THE NEXT SOCIETY

Unleashing innovation in the Mediterranean

Project funded by the EUROPEAN UNION

ANIMA INVESTMENT NETWORK

Sommaire

Research has demonstrated the effects of innovation, particularly in technology, on economic growth, industrial optimisation, improved social welfare and environmental protection.

Innovation is often defined as the result of both advanced research and development (R&D) leading to new industrial products and services, and new marketing or work organisation methods in business practices.

Yet innovation policies should also consider the ability of countries to create original ways of using technology, not necessarily owning or inventing it.

This is specifically true for the MENA region, where innovation does not always result from cutting-edge technology or original development of scientific knowledge. Rather, its transformative potential can be achieved in addressing local issues or improving the livelihoods of communities.

THE NEXT SOCIETY, co-funded by the European Union, is an open community made of entrepreneurs, investors, corporates, NGOs, public and private innovation, research and economic development hubs from European and Mediterranean countries, has committed since 2017 to supporting innovators who develop solutions that participate in addressing the main challenges faced by the Mediterranean region.

The ambition of this document is to present synthetically the approach followed by such a community in supporting various MENA innovation ecosystem stakeholders over 5 years, to highlight the key outcomes reached and launch a reflexion based on our experience and the analysis of our impact, so as to nurture future action toward innovation support in this region.

5
years of implementation

60
partners organizations associated

15
associated countries

296
activities

606
days of events

4715
participants

2959
BtoB meetings

2211
people trained

68
analysis, studies and benchmarks

50
clusters

410
startups

95 TTO
(technology transfer offices)

"THE NEXT SOCIETY gave us the opportunity to discover and explore the innovation landscape in Palestine and other MENA countries and create the conditions of a dialogue with the entire ecosystem. After gathering this innovation community we have reached the consensus that Palestine should establish its first national innovation strategy. We have associated all the stakeholders in this strategy and this is for us the major output of THE NEXT SOCIETY".

Khaled Qalalwa
Director General for International Cooperation,
Higher Council for Innovation and Excellence
Palestine

“Today, the life cycle of products is very short, which leads the company to do R&D to reinvent itself and remain competitive. This remains costly and risky for a business leader: if there is no incentive from the State, it is to be feared that the company will not move forward on this crucial subject.

All over the world, universities and colleges produce engineers. These qualified people, who are looking to work in R&D, are able to bring more added value to our production.”

Tarak Cherif
President of CONECT and ANIMA Investment Network, about the technical assistance mission conducted within the framework of THE NEXT SOCIETY in favor of the creation of a research tax credit system in Tunisia

5,25 million €
raised by 30 startups

102
technological partnerships and business contracts signed

267
jobs created

50%+
of beneficiaries in Tech4good sectors

30+ MoU
signed between EU and MED clusters

60
innovations promoted toward industry leaders

28
portfolios of TTO

10
national schemes directly improved/impacted by THE NEXT SOCIETY

139
recommendations for improvement of key sectors for innovation

242
recommendations for new national services or policies

1. Innovation Policies

Through this component, the project aimed to steer national public strategies that can lead to the emergence of champions within the ecosystems, through adopting the right provisions and deploying efficient mechanisms, able to meet innovators' support needs.

What this component was made of:

- A set of complementary activities to mobilise national ecosystems to cooperate, improve national frameworks and support public strategies for innovation.
- A set of decision-making tools for innovation stakeholders to support their advocacy.
- A series of briefs and events to capitalise on the project outputs that best contribute to the policymaking process, especially in key sectors for innovation.
- Regional events for innovation stakeholders serving as a regional space to showcase, benchmark national experiences and exchange best practices.

Most of this work aimed to improve the policy framework by advocating for putting the private sector in the driving seat on innovation strategy. This was conducted through public-private dialogue, the benchmarking of best practices and dedicated support to implement selected actions. Such an approach was implemented through advocacy panels and the provision of technical assistance missions.

Acting as a Task Force at national level, the objective of these advocacy panels was to oversee the innovation roadmap formulation, its implementation, evaluation and updating, with the objective of strengthening the national innovation system, fostering coordination among stakeholders involved and improving concrete instruments of the innovation policy. In each country, the panel was composed of national private sector representatives and investors, innovation stakeholders, relevant Ministries and their agencies, the European Union Delegation as well as academic experts.

Once priority actions selected by the panels' members, THE NEXT SOCIETY mobilised the necessary expertise in the framework of field missions, then promoted this work to public officials to ensure its appropriation and sustainability.

Among other missions all over the region, THE NEXT SOCIETY has developed a complete roadmap for Lebanese universities to strengthen their technology transfer capacities.

In Egypt, the main challenge identified by the ecosystem was the internationalisation of start-ups. The mission was therefore about designing a new accelerator entirely dedicated to providing Egyptian entrepreneurs with personalised support services to accelerate their introduction into new markets.

In Jordan, the project supported the Scientific Research and Innovation Support Fund in the design of a new national programme to support technological innovation – particularly when resulting from research – while ensuring the economic sustainability of the fund.

In Morocco, the project tackled the issue of innovation developed by SMEs and worked for more than a year to advocate for the adoption of the Research Tax Credit. The objective was to encourage Research and Development (R&D) and innovation activities for Moroccan companies by enabling them to benefit from tax credits.

In Palestine, after setting up a National Task Force working for more than 2 years on it, the project finally saw the Palestine national strategy for innovation and creativity emerge and be adopted by authorities and the entire ecosystem.

Achievements and impact

29 actionable recommendations to boost technology transfer in Lebanon

Berytech, through THE NEXT SOCIETY Advocacy Panel, has been leading on setting a national innovation strategy for Lebanon since 2017, as part of THE NEXT SOCIETY action plan. The final report proposes a roadmap of 29 actionable recommendations for universities and other key ecosystem players to boost the technology transfer dynamics in Lebanon. It defines a financing mechanism and a reward system to incentivise researchers in Lebanon to develop projects with commercialisation potential.

THE NEXT SOCIETY supports Lebanon in developing a start-up rescue strategy

To overcome the economic challenges Lebanon is facing and to prepare for an economic rescue strategy, THE NEXT SOCIETY is at the origin of a technical assistance mission aiming to develop an Internationalisation programme development manual for Lebanese start-ups to build international strategies and access international markets with a special focus on EU markets. The resulting Internationalisation programme included a description about the programme, objective, mechanism, phases, support activities and curriculum, selection criteria, timeline, action plan and estimated budget, so that said programme can be fully operational and ready to be implemented.

THE NEXT SOCIETY to support the Ministry of Research with more effective mechanisms in Jordan

The Scientific Research and Innovation Support Fund (SRISF) is a department of the Jordanian Ministry of Higher Education and Scientific Research. The fund was established in 2009 to support the transition to a more competitive knowledge-based economy.

Since then, the SRISF has mainly supported university research and development programmes. To further support the national innovation and entrepreneurship ecosystem through different programmes, the SRISF wanted to provide specific support to innovative projects that require different perspectives, financial tools, operations and objectives than standard R&D projects. In addition, the fund had to be able to generate new revenues through the commercialisation of patents and technology investments supported by the fund.

Resulting directly from the conclusions of the technical assistance mission provided by THE NEXT SOCIETY, the Deep Tech Investment (DTI) is a new vehicle meant to be a Jordan-centric deep tech investment fund with a global outlook.

It aims to capitalise on promising and technically proven IP assets in science and engineering by transforming them into attractive internationalised deep tech ventures, thus establishing a value chain that rewards innovation and its investment.

To achieve this, DTI will leverage its unique vantage point to capture the most exciting under-the-radar innovation in academia and start-ups. It will then build an international venture around them with a lean executive team and value-added board of advisors, paying particular attention to IP, legal structures, and early believer partner recruitment. These ventures will be linked to international innovation value chains as investment prospects geared towards B2B business and as strategic acquisition targets. DTI will be operated by a lean executive team supported by several vested international advisors. DTI is currently under establishment as an independent legal entity under the Royal Scientific Society – I park.

A pilot research tax credit mechanism to support PhD hiring in Moroccan companies

The system proposed at the end of THE NEXT SOCIETY's technical assistance mission intends to be:

Inclusive

The scheme would cover the entire R&D value chain, from fundamental research to the implementation of new production processes for goods and services.

The scheme would allow for innovation and investment in any area of intangible capital, from scientific doctrines to the humanities.

The funding would cover human capital expenditures related to R&D, which would allow a better integration and promotion of qualified resources in Morocco (specialised workers, operational experts, doctoral students).

The funding would cover both internal and external efforts, and a Moroccan R&D stakeholder could benefit from it on a primary or secondary basis.

The scheme would have direct positive impacts on the employability and integration of young doctoral students, as well as induced positive effects on the quality and performance of research centres in Morocco.

Reliable and easy to apply

The eligibility of a company would depend on its R&D commitments (existence of a budget, resources and entity dedicated to R&D, history, number of patents, profiles sought, job description, etc.).

The eligibility of a project could be assessed beforehand, through a reference system for innovation projects and a dematerialised declaration.

The Ministry of National Education, Vocational Training, Higher Education and Scientific Research would play the role of technical guarantor in the control process.

Throughout the life cycle of the innovation project, the Ministry of National Education, Vocational Training, Higher Education and Scientific Research would audit the relevance of tasks carried out by the young doctor, based on a monthly activity report.

Tax authorities would carry out a posteriori control, to ensure the good allocation of tax resources, and would have the possibility, if necessary, to correct the situation.

Initiative Generator

The tax exemption would cover 80% of the gross salary of a newly hired young doctoral student, to carry out the R&D project.

The identification of opportunities would remain in the hands of economic operators, who could innovate directly or via service providers.

Companies could launch their R&D projects without waiting for prior validation from the tax authorities.

The company's commitment to R&D would be flexible and adjustable, with no floor, no plateau, just a function of its capacity to initiate projects.

Projects would be evaluated after three years of experimentation and could lead to an extension of the exemption period for two years.

Accessible

Companies of all sectors and sizes would be eligible for the programme.

Any Moroccan-based company, public or private, could apply for innovation support.

Public or private research centres could approach companies to identify eligible projects.

Company investment and commitment would be made according to the opportunities detected on national and international markets, and at the pace of the requirements of the company's customers.

Sustainable

Businesses and the State would make a joint commitment to innovation, thus sharing risks and the obligation to achieve results. The State would support companies, without having to spend additional budgets.

The State would finance an investment dynamic rather than inputs, which would generate new tax revenues in the immediate future.

As innovation is a cumulative and step-by-step process, companies would naturally be driven by the desire to amplify and pursue investments over the long run.

2. Start-ups

Throughout the life of THE NEXT SOCIETY, we were committed to pursue 3 complementary objectives to support start-ups from the South and the East of the Mediterranean:

Supporting talents and ideas

The region is known for its high number of young people in the general population who need to be given tools and services in order to meet the challenges they face: difficulty to enter the labour market, integration into the global economy, problems of social inclusion, succeeding in bringing about the energy transition, and inventing new economic development models.

Thanks to our mentoring programme in support of entrepreneurship in the region, THE NEXT SOCIETY enabled 130 innovators to be mentored for 6 months by experienced leaders to guide and help them meet their challenges as entrepreneurs.

THE NEXT SOCIETY also offered tailor-made training sessions in various fields where expertise was needed: Client Acquisition, Strategy & Pivoting, Funding, Operations, Market Offer, HR, Marketing Strategy, and more.

According to the surveys we conducted among the entrepreneurs of our community, access to finance remains the main obstacle to the progress of their projects, a problem that has increased since the global health crisis. THE NEXT SOCIETY's contribution to facing this issue consisted in matching investment-ready entrepreneurs with European Business Angels as part of its "Ask An Angel" programme. For 6 months, entrepreneurs received individual and customised feedback from their business angels mentors who also helped them prepare for Due Diligence.

All this support would not have had the same results without the contribution of key ecosystem partners such as Seedstars or Amazon Web Services, joining efforts on the whole project community of partners.

"For legal issues, and let's say the certifications level, AAA really helps us now to kickstart that certification. We have a better idea of how much it is going to cost, how long it is going to take."

Mohamed Dhaouafi, **CEO, Cure Bionics**, Tunisia, after his participation in the Ask and Angel programme.

Immersion of MED start-ups in EU markets

Developing one's network by making new connections and setting up business cooperation remains key to generate growth for entrepreneurs, which is why THE NEXT SOCIETY committed to create opportunities to facilitate their international connections and strategies by:

- forming delegations that participated in innovation events with worldwide resonance both in Europe (Web Summit in Portugal, VivaTech in France, etc.) and the MENA region;
- relying on partnerships with initiatives like Big Booster that helped build bridges for internationalisation among key innovation places like Lyon, Boston, Turin, Manchester, Lodz, Frankfurt or Barcelona;
- initiating and setting up its own international bootcamps and innovation weeks (StartUp Africa Summit, Big Booster Lebanon, etc.)

In addition to international trade fairs and bootcamps where entrepreneurs were able to increase their international dimension "spontaneously", long-term and tailor-made support was provided to guarantee deeper support with virtual learnings and mentorship on how to succeed at a global scale; as well as personalised learning expeditions to meet local decision makers, partners and investors.

Because there is no one right way to scale, because THE NEXT SOCIETY supports a multitude of entrepreneurs in different sectors and precisely because every entrepreneur is unique, we have offered start-ups the opportunity to test new markets and connect with foreign business ecosystems while receiving short-term business support by European hubs. These 26 soft landing missions allowed the same number of Mediterranean entrepreneurs to access markets in 7 countries across Europe.

Priority to local impact

The Mediterranean region is sometimes referred to as the "world's laboratory" when it comes to the common major challenges that we must overcome. Indeed, in the region the answers to be found are perhaps even more urgent than elsewhere given the pressure of social, environmental and economic inclusion issues, and start-ups can definitely contribute to invent solutions.

This said, beyond the necessary alignment of entrepreneurs with these challenges, we noticed that the prioritisation of "local impact" solutions also corresponds to specific existing economic climates.

Half of the more than 400 Mediterranean start-ups supported by THE NEXT SOCIETY mobilised technology for the common good by offering concrete solutions to the Sustainable Development Goals (SDGs) on hunger, health, education, environment and energy. Indeed, thanks to technology, these companies recycle waste or clothes, develop more efficient mobility solutions, propose clever water or waste management solutions, rationalise the use of natural resources, detect childhood diseases or accelerate the dissemination of e-learning solutions. The majority of these companies won prizes, raised funds, succeeded in going international and drew the attention of "impact" investors, which simultaneously address the notions of risk, profitability and socially responsible investment.

Success story

An interview with **Driss JABAR Founder of CloudFret**

Who are you Driss? A short presentation of your background.

After a double degree in Morocco and in France, I started my career in Logistics, as a method engineer and then as a consultant in strategy and innovation in Supply Chain.

Since 2013, we are proud to say that we have created or transformed the omnichannel and international Supply Chain of several industrialists, B2B distributors, or service providers including the optimisation of their supply chains.

What is your project exactly? What market problem do you address?

Many lorries travel empty every day between the two shores of the Mediterranean. This is mostly because they do not have commercial representatives to find loads from Europe to Africa or vice versa.

Today, 1 million trucks transit each year between the two shores of the Mediterranean, 30% of which cross empty. CloudFret pools the resources of the road transport sector by offering an innovative platform that optimises the return of empty trucks in a win-win-win relationship; for shippers it is cost saving, for carriers it is additional turnover and for the planet it is less traffic and less pollution.

The clear ecological advantage is to limit the number of empty kilometres travelled by these numerous trucks, thus reducing the carbon footprint of the entire sector. The optimisation of even 100,000 trucks out of a million would have significant impact on the carbon footprint of a sector that accounts for 15% of global CO_2 emissions.

We estimate that filling these trucks would reduce the sector's emissions by 744,000 tonnes of CO2 per year. This is equivalent to:

- the annual energy consumption of a French city of 63,000 inhabitants, such as Troyes or Quimper,
- removing about 600,000 thermal vehicles from the road every year.

What has THE NEXT SOCIETY brought you?

TNS has enabled CloudFret to benefit from exceptional support! It put us in the best possible conditions to move our project to the acceleration stage. It actually went so fast; we just finalised a 1 million euro fundraising, and the start-up is now valued for 20 million euros! With this fundraising, our ambition is even greater, but our convictions are the same. We will be able to continue democratising the transport of goods and help thousands of small transporters to make a decent living from this noble profession, while reducing the carbon footprint thanks to the elimination of empty kilometres.

"THE NEXT SOCIETY has enabled CloudFret to benefit from exceptional support! It put us in the best possible conditions to move our project"

Jordan-based startup AKYAS offers innovative sanitation solutions for communities in developing nations, providing low-cost, low-resource and easily deployable sanitation systems.

According to AKYAS co-founder Bara Wahbeh, the company's mission is to bring low-cost sanitation "to the base of the population pyramid regionally and globally" – especially those lacking access to safe sanitation, such as displaced populations, high-density slum households, or rural communities.

One of AKYAS' flagship products includes a bag that serves as a wastewater treatment plant. Once used, the container disappears, leaving behind nutrient-rich soil conditioner.

Bara Wahbeh, Co-founder and CTO,
AKYAS Sanitation

"FabricAID is a fast-growing Lebanese social enterprise working to establish and scale socially and environmentally conscious value chains for the apparel industry by optimising the collection, sorting, upcycling and resale of second-hand clothes."

Omar Itani, CEO, **FabricAid**

3. Clusters

THE NEXT SOCIETY has chosen to support clusters in the MENA region, based on the principle that they could be a strategic entry point to strenghten innovation ecosystems.

Indeed, they foster open innovation approaches, collaborative projects and the decompartmentalisation of stakeholders, the mutualisation of resources, particularly when it comes to dealing with common issues such as access to technology, R&D activities, etc. In addition, they act as gateway for internationalisation by constituting well-identified hubs to access foreign partners and markets.

The support of the project took the form of an acceleration track dedicated to south mediteranean clusters. Combining different services to help them meet these challenges, this programme was made for: Strengthening cluster management

Strengthening cluster management

To be fully effective, the action of clusters relies on their structuring, their animation -notably through the offer of services to their members, and their management. Therefore, we logically chose to drive support on the cluster manager and make this person in each organisation a pivot around which the project's action could be deployed to spread throughout the organisation.

The clusters that took part in the programme were selected on the basis of their maturity (number and proportion of companies in the membership, management in place, etc.) and their capacity to receive intensive support after an individual diagnosis by network experts.

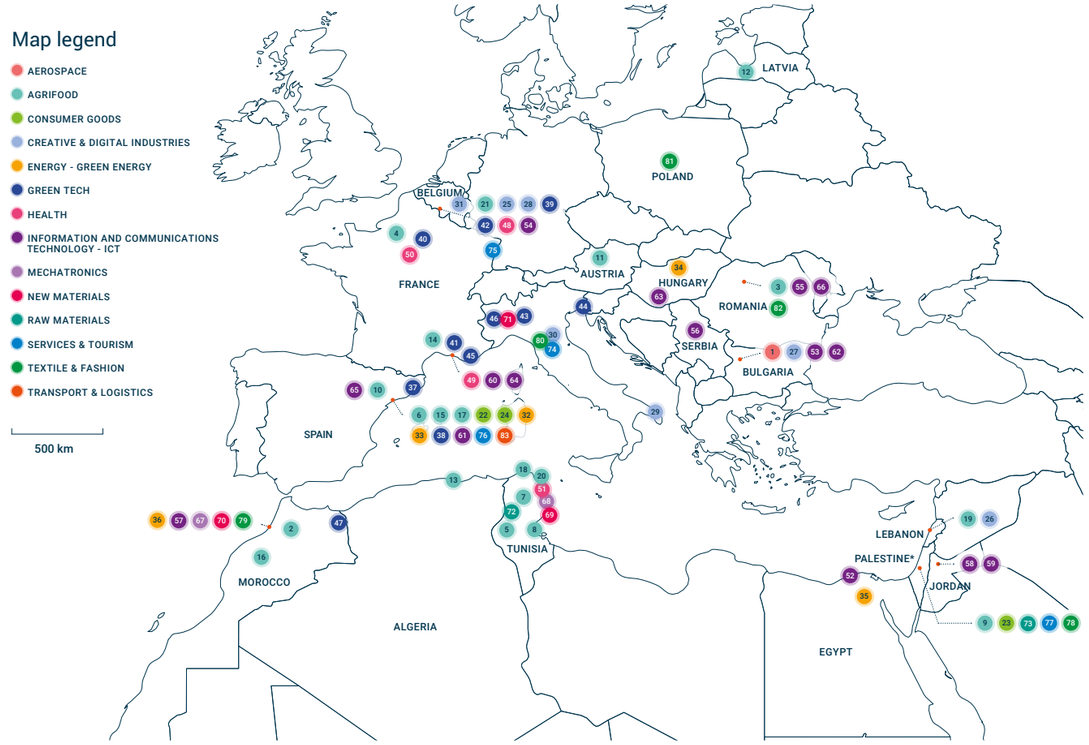
Through ten targeted modules on topics as varied as setting up an offer of adapted services, toolbox for running a network, innovation management or support for start-up projects, collective training sessions on Strategy & Service portfolio, Governance and cluster team or Cross-cluster cooperation, this action was key in fostering the transfer of expertise and addressing the needs of 26 MENA clusters.

Yet strengthening the efficiency and model of these clusters is not only about these technical aspects. For that reason, THE NEXT SOCIETY partners relied on their network, especially in Europe, to offer these clusters the possibility to participate in trade fairs and benchmarking visits, letting them understand from the inside the key success factors of some emblematic EU clusters, thus getting them inspired by the way these organisations had faced their own (often common) issues throughout their development.

Connecting clusters and their members within the region

MENA countries -and their enterprises- are facing common problems for which the regional scale appears the most relevant to provide answers: climate change and pollution, external dependence of energy and food security systems, need for access to technology and foreign markets... To face these various crises, regional cooperation seems the only way to rethink the structure of business partnerships of MENA countries and to progress towards the creation of a "Mediterranean pole" better able to generate growth for MENA enterprises.

In this perspective, THE NEXT SOCIETY wanted to connect clusters and their companies within the region, by promoting North-South as well as South-South connections, and by offering them the possibility to open new channels of cooperation, to generate sectoral cooperation (creation of meta-clusters), to create consortia or alliances to capture joint resources or to collectively answer calls for tenders.



MAPSTER I EU & MENA clusters cooperating in the Cluster Booster Track I 2017-2022

This work has resulted in over 3,000 B2B meetings between clusters and between member companies of these organisations.

Behind this action is no more than the crucial need for MENA clusters and their companies to trade with their counterparts to generate growth, and to be better integrated in European value chains.

Bringing out the champions

Strengthening and connecting the region's clusters were clearly the 2 pillars of THE NEXT SOCIETY's action. Yet beyond these two key components, it seemed important to support some specific clusters to scale-up, to strengthen their immediate environment by making these intermediary structures able to radiate upon their ecosystem.

Development of new tools, resource production, international strategy development or improvement of the quality of services offered to their members were therefore at the heart of the support provided.

Through offering specific technical assistance to these clusters to develop their growth strategy and expanding business opportunities for their members, THE NEXT SOCIETY contributed to create champions that can lead a new dynamic for clusters in the region.

Six clusters were therefore selected in the Mediterranean region to benefit from this opportunity, based on their mission, track records, growth plan, and milestones.

Achievements and impact

50 participating clusters,
of which **26** from the MENA region

Creation of a community of clusters, which continue to talk to each other and are in demand for new services

44% of TNS cluster managers are women

3,089 B2B meetings

45 MoU signed between EU and MED clusters

Consortia formed among EU and MENA clusters to jointly answer EU calls for projects

Beneficiary clusters declare that, in total, the project allowed them to better structure

52 internal services

624 participants in matchmaking events

34 clusters mentored

Findings from the last capitalisation event after 5 years supporting clusters (based on clusters' inputs)

- The need for more and more connections: B2B meetings and inspirational visits abroad are the activities with the highest added value for the participating clusters
- Mentoring for clusters is key not only for capacity building but also for business cooperation
- The need to work on the service offer of clusters, and to involve their members in this work
- Strengthening the capacity of clusters to pilot and lead collaborative projects with R&D stakeholders in particular
- Initiating inter-cluster collaborations
- Improving clusters' access to funding and collaboration opportunities from international donors, particularly the EU
- Structuring international partnerships to help MENA clusters source technology in the EU for their members

Success stories

"THE NEXT SOCIETY helped us to shape a strong vision for our cluster, the programme was a great opportunity to gain insight from similar experiences as it was important for us to set standards for our activities."

Moroccan Denim and Fashion Cluster (MDFC) Morocco

Sector: Industrial Manufacturing

MDFC is a public-private partnership whose aim is to enhance innovation in the apparel sector including leather goods, through collaborative projects, with a special focus on sustainability, design, and eco-designed material development.

"Throughout THE NEXT SOCIETY support, QOOT was able to design an in-depth needs assessment tool, which has served to better understand several aspects of the cluster members. Such support is indispensable to better design and implement activities that are of interest and need for the members."

QOOT Cluster - Lebanon

Sector: Agriculture, Forestry, Water

QOOT brings together 80+ SMEs and existing companies in Lebanon's agri-food sector, creating a synergistic environment that fosters innovation, collaboration, prosperity, and growth. Its core objective is to bring Lebanese agri-food industries on par with the most innovative economies in the world, thus making Lebanon's flag fly higher on the world food innovation & trade map. QOOT's mission is to catalyse the sustainable growth, enhanced competitiveness and internationalisation, and visibility of Lebanon's innovative agri-food sector, through 3 circular innovation and trade intensification pillars: readiness, competitiveness, and internationalisation.

"The technical assistance mobilized within the framework of THE NEXT SOCIETY helped us to professionalise our prototyping platform, structure its service offer and adopt a marketing and commercial strategy, which today allows us to ensure nearly 30% financial autonomy for the cluster."

CE3M - Morocco

Sector: Materials, Electronics

CE3M brings together key players in the electronics sector in Morocco, to produce innovative products made in Morocco, intended for the global market.

The cluster supports innovative projects, by identifying the technologies and partners necessary for their implementation, assists them in preparing the application file, especially for submission in calls for projects, in addition to supporting them in project management.

The cluster supports its members by helping them to access finance and find suitable financing opportunities, while also supporting the project's commercial development and visibility. The cluster offers prototyping services (mechanical, electronic, metrological) on its platforms installed at the Sapino Industrial Zone in Nouasser, while extending its support to the incubation of project leaders and startups.

4. Technology transfer

Technology transfer, a major driver of value creation and innovation for the Mediterranean region

Technological progress is a key driver of economic growth. It is a major regional priority for Southern Mediterranean countries, who significantly underperform compared with other emerging economies, but also for Europe, a global leader in producing scientific outputs yet who lags behind in translating them into products and services.

The mechanisms through which technology is developed and used in production are complex. At the strategic level, THE NEXT SOCIETY has created a Mediterranean innovation scoreboard to shed light on country performance and progress achieved at the various stages of the innovation process, and helped design more efficient policies towards science, technology and innovation.

THE NEXT SOCIETY community also decided to showcase the potential of technological progress at the startup level: the Tech Booster programme has demonstrated that research-based startups solve many of our most important economic, social and environmental challenges and are bankable. Over 200 research-based projects have been supported in Morocco, Algeria, Tunisia, Egypt, Palestine, Jordan and Lebanon and in a final regional edition to develop their startups. The programme, shaped by Berytech and ANIMA, and fine-tuned in each country, included a bootcamp, one-on-one coaching and a matchmaking event.

As a result, 15 research-based startups raised a total of 700,000 Euros in seed funding. More than 50 industrial and commercial partnerships were signed, including 10 at the international level, with MENA countries, Europe and the USA. The impact on SDGs is also remarkable: two thirds of the startups supported operate in strategic sectors including green techs, health, agrifood, biotech and education.

These successes have raised strong interest from a wide range of stakeholders: incubators, accelerators and investors who find an impressive deal flow of very innovative projects, companies who collaborate to develop cost-effective solutions to their industrial challenges, academia who gets new opportunities for graduates and post-graduates, and authorities who also get involved to stimulate their innovation ecosystems and invent new solutions for their territories.

The Tech Booster programme created “a space for creative researchers to build connections with key stakeholders, to learn from experts how to navigate their innovative solutions into businesses thanks to tailor-made support. Researchers are experts in their technical fields, yet they lack business knowledge and they need support in developing innovative projects that address market needs with the potential of becoming scalable startups” as summarised by Krystel Khalil, Director of Programmes at Berytech. “The role of the ecosystem is to help a researcher understand they are not necessarily the CEO, and help them find one“ adds Mohammed AlJafari, Project Manager at iPARK of Royal Scientific Society.

Among many success stories, Akyas, who shrinks an entire wastewater treatment plant inside a completely compostable bag, developed a prototype installed in Za’atari Camp in Jordan, which paved the way to winning the Sarphati Sanitation Challenge and other international awards. In Tunisia, WEDTECT’s very promising smart system for leak detection in water pipelines was selected to join Technoriat acceleration programme to develop its industrial prototype after being supported by THE NEXT SOCIETY. In Lebanon, C Green, which started with a team of Ph.D. graduates working on their Research thesis tackling the major challenge of sludge coming out of wastewater treatment plants, worked to patent their solution that converts this human sludge into a 100% viable soil enhancer, and is currently in its second round of fundraising and building its plans to scale. In Egypt, Colibri Care, founded by researchers of the American University in Cairo, became the first local manufacturer of hemostatic agents in the Middle East.

THE NEXT SOCIETY also addressed technology transfer at level of technology transfer offices (TTOs) in universities and research centres. A regional programme designed and implemented by the Royal Scientific Society (RSS) helped over 60 Mediterranean TTOs build their capacity to identify, acquire, and mobilise innovation and intellectual property towards national and international partnerships and societal impact. With a mix of training sessions and tailored one-on-one mentorship, participating TTOs produced portfolios of attractive transferrable technologies, gained insights on managing IP, communicating innovation, commercialising innovation, and pitching to partners, which in turn increased their visibility and legitimacy within their institutions.

9 institutions with the most promising outputs for commercialisation were also further supported through the Technology Transfer Accelerator, a highly customisable programme developed by Royal Scientific Society under THE NEXT SOCIETY. They received direct expert advice and brokerage services resulting in over 40 one-on-one meetings with EU-based technology brokers and potential partners from industry and academia. A new regional benchmark for technology transfer institutional performance was built and applied to participating institutions following a strategic deep dive where essential technology transfer enablers, including IP portfolio size and diversity, team capabilities and regulatory infrastructure, were critically assessed among other key measurements.

The added value of such regional cooperation was confirmed in June 2022 with the signature of a letter of intent to create a society of technology transfer professionals in the South Mediterranean countries, to sustain the sharing of best practices, networking, provision of technical knowhow and advocacy implemented under THE NEXT SOCIETY Technology Transfer Accelerator programme.

Achievements and impact

200 research-based startups supported in **7** countries

43% of researchers-entrepreneurs supported are women, **75%** are **35** years old or younger

65% have a direct impact on SDGs:

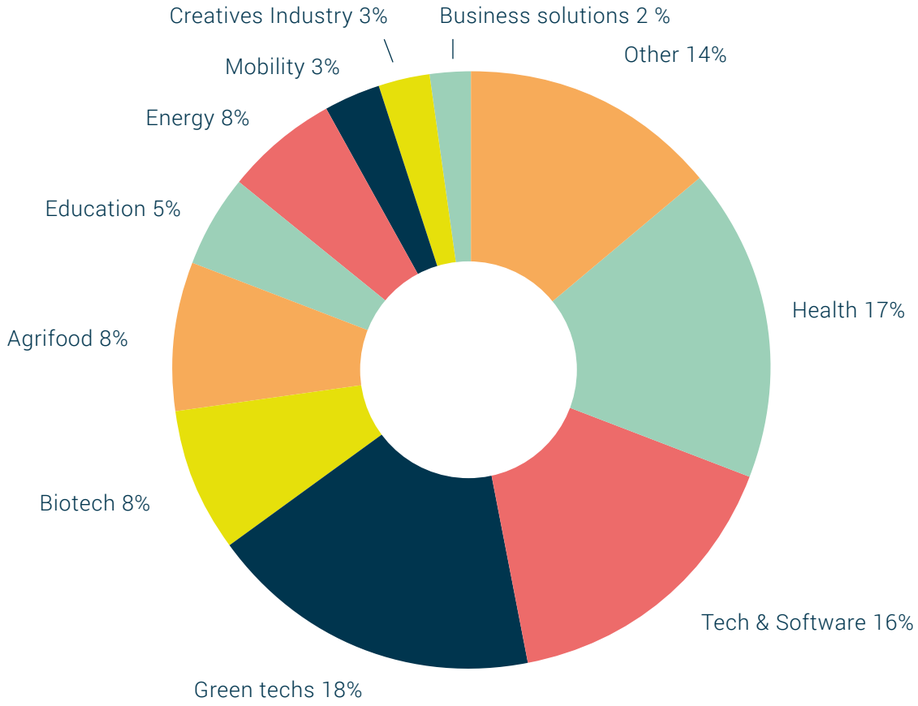
15 research-based startups raised funds: **700,000 EUR** in total

27 research-based startups created a total of **85** jobs

50+ industrial and commercial deals signed, including **10** international partnerships with the MENA region (7), Europe (2) and the USA (1)

60 Technology transfer offices supported to produce portfolios of transferrable technologies and meet research and industry partners in Europe and South Mediterranean countries

1 letter of intent to create a society of technology transfer professionals in the South Mediterranean countries



Success stories

Dr. Wesam Sarhan
Co-Founder & Head of R&D @ Colibri Care, Assistant professor at the American University in Cairo, Egypt

“Colibri Care is the first market move towards the local production of hemostatic agents in the Middle East. Our patented hemostatic sponges readily absorb blood with increased absorption capacity and no pre-wetting. When we entered THE NEXT SOCIETY, our idea was still in the primary stage. THE NEXT SOCIETY incubation and online training helped us transform our idea into a minimal viable product. Winning the financial incubation grant, in addition to the positive feedback we received from the matchmaking event, began setting the route for establishing our company. This allowed us to move strongly: we applied and were selected in another accelerator, and we now partnered with a medical device company based in Oman and secured our first round of investment ($40,000 and soon closing our pre-seed investment round). Colibri Care will expand to the neighbouring countries including Saudi Arabia and Egypt soon.”

Mohab Anis
Professor at the American University in Cairo, CEO at INNOVETY, Egypt

“The collaboration I had with the NEXT SOCIETY has been instrumental in driving technology transfer and innovation in Lebanon, Egypt and the region. Innovety has delivered 4 rounds of Tech Booster programmes, 2 of which were delivered in Lebanon, 1 in Egypt, and the final regional edition. These bootcamps targeted researchers who had technological ideas to commercialise, and covered innovation management fundamentals, intellectual property (IP), and commercialisation. These rounds were extremely valuable to participants, as it helped those with technological research close to commercialisation to have a clear business model, market readiness, and visibility among potential investors.”

Dr Fadia Homeidan
Director May Awar Ammar, Associate Director of the OGC and Technology Transfer Unit (TTU), American University of Beirut - AUB, Lebanon

“Through THE NEXT SOCIETY R2I programme, we were given the chance to share our Technology Transfer Unit (TTU) missions, functions, achievements and commercialisation challenges with other partner organisations in Lebanon and Europe, through multiple online group and private sessions. We developed an on-line portfolio for AUB inventions and patents that provide a much-needed exposure and commercialisation paths for AUB innovations. Two of our faculty members-inventors also received coaching to further their IP commercialisation prospects in Europe: matches were made with potential markets, thus opening channels for cooperation and commercialisation. We are grateful for this amazing opportunity; AUB’s TTU team was able to implement a lot of what they learnt throughout the project and improve the support TTU provides for the commercialisation of AUB innovation.”

5. Innovation challenges in the MENA region

Lessons from THE NEXT SOCIETY

Summary

In the framework of THE NEXT SOCIETY, ANIMA conducted an impact assessment with start-ups and clusters from the MENA region that participated in the project, in order to draw lessons on how **to support innovation** among these stakeholders.

The aim was to better understand how **the approaches proposed** in the framework of cooperation projects **correspond to the dynamics and practices** of these stakeholders, how they encounter **blockages in their direct and indirect environment** and how to support their capacity to **create value** and competitiveness for their country and the region.

The paper is structured in three parts, which stem directly from the findings of this impact assessment.

With a view to raising the level of competitiveness of the countries in the region and better **inserting them into global competition**, the first part questions the position of **national ecosystems** with regard to the practices of their innovators, as well as the relationship between **frugal innovation, digital transition** and the need for **technological upscaling**.

The second part details the conditions for renewed **regional cooperation**, underpinned by national strategies that need to integrate **transitions towards more virtuous production models** to address their challenges and **avoid isolation**, as well as the place of **clusters as a gateway** to regional dynamics.

Lastly, the third part shows how so-called **impact** solutions appear to be essential for start-ups in the region to participate in creating a **new paradigm** based on their ability to mobilise **partners and investors** more than others, to respond to **local issues** and put **human capital** at the heart of their project.

Methodology of the impact assessment

The objective of this document is to **reflect on the role of innovation to face the major challenges of the MENA region, the effectiveness of Mediterranean ecosystems in this respect, the place of EUROMED cooperation in these dynamics and the importance of the social and environmental dimensions** in the investment and development strategies of businesses.

The questions raised at the origin of this paper are the following: Frugal innovation and market reality? What place for regional cooperation and partnership with the EU? What model should we aim for to reconcile the need for economic growth with social impact?

To address these questions, an analysis and reflection process was conducted on the **data from the impact assessment of THE NEXT SOCIETY project**, a project co-funded by the European Commission and led by the ANIMA network and some twenty partners, which aims to support innovation ecosystems in the MENA region.

This document aspires to feed the **positioning of ANIMA and its partners, as well as the European Commission**, by identifying approaches to be prioritised in the future.

The impact assessment from THE NEXT SOCIETY on which this document is based was conducted among THE NEXT SOCIETY beneficiaries and gathered responses from **81 start-ups and 18 clusters from 7 countries** (Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, Tunisia). The interviewees, entrepreneurs and cluster managers, are beneficiaries of THE NEXT SOCIETY acceleration programmes for start-ups and clusters. They have all participated in **business events organised by the project in Europe, the Maghreb and the Middle East, mentoring programmes, soft-landings** (visits and e-visits of MENA start-ups to European incubators), **B2B meetings** and different types of activities offered by the project **to meet their development, growth or internationalisation needs**.

This impact assessment aimed to collect several types of information - i. Feedback from the activities in which the beneficiaries took part and assessment of their added value, ii. Impact of COVID on their activity, and iii. Impact of the project on their development - which will be analysed here to give substance to ANIMA's reflection on how to support innovation in the Mediterranean.

1. Frugal innovation upscaling technology

Frugal innovation - and the idea that it is possible to do a lot with little - lies at the heart of many development projects seeking to identify potential 'breakthrough' ideas that do not require significant economic investment or cutting-edge technology, and are easily exportable.

Nevertheless, this concept of frugal innovation comes up against **the need** for the countries of the southern and eastern Mediterranean **to move upscale technologically** in a context of global competition. In fact, the aim is to increase the share of added value in the goods and services developed by businesses in the region, and to attract investments and trade that are currently made with Asia.

Moreover, it seems to us that the **answers to the challenges** in the Mediterranean and in the world require a search for efficiency and sustainability in traditional sectors. To this end**, the integration of technological solutions**, particularly **digital** ones, is necessary. The question then arises of the capacity to finance these solutions and their proper appropriation, which requires a **structured support ecosystem for innovative projects and facilitating legislation.**

1.1. Digitalisation and technological upscaling as solutions to the need for market access

The performance assessment of THE NEXT SOCIETY beneficiaries - both in the context of the project and in the broader context of resilience to COVID - highlighted **the importance of the sector** in resilience and development, as well as the importance of the **flexibility** of start-ups to cope with different crises. This leads to the following reflection: the **role of the digital sector** - both as a **sector specialisation** and as a **working and business development tool** - is **decisive**.

> Lessons from the COVID crisis: the resilience of the technology and digital sectors

The COVID crisis, which has shaken up lifestyles and consumption patterns, has impacted the global economy in many ways - not least as a catalyst for market forces.

In the field of innovation, this period has both illustrated and highlighted the weakness of the discourse around innovation 'in the broadest sense' by putting forward **sectors** that are truly capable of **resilience** and economic growth in times of crisis: **Fintech, Edtech, Healthtech**, etc. As such, the businesses that were identified as having high growth potential before the pandemic and have remained so afterwards are precisely those that offer concrete answers to societal challenges and **use the digital transition** to do so.

Respondents to THE NEXT SOCIETY impact assessment illustrate this idea, whether in their answers to the question of the impact of COVID on start-ups' activity or in the observation of reported business successes despite the adverse context.

When asked whether COVID had an impact on their business, only 21% of start-ups answered no. The start-ups concerned were active in the following fields: e-commerce, business solutions, defence, education, greentech, health, mobility and tech&software (accounting for 7% of the no's alone). For 12%, in the fields of **e-commerce, business solutions, tech&software, health, greentech, education and fintech**, the impact was positive.

Two fields in particular can be identified as having **flourished during the pandemic** within THE NEXT SOCIETY project: **e-commerce** and **digital products**, where the demand for products and solutions has increased.

One such success story is Sghartoon (Tunisia) - a telemedicine platform specialising in learning disabilities that allows parents, therapists and schools to come together to provide the best care and education for children. In the case of Sghartoon, "*the COVID-19 crisis highlighted **the importance of digital tools** in all sectors, which **contributed to increasing demand** for [their] tool*". Or Tribaliste (Morocco) - an online furniture sales platform - *"Sales have increased due to the increase in awareness of online shopping, and also because during this period people wanted to refurnish their homes to make them a better living space, as more and more people work from home."*

> The key role of digital transition in MENA countries highlighted by COVID

In all fields, and especially in the service sector, **the digital transition** in COVID times played a **key role** in maintaining **the competitiveness of businesses** - particularly given the restrictions on freedom. This strengthened the idea that Mediterranean countries need to ensure **a successful digital transition to effectively support the wider ecosystem**.

Indeed, THE NEXT SOCIETY impact assessment revealed that the **resilience**[1] shown by the region's businesses has come mainly from start-ups that have focused on **digitalisation, online sales and payments**, or those that have made the **"pivot" to digital marketing**. Some more than others, such as DCX - Digital Cultural Experience (Tunisia) which has gone as far as "*pivoting and producing web applications that are accessible online and based on grants*" but also Horizon Education (Tunisia) which claims to have *"[...] **pivoted all of (their) operations, (their) strategy, (their) products and (their) marketing to the digital space**. (They) have developed and designed a new 100% digital educational platform, (which they) just launched on the market a week ago."*

For **clusters,** it was also important - in order to maintain business - to rethink the way they operate by **moving towards 100% digital**.

More generally and at the scale of the project, the **digitalisation of THE NEXT SOCIETY's activities** has also led to many successes: Soft-Landings, which provided short-term incubation for MENA businesses in Europe, have been replaced by an online version, reducing costs, overcoming mobility issues and increasing opportunities - increasing the number of Soft-Landings from 14 before 2021 to 26 by the end of the same year.

1. This concerns start-ups that responded that COVID has positively and negatively impacted their business - mainly with a negative shock followed by measures that have - ultimately - improved their offer/business model/product.

1.2. The importance of efficient and outward-looking national ecosystems

The study of the international dimension of THE NEXT SOCIETY beneficiaries illustrates that, in addition to the **necessary digitalisation and technological upscaling** of businesses, the **role of the national ecosystem** is essential in the establishment of a **framework capable of supporting its innovators**. Indeed, without innovation support infrastructure, the potential struggles to expand. While internationalisation may make it possible to overcome certain weaknesses to a certain extent, investments in innovation and large-scale projects necessarily require a **pre-existing** and **well-functioning ecosystem**.

Therefore, it is interesting to ask the question: why do start-ups go international? Is it in search of technology partnerships? To fill a gap in the ecosystem's capacities (budgets, universities, partners, patents, etc.)? Because of an inadequate regulatory framework? Or is it above all to meet the need to develop their markets, especially when they are launched in a country with a limited domestic market? Answering these questions is crucial to get indications on the performance of national ecosystems in supporting their entrepreneurs.

> Internationalisation seen primarily as a means to access markets

Within the project, 56% of start-ups declare that they have an international strategy. Although the internationalisation of a start-up - whether regional or global - is often seen as a necessary step and a sign of economic success, this internationalisation is not an end in itself and must take place at an appropriate stage of development. Aside from the famous precept "think global from day one", which is widespread in start-up circles, reality shows that premature internationalisation often means **losing the benefits of the technology** at local level and having it taken over by extra-territorial players.

In the MENA region, **internationalisation often takes place at the commercialisation stage**: THE NEXT SOCIETY beneficiaries tend to develop commercial partnerships rather than technical or development partnerships. For instance, among the start-ups that have developed partnerships within the framework of the project, 47% declare that they were of a commercial nature (sales, representation, etc.), 27% in the field of business development or financing (funds, support, business deals, R&D projects) and 23% of technical ones.

These figures provide two main elements of analysis. Firstly, **internationalisation is seen** above all by businesses **as a means of expansion** to cope with the limitations of domestic markets. Secondly, in the face of this internationalisation trend of start-ups towards new markets, **national ecosystems are not encouraged to structure a model fostering collaboration between innovation stakeholders, especially between start-ups, large corporations and research stakeholders.**

> Developing locally through an efficient ecosystem focused on financing

To encourage the construction of this ecosystem, it is therefore necessary for the region's start-ups to be integrated into an ecosystem that is sufficiently effective to support their development by enabling them to **find the right technical and financial partners locally**, before being able to turn to other markets. It is worth noting that an ecosystem presents a genuine added value for entrepreneurs when it **integrates public and/or private innovation financing stakeholders, covering at least the early stages** of business development, and that as a result, entrepreneurs do not need to turn to the international market to cover this need for access to financing.

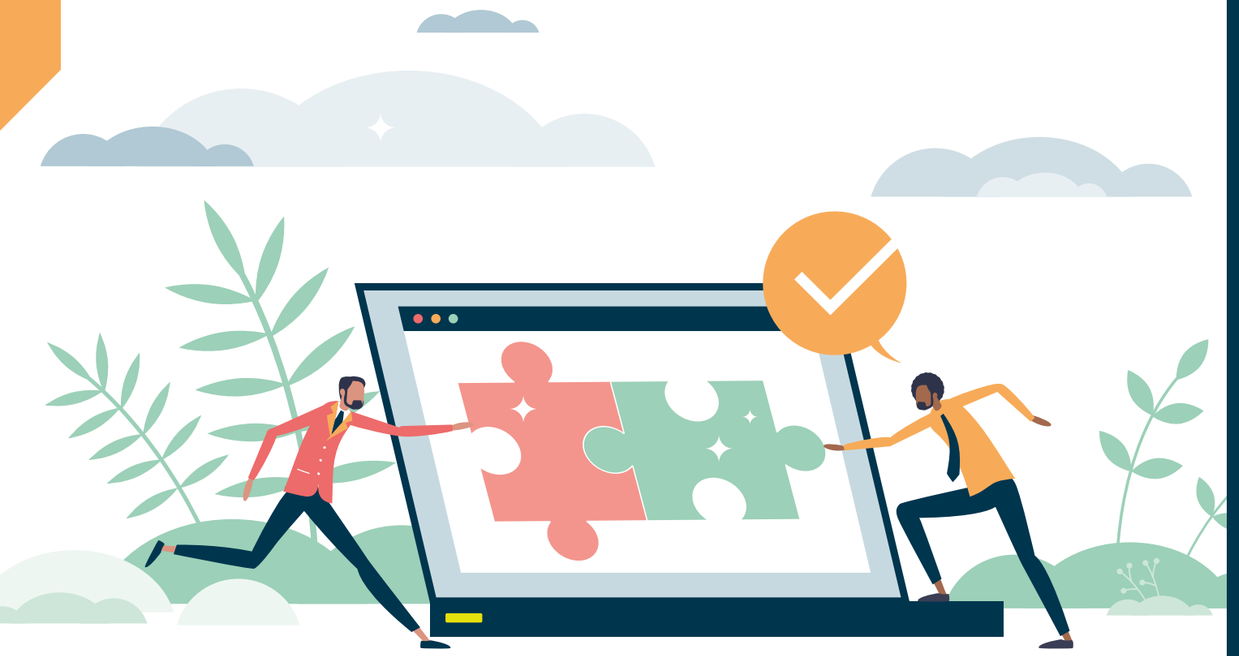
Indeed, an analysis of the investments declared by start-ups shows that most of the funds raised by THE NEXT SOCIETY start-ups come from international sources, although national sources are not insignificant: 27% of respondents declared at least one fundraising operation. Of these funds, 11% were raised from the diaspora and 31% from national investors, while 58% of these funds were raised from foreign investors.

> An underused European partnership

It is worthwhile questioning the place of Europe in the partnerships created by innovation players in the MENA region, and thus get an idea of the potential of the EUROMED partnership.

In the responses from THE NEXT SOCIETY beneficiaries, **Europe** appears to be an **almost unavoidable partner for clusters**, while this is less the case for **start-ups**. The latter **first sign national partnerships**, before turning to Europe, which they perceive more **as a market with more opportunities to raise funds**, at the expense of the possibility of sourcing knowledge and technology. Indeed, whereas 20% of international partnerships of start-ups are signed with Europe, 43% of clusters declare having signed international cooperation agreements with European structures. This leads to two observations:

- MENA innovation ecosystems should open up more to Europe, particularly **to source and/or use technology developed there, and enhance their local production and transformation capacities** by involving the entire ecosystem;
- The **region's clusters** should use their connections with Europe to **become the place where businesses and start-ups benefit from a privileged opening onto the international scene.**



2. Regional cooperation at stake for innovation strategies in MENA countries

While MENA countries must develop strong ecosystems offering the necessary infrastructures for the development of innovation, **the regional scale is essential to meet the climatic, health, economic and political challenges** common to the region. Beyond indispensable regional cooperation, the model for which has yet to be invented, **the partnership with the EU must also be rethought**.

2.1. A double risk to be defused: dependence and isolation

MENA countries face common issues for which the regional scale appears to be the most appropriate to provide answers: climate change and pollution, external dependence of energy and food security systems, need for access to technologies and foreign markets. To face these different challenges, regional cooperation seems to be the only way to rethink the structure of the commercial partnerships of MENA countries and to progress towards the creation of a "Mediterranean pole" better able to control its economic destiny.

Yet moving in this direction requires building **strong and balanced partnerships**, especially in **Europe, in order to integrate Mediterranean businesses into value chains that become more locally organised**. This also implies inventing a **South-South partnership** model capable of finding its complementarities.

> A new model for South-South partnership

After more than 25 years, **the potential of integration in the Mediterranean remains largely untapped**[1]. The dynamic must be relaunched so that the countries of the region no longer think that they are positioned in a competitive way. As regards at least the countries of the African continent, the detailed analysis of the value chain structure and comparative advantages of each country tends to confirm that **complementarities do exist**. The OECD agrees, explaining in its recent work that "[...] ***harnessing regional complementarities creates new competitive advantages for African countries***"[2].

This non-integration of the South, to which are added **difficulties in the circulation of skills**[3], is not without consequences for innovation players, especially entrepreneurs, who often have to **consider a move to Europe** before being able to access other markets in the region.

This is illustrated by the example of Walid Mzoughi, the Tunisian founder of Winshot, who was able to benefit from THE NEXT SOCIETY to develop his 360° analysis solution for sales outlets to improve their profitability. His success in Tunisia naturally led him to want to export to Morocco, the start-up's target market, but faced with regulatory obstacles and the lack of facilities offered for such sub-regional operations, the founder decided to create a head office in France to be able to set up operations in Morocco from Marseille.

1. OECD (2021), Regional Integration in the Union for the Mediterranean: Progress Report, OECD Publishing, Paris
2. AUC/OECD (2022), African Development Dynamics 2022: Regional Value Chains for Sustainable Recovery, AUC, Addis Ababa/OECD Publishing, Paris, https://doi.org/10.1787/f92ecd72-fr.
3. See section "*Provisions conducive to the mobility of innovation players*".

> Accelerating transitions to avoid isolation

The COVID crisis, followed by the war in Ukraine, revealed a number of weaknesses in the ecosystems of the countries in the region. Despite their particularities, these countries face the same challenges of **technological upscaling, industrial diversification, social inclusion** or **greening of their production methods**, and are therefore equal when it comes to the **necessary transformation of their models**.

Moreover, regional partners, first and foremost the EU, are **setting the agenda for these transformations**. Through its EU green deal, for example, Europe aims to give priority in its trade relations to businesses in third countries that are able to respect its main principles. However, this policy is **not without consequences for the capacity of MENA businesses to insert themselves into Euro-Mediterranean value chains**.

These global shocks and their impact on regional trade policies are therefore putting **pressure on the region's ecosystems** to **anticipate these transformations, adapt their practices and set up monitoring systems** - which are often lacking - to measure and justify these transformations.

> Clusters at the heart of regional cooperation challenges for innovation ecosystems

The regional dimension, particularly in the EUROMED area, holds great potential for clusters. To benefit from it, their businesses must be able to meet a need for transformation with **a production offer to be promoted to foreign partners**, who have themselves been made aware by the global crises of the shortening of value chains and the **relocation of the production tool** to neighbouring countries.

Indeed, the impact assessment of THE NEXT SOCIETY beneficiaries illustrates the challenge for clusters to **become the place through which Mediterranean businesses integrate these "new" value chains and acquire the technology that will enable their ecosystem to become more competitive**. In doing so, they will be able to create the confidence necessary for these new commercial partnerships. Although still underdeveloped in Europe, these dynamics already exist elsewhere, as the following example illustrates.

Indeed, the clustering approach followed in the Suez Canal Zone in Egypt has generated investments and […] *a positive impact on the national economy, and at the same time produce spillover effects thanks to new technologies and know-how transferred to the region, contributing to transforming the area into a major fulcrum for innovation and entrepreneurship.*

CEO of Suez Canal Zone Mr. Gamal Eldien goes on to say that […] *the project created here after an agreement with the Chinese Government, is one of the most significant in the area, with state-of-the-art plants producing textiles and plastics, energy, and providing for waste management and recycling.*

2.2. The indispensable political will for such cooperation

Although businesses, especially under the impulse of clusters, can play a role in creating dynamics of economic cooperation and business partnerships at regional level with ultimately an impact on national innovation ecosystems; **the regional political environment, the structure of existing trade agreements** as well as the capacity of **physical mobility** of stakeholders remain decisive **to envisage substantial economic development at regional level**.

> Enabling regulatory frameworks and revised bilateral agreements

Enhancing R&D capacities, supporting technology transfer, strengthening human capital and its mobility, structuring access to finance, and providing a supportive framework for investors are all dimensions to be taken into account in the national innovation strategies developed in MENA countries. These key issues are the ones addressed by THE NEXT SOCIETY through its support to each ecosystem in proposing future reforms and regulatory provisions to be adopted by its government.

On top of this dynamic of support for the creation of a conducive environment at national level, it is essential to **work in a regional perspective on the implementation of quality infrastructure, modern logistical solutions, optimised customs services and currency transferability policies**. Therefore, the **convergence of both regulatory frameworks and national innovation systems should be supported**.

This convergence will in fact foster closer trade relations within the MENA region, as well as with Europe. This trend will be amplified by **the need to revise existing trade agreements**, especially on the key issues of **rules of origin** and **imposed tariff costs**.

> Mediterranean institutions and regional projects

Whilst the impetus must come from business and reforms from states, the Euromed region must also be able to provide itself with its **own political institutions and regional projects to lay the foundations for such cooperation.**

This regional cooperation must meet a double challenge:

- Demonstrating that regional integration is not at a standstill and that political institutions such as the Union for the Mediterranean can **play the role of catalysts for the driving forces of the countries in the region to give substance to this cooperation**;
- Giving a **strategic orientation to this cooperation, thanks to key aspects such as mobility, the modernisation of production systems, or social and environmental performance**, which are all common challenges for the countries of the region.

Regional projects can bring these key issues to the Mediterranean level and the governments of these countries and their agencies should be involved so that they can take advantage of them.

In this respect, THE NEXT SOCIETY experience teaches us that while such projects can enable the **implementation of measures in favour of innovation by advocating them at national level**, they also enable **national "good practices" to be brought to the regional level**, particularly those adopted by public authorities under the impulse of such projects.

The examples of **cooperation between different national ecosystems** within the region, which are unfortunately few in number but nonetheless very real, should be given priority to demonstrate the impact of such cooperation for the stakeholders involved.

THE NEXT SOCIETY was at the origin of some of this cooperation.

Garment IO is an Egyptian start-up offering a complete data ecosystem for garment factories. With a cloud-connected proprietary device at every transaction point and a modular cloud system, nearly every action in the factory is logged, analysed and reported in a fully customised format to support the client in the strategic decisions. Garment IO has been supported by the project through capacity building programmes, they participated to international business and innovation exhibitions (Big Booster). Thanks to the project, the start-up has been connected to the Denim and Fashion cluster in Morocco and introduced to the Moroccan garment industry.

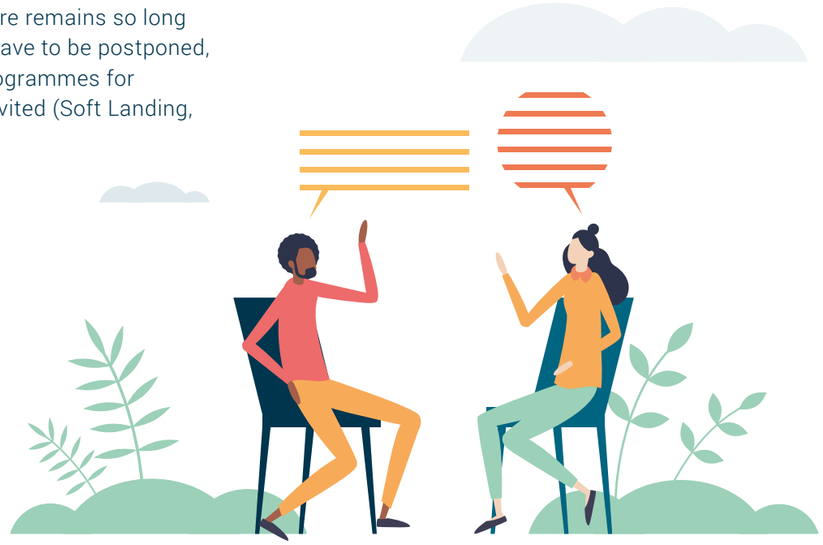
> Provisions conducive to the mobility of innovation players

Yet, a favourable regulatory framework is not enough to allow the establishment of South-North partnerships. One of the main barriers to the internationalisation of MENA businesses observed during THE NEXT SOCIETY project remains **the issue of mobility** - particularly with regard to **difficulties in obtaining visas and residence permits**. The observation is as follows: despite the willingness of institutions and businesses to work together, the administrative procedure remains so long and tedious that projects have to be postponed, as does participation in programmes for which entrepreneurs are invited (Soft Landing, Incubation...).

On both sides (Europe and MENA), energy is focused around these administrative issues which hinder cooperation work if not the development of innovative solutions. There are many instances where regional conference and event programmes have been compromised by these issues, requiring a great deal of flexibility from all parties to allow speakers to travel to Europe or even to other MENA countries. In addition, Soft Landing missions to Europe had to follow the administration's timetable and not that of the projects or incubators. This has led to significant delays, which cannot always be reconciled with the time of projects or support providers, who nevertheless show genuine willingness to facilitate the procedures necessary for these internationalisations.

As a result, **the scaling up and internationalisation of MENA start-ups and, more generally, technology and knowledge transfer are largely conditioned by the mobility of stakeholders, and it appears crucial to place this issue at the heart of any innovation support policy.**

Without this mobility and with a situation of imbalance in terms of travel opportunities in the region, Euromed cooperation seems to be compromised.



3. A crucial need for impact

Businesses with high growth potential, although mainly in the tech sector, are increasingly integrating the notion of "impact" into their model, taking into account social and environmental performance. By proposing technologies and **solutions that contribute to sustainable development goals, these start-ups have a strong propensity to attract attention and stand out from the crowd.**

For example, THE NEXT SOCIETY project has highlighted the **"impact/investment" relationship**, showing that **start-ups focusing on impact solutions are the ones that win awards, raise funds and internationalise the most in the region**. They are valued by accelerators and financiers and contribute to the creation of value in the Mediterranean by responding to Mediterranean needs.

Among project beneficiaries, start-ups identified as such belong in particular to the fields of **Edtech, Healthech, Greentech and Biotech.**

3.1. An economic impact linked to the capacity to meet local needs

Among THE NEXT SOCIETY's beneficiary start-ups, the best performances are indeed indexed to businesses that meet local needs by offering impact solutions.

> Start-ups addressing key development issues more likely to access finance

The study of the results of beneficiaries highlights the **good results of these start-ups,** whether in terms of **raising funds**, their ability to **sign contracts or to go international** - particularly within the region. Economically, the best results outside of pure tech come from start-ups that **streamline production** in their sector or **reduce negative impacts**, especially for businesses in Biotech, Healthcare and Greentech.

THE NEXT SOCIETY start-ups having been little affected by COVID, or declaring to have been positively affected, are businesses in the fields of education, health and Greentech. Among those that stand out for having signed partnerships (21% of respondents), are also start-ups in the fields of education and Greentech. The majority of impact businesses are also those which have raised funds through THE NEXT SOCIETY - **up to €1 million for a single start-up** and almost **€2 million raised in total for the "Tech4Good" start-ups**, *i.e.* 40% of the total amount of funds raised reported by respondents.

> Impact start-ups are those found predominantly in cooperation projects and winning awards

The growing interest in impact start-ups can be seen not only in their ability to raise funds, but also on social networks or in start-up competitions.

In regional or international competitions, for example, **6 awards were won** by THE NEXT SOCIETY beneficiaries. The sectors of the start-ups involved were Agritech, Edtech and Greentech. The recent selection of Schoolify in Morocco to participate in the StartUp Morocco bootcamp and receive 20,000 euros in grants also illustrates the attention given to these start-ups.

It is thus observed that **regional cooperation projects** such as THE NEXT SOCIETY have a **double role to play in these new dynamics** from an ethical point of view. This is the case firstly in **supporting the deployment of impact solutions that meet local needs and participate in major development efforts**. It is also the case for **actions to raise awareness among stakeholders of the reality that impact and economic return are no longer separate**.

This idea is well captured in this quote: *"Businesses that do not adapt to the new ESG standards will see their funding dry up, insurance companies leave, their employees quit, social media shaming will intensify and customers will disappear"*, words that could be attributed to Greenpeace, but are actually from Nicolai Tangen, head of the world's largest pension fund, the Norwegian Government Pension Fund (formerly the Norwegian Oil Fund).

3.2. Betting on Mediterranean people to invent solutions to Mediterranean problems

> Addressing the needs of the region first and foremost and circulating solutions

Taking into account the orientations of sectoral development policies, innovation in the Mediterranean countries should enable **guiding policies and support mechanisms for innovators (entrepreneurs, research and R&D stakeholders) towards the sectors that need to develop solutions to the most "pressing" challenges.**

As these challenges are shared among the countries, the resulting innovation could be **replicated or exported** throughout the region.

With the idea of a laboratory of good practices to be circulated within the region, THE NEXT SOCIETY has developed its programmes over the 5 years of its implementation. The regional innovation factory has thus enabled start-ups from 7 MENA countries - all of which are committed to **meeting social, economic and environmental challenges** - to be supported and then promoted to industrialists and financial stakeholders, resulting in several deals **within the MENA region itself.**

This is illustrated by the example of Akyas, a Jordanian start-up that offers sanitation solutions likely to have an impact on the Sustainable Development Goals (SDGs), particularly SDG 6 (drinking water and sanitation). These solutions impact the entire sanitation value chain and have already been exported to other countries in the region - facing the same challenges - before now being awarded in Europe.

> Impact start-ups set an example by focusing on human capital

The investment in human capital by Tech4Good start-ups (which is higher than other start-ups) is an argument in favour of these start-ups, in addition to their role in tackling common challenges. **This investment translates into job creation, more inclusiveness and the integration of women in their activities.**

For example, the Tunisian start-up Hawkar, which offers solutions to people with disabilities, has hired 40 people since joining THE NEXT SOCIETY, LiveLoveRecycle (Lebanon) in the greentech sector has also hired 40, and Sghartoon (Tunisia) and Dileny Technologies (Egypt) in healthtech have each hired 5 despite COVID. In addition to the added value generated by this "impact" component through the creation of wealth and value, it appears from their response to the impact assessment that **these businesses play a signficant role in the development of the ecosystem. In total, these recruitments represent 50% of the recruitments declared by THE NEXT SOCIETY beneficiary start-ups.**

Conclusion

Tech (a solution, whatever the activity sector, based on a significant proportion of technology), besides helping to raise the level of competitiveness of the region's businesses, makes it possible to better resist crises.

This observation should be taken into account and invites us to encourage the **technological upscaling of innovation players**. This also puts into perspective the approach according to which frugal innovation - often developed in traditional sectors that are not very productive/ vulnerable to crises - is alone capable of providing answers to the difficulties of countries in the region. While it can indeed bring about new practices and sometimes help disrupt sectors, its insufficiency in leading to the formation of ecosystems that are truly efficient on the global scene and capable of raising the level of competitiveness of MENA countries is worth noting.

Moreover, as digitalisation has spread to all stages of organisational and operational processes, **bringing along its share of challenges, including those conditioning the entry into new value chains, support for digital transition must become a priority**, including for innovation support stakeholders. Eventually, the public strategies of MENA countries must enable them to **"retain" innovation and creativity capacities**, to better integrate them into their sectoral policies and **use them in priority for the benefit of social and environmental challenges**. To do this, it is urgent to consolidate the innovation ecosystems in place, by adapting the regulatory framework and prioritising the **financing capacities for innovation.**

In order to promote the transfer of knowledge and technology from Europe into the MENA region, and to progress towards the integration of Mediterranean businesses into Euromed value chains and open up new markets for them, it appears necessary to:

- Initiate **the required transformations towards digitalisation, quality monitoring and respect for the environment**;
- Set up a **promotional campaign for Mediterranean countries**, particularly with regard to **their production and processing capacity**; the clusters, which are already involved in international cooperation activities, could be the place for this promotional work;
- **Review the trade agreements** in force with Europe, and sustain the efforts undertaken within the MENA region and the African continent;
- Encourage open innovation and collaborative work between **start-ups, businesses and universities.**

Countries in the region must not only be able to exchange their respective regulatory provisions in terms of support for innovation, but **the convergence of their national innovation systems must also be encouraged**, especially by setting up common reference systems and measurement and monitoring tools.

Furthermore, **regional institutions such as the Union for the Mediterranean and regional projects** must play a role in driving this dynamic and involve national authorities as actively as possible in these cooperation initiatives.

By addressing local needs and tackling major development challenges, impact start-ups are the ones that attract the most attention, raise funds from investors, leverage human capital and internationalise the most in the region.

It is therefore advisable to **encourage their sourcing in cooperation projects,** to **raise awareness about the proven profitability of these businesses** and **make them role models**, capable of attracting even greater attention to the common challenges to overcome in the region, the capacity for innovation and the need for support from authorities, particularly in terms of the **orientation of business support schemes.**

Finally, it seems essential to give a proper regional dimension to innovation support initiatives, by **promoting transnational relations between ecosystems**, allowing entrepreneurs or researchers to advertise their solution to industrialists or investors from other countries, **to circulate solutions** and raise awareness of the crucial need to strengthen links between countries to face their common challenges.

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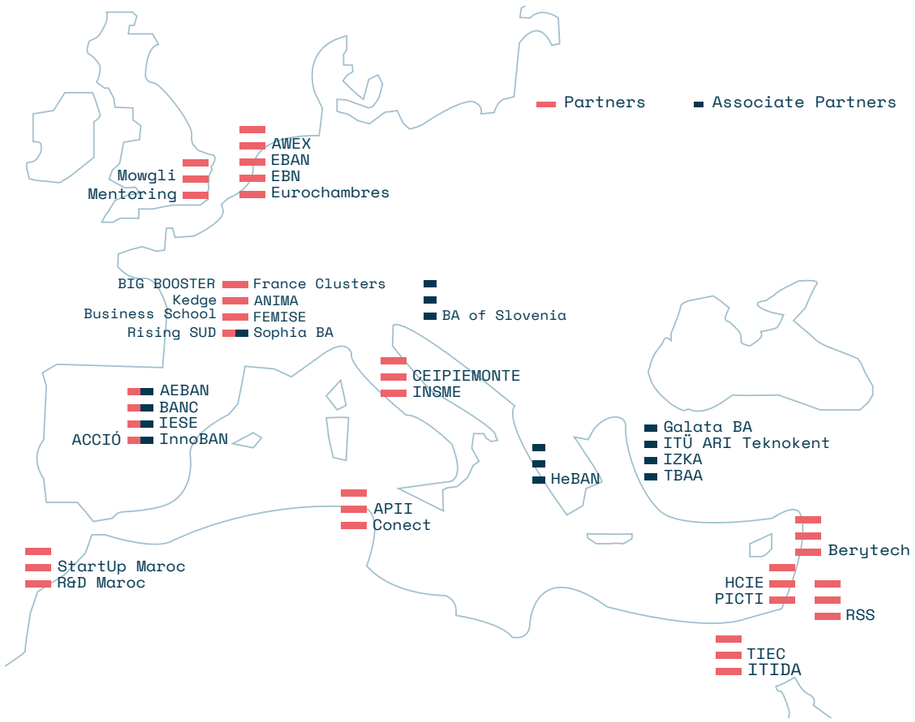

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