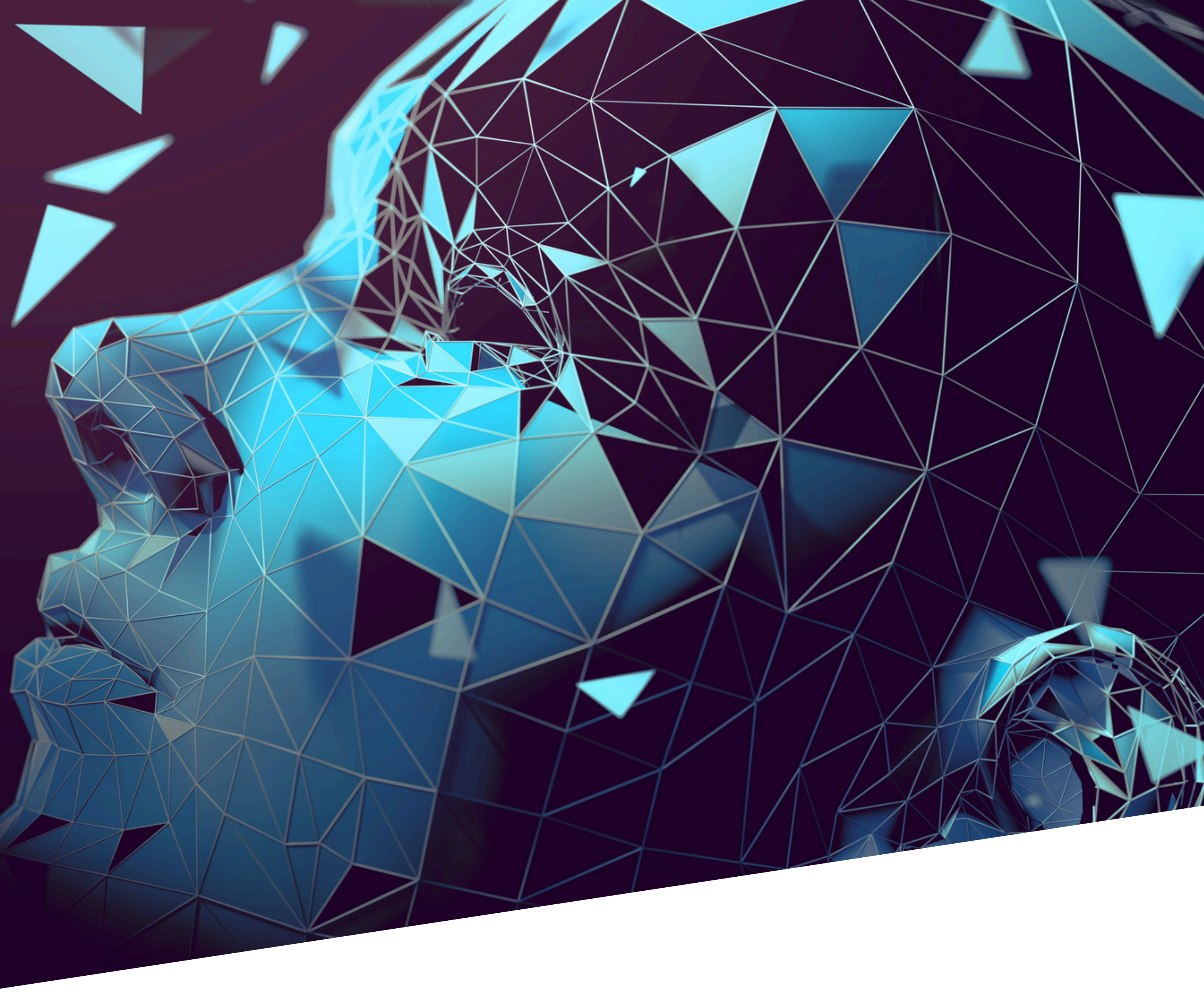


PEARL INITIATIVE | SHARJAH ENTREPRENEURSHIP CENTER (SHERAA)

THE GOVERNANCE DIVIDEND

UNLOCKING GROWTH FOR WOMEN FOUNDERS IN THE MENA REGION

SEPTEMBER 2025

SHERAA

مركز الشارقة لريادة الأعمال
Sharjah Entrepreneurship Center

PEARL INITIATIVE

15 2010-2025 YEARS OF IMPACT

EXECUTIVE SUMMARY

The MENA region stands at the precipice of a generational entrepreneurial shift. An increasingly digitised economy, coupled with a growing pool of highly educated women, is reshaping traditional perceptions of who builds, leads, and scales businesses. Women founders are no longer outliers at the margins of the startup scene; they are visible actors driving innovation, employment, and new market creation.

Yet, for all the energy and ambition evident across regional startup ecosystems, one fact remains stubbornly true: **women-led ventures continue to receive a disproportionately small share of institutional support, capital, and visibility.** This underrepresentation is not simply a question of numbers, but of structure, from investment pipelines that undervalue women-led innovation to governance norms that continue to mirror male-dominated networks of influence.

Against this backdrop, this report seeks to surface the structural realities shaping the journey of women tech founders in MENA. It takes a closer look at how governance, often viewed as a secondary or “later stage” concern, in fact intersects critically with fundraising, investor confidence, and the long-term resilience of startups. By unpacking how internal clarity, role definition, and decision-making protocols can mitigate founder risk, and how strategic storytelling rooted in governance can elevate credibility, we aim to highlight levers that women founders can deploy to strengthen their growth trajectory.

Ultimately, this analysis positions governance not as an administrative burden, but as a strategic enabler. For women in MENA’s startup ecosystem, embedding governance practices early is both a signal of professionalism and a pathway to bridging persistent gaps in access to capital, visibility, and influence.

THE GENDER FUNDING GAP

Globally, the numbers paint a bleak picture. In 2024, only 2.3% of total VC funding was allocated to startups with female-only founding teams, despite mounting evidence that women-led startups often outperform their male-led counterparts in revenue efficiency and capital utilisation. This disparity is even more pronounced in the MENA region. According to Lucidity Insights and Wamda, women-led startups in MENA received just 1.2% of all VC funding in 2024, and in some months, such as April 2025, female-only teams raised under $500,000 while their male counterparts absorbed the overwhelming majority of available capital: 3% of total capital, while male-founded teams secured 97%.

In Egypt, for example, female-led startups in 2025 secured approximately $425,000 in total investment, compared to $23 million raised by mixed-gender teams. Even in more developed startup hubs like the UAE and Saudi Arabia, where government initiatives and incubators are rapidly scaling, female founders remain underrepresented in deal flow and boardrooms alike. This is not due to a lack of ideas or capabilities. In fact, MENA boasts some of the highest rates of female STEM graduates in the world, with countries like Oman, Iran, and Saudi Arabia reporting over 50% female participation in scientific and technical higher education fields. Yet, this **talent remains chronically undercapitalised and structurally unsupported.**

GOVERNANCE AS A HIDDEN LEVER IN THE FEMALE FOUNDER JOURNEY

Governance is often misunderstood as a post-investment compliance exercise. In reality, for women founders navigating the volatility of early-stage entrepreneurship, and doing so in ecosystems where gender bias is rarely explicit but often systemic, governance becomes a quiet power tool. It enables clarity in decision-making, reduces ambiguity around equity and control, and builds confidence among external stakeholders. For women-led ventures especially, articulating internal structures and processes early on can serve as a counterweight to assumptions of informality or lack of "readiness."

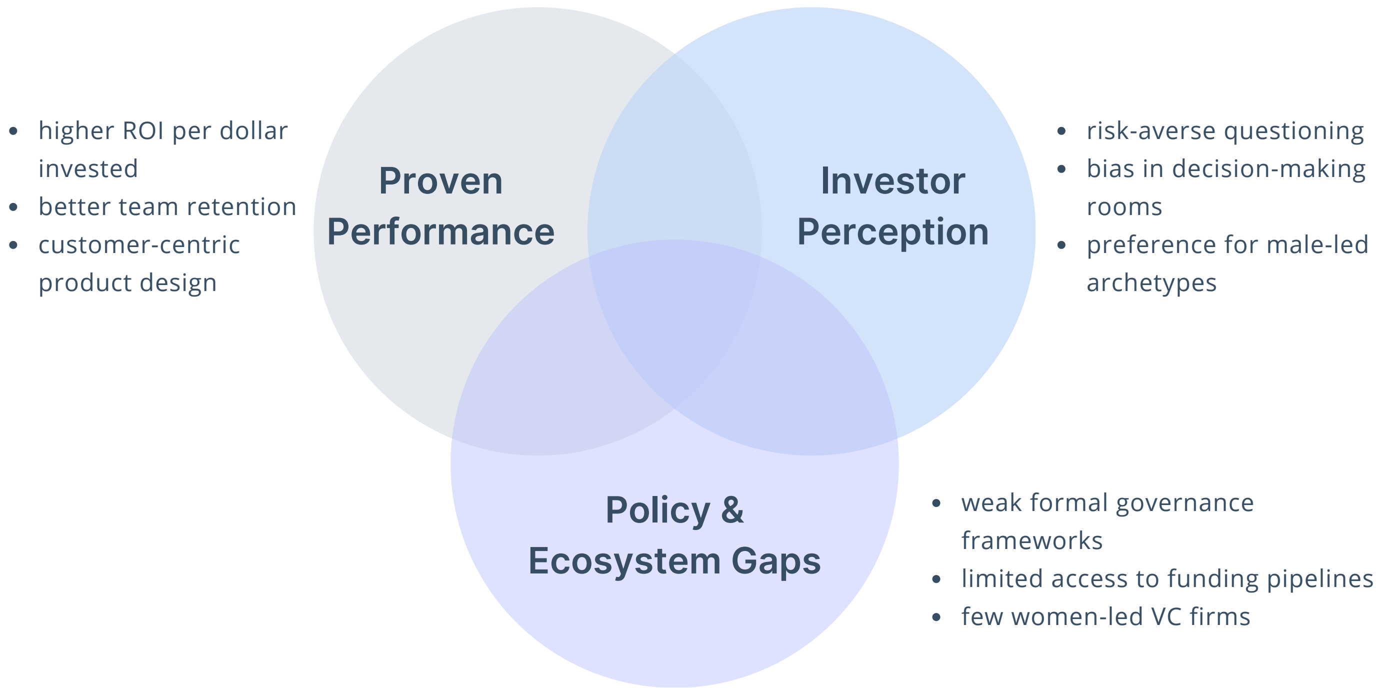
That being said, governance frameworks are seldom introduced at the seed or pre-seed stage in the MENA region. Most founders adopt an improvisational approach, relying on goodwill, personal networks, or verbal agreements, particularly in family-heavy or community-rooted cultures. **This lack of structure leaves women founders doubly vulnerable: not only do they face greater scrutiny from investors, but they also risk internal misalignment or conflict as their ventures scale.** In Pearl Initiative's work with early-stage entrepreneurs, we have observed that founders who implement even minimal governance protocols, such as role clarity, founder agreements, basic advisory boards, or quarterly internal reviews, report higher operational confidence and better fundraising outcomes.

STRUCTURAL BARRIERS & CULTURAL UNDERCURRENTS

While funding gaps are the most visible barrier, they are symptomatic of deeper structural and cultural constraints. According to the Atlantic Council, female labour force participation in MENA hovers around 20%, the lowest of any global region. Cultural norms often still expect women to balance entrepreneurship with primary caregiving responsibilities, with little structural support. Access to finance is further hindered by informal credit markets, male-dominated angel networks, and limited gender parity among decision-makers in VC firms.

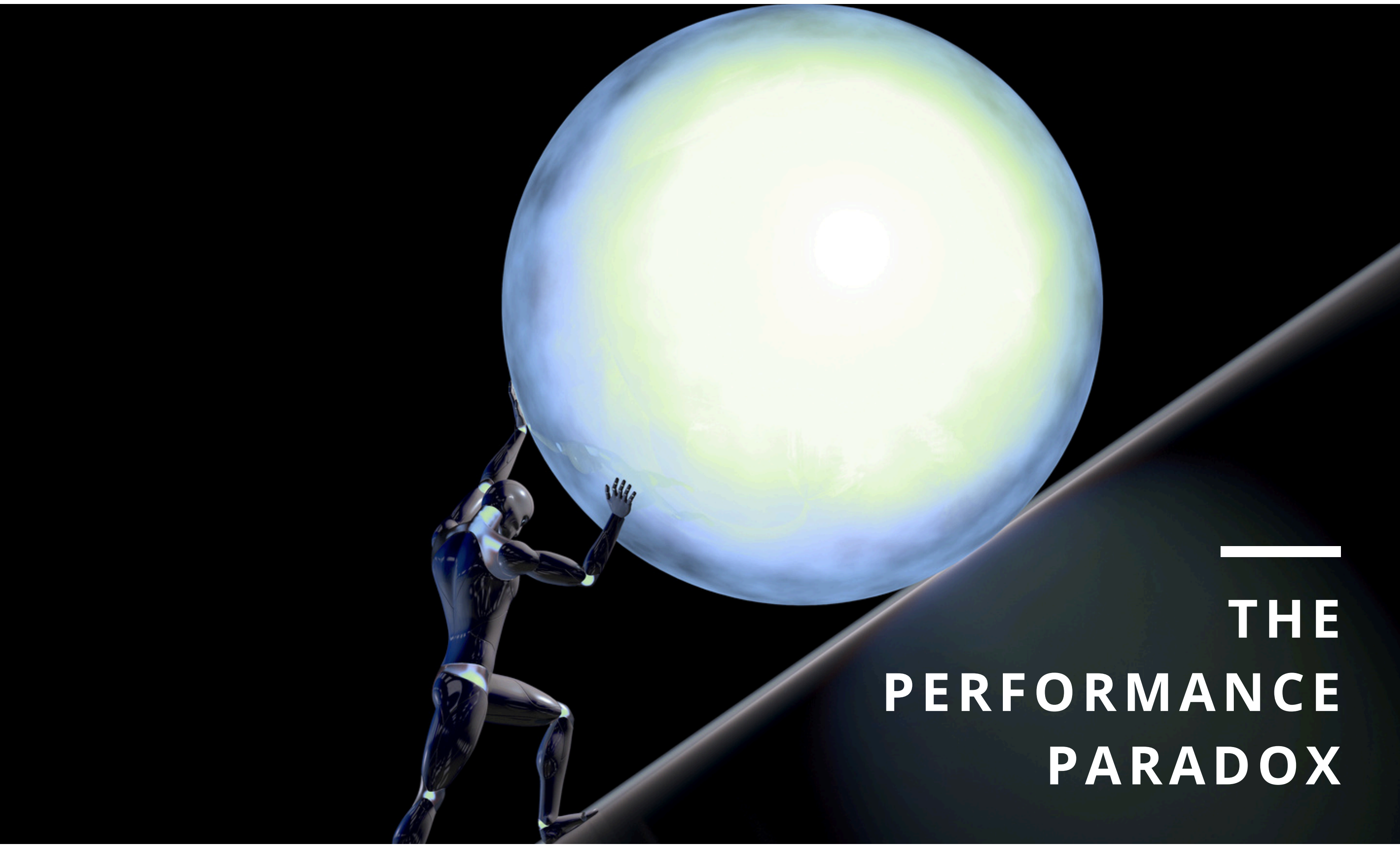
The gendered nature of investor questioning also compounds the issue. Research from Harvard Business Review has found that investors ask women founders more "prevention-oriented" questions *(e.g., "How will you prevent losses?")*, while men are asked "promotion-oriented" ones *(e.g., "How will you scale this quickly?")*. In practice, this means women must not only justify their ideas, but often also defend their credibility and resilience, simply for occupying the founder role.

In the MENA context, this bias is reinforced by network asymmetry. The startup world often relies on warm introductions and informal endorsements. Male founders tend to benefit from proximity to legacy business circles, elite educational networks, or regional family offices. For women, especially first-generation entrepreneurs or those without institutional backing, gaining access to these same circles can feel Sisyphean.



THE STRUCTURAL REALITY OF WOMEN-LED STARTUPS ACROSS CAPITAL AND POLICY

This diagram illustrates the intersecting realities that shape the trajectory of women-led startups in MENA. On one side, female founders consistently demonstrate proven performance, with higher returns per dollar invested, stronger team retention, and products that are often more customer-centric. Yet, these results are overshadowed by investor perception, where risk-averse questioning, gendered bias in decision-making rooms, and entrenched preferences for male-led archetypes create systemic disadvantages. Compounding this are policy and ecosystem gaps, including the absence of robust governance frameworks, limited access to funding pipelines, and the scarcity of women-led VC firms. **The overlap of these three forces reveals a paradox: women entrepreneurs are delivering measurable value but remain constrained by cultural, institutional, and financial barriers.** Addressing this imbalance requires rethinking governance, reshaping investment norms, and closing policy gaps to align demonstrated performance with equitable opportunity.



THE PERFORMANCE PARADOX

Despite the hurdles, women-led startups frequently outperform on capital efficiency and team retention. Studies by BCG and First Round Capital found that startups with at least one female founder delivered better returns per dollar invested, and that female-led tech firms had 35% higher ROI compared to male-led peers. In the MENA region, anecdotal evidence suggests similar trends, particularly among women founders in health tech, edtech, and femtech spaces, where personal lived experience fuels innovation and user-centric design.

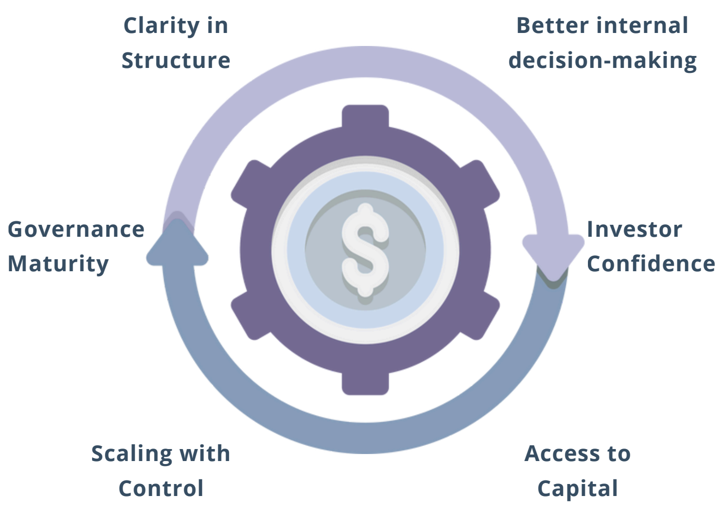
However, this performance rarely translates into visibility or sustained capital flow. **The paradox is sharp: women founders are asked to prove more, given less, and are still expected to be grateful for the opportunity.** Governance, then, becomes one of the few areas founders can proactively control. It is not a guarantee of funding, but it definitely is a powerful signal: of intentionality, structure, and foresight.

THE ROLE OF ECOSYSTEM BUILDERS

To address these disparities, ecosystem actors, including accelerators, incubators, DFIs, and NGOs, must reframe how they engage women founders. Token mentorship or pitch-stage exposure is not enough. True support requires structural tools, capital allocation, and peer-led learning models. Regional examples such as the Women Angel Investors Network (WAIN), the Women Spark fund, and accelerators like Sheraa's own women-focused cohorts offer promising pathways, but they remain the exception rather than the norm.

In particular, Sheraa (Sharjah Entrepreneurship Center) has emerged as a critical ecosystem partner for women entrepreneurs in the UAE. Through initiatives like its Women in Entrepreneurship Programme and gender-focused accelerator cohorts, Sheraa provides targeted training, mentorship, and investor connections that help women founders overcome systemic barriers. Importantly, Sheraa emphasizes capacity-building that extends beyond access to capital, cultivating leadership skills, building peer networks, and creating inclusive spaces where women can experiment, fail, and scale. Their collaborative approach with universities, government entities, and private sector partners ensures that women-led ventures are not siloed but are integrated into the region's broader innovation economy.

In this context, Pearl Initiative's Governance in Tech programme aims to build long-term value for founders by focusing not just on "investor readiness" but also governance maturity, creating internal clarity, codifying founder roles and relationships, and establishing early systems of decision-making that can withstand scale, scrutiny, and stress. **The logic is simple: good governance is good business.**



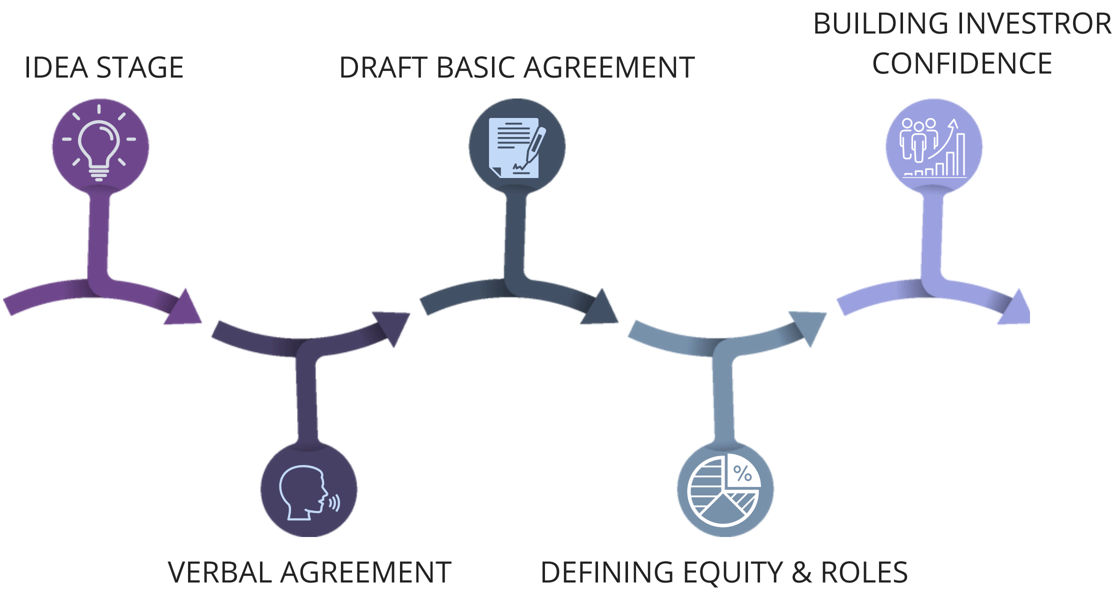
GOVERNANCE AS A GROWTH ENGINE FOR WOMEN FOUNDERS

PRACTICAL STRATEGIES FOR WOMEN FOUNDERS

While inspiration provides momentum, implementation is what sustains entrepreneurial journeys. For women founders in the MENA region, strategies must not only address business fundamentals but also actively counteract systemic barriers. These strategies combine research insights with practical recommendations from practitioners across global and regional ecosystems.

1. Build Internal Clarity Early

A significant proportion of early-stage ventures in MENA begin informally, relying on verbal agreements or personal trust. For women founders, this informality can create vulnerabilities, particularly when ventures scale or when new partners and investors enter the picture. Drafting a founder agreement at the very outset, even a concise two-page document, is a critical first step. Such agreements should outline equity distribution, vesting schedules, decision-making roles, and dispute resolution mechanisms. This simple yet foundational step signals professionalism and foresight to potential investors. For instance, Pearl Initiative's observations show that founders with clear agreements in place are better positioned to withstand internal conflict and present greater investor confidence.



2. Use Governance as Strategic Storytelling

Investors are not only buying into ideas; they are buying into systems of execution. Governance maturity should be presented as part of a startup's growth vision. For women founders, this means going beyond the product and financials to narrate how decisions are made, how accountability is enforced, and how success is measured internally. Framing governance as a deliberate choice reinforces the perception of credibility. A founder who can describe her quarterly review processes, advisory feedback loops, or even informal board check-ins demonstrates intentionality that counters assumptions of unstructured operations. Governance thus becomes a story of resilience and readiness.

3. Proactively Counter Investor Bias

Research demonstrates that women are disproportionately asked "prevention-oriented" questions, while men are asked "promotion-oriented" ones. This creates a structural disadvantage in pitch environments. To prepare, women founders must anticipate both kinds of questioning. For example, when asked, "How will you prevent potential losses?" a founder can acknowledge the risks but pivot to promotion by highlighting proven traction, cost-efficiency, or expansion pathways. Importantly, founders must also prepare to address gendered questions around family responsibilities with assertive, professional responses that shift focus back to business fundamentals. Building confidence in these exchanges can be supported by practicing with mentors or peer groups who simulate biased questioning styles.

4. Leverage Women-First Networks

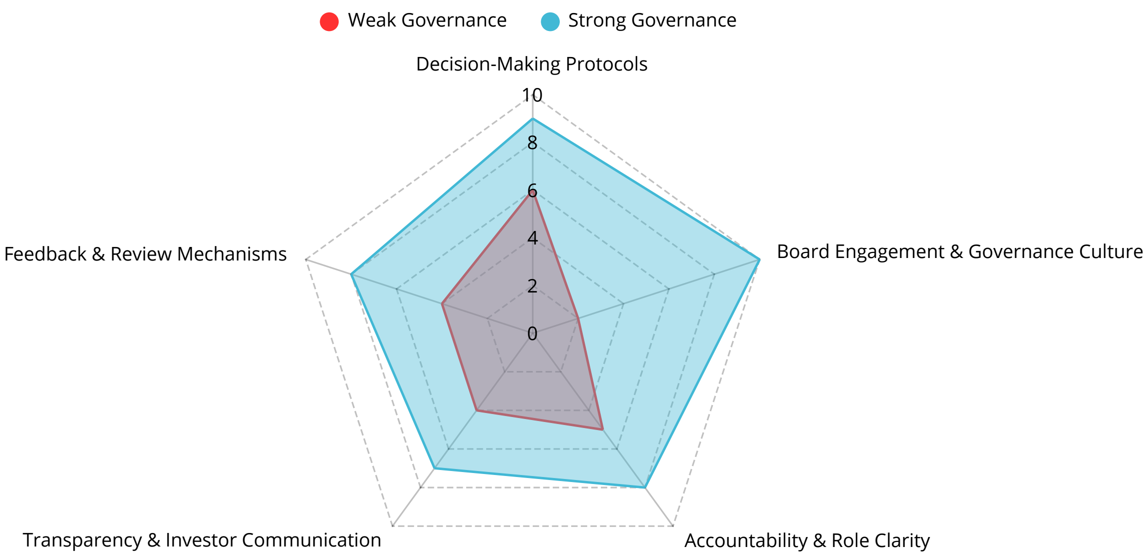
While mainstream VC remains male-dominated, women-first capital networks are steadily growing. Platforms such as Women Angel Investor Network (WAIN), Women Spark, and global initiatives like SheEO and AllRaise provide more than just capital; they foster solidarity and mentorship. Founders should actively map and target these networks as part of their fundraising strategy. Anecdotal evidence suggests that women-led funds not only have a higher likelihood of investing in female founders but also offer guidance on balancing governance with growth, given their lived experience. By engaging with these networks, women founders expand their resource base while embedding themselves in communities designed to accelerate their success.

5. Invest in Peer Learning and Circles of Trust

Governance is often perceived as a solitary challenge, but it need not be. Creating peer learning circles allows founders to exchange real-world lessons in governance: what worked, what failed, and what could be improved. By normalising discussions around missteps, founders reduce the stigma of error and collectively accelerate learning. Regional accelerators have begun experimenting with such models, hosting closed-door founder roundtables focused solely on governance practices. Women founders in particular benefit from these spaces, where they can openly discuss the added layers of bias they face without fear of reputational damage. Peer learning thus becomes both a technical and emotional support structure.

6. Prioritise Decision-Making Frameworks

Scaling ventures are often overwhelmed by competing priorities. Without decision-making frameworks, founders risk inconsistent calls that erode trust internally and externally. Women founders can adopt simple but effective models: consensus-based decision-making for strategic issues, delegated authority for operational matters, and advisory input for high-risk pivots. Documenting these processes, even in brief meeting notes, reinforces accountability and builds investor confidence. Over time, codifying decision-making lays the groundwork for advisory boards and eventually, formal boards of directors. This is particularly valuable in contexts where investors may otherwise question a woman founder’s authority or leadership style.



Depiction of how weak governance collapses inward: unclear roles, ad-hoc decisions, limited transparency; while strong governance expands outward, signaling resilience, professionalism, and investor readiness.

7. Showcase Capital Efficiency, Not Just Scale

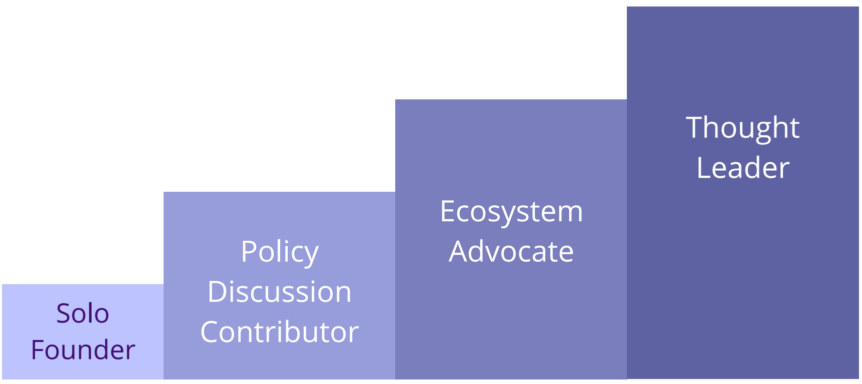
In environments where scale is valorised, women founders can turn their frequent undercapitalisation into a strategic advantage by highlighting capital efficiency. Demonstrating the ability to achieve measurable outcomes with limited resources is compelling to investors seeking sustainable growth models. For example, health-tech startups led by women in Egypt have shown how small seed rounds delivered outsized impact by leveraging community networks and cost-effective digital tools. Positioning efficiency as a deliberate strategy, not a constraint, helps women-led ventures stand out in saturated funding environments.

8. Embed Governance in Narrative and Branding

Beyond internal processes, governance can also be externalized as part of a startup's brand identity. Communicating transparency, accountability, and stakeholder engagement in marketing materials, investor decks, or recruitment platforms sets women-led ventures apart. Investors and partners increasingly seek values-aligned businesses. Framing governance as part of the venture's DNA, from employee culture to customer interaction, turns what is often seen as a technical layer into a reputational strength.

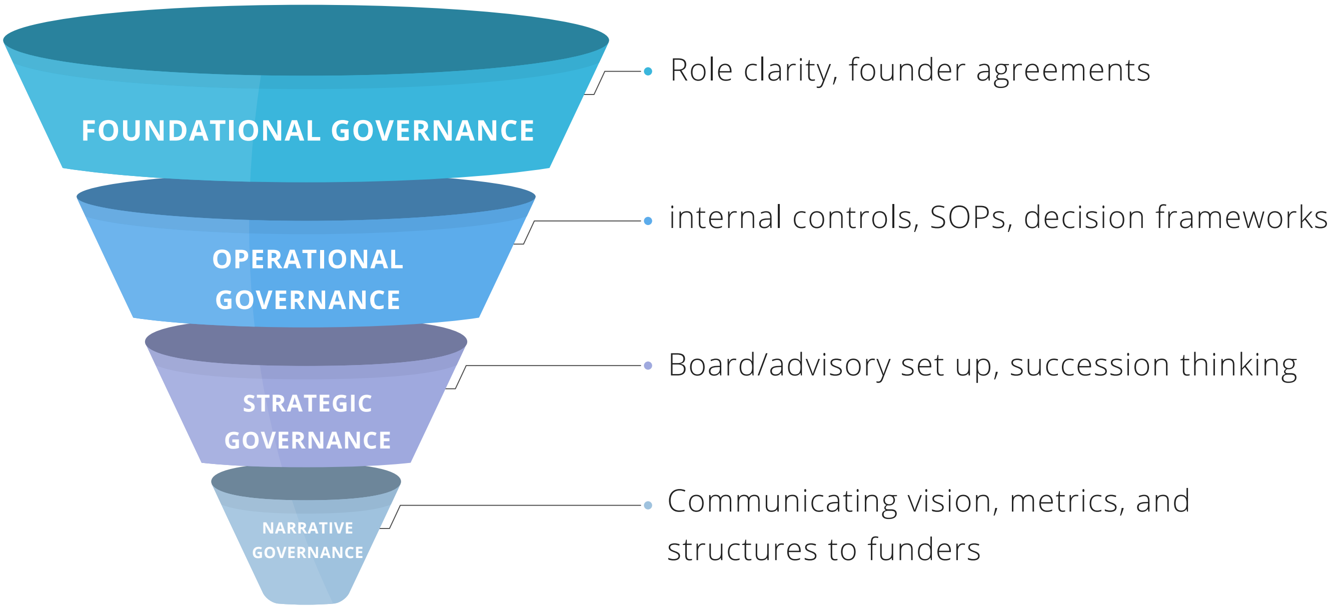
9. Bridge Policy and Practice Through Advocacy

Women founders are not only participants in the ecosystem but also potential shapers of it. Engaging with policy forums, women's entrepreneurship councils, and regional chambers of commerce allows founders to influence governance norms and policy design. Advocating for reforms such as gender-responsive procurement or inclusive credit schemes not only benefits individual ventures but contributes to systemic change. Founders who integrate advocacy into their growth journey often gain visibility, attract strategic partners, and position themselves as thought leaders.



ECOSYSTEM INFLUENCE LADDER

THE GOVERNANCE MATURITY STACK



The Governance Maturity Stack illustrates the progressive layers of governance that women-led ventures can adopt as they evolve from idea stage to scale.

- At the foundation lies **Foundational Governance,** which establishes the basic pillars of role clarity and founder agreements, critical safeguards that prevent ambiguity and internal conflict.
- Building upon this, **Operational Governance** introduces internal controls, standard operating procedures, and decision-making frameworks that professionalize day-to-day functions and instill discipline within the organisation.
- As ventures grow in complexity, **Strategic Governance** becomes essential, involving the creation of advisory boards, succession planning, and long-term structures to navigate scale and external scrutiny.
- Finally, **Narrative Governance** recognises that governance is also about communication: translating internal systems into compelling narratives for investors, funders, and stakeholders.

This layered approach demonstrates that governance is not a static checklist but an evolving maturity model that strengthens resilience, enhances credibility, and positions women founders to compete effectively in the regional and global marketplace.

CONCLUSION

The future of entrepreneurship in the Middle East will be shaped by the founders who build with clarity, lead with intention, and scale with strategy. Women are already doing this, against the odds, and with fewer resources. As ecosystem stakeholders, investors, and institutions, our responsibility is to make sure they don't have to do it alone. Governance is not a bureaucratic burden; it is the language of sustainability, trust, and long-term value. And for women-led ventures, it is both a shield and a sword.

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