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PROSPECTS

Kingdom of the Netherlands

# Market systems analysis of the food service sector for employment inclusion of refugees in Egypt

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# Foreword

The International Labour Organization (ILO) is pleased to present this Market Systems Analysis (MSA) as part of its efforts under the PROSPECTS-Partnership for improving Prospects for host communities and forcibly displaced persons. This analysis has been funded by the Government of the Netherlands and implemented in Egypt, with the aim of identifying key market constraints to SME growth and job creation for refugees, youth, and host communities in the food service and restaurant sector.

The COVID-19 pandemic has accelerated digital transformation in the public and private sectors in Egypt, and PROSPECTS seeks to ensure that marginalized communities are included in this process. The food service and restaurant sector are of particular interest, as it is characterized by a strong presence of refugee workers and entrepreneurs, mostly from Syria, and provides a low-entry barrier for refugees.

This analysis focuses on five types of food production services that are most relevant for income-generating activities of refugees: micro and informal home-based kitchens, small fast-food units, home-grown agri-products, and processing units, small local retailers and shops, and restaurants. The sector is largely informal, and refugees are mostly engaged in informal or semi-informal employment due to a limiting legal framework for the formal employment of refugees in the country.

The analysis has identified key constraints in the core value chain of the market system of the food service and restaurant sector where refugees are engaged, as well as in the supporting functions, rules, and regulations that influence this sector.

We hope that this analysis will inform policy and programmatic interventions that can help to address these constraints and enable refugees and Egyptian youth to benefit from Egypt's growing digital economy and digital transformation.
I would like to thank the Kingdom of the Netherlands for its generous support of this assessment and the production of this report, undertaken in the context of the PROSPECTS Partnership. I would particularly like to thank those who conducted this study on behalf of the ILO Wael Rafaat, Maximilian Schulz, and Cherine Mourad under the guidance and coordination of Elisa Mandelli (ILO Geneva).

In addition, I would like to thank all those who contributed to this analysis, including the refugee workers and entrepreneurs who shared their experiences and insights with us, and the PROSPECTS team in Egypt and beyond for their support and guidance throughout the process.

**Eric Oechslin**
Director ILO Country Office for Egypt and Eritrea,
and Decent Work Team for North Africa

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# Acknowledgments

This study was conducted on behalf of the ILO by Wael Rafaat, Maximilian Schulz and Cherine Mourad under the guidance and coordination of Elisa Mandelli (ILO Geneva) within the framework of the PROSPECTS Programme in Egypt.

Input and comments to this report were provided by ILO PROSPECTS team and technical specialists, including Amir Obeid Faheem, José Manuel Medina, Basma Nafady, Omar Dorra, Fernando Martinez Cure, and Shady Shehata.

Particular thanks are also due to UNHCR, CARE Egypt, Caritas Egypt, and other key actors in the food sector and in the refugee-support space in Egypt for providing key information and for helping the research team to liaise with refugees and Egyptians engaged in the sector.

# Executive summary

This Market Systems Analysis (MSA) has been conducted by the International Labour Organization (ILO) in the framework of PROSPECTS-Partnership for improving Prospects for host communities and forcibly displaced persons, funded by the Government of the Netherlands and implemented in Egypt as well as in other countries in East and North Africa and in the Arab States. In particular, as the COVID-19 pandemic has accelerated digital transformation in the public and private sector in Egypt, PROSPECTS aims to accelerate the move towards digitalization, while also ensuring the inclusion of the most marginalized in this process, thus enabling urban refugees and Egyptian youth to benefit from Egypt's growing digital economy and digital transformation.

The analysis explores the selected sector of the food services and restaurants in Cairo, Alexandria and Damietta to identify key market constraints to both SME growth and the creation of more and better jobs for urban refugees, youth and host communities. The food service and restaurant sector is characterized by a strong presence of refugee's workers and entrepreneurs, mostly from Syria, and it's often the first receptacle of newcomers and highly vulnerable groups (like women and poor skilled refugees) as it presents low-entry barriers for refugees and high-demand rates (especially for Syrian food). The sector is largely informal and refugees are mostly engaged in informal employment or semi-informal businesses, also due to a restricting legal framework for formal employment of refugees in the country. It is also a sector where digital platforms and digital solutions are increasingly gaining importance but are still underused by refugees. The sector integrates a diverse range of refugees and businesses but the analysis has focused on five kind of food production services that are most relevant for income-generating activities of refugees, these are: 1) Micro and informal home-based kitchens; 2) Small fast-food units; 3) Home-grown agri-products and processing units; 4) Small local retailers and shops; and 5) Restaurants (see "Food production" section).

The following table provide a summary of the key constrains identified in the core value chain of the market system of the food service and restaurant sector where refugees are engaged as well as on the influencing supporting functions, rules and regulations:

**Summary of the key constraints identified in the market system**

- The lack of liquidity and capital of refugee businesses limits their ability to grow and to adjust to the inflation of the cost of raw materials.
- Home-based activities are limited in their expansion by the lack of space and facilities, but they allow women to access economic opportunities in the sector while performing households' activities and respecting cultural norms.
- Businesses lack human resources to grow and to respond to large orders but entrepreneurs are reluctant to hire new personnel due to lack of management skills and by fear of creating competitors.
- Refugees informally employed by restaurants report weak working conditions, in particular in term of inadequate pay and long working hours.
- Distribution channels are mostly linked to (digital and non-digital) informal networks established by word-of-mouth, which limits substantially the scope and reach to profitable end markets for refugee businesses.
- While digital channels such as WhatsApp and Facebook are often using for marketing, refugees have limited digital skills and management capacities and lack confidence to better use digital channels and digital platforms for their marketing and selling.
- Business to business (B2B) appears to be a high profitable end market for refugee business (including home-based kitchens) but entrepreneurs don't have the technical and management skills to respond to the requirements of B2B buyers in term of quality, consistency, constant supply, presentation and packaging.
- The high cost of outsourcing delivery services as well as the lack of trust in the way carriers handle food, is often mentioned by refugees as a constraint to expand their reach and it these costs are often mistakenly confused with the commission applied by digital platforms.
- As refugees struggle to open a bank account and apply to formal loans, most of the access to finance is ensured by UNHCR and NGOs as well as by informal loans within the refugee's community.
- Grants and cash assistance are often used to finance core business functions, which limits business sustainability and growth.
- Alternative finance solutions have been explored by some MFIs but have been dropped due to refugee's inability to present formal forms of collaterals.
- Vocational trainings are widely spread and offered by several actors but they mostly offer basic skills to refugees and they rarely focus on up-grading specific technical and management skills demanded by the market that would allow refugee-owned enterprises to be more sustainable and grow.
- There is an untapped potential of using digital employment platforms to better connect refugees to the labour markets.
- Skills and know-how gaps have also been identified in the way refugees handle different steps of digital business operations, including: understanding and approaching the customer, online marketing and advertisement, presentation, ordering and payments, inventory, record keeping follow-up.
- The inability of refugees to open a bank account considerably limit their digital business transactions: cash-less, mobile and/or online Payments.

Based on this analysis, the study identifies concrete and evidence-informed pilot interventions, which can be implemented within the scope of the PROSPECTS programme and that allow to address key constraints through digital and non-digital interventions to contribute to a transformative impact in the sector and in the livelihoods of refugees by facilitating SMEs' growth and create more and better jobs for refugees and host communities alike. The identified four areas of interventions to be explored by PROSPECTS for potential implementation are the following:

- Support micro and small refugee-owned enterprises in the food and service sector to grow and access new market opportunities through market linkages and upskilling. ILO PROSPECTS has the potential of bringing an added value in focusing on the overlooked segment of existing enterprises, especially micro home-based kitchens, small fast food units, food processing units and small food retailers to complement the support already provided by NGOs to refugees who want to start a business. Existing refugee-owned (and Egyptian) micro and small businesses are facing multiple challenges (see summary box), which could be mitigated by improved skills in the area of business management and digital skills. PROSPECTS could explore how to combine the existing ILO IYB training module and the ILO DYB guide and implement a new business management training targeting existing refugee-owned to upskill both their business management and digital skills so that they are better equipped to grasp the opportunities in the digital market. Moreover, the project could support strategic market linkages among key market actors in the sector ensuring a pipeline of digital-ready and technically upskilled home-based kitchens so that they can respond to the demand of newly creating platforms, which are seeking to diversify and expand their supplier base.

- Improve labour market matchmaking in the food and service sector through digital solutions. While the area of intervention 1 aims to support self-employment at micro enterprises (home-based kitchens), many refugees, particularly men, prefer to work as employees in the food service industry as a more stable and secure type of income-generating activity. This area of intervention, therefore, aims to complement intervention 1 by facilitating market transactions on the employment labour market through digital solutions. PROSPECTS could collaborate with UNHCR and NGOs, which have a detailed and constantly updated register of refugees and their professional backgrounds and connect them with existing job seeking platforms while ensuring the linkages to potential employers by engaging with the business associations in the sector.

- Facilitate the access to alternative finance & to innovation for refugees. As access to finance and to innovation is a key constraint hindering the growth of refugee-owned enterprises, PROSPECTS could explore alternative finance solutions for refugees, also linked to the insights provided by the latest ILO-IFC report on this subject, as part of a solution-oriented workshop in collaboration with IFC, ABA and microfinance institutions. Pilots to be explored include: i) a pilot guarantee fund to fill the collateral gap by providing a 'first-loss' tranche or credit guarantee scheme; ii) upgrade existing communities' savings and solidarity groups though technical and financial support; ii) incentivize innovation (also though digital solutions) in the food and service sector through Innovation or Business Competitions.

- Enhance NGOs' transition towards sustainable business models to innovate and optimize their operational efficiency as well as alter the strategy of solely relying on funding from international donors. While an overall shift towards a more integrated and less-direct deliver support to refugees for the entire aid system might be complicated to promote, focusing specifically on the activities that these NGOs perform in the food and service sector could offer concrete and more feasible entry points to promote more sustainable and efficient businesses models by building on digital solution. For instance, PROSPECTS could work with NGOs-supported food-preparation centers (friendly-space and others) and help them upgrade their role as connectors with the market (e.g umbrella brand). Moreover, the project could support NGOs to pilot the digitalization of key operations in support to refugees (e.g. residence permit).

# 1 Introduction

Egypt has a long history of being both a transit and destination country for forcibly displaced persons and children on the move. According to UNHCR, Egypt currently hosts more than 270,000 registered asylum-seekers and refugees from 65 countries. The majority are from Syria, followed by Sudan, South Sudan, Eritrea, Ethiopia, Yemen, and Somalia[1].

The crisis in Syria that has been ongoing since 2011 has resulted in the arrival of large numbers of Syrians in Egypt. As of January 2020, 256,632 refugees are registered with UNHCR (46 per cent female; 54 per cent male). Syrian refugees constitute 52 per cent of the refugees and asylum-seekers registered with UNHCR, while other main countries of origin are Sudan, South Sudan, Eritrea, Ethiopia, Yemen, Somalia, and Iraq. The vast majority (90 per cent) of refugees and asylum-seekers live in the urban areas of Greater Cairo, Alexandria and Damietta alongside socio-economically vulnerable local communities[2]. While forcibly displaced people face specific vulnerabilities, including psychological trauma, lack of opportunity and protection risks, host communities also struggle to pursue their own development efforts in an environment that has been transformed by a large influx of newcomers. As displacement has become increasingly protracted, responses are focusing more on durable solutions backed by more dignified, inclusive, and comprehensive programmes for refugees and the communities that host them.

In response to the challenges facing both host communities and refugees, a new partnership initiative titled: 'PROSPECTS - Partnership for improving Prospects for host communities and forcibly displaced persons, has been launched by the Government of the Netherlands that brings together the International Finance Corporation (IFC), the International Labour Organization (ILO), the UN Refugee Agency (UNHCR), the UN Children's Fund (UNICEF) and the World Bank. The Partnership has a four-year initial time horizon (2019-2023) where partners will join their efforts to develop a new paradigm in responding to forced displacement crises in 8 countries (Egypt, Ethiopia, Iraq, Jordan, Kenya, Lebanon, Sudan, and Uganda). In Egypt, the overall objective of PROSPECTS is to improve the living standards and inclusiveness of refugees, asylum-seekers, and vulnerable host communities, by contributing to the expansion of socio-economic opportunities through better education and mainstreamed protection interventions. With a geographical focus on Greater Cairo, Alexandria, and Damietta, PROSPECTS Egypt focuses on three main pillars:

- Pillar 1 "Education and Learning", focuses on increasing the number of forcibly displaced persons, children on the move and host communities with quality education and training.

- Pillar 2 "Employment with Dignity" seeks to increase the number of forcibly displaced persons, children on the move (i.e. youth) and host communities with enhanced livelihoods and/or employment in decent work through improvements in labour market governance supporting the transition to and entry into employment and formalisation.

- Pillar 3 on "Protection and Inclusion" aims at increasing protection, social protection and inclusion for forcibly displaced persons, children on the move and host communities through the strengthening of legal, policy and enabling environment for protection, social protection, and inclusion.

Moreover, as the COVID-19 pandemic has accelerated digital transformation in the public and private sector in Egypt, ILO PROSPECTS identified the opportunity to match the existing interventions with additional activities aimed to accelerating the move towards digitalization, while also ensuring the inclusion of the most marginalized in this process, thus enabling urban refugees and Egyptian youth to benefit from Egypt's growing digital economy.

[1] UNHCR web page for Egypt, https://www.unhcr.org/eg/about-us/refugee-context-in-egypt
[2] https://www.ilo.org/global/programmes-and-projects/prospects/countries/egypt/lang--en/index.htm

To inform the design of these new interventions, the ILO has commissioned this Market Systems Analysis based on the consolidated ILO Approach to Inclusive Market Systems for Refugees and Host Communities (AIMS) and[3], with the following objectives:

- Evaluate the context and socioeconomic profile of refugees to understand their job skills and capacities.
- Identify and select high growing and job rich sector/s for economic inclusion and employment of the target communities' inclusion into the labour market.
- Analyse the market systems of the selected sector/s and identify the most prominent barriers and key constraints contributing to the exclusion and of the target community into the selected sectors and value chains.
- Develop concrete and feasible market-led 'pull' and 'push' concrete interventions addressing root barriers in the value chain while considering feasibility and project's scope.

Against these objectives, primary and secondary research has been conducted from June 2022 to September 2022 by a team of consultants and ILO technical officers from ILO HQ and ILO Egypt. The research team applied a mix of quantitative and qualitative approach in data collection and analysis. Extensive desk research helped develop the general understanding of the socio-economic context (See Chapter 2 "Regulatory Environment and Socio-Economic profile") and to select the food sector in the three governorates based on criteria of relevance, opportunity, and feasibility (See Chapter 3 "Sector selection"). To explore the underlying constrains and the opportunities for refugees and host communities in this sector, the team collected first-hand data through key informants' interviews, focus group discussions, in depth households' interviews and field observations in the three governorates This data is analyzed in the market systems analysis (Chapter 4 "Market Systems Analysis of the Food Sector"), which explores the core value chains, the supporting functions and rules influencing the sector in the three governorates and the overall constrains and opportunities experienced by refugees, host communities and key market actors. In the final section (Chapter 5 "Areas of interventions and recommendations"), the assessment offers some insights on concrete areas of interventions for PROSPECTS to support the sustainable inclusion and decent job creation for refugees and host communities in the food sector in Cairo, Alexandria and Damietta.

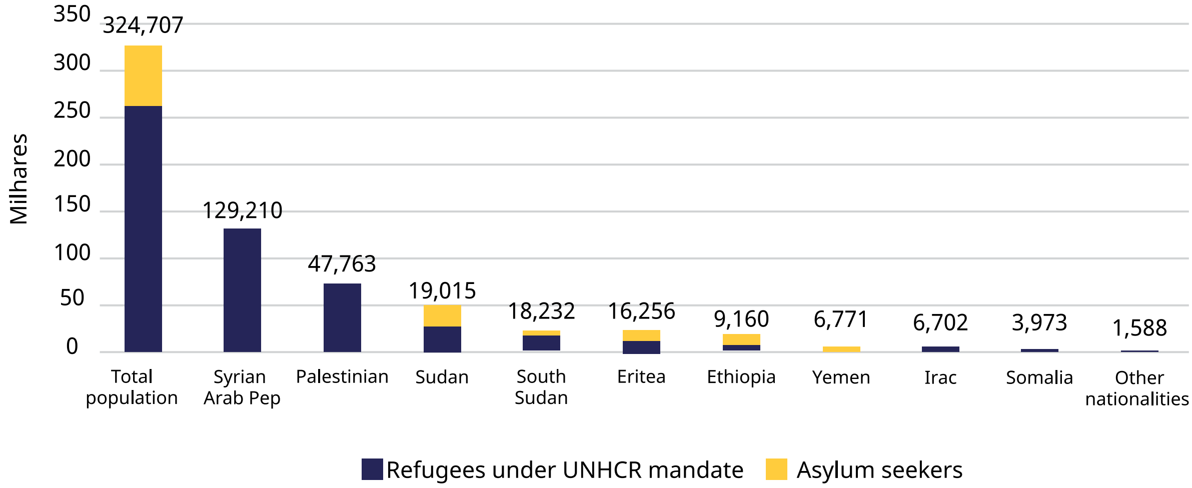
[3] "https://www.ilo.org/empent/areas/value-chain-development-vcd/WCMS_434362/lang--en/index.htm"

# 2 Socio-economic context and regulatory environment

## 2.1. Socio-economic context

According to UNHCR, Egypt hosts more than 270,000 registered asylum-seekers and refugees from 65 countries[4]. The majority are from Syria, followed by Sudan, South Sudan, Eritrea, Ethiopia, Yemen and Iraq (see figure 1 below)[5]. The number of refugees has significantly increased since 2012 with the crisis in Syria that has been ongoing since 2011 reaching its peak in 2021[6].

**Figure 1: Total population of refugees and asylum-seekers in Egypt by country of origin, end of 2019**

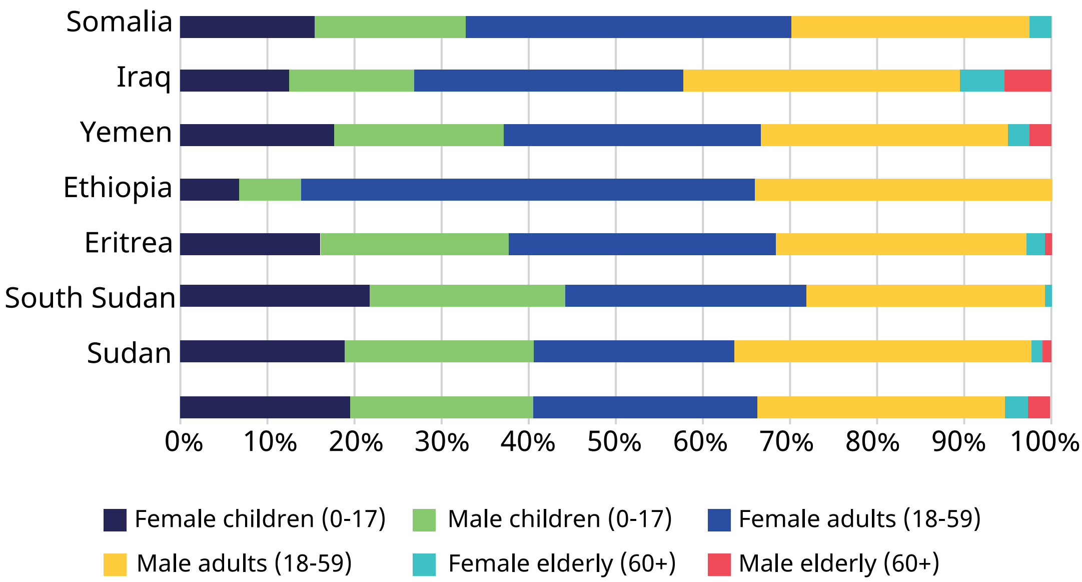



*Source 1: UNHCR (2020c).*

The demographic data available for registered refugees and asylum-seekers in Egypt provides information disaggregated by nationality, gender, and age, as shown in Figure 2. As a major limitation, age disaggregation is not available for Palestinians, the second-largest community of refugees in the country. Thus, considering that age disaggregation is available for 254,705 individuals, it is possible to estimate that children represent 38 per cent of the forcibly displaced population living in Egypt, that does not come from Palestine. Amongst the Syrian, Sudanese and South Sudanese communities, children represent more than 40 per cent of the total number of refugees. Moreover, UNHCR registered a total of 4,855 unaccompanied and separated children as of the end of 2019. Most of these were Eritrean children, who represented 48 per cent of all unaccompanied children and 35 per cent of unaccompanied and separated children (UNHCR, 2020b).

[4] Ibid. reference 3.
[5] UNHCR Egypt, Monthly Statistical Report, 2021.
[6] UNHCR Egypt, Monthly Statistical Report, 2021.

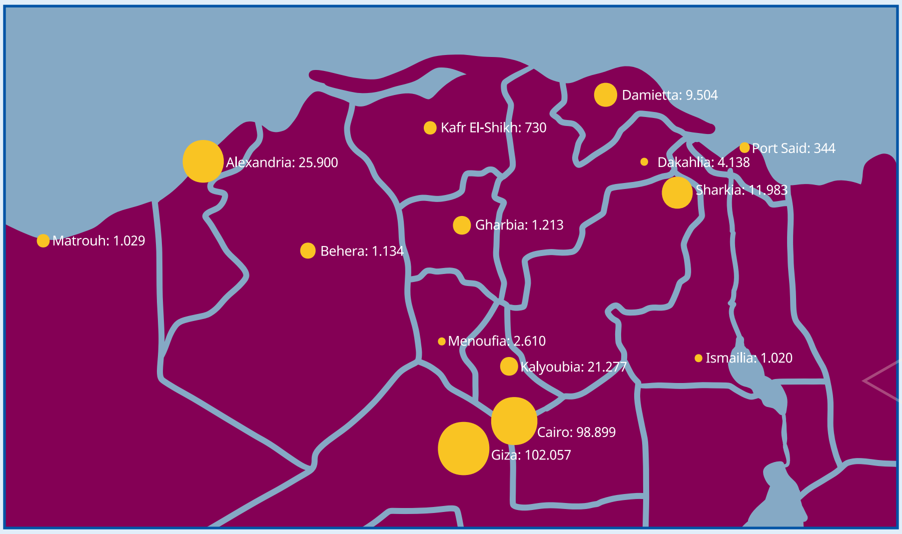
### Figure 2: Demographic composition of refugees and asylum-seekers in Egypt by country of origin, end of 2019




*Source 2: UNHCR (2020c).*

Most refugees live in urban areas alongside local host communities. Greater Cairo (Cairo, Giza and Qalyubia governorates) accommodates the highest number of refugee), followed by Alexandria, Sharqia and Damietta (with a higher concentration in New Damietta). As illustrated in the figure 3 below the Syrian refugees account for about 50 per cent of the total refugee population in the country, 95 per cent of refugees from other nationalities are concentrated in Greater Cairo. Accordingly, Damietta almost exclusively consists of Syrian refugees, accounting to 99.2 per cent of the refugee population residing in the governorate[7].

### Figure 3: Refugees Population 2022 per Governorates




- **Giza:** 102.057
- **Cairo:** 98.899
- **Alexandria:** 25.900
- **Kalyoubia:** 21.277
- **Sharkia:** 11.983
- **Damietta:** 9.504
- **Dakahlia:** 4.138
- **Menoufia:** 2.610
- **Gharbia:** 1.213
- **Matrouh:** 1.029
- **Behera:** 1.134
- **Ismailia:** 1.020
- **Kafr El-Shikh:** 730
- **Port Said:** 344

*Source 3: UNHCR EGYPT, ODM*

[7] https://www.unhcr.org/eg/wp-content/uploads/sites/36/2020/09/August-2020-UNHCR-Egypt-Monthly-Statistical-Report.pdf

As per, UNHCR surveys conducted in 2019, around 80 per cent of refugees in Egypt – of all nationalities – have an educational attainment level below secondary or technical. [8] Moreover, these surveys indicated that refugees are equipped with mostly vocational, linguistic and, to a limited extent, academic-based skills, which, together with their educational attainment levels, qualify them for occupations of skill groups I and II according to the International Standard Classification of Occupations (ISCO). [9] The analysis of data extracted from the survey also indicated that only 4.8 per cent of refugees in Egypt had previous managerial or professional work experience, while 85.5 per cent have previous experience in elementary occupations, services and sales work or crafts and related trades work.[10]

Despite the efforts of the Government, UN agencies and other non-governmental organizations, refugees still suffer from unemployment: UNHCR and CAPMAS data record unemployment rates among refugees at 8 per cent in 2019. In addition, the segregation of unemployment rates per nationality indicated that the unemployment rate among Syrians is only 1 per cent, which is relatively low compared with that of the refugees from other nationalities. Female unemployment is higher among refugees compared with the national workforce, with 35 per cent and 21.3 per cent, respectively. Female refugees work in household chores, such as cooking, hairdressing and personal service occupations, cleaning, care and handcrafting, among others.

**4.8%** of Refugees had previous managerial or professional work experience

**85.5%** of Refugees had previous experience in elementary occupations, services and sales work or crafts and related trades work

Drawing on the educational attainment levels, skill profiles and previous work experience of refugees, the main occupations they are mostly found engaging in are cleaning and household help, food processing, woodworking, garment and craft working, trading, personal services, and sales.

The socio-economic circumstances in Egypt, including the high inflation rates, the scarce employment opportunities, the legal barriers to formal employment, high poverty rates, and the gender inequalities in accessing the labour market,[11] are currently putting under pressure the livelihood and the living conditions of these already vulnerable groups. Moreover, the spread of COVID-19 has exacerbated the already limited livelihood opportunities of refugees and of the national workforce, especially of those employed in the informal sector where many have lost their sources of income and their ability to afford rent or to buy basic supplies for their daily necessities.

### 2.1.1 Legal framework regulating refugees in Egypt

Egypt is signatory to the 1951 Refugee Convention and its 1967 Protocol as well as the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the Organization of African Unity's (OAU) Convention Governing the Specific Aspects of Refugee Problems in Africa. However, Egypt does not have a national policy or an established asylum system that deal with refugees or asylum seekers as repatriation and resettlement are considered by the Government as the most suitable options for asylum seekers and refugees living in the country. In order to regulate the legal status of refugees and foreign nationals residing in Egypt, the Egyptian authorities have adopted a number of domestic legislative initiatives pertaining on land ownership, access to education, residency permits, nationality, and work permits.
Despite the legal recognition of the status of refugee, the Government of Egypt has expressed reservations on Article 24 on "Labour legislation and social security" in the 1951 Convention, limiting substantially refugees' right to work (at least formally) and their opportunity to be integrated in the national social security system.

As per the Memorandum of understanding (MoU) signed between the Egyptian government and the United Nations High Commissioner for Refugees (UNHCR) in 1954, UNHCR has been admitted by the Government of Egypt as the official entity entitled to determine refugee status and to carry out on its behalf the administrative and operational activities related to registration, hosting and supporting refugees in the country.

[8] Analysis was conducted based on UNHCR raw data collected from numerous surveys conducted in 2019 (N= 17041 FDP).
[9] Analysis was conducted on UNHCR raw data collected from numerous surveys
[10] UNHCR, unpublished survey with a total population of 9,693 FDP.
[11] ILO, Gender and employment (EMPLOYMENT) (ilo.org)

The registration processes and the Refugee Status varies depending on the country of origin of the applicant. In the case of Syrian refugees, due to the mass influx of asylum seekers, resulting from prolonged conflict, the Government of Egypt, though UNHCR, grants only a temporary permit as asylum seeker, in the form of a "Yellow Card" that has to be renewed every 6 months. Some of these yellow cards have a validity of 18 months, for instance when a Syrian refugee is responsible for an underaged registered in the Egyptian school system. As indicated by UNHCR[12], the Asylum-Seeker Registration Card or Yellow Card is usually issued to persons who have registered with UNHCR and have applied for refugee status. The card provides protection for persons seeking asylum until a final decision is made on their refugee claim. Most of the non-Syrian refugees (South Sudanese, Eritreans, etc.) then go through the Refugee Status Determination (RSD) and, if recognized as refugees by UNHCR, they obtain a legal permit of stay in the form of the Refugee Registration Card, which usually need to be renewed each year or every three years. The Blue Card grants some privileges, for instance the possibility of obtaining a SIM card, that are not offered to those with a yellow card.

Obtaining the refugee permit (temporary or long-term) generates substantial costs for the refugees not residing in Cairo, mainly to cover the cost of travels and stay in Cairo where some steps of the procedure involving the Egyptian Ministry of Foreign Affairs (MoFA) are centralized. Syrian refugees with the Yellow Card residing in Damietta and Alexandria are particularly affected by this cumbersome procedure and many decide to let their card expire. Some NGOs and UNHCR reception centers try to reduce the number of travels by providing support in obtaining the registration number from MoFA to start the procedure so that refugees (and their families) have to travel to Cairo only one time. Others, like CARE, have offered free transportation service to Cairo but the service was stopped after the end of the project that was funding this initiative.

The right to work for refugees is recognized by articles 17, 18 and19 of the 1951 Convention providing opportunities for wage-earning employment, self-employment, and for employment in liberal professions. Refugees are considered are allowed to apply and obtain work permits like a normal resident foreigner in accordance to labor legislation. However, the criteria for obtaining work permit are complex and difficult to be fulfilled. In addition, the fees for a work permit have been estimated by the research team at 3,000 Egyptian Pounds per year for the first three years, then the fee rises to 5,000 Egyptian Pound for the fourth year with a yearly increase by 1,000 Egyptian Pounds, up to a maximum fee of 12,000 Egyptian Pounds. As highlighted by a recent ILO review of the legal framework[13], "the primary obstacle for refugees is the ability to secure an offer of formal employment. The second obstacle is procedural and is summarized by the refugees' lack of a valid passport to apply for a work permit. This procedural requirement affects many other entitlements, including the issuance of work permits (for wage employment) and business licences (for self-employment), as well as access to financial services"[14].

Because of these constraints and complex requirements but also due to a lack of clear information, the majority of refugees in Egypt are mostly active in the informal sector, either as self-employed or wage-employed.

[12] UNHCR 2019, "Services for Refugees and Asylum-Seekers Registered with UNHCR In Greater Cairo".
[13] ILO « Review of national policy, legislative and regulatory frameworks, and practice in Egypt », 2022.
[14] Ibid p.2.

# 3 Sector selection

- **Relevance for the labour inclusion of refugees:** how relevant is the sector for refugees and host communities? Are they already working in this sector, or do they have the capacities and legal permission to be integrated in the sector in the future?
- **Potential for growth and for digital solutions:** is the sector growing? Is there potential to create quality jobs and support enterprise's growth using digital solutions?
- **Feasibility of interventions:** how feasible is it to sustainably address the most significant challenges faced by refugees and to implement systemic interventions?

**Figure 4: Sector selection criteria**

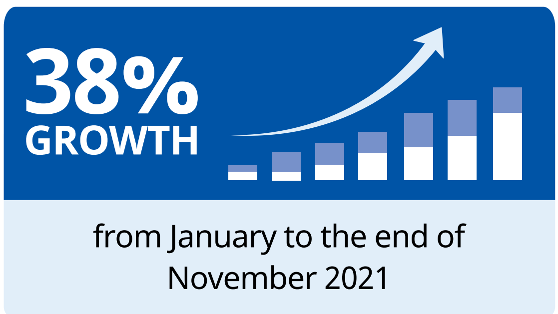

Against these sector selection criteria, the team undertook desk research complemented by key strategic interviews with local actors and developed a shortlist of four sectors relevant for the three governorates, this included: textile and garment, wood manufacturing, wholesale and retail trade. The quantitative and qualitative data collected on each sector allowed the research team to assess the relevance of each sector against the sector selection criteria (see Table 1 below).

**Table 1: Assessment of a short list of sectors**

| Sector | Relevance | Opportunity | Feasibility |
|---|---|---|---|
| Textile – Ready-made Garments | Medium | Medium | Medium |
| Wood Manufacturing | Medium | Medium | Low |
| Wholesale and retail trade | High | Medium | Low |
| Food service and processing | High | High | Medium |

*Source 5: Author view*

The textile and ready-made Garments industry has historically been a large employer in the Egyptian manufacturing sector and a major recipient of domestic and foreign investments. The sector is currently undertaking a rapid expansion driven by strategic will of both government and key international investors, it generates around LE 300 billion annually and exports have increased by 38% from January to the end of November 2021[15]. The sector appeared to have more relevance for Cairo and Alexandria (less for Damietta). Despite this growth, the sector presents scarce investments and initiatives in digitalization and the involvement of a critical mass of refugee owned MSMEs and refugee workers is limited.




[15] As per statistics provided by the Chamber of Readymade Garments Industry and the Head of Readymade Garments Export Council of Egypt (RMGEC).

The wood manufacturing and in particular the Egyptian furniture sector is the 3rd largest industrial sector in terms of assets and employment in Egypt and accounts for 13% of the total industrial employment. The sector is mostly oriented towards exports (increased by 79% in 2012) with important and strategic public investments in production parks, especially in Damietta. However, previous ILO's studies and experience in this sector have demonstrated that labour opportunities are shifting towards more skilled workers and that the presence of refugee workers is limited as well as the feasibility to improve the scope for their inclusion as the sector is heavily regulated.

The wholesale and retail sector represents a huge reservoir of refugee workforce, especially of Syrians men, and is particularly relevant to target micro and informal economic units. Egypt's overall economic contribution on retail and wholesale sector accounted for 14%of total GDP in 2020/21, measuring LE552.5bn ($35.1bn)[16]. However, the team agreed that the sector presents important feasibility challenges as it is largely informal and covers a multitude of subsectors, products and micro-level actors with whom systemic and digital interventions are difficult to implement in a short a period of time.

Finally, the food services, restaurant and food processing sector (further on the text referred as "the food service sector"), includes the preparation of transformed food and meals in informal and home-based spaces, but also formal or semi-formal restaurants as well as the preparation of transformed food for supermarkets and other retailers. The food industry is the second largest sector in Egypt in terms of value addition, and the largest in terms of industrial employment. It achieved an average growth rate of 20% during the five-year period from 2015 to 2020. More specifically, in the foodservice sector, the number of restaurants in 2019 grew to 40,605, up by over a thousand units from 2018. Sales values reached $7.5 billion, up $900 million or an increase of 14% compared to 2018. The food service and restaurant sector is characterized by a strong presence of refugee's workers and entrepreneurs and it's often the first receptacle of newcomers and highly vulnerable groups (like women and poor skilled refugees) as it presents low-entry barriers for refugees and high-demand rates (especially for Syrian food). The sector integrates a diverse range of refugees:

from micro-businesses of home-based cooking often driven by women to small fast-food restaurants or processing food units and retailers frequently managed by men.

In light to the relevance of the food sector against the selection criteria and for the three governorates, the team decided to select it for the market systems analysis and for targeted interventions within PROSPECTS.

[16] Oxford Business Group-Egypt report 2022; https://oxfordbusinessgroup.com/egypt-2022/industry-retail

# 4 Market systems analysis of the food service and restaurant sector

## 4.1 Overview of the food service and restaurant sector:

Egypt's food industry is one of the largest markets in both Africa and the Middle East and it accounts for a revenue of US$158.60bn in 2022[17]. Forecasting expects the sector to grow annually by 8.85% (CAGR 2022-2027). The sector accounted for 14% of Egypt's total exports, contributing to a whopping 24.5% of the country's GDP[18], making it one of the most important productive sectors in the national economy. It covers both the local and international market needs. The sector's investments amount to about EGP 500bn, and, in addition to its GDP contributions, provides 23.2% of employment in Egypt through approximately 7 million job opportunities.

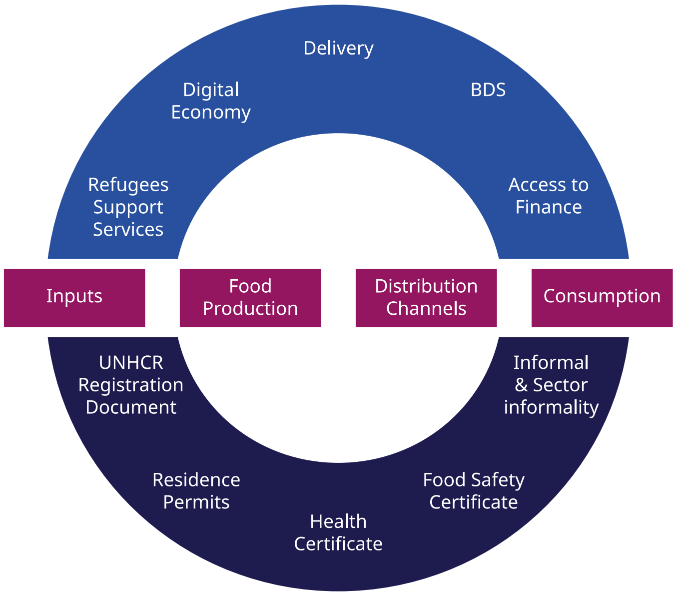
The food industry is Egypt's second top industry by manufacturing value added, the first one by manufacturing employment, and the third one by manufacturing exports. Egypt's food intermediate trade balance is in deficit, which suggests that the country is located in the 'downstream' stages of supply chains (i.e. assembly of imported inputs into final goods) and imports more intermediates than it exports. The food industry achieved an average growth rate of 20% during the five-year period from 2015 to 2020 and expected to show a volume growth of 4.7% in 2023. While updated statistics on the specific sector of food service and restaurant are not available, Egypt's Hotel-Restaurant-Café's (HORECA) sector in 2019 generated $13 billion in revenues, an 11.5 percent increase from 2018. The country's HRI sector in 2020 took a major hit with the COVID-19 pandemic outbreak. The outbreak led to the complete suspension of tourism from March through June (100-days). Tourism revenue losses have been $1 billion per month. The number of restaurants in 2019 grew to 40,605, up by over a thousand units from 2018. Sales values reached $7.5 billion, up $900 million or an increase of 14 percent compared to 2018[19].

Moreover, in 2019, the food service sector benefitted from a stable, growing economy and an increase in tourism numbers.

[17] https://www.statista.com/outlook/cmo/food/egypt
[18] https://www.businesstodayegypt.com/Article/1/1527/Egypt%E2%80%99s-food-industry-sector-contributed-to-24-5-of-GDP
[19] https://www.fas.usda.gov/data/egypt-food-service-hotel-restaurant-institutional-2#:~:text=Egypt's%20institutional%20food%20service%20industry,nor%20ingredients%20and%20supplies%20directly.

Recent decades have witnessed the progressive introduction of new foods and eating habits alongside the traditional Egyptian diet.
Fast-food chains in Egypt witnessed growth during the past years (ILO, UNHCR 2018) providing an enabling space for Syrian restaurants to multiply and grow. The past ten year has witnessed an increase in the Syrian specialized food cuisines in Egypt. Due to the political instability in Syria, hundreds of Syrian entrepreneurs moved to Egypt and established their restaurants and fast-food Cuisines in Cairo, Alexandria and Damietta. As an example, in 2018[20] 6th-of-October city had only few Syrian restaurants, in 2021 there are more than 40 – with 20 new Syrian bakeries, and up to 100 Syrian grocers. There are dozens of Syrian sweet shops and a Syrian cheese factory, while several Syrian families now run homemade delivery services from their home kitchens.

Figure 5: 'Donut' of the food service sector for refugees




Egyptians' familiarity with Syrian cuisine due to prior links between the two countries and already existing Syrian restaurants, have positively affected the demand for Syrian cuisine, which is highly appreciated and consumed in Egypt. More generally, Egyptian consumers trends are considerably oriented towards discovering new unknown and foreign products and cuisines.

## 4.2 Structure of the sector

The food service and food processing sector are characterized by a strong presence of refugees, with a majority of Syrian refugees, involved as informally employed workers and as informal self-employed entrepreneurs or enterprise-owners. In fact, the sector is often the first receptacle of newcomers, highly vulnerable groups (like women) and poor skilled refugees as it presents low-entry barriers for refugees and high-demand rates (especially for Syrian food). The type of refugee-owned enterprises and the overall role of refugees in the sector is detailed out as part of the analysis of the Core Value Chain ("Food preparation").

Using primary and secondary data, the research team has mapped the market system of the food service and food processing sector where refugees are involved in Egypt (see figure 5). In line with ILO's systemic methodologies on Value Chain Development and Market Systems, it has been illustrated in the form of a 'donut' with its three key components: core value chain, supporting functions and rules and regulations. It is important to note that the sector has been mapped by focusing on how refugees are involved in the core value chain and by looking at how the supporting functions and the rules and regulations influence their engagement in the chain.

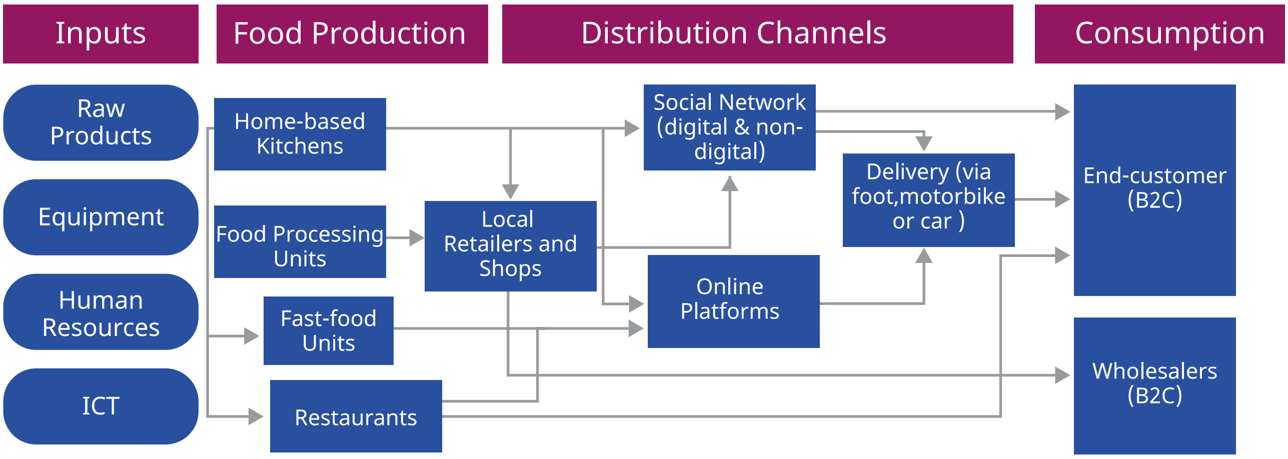
The food market and the way refugees are engaged in it presents similarities in the three governorates (Cairo, Damietta and Alexandria). As such, the analysis generally refers to the "food market in Egypt" but highlights, where relevant, the regional differences observed in each part of the market system.

The following sections analyse each part of the market system with a specific focus on the role, challenges and opportunities faced by refugees as workers, self-employed or business owners.

[20] According to interviews with key informants.

## 4.3 The core value chain

**Figure 6: Core of the food service value chain**




Egypt's entire food service sector (including restaurants, food stands and input supply) has various market segments and different food production value chains. For the purpose of this report, the five kind of food production services that are most relevant for income-generating activities of refugees are defined as:

1) Micro and informal home-based kitchens;

2) Small fast-food units;

3) Home-grown agri-products and processing units;

4) Small local retailers and shops; and

5) Restaurants (see "Food production" section).

The food-service value chain is a complex sector as it includes a wide range of food input suppliers and foodservice providers. Figure 6 represents the value chains for the five business cases starting from the required inputs all the way towards the consumption by the end-consumer. The following texts analyses each section of the core value chain (and the role of refugees in it): inputs, food production, distribution channels and consumption.

### 4.3.1 Inputs

The key inputs for all five services are broadly the same. First, there are the raw products for the food products, various dishes, and pastry. Refugees mainly source their products from local markets, small-scale retailors and supermarkets. All the businesses interviewed have highlighted the problem of the raising costs of the raw materials due to the high inflation rate in the country, which according to Reuters 21 has reached 18.7 per cent in November 2022 (the highest since December 2017). For many of the home-based kitchens and some small fast-food units, the high and fluctuating costs of raw materials limited their capacity to plan and to increase their production as they had limited

[21] Reuters, "Egypt inflation jumps to five-year high of 18.7% in November", 2022.

liquidity to buy the materials. Moreover, many have reported that despite the raising costs of production, they were unable to increase the price of their products as their clients refused to adjust to the new prices. As a result, several micro businesses have reduced the quantity and seize of their products and are reluctant to expand their client base or to accept big orders. In some cases, business owners produce their own raw products such as eggs, mushrooms, or honey. Otherwise, refugees often use the cash assistance provided by NGOs and other supporting actors (see section 4.5 "Supporting functions) to purchase their inputs. The fact that refugees tend to use grants and cash assistance for core business functions (purchase of raw materials) pose a problem in term of the sustainability of these businesses and their ability to grow.

Second, many refugees own several, sometimes even advanced, industrial and commercial backing, cooking, and cooling equipment. In most cases, refugee-owned businesses were able to obtain such assets either because they inherited them from fellow refugees who've returned to their home country or again thanks to grants that they received from the NGOs. In term of facilities, depending on how established these economic units are, activities are performed from home (e.g. more micro and less established home-base kitchens) or from rented spaces, often rented in partnership with an Egyptian, who provides the property or who rent the space on his name as co-owner of the business together with refugees. These arrangements are commonly used by restaurants and retailers owned by refugees, mainly Syrian men, who cannot legally open a business but face controls from authorities. In line with cultural norms limiting the presence of women in non-home-based work, women are more often engaged in home-based businesses. During interviews, women have mentioned that while the fact of working from home may limit their expansion due to space and lack of facilities, it also allows them to take care of the family and of households' activities.

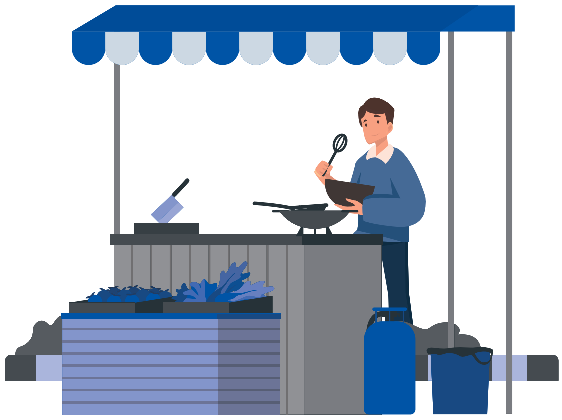
Third, there are human resources required to prepare and cook the dishes and pastry, for waiting tables and selling at the stores, cleaning, and delivering. Most of the home-based kitchens and processing units as well as some of the very micro restaurants and fast food are creating self-employment for the owner, an additional member of the family and two or more workers from the refugee community (and in some case host community) as seasonal workers to provide help for big orders or during high-demand periods (i.e. Ramadan for pastry units) or to support delivery. Some fast foods expressed the interest in hiring new personnel to open new branches in other areas of the city (mostly in Cairo). Many women managing home-based kitchens mentioned the lack of human resources when asked about the constraints limiting their expansion to new areas and new buyers. However, the same women expressed their worries and doubts in managing workers and in sharing their know-how to other refugees as they fear they will become competitors.

Last but not least, regarding the information and communication technology (ICT) that businesses use to advertise their products, reach and communicate with their customers, and receive and deliver food orders. There was generally a high level of ownership of smartphone and use of social media platforms among refugees despite some challenges in accessing SIM cards (see Section 4.4.4 for further details).

## 4.3.2 Food production

Overall, the research team has observed a predominance of Syrians refugees in the food services and food processing sector. This might be due to the popularity of Syrian food in Egypt (and in the MENA region) but also to the lower barriers (language, cultural norms, etc.) faced by Syrian refugees, their extensive supporting network (of Syrians and Egyptians) as well as better-off situation in term of skills and capital compared to Sudanese and Eritrean refugees. This predominance should be taken into account as part of the design of PROSPECTS interventions in this sector (see also chapter 5 "Areas of interventions and recommendations"). As mentioned above, based on field observation and key interviews with actor in the sector and refugees, this analysis has identified five main food production and food processing services that are most relevant for income-generating activities of refugees.

First, the micro and informal home-based kitchens established by women for their own employment with sometimes the help of one or two family members or women from the community, especially to ensure the preparation of big orders. These micro businesses are often established by Syrian women but also Eritreans and Sudanese women, to ensure their livelihoods and the one of their households. These women apply their knowledge on their national cuisine (and often learn Egyptian meals and specialties), which has often not been acquired through a professional training although in some cases they have benefited from basic "vocational food training" provided by NGOs (see Chapter 4.4 "Supporting functions"). The end market for these home-based kitchens are often families (refugees and host communities) in their area ordering food for their daily consumption or for special events, but also local restaurants (especially for appetizers or pre-cooked ingredients) and small local retailers (appetizers and sweets in particular).



Second, the small fast-food units mostly managed by Syrian men preparing popular Syrian street food. These small economic units are often informal or semi-formal when these are established in collaboration with an Egyptian, who offer his or her name to formally register the enterprise in exchange of a financial returns (percentage of the sells, lumpsum or other). In most of the case these units generate work only for the owners and one or two additional people during periods of high demand or when the owners decide to open another unit in a new area. These workers are all employed informally. The end market for these fast foods is mostly street selling, offices and families living in the area.

Third, the Micro and small food processing units are managed by both women and men and include the preparation of a variety processed products, for instance: sweets and pastry, preserves, honey, milk, yogurt, etc. Due to the high demand and positive reputation of Syrians pastry, several of these units are focusing on Syrian sweets and pastries and are established by Syrians refugees. However, the research team has also identified Sudanese and Eritrean refugees producing Syrian and non-Syrian sweets, as well as microenterprises working with unexpected products like mushrooms (fresh and transformed). Mushrooms, for example, can be relatively easy grown in basements, storage rooms and commercial areas even in the most urban areas, as long as there is limited natural light and low temperatures. Once set up, mushrooms also require little maintenance, thus allow (female) refugees to fulfil other commitments. Interviewed refugees stated that they acquired the required know-how and skills on how to produce home-grown agro-products through the internet, particularly YouTube videos. These units employ often only the owners and another member of the family, plus one or two additional workers for big orders or during high season (e.g. Ramadan for pastry units). They can be home-based or, in the case of the more established ones, they might work in rented spaces. These units supply individuals and small local retailers but also medium-sized supermarkets and restaurants.

The fourth category covers refugees who are establishing small local retailers and shops where they usually sell a mix of fresh, transformed and industrial food products. Many of them specialize on typical products from their country of origin (Syria, Sudan, Eritrea, etc.). Industrial or non-perishable products are most of the case imported while perishable products are often own-made or supplied from home-based kitchens and local processing units. These small retailers sell their products to the neighboring families but many of them are expanding their geographical reach by providing delivery services. As for the other economic units, the shops employ the owner (often a men), another young man from the community or the family and sometimes an additional person for delivery.


Finally, male refugees (mostly Syrians, Eritreans, and Sundaneses) can be employed as workers by more established restaurants owned by Egyptians or by Syrians established in Egypt with a migrant permit, which provides substantial rights to work, establish a business, opening a bank account, etc. (see section 5 "Rules and regulations"). Depending on the type of restaurant, refugees might perform more or less skilled kitchen-related activities (preparation of ingredients and/or cooking) and serving tables or more low-skills activities such as cleaning or delivering. In line with cultural norms limiting the presence of women in non-home-based work, women are often not involved in restaurant' kitchens but some of them might be employed for the toilet cleaning. These workers are mostly employed informally, receiving their monthly or weekly salary in cash. While the food service sector in Egypt is mostly informal, this also reflect the complex regulatory framework limiting refugee's right to work. In the case of more established and large business some working arrangements could be classified as semi-formal (see section "Core value chain"). Some of the refugees employed in restaurants, have raised complaints with regards to working conditions, in particular with regards to the salary and the working hours. A refugee employed in a Syrian restaurant in Alexandria reported to be paid 50 EGP per day for a working day of 10 hours on average.

### 4.3.3 Distribution channels

As mentioned above, the five categories of economic units where refugees are engaged have slightly different distribution channels, but they have in common informal and "word of mouth" practices of distribution and marketing. Food distribution channels identified in this analysis are multiple and sometimes overlapping.

The social network (digital and non-digital) is the most common distribution channel among all the different business models as it relies on direct orders by phone call, WhatsApp message or in-person. This distribution channels are often established progressively by word-of-mouth among the refugee and Egyptian community of a specific area. For home-based kitchens for instance, the area of distribution is of few kilometers due to limitations in marketing (mostly informal) and the cost of delivery, which is mostly done by the women themselves or with the support of a family member. This distribution channel largely relies on in-person interactions and social networks, but many refugees are increasingly using digital channels such as WhatsApp and Facebook for their marketing and selling.

The use of WhatsApp in particular, is often highlighted by all refugee business owners as a tool that helps them expand their client base and their geographical reach. Many have established WhatsApp groups (in most of the cases) or WhatsApp Broadcast Lists[22] (in less frequent cases), often with the help of younger member of their families or neighbors. The groups and lists are progressively expanded by adding new contacts and are mostly used to advertise their products through pictures or messages and to receive orders.

With regards to Facebook and Instagram, refugees often create a public page for their business and publish some pictures of their products, but it is rarely kept updated and pictures are often of poor quality or are taken from the internet. Excepting some rare cases, the creation of the Facebook page is more perceived as a one-time effort to ensure a minimum of online presence rather than a daily tool of marketing and selling. Most of the limitations of the social network channel (digital and non-digital) are in the area of marketing, which scope is limited and relies on word-of-moths and informal exchanges, and delivery, which is done by the business owner themselves, by the consumers or in the case of big orders or longer distances, by a family member or a neighbor (see further down "delivery").

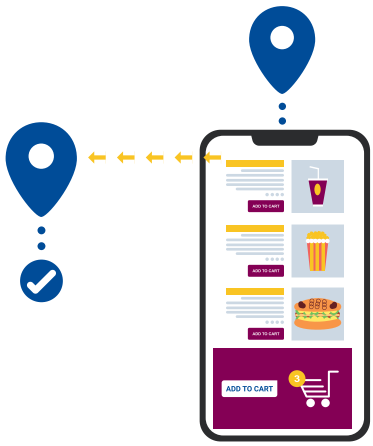
[22] WhatsApp Groups is a group of users under a single umbrella meaning that all messages sent in that group will be received by all members of the group in a single window. WhatsApp Broadcast Lists, on the other hand, allow the sender to send a message or media to several contacts at once. The sent message will then appear as an individual message in the chat.

Small food retailers are spread throughout the country and often constitute the primary channel for shopping. Moreover, this retail segment is characterized by a strong level of consumer loyalty, as it is based on a neighborhood consumer base, offering credits to local consumers etc. Traditional grocers are often limited to operating space. Some refugees (especially male) own some of these local retails and shops and many home-kitchen and informal processing units sell their products through them. Products produced and sold in these retailers are mostly dry pastry, preserves and fresh products like milk, honey, and others. Linkages between the retailers and the refugees' suppliers is often established informally within the local community and orders and delivery are done in-person. Retails owners often highlight the fact that suppliers have no professional experience in delivering constant products and in adapted packaging.

As part of the mission, the team could interview a couple producing "western" cookies that had managed to sign a supply agreement with a big supermarket. The couple highlighted the importance of moving from a home-based pastry unit to a rented bakery space with a professional oven and more space for preparation and storing, this allowed them to upscale their production and respond to bigger orders.

Similar practices are used by restaurants and cafés where some refugee products are sold. We find again dry and fresh pastry but also Syrian appetizers and, in some cases, even pre-conditioned and pre-cooked food to be used in the kitchens of restaurants or fast-food units. The mechanisms of orders and delivery are similar to the retailers.

The use of online platforms for the food service and restaurant sector has been moderately growing in Egypt. E-commerce is mostly popular among young adults, which are more tech savvy. It should be pointed out though, that vast majority of products are distributed through store-based retailers. A first link between micro food production and processing units and home-based kitchens and their end-consumers is being provided through small local retailers and shops. As mentioned above, these shops are often refugee-owned themselves, thus offering additional income-generating and employment opportunities for refugees. These small retailers sell their products to the neighboring families and their immediate community where they are deeply embedded. Due to business transactions, that are often repeated daily, shop owners establish strong social networks of loyal customers. Still, to further expand their geographical reach many shops have their own social media presence (mostly Facebook pages) where they advertise and sell their products as well as provide delivery services.




The boom of mobile applications also disrupted the transportation and delivery channels. Ride-hailing apps, like Uber and Gooo and later the rise of online door-to-door food delivery applications, like Talabat and Elmenus have transformed the way people move through cities and consume their meals. Thus, technology drastically increases the reach of customers across all kinds of enterprises within the food value chains. Chapter 4.4 analyze more in detail the barriers and opportunities linked to the online platforms and broader digital solutions.

## 4.3.4 Consumption

Almost one quarter (21%) of Egypt consumers use restaurant or meal delivery services, according to the Nielsen Quest for Convenience newly released report,[23] adding that Grab-and-go meals from quick-service, fast food and street vendors are also on the rise. According to this report, 55% of Egypt consumers have visited a fast-food outlet in the past six months and Egyptians are displaying burgeoning demand for convenient solutions that can help simplify their lives, with busy lifestyles and rising connectivity playing an increasingly pivotal role in buying decisions.

[23] Egypt – A new generation of young, rising consumers - https://www.nielsen.com/insights/2018/the-belt-and-road-initiative-is-creating-opportunity-for-chinese-brands-in-key-high-growth-markets1/

Syrian cuisine is highly appreciated and consumed in Egypt, and it is often associated by consumers to easy-to-eat street food, tasty appetizers and elegant pastries. The food produced by other refugees interviewed during the research (Sudaneses, Eritreans, etc.) seem to be more consumed by their own refugees' communities, although some of them indicated that they are also learning how to cook Egyptian cuisine to sell their meals and products to Egyptians. In term of the end market for the five business models where refugees (especially Syrians) are engaged, the primary end market remains Business to Consumers (B2B). While general street food and meals seems to be consumed on a daily basis, especially by men on the street, Syrian appetizers seems to be consumed more when receiving guests or during events (weddings, birthdays, office caterings, etc.). As described throughout the core value chain, these end consumers are mostly reached through social networks (digital and non-digital), word-of-mouth and, in some cases, through online platforms.

Another end market for these businesses is Business to business consumers (B2B) of a different nature. While more consolidated business has managed to supply cookies, appetizers and other food products to supermarkets, the majority of businesses supply small quantities of products to small retailers, often managed by other refugees. Some home-based kitchens provide appetizers, preconditioned ingredients (like peeled and cut vegetables) or pre-cooked food (marinated chicken or pre-cooked fries for instance) to fast food and restaurants. Home-based kitchens have indicated that this B2B segment of the market is particularly lucrative as orders are bigger and more stable than isolated B2C orders. However, several have expressed reluctance in increasing their reach to businesses or to engage at all in B2B agreements by fear of not managing to ensure a stable supply due to lack of human resource as well as limited capital to buy the raw materials, which are becoming increasingly expensive due to the inflation. On the other hand, retailers have highlighted that some refugee businesses, especially if kitchen-based, lack the professional skills to supply large and constant orders with products that are not consistent and/or not well presented and packaged.

## 4.4 Supporting functions

In this section, the MSA analyzes those supporting functions that influences the way refugees engage in the sector.

### 4.4.1 Access to finance

As refugees have not the right to open a bank account and apply for formal loans, most of the access to finance is ensured by UNHCR and NGOs as well as by informal loans within the refugee's community. UNHCR uses cash-based interventions to provide protection, assistance and services to the most vulnerable. UNHCR offers three types of cash support[24]:

- **Multipurpose Cash Assistance**, to respond to basic needs and provided either regularly on bi-monthly basis or one-off during the winter months to the most vulnerable registered refugees and asylum seekers according to the results of a vulnerability assessment. UNHCR provides a monthly unconditional cash grant ranging from EGP 600 to EGP 3,000 to the most vulnerable households. These cash transfers are provided to an average of 16,100 extremely vulnerable refugee households[25].

- **Livelihood cash grants,** provided to those refugees that have a viable business idea and would like to start a business. The grant is vary between 18,000 to 19,000 EGP based on the business plan submitted to the grant agent (Caritas, CRS, etc.)[26]

- **Education cash grant,** the UNHCR provides education grants for school-age asylum-seekers and refugees who are enrolled in public, private, and community schools in Egypt through its partner, Catholic Relief Services (CRS). Based on certain criteria set by UNHCR and announced in June of each year, you might qualify for education grants. Refugees and asylum seekers from Syria, Yemen, Sudan and South Sudan are eligible to receive the education grant if they are enrolled in public or community schools. The grant amounts to EGP 1,800 (USD 1,041) and is given per academic year[27].

[24] UNHCR Egypt, https://help.unhcr.org/egypt/en/cbi/
[25] https://www.unhcr.org/eg/wp-content/uploads/sites/36/2021/01/Multipurpose-Cash-Assistance-2019.pdf
[26] CRS and Caritas surveys in addition to the results of the focus group discussions
[27] https://www.unhcr.org/5e3a9cfb4.pdf

As part of the research, it has been observed how these cash assistances are a key element of the support provided by UNHCR and NGOs in the country. Despite some selection criteria, livelihood grants are granted very easily, and they are constantly proposed and advertised by UNHCR and NGOs within the refugees' communities as part of campaigns, SMS advertisements, and during in-person interactions. Several of the refugees' entrepreneurs interviewed have received more than one grant for the same business. These grants are often used by refugees in the food sector to buy appliances and raw materials for their business. The limitation in obtaining these grants seems more related to the limited amount of grants available per year.

UNHCR's data from 2018 estimated that around 16 per cent of the refugee population in Egypt was receiving monthly multi-purpose cash grants through the Egypt Post Office to meet their basic living expenses , current figures are likely to be higher, especially if livelihoods grants are taken into account in the estimation.

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**Table 2: Types of cash assistance**

| | UNHCR MPCA | WFP Food Voucher | UNHCR Education | Other | Total |
|---|---|---|---|---|---|
| Strata | - | - | - | - | - |
| Syria | 32% | 58% | 1% | - | 28% |
| Arabic Speakers | 15.4% | - | - | - | 15.4% |
| Non- Arabic Speakers | 11.3% | - | 2% | 0.7% | 12.2% |
| Total | 293 | 337 | 13 | 10 | 475 |
| % of Total | 21% | 24% | 1% | 0.7% | 34.2% |

*Source 7; Egypt Vulnerability assessment for refugees UNHCR 2018*

While these cash interventions provide much needed capital to refugees who are currently excluded from the formal financial system, they also generate substantial market distortions, including in the food service sector where many refugees' businesses seem to rely on these supports to keep their business afloat and to finance core business functions (e.g. purchase of raw materials). An example on this has been provided by a couple of Syrian refugees who were running a micro bakery of cookies from home while they were benefitting from cash assistance. It is only when the cash assistance stopped that they decided to take their business at another level to sustain their livelihood. This is how they have decided to rent a small bakery and are now supply a large supermarket.

The team explored the existence of alternatives financial services to refugees by talking to microfinance institutions (MFI) such as El Ahly Tamkeen. This MFI has been set up by the National Bank of Egypt (NBE) investment arm Al Ahly Capital to house its micro-lending and e-payments operations. Al Ahly is reportedly seeking approval from the Financial Regulatory Authority (FRA) to establish Tamkeen while it positions itself for a potential acquisition of e-payment platforms. "Al-Ahly Tamkeen" is specialized in providing financial services for micro enterprises, operating in Egypt. The platform also established the Al Ahly Tamkeen Microfinance Company, to serve micro-enterprises of various types, seeking to expand the beneficiary customer base. Tamkeen has however specified that the institution, as well as every MFIs in the country, cannot legally work with refugees as stated by the regulations of the NBE. Others key actors interviewed as well as refugees have mentioned that refugees cannot legally open a bank account. However, a recent IFC study[29], has

[28] https://www.unhcr.org/eg/what-we-do/main-activities/cash-assistance
[29] International Finance Corporate (IFC), « A Survey Study on Access to Finance by Refugees in Egypt » (forthcoming 2023).

highlighted that legal framework is often unclear to finance institutions, to refugees and other stakeholders and that the documentations requirements as well as the preference for cash inhibits the demand for formal financial services. Moreover, the study highlights that most refugees struggle to open formal bank accounts because "[They] are perceived as 'ineligible,' either because they are viewed as too deprived to be profitable, or too risky to qualify for an asset (credit) product"[30].

Another type of actor explored by the analysis are business associations, in particular the Alexandria Business Association (ABA) an independent not for profit organization that represents the business community in Alexandria since 1983, which has experience in collaborating with humanitarian projects to support refugees. ABA has signed a protocol with the Federation of Egyptian Industries and the International Labour Organization in May 2015, in addition to "Women in business" and "Labour relations" units. ABA aims to provide financial & non-financial services to the most-deserving clients & small project owners, to help them achieve a better income, while maintaining the balance between social and economic performance. ABA operates in 14 governorates with more than 90 branches, serving more than half a million customers around the country. It has a human capital of more than two thousand employees, 60% of which are working in the field as financial service providers.

In 1989 ABA has participated in the SME project in cooperation with USAID to provide financial support to existing micro-business owners unable to receive funds or loans from the formal banking system. The SME Project was quickly capable of achieving financial and operational sustainability, making it a pioneer in micro-finance in Egypt and the Arab world.

Moreover, the ABA has indicated that they have attempted to negotiate with the NBE to provide loans to refugees as they saw they observed the existence of a demand from refugees they had collaborated with and because they saw the potential of tapping into this niche market. The negotiations managed to overcome several barriers but had to be abandoned as the NBE ultimately rejected the proposal indicating that the arrangement lacked an overall guaranteeing actor: "The institution said that in case of unfilled reimbursement of the loan from the refugees, we would have to take legal measures against the UNHCR as refugees do not have collaterals. We cannot do that." (cit. from an interview with ABA).

### 4.4.2 Support and vocational trainings to refugees

The analysis has mapped general development services (BDS) or vocational training institutions providing general capacity-building to refugees (for instance on business management or vocational) or specifically targeting technical skills relevant for the food sector (for instance on professional pastry cooking).

With regards to services and training offered to refugees, the analysis has identified a strong offer of vocational trainings provided by different humanitarian and development actors, directly or through local NGOs and BDS providers. These trainings are often oriented towards offering basic skills in different sectors with the objective of helping refugees to sustain their livelihoods, mostly through self-employment rather than waged work. Some of the initiatives in this space include:

- The **ILO** "Education and Learning" programme under the PROSPECTS Partnership, to improve the access of refugees, asylum seekers, and Egyptians within the host communities, to quality technical and vocational education and training opportunities, with a focus on Greater Cairo, Alexandria, and Damietta.
- **UNHCR**'s Technical and Vocational Educational Training (TVET) programme implemented through the Catholic Relief Services (CRS, TVET provides hands-on training in the fields of sewing, culinary arts, and general maintenance for refugee and asylum-seeker youth.
- The United Nations Office for the Coordination of Humanitarian Affairs - **OCHA** has implemented the Salesian Missions project, which offered training to assist refugees in gaining the skills needed for employment or self-employment in Egypt through the Sunrise Project for Cairo's Urban Refugees and Vulnerable Hosts. The project is funded from the U.S. Department of State's Bureau of Population, Refugees and Migration (PRM) through a Salesian technical and vocational training center in Cairo.

[30] Ibid p.7

- The **Alexandria Business Association (ABA)** has established the Vocational Training and Employment Center (VTEC). In partnership with the ILO and the VTECABA has supported the training of 42 refugees as part of an apprenticeship programme being implemented in the context of the PROSPECTS programme. The vocational training courses included carpentry, automotive mechanics, tailoring, refrigeration and air conditioning maintenance and electrician. This partnership aimed to increase the access of refugees and Egyptians to decent work opportunities in the labour market, notably through the apprenticeship programme established in partnership with VTEC.

- **Caritas-Egypt** works on improving the physical, social, and economic well-being of refugees through multiple interventions. This includes cash assistance, counseling services, community centers, health interventions, support for detainees but also vocational trainings and soft skills training, such as negotiation, communication, and time management. In coordination with UNHCR, refugee and local communities, Caritas manages two community centers in Alexandria and Damietta, which are meant to offer a safe space for refugee and local communities to interact and exchange on business ideas.

- **The Catholic Relief Services (CRS)** beyond its support to UNHCR's livelihood programmes, promotes the collaboration between Muslims and Christians in at-risk communities in Egypt to reduce interreligious conflict through community action. CRS Egypt also offers vocational training but also trainings on legal issues, finance, and marketing to help make those businesses work and offer livelihoods grants to help refugees start or expand a business.

- **CARE Egypt** is a key actor in the humanitarian space in Egypt and is estimated to have reached 30 per cent of refugees in the country with their interventions in 2022 . Their support includes[31] housing assistance, food vouchers, psychological support and vocational training. CARE has also established community centers in Cairo and Alexandria.

These are only few of the actors and vocational trainings offered by a diverse range of actors to refugees in Cairo, Alexandria and Damietta. Most of these trainings are aiming at providing basic skills to refugees to sustain their livelihoods, they target several sectors where refugees traditionally start a business (e.g. food preparation) or are informally employed (e.g construction and carpentry). As such, they rarely focus on up-grading specific technical and management skills demanded by the market that would allow refugee-owned enterprises to be more sustainable and to grow.

As part of the support to refugees, some NGOs, such as CARE and CARITAS, have established community centers as an entry point to reach refugees with their trainings and assistance but also to provide a space for safe interaction among refugees and the host community. Some of these spaces have progressively integrated the function of business incubators, as refugee entrepreneurs use them to put into practice the skills acquired during the vocational trainings, to expose and market their product and to sell the end consumers in the community. The CARE center in Alexandria in particular, has rented a separate kitchen to allow women with home-based kitchen business to use a professional space and appliances to prepare their products and meals and to sell them to the community.

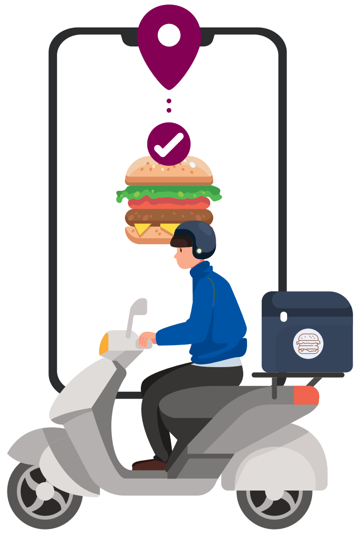
More sector-specific trainings targeting the food service and restaurant sector is currently provided by the Egyptian Chefs Association (ECA), always in collaboration with development actors supporting refugees. The ECA is a non-profit organization representing professional chefs in Egypt and dedicated to maintaining and improving culinary standards in Egypt through education, training and professional development of its membership. Interviewed during the field mission, a representative of ECA has highlighted that there is a high demand of high-skilled chefs in the food and service sector and that ECA is advocating for the establishment of a curricula and certification in the country. The ECA has in the past collaborated with the ILO, CARE and other public institutions in a project to support micro enterprises and street vendors in adopt more efficient and safer fish handling practices to improve their selling to buyers. More recently, ECA collaborates with the UNHCR and the local NGO Refugee Egypt to build the capacities of refugees to bake high-quality pastries and make more profitable their home-based pastry business. The training includes topics related to the standardization of recipes and quality, efficient production, safe and hygiene, handling and transport of food, etc. ECA trainings are delivered by professionals, often pro-bono, and reflect ECA's willingness to lead the upskilling and professionalization of actors and enterprises in the food and restaurant sector.

[31] Data provided by CARE Egypt

## 4.4.3 Delivery

With regards to the delivery, several actors involved in the food service sector have highlighted the high costs of outsourcing delivery services. In the discourse of refugee business owners, especially home-based kitchens ones, delivery costs are often confused with the commission applied by digital platforms such as Talabat, Elmenus Rabbit Mobility, etc. and the high cost of these services is one of the reasons mentioned by many businesses for not using online platforms[32]. Moreover, some home-based kitchens owners have expressed their distrust of the way carriers manage their food and the packages. As such, most of them deliver directly by hand or ask a trusted person to deliver the products for them. Many of these "trusted carriers" happen to be Egyptians, who often deliver food and other products for several business in the area.

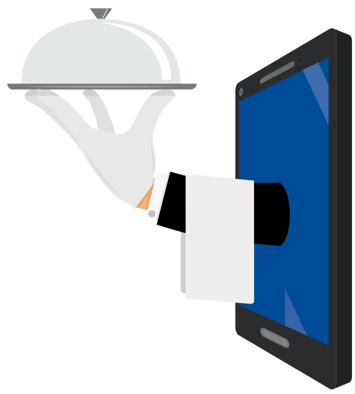
More generally, the delivery sector is experiencing a constant growth as in Egypt the revenue in the online food delivery market is projected to reach US$588.30m in 2022 and expected to show an annual growth rate (CAGR 2022-2027) of 24.93%, resulting in a projected market volume of US$1,790.00m by 2027. The delivery service seems to be a receptacle of informal employment for young male refugees, but the research team was not able to confirm interviews with the key delivery companies in the countries to further explore this space. However, a company that offer their outsourced cooking services to restaurants that want to open franchising in new areas of Cairo (see section "Digital Platforms for food ordering), has confirmed that a delivery company they rely on, employs more than 5,000 "delivery-boys", including refugees, with freelance arrangements. As such, carriers are not considered employees, which may pose several challenges in term of the quality and precarity of the job but it also provides an entry point for refugees to access to semi-formal wage employment.



## 4.4.4 Digital economy

A central supporting function for the food sector in Egypt entails the digital economy. Egypt's foodservice sector is almost entirely digitalized, 0.2% of total revenue is almost generated through online sales in 2021. In line with recent literature, the definition of the digital economy covers the broadest rang starting with issues around connectivity all the way up to the use of technology and digital services to improve businesses and income-generating activities. Thus, for the purpose of this report, digitalisation is defined as the adoption of hardware or software technologies, combined with sufficient understanding and skills to actively deploy these new technologies and use them to advance any aspect of business operations and income-generating activities.[33]

In Egypt – like in most places across the globe – people are becoming more likely to order their meals instead of cooking at home. Ordering food online, has over the past few years become a daily practice in Egypt. Longer working and commuting hours, coupled with a rise in smartphone penetration paved the way for food ordering and delivery platforms to emerge. Almost one quarter (21%) of Egypt consumers use restaurant or meal delivery services, according to the Nielsen Quest for Convenience report, adding that Grab-and-go meals from quick-service, fast food and street vendors are also on the rise. According to Statista, the country's online food delivery sector is worth $74 million, and is expected to grow to $131 million by 2024. The overall value of the food delivery market is thought to be higher, since many restaurants in the country have shunned the online platforms and deliver meals directly to their customers, who call in rather than use an app to order.



Due to the COVID-19 pandemic, Egypt have imposed social distancing and wearing a mask in public to prevent the widespread of the coronavirus. Furthermore, the government have also implemented lockdowns, resulting in many restaurants could not survive because customers could not dine in. Covid-19 has had a role to play in accelerating migration to online ordering, for this reason, many restaurants have been forced to offer contactless services such as Online Food Delivery (OFD) services to stay alive during the COVID-19 pandemic.

[32] In most of the cases, the cost of delivery is covered by the end consumer.
[33] Definition adopted from Schulz, M. (2021) #Digital4MSME – How to use the market systems approach for digital transformation, GIZ, Bonn.

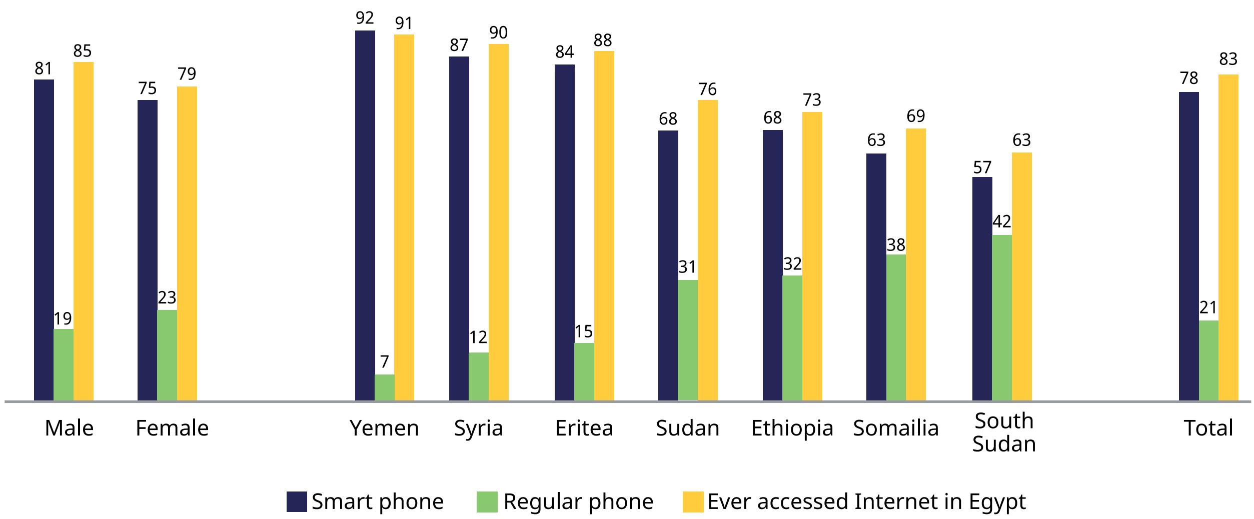
Egyptians' appetite for ordering food online is rising as local and international players vie for a piece of the pie by challenging homegrown applications domination of the market. Increasing competition means there are more choices for ordering meals online via mobile phones, tablets, or computers after perusing a restaurant's profile, menu, photos, ratings, reviews, delivery times, and prices. Naturally, therefore, refugees active in the food industry and refugee-owned business have also started to embrace the opportunities of the digital economy

**Pre-conditions to digitalisation**

However, to participate and benefit from the digital economy a set of critical pre-conditions for refugees and for enterprises (both Egyptian of refugee-owned) has to be met. A UNHCR report (2016) found that the top three largest barriers to internet use for refugees located in Egypt are Device Affordability, Poor literacy, and Plan Affordability (Voice/ Data).[34]

Phones, for example, are an effective way for UNHCR and other humanitarian organizations to reach refugees. However, it is also important to distinguish between the type of devices owned, since many digital solutions (e.g. mobile Apps) require well-functioning smartphones. A recent study by ILO on the socio-economic profiling of refugees and asylum-seekers[35] shows that refugees in Egypt have fairly open access to phones and the internet: 78% have a smart phone and 21% have a regular phone.  Around 43% of refugees access the internet almost every day, 32% at least once a week and 7% access it less frequently. Only 17% reported not using it.

**Figure 7: Mobile phones ownership and Internet access (%)**




*Source: ILO. 2022. Socio-Economic Profiling of Refugees and Asylum-Seekers - Final Report*

The high level of smart phone ownership was confirmed among interviewed refugees across all three regions and affordability does not seem to pose a large barrier. Interviewees stated that they either brought their smartphone from their home countries or bought one (mostly used) while in Egypt. Although there is limited documented evidence on the cost of smart phones in Egypt, a quick query found that used but well-functioning smart phones can be bought for around $50 to $100.

Likewise, in the three target regions there is strong and fast internet and broadband connectivity at affordable costs: the median download speed for mobile data was 20.46 Mbps in Alexandria[36] and 20.43 Mbps in Cairo[37] in September 2022 which allows for almost all relevant activities on the internet. Also, with an average price of US $0.93 per 1 GB of data Egypt ranked the 67th of the world's countries with the cheapest mobile data plans with much more affordable plans compared to Germany (with $2.67 per 1 GB) or Switzerland (with $7.37 per 1 GB).

[34] Connecting Refugees – How Internet and Mobile Connectivity can Improve Refugee Well-Being and Transform Humanitarian Action.
[35] ILO. 2022. Socio-Economic Profiling of Refugees and Asylum-Seekers - Final Report by El-Zanaty & Associates (L.L.C)
[36] https://www.speedtest.net/global-index/egypt?city=Alexandria
[37] https://www.speedtest.net/global-index/egypt?city=Cairo

Thus, most of the pre-conditions around connectivity, accessibility and affordability (both for smartphones and internet bundles) for refugees in the food industry are met. Still, aspects of digital literacy and digital skills, however, are sometimes lacking, as highlighted in the analysis of the core value chain (section 4.3). In particular, many refugees have set up Facebook pages, WhatsApp group or distribution channel and, more rarely, integrated an online food service platform, always with the help of a third person, usually a younger member of the family or of the community. As such, several have highlighted that they don't feel comfortable in the use of these digital channels who often not updated and not used on their full potential (e.g digital advertising, online selling, etc.) and not only for marketing or to just to have an online presence. Moreover, the interviews with the business-owners have highlighted that there is often a lack of information and mistrust with regards to online platforms and the way that commissions are calculated, and payments are done. On the other side, representatives of 3zooma, a soon-to-be-launched online platform (see section "Digital Platforms for food ordering), have highlighted that many of the home-based kitchen and small restaurant that they are targeting, don't know how to use their platforms, how to insert information about their products, how to take high-quality picture and how to handle orders and payments. The platform is thus considering creating a tailored training to support the integration of less digital-savvy suppliers.

### Digital touch points along Egyptian food production value chains

As detailed in Section 4.3, there are four main business cases that either directly or indirectly generate income for refugees. To provide an overview on how the digital economy affects the Egyptian food production value chains, table 2 below lists all relevant digital technologies and services, called digital touch points, and indicates whether these are available, utilised by or missing for refugees and (refugee-owned) businesses.

**Table 3: Refugee businesses and their digital touch points along Egyptian food production value chain**

| | Digital Labour Platform for recruitment | Digital Marketing & Online Advertising | Online Orders (in-house) | Social Media platforms | Online & Cash-less Payments | Digital Platforms for Food Ordering | Digital Platforms for Delivery or Ride-hailing | Digital record keeping / inventory / ERP |
|---|---|---|---|---|---|---|---|---|
| (Refugee-owned) Restaurant & Fast-food Units | ? | ✓ | ◆ | ✓ | ● | ◆ | ● | ◆ |
| Home-based Kitchens | X | ✓ | X | ✓ | ● | ◆ | ● | ● |
| Food Processing Units | ? | ✓ | ◆ | ✓ | ● | X | ● | ◆ |
| (Refugee-owned) Local Retailers and Shops | ? | ✓ | ◆ | ✓ | ● | ◆ | ● | ◆ |

✓ Available & Utilised ◆ Available & Not utilised ● Not vailable & Needed X Not needed

Social media platforms, like Facebook, have the potential to better connect refugees to the labour markets. This is particularly the case for the restaurant sector where staff is often required on an ad-hoc bases and finding personal from the same background enhances efficiency and productivity. For example, Tanqeeb[38] and Forasna[39] are popular employment platforms among Egyptians and often used by (formal) businesses and larger organisations. However, due to unknown reasons, these platforms are rarely used by refugees. Instead, peer networks like for example Syrian networks boost Syrian refugees' chances to access the labor market, utilizing the advanced communication tools (mainly through Facebook) to their benefits and, connecting them together to expand the circulation of job opportunities within their network. These Facebook groups with thousands of members include owners of restaurants who post job advertisement among their network to reach potential applicants.[40]

[38] https://egypt.tanqeeb.com/ar/
[39] https://forasna.com/
[40] Hassan, M. A. (2021). The Insertion of Syrian Refugees in the Egyptian Labor Market: with Special Focus on Food and Restaurants Sector [Master's Thesis, the American University in Cairo]. AUC Knowledge Fountain. https://fount.aucegypt.edu/etds/1635

Along with the boom of internet came the ability for individuals and businesses to market themselves and their products online. Digital marketing technologies and online advertising, particularly through social media platforms, enable businesses of any size to reach out and interact with their customers effectively and often for free or at very low costs. However, the literature on the effects of digital marketing and online advertising on business performance is still scare. A study conducted among ten Egyptian MSMEs indicates that digital marketing technology adoption leads to sales growth, cost reduction, good customer reach, engagement, and lead generation.[41]

Digital marketing activities and various forms of online advertisings were observed among all business models within the food production value chain. Interviewed Syrian women, for example, stated that they all have a social media presence and some even undertook more advanced, paid advertising, such as running "Sponsored Ads" on Instagram, to reach new and existing customers from within and outside their social networks. The required know-how was either self-taught through YouTube videos or learnt during some of the course provided by the NGOs. Thus, digital marketing technologies and online advertising are available and accessible by refugees and also frequently used to improve their income-generating activities.

Like everywhere in the world, social media platforms, such as Facebook, Instagram and TikTok, are also heavily used by refugees based in Egypt. Many social interactions shifted online and these technologies allow refugees to keep in touch with friends and family from their home countries and communicate with society in their host countries. But refugees also use social media platforms to enhance their income-generating activities where many studies find positive effects of use of social media on business capabilities and business performance.[42] An effective social media ecosystem enables coordination between internal and external business processes.

Although, less mentioned by interviewed refugees, instant messaging (IM) technologies, like WhatsApp, are frequently used for internal business coordination. For example, business owners use IM to delignate and coordinate among employees, check for availability and provide specific instructions. Also, for recruitment, (refugee-owned) businesses publish job ads through social media platforms (see below) and open job positions are quickly shared among peers.

For external business operations, almost the entire sales process can be handled on social media platforms.[43] Starting with Understanding the Customer, refugees use social media to understand their customers' needs and special requirements, e.g. clarifications on ingredients in case of food intolerance, and see which of their products is particularly popular. When Approaching the Customer, social media allows refugees to introduce themselves to their customers and interact with them. Many refugees recognized that Presentation of their food products on social media platforms is crucial. With the help from younger family members or through knowledge gained during some of the training by the NGOs, they put a lot of effort into the visual presentation, i.e. photos, and information provided on their social media presence. Once prospective customers are convinced to processed with a sale, the Ordering and Delivery process can be organized online where refugee-owned business take and accept the orders online as well as agree on time, date and location for delivery. Last, as part of the Follow-up process refugees encourage their customers to order again with and refer their services to others as well as invite customers to provide feedback and reviews on the quality of consumed products.

Social media platforms cover several digital touch points long the food value chain, they can be used for free and are, therefore, very popular among refugees. They also provide a free-of-charge, though less formal and regulated, alternative to digital platforms for food order (see below).

While, as we have seen, social media platforms allow refugees to handle almost the entire sales process online, they are excluded from one critical aspect of any digital business transaction: Cash-less, Mobile and/or Online Payments.

Although the Egyptian mobile payments market is expected to grow at a stunning CAGR of 19.3% from 2022-2027[44], refugees are less likely not be able to participate in and benefit from this development. Formal online/mobile banking platforms are not allowed to onboard refugees due to legal restrictions imposed by the Egyptian Government. This

[41] Fareed, G., & Tantawi, P. (2022). Digital Marketing Adoption Framework for Small Businesses in Egypt: A Grounded Theory Approach. In Eurasian Business and Economics Perspectives (pp. 251-268). Springer, Cham.
[42] Smits, Martin and Mogos, Serban, "The Impact Of Social Media On Business Performance" (2013). ECIS 2013 Completed Research. 125. http://aisel.aisnet.org/ecis2013_cr/125
[43] Andzulis, J. M., Panagopoulos, N. G., & Rapp, A. (2012). A review of social media and implications for the sales process. Journal of personal selling & sales management, 32(3), 305-316.
[44] https://www.mordorintelligence.com/industry-reports/egypt-mobile-payment-market

creates a significant hurdle on their way to self-reliance and economic independence. Because without a mobile money or online account, they lack a safe place to save and receive money, have much fewer options to make payments or access loans. It also means that refugees cannot offer their customers this more convenient and secure form of payments.
On the other hand, digital technologies can also have a major impact on the internal operations of any enterprise. As shown above, instant messages applications can lead to faster, more fluid communication and better coordination both among workers and business owners. Basic office software packages allow to digitise internal processes and record keeping, such as inventory and financial records. At the most advanced stages, enterprise resource planning (ERP) systems allow to instantly collect and continuously update data on various business processes using one integrated database management systems.[45] Studies show that the adoption of new digital processes has a significant effect on their level of innovation and increase business turnover.[46]

There was hardly any evidence of digital record keeping among refugee-owned enterprises and this aspect could be added to the digital skills training provided by the NGOs. However, in his policy paper Schulz (2021) recommends supporting a more gradual digital transition for MSMEs, starting with first moving away from paper to digital records, then proper use of spreadsheet before acquiring more advanced IT solutions.[47]

**Cloud kitchens** are delivery-only restaurants that do not seat diners. As a result, the businesses that operate cloud kitchens receive online orders via websites and apps. There are many benefits to the cloud kitchen business model, including lower start-up costs, lower operating costs, and less maintenance. The model also allows restauranteurs to prepare food for multiple brands in one kitchen.

# Digital platforms for food ordering

**The Food Lab, an Egyptian cloud kitchen provider**

The Food Lab is a cloud kitchen that provides outsourcing services for online marketing, food preparation, aggregation of orders and delivery for restaurants that want to have a presence in new areas of Cairo without opening a new franchising with kitchen and diner space. As such, the Food Lab has a centralized kitchen space in Heliopilois, which deserves delivery to the following areas: New Cairo, Maadi, Heliopolis, Shekh Zayed, Zamalek, Mohandeseen and Downtown.

The company targets mature business in expansion, which do not correspond to the profile to most of the refugee-owned businesses, but it presents interesting opportunities for wage employment and upskilling support. Representative of the kitchen have reported that their workforce has grown from 4 employees to 300 in one year and the company is currently seeking to open new branches in Cairo and Alexandria. The company provide on-site training to their new staff and claim to adhere to standardised rules and better working condition of work compared to other restaurant (see section 4.3), in particular related to salaries and working hours. which includes refugees that benefit better working condition than those currently offered by small informal restaurants. Under these conditions and taking into the account the legal framework restricting the formal employment of refugees, the kitchen already employs informally several refugees (mostly Sudanese and Syrians), many in low-skilled jobs (cleaning and conditioning of ingredients) while some are part of the higher-skilled team of chefs. Moreover, based on their experience in training new staff as well as their engagement with the Egyptian Chef Association, the company has expressed interest and availability in participating to any upskilling training to be offered to refugees entrepreneurs and cooks.

**3zooma Application**

3zooma is a-soon-to-be-launched online platform and application that aims to identify and connect costumers with a selection of professional and home-based kitchens for food delivering. The business model of 3zooma is different from other food service platforms in Egypt as it targets a market gap identified by the company: planned delivery of food for gathering, special events, catering etc. The planning aspect of orders, which have to be placed a day in advance, is particularly interesting for home-based kitchens, which might face challenges in responding to short-notice orders due to their limited capital for raw materials and their lack of human resources. Alongside their Business to Costumer line of work, the platforms also integrate the Business to Business end markets as it will connect business for pre-cooked or pre-conditioned ingredients and food. This represent another synergy with the type of operations already performed by home-based kitchens.

[45] Schulz, M. (2021) #Digital4MSME – How to use the market systems approach for digital transformation, GIZ, Bonn, accessed from www.beamexchange.org/resources/1493
[46] Ferreira, J. J., Fernandes, C. I., & Ferreira, F. A. (2019). To be or not to be digital, that is the question: Firm innovation and performance. Journal of Business research, 101, 583-590.
[47] Schulz, M. (2021) #Digital4MSME – How to use the market systems approach for digital transformation, GIZ, Bonn, accessed from www.beamexchange.org/resources/1493

The platform is currently seeking to expand and diversify their supply base and expressed interest in integrating refugee home-based kitchens. Entry barriers are particularly low as the platform only requires to submit the following documentations: i) an online form provided by the platform, ii) an ID document (including yellow and refugees cards); iii) a Health Certificate (see section 4.5 "Regulatory Framework"). In term of payment, the online platform is expecting to aggregate the payments from the customers and is exploring several repayment methods to the suppliers including monthly cash payments and online payments applying a commission of 12 per cent.

The platform is excepting to develop in the near future a training module to improve the digital skills of their suppliers and to help them use efficiently heir platform. Interest has been expressed in connecting with home-based kitchens with basic digital kills and good business management capacities.

## 4.5 Regulatory environment in the food services sector

There are different Egyptian governmental organizations administering the food sector. The food sector is entitled for inspections by many governmental agencies, such as the Ministry of Health for the Health Certificate, Ministry of Environment, local authorities, ministry of supplies, labour office, Egyptian chamber of commerce[48] and the Egyptian National Food Safety Authority (NFSA). However, there is still a lack of law enforcement and coordination amongst the various entities, which discouraged restaurant owners from formalizing their enterprises and most of them are in the informal sector.

There is a need to explore the potential of developing an enabling environment for the food service value chain. To ensure there are measures that are conducive and attractive to the startup businesses. This might include introducing new policies and conducting comprehensive reviews on current laws and regulations governing the sector.

Egyptian National Food Safety Authority (NFSA) Food safety and other food certification requirements Established in 2017 and in operation since January 2018, the Egyptian National Food Safety Authority (NFSA) is responsible for the protection of public health and safety in Egypt. The authority's aim is to ensure that food consumed in Egypt meets the highest standards of food safety and hygiene. Food safety is currently regulated under several pieces of legislation, which can often be contradictory and outdated (the oldest goes back to 1898). Furthermore, the implementation of regulations is supervised by 17 different government bodies, including the Ministry of Agriculture and Land Reclamation, the Ministry of Economy, as well as the Ministry of Health and Population. What is more, food inspections are carried out by several bodies, according to unharmonised procedures. The ultimate goal of the NFSA is hence to ensure the Egyptian government adopts a unified Food Law, along with reviewing and updating key regulations in the field of food safety. Nonetheless, so far, the only piece of legislation issued by NFSA is the Chairman's Decision No. 1/2018 on the Regulation and Registration of Food, published in 2018.

Domestic food production in Egypt is dominated by micro, small and medium-sized family-owned companies, such popularity has created a strong informal food business that ranges from street vendors selling factory-discarded foods at bargain-basement prices, to unregistered producers of packaged snacks and beverages sold at small vendors nationwide. Given that the majority of foodservice enterprises (roughly 80 per cent) are in the informal economy[49]. This results in high worker turnover and a lack of required skilled workers. Refugees are further faced with high insecurity due to a lack of work permits and resident visas, there are no official figures for these in-official entrepreneurs, who ply the streets of greater Cairo and other cities, but from small beginnings among a few dozen refugee families, ever more are taking to the streets of the Egyptian metropolis. Many have invested in small businesses especially Syrian refugees in restaurants and cake shops line the streets. Those with less capital set up mobile drinks businesses, despite the legal obstacles. The refugee owners' lack of a license makes for a constant game of cat-and-mouse with the authorities.

## 4.6 Summary of key constraints in the market system

The following table provides a summary of the key constrains identified in the core value chain of the market system of the food service and restaurant sector where refugees are engaged as well as on the influencing supporting functions and rules and regulations.

[48] Cairo Chamber of commerce –One-step shop services
[49] Chamber of Commerce

**Summary of the key constraints identified in the market system**

- The lack of liquidity and capital of refugee businesses limits their ability to grow and to adjust to the inflation of the cost of raw materials.

- Home-based activities are limited in their expansion by the lack of space and facilities, but they allow women to access economic opportunities in the sector while performing households' activities and respecting cultural norms.

- Businesses lack human resources to grow and to respond to large orders but entrepreneurs are reluctant to hire new personnel due to lack of management skills and by fear of creating competitors.

- Refugees informally employed by restaurants report weak working conditions, in particular in term of inadequate pay and long working hours.

- Distribution channels are mostly linked to (digital and non-digital) informal networks established by word-of-mouth, which limits substantially the scope and reach to profitable end markets for refugee businesses.

- While digital channels such as WhatsApp and Facebook are often using for marketing, refugees have limited digital skills and management capacities and lack confidence to better use digital channels and digital platforms for their marketing and selling.

- Business to business (B2B) appears to be a high profitable end market for refugee business (including home-based kitchens) but entrepreneurs don't have the technical and management skills to respond to the requirements of B2B buyers in term of quality, consistency, constant supply, presentation and packaging.

- The high cost of outsourcing delivery services as well as the lack of trust in the way carriers handle food, is often mentioned by refugees as a constraint to expand their reach and it these costs are often mistakenly confused with the commission applied by digital platforms.

- As refugees struggle to open a bank account and apply to formal loans, most of the access to finance is ensured by UNHCR and NGOs as well as by informal loans within the refugee's community.

- Grants and cash assistance are often used to finance core business functions, which limits business sustainability and growth.

- Alternative finance solutions have been explored by some MFIs but have been dropped due to refugee's inability to present formal forms of collaterals.

- Vocational trainings are widely spread and offered by several actors but they mostly offer basic skills to refugees and they rarely focus on up-grading specific technical and management skills demanded by the market that would allow refugee-owned enterprises to be more sustainable and grow.

- There is an untapped potential of using digital employment platforms to better connect refugees to the labour markets.

- Skills and know-how gaps have also been identified in the way refugees handle different steps of digital business operations, including: understanding and approaching the customer, online marketing and advertisement, presentation, ordering and payments, inventory, record keeping follow-up.

- The inability of refugees to open a bank account considerably limit their digital business transactions: cash-less, mobile and/or online Payments.

# 5 Potential areas of intervention

This section provides concrete insights and suggestions on four areas of intervention that PROSPECTS and its partners could explore during future implementation. Some areas to be further research are also identified. The proposed areas of intervention apply the Approach to Inclusive Market Systems (AIMS) for Refugees and Host Communities. Thus, the interventions introduce a more market-driven approach toward addressing the most critical key constraints uncovered in the market systems analysis (see the boxes in Section 4).

A transition from more donor-driven subsidies towards more market-driven interventions led by the private sector certainly bears risks. Hence, the proposed interventions should i) first be tested and rolled out on a pilot basis to identify those with the highest-potential and ii) are seen as complementary to the existing refugee support services provided by PROSPECTS and its partner NGOs.

Further, all four areas of interventions are designed in a way that aims for each area to enhance one aspect of the most predominant income-generating activities and job creation opportunities for refugees active in the food service and restaurant sector.

## 5.1. Area of intervention 1: support micro and small refugee-owned enterprises to grow and access new market opportunities

Home-based kitchens are one of the largest – if not the largest – type of income-generating activity of refugees in the food service sector. This activity is particularly popular among women as they can apply their knowledge on traditional cuisine and access income generating opportunities while working from home, which allow them to take care of household' cores and respects cultural norms. Almost every NGO working with refugees promotes and supports refugees to start new micro businesses of this sort. However, little support is provided to micro and small businesses to develop more sustainable and resilient business models and use good management practices to improve their business so that they can grow and create more and better jobs for refugees and Egyptians.

As such, ILO PROSPECTS has the potential of bringing an added value in focusing on the segment of existing enterprises and complementing the support already provided to refugees who want to start a business. Existing refugee-owned (and Egyptian-owned) micro and small businesses are facing multiple challenges (see 4.6 Summary of constraints) that are related to business management and to the access to stable and more profitable market opportunities. On the hand, a highly relevant and widely implemented ILO's tool that could be used to upskill management capacities of these businesses to better prepare them to more profitable markets while making them more resilient is the "Improve Your Business" (IYB) training of the Start and Improve Your Business programme (SIYB)[50]. The IYB module introduces already practicing entrepreneurs to good principles of business management. Its six modules (marketing, costing, buying and

[50] The SIYB programme is structured into four separate training packages, which are designed to respond to the progressive stages of business development: Generate Your Business Idea (GYB), Start Your Business (SYB), Improve Your Business (IYB), Expand Your Business (EYB).

stock control, record keeping, planning for your business, and people and productivity) can be taught individually or all combined in a full course.On the other hand, the analysis has assessed that while some are already using basic digital skills to make their business visible on WhatsApp groups and Facebook, there is still a great scope for improving the way these businesses use digital skills and platforms to sell their products and improve business operations. During the interviews, the research team has identified a strong interest from both business owners and BDS providers on digital trainings for business. On this topic, the ILO has recently developed the “Digitalize Your Business” (DYB) guide, which allows entrepreneurs and MSMEs to assess where they are on the digitalization pathway of their business and to develop an action plan to improve their online presence, sell its products or services through the Internet and adapt its operations (from collecting online payments to assuring trust) to the digital needs. The DYB has already been piloted in the Philippines, in Laos and in Nigeria.

As such, in this area of intervention, PROSPECTS could explore how to combine the existing IYB training module and the DYB guide and implement a new business management training targeting existing refugee-owned enterprises to upskill both their business management and digital skills so that they are better equipped to grasp the opportunities in the digital market. The training would be highly relevant for micro home-based kitchens but also for the small fast-food units, home-grown agri-products, the processing units and for the small local retailers and shops. The project could also identify Egyptian-owned businesses in the sector who could benefit from the training.

Up-coming digital food platforms, on the other hand, are eager to expand their network of suppliers to represent ample variety of different cuisine and cover large geographical areas. Technology, particularly mobile phones and the food platform applications, allows to facilitate these market transactions and to connect supply with demand within food service sector. Thus, facilitating market linkages and interactions between the home-based kitchen and the digital platforms is a critical entry point for PROSPECTS to enhance the access to more regular and profitable client base for home-based kitchens and the small fast-food units micro and can ultimately lead to far-reaching transformative change in this sector. Thus, the following ‘triangle of interactions’ envisions three key market linkages and market interactions that could be facilitated taking into account the various incentives of the different market actors:

- **Home-based kitchens – Digital Platform(s).** Digital food platforms, particularly early-stage ones such as 3zooma, are in need to obtain a critical mass of supplies representing a wide range of different cuisines. Therefore, they have the required risk-appetite to onboard home-based kitchens, especially Syrians, onto their platform. However, these food platforms might not always have sufficient access to – or knowledge about to find – home-based kitchens, who are as per their definition ‘hidden’ behind the walls of their own homes. Thus, ILO in collaboration, including through their IYB-DYB upskilling training and with the support of the networks from NGOs and community leaders can, not only provide a database of home-based kitchens, but an actual pipeline of ‘digitally-ready’ enterprises. This will reduce the transaction costs of onboarding this segment of suppliers onto the platforms. On the other hand, food platforms can further facilitate the onboarding process by providing training on how to use their mobile applications. This would be in line with recent learnings that an increased use of digital apps rarely happens on its own and that digital service providers are advised to accompany and complement their services with physical face-to-face engagements, sometimes called a “tech and touch” approach.[51]

- **Digital Platform(s) – Food sector business associations.** Digital platforms are more likely to onboard home-base kitchens who mostly operate in less controlled environments, compared to restaurants, if a) they can get some reassurance about the quality and safety of the food and cooking practices found on site and b) they can communicate to and reassure their end consumers about the quality standards among the suppliers on their platform. Thus, a partnership with the business associations in the food and service sector (e.g Egyptian Chefs Association and others) can be formed where professionals in these associations provide a quality certification certifying that all home-based kitchens took part in their branded Upskilling & Food Quality/Safety training (see below). The digital platforms can then publish this ‘seal of quality’ on their website and/or application. This would also provide an incentive for the platforms to pay for the training services provided by these actors and claim the provided funding as part of their corporate social responsibility (CSR).

[51] Schulz, M. (2021) #Digital4MSME – How to use the market systems approach for digital transformation, GIZ, Bonn, accessed from www.beamexchange.org/resources/1493

- **Home-based kitchens - Food sector business associations:** Building on the network and the experience of the members of business associations in the food sector with conducting food safety trainings and other technical upskilling training (e.g UNHCR Home Catering Program by the Egyptian Chef Association) and scaling these initiatives even further, PROSPECTS and its partners could support these associations in conducting Upskilling & Food Quality/ Safety trainings for home-based kitchens before they enter the digital platforms. Associations could use the same training curricula used as part of UNHCR's Home Catering Program with perhaps minor adjustments to accommodate specific requirements made by the digital platforms.

Concrete follow up activities for PROSPECTS to initiate this triangle of interactions include:

- Explore the opportunities to develop a new DYB-IYB training module and roll it out with refugee-owned and experienced home-based kitchens, small fast-food units and small processing units.

- Consultation and further investigation to gain a deeper understanding and create buy-in into the vision of the 'triangle of interactions'

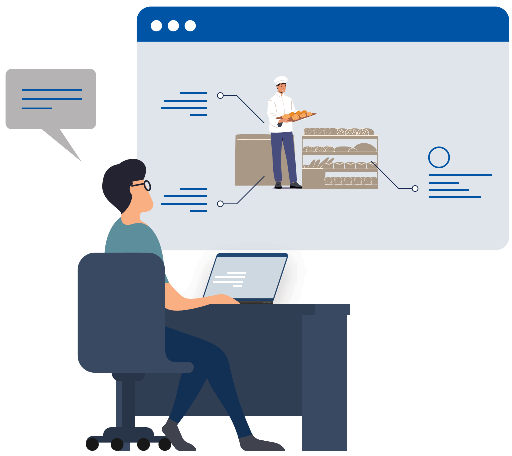
- PROSPECTS, through the support of their partner NGOS, can continue to roll out their basic digital skills training with female home-based cooks / kitchens to ensure a pipeline of 'digitally-ready' suppliers for the food platforms

- PROSPECTS, through the support of their partner NGOS, can conduct basic up-skilling trainings on safe cooking practices (in the short-term)

- PROSPECTS can support business associations in the sector to eventually improve the existing curricula for their training and develop a sustainable business model for their services as well as a RSC marketing campaign to inform customers about this new label and attract food kitchen to get this label

## 5.2. Area of intervention 2: improve labour market matchmaking through digital solutions

While the area of intervention 1 aims to support self-employment at micro enterprises (home-based kitchens), many refugees, particularly men, prefer to work as employees in the food service industry as a more stable and secure type of income-generating activity. This area of intervention, therefore, aims to complement intervention 1 by facilitating market transactions on the employment labour market through digital solutions.



On the supply side, UNHCR together with its partner NGOs has a detailed register of all refugees located in Egypt including valuable information on the profile of each refugee such as their professional backgrounds and career aspirations. However, UNHRC/NGOs might not always be aware of the vast number of restaurants and fast-food shops across Egypt and neither know whether they have some open positions. Vice versa, restaurant and food stall owners might not always consider refugees as a viable workforce neither know how and where to find them.

Thus, to overcome this knowledge barrier and create more matchmaking on the Egyptian labour market within the food service sector, PROSPECTS can work with the following agents:

- **NGOs / Safe Spaces.** The NGOs and their supported safe spaces and community leaders have detailed knowledge about the refugees' profiles and who's currently looking for employment opportunities.

- **Business associations in the food and service sector.** The Egyptian Chefs Association is Egypt's largest association of chefs, as such they have a huge network of restaurants and fast-food shops, and it would be easy for them to find out where there are open positions. They also made their first experience working with refugees based on the Home Catering Program for UNHCR. Other business associations in the sectors as well as the Chamber of Commerce could also be approached.

- **Digital Job Platforms.** There are several digital job platforms in Egypt that offer thousands of job opportunities on a daily basis. Thus, PROSPECTS can work with these platforms to develop a section that is more tailored at job offerings that are suitable for refugees and then work with its partner NGOs to promote the platforms among refugees and with business associations in the food sector to invite more restaurants and fast-food shops onto these platforms. Collaborations could also be established with the food and service platforms "HORECA" to design market-relevant messages and campaigns to raise the awareness on the experiences of other chefs and restaurants and the profiles and expertise of refugees while clarifying the legal options and steps to improve the level of formality of employment contracts of refugees.

## 5.3. Area of intervention 3: access to alternative finance & to innovation for refugees

Access to finance and innovation are some of the key ingredients for economic growth of any enterprise. For PROSPECTS to set off refugee-owned business to the next growth stage, the program needs to support these two key ingredients.

First, most refugee-owned enterprises solely obtain financial support in form of grants from the NGOs. However, to move away from a pure subsidy of refugee-owned enterprises and provide them with access to more market-driven, commercial capital, new partnerships and tailored financial products need to be established. The main constraint is that refugees have difficulties in accessing (formal) bank accounts due to unclear regulations on the matter and to the fact that finance institutions perceive refugees as 'ineligible' or too risky to qualify for an asset (credit) product[52]. The lack of collateral in particular, is the reason why the Alexandria Business Association (ABA) has withdrawn from their initial attempts to offer loans to refugee-owned businesses (see Section 4.4.1).

Thus, for ABA to be able to provide loans to refugee-owned business, for example to finance new investments in equipment, they need a new substitute for collateral to protect them against potential losses in case of default. Here, PROSPECTS could explore alternative finance solutions for refugees, also linked to the insights provided by the latest ILO-IFC report on access to finance for refugees, as part of a solution-oriented workshop in collaboration with IFC, ABA and microfinance institutions. Pilots to be explored include:

- Pilot guarantee fund through PROSPECTS and partners to fill the collateral gap by providing a 'first-loss' tranche or credit guarantee scheme to settle the entire – or a share of the – amount in default.

- Providing technical and financial support to upgrade existing savings communities and solidarity groups as well as through food-preparation centers (see area of intervention 4).

Second, to incentivize more innovation of new income-generating activities and of (digital) solutions for refugees that are active with the Egyptian food sector through Innovation or Business Plan Competitions supported by PROSPECTS and through its partner NGOs. These competitions would comprise an open call for proposals, either to the refugee community directly or to third-party service providers, to pitch their innovative ideas. To then select the most innovative and transformative ideas and reward them in form of grant funding to implement the proposed idea. After successful implementation, PROSPECTS and its partners can then promote these innovative business models to fellow refugees and the wider food service sector.

[52] ibid p.22.

## 5.4. Area of intervention 4: support NGOs' transition towards sustainable business models

NGOs provide a vital point of contact for refugees and many refugees rely on support service they receive from these actors. However, in order to stay relevant and also become more cost efficient and sustainable, NGOs will also need to innovate and optimize their operational efficiency as well as alter the strategy of solely relying on funding from international donors. While an overall shift towards a more integrated and less-direct deliver support to refugees for the entire aid system might be complicated to promote, focusing specifically on the activities that these NGOS perform in the food and service sector could offer concrete and more feasible entry points to promote more sustainable and efficient businesses models, including through digital solutions.  Potential areas to be explored in collaboration with key NGOs are the following:

**i) Re-strategize refugee-centers**

Recent developments in Egypt's NGO landscape show that more and more NGOs are willing to forgo their not-for-profit status and pursue new avenues to tap into more commercial revenue streams. Building on this momentum provides a valuable entry point for PROSPECTS Egypt to encourage a transition towards more sustainable business models among their partner NGOs. For example, PROSPECTS could identify in collaboration with key management and officers in these NGOs how to  support existing "Friendly Spaces",  safe-houses for refugees and other refugee-centers located in Alexandria, Damietta and Cairo to shift towards more commercially viable business models so that these centers improve the way they connect refugee-owned food businesses to high-profit market. PROPSPECTS could support the these centers in getting professional and technical advisory on how to achieve more commercially viable models, for instance by helping them to create of an umbrella brand to market refugees' food (and other) products and how sell them locally – and perhaps even internationally for more specialized products. Another entry point is to work with Mumm, an online platform of home-based kitchens who previously partnered with UNHCR, to get to the bottom of why their current business model hasn't taken off so far. This insight would then allow to provide tailored technical advice to overcome the barrier encountered.

**ii) Embrace Digitalisation (i.e residence permit)**

As shown above, there are various opportunities to embrace the digital economy to improve the functioning of the Egyptian food service sector. However, although not the scope of this report, there are also many entry points to improve the organisational capacity and service delivery of NGOs working with refugees. First, technology and digital solutions can improve organisation's internal and external operations leading to increased efficiencies, more innovation and competitiveness. Section 4.4.4 (Digital Economy) shows how basic software solutions can already impact the business performance of MSMEs. However, for larger institutions, like PROSPECTS's partner NGOs, there are even more opportunities to acquire more sophisticated solutions that can lead to even bigger operational efficiencies and transform organisation. This will bring benefits for both the NGOs themselves as well as their target groups – the refugee groups. Therefore, PROSPECTS can strategize with, and advice, their partner NGOs on potential opportunities to digitalise their processes starting. For example, PROSPECTS consultants could start with an audit of the organisational processes and file system to then advise on obtaining suitable data management solutions.

Second, as a recent study[53] has pointed out, the use of digital channels can also create opportunities to increase access to more or better support services to MSMEs and, therefore likewise, to refugees. Thus, PROSPECTS can revise the NGOs' support service portfolio and their delivery channels to then gauge for possible entry points to use digital channels to make their support services more scalable and accessible to refugees – even for those previously located outside the NGOs' reach.

As discussed in Section 2.2.1 (Legal Framework), one major obstacle for any refugee based in Egypt is that every two years they have to travel to UNHCR's headquarters in Cairo to renew their yellow card and residence permits. This causes some significant (opportunity) costs for refugees, particularly those located in Alexandria and Damietta. Although the local NGOs regularly hire busses to provide free transportation services to UNHCR's headquarter, interviewed refugees stated that they must close down their shops or stop their food services for 1-2 days while they're travelling. The constraint

[53] Schulz, M. (2021) #Digital4MSME – How to use the market systems approach for digital transformation, GIZ, Bonn, accessed from www.beamexchange.org/resources/1493

is not unique to the food and service sector but has a significant impact in the way refugees act and take decisions in their business. As such, contribute to a better efficiency in this area could have a significant impact in the market system of the sector and in the overall integration of refugees in the labour market of Cairo, Damietta and Alexandria. Thus, to address this efficiency PROSPECTS can work with UNCHR and its partner NGOs to either a) gauge the possibility to transition the yellow cards renewal process towards a digital channel or b) (if physical appearance is mandatory) to at least come up with a more decentralised systems where the renewal process can be undertaken more locally and the required documentation can then be (either digitally or physically) transferred back to UNCHR's HQ in Cairo.

## 5.5. Further research to uncover additional entry points

Apart from the four proposed areas of interventions mentioned above, there is room for further research to uncover additional entry points and pilot interventions for PROSPECTS. For example, during the field visits, the research team could not delve deeper into assessing the need for Business Development Services (BDS) among refugee-owned enterprises. Conducting a quick BDS needs assessment could provide additional insights into what kind of BDS support may be required by refugee-owned businesses that is not currently provided through the refugee support services conducted by the NGOs. Based on the outcome of such an assessment, Egyptian BDS providers might need capacity building and technical assistance to improve their existing service offerings and develop more tailor-made BDS support. Further, similarly to the Area of intervention 4 mentioned above, PROSPECTS can also work directly with (more commercial) BDS providers and encourage them to use technology and digital channels to make their support services more scalable and accessible to refugees and their businesses. As an entry point, PROSPECTS can tap into the networks of BDS providers that the NGOs employ to undertake their training modules. Of course, PROSPECTS' team and consultants must first establish trust and buy-in with NGOs that such intervention would lead to wider and more sustainable impact for the refugees in the long run.

And third, it was found that refugee-owned enterprises lack proper business representation and advocacy. Apart from the NGOs, representing refugees altogether and associations, like the Egyptian Chefs Association, representing chefs and restaurant businesses, there is currently no representation of refugees that are active in the food production and service industry. The reasons preventing such organizations' formation are, therefore, subject to further investigation.

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