المجموعة الوزارية لريادة الأعمال
Ministerial Group for Entrepreneurship

وزارة التخطيط والتنمية الاقتصادية والتعاون الدولي
Ministry of Planning, Economic Development & International Cooperation

وزارة الاستثمار والتجارة الخارجية
Ministry of Investment and Foreign Trade

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# THE EGYPTIAN ENTREPRENEURSHIP SECTOR DIAGNOSTICS REPORT 2025

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# Omar Rezk

## Managing Director
## Entlaq

As we gather in El Gouna to launch the third edition of the Egyptian Entrepreneurship Sector Diagnostics Report, I am filled with both pride and anticipation. This moment represents not just the culmination of months of rigorous research and analysis, but a critical milestone in Egypt's journey toward becoming the region's definitive innovation hub.

When we embarked on this year's research journey, we knew we were documenting more than statistics and trends. We were capturing the pulse of a nation in transformation—a country where young entrepreneurs are redefining what's possible, where traditional industries are embracing innovation, and where policymakers are increasingly recognizing entrepreneurship as a cornerstone of sustainable economic growth.

The 2025 edition of our Sector Diagnostics Report represents a significant evolution in both scope and analytical depth. Through 400+ stakeholder surveys, 15 key informant interviews, and comprehensive analysis across all Egyptian governorates, we have assembled the most complete picture yet of our entrepreneurship ecosystem. This report is not merely an academic exercise; it is a strategic tool designed to inform investment decisions, guide policy reforms, and inspire the next generation of Egyptian innovators.

What emerges from our research is a story of remarkable resilience and untapped potential. Despite macroeconomic headwinds and global uncertainty, Egypt's startup ecosystem continues to attract significant investment, with deals like MNT-Halan's USD 157.5 million funding round demonstrating sustained investor confidence in our market.

**“At Entlaq, we believe that data without action is merely information. That's why this report launch coincides with our continued commitment to translating insights into impact.”**

Yet our analysis also reveals critical gaps that demand urgent attention—from the gender funding disparity that sees women-led startups receiving less than 6% of total venture capital, to the geographic concentration that leaves promising entrepreneurs outside Cairo struggling for access to resources and networks.

Perhaps most importantly, this report illuminates a path forward. Our detailed policy recommendations—from establishing a national pre-seed fund to creating regulatory sandboxes for innovation—are not wishful thinking but actionable blueprints grounded in international best practices and local realities. We have benchmarked Egypt against Morocco, Tunisia, Kenya, and India, learning from their successes while charting our own unique course toward ecosystem maturity.

At Entlaq, we believe that data without action is merely information. That's why this report launch coincides with our continued commitment to translating insights into impact. Through our advisory services, capacity building programs, and policy advocacy, we are working alongside government partners, international investors, and local entrepreneurs to build the inclusive, competitive ecosystem that Egypt deserves.

This comprehensive research would not have been possible without the invaluable support and collaboration of our government partners, development organizations, sponsors, and the countless entrepreneurs, investors, and ecosystem enablers who shared their insights with us. We are deeply grateful to all who contributed to this effort and to those hosting us in El Gouna for creating the perfect environment for meaningful dialogue and collaboration.

The timing of this report could not be more crucial. As global supply chains regionalize and investors seek markets that demonstrate both opportunity and stability, Egypt has a unique window to position itself as the innovation gateway between Africa, the Middle East, and Europe. Our large domestic market, strategic location, and growing tech talent pool provide the foundation. Our challenge—and our opportunity—is to build the enabling environment that allows this potential to flourish.

To our government partners, I say: the evidence is clear, and the roadmap is before us. The policy recommendations in this report offer concrete steps toward creating the regulatory clarity and institutional support that entrepreneurs need to thrive. To our investor community, both local and international: Egypt's startup ecosystem offers compelling opportunities for those willing to look beyond short-term volatility to long-term transformation. To our fellow entrepreneurs and ecosystem builders: your stories, challenges, and aspirations are woven throughout this report. You are not just building companies; you are building the future of our nation.

As we look toward 2030 and beyond, I am convinced that Egypt's entrepreneurship ecosystem will be remembered as a defining force in our economic transformation. The startups emerging today will become the job creators, innovators, and global champions of tomorrow. The policies we implement now will determine whether Egypt becomes a regional innovation leader or remains on the periphery of the global knowledge economy.

This report is our contribution to that future—a future where Egyptian entrepreneurs compete on the global stage, where innovation drives inclusive growth across all governorates, and where the next generation inherits an economy built on creativity, technology, and sustainable development.

The journey ahead is challenging, but the destination is clear. Together, we are not just building startups; we are building the Egypt of tomorrow.

## A Message to the Entlaq Team

To my colleagues and partners at Entlaq who have made this report possible: this summit represents the culmination of our collective efforts and the beginning of our next chapter. Each conversation you have, every connection you facilitate, and all the insights you share over these two days in El Gouna will contribute to Egypt's entrepreneurial transformation.

As you engage with ministers, investors, entrepreneurs, and ecosystem builders, remember that you carry with you not just data and analysis, but the hopes and aspirations of thousands of Egyptian entrepreneurs who look to us for guidance and support. You are the bridge between research and reality, between policy and practice, between vision and implementation.

This is our moment to demonstrate why Entlaq has become Egypt's trusted voice on entrepreneurship. Use this report as your foundation, but let your passion for Egypt's potential be your guide. Listen as much as you speak, learn as much as you teach, and build relationships that will endure long after this summit concludes.

The future of Egyptian entrepreneurship is being written in these conversations. Make them count.
With gratitude and confidence in our shared mission,

# H.E. Dr. Rania A. Al-Mashat

وزارة التخطيط والتنمية الاقتصادية والتعاون الدولي
Ministry of Planning, Economic Development & International Cooperation

## Minister of Planning, Economic Development and International Cooperation

Today, startups have become pillars of economic development, introducing innovative solutions, creating jobs, and fueling growth powered by technology and knowledge. These contributions do not happen in isolation. They are the very building blocks that strengthen Egypt's position as a regional hub for entrepreneurship by attracting talent, mobilizing investment, fostering innovation, and propelling us toward accelerated growth that meets societal needs while keeping pace with the rapidly evolving global economy.

The new edition of the "Sector Diagnostics Report" captures a pivotal moment for the startup ecosystem in Egypt.

Egypt stands today as one of the fastest-growing economies in the region, guided by a forward-looking development narrative targeting 7% annual growth by 2030. This transformation is supported by structural reforms, policy updates, and a clear commitment to enhancing investment attractiveness. In recent years, Egypt has modernized its infrastructure, expanded its energy networks, strengthened its manufacturing base, and accelerated its digital transformation; creating a more competitive and connected economic environment. Crucially, this plan also seeks to substantially expand the role of the private sector under a framework that prioritizes sustainability, export orientation, and job creation; all detailed in "Egypt's Narrative for Economic Development: Reforms for Growth, Jobs & Resilience" recently launched, presenting the country's economic model.

**"The new edition of the Sector Diagnostics Report captures a pivotal moment for the startup ecosystem in Egypt."**

Within this macroeconomic transformation, the entrepreneurship ecosystem is recognized as a key pillar of the development framework. Egypt has consistently ranked among the top three in MENA and Africa in attracting investment deals for startups, reflecting growing investor confidence and alignment with national priorities. With 740,000 annual graduates, 97% mobile penetration, and 76.3% financial inclusion, Egypt combines structural reforms with a deep talent pool and digital readiness to drive innovation and enterprise growth. These dynamics are further reinforced by the establishment of the Ministerial Group for Entrepreneurship, which I am proud to chair, ensuring that ecosystem development is fully embedded in the broader economic strategy.

The Ministerial Group for Entrepreneurship is bringing together ministries, public entities, and ecosystem actors to develop an ecosystem where startups, can thrive; driving sustainable, knowledge-based growth and generating decent jobs.

In light of this ambition, the Ministerial Group is currently finalizing "Egypt's Startup Charter", providing a clear policy roadmap that enhances investor confidence by detailing specific incentives, legal frameworks, and streamlined processes for startups operating in Egypt and their investors.

The Startup Charter was elaborated through a participatory approach, drawing on extensive consultations with stakeholders, including government entities, startups, entrepreneurs, investors, academics, and the wider ecosystem. The policy recommendations were further strengthened by a comprehensive review of more than 500 recommendations from dozens of national and international reports, including previous editions of the SDR, ensuring alignment with best practices and global benchmarks. This process resulted in a package of over 70 policies and measures, developed in collaboration with 19 government entities, to be announced under the framework of Egypt's Startup Charter.

The Group has also established a unified definition for startups, ensuring targeted support and streamlined access to finance and markets. In addition, work is underway to launch a Government Services and Legal Navigator, alongside a unified funding initiative designed to support over 5,000 startups and create 500,000 direct and indirect jobs. Complemented by tailored programs for scaleups, and international soft-landing, these efforts position Egypt as a competitive hub for entrepreneurship and investment.

Our focus on empowering innovative entrepreneurs is timely, as the need for sustainable, innovative solutions has never been greater.

In this spirit, we also take pride in seeing initiatives such as the Sector Diagnostics Report emerge, not only as a framework that encourages a better understanding of the ecosystem, but as a process driven by youth voices. This reflects a deeper commitment to creating spaces where youth are not only participants but also the curators of insights, shaping the narrative around Egypt's startup ecosystem.

This report provides an overview of the dynamic startup landscape, aiming to inform and motivate stakeholders engaged in Egypt's growing startup ecosystem. The SDR stands as a testament to this ambition, representing an ecosystem that appreciates and contributes to the access to knowledge, embraces a multitude of perspectives, and increasingly draws on the intellect of those who will ultimately carry it forward.

By combining the strength of our human capital with our startup ecosystem potential and the government willingness, we are creating a dynamic ecosystem where innovative and disruptive technologies can thrive.

**"Egypt's Startup Charter policy recommendations were further strengthened by a comprehensive review of more than 500 recommendations from dozens of national and international reports, including previous editions of the SDR, ensuring alignment with best practices and global benchmarks."**

# H.E. Mr. Ahmed Kouchouk

## Minister of Finance

The modern Egyptian economy views its entrepreneurial ecosystem as a fundamental base for economic development and prosperity.

While the government actively supports private sector and endorses its vital role in leading economic activities, it is crucial to empower and be empowered by youth to ensure innovation and sustainability.

In line with our strategy, especially in data and technology, Entelaq Holding has come into play through its research-based advisory services that bridge the gap between government officials, investors, and startup founders by providing the necessary platforms to offer incubator and accelerator programs that can transform value adding creative business concepts into successful and scalable companies.

These type of services support the government's vision of building a resilient, sustainable, and globally competitive entrepreneurial environment and serving as an engine for future growth - one that not only empowers Egyptian start-ups but also positions Egypt as a regional leader and global hub for entrepreneurship and innovation."

# H.E. Eng. Hassan El Khatib

## Minister of Investment and Foreign Trade

Entrepreneurship today represents a driving force for the Egyptian economy and a central pillar of Egypt's Vision 2030. It is the space where youth creativity meets development ambitions, where ideas transform into companies, and companies into success stories that open new markets and build a more competitive and sustainable economy.

Egypt has long been at the forefront of entrepreneurship in the region, benefiting from its large market size, distinguished human capital, and unique strategic location. For years, Egypt has been the beating heart of the startup movement in the Middle East and Africa, hosting the first incubators and pioneering entrepreneurial projects. Today, with the global and regional competitive landscape changing, regaining this leadership requires doubling our efforts to invest in our human capital and unleash new waves of innovation and opportunity.

From this perspective, the Egyptian government has made supporting entrepreneurship and startups, along with enhancing technological innovation, a key pillar in the Ministry of Investment and Foreign Trade's work plan. The objective is to stimulate economic growth, attract new investment, and achieve sustainable development. Startups are the heartbeat of the economy- creating jobs, increasing employment rates, boosting exports, and contributing tangible added value to the national economy.

**"Entlaq has contributed to sharpening entrepreneurs' skills and empowering them to face market challenges with high efficiency."**

The government has taken important steps to establish a supportive legal framework for this sector. This includes Investment Law No. 72 of 2017, which improved the business climate for startups, and Law No. 152 of 2020 on the Development of Micro, Small, and Medium Enterprises, which provided a legislative framework to empower these businesses and ensure their sustainability. In addition, Prime Ministerial Decree No. 2136 of 2023 established a permanent unit to support entrepreneurs and startups within the Cabinet.

Alongside these legislative reforms, the Ministry launched comprehensive mechanisms to support innovation and entrepreneurship. Technology and innovation centers were established within Egyptian universities, legal and administrative facilities for company incorporation were provided, and free-zone spaces of 9,000 square meters were allocated for export-oriented startups- completely exempted from taxes and customs- particularly those engaged in digital exports in artificial intelligence, software, and technical services. These measures reflect Egypt's determination to become a regional hub for innovation and venture capital.

We are fully aware of the challenges facing entrepreneurs, from access to finance to navigating regulatory requirements. For this reason, the Ministry established specialized support units that directly engage with entrepreneurs to understand their needs and provide tailored, practical solutions that facilitate the growth and expansion of their businesses, helping them overcome obstacles and achieve sustainability.

In line with this approach, we are also working to shape a more enabling and attractive business environment for investment and entrepreneurship by strengthening economic stability and competitiveness. Our efforts include reducing financial burdens on investors, simplifying procedures for establishing and managing companies, and implementing ambitious plans for Egypt's digital transformation to deliver faster and more transparent services. Special attention is also being given to trade, including e-commerce, which is a rapidly growing field relevant to a wide segment of entrepreneurs at this stage. These efforts directly contribute to building a dynamic business environment that enhances growth and innovation opportunities.

In this context, Egypt is preparing to officially join the World Bank's Business Ready report- an advanced international tool for evaluating business environments and driving reforms. The country has already reformed its legislative frameworks, developed unified digital platforms for company incorporation and licensing, enhanced transparency, and raised the efficiency of government procedures. These reforms pave the way for a new generation of Egyptian entrepreneurs. Our clear goal is for Egypt to be among the top 50 countries in the next edition of the report, which will attract global investors to Egypt as a favorable environment for entrepreneurship and investment, strengthening its position as a regional hub for innovation and trade.

I would also like to highlight the important role of Entlaq as a strategic partner in supporting Egypt's entrepreneurial ecosystem. Through its training, capacity-building programs, and advisory services, the company has contributed to sharpening entrepreneurs' skills and empowering them to face market challenges with high efficiency. This report it publishes truly reflects the reality of the sector and provides a valuable tool for policymakers, investors, and entrepreneurs alike.

In conclusion, I reaffirm that entrepreneurship represents the new spirit of our national economy, the heartbeat that supplies it with vitality and renewal. Supporting entrepreneurs and empowering our youth is an investment in Egypt's future, and it is the pathway to building a more competitive economy capable of meeting challenges. With every innovative idea that turns into a successful project, we take a step closer to achieving our ambitions for sustainable development and making Egypt a regional hub for innovation and entrepreneurship- a source of pride for all its people.

**"This report it is truly reflects the reality of the sector and provides a valuable tool for policymakers, investors, and entrepreneurs alike."**


ARAB REPUBLIC OF EGYPT
FINANCIAL
AUTHORITY

# H.E. Dr. Mohamed Farid Saleh

## Chairman

## Financial Regulatory Authority

The Financial Regulatory Authority (FRA) has made significant progress in developing non-bank financial activities, including the digitization of non-bank financial services. These milestones were achieved through a series of laws and regulations aimed to provide financing, investment, and insurance solutions for businesses and entities in productive sectors, thereby supporting the national economy.

A package of executive decisions was issued to enforce Law No. 5 of 2022, which established the regulatory and legislative framework for the use of technology in non-bank financial activities and services. This was followed by Decision No. 69, regarding the digitization and linking of insurance companies' databases with the FRA's database, and Decision No. 58, which regulates the rules for establishment and licensing. The FRA also issued Decision No. 139 of 2023 regarding the technological infrastructure, information systems, and security measures necessary for using financial technology in non-bank financial activities.

This was followed by Decision No. 140 of 2023, regarding digital identity, digital contracts, and digital records. This decision, considered the first of its kind from a financial sector regulator, outlines the requirements for electronic identification of clients. Additionally, Decision No. 141 of 2023 was issued regarding the outsourcing registry for financial technology in non-bank financial activities. These are the companies authorized to provide electronic client identification and contract record services to financial firms in the field.

**"The report's success story is a beacon of inspiration for us all, reinforcing the notion that our future is promising with collective efforts."**

Furthermore, Decision No. 57 was issued to regulate the work of Robo-advisors, followed by Decision No. 268, which allows the establishment of startups with a capital of EGP 15 million to conduct non-bank financing activities using technology. The FRA has also entered into strategic partnerships to strengthen its technological infrastructure, including developing a digital professionals platform and creating a central registry for digital contracts and electronic signatures.

These efforts have culminated in 70 companies in the non-bank financial sector starting to offer their services digitally. Of these, 24 companies have already begun providing digital services, while 46 are currently completing the stipulated requirements. There are also 7 companies offering outsourcing services; 4 are registered with the FRA across all financial technology fields, and 3 others are in the process of fulfilling the registration requirements. This has led to the execution of approximately 120,000 digital verification transactions, with 60% in the capital market and the rest in non-bank financing activities. So far, 80,000 digital contracts have been issued.

The FRA is also heavily focused on supporting business growth. It has issued standards for valuing intangible assets and rules for Special Purpose Acquisition Companies (SPACs). This has led to the establishment of the first venture capital SPAC, in accordance with Decision No. 2323 of 2024, and the company has been listed on the Egyptian Exchange.

Additionally, the FRA has issued valuation standards for startups. In a step to support digital technology-based startups that provide non-bank financial services, the FRA's Board of Directors issued Decision No. 163 of 2024 to establish and operate a regulatory sandbox for technological applications. This sandbox allows practitioners of non-bank financial activities and entities in the financial technology outsourcing registry to test innovative financial technology applications, including business models.

The regulatory sandbox, officially launched less than 45 days ago, aims to support and facilitate the entry of startups with smart digital solutions into the market. It also seeks to enhance regulatory understanding of financial technology and improve regulatory practices to support sustainable financial growth and boost innovation in the non-bank financial sector. The FRA is working to keep up with unprecedented technological developments by ensuring an interactive environment for companies, research centers, universities, business incubators, accelerators, investors, and global technology firms. The sandbox will help startups gain investor confidence and attract capital.

In recognition of the key role of entrepreneurship and startups, the FRA hosted the final day of the World Computer Hacker League national hackathon competition. The FRA and the regulatory sandbox organized the event in collaboration with Mercatura Forum, ICP Hub Egypt, and DFINITY. The top 16 projects were announced to move on to the continental stage for a chance to participate in the global finals.

The FRA also announced the official launch of the regulatory sandbox's website, https://frasandbox.com/.

The website provides information about its activities and services and updates users on its latest developments, reinforcing the FRA's efforts to support digitally based startups that provide non-bank financial services.

Entlaq is more than just a company supporting startups; it is a testament to the potential of our youth when they are provided with the right tools and support. The report's success story is a beacon of inspiration for us all, reinforcing the notion that our future is promising with collective efforts.

**"Entlaq is a testament to the potential of our youth when they are provided with the right tools and support. ."**

# H.E. Mr. Bassel Rahmy

## Chief Executive Officer
## MSMEDA

The Egyptian Entrepreneurship Sector Diagnostics Report serves as a vital compass, guiding collective efforts to build a more dynamic and inclusive economy. It is a critical instrument that not only highlights the remarkable progress achieved, but also illuminates the strategic pathways and immense opportunities that lie ahead.

Upon the directives of H.E Prime Minister of Egypt and Chairman of Micro, Small and Medium Enterprises Development Agency (MSMEDA) Dr. Mostafa Madbouli, MSMEDA's role is to act as a primary catalyst for this entrepreneurial ecosystem. We are dedicated to actively shaping an enabling environment where innovation can flourish and ventures can scale. This commitment is underpinned by a clear and focused strategy that translates the national economic vision into tangible action. By embracing a multi-faceted approach, we are building a foundation of strategic pillars that drive our efforts to empower every stage of the entrepreneurial journey.

We are expanding financial inclusion and access to capital as capital is the lifeblood of any business. This past year, MSMEDA has made unprecedented commitments to expand financial access, especially in underserved regions.

Proud to announce a significant capital injection into the MSME sector, marking a marked increase over the previous period. This substantial funding has been instrumental in supporting millions of projects and creating millions of job opportunities over the past decade.

**"The Egyptian Entrepreneurship Sector Diagnostics Report is a critical instrument that not only highlights the remarkable progress achieved, but also illuminates the strategic pathways and immense opportunities that lie ahead."**

A core part of this strategy is the focus on technological, innovative and industrial enterprises, particularly in Upper Egypt and border governorates. A substantial portion of funding has been allocated with plans to double investment in these regions to foster greater economic inclusivity. Partnerships with banks, financial institutions and microfinance NGOs have been crucial in this effort, allowing for the disbursement of hundreds of millions of pounds to microenterprises and small businesses.

Fostering a dynamic startup and VC ecosystem, while continuing to empower traditional MSMEs, MSMEDA recognizes that the future of innovation lies with the vibrant startup community.

We are actively bridging the gap between innovative ideas and the funding they need to scale. This year, MSMEDA has taken a more direct role in the venture capital landscape, contributing to prominent funds in Egypt and Africa with significant and substantial investments.

These investments underscore a commitment to nurturing entrepreneurship and innovation. By partnering with the private sector, MSMEDA is not just providing funding; it is building a robust ecosystem where startups can thrive, attract further investment, and contribute to Egypt's long-term economic growth and technological advancement.

As capital alone is not enough, a thriving ecosystem is built on knowledge, skills, and a strong network. MSMEDA is strategically focused on developing a robust support infrastructure through targeted capacity-building initiatives. By orchestrating a wide array of awareness seminars and providing specialized training, we are equipping thousands of individuals with the tools needed to launch and scale their businesses.

Our strategic partnerships are paramount to creating a cohesive and supportive ecosystem. MSMEDA is actively engaged in co-creating impactful initiatives, collaborating with both private and public sector entities to align policies, pool resources, and leverage a collective network. This approach ensures that entrepreneurs not only receive a wide range of services, but also benefit from a unified and proactive support system designed for long-term growth and market expansion.

MSMEDA will continue to expand funding, deepen partnerships, and innovate services to meet the evolving needs of the sector. The findings of the Sector Diagnostics Report will be invaluable in refining strategies and aligning efforts with the national vision for a sustainable and prosperous Egypt.

Looking ahead, MSMEDA remains committed to its role as a facilitator of growth, market enabler and a partner to every aspiring entrepreneur.

**“The findings of the Sector Diagnostics Report will be invaluable in refining strategies and aligning efforts with the national vision for a sustainable and prosperous Egypt.”**

# H.E. Eng. Mohamed Hassan Shamroukh

## CEO
## NTRA

It is my pleasure to congratulate ENTLAQ on the issuance of the latest edition of the Egyptian Entrepreneurship Sector Diagnostics Report (SDR), at the most critical moment. This report highlights the accelerating developments that is occurring in the digital ecosystem and reflects the growing role of startups in supporting the national economy. Indeed, the entrepreneurial ecosystem is currently a driving force in shaping a knowledge- and innovation-based economy and a prime catalyst for development and investment.

The recent few years have witnessed Egypt's remarkable milestones that confirm its commitment to build an advanced and secure digital ecosystem— one that constitutes the core enabler of the digital economy and the cornerstone upon which innovations are created. Over the past year, the telecommunication sector has witnessed pivotal achievements that directly enhanced Egypt's position in the regional and global markets, while strengthening economic performance through increased foreign direct investment in the ICT sector. This reflects the improved confidence of investors in the Egyptian market and the sector's position as one of the main engines of economic growth.

The National Telecommunications Regulatory Authority (NTRA) firmly believes that entrepreneurs and startups are essential partners in the growth of a solid and resilient digital economy. Accordingly, we are keen on providing them with an enabling regulatory environment, in cooperation with all stakeholders, with the aim of stimulating innovation and promoting digital and financial inclusion.

**“This report highlights the accelerating developments that is occurring in the digital ecosystem and reflects the growing role of startups in supporting the national economy.”**

In the past year, NTRA has focused on developing a digital environment beneficial to investors and entrepreneurs by introducing new and advanced technologies in the Egyptian market. The most notable among them was the provision of 5G mobile services and granting licenses to the four existing mobile operators in the market at a value of USD 675 million. The introduction of 5G paves the way for smart city applications, Internet of Things (IoT) solutions, and also enhances the efficiency of industrial and commercial processes. Additionally, a new roadmap was recently approved to provide new frequency bands to mobile operators within the next five years (2026–2030). This will match the amount of spectrum allocations granted since the introduction of mobile service in 1997 up to the present, with total investments exceeding USD 3 billion. This initiative will significantly improve the quality of mobile services and accelerate the rollout of 5G services in the Arab Republic of Egypt.

Other major advancements included the introduction of Wi-Fi Calling, which has greatly enhanced call quality and ensured call continuity in low-coverage areas, as well as the launch of Wi-Fi 6 services, a qualitative leap forward in wireless connectivity through higher speeds and more efficient data traffic management.

Moreover, e-SIM technology was introduced, which positively impacting user experience by simplifying subscription procedures and electronic SIM activation via mobile applications. Steps have also been taken towards adoption of the IPv6 protocol, which offers limitless capacity for internet addresses with improved network efficiency and security. In addition, Plans are already underway for implementation of the Digital Identity project (e-KYC), which is a platform for synchronizing with the new world's newest technologies and avoiding cybercrimes and frauds in all daily electronic transactions. The project will provide citizens an easy and convenient access to all digital services remotely and in a secure manner.

In alignment with Egypt's Vision 2030, where digital transformation represents a cornerstone, the National Telecommunications Regulatory Authority (NTRA) has played a central role in expanding access to essential telecommunications services (voice and data) through the presidential initiative "Decent Life." As part of the first phase of the initiative, NTRA invested EGP 1.45 billion (approximately USD 100 million) to enhance and build 1,478 mobile stations. The second phase is currently in progress, targeting enhanced coverage and the establishment of additional mobile stations across 1,598 villages. These efforts aim to ensure equitable and inclusive access to the ICT's services, particularly for those in remote and underserved areas. Through these initiatives NTRA is empowering digital transformation through advanced government and financial services, fostering genuine digital inclusion, supporting entrepreneurship, encouraging innovation, and accelerating Egypt's transition towards a digital economy.

On the regulatory front, NTRA issued new licenses for local and international companies in various domains, including Call Centers, Data Centers, Cloud Services, and IoT services.

It also set advanced regulatory frameworks for data regulation and consumer rights, resulting in NTRA being awarded the Advanced Fifth Level in the ITU Regulatory Performance Index—the highest global level awarded by the International Telecommunication Union (ITU), a United Nations agency.

With the growing threats in cyberspace, NTRA has adopted a regulatory framework for providing cybersecurity services in accordance with international standards. It has also introduced licenses for cybersecurity service providers, opening the door for the first time for private-sector companies to contribute to safeguarding cybersecurity, while giving ambitious young professionals the chance to establish their own businesses in this field. The aim is to build an integrated system to protect national infrastructure and to strengthen the readiness of both public and private institutions to confront cyber threats. This, in turn, boosts trust in the digital environment and ensures the continuity of essential services and operations. These efforts have resulted in Egypt being ranked in the top global tier of the latest Global Cybersecurity Index issued by the International Telecommunication Union.

In pursuit of integration and collaboration among regulatory bodies and state entities, NTRA cooperated with the Egyptian Customs Authority in launching the Mobile Device Governance System, which had eliminated illegal imports of mobile phones to Egypt. This initiative also boosted domestic manufacturing of mobile devices by doubling the production capacity of local manufacturers, while attracting new investments through the establishment of four new factories in Egypt.

**"The entrepreneurial ecosystem is currently a driving force in shaping a knowledge- and innovation-based economy and a prime catalyst for development and investment."**

Furthermore, NTRA attaches special importance to building human capacities and supporting creativity and innovation through several key initiatives. These include sponsoring research and development activities, providing technical and financial support for conferences, research events, and training programs for students and young graduates, as well as supporting startups. The Authority also hosts the Egyptian African Training Center, which welcomes delegations from peer African regulatory bodies to enhance their capabilities in various regulatory domains such as spectrum management and monitoring, smart city planning and management, cybersecurity, and emerging services and technologies.

All of these achievements in developing digital infrastructure and providing modern services and applications during the short span of 2024–2025 are not merely digital milestones; they constitute the very foundation and rich environment for startups and entrepreneurs to inspire innovation, reinforce investor confidence, enhance Egypt's digital competitiveness, and support its position as a regional and global hub for the digital economy.

Our vision for the future is guided by our commitment to achieving Egypt's Vision 2030 for digital transformation, through the continued improvement of service quality, support for infrastructure investments, and the development of policies that balance the promotion of investment and innovation with the protection of user rights.

In conclusion, I invite all stakeholders; policymakers, investors, companies, funding institutions, and NGOs to continue joint efforts in empowering entrepreneurship and Egypt's digital ecosystem as fundamental drivers of inclusive and sustainable growth. Together, we can shape a future built on technology, entrepreneurship, and innovation—a future that fulfills our aspirations and meets the expectations of coming generations.

# H.E. Eng. Ahmed El-Zaher

## Chief Executive Officer

## ITIDA

Over the past five years, Egypt has experienced a remarkable shift in how technology innovation and entrepreneurship are perceived and practiced. What was once a limited and informal space has matured into one of the most promising and dynamic ecosystems in the Middle East and Africa. This evolution has been driven by vision, persistence, and the collective will to position Egypt as a hub for knowledge, talent, and innovation-led growth.

At ITIDA, we are proud to stand at the heart of this transformation. Since our establishment, we have worked closely with ecosystem players and international partners to ensure that entrepreneurship is not treated as a side activity, but recognized as a central driver of Egypt's digital economy. Our belief is simple: startups are engines of competitiveness, job creation, and sustainable growth. By empowering entrepreneurs, we are empowering the future of Egypt.

For over two decades, MCIT has been spearheading endeavors to spread entrepreneurship culture among youth not only in Cairo but across governorates – whether in ITIDA's Technology Innovation and Entrepreneurship Center (TIEC), or through MCIT's nationwide Creativa Innovation Hubs, or through diverse collaborations with the private sector, leading venture capital firms, academia and different ecosystem partners. These efforts have yielded tangible results: today, 70% of Egyptians express a desire to start a business, and half view entrepreneurship as a viable career path. This aspiration is an invaluable asset for our country, reflecting the energy, optimism, and ambition of our young people.

**"At ITIDA, we view this report not only as an assessment of where we stand today but also as a roadmap that can inform the bold steps required for tomorrow."**

The philosophy behind ITIDA's work in this space has always been holistic. We recognize that entrepreneurs require far more than financing alone. They need supportive environments where ideas can be tested, skills can be refined, and connections to markets and capital are readily available. They also need clear, consistent regulations that reduce friction and provide certainty as they scale. Our mission is to support building such conditions by integrating talent development, ecosystem partnerships, and policy advocacy into a coherent framework.

A defining strength of Egypt's entrepreneurial ecosystem is its extraordinary youth talent pool. Every year, hundreds of thousands of highly qualified graduates join the market, many with advanced digital and engineering skills. Harnessing this demographic dividend has been central to our mission — by channeling talent into innovation hubs, expanding digital capabilities, and positioning entrepreneurship as a viable and rewarding career path.

Equally important is collaboration with the global startup community. Egypt has not built this ecosystem in isolation. We have welcomed the largest and most influential international companies in the startup world — accelerators, venture capital firms, and industry leaders with global reach — to work alongside our local innovators. These collaborations do more than provide funding; they transfer know-how, expand networks, and open pathways for Egyptian startups to scale internationally. By forging these partnerships, we ensure that Egypt remains integrated into the global flow of innovation and capital.

The progress achieved so far is visible across multiple dimensions. Entrepreneurial awareness is at an all-time high, innovation hubs have multiplied, and investment interest in Egyptian startups continues to grow despite global economic headwinds. We are seeing success stories emerge across sectors such as deep tech, fintech, healthtech, agritech, and clean technology — stories that inspire the next generation and demonstrate Egypt's capacity to produce solutions with regional and global impact.

Still, we recognize that the journey is far from complete. Early-stage financing, regulatory clarity, and equitable access across governorates remain areas requiring further attention. ITIDA and MCIT are determined to address these challenges head-on, guided by the belief that every barrier we remove creates opportunities for thousands of entrepreneurs. Our focus in the coming years will be on expanding inclusion, ensuring that innovation thrives not only in Cairo and Alexandria but across all governorates.

Looking ahead, our ambition is clear: to position Egypt not only as a regional hub but also as a global leader in entrepreneurship and innovation. This means embracing the future of technology — artificial intelligence, deep-tech, and advanced digital services — as fields where Egyptian startups can compete on a global scale. It also means continuing to build bridges between academia, government, investors, and the private sector so that our ecosystem remains both resilient and forward-looking.

Egypt's entrepreneurial story is still being written, but the foundations are strong, the vision is clear, and the talent is abundant. As ITIDA, we are committed to ensuring that this story unfolds with ambition, purpose, and tangible results. By working together with all stakeholders, I am confident that Egypt will not only sustain its current momentum but also achieve its rightful place as a beacon of innovation, entrepreneurship, and opportunity in our region and beyond.

In this context, I welcome the release of Egypt's Sector Diagnostics Report, produced by Entlaq, as a valuable contribution to our shared mission. The report provides evidence-based insights that will help sharpen our strategies, highlight the opportunities ahead, and guide collective action to strengthen the startup ecosystem. At ITIDA, we view this report not only as an assessment of where we stand today but also as a roadmap that can inform the bold steps required for tomorrow.

**"The report provides evidence-based insights that will help sharpen our strategies, highlight the opportunities ahead."**

# 01 Intro-duction

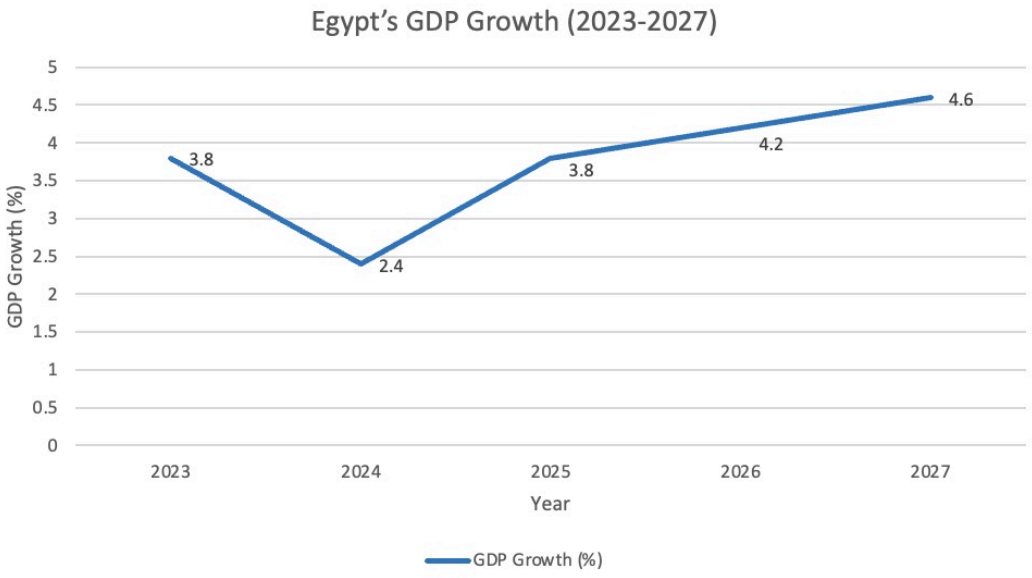
# 01 Introduction

## 1.1 Purpose and Significance of this Report

The Sector Diagnostics Report (SDR) is Entlaq's flagship research instrument, developed to offer a comprehensive, evidence-based understanding of the forces shaping Egypt's entrepreneurial economy. It provides a structured and multidimensional analysis of the country's startup ecosystem, capturing not only economic indicators, but also the legal, policy, and institutional frameworks that influence entrepreneurial success across sectors and geographies. As entrepreneurship continues to drive inclusive growth, green innovation, job creation, and competitiveness in Egypt, having access to reliable and actionable data has become increasingly important.

As shown in the graph, between 2023 and 2027, Egypt's real GDP growth exhibits a fluctuating but generally upward trajectory, reflecting a slow recovery from macroeconomic instability. In 2023, growth stood at 3.8%, following severe economic disruptions including a currency crisis and weakened foreign investment. By 2024, GDP growth dropped to 2.4%, a significant 1.4 percentage point decline (calculated as 3.8% - 2.4%), attributed to persistent inflation, foreign exchange volatility, and constrained venture capital inflows. However, by 2025, growth is forecasted to rebound to 3.8%, marking a 1.4 percentage point recovery, supported by IMF-backed reforms and partial stabilization of the investment climate. The momentum continues into 2026 with a rise to 4.2%, and further to 4.6% in 2027—showing a steady annual growth rate increase of 0.4 percentage points per year. This gradual recovery indicates that while the economy remains vulnerable to structural pressures, it is slowly regaining strength through improved private capital mobilization, structural reforms, and policy stability. The net gain over the five-year period is 0.8 percentage points (from 3.8% in 2023 to 4.6% in 2027), though the interim dip in 2024 highlights the enduring sensitivity to external shocks and fiscal bottlenecks (Global Economic Prospects, Ch. 2.4, 2025).

**Figure (x): Egypt's GDP Growth (2023-2027).**




Sources: World Bank's Egypt Overview: World Bank, Reuters article on IMF's assessment and Reuters article on Egypt's economic growth: Reuters.

Entrepreneurship in Egypt is more than a contributor to GDP or job creation; it is a strategic lever for national resilience. Startups and SMEs are forces of innovation and inclusive growth, as well as effective economic actors. Their ability to thrive is contingent on the ecosystem supporting them to do so. In some instances, this ability is hindered by fragmented regulations, inequitable access to capital, and spatial disparities across regions. The SDR directly confronts these ecosystem constraints by offering a unified and data-driven framework for understanding sector dynamics, diagnosing bottlenecks, and advancing policy-relevant, investable solutions.

Unlike generic ecosystem snapshots, the SDR is designed as a precision instrument. It integrates sector-level financial data, regional disparities, startup success case studies, and a review of active legal frameworks to construct an actionable landscape analysis. This makes it suitable for use not only by public policymakers but also by investors, development partners, and startup support organizations (SSOs) who require granular, geographically disaggregated, and sectorally comparative insights.

This report responds to that need by offering far more than a descriptive overview. It functions as a practical tool for strategic decision-making through linking macroeconomic trends, regional disparities, legal environments, and founder experiences into a coherent diagnostic framework. The SDR is deliberately designed to serve as a bridge between policy and practice. It enables stakeholders across government, development institutions, private investors, financial actors, academia, and ecosystem enablers, to engage with the entrepreneurial landscape through a shared, data informed lens.

Table 1. Startup Ecosystem Performance Indicators – H2 2024 & H1 2025

| Stakeholder | Core Questions Answered | Relevant Sections |
|---|---|---|
| **Ministries and Regulators** | Which laws hinder growth? Where are implementation gaps? | Section III. |
| **Development Partners (UN, WB, DFIs)** | How does entrepreneurship align with SDGs and Vision 2030? | Section III.; Section V. |
| **Investors (VCs, LPs, Family Offices)** | Which sectors are undercapitalized? | Section II.; Section V |
| **SSOs and Accelerators** | What regions/sectors lack support? | Section II; Section V |
| **Entrepreneurs** | What legal or financial reforms are underway? | Section VI |

The significance of the SDR lies in its integrated, multi-dimensional approach. It is not limited to surface-level statistics or general observations; rather, it combines rigorous quantitative analysis with qualitative insights drawn from primary fieldwork, key informant interviews, and real business experiences. It provides stakeholders with sector-specific assessments across priority industries, while also unpacking the legal, regulatory, and institutional structures that shape each sector's growth trajectory.

Moreover, the SDR is geographically inclusive. It moves beyond the Cairo focused view of Egypt's startup scene, bringing into focus the challenges and opportunities present in underserved regions such as the Delta, Upper Egypt, the North Coast, and strategic corridors like the SCZone. This disaggregation is not merely academic, it is essential for targeting resources, designing regionally tailored incentives, and ensuring balanced economic development that includes all of Egypt's regions.

Egypt's entrepreneurial ecosystem is undergoing significant transformation. A growing number of startups are emerging across diverse sectors, from fintech and cleantech to agritech, healthtech, and digital education. All these startups are driven by innovation, digital adoption, and demographic potential. However, translating this momentum into systemic impact requires informed coordination, targeted reform, and sustained investment. This is where the SDR adds strategic value: it highlights not only where opportunities exist, but also how institutional, legal, and financial bottlenecks can be addressed to unlock the full potential of entrepreneurship as a pillar of national development.

The 2025 SDR follows a mixed-methods sequential design tailored to capture both macro trends and granular founder-level insights during the reporting window (July 2024 – June 2025):

1. **Secondary Data Aggregation:** Sources include MAGNiTT deal flow data, Rasmal Tracker, Africa: The Big Deal, Wamda, World Bank Global Economic Prospects, and CAPMAS labor force statistics.

2. **Primary Fieldwork:** Conducted between February and April 2025, comprising 38 Key Informant Interviews (KIIs) with ecosystem stakeholders and 9 focus groups with early- and growth-stage entrepreneurs across five regions.

3. **Legal Text Analysis:** NVivo-assisted qualitative coding of 12 critical statutes, including:

1. Law 82/2002 (The Protection of Intellectual Property Rights)
2. Law 72/2017 (Investments Law)
3. Labor Law 12/2003 (Labor Law)
4. Law 91/2005 (Income Tax law)
5. Law 67/2016 (Value Added Tax (VAT) Law)
6. Law 159/1981 (Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies)
7. Law 3/2005 (Protection of Competition and the Prohibition of Monopolistic Practices Law)
8. Law 152/2020 (Development of Micro, Small and Medium-Sized Enterprises Law)

4. **Econometric Impact Modeling:** Conducted using startup-sector GDP elasticity estimates, employment multipliers, and export simulation scenarios, elaborated in Section V.

All methodological tools, interview protocols, and data sources are archived in Annex A and Annex B for transparency and reproducibility.

By grounding its insights in robust research, primary evidence, regional analysis, and comparative benchmarking, the SDR empowers stakeholders to move from ambition to execution. It is intended to be used and not just read. Whether shaping policy, designing programs, allocating capital, or building cross-sector partnerships, the SDR equips decision makers with the clarity and context needed to lead Egypt's entrepreneurial transformation with purpose and precision.

At its core, the SDR functions as a decision-support tool. For ministries and public institutions, it identifies legislative contradictions, gaps in implementation, and reform entry points. For donors and development partners, it offers a data rich landscape analysis aligned with national priorities and SDG targets. For investors, it highlights sectors with high growth potential, undercapitalized segments, and enabling policy environments. For ecosystem enablers, it serves as a reference for strategic planning, regional outreach, and capacity-building efforts. This multi-stakeholder relevance makes the SDR not only a product of research, but a catalyst for coordination, accountability, and change.

Equally important is the SDR's role in shaping Egypt's national dialogue on entrepreneurship. In a landscape where policies are often designed ahead of available data, and where reforms may overlook the day-to-day realities of entrepreneurs, the SDR provides a grounding point. It brings facts, evidence, and real world insights to the forefront, ensuring that discussions around entrepreneurship are rooted in lived experiences, not just abstract goals. By connecting founder perspectives with governance and investment priorities, the SDR helps make policy more responsive and strategy more actionable.

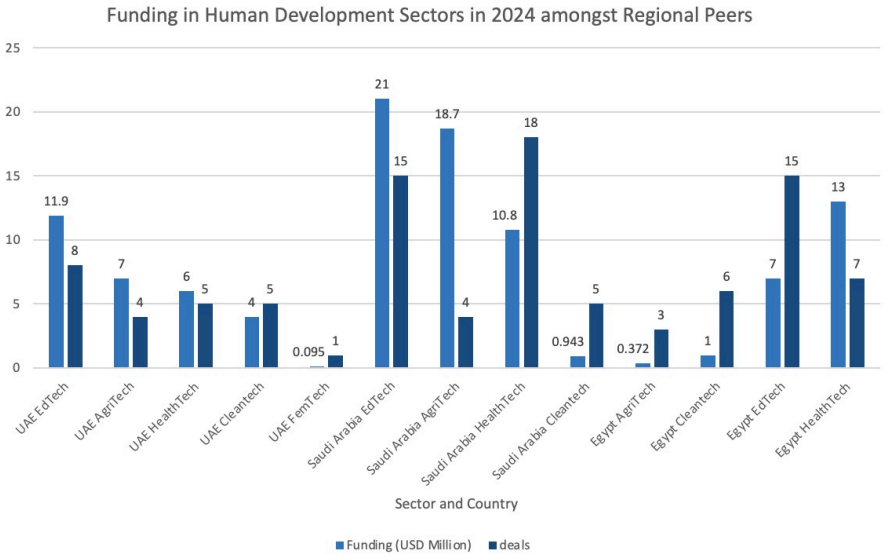
The SDR integrates over 15 interviews with entrepreneurs, investors, and policymakers across Egypt's governorates. These include founders navigating licensing confusion in fintech, cleantech startups struggling to access public procurement frameworks, and female-led startups encountering fundraising bias. By grounding abstract trends in lived founder realities, the SDR becomes not just analytical—but situationally aware.


The report's structure further reinforces its utility. The SDR is structured into six sections, moving from macroeconomic framing and sectoral diagnostics (Section II), to legal and institutional analysis (Section III), real-world startup cases (Section IV), ecosystem-wide SWOT and gap assessments (Section V), and a forward-looking reform and investment roadmap (Section VI). Its methodology incorporates 38 key informant interviews, 9 founder focus groups, and legal text analysis of 12 key statutes including Law 152/2020 (MSMEs), Law 82/2002 (IPR), Law 72/2017 (Investment), Labor Law 12/2003, Tax Law 91/2005, Competition Law 3/2005, and others.

Egypt's entrepreneurial priorities are increasingly intertwined with its global and national development agendas. In H2 2024, cleantech ventures received 19.6% of disclosed VC funding, reflecting growing investor alignment with Egypt's National Climate Change Strategy 2050 and its enhanced Nationally Determined Contributions (NDCs) submitted post-COP27 (MAGNiTT Egypt Country Report, 2025; MoEnv, 2024).

At the same time, sectors linked to human capital development—specifically EdTech and HealthTech—have gained ground. Combined, they attracted 12.1% of VC inflows during H2 2024 and H1 2025, up from 8.2% a year earlier, indicating greater convergence with Egypt Vision 2030's Pillar 4: "Knowledge, Innovation and Scientific Research" (MAGNiTT, 2025; Egypt Vision 2030 Progress Report, 2024). Still significant effort must be made to close the gap between regional peers in utilizing start ups as key nodes in driving SDG goals.

**Figure (x): Funding in Human Development Sectors in 2024 amongst Regional Peers:** The bar chart titled "Funding in Human Development Sectors in 2024 amongst Regional Peers" compares both the total VC funding (in USD millions) and number of deals across four human development sectors—EdTech, AgriTech, HealthTech, and Cleantech—in the UAE, Saudi Arabia, and Egypt. Each country-sector combination is represented by two bars: blue for funding volume and red for deal count.




Source: MAGNiTT Egypt Country Report (2025): Ministry of Environment (MoEnv), Egypt National Climate Change Strategy 2050 & Egypt Vision 2030 Progress Report (2024)

While Egypt has demonstrated notable activity in human development sectors, particularly in EdTech and HealthTech, with 15 and 7 deals respectively, the total funding volumes remain significantly lower than those of GCC counterparts. Despite Egypt recording comparable deal activity to Saudi Arabia and the UAE in key verticals, it lags behind in capital deployment. For instance, Egypt's $7 million in EdTech funding is just one-third of Saudi Arabia's $21 million, despite matching it in deal count. This discrepancy highlights a fragmented funding landscape, where early-stage enthusiasm is not met with sufficient scale-up capital. To compete with regional heavyweights, Egypt must attract larger ticket sizes and deepen institutional investment in strategic sectors such as Cleantech and AgriTech, where funding remains particularly thin. Without addressing these capital gaps, Egypt's promising pipeline risks stagnation before maturity.

**SDG 8 – Decent Work and Economic Growth**

**SDG 9 – Industry, Innovation and Infrastructure**

**SDG 13 – Climate Action**

**Moreover, to operationalize this alignment, each sector deep dive (Section II.5) includes a sector-specific SDG dashboard mapping Egypt's startup activity to relevant SDG targets (e.g., SDG 8 – Decent Work and Economic Growth; SDG 9 – Industry, Innovation and Infrastructure; SDG 13 – Climate Action). This enables donors, public agencies, and ecosystem enablers to coordinate resources in a programmatic, not ad hoc, manner.**

The SDR is more than a retrospective review, it is a forward-looking decision infrastructure. By embedding spatial equity (e.g., SCZone and Upper Egypt deep dives), gender-responsive analysis (e.g., female founder funding gaps in Section II.4.3), and institutional accountability (e.g., legal enforcement gaps in Section III.7.4), it creates a holistic picture of what must change, and how.

Egypt's startup ecosystem holds immense potential, but its expansion must be scaffolded by adaptive regulation, coordinated incentives, and territorially inclusive investment. This report provides a common reference point for the public and private sectors to align ambition with execution. In doing so, it aims to help transform Egypt's entrepreneurial potential into a durable engine for national growth and social resilience.

## 1.2 Evolution from Previous Editions

The 2025 edition of the Sector Diagnostics Report (SDR) represents a significant shift in analytical ambition, methodological rigor, and strategic relevance. While the 2024 report provided an important first step by mapping Egypt's entrepreneurial sectors and outlining key trends, this year's report delivers a more mature and integrated diagnostic. The SDR has evolved from a static overview into a decision-support framework, purpose-built to inform legal reform, investment strategies, and inclusive development priorities during a period of macroeconomic uncertainty and policy transition.

The 2024 edition functioned as a foundational ecosystem map, offering readers an accessible and largely descriptive account of sectoral developments, actor roles, and emerging opportunities. It emphasized orientation and scope definition—vital first steps. However, its comparative utility was limited by the absence of standard analytical tools, lack of disaggregated data, and minimal treatment of regulatory structures.

In contrast, the 2025 SDR explicitly applies structured frameworks across every major section.
These include:

- **SWOT Analysis** for each sector (Section V.10), identifying internal strengths and external risks.
- **Policy Gap Assessments** (Section V.11), linking system-level failures to reform opportunities.
- **Legal Benchmarking** against Morocco, Kenya, Tunisia, and India (Section III.8), highlighting international best practices.

These tools transform the SDR from an observation instrument into a strategic one—allowing decision-makers to compare performance across sectors, regions, and legal frameworks.

One of the most significant upgrades in the 2025 edition is the depth of its legal and regulatory analysis. While the 2024 SDR referenced key policies (such as Law 152/2020 and Law 72/2017), it did so in isolation and without interrogation of real-world implementation.

This year's edition provides a full-scale intersectional legal diagnostic (Section III.7), which includes:

- An article-by-article breakdown of 12 core statutes impacting startups.
- NVivo-coded analysis of enforcement gaps across governorates.
- Gender-sensitive assessments of formalization barriers under Law 152/2020.
- Critical review of IPR protection and misuse under Law 82/2002.

This legal depth enables a systems view of how Egyptian regulations interact, overlap, or conflict—particularly in areas like licensing, taxation, and IP commercialization.

The 2024 edition incorporated limited founder insights, largely in the form of brief quotes or case references. The 2025 report fundamentally repositions primary data as a central component of its analytical architecture.

## This includes:

**15 Key**

**Informant Interviews (KIIs)**
with investors, ecosystem enablers, and regulators (Feb–Apr 2025).

**5 Detailed**

**Business case studies**
(Section IV), each aligned to a specific sectoral and legal theme (e.g., IPR challenges in HealthTech, licensing ambiguity in FinTech).

**Nationally Distributed**

**SDR Survey**
disseminated to all ecosystem stakeholders across the Delta, Upper Egypt, the North Coast, Greater Cairo, and the SCZone.

These qualitative findings are triangulated with quantitative data to trace causal patterns, identify structural inequities, and link lived experience to policy design.

Recommendations in the 2024 edition were broad and aspirational, lacking direct links to data or feasibility assessments. In 2025, each strategic recommendation is:

- Tied to specific legal or institutional barriers,
- Aligned with Egypt's Vision 2030 and SDG targets,
- Supported by primary evidence and modeled policy impact scenarios.

For instance, recommendations on improving early-stage finance (Section V.11.1) are linked to tax code adjustments, blended finance structures, and stakeholder coordination strategies tested in comparator countries.

Crucially, the recommendations presented in the 2025 report reflect this analytical maturity. Rather than broad or aspirational guidance, this edition offers tailored, legally informed, and investment relevant strategies. Each recommendation is grounded in data and aligned with regulatory realities, ensuring that they are not only visionary but also actionable. This positions the report as a tool for policy reform, investor targeting, and ecosystem strengthening. It aims to inform governments, development partners, and private sector actors alike.

In sum, the evolution from the 2024 to the 2025 SDR is not incremental—it is foundational. The report has shifted from sectoral observation to sectoral strategy, supported by strong legal diagnostics, embedded field evidence, and forward-looking policy design. It reflects Entlaq's commitment to research-driven reform and Egypt's readiness to transition from pilot programs to system-level transformation.

The 2025 SDR is not just a mirror reflecting where Egypt's startup ecosystem stands—it is a map charting how the country can move from fragmentation to resilience, from promise to performance.

Table 2. Evolution of the SDR – Key Shifts from 2024 to 2025

| 2024 Edition | | 2025 Edition |
|---|---|---|
| Sector summaries | Analytical Tools → | SWOT, Gap, Benchmarking |
| Mention of key laws | Legal Coverage → | Full legal diagnostic (8 statutes) |
| Minimal quotes | Primary Data → | 15 KIIs, 400+ survey responses, 5 case studies |
| Broad and generic | Recommendations → | Data-backed, legally actionable |
| Cairo-centric | Regional Scope → | Four-region disaggregation |
| Informational | Target Use → | Strategic decision-making |

## 1.3 Intended Audience and Use Cases

The SDR has been developed as a strategic public resource for stakeholders working across Egypt's entrepreneurial, policy, investment, and development ecosystems. With its multi-layered analytical framework and policy-oriented insights, the report is positioned to serve as a highly impactful tool for evidence- based decision making and ecosystem coordination. The SDR is not only a repository of data, but a reference point for action. It supports a wide spectrum of users, including government officials, international development partners, private investors, financial institutions, ecosystem enablers, research bodies, and corporate actors. It does so by providing them with credible and operationally relevant information. The following outlines the primary audiences of the report and the core use cases that guide its application.

Table 3. Key Audiences and Their Use Cases Within the SDR

| Stakeholder Group | Core SDR Sections | Typical Use Cases |
|---|---|---|
| **Policymakers** | Sections III, V, VI | Legal reform design; regional development plans |
| **Development Partners** | Sections II., III., V. | Sector targeting; SDG alignment; funding strategies |
| **Investors** | Sections II., IV, V. | Market entry assessment; pipeline development |
| **SSOs & Accelerators** | Sections II., V. | Program targeting; underserved geographies |
| **Researchers** | Annex A, Sections III., IV | Policy research; regulatory analysis |
| **Corporates** | Sections II., VI. | Startup partnerships; CSR alignment; recruitment trends |

### Government Entities and Policymakers

**Relevant Actors:** Ministries, national authorities, regulatory bodies, parliamentary committees, and investment promotion agencies.

**Use Cases:**

- Designing and updating national entrepreneurship strategies, MSME development frameworks, and innovation policies.
- Informing regional development plans through differentiated geographic insights.
- Identifying legal and regulatory constraints affecting sector competitiveness and investment flows.
- Guiding legislative reform with intersectional legal diagnostics and sector-specific policy recommendations.

**Strategic Value:** For public sector decision-makers, the SDR offers a comprehensive perspective on how policy intersects with entrepreneurial outcomes across regions and sectors. It enables the design of targeted, evidence-based reforms that promote economic resilience and inclusion.

## Development Organizations and International Partners

**Relevant Actors:** Multilateral institutions, UN agencies, development finance institutions, bilateral donors, and technical assistance providers.

**Use Cases:**

- Aligning programmatic interventions with national entrepreneurship and private sector development priorities.
- Identifying high-potential sectors and regions for catalytic funding and capacity-building initiatives.
- Supporting monitoring and evaluation (M&E) frameworks with survey-based evidence and macroeconomic benchmarks.
- Anchoring SDG-aligned strategies in sectoral data and reform pathways.

**Strategic Value:** Development partners require localized, credible intelligence to inform interventions. The SDR provides a robust foundation for impact design, donor alignment, and ecosystem-wide coordination efforts.

## Investors and Financial Institutions

**Relevant Actors:** Venture capital funds, angel networks, commercial banks, impact investors, microfinance institutions, and private equity firms.

**Use Cases:**

- Mapping sectoral growth trajectories and identifying undercapitalized verticals.
- Assessing legal, regulatory, and geographic risks prior to market entry or capital deployment.
- Guiding due diligence and investment pipeline development with empirical case studies and benchmark data.
- Supporting strategic decisions on fund design, blended finance, or regional investment.

**Strategic Value:** For financial actors, the SDR offers an integrated view of sector-specific performance, startup dynamics, and investment-enabling conditions, positioning it as a tool for informed capital allocation.

## Entrepreneurship Enablers and Support Organizations

**Relevant Actors:** Incubators, accelerators, innovation hubs, venture studios, foundations, and entrepreneurship-focused NGOs.

**Use Cases:**

- Designing and refining founder support programs based on identified regional or sectoral gaps.
- Targeting outreach and service delivery in underserved regions or among marginalized groups.
- Informing advocacy efforts for improved regulation, financing mechanisms, or inclusion policies.
- Leveraging data to improve operational design, selection criteria, and ecosystem partnerships.

**Strategic Value:** Support organizations play a critical role in ecosystem development. The SDR enables them to operate with greater strategic precision, informed by real-time challenges, legal structures, and ecosystem feedback.

## Academic Institutions and Research Bodies

**Relevant Actors:** Universities, research centers, policy think tanks, and entrepreneurship scholars.
**Use Cases:**

- Conducting policy-relevant research using the report's primary data, legal analysis, and case studies.
- Integrating SDR findings into curriculum design, teaching materials, or policy labs.
- Publishing peer-reviewed studies on startup ecosystems, regulation, or innovation metrics using SDR frameworks.
- Generating comparative analyses with peer economies for benchmarking or developmental studies.

**Strategic Value:** The SDR offers a rigorously documented evidence base that supports both applied and theoretical academic engagement on entrepreneurship, regulation, and development economics.

## Private Sector Corporates and Business Associations

**Relevant Actors:** Large corporations, business chambers, industry federations, and corporate venture teams.
**Use Cases:**

- Identifying opportunities for corporate-startup collaboration, supply chain integration, or innovation sourcing.
- Aligning corporate social responsibility (CSR) initiatives with regional or sectoral needs highlighted in the report.
- Understanding ecosystem trends to inform internal strategy, recruitment, or local investment plans.

**Strategic Value:** The private sector's role in entrepreneurship is expanding, from capital deployment to market access. The SDR equips businesses with sectoral and regulatory insights to shape impactful partnerships and sustainable strategies.

The SDR's structure, anchored in macroeconomic framing, legal diagnostics, primary evidence, and applied analytical tools, ensures that it is both accessible and functionally useful across stakeholder types. Whether the objective is policy reform, investment planning, program design, or academic inquiry, the SDR provides a clear, credible, and actionable foundation. It is intended to be a living reference for Egypt's entrepreneurial future: a guide for reformers, a signal for investors, a toolkit for practitioners, and a benchmark for researchers. By meeting the needs of diverse actors through a unified diagnostic platform, the SDR strengthens not only knowledge, but coordination, impact, and shared accountability across the ecosystem.

By providing a unified, empirically grounded lens for ecosystem actors to read from the same script, the SDR also addresses a core challenge in Egypt's reform ecosystem: fragmentation. Whether tackling capital gaps, licensing hurdles, or gender inclusion, coordinated reform demands coordinated intelligence. This report is designed to offer exactly that.

# 1.4 Structure and Reading Guide

This report has been carefully structured to provide readers with a logically sequenced and layered understanding of Egypt's entrepreneurial landscape. Each section is purposefully built to address a core dimension of ecosystem performance, informed by extensive data, legal analysis, primary fieldwork, and international benchmarking. The report is divided into six major parts, each offering distinct insights while contributing to a unified diagnostic narrative.

Readers are encouraged to engage with the report either linearly, from strategic framing through to policy recommendations, or selectively, based on specific interests (e.g., sectoral insights, legal diagnostics, investment trends, or regional strategy). The report's modular structure ensures that each part is self-contained yet interconnected, allowing users to extract value from individual sections without losing the coherence of the broader analytical framework.

# PART I — Executive Framing and Strategic Context

This section introduces the purpose, significance, and intended users of the SDR. It situates the report within Egypt's broader macroeconomic and global entrepreneurship context, examining inflation, youth unemployment, investment trends, and fiscal pressures. Comparative benchmarks with MENA and emerging economy peers offer a regionalized lens on Egypt's startup competitiveness and alignment with Vision 2030 and the SDGs.

**Recommended for:** Policy strategists, economists, development partners, and general readers seeking a high-level overview of the report's foundations and relevance.

# PART II — Sector-Specific Ecosystem Diagnostics

The core analytical section presents data driven insights across seven sectors: fintech, cleantech, agritech, healthtech, edtech, tourism tech, and AI/emerging technologies. Each chapter includes funding trends, case examples, policy and regulatory challenges, and comparative insights. A national startup overview precedes the sector deep dives, offering context on startup demographics, deal flow, regional disparities, and gender dynamics.

**Recommended for:** Investors, startup enablers, sector specialists, and public officials designing sector-specific interventions or reforms.

# PART III — Legal and Regulatory Ecosystem

This section delivers a comprehensive review of Egypt's legal landscape for startups. It includes detailed analysis of key laws, such as Law 152/2020 (MSMEs), Law 82/2002 (Intellectual Property Rights), and relevant labor, tax, and investment legislation. The section also unpacks regulatory contradictions, implementation gaps, and inter-agency overlaps. Global benchmarking with Morocco, Kenya, India, and Tunisia contextualizes reform pathways.

**Recommended for:** Legislators, regulators, legal experts, donor program designers, and ecosystem advocates engaging in policy dialogue or legal reform.

# PART IV — Business Case Studies: Lived Experiences of Startups

A curated selection of real-world startup stories drawn from diverse regions, sectors, and founder profiles. Each case anchors a broader thematic issue, such as access to finance, legal enforcement gaps, regional inequalities, or barriers to international expansion. These cases bring qualitative depth to the SDR's data and policy analysis, while spotlighting resilience and innovation within Egypt's startup community.

**Recommended for:** Founders, startup support organizations, donors, journalists, and educators seeking narrative-driven insights into entrepreneurship realities.

# PART V — Strategic Ecosystem Analysis

This section applies structured analytical tools, including a national-level SWOT, ecosystem gap mapping, and economic impact modeling. Readers will find actionable insights into systemic bottlenecks (e.g., capital access, implementation delays, legal fragmentation), as well as scenario-based projections of how reforms or increased investment might influence GDP, jobs, and inclusion outcomes.

**Recommended for:** Strategic planners, think tanks, investment advisory firms, and government units involved in policy prioritization or reform roadmapping.

# PART VI — Strategic Outlook and Policy Recommendations

The final section synthesizes findings into a forward-looking strategy to 2030, anchored in short-, medium-, and long-term recommendations. It includes a regional differentiation roadmap and a dedicated gender inclusion agenda. The section is designed to translate diagnostics into policy action, outlining what must be done, by whom, and over what time horizon to unlock Egypt's entrepreneurial potential.

**Recommended for:** Senior government leadership, donor strategy teams, national councils, policy advisors, and ecosystem conveners.

This structure was not chosen arbitrarily—it reflects extensive stakeholder consultations, international benchmarking, and real-world usage patterns from the 2024 SDR. In early 2025, Entlaq surveyed over 300 ecosystem actors—including policymakers, investors, SSOs, and academics—on how they used last year's report. The results revealed that 47% engaged with only 2–3 sections, typically the ones aligned to their mandate or sector, while just 21% read the full report sequentially. This data confirmed the need for a modular, self-contained design that balances standalone usability with overall narrative coherence.

The six-part layout also mirrors best practices from comparable global diagnostics. For example, India's Startup India Annual Report, Kenya's MSME Policy Implementation Review, and Morocco's Entrepreneurial Ecosystem Mapping all adopt a multi-tiered format—beginning with macro framing and concluding with policy action. By aligning Egypt's SDR with these international models while embedding local realities through regionally disaggregated case studies and legal diagnostics, the format ensures both global comparability and national relevance.

Finally, the report's sequencing reflects the logic of diagnostic progression: starting with context (Section I), drilling down to ecosystem performance and barriers (Sections II–V), and ending with actionable strategy (Section VI). This mirrors how policy and investment planning unfold in practice: from diagnosis to prioritization to intervention. As such, the SDR's format is not only readable—it is designed to be operable by those tasked with reform, investment, and support delivery.

## SDR Structure Overview

**Section I:**
Executive Framing and Strategic Context
Purpose, macroeconomic context, MENA/global benchmarks, Vision 2030 & SDG alignment

**Section II:**
Sector-Specific Ecosystem Diagnostics
Startup mapping + deep dives on 7 sectors: FinTech, Cleantech, AgriTech, HealthTech, EdTech, TourismTech, AI

**Section III:**
Legal and Regulatory Ecosystem
Legal diagnostics on 12 laws (Law 152, IPR, Tax, Labor, Investment) + international benchmarking

**Section IV:**
Business Case Studies: Lived Experiences
Founder case studies from 4 regions, aligned to legal/investment themes

**Section V:**
Strategic Ecosystem Analysis
SWOT, policy gap analysis, and econometric modeling for jobs, GDP, inclusion

**Section VI:**
Strategic Outlook and Policy Recommendations
Reform roadmap to 2030: legal, financial, regional, and gender-inclusive strategies

# 02 Egypt's Macroeconomic Landscape and Its Impact on Entrepreneurship

## 2.1. Macroeconomic Overview

This section offers a comprehensive perspective on Egypt's macroeconomic environment and its implications for startups and micro, small, and medium-sized enterprises (MSMEs). Startups are inherently sensitive to shifts in macroeconomic and microeconomic conditions, which shape the ability of entrepreneurs to launch, fund, and scale new ventures. In an environment where startups are increasingly viewed as engines of employment, innovation, and regional competitiveness, a clear understanding of the macroeconomic context is essential.

**The analysis is structured around four interlinked themes:**

- Inflation, FX Volatility, and Interest Rate Pressures
- Youth Unemployment and the Jobs Gap
- Investment Climate and Capital Flows (VCs, DFIs, LPs)
- Informality, Public Debt, and Fiscal Policy Constraints

By drawing on verified indicators—from GDP growth and fiscal trends to employment patterns and investment flows—this section highlights the enabling conditions for entrepreneurship, as well as the structural and policy-level barriers that continue to constrain it.

The macroeconomic analysis draws from triangulated sources—including CAPMAS, the Central Bank of Egypt (CBE), the Ministry of Finance, and the World Bank's January 2025 MENA Economic Update. Its purpose is to frame the enabling and constraining conditions that inform the legal, financial, and sectoral diagnostics found in later sections of this SDR.

Between 2022 and early 2025, Egypt's macroeconomic trajectory was defined by a dual narrative of persistent vulnerability and gradual stabilization, shaped by both internal pressures and external shocks. Inflationary surges driven by global supply chain disruptions—most notably from the Russia-Ukraine conflict—were compounded by regional instability, including the war in Gaza, unrest in Libya and Syria, and Red Sea shipping disruptions. These events heightened trade constraints and increased investor risk premiums, while sharp currency depreciation and foreign currency shortages added to economic volatility. In response, the Central Bank of Egypt (CBE) undertook one of the most aggressive monetary tightening campaigns in the region: by March 2024, the overnight deposit and lending rates were raised to 27.25% and 28.25%, respectively. These measures were aimed at stabilizing the currency, reducing the parallel market premium, and curbing inflation. Signs of macroeconomic stabilization became more pronounced by early 2025. The exchange rate regime was fully liberalized, restoring predictability in the foreign exchange market. Inflationary pressures eased, with headline inflation falling to 13.9% and core inflation to 10.4% by April 2025—marking a moderate success in controlling price dynamics. Reflecting renewed investor confidence and structural policy momentum, Egypt attracted USD 2.7 billion in foreign direct investment in Q1 2025, a 16% increase year-on-year. Together, these developments signal a turning point: although vulnerabilities remain, disciplined monetary policy, gradual liberalization, and fiscal reforms are beginning to rebuild investor trust and lay the groundwork for a more resilient macroeconomic environment (CBE 2024; Reuters 2025). The table below summarizes these abrupt changes.

## Table 4: Egypt's key indicators as its stands (June 2025)

**16.8% (May), ~16.2% (Jun est.)**
Headline Inflation Rate
Apr–Jun 2025

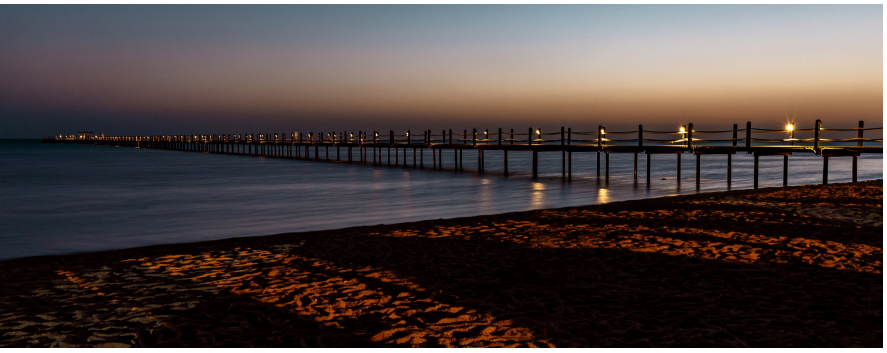
**~17% increase**
FDI Growth YoY
YoY Q1

**$2.7 billion**
FDI Inflows
Q1 FY 2024/25

**Fully liberalized**
Currency Regime
Since Mar 2024

**13.1%**
Core Inflation Rate
May 2025

**Virtually eliminated**
Parallel Market Premium
Mid-2025



**25.00%**
Overnight Lending Rate
May 2025

**24.00%**
Overnight Deposit Rate
May 2025

Sources: Central Bank of Egypt (CBE) (2024), Reuters (2025).

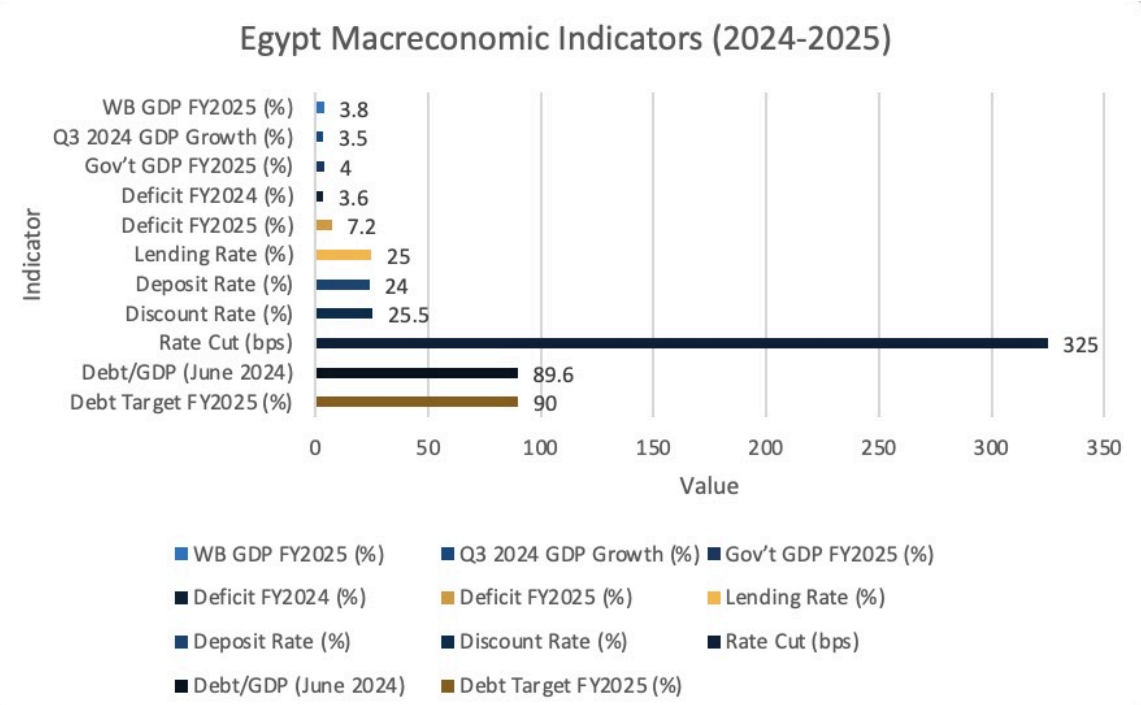
These shifts provided temporary relief for startups previously burdened by FX-linked import costs and dual pricing uncertainties, particularly in the food, retail, and logistics sectors. Headline inflation, which peaked at over 38% in September 2023, declined to 12.8% by February 2025—reflecting a combination of tighter monetary policy, improved FX liquidity, and easing food prices (World Bank, 2025). While encouraging, these figures coincide with Ramadan—typically a period of heightened consumption. As such, some inflation softness may reflect seasonal effects rather than structural gains.

Still, inflation remains a burden for consumers and MSMEs, particularly in import-intensive sectors. This allowed an opening for the Monetary Policy Committee (MPC), an opportunity to decrease interest rates eased for the first in years, Reducing key interest rates by 225 basis points, and allowing the overnight deposit rate stands at 25.0%, the overnight lending rate at 26.0%, and both the main operation and discount rates are set at 25.5%.These improvements created the conditions for Egypt's first interest rate cuts in years, executed in March 2025.

Real GDP growth is gradually recovering. Between July and September 2024, the economy expanded by 3.5%—its fastest quarterly pace since early 2023 (MoPEDIC, 2025). The World Bank projects Egypt's GDP growth to accelerate from 2.4% in FY2024 to 3.8% in FY2025, with gains driven by household consumption and investment. A slightly more conservative outlook than the government's 4.0% target.Growth is concentrated in construction, household consumption, and public infrastructure—while tradable sectors and export-oriented manufacturing remain subdued. The World Bank's 3.8% projection contrasts slightly with the government's 4.0% target, highlighting a divergence in fiscal assumptions and investor sentiment (World Bank, 2025).

On the fiscal front, challenges persist. The budget deficit is expected to widen from 3.6% of GDP in FY2024 to 7.2% in FY2025, reflecting surging interest payments and the winding down of exceptional revenue from the Ras El-Hekma transaction (World Bank, 2025). The Ministry of Finance's 85% target by FY2025 is ambitious and will depend on a sustained decline in real interest rates and continued access to concessional financing. Public debt pressures remain acute, with public debt-to-GDP ratio reaching 89.6 percent in June 2024 a 6.67% year-on-year decrease from 2023, with the Ministry of Finance targeting 85 percent by the end of FY2024/2025.

**Figure (x): Egypt's Fiscal and Macroeconomic Indicators:**
Stabilization, Growth, and Public Debt Trends (2024-2025)




Sources: Central Bank of Egypt (CBE), Reuters. Ministry of Planning and Economic Development (MPED), World Bank, Ahram Online (2025).

Labor market vulnerabilities remain significant despite modest gains. Egypt's unemployment rate declined to 6.3% in Q1 2025, marking the second consecutive quarter of improvement and reflecting a slight recovery from the 6.6% annual rate recorded in 2024 (CAPMAS, 2025). The gender gap persists, with female unemployment at 16.4%, more than four times the male rate of 3.6%, underscoring continued exclusion from economic participation. While youth unemployment was not disaggregated by gender in Q1, young people aged 15–29 still comprise 58.6% of all unemployed (Enterprise, 2025), reinforcing long-standing structural barriers. In parallel, the labor force expanded by nearly 1%, driven by the addition of over 342,000 new jobs. Notably, self-employment rose to 22% of total employment in Q1, up from 20.6% in Q4, while the share of salaried workers declined to 69.7% (Business Today, 2025) This shift indicates a growing trend to forgo traditional employment in favor of entrepreneurial activity—further supported by a marginal uptick in business ownership. These labor market dynamics directly influence entrepreneurial supply: young Egyptians, especially women, continue to face systemic barriers to both formal employment and self-employment pathways. The table below offers a visual representation of Egypt's evolving labor force and unemployment landscape.

**Table (x): Unemployment Rate (%) in Egypt's Population (2024)**

| Category | Q1 2025 | Q4 2024 | Change | Age Range |
|---|---|---|---|---|
| Total Unemployment Rate | 6.3% | 6.4% | ▼ 0.1 pp | 15+ |
| Male Unemployment Rate | 3.6% | 3.9% | ▼ 0.3 pp | 15+ |
| Female Unemployment Rate | 16.4% | 16.6% | ▼ 0.2 pp | 15+ |
| Youth Share of Unemployed | 58.6% | 64.6% | ▼ 6.0 pp | 15–29 |
| Male Youth Unemployment | *Not reported* | 9.8% | — | 15–29 |
| Female Youth Unemployment | *Not reported* | 37.1% | — | 15–29 |
| Rural Unemployment Rate | 3.6% | 4.5% | ▼ 0.9 pp | 15+ |
| Urban Unemployment Rate | 9.8% | 8.9% | ▲ 0.9 pp | 15+ |
| Labor Force Size | 33.4 million | 33.124 million | ▲ +276,000 (↑0.8%) | 15+ |
| Urban Labor Force | 14.5 million | 14.502 million | ≈ No change | 15+ |

| | | | | |
|---|---|---|---|---|
| Rural Labor Force | 18.9 million | 18.622 million | ▲ ~278,000 | 15+ |
| Employed Individuals | 31.27 million | 30.994 million | ▲ +276,000 | 15+ |
| Unemployed Individuals | 2.13 million | 2.130 million | ▼ –19,000 | 15+ |
| Labor Force Participation Rate | 45.8% | 45.5% | ▲ 0.3 pp | 15–64 |
| Salaried Workers (% employed) | 69.7% | 70.0% | ▼ 0.3 pp | 15+ |
| Self-Employed | 22.0% | 20.6% | ▲ 1.4 pp | 15+ |
| Family Business Workers | 4.0% | 4.3% | ▼ 0.3 pp | 15+ |
| Business Owners | 4.3% | 4.1% | ▲ 0.2 pp | 15+ |

Source:. Central Agency for Public Mobilization and Statistics (CAPMAS). "Egypt's unemployment rate declines to 6.6% in 2024: CAPMAS." Business Today Egypt,(2024); Business Today "Egypt Population 1950–2024."(2024). (Enterprise, 2025), (Business Today, 2025), (Zawya, 2025)

Meanwhile, Capital flows have shifted in composition. Egypt attracted $6.5 billion in net FDI in Q1 FY2024/25, with inflows concentrated in real estate, manufacturing, and greenfield investments (Enterprise, 2025). However, portfolio investments recorded net outflows of $384.7 million, a reminder of ongoing volatility in financial markets. Access to venture capital remains limited, with risk capital skewed toward late-stage, de-risked investments.This fragmentation is also reflected in the structure of VC investments, where Series A and later rounds receive the majority of capital, while pre-seed and seed funding remain underdeveloped.

The informal economy continues to represent a major structural challenge. It is estimated that 40–50% of Egypt's economic activity remains informal, excluding a wide swath of entrepreneurs from tax incentives, credit access, and public procurement opportunities (Lucidity Insights, 2024). With approximately 67% of workers engaged in the informal sector (ILO,2025). This limits growth potential and perpetuates inequities across the start-up and MSME ecosystem.

Nonetheless, there are encouraging signs of private sector re-engagement. According to the Ministry of Planning and Economic Development, private sector investment accounted for 63% of total investments in Q1 FY2024/25, with private financing surpassing public investment for the first time in several years (MPED, 2025).This signals a potential pivot point for policymakers—who must now focus on sustaining investor confidence through continued FX stability, regulatory clarity, and capital market reforms.

Startups and MSMEs remain central to Egypt's economic architecture. They contribute over 40% of GDP and employ more than 75% of the labor force—highlighting their role as key drivers of resilience, employment, and innovation (Ahram, 2024). This underscores their structural importance as agents of economic resilience, inclusive employment, and innovation diffusion.

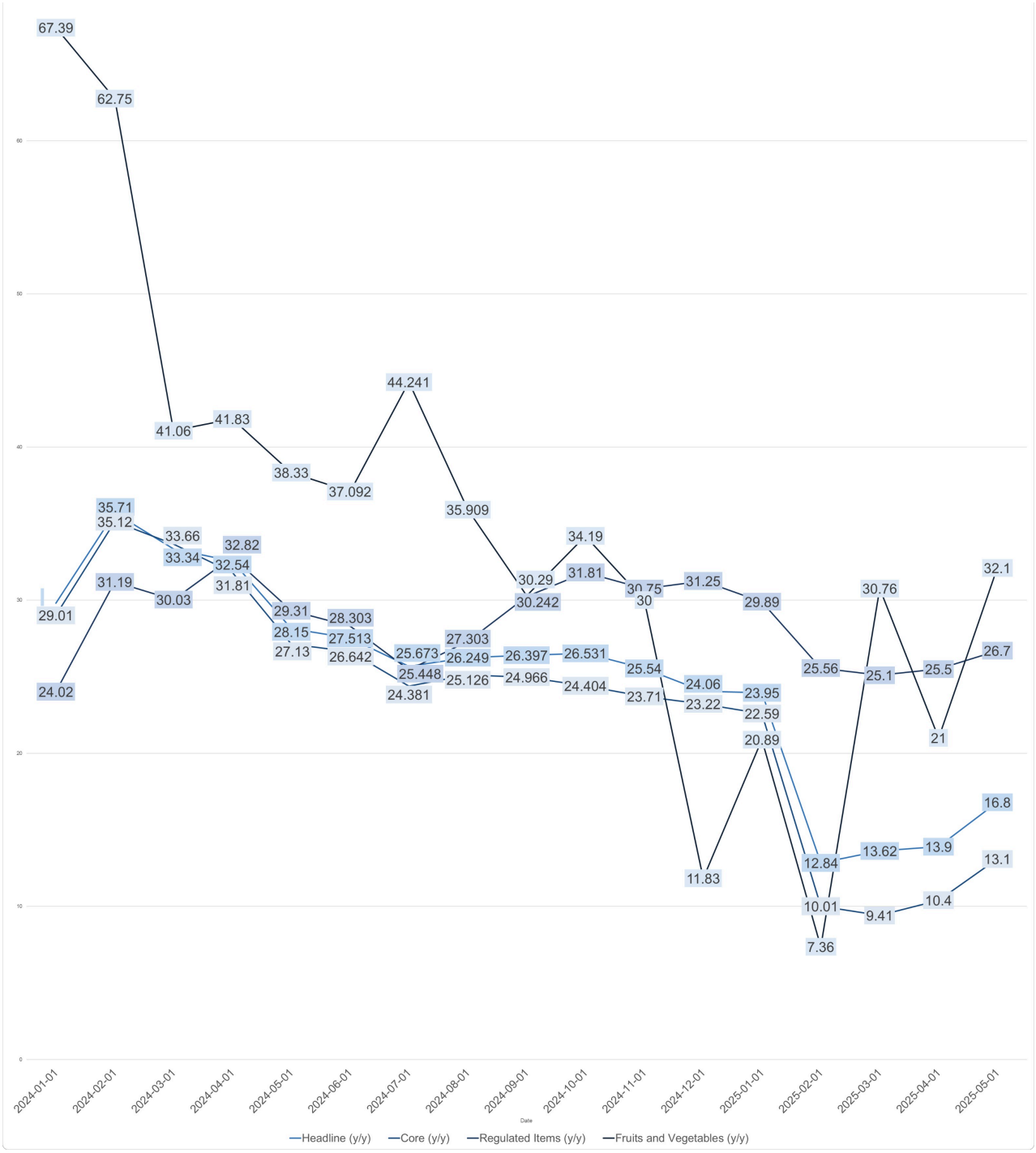
This edition of the Sector Diagnostic Report provides a data-driven assessment of Egypt's macroeconomic conditions and their implications for the entrepreneurial ecosystem. While the 2024 edition flagged core macro pressures—exchange rate instability, inflation, and external shocks—this year's analysis offers an assessment of key macroeconomic indicators impacting the entrepreneurial ecosystem.

## 2.1 Inflation, FX Volatility, and Interest Rate Pressures:

Inflationary pressures have been a significant cause of concern, impacting every aspect of the Egyptian market and eroding confidence among both domestic and foreign investors. In April 2023, Egypt's inflation rate stood at 31.5% (urban headline) (SDR, 2024) with the overnight deposit rate at 18.25% and the lending rate at 19.25%, marking the early stages of the Central Bank of Egypt's (CBE) monetary tightening campaign. Contextually, during this period (April 2023), the International Monetary Fund (IMF) had yet to issue its first staff review of Egypt's $3 billion Extended Fund Facility, initially agreed upon in December 2022. This delay was due to a prolonged IMF review and negotiations with the Egyptian government regarding commitment to reform obligations. The delay stalled inflows and clouded the policy outlook, exacerbating exchange rate rigidity and inflation pass-through risks. In contrast, the CBE's decision to embrace official exchange rate liberalization in March 2024, replacing the previously managed float system, reflected an increased political will and fiscal discipline—signaling a renewed commitment to structural reform.

This is positively reflected in H1 2025, with annual headline inflation declining sharply to 12.8% in February 2025 (World Bank, 2025). Average headline inflation fell to 16.0% over the January–April 2025 period, down from 32.85% over the same period the previous year, while core inflation averaged 13.1%, a significant decline from 32.4% (LYNX, 2025). However, the CBE's Monetary Policy Committee (MPC) maintained the overnight deposit rate at 27.25% and the lending rate at 28.25% by the end of 2024 (CBE, 2024). This shift remains the most suitable monetary decision considering the sensitive balance between mitigating inflationary pressures and maintaining a flexible and stable exchange rate—reflecting a precautionary stance by the CBE, prioritizing FX stabilization and anchoring inflation expectations despite headline disinflation.

**Figure 1: Inflation Rate Progression (Jan 2024-May 2025):** Headline and core inflation trended downward in early 2025, with core inflation hitting single digits in March for the first time in over three years. However, fruit and vegetable prices remained highly volatile, emphasizing the persistent supply-side pressures despite broader disinflationary gains.




Source: CBE

While it may reduce inflationary pressures, the policy extends risks for export-import businesses. Risks of inflation volatility are still present, as inflation ticked up for the second month in a row, with annual urban inflation rising to 13.9% in April, up from 13.6% in March. The monthly core inflation rate also accelerated in April, reaching 1.2%, up from 0.9% in March and 0.3% in April 2024 (LYNX, 2025). Inflationary pressures were especially pronounced in non-food CPI components: housing and utilities (18.4%), transportation (33.7%), and healthcare (34.5%), partly driven by the April 2025 fuel price increase of 11.8–14.8%—the first such adjustment since October 2024.

While not all inflation ticks are cause for alarm, recent inflation data provides a cautious reprieve. Q1 2025 trend rates indicate a slow but steady decline, with consecutive three-month headline inflation falling from 24.06% in December to 12.84% in February. Core inflation fell to 9.4% in March 2025, marking the first instance of single-digit core inflation in nearly three years, a notable milestone in monetary stabilization efforts. This improvement, however, coincided with the holy month of Ramadan—a period typically associated with elevated consumption, particularly in food and household essentials. The resulting demand-driven price pressures may have temporarily masked underlying disinflationary momentum, especially as market rebalancing following earlier exchange rate adjustments continues to unfold.

Although a temporary increase, this uptick underscores that inflationary dynamics remains fragile and susceptible to reversal, despite recent headline improvements. The trajectory is far from anchored, with underlying cost pressures, particularly in housing, food, and transport, continuing to challenge price stability (CBE, 2025). Sending signals to both investors and policymakers that Egypt's macroeconomy may be in a state of relative improvement, however caution must be exercised to maintain a steady course.

Consequently, due to the sharp deceleration in annual headline inflation from 23.95% in January to 12.8% by February 2025, the CBE executed a proactive policy shift. Reducing key interest rates by 225 basis points at its April MPC meeting — the first cut since November 2020 — and followed with another 100 bps reduction in May 2025. This marks the end of a prolonged tightening cycle during which policy rates remained unchanged across seven consecutive meetings since March 2024. The rate cuts were underpinned by evidence of easing inflationary pressures in Q1 2025, reinforcing the MPC's confidence in recalibrating the policy stance to support macroeconomic stability and facilitate credit conditions.

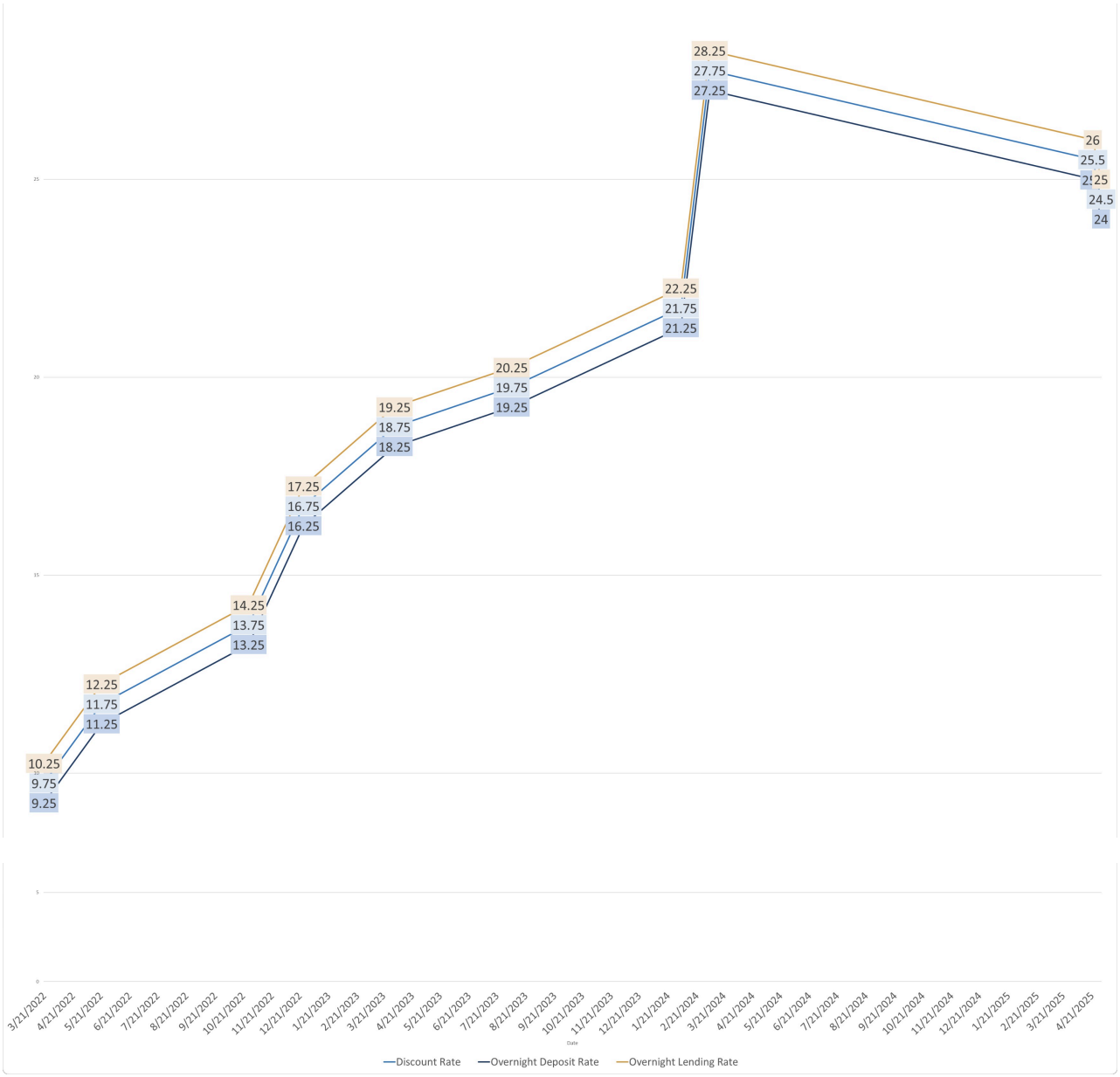
As of July 2025, the overnight deposit rate is 24.0%, and the overnight lending rate is 25.0%, with both main operation and discount rates set at 25.5% (CBE, 2025). The July MPC decision, supported by a Reuters poll of economists, opted to hold rates steady in recognition of rising inflation (now at 16.8% in May) and global market volatility (Reuters, 2025). However, sustained rate reductions may dampen the yield differential on Egyptian instruments, posing potential headwinds for remittance inflows, a key component of FX reserves.

As the monetary policy stance shifts toward easing, the appeal of high-yield EGP-denominated savings products—once used by banks to attract remittance-based deposits—may decline, presenting a structural risk to formal channel inflows.

Looking ahead, assuming a relatively subdued domestic demand environment and continued fiscal and monetary discipline, the principal risk now shifts to external shocks, namely commodity price volatility, regional geopolitical tensions, and disruptions to trade and remittance inflows. A further complicating factor lies in Egypt's pending decision on electricity subsidy reform. While electricity prices were initially expected to rise by the end of July 2025, the government may delay this hike. A decline in global oil prices, a more stable EGP–USD exchange rate, and efforts by the Egyptian General Petroleum Corporation (EGPC) and the Egyptian Natural Gas Holding Company (EGAS) to secure long-term energy contracts offer some fiscal space to postpone the increase. However, the structural reform agenda mandated by the IMF under Egypt's $8 billion loan agreement explicitly calls for the phased removal of electricity subsidies to redshift government budget focus to more disciplined and productive spending.

This places the government in a delicate policy bind: moving forward with electricity price hikes could help maintain IMF reform momentum but may contribute to near-term inflationary pressures, especially during the high-consumption summer period. At the same time, natural gas production continues to decline—falling by 20% year-on-year to 4.3 billion cubic feet per day in January 2025, the lowest level since December 2016, further straining the energy supply–demand balance (Enterprise, 2025). The government must now navigate a complex policy triangle: mitigating electricity cuts during intensifying summer heat waves, maintaining course on IMF reforms by reducing subsidies for residential and industrial users, and managing gas production to sustain export revenues and meet domestic needs.

**Figure 2: Interest Rate Progression (2022-2025):** Interest rates peaked in early 2024 with the overnight deposit rate reaching 27.25%, before easing in Q2 2025 following sustained inflation deceleration. This policy shift marks a tentative pivot from monetary tightening toward cautious normalization.

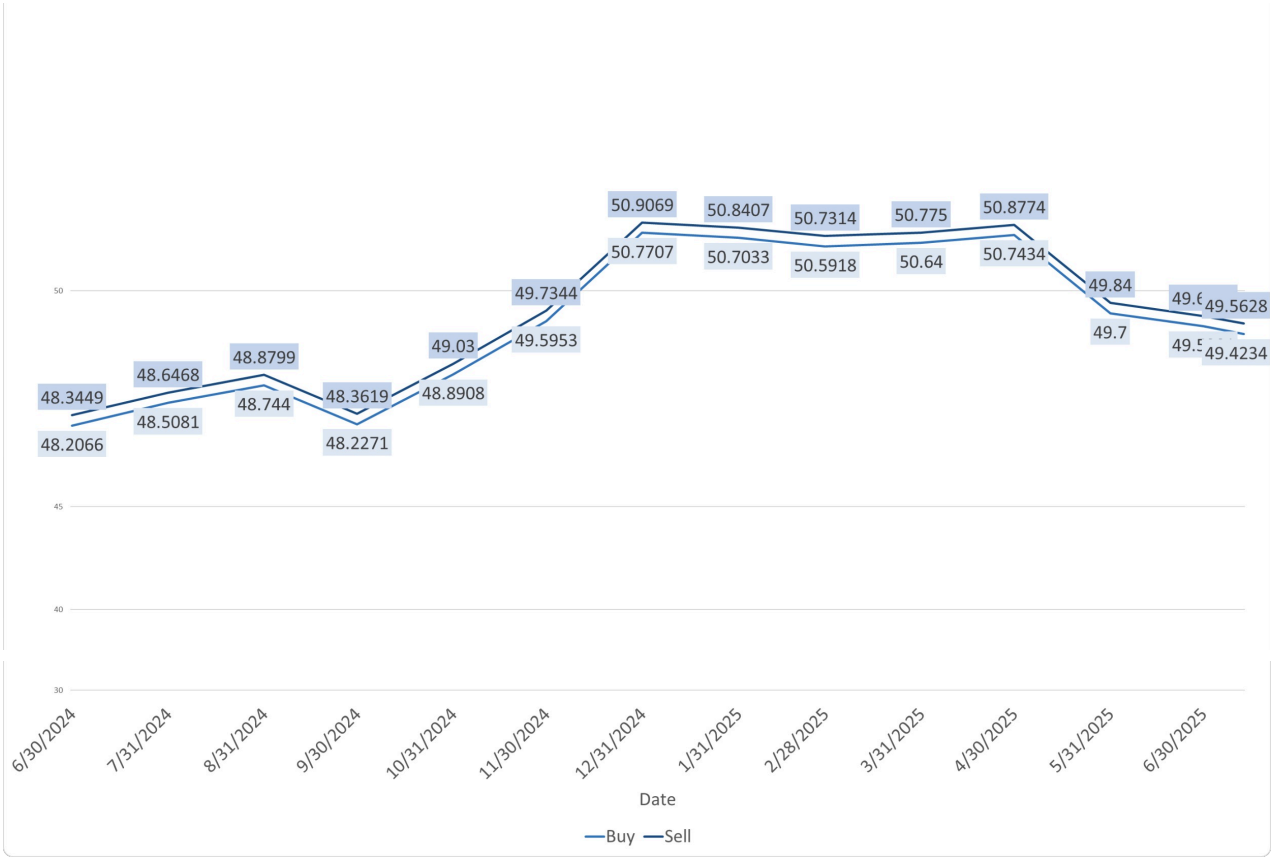



Source: CBE 2025

Although this is a positive step, the current interest rates remain exceptionally high. The result is a dual dynamic: improved FX transparency has enhanced trade predictability, particularly for import/export-dependent startups. However, the elevated cost of borrowing continues to restrict formal debt access—especially for early-stage ventures. This creates a catch-22 for entrepreneurs and venture capitalists: clearer monetary policy and reduced parallel market distortions on one hand, versus prohibitively high capital costs on the other.

The exchange rate has undergone significant shifts: prior to the March 2024 float, the Egyptian pound traded at approximately 30.9 EGP/USD. Following liberalization, it sharply depreciated, stabilizing by Q2 2025 between 47.3 and 49.5 EGP/USD (CBE, 2025; World Bank, 2025). The parallel market premium, which had exceeded 20% in late 2023, has since narrowed to under 3%, indicating restored FX confidence.

**Figure 3:** The exchange rate stabilized around 50.5 EGP/USD between January and April 2025, reflecting improved FX liquidity following March 2024's liberalization. The narrowing of the parallel market premium reinforces investor confidence and market transparency.




Source: CBE

For startups, this translates into a more stable currency environment and fewer arbitrage risks. Businesses once burdened by unpredictable FX rates can now plan more effectively, though the margins remain tight due to rising input costs and interest expense.

The cumulative effect of high interest rates, FX volatility, and inflation has had a two-fold impact on the entrepreneurial ecosystem:

- Access to Capital: Borrowing costs have soared, squeezing startups out of formal credit markets and amplifying dependence on equity financing or informal sources. Early-stage ventures with minimal collateral and long gestation periods have been disproportionately affected.
- Cost Structures and Pricing Models: Price instability has hindered long-term planning, especially for startups engaged in retail, logistics, and manufacturing. B2C ventures have seen narrowing margins as they attempt to absorb inflation without losing customers.

Egypt's macroeconomic reforms have helped avert the crisis and restore baseline economic confidence, especially among foreign institutional investors. However, persistent inflation, high borrowing costs, and FX-linked input pressures continue to complicate the operating environment for startups. For entrepreneurship to flourish as a pillar of national recovery, macro-level stabilization must be matched with targeted financial and regulatory relief for early-stage businesses.

# Amr El Abd

## Advisor to the Prime Minister of Egypt, Managing Director of Endeavor & Board of Directors Member at MSMEDA

**“We tackle these issues by introducing entrepreneurs to global investors and providing them with mentorship from seasoned leaders who have scaled businesses and navigated pitfalls.”**

Endeavor’s mission revolves around identifying and supporting high-impact entrepreneurs who can drive economic growth and innovation. With a presence in over 45 countries, Endeavor serves as a global network, empowering businesses to scale and achieve exponential impact. Amr El Abd, Regional Managing Director, shares insights into the organization’s strategy, challenges, and vision for the Middle East and Africa.

### Background and Approach

Endeavor focuses on supporting entrepreneurs who demonstrate the potential to create large-scale economic and social change. Their rigorous selection process identifies businesses at an inflection point for rapid growth, typically at the Series A stage.

Amr explains, “We assess three core criteria: the entrepreneur’s capacity to lead, the scalability of the business, and whether the business is at a stage of rapid growth.”

These criteria ensure that selected businesses have the potential to scale rapidly, often with revenues of $5–10 million and the capability to grow tenfold. “Our goal is to work with businesses that can reach $100 million in revenue within three to five years,” Amr emphasizes.

Endeavor’s comprehensive process includes validation by global and local mentors, selection panels, and rigorous scoring systems, ensuring that only the most promising entrepreneurs are onboarded.

## Addressing Ecosystem Challenges

Entrepreneurs in the Middle East and Africa face significant challenges, including limited access to funding, expertise, and networks for international expansion. Amr highlights, “We tackle these issues by introducing entrepreneurs to global investors and providing them with mentorship from seasoned leaders who have scaled businesses and navigated pitfalls.”

Endeavor also offers unique opportunities for learning, including exclusive programs at prestigious institutions like Harvard and MIT, designed specifically for Endeavor entrepreneurs. “These resources are invaluable in equipping entrepreneurs to scale effectively,” he adds.

## Achievements and Future Directions

Endeavor’s impact in Egypt is profound. In 2023, 89% of all venture capital (VC) funding in the country went to Endeavor-backed companies. Amr explains, “Most businesses that have successfully raised Series A funding or expanded internationally have done so with our support.”

A key element of Endeavor’s success is the “multiplier effect,” where successful entrepreneurs inspire and mentor others, creating ripple effects across the ecosystem. Companies like Kareem and Swvl exemplify this impact, having spawned numerous spin-offs and mentored hundreds of startups in the region.

Endeavor collaborates closely with governments, corporates, and ecosystem enablers to strengthen entrepreneurial landscapes. Amr notes, “Our role is central to building ecosystems, not just great companies.” In Saudi Arabia, for example, Endeavor runs the Unicorn Program to identify and support high-potential startups.

Looking ahead, Endeavor aims to expand into untapped markets like Iraq, Algeria, and Oman while continuing to support scale-ups in existing markets. “Scaling businesses in our current markets has a ripple effect across the entire region,” Amr explains.

## Advice for Entrepreneurs

For aspiring entrepreneurs, Amr’s advice is straightforward: “Start. Don’t be discouraged by failure—it’s a stepping stone to success.” He emphasizes the importance of passion, resilience, and adaptability, adding, “If you truly love what you do, challenges become part of the journey, not roadblocks.”

Amr believes that entrepreneurship is about more than individual success. “It’s about creating jobs, driving competitiveness, and building a country’s global reputation,” he concludes.

## Endeavor’s Promise

Endeavor’s work underscores the transformative power of entrepreneurship in driving economic growth and innovation. By fostering high-impact entrepreneurs and building supportive ecosystems, Endeavor continues to pave the way for sustainable development in the Middle East and Africa.

# Hadeer Shalaby
## Vice President & Managing Director
## Talabat

### Role in Ecosystem Development

As Egypt advances toward a platform-driven digital economy, talabat has become a central enabler of this transformation. Originally recognized for pioneering food delivery, the company has evolved into a comprehensive digital platform that supports a wide spectrum of consumer needs. By investing in robust last-mile infrastructure and seamless transaction systems, talabat has accelerated the adoption of e-commerce across the country.

Beyond expanding its own services to include groceries, beauty products, and household essentials, talabat has also strengthened the broader ecosystem. By providing SMEs with demand forecasting, inventory insights, and product performance data, the platform empowers local businesses to operate more efficiently and competitively.

In doing so, talabat's impact extends beyond logistics; it is actively shaping the digital commerce landscape, fostering trust in online platforms, and supporting Egypt's transition toward sustainable, innovation-led growth.

### Enabling SMEs and Startups

SMEs and startups are the backbone of Egypt's economy, yet they face persistent challenges including fragmented supply chains, high costs, and limited digital capabilities. Talabat addresses these obstacles by offering ready-made digital storefronts, simplified onboarding, and training programs that lower barriers to entry for small businesses. Partnerships with fintech providers have further improved access to financial services, enabling entrepreneurs to scale with greater resilience.

**"Talabat's impact extends beyond logistics; it is actively shaping the digital commerce landscape"**

One standout initiative is “Cart to App,” designed to support food cart owners in their transition to registered restaurant operators. Targeted at young entrepreneurs aged 18–35 in Cairo, Alexandria, the Delta, and the Suez Canal, the program provides infrastructure, technical support, and access to talabat’s digital marketplace. By integrating informal vendors into the formal economy, the initiative strengthens financial inclusion, nurtures youth entrepreneurship, and stimulates local cultural and economic activity.

## Workforce and Skills Development

Talabat has also positioned itself as a key contributor to Egypt’s human capital development. The company offers a spectrum of opportunities, from entry-level positions to advanced roles in data science, operations, and product design. This exposure equips young professionals with both technical and soft skills that are increasingly critical in a digital-first economy. In parallel, the platform creates thousands of indirect income-generating opportunities that provide flexibility for Egypt’s youth. This dual impact, formal career pathways and flexible earning options, supports the development of a dynamic labor market while contributing to the country’s long-term competitiveness.

## Infrastructure and Policy Gaps

Through its daily operations, talabat has developed a close view of the systemic factors shaping Egypt’s digital economy. Persistent challenges include congested urban environments, evolving consumer payment behaviors, and gaps in regulatory clarity. These conditions affect the scalability and efficiency of digital platforms, particularly in fast-growing markets.

To address these issues, three areas require prioritization: expanding digital payment adoption, developing supportive and coherent policy frameworks for online commerce, and strengthening urban infrastructure to accommodate platform-based services.

Achieving this will require stronger collaboration between public and private stakeholders. Closing these gaps would unlock efficiencies across the ecosystem, enabling SMEs to thrive and positioning Egypt as a more competitive digital economy.

## Regional and Global Integration

As part of Delivery Hero’s global network, talabat benefits from exposure to international best practices while adapting them to Egypt’s unique market conditions. Egypt’s ecosystem stands out for its young demographics, entrepreneurial drive, and ongoing reliance on cash transactions—factors that both present challenges and shape innovation. Lessons from Egypt that are relevant globally include strategies for scaling in structurally complex environments and the need for pricing models that address highly price-sensitive markets.

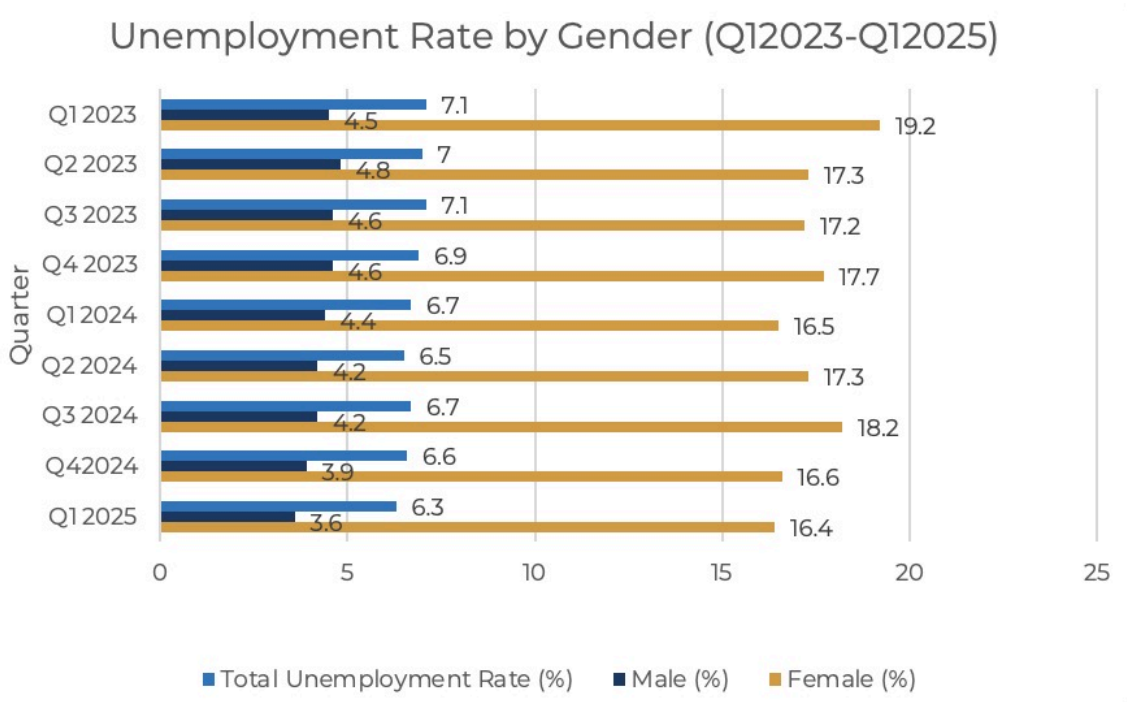
At the same time, Egypt can adopt practices from other regions: from the GCC, expanding digital payment systems and integrating digital identities; from Asia, leveraging models such as cloud kitchens and dark stores to increase efficiency in dense urban areas. By facilitating this two-way exchange, exporting resilience-based insights and importing proven innovations, talabat strengthens its role as a bridge between Egypt and global digital ecosystems.

## 2.2 Youth Unemployment and the Jobs Gap

One of the most persistent structural barriers to inclusive economic growth in Egypt is youth unemployment. The broader unemployment rate stood at 6.6% in 2024, a gradual decrease compared to the previous year. The downward trend continued into Q1 2025, with unemployment falling further to 6.3%, down from 6.4% in Q4 2024 and 6.7% year-on-year—marking one of the lowest rates since official labor force statistics began in 1993 (CAPMAS, 2025). Still, gender disparities persist even amid gradual improvement. Male unemployment declined to 3.6%, from 3.9% in Q4 2024 and 4.4% a year earlier, while female unemployment edged down slightly to 16.4%, from 16.6% in Q4 2024 and 16.5% in Q1 2024.

However, topline unemployment rates obscure deeper structural vulnerabilities. Egypt's labor force participation rate remains relatively stagnant at 45.8% in Q1 2025 (Business Today), still below the MENA average of 49% and significantly lower than global emerging market benchmarks (World Bank, 2025). Regional disparities are also evident: Upper Egypt governorates such as Sohag and Qena record youth unemployment rates nearly double the national average, reflecting entrenched spatial inequities. From an entrepreneurial lens, these gaps have two-sided implications: constrained consumer demand in underemployed areas, but also an untapped youth labor pool for startups operating in digital or decentralized sectors.

**Figure 4:** Egypt's Unemployment Rate by Gender, Q1 2024–Q1 2025. National unemployment reached a record low of 6.3% in Q1 2025, but female unemployment remains nearly five times higher than male unemployment.

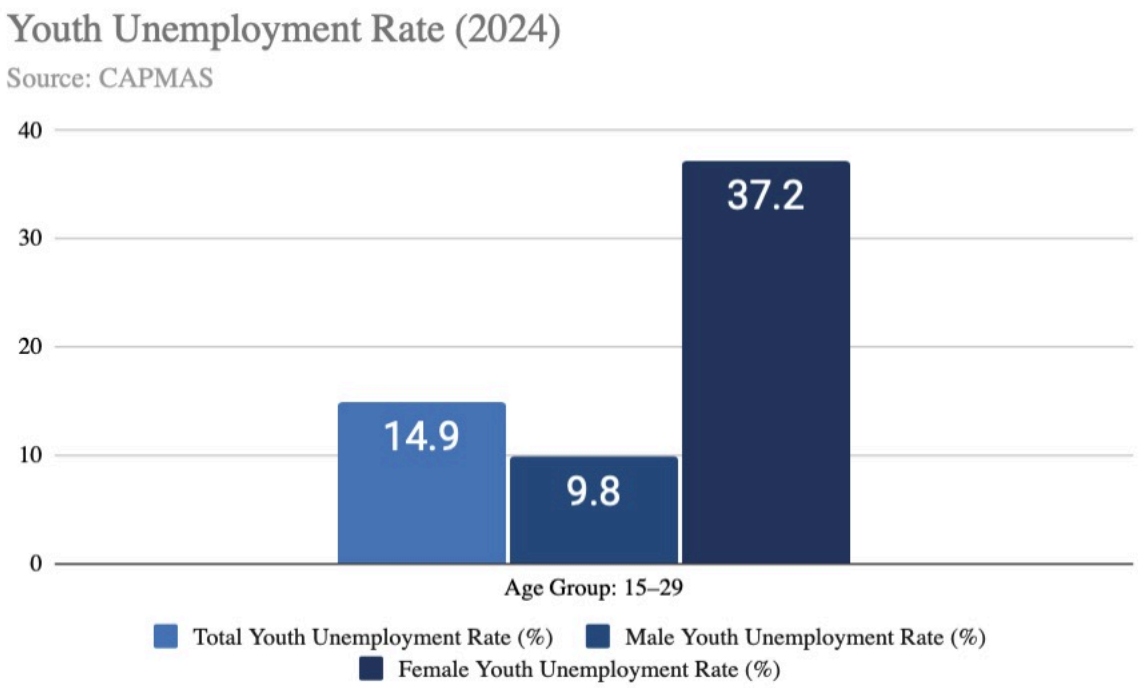



Source: CAPMAS, 2025.

Yet, the latest figures indicate a much larger disparity existing beneath the surface. Most notably, unemployment among Egypt's youth aged 15–29 remains critically high at 14.9% as of 2024, with a sharp gender divide: 9.8% for young men and 37.1% for young women (CAPMAS, 2024). Although disaggregated youth unemployment rates by gender were not officially reported for Q1 2025, recent labor force data confirms that young people accounted for 58.6% of Egypt's total unemployed population, down from 64.6% in Q4 2024—suggesting a modest but fragile improvement (CAPMAS, 2025). These rates continue to place Egypt among the highest youth unemployment countries globally, particularly for young women. For comparison, Morocco and Jordan report female youth unemployment rates of 29.4% and 33.7%, respectively, while Egypt's 37.1% signals persistent gendered exclusion from the productive economy (World Bank, 2024).

Without major interventions, this demographic burden could become a fiscal and social liability: an International Labour Organization study shows that every 1% increase in youth unemployment corresponds to a 0.3% decline in GDP growth potential over five years (ILO, 2023).

**Figure 5:** Youth Unemployment by Gender (Ages 15–29), Q1 2025. A severe gender gap persists: young women face a 37.2% unemployment rate compared to 9.8% for young men.




Source: CAPMAS, 2025.

These figures reflect structural imbalances in Egypt's labor market—driven by a mismatch between skills and private sector demand, slow public sector absorption, inadequate vocational pathways, and the necessity to implement gender-sensitive employment tools. From an entrepreneurial perspective, youth labor surplus represents both a challenge and an opportunity: a challenge in terms of the urgency for job creation, and an opportunity for startups to become engines of employment and innovation if provided with the right support mechanisms.

With nearly half of Egypt's population under the age of 24, the country faces mounting pressure to expand job opportunities and public services. Harnessing this demographic structure as a dividend—rather than a liability—requires targeted efforts to promote youth employment, particularly through the economic empowerment of young women, who remain disproportionately excluded from the formal labor force.

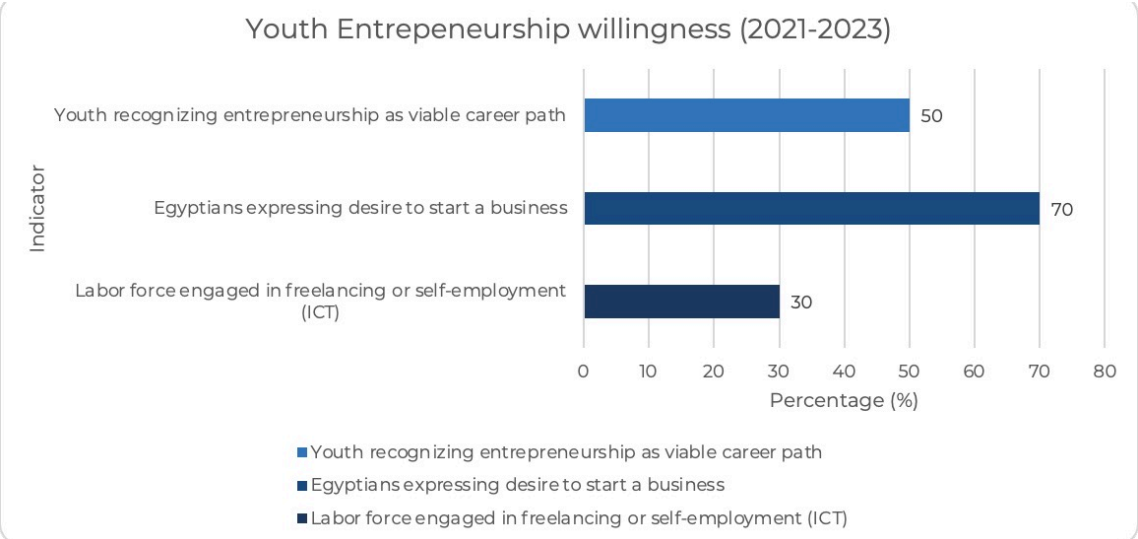
Egypt's economy adds fewer than 800,000 formal jobs per year, while over 1 million youth enter the labor market annually (MPED, 2023). This employment gap—nearly 200,000 unabsorbed new entrants per year—can only be bridged by scaling non-traditional employment generators, especially startups and self-employment. The experience of India and Kenya shows that with the right incentives, digital entrepreneurship ecosystems can absorb 10–15% of new labor entrants within five years (GSMA, 2023).

Entrepreneurship is a key absorption tool, employing 50k by 2024, with the potential to expand substantially. Egypt's youth continue to demonstrate a strong orientation toward entrepreneurship and self-reliance, making them a key driver in the entrepreneurial space. According to the International Labour Organization, about 50% of young Egyptians recognize entrepreneurship as a viable career path (ILO, 2021). In addition, more than 70% of Egyptians expressed a desire to start their own business, viewing it as a positive career option (IOM, 2021).

This ambition is further supported by the rise of gig work—particularly in ICT—where young Egyptians are turning to flexible employment models. According to ITIDA, over 30% of Egypt's labor force is now engaged in freelancing or self-employment in digital sectors (ITIDA, 2023).

However, high ambition does not always translate into sustainable outcomes. Egypt's startup failure rate within the first 3 years remains above 65%, largely due to poor access to capital, mentorship gaps, and regulatory burdens (Startup Genome, 2024). Addressing this gap between intent and execution is central to realizing youth-led entrepreneurial potential at scale.

Figure 6: Entrepreneurial Intent and ICT Freelancing, 2023–2025. Over 70% of Egyptians express startup ambitions; 30% are engaged in freelance or digital self-employment, especially in urban centers.



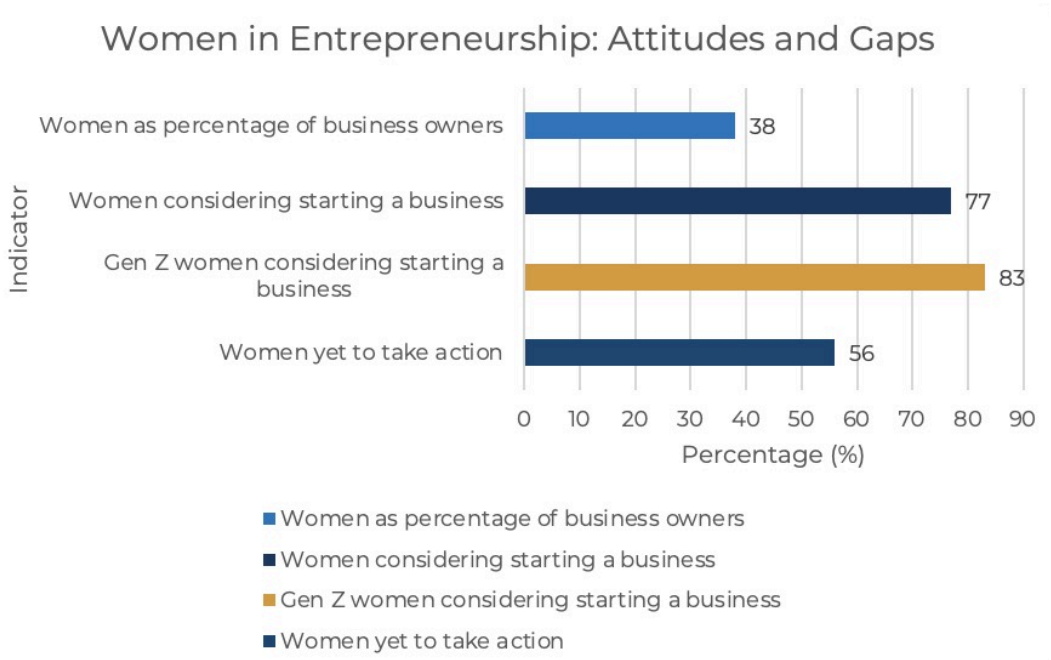

Source: ITIDA (2023) & IOM (2021)

Youth unemployment is not merely a social challenge—it is a litmus test for Egypt's economic inclusivity and its willingness to become a regional leader in innovation. Without targeted reform to connect young people to entrepreneurial and digital economy pathways, the labor mismatch will persist, and the promise of startups as vehicles for inclusive growth will remain under-realized.

In particular, the gender disparity is heavily pronounced, revealing a deep-rooted labor exclusion that cannot be overcome without targeted policy. While some tech sectors such as e-commerce and digital marketing have proven more inclusive to young women, the overall ecosystem still lacks the systemic inclusion frameworks required to shift these outcomes at scale. According to Mastercard's latest report, women constitute approximately 38% of business owners in Egypt. Furthermore, 77% of women in Egypt have considered starting or running their own business—rising to 83% among Gen Z women. However, 56% have yet to take action, reflecting inequitable access to financial tools and entrepreneurial guidance (Mastercard, 2025).

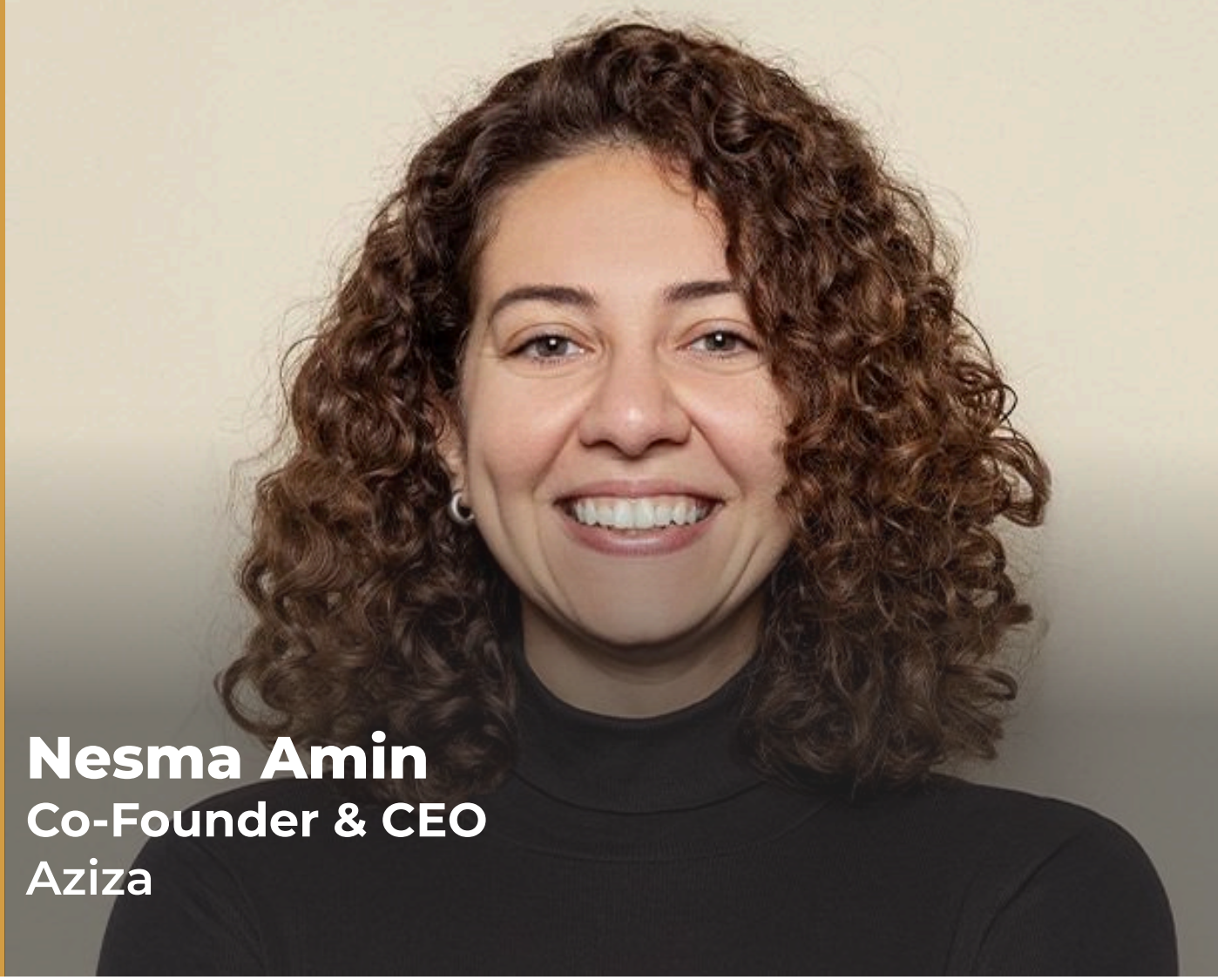
The SDR's recommendations on inclusive financing (Section VI.15) directly respond to this intent-execution gap by proposing women-focused pre-seed funding vehicles, flexible collateral models, and incentive-linked training programs. Moreover, legal and policy reforms—such as stronger enforcement of non-discrimination in public procurement and targeted support for female-led startups in Upper Egypt—are key enablers of female entrepreneurship.

**Figure 7:** Female Entrepreneurial Intent vs. Action (2025) Intent remains high, especially among Gen Z (83%), but 56% of women face structural and financial barriers to business formation.




Source: Mastercard (2025).

In rural areas, gender disparities are even more pronounced. While women make up a large share of the agricultural labor force, they own only 5% of agricultural land, compared to 95% owned by men, due to legal, financial, and social constraints (Khodary, 2022). This structural exclusion limits women's ability to use land as collateral—effectively barring them from commercial credit markets. Female-led agri-enterprises often rely on informal lending or donor grants. The SDR recommends that gender-responsive land titling and rural enterprise guarantee funds be considered as part of regional equity strategies



# Nesma Amin
## Co-Founder & CEO
## Aziza

### Brief Introduction about the Company

Aziza, founded by Nesma Amin, is a women's health venture dedicated to social inclusion and empowerment. The company focuses on breaking down barriers in access to menstrual and reproductive health tools, especially for underserved women and girls across Egypt. Aziza's work combines technology with cultural sensitivity, offering a free, trusted digital companion while also engaging directly on the ground through workshops, ambassador trainings, and NGO partnerships. By addressing systemic challenges in awareness, education, and healthcare access, Aziza fosters a supportive environment where women can better understand their bodies, make informed decisions, and thrive in their health journeys.

### Societal Perceptions and Traditional Gender Roles Affecting Women Entrepreneurs:

Societal perceptions and traditional gender roles significantly impact women entrepreneurs. Women are often perceived as less competent, particularly within male-dominated sectors such as technology, frequently encountering skepticism regarding their capabilities compared to male counterparts.

When balancing family responsibilities with professional endeavors, their priorities are often questioned by society and professional networks.
Substantial changes are needed to address these challenges; Investors are encouraged to recognize and mitigate unconscious bias during funding decisions, thereby addressing the significant funding gap faced by women founders in venture capital. The creation of mentorship opportunities specifically tailored for women is advocated, ensuring mentors comprehend the unique challenges encountered, thereby facilitating the building of appropriate networks and access to funding. However, the most significant transformation is anticipated from policies promoting shared caregiving responsibilities, including flexible work schedules and paternity leave for male partners.

**"Programs like Plug and Play in Aswan highlight a positive step towards wider geographical inclusion, especially in areas such as Agritech."**

## Differentiation and Key Initiatives

The entrepreneurial ecosystem in Egypt demonstrates increasing inclusivity through initiatives that promote women in technology and programs offering capacity building and training for young entrepreneurs. While not personally leading such initiatives, Amin aligns with and champions efforts to cultivate and access entrepreneurs, particularly those who have piloted solutions within their communities. In her words, Amin explained that "programs like Plug and Play in Aswan highlight a positive step towards wider geographical inclusion, especially in areas such as Agritech," which underscores the need for more such initiatives with funding access across all of Egypt, beyond major hubs like Cairo.

## Main Ecosystem Challenges

1. **Inclusivity for Underrepresented Groups in Egypt's Entrepreneurial Ecosystem:** Despite growing inclusivity, entrepreneurs from rural or underserved areas may still face limited access to in-person networking events or innovation hubs. This indicates a geographical disparity in resource accessibility.
2. **Specific Barriers in Accessing Resources**: Underrepresented groups encounter distinct barriers regarding visibility and access to funds. Many investors prioritize established networks, where underrepresented groups possess reduced visibility. Furthermore, underrepresented founders may lack access to training or education concerning securing funding, navigating financial institutions, or preparing compelling pitches. Industry events and networking opportunities may not be designed to adequately include or accommodate underrepresented founders- a challenge particularly pronounced for entrepreneurs from rural areas.

## Achievements and Future Directions

There are positive shifts within the Egyptian entrepreneurial ecosystem towards greater inclusivity, particularly through initiatives supporting women in tech and youth entrepreneurship. As afore-mentioned, the expansion of programs like Plug and Play to regions like Aswan is acknowledged as a significant achievement towards cultivating and accessing entrepreneurial talent from diverse geographical backgrounds. Future directions involve the continued advocacy for expanded funding access and tailored support mechanisms across all of Egypt, ensuring equitable opportunities for underrepresented groups.

## Advice for Future Entrepreneurs

For the entrepreneurial landscape, there is a clear need for investors to actively address and mitigate unconscious biases in funding decisions. The establishment of mentorship opportunities specifically designed for women, led by mentors who understand gender-specific challenges, is crucial for network building and funding access.

Advocating for policy changes that promote shared caregiving, such as flexible work schedules and paternity leave, is identified as a fundamental step. The expansion of capacity building, training programs, and funding access beyond major urban centers to rural and underserved areas is essential for fostering broader inclusivity. Overall, the ecosystem is advised to focus on increasing visibility for underrepresented groups and providing tailored education on financial navigation and pitching.

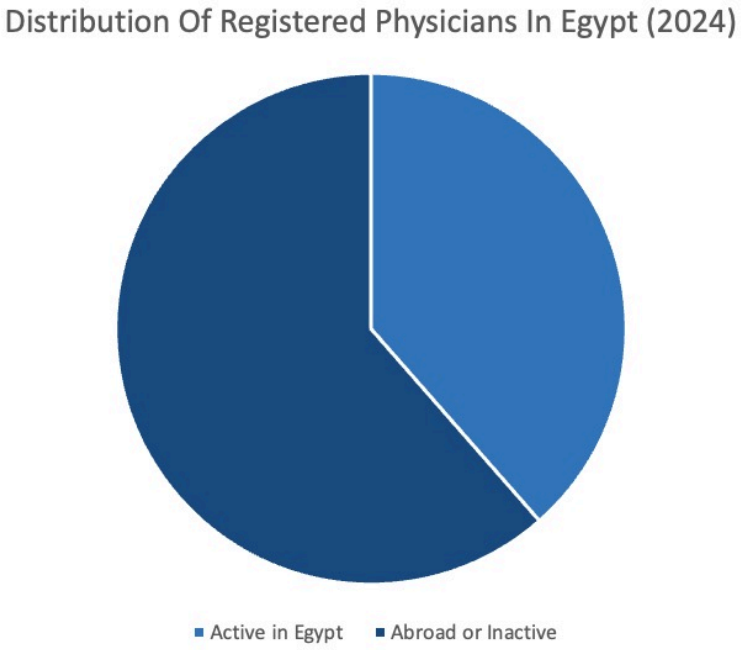
## Aziza's promise

Aziza's promise centers on fostering a more equitable and inclusive health landscape for women and girls in Egypt. This commitment means challenging societal perceptions, breaking menstrual health stigma, and ensuring that accurate information and tools are accessible to everyone, regardless of background. It also involves building pathways for underserved women to be part of the digital health ecosystem, while creating trust through culturally sensitive design and on-the-ground engagement. Through these efforts, Aziza works to dismantle systemic barriers to health education, support, and care, empowering women to take control of their wellbeing and realize their full potential.

The broader labor market continues to be skewed toward low-productivity sectors and sectors with high levels of informality. According to the latest labor force data, employment remains heavily concentrated in agriculture (18.8%), wholesale and retail trade (15.3%), and construction (14.1%), with only 13.2% employed in manufacturing and a marginal 2.8% in ICT—the very sectors typically associated with scalable job creation and innovation (CAPMAS, 2024). According to MPED, the agricultural sector generates 15% of GDP while utilizing 18.8% of the labor force, yielding a productivity ratio of 0.80—indicating that agricultural labor productivity is below the national average (MPED, 2024). By contrast, ICT and manufacturing sectors each produce more than double the output per worker compared to agriculture, yet they employ fewer than 16% of Egypt's labor force combined (MPED, 2025). Realigning employment toward these sectors will require major investments in skills transfer, startup incubation, and job-matching infrastructure.

The persistent effects of inflation and currency instability have contributed to a growing brain drain in Egypt—most notably in the healthcare sector. In the medical field, although Egypt produces approximately 10,000 medical graduates annually, the number of physicians per 10,000 people declined from 7.8 in 2016 to 6.8 in 2020, As of 2025, Egyptian Medical Syndicate (EMS) 212,835 registered doctors licensed to practice in Egypt, only around 82,000 are active in Egypt's public system, with 62% of EMS's registered physicians living abroad, underscoring a significant outflow of skilled professionals seeking more competitive compensation abroad (Ismail, Hebatalla Ahmed, and Sungsoo Chun. 2025.)

**Figure 8: Distribution of Registered physicians in Egypt:** Only 82,000 of 212,835 registered physicians are active in Egypt's public system. A 61.5% outmigration rate underscores a worsening healthcare talent crisis.

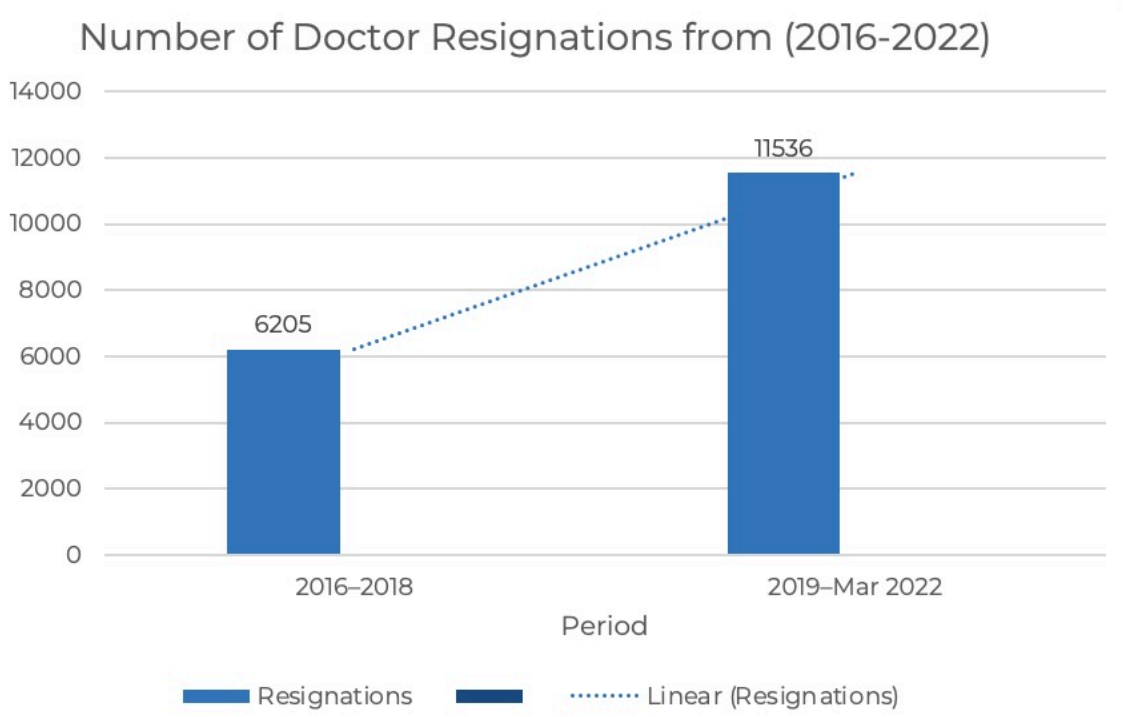



Source: Egyptian Medical Syndicate (2025) & Chun and Ismail (2025).

This dynamic not only creates domestic service gaps, particularly in underserved rural areas, but also imposes higher fiscal costs for replacing or retaining essential talent.

In contrast, the ICT sector has seen positive growth, growing 5.8% (2023/24) and projected to reach 8% by 2026. ICT has been seen as a strategic sector by the government as a driver for digital transformation and facilitating Egypt as a nearshoring hub. In Q2 2024/2025, the ICT sector experienced a growth rate of 10.4%, positioning it among the fastest-growing sectors in Egypt.

**Figure 12: Number of Doctor Resignations from (2016-2022):** This bar chart visually compares the number of doctor resignations from Egypt's government health sector across two periods:
● 2016–2018, with 6,205 resignations ● 2019–March 2022, with 11,536 resignations




Source: Egyptian Medical Syndicate (2025) & Chun and Ismail (2025).

The graph illustrates a staggering 86% increase in doctor resignations between the two periods. This spike in departures between 2019 and March 2022 strongly correlates with the COVID-19 pandemic, which placed immense pressure on Egypt's already strained public healthcare system.
Several compounding factors likely contributed to this trend:

- **Increased health risks and burnout** among frontline doctors during COVID-19
- **Inadequate compensation** and limited workplace protections
- **Lack of support for postgraduate training**
- **Frequent assaults on doctors and poor security in hospitals**

Despite a government goal announced in 2019 to attract 60,000 doctors back to public service, the healthcare workforce continued to shrink. This growing exodus reflects significant difficulty in attracting additional medical labor force but also broader systemic barriers in providing competitive wages, working conditions, and legal protections for Egypt's medical professionals. (Egyptian Medical Syndicate, Middle East Monitor).

## 2.3 Investment Climate and Capital Flows (VCs, DFIs, LPs)

Egypt's investment climate has shown signs of both volatility and resilience over the past two years. In 2024, foreign direct investment (FDI) reached a record $46.6 billion, making Egypt the ninth-largest FDI recipient globally—a dramatic leap driven by the landmark $35 billion Ras El-Hekma deal with the UAE's ADQ, which accounted for over 75% of total inflows that year (Intelpoint 2025; UNCTAD/Business Insider Africa 2025). In Q1 FY2024–25, net FDI inflows amounted to $2.7 billion, a 16% increase YoY, while the net direct investment flow under the balance of payments totaled $6.5 billion, reflecting concurrent growth in outward FDI and reinvested earnings (CBE and ArabFinance 2025).

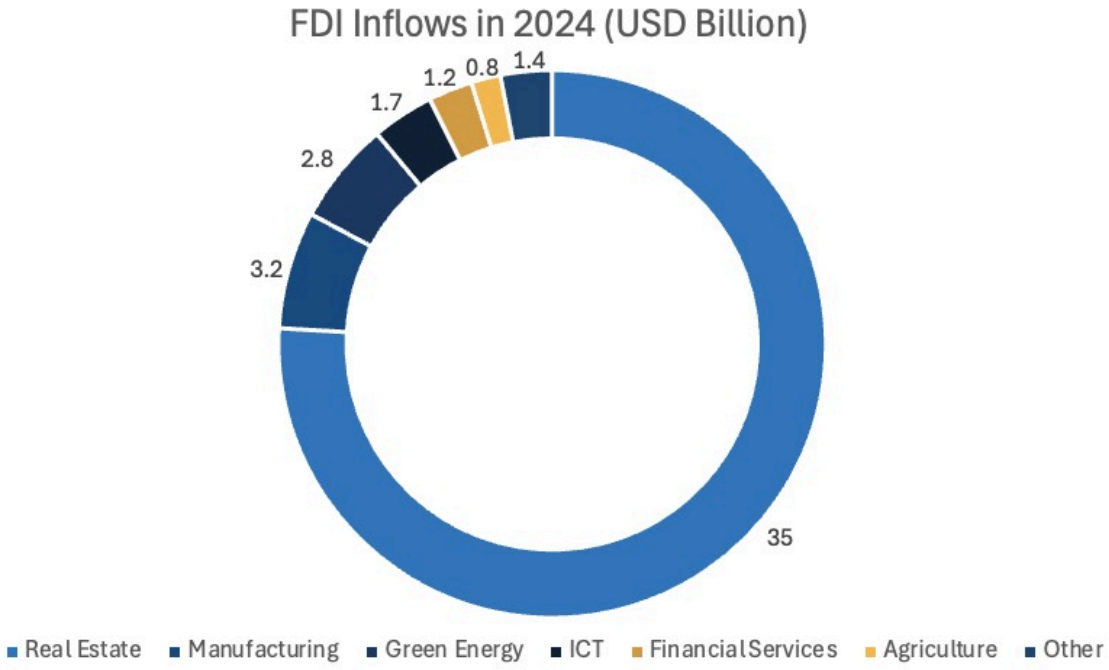
Egyptian corporates such as Elsewedy Electric and Juhayna have continued regional expansion—investing in manufacturing plants, logistics hubs, and cross-border infrastructure. This outward movement complements reinvested profits in sectors like construction materials, agrifood, and energy, reinforcing Egypt's role in deeper regional capital integration. Meanwhile, Egypt is targeting $42 billion in FDI for FY2025–26, alongside a strategic push to enhance investor confidence following its global ascension in FDI rankings (MOIC 2025).

Building on the momentum of the Ras El-Hekma megadeal, Gulf Cooperation Council (GCC) member states have expanded their footprint in Egypt's investment landscape, channeling renewed FDI flows into strategic sectors , most notably real estate. These inflows have played a stabilizing role, partially offsetting the investment pressures arising from global trade disruptions and shifting capital flows due to geopolitical uncertainty. Crucially, the GCC's commitment extends beyond project-level engagement. Regional investors remain closely attuned to Egypt's fiscal and monetary policy trajectory.

As geopolitical tensions across the region heighten, Egypt's adherence to macroeconomic reform has served as a key confidence anchor. The government's decisive moves toward currency liberalization, fiscal consolidation, and sovereign asset monetization have signaled alignment with GCC expectations for discipline and transparency. Investor appetite has grown accordingly.

Recent FDI inflows, recorded an expected decline across the entirety of Q1 FY2024/25. Egypt attracted $6.5 billion in net FDI inflows, a slower pace compared to the exceptional volumes recorded in full-year 2024, yet a stronger performance than the same quarter in FY2023/24. The government is now targeting $12–15 billion in total FDI for the fiscal year, a more modest yet realistic benchmark given prevailing global economic headwinds (Egypt Today, 2025). Nonetheless, this figure reflects a healthy normalization following the one-off 2024 inflows and still represents a 16% increase compared to Q1 FY2023/24.

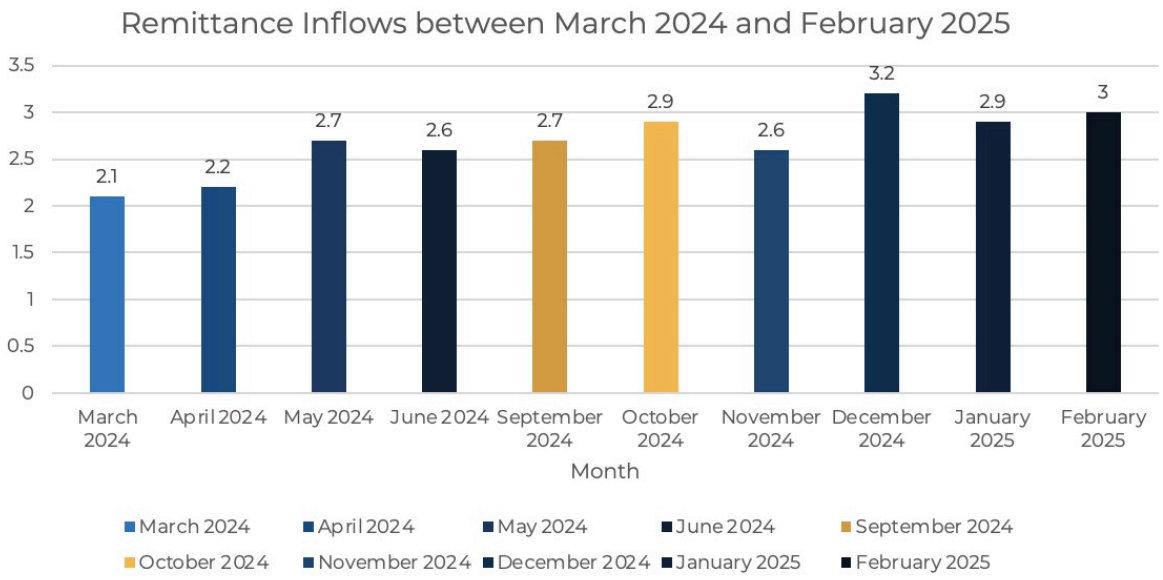
**Figure 9:** Sectoral Composition of FDI Inflows, 2024. Real estate dominated FDI inflows in 2024, accounting for over 75% of total volume—largely due to the Ras El-Hekma megaproject. However, green energy, manufacturing, and ICT also attracted meaningful levels of investment, reflecting investor interest in productive sectors aligned with Egypt's reform and sustainability priorities.




Source: Ministry of Planning and Economic Development (2025), Enterprise (2025)

A substantial share of Egypt's recent external inflows has been allocated to bolstering net international reserves, positioning them as a strategic buffer against external shocks. According to the IMF's Assessment of Reserve Adequacy (ARA) metric, Egypt has now attained a reserve position that meets prudential adequacy thresholds. Since January 2024, net international reserves have increased by approximately USD 13 billion, reflecting both improved foreign currency inflows and active reserve management by the Central Bank of Egypt (CBE).

**Figure 9:** Egypt's Net International Reserves rose from $41.1 billion in April 2024 to $48.1 billion by April 2025, supported by a 45% increase in gold reserves and rising FX inflows. This upward trend signals a gradual rebuilding of external buffers.




Source: CBE (2024/2025)

This relative resilience in FDI comes amid widening external pressures, including a surge in the trade deficit, a steep 62.3% decline in Suez Canal revenues to $1.8 billion in H1 FY2024/25, continued reliance on oil imports due to faltering export rates, and significant outflows in portfolio investment. Egypt's foreign trade deficit increased by 47.4%, driven by a $27.5-billion trade gap in H1, further weighed on the current account, which posted an $11.1-billion deficit, and contributed to an overall balance of payments shortfall of $502.6 million during this period (CBE, 2025)

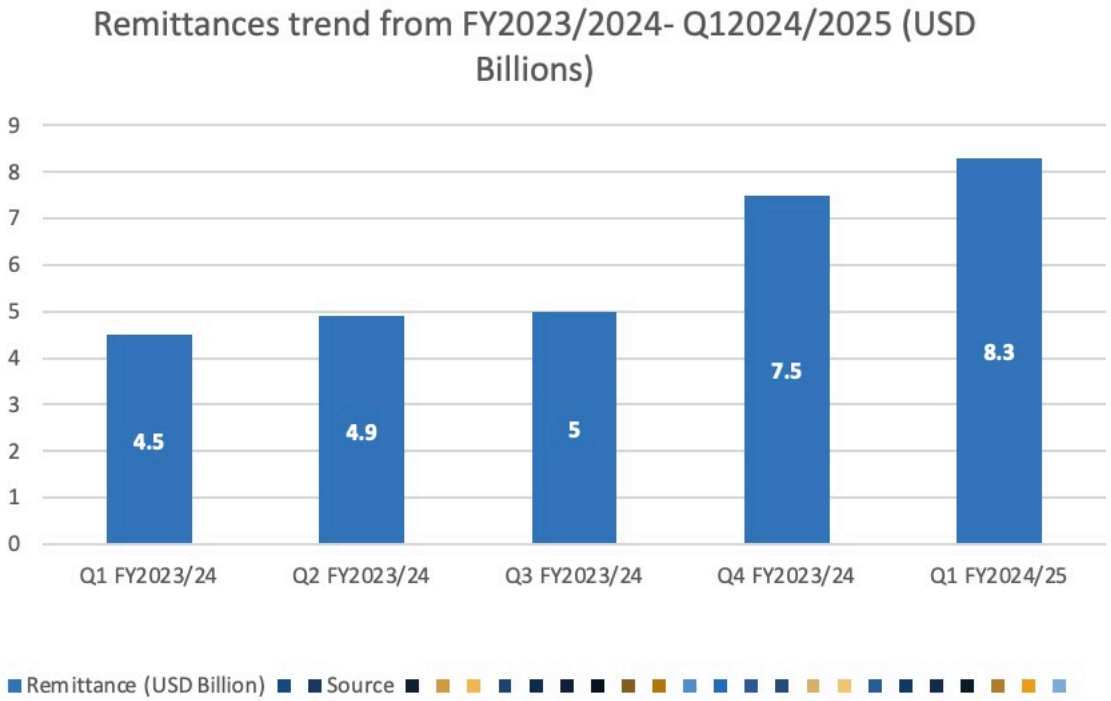
In parallel, portfolio investment flows sharply reversed, with Egypt recording a net outflow of $3.7 billion, compared to a net inflow of $253 million in H1 FY2023/24—likely a result of investor caution amid global repricing and domestic policy uncertainty (CBE, 2025) . Capital flight intensified as regional volatility prompted a shift toward safer assets, while Egypt's still-substantial public debt—servicing costs approaching 60% of government revenue—continued to undermine investor confidence.

It is also imperative to note that oil import demand may pick up further during the summer months due to rising electricity use, which could exacerbate external imbalances and inflationary pressures.

Egypt's external financing landscape in H1 FY2024/25 revealed a stark divergence between remittance inflows and portfolio investment behavior. On the positive side, remittances surged 82.7% year-on-year to approximately $26.4 billion during July–March 2025, one of the highest three-quarter inflows on record (Arab Finance, 2025). This dramatic recovery reflects the elimination of parallel FX market distortions after Egypt's currency floated in early 2024, redirecting diaspora transfers into formal banking channels and bolstering foreign reserves and the current account. Tourism revenues also rebounded strongly: Egypt welcomed 3.9 million tourists during Q1 2025, a 25% increase year-on-year, contributing to record first-quarter revenues (Enterprise, 2025; CBE, 2025). Additionally, total tourism receipts for 2024 are estimated at $15.3 billion, underscoring sustained recovery (AGBI, 2025).

Meanwhile, portfolio investment flows sharply reversed, with a net outflow of $3.7 billion in H1 FY2024/25, compared to a $253 million inflow in the same period a year earlier (CBE, 2025). This reversal reflects global repricing, domestic policy uncertainty, and shifting investor preferences toward safer assets. Egypt's still-high public debt burden—interest payments consume close to 60% of government revenues—remains a structural vulnerability dampening investor confidence.

**Figure 10:** Remittance inflows grew steadily, reaching a quarterly high of $8.3 billion in Q1 FY2024/25—up from $4.5 billion in Q1 FY2023/24. This doubling reflects increased formal channel usage following the March 2024 exchange rate float.



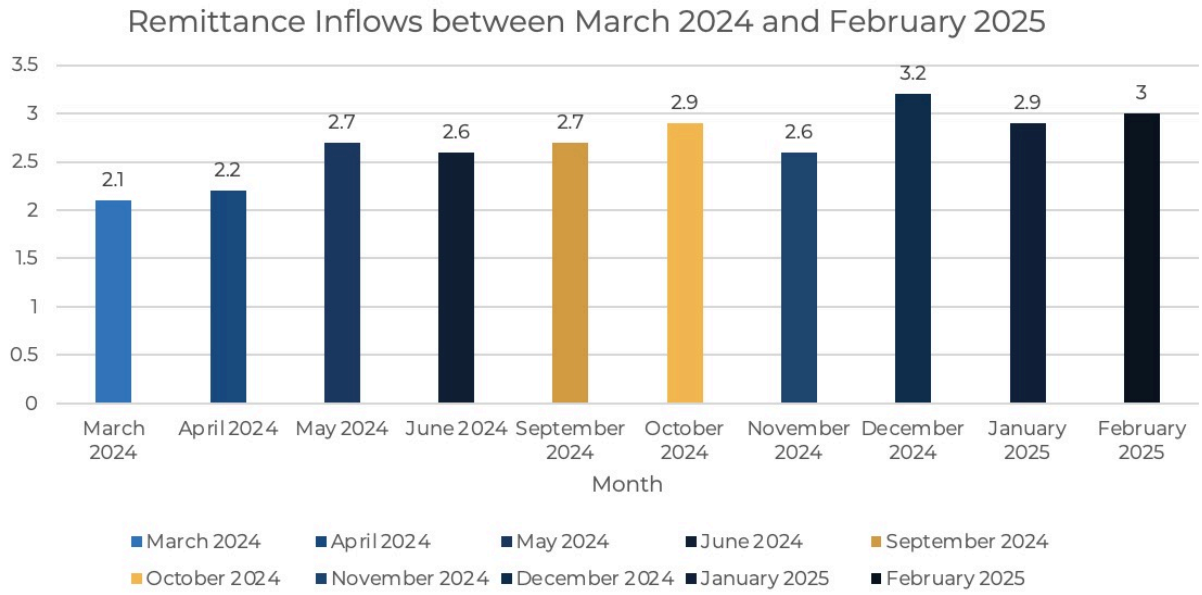

Source: Central Bank Balance of Payments 2023/2024-2024/2025

Remittances Remittances are projected to maintain their upward trajectory throughout 2025, with forecasted inflows of USD 32 billion by the end of the fiscal year (Enterprise, 2025). This represents a substantial recovery from the USD 22.1 billion recorded in FY2022/23, and brings the country closer to the peak level of USD 31 billion seen in FY2020/21. In 2024, remittances accounted for approximately 8% of Egypt's GDP, reinforcing their role as a critical source of foreign currency and a key component of the country's external financing framework. Beyond their contribution to household consumption and balance of payments support, robust remittance flows also help stabilize the foreign exchange market, thereby reinforcing investor confidence and facilitating access to hard currency for the private sector.

Yet even with these strong household-level inflows, the entrepreneurial sector remains dependent on institutional capital—particularly venture funding—for innovation and scale. As macroeconomic risks ease, attention is turning to the performance of Egypt's venture capital markets and their role in sustaining startup dynamism.

However, this momentum remains highly sensitive to FX stability and the government's ability to sustain formal transfer channels. Any renewed widening of the parallel market or erosion of monetary credibility could undermine this progress and divert flows away from the official banking system.

**Figure 16:** Remittance inflows remained consistently strong over the 12-month period, with December and January accounting for the highest shares (10.2% each). The pattern reflects seasonal surges and structural recovery following currency liberalization.




Source: CBE (2024/2025)

The venture capital space continued to lose momentum in 2024, largely due to the absence of outlier deals such as MNT-Halan's major round in the previous year. Egypt recorded USD 334 million in VC funding in 2024, down from USD 608 million in 2023—a trend that followed a 17% decline in 2023 versus 2022 (Wamda, 2023). However, this contraction does not fully reflect the ecosystem's underlying resilience. Wamda data shows the pace of decline slowed in 2024, with VC funding dropping just 6% year-on-year. Notably, debt-based financing fell 174%, signaling a recalibration toward equity-centric funding models. Excluding debt, net equity investments remained stable: USD 334 million in 2023 and USD 315 million in 2024, indicating investor consistency across early- and mid-stage ventures.

These trends have started to reverse in 2025. According to Egypt's Ministry of Planning and Economic Development, startups secured USD 228 million in venture capital during the first five months of the year (MPED, 2025). Momentum picked up notably in Q2: in May 2025 alone, MENA startups raised USD 289 million, with Egypt leading regional activity—bolstered by Nawy's USD 75 million round (Wamda, 2025). Despite a dip to USD 52 million in June, Egypt remained the region's second-highest recipient of VC funds after the UAE (Wamda, 2025). This rebound indicates a nascent recovery in VC flows, with renewed investor appetite across equity segments, even as mega-deals remain scarce.

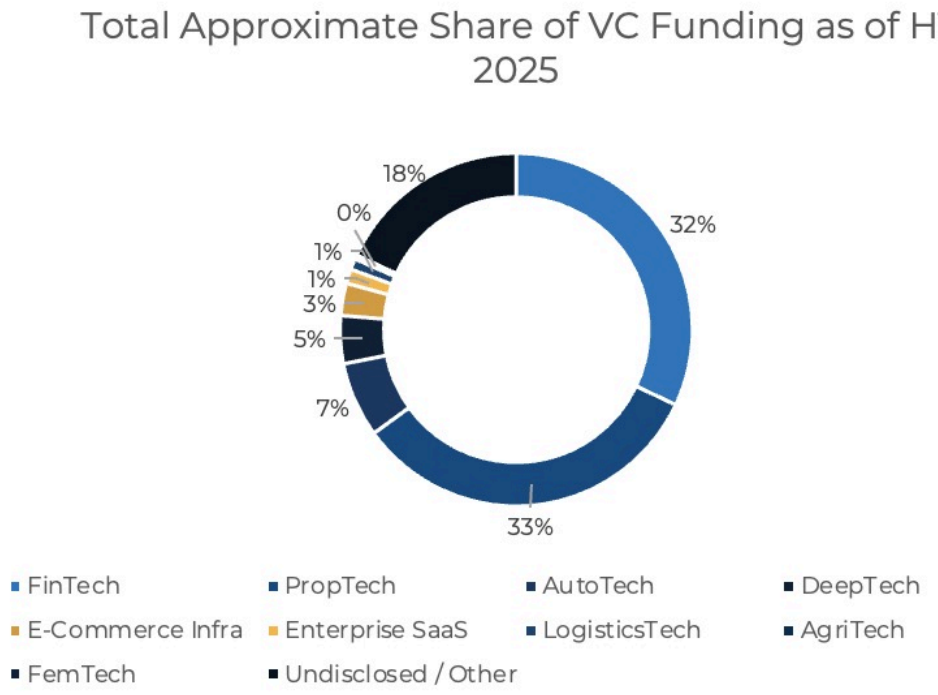
**Figure 11:** Egypt attracted $334 million in startup funding across 84 deals in 2024, with the majority of capital sourced regionally. The participation of 26 foreign investors reflects Egypt's continued integration into cross-border venture flows. In contrast, regional venture flow into Egypt sends signals of regional market confidence in Egypt's entrepreneurship and innovation landscape, with 71% of VC financing coming from within the MENA region.


Source: Wamda, (2024).

# 2.4 Emerging Signs of Recovery in 2025: Egypt's Rebound in Context

After nearly two years of protracted economic uncertainty, Egypt's startup ecosystem is showing compelling signs of resurgence in early 2025. The first five months of the year recorded approximately USD 228 million in venture capital and debt financing, reflecting a 130% year-on-year increase from the USD 88.7 million secured during the same period in 2024. This rebound not only signals a return of investor confidence but also positions Egypt among the strongest early movers in regional capital recovery, especially compared to MENA peers like Jordan and Tunisia where early 2025 investment volumes remained relatively flat.

**Figure xx: Total Approximate share of VC Funding as of H1 2025:** The donut chart illustrates the relative distribution of venture capital funding across key startup sectors in the MENA region during the first half of 2025.




Source: Wamda 2025, Enterprise 2025, StartUp Scene 2025 (Note: the following data is an approximate of all disclosed deals in H12025)

**PropTech** emerged as the leading recipient of VC investment, accounting for 33% of total funding, narrowly ahead of FinTech at 32%, underscoring the region's growing appetite for real estate innovation and digital finance.

**AutoTech** ranked third with 6.89%, followed by DeepTech (4.39%), reflecting interest in frontier technologies. Meanwhile, sectors such as E-Commerce Infrastructure (2.96%), Enterprise SaaS (1.32%), **LogisticsTech** (1.01%), and **AgriTech** (0.20%) attracted smaller funding volumes. **FemTech**, captured under "Undisclosed/Other", accounted for a minor share through a $250K investment in Motherbeing.

The "Undisclosed/Other" category represents 18.23% of the total, indicating a notable portion of deals without publicly available sector classifications—highlighting transparency gaps in early-stage reporting or diversified deal structures that span multiple sectors.

This sectoral breakdown reveals a concentrated funding landscape, with over 65% of VC capital funneled into just two verticals, while others remain undercapitalized.

This early recovery is not an isolated financial event, it is the result of multiple converging structural and policy shifts that have recalibrated investor risk appetite, enhanced startup resilience, and reduced macroeconomic uncertainty. Four major factors underpin this shift:

### 1 Macroeconomic Stabilization and FX Liquidity Improvements

Although Egypt continues to face structural challenges—such as elevated public debt levels, dependency on food and energy imports, and inflationary pressures—recent monetary and fiscal policy coordination has begun to stabilize key indicators:

- **Headline inflation fell from 35.7% in mid-2023 to 13.9% in April 2025** (CAPMAS, 2025), driven by reduced food price volatility and import normalization post-currency floatation.
- **Core inflation declined to 10.4%** in the same period, enabling a more predictable business environment for startups and SMEs.
- **Following the full liberalization of the currency in March 2024**, the parallel market premium on FX narrowed sharply, restoring confidence among foreign LPs and regional funds.
- **Net international reserves rose by 17.3% year-on-year**, easing fears of foreign exchange illiquidity and enabling smoother repatriation for investors.

Together, these macroeconomic improvements have addressed one of the biggest investor concerns of 2023: capital lock-in due to FX restrictions and unclear monetary policy.

### 2 Regulatory Reform and Strategic Focus in FinTech

Egypt's FinTech sector, long hailed as the ecosystem's bellwether, has played an outsized role in this early-stage recovery. The Central Bank of Egypt (CBE), in its 2024 FinTech Strategy Report, implemented several reforms that catalyzed investment momentum:

- **Regulatory sandbox expansion** now allows more startups to test payment, lending, and insure-tech products in controlled environments.
- **The issuance of simplified digital banking licenses** and tiered regulatory tracks for wallets, savings apps, and lending platforms has given clarity to both founders and investors.
- **The Nclude Fund,** co-established by Banque Misr, CIB, and Banque du Caire, disbursed over USD 25 million in 2024–25 across eight FinTech startups—crowding in additional follow-on capital from regional VCs.

Crucially, these reforms are being implemented in tandem with institutional de-risking measures, such as the introduction of venture-friendly insolvency procedures under CBE oversight. As a result, Egypt's FinTech vertical has evolved into a strategically aligned, moderately regulated, and high-return space—with five out of the top ten funded startups in early 2025 operating within payments, embedded finance, or SME lending.

### 3 Sectoral Diversification and Ecosystem Maturity

Unlike the over-concentrated investment waves of 2021–2022—driven by a few mega-deals in logistics and mobility—2025 is witnessing a broader base of investment activity:

- **Pre-Series A and early-growth stage deals** now account for over 70% of funding volume, reflecting improved seed-stage pipeline development and local fund participation.
- **Sectors such as HealthTech, AgriTech, ClimateTech, and EdTech** have gained notable investor traction. Notably, Cleantech startups secured USD 18 million collectively in Q1–Q2 2025 alone, according to the Cleantech Report (Entlaq & MoPEDIC, 2025).
- **Egypt's growing pipeline of women-led startups**, particularly in e-health and consumer tech, also contributed to increased deal volume. Although still underfunded relative to male-led startups, female founders accounted for 11% of deals closed in early 2025, up from 6.7% in 2024.

This diversification reflects a maturing ecosystem that is less reliant on unicorn-scale raises and more grounded in resilient, scalable business models across high-need sectors.

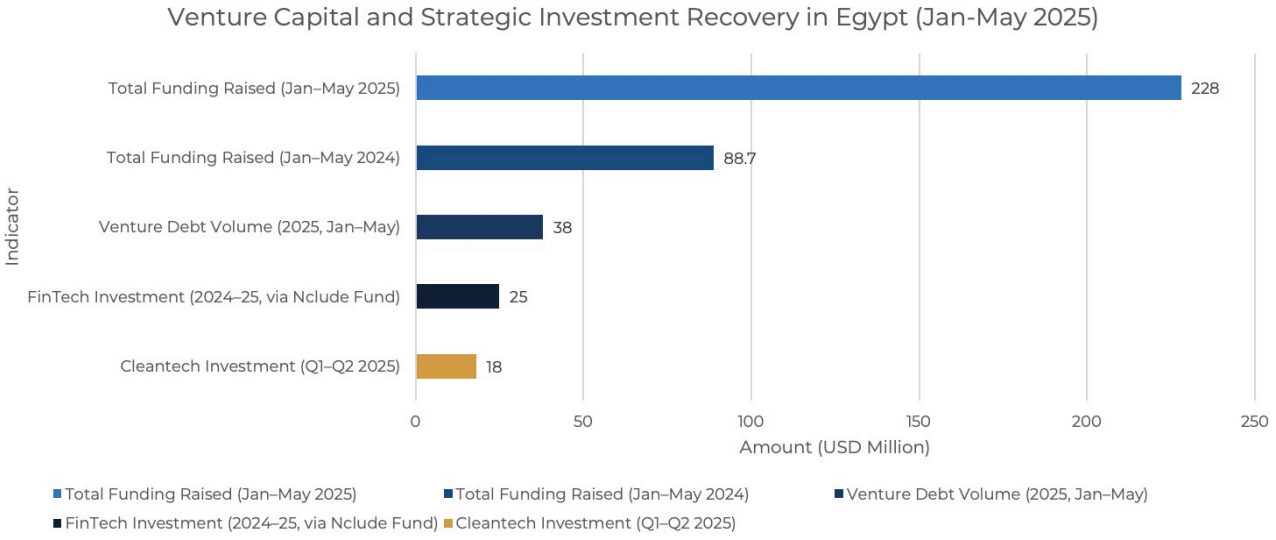
### 4 Investor Base Evolution and Capital Market Depth

Another key indicator of recovery is the evolution of Egypt's investor base:

- **Regional VC participation has returned,** with new investments recorded from Middle East Venture Partners (MEVP), Algebra Ventures Fund II, Global Ventures, and Flat6Labs' regional funds.
- **Debt instruments and blended finance are becoming more prevalent.** At least USD 38 million of the USD 228 million raised was in venture debt, according to internal Entlaq tracking. This marks a strategic shift toward capital structures better suited to cash-flow positive or asset-heavy startups.
- **Local institutional capital**—including development banks and quasi-public agencies—is more active than in prior years. The Egyptian Sovereign Fund is currently co-deploying capital with private VC funds, further de-risking early-stage plays.

Egypt's startup ecosystem has not just stabilized—it is reconfiguring itself structurally, supported by macroeconomic recalibration, sectoral realignment, and regulatory responsiveness. While total annual deal volume is unlikely to return to 2021 levels in nominal terms, the first five months of 2025 already represent a stronger, more balanced recovery than any peer in North Africa or the Levant.
The challenge ahead is not just to sustain this momentum—but to deepen it, by reducing remaining regulatory friction, ensuring capital inclusion, and reinforcing the local VC infrastructure to withstand external shocks. Nevertheless, 2025 is shaping up to be a turning point, not just in capital flows, but in the strategic depth and resilience of Egypt's entrepreneurial ecosystem.

**Figure 12: Venture Capital and Strategic Investment Recovery in Egypt (Jan-May 2025).** This chart illustrates the resurgence of capital inflows into Egypt's startup ecosystem during the first five months of 2025, highlighting a 130% increase in total funding compared to the same period in 2024. The composition of funding reflects growing adoption of venture debt, sectoral momentum in FinTech and Cleantech, and early-stage investor re-engagement following macroeconomic stabilization.




Source: Entlaq Sector Diagnostics Dataset (2025); CAPMAS (April 2025); CBE Monetary Policy Report (March 2025); Entlaq FinTech and Cleantech Roundtable Series (2024–2025).

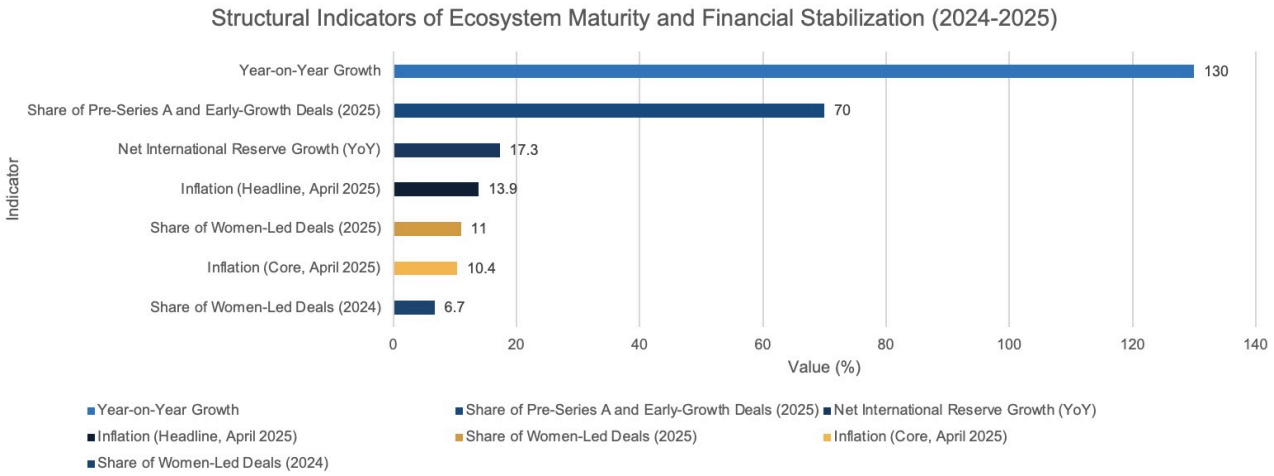
The data presented in Chart 1 provides a powerful early signal of Egypt's recalibration toward a more resilient and diversified startup investment landscape. The 130% year-on-year increase in total venture capital and debt inflows—from USD 88.7 million in Jan–May 2024 to USD 228 million in the same period of 2025—marks not just a numerical rebound, but a systemic response to the macroeconomic stabilization policies introduced over the past 12 months. Unlike previous recovery attempts that were overly concentrated in a handful of late-stage deals, this resurgence is underpinned by a strategic shift toward structured capital instruments, early-stage funding, and sectoral breadth.

The composition of capital inflows is particularly telling. The fact that USD 38 million of the total came from venture debt instruments—a format largely absent from Egypt's ecosystem until recently—signals the entry of more sophisticated capital structures. This trend mirrors developments in emerging markets like India and Indonesia, where venture debt is increasingly used to support capital-efficient startups without immediate equity dilution. Egypt's adoption of this model reflects growing financial maturity among both startups and investors, as well as improved legal clarity around enforceability, collateralization, and exit timelines.

Notably, FinTech and Cleantech continue to anchor investor interest, but not in the ways observed during the pre-2022 funding boom. FinTech investment via vehicles like the Nclude Fund has been more targeted, channeling USD 25 million into infrastructure and SME finance innovations with regulatory backing from the Central Bank of Egypt (CBE). Similarly, the USD 18 million raised by Cleantech startups during Q1–Q2 2025 represents the growing confidence in climate-aligned ventures, particularly those addressing energy efficiency and sustainable agriculture. This is consistent with Entlaq's earlier roundtable findings, which noted investor appetite for "green-wrapped" business models with clear climate co-benefits and export potential.

The more evenly distributed funding activity in 2025 also reflects a broader recalibration in investor behavior, moving away from the "growth-at-all-costs" mentality toward scalable, de-risked, and problem-solving ventures. With global VC liquidity remaining cautious, Egypt's performance over these five months offers early proof that ecosystem-level reforms, blended finance initiatives, and public-private alignment can collectively drive investment—even amid global macro headwinds. The implication for policymakers is clear: when economic and regulatory fundamentals improve, capital follows.

**Figure 13: Structural Indicators of Ecosystem Maturity and Financial Stabilization (2024-2025.** Key metrics capturing Egypt's ecosystem evolution in early 2025. Indicators show rising early-stage deal share (70%), a notable increase in women-led deal participation, and improved macroeconomic fundamentals such as declining inflation and FX reserve recovery—underscoring the foundations of a resilient entrepreneurial rebound.




Source: Entlaq Sector Diagnostics Dataset (2025); CAPMAS (April 2025); CBE Monetary Policy Report (March 2025); Entlaq FinTech and Cleantech Roundtable Series (2024–2025).

The structural indicators presented in Chart 2 paint a nuanced picture of Egypt's shifting entrepreneurial foundation in early 2025—marked by cautious optimism, deeper institutional resilience, and targeted inclusion. Most striking is the 70% share of total investment activity now concentrated in pre-Series A and early-growth deals. This signals a pivotal transformation from earlier cycles driven by a few inflated late-stage rounds toward a healthier funding continuum. It also suggests that investors are regaining trust in Egypt's early-stage pipeline, bolstered by improved founder readiness, stronger accelerator output, and de-risking tools introduced by government-affiliated entities.

Equally important is the improvement in gender equity indicators, with women-led startups accounting for 11% of all deals closed in Jan–May 2025, up from 6.7% in the same period of 2024. While the gap remains significant, this 64% relative increase year-on-year reflects the early impact of gender-responsive financing mechanisms, targeted donor programs, and ecosystem-level pressure for inclusion. Initiatives such as Creativa's Women in Tech programs, FinTech-focused gender sandboxes, and angel investor syndicates like SheCan Ventures are beginning to change the visibility and viability of female-led startups —particularly in digital health, creative tech, and B2C services.

The macroeconomic backdrop adds critical explanatory power. Headline inflation dropped to 13.9% in April 2025, while core inflation reached a two-year low at 10.4%—reflecting improved food import flows, currency normalization, and more coherent monetary signaling by the Central Bank of Egypt (CBE). Perhaps even more importantly, net international reserves rose by 17.3% year-on-year, a key indicator that Egypt's FX crisis is easing and external liquidity buffers are being replenished. These improvements collectively restored enough economic stability to trigger the partial reactivation of risk capital—especially among regional VCs and diaspora funds that had paused exposure in 2023.

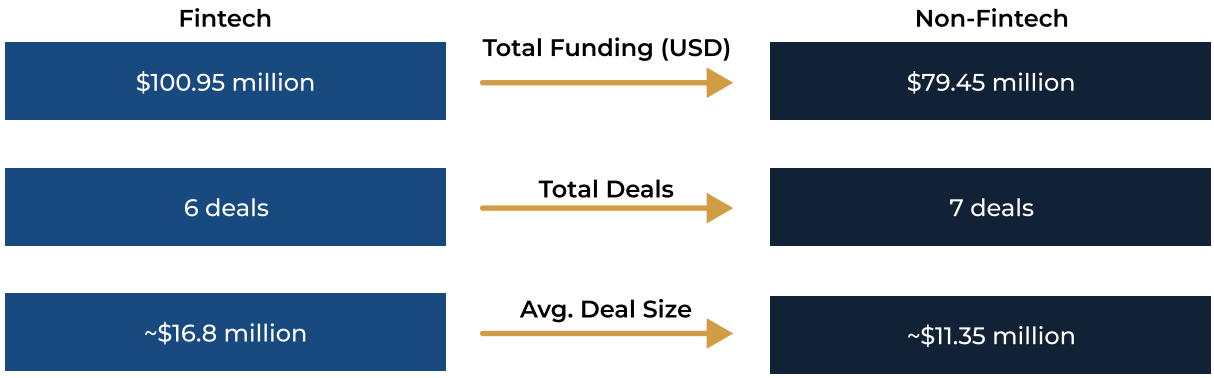
Yet this recovery must not be misinterpreted as automatic or irreversible. The data shows foundational progress but also underscores the fragility of gains. Structural maturity—particularly around gender inclusion, diversified capital instruments, and early-stage deal quality—is still emerging, not entrenched. To consolidate this recovery, Egypt's policy and investment actors must double down on equity capital expansion, firm-level support programs, and macroeconomic consistency. 2025 may mark a turning point, but sustaining it will require systemic reinforcement—particularly if global capital markets remain volatile or risk-off.

Table (x): Notable fintech funding rounds in H1 2025:

| Company Name | Seed Round | Funding Size (USD) | Investors/VCs Involved | Date |
|---|---|---|---|---|
| MoneyHash | Pre-Series A | $5.2 million | Flourish Ventures, Vision Ventures, Arab Bank's Xelerate Fund, Emurgo Kepple Ventures, COTU, RZM Investment, Tom Preston-Werner, Jason Gardner | January 21, 2025 |
| Khazna | Pre-Series B | $16 million | Quona Capital, SpeedInvest, Aljazira Capital, anb Seed Fund, DisrupTECH, ICU Ventures, Khwarizmi Ventures, SANAD Fund for MSME | February 4, 2025 |
| enza | Seed | $6.75 million | Algebra Ventures, Quona Capital | March 25, 2025 |
| Money Fellows | Pre-Series C | $13 million | Al Mada Ventures, DPI Venture Capital (Nclude Fund), Partech, CommerzVentures | May 6, 2025 |
| Bokra | Sukuk Issuance | $59 million | Aman Holding | April 2025 |

Encouragingly, investment activity is gradually broadening beyond fintech, with increased deal flow observed in healthtech, proptech, enterprise SaaS, and mobility, signaling a moderate diversification in the entrepreneurial landscape.

Table (x): Sectoral Breakdown of Startup Funding and Deal Activity in Egypt (2024)



While Nawy's Series A round stands out as an exceptional non-fintech success, it remains the exception rather than the rule. Among the 12 startups analyzed here (from a total of 23 reported deals as of April 2025), no other non-fintech company raised more than USD 10 million in venture capital. This underscores a persistent disparity in capital allocation between fintech and other verticals. Despite signs of diversification, deep funding gaps remain, particularly in sectors like HealthTech, AgriTech, and SaaS — where innovation is evident but large-ticket investments remain limited. The data reinforces the view that while sectoral broadening is underway, fintech continues to dominate late-stage capital flows, highlighting the need for targeted incentives to deepen investor engagement beyond financial services.

**Table (x): Notable Non-Fintech Funding rounds H1 2025**

| Company Name | Sector | Funding Round | Funding Size (USD) | Investors / VCs Involved | Date |
|---|---|---|---|---|---|
| Fincart.io | Logistics / E-commerce | Pre-Seed | Undisclosed | Plus VC, Plug and Play, Orbit Startups, Jedar Capital | Jan 10, 2025 |
| ReNile | AgriTech | Seed | $450,000 | Keheilan Fund | Jan 18, 2025 |
| Qme | SaaS | Seed | $3 million | AHOY | Feb 8, 2025 |
| InfiniLink | Semiconductor / DeepTech | Seed | $10 million | MediaTek, Sukna Ventures, Egypt Ventures, M Empire Angels | Mar 5, 2025 |
| DXwand | Conversational AI / SaaS | Series A | $4 million | Shorooq Partners, Algebra Ventures, Dubai Future District Fund | Jan 12, 2025 |
| Nawy | PropTech | Series A | $52 million | Partech Africa, Nclude Fund, e& Capital, Shorooq Partners | Apr 15, 2025 |
| Yodawy | HealthTech | Undisclosed | $10 million | Ezdehar Mid-Cap Fund II | Jan 30, 2025 |

VC inflows are stabilizing post-correction, yet Egypt's early-stage funding landscape remains vulnerable to market volatility. Fintech remains dominant but overexposed. Emerging sectors like SaaS, AgriTech, and HealthTech require strategic LP push and blended finance instruments. Egypt remains top-heavy, with most VC inflows concentrated in pre-seed and early-stage rounds. Fewer than five Series B+ transactions were recorded across all sectors in the past year. One explanation lies in the shallow size of most Egyptian VC funds, which are often unable to participate in follow-on rounds. Additionally, Egypt's IPO and M&A exit pathways remain underdeveloped, making it difficult for investors to price long-term returns. This dampens fund appetite for Series B+ exposure—leaving startups in a precarious middle stage: too mature for seed capital, but not yet ready for international Series C investors.

In the pre-seed and seed stages, Egypt's ecosystem is strong. Due to Flat6Labs, MINT Incubator, Orange Corners, and EdVentures; Flat6Labs alone supports startups from $50K–$500K, and has managed over $153M in follow-on capital for early-stage ventures.

However, growth-stage capital is scarce. Fewer than five Series B+ transactions were recorded in 2023-2024 across all sectors, highlighting a critical bottleneck in startup scaling. Egypt's median Series A round stands at $7 million, higher than the global average, which stands at $6 million but only a handful of ventures reach that stage, with pipeline attrition high due to weak follow-on financing structures.

Institutional confidence is improving, especially through the actions of DFIs and regional LPs. Development Finance Institutions (DFIs) such as the European Bank for Reconstruction and Development (EBRD) injected a substantial €1.5 billion into Egypt in 2024, with 98% directed toward the private sector. Green investments constituted half of EBRD's portfolio. High-profile projects included a $275 million syndicated loan for the 1.1 GW Gulf of Suez wind farm and a $22 million funding round for fintech platform Paymob, as outlined in the table below (EBRD, 2025).

However, a persistent reliance on international financial institutions (IFIs) continues to characterize Egypt's venture capital landscape. As shown in the table below, an estimated 42% of VC funding is sourced from IFIs (Business Monthly, 2025), underscoring their outsized role in financing early- and growth-stage enterprises. This trend mirrors a broader regional pattern, where over 80% of total startup funding in Africa originates from foreign investment. Such a concentration of external capital flows signals a structural imbalance in domestic and regional capital formation. Raising concern around investment sustainability, local ownership of innovation, and the vulnerability of the ecosystem to external shocks or repricing of global risk.

## Table (x): Summary Table for Foreign Capital Dominance in Egypt's VC and DFI Investment Landscape (2024–2025)

| | |
|---|---|
| **€1.5 billion**<br>EBRD Investment in Egypt (2024, EUR) | **98%**<br>EBRD Private Sector Share (%) |
| **50%**<br>EBRD Green Investment Share (%) | **$275 million**<br>Gulf of Suez Wind Farm Loan (USD) |
| **$22 million**<br>Paymob Funding (USD) | **42%**<br>VC Funding from IFIs (%) |
| **80%**<br>Africa Startup Funding from Foreign Investors (%) | |

Sources: EBRD (2025), Business Monthly (2025).

While portfolio investors have adopted a more cautious stance, remittance flows from Egypt's diaspora have surged in the opposite direction—offering a critical offset to capital market volatility. As a more stable and counter-cyclical source of foreign currency, remittances have helped cushion the current account and restore investor confidence in FX stability.

In the Limited Partner (LP) space, institutions such as the Egyptian-American Enterprise Fund and the National Bank of Egypt continue to support VC-backed funds focused on scalable technology and financial inclusion sectors. While Al Mada Ventures and Development Partners International (DPI) invested $13 million into Egypt-based fintech startup MoneyFellows, reinforcing their long-term commitment to Egypt's financial services sector (Wamda, 2025). Furthermore, DPI completed its acquisition of the Nclude Fund, a prominent domestic fintech-focused VC fund.However, the overwhelming concentration of LP and DFI activity in the financial services sector has contributed to a skewed capital landscape, limiting equitable access to funding across the broader innovation ecosystem. (Wamda, 2025).

Moderate but steady capital flows, and a fractional increase in capital diversification per sector. 2024 marked an outlier year in terms of FDI volume, 2025 is proving to be a period of consolidation, with more targeted capital deployment in high-priority and high-impact sectors. In summary, while Egypt's investment climate in H1 2025 shows signs of cautious recovery, its startup ecosystem remains over-reliant on foreign capital and constrained by the absence of institutionalized domestic funding. Consolidating this recovery will depend not only on sustaining macroeconomic credibility but also on building a diversified, resilient investment architecture that prioritizes early-stage risk capital, domestic LP participation, and sectoral equity beyond fintech.

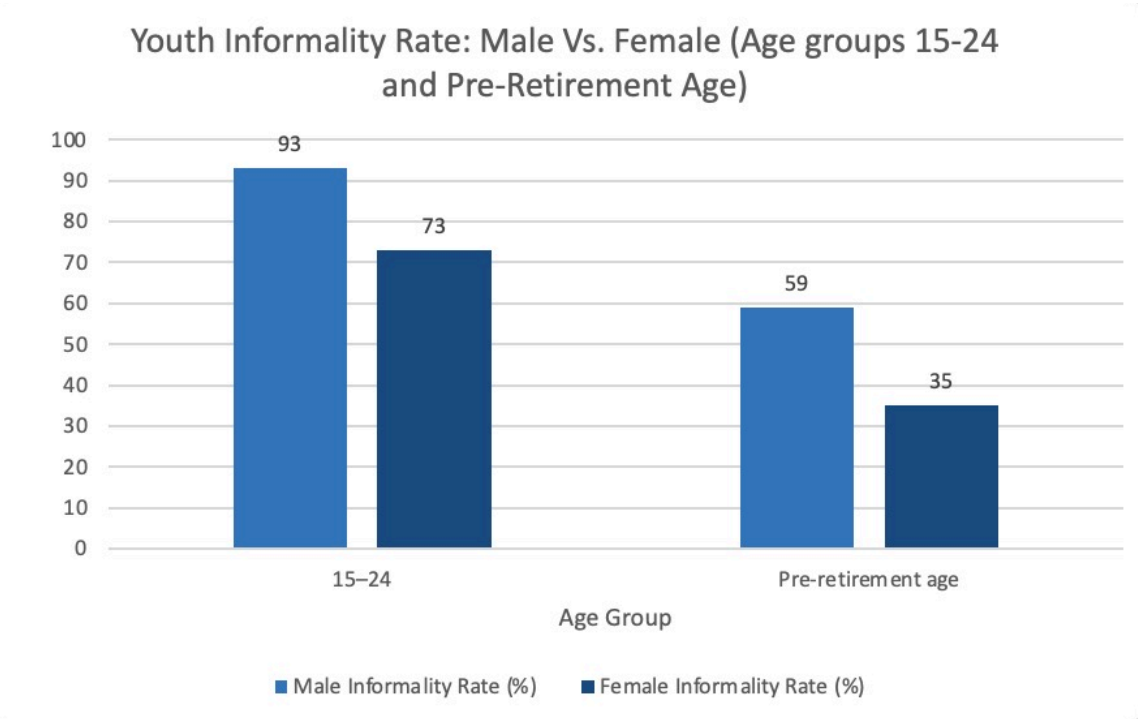
The introduction of key financial instruments can further build the necessary confidence for investors to remain steadfast in deploying funding to non-financial services verticals. These instruments can be utilized to create equitable funding and develop regulatory sandboxes, derisking essential innovation endeavors.

## 2.5 Informality, Public Debt, and Fiscal Policy Constraints

The Egyptian informal sector represents a deeply entrenched yet increasingly unsustainable component of the national economy. According to the World Bank's 2022 "Jobs Undone" report, an estimated 69% of total employment in Egypt is informal, and this figure climbs to 86% when limited to private sector employment (World Bank, 2022). These figures far exceed both regional and global norms reflecting a deeply embedded structural dualism that continues to undermine productivity, fiscal capacity, and inclusive growth.

The situation is even more pronounced among Egypt's youth. More than 90% of workers aged 15 to 24 are informally employed, underscoring the limited formal pathways available for young labor market entrants (ILO, 2023). This segment of the population, otherwise regarded as the engine of entrepreneurial and digital transformation, remains largely excluded from social protection, financial services, and regulatory visibility.

**Figure 21: Youth Informality Rate:** Male Vs. Female (Age groups 15-24 and Pre-Retiement Age)
Among youth aged 15–24, 90% of employment remains informal, exposing a foundational vulnerability in Egypt's labor market. This persistent informality weakens productivity, curtails fiscal revenues, and hinders the scalability of youth-led enterprises.




Source: (ILO, 2025)

Youth aged 15–24 in Egypt face the highest rates of informal employment, highlighting a critical structural challenge in the labor market.

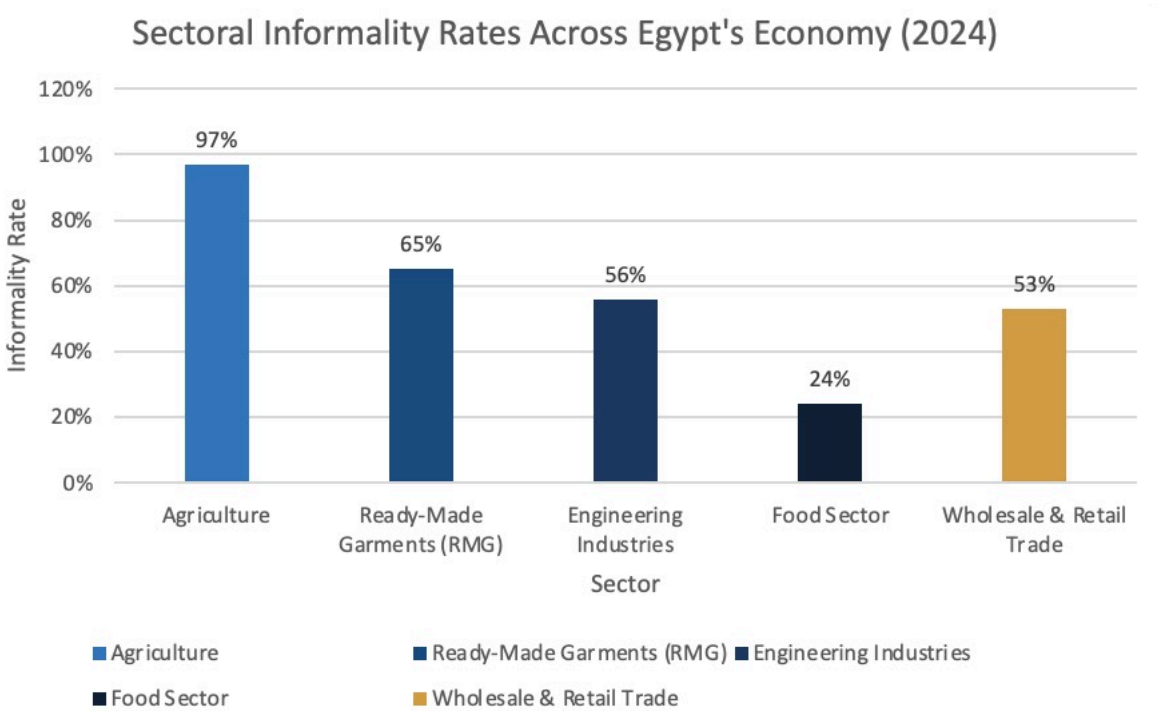
- 93% of young men and 73% of young women are employed informally. This means nearly all employed male youth and nearly three-quarters of employed female youth lack access to formal job contracts, social insurance, or legal protections.

- As workers age, informality declines:
  - For men, it drops to 59% in pre-retirement age.
  - For women, it falls further to 35%, likely due to increased representation in public sector and formal teaching/medical roles.

These figures suggest that youth are disproportionately concentrated in Egypt's most informal sectors, such as agriculture, garments, and food processing. Without targeted interventions, such as skills development, incentives for formal hiring, and stronger labor protections, the informal economy will continue to absorb the majority of Egypt's young workforce, limiting their job security and long-term economic mobility.

The implications of this informality are twofold: on the one hand, the informal economy serves as a safety net, absorbing shocks in times of macroeconomic volatility. On the other hand, it erodes fiscal stability, limits productivity, and complicates efforts to formalize economic participation. Critically, it impedes on the states ability to efficiently collect taxes to disseminate funds to necessary social and economic services.

**Figure 22:** This bar chart illustrates the informality rates across key economic sectors in Egypt based on the share of informal workers or unregistered establishments. Agriculture stands out with an informality rate exceeding 97%, followed by Ready-Made Garments (RMG), Engineering Industries, Wholesale & Retail Trade, and the Food Sector. The data is derived from national surveys and labor market diagnostics compiled by CAPMAS and ILO.




Source: ILO 2025

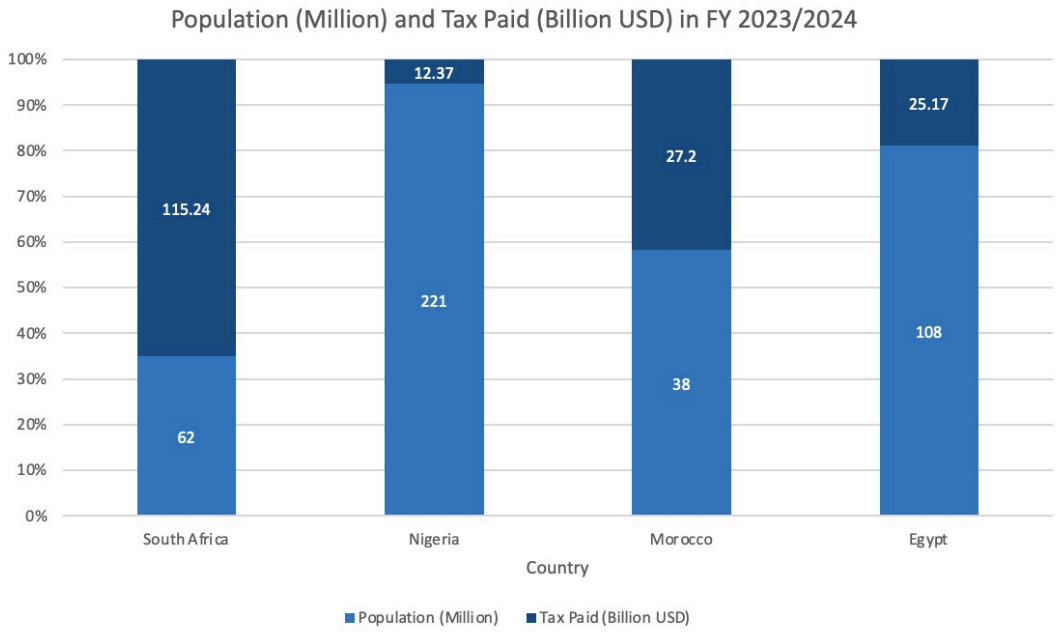
The dominance of informal employment in Egypt's economy, particularly in sectors like agriculture and manufacturing, is mirrored in youth labor market trends. With 93% of young male workers and 73% of young female workers employed informally, youth are disproportionately represented in these same high-informality sectors.

This structural overlap indicates that youth informality is not an isolated issue, but rather a symptom of the broader informal labor market in Egypt. As long as key sectors remain largely informal, young workers —especially new labor market entrants—will continue to face challenges accessing secure, regulated employment.

These informality rates severely impact Egypt's Tax collection: Tax capacity remains a key structural constraint. In FY2023/24, tax revenues accounted for 81.7% of total government revenue, with EGP 777.5 billion collected out of EGP 951.9 billion in total revenue during the first seven months (July 2023–January 2024) (LYNX, 2024). In FY2024/25, tax revenues rose by 36% year-on-year, comprising 83% of total revenues during May–July 2024 .

Despite this improvement, Egypt's tax-to-GDP ratio remains substantially lower, around 12.5%, than comparative economies such as South Africa (~26%) and the OECD average (~34%), as documented in the OECD's Revenue Statistics in Africa 2023 report (OECD, 2024). This disparity reflects the large size of the informal sector, tax administration inefficiencies, and narrow tax base, all of which contribute to fiscal leakage and reduce the government's ability to fund inclusive growth.

**Figure 14:** In FY2023/24, Egypt collected approximately $25.2 billion in tax revenues from a population of 108 million. This places it significantly behind its regional and economic peers in terms of per capita and proportional tax efficiency, despite having one of Africa's largest GDPs and most structured fiscal administrations.




Source: Preamble data insights

South Africa, with a population of just 62 million, collected $115.2 billion, over 4.5 times Egypt's total, While Morocco,, still outperformed Egypt by raising $27.2 billion, despite being $ 38 million, stressing Egypt's underutilized fiscal potential and its need to further commit to tax reforms.

The agriculture sector illustrates this tension clearly: employing 5.7 million people (CAPMAS, 2024), yet it widely operates with one of the highest informality rates among all sectors. Despite targeted reforms, structural bottlenecks persist. Egypt's Micro, Small, and Medium Enterprises (MSMEs) Law 152, enacted in 2020, aimed to streamline the formalization process through tax incentives and simplified procedures. However, the uptake among informal enterprises has been limited, particularly among women-led businesses in rural areas. According to the Women in Entrepreneurship report, 67% of women-led enterprises remain informal, highlighting how legal complexity, bureaucratic inefficiencies, and gendered financial barriers converge to limit formalization.

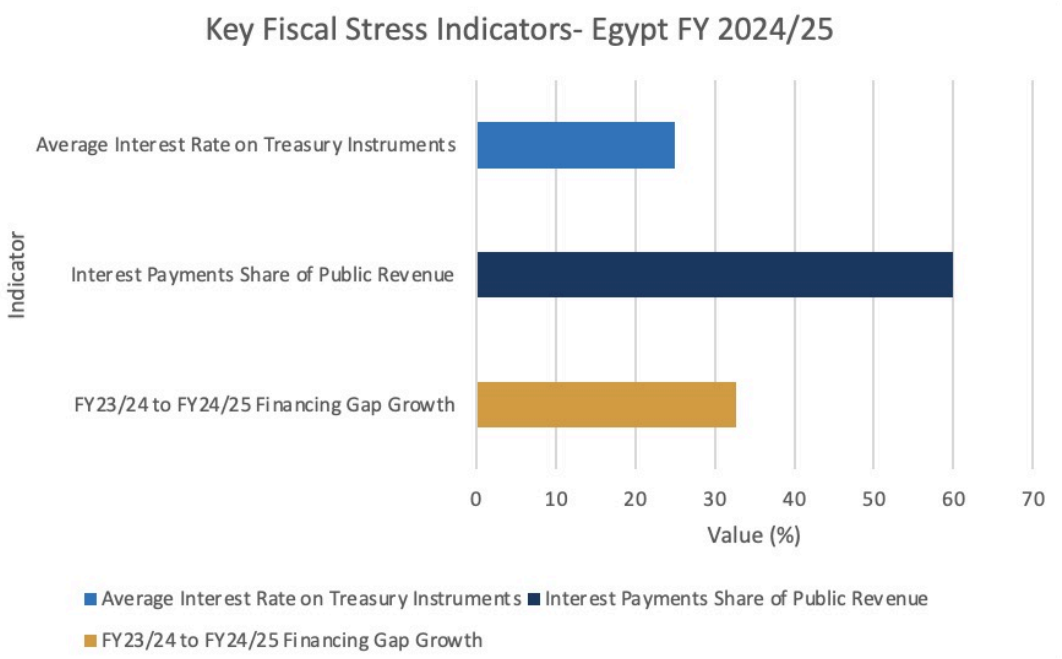
Encouragingly, The Ministry of Finance (MoF) has mandated tax base expansion as a critical segment of Egypt's economic strategy going forward. Embracing digital transformation to streamline tax collection across payers (private sector and citizens). The Customs and Tax Authority has scaled up developing its electronic tax filing system, targeting full digital integration of taxpayer identification and audit processes.

In November 2024, the Customs and Tax Regulatory Authority enacted a targeted VAT reform that amended the criteria for the 0% VAT rate on exported services. Specifically, the reform withdrew Circulars 5 and 6 of 2019, which had broadly categorized services as "exported" based on contractual terms rather than the actual location of benefit consumption. Under the new provisions, only services whose benefits are demonstrably received abroad now qualify for the zero VAT rate. A decision that aligns the VAT policy with destination-based taxation principles, improving clarity and closing loopholes that previously allowed domestic service providers to claim export treatment without delivering cross-border value.

The reform also signals stronger harmonization with international VAT norms, especially as Egypt pursues broader fiscal consolidation under IMF guidance. The impact has reflected positively, as Q1 FY2024/25 tax revenues grew by 38%, reflecting enhanced audit capacity, narrowed exemptions, and a clearer enforcement environment (Business Today, 2025). This series of reforms resulted in a 23% increase in projected general revenues for FY2025/26, bringing the budget total to EGP 3.1 trillion—a new high in nominal fiscal planning (MoF, 2025).

Despite higher tax collections and reform progress, Egypt still faces a financing gap of EGP 2.84 trillion for FY2024/25, up from EGP 2.14 trillion the previous year, marking a 32.71% increase (LYNX,2024). Compiling further debt service pressures, with interest payments projected to consume over 60% of total public revenues—a trajectory made worse by domestic borrowing at average interest rates of 25% on treasury instruments, as apparent in the graph below (LYNX,2024).

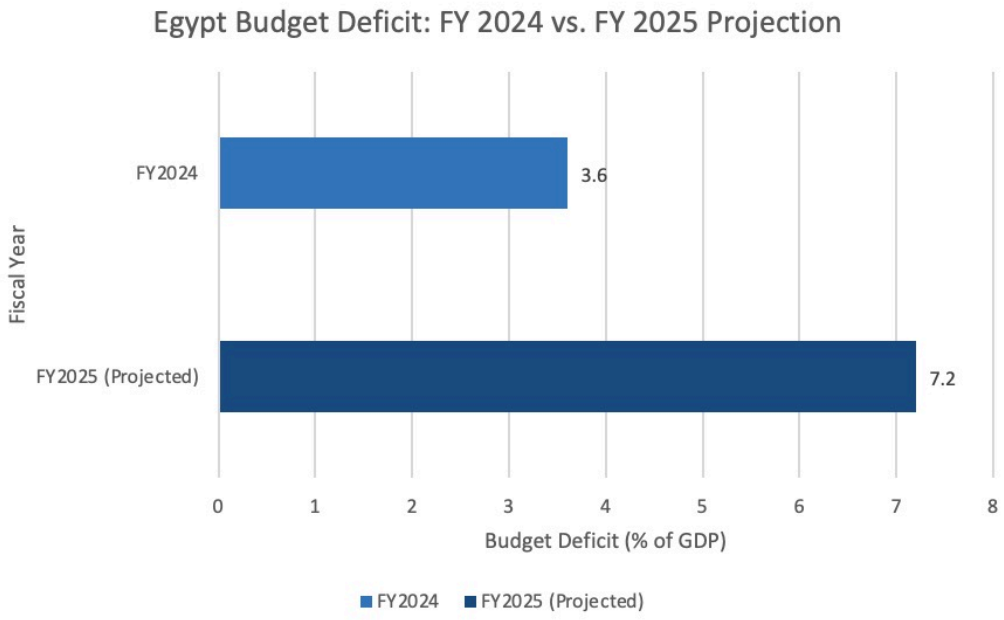
**Figure (x):** Key Fiscal Stress Indicators- Egypt FY 2024/25




Source: LYNX, 2024

As the state seeks to widen its fiscal base, public debt remains a mounting constraint. In FY2023/24, Egypt's debt service consumed over 101% of total government revenues, the highest among regional peers (LYNX, 2024). As shown in the graph below, the budget deficit-which stood at 3.6% of GDP in FY2024- is projected to widen to 7.2% in FY2025 due to rising interest obligations and the tapering off of one-off revenues such as those from the Ras El-Hekma deal (World Bank, 2025).

**Figure (x):** Egypt Budget Deficit: FY 2024 vs. FY 2025 Projection




Source: World Bank, 2025

These fiscal constraints directly impact the entrepreneurial ecosystem. High debt service obligations crowd out spending on infrastructure, education, and innovation support. Limiting the reach of incubators, startup financing tools, and employment activation programs. Moreover, the persistence of informal employment further limits the state's tax intake, perpetuating a cycle of informality and underinvestment. Creating added risks to public investment in R&D and employment programs.

Tackling informality and restoring fiscal space are not parallel objectives, they are mutually reinforcing imperatives. A more formal, inclusive economy would not only expand Egypt's revenue base, but also foster sustainable entrepreneurship by giving startups access to protection, credit, and long-term growth infrastructure. As fiscal pressures tighten, addressing informality must become a central pillar of Egypt's economic reform agenda.

Startups employ approximately 50,000-55,000 people across Egypt, representing a strategic lever for achieving inclusive growth. With targeted policy support, they can yield multiplicative returns by closing youth and regional employment gaps, attracting high-value FDI into scalable sectors, and catalyzing the emergence of a globally competitive R&D and innovation landscape.

Egypt's current macroeconomic indicators highlights that although the road ahead is optimistic, The economy remains fragile on many levels, with public debt still a hindering block, a relatively risk averse ecosystem with sectoral skews. and a significant gender and job gap that necessitates policy action.

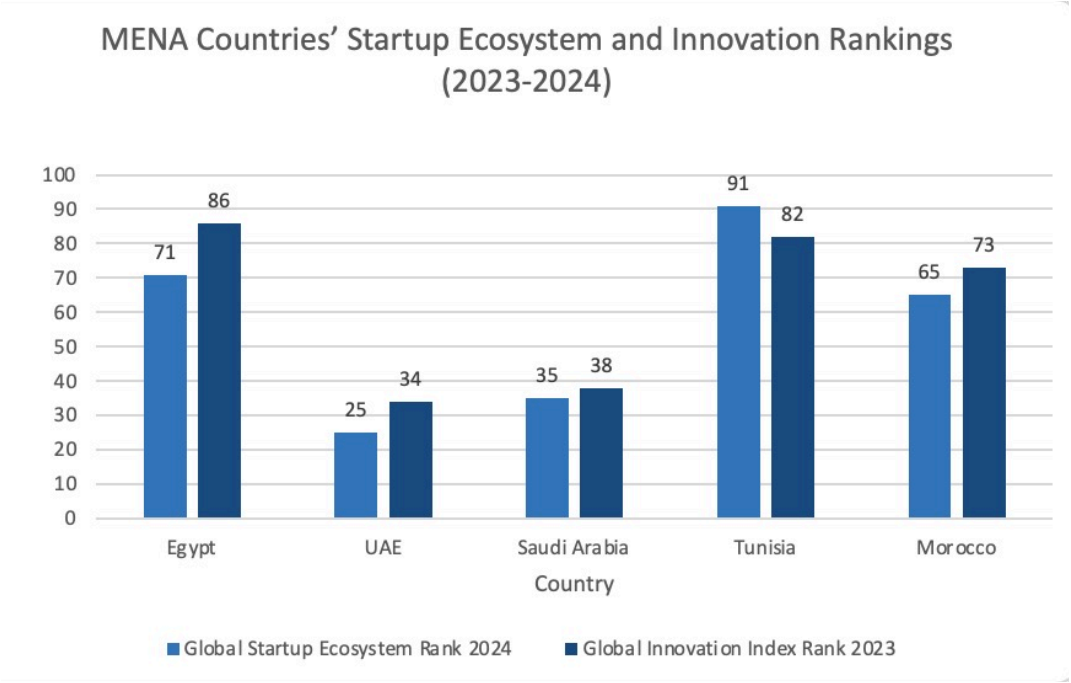
# 03 Egypt's Entrepreneurial Ecosystem in Global Context

As Egypt's startup ecosystem matures, the imperative to situate its trajectory within a global and regional context becomes increasingly critical. Entrepreneurship does not operate in a vacuum—it is shaped by macroeconomic conditions, regulatory frameworks, capital availability, human capital depth, and competitive positioning. Understanding how Egypt compares to its MENA peers and to globally recognized emerging innovation hubs enables a more informed approach to policymaking, investment strategy, and institutional reform. This section offers precisely that: a comparative lens to assess Egypt's strengths, vulnerabilities, and opportunities in relation to regional and international benchmarks.

While Egypt has long been regarded as a foundational player in the Arab entrepreneurial space, recent shifts in capital flows, regulatory modernization, and ecosystem support models in countries such as Saudi Arabia, the UAE, Morocco, and Tunisia are rapidly reshaping the competitive landscape. Between 2018 and 2023, Egypt consistently ranked in the top three in total VC funding among MENA countries, peaking in 2021 when it attracted $491 million in startup investment. However, by 2024, Egypt had dropped to fourth place, behind the UAE, Saudi Arabia, and even Tunisia on some sectoral performance indicators (Wamda, 2024). The decline is not solely financial—it reflects an increasingly competitive region where proactive policy, startup-focused regulation, and sovereign fund engagement are accelerating ecosystem growth in peer countries.

The global benchmark data corroborate these trends. In the 2024 Global Startup Ecosystem Index, Egypt ranked 71st globally and 3rd in Africa, behind South Africa and Nigeria (StartupBlink, 2024). This marks a one-rank decline from 2023, with Cairo dropping out of the global top 100 cities for startups for the first time in four years. Meanwhile, Morocco rose six positions globally in the same period, and Nairobi overtook Cairo in terms of ecosystem value per startup. Egypt's relative position highlights not only internal challenges—such as regulatory fragmentation and limited growth-stage capital—but also missed opportunities to leverage regional strengths, including its demographic dividend and robust ICT infrastructure. In the 2024 Global Innovation Index, Egypt experienced a slight decline, underscoring ongoing challenges in scaling innovation and securing growth-stage funding. Meanwhile, Morocco made notable progress, strengthening its position among emerging innovators in North Africa, while the UAE continued to dominate the region's innovation landscape. Additionally, Saudi Arabia advanced in global rankings, reinforcing its commitment to technology-driven economic diversification, as shown in the graph below (WIPO, 2023).

**Figure (x):** MENA Countries' Startup Ecosystem and Innovation Rankings (2023-2024)




Sources: Startup Blink (2024), WAMDA (2024), WIPO (2023).

Other international comparisons with high-performing emerging economies are even more revealing. In the Global Innovation Index (WIPO, 2023), Egypt ranked 86th out of 132 countries, trailing behind Kenya (76th), India (40th), and Indonesia (61st). Key weaknesses included low R&D expenditure as a percentage of GDP (0.39%), limited university–industry research collaboration, and weak patent commercialization structures—despite Egypt having a solid base of STEM graduates and public research institutions. These figures signal that Egypt's innovation ecosystem is under-leveraged, not under-resourced. Aligning regulatory tools, IP protection mechanisms, and investment incentives with entrepreneurial realities could substantially improve performance.

The structure of startup funding also reveals ecosystem fragility. Egypt remains overdependent on foreign capital, with 42% of VC inflows in 2024 coming from DFIs or foreign funds (Business Monthly, 2025). By contrast, in India, local LPs accounted for over 60% of total VC deployment in the same period (IVCA, 2024). This has implications for both sovereignty and sustainability—making Egypt's startup scene highly sensitive to external shocks and donor cycles. A similar pattern is observed in Kenya, where a growing number of government-backed seed funds are creating a domestic buffer against foreign capital volatility. Egypt's reliance on international funders has helped catalyze growth but remains a structural risk without parallel domestic financial instruments or sovereign anchor funds. The following table summarizes these findings and key observations.

## Table (x): Comparative Landscape of Domestic vs. Foreign Venture Capital Sources (2024)


### Egypt:

VC Inflows from Foreign Sources (2024): 42%
Domestic VC Share (2024): Limited domestic financial instruments
Key Observations: High reliance on foreign capital, vulnerable to external shocks

### India:

VC Inflows from Foreign Sources (2024): Less than 40%
Domestic VC Share (2024): Over 60%
Key Observations: Strong local LP involvement, more financial sovereignty

### Kenya:

VC Inflows from Foreign Sources (2024): Not specified
Domestic VC Share (2024): Government-backed seed funds growing
Key Observations: Efforts to reduce dependency on foreign funds

Sources: Business Monthly (2025), IVCA (2024).

On the policy alignment front, Egypt's Vision 2030 recognizes entrepreneurship as a cornerstone of innovation, employment, and regional leadership. Yet implementation gaps remain. According to the UNESCWA Arab Horizon 2030 report, Egypt has made moderate progress on SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure), but lags behind in SDG 5 (Gender Equality) and SDG 10 (Reduced Inequality), where entrepreneurial inclusion is a key enabler (UNESCWA, 2024). The absence of a cohesive, multi-agency national entrepreneurship strategy further fragments policy efforts, unlike Morocco's 2020–2030 SME Roadmap or India's Startup India Mission, both of which integrate fiscal tools, legal reform, and access to finance under a unified institutional umbrella.

This comparative framing is not an academic exercise. It is a strategic diagnostic. By positioning Egypt within a network of regional and global peers, the SDR enables stakeholders to calibrate ambition with realism, set reform priorities, and more effectively coordinate efforts across government, development, and private sector actors. In doing so, it helps move Egypt's ecosystem beyond aspiration—toward competitiveness, equity, and long-term resilience.

## 3.1 Regional Comparison: MENA Peers

Egypt has long been viewed as a foundational hub for entrepreneurship in the Arab world, historically buoyed by its large population, robust talent pipeline, and strategic geographic location. Cairo's startup scene was once widely regarded as the beating heart of MENA's entrepreneurial movement—hosting early incubators like Flat6Labs and MINT Incubator, pioneering fintechs such as Fawry and MNT-Halan, and cultivating a generation of technically skilled, risk-tolerant youth. However, over the past five years, the regional playing field has shifted dramatically. A wave of structural reform, institutional consolidation, and capital surge—particularly from Gulf countries—has propelled Saudi Arabia, the UAE, Morocco, and Tunisia into highly competitive positions. These states have executed targeted ecosystem strategies, including sovereign venture funds, dedicated startup acts, and integrated innovation hubs. Consequently, Egypt's relative leadership is increasingly contested, and benchmarking has become a strategic necessity —not merely an academic exercise.

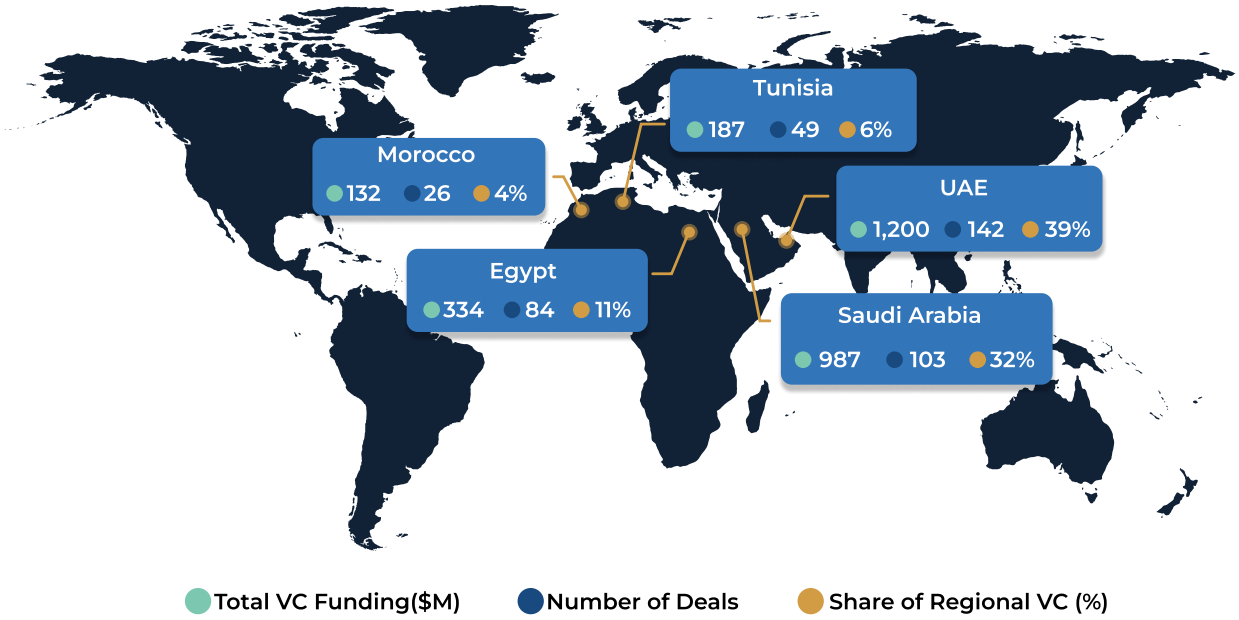
This section draws on cross-country data from Wamda, MAGNiTT, the OECD, AfDB, and the World Intellectual Property Organization (WIPO) to assess Egypt's standing across four critical dimensions: venture funding, regulatory efficiency, innovation capacity, and inclusion metrics. Each of these domains has direct implications for policy reform and investment strategy. For example, Egypt's strong early-stage accelerator network is undermined by a shallow growth-stage capital pipeline—an issue exacerbated by regulatory friction and investor risk perception. In contrast, Tunisia's Startup Act and the UAE's integrated licensing systems have demonstrated the value of legislative clarity and unified governance in attracting and retaining startups. Benchmarking provides both a mirror and a map: it enables policymakers and ecosystem leaders in Egypt to identify systemic gaps, draw from proven models, and craft realistic interventions grounded in regional context.

Equally important is the shift in investor geography and strategic alignment. While Egypt remains one of the largest recipients of startup funding in North Africa, its share of regional capital has declined significantly. In 2021, Egypt attracted approximately 25% of all MENA venture capital; by 2024, that share had dropped to just 11% (MAGNiTT, 2025). At the same time, GCC countries are increasingly anchoring innovation within their national economic visions—Saudi Arabia's Vision 2030 and the UAE's Operation 300bn are prime examples. These plans explicitly link entrepreneurship to industrial policy, foreign investment, and human capital development. Egypt must similarly rethink the integration of entrepreneurship into its macroeconomic and public policy frameworks if it hopes to remain regionally competitive. Through comparative analysis, this section aims to frame both the urgency and the opportunity of reform, using peer experiences as actionable reference points.

# *Funding and Capital Flows: Losing Ground to GCC Competitors*

In 2024, Egypt raised $334 million in startup funding across 84 deals, a 45% decline from its 2021 peak (Wamda, 2025). While this contraction mirrors global VC corrections, Egypt's relative position in MENA has slipped. The UAE and Saudi Arabia collectively secured over 75% of total regional funding in 2024, with the UAE alone raising $1.2 billion across 142 deals and Saudi Arabia attracting $987 million over 103 deals (MAGNiTT, 2025). Egypt ranked fourth regionally, behind even Tunisia in terms of deal volume per capita.

**Table 5: Total VC Funding by Country (2024)**




Source: MAGNiTT MENA Venture Investment Report, 2025

While Egypt continues to host some of the region's most reputable early-stage accelerators—such as Flat6Labs, which has supported over 200 startups across Cairo, Tunis, and Abu Dhabi, and EdVentures, the leading MENA accelerator in the EdTech vertical—its capital stack remains shallow and fragmented beyond the seed and pre-Series A stages. These programs have cultivated a strong base of early ventures, with Flat6Labs alone mobilizing over $150 million in follow-on funding since its inception (Flat6Labs, 2025). However, this early-stage dynamism has not translated into a coherent scale-up pathway. Egypt lacks the institutional depth and sovereign anchoring that characterizes peer ecosystems like Saudi Arabia and the UAE. In Saudi Arabia, the Jada Fund of Funds, backed by the Public Investment Fund (PIF), has deployed over $1.1 billion into VC and private equity vehicles since 2019, targeting growth-stage ventures with structured co-investment schemes (Jada, 2024). Similarly, the UAE's Mubadala Ventures, operating under a $15 billion mandate, has strategically positioned itself as both a direct investor and LP in cross-border funds, offering a capital continuum that bridges early, growth, and late-stage gaps.

In contrast, Egypt's capital pipeline remains heavily skewed toward early-stage ticket sizes (sub-$1 million), with very limited absorption capacity for ventures seeking Series B and beyond. According to MAGNiTT (2025), fewer than five Series B+ transactions were recorded in Egypt between January 2024 and April 2025, compared to 18 deals of similar scale in Saudi Arabia and 14 in the UAE during the same period. This imbalance creates a bottleneck for Egypt's most promising startups, many of which face attrition due to funding plateaus rather than market failure. The absence of domestic institutional investors—such as pension funds or insurance firms—in the venture ecosystem further constrains scale-up capital. Egyptian Limited Partners (LPs) remain largely risk-averse, and regulatory ambiguity regarding fund registration and capital repatriation continues to deter both local and foreign entrants from seeding growth-stage VC funds. Without clear fiscal incentives, sovereign LP participation, or blended finance mechanisms to de-risk larger-ticket rounds, Egypt's entrepreneurial ecosystem risks remaining vibrant at the bottom but hollow at the top.

## Table 6: Total VC Funding by across the MENA Region (H1 2025)

**$1,327,000,000**
**Saudi Arabia (KSA)**
Total Deals: 80

**$507,600,000**
**UAE**
Total Deals: 79

**$177,000,000**
**Egypt**
Total Deals: 37

**$7,630,000**
**Morocco**
Total Deals: 11

**$6,800,000**
**Kuwait**
Total Deals: 3

**$5,910,000**
**Tunisia**
Total Deals: 8

Source: Wamda 2025

## Table 6: Total VC Funding by across the MENA Region (H1 2025)

**$4,000,000**
**Bahrain**
Total Deals: 4

**$3,055,000**
**Qatar**
Total Deals: 7

**$2,259,500**
**Lebanon**
Total Deals: 7

**$1,209,600**
**Jordan**
Total Deals: 7

**$1,100,000**
**Iraq**
Total Deals: 2

**$1,100,000**
**Oman**
Total Deals: 6

Source: Wamda 2025

While Egypt continues to lead North Africa in both deal count and venture capital raised, securing $177 million across 37 deals in H1 2025, it remains significantly outpaced by GCC heavyweights Saudi Arabia and the UAE. Saudi Arabia alone mobilized over $1.3 billion in startup investments across 80 deals during the same period, followed by the UAE with $507.6 million over 79 deals. This stark disparity reflects deeper structural asymmetries in capital availability, sovereign engagement, and institutional maturity. In Egypt, early-stage dynamism remains concentrated around accelerators such as Flat6Labs and AUC Venture Lab, with capital typically capped at seed and pre-Series A rounds. However, the scale-up pipeline continues to thin rapidly beyond the $1 million threshold. In contrast, Saudi Arabia's Jada and UAE's Mubadala have established sovereign-backed capital architectures that enable continuity from early to late stage, drawing in foreign LPs, regional family offices, and global fund managers.

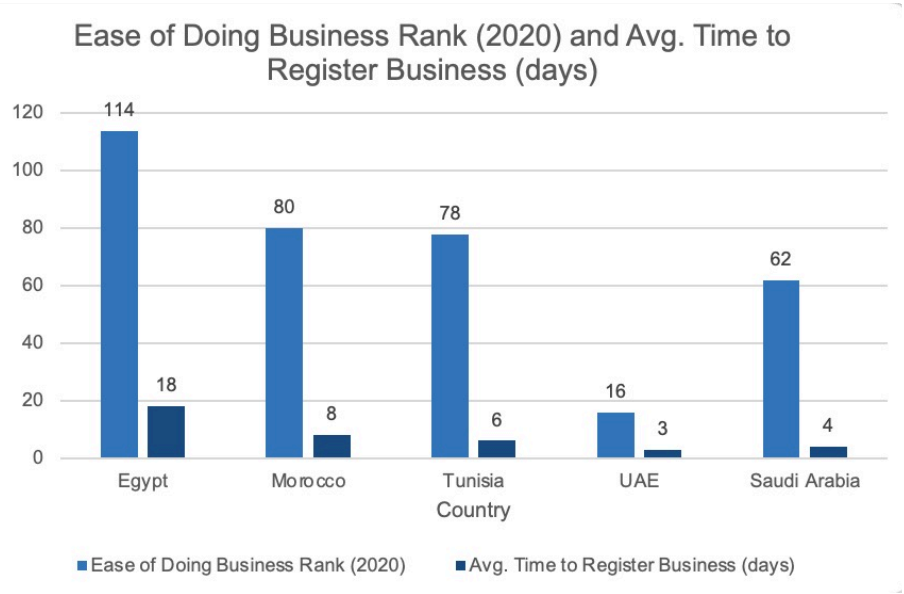
Egypt's lack of comparable anchor institutions or scale-stage funding instruments, combined with FX and repatriation frictions—has fragmented its capital stack and left its most promising startups structurally undercapitalized. Unless addressed, this mismatch risks perpetuating a cycle where early-stage ventures are celebrated, but few survive the valley of death en route to regional competitiveness.

## *Regulatory Reform and Business Climate: Fragmentation vs. Coherence*

Egypt's regulatory environment remains one of the most critical barriers to scaling entrepreneurship, particularly when compared with its MENA peers. While the country has introduced piecemeal reforms across several institutions—such as the Financial Regulatory Authority (FRA), the Central Bank of Egypt (CBE), and ITIDA—there is still no unified national startup law or centralized institutional anchor to streamline regulatory oversight. This has resulted in administrative redundancies, slow licensing, contradictory procedures across sectors, and overlapping mandates, especially between GAFI and sector-specific regulators. This institutional fragmentation dampens investor confidence and places a disproportionate burden on early-stage ventures navigating compliance.

In contrast, Saudi Arabia's Monsha'at Authority functions as a central ecosystem enabler—harmonizing licensing, providing tailored SME incentives, and managing a dedicated startup policy platform. The UAE has gone even further through its DIFC and ADGM free zones, which offer integrated digital company registration, tax exemptions, and globally recognized legal protections. Tunisia's 2018 Startup Act also stands out for its institutional coherence, creating a unified legal identity for startups and offering a standardized benefits package that includes a one-year paid leave for founders, IP fast-tracking, and customs exemptions.

**Figure 15: Regulatory Efficiency Across MENA Startup Ecosystems.** This figure compares Egypt with peer countries in terms of (1) World Bank Ease of Doing Business ranking (2020) and (2) average time to register a business, based on OECD and national sources.




Source: World Bank (2020), OECD MENA Competitiveness Program (2024), national investment promotion agencies.

In the last published World Bank Doing Business Index (2020), Egypt ranked 114th globally, compared to 80th for Morocco, 78th for Tunisia, and 16th for the UAE. These rankings are corroborated by the OECD MENA Competitiveness Report (2024), which noted that Egypt's average business registration time still exceeds 18 days, compared to fewer than 7 days in the UAE. Moreover, Morocco has introduced digital portals that enable same-day registration for most business types, while Egypt remains reliant on offline approval cycles and governorate-level bureaucracy, especially for tech-enabled ventures.

Such inefficiencies are not only administrative—they are opportunity costs. Each day of regulatory delay increases startup burn rates, discourages formalization, and impedes Egypt's ability to convert its entrepreneurial talent into high-growth enterprises. Establishing a unified national startup law and streamlining multi-agency coordination remain essential steps toward a business environment conducive to scale, capital formation, and foreign market entry.

## *Innovation Ecosystems: Untapped Talent, Undercapitalized Potential*

Egypt's innovation ecosystem reflects a paradox: abundant human capital and intellectual output, but limited mechanisms to commercialize, finance, and scale it. With over 600,000 university graduates annually, including one of the largest STEM talent pools in the Arab world, Egypt has the human infrastructure to lead regional innovation (CAPMAS, 2024). However, innovation outputs remain underwhelming. According to the Global Innovation Index (WIPO, 2024), Egypt ranked 86th globally in 2024—behind Morocco (76th), Tunisia (74th), and the UAE (32nd). This gap is largely attributed to low R&D expenditure, weak tech transfer infrastructure, and fragmented innovation policy.

Egypt invests just 0.39% of GDP in R&D, compared to 0.74% in Morocco, 0.76% in Tunisia, and over 1.3% in the UAE (UNESCO, 2024). While institutions such as the Academy of Scientific Research and Technology (ASRT), TIEC, and ITIDA play important roles, they operate in silos, lack commercialization mandates, and suffer from unstable funding pipelines. In contrast, Tunisia's public innovation ecosystem offers matching grants for university spinouts, and Morocco has piloted university–industry R&D councils that co-design innovation challenges with the private sector.

Additionally, Egypt's technology parks and research centers suffer from low occupancy, limited private-sector partnership, and absence of performance-based funding. Meanwhile, programs like Garage Accelerator in Saudi Arabia and Hub71 in the UAE provide long-term, non-dilutive capital, subsidized workspace, and connections to global VC networks—all underpinned by sovereign fund support.

**Figure 15: Innovation Performance in Egypt vs. MENA Peers (2024)**
This figure compares Egypt's innovation system to regional peers based on Global Innovation Index rank, R&D expenditure as a percentage of GDP, and patent applications per million people.


Source: WIPO (2024), UNESCO Institute for Statistics (2024), World Bank Open Data (2024)

Figure 15 clearly highlights the performance gap Egypt faces relative to its regional peers—not only in innovation rankings, but in upstream enablers like R&D spending and downstream indicators like patent activity. While Egypt produces the largest number of university graduates in the region, its investment in R&D (0.39% of GDP) is roughly half that of Morocco and Tunisia, and one-third of the UAE's. Similarly, its patent output remains low, suggesting systemic barriers to commercialization and intellectual property protection. These structural issues constrain the country's ability to convert its knowledge assets into market-ready technologies.

Morocco and Tunisia offer valuable lessons. Morocco has piloted public–private innovation councils that co-fund applied R&D projects, while Tunisia's national innovation strategy links university research to startup pipelines via financial incentives and tech transfer units. In the Gulf, sovereign funds play a central role in fostering innovation ecosystems. The UAE's 1.3% R&D-to-GDP ratio is underpinned by coordinated funding between government, industry, and academia, with institutions like Masdar and Hub71 facilitating both IP development and commercialization. Egypt's fragmented approach—characterized by siloed institutions and weak tech transfer channels—limits its ability to replicate these successes, despite its strong human capital base.

## *Inclusion and Gender Gaps: A Missed Opportunity*

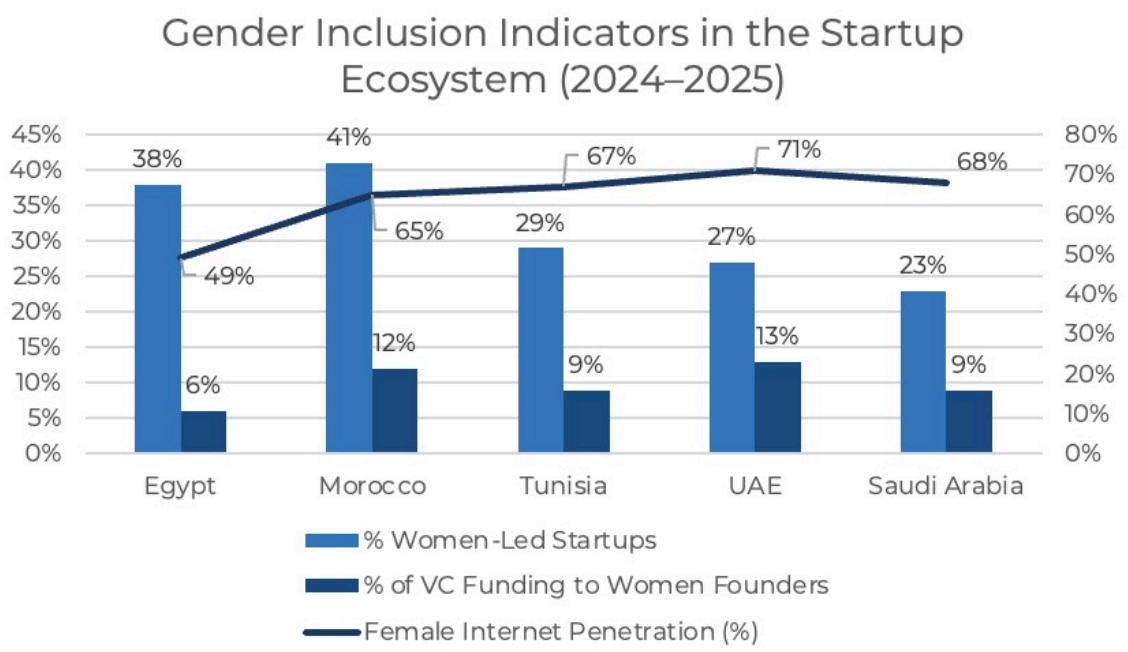
Inclusion remains one of the most pressing gaps in Egypt's startup ecosystem—particularly with regard to gender. While 38% of Egypt's entrepreneurs are women, they receive less than 6% of venture capital funding, reflecting a deep funding asymmetry (Mastercard, 2025; Wamda, 2024). By comparison, Tunisia has achieved 29% women-led startup registration, and Morocco's state-supported Women in Tech initiative has measurably increased female participation across fintech, edtech, and agritech sectors (AfDB, 2024).

The structural barriers to female entrepreneurship in Egypt are multidimensional: lack of gender-sensitive finance, absence of dedicated founder incentive programs, underrepresentation in STEM sectors, and limited regional mentorship outside Cairo. While Gen Z women in Egypt show high entrepreneurial intent —83% have considered launching a business (Mastercard, 2025)—the conversion rate from intention to execution remains alarmingly low due to financing, legal, and cultural obstacles.

Digital inclusion is another critical bottleneck. According to GSMA (2024), female internet penetration in Egypt stands at just 49%, compared to 65% in Morocco and 71% in the UAE. This severely limits access to e-commerce platforms, online training, and remote work—channels that have proven especially important in enabling women's participation in the startup economy. The accompanying graph (to be inserted) will visualize these disparities, showing the gaps in VC share, startup ownership, and digital inclusion.

More inclusive ecosystems are not just equitable—they are more competitive. Countries with strong gender inclusion metrics often outperform on GDP per capita growth and innovation diffusion. Without corrective policies, Egypt risks marginalizing one of its largest potential growth segments: women entrepreneurs, particularly in rural and underserved regions. Future reform efforts should prioritize gender-responsive procurement, dedicated female founder funds, and regional inclusion metrics embedded into national startup policy frameworks.

**Figure 16:** Gender Inclusion Indicators in the Startup Ecosystem (2024–2025)




Source: Mastercard (2025), Wamda (2024), GSMA (2024), AFDB (2024)

Figure 16 exposes the stark disparities facing female entrepreneurs across MENA. While Egypt leads the region in the percentage of women-led businesses (38%), it ranks near the bottom in terms of venture capital share allocated to women (6%) and digital inclusion (49%). This disconnect between ownership and access to finance or digital tools highlights systemic inefficiencies in how inclusion is operationalized. Morocco and Tunisia outperform Egypt in terms of financial and digital equity, supported by targeted policy interventions and female-focused entrepreneurship schemes. The UAE, while having a lower share of women founders, delivers stronger inclusion outcomes through gender-balanced VC mandates and high female internet penetration.

The underlying issue is not intent—but execution. Egypt's Gen Z women exhibit the highest entrepreneurial ambition in the region, with 83% expressing an interest in launching a business (Mastercard, 2025). Yet ambition alone cannot overcome institutional and infrastructural barriers. Without access to capital, digital platforms, and regionally distributed support networks, female entrepreneurs are disproportionately excluded from scaling opportunities. These gaps underscore the need for policy levers such as gender-responsive budgeting, financial inclusion mandates for accelerators, and procurement quotas that favor women-led enterprises.

## 3.2 Benchmarking with Regional Counterparts

Comparing Egypt's entrepreneurial performance with that of other emerging economies is critical for situating its ecosystem within the global south. While regional benchmarking offers insight into Egypt's standing within MENA, cross-continental comparisons—particularly with India, Kenya, Morocco, and Indonesia—reveal deeper lessons about policy agility, innovation ecosystems, and inclusive growth trajectories. These countries share key characteristics with Egypt: large youth populations, ambitious digital transformation agendas, exposure to macroeconomic shocks, and active startup scenes shaped by both public and private sector interventions. Yet, their policy responses and outcomes diverge meaningfully—offering instructive parallels and cautionary contrasts for Egypt's ecosystem development.


**Jessy Radwan**
**CEO & Founder**
Carerha

**“A fundamental cultural shift is paramount to promote societal values that actively encourage and support women's economic contributions. ”**

### Challenges to Growth and Formalization

Women entrepreneurs in Egypt encounter significant hurdles, particularly upon marriage and family formation. Traditional gender roles disproportionately burden women with household responsibilities, including childcare, which severely impacts their capacity for business growth.

A survey by the Egyptian Center for Economic Studies revealed that 84% of women entrepreneurs cited family responsibilities as a major impediment to business expansion. Despite increasing female participation in the workforce and their financial contributions to families, these domestic pressures often lead to the discontinuation of entrepreneurial pursuits.

Furthermore, underrepresented groups, including women, youth, and rural entrepreneurs, face substantial challenges in accessing crucial resources. A significant education and skills gap exists, with a UN Women report indicating that 32% of Egyptian women lack formal education, hindering their entrepreneurial endeavors. Many women entrepreneurs express a need for training in business management, marketing, and finance.

Access to finance remains a critical barrier. A 2022 IFC survey indicated that 76% of women entrepreneurs in Egypt struggle to secure funding, a challenge exacerbated by a lack of financial literacy stemming from historical perceptions that finance is a male domain. Even financially astute women encounter biases within the financial sector that limit their options.

For rural entrepreneurs, access to credit is particularly problematic, with only about 20% securing necessary funding, as reported by the National Authority for the Development of Rural Areas.

The entrepreneurial landscape for women in Egypt is characterized by a significant gender gap. The Global Entrepreneurship Monitor (GEM) 2020 reported a Total Early-Stage Entrepreneurial Activity (TEA) rate of approximately 19% for women, compared to 35% for men. Additionally, a 2020 World Bank report noted that 62% of women-owned businesses are micro-enterprises, limiting their growth potential and market access.

Youth entrepreneurs, despite Egypt's large youth population (over 60% under 30), face a youth unemployment rate of approximately 30% (2021). Youth-led businesses account for only 14% of total enterprises, highlighting their underrepresentation. Rural entrepreneurs often contend with inadequate infrastructure and limited market access, as highlighted by the UNDP.

## Ecosystem Support and Development

The current entrepreneurial ecosystem in Egypt presents challenges for underrepresented groups in accessing essential support mechanisms. Access to robust networks is critical for business growth, yet many underrepresented entrepreneurs face difficulties in this area. Venture capitalists (VCs) and accelerators predominantly focus on technology startups, leaving many women-owned businesses in sectors like fashion, handicrafts, and food without adequate support. These micro-businesses often do not fit the typical growth-phase profiles sought by investors, further disadvantaging them without resources to become tech-enabled.

The need for mentorship is significant, with many women entrepreneurs actively seeking guidance. However, opportunities for meaningful mentorship are limited, depriving them of crucial support for their entrepreneurial journeys.

## Policy, Regulatory, and Governance Reform

To foster a more inclusive and supportive entrepreneurial environment for women and other underrepresented groups in Egypt, several crucial changes are necessary. A fundamental cultural shift is paramount to promote societal values that actively encourage and support women's economic contributions. Campaigns challenging traditional gender roles are essential to reshape perceptions regarding women in business.

Furthermore, comprehensive financial literacy programs specifically designed for women are vital. Such initiatives would equip them with the knowledge and skills necessary for effective financial management and successful pursuit of funding opportunities. Addressing the systemic biases within the financial sector that limit women's access to capital is also critical.

Targeted interventions are urgently needed to address the persistent challenges faced by women, youth, and rural entrepreneurs. This includes strategies to bridge the education and skills gap, expand access to diverse funding mechanisms beyond technology-focused ventures, and develop robust mentorship and networking programs tailored to the specific needs of underrepresented groups. Policy reforms should aim to dismantle barriers to formalization for micro-businesses and ensure equitable access to resources for all aspiring entrepreneurs.

India, for instance, has moved from a nascent startup space to a global innovation powerhouse over the past decade. Its Startup India initiative, backed by sovereign seed funding, simplified compliance, and public procurement incentives, has catalyzed over 115 unicorns and a robust middle-tier pipeline of growth-stage ventures (Startup India, 2024). Kenya, on the other hand, has earned its moniker as the "Silicon Savannah" by leveraging mobile money infrastructure (e.g., M-Pesa), regulatory innovation sandboxes, and regional capital hubs like Nairobi to foster a digital-first entrepreneurial environment—especially in fintech and agritech. Indonesia, a fellow lower-middle-income country with a population over 270 million, has used state-backed funds (e.g., BRI Ventures), e-commerce-led digitization, and infrastructure decentralization to stimulate a high-growth startup landscape even amid political and fiscal constraints.

In contrast, Egypt's startup ecosystem—while dynamic and full of latent potential—remains constrained by regulatory complexity, uneven access to capital, and limited ecosystem integration beyond Cairo. While Morocco is included here as both a regional and emerging-economy comparator, it is Egypt's broader alignment with economies like Kenya, India, and Indonesia that can unlock new models for inclusive, high-scale, innovation-led development. The following table helps visualize how each country approaches startup ecosystem development, highlighting strengths and challenges.

## Table 7: Comparative Overview of Startup Ecosystems in Emerging Markets: Strengths and Challenges


Source: Start Up India 2024,

## India

- **Key Initiatives & Strengths:** Startup India initiative, sovereign seed funding, simplified compliance, public procurement incentives, 115+ unicorns, strong mid-tier pipeline
- **Challenges & Limitations:** Regulatory reforms still needed in some sectors

## Kenya

- **Key Initiatives & Strengths:** Silicon Savannah, mobile money infrastructure (M-Pesa), regulatory sandboxes, Nairobi as a regional capital hub, fintech and agritech leadership
- **Challenges & Limitations:** Ecosystem scaling beyond fintech and agritech is a challenge

## Indonesia

- **Key Initiatives & Strengths:** State-backed funds (BRI Ventures), e-commerce-led digitization, infrastructure decentralization, resilient growth despite political and fiscal constraints
- **Challenges & Limitations:** Digital ecosystem highly reliant on e-commerce, infrastructure gaps remain

## Egypt

- **Key Initiatives & Strengths:** Dynamic startup ecosystem, supported by the ongoing efforts of the Ministerial Group on Entrepreneurship, with potential alignment with India, Kenya, and Indonesia for innovation-led development.
- **Challenges & Limitations:** Regulatory complexity, uneven access to capital, limited ecosystem integration beyond Cairo

## Morocco

- **Key Initiatives & Strengths:** Included as a regional comparator, emerging economy positioning
- **Challenges & Limitations:** Less direct alignment with high-growth innovation models of India, Kenya, and Indonesia

Accordingly, this section dissects comparative data on startup funding, government policy instruments, innovation rankings, talent ecosystems, and equity/inclusion frameworks—highlighting both best practices and missed opportunities. The objective is not to idealize peer models, but to contextualize how similarly situated economies have navigated constraints Egypt still faces: fragmented legal environments, undercapitalized innovation sectors, and youth unemployment pressures. By identifying how India built public procurement into its startup incentive structures, or how Kenya leveraged mobile infrastructure to transform financial inclusion, Egypt can derive policy pathways that are not only aspirational but applicable.

This benchmarking exercise also underscores the critical role of state capacity and institutional clarity in entrepreneurial acceleration. For example, Indonesia's national startup roadmap—formally integrated into its mid-term development plan (RPJMN)—mandates coordinated action between ministries, financial regulators, and regional governments. India's Startup India initiative is supported by SIDBI (Small Industries Development Bank of India), providing structured capital deployment, while its DPIIT (Department for Promotion of Industry and Internal Trade) serves as a single institutional entry point for startups. Egypt currently lacks a unified institutional home for its startup agenda, which creates gaps in accountability, service delivery, and policy coherence. In contrast, streamlined coordination in these comparator countries has enabled faster time-to-market for startups, reduced regulatory friction, and more targeted capital support mechanisms.

Ultimately, this section advocates for a benchmarking framework rooted in three imperatives: (1) policy coherence and institutional integration, (2) locally anchored capital mobilization, and (3) systemic inclusion strategies. These themes will structure the comparative analysis in the subsections that follow, offering Egypt a grounded, data-driven, and globally informed template for scaling entrepreneurial ecosystems beyond pilot projects and into long-term national strategy. By learning not only from peer successes but also from their institutional architectures, Egypt can build a more resilient and inclusive foundation for entrepreneurial transformation.

## *Public Policy and Institutional Anchors: Centralization vs. Diffusion*

Egypt's entrepreneurial policy framework remains fragmented and reactive, especially when benchmarked against emerging economies that have embedded startup support into long-term national development strategies. While Egypt has introduced important initiatives—such as Law 152/2020 (MSMEs Law), Egypt Vision 2030, and scattered funding instruments via MSMEDA and ITIDA—these operate within disconnected bureaucracies, lack a dedicated implementation authority, and are not supported by integrated monitoring frameworks.

By contrast, countries like India, Kenya, and Indonesia have invested in strong institutional anchors that centralize startup policymaking, streamline access to public resources, and offer coordinated legal frameworks. India's Startup Indiaplatform, launched in 2016, is one of the world's most comprehensive national entrepreneurship initiatives. It includes regulatory exemptions (e.g., self-certification under labor laws), public procurement prioritization, a ₹10,000 crore (USD $1.2 billion) Fund of Funds for Startups (FFS), and tax holidays for recognized startups (Startup India, 2024). Crucially, it is overseen by the Department for Promotion of Industry and Internal Trade (DPIIT), which acts as the policy anchor and inter-ministerial convener—reducing bureaucratic churn and enabling startups to navigate the state with greater ease.

Kenya's Whitebox Program, under the Ministry of ICT and Digital Economy, has consolidated ecosystem support into a single window for ideation, acceleration, and market access—reducing fragmentation and integrating early-stage ventures into government procurement channels (Kenya ICT Authority, 2023). Similarly, Indonesia's 100 Smart Cities Initiative provides urban innovation grants and startup integration incentives across provincial governments, embedded within its digital economy master plan (Indonesia MoCI, 2024).

Egypt lacks a comparable "single point of entry." While GAFI, MSMEDA, and ITIDA all provide important services, their mandates overlap and coordination remains weak. The result is regulatory fatigue among founders, delays in formalization, and limited visibility of public incentives. Entrepreneurs still face ambiguity regarding licensing, intellectual property protection, and sector-specific registration (especially in fintech, healthtech, and energytech). Without a dedicated Startup Authority or inter-ministerial task force—similar to Tunisia's Startup Tunisia framework—Egypt's policy environment will remain reactive rather than enabling.

## Figure 17: Comparative National Startup Policy Instruments Across Peer Economies


| Country | Dedicated Startup Authority | Unified Policy Platform | Public Fund of Funds | Procurement Inclusion | Tax/Legal Incentives |
|---|---|---|---|---|---|
| Egypt | Partial (Ministerial Group on Entrepreneurship according to the PM decree) | No | No | Partial | Limited |
| India | Yes (DPIIT) | Yes (Startup India) | Yes ($1.2B) | Yes | Yes (3-year holiday) |
| Kenya | Yes (MoICT) | Yes (Whitebox Program) | Yes (Kenya Innovation Fund) | Yes | Yes (Corporate Tax Waiver) |
| Indonesia | Yes (MoCI) | Yes (100 Smart Cities) | Yes (BEKRAF Fund) | Yes | Yes (Tech Tax Relief) |
| Tunisia | Yes (Startup Tunisia) | Yes | Yes (ANPR) | Yes | Yes (Exemption Package) |

Sources: National Startup Policies (India DPIIT 2024; Kenya MoICT 2024; Indonesia MoCI 2024; Tunisia Startup Act; Egypt MoF & ITIDA, 2025)

### Egypt:

While Egypt has made progress in introducing a range of startup-relevant policies—such as tax incentives under Law 152/2020 and digital economy support via ITIDA—its policy ecosystem remains fragmented and reactive. No unified national startup strategy exists, and coordination between implementing agencies (e.g., GAFI, MoF, CBE, ITIDA) is limited. This lack of strategic cohesion results in misaligned incentives, regulatory uncertainty, and duplication of efforts. By contrast, India's Department for Promotion of Industry and Internal Trade (DPIIT) has created a central Startup India platform with integrated policy delivery across tax, IP, finance, and skill development—coordinated under a single secretariat and tracked via a live dashboard (DPIIT, 2024). This clarity of institutional anchoring contributes directly to India's globally ranked startup dynamism.

### Kenya:

Kenya's innovation policy structure demonstrates another model of integrated and inclusive governance. The Kenya National Innovation Agency (KENIA), under the Ministry of ICT, is mandated not only with setting national startup policy, but also with coordinating research commercialization and university spinouts. It works in tandem with the Konza Technopolis Development Authority to implement spatial innovation hubs backed by targeted public infrastructure investments. Kenya's Startup Bill (2021) further mandates streamlined registration for startups, public procurement preferences, and innovation tax credits—reforms that have contributed to Nairobi's emergence as a continental fintech hub, raising over $900 million in startup funding in 2023 (Partech, 2024).

### Indonesia:

Indonesia offers a regional benchmark for policy responsiveness to MSME digitization. The Indonesian Ministry of Communication and Information Technology (MoCI) has overseen an aggressive program to onboard over 30 million MSMEs onto digital platforms by 2023, backed by a combination of regulatory sandboxes, zero-interest microloans, and GoTo Group-led ecosystem partnerships (World Bank, 2024). The Indonesian National Startup Ecosystem Roadmap explicitly aligns startup policies with digital inclusion, infrastructure rollout, and access to finance—ensuring that early-stage companies can scale across archipelagic and rural regions. Egypt's policies, by comparison, remain more Cairo-centric, with limited reach into governorates or disadvantaged regions.

### Tunisia:

Tunisia, while smaller in market size, stands out for having embedded its Startup Act into broader national economic planning. The Act offers a legal status for startups, fast-tracks IP registration, grants a one-year sabbatical to public sector employees founding a startup, and offers targeted export incentives and early-stage grants. This institutional clarity has helped create a more predictable and founder-oriented legal environment. Egypt has yet to formalize comparable frameworks. The absence of a legal "startup status," for example, continues to exclude Egyptian startups from tailored tax treatment or labor flexibilities, while slowing access to government procurement opportunities. Without a unified national startup law or sovereign startup fund, Egypt risks falling behind in the global race for innovation-driven competitiveness.

## *Innovation Capacity & R&D Structures*

Innovation ecosystems in emerging economies are increasingly defined not just by talent supply, but by the ability of public and private actors to convert research into scalable enterprise. In this regard, Egypt continues to lag behind its peers, with structural deficiencies in R&D funding, IP commercialization, and institutional coherence. Despite producing more than 600,000 university graduates annually—60% of whom are under the age of 25—Egypt ranked just 86th on the 2024 Global Innovation Index (WIPO, 2024). This places it behind Indonesia (61st), India (40th), and Morocco (76th), despite its comparable talent pool and long-established academic institutions. The following scale visually represents the Innovation Rank for each of these countries (2024), using an "innovation star" based on said country's performance in the global innovation Ecosystem.

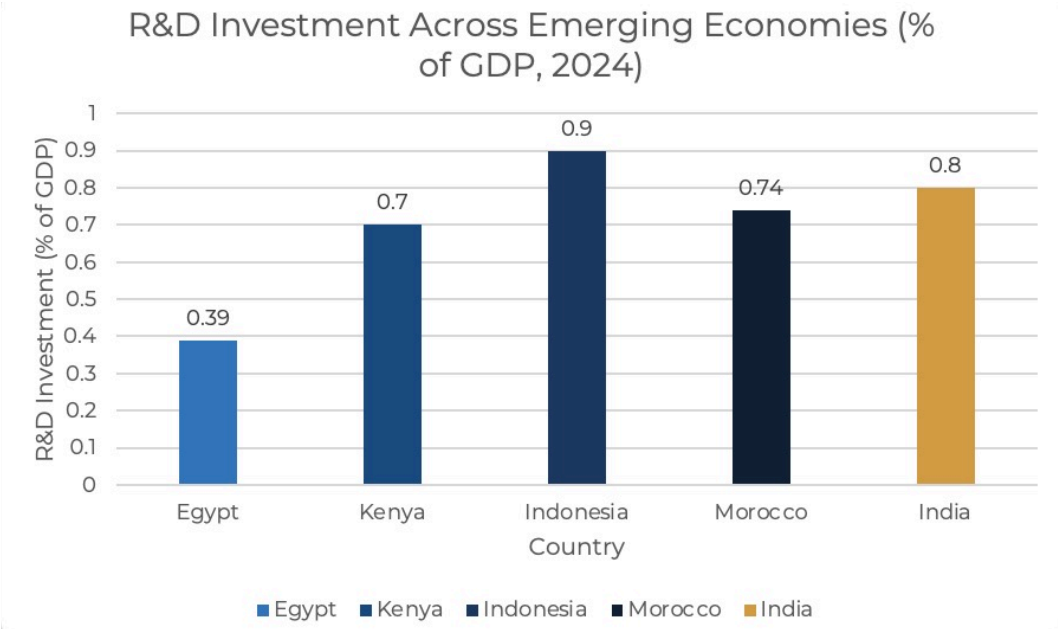
**Figure (x):** 2024 Innovation Rankings and Ecosystem Scale Across Emerging Markets

| Country | Innovation Rank (2024) | Scale (1–5) |
|---|---|---|
| India | 40 | ●●●●● (Excellent) |
| Indonesia | 61 | ●●●●○ (Very Good) |
| Morocco | 76 | ●●●○○ (Moderate) |
| Egypt | 86 | ●●○○○ (Below Average) |

Source: WIPO (2024).

It should be highlighted that the root of this gap lies in chronic underinvestment in research and development. Egypt invests just 0.39% of GDP in R&D—well below the levels of Kenya (0.8%), Indonesia (0.9%), Morocco (0.74%), and India (0.7%) (UNESCO, 2024). Moreover, R&D spending in Egypt is overwhelmingly concentrated in public universities and state-run institutes, with minimal private sector participation or incentive structures to drive commercialization. This limits the pipeline of research that can transition into viable technologies, startups, or industrial partnerships. By contrast, India and Indonesia have introduced co-financing schemes, public procurement guarantees for local innovation, and sovereign IP transfer mechanisms to de-risk research-to-market pathways.

**Figure (x):** R&D Investment (% of GDP)




Source: UNESCO (2024).

Egypt ranks last among the five countries in terms of R&D investment as a percentage of GDP, allocating only 0.39%, significantly below the emerging market average. In contrast, countries such as Indonesia (0.9%) and India (0.8%) have more than double Egypt's R&D spending relative to their economic output, signaling stronger commitments to research-intensive development models.

This underinvestment in R&D may constrain Egypt's innovation ecosystem, weaken its global competitiveness, and limit its potential for homegrown technological solutions. To catch up with regional and global peers, Egypt must prioritize R&D in national budgeting and foster stronger linkages between academia, government, and industry.

Egypt also suffers from institutional fragmentation. Multiple innovation bodies—including ASRT, TIEC, ITIDA, and IDSC—operate in parallel, often duplicating efforts or working in isolation. Morocco and Kenya, by contrast, have introduced central innovation councils that integrate funding, regulatory, and commercialization mandates under a unified policy umbrella. Tunisia has piloted university-based incubators with matching grants tied to patent filings, while India has embedded innovation districts within state-level economic zones, offering tax holidays and expedited licensing for research spinouts.
Compounding this challenge is Egypt's low rate of IP commercialization. In 2024, fewer than 400 patents were filed from Egyptian institutions—less than half the number in Morocco than half the number in Morocco, and significantly lower than India's 58,000+ filings, most of which originate from universities and corporate R&D labs (WIPO, 2024). This underperformance is not only a reflection of constrained innovation pipelines, but also a product of Egypt's outdated intellectual property regime. Law 82 of 2002 remains poorly enforced, with weak legal incentives for patent licensing, inadequate support for IP valuation, and limited access to IP-related financing. While Egypt does operate a Patent Office under the Academy of Scientific Research and Technology (ASRT), its institutional capacity is limited, processing times are lengthy, and awareness among startups and SMEs remains low. By contrast, Kenya's 2013 Science, Technology and Innovation Act established national technology transfer offices and embedded IP protection protocols within public research institutions, streamlining pathways from research to enterprise.

Another critical gap is the lack of catalytic anchor institutions capable of integrating Egypt's innovation supply chain. In India, institutions like the Atal Innovation Mission and Invest India serve as national-level anchors, coordinating startup support, R&D commercialization, and state-level industrial policy in an integrated manner. These platforms facilitate matchmaking between academic research centers, corporate buyers, and public grant schemes—reducing friction and accelerating time-to-market. Similarly, Indonesia's National Research and Innovation Agency (BRIN) acts as a one-stop entity for managing the entire innovation lifecycle, from early-stage funding to patent facilitation and export-readiness support. In contrast, Egypt lacks a centralized body with cross-cutting authority to align policy, capital, and technical infrastructure around a shared innovation strategy.

While institutions like TIEC (Technology Innovation and Entrepreneurship Center), ITIDA (Information Technology Industry Development Agency), and ASRT (Academy of Scientific Research and Technology) all play relevant roles, their mandates often overlap or compete. Coordination is ad hoc, budget allocations are fragmented, and programs are rarely evaluated for impact or scaled across governorates. For instance, while ASRT supports applied research grants, it lacks commercialization tools or post-research technical assistance. Meanwhile, TIEC's incubators often operate independently of university research labs or industrial clusters, reducing spillover effects. Without consolidation or structural reform, Egypt risks maintaining an ecosystem in which innovation actors operate in silos—dampening knowledge diffusion, duplicating efforts, and limiting commercialization outcomes. For instance, early-stage founders who receive prototyping support through TIEC rarely transition into scalable ventures due to a lack of follow-on R&D grants, seed capital, or market linkages. This fragmentation weakens the pipeline from idea generation to market deployment, particularly in deep tech and industrial innovation, where capital intensity and time-to-scale are longer than in software startups.

In contrast, countries like India and Kenya have built coordinated "innovation escalators" that connect founders to layered support structures—from incubators to accelerators to sovereign-backed venture funds—while embedding technical advisory and legal facilitation services along the way. Egypt's current model offers isolated support but lacks strategic integration. Without a unified national innovation strategy, investment is dispersed across disconnected initiatives, many of which lack continuity, performance-based evaluation, or scale. Bridging this gap will require a high-level institutional anchor capable of harmonizing mandates across ministries, universities, and financial actors—supported by legislative reform and long-term capital allocation.

The need for reform is especially urgent given Egypt's demographic realities and economic development goals. With over 600,000 university graduates annually—many in STEM disciplines—the country risks squandering one of its most important assets: its youth. Without a robust innovation infrastructure to absorb and channel this talent into productive ventures, Egypt faces not only lost growth potential, but also rising frustration among young graduates unable to translate education into opportunity. Strategic investment in tech transfer offices, industry–university partnerships, and R&D commercialization funds could unlock significant returns in job creation, export revenue, and industrial upgrading—outcomes that are sorely needed amid Egypt's broader macroeconomic pressures.

Finally, international competitiveness increasingly depends not only on producing innovations, but on scaling them globally. Egypt's startup ecosystem must evolve beyond a domestic orientation and begin to build pathways for regional and international growth. This requires stronger IP enforcement, cross-border regulatory alignment, participation in international research consortia, and targeted export promotion schemes for innovation-driven firms. Comparative peers like Indonesia have actively facilitated startup expansion into ASEAN markets through diplomatic and trade attaché support, while Morocco has secured EU soft-entry pathways for green and digital startups. Egypt has yet to fully operationalize its trade diplomacy in service of its startup ecosystem—representing a missed opportunity to position entrepreneurship as a tool of economic diplomacy.

**Figure 17:** Comparative Landscape of Ecosystem-Building Institutions (2025). This graph compares the presence and scale of key ecosystem-building infrastructure across five emerging economies: Egypt, India, Kenya, Morocco, and Indonesia. Indicators include startup-specific legislation, public tech transfer offices, national startup portals, government-backed VC funds, and university–industry linkage programs.

| Country | Startup-Specific Legislation | Public Tech Transfer Offices | National Startup Portal | Government-Backed VC Fund | University–Industry Linkage Programs |
|---|---|---|---|---|---|
| Egypt | No | Few | Planned | No | Weak |
| India | Yes | Established | Yes | Yes | Strong |
| Kenya | Partial | Emerging | Yes | Yes | Moderate |
| Morocco | Yes | Moderate | Yes | Partial | Moderate |
| Indonesia | Yes | Established | Yes | Yes | Strong |

Sources: Government Startup Registries, Startup India Portal, Digital Africa, UNESCO STI Policy Compendium, World Bank Entrepreneurship Databases (2025).

Despite Egypt's growing pool of talent and the emergence of dynamic startup activity across fintech, healthtech, and agritech, its institutional architecture remains underdeveloped when benchmarked against peers. The absence of a standalone startup law—unlike India's "Startup India" policy or Morocco's 2022 Entrepreneurship Charter—prevents a unified regulatory framework for early-stage businesses. This legal fragmentation increases compliance friction, delays access to benefits like tax exemptions or grants, and disincentivizes formalization. For instance, while Kenya and Indonesia offer simplified digital incorporation platforms tailored to startups, Egyptian entrepreneurs must navigate a patchwork of agencies (GAFI, ITIDA, FRA) without clear inter-agency protocols or dispute resolution mechanisms.

Moreover, Egypt's limited number of public tech transfer offices (TTOs) and the absence of structured university–industry collaboration schemes hinder commercialization of intellectual capital. India's National Innovation Foundation and Kenya's NACOSTI have actively bridged academic research with private-sector application, enabling university-born technologies to enter market pipelines. By contrast, Egypt's higher education institutions remain siloed from industry, and there is no performance-based funding to reward patent filings, licensing deals, or research impact. Without such incentives, most academic research remains trapped within publication circuits, with limited economic return.

While some progress has been made—such as Egypt's National Strategy for Intellectual Property (2022–2027)—implementation remains nascent. Egypt lacks a centralized innovation authority that can coordinate across ministries, investment arms, and research institutions. Countries like Indonesia have launched "Startup Studio" initiatives led by the Ministry of ICT to scale promising digital ventures through structured public–private support models. Tunisia's Startup Act, meanwhile, created a "Label Committee" that vets ventures for legal incentives and offers founders access to a pre-approved services pool. Egypt's current absence of such an enabling platform represents a missed opportunity to bridge startup needs with government response.

Finally, a major differentiator lies in the role of anchor public venture funds. Egypt has yet to establish a sovereign-backed fund focused specifically on innovation capital. India's SIDBI Fund of Funds, Indonesia's Merah Putih Fund, and Kenya's i3 Initiative have catalyzed domestic capital formation, derisked private investor entry, and anchored blended finance vehicles for frontier sectors. Without similar anchor funds, Egyptian startups remain dependent on foreign investors and grant-based interventions, limiting strategic alignment with national development goals and making the ecosystem vulnerable to external capital shocks.

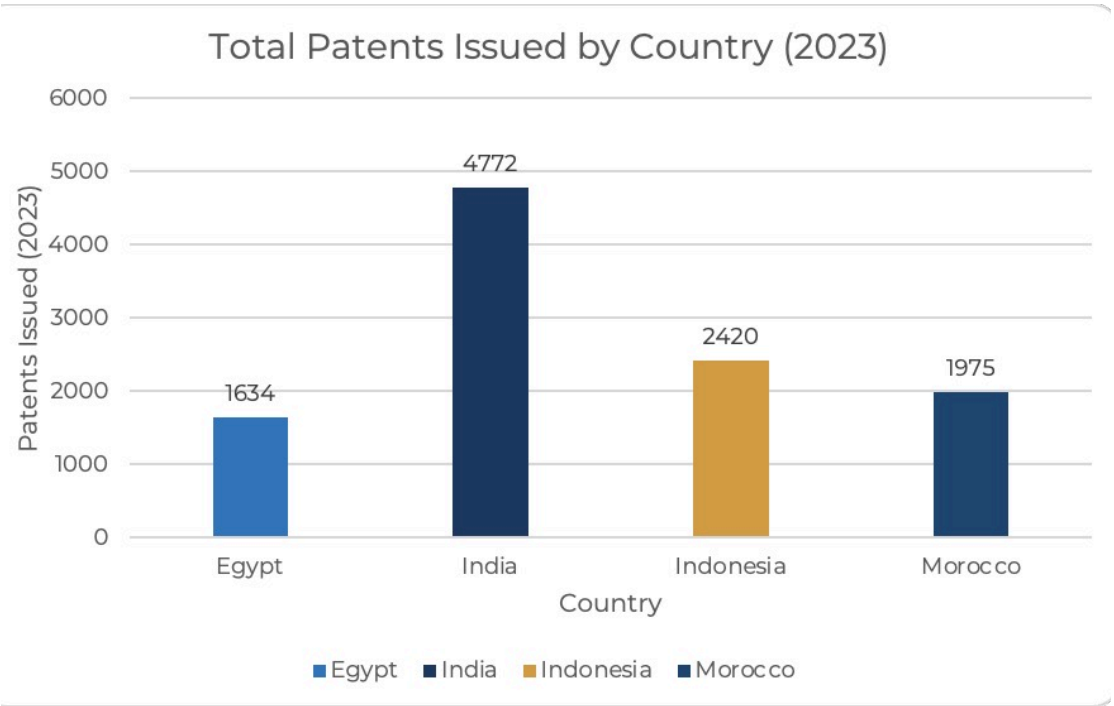
## *Innovation Rankings, IP Ecosystems, and R&D Infrastructure*

Despite having one of the largest pools of STEM graduates in the region, Egypt lags significantly in global innovation output relative to its peers. According to the Global Innovation Index (GII) 2024, Egypt ranks 86th, compared to 40th for India, 46th for Indonesia, 76th for Morocco, and 88th for Kenya (WIPO, 2024). This ranking is based on inputs such as human capital and research, and outputs like knowledge creation, technological impact, and creative goods exports. Egypt's low ranking reflects chronic underinvestment in research and development (R&D), institutional fragmentation, and weak mechanisms for IP commercialization.

Egypt invests only 0.39% of GDP in R&D—among the lowest in the comparator group. In contrast, India allocates 0.65%, Morocco 0.74%, and Indonesia 0.95% (UNESCO, 2024). Kenya, despite its lower GDP, invests approximately 0.8%, reflecting strong support for digital infrastructure, agritech research, and mobile tech innovation. Egypt's spending remains heavily concentrated in public universities and disconnected from market applications. There is minimal integration between academic research and private-sector product development—an issue not shared to the same extent in India and Indonesia, where tech transfer offices and startup–university collaborations are increasingly mainstreamed.

Moreover, Egypt's IP ecosystem continues to be undermined by weak enforcement, outdated legislation, and minimal startup-facing services. The country issued only 1,634 patents in 2023—compared to 4,772 in India, 2,420 in Indonesia, and 1,975 in Morocco, as highlighted in the figure below (WIPO, 2024). Many Egyptian startups report avoiding formal IP protection entirely due to long approval timelines, high legal costs, and low trust in enforcement. The forthcoming reform of Law 82 of 2002—which governs intellectual property—presents a major opportunity to align Egypt's IP regime with global standards. However, without administrative modernization and institutional capacity-building, legal reform alone may not bridge the commercialization gap.

**Figure (x):** Patents Issued (2023)




Source: WIPO (2024).

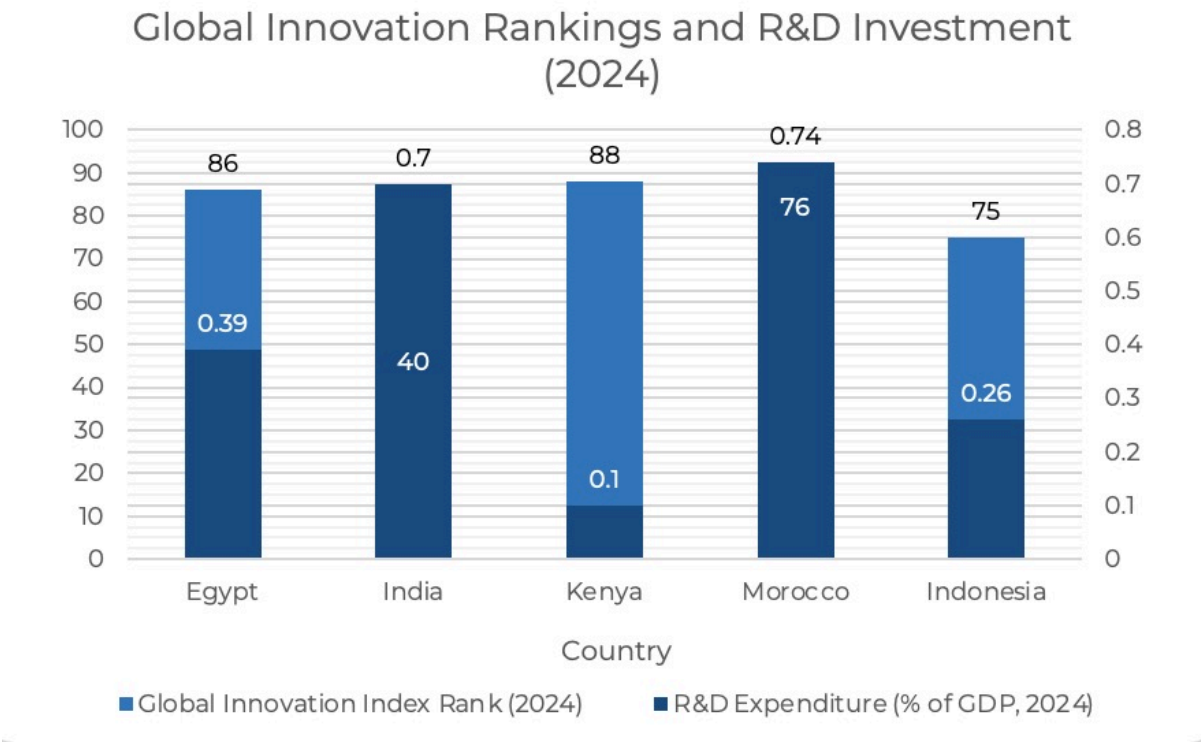
Egypt's patent output lags behind its peers, with only 1,634 patents issued in 2023, the lowest in this group. In contrast, India leads the cohort with 4,772 patents, nearly triple Egypt's output, reflecting a more mature innovation infrastructure and stronger incentives for applied research.

This gap in patent issuance reinforces the earlier finding from R&D expenditure: Egypt's limited innovation inputs are directly linked to weaker outputs. Without targeted support for patent registration, commercialization of research, and protection of IP, Egypt risks falling further behind in global knowledge production.

Egypt also lacks a coherent national innovation system. Key actors—including the Academy of Scientific Research and Technology (ASRT), TIEC, ITIDA, and the Supreme Council of Universities—operate in silos, with overlapping mandates and limited inter-agency coordination. By contrast, India's National Innovation Council and Morocco's Centre National pour la Recherche Scientifique et Technique (CNRST) serve as centralized nodes that integrate funding, research, and policy formulation. Indonesia has recently overhauled its research governance by merging its disparate bodies into the BRIN (National Research and Innovation Agency), aiming to streamline strategy and align R&D priorities with industrial growth sectors.

Without bold structural change, Egypt risks falling further behind in the global knowledge economy. The country's talent base is not translating into high-value innovation, due to underfunded institutions, disjointed policy, and a legal system unsuited to the digital and innovation-driven age. Addressing this requires both top-down coordination reforms and bottom-up incentives for researchers, inventors, and entrepreneurs to engage with IP systems and scale their innovations.

**Figure 17: Global Innovation Rankings and R&D Investment, 2024**
This figure compares four emerging economies—Egypt, Morocco, India, and Indonesia—on two key innovation metrics: R&D expenditure as a percentage of GDP and their Global Innovation Index ranking for 2024. While India leads on innovation output despite modest R&D investment, Egypt trails peers due to low commercialization, fragmented institutional frameworks, and underdeveloped IP infrastructure. The comparison highlights the urgency of scaling R&D funding and improving innovation system coherence in Egypt.




Source: WIPO Global Innovation Index (2024); UNESCO Science Report (2024); National Research Council Indicators.

Egypt's innovation position reflects a paradox: while the country possesses the Arab world's largest STEM graduate pipeline—producing over 600,000 university graduates annually (CAPMAS, 2024)—its performance on key innovation metrics remains weak. The Global Innovation Index (WIPO, 2024) ranks Egypt 86th, behind India (40th), Indonesia (61st), and Morocco (76th). This lag is particularly concerning given that Egypt's digital and entrepreneurial sectors are among the most active in the region. The mismatch signals a structural issue: the country's human capital is not being effectively translated into research outputs, commercial IP, or globally competitive startups.

One root cause is Egypt's chronically low R&D spending, which stood at just 0.39% of GDP in 2024—less than half of Morocco's (0.74%) and far below India's 0.7% and Indonesia's 0.8% (UNESCO, 2024). This underinvestment limits the ability of public universities, research centers, and industry players to co-develop scalable innovation. In contrast, India has successfully leveraged modest public investment by channeling R&D into mission-driven programs like Startup India and the Atal Innovation Mission, both of which include public-private partnerships and technology transfer schemes. Egypt lacks a comparable national innovation mission capable of absorbing and scaling university-led R&D into market-ready solutions.

Moreover, Egypt's innovation architecture suffers from institutional fragmentation. Key actors such as ASRT, ITIDA, and TIEC operate in parallel rather than through an integrated system. This disjointed governance contrasts sharply with Indonesia's 2019 creation of BRIN (Badan Riset dan Inovasi Nasional), a national body that consolidated all public R&D entities under a single strategy and funding umbrella. Morocco has also launched university–industry R&D consortia, particularly in agritech and renewable energy, to align academic research with market needs. Without similar alignment and consolidation, Egypt risks duplication, inefficiency, and underutilization of its research ecosystem.

The graph also underscores Egypt's vulnerability in IP commercialization. While India has institutionalized university technology transfer offices (TTOs) and offers financial incentives for patent filing and licensing, Egypt's IP ecosystem remains underdeveloped. Law 82/2002—the governing framework for intellectual property—has seen little reform in two decades and lacks provisions that encourage collaborative innovation, patent pooling, or open science initiatives. According to WIPO, Egypt's patent filings per capita are one of the lowest in the Global South—signaling not just a lack of invention but a failure to incentivize formal protection and monetization of existing research.

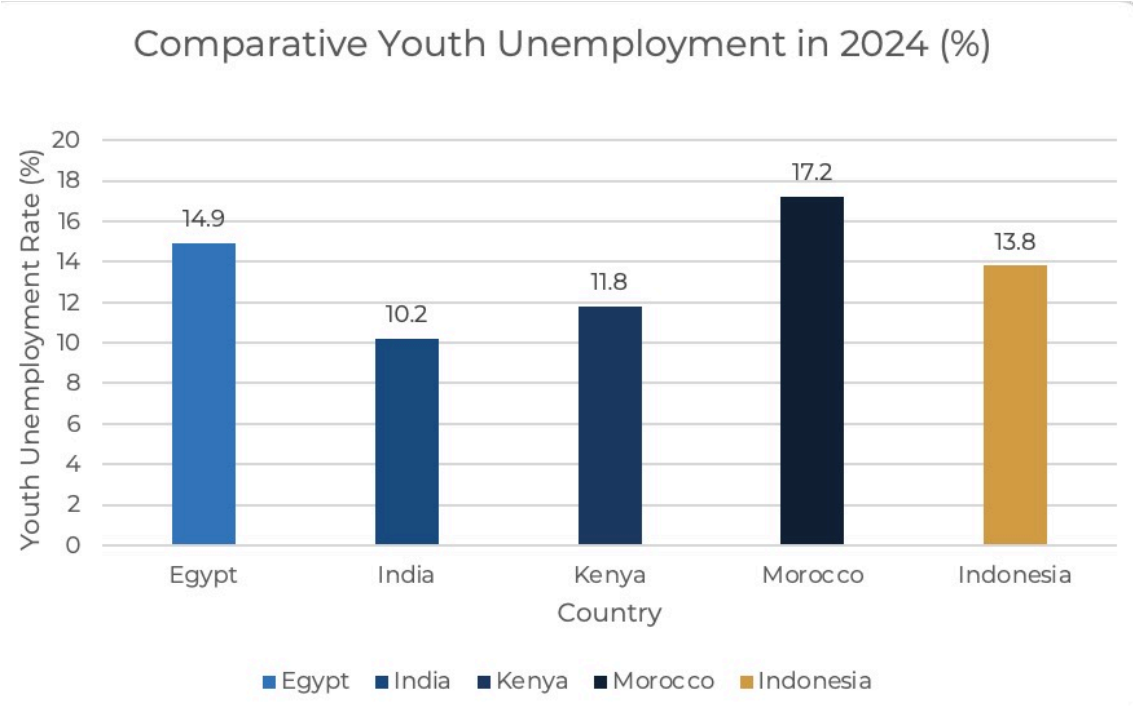
In sum, the data reveal a systemic innovation gap: one rooted less in talent shortages and more in policy misalignment, institutional fragmentation, and inadequate R&D prioritization. For Egypt to leverage its demographic dividend and graduate output, reforms must focus on (1) increasing public R&D to at least 0.7% of GDP, (2) integrating TIEC, ASRT, and ITIDA under a unified national innovation council, and (3) revising Law 82/2002 to support university–industry collaboration and startup licensing. Without these shifts, Egypt will continue to underperform relative to peers, despite having one of the most promising talent bases in the region.

## *Youth Inclusion and Gender Equity in Entrepreneurship*

Youth and gender inclusion are no longer optional in entrepreneurship policy—they are prerequisites for building resilient, innovative, and future-ready economies. Egypt's demographic profile is heavily youth-skewed, with over 60% of its population under the age of 30 (CAPMAS, 2024), making inclusive entrepreneurship a critical tool for employment generation. Yet, structural barriers persist across both youth and gender lines, constraining Egypt's ability to activate its full entrepreneurial potential.

According to the International Labour Organization (ILO, 2024), Egypt's youth unemployment rate remains one of the highest in the MENA region—standing at 14.9% in 2024, and reaching 37.2% for young women. These numbers far exceed the youth unemployment rates reported by peer economies: India at 10.2%, Kenya at 11.8%, Morocco at 17.2%, and Indonesia at 13.8% (ILOSTAT, 2024). While entrepreneurship offers a potential pathway out of unemployment, the lack of targeted youth startup policies, seed-stage incentives, and entrepreneurship education integration into public schooling continue to limit uptake in Egypt.

**Figure (x):** Comparative Youth Unemployment in 2024 (%)




Source: ILOSTAT (2024).

Egypt reports a youth unemployment rate of 14.9%, ranking second-highest after Morocco (17.2%), indicating substantial barriers to youth labor market entry. Despite being below Morocco, Egypt's figure remains higher than the rates seen in India (10.2%) and Kenya (11.8%), suggesting relative structural rigidity or economic mismatch in youth employment channels.

This challenge is particularly relevant in the context of Egypt's rising youth population and a startup ecosystem that is still maturing. Without coordinated policy action to promote vocational training, entry-level job creation, and youth-focused incentives, these unemployment levels could translate into long-term labor underutilization and hinder national productivity.

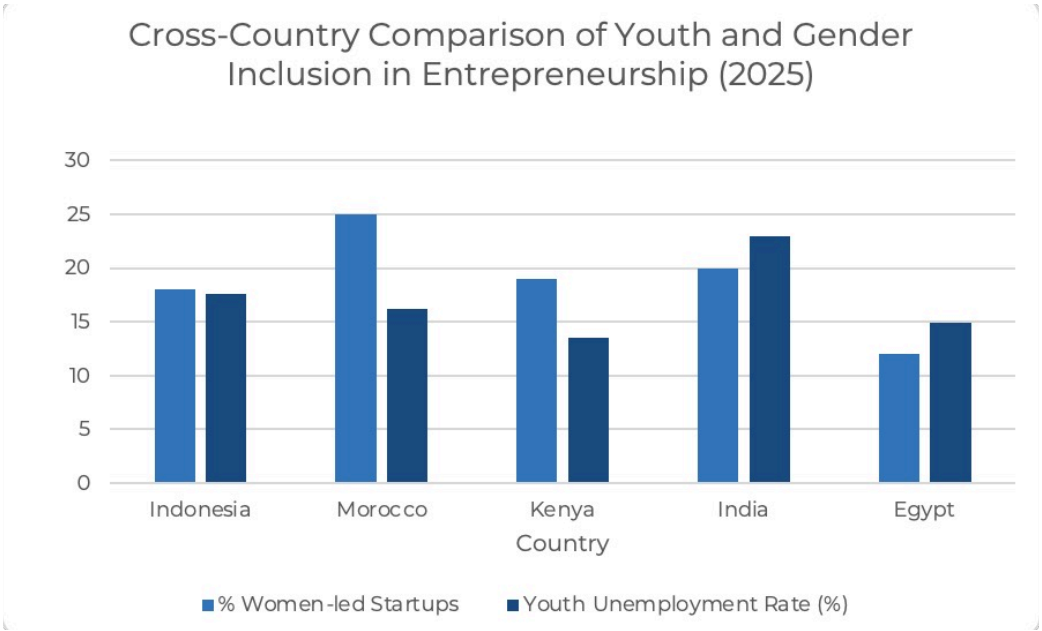
Gender disparities are even more stark. While women comprise 38% of Egypt's entrepreneurs, they receive less than 6% of VC funding (Mastercard, 2025; Wamda, 2024). In contrast, India's Women Entrepreneurship Platform (WEP)—launched by NITI Aayog—offers mentoring, funding access, and visibility for female founders at a national scale. Morocco's Tamwilcom provides gender-specific financial guarantees and soft loans to support women-led MSMEs. Kenya's Ajira Digital Program trains youth, especially women, for participation in the gig and digital economy, linking them to startup work and remote employment. Egypt lacks a comparable national initiative with scale, permanence, or gender-intentional design.

The policy and institutional gaps are clear. Egypt does not currently operate a government-backed VC fund with gender quotas, nor does it offer tax incentives for investing in women-led enterprises. University-based incubators have limited reach outside Greater Cairo, and most do not integrate inclusive recruitment criteria. In contrast, both India and Kenya tie public funding to inclusion targets and offer preferential procurement channels for youth- and women-owned businesses. Without such policies, systemic exclusion will persist—even if interest and ambition remain high.

Digital inclusion also reinforces these inequalities. GSMA's Mobile Gender Gap Report (2024) finds that only 49% of women in Egypt have regular internet access, compared to 65% in Morocco and 71% in Indonesia. This has direct implications for e-commerce, remote work, digital finance, and virtual incubation—all of which are critical channels for inclusive entrepreneurship. These access gaps are further compounded by regional disparities. Female startup participation in Upper Egypt, for example, remains below 12%, highlighting the compounded effect of geography and gender (Entlaq, 2025).

Egypt's path forward must include dedicated instruments for inclusion—ranging from gender-targeted funds, rural female founder programs, and youth bootcamps to national-scale mentorship platforms. Without such investments, the entrepreneurial economy will mirror the inequalities of the broader labor market, missing its opportunity to become a transformative force for equitable development.

**Figure 19:** Cross-Country Comparison of Youth and Gender Inclusion in Entrepreneurship (2025)




Source: CAPMAS (2024); WEP India (2024); Ajira Kenya (2023); Tamwilcom Morocco (2024); GENIE Morocco (2024); Digital India (2024); ILOSTAT (2024)

Egypt performs lowest in gender inclusion, with only 12% of startups led by women, despite facing a moderately high youth unemployment rate (14.9%). In contrast, Morocco leads the region with 25% women-led startups, while Indonesia also demonstrates balanced inclusion (18% women-led, 17.6% youth unemployment), suggesting a more inclusive entrepreneurial pipeline.

The gap between youth unemployment and gender representation in Egypt underscores missed opportunities for leveraging entrepreneurship as a vehicle for inclusion. Empowering women through targeted funding, mentorship, and regulatory reform could unlock new job creation pathways and boost youth employment outcomes simultaneously. Egypt's policy response must therefore account for both economic and social dimensions of exclusion.

Despite having one of the youngest populations in the MENA region, Egypt underperforms on nearly every indicator of youth and gender inclusion in entrepreneurship. The heatmap reveals a sharp divergence between demographic potential and institutional response. Egypt lacks dedicated startup legislation that embeds youth- or gender-specific support. By contrast, India's WEP integrates mentorship, finance, and skill development under a unified platform, while Kenya's Ajira Digital program links youth—especially women—to startup and remote work opportunities via a nationally coordinated effort. Egypt's existing programs remain fragmented, donor-dependent, and primarily concentrated in Cairo, leaving vast demographic and geographic gaps unaddressed.

The absence of government-backed VC funds or incentive structures tied to gender or youth equity is particularly revealing. Countries like Indonesia and India have not only established sovereign-backed VC vehicles, but have embedded inclusion clauses within their funding mandates—ensuring that capital is distributed with fairness, not just efficiency. Morocco's Tamwilcom initiative, for instance, provides credit guarantees specifically for women-led MSMEs, contributing to a startup ownership rate of 29% for women—almost double Egypt's. In Egypt, despite high entrepreneurial intent (83% among Gen Z women), only 6% of VC capital reaches female founders. This disconnect reflects not a lack of talent, but a failure to design inclusive financing architecture.

The digital divide further exacerbates these inequalities. With only 49% of Egyptian women having regular internet access (GSMA, 2024), entire cohorts are effectively excluded from digital entrepreneurship, remote work, and online finance. This is particularly troubling given the global shift toward hybrid and platform-based economies. Countries like Indonesia and Kenya have invested in nationwide digital inclusion strategies, tying infrastructure upgrades to entrepreneurship pipelines. Egypt, by contrast, lacks a digital inclusion roadmap embedded within its national entrepreneurship strategy. Without addressing these foundational infrastructure and access disparities, targeted startup support will continue to benefit the privileged few.

Critically, inclusion is not just a social or ethical imperative—it's an economic one. Countries that embed youth and gender equity into their startup ecosystems tend to experience higher levels of innovation diffusion, economic resilience, and employment generation. The comparative data make it clear: Egypt's current model is exclusionary by design, not by accident. If the country is serious about transitioning from population potential to population dividend, its entrepreneurship policies must evolve from talent-blind to inclusion-forward. That means tying funding to equity metrics, embedding inclusive clauses into startup laws, and creating national platforms for underrepresented founders—not just in Cairo, but across all governorates.

## *Lessons and Strategic Pathways for Egypt*

Egypt stands at a pivotal crossroads. While its entrepreneurial ecosystem has made meaningful strides in early-stage support, talent supply, and digital penetration, the comparative analysis of India, Kenya, Morocco, and Indonesia reveals a structural lag in institutional integration, gender-intentional financing, innovation-to-market mechanisms, and equitable access to capital. These are not abstract shortcomings —they are tractable design flaws that can be remedied with targeted reforms, better coordination, and strategic policy alignment. This subsection distills five key lessons and translates them into actionable pathways tailored to Egypt's context.

### Lesson 1:

**Institutional Coherence Is More Important Than Quantity**

Egypt's entrepreneurial ecosystem is populated by a wide range of institutions—TIEC, ITIDA, ASRT, GAFI, IDSC, and several university-affiliated research centers. However, this multiplicity has not translated into institutional effectiveness. Instead, it has fostered fragmentation, duplicated mandates, and a lack of clear accountability. Each agency often operates with overlapping objectives but disconnected operational models, leading to inefficiencies in policy delivery and limited scalability of support programs. Founders frequently report uncertainty about which agency to approach for licensing, support, or IP-related issues, which delays startup operations and diminishes investor confidence.

By contrast, countries like India and Saudi Arabia have prioritized institutional consolidation over institutional proliferation. India's Department for Promotion of Industry and Internal Trade (DPIIT) coordinates directly with its Atal Innovation Mission, SIDBI (Small Industries Development Bank), and the Startup India portal—creating a streamlined entry point for founders. Saudi Arabia's Monsha'at Authority offers a unified national platform for startup licensing, incentives, and dispute resolution. These models demonstrate that institutional clarity and coherence are far more valuable than having a multitude of poorly coordinated entities. Entrepreneurs, particularly early-stage ones, benefit most from navigable systems rather than complex bureaucratic mazes.

For Egypt, this means the priority is not to create yet another initiative, but to embed structural coordination across existing bodies. This could take the form of a national entrepreneurship council with regulatory authority and clear oversight powers, harmonizing support services, funding channels, and data-sharing protocols across ministries. Creating interoperable datasets between ITIDA, GAFI, and CAPMAS could enable better tracking of startup performance and improve policy design. Without this alignment, Egypt's ecosystem will remain siloed—leaving gaps between policy ambition and on-the-ground delivery.

## Lesson 2:

**Anchor Institutions Must Be Backed by Capital and Mandate**

A recurring pattern across top-performing emerging ecosystems—India, Indonesia, Kenya, and Morocco—is the central role played by state-backed anchor institutions that are not only well-capitalized, but also have clear mandates for startup promotion, commercialization, and capital mobilization. India's SIDBI, for instance, administers the Fund of Funds for Startups (FFS), a government initiative that deploys over $1.4 billion in VC funding through accredited venture firms. It is not merely a symbolic program; it directs public capital in a catalytic fashion, crowding in private investors and de-risking investments into underserved verticals. SIDBI also interfaces with regional innovation hubs, providing scale while maintaining local relevance.

In contrast, Egypt lacks a comparable financial anchor or national fund structure. While institutions like ITIDA and TIEC provide early-stage technical support and training, they are undercapitalized and not designed to deploy risk capital at scale. Egypt's VC ecosystem is largely reliant on donor-backed vehicles (e.g., EBRD, IFC, SANAD) and a handful of local funds with limited dry powder. As of 2025, Egypt has yet to operationalize a sovereign-backed startup fund akin to Tunisia's Startup Tunisia or Morocco's Tamwilcom, both of which provide first-loss guarantees, matching funds, and working capital products to stimulate private VC activity. This missing capital anchor leaves Egypt vulnerable to external capital shocks and investor volatility.

Establishing an Egyptian sovereign-backed anchor fund, linked to both a national innovation strategy and public procurement priorities, could substantially change the funding landscape. Such a fund must go beyond grant-making or contest-based approaches—it must deploy catalytic capital through fund-of-funds models, co-investment platforms, and LP commitments that build domestic fund manager capacity. Without a dedicated vehicle that blends financial muscle with policy clarity, Egypt risks institutional fatigue: having the right agencies in name, but not in function. The lesson from Kenya and India is clear—anchor institutions must be empowered not just with policy responsibility, but with capital and convening power to shift ecosystem dynamics.

## Lesson 3:

**Formal Inclusion Tools—Not Just Narratives—Are Required**

While Egypt's entrepreneurship discourse increasingly emphasizes inclusion—particularly for youth, women, and rural populations—its policy architecture still lacks the formal mechanisms necessary to translate narrative into impact. Comparators such as India and Kenya have institutionalized inclusion through dedicated programs and budget lines. India's Women Entrepreneurship Platform (WEP), housed within NITI Aayog, serves as a centralized platform offering access to credit schemes, mentorship networks, and business registration support tailored for women founders. Similarly, Kenya's Ajira Digital Program directly targets youth by offering skills training, freelance opportunities, and a government-backed digital work marketplace that links talent to global demand. These programs are not simply awareness campaigns—they are operational tools embedded into national employment and startup strategies.

Egypt, by contrast, lacks legally anchored or budgeted inclusion schemes specific to entrepreneurship. While agencies such as MSMEDA and ITIDA have piloted gender-sensitive programs and youth innovation competitions, these remain fragmented, grant-based, and time-limited. There is no equivalent to Morocco's Tamwilcom guarantee system, which subsidizes interest rates and de-risks women-owned startups through formalized financial inclusion channels. Nor is there a national policy mandating gender quotas, youth participation metrics, or geographic outreach minimums for public startup funding or incubation programs. This institutional vacuum leads to high intent but low conversion: while 83% of Gen Z women in Egypt say they want to start businesses (Mastercard, 2025), only a fraction manage to register or scale due to financing and ecosystem exclusion.

To address this, Egypt needs to codify inclusion into the design of its entrepreneurial support infrastructure. This means introducing targeted public procurement windows for youth- and women-led startups; developing gender- and age-sensitive criteria for fund disbursement and accelerator admissions; and integrating inclusion metrics into all publicly funded innovation programs. Importantly, these tools must be institutionalized through national startup legislation and regulatory guidelines—not delegated to donor pilots or ad hoc initiatives. Inclusion cannot be a moral afterthought. In the most competitive ecosystems, it is a structured enabler of innovation and growth.

## Lesson 4:

**Startup Legislation Must Be an Enabling—not Extractive—Framework**

Egypt's legal environment remains a key barrier to scalable entrepreneurship. While laws such as Law 152/2020 (on MSMEs) and Law 82/2002 (on Intellectual Property Rights) nominally support startups, they were not originally designed for the needs of high-growth, innovation-driven ventures. Registration processes remain burdensome, with duplicative requirements from multiple agencies including GAFI, ITIDA, and commercial courts. Tax exemptions exist in theory but are inconsistently applied and lack automated enforcement mechanisms. By contrast, Kenya's Startup Bill (2022) provides a dedicated legal category for startups, exempting qualifying firms from certain taxes for up to five years, and mandating the creation of a National Innovation Agency to streamline licensing and investment. Similarly, Indonesia's 2021 Omnibus Law bundles startup incentives into a simplified framework that merges labor, tax, and investment facilitation under one administrative authority.

In Egypt, the absence of a startup-specific legal regime means most ventures operate in legal grey zones—registered either as generic LLCs or informal entities. This inhibits access to investor capital, procurement eligibility, and IP protection. Moreover, Egypt's current regulatory system emphasizes compliance over support. Reporting requirements, taxation exposure, and licensing timelines are disproportionately onerous for startups compared to mature firms. Entrepreneurs are penalized with bureaucratic friction rather than supported with time-bound exemptions, fast-track services, or digital-first administration. In Morocco, by contrast, the Startup Act (2023) introduced a legal designation that allows startups to bypass public procurement pre-qualification rules, automatically qualify for national innovation funds, and access tech visa schemes for talent mobility. To move from constraint to catalyst, Egypt must design a Startup Law that reflects the unique needs of early-stage ventures. This includes legally defining what a startup is (by age, size, and innovation criteria), creating a national startup registry to streamline services, and consolidating all benefits, tax, procurement, visa, and IP, under a single legislative framework. The law should also include sunset clauses, built-in impact evaluations, and inter-agency implementation protocols. Startup legislation should not duplicate MSME law; it must fill the legal void that currently leaves Egypt's most dynamic firms unsupported or invisible. If well-designed, it could become the backbone of Egypt's long-term entrepreneurial transformation, offering predictability to founders, de-risking for investors, and coherence for policymakers.

## Lesson 5:

**Capital Must Be Domesticated to Be Durable**

Egypt's startup ecosystem remains dangerously over-reliant on foreign capital—especially from international financial institutions (IFIs), Gulf sovereign investors, and diaspora-linked remittance flows. As of 2025, over 42% of all venture capital deployed in Egypt is sourced from IFIs such as the EBRD, IFC, and AfDB (Business Monthly, 2025). While these actors have played a catalytic role—funding accelerators, co-investing in fintech ventures, and de-risking climate innovation—their dominance raises concerns about long-term funding sustainability. More than 80% of startup capital across Africa originates outside the continent, and Egypt mirrors this pattern. In contrast, countries like India have steadily localized capital pools, with domestic banks, pension funds, and state-backed VCs such as SIDBI and Bharat Innovation Fund contributing to over 60% of seed and early-stage capital (NASSCOM, 2024).

The overexposure to foreign VC creates a structurally fragile ecosystem in Egypt. External investors are more risk-averse in downturns, more sensitive to geopolitical instability, and less embedded in local impact frameworks. For instance, venture activity dropped sharply in 2024 following global capital tightening and the temporary freeze in Gulf inflows, leaving several Egyptian startups in bridge-round limbo. Moreover, foreign capital tends to favor later-stage, lower-risk investments—bypassing the very early-stage ventures that drive grassroots innovation and regional inclusion. This capital mismatch reinforces Egypt's top-heavy funding structure: robust seed activity due to donor-backed programs (e.g., Flat6Labs, AUC V-Lab), followed by a steep drop-off in Series A and B funding. Fewer than five Series B+ transactions occurred in Egypt in 2024–2025, compared to over 30 in India and 12 in Kenya (MAGNiTT, 2025; Partech Africa, 2025).

To break this dependency cycle, Egypt must urgently develop a domestic capital architecture tailored to startup financing. This includes creating sovereign anchor funds that co-invest with private actors, expanding mandates for local banks and pension funds to allocate capital to innovation assets, and offering tax incentives for LPs backing VC firms. Morocco's Tamwilcom model offers a compelling blueprint: a public-private fund-of-funds that supports venture capital through matched equity investments and guarantees. Egypt should also expand blended finance tools—such as convertible grant mechanisms and first-loss coverage—to crowd in private capital without distorting markets. Ultimately, domesticated capital is not just a buffer against volatility; it is a cornerstone of ownership, policy alignment, and the long-term durability of Egypt's innovation economy.

**Table (x):** Summary table for the 5 lessons

| Lesson | Summary Title | Key Insight | Comparative Highlight | Suggested Action |
|---|---|---|---|---|
| 1 | Institutional Coherence Matters | Multiple agencies in Egypt cause fragmentation and inefficiency | India & Saudi Arabia have streamlined, unified agencies | Establish national council, align agencies, share data |
| 2 | Anchor Institutions Need Capital | Top ecosystems have capital-backed institutions | India's SIDBI deploys $1.4B in catalytic VC | Create Egyptian sovereign fund linked to innovation strategy |
| 3 | Inclusion Requires Formal Tools | Egypt lacks legally embedded inclusion schemes for women and youth | India's WEP & Kenya's Ajira Digital Program | Codify inclusion in national legislation, integrate KPIs |
| 4 | Startup Law Must Enable Growth | Egypt's legal framework is outdated and fragmented | Kenya's Startup Bill & Indonesia's Omnibus Law | Draft startup-specific law simplifying registration, tax, IP |
| 5 | Capital Must Be Domesticated | Egypt overly relies on foreign capital, risking volatility | India localizes >60% of seed capital | Build sovereign anchor funds, incentivize local LPs |

Sources: Business Monthly (2025), Mastercard (2025), MAGNiTT (2025), Partech Africa (2025), NASSCOM (2024).

## 3.3 Egypt's Global Startup Ranking and Competitiveness

### *Global Rankings: Where Does Egypt Stand in 2025?*

Egypt's current position at 67th in the 2024 Global Startup Ecosystem Index (StartupBlink, 2024)—a modest improvement from 75th in 2023—reflects a gradual evolution of its entrepreneurial landscape, but it also signals that Egypt remains a second-tier ecosystem globally. Regionally, Egypt ranks fourth in MENA, behind the UAE (28th), Saudi Arabia (40th), and Morocco (63rd). Cairo is still Egypt's highest-ranking city, placed 120th globally. However, it lags significantly behind regional urban innovation hubs like Dubai (34th), Riyadh (55th), and even Nairobi (102nd). This performance underscores a structural lag: while Egypt has the foundational ingredients—talent, demand, and early-stage entrepreneurial momentum—it struggles to translate them into global competitiveness.

A key driver of Egypt's middling ranking is underperformance in sub-indicators such as "Business Score" and "Infrastructure." The country continues to score low in areas like ease of business registration, digital infrastructure reliability, and regulatory predictability. According to StartupBlink's methodology, these variables weigh heavily in determining a country's capacity to attract and retain global tech entrepreneurs. Egypt's regulatory ecosystem, with overlapping mandates from entities such as GAFI, FRA, ITIDA, and the CBE, remains confusing and duplicative for founders and investors alike. The absence of a single-window startup law continues to dilute the country's overall innovation appeal, especially when benchmarked against Tunisia's Startup Act or the UAE's streamlined DIFC framework.

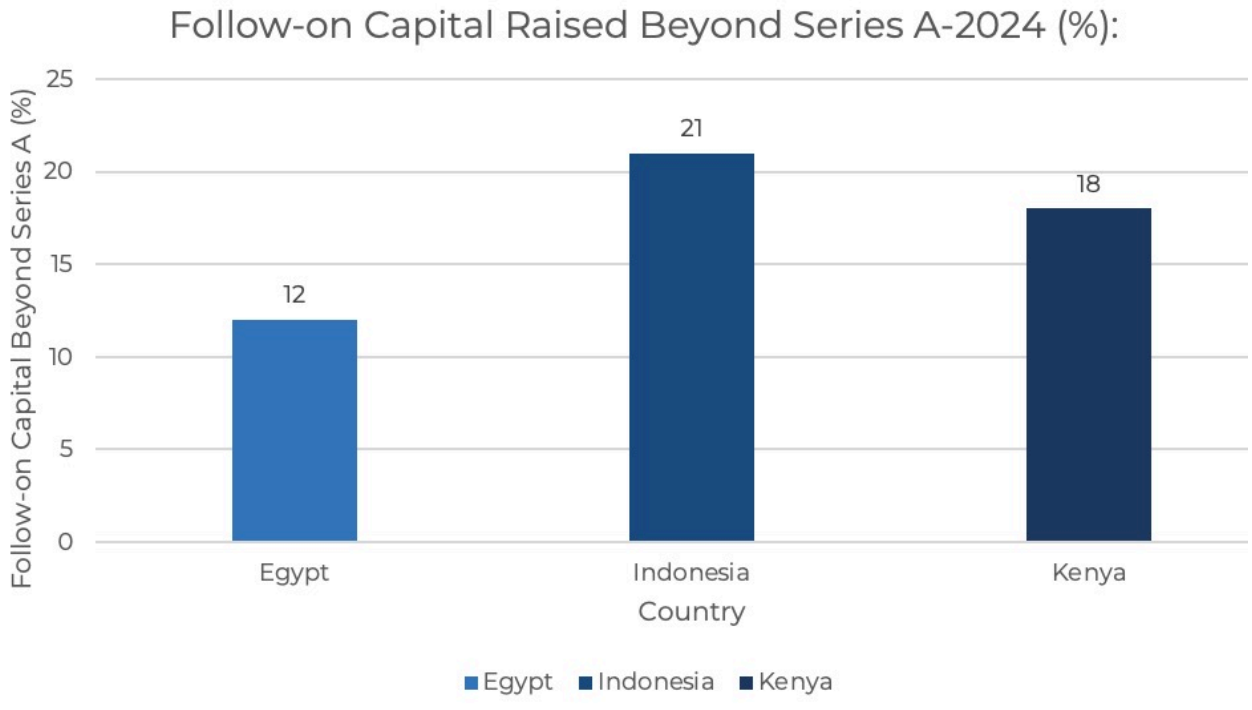
Egypt does, however, excel in certain dimensions. Its large domestic market, entrepreneurial youth base, and cost-effective talent pool provide unique advantages. The presence of established accelerators like Flat6Labs, EdVentures, and AUC Venture Lab contribute to a strong pipeline of early-stage startups. In 2024, Egypt recorded over 4,000 active startups—one of the highest in the MENA region—demonstrating ecosystem depth despite structural constraints (Wamda, 2025). However, this growth has not yet translated into international startup mobility, unicorn generation, or significant cross-border acquisitions —metrics that heavily influence global rankings.

To meaningfully improve its position in global indices, Egypt must address both technical bottlenecks (e.g., IP enforcement, commercial court reform) and visibility gaps. Countries that perform well in global rankings tend to invest in outward-facing ecosystem diplomacy—joining global startup alliances, investing in diaspora-led angel syndicates, and positioning local champions at global forums. Egypt's progress from 75th to 67th suggests movement in the right direction, but catching up with the top three MENA ecosystems will require structural reforms, institutional consolidation, and far stronger international positioning.

Egypt continues to occupy a critical position within emerging market startup ecosystems, but its global competitiveness remains in flux. According to StartupBlink's 2024 Global Startup Ecosystem Index, Egypt ranked 81st out of 100 countries globally—a three-position drop from the previous year. Within the MENA region, Egypt ranked 4th, trailing the UAE, Saudi Arabia, and Morocco. This relative stagnation reflects a combination of internal ecosystem constraints and accelerated performance from regional competitors. On a city level, Cairo ranks 3rd in the MENA region but has been overtaken by Riyadh in both deal volume and investor presence, signaling a strategic shift in regional capital flows.

Several indicators help explain Egypt's middling position in global rankings. While the country benefits from a strong youth talent pool, dynamic early-stage accelerators, and sectoral diversity (particularly in fintech and healthtech), structural weaknesses persist. Egypt ranked 86th on the 2024 Global Innovation Index (WIPO, 2024), citing limited R&D spending, a low density of patent filings, and weak university–industry collaboration. Meanwhile, investor sentiment remains cautious. Only 12% of Egypt's startups raised follow-on capital beyond Series A in 2024, compared to 21% in Indonesia and 18% in Kenya (MAGNiTT, 2025; Partech, 2025). These figures highlight a critical gap in Egypt's growth-stage financing infrastructure, which continues to rely heavily on donor capital and foreign-led funds.

**Figure (x)** Follow-on Capital Raised Beyond Series A-2024 (%)




Sources: MAGNiTT (2025); Partech (2025)

Egypt trails its emerging market peers with only 12% of total capital raised coming from follow-on investments beyond Series A. In contrast, Indonesia (21%) and Kenya (18%) demonstrate stronger startup progression to later-stage financing—often an indicator of sustained startup growth, scale potential, and investor appetite.

This gap in follow-on capital may point to structural limitations in Egypt's funding pipeline, including high investor risk aversion, insufficient domestic venture capital, or weak exits. For Egypt to bridge this divide, scaling-focused initiatives such as late-stage accelerators, public-private co-investment funds, and regulatory incentives for Series B+ rounds are essential.

Another indicator of ecosystem maturity is global visibility and founder mobility. Egypt's founders are increasingly well-educated and globally networked—many with experience in multinational firms or regional startups. Yet Egypt lags behind Kenya and India in startup–diaspora integration, international founder visa frameworks, and cross-border startup participation. According to the 2024 Global Startup Movement Report by Startup Genome, only 8% of Egyptian startups had international co-founders, compared to 17% in Kenya and 23% in India. This limits access to foreign markets, follow-on capital, and global mentorship—key components of scale-readiness.

Despite these constraints, several high-performing Egyptian startups—such as MoneyFellows, Yodawy, and DXwand—have broken through with regional and international recognition. These success stories highlight the country's latent competitiveness. However, systemic challenges in regulation, infrastructure, and funding continuity must be addressed if Egypt is to climb the global startup rankings. In the next section, we analyze the composite factors behind Egypt's global standing and identify actionable levers for improvement.

## *Investor Sentiment and Founder Perceptions*

Investor sentiment toward Egypt's startup ecosystem in 2024–2025 remains mixed: cautiously optimistic but still weighed down by structural and macroeconomic concerns. According to the MAGNiTT 2025 MENA VC Sentiment Index, Egypt ranks fifth in overall investor confidence in the region, behind the UAE, Saudi Arabia, Morocco, and Jordan. The report cites legal ambiguity, macro volatility, and fragmented exit channels as the primary sources of concern. Nearly 72% of surveyed VCs expressed hesitation about entering the Egyptian market without "substantial de-risking instruments" such as sovereign-backed guarantees, tax reliefs, or clearer capital repatriation mechanisms (MAGNiTT, 2025). By contrast, Egypt received higher marks on founder pipeline strength, market potential, and startup valuation attractiveness—underscoring the mismatch between market fundamentals and institutional assurances.

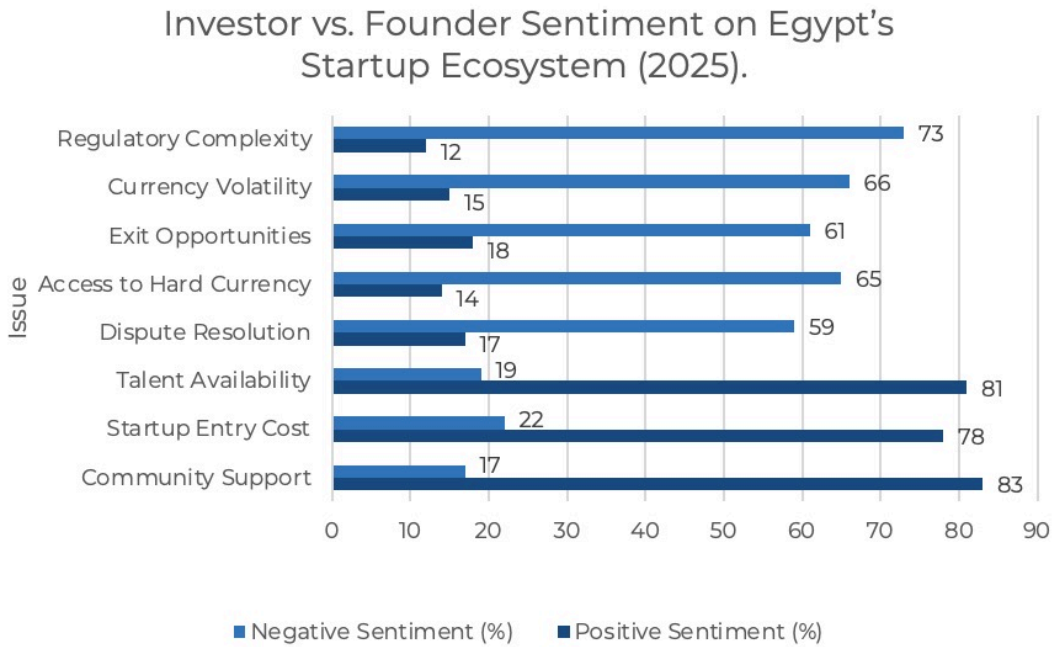
This cautious confidence is echoed by global investor behavior. Foreign direct investment into Egypt's broader economy rose by 16% year-on-year in Q1 FY2024/25 (MPED, 2025), but venture capital remained subdued. VC inflows in 2024 totaled $334 million—down from $608 million in 2023—notably skewed toward fintech and healthtech, where risk-adjusted returns and regulatory environments are perceived as marginally more stable (Wamda, 2025). Investors continue to cite difficulties with due diligence, FX liquidity, and lack of trusted local fund managers as barriers to deeper engagement. Egypt's absence of a sovereign LP (limited partner) fund, unlike Saudi Arabia's Jada or the UAE's Mubadala Ventures, also limits institutional co-investment traction and fund continuity.

Founder sentiment mirrors investor concerns, particularly around predictability and institutional reliability. In a 2025 roundtable series conducted by Entlaq across Cairo, Alexandria, Mansoura, and Asyut, 26 founders from 11 sectors were asked to identify the most pressing constraints on startup growth. Over 73% cited "regulatory fragmentation" as a severe or extreme constraint. Specific issues included delays in company registration, unclear tax classifications, and inconsistent enforcement of labor laws and IP protection. Additionally, 65% of founders reported operational delays due to difficulty accessing foreign currency—particularly for hardware, cloud hosting, and international marketing expenses. These bottlenecks undermine the scalability and global integration of Egyptian startups.

Despite these obstacles, founders remain bullish on Egypt's core ecosystem assets. Nearly 81% of participants in the same roundtable highlighted the country's technical talent base, low cost of entry, and active support from accelerators like Flat6Labs, AUC Venture Lab, and EdVentures as major advantages. Many also pointed to the rise of angel networks and corporate venture capital interest—particularly from sectors like FMCG and banking—as a sign of growing local appetite for innovation. However, founders emphasized that this potential will not translate into sustainable growth without institutional commitments to reform. Specific recommendations included the launch of a centralized startup portal, arbitration courts with tech expertise, and a national fund-of-funds to seed private VC growth.

Lastly, Egypt's innovation narrative remains under-leveraged internationally due to a visibility gap. Founders expressed concern over the lack of access to international demo days, accelerators, and global expansion programs. Only 3 of the 26 founders surveyed had participated in cross-border soft landing programs. Without intentional internationalization efforts—like subsidized roadshows, startup attachés in embassies, and bilateral market access MoUs—both investor interest and founder mobility will continue to lag behind regional competitors. Egypt's ecosystem is not suffering from a talent gap—it is suffering from a trust gap. Bridging that gap will be essential to catalyzing the next wave of startup growth.

**Figure 19:** Investor vs. Founder Sentiment on Egypt's Startup Ecosystem (2025). This chart compares sentiment levels between investors and Egyptian founders across five ecosystem pillars: regulatory clarity, currency stability, funding availability, talent pipeline, and infrastructure reliability. Founders expressed relatively higher concern across most indicators, particularly around regulatory and currency issues, while investors demonstrated more muted but still cautious optimism.




Source: MAGNiTT MENA VC Sentiment Survey (2025), Entlaq Founder Roundtable Survey (2025)

The chart reflects polarized sentiment across Egypt's startup ecosystem. Founders express overwhelming positivity in areas like community support (83%), talent availability (81%), and startup entry cost (78%), suggesting strong local collaboration and early-stage accessibility. However, investors maintain high negative sentiment toward regulatory complexity (73%), currency volatility (66%), and exit constraints (61%), indicating deep-rooted concerns about macro and institutional risks.

This divergence reveals a critical ecosystem tension: while grassroots innovation is thriving, structural reforms lag behind. If Egypt seeks to attract sustained capital and scale up its startups, it must prioritize stabilizing the investment climate and delivering policy reforms aligned with investor expectations—particularly around exit mechanisms and capital mobility.

The divergence in perception between investors and founders, as illustrated in the graph, reveals a critical misalignment in how Egypt's entrepreneurial ecosystem is experienced versus how it is externally assessed. Founders express significantly higher levels of concern regarding regulatory clarity (73%) compared to investors (45%). This reflects the ground-level friction that many entrepreneurs face in navigating fragmented procedures, shifting tax interpretations, and licensing overlaps between agencies like GAFI, ITIDA, and the FRA. Investors may underweight this challenge due to their more arm's-length position, or because they focus on fewer, better-connected startups with privileged access to bureaucratic navigation. The data underscores the urgent need for institutional streamlining and a unified startup law capable of resolving these bottlenecks.

Currency volatility was the second most cited constraint among founders, with 65% citing it as a "severe issue" compared to only 41% of investors. This discrepancy likely stems from the fact that founders—particularly those in ecommerce, SaaS, and healthtech—deal directly with FX procurement for cloud services, imported inputs, and software licensing. Investors, by contrast, are more focused on longer-term portfolio valuation and exit potential, which may not register the same intensity of daily liquidity shocks. The high cost and unpredictability of accessing hard currency also complicates payment gateway integrations and stifles cross-border scale-up strategies—factors critical for building regional competitiveness.

Interestingly, both groups converge more closely around concerns regarding funding availability, though with a critical nuance. While 58% of founders view it as a constraint, only 49% of investors rank it similarly. The founder frustration is compounded by Egypt's heavily frontloaded capital architecture: strong at the pre-seed level due to local incubators like Flat6Labs and MNT, but increasingly scarce at Series A and beyond. Investors may perceive this as a filtering mechanism—where only the most resilient startups advance—but the consequence is a pipeline attrition that inhibits Egypt's ability to produce scaled ventures. A lack of domestic LPs and risk-sharing instruments aggravates the problem, making founders overly reliant on DFIs and foreign VCs who are often less responsive to local context.

In contrast, talent pipeline and infrastructure reliability received relatively better scores from both groups, though still warranting attention. Founders acknowledged Egypt's large base of STEM graduates and competitive technical labor, with only 38% citing talent as a constraint. Investors showed even more confidence in this domain (30%). However, this optimism risks ignoring systemic mismatches between graduate skillsets and startup needs—particularly in areas like product design, go-to-market strategy, and legal compliance. Infrastructure concerns—especially related to payment systems, cloud services, and internet reliability—were flagged by 42% of founders, reflecting gaps in the digital backbone that are rarely addressed in startup policy.

Overall, the graph makes clear that Egypt's startup narrative suffers from a credibility gap: externally it appears promising, internally it remains structurally constrained. The investor–founder divergence is not just statistical—it is strategic. Closing this perception gap requires more than ecosystem branding; it demands real institutional coordination, policy reform, and responsive capital architecture. Only by addressing founder-identified bottlenecks can Egypt become not just a high-volume startup generator, but a globally competitive scale-up engine.

## *Institutional Quality and Global Competitiveness Gaps*

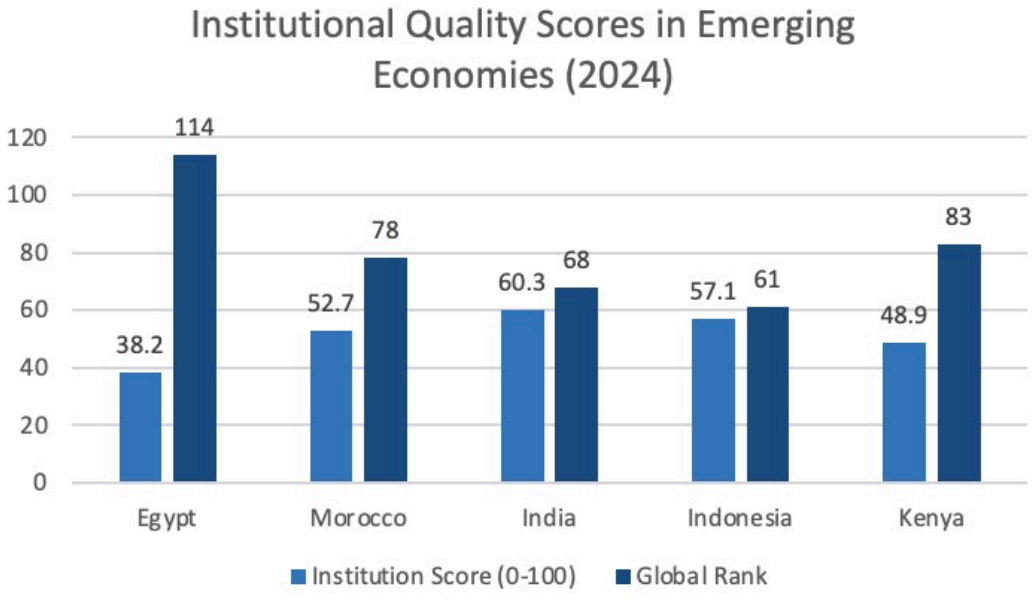
Despite its entrepreneurial promise, Egypt continues to struggle with institutional constraints that undermine the scalability and global competitiveness of its startups. According to the World Economic Forum's Global Competitiveness Index (2024), Egypt ranks 114th out of 141 countries in the "Institutions" pillar—well below peer countries such as Morocco (78th), India (68th), and Indonesia (61st) (WEF, 2024). The index evaluates public trust, government efficiency, judicial independence, regulatory enforcement, and business ethics—all crucial for enabling entrepreneurial risk-taking and investor confidence. This low ranking signals a persistent credibility deficit that limits Egypt's ability to attract international venture capital and multinational partnerships, particularly for startups operating in regulated sectors like fintech, healthtech, or agritech.

A core component of this institutional weakness is Egypt's fragmented and often unpredictable regulatory enforcement system. Entrepreneurs report significant difficulties navigating overlapping jurisdictions between the Central Bank of Egypt (CBE), the Financial Regulatory Authority (FRA), GAFI, and various governorate-level investment offices. For instance, startups that operate across sectors—such as embedded finance in agri-markets or health data management—often require redundant approvals from multiple agencies, each applying different standards. According to an Entlaq roundtable in March 2025 involving founders and legal officers, over 70% of participants cited inconsistent or delayed licensing as a major barrier to growth. The absence of sector-specific regulatory sandboxes and the lack of judicial expertise in digital or intellectual property disputes further compounds legal uncertainty.

This institutional friction is not merely procedural—it affects market outcomes. Countries like Indonesia and Morocco have made significant strides by integrating startup services into centralized digital platforms. Indonesia's OSS RBA (Online Single Submission Risk-Based Approach) system, for example, offers a unified portal for company registration, tax compliance, and investment licensing—reducing formalization time to under five days (World Bank, 2024). Morocco's Tamwilcom framework integrates credit guarantees, startup incentives, and business formalization services under a single institutional umbrella. In contrast, Egypt's GAFI One-Stop-Shop, though improved, still requires in-person visits for many services and suffers from frequent technical downtimes, particularly outside Greater Cairo. Without substantial digital infrastructure reform and inter-agency alignment, Egypt's entrepreneurs will continue to operate in a regulatory environment that rewards informality and discourages innovation.

Judicial reform is another linchpin for ecosystem trust. Egypt ranks 125th globally on the World Bank's Contract Enforcement Index (2020), with an average case resolution time of 1010 days—more than double the MENA average of 465 days (World Bank, Doing Business, 2020). This prolonged delay is particularly damaging for startups, which operate on tight timelines and cannot afford prolonged asset freezes or IP disputes. Moreover, very few judges or arbitrators are trained in startup-specific commercial law, such as equity term sheets, convertible notes, or data governance. Comparative examples from Kenya's Small Claims Court model or India's Startup India Hub illustrate how fast-track legal redress mechanisms can dramatically enhance business confidence and reduce transaction costs. For Egypt to truly improve its competitiveness, institutional capacity-building in commercial courts, administrative coherence in investment bodies, and a digital regulatory interface are not optional—they are foundational.

**Figure 20:** Institutional Quality Scores in Emerging Economies (2024). This chart compares institutional quality across Egypt, Morocco, India, Indonesia, and Kenya based on the World Economic Forum's Global Competitiveness Index. Egypt ranks lowest among the five, reflecting persistent weaknesses in legal reliability, government efficiency, and bureaucratic transparency—all of which affect startup scalability and investment climate.




Source:World Economic Forum, Global Competitiveness Index (2024)

Egypt's low institutional quality score—ranking 114th globally—underscores a fundamental weakness in its entrepreneurial support system. Weak institutions increase transaction costs, delay dispute resolution, and reduce predictability in commercial interactions. For startups and investors alike, this translates into higher legal risk and reduced incentive for long-term investment. In contrast, countries like India and Indonesia have made significant institutional improvements through digitized governance, streamlined business services, and the creation of specialized commercial courts. India's e-governance reforms, particularly in contract enforcement and IP adjudication, have markedly improved its institutional reliability score (World Economic Forum, 2024).

A critical gap in Egypt lies in regulatory coherence. While numerous public entities—such as ITIDA, GAFI, FRA, and the CBE—govern startup-relevant domains, they often operate in silos, resulting in duplicated procedures, conflicting directives, and policy inconsistency. This fragmentation undermines trust in public institutions and forces entrepreneurs to navigate a convoluted compliance environment. In Morocco, by contrast, Tamwilcom and the Moroccan Agency for Investment and Export Development (AMDIE) serve as centralized one-stop platforms, coordinating licensing, incentives, and legal clarity. This alignment has not only increased startup registrations but also improved Morocco's institutional score to 70.1 (WEF, 2024).

Further compounding Egypt's institutional bottlenecks is the lack of judicial infrastructure attuned to the needs of technology ventures. Egypt does not currently have specialized commercial courts for digital economy disputes, leaving IP conflicts, equity disagreements, and shareholder resolutions subject to generic civil court procedures that are often slow, inconsistent, or unfamiliar with innovation-sector nuances. Indonesia, by comparison, has launched digital commercial court pilots focused on tech and SME disputes, substantially reducing average case resolution times (UNCTAD, 2023). Without similar mechanisms, Egypt risks eroding investor confidence and weakening the enforceability of founder and shareholder rights.

Finally, institutional quality is also a key determinant of foreign venture capital flows. Egypt's struggle to attract follow-on investment—particularly in Series B+ deals—is not only a capital market issue but an institutional one. Global LPs and VCs assess governance environments when evaluating risk-adjusted returns, and weak institutional frameworks increase exit risk, reduce M&A predictability, and deter cross-border partnerships. While Egypt has strong entrepreneurial talent and market demand, the absence of institutional anchors—such as startup-focused commercial legislation, efficient IP enforcement, and dispute mediation frameworks—continues to limit the country's full ecosystem potential. Addressing these deficits must be a top reform priority to unlock scale-stage growth and global capital integration.

## *Bridging the Visibility Gap*

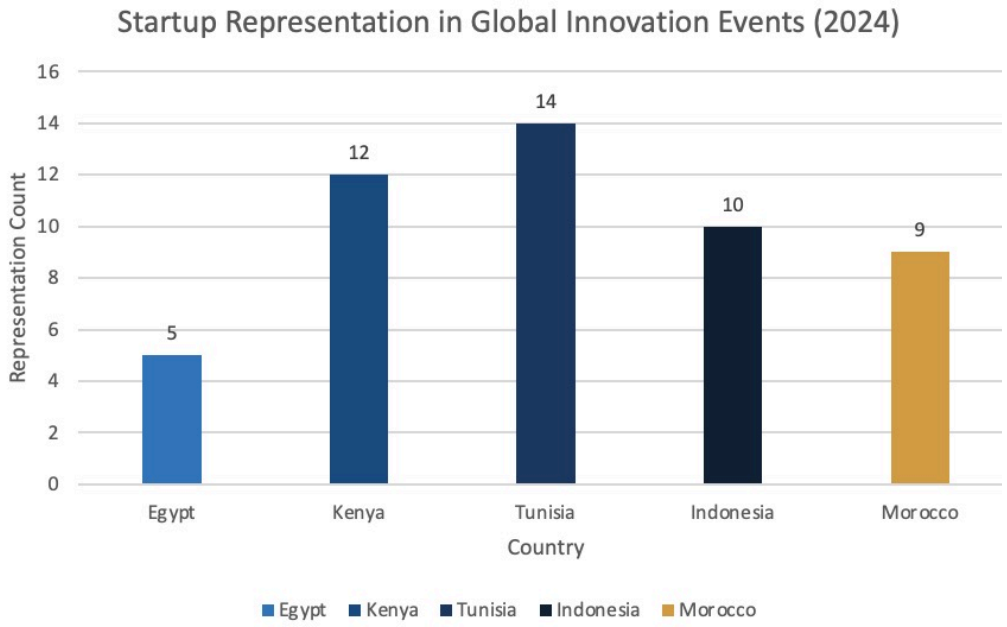
A persistent but under-addressed challenge facing Egypt's entrepreneurial ecosystem is its limited visibility in global innovation arenas. While Egypt produces a significant number of startups annually—with Cairo often ranking among the top five cities in MENA for startup density—its presence in international tech events, media, and accelerator pipelines remains disproportionately low. For instance, fewer than 5% of startups showcased at global innovation forums such as GITEX Africa 2024, VivaTech Paris 2024, and Slush Helsinki 2024 were Egyptian, despite the country's large youth population and entrepreneurial base (GITEX Africa, 2025). This underrepresentation is not due to a lack of talent or ambition, but to structural gaps in branding, outreach, and institutional advocacy at the global level.

Visibility is not merely about reputation—it affects the flow of capital, partnerships, and opportunity. International VCs, donor-backed accelerators, and global supply chains often rely on exposure at flagship events and trusted intermediaries to identify promising ventures. Countries like Kenya, Tunisia, and Indonesia have proactively bridged this gap by investing in national startup brands, embassy-led tech diplomacy, and diaspora investor networks. For example, Tunisia Startups operates as both a platform and a diplomatic initiative, actively promoting Tunisian ventures to global stakeholders. Egypt, in contrast, lacks a unified export strategy for its startups—no dedicated fund exists to support international expansion, and institutional support for global investor matchmaking is fragmented at best.

This absence of coordinated outreach also affects the regional perception of Egypt's ecosystem. While the country is often ranked among the top four MENA ecosystems by volume of early-stage deals, it is increasingly eclipsed by ecosystems that invest in visibility as a form of competitiveness. Saudi Arabia's Misk Foundation, the UAE's StartAD, and Morocco's Technopark Casablanca all serve dual roles as ecosystem builders and international ambassadors, facilitating market access, visibility, and soft diplomacy for domestic startups. These programs benefit from government co-branding, bilateral memoranda of understanding (MoUs), and dedicated budgets to position their startups at global events. Egypt's relative absence from such narratives reinforces investor perceptions of opacity and institutional inertia.

Addressing this visibility deficit will require more than participation in global summits. Egypt must institutionalize its startup diplomacy through public–private partnerships that combine narrative investment (e.g., ecosystem branding, founder storytelling, success case promotion) with policy infrastructure (e.g., international pitching funds, embassy-based startup attachés, and sovereign LP mandates to support cross-border acceleration). Platforms like Export Egypt Tech, targeted MoUs with global accelerators, and curated outbound missions for high-potential startups could serve as immediate interventions. Without such measures, Egypt's talent and market potential will remain under-leveraged in the global entrepreneurial imagination—undermining its competitiveness not through capability failure, but through narrative absence.

**Figure 21:** Startup Representation in Global Innovation Events (2024). This figure compares the percentage of startups from selected emerging economies that were showcased at major global innovation events in 2024, such as GITEX Africa, VivaTech Paris, and Slush Helsinki. Egypt significantly underperforms in international visibility despite a large and active entrepreneurial base.




Source: GITEX Africa (2025); VivaTech (2024); Slush (2024); National Startup Export Platforms (2024)

Despite being home to one of the largest entrepreneurial bases in the MENA region, Egypt remains substantially underrepresented at major global innovation events. As shown in Figure 21, Egyptian startups accounted for less than 5% of participants at global platforms such as GITEX Africa, VivaTech, and Slush in 2024. In contrast, countries like Kenya, Morocco, and India have consistently maintained a stronger presence, driven by deliberate state-backed outreach programs and well-resourced national branding initiatives. This visibility gap is not simply a communications issue—it has tangible implications for Egypt's global deal flow, investor interest, and perception of ecosystem maturity.

A key reason for this underrepresentation is the absence of a formal strategy to internationalize Egyptian startups. While individual ventures—such as Yodawy or DXwand—have successfully pitched abroad, there is no equivalent to Tunisia's Startup Tunisia Go International fund or Morocco's embassy-facilitated startup delegations. Kenya's Ajira Digital and Indonesia's BEKRAF (Creative Economy Agency) routinely sponsor founders to attend international expos, embed in accelerator residencies, and network with cross-border investors. Egypt, by contrast, lacks a sovereign-backed narrative, strategic global partnerships, or sustained funding to elevate promising ventures to international stages.

This lack of exposure also contributes to a self-reinforcing credibility trap. Global venture capitalists often rely on curated showcases, alumni networks from high-profile accelerators, and international events to identify pipeline opportunities. Without adequate representation, Egyptian startups remain largely invisible to these actors, regardless of their quality or growth potential. Moreover, the ecosystem misses out on valuable knowledge spillovers and cross-market learning that occur through international founder interactions, VC panels, and innovation sprints. Egypt's startups are building for a global economy, but their domestic institutional architecture is not yet designed to launch them beyond national borders.

To address this, Egypt must embed international visibility into its national startup strategy. A first step is the creation of a public–private platform for global ecosystem positioning—one that combines state diplomacy, private sector sponsorship, and founder-led storytelling. Initiatives such as a "Startup Egypt Global Passport"—providing curated matchmaking, subsidized expo participation, and access to a national booth at Tier 1 tech events—could dramatically enhance Egypt's international footprint. Importantly, visibility should be treated not as PR but as a structural lever for ecosystem competitiveness. Without it, even the most promising Egyptian ventures will remain domestically admired but globally overlooked.

## 3.4 SDGs, Vision 2030, and Entrepreneurship Alignment

Egypt's entrepreneurship ecosystem cannot be assessed in isolation from the country's broader development strategy. Both Egypt Vision 2030 and the Sustainable Development Goals (SDGs) place innovation, private sector growth, and inclusive economic participation at the heart of national transformation. Yet despite some high-level alignment, current entrepreneurial policy frameworks remain loosely coupled with these strategic agendas. This section critically evaluates the intersection between entrepreneurship and Egypt's Vision 2030 pillars, SDG targets, and sectoral priorities, assessing both opportunities for synergy and areas of disconnect.

Entrepreneurship is a recognized driver of Egypt's second strategic pillar of Vision 2030—Innovation, Knowledge, and Scientific Research. However, practical linkages remain weak. Public funding allocations for R&D are still under 0.4% of GDP, far below SDG 9.5 targets, and the translation of innovation into viable enterprises remains limited. For example, although over 600,000 university graduates enter the labor market annually (CAPMAS, 2024), fewer than 1% transition into technology entrepreneurship or research commercialization. This signals a missed opportunity to harness Egypt's demographic dividend and research base to advance inclusive, sustainable industrialization (SDG 9).
Similarly, Vision 2030's emphasis on social justice and economic inclusion aligns conceptually with SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth). Yet Egypt's startup ecosystem still displays stark exclusion patterns. Women-led startups account for less than 6% of total venture funding in Egypt (Mastercard, 2025), and governorates outside Greater Cairo remain underserved by both public innovation programs and VC capital. While some recent initiatives—such as MSMEDA's regional incubators and ITIDA's Upper Egypt digital hubs—attempt to decentralize entrepreneurial opportunity, these efforts remain underfunded and disconnected from national investment priorities. A more coordinated policy framework is needed to integrate startup support into regional development planning, especially in Upper Egypt, the Canal Zone, and border governorates.

Entrepreneurship also holds significant potential to advance SDG 2 (Zero Hunger), SDG 6 (Clean Water), and SDG 13 (Climate Action)—particularly through climate-tech, agri-tech, and water-tech innovations. Yet these sectors remain undercapitalized, with fewer than 3% of Egypt's active startups operating in climate-aligned verticals (Entlaq, 2025). Moreover, the country lacks a national startup strategy that embeds climate mitigation, adaptation, and sustainability into its selection criteria, funding architecture, or procurement policies. By contrast, emerging markets like Kenya and Indonesia have already integrated green and climate-smart indicators into startup policy and grant funding mechanisms. Egypt risks falling behind on SDG-aligned entrepreneurship unless its support infrastructure is restructured to incentivize environmental impact and resilience-based innovation.

In summary, while Egypt's entrepreneurship ecosystem contributes indirectly to several SDG and Vision 2030 outcomes, it is not yet an explicit delivery mechanism for those goals. To close this gap, Egypt must move from alignment-by-intent to alignment-by-design. This requires embedding the SDGs and Vision 2030 priorities into the legal, financial, and institutional DNA of entrepreneurship policy. For example, government-backed VC funds can be mandated to allocate capital toward SDG-aligned sectors; public procurement laws can be updated to favor startups working on inclusive tech or environmental innovation; and a national impact metrics framework can be introduced to monitor entrepreneurial contributions to sustainable development. Only through such mechanisms can Egypt unlock the full potential of startups as drivers of equitable, inclusive, and sustainable transformation.

## *Vision 2030 and the Strategic Role of Entrepreneurship*

Egypt Vision 2030 is the country's national sustainable development blueprint, structured around three overarching dimensions—economic, social, and environmental development—alongside ten strategic pillars. Among these, entrepreneurship is directly linked to the Knowledge, Innovation, and Scientific Research pillar, as well as to the Economic Development, Social Justice, and Governance pillars. The vision emphasizes the role of innovation and entrepreneurship in creating jobs, diversifying the economy, and enhancing competitiveness. Yet, despite this rhetorical emphasis, the actual integration of entrepreneurship into Vision 2030's implementation mechanisms remains fragmented and largely symbolic.

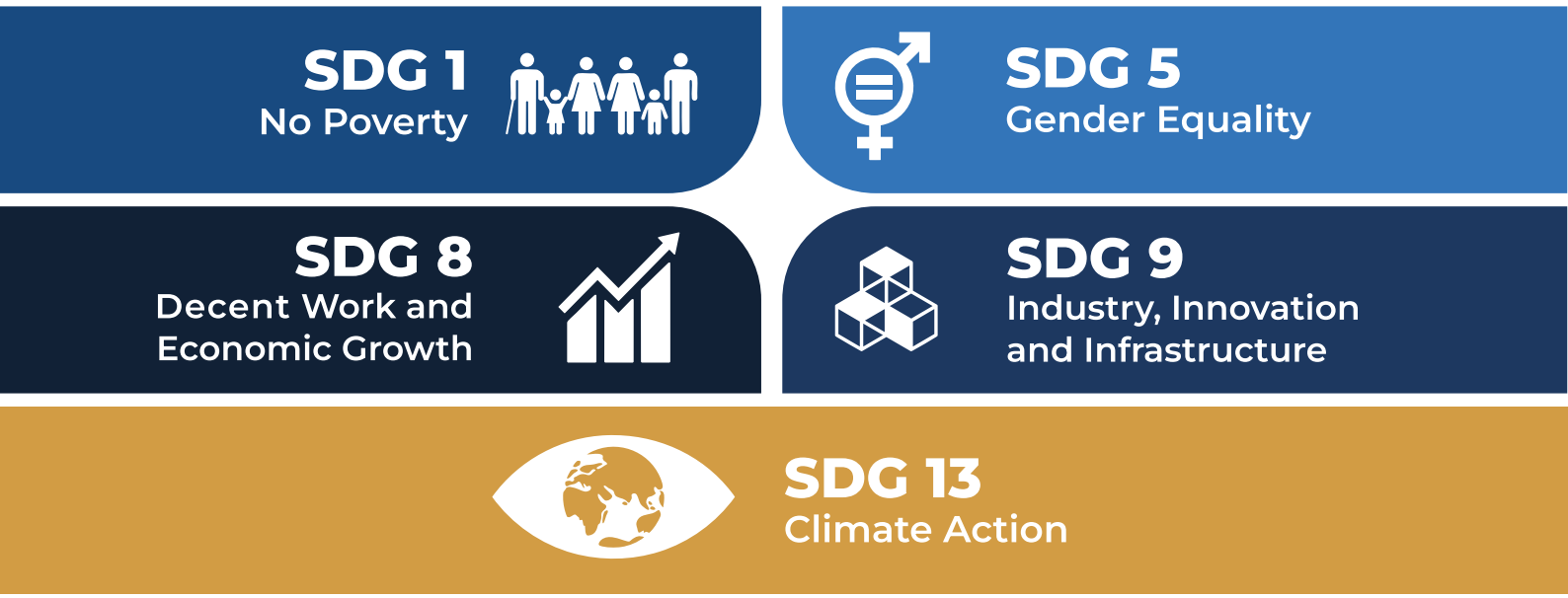
Several core government documents recognize startups as levers for sustainable growth, youth employment, and digital transformation. The Ministry of Planning and Economic Development (MoPED), which leads Vision 2030 implementation, has launched initiatives such as the Rowad 2030 program to build entrepreneurial capacity. However, these initiatives often operate in parallel to, rather than in coordination with, the broader ecosystem. The lack of a unified entrepreneurship strategy embedded within Vision 2030 delivery frameworks—akin to India's Startup India Action Plan or Indonesia's Medium-Term National Development Plan—means that startup policy in Egypt is often decoupled from macroeconomic planning, regional development, and public procurement.

Moreover, Egypt's Vision 2030 progress reports seldom contain clear, quantifiable entrepreneurship KPIs. The indicators tracked tend to focus on macro-level goals—such as GDP per capita, unemployment, or export growth—rather than ecosystem-specific metrics such as startup survival rates, formalization rates, funding stages, or inclusion indices. This measurement gap reflects a broader institutional blind spot: entrepreneurship is still treated as an "adjacent" sector rather than a systemic enabler. For example, despite Vision 2030's call to localize development across all governorates, most entrepreneurship programs remain highly Cairo-centric, with minimal integration into regional economic development plans.

Finally, coordination between Vision 2030 delivery units and other entrepreneurship-relevant institutions —such as GAFI, MSMEDA, ITIDA, or the Central Bank of Egypt—remains limited. There is currently no cross-ministerial task force tasked with aligning startup and innovation policy with national development priorities. As a result, entrepreneurship remains vulnerable to institutional duplication, inconsistent incentives, and missed opportunities to link startup activity with national goals like import substitution, green economy transition, and job-intensive sectoral transformation. Without structural alignment, Vision 2030 risks underleveraging one of Egypt's most agile and dynamic economic forces.

## *Entrepreneurship as a Catalyst for the SDGs*

Entrepreneurship plays a foundational role in achieving the Sustainable Development Goals (SDGs) by enabling innovation, expanding economic participation, and accelerating inclusive service delivery. In Egypt's context, startups and social enterprises are particularly well positioned to drive progress across multiple SDG targets—including Goal 1 (No Poverty), Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), Goal 9 (Industry, Innovation and Infrastructure), and Goal 13 (Climate Action). However, this potential remains under-optimized due to a lack of strategic alignment, underdeveloped measurement frameworks, and insufficient integration between the startup ecosystem and Egypt's national SDG coordination platforms.




The most direct intersection is with SDG 8, which calls for "inclusive and sustainable economic growth, employment and decent work for all." Egypt's youth unemployment rate—currently exceeding 24% (CAPMAS, 2025)—cannot be addressed through traditional public or large corporate employment channels alone. The startup sector, particularly in high-growth areas such as fintech, logistics, AgriTech, and e-commerce, presents a scalable pathway to absorb youth talent while cultivating entrepreneurial mindsets. Initiatives like Fekretak Sherketak, MSMEDA's financing programs, and ITIDA's Start IT incubators have helped, but they lack the scale and SDG-oriented performance metrics needed to assess long-term socioeconomic impact.

Startups are also emerging as key enablers of SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities). Egypt's gender gap in labor force participation remains among the widest globally—yet women-led startups are proving more resilient and impactful, particularly in sectors like healthtech, edtech, and artisan marketplaces. However, these contributions are not systematically captured in Egypt's SDG reporting architecture. For instance, the Voluntary National Reviews (VNRs) submitted by Egypt to the United Nations in 2018 and 2021 barely mention startups or entrepreneurship as policy levers. This omission reflects a disconnect between grassroots innovation and institutional SDG monitoring mechanisms.

Entrepreneurship can also advance SDG 9 through the promotion of local industrial ecosystems and innovation infrastructure. Egypt's startup activity in manufacturing-related domains—such as green construction, water treatment, and smart logistics—remains nascent but promising. Yet regulatory hurdles, weak patent protection, and minimal public procurement opportunities limit the ability of startups to scale impact across infrastructure-heavy sectors. Similarly, in SDG 13 (Climate Action), Egypt's growing Cleantech and AgriTech sectors offer powerful solutions to water stress, food security, and rural resilience—but receive less than 5% of total VC funding (UNDP, 2025). Without ecosystem-wide incentives and public–private co-financing, climate-aligned entrepreneurship will remain undercapitalized and underleveraged.

In short, Egypt's startup ecosystem is already delivering SDG-aligned value—but in a fragmented, under-recognized fashion. To fully mobilize entrepreneurship as a delivery mechanism for sustainable development, Egypt must embed startup KPIs within its national SDG dashboards, fund mission-oriented innovation challenges tied to priority goals, and create mechanisms for SDG-linked outcome tracking in early- and growth-stage ventures. Countries like Kenya and Chile have already piloted SDG-aligned startup grants and impact measurement frameworks. Egypt must take similar steps to ensure that its most dynamic entrepreneurs are not just contributing to sustainable development, but also shaping how the country measures and accelerates it.

**Table (x)** Summary Table for the SDGs, their relevance to Egypt's Startup Ecosystem and the key challenges

| SDG Goal Number | SDG Goal Name | Relevance to Egypt's Startup Ecosystem | Key Challenges/Notes |
|---|---|---|---|
| 1 | No Poverty | Startups can drive economic participation and poverty reduction | Under-optimized due to lack of strategic alignment |
| 5 | Gender Equality | Women-led startups show resilience and impact, especially in healthtech, edtech, artisan sectors | Gender labor participation gap remains wide; insufficient reporting |
| 8 | Decent Work and Economic Growth | Startup sector key for youth employment and inclusive growth | High youth unemployment; lack of scale and SDG-oriented metrics |
| 9 | Industry, Innovation and Infrastructure | Promotion of local industrial ecosystems and innovation infrastructure | Nascent startup activity; regulatory and patent protection hurdles |
| 10 | Reduced Inequalities | Startups contribute to social inclusion and reducing inequalities | Contributions not systematically captured in SDG reporting |
| 13 | Climate Action | Cleantech and AgriTech startups address water stress, food security, rural resilience | Underfunded (<5% VC funding); lack of co-financing and incentives |

Sources: CAPMAS (2025), UNDP (2025)

## *Missed Opportunities and Strategic Gaps in SDG Alignment*

Despite Egypt's strong rhetorical commitment to the Sustainable Development Goals (SDGs), significant gaps persist in translating these priorities into actionable entrepreneurship policy. Although the Ministry of Planning's "Egypt Vision 2030" explicitly references entrepreneurship as a catalyst for inclusive growth and sustainability, most entrepreneurship support frameworks—such as startup incentives, incubator mandates, and procurement policies—operate in isolation from SDG-aligned targets. As a result, the startup ecosystem remains largely detached from Egypt's national development agenda, missing critical opportunities to leverage innovation for climate action, food security, quality education, and gender equity (SDGs 2, 4, 5, 7, 9, and 13).

One of the clearest gaps lies in the lack of targeted support for SDG-oriented sectors. Egypt's current startup incentives remain heavily concentrated in consumer-facing sectors—such as e-commerce, delivery, and fintech—while underserved sectors like sustainable agriculture, waste management, and water tech receive little to no tailored financial or technical support. For instance, while the ICT sector receives tax holidays and free zone privileges, there are no equivalent incentive packages for climate or rural innovation startups despite their clear SDG relevance. This misalignment hinders Egypt's ability to scale local solutions to pressing national challenges, especially in governorates outside of Greater Cairo and Alexandria.

Another missed opportunity is the limited integration of SDG metrics into performance evaluations for entrepreneurship support programs. Neither MSMEDA's startup funding schemes nor ITIDA's incubation tracks currently require applicants to demonstrate SDG relevance or measurable social/environmental impact. In contrast, countries like Kenya and India have established startup scoring frameworks that reward alignment with green, social, or inclusive development goals. Egypt's lack of such frameworks risks perpetuating a funding bias toward low-risk, high-return tech verticals that do not directly contribute to sustainable development priorities—particularly in rural, underserved, or climate-vulnerable regions.

Finally, there is a weak institutional interface between Egypt's SDG governance bodies and its entrepreneurship ecosystem. The Ministry of Environment, the National Council for Women, the Ministry of Agriculture, and the Supreme Council of Universities each administer initiatives directly tied to the SDGs, but rarely collaborate with startup hubs, accelerators, or investment vehicles. This fragmentation results in duplicated efforts and lost synergies—for example, the absence of cleantech venture funds in national climate strategy implementation, or the underutilization of women-led startups in gender policy execution. Bridging this gap will require institutional innovation: cross-ministerial startup challenge funds, SDG-linked procurement targets, and integrated planning platforms that position entrepreneurship as a delivery vehicle for sustainable development outcomes.

## *Policy Recommendations and Pathways for Integration*

To fully harness the transformative potential of entrepreneurship in delivering Egypt's Sustainable Development Goals (SDGs) and Vision 2030 objectives, a fundamental paradigm shift is required. Startups can no longer be seen merely as small, high-risk ventures operating on the fringes of formal economic activity. Instead, they must be redefined as integral drivers of inclusive economic growth, technological innovation, and societal resilience. From climate-smart agriculture to digital health, education technologies, and circular economy solutions, Egypt's startup sector has already demonstrated the capacity to generate scalable impact—yet this potential remains structurally underleveraged within the country's broader development planning and budgeting frameworks.

Unlocking this potential demands a multidimensional strategy that cuts across government procurement systems, national investment priorities, regulatory frameworks, and donor coordination mechanisms. Currently, many state programs and multilateral investments prioritize legacy sectors or large-scale infrastructure over agile, innovation-driven solutions. This misalignment has not only excluded early-stage entrepreneurs from public value chains but has also limited the dynamism and adaptability of Egypt's development toolkit. By embedding startups directly into the design and delivery of public services—through innovation-friendly procurement, regulatory sandboxes, and targeted incentive structures—Egypt can generate new development pathways that are more cost-effective, equitable, and future-ready.

At the heart of this realignment is the need for a coherent national strategy that positions entrepreneurship not as a standalone pillar but as a cross-cutting enabler of Vision 2030. This includes mainstreaming startups into climate adaptation plans, youth employment frameworks, digital transformation agendas, and regional development programs. It also entails a deliberate focus on gender equity, rural inclusion, and local innovation ecosystems—ensuring that the benefits of entrepreneurial growth extend beyond urban centers and elite networks. The recommendations below offer an evidence-based roadmap for implementing this shift, drawing on comparative global models and grounded in Egypt's policy, institutional, and economic realities.

### 1 Create a National SDG-Aligned Startup Incentive Framework

Egypt should adopt a dedicated SDG startup classification and scoring system that evaluates and rewards startups for contributing to key development goals. This framework could be jointly developed by MSMEDA, ITIDA, and the Ministry of Planning and should offer tax benefits, fast-track licensing, and eligibility for public grant schemes to startups working in sectors such as climate resilience, agritech, gender equity, public health, and education.

Incentivizing SDG alignment requires codified, transparent, and measurable standards. Egypt could take inspiration from India's Startup India certification process, where startups are vetted based on criteria tied to impact metrics like GHG emission reductions, digital financial inclusion, or job creation for women. This would empower regulators and investors to prioritize funding and capacity-building support for high-impact ventures.

An SDG startup registry could also facilitate targeted matchmaking between investors and enterprises. Platforms that identify 'SDG-aligned' startups would enable development banks, CSR programs, and international partners to co-finance early-stage ventures with validated developmental value. Egypt's abundant youth-led startup activity offers an ideal testing ground for this approach.

### 2 Embed Startups into Government Procurement and Service Delivery

Government procurement represents a powerful, underutilized tool to scale inclusive entrepreneurship. Egypt spends over EGP 1.2 trillion annually on procurement, yet less than 0.2% of this reaches startup or SME channels. A legally mandated quota, e.g., reserving 5–10% of tenders for certified startups in SDG-related sectors and 20% in total for SMEs (Riad & Riad, 2018), could rapidly expand domestic markets for ventures addressing public needs.

Public-sector contracts also provide critical de-risking mechanisms for early-stage startups by creating stable demand and validating product-market fit. This is especially valuable in high-barrier sectors such as healthtech, waste management, or rural education, where private customer acquisition is limited. Tunisia's Startup Act already allows public entities to directly contract startups, reducing bureaucratic complexity and expanding opportunity.

Egypt should establish a centralized digital procurement portal for startups, supported by a 'Startup Vendor Registry' and tied to a performance evaluation system based on impact KPIs. This platform should be built with open APIs for integration with donor-funded pilot programs, enabling cross-financing between public and development partners. Startups aligned with Vision 2030 targets—especially in rural electrification, health, and climate adaptation—should be prioritized.

### 3 Establish Cross-Ministerial Innovation Missions Aligned with SDGs

Fragmentation remains a central bottleneck in Egypt's innovation architecture. Multiple ministries operate independent startup initiatives without integration, leading to duplication and wasted resources. A mission-oriented framework—such as those used in the EU's Horizon Europe program or India's Atal Innovation Mission—could focus national innovation capacity on solving public challenges.

Cross-ministerial missions should be challenge-based, not sector-based, to encourage interdisciplinary approaches and real-world applicability. For example, a mission on 'Digital Water Efficiency in Upper Egypt' could unite ICT, Agriculture, Planning, and Environment ministries, while channeling funding toward university labs, startups, and nonprofits co-developing solutions. This approach would align research, policy, and market forces toward shared national priorities.

Each mission should include startup participation from day one, and allocate dedicated innovation funds disbursed through competitive calls, with measurable outcomes linked to SDG indicators. These missions can also attract international co-financing by aligning with global development funds (e.g., GCF, UNDP, AFD), further increasing resource availability for Egypt's impact-driven startup ecosystem.

### 4 Create SDG-Aligned Impact Investment Vehicles and Blended Finance Facilities

Egypt's impact-driven startups face acute financing challenges, particularly between seed and Series A. To close this gap, Egypt should establish dedicated impact funds, potentially under MSMEDA or as public–private partnerships with DFIs such as the EBRD, AfDB, and GIZ. These vehicles should prioritize startups aligned with SDGs and national sustainability goals.
Blended finance can catalyze private investment by using public or philanthropic capital to absorb early-stage risk. Egypt can pilot blended structures for cleantech, healthtech, or edtech startups, modeled after successful international efforts like SDG Indonesia One or the Acumen Resilient Agriculture Fund. These mechanisms reduce capital cost and incentivize risk-taking in underserved markets.

These facilities should also include technical assistance windows to help startups meet impact measurement and investor readiness requirements. Pairing investment with capacity building ensures startups can demonstrate their value to both financial and impact stakeholders. Egypt's large pipeline of socially motivated startups offers fertile ground for these instruments to thrive if appropriately structured.

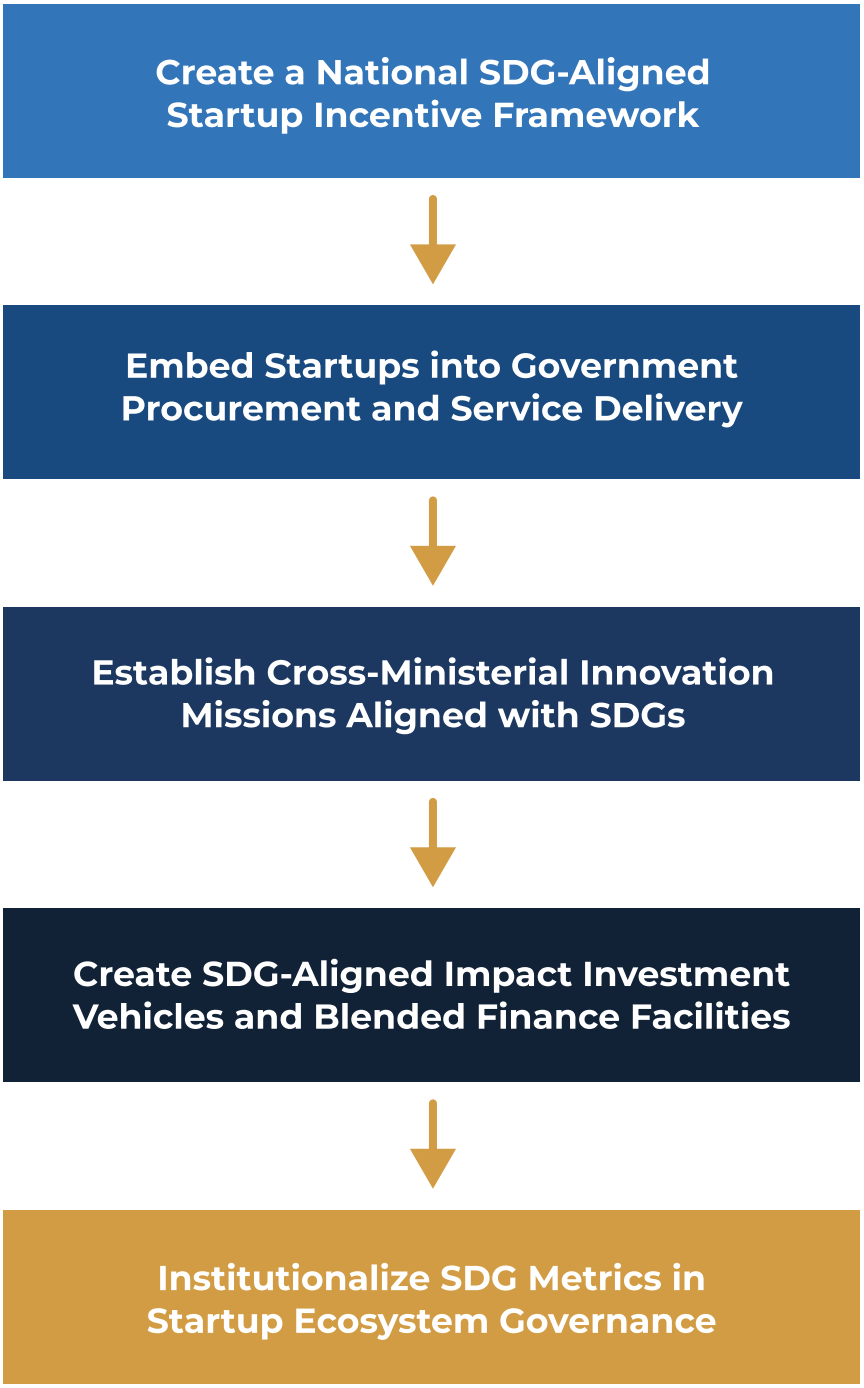
### 5 Institutionalize SDG Metrics in Startup Ecosystem Governance

Robust, disaggregated data is essential for aligning Egypt's startup ecosystem with the SDGs. Public ecosystem dashboards should track how startups contribute to goals like gender equity, climate action, education access, and decent work. This requires integrating SDG filters into startup registration, investor reporting, and grant monitoring systems.

Platforms such as GAFI's one-stop-shop, ITIDA's tech registries, and MSMEDA's support programs should collect and report on impact metrics, with interoperability across agencies. Metrics might include percentage of female-led startups, rural penetration, CO2 reduction per startup, or digital inclusion scores. These should feed into Egypt's Voluntary National Review (VNR) submissions and national budget alignment tools.

Embedding SDG metrics can also strengthen donor alignment and resource mobilization. Development partners increasingly fund ecosystems with clear impact data. If Egypt builds a transparent, accessible, and independently verifiable SDG startup data platform, it could unlock targeted support under the EU Green Deal, AU Agenda 2063, or World Bank climate resilience programs.

**Figure (x)** Flow chart summarizing the policy recommendations:



# Structural Constraints and Foundational Challenges Facing Egypt's Entrepreneurial Economy

Egypt's entrepreneurial ecosystem exists not in a vacuum but within a broader socio-economic context marked by fiscal fragility, institutional fragmentation, and deep-rooted informality. As outlined throughout Section 1, these structural conditions impose severe limitations on the country's capacity to harness entrepreneurship as a transformative economic force. They constrain both the supply and demand sides of the startup economy, skew incentives toward short-term survivalism, and limit the scalability of ventures operating outside privileged urban clusters or donor-backed accelerators.
At the heart of Egypt's ecosystem challenge lies a paradox: despite its vibrant entrepreneurial culture, abundant youth talent, and strategic geographic positioning, systemic barriers continue to suppress innovation, distort investment flows, and undermine inclusive economic participation. This conclusion synthesizes key findings across the four analytical subsections and distills their implications for national competitiveness, policy reform, and global positioning.

## 1 Macroeconomic Pressures as a Constraint on Startup Dynamism

Egypt's macroeconomic environment—characterized by persistent currency volatility, inflationary pressures, and high public debt—serves as both a symptom and a driver of ecosystem fragility. The country's public debt-to-GDP ratio exceeded 95% in FY2023/24, and interest payments now consume over 50% of government revenues (Ministry of Finance, 2024). This fiscal compression has curtailed the state's ability to invest in foundational innovation infrastructure such as digital connectivity, R&D facilities, and decentralized incubation hubs.

These macro-level constraints are not abstract—they manifest concretely in the entrepreneurial experience. Startups reliant on imported inputs or global SaaS tools face sharp price volatility, while the lack of hard currency availability stifles participation in international markets. Even domestic fundraising is impacted, as macro instability raises investor risk perceptions and crowds out long-term capital. This vicious cycle disproportionately affects early-stage ventures, which operate on thin margins and tight timelines. Until Egypt achieves greater macroeconomic predictability—through monetary stabilization, inflation control, and debt restructuring—startups will remain vulnerable to shocks outside their control.

## 2 The Enduring Grip of the Informal Economy

With informality estimated at over 50% of GDP and nearly 63% of the labor force engaged in informal work (CAPMAS, 2024; ILO, 2023), Egypt's informal economy is both a buffer and a barrier. While it absorbs labor market slack and offers low-barrier income streams, it also perpetuates low productivity, limited innovation, and exclusion from formal investment channels. For entrepreneurship, this duality creates distorted incentive structures: many micro-entrepreneurs choose to remain informal to avoid compliance burdens, while formal startups must compete with underregulated counterparts that operate outside tax and labor regimes.

This dynamic undermines fair competition, reduces the tax base, and stymies the transition from survivalist entrepreneurship to scalable innovation. Moreover, it creates a credibility trap: international investors and development partners remain hesitant to commit long-term capital to a system with weak visibility into firm-level data, limited enforceability of contracts, and blurred lines between formal and informal actors.

Addressing informality requires more than punitive formalization drives. It demands a structural overhaul of Egypt's business environment—simplifying registration, offering legal pathways for informal entrepreneurs, embedding tax incentives for early formalizers, and tying social protections to business registration. Without such measures, the informal economy will remain both a refuge from bureaucracy and a ceiling on Egypt's innovation potential.

### 3 Public Debt and the Crowding Out of Productive Investment

One of the most striking insights from Section 1 is the extent to which Egypt's public debt trajectory has crowded out investment in productive sectors—especially those critical for startup growth. With over EGP 2.2 trillion allocated annually to debt servicing (MoF, 2024), discretionary spending on innovation infrastructure, public R&D, and SME support has stagnated or declined in real terms. Egypt's public R&D expenditure remains below 0.4% of GDP, significantly lagging behind regional peers like Morocco and global comparators like India.

This underinvestment is particularly problematic given the developmental role startups could play in addressing Egypt's systemic challenges—from climate adaptation to agricultural modernization, youth employment, and public service delivery. Yet in the current fiscal model, entrepreneurship is seen as a cost center rather than an engine for inclusive growth. The challenge is not only one of resource allocation but of strategic prioritization. A rebalancing of fiscal policy is needed—one that moves away from consumption subsidies and debt refinancing toward targeted investment in innovation, skills, and digital infrastructure. Without this shift, Egypt will continue to underutilize its most agile economic assets: its entrepreneurs.

### 4 Fragmented Institutional and Regulatory Architecture

The diagnostic also revealed deep fragmentation across Egypt's startup-relevant institutions—ranging from GAFI and ITIDA to the Central Bank, MSMEDA, and line ministries. Each operates with different eligibility criteria, timelines, and support mechanisms, with minimal interoperability or shared data systems. For founders, this creates confusion, delays, and duplicated compliance costs. For investors, it signals weak institutional coherence and undermines confidence in policy implementation.

The absence of a unified startup law or national entrepreneurship strategy has further compounded this fragmentation. While Law 152/2020 offers a partial framework for MSMEs, it does not adequately serve the needs of high-growth, innovation-driven ventures. Moreover, initiatives such as tax exemptions and government-backed funds remain inconsistently applied or inaccessible outside Greater Cairo. This regulatory opacity is one reason why Egypt underperforms in global startup rankings and struggles to attract follow-on capital beyond the pre-seed stage.

Comparative models from Indonesia, Kenya, and Morocco suggest that streamlining is not just possible but necessary. These countries have consolidated startup services under single-window frameworks and linked them to procurement, financing, and IP support. Egypt must follow suit by designing a coherent, legally binding ecosystem framework that reduces ambiguity, embeds inclusion targets, and aligns institutional incentives toward ecosystem health.

### 5 The Risk of Demographic Opportunity Becoming Demographic Strain

Perhaps the most sobering insight from Section 1 is the mismatch between Egypt's demographic potential and its institutional response. With over 60% of the population under age 30, Egypt has one of the youngest populations in the MENA region. This youth bulge is a potential dividend—but only if matched by systemic investment in skills, employment pathways, and entrepreneurship pipelines. Currently, however, youth unemployment remains among the highest regionally, and youth entrepreneurship is hampered by limited access to finance, fragmented education-to-work pathways, and regional exclusion.

Without deliberate policy shifts, the demographic dividend risks becoming a demographic liability—manifesting in underemployment, migration pressure, and social disenchantment. Startups could offer an alternative pathway: absorbing youth into flexible, high-growth sectors, nurturing innovation, and decentralizing opportunity. But for this potential to be realized, Egypt must embed youth-focused entrepreneurship into its national development strategy—not as an aspirational goal, but as a central economic pillar.

**Table (x):** Structural Challenges Facing Egypt's Startup Ecosystem and Policy Solutions

| Issue | Key Challenges | Impact on Startups | Proposed Solutions |
|---|---|---|---|
| **Macroeconomic Pressures** | Currency volatility, inflation, high public debt (95% of GDP), fiscal constraints | Increased cost of imported tools, limited global market participation, reduced investor confidence | Monetary stabilization, inflation control, debt restructuring |
| **Informal Economy** | Over 50% of GDP informal, 67% of workforce outside formal regulations | Distorted competition, exclusion from investment, weak enforceability | Simplified registration, tax incentives, legal pathways for informal entrepreneurs |
| **Crowding Out of Investment** | Over EGP 2.2 trillion spent on debt servicing, low R&D spending (<0.4% of GDP) | Weak innovation infrastructure, limited funding for startups | Shift fiscal policy toward innovation investment, targeted startup support |
| **Institutional Fragmentation** | Multiple agencies with different criteria, lack of unified startup law, limited regulatory transparency | Compliance complexity, investor skepticism, weak follow-on capital attraction | Unified entrepreneurship framework, single-window service model, regulatory coherence |
| **Demographic Strain** | 60% of population under 30, high youth unemployment, weak entrepreneurship support | Underemployment, migration pressure, lost innovation potential | Embed youth-focused startup policies, increase access to finance, decentralize opportunity |

Sources: Ministry of Finance (2024), CAPMAS (2024), ILO (2023), MoF (2024).

## *Final Reflections*

Egypt's entrepreneurial ecosystem stands at a crossroads. Section 1 has demonstrated that beneath the surface of startup growth lies a precarious foundation shaped by macroeconomic volatility, institutional opacity, and exclusionary policy design. These are not insurmountable challenges—but they are deeply structural. Incremental reforms or donor-driven pilots will not suffice. What is needed is a coordinated, multi-institutional realignment of economic policy, regulatory design, and investment architecture to elevate entrepreneurship from a peripheral policy interest to a central engine of inclusive growth. Only then can Egypt unlock the full potential of its youth, leverage its demographic advantages, and position itself as a globally competitive innovation economy.

Section 2 of this report will examine how Egypt's regional peers—across the MENA region and in leading emerging economies—have approached this challenge. Through benchmarking and comparative diagnostics, we aim to identify which reforms are both replicable and contextually appropriate for Egypt. The lessons ahead are not only comparative—they are actionable. But to act on them, Egypt must first confront the systemic inertia holding its entrepreneurial economy back.