



A Novel Approach
for **Assessing Creative Enterprises**
to Attract Impact Investment
in Kazakhstan

Executive Summary / 2024

The pilot study 'A Novel Approach for Assessing Creative Enterprises to Attract Impact Investment in Kazakhstan' was conducted under a research grant from the British Council between April and September 2024.

The report is aimed at representatives of the expert community and intermediary platforms united by the goal of developing sustainable entrepreneurial ecosystems – creative and impact hubs, business incubators, universities, support and development funds – as well as creative entrepreneurs, impact assessment consultants and prospective impact investors.

Key ideas and findings

In Kazakhstan, as in many countries around the world, the creative economy is still in its infancy and, due to its complexity, does not yet have established methods of evaluation. However, a narrow economic view of the creative industries, borrowed from other sectors, overlooks their unique characteristics.

As many creative enterprises are by their nature designed to fulfil a cultural and/or social mission, it is useful to consider them as projects with a high potential for social and environmental impact. The main objective of implementing impact assessment is to stimulate the creative entrepreneurial ecosystem and increase the sustainability of entrepreneurial projects by attracting impact capital. In this context, impact capital is seen as a renewable financial resource that is channelled to scale social good and/or environmental justice by supporting enterprises with a relevant mission.

The study had three objectives:

- 1) to review existing international social impact assessment practices in the creative and related sectors
- 2) to analyse the opportunities, benefits and barriers to the adoption of impact assessment practices for creative business models in Kazakhstan
- 3) to explore the prospects of attracting impact capital to support the development of creative industries in Kazakhstan.

Current approaches to evaluating creative industries business models in Kazakhstan are based on traditional market and financial indicators, and do not consider the unique characteristics of creative activity, such as the creation of intangible assets, talent management, and the bespoke and interdisciplinary nature of projects that cannot be scaled commercially. This distorted perception of the value of the creative industries makes it very difficult to assess and understand the extent of the intangible contribution of creative entrepreneurial projects to the country's economy.

In emerging markets, where creative entrepreneurs do not fit into traditional business agendas and find it difficult to articulate their value, access to systemic financial and non-financial support remains closed and growth limited. Accordingly, government efforts to develop creative industries will not achieve their full potential unless the contribution of creative initiatives is objectively measured. Therefore, **the creative industries need their own unique metrics to measure and evaluate.**

An alternative view of the role of creative enterprises suggests that their key contribution is to create cultural value and social impact with long-term positive effects on the quality of life of people and natural ecosystems. Existing models of impact assessment in the creative industries measure and digitise intangible parameters such as the contribution of different ecosystems, information agendas, creative skills, products and services to societal well-being in terms of cultural, educational, spiritual, artistic and even therapeutic value.

Impact assessment is inextricably linked to the issue of impact capital, which is channelled into initiatives with a strong social mission. There are more than 36 impact funds around the world. They specialise in providing systemic support to creative entrepreneurial projects and raising impact capital for their development. Although many funds use their own tools to assess impact, they are all based on the Theory of Change or well-known approaches such as the Social Return on Investment (SROI) model, IMP's 5 Dimensions of Impact method and the Culture|2030 Indicators or the Cultural Contribution Indicators for the 2030 Agenda, developed based on UNESCO conventions.

These tools translate qualitative indicators into quantitative ones. They are designed to develop change management practices, monitor outcomes and provide the evidence base that donors, foundations and impact investors need to make investment decisions.

It can be argued that **impact assessment is the missing component that defines the value and unique measurable contribution of individual creative enterprises and the creative industries to the well-being of communities and local ecosystems.** Introducing a new system for assessing the contribution of creative business models could help entrepreneurs access the impact capital market, thereby mobilising creative resources to achieve impact goals.

The experience of countries with advanced creative economies, which are inextricably linked to countries' commitments to the 17 Sustainable Development Goals and the democratisation of capital, shows that the development of impact investing is bringing positive change.

The case for impact investing is based on the assertion that combining investment capital with impact objectives creates greater cultural, social and environmental benefits for wider audiences than if these separate areas were developed independently. This is why impact investing has been described as 'patient', 'slow' and 'deliberate' – it is fully aligned with the capabilities of slow systems such as social and creative entrepreneurship (as opposed to fast venture capital), and takes the high risks associated with the low sustainability of these projects.

Attracting ‘patient’ investment into the creative sectors allows capital to be reallocated in the market in a way that enhances the commercial sustainability of impact projects. The availability of concessionary capital provides significant market incentives, including the ability to offer more flexible and risk-tolerant investment products to those organisations needing finance. On a market-wide scale, this helps to overcome the alienation of the cultural and creative sectors due to their volatile income and brings them back into the investment arena on new terms.

The global impact capital market is growing every year, driven not only by the strengthening of social responsibility standards, but also by the influx of corporate and philanthropic capital, whose financial instruments are taking on more sustainable forms – from grant-based subsidies to investments with impact potential. Market growth is also evidenced by indirect trends related to the rapid development of the creator’s economy, the transformation of smart cities, and new business ethics demands from a younger generation of consumers.

Accordingly, **the application of social impact assessment practices will contribute to the development of impact investing, which will actively attract international and local ‘patient’ capital to the creative industries.**

Kazakhstan’s creative industries are at an early stage of development, having only been granted legal status in 2021. This calls for measures to strengthen the sustainability of creative ventures and a closer look at the specifics of the impact of business initiatives on people, communities and natural ecosystems.

The study found that in Kazakhstan, the contribution of creative industries to the economy is assessed using a standardised protocol that considers quantitative indicators such as the sector’s contribution to GDP, the number of enterprises, the number of jobs and the amount of tax revenue. There are no practices in place for the assessment of the socio-cultural, social and environmental impact of the creative sectors, and the research did not identify any specialised programmes in this area, as well as no practitioners with relevant qualifications.

However, independent intermediary organisations working in the field of civic and social project development have the most extensive expertise in impact assessment relevant to the specificities of the creative sectors. This availability of specialised experience provides an opportunity to create a discussion platform and develop tailored evaluation models involving key stakeholders – impact evaluation consultants, creative entrepreneurs, researchers, representatives of impact and creative hubs, business incubators, universities, donor organisations and investor community.

Against the background of low awareness of both investors and entrepreneurs about the specifics of doing business in the creative sectors and impact assessment practices, the demand for impact investment in Kazakhstan remains low. In this context, the role of intermediary platforms in

disseminating impact assessment and introducing new approaches to improve the viability of creative projects and make them attractive to invest in is growing.

The availability of highly qualified intermediary organisations and management teams is a critical prerequisite for the formation of a high-quality pipeline of creative entrepreneurial projects. However, the limited number of independent intermediaries specialising in the creative industries may hinder the development of creative projects and the scaling up of impact investment in Kazakhstan. For this reason, it is necessary to support and strengthen the position of experienced intermediaries – impact hubs and business incubators that can facilitate the dissemination of new approaches to impact assessment.

Such centres of expertise in the form of intermediaries can accumulate knowledge and train not only creative entrepreneurs and investors, but also representatives of new platforms that may remain outside the impact agenda or lack skills. In this way, the growth in the number and quality of management and project teams with social impact assessment skills will expand the decentralised network of intermediaries and make it more sustainable.

It should be noted that cultural and creative entrepreneurship exemplifies hybrid entrepreneurship that combines social, technological and creative characteristics. At the same time, creative entrepreneurs do not fit well into the social or venture ecosystems, while the creative ecosystem in Kazakhstan has not yet been formed. The analysis of the three entrepreneurial ecosystems in Kazakhstan has shown that business projects only receive a boost for quality development in environments where regular educational opportunities, systemic financial and non-financial support from stakeholders and access to catalytic capital are available. Accordingly, **the future unique creative ecosystem in Kazakhstan should be built considering the hybrid nature of creative activity and a focus on social impact, while incorporating effective elements of social and venture entrepreneurial ecosystems.**

Developing an impact agenda in Kazakhstan will require a qualitative shift in narrative and may be challenging initially given the lack of a fully-fledged creative ecosystem. However, there is no obstacle to piloting impact assessment for creative enterprises: a new programme can be developed and tested in an impact accelerator format by one or more intermediary platforms involving impact experts. Any practical results of an impact evaluation will raise awareness among all potential stakeholders.

The evaluation models discussed in the report can serve as a starting point for developing unique support programmes for creative entrepreneurs or for strengthening existing business models, where impact evaluation does not exclude but rather complements the analysis of their commercial sustainability.

The research has also produced a range of practical materials to help practitioners understand how impact assessment can be implemented at project management level. These include data on the outcomes of the Impact Hub Almaty impact accelerator, a detailed theory of change with interim results from the Alternativa Film Award (inDrive), and a list of impact indicators for intermediaries and creative entrepreneurs targeting impact investments.

The section on impact investing in the creative industries offers trend analysis, an overview of sustainable investment products and creative lenses for impact investing, including a case study of the Upstart Co-Lab impact fund (USA).

In addition, the report provides recommendations for overcoming existing systemic barriers to the development of impact projects, strengthening the role of intermediary organisations and developing an impact-driven creative ecosystem.

Conclusion

The findings of the study suggest that an alternative approach to evaluating creative entrepreneurship projects using social impact assessment models is a timely solution for Kazakhstan, as the creative industries are at a nascent stage and are experiencing difficulties in articulating value and accessing investment.

It is safe to say that all stakeholders will benefit from the application of impact assessment practices in the creative industries:

- Along with access to ‘patient’ investment, creative entrepreneurs will gain change management skills and motivation to strengthen their social mission and scale their measurable social impact.
- Using impact assessment practices, intermediary organisations will be able to build a pipeline of sustainable entrepreneurial projects by matching demand for patient capital with investment proposals.
- The value of impact assessment for investors lies in fulfilling their own social mission by supporting entrepreneurial impact projects with the appropriate profile. In doing so, investors can use more sustainable financial instruments – revolving impact investments, smart loans, mezzanine finance or social impact bonds – instead of traditional grants. This will allow funds to be recovered and recycled.
- An evidence base of monitoring and analysing impact will help institutional and private investors to invest more effectively in the creative sectors. This will have a long-term positive impact on the development of the creative ecosystem.

- Finally, the ultimate and main impact beneficiaries (social and consumer groups, communities working with the environment) benefit from the positive impacts and the minimisation of negative impacts by having access to socially responsible services, products and experiences.

The discussion about the prospects for impact investing in Kazakhstan is just beginning. As it develops, questions about the new meanings of business and how to measure its impact will become more common. Attracting ‘patient’ capital to the creative industries will bring significant and sufficiently large creative sectors, and with them broad consumer audiences, to the region’s sustainable development agenda.

The full report is available for download on our website in [Russian](#) and [Kazakh](#).

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