How has the regional startup ecosystem evolved in the last few years?

Several MENA countries have seen considerable startup activity and entrepreneurship in recent years. This growth has been driven by factors such as government support, favorable policies, and the rise of angel investors and venture capital firms. The region has become an important regional center for entrepreneurial activity, with players such as Jordan, Qatar, Saudi Arabia, and the United Arab Emirates leading the way.

In the past five years, Saudi Arabia alone has seen a surge in startups and entrepreneurship, creating programs to support tech and innovation. Women entrepreneurship, in particular, has been a focus, with a growing number of female-led companies emerging. As of 2022, 70% of Saudi venture-backed companies were founded by women.

In the United Arab Emirates, the startup ecosystem has been particularly vibrant. The country is home to the Dubai-based accelerators and incubators, and investors and companies need more clarity on the rules of the game to play it confidently and competently. The UAE’s updated visa programme will contribute to a more stable Middle East startup climate.

The MENA region has a rich history of innovation and entrepreneurship, with a pipeline of new companies across our core markets.

In the coming years, history is rich with evidence that periods of economic challenges are transformative. Those that maintain their momentum will be clear winners in the future.

Several MENA countries continue to take bold steps to support their nascent entrepreneurial ecosystems. Jordan is leading the way in reducing government-owned enterprises and providing ample space for private companies to grow and prosper on an even playing field. In addition, governments continue to nurture the nascent entrepreneurial ecosystem.

Driving policies supportive of private sector development and investment, governments can also improve their frameworks for investment protection and tax incentives. The importance of building and enabling a globally-connected support ecosystem cannot be overstated.

Reducing government-owned enterprises and providing ample space for private companies to grow and prosper on an even playing field is critical to progress. MENA governments are vying to attract global investors and increase FDI, and yet risk into emerging economies with fewer perceived risks, given their proactive and progressive economic policies.

The Goldilocks moment we experienced in markets over the past couple of years is subsiding. Geopolitical risk, inflation, and US interest rates are all rising. In the United States, where interest rates are rising to levels not seen since 2018, 2018 is a key period. Emerging market assets are weakening and will become more unfeasible.

Economic policies are crucial. Risk is rising, and MENA countries are vying to attract global investors and increase FDI, and yet outflows as international investors reduced their exposure and consolidated their investments. At a recent event, two crucial macro-economic trends will impact the future capital flows to emerging markets.

Investor appetite for emerging market assets is weakening and will become more unfeasible. The days of easy investments are over. MENA countries can better position themselves amongst others vying for capital by:

- Increasing the appeal of their markets, particularly in private markets (e.g. private equity, private debt, venture capital) where the predominant share of opportunities exists. However, the region needs to be discerning in the coming years.
- Understanding the importance of building and enabling a globally-connected support ecosystem. ESG issues are growing in importance for investors and companies. For an inclusive economy, there needs to be a set of norms and values about how to operate in the global economy. Second, continuing to nurture the nascent entrepreneurial ecosystem. Entrepreneurial risk into emerging economies with fewer perceived risks, given their proactive and progressive economic policies.

The Middle East is a region with a rich history of innovation and entrepreneurship, with a pipeline of new companies across our core markets.