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Investing in a resilient North African digital economy

What it takes for private capital to build AI capacity in the region, and what governments and multilaterals can do to unlock it

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AI is adaptive capacity, and the private sector is who builds it

The concept note asks how North Africa can cope, adapt and transform under compounding shocks.

In the digital economy, governments set the frame, but companies build the capacity: the models, the data pipelines, the services that firms and ministries actually use.

So the financing question is really this: what makes private capital show up, stay, and scale here?

Coping	AI for early warning, fraud detection and supply-chain visibility when shocks hit
Adapting	AI in water, agriculture, health and public services; SMEs re-tooling for new conditions
Transforming	New AI-native firms and exportable digital services that diversify the economy itself

Every country now has an AI strategy, and most targets are on the supply side

Country	Strategy	Headline targets
Morocco	Morocco AI 2030 (Jan 2026), within Digital Morocco 2030	MAD 100bn (~$10bn) GDP value, 50,000 jobs, 200,000 AI talents
Egypt	National AI Strategy, 2nd edition, 2025 –2030	250+ AI companies, 30,000 AI specialists, ICT at 7.7% of GDP
Tunisia	National AI Strategy 2026 –2030 (Aug 2026) plus the 2018 Startup Act	Build on talent, research output and location; action plan being finalised
Algeria	National AI Strategy 2024 –2030	20,000 startups by 2029; $11m Algérie Télécom AI fund
Libya	National AI Strategy 2025 –2030	Youth data and AI skills, legal frameworks, sector deployment

Sources: national ministries and press (2025–2026); Arab Monetary Fund (2026). Mauritania and Sudan not covered.

The talent and the ventures are here; the capital is not

$614m

raised by Egyptian startups in 2025, 20% of Africa's total

$58m

raised in Morocco (#7 in Africa)

$37m

raised in Tunisia (#9 in Africa)

82%

of African funding went to the Big Four: Egypt, Kenya, Nigeria, South Africa

By number of funded ventures, Morocco ranks # 6 and Tunisia #7 in Africa: many companies, small tickets.

Tunisia has about 4,120 developers per million people, the highest density in North Africa.

Sources: Africa: The Big Deal, 2025 in review (Jan 2026); AI Talent Readiness Index 2025

Delivering the strategies needs roughly $ 8–20 bn by 2030 , two - thirds of it private

Need, 2026–2030	Governments	Multilaterals	Private	Total
Compute and AI data centres (300 –500 MW)	$0.3–0.8bn	$0.6–1.8bn	$3–9.5bn	$4–12bn
Venture and growth capital (600 –1,000 firms)	$0.4–0.8bn	$0.2–0.4bn	$1.4–2.8bn	$2–4bn
Talent (~300,000 people trained)	$0.3–0.75bn	$0.1–0.2bn	$0.2–0.5bn	$0.6–1.5bn
Data, language models, public adoption	$0.6–1.8bn	$0.2–0.6bn	$0.2–0.6bn	$1–3bn
Total	$1.6–4.2bn	$1.1–3bn	$4.8–13.4bn	≈ $8–20 bn

1 : 2 Each public dollar must bring in ~$2 private, the EU Gigafactory ratio

$0.7 bn Raised by all startups in Egypt, Morocco and Tunisia in 2025, all sectors

From an investor ’s seat, four gaps decide whether capital flows

01

Customers

The biggest AI buyer in our markets is the state, and public procurement rarely buys from young companies.

02

Compute and data

GPU hours are billed in hard currency, and usable local language and public data is scarce.

03

The capital stack

Grants and seed exist; Series A, venture debt and growth equity mostly have to come from abroad.

04

Scale

One national market is too small for an AI company; borders, data rules and FX controls cap growth.

Compute: buy access as a shared service, don ’t only build data centres

INDIA

IndiaAI Mission

₹10,372 crore outlay; 38,000 + GPUs on one portal, rented from private clouds; up to 40 % subsidy, about ₹65 per GPU-hour; 100% for foundation models.

Lesson: the state pays for use; private operators own the hardware.

EUROPEAN UNION

AI Factories and Gigafactories

19 AI Factories with fast-track startup access; up to 7 Gigafactories with up to € 10bn public money to mobilise € 20 bn+ private; 18 states procure jointly.

Lesson: countries pool demand to get scale none has alone.

SINGAPORE

NAIS 2.0 compute

Over S$1bn across five years for compute, talent and industry, up to S$ 500 m of it for compute; an Enterprise Compute Initiative with Google, Microsoft and AWS.

Lesson: hyperscalers as partners, credits tied to real use cases.

Sources: MeitY / IndiaAI (2026); European Commission, EuroHPC JU (2026); Singapore MDDI, EDB

Capital: public money first in line for risk, last in line for returns

SOUTH KOREA, 2005

Korea Fund of Funds

About $5bn by 2022; takes at most ~40% of each fund, so funds reach 3–4× its money. Its funds backed Toss and Baemin.

Lesson: a minority public stake lets private managers lead.

FRANCE

Bpifrance as anchor

€109bn of AI commitments announced in 2025, mostly private; Bpifrance plans up to €10bn in AI by 2029 and backed Mistral early.

Lesson: a public investment bank as anchor, private capital as the bulk.

SAUDI ARABIA, UAE

Sovereign capital, global partners

HUMAIN (PIF) plans a $10bn venture fund; Stargate UAE is a 1GW cluster with its first 200 MW due in 2026.

Lesson: scale we cannot match alone, but can partner with.

Sources: KVIC via GEN Atlas; Élysée / AI Action Summit (Feb 2025); Bpifrance; G42; Middle East AI News

Demand: the state as first customer, the regulator as partner

SINGAPORE

National AI Impact Programme

Aims to move 10,000 enterprises into AI in three years, delivered through the software providers SMEs already use.

Lesson: fund adoption through existing channels.

KENYA

Sandbox and procurement

Proposed in 2026: a 90-day AI regulatory sandbox, and procurement reform so government becomes a key customer of local AI.

Lesson: a decision clock beats a rulebook.

MOROCCO

Local language as public good

An R&D lab with Mistral AI, open-source Darija tools, and a sovereign AI marketplace for trusted solutions.

Lesson: shared building blocks lower every startup's cost.

Sources: Singapore MDDI (2026); KIICO 2026 roundtable, Nairobi; Morocco Ministry of Digital Transition (2026)

Five rules behind what worked, strategy or not

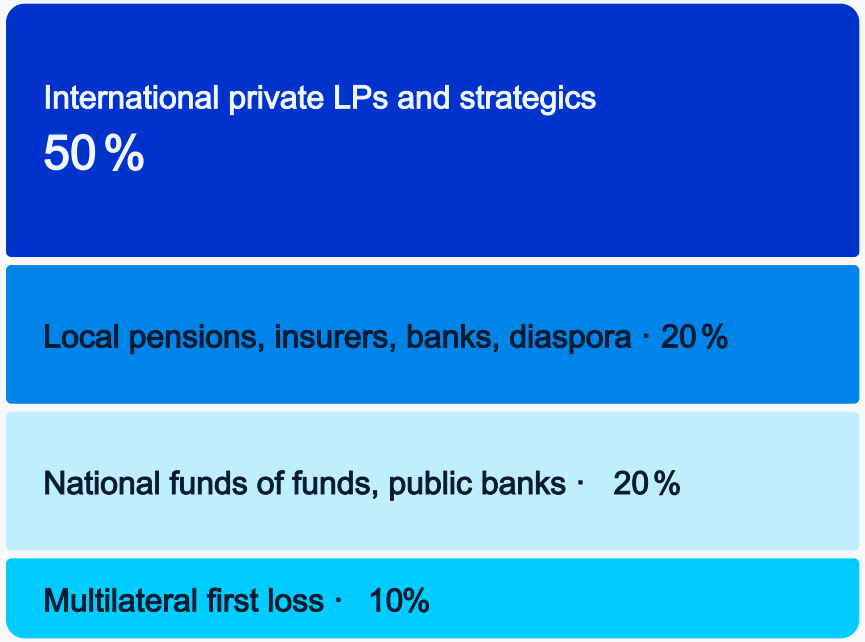
01	Fund access, not assets	Subsidise the use of compute through vouchers; let private operators own and run the hardware.
02	Leverage, don ’t replace	Every public dollar should pull in two or more private dollars, as the EU Gigafactories require.
03	Buy before you build	A public contract is the cheapest venture capital a state can offer: it creates revenue and credibility.
04	Publish the commons	Open public data and models in Arabic, Darija, Amazigh and French as shared infrastructure.
05	Design for scale and exit	Let founders sell across borders, raise and repatriate capital, and pay cloud bills in foreign currency.

International investors come for cost and talent, and stay only if they can exit

What they price in	North Africa's edge	What still blocks them
Power	Sun and wind at scale; Morocco plans 11.6 GW of new renewables by 2030	No priority grid access or green-power rules for data centres
Talent	Tunisia: ~4,120 developers per million; Egypt: 195,000 offshoring specialists	Brain drain; few senior AI researchers and product leaders
Location, market	Europe's time zone, three working languages, 200m+ people	Five sets of rules, licences and currencies
Capital mobility	Startup Acts and modern investment codes	FX controls, slow repatriation, very few exits
Data rules	Data-protection laws; AfCFTA cross-border data annex	Localisation demands and slow approvals

Sources: ONEE plan via North Africa Post (2026); AI Talent Readiness Index2025; Egypt offshoring data (2026)

A regional bridge can turn $ 1 of first loss into about $ 10 of fund capital



Illustrative. With co-investors alongside the fund, each $1 of first loss can put $20–30 into companies.

Five ways to connect local and global money

01 A regional fund of funds in a trusted hub, with local-currency feeders in each country

02 Currency hedging through TCX, which the AfDB rejoined in 2025, so foreign LPs don't carry FX risk

03 A co-investment rule: international lead, matched by national funds of funds

04 Guarantees plus state anchor-tenancy contracts to make data-centre debt bankable

05 A diaspora window: dedicated funds and bonds for North Africans abroad

Benchmarks: Korea Fund of Funds takes≤40% of a fund (funds 3–4× its money); EU Gigafactories 1:2; AfDB on TCX (2025)

Execute nationally; pool regionally what no country can afford alone

Keep national

- Public procurement and GovTech programmes
- Data protection and public -sector data
- Talent pipelines, universities, Startup Acts
- Sovereign and sensitive workloads

Pool regionally

- Compute access, bought jointly on the EuroHPC model
- A fund-of-funds window with first -loss capital
- Data and language commons: Arabic, Darija, Amazigh
- A sandbox passport and mutual recognition of startup labels
- Cross-border data flows under the AfCFTA Digital Trade Protocol

Start with a coalition of the willing, two or three countries, open to others. Europe’s Gigafactory procurement began with 18 of 27 states.

Sources: EuroHPC JU (2026); AfCFTA Protocol on Digital Trade and annexes (AU Assembly, Feb 2025)

Six uncomfortable ideas worth debating

The idea	Why it could work	Why it is contested
One shared regional compute campus, not five national ones	Full utilisation, lower cost per GPU-hour	Sovereignty: who hosts, who controls access
Pensions and insurers put 1–2% into local VC, with first-loss cover	Unlocks domestic savings at scale	Retirement savings exposed to venture risk
A hard-currency regime for AI startups: raise, hold and pay in FX	Keeps founders and holdcos at home	Seen as capital flight and a two-tier economy
Export compute: host foreign AI workloads as “data embassies”	FDI, revenue, scale for local users	Our green power and water serving others
Hyperscalers pay to play: access tied to local credits and skills	Keeps value and know-how in the region	May deter the investment we need
Plan for the BPO shock: move offshoring incentives to AI services	Protects a $5.2bn Egyptian export base	Unions, jobs and politics, today

Sources: Egypt offshoring exports, Amwal Al Ghad (2026); CAESD report on AI and Moroccan jobs, via Hespress (2026)

Six actions governments can activate within 12 months

01 Buy local AI

Reserve a share of digital budgets for challenge-based procurement open to AI startups.

02 Compute vouchers

Redeemable at local and partner data centres, priced in local currency.

03 An AI fund window

Add an AI window to existing funds-of-funds, matched by private LPs.

04 Open the data

Publish priority public datasets; fund local-language models as public goods.

05 90-day sandboxes

AI regulatory sandboxes with a fixed decision clock, run with sector regulators.

06 Startup Acts for AI

Talent visas, FX flexibility for raising capital and cloud bills, R&D tax credits.

Multilaterals can carry the first loss so private capital carries the rest

Institution	What it can de -risk
UNECA	Harmonise AI and startup policy, run readiness diagnostics, convene a regional compact
AfDB, IFC, EIB	First-loss tranches in AI funds; guarantees for green data centres and venture debt
Afreximbank, AfCFTA Secretariat	The Digital Trade Fund; ADAPT digital trade infrastructure, already piloted in Morocco
European Union	Explore partner access to AI Factories; co-finance compute and talent under Global Gateway
Smart Africa, Africa AI Council	A North Africa window in the planned $60bn Africa AI Fund

Sources: AU Assembly decision (Feb 2025); AfCFTA Secretariat (Jul 2026); Africa Declaration on AI, Kigali (2025)

A North Africa AI Resilience Compact, built from three instruments

01

Shared compute and data commons

Joint purchase of GPU access, plus open language and data resources

02

Regional AI fund -of-funds window

Multilateral first loss, national co-investment, private LPs taking the upside

03

Market access

Sandbox passport, cross-border procurement pilots, AfCFTA data annexes in force

4 Nov 2026 · EGM recommendation → 41st session of the Committee → Ministers' Conference, 2027

UNECA doesn't need to finance AI. It can make North African AI financeable .

MEASURE

Publish a yearly North Africa AI investment-needs and pipeline report, country by country

BROKER

Convene AfDB, Afreximbank, the EU, Gulf funds and national funds of funds around one first-loss facility

STANDARDISE

Model procurement clauses, a sandbox passport, mutual recognition of startup labels, AfCFTA data rules

Investing in resilience means investing in the builders

Buy from them, lower their input costs, share their risk, and open the region to them.

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Thank you · Merci · شكراً