PitchBook

VC in Southern Europe

A look at VC activity and factors impacting opportunities in the region

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Contents

Key takeaways

- The bulk of VC dealmaking in Southern Europe lies within Italy, Spain, and Portugal. Spain has consistently recorded the largest proportion of VC deal value in Southern Europe during the past decade. Deal value in the region reached a record €3.7 billion through Q3 2021, a 40.3% uptick from the record set in 2020. We have seen fewer large late-stage VC-backed companies in Southern Europe in comparison with other European regions.

- The desirable climate and unique location of Southern Europe provide attractive opportunities for entrepreneurs and investors looking to relocate or invest in the region. Southern Europe's shared cultures and languages with Latin America and proximity to Africa and the Middle East present distinct competitive advantages over other European regions. However, VC in Southern Europe has lagged comparable regions elsewhere in Europe, with factors hindering growth that include risk-averse investors, individuals going into traditional industries rather than entrepreneurship, and challenges developing new, ambitious companies.

- While the local VC ecosystems in Southern Europe are less well-known than those in the UK, France, or the US, exceptional business schools and Europe's largest conferences have attracted top talent to collaborate and study in the region. As has been the case in Europe's more developed ecosystems, substantial investments by US-based big tech companies have promoted innovation in Southern Europe that should trickle down into the VC ecosystem.

- Widespread domestic investment programmes, largely through funds of funds, have been attempting to help local startups gain traction and develop. Incentives and fresh programmes will take time to feed into the ecosystem and generate returns. Shifts in perception towards VC and entrepreneurship have drawn more investors and individuals to the strategy since the dot com bubble and global financial crisis. Favourable taxation rates in small territories in Southern Europe could entice greater VC flows moving forwards.

Introduction

Records have been smashed across the European venture capital (VC) ecosystem in 2021, as the COVID-19 pandemic has accelerated capital flows into tech-enabled businesses disrupting traditional industries. Deal and exit value figures have soared to new peaks in 2021, as round sizes, valuations, and returns have climbed further. Nontraditional investors including financial institutions and corporate VC arms along with international backers, have pursued potentially cheaper European targets to generate outlier returns. Consequently, we have seen startups based in core VC hubs in the UK, France, Germany, Israel, and Sweden attract copious amounts of capital.

As discussed in our analyst note covering the emerging Baltic (Estonia, Latvia, Lithuania) VC ecosystem earlier this year, capital is spreading into wider VC networks with records continuing to be set in lesser-known regions. The Southern European ecosystem appears to be growing its reputation and has set new records in recent months as LPs, GPs, founders, and startups have been drawn to the region.

In pursuit of the next big thing, individuals and organisations have cast a wider net in recent years. As a result, new regions and evolving industries have attracted capital from highly competitive and established VC ecosystems, which reflects their high valuations and abundance of capital. Southern Europe is a region that has all the characteristics of a major VC area—skilled talent, vibrant cities, large total addressable markets, and strong geographical infrastructure; however, it has surprisingly lagged other European regions in VC growth.

This analyst note will serve as a primer for VC in Southern Europe. We will explore recent VC activity, factors driving activity, and future considerations for the Southern Europe VC ecosystem.

VC activity

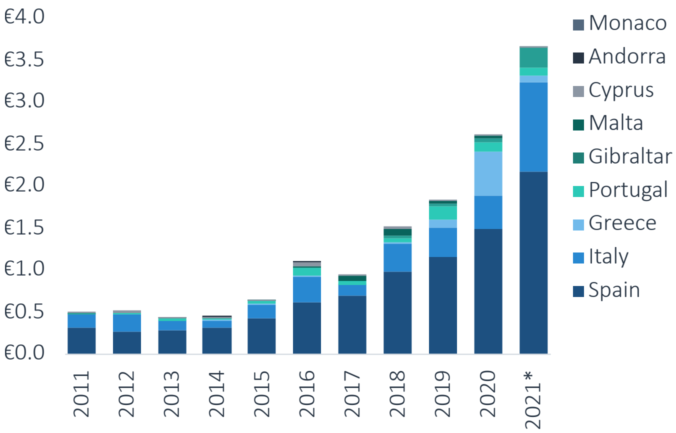
Southern Europe[1] boasts a diverse set of countries with vastly different demographics, population sizes, and major GDP drivers. To put Southern European countries into perspective, Italy and Spain are the third- and fourth-largest economies, respectively, in terms of GDP in the EU, only behind Germany and France now that the UK has left. Portugal and Greece have similar GDP outputs and populations of approximately 10 million people. The economies of Cyprus and Malta are towards the lower end of the EU bloc and are slightly smaller than the Baltic states.[2] Meanwhile, Monaco and Andorra are among the smallest economies across the broader European continent, as is Gibraltar, which is a British Overseas Territory.

Not surprisingly, the bulk of VC dealmaking in Southern Europe lies within Italy, Spain, and Portugal, which have accounted for 94.5% of deal count and 90.8% of deal value through Q3 2021. Spain has consistently recorded the largest proportion of VC deal value from Southern Europe, producing a record €2.2 billion through Q3 2021, equivalent to 59.1% of the overall figure from the region.

1: For the purpose of our research, we classify the following territories as being within Southern Europe: Andorra, Cyprus, Gibraltar, Greece, Italy, Malta, Monaco, Portugal, and Spain.
2 : "GDP (Current US$)—European Union," The World Bank, 2021.

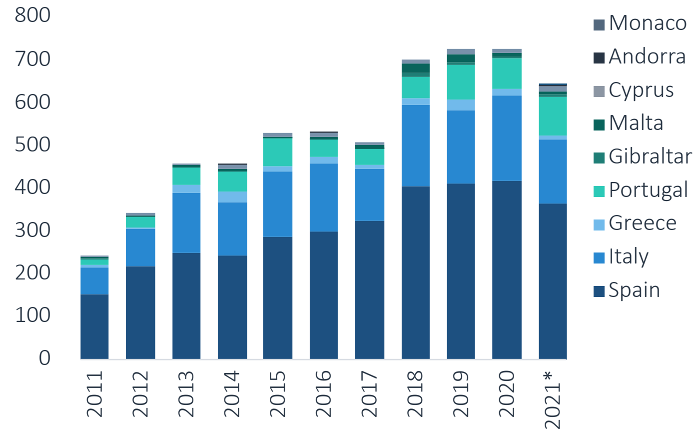
Nine of the 20 largest deals in Southern Europe through Q3 2021 involved Barcelona-based companies, indicating the city is the most popular destination for VC in the region.

Southern Europe VC deal value by country



Source: PitchBook | **Geography:** Southern Europe
*As of September 30, 2021

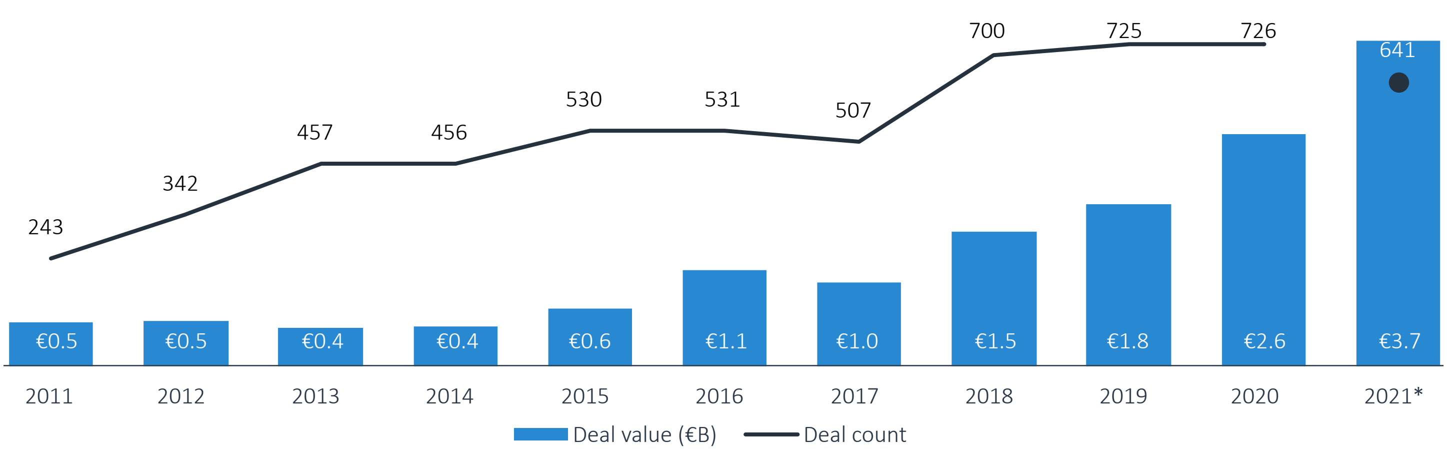
Southern Europe VC deal count by country



Source: PitchBook | **Geography:** Southern Europe
*As of September 30, 2021

On an aggregate basis, deal value in Southern Europe reached a record €3.7 billion through Q3 2021, a 40.3% uptick from the record set from 2020. However, as discussed further in our Q3 2021 European Venture Report, deal value reached an astonishing €73.7 billion through Q3 2021, as records have been set across European regions. Southern Europe only contributed 5.0% to the European total through Q3 2021, which is surprising given the population sizes and GDP of nations in the region. Historical events including the dot com bubble and global financial crisis (GFC) have impacted investor sentiment towards high-risk financial strategies and tech businesses, which has hampered VC development during the past 10–15 years. Enormous late-stage VC-backed companies have sprung up across Europe recently, driving up deal value figures; however, we have seen fewer of these companies in Southern Europe in comparison with other regions including the UK & Ireland, Nordics, DACH, and France & Benelux nations.

Southern Europe VC deal activity



Source: PitchBook | **Geography:** Southern Europe
*As of September 30, 2021

Barcelona-based delivery provider Glovo has been one of the leading companies to drive deal-value figures upwards in recent years. Glovo has emerged as one of the largest VC-backed companies across Europe and has secured €1.1 billion in funding since its founding in 2015, with its latest round totalling €450.0 million. Glovo has raised awareness of VC in Southern Europe and has highlighted to potential investors and employees the attractiveness of popular cities such as Barcelona. Glovo has proved the most valuable VC-backed companies can develop in the region, and we feel it could deliver an outsized exit event to the ecosystem in the coming years. As the Southern European ecosystem gains prominence, Glovo could be for Spain what Spotify (NYSE: SPOT) was to the Swedish ecosystem. As we have commonly witnessed in emerging ecosystems, it takes a handful of significant exit events to create media-dubbed “mafias,” formed of successful founders and early employees, who go on to become serial founders and investors and develop a regional VC cluster.

During a recent interview, Pep Adami, part of the corporate development team at Glovo, said that timing, ambition, and having the right team and values have been vital to Glovo’s success. Being able to do more with less capital than other competitors has always been at the core of Glovo and has helped develop the right mentality to compete. Since 2015, the thinking in Spain has changed, as investors and founders have increased their aspirations to bring companies to IPO rather than seek out an acquirer and sell earlier in a company’s lifecycle. Companies in Spain now stay independent longer and attract more international investors, which has helped the overall ecosystem’s growth.

When discussing why Spain may lag comparable European nations, Adami said there were a few factors at play. Firstly, he stressed that regulation has always been an issue. For example, improved stock options and tax regulation could unlock greater access to talent. Secondly, access to capital in Spain has always been a challenge, with the financing market historically less open and active than in countries such as the UK and Germany. Thirdly, there has historically been less focus on innovation—being an entrepreneur was often less highly regarded than taking a stable position after graduation from university. Fourth, there is a need to integrate more large corporates within the tech ecosystem and for the overall economy to pivot more towards larger businesses, as 90% of companies in Spain are SMEs.

Adami said the Spanish ecosystem focuses on traditional tech sectors including fintech, B2B, SaaS, biotech, and consumer areas such as food delivery and marketplaces. He indicated there is a greater quantity of capital entering the VC ecosystem in Spain. Berlin-based GP Target Global has opened an office in Barcelona, and local VC funds are growing as well. In addition, Spain has built a solid network of angel and early-stage investors. At the late stage, larger, international funds are starting to increase the focus in the region to provide scale-up capital. In terms of Spain’s appeal, low cost of living and lively, attractive cities with high

3: Pep Adami, Telephone Interview by Nalin Patel, November 25, 2021.

The five largest Southern Europe deals of 2021*

Company name	Deal size (€M)	Industry group	Subsector	Location
Glovo	$450.0	Services (non-financial)	Food delivery	Barcelona
Jobandtalent	$208.5	Commercial services	Staffing	Madrid
Bitso	$208.4	Software	Cryptocurrencies	Gibraltar
Casavo	$200.0	Services (non-financial)	Proptech	Milan
Wallapop	$157.0	Services (non-financial)	Classifieds	Barcelona

Source: PitchBook | **Geography:** Southern Europe
*As of September 30, 2021

quality of life, such as Barcelona, are attracting talent and helping the ecosystem grow. The Spanish language is also a powerful tool to leverage and collaborate with the Latin-American market for talent or expansion plans, he added.[3]

When analysing local ecosystems in Spain, the two major cities—Barcelona and Madrid—lead the way for VC. Valencia, Spain's third-largest city, is expected to develop a major VC scene in the coming years as city authorities including Digital District work with the government to retain professionals in the tech sector by providing coworking spaces and helping finance early-stage businesses.[4] Madrid is Spain's financial hub and is the second largest industrial centre after Barcelona, specialising particularly in high-tech innovation and production. Aside from Barcelona-based Glovo emerging as one of the dealmaking driving forces in recent years, startups based in Spain's capital city have also attracted sizeable amounts of cash. For example, Madrid-based digital staffing agency Jobandtalent secured significant backing earlier in 2021 to expand into the US, while car-booking app Cabify has obtained robust funding as its valuation reached €1.1 billion in 2018.

While Spain dominates deal value and count figures in Southern Europe, Italy possesses the second largest national VC ecosystem in the region. A record €1.1 billion has been invested in Italy-based startups in through Q3 2021 YTD, more than double the previous best in 2020. However, it could be argued greater levels of VC investment would be expected from one of the largest economies in Europe. Within the EU, Italy's $1.9 trillion GDP figure in 2020 was only behind Germany and France, with $3.8 trillion and $2.6 trillion, respectively.[5] When analysing the approximate GDP per euro of VC deal value in 2020, Germany and France stand at 558.7 and 375.8, but Italy is a much larger 4,177.5. Therefore, it can be concluded that much higher levels of VC deal value occur per euro of GDP in France and Germany. Moreover, nations with smaller GDP figures than Italy, including the Netherlands and Sweden, have also registered stronger VC deal value to GDP ratios in recent years. Nonetheless, an untapped ecosystem

4: "How Spanish Startups are Reversing the Country's Brain Drain," Sifted, Steph Bailey, November 4, 2021.
5: "GDP (Current US$)—France, Germany, Italy," The World Bank, 2021.

presents a compelling opportunity set. Notable deals in Italy in 2021 YTD include €200.0 million for proptech platform Casavo, €150.0 million for psychologist provider UnoBravo, and €131.6 million for buy-now pay-later specialist Scalapay.

Despite the Italian ecosystem remaining relatively small, it appears to be developing strongly as evidenced by deal value figures in 2021 YTD. Historically, many Italian entrepreneurs have been hindered by high taxes, paperwork, and red tape. As a result, many founders have moved to London to develop their companies. There are an estimated 100,000 Italians already living in London, which has attracted high-profile individuals including Riccardo Zacconi, co-founder of game developer King.com, and Simon Beckerman, founder of online shopping app Depop.[6] In Italy, startups tend to be mainly based in Milan and in smaller clusters situated in Turin, Rome, and Naples. Milan is the commercial hub of Italy and has traditionally had a bigger ecosystem, with a greater numbers of financial institutions including VC firms based there.

Porto and the capital city Lisbon are the most active VC regions in Portugal. In Greece, capital city Athens and its northeastern suburb Marousi have developed startups that have completed notable deals in recent years—one of which is challenger bank Viva Wallet, which received €500.0 million in 2020, followed by another round in 2021 that involved China-based tech giant Tencent Holdings (HKG: 00700) and the European Bank for Reconstruction and Development. Greece was heavily hit by the GFC, experiencing defaults, structural financial problems, loss of revenues due to tax evasion, and productivity gaps. It is hoped that as new companies emerge and tackle problems in the region, they will drive long-term growth and employment.

The exit environment in Southern Europe has been consistent rather than spectacular in recent years. This is more a reflection of an emerging region rather than an established ecosystem that has experienced explosive growth with substantial liquidity returned to investors. Six of the last seven years have produced more than 60 exits from the region; however, exit value has not exceeded €1 billion in any year during the same period. As witnessed in Israel and Sweden, it only takes a few significant events to ignite rapid growth in exit value in a region. VC funds based in Southern Europe raised a record €1.4 billion across 32 funds in 2020. By comparison €18.7 billion was raised across Europe in 2020, with Southern Europe contributing 7.5% of the total.

Factors driving activity in the region

Location

Wealthy individuals tend to relocate for a higher quality of life, and Southern Europe arguably has the most enviable weather across Europe. While Nordic countries often top happiness indexes, those countries are

6: "Surging Homegrown Talent and VC Spark Italy's Tech Renaissance," TechCrunch, Mike Butcher, November 17, 2020.

subject to high taxes and long, dark, cold winters, which may put off many. Southern Europe's appealing climate is obvious, particularly as we see hybrid working models implemented, but its geographical location is just one key factor that makes setting up or investing in the region desirable. With its shared languages and cultural influences, Southern Europe acts as a bridge between Latin America and Europe. VC remains a relationship-driven business, and common cultures, objectives, and beliefs could prove vital when competing for financial backing or entering a new market. Portugal and Spain could be the first European nations to invest or scale into for Latin American VC-backed companies and vice versa, further driving up interest and investment in Southern Europe. Moreover, the highly developed and wealthy US VC ecosystem is close to Latin America, particularly Mexico, potentially creating further transatlantic opportunities for Southern European VC stakeholders seeking investment from the US.

Southern Europe is also positioned just north of Africa and could provide a powerful gateway for VC capital flows to another largely untapped continent. Glovo, for example, operates in the highly competitive food delivery sector and has launched operations in multiple African countries including Morocco, Kenya, and Uganda. Glovo has targeted emerging markets rather than highly saturated cities in Europe, as it looks to gain a dominant foothold in specific markets. East of Southern Europe, cash-rich Middle Eastern sovereign wealth funds, which have already committed huge sums of capital to VC, are also nearby. Southern Europe could prove a popular location in the future, as it is enroute to the already popular UK and has access to wider EU markets, unlike the UK. Affluent Russians have also looked at Southern Europe for access to the EU bloc, and Cyprus has become popular among Russians as a destination in which to move and invest.

Talent and innovation

Revolutionary innovations developed by high-calibre talent equipped with healthy capital resources are crucial aspects for the growth of VC hubs. A high-quality pipeline of business ideas is necessary to draw local and international investors to a new region. An entrepreneurial culture and educational resources designed to entice young individuals to enter the VC industry and join or found startups are required to establish a long-term conveyor belt of new opportunities. Nations in Southern Europe appear to be well-positioned to attract individuals with top globally ranked business schools including IESE and Esade in Barcelona, IE in Madrid, and SDA Bocconi in Milan.

Further, Europe's largest conferences are drawing global audiences to Southern Europe, most notably the Mobile World Congress, which moved to Barcelona from Cannes in 2011, and Web Summit, which moved to Lisbon in 2016 from Dublin. Having thousands of startups, operators, service providers, tech companies, and investors from across the world all in one city enables extensive networking, knowledge sharing, and potential dealmaking. It also supports local economies and businesses, as they can get exposure in front of international players.

Foreign investment in innovation and talent seems strong in Southern Europe and should help VC activity. Big US tech footprints in Dublin, London, and the media-dubbed "Silicon Wadi" in Israel have enabled companies to penetrate new markets, relocate top tech talent to new regions, and attract local talent to new jobs. Huge innovation plans from wealthy tech powerhouses have previously had positive trickle-down effects on the VC ecosystems across countries, as they sharpen focus on innovation and push the best talent to move into the tech-based roles. Such individuals can often work for established players, learn from experienced employees, and then eventually carve out their own new startups or funds to disrupt sectors.

US-based big tech companies have been keen to invest heavily in talent and innovation in Southern Europe in recent years. In 2020, Microsoft (NASDAQ: MSFT) announced a $1.5 billion five-year investment in Italy, including developing Microsoft's first cloud datacentre in the country. Microsoft will deliver access to local cloud services and AI hubs, expand its partnership with services distribution network Poste Italiane, release digital skilling and smart working programs, and launch a Sustainability Alliance.[7] Since 2011, Amazon (NASDAQ: AMZN) has invested €6.8 billion in Spain, including tech hubs in Madrid and Barcelona where approximately 600 software developers, computer engineers, and data scientists work on applications for retail technologies and machine learning.[8] Further, Amazon (NASDAQ: AMZN) plans to invest $3 billion in new data centres in the Spanish northern region of Aragon, which will open in mid-2022.[9] Apple (NASDAQ: AAPL) recently announced that a developer academy it established in Naples in 2016 to help ambitious coders and entrepreneurs across Europe will be extended until 2025. Since opening, nearly 2,000 students have gone through the program in collaboration with the University of Naples Federico II.[10] Substantial investment in long-term jobs and nurturing talent is vital to developing a self-sustaining ecosystem, and US-based tech companies have clearly identified Southern Europe as a key growth area for technical innovation.

Domestic investment programmes

Italy

Launched in 2012 by the Ministry of Economic Development, the Italian Startup Act is a framework to support the creation and growth of tech companies.[11] It consolidates previously passed legislation to create incentives for entrepreneurs to found and develop tech companies. Regulatory advantages include easier incorporation processes with fewer fees, flexible corporate management and labour laws, and visa programs to attract talent. Financial incentives include tax relief for angel & seed and early-stage investors, employee equity schemes, and access to subsidised finance arrangements with improved terms. Further

7: "Microsoft Announces $1.5 Billion Investment Plan to Accelerate Digital Transformation in Italy, Including Its First Cloud Datacenter Region," Microsoft, August 5, 2020.
8: "10 Years of Amazon.ES: Our Economic Impact in Spain," Amazon Day One, April 6, 2021.
9: "Amazon to Invest $3 Billion to Open Data Centres in Spain in 2022," Reuters, June 8, 2021.
10: "Apple Expands Naples Developer Academy, Creating New Opportunities for European Entrepreneurs," Apple Newsroom, September 27, 2021.
11: "The Italian Startup Act: Italy's National Strategy to Support Innovative Startups and Innovative SMEs," Ministry of Economic Development, July 2019.
12: Italy: 'Industria 4.0,'" European Commission, August 2017.

measures were announced via Italy's Plan for Industry 4.0 in 2017 and include a tax break on IP-related income, a tax credit on incremental R&D expenditure, and lower corporation tax for innovative startups.[12]

We recently interviewed, Massimiliano Magrini, founder and managing partner at United Ventures, who said Italy possesses the typical innovation witnessed across the board in more mature ecosystems. A strong technological heritage exists in Italy; however, startups typically go on to become service providers rather than bolt onto new technologies and scale globally. When asked why Italy would lag comparable European nations, Mr Magrini pointed out that Italy invested heavily in the dot com bubble in the early 2000s; consequently, investors have become conservative and risk-averse in their approach. Italian LPs only started heavily investing in VC in 2015, whereas investors other nations including the UK and France started earlier.

Magrini said the 2012 Italian Start Up Act was a key milestone in removing bureaucracy and enabling startups to prosper. Furthermore, only during the past few years has Italy developed the knowledge and infrastructure to monetise and capitalise on the potential of emerging businesses. Italy has an under-capitalised ecosystem in comparison to its peers, a skilled and loyal workforce, and plenty of opportunities. It is an emerging country within an emerging region for VC. Ten years after the Start Up Act was passed, Italy has reached a tipping point; there are growing numbers of established funds and investments ripe for an exit. Magrini expects a full course of exits to occur in the next year or so, which could be a major turning point for the ecosystem, raising awareness and driving further investment into the country.[13]

Spain

Public funding resources have also been leveraged to help create and nurture the Spanish VC ecosystem. Spain-based Neotec Capital Riesgo is a €183 million fund of funds (FOF) that was launched by the European Investment Fund (EIF) in collaboration with the Centre for the Development of Industrial Technology, a public organisation focusing technology development in Spain. Further VC stimulus in 2013 involved the Spanish government launching FOND-ICO GLOBAL, a €1.5 billion FOF, tasked with investing a significant amount of capital in early-stage VC.[14] Despite an increase in interest in VC since the GFC, Spain still lags the UK, France, Sweden, and Germany and has traditionally focused efforts on rebuilding

13: Massimiliano Magrini, telephone interview by Nalin Patel, November 23, 2021.
14: "Spain: EIB provides EUR 250 million for ICO's "FOND-ICO Global" fund-of-funds under Investment Plan for Europe," European Investment Bank, July 14, 2016.

traditional industries, increasing employment rates, and targeting safer financial strategies, rather than riskier VC ploys. It may take a few more years for the full effects of such packages and changes in perception to accelerate VC investment in Spain.

Portugal

The Portugal Venture Capital Initiative (PVCi) was the first FOF launched by the EIF in co-operation with public and private stakeholders in Portugal. Alongside the EIF, investors included the government of Portugal and a selection of financial institutions based in that country. In July 2018, PVCi marked ten years of activities, having invested more than €320 million and supported more than 6,000 jobs in Portugal.[15] Additional resources include Startup Portugal, a network of accelerators across Portugal, and Portugal Ventures, which was created in 2012 and focuses on domestic seed and early-stage deals.

As in the case across Europe, there are several accelerators, incubators, angel networks, coworking spaces, and national associations that offer support to domestic founders and companies. Public and private backers are commonplace across VC networks in Europe. It is important that initiatives and bodies ensure their efforts are fair and focused on targeting the very best opportunities rather than promotion benefit, as top ideas combined with sound execution have the greatest potential to grow into scalable international brands and strong ecosystems.

Taxation

Taxation is a key consideration for entrepreneurs facing corporate taxes, employees paying income tax, and investors facing capital gains taxes. The region's major economies including Spain, Italy, Portugal, and Greece have largely conventional taxation systems that are comparable to large nations globally. However, Southern Europe is also home to countries and territories that are renowned tax havens. The most famous among them is Monaco, which is located along the French Riviera. It is estimated one third of its residents are millionaires, and its GDP per capita is among the highest in the world. In addition, its financial sector has expanded to account for 17% of the economy.[16] The big draw to Monaco for the wealthy is taxation. Income tax is nonexistent, and other tax rates for companies and individuals are low. Favourable taxes combined with luxury offerings have made Monaco an established playground for the rich for a number of years.

Hedge funds, family offices, and private banks compose the majority of financial flows in Monaco; however, it is interesting that VC has not taken off in a big way. This could change as VC becomes a more prominent financial instrument for highly capitalised backers globally. With record low interest

15: "Portugal Venture Capital Initiative (PVCi)," EIF, 2021.
16: "Why Is Everyone in Monaco So Darn Rich?" CNN Business, Alanna Petroff, May 29, 2015.

rates persisting and inflation rising in Europe, investors have been keen to deploy capital into long-term strategies that can profit from heightened returns, negate short-term volatility, and prevent the value of money eroding in the long-term. Capital has spread across Europe, and we have seen startups develop rapidly in new regions, creating new millionaires swiftly and delivering record liquidity to GPs and LPs. Startups founded in Monaco are likely to struggle to grow quickly, as a lack of young founders and limited technological innovation remain barriers. However, in terms of resources, capital is plentiful, and willing LPs could commit greater sums to VC in search of outlier returns. VC has provided strong returns over several years in comparison to public equities, and we believe growing numbers of VC funds and LPs could be located in the tax havens in the future.

Future considerations

There are several reasons for operators and investors to be extremely positive about the outlook for VC in Southern Europe. The region boasts unique characteristics including an underdeveloped VC ecosystem, growing domestic and international capital options, skilled talent developing a newfound entrepreneurial mindset, and an appealing location—all of which are strong long-term selling points—and we expect VC to pick up strongly over the next few years. Nonetheless, in the past decade, the region has fallen behind other comparable European regions in terms of VC activity and will be playing catch up in the next decade to close the gap.

Looking ahead, sustained capital investment will play a major part in developing the ecosystem. The region was badly hurt by the GFC and going further back, the dot com bubble. As a result, long-term scarring has dampened appetite to invest in risky strategies or tech assets. However, having witnessed the tech boom in the US and more recently in European regions, investors and founders are becoming more risk-on in Southern Europe, and VC activity has increased in recent years. As perceptions have shifted and confidence has crystalised, the VC ecosystem has grown in Southern Europe, and US-based tech companies as well as Southern European governments have tried to invest significantly in the region's tech scene.

However, the region cannot solely rely on cash injections and sunny weather to attract the very best talent to drive growth in VC. Promoting innovation, developing entrepreneurs, and enacting reforms to make founding companies easier have been a more of a priority in recent years. These measures take time to affect an ecosystem and will need to continually evolve to adapt to challenges or new opportunities in VC. Consequently, it may take a few more years to reap the rewards of such efforts, as the region looks to boost its VC footprint.