

2020

# Egypt

## Venture Investment Report

MAGNiTT report, sponsored by  
IT Industry Development Agency (ITIDA)

**MAGNiTT**



# Forewords



## **H.E. Dr. Amr Talaat | Egypt's Minister of Communications & Information Technology**

Egypt is home to the region's largest startup ecosystem. We treasure this fact and back it. Today, we see Egyptian startups driving culture change in the business environment; proactively and innovatively addressing societal and economic needs.

Egypt's digital startup scene is evolving. It is being supported by progressive legislation, diverse technical capacity building programs, and novel funding mechanisms.

We have set the stage for our own community of homegrown entrepreneurs to utilize their capabilities, create unique engagement platforms, and forge collaborations with the ICT sector players to produce unique products and services from Egypt to the world.



## **Amr Mahfouz | CEO, IT Industry Development Agency**

Fostering technology innovation has always been a cornerstone in Egypt's ICT strategy. Earlier in 2006, ITIDA has presented the first technology startups' incubation in the region. Today, we can see Egypt has one of the fastest-growing startup ecosystems in the MEA region and is fast becoming a global contender.

Building on this momentum, the government has become very active in supporting entrepreneurs and nurturing their innovation across all sectors especially with a new generation of entrepreneurs capable of founding globally competitive technology startups. Along with the huge leap in the number of early and late stages investors, accelerators, and incubators in Egypt, we're investing EGP 600M on spreading digital innovation hubs, Creativa, across the country offering a one-stop-shop for students, innovators, and entrepreneurs and unique space for tech upskilling, business scale-up. This year, we are inaugurating two major hubs focusing on 5G and industry 4.0 in addition to establishing a fund of funds focused on growth and exits stages startups.

Also, we're joining forces with global players such as MIT, Babson, and VISA to boost our startup ecosystem and help our entrepreneurs leap forward. Since planning ahead is a must, we are currently working on a 5-year strategy to further strengthen the position of Egypt on the global startups' map.

There could never be a time better than this for the IT & innovation sector in Egypt which has proven to be a cornerstone for its response to the pandemic. We owe it to the technology tools and the rising innovative startups we have today that have enabled us to shift to WFH model and continue with our daily life activities.

# Key Stakeholders Takeaways



**Amal Enan** | Managing Director of North Africa & the Levant, Global Ventures

---

For an emerging markets investor, Egypt is a key market. Within a year of operating in Egypt our team on the ground doubled and so did the size of our portfolio. Our pipeline is evidence of the size of this resilient market, its above average growth rates, and the rising purchasing power of a hungry, young consumer base. The call for faster and better products and services is met with a mature supply of talent and infrastructure rising to the challenge of addressing needs with tech driven solutions. The ecosystem proved its ability to make Egypt a hub for EM adapted innovations to be exported to Sub-Saharan Africa, Southeast Asia and the GCC. The speed and diversity of the Egyptian market's evolution keeps us on our toes as we strive to enable the imminent climb of Egyptian founders globally.



**Dr. Ayman Ismail** | Founding Director, AUC Venture Lab

---

Last year was a fantastic year for Egyptian startups! As the country goes through rapid digitalization, tech-startups are taking the lead in this transformation, providing services such as digital payments, transportation, logistics & supply chain solutions, SME and consumer lending, e-commerce, and online education. With the substantial size of the Egyptian and the neighboring Middle East and African markets, these startups are rapidly scaling their solutions and expanding to the region. I believe that we would have 10+ unicorns over the next 3-5 years, offering huge opportunities for VC investments to this frontier market.



**Dalia Ibrahim** | CEO and Founder, EdVentures

---

Living and operating in one of the fast growing ecosystems for startups in the Middle East is quite exciting. Despite that these are challenging times for business and economies, yet I believe that Egypt still has great potential for startups to expand and grow, especially with the accelerated digital transformation taking place in all industries and sectors; which sped up even more after the pandemic.

There's no doubt that education was one of the key sectors that was drastically impacted by the pandemic; creating unprecedented opportunities for startups working in edtech and learning; where investment in this key sector is growing more than ever before. And as a leading investor in education in Egypt and the MENA region; we will definitely increase our support and investments over the next couple of years; reaching out to more startups; thus pave the way for a more effective and dynamic education sector.

# Key Stakeholders Takeaways



**Tarek Assaad** | Managing Partner, Algebra Ventures

---

The growth of the Egyptian tech entrepreneurship ecosystem in the past few years has vastly exceeded my expectations. Over the past decade, I am proud to have worked with inspiring and exceptionally capable entrepreneurs, who are building remarkable success stories. The availability of capital to entrepreneurs has paved the way for startups to address some of Egypt's biggest challenges through innovative digital solutions. The past three years have seen an even faster acceleration of the development of the ecosystem. Going forward, I believe tech startups will not only become more significant contributors to the Egyptian economy but also create industry-leading companies that will expand beyond Egypt and become global success stories.



**Tarek A. Elkady** | Chairman, Alex Angels & the Mediterranean Business Angel Investors

---

The Egyptian startup community has significantly matured. Our investor network has clearly grasped that from the many foreign investors who are intrigued day after day to co-invest in the deals we are closing, and many others who are joining our investors' network to learn more about investing in the fast-growing Egyptian startup ecosystem. The past year and a half have been very challenging times globally and locally, yet we've seen companies identify significant market gaps and develop remarkable tech-enabled solutions across different sectors. We've also seen a lot of resilient entrepreneurs who have fought to survive those hard times, whether by pivoting or adapting their business models to embrace the new norm and trace the change in consumer behavior. While many others have even managed to double their businesses and attract more follow-on funding to scale.



**Wael Amin** | Partner, Sawari Ventures

---

Over the past two years we have seen unprecedented acceleration in the Egyptian startup ecosystem, with dozens of exciting startups, funds, investors and accelerators entering the market. These forces have combined into unprecedented investment interest and a much accelerated journey from idea to exit.

# 2020 Egypt Venture Investment Report - Executive Summary



## 2020 saw \$190M invested in Egypt-based startups, a record amount of total funding

VC funding in Egypt recorded an all-time high, having grown by 30% YoY and with a CAGR of 100% between 2015 and 2020. It commanded the second largest share of total venture investment in MENA (18%), driven by a \$40M funding round in Vezeeta.



## Every fifth funding transaction in MENA was closed by an Egyptian startup

With 114 transactions registered in 2020, Egyptian startups accounted for 22% of all deals closed in MENA. In concurrence with the trend noted across MENA, the number of deals in Egypt declined by 14% YoY.



## Digital adoption in E-commerce and Healthcare was positively impacted in 2020

E-commerce startup transactions increased by 64% YoY in 2020, raising \$18M, 127% more than 2019. Healthcare registered a 1600% increase in capital deployed, amounting to \$57M. The top five deals in 2020 were credited to startups operating in E-commerce, Healthcare and Transport.



## 2020 saw more later stage deals, albeit with a smaller share in capital than 2019

Series A and Series B+ funding rounds accounted for 10% of all venture transactions in Egypt- a 5 percentage point increase from their deal share in 2019. However, the contribution of the top five deals to total capital dipped from 64% in 2019 to 50% in 2020.



## COVID-19 saw a slowdown in startups graduating from accelerator programs

The decline in VC deals in Egypt can be attributed to the fall in the number of accelerator programs. Accelerated deals were responsible for almost half (48%) of the total transactions in the country in 2019, dipping to only 20% in 2020.

01

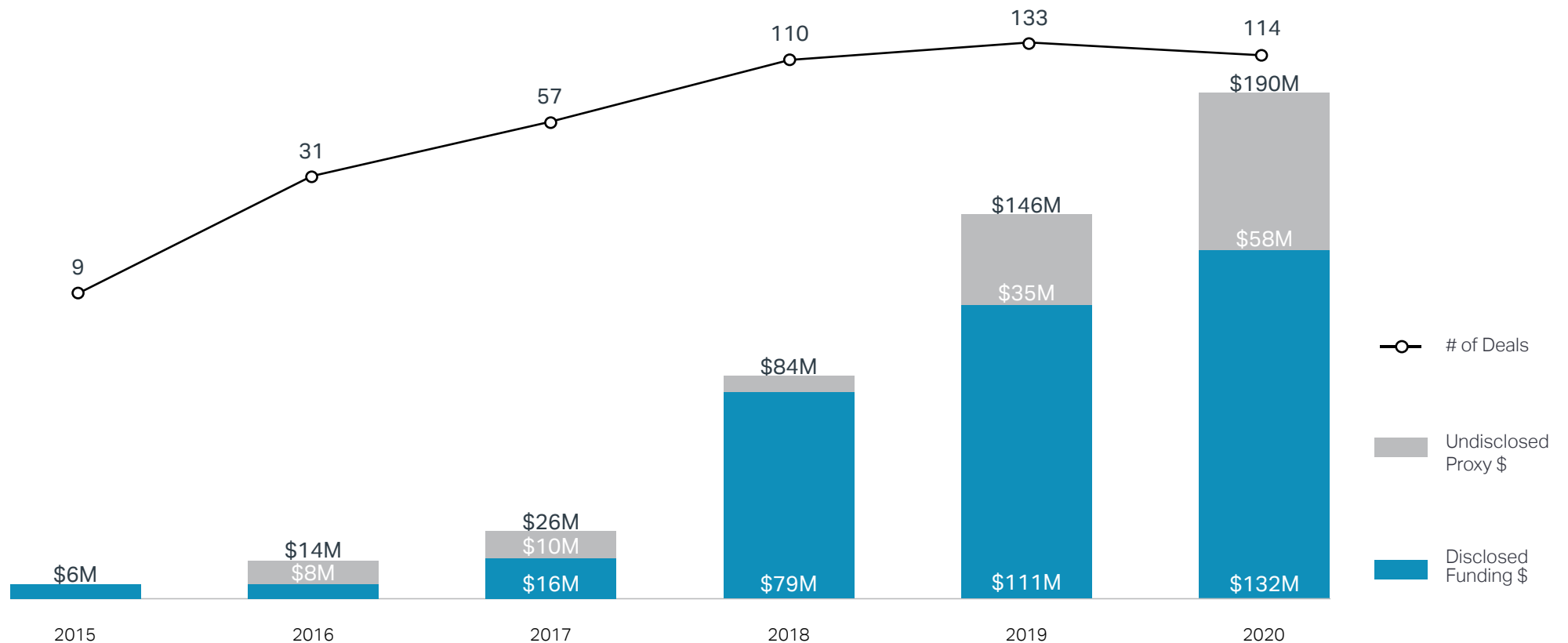
# Egypt Yearly Funding Evolution

# Egypt Yearly Funding Evolution

Total funding deployed into Egyptian startups in 2020 grew by 30% YoY, higher than the 13% growth in venture investment recorded across MENA

- Egyptian startups raised a record **\$190M** in VC funding, with a CAGR of **100%** in the past 5 years. The number of transactions, though, trended down by **14%** YoY in 2020
- This decrease was mainly driven by Covid-19's interruption of accelerator programs: accelerated deals in 2020 made up **20%** of all transactions, compared to **48%** in 2019

## 5YR venture funding evolution in Egypt by amount (\$M) and number of deals (#)





02

# MENA Country Breakdown

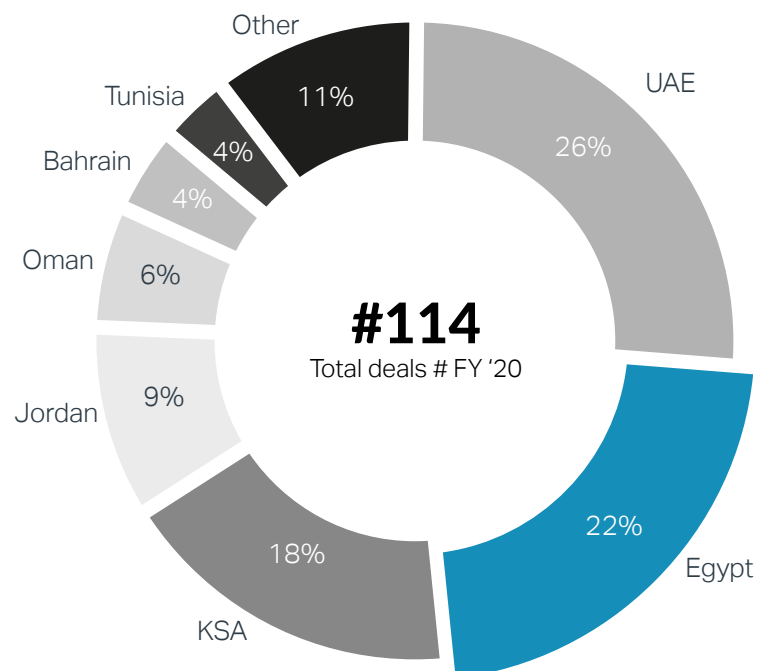


# 2020 MENA Country Comparison - By Deals

**Egypt maintained its second rank by number of deals, accounting for 22% of number of deals in MENA**

- Despite the **14%** drop, every fifth deal in MENA was registered in Egypt, securing the country a strong position in the region's VC ecosystem
- The share of Egyptian startups in all MENA deals dropped by 1% between 2019 and 2020, potentially caused by the dent in accelerated deals during this period

## Top countries by number of deals (#) in MENA in 2020



## Country deal comparison 2020 vs 2019

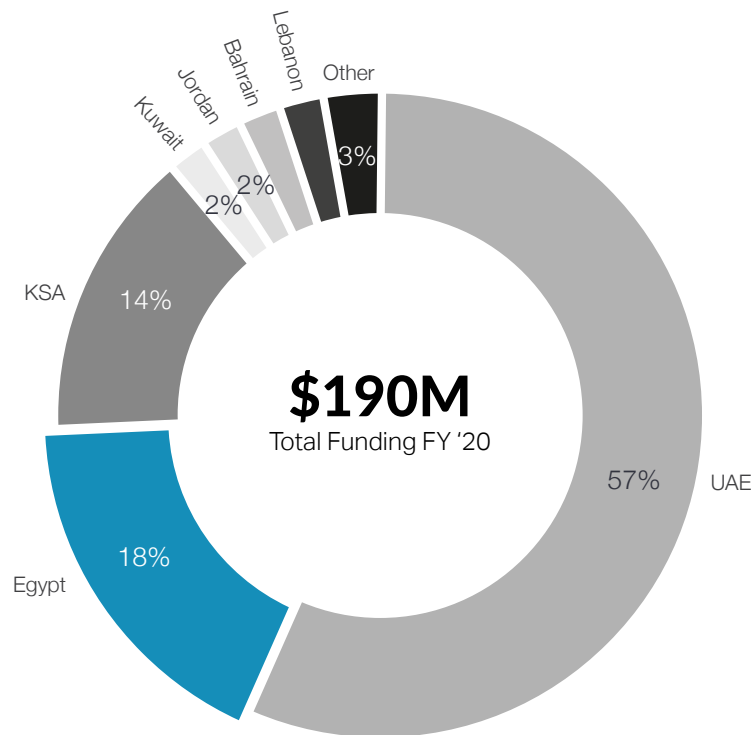
Rank	Rank change		Country	Absolute YoY change	% Deal Share change
1.	= 0		UAE	-16%	-1%
2.	= 0		Egypt	-14%	-1%
3.	= 0		KSA	+41%	+7%
4.	△ 1		Jordan	+30%	+3%
5.	△ 2		Oman	+14%	+1%
6.	△ 2		Bahrain	-30%	-1%
7.	▽ 1		Tunisia	-45%	-2%

# 2020 MENA Country Comparison - By Funding

**Despite Covid-19, total funding into Egyptian startups in 2020 went up by 30% to a total of \$190M, second only to the UAE (\$608M)**

- More than half of the total funding (51%) went into deals falling in the \$10M-\$100M bracket, indicating high concentration of capital in more mature business ventures
- The average ticket size in Egypt stood at **\$1.7M** in 2020, well above an average of **\$1.1M** in 2019. Notably, the 2020 average deal size in UAE was **\$4.6M** and **\$1.7M** in KSA

## Top countries by total funding (\$) in MENA in 2020



## Country funding comparison 2020 vs 2019

Rank	Rank change		Country	Absolute YoY change	% Funding Share change
1.	= 0		UAE	+7%	-3%
2.	= 0		Egypt	+30%	+2%
3.	= 0		KSA	+47%	+3%
4.	△ 2		Kuwait	-14%	-1%
5.	= 0		Jordan	-33%	-1%
6.	△ 2		Bahrain	+202%	+1%
7.	▽ 3		Lebanon	-45%	-2%

# 03

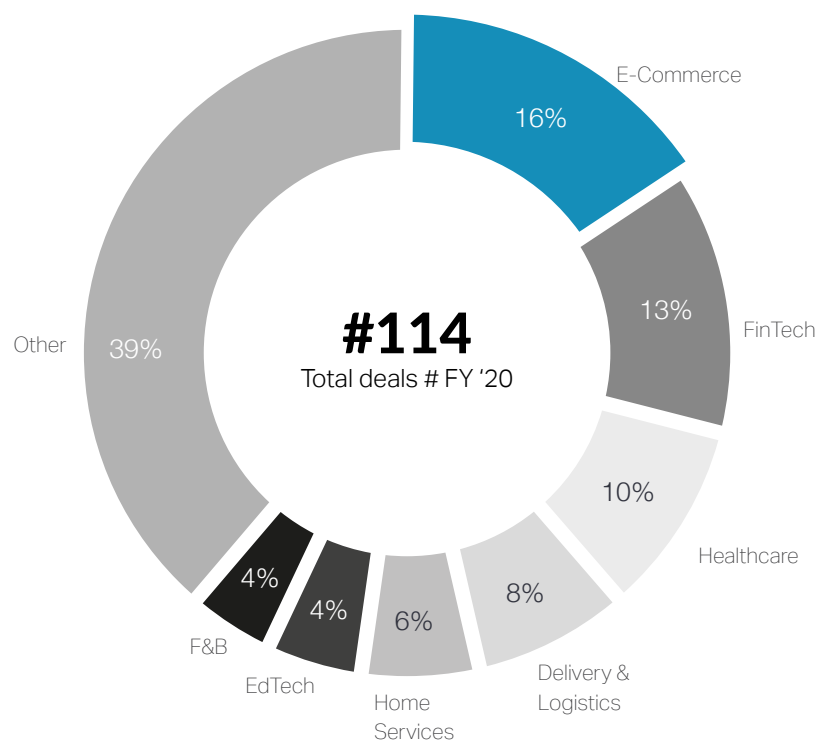
## Industry Breakdown

# 2020 Egypt Industry Comparison - By Deals

VC interest in 2020 was focused on industries that benefited from increased demand during COVID-19: E-commerce, Healthcare and Delivery & Logistics

- E-commerce ranked first with **18** deals representing **16%** of all transactions. Across MENA, too, E-commerce startups claimed the largest share (13%) in the total deal count
- Delivery & Logistics registered the largest increase in deal count **(+80%)** to reach a total of 9 transactions in 2020

## Top Industries by number of deals (#) in Egypt in 2020



## Industry deal comparison 2020 vs 2019

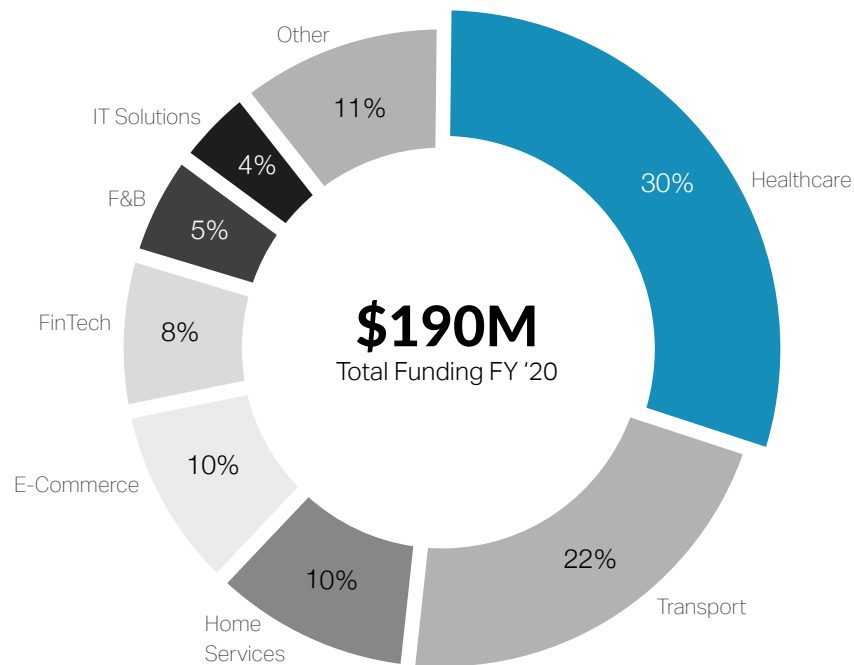
Rank	Rank change	Industry	Absolute YoY change	% Deal Share change
1.	△ 1	E-Commerce	+64%	+8%
2.	▽ 1	FinTech	-29%	-3%
3.	= 0	Healthcare	=0%	+1%
4.	△ 6	Delivery & Logistics	+80%	+4%
5.	= 0	Home Services	-22%	-1%
6.	△ 2	EdTech	-17%	=0%
7.	△ 2	F&B	-17%	=0%

# 2020 Egypt Industry Comparison - By Funding

**Dominantly invested into Healthcare and Transport, funding distribution across Egyptian startup sectors was heavily steered by the three largest deals**

- Healthcare ventures topped the ranking with a total of \$57M raised in 2020. Startup Vezeeta's Series D round accumulated \$40M alone
- Venture investment into Transport demonstrated resilience against Covid-19's global impact on the sector. Swyvl's \$26M and Halan's \$15M put the industry in second place

## Top industries by funding (\$) in Egypt in 2020



## Industry funding comparison 2020 vs 2019

Rank	Rank change		Industry	Absolute YoY change	% Funding Share change
1.	△9		Healthcare	+1615%	+28%
2.	▽1		Transport	-4%	-8%
3.	△6		Home Services	+310%	+7%
4.	△2		E-Commerce	+127%	+4%
5.	▽2		FinTech	+16%	-1%
6.	△5		F&B	+305%	+3%
7.	△6		IT Solutions	+269%	+3%


















04

## Top Funding Rounds

# Top 5 Disclosed Funding Rounds in Egypt in 2020

Presence of international firms like MEVP or VNV Global in each top deal emphasized attractiveness of local ventures to global and regional investors

- The top 5 deals in Egypt raised 50% of total funding while those in MENA raised 31% of the region's total capital, highlighting a skew towards later stage deals in Egypt
- All five startups operate in industries that saw increased demand during the pandemic in 2020

		AMOUNT RAISED	MONTH	FUNDING STAGE	INDUSTRY	SELECT INVESTORS
1.		\$40M	February	Series D	Healthcare	  
2.		\$26M	May	Bridge	Transport	
3.		\$15M	January	Series B	Transport	  
4.		\$8M	February	Series B	F&B	 
5.		\$6M	September	Series A	Healthcare	  



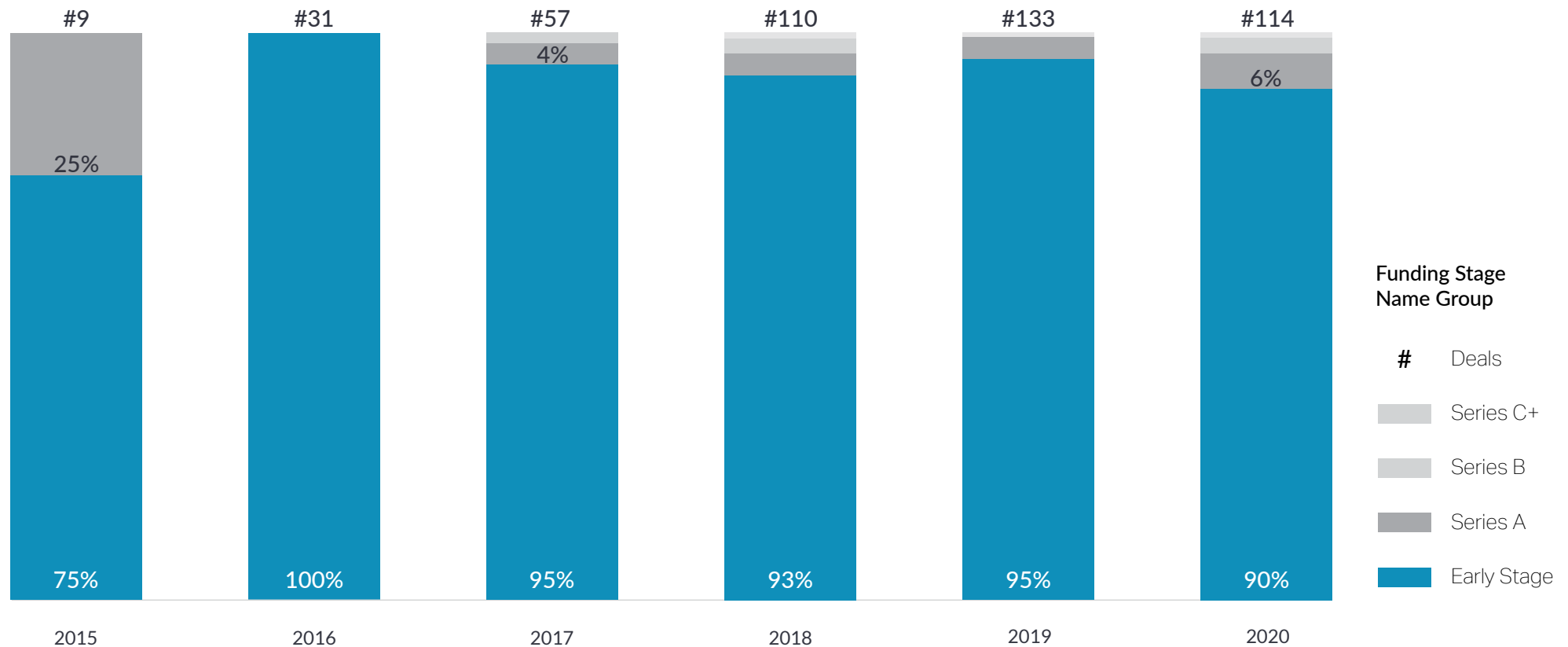


# 2020 Egypt VC Funding by Stage

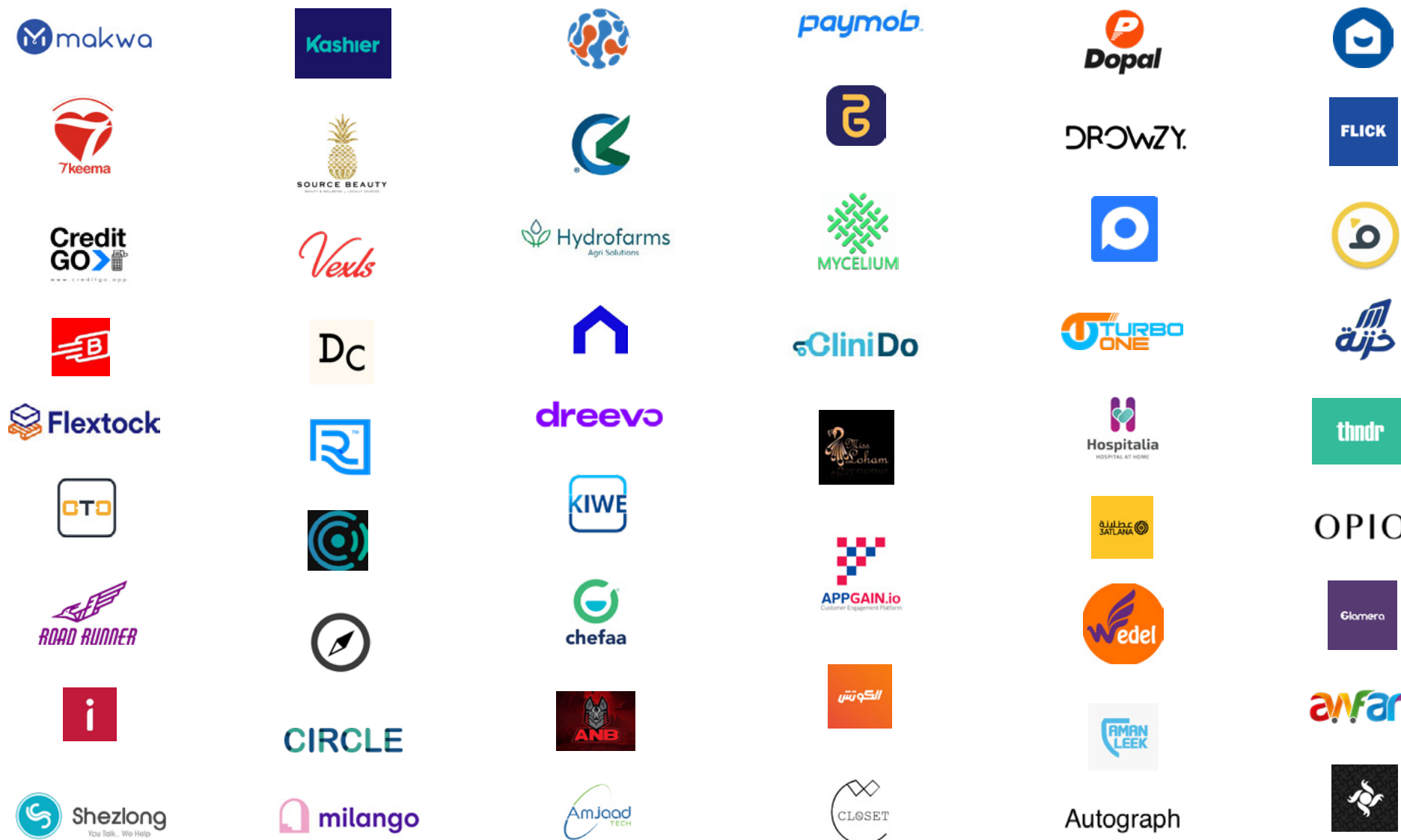
**In 2020, larger transactions grew more frequent in Egypt, in turn accounting for a drop in Early Stage deals**

- Although Early Stage transactions accounted for **90%** of all deals in Egypt, their number declined by **5** percentage points in 2020
- This was in favour of Series A and Series B deals that went up by **2** percentage points and **3** percentage points, compared to 2019, respectively

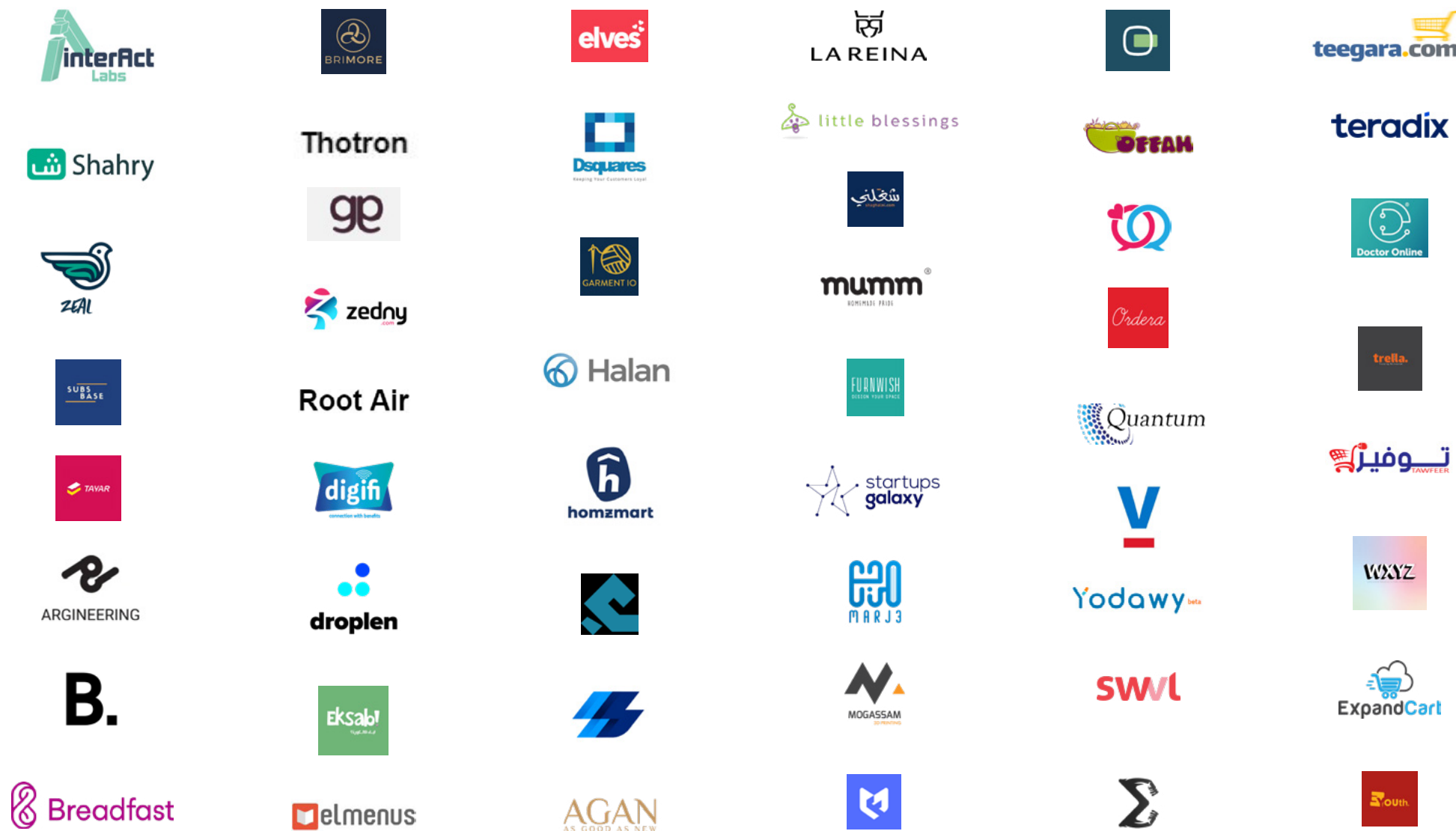
Yearly VC deals in Egypt by stage (%)



# All Funded Egypt-based Startups In 2020



# All Funded Egypt-based Startups In 2020



# 2020 Egypt Active Investors

International firms represented 32% of all investors supporting Egyptian startups in 2020, compared to 21% in UAE and 18% in KSA

- The number of investors in Egyptian startups more than doubled in three years, going from 31 active firms in 2017 to 69 in 2020
- Flat6Labs, 500 Startups and Falak Startups accounted for the highest number of deals in 2020, while 64% of all active investors participated in only 1 deal

## Investors by number of investments in Egypt-based startups in 2020



# 2020 Highlights



## New Law for Development of SMEs & Entrepreneurship

Egypt released a law to support projects and enterprises that have been operating for less than 7 years by providing tax, customs, and non-tax incentives. In addition, the law provides monetary incentives for corporations, investment funds, incubators, accelerators and all entities supporting startups and SMEs.



## Launch of Creativa Innovation Hubs

The Ministry of CIT established Creativa Innovation Hubs in collaboration with public universities, where hubs reside inside the universities with external access to support students as well as start-ups to meetup, innovate, access resources, and develop digital transformation solutions.

## African APP Launchpad

### The 2nd African App Launchpad Cup

Launched by the Egyptian President, The African App Launchpad (AAL) is an Africa-wide platform to build the capacity of 100,000 youths in Egypt and Africa and foster establishment of 100 startups in application and game development. In 2020, TIDA, in collaboration with Microsoft and Grindstone Africa, ran the 2<sup>nd</sup> AAL Cup. AAL supported the establishment of 77 startups across 11 African countries.



## Intellectual Property Rights Protection Guide for Startups

Recognizing the vital role of protecting the intellectual property rights, ITIDA's IPR Office released a comprehensive guide for Egyptian startups and entrepreneurs that tackles and addresses issues pertaining to protecting their intellectual property rights.



## Launch of The Applied Innovation Center

The Ministry of CIT established the Applied Innovation Center to promote the use of emerging technologies in addressing and solving national challenges. The center aims at developing human capital and creating an environment for innovative startups to grow and accelerating the creation of domestic high-tech enterprises.

## startup launchpad program

### ITIDA & AUC Venture Lab Startup Launchpad

ITIDA and the AUC Venture Lab joined forces on Startup Launchpad, a capacity-building program that empowers technology entrepreneurs as they launch their startups. The program helps participants validate their innovative solutions, identify market gaps and overcome the most commonly-faced challenges.



## Egypt's Central Bank EGP 1 Billion Fund

The Central Bank of Egypt (CBE) allocated 1 billion Egyptian pounds for the Fintech Innovation Fund. This will be an investment vehicle to support innovative FinTechs and FinTech-enablers domains with the objective of transforming Egypt into a regional hub for the FinTech industry.



## Enabling Startups & SMEs Participation in DX projects

The Ministry of CIT launched "Our opportunity is Digital" initiative, which involves a digital platform with national digital transformation (DX) projects are offered solely for startups and SMEs either for direct implementation or in partnership with large companies. The Initiative also involves up-skilling opportunities for startups' employees in AI and Machine Learning, in collaboration with tech giants like AWS.



## TIEC's Hack-The-Virus

ITIDA's Technology Innovation & Entrepreneurship Center (TIEC) launched 'Hack The Virus' online competition in collaboration with Dell Technologies and in partnership with Novartis, UN Technology Innovation Labs, UNDP, UNICEF, UNESCO, and ITU. The competition targeted innovators, entrepreneurs and startups to develop solutions and applications that hack the spread of Covid-19 in Egypt.

05

# About ITIDA

# ABOUT ITIDA

The IT Industry Development Agency (ITIDA) is the executive arm of the Egyptian Ministry of Communication & Information Technology. Since its establishment in 2004, ITIDA's core ideology has been spearheading the development of Egypt's IT industry to increase its global competitiveness and make it a key contributor to the country's economic growth.

## ITIDA's Objectives:



### Market Driven Skills Development

ITIDA acts as a key advisor for foreign investors and a strategic partner to MNCs & local IT companies in Egypt and a supporter to the startup companies that seek to compete in global markets.

The agency focuses on fulfilling the business' growing demand for advanced digital skills by growing the availability of Egypt's talent pool in order to lure more MNCs to establish their global delivery centers in Egypt.



### Stimulate Growth in Innovation

Understanding the significant role of innovation and tech-driven entrepreneurship as key drivers for economic growth and global competitiveness, ITIDA collaborates with distinguished public & private stakeholders (universities, multinationals, accelerators, incubators, investors, etc.) to nurture & support the development of rising tech & tech-enabled startups. This includes addressing the dynamic and changing needs of the local & international startup ecosystems through comprehensive educational tools, incentive programs and matchmaker platforms helping startups realize and implement their ideas, scale up their businesses and attract local & international investments.



### Enabling Digital Transformation

In 2010, ITIDA established the Technology Innovation & Entrepreneurship Center (TIEC). TIEC is a dynamic entity that acts as a catalyst to the ecosystem and provides end-to-end support to entrepreneurs, starting from raising awareness on entrepreneurship in universities and ideation camps through pre-incubation and incubation programs (providing office spaces, seed funding, mentoring, networking, etc.) to linkages with potential international/regional investors and market penetration support.



### Attract FDI & Increase Digital Exports



### Enabling Business Environment

## Learn more about

**ITIDA** [itida.gov.eg](http://itida.gov.eg) >> **TIEC** [tiec.gov.eg](http://tiec.gov.eg) >>



06

## About MAGNiTT

# ABOUT MAGNiTT

**"Passion Provides Purpose,  
But Data Drives Decisions"**

MAGNiTT is a platform that empowers decision makers through access to the most comprehensive and accurate data on startups and venture investments across Emerging Venture Markets.

## We help:

**Startups** find the right investors  
**Investors** connect with founders  
**Sales Managers** identify and contact leads  
**Researchers** track investments and trends  
**Governments** conduct market research  
**Consultants** prepare their presentations  
**Marketeers** reach their target audience

## Our Data\*

**STARTUPS**  
**18,000+**

**INVESTORS & ENABLERS**  
**4,000+**

**FUNDING ROUNDS**  
**6,000+**

**EXITS**  
**200+**

*\*As of May 2021*

## The Team



**"Emerging Venture Markets are often under-served from a data perspective. Our solution aims to provide deep, localized, and relevant insights to our stakeholders on the markets that matter to them."**

Philip Bahoshy | MAGNiTT CEO & Founder

## Business Solutions:

### Data Access

Interested in gaining access to the latest and most comprehensive data on the Emerging Venture Market startup space? Track and identify companies, investors and funding rounds using our 4 extensive directories.

### Research Tools

Looking to identify key trends by country, sector or investment habits? Access our repository of 130+ research reports and use 20+ integrated analytics charts to export your data in real time for your presentations.

### Startup Resources

Starting a fundraise? Use our tools for your fundraising lifecycle, from scoping the competition, identifying potential investors, applying to over 100+ Investors using our investment tool and announcing your fundraise through MAGNiTT.

### Marketing Outreach

Looking to get your initiative in front of the people who matter? Access the full strength of our marketing team to support the planning, strategy and execution of your campaigns.

**Choose the right Solution for you and unlock the FULL power of MAGNiTT!**

**[CLAIM YOUR FREE TRIAL TODAY](#)**



# MAGNiTT

## Methodology

MAGNiTT's proprietary database and software provides access to data from multiple sources: user-submitted data verified by MAGNiTT, aggregated public information, data engineered by MAGNiTT. All non-engineered data is verified and curated with an extensive manual process for inclusion in its analytic reports.

### PROPRIETARY

Startups and institutions list their proprietary information on funding amount, stage, date, and investors directly onto the MAGNiTT platform. All funding data is validated through a strict process. To ensure comprehensiveness in the data, on a quarterly basis a follow-up with all registered and verified funding institutions on MAGNiTT occurs, requesting details on all their investments, including stage, amount, date, and other co-investors. These include VCs, angel groups, accelerators, university funds and family offices for MAGNiTT's focus geographies.

### PUBLIC

We undertake daily gathering of public announcements and press releases on the venture funding landscape across MAGNiTT's focus geographies.

### ENGINEERED DATA

Proprietary algorithms that tap into MAGNiTT's databases are used to create estimates for undisclosed data with factors including but not limited to year of funding, location of startup, stage of investment and the company's industry. This helps portray a more accurate representation of the full picture.

## Data is the foundation of thriving entrepreneurship ecosystems

MAGNiTT encourages you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, reach out to MAGNiTT directly.

Below is an outline of the approach and criteria used in MAGNiTT's research analysis

What is included: Equity financing into private companies. Funding rounds included must be to VC-backed companies. VC-backed companies are defined as companies that have received funding at any point from: venture capital firms, corporate venture arms, or Angel investors. Where disclosed Angel investments are made at early stage these deals are included once verified.

**Excludes:** It excludes debt or other non-equity funding, lending capital, grants and ICOs.

**Exits:** Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.

**Data lags:** The data contained in this report comes directly from MAGNiTT, reported as of January 4th 2021. Data lags are most pronounced at the earliest stages of venture activity. The data aggregated for these rounds during the latest quarter, specifically with seed funding, increases significantly after the end of that quarter.

**Verified Rounds:** To ensure accuracy and confidence in our data, MAGNiTT undertakes a verification process for each funding round based on the following process:

- Direct confirmation with firm or investor
- Validated if there is a 3rd party source for the investment round from credible media sources or press releases.
- Various regulatory filings where applicable
- A round is not verified if added by a startup and has no 3rd party reference

**Country HQ:** In each of our venture reports, the location by which the data is analysed is based on the startup's HQ as chosen and verified by them and reflected on the MAGNiTT platform. When analysing a particular geography, our research does not include:

- Investments in startups from diaspora founders
- Funding for startups who have their main HQ outside of our coverage with only a subsidiary or branch in that country

**Historical changes:** We continue to improve historical data as we further verify our data sets and expand by geography while reaching out to new funding Institutions. Continued improvements in our technology and data operations will lead to more accurate and comprehensive data sets on the platform for our research analysis.

- All underlying data from the report is available online via [magnitt.com/funding-rounds](https://magnitt.com/funding-rounds). For more info please visit [magnitt.com](https://magnitt.com) or contact [support@magnitt.com](mailto:support@magnitt.com)
- If you feel your firm has been underrepresented, please send an email to [support@magnitt.com](mailto:support@magnitt.com) and we can work together to ensure your firm's investment is data up-to-date



[magnitt.com](http://magnitt.com)



[itida.gov.eg](http://itida.gov.eg)

 [@magnitt\\_mena](https://www.instagram.com/magnitt_mena)

   [@magnitt](https://www.instagram.com/magnitt)