

DUBAI CHAMBER

DIGITAL

DUBAI'S VENTURE CAPITAL ECOSYSTEM

There are **749 scale-ups** that have raised over **US \$1 million** in fundraising in the Middle East and North Africa region; collectively raising over **US \$19.5 billion**, cumulatively, as of December 2022. Over 40% of these scale-ups call Dubai home.

In collaboration with:

Entrepreneur
MIDDLE/EAST



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EDITOR'S NOTE

In recent years, the Middle East & North Africa (MENA) region has witnessed significant growth of scale-ups, defined as startups who have raised US \$1 million in capital, or more. In 2022 alone, 158 new scale-ups were added, bringing the grand total to 749 scale-ups across the 19 countries in MENA (excluding Israel), that have raised a total of over US \$19.5 billion cumulatively over the years.

We see the same trends continue. Dubai was the first entrepreneurial hub in MENA (excluding Israel) for start-up activity, and it continues to maintain this leadership position.

It has acted as a safe harbor for many regional start-up founders to relocate to, to get better access to talent, capital and mentorship. Every year, more and more investors have also been flocking to the city on the Arabian Sea, setting up funds and looking at opportunities to invest across the region. And for many cities in MENA, Dubai is a shining example of what it takes to become a global hub for entrepreneurship.

Today, Dubai is home to over 40% of the scale-ups in MENA, with 306 scale-ups calling the Metropolis home. Dubai still accounts for over 90% of all scale-ups in the country, which is home to 338 scale-ups in total; the majority of the remaining 33 scale-ups in the country are headquartered in the country's capital, Abu Dhabi.

Dubai's 306 scale-ups have raised over US \$11.7 billion in funding over the course of 2010 through till 2022, which represents an impressive 60% of the total cumulative fundraising total in MENA. 2022 saw the most number of international investors investing in Dubai-based startups, increasing exponentially from the year before.

In fact, there are little to no signs of Dubai's leadership position waning, although other cities in the region are also producing strong start-ups backed by significant capital. Cairo plays second-best host with 135 scale-ups calling Egypt home, and Riyadh rounds out the top three cities with 93 scale-ups situated in the Saudi capital.

Investors we spoke to, in Dubai and across the region, all seem to welcome the strengthening of startup ecosystems in this part of the world, saying it can only benefit all start-ups, founders and investors in the end – as start-ups in MENA rely on healthy markets across the region to gain the market share and customer base that they need. The more stable and supportive these economies are of tech startups and their innovative business models, the more opportunity for growth for startups and startup investors alike.

2022 had a number of important highlights for Dubai and the region as a whole. In 2022, scale-ups across MENA raised over US \$6.5 billion; that's one-third of the region's lifetime total. Six mega-rounds valued at over \$300M were completed in 2022 (out of a lifetime total of 12), indicating the level of maturation of many of the startups we are seeing today. Mega rounds contributed to over 35% of all scale-up funding in 2022.

2022 also marked the second year



in a row that Dubai-based startups collectively raised over US \$1 billion. In fact, in 2022, Dubai-based startups doubled-down on their prior year results, fundraising over US \$2 billion. As many aspects of this report will show, Dubai-based start-ups lead the charge in terms of total capital fundraising within an ecosystem, total lifetime capital raised by individual scale-ups, most successful exits, largest fundraising rounds, as well as being home to the most number of unicorns in the region.

Just as impressively, Saudi Arabian startups raised over \$1 billion in capital in 2022, and have reached this level of growth in record time. On January 5, 2022, Saudi-based food-delivery aggregator, Jahez, set a precedence by listing on Saudi Arabia's secondary market, Nomu; Jahez's public listing with a market capitalization of US \$2.4 billion showed investors that IPO exits were feasible in the Kingdom. Investors in Dubai are rallying behind Saudi's growing startup ecosystem, and many have also voiced their support for Dubai to follow Riyadh's lead, and put in place a plausible

path for startups to raise capital via IPO on the Dubai stock exchange. The jury is still out on SPACs, though recent boom-and-bust SPAC fueled IPOs on foreign exchanges have not proved very effective for MENA scale-ups. That said, Dubai-based startups are best positioned in the region for the next wave of IPO growth stories, as only startups in Dubai can lay claim to having raised Series E and Series F pre-IPO funding rounds.

Investors also tell us that they expect to see some market corrections in 2023, perhaps a sort of 'funding winter' taking-hold, as we have already begun to witness in the rest of the world. M&A and market-consolidation is expected over the next 3-5 years and will be the name of the game for the largest and most profitable entities to cement their positions.

Read on to get the lay of the investor landscape across Dubai and MENA, and for insights provided by the investors backing the start-ups and scale-ups that are changing the face of entrepreneurship in the region.



Erika Masako Welch

Erika Masako Welch

Chief Content Officer, Special Reports
Entrepreneur & Lucidity Insights
erika@bncpublishing.net

FOREWORD



His Excellency Omar Sultan Al Olama

Minister of State for Artificial Intelligence,
Digital Economy and Remote Work Applications
Chairman of Dubai Chamber of Digital Economy

Dubai undoubtedly has a vibrant digital ecosystem. It is known for its entrepreneurial spirit and start-up culture. This ecosystem is enabled by an environment that provides robust support for entrepreneurs and SMEs in various areas of innovation and technology. With over 40% of MENA's scale-ups based in Dubai, an important aspect in the creation of this ecosystem is solid, reliable, and trustworthy funding.

Dubai has seen significant growth in entrepreneurial activity, supported by numerous government legislation, initiatives and funds as well as the success of unicorns which have attracted more investors to the region. Delivering capital to new projects and providing business incubation is vital for the growth of the sector, and key to Dubai's digital transformation agenda.

In the last couple of years, Dubai has attracted a higher calibre of entrepreneurs and business

ideas being launched with Dubai serving as a launchpad for startups that want to expand their reach in MENA and other emerging markets across Africa and Asia.

Dubai's expanding start-up culture has brought in business incubators that seek to support small businesses and start-ups, creating an ideal environment for growth. From non-profit incubators to private sector companies and venture capital firms, businesses have an array of incubator programmes to choose from.

Dubai Chamber of Digital Economy, one of the three chambers operating under Dubai Chambers, strives to capitalise on new opportunities emerging from digitalisation as well as the expansion of Fourth-Industrial-Revolution technology across all economic sectors. We aim to generate new and bold initiatives to attract digital companies to Dubai and elevate the emirate's position as a global hub for digital businesses.

Committed to supporting the growth of Dubai's digital economy, the Chamber advocates for the emirate's burgeoning digital sector at every opportunity, locally, regionally and internationally. The Chamber plays an active role in engaging key stakeholders from various digital sectors to shape an environment that is truly conducive to the growth of the digital economy and the role of advanced technology in society.

This report is not only evidence of the conducive environment Dubai has built for start-ups and scale-ups, it is also a testament to the emirate's prominence as a digital business hub in the MENA region.

DUBAI CHAMBER
DIGITAL

MEET THE DUBAI CHAMBER OF DIGITAL ECONOMY BOARD

The Dubai Chamber of Digital Economy (DCDE) is one of three independent chambers operating under the umbrella of Dubai Chambers. DCDE was created to build the world's best digital infrastructure and transform Dubai into an international technology hub, as set-out in the Dubai Digital Economy Strategy. As Dubai sets its sights on becoming the global destination of choice for digital entrepreneurs, DCDE is tasked with attracting leading tech companies, startups and scaleups that can support Dubai's digital ambitions.



Here, we introduce you to the newly appointed DCDE Board of Directors serving terms from 2022 to 2024. The DCDE Board of Directors, made-up of some of the most active Venture Capitalists, Tech Entrepreneurs, Government representatives, and Business Executives in Dubai, are tasked with being the stewards of the DCDE 2022-24 Strategic Plan.



H.E Omar Sultan Al Olama

Chairman

UAE Minister of AI, Digital Economy & Remote Work



H.E Ahmad Abdullah bin Byat

Vice-Chairman

Vice Chairman, Dubai Chamber of Digital Economy



H.E Hamad Obaid Al Mansoori

Member of the Board

Director-General, Dubai Digital Authority



Mr. Khalid Ahmed Al Tayer

Member of the Board

CEO, Al Tayer Insignia



Mr. Rashid Abdullah Al Ghurair

Member of the Board

Founder & CEO, CAFU



Mr. Fadi Ghandour

Member of the Board

Executive Chairman, Wamda Capital



Mrs. Mona Ataya

Member of the Board

Founder & CEO, Mumzworld.com



Mrs. Hind Abdul Hamied Seddiqi

Member of the Board

VP Marketing, Ahmed Seddiqi & Sons



Mr. Rashid Mohamed Alabbar

Member of the Board

Co-Founder, Sivvi.com



Mr. Mansour Khalifa Al Habtoor

Member of the Board

CEO, Valtrans



Mr. Ronaldo Mouchwar

Member of the Board

CEO & Co-Founder, SOUQ.com



Mr. Mudassir Sheikha

Member of the Board

Founder & CEO, Careem



Mrs. Ellisa Freiha

Member of the Board

Founder, Womana



Mr. Dany Farha

Member of the Board

Co-Founder & Managing Partner, BECO Capital



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Dubai Chambers
Higher Board

The DCDE 2022-24 strategic plan is stewarded by the recently formed Dubai Chamber of Digital Economy's Board of Directors.

Dubai Chambers
of Commerce

Dubai International
Chamber

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We sat down with His Excellency Ahmad Abdullah Juma Bin Byat, Vice Chairman at DCDE, to get his views and perspectives on Dubai's Digital Economy Ambitions and provide their insights to what to expect in the future.





IN CONVERSATION WITH

HIS EXCELLENCY AHMAD ABDULLAH JUMA BIN BYAT

Vice Chairman of Dubai Chamber of Digital Economy

DUBAI CHAMBER
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By Erika Masako Welch



Fueled by an unmatched passion for excellence, His Excellency Ahmad Abdulla bin Byat is a force to be reckoned with on the Dubai and greater MENA business landscape. Known for the breadth of his business acumen, and his visionary leadership, H.E. bin Byat is one of the most respected corporate leaders in Dubai today.

Being at the helm of many of Dubai's most prominent companies and overseeing the Emirate's most important projects and investments, H.E. bin Byat has proven to be instrumental in Dubai's economy over the past three decades.

He is perhaps best known for his leadership positions at Du Telecommunications and Dubai Holding. He was chairman of Du Telecommunications from 2006 to 2018. Under his leadership, Du expanded exponentially, pitting against the incumbent goliath Etisalat, and has gained significant market share over the years.

He also led Dubai Holding from 2009 to 2017, first as CEO, then later as vice chairman. At Dubai Holding, H.E. bin Byat played the instrumental role of developing the Dubai we now know and love. Dubai Holding, one of the

largest investment holding companies in the United Arab Emirates, grew significantly under his leadership.

Drawing Dubai's Skyline

Dubai skyline speaks volumes of the integral part Dubai Holding has played in the city's development. Iconic projects like Burj Al Arab, Dubai Healthcare City and Business Bay are just a few of the projects in Dubai Holding's portfolio. During his time at Dubai Holding, H.E. bin Byat navigated through the Global Financial Crisis with a diversification strategy that grew the company's portfolio beyond real

estate and into healthcare, finance, and technology.

He led the company's global expansion in new markets and industries and was instrumental in establishing Dubai Holding as one of the leading investment companies in the UAE.

Today H.E. Ahmad bin Byat is the founding chairman and CEO of Zaina Investments LLC, a private family office that invests in local tech startups, vice chairman of Dubai Chamber of Digital Economy, and a member of the Higher Committee for Future Technologies for Dubai.

We sit down with H.E. bin Byat to discuss Dubai's changing investment landscape over the past three decades.

"Our leaders have always reminded us that what is good for business is good for Dubai," H.E. bin Byat said. "Dubai has always been a welcoming place for many merchants from the region to do business." But, what has impressed him the most is the geographic reach Dubai has today and the pace at which the Emirate has achieved it. "I've watched as Dubai expanded its geographic attraction footprint to the whole globe!"

He further explained, "What I find most exciting is that Dubai's ambitions are limitless. Dubai does not have a history of failures to hold it back. It's on an exploratory mission. Dubai likes to try unique projects and approaches to improve the economy, and the social and business environment, and it does it through both policy changes, and through physical and digital means."

A Digital Economy Hub

H.E. bin Byat was appointed vice chairman of the board of directors at DCDE in 2020. He has been instrumental in shaping the organization's direction and driving its mission to promote Dubai as a global hub for digital economy. H.E. bin Byat

is a strong advocate of digitalization of businesses and has been at the forefront of efforts to promote the adoption of tech solutions in various industries.

When asked why he thinks Dubai has a real shot at becoming the next capital of global digital economy, he was quite matter-of-fact. "Dubai's leadership is non-political; it's purely focused on developing the city to become a global commerce platform, welcoming diverse businesses across industries, and attracting the best talent."

He then listed Dubai's strengths one by one. "Dubai's ease of doing business, advanced infrastructure, strong rule of law, and geographic positioning between East and West, while providing proximity and ease of travel to a market of more than 2 billion people – puts Dubai in a great position. I am certain that Dubai will remain the preferred location for startups because it offers the needed fundamentals." He added, "What is not yet certain is Dubai's ability to support digital companies through their journey to become a Unicorn and beyond that – and that is what we are working on now."

When asked about the DCDE board's biggest focus at present, H.E. bin Byat emphasized on the development of a long-term strategic approach to elevate the city's attractiveness, bringing businesses closer to policymakers so that there are no gaps or overlaps between policy and business. He also stressed the need to provide various support channels to the digital business community so that DCDE could listen and learn about their needs to then act as a sounding board for the policymakers.

Dubai's Future Directions

H.E. bin Byat has recently been playing a major role in the formation of the Higher Committee for Future Technologies for Dubai. Chaired by the Crown Prince of Dubai, Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, the committee is working to promote Dubai's position as a leader in digital economy globally. The goal is to promote Dubai's status as a hub for developing and testing new technologies and help establish it as one of the top ten metaverse economies in the world.

"Globally VC funding totaled to something around US \$470 billion in 2022, which is just 12% of the global Private Equity and M&A deal activity – so there is huge room for growth here."

H.E. Ahmad Abdulla bin Byat,
Vice Chairman of Dubai Chamber of Digital Economy

It also oversees Dubai's ambitions to be home to 20 unicorns by 2031.

When asked how realistic an ambition this '20 unicorns by 2031' goal is, H.E. bin Byat said, "Very realistic." Ahmad bin Byat imagines that these unicorns will be born from a diverse set of industries, from financial technology to health tech, food tech, artificial intelligence and mobility solutions.

"Regional security and geopolitical concerns" are Dubai's biggest challenges in its attempt to become the number one digital economy capital in the world, according to him. However, he assured that as the digital economy expands, more startups will be conceived.

While discussing the local Venture Capital ecosystem, H.E. bin Byat reminded us how small and nascent the entire VC ecosystem is globally. "Globally, VC funding totaled to something around US \$470 billion in 2022, which is just 12% of the global Private Equity and M&A deal activity— so there is huge room for growth here."

He continued, "With growth in digital investments accelerating year on year, we expect Dubai to take a large share because we are ready for it." H.E. bin Byat explained that he believes only a few cities are positioned as well as Dubai to become home to future industries, innovative ventures, and clean businesses. He reasoned that Dubai's size coupled with its ambitions, clear strategic priorities and advanced infrastructure - make Dubai hard to compete with.

One area for improvement we landed on during the conversation was the viability of IPO exits for mature startups in Dubai and the region. Thus far, Dubai-based

startups have yet to exit via local IPO, tending to head West for stronger listings. H.E. bin Byat saw this as a lost opportunity. "Our local and regional stock markets need to reinvent themselves and focus immediately on this growing digital segment through separate platforms built with digital companies' needs in mind, before it's too late," he heeded.

Ability to Reinvent Itself

With a series of visionary initiatives and investments in cutting-edge technology, Dubai is well on its way to achieving its ambitions. From its world-class fiberoptic network and cloud-based systems to its innovative approaches to smart city development, Dubai has set the standard for how cities can leverage technology to enhance the lives of its citizens and attract global businesses.

Just one recent example is the opening of the Moro Hub in February 2023, world's largest solar-powered data centre. The 100-MW facility is a Dubai 10X initiative, which is an innovative program launched by H.H. Sheikh Mohammed bin Rashid Al Maktoum in 2017. The initiative entails government entities creating disruptive, exponential change, placing Dubai 10 years ahead of leading global cities.

"Dubai's agility and ability to reinvent itself continuously is its biggest advantage in the global race to become the Digital Economy capital of the world," said H.E. bin Byat. The city's journey to becoming the digital capital of the world is also seemingly a testament to the power of technology and the impact it can have on society and the economy.

غرفة دبي
DUBAI CHAMBERS

DUBAI'S REGIONAL PROMINENCE IN ATTRACTING INVESTMENT

Dubai and the UAE have consistently been ahead of the curve in the MENA region for establishing startups, building scaleups and attracting venture capital. Both Saudi Arabia and Egypt follow, and round out the top three countries contributing to the region's startup and investor ecosystem. In this chapter, we review how things shaped up for Dubai and other major cities in the MENA region in 2022.



SCALEUPS IN MENA

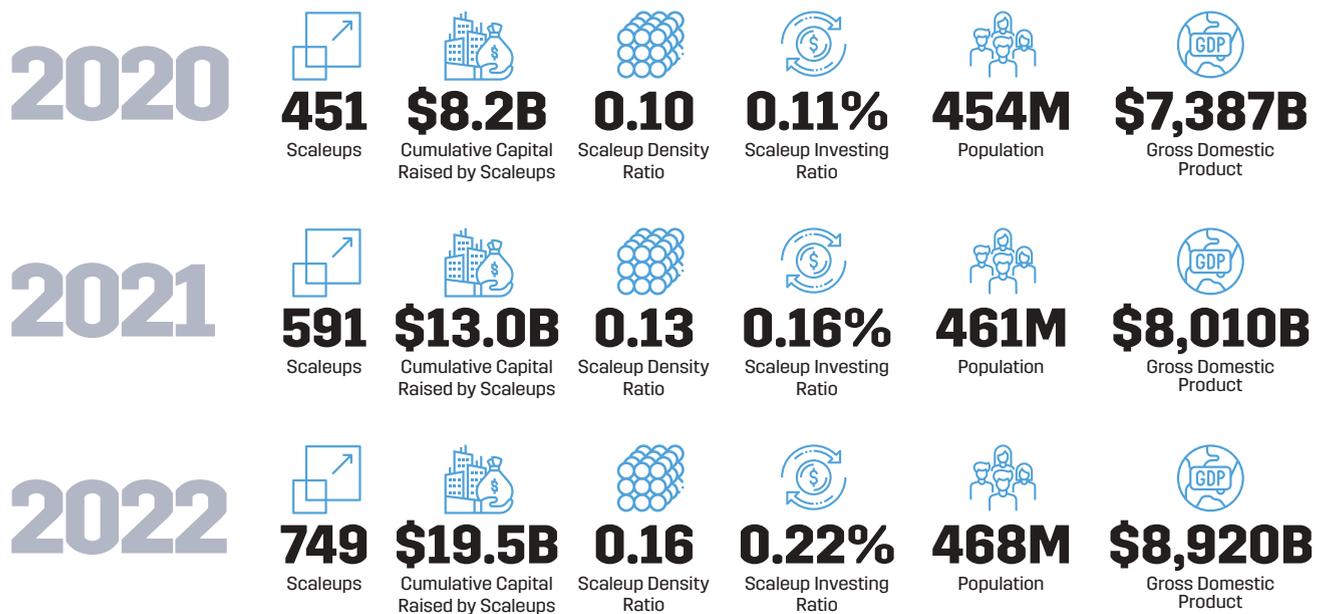
Scaleups are companies that have raised funds above US\$ 1 million since inception. As of December 2022, 749 scaleups across 19 countries in the Middle East and North Africa region attracted a total of US\$ 19.5 billion in capital raised.

This demonstrated impressive growth from 2021, when the number of scaleups totaled 591, resulting in a total capital raise of US\$13.0 billion, representing 50% growth from 2021 to 2022. In comparison, the GDP growth across the region was also impressive at 11%, as per IMF, during the same period. The past three years have resulted in growth in the number of scaleups, from 451 to 749 between 2020 and 2022.

The Scaleup Density ratio, which is the number of scaleups per 100,000 inhabitants, and Scaleup Investing ratio, which is the Capital Raised as a proportion to the GDP, has also seen an increase of 61% (from 0.10 to 0.16) and 97% (0.11% to 0.22%), respectively, from 2020 to 2022.



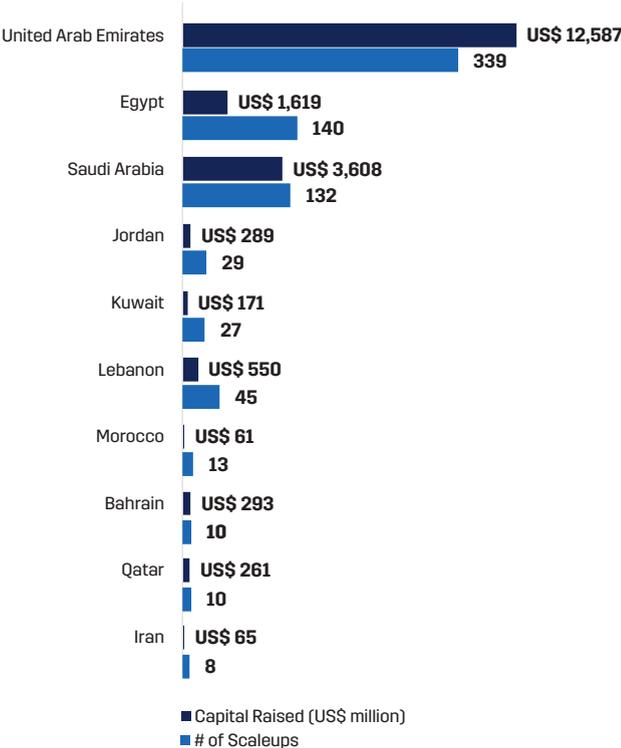
TECH SCALEUPS & CUMULATIVE CAPITAL RAISED BY SCALEUPS IN MENA



Source: IMF, World Bank, Lucidity Insights Research & Analysis based on Crunchbase data
 Note: Some data from previous year's report where estimates were used were rectified using actual data



TOP 10 MENA COUNTRIES FOR TECH SCALEUPS 2023



The UAE led the MENA region being home to 339 scaleups, while Egypt and Saudi Arabia follow with 140 and 132 scaleups, respectively. UAE scaleups accounted for 65% of total cumulative capital raised across the region, while Saudi Arabia-headquartered scaleups account for 19% of the total capital raised by scaleups to date. Scaleups setup outside of United Arab Emirates, Egypt and Saudi Arabia, in one of the 16 other countries in MENA region, account for under 20% of all scaleups in the region, while only accounting for 9% of capital raised in the region.

Source: Lucidity Insights Research & Analysis based on Crunchbase data
 Note: Scaleups are startups which have raised above US\$ 1 million till December 31, 2022, with at least one funding round since January 1, 2010.

UAE Scaleups account for 65% of capital raised across the MENA region

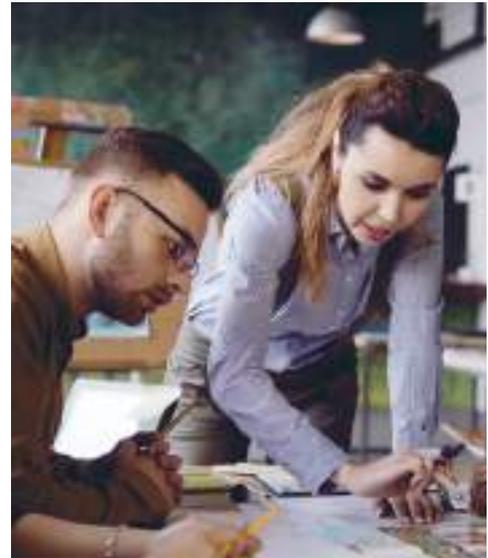


REGION'S GROWTH IN MEGA-ROUNDS

The growth of funding in the region has exceeded US\$4 billion in both 2021 and 2022 and the number of mega-rounds of US\$300 million or more has seen an increasing trend with three seen in 2021 and six in 2022, including two scaleups listing on stock exchanges.

Through the years, there have been large funding rounds, with Careem being one of the first ones to pave the way, having raised US\$ 500 million through December 2016 and first half of 2017. The marquee fundraising was from Noon in 2017, the Saudi Arabia and UAE based e-commerce platform. More recently, Kitopi, the foodtech startup, has been aggressively fundraising, reeling in large funding in both 2021 and 2022.

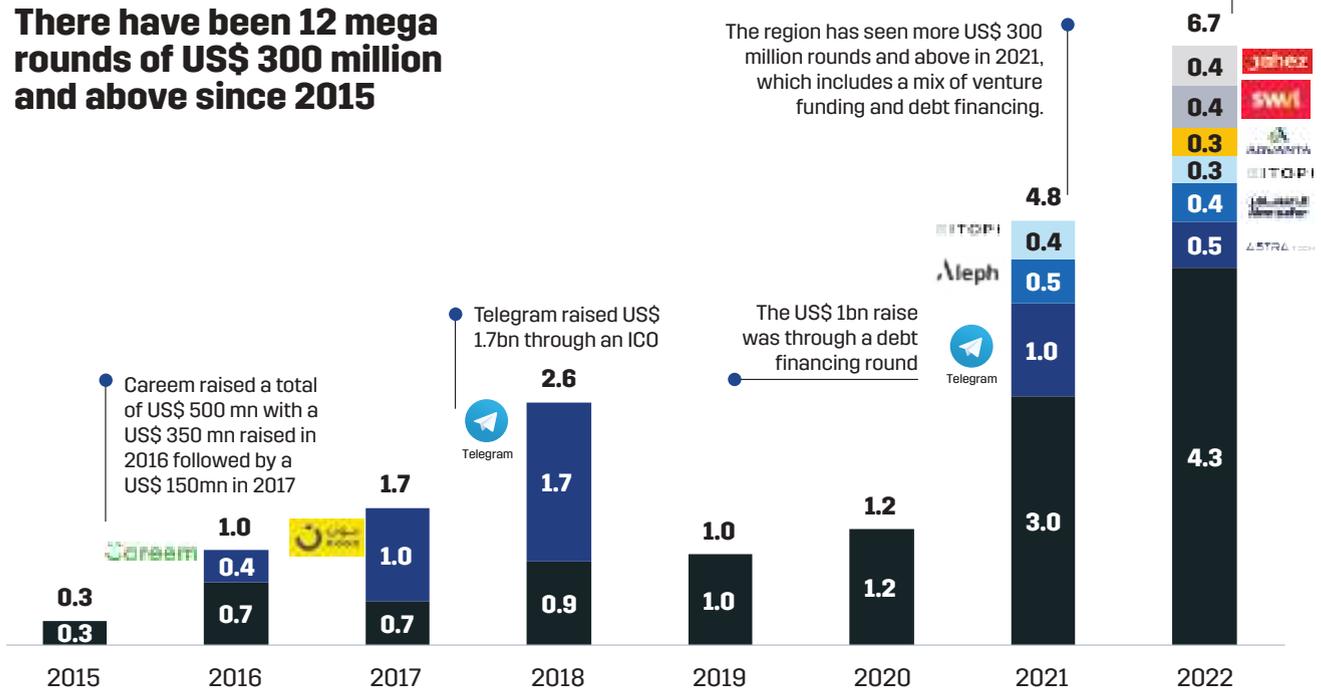
In 2022, there was a significant shift in the number of funding rounds, where scaleups raised funding, and a trend towards larger cheque sizes and funding bracket gained momentum. In the US\$100 million to US\$1 billion range, funding rounds increased by 100% between 2021 and 2022. Other funding ranges also saw increases between 20% to 87%.



MENA TECH SCALEUP YEARLY FUNDING ACTIVITY FROM 2016 TO 2022 (US\$ BILLION)

2022 saw 6 rounds raising more than US\$ 300 million, including 2 IPOs which are Jahez's listing on Nomu and Swvl's listing on NASDAQ.

There have been 12 mega rounds of US\$ 300 million and above since 2015



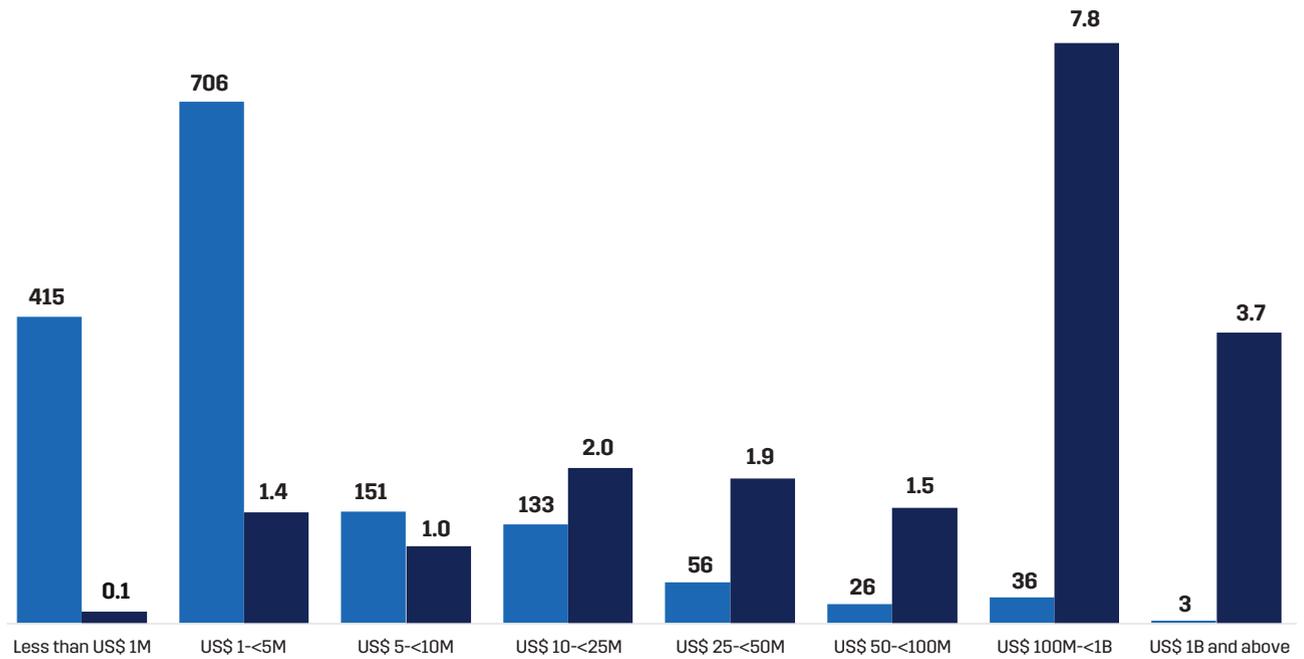
Source: Lucidity Insights Research & Analysis based on Crunchbase data
 Note: Scaleups are startups which have raised above US\$ 1 million till December 31, 2022, with at least one funding round since January 1, 2010.

■ Total funding from rounds where funding has been less than US\$ 300 million

TABLE 1 – NUMBER OF FUNDING ROUNDS BASED ON FUNDING BRACKET BETWEEN 2021 AND 2022

Funding Bracket	Cumulative number of funding rounds till		% increase in funding rounds
	2021	2022	
Less than US\$ 1M	345	415	20%
US\$ 1 - <5M	553	706	28%
US\$ 5 - <10M	110	151	37%
US\$ 10 - <25M	91	133	46%
US\$ 25 - <50M	30	56	87%
US\$ 50 - <100M	20	26	30%
US\$ 100M - <1B	18	36	100%
US\$ 1B and above	3	3	-

MENA SCALEUP FUNDING ROUNDS FROM 2010 TILL 2022



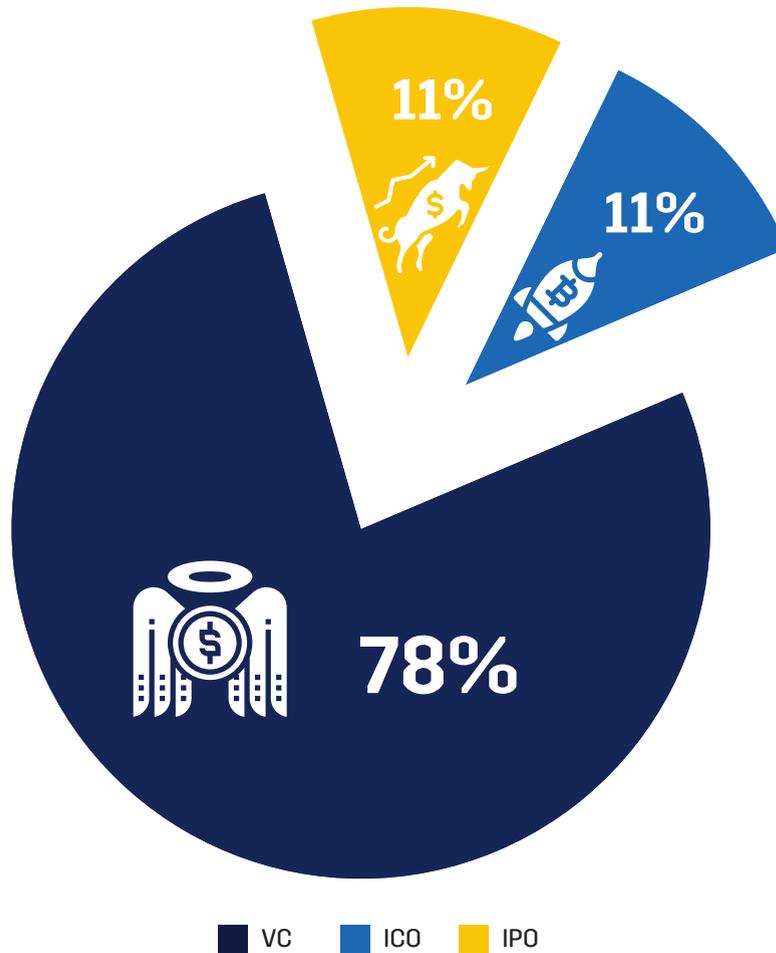
Source: Lucidity Insights Research & Analysis based on Crunchbase data

■ Total Funding Raised (US\$ billion) ■ Total Funding Rounds



Considering the source of capital raise, venture capital and corporate rounds accounted for over three quarters of the capital raised, while IPOs and ICOs accounted for nearly equal share. Telegram's ICO in 2017 resulted in US\$1.7 billion raise, while the region experienced two major exits in IPOs from Jahez International and Swvl raising over US\$400 million each.

SCALEUP MENA – CAPITAL RAISED DISTRIBUTION FROM 2010 TO 2022



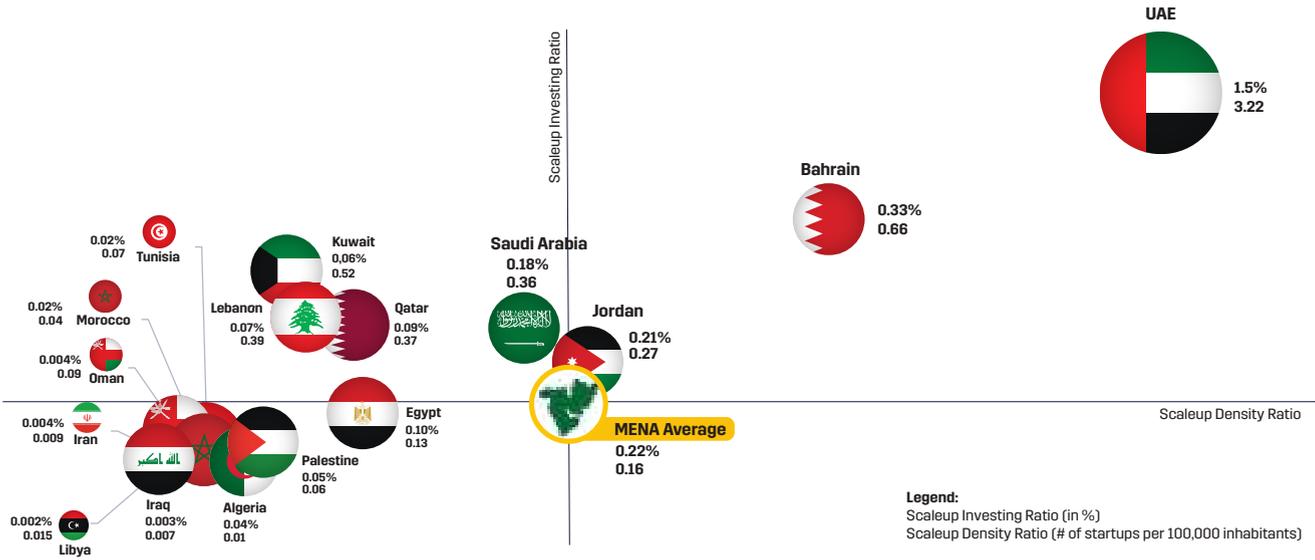
Source: Lucidity Insights Research & Analysis based on Crunchbase data

Note: Scaleups are startups which have raised above US\$ 1 million till December 31, 2022, with at least one funding round since January 1, 2010.

DUBAI'S APPEAL

The UAE, with its sheer number of scaleups has tipped the MENA average to a higher value of 0.2% Scaleup Investing ratio and 0.16 for Scaleup Density ratio. While a number of countries in the region have a lower Scaleup Investing ratio than MENA average, countries like Jordan, Saudi Arabia, Qatar, Lebanon and Kuwait all have above regional ratios, showing preference for startups to operate from these countries.

TECH SCALEUP MENA MATRIX - CONSIDERS ALL FUNDING BETWEEN 2010 TO 2022

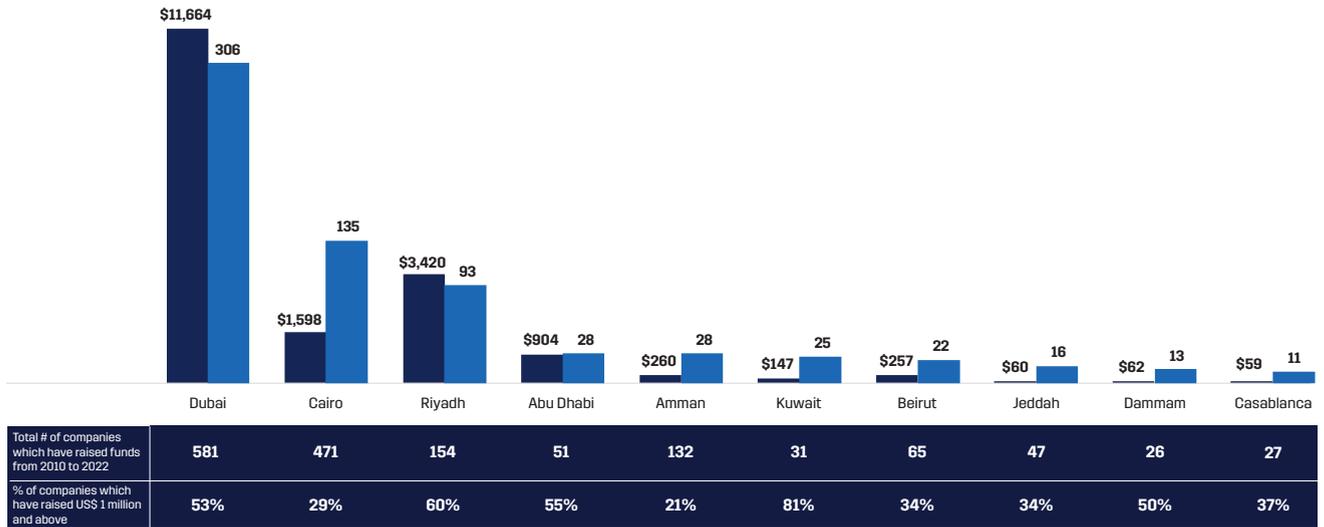


Source: World Bank, IMF, Lucidity Insights Research & Analysis based on Crunchbase data

The region and the UAE's numbers are dominated by Dubai, which has been the major benefactor of funding with over 300 scaleups calling the metropolis their home. In comparison, the second largest group of scaleups are based in Cairo at 135, less than half based in Dubai. The UAE's dominance is also bolstered further by Abu Dhabi-based scaleups, ranking fourth in the list of top 20 cities, with Riyadh-based scaleups ranking third. While, there is no doubt that Dubai is a preferred startup destination, the fact that over half of startups that have raised more than US\$1 million of capital, based on disclosed values, is a further testament to Dubai's attractiveness for startups.



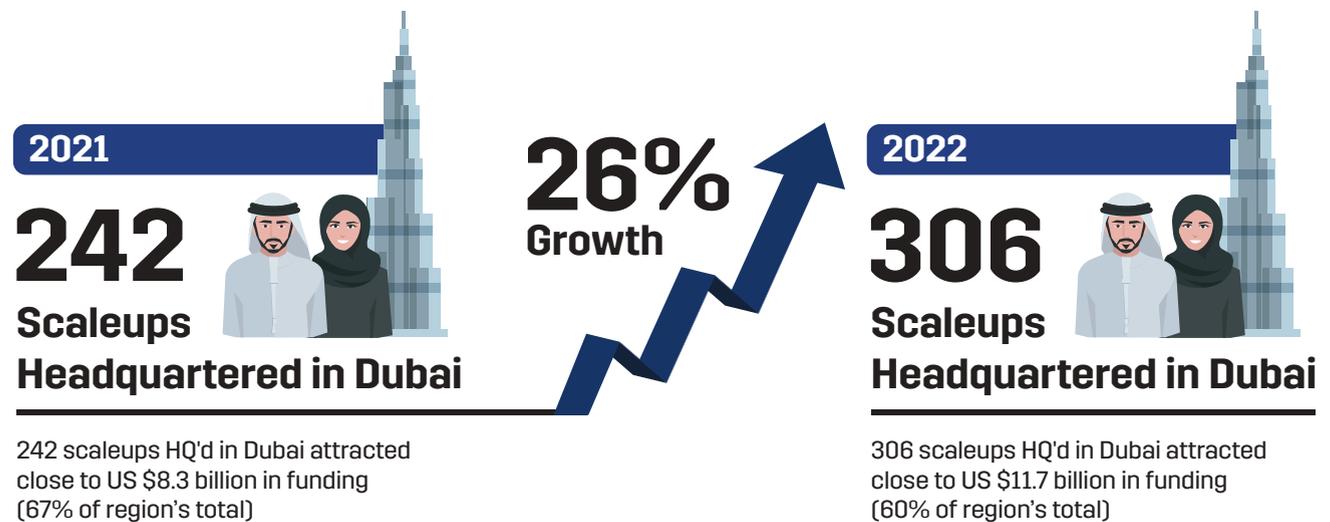
TOP 10 TECH SCALE-UP CITIES IN MENA (BY # OF SCALEUPS 2022)



Source: Lucidity Insights Research & Analysis based on Crunchbase data

■ Capital Raised (US\$ million) ■ # of Scaleups

The number of scaleups have also increased considerably, in Dubai, growing 26% between 2021 and 2022. While Riyadh and Cairo had higher growth rates, in terms of absolute numbers, Dubai saw an increase of 64 scaleups between 2021 and 2022 growing from 242 to 306 scaleups.



Source: Lucidity Insights Research & Analysis based on Crunchbase data

UAE'S TOP 10 STARTUP FUNDRAISING ROUNDS TO DATE (2022)

Company	HQ City	Capital Raised	Round Year	Lead Investor Country	Lead Investors
 Telegram	Dubai	\$1.7B	2018		In two rounds through ICO (January and February 2018)
 Telegram	Dubai	\$1B	2021		Mubadala (US\$ 75 million) and Abu Dhabi Catalyst Partners (US\$ 150 million)
 ASTRA TECH	Dubai	\$490M	2022		G42
 Aleph	Dubai	\$470M	2021		CVC Capital Partners
 ITOPI	Dubai	\$415M	2021		SoftBank Vision Fund
 Careem	Dubai	\$350M	2016		Rakuten, Saudi Telecom Company
 ITOPI	Dubai	\$300M	2022		SoftBank Vision Fund
 ADVANTA	Dubai	\$300M	2022		Kohlberg Kravis Roberts
 SOQA an amazon company	Dubai	\$275M	2016		Tiger Global Management
 zeta	Dubai	\$250M	2021		SoftBank Vision Fund

Source: Lucidity Insights Research & Analysis based on Crunchbase data

ICO: Telegram's raise was through an Initial coin offering.

Note: All disclosed funding rounds have been accounted for until the end of Dec 31, 2022

Dubai's allure as a startup hub is prominent in the country, since the top 10 disclosed funding rounds of all time are all from startups headquartered in the emirate. In 2022, the top four funding rounds were all from Dubai-based startups, with the fifth from an Abu Dhabi-based agtech startup, Pure Harvest Smart Farms.

UAE'S TOP 5 DISCLOSED FUNDING ROUNDS IN 2022

Company	City	Capital Raised	Round Year	Lead Investor Country	Lead Investors
 ASTRA TECH	Dubai	\$490M	2022		G42
 ADVANTA	Dubai	\$300M	2022		Kohlberg Kravis Roberts
 ITOPI	Dubai	\$300M	2022		SoftBank Vision Fund
 empg	Dubai	\$200M	2022		Affinity Partners
 Pure Harvest SMART FARMS	Abu Dhabi	\$180.5M	2022		Metric Capital Partners (co-lead investor)

Source: Lucidity Insights Research & Analysis based on Crunchbase data

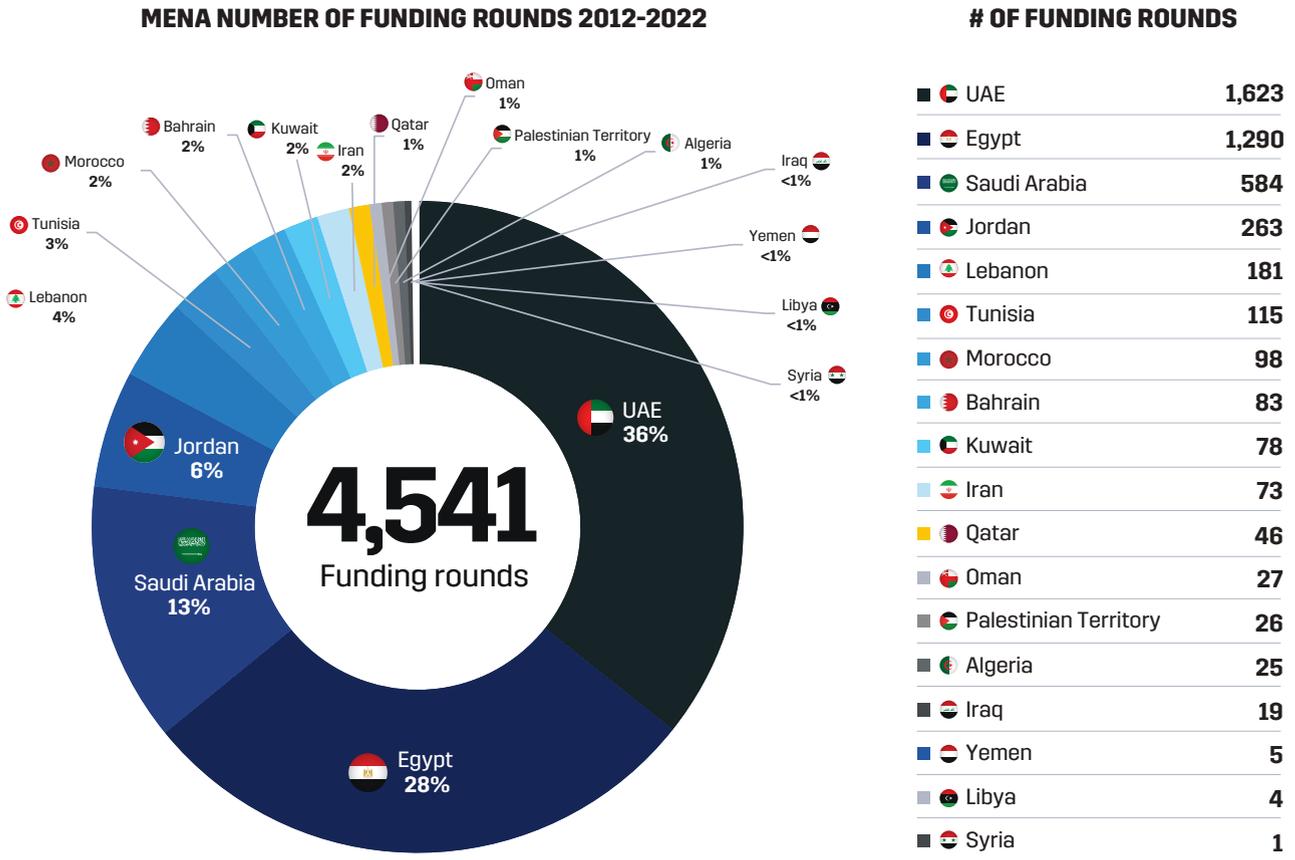
EVOLUTION OF VENTURE FUNDING IN DUBAI

Venture funding in Dubai has seen tremendous growth in the past decade. From a time of only seed stage and earlier rounds, Dubai has grown to become the only city in the MENA region to be home to startups to that have raised funds in Series E and Series F rounds.



FUNDING ROUNDS GO AROUND

From 2012 to 2022, there have been over 4,500 funding rounds, of which more than one-third occurred in the UAE, followed by Egypt and Saudi Arabia. Among the rest of MENA countries, Jordan is the only country accounting for more than 5% of the funding rounds.

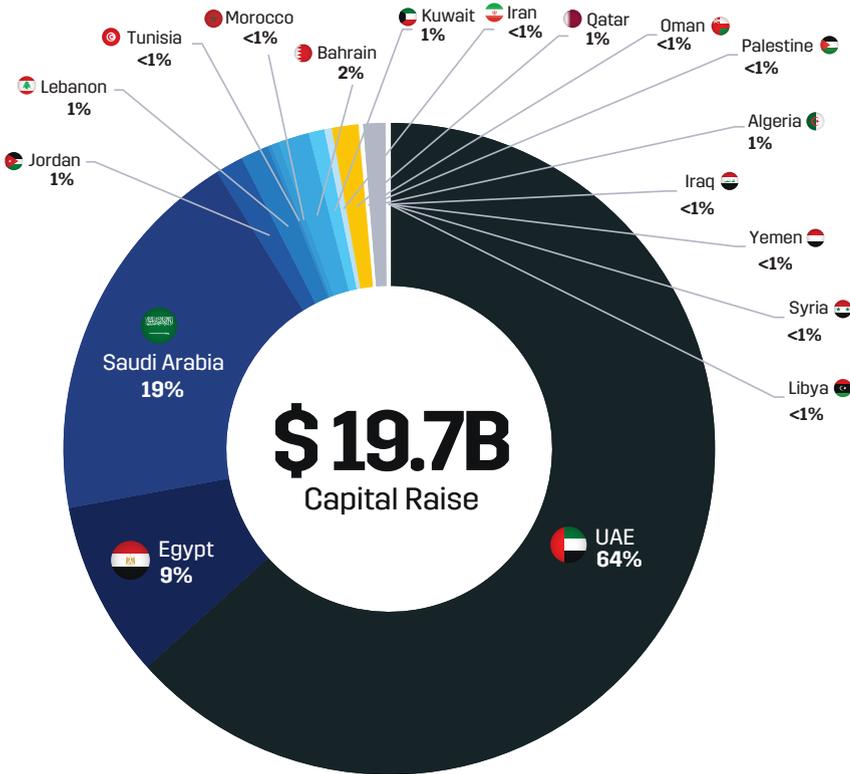


Source: Lucidity Insights Research & Analysis based on Crunchbase data



In terms of capital raised, the last decade has seen US\$19.7 billion in funding, by all startups, on a disclosed value basis. The UAE shines once again, accounting for nearly two-thirds of all the capital raised. While Egypt was positioned second in terms of number of funding rounds, the country settled in third position for capital raised, behind Saudi Arabia with over US\$3.5 billion, accounting for 19% of total MENA capital raise.

MENA TOTAL CAPITAL RAISE, 2012-2022



TOTAL CAPITAL RAISE

UAE	US\$ 12,660Mn
Egypt	US\$ 1,676Mn
Saudi Arabia	US\$ 3,645Mn
Jordan	US\$ 265Mn
Lebanon	US\$ 267Mn
Tunisia	US\$ 36Mn
Morocco	US\$ 74Mn
Bahrain	US\$ 294Mn
Kuwait	US\$ 150Mn
Iran	US\$ 71Mn
Qatar	US\$ 266Mn
Oman	US\$ 11Mn
Palestine	US\$ 19Mn
Algeria	US\$ 225Mn
Iraq	US\$ 16Mn
Yemen	<US\$ 1Mn
Libya	US\$ 2Mn
Syria	<US\$ 1Mn

Source: Lucidity Insights Research & Analysis based on Crunchbase data





There are 2,654 startups that reported a fundraising round, however 27% have not disclosed any funding value. Of the remaining 73% (startups which have disclosed any funding value at all), 44% have raised less than US\$1 million till date while 28% are scaleups, which have raised US\$ 1 million and above.

TECH FUNDING IN MENA FROM 2012 TO 2022

	MENA Value of funding (millions USD)	% of Regional Funding Received	# of startups	# of funding rounds
UAE	12,659.6	64.3%	898	1,623
Saudi Arabia	3,645.1	18.5%	352	584
Egypt	1,676.5	8.5%	747	1,290
Bahrain	293.8	1.5%	41	83
Lebanon	266.9	1.4%	103	46
Qatar	266.2	1.4%	33	263
Jordan	265.3	1.3%	171	25
Algeria	225.4	1.1%	12	78
Kuwait	150.2	0.8%	48	181
Morocco	73.5	0.4%	76	98
Iran	70.8	0.4%	48	73
Tunisia	35.6	0.2%	74	115
Palestinian Territory	18.5	0.1%	15	26
Iraq	15.9	0.1%	11	19
Oman	10.5	0.1%	20	27
Libya	2.3	<0.1%	1	4
Syria	0.3	<0.1%	1	1
Yemen	0.1	<0.1%	3	5

US\$
20 billion
MENA Total funding since 2012

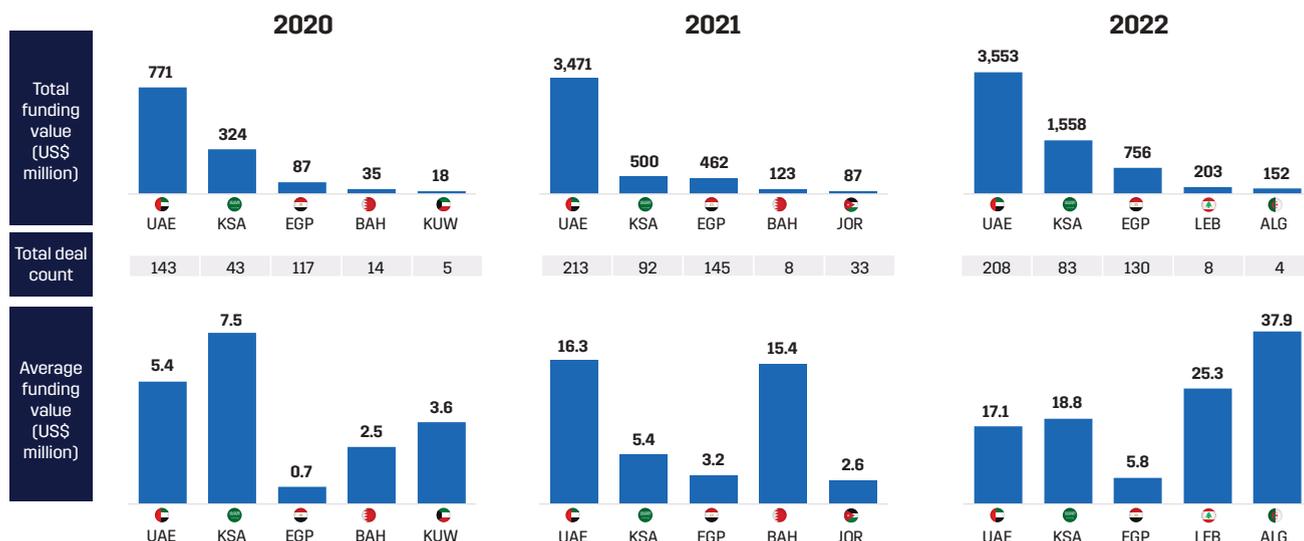
Source: Lucidity Insights Research & Analysis based on Crunchbase data

TOP INVESTABLE STARTUP ECOSYSTEMS IN THE REGION

The last 3 years have seen UAE dominating the MENA funding landscape with over US\$3 billion in capital raise in 2021 and 2022. What's impressive is that Saudi Arabia and UAE are the two countries that crossed the US\$1 billion mark in 2022 with approximately average funding value of US\$17.1 million for UAE and US\$18.8 million for Saudi Arabia. Egypt is the next country which has consistently ranked in the top 5, exhibiting an increasing average funding value between 2020 and 2022. Bahrain was in the top 5 during 2020 and 2021, however wasn't in 2022. Instead Lebanon, takes 4th position in 2022. The 5th ranked country has changed hands between Kuwait to Jordan to Algeria.



TOP 5 MARKETS IN TERMS OF DEAL FLOW, LAST 3 YEARS (2020-2022)



Source: Lucidity Insights Research & Analysis based on Crunchbase data

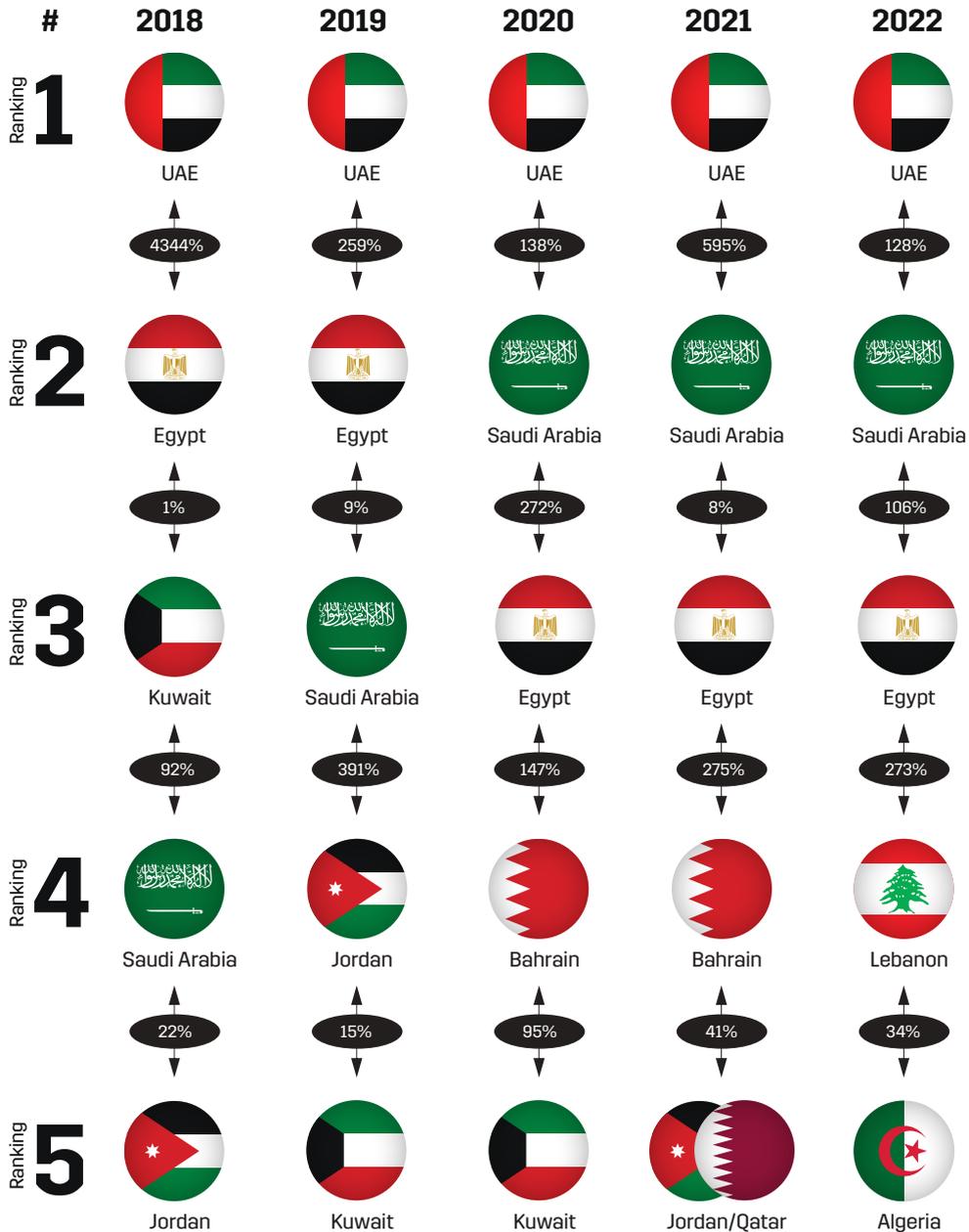
Average funding considers only deals where values are disclosed.

Total deal count includes only those deals where funding has been disclosed.

Note 1: Funding Value derived from Venture Capital, Private Equity, Corporate Rounds and Debt Financing.

Note 2: Both 'Total Deal Count' and 'Average Funding' considers only deals where funding values and deals are disclosed.

TOP 5 MARKETS IN TERMS OF FUNDRAISING, LAST 5 YEARS (2018-2022)

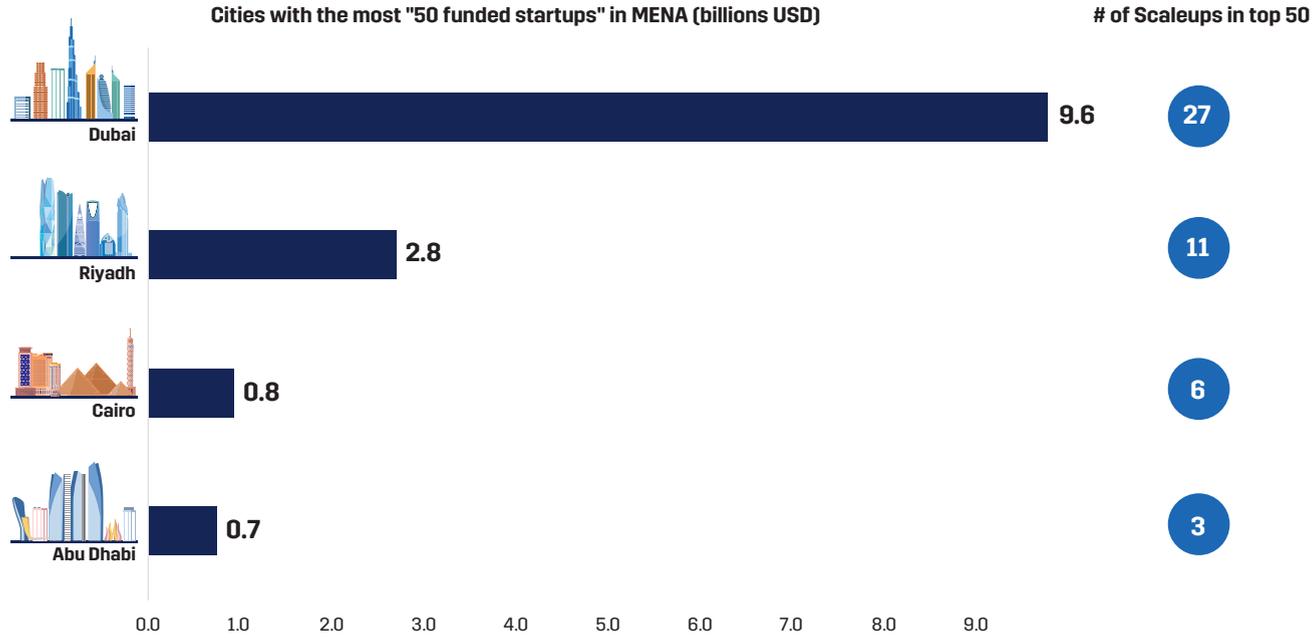


Source: Lucidity Insights Research & Analysis based on Crunchbase data
 Note: Percentages indicate the difference in funding value between the ranked countries.



Dubai's dominant streak keeps going as it tops the list of the top 50 most funded startups in the MENA region, with 27, and the country has 30 startups on the list. Of the remaining, 17 hail from Saudi Arabia and Egypt. There are startups from four other countries on the list, including Algeria, Bahrain, Lebanon, and Qatar.

DOMINANT CITIES BASED ON # OF SCALEUPS IN THE TOP 50 (AS OF DECEMBER 2022)



Source: Lucidity Insights Research & Analysis based on Crunchbase data



IN CONVERSATION WITH

DANY FARHA

Managing Partner of BECO Capital
& DCDE Board Member

BECO
CAPITAL

By Ashok Raman & Nazmia Nassereddine



Dany Farha reminisced about the Internet and how it was going to change the world, back in 1999. At the time, it was still a new concept in the UAE, with only a 15% penetration rate within the local population, a measly fraction compared to the 38% penetration in the U.S. at the time. It was the beginning of the internet revolution.

Fast-forward 23 years, and it's interesting how tables have turned; the U.A.E has ratcheted up internet penetration to 99%, compared to 92% in the U.S. Granted, the UAE is a much smaller region with a population that is just 3% of America's 331 million inhabitants. But, the point is how quickly the internet enveloped the

world, and how the internet economy and tech industry rose to power.

1999 was also the year when Sheikh Mohammed bin Rashid Al Maktoum announced the creation of Dubai Internet City. By this time, Farha had already founded two successful brick-and-mortar businesses – one laundry service and one catering business – after having worked in an investment bank for several years straight out of college. Reflecting on that time, Farha recounted, “Naturally, my co-founder and I ran to get a Dubai Internet City trade license, and we moved in a year later when the complex was built.”

He explained, “We could all see the

writing on the wall; quickly scaling profitable technology businesses being built in developed countries, and replicating their success in Dubai was the way forward.” He also explained how important the internet was in leveling the playing field for emerging markets like Dubai at the time. “There was little stopping us from building winning propositions we saw popping up in places like the U.S., particularly with the tailwinds created by our forward-thinking government,” he added.

Dubai's First Wave of Tech Companies

In 2000, Farha co-founded the region's

first jobs portal, Bayt.com, with a few friends, hoping that they could help the 2 million internet users in the Middle East find jobs easily. Within two years, Bayt.com racked up 240,000 members and nearly 5,000 corporations, expanding and opening multiple offices across the UAE and Saudi Arabia. Five years in, Bayt.com had 1 million members and was launching new products annually. Farha exited Bayt.com after 10 years, before founding his Venture Capital firm, BECO Capital, in 2012.

On his decision to launch a VC firm, Farha said, "When I exited [Bayt.com], I wanted to stay in the startup space, but I also wanted to create a larger impact. The space was still very nascent in 2011."

"When we started Bayt.com in 2000, there wasn't a single VC in the region, no accelerators, no incubators. Ten years later, when I exited, there was still a long way to go," he continued.

The reality at the time was that Google had only opened their Dubai offices in 2008, the first startup accelerator in Dubai didn't launch until 2012, and funding was very hard to come by for regional startups. "So, I decided to start a VC firm to create impact through supporting incredible founders," Farha said. BECO Capital, now, is one of the oldest and is the largest VC fund in Dubai.

A Founder-Focused Fund

BECO Capital's first funding round in 2015 raised US\$50 million. It was an exciting time in the region, from 2008 to 2015, with the talent pool deepening due to the influx of international tech companies such as Uber and Google. The ecosystem was gaining momentum, and the government was reforming regulations to make it easier to start and sustain new businesses.

The success of BECO's first fund drove them to raise US\$100 million in their

second round in 2019. When asked how hard it was to raise the first fund, Farha said surprisingly, "The first fund was easier because institutions were pretty much out of the question; they don't invest in first-time fund managers. So, we primarily raised our first US\$50 million fund from our personal and professional networks – people who knew us, knew our success within tech, and already believed in the space."

"When we upsized Fund 2 to US\$100 million, it became necessary to institutionalize the cap table," he continued. "Raising was a lot more challenging, as few institutions were willing to invest in the startup ecosystem then. The picture today has improved somewhat, but the participation is still lower than it should be given how much the ecosystem has matured over the years."

BECO's investment thesis has remained unchanged since its launch. They are founder-focused, investing in the strongest founding teams in businesses that can scale and achieve not only defensibility, but also profitability. "We believe a great founder is what makes a business a success; deep founder assessment is a critical part of our investment process, alongside research and data deep dives," said Farha. "For example, we weren't big believers in the EdTech sector before we met Abwaab. We were blown away by the founding team when we met them and they're one of the best performers in our current fund."

Capital + Talent = Success

"Capital and talent are the basis of a vibrant startup ecosystem, and will be what secures Dubai's position as the Digital Economy capital of the world," Farha affirmed. To that end, he explained how Dubai offers a unique blend of characteristics that make it a magnet for global talent. With the government opening its borders with new green/nomad visas and golden visas, as well as various

other initiatives, to attract advanced technology companies and talent to set roots in Dubai, the Emirate is strengthening ease-of-access. According to Farha, ease-of-access, ease-of-doing-business, and access to capital, are all essential for Dubai to achieve its ambitions.

He elaborated Dubai's biggest advantages. "Dubai is already a magnet for global talent, and a magnet for global talent with capital behind them, too," he said.

Farha spoke of the fact that Dubai attracted 4,000 millionaires to move to the city in 2022, the highest inflow of high-net-worth individuals, HNWIs, in the world, and a 208% year-over-year increase.

"With state-of-the-art infrastructure, one of the largest and most connected airports and airlines in the world, and a business-friendly regulatory and administrative support system, all of this has propelled Dubai to become the No. 1 city in the world to start a business. The lifestyle, safety, tolerance, and progressive outlook of the city is attractive to both entrepreneurs and investors."

He even commented on the importance of a diverse education system with over 140 international schools that make it easier for senior talent to relocate to Dubai with their families.

A Changing Regional Landscape

As Dubai thrives in the digital ecosystem of the UAE, as well as the greater MENA region, we asked Farha on how he expected the startup and investor landscape in MENA to change in the next five years. After all, Saudi Arabia nearly hit the \$1 billion fundraising mark in 2022 with just a few years of startup activity, whereas Dubai-based startups only crossed the \$1 billion fundraising ceiling one year prior.

Farha was quick to point out that a thriving Saudi startup ecosystem is a thriving MENA startup ecosystem. “We should celebrate Saudi’s emergence – it’s great for attracting foreign investors to the region. More importantly, Saudi is not only investing heavily in its local digital ecosystem, but also in the wider region, and the impact of this is already growing a vibrant ecosystem within the region that will produce many successful digital companies in the coming years. The UAE and Saudi markets are complementary akin to the interplay between Singapore and China - one large market that can be served locally, and one hub that has the capability to build regional and global businesses.”

He then gave us a few numbers. The number of invested startup capital per capita in Saudi Arabia is ± US\$27, which has already surpassed other emerging markets such as Latin America (± US\$16) and India (± US\$9). The availability of capital and investment in infrastructure will mature Saudi ecosystem massively and quickly.

“The invested startup capital per capita in the UAE in 2022 was ± US \$127 across 153 deals,” he said. “That still presents a lot of room to grow when you compare to other global business hubs like Singapore (± US \$783 across 249 deals), and Israel (± US \$1,591 across 826 deals).”

Farha was optimistic that as long as the UAE keeps backing the best local entrepreneurial talent to build new businesses and support them throughout their lifecycle, it will maintain its place as the global business hub in the region, and eventually establish itself as the digital economy of the world.

Dany Farha also remains optimistic about the future of Dubai ecosystem stating “We’ve come a long way in the last 20 years, and we’ve made tremendous progress in building a world-class tech hub in the region,” he says. “But there’s still a long way to go, and we need to continue to invest in the ecosystem, both in terms of capital and talent, if we want to achieve our goal of becoming the digital economy capital of the world.”

Incubating Unicorns

Farha said he’s modelled out the scenario and that Dubai’s ambition of being home to 20 unicorns by 2031 is very realistic. To make this a sustainable reality, however, he stressed the need of funding across the entire startup value chain, particularly in growth stages, pre-IPO, and post-IPO. “We’re seeing continued interest from international investors, which indicates we’re on the right track. In 2022, 3 out of the top 5 investors in the MENA ecosystem, from a capital deployed perspective, were from outside the region” he said.

Nonetheless, Farha explained that 2022 valuations suggest that the competition for investors in growth stages is still low. “We need to see both local growth-stage funds and more international investors fill this gap,” he said.

Path to IPO needed

Finally, Farha explained that a viable path to IPO is an essential attribute of a mature startup ecosystem that

“A thriving Saudi start-up ecosystem is a thriving regional start-up ecosystem. We should celebrate Saudi’s emergence - it’s great for attracting foreign investors to the region.”

Dany Farha,
Managing Partner, BECO Capital



can bring true and deep liquidity into stock exchanges, and this may be one of Dubai's biggest obstacles in its ambition to become the digital economy capital of the world. On this topic, Farha said, "Dubai needs diversity in the companies on our exchange, world-class governance to instill confidence in the platform for foreign investment, and foreign investor-friendly regulation to incentivize them to bring their dollars here."

Farha believed that having successfully listed tech companies will provide an attractive liquidity mechanism and will contribute M&A activity, which would further drive the liquidity flywheel.

The success of BECO Capital's three funds and more than 60 investments made so far is a testament to the increasing interest in the region's startups.

He was optimistic about what Dubai's future holds, and believed that with the right funding, governance, and regulation - Dubai would undoubtedly achieve its ambitions of becoming the Digital Economy capital of the world.

"It's been a wild ride, and I'm grateful for the opportunity to be a part of this incredible community of entrepreneurs, investors, and supporters who are all working towards a common goal," Farha beamed. "I'm excited to see what the future holds, and I can't wait to see what the next generation of founders will achieve."

"There's a need for funding across the entire startup value chain, particularly in growth stages"

Dany Farha,
Managing Partner, BECO Capital



TOP 50

Most Funded Startups in MENA



Rank	Country	HQ City	Company Name	Year Established	Industry	Number of funding rounds	Total Funding amount (m USD)	Growth Stage
1	UAE	Dubai	Telegram Messenger	2013	Social Network	2	2,700.0	Debt Financing
2	KSA	Riyadh	Noon	2017	E - commerce	1	1,000.0	Unknown
3	UAE	Dubai	Kitopi	2018	Foodtech	5	804.0	Late Stage
4	UAE	Dubai	Careem	2012	Mobility	7	771.7	Acquired by Uber
5	UAE	Dubai	Swvl	2017	Mobility	9	709.0	IPO
6	UAE	Dubai	Astra Tech	2019	Others - super app	1	490.1	Unknown
7	UAE	Dubai	Emerging Markets Property Group (EMPG)	2015	PropTech	0	479.0	Late Stage
8	UAE	Dubai	Aleph Holding	2021	Marketing and Sales	3	470.0	Private Equity
9	KSA	Riyadh	Jahez International Company	2016	Foodtech	2	464.4	IPO
10	UAE	Dubai	Souq	2005	E - commerce	5	460.0	Acquired by Amazon
11	KSA	Riyadh	Almosafer	2012	Travel	1	412.0	Private Equity
12	UAE	Dubai	Zeta	2015	Fintech	3	340.0	Late Stage
13	UAE	Dubai	Tabby	2019	Fintech	8	336.0	Late Stage
14	UAE	Abu Dhabi	Pure Harvest Smart Farms	2016	Agtech	10	334.4	Late Stage
15	UAE	Abu Dhabi	Trukker	2016	Transport/Logistics	14	320.4	Late Stage
16	UAE	Dubai	Advanta Seeds	2013	Agtech	1	300.0	Private Equity
17	Egypt	Cairo	MNT-Halan	2017	Fintech	2	260.0	Unknown
18	UAE	Dubai	The Tag Ventures	2020	Venture Builder	3	250.8	Late Stage
19	Bahrain	Manama	Rain	2017	Crypto	9	228.7	Early Stage
20	Egypt	Cairo	Fawry	2008	Fintech	4	219.0	Unknown
21	Algeria	Algiers	Yassir	2017	Mobility	10	217.6	Early Stage
22	KSA	Riyadh	Tamara	2020	Fintech	5	215.6	Early Stage
23	KSA	Riyadh	STC Pay	2018	Fintech	1	200.0	Corporate Round
24	UAE	Dubai	Vista Global	2017	Aviation	1	200.0	Private Equity
25	KSA	Riyadh	Foodics	2014	Foodtech	5	198.0	Late Stage
26	Lebanon	Beirut	Anghami	2011	Entertainment	9	196.3	SPAC
27	UAE	Dubai	Fenix Games	2022	Entertainment	1	150.0	Unknown
28	Qatar	Doha	STARZ PLAY	2014	Entertainment	2	150.0	Acquired by E-Vision
29	UAE	Dubai	Unifonic	2006	Sales and Marketing	2	146.0	Early Stage
30	UAE	Dubai	Property Finder	2007	PropTech	3	142.0	Early Stage
31	UAE	Dubai	Yalla	2016	Social Network	4	139.5	IPO
32	KSA	Riyadh	Sary	2018	Retailtech	4	112.1	Late Stage
33	UAE	Dubai	Channel VAS	2012	Fintech	3	104.0	Private Equity
34	Egypt	Cairo	MaxAB	2018	E-commerce - B2B Marketplace	5	101.2	Early Stage
35	UAE	Dubai	Wadi	2015	E-commerce	2	97.0	Early Stage
36	UAE	Abu Dhabi	Lyve Global	2016	Transport/Logistics	4	90.0	Early Stage
37	Qatar	Doha	Spendwiser Inc	2016	Fintech	3	85.1	Seed
38	KSA	Riyadh	Nana	2016	Retailtech	6	79.0	Late stage; Raised another US\$ 133 mn in February 2023 raising total capital raised to US\$ 212mn
39	UAE	Dubai	Fetchr	2012	Mobility	6	77.0	Late Stage
40	UAE	Dubai	Taaleem	2004	Edtech	1	73.0	Private Equity
41	UAE	Dubai	Vazeeta	2012	Healthcare	11	71.5	Late Stage
42	Egypt	Cairo	Paymob	2015	Fintech	4	68.5	Early Stage
43	Egypt	Cairo	Capiter	2019	Fintech	7	66.0	Early Stage
44	UAE	Dubai	Opontia	2021	E - commerce	4	62.0	Early Stage
45	KSA	Riyadh	Zid	2017	Retailtech	0	58.9	Early Stage
46	Egypt	Cairo	Brimore	2017	E-commerce - Social Commerce	8	56.3	Early Stage
47	UAE	Dubai	Bayzat	2013	HRTech	7	53.6	Late Stage
48	UAE	Dubai	Altibbi	2010	HealthTech	4	52.5	Early Stage
49	KSA	Riyadh	HyperPay	2010	Fintech	4	50.5	Early Stage
50	UAE	Dubai	iMile	2017	Transport/Logistics	2	50.0	Early Stage
50	UAE	Dubai	MediSponsor	2020	HealthTech	1	50.0	Unknown
50	KSA	Riyadh	Most Caffeine	-	Blockchain	1	50.0	Unknown

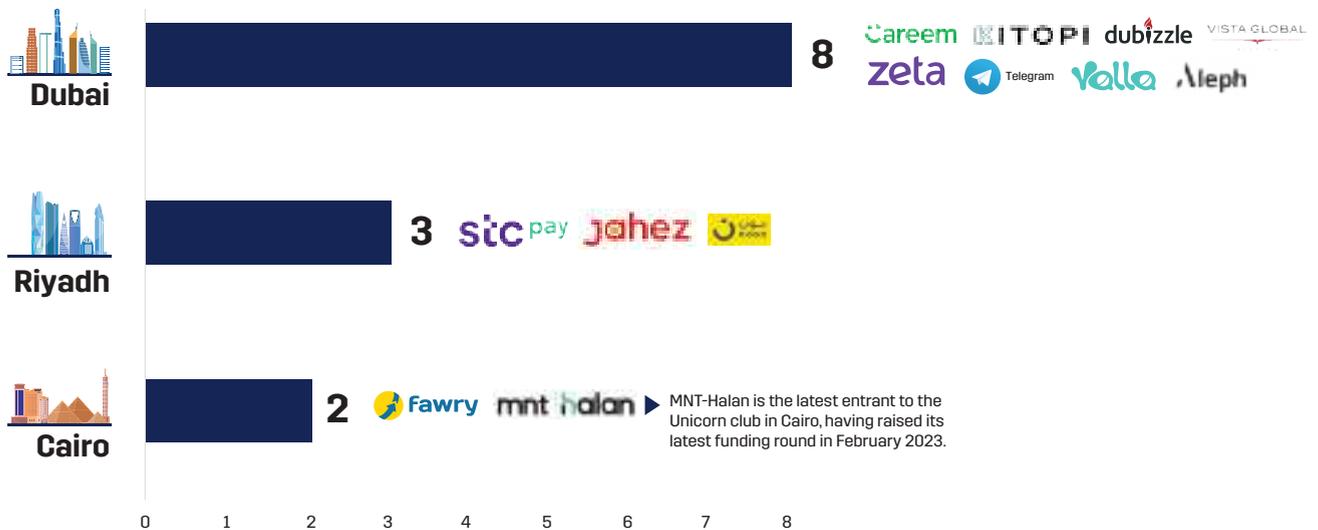
Source: Lucidity Insights Research & Analysis based on Crunchbase data



UNICORNS AND SOONICORNS

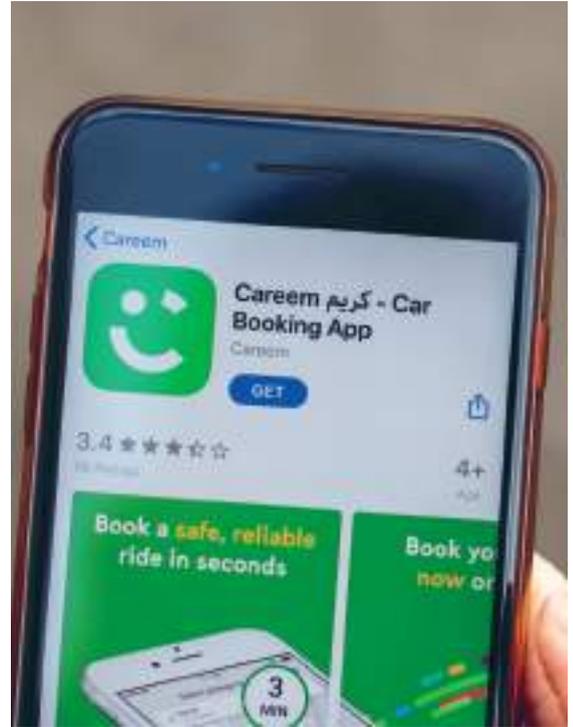
More than 30% of the funding rounds are attributed to startups headquartered in Dubai, implying 87% of all funding rounds for UAE-based companies are for firms headquartered in the Emirate. What is more amazing though is that Dubai-based companies have raised nearly 60% of all MENA funding since 2012. Dubai is also home to the most unicorns in the region and aims to be home to 20 unicorns by 2031.

CITIES HOME TO THE MOST UNICORNS IN MENA (BASED ON VERIFIABLE PUBLIC DISCLOSURES)



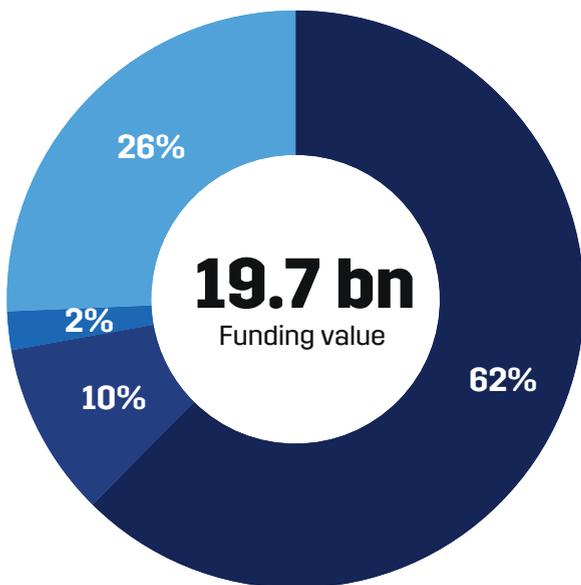
Source: Lucidity Insights Research & Analysis based on Crunchbase data
 Note: "Home" refers to the HQ where majority of the leadership team sits

Ride-hailing platform Careem became a unicorn in 2016 with its Series D round, when it raised US\$350 million from a number of investors, including Saudi Telecom Company, Rakuten, Wamda Capital and BECO Capital, among others. During the same year, Noon procured US\$ 1 billion in funding. In 2017, Vista Global Holdings received a private equity round of US\$ 200 million from Rhône Group, which gave it a US\$2.5 billion valuation. In 2018, Telegram had a US\$ 1.7 billion ICO. Emerging Markets Property Group, EMPG now renamed as Dubizzle Group, became the next unicorn in 2020 after raising US\$150 million from OLX Group followed by Yalla's listing in September 2020. stc pay, the Saudi Arabia-based payment solutions provider, became a unicorn in November 2020, after raising US\$ 200 million from Western Union. Fawry, the Egypt-based e-payment platform was next when its share price increased its valuation to over US\$1 billion in October 2020. Jahez, Zeta, Kitopi and Aleph Holding were next in 2021, followed by MNT-Halan, the latest unicorn in 2023. Swvl gained unicorn status when it listed on Nasdaq. However its share price has since dropped more than 99%, and is currently valued at under US\$10 million.



It is not just VC money that Dubai-based startups are attracting, Dubai-based scale-ups also enjoy lion's share of Private Equity rounds, corporate rounds and "others," which is categorised by fundraising vehicles such as debt financing, equity crowdfunding, grants and convertible notes.

MENA TOTAL FUNDING 2012-2022, US\$ MILLION



Dubai as a % of total MENA funding, based on funding type

	MENA	Dubai	% of MENA
Venture Funding	12,282	6,420	52%
Private Equity	2,070	1,474	71%
Corporate Round	413	185	45%
Others	4,912	3,652	74%

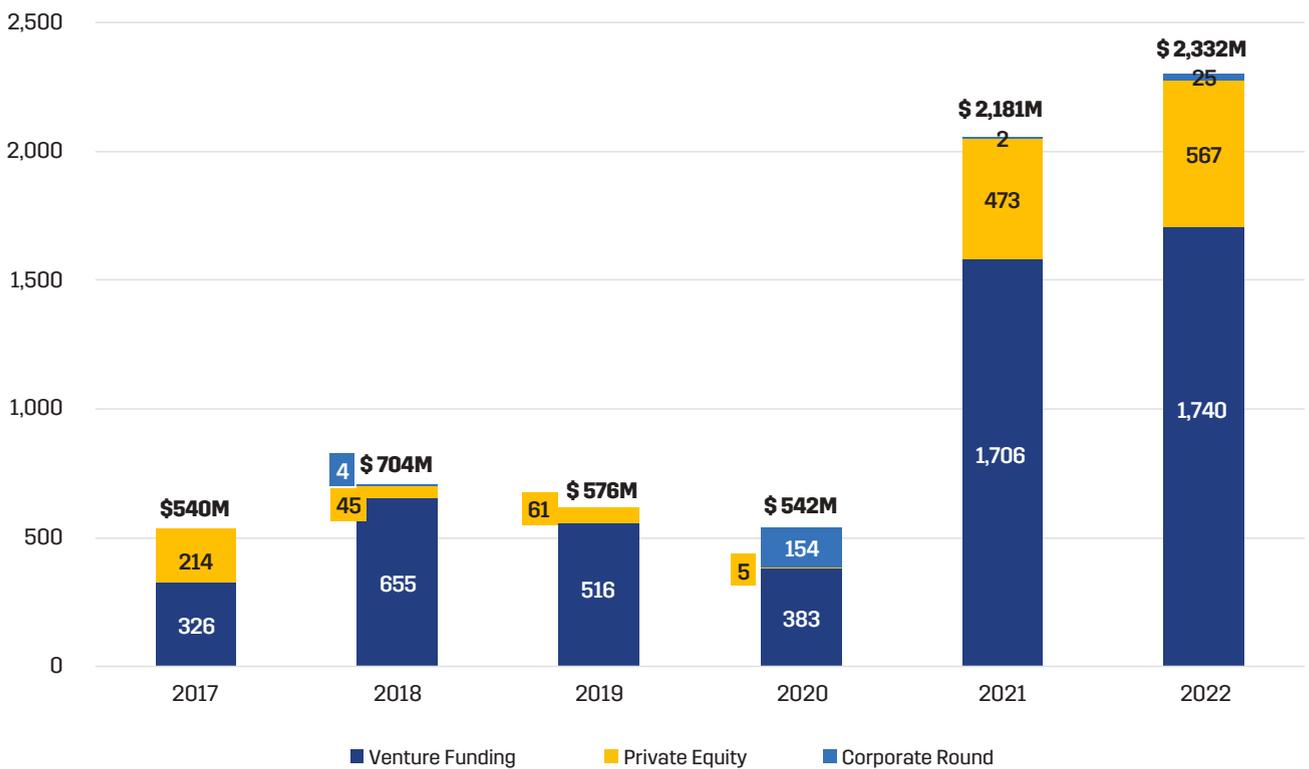
More than half (50%) of all fundraising, of any type, has been raised by Dubai-based scale-ups.

Source: Lucidity Insights Research & Analysis based on Crunchbase data
 Others includes money raised via Debt financing, convertible note, equity crowdfunding, product crowdfunding, grants, initial coin offering, non-equity assistance and IPOs.



Among Dubai-based companies, funding types have also seen an increase in funding values through the years, including venture funding rounds, private equity rounds and corporate rounds. Venture funding rounds, alone, has surpassed the US\$1 billion mark in both 2021 (\$1.71 billion) and 2022 (\$1.74 billion).

DUBAI-BASED STARTUPS FUNDRAISING BY FUNDING TYPE (MILLIONS USD)



Source: Lucidity Insights Research & Analysis based on Crunchbase data
 Note: Does not include money raised from Debt financing, convertible note, equity crowdfunding, product crowdfunding, grants, initial coin offering, non-equity assistance and IPOs.

DUBAI'S MATURING SCALEUPS

In recent years, Dubai-based startups have received more later stage funding, as startups have matured. From 2012, when it reached 15 funding rounds at seed stage, pre-seed stage and angel rounds, the Emirate has consistently seen more than 100 funding rounds in the past two years.

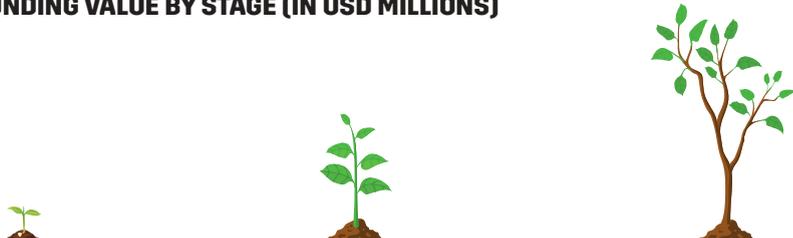
ROUND OF FUNDING EVOLUTION IN DUBAI



Source: Lucidity Insights Research & Analysis based on Crunchbase data

While Dubai has started receiving later stage funding, those are still in single digits. What's encouraging is that growth stage funding, Series A and Series B, has consistently increased through the years, peaking in 2021 at 28 transactions. Early stage and growth cheques have also been up with average funding increasing at each stage of funding through the years.

AVERAGE FUNDING VALUE BY STAGE (IN USD MILLIONS)



	Early Stage	Growth Stage	Late Stage
2011	<0.1	1.0	
2012	0.5		
2013	0.9	1.3	13.0
2014	0.5	5.5	
2015	0.5	3.8	60.0
2016	0.9	12.3	185.0
2017	0.6	5.8	150.0
2018	0.7	22.6	48.3
2019	0.7	9.5	46.5
2020	1.1	10.1	18.4
2021	1.9	17.1	305.0
2022	2.0	18.0	162.5

Source: Lucidity Insights Research & Analysis based on Crunchbase data

Note: Early stage includes Angel, pre-seed and seed rounds. Growth stage include Series A and Series B rounds. Late stage includes Series C rounds and above.





Dubai-based startups have attracted investments from not only the local investors, but also the regional ones. Some of the key investors who are based in Dubai are Wamda Capital, Middle East Venture Partners, BECO Capital, Global Ventures and VentureSouq, to name a few. Those active in corporate rounds and based in Dubai include Emaar, MBC Ventures, EMPG and Kitopi. Among the institutional investors within the UAE, except for Dtec, DFDF and ICD, remaining are based in Abu Dhabi.

UAE MAIN ACTIVE INVESTORS

VC



Corporate



Institutional



Source: Lucidity Insights Research & Analysis based on Crunchbase data

SPOTLIGHT

STARTUP INVESTMENT OUTLOOK

Written by Ashok Raman



A Look Back: A city creating seamless user experiences

There is no denying that actions of the government have made Dubai a success as it ranks high on a number of factors, including ease of doing business, access to talent, ability to attract talent from abroad to relocate to the Emirate, access to capital, competitive tax incentives, and quality of life. All this coupled with Dubai's attractive geographic location and proximity to many of the world's top cities makes it a perfect hotspot for companies to setup shop and pursue their global ambitions.

A slew of measures and strategic projects have been instrumental in attracting enterprises to Dubai, going back as far as 1999 when Dubai Internet City was established. Dubai Internet City is now home to the world's well-

known tech companies like Microsoft, Oracle, IBM, Facebook, Cisco, Dell, and many more, that use Dubai as their regional headquarters for the MENA and surrounding regions.

The UAE also launched the FedNet in 2015 to act as digital infrastructure for its government, followed by the establishment of Dubai Future Foundation, which is tasked with future-proofing Dubai.

After the successful completion of Dubai's Blockchain Strategy and Dubai's Smart City Strategy, Dubai also launched Smart Dubai 2021 Strategy to drive economic growth and customer happiness amongst Dubai residents, while simultaneously ensuring resource and infrastructure resilience. In 2022, the Dubai Digital Economy Strategy was launched, along with the city's own

Metaverse Strategy.

And with Dubai's 'D33' Economic Agenda released at the beginning of 2023, the city shows no sign of slowing down.

Dubai was also the first in the region to launch an investment fund and incubator focused on Fintechs with Fintech Hive in 2018. Today Fintech Hive has evolved to support more than fintechs, although that industry remains a critical focal area. More recently, the Dubai Future District Fund was established in 2021, which is Dubai's first major Fund of Funds player, with the ability to make co-investments as well.

The country's new visa scheme is also seen to be a major step forward in nurturing a stronger digital economy



and digital nomad community in Dubai. The Emirate has consistently ranked among the top 20 globally (No. 1 in the MENA region) in the World Bank's ease of doing business report, in the previous two editions. Starting a business takes just 4 days with just 2-3 procedures, ranking the Emirate 17th in the last edition of the ease of doing business report. In comparison, the average in MENA is around 20 days with six to seven procedures to start a business. Succinctly put by Tammer Qaddumi, co-founder and General Partner at VentureSouq, "Dubai has done a great job of 'removing frictions.' It's the principal aim of almost every product designer. Don't make it hard for people to come to your site and access your stuff. Dubai has nailed that same mindset, but at the level of a city – rather than an app or website – making it easy for people and companies to come and stay. That's a brilliant way to grow your business, or in Dubai's case, your city. Dubai has really nailed that, and as a result it is attracting talent from all over the world."

“Dubai has done a great job of removing frictions... That’s a brilliant way to grow your business, or in Dubai’s case, your city ...and as a result, it is attracting talent from all over the world.”

Tammer Qaddumi
Co-founder and General Partner, VentureSouq



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A Look Forward: Digital economy ambitions in step with economic agenda

In April 2022, the UAE Digital Economy Strategy was launched with the aim to double the contribution of digital economy to the country's GDP, from roughly 10% to 20% by 2032. Early in January 2023, Dubai Economic Agenda 'D33' was launched by Vice President and Prime Minister of the UAE and Ruler of Dubai, Sheikh Mohammed bin Rashid Al Maktoum. The agenda aims to accelerate growth by investing in human development, skillsets and advanced technology, while consolidating Dubai's global competitiveness, innovation and knowledge-based economy. Some of the objectives of the Dubai Economic Agenda include:

- Raise the total value of foreign trade in goods and services from Dhs 14.2 trillion (US\$3.9 trillion) in the past 10 years to Dhs 25.6 trillion (US\$7.0 trillion) in the next decade.
- Raise the contribution of FDI to Dubai's economy from an average of Dhs 32 billion (US\$8.7 billion) annually in the past decade, to an average of Dhs 60 billion (US\$16.3 billion) annually in the next decade to reach a total of Dhs 650 billion (US\$177 billion) over the next 10 years.
- Growth in government expenditures from Dhs 512 billion (US\$139 billion) in the past decade to Dhs 700 billion (US\$191 billion) in the next decade, with increased investment in both the future growth sectors and further development of traditional trade and economic sectors.
- Raise the competitiveness of the city's business sector, which will enable the increase of private sector investment from Dhs 790 billion (US\$215 billion) in the past decade to Dhs 1 trillion (US\$272 billion) by 2033.



100 Future transformational projects within 10 years to double the size of Dubai's economy

Consolidate Dubai's position among the top 3 economic cities around the world

Agenda Objectives		
Foreign trade	From AED 14.2 trillion in the past decade	to AED 25.6 trillion for goods and services in the next decade
Foreign Direct Investment	From an average of AED 32 billion annually in the past decade	to an average of AED 60 billion annually in the next decade to reach a total of AED 650 billion by 2033
Government expenditures	From AED 512 billion in the past decade	to AED 700 billion in the next decade
Private sector Investments	From AED 790 billion in the past decade	to AED 1 trillion in the next decade
The value of domestic demand of goods and services	From AED 2.2 trillion in the past decade	to AED 3 trillion in the next decade
Digital transformation	AED 100 billion annual contribution of digital transformation projects to Dubai's economy	

- Focus on diversified economy by increasing the value of domestic demand of goods and services from Dhs2.2 trillion (US\$599 billion) in the past decade to Dhs3 trillion (US\$817 billion) in the coming decade.
- Generating new economic value from digital transformation, at an average of Dhs100bn (US\$ 27billion) annually

The Agenda involves initial projects announced, including addition of 400 cities as key trade partners with a focus on enhancing existing foreign trade relations with Africa, Latin America and Southeast Asia; supporting 30 companies in new sectors to become global unicorns; integrating 65,000 young Emiratis into the workforce and the private sector; incubating business innovation by enabling the testing and marketing of new products and technologies via Sandbox Dubai; promoting the growth of small and medium enterprises by identifying 400 high-potential companies; and attracting the world's best universities as part of the broader aim of making Dubai a leading global hub for higher education.

Regional collaborations

In a bid to increase collaboration, reduce geopolitical tensions and normalize Arab-Israeli ties, the Abraham Accords came into place in August 2020. The treaty was signed between Israel and the UAE, as both countries were interested in diversifying their economies and engaging with each other to achieve that goal. Bahrain joined the treaty one month later.

The UAE is set to benefit from Israel's technological advancements in innovative agriculture and water

technologies, as the Emirates doubles down on food security. Israel is also a leader in cybersecurity and healthcare and has a tech ecosystem 20 times the size in the UAE, despite having similar population sizes. Tel Aviv serves as a strong tech hub, catching the attention of Silicon Valley investors, and provides Dubai with an opportunity to bring strong Israeli tech talent to the city.

Mr. Walid Hanna, Chairman and co-CEO at Middle East Venture Partners, confirmed that he has seen increased cooperation between Israeli and Dubai based startups, with an increasing number of Israeli investors entering the UAE market. "We have also seen Israeli startups opening offices in Dubai, which has helped to further strengthen the city's start-up ecosystem."

Qaddumi, at VentureSouq, confirmed that he has seen material cross-fertilization among VCs, with both investors and tech firms meeting, sharing ideas and exploring businesses together. He said, "most of what we've seen has come from large government groups [and] the rest of the market will take their cue from the government entities, but only once that has proven to have some level of permanence." What is clear is that the Abraham Accords has created new opportunities for startups to access new markets, share knowledge and expertise, and expand businesses.

Growing interest from global investors

Regulatory authorities across the region are becoming more proactive and progressive and this is resulting in new opportunities, heralding new tech industries like the fintech sector. While the ecosystem has been largely supported by investments from regional

investment firms, the heavy top-down support in the region is a factor that international VCs are watching closely as a key driver for quick growth.

As startups begin to mature, there is a sense prevailing among many investors that local startups will require both experienced local VCs, as well as powerful regional and global investors, to help local startups scale across the region and beyond. Though global VCs are increasingly joining investment rounds in the region, the list of the most active VCs investing in Dubai-based startups, based on the previous five years from 2018 to 2022, is primarily dominated by regional investors. 500 Global (U.S.), Global Founders Capital (Germany), Techstars (U.S.), and Bossanova Investimentos (Brazil) are just a few of the international investors that have actively invested in Dubai-based startups over the past five years. In fact, Noor Sweid, Managing Partner at Global Ventures, a Dubai-based venture capital firm, shared with us



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TOP INVESTORS IN DUBAI-BASED COMPANIES BETWEEN 2018 TO 2022

#	VC Name	HQ Location	Year Established	# of rounds participated in, in Dubai-based startups	Total Capital raised by Dubai-based Startups (US\$)
1	500 Global	San Francisco	2010 in the US 2012 in region	64	84.9M
2	Wamda Capital	Dubai	2014	31	143.4M
3	DIFC	Dubai	2017	25	38.9M
4	Global Ventures	Dubai	2018	24	252.2M
5	VentureSouq	Dubai	2013	19	268.8M
6	Global Founders Capital	Berlin	2013	19	254.4M
7	BECO Capital	Dubai	2012	16	305.8M
8	Shorooq Partners	Abu Dhabi	2016	16	73.4M
9	Raed Ventures	Riyadh	2015	13	203.2M
10	B&Y Venture Partners	Beirut	2015	12	95.7M
11	Middle East Venture Partners	Dubai	2010	12	67.5M
12	Arzan Venture Capital	Kuwait	2013	11	100.2M
13	Techstars	Boulder, CO	2006 in the US 2017 in Dubai	11	4.8M
14	Class 5 Global	San Francisco	2018	9	39.5M
15	Bossanova Investimentos	Sao Paulo	2011	8	685.1M

Note: Total Capital Raised by Dubai-based Startups refers to the total capital raised by the Dubai-based startups that each investor invested into, not the cheque sizes written by the investor.

Source: Lucidity Insights Research & Analysis based on Crunchbase data

that “we are seeing more and more international investors in the region, as they accounted for 48% of the total investors who have funded UAE-based startups in 2022”. Going forward, it is reasonable to expect that at least half of all UAE-based scaleups will have investors from abroad on their cap table.

Walid from Middle East Venture Partners stated that the “trend of increased participation from global funds in funding rounds in Dubai-based startups is expected to continue, as Dubai positions itself as a hub for technology startups in the region.” The

“There is also a possibility of a market correction or “funding winter” [in 2023] as the ecosystem matures and becomes more competitive. To mitigate these risks, it will be important for the government to continue to support and invest in the startup ecosystem, and for the VC community to remain nimble and responsive to the needs of the market.”

Walid Hanna
Chairman & Co-CEO,
Middle East Venture Partners



increase in global investor interest is seen as largely driven by the success of local government initiatives and its push to focus on innovation and support the ecosystem.

Expected headwinds in 2023

Investors expect to see the Dubai investor ecosystem mature in the coming months and years with a specific increase in growth-stage funds and sector-specific funds. However, as cautioned by Walid Hanna at MEVP, “We have witnessed a decrease in the valuation hype, the market has corrected, there might be a slight ‘funding winter’ as the ecosystem matures and becomes more competitive. To mitigate these risks, it will be important for the government to continue to support and invest in the startup ecosystem, and for the VC community to remain nimble and responsive to the needs of

the market.”

Another challenge for Dubai in achieving its ambition of becoming the digital economy capital of the world will likely be competition from other cities and regions actively pursuing similar goals, not just within the region but outside as well. There are well-established technology hubs in Asia and Europe that offer better exit opportunities at present, in addition to the emerging hubs like Riyadh that are also attracting investment capital and talent in the region.

Another potential obstacle for Dubai could be the lack of experienced founders in the region, which was expressed by several investors. To overcome this, Walid Hanna suggested that “the city may need to continue to invest in training programs, mentorship opportunities, accelerators and other

TOP 15 EXITS IN MENA

Startup	Country	City	Year Established	Exit Type	Exit Year	Valuation / Sale
Careem 	 UAE	Dubai	2012	M&A	2019	\$3.1 billion
Jahez 	 KSA	Riyadh	2016	IPO	2021	\$2.4 billion
Swvl 	 UAE	Dubai	2017	IPO	2022	\$1.5 billion
STCpay 	 KSA	Riyadh	2020	Partial M&A	2020	\$1.3 billion
Yalla 	 UAE	Dubai	2016	IPO	2020	\$888 million
Souq.com 	 UAE	Dubai	2005	M&A	2017	\$580 million
Instashop 	 UAE	Dubai	2015	M&A	2020	\$360 million
Namshi 	 UAE	Dubai	2011	M&A	2022	\$335 million
Anghami 	 LBN	Beirut	2011	IPO	2022	\$220 million
iKcon 	 UAE	Dubai	2021	M&A	2021	\$187 million
The ChefZ 	 KSA	Riyadh	2016	M&A	2022	\$173 million
Zomato 	 UAE	Dubai	2012	M&A	2019	\$172 million
Talabat 	 KWT	Kuwait	2004	M&A	2015	\$170 million
Maktoob 	 UAE	Dubai	2009	M&A	2010	\$164 million
Fawry 	 EGY	Cairo	2008	IPO	2019	\$100 million

Source: Lucidity Insights Research & Analysis

Note: Includes companies which were established after 2000

There are notable exits where startups, which raised a significant sum, were eventually acquired (however the value was undisclosed). These include Starz Play (raised US\$ 150 million and acquisition by UAE based ADQ and Qatar based E-Vision), MumzWorld (raised US\$50 million and majority stake acquisition by KSA-based Tamer Group), and POSRocket (raised US\$ 12 million and acquired by KSA based Foodics).

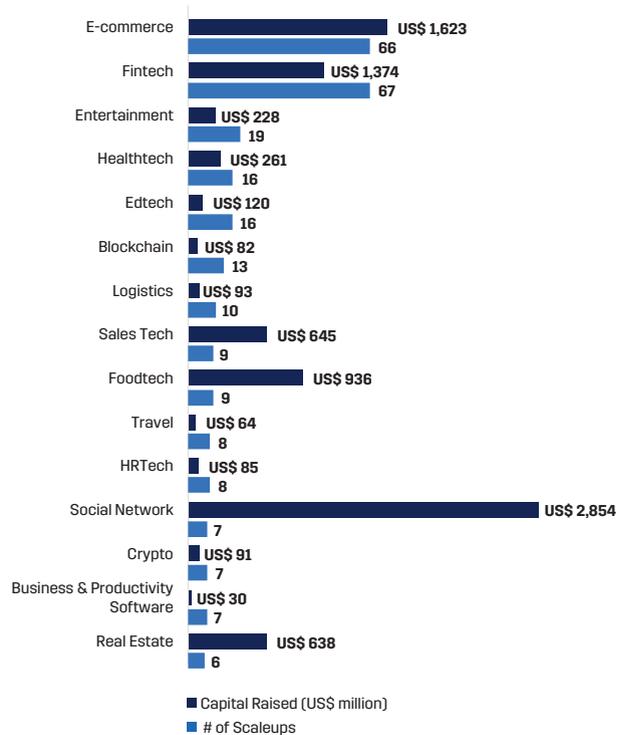
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initiatives that help to develop the next generation of startup leaders.”

Almost all the VCs we spoke to said one of their biggest concerns was exit options and how they could be improved for local startups. The main exit options exercised by Dubai-based startups to date have been through M&A. Saudi and Egypt-based startups have begun IPOs in secondary public markets, providing another viable exit opportunity.

The VC markets in MENA have historically been less liquid than the VC markets in the U.S. or Europe, though the region has begun to produce some major exits in recent years. There has been a clear increase in the number of exits in both numbers of transactions and valuation. In addition, public markets through IPOs and SPACs, special purpose acquisition companies, which were practically non-existent a few years ago, are starting to be a viable option for MENA-based companies, particularly Saudi Arabia’s Jahez, listing at US\$2.4 billion valuation in January 2022 on Nomu, Saudi’s secondary exchange to Tadawul, and Anghami

TOP 15 TECH INDUSTRIES IN DUBAI BY NUMBER OF SCALEUPS
(BASED ON FUNDING BETWEEN 2010-2022)



Source: Lucidity Insights Research & Analysis based on Crunchbase data
Note: Only scaleups considered (firms that raised more than US\$1 million through their lifetime, on a disclosed basis)



“A viable path to IPO is an important attribute of a mature startup ecosystem for which attracting foreign investment is also imperative to bring true and deep liquidity into our stock exchanges.”

Dany Farha
Managing Partner, BECO Capital

SPAC, which listed at nearly US\$220 million on NASDAQ in February 2022.

This is a positive sign for the entrepreneurial ecosystem, and it is likely that this trend will reflect across the ecosystem in Dubai driven by the following:

- 1) For IPOs
 - a. Easing listing requirements on local markets.
 - b. Issuance of guidelines for dual-class shares, which allows founders to retain control of their companies even after going public.
- 2) For SPACs, which are formed to raise money through an IPO to buy another company, are becoming a realistic MENA exit option.
 - a. SPAC regulation was approved in Abu Dhabi in 2022, which is a first in MENA, with the first SPAC listed after raising nearly US\$100 million
 - b. The 2021 launched Dhs 5 billion Abu Dhabi IPO Fund will be a key enabler, accelerating growth for enterprises by facilitating IPOs on the Abu Dhabi Securities Exchange

As stated by Sweid, “When the prospects of returns expand through exits or mega-deals, foreign investors become more attentive to the market. [So] to continue attracting international investors, it is important to invest in the factors that allow businesses to flourish and grow, including talent development, business friendly regulation, exit prospects and enabling infrastructure.”

Farha at BECO Capital, which is established since early days from 2012 and the largest VC firm in the Emirate, posits that “a viable path to IPO is an important attribute of a mature startup ecosystem for which attracting foreign investment is also imperative to bring

true and deep liquidity into our stock exchanges.” He admits that “to make it a sustainable reality, we need to ensure that there is funding across the entire startup value chain. In particular, growth stage, pre-IPO, and post-IPO.”

Key industries expected to thrive in 2023

Among the industries that are enjoying an increased investor interest, e-commerce and fintech take up the first and second position in terms of number of companies that have raised above US\$1 million through their lifetime. There are also companies focused on healthcare, education and logistics that are raising funding. Nine foodtech companies have raised close to US\$1 billion in total. However majority of that is dominated by Kitopi. Social networking is also dominated by the funding raised by Telegram. Agtech was also among the ranks, but it was

dominated by Advanta Seeds.

Sweid at Global Ventures also said that “the next five years will see more interest in start-ups operating in industries that localize systems of production and consumption in order to make them more efficient, resilient and secure. These include additive manufacturing (3D printing), supply chain management technologies, energy technologies that democratize access and are resource efficient, and agriculture technology that facilitate local production (such as controlled environment agriculture and vertical farming).”

Walid Hanna at Middle East Venture Partners added that “Other than the obvious AI and blockchain tech, I expect there will be a growing demand for impact investing, where investors will seek to align their investments with their values and support solutions that



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address local, social and environmental challenges." He also expects an acceleration in digital transformation of industries that have been previously slow to adopt technology.

Where's the patient capital for deep tech?

However, almost all of the investors said Dubai is still not a market where there is a lot of patient capital, a requirement for deep tech and strong R&D developments. Investors agree that deep tech companies may struggle to attract local capital, as they typically require more time and resources to bring their products to market.

As such, deep tech investments are a relatively new concept in Dubai, and the city is still in the early stages of developing a deep tech ecosystem. Hanna at Middle East Venture Partners believes that "in order to promote investments in longer-cycle deep tech ventures, there needs to be a supportive regulatory environment and access to capital, as well as a talent pool with expertise in these areas."

A time for consolidation

The last decade has seen tremendous growth in funding in the region, especially led by Dubai. However in 2022, valuations fell and investors switched focus and acquisitions increased. This trend is expected to continue in the short term, 2023 and 2024, as valuations are expected to continue to correct until they reach pre-pandemic levels. As Sweid mentions, "M&A will also continue to serve as an alternative to raising funds in an illiquid market. This will consolidate the ecosystem overall and will result in a more robust and stronger market on the flipside of this downturn."

Post correction period and consolidation phase, a more robust and stronger market is expected at the end of this downturn cycle. As investors will prioritize their portfolio, they will continue to be relatively resistant to large-scale investments, therefore, later stage deals will be less likely. This addresses the later-stage funding gap noted throughout this report. Instead, investors expect to see an increase in seed stage to early Series A investments, especially in businesses that have strong unit economics and a clear path to profitability.

As Global Venture's Noor puts it, "we expect the next five years to consolidate the ecosystem and for many start-ups to emerge stronger [and this] will also be supported by a focus on profitability and robust unit economics." She continues to expect "continued interest from international investors in the region, the early days of which we are seeing today." Dany Farha from BECO Capital also

agrees. "We're seeing continued interest from international investors, which indicates we're on the right track," he said. "In 2022, 3 out of the top 5 investors in the MENA ecosystem, from a capital deployed perspective, were from outside the region. Nevertheless, 2022 valuations suggest that competition for investors in growth stages is still low. The average MENA Series A valuation in 2022 was nearly 8% below that of U.S. rounds. However, the average MENA Series B valuation in 2022 was nearly 21% below that of US rounds [and] we need to see both local growth-stage funds and more international investors fill this funding gap."

With the UAE issuing the D33 Agenda and focusing on diversifying its economy, the next decade looks very exciting for stakeholders who are already in this region, or are expected to make a move.

"M&A will also continue to serve as an alternative to raising funds in an illiquid market. This will consolidate the ecosystem overall."

Noor Sweid
Managing Partner,
Global Ventures







CONCLUSION

Much like the global trend, the funding ecosystem in MENA region has seen investments pouring in, especially in countries like the UAE, Saudi Arabia and Egypt. The region has continued to grow in 2022 by seeing a great funding year, closing at over US\$6 billion worth of capital raise, including VC funding, corporate rounds, private equity and money raised via IPOs.

Much of the funding is led by Dubai, Riyadh and Cairo as the main cities. UAE's dominance is further bolstered by startups based out of Abu Dhabi that also raised funding in recent years. UAE's success is well-deserved and led by Dubai, as the government

has been pro-active in adopting digital technologies and creating an environment to support the technology industry. From Dubai Internet City to the establishment of the Dubai Future Foundation, Dubai has always been ahead of other cities.

The country is just not stopping there. It launched the UAE Digital Economy Strategy with an aim to raise the contribution of the digital economy to the country's GDP from roughly 10% to 20% by 2032.

In order to become digital economy capital, the UAE is ticking all the boxes as its leadership is non-political.

The government is purely focused on developing the city to become a global commerce platform, welcoming diverse businesses across industries. It has announced measures to attract the best talent. Over and above, being No. 1 at ease of doing business in the region, with advanced infrastructure and geographic positioning, Dubai has all the ingredients to become the digital economy capital.

However, while Dubai has been successful in the region in attracting both startups and the investors to fuel the landscape, a word of caution is around ROI for stakeholders. Specifically exits which can either be to



list on public markets, or have a healthy acquisitive environment. MENA based startups tend to head West for an IPO listing and investors recognize that local and regional stock markets need to focus on the growing digital segment through separate platforms, keeping digital companies' needs in mind. Having this in place would attract global investors who would want to understand the prospect of returns through exits or mega deals. A sustainable ecosystem is one which ensures funding across the entire startup value chain. This would also ensure that investments and sectors (such as deep tech) that require longer holding periods to show

performance are also well supported by the underlying infrastructure, which enables liquidity through the entire startup value chain.

The past decade has seen tremendous growth in the startup ecosystem in MENA region. There has been a surge in entrepreneurial activity, supported by various government initiatives, and funds that have recognized the potential of the region's young, educated, and tech-savvy population. Dubai, especially, has been a major benefactor of the growth, and development and the success of unicorns like Careem and Souq has brought attention to the region, attracting more investors,

leading to innovation and growth.

However, there is still much work to be done in terms of improving access to funding across the larger startup value chain, and talent development. We don't know which city will be on top, be it Dubai, Riyadh or any other city. One thing is for sure, irrespective of which city comes on top, the future looks bright for MENA startup ecosystem, and it will certainly be exciting to see what new and innovative ideas emerge in years to come.



METHODOLOGY

Definitions

“Tech Companies”

- “Startups” – any funding raised, as disclosed
- “Scaleup” >US\$1 million funding raised through its lifetime
- operating in tech and digital industries,
- with at least one funding event since 2010.

Companies operating in the biotech, life sciences and pharma, semiconductors industry verticals are included if they have a technology offering.

“GDP (Gross Domestic Product)”

Data from IMF (PPP, most recent data and/or projections) and World Bank, where information is not available at IMF.

“Population”

Data from IMF (PPP, most recent data and/or projections) and World Bank, where information is not available at IMF.

“Funding”

Funding is categorized as follows:

“Equity Funding”

- All private equity funding rounds (including angel investments, seed capital, Series A, B, C, etc...), either coming from VCs and CVCs; funding raised on equity crowdfunding platforms; convertible notes and other equity-based financial instruments.
- IPO proceeds, at closing price,

including over-subscribed shares.

- Capital raised through ICO (exchange rate of cryptos at the day of ICO).
- Operations with no new cash entering company's balance sheet as a number of existing shareholders sell all or a portion of their holding are not considered. This includes, for example, secondary funding rounds, buyouts and buyins.

“Non-Equity Funding”

Includes (but not limited to): public grants, debt financing, product crowdfunding.

“IPO (Initial Public Offering)”

For companies that went public, the exit valuation is that on the day of the IPO.

“ICO (Initial Coin Offering)”

A means of raising capital using cryptocurrencies issued by the company (tokens) in exchange for legal tender or other cryptocurrencies such as Bitcoin or Ethereum.

“Mind the Bridge Indicators”

Entrepreneur and Lucidity Insights continued to use the following indicators used in the first 2022 report produced by Mind the Bridge:

“Scaleup Density Ratio”

Number of scaleups per 100K inhabitants. A measure of density of scaleups in a given ecosystem.

“Scaleup Investing Ratio”

Capital raised by scaleups as a percentage of GDP. A measure meant to gauge the capital invested in scaleups in a given ecosystem, compared to the size of the overall economy of that country.

“Scaleup MENA Matrix”

The matrix visually compares ecosystems by factoring the Scaleup Density Ratio and Scaleup Investing Ratios.

Differences with previous year's report:

There were multiple cases where best estimates were used in the 2022 Report, and these estimates were replaced by actual figures. As such, previous years' data have been corrected in some instances.

This report also considers the funds raised by Telegram (domiciled in British Virgin Islands) However, it shifted its operations to Dubai in 2017. Telegram has raised in total US\$2.7 billion between 2018 and 2021 through ICOs. Aleph Holding is another firm that has been considered, although it has listed two headquarters, one in Argentina and another in the UAE.

Lastly, industry categorizations in some cases have been changed to be as current and updated as possible. If a scaleup served multiple tech industries, such as an e-commerce player that was also playing in logistics, we chose the strongest and most dominant sector for that startup to be classified under.

DUBAI CHAMBER

DIGITAL

The Dubai Chamber of Digital Economy (DCDE) is one of three independent chambers operating under the umbrella of Dubai Chambers, focused solely on supporting the development of Dubai's Digital Economy ecosystem. Read more about the Chamber here:



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DUBAI'S VENTURE CAPITAL ECOSYSTEM