SOCIAL ENTREPRENEURSHIP IN LEBANON
IMPACT ASSESSMENT
2019-2020
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INTRODUCTION

Between March and August 2021, the Lebanese Social Enterprises Association (LSE) surveyed 59 social enterprises in Lebanon.

This assessment is the first of its kind in Lebanon and covers the years 2019 - 2020. LSE aims to carry out bi-annual assessments to monitor the social impact of the social entrepreneurship sector. These assessments will demonstrate the added value of social enterprises in Lebanon and the valuable impact they contribute to. This study will serve as a benchmark for the future assessment cycles.

This assessment was done by Dr. Alain Daou, Associate professor of (social) entrepreneurship at the American University of Beirut. The data was collected by phone with the support of the social enterprise B.O.T (Bridge. Outsource. Transform), which is an impact sourcing platform that provides high quality data collection and management services.

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About the Lebanese Social Enterprises Association (LSE):
LSE is a group of social enterprises (SEs) who are strongly committed to connect SEs in one association, organize the sector and connect LSE with local and international partners. They have joined forces to build an effective structure capable of catering to the growing needs of social enterprises in Lebanon.

Website: http://www.lseassociation.org/
Email: team@lseassociation.org
SOCIAL ENTERPRISE DEFINITION

As there is no agreed upon nor legal definition for SE in Lebanon, we use the definition of LSE to determine the eligibility criteria. In order to be recognized as a “Social Enterprise” within the association, the non-governmental organizations and commercial institutions are required to:

01. Pursue an environmental, social or commercial objective provided that the latter is directed towards people with financial or social difficulties. The focus of the institution’s work must be centered on its social and environmental message. This should be reflected in its mission statement, objectives, rules and procedures, products, and production processes.

02. Directly run all activities related to their environmental or social mission (recycling, waste treatment, integration of people with special needs ...)

03. Generate income through sales of products and/or services

04. Aim for financial stability and long-term sustainability

05. Reinvest at least 50% of their profits in their activities
Section 1: Respondent Profile
Below you can find some general characteristics of the 59 respondents in our sample. Most of them (63%) are male and 45% of them are between 25 and 34 years with 46% of the respondents holding a master degree and the majority (61%) are the founders of the enterprise.
Respondents Distribution by Educational Level. N=59

Respondents Distribution by Role/Position. N=59
Section 2: Social Enterprise Profile
The majority of the social enterprises are newly founded with the highest percentage (35.6%) of the SEs founded in 2019 followed by 18.6% (2018) and only 13.6% are founded before 2010.

The social enterprises in the sample are working in different sectors, whereby 37% are in production and manufacturing, 20% are in creative industries such as printing and design. Transportation and financial services have the lowest percentage of 2% each, the other industries (10%) listed were export, engineering, renewable energy and accommodation/hotels.

The social enterprises are playing a role in the community by doing different social, economic and environmental activities. Most of the SEs in the sample are providing volunteering opportunities (83%) and creating employment opportunities (68%).

Note: On average, each enterprise has 6 different activities, with a maximum of 18 activities in one enterprise.
Sector/Industry of SE. N=59

- Production / Manufacturing: 37%
- Creative Industries: 27%
- Recycling, Environment, Awareness: 24%
- Employment and Skills Development: 17%
- Education: 15%
- Health Services: 14%
- Social Care Services: 14%
- Business Support / Consultancy: 14%
- Agriculture, Farming: 12%
- Other: 10%
- Culture and Leisure Activities: 7%
- Child Care Services: 7%
- Food & Beverage: 5%
- Co-working Space Services: 3%
- Transportation: 2%
- Financial Support Services: 2%
Social, Economic and Environmental Activities of SE. N=59

- Creating employment opportunities: 68%
- Providing opportunities for young people: 53%
- Improving health and wellbeing: 51%
- Promoting learning or education: 46%
- Providing training for employment: 37%
- Empowering women: 32%
- Protecting the environment: 31%
- Supporting vulnerable, disadvantage or excluded groups: 25%
- Promoting rural development: 20%
- Addressing social isolation/exclusion: 14%
- Reducing waste: 12%
- Improving built or natural heritage: 12%
- Promoting cultural participation: 12%
- Producing renewable energy: 10%
- Improving urban neighborhood: 7%
- Promoting equality and human rights: 7%
- Supporting other organizations/SEs/NGOs: 5%
- Reducing economic exclusion: 2%
- Providing care to adults and older people: 2%
Most social enterprises are relying on the sales and trading of goods and services (63%) as a source of funding then grants from different stakeholders (government, foundations, international organizations, etc.) and personal financial sources (49%), the other (3%) sources stated were investments.

On average, each SE has 2 different funding sources with a maximum of 7 sources in one case.
Looking at the legal form of the enterprises, 32.2% are registered as NGOs, 25.4% are joint stock companies and 25.4% are not registered, noting that all those who are not registered so far have been founded in the past four years.

For the scale of operation, 34% are operating on the local level, only 8% on the regional (governmental) level, 39% on the national level and 19% are operating on an international scale.
Beirut Governorate is the most common location of the head offices of the enterprises of our sample, followed by North Lebanon with 27% which is the most covered having 75% of the enterprises working there then we have Beqaa (68%) and Beirut (63%).
Most of the enterprises (61%) are present in both urban and rural areas with 27% having activities in rural areas and 12% only in urban settings. The majority (86%) mentioned that as a main mission social, environmental and profit missions are equally important while 14% stated that social and environmental missions are more important. None of SEs surveyed selected the option “profit first”.

<table>
<thead>
<tr>
<th>Activities. N=59</th>
<th>Main Missions. N=59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>Social/Environmental and profit missions are equally important</td>
</tr>
<tr>
<td>Urban</td>
<td>Social/Environmental missions first</td>
</tr>
<tr>
<td>Both</td>
<td>14%</td>
</tr>
<tr>
<td>61%</td>
<td>86%</td>
</tr>
<tr>
<td>27%</td>
<td>14%</td>
</tr>
<tr>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>
Most of the social enterprises (59%) have a board of directors, with an average of 3.7 members and 48% of them are females. On average, 6.7 members make up the senior management and 55% of them are females.
Alignment with Sustainable Development Goals. N=59

The no poverty goal is the most covered one with 76% of the social enterprises working on it followed by the zero-hunger goal and decent work and economic growth (42%) and the least focus has been put on peace and justice (7%) and life below water (5%).
Section 3: Innovation
Most of the social enterprises introduced new products or services in the Lebanese market, while 24% were not able to introduce any products/services and only 7% introduced new product/service internationally. 58% of the enterprises had a positive impact on society and the environment at the same time.
Section 4: Social Impact
Over the surveyed period (2019 - 2020), the SEs in our sample supported over 135,000 direct beneficiaries*.

Only 27% of social enterprises are systematically measuring their social or environmental impact. Most enterprises are supporting vulnerable women (59%), long term unemployed (46%) and SMES (42%) while people with alcohol or drug addictions and people with mental health are the least supported (2%). Other beneficiaries mentioned were people in need, foreign workers, people with craft skills and society at large.

*Direct beneficiaries are the individuals/groups that benefit directly from the social impact of the SE
Support to Beneficiaries. N=59

- Vulnerable women: 59%
- Long-term unemployed: 46%
- SMEs: 42%
- Vulnerable youth: 39%
- Refugees: 31%
- Individuals with a physical disability: 22%
- Individuals with a learning disability: 17%
- Other: 14%
- NGOs: 10%
- Social enterprises: 8%
- Older people losing independence: 8%
- Alcohol or drugs addiction: 2%
- People with mental health problems: 2%
### Total Number of Direct Beneficiaries between 2019-2020. N=59

<table>
<thead>
<tr>
<th>Category</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individuals with a physical disability</strong></td>
<td>20140</td>
<td>25237</td>
</tr>
<tr>
<td></td>
<td>11626</td>
<td>10356</td>
</tr>
<tr>
<td><strong>Long-term unemployed</strong></td>
<td>4478</td>
<td>5266</td>
</tr>
<tr>
<td><strong>Refugees</strong></td>
<td>1528</td>
<td>1682</td>
</tr>
<tr>
<td><strong>Vulnerable women</strong></td>
<td>896</td>
<td>1153</td>
</tr>
<tr>
<td><strong>Vulnerable youth</strong></td>
<td>298</td>
<td>375</td>
</tr>
<tr>
<td><strong>SMEs</strong></td>
<td>231</td>
<td>388</td>
</tr>
<tr>
<td><strong>NGOs</strong></td>
<td>230</td>
<td>230</td>
</tr>
<tr>
<td><strong>Alcohol or drug addiction</strong></td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td><strong>Individuals with a learning disability</strong></td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td><strong>People with mental health problems</strong></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Older people losing independence</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The majority of social enterprises have less than 10 employees (53% in 2019 and 51% in 2020), the percentage of social enterprises with 25 to 50 employees and 50 to 100 employees slightly increased in 2020 and only the social enterprises with 100+ employees decreased.

In parallel, the percentage of enterprises with less than 10 volunteers decreased by 12% in 2020, and the percentage of social enterprises with 10 to 25 volunteers and 100+ volunteers increased in 2020.
Looking at the gender distribution of employees, social enterprises in Lebanon employ more women than men. As for the type of employment, full-time employment is higher than part-time employment.
53% of the social enterprises hired long-term unemployed people, and 41% hired vulnerable women, while people with conviction and people with alcohol or drugs addiction are the least employed (2%).
34% of SEs had over 80% of their revenue from Sales of Goods and Services, while 64% of SEs said that less than 10% of their income came from Grants in 2020. Donations represent a small percentage of the revenue of SEs, as about 90% reported that donations represent less than 10% of their total income. Income distribution is relatively similar between 2019 and 2020.
The revenue of the 48 SEs that reported their income totals over 13 million USD for 2019 and 8 million USD for 2020. We notice a big disparity between the smallest SEs and the bigger ones, whereby in 2019 the minimum total income reported by an SE was 500 USD, while the maximum total income reported was 10 million USD.

<table>
<thead>
<tr>
<th>Revenue / Income (US $)</th>
<th>Total</th>
<th>Average</th>
<th>Max</th>
<th>Min</th>
<th>Total</th>
<th>Average</th>
<th>Max</th>
<th>Min</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td>13,220,874 $</td>
<td>275,434 $</td>
<td>10,000,000 $</td>
<td>500 $</td>
<td>8,427,486 $</td>
<td>159,009 $</td>
<td>6,000,000 $</td>
<td>250 $</td>
</tr>
<tr>
<td>Revenues from the sale of goods and services</td>
<td>8,633,380 $</td>
<td>179,862 $</td>
<td>6,000,000 $</td>
<td>0 $</td>
<td>4,848,479 $</td>
<td>91,462 $</td>
<td>3,000,000 $</td>
<td>0 $</td>
</tr>
<tr>
<td>Income earned from grants</td>
<td>3,417,885 $</td>
<td>71,206 $</td>
<td>3,000,000 $</td>
<td>0 $</td>
<td>2,194,337 $</td>
<td>41,403 $</td>
<td>1,800,000 $</td>
<td>0 $</td>
</tr>
<tr>
<td>Income earned from donations</td>
<td>1,028,650 $</td>
<td>21,430 $</td>
<td>1,000,000 $</td>
<td>0 $</td>
<td>1,298,831 $</td>
<td>24,506 $</td>
<td>1,200,000 $</td>
<td>0 $</td>
</tr>
<tr>
<td>Income earned from other sources</td>
<td>140,919 $</td>
<td>2,936 $</td>
<td>57,600 $</td>
<td>0 $</td>
<td>86,849 $</td>
<td>1,639 $</td>
<td>24,750 $</td>
<td>0 $</td>
</tr>
</tbody>
</table>
Section 5: Environmental Impact
Agriculture and waste management were the focus of 21% of SEs, followed by land resources and water management. Air quality and climate change were the least tackled issues, and two third of social enterprises (62%) are doing environmental awareness and education on top of their primary activities.
Environmental Activities. N=50

- Recycling or upcycling of plastic: 10% in 2020, 8% in 2019
- Recycling or upcycling of paper: 8% in 2020, 8% in 2019
- Recycling or upcycling of glass: 7% in 2020, 5% in 2019
- Composting of organic waste: 5% in 2020, 7% in 2019
- Recycling or upcycling or electronic waste: 3% in 2020, 3% in 2019
- Creation or rehabilitation of garden/parks: 2% in 2020, 2% in 2019
- Protection or rehabilitation of natural area: 2% in 2020, 2% in 2019
- Planting trees: 2% in 2020, 2% in 2019
- Other: 8% in 2020, 8% in 2019
The activities in 2019 and 2020 are similar with 8% of SEs recycling and upcycling plastic, paper and glass in 2020, and 2% of SEs created and rehabilitated parks and gardens and protected natural areas. Looking at the targets achieved of the activities, all results had an increase in 2020 compared to 2019. For instance, the areas protected or rehabilitated doubled in 2020. Most remarkably, glass recycled or upcycled went from 3 tons in 2019 to over 100 tons in 2020. This can be explained by the glass recycled following the Beirut Blast.
Section 6: Recommendations
**KEY RECOMMENDATIONS FOR SOCIAL ENTREPRENEURS**

<table>
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<th>02.</th>
<th>03.</th>
<th>04.</th>
<th>05.</th>
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<tr>
<td>Need for greater transparency in financial and impact disclosure.</td>
<td>Reinforce governance of SEs.</td>
<td>Reinforce collaboration and create synergies between SEs through collaborative platforms and networks.</td>
<td>Enhancing visibility and public understanding of concept and activities of social enterprises.</td>
<td>Strengthening social impact measurement and management activities.</td>
</tr>
</tbody>
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Support SEs in registering

Need for agreed upon definition for SE in Lebanon

Supporting social enterprises to form connections with national and international networks and platforms

Supporting access of SEs to finance and funding resources

Support SEs in scaling impact through 3 to 5 years funding programs for scale-ups

Supporting research and availability of data on SEs

Encouraging support organizations to adopt social procurement and buy social policies

KEY RECOMMENDATIONS FOR SUPPORT ORGANIZATIONS
KEY RECOMMENDATIONS
FOR POLICY MAKERS

01. Adopting a new legal statute for social enterprises.

02. Developing tax incentives and taxation system for private sector to encourage social investments.

03. Adopting a social procurement policy for private and public authorities.