

Policy Taskforce – Roundup Newsletter – Vol. 2

Dear honoured member,

The Pan-African Policy Taskforce had the second session on April 11th, 2023, focused on **Innovative Financing**. The Taskforce welcomed Alaya Bettaieb Director General of Smart Capital, Tunisia, which is a national initiative aimed at making Tunisia a country of startups at the crossroads of the Mediterranean, the MENA region and Africa. Tunisia has taken significant steps to promote entrepreneurship and innovation, and Alaya presented on Tunisia's process of developing a government fund of funds which has been integral to this effort. Here are some of the highlights from his presentation:

The Start-up Act was game-changing: The Start-up Act provides a merit-based label and a range of financial incentives for entrepreneurs, start-ups, and investors. Smart Capital plays a pivotal role in implementing the framework, including the labelling process, benefit activation, and data collection and analysis.

The framework addresses three key needs within the entrepreneurial ecosystem:

- Funding Gaps: Bridging the funding gaps for start-ups and entrepreneurial support organizations.
- Animation of start-up support organisations: To ensure vibrant and active support organizations through continuous engagement.
- International Connection: To facilitate global connections for start-ups, enabling them to expand their reach.

Tunisia's New Investment Framework: Building a strong VC network is critical to supporting start-ups. To help strengthen the VC enabling environment a new investment framework was introduced comprising three key instruments:

- Fund of Funds: A targeted investment of €200 million to create a robust network of venture capital funds.
- VC Incubator for general partners: An effort to provide support and resources for venture capital general partners.
- Guarantee Fund for Failing Start-ups: A safety net to promote innovation by minimizing the fear of failure.

Lessons for Success

Alaya concluded his presentation by reminding participants that expanding opportunities in Africa Start-up projects is increasingly vital for Africa's growth. The government's key role in launching and securing investments, both locally and internationally, is crucial. To overcome challenges in Africa Fundraising stakeholders should:

- **Attract VC Professionals:** Encourage diaspora involvement to leverage their expertise.
- **Fundraising for Fund of Funds:** Address country perception, risk perception, and avoiding over-reliance on single-country funds.
- **Fund Matching for Child Funds:** Ensure adequate size, experienced teams, and sustainable returns.
- **Talent Acquisition:** Focus on sourcing, identifying, and retaining start-up talents.

- **Empowering Start-up Support Organisations:** Strengthen support organizations to source and mentor start-ups effectively.
- **Advocate for Education:** Educate relevant authorities and institutions on best practices, BMP, ESG standards, etc.
- **Facilitate Exits:** Promoting successful exits to foster a thriving start-up ecosystem.
- **Collaboration for Pan-African Growth:** The creation of interoperable start-up legalisation across Africa can simplify access to markets across the continent. Joining efforts among funds, support organizations, and start-ups is the key to collective success.

What happens next?

We are looking forward to hosting the third session in June 2023 focused on 'Start-up' legislation. We will communicate closer to the date details of how the session will run but feel free to contact the Policy Taskforce team if you have any questions or comments.

Looking forward to seeing you at our next session.

The Pan-African Policy Taskforce Team

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