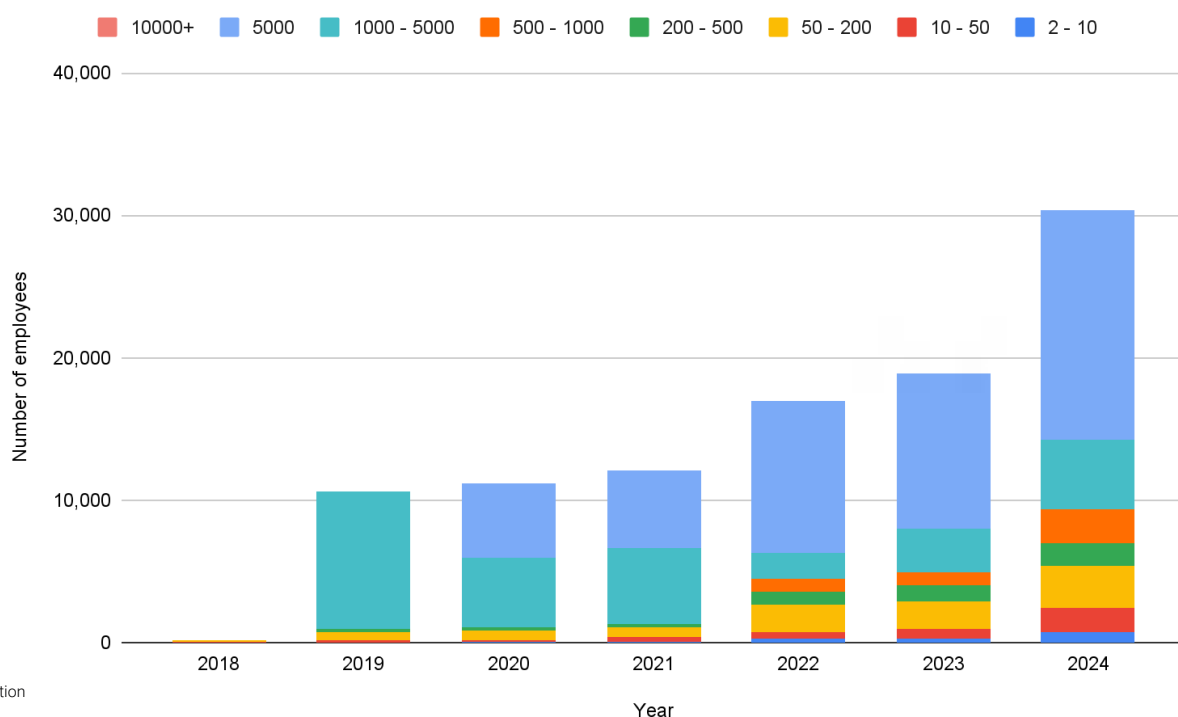
At the foundation of this ecosystem are the smallest firms, those with 2–10 employees. While their employment contribution was negligible before 2020, this segment began to emerge with 16 jobs in that year. By 2024, employment in this category had grown to 718 jobs, reflecting the expanding role of micro-enterprises as entry points for new job creation. These firms form the backbone of Ethiopia's startup landscape, often representing the first step in the startup growth journey.

Slightly larger startup companies, employing 10–50 people, have seen consistent growth, further underscoring the ecosystem's steady development. From just 39 jobs in 2018, this segment grew to 1,745 jobs by 2024. The steady increase highlights the ability of startups to scale their operations incrementally, creating a stable foundation for sustained employment growth as they transition from micro to small enterprises.

The mid-sized segment, comprising startup/scaleup companies with 50–200 employees, reflects a critical phase in Ethiopia's startup journey. Employment in this category rose from 85 jobs in 2018 to 2,883 in 2024, demonstrating the success of firms that have managed to stabilise operations and expand their workforce. This segment's growth is particularly important, as it bridges the gap between small businesses and larger employers, showcasing startups that have overcome early-stage challenges and are on the path to further scale.

The emergence of scaleup companies employing 200–500 people marks a turning point for Ethiopia's startup ecosystem. With no jobs recorded in this category before 2019, employment in this range reached 1,621 jobs by 2024. This growth signifies the ability of certain startups to scale beyond the mid-sized phase, highlighting the impact of increasing investment and operational maturity.

Figure 4: Total employment by Ethiopian startup companies from 2018 to YTD 2024 by number of employees



Source: Systemic Innovation
and Dealroom, 2024

Larger firms, employing 500–1000 people, only began contributing to employment figures in 2022, with 846 jobs. By 2024, this figure had nearly tripled to 2,443 jobs, showcasing Ethiopia's growing capacity to support businesses capable of scaling to substantial workforce sizes. These companies, while few in number, represent the transition of startups into significant employers capable of delivering broad economic impact.

The largest contributions to employment come from firms in the 1000–5000 employee and 5000+ employee ranges. Enterprise-level firms (1000–5000 employees) emerged strongly in 2019, adding 9,674 jobs, though employment in this category has fluctuated in subsequent years, suggesting the challenges of maintaining large-scale operations. By 2024, this segment accounted for 4,786 jobs, underscoring its enduring importance in the ecosystem. Meanwhile, the 5000+ employee category has driven the most substantial job creation, starting in 2020 with 5,215 jobs and surging to an impressive 16,213 jobs by 2024. These firms are the clearest indicators of Ethiopia's entrepreneurial ecosystem maturing into a meaningful engine of employment and economic growth.

Overall, the evolution of employment in Ethiopia's startup landscape demonstrates a clear upward trajectory, with firms of all sizes playing critical roles. Smaller firms remain essential as incubators of job creation, while mid-sized and larger companies are increasingly capable of scaling operations to generate significant employment. To sustain this momentum, greater focus on enabling startups to graduate from smaller to larger categories will be key, ensuring that Ethiopia's startup ecosystem continues to deliver long-term, transformative economic impact.

Investment

Investment activity in Ethiopia's startup ecosystem has evolved unevenly over the past decade, reflecting both progress and persistent challenges in securing growth capital. While the total number of investments and their scale remain modest compared to more mature ecosystems, the data reveals promising signs of growth in recent years, particularly in mid-sized and larger funding rounds.

Early-Stage Investments (\$0–1mn)

Investment in the \$0–1mn range has been minimal, with just \$1mn recorded in both 2016 and 2021. The absence of consistent activity in this bracket highlights a funding gap for the earliest stages of startup development, where capital is crucial for proof-of-concept, product validation, and initial scaling.

Seed and Growth Capital (\$1–4mn)

The \$1–4mn range represents a key segment for Ethiopian startups transitioning beyond the earliest stages. Investment activity in this bracket began in 2015 with \$2mn and has since seen sporadic growth:

- 2016: \$1mn
- 2017: \$3mn
- 2020 and 2021: \$3mn each year
- 2022: A notable jump to \$10mn, signalling increased investor interest and confidence.

However, the sharp decline in 2023 and 2024 YTD, with no recorded investments, indicates challenges in sustaining this momentum, potentially linked to global economic uncertainties or local constraints in funding availability.

Mid-Sized Investments (\$4–15mn)

The \$4–15mn funding range has been crucial for startups demonstrating strong traction and growth potential. While this bracket saw no activity in the early years, \$9mn was invested in 2018, marking a critical peak. After remaining dormant in 2019 and 2020, mid-sized investments reappeared in 2021 with \$5mn and again in 2024 YTD with \$4mn. The inconsistency in this bracket highlights structural barriers to sustained growth capital, including the limited presence of investors capable of providing larger funding rounds.

Larger Investments (\$15–40mn)

The \$15–40mn investment range saw a significant spike in 2019, with an impressive \$26mn invested. This remains the largest annual total recorded within this bracket to date. However, the absence of investments in subsequent years suggests that Ethiopian startups face difficulties in maintaining the growth trajectory needed to attract substantial follow-on funding.

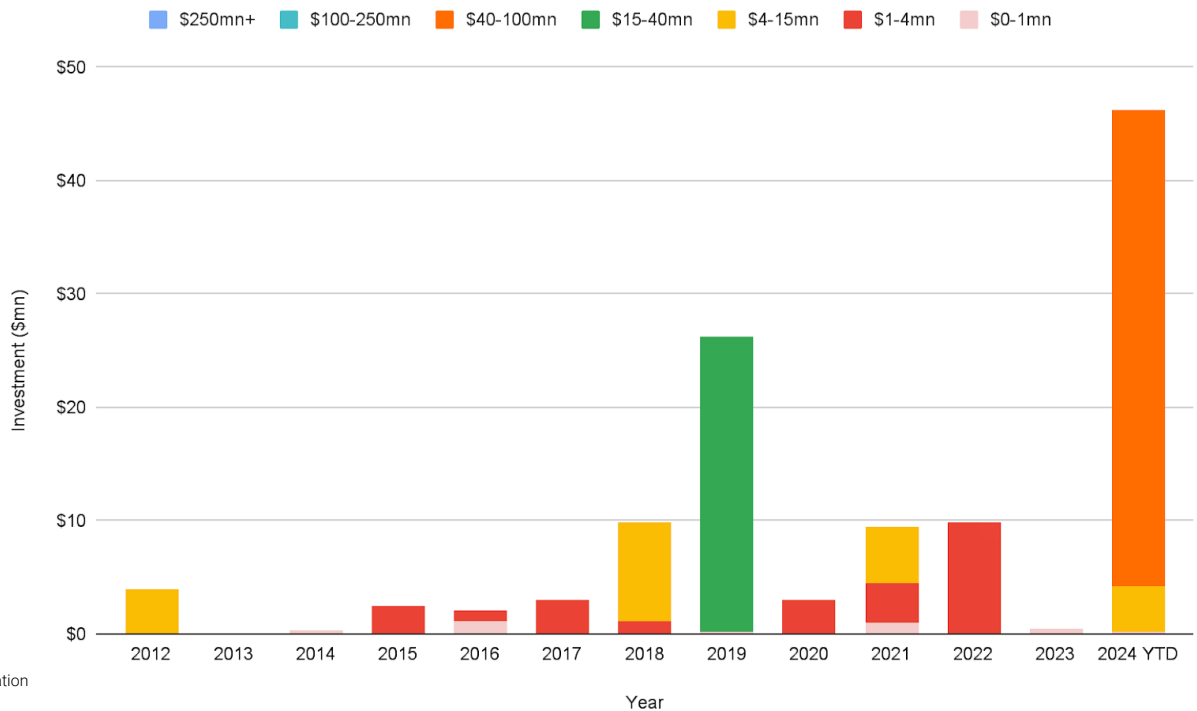
Major Investments (\$40–100mn)

A key milestone was reached in 2024 YTD with the first investment in the \$40–100mn range, totalling \$42mn. This breakthrough reflects growing confidence in the ability of Ethiopian startups to scale and absorb larger investments. The deal signals an important shift towards larger, more transformative funding rounds, marking the potential for a maturing ecosystem.

Lack of Late-Stage Investments (\$100mn+)

Ethiopia's ecosystem has yet to see any investments in the \$100–250mn or \$250mn+ ranges. The absence of such late-stage funding underscores the nascence of the ecosystem and the challenges startups naturally face in scaling to globally competitive levels. To attract investments of this magnitude, companies must demonstrate both sustained growth and market potential, supported by improved infrastructure, investor networks, and pathways to scalability.

Figure 5: Total investment into Ethiopian startup companies from 2010 to YTD 2024 by round size



Source: Systemic Innovation and Dealroom, 2024

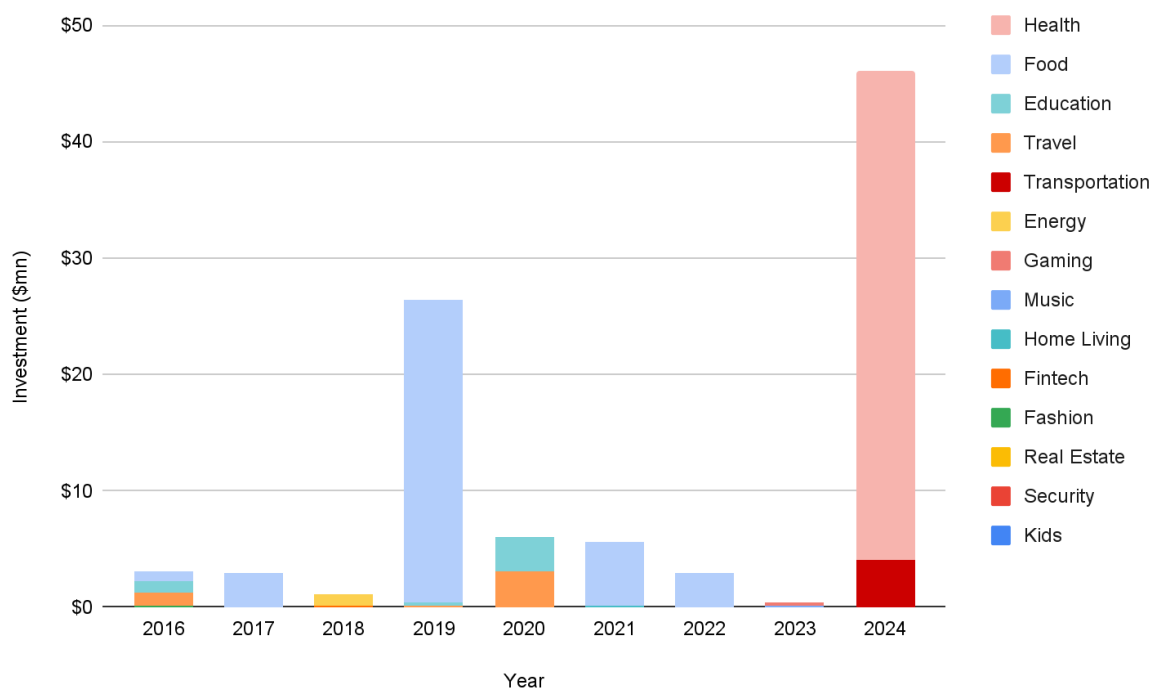
Key Trends

- Investment in the \$0–1mn range remains minimal, with only \$1mn recorded in 2016 and 2021, highlighting a gap in early-stage funding.
- The \$1–4mn range has seen intermittent growth, peaking at \$10mn in 2022, before stalling in subsequent years.
- Mid-sized investments in the \$4–15mn bracket peaked at \$9mn in 2018, with modest activity in 2021 and 2024 YTD.
- A significant \$26mn investment in 2019 within the \$15–40mn bracket remains an outlier, with no comparable deals since.
- The \$42mn investment in 2024 YTD within the \$40–100mn range marks a major milestone and signals the ecosystem's growing capacity to attract substantial capital.
- The absence of investments exceeding \$100mn reflects the early-stage nature of the ecosystem and the need for structural support to enable Ethiopian startups to scale to late-stage funding rounds.

Ethiopia's investment landscape, while still nascent, is showing signs of maturation. The emergence of larger funding rounds, particularly in 2024, points to the growing potential of the ecosystem to deliver scalable, high-impact companies. To sustain this momentum, efforts must focus on bridging gaps in early-stage funding, attracting mid-stage capital, and creating pathways for startups to access late-stage investment, ensuring long-term growth and competitiveness.

Investment by Sector

Figure 6: Investment into Ethiopian startup firms from 2008 to YTD 2024 by sector



Source: Systemic Innovation
and Dealroom, 2024

Investment by UN Sustainable Development Goals

Investment in Ethiopia's startup ecosystem has increasingly aligned with the United Nations Sustainable Development Goals (SDGs), highlighting the role of startups and innovation in addressing critical societal and environmental challenges. While investment levels remain uneven, recent trends point to growing commitments in areas such as climate action, healthcare, and gender equality, underscoring the ecosystem's potential to drive sustainable development.

Climate Action (SDG 13)

Investment in climate action emerged in 2024, with \$4mn recorded. This signals increasing recognition of climate challenges and the need for innovative solutions to mitigate environmental impacts. The focus on climate action reflects a global shift towards green and sustainable investments and aligns Ethiopia with broader efforts to combat climate change.

Affordable and Clean Energy (SDG 7)

In 2022, investment aligned with affordable and clean energy totalled \$1mn. This investment highlights the ecosystem's growing interest in addressing energy access challenges, particularly through clean and renewable solutions. Given Ethiopia's potential for solar, hydro, and wind energy, further investments in this area could have transformative impacts on energy affordability and sustainability.

Decent Work and Economic Growth (SDG 8)

Aligned with decent work and economic growth, \$1mn was invested in 2022, reflecting the ecosystem's role in job creation and economic development. As startups continue to scale, this focus is critical for Ethiopia, where entrepreneurship is a key driver of employment and livelihoods.

Gender Equality (SDG 5)

Investment aligned with gender equality saw a breakthrough in 2022 with \$1mn recorded. While modest, this marks an important step in addressing gender disparities and supporting women-led ventures or initiatives aimed at empowering women. Promoting gender-inclusive entrepreneurship will be crucial for driving equitable growth and ensuring broader participation in the innovation economy.

Good Health and Wellbeing (SDG 3)

Investment in good health and wellbeing surged in 2024, reaching \$42mn. This significant focus highlights the increasing priority placed on healthcare solutions, particularly as startups tackle challenges such as access to medical care, health technologies, and public health innovations. Ethiopia's healthcare sector holds immense potential for impact-driven investments that improve well-being across communities.

Industry, Innovation, and Infrastructure (SDG 9)

In 2022, \$1mn aligned with industry, innovation, and infrastructure, reflecting efforts to build a more robust foundation for innovation and technological advancement. Investments in this area are essential for driving industrial growth, enhancing infrastructure, and fostering long-term ecosystem development.

Responsible Consumption and Production (SDG 12)

A single investment of \$1mn aligned with responsible consumption and production was also recorded in 2022. This highlights early efforts to address sustainability in resource use and production processes, an area that holds significant potential as Ethiopia grows its manufacturing and agricultural sectors.

Zero Hunger (SDG 2)

In 2022, \$1mn was invested in zero hunger, underscoring the role of startups in tackling food security challenges. Given Ethiopia's reliance on agriculture and ongoing issues related to hunger, investments in this goal area offer opportunities for innovation in agri-tech, food systems, and supply chain efficiency.

Conclusions

This report has explored key elements of Ethiopia's innovation ecosystem, examining the interplay between firm valuations, employment trends, and investment flows. While the total enterprise value of Ethiopian startups has grown to \$303mn in 2024, with emerging momentum in the \$200mn–1bn range, the story of the ecosystem is as much about its trajectory as its current achievements.

At the heart of this progress are startups valued at less than \$10mn, the cornerstone of Ethiopia's job creation. Employment within firms valued at \$0–200mn surged from 124 jobs in 2018 to 30,422 in 2024, showcasing their expanding influence. This steady growth reflects the resilience of early-stage companies, paired with the emergence of new high-growth firms contributing to Ethiopia's economic development. However, limited representation in higher valuation tiers and significant drop-offs beyond the \$10mn range highlight the structural challenges Ethiopian businesses face in scaling operations and securing growth capital.

Investment trends paint a picture of gradual progress, with a breakthrough \$42mn deal in 2024 YTD signalling the ecosystem's growing capacity to attract larger rounds. Yet, early-stage funding remains sparse, and mid-sized investments show inconsistency, pointing to gaps that must be addressed to support firm scaling. Encouragingly, alignment with Sustainable Development Goals (SDGs) – particularly in healthcare (SDG 3) and climate action (SDG 13) – demonstrates Ethiopia's potential to balance economic growth with societal impact. Nevertheless, underfunding in critical areas such as education and food security presents opportunities to deepen the ecosystem's developmental contributions.

As Ethiopia positions itself as an emerging innovation hub, coordinated action will be essential to sustain this upward trajectory. Supporting firms through critical growth stages, closing funding gaps, and targeting investments in underrepresented sectors will be key to unlocking the ecosystem's full potential. This is not simply a call to invest more but to invest smarter – channelling resources into the sectors, businesses, and enablers that can deliver both economic returns and long-term societal impact.

Learn more about the [RISA Fund](#) and read more of our [insights](#)

For further information, please connect with us at contact@systemicinnovation.work and/or info@growthafrica.com

View the open access [Ethiopian Startup Data Hub](#)