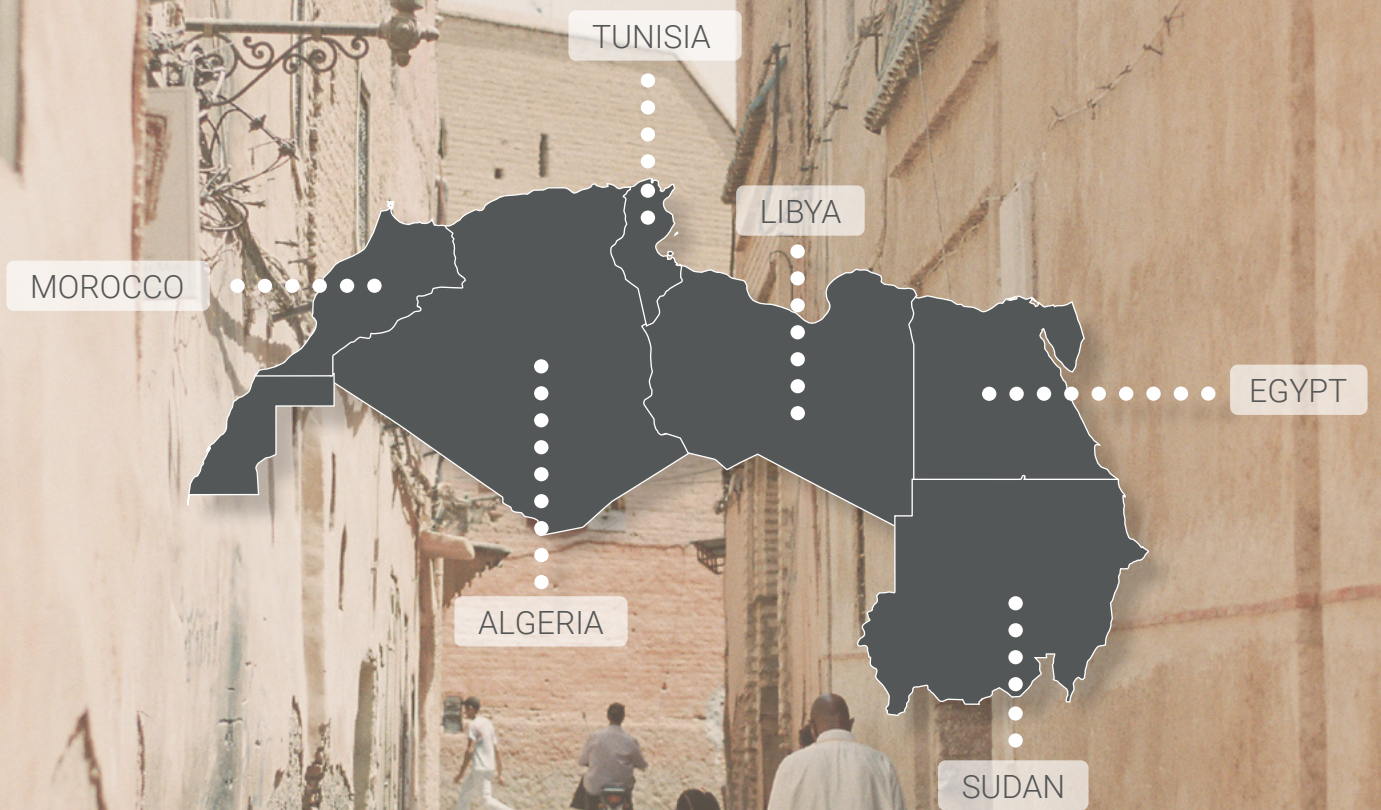


AUGUST 2022

INNOVATION AND INVESTMENT IN NORTH AFRICA

An overview of the startup ecosystem and supporting players.



ABOUT

Briter Bridges is a fast-growing market intelligence and research firm focused on underserved economies. Briter has built the largest collection of visual publications on Africa

and underserved markets and regularly provides data and insights to corporates, development finance institutions, governments, and investors.

AUTHORS

Clara Sarangé
Joshua Murima
David Saunders
Aziza Inoubli
Lisa With

CONTRIBUTORS



TABLE OF CONTENTS

ABOUT	I
AUTHORS	I
CONTRIBUTORS	I
ABBREVIATIONS	III
FOREWORD	IV
INTRODUCTION	1
METHODODOLOGY	2
ECOSYSTEM DRIVERS	3
A LOOK AT THE ECOSYSTEM	7
SIZING THE MARKET	7
FUNDING PARTNERS	8
SUPPORT	10
ORGANISATIONS	10
INVESTMENT LANDSCAPE	12
COUNTRY SPOTLIGHTS	15
ALGERIA	16
EGYPT	18
LIBYA	20
MOROCCO	22
SUDAN	24
TUNISIA	26
SPOTLIGHTS SNAPSHOT	28
OUTLOOK	32
REFERENCES	34
CONTACTS	35

ABBREVIATIONS

AIF	Algerian Investment Fund
ASF	Algerian Startup Fund
ATLAS	Algerian Talents and Leaders Association
ATUGE	Association des Tunisiens des Grandes Ecoles
AUC	American University of Cairo
B2B	Business to Business
BAM	Bank Al-Maghrib
BNA	Banque Nationale d'Algérie
CBA	Casbah Business Angels
CBE	Central Bank of Egypt
CCG	Caisse Centrale de Garantie
CDG	Caisse de Dépôt et de Gestion
CPA	Crédit Populaire d'Algérie
EFG-EV	EFG Hermes & Egypt Ventures
ESO	Ecosystem Support Organisation
FRA	Financial Regulatory Authority
GAFI	General Authority For Investments
GDP	Gross Domestic Product
ITIDA	Information Technology Industry Development Agency
M	Million
MEA	Middle East & Africa
MENA	Middle East & North Africa
MoBAN	Moroccan Business Angel Network
MSEC	Moroccan Startup Ecosystem Catalysts
NGO	Non-Governmental Organisation
SME	Small & Medium Enterprise
TIEC	Technology Innovation & Entrepreneurship Centre
UM6P	Université Mohamed VI Polytechnique
UN	United Nations
USD	United States Dollars
VAT	Value Added Tax
VC	Venture Capital

FOREWORD

Briter's mission has always been to shine a light on the startups, investors and support organisations shaping innovation ecosystems across emerging markets. We have always had a particular interest in increasing the visibility and coverage of underserved or underreported regions. In 2021, we focused on West Africa in our State of Technology and Investment in Francophone Africa report. This year, we have shifted our attention to North Africa to better understand and share trends and insights from the region.

Similar to Francophone Africa, North Africa has not had the same visibility and coverage as other regions and markets in Africa. However, when investigating our data and speaking with experts from ecosystems in the region, there was much to be excited about. Funding to startups in the region has increased rapidly over the last few years, with total funding to North Africa now representing more than 10% of total funding on the continent since 2015. Egypt is consistently featured amongst the big 4 in Africa along with Kenya, Nigeria and South Africa. Governments in the region, such as Algeria, Morocco and Tunisia have been leaders on the continent by pioneering regulations and initiatives targeting startups and the startup ecosystem. Other African countries are looking at North Africa to learn from their experiences. Libya and Sudan have often been in the news for the wrong reasons, but the stories we heard about successful startups defied expectations.

'The Innovation and Investment in North Africa' report draws on Briter Intelligence data and contributions from more than 20 local ecosystem stakeholders. This report would not have been possible without their generosity and expert insight on the region.

The stakeholders include:

- » Haithem Kchaou from Reedz
- » Samar Hamdy from DevisionX
- » Ahmed El Murtada of 249 Startups
- » Diego Arias from Plug and Play Tech Centre
- » Karmah El Naggar, Communication and Business Development Specialist at Falak Startups

- » Mohamed Aladdin of Global Ventures
- » Anis Kallel of Kaoun
- » Salma Baghdadi, Ecosystem Director at Smart Capital
- » Ouis Abdessadok of Orange Ventures
- » Ezz Osama of Alex Angels
- » Aalaa Gamal of Flutterwave
- » Kenza Lahlou of Outlierz Ventures
- » Nouredine Tayebi of Yassir
- » Pierre Tachot, Innovation Expert
- » Ammar Hmid of PestroEat in Libya
- » Ilham Warda Tahraoui, Startup Entrepreneurship Expert, Blue Economy Project - Fisheries and Aquaculture, Algeria at Expertise France
- » Mohamed El Zakey and Mohamed Omer El Haj from Tirhal
- » Hiba Sharief, Founder and Chief Strategy Officer at Elevoro
- » Aya Zaghnine, Aya Zaghnin, Business Angel and Investment Associate at Delphos International
- » Germine Bouchnack of Middle East Venture Partners
- » Nada Samy of Brimore
- » Fatima Zahra Bennani Venture Capital Investment Officer at 212 Founders
- » Nour Ibrahim, Marketing & Communications Officer at AUC Venture Labs
- » Mohamed Abbas Senior Manager, Innovation and Entrepreneurship at GESR
- » Idriss Ayodeji Bello, Founding Partner at LoftyInc
- » Tamer Azer, Partner at Shorooq Ventures
- » Nahla Ibrahim, Director of Data, Monitoring & Evaluation at Flat6Labs
- » Tiziana Bombassei, Global Partnership Manager at Seedstars

By weaving together our data with these 'voices from the ecosystem' we are able to shine a spotlight on the ecosystems within North Africa and, perhaps more importantly, for the opportunities for the region as a whole.



Dario Giuliani
Director, Briter Bridges Ltd.

INTRODUCTION

The North African startup ecosystem, which includes Algeria, Egypt, Libya, Morocco, Sudan and Tunisia, has experienced steady growth over the past few years. The number of deals into the region more than doubled from 2019 to 2021 with the total amount being invested into the startup ecosystem more than quadrupling. As of May 2022, startups in these six countries have raised nearly a half a billion dollars and account for nearly 10% of the total known and disclosed funding to the whole continent since 2013.

This growth is playing out differently within the region as the maturity of country ecosystems vary. Egypt is home to the most mature ecosystem in North Africa with the volume of funding into startups nearly equaling the sum of the other five countries. Startups from Algeria, Morocco and Tunisia are attracting more and funding on the back of strong government support and a condu-

cive enabling environment, particularly from the Middle East and Europe. After a decade of unrest, Libya and Sudan are also gradually turning the tide albeit from a much lower position.

'The Innovation and Investment in North Africa' report explores the drivers of the startup ecosystem in North Africa, as well as the resulting regional ecosystem landscape before shining a spotlight on the recent development and trends shaping the ecosystems across the six countries. It builds on Briter Intelligence data and a collection of perspectives from founders, investors, and ecosystem enablers based in the region. Throughout the report we present these perspectives as 'voices from the ecosystem' to offer additional insight into the trends shaping the current and future of these startup ecosystems across and within the North Africa region.



« Western Sahara is also included in the North Africa region, but is not covered in this report.

METHODOLOGY

Briter's reports draw on quantitative data from our Briter Intelligence platform and qualitative insights from our network of ecosystem stakeholders across Africa. The Briter intelligence platform tracks deal flow into companies operating in Africa for startups in the technology, digital and green sector. As of August 2022, it included data on more than 6,500 startups with an operational focus on Africa, more than 1,100 investors, 900 hubs, and counts 85 sectors and 430 sub-sectors. Where possible we also draw on publicly available data from other studies for our reports.

This report draws on data from the Briter Intelligence platform on nearly 1000 startups, 160 investors and 240 hubs. It also draws on insights from more than 20 stakeholders operating the region. With the exception of Libya and Sudan, the startups included in the mappings do not include all startups in the region and rather those that have:

- » Publicly disclosed raising funding
- » Operate primarily in North Africa, even if they are incorporated abroad
- » Operate in the technology, digital or green sectors of the economy

The startups in the report are categorised by their primary country of operation in the region and based on their primary sector of operation and product offering. It is also important to note that some deal flow data is not made public. We manage this by categorising the deal flow data as followed:

- » 'Disclosed' funding refers to investments that have been announced publicly.
- » 'Undisclosed' in the funding values refers to deal values whose amounts have not been disclosed.
- » 'Unspecified' refers to deals whose stages have not been announced.

The report also draws on insights from more than 20 stakeholders operating in the region and includes 'voices from the ecosystem'. Where possible we included additional data and information from other publicly available databases and reports.

ECOSYSTEM DRIVERS

The ecosystem drivers unpacked below are some of the key factors that have most directly shaped the current startup landscape across the North Africa region and within the six countries. They do not aim to be comprehensive, but rather reflect the factors that were most often mentioned by ecosystem stakeholders in the region.

1 The first is **geography**. The North Africa region is a geographical sweet spot between the Middle East, Europe, and sub-Saharan Africa, with many companies based across the Middle East and Europe using North Africa as an entry point for scaling to the rest of Africa. Investors and corporates in the Middle East and France in particular are showing interest in the region. The Middle East because the six countries in the region are native Arabic speakers. France because three of the countries are French Speaking, Algeria, Morocco and Tunisia.

2 The second is **market size**. Larger populations are often considered more attractive as they equate to larger market sizes and more consumers. While the region as a whole has a population of nearly a quarter billion people, country populations vary widely. Egypt is home to nearly half of the region's population whereas Libya has less than 3%. Algeria and Sudan each represent nearly 20% of the population. Morocco and Tunisia represent 15% and 5% respectively. These population sizes often shape the strategy that investors take in different markets. For example, Egypt is considered a large enough market for startups to target as a final destination, whereas startups in Morocco and Tunisia need to prove their ability to scale to other markets to attract investors.

"There is a lot of interest from players in the Gulf and the Middle East in North Africa, suggesting that common language and geographical closeness play a role in increasing the investment appetite of investors and funds."

Diego Arias García,
Africa Ventures, Plug and Play

"Due to the sheer size, founders can justifiably target Egypt as a final market. In comparison, Morocco is a great testbed for founders to use to expand to the Maghreb, Francophone Africa, or to Europe through France."

Diego Arias García,
Africa Ventures, Plug and Play

"There is a degree of interest from VCs from France into the french speaking North Africa"

Ouis Abdessadok,
Investment manager, Orange Ventures

"Since the Tunisian market size is relatively small, it is crucial for Tunisian startups to demonstrate their scalability potential to be able to attract international investors"

Haithem Kchaou,
Founder of Reedz

3 The third is the **enabling environment**. While market size has played a major role in shaping ecosystems across North Africa, it is not the only driver of growth. For example, despite its relatively small population, Tunisia has been successful in building a startup ecosystem and attracting funding for it. The government of Tunisia has been proactive at building an enabling environment for startups and investors through the introduction of the Startup Act in 2018. The Algerian government adopted a similar strategy through the establishment of the dedicated Ministry of Startups and the launch of their Algerian Startup Fund. Startups in Algeria also receive tax benefits and exemptions from restrictions on foreign investments. Other countries in the region have taken note and several governments are actively working on making the regulatory environment more conducive for startups and welcoming for foreign investors. In some cases governments have gone even further to facilitate investment for startups. In Morocco, Innov Invest Fund, supported by the Moroccan government, World Bank, and European Union, and launched by Morocco Guarantee and SME Finance Corp, provides grants to startups and is part of an agenda to make Morocco more startup-friendly, create employment, and increase the robustness of the private sector.

“There has been a lot of progress in terms of regulation in just the past 3 years. Governments are getting more progressive in the space of regulation, especially in Tunisia and Egypt.”

Germine Bouchnack,
Associate and Egypt Operations Manager,
Middle East Venture Partners

“The Ministry Delegate for the Knowledge Economy and Startups has been created with the vision to encourage entrepreneurship in Algeria by creating an incentive framework to valorise startups and facilitate their work and access to the market. The Ministry is at the centre, and collaborates closely with all the other ministries to create bridges connecting startups with various ministries according to the sector they are operating in”.

Ilham Warda Tahraoui,
Startup & Entrepreneurship Expert, Expertise France

4 The fourth is the **internationalisation** of the region. The geographical location and conducive business environment in Egypt, Morocco and Tunisia has led to increased internationalisation in the region in the past few years. Homegrown companies are expanding outside of the region, and small and large global corporations are opening offices in the region to expand their operations to the continent. For example, a number of international venture capital firms have set up in Egypt. Regional and international accelerators are also making North Africa their home, including Plug & Play who launched an innovation centre in Morocco in 2020, and Endeavor and Flat6Labs who opened offices in Tunisia in 2017. Several investment banks have launched operations in the region and a number of global technology companies have set up operations including Google, Salesforce and Microsoft, amongst others. Most recently the French Public Investment Bank (Bpifrance) opened its North Africa office in Morocco in 2021. The internationalisation is also attracting interest in the region’s talent. A number of big technology companies such as Sofrecom now have offices in Tunisia, Morocco and

Algeria, and are recruiting local developers. With the adoption of remote work this is only likely to increase.

“There has been substantial growth in the number of VCs operating in and investing in Egypt and that this number has more than doubled in the past 2 years.”

Germine Bouchnack,
Associate and Egypt Operations Manager,
Middle East Venture Partners

“We have started investing in North Africa, leveraging on local assets and creating local synergies between startups and Orange.”

Ouis Abdessadok,
Investment manager, Orange Ventures

5 The fifth is **regionalisation**. The growth of the investment and startup landscape in North Africa is accompanied by increased market entry and expansion within the region. For example, Moroccan Dabadoc expanding to Algeria, the acquisition of Moroccan Waystocap by Egyptian MaxAB, and the acquisition of Tunisian Q-Commerce app Lamma by Egyptian Appetito. Local Angel networks are also broadening their focus. For example, Cairo Angels now invests beyond Egypt. This trend is also reflected amongst investors and international corporations who increasingly look towards North Africa as a region for their investment and business strategies.

“There are great Egyptian startups with strong product market fit who have been growing in Egypt and want to expand in the region. The next natural market for them is Morocco, and as a VC, we want to play a key role in this. MaxAB, for instance, is expanding after acquiring one of our portfolio companies in Morocco. We have also helped Garment.io in their expansion to Morocco from Egypt. Since the Moroccan market is small, Moroccan startups have to expand to new markets as soon as they have a product-market-fit. The same applies for Tunisia.”

Kenza Lahlou,
Co-Founder & General Partner, Outlierz Ventures

6 The last key driver is **digitalisation**. There is a growing focus on digitalisation and technological advancements across the region. North Africa already boasts the highest percentage of adults with mobile phone and internet access in Africa¹. The former has contributed to the rapid rise in the number of startups in online commerce and fintech, which account for the majority of startups in the region. Mobile apps, in particular, have shown a lot of growth and traction among users as compared to traditional websites in e-commerce, fintech, and ed-tech in Morocco, Sudan and Tunisia. Morocco, in particular has seen immense growth in the digital industry around online commerce and the digital transactions of goods². Even in Libya where the lack of political and business leadership has resulted in an underdeveloped startup ecosystem, digitalisation has taken hold. Social selling, where individuals buy and sell goods and services through social media marketplaces, is very popular with more than 90% of the population active

on social media platforms³. Governments are also supporting the fintech industry as an enabler for broader digitalisation of trade. Tunisia and Egypt have introduced regulatory sandboxes to support fintech innovation, whereas Morocco has one in progress.

“E-commerce as a website, however, is not well adapted in Sudan. Most of the penetration happens through mobile commerce.”

Ahmed Elmurtada, Managing Partner, 249Startups

A LOOK AT THE ECOSYSTEM

The ecosystem landscape in North Africa is made up of three broad categories of stakeholders: startups, funders, and ecosystem support organisations. In many cases, stakeholders in one category also play a role in another, creating a positive feedback loop for the ecosystem. For example, many of the successful startup founders in North Africa are also angel investors and provide support to other startups. In addition, many of the ecosystem support organisations, like accelerators and hubs, are early stage investors.

“The fintech space - while rapidly growing - still has plenty of room for innovative solutions that can transform financial processes and ease existing pains. Areas like insurtech, wealth management and savings are still behind, while payments and lending continue to attract the majority of founders.”

Nour Ibrahim, Marketing and Communications Manager, AUC Venture Lab

SIZING THE MARKET

Briter Intelligence counts more than 1000 digital, green, and technology-driven startups operating in the North Africa region offering more than 300 products across more than 50 sectors. The majority of startups in the region are in Egypt with an increasing proportion in Tunisia and Morocco, followed by Algeria, Sudan and then Libya. The top sector attracting startups is e-commerce, which represents nearly a quarter of all startups, followed by fintech and health. Other notable sectors include logistics and edtech. Within e-commerce, online retail makes up more than half of the products offered by startups. Within fintech, nearly half of all products are payments solutions. There is still much room for further innovation. While startups in logistics and health lag behind fintech and e-commerce in terms of total numbers, their product offerings are already more diverse, ranging from delivery to supply chain management, trucking and shipping, and from telemedicine to doctor bookings and online marketplaces for pharmaceuticals. Funding into these sectors is discussed in more detail in the investment landscape section below.

Startups also play a role in funding and supporting other startups. They are continuously working with other startups to create an ecosystem of innovation. Egypt, Morocco and Tunisia are currently in a cycle in which the presence of more startups is creating a greater supporting structure, triggering increased media attention, which in turn encourages more startups.

“There is a pay it forward ecosystem where founders are able to share learnings and help each other succeed, guarantee money, innovation, and strong teams of intelligent people.”

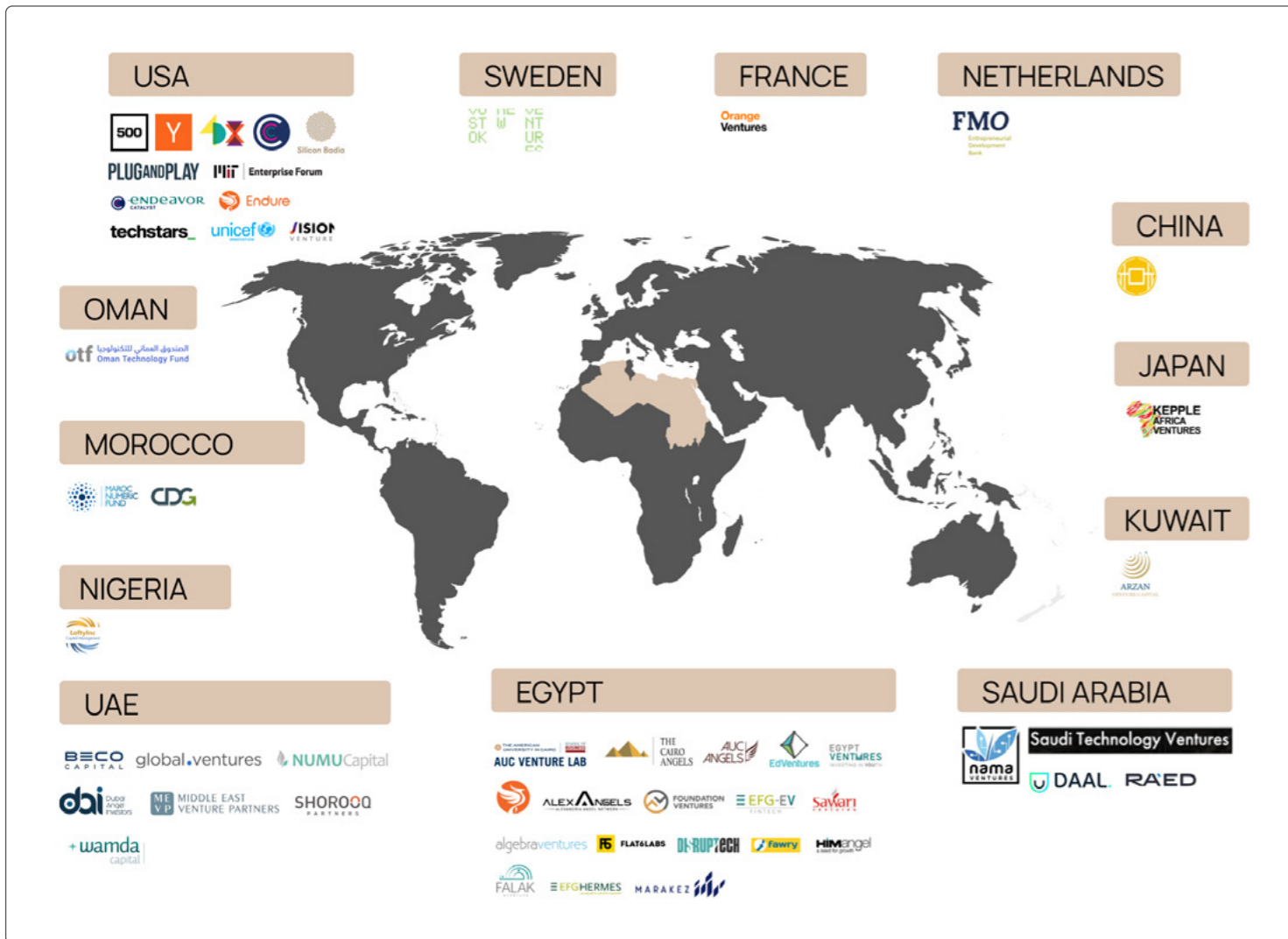
Noureddine Tayebi, Founder, Yassir

« It should be noted that there are likely more active startups in the country than what is listed, as the mapping only reflects innovative players in the ecosystem with a strong digital presence.

FUNDING PARTNERS

There are more than 160 investors active in North Africa out of more than 1300 across the continent. Many of the most active investors are based out of the United States,

Egypt, Saudi Arabia, and United Arab Emirates, showcasing a high presence of both local and international investors. Some of the most active investors across the region are highlighted below.



Investors do more than provide capital for startups. They also help startups scale by providing access to networks, resources, and expertise. In addition to this, investors provide other forms of support, such as mentorship and advice. By helping startups grow and providing valuable resources, the supporting stakeholders play a crucial role in the success of the ecosystem at large. There are

five major investor types in the North Africa region: venture capital firms (VCs), accelerators, angel investors, development finance institutions and governments.

Egypt especially has seen growth in investments by global VCs, for example, Partech Partners and Middle East Venture Partners. Tunisia and Morocco have also attracted VCs

in recent years, such as Orange Ventures, who has started investing in North Africa, leveraging on local assets and creating local synergies between startups and Orange Telecommunications.

“Creating an ecosystem of VC funds with high added value for Tunisian Startups is one of the main goals of the Startup Tunisia Initiative.”

Salma Baghdadi,
Ecosystem Director, Smart Capital

The angel investment landscape is led by high net worth individuals, C-level executives, and founders, and is also well developed in the region. Egypt, for example, boasts a number of networks, such as Alexandria Angels, AUC Angels, and Cairo Angels. The latter focuses beyond Egypt to the North African region as a whole. Algeria is home to Casbah Business Angels Network (CBA), Morocco counts two main networks, Moroccan Business Angels Network (MoBAN) and Africa 4 Angels powered by LaStartup Factory. Tunisia is home to Carthage Business Angels (CBA), and DAMYA, the first Woman Business Angel Network in Tunisia. With the support of 249 Startups, Sudan launched its first Business Angels Network, Sudan Angel Investors Network. As for Libya, Libyan Business Angel Networks Business was launched in 2021 with the support of the European Union.

The North African diaspora also plays an important role in the angel investment landscape. The Maghreb Diaspora Business Angels Network (MDBAN) was launched with the vision to invest in and support the development of Maghreb-born startups. In

Tunisia specifically, a diaspora community formed the Business Angels Network Bridging Angels and are now actively investing in Tunisian startups. Many diaspora networks also play a role beyond investing. In Sudan, the diaspora is supporting the Sudanese startup ecosystem through Sudan NextGen initiative. In Libya, ecosystem support organisations have targeted diaspora for mentoring and financial support.

Lastly, there is an increased presence of funds supported by governments and development finance institutions that invest in other funds in the region to channel support to startups. For example, in Tunisia, GIZ and the World Bank partnered with Smart Capital to launch two funds aimed at startups and startup support structures. Egypt has recently launched a \$50 million venture capital programme with the World Bank to support young innovators, scale existing startups into other countries in Africa and develop incubators and business accelerators to strengthen the tech ecosystem⁴. In Algeria, the Algerian Startup Fund (ASF) is supported by the government and has already granted 3.2 million euros to 390 startups in Algeria.

“Despite the presence of funding options mainly from public institutions, access to funding remains a challenge for Algerian startups since the tickets available do not allow them to take off. Awareness-raising actions targeted to private investors are carried out in order to encourage investment in startups. The ministry’s ASF initiative plays a key role in this work.”

Ilham Warda Tahraoui,
Startup & Entrepreneurship Expert, Expertise France

SUPPORT ORGANISATIONS

There are three other types of funders that provide support to startups across the region: corporates, hubs and banks.

Corporates are getting increasingly more involved with startups in the region. This relationship has taken different shapes, including corporate venture funds, corporate initiatives, and sub-contracting of tasks to startups. For instance, EFG Hermes, a financial services and investment bank, is partnering with Egypt Ventures on the EFG EV Fin-tech accelerator to invest in rising fintechs in the country. Google Ventures and Salesforce Ventures are other examples of corporate ventures that have actively invested in startups in the region. Many startups are also clients of corporations where they can do tasks traditionally done in-house more efficiently.

“Corporates are increasingly delegating and outsourcing tasks and projects that they can’t easily fix in-house to startups that are productifying inefficient processes.”

Karmah El Naggar,
Communications and Business Development Specialist, Falak Startups

Hubs play a critical role in supporting and funding startups in North Africa. Briter counts more than 160 hubs headquartered in the region, out of more than 1000 active across the continent. Notable hubs in the region include Flat6Labs, present in Egypt and Tunisia, 212 Founders by CDG Invest in

Morocco, IncubeMe in Algeria, Tatweer in Libya, and 249Startups in Sudan. Notable international hubs in the region include Y Combinator and 500 Startups. Hubs take the form of accelerators, incubators, co-working spaces and innovation labs. There has been an increase in hub activity in the region over the last few years. The hubs have continued to offer in-kind and financial support services. The in-kind services include training, advice, mentoring, and giving startups access to their facilities, while the financial support takes the form of grants, non-equity assistance and equity funding. Hubs in the region often play a large role in early stage funding. In Sudan they are the largest provider of local funding for startups.

“Startup support organisations are playing a key role in leveraging Tunisian startups’ growth by providing services that answer their needs. They are partners of the national initiative Startup Tunisia and are supporting their work through dedicated grant-based financial instruments”

Salma Baghdadi,
Ecosystem Director, Smart Capital

Banks continue to be key actors supporting the ecosystem, with loans and working capital playing an essential role for startups of different sizes to scale. More recently, they are moving beyond loans to more closely align with venture capital firms. For example, Egyptian banks and other financial institutions have partnered to launch the Avans Manara fund, a fund that will invest in investment funds to support entrepreneurs and small businesses⁵. Egyptian banks have also partnered with Global Ventures to launch

the Nclude by Global Ventures, an \$85 million MEA-focused FinTech fund aimed at accelerating fintech Innovation and driving financial inclusion in the region. The fund has already deployed its first investments into four startups. In Algeria, a consortium of six public banks launched the Algerian Startup Fund and are actively investing in Algerian Startups. A new public fund is being created by two public banks namely Crédit Populaire d’Algérie (CPA Bank) and Banque Nationale d’Algérie (BNA bank) and will be announced soon.

Outside of the funders identified above, there are two other relevant stakeholders that are supporting the ecosystem in North Africa. The first is **governments**, who play a crucial role in introducing policies and regulations that ensure conducive environments for startups to operate, develop and attract funding. For example, the central bank of Tunisia recently introduced a fintech sandbox where it will work closely with fintechs to shape regulations.

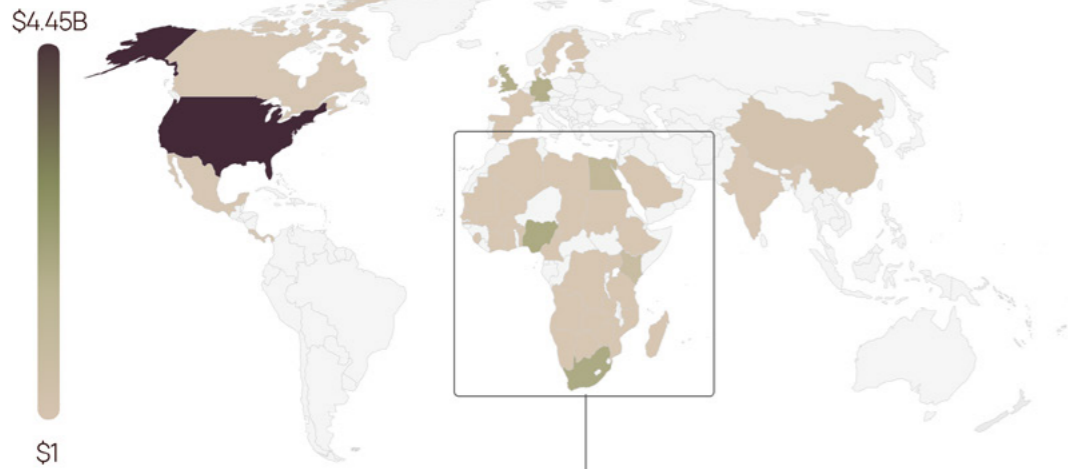
Anis Kallel, Co-Founder and CTO of Kaoun, a startup that was in the sandbox’s first cohort credits higher numbers and a greater conversion rate of Kaoun’s updated product to the programme: “In terms of ease of access to the regulator, we spent two and a half years trying to lobby for specific meetings to launch the first product we have. The direct access to the central bank is good in terms of pushing products. It allowed us to work on a version that is more adapted to the market and to the needs of the consumer in a faster and easier way”.

Lastly, **development agencies** in the region also provide ecosystem support. For example, Prise-Up, a component of the World Bank’s PRISE programme, was kicked off in the region in 2021. The Prise-Up Program

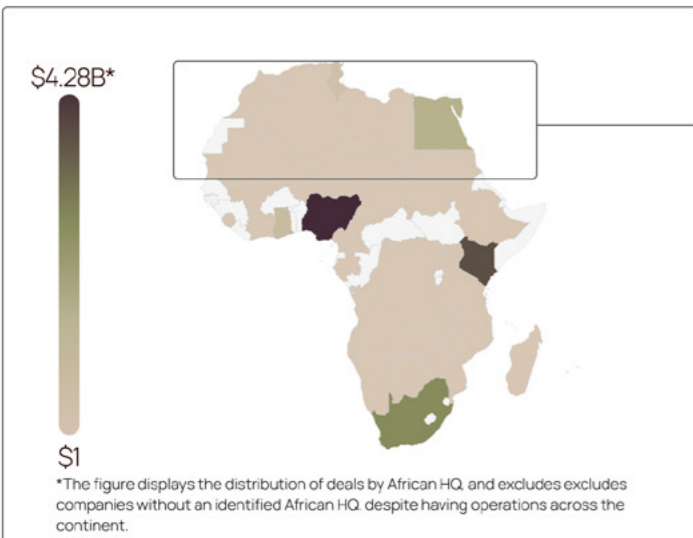
provides support and training to a cohort of early-stage startups from Morocco, Tunisia, Algeria and Libya to prepare them to become market-ready investable ventures. These development agencies are also increasingly working with governments to attract and shape investment.

INVESTMENT LANDSCAPE

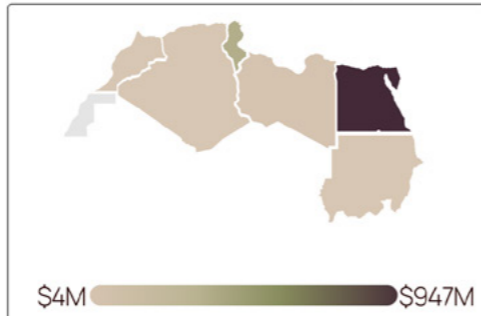
DEALS BY VOLUME : HQ COUNTRIES



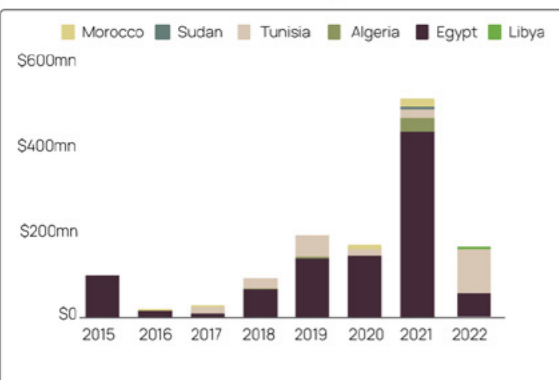
DEALS DISTRIBUTION AFRICA



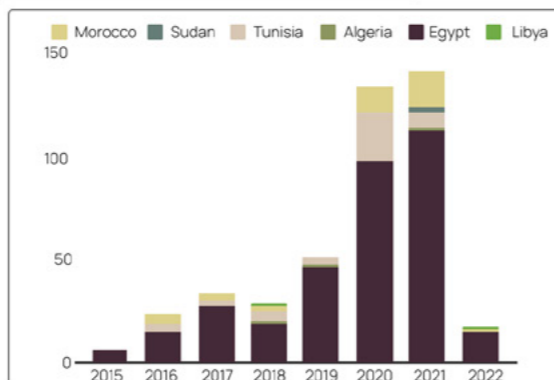
DEALS NORTH AFRICA



FUNDING BY VOLUME



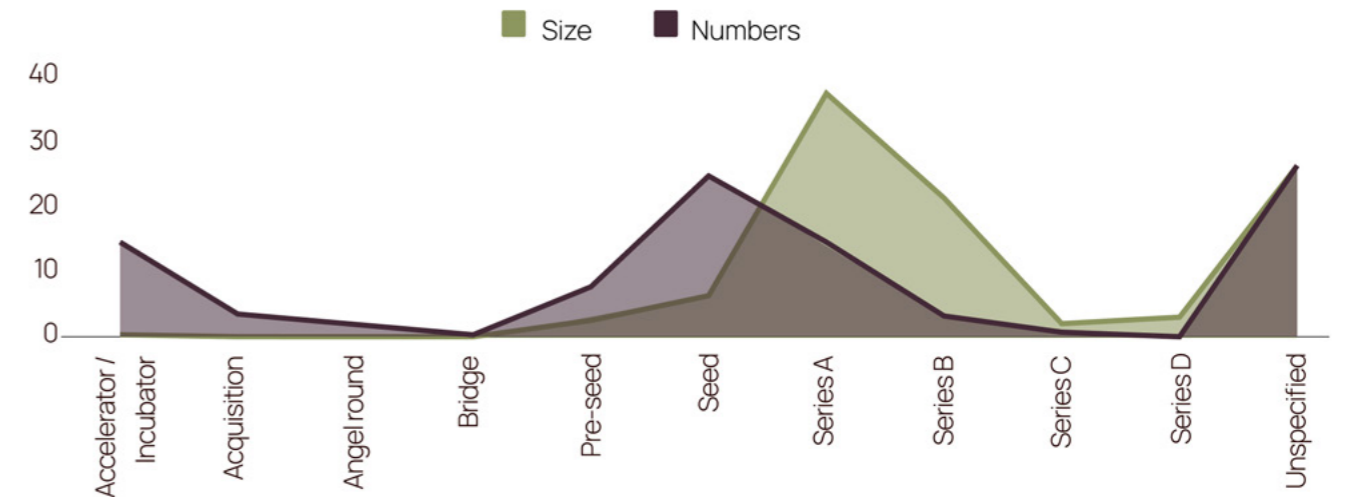
FUNDING BY NO. OF DEALS



Between 2013 and the end of the first quarter of 2022, startups headquartered in North Africa received at least \$1.45 billion in funding across 500+ deals. Egyptian-based startups captured 76% of investments, led by MNT-Halan, Fawry, and Swvl. While Egypt has been the largest driver of growth, startups in Alge-

ria, Morocco, Sudan and Tunisia have all attracted increased funding over the last few years. Notable startups include Yassir and Legal Doctrine in Algeria, Tirhal, BushraPay and Alsoug in Sudan and Chari, WaysToCap in Morocco, and Instadeep, GOMYCODE, Wattnow, and Intigo in Tunisia.

DEAL STAGE



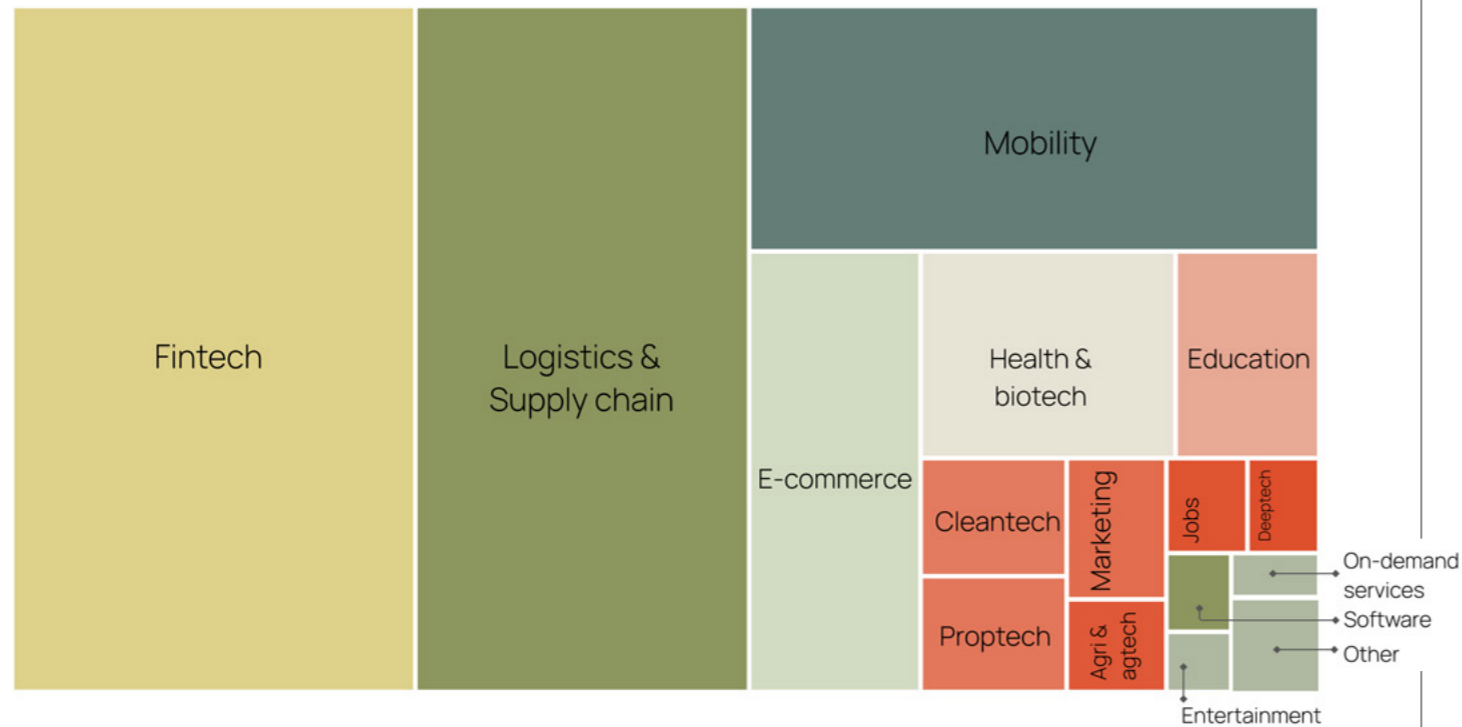
Funding to the region exceeded \$500m in 2021, more than double the funding in 2020, despite having a similar number of deals. This was largely driven by an increase in the median size of deals reflecting the higher valuations observed over the last year, the increasing number of startups attracting later stage funding, and a few megadeals. The biggest number of deals is happening at the seed stage, whereas the largest amount of funding is being captured at the Series A stage. A handful of companies in Egypt are capturing the lion's share of later stage funding. Early stage funding is being driven by an increase in angel networks such as Alexandria Angels and Cairo Angels, and the rise of small-ticket investors such as Flat6Labs and Falak Startups. Additionally, North African

startups, especially those from Egypt, have begun attracting leading global early-stage funds such as Y Combinator and 500 Startups.

"It is becoming harder and harder for individual angel groups to complete one early-stage round by themselves because of high valuations and resulting in higher ticket sizes, and inflated valuations may deter investors from investing."

Ezz El Din Osama,
Investment Analyst, Alex Angels

DEAL VOLUMES BY SECTOR



The top startup sectors attracting funding in the region, in terms of the number of deals landed, are fintech, logistics, mobility solutions and e-commerce. Since 2013, e-commerce and fintech have been the top-funded sectors, reflecting funding trends found across Africa where digital trade and the digital financial services have grown significantly. However, there are many emerging opportunities beyond facilitating digital trade including in education, healthtech and biotech, cleantech and agtech.

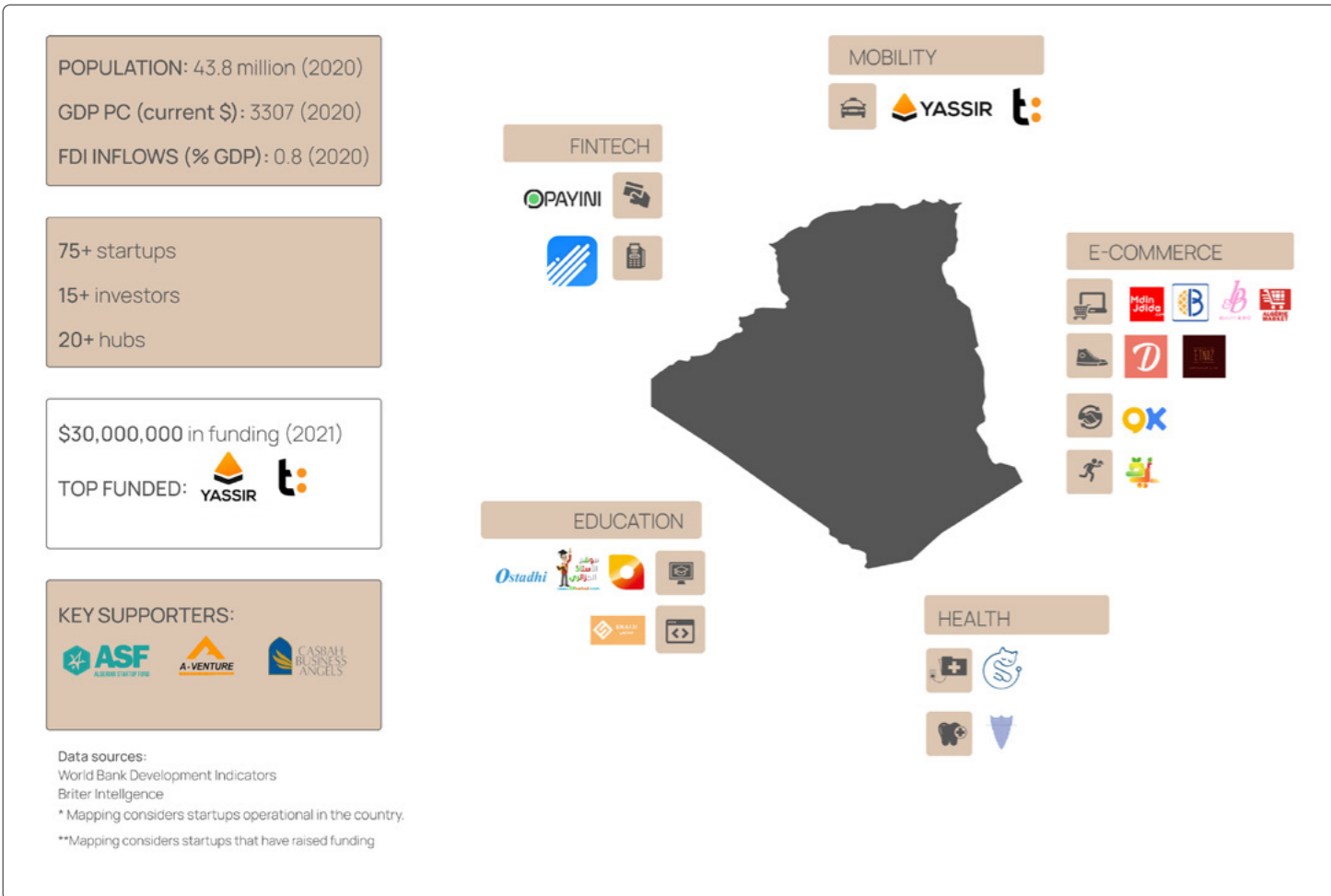
"We are witnessing extensive growth in areas like: fintech (especially embedded digital financial services), e-commerce, food and beverage, and logistics where there is a huge customer base to serve (Egypt's population exceeds 100 million) and there is room for innovation and technological facilitation. We spot highly promising opportunities in sectors like healthtech, edtech and the green economy, however there are still limited capacity building / ideation / early-stage programs to support tech-enabled startups in these sectors."

Ezz El Din Osama,
Investment Analyst, Alex Angels



COUNTRY SPOTLIGHTS

ALGERIA



The Algerian startup ecosystem has transformed over the last few years through the support of the government. Briter counts around 100 digital and tech-driven startups in the country, and more than 15 key hubs, with the majority being incubators and co-working spaces. Fintech, e-commerce, mobility, health, agtech and education are amongst the top rising sectors, with transport companies such as Yassir and TemTem leading in terms of fundraising within the ecosystem. Most of the country's biggest startups are based in Algiers.

The Algerian government is doing more and more to aid the growth of the startup ecosystem. In 2019, the Ministry for Knowledge Economy and Startups was established with the mandate to support the startup ecosys-

tem in Algeria. Startups can apply to the government to be labelled startups and receive tax and parafiscal benefits such as exemptions from business activity tax, corporate income tax and VAT on purchases for investment purposes. In 2020, the government launched the Algerian Startup Fund (ASF) at Algeria Disrupt, an annual startup conference that aims to showcase the Algerian ecosystem at a national and regional level. The fund is managed by a consortium of six public banks and targets startups at the ideation and pre-seed stage⁶. As recent as March 2022, it had disbursed 3.2 million euros to 390 startups. It is supported by a government backed accelerator, Algeria Venture (A-Venture). In May 2022, a \$10 million agreement was signed between A-Venture and the Algeria Investment Fund (AIF) to di-

verify funding for Algerian SMEs and Startups beyond ASF and provide growth and later stage funding⁷.

"Startups require more funding to develop and export than what the ASF may offer them. The signing of the deal with the AIF is a new qualitative step in the assistance of Algerian startups as it will not only provide them funding tools according to their progress, but will also lay the ground for foreign investment funds with which A-Venture has signed collaboration agreements."

Sid Ali Zerrouki,
 General Manager, A-Venture

Other public institutions such as the National Agency for Support and Development of Entrepreneurship (ANADE) are offering financing options for startups. However, there is only one notable private investor, Casbah Business Angels (CBA), a private network launched back in 2013 that actively invests in startups. Further, many local startups struggle to get access to international investors.

"It is tough for startups in the country to raise funding from international investors without a prior network or conviction as the investors and funds often don't know the region. The emergence of a local champion will contribute to creating traction and drive more funding to the country."

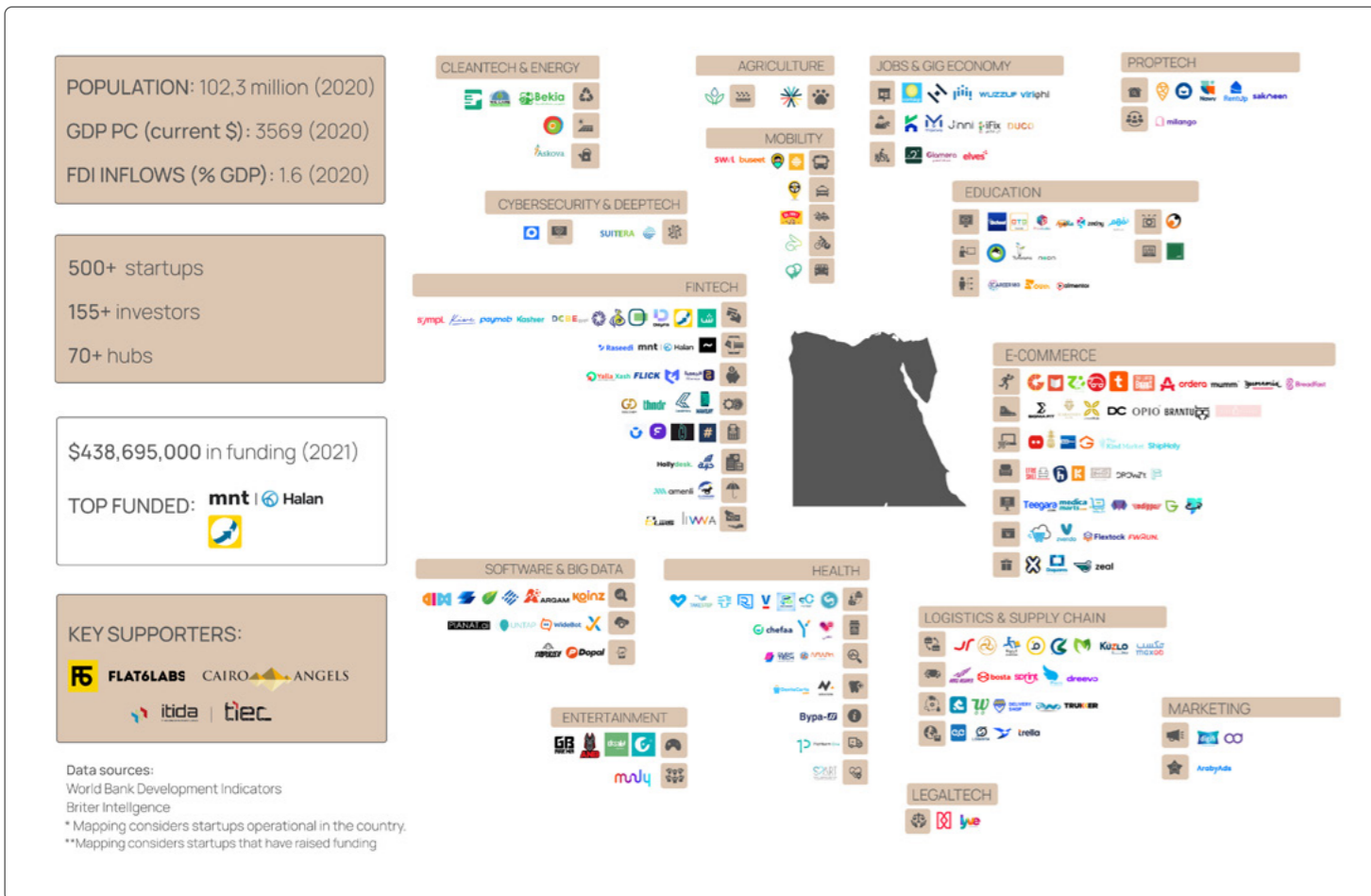
Noureddine Tayebi,
 Founder, Yassir

The government continues to invest in the startup ecosystem. It recently launched a "MY STARTUP" application, to provide entrepreneurs with direct access to the Ministry of Knowledge and Economy and Startups to raise concerns, support them with administrative processes and connect them with financing or brand building opportunities. It also announced the introduction of a Simplified Joint Stock Company legal structure for startups, giving them more flexibility compared to other legal forms.

The support ecosystem is also evolving in Algeria. Startup support organisations are eligible for labelling under the Startup Act. This labelling gives them access to incentives such as tax exemptions and access to public funding. This has led to an increase in hubs, incubators and accelerators. For example, IncubMe, one of the leading support organisations in Algeria, offers support to all African entrepreneurs by giving them access to their on-site incubation programme, Africa by IncubMe program. In addition, there are plans to replicate the A-Venture initiative to other regions of the country with a vision to make entrepreneurship more accessible to youth in Algeria. Initiatives such as INJAZ El Djazair and Groupement Algérien des Acteurs du Numérique (GAAN) are also contributing to the promotion of entrepreneurship culture and providing support to entrepreneurs.

The government is also addressing entrepreneurship and startup skills development. Today, almost every university includes a module on entrepreneurship in its curriculum, and has launched a university incubator in partnership with the Ministry of Higher Education and Scientific Research, with a vision to disseminate entrepreneurship culture among students.

EGYPT



Briter counts at least 500 active digital and technology-driven startups in Egypt. It is the largest ecosystem in North Africa and amongst the top four ecosystems in Africa. E-commerce, logistics, and fintech are amongst the top sectors in terms of both the total number of startups and funding allocation. At the centre of the Egyptian startup ecosystem is Cairo, the third most populous city in Africa and sixth in the world. The sheer size of Egypt and Cairo make it attractive for startups and investors.

Startups, hubs, and investors are clustered in these cities. Cairo is home to most of the country's top-funded startups including MNT-Halan, Fawry, Swvl, MaxAB, Trella, and Zezeeta. In June 2022, the \$1.5 billion Egyptian bus-hailing startup Swvl was the first ever North Africa startup to be listed on Nas-

daq⁸. Alexandria also boasts a vibrant startup ecosystem including recently funded grocery platform Tawfeer Market and agritech company ZR3i.COM. The city also hosts a range of investors and hubs, including Startups of Alex and Alexandria Angels.

The support landscape in Egypt is growing. Briter counts more than 70 hubs, many of which are incubators or accelerators. More than one third of Egyptian startups have participated in an accelerator programme, with AUC Venture Lab, Flat6Labs, Falak Startups, Athar and TIEC being the most active startup support organisations⁹.

"The ecosystem in Egypt is at an inflection point. 10 years ago, individuals were not familiar with the word "entrepreneurship". Today, we're seeing fresh graduates and experienced professionals considering entrepreneurship as a viable and desirable career choice. The investment space continues to grow as more local funds arise, older ones prepare for new fund announcements and financial institutions get more involved in the scene. Regional and international funds are also eyeing the country for the modest ticket prices and growth potential."

Nour Ibrahim,
 Marketing and Communications Manager,
 AUC Venture Lab

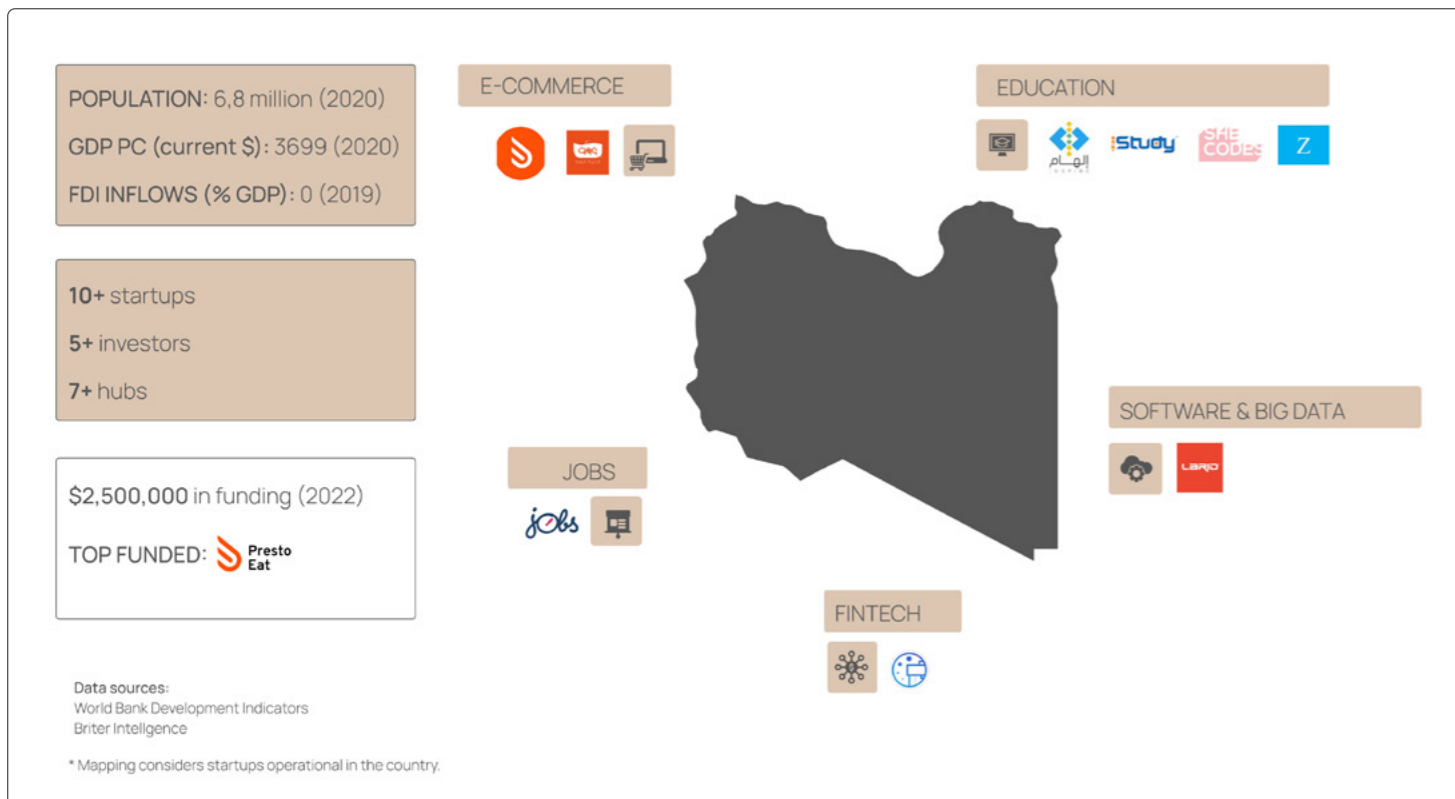
Egypt has the most mature investment landscape in the North Africa region and is considered alongside Kenya, Nigeria and South Africa as part of the Big 4 in Africa. It has become a destination for international investors since 2017 and now counts 120+ active local and international investors with accelerators such as 500 Startups, Falak Startups and Flat6Labs Cairo also playing a role. The majority of investors in Egypt are international, including Silicon Badia, BECO Capital, Global Ventures, Launch Africa Ventures, amongst others. However Egypt has always maintained a strong local funding ecosystem with active local VC firms such as Sawari Ventures and Algebra Ventures as well as the local angel networks mentioned above. Some of these angel networks are moving outside of Egypt to the rest of the region and some are even moving beyond the region. For example in 2022, Cairo Angels announced its latest investment in the Nigerian FinTech CredPal¹⁰.

The Egyptian government has been proac-

tive in supporting the startup ecosystem through various initiatives implemented by the IT Industry Development Agency (ITIDA), an affiliate of the Ministry of Communications and Information Technology. Among those initiatives is Creativa Innovation Hubs, a network of innovation hubs located in public universities acting as a catalyst for business between the government, private sector, and universities. Six technology innovation hubs have been established so far with a plan to extend this network to an additional 15. ITIDA is also working towards attracting more VC funding for startups. Its five-year strategy aims to attract \$1.5 billion of VC investments in Egyptian tech startups. In April 2022, ITIDA signed a cooperation protocol with the General Authority for Investment and Free Zones (GAFI) and the Financial Regulatory Authority (FRA) to formulate attractive regulations to support startups growth and facilitate local and global VC investments in Egyptian startups, such as the use of convertible instruments¹¹.

The government has also taken a specific interest in supporting Fintechs. In June 2019, the Central Bank of Egypt (CBE) launched a Regulatory Sandbox for Fintechs¹². More recently, a regulatory framework for Fintech was introduced. The Central Bank of Egypt (CBE) also allocated \$64M for a Fintech Innovation Fund, an investment vehicle aiming to support FinTech startups¹³. The private sector has also gotten involved. Three Egyptian banks, Banque Misr, National Bank of Egypt, and Banque du Caire, recently launched an \$85M Fund targeting investments in FinTech startups operating in the MEA region¹⁴. Four investments have been already deployed in four companies.

LIBYA



The startup ecosystem in Libya is growing at a very slow pace. Despite various projects launched by the UN and several development agencies active in Libya to support the Libyan startup ecosystem, it is not evolving as expected. Persistent political instability and a small private sector mean there is limited leadership. The ecosystem remains fragmented and constrained.

Briter Intelligence counts at least 10 key startups in Libya operating across a range of sectors. There are several notable ones including Elham Education, a startup offering technology-based solutions for learning and training, which won the Libyan leg of Seedstars in 2018¹⁵, Miza, a fintech firm, which has successfully registered more than 300,000 users since 2017¹⁶ and Presto, Libya's first super app, offering different services under its platform, from food and grocery delivery to e-commerce and last mile delivery. Presto has raised around \$4M to date to build out its offerings and expand to more cities in Libya¹⁷.

The government has also tried to support the ecosystem through working directly with some startups. Lamah, a technology infrastructure provider, recently signed a memorandum of cooperation with the Ministry of Labour to provide integrated digital services¹⁸. Furthermore, Moamalat, a subsidiary of the Libyan Central Bank, recently launched the country's first e-commerce platform to support the digitalisation of the retail sector.

However, for most startups in Libya, the reality is that there is very limited support. There are only a few coworking spaces, a handful of coding schools and one incubator. The incubator, Tatweer, is in Benghazi and is financed by the UN and some Libyan companies, but not a lot of startups emerge from it. There used to be an incubator in Tripoli, but it has recently been shut down. There are plans to open a new one in Tripoli by November 2022.

In terms of funding, due to the country's current situation, international investment is

not an option for Libyan entrepreneurs. To survive, the majority of startups are either bootstrapping, accessing grants from NGOs and development finance institutions or being backed by local businessmen who are expressing an increasing interest in startups. However, there is no legal framework for investors in the country, and setting up a venture capital firm is not possible. Further, banks play a very limited role and most young Libyans are not comfortable asking for loans.

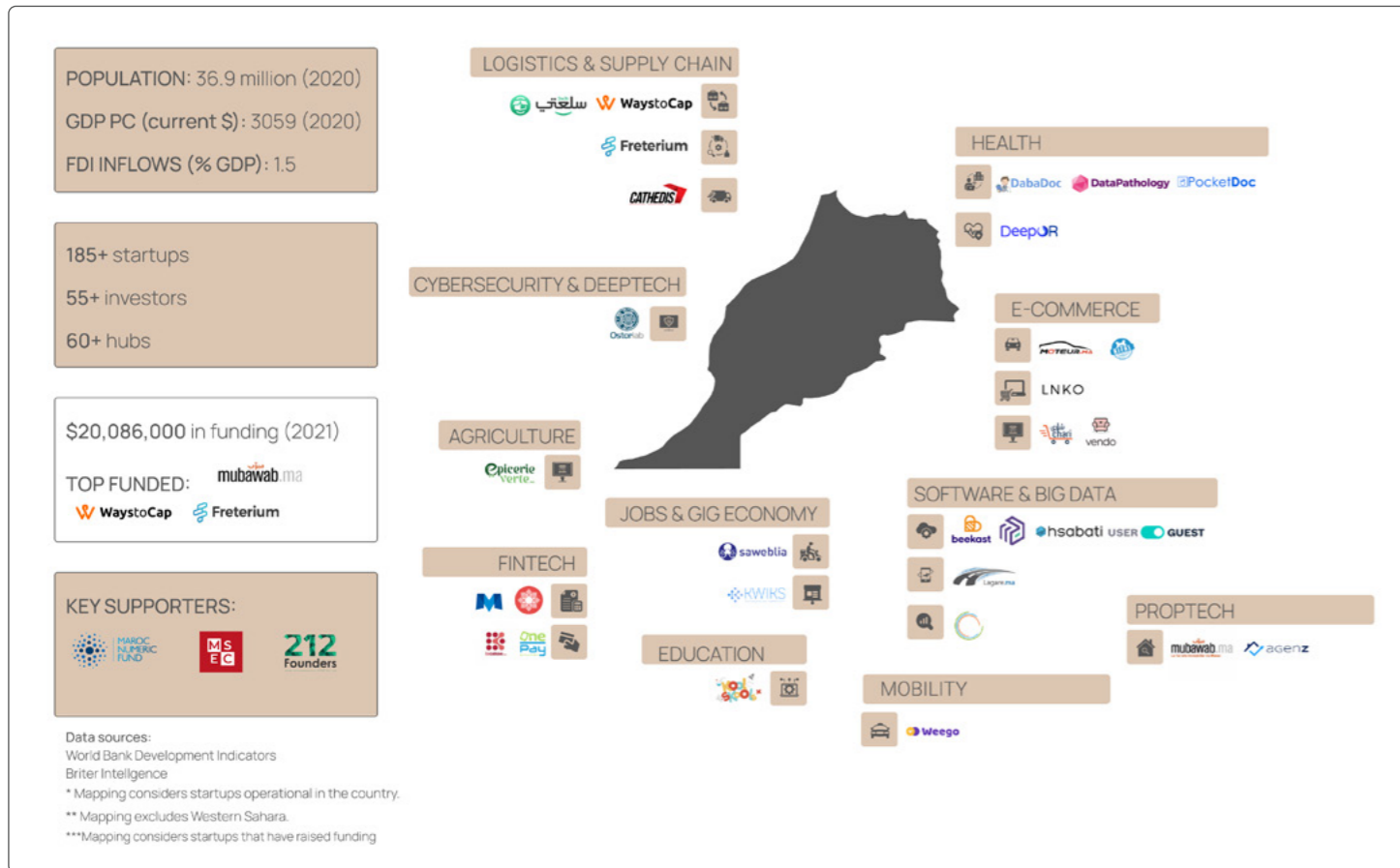
Despite this lack of support, Libya remains an attractive market for local and foreign startups. It still has one of the highest GDP per capita in the region and it boasts a high level of digital connectivity. More than 90% of the population are active social media users with more than 6 million Facebook users¹⁹. Further, advertising on social media remains very inexpensive. Social selling, selling goods and services over social media marketplaces, is a big industry. There are around 7,000 to 10,000 orders placed daily in Tripoli²⁰. Nearly all of these orders are cleared in cash and delivered by individual sellers. There remains a big opportunity for startups targeting financial services and retail, as shown by Miza and Presto.

"Access to the internet is cheap in Libya, and there is a high proliferation of smartphones which explains the boom of social selling mainly through Facebook, with cash on delivery being the top payment method used in Libya. There is definitely room for tech solutions to digitise services."

Ammar Hmid,
 Founder and CEO, Presto

With relatively cheap access to the market, a lack of competition, relatively high incomes for the region, and the increasing need for tech solutions to meet basic needs, Libya may be a very interesting market for the startups of the region to expand to.

MOROCCO



Briter counts more than 200 digital and technology-driven startups, with e-commerce representing by far the biggest sector, including top funded B2B platforms Chari.ma and Waystocap. Other sectors, such as proptech, have shown signs of growth, with companies like Mubawab raising over \$15 million in investment. The digital industry has seen immense growth during the pandemic, as strict regulations and limitations to movement during the lockdown propelled the growth of online commerce websites and digital transactions of goods²¹. The Moroccan startup ecosystem is becoming an increasingly beneficial launchpad for entrepreneurs to set up their businesses, validate their ideas, and develop paths to scale through North Africa, the Gulf, Europe, and the rest of the continent. For example, Chari.ma recently expanded into Tunisia and acquired Diago in Côte d'Ivoire²².

Briter identifies at least 60 support organisations in Morocco. In 2019, 19 startup support organisations came together to create the professional federation of the Moroccan startup ecosystem (MSEC). Although the majority of those organisations are concentrated in Casablanca and Rabat, local support structures are emerging in other cities of Morocco. In addition, some Moroccan ESOs are expanding their focus to the North Africa region, such as Impact LAB and La Startup Station. A number of these ESOs provide grant funding to startups as well. The public institution CDG (Caisse de Dépôt et de Gestion) is also a key player in the Moroccan startup ecosystem. In 2019, CDG launched the public accelerator 212 Founders to support Moroccan startups and has invested in 50 startups so far through its CDG Invest Fund.

International support organisations also play

a key role in driving the support ecosystem. In 2020, Mohammed VI Polytechnic University (UM6P) partnered with global innovation platform Plug and Play Tech Center to launch its first office in Africa²³. The Plug and Play office, sponsored by OCP group, offers entrepreneurs and startups a space where they can innovate without any prior setup. UM6P also invests in startups through its seed-stage VC fund UM6P Ventures. It recently announced an investment in the renewable energy startup ATAREC in March 2022²⁴.

Recent reforms have also made it easier for startups to attract international capital, making Morocco more attractive to investors. Crowdfunding was legalised by the Moroccan parliament in 2021. The Simplified Joint Stock company legal form also went into effect in the same year offering a more flexible legal form for startups. The Central Bank, Bank Al-Maghrib (BAM), recently announced that it is designing a crypto regulation outlook in consultation with a global financial institution to support crypto startups. Further, BAM is working with 212 Founders to implement a regulatory sandbox targeting Fintech startups.

the launch of public programs such as the Innov Invest Program deployed by Tamwilcom, previously known as CCG, in 2017. The programme is run by a network of 16 incubators and accelerators. It provides funding instruments for startups at different growth stages and created three public VC funds focusing specifically on seed and pre-series A funding. The private VC scene is evolving in Morocco with VCs launching new funds. In March 2022, Morocco's Al Mada Holding Group announced the launch of a \$110M pan-african investment fund to invest in fast-growing startups in the continent²⁵.

"The Moroccan ecosystem is growing fast and there will be more interesting opportunities coming up. With more VC funding and regulations getting better, we see the transformation and we are excited for what's coming next."

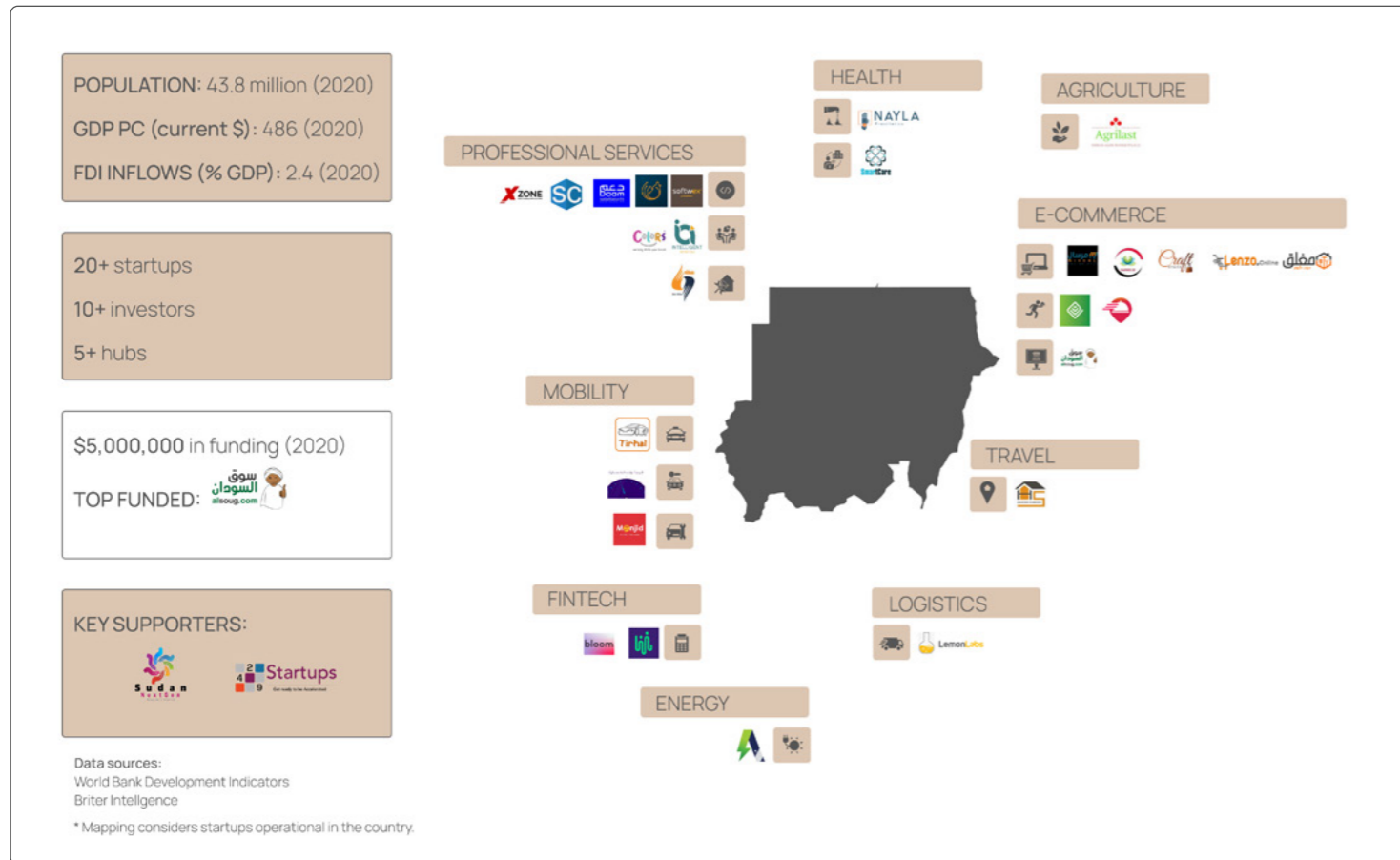
Kenza Lahlou,
Co-Founder and General Partner, Outlierz

"Morocco is doing really well right now, recent reforms have made it easier for founders to open up to foreign capital. The changes in regulation have made it less cumbersome to attract international capital and operate a startup with regional or international ambition."

Diego Arias García,
Africa Ventures, Plug and Play Tech Centre

The government's willingness to support the innovation ecosystem is also reflected by

SUDAN



The digital and technology-driven ecosystem in Sudan is nascent, though a handful of startups have gained regional and international traction, including fintech Bloom, Sudan's first startup to be accepted into Y Combinator that recently raised \$6.5 million²⁶, Alsoug.com, an online classifieds platform that raised \$5 million last year, and Tirhal, a ride-hailing startup with around 3 million app downloads.

"The Sudanese startup ecosystem is slowly picking up, especially after sanctions against the country were lifted... Sudanese developers are very skilled because of the harsh environment that used to be in Sudan. They had to, for example, use VPNs to access Google Resources, Amazon Web Services etc. This made them develop problem solving skills. In terms of cost, developers in Sudan are not as expensive (in comparison to other countries) because the cost of living and internet is low."

Ahmed Elmurtada,
 Managing Partner, 249Startups

In recent years, several initiatives have been launched with international partners to support entrepreneurs and to foster innovation in Sudan. For example, Savannah Innovation

Labs was launched in partnership with Mastercard Foundation and Impact Hub Khartoum, a local chapter of the global Impact Hub, was established. They join 249Startups, a local incubator and accelerator. 249Startups also makes investments into startups and have to date provided around a half million dollars to 75 startups that have participated in their programmes.

Sudan lacks pre-seed and seed funding, and funding for growth stages remains limited. 249Startups recently set up the first equity fund in Sudan, Rhino Investments, in March 2022. The fund has raised \$500,000 to invest in 14 pre-seed or seed-stage startups based in Sudan within the next two years²⁷. The Sudanese diaspora is also contributing to structuring and empowering the startup ecosystem. One of the most prominent diaspora-driven initiatives is Sudan NextGen, an NGO aimed at supporting youth-led and women-led initiatives through access to expertise and resources.

The context in Sudan remains challenging. International sanctions were lifted in 2021, but access to certain digital services remains tricky. Money transfer through VISA and Mastercard is not fully functional yet and several prominent websites are still blocked. Smartphone adoption and internet usage also remains low in Sudan despite strong digital infrastructure. Unlike other countries in the region, there is yet to be a supportive framework for startups and entrepreneurship. Setting-up a company can be complicated and expensive. It costs around 2,000 USD.

However, several companies have been able to thrive in this environment. Founding teams, like the ones behind Tirhal and Bloom, have proven that they can create world class businesses in Sudan with strong balance sheets and margins.

"The biggest opportunity of Sudan lies in the capabilities and the brilliance of the Sudanese talent. Sudan has great minds and highly educated individuals that simply lack the means to collaborate, to be more exposed and more aware of the opportunity that entrepreneurship can bring."

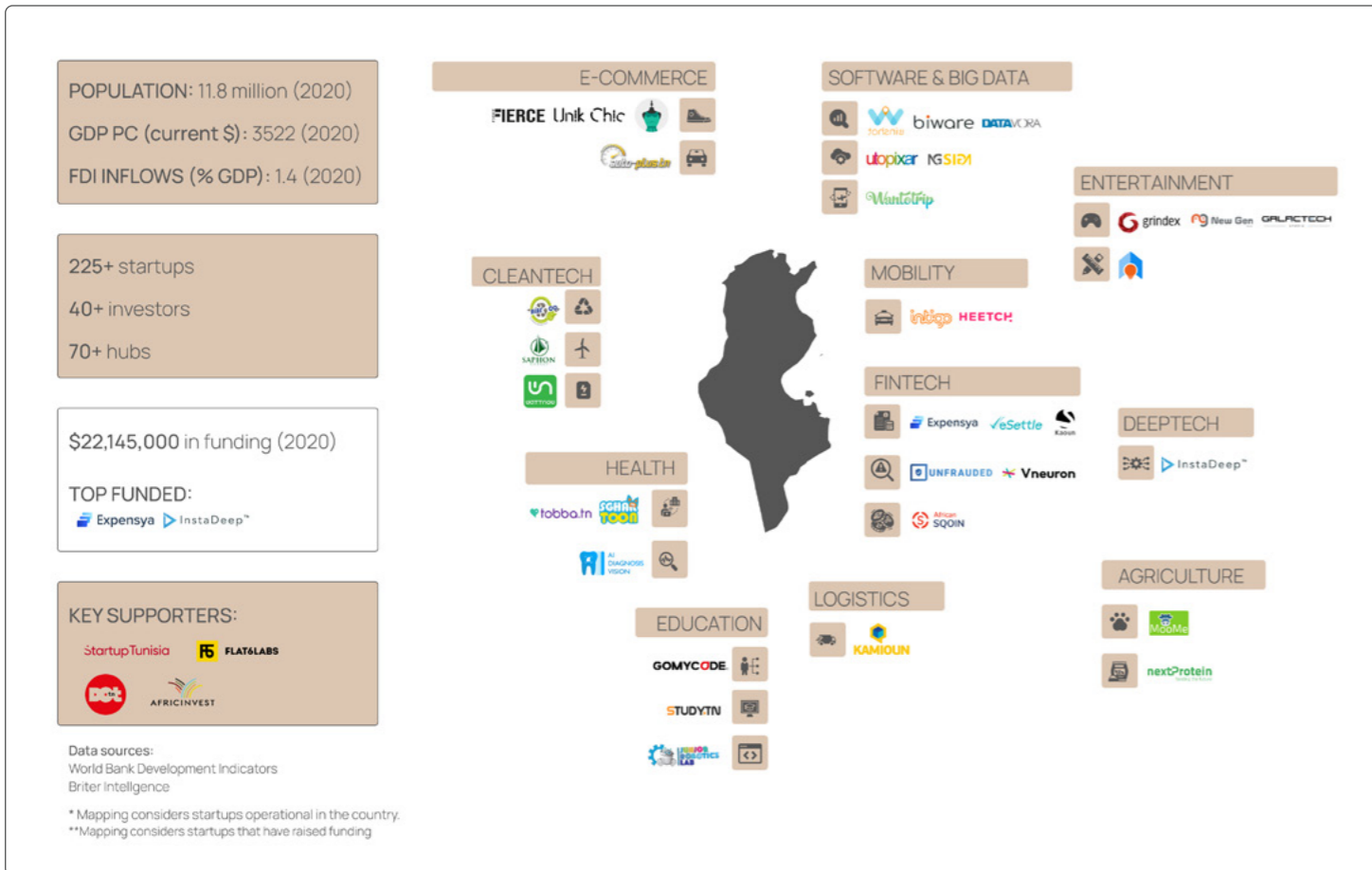
Hiba Sharief,
 Founder/Chief Strategy Advisor, Elevoro

The Sudanese population is mostly tech-savvy. E-payment solutions are also becoming more adopted by Sudanese which makes the FinTech sector one of the most promising ones. In addition, since the Sudanese startup ecosystem is in its early-stages, the market is still untapped with many inefficiencies that startups could cover, and low competition within the startup space making Sudan an interesting market for entrepreneurs targeting fintech, renewable energy and agtech disruption. Despite the lift of sanctions and the fairer startup valuations, access to funding is the main challenges entrepreneurs face in Sudan.

"The problem with Sudan is mostly sentiment. People still think that Sudan is risk averse and that it is still under sanctions which is not true. Sudan needs to convey the message that sanctions were lifted and that it is not as risky to invest as it once was. Holding off the funds may not be fair for Sudanese entrepreneurs who are working really hard and have strong economics".

Aya Zaghine,
 Investment Professional and Early-Stage Investor in Africa

TUNISIA



Tunisia is home to hundreds of digital and technology-driven startups, with large e-commerce and software sectors, and more than 70 hubs providing incubation and acceleration services. Some of the top-funded Tunisian startups include artificial intelligence company Instadeep, and accounting software Expensya, with many more early-stage companies raising funds in recent years. The majority of startups are based in Tunis, followed by Ariana, Sousse, and Sfax, with many of the biggest startups active within multiple cities across the MENA region.

The startup ecosystem in Tunisia has grown significantly through support from the government. The most notable of which has been the Startup Tunisia initiative, driven by the Ministry of Communication Technologies and Digital Transformation. The initia-

tive was launched in 2019 following the enactment of the Tunisia Startup Act in 2018.

The Startup Act provided a legal framework for the launch and development of startups from Tunisia. The Startup Tunisia initiative, implemented by Smart Capital, provides a framework that builds on the Startup Act and includes two additional pillars. The first, Startup Ecosystem, provides funding for ecosystem support organisations and initiatives. The second, Startup Invest aims to create an ecosystem of VC funds in Tunisia.

Under Startup Invest, Smart Capital launched the ANAVA Fund of Funds in 2020 with a target size of 100 million euros. ANAVA aims to invest in more than a dozen investment funds dedicated to startups at each stage of development. In May 2022, Smart Capital, announced its first investment with 6 million

euros invested into 216 Capital Fund I, managed by 216 Capital Ventures. It is the first specialised investment fund (SIF) in Tunisia. More recently, Smart Capital, announced a \$5.2 million investment into regional fund Badia Impact Squared Fund (BIF²) managed by the VC firm Silicon Badia. In Tunisia, the two most active local investors are Flat6Labs Tunis through its Anava Seed Fund, and The United Gulf Financial Services North Africa (UGFS-NA).

“With the growing pipeline of Tunisian startups, creating a Funding continuum for Tunisian startups is becoming a must to provide more funding options to support their growth. Our work won’t stop at the Fund of Funds, we are currently in the process of building two other programmes aimed at catalysing the emergence of local VCs, and thus, build a sustainable local VC ecosystem”.

Salma Baghdadi,
Ecosystem Director, Smart Capital

Smart Capital, through the Flywheel Program, provides funding to startups and entrepreneurs, AIR and AIR². These funds target early stage startups at the proof of concept stage and startups moving to a Series A round respectively. The FlyWheel Program also provides funding to startup support organisations through its DEAL initiative. Support organisations can receive up to \$200,000 to launch new startup support programs. As a result, the support ecosystem in Tunisia is becoming more structured and mature. Specialised startup support organisations and support programs are now emerging. For example, Connect Innov has been established to support Health-Tech

startups, Minassa Lab to support startups in the Creative Industry, and Betacube, a venture builder targeting FinTech and Mobility startups. Corporates are also contributing to the support landscape by launching startup-targeted programs. In partnership with GIZ, EY Tunisie launched Scan&Match, an Open Innovation program aimed at fostering collaborations between big corporations and startups in Tunisia.

One of the major recent milestones of the support ecosystem in Tunisia is the launch of Tunisia’s 1st digital innovation hub, The DOT in June 2021. The DOT is a Public-Private-Partnership project aimed at creating a gateway to the Tunisian Startup Ecosystem while capitalising on the achievements made so far by bringing together the actors of the startup ecosystem to foster synergies and collaborations. Recently, the DOT announced the launch of its newest service The DOT Landing aimed at attracting foreign startups and investors to enter the Tunisian market.

The enabling environment continues to improve. Building on the success of the Startup Act, Startup Act 2.0 was announced in April 2022 and supported by the Ministry of Economy and Planning and the Central Bank. The initiative aims to review the existing legal framework and adapt it to the current and future challenges in the startup ecosystem. It is supported by a National Task Force led by NGO TunisianStartups. The Tunisia government has also taken aim at supporting the fintech space. The Tunisia Central Bank (BCT) launched a regulatory sandbox for fintechs in January 2020 and a national mobile payment switch in June 2022 to support the development of mobile payments and inclusive fintech products that can drive financial inclusion.

MARKET SNAPSHOT

The table below provides a snapshot of the spotlights covered in the sections above. It provides an overview of metrics of each market, allowing us to bring out the main

differences and similarities. It covers demographics, startups and funding, relevant regulations, digital and financial inclusion, and finally, the support and funding landscapes.

	ALGERIA	EGYPT	LIBYA	MOROCCO	SUDAN	TUNISIA
Demographics²⁸						
Population size (2020)	43.8M	102.3M	6.8M	36.9M	43.8M	11.99M
GDP per capita in USD (2021)	3,765.0	3,876.4	6,018.4	3,496.8	764,3	3,924.3
Top City	Algiers	Cairo	Tripoli	Casablanca	Khartoum	Tunis
Startups and Funding						
Top Sectors	E-commerce Mobility Healthtech	E-commerce & Re-tail-Tech Logistics Fintech	E-commerce Logistics	E-commerce Proptech	Logistics Fintech	E-commerce Software Services
Funding to startups (\$)	30,000,000	438,695,000	N/A	20,086,000	5,000,000	22,145,000
Top Funded (2021)	Yassir	MNT-Halan	PrestoEat	Mubawab Waystocap (acquired by MaxAB) Freterium	Alsoug.com	InstaDeep Expensya
Regulations and Government Initiatives Supporting Startups						
Lead Government Ministry or Agency	Ministry Delegate for the Knowledge Economy and Start-ups	IT Industry Development Agency (ITIDA)	N/A	Tamwilcom & CDG	N/A	Smart Capital
Legal Framework for Startups	Startup labelling Process and Access to incentives	*No current Act, but new investment law (2017) and regulatory framework for Fin-Tech startups (2022)	Not yet	*No current Act, but Simplified Joint Stock Legal Form for Start-ups and crowdfunding law	Not yet	Startup Act including incentives for entrepreneurs, startups, and investors
Regulatory Sandbox for Fintechs	Not yet	Yes	Not yet	In Progress	Not yet	Yes
Digital and Financial Inclusion²⁹						
Internet Penetration Rate	60.6%	71.9%	49.6%	84.1%	30.9%	66.7%
Mobile Connections (of the total population)	103.5%	93.4%	169.9%	129.3%	78.7%	135.9%
Social Media Usage (Users vs Total Population)	59.1%	48.9%	91.4%	63.4%	N/A	68%
Banked Population	42.8%	32.1%	65.9%	28.4%	N/A	36.8%

	ALGERIA	EGYPT	LIBYA	MOROCCO	SUDAN	TUNISIA
E-payment solutions usage	2.1%	2%	10.3%	0.9%	N/A	3.4%
Support Scene						
Presence of ESOs	>10	>100	>5	>30	>5	>40
Nature of ESOs	Government-led	Private sector-led	Donor-led	Private-public partnerships	Donor-led	Private-public partnerships
International ESOs (with physical spaces)	Not yet	Flat6Labs Endeavor	Not yet	Plug & Play	Impact HUB	Flat6Labs Endeavor
Sector specific ESOs	Emergence of sector specific initiatives : FemTech AgTech	Fintech	None (Mainstream)	Retail-Tech Green-Tech	None (Mainstream)	Fintech & Mobility Creative Industry AI
Other Public ESO initiatives	Public initiative A-Venture to be replicated in other regions	TIEC Bedaya Fekretak Sherketak Creativa Innovation Hub Network	None	212 Founders	None	The Dot University Cyberparks 4Cs Centres
Funding Scene						
Public Funds	Algerian Startup Fund	Public Banks Initiatives	None	Innov Invest Fund managed by Tamwilcom (ex-CCG)	None	ANAVA Fund of Funds managed by Smart Capital
Local Business Angel Networks	1	10+	0	2	0	2
Presence of Local Private VC funds	Not yet	Yes (Developed)	Not yet	Yes (Emerging)	Not yet	Yes (Emerging)
Presence of International Investors	Not yet	Strong and growing presence	Not yet	Growing presence	Not yet	Growing presence

OUTLOOK

The future for the North Africa ecosystem is bright. The combination of government support, successful startups, increasing digitalisation, ecosystem growth and deep talent offer the right ingredients to continue to support innovation and investment in the region. Below we provide a few takeaways from the report and how this is shaping the outlook for the region.

Ecosystem maturity continues to vary widely across the region, with different opportunities and challenges for investors and startups. The spotlights show that the country ecosystems within the North Africa region cluster around three different stages of maturity:

- » **Oum al Donya (“Earth’s Mother”).** Egypt is the most mature ecosystem in the region. It is also a leader on the continent consistently featured in the Big 4 along with Kenya, Nigeria and South Africa. Its scale, language and proximity position it as a gateway and a final destination for investors and startups from the Middle East, Europe and Africa. It boasts the strongest investment landscape in the region with angel investors, financial institutions, local VCs and international VCs providing funding to startups at different stages of growth. The challenge for most investors is to find fair valuations. The challenge for most startups is competition for market share.
- » **Khawa Khawa (“The Brothers”).** Algeria, Morocco and Tunisia follow Egypt in the region. Their populations are smaller, specifically in Tunisia. The local investor scene is still developing and they rely more on government, international investors and donors. The countries share more than a common history and culture. They also share a common approach to

developing their local ecosystems with a focus on a strong regulatory environment and public funds to catalyse support for startups and ecosystem support organisations. Algeria slightly lags Morocco and Tunisia in terms of its ecosystem maturity, but all three provide great environments for startups and investors looking to test and prove their concept before scaling across the region. Algeria still relies mostly on government support, whereas Morocco and Tunisia are already working more closely with the private sector through public-private-partnerships.

- » Finally, there is **Al Sameedoon (“The Resilient”)**, Sudan and Libya. The political challenges in these countries have meant that these ecosystems have emerged without government support. In some cases donors have stepped in. In other cases the strong talent in the ecosystem has defied expectations and created successful startups on their own. Social selling whereby merchants sell goods over social media marketplaces has gained strong traction highlighting an opportunity for startups that can address basic needs. Limited competition, strong demand, good talent and lack of alternative financing make them attractive markets for startups and investors. Those attune enough to invest have found fair valuations and healthy margins.

Regionalisation and internationalisation are presenting new opportunities to work together. The North Africa region is home to nearly a quarter billion people. Increasingly, countries in the region are looking at how they can work together to reduce barriers for startups and investors to operate across the region. Egypt is increasingly acting as a platform for investors to work more broadly

in the region. Its startups are already venturing out of Egypt and acquiring others in the region. Angel investors from Cairo and Alexandria are following suit and broadening their focus to other countries in North Africa. Algeria, Morocco and Tunisia are already acting as a region within North Africa. They attract similar international investors and donors. Startups in one ecosystem often plan to scale to the others. Sudan and Libya share similar recent history, but have limited integration with each other and others in the region. Some more ambitious startups and ecosystems support organisations in the region are looking to enter, but it is too early to tell how successful they will be. Internationalisation in the region is increasing, but is fragmented across countries. While investors and corporations from the Middle East focus on the whole region, it differs for other international investors and corporations. International technology companies recruit talent across the region, but they mostly operate in Egypt along with most anglophone international players. Algeria, Morocco and Tunisia largely attract international investors and corporations from France. There is limited focus on Sudan and Libya, but the sentiment is changing.

Startup activity is evolving, targeting new sectors with support from the ecosystem. The most popular sectors for startups and investors across the region are e-commerce, finance, transport and logistics. This is supported by the increasing digitalisation in the region and is likely to continue given the demand most of the countries in the region, including Egypt, have for meeting the basic needs of the population. Countries like Libya and Sudan are only at the beginning of this. We already see early stage startups targeting these sectors in these countries and the popularity of social selling indicates further unmet demand. Several countries are tar-

geting fintechs through regulation and accelerator programmes. However, we are also seeing a broadening of startup and funding activity beyond these sectors. The share of funding going to edtech, healthtech, cleantech and agtech startups is increasing in the region. More mature ecosystems have even begun to explore specialisation with support organisations offering sector specific support for creative tech, agtech, femtech and even proptech startups.

North Africa is on the rise, with more exposure and visibility coming. North Africa is increasingly attracting international attention whether for mega-deals in Egypt or lessons learned from the Startup Act of Tunisia. Successful startups from the region, such as InstaDeep from Tunisia, Yassir from Algeria, PrestoEat from Libya or Tirhal from Sudan, are also emerging as champions for the region, attracting ecosystem support organisations and investors. More and more global conferences are happening in the region. A major aim of this report was to build on this momentum and shine a spotlight on ecosystem activity in North Africa and the unique opportunities and challenges that lie across and within the region.

REFERENCES

- 1 OECD Development Centre (2021), "Africa's development dynamics 2021: Digital transformation for quality jobs"
- 2 Kobo, Quartz (2022), "Morocco's e-commerce boom has outlasted its lockdown"
- 3 Wamda (2022)"Presto: Building Libya's first super app"
- 4 Wamda (2022), "Egypt launches 50 million VC programme to support tech startups"
- 5 Wamda (2022), "Egypt launches \$109 million Avans Manara fund of funds"
- 6 Wamda (2021), "Algerian Startup Financing Fund raises \$7.2 million to support local startups"
- 7 Afrikan Heroes (2022), "Algeria Venture Signs New \$10M Partnership Deal To Fund Algerian Startups"
- 8 Disrupt Africa (2022), "Egyptian mobility company Swvl lists on Nasdaq exchange at \$9.95 per share"
- 9 Disrupt Africa (2021) "The Egyptian Startup Ecosystem Report"
- 10 Wamda (2022), "The Cairo Angels invests in Nigerian fintech CredPal"
- 11 ITIDA (2022), " New Policy Actions Triggered by ITIDA to Boost Startup Ecosystem and Facilitate VC Investments in Egypt"
- 12 Fintech Egypt " The Central Bank of Egypt's Regulatory Sandbox started its first cohort in "e-KYC" to empower the FinTech ecosystem in Egypt."
- 13 Central Bank of Egypt (2022), "Fintech Innovation Fund"
- 14 Wamda (2022), "Egyptian Banks launch 85 million MEA-focused fintech fund"
- 15 Disrupt Africa (2018), "Ed-tech startup Elham Inspire wins Seedstars Libya"
- 16 IFC (2021), "Building Resilience Through Digital Financial Services"
- 17 Wamda (2022), "Presto: Building Libya's first super app"
- 18 Libya Investment (2021), "Ministry Of Labour Signs MoU With Lamah Technologies"
- 19 Statista (2022), "Number of social media users in Libya as of 2022, by platform"
- 20 Wamda (2022), "Presto: Building Libya's first super app"
- 21 Kobo, Quartz (2022), "Morocco's e-commerce boom has outlasted its lockdown"
- 22 DisruptAfrica(2022), "Moroccan Retail-tech startup expands to Ivory Coast"
- 23 Morocco World news (2020), "Morocco to open 1st Plug and Play office for startups in Africa"
- 24 UM6P Ventures (2022), "UM6P Ventures invests in renewable energy startup Atarec"
- 25 Wamda (2022), "Moroccan Al-Mada launches pan-african 109 million VC fund"
- 26 Techcrunch (2022), "Sudanese fintech Bloom nabs \$6.5M, backed by Y Combinator, GFC and Visa"
- 27 Wamda (2022), "249Startups launches Sudan's first equity fund Rhino Investments"
- 28 World Bank (2022), "World Development Indicators"
- 29 Dataportal (2022), "Global Overviews"

CONTACTS

Briter Bridges
<https://briterbridges.com/>
hello@briterbrides.com