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## Egypt: ICT as a driver for growth

Focusing on Egypt, the following section demonstrates how nearshoring can work in practice, and outlines what is needed to foster a more enabling nearshoring environment in the Netherlands. The analysis draws on two separate research missions during which the Clingendael team interviewed various stakeholders across the public and private sectors of both Egypt and the Netherlands.

The first part of the research examined the Egyptian context, highlighting both the opportunities and barriers. The second part shifts to practical implementation and the measures needed to scale up and operationalise nearshoring. In this context, two complementary strategies emerge. The first taps into the pool of talent already present in Egypt with the help of local intermediaries. The second aims to expand the pool of ICT professionals that Dutch firms can tap into by investing in recent Egyptian graduates. This is to be done through targeted training and upskilling, geared at enhancing their employability in both Dutch and international markets.

### Context

#### Government

Egypt is rapidly positioning itself as a competitive hub for ICT services, offering a range of advantages for international companies.

As earlier research has shown, Egypt offers a strong foundation for ICT nearshoring.<sup>1</sup> The country combines a large pool of well-educated, often English-speaking ICT professionals with competitive labour costs and time zones closely aligned with the Netherlands.

The country's ICT sector is not only long established but continues to expand rapidly: it grew by 14.4 per cent in 2023/24 and accounted for 5.8 per cent of GDP in 2024.<sup>2</sup> Recognising the sector's strategic importance, the Egyptian government actively supports firms that nearshore to Egypt, framing ICT as a key driver of sustainable growth. This allows Egypt to retain its skilled professionals while

1 Matteo Colombo et al., "[Connecting Shores: Assessing Egypt's ICT Nearshoring Potential](#)", Clingendael, 18 February 2025.

2 Information Technology Industry Development Agency (ITIDA), "[Egypt's ICT sector achieves 14.4% growth and reaches 5.8% of GDP in 2023/2024](#)", Industry Outlook, 2024.

they contribute to the domestic economy and generate foreign exchange earnings.<sup>3</sup>

Crucially, unlike other industries that have strong involvement of large state or military conglomerates, growth in the ICT sector is largely private sector driven, making the sector particularly attractive for Dutch SMEs. Moreover, it is expected that the sector will remain relatively open to foreign players in the future, as the government relies on ICT to attract foreign investments and reinforce Egypt's image as a forward-looking, globally connected economy.

### Egypt's ICT talent

A major strength of Egypt's ICT sector is its steady pipeline of new talent: around 50,000 ICT graduates enter the labour market annually.<sup>4</sup> This consistent inflow of skilled workers supports sector growth while reducing concerns about potential brain drain.

Interviews conducted with recruiters, trainers and nearshoring companies during a recent study tour (July 2025) confirmed that many companies are highly motivated to engage in nearshoring opportunities.<sup>5</sup> Many firms are struck by the relatively limited presence of Dutch companies in the local tech sector, especially when compared with neighbouring Germany. From interviews with established developers with experience in companies operating internationally, we learned that international roles are valued not only for their higher pay and prestige, but also for the structured work environment they provide, with clear task division and set working hours.<sup>6</sup> Multiple respondents noted the benefit of working fully remotely and being able to live in a more affordable city and

avoid traffic, specifically in Cairo.<sup>7</sup> For many employees, receiving salaries in a foreign currency – or in Egyptian pounds pegged to foreign exchange rates – offers financial stability in an otherwise volatile economy. In return, Egyptian ICT workers demonstrate strong client commitment and a clear willingness to adapt to expectations, often viewing such opportunities as a pathway to professional advancement and personal growth.

Beyond its workforce, Egypt has developed a vibrant and dynamic ICT business ecosystem, with numerous firms already serving international clients. These include North American and European markets – notably Germany – as well as Gulf countries such as Saudi Arabia. Egyptian ICT companies specialise in tailoring their services through three main models: staff augmentation, freelance matchmaking and full-service ICT solutions.<sup>8</sup> Many complement these services with intercultural communication and soft-skills training to prepare employees for international collaboration with American or European clients.<sup>9</sup> Others have established mentoring networks in which staff with more specific international experience train those with less experience.<sup>10</sup> Importantly, all these companies offer flexible arrangements that lower barriers to entry and address clients' hesitation, allowing Dutch companies to start with an individual or with small teams, and scale operations up or down depending on needs. Some barriers outlined in earlier work have thus proved to be largely addressed. This talent ecosystem is supported by robust digital infrastructure, including 17 submarine internet cables linking Europe and Asia through Egypt.<sup>11</sup>

3 For more on this, see our previous report Matteo Colombo et al., "[Connecting Shores: Assessing Egypt's ICT Nearshoring Potential](#)", Clingendael, 18 February 2025.

4 ITIDA, "[ITIDA Launches Nationwide Internship Program to Train 10,000 Students in Emerging Tech and Digital Arts](#)", ITIDA Press Release, 12 June 2025.

5 Sprints, Webkeyz, Nile Bits, Evolvece, Pharos, Söderhub, Squadio, Staff Arabia, Silicon Mind, Espace, and E-Youth learning.

6 Focus group with developers, Cairo, 8 July 2025.

7 As a city with over 20 million inhabitants and more than 3 million cars, traffic congestion is a persistent issue in the capital.

8 Interviews with the companies Sprints, Webkeyz, Nile Bits, Evolvece, Pharos, Söderhub, Squadio, Staff Arabia, and Silicon Mind, 7–11 July 2025.

9 For example, Sprints (offering AI work simulation), Evolvece, Pharos and Silicon.

10 For example, Webkeyz, Nile Bits and Squadio.

11 Submarine Networks, "[SEA-ME-WE-6 completes its two landings and crossing activities in Egypt](#)", 3 July 2025.

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Against this backdrop, nearshoring within partnerships with Egypt is strongly welcomed by Cairo, as well as by the private sector, which could feature as a constructive element in bilateral discussions, including on migration cooperation.

### Key barriers and solutions

Despite Egypt's strong potential in the ICT sector and its potential to meet Dutch labour market needs, collaboration has yet to gain real momentum. Hesitation stems partly from a lack of trust among Dutch companies in the strategy of nearshoring, often rooted in unfamiliarity or prejudice. Additionally, there are alternative barriers preventing nearshoring from taking off properly in the Netherlands. These barriers, and recommendations for how the Dutch government can address them, are outlined below. Effectively facilitating Dutch companies to nearshore would provide greater credibility for including nearshoring as a tool within bilateral dialogues and partnerships.

#### I. Uncharted territory

Dutch firms interested in nearshoring to Egypt face challenges in identifying reliable partners. Previous matchmaking initiatives lacked continuity and trust-building mechanisms, resulting in untapped potential on both sides. Some also misfired by pairing Dutch firms seeking to sell products in Egypt with Egyptian companies primarily focused on providing ICT nearshoring services, creating a mismatch of expectations. In addition, these programmes often overemphasised basic business process training in Egypt, overlooking the fact that

Egyptian ICT companies are already capable and well established.<sup>12</sup>

A more effective approach is to treat Egypt not as a secondary entry market for products, but as a strategic technology partner and ally in advancing digital cooperation and building sustainable bilateral ties while addressing Dutch labour shortages.

Recommendations:

- (1) Organise an event in the Netherlands for Dutch businesses introducing the long-term character of labour shortages, the incompleteness of current business strategies to deal with them, the alternative of nearshoring generally, and the opportunity of nearshoring to Egypt specifically. Combine research with the private sector, and invite (Dutch) companies experienced in such cooperation<sup>13</sup> to share their experiences.
- (2) Establish a government-supported list of vetted Egyptian ICT service providers interested in collaboration with Dutch firms in need of talent.<sup>14</sup> This should include the arrangements through which talent can be hired, as well as contact information of Dutch clients already making use of these services.
- (3) Facilitate structured matchmaking events and study tours, for example in collaboration with the Dutch Embassy in Cairo, for companies with specific talent needs. Companies can be invited based on the match between business needs and services and talent offered on the Egyptian side. Ensuring visible involvement of departments and organizations like the Dutch Ministry of Foreign Affairs, Ministry of Economic Affairs, the Netherlands Enterprise Agency (RVO), the Confederation of Netherlands Industry and Employers (VNO) and NL digital in such events will help build credibility and trust.

<sup>12</sup> Interviews with Egyptian companies involved in prior CBI projects, 7–11 July 2025.

<sup>13</sup> For example, EUR-IT.

<sup>14</sup> Partners that can provide the models of staff augmentation, freelance matchmaking or full-service ICT solutions.

- (4) Involve European companies with (extensive) experience in working with the Egyptian ICT workforce remotely to share lessons learned and strengthen credibility.

## II. Intercultural communication

Good communication between Dutch companies and remote workers is critical. Cultural differences and limited face-to-face exchange can lead to misunderstandings and miscommunication. Nearshore staff may lack familiarity with Dutch workplace norms and expectations, while Dutch firms may have limited awareness of Egyptian business practices.

Recommendations:

- (1) Broaden the scope of Orange Carpet visa arrangements to include freelancers and nearshore workers. In-person interaction through visits or exchanges to Dutch company headquarters or meetings with Dutch colleagues can help to improve communication within the company. At present, visa difficulties often make such exchanges challenging for Egyptian workers.<sup>15</sup>
- (2) Encourage Dutch firms to partner with Egyptian companies specialised in nearshoring that provide cultural training and mentoring to the hired staff, or even when hiring freelancers for a short time.
- (3) Develop a practical guide or training for SMEs on intercultural communication, to raise awareness among Dutch companies about cultural differences and offer concrete advice on creating a workplace that prioritises effective collaboration and communication across cultures.
- (4) Develop a registry of Dutch-Egyptian companies active in the sector that could facilitate easier travel and cooperation. This task can be undertaken by the Dutch Embassy in Cairo through an annually updated database. Over time, this may evolve into a dedicated business council to strengthen bilateral ties and streamline collaboration.

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15 Interview with ICT professionals in Cairo, 7 July 2025.

## III. Harmonisation of regulations and legal uncertainty

Many Dutch companies lack sufficient knowledge of Egypt's existing regulatory framework, creating uncertainty around compliance with labour rights, taxation and contractual obligations. Without local expertise or trusted intermediaries, this legal opacity acts as a barrier to engagement.<sup>16</sup> Similarly, companies may lack knowledge on mitigating strategies to ensure cyber security within nearshoring. Risks of insider threats, data leaks, espionage and misuse of system access are heightened when remote staff have unrestricted access or rely on personal devices with inadequate security measures.<sup>17</sup> Effective mitigation therefore requires robust access controls, including the use of company-issued equipment.

Recommendations:

- (1) Establish an Egyptian-Dutch business office through which Dutch companies can find and connect with trusted intermediaries to act as employer of record (EOR),<sup>18</sup> provide tech and infrastructure measures to mitigate cyber security risks and provide compliance assurance. This desk can also function as an info-point for Dutch companies on Egyptian regulatory and legal frameworks.
- (2) Inform companies on safeguards, such as using strong network architecture and technical controls, which remain crucial in reducing exposure to cyber threats. Key measures include ethical walls to limit access to sensitive information, zero trust practices to ensure that every user and device is verified before gaining access, and detection and logging systems to spot unusual behaviour and provide records for effective response. Partnering with local

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16 Interview with the EU Delegation to Egypt, 7 July 2025.

17 Interview with a Dutch cybersecurity expert, 29 August 2025.

18 An employer of record (EOR) is a third-party organisation that legally employs workers on behalf of a company, handling payroll, contracts, taxes and compliance, while the company directs the employees' day-to-day work.

Egyptian firms that act as intermediaries and quality controllers provides a practical way to enhance compliance, build trust and ensure smoother cooperation.<sup>19</sup>

- (3) Advocate for an EU-level services agreement with Egypt that would provide stronger safeguards, covering key issues such as data protection, labour standards, taxation and visa facilitation for Egyptian ICT providers.<sup>20</sup> Pushing for the inclusion of such an EU-level services agreement could help institutionalise cooperation, provide legal certainty on issues such as labour standards and taxation, and help align Egyptian standards with European requirements.

### **Cross-cutting Recommendation:**

Several of the above recommendations can be addressed through the establishment of a Dutch Desk, akin to the desks established in Kenya, Ghana, Nigeria or Ivory Coast. The establishment of such a desk strengthens Dutch-Egyptian collaboration in the ICT sector by acting as a central hub that connects and supports businesses across borders. Acting in close collaboration with the Dutch embassy and partners such as RVO and Invest International, the Desk could provide practical tools for cross-cultural cooperation, guidance on compliance and local regulations, and connect Dutch companies with vetted Egyptian partners. The Desk could also maintain registries of trusted providers and Dutch firms with relevant experience, helping companies navigate the local market and build sustainable partnerships. To ensure both sustainability and shared ownership, the Desk could be funded through a mix of public and private contributions.

## **IV. Talent mismatch**

A final challenge is the potential mismatch between supply and demand. Dutch ICT firms mainly seek mid- and senior-level professionals

and are often searching for the ‘perfect’<sup>21</sup> candidate. Due to structural and demographic challenges, however, the Dutch talent pool is shrinking and therefore cannot meet this demand. Egypt, by contrast, produces large numbers of ICT graduates every year but many lack the experience Dutch employers require. This may create a paradox: Dutch firms hesitate to hire inexperienced staff or juniors but, without investment in training or career development, the shortage of experienced professionals will only deepen.

### **Recommendations:**

The Dutch government could help bridge this gap by facilitating targeted training programmes tailored to the needs of Dutch firms. By preparing Egyptian ICT graduates for work within Dutch companies, such programmes would expand the pool of qualified candidates. It would also strengthen the diplomatic embedding of nearshoring initiatives by creating career opportunities for graduates at risk of under- or unemployment.

To enable effective training programmes, the following steps should be taken:

- (1) Conduct business-driven skills research to ensure that training programmes are aligned with the needs of Dutch employers. This can ensure that training is demand-driven and leads to more effective involvement of nearshore workers.<sup>22</sup>
- (2) Organise multi-day training programmes for recent Egyptian graduates who pass a technical assessment. These should combine technical upskilling with soft skills such as communication, presentation and Dutch workplace culture and could be hosted, for instance, within migration centres.
- (3) Facilitate direct connections by arranging a company day in Egypt where graduates can meet Dutch employers seeking talent.

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19 National Cyber Security Centre “[Managing Insider Threats](#)”, National Cyber Security Centre, 28 March 2024.

20 Unlike the EU-Japan [agreement](#), for example, which includes, among other things, General Data Protection Regulation (GDPR) harmonisation.

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21 Interview with Frank Eskes, Labour market consultant at UWV, 19 June 2025.

22 Clingendael, together with RVO, is currently surveying Dutch companies hiring for ICT roles on their needs and will be publishing a report on the results.

- (4) Engage an Egyptian professional with knowledge and experience in both the Dutch and Egyptian private sectors to act as a bridge between Egyptian graduates and Dutch employers. This role would ensure that training and career development are aligned with Dutch business needs, while building confidence in the quality and potential of Egypt's graduate talent pool.<sup>23</sup>
- (5) Provide funding for internships to give Egyptian graduates hands-on experience, allowing Dutch companies to onboard junior staff at a low risk while building the future pool of professionals.

### Path(s) forward

Our research mission to Egypt has shown that the foundation for ICT nearshoring is already partly in place. Several Dutch and Egyptian companies have developed concrete business plans to facilitate nearshoring initiatives. However, targeted government action is needed to scale these initiatives up and translate them into sustained and large-scale implementation.

The first step is awareness and outreach. Many Dutch businesses, particularly SMEs, remain unaware of the opportunities to hire remote ICT talent from countries such as Egypt and are unfamiliar or hesitant to engage with these markets. They need to be made aware of the opportunities and advantages of hiring remote tech talent from these countries.

Nearshoring should therefore be presented not as a last resort, but as a strategic response to the 'skills race', enabling Dutch firms to address structural ICT labour shortages while fostering sustainable employment abroad. Positioned in this way, nearshoring can be seen as a driver of long-term competitiveness rather than a fallback measure. To shift perceptions<sup>24</sup> and prompt companies to explore this option, a

national information campaign through business associations is needed. This campaign could be undertaken with the support of RVO and Invest International.

At the same time, an equally important step is to build trust and reduce perceived risks on the Dutch side. This could take the form of a pilot initiative, in which a company acts as a Dutch frontrunner, supported by an experienced Dutch and Egyptian intermediary with expertise in setting up nearshoring arrangements. The pilot would generate lessons learned and create a visible proof of concept that reassures SMEs and demonstrates the mutual benefits of this model.

Building on this pilot, the Dutch government, RVO and the Dutch Embassy in Cairo can then move from isolated measures to a coordinated scale-up with ICT-focused trade missions and targeted networking events, connecting Dutch SMEs with vetted Egyptian partners and talent pools.

Finally, for these efforts to succeed, nearshoring must be embedded in a coordinated, cross-ministerial approach that explicitly connects ICT-migration, trade and development policies. Breaking down silos is essential if nearshoring is to move beyond isolated experiments and evolve into a strategic pillar of bilateral cooperation, helping to address Dutch labour shortages, creating targeted employment abroad in partner countries, and building and strengthening durable partnerships.

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23 See for example Swiss organisation '[remote coders](#)', offering mentoring and matchmaking.

24 Interviews conducted during field research indicated a persistent perception that talent from African countries does not meet European standards.

### About the Clingendael Institute

Clingendael – the Netherlands Institute of International Relations – is a leading think tank and academy on international affairs. Through our analyses, training and public debate we aim to inspire and equip governments, businesses, and civil society in order to contribute to a secure, sustainable and just world.

www.clingendael.org  
info@clingendael.org  
+31 70 324 53 84

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### About the authors

**Matteo Colombo** is Research Fellow at Clingendael's Conflict Research Unit. He is part of its Middle East team focusing on political Islam, the rule of law, and the political economy of Egypt, Jordan, and Libya.

**Anouk Pronk** is a Research Fellow at Clingendael's EU & Global Affairs Unit. Her research work focuses on migration, including broad migration partnerships.

**Robin Neumann** is a Researcher at Clingendael's EU & Global Affairs Unit. Her research work focuses on external strategic partnerships and migration policy. Robin is also the Personal Assistant to the Director where she provides strategic support.

**Eilyaa Abdin** is a Research Assistant at the Clingendael's EU and Global Affairs Unit, where she works on Dutch migration partnerships and nearshoring.

**Monika Sie Dhian Ho** is Director of the Clingendael Institute and vice-president of the State Committee on Demographic Developments.

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