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MEDUP!

Promoting social entrepreneurship in the Mediterranean Region

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***MENA Region Social Entrepreneurship Ecosystems:
Challenges and Opportunities***

**Results based on a cross-country analysis of national ecosystems in Morocco, Tunisia,
Egypt, Palestine, Lebanon and Jordan between 2019 and 2020**

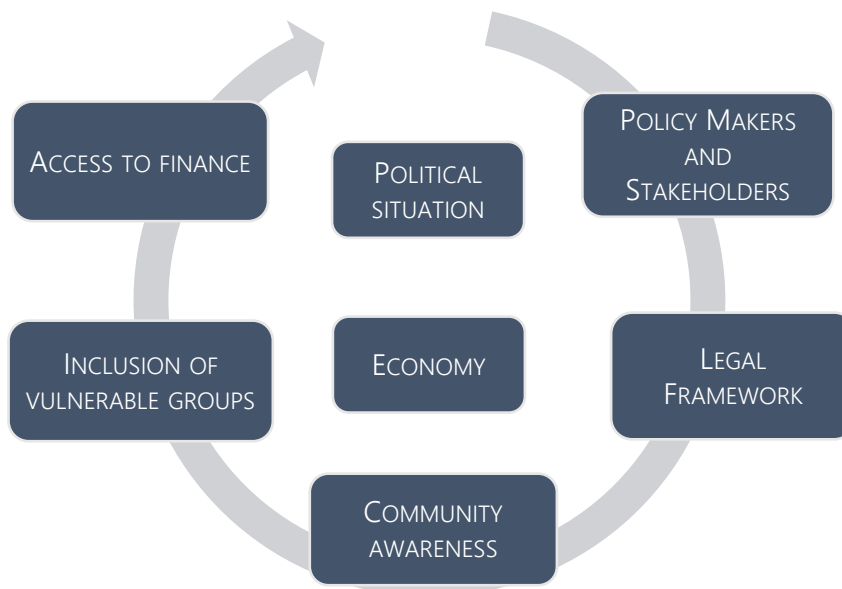
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Introduction

Social entrepreneurship has gained significant interest and recognition in the past few years, as social entrepreneurs are tackling social and environmental challenges with innovative sustainable solutions, thus combining business with social impact. In particular, social entrepreneurship in the southern Mediterranean region has the potential to invigorate those economies as well as to promote regional stability by activating positive synergies among economic sectors and promising actors. Under the MedUp project*, researches focusing on the social entrepreneurship ecosystems at country levels in Morocco, Tunisia, Egypt, Palestine, Lebanon and Jordan revealed some common trends and challenges.

Why are talking about Social Entrepreneurship Ecosystems

Generally, an 'ecosystem' represents a group of interconnected elements with their environment: *"like biological ecosystems, an entrepreneurial ecosystem consists of different elements, which can be individuals, groups, organizations and institutions that form a community by interacting with one another, but also environmental determinants that have an influence on how these actors work and interconnect."*¹ This is the case also for Social Enterprises (SEs), as they do not operate in a vacuum but are instead highly influenced by the surrounding actors and services enabling, or hindering, their development.



Social Enterprises' ability to perform can therefore be strongly influenced by political and security unrest, as well as structural and macroeconomic factors such as high inflation, weak employment strategies, high poverty levels and an unregulated labour force. These challenges can impact on the multiple levels of support necessary for an SE's life, including financing opportunities, legal frameworks or tax incentives, and business support services.

In addition to such wider factors, the national researches run under the regional project identified 5 main challenges in the development of Social Entrepreneurship Ecosystems in the MENA Region.

➤ The awareness and knowledge challenge

Awareness of Social Entrepreneurship remains limited to the main cities. Knowledge, support and tools to social enterprises are not decentralised to reach other regions and promote the emergence of SEs outside of the main urban centres and beyond middle class educated youth. Universities, education institutions, media, Arabic content websites and other channels to access to SE knowledge are limited, although some new university programmes focusing specifically on social entrepreneurship are emerging.

¹ GIZ, 2018 "Guide for Mapping the Entrepreneurial Ecosystem"

At the same time, there is a lack of awareness at the community level of the potential of SEs in addressing social and economic challenges. In fact, people and communities often don't know what it means exactly to be a social entrepreneur or how to become one. Marketing and public relations are often a weak area within SEs that do not always have the adequate communication and language skills to promote their products and gain the trust of the communities.

This has a broader impact as well, since policy makers at the national and local levels are not fully aware of the potential of SE and thus policy development is limited or ineffective, which combines with the confusion between SE and SSE (Social Solidarity Economy) making officials reluctant to pursue policy dialogue on SE as they believe that SSE efforts are sufficient.

WHAT COULD BE DONE?

- Promote specific university education and social innovation hubs to motivate and support emerging ideas and start-ups, as well as ensure the extension of coverage in underserved areas for the current programs;
- Educate key stakeholders and raise awareness among co-operatives, private companies and association about potential and requirements to become social enterprises;
- Promote awareness campaigns to inform the large public and the institutions about social entrepreneurship, encourage consumers to purchase SEs' products and build marketing networks both locally and internationally.

➤ The **policy and legal** challenge

Across the MENA Region, we rarely find legal frameworks specific to social entrepreneurship. There is in fact a debate amongst the stakeholders on whether time and resources should be invested into drafting a law on social entrepreneurship with a specific legal form or whether instead criteria and labels on social entrepreneurship are to be developed.

Moreover, the current laws and literature don't include SEs' definitions, although many social entrepreneurship components are present in one way or another in different forms such as Non-Profit Company, NGO, Cooperative, Zakat Committee, Fair-Trade Company, Social responsibility of public shareholding companies etc.

WHAT COULD BE DONE:

- Intensify advocacy for an appropriate legal framework for social enterprises;
- Encourage formal dialogue mechanisms within government and key stakeholders at national and cross-country levels;
- Monitor the performance of SEs in terms of job creation and economic development and make reliable data available to Institutions;
- Promote exchange of practices and experiences with EU countries where *ad hoc* policy frameworks are in place to showcase the process and key steps undertaken and provide inspiration.

Focus on: Latest legal developments in the 6 target countries

Tunisia recently adopted a national Law on Social and Solidarity Economy, namely the "Loi n° 2020-30 du 30 juin 2020, relative à l'économie sociale et solidaire". The main aspects regulated by this law are:

- The identification criteria and boundaries for an enterprise to be labelled as "entreprise de l'économie sociale et solidaire";
- The key roles of three institutional structures for the governance and development of the SSE, namely the Supreme Council for Social and Solidarity Economy, the Tunisian Commission for Social and Solidarity Economy and the representative structures of social and solidarity economy organizations;

- The creation of tailored funding mechanisms, the presence of a reserved percentage of public orders and fiscal and financial incentives and the creation of a dedicated guarantee mechanism.

Morocco currently has a National Strategy on Social and Solidarity Economy (2010-2020) and the Moroccan Government is in the process of drafting a bill on the Social and Solidarity Economy. In **Lebanon**, after consultations started by the Prime Minister's Office, a draft law on Social Entrepreneurship is currently waiting for its finalization. In **Jordan**, although no proper legal framework exists, the 2010 Law on "organic civic initiatives" introducing one of the most suitable legal forms that a social enterprise can choose in the Jordanian context, testifies the presence of a governmental interest on the topic.

To date, **Egypt** has no specific policies or regulations concerning the SE ecosystem. This is also the case of **Palestine**, where in addition the possibility to register any new social enterprise under the legal umbrella of the "non-profit company" was suspended and the 2017 Cooperative Law is currently under amendment.

Source: ARCO, 2020 "[MedUp! Mid-Term Evaluation Report](#)"

➤ The **connection and network** challenge

One of the most challenging aspects of the sector is the fact that multiple stakeholders have become involved with no unified framework for SE to fit the local context, thus creating different understandings of what social entrepreneurship could mean or how it is applied.

However, forming a coalition of different stakeholders is crucial to collect the voice of key actors in the sector and build on it to lobby for a conducive SE ecosystem, explain the concept to different community groups and sectors as well as contribute to the development of national plans, programs and projects, including for the preparation of appropriate laws and programs for community awareness.

WHAT COULD BE DONE?

- Encourage the creation of online platforms to connect SEs with interested corporations;
- Support the creation and reinforcement of networks of SEs, within unified frameworks, to self-organize and define their role within the broader SE ecosystems;
- Support the creation and reinforcement of a regional network of Social Entrepreneurship Support Organizations (SESOs) to better coordinate efforts and to build a comprehensive map of services provided;
- Promote exchanges and coordination among SE actors at national and regional level through workshops, seminars, trainings.

➤ The **access to finance** challenge

The lack of both private and public financing is considered as a major challenge for SEs, which currently have few to no dedicated funding channels. In particular at the ideation and start-up phases funds are not usually available (except for grants), and when they are they come as credits with high interest rates – something that new start-ups, which need the most funding, cannot afford.

WHAT COULD BE DONE?

- Strengthen the role of the private sector in supporting social projects, whether by providing technical and economic expertise or by contributing to solving financial problems within their corporate social responsibility strategies;
- Support SEs in being ready to afford and manage credits and external investments as a result of increased internal management capacities;

- Design *ad hoc* financing mechanisms and ensure increased investment to SEs, ensuring adapted and efficient financing;
- Promote sharing events with financial institutions to increase mutual knowledge, overcome the risk perception and facilitate the creation of long-term collaborations and partnerships;
- Introduce tax benefits for investments in Phase 1&2 SEs, as incentives could spur investors to become more risk-prone in the case of social enterprises.

➤ The **social inclusion** challenge

Social entrepreneurship, thanks to its capacity to build human and social capital within communities, could be the innovative solution that Mediterranean countries need in order to fight high rates of unemployment and tackle social challenges. SEs can generate direct and indirect employment, especially among youth, building on a general trend in countries where we can already observe young people's strong involvement in solving social problems through innovation and technology. Moreover, there is also a huge potential and expectation around increasing female participation in the economy if social enterprises can reach significant scale in MENA countries.

In spite of global discourses supporting women's access to social entrepreneurship as an effective solution to labour market inequalities, to be impactful policies must be accounting for the multiple obstacles hindering women's entrepreneurial activities, tackling the existing vulnerabilities and exclusion from social protection and decent work policies.

WHAT COULD BE DONE?

- Provide entrepreneurial programs for girls and youth in remote areas and ensure the development of dedicated coaching for and by women entrepreneurs;
- Increase the involvement of women in economic activity through self-employment and ensure continuation of women-led businesses;
- Apply policy and regulatory shifts relating to the support that the State and employers can provide to ensure more flexible working patterns and help reconcile the family pressures experienced by many women.

**This piece is based on researches carried out as part of the [MedUp!](#) project, funded by the European Union, that aims at boosting social entrepreneurship as a driver for inclusive growth and job creation in the MENA region. It is a four-year project led by Oxfam Italia alongside European and local partners in Morocco, Tunisia, Egypt, Palestine, Lebanon and Jordan. The initiative focuses on three levels of intervention: the macro one, aiming at reinforcing or creating the basis for a stronger SE legal framework in each of the target countries, the meso level, with capacity building of Social Entrepreneurship Support Organisations (SESOs), and the micro level, focusing with funding and training opportunities on existing Social Enterprises (SEs).*