

# Over \$7 billion in Emerging Markets VC Funding for Second Consecutive Year

*MAGNiTT publishes 2023 Emerging Venture Markets Report, predicts correction in valuations will present significant M&A opportunities in 2023*

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/EINPresswire.com/ -- MAGNiTT, the largest verified data platform tracking venture capital investments across emerging markets, released the 2023

edition of its annual Emerging Venture Markets Report today. The report continues MAGNiTT's tradition of analyzing and comparing VC investments in technology startups headquartered in the Middle East, Africa, Pakistan, and Turkey (MEAPT) region.



Emerging Venture Markets 2023 Report Banner

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*Philip Bahoshy, CEO of  
MAGNiTT*

Top-line data from MAGNiTT's latest report reveals sustained levels of funding – exceeding \$7 billion for the second year in a row – and a steady number of transactions in MEAPT, driven by a record first quarter in 2022. However, further analysis shows a decline in funding and deals in subsequent quarters – in line with a worldwide pullback in venture investing – reflecting caution by VCs as a result of several macroeconomic developments and a climate of general uncertainty.

Within Emerging Venture Markets (EVMs), the MENA region continues to attract significant interest, surpassing its 2021

funding levels and crossing the \$3 billion mark in 2022. This increase was largely driven by a 72% jump in funding for Saudi Arabian startups, while Egypt led the number of deals in MENA at 160 transactions. Africa saw close to \$3 billion of investment as well, driven by Nigerian startups raising 29% of funding and closing 198 deals. Meanwhile, Turkey led EVMs overall in number of deals, with 295 transactions in 2022.

Philip Bahoshy, Chief Executive Officer of MAGNiTT, commented on the report by saying, “The venture investment landscape across the markets we cover was turbulent in 2022, echoing the

global industry. We saw record highs in Q1 followed by rapid realignment as macroeconomic challenges took hold. Interestingly, deeper analysis of the data showed greater complexity in terms of investment divergence and funding success across the different geographies.”

Bahoshy added, “More than ever, and particularly during this uncertain environment, there is greater engagement from governments, regulators, investors, and founders with the real-time analytics and the unprecedented depth and verification we are able to deliver via the MAGNiTT data platform. As we prepare to expand into Southeast Asia this year and launch a new predictive analytics capability, we can only anticipate greater progress for this promising industry, supported by robust policy- and decision-making that is driven by insightful data.”



Philip Bahoshy, CEO of MAGNiTT

#### \*Key Highlights\*

1. A record-high first quarter drove funding in Emerging Venture Markets, which crossed the \$7 billion mark once again in 2022. However, total EVM funding of \$7.24 billion in 2022 is 2.3% lower than the \$7.41 billion achieved in 2021. For context, there was a more than 238% jump in total funding from 2020-2021 (\$2.19 billion to \$7.41 billion respectively).
2. Funding amounts for deals of less than \$100 million (or “mega” deals) increased by 11% from \$4.14 billion to \$4.60 billion. Most of these were made in Q1, likely an “afterburn” from 2021 as a result of delayed impact from more developed markets.
3. Funding and deals declined in Q2 and Q3 then settled in Q4. This continued the downward trajectory from Q1 in line with the global venture capital landscape, marking an uncertain environment as we enter 2023.
4. The evolution of EVM deal sizes in 2021 continued into 2022, with round sizes of \$1M-\$5M, \$5M-\$20M, and \$20M+ each gaining in proportion over those in the 0-\$1 million range.
5. Exits across EVMs continued their upward trajectory to 144 in 2022, with an increase of 36% over 2021, reflecting continued maturity in the region’s VC industry. Middle East exits were the highest among these at 49, an increase of 69% over 2021.

6. Fintech investments continued to lead EVM deals in 2022, followed by E-commerce, Transport & Logistics, Enterprise Software, and Healthcare in a repeat of 2021 rankings.

#### \*Record Exits Create Opportunities for Consolidation\*

With Emerging Venture Markets often manifesting the broader macro story playing out from prior periods, the broad correction in startup valuations, and along with higher interest rates and subsequent fundraising challenges and cash conservation, opens up opportunities for VCs, corporates, international startups, and regional players to consolidate their market positions by acquiring attractive, promising companies in EVMs at lower valuations, which could drive significant M&A activity in 2023.

"We witnessed a record number of exits in 2022, increasing by 36% to an overall record of 144," Bahoshy explained.

"While usually an indicator of industry maturity, we can't tell how many of these are a consequence of the challenging funding landscape or delivering returns for their investors. What is clear is that a normalization of valuations to pre-pandemic norms is likely to see this exit trend continue into 2023 as opportunities arise for international startups, regional corporates and well-funded companies from the region."

Bahoshy also noted that, aside from M&A activity, opportunities will still abound for smaller startups at earlier stages of funding. "As liquidity becomes harder to come by, especially for larger investments, it is likely that startups raising SEED rounds or early Series A will be in a sweet spot thanks to their more realistic valuations, specifically those with product-market fit and a clear path to monetization for investors that still have dry powder," he said.

MAGNiTT's Emerging Venture Markets 2023 Report, which highlights the venture capital trends in the Middle East, Africa, Pakistan, and Turkey is [available online to download for free](#), with a full 100+ page report available for purchase that dives deeper by industry, country, investors, exits, and more. The data underpinning the Emerging Venture Markets 2023 report is sourced from the MAGNiTT platform.

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