



Corporate Venture Capital in the GCC

**A CEO's guide to leverage corporate venture
investments for growth and innovation**

2025 Edition



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01

Corporate venturing
– a central strategic
element for GCC
companies

Corporate venturing – a central strategic element for GCC companies

The Gulf Cooperation Council (GCC) economies are undergoing a profound transformation, guided by ambitious national visions and strategic diversification plans. Central to this is a collective commitment to innovation-driven growth, with corporate venturing emerging as a vital part of this process.

The region's venture capital landscape has rapidly evolved, supported by increased funding, regulatory reforms and sovereign wealth investment. Saudi Arabia's Public Investment Fund (PIF) has expanded its technology investment, while the UAE has established itself as a global venture hub through progressive policies. Meanwhile, emerging ecosystems in Qatar, Bahrain, and Oman

are gaining momentum - evidenced by Qatar's growing fintech sector and Oman's focus on sustainable technologies.

Central to these developments is the strategic embrace of open innovation, which involves corporations engaging with external entrepreneurial ecosystems to accelerate innovation beyond the limits of their internal research and development (R&D) capabilities. Corporate venture capital (CVC) - acquiring minority stakes in promising startups - has proven to be one of the most effective vehicles for this purpose, offering both strategic and financial returns.



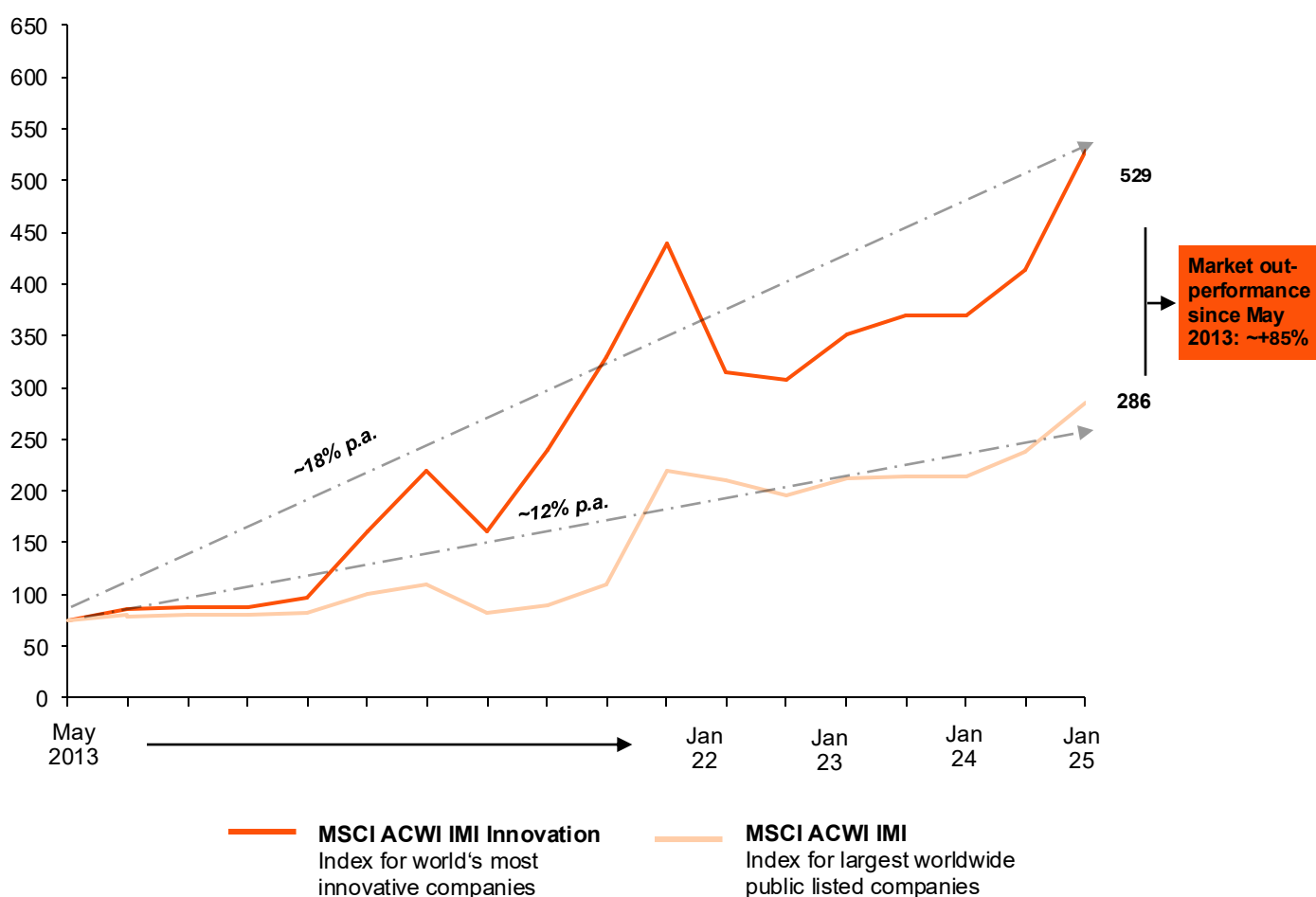
Recent success stories highlight the rising impact of CVCs in the region. From Saudi corporations backing fast-growing fintechs to UAE-based corporates supporting clean tech startups, CVCs are fostering innovation within their own industries and driving the broader GCC innovation agenda. The strategic rationale for investing in innovation is clear, as history shows companies investing in disruptive ideas consistently outperform their peers. Over the past decade, the world's most innovative companies have outperformed the average global stock market by over 80%¹. Corporate venture investing is no longer a luxury reserved for tech giants - it has become vital for future-proofing businesses.

If established automakers had invested in Uber before

it redefined urban mobility, or if major camera companies had partnered with Instagram before smartphones replaced point-and-shoot cameras they would have been far more competitive. Early movers, such as Google acquiring Android when mobile platforms were still emerging, or Facebook acquiring WhatsApp to capture the messaging market positioned themselves for long-term leadership. Identifying and engaging with disruptive startups early is now a necessary competitive strategy.

The GCC stands at a similar inflection point. By systematically incorporating corporate venturing into their broader innovation strategies, regional companies have a rare opportunity to not only stay relevant but also to become global leaders in emerging industries.

Figure 1: Shareholders return of the MSCI ACWI IMI Innovation vs. MSCI ACWI IMI



Source: MSCI, January 2025

To determine a company's optimal open innovation strategy, it is necessary to understand that different open innovation vehicles can be leveraged, drawing on the potential of different startups at varying stages of maturities:

01.

Incubator: An ideation programme or entity to support early-stage startups by providing resources and mentorship. This enables entrepreneurs to actively brainstorm ideas from the outset, helping them conceptualise business models and create an ideal testing environment for minimal viable products.

02.

Accelerator: A programme that supports external early-stage startups post product market fit to develop and grow fast.

03.

Corporate venture capital: Acquiring minority equity (non-controlling) stakes in startups to gain strategic and financial gains.

04.

Venture client: A venture client relationship is where a company purchases products or services from a startup, gaining low-cost access to innovative technology and supporting the startup's growth as an early adopter.

05.

Venture studio: A corporate innovation tool that uses both internal resources and external partnerships to create and launch new startups, often by matching them with experienced founders to provide guidance through launch.

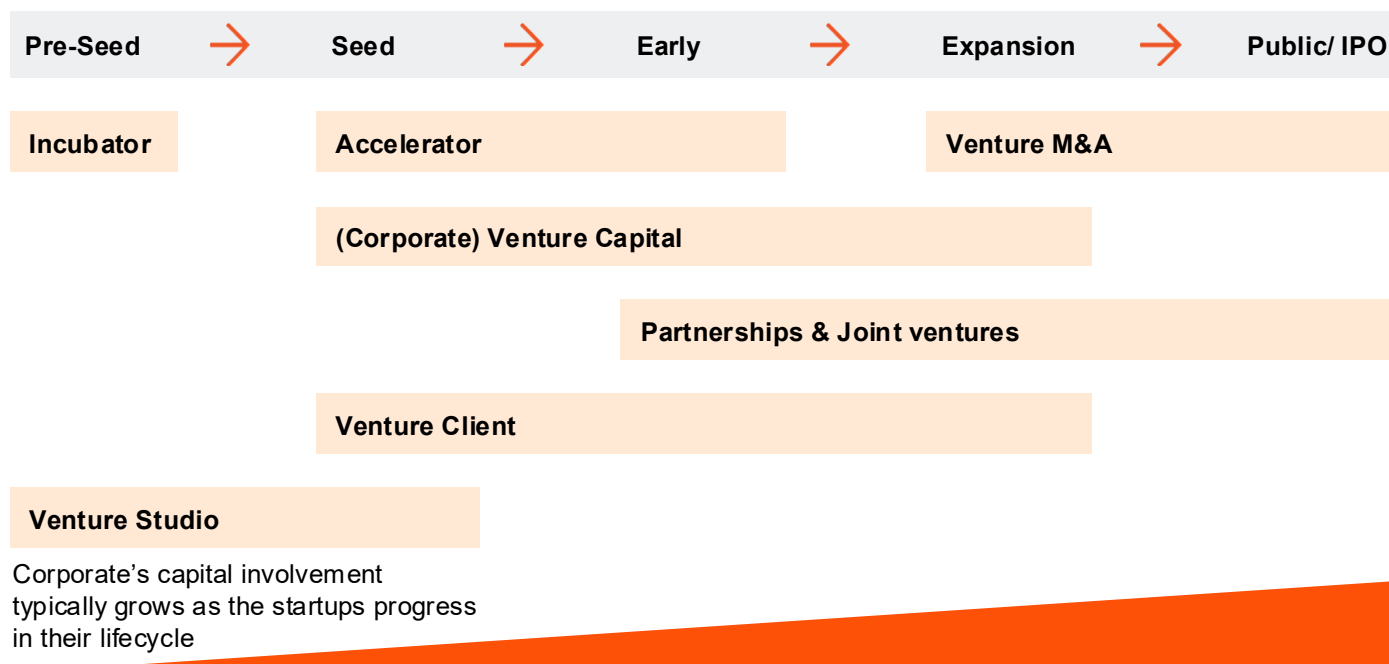
06.

Partnerships and joint ventures: Collaborative initiatives or new entities established between corporations and startups to jointly design products and services in a specific sector or industry.

07.

Venture mergers and acquisitions (M&A): Acquiring higher percentages of equity, often majority (controlling) stakes, in late-stage startups to gain market share.

Figure 2: Overview of different corporate venturing vehicles by startup maturity



Source: PwC Middle East



02

The evolution of
venture capital in
the GCC

The evolution of venture capital in the GCC

2.1 Status-quo of the GCC venture capital market

Despite ongoing global headwinds in the venture capital space, the GCC region has continued to demonstrate resilience and upward momentum over the last years. Between 2020 to 2024, regional venture investments grew at a compound annual growth rate (CAGR) of 19%, rising from US\$944m to US\$1.7bn.

Although total funding declined moderately in 2024, this easing signals a healthy recalibration rather than contraction. The underlying fundamentals remain strong: the total number of deals continues to rise and investor appetite at the earliest stages of the startup lifecycle is growing.

One clear sign of this adjustment is the normalisation of average deal size in 2024. After peaking in 2023 with eight mega deals totalling US\$1.63bn, average round sizes have realigned with long-term international benchmarks.



Looking back to 2023, these are some of the major transactions:

US\$340m	US\$250m	US\$156m	US\$133m
Tamara’s US\$340m Series C , led by SNB Capital and Sanabil.	Tabby’s US\$250m Series D , led by Wellington Management and Blue Pool Capital.	Floward’s US\$156m Series C , backed by STV and Aljazira Capital.	Nana’s US\$133m Series C , led by Dallah Albaraka and Sultan Holdings.

In contrast, 2024 featured just two mega deals:

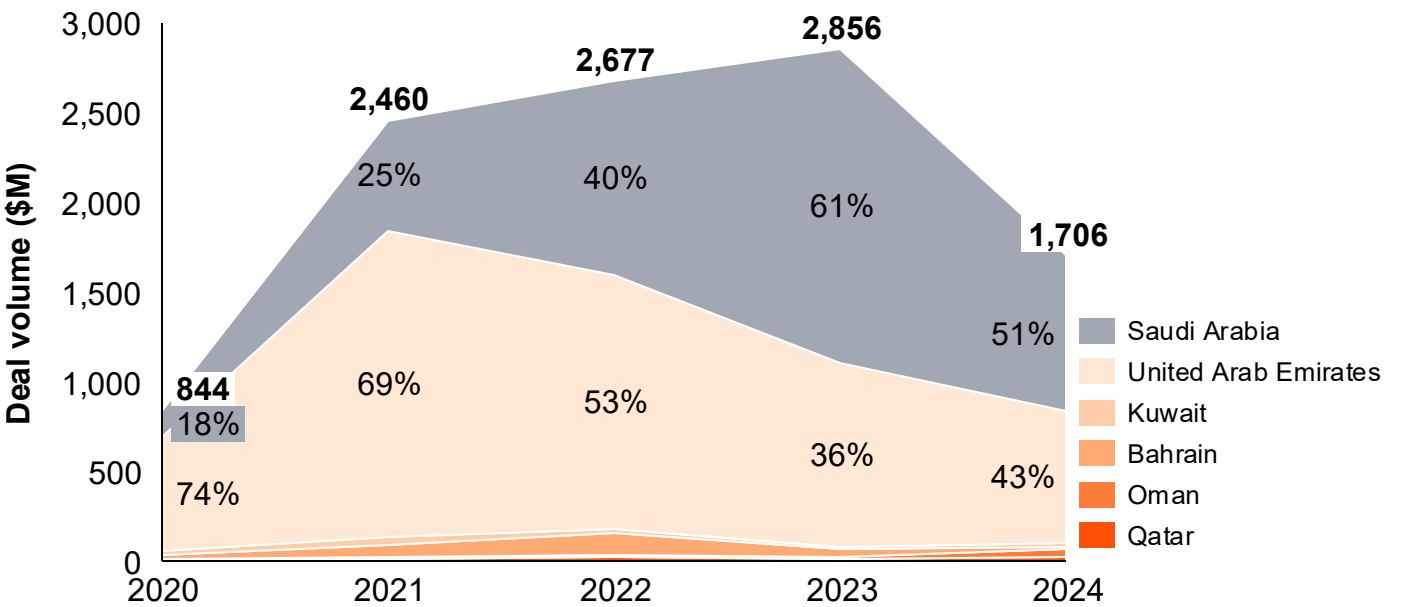
US\$100m	US\$130m
Eyewa’s US\$100m round in UAE , led by US-based General Atlantic, with participation from UAE-based Badwa Capital and Singapore-based Turmeric Capital.	SallaApp’s US\$130m Series C in Saudi Arabia , led by Investcorp Bahrain and Sanabil.

While top-line figures dipped, funding increased across every stage except mega deals, underscoring the breadth of the ecosystem’s expansion:

36%	22%	21%	8%
Seed funding rose 36% year-over-year.	Late-stage rounds increased 22% .	Pre-seed grew 21% .	Series A advanced by 8% .

This trend reflects a clear **strategic pivot** by investors, favouring **earlier-stage bets, portfolio diversification**, and long-term value creation over concentration in large late-stage rounds.

Figure 3: VC financing amount in the Gulf Council Countries in USD million (2020-2024)



Source: MAGNiTT data, April 2025

Saudi Arabia and the UAE continue to be the primary drivers of the GCC’s venture capital landscape as shown in Figure 3. Together, they consistently account for more than 90% of the region’s total deal volume.

Saudi Arabia

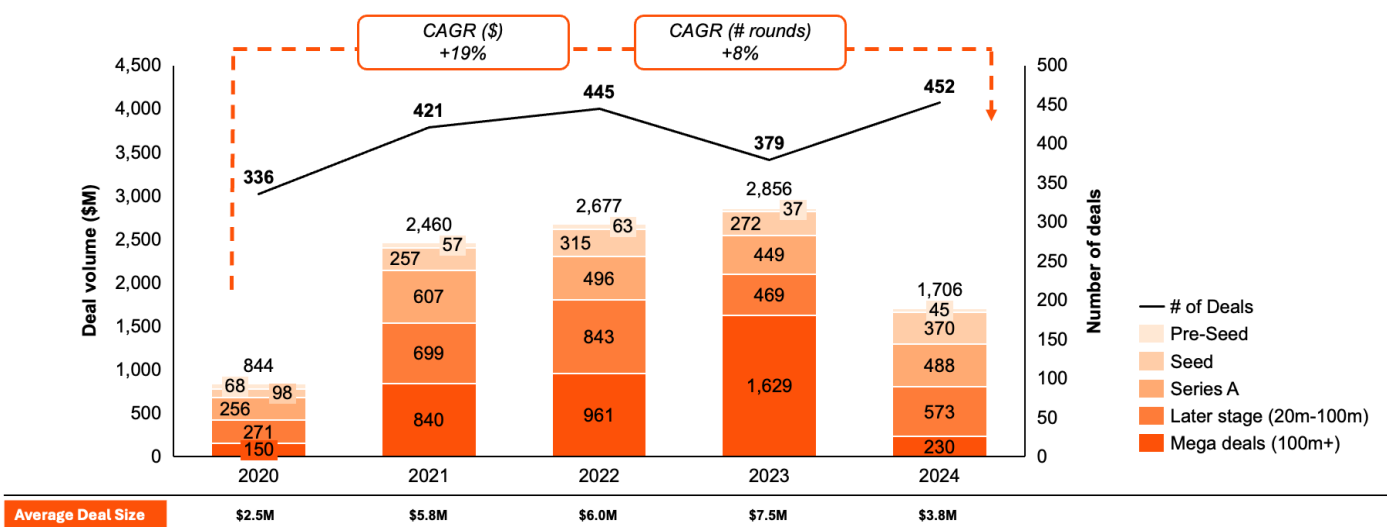
Led the region for the second consecutive year in total capital deployed, despite a year-on-year dip, underscoring its continued dominance in the regional venture market.

The UAE

Continues to perform strongly, falling marginally behind Saudi Arabia, highlighting the enduring strength of its startup ecosystem.

This competitive dynamism between the two markets bodes well for the region’s overall innovation trajectory.

Figure 4: Division of funding rounds in the Gulf Council Countries in USD million (2020-2024)



Source: MAGNiTT data, April 2025



Key takeaway:

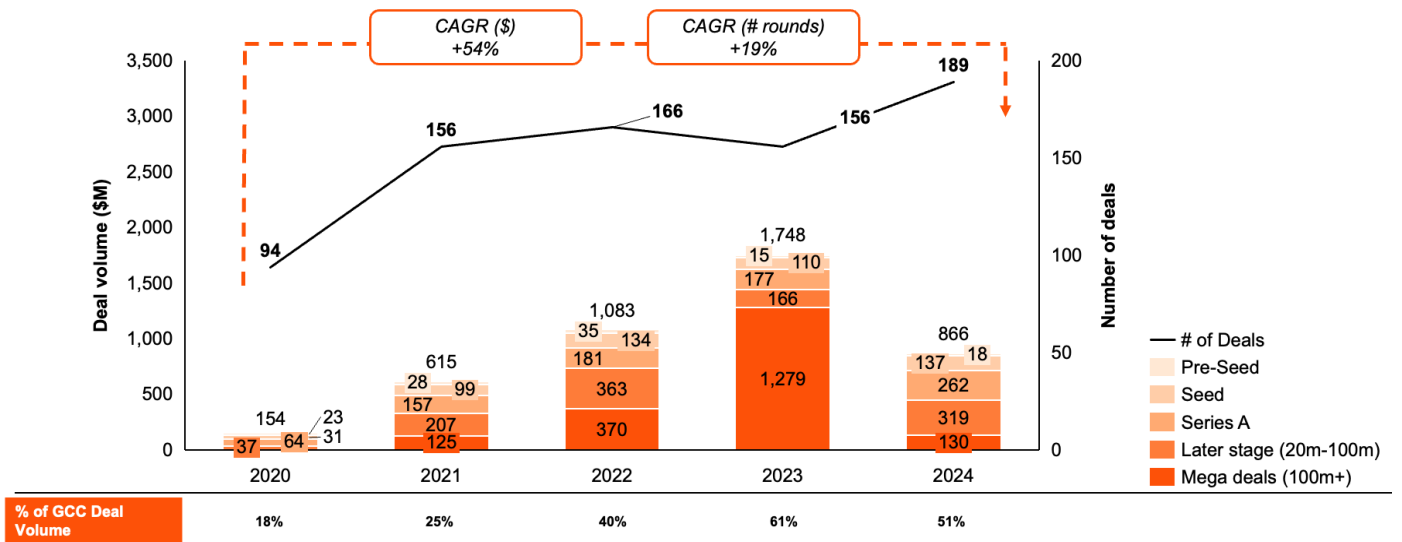
Early-stage momentum is strong across the GCC. Corporate investors should take advantage of this phase to form future strategic partnerships at attractive entry points. Decreasing number of later stage mega deals are the only reason for the decline in the total U.S. dollar volume of the VC market.

2.2

Country-level VC trends (Saudi Arabia, UAE, Qatar, Oman, Bahrain and Kuwait)

Saudi Arabia: Early-stage surge amid mega-deal slowdowns

Figure 4a: Division of funding rounds in Saudi Arabia in USD million (2020-2024)



Source: MAGNiTT data, April 2025

Saudi Arabia continued to lead the region in total venture funding, accounting for the largest share of capital deployed in 2023 and 2024. The Kingdom's ecosystem benefited from strong public-private support, sovereign investment initiatives, and a growing pipeline of scale-up-ready startups.

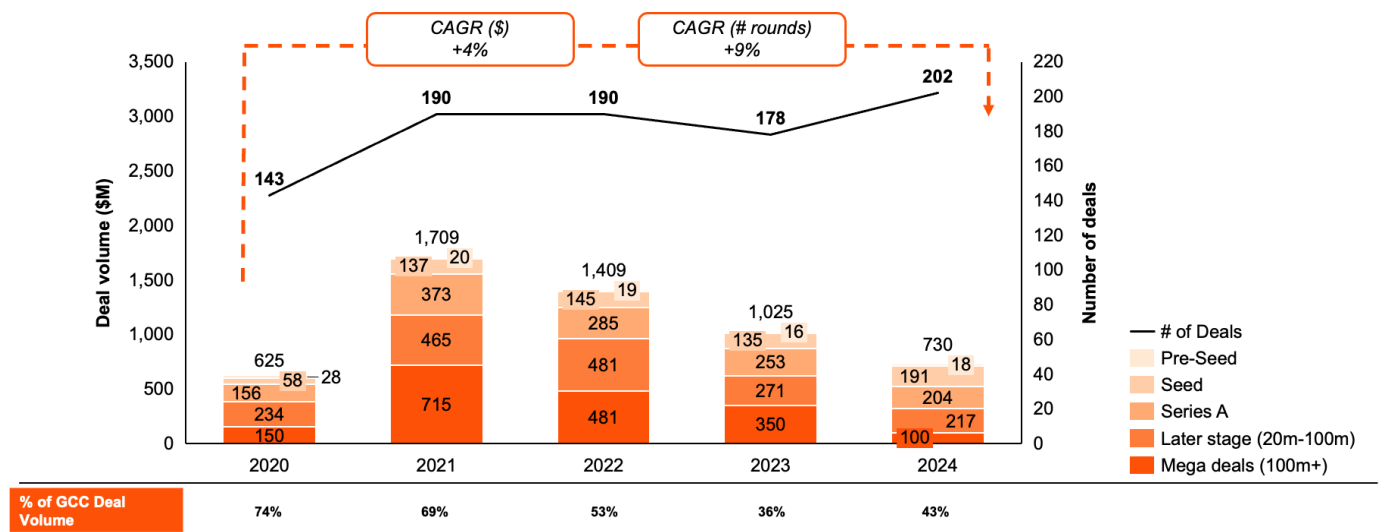
In 2023, Saudi Arabia saw a historic funding spike, see Figure 4a., driven by several landmark mega deals. These included Tamara's US\$340m Series C, Tabby's US\$250m Series D, and Floward's US\$156m Series C - all of which elevated the Kingdom's funding volume to record levels. While overall capital moderated in 2024, the number of deals remained strong, indicating a shift from concentration in a few large deals to broader participation across stages.

Sectors such as fintech and e-commerce continued to attract most of the capital, reflecting both startup density and alignment with Vision 2030 national transformation themes.



United Arab Emirates: A resilient mid-stage market amid mega deal slowdowns

Figure 4b: Division of funding rounds in United Arab Emirates in USD million (2020-2024)



Source: MAGNITT data, April 2025

The UAE remained a critical hub for venture activity in 2024, although overall funding decreased slightly from 2023. The decline was most notable in the later-stage segment, with only one deal qualifying as a mega round:

- Eyewa, the eyewear brand, raised US\$100m, representing the UAE’s sole nine-digit transaction in 2024.

However, the market showed underlying resilience in Series A and B rounds. Notable activity included:

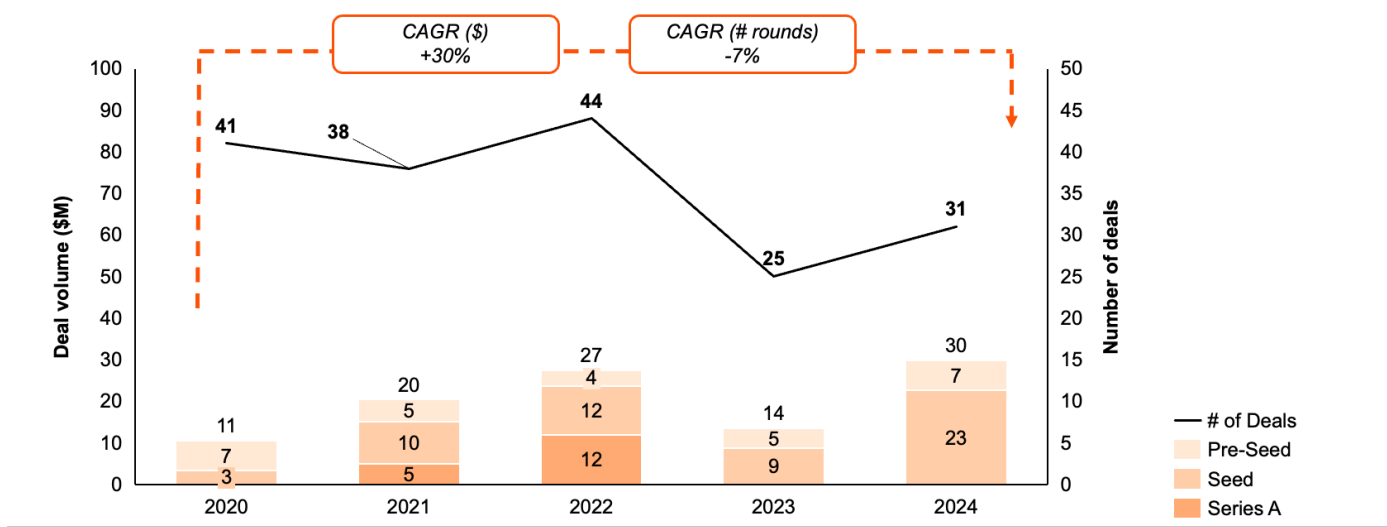
- Tenderd, a heavy equipment marketplace, raised US\$30m in June 2024, in a round led by EU-based AP Moller Holding.
- Yuze Digital, a fintech infrastructure provider, raised US\$30m in August 2024, with Osten Investments from Africa leading the round.
- Baraka, Funder, and Xare also closed significant Series A rounds, sustaining momentum in the region’s maturing fintech ecosystem.

While 2024 lacked the late-stage breakout energy of 2023 (when Airalo, Numi, and LVL each crossed US\$50m+ rounds), the UAE remains the region’s most globally interconnected venture ecosystem, attracting investors primarily from Europe, Africa, and Asia.



Qatar: Momentum building in fintech and strategic sectors

Figure 4c: Division of funding rounds in Qatar in USD million (2020-2024)



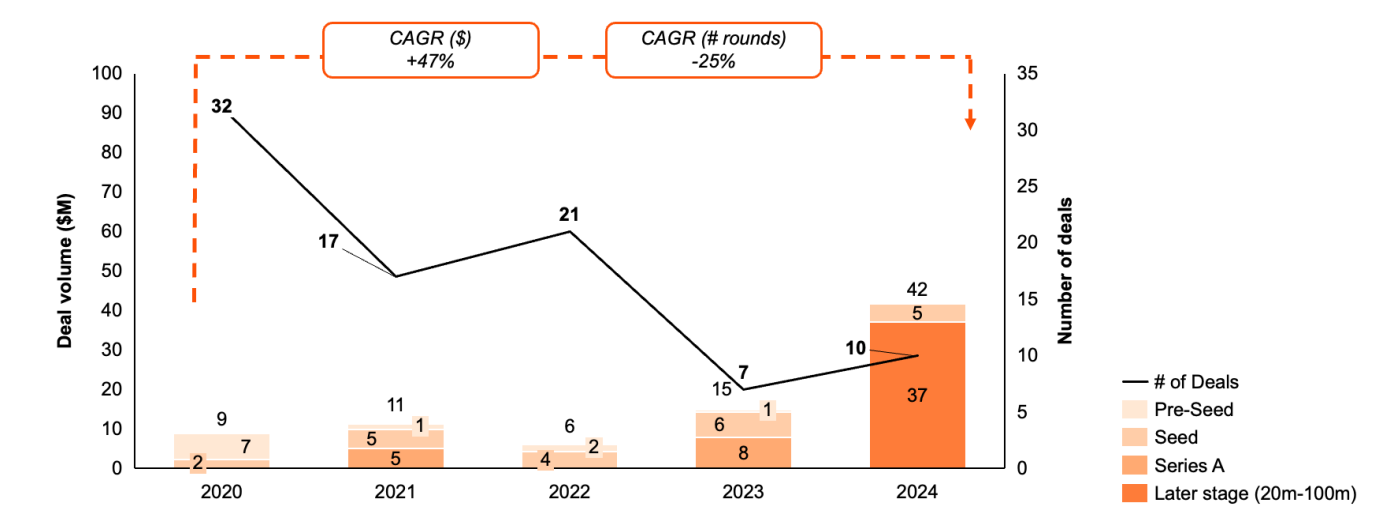
Source: MAGNITT data, April 2025

In 2024, Qatar achieved its highest-ever seed-stage funding volume – as shown in Figure 4c. The market was driven by activity in fintech, transport and logistics, and emerging verticals like aerospace and defense technologies.

Leading this momentum was Qatar Development Bank (QDB), which played a central role in nurturing early-stage startups. Although there were no mega or late-stage rounds in 2024, Qatar’s funding activity reflects a growing base of early-stage ventures that may scale significantly in the next 12–36 months.

Oman: Sustainability innovation in the spotlight

Figure 4d: Division of funding rounds in Oman in USD million (2020-2024)



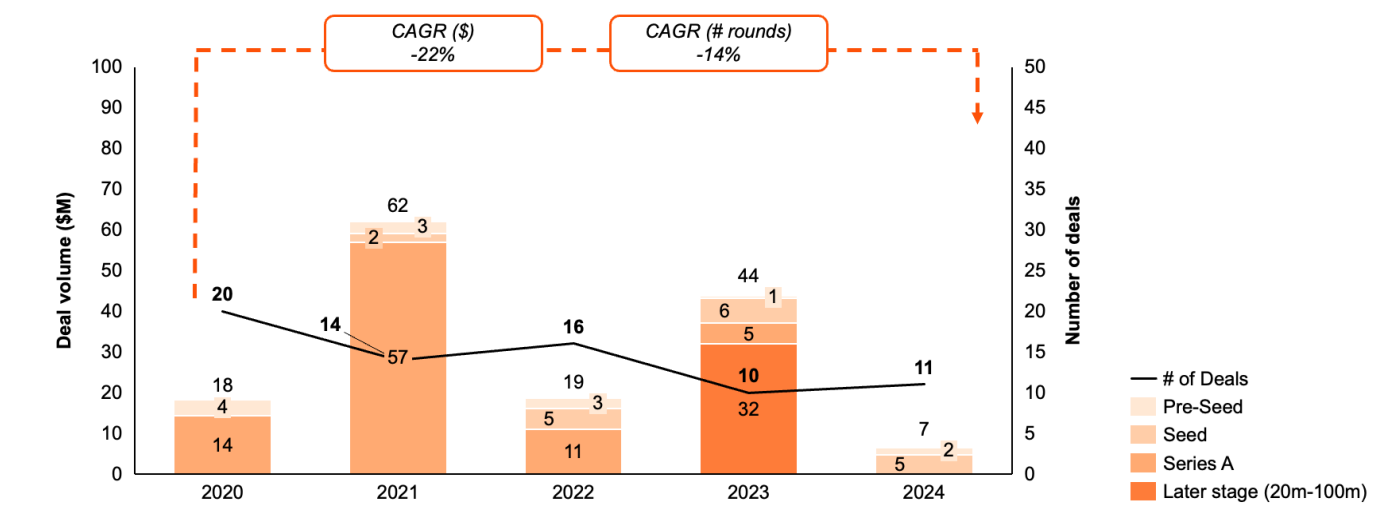
Source: MAGNITT data, April 2025

Oman made headlines in 2024 with a threefold increase in total venture funding, as shown in Figure 4d, positioning itself as an emerging destination for deep tech and climate innovation. This surge was primarily driven by a landmark raise: 44.01, a climate tech startup focused on carbon mineralisation, raised US\$37m in a round co-led by UAE-based Shorooq Partners and Equinor Energy Ventures in July 2024. The round also included prominent international investors such as Amazon’s Climate Pledge Fund, Breakthrough Energy Ventures and Sumitomo Corporation.



Bahrain: Riding the fintech wave

Figure 4e: Division of funding rounds in Bahrain in USD million (2020-2024)



Source: MAGNITT data, April 2025

Bahrain's venture ecosystem was defined by a strong 2023 performance, led by:

- Tarabut Gateway, an open banking platform, which raised US\$32m in a round led by Pinnacle Capital with participation from Aljazira Capital, Visa Ventures and Tiger Global.

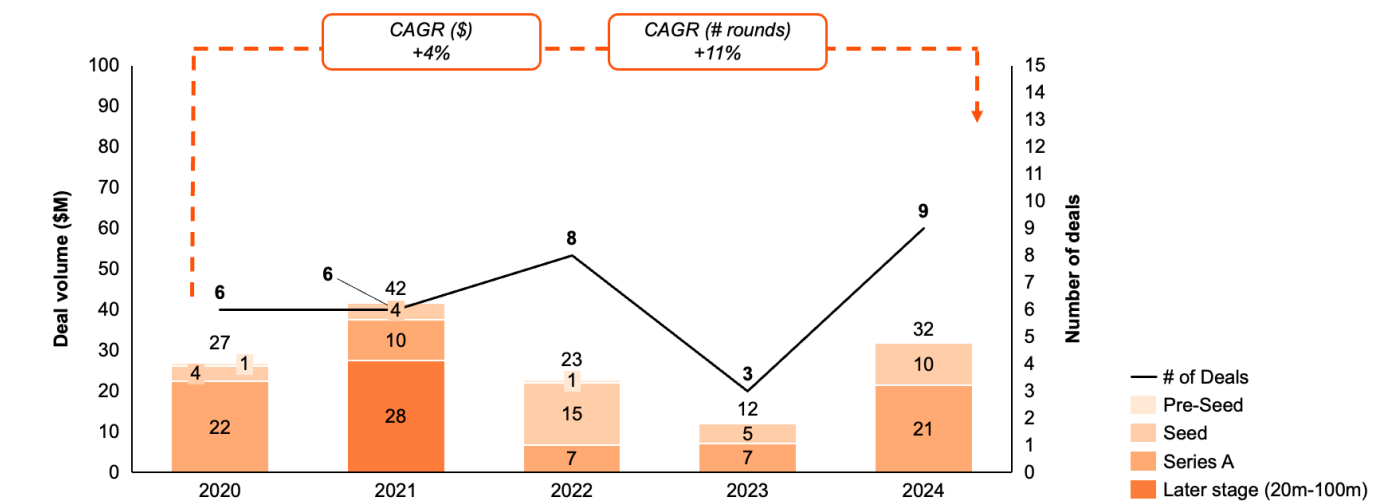
While 2024 lacked a similarly high-profile deal, fintech activity remained steady. Fintech startups continued to attract investor attention in the seed and Series A stages.

Bahrain's strong regulatory framework and strategic focus on fintech infrastructure have enabled it to outperform expectations and emerge as a key player in the region's fintech venture capital landscape.



Kuwait: A market reawakens

Figure 4f: Division of funding rounds in Kuwait in USD million (2020-2024)



Source: MAGNITT data, April 2025

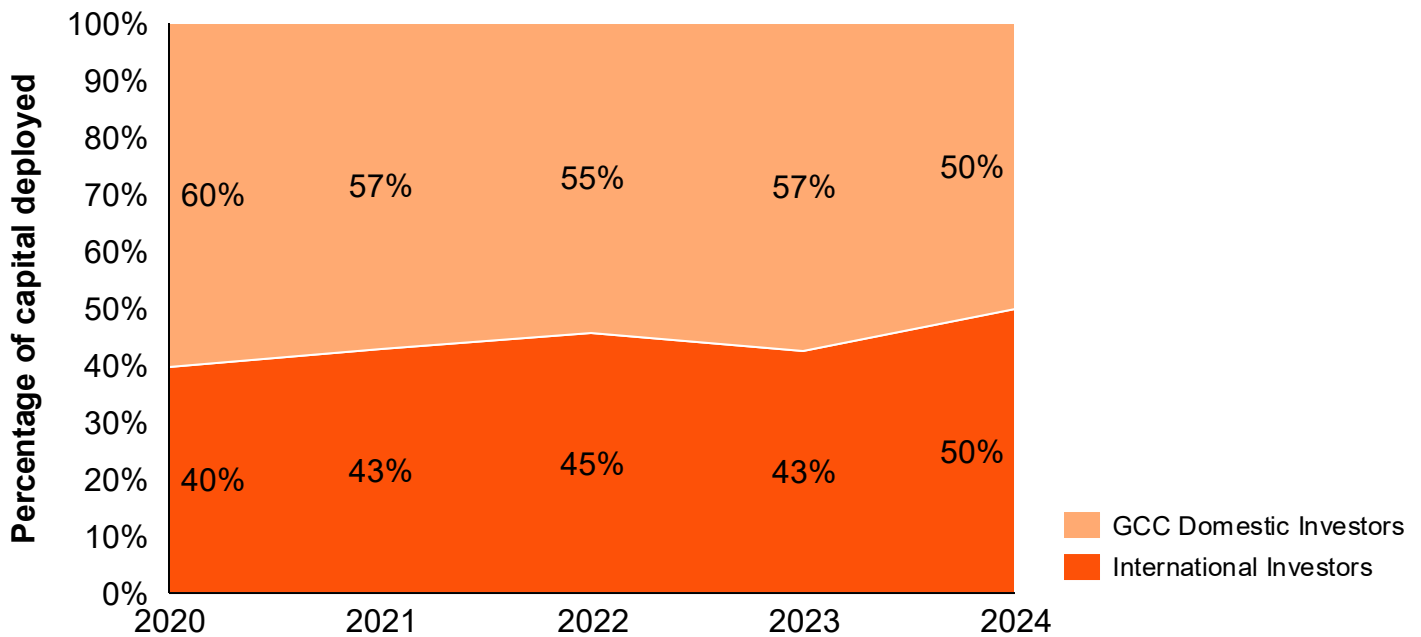
After a period of relatively subdued activity, Kuwait's startup ecosystem showed signs of reactivation in 2024, with US\$32m deployed across nine deals representing the highest venture capital volume since 2021, as shown in Figure 4f.

Importantly, the capital base is widening, as both local family offices and regional seed-stage funds are increasingly supporting Kuwaiti startups. Although the market remains small, the return of deal activity, even if modest in size, suggests the early stages of ecosystem maturation are in progress.

Kuwait is not yet a top destination for VC funding in the region, but 2024 figures reflect a renewed dynamism that could serve as the groundwork for more structured growth in the years ahead.

2.3 Shifting sources of capital: Domestic vs. international investors

Figure 5: Sources of VC capital deployed in the GCC region (2020-2024)

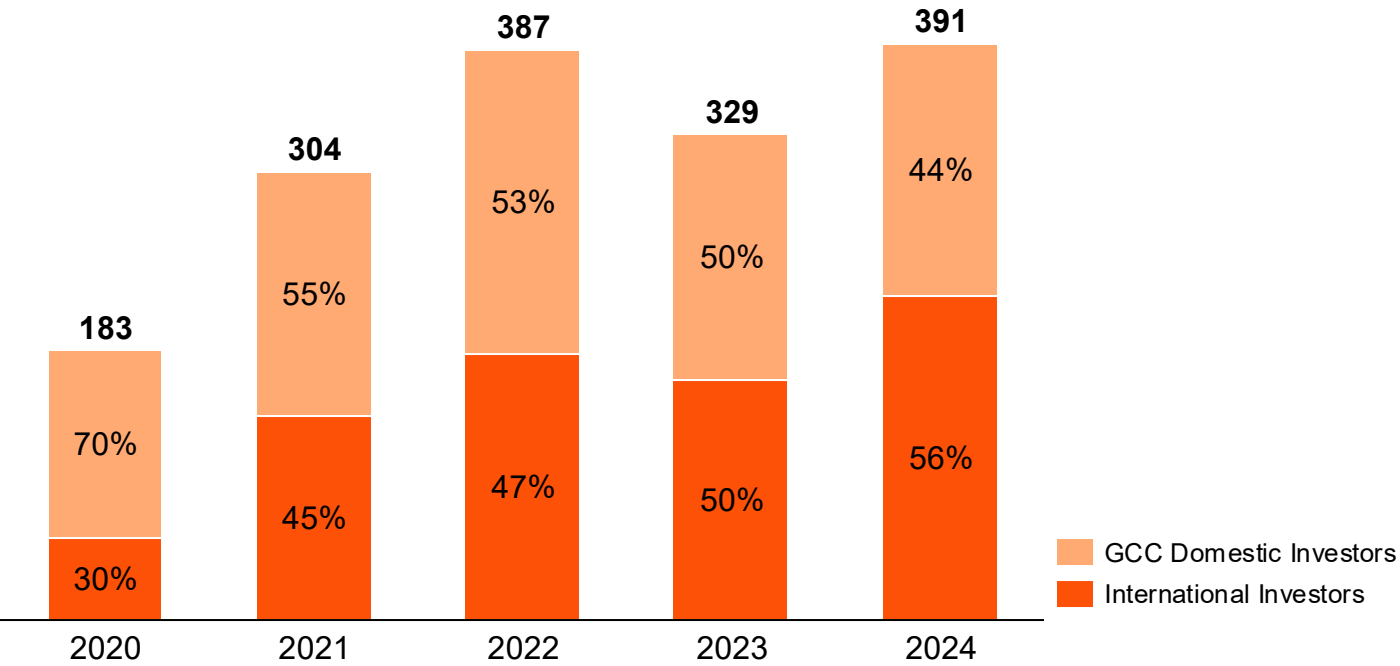


Source: MAGNiTT data, April 2025

In 2024, the GCC region saw a modest decline in total venture capital deployed, as shown in Figure 3. Yet this headline figure conceals a far more significant development - the growing globalisation of the region's startup ecosystem. For the first time, international investors outnumbered domestic investors in terms of individual participants in funding deals across the GCC.

VC deployed in the region has historically been driven predominantly by GCC-based investors; however, in 2024, the gap narrowed significantly, with international investors contributing an equal share of total capital. 2024 marked a pivotal shift in the profile of active investors. Among the 392 unique investors backing GCC startups, 220 were international, underscoring the region's growing global relevance. Startups across the GCC are increasingly attracting attention beyond regional confines, drawing interest from global venture funds. This is a clear signal of rising competitiveness, scalable business models, and growing international appeal.

Figure 6: Total number of unique investors investing in the GCC and the split between international and domestic investors at all stages (2020-2024)



Source: MAGNiTT data, April 2025



Key takeaway:

The surge in international investor participation reflects a maturing ecosystem that is becoming more tightly integrated into global capital markets, laying the groundwork for more diversified, sustainable, and resilient growth in the years ahead.

A modern office interior with a high ceiling featuring exposed white pipes, ductwork, and long, horizontal fluorescent light fixtures. The floor is covered in grey carpeting. In the foreground and middle ground, there are several cubicles with white desks and grey fabric dividers. Each desk is equipped with a black ergonomic office chair and a computer monitor. A small, rectangular, reddish-brown object sits on each desk. Large windows in the background provide a view of a city skyline. A potted plant is visible near the windows.

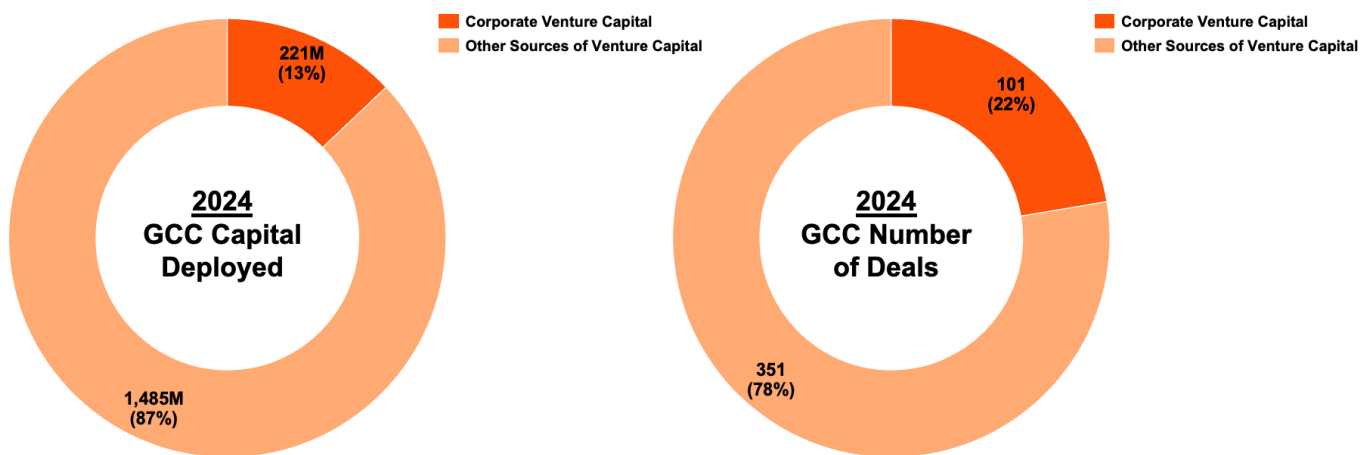
03

The rise of CVC
in the region

The rise of CVC in the region

3.1 The growing role of CVCs in startup funding

Figure 7: VC Capital deployed by corporate investors (CVCs) in the GCC region in USD million and number of CVC-involved deals in 2024

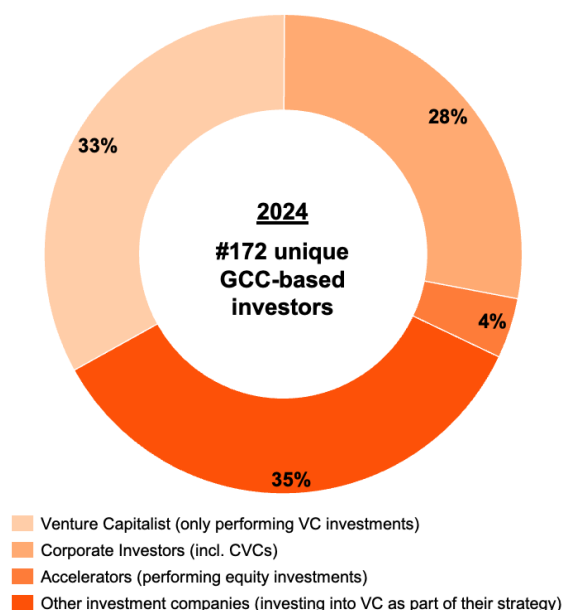


Source: MAGNiTT data, April 2025

CVC has become crucial in the GCC startup ecosystem. In 2024 – as shown in Figure 7 - GCC-based and international CVCs accounted for 13% (US\$221m) of total venture capital deployed in the region and have been involved in 22% of deals made, highlighting the strategic focus on innovation-led investment by corporations.

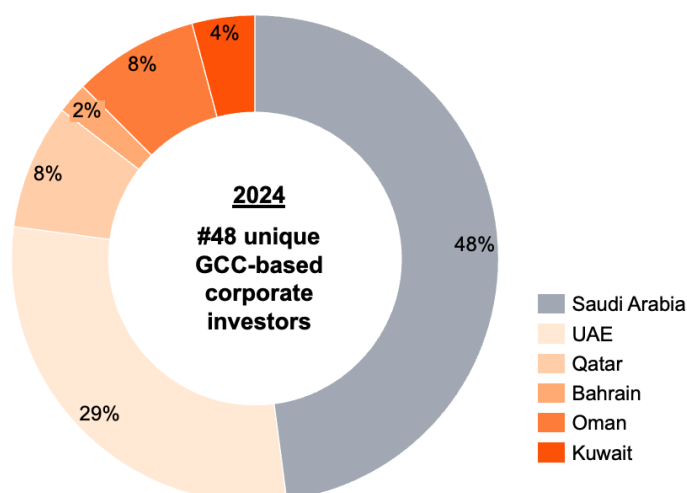
Compared to purely ROI-driven venture capital firms, CVCs offer additional benefits. Besides providing funding, they facilitate strategic partnerships, market access and operational synergies. This positioning has made them attractive partners for ambitious startups, especially as competition for high-quality assets intensifies. Additionally, the strategic industry expertise of CVCs makes them valuable partners for so-called club deals, where a VC collaborates with a CVC in a financing round.

Figure 8: Number of unique GCC-based VC Investors breakdown by investor type for 2024



Source: MAGNiTT data, April 2025

Figure 9: Corporate investor breakdown by GCC countries for 2024

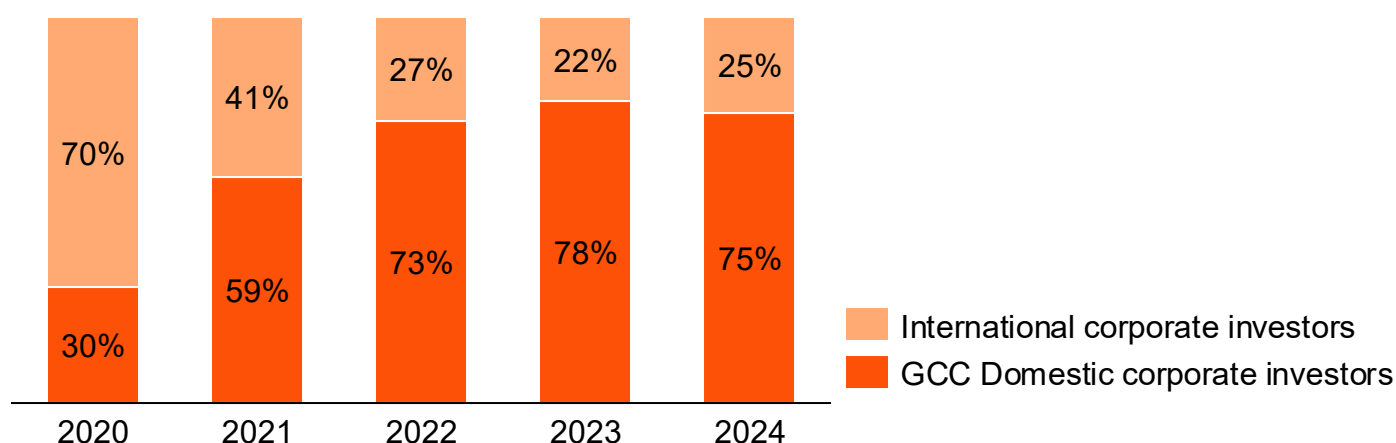


Source: MAGNiTT data, April 2025

As shown in Figure 8, traditional VC firms remain dominant, but corporate investors have established a strong and stabilising presence. In 2024, corporate-backed investors represented approximately 28% of all unique investors active in the region - a proportion comparable to western VC markets. This trend indicates the institutionalisation of CVC as a permanent aspect of the region's funding landscape.

Momentum is growing with the launch of new CVC vehicles such as Riyadh Bank's 1957 Ventures, SAIB's S6o CVC (launched at LEAP 2025), SAB's X-Tech, and STC's Tali Ventures. Corporates are increasingly engaging with startups, making CVC a key part of corporate innovation in the GCC.

Figure 10: Sources of venture capital deployed by corporate investors in the GCC region (2020-2024)



Source: MAGNiTT data, April 2025

As shown in Figure 10, GCC-based corporate investors increased their share of CVC capital from 30% in 2020 to 75% in 2024. This highlights the region's growing corporate venturing capability and strategic confidence, as domestic corporates move from minority participants to primary drivers of CVC startup investment and aligning with national innovation priorities.

Notable CVC-backed transactions across the GCC in the last two years reflect the growing depth, diversity, and strategic intent of corporate investors in the region:

Tabby, a buy-now-pay-later service in Saudi Arabia, raised a US\$250m Series D in late 2023. Approximately 25% of the round was contributed by CVCs such as STV and PayPal Ventures.

Floward a, gifting and e-commerce based in Saudi Arabia, closed a US\$156m Series C round in early 2023. The round was led by STV and Aljazira Capital, with CVCs accounting for around 67% of the total capital.

AirAlo, a UAE-based telecom eSIM platform, raised a US\$60m Series B in mid-2023, led by e& Capital. Over 88% of the round's capital came from CVCs including Orange Ventures and LG Technology Ventures.

Nana, an online grocery platform in Saudi Arabia, secured a US\$133m in Series C funding in early 2023, co-led by Uni-ventures and Kingdom Holding. About 28% of the round was backed by CVCs including two additional local corporate funds.

Noon Academy, an edtech firm from Saudi Arabia, closed a US\$41m Series B in late 2023, led by Raed Ventures and Wa'ed Ventures, with five other investors participating. CVCs contributed roughly US\$18m, accounting for 44% of the total round.

SallaApp, a Saudi Arabian e-commerce firm, raised a US\$130m Series C in early 2024, led by Investcorp Bahrain and Sanabil, with CVCs, including STV, contributing an estimated US\$35m.

Syarah, an automotive e-commerce company based in Saudi Arabia, completed a US\$40m Series C round in late 2024, led by Artal Capital, with approximately US\$21.8m from CVCs Derayah Ventures, Elm, and Tawuniya Ventures.

Abyan Capital, the robo-advisory fintech from Saudi Arabia, raised US\$18m in Series A funding, entirely from CVCs, led by STV alongside two other corporate investors.



Key takeaway:

CVCs in the GCC are relevant participants of the VC market with the ability to not only co-invest but to also act as a lead investor in different financing stages of startups. Their USP of industry expertise and market access are a valuable asset for target startups and independent VC as co-investors.

3.2 CVC capital deployment by country

Saudi Arabia: The clear regional leader, but a shift in strategy

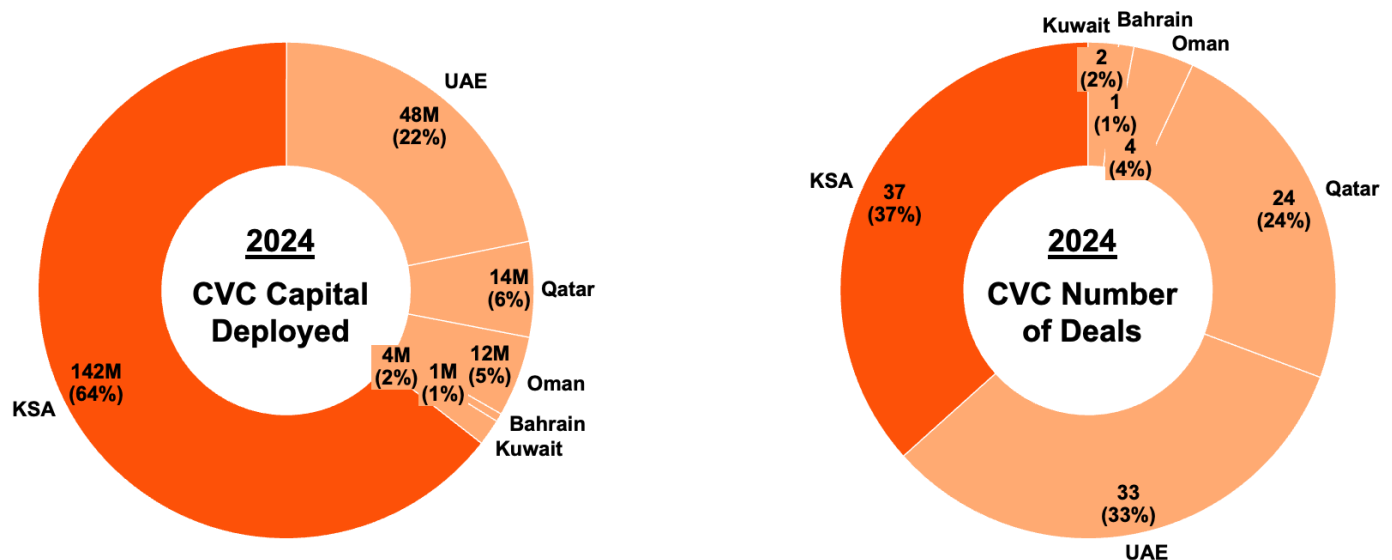
Saudi Arabia remains the regional epicenter for CVC, consistently attracting the highest levels of CVC participation in the GCC. While 2023 saw elevated corporate involvement in high-profile deals, such as Tabby's Series D, with STV and PayPal Ventures contributing nearly 25% of the round, and Floward's Series C backed by STV and Aljazira Capital, the landscape evolved notably in 2024.

Rather than replicating the previous year's mega-deal volume, 2024 saw a shift toward a more distributed

investment approach. While major players like STV and Aljazira Capital marked significant declines in deployment, emerging CVCs like Derayah Ventures, Elm, and Tawuniya Ventures gained momentum, contributing to a more balanced and diverse corporate investment landscape.

Corporate investors continued to prioritise strategic sub-sectors within fintech not only for their alignment with national goals, but also for their ability to generate synergies with the parent business lines.

Figure 11a: Capital deployed by corporate investors (CVCs) in Saudi Arabia in USD millions and number of CVC-involved deals in 2024



Source: MAGNiTT data, April 2025

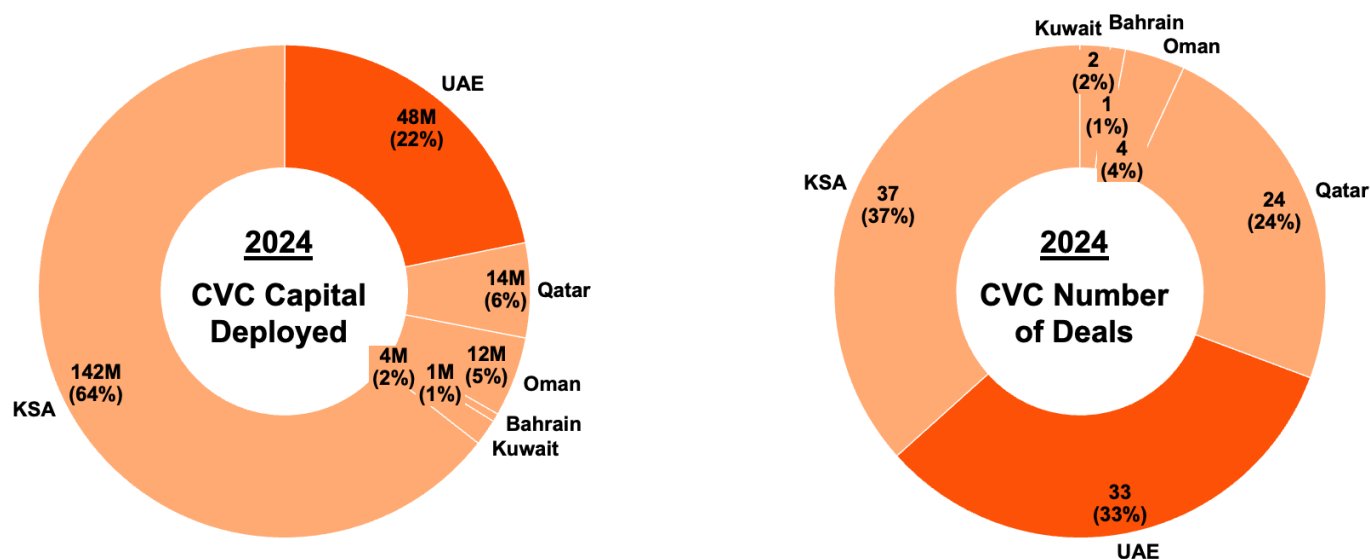


Key takeaway:

Saudi CVCs are adopting a diversified portfolio approach, spreading capital across a wider range of startups rather than concentrating risk in a few large bets. This indicates a growing sophistication and a longer-term horizon among corporate investors.

United Arab Emirates: CVCs shift from high volume to exploratory market participants

Figure 11b: Capital deployed by corporate investors (CVCs) in UAE in USD millions and number of CVC-involved deals in 2024



Source: MAGNiTT data, April 2025

The UAE's CVC landscape in 2024 experienced a noticeable cooling in late-stage participation, following an especially active 2023. In 2023, major UAE-based corporates, most notably e& Capital, were involved in several headline deals, including leading Airalo's US\$60m Series B with an estimated US\$30m contribution – around 50%. Other high-profile investors such as Venom Ventures, STV, RWE Transition Investments, PayPal Ventures, and MG Wellness Holdings each deployed over US\$10m into UAE-based startups, reinforcing the country's reputation as a magnet for strategic capital.

By contrast, 2024 marked a strategic pullback:

- CVC participation in large rounds declined, with only one major CVC-backed deal - a crypto startup that raised US\$10m in a round led by Exinity
- Most other CVC activity was concentrated in smaller, early-stage rounds.

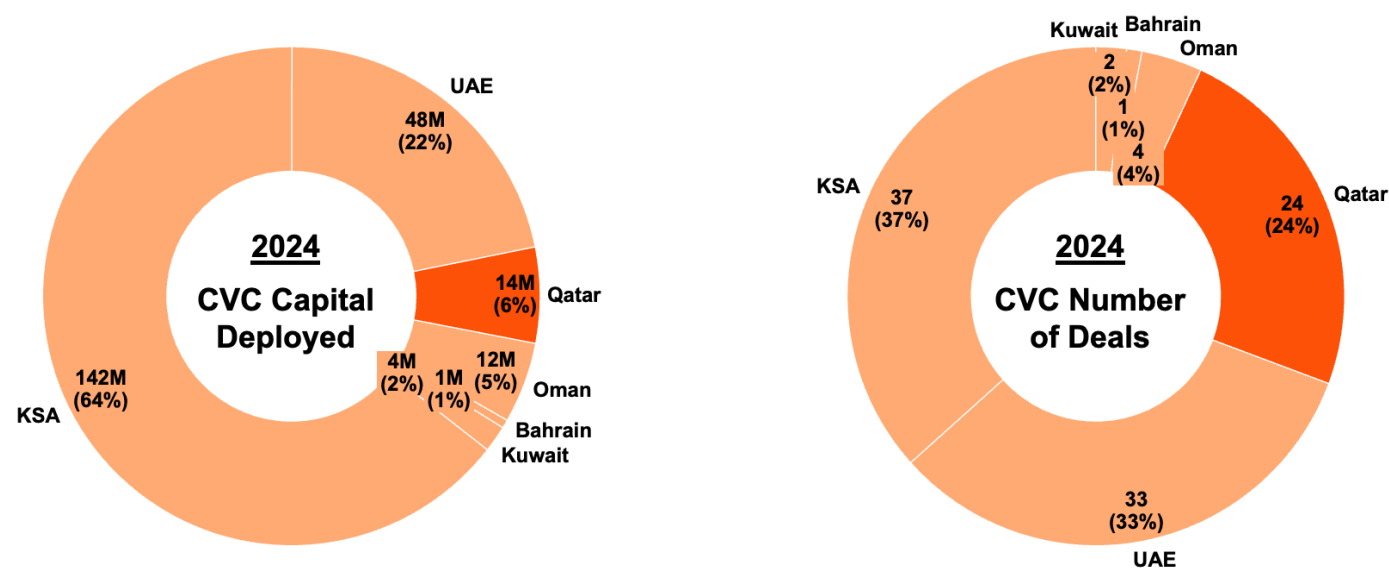


Key takeaway:

The UAE's corporate investors are evolving from selective high-volume later-stage VC market participants to early-stage explorers in multiple VC assets with smaller ticket sizes.

Qatar: Setting the base of the future ecosystem by nurturing earlier-stage startups today

Figure 11c: Capital deployed by corporate investors (CVCs) in Qatar in USD millions and number of CVC-involved deals in 2024



Source: MAGNiTT data, April 2025

While Qatar’s overall venture market remains relatively modest in size, its CVC landscape is taking shape, led primarily by public owned institutions and family holdings. The Qatar Development Bank (QDB) has emerged as the country’s most active CVC player, complemented by entities like AlKhor Holding, which have supported startups particularly in fintech and transportation.

In 2024, Qatar-based CVCs participated in 24 startup deals, ranking the country third in the region after the UAE (33 deals) and Saudi Arabia (37 deals). Despite modest capital deployment, the volume of activity indicates early-stage engagement. The focus is on building a pipeline of startups that can graduate into later-stage funding over the next two to five years.

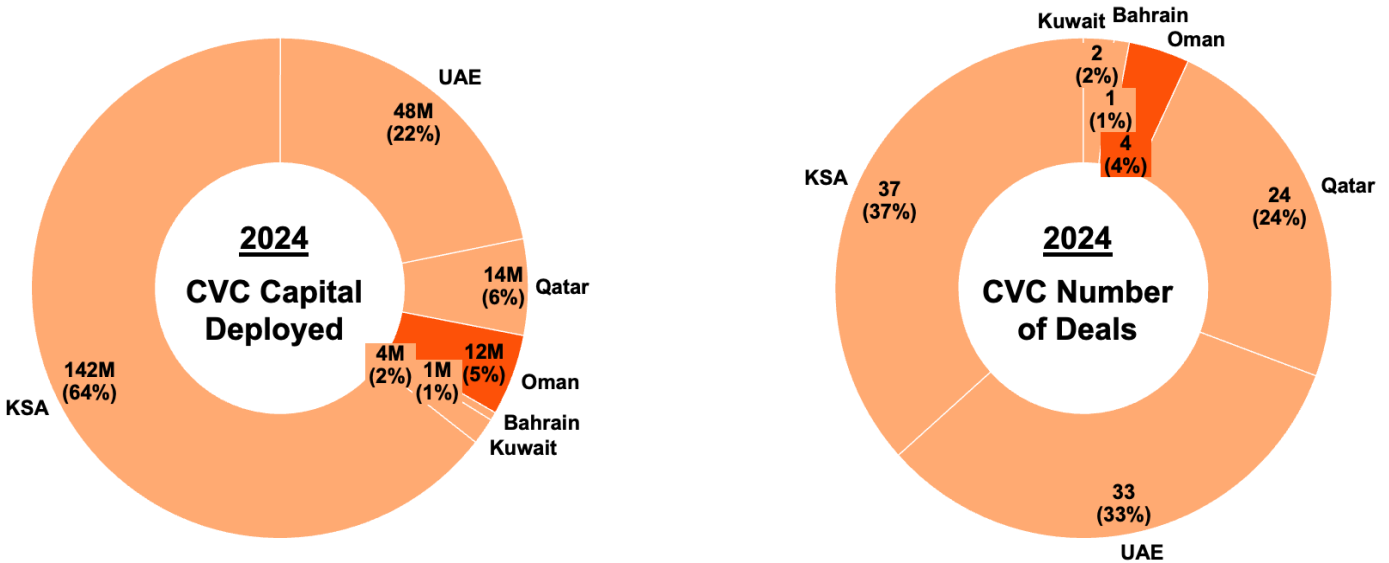


Key takeaway:

Qatar’s corporate venture strategy takes a long-term approach, focusing first on building ecosystem density and capabilities before scaling. Rather than chasing immediate returns, the country is seeding future champions in high-potential sectors. This approach mirrors strategies employed by more mature ecosystems during their formative years.

Oman: A breakthrough moment in sustainability tech

Figure 11d: Capital deployed by corporate investors (CVCs) in Oman in USD millions and number of CVC-involved deals in 2024



Source: MAGNiTT data, April 2025

Oman’s corporate venture landscape reached a key milestone in 2024, with 44.01, a carbon capture and mineralisation startup founded in Oman, raising US\$37m in a landmark round co-led by Shorooq Partners and Equinor Energy Ventures, see Figure 4d. The round featured corporate venture participation from ALIAD Venture Capital (Air Liquide), Sumitomo Corporation, Siemens Financial Services, and Climate Investment (CI). These four CVCs collectively contributed an estimated 30% of the total round, demonstrating growing corporate interest in high-impact climate technologies emerging from the region. While 44.01 has since moved its headquarters to the UK, the company’s Omani roots and the visibility of this deal have positioned the country as a credible player in sustainability and hardtech innovation.

Beyond this transaction, Oman’s CVC activity remains nascent, but momentum is clearly building. The success of 44.01 has drawn the attention of local corporates, development funds, and cross-border investors, laying the groundwork for future deals in clean energy, carbon management, and climate resilience.

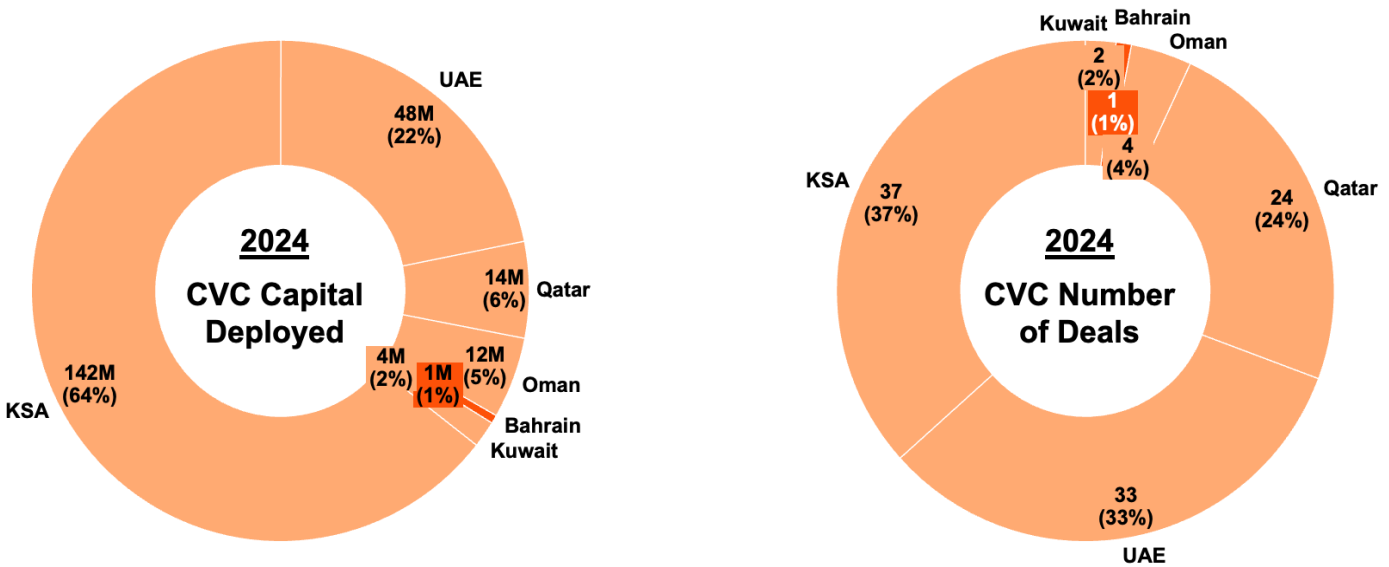


Key takeaway:

The 44.01 deal offers a blueprint for how regional innovation and international CVC alignment can contribute to climate solutions.

Bahrain: A fintech-focused CVC strategy taking shape

Figure 11e: Capital deployed by corporate investors (CVCs) in Bahrain in USD millions and number of CVC-involved deals in 2024



Source: MAGNiTT data, April 2025

In 2023, Bahrain’s CVC activity was energised by the mega deal at Tarabut Gateway, Bahrain’s open banking platform. The US\$32m round saw participation from regional CVCs like Pinnacle Capital, Aljazira Capital, and even global giants like Visa Ventures.

In 2024, the CVC momentum slowed, in line with the broader market correction seeing only one CVC participation by AlRajhi Holdings of US\$1.2m into a Bahraini Marketing & Advertising startup.

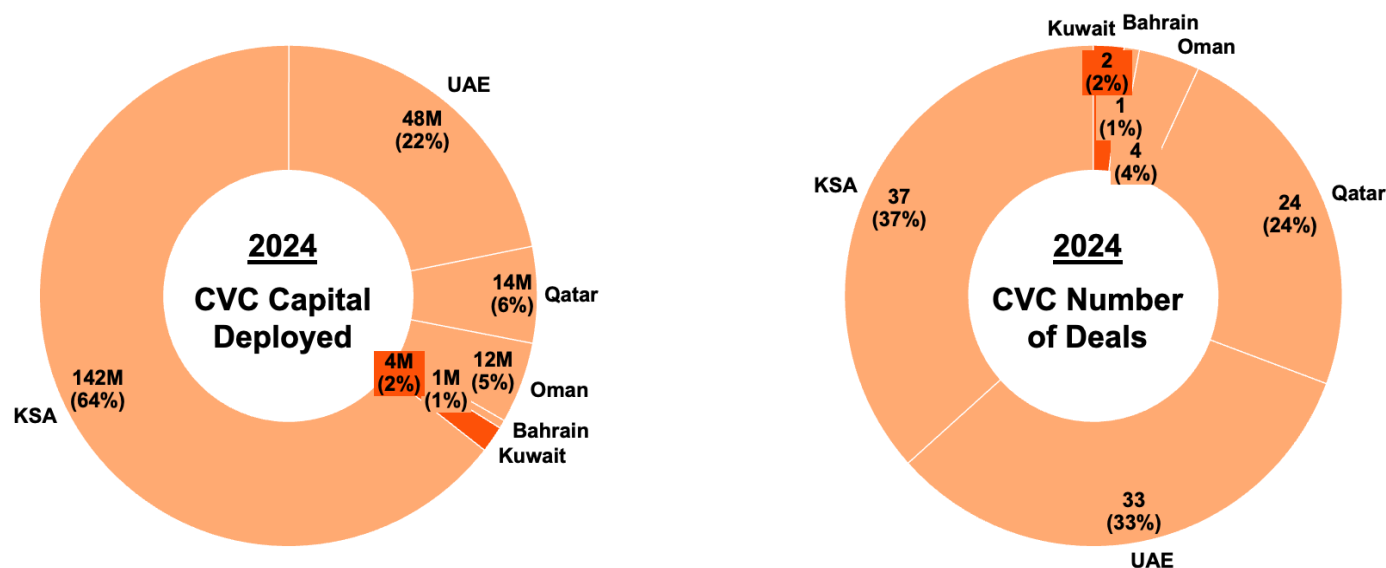


Key takeaway:

In 2023, Bahrain’s CVC activity was energised by the mega deal at Tarabut Gateway, Bahrain’s open banking platform. The US\$32m round saw participation from regional CVCs like Pinnacle Capital, Aljazira Capital, and even global giants like Visa Ventures.⁵ In 2024, the CVC momentum slowed, in line with the broader market correction seeing only one CVC participation by AlRajhi Holdings of US\$1.2m into a Bahraini Marketing & Advertising startup.

Kuwait: A gradual return, early-stage focus

Figure 11f: Capital deployed by corporate investors (CVCs) in Kuwait in USD millions and number of CVC-involved deals in 2024



Source: MAGNiTT data, April 2025

Kuwait's corporate venture capital activity remains nascent, but 2024 marked a modest return after two muted years. As shown in Figure 11f, total CVC-backed funding was US\$3.75m, a small but symbolic share of the country's total US\$32m VC deployment.

The CVC activity that did occur was narrowly focused:

- All funding was concentrated in fintech startups.
- Kuwait's CVC participation was mostly backed by Maqamees Holding, a Kuwait-based investor and Aramco's Wa'ed Ventures.



Key takeaway:

While still in early stages, corporate investors are beginning to test the waters of strategic venture activity. As successful early-stage plays emerge - particularly in fintech - we expect more activity in this market in the coming years.



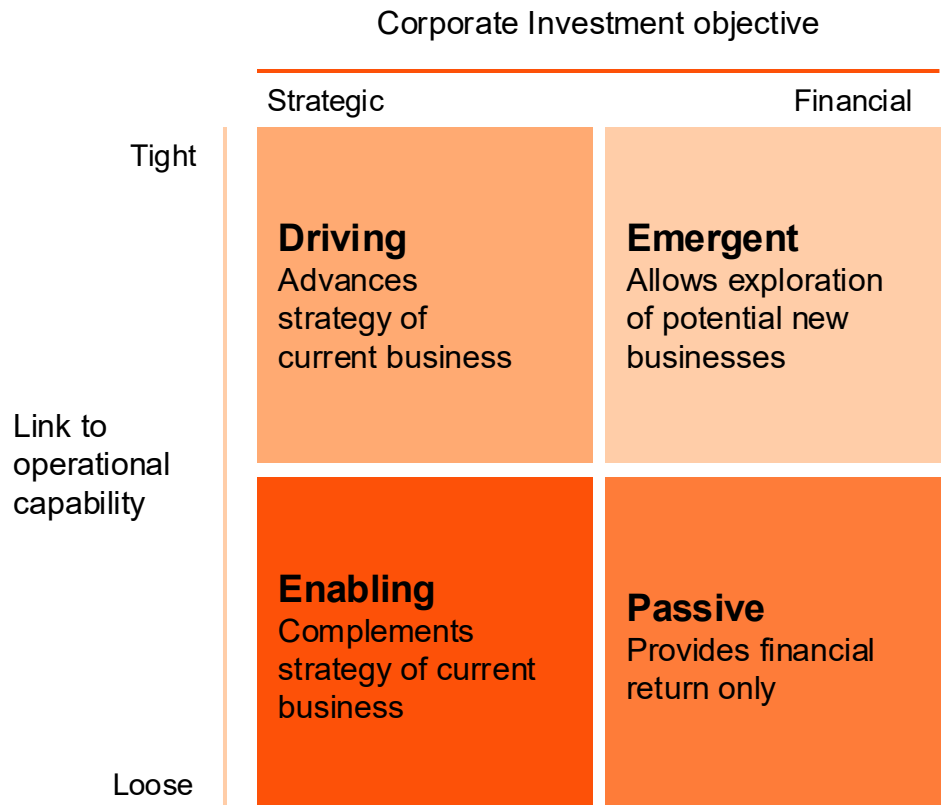
04

Key archetypes of CVCs

Key archetypes of CVCs

Figure 12:

Framework for CVC investments proposed by Prof. Henry Chesbrough



As CVC activity in the GCC matures, understanding the different strategic approaches to CVC investment becomes critical. Not all CVC units operate under the same logic, and corporations must be clear about why they are investing and how they intend to leverage those investments.

One of the most widely recognised frameworks for classifying CVC strategies was developed by Professor Henry Chesbrough of Berkeley University. His model identifies key dimensions that differentiate CVC investment types, providing corporations with a useful structure to design their programmes intentionally rather than opportunistically.

At the core of the framework are two axes:

01 The operational link between the startup and the investing corporation (tight vs. loose integration).

02 The investment objective of strategic vs. financial.

These dimensions produce four primary CVC archetypes:

01.

**Strategic-tight linkage
(driving core business)**

- Investments closely support and advance the corporation's existing strategy.
- Startups are often deeply integrated into business units, offering operational synergies and immediate competitive advantages.

03.

**Financial-tight linkage
(operational return enhancement)**

- Investments are primarily made for financial returns but still maintain strong operational links to the corporation's value chain.
- These CVCs may co-develop products or services with portfolio startups, maximising mutual value creation.

02.

**Strategic-loose linkage
(exploratory innovation)**

- Investments seek to explore adjacent or emerging industries.
- Startups may operate at the periphery of the core business, helping corporations hedge against disruption without requiring full integration.

04.

**Financial-loose linkage
(pure financial investments)**

- Investments are made primarily for venture-style financial returns with limited operational involvement.
- These units behave similarly to traditional VC funds but leverage corporate capital and occasionally strategic brand association.

Leading CVCs globally and in the GCC maintain a deliberate balance across these archetypes, adjusting their strategy depending on evolving corporate priorities, sector-specific innovation dynamics and market conditions.





05

Key pillars and
success factors for
setting up a CVC
unit

Key pillars and success factors for setting up a CVC unit

To ensure a successful CVC unit, companies should focus on the three pillars of strategy, structure and operations. Defining these pillars from the start is crucial to establishing a successful target operating model:

Strategy:

01. Goals and objectives: A detailed assessment and deep understanding of the company's position in the local market are essential to define goals and objectives that align with the broader corporate strategy. On this basis, a clear vision and mission for the CVC unit can then be developed.

02. Investment mandate and strategy: The investment mandate and strategy should be shaped by the CVC unit's mission and informed by benchmarking against global best-in-class peers. This is done by analysing the financial capabilities of the corporate, size of the overall target VC market and often by considering the yearly investment budget to annual R&D spend. The VC target market is defined by geography, industry sector and the development stage of startups. Additionally, it must be evaluated whether the company aims to pursue venture investments with a financial, strategic or mixed approach.

03. Investment fields: Within the defined industry sectors, it's crucial to understand the VC ecosystem, including upcoming technologies and business models. This understanding allows for the definition of suitable target VC market niches and sets clear guidelines for the structure and operations.

Structure:

04. Governance: The governance, risk, and compliance (GRC) framework and organisational structure of the CVC unit should be established by clearly defining the appropriate decision-makers and executive sponsors within the company. Furthermore, this should outline a fast and lean delegation of authority via a RACI (responsible, accountable, consulted, informed) matrix.

05. Investment process: The design of the investment process, along various dimensions must be customised to the individual company.

Operations:

06. Team capability and setup: Depending on the selected investment mandate and annual investment budget, a team should be established with the correct skill sets, functions, backgrounds and size.

07. IT and CRM set-up: Develop a structured overview of IT and software landscape, including scouting, portfolio management, and tool evaluation against requirements.

08. Internal and external interactions plus linkages

8.1 BU and portfolio engagement: To create synergies between portfolio companies and other business units of the corporation, it's essential to define dedicated responsible employees in different BUs who support value creation with the portfolio startups.

8.2 Reporting and monitoring: Performance should be tracked using financial and qualitative KPIs. These KPIs must be defined and clearly communicated.

8.3 Budgeting and procurement: To create annual budgets, including investments and operational costs, it is necessary to identify all cost positions when setting up a CVC.

8.4 Metrics and incentives: Incentives should be developed based on the measured KPIs. It's important that these KPIs motivate not only members of the CVC unit, but also members of other BUs to engage in collaboration.

8.5 Ecosystem linkages: Develop the ability to leverage, incorporate and network with the wider VC ecosystem to access investment and collaboration opportunities, and to support startups beyond corporate capabilities.





06

Outlook: Sustaining
innovation and
growth toward 2030

Outlook: Sustaining innovation and growth toward 2030

GCC's venture capital and corporate venturing ecosystems stand at a pivotal point. Despite the slowdown in mega-deals witnessed in 2024, the resilience of early-stage deal flow, the increasing participation of international investors, and the maturing strategies of local CVCs all point to a healthy and evolving market.

The outlook is promising

- As GCC economies push forward with ambitious national visions focused on diversification, technology leadership, and sustainability, startups will play a critical role as engines of innovation. Corporate venture capital is poised to expand, with local corporates anchoring new industries — from clean energy and advanced fintech to artificial intelligence and climate resilience technologies.

Structural tailwinds support this trajectory

Government innovation agendas and regulatory reforms are becoming more accommodating to both founders and investors. At the same time, the region's young, tech-savvy population offers a strong talent pool to scale startups into regional and global players.

International investors increasingly view the GCC as a strategic growth market — not just a local opportunity — helping fuel cross-border collaboration and sustained capital inflows.

- If venture funding maintains its 19% CAGR observed between 2020 and 2024, the GCC VC market could exceed US\$5bn by 2030, comparable to some of today's leading European ecosystems. Similarly, CVC activity is expected to continue momentum post-2024, though at a more gradual pace. If overall VC growth continues and corporate participation stabilises near international historic averages, CVC-involved funding could see a steady rise over the coming years, particularly as more GCC corporates establish dedicated investment arms and expand regionally.



Key takeaway:

The GCC VC ecosystem is rapidly becoming a hub for innovation and global growth with the potential to reach US\$5bn by 2030. Corporates, startups, and investors who move early and build thoughtfully over the next few years will be best positioned to capitalise on the tremendous opportunities ahead.

A person wearing a light blue long-sleeved shirt is seated at a wooden desk, typing on a silver laptop. The desk also holds a white computer mouse and some papers. In the background, there is a modern office environment with a white shelving unit, a potted plant, and a window with blinds. The lighting is soft and natural.

07

Methodology

Methodology

The primary dataset was sourced from the data provider MAGNiTT and was retrieved on 30 April 2024.

What is included

Figures 3 to 11f provide a detailed analysis of venture capital trends, funding distribution, and investor dynamics in the GCC region. These figures offer insights into financing amounts, funding round divisions, shifts in VC and CVC sources, average investments, and deal counts, contributing to a comprehensive analysis of the GCC's corporate venturing landscape. Different investment rounds, including pre-seed (\leq US\$1m), Seed (US\$1-5m), Series A (US\$5-20m), Later stages (US\$20-100m) and mega deals (\geq US\$100m), have been examined. The CVC portion of this dataset includes all entities that PwC identified in an analysis as investment vehicles of corporates or corporates which directly invested into startups without a dedicated VC vehicle.

What is excluded

This analysis excludes loans, non-equity funds, and initial coin offerings, maintaining a focus on equity-based funding to provide a clear picture of CVC in the GCC region. Late-stage deals do not include venture M&A transactions. It's crucial to note that considering the inclusion of venture M&A transactions can significantly impact market size assessments. Our report specifically excludes these transactions.

About PwC Ventures Middle East

PwC Ventures are a leading strategic advisor to government and corporate clients, leveraging global expertise to bring best practice entrepreneur community and ecosystem strategic advisory to accelerate maturity of the region. We work with our clients in three ways;

01. Corporate venture building

We design, build and scale high impact ventures powered by world class scale ups, working closely with our clients to create innovative sustainable outcomes.

02. Corporate venturing consulting offering

We craft customised target operating models and tailor-made strategies for corporations and government authorities on how to invest in and cooperate with high potential startups.

03. Scan and scale

We work with our clients across the GCC, leveraging our global network to attract and engage leading cutting edge international scaleups to build localised partnerships to expand and further professionalise their business activities in the region. By working together with startups and scaleups we provide our corporate client network with best-in-class international investment and cooperation candidates.



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