A New Player Joins the Game

Development Organizations and their Impact on the Egyptian Entrepreneurial Ecosystem
Master Thesis in Business Administration

Title: A New Player Joins the Game. Development Organizations and their Impact on the Egyptian Entrepreneurial Ecosystem.
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Abstract

Background: While entrepreneurship is now seen as an important focus in Egypt to elevate poverty and improve the economic status, a strong and coherent entrepreneurial ecosystem is necessary to achieve this. The Egyptian ecosystem is lacking a lot of principal elements such as access to finance, proper entrepreneurial education, and a culture that supports entrepreneurship. Development organizations, whose aim is to sustainably develop the society, have recently joined the Egyptian entrepreneurial ecosystem, equipped with funding, knowledge, and capacity. They aim to contribute to the Egyptian entrepreneurial ecosystem and support entrepreneurship as a mean for sustainable development.

Purpose: Despite their promising role, development organizations have not been emphasized in the literature on entrepreneurial ecosystems. This could be returned to the fact that most of the research on ecosystems is done in the context of developed countries. Our aim is to shed light on the new role of development organizations in the Egyptian ecosystem, explore what they offer to entrepreneurs, understand their impact, and analyze how they can improve the ecosystem further.

Method: The study is conducted through a multiple case study approach. Data is collected through in-depth interviews with 21 employees and entrepreneurs from 3 different development organizations in Egypt.

Conclusion: The results show that development organizations have a massive impact on the entrepreneurial ecosystem in Egypt. On the Isenberg model, development organizations have the highest impact on market, support, and finance. While they already impact culture and human capital, more emphasis needs to be put on these two domains to improve the mindset of entrepreneurs and the different players in the ecosystem. Development organizations do not contribute to the policy domain since its mostly dominated by the government.
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1 Introduction

1.1 Background

Entrepreneurship plays a critical role in the development and advancement of economies. This is especially important in the case of developing countries like Egypt. Egypt is an African country located in the northern part with an estimated population of close to 90 million as of the year 2015. Egypt is the most populous country in the Middle East and North Africa (MENA) region and the second in the whole of Africa (Sheriff & Muffatto, 2015). The Egyptian GDP per capita stands at $3,500 with a real growth rate of 1.2% according to the World Bank (n.d.). The economy is characterized by an unemployment rate of 12.2% and high poverty with 20% of the population below poverty line (Sheriff & Muffatto, 2015). In efforts to improve the current economic status, millions of dollars are directed annually to Egypt by donor organizations and international organizations with the aim of elevating poverty, creating empowerment, and supporting the transition to a free economy. Although some progress could be traced, the overall Egyptian business environment and the capability of the private sector to produce the needed employment opportunities are still limited (Farid, 2007).

With the current challenges the economy is facing, a huge emphasis is now put on the role that entrepreneurship can play in generating economic growth, creating jobs, and in elevating poverty (Farid, 2007; Sheriff & Muffatto, 2015). The current social and economic changes and the increasing competitiveness that results from the transition to a free economy implies that a lot of pressure is put on the emerging Egyptian market to embrace a model courteous to entrepreneurs who seek new opportunities through establishing new organizations (Farid, 2007). Besides venture entrepreneurship, there is also a need to develop social entrepreneurship and intrapreneurship to compensate for the downsizing of governmental institutions and support the wave of privatization (Farid, 2007). However, without the suitable entrepreneurial ecosystem that supports the development of entrepreneurship through the formulation of nationwide entrepreneurship policies, achieving a stable environment for entrepreneurship that allows growth will be tricky (Sheriff & Muffatto, 2015; Dubini, 1989; Assenza, 2016).

Nevertheless, the entrepreneurial ecosystem in Egypt is still at a very immature stage. Despite undergoing some improvements in the past years, the entrepreneurial ecosystem in Egypt still has some major issues that remain a challenge in the face of establishing new ventures. For example, neither school education nor university education equips students with the right skills that enable them to become entrepreneurs (Ibrahim, Tolba, Barakat & Ghalwash, 2017). In general, there is a lack of appropriate sources of financing (Sheriff & Muffatto, 2015). While the role of the government is essential in the establishment and success of an entrepreneurial ecosystem, the Egyptian government, like the case of many developing countries, is still at an early stage (Sheriff & Muffatto, 2015). Policies and laws that are supposed to foster entrepreneurship are still under development (Ibrahim, Tolba, Barakat & Ghalwash, 2017).
Despite the difficulties entrepreneurs face in the Egyptian entrepreneurship ecosystem, a new player; development organizations, has recently joined with hopes to support entrepreneurs and encourage their growth. Development organizations are non-governmental non-profit organizations with the aim of improving the lives of disadvantaged humans (Lewis, 2004). They have been working in the past decades to support social development in developing countries, with a recent focus on impacting the entrepreneurial ecosystem. These organizations concerned with promoting entrepreneurial activities join the ecosystem equipped with funding, local knowledge, and the capacity to fill the void left by institutions like universities, corporate sector and the government (Edoho, 2015). This gives them the potential to contribute to many aspects of the ecosystem like finance, education, and networking. Despite their promising role, little to no research at all has been done to understand what they do and how they can contribute to improving the ecosystem and thus contributing to the bigger development of the country.

1.2 Problem Statement

Entrepreneurship ecosystems in developing countries remain to be an understudied field despite the potential entrepreneurship has to alleviate poverty and support the economy. Entrepreneurship in developing countries is quite different since developing countries’ ecosystems are characterized by a lot of weaknesses that hinder the growth of entrepreneurial firms. Egypt’s case is no different. The Egyptian ecosystem does not support new innovative businesses because of its many weaknesses like failure in entrepreneurial education, hard access to finance, and poor government support.

Developing organizations and the role they play in supporting the entrepreneurial ecosystem in countries like Egypt has also not been thoroughly considered in models studying entrepreneurial ecosystems. Models like Stam (2015) or Spigel (2017) do not consider development organizations at all. While Isenberg (2011) places NGOs in his model, he places them under institutional support and limits their role to entrepreneurship promotion, business plan contests, and conferences. The term “entrepreneurial friendly associations” (Isenberg, 2011, p. 7) occurs as well vaguely in relation to development organizations in the field. This could all be accounted for the fact that research on entrepreneurial ecosystems is mostly focusing on studying successful models in developed settings.

This lack of research on entrepreneurial ecosystems in developing countries makes it challenging for researchers, policymakers, and the different players to set a right strategy for the development of entrepreneurship. Using existing models based on more successful settings can be misleading and could prompt a wrong strategic direction. Research on entrepreneurship and entrepreneurial ecosystems need to consider the context of developing countries which comes with its own unique challenges and set of players. It is important to understand the role of each player and thus understand how the ecosystem works and how it could be improved. Development organizations are one of the players that are unique to entrepreneurial ecosystems in developing countries. And while little light is shed on their role, it is important to understand
how they contribute to the ecosystem to evaluate their impact and understand how it can be improved. By investigating the topic of the entrepreneurial ecosystem in Egypt in general, and the role of development organizations in this ecosystem in specific, we create an understanding of how the ecosystem is being supported by these organizations and provide guidelines on what could to be provided by them in the future to ensure the ecosystem has all vital elements needed to create successful entrepreneurship.

1.3 Purpose Statement and Research Questions

The purpose of this research is to explore the role of development organizations in supporting the entrepreneurship ecosystem in Egypt. We ask the following questions:

1. What services and offers do development organizations provide to entrepreneurs?
2. How do development organizations impact the Egyptian ecosystem?
3. Where do development organizations have the most impact? What remains uncovered and what could be improved?

This thesis, through a multiple case study approach, aims to fill this gap in knowledge. We study the three Egyptian development organizations; Misr El kheir, INJAZ and Nahdet El Mahrousaa, who aim at promoting and developing entrepreneurship in Egypt.

1.4 Perspective

In order to better understand the role of development organizations and how they contribute to the ecosystem, we conduct interviews with the managers and employees working on entrepreneurship programs within these organizations. This internal perspective can help us understand the logic behind their services as well as get a clear image of what they see as challenges in the ecosystem for them and the entrepreneurs they support. In addition, we also interview the entrepreneurs who benefited from the programs to get insights about how they perceive the services offered to them and their overall view of the role of development organizations. Thus, our thesis takes the perspective of the development organizations including both employees and managers working on the programs as well as the perspective of entrepreneurs involved in such programs; the supplier of services and the benefiters.

1.5 Structure of the Thesis

The structure of our thesis is as follows. The next chapter provides an overview of the literature discussing the concept of ecosystems including the most notable models in this area of research like the Isenberg model and how it applies to developing countries. It also discusses the limited literature and reports concerned with the current status of the Egyptian ecosystem, its
improvements, and weaknesses. Chapter 3 explains the methodology used to tackle the topic including the philosophy, approach, and strategy followed. The case study method, qualitative data collection, and analysis techniques are explained and justified. The chapter also gives an overview of the strategies used to tackle quality and ethical concerns. Chapter 4 focuses on presenting the findings of the three case studies that were conducted. Data is presented based on the codes developed during our data gathering process and deal with the support given by the development organizations, the organizational structure, its impact, and finally the view of the organization on the overall ecosystem. Chapter 5 discusses and analyses these findings in light of the frame of reference discussed earlier as well as presents answers to our research questions. Finally, chapter 6 ends by highlighting the important aspects covered by the research and its implications for research and practice as well as provide avenues for future research.
2 Frame of Reference

In this section, we discuss the body of literature covering the topic of entrepreneurial ecosystems. Our review starts by looking at the definition of entrepreneurial ecosystems and the origin of the concept. We then examine the different models for entrepreneurial ecosystems and merge them all under one model. Afterwards, we discuss the literature on the Egyptian entrepreneurial ecosystem. Finally, we encompass the definition of development organizations in the literature and their relation to entrepreneurship.

2.1 Arriving at the Literature

To establish our frame of reference, we conducted a thorough research on the scientific research databases Scopus and Web of Science. Through reviewing the results, we found the journal “Small Business Economics” highly relevant and added it to our initial sources. Finally, after conducting our search through the aforementioned databases, we also decided to include ABI/Inform since it allows in text search, which expanded our research and enabled us to get access to more academic articles. Our search was limited to peer-reviewed articles and scholarly books. For the search, ‘entrepreneur*’ and ‘ecosystem*’ were used together or combined with other keywords like startup and triple helix. For developing countries, we followed a similar logic and added keywords related to developing countries with a focus on Africa and the MENA region. To find literature on development organization, we used the two words combined as keywords or other synonyms used in the literature like NGO, non-governmental organization in combination with terms on entrepreneurship. Finally, we looked up the keywords ‘entrepreneur*’ and ‘Egypt*’ to find literature related to entrepreneurial ecosystems in Egypt. From this pool of articles, we also used a snowballing technique, as soon as we realized that frequently referred authors or articles were missing. To round up this information and connect them with field research, we added global research reports about entrepreneurship such as the Global Research Monitor (GEM).

2.2 Introduction to Entrepreneurship

Entrepreneurship has been identified as a driver of economic growth and development through enabling employment, diffusing innovation, and affecting welfare (Acs, Desai, & Hessels, 2008; Dubini, 1989). To find out in more detail how entrepreneurial venture creation works and what are its main drivers, the concept of entrepreneurial ecosystems has gained popularity among scholars, policymakers, and even among popular business literature as an instrument to analyze and categorize startup clusters and innovation hubs. The ecosystem literature and research gained its importance by the time scholars, politicians, and economic experts realized the benefits of entrepreneurial innovation and the impact it has on local, regional, and national economies (Spiegel, 2017). Since the concept of entrepreneurship ecosystems is fairly new (Brown & Mason, 2017), it is beneficial to start by looking into the underlying literature body
that nowadays leads to the widely used term of entrepreneurship ecosystems and afterwards compare the definitions and models of different entrepreneurship ecosystem approaches.

This thesis develops around the term “entrepreneurial or entrepreneurship ecosystem”, thus we must include a short introduction of the origin and original meaning of the terms. The term entrepreneurial or entrepreneurship is widely discussed and includes various definitions. Almost no work in the entrepreneurial ecosystem theories misses out introducing their study with Schumpeter's definition dating back to 1934: Entrepreneurship or entrepreneurial is “a process in which opportunities for creating new goods and services are explored, evaluated and exploited” (Stam & Spigel, 2016, p. 5). In the course of entrepreneurship research, scholars differentiated, on a conceptual base, between small and medium enterprises (SMEs) and entrepreneurial ventures (Carland, Hoy, Boulton, & Carland, 1984). For the purpose of this thesis, Schumpeter's definition should be sufficient because it describes how entrepreneurship in general works and what outcome we can expect from entrepreneurial processes. Thus, in our research, we define entrepreneurship based on Schumpeter's original definition since we believe it is the most inclusive. It does not differentiate entrepreneurial ventures based on financial success or level of innovation as long as the entrepreneur followed the process of opportunity exploration, evaluation, and exploitation.

2.3 The Origin of the Entrepreneurial Ecosystem Approach

The term ecosystem has its origin in the natural sciences and is described as “a community of living organisms (biotic) and its associated physical environment (abiotic) in a particular place” by Sir Arthur Tansley (Acs, Stam, Audretsch, & O’Connor, 2017a; Sheriff & Muffatto, 2015). This definition is not limited to any size, although an ecosystem is bounded, local, and it includes mobile resources such as energy and material flows (Stam, 2015). For that reason, an ecosystem has no state of equilibrium, and multiple interconnections and dependencies form a complex system (Acs, Szerb, & Lloyd, 2017b; Sheriff & Muffatto, 2015). An ecosystem’s key existential attributes for survival and prosperity are adaptability, learning, and change. The metaphor of complex ecosystems and organisms that evolve depending on internal capabilities and external impacts can easily be translated to entrepreneurial ventures interacting with various players and influences in a local environment.

The entrepreneurship ecosystem approach evolved from the literature of entrepreneurship environments which was first brought up by Dubini (1989), industry clusters (Porter, 1998), the regional development theory, the business ecosystem theory, and the innovation systems theory (Acs, Stam, Audretsch, & O’Connor, 2017a; Pitelis, 2012; Spigel, 2017; Stam, 2015). The common ground for these concepts is the focus on the external business environment in a geographic area and the network advantages between interconnected companies and institutions (Alvedalen & Boschma, 2017; Pitelis, 2012; Spigel, 2017; Stam, 2015). Cooperation for R&D efforts and a strong focus on shared innovation systems especially lead to innovation outcomes and capitalization. The discussed concepts of ‘industry’ cluster focus
on the advantages on economies of size and scale like access to a shared pool of skilled workforces, innovation co-creation, shared infrastructure, lowered transportation costs, availability of capital, local knowledge spillovers, and universities (Alvedalen & Boschma, 2017; Pitelis, 2012; Porter, 1998; Spigel, 2017). The outcome of industry clusters is usually national and international competitiveness and increase in productivity (Porter, 1998; Stam & Spigel, 2016).

Industry clusters develop around high resource areas, such as oil and gas fields (Porter, 1998; Spigel, 2017), and innovation-based clusters are linked to capital and innovation intensive industries in combination with governmental activities and investments such as Silicon Valley (Pitelis, 2012), the aerospace industry or Israel’s military R&D efforts around Tel Aviv (Acs, Stam, Audretsch, & O’Connor, 2017a; Isenberg, 2010). The circumstance of heavy R&D industries competing and cooperating in the same time in a specific geographic area creates a vibrant and prospering environment for entrepreneurial opportunities (Acs, Stam, Audretsch, & O’Connor, 2017a; Alvedalen & Boschma, 2017; Pitelis, 2012; Spigel, 2017). The first start-ups in these areas usually are spin-offs of the local big corporations or ventures with niche business ideas to tap into the business ecosystem of the multi-nationals (Pitelis, 2012; Spigel, 2017).

Understanding how the entrepreneurship ecosystems approach evolved around the aforementioned concepts is apparent since the outcome of industry clusters and innovation hubs are entrepreneurial opportunities that need to be taken advantage of. Stam (2015) explains the shortcoming of the innovation systems theory that concentrates on missing elements in the chain of successful innovation management and leaves out the role of the entrepreneur. The significant turn that the entrepreneurial ecosystem approach takes is shifting the focus away from the venture and its needs towards a person of interest, the entrepreneur (Stam, 2015). While cluster and innovation systems’ theories provide a better understanding of how the network between vertically competing companies provides significant benefits and advantages for the participating companies, they overlook “soft” factors like entrepreneurship culture and entrepreneurial management that are important for the process of starting a venture from scratch (Pitelis, 2012; Spigel, 2017). Stam (2015) states that the entrepreneurship approach tries to fill the gap by putting the entrepreneurial leader at the center of the ecosystem as well as assigning the entrepreneur the role of maintaining the system.

2.4 Introduction to Entrepreneurship Ecosystem Literature

When discussing the literature body explicitly using the term `entrepreneurship ecosystem`, it is important to start by highlighting the different perceptions and critiques of scholars researching the topic. Alvedalen & Boschma (2017) emphasized the fact that so far entrepreneurship ecosystem theories lack a universal agreed upon definition. Furthermore, scholars so far focused mainly on numbering and categorizing different actors and leaving out explanations of what causes and what effects the ecosystem (Alvedalen & Boschma, 2017;
Stam 2015). Stam (2015) points out that the root cause of the perception of scholars and politicians is that “ecosystems are systems that produce successful entrepreneurship, and where there is a lot of successful entrepreneurship, there is apparently a good entrepreneurial ecosystem” (p.6). Following this logic, the entrepreneurial ecosystem approach could only be applied to high-growth startups or unicorns as representatives of innovation creation, productivity, and employment generation (Stam, 2015). This would leave out smaller not necessarily less successful startups with a lower level of financial success, global recognition, and welfare outcomes but arguably not less entrepreneurial (Stam, 2015). Acs, Desai, & Hessels (2008) and Isenberg (2010) also follow this logic and point out that several more factors determine quality and quantity of good entrepreneurial outcomes in entrepreneurship ecosystems. Over the years scholars have realized that the generalization of entrepreneurship outcomes and benefits or attempts to create a one-size-fits-all explanation to categorize ecosystem outcomes fail to be significantly proven (Acs, Desai, & Hessels, 2008; Isenberg, 2010). Deducing causes for successful entrepreneurship ecosystems from that view end up being a summary of possible but not evident circumstances and factors rather than scientifically proven facts. Therefore, Alvedalen & Boschma (2017) point out the shortcomings of studies either focusing on context specific models or broad attempts to build general concepts that are not locally applicable (Stam, 2015). Spigel (2017) picks up on that argument and claims that “Ecosystems represent more of a conceptual umbrella […] rather than a coherent theory about the emergence of sustainable communities of technology entrepreneurs” and therefore studies about the ecosystem are “underdeveloped and undertheorized” (p.1).

2.4.1 Comparison of Four Ecosystem Models

To gain a deeper understanding of the research dilemma, the next section focuses on popular and recent definitions and concepts in the entrepreneurial ecosystem literature. Several entrepreneurship ecosystem models, differing in depth and width of included factors, have been introduced mainly as a tool and overview for policymakers to support national entrepreneurship (Acs, Autio, & Szerb, 2014; Berger & Kuckertz, 2016; Isenberg, 2010).

2.4.1.1 Daniel Isenberg (2011)

The Babson Entrepreneurship Ecosystem Project

One of the well-known and most cited models of entrepreneurship ecosystems is Daniel Isenberg’s (2011) model of the “Babson College Domains of the Entrepreneurship Ecosystem” (Acs, Stam, Audretsch, & O’Connor, 2017a). According to Acs, Stam, Audretsch, & O’Connor (2017a), Isenberg follows Porters (1998) cluster approach and extends Porter’s findings with the entrepreneurship ecosystem attributes by offering governments with a to-do list to create a successful entrepreneurship ecosystem. To come up with a model for an ecosystem, Isenberg (2010) uses examples from Rwanda, Chile, Israel, and Iceland, which in a sense is a novelty, since this is one of the first articles about ecosystems including both developing and developed
countries. The model Isenberg developed in 2011 is probably the most comprehensive so far and lists six domains; policy, finance, culture, supports, human, capital, and markets. For the implementation, Isenberg (2010) states that entrepreneurial ecosystems need to be adjusted around national and local circumstances, and therefore each ecosystem is unique in itself. He underlines the importance of cooperation between the state and the private sector and suggests letting clusters grow organically. He advises to tackle early on the culture around entrepreneurship, focus on the high potentials at the beginning, and create and support role models to stimulate a bandwagon effect. Finally, the biggest task for the government is to reform the legal, bureaucratic, and regulatory framework towards venture creation and create an open market with first customers (Isenberg, 2010).

2.4.1.2 Erik Stam (2015)

*Entrepreneurial Ecosystems and Regional Policy: A Sympathetic Critique*

Stam (2015) describes the entrepreneurial ecosystem as “a set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship” (p. 1765). He describes nine attributes and links them to successful startup communities. These attributes are leadership, intermediaries, network density, governments, talent, support services, engagement, companies, and capital. These attributes highlight the interaction among the
different players. As Stam (2015) notes himself, the attributes and eight additional pillars, that ecosystems consist of, strongly overlap with the domains of Isenberg (2011). One difference is the pillar education and training, which is not solely left to universities, but also include other specialized institutions that provide entrepreneurial education. Stam (2015) summarizes those attributes as systematic conditions and his pillars as framework conditions that again interact with each other. Stam’s (2015) most significant difference to Isenberg’s model (2011) is the systematic condition of “knowledge” being locally present and exchanged by everyone, which Isenberg does not mention.

The special feature of his model is that it focuses on the entrepreneurial process and produces outputs and outcomes. The output is described as entrepreneurial activity and the outcome is aggregated value creation. The entrepreneurial activity output is defined as opportunity creation for innovations and contributes directly or indirectly to the economic welfare. This approach puts the entrepreneur in charge of creating his or her own opportunity. This shows again the differences to the cluster systems theory where opportunities are created by externals and the entrepreneur just needs to take advantage of them. In regard to our previously mentioned definition of entrepreneurship, Stam includes all kinds of ventures from innovative start-ups, to high-growth start-ups, and entrepreneurial employees (Stam, 2015).

Stam’s (2015) model consists of the valuable characteristic that entails up- and downward causation. The system revolves around the entrepreneur and leaves him/her the responsibility to build and maintain it (Stam, 2015).

![Figure 2: E. Stam’s (2015) Key model of elements, outputs, and outcomes of the entrepreneurial ecosystem.](image)

### 2.4.1.3 Ben Spigel (2017)

*The Relational Organization of Entrepreneurial Ecosystems*

Introducing the term “national systems of entrepreneurship” (NSEs), Acs, Autio, & Szerb (2014) offer a rather broad definition that defines NSEs as “dynamic, institutionally embedded
interaction between entrepreneurial attitudes, ability, and aspirations, by individuals, which drives the allocation of resources through the creation and operation of new ventures” (p. 479). The focus of this definition lays in the resource access and mobilization, knowledge accumulation and the entrepreneurial process (Acs, Autio, & Szerb, 2014). Like Stam (2015), the listed systemic conditions and framework conditions are summarized as the entrepreneurial ecosystem elements that lead to the outcome, but Spigel (2017) also states that the outcome enforces the base again. Similar to Acs, Autio, & Szerb (2014), Spigel (2017) differentiates entrepreneurial ecosystems from, for example, industry clusters by having the advantage of being “related to resources, specific to the entrepreneurship process such as startup culture and financing […]” (p. 52). Therefore, he divides the attributes necessary for an entrepreneurship ecosystem into cultural, social, and material. Cultural attributes set the base of how entrepreneurship is seen in the culture of the region and what the entrepreneurship history is. Positive examples such as a risk-taking attitude and openness towards failure can be seen in Silicon Valley and Boston for instance (Spigel, 2017). Additionally, both have an endless pool of successful historical examples of entrepreneurs and businesses that guarantee an endless stream of students or internationals trying to follow up on the success. “Success breeds success” (Brown & Mason, 2017, p.18) is one of the common guidelines to explain long-term growth and prosperity among established startup hubs. The dominant factors for social attributes are networks, investment capital, mentors, and skilled employees. They work as accelerators for start-ups and increase knowledge about opportunities, technologies, access to financing, and entrepreneurial skills. Material assets are the attributes of the region, such as close by universities, support services and facilities, physical infrastructure, policy and governance, and open markets. These attributes offer knowledge and skilled employees, assistance for start-ups, entrepreneurship-friendly rules and regulations, and local customers with purchasing power (Spigel, 2017).

Spigel (2017) points out that those eleven factors are not necessary for the development of an ecosystem but including them helps to create one. In addition, these factors do not exist isolated but influence and reproduce each other. Spigel (2017) puts his findings into a pyramid-based scheme of the three attributes and stresses the point that these attributes are not hierarchical but stand for multiple configurations and interactions.

![Figure 3: B. Spigel’s (2017) Model for Relationships Among Ecosystem Attributes](image-url)
2.4.1.4 Constant D. Beugré (2017)

Building Entrepreneurial Ecosystems in Sub-Saharan Africa – A Quintuple Helix Model

For the analysis of entrepreneurship ecosystems in developing countries, Beugré (2017, p. 32-34) developed the quintuple helix model. This model evolved out of the triple helix model that was first introduced by Etzkowitz & Leydesdorff (1998) and consisted of the dimensions ‘government’, ‘industry’, and ‘universities’. Etzkowitz & Leydesdorff (1998) created the rather simplified model to highlight the necessity of knowledge and innovation creation among universities to feed into the ecosystem. One of the important traits of this model is the requirement of collaboration among these three pillars.

To increase the relevance of the model for developing countries, Beugré (2017, p. 32-34) added to the existing dimensions civil society and international organizations and institutions. The fourth dimension ‘civil society’ takes the local culture into account and comes up with comparable findings and results as Isenberg (2011) and Spigel (2017). The fifth dimension of the quintuple helix model was added to highlight the importance of international organizations for developing countries. This dimension covers foreign governmental development agencies such as USAID or GIZ from Germany, non-governmental development agencies such as the World Bank, the international private sector, and international universities. This dimension does not focus on any local or national initiatives and purely views it from an international perspective (Beugré, 2017, p. 81-89). This collection of organizations has it as a common factor in their official goals and aims to support entrepreneurial development developing countries by offering financial aid, knowledge transfer, and entrepreneurship education programs. The key to success for those agencies and organizations is to be included into an already existing ecosystem to selectively address issues by cooperating with national agencies and organizations that are part of the industry domain (Beugré, 2017, p. 81-89).

![Diagram of the quintuple helix model](image)

*Figure 4: C. Beugré (2017) The quintuple helix model of entrepreneurial ecosystem in sub-Saharan Africa*
2.5 An Integrated Model of Ecosystem Literature

To conclude with the entrepreneurial ecosystem approach, we will merge and connect Spigel’s, Stam’s, Beugré’s, with Isenberg’s six domains. These six domains have twelve subcategories which include a total of 51 components and mostly covers all attributes listed by Stam (2015) and Spigel (2017). Our goal is to structure the different findings of the other models under Isenberg’s approach of the six domains and build up a catalogue of factors and traits for the analysis of ecosystems in general and ecosystems in developing countries in particular. This conclusion will be complemented with practical findings from the Global Entrepreneurship Monitor (GEM) 2017, the Global Entrepreneurship Development Index (GEDI) 2017, the World Economic Forum and Organization for Economic Co-operation and Development (OECD) report about entrepreneurial ecosystems since these reports combine the theoretical background and practical field research.

2.5.1 Finance

One of the most valuable factors for entrepreneurs is the availability of funding and finance (Stam, 2015). The first sources of funds for entrepreneurs are family and friends, together with angel investors offering early-stage venture capital (Isenberg, 2011). Furthermore, access to debt through microloans and bank loans or in more developed stages private equity investments and public capital markets form all sorts of financial funding opportunities for the entrepreneur (Isenberg, 2011; Spigel, 2017; Stam, 2015). Usually, the financial ‘starting’ capital offered to the entrepreneurs goes hand in hand with additional support such as mentoring and access to networks through angel, venture and seed capital investors (Isenberg, 2011). These forms of intangible and tangible support are the catalysts for entrepreneurship creation and high-growth startups (Acs, Szerb, & Lloyd, 2017b; Spigel, 2017). In fact, the Global Entrepreneurship Monitor (GEM) of 2017 lists entrepreneurial finance as one of the key factors driving venture creation, especially innovation focused entrepreneurship.

Developing countries are characterized by insufficient financial institutions, which leads to financial resource scarcity and inability to raise funds for venture creation (Edoho, 2015; McKague, Wong, & Siddiquee, 2017). Entrepreneurs mainly rely on informal funding such as personal and family funds. If available and accessible, banks are a source of formal early-stage funding that requires the startup to have cash-flows and financial liability for repayments. This forces the entrepreneur to pay interest rates immediately and prevents significant investments in innovation and growth. Developing countries lack formal law enforcement institutions, thus angel investors and venture capitalists need different approaches to secure investments and repayment. A strategy is to rely on informal networks and build up strong personal relationships with the entrepreneurs and their families (Manimala & Wasdani, 2015). Interestingly, Dubini (1989) concludes that governmental funding is highly inefficient to boost venture creation. Governments seem not to have the ability to directly funnel investment money where necessary and should instead spend it on other sectors such as infrastructure and entrepreneurship.
education. Kuada (2015) adds to the problem that governments lack the ability and experience of venture capitalists to identify growth-orientated SMEs.

### 2.5.2 Culture

The cultural domain deals with the perception of entrepreneurship in society, cultural attitude, and entrepreneurship related history (Spigel, 2017). A supportive culture means that the society tolerates economic failure, accepts entrepreneurship as a standard career path, and enforces the attitude of entrepreneurial risk taking (Foster et al., 2014; Spigel, 2017). Isenberg (2011) adds important social norms such as innovation, creativity, and experimentation. The GEM report (2017) states that especially nurturing the culture of successful failures encourages learning from failed experiences and provides learnings for future attempts. In some cultures, acceptance for entrepreneurship should notable start with not excluding women entrepreneurship and aligning support systems to promote it. Isenberg (2011) points out that cultural change can take 30 years and more, which by far exceeds practical time frames. However, scholars argue that successful entrepreneurship history as an outcome fuels cultural change (Stam, 2015).

Mair & Schoen (2007) & Kuada (2015) particularly highlight the importance of the role of founders, their visions, and personal traits have on setting a foundation for entrepreneurial culture and creating role models. Entrepreneurship history can be shaped by individuals and success stories, for example, successful high-growth startups like Skype in Estonia and Steve Jobs with Apple fuel the culture and history of ambition, drive, and hunger for future generations (Isenberg, 2011; Stam, 2015). For a positive perception in society Isenberg (2010) recommends to over celebrate entrepreneurship, wealth generation, and economic success with media events and publicized awards.

In developing countries, there is lack of promoting and displaying successful role models and success stories. Overcoming this shortness could lead to university students recognizing the availability and the appeal of a career in entrepreneurship (Hadidi & Kirby, 2015). In general, entrepreneurship needs to be embedded in the cultural values and recognized as a valid career path. Risk-taking and acceptance of failures are especially not tolerated in every culture, which can lead to social stigmatization (Beugré, 2017, p. 71-80; Gnanakumar, 2015).

### 2.5.3 Supports

Isenberg’s (2011) domain “Supports” encompasses a conglomerate of factors categorized in physical infrastructure like telecommunication and transportation, support professions like legal and accounting, and non-governmental institutions. According to Stam (2015) and Spigel (2017) support services lower entry barriers, reduce time-to-market duration of products and innovations, and enable venture creation and growth.
Isenberg’s model puts little emphasis on NGOs and assigns them activities such as entrepreneurship promotion and business plan contests. Furthermore, Spigel (2017) points out the support role of non-profit entrepreneurship organizations in creating network events, entrepreneurship training, and promoting entrepreneurship. To summarize, they strengthen the local entrepreneurship community and support entrepreneurial culture. Looking at the overall literature body, non-governmental and non-profit organizations are rarely mentioned as entrepreneurship drivers, which could be due to the fact that the ecosystem literature is mainly based in developed countries and other institutions take over these tasks (Sheriff & Muffatto, 2015).

One of the characterizing factors of developing countries is underdeveloped institutions or institutional uncertainty. Underdeveloped institutions are highly volatile and unreliable to provide access to capital, legal and accounting advisory, protection of property rights and so forth (Tracey & Phillips, 2011). A major barrier that stands against prospering of entrepreneurship is the insufficient and inadequate state of infrastructure in many developing countries. Basic needs for infrastructure such as road and railroad networks, access to telecommunication, and broadband are underdeveloped (Edoho, 2015). This causes communication difficulties and expensive and unreliable logistics of goods (Manimala & Wasdani, 2015).

2.5.4 Human Capital

Like the cluster theory, entrepreneurship ecosystems need to accumulate human capital. Higher educational institutions are usually important players right from the beginning for the ecosystem. Some examples are Stanford University for Silicon Valley and Boston University for the Boston entrepreneurship hub (Audretsch & Belitski, 2016). Necessary human capital provides managerial, technical, and entrepreneurial attributes. These qualities ensure skilled employees and competitiveness, which help entrepreneurs to overcome growth pains and transform the startups into mature companies (Mason & Brown, 2014; Spigel, 2017). Universities usually provide entrepreneurial programs and training and ensure a constant flow of students with an entrepreneurial mindset to start their own ventures or work within startups. The GEDI 2017 lists the factor human capital as one of two most important pillars and mentions that highly educated entrepreneurs are more capable and willing to start and manage high-growth ventures (Acs, Szerb, & Lloyd, 2017b).

In general, developing countries have a shortage of skilled labors (Manimala & Wasdani, 2015) and in the field of SME entrepreneurship, family members are hired as a form of available and inexpensive source of employment. The pitfall of this strategy is that family members tend to work less efficiently, contribute less, lack personal commitment, and use the venture’s turnover as a source of income. This leads to a lack of reinvestment capital and short-term enrichment, which ultimately can cause the venture to collapse (Kuada, 2015). Universities fail to realize and to exploit their role in effectively educating students towards opportunity recognition and
venture creation. National development organizations offer programs to tackle the issue but are not able to avoid overlaps and double spending (Kirby & Ibrahim, 2011).

### 2.5.5 Markets

Usually, the pillar market refers to a domestic and foreign market that provides other companies and early customers (Stam, 2015), and it ideally should be well-regulated and open (Spigel, 2017). Local customers and their needs usually initialize opportunities for entrepreneurship and start the entrepreneurial process by testing proof of concept products or by early on adopting new products (Isenberg 2011, Spigel, 2017). Accordingly, the GEDI 2017 sees competition among businesses an important driving factor and argues for careful regulations to prevent market dominance and monopolies (Acs, Szerb, & Lloyd, 2017b). Nonetheless, the cluster theory and Brown & Mason (2017) show that big corporate ventures attract skilled labor, have knowledge spillover, incubate entrepreneurs, and attract customers. It is important to mention that for developing countries with low skilled labor and natural resource dependent economies the local markets and their regulations strongly constrain entrepreneurship (GEM, 2017).

The domain `Markets` in Isenberg´s model (2011) additionally lists networks, which consist of entrepreneurs, diaspora, and multinational corporation networks. Throughout the literature of ecosystems, the network of entrepreneurs is evaluated as one of the most important factors (Brown & Mason, 2017; Spigel, 2017; Stam, 2015). Entrepreneurship networks enable knowledge transfer, information flow and connect entrepreneurs with advisors, investors, and workers. Advanced networking skills lead to more success, better opportunity identification, and better access to resources (GEM, 2017). Other studies argue that close networks hamper the entrepreneurial process and radical entrepreneurship through building up closed inward looking communities (Alvedalen & Boschma, 2017).

### 2.5.6 Policy

The domain `Policy` entails the aspects of governmental leadership towards entrepreneurship and everything that affects entrepreneurship indirectly. Isenberg (2011) lists institutions, financial support, a regulatory framework, research institutes, and entrepreneurial friendly tax regulations under this domain. The domain `Policy` affects every other domain and can hardly be separated from the rest. The government is the major player when it comes to national infrastructure, human capital, education, financial regulation, and market regulations. It plays a crucial role for rules and regulation developing the entrepreneurial environment by having a taxation that encourages new businesses and SMEs, effective intellectual property protection, effective anti-corruption regulation, limited bureaucratic obstacles for venture creation, and so forth (GEM, 2017; Mason & Brown, 2014; Stam, 2015; Spigel, 2017).
Governmental policies remove or build up institutional barriers for entrepreneurs and can directly impact entrepreneurship ecosystems with specific funding programs, incubation facilities, and networking events (Spigel, 2017). The World Economic Forum (WEF) Report (2014) states tremendous differences across countries and how governments with regulatory frameworks inhibit or foster starting and growing ventures. The report lists ease of starting a business, tax incentives, and business-friendly legislation policies as important factors. Additional components are access to basic infrastructure, access to telecommunication and internet, and access to transport and logistics systems (Foster et al., 2014). Usually, political institutions are directly addressed in the literature body of entrepreneurship ecosystems since they are responsible for impacting important ecosystem factors and can eliminate hindering factors. Isenberg (2010) addresses the problem that many governments are looking for a toolkit to build up their own Silicon Valley and forget that national and local conditions need to be taken into consideration.

One of the root causes of the lack of entrepreneurial opportunities and intentions in developing countries is the dominant role of state-owned enterprises dominating all economic sectors. Thus, causing a shortage of jobs and threatening entrepreneurs in the process of developing the private business sector (Edoho, 2015). Manimala & Wasdani (2015) summarize these threats as unpredictable governmental behaviors that are characterized by unclear and inconsistent policies. This entails norms and regulations for taxation, property rights, and availability of goods, which creates entrepreneurial obstacles (Juma, James & Kwesiga, 2017). Instead, governments should focus on policies to promote entrepreneurship such as entrepreneurship education, tax benefits for SMEs, promoting capital markets, and providing national marketing. Kanter (2012) proposes more detailed policy implications. She suggests amplifying knowledge creation and speeding up innovation-to-market conversion, building up networks of SMEs and large corporations for growth aspirations and partnerships, improving business orientated education and employability, and fostering regional economic strategies and scalable business models by creating networks of leaders.

2.6 The Challenging Egyptian Entrepreneurial Ecosystem

The GEM Report of 2017 ranked Egypt’s entrepreneurship ecosystem low in most of its measures in comparison with the global average. Despite the limited positive improvement from previous years, the Egyptian entrepreneurial ecosystem still suffers from some weakness and challenges (Ibrahim, Tolba, Barakat & Ghalwash, 2017). The major constraints to entrepreneurship, as put by Sheriff and Muffatto (2015), are the lack of suitable education, the absence of proper financing channels, and administrative barriers. These findings were also supported by the GEM report that listed entrepreneurship education in both school and post school stage as the weakest area of the Egyptian entrepreneurial ecosystem. The report also lists access to financial capital, bureaucracy in obtaining necessary permits and the challenging regulatory environment that imposes high taxes, customs regulations and corruption (Ibrahim,
Below the major challenges in the entrepreneurial ecosystem in Egypt are discussed in more details.

### 2.6.1 Entrepreneurial Education

In the case of developed countries, universities have been making a shift in the past period from the ivory tower model to what is known as the entrepreneurial university. This entails that universities develop an entrepreneurial mindset and forge strong links with industries and the government to create an innovative triple helix model. However, in developing countries like Egypt, the gap between universities and industries is still very wide (Sobaih & Jones, 2015). The education system in Egypt is weak and highly centralized by the ministry of Higher education and the supreme council for higher education which have in the recent years decreased their expenditures. As a result, educational institutes have little autonomy or independence (Hadidi & Kirby, 2015). The poor Egyptian education system at the end does not support any university-industry collaboration (Sobaih & Jones, 2015). Universities should not limit their entrepreneurial education programs to business administration students but develop a program for interdisciplinary use (Kirby & Ibrahim, 2012). In addition, the teaching methods used by education institutes do not embed entrepreneurial values such as creativity, autonomy or independence. The taught content does not prepare potential entrepreneurs by giving them an understanding of the market economy and its functionality nor an understanding of processes for new venture creation. In this sense, entrepreneurial education needed to start, manage, and grow a business in different areas such as marketing, strategy or financial management are lacking from Egyptian graduates (Ibrahim, Tolba, Barakat & Ghalwash, 2017).

### 2.6.2 Access to Finance

According to the GEM report, Egypt’s rank when it comes to entrepreneurial finance is low compared to the global average, with a slight improvement from the preceding year (Ibrahim, Tolba, Barakat & Ghalwash, 2017). The lending scene in Egypt is distinct and is associated with many parties like banks, consultants, NGOs and even the government. For that reason, micro-enterprise lending targeting growing entrepreneurs and intending to promote small business development in Egypt has not been effective. Although several foreign entities have put out funds and loans targeting small businesses, these sources of financing have been usually carried out inefficiently. Criteria unrelated to banking are set for the funds and personal relations play an important role in the distribution of the funds where fund administrators can favor individuals they know or can benefit from (Farid, 2007). The biggest source of funding available for early-stage entrepreneurs is still informal funding obtained from family and friends. Besides, there is also an apparent improvement in debt funding for new and growing firms. This improvement can be attributed to an initiative undertaken by the Central bank to
encourage commercial banks to increase loans issued to SMEs (Ibrahim, Tolba, Barakat & Ghalwash, 2017).

2.6.3 Government and Institutions

In any entrepreneurial ecosystem, a multitude of players participates to aid the development of entrepreneurship. Their combined effort is facilitated through the creation of networks and relationships involving people and institutions from both public and private sectors as well as formal and informal sectors. All these different players work towards the establishment of efficient and productive entrepreneurial ventures that can create economic growth. In all this, the role of the government is of extreme importance for the development of a healthy entrepreneurial ecosystem. This is however not applicable in developing countries like Egypt where the government is still in an early stage for developing such ecosystem (Sheriff & Muffatto, 2015).

In addition to its role in developing the ecosystem, the government also plays an important role in setting policies such as taxations, licensing, permits, and market regulations that could either support the development of SMEs or challenge their inception (Ibrahim, Tolba, Barakat & Ghalwash, 2017). In the past years, the Egyptian government has been developing a strong interest in fostering entrepreneurship. In 2004, a new SME law was passed to improve the support offered to entrepreneurial ventures. Shortly, in 2007, an SME stock market was also launched to help small businesses raise capital through initial public offerings (Sheriff and Muffatto, 2015). More reforms and modifications to the existing law have been undertaken to support entrepreneurs, yet until 2016 their effect was still not felt. The major problems with regulations affecting entrepreneurs are the difficulty to obtain licenses and permits, especially in some industries. While the government plans to reform laws in this segment, the majority of the licensing power falls under local municipalities that are characterized by high levels of corruption. Although the level of taxes does not pose a threat to entrepreneurs, the problem with the taxation system is its inconsistency, unpredictability, and lack of transparency in both regulations and application (Ibrahim, Tolba, Barakat & Ghalwash, 2017).

2.6.4 Egyptian Culture and Entrepreneurship

Entrepreneurial culture has a tremendous impact on the outcomes of entrepreneurship. Recently, Egypt started empathizing on the promotion of entrepreneurship. A positive trend shown in the GEM report is that entrepreneurial traits like risk taking, creativity and innovation, and individual initiative are continuously improving. This indicates that Egypt has found a way to gradually support this matter (Ibrahim, Tolba, Barakat & Ghalwash, 2017). However, the GEM report indicates that cultural factors still play an important role in constraining entrepreneurship. The society is still characterized by a culture of lack of trust, low-risk taking propensity, and most importantly, students are socialized and educated to be employees with
steady incomes and a secure job (Ibrahim, Tolba, Barakat & Ghalwash, 2017). To support the positive trends even further, it is suggested to emphasize on the success of the pioneering entrepreneurs and publish their success. Another important factor that explains the Egyptian work culture is interacting in a collectivistic environment over individualism. This results in a working culture that incorporates collaboration and cohesion instead of individual competition (Farid, 2007).

2.6.5 New Era for Entrepreneurship in Egypt

Despite the challenges facing entrepreneurs in the Egyptian context, the entrepreneurial ecosystem in Egypt has taken a few leaps forward over the past year according to the 2017 GEM report. When it comes to access to finance, for example, a new venture capital with a $50 million fund was launched. The government’s growing interest in entrepreneurship led to the establishment of a new government agency with the goal of supporting entrepreneurship development. A new investment law is also being crafted with entrepreneurs in mind. Entrepreneurial education is also expected to improve slightly in the upcoming years with new entrepreneurship curricula plotted for public schools. In general, more and more players are taking part in the Egyptian ecosystem. Over the past year, several technology parks and several donor-driven programs were launched to support entrepreneurship and entrepreneurial education. Though the Egyptian ecosystem remains young and immature, the beginnings of a positive momentum can be seen (Ibrahim, Tolba, Barakat & Ghalwash, 2017). It is now of utmost importance to develop an entrepreneurial ecosystem capable of incubating entrepreneurial activities. And in a case of a young ecosystem in a developing country like Egypt, the government should learn to delegate some efforts in developing such system (Sheriff & Muffatto, 2015).

2.7 Development Organizations

The past decades have witnessed an immense increase in non-governmental organizations (NGO) that operate in developing countries managing human resources and billions of dollars (Murtaza & Austin, 2011). The problem with defining these players is manifold and is affected by the history, governance, foundation, legal entity, and income sources of each organization (Lewis, 2004). Vakil (1997) offers the definition of organizations that are “self-governing, private, not-for-profit organizations that are geared to improving the quality of life of disadvantaged people” (p. 2060). Lewis (2004) assigns the role of intermediaries to NGOs to support community-level organizations. Furthermore, NGOs can be divided into groups such as service provider NGOs that work directly in the field, advocates NGOs that have a lobby function towards the government, innovator NGOs that propose new ways of doing things, and monitor NGOs that have a close look on the government and private sector in a supervising role. For this study, we decided to limit our focus on NGOs that are service providers and support the community-level and have an innovation-driven purpose.
We decided to exclude organizations that do not fulfill the attributes ‘non-private’ and ‘not-for-profit’ since we are more interested in the programs and goals towards entrepreneurship and not the governance structure of the organization. For the purpose of this thesis, it is important to highlight the density of international development organizations from European and North American countries and the shire volume of different UN programs solely designed to promote entrepreneurship and SME development in developing countries, especially in Africa. Equipped with extensive funding opportunities, local networks, and local offices they have the capability to fill the gap of institutional void and mismanagement (Edoho, 2015). Together with sustainable entrepreneurs, they have been identified as critical players to foster innovation and address environmental, social and economic issues that challenge local regions and countries (Peredo, 2003). Again, literature exclusively focusing on development organizations and the entrepreneurial ecosystem is rare if non-existing. The role of development organizations based on findings in existing literature involves the topics finance, education, and networks that are, not surprisingly, vital elements of the entrepreneurship ecosystem.

### 2.7.1 Current Roles of Development Organizations

#### Finance

One of the biggest roles for developing organizations is providing accessible funding for startups. Popular strategies emerged such as micro-financing and peer-based funding, in which groups of entrepreneurs are accountable for every member to repay the interest fees (McKague, Wong, & Siddiquee, 2017; Mair & Schoen, 2007). Though those organizations act with the best intentions, they are heavily dependent on funding from their countries of origin or foreign countries which are closely connected with the global and national well-being of their economies (Juma, James & Kwesiga, 2017).

#### Education

McKague, Wong, & Siddiquee (2017) conclude that developing organizations can have a huge impact by educating local entrepreneurs in subjects such as business administration, bookkeeping, financial planning, marketing, and customer service. However, in their study of entrepreneurial education, Kirby & Ibrahim (2011) advise local development organizations to closely work together with universities to maximize their impact and avoid overlapping programs.

#### Network

Next to finance and education, the third role of developing organizations is to create and maintain a network for entrepreneurs to get access to each other, technical knowledge, and other stakeholders in the entrepreneurial ecosystem (Mair & Schoen, 2007).
Overall, although there is some information on the role of development organizations in the entrepreneurial ecosystem of developing countries, the literature clearly lacks research about their particular role and interaction with entrepreneurs. The literature lacks information about their efficiency and efficacy and their long-term impact on the entrepreneurial ecosystem. Due to a lack of coordination and cooperation with each other and governmental actions, it might be even the case that developing organizations provide overlapping programs and inefficiently funnel their scarce resource (Isenberg, 2010).

2.7.2 The Growing Need for Development Organizations in Egypt

According to Ibrahim, Tolba, Barakat, and Ghalwash (2017), the role of entrepreneurship support organizations in the Egyptian ecosystem is now more crucial than ever. Sheriff and Muffatto (2015) list several support organizations that are tasked with fostering entrepreneurship in Egypt. Most of these organizations take part in training, networking, and market creation phases. Of the organizations they listed, three of them were development organizations participating in supporting different kinds of entrepreneurship like social entrepreneurship and micro and small entrepreneurship. Sheriff and Muffatto (2015) note that while these organizations exhibit a commitment to the entrepreneurial ecosystem, there is also a duplication of efforts. Ibrahim, Tolba, Barakat, & Ghalwash (2017) also highlight that several of those organizations were supported by short-term donor programs and faced challenges when the donor funding ended and thus had to shut down. They suggest that such organizations need to leverage and maintain their capacity by developing more sustainable revenue models, which might be a challenge when operating in an economically challenging environment. Nevertheless, support organizations and development organizations remain vital for the development of a successful entrepreneurial ecosystem as they form the heart of such ecosystem in Egypt.
3 Research Methodology

This chapter discusses the methodology used in conducting the research, the logic behind the chosen methodology and how it links to our research purpose. The first part starts by discussing the underlying research philosophy, type of research and strategy used. Then, a description of how the sample was selected and approached is displayed. The method of data collection and analysis are also highlighted. Finally, ethical considerations and quality concerns and cleared.

3.1 Research Philosophy

Our research aims to discover the role that development organizations play in developing entrepreneurship in the Egyptian ecosystem. In order to build an understanding of the role of one player in the ecosystem, we must also give attention to how this player perceives entrepreneurship and the overall ecosystem, interacts with the other players, and builds a connection to achieve this role. Our view of the matter is thus, a subjectivist view, constructed from the perceptions and actions of the development organizations and the entrepreneurs as social players in the ecosystem and that implies there is no one reality that applies to all (Saunders, Lewis & Thornhill, 2009; Collis & Hussy, 2014). From an epistemological point of view, our study follows an interpretive research philosophy. We believe in the view that the business world, in particular, is far too complex and unique to be explained by sets of laws and rules similar to natural sciences. Similarly, when it comes to the topic of entrepreneurial ecosystems, every ecosystem is unique and different with its own network of players and connections. Adopting a positivistic view on our research topic would mean missing out on rich insights that could help us understand the Egyptian ecosystem and thus be able to better understand how development organizations contribute to it and what they still lack. Thus, as interpretivism implies, we take an empathetic stance throughout the research to tap into the social world of entrepreneurs, development organizations, and their view of the ecosystem and understand their world from their perspective (Saunders, Lewis & Thornhill, 2009).

3.2 Research Strategy

One challenge of studying the development organizations in the context of the Egyptian ecosystem or ecosystems, in general, is that the topic has not been much researched before and thus, established models and concepts are rare. This means that we cannot establish a clear theoretical position before collecting data. Instead, our study is inductive in nature, and we start by collecting our data and then generating meaning from our collected data to identify patterns and relationships (Saunders, Lewis & Thornhill, 2009). Bajpai (2011) explains that researchers might come across this case, where there will be very little background about the problem. In this case, exploratory research, as he suggests, is used to delve into the various elements of the problem, so that the researcher can develop a stronger understanding of the research framework. Exploratory research aims to look at the patterns, to identify and develop concepts
instead of testing a hypothesis (Collis & Hussy, 2014). In our case, an exploratory research is
ideal to tackle the novelty of the topic and be able to develop a broad perspective of what
development organizations can contribute to the ecosystem of a developing country yet at the
same time gather profound and rich information that enables us to build deeper knowledge and
insights on the topic. It also aligns with our inductive method and our research purpose to
understand the role of development organizations. As Saunders, Lewis, and Thornhill (2009)
put it, an exploratory study can be used to ask what is happening in a certain field, seek new
knowledge and insights, and investigate the topic to view it in a new light. The flexibility in
exploratory research should not be understood as a lack of direction, it rather means that it
starts with a broad focus and as the research progresses and the understanding of the topic
widens, the focus progressively becomes narrower (Saunders, Lewis & Thornhill, 2009). An
exploratory study is unstructured, qualitative in nature (Bajpai, 2011), and focuses on collecting
a wide range of data (Collis & Hussy, 2014).

3.3 Research Method

3.3.1 Case Study

Collis and Hussy (2014) identify the case study approach as one of the typical techniques used
in exploratory research. In their opinion, case studies provide the research with flexibility as
there are few constraints on the activities utilized and the types of data collected. A case study
is defined as an empirical tool that is used to investigate a certain novel phenomenon – in this
case the new role of development organizations in an entrepreneurial ecosystem - in depth and
within its natural context (Farquhar, 2012) and thus fits perfectly to our research purpose as
well as the adopted philosophy and methodological choice.

The case study approach has several advantages for our research. The major advantage of a
case study is its ability to investigate a topic where few studies have been carried out. A case
study also combines the use of many tools such as observations and record analysis from
interviews. This can enable us to study the phenomenon of developing organizations in the
entrepreneurial ecosystem and understand its underlying contributions and problems in great
depth. A case study is especially important in the case where context plays a significant role in
the findings. Since our research deals with exploring the development organizations’ role in an
ecosystem of a developing country – in particular Egypt – a case study approach can help us
address the problem in lights of its context. It goes beyond the rigid limits of constructed
models and questionnaires to help us ask “why” development organizations play an important
in developing countries if they do, “how” do they provide value to the entrepreneurial
ecosystem and “what” could they still contribute to enhancing their role. Thus, a case study
can help us build on the existing body of knowledge on the topic as well as lead us to new
insights and even help guide the development of new theories about ecosystems in developing
countries (Bajpai, 2011).
Saunders, Lewis, and Thornhill (2009) distinguish between four strategies of case studies based on two dimensions; the number of case studies, and the scope the cases cover, resulting in either a single vs multiple case studies and holistic vs embedded case studies. We chose to conduct a multiple case study, where we work with and study three different development organizations and their entrepreneurship programs in the context of the Egyptian ecosystem. Choosing multiple cases is preferable to a single case study for many reasons. It will give us an understanding if what applies to one case also apply to others and consequently help us arrive at more generalizable findings (Saunders, Lewis & Thornhill, 2009). It also aligns with our exploratory study approach which aims for collecting a big amount of data and finding patterns among the different cases (Collis & Hussey, 2014). Our case studies also take an embedded perspective since we do not look at the development organizations as a whole. While the development organizations usually have other focus domains, we specifically study departments and programs which focus on developing entrepreneurship and innovation and supporting the entrepreneurial ecosystem.

3.3.2 Method of Access

As Bajpai (2011) points out, studying the whole population will be neither feasible nor practical for any researcher. And so, a researcher selects a sample to study instead of opting for the complete demography. Based on Bajpai’s (2011) definition of a population, we define our target population as per our research objective as all development organizations with entrepreneurship development programs working in Egypt. However, identifying the ones that conduct entrepreneurship development programs from the ones who do not would have required going through all the programs of each and every development organization in Egypt, which would have been inefficient and time-consuming. Instead, to identify a sampling frame we conducted a pilot interview with Dr. Hadia Hamdy, Associate Professor Entrepreneurship and Innovation Management at the German University in Cairo and an active player in the Egyptian entrepreneurial ecosystem. Through discussing our research purpose and objective with Dr. Hamdy, we were able to arrive at a list of four potential development organizations with entrepreneurship development as a focus.

We first contacted all shortlisted organizations through email where we attached our research proposal and asked to set an introductory meeting to discuss the possibility of conducting a case study. We received replies from three of the four organizations. After that, the three got back to us and agreed to be a part of the case study. As a final step, we held a meeting with the participating organizations to explain our research timeline and take their consent on information we plan to collect as well as interviews we plan to hold with their employees and entrepreneurs. We believe that from all the different sampling procedures discussed in the literature, our sample is most close to what Bajpai (2011) described as a judgment sampling technique. Judgement sampling, as explained by him, involves selecting a sampling unit based on the judgment of the researcher, where the researchers believe that through using their judgment they can arrive at a more representative sample. This technique can prove more
accurate than simple random sampling and can also be more time and cost efficient. Except in our case, the judgment was not made by the researchers themselves, as our knowledge of the Egyptian ecosystem was limited. Instead, we referred to an expert in the ecosystem to help us arrive at a more accurate and representative judgement sample.

3.3.3 Time Horizon

As Saunders, Lewis, and Thornhill (2009) point out, most research projects in academic contexts are restricted by a timeframe. Our research, alike, is constrained by a limited time allotted to formulating our purpose and method, gathering the relevant data, and analyzing it to arrive at a conclusion. Thus, our research is taking a cross-sectional approach where we study the phenomenon of development organizations and their role in the Egyptian entrepreneurial ecosystem at a particular timeframe. As Saunders, Lewis, and Thornhill (2009) put it, our research will be similar to a “snapshot” taken during the time when we collected our data (p.155). Although cross-sectional studies are typical for quantitative research, it is also used with qualitative methods, especially during case studies where interviews can be conducted over a brief period of time (Saunders, Lewis & Thornhill, 2009).

3.3.4 Data Collection: In-depth Interviews

Our data collection process takes a qualitative approach where we use in-depth interviews to gather the needed data for our cases. In-depth interviews are conducted with individuals instead of groups and allow for both interviewers and interviewees to interact and explore the topic in more details (Sreejesh, Mohapatra & Anusree, 2014). In-depth interviews have been classified by Sreejesh, Mohapatra, and Anusree (2014) as structured, semi-structured or unstructured depending on their level of formalization. In our research, we chose to use semi-structured interviews since they are more structured than the unstructured type and thus enable us to stay focused on our topic and the information essential to us while at the same time they provide some flexibility in comparison to structured interviews (Sreejesh, Mohapatra & Anusree, 2014). The non-standardized in-depth and semi-structured interviewing method is generally helpful in exploratory studies and specifically in our case to find out what is happening in the Egyptian entrepreneurial ecosystem and to seek new insights about the role of development organizations in developing entrepreneurship (Saunders, Lewis & Thornhill, 2009).

In preparation for our interviews, we followed Saunders, Lewis, and Thornhill’s (2009) guidelines by creating a list of themes and questions we want to cover. We specifically created a tool for interviews directed towards employees and managers who work on entrepreneurship programs in development organizations and another tool for interviews directed towards entrepreneurs involved in such programs. The questions included in the tool were derived from our understanding of the reviewed literature on the topic and from reports explaining the
current status of the Egyptian entrepreneurial ecosystem. Before conducting the interviews, an important step for us was to build strong familiarity and trust with the cases being interviewed. A thorough research on the organization was thus undergone before meeting with them to gain an understanding of the organizational characteristics and values. In addition to that, a meeting was conducted before starting data collection to familiarize ourselves with the responsible figures and create a thorough plan for the data collection period.

During the interview, as Saunders, Lewis, and Thornhill (2009) suggested, some questions were omitted as they were not relevant to this specific organization or person. The order of the questions also varied depending on the conversation flow. In most cases, additional questions were required to probe on a specific point or get deeper insights into the issues presented. Since following up on the ongoing discussion kept us from keeping detailed notes, we also used Saunders, Lewis, and Thornhill’s (2009) suggestion to audio record the interview after the consent of the participants. To make it easier for the participants to express themselves, we asked them before the interview if they would like to have it in English or in their mother tongue. They all agreed to have it in English, however, some phrases were sometimes expressed in Arabic. As one of the researchers share the same mother tongue, this was later translated into English. Although we preferred conducting face to face interviews, in some cases where meeting in person was not feasible, Skype was used to conduct the interview. We also considered that both researchers be present during all interviews, but due to time constraints and difficulty to commute, in some interviews only one interviewer was present. In all interviews, we aimed for 45 mins length, but sometimes depending on the flow of the interview and the knowledge of the interviewee, this could be shorter or longer.

Throughout the data collection period, we were able to conduct 21 interviews in total with a total of 19 hours. For our first case, GESR, we conducted a total of 9 hours of interviews. We were able to interview the senior manager of the program, 3 employees working on the program and 4 entrepreneurs who were previously involved in the program. We also included 2 mentors that the organization referred us to as they worked on mentoring startups participating in the program. In our second case, Start Up Egypt, we were able to conduct 6 hours of interviews with the 2 representatives responsible for the program and with 5 other entrepreneurs. Finally, for the third case, Nahdet El Mahrousa, we conducted 4 hours of interviews with the program manager and 3 entrepreneurs associated with the program. Although we hoped to conduct more interviews with Nahdet El Mahrousa, this was not possible due to the limited time the organizational members had. However, we found that the 4 we met with had given us extensive insights that make up for the fewer hours dedicated to their case study.
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Table 1: Overview of interviewees

Total: 3 Development Organizations, 21 Interviews, 19:29:55
3.3.5 *Data Collection: Secondary Data*

In addition to the conducted interviews, to ensure proper triangulation and to make use of already existing sources, secondary data was also used (Saunders, Lewis & Thornhill, 2009). Secondary data collected for this research included data about the organizations and their programs from their different websites, social media outlets, etc.

3.3.6 *Data Analysis Procedures*

As is the case with qualitative research, data collection and data analysis were interrelated and dynamic processes during our research. This means that analysis of collected data occurred during the collection period as well as after it. This ongoing analysis process also helped influence the direction of data collection (Saunders, Lewis & Thornhill, 2009). Our data analysis procedures followed the general analytical procedures explained in Collis and Hussy (2014). We first started with data reduction by selecting data relevant to the research topic and discarding irrelevant data followed by a process of restructuring our data and categorizing it. We used coding techniques to identify major themes like the support these organizations give to the entrepreneurs, what kind of impact they have, etc. Sometimes, some data would fit in more than one code. In this case, we discussed this among ourselves to make sure we had the same understanding of the code and how it is applied to data. This also led to the development of sub codes. Finally, from these categories identified, we were able to find major highlights and themes that involve the role of development organizations in developing entrepreneurship in Egypt, the challenges they work on solving, and their potential in the entrepreneurial ecosystems of developing countries.

3.4 *Establishing Credibility*

Establishing credibility for the study is an important topic to discuss. Without measures to ensure credibility, research would not be of value. Thus, it is of utmost importance to consider how reliability and validity are applied across the research method (Morse et al., 2002). Reliability and validity help the researcher answer the questions of whether the evidence and conclusions provided was placed under scrutiny and can be justified and explained (Saunders, Lewis & Thornhill, 2009). Both validity and reliability are applied in every step of the research. This is a continuous process that is done through identifying and correcting errors before they can influence our analysis. In that sense, “qualitative research is iterative rather than linear so that a good qualitative researcher moves back and forth between design and implementation to ensure congruence among question formulation, literature, recruitment, data collection strategies, and analysis” (Morse et al., 2002, p.18).
3.4.1 Reliability

Reliability refers to the degree of accuracy and correctness and how different the research would be if the same study was repeated. For a research to be reliable, constant results need to be produced in a repeat study (Collis & Hussey, 2014; Saunders, Lewis & Thornhill, 2009). The ability to repeat results is especially necessary in the case of positivistic studies. However, Collis and Hussey (2014) explain that reliability in the paradigm we use for our study is interpreted in a different way. From an interpretivist view, more weight is placed on whether conclusions and interpretations formed by different researchers on different occasions can be clarified and understood. Replication in the positivistic sense would be difficult to achieve since the researchers can and will influence the findings. Thus, the emphasis for reliability, in this case, is to rather create procedural conceptions (Flick, 2008).

The aim of reliability for qualitative research is to make the production of data more transparent. This includes several aspects discussed by Flick (2008) that we have taken into consideration. First, he stresses that readers should be able to check what is a statement of the interviewee and what is a conclusion made by the researchers. During our coding process, and while writing our findings, we have taken measurements to make sure we do not confuse the interviewees’ opinions with our own interpretation. While displaying our findings, we also included word-by-word quotes to support them. Before that, in the transcribing phase, we also made sure to have clear guidelines for the process as Flick (2008) suggests, through developing codes and creating a meaning for each code that we both agree on. Whenever there was a confusion during the process, both of us would engage in a discussion until a suitable decision is reached. Sometimes we would add another code or sub code or expand the meaning of a currently established code based on our discussions. This was made to ensure the alignment of interpretation.

3.4.2 Validity

According to Saunders, Lewis, and Thornhill (2009), when discussing qualitative research, validity receives more consideration than reliability. Validity mainly answers the question of whether researchers actually see what they think they see. There are different aspects of validity that needs to be discussed in regard to qualitative research. Flick (2008) displays Altheide and Johnson’s concept of validity which includes five different levels; the relationship between the observations and the underlying context like culture and history, the setting and the relationship between the interviewer and the interviewee, the interviewers’ interpretations in regard to the observations, the readers’ role, and finally the issue of representational, rhetorical, or authorial style used by the author. This process is based on the concept of validity as a reflexive accounting of the research method.
Throughout, we designed our research process to take into consideration the five validity concerns. Before the interview started, we made sure to create a comfortable atmosphere for the participants, ensure them of their rights, and give them the space to ask questions to make them more open to express their thoughts. We used the concept of validating an interview’s content described in Flick (2008). In validating an interview “the main question here is whether the interviewees were given any cause to consciously or unconsciously construct a specific, that is, biased version of their experiences that does not or does only correspond with their views in a limited way” (Flick, 2008, p.17). During the interview, we were conscious not to ask any leading questions or a question that prompts answers in a certain direction. While analyzing the interview, we took into consideration history of the organization as well as the interviewees’ history to identify and eliminate potential bias. When interpreting the data, we made sure we discuss the different meanings of each statement. When in doubt in regard to which meaning a statement would imply, we used the concept of communicative validity, where we recommmunicated the findings to the interviewee to ensure we got the right interpretation (Flick, 2008). Finally, when presenting our findings, we made sure the reader would get the right interpretation as well by including a description accompanied by word-by-word supporting quotes from the interviewees. This also helps to eliminate any bias in our writing style and way of communication.

3.4.3 Generalizability

Generalizability is also addressed as external validity and is concerned with how the results of the research can be generalizable. This refers to the extent to which findings are applicable to other contexts (Saunders, Lewis & Thornhill, 2009). Case studies conducted on a small sample are usually seen as a weak method for generalization (Bajpai, 2011). For interpretivism, findings may not be possible to transfer from a sample to the population. Generalization in the context of a case study thus means to apply one results from a setting to a similar setting. With this understanding, even case studies with as few as a single case can be generalizable (Collins & Hussey, 2014). To be able to generalize, a concrete understanding of the environment and activities have to be achieved. Through our research, we have put a high emphasis on comprehending the specific context, organizational differences and the overall status of the ecosystem. Development organizations in the Egyptian context can make use of the study to understand their role in the ecosystem and how they can improve it. Development organizations who are still not involved in entrepreneurship can make use of the models presented in our study to access the area of supporting entrepreneurship. Through our elaborate expansion on the Egyptian ecosystem and the status of development organizations in it, results could also be applied to ecosystems with similar conditions, thus results can be generalized to more ecosystems with similar contexts.
3.5 Ethical Consideration

Through the length and the different stages of the study, a number of ethical issues can ascend (Saunders, Lewis & Thornhill, 2009). Collins and Hussey (2014) identify some of the ethical dilemmas of research like anonymity and confidentiality, informed consent and ensuring participants’ dignity. To protect participants’ rights and ensure consent, we developed a consent form explaining the research project and asked the participants to sign it before taking part in the study. This consent form granted participants the right to withdraw at any time from the study. Through it, we also took permission to record the interviews for our use during the analysis period. These recordings were only used by us and were discarded after the study to ensure participants’ privacy. While developing our interview guide, we also made sure that no questions could cause any discomfort to the participants like embarrassment or stress. The consent form also gave the participants the right to be anonymized if they wish. Although all participants in the study did not wish to be anonymized, we sometimes worried that certain statements could bring harm to the participant in any way. In these cases, we discussed the opinion of anonymizing certain employees or entrepreneurs, but we found that it would still be easy to track certain statements to certain entrepreneurs based on their startups or to employees based on their job description. Instead, these statements were either completely disregarded from the study, or if they were very relevant they were included as our own perception.
4 Empirical Findings

This chapter introduces the findings of the three case studies we conducted. Each subchapter discusses one of the three organizations and the various data related to it. Throughout the coding process, four major themes dominated our findings: ‘support’, ‘structure’, ‘impact’, and ‘view on ecosystem’. In ‘support’, we present the different services that development organizations offer for the entrepreneurs and how they are perceived. In ‘structure’, we present any information related to how these organizations are structured and discuss any strengths or weaknesses that arise from the adopted structure. In ‘impact’, we focus on who have the organizations impacted so far and any plans or barriers they discussed to expand their impact. Finally, we display the overall view of development organizations and the supported entrepreneurs of the ecosystem in ‘view on ecosystem’ to present what they find as a strength and what they still struggle within their support environment. It is also worth mentioning that the term ‘NGO’ was used interchangeably with ‘development organization’ by the interviewees in the findings section since it is a more common term in the Egyptian society.

4.1 GESR - Misr El kheir Foundation

Misr El kheir foundation was established in 2007 by a group of individuals with the vision “to become an internationally pioneering sustainable development organization” by achieving “comprehensive human development through the implementation of projects in order to diminish the levels of illness, poverty, hunger, illiteracy, and unemployment”. Misr El kheir is one of the biggest charity organizations in Egypt with a sustainable source of income through donations. That stable source of income roots in the cultural and religious tradition of citizens donating a minimum of 2.5% of their annual savings to charity organizations. Misr El kheir’s projects focus on many aspects such as free medical treatment in rural areas, covering school expenses, direct food donations, or establishment of micro businesses like street food vendors. Misr El kheir’s uniqueness lies in their long-term approach for sustainably developing the Egyptian society. Through their charity work, the organization established a positive national reputation and gained respect and trust among Egyptians.

“Here in Egypt you have two types of charity organizations. Charity that is based on charity like Lions, Rotary. And then you have another type of NGOs (development organizations) and that is the bulk that gets money. [...] In Islam, you have to donate a percentage of your income. Misr El kheir is one of the first organizations to try this thing (sustainable development) to the end and they make it very strong.” (Ashraf, Mentor)

As part of its sustainable development plan, Misr El kheir runs a department for scientific research and innovation. Misr El kheir then realized most of this supported research does not realize its potential in developing the society. To turn these innovations into viable social ventures, GESR was founded in 2013. “GESR is a program that aims to support technology entrepreneurship through its business incubator and technology innovation lab”. GESR’s
mission is to “establish business incubator models, in all of Egypt’s governorates that foster technology-focused, innovative ideas that solve the societal challenges in the fields of water, food, health, energy, and education and to help transform them into sustainable ventures”. GESR consists of the GESR Business Incubator that focuses on supporting “promising technology startups at the seed-funding stage” in the aforementioned five sectors. Additionally, GESR maintains the GESR Technology Innovation Lab that supports “makers, innovators, inventors, technologists, and entrepreneurs” to prototype and tests “technological innovations and technology-based entrepreneurship”.

“Because a lot of scientific research is closed under the labs and they did not go to the market. This research could be useful for community development. So, we support people that want to go from the lab to the market.” (Radwa, Employee)

4.1.1 Support

GESR’s incubator is a program that runs for 6 to 9 months to support early-stage startups from ideation to prototype phase and from prototype to go-to-market phase. All their incubated startups have to work on a hardware product that caters to the bottom of the pyramid in the domains of health, food and agriculture, education, energy, and water. GESR’s incubator offers a broad range of services in order to support the startups overcome the challenges of early-stage.

“We offer a package of services, we have here a coworking space, in-kind services like mentorship and consulting, financial support, access to facilities such as the mechanical lab, mechatronics lab and the design lab, the network, legal, financial and admin support.” (Mohamed, Senior Manager)

The biggest advantage of being incubated by GESR, according to the entrepreneurs, was the fairly high seed fund compared to other incubators. GESR also offers this seed fund without taking any equity from the startup. The fund is not distributed all at once but is rather given on three tranches. The tranches are connected to the achievement of certain milestones during the incubator and the commitment of the entrepreneurs to the program. This includes physical attendance in the facilities, participation in training, and progress in their work.

“GESR gives you a relatively good starting point and they don’t take any equity in return. The incubators give on average the same amount like GESR but they usually take up to 10% equity. Fund was the most important out of the incubation.” (Mostafa, Entrepreneur)

An important criterion for all startups joining GESR’s program is to be an officially registered company to be able to receive their funds. For the startups who were not already registered at the beginning of the program, GESR helps with legal paperwork and the process of registering
the company through the organization’s legal department. The legal department in Misr El kheir does not only help them register but can also guide them on how to set-up and review contracts and non-disclosure agreements and provide legal advice if needed.

“Misr El kheir has a good office for legal advice and support.” (Malek, Employee)

“They have a good department that helps them write NDAs and contracts.” (Ashraf, Mentor)

“You cannot get any deals without being registered. Especially in my field of work.” (Mostafa, Entrepreneur)

The incubation program starts with a boot camp, from which an external jury selects 7 teams to join the program. Throughout the program duration, GESR offers several workshops and training. Training cover many aspects such as design thinking, business model development, marketing for startups, and HR management. The training mainly focus on the business side of startups because most of the entrepreneurs come from a technical and engineering background and lack necessary skills to start and manage a business. Entrepreneurs saw that the business workshops were especially important during the go-to-market phase of the startups.

“My lack of business knowledge coming from an engineering background. In engineering schools here, we don’t study a lot business topic. [...] It took a long time to change my mindset and absorb business mentality.” (Islam, Entrepreneur)

“Actually, what I need now is marketing mentorship that is what I need most now. [...] We still lack marketing strategies to go big into the market.” (Islam, Entrepreneur)

“All our startups have a problem with their marketing. They all think marketing is unessential. From my position in GESR, I give them advice and we already give them a fund for marketing, but they always use it for other services like buying machinery. We provide marketing workshops and sometimes we help them one on one to create marketing material” (Salma, Employee).

As previously mentioned, attendance at the workshops is mandatory and linked to the disbursement of the fund. From the employee’s point of view, the entrepreneurs were sometimes hesitant to come to the workshops but only attended just because the seed fund depends on it. The fact of the mandatory attendance for the workshops was mentioned, but not directly criticized. However, one entrepreneur expressed that the sessions need to be more customized to the needs of the incubated startups.

“Entrepreneurs come into the building and attend the training just because of the second tranche of the fund.” (Malek, Employee)
“(If I would change anything) I would speak more to the startups to find out what they are missing. They need to focus more on empowering the startups. They need more training. They need to look at the incubation program as a learning for the startups.” (Mostafa, Entrepreneur)

Besides the general sessions, GESR offers a more tailored educational experience through its mentorship program. In general, entrepreneurs request a mentor and GESR looks for them in their network and tries to match them according to business or industry expertise. The entrepreneurs had mixed opinions about the quality of the mentorship program. One entrepreneur attested GESR has some weaknesses in comparison to another incubator he attended. Another entrepreneur stated that the match with an experienced mentor gave the startup an essential advantage and solved a major problem. Another entrepreneur highlighted the importance of the mentorship program but was criticizing the lack of time and commitment of the mentors. He claimed that especially with a hardware focus in technical industries, it is essential to get specific knowledge and experience to overcome engineering problems and avoid designing a product that is not customer-centric. Overall, GESR does not find it hard to find mentors since mentors usually voluntarily join GESR for the good reputation of Misr El kheir and for being a non-profit NGO. Another reason is their mentality of giving back their experience and contribute to future success.

“The most important thing is mentors. They assigned us a mentor, a designer actually. Which was important, because we had a product that was working, but not efficient and had a design problem. Through their network they knew a mentor who was concentrating on design.” (Mostafa, Entrepreneur)

“One of the weaknesses of GESR is that they do not offer very powerful mentorship compared to other incubators. So far, GESR connected mentors with startups after request and just according to expertise. Now they put more effort in it and interview startups to find out about their requests for mentors.” (Islam, Entrepreneur)

“Professional mentors with the right expertise have not enough time to help startups and come to entrepreneur networks. They can earn much more money, spending their time somewhere else.” (Mahmoud, Entrepreneur)

“I am doing this, because I really would have wished I had that support 30 years ago, when I started my first company” (Ashraf, Mentor).

GESR also gives entrepreneurs access to a wider network of business contacts and valuable connections. Although most entrepreneurs come for the fund, they later realize the advantages of being part of this network.

“Networking is the most important support we offer.” (Mohamed, Senior Manager)

“Networking is best thing people can do. So, places for networking and panel discussions are very helpful for me and a lot of people. They tell their experience, bad and good things.
Sometimes I was very disappointed, and I wanted to give up on this idea and join a multi-national company to have a very nice job and salary. I was talking to this man building a factory for production machines and I was asking him for advice and learned a lot [...].” (Mahmoud, Entrepreneur)

“Through their network they connect us with companies like Pepsi and because of that we soon might get a project. They helped us to connect with Pepsi and we sat down with their CEO and they were impressed by our bike. They said it solves a big problem for them.” (Mostafa, Entrepreneur)

GESR also extends its support in building a network by offering entrepreneurs media coverage and exposure in different events. One entrepreneur highlighted the media coverage that GESR organized and the overall physical exposure on fairs, networking events, and exhibitions. For example, GESR has a booth every year in Rise Up Summit, the biggest networking event for startups in Egypt. Having the chance to exhibit there can have a huge impact on the future success of the startup. GESR offers this chance to its incubated startups every year.

“Two radio interviews and a TV interview. [without them I] would not be at that stage. [...] Apart from that, GESR is maintaining a vivid social media presence and posts and promotes on a regular base their incubated startups.” (Mostafa, Entrepreneur)

“Most important for some startups is the Misr El kheir network and connecting them to players in the network. [...] Rise Up was the most important collaboration for the startups, because it gives them a lot of opportunities to connect with other startups and investors.” (Radwa, Employee)

“They offer connections to specific companies, they have their own network, they can connect us to them. They helped us to be in different fairs, like Innovate and Rise Up.” (Islam, Entrepreneur)

Through its network, GESR also tries to connect its incubated entrepreneurs with the chance to connect with investors. Each cycle in GESR ends with what they call the demo day. On that day, they invite startups to present the prototypes in front of an audience of investors and VCs, and ideally match them with potential investors.

“GESR has a Demo Day [...] you should be ready to present your product to investors. They do play a big role further financing [the startup]” (Mostafa, Entrepreneur).

Last but not least, GESR provides a coworking space, and the significant advantage for the entrepreneurs was that it was centrally located, easy to reach, and equipped with the necessities to do proper office work. Every employee saw the coworking space as an important asset and mentioned it throughout the interview. In addition, GESR offers labs to help tech-based startups develop their prototype. The access to the mechanical lab, mechatronics lab, and the design lab was highly appreciated by every entrepreneur. Both employees and entrepreneurs pointed out
that offering the incubator in combination with the lab gives GESR a certain competitive edge, compared to other incubators. The respective lab manager suggested that the management of the labs could be improved.

“The unique approach of GESR in offering the incubator together with labs. [...] A lack of technicians to supervise the labs and missing machines for prototype development is hindering me [...] The work is overloaded with bureaucratic work due to the status of an NGO, such as preparing audits.” (Malek, Employee)

"The place here is very good. They have very beneficial labs that we can work from.” (Islam, Entrepreneur)

Throughout their services, GESR seems to follow a minimum interference policy when it comes to the startups’ product development. In several interviews, it was mentioned that the entrepreneurs are supposed to make their own experiences since these are part of the entrepreneurial process. In response, one entrepreneur gave the impression that this approach could be sometimes quite demotivating and frustrating, especially if professional mentorship and advice cannot be provided.

“GESR is providing more theoretical than practical advices and GESR is not interfering into the entrepreneurial process.” (Malek, Employee)

4.1.2 Structure

GESR is part of the bigger foundation, Misr El Kheir. As a result of this association, GESR and its incubated startups enjoy some benefits. The first benefit for GESR is that they get their funds from the mother organization directly and do not have to raise their own money.

“We depend on Misr El kheir; we spend a lot of money from Misr El kheir and we do not generate revenue, and this is one of our issues here at GESR, we are the same.” (Mohamed, Senior Manager)

Usually, the fact that most NGOs depend on funds and grants is a disadvantage in terms of long-term stability and financial sustainability, but in our case, two employees stated that Misr El kheir’s source of income is very stable due to its good reputation in the Egyptian society. Entrepreneurs find the legal structure of an NGO a positive aspect for them. Since Misr El kheir is an NGO, they are not allowed to take an equity percentage in the incubated startups in return for the fund they provide. The only non-legally binding request GESR has is if the company in their first years after graduation of the incubator becomes financially profitable, it should donate a share of the profit back to Misr El kheir.
“GESR does not take any equity but they demand and support them all the way to the end. Even when the incubation finished they tell them come and use the workspace and workshops. They keep trying to match them with other mentors and investors. And all they ever demand is, if it ever gets profitable that they donate a minimal percentage of the profit back to the foundation, so they can support others.” (Ashraf, Mentor)

“We take no equity from our startups we only take a royalty, you need to donate back.” (Mohamed, Senior Manager)

“Our incubator puts less pressure on the entrepreneurs to go to market and generate revenue in comparison to other incubators that invest and take equity.” (Mohamed, Senior Manager)

The good reputation Misr El kheir maintains does not only support it to raise funds. The entrepreneurs saw in the positive impact driven vision and mission of Misr El kheir and GESR a source for personal motivation. Additionally, the legal status and charity branding of the organization had the effect that the perceptions of the startups were connected with trustworthiness and social acceptance among society and customers.

“Most important support is the one that GESR is trying to give us right now the exposure. They are trying to involve us a lot with the media and getting us out in the market. That is really important because that makes people trust you. They have seen your face somewhere and they trust you in giving you some money.” (Mostafa, Entrepreneur)

Misr El kheir has very influential board members with excellent contacts to politicians and religious institutions. They maintain an enormous network of national and international industry partners such as PepsiCo, Unilever, and Deutsche Bank. Misr El kheir utilizes this network to create business opportunities for the incubated startups and provide them with their first client. But perhaps the most unique selling point for GESR is the possibility of having Misr El kheir itself as a first customer for the startups. Misr El kheir’s outreach and variety of business fields match the focus pillars that GESR is active in. This way GESR usually incubates startups that have products for projects and fields of interest to Misr El kheir. As several employees stated, Misr El kheir creates its own functioning ecosystem for startups and enables them to sell their first products under real conditions in a protected environment.

“Misr El kheir helped us to go to a sporting club, so if we want this machine in a club like that it is not easy for a company, especially a startup. Misr El kheir is an NGO that makes our mission easier.” (Islam, Entrepreneur)

“There is an integration between GESR and the foundation Misr El kheir so the output of GESR can be an input for the foundation [...] We have a project for social education schools in Marsa Matrouh governorate. The lighting systems installed in the schools are already done by one of our startups [...] The client is here, and the market is here.” (Mohamed, Senior Manager)
“I was concentrating more that I could sell my product to Misr El kheir. Without them Pepsi would not be part of it” (Mostafa, Entrepreneur)

“The biggest challenge is selling the product and having the access to a market [...] [Misr El kheir could be a] business partner or my first client” (Islam, Entrepreneur)

All these benefits provided by Misr El kheir to GESR and its incubated startups besides positive brand recognition, and wide national outreach, helps GESR to reach and recruit entrepreneurs from all over Egypt and in return helps them fulfill their mission of being present in every Egyptian governorate.

“The outreach of Misr El kheir outside Cairo is very huge, and this was a great opportunity for me to use this outreach and it helped GESR to reach people from other governorates. We have startups from all parts of Egypt.” (Salma, Employee)

However, GESR’s association with Misr El kheir also comes with some downsides. GESR tries to maintain as much independence as possible, for example with its own online appearance and office buildings. Nevertheless, it is strictly tied and governed by Misr El kheir foundation and strongly dependent on their organizational strategy. For example, GESR has to abide by certain branding strategies, logo, and message given by Misr El kheir, but has different objectives. GESR is in general heavily affiliated to the head organizations and fails to build up its individual brand image. The labs and coworking space also have to abide by the brand of Misr El kheir which makes them look traditional and demotivating for entrepreneurs.

“When I started working, I figured that Misr El kheir vision is different from GESR. The foundation is always looking for donations while we look for a limited target audience, for example, the investors, the entrepreneurs, other coworking spaces, and incubators.

My vision is not separated from Misr El kheir but as GESR we have our own marketing platforms. We are unlike Misr El kheir who are always looking for donations which could be a little conflict between us.” (Salma, Employee)

“Facilities are not entrepreneurial encouraging designed, but due to Misr El kheir decisions GESR cannot change anything office related” (Malek, Employee).

An overall shared opinion from the entrepreneurs was the lack of entrepreneurial mindset inside GESR and the employees in particular. Misr El kheir processes seem to be rigid, inflexible, and slow. Among the employees, different contradicting opinions were shared if GESR has been able to loosen up from the hierarchy of Misr El kheir and followed an entrepreneurial agenda of a flat structured organization. We got the perception that Misr El kheir affects employees and entrepreneurs and drives them away from an entrepreneurial mindset and process. An additional outside perspective of Mohammed, a mentor, confirmed this.
“The board has the mindset of an NGO, they are not used to make money. They get money and spend it. These people are directly working with the entrepreneurs. This will actually be engraved in their mindset of these entrepreneurs. I don’t have to make money I just ask for charity. […] They are not sustainable, flexible and miss the right mindset.” (Mohammed, Mentor)

“Misr El kheir interferes with GESR as soon as there is the fear of not working in the interests of the head organization.” (Ashraf, Mentor)

“The environment, Misr El kheir is systematic organized and working with startups needs more flexibility in for example hours or rules.” (Radwa, Employee)

This could be accounted to the lack of entrepreneurial background among employees. The employees have the educational background and working experience in their respective field. Some of the employees are directly recruited from the head organization Misr El kheir. All of them have a genuine interest in the topic entrepreneurship itself, although none of the employees has direct experience with, for example, his/her own startups or an educational background in entrepreneurship. The senior manager of GESR is the only one who mentioned he had previous working and studying experience in the field of entrepreneurship and claims that the employees are chosen upon these criteria as well.

“Most of them [Employees] have an entrepreneurial background. In investment, financial and admin they do not need to have an entrepreneurial background because they are only talking money.” (Mohamed, Senior Manager)

The departments for investments and finance & administration did not need an entrepreneurial background as they were seen by the senior manager as purely money focused and not entrepreneurial. This perspective was criticized by all of the entrepreneurs, who were mentioning the problem of highly bureaucratic and time-consuming internal processes. Several employees saw the reason for the tremendous bureaucracy is the association with Misr El kheir, while other blamed it on the legal status of being an NGO. The legal status of being an NGO forces Misr El kheir to follow very strict regulations and audits, especially on what way they spend the donations. This has a tremendous impact on the seed fund for the entrepreneurs and makes the process for applying, handing in all necessary documents, and disbursement of the funds extremely time and energy consuming. Furthermore, it forces delays upon the development of the prototypes.

“The bureaucratic regulations take lots of energy and time from the entrepreneurs because of the number of necessary papers and forms. [...] Some engineer got frustrated by bureaucracy and he started underperforming.” (Malek, Employee)

“The money cycle was really slow and that was the problem. It takes minimum half a year to get all the papers right, so that's a long a time.” (Mostafa, Entrepreneur)
4.1.3 Impact

GESR’s business incubator was established between 2013 and 2014. The first cycle took 12 months and so far, a total of 14 startups were incubated. Now GESR’s incubator has a duration of 6-9 months and incubates between 6 and 8 startups. In the first two cycles out of 14 incubated startups 12 graduated the incubator and according to the employees all of them are still running and at least five of them got funding after the graduation. This leaves GESR with a success rate of 85%. According to the employee Radwa, the uniqueness of the organization and the incubated startups is “the focus on hardware products for social impact businesses”. Apart from these numbers, GESR does not track any further data on their startups like for example profit and jobs created. As Misr El kheir and GESR believe that successful human development starts with the entrepreneur himself, the focus is not only on developing successful ventures but also on developing the entrepreneurs who join the incubator.

“When you think about it Misr El kheir gets free money from people […] They can say for these funds that they actually train a certain number of entrepreneurs. They do not have the risk that for example an investor has. […] It is free money for the NGO. It is not their job to build successful businesses. NGOs are encouraging people.” (Mohammed, Mentor)

“These guys are very helpful. They are very dedicated to developing ideas from people’s mind. The instructors were very experienced, and I learned a lot from that”. (Amr, Entrepreneur)

“The main mission of Misr El kheir is advancing human capital in Egypt. They develop human beings.” (Ashraf, Mentor)

For the future, one employee mentioned the need to “collaborate with other incubators for later stages to hand over the startups”. Asking the employees in what form GESR actively collaborates with players in the ecosystem we got contradicting statements. One employee highlighted the collaboration between startups in the technical labs and coworking spaces as well as with other incubators. Regarding duplication of efforts, one employee said that Misr El kheir sometimes needs to tie programs and projects to certain conditions demanded by the donors. This leads to the problem of overlapping projects and resources are inefficiently spent.

“We depend on projects funded by funding agencies and there is no way to communicate these projects because of the different funding agencies and deliverables” (Mohamed, Senior Manager)

“There is a lack of collaboration for sure” and “We have collaboration with many, like the ministry of investment, universities, and private sector” (Mohamed, Senior Manager).

To improve future impact and outreach for GESR the goal is to “find and enable more potential entrepreneurs”, do “more collaborations with other incubators, improve “connections between entrepreneurs and industry” and finally “create more awareness for GESR in the
however, development organizations in general and GESR, in particular, are not yet fully established on the map of the Egyptian entrepreneurship ecosystem. So far, most of the entrepreneurial activities, events, and support are bundled in Cairo, for example in the startup hub called Greek Campus. To boost entrepreneurial activities, GESR holds entrepreneurial boot camps in rural regions, to increase decentralized entrepreneurial activities.

“Availability of few good ideas and entrepreneurs is hindering the expansion.” (Radwa, Employee)

“GESR is well known, especially with governmental initiatives like TIEC (governmental incubator).” (Salma, Employee)

“I accidentally stumbled over GESR’s Facebook case challenge and got to know about them. I was not aware [...] that there are some kind of organizations and establishments concerned to establish such an idea [startup]. [...] People who are working together to establish a new way to develop my idea and secure fund for it.” (Amr, Entrepreneur)

One entrepreneur returned with his startup from upper Egypt to Cairo because there he has “better HR, industry knowledge, and infrastructure” and he stated that “logistics are a big problem for startups moving out of Cairo.” (Mahmoud, Senior Manager).

Asking the entrepreneurs what they would love to see in the future at the GESR incubator they answered, “more knowledge about entrepreneurial cycles”, to have “more hands-on entrepreneurial support” and wished for a “young and active manager for the incubator”.

GESR’s incubator expands its impact through a lifelong connection with the entrepreneurs and on top of that, they integrate them into a newly established alumni network, to benefit from success stories and use the entrepreneurs as future mentors and advisors.

“Even when the incubation finished they tell them to come and use the workspace and workshops. They keep trying to match them with other mentors and investors.” (Ashraf, Mentor).

4.1.4 View on the Ecosystem

Questioning participants in GESR about their view on the Egyptian ecosystem retrieved a variety of answers and opinions. On the one side, we came across the perception that the Egyptian ecosystem was in a state of a bubble of oversupply in resources and in general becoming an entrepreneur is a trendy hobby. On the other side, one problem is the lack of quality entrepreneurially oriented people, but interestingly there seems to be plenty of opportunities.

“No issues with the ecosystem” (Mohamed, Senior Manager)
“There was too much support and hand holding. But now it is slowing down a little. [...] It is a very nice base for the ecosystem. I think it is not a bubble anymore.” (Mohammed, Mentor)

“The ecosystem in Egypt is not good.” (Radwa, Employee)

“The problem is that we do not have an ecosystem here. [...] We cannot measure ecosystems from one country to another country how we build them. We cannot say from country to another how successful they are and what are the success rates.” (Ashraf, Mentor)

“It’s very challenging to target entrepreneurs because they are a limited target audience” [...] “There is a gap between youth, people with ideas, and the ecosystem” (Salma, Employee).

“A lot of startups that graduate from the incubators actually fail the test of life. Although the amount of empowerment and the amount of attention they get from the incubators and accelerators is huge.” (Mohammed, Mentor)

Due to the Egyptian culture of mixing personal and professional relations, entrepreneurs start their business among friends without a formal or informal agreement. This way, recurring team conflicts happen on a regular base. GESR tackles this by offering training for team and conflict management.

"In Egypt here, we have very big problems in team building and management. [...] We start the business with friends and we do not set any professional agreements, which then later leads to conflicts. [...] Here in GESR we have some sessions which focus on teamwork and people skills.” (Mahmoud, Entrepreneur)

Talking about the ecosystem from a cultural perspective, missing commitment and engagement for the startups was mentioned by almost every entrepreneur and employee. One general issue every employee talked about was that entrepreneurs apply and jump from one competition and incubator to the next and fear stepping into the market and entering the growth stage with their startup.

“The mentality (is a problem), they sometimes feel we are not connected to them. Sometimes they don’t prepare for meetings or contracts.” (Radwa, Employee).

“The mindset is the biggest challenge. A lot of entrepreneurs I met including myself focused on the product. And they have no idea what the customers want and how to turn this into business. Transition from this mindset to a business mindset is not easy for engineers.” (Islam, Entrepreneur)

“The cultural part that is missing is they still live in the old way of wanting how tos and spoon feeding.” (Ashraf, Mentor).
“We have a terminology we use - the incubation boy who always likes to go for competitions and incubations from here to here with no way to go to the market” (Mohamed, Senior Manager).

Another finding we came across was the terminology of “the culture of Egypt”. Several employees and entrepreneurs shared the opinion that Egyptian culture does not get along with entrepreneurship. According to one employee and the mentors, young people are lacking the most important quality for an entrepreneur which is commitment and risk-taking. For example, risk avoidance leads entrepreneurs to pursue a well-paid job at a multi-national company and discontinue their startup.

“Sometimes I was very disappointed, and I wanted to give up on this idea and join a multi-national company to have a very nice job and salary.” (Mahmoud, Entrepreneur)

“Entrepreneurs need to work hard. The problem is the Egyptian culture to like being employed” (Radwa, Employee)

“One big cultural issue we see among the entrepreneurs is that we do not embrace failure. Failure is a big shame in Egypt.” (Mohammed, Mentor)

“We are dealing with cultural issues” (Mohamed, Senior Manager).

Talking about success stories and role models, Egypt and the MENA region have limited examples from the past to showcase successful role model entrepreneurs, international series A investments, or major IPOs. However, in recent years we can find some positive developments in this direction.

“Only two companies in Egypt got a decent international exit” (Ashraf, Mentor).

“A lot of stories are coming up of successful startups that raised a lot of money. This important for entrepreneurs and investors.” (Mostafa, Entrepreneur).

Interestingly when it comes to the investment scene in Egypt, employees see a lot of opportunities and chances to get funding, whereas entrepreneurs mention this as one of the biggest problems they are currently facing.

“After their graduation the main challenge are investors. If they did not find an investor they struggle.” (Salma, Employee).

“It is fairly easy to get support and investment” (Radwa, Employee)

“There are not a lot of investors working in the ecosystem.” (Islam, Entrepreneur)
“Funds are missing in the ecosystem. Like microfinancing, most of the big banks in Egypt don’t do microfinancing.” (Mostafa, Entrepreneur)

“It is hard for early-stage startups to receive funds.” (Ashraf, Mentor).

One reason for the negative perceived outlook was the lack of entrepreneurial mindset among the angel and VC investors in Egypt. Especially in the early-stage phase, “old school” investors want to take over the control of the company for their investment and push entrepreneurs out of their startup. Certainly, Egypt has reached in recent years a turning point and entrepreneurial angel investors and VCs seem to increase, for example, Algebra Investors in Cairo.

“Early-stage VCs don’t care about mentors or if the startups succeed” and “VCs and angel investors take too much equity/shares in the beginning [<50%] and take the business from the entrepreneur.” (Ashraf, Mentor)

“There are a lot of people in Egypt with money, but they do not understand the concept of startup investments” (Mostafa, Entrepreneur).

“Investors do not want to invest in early-stage ideas, they do not take the risks and want to invest in existing businesses. [...] Even the investors need to be educated to take the risk and invest in early-stage. [...] A number of already existing angel investors already fill that gap.” (Mohammed, Mentor)

Throughout most interviews with the employees, the lack of entrepreneurial or at least business knowledge among the students was mentioned and confirmed by all four entrepreneurs. In general, universities were blamed for a lack of quality education and outdated teaching methods. Some employees proposed entrepreneurial curriculums and a more hands-on business approach for technical study programs. The lack of proper education also means less quality talents for the entrepreneurs. One entrepreneur, who was entering the growth stage of his startup mentioned the trouble of acquiring talents and said that international student organizations with exchange programs like AIESEC are helping out to fill the gap of educated labor.

 “[We need] an entrepreneurship curriculum starting from schools to universities.” (Mohamed, Senior Manager)

“Short education about how to start your company with accredited people from business and academia” was proposed (Ashraf, Mentor)

“It is an exchange program [AIESEC] that does not cost a lot of money and that will do a difference in Egypt.” (Mostafa, Entrepreneur)

On the one hand, a few findings regarding the situation of the Egyptian market indicate a shortage of spending power and economic recession. Additionally, the market seems to be
dominated by established companies and missing competition. On the other hand, the Egyptian market offers a variety of entrepreneurial opportunities. Another aspect is the missing availability of information and data, which are provided by the government’s research arm. That problematizes the process of access reliable market data.

“Market in Egypt is not supporting immature entrepreneurs” (Malek, Employee)

“Currently the ecosystem has a lot of potential for opportunity driven and hardworking entrepreneurs” (Radwa, Employee).

“Right now, the economy in Egypt is not in its best position and it is really hard to sell something. People are holding on to their money. It is not like before 2010.” (Mostafa, Entrepreneur).

“We have more products and ideas at the moment and the market is booming.” [...] There are a lot of problems that need to be solved. Egypt has a lot of opportunities and is startup heaven.” (Mostafa, Entrepreneur)

“If we have a proper filled ecosystem, I believe the (entrepreneurial) chances in this country are higher than anywhere else.” (Ashraf, Mentor)

Ashraf (Mentor) suggests that centralizing the government role in the ecosystem under one governmental entity responsible for entrepreneurship can be the solution for the so far undeveloped education, supply of educated labor from state universities, open markets, international trade, and absence of collaboration in the ecosystem. He suggests that a big relief for development organization is loosening up the repressive reporting regulations, regular audits, and time-consuming bureaucratic approvals for grants. He mentioned a newly formed committee that has the goal to strictly evaluate the quality of governmental education. Intellectual property regulations were thought to be unreliable. The entrepreneur Mostafa expressed his distrust in the system of intellectual property protection and the legal system in general. Another obstacle, which was mentioned twice among the entrepreneurs was the mandatory military service which leads to the interruption of working on the startup idea.

 “[We need a] governmental entity that actually gathers all these initiatives for entrepreneurship into one body. We can put clear regulations and understand what is missing. We have a department that is doing research and development, like market research, validating data etc. One governmental body that will expose internally and externally (entrepreneurial related) media, success stories, deal with cultural issues.” (Ashraf, Mentor)

“Government can play an important role in decreasing obstacles in regulations in the future for NGOs in terms of funds from foreign aid agencies.” (Ashraf, Mentor)
“The mindset of professors, schools and the government are really difficult when it comes to entrepreneurial related actions. No one actually wants to deal with government. Because the laws that govern the business environment in Egypt are a lot. And there is not such a law that deals with innovation.” (Mohammed, Mentor)

4.2 Start Up Egypt - INJAZ

INJAZ Egypt was founded in 2011 with the vision to empower one million young Egyptian by 2020 to reach their fullest potential. INJAZ aims to make these impacted youth sought-after employees and successful entrepreneurs leading businesses and creating economic prosperity in the country. They inspire youth to reach their fullest potential while contributing to the economic development of Egypt by enhancing and developing their skills and mindset as well as giving them a network of mentors and trainers. INJAZ focuses on financial literacy, work readiness and entrepreneurship as means to enrich the youth’s ability and engage them to contribute to the strength of their society. INJAZ has so far impacted over 600,000 students from schools and universities and supported the initiation of 50 startups.

INJAZ Egypt runs many programs to support its vision such as the school programs that aim to refurbish schools and provide new programs that work to develop the student’s business mindset and skills. The program we focus on for the sake of this study is Start Up Egypt, the program responsible for creating and supporting startups. Start Up Egypt is an intensive round of preincubation and an incubation that seeks to take ideas and turn them into successful built and registered enterprises through a series of challenges. Start Up Egypt started after INJAZ realized through other challenges the need for a program that supports startups in their early stage as explained by Nayra, the incubation officer.

“We started with company program. The company program is an assimilation on how to start your own company. So, we give them different sessions on how to start a company. How to come up with an idea, connect them to mentors, so we can help them out with their businesses. By the end of this program, students were supposed to liquidate the company, but then we found out that most of them continue and start their own real businesses. And that’s why we have another program called Start Up Egypt.” (Nayra, Incubation Officer)

4.2.1 Support

According to Nayra, Start Up Egypt is a one-year program that consists of two rounds; a 6 months preincubation and another 6 months of incubation. There are some criteria the entrepreneurs must fulfill to qualify. INJAZ only accepts teams of a minimum of 2 members and a maximum of 5. The business idea has to not have been enrolled in a previous incubation program and the business has to also be scalable, profitable and sustainable. Mohamed, an entrepreneur who joined the program, explained that they were a 100 team when they started
the preincubation. This was gradually filtered into 20 teams at the end of this phase. The teams that complete this round of preincubation attend the first demo day where they exhibit their businesses and pitch their ideas to a jury which select 7 teams to proceed to the incubation phase. Under the umbrella of the preincubation and the incubation, INJAZ offers several services and support to help turn these ideas into viable businesses.

“Basically, what we offer is that we register the company. We offer them seed funding of 100-200k EGP without equity. [...] We set the milestones for the incubation phase for what they want to achieve. We have our business consultant. He meets with them a monthly basis. It is a more tailored phase. For example, we check if they need a specific training, we give them a specific training according to each startup, because we are working across sectors. [...] We give them two mentors in this phase, so they can work on their businesses. We provide a space here, so they can come and work from our office.” (Nayra, Incubation Officer)

As explained by Nayra, INJAZ offers multiple trainings in different areas but mostly related to developing the entrepreneurs’ business skills and mindset. These sessions include trainings on business model canvas, market research, lean startup, growth hiking, and managing finances. As she clarified, most of the entrepreneurs that join Start Up Egypt come from a technical background and thus preparing them to run a business is important.

“Through sessions from INJAZ we gained a lot of experience about how to make a business model, business plan for your project.” (Khaled, Entrepreneur)

“The program was very helpful from the perspective of getting to know more about how to do a business model canvas, how to put the touches for your business, and how to set revenue streams for the startup.” (Mohamed, Entrepreneur)

“They (INJAZ) forced us to make a lot of work before winning. We stayed around six months to learn strategies and to set our goals and know how to run our startup.” (Ebrahim, Entrepreneur)

INJAZ offers a seed fund of around $10,000 for the 7 teams who qualify for the incubation phase for no equity. The fund is not offered at once and is divided upon tranches which teams receive upon completion of certain milestones and deliverables required from them. Several of the entrepreneurs we met with agreed that this fund is one of the main motives behind joining Start Up Egypt.

“The first thing that pushed us to apply is I think money.” (Ebrahim, Entrepreneur)

The only drawback Ebrahim, an entrepreneur participating in Start Up Egypt, sees in the fund provided is that it restricts his spending on a certain aspect such as allowing himself a personal salary.
“Something I do not like they forced us not to take any money from the investment to ourselves (as a salary).” (Ebrahim, Entrepreneur)

Receiving funds from INJAZ during the incubation period means that the startups need to have a legal status. INJAZ helps their incubated startups go through this process by providing them with legal services and consultation throughout their whole startup journey. The entrepreneurs expressed that they realized that this was an important step for this business especially when they decide to go to market.

“After we won in INJAZ they forced us to register (our company) but we needed this anyway when we decided to go to market.” (Ebrahim, Entrepreneur)

“They were helping us to legalize and finish our documentation for registering the startup.” (Mohamed, Entrepreneur)

“They hired an attorney for us and he handled all the legalities and paperwork for us [...] they hired a financial auditor for a year and his fees was taken from the seed fund to handle our first year of operations.” (Kareem, Entrepreneur)

One of the biggest support INJAZ offers to the startups is exposing them to a network of connections and mentorship opportunities. This not only helped support the startup’s development but also sometimes startups landed deals for their businesses through these connections.

“What we provide are the connections. We have a very good database of different mentors, trainers, and entrepreneurs and we connect them together. And that helps them to develop their startups.” (Nayra, Incubation Officer)

“The different services were interaction with different mentors from different startup industries [...] so basically networking with people who will be beneficial and helpful for us.” (Mohamed, Entrepreneur)

“We had access to a great network of mentors and people in the industry.” (Kareem, Entrepreneur)

“We got different deals with different startups like paymob [...] it’s like PayPal in Egypt. We were offered 100,000 free transactions.” (Mohamed, Entrepreneur)

Towards the end of the program, one of the biggest networking events is provided, as disclosed by Nayra. The demo day organizes for startups to pitch for angel investors and VCs. INJAZ has a network of them and invites them as well as another player in the network to attend the event.
“INJAZ gave us good exposure, in the last day they had a demo day where they give us a booth and we pitch your startup, we got approached by different incubators and investors.” (Mohamed, Entrepreneur)

Besides networking with mentors, trainers and key players in the industry, entrepreneurs also get the chance to connect with like-minded entrepreneurs who join them in the same round of incubation.

“Teams help each other a lot and INJAZ is trying to build up a community.” (Nayra, Incubation Officer)

“We meet other startups and use their services or partner up.” (Amira, Entrepreneur)

INJAZ also hopes to expand entrepreneurs network to include international contacts and mentors. Nayra explained they recently added to the incubation program a sponsored trip to Silicon Valley where entrepreneurs get to meet with entrepreneurs and employees from Facebook, Google, etc. She also mentioned that because of this trip one of their incubated teams was able to recruit a mentor from Google for his startup.

In summary, Start Up Egypt is designed to take the entrepreneur from the idea stage through to the prototype stage in the preincubation round and from a prototype stage to the market in the incubation round. It is composed to support early-stage businesses and provide them with the support needed to launch their startup.

“How to go to market was the biggest thing I learned from this incubator.” (Ebrahim, Entrepreneur)

“Starting the company and entering the market was one of the best things that happened in INJAZ.” (Kareem, Entrepreneur)

“If I summarize the benefits it will be money, network and mentorship. Also, one of the benefits I got that I did not know was traveling to Silicon Valley.” (Ebrahim, Entrepreneur)

4.2.2 Structure

INJAZ Egypt is part of the bigger network of Junior Achievement (JA), the largest and fastest growing international organization with a focus on economic education. With members in over 120 countries, JA provides a network of 450,000 volunteers and mentors. INJAZ Egypt is part of the regional network INJAZ Al-Arab which operates in 14 countries in the MENA region. This network enables INJAZ to accumulate connections with mentors and businessmen to help support the culture of entrepreneurship and innovation. This also supports INJAZ Egypt to acquire the necessary funds and donations it needs to support entrepreneurship.
“We have sponsors and board members and regional offices. This is how we get funded.”  
(Nayra, Incubation Officer)

“Regionally they have good networks [...] I remember 2 years ago we were invited to INJAZ in Jordan, we were given a reward for being the best startup out of INJAZ by the Queen Rania. That was nice. So, it’s also a bigger network than just Egypt. This is one of the leverages INJAZ has.” (Amira, Entrepreneur)

INJAZ works under the legal umbrella of an NGO. According to the employees and the entrepreneurs, this could be a good structure since the Egyptian community respects and supports NGOs. Since this structure enables them to tap more than one development aspect, they sometimes use this penetration to support their startups. Their outreach to the schools through the school development programs, for example, helped Kareem who operates in the EdTech industry connect with schools they worked with.

“Everyone likes us. Honestly everyone would love to support. We have a lot of people working on a voluntary base like mentors, trainers.” (Nayra, Incubation Officer)

“The NGO has a good penetration to the Egyptian market.” (Ebrahim, Entrepreneur)

As Kareem clarified, one of the advantages for him as an entrepreneur for joining this program in an NGO is that they offer the seed fund equity free. This opinion was shared by several entrepreneurs, and INJAZ employee Salma saw this as an edge for the program. However, one also mentioned that this means a lot of work from the side of INJAZ to raise this fund.

“We do not take any equity. But actually, I see it as an edge that we do not take equity. Because people enroll in our program because of that.” (Salma, Employee)

“It mattered for the startup because they will give you a seed fund, however, they would not take from your equity, they are just focused on helping your startup not on getting a percentage.” (Mohamed, Entrepreneur)

“They have to get different sponsors and do a lot of business development to get the funds they give to the startups.” (Mohamed, Entrepreneur)

A drawback that entrepreneurs found for this legal structure was the legal restrictions it imposes on the program which resulted in delays for them. This opinion was shared by Salma as well who saw the process of getting fund as time-consuming. Changing laws in regard to NGOs could also affect the efforts of INJAZ.

“They need requests and documentations and a lot of legal papers and it takes time to get the money.” (Ebrahim, Entrepreneur)
“Some of the drawbacks is the routine of having the money, it’s a long cycle since they are an NGO and have to do a lot of paperwork.” (Kareem, Entrepreneur)

“External funding and getting the approvals from governments takes time and that hinders the processes of the NGO itself.” (Salma, Employee)

“With the new law they (NGOs) will not (play a role in the future).” (Ebrahim, Entrepreneur)

Although Start Up Egypt announces that they receive ideas from all different domains, one entrepreneur had the perception that their development background influences them to choose to incubate social ventures.

“They were focusing more on startups which will have a social […] impact instead of startups which will be profitable and scalable.” (Mohamed, Entrepreneur)

When it comes to the organization’s culture, Nayra strongly believed that they were an agile organization with a flexible structure and that they enjoy an entrepreneurial culture. None of the entrepreneurs mentioned anything that contradicts this point.

“We change our programs according to the market, feedback, other incubators, and what is happening around. We need to sustain and change. The thing is, the culture we have is sort of a family culture. We do not have that thing like I am the manager. […] Also we promote the idea of ownership. So, you feel like you are the CEO of this project.” (Nayra, Incubation Officer)

“They have a business mindset and they know what specifically the startups needed.” (Mohamed, Entrepreneur)

4.2.3 Impact

Overall, the success rate of the startups graduating from Start Up Egypt is above average. Salma blames the failure rate not on an internal factor in the program but on the commitment of the entrepreneurs who join.

“We are measuring the success rates from 2011 until now. A lot, a lot did not continue, although they have a lot of nice ideas. It was 37%, which is above the normal rate which is supposed to be 30%.” (Salma, Employee)

Salma had the idea that the impact of INJAZ and Start Up Egypt can be expanded through joining forces with organizations running similar programs.
“More collaboration (is needed) with the other incubation programs, some do the exact thing, identical, so why not join part and do something together. Instead of offering the same exact services and content […] Why not have something big where all incubation programs who share the same cause and the same goal join together, you can come up with more funding and products offered to start up.” (Salma, Employee)

Start Up Egypt has already been doing some effort to collaborate with different players in the ecosystem such as other incubators, events, and hubs. This is also a fact that one entrepreneur shared with us.

“Instead of reinventing the wheel they need to be connected. So, we can build up, for example we are doing the educational part, and we need an investment part. This is what Rise up does. Collaboration is the most important. We collaborate, we have somebody from Flat6Labs who is coming and giving trainings. We do announcement for other incubators. I don’t see it as competition. Instead of competing, we should be collaborating. With collaborations with Rise Up, the Greek campus, Flat6.” (Nayra, Incubation Officer)

“Flat6Labs were having a collaboration with INJAZ where some of the sessions were delivered by them.” (Mohamed, Entrepreneur)

Besides their collaboration with players in the ecosystem, INJAZ also maintains a network of Start Up Egypt Alumni who help them reach out to a wider audience and support them in mentoring and providing a role model for startups.

“We are still in contact with startups that joined us in 2011. And they even mentor some of our entrepreneurs and startups. What I love about this program is that it does not end when the cycle ends.” (Salma, Employee)

“2 years after we were in good contact with them. […] When there is an incubation they have to give sessions. So, the other co-founder gives sessions about that we are in a higher level and we are in a different stage than the early-stage startups. Now you do mentoring sessions with them. It’s like a community.” (Amira, Entrepreneur)

One effort that remains under-explored is the outreach to different governorates. So far, the program has only been operating in Cairo. This should be part of their role in development entrepreneurship as one entrepreneur sees it.

“I see their role that they should have an incubator there (outside Cairo). It is one of most important roles that every incubator starts not only focusing on having their programs here in Cairo but also having a cycle there in Mansoura, Tanta, Upper Egypt. This is good to spread awareness and people recognize that there is something.” (Amira, Entrepreneur)
4.2.4 View on Ecosystem

In general, the overall perception from the organization members and the entrepreneurs is that the ecosystem for entrepreneurship in Egypt is progressing and evolving over time. Some areas still need development to better support the ecosystem.

“When I compare it with a few years ago and now there is a progress. We still have a long way to go.” (Amira, Entrepreneur)

The first challenge facing entrepreneurs is the laws and policies. Entrepreneurs expressed their disapproval of the current Egyptian laws governing entrepreneurial activities. In general, the laws are outdated and challenging.

“Egyptian Laws [...] does not fit with the startup ventures. The startup ventures need to pivot and change, but the laws do not support this.” (Ebrahim, Entrepreneur)

“There is a lot of taxes, a lot of registration, and routine and not enough encouragement for doing your startup.” (Khaled, Entrepreneur)

“Legalities and how the startups deal with the government is not clear yet, it is a grey area.” (Mohamed, Entrepreneur)

They also raised the concern that investment laws can hinder them from receiving foreign investment. This led a startup to register its company abroad in order to raise funds.

“We are not incorporated as an Egyptian company anymore. We are an American company in Delaware [...] Because here the funding and investment laws are terrible, and most investors do not want to get in. For them it is better to invest in a company that is not incorporated in Egypt because the investment laws do not give a lot of options.” (Amira, Entrepreneur)

“The investors do not like Egyptian laws because they are slow. Foreign investors do not like to invest in Egypt because the Egyptian laws are so weak [...] so many of our friends and startups from Egypt try to go to UAE to start.” (Ebrahim, Entrepreneur)

Another challenge faced by entrepreneurs in INJAZ was lack of resources and access to information about their markets which made it harder for them to asses, validate, and valuate their idea.

“Especially in Egypt, it is very hard to get numbers and statistics about our market.” (Kareem, Entrepreneur)
“You do not have sufficient resources to do a market research which will help you know more about the things you should focus on when you’re building your business model.” (Mohamed, Entrepreneur)

“We did our own market research because there is no access to data here in Egypt.” (Amira, Entrepreneur)

In addition, another challenge that faced Ebrahim and others was that sometimes the market they were trying to access was not used to technology and thus was not ready for their idea.

“The Egyptian market they do not deal with the online marketplace very well and they do not know it well.” (Ebrahim, Entrepreneur)

In terms of culture, Khaled expressed a concern that the society does not classify entrepreneurship as a career path and that they would rather see him take a traditional job. From INJAZ’s point of view, they are concerned with the commitment of the entrepreneurs and believe that they are not risk takers. They also expressed a concern regarding entrepreneurs who instead of focusing on their business prefer to jump from one competition to another.

“We may need to change the culture of entrepreneurship [...] if you tell anyone you do not want to take a traditional job and start a startup they will not understand you.” (Khaled, Entrepreneur)

“Another thing is taking the risk. They do not want to take the risk. Sort of I want to start my own thing, but at the same time I want to have a full-time job. [...] Most of them start their business, but once they are offered a good job with good salary, they just give up on their startup. We have a lot of teams who did that. Commitment issues and the mentality itself.” (Nayra, Incubation Officer)

“A lot of startups join 5 competitions at the same time. This takes a lot of effort and time from your startup.” (Salma, Employee)

Entrepreneurs who tried to seek investment from the ecosystem had a few difficulties. Kareem, who works in the EdTech field, stated that from his perspective the investors only want to invest with successful startups while early-stage startups find it challenging to raise funds from investors. This was enforced by other entrepreneurs. However, some other see that investors are now developing the right mindset needed to understand startups and support them.

“Investors need to see tractions and revenues (to invest) but the startup way does not deal with revenues.” (Ebrahim, Entrepreneur)

“Investors will focus more on big startups instead of focusing on the emerging ones [...] because they do not want to risk on startups still emerging.” (Mohamed, Entrepreneur)
“A lot of investors know that even if the projections are not accurate, they will not happen a 100%, if they see the potential in the idea, if you have a good business model and you cover all of the factors.” (Amira, Entrepreneur)

When it comes to skills that enable entrepreneurs to start their own business, INJAZ had the concern that the education they received did not prepare them well enough. Especially entrepreneurs who come from a technical background expressed that they lacked important business skills, but this was also made up for through the trainings provided. In general, the lack of talent poses a threat to startups who make it past the early-stage as access to talent becomes a challenging task for them.

“We need good education. We need to map a good education and look at a good country with the same culture.” (Ebrahim, Entrepreneur)

“Another challenge is recruiting talent, especially tech-talent like developers and so on. Hiring here is a little bit difficult if you are looking for good talent. You usually keep looking in your own network.” (Amira, Entrepreneur)

Access to good quality mentorship also came up as a challenge for INJAZ. Despite their vast network, getting the time of an industry-specific mentor with good experience is hard. They claimed that they tried to get the best-fitted mentor to the startup as much as possible.

“Not that they are not interested in mentoring, but they do not have any time. Getting an experienced mentor in a specific industry is hard to find.” (Salma, Employee)

“We asked them for specific names […] they told us, generally, that some people were hard to reach.” (Mohamed, Entrepreneur)

4.3 Nahdet El Mahrousaa

Nahdet El Mahrousaa (NM), which means “Egyptian Renaissance” in English, is an Egyptian development organization founded in 2003 by Ehaab Abdou, who comes from a development background, and other young Egyptians. The idea originated when this group realized that despite the efforts of civil society there is still a strong need for development in Egypt. Through the exchange of ideas, they realized that the solution to the social problems in Egypt need to be tackled through a change that is “grass rooted, bottom-up, and Egyptian-led that would allow Egyptians to take control of their future”.

NM’s mission is to contribute to Egypt’s development through “empowering the ideas of young Egyptian professionals to create new, innovative initiatives that lead to real, impactful social change”. This mission originated from the founder’s belief that development in Egypt needed a push towards innovation. Young Egyptians needed to be at the frontier of this movement, to
be initiators and drivers of new ideas that could make actual change. The original team’s aim was to create a platform that supports the initiation of new ideas. However, they discovered that only supporting idea initiation will not be enough to drive change. This needed to be coupled with a support system that provides guidance in designing, testing, iterating, and implementing these ideas. And that is how NM’s incubator came to life to support turning ideas into social ventures specifically and entrepreneurship in general.

NM’s incubator operates with the aim of providing social entrepreneurs with the “resources, capacity and know-how” they needed to start and run their social enterprise. Since its inception, NM has incubated over 70 social enterprises and is active in areas such as youth development, education and employment, health services, environment, scientific advancement, arts and culture, and identity. NM’s social entrepreneurs currently reach and impact approximately 50,000 individuals in Egypt annually. NM claims to be one of the first organizations in Egypt and the region that is entirely focusing on social entrepreneurship and ventures.

“At the time when they founded NM, they were thinking we need to do something for Egypt so how can we start. There were a lot of thoughts like maybe we can do a political party or an NGO or a company or something related to recycling, ‘how can we do a kind of change in the country’. And then they came up with the suggestion ‘maybe we can support those who can do a change’, so they thought about supporting entrepreneurs […] at first, the way we were working was whoever have an idea, or something to do would come and knock our door and say, ‘we need support’ and we do it like an ad-hoc support. After 7 years, in 2009, we got a big grant from Yahoo Maktoob. This was a turning point in the incubator […] since then things started to formulate.” (Maya, Incubator Manager)

“Our mission is focusing on three clusters or categories; social entrepreneurs, youth and community-based associations or organizations working on social development in their communities. So, we mainly work on capacity building.” (Maya, Incubator Manager)

4.3.1 Support

NM’s incubator is a two-year program that focuses on equipping entrepreneurs with necessary know-how, skills, and mindset to successfully create social ventures that support societal development. NM sets certain criteria and domains for the startups they incubate. All their incubated startups need to be innovative, scalable, sustainable as well as tackle a root cause problem in the community in which they operate. Through their past cycles, the startups working with NM could probably be classified to work in either the clean and green sector such as waste management, energy, and agricultural businesses, in handicrafts and performing arts sector, or the tech for the social sector. NM only accept teams whose members are above 25 years old as they perceive them to be more capable. The incubator manager, Maya, also stressed the importance of the team’s culture and social focus.
“Our mission is that we take entrepreneurs with the same values. Values of being tolerate, who really want to make a change, they are passionate about what they are doing.” (Maya, Incubator Manager)

NM’s incubation program is preceded with a 3 days boot camp where 15 teams who have a validated idea join. As Maya clarified, the reason they start with a boot camp is to make sure all teams stand on the same ground and build some concrete knowledge about entrepreneurship and team building for teams less aware of the concept. This is then followed by a panel selection to choose 7 startups to proceed to the incubator.

“We work with them on their business model and on their team. We focus not only on their business model. We focus on their team dynamics and their competencies. How to make them know about the ecosystem and know about the other people within the community of social entrepreneurship.” (Maya, Incubator Manager)

“In the beginning, in the boot camp we took a bunch of general stuff such as business model canvas, pitching, presentations.” (Hassan, Entrepreneur)

Throughout the incubation period, NM offers an umbrella of services and support to the entrepreneurs. They classify their support system into 5 categories of services; account management, capacity building, mentorship and consultation, access to network, and the legal umbrella. These services are not consistently offered throughout the program but are rather divided on the two-year timeline depending on the anticipated needs of the startup.

“We have a set of services, the first is the space. It is like a coworking space [...] Account management, a person tries to act as one of the founders to support the startup [...] a capacity building program made up of group trainings and one on one trainings [...] we have the mentorship and consultations, group mentorship, and also one on one.” (Maya, Incubator Manager)

“In total they helped us a lot with business contacts, travelling, and business opportunities. As well as offering mentorship and training for the co-founders and the employees.” (Hassan, Entrepreneur)

Early in the program, NM introduces its first service; capacity building. These group trainings and one on one trainings usually focus on providing the business skills necessary for the entrepreneurs like sales, business development, finance, legal, accounting and human resources. In the beginning, the intensity of the trainings is higher, but later the trainings are given based on the needs assessment of every individual startup. This, from the perspective of the entrepreneurs, gave the program a unique edge since it caters better to their individual demands. NM provides its entrepreneurs with the flexibility they need as well in terms of setting their schedules and committing without overwhelming them with deliverables. For Rania, one of the entrepreneurs we meet, when the courses were not beneficial for her she had the possibility to delegate one of her employees to attend on her behalf. NM sometimes even
extend their capacity building to include external courses in case the organization cannot provide knowledge in a particular aspect needed by the startup. In the case of Mohamed, an entrepreneur in NM, when a specific technical knowledge was required to develop his products, NM offered him a course with an external entity, which they covered the costs for as an in-kind service.

“First 6 month we focus on capacity building. We work with them and give them a lot of training. [...] Then we do an evaluation and we started to limit our trainings and capacity building based on what they need, what they are asking for.” (Maya, Incubator Manager)

“The real benefit was the sessions, the business sessions, the marketing sessions” (Mohamed, Entrepreneur)

“The frequency of their trainings was quite fine, it was not too overwhelming. And at the same time there was some kind of flexibility to attend these meetings and deliver stuff. I think it was the quite right amount.” (Hassan, Entrepreneur)

Besides capacity building, NM offers another personalized service to the entrepreneurs. In what they label as account management, NM assigns each startup a coach from within the organization. This coach is responsible to give the entrepreneurs guidance and support their development throughout the process. Maya highlighted that they do not try to spoon feed the entrepreneurs and that they know it is their startup and they are free to make their own decisions, but it is also important to give them advice and a second opinion when needed. The role of the coach is not just to give business related advice but sometimes they also have to work on the team dynamics and support the entrepreneurs psychologically. This makes the relationship between NM and the entrepreneurs very personal, as the organization perceives. We also perceived that while none of the entrepreneurs directly brought this service up, there was generally an emotional attachment to the organization and a positive relationship with the employees. Only one entrepreneur indirectly referred to this account management service, referring to his coach as a mentor. While NM is highly involved with their startups in the first year, this gradually fades away. In the second year, NM’s role turns from a supporting role to a guiding role where they expect the entrepreneurs to get in touch with them whenever necessary.

“We take them as early-stage startups. We have account manager working with them and we try to customize the service as much as we can. Second year is more about guidance and they approach you in what they need. Like mentor in this or a connection in the network with that person.” (Maya, Incubator Manager)

In addition, NM offers incubated startups with what they call the legal umbrella. Underneath this, different kinds of support are given. One aspect is that NM encourages their startups to have a legal form and supports in setting up the company. NM also has an in-house lawyer who supports the startups during their incubation period if they need any legal advice or opinion like reviewing contracts with suppliers or registering a trademark.
“We have here our lawyer who can revise contracts with them and so.” (Maya, Incubator Manager)

Another major support offered by NM, as they perceive, is providing a network of contacts from the business world, mentors, and consultants. These networks, according to the entrepreneurs, offer them many opportunities to bring their business forward. For example, Hassan landed one of his first deals with the Dutch embassy through a recommendation from NM. But besides business deals, entrepreneurs enjoy the privilege of attending conferences, awards, etc. through the network of NM. The organization also gives the coworking space as part of their package since they believe it helps entrepreneurs create a bigger network and share their experiences with their fellow incubated startups.

“I wanted to be part of a network, I got into NM when I already had my office, my team, my fund, my first collection [...] but I needed to belong to a network.” (Rania, Entrepreneur)

“They offered a lot of introductions (business contacts) for us. A lot. What we did not expect, for example, they connected us to the Dutch embassy which is a big client now for us [approx. $30,000] in the project. This was a year ago and is still going on.” (Hassan, Entrepreneur)

“I think the biggest thing they have done to me is nominating me for the Ashoka fellowship in 2016 [...] they’ve invited me to several panels to speak, they’ve been of a support system that I can reach out to if I need” (Rania, Entrepreneur)

“What was valued the most was the group room where they could meet, work, gather and exchange experience and support. The space for the network.” (Maya, Incubator Manager)

Although financial support is not something NM lists under its various services, sometimes through deals with donor organizations and international funding organizations they get the chance to offer a seed fund. This fund is not fully handed over to the startup but is divided upon tranches based on the expected performance. Although donors would prefer to see the money go fully to the startup, Maya insists that this is just to check a number of their yearly budget and they do not rather do it with startups at early-stage that still does not have sufficient know-how of managing money.

“We do not give the seed funding all at once. We do it on disbursements only to make sure that the disbursements are transferred based on deliverables” (Maya, Incubator Manager)

Yet, not all entrepreneurs are lucky enough to be in one of those sponsored rounds. Entrepreneurs who did not get a chance to receive seed funding expressed that this was something crucial for their business at this stage. For example, Hassan mentioned he only received a very small financial support which NM directed towards talent hiring for his startup. Although NM mentioned they try to change this and add a seed fund to all their future rounds, they generally had a perception that funding was not as important as other aspects. However,
Hassan, for example, had a contradicting point of view and thought that fund was the most necessary support for him at this stage.

“We found out, what entrepreneurs really need is not the fund but consultation and the network.” (Maya, Incubator Manager)

“Something that would have been much more beneficial would have been a little bit more seed funding. This is something that really everybody is suffering from. Trainings and mentorship ok, but the real deal is the money, which is hard to get. If they had more financial support and more access to funds that would have been much more beneficial for us.” (Hassan, Entrepreneur)

4.3.2 Structure

NM does not come from a colossal local or international foundation. But over the past years since its inception, the organization has been able to build its capacity and know-how. NM currently enjoys a wide network and various partners like Yahoo! Maktoob, MasterCard Foundation, the Ford Foundation, UNICEF, USAID, UNDP, and Samsung as well as local foundations like Sawiris foundation and Misr El kheir. This network is beneficial for NM since it provides them with funders for their sponsored incubated rounds. However, these organizations also impose restrictions on the incubation rounds depending on their organizational objectives. This is why NM also insists to run their own independent rounds to expand their impact to a bigger audience.

“Every year we are keen to do our own rounds, because usually the donors have their own agenda and objectives. They have limitations, whether it is the geographical area they are working in or they want a specific sector. Usually, they like the environmental sector, sometimes females only, or specific age range. All this limit the people you can get in NM. So that why every year we are keen to do at least one incubation round that is fully funded by NM.” (Maya, Incubator Manager)

This network plays a bigger role for NM than just sponsoring their incubation. They also form the market for NM and give them a chance to build financial sustainability. Although NM is an NGO, the organization is run with the mentality of a social enterprise. Maya express that they give great attention to financial sustainability and creating income through offering packaged services to the different partners they have. This has finally enabled the organization to run its own independent incubation round while still offer a seed fund.

“Why we are sustainable, is because we are managing NM as a social enterprise. We are not managing it with the mentality of a typical Egyptian NGO that relies on grants and whenever they have no grant, they have nothing to do. People were thinking that a social enterprise should be like an NGO or a foundation and should not generate profits through our
partnerships we are working more on service agreements. Not all of our programs are grant funded, where we have to spend the money in a certain way. We offer trainings and events for career guidance, consulting, workshops etc. Sometimes we do research, like mapping for social entrepreneurship in Egypt. That we do on a service agreement basis so that we have our own money. This round is the first time that NM is able to provide a seed funding.” (Maya, Incubator Manager)

Although there is the generally negative perception that NGOs are bureaucratic and unentrepreneurial, NM proved it is quite dynamic and young. They maintain a good culture within the organization and a flat hierarchy that, according to them, makes it easier to adjust to the needs of entrepreneurs.

“I have a bad idea about all NGOs, they have many bureaucracy, processes and papers. But it was not like that at all, it was more fun and helpful” (Mohamed, Entrepreneur)

“In general, we are a lean organization. In every round we learn something new and we try to adjust things for the upcoming round. And we are not at all afraid to take the risk in some of our programs, to say let us try and let go” (Maya, Incubator Manager)

“NM is more agile than others of course. I love the leadership, I love the team, this is the best thing I love about NM. I always ask them, oh my god how can you recruit this amazing team and create such a cool culture. The culture at NM is amazing, the team spirit is amazing, that is why I wanted to join.” (Rania, Entrepreneur)

In addition, NM retains a board of some of its original founders as well as external people with diverse backgrounds. NM makes use of them to support the organization, expand its network, and fulfill its business needs. While the board members come from a corporate background, the employees working on the programs come from a development background. Rania, the entrepreneur who provided this opinion, also perceived it as a positive aspect of the NM structure.

“Some of the founders are still board members. Board members offer different support. They are chosen according to the needs of the organization, legal and, entrepreneurship experts.” (Maya, Incubator Manager)

“ Their board has lots of talents coming from the corporate sectors, but its lead by people who come from a development background” (Rania, Entrepreneur)

The choice for having an NGO legal structure for NM came from the reasoning that at the time of its inception this was the only legal way the founders knew of that was only directed at the social development and not at generating profit.
“At that time to make sure its social because they were not thinking of anything profitable, so at that time the normal way of thinking was let us do an NGO, it is a non-profit organization and let us work within this form of an entity” (Maya, Incubator Manager)

From an entrepreneur’s perspective, the first perception is that having this NGO form does not contribute to the startup in either a positive or a negative way. Some thought that as long as they provide the same service the structure does not matter. While having a different structure meant for others that NM would be a VC that takes a percentage of the startups’ equity which is something that would pull them away from the incubation program.

“The structure of an NGO is not a real drawback for us, but the bigger the financial capacity the better for us. Instead of $1000 we get $5000 that would be great for us. We could hire people from day one and expand. [...] But we do not really care if it is an NGO or a company. What matters in the end is the amount of opportunities we get.” (Hassan, Entrepreneur)

“If NM had offered me an incubator with an equity I would have never accepted it” (Rania, Entrepreneur)

The NGO structure, however, poses threats to the operations of NM. The organization is concerned about the bureaucratic process of getting funds from donors and partners. Approvals and documents can take months before the funds can be used. For bigger international grants, this could be even more challenging since the approvals are not guaranteed on time with the risk of the grant expiring. While collaboration with international donors in the market like USAID and GIZ is still possible, it became more and more complicated with the government’s involvement. The new laws passed for NGOs made all their operations more complex and lengthy. This also affects the entrepreneurs who complained they sometimes received their payments late, but they also expressed that they understand this is not in the hands of NM.

“At the moment we are advising everybody to not register as an NGO, because recently we have a new law for NGOs [...]” (Maya, Incubator Manager)

“As I told you, they are trying to limit the NGO role because of governmental restrictions. NGOs are important in finding and assessing needs. They are important in connecting you to the right suppliers, mentors, the government, local communities in general. If you want to get connected to small districts and villages outside Cairo, you have to contact an NGO. In my case, they are very important.” (Rania, Entrepreneur)

In general, both the organization and the entrepreneurs from NM had a positive perception of the Egyptian ecosystem and its future development. While they see it is still young and has some weak players, overall, it is also booming and creating more opportunities for entrepreneurs. A perception shared was that entrepreneurship in Egypt is becoming a trend and while more and more organizations invest money in the development of the entrepreneurial scene, this also gives rise to more opportunities for misuse and corruption.
“It is working well, it is still immature, all the parts in the ecosystem try to help each other and to build the ecosystem.” (Maya, Incubator Manager)

The Egyptian entrepreneurship ecosystem is quite evolving. It will continue to boom and there are a lot of opportunities for people who want to do business here. It will be one of the biggest pools in the Middle East and Africa. It has a lot of potential, a huge market, and a lot of problems to solve.” (Hassan, Entrepreneur)

When it comes to the financing scene, there were different perceptions shared by different players. For example, VCs and angel investors were thought to be only focused on just technology-related startups. Getting a loan was perceived to be hard and out of reach to entrepreneurs with its high interest rates. However, new players were discussed that now provide financial support to startups like international organizations, and grants and awards run by corporations.

“We have some VC and angel investors, but they are mostly investing in tech startups, not so much in other sectors.” (Maya, Incubator Manager)

“I know there are a lot of foreign interest in investment into startups and SMEs in Egypt. These funds are coming from the EU and World bank, it is one big trend. Right now, there are tons of opportunities from startup house, banks, organizations giving out cash awards offering incubations. We are applying for all of these, like anybody who is giving out a little bit of cash award or training that could be beneficial for one of our employees, we apply for it. [...] There is some kind of a trend right now.” (Hassan, Entrepreneur)

4.3.3 Impact

Since NM started to run its incubation program formally, they helped and supported 89 startup teams. The organization estimates their success rate to be between 35% to 40%. However, NM does not see the success of the startups in the market as the only impact. They work on building the capacity and the mindset of the team and see failure as a milestone along the journey of entrepreneurship.

“Here we are working on the team. It does not matter to us, if they fail in their startup. Failure is even one of the preferences (we look for in) for applicants, because it is seen as experience.” (Maya, Incubator Manager)

When it comes to collaborating with other players to increase their impact, Maya pointed out that there is a lot of duplicated effort in the ecosystem and that their work overlaps with other players. However, nothing from NM’s side was mentioned regarding collaboration with similar incubators, etc. Maya mentioned there were efforts made to collaborate with different support organizations as well as educational institutes and student organizations that prepare
entrepreneurial mindset of students and provides them with a source of high-quality social entrepreneurs.

“A lot of work is duplicated, and we are overlapping each other.

We are trying to work with other supporting organizations, research organizations, universities, AIESEC and Enactus. They are filling the pipeline for social entrepreneurship.” (Maya, Incubator Manager)

So far NM only runs their incubator in the capital, although they sometimes also expand some introductory sessions to other governates. In general, NM believes there is a growing trend supported by donor organizations to expand entrepreneurial support outside Cairo. But they also believe that this could be intricate since the people there are not ready for this kind of support. Thoughts about expanding their incubator to another region are dismissed. NM find it difficult to open another branch for their incubator due to the limited resources of these areas.

“There is an approach that incubators and other support organizations working out of Cairo. Now we get a lot of grants focusing on outside of Cairo. The tricky thing is how to support them. If you give them a lot of seed funding and they are not ready then it’s an issue [...] Their capacity, they will not be able to use all this amount of money.

Another challenge is, whenever we work in the governorates we have a very limited capacity and unfortunately you cannot like opening another branch or something like NM.” (Maya, Incubator Manager)

NM keeps impacting its incubated startups even after they have graduated their cycle. A newsletter is regularly sent to the graduated entrepreneurs to notify them of any available opportunities for them. Because of their ability to reach to a wider audience, NM could support its startups with manpower and volunteers to help them with temporary projects when needed.

“NM is still in contact with us and they are offering volunteers in the summer that come and help us in the project. That is very beneficial that they have this resource like universities, students that do an internship in the summer, other kind of outsourcing activities.” (Hassan, Entrepreneur)

4.3.4 View on Ecosystem

In general, both the organization and the entrepreneurs from NM had a positive perception of the Egyptian ecosystem and its future development. While they see it is still young and has some weak players, overall, it is also booming and creating more opportunities for
entrepreneurs. A perception shared was that entrepreneurship in Egypt is becoming a trend and while more and more organizations invest money in the development of the entrepreneurial scene, this also gives rise to more opportunities for misuse and corruption.

“It is working well, it is still immature, all the parts in the ecosystem try to help each other and to build the ecosystem.” (Maya, Incubator Manager)

“The Egyptian entrepreneurship ecosystem is quite evolving. It will continue to boom and there a lot of opportunities for people who want to do business here. I will be one of the biggest pool in the Middle East and Africa. It has a lot of potential, a huge market and a lot of problems to solve.” (Hassan, Entrepreneur)

“Because of so much money poured in currently I think the ecosystem will be corrupted because there are the wrong people with wrong intention.” (Rania, Entrepreneur)

When it comes to the financing scene, there were different perceptions shared by different players. For example, VCs and angel investors were thought to be only focused on just technology-high interest related startups. Getting a loan was perceived to be hard and out of reach to entrepreneurs with its high interest rates. However, new players were discussed that now provide financial support to startups like international organizations, grants, and awards run by corporations.

“We have some VC and angel investors, but they are mostly investing in tech startups, not so much in other sectors.” (Maya, Incubator Manager)

“I received 3 awards […] so I never wanted to reach out to investors because I did not know how to do it. Loans and Bank loans, all these things are very hard to us […] we can only access it with very high interest” (Rania, Entrepreneur)

“I know there are a lot of foreign interest in investment into startups and SMEs in Egypt. These funds are coming from the EU and World bank, it is one big trend. Right now, there are tons of opportunities from startup house, banks, organizations giving out cash awards offering incubations. We are applying for all of these, like anybody who is giving out a little bit of cash award or training that could be beneficial for one of our employees, we apply for it. […] There is some kind of a trend right now.” (Hassan, Entrepreneur)

As for the human resource and the availability of good caliber entrepreneurs, NM expressed that this depends on educational quality as well as geographical aspects. For example, entrepreneurs from outside the capital city had less capabilities and skills. The lack of good caliber human resource also posed a challenge for recruiting a crew for both NM and startups especially outside Cairo. In general, student activities played a role in the education of young potential entrepreneurs. Rania, for example, mentioned that the leadership roles she handled in student activities helped her. Mohamed also mentioned that his business and a lot of good
quality social enterprises initiated from ENACTUS, a student activity which unfortunately got later shut down at his university.

“You can find some more advanced than others usually due to their educational background, whether they’re in a governorate or based in Cairo. They (entrepreneurs from the governorates) are very weak, we need to work with them on the ideation. Having an incubation for them is an advanced level” (Maya, Incubator Manager)

“We have a huge challenge to hire the right people.” (Maya, Incubator Manager)

In terms of availability of good quality mentors, NM believes that through their network it is accessible to reach mentors with high skill and experience. But the bigger challenge would be that most of their time is already occupied.

“Its available (skilled mentors) but find them and find their time” (Maya, Incubator Manager)

Yet, NM believes that the cultural perception of entrepreneurship is improving and that now people are more familiar with the concept. However, there is also a drawback to entrepreneurship being a trend. Some entrepreneurs keep moving from one program to another hoping to receive funds and support but without actually intending to operate a viable business.

“When Obama came here and mentioned social entrepreneurship, since then people have started to realize there is something like social entrepreneurship.” (Maya, Incubator Manager)

And despite the increased awareness of entrepreneurship, some cultural challenges also affect how entrepreneurship is practiced in Egypt, for example, the culture of mixing friendship and business without establishing predefined terms and formal agreements to avoid conflict. The risk-taking culture is also not very present due to the current economic instability. Corruption is also seen by NM as a culture that affects all business sectors and the ability of the startups to operate.

“Here in Egypt we have the problem. The main challenge or reason that a venture fails is the team. The middle-eastern people are a little bit emotional. They are friends and start it together, and we do not talk about money at first. Once there is money through investors or funds, the real issues appear. Who is taking more equity etc.” (Maya, Incubator Manager)

“We worry a lot about the risk since the economy is not stable and we need to make money” (Hassan, Entrepreneur)

“Corruption is in the culture and interferes in all business sectors.” (Maya, Incubator Manager)

Rania was one of only two female entrepreneurs we got the chance to interview throughout the study, and she expressed that in her opinion the culture is also male dominated which makes it
harder for her to prove herself. She has to be more bold and vigorous to prove her presence in the market. From her point of view, being a female businesswoman who inherited a family business may be different but starting a business from scratch and entering a new market on your own as a female was challenging.

“2017 has been about being conscious about the Egyptian culture. [...] I am very aggressive, I have to be very aggressive to have access to business networks. [...] Whenever there is an opportunity it always goes to men, because they are the dominating part.” (Rania, Entrepreneur)

Entering a new market was seen as challenging not only for Rania but for the other entrepreneurs as well. The first barrier you face as an entrepreneur in Egypt is the lack of access to information. If the idea brings an innovation to the market, like Hassan who works in the arts industry, the sometimes scarcity of resources and other times lack of access to them can affect his business. While for businesses like Mohamed’s, operating in the very novel Egyptian market of biogas means inventing the wheel with no references to learn from. Other times, entrepreneurs lack support on how to access the market and how to get exposure for their businesses in the international market.

“Here in Egypt we have a huge problem when it comes to access to information. You have to know your target market. Understand your customers.” (Maya, Incubator Manager)

“Because people here in this kind of industry [street art] are not quite professional yet. [...] The more artists there are, the more professionals that we can work with. [...] Urban art supply like spray cans is not really offered here.” (Hassan, Entrepreneur)

“We need a role model for any successful business to follow their steps” (Mohamed, Entrepreneur)

“Although it is my home market, I need help with it. For example, I am an exporter I have the access to world in front of me. I need access to exhibitions, organized B2B events through the embassies or the cultural attaches outside. (Rania, Entrepreneur)

But on the other hand, there was also shared thoughts that the Egyptian market is becoming more open to trying new ideas and exploring novel solutions.

“Yes, yes, at the moment in Egypt there is higher demand on unique products and the awareness gets much higher” (Rania, Entrepreneur)

From all the different players, NM believes that the role of the government is the missing link. This is especially seen from the point of laws and regulations that support entrepreneurship. For example, rules defining startups are not clear. Establishing a social enterprise in Egypt is not possible since there is no legal form for it. Information on Intellectual property protection is inaccessible. The government is thought to must play a bigger role in setting tax laws and loan regulations that fit the nature of entrepreneurial ventures. Other regulations regarded
payments, work contracts etc., need to be updated to make it easier and more efficient for startups to run their businesses.

“The main thing that we are missing is the government. The private sector is still in the learning phase about entrepreneurship and how they can really support it. But the government not really in terms of laws to support the NGOs or the startups themselves.” (Maya, Employee)

“This social enterprise concept is not yet fully defined in Egypt legally. You sometimes call yourself like a for-profit model, but then you do both kind of work.” (Hassan, Entrepreneur)

“I have been in this entrepreneurial scene for officially 10 years and I have not seen any good thing from the government. I have not seen bad things either. I think the government should have a bigger role, enabling role. I think tax reduction, easier access to loans.” (Rania, Entrepreneur)

“In general lack of information for legal advice, how to register trademarks. Most of the government pages are outdated or under construction.” (Maya, Incubator Manager)

“Everyone is working with something called IBAN that is making international transactions less costly, while Egypt is still working with the SWIFT. Nobody knows why, and it is making it very expensive to do transactions. It is a barrier.” (Rania, Entrepreneur)

“Policies like part-time employees, interns, full-time contract, social insurance, everything here is so bureaucratic. Being able to work with some kind of flexibility is needed.” (Hassan, Entrepreneur)

Finally, there is a high centralization that entrepreneurs perceived. Most of the support for entrepreneurship in terms of services and infrastructure is provided in Cairo. For entrepreneurs who have to work outside this region, acquiring resources and running a business is more challenging. It is also demanding for entrepreneurs who are operating from Cairo who have to rely on suppliers and resources from outside the capital city of Egypt.

“A few businesses are smart enough to make their way outside of Cairo, which might be financially much more beneficial. But again, we have this centralization issue, where everyone is coming to Cairo because of the local entrepreneurship events and support.” (Hassan, Entrepreneur)

“Dealing with suppliers from different governorates can be challenging because of the transport and logistic problem.” (Rania, Entrepreneur)
4.4 Empirical Conclusion

4.4.1 Scope of Impact

Before moving on to analyze the role of development organizations and how they impact the overall entrepreneurial ecosystem, it is first important to first summarize the scope of this impact. This means how far does their impact go and whom does it reach. The first most obvious impression we can make is that all the three development organizations we studied had chosen the form of an ‘incubator’ to deliver their impact. This comes out of the development organizations’ belief that this is the best model to contribute to early-stage startups. In this sense, the gap that is seen in the ecosystem from their perspective is early-stage startup support. They define the early-stage for a startup as the period between the development of the idea and going to market. For that reason, they only accept teams who already have a well-developed idea or even a prototype. Through their alumni networks, these organizations also somehow continue to support their previously incubated startups that made it to the growth stage. But this support is basic, unstructured, and only limited to the startups who succeed to pass the early-stage. All three organizations had expressed a gap in pre-stages relating to entrepreneurial readiness like entrepreneurial intention, entrepreneurial knowledge, and ideation quality. But apart from INJAZ, which runs programs focusing on entrepreneurial education for school students and ideation competitions for university students, there was no evidence of impacting the stages preceding early-stage. In conclusion, the development organizations included in the study mostly worked on impacting early-stage startups and briefly supporting them in the following growth stage.

Because of their underlying social development visions, the studied development organizations also had a focus on supporting social entrepreneurship or ventures with social impact. GESR, for example, also restricts their scope of impact further to only five social domains which they see as most relevant to the Egyptian market. They only incubate hardware-based ideas and their support does not stretch to developers of software applications. NM does not set rules for certain domains, but they extend their work to only what they call social ventures. And while INJAZ does not explicitly focus on a certain industry or type, there was a general preference towards social entrepreneurs as well. This means that startups that lack this social aspect could be excluded from development organizations’ scope of impact.

From a geographical perspective, all the development organizations interviewed only operated inside the capital city of Egypt, Cairo. This does not necessarily mean that entrepreneurs outside Cairo are not impacted by these incubation programs. In some programs, like GESR for example, the majority of the incubated entrepreneurs come from different regions and governorates. However, this might mean that more potential lies beyond Cairo and that by expanding their services to the other governorates their impact could also be expanded.

Finally, it is worthy to note that since all these development organizations work on the same goal with very similar objectives there is a lot of room for collaboration. The issue of
collaboration, although brought up a few times, was not a strong focus for them. The weak collaboration is evident in the phenomenon of the incubation boy; where one person rotates between these different programs to make use of their funds and resources. While they tried to blame that on the culture, this phenomenon could be easily eliminated through a strong collaborative network. All development organizations we met with agreed that there was a duplication of effort, so if this duplication was to be managed, the scope of impact would increase to include more entrepreneurs from different stages, industries, etc.

4.4.2 Organizational Structure

One interesting finding of our study is that although the development organizations we met are quite similar in what they do, they are also different in how they are structured. Overall, we classified the development organizations we worked with into 2 categories: foundation-based and the social venture type. This structure affects the development organizations’ operations but also the way they impact the ecosystem and entrepreneurship.

4.4.2.1 Foundation-based Model

The first model of organizations operating on supporting entrepreneurship in Egypt is what we call the foundation-based model. In this case, the program designed to support the entrepreneurial ecosystem is a part of a bigger organization which runs different programs and has several focuses to support its social development vision. This model is robust since it can access and acquire resources through the mother foundation. The drawback is, however, that this model is also more rigid and less ductile. It has to compile with the objectives and procedures of the mother foundation. In most cases, this foundation has a more traditional mindset and a convenient way of running their programs, which affects the performance of the more entrepreneurial program.

GESR is a typical example of the foundation-based model. GESR operates as part of the bigger foundation Misr El kheir. This association with a bigger, more powerful foundation enables GESR to harness some benefits related to scale and scope. GESR does not need to raise its own money and instead depends on the donations coming to Misr El kheir to fuel its operations. GESR also depend on the capacity of Misr El kheir, like their fundraising and legal department. Through Misr El kheir’s huge network and outreach, GESR can reach out to other NGOs, corporates, mentors, and coaches for support. Finally, GESR can benefit from Misr El kheir’s positive reputation as a charity organization to brand itself in the Egyptian society. This combination of good reputation and gigantic outreach also makes GESR very well known to entrepreneurs, not only in Cairo but also in other governorates.

This model also has its drawbacks for GESR. For example, the association with the mother foundation that gives GESR its outreach also makes it harder for them to differentiate themselves. Although they have different organizational scopes and target audiences, their brand is mixed with the charity organization. GESR was also highly influenced by the
mentality of Misr El Kheir which Mohamed, the mentor, described as a “mindset of an NGO”. GESR is part of a department, which is part of another division, etc. This long hierarchy makes it hard to change or adapt to entrepreneurial needs. The senior manager said that not all positions in GESR needed an entrepreneurial mindset like the financial and admin roles, while the entrepreneurs thought the department and the different employees needed to act more entrepreneurially.

Start Up Egypt can also fall under the foundation-based model. INJAZ also belongs to a bigger network of INJAZ Al-Arab and JA, although not directly restricted by them. Thus, Start Up Egypt is able to benefit from the INJAZ network’s support to raise funds and supply its program with resources, provide connections to mentors and the business world to the startups, as well as enjoy the good reputation of NGOs.

4.4.2.2 Social Enterprise Model
The second model for supporting entrepreneurship could be called the social enterprise model since in this case the development organization is run in a way similar to a venture. This enables the development organization to put more emphasis on sustainability and growth as well as gives the space to think more entrepreneurially. In this case, there is no bigger foundation to rely on, so access to resources can be more challenging.

NM is an example of the social enterprise model. The incubator manager mentioned they “are managing NM as a social enterprise” and “not managing it with the mentality of a typical Egyptian NGO”. Because of their agile and more flexible way of running their incubator, they are able to change it much often in terms of content and structure and they treat this iteration process as a continuous process. This makes them provide an improved experience for their incubated startups with every round. Because of their freer structure, their goal is not only to create direct impact but also “build capabilities”. In general, the mindset of the employees and management is more entrepreneurial, and their hierarchy allows them to adapt and develop based on what they observe from the entrepreneurial scene. But lacking this supporting body also makes some operations challenging for NM. NM has to fund its programs directly and thus depends on donors. Sometimes NM also has to comply with the objectives and needs of these donors and adjust its program accordingly. NM also lacks the huge outreach that the foundation could provide. However, NM fills this gap by appointing a board from diverse backgrounds.

Although INJAZ’s program comes from the foundation-based model, it also has a mindset similar to the social enterprise model. The culture inside INJAZ promotes ownership and entrepreneurship as well. The hierarchy is flatter, and employees find that they are encouraged to share ideas to improve the program. Since INJAZ has the financial resources, they also outsource their bureaucracies and legalities to an external source to make sure they are focused on their main operations.
5 Analysis

This chapter analyzes and connects our findings from the case studies with the frame of reference developed earlier. We examine the role of development organizations through the literature and the 6 domains discussed earlier, and identify which domains are impacted by the development organization and how the development organizations are impacted by these domains. Furthermore, we highlight where development organizations should expand their role or even contribute something new to increase their impact.

5.1 Development Organizations in the Ecosystem

It is undeniable that the development organizations play an important role in the Egyptian entrepreneurial ecosystem. Development organizations are involved in various aspects of the ecosystem and try to offer a semi-complete support structure for the entrepreneurs. In order to analyze their impact on the ecosystem more constructively, we use the Isenberg (2011) model of the ecosystem and our classification of the different models under its six domains. We chose to use this model as our guiding frame since it is inclusive of the components of all the different models we discussed in the frame of reference. Isenberg (2011) is also the only model that considered developing countries while being developed and thus would be more fit for portraying the Egyptian ecosystem.

When analyzing the impact of development organizations on each of the six domains presented in Isenberg (2011), it was obvious that development organizations impact most of these domains like finance, human resources, etc. through the support offered to entrepreneurs. This impact is also affected by the development organization’s structure described in the previous chapter. But one crucial realization was that this is not a one-way relationship. The impact on the domains vary, sometimes development organizations have a high impact and sometimes the impact is limited and indirect. In return, development organizations are also impacted by the ecosystem through more than one domain. The current state of the ecosystem, directly and indirectly, impacts the development organizations and the way they run their entrepreneurship programs. In the following chapters, we will discuss each of the Isenberg’s (2011) six domains in lights of how development organizations impact them through their work to develop entrepreneurship and their different structures and in return how development organizations are impacted by these domains. We will also point out areas where development organizations can expand their current impact on the domain and where they can still contribute.

5.1.1 Finance

Isenberg (2011), Spigel (2017), and Stam (2015) list angel investors, bank loans, and VCs as some of the most important sources of finance for startups. In the current Egyptian ecosystem, access to bank loans, for example, comes with very high interest for startups. Investors and
VCs have not yet built the right mindset to invest in startups that have not made traction and revenue streams. This specifically leaves a gap in financing offered to early-stage startups who did not yet get a chance to grow and prove their value. Development organizations impact the domain by filling this gap and offering funds to early-stage startups with promising ideas. Because of their development-oriented nature and their legal structure, development organizations are also able to provide this fund without holding equity from the entrepreneurs, which gives them flexibility and higher chances to receive funds in later stages. This is more possible in the case of a foundation-based model like GESR and Start Up Egypt who can offer a sum of money that exceeds $10,000 backed up by the resources provided by the foundation. The social-enterprise model, like NM, is only able to provide a big sum of funding when they acquire a sponsor for their round, due to their limited financial resources.

As Isenberg (2011) states, early sources of finance are usually guided by support like access to a network of investors and VCs. Early-stage fund coupled with this support system activates the growth of startups. So, while development organizations’ biggest impact on the finance domains is affecting early-stage startups, they also play a role in supporting startups to move to the growth stage. Through their connections, development organizations create a link between the entrepreneurs and potential future investments. All our development organizations had the ability to run a demo day at the end of their program, through which entrepreneurs got the chance to showcase their startups to dozens of investors and VCs. However, demo days occur only once at the end of each cycle, and by then some entrepreneurs have expressed they were not yet ready for raising investment. Afterwards, getting introduced to investors can be challenging for them. Development organizations can expand this connecting role by creating more regular networking platforms and opportunities. This does not have to be limited to the startups incubated at a specific round but could act as a support structure for entrepreneurs who seek to get funds and cannot acquire their own network.

With the poor laws governing investors and entrepreneurs, development organizations can also contribute. The development organizations we talked to during our study, usually limited their role to only connecting entrepreneurs to potential investors and did not take any part in the deals formed. As Manimala and Wasdani (2015) were discussing, angel investors and venture capitals usually look to build strong relations to secure their investment rights in developing countries. With development organizations’ good reputation and network with both investors and entrepreneurs, they can act as intermediaries in the funding process. By intermediating the relation to ensure trust, development organizations can make it easier for foreign investors to access the Egyptian ecosystem. They will also ensure that investors do not exploit the startups as was the concern of many e.g. “They [VCs] take too much equity in the beginning and take the business from the entrepreneur” (Ashraf, Mentor).

Development organizations are impacted by the finance domain as well. As new financing players entered the market, namely the international donor organizations, development organizations’ role is suggested to improve. Several opinions empathized the relatively new interest from international donors to contribute to the growing entrepreneurship scene in Egypt. As Beugré (2017) states in his quintuple helix model, these international organizations should
develop entrepreneurship locally but due to restrictions, these donors could only access the market through locally based organizations. This means development organizations who have a social enterprise model like NM as well as foundation-based development organizations who depend on the international network like INJAZ now have access to a financing stream that could help them offer more support to the finance domain as well as other domains. While Farid (2007) explains that these sources of funding have been usually managed inefficiently, this also puts a burden on development organizations to make sure these funds are correctly displaced. Though none now have a system for tracking their impact, we believe this should be a very important step in the future.

Providing financing sources to startups is one of the main roles of development organizations in the literature. Besides providing the fund themselves or creating a network supporting investment in the ecosystem, development organizations can contribute in enabling more funding strategies like peer-based funding suggested by the literature (McKague, Wong, & Siddiquee, 2017; Mair & Schoen, 2007). While this model of funding does not exist yet in the Egyptian ecosystem, development organizations have the outreach, positioning and the legal structure that could enable it. Development organizations’ structure can also open the door for their startups to acquire grants like in the case of Hassan who got his grant through NM. However, this area, like other the areas in the funding scene discussed, is still underutilized and could be a future focus for development organizations to expand their impact on the finance domain.

5.1.2 Human Capital

As discussed previously, the Egyptian education system does not build up entrepreneurial skills or values. The content itself does not prepare entrepreneurs to start and manage their business (Ibrahim, Tolba, Barakat & Ghalwash, 2017). This was especially evident with the entrepreneurs we interviewed who came from a technical school. Engineering students lack any knowledge of business in general and entrepreneurship in particular. Development organizations impact this by providing these entrepreneurs with knowledge and skills related to developing a business as well as the right entrepreneurial mindset. They do this through offering trainings to their incubated startups.

Regarding entrepreneurial education, GESR who comes from a structured mother-foundation with a traditional mindset provides a structured set of trainings that all entrepreneurs need to attend. Attendance is mandatory for entrepreneurs and is a criterion for receiving their financial disbursements. In more dynamic organizations like INJAZ and NM, this education is given based on a needs assessment and is customized to the entrepreneurs’ needs. NM, in particular, is very flexible and focuses on not overwhelming their entrepreneurs with deliverables.

However, since the problem of poor skills and mindset is not tackled from its root cause; school and university education, development organizations are still negatively impacted by it. Development organizations find it hard to come across good caliber entrepreneurs with well-
developed ideas to join their incubator. This is again attributed to the poor educational system. Only INJAZ tackled this issue by creating their own programs focused on entrepreneurial education and expanding their reach to schools and universities to create their pipeline of entrepreneurs. What INJAZ does is very essential for the ecosystem and should be a focus that more development organizations could contribute to. Development organizations can go a step back and cater to entrepreneurs who are struggling with ideation through giving ideation sessions and focusing on building an entrepreneurial culture. In addition, a lot of emphases should be put on collaboration with educational institutes. Universities and education institutes are mentioned across all models of the ecosystem and they are an important player for a successful one (Audretsch & Belitski, 2016). While the current educational institutes fail to focus on providing entrepreneurial values, development organizations are advised to collaborate more with them (Kirby & Ibrahim. 2011) and work on developing entrepreneurial education programs that are interdisciplinary and not only designed for business students (Kirby & Ibrahim, 2012). In this aspect, the collaboration between the different development organizations as well is strongly emphasized to avoid an unnecessary duplicated effort and ensure the highest impact (Kirby & Ibrahim, 2011).

In Stam’s (2015) opinion, entrepreneurial education is not only left to universities, but also on other specialized institutes that could provide it. Development organizations already collaborate with student associations and activities who work to develop entrepreneurial skills like Enactus who provide a good source of entrepreneurs for them. The presence of these associations is very important to the ecosystem since they help cover the gap left by educational institutes. Development organizations can also contribute to and support in the initiation of other specialized institutes that support entrepreneurial education.

Another aspect of the human capital domain is the access to good caliber employees that could help entrepreneurs overcome barriers of early-stage and mature (Mason & Brown, 2014; Spigel, 2017). While entrepreneurs find it hard to access these resources, development organizations who have a wider reach and favorable image can impact the entrepreneurs by helping them recruit volunteers and interns to support the startups. In some cases, development organizations can also financially support startups to recruit employees. Yet, development organizations are impacted by the problem of the lack of caliber employees themselves, especially outside Cairo. This is one contributing factor that constraints their expansion plans and limits their scope of impact to the capital.

5.1.3 Support

Under the Isenberg (2011) model, the domain support was the only domain that included NGOs, although the development organizations we studied seem to contribute more to the domain that the model originally anticipated. Through the services they provide, development organizations either replace institutional agencies and players that fail to sufficiently fulfill
their role or help to deal with these institutions that are characterized by lack of information and overwhelming bureaucracy and thus directly impact the domain (Tracey & Phillips, 2011).

Legal and accounting services in the ecosystem, though available, were inaccessible to entrepreneurs for several reasons such as lack of trust. As Maya, the incubation manager in NM puts it, “Most of the entrepreneurs come to us because they cannot trust the lawyer, whether these are the proper registration documents, things like that”. The development organizations act as a trusted middleman to ensure the quality of the services provided. The development organizations employ in-house experts like lawyers specializing in entrepreneurship or are directly connected to the legal department of the foundation.

Development organizations also support startups with infrastructure, one of the aspects listed under the support domain in Isenberg (2011) which is usually insufficient, underdeveloped and stands against the development of entrepreneurship in developing countries (Edoho, 2015). All three development organizations offer coworking spaces and encourage the entrepreneurs to work there. This was expected from foundation-based ones like GESR with access to resources, but unexpected from NM, for example, due to their limited resources. Yet, apparently, all types of development organizations thought the coworking space was essential for their entrepreneurs. For example, INJAZ had it in their future plans to create a bigger coworking space that all their previous incubated startups could access. The culture inside the coworking space is influenced by the organizational culture. In NM, where the culture is entrepreneurially focused, the coworking space is a source of great collaboration and exchange of experiences. This is not the case for GESR, where the foundation Misr El kheir imposes a more rigid culture and influences even the design of the space.

Besides the coworking space, development organizations also help their startups access infrastructure to prototype their ideas. In a foundation-based organization like GESR, where the foundation can provide resources to establish facilities, GESR offers labs in different technical fields to help entrepreneurs develop their projects. Where access to such resources is not available, NM and INJAZ for example form close collaboration with local tech labs and direct their startups to use them. In general, it would be beneficial for development organizations to expand their network to include more coworking spaces, labs, technology providers, service providers, etc. instead of only relying on their in-house support to expand their impact and avoid duplication of efforts.

Another important support for entrepreneurs is the access to industry and business expertise that development organizations provide in the form of mentorship programs. Usually, these mentors are part of the development organizations’ network and are assigned to each startup for advice and support. GESR and INJAZ match mentors based on individual needs and personal preference stated by the startups. This is possible for them since their structure gives them access to a wide network of business contacts and expertise. NM just recently introduced a mentorship program but deals with the problem of sufficient supply from their network. In the end, all organizations complained from the lack of time available for mentors, which
translates that good quality mentors are scarce in the ecosystem and hard to acquire, a factor development organizations are impacted by.

While NM did not previously offer mentorship from the ecosystem, they made up for it by providing mentorship through utilizing their own internal capacity. NM assigns an account manager at the beginning of the incubator, who closely works together with the team during the incubator as stated by the incubator manager Maya, “[This] person tries to act as one of the founders to support the startup”. This was also possible for NM since they have an entrepreneurial mindset inside the organization that enables them to better support entrepreneurs. GESR’s philosophy, on the other hand, highlights a doctrinal non-interference policy in the product development and argues that iterating, failing, and adjusting is an important part of the entrepreneurial process that entrepreneurs have to go through on their own.

Although development organizations contribute a lot to the support domain, they fall short of the role that was assigned to them in the literature. These organizations are seen as a tool to provide entrepreneurship promotions, business contests, networking events, and trainings (Isenberg, 2011; Spigel, 2017). In some cases, development organizations also execute such activities. For example, GESR organizes a few business contests and a networking event. However, there is room to expand this area further. For example, development organizations can work on creating more periodical entrepreneurial events and replicate the success of other famous events in the ecosystem like Rise Up. Overall, the role of development organizations can be expanded to create and maintain a vital network for entrepreneurs where they can access other startups, technologies, and stakeholders in the ecosystem as suggested by Mair and Schoen (2007).

5.1.4 Market

Development organizations have a very high impact on the market domain. Their impact can be categorized into three directions; providing the network, being the market and supporting exposure. The first aspect development organizations offer to support their entrepreneurs go to market is access to their network. Isenberg (2011) lists networks consisting of entrepreneurs, diaspora, and corporates as one of the most important factors under the market domain. All development organizations in our study made use of its extensive network of society and industry partners. These organizations usually make up the first client for the incubated entrepreneurs. Mostafa, for example, was able to meet with PepsiCo Egypt and is currently pursuing the opportunity of developing and selling a product to PepsiCo. Misr El kheir, who enjoys the reputation and reliability of their partners acts as a middleman, buying the product from Mostafa’s startup and selling it then to PepsiCo. The network development organizations are able to provide also depends on their structure. For example, INJAZ who is connected to a regional network offers their entrepreneurs the chance to be introduced to the MENA network.
Their international focus also enables them to create an international network for their startups through their trips to other ecosystems like Silicon Valley.

Another important service for the entrepreneurs was creating exposure. Since development organizations have a good reputation in general and good tie with the media, they are able to provide their startups with features on the radio and the TV. Development organizations know how to position their startups through different media outlets, as Ebrahim points out “they know how to play with the media and how to engage people with us”. They also use their social media outlets to highlight the startups and their products. In addition, development organizations encourage their startups to go to entrepreneurial networking events and fairs. GESR has an exhibition booth each year in Rise Up and encourages their incubated and graduated startups to exhibit their products. This online and offline exposure releases information about the startups to the public and as Mostafa mentioned, has the positive side effect, that customers and people in general trust his product, because they have seen him appearing in the media.

Albeit how important the network and exposure are to the entrepreneurs; the most important contribution development organizations provide to the market domain is being the first customer to their startups. This phenomenon was witnessed with GESR, who due to the affiliation to the foundation Misr El kheir, was able to integrate products and services of their incubated startups and become the initiating customer for the go-to-market phase. GESR puts a focus and emphasis on this opportunity and encourages startups to develop products that could be bought by Misr El kheir. All their entrepreneurs see in Misr El kheir the first customer of their product. This phenomenon could be further developed and used by the other development organizations. Development organizations do not necessarily need their foundation to be the first customer but can develop collaborations with other development organizations working in different fields who can benefit from their startups, especially since most startups have a social focus. This way development organizations could expand their impact on the ecosystem and secure a market for their startups.

One more way development organizations could contribute to startups accessing the market, is through providing them with market data. Entrepreneurs suffer from lack of publicly accessible data of the market, that is simply not available or disclosed by governmental institutions. Most of the development organizations already support by helping the entrepreneurs through the process of market research and validation. However, these development organizations also have a wide outreach and access to resources. One suggestion would be to also have a research arm that could help the entrepreneurs find and access information related to their markets.

Development organizations are impacted by the market domain in one way. The Egyptian market is currently constrained by a low purchasing power, economic recession, and unreadiness for technologically advanced solutions, but this could be seen as an opportunity for development organizations. The Egyptian market offers plenty of entrepreneurial opportunities and as for example the entrepreneur Mostafa said, “Egypt is startup heaven”.
This makes the role of development organizations more relevant and also means that if they manage to create a more entrepreneurial mindset among the Egyptian youth, there will be many entrepreneurs in need of their services.

5.1.5 Culture

Culture is one of the domains that development organizations are highly impacted by in the Egyptian entrepreneurial ecosystem. The Egyptian culture is characterized by lack of trust, low-risk taking, and unawareness of entrepreneurship as a career path (Ibrahim, Tolba, Barakat, & Ghalwash, 2017). Development organizations are aware of the misalignment between Egyptian culture and the behaviors needed for successful entrepreneurship such as tolerating failure, accepting entrepreneurship as a career path and the attitude of risk-taking (Foster et al., 2014; Spigel, 2017). They try to tackle issues that impact their startups and also impact the whole culture domain though mostly indirectly.

The first challenge that faces the development organization as a result of the Egyptian culture is the lack of commitment and fear of failure from the entrepreneurs they incubate. The career path of being an entrepreneur is not yet accepted and parents and family prefer their descendants to work in traditional occupations. This is one reason that makes entrepreneurs hesitant to leave the opportunity to work in a well-paid corporate job and commit fully to their startups. Entrepreneurs also prefer a stable career path that provides them with a stable source of income in the unpleasant economic state. While development organizations demand full commitment of the entrepreneurs, they do not provide them with seed funding that allows them to cover their basic necessities and leaves them with no other choice than to work and earn money on the side. Development organizations should consider contributing to overcoming this cultural barrier through including a percentage of the funds they give as a salary to the entrepreneur during the incubation period. This could help improve commitment issues and encourage entrepreneurship as a career.

Sometimes fear of failure leads entrepreneurs to be stuck in the early-stage, hopping from one opportunity to another without intentions to risk going to the market, a phenomenon that was referred to by the development organizations as the incubation boy or award hunter. As discussed before, through expanding collaborations, development organizations could be able to recommend entrepreneurs for further incubation in other organizations or to get references about the entrepreneur from the organization he/she was incubated at. This could help them make better selections and avoid the phenomenon of award hunters.

The Egyptian culture also interferes with team dynamics. First of all, startup teams are not formed based on competence and skills but rather on personal relationships and friendship. The business is started based on informal agreements, unclear distribution of positions, and different commitments to the project. This leads to conflict among the startup team as soon the idea becomes developed and money is involved. All development organizations elaborated on
this phenomenon and developed strategies to work against it and **impact** the team culture. GESR, for example, offers team and conflict management trainings and advises the startups individually. INJAZ and NM take it one step further and offer personalized coaching sessions and force the entrepreneurial team to clarify positions and share distribution at the beginning of the incubator. Even before, in the selection process the team composition is taken into consideration and if possible, teams that have contrasting backgrounds besides friendship are selected.

Entrepreneurship is not seen as a career by the Egyptian society because there is a lack of role models and successful examples. So far only a handful of Egyptian enterprises managed to secure international investment and can be used as role models for early-stage startups. Overcoming shortness in success stories for entrepreneurship will allow university students to recognize it as an amiable career path (Hadidi & Kirby, 2015). INJAZ highlighted this problem by actively including their successful alumni in their current incubators to give lectures or act as a mentor. However, development organizations can **expand** their focus on promoting the culture of entrepreneurship through over celebrating entrepreneurial examples and success stories through events and awards (Isenberg 2010). Development organizations have a wide outreach in the Egyptian society through physical and virtual channels, they also have a good connection with the media. Utilizing these channels to educate the Egyptian society of the importance of entrepreneurship and the different success stories of their alumni as well as highlighting examples from the ecosystem can directly help influence the Egyptian culture and its perception of entrepreneurship.

It is important to mention that the mindset and culture of the development organizations affect the way they impact the mindset and culture of the entrepreneurs. We found that development organizations dominated by a foundation that lacks the entrepreneurial culture in some cases are unable to transfer an entrepreneurial mindset to their entrepreneurs. Organizations, that are more independent and entrepreneurially structured lead by example and practice the entrepreneurial mindset in their organization. It is thus important for development organizations to create an entrepreneurially supportive culture internally.

While the Egyptian culture creates many challenges for development organizations, it has a positive aspect they are **impacted** by. Egyptian society is strongly in favor of NGOs and charity organizations and donates at least 2.5 % of their income and earnings to charity. This especially puts Misr El kheir in an excellent position of stable income from both national and international donation.

As Isenberg (2011) already stated to change aspects of a culture of a country can take up to 30 years. And while the impact development organizations have on the cultural domain is mostly indirect, every incubated startup makes a change and every success story creates follower, even on a small base. Yet, development organizations need to exert constant efforts on the culture domain on an extended to create a change.
5.1.6 Policy

Throughout our interviews, we realized how development organizations are massively impacted by policies and the policy enforcing government. The Egyptian government puts a strong emphasis on controlling the monetary streams and passed a series of laws regarding that matter. Resulting from that, development organizations have to deal with endless bureaucracy and have to pass this on to the startups. First of all, international grants and donations from for example the EU or aid agencies require numerous approvals from different ministries. This causes the development organizations to wait, sometimes for over a year, until they can actually make use of the money that was donated. It sometimes happens that grant money expires and has to be paid back without being used and causes financial insecurity and the inability to plan sufficiently in the future. Additionally, in order to disburse the seed funding, the startups have to provide countless documents as proof of how they spend the money and thus delays the payments and the planning of the startups. All entrepreneurs and development organizations suffer from this problem and are unable to find a solution.

The new NGO law threatens the legal status of NGOs in general and imposes a threat in particular to NM. The organizations under the umbrella of a foundation are not directly affected by this law and especially GESR did not even mention this. The strong board with ties to politicians and ministries might play a role in that. Likewise, NM mentions the absence of a legal status for social ventures and incubated startups have to decide either to take the legal status of an NGO or go for a classical commercial business. Besides, this inhibits them from applying for funds that are exclusively dedicated to social impact ventures or NGOs.

Entrepreneurs, in general, were not too satisfied by complex and confusing laws that concern employment relationships and policies of employment. In addition, a few of them expressed a complete distrust in the legal system and intellectual property protection in Egypt. Another entrepreneur complained about the slow process of the government incorporating international standards regarding payment and export.

The government is not only one entity and player in the ecosystem but rather impacts every domain (Isenberg, 2011), starting from failing state education, sufficient logistic infrastructure, a lack of tax regulations for startups, suitable investment laws, or publicly accessible scientific research. As an extreme example, during the interview with the only incubated startup that is now in the growth phase, we found out that this startup is now registered in the US to avoid local restraining investment laws.

As a matter of fact, we saw that not only policies are centralized within the government, but the whole entrepreneurship scene was concentrated on Cairo. Development organizations are also impacted by this centralization. Although every development organization expressed a desire to expand to other parts of Egypt, it was simply not possible for them. The other regions of Egypt lack basic entrepreneurial activities, education, human resource provision, industry clusters, and technological know-how. For that reason, even if startups try to establish
themselves outside of Cairo, they sooner or later go to Cairo to take part in the prospering entrepreneurial ecosystem and enjoying the support.

While development organizations play no role in the policy domain, Sheriff and Muffatto (2015) suggest that in settings similar to Egypt, the government should learn to delegate some of the efforts related to developing the ecosystem. In such case, development organizations could contribute and play a bigger role in crafting policies related to startups or educational curriculums for example.
6 Conclusion, Contribution and Suggestions for Further Research

This last chapter goes back to the purpose of our study summarizes the answer to our research questions. We then elaborate on the managerial and theoretical implications that we can derive from studying the development organizations within the 6 ecosystem domains. Furthermore, we will reflect on Isenberg’s (2011) entrepreneurship ecosystem model and highlight the implications of our thesis on theory and practice and recommend areas for future research. Finally, we end our thesis with limitations of our study.

6.1 Conclusion

To sum up, our research shed light on the emerging role of development organizations in supporting entrepreneurship. Our findings prove that development organizations have a huge impact on the entrepreneurial ecosystem in Egypt. Most important, this impact is defined by a scope. Most of the efforts are directed towards early-stage startups, especially those who have a social focus. Development organizations focus their entrepreneurship programs in Cairo although some entrepreneurs from different governorates join as well.

Through analyzing the impact of the different development organizations, we also came to the conclusion that the structure of the organization affects how they contribute to the ecosystem. We categorized the different development organizations working on developing entrepreneurship in Egypt into two types; foundation-based and social enterprise. Foundation-based organizations are backed up by a mother foundation that generously provides resources and support to the entrepreneurship program. These resources enable them to contribute financially and provide more services. However, due to the hierarchy and bureaucracy, the program could risk inheriting a rigid mindset that makes the operations unentrepreneurial. The social enterprise model is usually run like a business with a high focus on sustainability and organizational culture. But these organizations, though more dynamic, are also more fragile since they depend on external sponsors and partners.

Through viewing the impact of development organizations from the literature perspective, and specifically using Isenberg (2011), we could classify and better analyze the different types of support offered. In relation to the 6 domains discussed in Isenberg (2011), development organizations positively impacted 5 of them; market, culture, support, finance and human capital. The only exception where development organizations did not have an impact was on the policy domain, which is dominated by the government. Policy also has the highest impact on the work of development organizations since laws and regulations set for NGOs directly affect development organizations. The domain market and support were the domains where development organizations contributed the most. In the market domain, development organizations supported entrepreneurs by exposing them through media, introducing them to the business network, and sometimes being their first customer. In support, development organizations do not play the role of promoting entrepreneurship and creating events and
contests as expected from the literature. Yet, they contribute by providing infrastructure, mentoring, and intermediating relationships with many service providers.

The mindset of entrepreneurs, the society, the different players in the ecosystem, even the development organizations remains to be the biggest challenge. The domains culture and human capital remain to be the biggest weaknesses where development organizations could improve their impact. Isenberg (2010) states that culture should be the very first aspect to tackle in the ecosystem. However, the focus of development organizations on contributing to culture is rather indirect. Through their reputation, outreach, and connections, development organizations could improve the cultural view on ecosystem. In the human capital domain, there is also an area for improvement. Following the model of INJAZ, development organizations could work closely with schools and universities to introduce knowledge about entrepreneurship or create their own programs focused on improving mindset and helping entrepreneurs through the ideation process. By creating a culture welcoming to entrepreneurship and preparing students for this career, development organizations will have access to a high caliber of entrepreneurs with feasible and well-structured ideas, which will eventually positively change the whole ecosystem.

![Diagram illustrating the two-way relationship between development organizations and the domains of the ecosystem](image)

*Figure 5: Illustrating the two-way relationship between development organizations and the domains of the ecosystem*

Development organizations’ potential to improve their impact boils down to two aspects; collaboration and network. These two words came across in the analysis of almost all the domains. Collaborating with universities to improve education or collaborating with other NGOs to create markets for the startups working on social innovation or collaborating with
players with the same programs and objectives to avoid duplication of efforts should all be on the agendas of development organizations. Networks are the essence of an entrepreneurial ecosystem, yet, the ecosystem in Egypt is not well connected. Development organizations could play a role in forming networks through events, contests, through its various social platforms. These networks could connect entrepreneurs to investment opportunities, technologies, service providers and other key players and contribute to the overall coherence of the ecosystem.

### 6.2 Implications for Theory and Practice and Future Research

Our literature review, consisting of the entrepreneurship ecosystem models of Spigel (2017) and Stam (2015) that are arguably based on or at least related to Isenberg’s (2011) fundamental model. As for the theoretical implications, we stated in our frame of reference that we found that, and our research confirmed this, Isenberg’s model impressively shows the landscape of entrepreneurial players of the ecosystem and is useful to list them. As he states himself, it is not possible to define certain domains and players playing a major or minor role in a certain ecosystem since this depends on the context (Isenberg, 2011). The model could leave the reader to the impression that simply having all the players in place automatically leads to flourishing entrepreneurship activities. Isenberg puts a minor focus on collaboration and we got the impression that it is seen more or less as a given although this is not the case in immature and recently developed ecosystems in developing countries. Throughout all our interviews we learned that collaboration does the trick and, in our case, might be one of the explanations that Egypt so far is not on the map for successful entrepreneurship creation.

Network was also one of the most important elements for an ecosystem, and while Isenberg (2011) only places it under market, it came across in all different domains. To describe a functioning ecosystem, we, therefore, propose to take the factor collaboration between major players, like the government, institutions, universities, and the industry and the process of forming networks into account. This implication imposes a much more dynamic picture of an ecosystem, where all players continuously adapt and change according to certain external conditions and shape together a suitable entrepreneurship ecosystem. Even models highlighting, reinforcing, and supporting relationships between actors have major shortcomings in explaining the inception of such ecosystems. An existing literature body focuses on networking and network creation but only from the perspective of the entrepreneur. In our thesis, we found that entrepreneurs in the early-stage play no role in connecting players in the ecosystem and therefore are not, perspectival speaking, the center of the ecosystem. We propose a broader scope that focuses on how to strengthen collaboration among key ecosystem players. Even having all players in place shows that this is not a guarantee for successful entrepreneurship creation.

Throughout of the already scarce literature about entrepreneurship (ecosystems) in developing countries, we found that local development organizations are not mentioned or just play minor
roles in supporting entrepreneurship. In fact, our thesis shows, that development organizations play a crucial role to fill the pipeline for entrepreneurship and even more important are one of the only players that feel obligated to support early-stage startups. Overall, we established a detailed picture of the work and impact development organizations have and highlight their effort to create social impact startups. Speaking of the development organizations it is safe to say, that depending on if they are foundation-based or social venture based, different managerial implications arise. We found several strengths and weaknesses for each structure. We suggest for future research to find ways to measure and validate the impact of each structure in form of reliable economic numbers, e.g. turnover, jobs created, reached customers and evaluate if one structure is predominant to the other.

In addition, our research has implications for development organizations working in the field of entrepreneurship or those who want to contribute to this field in the future. Our research differentiates between two types of development organizations and lists the strengths and weaknesses of each structure. Through this classification, managers can understand what they need to focus on to improve their internal processes and better impact entrepreneurs. In addition, our research gives recommendations to development organizations on action steps that could be implemented to expand their impact and contribute to underdeveloped areas of the ecosystem. For development organizations planning to join the ecosystem in the future, our thesis maps areas in the ecosystem that still need to be covered. This could guide the direction of establishment of new programs to avoid duplicated efforts.

Since our exploratory research approach and judgement sample unintentionally included almost only early-stage startups, we suggest for future research to focus on startups having reached the growth stage and their needs from the ecosystem. In the only example that we had, one of the founders indicated different needs that were essential for the future of the startup. In general, we think future research on ecosystem literature should focus on single domains such as the government and education / human resource institutions in developing countries and how they can have a long-term impact on the ecosystem.

Although this thesis is a multiple case study in Egyptian context our findings on how development organizations impact entrepreneurship ecosystems can be transferred to similar ecosystems in developing country contexts. Of course, we agree on the argument that every ecosystem is unique, but we argue that development organizations in other countries can follow a similar strategy to deal with similar problems and encourage entrepreneurship development.

6.3 Limitations

One of the limitations of our study is that our findings of the development organizations are only from the perspective of the entrepreneurs and employees we met and do not necessarily reflect the collective opinion of the organization. Another limitation is the short amount of time we could only spend at each organization. It would have been very beneficial to follow the
startups through the incubator with several short interviews along the way. In our case, we only got retro perspective views which were dominated by the current problems the startups were facing. Furthermore, we only interviewed three organizations out of many more and limited our focus on entrepreneurship. Other organization might have similar programs but are more involved in micro business and SME development. On top of that, we interviewed only development organizations that are primarily focused on Cairo because we could not find any relevant development organizations outside of Cairo.
7 References


## 8 Appendix

### Interview Guide Entrepreneurs

<table>
<thead>
<tr>
<th>Topic</th>
<th>Questions</th>
</tr>
</thead>
</table>
| **Introduction** | 1. Introducing ourselves, explain the purpose of our work  
2. Ask for permission to record the interview |
| **Entrepreneur** | 1. Questions about personal background  
- field of studies/education  
- previous jobs / career  
2. Reason for starting the business  
3. What are your position and tasks in the business? |
| **Business** | 1. Please tell us more about your business, when established, what is your business plan, service, product, customers, revenue etc.  
2. How do you finance your business activities? (dependent on the stages of the venture – start-up, growth, maturity)  
- How has it changed, or will it change in the future?  
3. Do you feel, that you have all the necessary knowledge and education to successful manage your business? |
| **Ecosystem** | 1. What is your current understanding of the entrepreneurship ecosystem / supporting environment?  
2. What support from the ecosystem have you received along the way?  
   **If not answered:** what has been the most important support for you?  
3. How has the interaction worked between you and the ecosystem?  
4. What actors within the ecosystem are you collaborating with mostly?  
   Why are you collaborating with these actors?  
   How does interaction work between your business and other actors within the ecosystem? |
| **Challenges** | 1. What are your current main challenges that you are facing to grow your enterprise?  
   What personal challenges have you experienced during the development of your enterprise  
2. What resources do you need to acquire or develop to overcome these challenges?  
3. What support do you need in order to overcome these challenges? |
| **Opportunities** | 1. How do you see the support environment develop in terms of helping your business in the future? |
## Interview Guide - Development Organizations

<table>
<thead>
<tr>
<th>Topic</th>
<th>Questions</th>
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<tbody>
<tr>
<td><strong>Introduction</strong></td>
<td>1. Introducing ourselves, explain the purpose of our work</td>
</tr>
<tr>
<td></td>
<td>2. Ask for permission to record the interview and sign consent form</td>
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<tr>
<td><strong>Organization</strong></td>
<td>1. What is the name of the organization?</td>
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<td></td>
<td>2. What is the history and background of the organization?</td>
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<td>3. What is the purpose and goal of the organization?</td>
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<td>4. Facts about the organization</td>
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<td></td>
<td>- NGO/GO</td>
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<td>- number of employees</td>
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<td></td>
<td>- financial aspects (source of income)/legal status</td>
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<td></td>
<td>5. Are you a sustainable organization and how do you plan to change this if not?</td>
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<tr>
<td><strong>Role/Job Description</strong></td>
<td>1. Do you have experience in working in entrepreneurship?</td>
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<tr>
<td></td>
<td>2. What is your role and field of responsibility in the Organization?</td>
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<tr>
<td><strong>Ecosystem</strong></td>
<td>1. Please define the term ecosystem</td>
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<td></td>
<td>2. What is your current understanding of the Egyptian ecosystem?</td>
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<td>- differences</td>
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<td></td>
<td>- opportunities &amp; challenges</td>
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<tr>
<td></td>
<td>- major player</td>
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<tr>
<td></td>
<td>→ Short description of what we understand of ecosystem if necessary</td>
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<tr>
<td></td>
<td>2. How do you reach out to entrepreneurs?</td>
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<td></td>
<td>- keep in contact</td>
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<tr>
<td></td>
<td>- involve them in programs?</td>
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<td>3. What programs / services do you offer entrepreneurs? why these?</td>
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<td></td>
<td>- education</td>
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<tr>
<td></td>
<td>- network</td>
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<tr>
<td></td>
<td>- financial etc.</td>
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<td></td>
<td>4. What is your success rate of incubated ventures?</td>
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<td></td>
<td>- good/bad and how do you evaluate it?</td>
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<td></td>
<td>5. What actors within the ecosystem are you collaborating with mostly?</td>
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<tr>
<td></td>
<td>Why are you collaborating with these actors? How does interaction work between your organization and other actors within the ecosystem?</td>
</tr>
<tr>
<td><strong>Challenges</strong></td>
<td>1. In your opinion, what are the key challenges Entrepreneurs are facing?</td>
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<tr>
<td></td>
<td>2. What are the main challenges for you as an organization when assisting or collaborating with entrepreneurs?</td>
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<td></td>
<td>3. What could be improved to overcome these challenges? (internally and externally)</td>
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<td></td>
<td>4. What are the strengths of being part of a DO? what are the weaknesses?</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td>1. How do you see the ecosystem develop in terms of helping entrepreneurs develop and grow?</td>
</tr>
</tbody>
</table>
Startups of Entrepreneurs

Amr, Fantom, GESR

Fantom recently started to enter and innovate the packaging industry with their first prototype. The prototype is a cardboard based box that air cools the stored goods inside. It solves the problem of close distance good transportation that need to be cooled in a non-electrical way. Especially in the peak summer times it is necessary e.g. for street vendors or low-income household to be able to bypass energy shortages and keep goods fresh and cooled.

Islam, Zeroprime Technologies, GESR

Zeroprime Technologies (LLC) is an innovative award winning Egyptian startup that designs and implements smart city infrastructures. The company was founded on Jan 2017 and is currently focusing on implementing smart waste management solutions. Their first product is CanBank which is a machine that gives users different rewards e.g. coupons of their choice in exchange for their solid waste to promote the culture of recycling.

Mahmoud, Zazoua, GESR

Zazoua have created a customized harvesting machine for the much-loved sugarcane agriculture to suit the Egyptian environment. The advantages of the machine are an increase in productivity and lower operating costs. It manages to eliminate the huge volumes of waste that are usually a side product of sugar cane harvesting.

Mostafa, Solar Ring, GESR

Solar Ring is an energy company based in Egypt. Although they started off concentrating on off-grid home systems, nowadays they are trying to become the first product based renewable energy in Egypt. They successfully built their first product, which is a solar portable cooler. The solution consists of a regular freezer were they reduced its power consumption to a point it can be operated for a whole day using only 1 solar panel and 1 battery. Their mission is to create long-term value using green and innovative solar energy solutions.
Mohamed, Mesaffer, INJAZ
Mesaffer is a multi-sided platform that connects the gap between trip seekers and trip organizers. Mesaffer allows users to find, book, and manage trip events from a variety of listed events through a mobile application. Organizers provide a list of information about their planned event that includes duration, destination, activities, transportation, price, etc. The users then will be able to find their next trip based on their customized filtration through the application.

Khaled, Canzopekia, INJAZ
The world's consumption of aluminum cans is about 200 billion cans every year. However, recycling one can saves 95% of the energy that will be used in producing a new can. Recycling one aluminum can should save energy equivalent to half a gallon of gasoline. Problematically, there is a large amount of can being wasted. This is the opportunity for Canzopekia to make the best use of these used cans. Egypt mainly depends on the production of aluminum by importing Bauxite ore and doing an electrical analysis to produce pure aluminum. The aforementioned process costs a tremendous amount of money and energy. Canzopekia are working to make the best use of cans waste by recycling it to get our product "pure aluminum.”

Ebrahim, El-Mawkaa App, INJAZ
El-Mawkaa App is a platform that engages all the construction industry stakeholders in one place. It allows them to reach one another, while enabling them to market themselves and network with each other. It includes features that help the stakeholders of the construction industry with data such as daily prices, quick calculations for material quantity, quick access to building codes, and common knowledge construction site techniques.
**Kareem, CLI, INJAZ**

Today, part and parcel of our lives and our kids' lives are mobile devices. They attract the attention of kids from all ages and consume much of their lives, distracting them from physical activities that aim at developing their skillset at an early age. Creative learning initiative reflects the concept of creative interactive learning in proactive methodologies by introducing interactive physical toys that educate kids about coding and programming notions through a mobile app catering to different levels, in which they are able to program their toy to perform a certain task. The application has a user-friendly interface, which enables users to utilize the Do-It-Yourself toys that the children will assemble and build themselves.

**Amira, Orcas, INJAZ**

Orcas, formerly Cairositters, is a local startup that offers all those in need access to qualified and experienced babysitters, young and motivated tutors. The initial idea was to use the marketplace platform approach (like Airbnb, Amazon) to connect experienced babysitters with families in need. The great success of this approach helped them to expand their activities into the tutoring business and lately, they've been offering language learning sessions for child and adult alike, their services are available in Arabic, English, French and German. This makes Orcas today the biggest agency that connects families with tutors and babysitter to educate the youngest Egyptian generation.

**Mohamed, Bio Tech, Nahdet El Mahrous**

BioTech are working to build biogas units to support farmers and people from modest socioeconomic backgrounds' energy needs and promote the practice of recycling. The Biogas and organic materials that can be created by these units can have many uses like cooking, lighting and generating electricity- and creating the organic compost serves the purpose of improving Egyptian agricultural practice, reducing disease, enriching soil. These practices will help reduce customers' reliance on expensive fossil fuel-based energy sources and expensive industrial fertilizers.
**Hassan, DUCO, Nahdet El Mahrous**

DUCO aspires to become an agency and platform for the facilitation and promotion of public art in an urban context powered by a commercial approach while maintaining the mission of contributing towards an urban aesthetical development. DUCO’s goal is to provide street artists the opportunity to improve the cityscape through public art, paintings, and graffiti on a commercial base. Additionally, DUCO is a pioneer promoting the urban art scene and organizes public art events, trainings and workshops, and community engagement programs.

**Rania, GebRaa, Nahdet El Mahrous**

GebRaa works to economically empower rural artisan communities in Egypt and aide in developing their communities while simultaneously protecting the crafts and heritage of Egypt: focusing on mother of pearl inlay and hand-embroidered products. GebRaa is working to protect Egyptian traditional crafts from disappearing by reintroducing them as modern Egyptian, green, handcrafted, socially responsible and ethical products. Through their work GebRaa works on product development in design, material, function and use of Green technology; enhancing the societal status of artisans and promote succession among community youth. Through enabling peasants and women to find employment in their rural and remote communities they are helping to reduce immigration rate to Cairo and outside Egypt as well as to empower women and support product development to match the needs of socially conscious local and international customers striving for unique production.