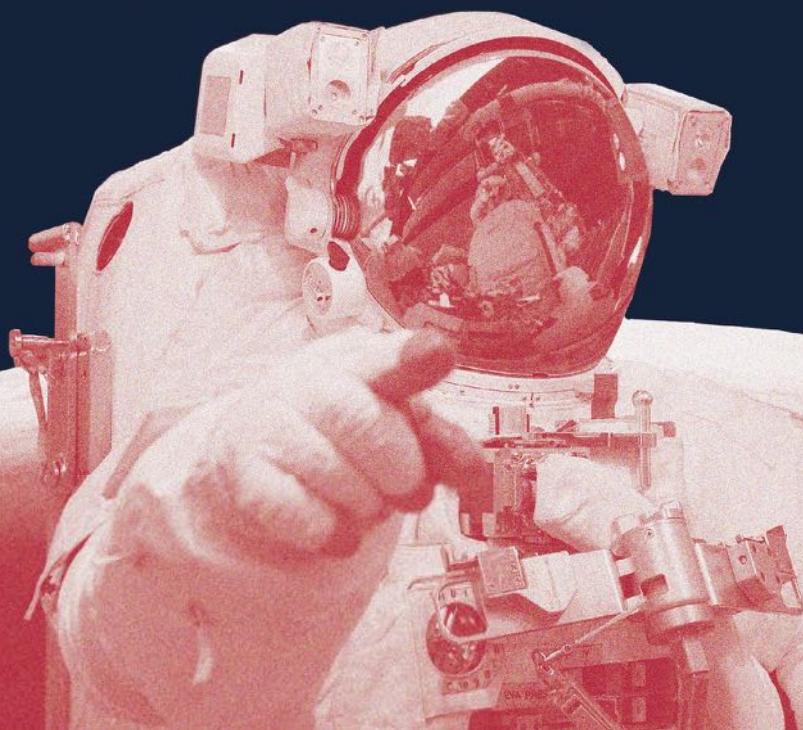


StartupTunisia

ANNUAL
REPORT

20
20





M. Mohamed Fadhel Kraiem

Minister of Communication
Technologies

When I spoke last year in the annual report of the Startup Act, I was alluding to the fact that one of my favorite routines was probably the awards ceremony for innovative Tunisian startups.

Since then, nothing has changed in this respect: the innovative potential of our youth continues to dazzle me every time I discover their inventions, their ambitions, and their energy.

Nothing has changed in my sense of wonder, but a lot has been achieved over the past year, thanks to the combined efforts of all the actors of this bubbling entrepreneurial ecosystem that animates Tunisia.

It is true that the past year has not been easy: a global pandemic, global recession and social and economic tensions being increasingly felt.

Despite this, the Startup Act continues to prove itself with more than 500 startups labelled in just 2 years, well beyond our initial projections.

500 startups labelled, it is 500 dreams that we support, 500 opportunities to create success-stories and above all, 500 motivations to continue our efforts to move the lines and reduce the obstacles in the face of our young entrepreneurs.

The past year was also marked by the unveiling of Startup Tunisia, the brand carrying Tunisia's vision on startups, and above all the official announcement of the launch of the ANAVA Fund of Funds. With an initial closing of 40 million Euros, in February 2021, on a target of 200 million Euros, this unique financing instrument in the history of Tunisia will significantly accelerate venture capital investment over the coming years, multiplying the opportunities to our startups to grow.

Thanks to these instruments, we will adequately provide the "investors" sphere and the "start-upper" sphere. But the system would not be complete if we did not provide for the other actors of the ecosystem, namely startup support organizations (SSO).

For these SSOS, we also announced the launch of Startup Ecosystem, the third pillar of Startup Tunisia that aims to develop the entire sector, where they can bring their expertise to our startups, increasing their chances of success in the mid and long-term.

The project is, indeed, an opportunity to modernize the administration, to anchor digital transformation, open to an ecosystem where the administration would become a stakeholder in the process, through a public private partnership and civil society to benefit all.

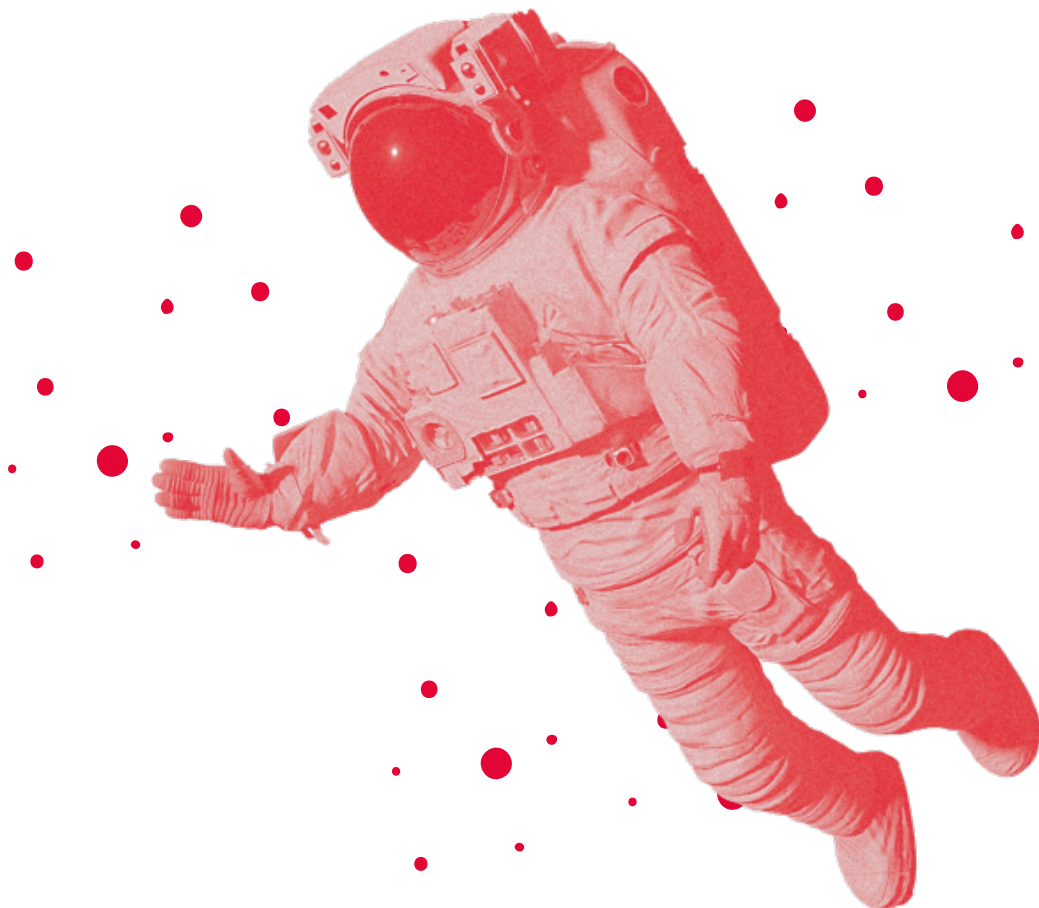
We are responsible for this path as decision-makers whose role will always be to remove obstacles and pave the way for the project.

Despite the context and not without efforts, Tunisia is gradually moving towards being more open internationally, more value creation and, we hope, more prosperity for all.

The great merit of this effort goes to the entrepreneurs who get up every day with the same energy and the same ambition to reach the stars, come rain or sun, any possible way.

These are the new soldiers of Tunisia and the guardians of its future.

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Alaya Bettaieb

General Manager
Smart Capital

Dear readers

Ladies and Gentlemen,

On behalf of the entire Smart Capital team, I am delighted to share with you the second activity report of the Startup Act and the first of Startup Tunisia. This report analyzes the facts and main indicators that have marked the activity of startups over the past year, a year still marked by the COVID19 pandemic and under the theme of resilience.

We should recall that the Startup Act is only one of the 3 Pillars of the Startup Tunisia initiative that aims to make Tunisia a nation of startups. This 2nd year saw the launch of the 2 remaining Pillars, namely, Startup Invest and Startup Ecosystem.

Startup Invest focuses on mobilizing investment resources through the ANAVA Fund of Funds launched on March 23rd, 2021, which is the first fund of its kind denominated in Euros aiming to create by 2026, 16 underlying funds dedicated exclusively to investment in startups in their launch, growth, and international expansion phases.

Startup Empower, on the other hand, aims to provide strategic financial and technical support to startups in key moments of their entrepreneurial adventures but also to support structures, such as incubators, accelerators, and startup studios. Flywheel, Startup Empower's first program, also launched on March 23rd, aims to generalize access to quality and efficient support. Thus, the financial assistance provided to startups has two key strategic objectives: to increase the volume of startups with high growth potential in Tunisia, and to help them accelerate their growth curves.

The ecosystem is bubbling, the framework of the Startup Act is in place and giving good results and, with the launch this year of the ANAVA Fund of Funds and the Flywheel program, the Startup Tunisia initiative is well underway.

After only two years, Startup Tunisia has created an extraordinary dynamic through the labeling of 500 startups, the launch of several specific projects and actions both in terms of financial and technical support for startups and to actors in the ecosystem.

This is an opportunity to thank the entire Smart Capital staff, the Ministry of Communication Technologies as well as all the national and international partners who support our initiatives on a day-to-day basis (the CDC, the World Bank, GIZ, BPI France and Expertise France).

We as Tunisians have a role to play in reaching the current turning point with this project. What is needed is that we all dare: the creator to create, the investor to invest, the legislator to encourage and incentivize, and fellow Tunisians overseas to build bridges with the motherland. The theme for this Annual Report is resilience, it is thus appropriate to salute Tunisian startups which, in this extremely challenging pandemic and socio-economic context, demonstrate an extraordinary capacity for adaptation and resistance.

It is our duty to help them again and again, by innovating in the mechanisms but also in the procedures.

Startup Tunisia is a shared dream that we can all carry, to make Tunisia, a nation of startups at the crossroads of the Mediterranean, the MENA region and Africa.

03 Pillars and 04 Enablers for a "Startup Friendly" Tunisia at the crossroads of the Mediterranean, the MENA region and Africa

03

PILLARS FOR SOLID FOUNDATIONS

01.STARTUP ACT

An innovative legal framework to promote startups that start in Tunisia or settle here.

The Startup Act is based on a label of merit and a series of benefits and incentives for Entrepreneurs, Startups, and Investors.

02.STARTUP INVEST

A financing framework to develop an ecosystem of VC funds with high added value for startups.

Startup Invest is based on 3 instruments:
(i) a VC Fund of Funds,
(ii) an Incubator of Management Companies, and
(iii) a Guarantee Program.

03.STARTUP ECOSYSTEM

A framework to support startups and entrepreneurial hubs to support all actors in the ecosystem. Startup Ecosystem is divided into 3 missions at the service of the actors of the ecosystem:
(i) Financing,
(ii) Animation, and
(iii) International connection.

04

ENABLERS TO ENERGIZE THE PILLARS

01. TALENT POOL

To make Tunisia a unique talent pool in the region for startups and technology companies, design, and support initiatives for: (i) teach coding, (ii) courses of excellence (GE, Ivy League...).

02. TECHNOLOGY CLUSTERS

Identify high-potential technological themes where Tunisia can position itself on a global scale – regional and design and implement competitive underlying Clusters, ideally outside of Tunis.

03. MARKET ACCESS

Design and implement local and international market access programs for both startups and technology companies and ensure excellent Marketing for Tunisia as a destination.

04. ANCHORING - INCLUSION

Provide Tunisia with places to anchor startup and innovation ecosystems (Startup City...) with an inclusive dynamic and review existing structures (Technopoles, Cyberparks...) via an Infrastructure – Real Estate Fund.

Main Objectives over 5 years

1 000
labels

10 000
Jobs

1 000 000 000 TND
Cumulative turnover

01
National Unicorn

07th of January 2020: Signature of the bilateral agreement between the Ministry of Communication Technologies and Smart Capital in accordance with Article 5 of Law No. 2018-20 dated 17 April 2018 on startups. This agreement constitutes a framework contract setting out the missions incumbent on Smart Capital with regard to the design and implementation of the Startup Tunisia Program as well as the modalities for monitoring and evaluation by the Ministry of the achievement of its objectives.

The College of Startups

A voluntary commitment for the startup community

The College of Startups is created under Article 6 of Law No. 2018-20 on startups. Its composition, prerogatives and functioning are set in Decree N°2018-840.

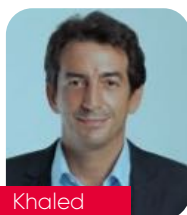
The College of Startups decides on the innovative and scalable nature of the projects applying for the Startup Label and Pre-label.

It is composed of a President and eight (08) members, all volunteers, from the public and private sectors, and civil society linked to startups, entrepreneurship, innovation, investment, and support.



Elyes
JERIBI

CEO
Jumia Tunisie



Khaled
BEN JILANI

Senior Partner
AfricInvest



Mohammed Ali
KILANI

Serail Entrepreneur &
CTO Lifem



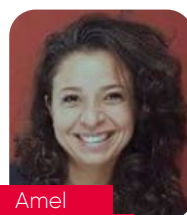
Mohamed Salah
FRAD

CEO
UGFS NA



Ali
MNIF

Chief Investment Officer
Digital Africa



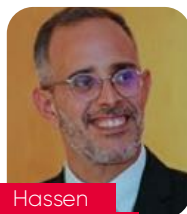
Amel
SAIDANE

Lead
Betacube /
Tunisian Startups



Zoubair
TOURKI

General Manager
Rénovation Universitaire
(MESRS)



Hassen
HARRABI

Advisor to the Minister
(MTCEN)

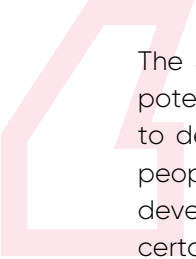


Nader
BHOURI

Investment Manager
ASF Genève


SAVE

The members of the college also mobilized for the SAVE initiative to rescue startups following the 1st wave of COVID19 and collaborated with the Task Force set up to develop the SAVE financial instrument.

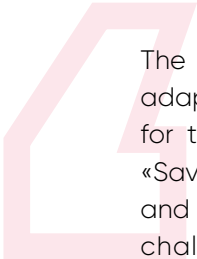


The Startup Act is the pinnacle of Tunisia's transformative potential. The system has made it possible in record time to develop a culture of entrepreneurship, to inspire young people, to create jobs, to reinvent the offer of companies, to develop new uses of consumption and to begin to improve certain living conditions.

A profound societal change is underway. Today we celebrate its second anniversary: the triumph of youth, resilience in the face of the pandemic, and the acceleration of the dynamic with a real economy of resources

**Nader BHOURI**


Investment Manager



The Tunisian startup has demonstrated that its high adaptability and risk tolerance are the main ingredients for the resilience of an ecosystem and an economy. The «Save» initiative helped save many startups, but cohesion and community belonging made it even more resilient to challenges.

Women entrepreneurs remain one of the main differentiators of the Tunisian startup ecosystem, with one in four founders being a woman. This diversity is one of the foundations of solid and profitable startups, but also the sustainable DNA of this ecosystem in the startup phase.

Startup Act has helped to activate entrepreneurship and trigger the desire to act, in men and women, to be in charge of their destiny.

**Amel Saidane,**

Chairwoman of Tunisian Startups

Startup Invest

The Anava Fund of Funds, managed by Smart Capital, received approval from the Financial Market Council on December 8th, 2020 and the License on the 8th of December 2020. The first investments in funds are planned for Q3/Q4 2021. The investments of the underlying funds in startups are planned for end 2021.

Anava is the first Fund of Funds in Tunisia and Africa with a target size of €200 million. The first closing is forecast at €40 million. It is exclusively dedicated to the financing of startups in equity and quasi-equity.

The objective of this Fund of Funds is to invest in at least 16 underlying funds that will invest in a minimum of 350 startups.

Anava is denominated in Euros and has a regional dimension. The investments will cover startups whose main activity is in Tunisia even if their head office is overseas. This will facilitate the internationalization of startups and encourage regional startups to set up in Tunisia.

Anava's first investors are reference institutions such as Caisse des Dépôts et Consignations, the World Bank, KfW and the European Union.

Anava's Investment Committee is composed of renowned Tunisian and international experts.

	Seed Stage Fund	Early-Stage Fund	Late-Stage Fund
Target	Pre-Seed & Seed	Séries A	Series B and C
Minimum size of the Fund	5M€	10M€	50M€
Currency of the Fund	EUR or TND	EUR or TND	EUR or USD or TND
Legal form of the Fund	Specialized Investment Fund (FIS) under Tunisian law	Specialized Investment Fund (FIS) under Tunisian law	Specialized Investment Fund under Tunisian law or an equivalent fund under foreign law
Geographical anchoring	Investment in startups mainly active in Tunisia: they shall be anchored in Tunisia (Parent company or subsidiary in Tunisia) with over 50% of consolidated staff based in Tunisia	Investment in startups mainly active in Tunisia: they shall be anchored in Tunisia (Parent company or subsidiary in Tunisia) with over 50% of consolidated staff based in Tunisia	Investment in enterprises mainly active in Tunisia with a leverage effect of 1,5 x investment of the Fund of Funds in the late-stage funds. If the management company is under foreign law, the latter is under the obligation to open an office in Tunisia and the team based in Tunisia shall include at least an Investment Manager or above
Lifespan of the Fund	12+2 years	10+2 years	10+2 years
Maximum contribution from the Fund of Funds	75%	50%	20%
Maximum Ticket from the Fund of Funds	7,5M€	10 M€	15 M€





Dr. Boutheina BEN YAGHLANE BEN SLIMANE

General Manager of la Caisse des Dépôts et
Consignations (CDC)

Our slogan for the launch of the ANAVA Fund of Funds and the FLYWHEEL program was “Tomorrow starts now”, a slogan that sums up a dream born from a global vision and an ambitious national strategy, the Startup Tunisia strategy.

At the launch of this ambitious project in 2015, we wanted to position Tunisia as a major technological hub for entrepreneurs and startups on the southern shore of the Mediterranean, at the crossroads of Europe, the MENA region and Africa, allowing the emergence of an ecosystem conducive to the emergence and development of startups.

This positioning was based on several key success factors, namely a young population amongst the most educated in the region and a rich pool of skills, a very active diaspora, a historical and geographical opening of Tunisia to the world, the success of several startups in Tunisia and abroad, as well as the availability of management teams that are increasingly structured.

The Caisse des Dépôts et Consignations (CDC) oversaw the financing pillar of this strategy by supporting the structuring of the ANAVA Fund of Funds, a unique investment vehicle of its kind in Tunisia and Africa. An idea that has become reality thanks to our cooperation with the French Development Agency (AFD) and BPI France and the World Bank (WB) which financed the «Startups and Innovative SMEs» project, endowed with 75 million Dollars over 7 years.

This project finances, in its largest component, CDC’s subscription to the ANAVA Fund of Funds with a target size of 200 million Euros, co-financed by the World Bank, the German Development Bank (KfW), which will manage its participation and that of the European Union, ANAVA will support the financial and growth needs of startups.

This collaborative project between CDC and Smart Capital will also fund part of the FLYWHEEL program co-funded by GIZ and will support the startup ecosystem, including, specifically, women-led startups, as well as those located in the interior regions.

Thanks to the support of the friends of Tunisia, this project is now a reality. It will strengthen the holistic dynamic to support innovative startups and SMEs and help actors in the entrepreneurial ecosystem, including business incubators and accelerators, to improve and expand the reach of their programs.

CDC’s support to startups is a strategic choice born from a forward-looking vision of the evolution of Tunisia’s economy.

Startup Ecosystem

The vision of this pillar is to support the startup ecosystem in Tunisia, to develop it and to catalyze a good dynamic of innovation.

It is a framework to support the actors of the startup ecosystem in Tunisia. It is built on financing, capacity building, animation, and international connections. This framework is divided into 3 missions: **Support, Connection and Promotion** through a set of programs, tools, and dedicated events.

Flywheel

To fuel the ecosystem growth

Ecosystem Flywheel is a financial support program for the startup ecosystem aimed at startups and their Support Structures. It is spread over 7 years and is financed by the World Bank and the German development agency through GIZ. It is implemented by Smart Capital and the Caisse des dépôts et Consignations. The selection of beneficiaries is done by an independent public-private selection committee composed of representatives of the program partners (GIZ, CDC and Smart Capital), a representative of the Ministry of Communication Technologies, Mr. Hassen Harrabi; an informed entrepreneur Mr. Bechir Tourki; an investor Mr. Mehdi Charfi, and a prominent figure in the ecosystem, Ms. Rym Baouendi. The project effectively launched in 2021.

Program partners:



THE WORLD BANK



giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

SAVE

The SAVE initiative was designed as a matter of urgency to help startups impacted by the COVID19 crisis, and at risk of liquidation or redundancy for their staff. 60 labeled startups, out of a total of 124 applications, benefited from a repayable advance ranging from 10,000 to 50,000 TND to survive the impact of the lockdown and the almost complete shutdown of the economy from March to May 2020. This initiative was funded by a 583K Euros budget from the Innov'i EU4Innovation program set up by Expertise France. The initiative was implemented by Smart Capital and the Caisse des Dépôts et Consignations, under the supervision of the Ministry of Communication Technologies.



The selection committee:

The selection of beneficiaries is done by an independent public-private selection committee composed of representatives of the program partners (GIZ, CDC and Smart Capital), a representative of the Ministry of Communication Technologies, Mr. Hassen Harrabi; an informed entrepreneur Mr. Bechir Tourki; an investor Mr. Mehdi Charfi, and a prominent figure in the ecosystem, Ms. Rym Baouendi.



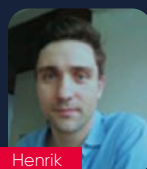
**Hassen
Harrabi**

Advisor to the Minister for
Communication Technologies



**Chaima
Soudani**

Investment Manager
CDC



**Henrik
Wichmann**

GIZ representative



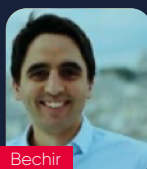
**Salma
Baghdadi**

Smart Capital Representative



**Rym
Baouendi**

Founder of the Medina
Works Consulting Firm



**Bechir
Tourki**

Entrepreneur



**Mehdi
Charfi**

Managing Partner
de SPE Capital
au UAE

AIR

Financial Instruments for Startups

An instrument for startups in Very early stage to finance the development of Proof-Of-Concept.

In the form of a 30 k TND ticket, divided into 60% subsidy & 40% Repayable Advance.

AIR 2

An instrument for preparation for investment for startups with a SEED fund and on their way to a Series A fundraising.

In the form of a ticket of up to 200k TND, into 60% subsidy & 40% Repayable Advance.

DEAL

Financial instruments for support structures

An instrument for SSOs to finance the launch of new support programs.

In the form of a ticket of up to 200k TND, in subsidies.

SAIL

An instrument to allow the sustainability of SSOs calculated on the basis of performance metrics such as startup labelling or completed fund raisers.



Launch of the Ins & Out Ecosystem Program building to strengthen the links with actors of international ecosystems and to share best practices in terms of startup support. 13 modules were taught by international experts such as Startup Commons, Beta-i, Startup Bootcamp, Fabernovel. This program was carried out in partnership with Innov'i EU4Innovation and implemented by Expertise France, and used the services of a labelled startup, Evey Technologies.



Coordination and monitoring of the PROMISE program implemented by a consortium of actors (DELOITTE, Open Startup Tunisia, Endeavor, Tayp) and funded by the US Embassy including technical assistance and ecosystem strengthening, as well as the activation of the mechanism for funding patents at the domestic and international level for labeled startups.



International connection

Thanks to funding from the Tunisian Ministry of Communication Technologies, 70 startups were able to participate in 2 international events dedicated to new technologies and the development of startups.

This was an opportunity for them to promote their projects and access partnership opportunities. These marketing actions contribute to the international influence of labeled startups.



Pitch Express

Pitch express is the opportunity given daily to the founders of labeled startups to pitch their startups to a large audience. A morning show that gives visibility to startups!

68.1%

saw an increase in the number of followers on social networks.

59%

managed to attract new prospects (potential customers).

54.5%

received partnerships offers.

4.54%

were contacted by potential investors.

100%

recommend the Pitch Express experience to other startups.



Methodology

Produced by Smart Capital, this is the second edition of the annual activity report of the Startup Act covering the period from January to December 2020.

However, some sections such as Labeling & Benefits, Startup Identity Card and Start-ups Profile, are based on all the data collected since the launch of the Startup Act (April 2019 to December 2020).

The study population was identified from the database provided by the Startup Portal. To ensure the reliability of the results presented in this report, several data sources were combined and thus ensure the completeness of the data analyzed.

Apart from the database shared by the founders as part of the Startup Act (application file for the Label, Company Sheets, annual financial statements) and the information provided by the CNSS, a self-administered questionnaire was sent to the community of labeled startups from March 8 to May 6, 2021, leading to 238 replies.

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The Startup Act

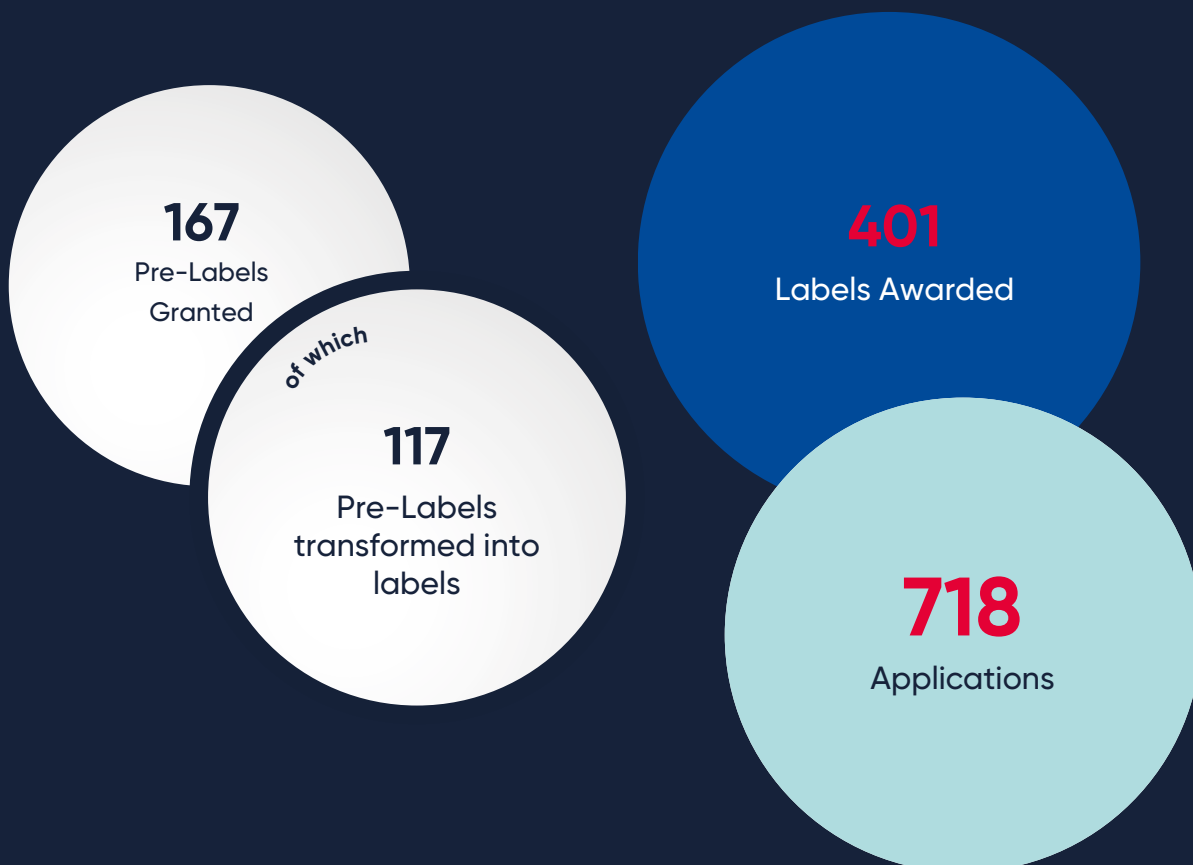
Labeling & Benefits

Until December 2020

The Startup Label

A look back at key figures

April 2019 - December 2020



63%

Acceptance rate*

* Acceptance rate = (Labels awarded+ Pre-labels awarded- Pre-labels transformed into labels) / Total number of applications

123

labeled startups (31%) were created in 2020

Continued growth in the number of startups labeled

With 3 additional applications per month, the average number of monthly applications in 2020 (34) is growing compared to 2019 (31). Nearly one third of applications were received during Q4 2020.

The number of applications for Pre-Label is in constant growth and translates a real

infatuation for this organization model. Pre-Labels transformed into Labels represent 30% of all labeled startups.

It should be noted that 12 Labels (11 of which in 2020) were removed; 6 for exceeding the age limit (set at 8 years).

Summary of benefits granted

April 2019 – December 2020

Life Grant



2,1 MTND

Total budget allocated to life grants



127

Startups benefiting from a life grant



189

Founders benefiting from the scholarship



1495 TND

Average amount of the scholarship

CNSS support



5,7 MTND

Total CNSS Support Budget



279

Beneficiary Startups

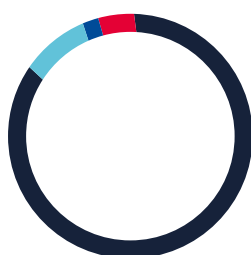


7

Employees per startup

Are supported on average

Breakdown of scholarship amounts



1000-2000 TND (82%) 2001-3000 TND (8,5%)
3001-4000 TND (3,7%) 4001-5000 TND (5,8%)

The Label allows startups to access the world of the Startup Act and its advantages.

Currently 189 startup founders benefit from a grant/stipend with an average monthly amount of 1495 TND. These grants/stipends are funded by ANETI and represent a global budget of 2.1 MTND since launch of the Startup Act.

In addition, CNSS contributions are fully Covered by ANETI for a total amount of 5.7 MTND for 279 startups.

Startup creation leave



27

Leave for startup creation

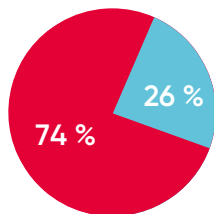


22

Beneficiary startups



Public sector



Private sector

Leave distribution for start-up creation

Authorized Economic Operator⁽¹⁾



7

Authorized economic operators

During 2020, 7 new leaves for the creation of startups were granted, bringing the total number of leaves to 27, from 22 startups.

Thanks to the label, 7 labeled startups were able to become AEOs in 2020, and are now ranked amongst the 78 companies benefiting from this certification in Tunisia.

(1) An authorized Economic Operator (AEO) is a status granted to a company based in Tunisia allowing the simplification of custom procedures.

Patent

The process for the implementation of the support of filing procedures and registration fees for patents for inventions, is in the completion phase.

After a year of reviewing the administrative modalities and multiple exchanges with INORPI, the consortium⁽²⁾ responsible for the implementation of the Promise program funded by the US Embassy, in collaboration with Smart Capital, selected the international firm Montgomery McCrackens (specialized in intellectual property law relating to startups) to carry out this mission.

(2) The consortium is composed of Deloitte, OST, Endeavor and TAYP in coordination with Smart Capital under the supervision of the Ministry of Communication Technologies.

Agreements to deploy some of the benefits of the Startup Act

31 December 2019

Signature of a cooperation agreement between MTC and TIA: creation of companies for projects that have obtained a pre-label through a dedicated platform within TIA: project implemented throughout 2020 and has gone into effect in Q1 2021 with the creation of the first company for a project that had obtained pre-label through the TIA platform.

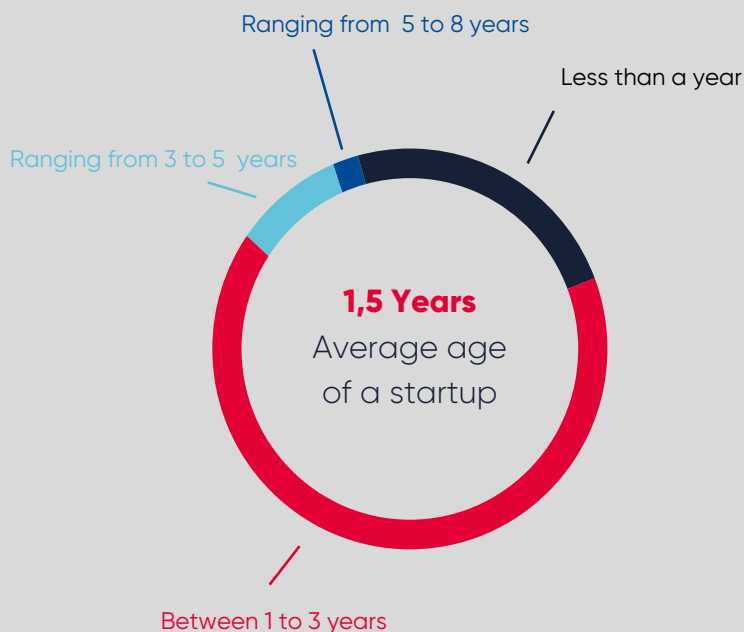
31 December 2019

signature of the Tripartite Agreement (MTC-MF-SOTUGAR) on the benefits of the guarantee mechanism for investment funds' participation in the capital of startups.

21 February 2020

signature of the MTC-Customs cooperation agreement on the benefits of the status of Authorized Economic Operator (AEO)

The Identity of **startups**



Age

The average age of the population of labeled startups decreased by one year (1 year) compared to 2019.

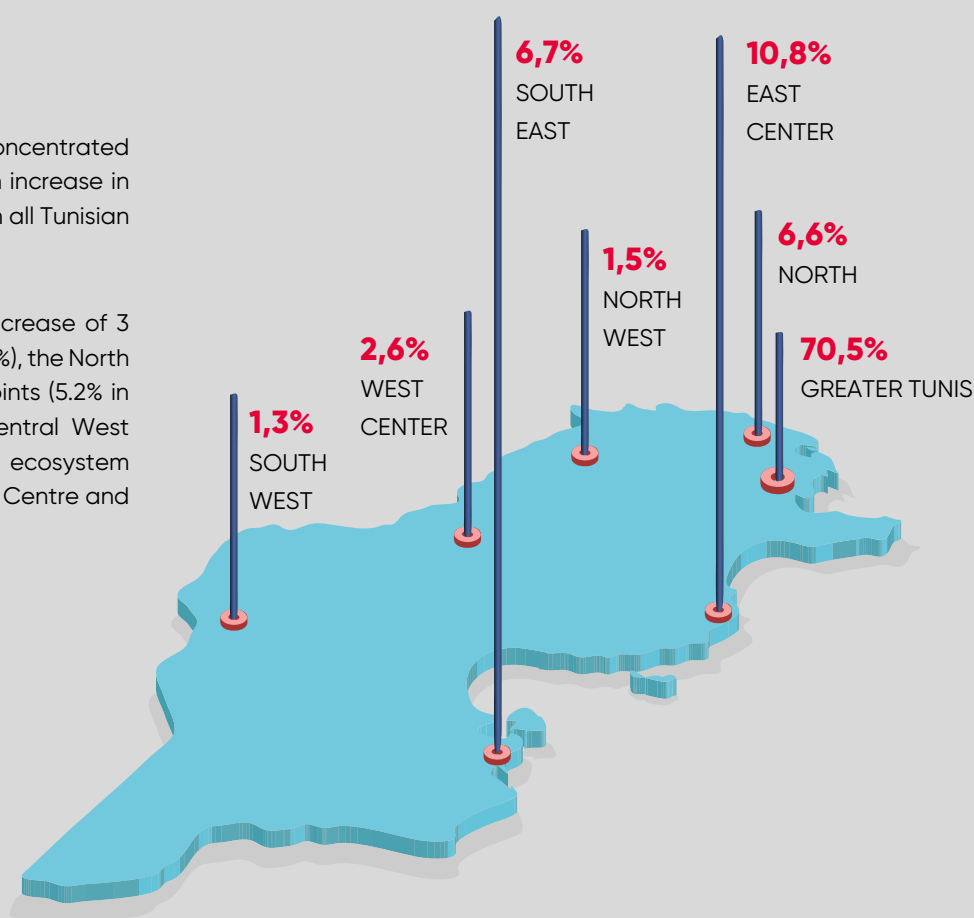
If 32% of startups are less than a year old, more than 50% of them range from 1 to 3 years-old and only 14% of all labeled startups are over 3 years-old.

Regionality

Although 70% of startups are concentrated in the Grand Tunis, there was an increase in the number of labeled startups in all Tunisian regions in 2020.

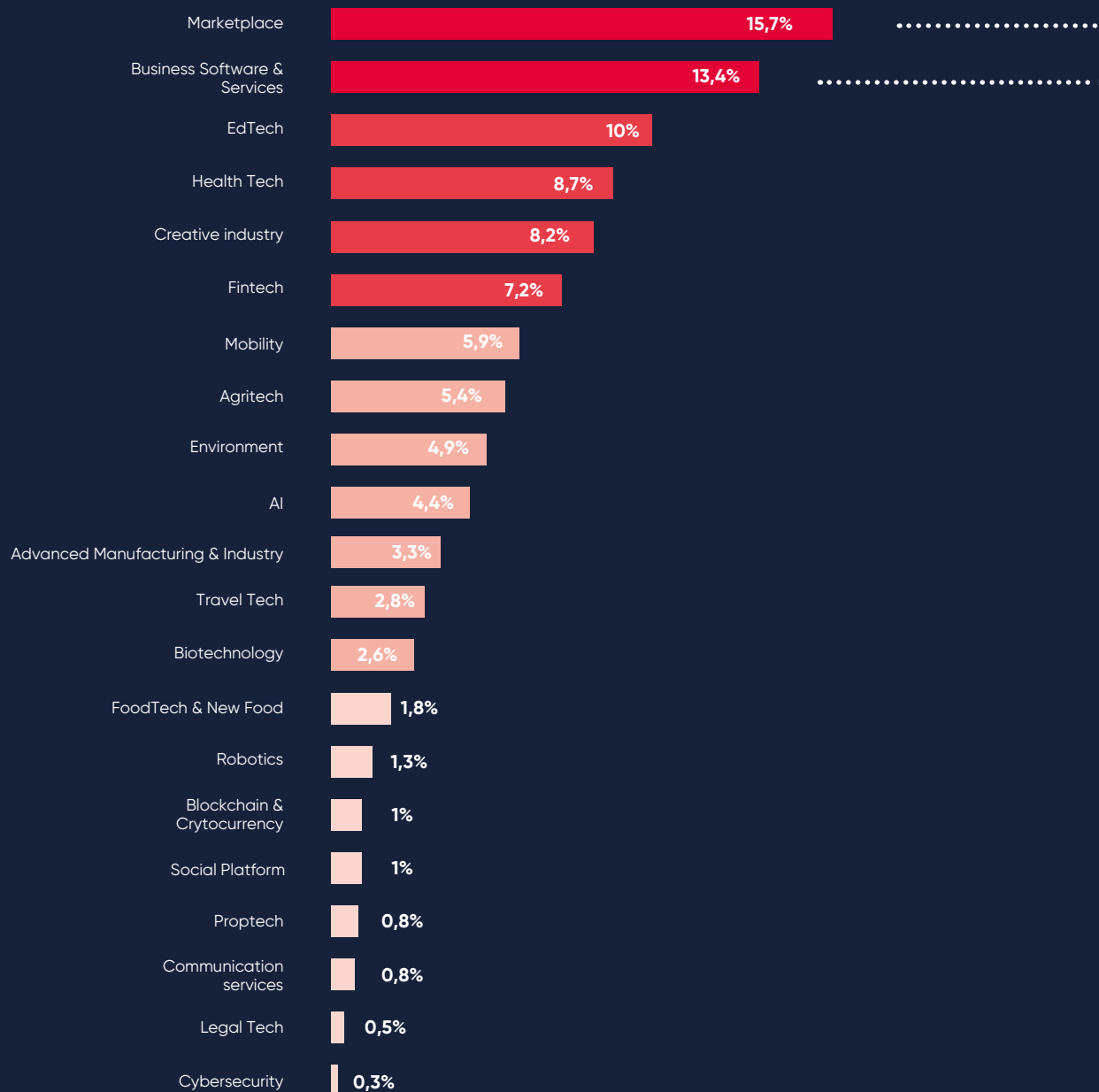
The Southeast region with an increase of 3 points compared to last year (3.7%), the North region with an increase of 1.4 points (5.2% in 2019) and 0.6 points for the Central West (2% in 2019). The entrepreneurial ecosystem seems to be consolidating in the Centre and Southeast of Tunisia.

Slight improvement in the distribution of labeled startups in Tunisia

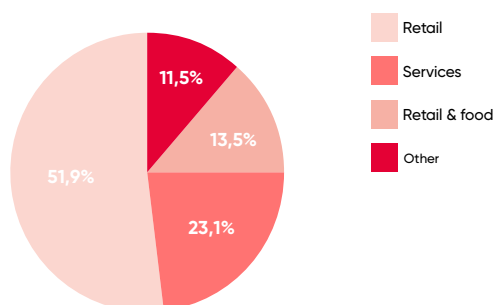




Industries

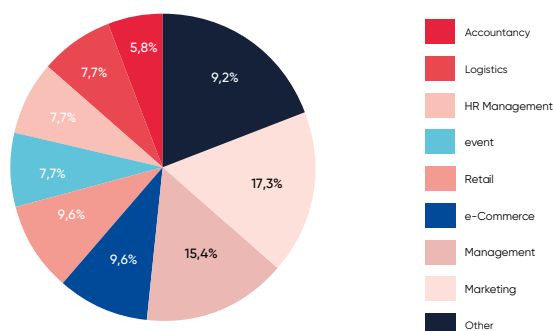


Marketplace Industry Sub-Sectors



Other: Marketing, Agritech, Customer Support, Event, Logistics

Business Software & Services Industry Sub-Sectors



Other: Industry, Services, Construction, Customer Support, ERP, stock management, Infrastructure, Queue Management

21,5% of labeled startups operate in Deep Tech (AI, Robotic, IoT, BioTech, Blockchain & Cryptocurrency)

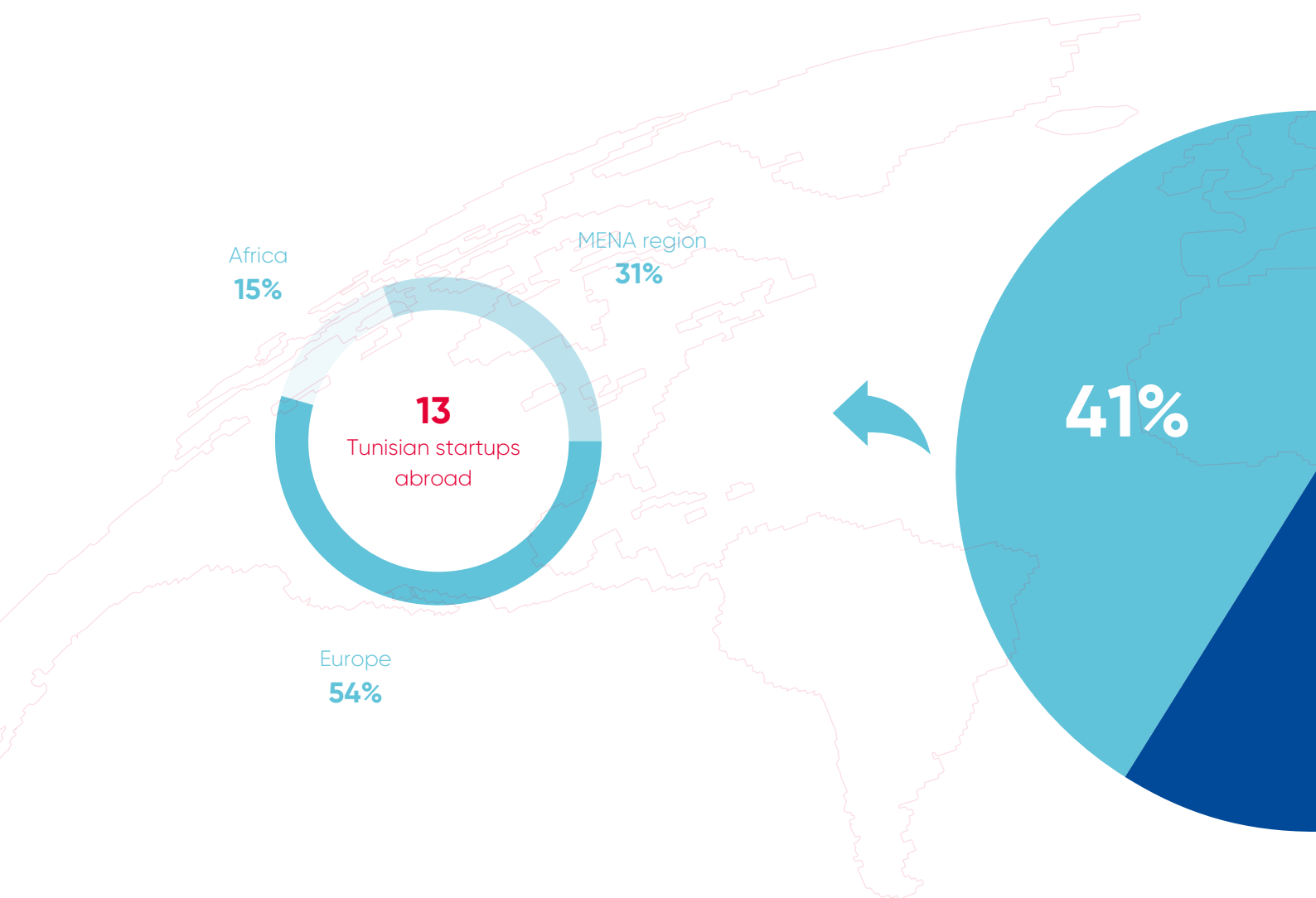
70% of labeled startups are concentrated in a third of the fields of activity covered by startups.

With a 5% increase in the Marketplace sector compared to 2019, the first two sectors (Marketplace and Business Software & Services) account for 30% of the startup population. The same is true for the EdTech, HealthTech, FinTech and Creative Industry sectors (34%).

Sector analysis allowed a breakdown of the Marketplace and Business Software & Services business areas into 24 sub-sectors.

More than 50% of startups operating in the field of Marketplaces carry out Retail. Similarly, 50% of startups doing Business Software & Services work in Marketing (17.3%), Management (15.4%), e-Commerce (9.6%) and Retail (9.6%).

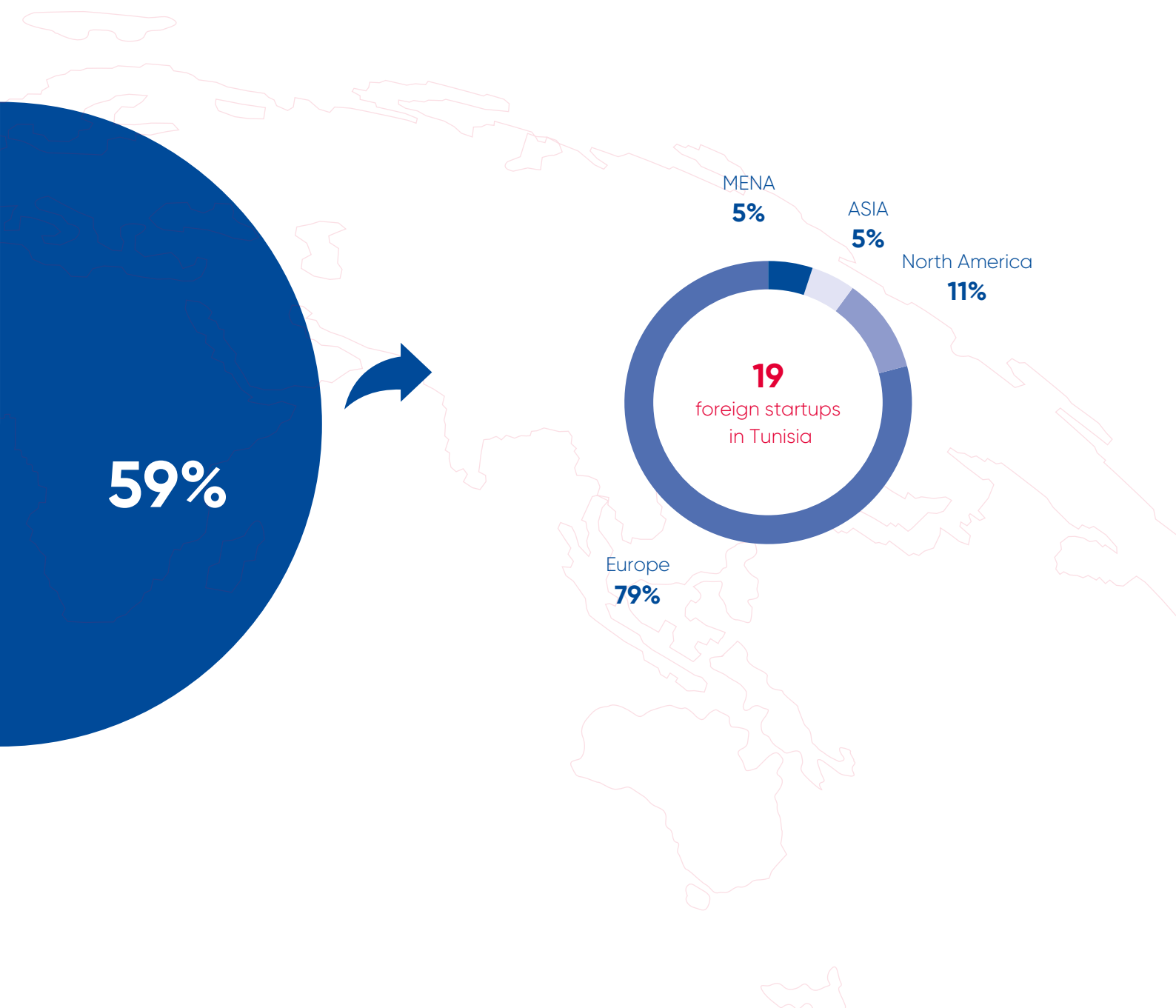
Geographical distribution of international startups



The geographical distribution of Tunisian startups with international subsidiaries

An international startup is defined as:

- A **Tunisian startup** that has created subsidiaries abroad, or
- A **foreign startup** that opened a subsidiary in Tunisia.



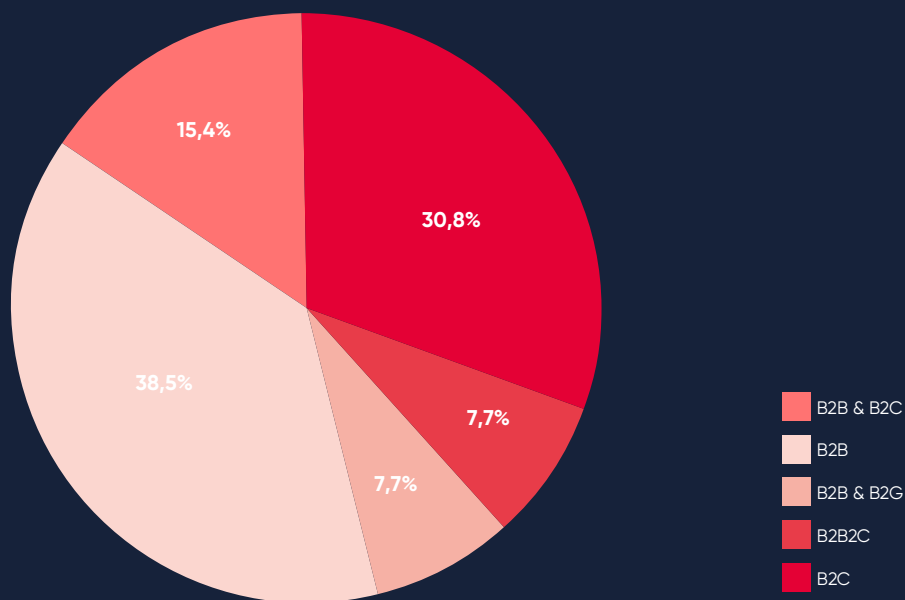
The geographical distribution of the headquarters of foreign startups with subsidiary in Tunisia

Tunisian start-ups with an international presence:

Thirteen (13) labeled startups have a cumulative total of 16 subsidiaries abroad, exactly double compared to 2019.

Half of the subsidiaries are in Europe and the rest is divided between the MENA region and Africa. Europe remains the 1st international expansion destination for labeled startups.

The analysis of the sectors of activity shows a diversity of activities of Tunisian startups. The 13 startups operate in different sectors: Agritech, Biotechnology, Creative Industry, FinTech, Health Tech, ... The preferred business models are B2B and B2C (38.5% and 30.8% respectively).



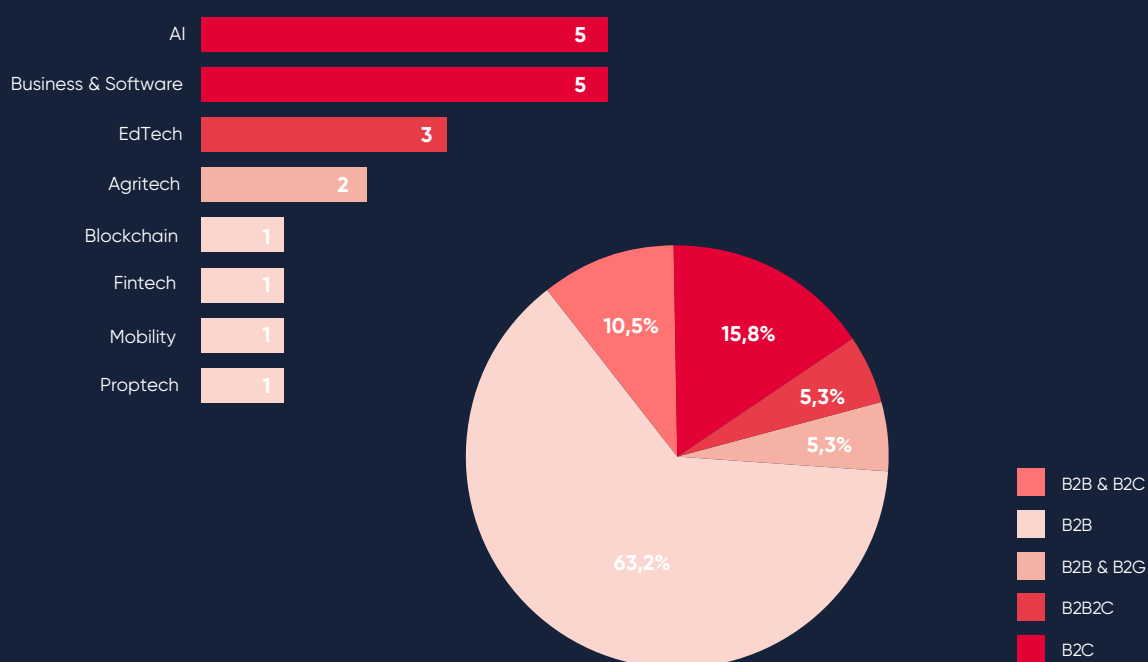
+12 Labeled startups are international in 2020

Foreign startups with a presence in Tunisia:

The attraction of foreign startups began with the launch of the Startup Act and now has 19 foreign startups with a subsidiary in Tunisia, 5 more than in 2019.

80% of these startups have their parent company in Europe and 10% in North America.

Foreign startups in Tunisia operate mainly in the field of AI (26%), Business Software (26%), EdTech (16%) and Agritech (10%) sectors. In addition, 63% of foreign startups have a B2B business model.

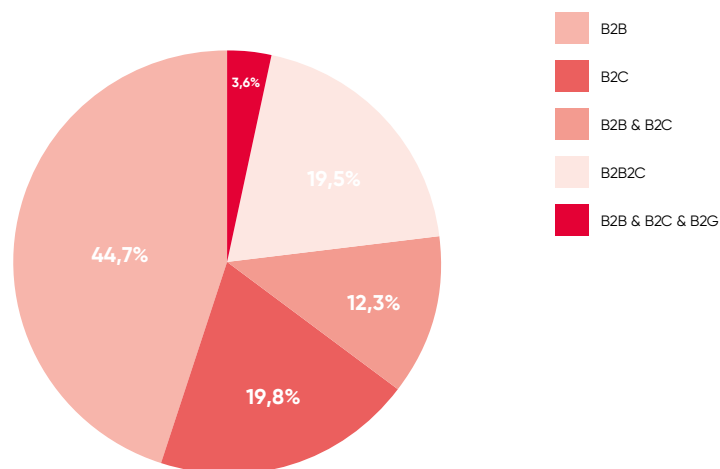


Business model

45% of labelled startups are active in the Business to Business (B2B) segment working exclusively for the corporate market. In addition, **20% of startups** make an offer only for individual consumers (B2C).

19.5% of startups follow the B2B2C model (an evolution of 10% compared to 2019) by having a corporate clientele and end-users made up of regular persons.

A new business model has emerged among labeled startups in 2020, with 3.6% of startups offering innovative solutions adapted for the government (B2G).



3,6%

of labeled startups use a
B2G business model

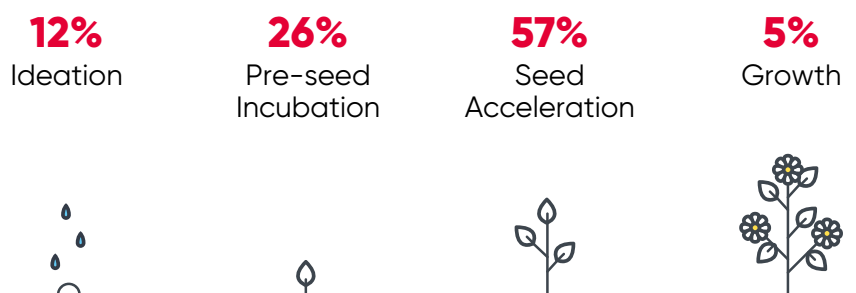
Support for labeled startups by ecosystem support structures

37%

of startups had access to support

148 Labeled startups were supported by an SSO (Startup Support Organization) including incubators and accelerators which provide various support services to startups. 24 startups participated in more than one support session (16%).

This support made it possible to cover different stages of growth of startups. Compared to last year, we have noted an increase in the number of startups supported in the Ideation phase (+5 points) and Pre-seed Incubation (+4 points). With only 5% of all startups supported, in the Growth phase, it is still not receiving sufficient support.

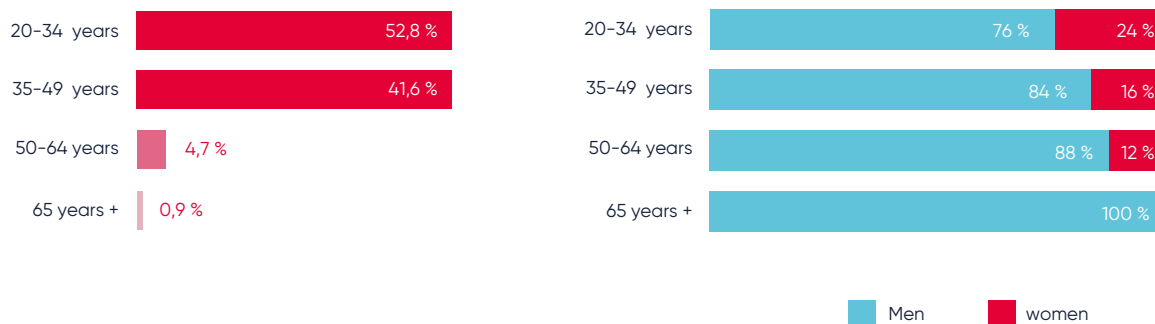


Distribution of startups supported by life cycle

Start-Uppers Profile

Founders' Profile

Out of **894** people analyzed



The Youngest 19 Years-old	Average age 35 Years-old	The Oldest 84 Years-old
-------------------------------------	------------------------------------	-----------------------------------

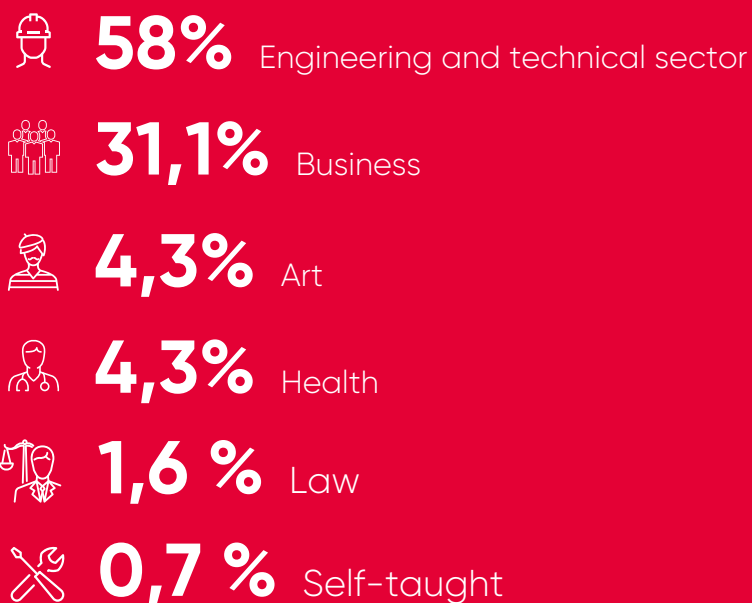
The population of start-uppers in Tunisia is relatively young with more than 50% under the age of 34. Note that the average age has decreased by one year (1 year) compared to 2019.

The gender representation gap remains significant, but we note that the share of women, for the 20-34 years and 35-49 years intervals, increased by one point during 2020 and by 7 points for the 50-64 years interval.

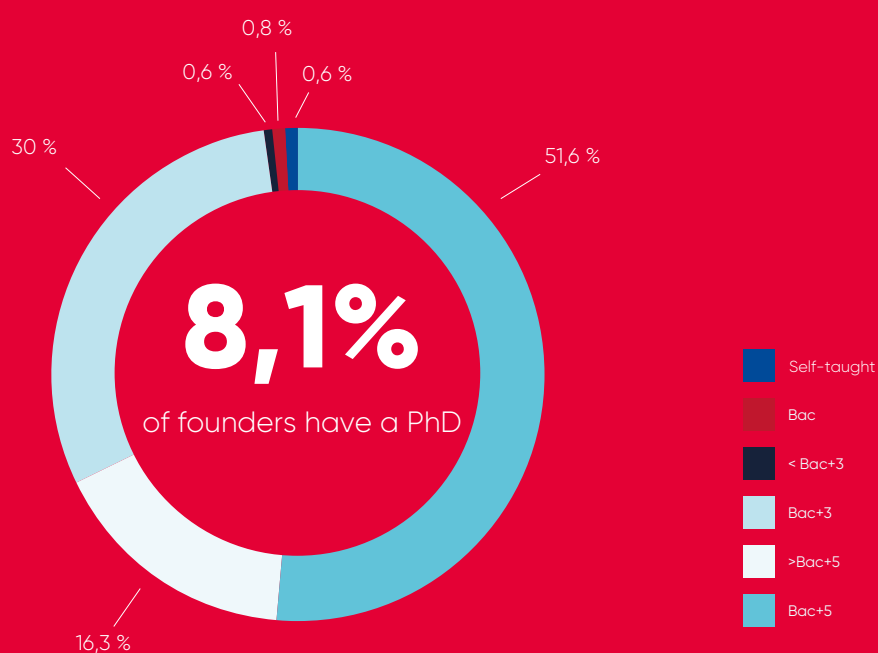
The founders of Tunisian startups have an excellent level of education with 70% holding a BAC+5 level and 30% a BAC+3 level at least.

The most represented courses are engineering & other technical courses and business schools (respectively 58% and 31.7%). Art, law, and health represent 10.2% of the training courses of the founders of labeled startups. Note that 0.7% of founders are self-taught.

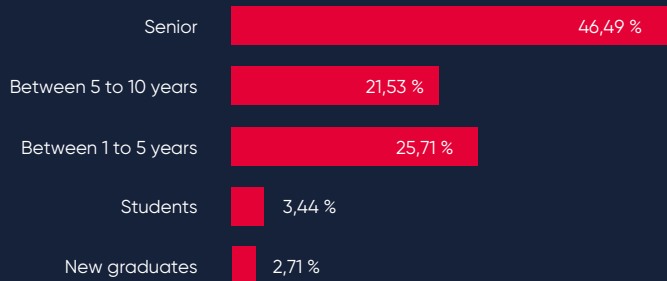
Academic background



Level of education



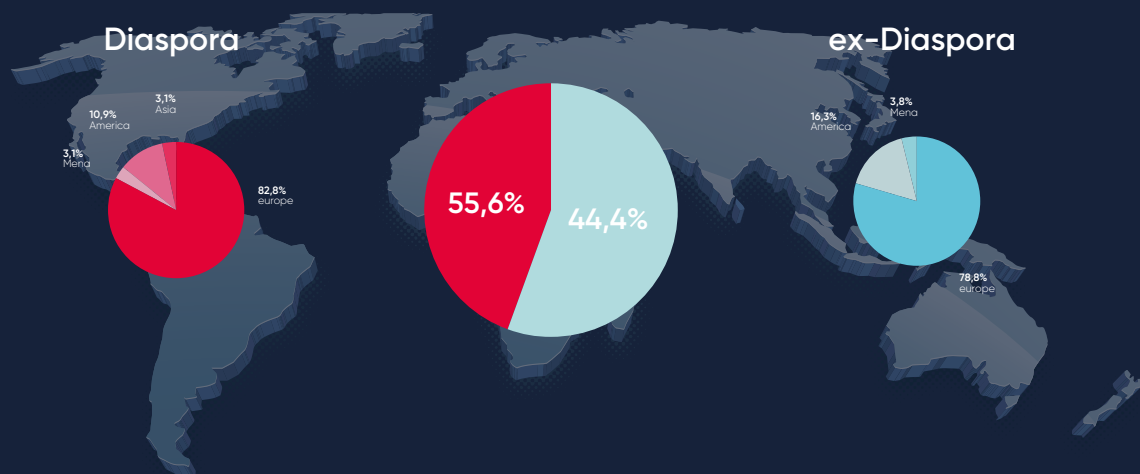
Professional Experience



Most founders of labeled startups are experienced with nearly 70% having more than 5 years of experience.

The share of students and new graduates (6%) remains equivalent to 2019.

Diaspora



More than 140 founders of labeled startups are from the Tunisian diaspora. 55.6% of them have settled permanently in Tunisia (they are called ex-Diaspora) 79% from Europe and 16% from North America.

44.4% of founders from the diaspora still live in their host country. 83% live in Europe and 11% in North America. We also note their presence in Asia and in the MENA region.

Thus, and for the most part, 60% of founders from the diaspora are (or have) settled in France vs 8% in Canada and 8% in Germany.

Founders of the world

As a host country, Tunisia is a destination of choice for business partnerships. **35 founders of 15 different nationalities** have chosen the Tunisian entrepreneurial ecosystem and the Startup Act framework to develop their startups.





Standard Profile

Average age

35 years-old

Training

**Engineer &
technical
sector**

Experience

>10 years

Level of education

BAC+5

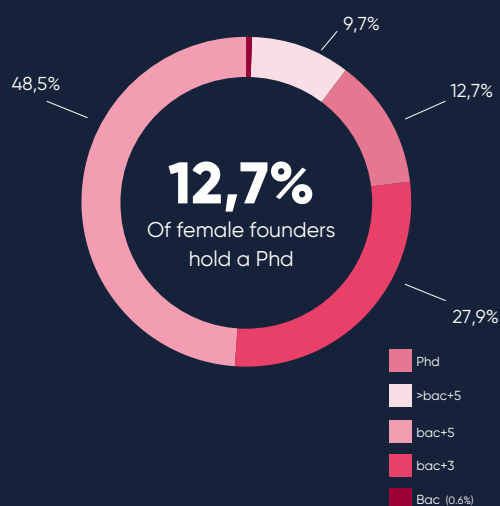
Special Section: Female representation in Tunisian startups



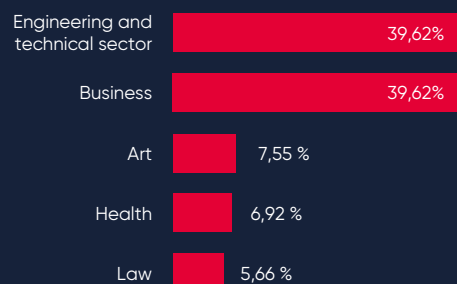
Age
33 years
on average

confirmed Profile with
5-10 years
average experience

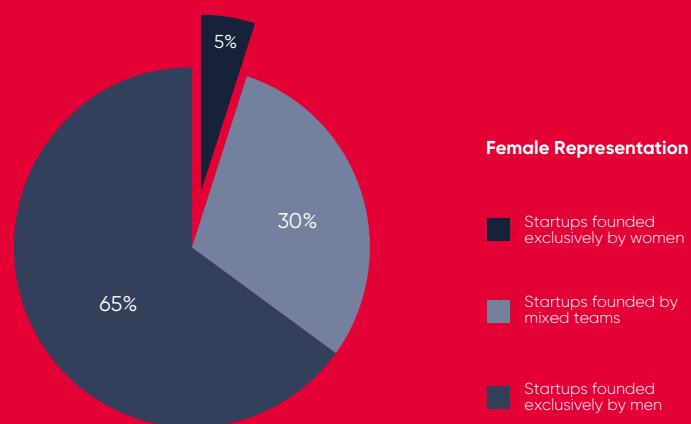
Level of education



Academic background



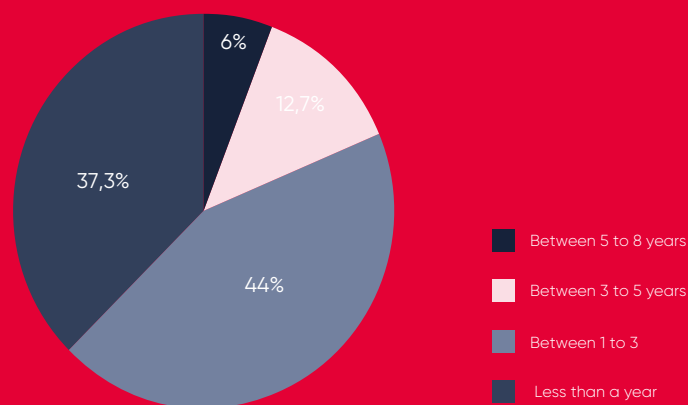
The level of education of women is above average with more than 70% of them holding a BAC +5 and above. All founders of labeled startups have a BAC+3 level at least and 13% hold a doctorate, 5 points more than the general trend. The female founders are mainly from the engineering and technical sectors (40%) and business background (40%).



Although they remain a minority, there is an increase in the presence of women in startup creation in Tunisia. The number of startups founded exclusively by women (5.3%) and those formed by mixed teams (30%) increased respectively by one point and two points compared to 2019.

Analysis of the shareholding structures of labelled startups shows that 176 female shareholders own 24% of the shares of 116 labelled startups. A closer analysis reveals that 31% of women shareholders own less than 1% of the shares while 20% hold between 1 to 10%. In addition, 40% of female shareholders own between 10 to 80% of the shares and only 10% hold more than 80% of the shares of the labeled startups.

Age of mixed and exclusively female startups



85% of startups founded exclusively by women and 80% of startups founded by mixed teams are 2 years-old or less. Note that 40% of mixed labeled startups were founded in 2020.

Business models of startups founded/co-founded by women

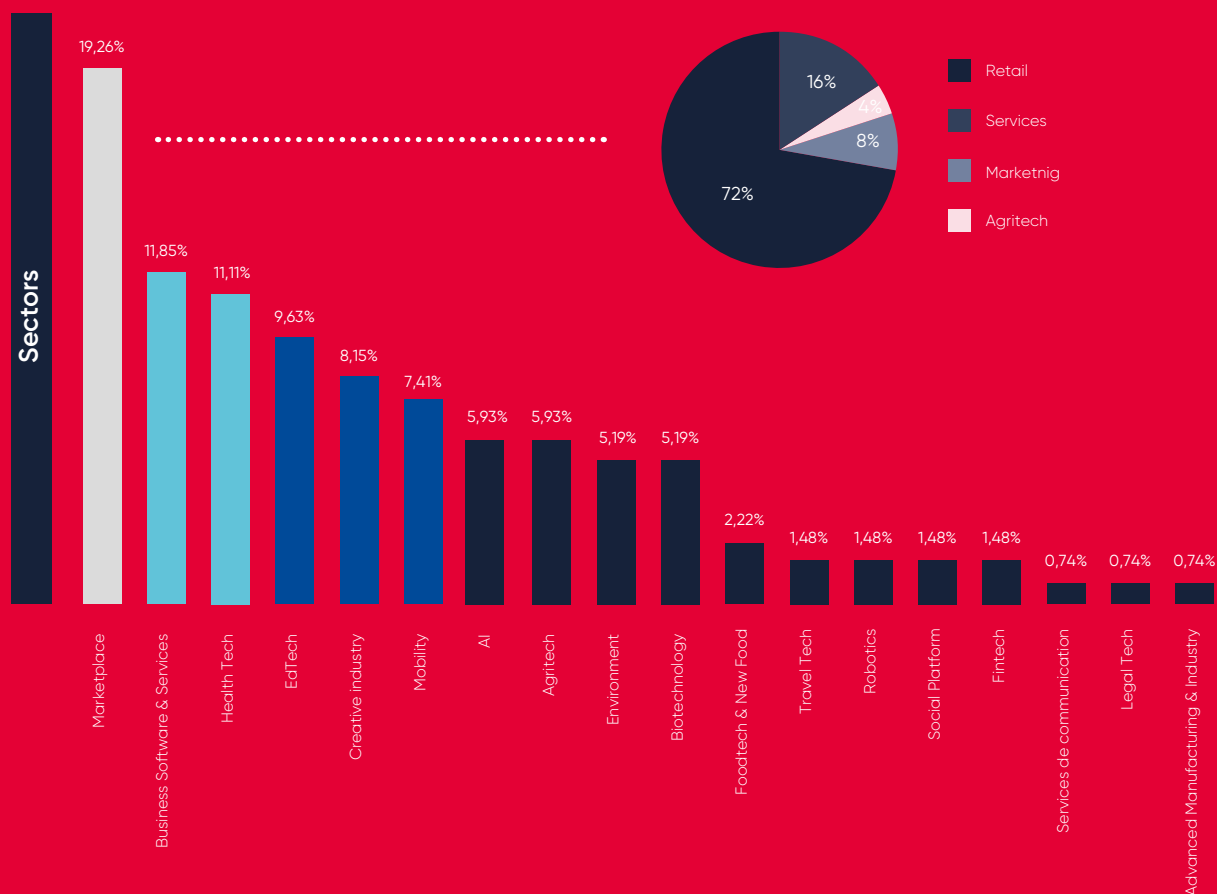
42%
B2B

21%
B2C

20%
B2B2C

13%
B2B & B2C

4%
B2B & B2C & B2G



Startups founded exclusively by female talents and mixed teams prefer the B2B business model (42%) to that of B2C (21%). In addition, 20% adopt both B2B and B2C.

In addition, 20% of these startups operate Marketplaces and 72% of the latter, work in Retail.

Finally, it should be noted that Deeptech sectors (AI, Robotics, IoT) represent nearly 8% of the activities developed by startups with a female presence.

Financing

4,5% share of fundraising in 2020 by startups founded exclusively by women

400kTND 400kTND of funds raised by 2 startups founded exclusively by women in 2020 ⁽¹⁾


300K TND
Average ticket

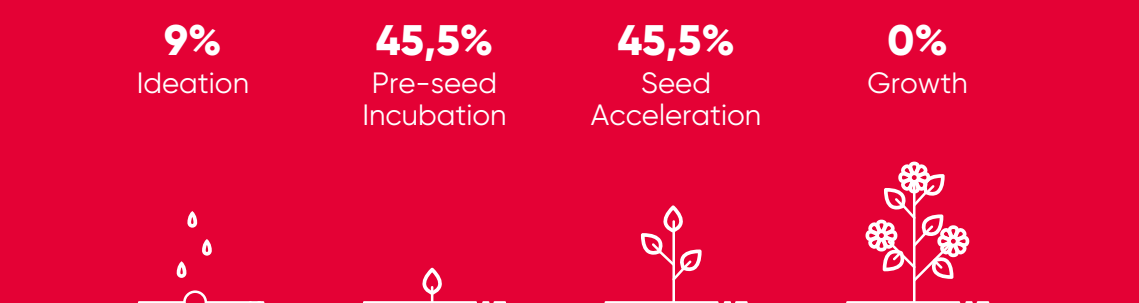
38,6% of the funds raised in 2020 were made by startups founded by mixed teams

A title from comparison the Startups launched exclusively by men achieved 56.9% of the operations of fundraisers in 2020 for an average ticket of 700 K dinars, i.e., more than double that of mixed team, and 1.6 times the total amount of funding received by the Startups launched exclusively by women.

Through the Flat6Lab support program ⁽¹⁾

38 kTND is the total amount received by Startups launched exclusively by women in 2020 through Donations and some subsidies (concerns 2 Operations funding)

Support



52% of startups launched exclusively by women had access to support (in 2020 and in previous years). None of the latter has benefited from support in the Growth phase.

Regarding startups founded by mixed teams, only 22% had access to support in 2020.

Economic activity

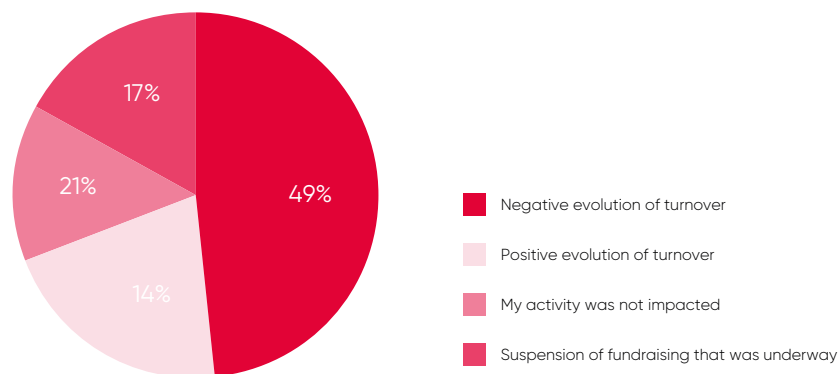
While startups launched exclusively by women represent 5% of the total population of labeled startups, they generated a turnover of 4.9 MTND i.e., 7% of the overall turnover achieved by all labeled startups.

Startups launched exclusively by women that generated a turnover, operate mainly in the Marketplace (33%), AgriTech, Creative Industry and Mobility (17% each) sectors.

Although labeled startups launched exclusively by women generate a turnover of which the share in the overall turnover (7%) is greater than their representation in the population of labeled startups (5%), they have benefited from very little funding (2% of total fundraising) in 2020 and no support in the Growth phase.

Startups' **Activity**

Impact of the Covid crisis on startups ⁽¹⁾



Half the surveyed startups (49%) say they have experienced a negative evolution of their turnover. On the other hand, 14% of startups generated growth in their turnover.

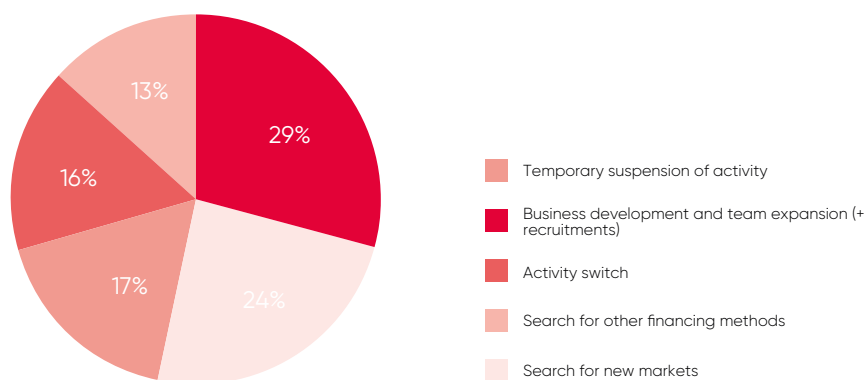
17% of startups indicate that their current fundraising has been suspended.

Finally, 1 in 5 startups (21%) state that they have not been impacted by the crisis. Enfin, **1 startup sur 5 (21%)** déclare ne pas avoir été impacté par la crise.





Reactions of startups to the Covid crisis ⁽¹⁾

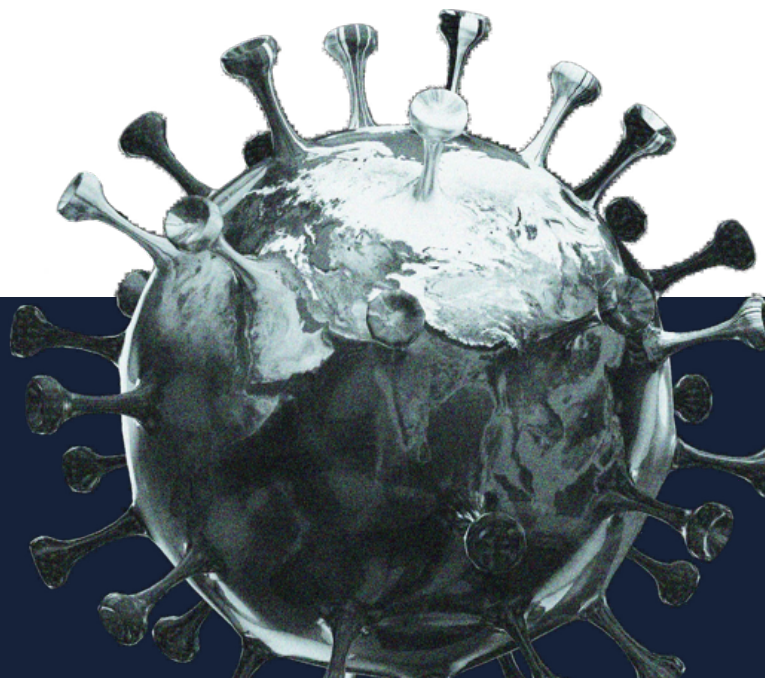


While 17% of startups stopped their activities, 29% were able to develop their activities and grow their teams.

In addition, 16% of startups had to pivot.

While 24% of startups went in search of new markets, 13% looked for other ways of financing.

⁽¹⁾
Based on a survey of 238 startups





SAVE

A financial rescue instrument for struggling startups during the Covid crisis.

The SAVE instrument is a repayable advance without fees and without interests (between 10 to 50 K TND), payable only in case of effective growth of the startup. This program is financed by the Innov'i – EU4Innovation Project (implemented by Expertise France) and operated jointly by Smart Capital and CDC.

SAVE's goal is to save startups and jobs.

Although startups have been a proactive force for innovative solutions to face the crisis (see the section on Startups in Times of Covid in the first edition of the present report), the latter heavily impacted them.

To save the affected startups and mitigate the effects of the COVID-19 crisis, a Task Force was set up including Smart Capital, the Caisse des Dépôts et Consignations Tunisienne (CDC), the Tunisian Startups association and ATIC.

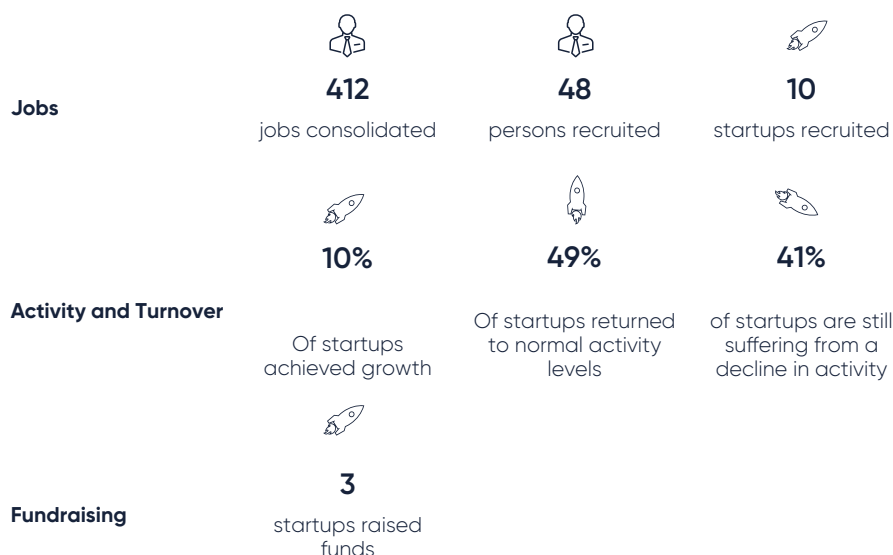
Following an in-depth diagnosis, the Task Force conducted a methodical analysis that made it possible to structure the SAVE instrument designed to help save viable pre-COVID19 startups impacted by the crisis.

This instrument funded by the CDC and the Innov'i – EU4Innovation project (a program funded by the European Union and implemented by Expertise France) is managed by Smart Capital and the CDC.

63

beneficiary labeled
startups1,8_{MTND}

63 Startups were selected from **124 applications**. This resulted in financing 60 startups (3 startups withdrew from the program) for an overall budget of **1,8 MTND**.



Turnover

Turnover achieved by labeled startups* (2020)

72 MTND

**This turnover does not take into account the consolidated turnover achieved by the International Labeled Startups*

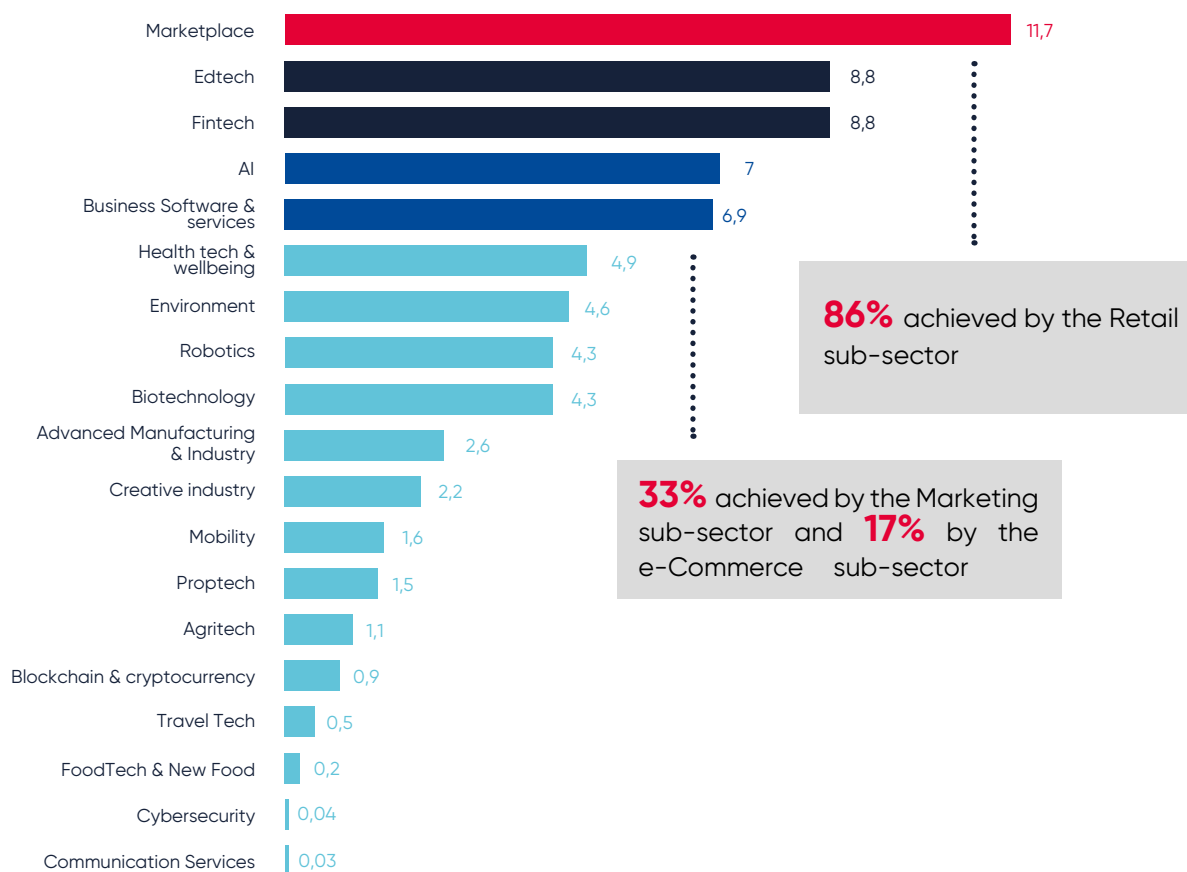
In 2020, **247 labeled startups** generated a global turnover of 71.9 MTND.

We should recall that 80% of startups labeled in 2020 are less than 2 years and such have not yet reached the necessary stage to generate a significant turnover.

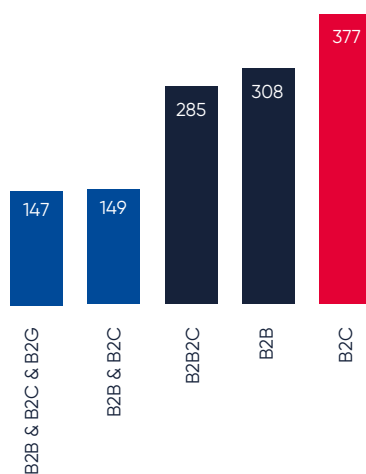
61,8%

of labeled startups generate revenue

Turnover by sector of activity (in millions of Tunisian dinars)



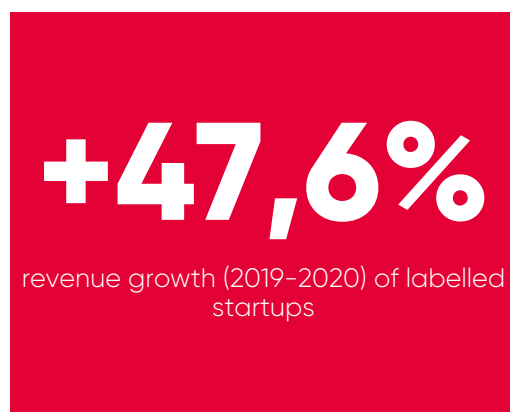
Average turnover per startup by business model (in thousands of Tunisian dinars)



The analysis of turnover by sector of activity shows that **5 sectors generate 70% of the total turnover of labelled startups**. These are the Marketplace (11,7 MTND), EdTech (8,8 mMTND), FinTech (8,8 MTND), AI (7 MTND) and Business Software (6,9 MTND) sectors.

A closer look shows that **86% of turnover generated by Marketplaces comes for the Retail sub-sector**. In addition, **Marketing and e-commerce activities correspond respectively to 33% and 17% of the turnover generated by the Business Software sector**.

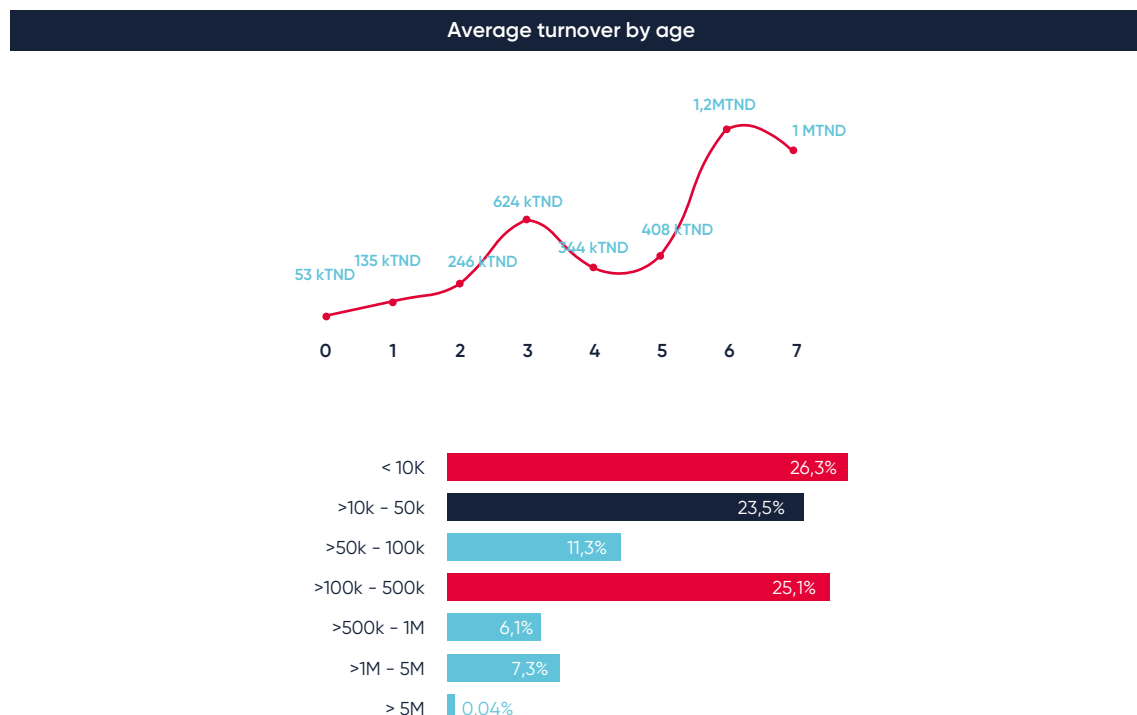
Although the B2C business model is exploited for up to 20%, the startups that use this business model generate an average turnover of 377 kTND.



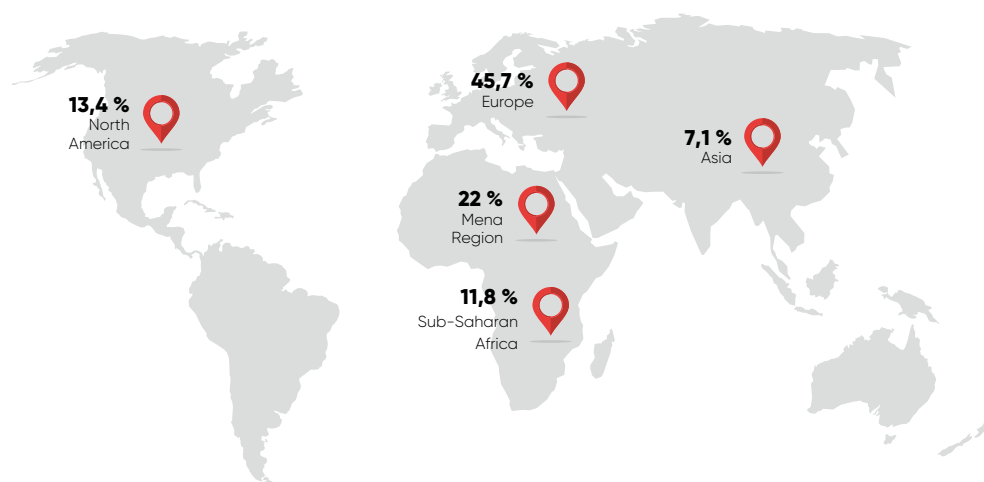
Regardless of the date of labelling, labeled startups older than 1 year generated a growth of 47.6% in their turnover in 2020.

More than half the startups generate a turnover of less than 50 kTND while 1 out of 4 startups (25,1%) have a turnover of 100 to 500 kTND.

We note that the average turnover of startups is positively correlated with their age.



Targeted markets



Nearly half of the export turnover of labelled startups was generated in Europe (**45,7%**).

In 2020, export turnover intensified with Sub-Saharan Africa (+7 points) and decreased with Asia (-3 points) and North America (-3 points).

Consolidated turnover of internationally labelled startups



17 internationally labelled startups generated a global turnover of 55.3 MTND during 2020.

5 Tunisian startups generated a turnover of 2.1 MTND.

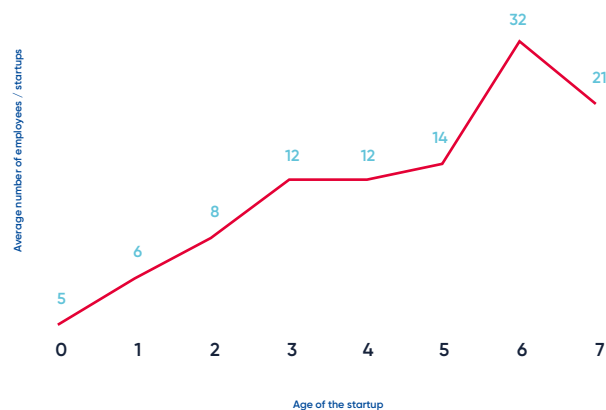
Jobs created by Startups



The COVID-19 health crisis had a considerable impact on startups in terms of employment. There was very little recruitment in 2020 and the oldest startups had to reduce their wage costs.

In addition, we should recall that 80% of startups that obtained the label in 2020 are 2 years or less of existence. At this stage, a startup is not in a significant recruitment phase.

The share of women remains equivalent to that of 2019: **2 out of 5 employees are women.**

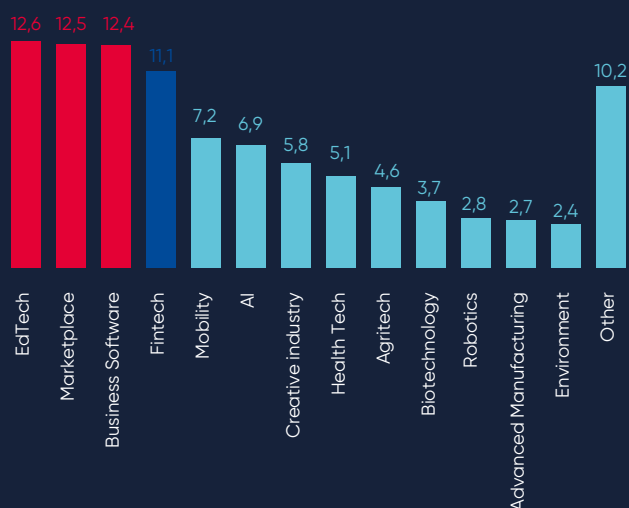


The older a startup is, the more employees it recruits.

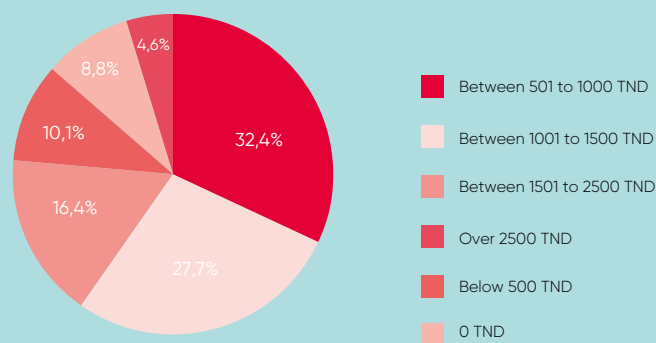
A startup under 1 year-old generates on average of 5 jobs. This figure is multiplied by 6 at the end of the 6th year (32 employees on average for a 6-year-old startup).

Half of the employees (48,6% of the 3222 jobs) are recruited by startups operating in 4 sectors of activity (EdTech, Marketplace, Business Software and Fintech).

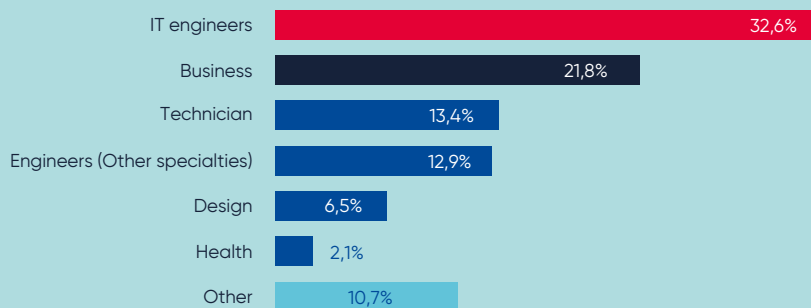
Distribution of employees by activity sector (in percentage)



Average employee salary per startup ⁽¹⁾



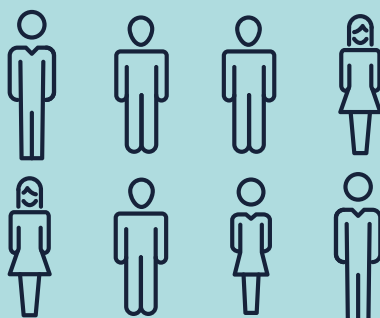
Distribution of employees by background ⁽¹⁾



(1) according to a survey of 238 startups (1850 employees), nearly 60% of startups offer an average salary of 500 to 1500 TND and 20%, a salary above 1500 TND. In addition, employees are mostly trained as IT engineers (32,6%) and Business (21,8%).

74% of jobs are fulltime and 26% part-time (freelancers and interns).

On average



8 Employees

per startup



There is a **decrease** in the average number of employees per startup compared to 2019 (11). This can be explained by the impact of the Covid-19 health crisis and the young age of the startups that obtained labelling in 2020.

To gain flexibility, it may have been that in 2020, startups encouraged outsourcing and used part-time employment to reduce their wage burden.

Outsourcing*

Tunisian startups: a main economic player

A survey of 230 labeled startups shows that startups are an integral part of the national economic fabric. They mark their presence through their economic impact through the outsourcing of some of their activities.

These activities include accounting (91% of startups use external accounting services); and legal (56%), but also technical subcontracting (77%), marketing (80%), Cloud hosting (77%) and logistics (63%).

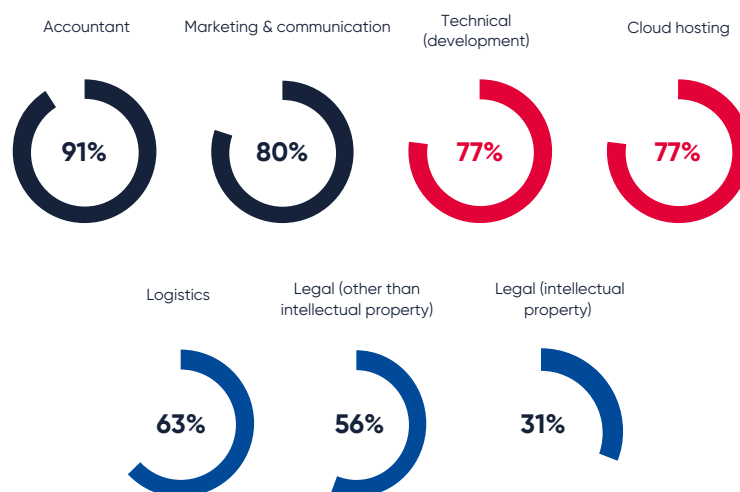
In addition, 43% of labeled startups use international service providers.

**The data from this section comes from a survey of 230 labeled startups.*

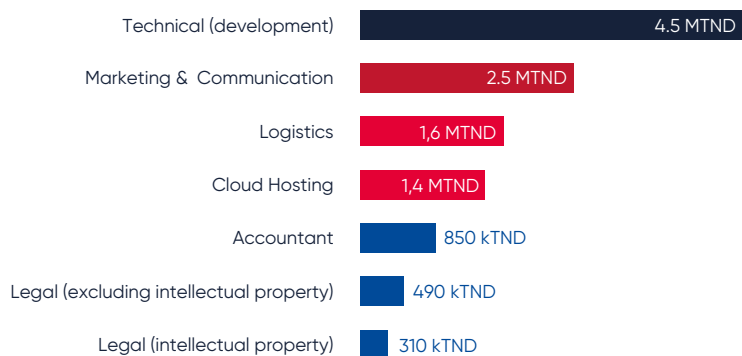
43%

of startups have used international service providers

Share of labelled startups that have used services



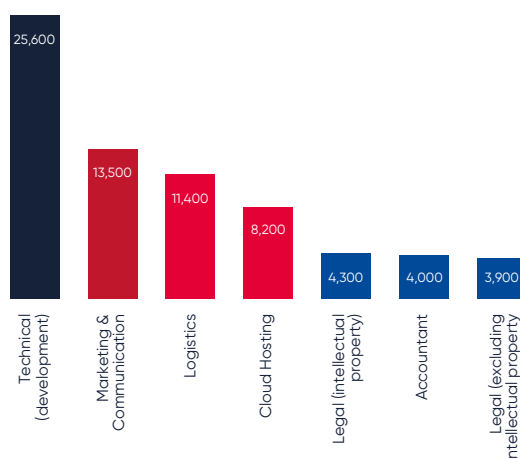
Share of labelled startups that have used services



The total budget allocated to subcontracting by 230 startups is estimated at 12 MTND.⁽¹⁾

Thus, the estimated budget of a startup for services amounts to 52 kTND on average.

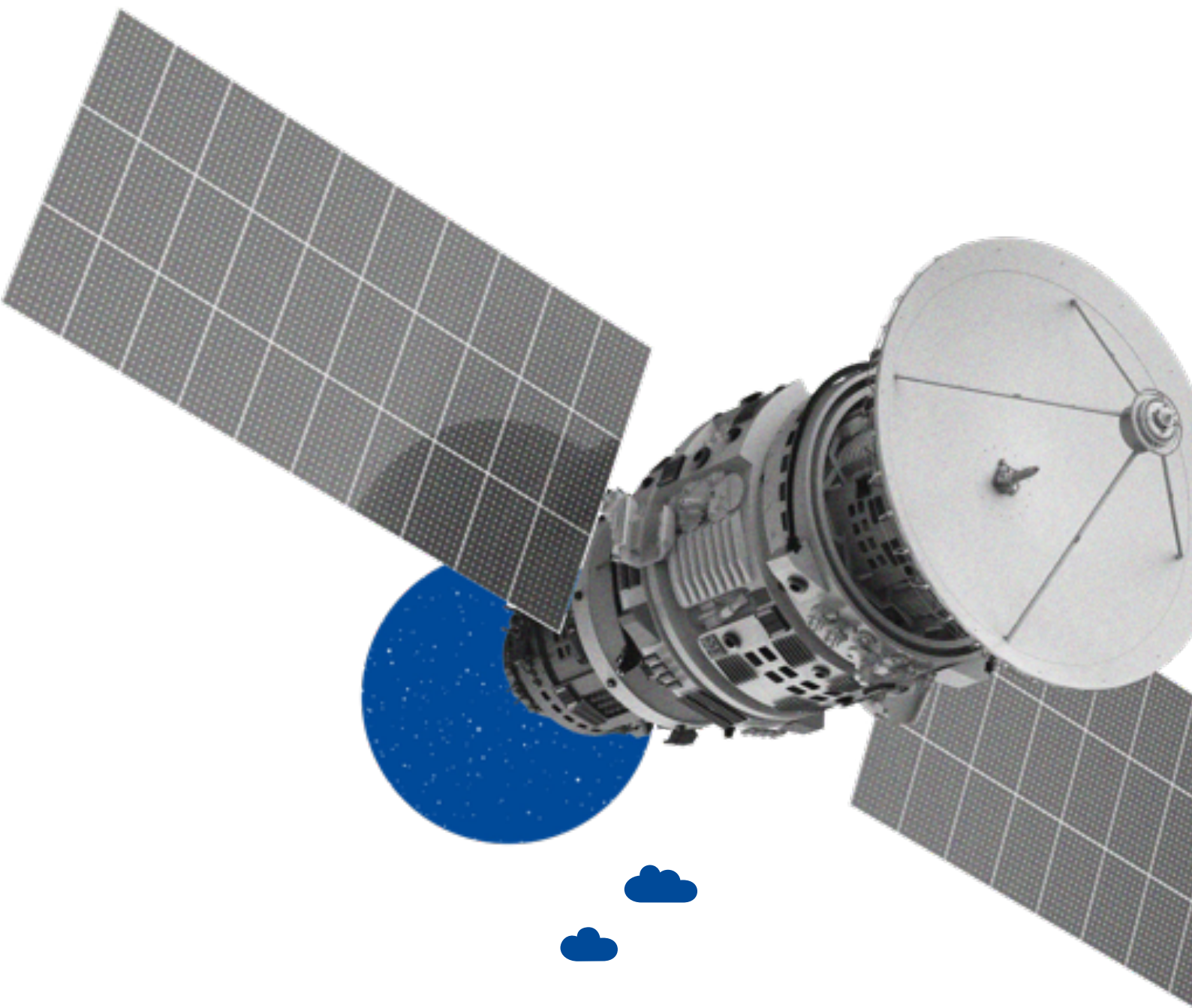
Average budget allocated by a labeled startup for services (in TND)



On average, a startup allocates 25,600 TND to technical services (development). The second largest outsourcing budget is for marketing services (13,500 TND), followed by logistics (11,400 TND) and Cloud hosting (8,200 TND).

(1) Calculation method for service budgets

The questionnaire presented to respondents allowed respondents to specify their budgets at intervals (0 ;]1TND – 1K] ;]1K – 5K] ;]5TND – 10K] ; etc.). To estimate the overall budget, we have therefore calculated the average of the intervals ((interval terminals/ 2] x Nbr of startups).



Type of clients	
Multinational company	22%
Public company	16%
Banks and/or Insurances	15%
IT company	15%
Industrial Holding	14%
Telecom Operators	9%
Other	11%

Other: oil companies, embassy, NGO, international organizations, universities, communication agency, pharmaceutical lab,

The rapprochement of large corporations with labeled startups, promotes open innovation strategies and strengthens the sustainability of startups.

37% of labeled startups questioned stated that they have Big Corporations in their client portfolio. 60% of these startups have at least 2 clients of this type and 35% have at least 3.

These are mainly multinationals (22%), state owned enterprises (16%), banks and insurance companies (15%) , IT companies (15%), but also embassies, oil companies, ...

However, Telecom operators only make up 9% of customer portfolio of labeled startups.

Fundraising

Startup Fundraising

82 investment operations in Tunisia in 2020 for a total of

23,2
Million Dinars

Produced by
44 startups

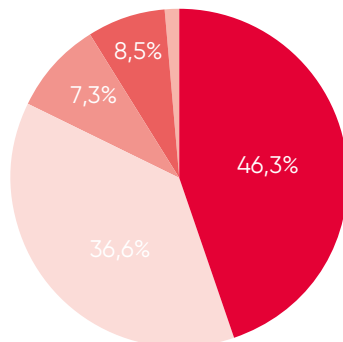
Before 2020

114 MTND

In 2020

23,2 MTND

Types of investors



- Regulated investment institution
- Business Angels
- Regulated investment organization dependent on a company or group of companies
- Company or group of companies
- Foreign Startup (1,2%)

46.3% of investment operations in 2020 originated from regulated investment organizations.

In second place, Business Angels provided 36.6% of investment operations in 2020.

36,6%

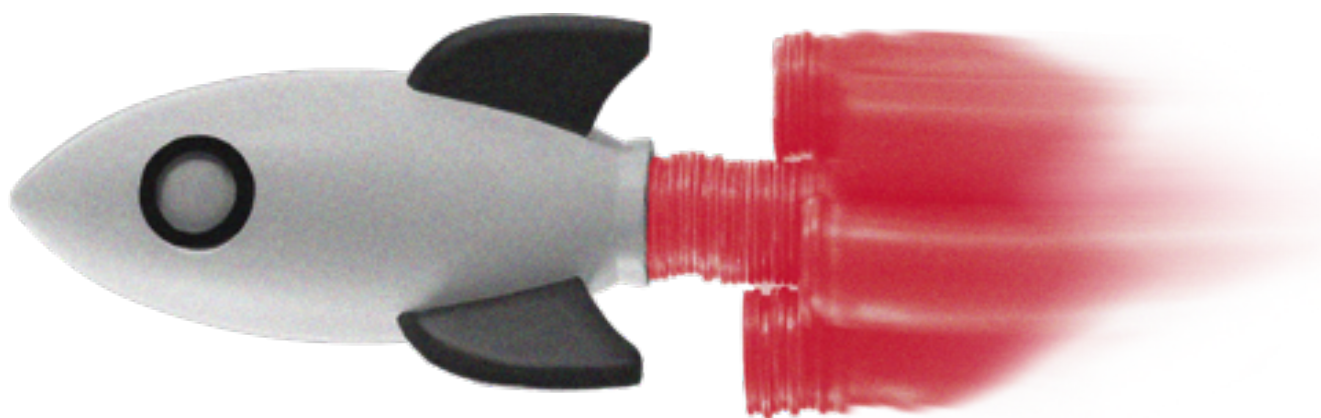
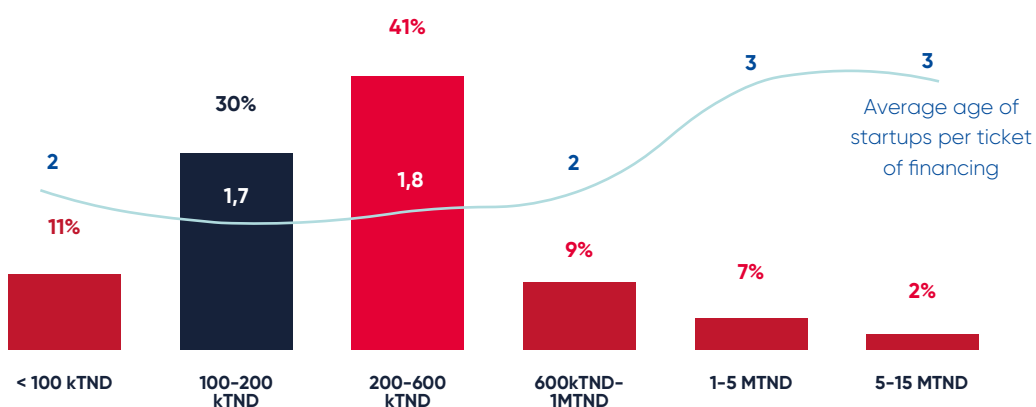
Of investment operations were carried out by **Business Angels** in 2020 for a total amount of **1.9 MTND**

Funding Tickets

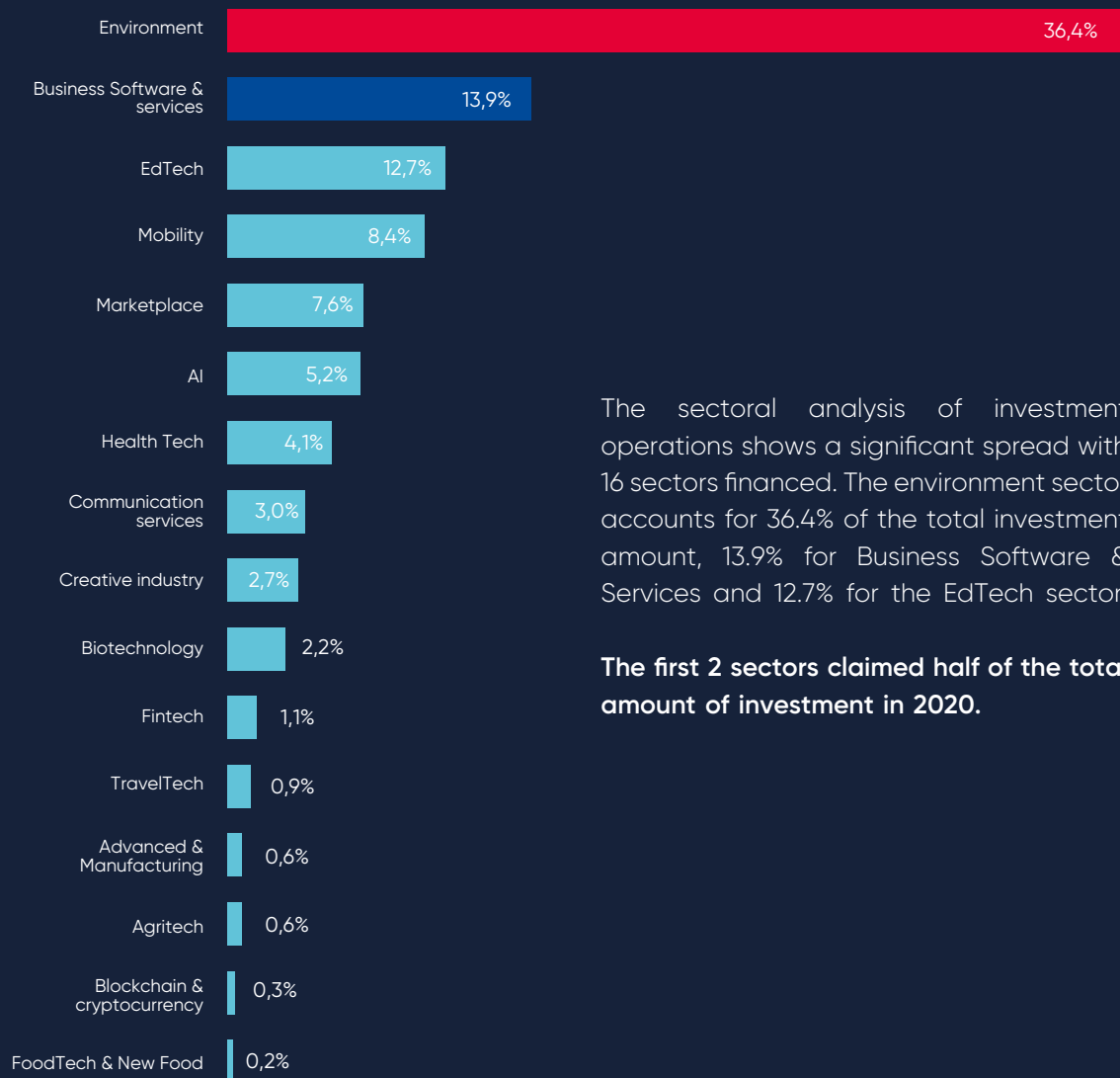
The **82 fundraising operations** carried out in Tunisia in 2020 were mainly done by early-stage startups (91% of these operations were for amounts under 1MTND).

Although this is the same as 2019, we note that the number of tickets ranging from 200 to 600kTND increased by 11 points in 2020.

The share of fundraising operations higher than 1 MTND (9%) increased by one point in comparison to 2019.

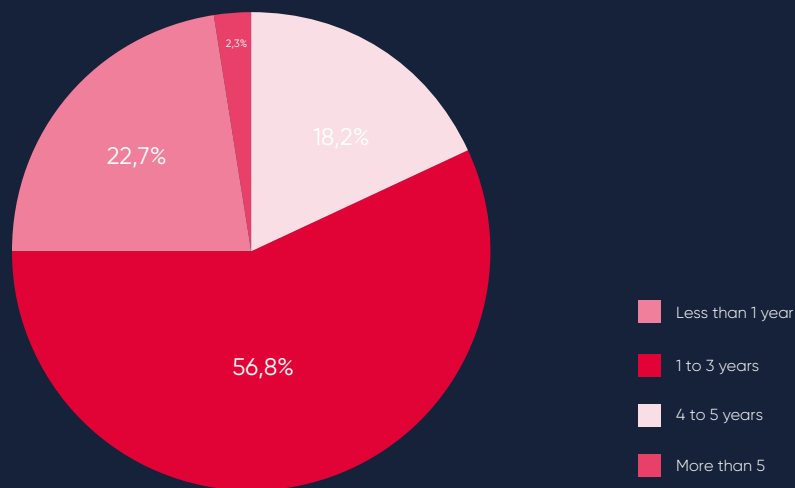


Priority areas for investment



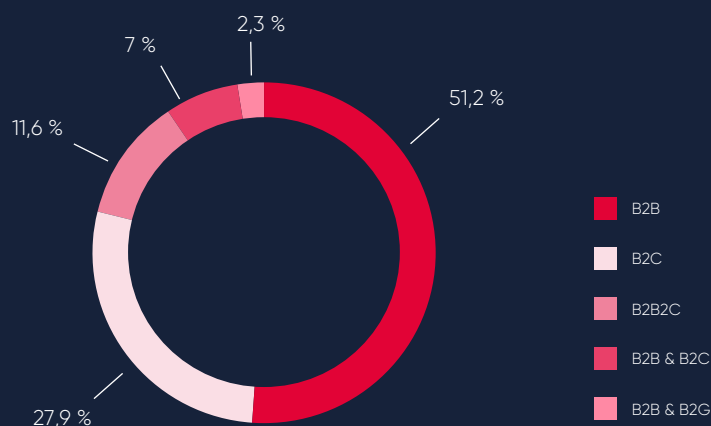
The sectoral analysis of investment operations shows a significant spread with 16 sectors financed. The environment sector accounts for 36.4% of the total investment amount, 13.9% for Business Software & Services and 12.7% for the EdTech sector.

The first 2 sectors claimed half of the total amount of investment in 2020.



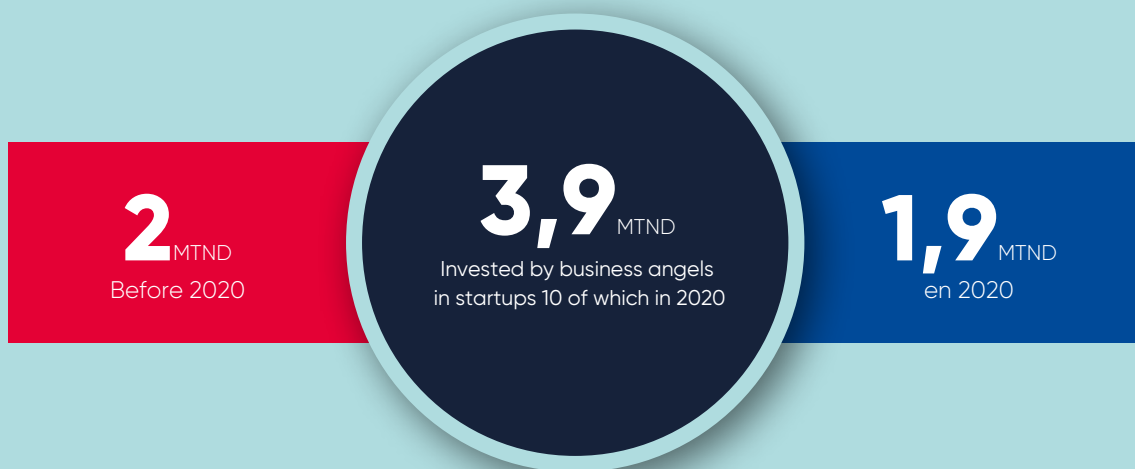
56.8% of startups that raised funds are between 1 to 3 years and 18.2% are less than 1 year-old.

Business models favored by investors



51.2% of investments are focused on startups operating in Business to Business (B2B), while 27.9% of these investments are directed towards startups serving a population of direct consumer (B2C).

Zoom on business angels



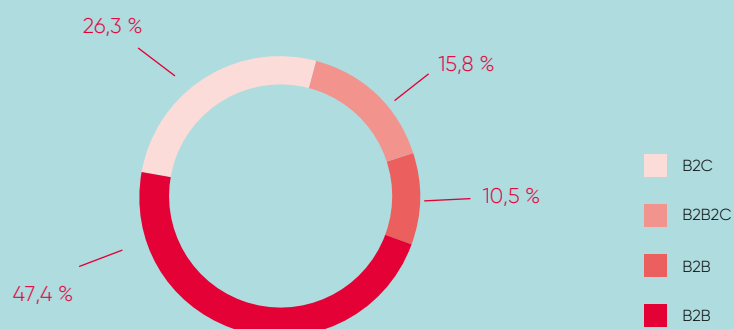
2020 was the year of Business Angels (BA).

However, in comparison to the funds raised, the total amount of funding by business angels for labeled startups is struggling to take off with a total investment of 3.9 MTND (i.e., 2.9% of total funds raised).

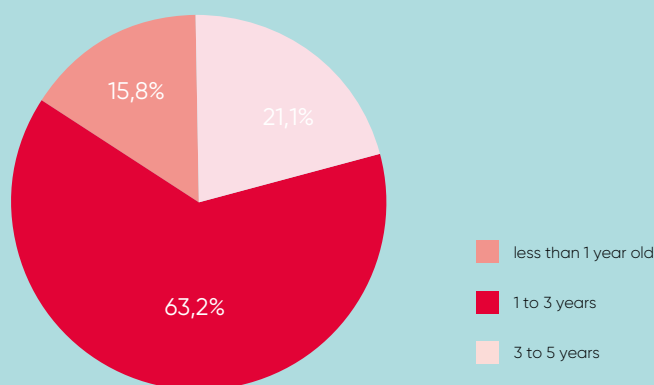
Top 3 sectors (in thousands of dinars)



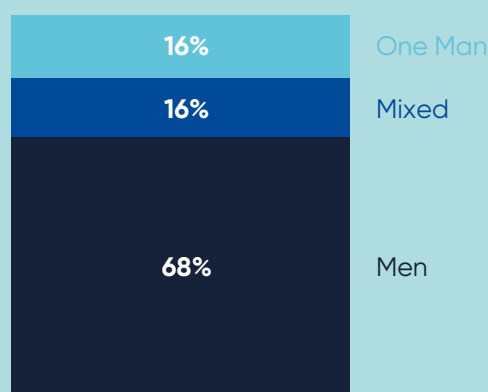
Creative Industry is the sector with the biggest support from BA with 900 kTND invested, followed by Fintech (718 kTND) and Mobility (638 kTND).



Business Angels seem to favor startups with a B2B business model B2B (47%).



63% of startups funded by Business Angels are 3 years-old or less and **21%** are over 3 years-old.



In addition, Business Angels invest mainly in startups launched exclusively by men (84%) and **16% of startups launched by mixed teams.**

Other sources of funding	
Smart Capital's Save Program	34,7%
Subsidies/Grants from Donors or other support programs	15,6%
Repayable subsidies from Donors or other support programs	12,7%
Prizes from a startup competition	12,1%
Loan on trust	12,1%
Bank loans	5,2%
Public subsidy	4%
Crowdfunding	3,5%

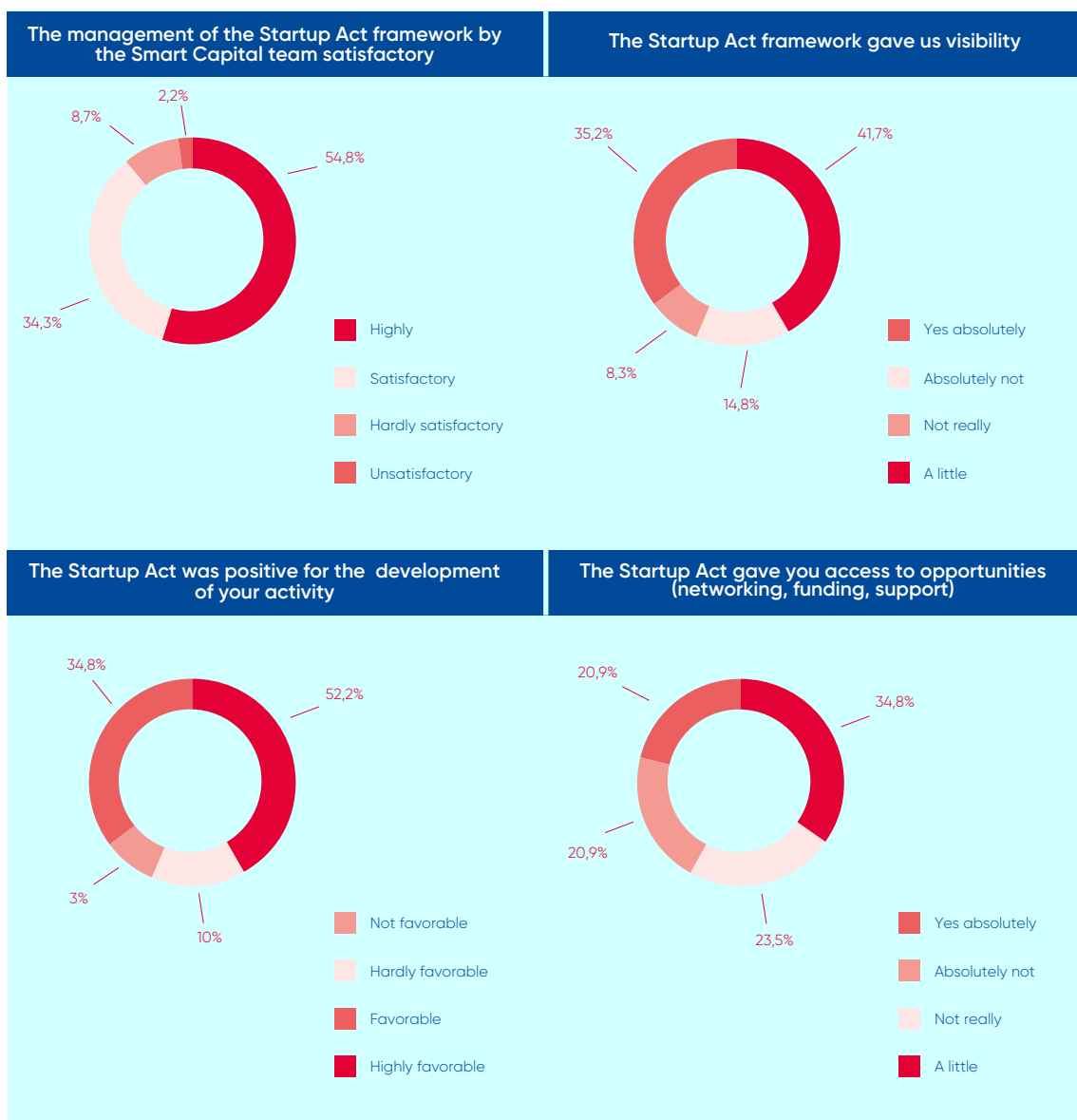
Despite the dominance of fundraising, startups also call on other sources of funding. The table opposite informs us more about these cumulative sources.

these include grants from donors and support programs, repayable (12.7%) or non-repayable (15.6%). Prizes following a competition (12%), loans on trust (12%), but also bank loans (5.2%), public subsidies (4%) and crowdfunding (3.5%).

Based on a survey of 173 labelled startups.

Satisfaction survey on the Startup Act and its implementation

A satisfaction survey carried out with the founders of labelled startups provides information regarding the opportunities offered by the Startup Act and the assessment of the quality of its implementation. In fact, 87% of respondents consider that the Startup Act framework was favorable to the development of their activities (about 52% highly favorable) and 35% of startup entrepreneurs believe the Startup Act enabled them to gain visibility. Moreover, about 90% of respondents deem the management of the Startup Act by the Smart Capital team as satisfactory (including 55% highly satisfactory).



Legislative expectations of startupper

The founders of labeled startups were asked to rank by order of priority the necessary legislative reforms for the full development of their activities. The issue of strengthening the digitalization of the administration represents the first expectation of start uppers followed by the softening of the FX legislation especially for receipt of international payments and for the payment for international services.

- 1 | Strengthening of the digitalization of the administration
- 2 | Softening of the FX legislation
- 3 | Less authorizations (e.g.: the use of drones)
- 4 | Update the framework for public procurement for innovation
- 5 | Update the Code on Commercial companies and adopt the status of SAS (Société Anonyme Simplifiée)
- 6 | Adopt implementation texts for the law on crowdfunding

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