

The State of Digital Investments in MENA 2019-2021

Summary Report
April 2022



Key investment trends, insights, and analysis at a glance.

This report offers a comprehensive look at the tech investment landscape in the MENA region, with clear analysis and concise insights highlighting major shifts in the industry.

Methodology

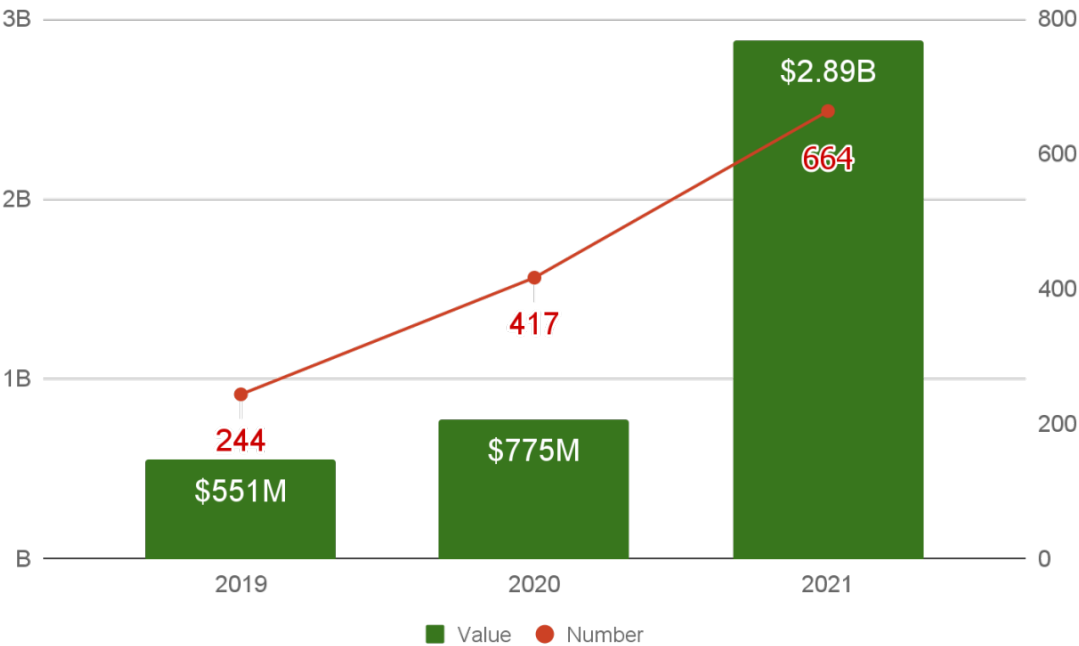
This research report, developed by Arabnet and Digital Digest, investigates the technology investment landscape in the Middle East and North Africa (MENA) region by analyzing investments into MENA-based startups made over the past 3 years.

The analysis is based on data collected directly from media coverage of announced investment deals, as well as public resources such as Crunchbase.

The report analyzes **1,327 investment deals** made into MENA technology startups across multiple sectors. This report only covers startups headquartered in Arabic-speaking MENA countries; data may vary against other resources based on the definition of “technology” startups and geographic coverage.

Since this report is based on publicly available data only, it may be missing some deals that were not announced to the public and may underestimate some deals that have announced rounds without disclosing the value. The report assumes a conservative investment value for deals with undisclosed value of investment.

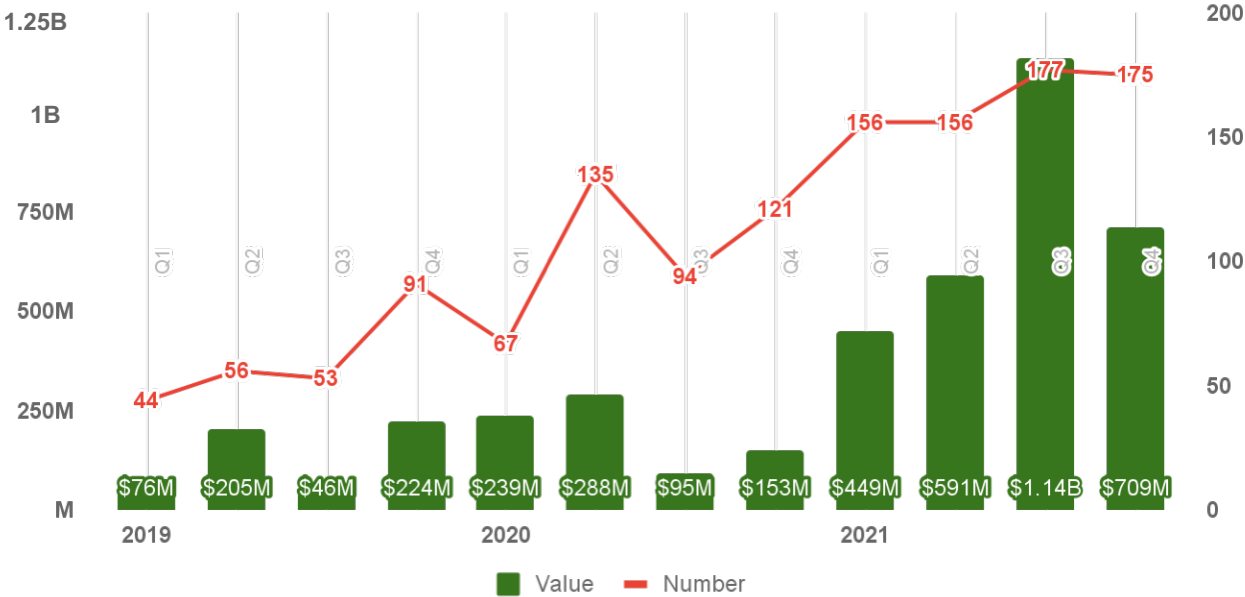
Number and Value of Deals (2019-2021)



Key Insights:

2021 was a banner year for investments in tech. Number of deals grew by roughly 60% '20-'21, while value of deals more than tripled.

Number and Value of Deals by Quarter (2019-2021)



Key Insights:

Investments in MENA continued to grow throughout 2019-2020 despite the pandemic; starting Q1 2021, the value of deals has increased significantly

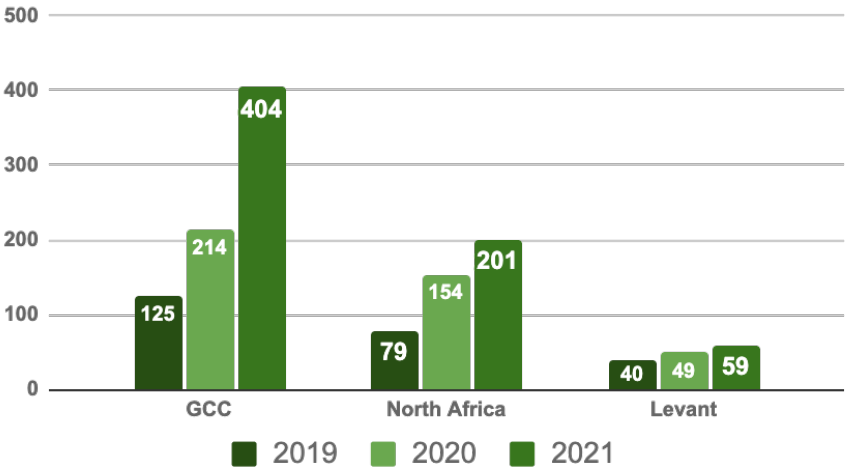


Deals by Geography and Stage

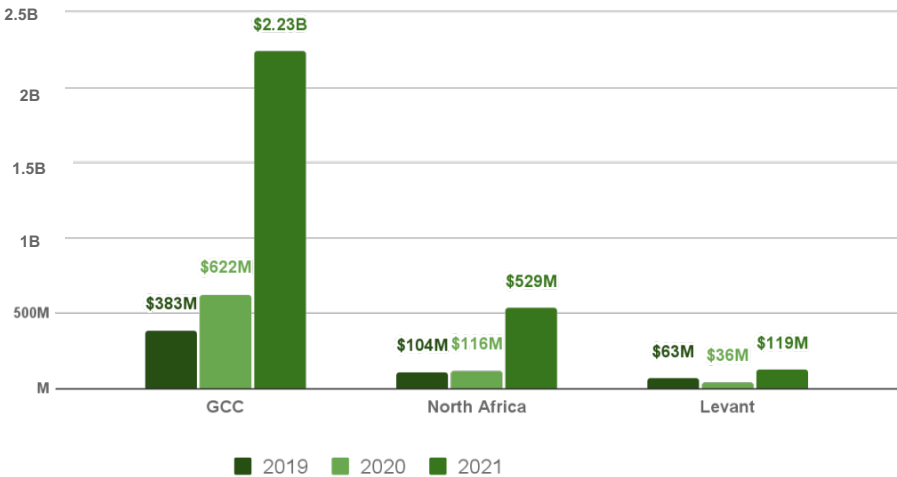


Distribution of Deals by Region

Number of Deals by Region



Value of Deals by Region



Key Insights:

GCC is the fastest growing region for startup investments, with ~2x growth in deals and ~3x growth in dollars in 2021. North Africa saw major growth in value of deals in 2021; Levant lags behind significantly and is growing more slowly.

Country Ranking by Number of Deals

Key Insights:

Qatar, Morocco, and Iraq saw the biggest increase in number of deals. Lebanon witnessed the biggest loss, attributed to political / economic crisis. Oman's rank has swung back and forth

Rise

Decline

Outlier

2017		2018		2019		2020		2021	
1	—	1	—	1	▼	2	▲	1	UAE
3	—	3	▲	2	▲	1	▼	2	Egypt
4	▼	5	▲	3	—	3	—	3	Saudi
5	▼	8	▲	4	—	4	—	4	Jordan
13	▼	14	▼	16	▲	12	▲	5	Qatar
6	▲	4	▼	9	▲	5	▼	6	Tunisia
11	▼	12	▲	10	▲	9	▲	7	Morocco
9	▲	7	▲	5	▼	7	▼	8	Bahrain
8	▼	10	▲	7	▼	10	▲	9	Kuwait
7	▲	6	▼	11	▲	6	▼	10	Oman
14	▼	15	▼	17	▲	13	▲	11	Iraq
10	▼	11	▲	8	▼	11	▼	12	Palestine
15	▼	16	▲	12	▼	14	▲	13	Algeria
2	—	2	▼	6	▼	8	▼	14	Lebanon
16	▼	17	▲	13	▼	15	—	15	Sudan
18	—	18	—	18	—	18	▲	16	Libya
12	▲	9	▼	14	▼	16	▼	17	Yemen
17	▲	13	▼	15	▼	17	▼	18	Syria

Country Ranking by Value of Deals

Key Insights:

Top 4 startup markets remain roughly unchanged; Qatar and Iraq see the biggest improvement, Tunisia and Lebanon the biggest drop in position; Algeria, Sudan, and Oman seem to have an outlier year.

Rise

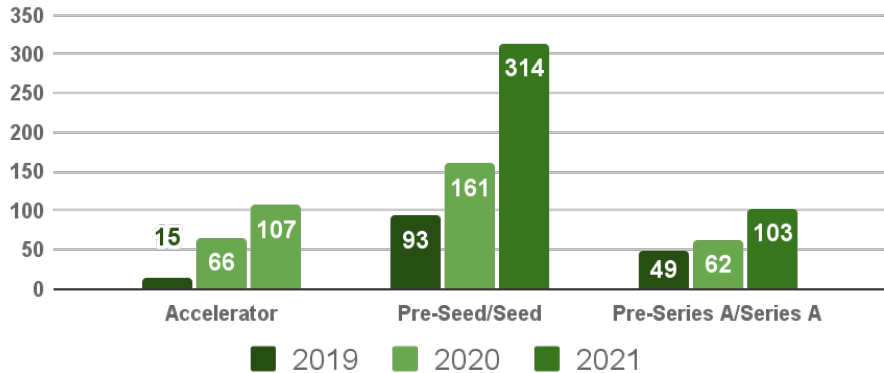
Decline

Outlier

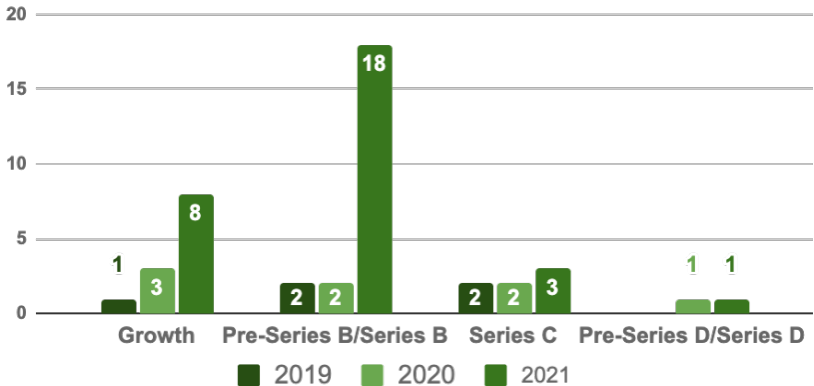
2017		2018		2019		2020		2021	
1	–	1	–	1	–	1	–	1	UAE
3	–	3	–	3	▲	2	–	2	Saudi
6	▲	2	–	2	▼	3	–	3	Egypt
4	–	4	–	4	–	4	–	4	Jordan
13	▼	14	▲	10	▼	14	▲	5	Algeria
8	▼	9	–	9	▲	7	▲	6	Bahrain
7	▲	6	▲	5	▼	6	▼	7	Kuwait
9	▼	12	▲	7	▼	9	▲	8	Morocco
14	▼	15	▲	16	▲	12	▲	9	Qatar
15	▼	16	▲	13	▼	15	▲	10	Sudan
16	▼	17	–	17	▲	11	–	11	Iraq
5	▼	7	▼	8	▼	10	▼	12	Tunisia
2	▼	5	▼	6	▲	5	▼	13	Lebanon
11	▲	10	▼	12	▼	13	▼	14	Palestine
18	–	18	–	18	–	18	▲	15	Libya
12	▲	11	–	11	▲	8	▼	16	Oman
10	▲	8	▼	14	▼	16	▼	17	Yemen
17	▲	13	▼	15	▼	17	▼	18	Syria

Number of Deals by Stage

Yearly Number of Deals - Early Stage



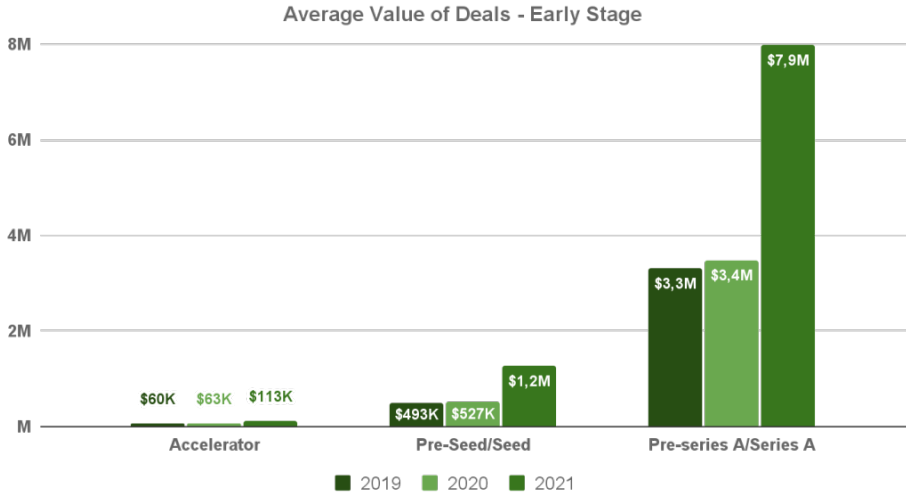
Yearly Number of Deals - Late Stage



Key Insights:

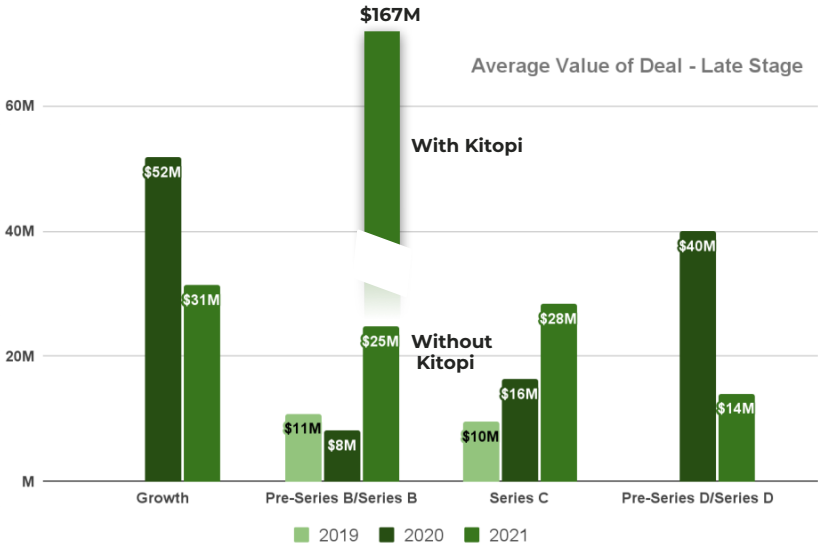
The number of deals in MENA have increased across all stages, with Series B / Growth rounds growing fastest — indicating a rapidly maturing ecosystem. More growth is needed in the earlier part of the pipeline to support deal flow into late stage funds.

Value of Deals by Stage




Key Insights:

2021 saw a major increase in the average value of deals — with average Seed / Series A deals doubling in value. This may be led by the major recent increase in total funding available – leading to some valuation inflation (and talk of a bubble)



Key Insights:

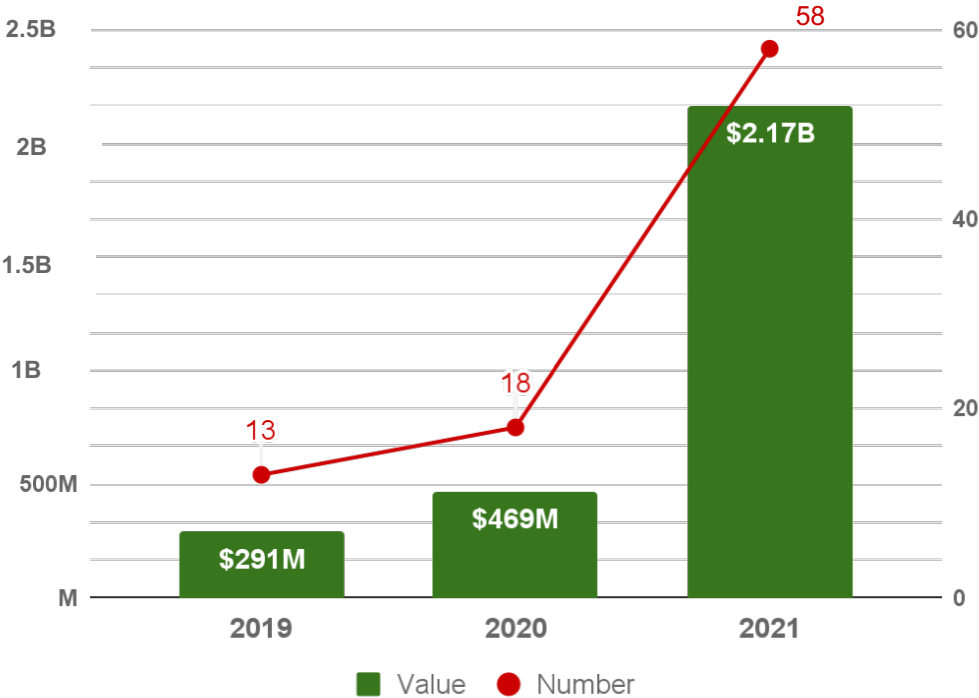
Average value of Series B / C deals also more than doubled in 2 years '19-21. Kitopi's major round significantly skews the data – hence the average has been presented with and without it.



**Deals over
\$10M**



Number and Value of Deals > \$10M by Year

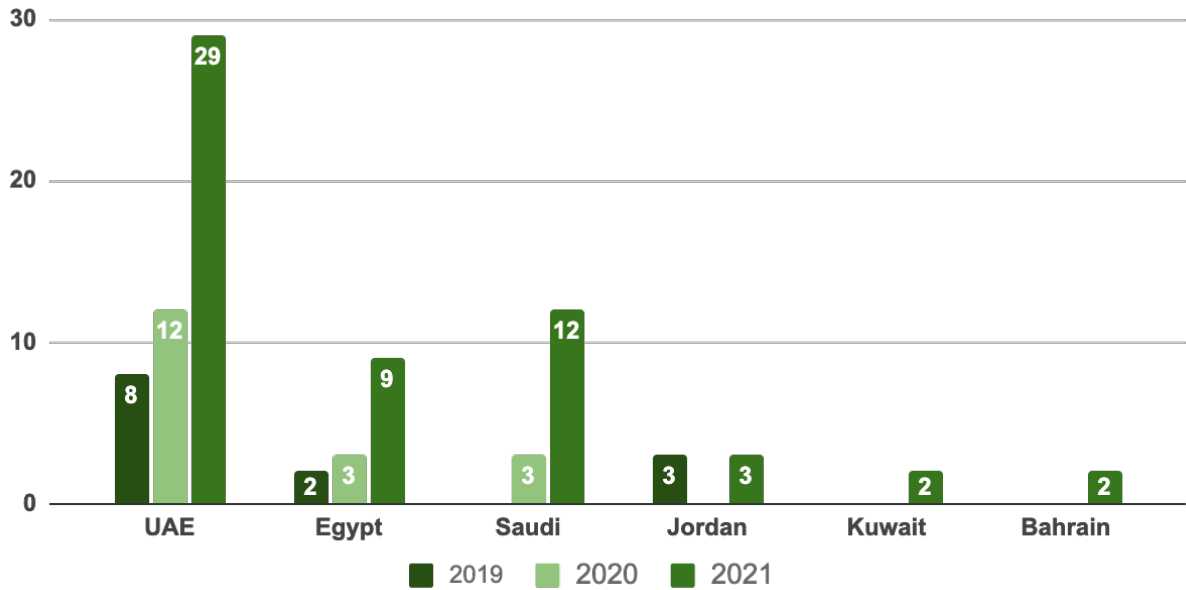


Key Insights:

Both number and value of deals > \$10M witnessed a significant growth from 2020 to 2021. 360% growth in value and 220% growth in number of deals \$10M+.

Deals \$10M+ represented only 8.7% of all deals, but 75% of all dollars invested in 2021.

Number of Deals > \$10M by Country



Key Insights:

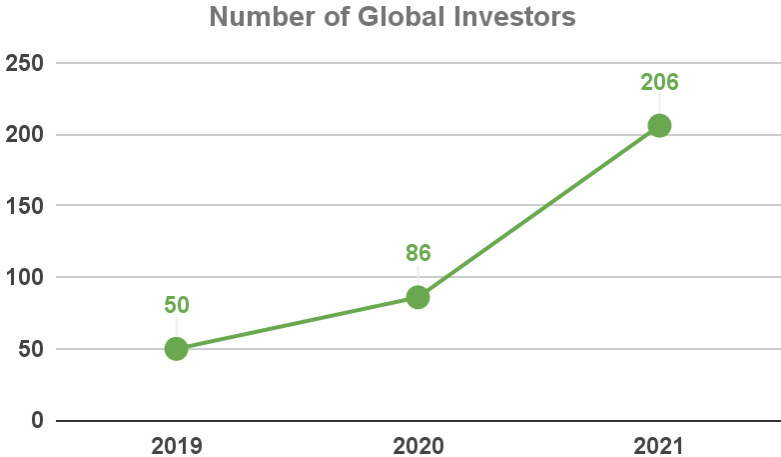
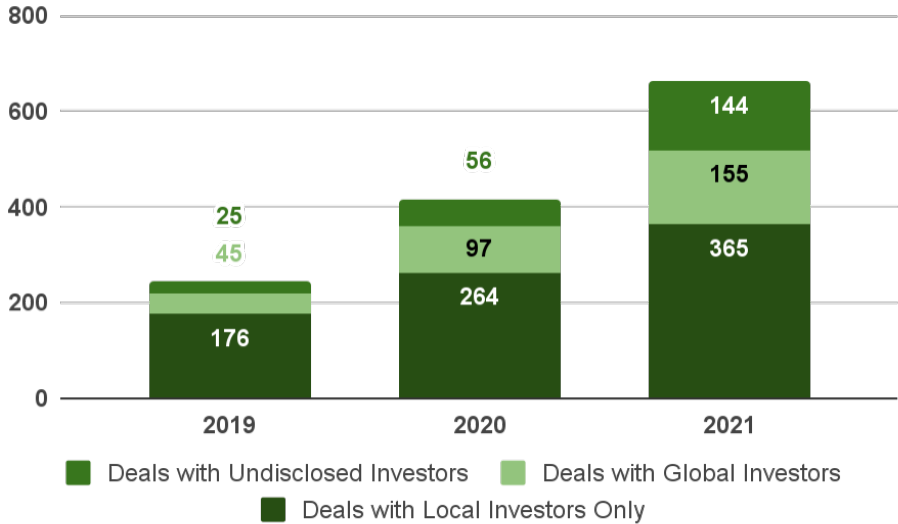
UAE has the lion's share of deals \$10M+, with Saudi and Egypt very close behind; however, \$10M+ deals are taking place across the region as well, especially in 2021



Global Investors



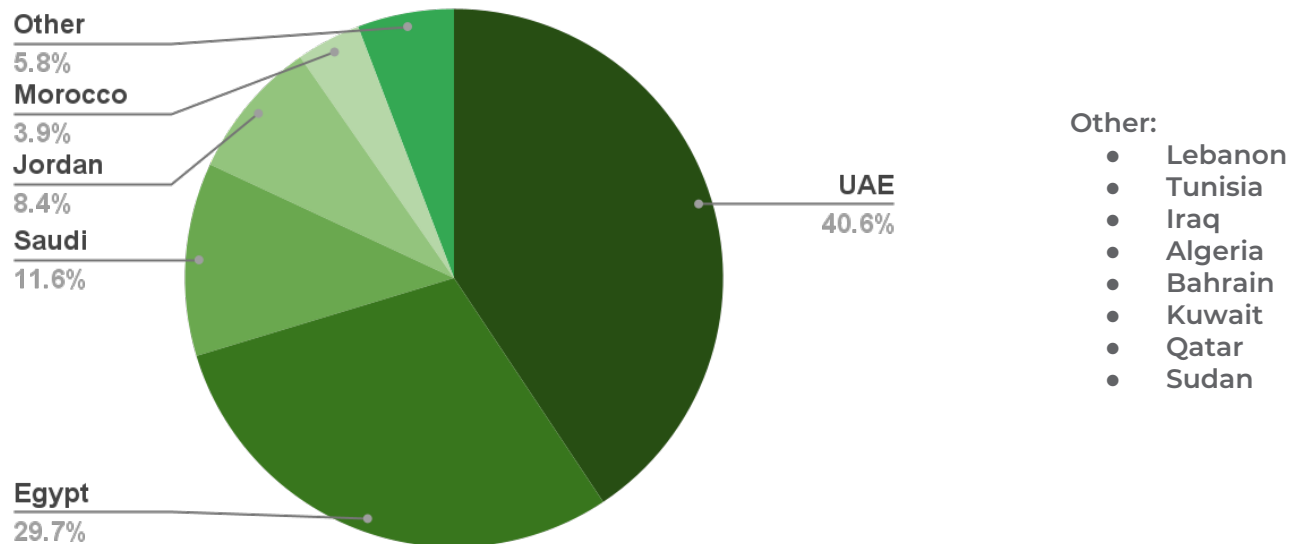
Participation of Global Investors in All Deals



Key Insights:

The number of global investors investing in MENA-based startups more than doubled between 2020 and 2021, and the number of deals they participated in grew 50%+ — highlighting increasing global investor interest in the region

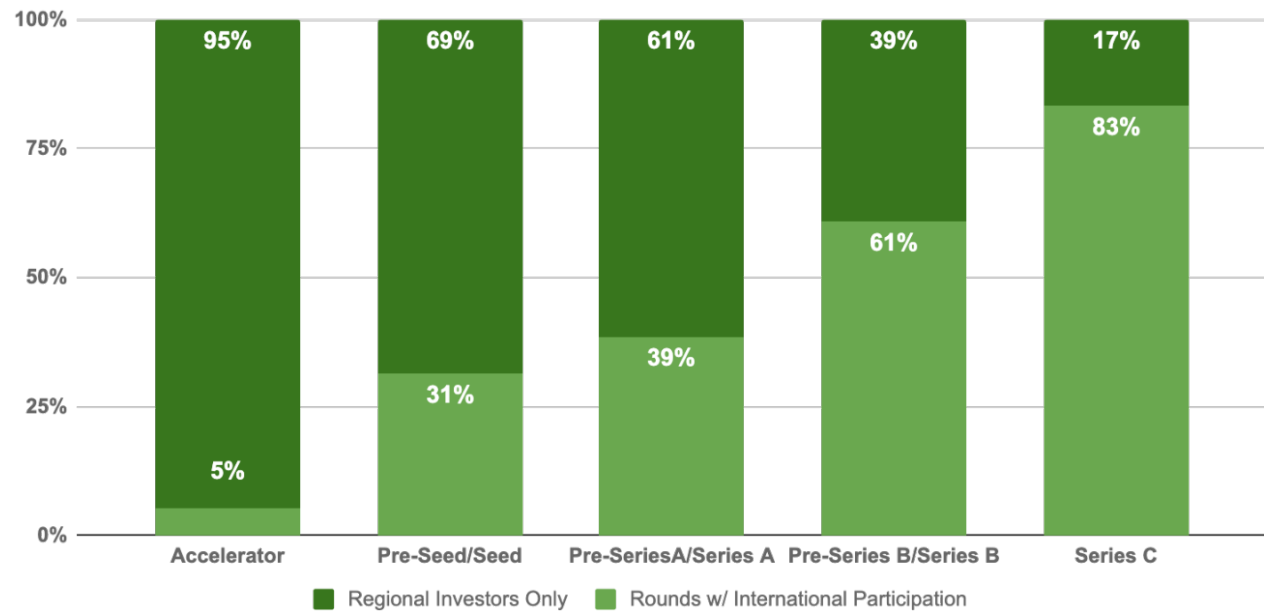
Global Investors' Participation by Startup Country (2019-2021 - number of deals)



Key Insights:

UAE captures the largest share of global investor interest, followed closely by Egypt; Saudi lags further behind. UAE & Egypt capture 70%+ of total global investors' participation (in number of deals)

Global Investors' Participation by Series (2019-2021)



Key Insights:

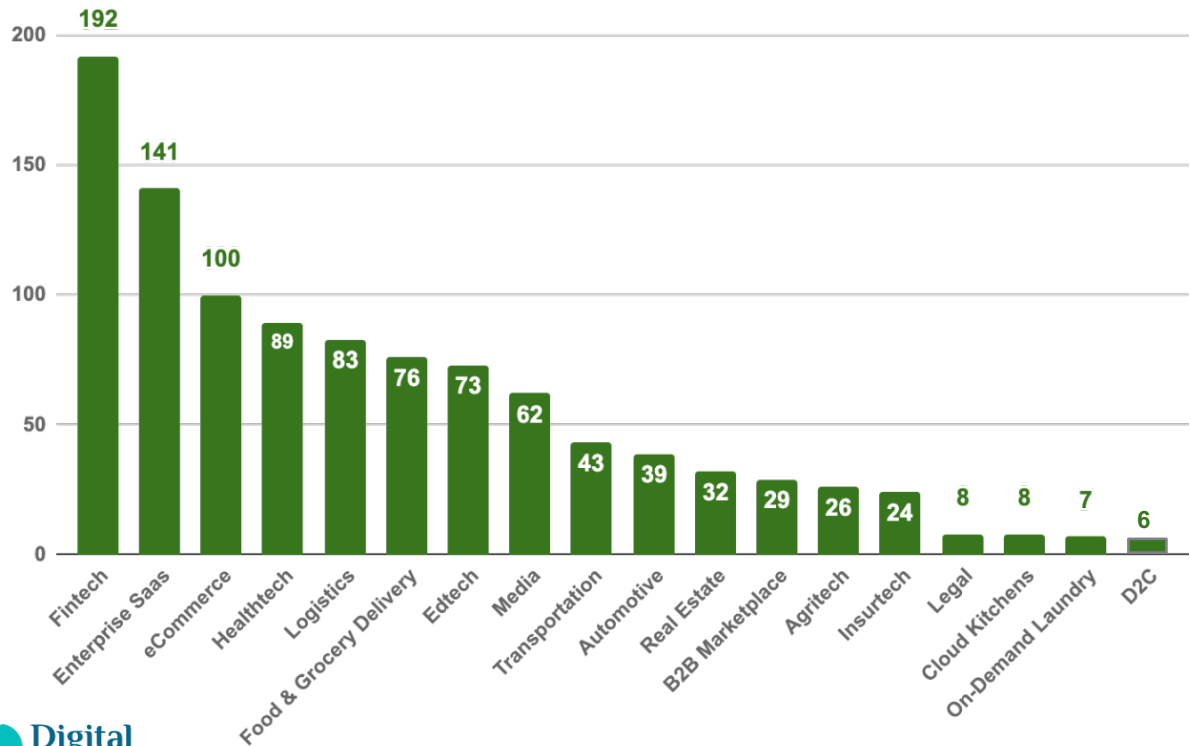
Global investor participation increases significantly with size of transaction (from 5% at the earliest stages to 83% at the latest stages); this may also be driven by limited growth funding options in MENA



Deals by Sector



Total Number of Deals by Sector (2019-2021)



Key Insights:

The Fintech sector garnered the highest number of deals by far in the past 3 years (~200 deals), followed by Enterprise SaaS (~150 deals) and E-commerce (~100 deals).

Sector Ranking by Number of Deals

2019		2020		2021	
1	—	1	—	1	Fintech
2	—	2	—	2	Enterprise SaaS
5	—	5	▲	3	Healthtech
7	▲	4	—	4	Logistics
3	—	3	▼	5	eCommerce
8	▲	6	—	6	Edtech
4	▼	7	—	7	Food & Grocery Delivery
6	▼	9	▲	8	Media
16	▲	13	▲	9	Real Estate
10	—	10	—	10	Automotive

Rise

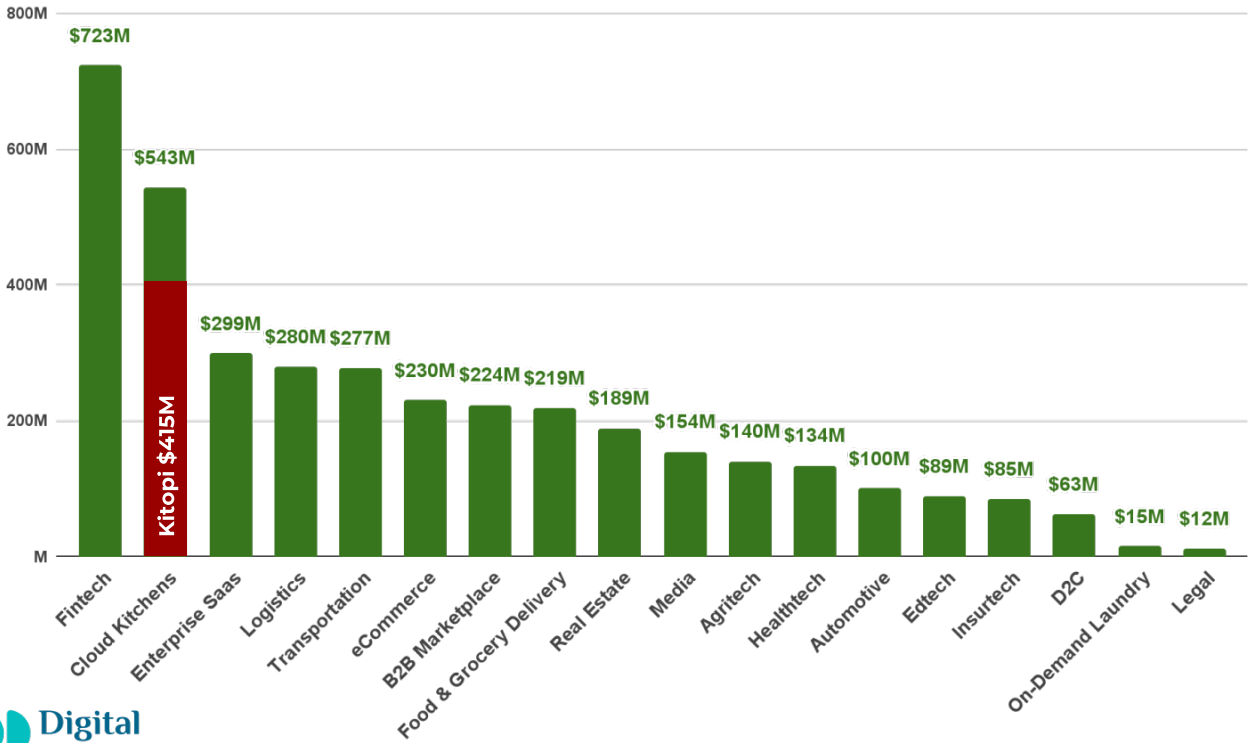
Decline

Out of 18 Sectors

Key Insights:

The fastest growth in number of deals has been in healthtech, logistics, edtech, and real estate tech. Meanwhile, some of the sectors that saw decline in number of deals are food & grocery delivery and e-commerce. This may be attributed to the maturity of existing startups in those sectors

Total Value of Deals by Sector (2019-2021)



Key Insights:

Fintech (#1) captured the largest portion of dollars invested, more than double the sectors of Enterprise SaaS (#3) and Logistics (#4). Cloud kitchens (#2) may be considered an outlier as it is driven mainly by a single large transaction (Kitopi).

Sector Ranking by Value of Deals

2019		2020		2021	
7	▲	4	▲	1	Fintech
2	▼	10	▲	2	Cloud Kitchens
13	—	13	▲	3	B2B Marketplace
4	▼	8	▲	4	Enterprise Saas
3	▼	6	▲	5	Transportation
6	▲	2	▼	6	Logistics
17	▲	15	▲	7	Agritech
8	▲	3	▼	8	Food & Grocery Delivery
1	▼	9	—	9	eCommerce
5	▼	14	▲	10	Media

Rise
Decline

Out of 18
Sectors

Key Insights:

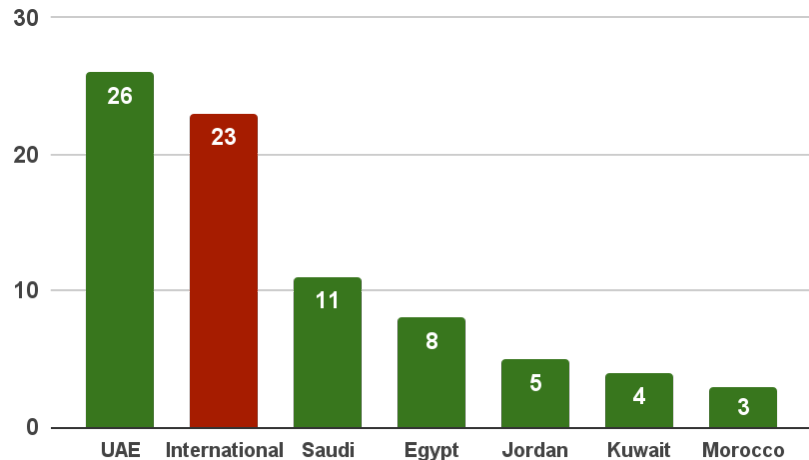
Fintech jumped into the #1 sector by value of deals in just three years. B2B marketplace made a significant leap in one year. While E-commerce experienced one of the largest drops in total invested dollars, potentially driven by the (perceived) saturation of the sector



Acquisitions



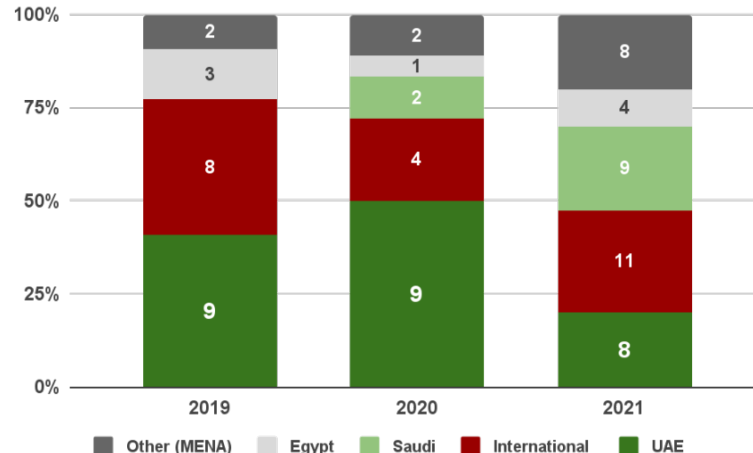
Total Number of Acquisitions by Acquirer's Country (2019-2021)



Key Insights:

UAE is the top geography of acquirers for MENA startups, followed closely by international. Saudi and Egypt companies acquire significantly less (about half).

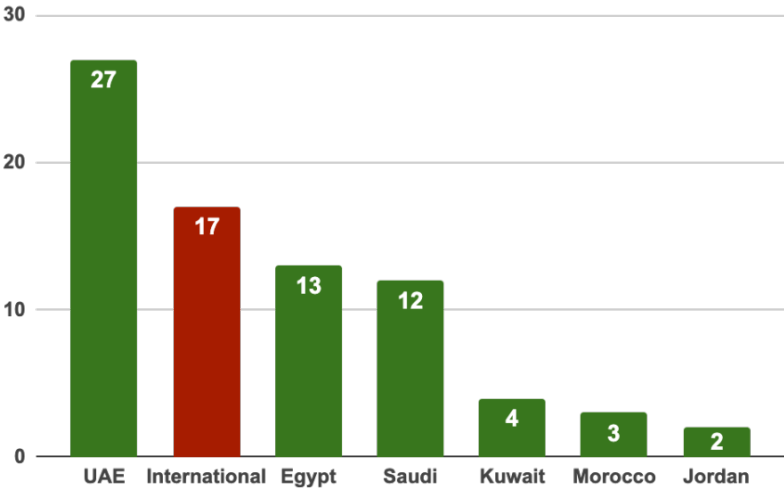
Number of Acquisitions by Acquirer's Country by Year



Key Insights:

Saudi companies emerged and grew quickly in acquisitions over the past three years – growing to capture about 25% of all acquisitions.

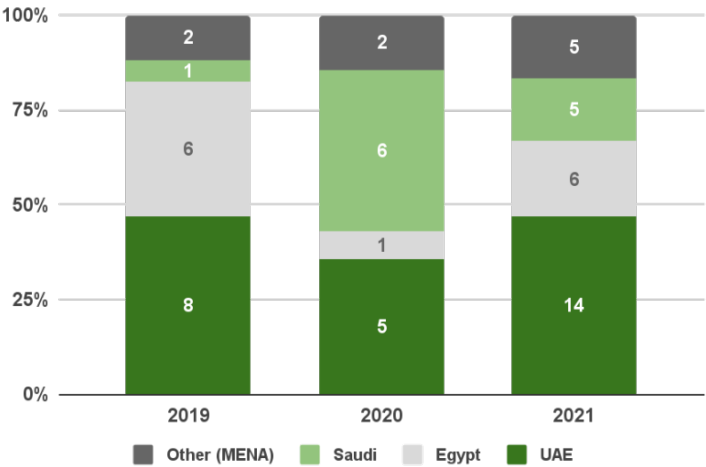
Total Number of Acquisitions by Startup Country (2019-2021)



Key Insights:

Acquirers were mostly buying companies in UAE and internationally – with Egypt edging out Saudi Arabia. UAE is the clear hub for startup M&A

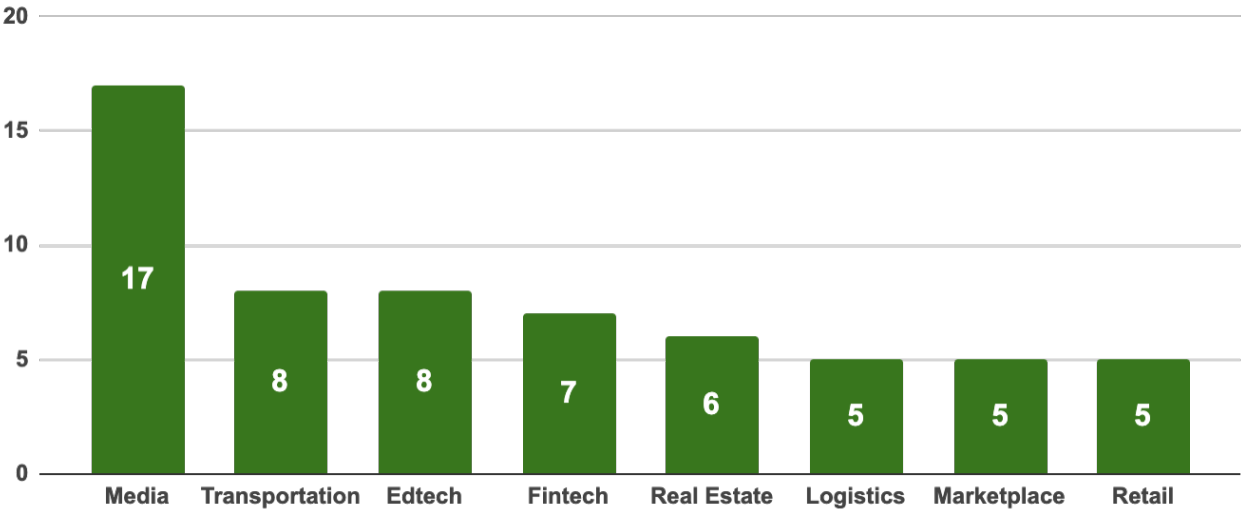
Number of Acquisitions by Startup Country by Year



Key Insights:

UAE startups consistently represent about half of all startups acquired, with Saudi and Egypt startups representing most of the rest

Total Number of Acquisitions by Startup Sector (2019-2021)



Key Insights:

The media sector saw the biggest number of acquisitions in the past 3 years. This could be linked to increased media consumption during quarantine – or potential consolidations of struggling media players in a competitive ad market.



Hot Trends in MENA



Identifying the trends driving MENA investment

This sections explores the region's biggest deals and most funded business models – to drive insights about the hottest investment trends. Each trend included has at least 3-4 competitors within the same domain – indicating a broader movement.

Buy Now Pay Later



FUNDING

\$116M

Including Debt



FUNDING

\$177M*

Including Debt

* Including \$54M in 2022



FUNDING

\$10M+



FUNDING

\$146M

Key Insights:

Buy Now Pay Later emerged as one of the hottest sub-sectors within fintech, with more than \$400M invested in the sector across competitors in major markets (UAE, KSA, Egypt). mnt|Halan emerged as a multi-service player – with buy now pay later, micro-lending, peer-to-peer lending, etc

Payment Acceptance + PoS / mPoS

The logo for HALA, featuring the word "HALA" in a stylized, green, sans-serif font.

FUNDING

\$7M

The logo for paymob, featuring the word "paymob" in a blue, lowercase, sans-serif font.

FUNDING

\$18.5M

The logo for nomod, featuring a colorful circular icon with a rainbow gradient and the word "nomod" in a black, lowercase, sans-serif font.

FUNDING

\$3.5M

Key Insights:

Payment acceptance for SMEs - including Point-of-Sale and mobile Point-of-Sale - is another hot subsector with multiple competitors

Social Commerce

zbooni

FUNDING

\$10.6M

Brimore

FUNDING

\$41.4M

Key Insights:

Social commerce players like Zbooni (Whatsapp commerce, QR code payment) and Brimore (social sales / distribution through individual networks) also are booming

Open Banking / API platforms



FUNDING

\$36.5M



FUNDING

\$12M

Key Insights:

Open banking platforms and APIs for financial services attracted some of the largest early-stage deals, with the participation of global investors

Investment & Wealth Management

The logo for Vahed, featuring a stylized 'V' in blue and white followed by the word 'ahed' in a dark blue sans-serif font.

FUNDING

\$40M



Sarwa

FUNDING

\$25M



baraka

FUNDING

\$4M

Key Insights:

Wealth management companies (robo advisors) continue to grow. Baraka's free stock trading business (similar to Robinhood) has pushed others (like Sarwa) to follow into this domain

Crypto Exchanges



FUNDING

\$141M*

*(Including \$110M
in Jan 2022)*



FUNDING

\$30M

COINMENA

كوين مينا

FUNDING

\$9.5M



FUNDING

\$5M

Key Insights:

There's tremendous interest in crypto in MENA from individuals and governments – driving some large scale deals, led by Rain's \$100M+ funding. Bahrain's Central Bank had led the region in crypto-related legislation, but now Dubai has embraced the Web 3.0 trend powered by cryptocurrencies and blockchain through a new "Virtual Asset Regulation Law" and Authority linked to the Dubai World Trade Centre Authority (DWTCA).

Digital Wallets / P2P Payments



ZIINA

FUNDING

\$8.5M



Mamo Pay

FUNDING

\$9.5M

telda

FUNDING

\$5M

Key Insights:

With the success of players like Venmo in the US, the peer-to-peer payments / wallets space is starting to pick up, but the companies (and rounds) are still mostly early stage.

Cloud Kitchens



FUNDING

\$504M



FUNDING

\$25M

~\$120M Acquisition
- Rumored Value -



THE CLOUD

FUNDING

\$8M

Different model using
excess capacity in
existing kitchens

Key Insights:

The Cloud Kitchen sector in MENA has been dominated by Kitopi, but the acquisition of iKcon by REEF Technology, a US-based company, could present more competition in the market.

F&B Tech

CALO

chatfood

FOODICS

grubtech

FUNDING

FUNDING

FUNDING

FUNDING

\$13.5M

\$5M

\$28M

\$13M

Key Insights:

There has also been a flurry of activity in F&B tech, including Point of Sale, kitchen management, mobile ordering and payment, and meal plans

On-demand Grocery



FUNDING

\$23M



FUNDING

\$79M*

(Including \$50M in Jan 2022)



ACQUIRED

\$360M



ACQUIRED



Key Insights:

Covid drove a surge in demand for online grocery ordering – finally helping transform the sector, and the major deals followed. Instashop's acquisition for \$360M makes it one of the largest in the region

B2B Marketplaces



FUNDING

\$33M



FUNDING

\$45M



FUNDING

\$112M



FUNDING

\$45M

Key Insights:

E-commerce also made its way into the B2B space – with more mature companies (Series B / C) and rounds in tens of millions. A number of B2C e-commerce platform have also moved into the B2B space (e.g. Nana)

Healthtech

Vezeeta.com

FUNDING

\$72M+

- Appointments
- Telemedicine
- e-Pharmacy

Yodawy

FUNDING

\$14M+

- e-Pharmacy

الطبي
alibbi

FUNDING

\$53M*

- Appointments
- Telemedicine
- Medical Content

* Including \$44M in 2022

Okadoc

FUNDING

\$12M+

- Appointments
- Telemedicine

Key Insights:

Covid also drove a boom in healthtech, increasing adoption of remote testing, telemedicine, pharmacy delivery. Players are not very differentiated, so this promises to be a highly competitive sector

Dental Technology



FUNDING

\$26M

BASMA

FUNDING

\$4.2M

Key Insights:

Multiple MENA companies also raised funding for cosmetic orthodontic solutions – a space to watch, but with many global competitors

SPACS



MARKET CAP AT IPO

~\$250M



MARKET CAP AT IPO

~\$1.5B

Key Insights:

The region also saw two companies announce SPACs (and execute them in 2022); with few acquisition options and growth funds at the later stage, SPACs for MENA startups will likely continue

About Arabnet & Digital Digest



Launched in 2009, Arabnet produces the leading event, insights, and innovation program focused on tech business and innovation in the MENA region. Arabnet organizes major conferences for the tech sector; produces original research, reports and publications focused on the industry; and organizes custom-tailored innovation programs for corporations and governments.



The Digital Digest is a business intelligence platform focused on the MENA region. The platform aggregates data and news about the digital economy in MENA and delivers it to professionals across daily and weekly broadcast channels, as well as working with institutions and startups on market and intelligence research to help achieve their business goals. The Digital Digest was founded in 2018 and currently operates in both Arabic and English and reaches the top decision-makers in the market daily.

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