

INCUBATION ADVANCED

HOW STARTUP ECOSYSTEMS IN MOROCCO AND TUNISIA CAN IMPROVE THEIR PERFORMANCE

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INTRODUCTION

The Dutch Incubation Association (DIA) was asked to look into the possibilities of helping the business incubation sector in Morocco and Tunisia to improve their overall operations. In response to this request, DIA organised a Fact-Finding Mission in September 2013 to get acquainted with the start-up ecosystems in both these countries. DIA organised two industry experts to contribute to this mission; Hein van der Pasch (Incubation Manager of Mercator Incubator at the University of Nijmegen) and Pim de Bokx (Chairman of DIA, developer of several incubators). The Fact-Finding Mission included, among others, meetings with entrepreneurs, enablers of start-ups, government officials, visits to incubators and, most importantly, a seminar to exchange best practices and formulate measures to advance the business incubation sector in these countries. The delegation was very pleased with the way the mission was received, the support from sister organisations RMIE (Morocco) and API (Tunisia), the support from NIMAR (Jan Hoogland) in Morocco, and of course, the assistance from the Dutch Embassies in both countries. The Mission was extremely useful in developing a viewpoint on how incubation practices in both countries may be advanced.



Pim de Bokx



Hein van der Pasch

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SOCIO-ECONOMIC CONTEXT

Both North-African countries have a growing economy that offers fertile opportunities for new companies to take root and flourish. After a dip in GDP growth in 2011/12 in Tunisia, stemming from the Arab Spring, it is now back on track, as seen in the 2.2 percent growth in 2013. This was mainly because tourism, off-shoring and Foreign Direct Investment have begun to gain some traction in the market again. Morocco, it would appear, has profited a bit more from the Arab Spring, which is reflected in an expected economic growth of 5 percent in 2013. Investments in Tourism and Infrastructure by government and international investors have been the main drivers of this growth. Tunisia is a slightly more advanced economy with a GDP-PPP per capita of (Int-\$) 8.999 as compared to Morocco's (Int-\$) 3.007. The socio-economic circumstances in Tunisia are undermined by political instability and violence, whereas Morocco profits from stable political environment, but unfortunately one with less-open decision making. All-in-all analysts expect both countries will grow at relatively high rates in the medium term because of their young highly-educated population, their growing free trade relations with Europe, their natural resources and their energy potential.

ENTREPRENEURSHIP AND START-UPS ON THE RISE

According to the many people interviewed, the interest in setting up a companies is on the rise. The surge in awareness is signposted by events like Start-up Weekend and Start-up Cup. With a good 30 percent (NL 15 percent) of the workforce being entrepreneurs (including self-employed) and GEDI-levels of 0.22 (Mo) and 0.27 (Tu) both countries are outperforming countries like India, Venezuela and Kenya. But there is still a lot of work to be done to create an environment that is conducive to new companies and innovation. According to the Worldbank 'Doing Business 2014 report' starting a business is easier in Morocco (rank 39) than in Tunisia (rank 70), although Tunisia ranks higher on the overall score. From all indicators it seems 'Getting Credit' is a big issue in both countries. Corruption and bureaucracy levels are improving, which is always good news for people with initiative.



PIC 1: STARTUP WEEKEND CASABLANCA 2012

THE STATE OF INCUBATION

Morocco and Tunisia have invested in their incubation sector since the beginning of this century. Both made similar choices in the design of the knowledge valorisation infrastructure (technology transfer units, business incubators and science parks) but made different choices in the roll-out. As a result Morocco currently has an estimated 13 technology transfer centers (incubateur) and two business incubators (pépinières). Tunisia has an estimated 30 business incubators, most of them connected to Higher Education and Research Institutes and the Ministry of Industry. In both countries, these investments have been made to modernize their economies, upgrade high-tech entrepreneurship and create more jobs for their young populations. The World Bank, the EU and USA are actively supporting this development.

ANALYSING THE NEEDS OF INCUBATION

So what are the challenges incubators have to deal with? International evaluations by EC/ANIMA and InfoDEV/Worldbank indicate there seem to be issues surrounding the institutional and organizational framework for incubators and BI-networks. Furthermore, it is said that for Tunisia it is the lack of university spin-offs and, and for Morocco, the lack of volume in innovative projects and start-ups.. Evaluations from both countries suggest the business skills of staff in the incubation sector can be improved. Certainly both countries need better international access to networks and funds.

The observations by the DIA-delegates give a more nuanced view. In both countries there seems to be evidence of a rise in private involvement, ranging from the branching out of Technopark Casablanca to Startup-WIKI and the Start-up Weekend in Tunis. There is also hope to be drawn from new business angel activity and VC-funds being initiated thanks to fiscal stimuli and successful high-impact entrepreneurs that sold (part of) their companies. The cross-section of the target community that were polled appear to be positive about the possibilities of access to (inter)national networks and mentoring – this access has proven to be a factor in the success of aspiring entrepreneurs. The DIA delegation is confident the Start-up Ecosystem can be improved by networking all public and private involvements, and by improving the prospects for high-impact new and growing enterprises.

ANALYSIS BUSINESS INCUBATION IN MOROCCO

A SWOT analysis of 25 Moroccan practitioners shows that practitioners find strength in their young population and widely accessible higher education system. But it is evident that this potential is not yet exploited to its full potential because of bureaucracy, and the lack of able leadership to create a high-impact stream of new initiatives. Opportunities are seen in the surge of investment in Morocco, both from the government as well as from foreign investors, the political need to grow employment and the potential to involve diaspora in mentoring and opening up international networks. According to practitioners their environment is lacking many ingredients essential for the effective formation and growth of high-impact ventures. Based on this analysis, the practitioners developed a range of ideas that could advance their business incubation performance. From a list of 17 ideas, three were selected that could be worked into a project idea, that could then be initiated by the BI-industry itself.

STRENGTHS	WEAKNESSES
large number of young people with good ideas	Youth potential not exploited
A good number of multi-disciplinary universities	Entrepreneurship is not well-respected
Enough subsidies for innovative projects	Low entrepreneurial spirit amongst under graduates
Many entrepreneurial youngsters in the informal economy	Low number of private Innovation/R&D
	Bureaucracy tends to suffocate initiatives
OPPORTUNITIES	THREATS
To enable Moroccan diaspora to assist with expertise	Lack of finance
The 'Grand Projets de Maroc' offer potential	Lack of mentoring/expertise
The need to create jobs through the creation of SME'	Lack of entrepreneurship education
The need to change consumption to production	Not enough entrepreneurial spirit
The urgency in universities to do something with their innovative ideas	Lack of coordination in innovation system
	Law and Regulations
	Bureaucracy and procedures

Project ideas generated by BI-practitioners at the Rabat workshop

The following project ideas have been developed by local BI-practitioners that, in their opinion, will advance their industry. In the following line-up 'Why' indicates the problem that needs to be solved, 'What' the result that will be achieved by the project, 'Who' represents the stakeholders that need to be involved and 'How' addresses the logical steps that are to be implemented.

1. Improve the spin-off activity of universities

- Why? Currently the output of University Incubators is low, while projects and funding are available.
- What? Create a high performing university spin-off programme that will infuse the Moroccan economy with new business and jobs
- Who?
- Ministry of Education & Science and Ministry of employment
 - Universities, Research Institutes
 - Managers of University Incubators
 - Funding Coordinators of University spin-off projects (CNRST)
- How?
- a. Create urgency within State and Universities to make an honest assessment of the problems
 - b. Look at bringing down barriers for entry, access to University knowledge and financial management
 - c. Make university incubators more financially independent

2. Organise the 'Forza Maroc Entrepreneurship Challenge' competition

- Why? To attract a higher number of potential start-up entrepreneurs and improve the image of entrepreneurship and incubation
- What?
- A national competition that involves all incubation programmes (public/private) and relevant stakeholders
 - A competition that has a high reach and will influence the performance of the innovation system
 - A competition that will make role models visible
- Who? An alliance of all incubators, technoparks, financiers and other enablers with stakeholder involvement from the state and universities

with involvement from experienced entrepreneurs, that includes the Diaspora

- How?
- Bring together an initiating team
 - Make a white paper on the objectives and structure of the programme
 - Get commitment from the State level, universities, corporates and international donors
 - Turn the initiative into 3-year project based on generated commitment
 - Set up project bureau to execute competition
 - Train trainers and mentors to deliver a quality programme

3. Reduce bureaucracy in incubation programs

Why? The output will be much higher when regulations are replaced by stimulating actions

What? The future of incubation in Morocco depends on a better understanding of the impact of all the efforts that go into it

Who? Policy and funding stakeholders

- How?
- Make a yearly evaluation of the performance of the incubation system
 - Report yearly on measures to create 'rule free' incubation programmes
 - Identify market access and administrative barriers for young companies
 - Train incubator staff in appropriate evaluation systems
 - Give individual incubators more autonomy in their actions to stimulate and support new entrepreneurs

Conclusions by DIA-delegation

Based on this workshop the prioritised conclusions are:

1. Make the university spin-off system (incubateur) work effectively
2. Improve outreach programmes and market access
3. Involve role model entrepreneurs, including the diaspora
4. Reduce bureaucracy in incubation programmes
5. The University Incubators (incubateur) are not suited to help existing SMEs innovate.



ANALYSIS BUSINESS INCUBATION IN TUNISIA

In the Tunis office of API (Agency for the Promotion of Innovation) a SWOT workshop was conducted with 40 participants from all over the country, mainly from the government sponsored pépinières but also some from private initiatives. The overall view was that the current scope of activities were well-positioned to enable the harnessing of entrepreneurial talent. The widely-spread incubation infrastructure should be able to help entrepreneurs to profit from the natural resources, the beneficial geographic position of Tunisia and the free trade agreements with the EU, Turkey and Libya. The legal system, however, is not well-positioned to enable tech-transfer which is seen as a crucial point for high-impact start-ups. Risk capital is not available and subsidies/grants for R&D and prototyping are non-existent. But Tunisian practitioners see a lot of opportunities when it comes to improving the exploitation of university knowledge and young talent. When entrepreneurship education at higher education institutes will be improved and European and African markets will be accessed, the possibilities are immense. Good public-private partnership is elementary to make this a reality. Although there is no really good example yet for but Techopoles are being developed in a PPP-framework, so this might change in the future.

STRENGTHS	WEAKNESSES
A widely-spread Incubator infrastructure	Education is not pro-entrepreneurial, reflected in attitudes and skills
Good geographic positions	Insufficient road infrastructure
Many young people, with high levels of education	Entrepreneurs are unaware of start-up processes
Ample natural resources	Only low-risk start-ups get finance
Strong ICT and internet capabilities	No national funding for small projects like prototyping
Modern industries in textile, biotech, electro mechanic and automotive	Tunisia is lacking the legal framework for Tech-Transfer
Upcoming Agro Food industry	
EU-partnership	
Prominent tech Institutes	
OPPORTUNITIES	THREATS
Growing support from API	Public-Private-Partnerships difficult to effect
Potential for university to exploit student capital	Entrepreneurship is not recognised as important
Access to African markets	No risk capital
Tech & inventions not exploited/valorised fully	Brain drain
Entrepreneurship training to valorise more tech knowledge	Big distance between University and Industry
Opening up international markets through international networks	Heavy Bureaucracy
	Political instability

Based on their analysis the practitioners developed a range of ideas that can advance their business incubation performance. From a list of 35 ideas, three were selected to be worked out to the project level that could then be initiated by the BI-industry itself.



Project ideas generated by BI-practitioners at the Tunis workshop

The following project ideas have been developed by local BI-practitioners that, according to their opinion, will advance their industry. In the following line-up 'Why' indicates the problem that needs to be solved, 'What' the result that will be achieved by the project, 'Who' represents the stakeholders that need to be involved and 'How' addresses the logical steps that are to be implemented

1. Develop innovation component

Why? To enhance incubators performance

What? Developing innovation through improving R&D, enhancing relationships between incubators and universities, capacity building of incubator staff and developing an adequate financial system to encourage entrepreneurs to establish innovative businesses

Who?

- Support structures: Business centres, Technical centres, Agency for Employment
- Stakeholders: Financial structures, Industry associations, Universities, Ministry of Industry, Ministry of Higher Education, Ministry of Commerce, Foreign stakeholders (incubators and other structures)

How?

- a. Identify the strengths and weaknesses of incubators
- b. Brainstorming: to find ideas on how to develop innovation in incubators
- c. Plan: Schedule of actions, responsibilities, tasks and resources needed
- d. Action: Training, workshops, benchmarking, developing logistics

2. Staff training: improve coaching & guidance skills

Why? To improve productivity of business incubators

What? The result would be: better guided start-up for successful businesses that are led from better functioning incubators

Who?

- Experienced BI-managers
- API and Government
- Coaches and experts with relevant experience
- Foreign experts

How?

- a. Setup a project team
- b. Make plan and find budget
- c. Find expert trainers
- d. Develop a 'how to' handbook' (f.i. on diagnostics and evaluation)
- e. Organise the 'Improvement Day' once a year
- f. Put in practical training, fieldwork, visits
- g. Involve MIC from Microsoft

3. Develop a better cooperation between private companies and the public sector

Why?

- More opportunities for young people to start-up a business
- More jobs
- Faster development
- Improved legal structure
- Incubators will have to professionalise

Who?

- Ministry of Industry and PME
- Ministry of Education and Science

Conclusions by the DIA-delegation

Based on this workshop the prioritised conclusions are:

1. Entrepreneurship education/training for students and middle-management must be bolstered to take better advantage of local resources in international markets
2. Incubators should develop innovation services for existing SME's: help source, fund and implement innovation
3. Incubators should improve their performance in areas not dependent on TechTransfer, since new legislation needed is out of the scope of the incubation sector
4. Develop Clusters with industry that will foster cross-fertilization and innovation
5. Don't try to change the legal framework for Tech-transfer, work around it and focus on easing incubation bureaucracy.



RECOMMENDATIONS

Our advice is based on the information retrieved from available reports from our sister organisations, international data, meetings with ANIMA/EU and InfoDEV/Worldbank, but mostly on our experiences and workshops in Morocco and Tunisia. Looking at what we observed, we hope to reach a broader audience that can benefit from our observations, because we realise that for the many improvements to take place different stakeholders will have to work together effectively. Towards the end of this chapter we will focus on the fields that, we believe, should work together with the Dutch government and Dutch incubation sector to advance incubation Morocco and Tunisia.

Policy recommendations

Governments have an important role in setting the stage for pioneers and businesses. Is it easy to do business? Get permits? Pay your taxes? How difficult is it to start a business or to resolve insolvency? Many of these questions relate to laws and regulations and to the transparency/efficiency of government bodies/regulators. Bureaucracy is a much heard of complaint of entrepreneurs and enablers. For experienced businessmen it's sometimes called 'soft corruption' if they can speed up things with some incentive to the right person. The Worldbank's Doing Business Index is a great benchmark to base policies that will improve the general business and entrepreneurship climate. With regard to the start-up ecosystems in Morocco and Tunisia, the following advice should offer a look at the potential and the road ahead.

MOROCCO

1. Generate structural data about the Start-up ecosystem. How many high-impact startups find their way to this system? How many start-ups commercialise university knowledge? How many receive finance (subsidy, bank, investment)? What company growth is generated (in jobs and revenue)? How much public and private funding goes into the system? Good data is essential for evaluating the effectiveness of the start-up ecosystem, the variety of enablers (incubators, investors, awareness creators) and of the government support that goes into the system. The side effect will be better ranking in the international benchmarks that attract foreign investors and companies, like the Global Entrepreneurship & Development Index and the Global competitiveness Index. The data collection can be improved by organising a yearly contest for the best incubator, the most entrepreneurial manager, the best investor and so on, or promoting quality performance through international certification (eg: EBN Quality Audit for Incubators).
2. Help business incubators (incubateurs and pépinières) to fast-track company registration. For this purpose CRI can work intensively together with incubators to help make procedures more predictable and shorter.
3. Help university incubators (incubateurs) to improve the funding for spin-off projects (turning them into viable start-ups) by directing the RMIE-grants directly to the incubator and/or start-up. Currently the output of university incubators is discouragingly low because of the bureaucracy somewhere in the chain between ministries and universities, which makes it difficult for grants to reach targeted spin-off projects.
4. Improve quantity and quality of entrepreneurship education by, firstly, making it mandatory for all educational institutes to offer entrepreneurship education to all students and,

secondly, to improve quality by introducing a regular evaluation scheme that will identify yearly the best practices (f.i. entrepreneurial university of the year, entrepreneurial teacher of the Year, etc.)

5. Incentivise risk capital allocation for start-ups through fiscal measures to improve business angel finance.
6. Improve the availability of start-up credit. With the demise of Sindibad, start-up credit (without heavy collateral) is not available anymore. This not only hampers early-stage start-ups but also the attractiveness for seed funds to invest in innovative start-ups.
7. Improve market access for new companies in general, and open up markets for innovative companies more specific. Access to markets is difficult for newcomers. Some markets have old-fashioned regulations; a typical example of that is the taxi-market, which can be changed by new regulation. Existing market players have their strategy to keep their markets shut for fresh entrants, but the government can influence that by promoting innovation and buying innovation.
8. Improve digital payment regulation. For instance e-commerce start-ups (the fastest growing companies in the world) have a big disadvantage in Morocco because of the restrictions on digital payments and currency management. A taskforce from the government should look into the possibilities of improving the prospects of these start-ups. Can a specialised incubator, for example, be exempt from these restrictions, so it can automatically extend this to its e-commerce start-ups? And can this experience and approach be utilised to safely improve the system?
9. Support the cooperation between different types of operators in the start-up ecosystem. For instance, by challenging these operators to join a nationwide programme to create awareness to start high-impact start-ups, as a great way of advancing the economy.
10. Research (for instance) together with CNRST and a VC-fund, the possibility of supporting the development of a high-growth accelerator programme for early-stage growth companies with international potential.

TUNISIA

1. Generate structural data about the Start-up ecosystem. How many high-impact start-ups find their way to this system? How many start-ups commercialise university knowledge? How many receive finance (subsidies, bank loans, investment)? What company growth is generated (in jobs and revenue)? How much public and private funding goes into the system? Good data is essential for evaluating the effectiveness of the start-up ecosystem, the variety of enablers (incubators, investors, awareness creators) and of the government support that is going into the system. The side effect will be better ranking in the international benchmarks that attract foreign investors and companies, like the Global Entrepreneurship & Development Index and the Global competitiveness Index. The data collection can be improved by organising yearly contests for the best incubator, the most entrepreneurial manager, the best investor, etc., or promoting quality performance through international certification (for eg, EBN Quality Audit for Incubators).
2. Help business incubators (incubateurs and pépinières) to fast-track company registration. For this purpose a 'one-stop-shop' service can be introduced - Morocco has a similar

initiative with CRI. This entity can work together intensively with incubators to help make the process shorter, and more predictable.

3. Improve quantity and quality of entrepreneurship education, by, firstly making it mandatory for all educational institutes to offer entrepreneurship education to all students and, secondly, to improve quality by introducing a regular evaluation scheme that will each year identify the best practices (for instance; entrepreneurial university of the year, entrepreneurial teacher of the year, etc.)
4. Incentivise risk capital allocation for start-ups through fiscal measures to improve business angel finance.
5. Introduce innovation grants to promote development of new products and services. Primarily tax rebates for R&D-work, innovation vouchers to work with universities and project grants for spin-offs and start-ups in sectors identified as very important for the countries competitiveness and development.
6. Improve market access for new companies in general, and open up markets for innovative companies more specific. Access to markets is difficult for newcomers. Some markets have old-fashioned regulation which can be changed by new regulation. Existing market players have their strategy to keep their markets shut for fresh entrants, but the government can influence that by promoting innovation and buying innovation.
7. Improve digital payment regulation. For instance e-commerce start-ups (the fastest growing companies in the world) have a big disadvantage in Tunisia (a bit more than in Morocco) because of the restrictions on digital payments and currency control. A taskforce from the government should look into the possibilities to turn around the prospects of these start-ups. Can a specialised incubator, for example, be exempt from these restrictions so it can automatically extend this to its e-commerce start-ups? And can this experience and approach be utilised to safely improve the system?
8. Support the cooperation between different types of operators in the start-up ecosystem. For instance by challenging these operators to join a nationwide programme to create awareness for starting high-impact start-ups as a great way to advance the economy.
9. Research the possibilities of supporting the development of a high-growth accelerator programme for early-stage growth companies with international potential.
10. Improve and introduce laws and regulation for universities and knowledge institutes that force them to pursue technology transfer initiatives.
11. Research the difficulties and best practices of public-private-partnerships in the field of economic development.

Start-up Ecosystems in Morocco and Tunisia

Start-up ecosystems is a reference to biological ecosystems interdependent relations between all the involved actors. The reason to coin this term for start-up development is that many actors with start-up relationships are not aware of the interdependencies with other start-up promoters. For instance for an investor it is beneficial to invest in a start-up that is 'incubated' professionally, since this will reduce the risk of investment. Simultaneously, investor involvement raises the quality of the



collateral for banks. All these actors benefit from awareness-raising programmes like Start-up Weekend or entrepreneurship education. We realise there is an overlap with the term Innovation System, a broader concept that addresses organised innovation. For us, addressing the ecosystem is not so much about addressing one organisation, but about raising the awareness about the formation of the ecosystem itself, improving information sharing and cooperation, and working together to improve the ecosystem for pioneers and start-ups. Recent studies from The Global Start-up Ecosystem Index point to upcoming ecosystems because of their coordinated strength and trendsetting image. For example, that's the reason Berlin is moving fast, when the availability of funding or support is far lower than what is offered by the Silicon Valley. However, stakeholders are coming together in a concerted effort to promote and offer Berlin as the friendliest place to be for the world's 'bravest and brightest'.

Business Incubation Recommendations

By 'Business Incubation Organisations' we refer to all public and/or private organisations that support company formation and start-up growth with more than one service (i.e. not only funding or only office rental). These organisations might be called Incubateur, Innovateur, Pepinieres, Technopole, Innovation Centre, Business Development Centre, Technopark s... They offer multi-dimensional development support to pioneers, entrepreneurs, start-ups, spin-offs and/or innovation projects.

BUSINESS INCUBATION SECTOR: MOROCCO

Our main advice is to develop a strong network or association with all public and private enablers of start-ups. This new organisation will have a key role in modernising the Moroccan economy, developing a high-performing supportive ecosystem for initiators of new ventures. Certainly, we must find ways to improve the effectiveness in the network through alignment in value chains. RMIE could take a first step by making a division between its funding role (that could stay with CNRST) and its coordination role; alternatively a new organisation could be set up. This broader organisation would be able to foster an increased development of incubation in Morocco taking it to international levels, and could be connected to international networks and markets, thereby offering routes to start-ups for international success. It would be able to improve and resolve many things:

1. Convince universities and large corporations to get more involved in breeding the next generation of innovative entrepreneurs and a new wave of high-impact companies.
2. Organise a national competition to improve the image of 'high-impact start-ups and incubation', improve talent sourcing, and introduce online (pre-)incubation and pre-start coaching.
3. Reduce bureaucracy and strengthen business orientation in incubation programmes to improve the business creation output.
4. Work together on creating transparency and reporting on the great performance of incubation to stakeholders and start-ups to show the relevance of the sector. For this, one must introduce a performance evaluation and measuring framework (with indicators on bureaucracy, service



effectiveness and service appreciation), organise a yearly event to identify best practices, current needs and future challenges that will be addressed.

5. Work on developing a capacity building mechanism that is available for all people involved in this sector that can support the development of entrepreneurial management, business skills, market access knowledge, funding knowledge and evaluation skills.
6. Set up a taskforce, together with a university, that will report on barriers to start-ups that prevent the set up and growth of high-impact business initiatives. Identify what needs to be done to reduce resistance and 'red tape' to enhance start-up success.
7. Look into the possibility of developing an international accelerator programme that will strengthen the opportunities for high-growth potentials to succeed internationally.
8. Reach out to government, banks and investors to introduce and facilitate start-up credit.

BUSINESS INCUBATION SECTOR: TUNISIA

Our main advice is to develop a strong network or association with all public and private enablers of start-ups. This new organisation will have a key role in modernising the Tunisian economy, developing a high-performing supportive ecosystem for initiators of new ventures. Find ways to improve the effectiveness in the network through alignment in value chains. API could take this first step by making a division between its funding role and its network management role, or a new organisation could be set up. This broader organisation would be able to foster an increased development of incubation in Tunisia, taking it to international levels, and could be connected to international networks and markets, offering routes to start-ups for international success. It would be able to improve and resolve many things:

1. With support of the Ministries of Industry, Education, Employment and Telecom, it is crucial to bridge the gap between universities and industry. This can be achieved by adding innovation services to the portfolio, for SMEs to have low-cost opportunities to innovate and by cooperating with universities to stimulate and offer innovation and entrepreneurship education (that is also available to the management/staff of SMEs). It is vital to work within and outside the network to develop clusters with industries that enable easy transit of knowledge between industry and academics.
2. Work on developing a capacity building mechanism that is available for all people involved in this sector that will improve the productivity of business incubation and can support the development of entrepreneurial management, innovation and cross-fertilisation, business skills, market access knowledge, funding knowledge and evaluation skills.
3. Work together on creating transparency and reporting on the performance/excellence of incubation to stakeholders and start-ups to show the relevance of the sector. For this it is necessary to introduce a performance evaluation and measuring framework (with indicators on bureaucracy, service effectiveness and service appreciation), organise a yearly event to identify best practices, current needs and address future challenges.
4. Look into the possibility of developing an international accelerator programme that will strengthen the opportunities for high-growth potentials to succeed internationally.

5. Reach out to the government, banks and investors to improve the availability of innovation grants and start-up capital.
6. Set up a taskforce, together with a university, that will report on barriers to start-ups that prevent the set up and growth of high-impact business initiatives. Identify what needs to be done to reduce resistance and 'red tape' to improve start-up success. Identify the barriers and potential solutions to improve technology transfer.
7. Work with others in the ecosystem to reach out to more talented entrepreneurs. For instance working with Start-up Weekend organisers.

BUSINESS INCUBATION ORGANISATIONS IN MOROCCO AND TUNISIA

To help advance your development we have the following advice:

1. Employ staff with entrepreneurial experience, - you thus create future business people with experienced business people. Keep improving the capacity and skills to run a valuable operation. Get connected to what other incubation professionals in the world are doing through international networks and magazines like 'The Business Incubator'.
2. Strengthen the awareness for performance of the incubator which should be dedicated to efficient company formation and growth and effective service delivery to achieve these outcomes.
3. Organise involvement of experienced business people (including diaspora) to raise opportunities for your start-ups
4. Work with your network/association to benchmark your performance with other incubation programmes.
5. Reduce bureaucracy, focus on service development and delivery and processing start-ups.



Start-up entrepreneurs in pépinières Rades

PROJECT DEVELOPMENT & COOPERATION

Looking at the development of incubation in Morocco and Tunisia over the last ten years, the engagement of the people in this sector during our mission and the potential of these countries and their people, we are confident that business incubation will play an important role in modernising these economies to innovation-driven economies in the coming decade. Coming from a country with a vibrant innovative entrepreneurial culture it is heartening to notice how emerging countries are enabling their talented pool by creating similar opportunities. There seems to be a cognizance of the fact 'what's good for them is good for us'. Looking for initiatives that would help advance business incubation in Morocco and Tunisia, we have examined and studied reports from a wide variety of (international) research organisations, talked to almost 100 people and worked with 60 practitioners to find these potentially helpful initiatives. Based on this research and sourcing we selected initiatives that we think are best aligned with the Dutch 'Trade & Development' policy and the available knowledge and experience in The Netherlands. Furthermore we looked at alignment with policies from other international partners and the possibilities to access (co)funding.

ADVANCE THE INCUBATION SECTOR

1. Develop a structural capacity building program.

Both countries can do with a structural HRD-offering, the Tunisian practitioners have even prioritised this as an important improvement project. The best way to approach this would be a development programme that can be offered continuously at at least two levels: (senior) Incubation Management and (junior) Incubation Support. The development will offer hands-on training, online coaching, practical exercises, field visits and an online resource for handbooks, tools and exchange of experience. Key to keeping the knowledge and experience growing and shared would be the 'Big Improvement Day' that will involve students and alumni in evaluating their daily practice and identifying 'best' practice, 'international champions' and 'excellent' practitioners. This project shall focus on developing a curriculum based on international standards with localised content developed with local experts in incubation. Furthermore the project will develop a business plan and a pilot training that will ensure the future of the programme. Identified essentials in the programme should be: business and entrepreneurship attitude and skills, networking skills, awareness creation, business coaching, diaspora involvement, effective management and value creation. Furthermore it will offer guidance and tools to (international) sourcing of funding. The project should be allocated to an experienced training institute well-versed in international standards. Cooperation with infoDev/Worldbank, ANIMA, EBN, ECQA and DIA will allow a state-of-the-art programme aligned with international practices. Cooperation with local stakeholders like API and RMIE will guarantee local content, experience and alignment of the incubator's HRD-policies and budgets.

2. Develop a strong network or association with all public and private enablers of start-ups.

This new organisation will have a key role in modernising the Tunisian economy, developing a high-performing supportive ecosystem for initiators of new ventures. This new organisation will have to find ways to improve the effectiveness in the network through alignment in value chains. This organisation would promote high-impact start-ups and facilitate transparency, performance measurement and reduction of bureaucracy in incubation programmes and enable cooperation with universities, government, SMEs and investors. This Project can be operated by DIA and its sister organisations in Morocco and Tunisia with involvement of relevant governments and national SME associations. It would be beneficial to involve EBN – the European incubator

network and infoDev-MENA region to help structure a strong organisation and guarantee alignment in the European partnership strategy. This would enable the new organisation to profit from the European Neighbourhood Instrument.

3. Improve international cooperation and funding:

To access international experience, it is important to build up a network for start-ups that has international potential and this must be connected to international partnering (for example soft landing) and funding (EU/USA/ME/WB). Incubation networks need to work with other international networks to facilitate the ultimate success of their incubatees. This project would focus at developing a taskforce for each country's start-up ecosystem that will organise international cooperation, networking and funding. This project could be led by EBN and DIA in cooperation with RMIE and API, supported by the Dutch Government, Dutch Trade Board, EU and InfoDev/Worldbank.

DEVELOPMENT OF THE START-UP ECOSYSTEM

4. **Master plan “Start-up Morocco” and “Start-up Tunisia”** – We can envision a technical assistance project to help the governments of both countries to develop a master plan for the next big jump towards an entrepreneurial economy. Realising that new companies and, even more, new fast-growing companies, have the highest job-growth capacity, a strategy for socio-economic growth cannot do without an operational framework to enable start-ups on a big scale. The master plan will focus on the joint action of organisations in government, industry and academia to realise strategic ambitions with the entrepreneurial talent available in the country and prioritise actions to be undertaken in the fields of legislation, (de)regulation, awareness creation, improving funding and support, enhancing entrepreneurship education, measuring impact and stimulate internationalisation. Projects like setting up a broader incubation

- organisation (NGO), reducing bureaucracy and improving start-up funding

would be key elements of this master plan. It would be advisable for the governments of Tunisia and Morocco to work on this together with technical support from the EU (Twinning/TAIEX), the Dutch Government and other organisations (Worldbank, UNDP).

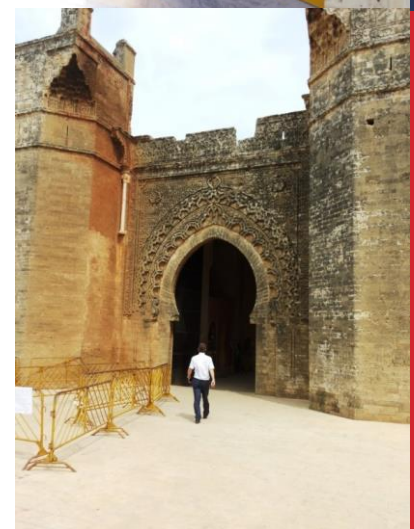


5. **Technical Assistance for specific policy issues:** Instead of, or as part of, the master plan, technical assistance can be requested for identified needs:

- For both countries: a) Develop a statistical framework and operation to measure entrepreneurial dynamics and the effect of support measures. b) Develop a mechanism to reduce bureaucracy. c) Institutionalise and improve entrepreneurship education. d) Develop a strong incubation network/association to improve attractiveness, performance and impact of incubation on start-up formation and growth.
- For Tunisia: Improve legislation/regulation to enable technology transfer and insolvency resolution.

- For Morocco: Improve instruments to fund the spin-off of innovation projects from universities and knowledge institutes.

6. **Advance start-up and growth funding:** Both countries have an emerging start-up funding sector. Where Morocco seems to lack start-up credit (< € 50.000), Tunisia mostly lacks innovation grants and early-stage equity funding. This project can be set up by DIA and DIA-member, BID-network to enforce funding possibilities for start-ups and integration with incubation programmes. National government, banks and investors should be involved. The Dutch Good Growth Fund (DGGF), EIB, IFC and Worldbank should be invited to participate in delivering an effective project.
7. **Enhance and scale entrepreneurship education:** in both countries the need to upgrade and institutionalise entrepreneurship education (including vocational training) at all levels is felt. This project would look at offering 'entrepreneurship & innovation' education training to trainers and educators in universities, incubators and vocational training institutes. It will deliver a curriculum and pilot training based on international standards and local experience. The programme will facilitate blended learning in (at least) the following contexts: educators in higher education looking to integrate start-ups knowledge and skills in their curriculum (business, innovation, entrepreneurship), incubator staff looking to offer events and training to students, start-up entrepreneurs and innovators. For this project, internationally embedded organisations like NIMAR (Rabat) and MIC (Tunis) could be involved. The support for this programme could be generated from the Dutch government (MATRA), EU-Tempus (if universities in NL and participating countries can be involved), EU-'Investing in People' and Worldbank.
8. **Sector focus in mutual trade support:** it would be very interesting to look into the development of specific areas of mutual strategic interest. Sectors like food, water & waste management and energy are the bastions of the Dutch innovation system that can benefit both countries. Dutch investors, companies and research institutes would be able to leverage local resources to become internationally competitive. The project will enhance insights in sectorial investment and trade opportunities and pilot networking. This project could be led by CBI and supported by Fenedex, API/CEPEX and Maroc Export. DIA and its local partners would be keen to involve incubation programmes that can fit these sectors and might be interested in internationalising. The Dutch Ministry of Foreign Affairs could be interested in aligning with this project in relationship to its PSI and DGGF instruments. This project is about opening opportunities and networks in specific sectors.



PARTICIPANTS

Although this report is written by Mr Pim de Bokx with input from Hein van der Pasch, we couldn't have done this job without the involvement of many. We thank the involved participants, reviewers and organisations for their engagement. The report has been proofread by Mrs Sheila Kwint (RVO) and Mr Jan Hoogland (NIMAR-Rabat) and edited by Mrs Sangeetha Shinde (Incubation Worldwide Ltd.).

Reviewed by the following organisations

RMIE – Mr Amine Maliki (International Liaison for CNRST and RMIE coordinator)

“As far as the report is concerned, congratulations. It is a professional one and reflects objectively what happened during the workshop. All analysis, facts, and recommendations are valuable and meet ours. Good luck with the next steps.”

APII – Mr Hamouda Lachtar (DG APII- Business Support Centres, Coordinator of Incubator network)

“Votre rapport sur l'écosystème de l'entrepreneuriat en Tunisie comporte une réflexion importante sur les forces et faiblesses constatées. Certainement, nous allons en tirer les bonnes pratiques. Par ailleurs, nous sommes très disposés à continuer à collaborer avec vous pour renforcer notre coopération dans les domaines que vous avez bien souligné et qui sont des véritables objectifs pour nous, aussi bien au niveau de développement des compétences (capacité en formation /accompagnement), de réseautage de nos structures avec leurs homologues que la recherche à travers la coopération des Fonds d'appui aux jeunes porteurs de projets surtout en innovation.”

APII – Mr Wajdi Neffati (International Cooperation director APII)

“I would like first of all to thank you for all your efforts at the seminar held in Tunis September 18, 2013 and for preparing this report. We agree with your mission report and I hope that we can establish a cooperation program in order to improve our incubation system in Tunisia.”

Dutch Embassy Tunis – Mrs Mascha Baak

“Dank voor het rapport. Geen aanvullingen vanuit Tunis. Akkoord om met o.a. APII in Tunesië te delen.”

Dutch Embassy Rabat – Mr Roeland Kollen

“Het rapport van de fact finding missie naar Marokko en Tunesië dat is opgesteld door de heren de Bokx en van der Pasch is een goede weergave van de situatie in Marokko. Of dit ook geldt voor Tunesië kunnen wij op de post Rabat niet beoordelen.

De workshop in Rabat was goed bezocht en voor vele deelnemers was het de eerste keer dat zij hun collega's uit eigen land ontmoetten. Dat alleen was voor velen van hen al winst.

De rapportage biedt concrete en realiseerbare suggesties voor follow up bij het ontwikkelen van een Start-up Ecosystem in beide landen.

De aanbeveling betreft Entrepreneurship Education is een mogelijk werkterrein voor het NIMAR. Ideeën hiervoor zullen in een later stadium worden uitgewerkt, wellicht in de vorm van een nieuw MATRA-project.

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STATISTIC DATA USED

	Netherlands			Morocco			Tunisia		
	rank	score	dev	rank	score	dev	rank	score	dev
ECONOMY									
GDP 2012 (Worldbank)									
population		16,8 mio			32,8 mio			10,7 mio	
total (ppp)		\$ 696 Bn			\$ 182 Bn			\$ 105 Bn	
ppp per capita	12	Int\$ 43.198		113	Int\$ 5.192		89	Int\$ 9.795	
av. wealth per adult		\$ 61.880			\$ 3.007			\$ 8.999	
unemployment 2013(IMF)		7,10%			8,90%			16,70%	
youth unemployment 2011 (CIA)		7,70%			17,90%			30,70%	
GDP growth forecast 2013		-1,30%			5,00%			2,20%	
Global Competitiveness 2013 (WEF)									
overall	8	5,42	x	77	4,11	x	83	4,06	n/a
institution	8	5,62		53	4,12		73	3,85	
infrastructure	7	6,12		57	4,3		77	3,9	
macroeco	45	5,22		90	4,42		96	4,37	
health&edu	4	6,61		82	5,48		47	5,98	
Global Innovation Index 2013 (INSEAD)									
	4	61,14	^	92	30,89	^	70	35,82	v
SOCIETY									
Human Development Index 2013 (UNDP)									
HDI	4	0,921	^	130	0,591	^	94	0,712	^
Higher education								17%	
Good Governance Indicator 2012 (Worldbank)									
voice/accountability	97%		^	30%		x	45%		^
political stability	91%		^	32%		v	25%		v
gov effective	96%		^	52%		^	55%		v
regulatory quality	96%		v	50%		x	45%		v
rule of law	97%		x	50%		x	50%		v
Corruption index 2013 (Transparency International)									
Perception 2012	9	84	v	88	37	^	75	41	^
Prosperity Index 2013 (legatum)									
overall	9			82			91		
BUSINESS									
Open Markets Index 2013 (ICC)									
overall	6	4,7	x	61	2,6	v	62	2,6	^
trade		4,4	^		2,6	^		2,5	x
policy		4,7	v		2	v		1,7	v
FDI		4,7	x		3,3	v		3,6	^
infrastructure		5,4	^		3,3	v		3,4	^
Doing Business 2014 (Worldbank)									
overall	28		^	87		^	51		v
starting a business	14			39			70		
getting credit	73			109			109		
trading across borders	13			37			31		
enforcing contracts	29			83			78		
Global Entrepreneurship & Development Index 2013 (US-SBA)									
overall	6	0,58	^	74	0,22	x	55	0,27	^
Self-employed People 2010 (WB)									
perc of workforce		15%			30%			31%	