

LOGIC

I N S I G H T S



FROM PUBLIC SUBSIDY TO STRATEGIC INVESTMENT

A future where creativity is both funded
and flourishing



Cultural and creative sectors are no longer viewed solely as instruments of national identity or heritage preservation. They are increasingly recognized as economic systems that generate employment, trade, investment, and spillover value across industries. **Globally, creative services exports reached \$1.4 trillion in 2022 (up 29% since 2017), while creative goods exports totaled \$713 billion—highlighting culture’s growing role in the global economy.**

Today, **these industries account for 3.1% of global GDP and 6.2% of total employment**, with strong contributions to youth jobs. **Each dollar invested generates an estimated \$2.50** in wider economic activity, and **the sector could reach 10% of global GDP by 2030.**

What is evolving most is not just scale, but integration across value chains.

Culture increasingly intersects with tourism, media, design-led industries, crafts, fashion, and digital content markets—expanding its economic relevance.

As a result, the sector’s economic logic is broadening. Cultural investment now overlaps with export strategy, SME development, IP frameworks, tourism demand, and destination branding—raising new questions around how to balance public value with economic returns. Traditional funding models—focused on access, preservation, and institutional support—are no longer sufficient to support enterprise growth, monetization, and scalable creative businesses.

The transition underway is not simply from public to private funding, but toward hybrid, ecosystem-based finance, where governments act as market makers and private capital plays a stronger role in scaling the sector.

Saudi Arabia and Egypt illustrate this transition from two distinct but complementary angles:

Globally, creative services exports reached

\$1.4 trillion

in 2022

(up **29%** since 2017)

Creative goods exports totaled

\$713 billion

highlighting culture’s growing role in the global economy.

Creative goods and services industries account for

3.1% of global GDP

6.2% of total employment

Egypt brings deep cultural richness and creative depth, with growing opportunities to strengthen its ecosystem through greater financial structuring, formalization, and improved access to funding.

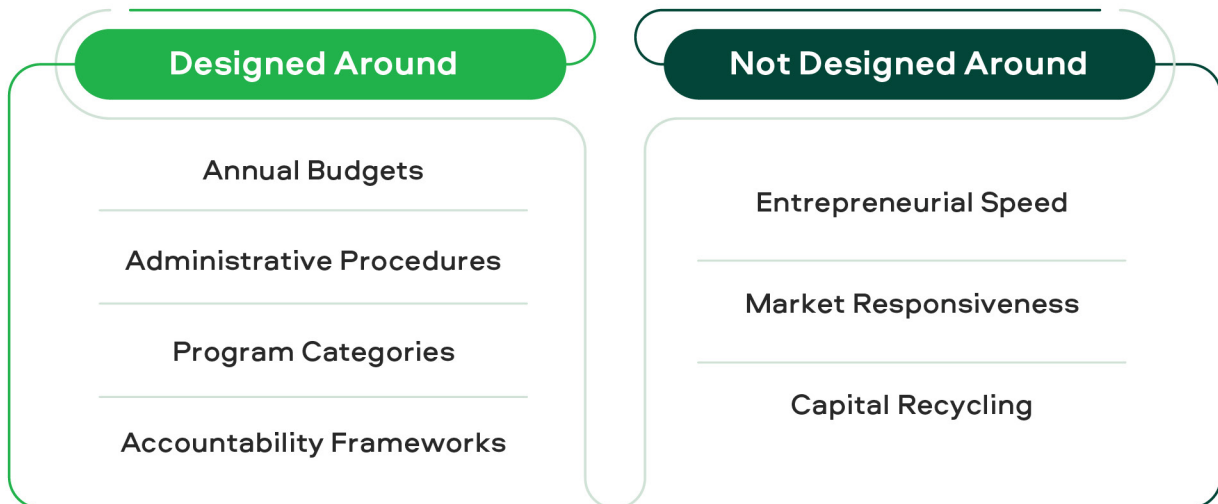
Saudi Arabia represents a rapidly built cultural economy, shaped through strong state-led direction and strategic investment.

I. Why Traditional Funding Models No Longer Match the Economics of Culture

A. Public Funding - Strong Foundations, Structural Limitations

Public funding has historically been the foundation of cultural sector development, supporting areas like heritage, museums, and the arts that generate strong social value but limited commercial returns. Ministries, grants, and public institutions emerged to address this gap, ensuring culture is sustained even where markets fall short.

Yet what made public funding effective as a preservation mechanism has also made it insufficient as a growth model. Public systems tend to finance activities and institutions rather than enterprises and value chains. They are typically:



As a result, public systems work well for preservation, inclusion, and culturally significant but commercially fragile activities, but are less effective in building scalable enterprises, investable pipelines, or sectors capable of compounding value over time. While public funding sustains culture, it does not on its own provide the financial architecture needed for growth. **The modern creative economy increasingly relies on elements beyond traditional subsidy models, such as:**



B. Private Funding - Selective Capital, Narrow Focus

Private funding enters the cultural sector through **sponsorships, philanthropy, ticketing, patronage, brand partnerships, and selected commercial arrangements**. In many markets, it also introduces a level of flexibility that public systems often lack:

- 1 **Brand partnerships** can unlock visibility quickly
- 2 **Philanthropic funding** can move faster than public institutions
- 3 **Earned revenues** can serve as a powerful signal of market demand.

Yet these advantages should not obscure a central limitation: **private capital is selective by nature**. It gravitates toward clearer audiences, stronger visibility, lower uncertainty, and reputational safety. That selectivity reflects the logic through which private capital operates:

- 1 **Companies sponsor** what aligns with brand strategy
- 2 **Philanthropic institutions** prioritize themes that match donor interests
- 3 **Ticketing** is effective where audiences are already formed
- 4 **Commercial partnerships** reward formats that are legible, scalable, and relatively low risk

As a result, private finance tends to cluster around high-profile events, commercially tested formats, and cultural products that already sit close to monetizable demand.



AFAC ARAB FUND FOR
ARTS AND CULTURE
الصندوق العربي
للثقافة والفنون

The **Arab Fund for Arts and Culture (AFAC)** is an example that shows both the importance and the limitations of non-state cultural finance in the Arab region. AFAC was founded in **2007** by Arab cultural activists as an **independent foundation supporting artists, writers, researchers, and cultural organizations** from the Arab world. It now runs **nine open-call grant programs and one training program**, offers close to **200 grants annually**, and supports work across areas such as performing arts, visual arts, documentary film, music, creative and critical writing, and training and regional events.

In 2024, only **2.5% of its fundraising came from Arab donors¹**, while the remaining balance came from international foundations including **Ford, Open Society, and Andrew Mellon**. This means that even one of the strongest Arab cultural funding institutions still depends overwhelmingly on external philanthropic ecosystems rather than a deep, locally anchored base of cultural giving or investment. This is why private funding, like public funding, although necessary, does not resolve the financing challenge on its own.

Private funding tends to reinforce existing viability rather than create new investment opportunities and build the pipeline of future creative enterprises.

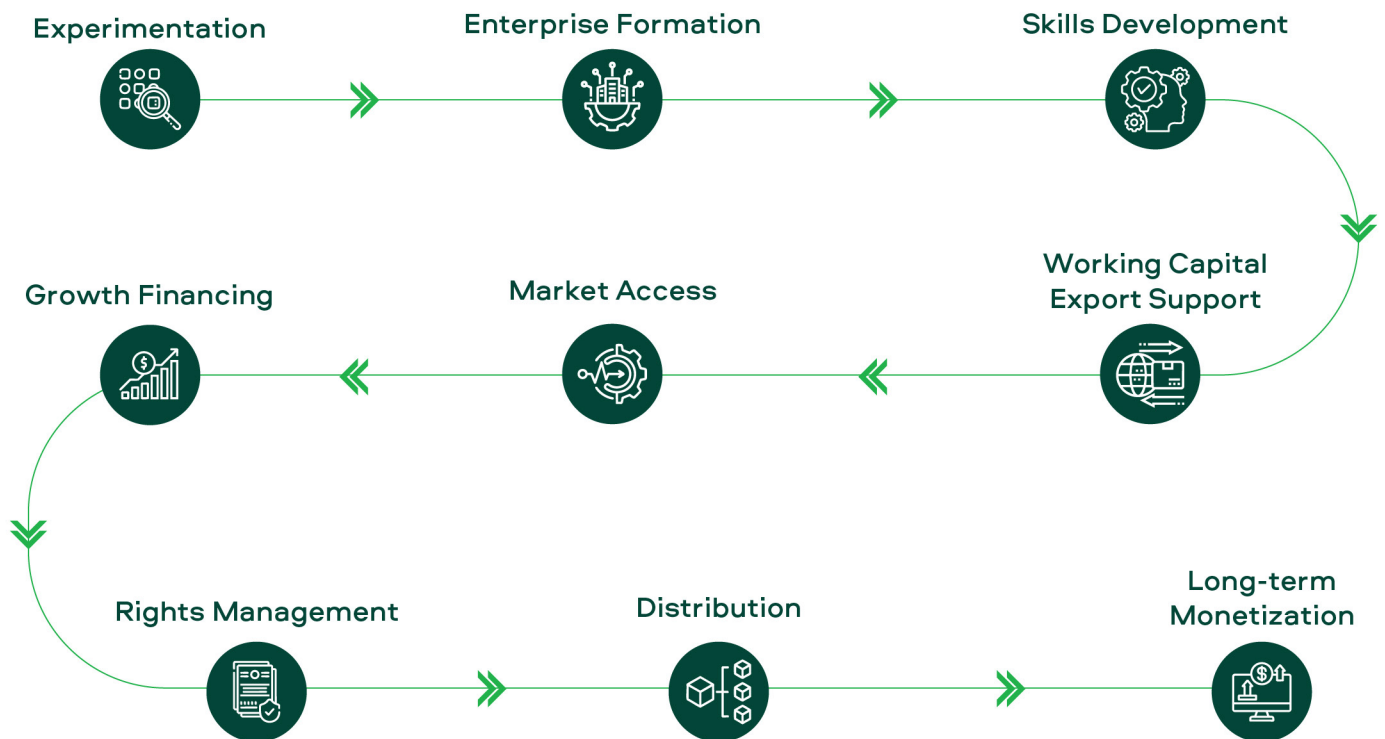
¹ AFAC awards over USD 1mIn to 87 projects in first 2025 grant cycle - Zawya



C. The Core Gap

Where Cultural Value Fails to Convert into Finance

The core gap in cultural finance is that neither traditional public funding nor conventional private support are designed to finance the **full lifecycle of cultural value creation**. Cultural sectors do not require capital only at the moment of artistic production. They require capital across multiple stages:



When financing mechanisms intervene at only one point in that chain, they may keep activity alive without making the system economically durable.

In creative industries, much of the value they generate is intangible and cumulative. A single cultural output may carry limited standalone value, but when embedded within a broader system of rights, audiences, licensing, archives, platforms, merchandising, tourism integration, and export channels, it can generate far more durable returns. Traditional funding structures often fail to capture this reality because they tend to evaluate culture as a project or event, rather than as a chain of assets and cash flows. This is why **many countries exhibit deep cultural richness but weak financial convertibility**: creative output exists, but the systems that translate it into structured enterprise value remain underdeveloped.

The central issue is not a shortage of culture, talent, or even public demand. It is a shortage of **financial architecture**. Where these mechanisms remain weak, sectors can be symbolically rich and economically active while still being undercapitalized, fragmented, and difficult for investors to engage with.

II. The Shift - From Funding Culture to Financing Ecosystems

A. Governments as Market Makers, Not Just Funders

The most significant shift in cultural finance is the evolving role of governments. Traditionally, states acted as patrons—funding institutions, preserving heritage, and providing grants.

Cultural markets do not form automatically. Investors, lenders, and entrepreneurs need clear frameworks—such as rights protection, market data, and financial tools—to engage with sectors built on intangible assets like IP and audience value. Lenders need tools to evaluate firms whose value lies in audience strength, catalogue potential, or rights ownership rather than in tangible assets such as machinery or property. **Entrepreneurs need institutions that can translate creative activity into business pathways.**

Today, they are increasingly becoming market makers, shaping ecosystems where cultural activity is investable and scalable through regulation, infrastructure, incentives, and data systems.

— An international example is the **Creative Europe Cultural and Creative Sectors Guarantee Facility**. Rather than subsidizing cultural organizations directly, the program was designed to work through financial intermediaries, especially banks, by giving them guarantees that reduced the risk of lending to cultural and creative SMEs. **EUR 121 million** was earmarked for the mechanism, and it was expected to support around **10,000 SMEs** directly while unlocking more than **EUR 600 million** in loans over time. The importance of this model lies not only in the volume of lending it sought to unlock, but in its strategy:



The state did not replace the market, it altered the risk profile sufficiently to make the market participate, a shift cultural finance increasingly requires.

This reflects a broader shift: governments are not just funding culture, but enabling markets to function more effectively by reducing barriers to private investment. **This includes clarifying regulation, lowering transaction costs, supporting early-stage risk, improving market data, and building intermediaries that connect creatives with finance.**



B. Layered Capital Structures

Blended Finance in Practice

One key reason cultural finance has underperformed is the assumption that the sector needs a single type of capital. In reality, creative ecosystems require different financing at different stages:

- 1 **Early experimentation** and heritage preservation may require grants or public subsidy because commercial returns are uncertain, delayed, or secondary to public value.
- 2 **Enterprise development** often needs concessional capital, guarantees, incubators, or patient working capital.
- 3 **Scaling ventures** may require equity, co-financing vehicles, or specialized funds.
- 4 **Mature, rights-bearing assets** may ultimately support revenue-based financing, catalogue-backed lending, or IP monetization structures.

A layered approach better reflects the sector’s diverse risk profiles and revenue models, improving capital efficiency and reducing risk for later-stage investors. This is where blended finance becomes important—not as a substitute for markets, but as a transitional tool that helps make creative sectors progressively more investable by bridging early-stage uncertainty.

C. Financing Value Chains - Moving Beyond One-Off Cultural Outputs

The most effective cultural finance systems move beyond funding individual projects to supporting entire value chains. **Cultural output becomes economically sustainable only when surrounding elements—such as talent development, production, distribution, platforms, marketing, and rights management—are also financed.**

Without these layers, sectors fall into cycles where output is produced but value quickly fades due to a lack of structure to sustain and scale it.

This is ultimately what distinguishes a subsidized cultural sector from an investable cultural economy.

The question is not whether a single project can be funded once;

it is whether the system around that project can repeatedly generate output, accumulate rights, retain audiences, and produce bankable future cash flows.

Once financing begins to operate at that level, culture ceases to be merely a supported activity and becomes a repeatable economic system.

III. Saudi Arabia - A State-Led Cultural Economy in Transformation

Saudi Arabia has positioned culture at the heart of its economic diversification agenda under Vision 2030, with a stated goal of increasing the sector's contribution to GDP to around **3% by 2030²**, equivalent to **\$48 billion**. The pace of change has been without regional precedent.

Before 2018, the cultural sector contributed no more than SR30 billion to the national economy. By 2023, that figure had risen to nearly SR60 billion. Employment in the sector has jumped 318% since the Ministry of Culture's founding in 2018⁵.



23.5 million

People attended cultural events

The number of **cultural graduates reached 28,800** in 2024, and cultural associations surged from 28 to 993. Between 2021 and 2024, more than **23.5 million people attended cultural events**, already surpassing Vision 2030's target of 22 million.

Institutionally, this ambition has been supported by the Ministry of Culture and its **11 cultural commissions**, which together provide a structured framework for sector development, regulation, licensing, and strategic direction, signaling to investors that the sector is being treated as an economic field.

Its funding architecture is distinctly layered:

- 1 The **Ministry** and its commissions → provide the institutional layer
- 2 The **Cultural Development Fund** → provides the financial-enabler layer through lending, guarantees, and partnerships
- 3 The **Public Investment Fund (PIF)** → provides large-scale investment capacity, with **\$913 billion in assets under management at year-end 2024**
- 4 **Philanthropic and ecosystem actors** such as the **MISK Foundation** → support talent development and cultural visibility.

² Saudi culture sector to triple GDP share to \$48bn by 2030, says minister – Arab News



At the 2025 **Cultural Investment Conference**, the CDF introduced five new financing products—receivable financing, revolving loans, bridge loans, medium- and long-term loans, and micro-lending—signed cooperation agreements with three local banks, and launched three new sector-specific investment funds:



Conference reporting pointed to **89 agreements worth SAR 4.3 billion**, including fund launches and art-investment initiatives.

In 2024, Saudi cinemas generated **SAR 845.6 million** in revenues from **17.5 million tickets**, across **64 theatres** and **630 screens**, proof that finance, regulation, exhibition infrastructure, and audience formation were built together.



In parallel, the **Red Sea Fund** has supported more than **280 films since 2021**, showing how grant support, festival infrastructure, talent development, and industry positioning can be combined inside a broader market-building strategy. The **\$63 billion Diriyah** development, transforming a World Heritage site into a mixed-use cultural and hospitality destination, is projected to create **178,000 jobs** and contribute approximately **\$18.66 billion to GDP**.

Overall, Saudi Arabia is building a deliberately designed cultural market—where supply, demand, and investment are developed in parallel—accelerating formalization, scalability, and private sector participation.

IV. Egypt - Deep Cultural Assets, Untapped Financial Potential

Egypt advantage lies in the depth and breadth of its cultural ecosystem, spanning heritage, archaeology, cinema, music, crafts and publishing. Its cultural relevance is further reinforced by the scale of tourism linked to heritage assets, with Egypt receiving nearly **19 million tourists in 2025, up 21% year-on-year³**, and with major assets such as the **Grand Egyptian Museum** positioned as large-scale anchors for both culture and tourism. The GEM is expected to attract around **5 million visitors annually**, illustrating the scale at which heritage-linked cultural assets can be monetized when paired with destination and tourism strategy.

The sector continues to navigate a range of structural considerations, **including the need for stronger coordination across institutions, broader formalization, improved access to finance, and enhanced linkages between creatives and potential investors.** Creative industries in Egypt are currently supported by multiple ministries and government entities, each contributing to different aspects of the ecosystem. However, there remains an opportunity to further align these efforts under a more integrated framework, supported by dedicated financing mechanisms and a clearer institutional mandate to advance the sector's commercial development.

Regulatory processes—such as registration, taxation, and intellectual property—are well established, though continued efforts toward greater alignment and simplification could further support sector growth.

Egypt's cultural funding landscape reflects a strong institutional presence by the state, operating within broader fiscal priorities. This is complemented by contributions from international cultural institutes and development partners, which have played an important role in supporting initiatives and programs across the sector. At the same time, there is growing potential for increased participation from the domestic private sector, particularly as awareness of investment opportunities in the creative industries continues to expand. **Public expenditure on culture remains modest, currently accounting for approximately 0.22% of the state budget⁴,** highlighting an area for potential gradual strengthening over time.

European cultural institutes, AFAC, and international foundations have played an important role in supporting the sector over the years, helping address key funding needs and enabling a range of cultural initiatives. However, this support is often project-based in nature and may not always provide the long-term continuity or local anchoring needed to fully support the development of a self-sustaining creative economy. Encouragingly, Egypt's policy ecosystem is increasingly recognizing these dynamics, with platforms such as **HAFIZ introducing initiatives like the Creative and Cultural Industries Accelerator,** alongside targeted support for sectors including digital media, hand-crafts, and fashion design.

³ Egypt tourism records historic growth in 2025 receiving 19 million tourists – State Information Service

⁴ The Past, Present, and (Possible) Future of Egypt's Culture Ministry - ARABLIT



At the same time, there are emerging examples of domestic private sector engagement. One notable case is the El Gouna Film Festival, established in 2017 by Naguib Sawiris. By its 8th edition in 2025, the festival’s CineGouna Platform announced awards exceeding \$300,000, creating opportunities for Arab filmmakers to connect with international industry professionals and access co-financing.

This model—combining private sector investment with an established destination and supported by broader cultural engagement—highlights the potential of hybrid approaches to cultural funding.

Such examples point to a growing role for intermediary platforms that can help connect creative talent with financing and market opportunities, contributing to a more integrated ecosystem over time.

Another important and often underutilized source of potential financing for Egypt’s creative economy is its diaspora. Remittances from Egyptians abroad reached approximately \$41.5 billion in 2025, highlighting the scale of capital that could, over time, be more effectively mobilized through well-designed financial instruments and engagement mechanisms tailored to the sector.

Overall, Egypt’s creative landscape is rich in cultural production and talent. **The opportunity going forward lies in strengthening the enabling environment to support its growth as an investable sector. This could include:**

- 1 Enhancing pathways for formalization
- 2 Strengthening financial intermediation mechanisms
- 3 Further clarifying intellectual property and rights frameworks
- 4 Expanding models that translate cultural output into commercially viable and scalable ventures

V. The Next Frontier

Financing Models, Emerging Opportunities, and Strategic Implications

A. Funding Models to Move the Sector Forward

Looking ahead, the most relevant financing models are those that help address existing gaps in a structured and sustainable way, complementing current efforts rather than adding further fragmentation.

01 Publicly Backed Co-Financing & Guarantee Schemes

These mechanisms can help reduce risk for private lenders and enhance the bankability of creative SMEs. Regional examples, such as Saudi Arabia's Cultural Development Fund (CDF), demonstrate how co-lending and tailored financing products can support sector growth.

02 Creative Accelerators & Incubators

These platforms play an important role in developing early-stage ventures and strengthening investor readiness. They are particularly relevant in contexts like Egypt, where there is a strong talent base alongside opportunities to further develop formal intermediation channels.

03 Cultural Investment Funds

Specialized funds focused on sectors such as film, fashion, and digital content can help pool risk, attract capital, and build dedicated financing pipelines tailored to the needs of creative industries.

04 Tourism-Linked Cultural Financing

Integrating culture with tourism can strengthen the commercial viability of both sectors. Developments such as the Grand Egyptian Museum (GEM), alongside large-scale cultural destinations in Saudi Arabia, illustrate the potential of aligning heritage, events, and content ecosystems within broader economic strategies.

05 IP & Content Monetization Models

In sectors such as film, music, and digital media, long-term value creation is closely tied to intellectual property, licensing, and distribution. Strengthening these models can support more sustainable revenue streams beyond one-time project funding.

B. Forward-Looking Opportunities in Cultural Finance

The next phase of cultural finance in the region is likely to be shaped by emerging models that are still evolving and gradually gaining traction. Among the most promising areas are:



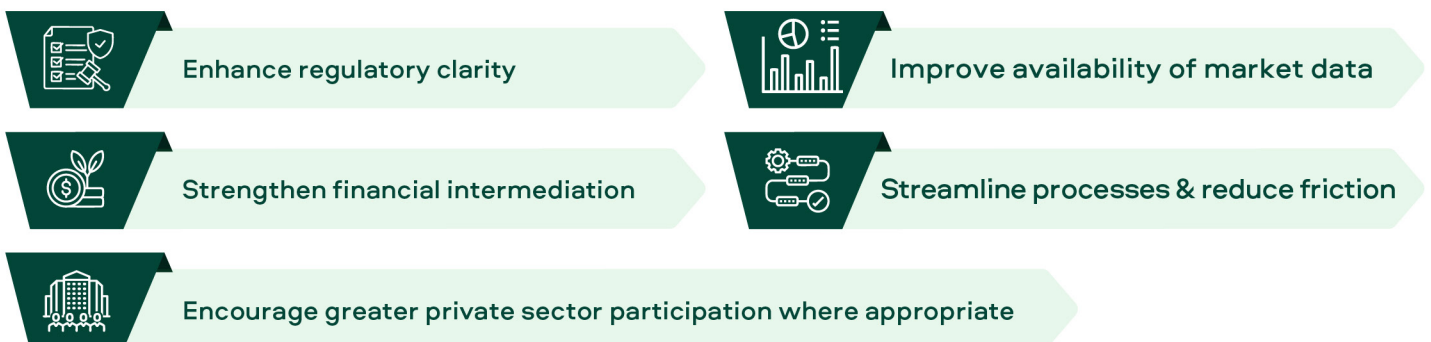
While these models are not yet fully developed at scale across the region, they reflect a broader shift towards more structured, sustainable financing approaches—moving beyond one-off support toward mechanisms that are better aligned with cash flows, assets, and long-term value creation.

A notable regional development is the growing Egypt–Saudi film corridor. Industry data from 2025 indicates that 33 Egyptian films were screened in Saudi Arabia in 2024, generating approximately \$53 million—significantly exceeding their domestic box office performance. Saudi Arabia has thus emerged as a key export market for Egyptian cinema. Over time, such dynamics could provide a foundation for more formalized collaboration, including co-financing arrangements, rights management platforms, and regional investment frameworks that further support the sector’s growth.

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C. Strategic Implications - What the Shift Means for Governments, Investors, and Creative Enterprises

For governments, the evolving landscape suggests a continued shift in the role of the state—from primarily a direct funder toward a broader ecosystem enabler. This does not imply a reduction in public support, but rather a more strategic deployment of public resources and institutional capacity to:





Public funding will remain important, with increasing emphasis on its role in shaping and supporting market development over the long term.

For private investors, there is an opportunity to further position culture as an emerging investment domain alongside its traditional role in sponsorship and corporate social responsibility. This may require the gradual development of more tailored investment approaches, including longer-term perspectives and a deeper understanding of value creation in intellectual property-driven and audience-based sectors. As the ecosystem matures, creative industries may present a wider range of commercially viable opportunities across enterprises, platforms, and content ecosystems.

For creative enterprises, these shifts also highlight the importance of continued development at the firm level. Improved access to finance is often supported by:

- 1 Stronger levels of formalization
- 2 Clear and sustainable business models
- 3 Enhanced financial and managerial capabilities
- 4 More structured approaches to intellectual property and distribution rights

In this context, strengthening enterprise readiness will be an important complement to evolving financing mechanisms, helping ensure that creative businesses are well-positioned to access and effectively utilize available capital.

Toward an Investable Cultural Economy

The future of cultural finance lies in moving beyond the traditional divide between public support and private investment toward more integrated, hybrid models. As the sector's economic role expands, financing approaches must evolve to support not only cultural production, but also scalability, monetization, and long-term value creation.

Ultimately, the shift is not about funding culture differently, but about positioning it as an investable sector. This will depend on the ability of governments, investors, and creative enterprises to collectively strengthen the frameworks, tools, and capabilities that enable cultural value to translate into sustainable economic



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