EXECUTIVE SUMMARY

Empowering Startups & SMEs in the MENA Region: Navigating the Future

Executive Summary

This white paper, **produced by Unica Research in partnership with Techne Summi**t, presents a strategic roadmap for empowering startups and small and medium-sized enterprises (SMEs) across the MENA region. Drawing on the principles of future **thinking**, it explores emerging **signals of change**—environmental, technological, social, economic, and political— that are shaping the entrepreneurial landscape. It also **articulates a desirable future** for startups and SMEs, outlines **priority actions,** and proposes **recommended initiatives** that regional stakeholders can implement. The white paper also addresses current challenges, policy reforms, the role of NGOs, cultural perceptions, and impact of mentorship role. These insights aim to guide governments, civil society, and ecosystem builders in creating a more inclusive, resilient, and innovative environment for entrepreneurship in the MENA region.

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INTRODUCTION: A REGION IN TRANSITION

The MENA region is undergoing profound transformation. From digital disruption and climate stress to shifting demographics and geopolitical tensions, the forces shaping the future are complex and interconnected. Amid these changes, **startups and SMEs** are emerging as engines of innovation, job creation, and resilience.

Yet, many entrepreneurs face persistent barriers: limited access to finance, fragmented support systems, regulatory hurdles, and cultural constraints. These challenges are particularly acute in underserved communities, rural areas, and among youth and women-led ventures.

To navigate this evolving landscape, **Unica Research** convened big data analysis for existing data and conversations in open data sources, following **future thinking**—a strategic approach that helps communities anticipate change, imagine desirable futures, and design pathways to achieve them. Insights were combined with those gained from **Techne 2024 roundtables,** to address current challenges, policy reforms, the role of NGOs, cultural perceptions, and impact of mentorship role, and how the ecosystem can draw an enabling environment for startups & SMEs in the MENA region.

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FUTURE THINKING & SIGNALS OF CHANGE

WHY FUTURE THINKING?

Future thinking is a discipline rooted in strategic foresight. It enables stakeholders to:

.**Scan the horizon** for emerging trends and disruptions.

Identify signals of change—early indicators of transformation.

.**Explore multiple futures**, including optimistic, pessimistic, and preferred scenarios.

.**Design strategies** that are adaptive, inclusive, and forward-looking

In the context of MENA's entrepreneurial ecosystem, future thinking empowers startup founders and SME leaders to move beyond reactive problem-solving and toward **proactive visioning**. It recognizes that entrepreneurs are not just affected by change—they are **drivers of change**.

1. Environmental Signals

These relate to the condition of the natural world, resource availability, and ecological systems.
Key insights:
Rise of **green startups** in recycling, clean energy, and sustainable agriculture
Impact of **climate change** on water scarcity, agriculture, and urban planning
Growing demand for **eco-conscious business models.**

2. Technological Signals

These focus on digital transformation, scientific progress, and innovation.
Key insights:
Expansion of AI, **blockchain**, **green tech** and deep tech across sectors
Opportunities for **remote work** and **digital nomadism**
Need for **inclusive access to digital infrastructure**
Startups that leverage these technologies can gain a competitive edge and address pressing societal challenges.

3. Social Signals

These reflect shifts in values, beliefs, relationships, and cultural norms.
Key insights:

.Rise of **entrepreneurial communities** and **co-working spaces.**
Changing attitudes toward **risk-taking and failure.**
Increased focus on **mental health, well-being**, and **purpose-driven ventures.**
.**Digital adoption** and **sustainability concerns** are shifting consumer behavior.
Consumers are increasingly seeking ethical, eco-friendly products and services.
· **Demographic shifts**, such as the youth bulge and urbanization, will influence entrepreneurship.
Startups that align with these values will be better positioned to capture market share.
The region's young population presents a vast pool of talent and creativity but also requires targeted support and opportunities.

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4. Economic Signals

These center around market dynamics, financial access, and employment trends.

Key insights:

-Growth of **digital payments, fintech,** and **alternative finance.**

-Challenges of **inflation, currency volatility,** and unemployment.

-Need for **inclusive financial products** and investment readiness.

-**Global economic changes**, including supply chain disruptions and inflation, will impact investment and operations.

Entrepreneurs must stay agile and informed to navigate these dynamics.

5. Political Signals

These encompass policy reforms, legal frameworks, and public initiatives.
Key insights:

-Emergence of **startup-friendly policie**s in some countries.

-Gaps in regulatory harmonization across borders

Need for **regional collaboration** and **policy innovation.**

-Finally, **geopolitical developments** will continue to affect the business environment.

Startups must build **resilience and adaptability** to thrive in an uncertain future.

Imagining a Desirable Future

Imagining a **desirable future** for startups and SMEs in the MENA region helps clarify shared aspirations and strategic goals. From startups & SMEs founders' conversations in open data sources, the envisioned future includes:

-**Seamless regional integration** for startups and SMEs.

-**Inclusive access to finance**, tech, and mentorship.

-**Sustainable and green innovation** as a norm

-**Cultural acceptance** of entrepreneurship and failure

-**Youth and women-led ventures** thriving across sectors

This vision serves as a guiding star for ecosystem builders, policymakers, and investors.

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FROM VISION TO ACTION: WHY PRIORITY ACTIONS MATTER

TO MOVE FROM VISION TO REALITY, AS PER STARTUPS & SMES FOUNDERS' CONVERSATIONS IN OPEN DATA SOURCES, PRIORITY ACTIONS CAN BE IDENTIFIED ACROSS FOUR LEVELS:

1. Entrepreneur Level
   - Build resilience through mentorship and mental health support
   - Enhance digital literacy and tech adoption
   - Foster peer networks and regional collaboration

2. Policy Level
   - Harmonize startup regulations across MENA countries
   - Create regional funding mechanisms and innovation hubs
   - Enforce inclusive procurement policies

3. Cultural Level
   - Promote entrepreneurship education in schools and universities
   - Normalize failure as part of the innovation journey
   - Celebrate local success stories and role models

4. Ecosystem Level
   - Strengthen civil society partnerships
   - Launch data platforms for market insights and funding access
   - Support sector-specific accelerators and incubators

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Cross-Cutting Themes and Challenges

Several themes emerged across startups & SMEs founders' conversations in open data sources:

1. Inclusion and Equity

Entrepreneurship must be accessible to all regardless of gender, geography, or background.

2. Mental Health and Well-being

Entrepreneurship is emotionally demanding. Support systems are essential.

3. Visibility and Representation

Representation matters—in leadership,media,and policy.

Monitoring Progress: Metrics and Milestones

To track progress, data proposed key indicators:

- Startup survival rates and growth metrics
- Access to finance by demographic and geography
- Policy adoption and regulatory reforms
- Cross-border collaboration and mobility
- Impact metrics (jobs created, problems solved, sustainability).

Global Context and Regional Relevance

While MENA faces unique challenges, its entrepreneurial potential is globally significant. The region's youth population, digital adoption, and strategic location offer immense opportunity.

Current Challenges Faced by MENA Startups & SMEs

Startups and SMEs in the MENA region face a complex and multifaceted set of challenges. As per techne roundtables insights, one of the most pressing issues is **access to finance**. Despite the emergence of fintech solutions, many entrepreneurs still struggle to secure funding due to stringent collateral requirements, lack of credit history, and limited investor networks. For example, in Egypt, only **10% of SMEs** reportedly have access to formal credit channels, according to the World Bank.

Societal norms also play a significant role. In conservative communities, entrepreneurship is often viewed as a risky or unconventional career path, particularly for women. This cultural bias can discourage aspiring entrepreneurs from pursuing their ventures. **Legal restrictions** further compound these challenges. In some countries, lengthy and opaque business registration processes deter new startups. Additionally, the absence of **bankruptcy protection laws** in several MENA countries makes failure a costly affair.

Mentorship and ecosystem support are also lacking. Many entrepreneurs operate in isolation, without access to experienced mentors or peer networks. This gap limits their ability to learn from others, avoid common pitfalls, and scale effectively. **Regional instability and economic volatility** add another layer of complexity, making long-term planning and investment difficult.

Improving Government Policies to Support MENA Startups & SMEs

Governments across the MENA region have made strides in supporting entrepreneurship, but more comprehensive reforms are needed. Simplifying **business registration and licensing processes** is a critical first step. Countries like the UAE have introduced **one-stop-shop portals** for entrepreneurs, significantly reducing bureaucratic hurdles. Other nations could replicate this model to streamline administrative procedures.

Tax incentives are another powerful tool. Offering tax breaks for startups during their initial years can alleviate financial pressure and encourage innovation. Tunisia's Startup Act, for instance, provides tax exemptions and social security benefits to registered startups, serving as a regional benchmark.

Public funding mechanisms should be expanded. Governments can establish grant programs, subsidized loans, and co-investment schemes to support early-stage ventures. Investment in **digital infrastructure and innovation hubs** is also essential. Morocco's **Technopark** and Jordan's **King Hussein Business Park** are examples of successful public-private partnerships that foster entrepreneurship.

Finally, **regional integration** should be prioritized. Harmonizing regulations and facilitating cross-border trade can help startups scale beyond national boundaries. A **MENA-wide startup passport** could enable entrepreneurs to operate seamlessly across the region.

The Role of NGOs in Empowering MENA Startups & SMEs

Non-governmental organizations (NGOs) are instrumental in filling gaps within the entrepreneurial ecosystem. They provide training, mentorship, and access to resources that many startups and SMEs would otherwise lack. For example, Injaz Al-Arab offers entrepreneurship education and mentorship across 14 MENA countries, reaching thousands of youth annually.

NGOs also serve as connectors, linking entrepreneurs with investors, policymakers, and other stakeholders. They advocate for inclusive policies and support marginalized groups, including women, refugees, and rural entrepreneurs. In Lebanon, Berytech has played a pivotal role in supporting agri-tech startups through incubation and funding.

By conducting research, hosting events, and offering capacity-building initiatives, NGOs contribute to a more resilient and equitable startup landscape. Their grassroots presence allows them to tailor programs to local needs, ensuring relevance and impact.

Cultural Perceptions and Their Impact on MENA Startups & SMEs in Egypt

Cultural attitudes in Egypt and across the MENA region significantly influence the success of startups and SMEs. Entrepreneurship is sometimes viewed as a risky or unconventional career path, leading to limited family and community support. Gender norms can restrict women's participation in business, while societal expectations may discourage youth from pursuing entrepreneurial ventures. However, cultural perceptions are evolving. The rise of successful entrepreneurs in media and public discourse is reshaping narratives. Initiatives like Egypt's She Can conference celebrate women entrepreneurs and inspire others to follow suit. Education and community engagement are key to shifting mindsets. **Integrating** entrepreneurship into school curricula and promoting role models can foster a culture that embraces innovation and risk-taking.

Recommended Initiatives for the Ecosystem: Catalyzing Change from Insight to Impact

Drawing from the insights and aspirations shared throughout this white paper, the **ecosystem** can lead transformative efforts by launching targeted initiatives that respond directly to the needs of startups and SMEs. These initiatives are designed to be inclusive, scalable, and grounded in the lived realities of entrepreneurs across the region.

1. MENA Startup Portal

Purpose: Centralize access to resources, funding, mentorship, legal support, and market data.

Key Features:
- Interactive map of support programs by country and sector
- Funding portal with filters by business stage, industry, and eligibility
- Legal and regulatory updates across MENA jurisdictions
- Peer-to-peer networking and storytelling space

2. Mental Health & Resilience Program

Purpose: Address the emotional and mental health needs of entrepreneurs, especially in high-stress environments.

Components:
- Group and individual mentorship sessions
- Partnerships with wellness experts and psychologists
- Integration with entrepreneurship training programs

3. Inclusive Finance Coalition

Purpose: Collaborate with financial institutions to design and promote inclusive financial products for startups and SMEs.

Actions:
- Advocate for low-interest, flexible loans tailored to startup realities
- Develop financial literacy workshops and toolkits
- Create a rotating fund or micro-grant scheme for early-stage ventures

4. Green Innovation Accelerator

Purpose: Support startups in sustainability sectors such as recycling, eco-tourism, clean energy, and climate tech.

Offerings:
- Technical training and mentorship
- Seed funding and incubation support
- Partnerships with environmental NGOs and green investors

5. MENA Leadership Campaign

Purpose: Promote startup leadership and representation in decision-making roles across public and private sectors.

Strategies:
- Advocacy for inclusive board representation
- Public awareness campaigns featuring diverse startup leaders
- Leadership development programs for emerging entrepreneurs
- National councils for entrepreneurship and innovation

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6. Cultural Shift Workshops

Purpose: Engage households and communities to shift mindsets around entrepreneurship, risk-taking, and innovation.

Approach:

- Community dialogues and storytelling events
- Training for families and educators on entrepreneurial values
- Collaboration with religious and cultural leaders

7. Rural & Refugee Inclusion Program

Purpose: Ensure entrepreneurs in rural and displaced communities are not left behind.

Components:

- Mobile outreach units and pop-up training centers
- Localized mentorship and funding access
- Partnerships with grassroots organizations and cooperatives

CONCLUSION: FROM INSIGHT TO IMPACT

This white paper is both a reflection and a roadmap. It captures the voices, visions, and strategies of entrepreneurs across the MENA region and translates them into actionable initiatives. By embracing **future thinking**, identifying **signals of change**, and articulating a **shared vision**, addressing **current challenges, policy reforms, the role of NGOs, cultural perceptions, and impact of mentorship role**, stakeholders can build a more inclusive, resilient, and innovative entrepreneurial ecosystem.

The proposed initiatives—from digital platforms and wellness programs to green innovation and rural inclusion—offer concrete pathways to realize this vision. Each is grounded in the realities of MENA entrepreneurs and designed to be scalable and impactful.

The time to act is now. The ecosystem has the opportunity to lead a regional transformation—one that empowers startups and SMEs to thrive, innovate, and shape the future of the MENA region.

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World Bank – SME Finance in Egypt
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Sample from Participant Quotes on Social Media

- "We need to build ecosystems, not just startups."
- — Shared by Techne Summit speaker on LinkedIn, emphasizing the importance of collaboration and infrastructure in MENA entrepreneurship.
- Source: Techne Summit LinkedIn [1]
- "Women entrepreneurs in MENA are not just breaking barriers—they're redesigning them."
- — Posted by She Can Egypt on Instagram, highlighting the transformative role of women in business.
- Source: She Can Egypt Instagram [2]
- "The future of innovation in MENA is inclusive, green, and youth-led."
- — Quoted from Techne Summit Cairo 2024 panel recap shared on Instagram.
- Source: Techne Summit Instagram [3]
- "We need capital that understands our context—not just our pitch decks."
- — Tweeted during Techne Summit 2024 by a founder from Lebanon.
- Source: Twitter #TechneSummit[4]
- "Entrepreneurship is becoming a lifestyle. It's about impact, not just income."
- — Shared by a Tunisian entrepreneur on LinkedIn during Techne Summit reflections.
- Source: Techne Summit LinkedIn[1]
- "Let's showcase MENA's startup heroes. Stories inspire action."
- — Posted by Techne Summit on Instagram, celebrating regional success stories.
- Source: Techne Summit Instagram[3]

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About the Convening Partners

·Unica Research is a specialized market research agency dedicated to supporting startups and SMEs in the MENA region. Recognizing the unique challenges faced by early-stage ventures—such as affordability and access to tailored insights—Unica provides data-driven foresight, strategic analysis, and ecosystem intelligence to help entrepreneurs become investment-ready and scale sustainably.

·Techne Summit is one of the MENA region's leading entrepreneurship and innovation platforms. Founded in Alexandria and now expanded to Cairo and internationally, Techne connects thousands of startups, investors, corporates, and policymakers through multi-industry summits, workshops, and networking events. It is the flagship event of Egypt Innovation Week and a catalyst for regional collaboration and startup visibility.