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StartupTunisia

// Annual Report
2021

Innov'i – EU4Innovation is a 5-year project to support the strengthening of the entrepreneurship and innovation ecosystem in Tunisia funded by the European Union to the tune of 14.5 million euros and implemented by Expertise France.

The project aims to support all stakeholders, and initiatives that contribute to the development, structuring, sustainability and promotion of innovative entrepreneurship in Tunisia.

This program is divided into three areas of intervention:

- improve services provided to startups and entrepreneurs by promoting support structures in the field of entrepreneurship and innovation;
- Support the implementation of regulatory and financing frameworks conducive to innovative entrepreneurship and startups, addressing the lack and/or inadequacy of financing mechanisms for startups;
- Fostering entrepreneurship and innovation ecosystems at national and international levels.



Ce projet est financé par
l'Union européenne



This report was written with the support of the Innov'i
EU4Innovation project, conducted by Expertise France and funded by the European Union.

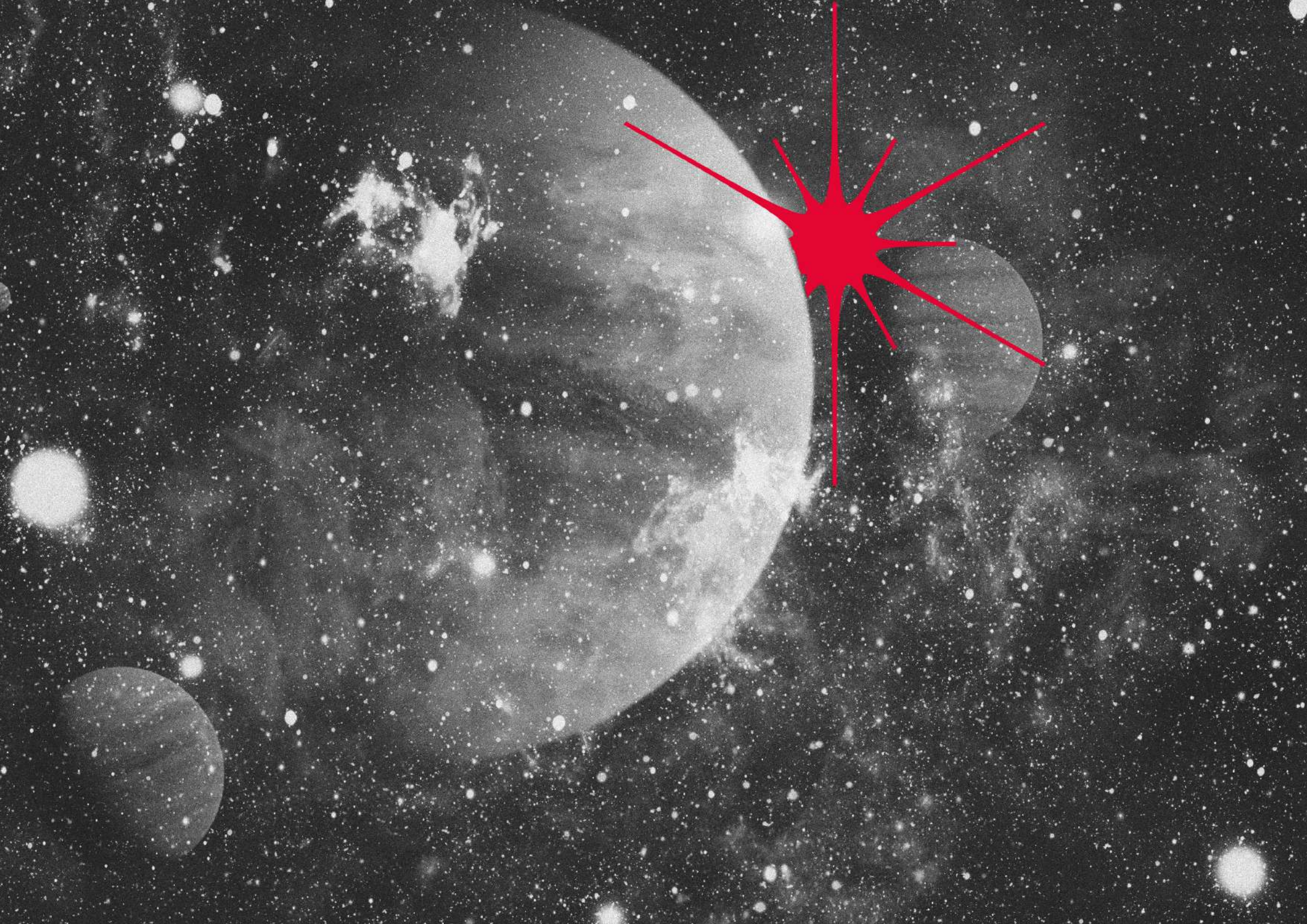


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PREFACE

Dear reader,

In honor of Startup Tunisia's annual report, I am thrilled to share these few words with you.

A tradition since 2019, the annual report makes it possible to summarize as best as possible the underlying impacts of the ambitious national program the government had launched to support startups.

I would like to take this opportunity to thank all the partners, donors and friends of Tunisia for making this happen.

The World Bank, the European Union, the German Cooperation (GIZ), Expertise France and many other organizations and programs, which believed that a dynamic and prosperous Tunisia is possible, stood by the Tunisian government to support the efforts undertaken in favor of youth, innovation and entrepreneurship.

There has been a lot of progress, consolidation and **strengthening of our startup ecosystem since 2018, as you will discover in this report!**

This boom of innovation has resulted in a momentum that created more and more programs and support structures for the startup ecosystem, which has seen a truly fundamental shift in thinking and vision.

All these actors agree that major changes are needed in the Tunisian economy; and everyone is convinced that these changes will be brought by innovation and technology on the one hand, and by greater flexibility and stronger state support for these initiatives gathered around the Startup Tunisia program.

Our main role is to ensure that this program lives up to its promises. I am pleased to see that today, this is well reflected in the figures in this report.

Despite a difficult international context, and despite many obstacles we have to contend with, resilient and bold youth strive to succeed every day.

Our commitment through Startup Tunisia is to support them by ensuring that a robust and comprehensive ecosystem enabled them to grow from the most basic idea to the global unicorn.



Mr Nizar Ben Neji

Communication and Technologies
Minister

Dear readers,

This report provides a comprehensive snapshot of Tunisia's entrepreneurial ecosystem, which has greatly evolved and matured since the inception of the Startup Act in 2018.

The accelerating pace of startup creation, the wealth of innovative ideas emerging each year and the growing interest of the investment community in the startup ecosystem confirms the relevance of the Tunisian state's decision to invest in young entrepreneurs.

Tunisia's centennial history and geographic position has a mixture of civilizations with their respective innovations. Tunisia has always been considered as an influential economic player, with its cosmopolitanism and entrepreneurial people, both in industry and commerce environments.

Therefore, it is natural for Tunisia to establish itself as a regional innovation and technology hub, and that is the gamble that my predecessors and I have made.

Let us remember the major economic achievements that we owe to the Law of 1972 ("Loi 72"), which enabled Tunisia to undergo tremendous growth in the 1980s, 1990s, and 2000s, never seen before.

We need to continue the work of the previous leaders who passed the Startup Act and support the next generation of leaders in creating value through innovation and helping entrepreneurs succeed in today's highly connected, competitive, and open world.

This project's development might never have been viable without the valuable support of donors, partners, and friends of Tunisia, including the World Bank, the European Union, the German Cooperation (GIZ), BPI France and Expertise France and many other institutions that continue to help the Tunisian government in its efforts to promote an innovative entrepreneurial ecosystem and an accountable and useful youth.

I trust that you will find this report engaging and informative. My ultimate aspiration is that it will assist you in reaching informed insights about the boundless prospects that we can jointly create to establish Tunisia as a hub of startups at the intersection of the Mediterranean, MENA region, and Africa.



Mr Samir Saied

Minister for the Economy
and Planning

Reinvesting in the ecosystem: A new generation of modern and competitive start-ups like InstaDeep, Expensya, GoMyCode, etc. are now following a culture of active collaboration based on the Win-Win model. They encourage an abundance mindset and benefit new entrepreneurs and their projects, creating a virtuous circle.

To speculate on what the world's technological future might look like, here's my «big brother» advice to Tunisia: Embrace the greatest technological wave of our time by building leading centers for machine learning and artificial intelligence (AI) in Africa and the Arab world.

The numbers predict that AI will have a greater impact on the global economy than the Internet. AI is likely to be the largest contributor to the global economy, creating a value of around \$15.7 trillion by 2030, and this may be an underestimation of reality. So, here is the question: how can Tunisia be competitive?

When Zohra Slim and I co-founded InstaDeep in Tunis in 2014, with only 5000 dinars of capital, our AI deep tech innovation concept seemed like a distant dream.

Today, InstaDeep, the only African and Arab company in the top AI100, has raised a record-breaking 100M USD from elite investors, including

Google, BioNTech, AI Capital, and AfricInvest. Today, we're showcasing AI innovations with the support of some of the world's leading companies in the industry, and we are convinced that Tunisia has what it takes to be competitive in this sector and provide a leading AI hub.

But to do that, we need to create an environment that nurtures the country's most important asset: talented young engineers and researchers. This can be done in three simple but essential steps:

- Making international connections: in 2022, Tunisia hosted the biggest twin AI event in its history: Deep Learning Indaba and AI Hack. For the first time, young Tunisians were able to connect in Tunis with some of the best AI researchers from Google, Microsoft, Apple, Nvidia, DeepMind, etc., as well as peers from 35 African and Arab countries, creating countless opportunities.

- Reinvesting in the ecosystem: A new generation of modern and competitive Tunisian startups, such as InstaDeep, Expensya, GoMyCode, and others, are now focusing on a positive collaborative culture based on a win/win model. They foster a mindset of abundance, benefiting new entrepreneurs and their projects, creating a virtuous circle.

- Expanding government's support policy: The Startup Act has been a success, but more flexibility is needed, especially to attract elite foreign artificial intelligence experts. By

mentoring young Tunisians, working in existing companies or starting their own businesses, these professionals can help Tunisia become a dynamic center of artificial intelligence.

AI will change the balance of power between nations, with profound economic, social and geopolitical implications. This is an exceptional opportunity for Tunisia – and there will surely be no other opportunity of this magnitude. So, let's ride the wave now!



Mr Karim Beguir

Co-founder and CEO of Instadeep

Dear readers,

I am thrilled, on behalf of the Smart Capital Team, to share with you the Startup Act third activity report, the second since the Startup Tunisia program kick-off. This report analyzes the facts and key metrics that have influenced the startup sector over the past year, a year in which the COVID-19 pandemic has luckily subsided, but its impact continues to affect our startups. This hasn't stopped the enthusiasm of our people, youth and adult alike, from founding their own startups.

Startup Tunisia is in fact an initiative that aims to make Tunisia a nation of startups and position it as a true hub for startups at the crossroads of the Mediterranean and MENA region.

Let's recall that the startup Act was promulgated in 2019, creating a whole new dynamic in the country and constituting the first of its 3 pillars as we know it today. I am delighted to announce that since then, we have awarded 750 startups with 750 labels and that our monthly cadence of 20 startups has largely stabilized.

2020 was the year in which we completed structuring Smart Capital as the implementing entity for the entire Startup Tunisia program, including building the ANAVA fund of funds and the Startup Ecosystem pillar, which is a true catalyst of opportunities for startup support structures.

2021 was the year the structures were set up and the activity of the ANAVA fund of funds commenced, the first euro-denominated fund of its kind, aiming to create 13 underlying funds dedicated exclusively to start-ups in their seed, growth and international expansion phases by 2024. That start was crowned by the approval of the first underlying fund 216 Capital in 2021.

2021 also marked the launch of the Flywheel program, which aims to democratize access to quality and robust support. Its AIR and AIR2 mechanisms for supporting startups and DEAL for supporting startup support organizations (SSOs) such as incubators, accelerators and startup studios, have made it possible, as shown in the report, to grant 30 financial aid grants for AIR, 16 financial aid grants for AIR2, and 10 financial aid grants for DEAL to launch new support program for startups. Financial assistance has two central strategic goals: to increase the number of high-growth potential start-ups in Tunisia and accelerate their growth trajectory.



Mr Alaya Bettaieb

General Director of Smart Capital

ABOUT THE REPORT

* Report framework

This annual report has become a tradition within the Tunisian entrepreneurial ecosystem. Supported by Startup Tunisia, this third edition aims to be a barometer of the development of Tunisia's entrepreneurial environment locally and internationally.

As with last year, in light of the data collected under the Startup Act, we strive to faithfully reflect the evolution of the cutting-edge ecosystem and its relative impact: Including startups' ecosystem monitoring and analysis.

This report is therefore based on the data collected upon the startup label application process, and annual financial reportings; added to other topic specific studies. , but also on annual financial statements and a broader study on specific topics.

Taking into account inputs as of December 31, 2021, the survey paid particular attention to protecting startups' data privacy and maintaining the anonymity of its different responses.

This new edition elaborates on the state-of-the-art providing a more comprehensive analysis through shared experiences and in-depth contextual analysis.

It presents testimonials from both startups and national and international experts on core topics expressing ecosystem's perspectives and insights

* Objectives

This report presents the Tunisian entrepreneurial ecosystem updates and dynamics in a complete, understandable, and up-to-date manner.

We hope to fill the gaps in relevant qualitative and, especially, quantitative information as a result of the conducted surveys, collected data, and testimonials.

Thus, our greatest hope is for this report to be of practical use:

- For public decision-makers, as an informative basis for better policy boosting the potential of our high potential innovative structures;
- For the implementing partners, enabling them to not only identify areas of concern, but also new projects to support for a greater impact,
- For Investors, so that they can see more clearly and make their investment plans,

- For curious minds, we offer an opportunity to get a clear picture of the Tunisian ecosystem by reading these few pages until December 31, 2021.

METHODOLOGY



Scientific rigor at the service of startup Tunisia report 2021

This year's report was created using a two-phase statistical validation process that involved data collection and analysis. The first phase was an initial validation by studying the internal consistency of the forms used with relevant actors, followed by the analysis and interpretation of their responses. This was followed by a face-to-face validation phase, which included a pilot test to identify any possible confusion regarding distinct components of the questionnaire. Feedback was collected during this phase to ensure the clarity of the process and questions. By undergoing such a rigorous validation process, the report's credibility is enhanced, and the accuracy of the data presented within it can be relied upon.

Technically, the reliability analysis and internal consistency of the form was measured using both the Cronbach's alpha and the correlation of each item with the final score to dispose of redundant variables. The validated questionnaire was then sent to 646 startups, present in the publicly shared database at the Startup Tunisia portal:
<https://startup.gov.tn/en/database>

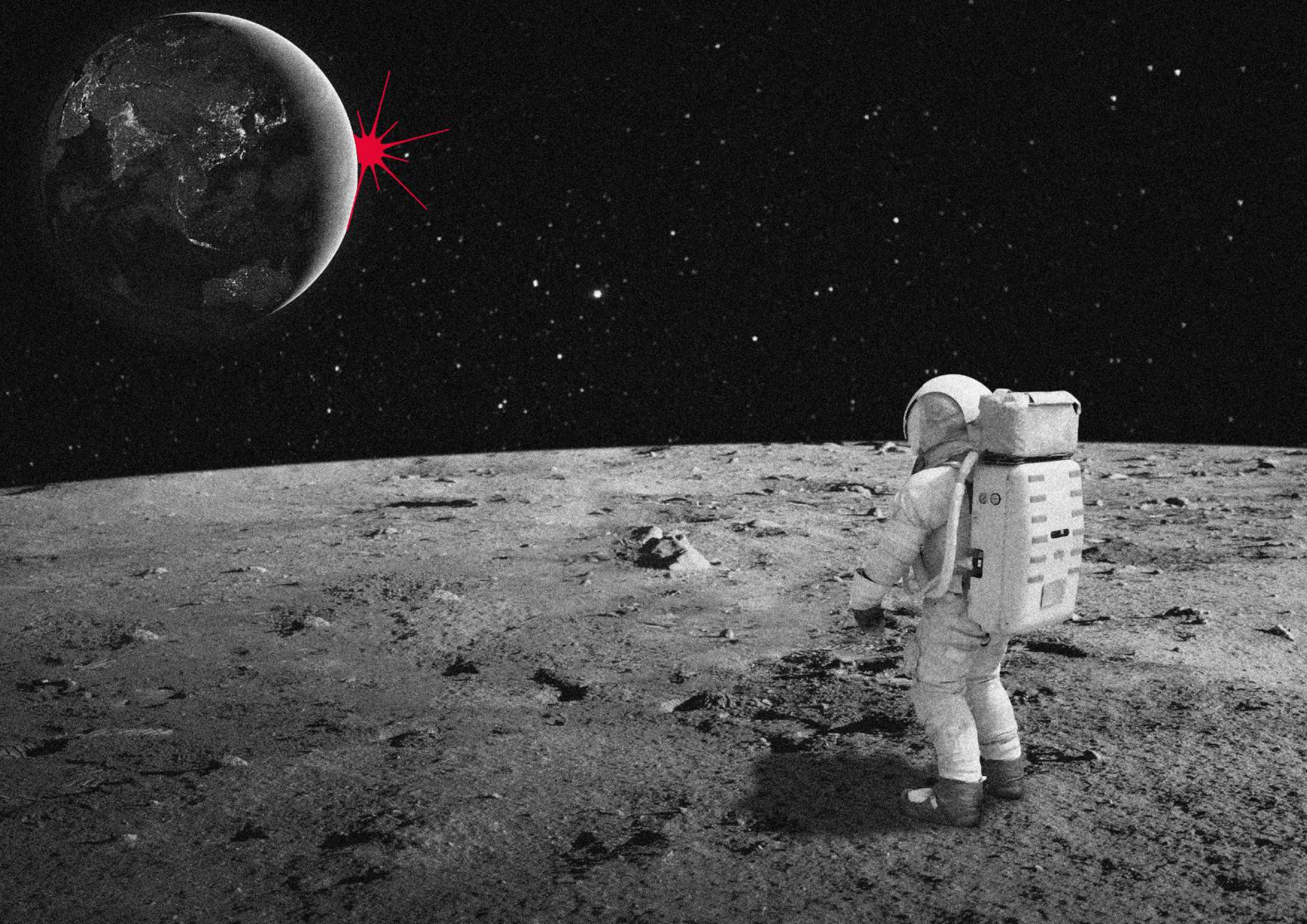
The dissemination operation through mailings, phone calls and follow-ups led to 348 responses received; i.e., 53% of the Startups contacted - with a margin of error of 4%.



Dr. Amira Dridi

Quantitative Methods Expert
PhD

Maitre Assistante professeur en
méthode quantitative
Chef de projet PAQ-DGSE
REAGIR-TBS Tunis Business School



STARTUP TUNISIA

Finds its cruising speed

Three pillars of a startup-friendly Tunisia on the border of the Mediterranean, MENA region and Africa

Through its national program, Tunisia has taken the gamble of offering local startups the best conditions for their growth and structuring. Divided into three pillars, Startup Tunisia's mission is to meet the necessary requirements for the emergence of an innovation hub that extends not only to Mediterranean countries, but also to the entire Middle East and the African continent.

THREE PILLARS

1.Startup ACT

The innovative legal framework that promotes newly local established startups as well as those who wish to settle in Tunisia creating local jobs. Unique and specially designed to boost the entrepreneurial ecosystem, the Startup Act is based on a merit label and a series of benefits for entrepreneurs, startups and investors.

2.Startup INVEST

A financing framework designed to create an ecosystem of VC (Venture Capital) 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**
- III – A Guarantee Program.**

3.Startup ECOSYSTEM

A support framework for startups and entrepreneurial hubs that have been set up, in order to consolidate the entrepreneurial ecosystem. Startup Ecosystem has 3 missions for its ecosystem players:

- I – Financing**
- II – Connecting**
- III – Promoting**

% OF PROGRESS TOWARD THE MAIN FIVE- YEARS OBJECTIVES

65% Number of granted labels 650/1000



45% Number of jobs created 4500/10000



24% Total cumulative revenue 240000000/1000000000 TND



*Progress toward 2024 objectives, at the date of the 1st of December 2021.



ATU AWARD

Startup Tunisia received the ATU Awards, in October 2021

The African Union of telecommunications is an African organization that associates countries and mobile telecommunication service providers, in order to tremendously increase IT infrastructure development and communication in the continent.





STARTUP INVEST

A catalytic investment
framework

ABOUT STARTUP INVEST

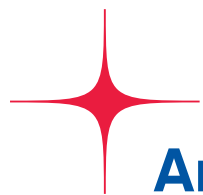
Startup Invest is the second pillar of Startup Tunisia composed of the Anava Fund of Fund, the Guarantee Fund and the GP Incubator.

The Anava Fund of Fund, managed by Smart Capital, secured the Financial Market Council's approval on December 8, 2020 and the Visa on December 18, 2020

Anava is the first Fund of Fund in Tunisia and the whole African continent with a target size of €100M. It has already scored its first closing of €40M in 2021.

Its first investors are leading institutional investors such as the Deposit and Consignment Fund and the World Bank. The fund of fund is located in Tunisia and is denominated in Euros aiming to

support startups known as APTE (Main Activity in Tunisia by Workforce) by investing in local, regional or pan-African venture capital funds. It intends to have a catalytic effect on the startup and venture capital ecosystem in Tunisia, contributing to the promotion of employment and talent, as well as reinforcing sustainable economic growth based on innovation.



Anava targets to invest in, at least, 13 under-lying funds that would invest in about 350 startups. This fund of fund is managed by Smart Capital



THE FUNDS THAT INTERESTS US



INDEPENDENCE OF THE TEAMS

The management team has to be the major shareholders of the management company, in order to guarantee the management's independence and a good interest alignment.



STRATEGIC PARTNERS

Necessary strategic partnership for the Seed and Early-Stage funds to enable an optimal knowledge transfer and synergies creation.



FUNDRAISING CAPACITY

The team has to justify its ability to close its fundraising providing reference to secure the matching fund (intention letters etc.)



HIGHLY COMPETENT TEAMS

Competent management team with complementary profiles (entrepreneurs, investors, ecosystem etc.) ideally with international exposure and quality experience.



ANCHORING IN TUNISIA

The management companies of both Seed and early-stage funds should be based in Tunisia. The Late-stage funds based abroad will have the obligation to set up an office in Tunisia



LEGAL STATUS

The management company must be headquartered under Tunisian law and approved by the Financial Market Council. For the Late-Stage funds, the management company can be headquartered abroad, conditioned to have an office in Tunisia

Despite the current context, characterized by the ongoing health crisis, worrying global inflation, economic recession, supply chain and food disruption, added to the Ukrainian war, Tunisian startups have proved resilience and ability to grow meeting their customers' needs.

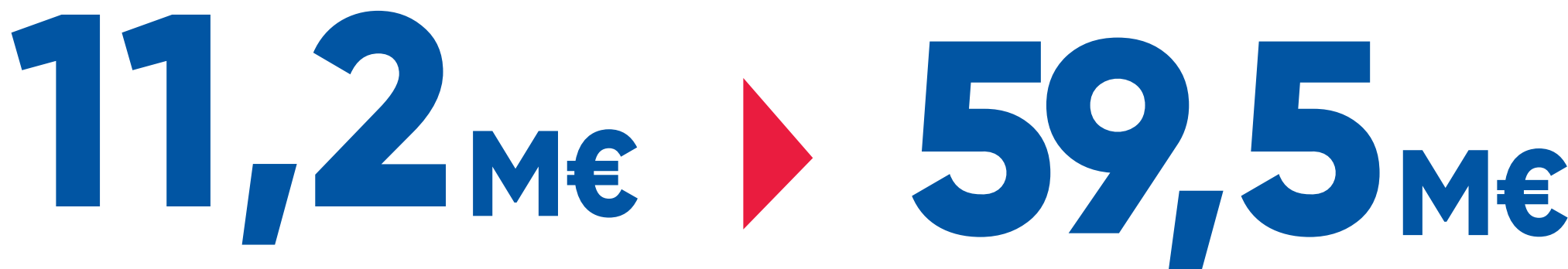
These startups efforts have paid off, reflected positively on the venture capital sector in Tunisia. Many local and regional investors are actively investing in Tunisian startups. Through the Anava fund of funds, Smart Capital is acting as a catalyst

in this process, boosting the VC ecosystem with an objective to invest in subsequent venture capital funds to fill the investment gap.

During the first semester of 2022, Anava has subscribed to two underlying funds: 216 Capital Fund I and Badia Impact Squared.

A cumulative subscription of €11.2M has enabled these two funds to raise €59.5M, €20M of which are dedicated exclusively to Tunisian startups. Although the number of investments in local

startups remains rather cautious, we can only remain optimistic that the investment dynamic in Tunisia will improve in the coming years.



Cumulative subscription and engagement by Anava

Total capital raised from underlying funds

ACTIVATING INVESTMENT FOR A BETTER STARTUPS' GROWTH



Thanks to the combined efforts of all the actors of the bubbling entrepreneurial ecosystem that drives Tunisia, Startup Act continues to prove its worth with more than 750 labeled startups .

These are the 750 dreams that we support and, most importantly, 750 reasons to keep pushing the boundaries and breaking down the barriers in front of enterprising young people.

The role of Smart Capital and ANAVA fund of funds, as a unique financing instrument in the history of Tunisia, is to considerably accelerate investments in the venture capital scene over the next few years; and to support our startups in their development, growth and international expansion journeys

Despite all the obstacles, there has never been a better moment for entrepreneurs, investors and an entire generation striving to position Tunisia as the region's startup hub.



Zied ben Othman
Smart Capital
Director of fund of funds

MEET ANAVA FUND OF FUNDS'S PORTFOLIO

QUALITY AS A GUARANTEE FOR INVESTMENT TRANSACTIONS



The evolution of the Tunisian ecosystem over the last few years reflects the willingness of all its actors to move forward making Tunisia an essential hub for innovation. It is with this mindset that we have founded 216 Capital.

216 Capital sees itself as a brick in this ecosystem which, since its birth, has never ceased to convey a message of hope and collaboration. We have all understood that each one of us has to bring their own weight to the table ; without which, we won't go further.

216 Capital is an investment fund based in Tunis with an ambition to shine in the world. We share this ambition with high-potential Tunisian startups that we are committed to support, mentor and fund.

The quality of the projects to which we are exposed testifies to the relevance of the entire value chain: the excellence of the academic training, and the effectiveness of the support provided by incubators, accelerators and the different programs and mechanisms available. It is also unquestionably linked to the quality of the resources and talents that carry these projects.

We can say that we have very good entrepreneurs in Tunisia and this is, in our opinion, what is most important.

We've chosen to invest in pre-seed and seed stage startups, as it is where we see ourselves bringing an added value with our expertise and network. It's also where we saw a strong need for Tunisian entrepreneurs to be guided, directed and above all, the first significant step towards their business' growth and development. As far as we are concerned, it is without any doubt, one of the most beautiful challenges in the country.

Dhekra Khelifi

216 Capital

About 216 Capital:

216 Capital Fund is a sector agnostic Pre-Seed and Seed fund that invests in start-ups whose main activity is in Tunisia and/or the main HR resources are based in Tunisia. The managers target a 10M Euros fund size.



ENTREPRENEURS: TUNISIAN STARTUP'S MAIN ASSET



Throughout my career in venture capital – and in different markets in North Africa – I have always been impressed by Tunisian entrepreneurs. They often have a good educational background, a solid business experience and a deep understanding of local and European markets, elements that distinguishes them from their fellow entrepreneurs in Africa and CCG.

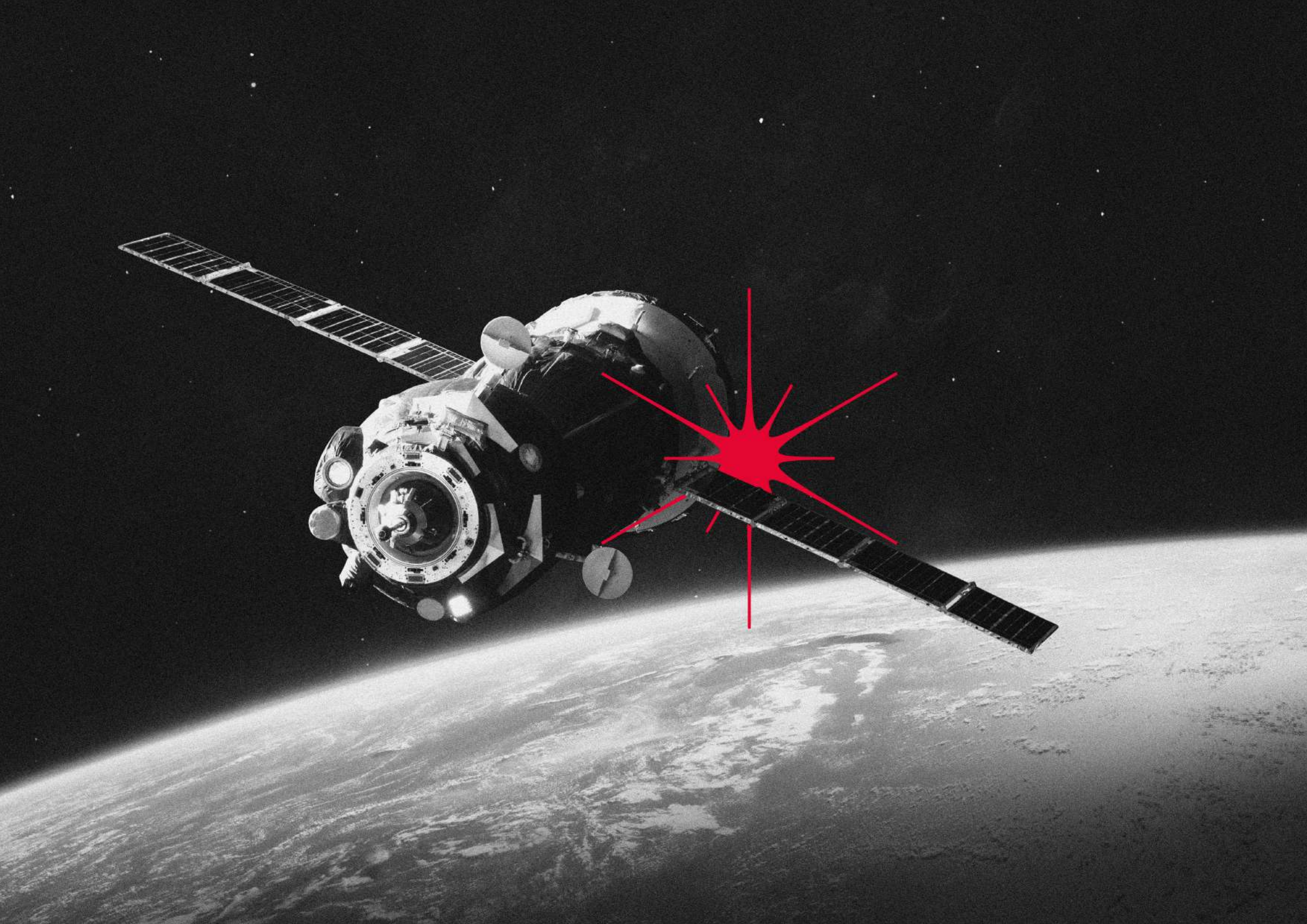
As an early-stage investor in TechStartups, I consider entrepreneurs to be the main asset of any startup. The excellence of Tunisian entrepreneurs is what excites me the most to invest in Tunisia.

At Silicon Badia, we are looking forward to assisting the development of the Tunisian startup ecosystem through our investments, mentoring and added-value services.

Marie Therese Fam
Silicon Badia

About the BIF Fund:

The BIF Fund is a sector agnostic Late-stage VC fund that invests in regional startups in Tunisia, Egypt, Jordan, Lebanon, Morocco and Algeria with a targeted fund size of 65M USD.



STARTUP ECOSYSTEM

Reinforcing the ecosystem through
funding, networking
and promotion



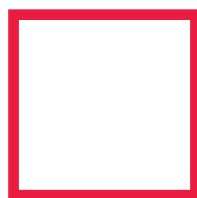
STARTUP ECOSYSTEM : **FEDERATING ENERGIES AND ACTIVATING LEVERS FOR CHANGE**

A startup's success depends on an ecosystem that supports its development. In this sense, The ecosystem aims to give Tunisian startups a strong boost. The aim is to federate the present energies around the same vision: **to develop and catalyze the innovation's dynamics.**

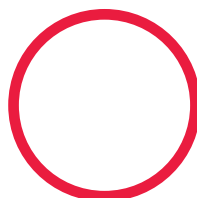
Designed as a support framework for the country's ecosystem, this pillar of Startup Tunisia deploys its actions around three main axes: financing, capacity building and networking. Three operating modes follow: **support and backing, networking and connection, promotion and exposure.**



Providing financial support to startups and startup support organizations



Building bridges between ecosystems and local and international networking



Promoting Tunisian startups and the whole local ecosystem abroad



In partnership with



Ecosystem Flywheel is a significant funding program for startups and mentoring structures. It relies on financial instruments that meet the structures' challenges.

SELECTION COMMITTEE

Beneficiaries are selected by an independent selection committee composed of public and private stakeholders.

Representatives of the program partners (GIZ, CDC, Smart Capital)
Ministry of Technology and Communications representative
An entrepreneur
An Investor
An entrepreneurial ecosystem expert



CHAIMA SOUDANI

Investment manager
CDC



MONIA JENDOUBI

Ministry of Technology
and communication
representative



SALMA BAGHDADI

Smart Capital
representative



HENRIK WICHMANN

GIZ representative



BECHIR TOURKI

Entrepreneur
and business angel



RYM BAOUENDI

Medina Works founder



MEHDI CHARFI

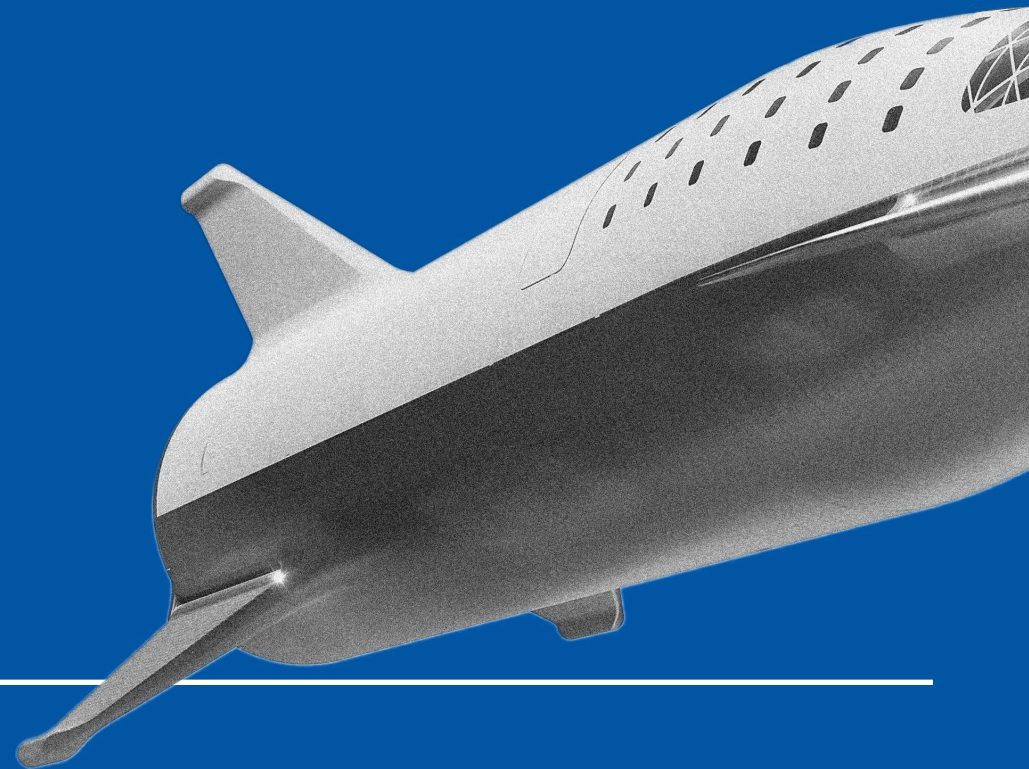
SPE capital
managing partner
in UAE

In 2021, Flywheel supported form than 40 organizations

Three Tools have been developed through the Flywheel Program: AIR and AIR² are for startups, and DEAL for the mentoring structures.

SAIL is a fourth instrument under development, destined to SSO with impact.

33 startups and 10 support structures benefited from the four cohorts conducted through 2021.



A GLIMPSE AT THE TOOLS:



* **AIR :**

Make up for the lack of equity capital and business angels for the very early-stage development of innovative startups with high growth potential.

It consists of 60% subsidy and 40% refundable advance, totaling 30 000 TND.



* **AIR² :**

Air² is a direct grant to promising startups at the SEED stage, to help them raise greater funding through 1MDT to successfully scale and expand their plans.

It acts as an investment readiness aid and provides grants between 150,000 and 200,000 TND. It is a hybrid funding instrument, with 60% grant and 40% repayable advance.

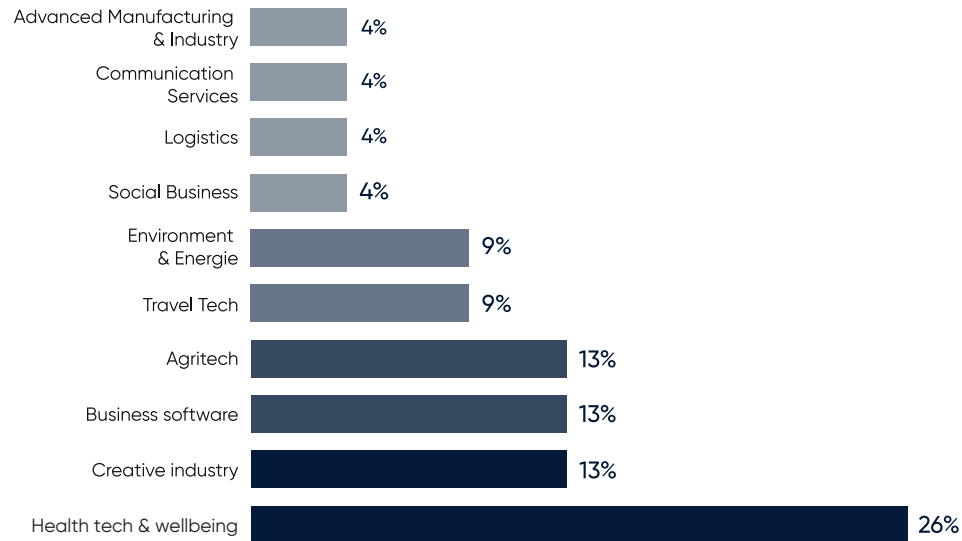


* **DEAL:**

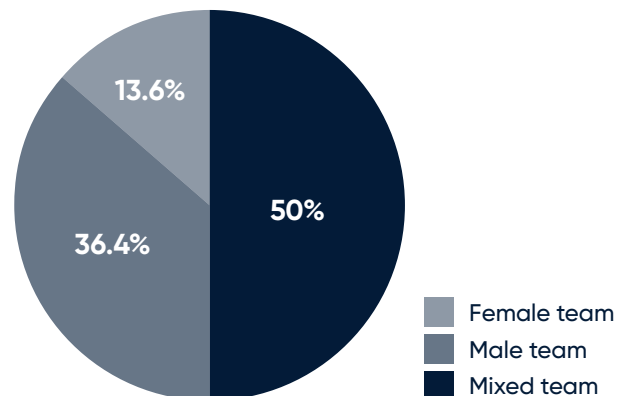
DEAL is a grant to start a new funding program for start-ups of up to TND 200k. DEAL will be granted to new programs that meet eligibility criteria and establish added-value to startups through expertise, positioning or opportunities for all Tunisian startups' founders, taking into account gender or regional inclusiveness.

STARTUPS BENEFITTING FROM AIR

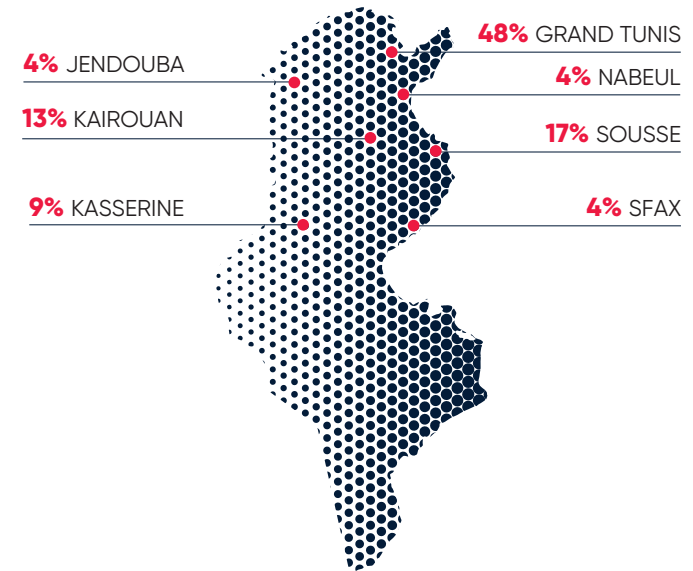
Sectors



Gender



Regions

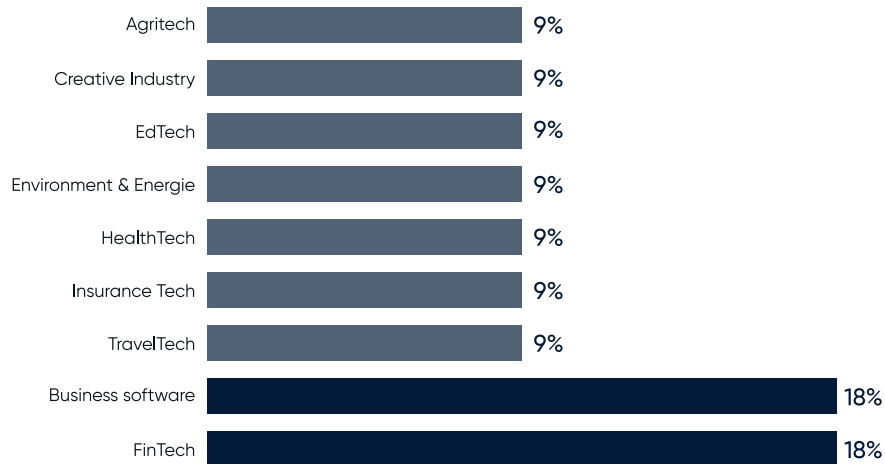


22 AIR

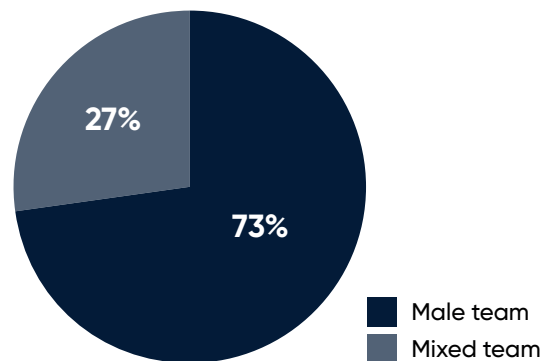


STARTUPS BENEFITTING FROM AIR2

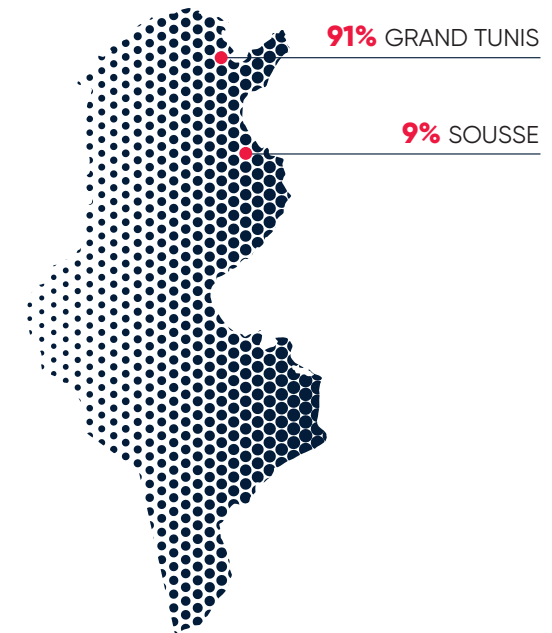
Sectors



Gender



Regions



11 AIR²



► FINANCIAL SUPPORT



Acceleration for a fundraising in series A

By the time we received the Air2 grant, we hadn't completed our 'pre-series A' lift. Indeed, this round turned out to be longer and more complicated than we had originally planned. As a 100% Tunisian company, the due diligence phase was more tedious than usual, as potential investors demanded more details and assurances. This grant therefore came at an extremely important time for us, creating a sort of bridge, allowing us to have a longer runway period and to continue working in a much calmer and more serene way.

The support provided to the ecosystem has been very relevant, in my opinion, as it provided unprecedented help to start-ups.

It is therefore crucial to continue helping entrepreneurs in this gap, by carrying on support mobilization, both financially and through networking and other forms of support.



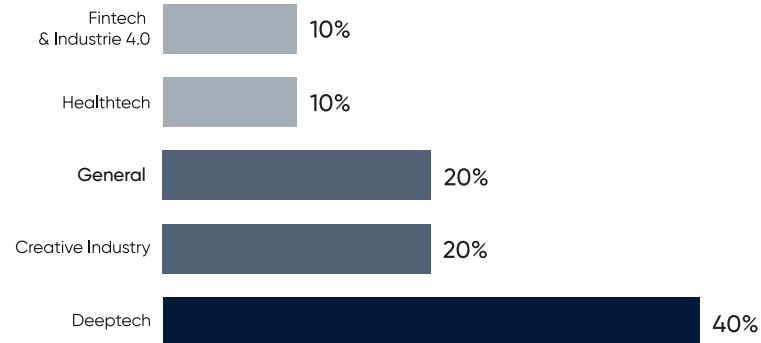
Issam Smaali
WATTNOW CEO

Graduated from the Founders institute (2017)
Lead Systems Design Engineer (HIMILCO 2015-2017) Issam has worked on numerous integration projects and had been a freelance between 2010 and 2015 with STMicroelectronics and others (embarked systems development, web, mobile and robotics).

WATTNOW®

MENTORING STRUCTURES BENEFITING FROM DEAL

Sectors



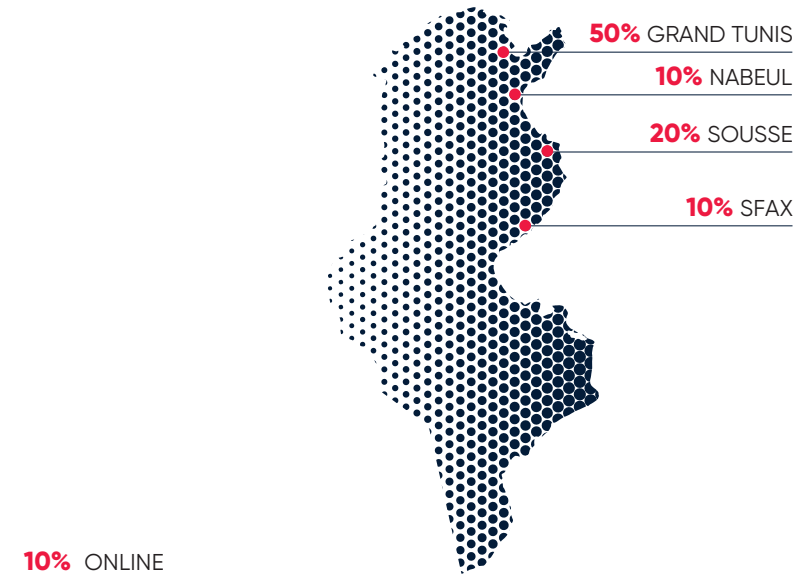
Target

20%
students, PhDs and
researchers

20%
professionals

60%
mainstream

Regions



10 DEAL

betacube

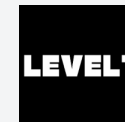


NOVATION CITY

Connect
Innov



CO START



makerlab

MAKERS
FACTORY



AIR D4D



The Diaspora4Development project started in 2020. With the support of Afkar and GIZ, in the framework of the Progres Migration program, AIR D4D has asked CDC and Smart Capital to provide financial support to the projects they support.

Aiming to develop employment and investment opportunities through diaspora mobilization, the tool provides a hybrid financial support with 60% as a grant and 40% in the form of a repayable advance.

27,000 is awarded to each of the 30 beneficiaries, i.e., 88,884 Tunisian dinars according to a selection matrix evaluated by an independent committee.



30 Bénéficiaires



Selection committee :

Completely independent, the selection committee is a completely independent entity constituted of program partners representatives and an expert-entrepreneur



Mayssa Mrabet
Afkar



Oula Tarssim
GIZ



Walid Wahabi
GIZ



Hichem Njeh
Smart Capital



Dorra Fadhloun
CDC



Med Ali Elloumi
Access 2ebusiness

CONNECT

STRENGTHENING THE INTERNATIONAL PRESENCE

Representing Tunisia Worldwide

45 startups had the opportunity to think big by taking part in six international events dedicated to new technologies and startups development.

Through these promotional actions, Tunisia asserts its global presence through its labeled startups. The latter consolidate their international network and plan for international expansion.



28 February – 03 March 2022



More than 25 shared
opportunities with the startups
in 2021

in partnership with



In & Out ecosystem building

This startup ecosystem capacity building program specifically targets startups' support structures. In its second version, launched in November 2021, 8 free training courses have been provided by international experts.

They have reached more than 15,500 users.

Ins & Out ecosystem building was carried out in partnership with Innov'i EU4Innovation and

implemented by Expertise France using the services of a labeled startup: Every Technologies specialized in the creation of hybrid and digital events.



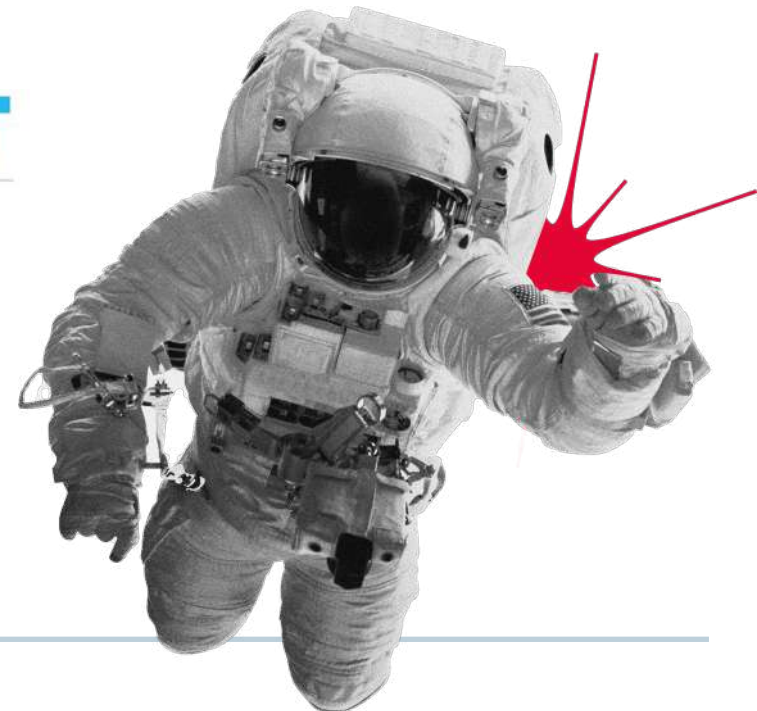
Ce projet est financé par
l'Union européenne



US Exchange Program

Promise is a 10-day exchange program that allowed 8 startups and 2 SSOs to explore and understand the entrepreneurial ecosystem in New York and Washington DC.

Initiated by a consortium of stakeholders (DELOITTE, Open Startup Tunisia, Endeavor, Tayp) and funded by the US Embassy, the program gave beneficiaries access to customized mentoring and networking events in the US.



THE TUNISIAN ECOSYSTEM AS SEEN BY STARTUP GENOME

Tunisia is home to a vibrant startup ecosystem going through revitalization. This means that, despite the relatively low number of startups and funding levels, there is a forward momentum for future growth.

More specifically, we should note that the Tunisian startup ecosystem generated \$25.6 million between July first 2019 and December 31, 2021.

Tunisia was ranked number one in the MENA region in terms of available manpower in GSER 2022. The ecosystem is also ranked in the Top 10 in the MENA region for Bang for Buck, which measures the amount of runway tech startups acquire, on average, from a venture capital round.

Tunisia is also among the top 10 emerging ecosystems in terms of talent, research activity and patents, but also in terms of available funding for startups.

However, like all ecosystems in the revitalization phase, Tunisia can achieve more by increasing its startups' activities, developing higher quality startups, and closing early-stage funding gaps.

To make these improvements, we need to look at the ecosystem organically. It needs measures to develop strong business innovation programs, mobilize public and private stakeholders to increase funding, and limit bureaucracy.

The government and the local organizations have already taken steps to revitalize the ecosystem. Digital Tunisia 2020 aims to improve the technological infrastructure and turn the country into a regional business hub. The government's Startup Tunisia program is supported by a 66.9 million€ project, funded by the World Bank. InnovaTech is a \$17 million SME funding instrument that was created to invest in innovative companies in collaboration with private investors, while Anava is a \$45 million joint investment project to support every stage of a startup's growth.

Startup Genome is extremely proud of Tunisia's performance at the GSER 2022. With our local partners, Smart Capital and the Deposit and Consignment Office, we are looking forward to sharing the stories behind this success.



Stephan Kuester

Partner, Head of Ecosystem
strategy
Startup Genome

● STARTUP'S PROMOTION

1. Tunisia in the GSER report 2021 on the global startups' ecosystem



THE WORLD BANK



REASONS TO MOVE YOUR STARTUP IN TUNISIA:

AN IDEAL LOCATION

Tunisia enjoys a privileged geographical position at the crossroads of the eastern and western Mediterranean basin, making it a regional investment, trade and manufacturing cluster. Tunisia shares borders with Algeria and Libya and it is less than three hours by plane from European capitals and major cities in the Middle East. It is the center of the European-Mediterranean logistics chain and serves a consumer market of 500 million people.

A TRAINED MANPOWER

Graduates from the Tunisian education system possess the essential logistical, behavioral, technical, and communication skills required to be employed by foreign companies. The country produces 325,000 students annually, of which 65,000 are multilingual university graduates, 12,000 graduates in ICT, and 20,000 engineers. In Tunisia, 35% of the population has reached higher education.

2. Africarena North Africa in Tunis, November 2021



**AFRICARENA2021**
THE AFRICAN TECH ECOSYSTEM ACCELERATOR

North Africa Summit Tunis, Tunisia
13 - 14 October, 2021
Mövenpick Hotel Du Lac Tunis, Rue du Lac Huron, Tunis




StartupTunisia
Propulsée par SMART CAPITAL


Ce projet est financé par l'Union européenne

 **EXPERTISE FRANCE**

 **FONDATION TUNISIE**
POUR LE DÉVELOPPEMENT


giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Africarena North Africa TOUR 2021 Landed in Tunis to select the north African startups that would participate in the big summit in Cape Town, South Africa.

The event confirmed Tunisia's position as an important spot for regional exchange and connection. Ten startups from neighboring countries came to meet the Africarena North Africa team. On the Tunisian side, Three startups were finalists and went to pitch their project at

the southernmost tip of the continent.

Africarena North Africa was made possible thanks to the support of Innov'i implemented by Expertise France, GIZ, the DOT and Smart Capital.



STARTUP ACT

A unique legal framework
to boost startups

THE STARTUP LABEL

Key numbers in 2021

106
PRE-LABELS
GRANTED

98
PRE-LABELS
TRANSFORMED
INTO LABELS

245
LABELS GRANTED
IN 2021

230
CANDIDATES TO
LABELS

147
LABELS GRANTED

46.72%

ACCEPTANCE RATIO*

* acceptance ratio = (labels granted + pre-labels granted - pre-labels transformed into labels) / candidates to labels

* The large flow of applications is reviewed and managed through a rigorous, fluid and fully digital process. Labels are evaluated and approved by a group of members who went through the 33 labeling sessions from beginning to end.

* The Startup Act has inspired various neighboring countries such as Rwanda, Senegal and Côte d'Ivoire, to develop their own national startup Act.



Always Evolving!

- 2021 was marked by exponential growth in the number of applications and labeled startups, reflecting a real excitement of being part of this innovation ecosystem.
- In 2021, 3 more applications per month were registered, bringing the average number of monthly applications to 21.5.
- Applications' total number increased from 407 in 2020 to 488 in 2021, i.e., a nearly 20% increase.
- The number of labels awarded rose from 192 in 2019 to 245 in 2021, an increase of 17,2%.
- 63.91% represents the labels' acceptance in 2021.
- 41.09% is the acceptance rate of pre-labels
- An Increase in pre-label to label conversion rate compared to 2020, to reach 92.45% in 2021

STARTUP ACT INSPIRING THE SOUTH AFRICAN MOVEMENT



SA startup Act Movement

Based on the observation that a favorable political environment is crucial for any country wishing to ensure its startups' growth and increase investment in these young, high-potential and high-impact structures, many African countries have called for the development of frameworks similar to the Tunisian Startup Act.

The SA Startup Act movement (South Africa Startup Act) movement has closely tracked the Startup Act success in Tunisia and its impact on local startups' growth, particularly when it comes to accessing non-African funding.

For our part, we have seen how Tunisia's key macroeconomic indicators showed that venture capital flows have tripled since the Start-up Act was introduced.

These astounding achievements have inspired the SA Startup Act movement to actively advocate for a Startup Act in South Africa.

The movement has made significant progress since its launch in 2020, publishing a policy position paper outlining how South Africa could have a Startup Act.

Led by its chair, the movement presented its policy recommendations to South African President Cyril Ramaphosa. The latter subsequently announced in his 2022 State of the Nation speech, that he would review the current business visa regime in South Africa and remove unnecessary bureaucracy for small businesses.



Matsi Modise

Chairperson of the SA startup
Act Movement

Vice Chairperson of the
SiMODISA



BENEFITS GRANTED BY STARTUP ACT IN 2021

Covered Social security



12,8 mTND

Total social security subsidy budget



256

Beneficiaries startups



8

average number of employees supported per startup

Leaves



23

beneficiaries startups



29

leaves for startup creation

Living grants

Since 2019

In 2021



5,8 mTND

total living subsidy budget



333

startups benefitted from the funding



383

founders benefiting from the grant



1480

average grant's amount

2,9 mTND

total living subsidy budget

133

startups benefitted from the funding

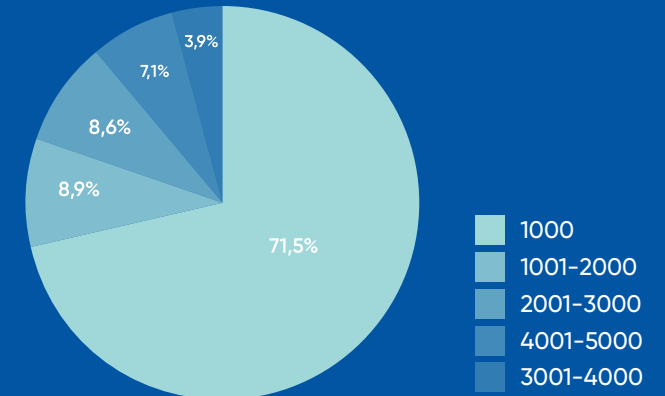
193

founders benefiting from the grant

1423

average grant's amount

Breakdown of subsidy amount



Starting at 1000 dinars and capped at 5000 dinars, the living grant depends on the beneficiary's income before his/her startup was founded.

More than two-thirds of the beneficiaries enjoy a grant of 1000 dinars.

Authorized economic operators



14

authorized economic operators

In 2021, 14 startups were able to attain the OEA status in Tunisia, thanks to the label. As a result, these companies are now part of the 85 certified businesses that enjoy the benefits of this certification.(1) Authorized economic operator (AEO) is a status granted to companies based in Tunisia, that allows for simplified customs clearance procedures

Invention Patent



6

invention patents



x 3 : USA



x 1 : Australia



x 2 : PCT (Patent international system)

Measuring satisfaction with Startup Act and its implementation

A satisfaction measurement was conducted within the founders of labeled startups, to give insight on the opportunities provided by Startup Act and assessing the quality of its implementation.

Startups were asked to give a rating of up to ten points.

THE STARTUP ACT FRAMEWORK HAS
BEEN FAVORABLE TO YOUR ACTIVITIES'
DEVELOPMENT

Average
6,67

THE STARTUP ACT FRAMEWORK HAS
GIVEN YOU VISIBILITY

Average
6,67

THE STARTUP ACT FRAMEWORK HAS
GIVEN YOU ACCESS TO OPPORTUNITIES
(NETWORKING, FUNDING, MENTORING)

Average
5,36

THE STARTUP ACT FRAMEWORK'S
MANAGEMENT BY THE SMART CAPITAL
TEAM IS SATISFACTORY

Average
7,01

STARTUPS' LEGISLATIVE EXPECTATIONS

labeled startups' founders were asked to prioritize the necessary legislative changes to fully develop their activities. The top priority was to enhance the digitalization of public administration, followed by simplifying the exchange rate framework and implementing the necessary decrees for crowdfunding.

THE TOP 5 LEGISLATIVE EXPECTATIONS

1- Strengthening bureaucracy digitalization

2- Easing of the exchange rate framework

3- Adoption of implementing decrees for crowdfunding

4- Updating the commercial companies act and adoption of the status of the SAS (Anonymous simplified company)

5- Easing online payment framework

ECOSYSTEM DEVELOPMENT PRIORITIES

According the labeled startups founders

1- Create more connections with ecosystems and international markets

2- Expand the catalog of grant funding to solve other challenges

3- Promote the local ecosystem and Tunisian startups internationally

4- Strengthen the support network

INVESTMENT DEVELOPMENT PRIORITIES

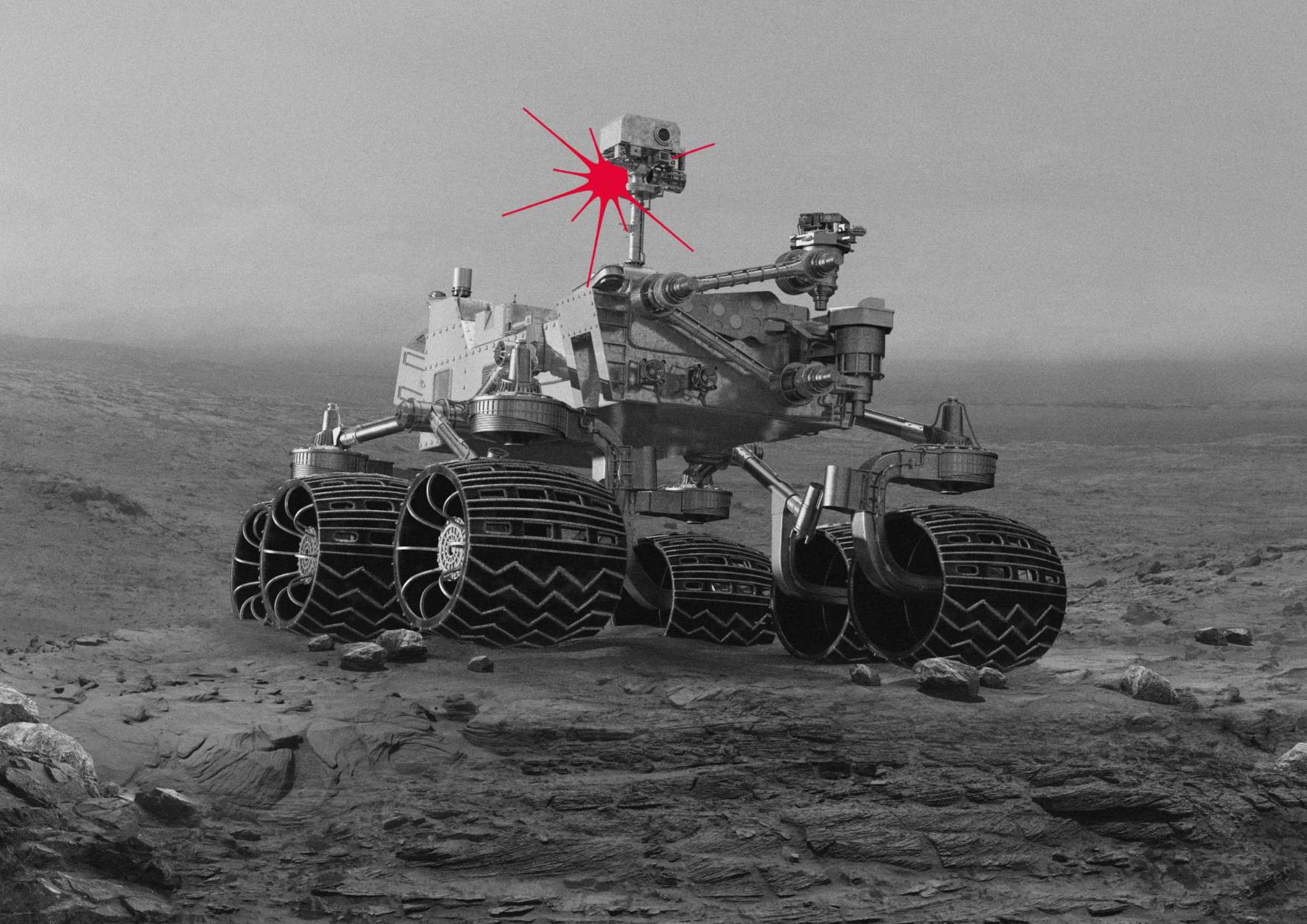
According the labeled startups' founders

1- Facilitate international investment in Tunisian startups

2- Strengthen the number of investors and funds available for investment at all stages of development

3- Introduce crowdfunding as a new investment mechanism

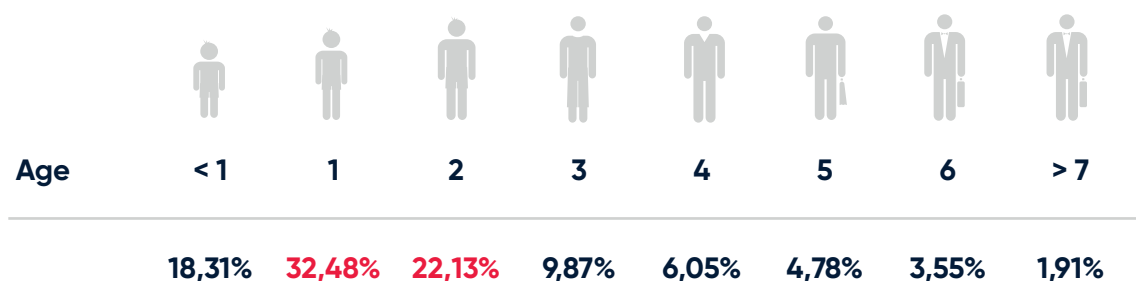
4- Activate and enhance Business Angels offers



COMPOSITE PORTRAIT OF STARTUPS

Age, sectors, gender

BREAKDOWN PER YEARS OF EXISTENCE



More than half of the startups are at least 3 years old

The Tunisian ecosystem is still young and mainly consists of startups just beginning their entrepreneurial adventure

- More than 57% of the startups have been founded at least 3 years ago
- Startups with less than one year of existence represent 15.8%
- 37.9% are 4 to 6 years old
- Startups founded more than 7 years ago are less than 4.8%

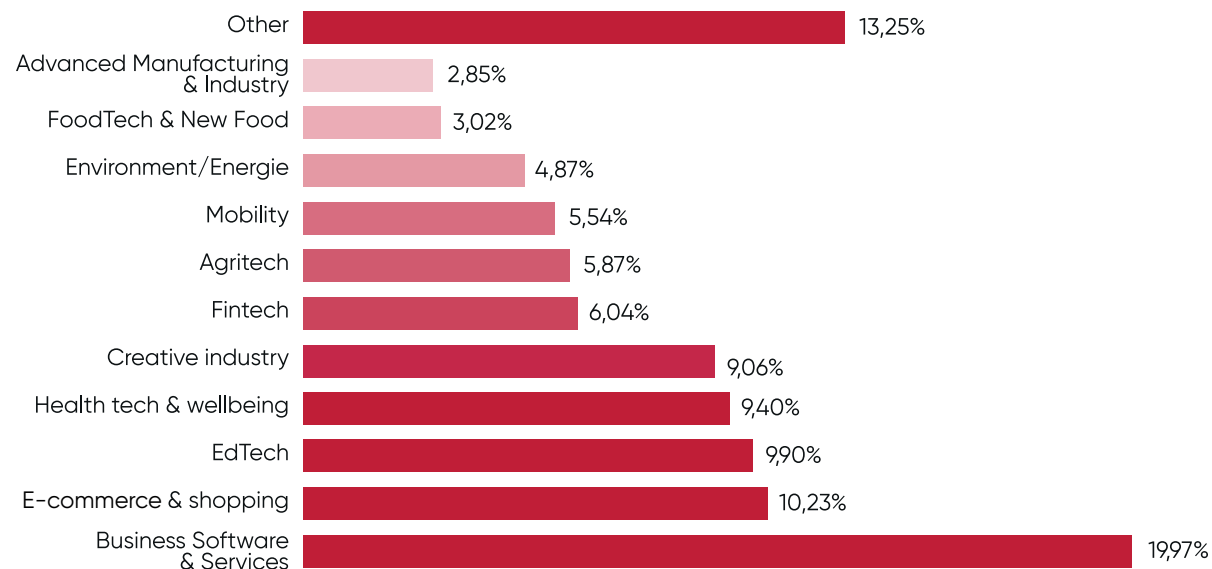
REGIONAL BREAKDOWN

Grand Tunis	70,09%
Central east	13,85%
North East	6,32%
South East	5,47%
Central Ouest	2,05%
North Ouest	1,37%
South Ouest	0,85%

→ 70.9% of startups are located in the capital city, with 47% in Tunis and 12.9% in Ariana.

The Central Region shows an increase of 3 percentage points compared to 2020. In 2021, 15.9% of startups were located in the East center and Ouest.

STARTUPS' BREAKDOWN PER SECTOR



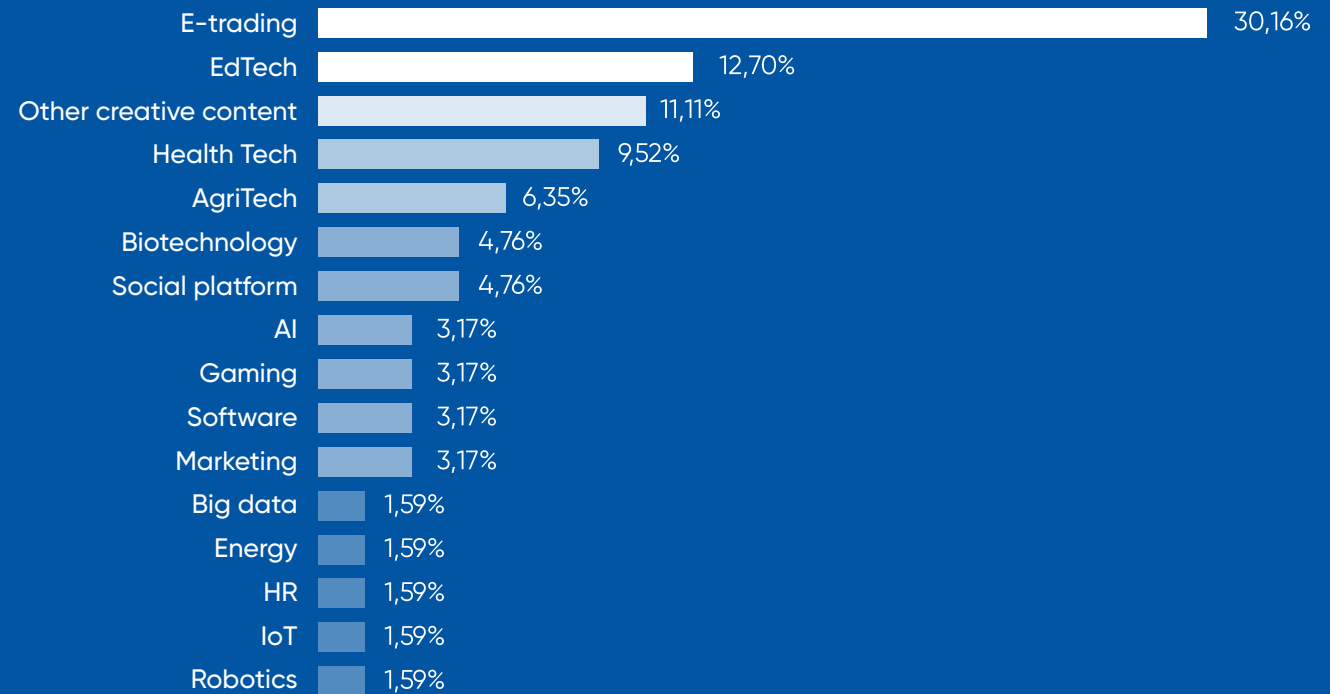
In 2021, approximately one-third of startups were found to be operating in the software businesses and services, as well as in retail. Consequently, the software businesses and services industry is the primary investment area for startups, representing 19.9% of all startups. This sector has witnessed continuous growth and experienced a 200% increase between 2019 and 2020. It

is followed by trading and online shopping, represented by 10.2% of startups. The latter has slightly decreased by 40% between 2020 and 2021.

Healthtech is a sector that has seen growth over the years with a 30% increase between 2019 and 2020, and a 50% increase between 2020

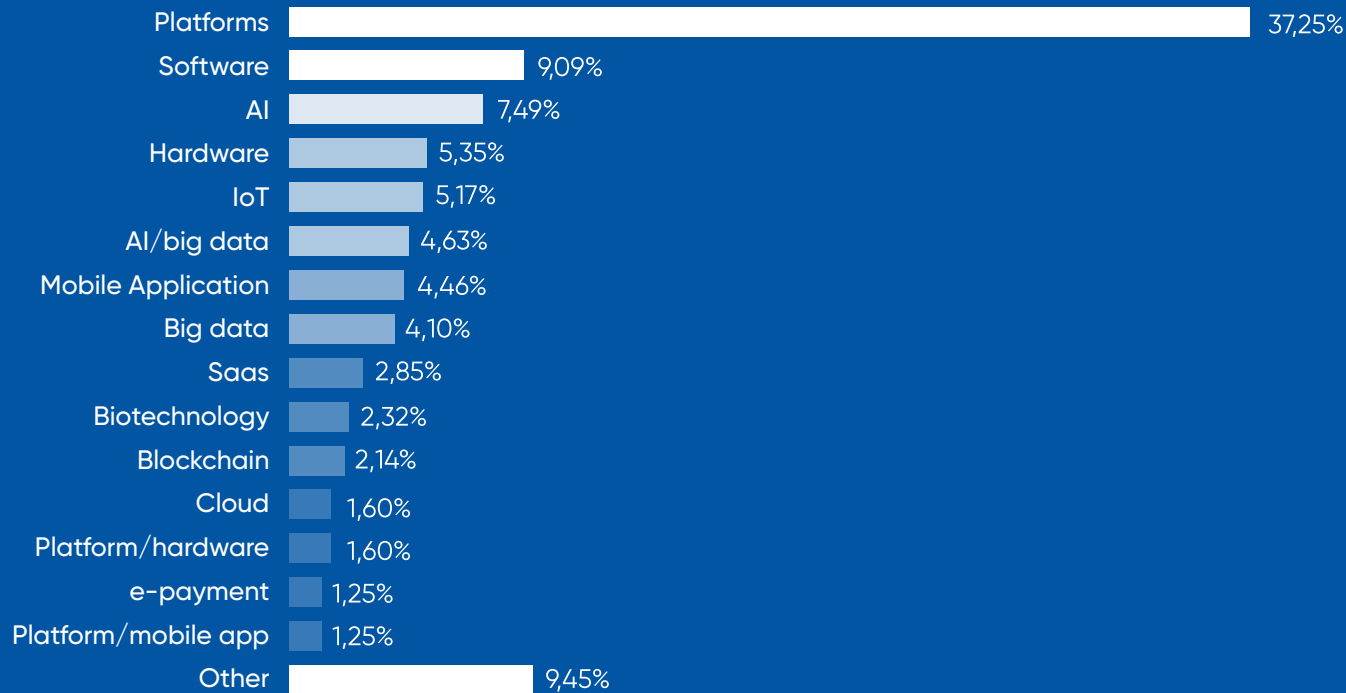
and 2021. It could be explained by the covid19 crisis during which startups came with multiple solutions regarding ventilation, sterilization or early disease detection, with help of artificial intelligence.

BREAKDOWN OF STARTUPS CO-FOUNDED BY WOMEN, PER SECTOR



→ Women co-founded startups are primarily engaged in e-trading and retail, accounting for almost three-quarters of the cases. Nonetheless, they have a presence in all other sectors, with a particular emphasis on Education, Creative Cultural Industries, and Healthtech.

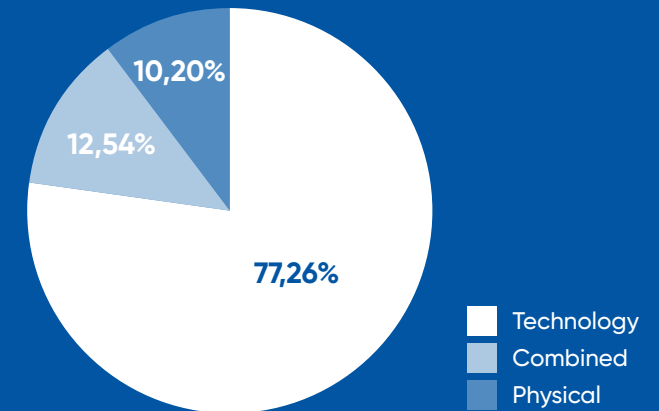
BREAKDOWN PER TECHNOLOGY



Over a third of startups say they are developing platforms that cover a wide range of product typologies. Consistent with what has been previously presented to represent business software, it is not surprising that software development comes second. Almost 17% of

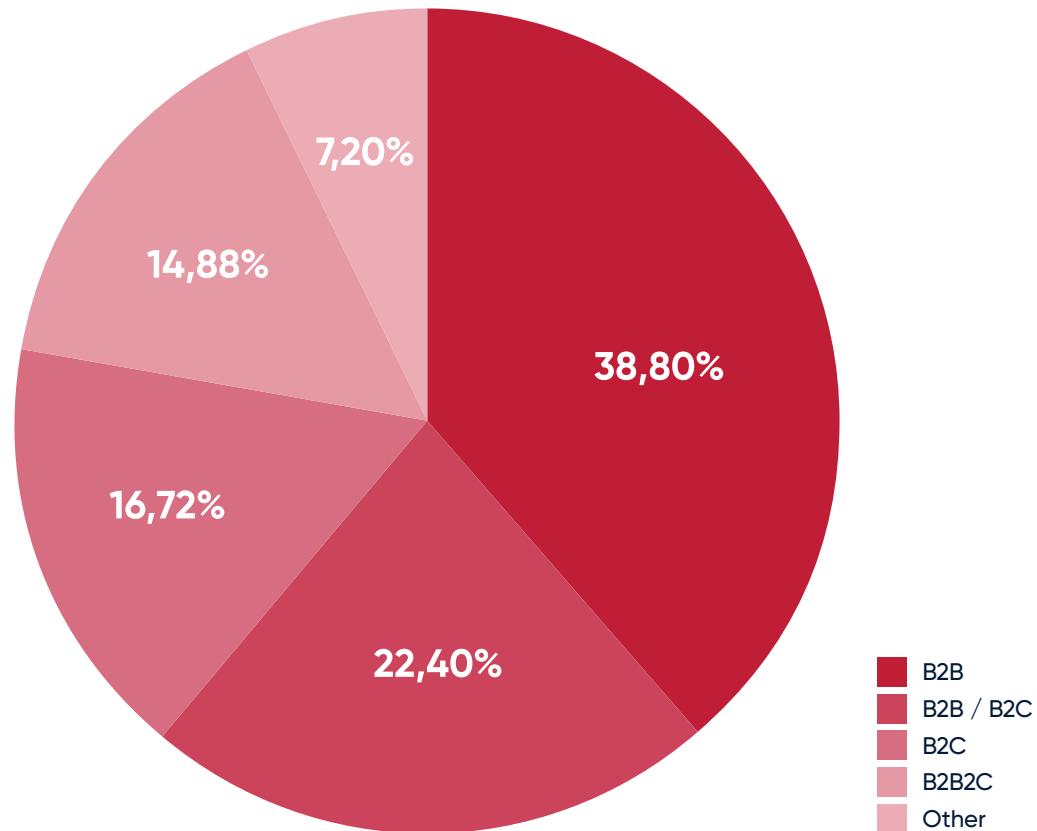
startups rely on AI, IOT and Big data to develop solutions, which are gradually becoming a feature of the local ecosystem. The emergence of hardware is as well a new trend, powered by value chains in mechatronics through universities, industries and incubators/accelerators.

BREAKDOWN PER TYPE OF SOLUTION



- Most startups (77.26%) are working on technology solutions
- Combined soft and hardware solutions account for 12.54% of startups
- Only 10.2% of startups are interested in physical solutions

BREAKDOWN BY BUSINESS MODEL



2,3%

of labeled startups
adopted a business model
including B2G

→The B2B business model has been adopted by the majority of Tunisian startups. 38.8 still chooses this model today.

Local market limitations, or the technical background of the majority of founders, explain this trend to the detriment of the B2C model.

The B2B/B2C combination comes second, chosen by 22.4% of startups. B2C is third with 16.7%, while 14.9% of startups have opted for the B2B2C.

Far behind are the juxtaposed models such as B2B/B2B2C (1.5%), B2B/B2C/B2B2C (1.3%), B2B/B2G (1%) etc.





THE B2G

Innovation by startups
serving the public sector

LE B2G EN 2021

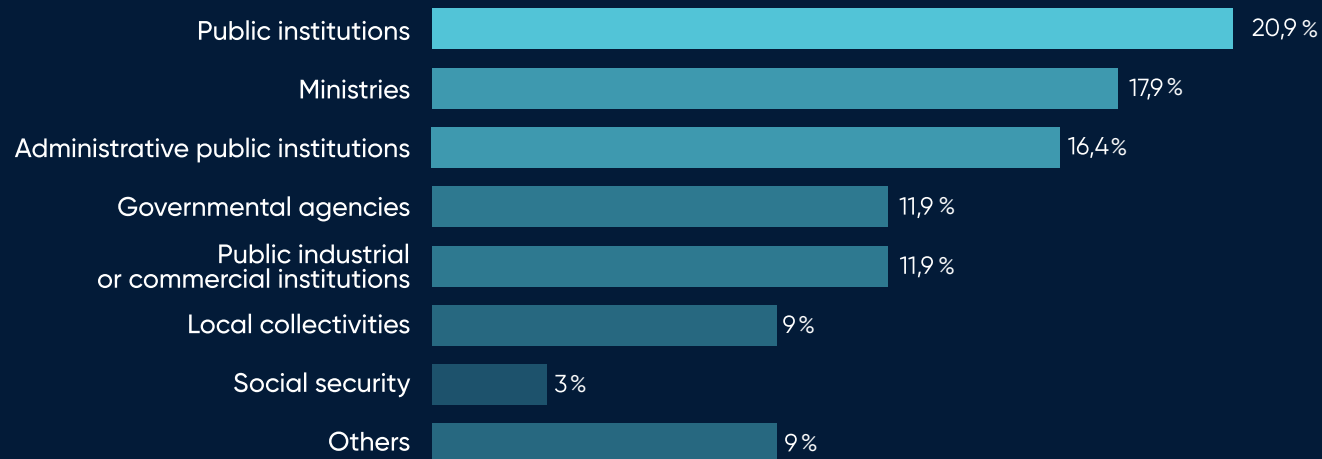
B2G model is chosen by 2.3% of startups founded in 2021.

Focus on startups that develop innovative solutions for the public sector.

Who are they? What solutions do they provide and for whom? What are the challenges they meet?

1. Target

a. The B2G, for whom?



→ Main B2G startups are interested in targeting Public companies (with 20.9% of them). Ministries on the other hand attract 17.9% of the startups while 16.4% target administrative institutions.

With less interest, startups target governmental agencies and public industrial and commercial institutions with 11.9%. Local collectivities represent 9% of startups markets.

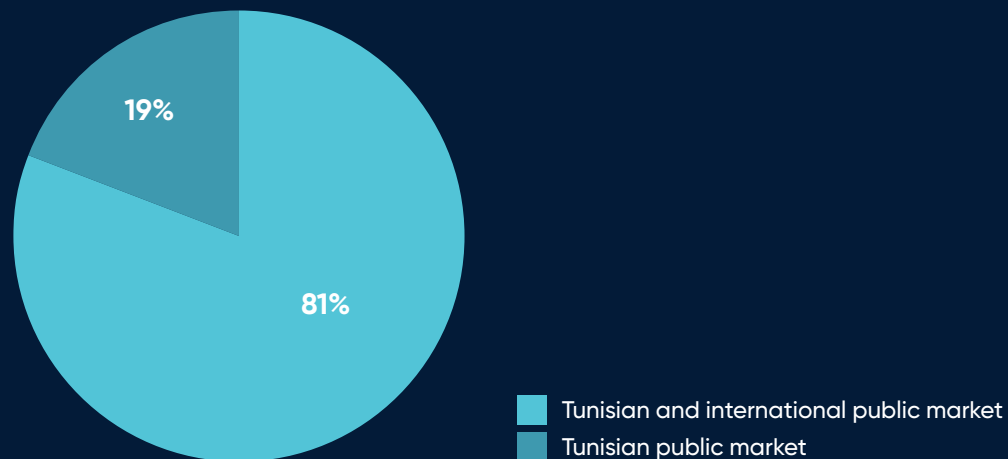
b. The targeted markets



→ Africa is the most targeted continent by the B2G startups, particularly the great Maghreb: Tunis, Morocco, Algeria and Mauritania.

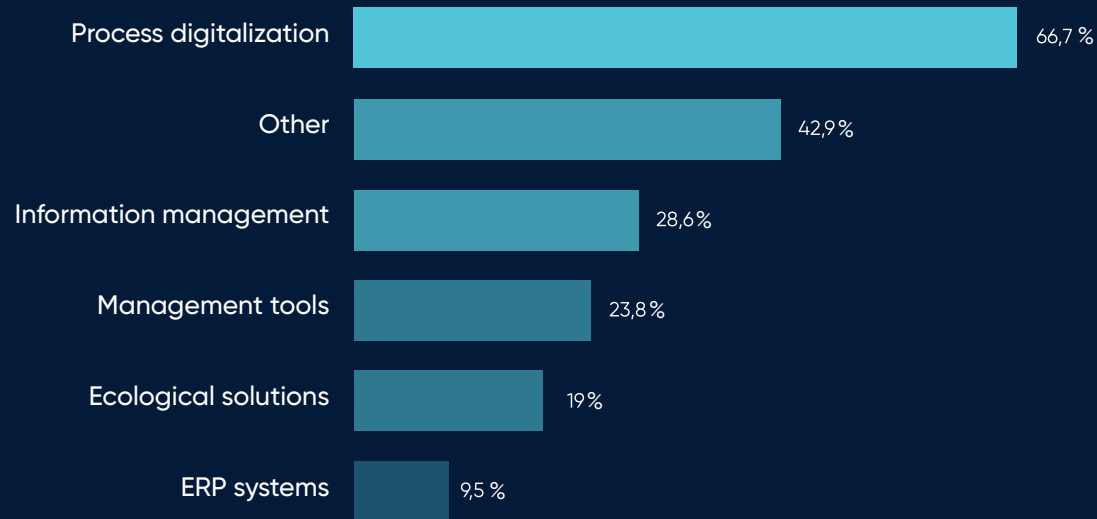
Europe interests as well startups, particularly countries such as France and Italy. The MENA region market is as well targeted, at a lesser level, with a particular interest to Egypt, Lebanon, Jordan, and the United Arab Emirates.

c. the B2G going international



→ 81% of the B2G startups target the Tunisian and international public markets. Only 19% focus on the local market

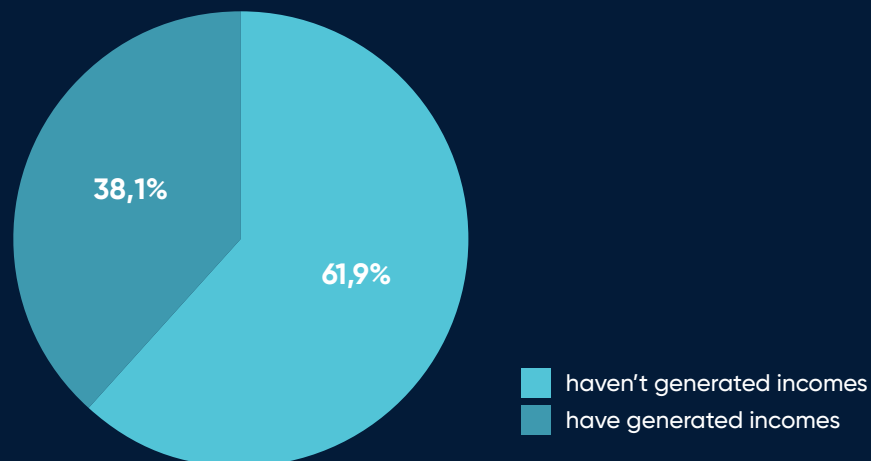
2. Startups services



→ B2G startups are striving to offer innovative solutions to improve performance and management of public services of all kinds: through digitalization solutions, ERP...

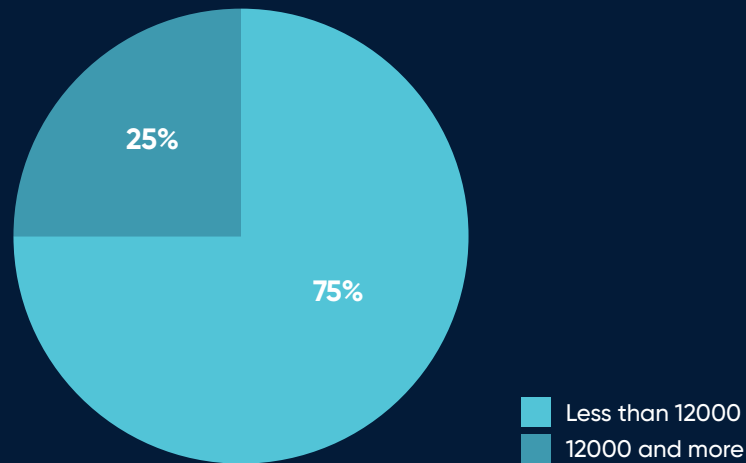
Green tech innovation for public services is a new trend as well: 20% of startups offer solutions for the management of environmental issues (waste management, etc...)

3. Incomes



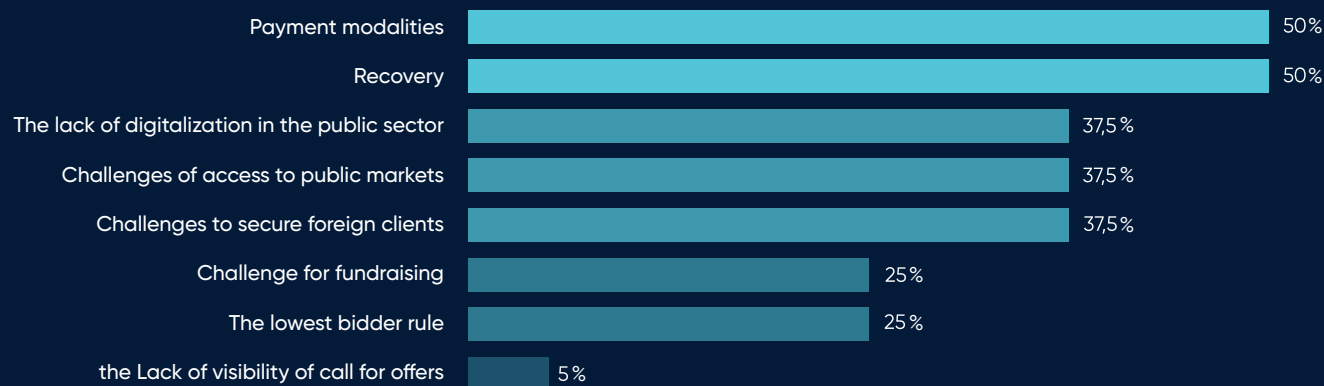
→ The majority of B2G startups (61.9%) haven't generated any revenue yet, while 38.1% have.

4. Turnover



→ 75% of B2G startups realized a turnover of less than 12000 DT, in opposition to the remaining 25% who realized a turnover of more than 12000 DT.

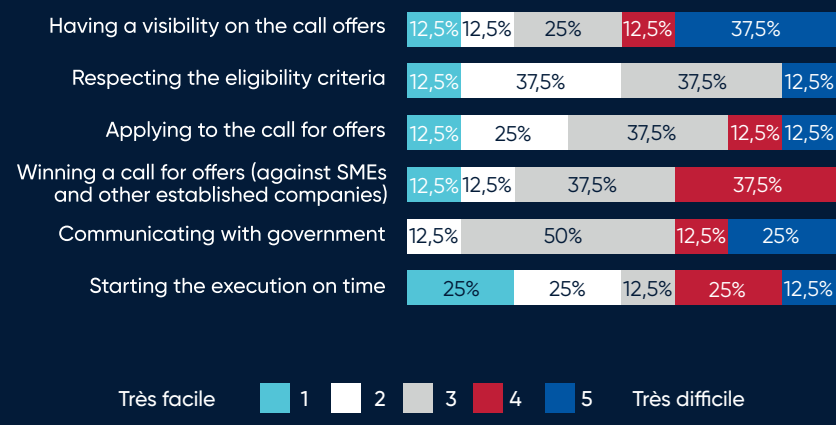
5. Les challenges du B2G



→ The top three challenges that half of B2G startups face are mainly around the access to call for offers and payment. 50% are suffering from the lack of visibility of call for offers, recovery issues and payment modalities.

37.5% of B2G startups face difficulties to access public markets and/or to get foreign clients. The lack of digitalization in the public sector and the lowest bidder rule are also significant challenges for 37.5% of the startups.

6. The levels of difficulty of the stages for a bidding process



Participating in and winning a call for offers is a long process with varying levels of difficulty depending on the steps. B2G startups consider the most complicated steps to be the visibility on tenders and winning them against SMEs (37.5% of them have given a level of difficulty of 5/5 to these two steps)

Then comes the communication with the government that 87.5% of the startups consider complicated with a level of difficulty higher than 3/5. Respecting the eligibility criteria and starting the implementation are the easiest steps.



Ce projet est financé par l'Union européenne

Throughout the Innov'i-EU4 Innovation project, and particularly in the workcamps of technical assistance, contributing to the improvement of the regulatory framework in favor of innovative entrepreneurship, a project on public procurement of innovation has been launched. It supports the public procurement codes' revision with the objective of improving the access of Startups and innovative SMEs to the Tunisian public market with the two main objectives:

- Positive effect on the economic growth of the country
- Modernization of public services

PUBLIC-STARTUP PARTNERSHIP AT THE SERVICE OF THE PEOPLE

Civitas Digital was created in response to the need of rationalizing the work process expressed by the Tunisian public administrations. Founded in March 2021, Civitas offers a collaborative working platform to the administration along with giving to the user the possibility to customize their digital workspace.

The idea began to take shape in 2019 when we studied the different challenges faced by the Tunisian public administration, including shortage of material and human resources, lack of transparency, slowness of the procedures, overload and corruption.

Civitas Digital has succeeded in developing a solution to create paper-free procedures that do not require any technical skills. Administrations can then customize their digital solutions, depending on the resources available in order to optimize their work processes.

Even with our Startup Label and our status of "young entrepreneur", we faced challenges specific to the public sector, such as :

The suspicion of the private sector, the resistance to change, the complexity of the decision-making process and government contracting that make some business models- in our case the SaaS model- hard to implement.

This has prompted us to seek and get involved in strategic and commercial partnerships with specialized non-governmental structures such as the national order of architects, the FNT, the CILG VNG International and the UNDP.

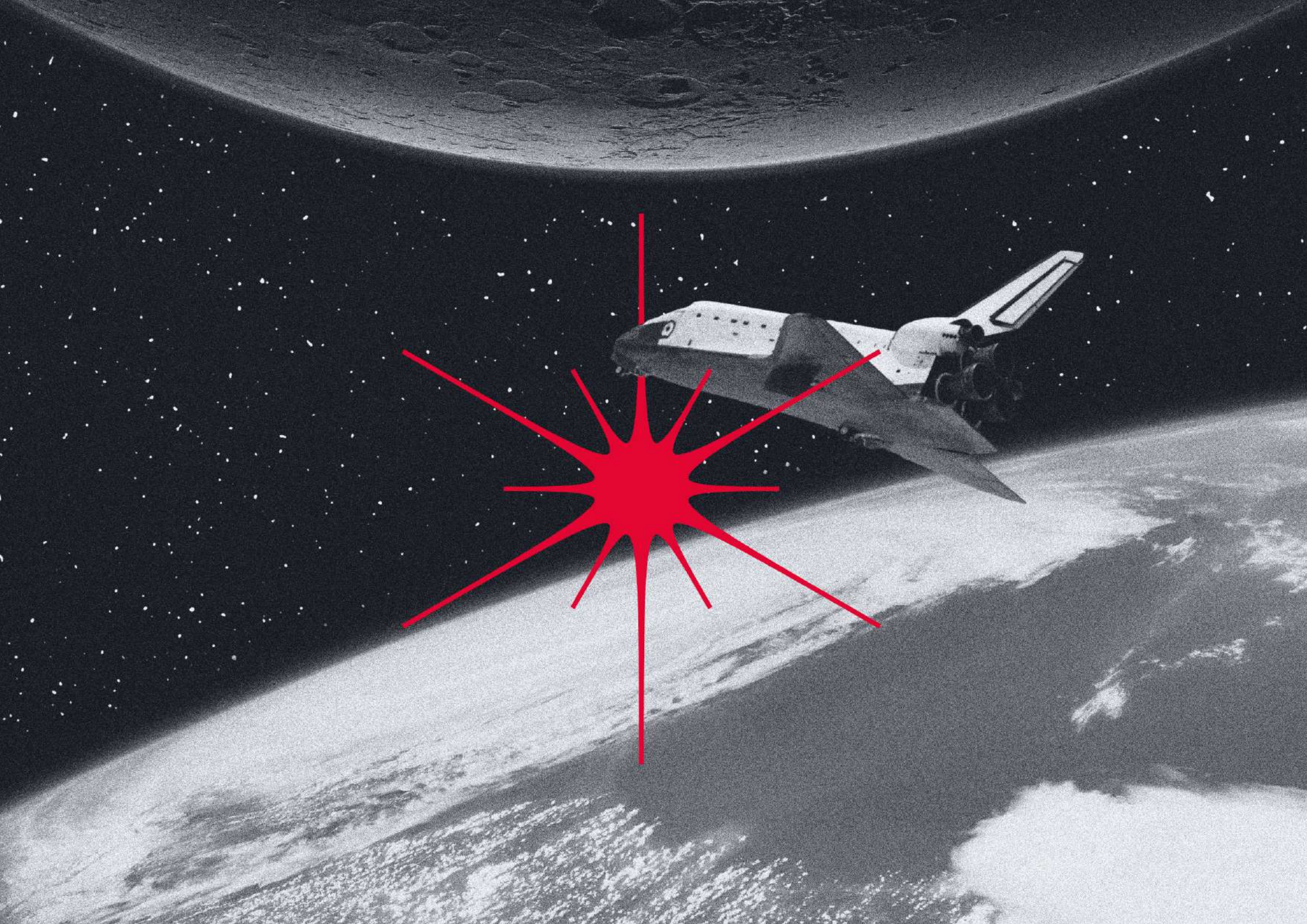
Our startup has been able to serve more than 10,000 citizens thanks to the various solutions adopted by 12 Tunisian municipalities. These first steps launched a new era of collaboration between Tunisian startups and public institutions that we can still develop and improve. Such cooperation requires open public markets, professional support structures and appropriate funding mechanisms.



Firas GAFFARI

Co-Founder | Civitas





TUNISIAN STARTUP ON THE INTERNATIONAL SCENE

The conquest of funds and markets

GEOGRAPHICAL DISTRIBUTION OF INTERNATIONAL STARTUPS

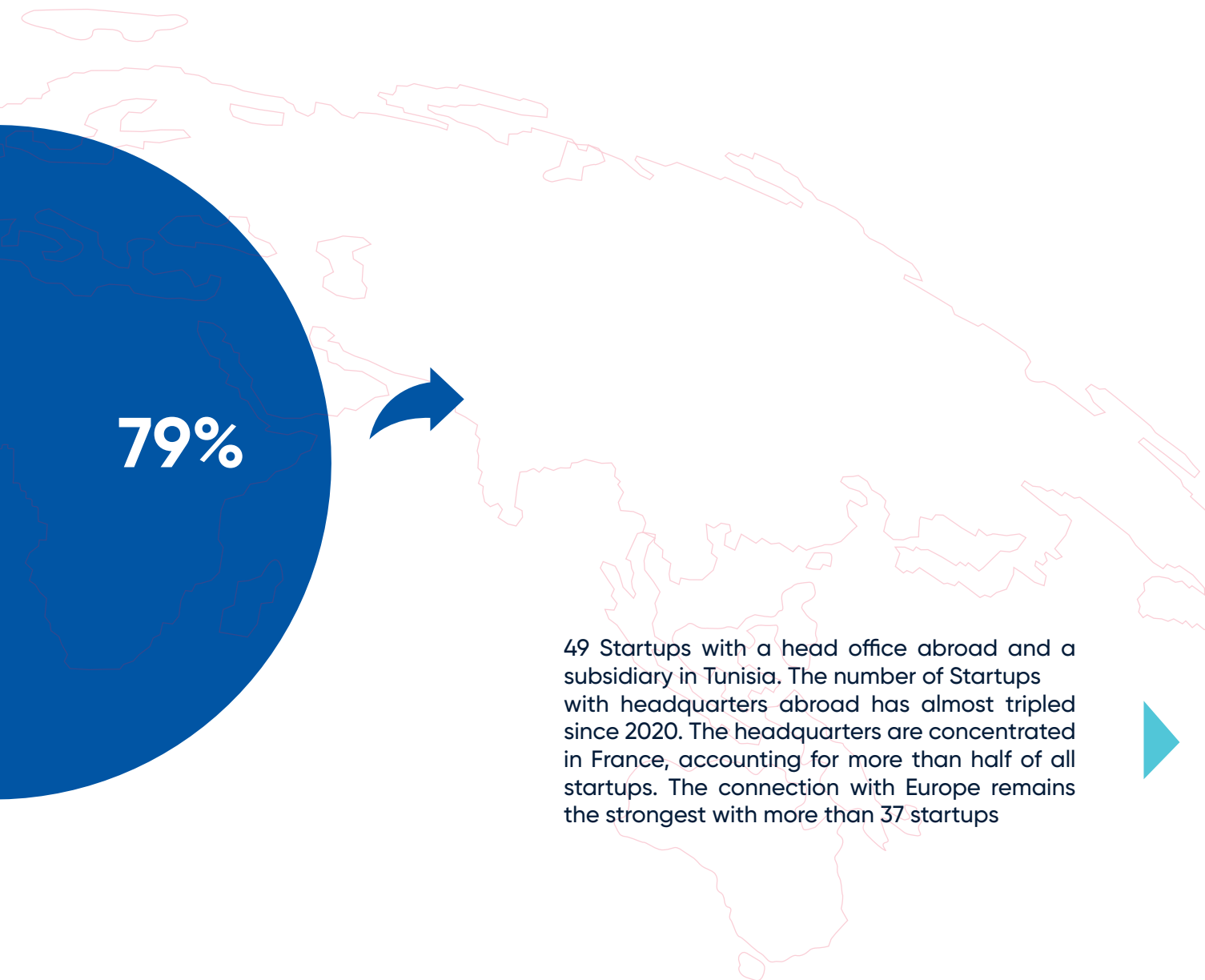
13

Tunisian Startups at the international level

6 France
1 Spain
1 Malta
1 Turkey
2 Morocco
1 Ivory Coast
1 Egypt
1 Niger
1 Canada

13 Tunisian startups with subsidiaries abroad.
The number of subsidiaries abroad is stable compared to 2020

21%



79%

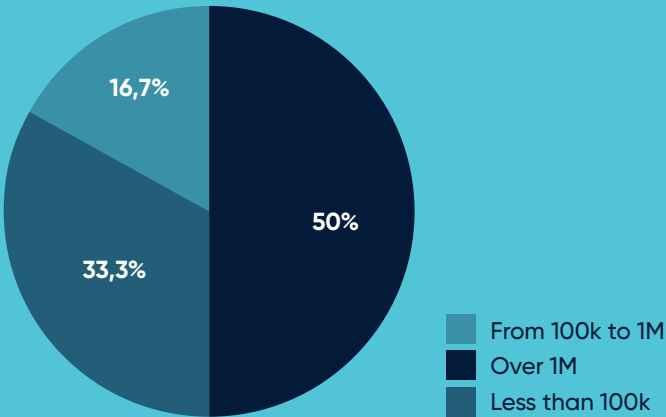
49 Startups with a head office abroad and a subsidiary in Tunisia. The number of Startups with headquarters abroad has almost tripled since 2020. The headquarters are concentrated in France, accounting for more than half of all startups. The connection with Europe remains the strongest with more than 37 startups

49

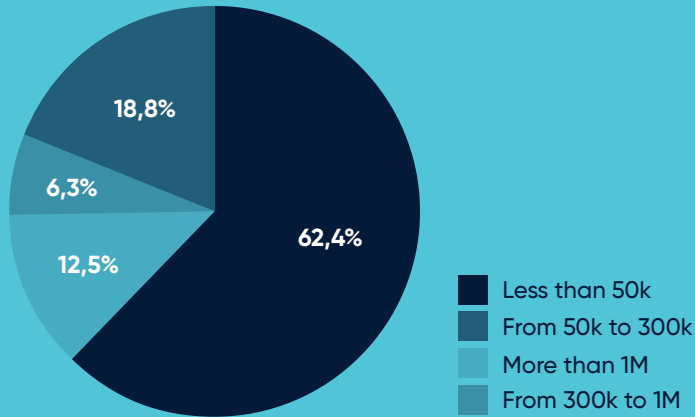
Foreign Startups in Tunisia

- 27 France
- 5 The USA
- 4 The United Kingdom
- 5 Netherlands
- 1 Saudi Arabia
- 1 Canada
- 1 China
- 1 South Korea
- 1 Germany
- 1 Jordan
- 1 Morocco
- 1 Singapore

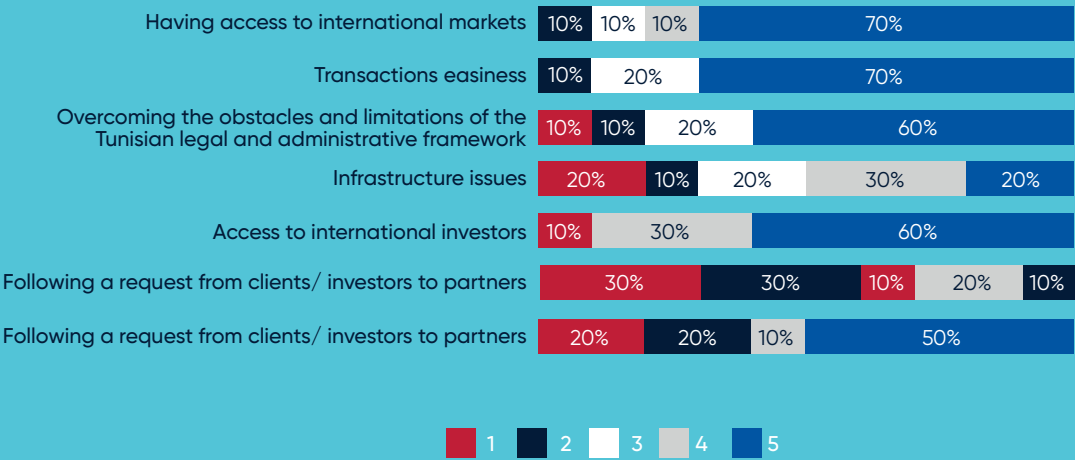
Group consolidated sales : Tunisian startups and subsidiaries



Group consolidated sales : International startups and subsidiaries



Why an international strategy?



→ International start-ups have access to many advantages that enable rapid growth, especially if a good international strategy is set.

The legend of the scale : 1 : Not a valid reason in my case
5 : A very valid reason in my case

MULTIPLE MOTIVATIONS BEHIND BUILDING AN INTERNATIONAL PRESENCE :



70% of surveyed startups said access to international markets and ease of trading are the main reasons for setting up branches abroad.



60% of start-ups acknowledge the importance of international investors, made more accessible by their international strategy, and 30% believe this is a valid reason to expand internationally.



Due to the many obstacles and limitations in Tunisia's legal and administrative framework, 60% of internationally implemented startups find ways around them. About 20% share this vision.



50% of start-ups go international due to infrastructure issues.



60% of those surveyed made the decision to expand as a result of a request from a customer/investor or partner.



Recruiting international talent is last and does not appear to be a significant motivation for nearly 60% of startups.



STARTUPS FOUNDERS

Who are they ?

DISTRIBUTION BY GENDER



Average Age
33

Educational background
**Engineering and
technical fields**

Level of education
Bachelor + 5 years

Experience
1 to 5 years



21%
WOMEN

1416
WOMEN

79%
MEN



Average age
35

Educational background
**Engineering and
technical fields**

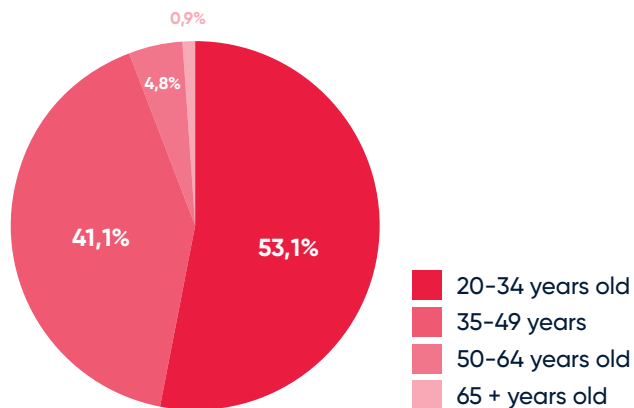
Level of education
Bachelor + 5 years

Experience
Senior

34.4%

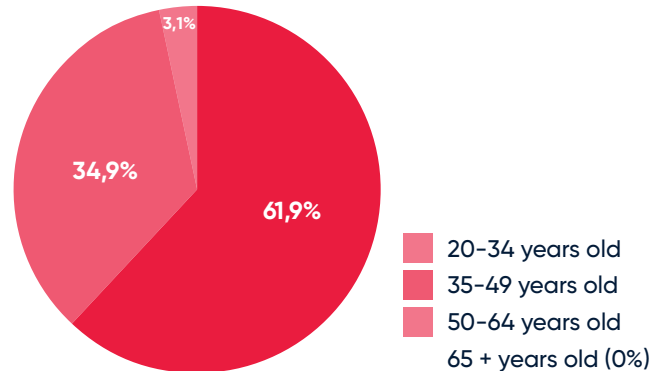
of Startups are co-founded
with at least one woman

DISTRIBUTION BY AGE



2.3%

of Startups are exclusively
founded by women



→ In 2021, there are 4.4% more women in the founding teams than in 2020. This is a proof of the growing inclusiveness of the ecosystem. However, the number of startups founded exclusively by women has decreased by 3%.



The youngest
19 years old

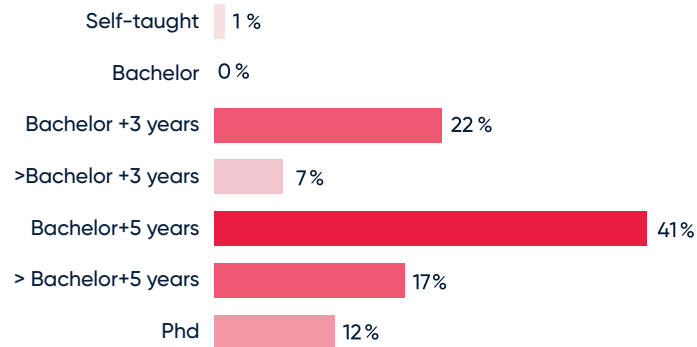
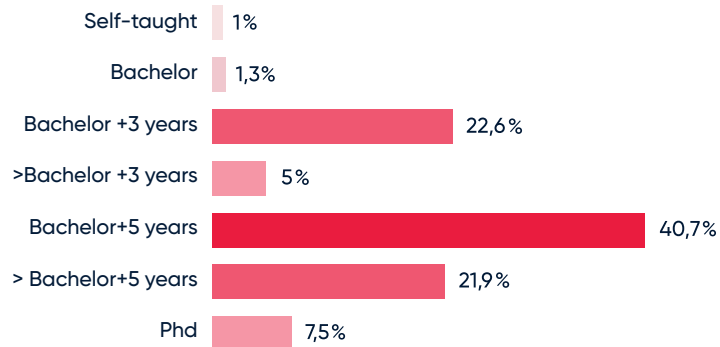


The average age
35 years old



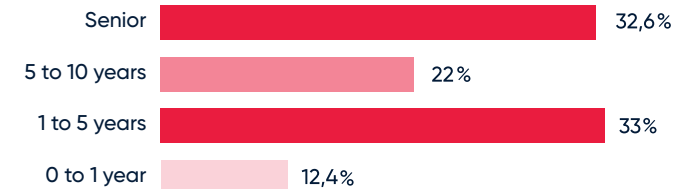
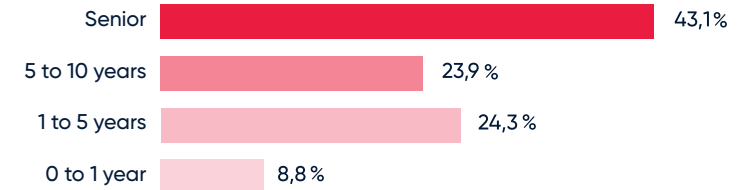
The oldest
84 years old

DISTRIBUTION BY LEVEL OF EDUCATION



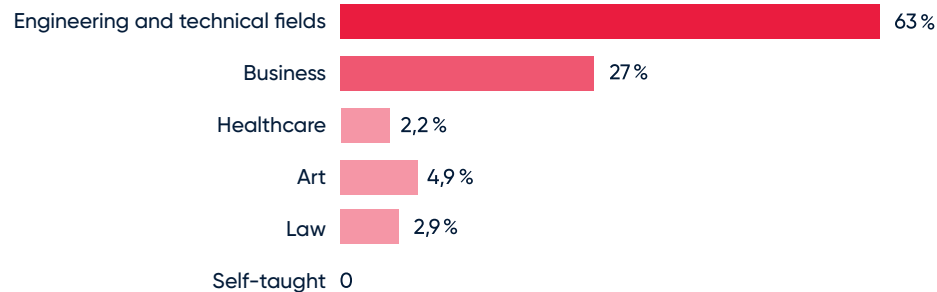
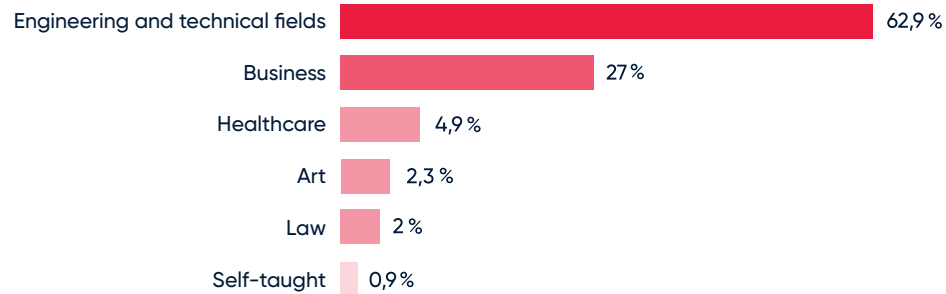
40.81% of women entrepreneurs have a master degree or an engineering degree (bachelor +5 years). These women, as well as the bachelor's degree graduates (22.4%), are the most likely to choose the path of entrepreneurship.

DISTRIBUTION BY LEVEL OF EXPERIENCE



The women who are most involved in entrepreneurship either have an experience of 1 to 5 years (33%), or are seniors (32.6%) with more than 10 years of experience.

ACADEMIC BACKGROUND

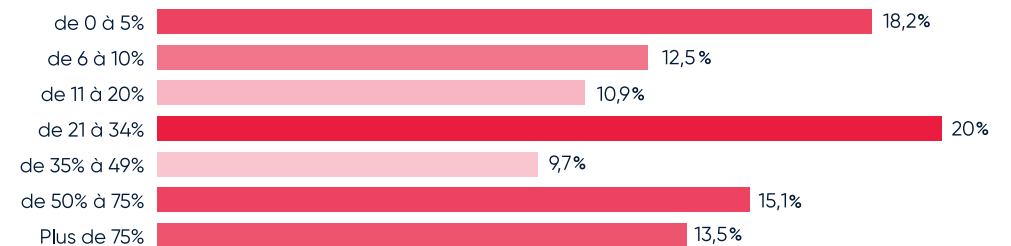


More than 60% of entrepreneurs, men and women combined, come from technical fields and engineering. Graduates of business schools and trading represent 27%. These two sectors alone cover almost all of entrepreneurs' profiles.

PERCENTAGE OF FEMALE SHARES IN STARTUPS



1 sur 5
of female shareholders
have between **21% and**
34% of shares in their
startups



→ Through these numbers, it is important to note that women with 1 to 5 years of experience dare to engage in entrepreneurship more than men with the same level of experience.

WOMEN AND DIASPORA: SOCIAL AND CULTURAL BIASES TO OVERCOME.



Hasna Kourda is the CEO and co-founder of Save Your Wardrobe, a digital platform that takes the form of a wardrobe that gives users customized recommendations while connecting them with service providers. Hasna was born and raised in Tunisia, shaped by strong values around a circular economy and a zero-waste culture. Realizing that the British don't care about their consumption and seeing that this behavior leads to a lot of waste, Hasna came up with the idea of Save Your Wardrobe.

"Being a woman entrepreneur and an immigrant in a country that I don't know so well has helped me get a fresh look at a highly polluting industry, offering perspective and innovative solutions.

Strong of the Tunisian values I grew up and on the appreciation of the skills and knowledge passed on to young women, I was able to

establish a pioneering business model in sustainability and circular economy in the fashion industry.

SYW greatly benefited from the framework offered by «Startup Act» label.

It had a significant impact on the way we build our business and gave us a competitive advantage as well. Our innovative business model soon caught the attention of Farfetch, Zalando and other big companies.

However, raising money in a sector dominated by men was very challenging for me as a woman entrepreneur. The creation of a solution that primarily addresses the needs of women was often dismissed and labeled as futile.»



Hasna Kourda

CEO and cofounder of Save Your Wardrobe.

Graduate in economics and business strategy from Dauphine Paris with a strong interest in the luxury fashion industry

SAVE YOUR
WARDROBE

FOUNDERS NATIONALITIES

1416
FOUNDERS
SURVEYED

4%
FOREIGNER

288
DIASPORA

14 Startups founded exclusively by **non-Tunisian entrepreneurs.**

19 Startups co-founded by at least a **non-Tunisian entrepreneur.**

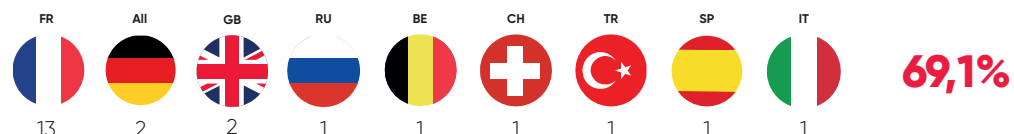
→ Tunisia is beginning to establish itself as an option for business partnerships. 4% of surveyed founders are from foreign countries.

56 founders of 15 different nationalities chose the Tunisian entrepreneurial ecosystem and the Startup Act framework to develop their Startups.

Almost half of the foreign investors have French nationality.

The TRE (Tunisian Residents Abroad) are also interested in investing in Tunisia. More than 288 founders of labeled startups are from the Tunisian diaspora, representing an increase of more than 100% compared to 2019 and 2020 (140 founders).

Europe



Mena

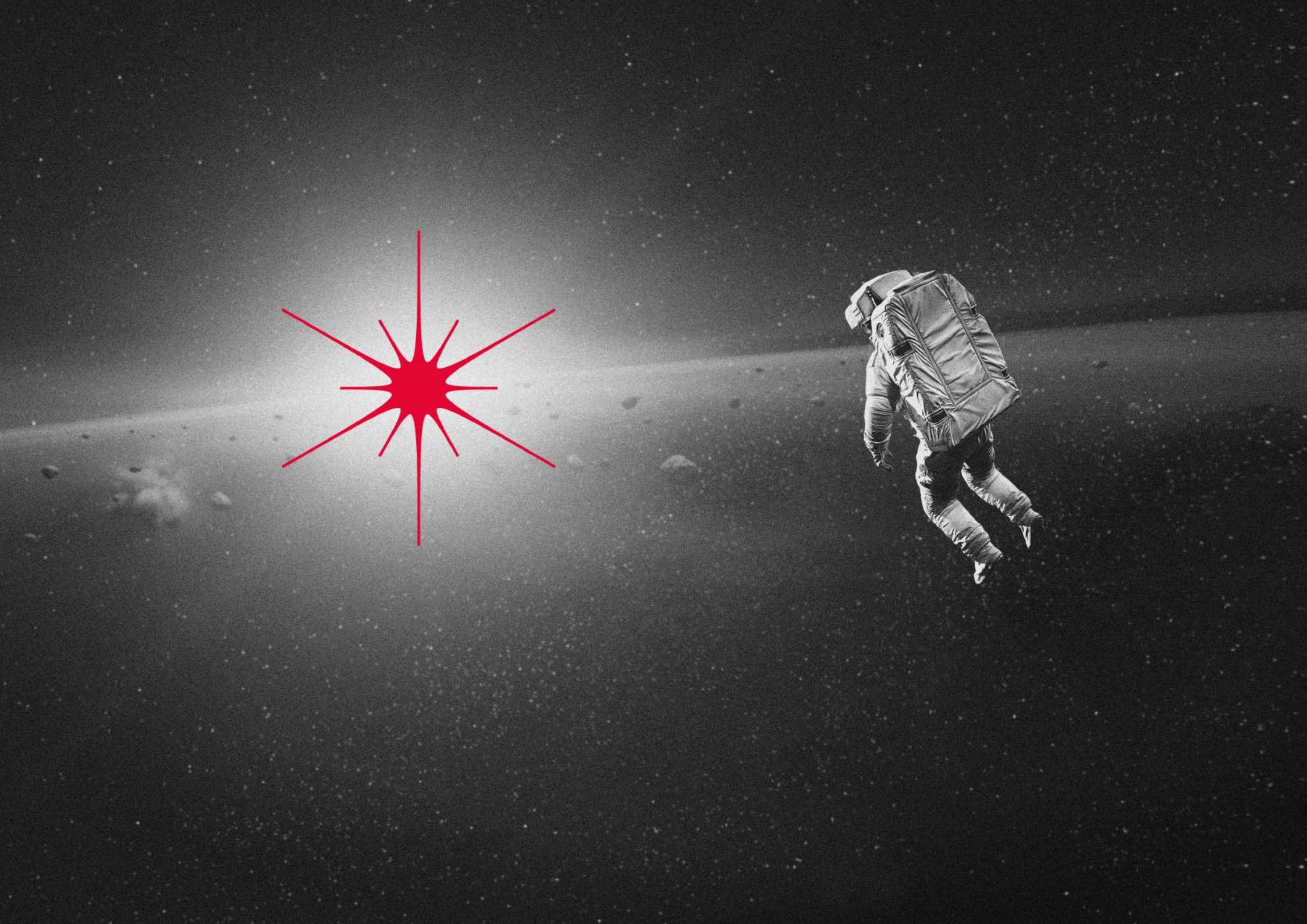


Sub-Saharan Africa



The United States of America





ENTREPRENEURS OF THE DIASPORA

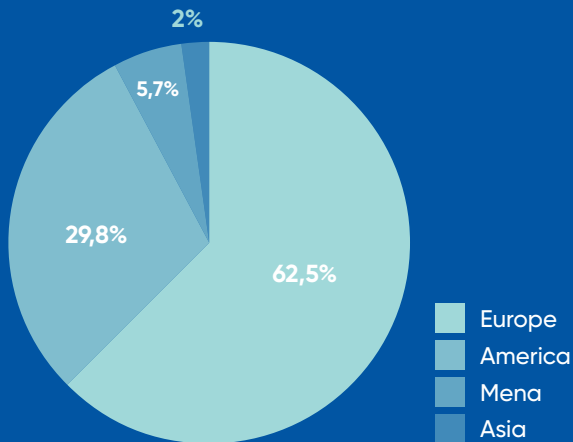
The call of a Tunisia
open to innovation

RETURNING DIASPORA

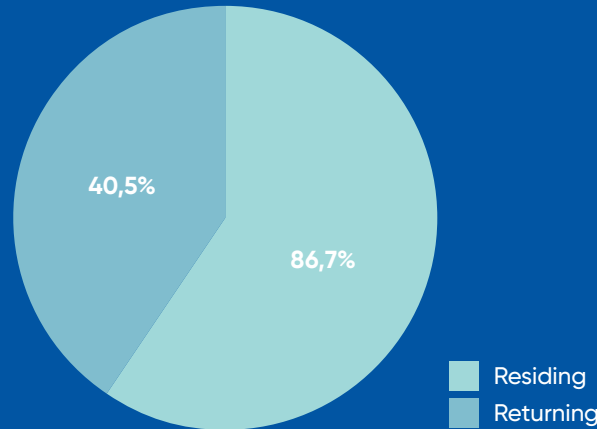
*Returning diaspora : Permanently settled in Tunisia

88

DIASPORA
IN NUMBER
IN 2021



DISTRIBUTION OF THE DIASPORA



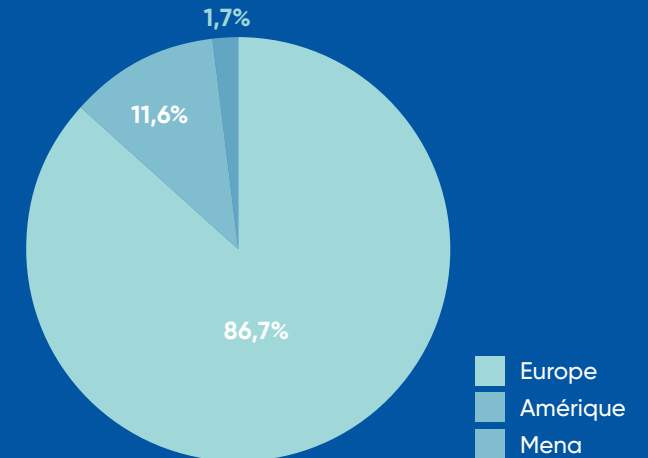
More than 280 founders of labeled startups are founded by the Tunisian diaspora, including 148 accounted for in 2021. 40.5% of them have permanently settled in Tunisia (called residing diaspora). 62.5% of them are from Europe and 29.8% from North America. 59.5% of the founders from the diaspora still live in their host country. 86.7% of them live in Europe and 11.6% in North America. Some of them are also from the MENA region. Thus 64% of founders from the diaspora are (or have been) based in France compared to 9% in the USA and 8% in Germany.

RESIDING DIASPORA

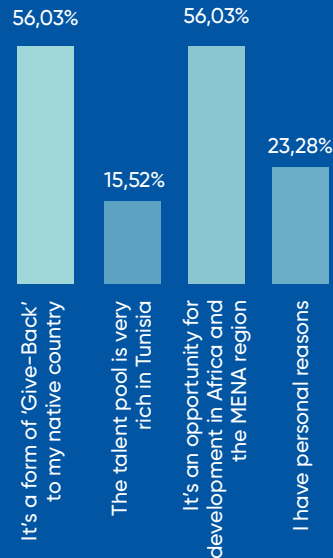
*Residing diaspora : Still live in their host country

60

NOMBRE DE RESIDING
DIASPORA EN 2021



REASONS TO START A BUSINESS IN TUNISIA



6,74/10

AVERAGE

The average degree of influence of the legal framework of the Startup Act on the decision of the Diaspora to engage in Tunisia is about 6,74/10.

SATISFACTION SURVEY

4,07/5

THE LEGAL FRAMEWORK AND THE TAX BENEFITS

3,73/5

THE ECOSYSTEM DYNAMICS

3,66/5

THE ACCESS TO TALENTS

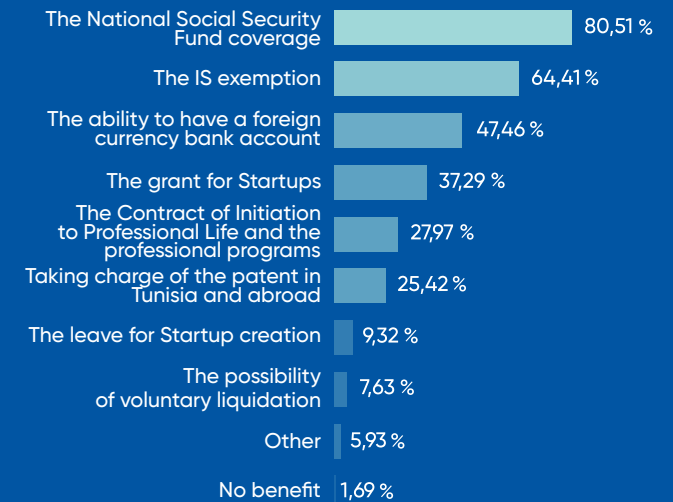
3,47/5

THE MENTORING

3,22/5

THE ACCESS TO LOCAL MARKET

ENTREPRENEURSHIP BENEFITS IN TUNISIA



→ The main responding startups (80.51%) admit that the National Social Security Fund coverage is the first advantage they benefit from, preceding the IS exemption with 64.41%.

Having a foreign currency bank account and the Startup grant encourage entrepreneurs to start their business in Tunisia with respectively 47.46% and 37.29%.



ENTREPRENEURS OF THE DIASPORA

WE CAME BACK TO TUNISIA TO LAUNCH OUR STARTUP !

Being part of the German diaspora since 2013, I followed with attention and pride the adoption and implementation of the proposed Startup Act decree in April 2018. Three years later, we joined the community created by this project.

After a long deliberation of several months, Rym and I embarked on the entrepreneurship adventure, in 2021, after studying the ecosystem and understanding the motivating benefits offered by Startup Tunisia.

We were part of the D4D (Diaspora4Development) program implemented by GIZ and incubated by Afkar. We weren't the same at the end of the cohort. The day we got the Startup Label, and the kick-off with the incredibly tireless members of Startup Tunisia, still counts among the best days of my life.

Our decision to put our life in Germany on hold and settle in Tunisia to continue working on WildyNess was influenced by the label and community of entrepreneurs who are determined to create value in the country like no other. Being active in the civil society since 2009, I was fully conscious of the situation of the country, including that of the administrations. It's sad that an entrepreneur still has to spend countless hours per month

there, or even per week, four years after the implementation of Startup Tunisia.

Despite that, the diaspora community that wants to invest in Tunisia continues to grow every year !

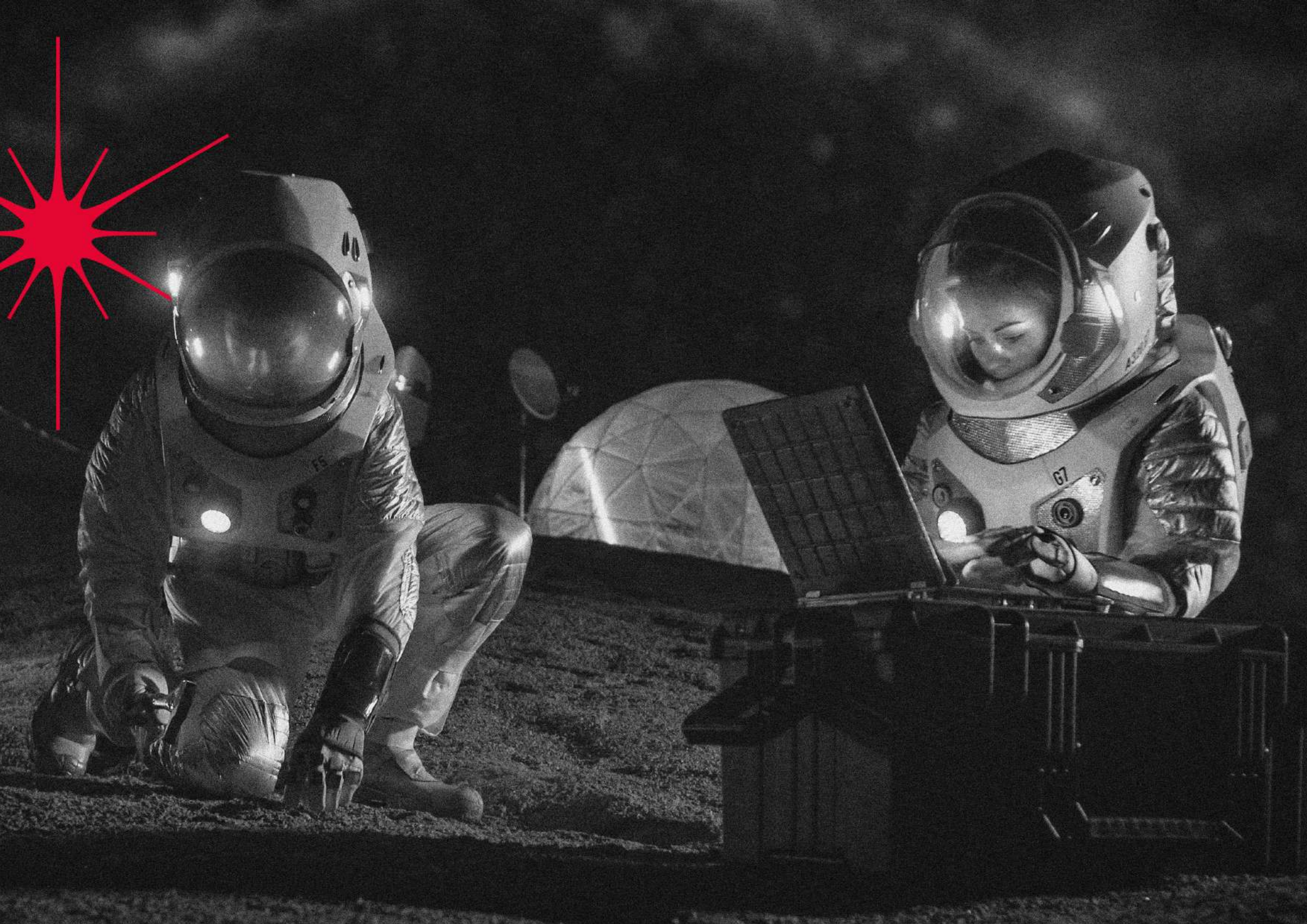
The diaspora believes in the potential of Tunisia, and that the D4D program should continue its development in order to mentor them effectively and ensure a successful soft-landing.



Achraf AOUADI

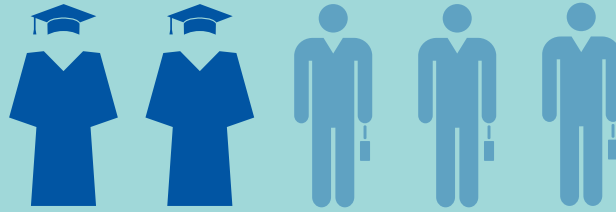
Co-Founder | WildyNess

wildy
نس
ess



STUDENT ENTREPRENEUR

Entrepreneurship on the
benches of the university



2 out of 5
founders
are students !

Student-entrepreneur is a profile that attracts more and more young people in the world. The trend has increased over the last few years, driven by the global economic context and the pandemic crisis. Tunisia, which follows the movement, has set a legal framework in 2019 to mentor these students aspiring to become entrepreneurs. This section focuses on this phenomenon, providing a description of the situation and the necessary tools for a better young people entrepreneurial experience.

NATIONAL STRATEGIES TO ENCOURAGE STUDENT ENTREPRENEURSHIP

PHILIPPE MUSTAR

Since the beginning of the 2000s, and in numerous countries, business creation by students or young graduates has multiplied. Thus, during this timeframe, they went from two or three hundred to nearly five thousand in the United Kingdom. In France, they have multiplied by ten between 2014 and 2021. In the United States, Asia, and in many African countries, we are seeing the same trends. Despite its importance, we know relatively few things about this phenomenon. The available research shows that these companies are very diverse, that they operate in a wide variety of sectors, that many

are successful, that some even raise funds and go on to conquer international markets.

To date, most studies have shown that the founders of innovative companies were generally of an age ranging from 35 to 40 years old; and that their upper hand was their professional experience and their network of relations in the sectors and markets where they had worked.

Yet, students create innovative companies that succeed even though they have neither experience, nor network.



Philippe Mustar

Innovation Professor,
Entrepreneurship and Public policy
at Mines ParisTech , specialized in
academic spin-off firms, financing
entrepreneurship, and technology
and innovation policy

The open-mindedness of these new entrepreneurs can be attributed as one of the key factors explaining their success. A state of mind that allows them to question conventional concepts or traditional ways in many sectors. Their knowledge and technical skills, because recently acquired, also allow them to imagine new activities, products or services, particularly, but not only, in the STEM fields (science, technology, engineering and mathematics).

Many students want as well to make an impact in society and to whom building a business is a way of solving major challenges in the fields of the low-carbon transition, health, education, food security, etc.

Universities around the world have been implementing different models to manage and support the student entrepreneurship movement. All of them try to create a conducive environment to these new startups: entrepreneurship training programs, incubators or accelerators, business model competitions, prizes, grants, and seed funds... This way, they play a major role in legitimizing the entrepreneurial activities of their students.

Based on fieldwork and a review of numerous universities, we have distinguished – in a recent study – four typical models – that allow us to compare the organizational or institutional frameworks within universities, facilitating entrepreneurial activities and the creation of enterprises by students. An essential question

is guiding our approach and our typology: What is the driving force behind entrepreneurial activities in universities and who are the key actors involved?

These four models for managing student entrepreneurship activities are the following :

- In universities where the strategy and support of these activities are weak or nonexistent, the development of student entrepreneurship is driven either by one or two professors who take the initiative of organizing various activities or by students themselves who fulfill this role. These are two “bottom-up” models of entrepreneurial frames that we call respectively: a model driven by a missionary teacher and a model driven by students.
- In the universities where the management department has the political will to develop student entrepreneurship but which have or devote few resources for this, we speak of an intermediation model where a small team close to the general management is in charge of developing student entrepreneurship and convince the different departments to invest in it. We mainly find this model in universities with no entrepreneurial tradition. It is based on the “top-down” approach. Generally, they have limited space and resources and organize a variety of events.
- Finally, in universities with a strong entrepreneurial strategy and providing significant support to student entrepreneurs, we are seeing a model

of integrated management of this policy, led by a powerful team with substantial resources, and usually an equipped entrepreneurship center. It is typical of institutions that are rooted in a rich and old ecosystem. Resources, funds, spaces... are numerous and available in different schools or departments. Alumni often play a crucial role in mentoring.

There is no model better than the other. They are specific to a context, a history, and a location. In a university where there is little interest among students for entrepreneurship, there is no point in deploying a large institutional support apparatus. Moreover, in universities, the models are dynamic, they change through time.

At last, between these four models, there are hybrid models. For institutions that do not have a strong and long-standing entrepreneurial tradition, one model seems particularly suitable: An entrepreneurial process managed by the students themselves. That’s why we chose to focus on this one through an emblematic case: the university of Aalto in Finland and the model of its entrepreneurial society.

The University of Aalto in Finland and the model of its entrepreneurial society.

The association created by these students started with the organization of conferences, hackathons, workshops to acquire skills, and various events where those who had a project could present it, get advice, and find co-

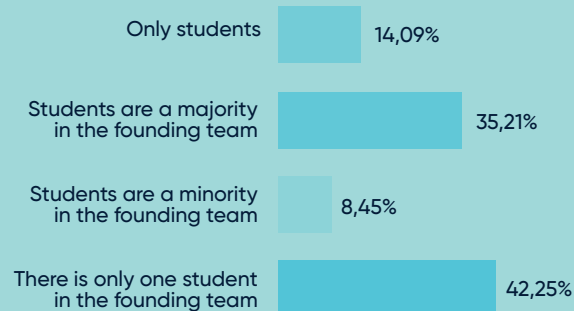
founders. In no time, Aalto's student body grew from hundreds to thousands and played a leading role in shaping Finland's startup culture.

The association has also obtained from the university the use of an industrial hall that has become the Aalto Venture Garage, a co-working space. Then, acceleration programs for startups in creation were developed including the renowned Startup Sauna. This dynamic has also led to a partnership with the Technology Ventures Program of the University of Stanford and exchanges between both universities. Aaltoes is funded by the university along with public and private funds. It organizes about a hundred events per year for students and young entrepreneurs (hackathons, webinars, mentoring, and meetings to present projects and find co-founders, etc.) as well as other events such as the Slush technology conference, which has

become one of the most important in the world and which has succeeded in bringing to Finland, in November – i.e. at a time of the year when the night is 18 hours long – more than 12,000 people, 4200 start-ups and 2200 investors from many countries. Today, the slogan of Aaltoes is: «We build a world where people can unleash their full potential through entrepreneurship, to build a better world». The development of the entrepreneurial spirit of its members – in a creative and supportive environment – remains at the heart of the organization's goals. The university's general management supports the movement but doesn't lead, it remains a student-led organization.

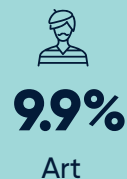
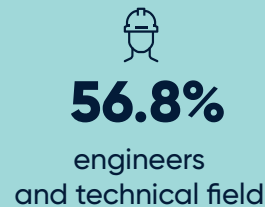


FOUNDING TEAMS' COMPOSITION



ACADEMIC BACKGROUND

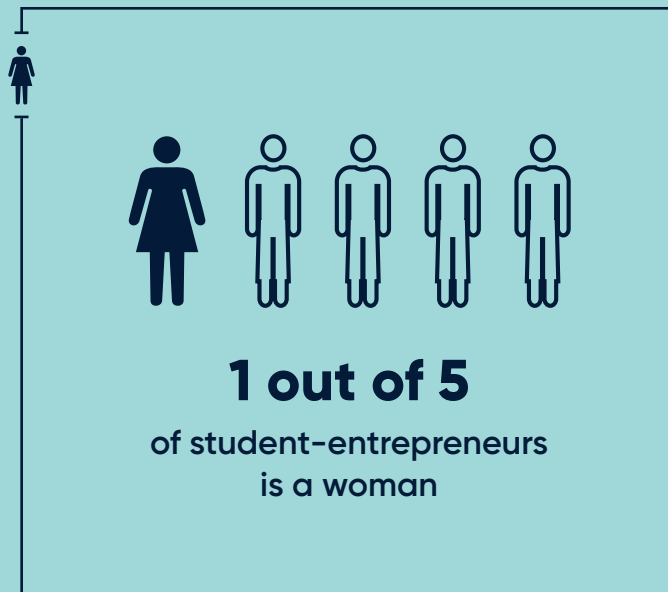
* By field of study



* By university

→ 56.7% of student entrepreneurs come from technical fields. Esprit University leads with a share of 18.3%, followed by INSAT Institute with 4.2%

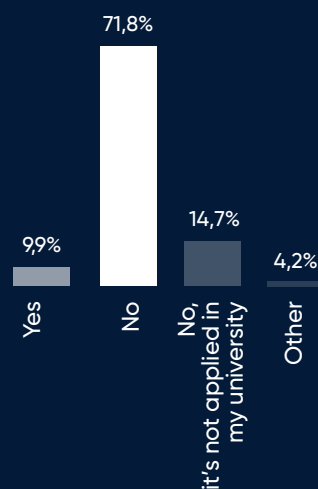
→ No school or university stands out for the rest.



WHAT DRIVES THESE YOUNG PEOPLE TO BECOME ENTREPRENEURS ?

- 53.5% of respondents explained that they wanted to meet a need or solve an existing problem.
- 32.4% are pursuing an idea that came up in the context of an end-of-study project or an academic project
- 25.4% start their own startup strongly inspired by another person.

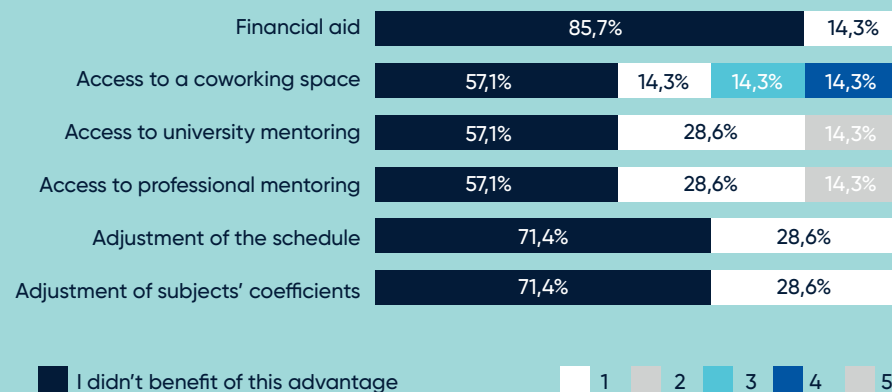
STUDENT- ENTREPRENEUR LEGAL STATUS BENEFICIARIES



71.8% of students founding startups do not benefit from the student entrepreneur legal framework. It is not applied within the university for 14.7% of the cases.

Only 9.9% of student entrepreneurs have this legal status, which questions the approach taken to give access to this status to a larger number of students.

STUDENT ENTREPRENEUR STATUS: WHAT ADVANTAGES?



The legend of the scale : 1 : This advantage didn't help me to develop my project
5 : This advantage strongly helped me to develop my project

Respondents are students who benefit from the status of "Student Entrepreneur". However, many of them claim that they do not take advantage of this status or are unaware of the impact these benefits have on their projects.

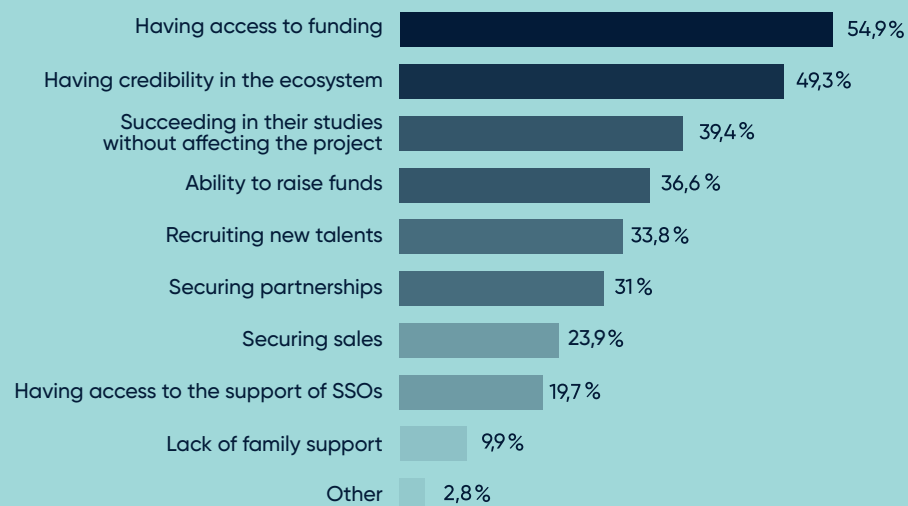
85.7% of these students reported not receiving financial aid, compared with 14.3% who reported receiving financial assistance.

In addition, 71.4% of the respondents answered that they did not benefit from any adjustment of timetable or subject coefficients. More than half (57.1%) do not have access to coworking spaces or guidance from teachers or experts. So

far, only a few student entrepreneurs have been able to develop their projects better thanks to the benefits granted. 28.6% found that adjusting subjects' timetables and coefficients, as well as access to mentoring, wasn't of any use to developing the project.

The advantage of access to coworking spaces is cited by 28.6% of respondents as being an advantage with a medium or significant impact.

CHALLENGES FACED BY STUDENT ENTREPRENEURS



NUMBER 1 CHALLENGE: ACCESS TO FUNDING

As with any entrepreneur, there are many challenges. Student entrepreneurs are no exception, with access to funds (54.9%), the ability to raise capital (36.6%), recruitment of new talent (33, 8%), and securing partnerships and sales (31%, 23.9%).

Some challenges are specific to the status of student entrepreneurs. Thus, credibility in the eyes of the ecosystem is ranked second with 49.3% of respondents and the success of their

studies without impacting the project represents a major challenge for 39.4% of them.

The latter issue relates to access to support through SSO (19.7%) and lack of family support (9.9%).




To raise awareness of entrepreneurship and spread entrepreneurial culture among young Tunisians, the Innov'i – EU4Innovation project launched 'The Tunisian Way' and 'The Tunisian Way University Tour'.

The Tunisian Way is a web series that delves into the daily lives of entrepreneurs and gives a glimpse into the lives of those shaping the future of Tunisia. This entrepreneurial journey, which follows the unique path of Tunisian startup founders, highlights sectors as diverse as AgriTech, EdTech, or tourism.

In the logic of spreading entrepreneurial culture throughout the region, the project has also launched a 'Tunisian way'. The University Tour». These tours take place at the university, where Tunisian startups join to share their journeys and challenges with students. Broadcasting the web series The Tunisian Way is an actual way to reach out to these young people and allow them to immerse themselves in the daily life of a startup. As part of this, we are holding briefings on the founding method in collaboration with Smart Capital.)



VIFE STARTUP, FOUNDED BY FEMALE STUDENTS, SUPPORTED AND ENCOURAGED.



We had a great experience with Smart Capital, who are still helping and supporting us, and if we had the opportunity to live the experience again, we would do it without hesitation.

Our experience started in 2021, when we were still students in orthoptics and when we had the idea to make our project Vife. And so, with the collaboration of our university and the Connect Innov group, we learned about the Startup Act label. We set up a Startup labeled on March 31, 2021.

This way, we benefited from various advantages, in particular the grant given by the Startup act in the launching, which helped us cover all expenses for the whole 2021-2022 year. We have also benefited from the State's coverage of employee and employer charges of the Startup. Our Startup is also exempt from corporate taxes. We earned a lot of recognition and credibility when we were honored to attend Dubai Expo 2020. It was a great opportunity to exchange and share our vision and experience with various start-ups, expand our professional network, identify new partners, and establish new business relationships.

Additionally, we were lucky enough to receive an Air grant to move the project forward. It is currently in the prototype stage, ending in November. The next phase will be dedicated to testing throughout November.

Of course, I cannot forget the coaching sessions set up in the different parts of the project and especially the solutions to the challenges we met. In the end, we have lived a great experience with Smart Capital, who are still helping and supporting us, and if we had the opportunity to live the experience again, we would do it without hesitation.



Rania Fakhfekh
CEO



Marwa Hanechi
CMO



Emna Souid
COO

The 3 founders have followed the same university course in orthoptics and are members of the club VISION AND HEALTH which aims to detect and treat people (especially children) with eye diseases and to make orthoptic assessments. Wishing to facilitate the daily life of the visually impaired and rich in their experiences, they co-founded the startup VIFE.





SSOs

The support
ecosystem under
magnifying glass

STARTUP TUNISIA : SSO NETWORK PARTNERS



SSO (Startup Support Organization) participates in the development of the entrepreneurial ecosystem by providing a complete startup support program, outreach, and immersion in an innovation environment.

Startup Tunisia's network of partners includes 32 support structures that offer incubation and/or acceleration programs to startups.

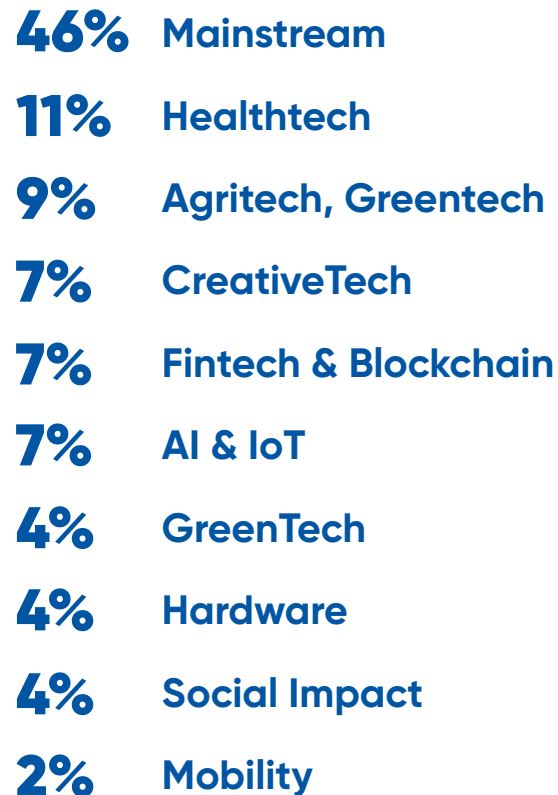
Nearly half of the SSOs support startups across industries. The other half work in artificial intelligence and deep tech, travel tech, fintech, health tech and travel tech, insurtech, mobility, social business, software, and e-commerce.

70% of SSOs choose the Tunis metropolitan area as their office location. Some of them are located in coastal areas.

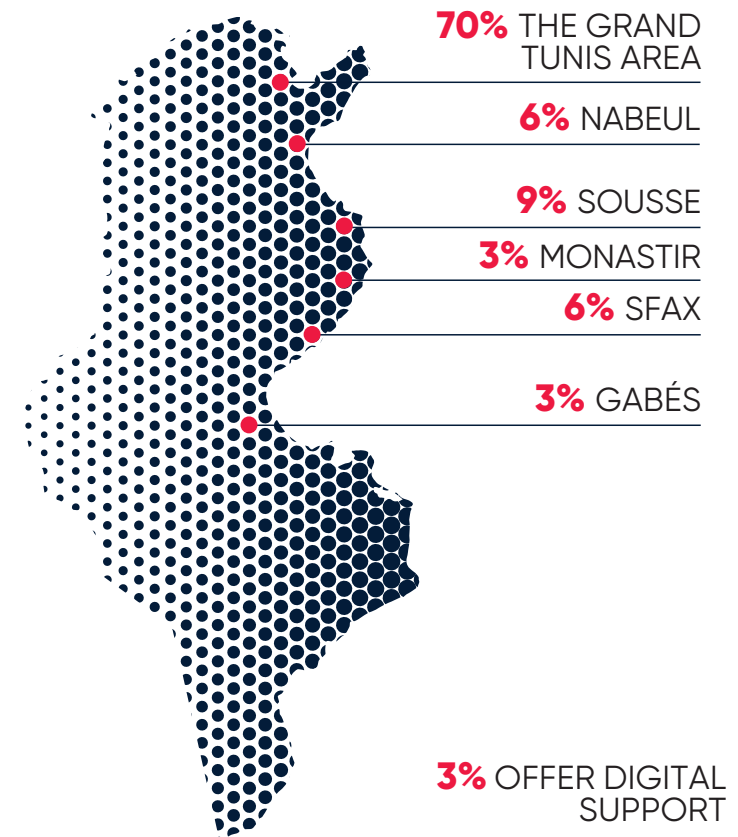
6% in Nabeul, 3% in Monastir, 9% in Sousse, 6% in Sfax and 3% in Gabes. To further develop the program across the Tunisian territory, the majority of his SSOs have set up digitally and remotely administered programs to achieve more inclusion and diversity in their respective cohorts.

*SSOs : STARTUP SUPPORT ORGANIZATIONS

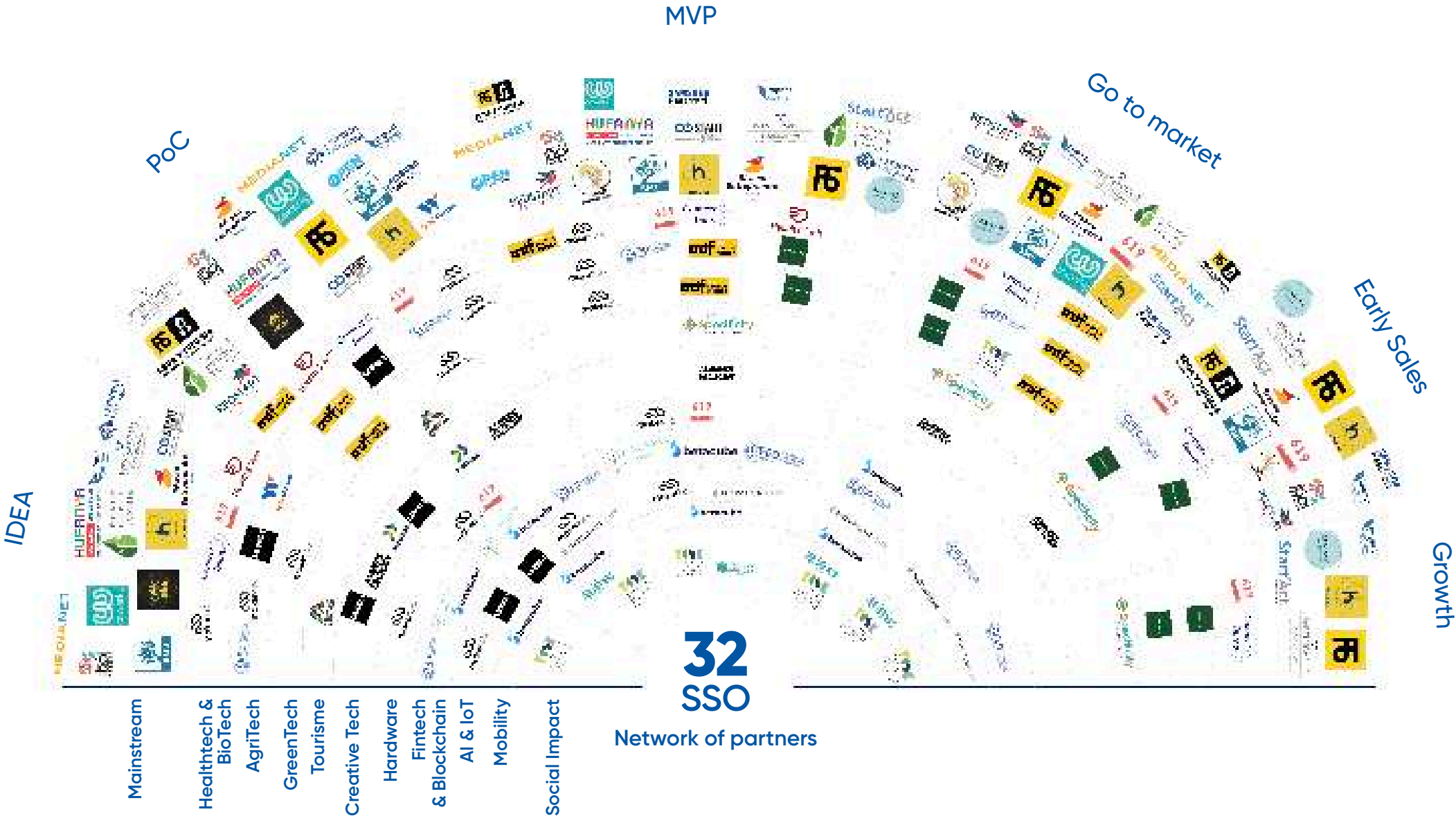
SSOs that offer support in sectors of :



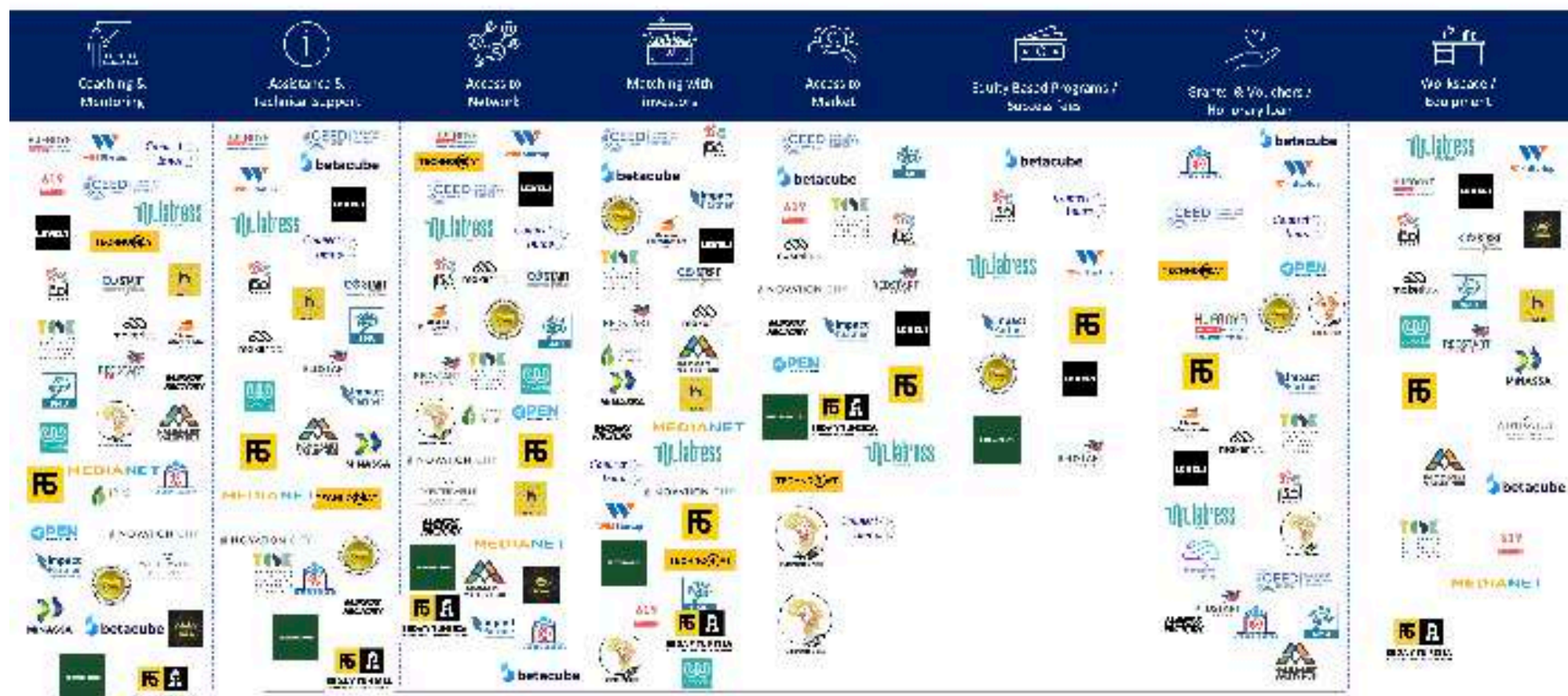
SSOs' geographical location :



STARTUP TUNISIA'S PARTNERS ECOSYSTEM MAPPING



STARTUP TUNISIA'S PARTNERS PROVIDED SERVICES



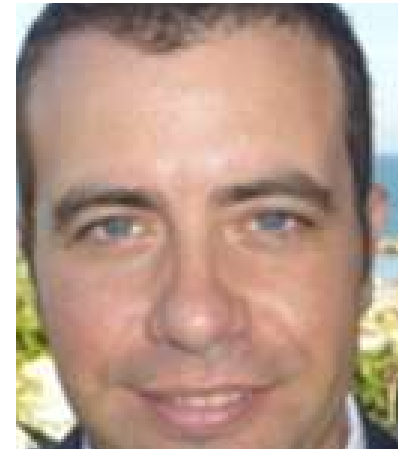


THE NEXT CHALLENGE: **ADDRESSING SSO SUSTAINABILITY**

The majority of SSOs in the Tunisian ecosystem are mainly in their early stage, according to a development stage program set by Startup Commons. This program focuses on training and aims to stimulate and attract new talents, entrepreneurial education, and access to new ideas and knowledge.

Given the level of maturity of the current ecosystem, the key elements of success for SSOs depend today on the understanding of their functions and their position within the ecosystem, their alignment with current development policies, the establishment of performance indicators to measure short- and long-term results, as well as working with other SSOs to improve Startups' journey.

Due to the pandemic's impact, SSOs tend to implement hybrid services that combine physical and digital support formats. The latter digital format captures the interaction between SSOs and startups more objectively. Data is therefore used not only to design and present better offers and services for entrepreneurs and start-ups but also to find new revenue generating models that can contribute to the sustainability of SSOs.



Oscar Ramirez Munoz

Co-founder & CEO

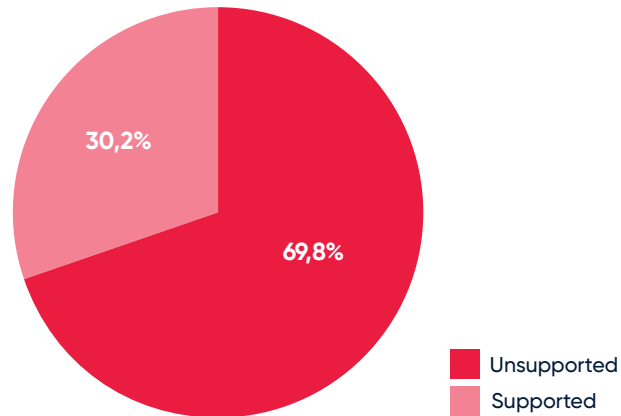
Startup Commons Global

MENTORING LABELED STARTUPS

FROM SUPPORT STRUCTURES IN 2021

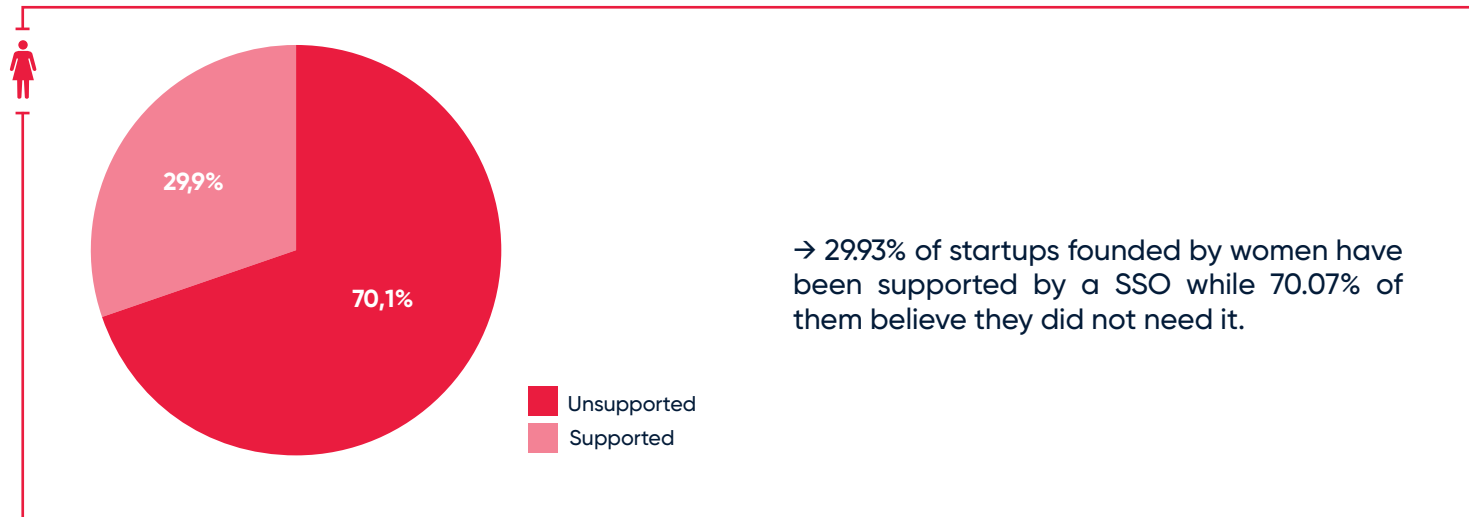
Support structures are one of the pillars of the Tunisian ecosystem. SSOs operate in different stages of completion by supporting Early-Stage Startups in the development

of the POC, the business structure, and for the more advanced, the market access.



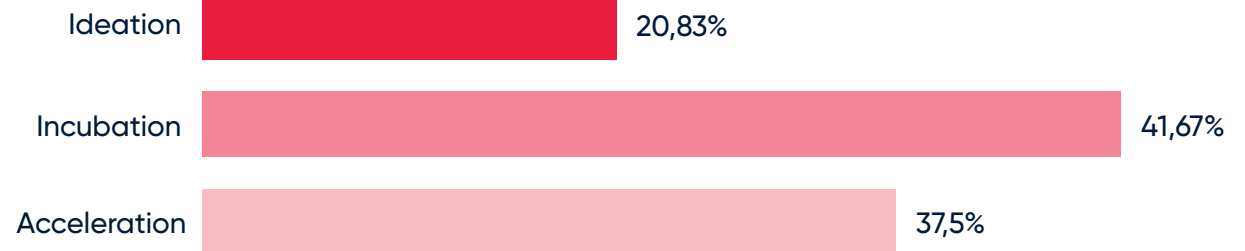
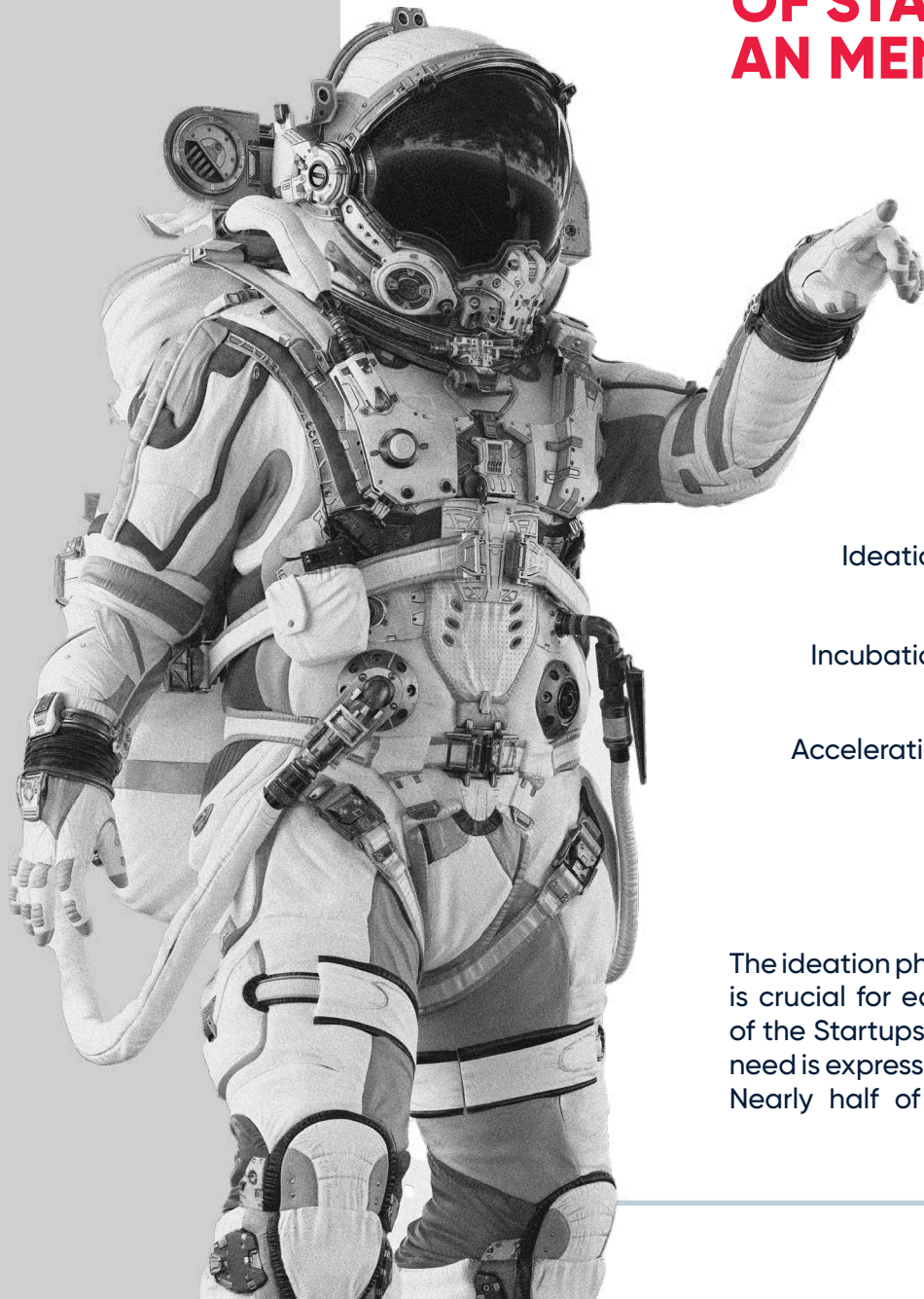
→ More than half of startups (69.8%) have opted not to be supported by a SSO in 2021.

FEMALE REPRESENTATION



→ 29.93% of startups founded by women have been supported by a SSO while 70.07% of them believe they did not need it.

STAGES OF MATURITY OF STARTUPS HAVING FOLLOWED AN MENTORING PROGRAM



The ideation phase, i.e. the structuring of the idea, is crucial for each Startup. However, only 20.8% of the Startups mentored had resorted to it. This need is expressed more strongly in the next stage. Nearly half of them participate in incubation

programs (proof-of-concept development), the type of mentoring program most requested by Tunisian startups. Acceleration follows closely, with 37.5% of startups seeking targeted support.

SOME WOMEN FEAR FIRE. OTHERS SIMPLY BECOME ONE.

Entrepreneurship gives an attractive image and is an important way for women to escape toxic work environments while maintaining financial security. However, entrepreneurship can also be intimidating. Above all, I only experienced the stability of full-time employees until now. A constant fear of the unknown prevents many women from fully devoting themselves to their areas of passion, fearing that their adventures will go amiss and go wrong. In addition, women who start their own businesses tend to face more barriers than men. For example in terms of access to capital and resources, technology, women-centric networks, but also branding. These are the most pressing challenges to be addressed in order to develop women's entrepreneurship.

In this context, Flat6Labs' mission is to protect entrepreneurs.

We invest in technology companies led by visionary founders striving to change the world, regardless of gender. This allowed us to see the power of women entrepreneurs. Ebda'y Tunisia helps women meet their expressed needs. Our goal is to enhance their own skills and motivate them. Ultimately, they all have the main goal of creating sustainable companies and having a social impact on their communities. On the one hand, we want to set an example for others to follow the same path as these women and us.

This is how we conceive our evolution: it is not about using our own resources, but rather inspiring others to do the same as we do.

Empowering and promoting women entrepreneurs through women-centric networks and facilitating mentoring through funding are therefore the focus of Ebda'y Tunisia. Our belief that entrepreneurship is a way for women to ensure financial security is not new. And today it is time to launch a program for women entrepreneurs with the support of our partners.

International Finance Corporation (a member of the World Bank) and Smart Capital. Ebda'y brings together her business resources in one place designed exclusively for women. This interactive process allows them to develop their business and overcome cultural and economic constraints.

And as R.H. Sin said, «Some women fear fire. Others simply become one.»

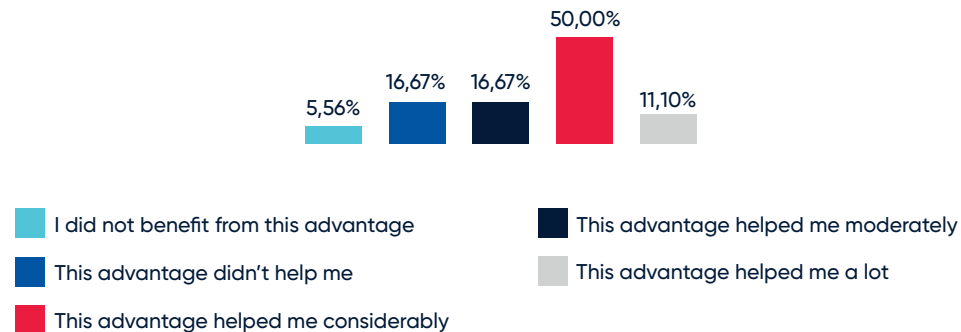


Faten Aissi

Associate Manager -
Flat6Labs

ASSESSING BENEFITS OFFERED BY SSOs

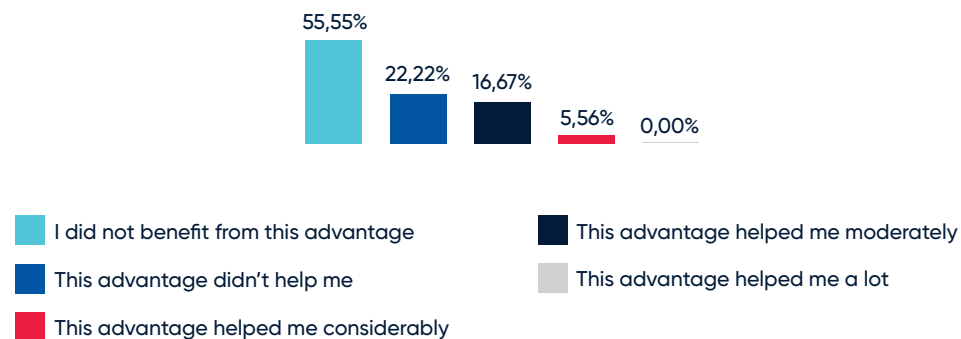
1- Connection to a network of professionals and the Startup ecosystem



→ Half of the startups surveyed (50%) say that connecting to the network of professionals and accessing the ecosystem through SSOs has considerably helped in the advancement of their projects. 11% of startups said that it has helped them a lot.

Aside from the 5.5% who report that they did not benefit from this advantage, the level of appreciation of the beneficiary startups is different. Thus 33.4% of respondents are divided equally between 16.7% who believe that the service did not help them, and the 16.7% who evaluate this help as being average.

2- Product technical development

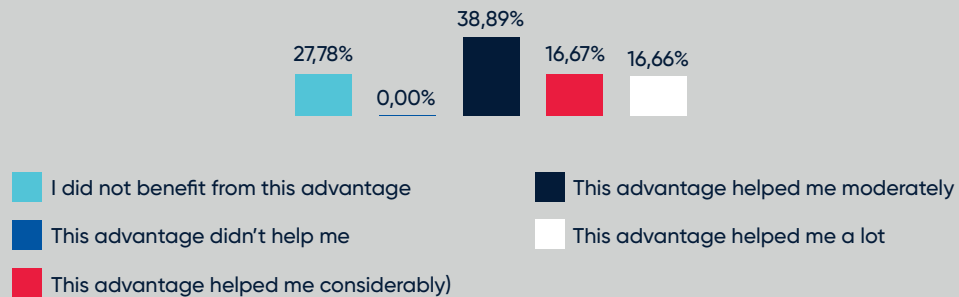


→ The technical development of the product is an advantage that only 5.5% of the startups found to be of great help.

It should be noted that almost half (55.55%) did not benefit from this service.

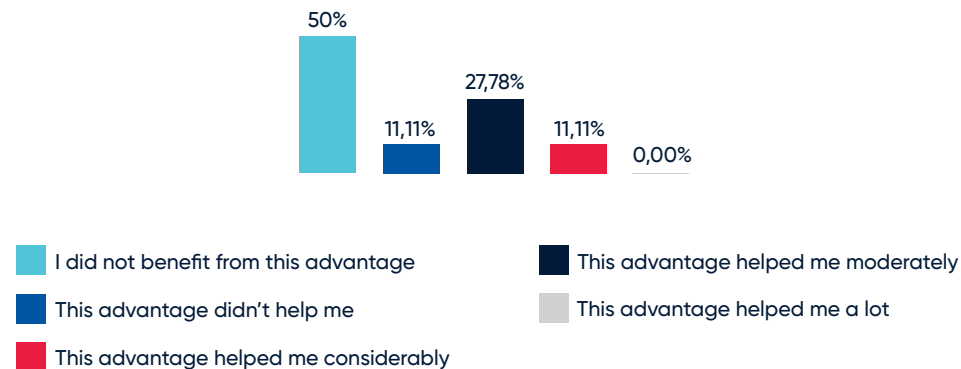
Those who benefited moderately from this according to 22.2% and 16.6% (above average).

3- Business model structuring



→ Structuring the business model is a crucial part of the life cycle of a project. It's also a goal that Startups try to reach through mentoring. 38.8% claim to be satisfied with the mentoring to structure their business model, while 27.78% did not have access to it. Between the two, the level of satisfaction differs; with 33.4%, divided equally between those who have considerably held profit from it and those who admit that it greatly helped them.

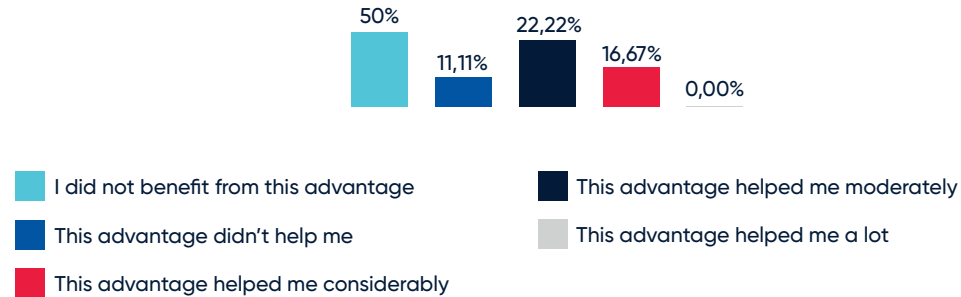
4- Access to markets



→ Half of the respondents did not get access to markets through SSOs, whereas 27.78% admit to having rather well.

The rest is divided between the 11.11% who barely found it useful and the other 11.11% who made good progress thanks to SSOs service.

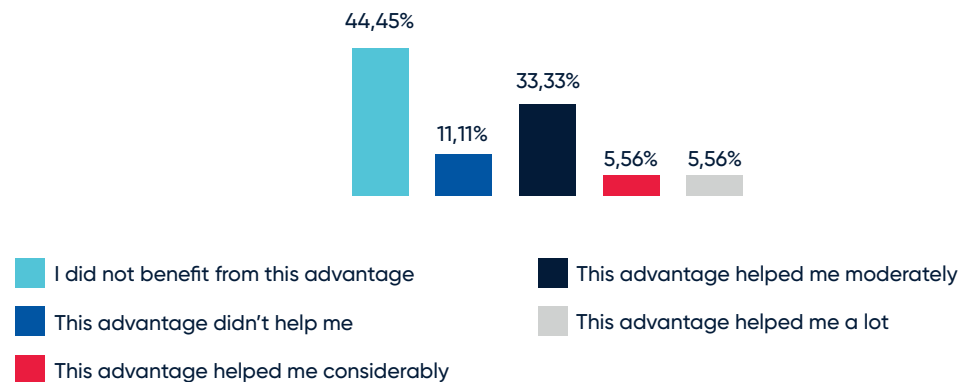
5-Access to investment



→ For some projects, investment is a key step to reach the next level and establish themselves in the economic and entrepreneurial ecosystem.

However, 16.67% of surveyed Startups got access to investment through SSO services, and for 22.22% of them, it slightly helped them, or very little for 11.11%. Access to investment remains a benefit without impact for 22.2% of the mentored startups, and 27.78% even declared that they did not benefit from it at all.

6- Access to funding

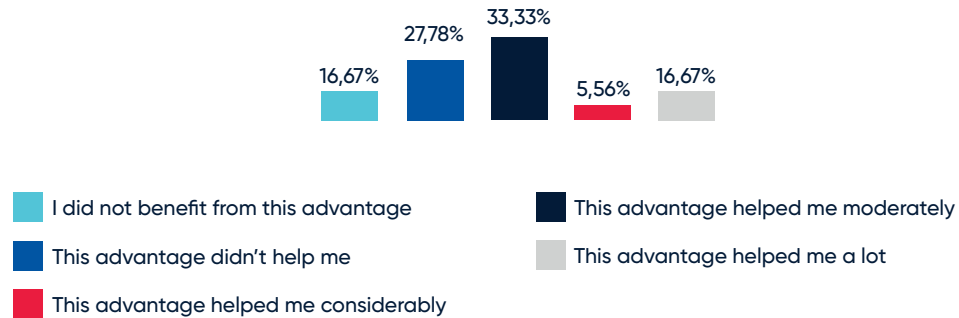


→ Access to funding remains one of the main motivations for Startups to be mentored. However, the majority admit not benefiting from this advantage.

Whereas not far from this figure, 33.33% of supported Startups are rather satisfied with this privilege.

Startups that are satisfied or fully satisfied represent 5.56% of the answers.

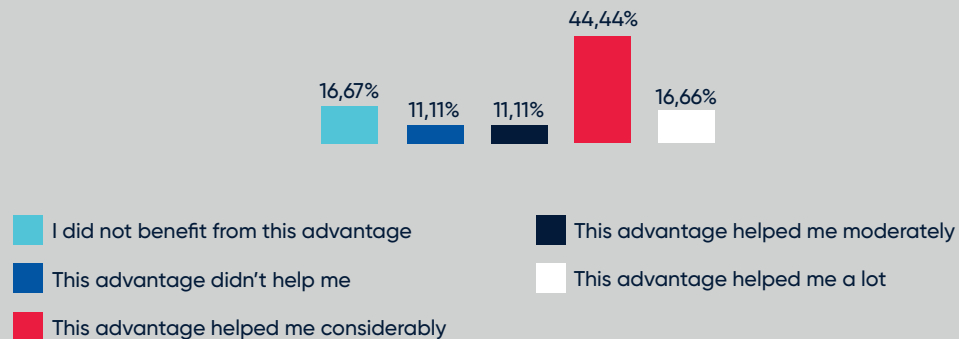
7- Access to mentoring



→ Whether formal or informal, mentoring can give a real boost to a young Startup. Advice often helps to save time and help to find the right solutions to the challenges encountered. In this context, this advantage offered by SSOs has helped more than half of supported Startups, of which 33.33% are moderately satisfied, 5.56% are satisfied and 16.67% are highly satisfied.

Unfortunately, 16.67% did not benefit from this advantage, while 27.78% who had access to mentoring did not find it very impactful.

8- Access to perks



→ More than half of them take advantage of the bonuses and benefits of being accompanied by SSOs. 16.67% of the Startups questioned feel considerably fortunate thanks to access to perks and 44.44% are perfectly satisfied.

Low and medium satisfaction concerns 11.11%.



STARTUPS

And job creation

JOBS CREATED BY STARTUPS

8

is the average number of
employees in Startups



45%
FEMALE
EMPLOYEES

4524
TOTAL JOBS
CREATED



55%
MALE
EMPLOYEES

The Covid-19 related health crisis had a major impact on the labor market in various sectors. Startups, as well as other structures, have seen the number of recruitments decrease in 2021.

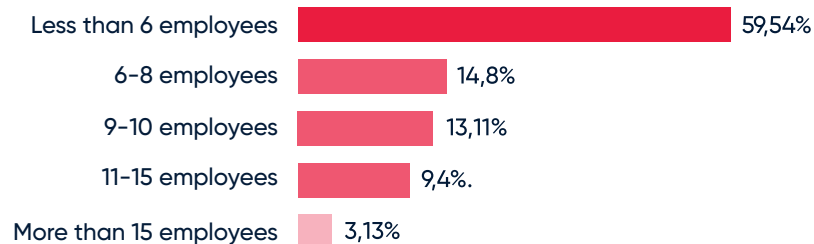
However, it is important to note that women stand out in an entrepreneurial ecosystem that is increasingly moving towards gender equality employment policies.



5

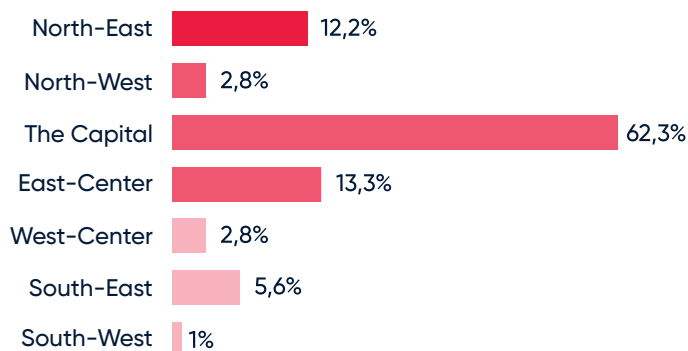
is the average number of
employees in startups founded
exclusively by women

How many employees per startup in 2021?



Nearly 60% of startups have fewer than 6 employees and almost 28% have between 6 and 10 employees. The remaining 12.53% employ more than 10 people.

EMPLOYMENT BY REGION



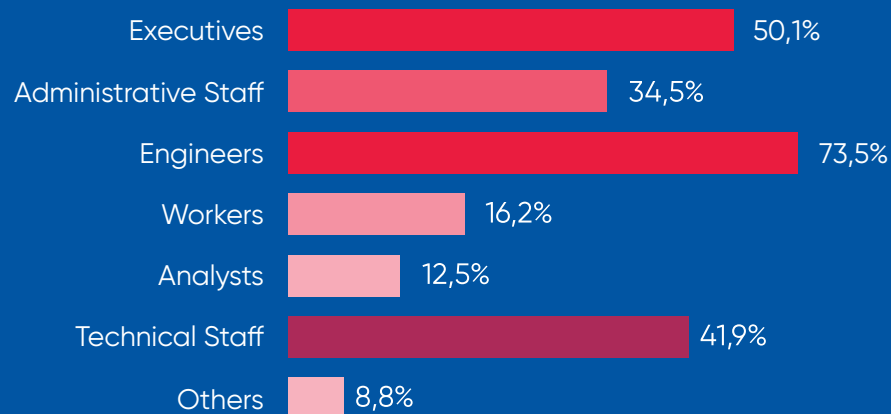
The capital has the highest concentration of start-ups, accounting for 62.3% of job creation in 2021. Apart from Grand Tunis, the center and the North East are the most attractive for start-up employability, with 13.3% of total jobs created in the Center and the North East with 12.2%.

The Southeast, Northwest, and Central West are the regions that create the least number of jobs: 5.6%, 2.8%, and 2.8%, respectively.

21%

**startups dedicate more than 5 employees
to research and development.**

TYPES OF JOBS CREATED BY STARTUPS



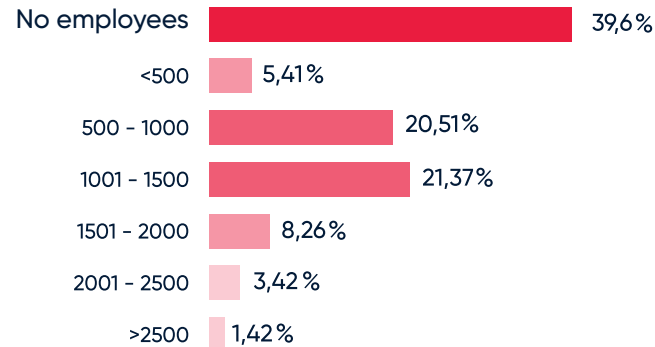
The innovative side of a startup often consists of using engineers and developers. These are the most popular profiles with a 73.5% share.

Executives, technical and managerial positions are also in demand, but at different levels, accounting for 50.1%, 41.9%, and 34.5% respectively.

Only 16.2% of startups hire workers and 12.5% hire analysts.

AVERAGE WAGE OF EMPLOYEES BY EDUCATIONAL BACKGROUND

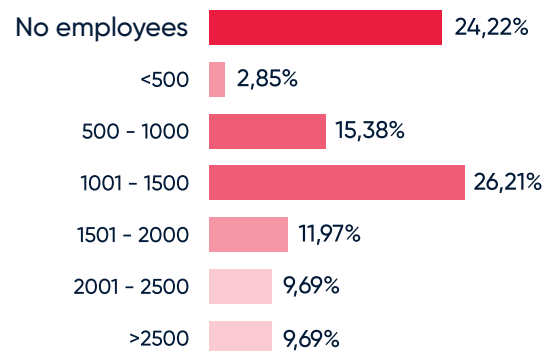
Design & Communication



→ 39.6% of startups do not have design and marketing position.

Of those who do, 5.41% offer a salary below 500 dinars, 20.51% estimate that the salary should be between 500 and 1000 DT, and between 1001 and 1500 dinars for 21.37% of them.

IT (technical profiles)

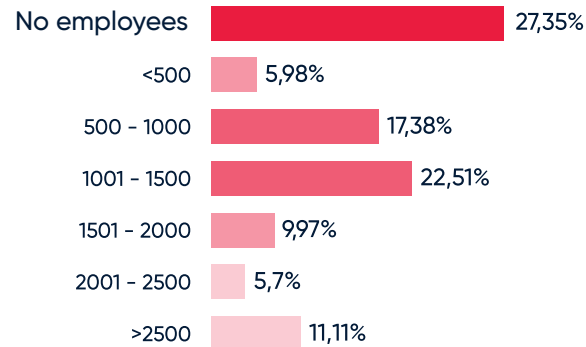


→ 11.97% of startups offer salaries between 1501 and 2000 dinars for an IT position and 9.69% offer salaries between 2001 and 2500 dinars. The same percentage estimates an IT engineer's salary at over 2,500 dinars.

Only 24.22% of them had no IT employees. They either outsource or are assumed to have no technical component to their solution.

Salaries offered by the majority of these startups for an IT position (26.21%) are between 1001 and 1500 dinars.

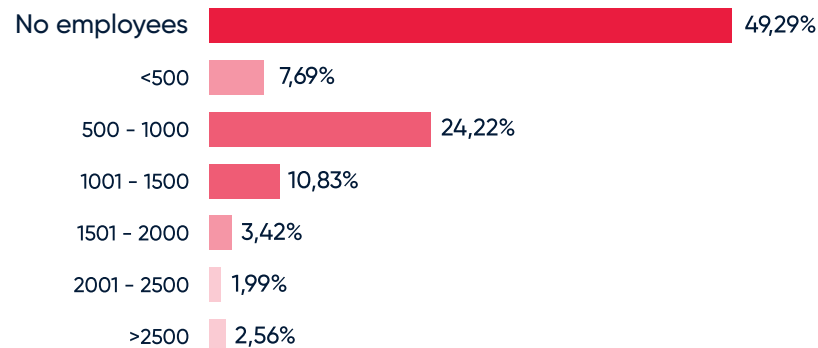
Business (Management, economics, and trading)



→ 27.35% of startups do not have any business profile on the team.

On the other hand, 22.51% of them pay their business employees between 1001 and 1500 dinars; 17.38% estimate the average salary of a business profile between 500 and 1000 dinars; and 9.97% place it between 1501 and 2000 dinars

Autres (Medical staff, law, biotechnology...)



→ Almost half of the startups surveyed (49.29%) do not have profiles in other fields than those mentioned in the previous sections. However, 24.22% of the startups have other specialties and offer a salary between 500 and 1000 dinars for their employees. Higher salaries are not common, since 10.83% offer between 1001 and 1500 dinars and 7.97% offer salaries above 1500 dinars.

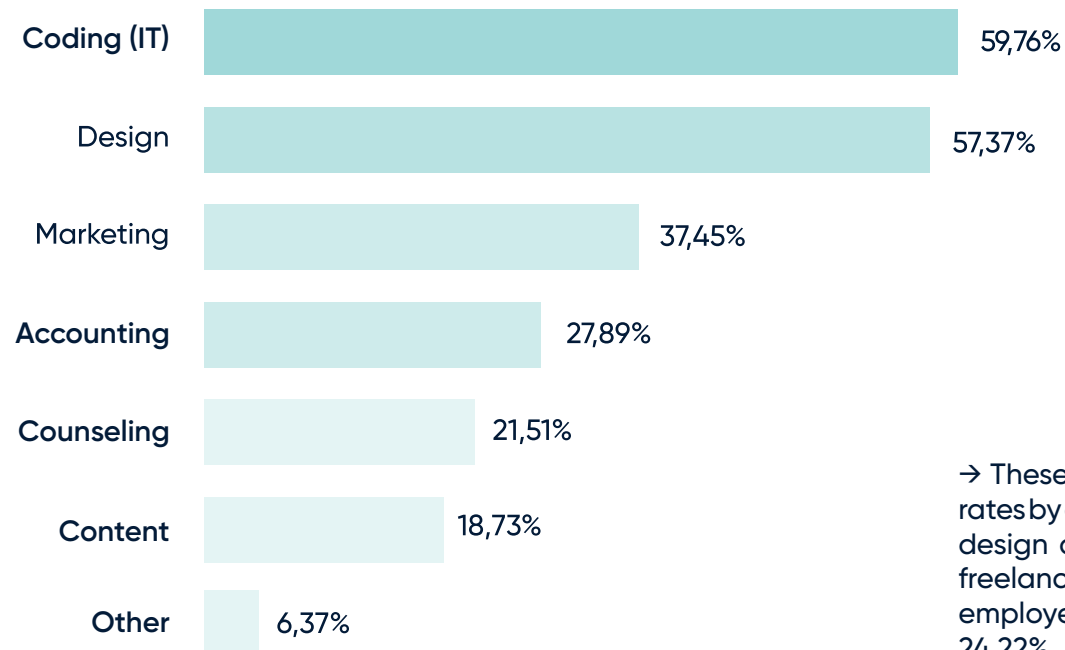
Startups often turn to freelancers to handle certain tasks. The most important advantage remains the cost and flexibility of these profiles.

2,43

→ The average number of freelancers hired by startups.

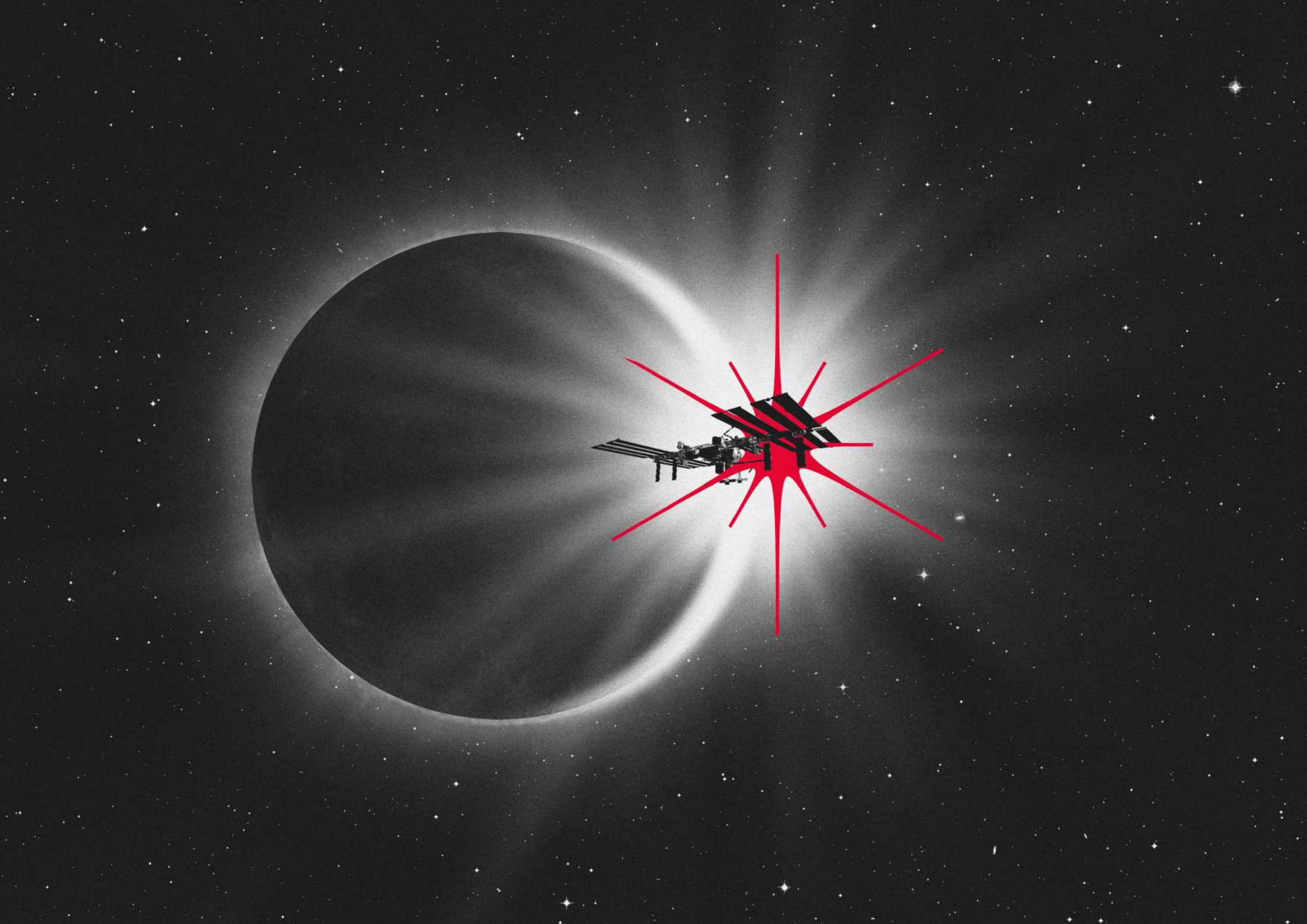


WHAT ASSIGNMENTS AND SERVICES ARE REQUIRED FROM FREELANCERS ?



→ These figures explain the results of employment rates by education level. Startups mainly delegate design and marketing development services to freelancers. 40% of surveyed startups have no employees in design and communication, and 24.22% are in information technology-related services.

Startups can outsource all kinds of tasks to freelancers. However, IT and design services are most in demand, with respectively 59.8% and 57.4% of total surveyed startups.



TURNOVER

The market is favorable

STARTUP SALES IN 2021

120,16 MDT

TOTAL TURNOVER
GENERATED
IN 2021



26,3 MDT

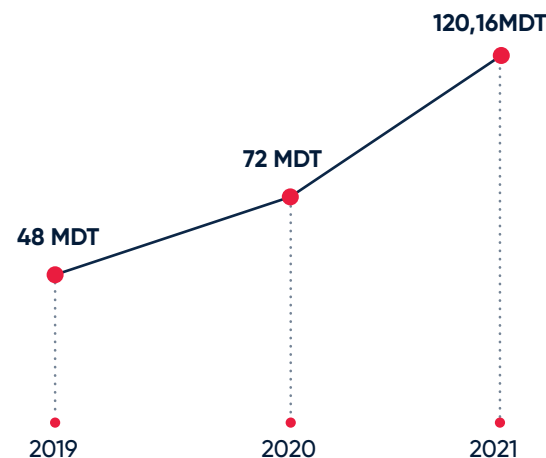
TOTAL REVENUE GENERATED BY
STARTUPS CO-FOUNDED BY AT
LEAST ONE WOMAN

4,23 MDT

TOTAL REVENUE GENERATED
BY STARTUPS FOUNDED
EXCLUSIVELY BY WOMEN



SALES TREND OVER 3 YEARS

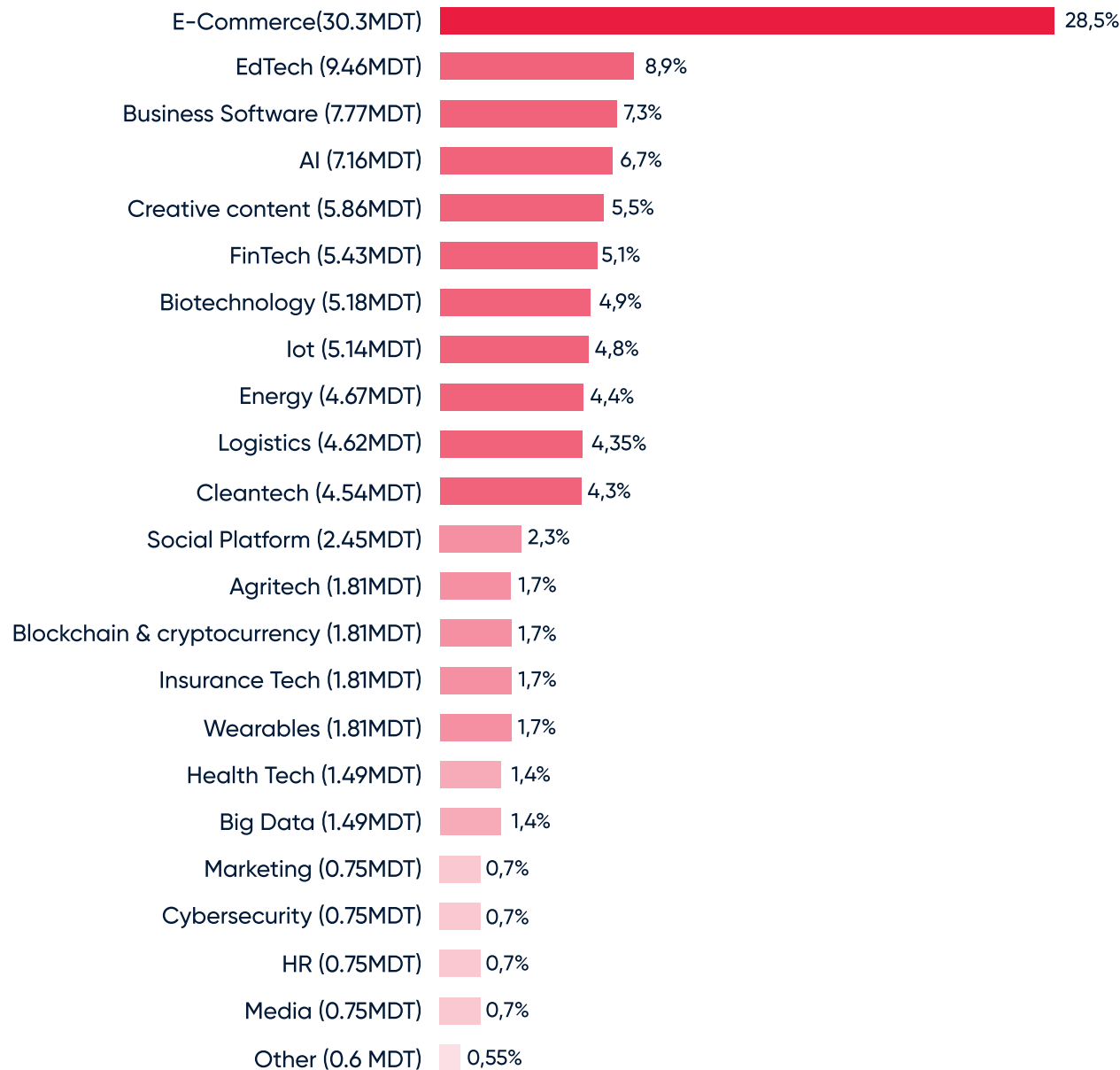


Startups demonstrate their ability to understand and conquer local and international markets by showing upward trends in 2019 and beyond.

Sales increased by over 60% from 2020 to 2021!

→ The total startup revenue trend has been impressive over the past three years, nearly doubling from 2020 to 2021.

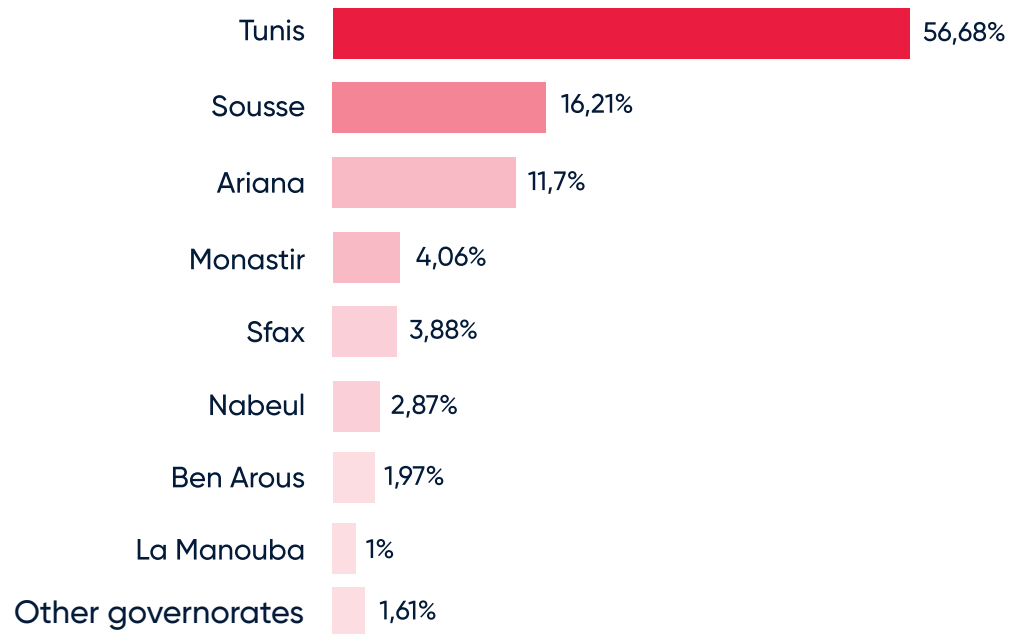
SALES BREAKDOWN PER SECTOR



→ E-commerce is the best-selling sector for startups in 2021. This is due to the massive adoption of this buying method after the COVID-19 crisis and the proliferation of shopping platforms of all kinds.

Business software, the first industry among startups, is ranked third in terms of revenue. This can be explained by the length of proxy cycles within the target company and the considerable difficulty in fulfilling the transaction. 8.65 MTND is generated by AI and Big Data Startups, an industry to be watched closely.

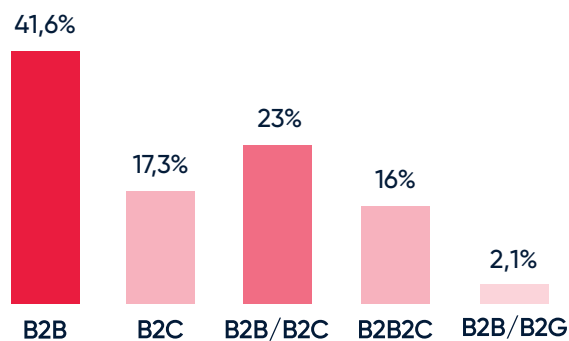
SALES BREAKDOWN BY GOVERNORATE



→ Tunis remains at the top with 56.68% share of total sales, followed by Sousse with 16.21% and Ariana with 11.7%.

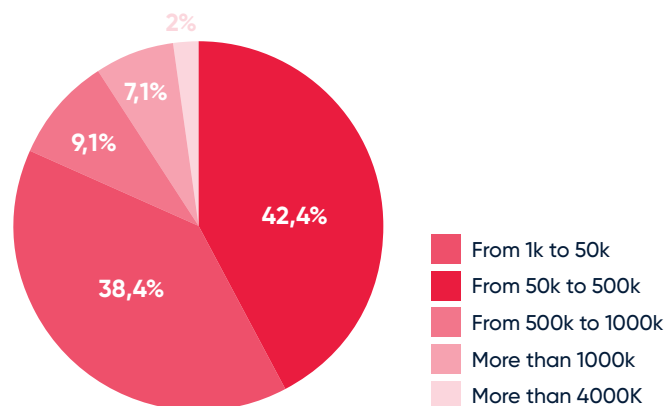
The sales distribution is consistent with the geographical implementation of these startups.

SALES DISTRIBUTION PER BUSINESS MODEL



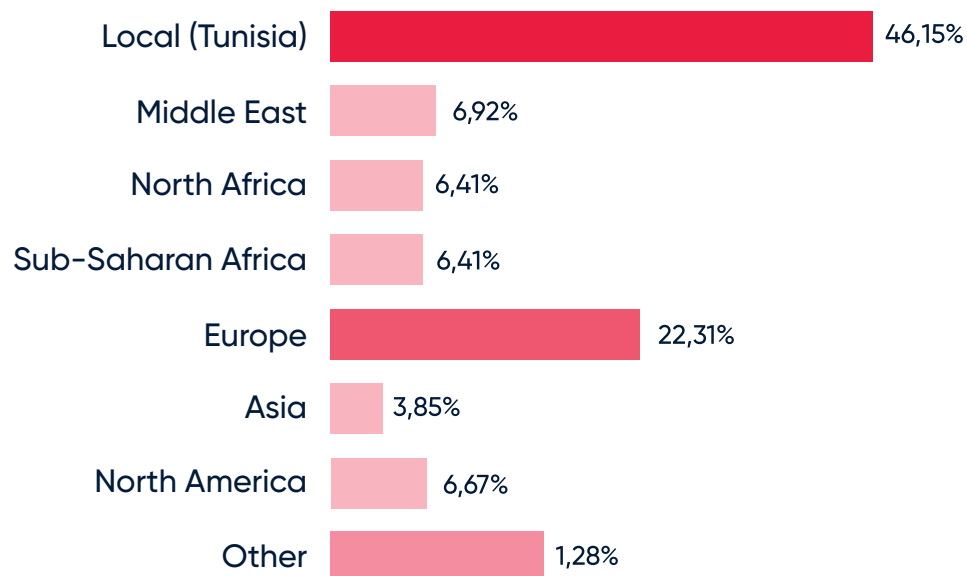
→ B2B is the business model that generated the most revenues in 2021, as opposed to 2020 when B2C was dominating.

EXPORT SALES

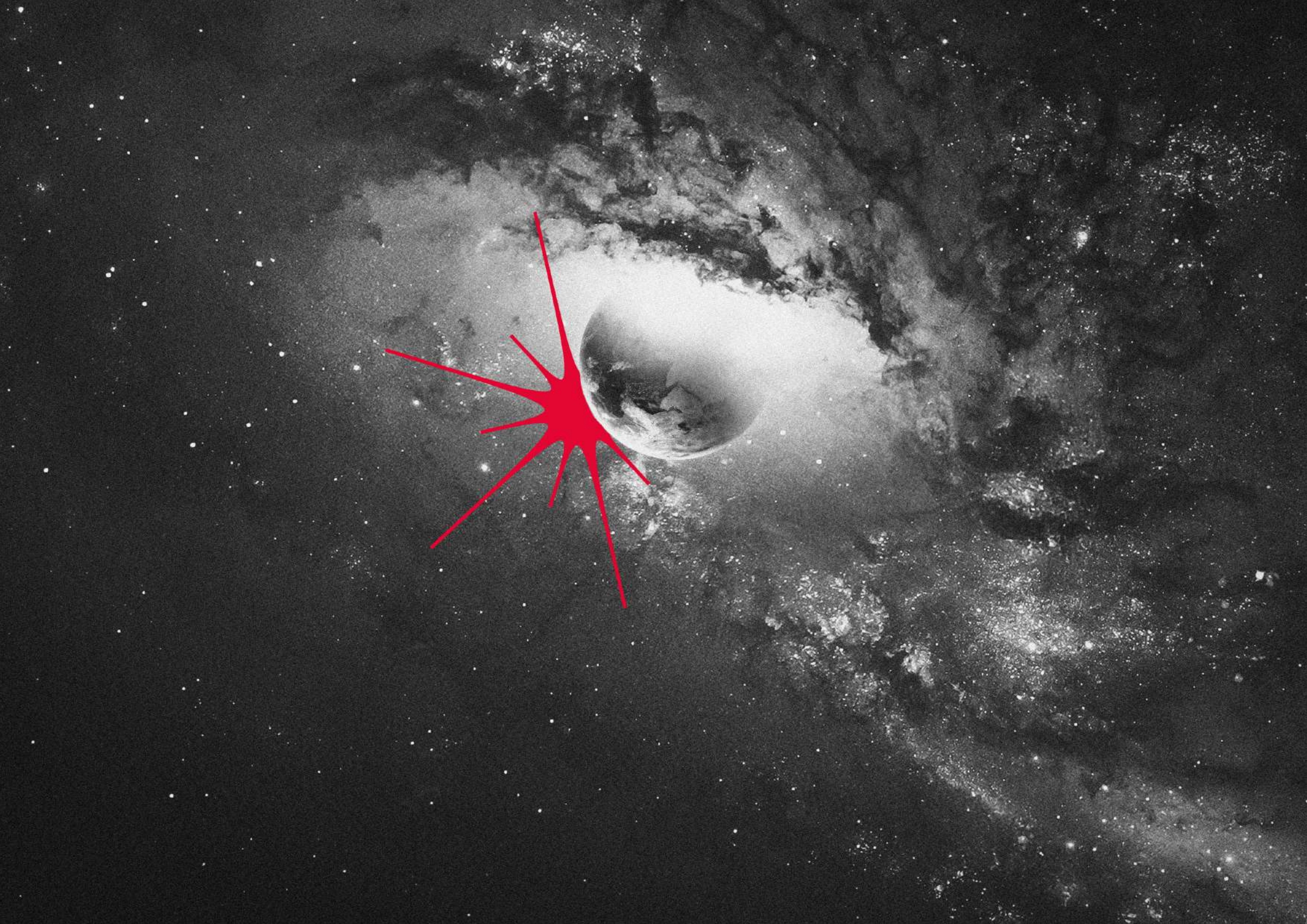


→ More than half of the startups that are generating revenues, are selling internationally: 38.4% start generating revenue through exports, and 42.4% have a more mature international business activity, generating between 50K TND and 500K TND.

TARGETED MARKETS



→ It is interesting to note that among the 53.5% of Startups that have chosen to develop their business operations internationally, 22.31% have targeted Europe, this can be explained by the historical relationship between Tunisia and France essentially. The Maghreb, the Sub-Saharan Africa, and the MENA region represent almost 20% of the targeted international market. This reflects a new growing interest in the African continent and the Eastern Mediterranean basin.



FUNDRAISING

2021 under the magnifying glass

FUNDRAISING IN NUMBERS

104,8MDT*

TOTAL FUNDS RAISED
BY LOCAL AND
INTERNATIONAL
STARTUPS

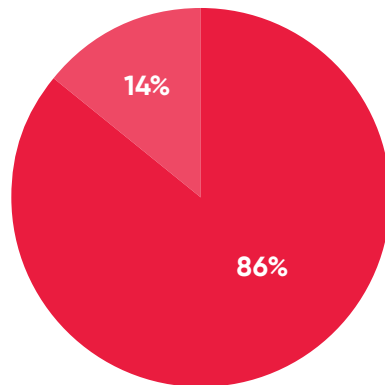
44,8MDT

TOTAL TUNISIAN FUNDS
RAISED
BY TUNISIAN STARTUPS

129

INVESTMENT
OPERATIONS
IN 2021

FEMALE
REPRESENTATION



■ Did not raise funds
■ Raised funds

0,4MDT

TOTAL FUNDS RAISED BY
STARTUPS WITH EXCLUSIVE
FEMALE PRESENCE

20,9MDT

Total funds raised by female founded startups, highlighting that those startups can generate a revenue of 30MDT.



TUNISIAN STARTUP ON THE RADAR

As a venture capital investor who undertakes investments on a global scale, I can say that we are very excited about the potential of the Tunisian startup ecosystem in Silicon Badia.

This accomplished human capital, untapped market demand, proximity to Europe and sub-Saharan Africa, and the presence of excellent local initiatives such as Smart Capital, is a combination that makes this ecosystem very interesting for us.

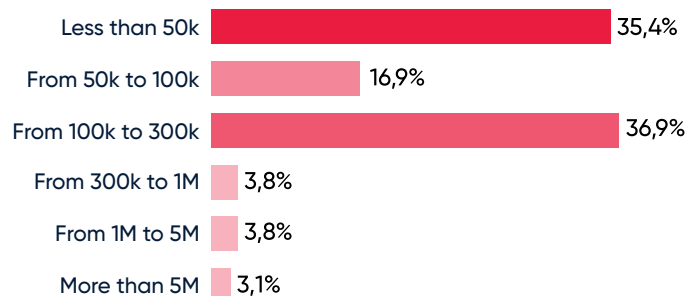
We have recently made our first investment in Tunisia in Expensya and we are looking forward to partnering with other talents in the future.



Namek T. Zu'bi

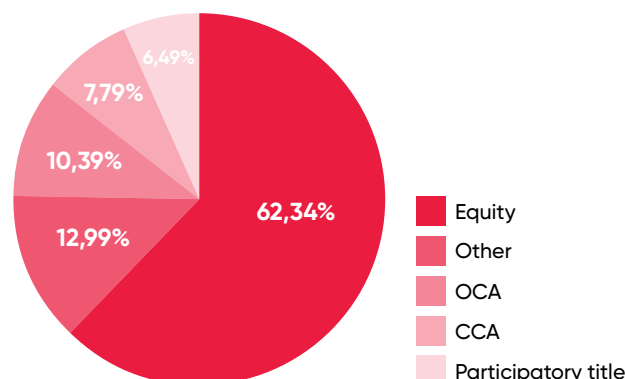
Founding Managing Partner at
Silicon Badia.

TICKET SIZES



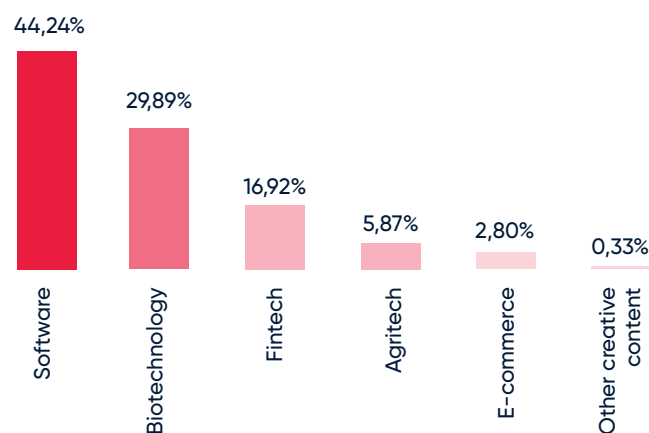
→ Seed-stage rounds are the most common in Tunisia

FUNDRAISING DISTRIBUTION BY INVESTMENT INSTRUMENT



→ Equity is the most common instrument representing more than the half of the pie (62.29%). OCAs and CCAs, which are local instruments for Quasi-Equity, are ranked among the most frequent instruments with a representation of 13.06% and 12.04% respectively.

FUNDRAISING DISTRIBUTION PER SECTOR



→ "Business Software Startups have raised the most funds in 2021.

Biotechnology startups have attracted the interest of investors, realizing 30% of the total raised investments of the year despite a relatively low sales generated by this sector. This implies that investors see this as a sector of the future.

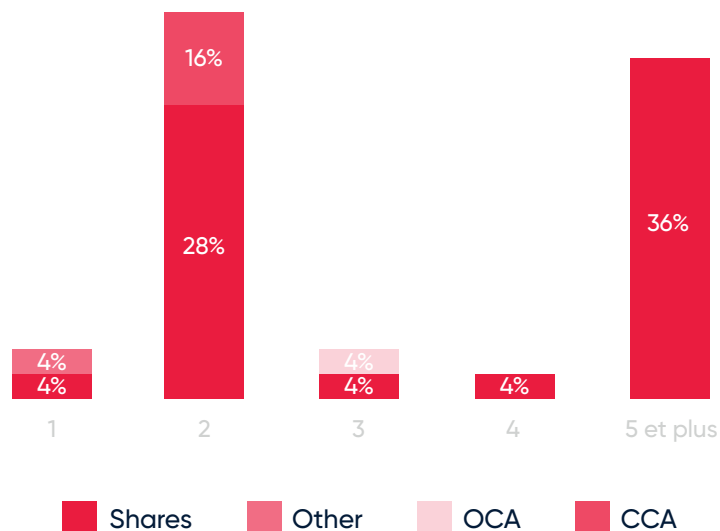
FinTechs also have a considerable share with 16.92% of all the year's transactions. Fintech in Africa and the MENA region is the sector that has been attracting the most funds for several years now."

FUNDRAISING DISTRIBUTION BY GEOGRAPHICAL AREA



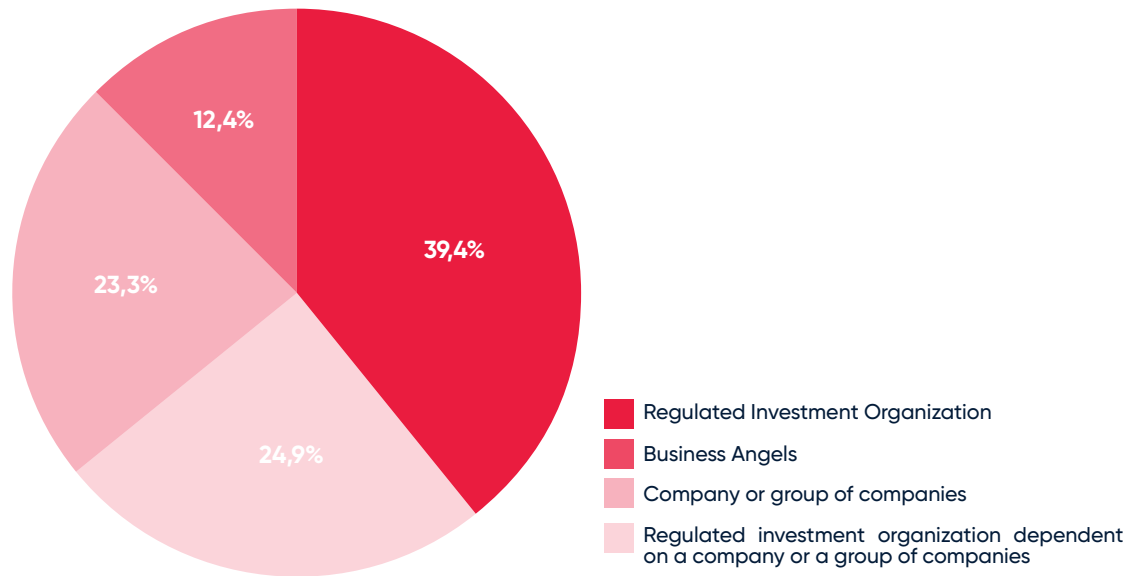
→ 80.5% of funds raised are concentrated in the capital city.

FUNDRAISING DISTRIBUTION BY STARTUPS' AGE

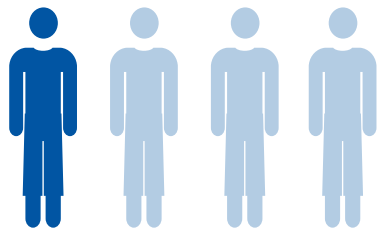


→ Two-year startups raised the most, with 44% of the total funds raised: 28% were invested in capital and 16% in OCA. This shows that the majority of the funds raised are in pre-seed and seed. Meanwhile, 36% of the funding was raised by six-year-old startups. That is a higher stage of development.

FUNDRAISING DISTRIBUTION BY TYPE OF INVESTORS

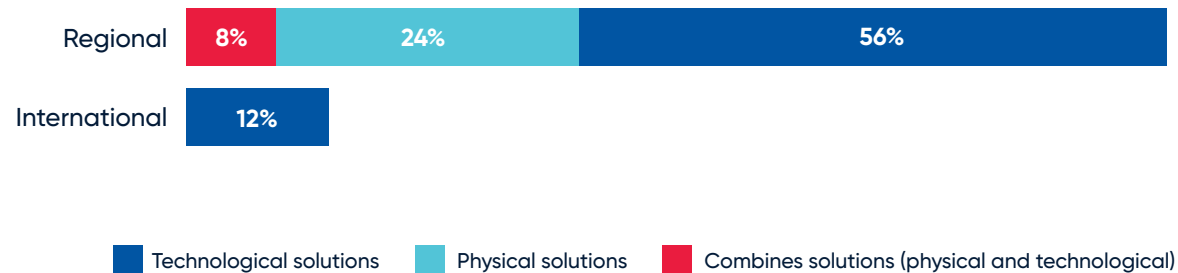


→ 39.4% of fundraising is carried out through VCs followed by Business Angels.



1/4 of investments come from
Business Angels

LOCAL AND INTERNATIONAL FUNDRAISING PER TYPE OF SOLUTION

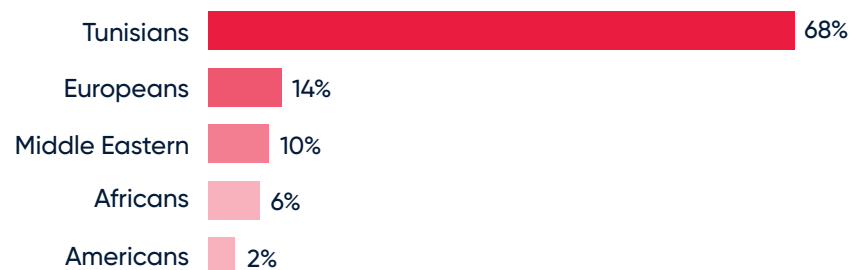


→ This histogram shows that regional fundraising is distributed as follows:

- 56% is raised for startups that have technological solutions
- 24% is generated for Startups that have invented a physical solution.
- 8% is dedicated to Startups with a combined solution.

International fundraising seems to fund only Startups developing a technological solution (12%).

INVESTORS' ORIGINS



→ 68% of the funds raised came from Tunisian investors. The other investors come respectively from Europe, the Middle East, Africa, and the United States with a difference of 4% between each. This shows that it is difficult for Tunisian startups to raise money from international investors.

TUNISIA, A GATEWAY TO AFRICA



Our venture capital investment activities target start-ups operating in several African countries in the primary agriculture, energy, healthcare, logistics, mobility, and financial technologies.

Our interest in the North African market has increased after recently investing in an Egyptian healthcare company.

With regard to Tunisia, Double Feather has just signed a protocol with Smart Capital in August 2022 to build collaborations and support the Tunisian ecosystem.

The attractiveness of Tunisia's innovation sector is largely due to its geopolitical position and differentiation strategy. Tunisia has a population of about 12 million, similar to the Nordic countries in Europe and Rwanda in sub-Saharan Africa. In this sense, Tunisia appears to be shaped by companies that make the most of the country's size constraints.

Furthermore, Tunisia's geopolitical position makes it very attractive to do business with a view to markets in North Africa, the Middle East, and Europe.

For us, it makes no sense to compare the markets of Tunisia and Egypt simply because of their proximity. Many Tunisian companies, such as InstaDeep and Enova Robotics, are global companies whose founders were thinking boldly due to market limitations and global expansion planned from the beginning.

Moreover, due to the aging demographics in developed countries, Tunisia's supply of young labor, based on its high level of education, has the advantage of meeting the demand of European countries and East Asia. There are business opportunities related to offshore development, education, and HR companies.

Our investment strategy is to increase corporate value and maximize fund performance by supporting the business development of companies. This business model based on overseas expansion allows us to leverage our strengths and expand to other Asian regions, including Japan, through our network.

Although it depends on the policies of the Tunisian government, we believe that the Tunisian market is highly likely to be demonstrated in specific fields (such as telemedicine, drones/logistics, insurance/finance, and space) that are difficult to demonstrate in the European market. We would like to actively invest in such companies. The Attraction of the Tunisian Startup Market Emerging from a clear differentiation strategy compared to the Egyptian market On our part, we are interested in companies flocking to this ecosystem.

We believe that the Tunisian Startup Act plays a major role in the perception of the Tunisian market as an investor. Expectations of Tunisia's progressive innovation policy and the stage of

public-private partnerships to support startups play an important role in the process of shaping the ecosystem.

We believe that this will favor the Tunisian startups' breakthrough. In addition to the fact that neighboring countries and other African countries refer to Tunisia's innovation policy as significantly influential, our expectation for the next step is to enact a uniform startup law for the North African region.

This will allow Tunisian companies to enter the North African market more aggressively and benefit from North Africa's growth potential.



Kohei muto

Double Feather Partners CEO



Invest'i

**Invest'i,
a community
connecting Tunisian
startups and
international investors**

Gaining visibility with investors and future partners is a major challenge for innovative and tech companies, whatever their country of origin.

A company's ability to connect with the right business and financial partners depends on the size and maturity of its local ecosystem. First, it can secure local resources and benefit internationally from the attractiveness of its ecosystem.

There is a double challenge, for Tunisian companies to be able to present themselves in the best possible way to future partners, and for the Tunisian ecosystem to shine at the regional, African, European, and international levels.

Coordinating Tunisia's key institutions to highlight national gems is key to enabling Tunisia to enhance its regional and international appeal.

The Invest'i initiative has made it possible to create an active and visible referral community on EuroQuity.



- to federate Tunisian actors around the objective of promoting Tunisian gems, to create E-pitch and coaching services,

- to connect them to more than 18,000 innovative and African companies, 2800 investors from all countries, and 2000 supporting structures.

In September 2022, Invest'i had 225 members, 161 companies, and 47 investors of which 40% were Business Angels and 60% VC funds, 17 supporting structures, and 9 associated labels to promote fundraising in pre-seed and seed and pre-series A.

This initiative grew out of the Innovi project funded by the European Commission through Expertise France. In Tunisia, it is coordinated by a steering committee made up of Smart Capital, Tunisian Startups, Africinvest, UGFS North Africa, CDC, and FIPA.

Invest'i's success since its inception in 2021 has been linked to the actions taken by the Tunisian start-up, the project leader, and the quality of its support: 6 E-pitches, 30 coached Startups, 8 webinars on investment, participation in events such as BIG, Emerging Valley and Africarena.

As a result, Invest'i will join Smart Capital in 2022, and will be part of the range of services for innovative and tech companies in Tunisia, taking a new step in its development.



Gilles LE COCQUEN

Head of EuroQuity

International and European affairs
department

BPI FRANCE



Ce projet est financé par
l'Union européenne





BUSINESS ANGELS

An investment method making its
way into the ecosystem

WE NEED TO BRING OUT A NEW GENERATION OF INVESTORS



What are the key elements that should be employed to support BA's investment activities?

First, to raise awareness of this exciting activity of people who contribute their time, knowledge, connections, and funds to innovative growth companies (startups). Make sure these people start their business with a portfolio approach. Develop investors' networks and training.

Syndication is also incentive and interesting. That is the fact that multiple people can invest together. Syndication tools allow to reduce risk and make smaller investments. It is also important to draw out a new generation of investors (the new generation of 35-40 year olds), a new profile familiar with startups and more attracted by risk-taking.

The State can also help to develop this activity by putting in place incentives.

And why is it that important for the development of the local ecosystem?

Business Angels usually work in networks.

Getting in touch helps entrepreneurs quickly meet the right people interested in their projects.

At GoBeyond and Efino, we know how to connect startups with local investors. This opens the door to international investors and diasporas. This reflects trust in the ecosystem and its vitality. An active local ecosystem means the startup is ready for funding and internationalization.

It is highly recommended that the local ecosystem includes corporates for 3 reasons:

1. They can help with the pilot experience
2. Their funding (which is not necessarily cash) can help
3. Their acquisition of the startup is what triggers liquidity for business angels (and therefore encourages them to become business angels as the prospect of making a profit becomes real)

On the other hand, what advice should be given to BA starting out?

We recommend that future Business Angels to:

- not to invest more than 2 to 10% of their personal assets (excluding the primary residence)
- build up a portfolio of at least 8 to 10 companies over 2 to 4 years
- keep 50% of their budget for follow-on rounds
- consider these investments in the long term, over 5 to 10 years
- ask yourself the following questions
 - What are my goals?
 - What kind of companies do I want to invest in?
 - What can I bring to these companies?

Personally, I invest in a team first. I am always looking for projects that match my values. However, the aim is also to find startups that can rapidly grow to join an internationally renowned company. It is, therefore, necessary to evaluate their development and their potential of being part of a large group.



Brigitte Baumann

BA international

Founder de EFINO

<https://gobeyondinvesting.com/>

<https://efino.co/>

3,9^{MTND}

before 2021

6,7^{MTND}

invested by business
angels till 2021

2,8^{MTND}

in 2021

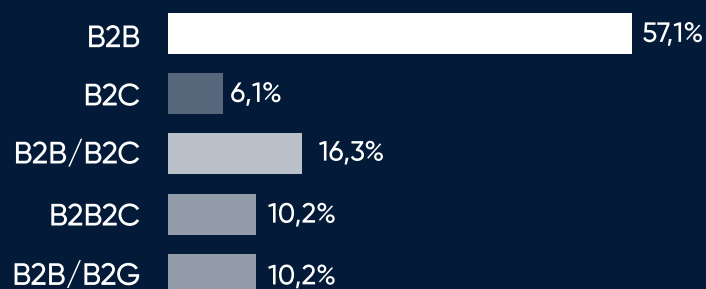
30,6%

of BA invested in startups
co-founded by women

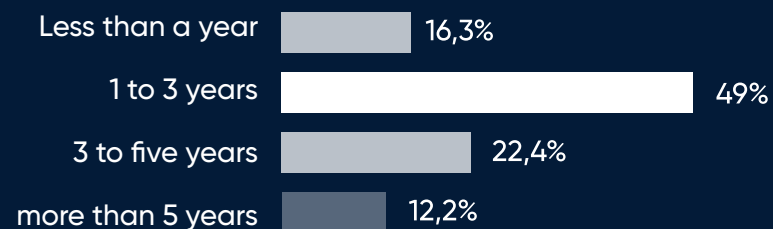
► 22 beneficiary startups

was a record year in terms of business angel (BA) investments with over 900,000 investments compared to 2020.

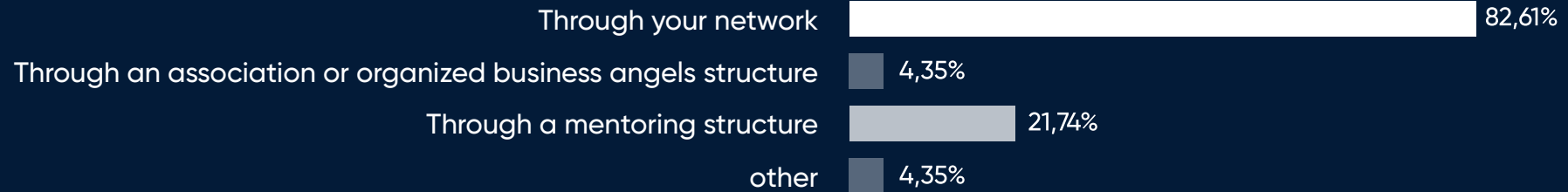
BUSINESS MODELS THAT RECEIVED THE MOST INVESTMENT FROM BUSINESS ANGELS IN 2021



STARTUPS' AGE AND INVESTMENT BY BA



ACCESS TO BUSINESS ANGELS



THE REASONS FOR RAISING FUNDS FROM BUSINESS ANGELS

60,87% of responding startups admit that the funds raised from business angels will be used to strengthen the team and increase the strike force.

47,83% of startups believe that the amount raised will be used to ensure an initial GO-TO-Market.

43,48% of respondents say they have found the support of Business Angels for the development of their MVP.

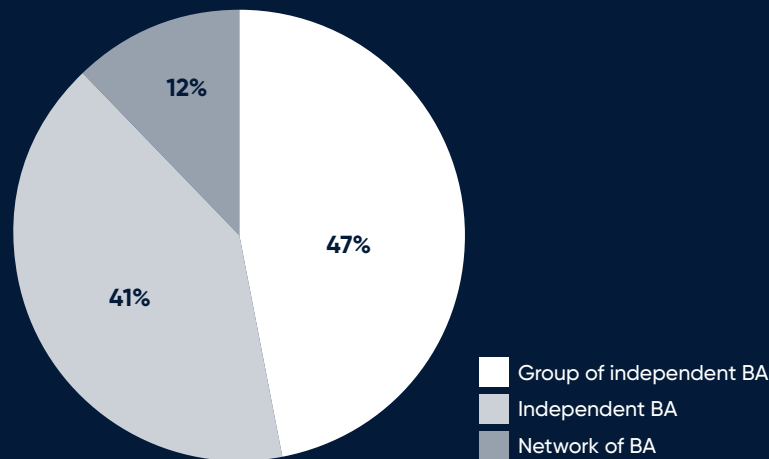
26,09% of startups used the amount raised for the purpose of developing the POC

The remaining say that expansion into other markets or the sustainability of the project during a period of crisis justify this investment choice.



In 2021, 45 independent individuals and a network of Business Angels (BAs) carried out the fundraising operations. 12 women BAs invested 446KTND. They generally work with other male BAs.

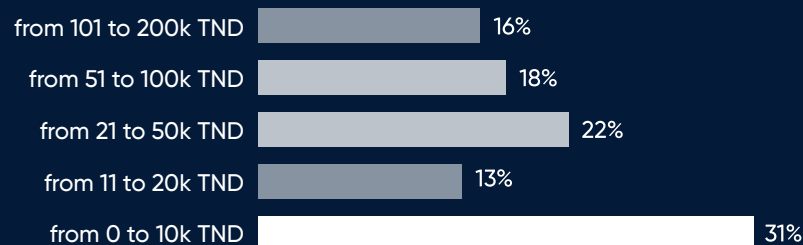
1/4 OF BA ARE WOMEN



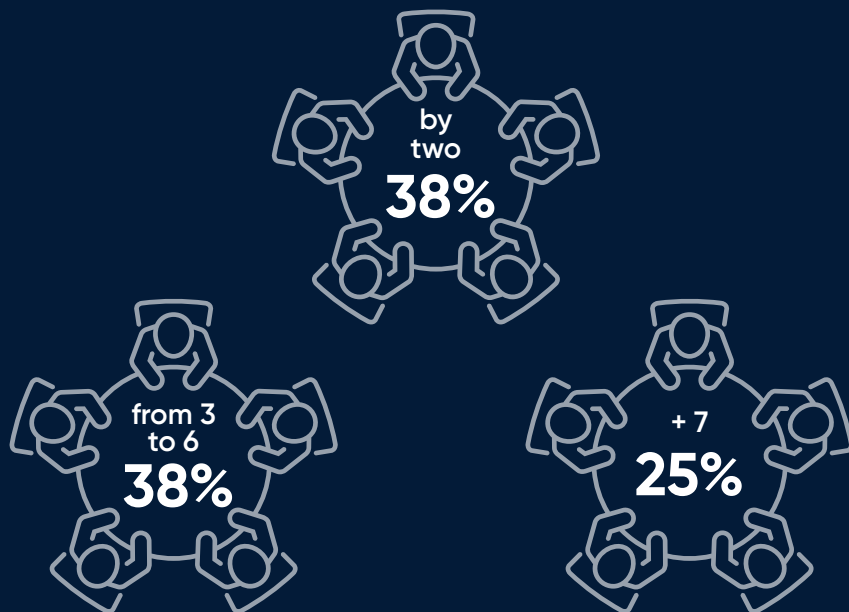
→ Of the 47 investment operations carried out by the BAs, almost half were carried out by an independent group of BAs. The group of independent BAs was defined as a round of financing carried out by a group of BAs that are not organized or linked or part of a BA network.

a single ticket invested by a BA is less than 10KTND in 30% of cases. In 22% of the cases, the tickets' value fluctuates between 20KTND and 50KTND. 16% of the BAs have invested tickets of more than 100K TND, which is relatively high compared to the funds invested by VCs in Tunisia.

UNIQUE TICKET BY BA



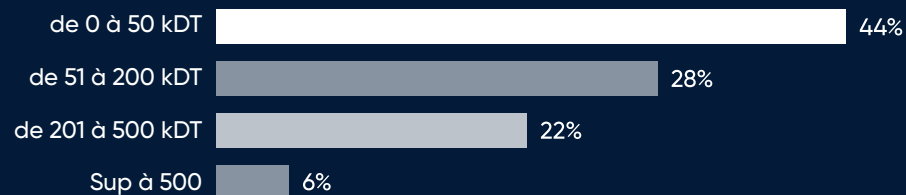
SIZE OF A GROUP OF INDEPENDENT BA



→ A zoom-in was made on a fundraiser being run by an independent BA group. It appears that the rounds are closed with a minimum of one pair of BAs up to a group of 6, the overwhelming majority attending 76%.

→ Almost half of the funding round ended with an investment of 50 KTND, equivalent to a pre-seed amount in Tunisia. However, 28% of companies have raised amounts from 200,000 to 600,000 Tdt, which is equivalent to seed stage necessary amounts.

ROUND TABLE PAR BA



WHO ARE THE BUSINESS ANGELS' NETWORKS IN TUNISIA?

Bridging Angels: A network of Business Angels of the African Diaspora



Created in April 2020, Bridging Angels is a network of investors and entrepreneurs, mainly from the African diaspora, wishing to support innovative startups and SMEs that participate in creating value on the continent, with 18 BAs in its network, more than 7 startups in their portfolio, and a total sum of 850KTND invested.

DAMYA : First network of women Business Angels in Tunisia



Created in July 2021, DAMYA Business Angels is a network of impactful women investors, allowing the support of innovative and sustainable entrepreneurship, and in particular women's initiatives in Tunisia. DAMYA counts 20 BAs, scanned more than 50 African startups, and invested a sum exceeding 800K TND.

Carthage Business Angels: First network of providential Business Angels in Tunisia



Created in July 2010, Carthage Business Angels (CBA) is the first network of providential investors in Tunisia, which presents itself as a 3E agency: Entrepreneurial, Ecosystem, and Enabler. Carthage Business Angels has about a hundred members and is part of an international network of business angels and occupies a place of choice in the Tunisian associative industry. It is active in promoting job creation through supporting innovative companies.

MDBAN : A network of Business Angels of the Diaspora in the Maghreb



Created in November 2021, MDBAN is a network of angel investors from the Diaspora in the Maghreb and beyond, seeking to invest and support the development of startups from the Maghreb region, with a number of 33 BAs, more than 46 startups scanned in 2022, and a significant investment in the Tunisian startup Kumulus.



A DIASPORA ENGAGED IN TUNISIAN INNOVATION

Bridging Angels was born out of the simple observation that there is a shortage of early-stage funding for high-potential African startups, especially compared to the funding streams available to startups in mature economies. Bridging Angels aims to bridge the gap between the investor diaspora and an entrepreneurial Africa, addressing the problem of the 'missing middle', the missing link in the investment chain in African economies.

We are entrepreneurs and investors mainly from the African diaspora with a double passion : entrepreneurship and Africa.

Of course, like any investor, we're looking for an interesting return on investment, but there's also an 'impact' or 'giveback' factor that's appealing to many of us.

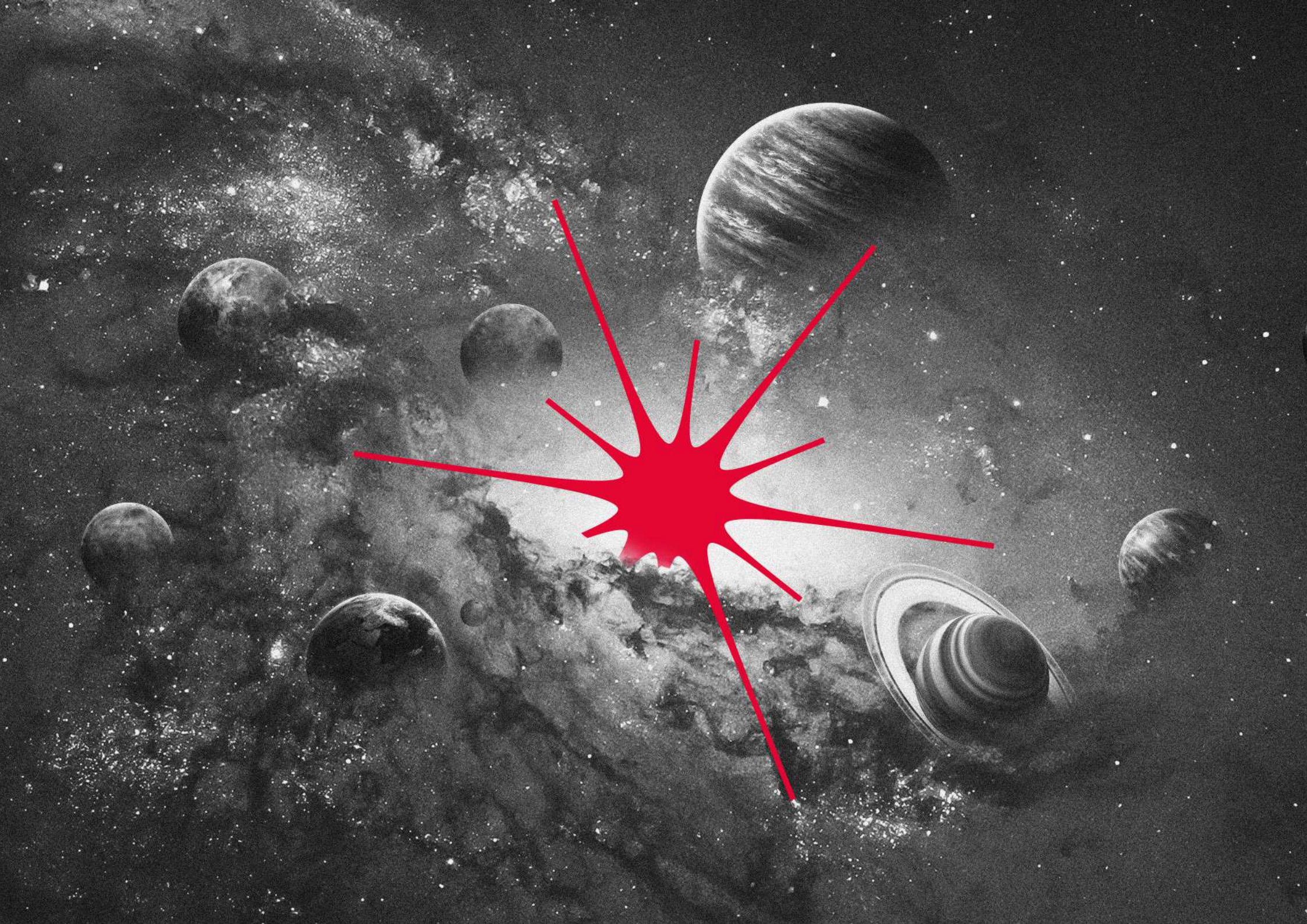
And perhaps this explains the relative success of our network. We take a benevolent approach that combines seriousness, rigor, and a genuine desire to contribute to the rise of future unicorns on the continent. We often face currency restrictions. However, in this regard, we believe things are moving in the right direction and we are also here to make the investment process smoother and more democratized.

Yes, the quality of startups is improving day by day, and in a misleading financial market, investing in small, innovative companies is a very interesting diversification vector for personal finance, so, there is momentum to convert as many people as possible to BA.



Samar Louati

Business Angel
Bridging Angels

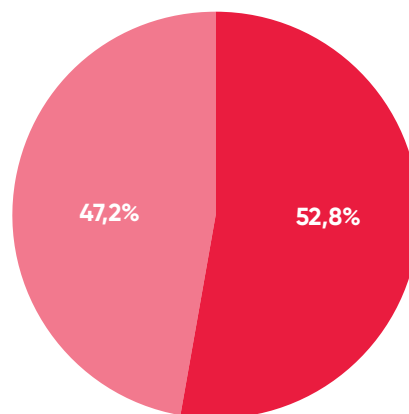


ALTERNATIVE FUNDING INSTRUMENTS

Which mechanisms ?

8,97MDT

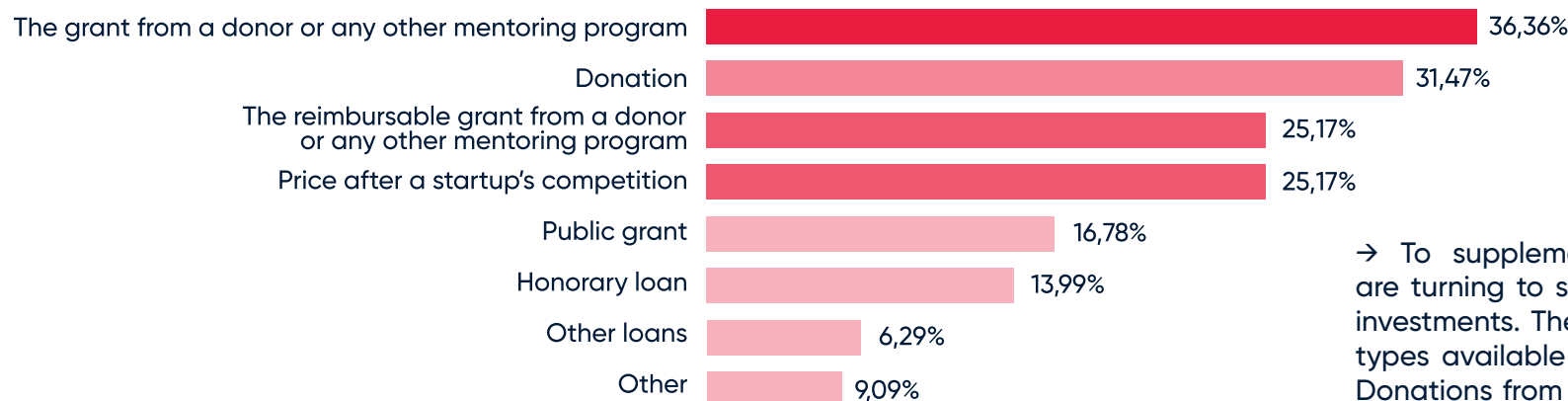
OTHER FUNDINGS'
TOTAL IN 2021



 **ONLY 567 KDT**
FUNDS FOR STARTUPS
EXCLUSIVELY CREATED
BY WOMEN

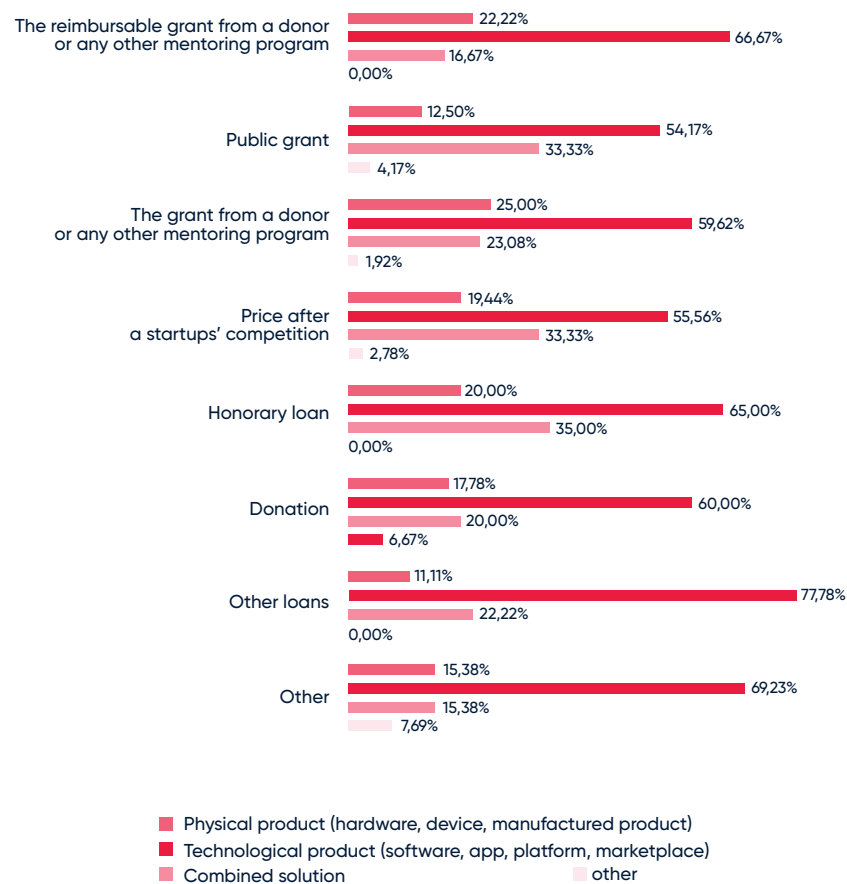
■ Startups founded exclusively by men
■ Startups founded by mixed teams or exclusively women

DISTRIBUTION PER TYPE OF FUNDING



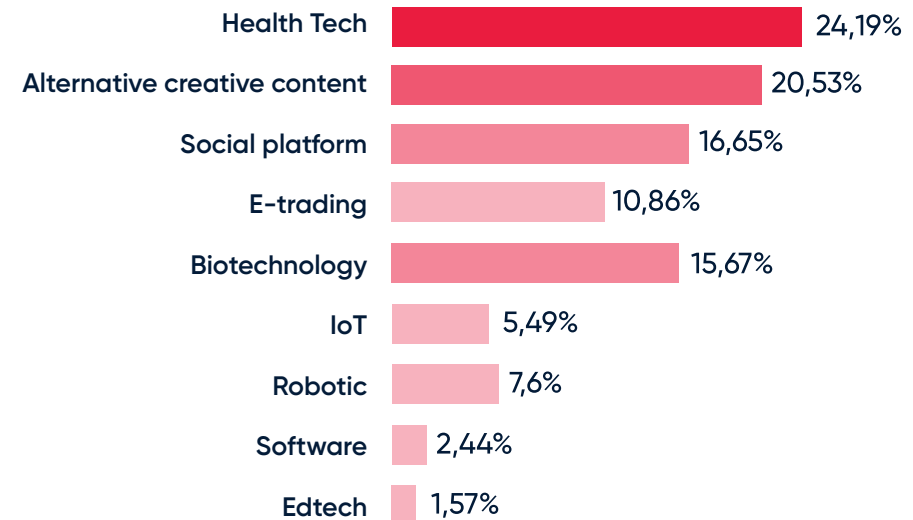
→ To supplement their funding needs, startups are turning to sources of funding other than equity investments. The graph shows the range of support types available and their weight in the ecosystem. Donations from donors and other funding programs increased by 20% compared to 2019. This is due to the expanded range of financial assistance programs and instruments for startups.

MEANS OF FUNDING PER TYPE OF SOLUTION



→ Startups adopting a technological solution are more likely to have access to means of funding

THE MOST FUNDED SECTORS



→ Health tech is the most funded sector with 24.19% of total funds followed by alternative creative content, social platforms and biotech startups.



THE ESG IMPACT RADAR OF STARTUPS

ABOUT ESG

What is ESG?

This international acronym, a concept closely related to CSR, refers to Environmental, Social, and Governance (ESG) criteria that enable a non-financial analysis of a company.

Investors can therefore determine whether a company is pursuing a socially responsible strategy, especially how it deals with the environment and its stakeholders. For example, its Employees, Partners, Subcontractors, and Customers.

In short, investors' measurement of a company's CSR performance is known as ESG analysis. The Environmental Standard analyzes its waste management policy, policy to reduce greenhouse gas emissions, and commitment to avoid environmental risks in its activities.

Social criteria take into account accident and psychosocial risk prevention, staff training, respect for workers' rights, organization of subcontracting chains and the quality of social dialogue.

Governance standards examine the independence of the board of directors, the gender distribution in management, the management structure, and the existence of an audit committee.

83% OF EUROPEAN INVESTORS WANT TO INVEST IN GREENER STARTUPS.



Innovative start-ups play a key role in tackling the great social and environmental challenges of changing the world and our lifestyles. Indeed, more countries need to address sustainable development issues such as the climate emergency and reduce inequalities from the moment they establish innovative and often disruptive solutions.

A well-implemented CSR strategy strengthens the value proposition and the startup's growth prospects, by meeting stakeholders' expectations: customers, employees, suppliers, and investors, some of whom are subject to increased regulations. Specifically, start-ups that integrate into their products the regulatory constraints faced by large companies in Europe maximize their potential to become customers.

Development banks play a key role in start-ups and all businesses, increasing their environmental and social awareness and increasing their chances of success.

Serving as a “climate bank”, Bpifrance intervenes at several levels to ensure ecosystem impact.

A full range of awareness-raising and training measures for companies, more attractive programs for influential start-ups, and pre-assessment of CSR standards for all fundraising and investment requests.

Some programs combine funding and networking with proven professionals to remove financial and technical barriers.

It is worth highlighting the remarkable dynamism of Tunisia’s innovation policy in recent years, confirmed by Tunisia’s position in the 2021 Global Innovation Index. To capitalize on this momentum, it is important to help Tunisian start-ups develop CSR approaches so that they can reach their full potential and become the country’s future unicorns.

A 2022 study showed that 83% of European investors want to invest in greener startups. It is important to know that companies with the best CSR performance have a higher valuation of 16% (Source: FTI Consulting 2022).

Companies that integrate CSR into their strategies achieve an average 13% improvement in performance compared to those that do not. It is even true when the approach is voluntary and not part of a regulatory obligation. (Source: France Stratégie. Corporate Social Responsibility and Competitiveness: Assessment and Strategic Approach. 2016.)

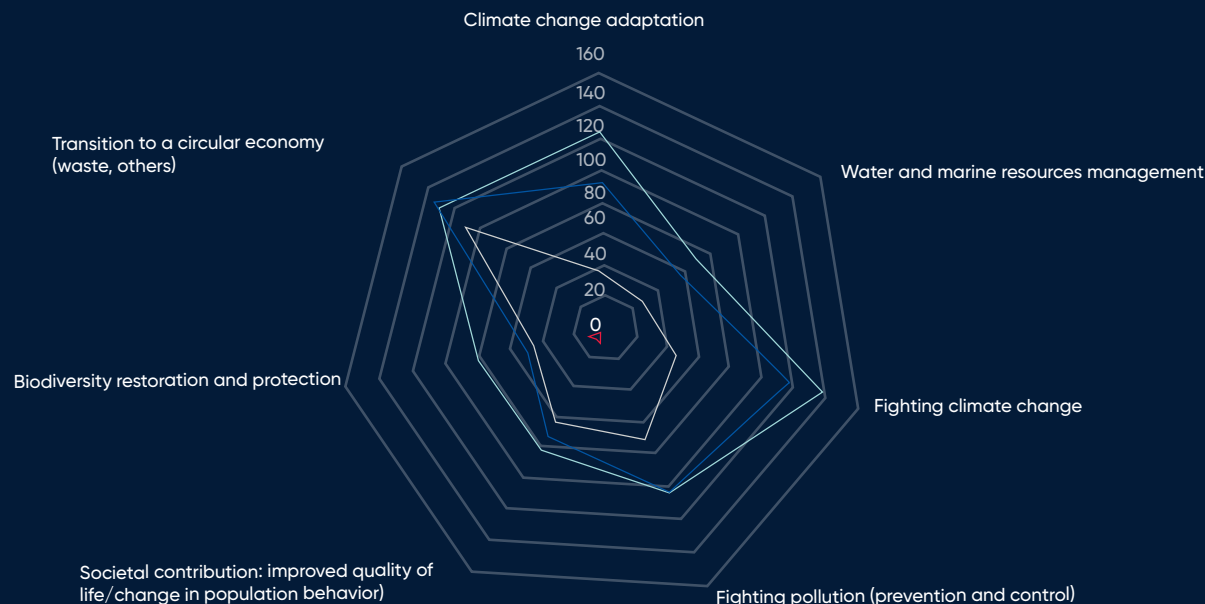


Agnes LAURENT

**Advisor of International
Expertise Activities**

Bpifrance

THE ECO-CONDITIONALITY RADAR OF LABELED STARTUPS



The legend of the scale:

-1 : The activity of the startup has a negative impact on this objective (exploitation of fossil energy, water, large production of waste)

0: The activity of the Startup is neutral and has no impact on this objective..

1 : The Startup has a societal responsibility on this objective and contributes to it through auxiliary activities.

2 : The Startup has a positive impact on this objective (e.g., digitalization of the process = less paper used by customers).

3 : The solution developed by the startup has a direct and positive impact on this objective (energy monitoring solution).

Les critères ESG sont les piliers de l'investissement responsable et du développement durable. A cet égard, les Startups ont veillé à intégrer le volet ESG dans leurs stratégies.

The Eco-Conditionality Radar reflects the level of environmental, social, or governance responsibility undertaken by the corresponding startups.

We notice that a variety of startups have invented answers mainly devoted to behaving on those criteria, mainly with reference to

- Societal contribution to improving life quality/ behavioral change of the population (118 Startups worth 33.6% of respondents)
- The fight against pollution (Prevention and control) (100 Startups corresponding to 28.5% of respondents)

- The fight against climate change (135 Startups, 38.5% of total respondents) and adaptation to climate change (117 Startups corresponding to 33.3%).

Second, the graph shows that startups are demonstrating their commitment to sustainable development by leaving a positive social impact. This behavior is especially manifested in relation to:

- Pollution control (Prevention and control) (101 Startups), Climate change (116 Startups, 33.0% of the respondents)
- Water and marine resources management (Sustainable use and protection)(60 Startups

worth 17.1% of respondents)

- Societal contribution to improving the quality of life/behavioral change of the population (123 Startups representing 35.0% of the respondents).

Note that there are startups that then choose to engage in auxiliary activities to ensure the achievement of these Sustainable Development Goals, namely:

- The societal contribution in terms of improving the quality of life / Improving the quality of life/behavioral change of the population (99 startups, 28.2% of respondents)
- Fighting pollution (67 Startups, 19.1% of

respondents)

- Moving to a circular economy (56 Startups representing 15.9% of respondents).

Still, there are quite a few startups that are not really working on ESG integration because they offer products/services that don't contribute to the objectives. The fact is relevant to social contributions to improving the quality of life/behavioral change of the population (316 Startups, 90.0% of the respondents) and transitioning to a circular economy (77 Startups corresponding to 21.9% of respondents). Few or very few start-ups have undesirable harmful effects and lead to unhealthy environmental conditions, especially in:

- Protection and restoration of biodiversity and ecosystems (Biodiversity and protection of natural, agricultural, and forestry areas) (5 Startups representing 1.4% of respondents)
- Fight against pollution (4 Startups representing 1.1% of respondents)
- Management of water and marine resources (Sustainable use and protection) (3 Startups which is equal to 0.8% of the respondents).

Tunisian startups mainly act around 4 ESG criteria:

- Adaptation to climate change
- The fight against climate change
- Protection and restoration of biodiversity
- Social contributions

Tunisian start-ups can benefit from demonstrating increased environmental, social and governance awareness backed by detailed and quantifiable actions.

In fact, ESG is at the heart of both international and domestic VC investment strategies. They are also very important considering the current challenges.

Team :

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Alaya **BETTAIEB**

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Zied **BEN OTHMAN**

Fares **SEAIDI**

Management of the fund Innovatech:

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Selim **BEN HADJ YAHIA**

Operations management :

Hichem **NJEH**

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Our thanks to the **Expertise France team** for their support and collaboration: **Clara Guilhem, Amance Bustreau and Mazen ElKassem.**

About Smart Capital :

Smart Capital, a management company licensed by Conseil des Marchés Financiers, is responsible for implementing the ANAVA fund of funds dedicated to venture capital funds and the Innovatech fund invested directly in innovative Tunisian SMEs.

Thanks to the support of donors who are Tunisia's friends, we are committing significant human and financial resources to transform the national economy through startups and innovative SMEs.

In addition to managing the funds, Smart Capital is the implementing agency of the national program Startup Tunisia, commissioned by the Tunisian government.

For more information on Smart Capital,
please visit smartcapital.tn

For more information on the Startup Tunisia program,
please visit Startup.gov.tn