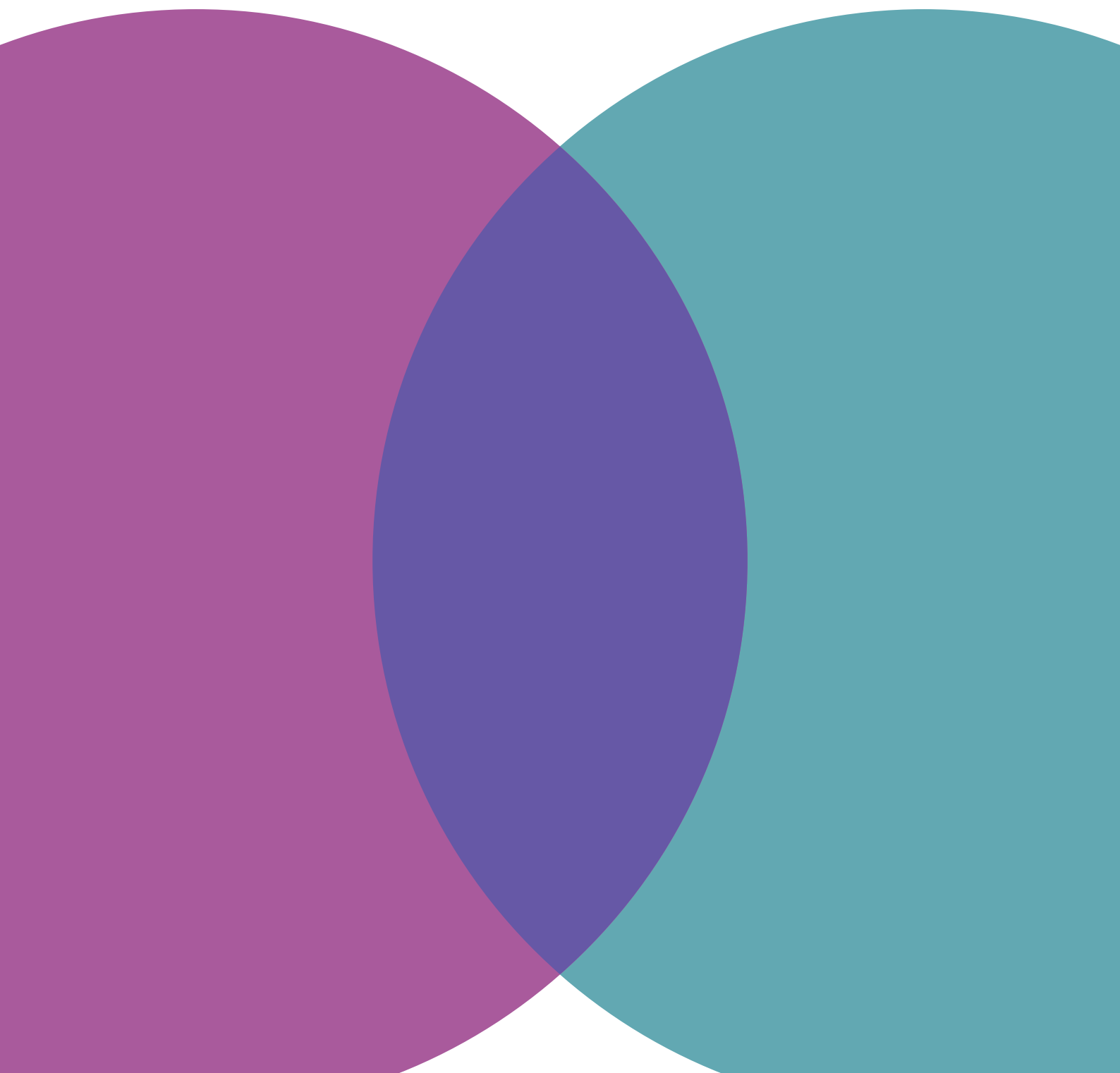


Creative and Social Enterprise in Egypt

2021-2022



About the British Council

The British Council is the United Kingdom's international organisation for educational opportunities and cultural relations.

Through our Inclusive Creative Economies (ICE) and Global Social Enterprise programmes, we support the growth of social and creative entrepreneurship to help address entrenched social and environmental problems and deliver positive change in our communities and societies. ICE includes several sub-programmes and interventions under its umbrella, which include the Developing Inclusive and Creative Economies (DICE) programme that was implemented between 2018-2021.

Operating at systemic, institutional and individual levels, our programmes draw on UK experience and expertise and are delivered across more than 30 countries with local and international partners.

Together, we provide social and creative entrepreneurs with access to training, mentoring and funding opportunities and promote social enterprise education in schools and universities. We also convene policy dialogues, organise study tours and conduct research to share knowledge and best practice in scaling social enterprise and social investment. Additionally, we deliver international development projects that promote the growth of social entrepreneurship.

It is an approach designed to help foster a more sustainable, inclusive and prosperous future and build collaboration, opportunities and trust between the UK and other countries.

www.britishcouncil.org/programmes/dice

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About Social Enterprise UK

Together with our members we are the voice for social enterprise in the UK. We build markets, undertake research, provide information and tools, share knowledge, raise awareness and campaign to create a business environment where social enterprises thrive. Our members range from local grass-roots organisations to multi-million-pound businesses.

socialenterprise.org.uk



Acknowledgments

We would like to sincerely thank all those who participated in the online survey and interviews. This report would not have been made possible without your invaluable insights. We would also like to thank the teams involved in the design and implementation of this study, namely colleagues at Ahead of the Curve, Social Enterprise UK, and the British Council.



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ABBREVIATIONS

ATC	Ahead of the Curve
CAPMAS	Central Agency for Public Mobilization and Statistics
CBE	Central Bank of Egypt
CCI	Cultural & Creative Industries
CE	Creative Enterprise
CSE	Creative Social Enterprise
DICE	Developing Inclusive and Creative Economies
EBRD	European Bank for Reconstruction and Development
EGP	Egyptian Pound
EIB	European Investment Bank
FEI	Federation of Egyptian Industries
GAFI	General Authority for Investment and Free Zones
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GII	Global Innovation Index
ICE	Inclusive and Creative Economies
ICT	Information and Communication Technology
JSC	Joint Stock Company
LLC	Limited Liability Company
MSME	Micro, small and medium-sized enterprises
R&D	Research and Development
SDG	Sustainable Development Goals
SE	Social Enterprise
SEUK	Social Enterprise UK
TEA	Total early-stage Entrepreneurial Activity
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organisation




INTRODUCTION

The British Council is the United Kingdom's international organisation for cultural relations and educational opportunities. Developing Inclusive and Creative Economies (DICE) is a British Council global programme (launched in 2018), which takes a holistic approach to imagining and building an economy that is equally accessible to all.

DICE is realised with and for women, youth, disabled people, and other groups that are excluded from the formal economy. The programme was co-designed by a global team and growing network in Brazil, Egypt, Indonesia, Pakistan, South Africa and the UK.


DICE is founded on the hypothesis that supporting the development of creative and social enterprise is an effective way to address the problems of unemployment and unequal economic growth and build more inclusive societies. This is underpinned by the understanding that, around the world, communities face common challenges and problems, including:

- 
- unemployment, especially among young people, potentially intensified by automation
 - growing wealth inequality and exclusion from 'mainstream' economic opportunities, especially of women, disabled people, and minorities
 - environmental degradation and the climate emergency
 - a sense of a loss of identity and community.

We know that even significant development aid and investment from governments cannot provide all the answers to overcome these challenges on their own.

The way we do business with each other has to be part of the solution. We need to bring together stakeholders in participatory ways to enhance mutual understanding. We need to foster the development of activities that have their origin in individual creativity, skill and talent and which have the potential to create wealth.

We know that creative and social enterprises have much in common and sometimes overlap. Our hypothesis is that creative and social enterprises:


- 
- have low barriers to entry, harnessing human creative, emotional, and social skills and generating jobs that are more future-proof and more resistant to automation, especially for women and young people
 - bring new, disruptive ideas to tackle the challenges we face, providing agile, environmentally and socially sustainable solutions that address market failure and contribute to the Sustainable Development Goals (SDGs)
 - are inclusive, challenging the over-concentration of wealth and capital by spreading ownership, enabling democratic ownership and governance, and distributing the benefits of innovation and technology
 - bring new energy and pride to communities and countries, reflecting their culture and changing how people feel about themselves.

Creative and social enterprises in many parts of the world are considered a success story, generating both economic contributions and positive social impact. DICE was founded on this premise.

Social Enterprise UK, Catavento Pesquisas in Brazil, SDPI in Pakistan, Simanye in South Africa, the Parahyangan Catholic University in Indonesia, and Ahead of the Curve in Egypt worked with the British Council to survey creative and social enterprise activity in each of the six DICE countries in order to support the programme's work at the systemic and institutional levels in particular. This work builds on a methodology for mapping social enterprise activity in around 20 countries and also incorporates further expertise on the creative economy and creative enterprise. The surveys seek to provide baseline data on the creative and social enterprise situation in each country in order to:

- 
- understand the specificities and diversity of the creative economy in the six DICE countries
 - develop and clarify the British Council's approach and definition of creative and cultural industries and the creative economy and its contribution to inclusive development
 - clarify the differences and overlaps between the social and creative economy.

This approach was tested with peers and experts internationally and in-country. It has sought to provide new quantitative data that explores:

- 
- contributions to the economy and to inclusive development of these enterprises (e.g. job creation, turnover, inclusive recruitment, supply chains and customer-bases, impactful products and services)
 - current financing/funding and support sources and needs/gaps
 - overlap and complementarities between creative and social enterprises.

This report on Egypt sets out the findings from research and survey work conducted between February 2019 and January 2020 and includes a summary of the methodological approach, an overview of survey and research findings, and analysis of the significance of these results for inclusive development and the growth of creative and social enterprises in Egypt. We hope it can help support and inform policy and programmes in each country to further encourage the sustainable development of creative and social enterprises across the world.



EGYPT COUNTRY CONTEXT

Egypt is one of North Africa's most dynamic mixed economies, with an ever-changing macroeconomic situation and numerous policy shifts and reforms over the past quarter of a century. Nevertheless, growth has been relatively stable over the same period, reaching 5.6 per cent in 2019 (World Bank n.d.).

Since the 2011 revolution, however, economic prospects have been uncertain in the wake of consistent political turmoil. These concerns have been at least partially mitigated with the introduction of the IMF programme of reforms in 2016 (IMF 2016). Through the expansion of several sectors, such as tourism and manufacturing, along with an increase in private investment, the growth rate of the country has picked up, and inflation appears to be declining. Inflation rates peaked at more than 20 per cent in 2017 and fell to a relative low of 9.3 per cent in 2019 before the start of the Covid-19 pandemic.



Notably, the unemployment rate has fallen to its lowest level in a decade (7.5 per cent in 2019), contributing to the easing of the ‘youth bulge’ dilemma faced by the country (World Bank n.d.). Exchange rate flotation and business climate improvements have also contributed to the growth and stability of the country. On one hand, flotation has resulted in an increase in the amount of non-oil exports and improvements in the balance of trade. On the other hand, several landmark policies, such as increased access to credit, improved legal rights, and improved bankruptcy laws, have eased the process of enterprise foundation and has unshackled the private sector (Oxford Business Group 2019; Reuters 2018). Poverty rates, however, remain high, reaching a maximum of 33 per cent in 2019 (The Economist 2019).

The Egyptian economy is characterised by significant levels of informal employment. It is estimated that between 48 per cent and 70 per cent of workers outside of the agriculture sector work under informal conditions¹ and that between 37 per cent and 93 per cent of the Egyptian economy is informal (AfDB 2016). More than 6.9 million Egyptians seek employment in other Arab countries (CAPMAS 2019), leading to a heavy reliance of the economy on capital inflows of remittances which reached a high of USD 5.9 billion in 2020 (CBE 2019).

MSMES IN EGYPT

Micro, small and medium-sized enterprises (MSMEs) are strong influencers of employment, development and growth. When defining MSMEs by size, the Central Bank of Egypt (CBE) defines micro-enterprises as those employing fewer than ten employees and small and medium enterprises as those employing between ten and 200 employees (CBE, 2019). The Central Agency for Public Mobilization and Statistics (CAPMAS) deployed a different definition in 2006, with micro-enterprises employing fewer than five employees, small enterprises employing 5–49, and medium enterprises employing more than 50 (AfDB, 2016). Either way, micro-enterprises constitute 90 per cent or more of companies in Egypt (AfDB, 2016). In 2017, the CBE reported that approximately 91 per cent of all businesses in Egypt were micro-enterprises, 8 per cent were medium-sized companies, and less than one per cent were large companies. Of the MSMEs surveyed, 51 per cent were involved in the manufacturing sector, and 40 per cent were involved in the international trade, the export or import of goods, retail trade, and the provision of trade services.² Furthermore, MSMEs contribute 75 per cent of total employment in the private sector, both formally and informally (Angel-Urdinola and Tanabe 2012).

¹ Employed outside establishments, not subject to national labour legislation or entitled to social protection or employment benefits.

² Employed outside establishments, not subject to national labour legislation or entitled to social protection or employment benefits.

The lack of financial assistance for MSMEs is an enormous problem in Egypt, even though it has been a focal point of policymakers for several years. Various actions to increase access to finance have been initiated, particularly following the 2011 revolution. Development lenders such as the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) have allocated funds to support loans to MSMEs. From 2011 to 2019, major bilateral and multilateral development banks expanded credit lines to approximately USD 4 billion for Egyptian banks to provide loans to MSMEs. The Egyptian government is also becoming involved in supporting MSMEs. In 2016, Egyptian President Abdel Fattah El-Sisi announced a 200-billion-Egyptian-pound (USD 12 billion) loan programme to support MSMEs and limited interest rates to 5 per cent (CBE, 2019). The CBE also now requires that banks allocate 20 per cent of their loan portfolio to MSME lending (Barthelmess and Langlois 2020).

EARLY-STAGE ENTREPRENEURIAL DYNAMICS IN EGYPT

Egypt has the fastest-growing levels of entrepreneurship in the Middle East and North Africa (MENA) region³ according to Magnitt's report on the investment climate in the region (Magnitt 2020). Approximately 76 per cent of Egyptians surveyed in the 2017/18 Global Entrepreneurship Monitor (GEM) report said that they view entrepreneurship as a desirable career choice, while 55.5 per cent of Egyptians want to start their own businesses (GEM Report 2017/18 2018).

Annually, 500,000 tertiary education graduates and 340,000 university graduates enter the job market, and current conditions often encourage them to launch new enterprises, not only because of the lack of available jobs, but also because they see gaps between the commodities and services that are available and those that are needed.

The Total early-stage Entrepreneurial Activity (TEA) rate in Egypt in 2017 was slightly higher than the worldwide average and 19th globally, with 13.3 per cent of adults in Egypt aged 18–64 having established a business within the past 3.5 years. Currently, 5.7 per cent of adults in Egypt aged 18–64 are owners/managers of businesses established more than 3.5 years ago (ranked 38th). The number of early-stage entrepreneurs between the ages of 18 and 34 in Egypt is also higher than the global average. However, the number of business closures in Egypt has increased annually since 2010, up to 10.2 per cent in 2017 with around 15.5 per cent of these businesses closing due to difficulties in securing finance (GEM 2018).

Data shows that 54.3 per cent of entrepreneurship is in the wholesale and retail sector; 13.1 per cent in the manufacturing sector; and 7 per cent in the agriculture sector. Start-ups in the fields of information and communication technology (ICT), finance, or other specialised professional services are extremely limited (GEM 2018).

Compared to worldwide GEM averages, the entrepreneurship ecosystem is still nascent. GEM considers cultural and social norms, internal market dynamics, entrepreneurial finance, government policies, entrepreneurial education, and more. Steps are being taken to improve this situation and appear to be having a noticeable positive impact, including improvements in access to finance (increasing from 3.5 in 2015 to 4.0 in 2017⁴), government policy support and market entry regulations, among other factors (GEM 2018).

As a result, starting a business in Egypt in 2020 is now easier than it was in the past. Investors are now able to take advantage of a new 'one-stop shop' programme introduced in 2017/18 to reduce regulatory complexities. Currently, the timeframe for starting a business in Egypt is 11 days and involves as few as six steps. Access to credit has also been simplified (Enterprise 2018).

It is within this context that we can explore the emergence of creative and social enterprise in Egypt.

3 The Middle East and North Africa region is defined differently in various contexts but tends to refer to around 20 countries stretching from Morocco to Iran.

4 Experts' ratings of the entrepreneurial ecosystem in Egypt with figures representing mean scores based on a scale of 1 to 9.



RESEARCH METHODOLOGY

This report seeks to understand creative and social enterprise in Egypt and sets out findings from research and survey work conducted in Egypt between August 2019 and February 2020 (i.e. before the Covid-19 pandemic) and includes a summary of the methodological approach, an overview of survey and research findings, and analysis of the significance of these results for inclusive development and the growth of social and creative enterprises in Egypt.

Our methodology included both the review of existing data and the provision of new primary evidence of social and creative enterprise activity in the context of inclusive economic development. Primary data collection took place in the summer and autumn of 2019 and comprised a survey of creative and social enterprises and collection of evidence from important stakeholders via methodology workshops, data validation, and interviews both with intermediaries and with creative and social enterprises. A review of existing evidence to supplement survey findings was also conducted, including prior research on creative and social enterprise activity, data on national economic development, and comparative activity of non-governmental organisations (NGOs) and MSMEs.

The work in Egypt was carried out by Ahead of the Curve (ATC), with support from Social Enterprise UK (SEUK). The methodology has been used across five countries and was adapted for the Egyptian context after local consultations. It is also being compared to UK research in this area.

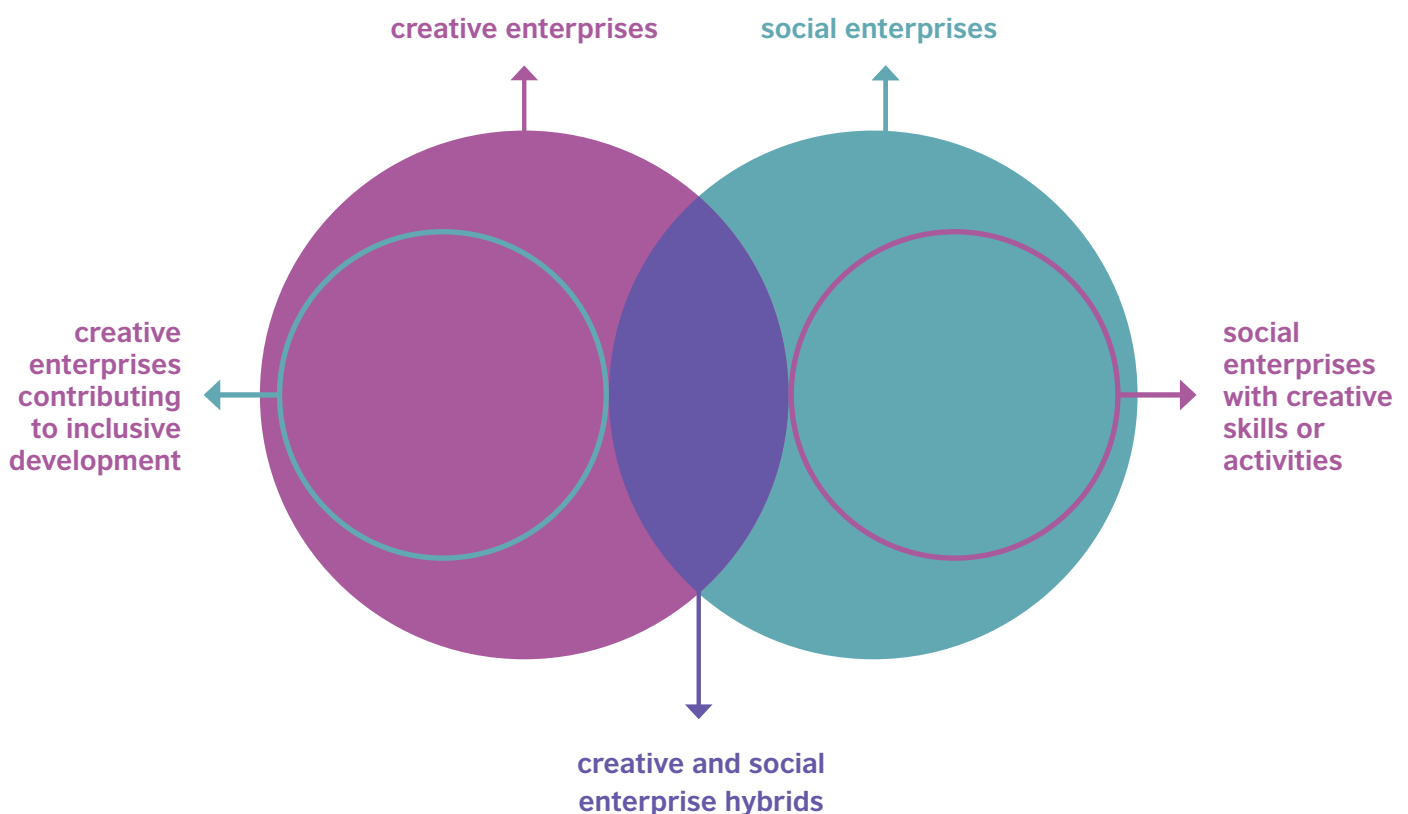
Full information on the methodology can be found in Appendix 1 – Detailed Methodology and the survey questions are listed in Appendix 6 – Survey Questions.

The questions covered the following topics: General information about the organisation, including whether the owners perceive it as a social, creative or creative social enterprise, employment figures, diversity within the organisation and its management, investments in research, innovation, impact management, access to finance, financial performance, key challenges, opportunities, and support mechanisms.

DEFINING SOCIAL AND CREATIVE ENTERPRISES

Recognising the lack of internationally agreed upon definitions of creative and social enterprise, this study set out core principles to inform the inclusion of organisations in the study, then consulted with national stakeholders to refine the inclusion criteria used for the survey tool.

Figure 1: The creative and social enterprise universe



Definition of a creative enterprise (CE)

For creative enterprises, the focus was on whether they belonged to a cultural or creative sector. Although there is no single accepted official definition in Egypt, we used the following criteria based on the existing literature and consultation:

- companies operating in sectors related to art, design, media production, culture, and ICT
- companies heavily reliant on creative processes to launch innovative products and services
- companies operating in creative sectors and/or utilizing creative skills.

Definition of a social enterprise (SE)

For the purposes of this study, social enterprises were selected from the data set according to the following main criteria:

- companies or organisations with a commitment to a social or environmental mission, and a prioritisation of financial viability
- companies or organisations that prioritise purpose over profit
- companies or organisations that are not primarily reliant on grant funding.
- companies with the primary objective of achieving social and/or environmental impact in a financially viable manner.

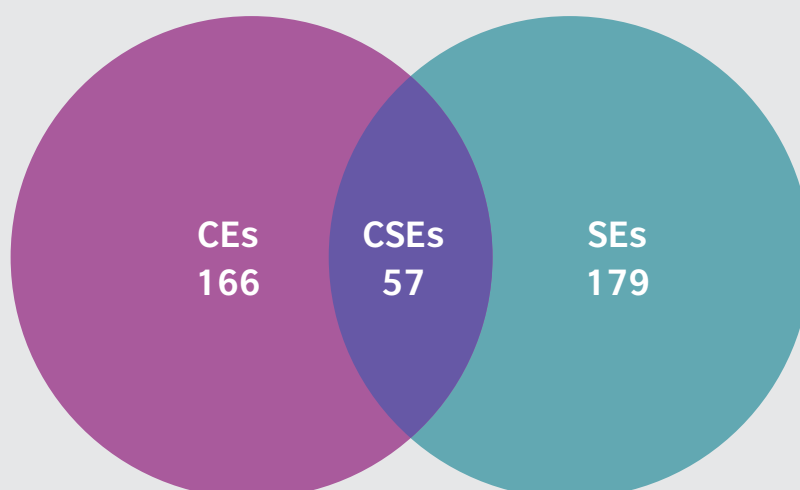
Definition of a creative social enterprise (CSE)

For hybrid enterprises, or what we are calling in this report creative social enterprises, we merged the criteria for SEs and CEs to find those that met both sets of requirements.

- Companies operating in creative sectors and/or utilizing creative skills towards achieving social and/or environmental impact in a financially viable manner.

We applied the definitions above to our entire sample of enterprises, and the resulting analysis showed that 45 per cent could be classified as SEs, 41 per cent as CEs, and 14 per cent as CSEs. For more on the survey sample and limitations, please see attached appendices.

Figure 2: Distribution of enterprises

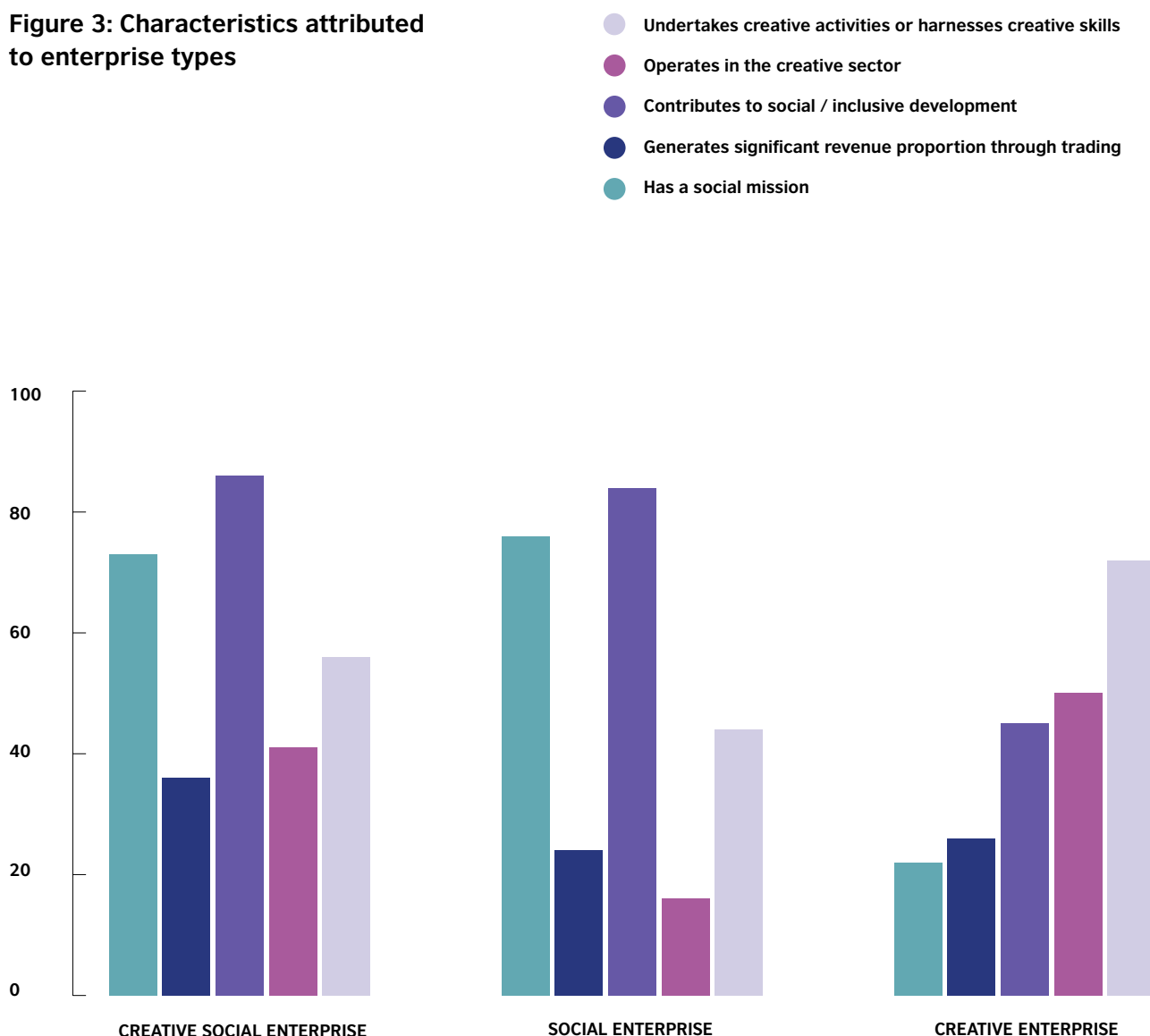


PERCEPTIONS OF SOCIAL AND CREATIVE ENTERPRISES

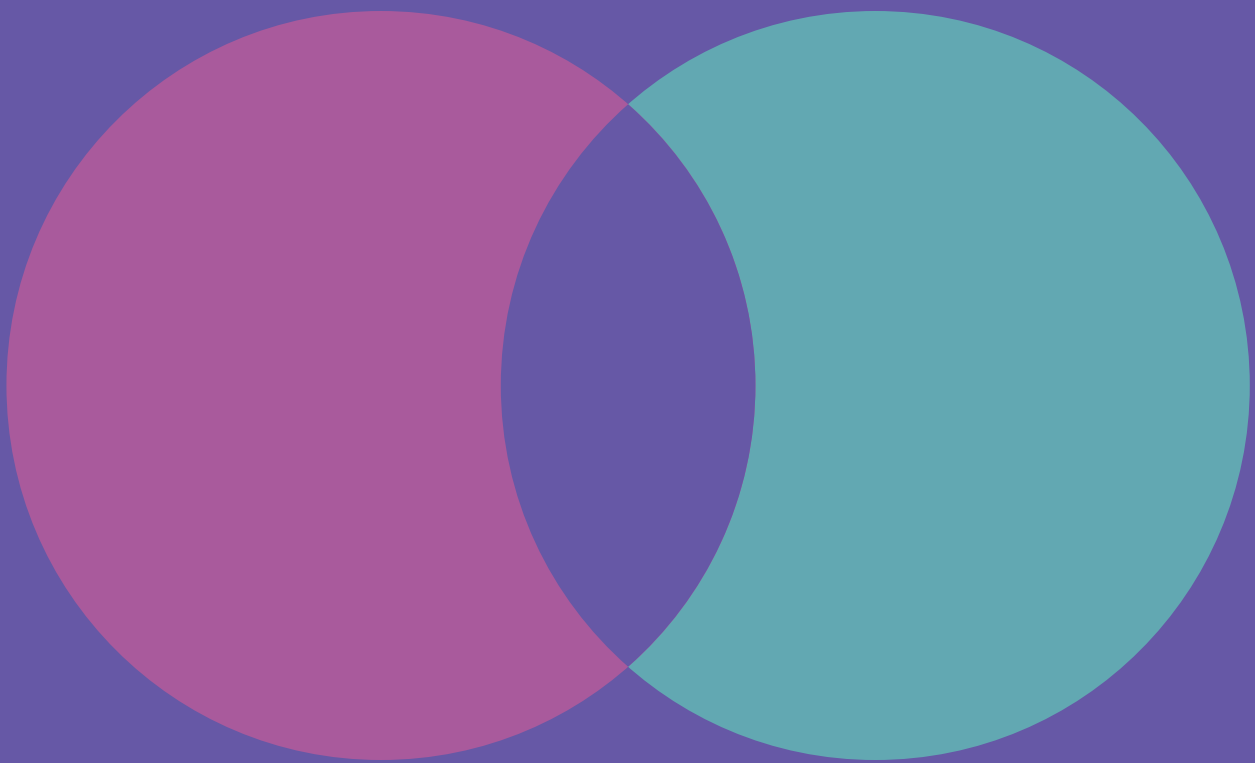
To eliminate undue external influence and obtain their perspective, survey respondents were not told in advance the definitions being used for the research and were asked for their perceptions of their own organisations. They were given five main options as to how they self-identified, namely: social enterprise, creative enterprise, neither, both, or other, where they had the option to describe how they identify their business. They could choose more than one option. A total of 65 online survey respondents answered this question. The figure below demonstrates the characteristics that respondents attributed to each type of enterprise.

As might be expected, self-identifying creative enterprises and CSEs place more emphasis on undertaking creative activities or harnessing creative skills and operating in the creative sector. Social enterprises define themselves more often through their social mission or their contribution to social/inclusive development.

Figure 3: Characteristics attributed to enterprise types



CREATIVE AND SOCIAL ENTERPRISE ACTIVITY IN EGYPT



CREATIVE ENTERPRISE IN EGYPT

‘Creative enterprise’ (CE) is a contested term in Egypt and beyond. The phrase is also related to – and often overlaps with – the ideas of ‘creative industries’ and ‘cultural industries’. In general, ‘creative enterprises’ can be defined as businesses that capitalise on individual creativity to generate value and jobs (Grefe 2006) and that may operate in an array of fields such as advertising, architecture, art, craftsmanship, fashion, film, music, performing arts, and software development. The term ‘creativity’ in itself may be understood to refer to the use of imagination and innovation to learn a skill, create something new, address or interpret situations and challenges in a novel manner, act flexibly or transform an entire industry (Kaufman and Beghetto 2009).

According to UNESCO, cultural and creative industries are among the fastest growing businesses in the world (UNESCO 2015). In a 2020 interview in Al Ahram, Selma Halilovic from the Goethe Institute Cultural and Creative Economics programme in Egypt suggests that they have ‘proven to be a sustainable development option that relies on a unique and renewable resource, which is human creativity’ (Al Ahram 2020).

Yet there is no specific definition of creative enterprise in Egypt. ‘Focusing on the scene in Egypt and the Arab world,’ Halilovic adds, ‘we found an absence of platforms for knowledge transfer in the field of creative and handicraft industries management and culture management, which we have been keen to support through several projects’ (Al Ahram 2020).

In 2015, the Federation of Egyptian Industries (FEI) launched a Chamber of Handicrafts to preserve and develop Egypt’s craft heritage in collaboration with private and governmental entities. The chamber does so by enhancing the capacity of the craft industry to meet national and international market needs, facilitating crafters’ access to financial and technical support and formalising the industry. This chamber defines craft as having 9 sub-sectors, each using different media:

1) weaving and embroidery; 2) glass products;

3) stones; 4) pottery, mosaics and ceramics; 5) woodwork; 6) handmade carpets; 7) jewellery and accessories; 8) wax work; and 9) metal work. Separate chambers exist for other sectors that can also be classified as part of the creative industries, including the Chamber of Leather Goods, the Chamber of Cinema Production, and others.

In 2015, UNIDO attempted to map out clusters of cultural and creative industries (CCI) in the Southern Mediterranean, including Egypt. The report reveals 47 distinct clusters across the country, 26 of which are artisanal or handicrafts-related and 21 of which are defined as taking ‘an industrial or service-oriented’ approach. Clusters related to advertising, music and film production are largely centred in Cairo, with an array of other artisanal clusters distributed across the entire country.

A 2017 study on the state of CCIs in several Arab countries defines its members as those engaged in activities that ‘require significant potential for creation and innovation, including artistic products, advertising, computer games, digital products, design and architecture’ (Kassis and Hariri 2017). The study notes an expansion in specific sub-segments, such as those of architecture, design, and digital creation, and how professionals and creatives within these sectors are often informally or irregularly employed. Traditional crafts sectors, which are the ones receiving more national attention, are reported as being less attractive to new market entrants.

Understanding public spending on the creative industries can be difficult as resources are administered by the Ministry of Culture and the Supreme Council for Culture, which dedicate resources to the broader category of ‘Recreation, Culture and Religion’, making it hard to estimate the resources dedicated to specific sub-sectors or to creative activities alone (Hariri and Kassis 2017).

Several nationwide frameworks to foster entrepreneurship and innovation as a whole have been introduced. These include Vision 2030 which includes a pillar dedicated to achieving knowledge-based economic growth (MPED n.d.) and the Ministry of Trade and Industry’s strategy, with a

pillar dedicated to MSME and entrepreneurship development. However, national level strategies to foster the creative industries more specifically are lacking even though the national action plan for implementing Vision 2030 in 2020/2019 did include crafts under the sub-sections dedicated to social and human development (MPED 2019). Enhancing cultural services, reviving traditional crafts in partnership with local communities, and increasing cultural production are all listed as strategic objectives and goals within the plan.

A few studies have attempted to better understand the creative economy and related fields in Egypt. For instance, in 2009, a study that compared the development of innovation in Egypt, Morocco, Jordan and Tunisia was published by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Promotion of Small and Medium Enterprise (PSME), and IceAlex Innovation Hub, with Egypt scoring relatively low against a range of indicators (Bastawiy and Ofman 2018).

This research suggest that young people are deterred from the traditional crafts sector given its time-consuming and low-paying nature (Ahram 2019), and there is a corresponding decline in the numbers of artisans.

It is clear that the idea of CE in Egypt is still relatively new and not widely understood with any consistency. It can incorporate modern digital technologies as well as ancient crafts. We hope this research is a step towards making CEs and the contribution they make to the economy and society more widely understood in Egypt. In doing so, we hope the research can inform the infrastructure, policies and systems that may be required to encourage CEs to flourish.

MAPPING ATLAS OF CREATIVE INDUSTRIES: EGYPTIAN HANDICRAFTS

Egypt has a rich history of traditional artisanal activity that has to be considered when attempting to understand the creative economy in the country. These artisans tend to operate informally and often focus on one traditional craft, such as pottery, carpentry or weaving. Since 2013, Usama Ghazali, co-founder of Yadaweya, an Egyptian CE, which connects offline Egyptian artisan communities with online customers worldwide, has carried out research in this field. Over the past six years, Ghazali has visited more than 500 Egyptian villages, slums, and regions in various governorates and found 210 different types of handicrafts/artists' establishments with multiple artisans. Many of them were unique. Ghazali conducted direct interviews with the crafters, exploring each craft and the problems associated with it.

The atlas that Ghazali subsequently developed with a unique handicraft map for each of Egypt's 27 governorates is based on the documentation of heritage crafts (Ghazali 2019). These can be understood as any product made entirely or partly by hand or any product or industry that has ceased to exist for some time and is undergoing some form of revitalisation. The definition of the craft is partially based on the geographical cultural description and the heritage value of the product at the local and national level rather than simply definitions related only to the function of the product. The data for these maps was collected over a period of six years, starting in September 2013 and finishing in July 2019. The atlas maps out the prevalence of a total of 39 crafts across all of Egypt.

SOCIAL ENTERPRISE IN EGYPT

The term 'social enterprise' (SE) has been used in different contexts over time. The Nobel Prize winner and microfinance pioneer Muhammad Yunus has played a significant role in popularising the term, including in Egypt, alongside thousands of others around the world over the past decades. While there are many definitions for social enterprises, most exist in order to fulfil a social mission while also looking generating sustainable revenue (Idowu, Schmidpeter and Zu 2019). The combination of revenue generation and impact can exist in many forms, however.

Egypt has been home to a wide range of SEs for many years, but they are still far from widely understood. There is some qualitative research on social enterprise in Egypt and on the extent to which the concept is understood. This includes, but is not limited to, a 2010 guidebook by Ehaab Abdou⁵, an Ashoka fellow and founding member of Nahdet El Mahrousa, one of the foremost social enterprise support organisations in Egypt; a report on social enterprises across the region (ATC, AUB

and AUC 2014); and a Wamda report looking at social enterprise activity in Egypt and the Levant (Halabi, Kheir and Cochrane 2017).

Egypt has experienced an increase in awareness of, and interest in, SEs since 2010 with concomitant growth in the number of SE models and support organisations. Abdou and El Ebrashi describe how 'over the past decade, there have been some positive indicators within the sector in Egypt mostly related to an increasing interest, awareness as well as the number of support organisations and SE models available' (2015).

This research tells us that Egypt's young people are establishing and operating SEs (Abdou, et al. 2010) and that there is enormous potential for SEs to be involved in Egypt's development (Abdou, et al. 2010; Buckner, Beges-Thysen and Khatib 2012; El Ebrashi 2013). It seems that many of this younger generation are not content with traditional business models. They want to develop their financial capabilities while at the same time strengthening their communities, enhancing services for those who require special care, and eliminating inequality in all areas of society.

⁵ Dr Ehaab Abdou is also an advisor for the Middle East Youth Initiative at the Brookings Institute and a member of the Egyptian Development Marketplace programme team.



Joint project with the Ministry of Social solidarity, implemented by Yomken.com, for the Support of People with Disability.

Although the proportion of young people in Egypt as a whole has been increasing since 1960, this group continues to be marginalised economically (Dhillon and Yousef 2009; Barsoum 2012) as well as politically (Shehata 2008; El-Mahdi and Marfleet, 2009). Nevertheless, Egyptian youth are increasingly involved in political activities, including demonstrations (Shehata 2008; El-Mahdi and Marfleet 2009), and in civic volunteering activities (Gerhart Center 2011; Youniss, Barber and Billen 2013).

THE CREATIVE AND SOCIAL ENTERPRISE ECOSYSTEM

There are many established incubators that provide support for local entrepreneurs. These include incubators founded by the government such as Bedaya, the Technology Innovation and Entrepreneurship Center (TIEC), and Fekretak Sherketak, which all offer funding for new and innovative ideas (Egypt Today, 2019).

Recently however, numerous social enterprise-specific support organisations have emerged in Egypt, of which a substantial number provide some form of financial – and often non-financial – support, with many focusing mainly on exclusively non-financial support. These include, but are not limited to:

Nahdet El Mahrousa (established in 2006) – This is a pioneering incubator of innovative social enterprises in the Middle East. It is unique in that it offers both a platform for building social enterprises as well as a network of support for people who have similar ideas and interests that aim to improve Egypt's pressing social problems (Nahdet El Mahrousa. n.d.).

Ahead of the Curve (ATC) (established in 2012) – ATC (the producer of this report) is a first-of-its-kind social business based in Cairo. It promotes sustainable management practice, inclusive market growth and social innovation in the MENA region. ATC is a major player in the fields of sustainable business and impact-driven entrepreneurship across the Arab world and

in growth markets at large. It has placed great emphasis on engaging the government, private sector, international donor community, and civil society to advocate for sustainable business practice and support impact entrepreneurship and youth employment.

GESR (established in 2013) – The Governorate Economic and Social Revival (GESR) is a programme associated with Misr El Kheir (MEK) Foundation which aims to promote economic and social prosperity by extending its outreach in Egypt's governorates and supporting technology entrepreneurship through the GESR incubator programme. This programme supports and invests in promising social innovations and technology-based social enterprises that have developed a functional prototype. Additionally, it assists social innovators to develop and realise their ideas and test their prototypes through the GESR Social Innovation Lab programme. It also supports the sustainability of social start-ups by connecting them with socially minded investors and helping them pitch, as well as walking them through the process of due diligence through the GESR Impact Network programme (GESR n.d.).

RISE Egypt (established in 2013) – RISE Egypt is the local chapter of a global non-profit organisation that aims to influence its network of top investors, experts and researchers to accelerate entrepreneurship for development in Egypt. It is a 'Think-and-Do-Tank' that links capacity-building for growth-stage social enterprises with world class research to enable an evidence-based scale-up of its portfolio companies' (RISE Egypt n.d.). It also promotes collaboration across sectors and attempts to create a support network to connect social entrepreneurs with local and global experts and stakeholders of interest through LEEP, a tailored platform that provides access to knowledge and resources.⁶ RISE Egypt is currently focusing on the education and environment sectors.

⁶ <https://www.leep4impact.org/>

A number of supporting organisations also exist to cultivate and nurture entrepreneurship in general but include impact-driven companies in their pipelines. These include but not limited to:

Flat6Labs (established in 2011) – Flat6Labs is a start-up accelerator that invests in passionate entrepreneurs with innovative and pioneering ideas. They provide seed funding, strategic mentorship, a creative workspace, numerous perks, and entrepreneurship-focused business training. They support their start-ups through a wide network of partners, mentors and investors (Flat6Labs n.d.).

KI Angels (established in 2011) – KI Angels is the investment fund of angel investor Khaled Ismail. It has so far invested in 12 companies, with an average investment of USD 200,000 each (Switchers Fund n.d.).

Cairo Angels (established in 2012) – Cairo Angels is Egypt's first formal angel investment network. It invests in early-stage start-ups in Egypt and across the MENA region and routinely conducts investment meetings to review pre-selected potential investees that meet its criteria. It also facilitates due diligence for opportunities that receive interest from investors, negotiates terms, and finalises deal closing (Cairo Angels n.d.).

AUC Venture Lab (established in 2013) – AUC Venture Lab is Egypt's first university-based start-up incubator and accelerator. Since its launch in 2013, it has provided more than 1500 hours of mentoring and training to its entrepreneurs, incubated 115 start-ups, raised more than EGP 220 million in investments, and generated 500 new jobs (AUC Venture Lab n.d.).

RISE UP Summit (established in 2013) – RISE UP is a platform that connects start-ups to the most relevant resources worldwide. They conduct an annual entrepreneurship marathon known as the RISE UP Summit, in which talks, sessions, workshops, pitch competitions, and events are held to help diverse attendees from all over the world communicate (RiseUp Summit n.d.).

Egypt Ventures (established in 2017) – Egypt Ventures, an affiliate of the Ministry of Investment and International Co-operation, finances Fekretak Sherketak, a 4-month accelerator that provides up to EGP 500,000 for start-ups. In exchange, Fekretak Sherketak acquires 8–4 per cent equity in the company. The programme also provides entrepreneurial training. To date, more than 1,000 investors have provided funds for 100 business concepts. The program, which cycles twice annually, offers 20,000 Egyptian pounds (USD 1,280) in seed capital to winning start-ups and is now in its seventh cycle. Other benefits include a co-working space, access to the American University in Cairo campus facilities, mentorship, investor exposure, and networking events. It has recently joined with the Commercial International Bank (CIB) to launch a 12-week fintech accelerator programme (Barthelmess and Langlois 2020).

NilePreneurs (established in 2018) – NilePreneurs is a national initiative funded by the Central Bank of Egypt (CBE), and implemented by Nile University. It aims to enhance the entrepreneurship ecosystem in Egypt through a variety of programmes, such as innovation accelerators, training and digital awareness, entrepreneurship support, and business development services (NilePreneurs n.d.).

CREATIVE AND SOCIAL ENTERPRISE ECOSYSTEM





CHARACTERISTICS OF CREATIVE AND SOCIAL ENTERPRISES

Egypt has seen an increase in creative and social enterprises in recent years, particularly in Cairo. These businesses take various legal forms but are most commonly limited liability companies. They work across a diverse range of industries, including film, TV, video, radio and photography, education and IT.

This section presents the findings from our survey in terms of type of enterprise, employee numbers, turnover, age, geography and sector. We also aim to compare the findings specific to social and creative enterprises with the wider Egyptian context.

DEMOGRAPHICS OF CREATIVE AND SOCIAL ENTERPRISES

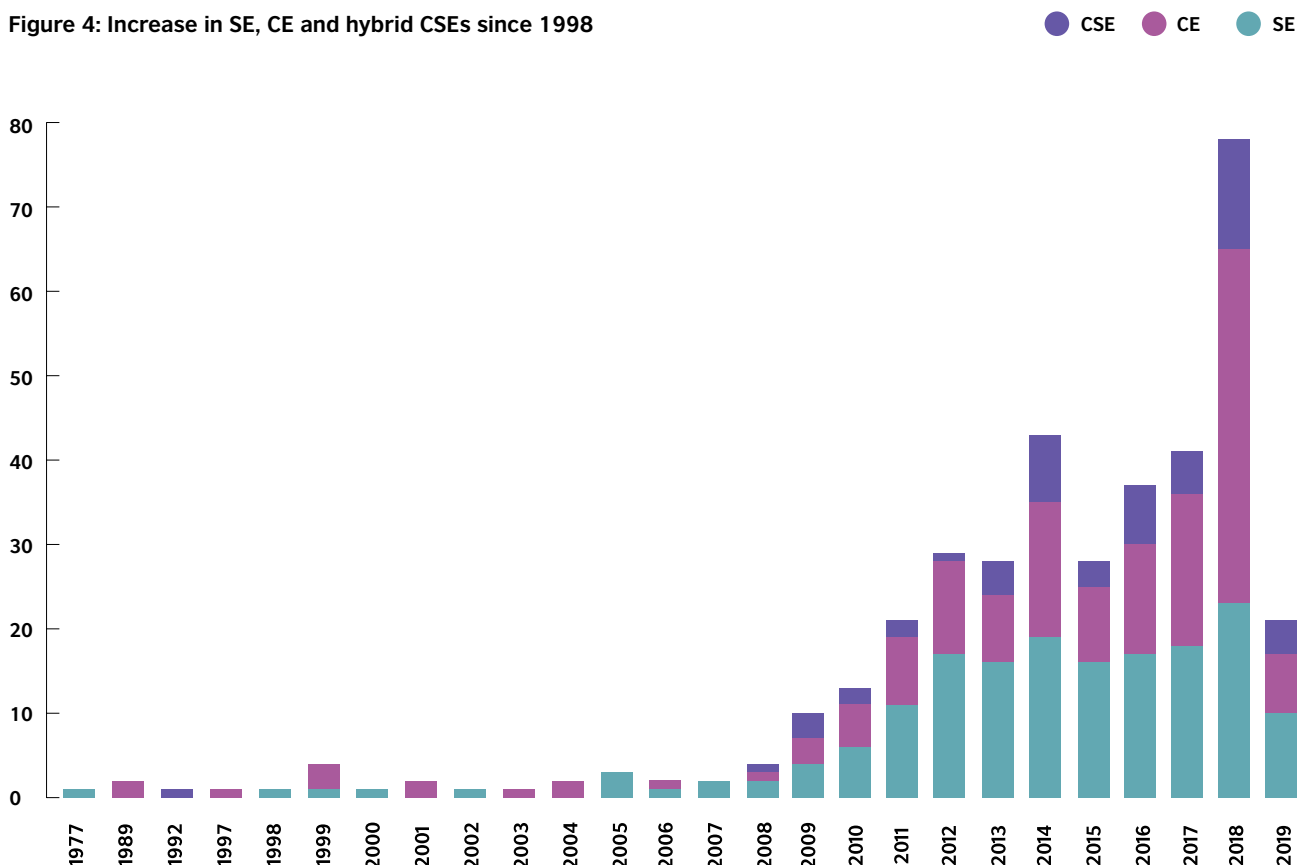
Date of establishment

All survey respondents answered the question on year of establishment. Additional data was gathered through research on a further 317 enterprises.

As the graph indicates, the number of SEs, CEs, and hybrid CSEs has seen a significant rise over the past decade. Despite the Egyptian revolution in 2011, the numbers have continued

to increase rapidly, albeit with some setbacks. The fluctuations in 2015 and 2017 can be attributed to Egypt's volatile socio-economic situation during these years. The 2019 decline is likely simply a factor of the survey methodology whereby newer enterprises are harder to reach and/or identify online since they are not yet known in entrepreneurship circles and have not established an online presence.

Figure 4: Increase in SE, CE and hybrid CSEs since 1998



Headquarters and locations of operation

A large proportion of creative and social enterprises in Egypt are based in Cairo. A total of 91 survey respondents answered the question about the location of their enterprise, and we gathered information from a further 338 mapped enterprises. Several enterprises serve multiple governorates, however, by virtue of offering a platform or electronic service, or by having operations in multiple governorates.

Legal form of organisations

The Egyptian General Authority for Investment and Free Zones (GAFI) regulates business establishment, operations, and dissolution by means of the Companies' Law No. 159 of 1981, the New Investment Law No. 72 of 2017, and the Capital Markets Law. The five most common legal structures for enterprises are:

- branch of a foreign company
- joint stock company (JSC)
- limited liability company (LLC)
- sole proprietorship
- representative office (Hakim 2020).

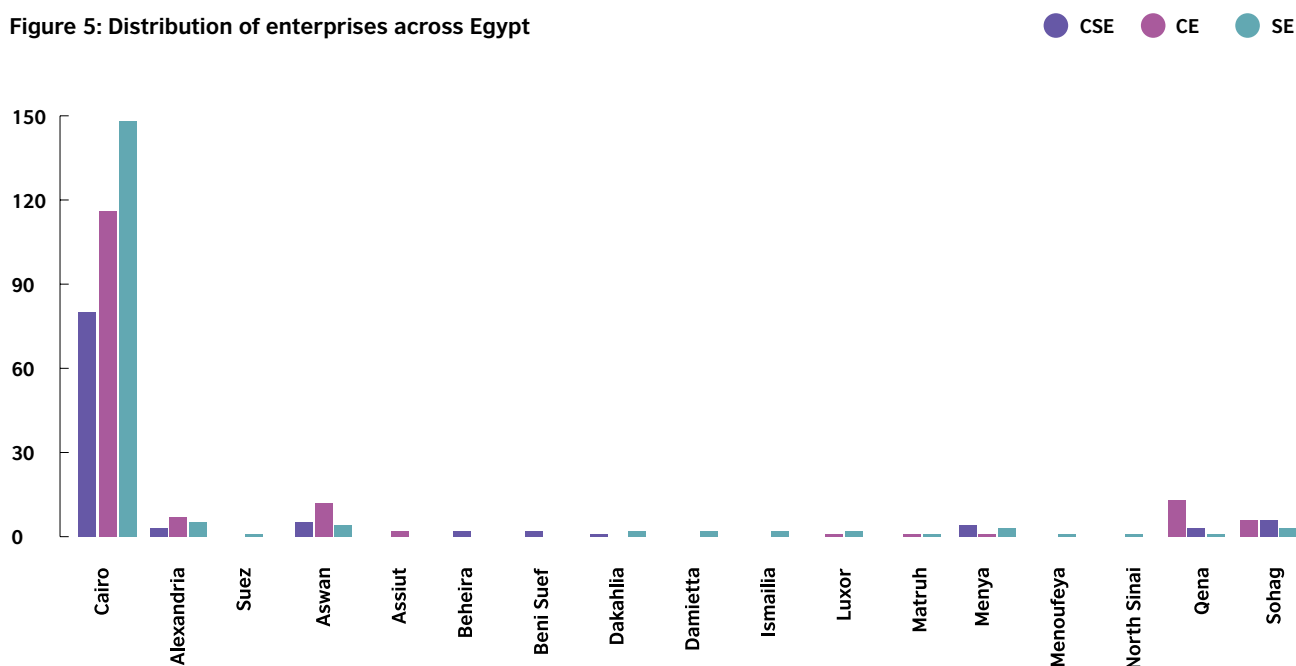
Other less common structures include limited partnerships, co-operatives and shareholding companies. Enterprises may also be structured as NGOs or operate informally without registration.

Due to strict administrative requirements and increased availability of investment funds, joint stock companies are the most common form of manufacturing-based enterprise in Egypt, whereas businesses that conduct internal trade or provide service activities tend to be formed as limited liability companies (Talaat, et al 2016).

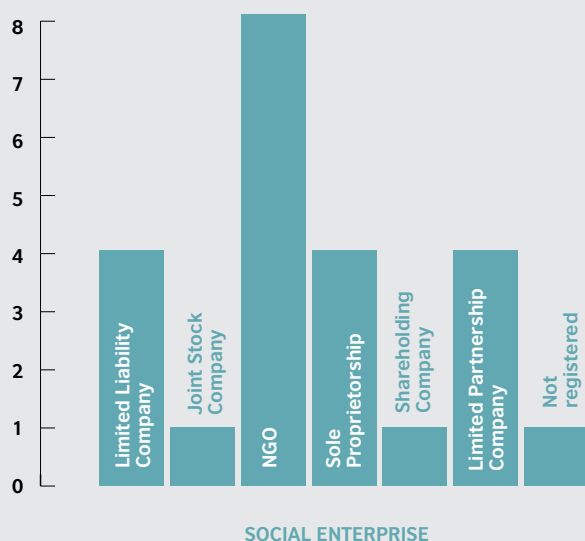
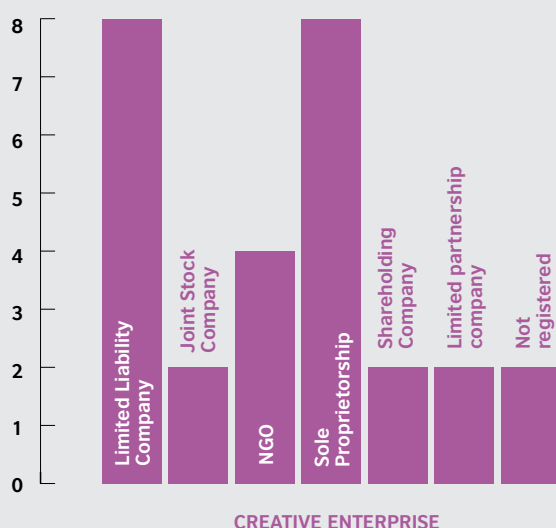
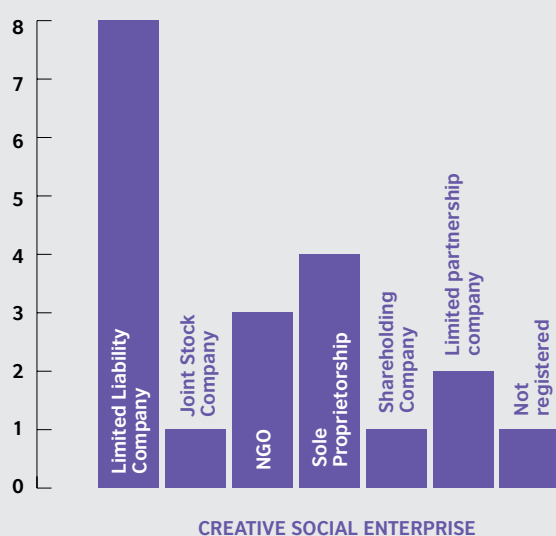
SEs and CSEs take various forms: LLC, JSC, NGO, sole proprietorship, shareholding, limited partnership, and unregistered entities. CEs are mostly registered as LLCs, co-operatives, NGOs, sole proprietorships, and limited partnerships, or they operate as unregistered entities.

In the case of CSEs, 40 per cent of respondents (eight organisations) were registered as LLCs, far more than in any of the other categories. Sole proprietorships were the second most common form, followed by NGOs. There were two limited partnerships, and only one JSC and one shareholding company. One organisation had not yet registered.

Figure 5: Distribution of enterprises across Egypt



Figures 6,7,8: Form of organisation



CEs, on the other hand, were predominantly registered as LLCs and sole proprietorships – four of the respondents selected each of these categories (61 per cent of respondents in this enterprise category). There were two NGOs, one co-operative, and one limited partnership company. One CE had not registered.

SEs were registered predominantly as NGOs (34.7 per cent or 23/8 respondents). There were four each of LLCs, sole proprietorships, and limited partnership companies; one JSC; and one shareholding company. Additionally, one social enterprise had not yet formally registered. The common NGO status is not surprising given the absence of a standalone SE status, and the tax requirements associated with corporate registration.

The figures demonstrate that LLCs and sole proprietorships are often the preferred options for CSEs and CEs as well as for some SEs. LLCs do not have a minimum capital requirement (El-Said, Al-Said and Zaki 2013), hence are particularly suitable for start-ups and small enterprises. Several improvements to the incorporation process have been introduced in recent years, which also diminish the risks of losses and debts for founders. Sole proprietorships, meanwhile, bring the least onerous government rules and regulations (GAFI n.d.).

Looking at the distribution of CSEs, CEs, and SEs across the different registration types, we find that 6 of the 16 LLCs operate within the education sector, while the rest are from a variety of sectors, including health and social care, retail, advertising and marketing, environmental awareness, crafts, and business development services, among others. As for the 12 entities registered as sole proprietorships, five are in the crafts sector, while the rest operate in distinct sectors such as business development services, education, advertising, and others. Sole proprietorships are a logical choice for those in the crafts sector given that so many are the undertaking, at least initially, of just one crafter.

Sectors

Creative and social enterprises in Egypt are working across a diverse range of industries. A total of 70 online survey respondents answered the question about their sector of operation, and we gathered further information from other enterprises.

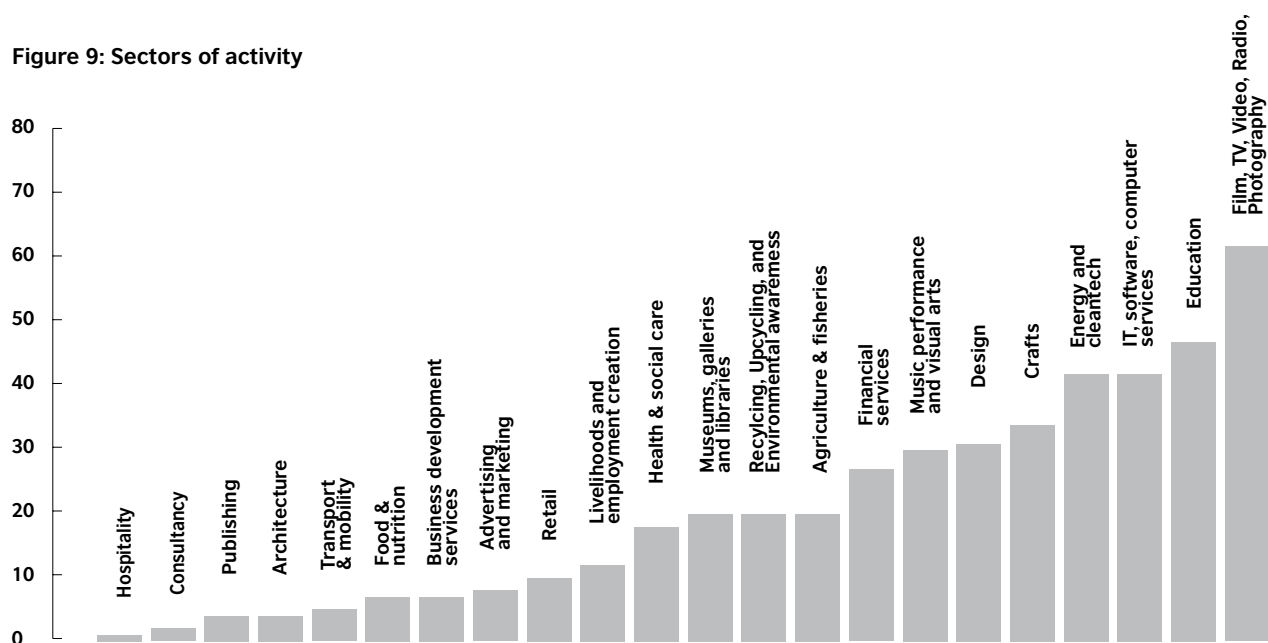
The most common sector in which CSEs are operating is 'Film, TV, Video, Radio and Photography'. This includes production houses, photography studios and recording studios (14 per cent).

Another 30 enterprises (7 per cent) are operating in the 'Music, Performing and Visual Arts' category, which includes dance studios, art centres and theatre troupes. Both sectors are seldom considered explicitly as actors in the entrepreneurship ecosystem and receive little dedicated help from support organisations or funding agencies. Other sectors in which CSEs operate include recycling, upcycling and environmental awareness (4 per cent) and energy and clean technology' (9 per cent). The gradual removal of energy subsidies and technological advances have together increased the financial viability of business models in the environmental sphere, and these enterprises demonstrate a particular commitment to environmental sustainability.

Another popular sector is ICT, software, computer services (such as video games, software development and 3D Printing). This also includes a series of applications and technological solutions aimed at addressing various accessibility challenges for users.

Of the CSEs surveyed, only 7 per cent self-identified as creative and social enterprises, which represents an important finding in the context of this research. It is worth noting that these are mostly youth-led enterprises that are trying to reimagine and align traditional crafts with modern day life. This is in contrast to the handful of traditional craftspeople we interviewed, who face a completely different set of realities compared to MSMEs engaged with the current entrepreneurship support ecosystem. Crafting is largely an informal sector, and most traditional craft owners are in remote areas with little mainstream support services or digital access and an array of challenges, including minimal strategic support and competition from cheaper mass-produced alternatives.

Figure 9: Sectors of activity

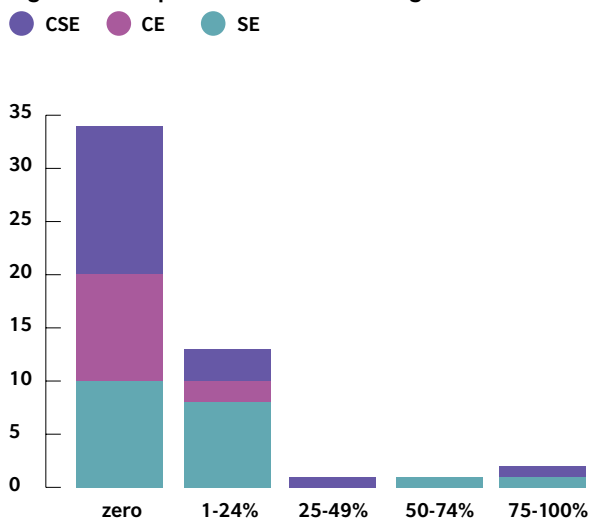


FINANCIAL RESOURCES

Creative and social enterprises in Egypt are trading businesses generating earned income. They are often small businesses and rarely access external finance. Most are making a profit or breaking even and expect to expand over the coming years.

Grants and earned income

Figure 10: Proportion of income from grants



The majority of survey respondents' income does not come from grants. The largest group earn no money from grants, and very few enterprises earn over 25 per cent of their income from grants. A very small number of those who receive grants intend to maintain this level of grant use next year.

Investment

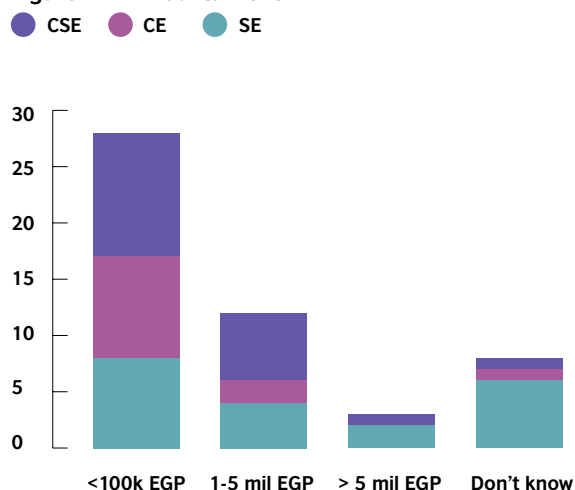
Many respondents reported that any finance or funding received in the last year was from personal income from another job or source. This indicates that these entrepreneurs are willing to invest their own time and money in order to expand their businesses. A very small number of organisations took on an overdraft from the bank or financed their operations with loans.

Financial performance

According to a 2014 survey of Egyptian MSMEs, 50.4 per cent of those surveyed had a turnover of less than EGP 500,000, and another 27.4 per cent had an annual turnover of less than EGP 1 million. Higher levels of turnover and employment can be linked to those enterprises that are operating internationally or in financial services (Creative Associates International 2014).

Fifty-one respondents answered our survey question about annual turnover for the last financial year. Sixty-five per cent of those surveyed reported annual turnover of less than EGP 100,000, while 28 per cent generated a turnover of EGP 5–1 million, and only 7 per cent generated a turnover of more than EGP 5 million. These are young, micro businesses.

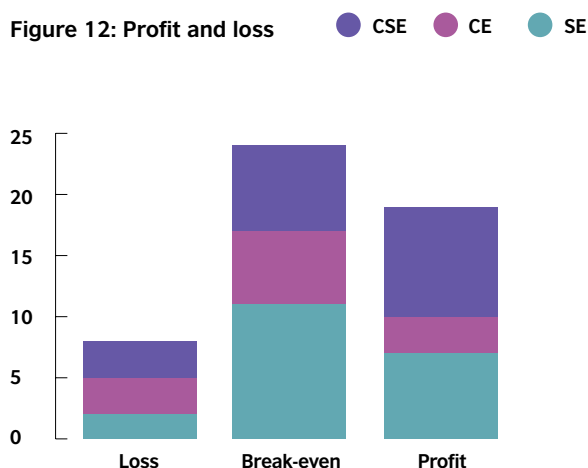
Figure 11: Annual turnover



Profit and loss

Survey respondents were also asked to report on whether their organisation had made a loss, broken even, or made a profit during the last financial year. A total of 51 respondents answered this question. As the figure below demonstrates, a significant proportion of respondents reported breaking even (47 per cent), a lower proportion reported making a profit (37 per cent), and only a small proportion reported making losses (15 per cent). On the whole, these are viable businesses.

Figure 12: Profit and loss



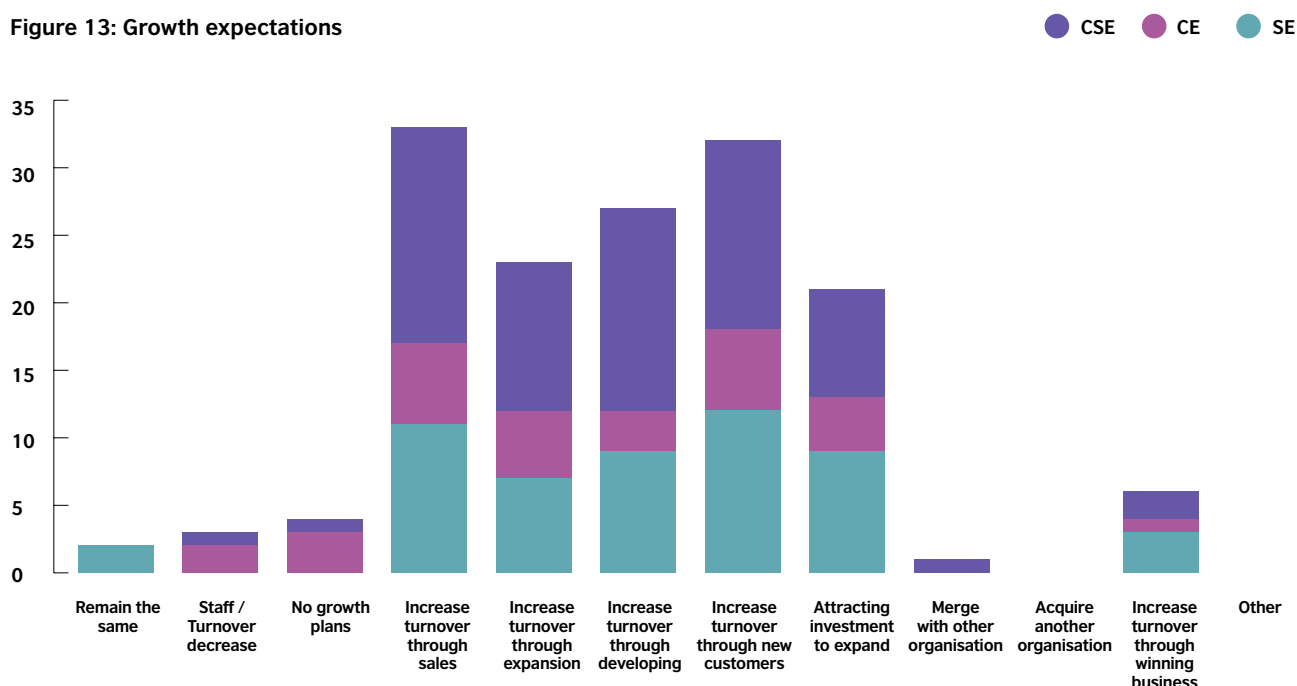
We can see that CSEs are most likely to generate profits, while both SEs and CEs are more likely to just break even.

Growth expectations

These are optimistic businesses, with plans to expand (at least before the onset of the pandemic). Fifty-one enterprises responded to our question regarding growth expectations and plans for the next year. The majority of respondents reported plans for increasing turnover through existing products and services (65 per cent), expanding to new geographies (45 per cent), launching new products and services (53 per cent), and attracting new customers (63 per cent). Forty-one per cent were seeking investment to expand. Plans for merging with another organisation (2 per cent) or joining a consortium (12 per cent) were less common. Finally, only a small minority reported no growth expectations (4 per cent), a decrease in turnover (8 per cent), or no growth plans (8 per cent).

This compares favourably to businesses in general, where the most recent GEM report on Egypt indicates that more than 50 per cent of Egyptian early-stage entrepreneurs do not expect to create new jobs in their first five years and more than half (52.5 per cent) of Egyptian entrepreneurs expect their companies to remain steady in size over the first five years and do not anticipate growth (GEM 2018).

Figure 13: Growth expectations



CASE STUDY

ORGANISATION NAME: CUP

FOUNDED: 2017

LOCATION: HQ IN CAIRO

TYPE: SE

SECTOR: AGRICULTURE, RECYCLING

CUP, which stands for Coffee Utilising Product, is an Egyptian start-up that collects spent coffee grounds for use as a growth enhancer for mushrooms. CUP identifies as a social enterprise and has partnered with business giants such as Dunkin' Donuts, Costa Coffee, Environeur, and Credit Agricole.

Shiitake, Gold Oyster, Agaricus, King Oyster, and Pink Oyster are a few of the mushroom species CUP cultivates. Coffee grounds are an excellent composting material and fertilizer, as well as a store of numerous important plant nutrients. Grounds reduce heavy metals in the soil and attract worms whose underground tunnels enable the transport of oxygen to plant roots. Re-purposing used coffee grounds not only reduces landfill overloading, it also creates a 'green' method of improving agricultural development. CUP has managed to create a CSE by taking a novel approach to an environmental problem.

The enterprise was founded in 2017. Initial activities focused on collecting and testing grounds to determine their effectiveness in the cultivation of organic mushrooms. 'The idea simply came from the fact that I drink a lot of coffee like so many people and sit in a lot of coffee shops. I started to look at different types of coffee bean and learned that coffee grounds are thrown away and aren't used even though we can use them to harvest. And because I love mushrooms specifically, that's what I chose', says Mohamed Abdel Gawad, the managing director of CUP. 'Oyster mushrooms weren't common in the market, and we learned that coffee grounds could cultivate that species specifically, so it came naturally that we should fill that gap in the market,' he said.

In 2018, the GESR Incubator at MEK provided funding that enabled the concept to be put into action. CUP is the first organisation in Egypt to adopt these methods. In the short time that it has existed, CUP has made significant advances and is now able to produce high-quality mushrooms in an environmentally friendly manner (Startup Scene 2020).

CREATIVE AND SOCIAL ENTERPRISES: FUELLING CHANGE

This section of the report explores the validity of our four hypotheses. First, that creative and social enterprises have low barriers to entry and generate jobs, especially for women, young people, and/or disabled people, harnessing human creativity, emotional and social skills and making them more future-proof and resistant to automation. Then, we try to shed some light on how creative and social enterprises bring new, disruptive ideas to tackle the challenges we face, innovating to provide agile, environmentally and socially sustainable solutions that address market failure, contributing to the fulfilment of the Sustainable Development Goals (SDGs). Third, we show how these businesses can be inclusive, challenging the over-concentration of wealth and capital by spreading ownership, enabling democratic governance, and distributing the benefits of innovation and technology. Finally, we explore how these enterprises can bring new energy and pride to communities, reflecting a country's culture and changing how people feel about themselves.

CREATING JOBS AND ACCESS TO EMPLOYMENT FOR WOMEN, YOUNG PEOPLE AND OTHER VULNERABLE GROUPS

Creative and social enterprises in Egypt are creating more jobs – and faster – than other businesses. They are also creating jobs for women and young people at a much higher rate than other businesses.

Table 1: Employee numbers

	Median number of full-time staff	Average number of full-time staff	% with +100 staff	% where number of full-time staff has increased by +50% in last year
SE	7	8	0	45
CE	17	10	7	42
CSE	7	10	0	23

As the above table demonstrates, SEs and CSEs have similar median and average numbers of employees. CEs have a higher median, but a comparable average number of full-time staff. Research from 2011 estimates a total of 3.04 million MSMEs in Egypt, with an average of 2.63 employees per enterprise (Creative Associates International 2014). Accordingly, creative and social enterprises have a higher number of employees than the general average for Egyptian MSMEs.

With regards to job creation, more than 40 per cent of creative and social enterprises have increased their work force by more than 50 per cent between 2018 and 2019, while 23 per cent have increased their full-time staff members by more than 50 per cent. Given the young age of the majority of the enterprises in our sample, all three types of enterprises are creating jobs faster than traditional MSMEs.

Gender

In Egypt, 18.8 per cent of the male adult population are entrepreneurs, compared to only 7.5 per cent of the female adult population. Egypt is ranked 134th out of 153 countries

surveyed in the global gender gap index, which includes economic participation and opportunity, educational attainment, health and survival, and political empowerment (WEF 2020). The proportion of women in business in Egypt is much lower than the global average, and women-led businesses tend to close at a greater rate than those led by men (GEM 2018).

Figure 14 shows the percentage of men and women in total early-stage entrepreneurial activity (TEA) and established businesses, both globally and in Egypt (GEM 2018).

A report by the Borgen Project estimates that ‘the average yearly income for women in Egypt is USD 5,218 versus an estimated USD 17,353 per year for men’ (Hibbett 2018). This shows that gender equality in the workforce in Egypt is significantly lacking. Furthermore, ‘research shows that if female employment rates were equal to those of men, then Egypt’s Gross Domestic Product could increase by up to 34 per cent’ (UN Women 2012).

For creative and social enterprises, a total of 54 respondents answered questions regarding the division of their workforce by employee age, gender, etc.

Figure 14: Gender distribution in TEA

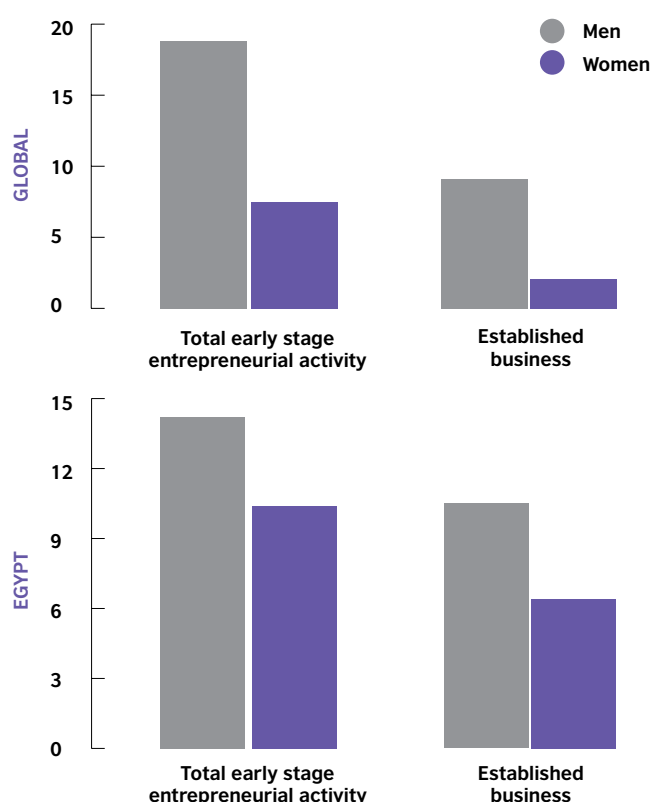


Table 2: Workforce distribution

	% Female staff	% Part-time jobs	% Youth (35–18 yrs)	% Vulnerable group
SE	60	46	80	1
CE	70	67	86	1
CSE	52	15	50	7
Total	61	29	72	3

Survey results showed that the total percentage of female staff among creative and social enterprises is 61 per cent. These businesses are creating more jobs for women than men. This is good for society but also good for these businesses – research in other parts of the world has shown that hiring more women can improve productivity and innovation, strengthen team dynamics, provide access to the best available talent, and reduce high staff turnover (Connect Americas, n.d.). CEs are likely to have a slightly higher percentage of female staff than SEs at 70 and 60 per cent, respectively.

Table 3: Workforce distribution by ownership gender

	% Female staff	% Part-time jobs	% Youth (35–18 yrs)	% Vulnerable group
Male owned	51.63	43.61	65.144	0.64
Female owned	67.42	46.77	76.27	4.77

When it comes to the proportion of female employees across female- vs. male-owned businesses, the findings reveal that women represent 67 per cent of the staff of female-owned businesses, and 51.63 per cent of male-owned businesses. Both figures are higher than the norm for businesses in Egypt in general. The average proportion of young employees in female-led businesses (76 per cent) is also higher than in male-led businesses (65 per cent). Again, the same pattern applies to disabled staff, close to 5 per cent of female-owned businesses and less than 1 per cent of male-owned businesses.

Young people

CEs and SEs are creating a significant number of jobs for young people aged between 18 and 35: eighty-six per cent for CEs and 80 per cent for SEs, with a lower proportion for CSEs (50 per cent).

Disabled people

None of the groups are creating a significant number of jobs for disabled people – just 1 per cent of both social and creative enterprises, although significantly higher for CSEs at 7 per cent.

Type of work

Creative enterprises are more likely to offer part-time jobs than social enterprises. The percentage of part-time jobs at CEs is high at 67 per cent, whereas for SEs, it is 46 per cent and only 15 per cent at CSEs. This could be at least partly explained by the nature of the industries in which these categories of enterprises operate. For example, purely creative enterprises operate in sectors that rely heavily on freelancers, such as designers, musicians, and editors, for part-time engagements. CSEs and SEs on the other hand are more likely to operate in sectors that traditionally rely on longer term engagement, such as education, healthcare and recycling.

NEW, DISRUPTIVE AND SUSTAINABLE SOLUTIONS TO ENVIRONMENTAL AND SOCIAL CHALLENGES

Creative and social enterprises in Egypt seek to support progress on a number of SDGs, with a particular focus on young people. These businesses place significant importance on creativity and innovation but very few are taking steps to protect their intellectual property.

Our second hypothesis suggests creative and social enterprises could bring new, disruptive ideas to tackle the challenges we face, innovating to provide agile, environmentally and socially sustainable solutions that address market failure and contribute to the fulfilment of the SDGs.

Egypt's entrepreneurship ecosystem includes many examples of innovation in the business models of early-stage enterprises, as well in the products and services they are bringing to market. Innovations are often simply new to the Egyptian user or market, such as the digitisation of group transport, grocery shopping, skills exchange, and tutor and student matching, for instance (GEM 2018). However, there have also been some cases of the introduction of technologies that are in and of themselves innovative, such as Arduino Shield which was launched in 2014 and later enjoyed great success (Wamda 2013).

The success and scale of certain models prove that early-stage entrepreneurs can bring about significant changes to the daily lives of Egyptians. Some of the most notable scaling examples include Careem, the Arab alternative to Uber, which helped transform the face of ride-hailing; Halan, which is gradually changing the use of toktoks (Enterprise 2018); or Fawry, the leader in the Egyptian e-payments market with more than 140,000 access points and over 25 million users across Egypt.

Systemic or scalable solutions to pressing socio-economic challenges are still needed. There are many promising models that are emerging but are yet to scale. These include initiatives such

as the upcycling of palm tree waste to produce wood and furniture; off-grid solar energy solutions (Karm Solar n.d.); rooftop farming (Schaduf n.d.); community-based innovative educational systems (EducateMe Foundation n.d.); art-based efforts to empower disabled children (The Doodle Factory n.d.); and more. Egypt is yet to witness solutions that scale and disrupt problematic systems or those that pose significant societal or environmental risks (Halabi, Kheir and Cochrane 2017), but many entrepreneurs are already making a contribution to a more inclusive Egypt.

The Sustainable Development Goals: perceptions

As businesses with a social purpose, SEs might logically be expected to play a significant role in fulfilling the Sustainable Development Goals (SDGs) developed by the United Nations (Idowu, Schmidpeter and Zu 2019). They have social objectives at the core of their operations, and sustainable development should therefore be central to their business model.

The pursuit of SDGs, however, may not be a defining feature of CEs. Yet, UNCTAD (2010 ;2008), UNESCO (2013), and others have argued that CEs can contribute to the reduction of poverty and inequality, drive economic growth, encourage institutional development, and more.

Until now, little information has been available about the degree to which enterprises are contributing to the SDGs in Egypt. Our survey asked respondents to tell us how they were addressing the different SDGs and other goals through their core activities, products, and services, as well some additional objectives we included regarding their contribution to culture and community.

Creative and social enterprises in Egypt are working to fulfil a broad mix of objectives with many survey respondents working towards different goals. A majority – 52.5 per cent – are particularly focused on the needs of young people, a real challenge for Egypt with its high youth unemployment. Reducing inequality in

the country; ensuring inclusive and good quality education and life-long learning; promoting gender equality and empowerment; and fostering creativity and human expression were also among the most frequently mentioned choices.

The table on the right presents the different SDGs and other goals that SEs, CE and CSEs are working to address; some enterprises have chosen more than one. It is evident that SDG 8 – Decent Work and Economic Growth – is extremely important.

SDG 1 is seen as a priority with many enterprises working towards eradicating poverty in some form through the products and services they offer.

Ensuring inclusive and equitable good quality education (SDG 4) and gender equality (SDG 5) were also important goals, especially among SEs.

The promotion of creativity and human expression is worth noting as important for many enterprises, especially CEs. Perhaps surprisingly, however, the number of CEs identifying this as an objective was lower than that of SEs, at least in absolute terms.

Many enterprises also highlighted promoting the needs of young people through their services, again this was more apparent for SEs and CSEs. A range of other goals were chosen by respondents, as shown in the table on the right.



EG- UK Collaboration project between Yadawe and Al Fanar supporting underprivileged women in Dakhla, Fowa, Akhmim , Nilfurart as well refugees women from Syria and South Sudan

Table 4: SDGs targeted by enterprise type

	Social Enterprise (SE)	Creative Enterprise (CE)	Creative Social Enterprise (CSE)
SDGs			
SDG 1 – No Poverty	8	6	7
SDG 2 – Zero Hunger	2	3	5
SDG 3 – Good Health and Well-Being	8	4	4
SDG 4 – Quality Education	11	4	10
SDG 5 – Gender Equality	16	3	11
SDG 6 – Clean Water and Sanitation	4	1	3
SDG 7 – Affordable and Clean Energy	3	2	3
SDG 8 – Decent Work and Economic Growth	16	7	12
SDG 9a – Resilient Infrastructure	2	0	1
SDG 9b – Inclusive/Sustainable Industrialisation	5	4	7
SDG 10 – Reduced Inequalities (in Home Country)	13	3	8
SDG 11 – Sustainable Cities and Communities	6	1	3
SDG 12 – Responsible Consumption and Production	5	3	7
SDG 13 – Climate Action	5	2	4
SDG 14 – Life Below Water	1	2	2
SDG 15 – Life on Land	1	2	2
SDG 16 – Peace, Justice and Strong Institutions	7	2	4
SDG 17 – Partnerships for the Goals	7	5	6
Other Criteria			
Young People's Needs	13	7	11
Needs of Vulnerable Group	9	1	5
Improving a Particular Community	8	3	7
Promoting Creativity and Human Expression	13	6	12
Creating Art	7	5	8
Promoting Financial Inclusion	6	2	6
None of the Above	0	1	0

In taking a deeper look at the kinds of companies that adopt the goals of promoting gender equality, the needs of young people, decent work, inclusive education, and creativity, the following findings emerged:

Table 5: Goal-specific issues and findings

Goal	Prominent focus	Organisation type by leadership, age and size	Support needs	Customer/client base
Promote gender equality and empower women and girls	Across sector	Mostly female-led and new and quite large compared to survey average	High need for grant finance	Women, young people and non-profits
Promote the needs of young people	Many organisations offer a variety of positions for young people, women and marginalised groups.	Associations are most likely to promote the needs of young people.	Over 60 per cent of survey respondents reported that finance and funding received in the last year was personal income from another job or source.	Businesses and specific groups
Decent work and economic growth	Across sector	More likely to be older (+15 years)	Support to reach new markets/customers and to reach corporates	Decent work for all women and men, including for young people and disabled people
Ensuring inclusive and quality education	Many organisations offer a variety of educational platforms for young people, men, women and marginalised groups.	Youth-led	High need for funding	Children, young people, and vulnerable groups
Promoting creativity and human expression	Across sector	More likely to be female led	Support to reach new markets/customers and corporates	All women and men, including for young people and disabled people

CASE STUDY

ORGANISATION NAME: THAAT

FOUNDED: 2014

LOCATION: HQ IN CAIRO

TYPE: CSE

SECTOR: TEXTILES AND CRAFTS

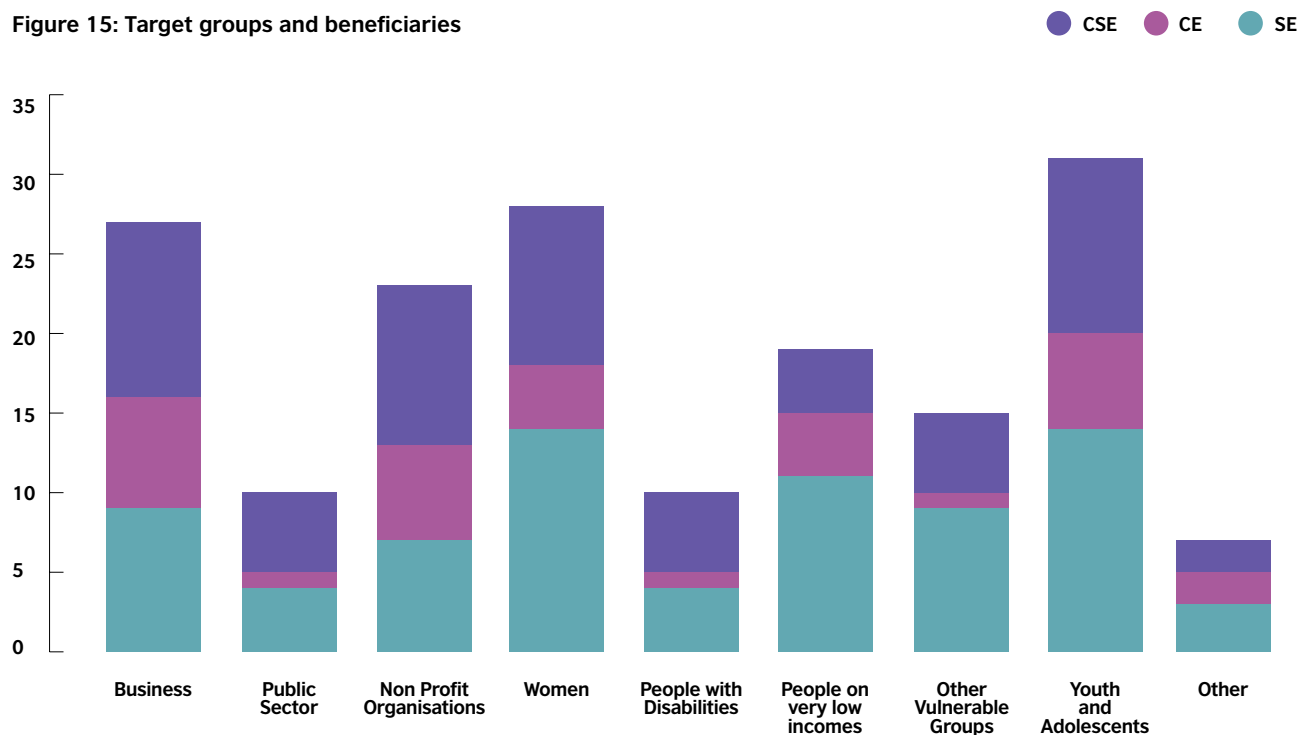
Thaat is an Egyptian social enterprise that recognises the importance of providing agency to local artisans and emerging designers and attempts to increase economic opportunities for young people who face difficulties entering the workplace. Thaat aims to empower local artisans to maintain a sustainable livelihood by improving the productivity and design of local handicrafts, reviving and preserving traditional handicrafts, creating more job opportunities for local artisans and supporting new design talents.

Thaat provides training using a mobile design and handicraft school. Its target beneficiaries are women in general but particularly marginalised women and girls (Egyptian Streets, 2019). They regularly conduct internal reviews to measure impact (What Women Want, 2015) and have received an award from Nahdet El Mahrousa incubation programme.

The organisation was established by Peri Abou Zied and Nada Bahgat, social entrepreneurs who have a passion to expand Egypt's craft- and design-related industries networks, which provide long-term sustainable social, cultural and economic benefits (What Women Want 2015).

'In the workshop we have one refugee, Fatima, she's from Yemen,' Peri describes as an example. 'Fatima is very aware, she can multi-task; she has become a hybrid artist who understands what excellent products are. Thaat is also a consultancy, in that it offers training through working with local civic society as well as international institutions' (Egyptian Streets, 2019).

Figure 15: Target groups and beneficiaries



Target groups and beneficiaries

As the figure below demonstrates, the most commonly targeted groups for creative and social enterprises are 1) youth and adolescents, 2) women, 3) other businesses, and 4) non-profit organisations. All of these groups are relevant to the most commonly served SDGs which focus on meeting the needs of youth, promoting gender equality, and fostering human expression and creativity.

Attitudes towards innovation and creativity

Research suggests that innovation levels among early-stage entrepreneurs in Egypt are higher than among established businesses, as 18.3 per cent are basing their expansion plans on the introduction of new technologies (compared to 13.8 per cent of established businesses). With regards to product innovation, 23.5 per cent of early-stage businesses are engaged in some form of product innovation, compared to 17 per cent for already established businesses (GEM 2018 18/2017).

Within our sample of respondents, a total of 56 answered our questions regarding innovation or the introduction of new products and technologies.

Survey respondents were asked whether their organisation had invested in internal research and development (R&D), acquisition of research and development, or forms of design during the three-year period of 2015 to 2018. Internal research and development can be understood as creative work undertaken within the organisation that increases knowledge for developing new and improved goods or services and processes. Acquisition of research and development can involve creative work performed by another organisation and brought in. Forms of design can describe engagement in any form of design activity, including the development or implementation of new or improved goods, services and processes.

Survey participants were asked to check all that apply or indicate 'none of these.' An almost equal proportion of SEs and CSEs indicated engaging in 'internal research and development,' while fewer CEs chose this option. A higher proportion of SEs reported the acquisition of research and development than CEs or CSEs. Finally, more SEs reported engaging in different forms of design, when compared to CEs or CSEs.

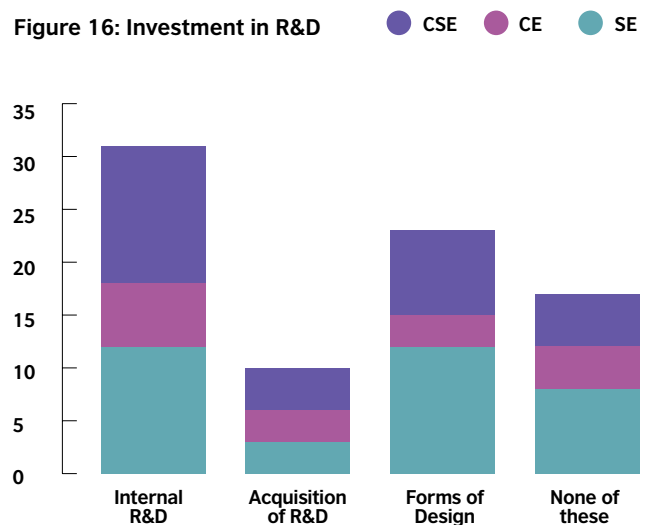
Perhaps surprisingly, this suggests that SEs are placing more importance on innovation than CEs.

One potential interpretation of the higher rate of research and design among SEs is their emphasis on addressing complex societal challenges. Another reason for the relatively lower rates among CEs is the dearth in specialised bodies that can provide help with these activities in the Egyptian market and the importance of maintaining craft traditions within the Egyptian context.

According to an assessment of the Egyptian innovation ecosystem, a main barrier to development was seen as the dearth and lack of accessibility of opportunities for conducting research required to develop, test and launch innovations (STDF 2012). While Egypt's ranking increased between 2018 and 2019 in the Global Innovation Index (GII), it is still ranked 92nd out of the 129 economies covered by the GII (Cornell University, INSEAD, and WIPO 2019). Indicators related to human capital and research, knowledge and technology outputs, and creative outputs are also low, in positions 64, 96, and 89 respectively. On a smaller scale, a number of 'fablabs' have emerged over recent years, but they cannot possibly service the design needs and aspirations of the broad spectrum of CEs and SEs.

Despite this challenging environment, some impact driven enterprises are prioritising research and development activities, including Qena-based Baramoda, for instance, interviewed as part of this study. Baramoda turns agricultural waste and by-products into high quality compost; its main value proposition is helping smallholders understand their plot characteristics and providing them with tailored compost to fulfil their needs. The company has established an internal R&D unit, and places value on continuous research and innovation for its survival and growth.

Figure 16: Investment in R&D



CASE STUDY

ORGANISATION NAME: KARMSOLAR

FOUNDED: 2012

LOCATION: HQ IN CAIRO

TYPE: SE

SECTOR: RENEWABLE ENERGY

KarmSolar is a company that strives to create pioneering environmental and energy-efficient solutions in architecture and construction. It has expanded by launching two subsidiaries, KarmPower and KarmBuild. Together, these three enterprises are involved in the commercial, industrial, agricultural, touristic and residential sectors and focus on projects that will enable a variety of communities to become completely self-sufficient through their solar power infrastructure and real estate development.

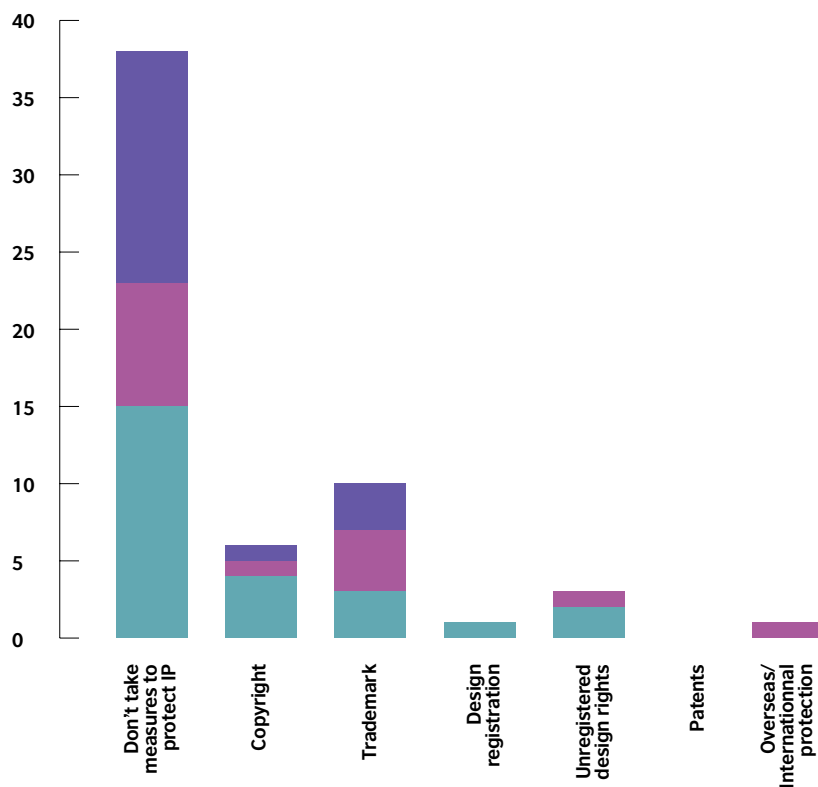
KarmSolar was Egypt's first private solar integrator to obtain a licence from the Egyptian Electricity Regulatory Agency (EgyptERA) to produce, distribute, and sell electricity to private sector consumers. This enterprise has obtained a licence to operate its Feed-In-Tariff (FiT) station and sell power to the national grid (KarmSolar n.d.).

KarmSolar is headquartered in Zamalek, Cairo. The CEO, Ahmed Zahran, believes the development of systems that utilise solar energy off the grid is an important measure in separating energy generation from government control. 'I want to convert the entire region to be off-grid. That's how I see the market. By doing that we will empower [people], making them more independent, making their businesses and their lives more in their own hands, not in the hands of dictators,' Zahran told Wamda. 'Entrepreneurship is a form of resistance. Resistance to dictatorship, corruption, to old ways of doing things, to obsolete business models' (Wamda 2020).

Zahran's goal originated from a desire to live a more ethical life. He wanted to provide alternatives for farmers who did not have access to government-generated electricity. Zahran began as a financial planner for oil giant Shell in Tunisia, then moved on to become involved in carbon trading in Shell's London office. 'The shift from oil to renewables is a natural thing for people with a bit of conscience,' Zahran said (Wamda 2020).

Figure 17: Measures to protect intellectual property

● CSE ● CE ● SE



Creative and social enterprises were also asked about the introduction of new goods and services to their company during the three-year period from 2015 to 2018. Forty-four per cent of SEs and CSEs reported introducing a product or service that is new to the organisation, while 66 per cent reported introducing a product or service that is new to the entire market.

Twenty-eight per cent reported introducing a product or service that is new to their organisation, while 19 per cent reported significant improvements to their products or services. 26 per cent reported that they had not introduced a new or improved product or service.

Out of the 70 survey respondents, 42 per cent of SEs, 27 per cent of CEs, and 31 per cent of CSEs answered the question relating to intellectual property concerns. As the above figure demonstrates, a high proportion of survey respondents (15 SEs, 15 CSEs, and 8 CEs) do not take measures to protect their intellectual property. This could be due to the fact that they

have not yet reached the stage when they are ready to review their intellectual property, which can require considerable financial resources, knowledge and deliberation.

Only one CE had adopted overseas/international protection. Copyright measures were chosen by four SEs and only one CE and one CSE, while four CEs, three SEs, and three CSEs had adopted trademarks. Design registration to prevent others from copying the design of a product was selected by only one SE. The designation of 'unregistered design rights' was selected by only two SEs, one CSE and no CEs. This protects the shape of a marketable product and prevents unauthorised duplication of an original design.

The lack of protection measures could be partly due to the nascent nature of these enterprises, and the financial costs that they would incur in pursuing legal measures. This emphasises the importance of creating support mechanisms that can enable enterprises with unique products and services to protect themselves, including legal advice and appropriate funding and finance.

Creativity

A significant percentage of respondents consider creativity essential to their enterprise. Half of CEs regarded it as very important, while 70 per cent of all CSEs deemed creativity extremely important to the success of their operations. Overall, 'very important' (21 per cent) was four times as popular a response as 'important' (5 per cent).

Innovation

Innovation can generally be understood as combining creativity and alternative thinking to develop new ideas for and answers to problems. A majority of CSEs and CEs stated that it was extremely important to their organisations – 74 per cent of both categories. Sixteen per cent

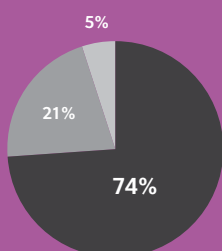
of CSEs and SEs indicated that innovation was very important, and ten per cent of CSEs and SEs indicated that innovation was important. Only 33 per cent of CEs considered innovation very important and 8 per cent claimed that innovation was important.

Idea generation

The ability to come up with a series of ideas (the volume, i.e. number, is the important criterion here, not their quality) is sometimes known as 'idea generation'. This was regarded as extremely important by 65.5 per cent of the enterprises participating in the survey. CSEs and CEs were roughly equal in this respect at 68 per cent and 64 per cent, respectively. But fewer than half (48 per cent) of SEs concurred.

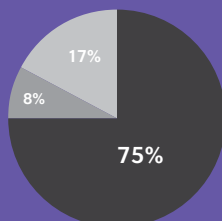
● Extremely important ● Very important ● Important

THE CREATIVE ENTERPRISE



THE CREATIVE SOCIAL ENTERPRISE

Figure 18: The importance of creativity



THE SOCIAL ENTERPRISE

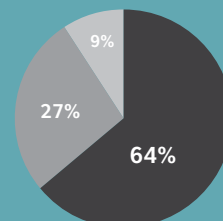


Figure 19: The importance of innovation

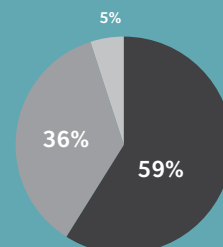
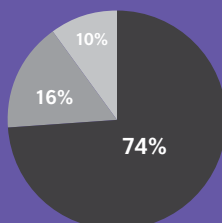
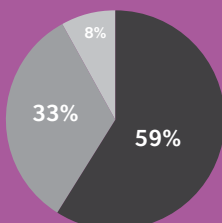
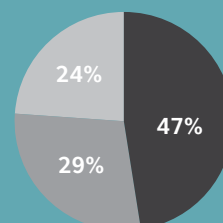
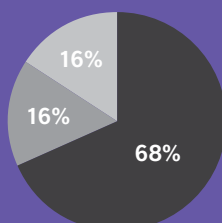
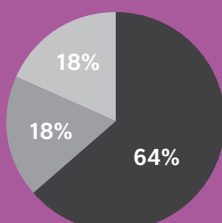


Figure 20: The importance of idea generation



CASE STUDY

ORGANISATION NAME: THE DOODLE FACTORY

FOUNDED: 2016

LOCATION: HQ IN CAIRO

TYPE: CSE

SECTOR: TEXTILES AND CRAFTS

The Doodle Factory is a prime example of an Egyptian enterprise that collaborates with various stakeholders to enable and encourage vulnerable children to express themselves through art and provide them with positive stimuli. This business places designs inspired by children's drawings on everyday lifestyle products, which are then sold to the public. The proceeds from sales fund the medical, educational, and day-to-day living needs of the children.

The Doodle Factory's ready-to-wear and lifestyle label started by using the children's artwork on notebooks and accessories and recently expanded to ready-to-wear garments. CEOs and co-founders Yasmine Khamis and Farah El Masry have introduced a bright, colourful, and memorable line of clothing called 'The Fun, The Brave and The Inspired' collection. The apparel makes a bold and fashionable statement of the organisation's commitment to its principles.

'The challenge has always been how to make the best out of the doodles that we receive. It is a long process of selecting the best elements, colours, and shapes. We create many patterns, then filter them, and select the strongest. We work towards something that is creative, true to the children's spontaneity, and also appealing to customers', comments Farah El Masry.

The Doodle Factory faced another obstacle in manufacturing and retailing a new product: 'A lot of the people that we worked with couldn't fathom the nature of the collection. For example, the dyeing house could not understand why we mixed orange, blue and green.' Khamis added, 'they also did not welcome our eccentric patterns easily. They kept asking us many times to rethink our designs. At a certain point, they even changed the blue into grey because they thought it would be more appealing.'

However, they were able to overcome some of these challenges because the brand's creative director and its CEOs were 'confident about the colour combinations and how well they would suit the current season' (Yasser, 2020). The Doodle Factory has created a website which displays the children's paintings and drawings on a variety of clothing. The enterprise is also expanding their lifestyle line with items such as notes, pencil cases, pouches, and laptop covers.

POWER, PURPOSE AND PROFITS

Creative and social enterprises in Egypt are more commonly led by women and younger people than businesses more generally. They are making a commitment to their social mission in a range of ways, reinvesting profits in this mission, and practising responsible business. In order to better understand the potential of creative and social enterprises, it is critical to explore their commitment to a purpose, their leadership and governance patterns, and what they do to spread wealth more equally.

Governance

Creative and social enterprises in Egypt are more commonly led by women and younger people than businesses more generally and also tend to be more inclusive. This is reflected in their governance structure. A total of 70 online respondent answered questions regarding the profile of their board; 86.7 per cent of these businesses have employees on the board, 98 per cent have women, 60 per cent have community members, and 84.6 per cent have board members under 35 years of age.

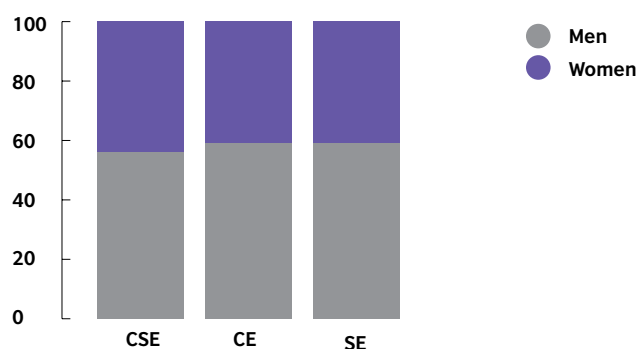
Gender

A survey conducted in 2003 indicated that 6 per cent of Egyptian MSME's were owned and managed by women. By 2012, that number had grown to 10 per cent (Egypt Network for Integrated Development 2019). Recent evidence suggests that one in every five owners of an established business in Egypt is a woman.

Seventy online survey respondents answered our question about the gender of the organisation's founder, and we collected data from another 338. Our analysis shows that women lead 41 per cent of the entire sample of organisations, while men lead the remaining 59 per cent.

The figure below shows the breakdown of leadership by gender across SEs, CEs and CSEs. There are no notable differences across the three categories but the proportion of women-led enterprises in the sample is higher for all of these groups than for enterprises more generally.

Figure 21: Women in leadership roles

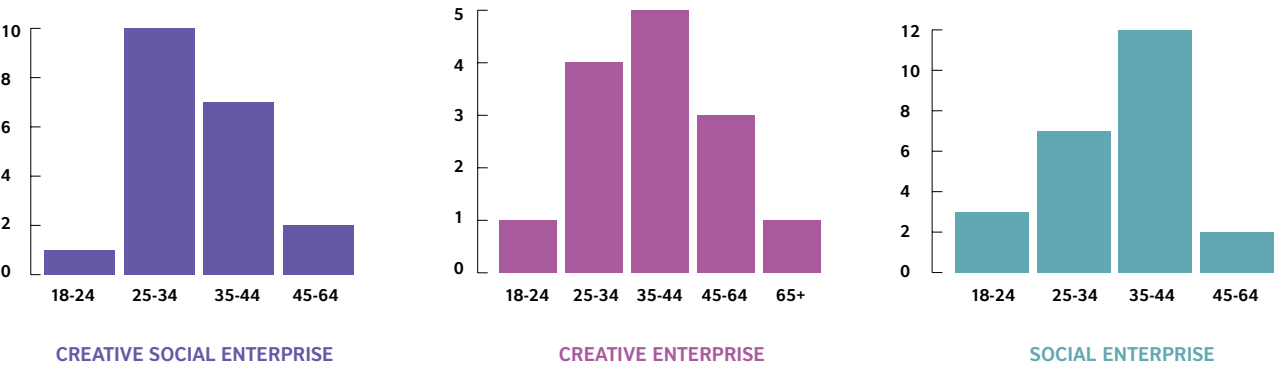


Age

CSEs are commonly led by young people between 25 and 34 years old. At 36 per cent, CEs are also often led by people in the 35 to -44year-old age category.

Finally, in the case of social enterprises, the majority are slightly older, with 50 per cent in the 35 to -44year-old age group. But also fewer in the older age group of 45 to 64 and none above the age of 64. SE leaders are starting this work slightly later in life than CE leaders, perhaps after working in other businesses or industries.

Figure 22: The age range of persons in charge of SEs, CEs, and CSEs



*El Rehla inspirational
retreat supporting young
entrepreneurs and
innovators.*



Commitment to purpose

As in many other countries, there is no specific legal registration or legal form for SEs in Egypt. Accordingly, businesses with a social purpose have to use a range of ways to embed their mission.

Survey respondents were asked if their organisation had a formal commitment to a social or environmental mission. CSEs were more likely to have a 'publicly stated' commitment to their mission (41 per cent) or to have a purpose enshrined through the composition of their shareholders (14 per cent). SEs, on the other hand, were more likely to embed such a purpose 'through a statement in their governing structure' (31 per cent).

CEs were least likely to have a formal commitment: 11 per cent each for 'a statement in their governing structure' and 'a publicly stated commitment', and none at all for 'through the composition of shareholders'.

One reason that businesses may not publicly commit to a social or environmental mission is out of a fear of being deemed unattractive to investors (Halabi, Kheir and Cochrane 2017). Fifty-two per cent, 68 per cent and 59 per cent of SEs, CEs, CSEs respectively mentioned not yet having a formal commitment to a social or environmental purpose.

Table 6: Social/environmental commitments

Metric	SE %	CE %	CSE %
A statement in our governing documents	31	11	27
Publicly stated commitment	38	11	41
The composition of our shareholders	10	0	14
The legal form the enterprise has adopted	21	21	14
Paying national or local tax	38	42	32
Paying staff the national or living wage	48	21	45
Paying suppliers a price premium (amount above market rate)	7	21	23
Enforcing pay ratios between CEOs and workers	14	11	32
Enforcing pay ratios between men and women	17	5	23
Using social value as well as cost to determine inputs/suppliers	31	32	36
Considering environmental factors when choosing inputs/suppliers	28	37	41
Ensuring low-income customers can access affordable goods/services	48	58	55
Other activities	3	11	14
None of the above activities	17	11	14
We have no formal commitment, but we believe we have social/environmental impact	52	68	59
We have no formal commitment	0	0	5

Good business practice

Regardless of their commitment, we also asked these businesses about what they do in practice. CEs are more likely to pay national or local tax (42 per cent) than SEs (38 per cent) and CSEs (32 per cent). Whereas SEs are more likely to pay staff the national or living wage (48 per cent), followed by CSEs (45 per cent), and CEs (21 per cent). CSEs and CEs are more likely to pay suppliers a price minimum and enforce pay ratios between CEOs and workers, than SEs. Twenty-three per cent of CSEs, 5 per cent of CEs, and 17 per cent of SEs enforce pay ratios between men and women.

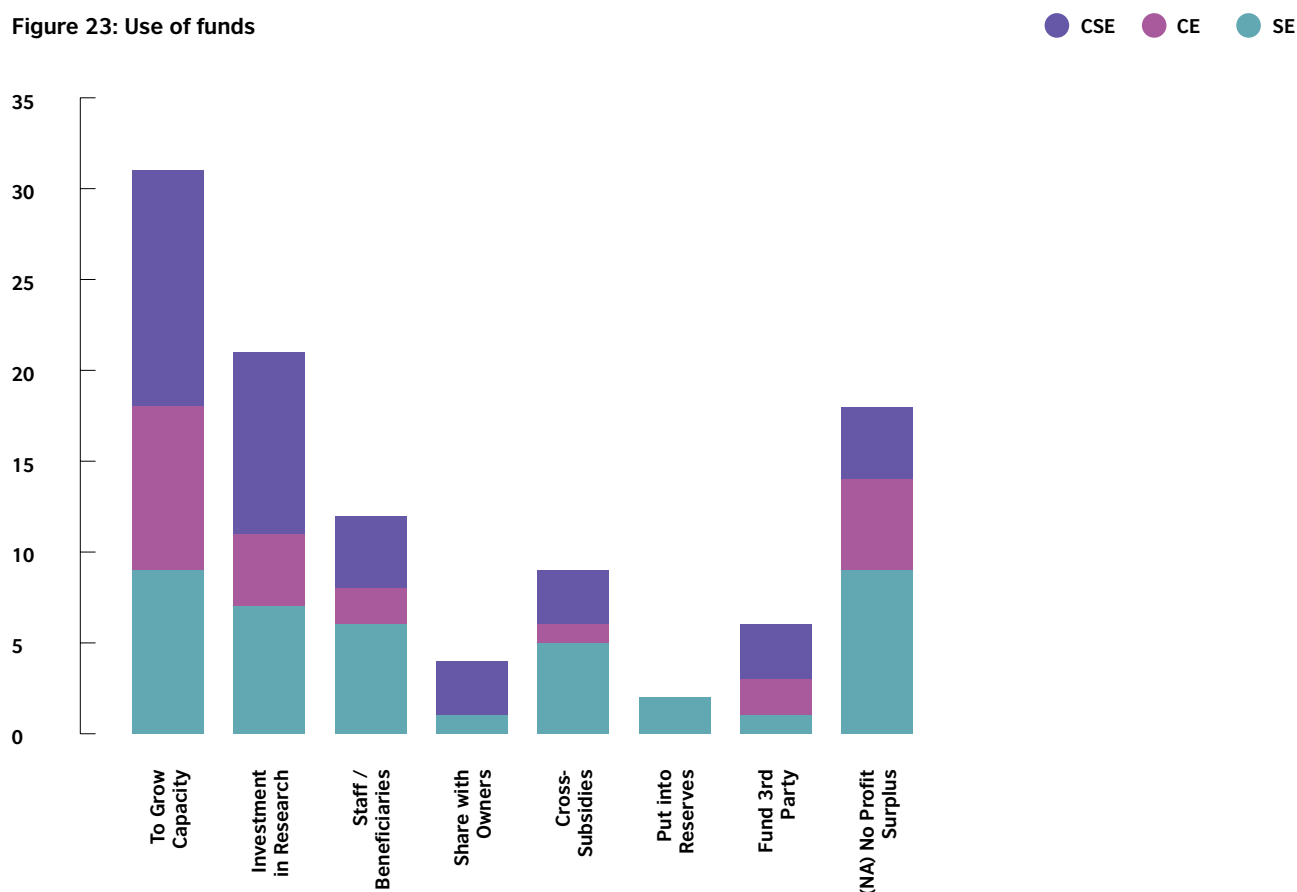
Other responsible business practices undertaken by creative and social enterprises in Egypt include prioritising the hiring of women; sponsoring start-ups; paying above-market rates to employees; employing individuals from vulnerable groups; providing employee training beyond the needs of work; providing training at or below cost for socially active individuals and individuals at a disadvantage; promoting cultural causes; and providing opportunities for women to launch or develop their professional careers.

Use of profits

Creative and social enterprises are reinvesting profits in their business. More than 50 per cent of creative and social enterprises report that they are reinvesting their profits or surpluses to expand and scale their businesses. The next most frequent use of profits is investment in R&D. This makes sense given the fact that external support to invest in R&D is minimal and that these entrepreneurs are trying to differentiate themselves from traditional businesses. This often requires continuous investment in learning, research and development. Bahgat El Dahesh, a member of the Localisation Committee at the Federation of Egyptian Industries (FEI) stressed the importance of promoting R&D culture in Egypt as it is 'an integral factor for innovation, controlling quality, and consumer price'. The low levels of R&D can be attributed to a number of factors: a lack of self-confidence; limited levels of education; and an unwillingness to pay for highly qualified expertise to conduct R&D.

Only a small number of creative and social enterprises use their profits to invest in staff or beneficiaries.

Figure 23: Use of funds



IMPACT ON COMMUNITIES AND CULTURE

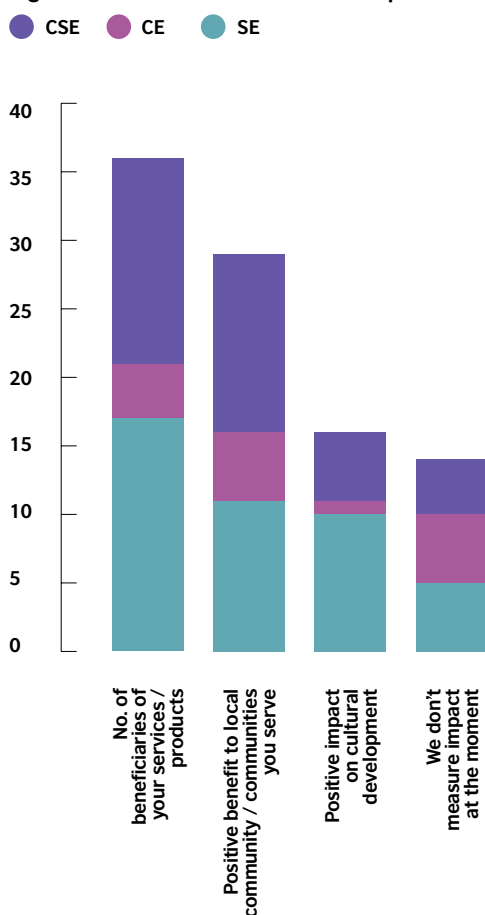
According to UNESCO (2013), micro and small companies have potentially more impact on local development and vulnerable social groups than large enterprises. Creative and social enterprises are making a significant impact on communities throughout Egypt and are often set up to positively impact either a specific group or society as a whole. Our hypothesis is that these enterprises potentially bring new energy and pride to communities and countries, reflecting a country's culture, and changing how people feel about themselves.

SEs and CSEs tend to measure their impact in relation to their beneficiaries. This was less true of CEs, which do not define their impact in this way.

Thirty-three per cent of SEs measure their impact in terms of the positive benefit to their local community and/or the community they serve, with again slightly fewer CSEs and only a small proportion of CEs doing so.

Only a handful of creative and social enterprises reported that they do not measure their impact at present. This is primarily due to the absence of sufficient financial resources to do so.

Figure 24: Measurement of social impact



CASE STUDY

ORGANISATION NAME: TEATRO AL SAEED

FOUNDED: 2014

LOCATION: AL MINYA

TYPE: CE

SECTOR: THEATRE

Teatro Al Saeed, a performance art theatre, was established in November 2014 with the objective of providing the gifted youth of Minya Governorate in Upper Egypt a venue to hone and present their theatrical skills. There is a misconception that such talents do not exist outside of Cairo. Teatro Al Saeed is determined to dispel that stereotype.

Daily performances are part of the members' goals. Every month, there are three new plays. 'We want to bring Cairo to us,' said one of the founders. The performances will enable producers to see that there is a lot of talent in Upper Egypt. Nahdet El Mahrousa, an NGO designed to support social entrepreneurs and build the capacity of young people and organisations, provides specific support for Teatro Al Saeed's technical and financial needs.

BARRIERS TO GROWTH

Our survey suggests that many creative and social enterprises are young and small in size. As some of them seek to grow, they may develop stronger economic and mutually supporting connections, and some will look for external support. The surrounding ecosystem of policy, investment, funding and support can help these businesses survive and thrive.

Our interviews suggest that while there have been a range of efforts to support these businesses, there has not been enough emphasis on placing the entrepreneurs at the centre as owners of the process of change. There has also been a lack of focus on the integration of the Egyptian crafts sector at a national level as an asset that can be exported, a model that has been pursued in some other countries.

Some noteworthy support efforts, however, include Craffiti, Creative Egypt, and the launch of a specialised chamber within the Federation of Egyptian Industries (FEI) that focuses on Egyptian handicrafts and their integration into foreign markets. Creative Egypt, for example, collects and displays creative and handcrafted products from 140 suppliers in 17 governorates, while Craffiti provides an annual showcase for dozens of craftsmen from around the country to present their products at a highly organised and well-promoted national-level exhibition.

The most recent review (Sorour 2019) which sought to better understand the experience of SEs in Egypt from the perspective of entrepreneurs and supporting organisations points to the following challenges for entrepreneurs, who:

- view the ecosystem as elitist and exclusive
- experience difficulty in registering their enterprises
- suffer from a dearth of Arabic content and mentors or experts who can help them apply theoretical frameworks to their businesses
- struggle to find talent to build the right team
- face difficulties in building strong financial models that ensure good cash flow, primarily due to lack of expertise and access to training.

While at the same time, supporting organisations:

- do not engage sufficiently in collaboration to ensure greater impact
- experience difficulty reaching the 'unusual suspects' including those who are outside urban centres, or those who do not identify as social entrepreneurs, or those not already immersed in the ecosystem
- find lower levels of awareness of critical issues that entrepreneurs can address
- express concerns over the ability to scale support efforts without compromising the quality of the services offered.



The interviews conducted as part of this research shed further light on the state of the support ecosystem, especially with regard to the support available to SEs. Ehaab Abdou, an Ashoka Fellow and founding member of Nahdet El Mahrousa, suggests there are three primary challenges for social enterprises in Egypt:

1. There are ‘few supporting intermediaries present in the MENA region, such as SE incubators, angel investor networks, replication funds, etc. that SEs require to develop and go to scale’ (World Bank 2011). The number of these intermediaries is increasing, but it still falls far short of what is needed.
2. Restrictive policies and regulatory structures discourage investors from contributing to SEs. Capital market laws require amendments to change this situation, and to permit NGOs to be more self-sufficient rather than dependent on donations (World Bank 2011).
3. In order for SEs to be successful, cultural mindsets and educational systems must change. Critical thinking and analytical skills are foundations for constructing entrepreneurship. Schools must play a part in presenting and developing these skills. Students must be made aware of the need for and rewards of providing community service in order for future potential entrepreneurs to be aware of problems in their communities and be able to find solutions for those problems (World Bank 2011).

The following provides an analysis of the main barriers and challenges currently holding back further development.



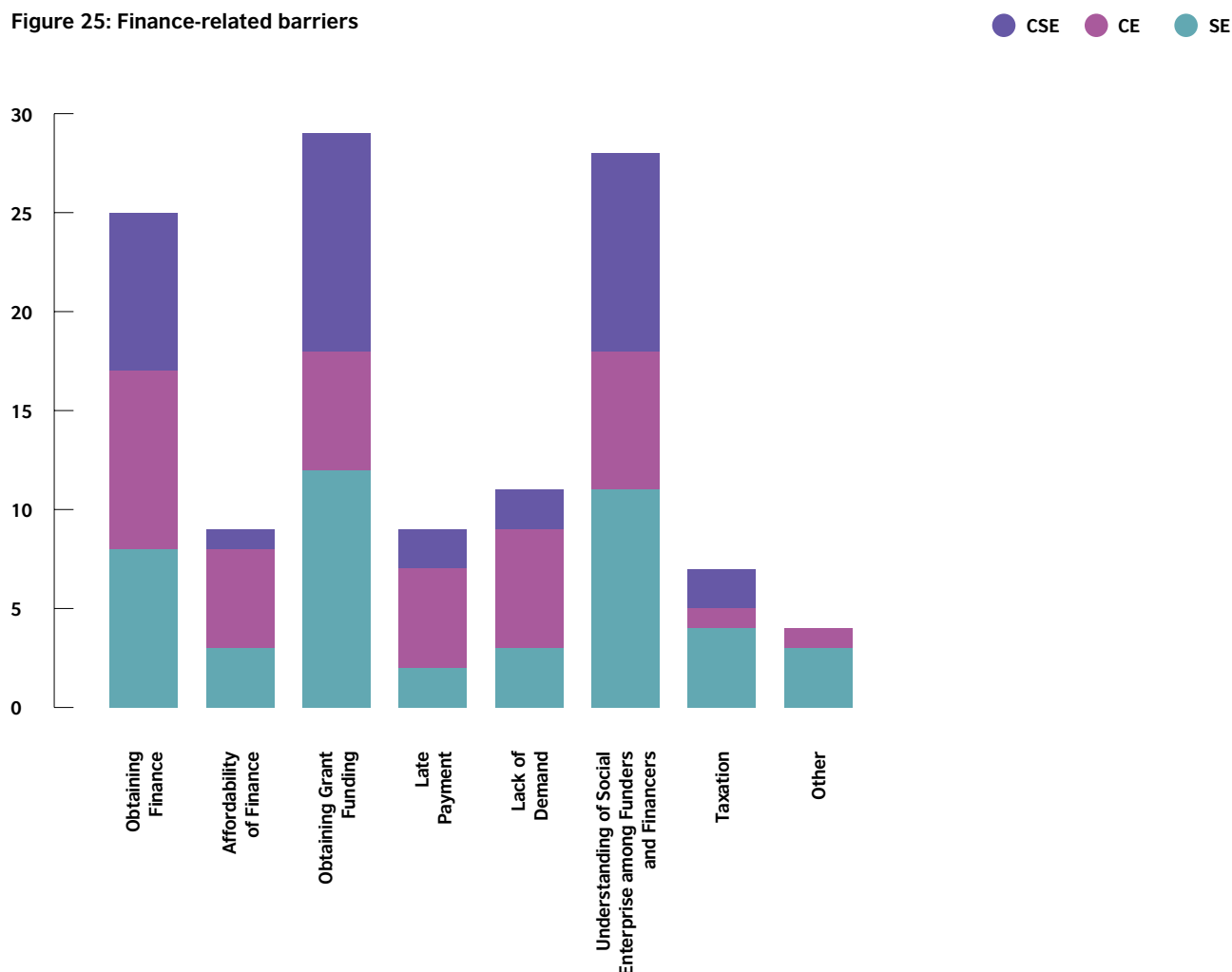
FUNDING AND FINANCE

The most significant finance-related barriers for creative and social enterprises, particularly for SEs, are obtaining (debt or equity) finance, obtaining grant funding, and understanding or awareness of social enterprise among funders and financiers. According to the data, additional finance-related barriers include late payment/cash flow problems and affordability of finance (debt or equity). A majority of CEs and SEs indicated affordability of (debt and equity) finance, late payment/cash flow problems, and lack of demand as their primary barriers, while only two CSEs selected late payment/cash flow problems and lack of demand as significant problems and only one identified the affordability of finance (debt and equity) as a problem.

A major barrier to funding and financing for all three types of enterprises is access to investment or financing. These enterprises, and especially CEs, struggle to reach suitable investors. While there has been a recent upsurge in fintech funds, angel investors, and private equity firms that are investing in early-stage companies in Egypt, acquiring this type of finance is still a time-consuming process and not always guaranteed, especially for companies operating outside of Cairo.

Thirty-six per cent of CEs and 40 per cent of CSEs report the requirement to demonstrate revenue/profit for equity investors and/or banks as formidable constraints to financing. Understanding terms and conditions, finding guarantors, and limited track/performance records were also selected as financial constraints by a significant number of enterprises.

Figure 25: Finance-related barriers



CAPACITY

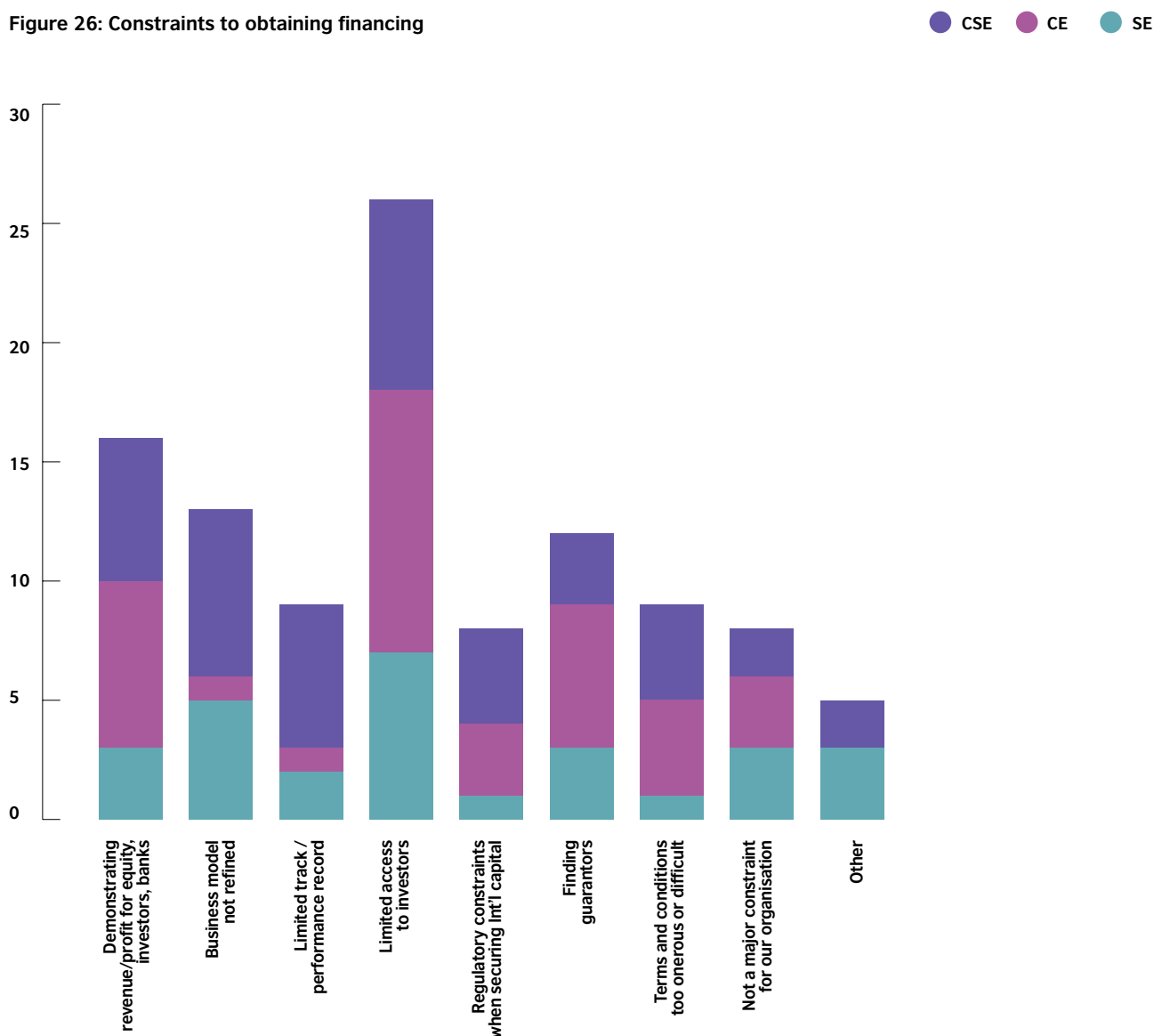
The most significant capacity-related barriers for SEs, CEs, and CSEs are the general lack of soft skills, such as teamwork and adaptability and vocational skills, including financial and marketing skills. This was reported by 36 per cent of respondents. Time pressures and availability or cost of suitable premises were also reported by 17 per cent of respondents.

Staff recruitment was reported as a barrier by 22 per cent of all creative and social enterprises. Providing additional training programmes to enhance the quality of potential recruits could help with this in future. While there are numerous employability programmes in Egypt, none of them cater to the needs of early-stage or impact-driven enterprises. In other words, they do not necessarily focus on fostering skills (WEF 2016)

appropriate for start-ups (Halabi, Kheir and Cochrane 2017), including those of self-criticism, flexibility, initiative, leadership, etc.

The most common form of non-financial support received last year by SEs, CEs, and CSEs was mentoring and coaching (49 per cent) as a form of non-financial support. Twenty-eight per cent of CEs, SEs and CSEs have also received training in the last year. A number of enterprises have received other forms of support, such as incubator/accelerator services, peer support, exchanges and visits, memberships of a network, and technical support/advice. Only a handful of SEs (and no CEs or CSEs) have received corporate support. A small number of respondents indicated that their companies had received government support and information/advice on intellectual property.

Figure 26: Constraints to obtaining financing

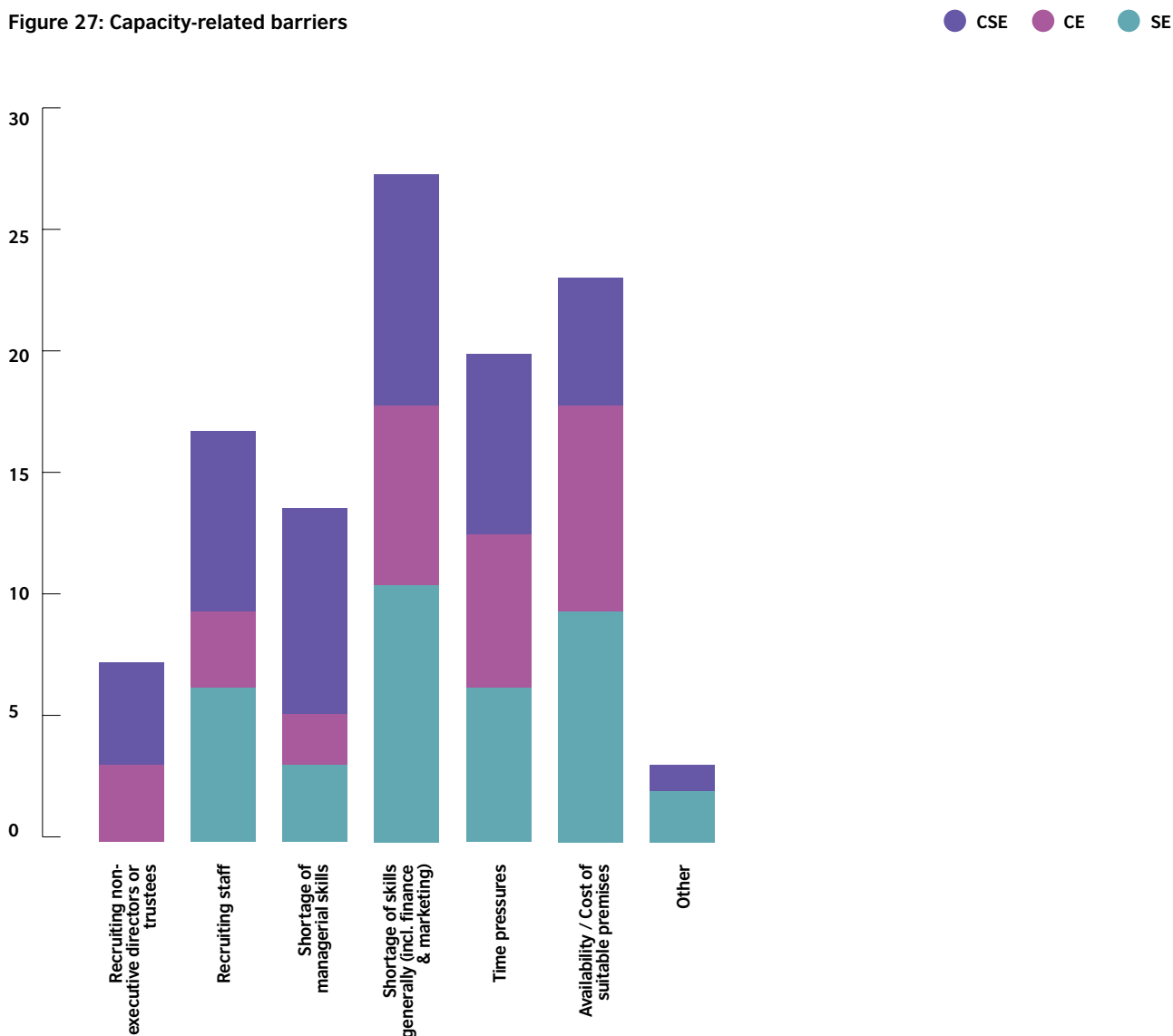


Creative and social enterprises told us the three most important areas of support from which they believe their organisation could benefit. As shown above, the most common answers were incubator/accelerators services, support to access new customers/markets, training, technical support or advice, and peer support. They also identified exchange and visits and memberships of networks or professional bodies as useful areas of support.

This suggests the need for increased awareness of the importance of intellectual property, and the importance of registering and protecting it. It seems that the leaders of CSEs are unaware of the value of this type of protection and the potential contribution to the success of their businesses. This could be included in training programmes and other types of support in future.

The least common areas of support requested were information or advice of intellectual property protection and corporate support. In fact, no CEs considered 'Information or Advice on Intellectual Property' significant to their growth.

Figure 27: Capacity-related barriers



ECOSYSTEM

We asked creative and social enterprises the most significant ecosystem related barriers to their sustainability and/or growth, and they reported the economic climate as the most significant (42 per cent).

Another significant ecosystem barrier is the lack of understanding and awareness of SEs among the general public and customers (35 per cent of respondents). This includes a lack of interest on the part of the general public to use these

businesses, to promote them, or even to simply grasp the concept behind them.

Of course, regulations, lack of access to business support, and intellectual property protection and infringements also play a role in the ecosystem. Many enterprises have not yet filed for protection of their intellectual property, and many are struggling to receive access to financial or non-financial business support.

Figure 28: Types of support received by CSEs

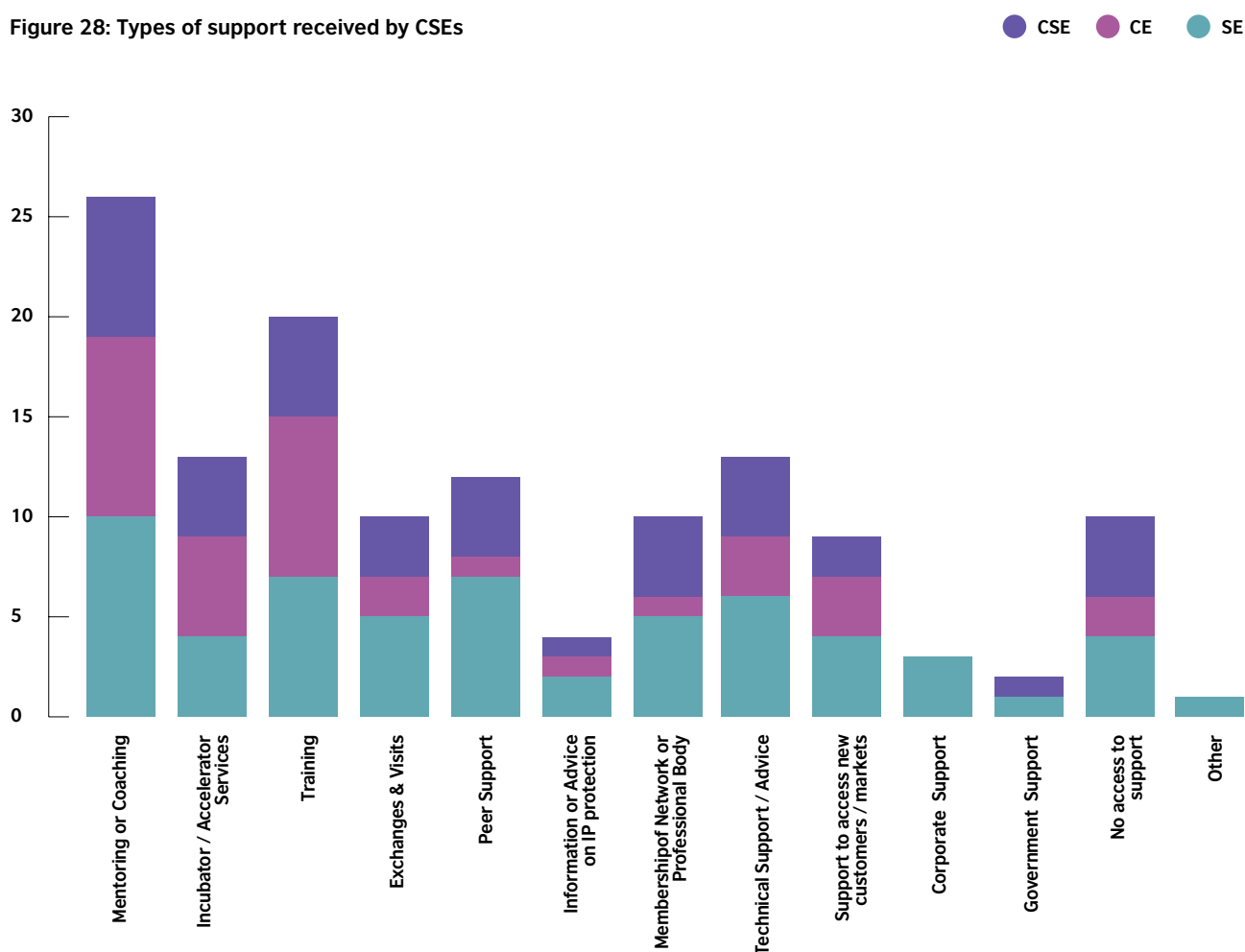


Figure 29: Potential areas of support

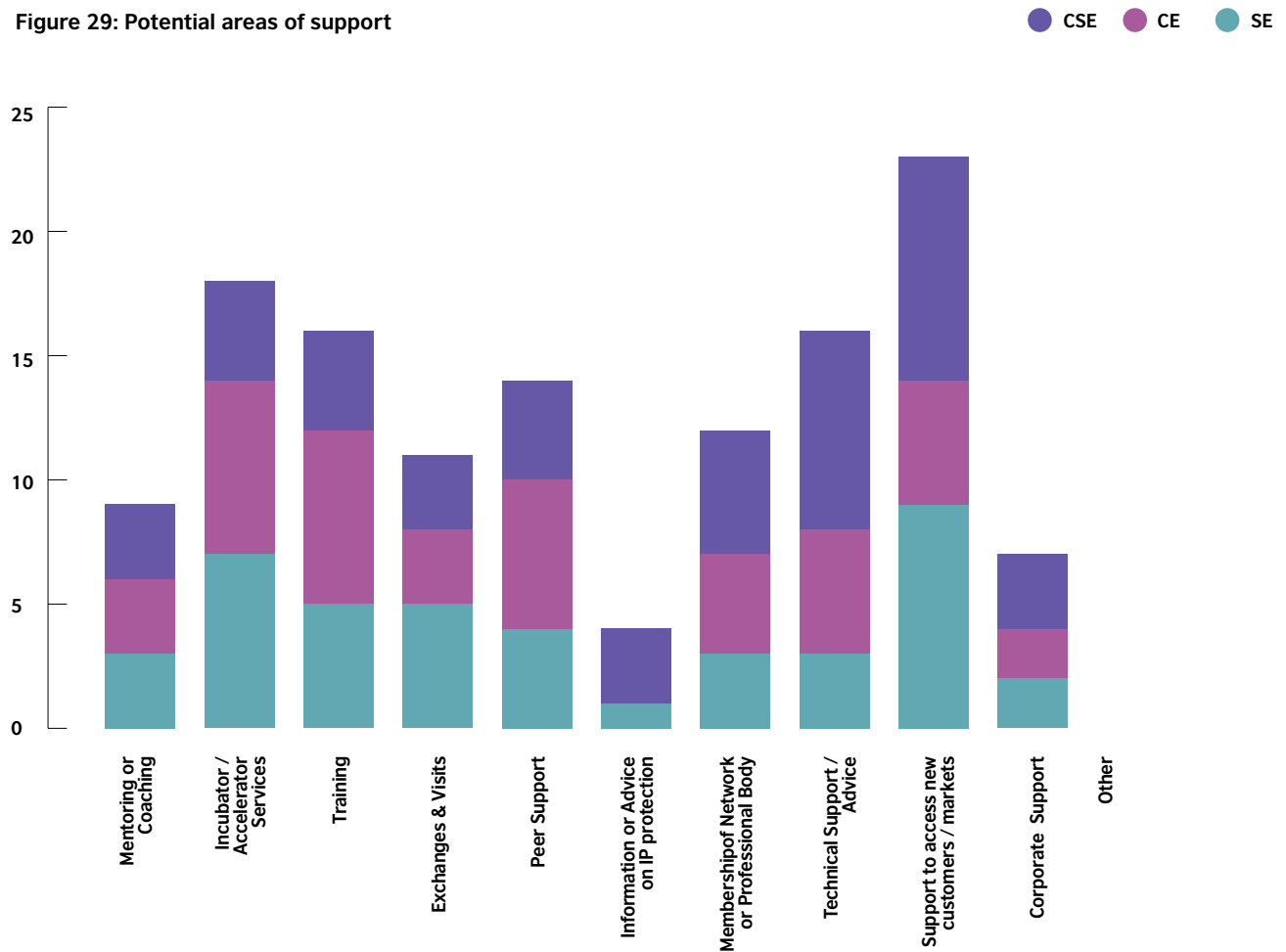
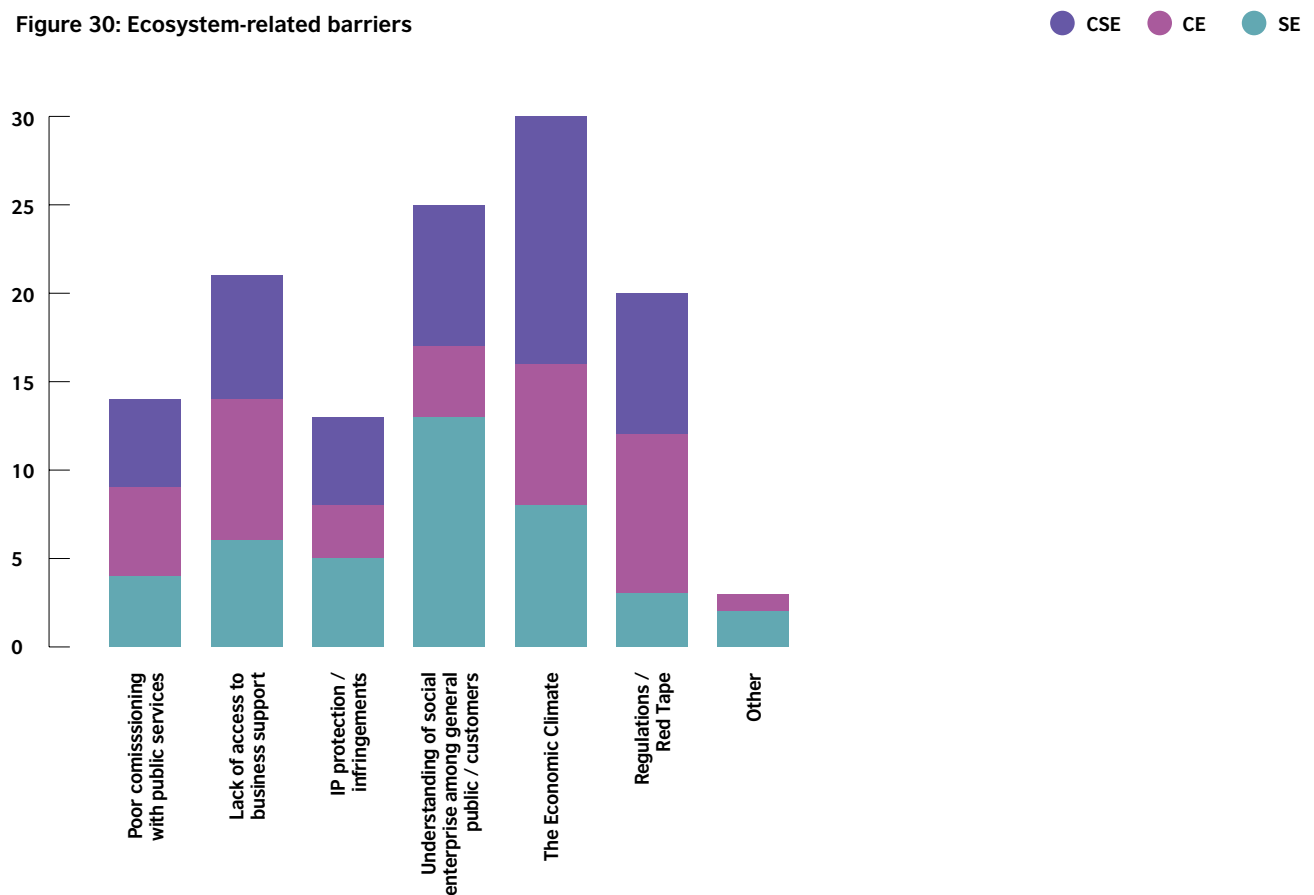


Figure 30: Ecosystem-related barriers



CONCLUSION & RECOMMENDATIONS

The aim of this report was to develop a better understanding of creative and social enterprises in Egypt and analyse the contribution of CEs, SEs and CSEs to the Egyptian economy and society in terms of job creation, turnover, inclusive recruitment, ownership, and more.

CONCLUSIONS

The findings support the following conclusions:

A large proportion of creative and social enterprises in Egypt are based in Cairo. However, we are starting to see more in other Egyptian governorates. These enterprises are growing businesses that tackle unemployment and unequal economic growth.

They adopt a wide range of legal forms, including limited liability, joint stock, NGO, sole proprietorship, shareholding, limited partnership, and unregistered entities. The enterprises are trading businesses that generate earned income.

Many entrepreneurs use personal income from another job or source to finance their creative or social enterprise.

Creative and social enterprises in Egypt are present across a diverse range of industries and sectors. A large number of these enterprises are established every year, and we are seeing an increase in the rate of start-up establishment, particularly since 2008.

The enterprises are typically MSMEs, both in terms of annual turnover and number of employees.

Most creative and social enterprises expect to expand in the future and are optimistic and enthusiastic about their growth prospects.

Many of these businesses are both creative and social.

They are creating more jobs faster than other businesses, particularly for women and young people.

Creative and social enterprises in Egypt are focused on fulfilling a range of SDGs.

Creative and social enterprises are reinvesting profits in their businesses and in their mission.

These enterprises tend to measure their impact in terms of their beneficiaries and the impact on the communities they serve.

They report capacity, finance, and ecosystem-related barriers, especially a shortage of skills, obtaining (debt and equity) finance and grant funding.

Intellectual property and infringements are not well understood. Many enterprises have not yet taken steps to protect their intellectual property.

The basic challenges facing an early-stage company in Egypt, be it a CSE, CE or SE, are often similar. These include the overall economic climate, red tape, access to funding beyond friends and family, cash flow, and access to talent.

This should not lead us to assume that these businesses are the same or require the same kind of support. Creative and social enterprises may share similarities, but their business models, products and services and support needs may vary dramatically depending, for example, on their sector and locale.

We should not cluster all creative and social enterprise in the same category, especially when it comes to policy and support. There are some CEs, for example, that operate in high-tech sectors, while others work with

traditional crafts. Both are equally valuable and needed, and both require different kinds of support, particularly when it comes to their financial needs.

Similarly, we cannot treat a social enterprise attempting to disrupt education in the same way as another attempting to disrupt energy generation. While in the larger scheme of things, both are attempting to disrupt an ecosystem or market, the practicalities of their work – and the support they may need – will remain distinct.

RECOMMENDATIONS

For an ecosystem that more effectively supports creative and social enterprises, we recommend the following:

MSMEs and their founders should continue to access and benefit from targeted programmes, grants, and investment schemes through the Ministry of Investment and International Co-operation and from start-up accelerators or incubators, like Flat6labs or AUC Venture Lab, for example, which can help them thrive.

University-based technology transfer offices, legal firms focused on the start-up ecosystem, incubators, funders and business associations can raise awareness of intellectual property rights and mechanisms and help integrate them into existing support mechanisms.

Support organisations can widen their offerings to include employees in addition to the founders of creative and social enterprises. Existing employability programmes could also address the needs of early-stage enterprises and not just large companies.

Collaboration by organisations such as UNDP's Innovation Lab, ATC, RISE Egypt and others can bring greater transparency and consistency to measuring and reporting the impact of creative and social enterprises.

Funders and support programmes should be more focused on creating systemic solutions for social and environmental problems, incentivising collaboration, and addressing root causes of problems. New programmes and funds should explicitly foster greater collaboration between CSEs and encourage enterprises to incorporate the SDGs, combining both financial and non-financial support.

Offline and online peer-to-peer learning networks for both creative and social entrepreneurs and support organisations, as also recommended by Sorour (2019) could build on the LEEP initiative led by RISE Egypt, which is already attempting to map out impact-driven enterprises.

In addition to general support, government and other funders should develop specific funding and programmes that a) target traditional handicrafts; b) provide grants to encourage research and commercialisation in specific sub-sectors of the creative industry; and c) establish schemes that allow for the integration or scaling of environmental sustainability solutions.

The government should take steps to improve mapping and data availability for social and creative enterprises through a co-ordinated approach across different agencies including the Ministry of Communications and Information Technology, the Ministry of Investment, the Ministry of Trade and Industries,

the Ministry of Social Solidarity, and the Micro Small and Medium Enterprises Development Agency (MSMEDA). This would provide sufficient information to enable the development of more formal strategies and policies to support creative and social enterprises. Measures that may be considered include the potential for tax relief, access to finance, quotas in public procurement and more. This should be done in collaboration with networks and representatives of social and creative enterprises.

Entreprenelle, supporting creative entrepreneurial young girls and women.



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APPENDIX 1 – DETAILED METHODOLOGY

To better understand the realities of social and creative enterprises in Egypt, we adopted a three-step methodology.

1. Inception workshop

A workshop what was attended by 25 stakeholders, including supporting organisations, entrepreneurs and relevant governmental officials. During the workshop, members of the ATC, DICE Egypt and Social Enterprise UK teams provided information about the study. Participants discussed other stakeholders which should be engaged in the process, questions and concerns that they wanted the survey to address, and other mapping or research efforts of which they were aware. This helped shape our research and the survey, and secured support from those who attended to help with dissemination of the survey.

2. Data collection

Primary data collection

We launched an online survey in both English and Arabic in May 2019. The survey was circulated using social media ads targeted to those interested in social and creative enterprise, and to profiles similar to those of founders. The links were also circulated using the ATC and DICE Egypt team's networks, and the networks of their partners. Finally, email shots were sent to the database of entrepreneurs in the ATC and DICE Egypt networks. We collected a total of 100 responses (60 in Arabic, and 40 in English) with 72 complete online responses (45 in Arabic and 27 in English). To ensure that our research did not exclude any enterprises, we widely circulated the survey to networks containing social, creative, and CSEs.

Secondary data collection

We conducted an online desk review of relevant publications and resources, as well as collected data on social and creative enterprises in Egypt. This mapping exercise enabled us to identify basic demographic information about 338 enterprises, and 55 supporting organisations, in addition to those identified through primary data collection.

3. Analysis, writing and peer-review

Data gathered through the workshop, online mapping and survey was aggregated, filtered and analysed. Some of the data presented in this report is calculated based on the entire sample of enterprises identified through the online mapping and the survey, whereas the more detailed insights about employment figures, linkages with SDGs, and perceptions of the ecosystem, etc. are based on the data collected from the online survey respondents only.

APPENDIX 2 – ECOSYSTEM ACTORS

Provide lists of support organisations for both creative and social enterprises (and any hybrid support organisations), with brief information/classification by type of support (e.g. financial/non-financial, early stage, established venture, etc.).

Organisation Name/Website	Type of organisation supported	Type of support
SE Support www.sesupport.br	Any SE	Financial (grants and loans)
Creative Hub www.crehub.pk	Early stage CE	Non-financial (workspace, mentoring, pro bono advice)

APPENDIX 3 – CONSULTATION WORKSHOP PARTICIPANTS

- Chamber of Handicrafts
- CHF
- Cluster
- Creativo
- Dampa
- Dotspace
- El Rehla
- Fekretak Sherketak
- Gebraa
- Giza Systems
- Ibtikar Khana
- International Labour Organization
- John D. Gerhart Center for Philanthropy, Civic Engagement and Responsible Business
- MedUp
- Ministry of Culture
- Ministry of Scientific Research
- Nahdet El Mahroussa
- RISE Egypt
- SEED Programme
- Sekem Development Foundation
- Start Egypt
- Tahrir Lounge

APPENDIX 4 – KEY INFORMANT INTERVIEWS: CE/SE INTERMEDIARIES

- Adam's Bookstore, Qena
- Amna's Handmade, Qena
- Argoon Association, Sohag
- Ashkren, Aswan
- Banana Art, Qena
- Baramoda, Qena
- Bioland, Luxor
- Chamber of Handicrafts, Cairo
- CleanTech Arabia, Cairo
- Creative Egypt, Cairo
- Eco-Nubia, Aswan
- Fekretak Sherketak, Cairo
- Fenoon, Luxor
- Firisia, Qena
- Flopateer, Luxor
- Galaxir, Luxor
- Green Fashion, Luxor
- Green Horse, Qena
- Hand Made, Qena
- Heissa Guest House, Aswan
- Luxor Business Incubator
- Megraya, Minya
- Mini Me, Qena
- Nahdet El Mahroussa, Cairo
- One Drop Matters, Luxor
- Plant A Tree, Qena
- RISE Egypt, Cairo
- Rouby Island, Qena
- Sakenni, Qena
- SOLCO, Aswan
- Start Egypt, Cairo
- Studio Masr, Minya
- Tanweera, Qena
- Teatro Al Saeed, Minya
- Wessal, Qena
- Yadaweya, Cairo
- Yadawi, Cairo
- Zamakan, Qena

