

STARTUP

ECOSYSTEM

- Executive Report -

MENA & AFRICA

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**startup
meter**

by enpact

SFI 2017 | Executive Summary

SFI 2017 Scores

Tunis Tunisia		58 100
Amman Jordan		55.5 100
Cairo Egypt		46 100
Beirut Lebanon		45.7 100
Nairobi Kenya		43.5 100
Accra Ghana		41.9 100
Rabat Morocco		40.3 100

Index Methodology

As the main diagnostic tool used by the Startup Meter, the SFI is built around a four-level structure: index (SFI) → domains → sub-domains → indicators. The index contains over 80 indicators that are categorised into 14 sub-domains and 6 domains, with the domains representing the key aspects of an ecosystem. In Startup Meter's terminology, the domains are **Human Capital**, **Finance**, **Startup Scene**, **Infrastructure**, **Macro Context**, and **Market**.

In order to aggregate the indicators, we follow the premise that good performance in the individual ecosystem domains is important, but the interactions between them are essential. As a result, our methodology awards ecosystems that perform well across all dimensions, and sanctions those that excel in one aspect, but severely lag behind in other respects. This logic is achieved by employing a geometric mean for aggregating the domains into the final index scores.

Key Insights

Urban ecosystems appear to be independent islands detached from macro-regional influences. Within the ranking, there is no evidence that the North African cities are better than the Middle East or Sub-Saharan ones. Although Tunis and Rabat are the closest geographically speaking, they are also the most different regarding performances. It seems therefore particularly meaningful to carry out analysis at a city level, instead of country-level.

There is no clear-cut correlation between GDP per capita and performances. Wealthier cities such as Beirut did not outperform others - Beirut holds the 63rd global position in IMF's GDP Per Capita list compared to 115th for Tunis, however in the SFI analysis Tunis revealed itself as the more balanced ecosystem. This is also a signal that the economic conditions play only a partial role in defining startup friendliness: although Beirut scored as best within the **Finance** domain (15 points higher than Tunis), the latter compensated via its highly balanced ecosystem. Additionally, Tunis scored extraordinary well within the **Startup Scene** domain – which assesses, among others, the presence of accelerators, coworking spaces, and incubators – and the **Macro** domain focused on the political, legal and crime context.

What makes an ecosystem unbalanced? Rabat, the last city in the SFI ranking, has been for instance penalized by its very modest performances within the **Finance** and **Startup Scene** domains (20 points out of 100). Despite the fact that each city has its specific mix of differences among the domains, none is reporting such a visible bottleneck. At the same time, the analysis reveals global similarities between Cairo and Beirut. Despite the very close overall SFI score, the startup ecosystems in Cairo and Beirut have obvious distinctive compositions. Beirut excels in the **Finance** domain, while Cairo has a much more advantageous position in terms of **Infrastructure** and **Market** potential and openness.

Different surprising findings are also of interest: Accra is apparently the most favorable labour markets for startups while being the poorest performer in the Global Connectedness sub-domain, part of **Market**. In Amman and Tunis crime seems not to be a problem at all for corporations which do not really see it as a constraint. Beirut is surprisingly disappointing in terms of internet Connection, with among the higher costs. Cairo has instead the most skilled **Human Capital**.

Looking at the bigger picture, the balanced ecosystem conditions make Tunis a relatively suitable city for a *startupper*, but different cities might prove to be in the end a better fit depending on the type of business to be put into motion. Highly tech startups might find themselves particularly comfortable in Amman, where the ICT domain is the highest, while transport companies might prefer the city of Rabat, which scores particularly high in terms of transport infrastructure. Startups which are missing members of their team might be tempted by the high potential of Cairo's talent pool, whereas startups which are dealing with legal issues on a daily basis would be better off setting their company headquarters in Tunis.

The SFI scores are ever more powerful when assessed on a detailed level, leading the way to a meticulous in-depth analysis of what makes these ecosystems tick.

SFI Domain Scores

SFI Domains	Tunis Tunisia	Amman Jordan	Cairo Egypt	Beirut Lebanon	Nairobi Kenya	Accra Ghana	Rabat Morocco
Human Capital	47.3 100	45.1 100	55.6 100	53.3 100	45.7 100	59.5 100	47 100
Finance	59.6 100	53.6 100	38.5 100	74.2 100	40.9 100	32.4 100	21.4 100
Startup Scene	63.6 100	45.1 100	35.6 100	67.8 100	51.7 100	26.9 100	20.1 100
Infra-structure	61.1 100	71.5 100	59.7 100	19.2 100	54.8 100	33 100	71.6 100
Macro	70 100	72.7 100	37.2 100	37.1 100	35.9 100	62.3 100	54.5 100
Market	49.6 100	51.4 100	56.2 100	47.6 100	35.8 100	51.1 100	54.6 100