



EC Multiple FRAMEWORK CONTRACT BENEFICIARIES Programme

Formulation mission and mapping: Support to Social Business Ecosystems in the Southern Mediterranean Countries

Synthesis Report

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List of Acronyms

Acronym or abbreviation	Meaning
ACS	Arab Cultural Society
ADS	Social Development Agency
AFD	Agence Francaise de Developpement
ANEM	National Employment Agency
ANETI	Agence National pour l'Emploi et le Travail Indépendant
ANGEM	The National Agency for Management of Microcredit
ANPME	The National Agency for the Promotion of Medium and Small Businesses
ANSEJ	The National Youth Employment Support Agency
APIO	Agence National pour la Promotion de l'Industrie et l'Innovation
ARIJ	Applied Research Institute Jerusalem
AVISE	Ingénierie et services pour entreprendre autrement
AUSAID	Australian Agency for International Development
BFPME	Banque de Financement des Petites et Moyennes Entreprises
BLC	Banque Libanaise Pour Le Commerce – Fransabank
BTI	Business and Technology Incubator
BTS	Banque Tunisienne de Solidarité
CAF	Charities Aid Foundation
CAS	The Central Administration of Statistics
CCIA	Chambers of Commerce, Industry and Agriculture
CEO	Chief Executive Officer
CGEM	General Confederation of Enterprises in Morocco
CGTL	The General Confederation of Lebanese Workers
CNAC	National Unemployment Insurance Fund
CPI	Corruption Perception Index
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
CWL	Care with Love
DAYMN	Diaspora Angel Investment and Mentoring Network
DFID	Department for International Development - UK
EBRD	European Bank for Reconstruction and Development
ESDC	Economic and Social Development Centre of Palestine
EU	European Union
EU	European Union Member States
EUREP	European Commission Technical Assistance Office to the West Bank and Gaza Strip
EUROMED	EU Euro-Mediterranean Partnership

Acronym or abbreviation	Meaning
FLYP	Fostering Leadership for Young Palestinians
GDA	Les Groupements de Développement Agricoles
GDC	Directorate General of Cooperation (Ministry of Labour)
GDP	Gross Domestic Product
GECEs	Commission Expert Group on the social business initiative
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GSG	Gaza Sky Geeks
IACE	Institut Arabe des Chefs d'Entreprises
ICNL	International Center for Not-for-Profit Law
ICT	Information and Communication Technology
ILGSSE	International Leading Group on Social and Solidarity Economy
ILO	International Labour Organisation
IMF	International Monetary Fund
INGO	International Non-Governmental Organization
ISOCI	Institute of International Social Cooperation
IT	Information Technology
IUG	Islamic University of Gaza
JDC	Jewish Distribution Committee
LABESS	Laboratoire de l'Economie Sociale et Solidaire
LLC	Limited Liability Company
LEED	Local Economic and Employment Development (OECD Programme)
LPA	The Lebanese Petroleum Administration
MCISE	The Moroccan Center for Innovation and Social Entrepreneurship
MedESS	UN Inter-Agency Task Force on Social and Solidarity Economy
MENA	Middle East and North Africa
MoET	The Ministry of Economy and Trade
MoI	Ministry of Interior
MPC	Mediterranean Partner Country
MSME	Medium, Small and Micro-Enterprises
NAB	National Agricultural Bank
NASDAQ	National Association of Securities Dealers Automated Quotation
NDC	NGOs Development Centre
NED	National Endowment for Democracy
NEO	the National Employment Office
NES	National Economic Strategy
NGO	Non-Governmental Organization

Acronym or abbreviation	Meaning
NIF	Neighbourhood Investment Facility
NPO	Non-Profit organisation
OECD	Organisation for Economic Co-operation and Development
PACU	Palestine Agricultural Cooperatives Union
PEFONDES	The Euro-Mediterranean Network of the Foundations for Social Economy
PFESP	Palestinian Fund for Employment and Social Protection
PITA	Palestinian IT Association
PMDP	Palestinian Market Development Programme
PNA	Palestinian National Authority
PTED	The Partners for Tunisian Economic Development Program
SB	Social Business
SDA	Social Development Agency
SE	Social Enterprise(s)
SEA	Social Enterprises Accelerator
SIDA	Swedish International Development Agency
SME	Small and medium Enterprises
TAEF	Tunisian American Enterprise Fund
TCSE	Tunisian Center for Social Entrepreneurship
TIEC	Technology Innovation and Entrepreneurship Center
UAE	United Arab Emirates
UCAS	University College for Applied Sciences
UGTT	Tunisia General Labour Union
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UNTFSSSE	United Nations Inter-Agency Task Force on Social and Solidarity Economy
UPFI	Urban Projects Finance Initiative

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EXECUTIVE SUMMARY

The conceptualization of Social Enterprises in the MPCs is still a work in progress. In many of the MPCs, the common perception (mainly at the institutional level) of Social Enterprises is focused on an outdated concept of Social Economy referring mainly (or exclusively) to Cooperatives.

Despite the little awareness around the concept of SE, absence of any relevant and legal framework and different social, cultural, economic, legal and political contexts, there has been a rising trend of organizations (international and local) supporting social innovation as a mean for combining social impact with financial sustainability.

Given this unclear understanding of SE, it is more worthwhile to define a set of parameters for stakeholders to identify with when dealing with the concept and that could create a base for a contextualized national policy and legal framework. The parameters are driven from the different theoretical definitions but also from some realities pertaining to the MPC region:

- 1) **Old Practice New Concept:** Socially entrepreneurial initiatives have always existed in practice in the region even before the spread of the social entrepreneurship concept as they originated from a culture of solidarity, especially in rural areas;
- 2) **Variety of Legal Frameworks:** Social enterprises in the region are sometimes informal initiatives, and when they are registered, they establish themselves under a variety of legal forms;
- 3) **Contextual Definition of Social Innovation:** Social problems are different between countries, and between urban and rural cities and villages. This is why a more contextual definitions of social innovation and social business models is required to deal with local social, economic and cultural challenges and conditions;
- 4) **Social entrepreneurs as Agents of Change:** Individuals and groups positively disrupting the social sector can be found in non-for-profit sectors as well as in profit making sectors;
- 5) **International Discrepancy in Definitions and Approaches:** Though the public awareness of the concept of social entrepreneurship is still very low, the segments of society that have been the most exposed to it are mainly young people from the middle class, either through their international exposure or through initiatives by European and international actors.

Although the Arab Spring was the trigger for a sense of hope amongst many citizens in south Mediterranean countries to restore justice, equality and freedom in their societies at the social, economic and political levels. Creating job opportunities and economic growth as well as solving social issues has moved to the top of the priority list at the national and regional levels across the region. While policies and programs adopted by governments and some international actors have failed to create an economic momentum, an alternative approach to social stability and economic development seems to be needed. According to a study by FEMISE (economic research network), social economy could generate up to 4% of total employment in Southern Mediterranean countries. In the Mediterranean Partner Countries, the social enterprise sector has an important potential for job creation and socio-economic inclusion, in particular for youth and women.

Main Trends in the Region

The priority socio-economic issues related to Social Enterprises in the MPCs are the following:

- a. Priorities as Alternatives to Public Services: as public services provided by government are weak in MPCs countries, the private sector is not incentivized, and non-governmental organizations are donor-dependent, social enterprises tend to focus mostly on solving problems that affect citizens' daily needs and basic rights;
- b. Focus on ICT as a Tool for Innovation: since in some countries the entrepreneurship sector has been focused on ICT for innovation, many of the service providers have included in their offering social entrepreneurship programs with a particular focus on ICT;
- c. SE Expected Outcome of Poverty Alleviation and Social Stability: In the aftermath of the Arab Spring, social unrest, especially in the regions outside the cities, has spread in most Arab countries, making poverty, inequality and social injustice a priority for governments and civil society.

Public Awareness

The most important trends can be resumed as follows:

- a. New Concept and an Old Practice: the concept of social entrepreneurship is still very new in the region with different levels of awareness between countries. The lack of awareness is equally important among policy makers, private sector, civil society as well as international agencies and EU delegation officials;
- b. Limited to Main Cities and Middle Class: in countries where respondents were more aware about the concept of SE such as in Tunisia, Morocco, Palestine and Lebanon, awareness seemed limited to the cities and particularly the capital. Additionally, active stakeholders in the ecosystem seem to be middle class educated youth, many of whom have been exposed to western education.
- c. No Access to Knowledge, Practices and Tools: Despite some exceptions in Tunisia and Lebanon, universities, education institutions, media, Arabic content websites, and other vehicles for access to SE knowledge, practices and tools seem limited, affecting the spread of the concept of SE widely.

Government Engagement on SE issues in the MPCs

Diversity and specificity of conditions identified in the MPCs are related to the following elements:

- a. The specificity of Weak versus Centralized Governments: the first being weak governments with loose governance such as Tunisia, Lebanon and Palestine and the second being centralized regimes such as Jordan and Morocco. Egypt is a combination of the two. In the first case, policy-making is difficult, as decisions are not made efficiently although policy advocacy is active. In the second, decision-making might be more efficient but engaging policy makers might appear more difficult if SE is perceived as a threat;
- b. Weak Policy Dialogue Culture and Mechanism: Most countries in the region are either autocratic or have weak democracies, the formal mechanism for policy making is unclear, civil society is not perceived as a partner in the process, and there are no institutional platforms for policy dialogue in general, more so on SE.
- c. No Policy Dialogue on SE: Except for Tunisia (Ministry of Commerce and Traditional Industries) and Morocco (Ministère de l'Artisanat et de l'Economie Sociale et Solidaire), no government entities in the region are involved in a dialogue around SE. However, recent

limited activities by some civil society actors in Lebanon, Tunisia and Morocco have started.

Access to Services and Financial Support for SEs

As for financial and non-financial services, the situation is the following:

- a. Entrepreneurship Service Providers Developed SE Programs: In most mapped countries, support providers of entrepreneurship services and financing are the same developing SE programs, mostly funded by international agencies and organizations. Regionally, there are support service providers that specialize in SE such as Ashoka, Synergos and Silatech;
- b. Gaps in Services to SE Cycle: Most mapped services provided to SEs are limited to the ideation and – to a lesser degree – the start-up phases of the enterprise life cycle as well as the sensitization process to promote the sector. There were very few services identified during the mapping related to mentoring, co-working spaces and financial support for all stages of the SE cycle;
- c. Financial support non-specific and limited: When it comes to financing, and apart from some seed funding provided by international organizations, no social or impact funds were identified. Moreover SEs going through the expansion phase were not targeted by existing service providers;
- d. Weak Capacity of Existing SE Service Providers and Financing Institutions: service providers lack human resources capacity specialized in SE with adequate practices and tools.

Networking

The main elements, which emerged with regard to networking of Social Enterprises, are:

- Nascent Networks and Collaborative Platforms: Tunisia, Morocco and Lebanon are the only countries that have nascent SE networks, comprising mainly of service providers and not to social enterprises themselves. Those networks do not seem to have high influence over policy nor do they add much value to their members.
- Competition over Grants by SE Actors: Another reason for the lack of cooperation between service providers as well as Social Enterprises is the scarcity of resources and the competition over grants from donor agencies. Tunisia, Morocco and Lebanon are good examples of this lack of cooperation especially as service providers in these countries are often invited to apply for the same funding. It would be more significant to design calls for proposals that would incentivize collaboration rather than competition.
- Limited Influence within Weak and Centralized Governments: As for joining networks for policy dialogue and change, there is an increase in civil society disengagement and more particularly amongst SE actors in both weak and centralized governments. Recently, there is rising energy in Tunisia and Lebanon for policy engagement.

The combined effect of the above trends and issues allow to identify to clusters of country with different characteristics:

1. Cluster -1- COUNTRIES WITH HIGHER POTENTIAL FOR SE ECOSYSTEM DEVELOPMENT: Tunisia, Morocco, Lebanon and Palestine
2. Cluster -2- COUNTRIES WITH MORE BARRIERS FOR SE ECOSYSTEM DEVELOPMENT: Jordan, Egypt and Algeria.

Social Enterprises Policies and Legal Frameworks

All governments of the MPCs have exerted efforts to encourage entrepreneurship and provide support to SMEs, with the aim of creating more job opportunities to fill the gap in an attempt to limit unemployment. However, according to the World Bank, there was not any significant decrease in unemployment across most of the targeted countries.

As there is no specific legal framework for social enterprises in the MPCs. Social entrepreneurs usually set up either an 1) NGO – a Non-Governmental Organization- or 2) a commercial company such as LLC – Limited Liability Company or PSC – Private Shareholding Company (SARL: Societe a Responsabilité Limitée or SA: Societe Anonyme). Some of the enterprises register under the same name as an NGO and commercial company in order to develop their social value through the NGO and their commercial value through the commercial company.

Some of the challenges faced in the MPCs that might be hindering the development of legal frameworks to accommodate social enterprises could be:

- Lack of capacity to develop, implement and monitor any SE policy and strategy;
- Lack of coordination between ministries and public agencies concerned of the SE policy;
- Informal policy making processes rather than formal channels of the executive and legislative branches;
- Lack of research, access to information and data management systems necessary to formulate evidence based policies;
- Lack of political will to engage civil society in policy making processes to avoid transforming it into threat to actual regime;
- Lack of capacity and sometimes disengagement of civil society in policy dialogue and formulation.

Ongoing and Planned Cooperation Programmes on Social Business

In addition to the EU, support to social enterprises in the region is beginning to be at the core of the strategy of many donors and international agencies as an alternative development mechanism to deal with the region's social and economic challenges, particularly for job creation and social stability.

GIZ, AFD, DIFD, USAID, World Bank, UNDP, UNICEF and many others have been supporting private sector development in the MPCs for a period of time, in partnership with governmental agencies as a response to the increasing unemployment rates. During the interviews, many international agency representatives shared their intent to develop new programs to support SE. According to a report developed by Overseas Development Institute, funded by UK aid, the main reasons why international donors aim to support social enterprises are:

- Increased poverty rates, improved livelihoods or opportunities for the poor;
- Improved access for the poor, Bottom of the Pyramid (BoP) approaches;
- Support women and other vulnerable or marginalized groups;
- Increased quality of jobs, and access to skills and training.

Current programs supporting SE are still in the experimental phase and are very limited in number, regional coverage and size of financial support. There are many reasons that would justify the lag behind other economic and private sector development, including: A) Social Enterprises in Europe and EU support to Social Enterprises; B) Governments are still not convinced with the concept and its utility; C) The ecosystem actors are still very nascent with limited capacity; D) There is limited information on SE in the region; E) International organizations need to adapt their approaches and tools in supporting SEs; F) Supporting traditional private sector is considered as an easier way to provide job opportunities rather than exploring a new concept; G) Given the shrinkage of civic spaces and high security concerns in some MPCs, such as Egypt and Jordan, interventions focused on social impact such as SE might be considered as a threat of political activism.

Social Enterprises' contribution to local stability.

MPCs are among of the most unstable countries in the world. This region is caught up in an interlocking pattern of crises that began decades ago and has become increasingly serious over time, and that now seems almost certain to play out over at least the next decade.

Social entrepreneurship has been introduced as an innovative model that can address persistent problems of poverty and inequality in Arab societies by harnessing the potential of the "youth bulge" to fuel economic and social growth. While social entrepreneurship is still a relatively emergent sector in the Arab world, Several elements indicate the Social Enterprise's potential to grow and fostering social and political stability in the Region: 1) The growing interest in volunteerism; 2) The growing high in starting one's own business, coupled with the lowering reliance on the public sector for employment; 3) The growing awareness of entrepreneurship in both the business and social sectors; 4) A direct societal effect of the Arab Spring, the steady interest for being involved in projects beneficial to the community or the society.

Priorities for the Development of Social Enterprise Ecosystems

The most important priorities for the development of Social Business Ecosystems can be identified as follows: A) Development of Public Awareness; B) Improvement of Government Awareness and Support to Social Enterprises; C) Building Capacity of Social Entrepreneurs; D) Financial Assistance Tailored for The Need of Social Business.

Main risks for the development of Social Enterprise Ecosystems

The Region has witnessed a rise of non-state-actors at the expense of states weakened by a struggling global economy and social changes that exceed their capacity to handle them.

Main risks can be classified as follows: A) Socio-Political Unrest; B) Instability of The Business Environment; C) Bureaucracy and Red Tape can Slowdown Implementation of Activities; D) Corruption Can Hinder Sustainability and the Pursuit of Social Change and Social Impact.

Social Business Ecosystems in the MPCs

Given the nascent nature of the social enterprises concept in the region and their limited numbers, there is not yet the enough support structure for these enterprises to grow, learn, and succeed. The limited number of SEs does not necessarily imply the actual numbers of initiatives, as most of these

initiatives do not identify themselves as SEs, are starting without any attention, insignificant support and in most cases without any financing mechanisms.

To adopt an analytical approach whose characteristics do facilitate the formulation of the Project support services and financing mechanisms for SEs are analyzed with reference to the different stages of their life cycle and identifies the existing gaps in MPCs.

Their characteristics are summarised in the following table:

Phases of the SE life-cycle	Main challenges and problems	Services	Main Gaps
Ideation Phase (Pre-startup)	Understand the multiple dimensions of the Social Business, and design their social business model and plan, before seeking financing for the start-up phase	<ul style="list-style-type: none"> • Sensitization of Potential Social Entrepreneurs • Provision of Formal and Informal Education Programs 	<ul style="list-style-type: none"> • Low level of specialized services for SEs • Limited access for underprivileged students to private university courses • NGOs are not sensitized on the concept of social enterprise • Funding is very limited and does not reach out to other areas outside the capital or major cities
Start-up Phase	Multiple sets of support mechanisms at the technical and financial level to ensure a successful startup of their enterprises.	<ul style="list-style-type: none"> • Incubation • Mentorship • Training • Financing. 	<ul style="list-style-type: none"> • In most MPCs there are no SE focused incubators • Networking for SE, whether on a national or regional level are almost non-existent • In the MPCs SE have limited financing opportunities at this stage, especially from venture capital funds and private investors
Growth Phase	Customized support services to ensure entering in new markets, differentiating of their services and products, increasing production or size of operations.	<ul style="list-style-type: none"> Mentoring Services Financing Mechanisms Social Venture Capital SE Bank Loans Social Investment 	<ul style="list-style-type: none"> • All services are still nascent, and lack capacity • Increased trend of large NGOs trying to develop their own social business models to migrate and become SEs.

CONCLUSIONS

Conclusions drawn from the analysis are the following:

Conclusion 1: POLICY MAKERS AWARENESS ON SOCIAL ENTERPRISES: The economic policies for job creation did not succeed in solving the problem, policy makers are in need of alternative policies that will result in job creation and social stability; they are not aware of the concept and the potential of the SE sector being at the national level or at the EU delegations level;

Conclusion 2: POLICY DIALOGUE ON SOCIAL ENTERPRISES: As countries in the region are either in transition, have weak or centralized regimes, there is a lack of formal dialogue mechanisms within government and with key stakeholders, which is required for SE as it requires multiple actors from the public, private and civil society actors in addition to international agencies;

Conclusion 3: LEGAL FRAMEWORK FOR SOCIAL ENTERPRISES: SE initiatives are registering as NGOs, private companies and sometimes as cooperatives and civil companies, which are not always adapted to their model and expectations, and this is resulting from one side as a barrier for SEs and from the other side a decrease in the level of contribution SEs can have on unemployment and economic development.

Conclusion 4: REGIONAL OUTREACH OF SOCIAL ENTERPRISES: The SE sector is still new in the region and mainly active in major cities and capitals, also attractive to middle class educated population, while the need for SE is even more in the regions as unemployment is higher and social risks as well.

Conclusion 5: CAPACITY OF SE SERVICE PROVIDERS: Business and entrepreneurship services are the key service providers of SE programs with few nascent specialized ones in SE, resulting a non-adapted programs and services at the different stages of the SE cycle, resulting to a decrease in demand for SE and an increase in the risk of failure of some.

Conclusion 6: FINANCING MECHANISMS FOR SOCIAL ENTERPRISES: Financing mechanisms are lacking for SEs at all stages, types and sizes and the main opportunities are grants by international donors and agencies, in addition to few crowd-funding opportunities and loans, which are not adequate to SEs models and do not incentivize their financial sustainability.

Conclusion 7: NETWORKING AND COLLABORATION BETWEEN SE ACTORS: Networks and platforms for collaboration within the SE sector are nascent and limited and sometimes due to competition over grants provided by international agencies and donors, as well as the lack of incentives for cooperation; which resulting to decreasing their influence over policy and non-sharing of information, resources and opportunities.

Conclusion 8: SCALE-UP SOCIAL ENTERPRISES SUCCESS MODELS: Social startup are proliferating and many are succeeding to create innovative solutions to social problems in multiple fields but their impact stay limited, for due to lack of support to scale up and consequently employ more resources.

- Public awareness on SE is still limited in MPC countries and demand to create SEs is still limited compared to the population number, particularly within youth and women, and this due to the lack of formal and informal education on SE opportunities, practices and tools.

RECOMMENDATIONS

Recommendations are the following:

Recommendation 1 - CONTRIBUTE TO CONCEPTUALISATION OF SOCIAL BUSINESS IN THE MPCs: The EU intervention should address the theme of clearly debating and defining the characteristics, the specificity, the social utility and the potential of Social Business for employment, social innovation, economic and financial inclusion and social equity.

Recommendation 2 - CONVENE NATIONAL AND REGIONAL POLICY DIALOGUES ON LEGAL AND POLICY FRAMEWORKS: Given the role of EUDs in the MPCs in providing support to governmental and non-governmental organizations and institutions, they are highly positioned to play a facilitating role for a policy dialogue around SE.

Recommendation 3 - STIMULATE AND SUPPORT NETWORKING BETWEEN EUROPEAN AND MEDITERRANEAN INSTITUTIONS TO LINK UP EXISTING EXPERIENCES AND STRENGTHEN THE INSTITUTIONAL LEVEL IN CHARGE TO SUPPORT SOCIAL ENTERPRISES: Institutional Networking is a key feature of Euro Med Regional Programs and is one of the pillars on which the support to Social Enterprises Ecosystem can be based to capitalize on experiences, best practices, promote shared approaches at regional level and ensure sustainability of the interventions.

Recommendation 4 – RAISE AWARENESS OF GOVERNMENT ACTORS, STAKEHOLDERS OF SE ECOSYSTEM AND OF THE COMMUNITIES AND TO CONTRIBUTE TO INCREASE THE IN DEMAND FOR SOCIAL ENTERPRISE SERVICES BY SOCIAL ENTREPRENEURS IN MARGINALIZED GROUPS AND AREAS: Given the limited awareness around SE especially in rural areas, it is essential to sensitize major actors of SE as well as the traditional entrepreneurship actors around social enterprises. This will help spread the concept into different areas and among multiple actors, increasing the demand on social enterprises establishment and relevant support services.

Recommendation 5 – HELP DEFINE MODALITIES AND TOOLS FOR LOCAL FINANCIAL SUPPORT AND THROUGH ESTABLISHING A POLICY DIALOGUE WITH FINANCIAL INSTITUTIONS: The mobilization of local financial operators and institutions and the discussion of the modalities to develop new approaches for financial assistance to Social Businesses aims at fostering new approaches to financial support, stimulating original equity or quasi-equity modalities of intervention as well as and stimulate the mobilization of “patient capital” resource in a specific approach tailored on to fit the characteristics and needs of social enterprises.

Recommendation 6 – IMPROVE ACCESS AND QUALITY OF SUPPORT SERVICES AND FINANCING MECHANISMS TO SOCIAL ENTERPRISES AND UPGRADE THE CURRENT OFFER: The Social Enterprise Ecosystems in the MPCs should be completed and strengthened enhanced by the strengthening of Support Services and Financing Mechanisms whose very limited offers (in quantitative and qualitative terms) is an outstanding hindrance to the growth and consolidation of Social Businesses in the Region

Recommendation 7 – PLAY A CATHALYTIC ROLE TO IMPROVE COORDINATION OF SOCIAL ENTERPRISE SUPPORT: International Support to Social Enterprises although not representing a generalized or massive intervention has been growing during last two years but no effort has been made in terms of coordination.

Recommendation 8 - BUILD THE CAPACITY OF ENTERPRISES AND SERVICE PROVIDERS AND FINANCING INSTITUTIONS THROUGH SPECIFIC EDUCATION AND CAPACITY BUILDING: Being Given the nascent nature of the Social Enterprise Ecosystem and the lack of significant formal and informal relevant education, the issue of capacity and the construction of linkages and relationships between the different actors is an outstanding need.

Recommendation 9 - BUILD THE CAPACITY AND PROVIDE FINANCIAL SUPPORT TO CURRENT SOCIAL ENTERPRISES TO SCALE-UP AND THUS SHOWCASE A LOCAL AND CONTEXTUALIZED MODEL, WHICH WILL HELP INCREASE AWARENESS AROUND THE CONCEPT OF SE: Social enterprises in the region are finding hard time scaling up given the lack of specialized support services and financing mechanisms. This fact is certainly contributing to limiting the opportunities present to the government and communities the ability of SEs to grow, make impact, provide jobs and contribute to more employment, through successful examples.

1. Introduction

1.1. Scope of Work

The scope of work of the present report is to document, as specified by the Terms of Reference for this assignment is to provide a description and analysis of:

- Social business ecosystems' needs and constraints in the MPCs;
- Policy initiatives (if any) developed in support to social business by national authorities;
- Ongoing or planned cooperation initiatives addressing social business issues in the MPCs at bilateral and regional level;
- Relevant stakeholders (both in the EU and in the MPCs) in the field of social business.

Moreover, the report aims at producing a conceptual mapping of key sectors and characteristics of social enterprises in the MPCs.

These elements will be the basis for:

- The formulation of a programme aimed at supporting Social Business Ecosystem;
- The preparation of a Call for Proposals for the implementation of the Programme.

The report has three functions:

- Understanding the social enterprise ecosystems and defining social enterprises in the Region;
- Mapping the social enterprises in the countries;
- Supporting the formulation and implementation of the EU Support programme.

1.2. Conceptualisation of Social Business with special regard to the Region

- The EU experience in SE

In Europe, the conceptualisation of "*Social Enterprise*" as such seems to have first appeared in Italy, where it was promoted through a journal launched in 1990 and entitled "Impresa sociale". In the late 1980s indeed, new cooperative-like initiatives had emerged in this country to respond to unmet needs, especially in the field of work integration as well as in the field of personal services. As the existing legislation did not allow associations to develop economic activities, the Italian Parliament passed a law in 1991 creating a new legal form - namely that of "social cooperative" -, which proved to be very well adapted to those pioneering social enterprises. This concept started to be used at the European level in the mid-1990s, especially through the works of the EMES European Research Network¹.

¹ Borzaga, C. & Defourny, J. (eds.) (2001), *The Emergence of Social Enterprise*, Routledge, London, and Nyssens, M. (ed.) (2006) *Social Enterprise. At the crossroads of market, public policies and civil society*, London and New York: Routledge

Another condition for the development of social business in Europe was derived from the difficulties experienced by traditional labour and employment policies and from the difficulties in shifting from regulatory, and mainly passive, policies to active ones.

These difficulties were associated with workers who find it hard to enter or re-enter the labour market, and whose number and duration of unemployment have progressively increased over the years, especially in France, Germany and Italy. This helps to explain the development of work integration social enterprises.

Some other factors have contributed to the development of social enterprise in Europe, such as:

- The movement towards the decentralisation of public decisions - local democracy is increasing at the heart of the areas where social initiatives are being developed;
- The development of a “responsible consumer” who chooses more environmentally friendly and socially responsible products and services;
- The increasing awareness that private companies have of their social responsibility and the desire to take action for the public good

By the above modalities, Social Enterprises have contributed to:

- A. Developing a redistributive function: In some cases, social enterprises have replaced public authorities in this role. Examples of this role are: 1) In Belgium, social enterprises have provided housing services for marginalised people who are unable to pay the growing rents and to satisfy the conditions required for social public housing. The service has been provided by charging low level market rental fees; 2) In Spain Social Enterprises have assured the supply of services when those organised by public policies were insufficient to satisfy demand, social enterprises contribute to the creation of an additional supply stimulating the structuring of variable mix of public, market and voluntary resources;
- B. Contributing to a reorganization of the system: by social enterprises promoting the establishment of a competitive environment and to contractual relations based on trust because of their specific nature;
- C. Contributing to innovations in value chains for products and services: by making available completely new services and products using new ways of producing traditional services and products, mainly through innovative forms of involvement of consumers (as co-producers), of local community (volunteers) and of workers themselves;
- D. Contributing to local development: The globalisation process and the diffusion of new technologies have spearheaded productivity growth, weakened the linkage between enterprises and territory. Services provided and products distributed by social enterprises, by focusing on proximity between supply and demand and being organised by local social enterprises help to create a more stable local source of labour;
- E. Contributing to social cohesion: Social Enterprises contribute by: 1) Contributing to solving or alleviating the problems of specific groups so decreasing inequality in access to

services; 2) by favouring the integration of disadvantaged people into the labour market, with higher wages than those paid by other employers; 3) by enhancing user protection, especially of the most seriously disadvantaged, thus improving service supply and promoting, in most of the cases, the involvement of final users in the organisation of the service or the distribution of the product by innovative means such as participatory distribution, collective buying, the use of ICT, other innovative forms of social organisation.

Within the EU, social business has become a growing phenomenon accounting for about 10% of the economy and approximately 12 million jobs. Social enterprises are increasingly becoming important drivers for inclusive growth and play a key role in tackling current economic and environmental challenges. They create jobs in a sustainable manner, mostly locally.

Social enterprises play different roles in different European countries. The definition, purpose and responsibility of social enterprises are intrinsically linked to the economic, political and judiciary traditions of each state. However, the global economic and social environment is leading to the rapid development of social enterprise in Europe, and is contributing towards the search for a common definition across EU.

The social economy ecosystem in Europe is formed by 2 million enterprises -10% of all EU enterprises employing over 14.5 million Europeans, the equivalent of some 6.5% of the EU population.

This ecosystem is formed by a wide array of organisations such as cooperatives, mutuals, associations, foundations, social integration enterprises, social enterprises etc.

According the Social Business Initiative by the EU, “*A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion their and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involve employees, consumers and stakeholders affected by its commercial activities*²”.

The European Commission uses the term 'social enterprise' to cover the following types of 'businesses':

- Those for which the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation,
- Those where profits are mainly reinvested with a view to achieving this social objective,
- The method of organization or ownership system reflects their mission using democratic or participatory principles or focusing on social justice.”

This definition refers to different aspects such as:

1. Mission and vision of the enterprise;
2. Business environment within which the enterprise operates;

² (COM (2011) 682 final

3. Business Model;
4. Organisation and decision-making modalities;
5. Definition of the social impact and of the modalities to produce social innovation;
6. Modalities of production and commercialisation of products and/or services.

The definition supports several actions in the EU and is foreseen to support the extension of the efforts to develop social economy, social business and social enterprises in the External Action of the EU³.

The elements identified above qualify a Social Enterprise as such, because it:

1. Identifies the elements justifying the creation of the enterprise (the function of the enterprises in its business/social environment) and the modalities to implement the Mission expressed by the relationship with the environment. A social enterprise makes of a specific combination of business objectives and social innovation its own “raison d’être” and is identified by the evidences of this combination. In this sense, the added value produced by the enterprise is not only the share of profit or income resulting from its action, but the solution of social problems or the enhancement of social models in the enterprise mission and in the vision adopted for its relevance in the environment.
2. The Business Model is based on innovation that can be technological, relational, organisational, distributive, or a combination of them, but always focused on solving social problems or producing social innovation and social change aimed at enhancing quality of life and social relationships;
3. The social characterisation is reflected not only in the purposes, but also in the modalities adopted to implement these purposes, i.e. the organisational modalities, the Human resources management adopted, the social responsibility towards the workers, the relationship and accountability towards the clients or users of the services provided;
4. A Social Enterprise normally uses technical/technological and social innovation to produce and distribute goods or services and in this ways produces social innovation and social enhancement in the societal environment, much beyond the markets served.

The above model is adopted for the definition of a social enterprise and of the phenomena to be observed while studying Social Enterprises Ecosystems in the Mediterranean Partner Countries.

Social Enterprises are key to the social and economic transformation sought by the Europe 2020 Strategy,⁴ especially its two priority themes:

- An agenda for new skills and jobs to modernise labour markets and empower people by developing their of skills throughout the lifecycle with a view to increase labour participation and better match labour supply and demand, including through labour mobility and;
- European platform against poverty" to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.

³ It resulted clearly from the debate in the GECES of June 14th 2016

⁴ COM(2010) 2020 final COMMUNICATION FROM THE COMMISSION EUROPE 2020 A strategy for smart, sustainable and inclusive growth

There is growing recognition across the EU of social enterprise as a business model that can support economic growth and social progress.

The intervention strategy devised by the EU, aims at improving:

- a. Policies and Legislation to facilitate the expansion of Social Business: in this sense the Single Market Act In the Single Market Act, recently adopted by the European Commission, social entrepreneurship and the social economy have been defined as one out of twelve levers to create a new growth agenda in areas like social service, social work and work integration, but also in areas of climate change, quality food and access to scarce resources;
- b. The Social Enterprises Ecosystem by multi-level intervention targeting strategic priorities.

The EU Communication COM (2011) regulates the EU intervention 682 final of October 25 2011⁵, and is based on a three-pronged approach aimed at:

1. Improving the access of Social Business to financial resources by:
 - Supporting the development of social investment market by using innovative financial instruments (quasi loan) for which Euro 85 Million have been made available;
 - Earmarking of resources from EU Structural Funds (Euro 420 Million) for Social Business;
 - Euro 1.3 Billion of EU public procurement reserved to Social Business;
 - Creation of the European Social Investment Fund to support Social Enterprises for their access to finance and stimulate potential investors for social enterprises;
 - Issuing of a Regulation on Venture Capital Funds to facilitate investments;
 - Development of Social Stock Exchanges to promote the trading of shares in Social Enterprises;
 - Publication of Code of Good Conduct for Micro-credit to promote the access of SE to long-term credit;
 - Stimulus to crowd funding.
2. Increasing the visibility of Social Enterprises by;
 - The creation of the platform “*Social Innovation in Europe*” to support Social Enterprises to communicate and share information;
 - A capacity building effort made by the Programs Youth in Action and Erasmus to educate and train social entrepreneurs in Europe;
 - Setting up of the SME Forum to stimulate the dialogue between SMEs, financial institutions and social enterprises;
 - Publication of the Guide to Social Innovation;

⁵ COM(2011) 682 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS “ Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation

- Mapping Exercise concluded with a General Report and National Reports.

3. Optimising the Legal Environment by:

- Promoting public procurement reform package adopted early 2014 encourages to enable public authorities to consider the full life-cycle of products in their purchasing decisions taking into account social criteria linked to the production process;
- Allowing flexibility to public authorities when providing state aid to social enterprises, by changing the threshold exempt from EU notification for public service;
- Promoting legal forms that can cater for the specific needs of social enterprises.

The action of the SBI is supported by the Commission Expert Group on the social business initiative (GECES). This Group is by the Communication SBI (COM (2011) 682), this expert group encompasses a representative of each Member State, local authorities and the stakeholders will work to examine the progress of the measures envisaged by the Communication. The GECES:

- Assists the Commission in relation to the implementation of existing Union legislation, programmes and policies, in the preparation of delegated acts and in the preparation of legislative proposals and policy initiatives;
- Supports the Commission to coordinate with Member States;
- Provides expertise to the Commission when preparing implementing measures,

The activities of the GECES have three lines of action, strictly related to the priorities foreseen by the SBI:

- Improving access to funding;
- Awareness raising and recognition for Social Enterprises
- Establishing a better regulatory environment for Social Enterprises.

Recently, the discussion has been opened to the theme of Strengthening the External Dimension.⁶

On the above issues, GECES recommendations have been:

- DEVELOP KNOWLEDGE ON THE SUPPORT INFRASTRUCTURE by: 1) Mapping international support programs and players, EU and MS; 2) supporting, regional support networks, existing financial tools; 3) Analysing value added to external policy and relations; 4) Assessing the needs and regulatory and economic tissue in third party countries; 5) Analysing the impact of external policy and programmes supporting social enterprises.
- EU TO LEAD A GLOBAL STRATEGIC AND DIPLOMATIC DEBATE AROUND THE ROLE OF SE by: 1) SE acknowledgement as lever for growth and external policy; 2) EU leading convener & together with EUMS to participate in ILGSSE, UNTFSSSE and (ex G8) Global SII Steering; 3). EUMS to prioritize SE and push for recognition in EU Council; 4)

⁶ In the GECES Meeting of April 14 2016, has been created a specific Working Group on this theme.

DE Government (as next G20 chair) to acknowledge different values, raison d'être and needs of SE vs Inclusive Business.

- C. CHANGE THE CONVERSATION FROM NORTH-SOUTH TO SOUTH-NORTH & SOUTH-SOUTH APPROACHES IN SUPPORTING SOCIAL ENTERPRISES by: 1) Raising awareness on potential of South-North and South-South exchanges; 2) Opening up Erasmus 4 Young Entrepreneurs; 3) Supporting local education and training programmes; 4) 4) Assessing feasibility of specific collaboration programmes to exchange know-how, develop partnerships and attract matching funds and non-financial support.
- D. MAINSTREAM SE SUPPORT IN ALL EU AND EUMS POLICIES by: 1) Capitalising on EU experience and know-how to enhance internal learning and coordination in the area of Civil Society, Development, Inter-cooperation and Trading; 2) Mainstreaming SE support in all EU's external actions and initiatives in development and neighboring policies; 3) Supporting SE in national strategies and development plans; 4) Aligning, structure and formalise the framework in which EU Delegations offer support for SE.
- E. OTHER RECOMMENDATIONS are based on: 1) to reinforce existent SE support; 2) to provide tailored strategic support to SE in order to boost their capacity to develop and engage in hybrid value chains and co-creation projects; 3) to publish public reviews of support policies for SE; 4) to develop a dedicated fund to support the testing phase of innovative approaches, as well as the spread of tested solutions for the migration crisis as well as other priority challenges.

In 2014, over 2000 social entrepreneurs and stakeholders from across Europe and from all over the world (a total of 70 countries) have been gathered in Strasbourg in a major event organised by the European Commission, The European Economic and Social Committee and the City of Strasbourg to take stock and agree some key actions for the future. Delegates concluded that:

“There is no part of Europe that cannot benefit from social entrepreneurship. At this time of economic crisis and with the challenges of an ageing population, youth unemployment, climate change and increasing inequalities, Europe needs more social enterprises.”⁷

The meeting produced a set of recommendation. Key recommendations were;

1. There must be a stronger engagement at EU, national, regional and local levels with the social enterprise community in the co-creation of new policies to support social enterprise, suited to the local context;
2. In partnership with the social enterprise sector, Member States, regional and local authorities must fully support the growth of social enterprises and help them build capacity. For example through legal frameworks, access to finance, business start-up and development support, training and education and public procurement.”

The EU acknowledgement of key role played by Social Enterprises in promoting economic and social growth, as well as social innovation and the policy lines adopted the EU, the initiatives and

⁷ Strasbourg Declaration “*Empowering Social Entrepreneurs for innovation, inclusive growth and jobs*”

innovation promoted by the Social Business Initiative, are a solid basis of knowledge and experience which can be adapted and mainstreamed into the regional intervention being formulated for the MPCs and, at the same time, legitimate the EU as a key partners of the MPCs for the development of Social Enterprises.

- Perception of SE in MPCs:

The conceptualisation of Social Enterprises in the MPCs is still a work in progress. In many countries, the first perception (mainly at the institutional level) of Social Enterprises focused on an outdated concept of Social Economy referring mainly (or exclusively) to Cooperatives.

However, there have been rising trends of organizations (international and local) supporting social innovation as a mean for combining social impact with financial sustainability. This effort is made at a local level, with direct support from specialized International Partners such as Ashoka, Synergos, INJAZ and The Schwab Foundation for Social Entrepreneurship.

In the seven countries that were part of the mapping exercise, the Team observed the following during the literature review and field visits:

1. There is little awareness on the concept of social entrepreneurship
2. Social businesses have no legal framework that define them, and
3. Each country has its own particular social, cultural, economic, legal and political context.

Therefore, using the term ‘social enterprise’, instead of ‘social business’, is more inclusive of all variety of forms, types and characteristics of socially entrepreneurial initiatives.

Setting a clear common definition for Social Enterprises in the MPCs might be difficult and not realistic at this moment due to the following reasons:

- The different contextual realities in the MPCs and clear discrepancy in their social, economic and political situations.
- There is no any agreement on the definition of SE within actors in each country. Many of these actors have been working within different definitions. Adopting those of international organizations supporting them
- Governments show limited interest in involving the main stakeholders in a dialogue around a collective common definition or policy for Social enterprises.
- The large majority of the initiative are mostly happening in urban areas, and carried out by people with a good level of formal qualification (university graduates) and, with the exception of cooperatives Actors working on SE development have limited access to rural areas. Adopting the definitions set by other countries and transferred through international organizations might be exclusive of the already present forms of social cooperation in these rural areas.

For these reasons, and instead of a unified definition of social enterprises in MPCs, it is more worthwhile to define a set of parameters for stakeholders to identify with when dealing with the concept, and that could create a base for a contextualized national policy and legal framework, and

that could be useful as a guide for the literature developed during the mapping exercise. Those parameters are driven from the different theoretical definitions but also from few realities pertaining to the MPC region:

- 1) **Old Practice New Concept:** Socially entrepreneurial initiatives have always existed in practice in the region, before the spread of the concept social entrepreneurship, and this resulting from a culture of solidarity especially in rural areas, and from the need to create social support networks to help the less privileged without relying on external financing from government or other stakeholders.
- 2) **Variety of Legal Frameworks:** Social enterprises in the region are sometimes informal initiatives, and when they are registered, they are establishing themselves under a variety of legal forms such as non-governmental organizations, private businesses, cooperatives, civil companies or a combination of several forms separating their social activities from their commercial ones.
- 3) **Contextual Definition of Social Innovation:** Social problems are different between countries, and between urban and rural cities and villages, which require more contextual definitions of social innovation and social business models to deal with local social, economic and cultural challenges and conditions.
- 4) **Social entrepreneurs as Agents of Change:** Individual and groups disrupting positively the social sector can be found in non-for-profit sectors as well as in profit making sectors, and sometimes outside any form of enterprise, but are identified by communities through the impact they made, the system of values they adopted and the interpersonal capacities they proved throughout their activities.
- 5) **International Discrepancy in Definitions and Approaches:** Though the public awareness of the concept of social entrepreneurship is still very low, the segments of society that have been the most exposed to it are mainly young people from the middle class, either through their international exposure or through initiatives by European and international actors, who each have a different definition and approach; thus making it difficult to build consensus on one definition amongst all local actors.

As there is no policy or legal framework for social enterprises in MPCs yet, as well as a legal framework that governs social enterprises, it is recommended to devise a set of parameters that define social enterprises that can facilitate a policy dialogue in the near future in these countries. Based on the mapping exercise conducted, those parameters should tackle three dimensions: the social outcome intended by social enterprises, the governance of the social enterprise, and the agency of the social entrepreneur (or the group) that is driving it.

<u>Social Enterprise Outcome Dimension</u>	<u>SE Governance Dimension</u>	<u>Social Entrepreneur Agency Dimension</u>
<ul style="list-style-type: none"> •First Parameter: Social Impact •Second Parameter: Social Innovation 	<ul style="list-style-type: none"> •Third Parameter: Financial Sustainability •Forth parameter: Stakeholders' Participation 	<ul style="list-style-type: none"> •Fifth Parameter: Social Entrepreneur Integrity •Sixth Parameter: Ethical and Environmental Standards

- Social Enterprise Outcome Dimension

First Parameter - Social Impact: a social enterprise is mission driven and focused on the social impact it aspires to achieve, rather than profit, to improve the life conditions for marginalized and less privileged citizens' groups and communities.

Second Parameter - Social Innovation: a social enterprise finds an innovative solution to a social problem through its value creation process, at the level of production, distribution and inclusive business model.

Social Enterprise Governance Dimension

Third Parameter - Financial Sustainability: a social enterprise has revenue streams from selling products and services and the profit generated is reinvested to scale up the social impact.

Forth parameter - Stakeholders' Participation: a social enterprise includes stakeholders in its decision-making and governance through formal and informal frameworks, respecting the laws in place.

Social Entrepreneur Agency Dimension:

Fifth Parameter - Social Entrepreneur Integrity: a social enterprise is driven by an individual or a group with high integrity and passion for change, who adopt human values and ensure transparency, accountability and participation in their practices.

Sixth Parameter - Ethical and Environmental Standards: a social enterprise follows ethical standards in using local human and natural resources and assets, and protect environmental standards in its practices.

1.3. Dimension of the Analysis

1.3.1.Context Analysis

The Arab Spring was the trigger for a sense of hope amongst many citizens in south Mediterranean countries to restore justice, equality and freedom in their societies, at the social, economic and political levels. Some political regimes were changed, and others remained, but both had to explore structural reforms to avoid further escalations resulting from uprisings in their countries. Five years have passed, there is still high hope in establishing participatory political systems, and most importantly in improving the socioeconomic conditions, aiming at rebuilding trust in transparent

and accountable governments capable of ensuring basic public services and protecting their basic rights. Unfortunately, since then and until 2016, political instability, social unrest and the decline of the economic situation have been shared among all these countries.

On top of that decline, and especially in Jordan and Lebanon, the Syrian refugee crisis increased the challenges and continues to affect the region on many levels, politically, security, socio-culturally and most significantly economically. As the crisis persists, the prospects of these refugees returning anytime soon are still vague. This directly poses the challenge for host countries neighboring Syria to continue to cater for the needs of these refugees while maintaining a prosperous socio-economic environment for their own citizens. In Lebanon's 10,452 sq km, 4 million Lebanese reside hosting 36% of Syrian refugees in the region, out of which, around 1.5 million Syrian refugees registered with the UNHCR, 100,000 are Palestinian Refugees from Syria (PRS) in addition to the 270,000 existing Palestinian refugees in Lebanon, and 50,000 Lebanese returnees from Syria⁸. In Jordan, the current population is 9 million and comprises of Jordanians, Palestinian Refugees and approximately 1.4 million Syrians⁹ of whom 639,704¹⁰ are refugees, in addition to Iraqis, Libyans, and Yemenis fleeing wars in their own countries.

In both countries, the economy relies heavily on services, consisting 66.2% and 71% of the GDP of Jordan and Lebanon respectively and providing a high percentage of job opportunities. However, with the continuation of the Syria crisis, its implications can be seen at both the national and local levels as local economies have been equally struggling as those at the central level. With additional competition from Syrians over jobs – although not very much spread with Syrians mainly relying on humanitarian support, Lebanese and Jordanians found themselves struggling to keep a decent presence within the job market.

Specifically in Lebanon and Jordan, and in the last two years, the current situation has put many local NGOs and international donors in a position to complement the government's role and shift work towards economic development and jobs creation models, and in turn are acting as main employers of these talents. Governments and international donor agencies have become aware of this as a main source for potential tensions and conflicts and have been exploring through different programming to implement relevant livelihood programs. The challenge remains in the ability of these programs to help create sustainable initiatives that would capitalize on the available talents, the current economic and market needs.

Additionally, the traditional humanitarian interventions in these countries have proven to be not enough, especially with the dire conditions the host communities are living in.

The refugee crisis has led into many other threats on social stability as

- Increased illegal immigration of Lebanese, Palestinians, and Syrians as a result of losing hope in any improvement of situation
- Increased unemployment rates among host communities as a result of competition over jobs
- Increased pressure on basic services and weakened infrastructure as a result of the increasing population.

⁸ Syria Regional Refugee Response – Interagency Information Sharing Portal retrieved on the 27th of February 2015^[1]

⁹ Jordan Response Plan for the Syria Crisis 2016 -2018, developed by the Jordan Response Platform http://static1.squarespace.com/static/522c2552e4b0d3c39ccd1e00/t/568a6f9ebfe873298109a9f3/1451913118127/JRP16_18_Document-final.pdf

¹⁰ Syria Regional Refugee Response, 17 December 2015 <http://data.unhcr.org/syrianrefugees/country.php?id=107>

All these facts have led different international and local organizations to explore supporting social enterprises as a means to provide jobs, innovative solutions for current issues and challenges, and thus contribute to more socially cohesive environment.

The highest challenge to ensure social stability for governments in the region nowadays is employment while countries are the weakest in enterprise creation. A recent World Bank Group Entrepreneurship survey data shows that compared to 4 new firms per 1000 working-age people in high-income countries, the MENA region registers only 0.63 new firms. This is mainly due to the lack of a conducive environment for entrepreneurial initiatives¹¹.

Consequently, creating job opportunities and economic growth as well as solving social issues have moved to the top priority list at a national and regional level across the region¹².

While policies and programs adopted by governments and some international actors, have not succeeded in creating an economic momentum, an alternative approach to social stability and economic development seem to be needed. Thus the priority to adopt social entrepreneurship as an alternative strategy that aim at incentivizing citizens to take initiative to innovate solutions for their social problems, in a sustainable manner, and thus creating jobs while achieving social impact.

Although very little governmental support, public awareness, technical and financial resources have been invested in the SE sector, examples and models of social enterprises have become more common in the region. According to a study by FEMISE (economic research network), social economy could generate up to 4% of total employment in Southern Mediterranean countries. For the Mediterranean Partner Countries, the social enterprise sector has an important potential for job creation and socio-economic inclusion, in particular for youth and women.

Sustainable growth and employment are common concerns among the partner countries in the Neighbourhood South, where 5 million jobs need to be created on a yearly basis to ensure social inclusion. The largest reservoir of jobs remains within the 6 million micro, small and medium enterprises (MSMEs) that account for 90% of total employment, but still have a minor contribution to sustainable growth. While large companies are as well suffering the economic situation and are incapable of absorbing more human resources, the creation of more productive and efficient enterprises can fuel economic growth and create demand for skilled labour, generate better-paid jobs and contribute to social stability. These enterprises can also add value by contributing, through taxation, to provide the resources needed for developing an efficient and high quality public services, assisting public administration in leveraging public investment in areas such as infrastructure, health and education.

Boosting economic inclusiveness, employability and job creation through social enterprises, require capable business support institutions, inclusive financing mechanisms, serious engagement of unconventional stakeholders (such as municipalities, private sector businesses and academia), meaningful collaboration at a national, regional and international levels, in addition to an evidence-based policy, an enabling legal environment, and a transparent and accountable regulatory mechanisms in favour of social justice and economic development, adapted to local contexts and conditions.

There are multiple challenges facing social entrepreneurs in the MPCs region and the most acute ones are the absence of a legal and tax framework for SEs, difficult access to quality support services and adapted financing mechanisms, a weak physical and IT infrastructure, bureaucracy and red tape in governments procedures, in addition to political and security instability. The

¹¹ O'Sullivan A, Rey M, Mendez J. Opportunities and challenges in the MENA region, OECD.

¹² Social entrepreneurship in a Region of Change, Synergos.

assumption is that if equipped with the adequate ecosystem that includes a policy, legal and regulatory framework, adequate capable service providers and financing mechanisms, and access to collaborative platform and networks, the SE sector has great potential in bringing change to the region and enhancing the communities' wellbeing.

Overall, there are general trends and patterns that are critical for the MENA region related to social entrepreneurship that should be taken into considerations to leverage the success of the project:

- A) Social entrepreneurship programming should be framed as mechanisms that contribute to social stability and economic development, and a vehicle for civic engagement and job creation;
- B) Social entrepreneurship initiatives should reach out outside urban cities and traditional targets and reach out to the most vulnerable in rural areas, women, youth and refugees;
- C) Social entrepreneurship approaches should focus on existing or sustainable innovative solutions in the fields of social services and human rights issues to provide an alternative to the weak government services;
- D) With specific regard to the Region, the support to social entrepreneurship should be adapted to local context and culture, by adopting a rights-based approach and should aim at promoting human values as an alternative to radical agendas present in the Region;
- E) Social entrepreneurship momentum could be leveraged by linking local interventions to regional efforts, and with the support of the EU and the international community.

1.3.2. Legislative Framework and Institutional Set-Up

In MPC countries, existing social and economic policy and legal frameworks, at regional and national level, do not include social entrepreneurship and social businesses.

Recently, a national dialogue about social entrepreneurship within the framework of social and solidarity economy has started in Tunisia and Morocco. Governments, private sector, social entrepreneurs and support structures in each of the two countries have been engaged to create a more enabling environment, at the legal, regulatory, infrastructure, taxation and financial levels.

In all the countries except for Jordan (n Jordan, the status of Non-Profit Companies exists since 1997 and states that companies registered as such are to reinvest their profit in service of the realization of its objectives), there is no specific legislation regulating social businesses. Social entrepreneurs have the options of registering a non-for profit organization, a private commercial business, a cooperative, a civil company, or a combination of different forms for the same entity.

This is resulting most cases that social entrepreneurs are either bound by their revenue streams and business model and cannot make any profit risking their sustainability, or develop commercial activities for social impact purposes with no legal or tax incentives, not easy access to technical support, and are not eligible for donations or grants.

In any country or region, the impact of social entrepreneurship is highly influenced by the stance of the local or national government, including how and to what extent Governments engage with national Social Enterprises.

Governments can affect the growth and development of social entrepreneurship in three main areas:

- Creating and enforcing the appropriate regulatory framework for the functioning of social enterprises;

- Rewarding successful social entrepreneurs and social enterprises through recognition, procurement and partnership or recognising a specific operational and fiscal condition; and
- Developing and supporting the broader ecosystem for social entrepreneurship.

The following strategic and operational characteristics need to be acknowledged by the law:

- The relationship between profitability and social impact, and the operational conditions imposed by this combination (reduction of profitability, activities partially supported by donors, the need of economic and social accountability, the need to be accountable not only to shareholders but also to social partners and funders);
- The ability to accommodate the mix of for profit and not for profit activities. This might include the ability of SEs to receive traditional donations, and conduct highly profitable income generating activities;
- The mechanisms and criteria adopted for price or fees formulation in order to promote social purposes and social impact;
- The social risks to be added to economic risks to be dealt with by Social Enterprises as an inherent characteristic of their mission and values;
- The specific operational regulations and fiscal conditions required in service of their specific strategic qualification and their social usefulness.

As for the institutional component, institutions in charge for regulating and supporting Social Enterprises are analysed by taking into consideration:

- The kind of regulatory and support role played by the institutions;
- The level of understanding and familiarity with the concept of SE and its socioeconomic benefit.
- The level of priorities given to social enterprise development
- The effectiveness of institutional arrangements to support Social Enterprises; and
- The burden of red tape on Social Enterprises' registration and action.

1.3.3.Social Enterprises Activities, Organisation and Management

One of the most important peculiarities of Social Enterprises derives from the modalities adopted to implement their Business Model based on the combination of profitability and social impact.

The analysis of the Social Enterprises is made by utilising a conceptual model based on:

- Definition of Enterprise's mission, vision and values;
- Analysis of the Business model: product/services, markets and public, production (of goods and services), distribution and access to markets, specific models to combine profitability and social impact;

- Organisational model and specific solutions adopted to foster participation and accountability to shareholders and social partners;
- Profitability and elements for the attraction of investments;
- Scaling-up perspectives or model adopted.

The nascent nature of Social Enterprises is the most important characteristic of Social Enterprises in the Region. This is reflected in the challenges they usually face on the operational, organizational, management, and most importantly financial profitability and sustainability.

Social Impact is evident in the Business Model of the vast majority of the Social Enterprises contacted in the mapping effort. This is highlighted through the innovative nature of their organizational model, and their approach used in designing new solutions for social problems taking into account community inclusion and utilization of available resources.

1.3.4.Social Business Sector Associative levels and representativeness

As said, social entrepreneurship is a phenomenon that has started to appear only a decade ago and whose growth has shown an acceleration over the last 3 to 5 years mostly under the pressure generated by the international development partners (mostly INGOs). These international organizations have become more and more aware and convinced of the potential role of SEs in driving economic growth, employment and social change as a response to poverty and marginalisation problems in general.

There is no clear, structured and organised representation of Social Enterprises in most of the countries, as a sector with specific objectives, “modus operandi” and specific interests. This is mainly due to:

- The nascent status of SEs in the region.
- Limited visibility of Social enterprises and inability to communicate success stories; especially those in the rural areas
- Funding is usually directed towards implementation of the SE project activities and much less for networking activities.

Associative relationships, organised and permanent networks are either non-existent or at an initial stage and highly dependent from the stimulus and support of international development partners.

1.4. Limitations and challenges

1.4.1.Limitations

The main limitations experienced in the preliminary study and mapping exercise have been the following:

- The concept of Social Enterprises is still not clearly defined in the Region. This has made the Team exert an additional effort to find a common language and describe SE in details before each meeting with different actors on the field.

A preliminary contact with pioneer organisations, active in the social enterprise sector, was done, to help understand the nuances of SE in each country and the region. Such organizations were mainly: 1) Ashoka, and INJAZ in Egypt, 2) The British Council, and the Moroccan Center for Social Entrepreneurship in Morocco 3) the Olof Palme Institute, Welfare Association and Leaders Organisation in Palestine, 4) Yunus Social Business, Tunisian Center for Social Entrepreneurship and LABE'SS in Tunisia. The preliminary orientation and support in was provided by the EU Delegations and through the meeting with the DG Growth and the participation to the GECES in Brussels.

- The lack of a specific or relevant legislation for Social Enterprises and the lack of understanding of major governmental stakeholders of the concept in the majority of the countries have made it difficult for the team to identify and define the stakeholders to dialogue with;
- The lack of organised representation or consolidated networks of Social Enterprises in all targeted countries in the MPCs have made it difficult for the team to reach specific SEs.

This challenge has been tackled and overcome by getting the needed information from active “meso-level organisations” supporting Social Enterprises in the Region (including incubators and institutional stakeholders).

- The team was only able to visit four countries out of the seven included in this mission, due to logistical and budget reasons. This created some discrepancies between targeted countries (those visited and those, which were not visited) on the level of amount and depth of information collected and its analysis. The only countries visited during the mapping were: Egypt, Tunisia, Morocco, Jordan and Lebanon. Some of the EU Delegations have offered a substantive support in the identification of Social Enterprises networking partners.

1.4.2.Challenges

The main challenges have been:

- The short duration foreseen for the field visits (the mapping effort could have been more in-depth);
- The logistic effort made for participating to the GECES and the meeting with the DG GROWTH (the mission have to be interrupted and re-organised) which were fundamental components of the mission;
- The difficulties in the issuing process for the Visas for the Lebanese members of the Team;
- A certain level of tension between the Governments of Italy and Egypt due to the Giulio Regeni's assassination and the fact that Italy had called back the Ambassador for consultations.

No other substantive challenges have been experienced.

2. Key SE trends and actors in the MPCs

2.1. General Trends and Gaps of SE Ecosystems in MPCs

Based on the desk review conducted on MPCs and the interviews led in each of the seven countries including EU delegation officials, policy makers, service providers and social entrepreneurs, the following general trends and gaps were highlighted about the ecosystem.

These trends will be further developed in the following chapters of this report.

2.1.1. Priority Socio-Economic Issues

- Priorities as Alternatives to Public Services

As public services provided by government are weak in MPCs countries, private sector is not incentivized, and non-governmental organizations are donor-dependent, social enterprises tend to focus mostly on solving problems that touch citizens' daily needs and basic rights such as:

- | | |
|---|--|
| ✓ Access to quality education, | ✓ Agriculture |
| ✓ Access to quality health, | ✓ ICT |
| ✓ Sustainable water management, | ✓ Sustainable environmental solutions, |
| ✓ Sustainable energy, Sustainable waste management, | ✓ Sustainable local development |
| ✓ Sustainable transportation, | ✓ Disability inclusion, |
| ✓ Sustainable food production, | ✓ Women and youth empowerment, |
| | ✓ Art, entertainment and communication |

Specific sectoral activities are detailed in Chapter 5.

- Focus on ICT as a Tool for Innovation

Since in some countries the entrepreneurship sector has been focused on ICT for innovation, many of the service providers have included in their offering social entrepreneurship programs with a particular focus on ICT, such as in Jordan, Lebanon, Egypt and Palestine. Also, as it is a global trend, many investors, particularly Arab diaspora, are showing more interest in the knowledge sector, thus creating an additional incentive for social entrepreneurs to focus on ICT as a tool for innovation.

Berytech is an incubator and co-working space in Lebanon that hosts and supports entrepreneurs, mainly those working on tech-related project. Recently, Berytech has collaborated on the Global Social Venture Competition and publicized it as part of its offerings aiming at encouraging green entrepreneurship ideas.

- SE Expected Outcome of Poverty Alleviation and Social Stability

Many believe that one core reason behind the Arab uprising was the rise poverty and social injustice. In the aftermath of the uprising, social unrest, especially in the regions outside the cities,

has spread in most Arab countries, making poverty and social injustices a priority for governments and civil society. Most respondents link economic development and job creation to social justice and stability, emphasizing the need to reach out to rural regions with SE services to pre-empt any future unrest.

2.1.2. Public Awareness

- *New Concept and an Old Practice*

There is no doubt that the concept of social entrepreneurship is still very new in the region with different levels of awareness among countries. The lack of awareness on this concept is almost equally shared between policy makers, private sector, civil society as well as international agencies and EU delegation officials.

However, every time the concept was explained, respondents identified with it and were able to suggest enterprises who have existed for long time but that were never called as such. Culturally, citizens in Arab countries, particularly in rural areas, tend to create initiatives for solidarity with the less privileged living within the community, using sustainable financial models. The challenge is to find those initiatives, showcasing them as good local practices.

- *Limited to Main Cities and Middle Class*

In countries where respondents were more aware about the concept of SE such as in Tunisia, Morocco, Palestine and Lebanon, awareness seemed limited to the cities and particularly the capital. Additionally, active stakeholders in the ecosystem seem to be middle class educated youth, many of who have been exposed to western education. There is limited outreach by those working in the SE sector, to localities and to less privileged groups who might need it the most.

- *No Access to Knowledge, Practices and Tools*

Despite some exceptions in Tunisia and Lebanon, universities, education institutions, media, Arabic content websites, and other vehicles for access to SE knowledge, practices and tools are limited, affecting the spread of the concept of SE widely. The creation of Arabic content for online and offline use, the development of formal and informal education programs, the support of media and social media in promoting SE, might help to increase awareness by country and in the region.

Most of the service providers in the social entrepreneurship ecosystems, such as incubators, have websites in foreign languages with no Arabic translation. This makes it difficult for underprivileged communities with limited education to utilize services provided on these platforms.

2.1.3. Government Engagement

- *Weak versus Centralized Governments*

In terms of governance structures, the situation can be split into two categories, the first being weak governments with loose governance such as Tunisia, Lebanon and Palestine and the second being

centralized regimes such Jordan and Morocco; Egypt could be considered a combination of the two.

In countries where governments are weak, policy-making is difficult, as decisions usually are not effectively implemented. Additionally, decision-making process is often slow unless under pressure, being for either donors or borrowers or massive movements. Civil society is more active and can be an efficient actor in mobilizing different stakeholders to advocate for a policy dialogue on SE.

In countries with centralized regimes, decision-making might be more efficient but engaging policy makers might appear more difficult as SE is perceived as a threat, especially that civil society might not be as influential as in the first category.

In any case, engaging government and raising policy makers' awareness to get their buy-in seem a priority in the next phase.

- *Weak Policy Dialogue Culture and Mechanism*

As most countries in the region are either autocratic or have weak democracies, the formal mechanism for policy-making is unclear with absence of institutional platforms for policy dialogue. Civil society actors are not perceived as partners in any policy making process, as attempts for engaging them in dialogue is mostly happening in a pro forma manner. While most SEs are registering either as NGOs or private companies, it is expected that a policy framework needs to be set in place to promote the sector, at least on the long term.

- *No Policy Dialogue on SE*

Except for Tunisia (Ministry of Commerce and Traditional Industries) and Morocco (Ministère de l'Artisanat et de l'Economie Sociale et Solidaire), no government entities in the region are involved in a dialogue around SE. However, recent limited activities by some civil society actors in Lebanon, Tunisia and Morocco have started highlighting the need for a legal framework, tax regimes and a more enabling environment for SE. More platforms, networks and coalitions are needed to foster these dialogues amongst ecosystem actors and with policy makers. However, a different approach is required depending on each country's political context.

2.1.4. Access to Social Business Support and Financing Mechanisms

- *Entrepreneurship Service Providers Developed SE Programs*

In most mapped countries, support providers of entrepreneurship services and financing are the same developing SE programs, mostly funded by international agencies and organizations such as Italian Cooperation, USAID, GIZ, UNDP and EU. In some countries like Tunisia, Lebanon, Morocco and Palestine, nascent service providers specialized in SE have started operating, but with limited financing opportunities. Regionally, there are support service providers that specialize in SE such as Ashoka, Synergos and Silatech.

Oasis 500, a leading early stage and seed investment company in Jordan, implemented a USAID program targeting business ideas to provide solutions for healthcare and urban problems.

- Gaps in Services and Financing Adapted to SE Cycle

Most services provided to SEs are limited to the ideation and – to a lesser degree – the start-up phases of the enterprise life cycle and the sensitization process to promote the sector. Start-up services tend to focus on boot camps and trainings rather than on incubation and technical support related to particular industries. There were very few services identified

during the mapping related to mentoring, co-working spaces and financial support for all stages of the SE cycle. When it comes to financing, and apart from some seed funding provided by international organizations, no social or impact funds were identified. In addition, SEs going through the expansion phase were also not targeted by existing service providers.

Alfanar, a venture philanthropy fund working in Lebanon and Egypt, is one of the rare opportunities for SEs in their expansion phase.

- Weak Capacity of Existing SE Service Providers and Financing Institutions

During interviews with service providers, many of them expressed the need for sustainable funding themselves and some of them are at risk of closing down. Additionally, these service providers lack human resources specialized in SE with adequate expertise practices and tools. Most of the specialized SE service providers tend to have weakness in their programs as no technical support is being provided to them. It is recommended for those service providers to be a model of sustainable social enterprises they aspire to help.

2.1.5. SE Networks and Collaboration

- Nascent Networks and Collaborative Platforms

Tunisia, Morocco and Lebanon are the only countries that have nascent SE networks, comprising mainly of service providers and not of social enterprises. Those networks do not seem to have high influence over policy nor do they add much value to their members.

On a regional level, Ashoka was almost the only identified network of social entrepreneurs that encourages collaboration between its members, not only to influence policy but also for exchange of knowledge and practices for the sector.

The Society for Social Entrepreneurs, a network for SE actors in Lebanon, was founded in 2012 and initially funded by USAID. It is currently inactive due to unsustainable funding and inability of nascent SEs to invest money into networking activities.

- Competition over Grants by SE Actors

Another reason for lack of cooperation between service providers as well as social enterprises is the lack of resources and the competition over grants from donor agencies. Tunisia, Morocco and Lebanon are good examples of this lack of cooperation especially that service providers in these countries are often invited to apply for the same funding. It would be more significant to design calls for proposals that would incentivize collaboration rather than competition.

- Limited Influence within Weak and Centralized Governments

As for to joining networks for policy dialogue and change, there is a decline in civil society engagement and more particularly amongst SE actors in both weak and centralized governments. Recently, there is rising energy in Tunisia and Lebanon for policy engagement. However, these

initiatives still have limited capacity to influence policy makers. Additionally, and since SE is about innovation outside the status quo, some interviewed social entrepreneurs tend to undermine government role in their work and are less interested in any similar engagement.

2.2. Countries' Clustering according to their Potential for the SE Ecosystem Development

Based on the above trends and gaps, it is recommended to categorize the seven countries in two clusters:

- **Cluster -1-** Tunisia, Morocco, Lebanon and Palestine as countries with higher potential for SE ecosystem development.
- **Cluster -2-** Jordan, Egypt and Algeria as countries with more barriers for SE ecosystem development.

The table below is a summary of the situation within each country that leads to the recommendation of the above cluster divisions.

Table 1: Potential for Social Business Ecosystem Development

Source: Field research and desk research

Countries	Public Awareness	Government Engagement	Access to Social Business Support	Access to Financing Mechanisms	SE Networks and Collaboration
Tunisia	There is a certain level of awareness of the concept and many social enterprises are recognized by the actors, but mainly in urban areas	There is a policy dialogue within a weak government and within civil society	Nascent SE service providers in addition to SE programs within existing entrepreneurship service providers	Limited availability of SE financing mechanisms	Nascent networks and collaborative platforms with limited outreach
Morocco	There is a certain level of awareness of the concept and many social enterprises are recognized by the actors, but mainly in urban areas	There is a policy dialogue within a centralized government and within civil society	Nascent SE service providers in addition to SE programs within existing entrepreneurship service providers	Limited availability of SE financing mechanisms	Nascent networks and collaborative platforms with limited outreach
Lebanon	There is a certain level of awareness of the concept and many social enterprises are recognized by the actors, but mainly in urban areas	There is no policy dialogue within a weak government but a limited dialogue within civil society	Nascent and limited SE service providers in addition to SE programs within existing entrepreneurship services	Limited availability of SE financing mechanisms	Absence of active networks and collaborative platforms with limited outreach

Palestine Egypt Jordan Algeria Israel	There is a certain level of awareness of the concept; many social enterprises are recognized by the actors. This level of awareness is mostly stimulated by International Development Agents and their local partners, while the Government has shown a low level of interest	There is no policy dialogue within a weak government but active dialogue initiatives within civil society and International Development Partners	Nascent SE service providers in addition to SE programs within existing entrepreneurship services	Limited availability of SE financing mechanisms Except for some funds with no specific focus on SE	Unidentified networks and collaborative platforms
	There is a certain level of understanding within limited population and few social enterprises are recognized by the actors	There is no policy dialogue within a centralized government and minor dialogue initiatives within civil society	Nascent SE service providers in addition to SE programs within existing entrepreneurship service providers	Limited availability of SE financing mechanisms	Unidentified networks and collaborative platforms
	There is a certain level of understanding within limited population and few social enterprises are recognized by the actors	There is no policy dialogue within a centralized government and minor dialogue initiatives within civil society	Limited SE programs within existing entrepreneurship service providers	Limited availability of SE financing mechanisms	Unidentified networks and collaborative platforms
	The concept is still very new with little understanding of it and few social enterprises are recognized by the actors	There is no policy dialogue within a centralized government and minor dialogue initiatives within civil society	Limited SE programs within existing entrepreneurship service providers	Limited availability of SE financing mechanisms	Unidentified networks and collaborative platforms
	The concept is known and the understanding of it has been developing over the time but only recently, there has been a certain level of policy interest.	A policy dialogue has started, but only preliminary activities and pilot interventions have been carried out along with one policy measure to facilitate Social Enterprise creation	Nascent SE service providers in addition to SE programs within existing entrepreneurship services	Limited availability of SE financing mechanisms Except for some funds with no specific focus on SE	Unidentified networks and collaborative platforms

2.3. Key Actors in the EU and EU Programmes

2.3.1. Key Actors in the EU

The EU has been active in encouraging Social Entrepreneurship in Europe in the last decade on the institutional and legislative levels. This support has been illustrated through a series of policies and direct actions to help facilitate the growth of this sector given its high contribution to the European economy and its role in promoting social cohesion. These efforts have been done through several institutions within the EU including the EU parliament, EU Council, GECES - Commission Expert Group on the social business initiative, EESC European Economic and Social Committee, DG Growth and SEE Social Economy Europe. The different complementary roles played by these institutions have helped in increasing the momentum around SE in Europe given its multi-dimensional interventions on different levels

- Legislative level: EU Parliament introducing Resolution 2014/2236(INI) on Social Entrepreneurship and Social Innovation in combating unemployment.
- Policy and Strategic Level: EU council launching the Rome Strategy (2014) and the Conclusion 414/15 SOC 614 EMPL 404.
- Implementation level: GECES providing technical support to the Commission on four different levels: access to funding, visibility, legal environment and external dimensions...

On another level, European organizations have highly contributed to the growth of the SE sector and creating the enabling environment through the establishment of networks representing organizations from different member states aiming at:

- Advocating for better and more conducive legal environment
- Formulation and implementation of programs
- Providing technical and financial support to social enterprises
- Defining strategic approaches for SE work be it major needs gaps and thematic areas that need to be addressed.

Although some of these networks have been present and active prior to the EU legal and institutional support for SE, they have highly contributed to the conversations happening on around the conceptualization of social enterprises through the different EU platforms.

Despite the differences among SE networks and organizations on the level of defining some SE elements and approaches, the continuous efforts exerted by the EU to bring together all these actors have enriched the dialogue around this topic.

The below tables 1 and 2 describe the key Actors involved in the support to Social Enterprises in the EU and EU networks related to Social Enterprises.

Table 2 Main EU Actors and Policy Initiatives on Social Enterprises

ACTORS	NATURE	FUNCTIONS	POLICIES AND ACTIVITIES	CHACTERISTICS
DG GROWTH	EU Institutional Actor	The Directorate-General (DG) for Internal Market, Industry, Entrepreneurship and SMEs is the European Commission service responsible for fostering entrepreneurship and growth by reducing the administrative burden on small businesses; facilitating access to funding for small and medium-sized enterprises. In this role, DG GROWTH in 2011 has launched the Social Business Initiative (SBI).	Single Market Act COM(2010) 608 final ¹³	The Single Market Act II follows in the footsteps of the Single Market Act I and represents a new chapter in a process towards a deeper and better integrated Single Market. The SMA II proposes four drivers for growth, employment and consumer confidence: a) integrated networks, b) cross border mobility of citizens and businesses, c) the digital economy, and d) actions that reinforce social entrepreneurship, cohesion and consumer confidence. The priorities are implemented by 12 actions the last of which is “ Social cohesion and Social Entrepreneurship ”.
			COM (2011) 682 final. Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation	The Social Business Initiative (SBI), launched in 2011, aims to: A) introduce a short-term action plan to support the development of social enterprises, key stakeholders in the social economy and social innovation B) stimulate a debate on the avenues to be explored in the medium/long term. The initiative is implemented in partnership with stakeholders in the sector and EUMS. The plan contains 11 priority measures,
¹³ COM(2010) 608 final COM THE COMMITTEE OF THE REGIONS - Towards a Single Market Act . For a highly competitive social market economy 50 proposals for improving our work, business and exchanges with one another				

				<p>organised around three themes:</p> <ol style="list-style-type: none"> 1. Making it easier for social enterprises to obtain funding 2. Increasing the visibility of social entrepreneurship 3. Making the legal environment friendlier for social enterprises
GECES - Commission Expert Group on the social business initiative	EU/EUMS Institutional Actor	Support to the the Commission on the development, setting up and implementation of all the actions mentioned in the SBI and the further development of social entrepreneurship and social economy. A sub-group of GECES, the Social Impact Measurement Sub-group was <u>set up in 2012 to agree on a methodology</u> to measure the socio-economic benefits created by social enterprises.	<p>Functioning of the GECES is structured in Working Groups></p> <p>WG 1 "Improving access to funding"</p> <p>WG 2 "Increasing the visibility of social entrepreneurship"</p> <p>WG 3 "Improving the legal environment"</p> <p>WG 4 "Strengthening the External Dimension"</p>	<p>The SBI works by:</p> <ol style="list-style-type: none"> a. Assisting the Commission in relation to the implementation of existing Union legislation, programmes and policies b. Assisting the Commission in the preparation of delegated acts c. Assisting the Commission in the preparation of legislative proposals and policy initiatives d. Coordinating with Member States, exchange of views e. Providing expertise to the Commission when preparing implementing measures
EU Parliament	EU Institutional Actor	The European Parliament has adopted a resolution on Social Entrepreneurship and Social Innovation in combating unemployment.	2014/2236(INI) - 10/09/2015 Resolution on Social Entrepreneurship and Social Innovation in combating unemployment. Parliament recalled that the social and solidarity-based economy provided	In general, Parliament highlighted the need to support social and solidarity-based economy enterprises with sufficient financial resources at local, regional, national and EU level, creating synergies among the various types of enterprises. Main issues highlighted by the Parliament are: A) FUNDING: Parliament pointed out that the state aid rules should not constitute an impediment for public funding to social

				<p>and solidarity-based economy enterprises and social services; B) TRAINING: Parliament pointed out that the social and solidarity-based economy could help considerably to reduce youth unemployment in the EU. It called on the Member States to develop training programmes targeted on and specifically tailored to entrepreneurs in the social sector; C) SUPPORT AND PROMOTION: Parliament deeply regretted the low level of recognition of the social and solidarity-based economy at the European level.</p> <p>The Parliament called on the Commission to: 1) carry out a comparative analysis of national certification and labeling systems for the social and solidarity-based economy; 2) promote the creation of business incubators for social and solidarity-based economy enterprises; 3) promote the internet platform for data exchange between social investors and social entrepreneurs (the Social Innovation Europe Platform; 4) to come forward with a legal framework for such enterprises, to be achieved by means of the European statute for cooperative societies, associations, foundations and mutual societies.</p> <p>Parliament supported the idea that social and solidarity-based economy enterprises could form a specific company category with its own legal status.</p>
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EU Council	EU Institutional Actor	<p>The Council is an essential EU decision-maker.</p> <p>Social Economy has been among the political priorities of several Presidencies of the Council of the European Union.</p> <p>In the second semester 2014 the Italian Presidency of the Council of the EU, organised the Rome Conference aiming to unlock the potential of the Social Economy for EU growth. The Rome Strategy was the fundamental outcome of this conference. The Rome Strategy is a key document with important policy recommendation to EU institutions in order to further promote the Social Economy sector.</p> <p>In the case of Social Enterprises the Council in its Employment, Social Policy, Health and Consumer Affairs configuration (EPSCO), adopted conclusions on the promotion of Social Economy as a key driver of economic and social development in Europe.</p>	Italian Presidency of the EU Council “Unlocking the Potential of the Social Economy for EU Growth: The Rome Strategy”	<p>Issues of strategic importance for the strategy:</p> <ol style="list-style-type: none"> 1. To clearly identify the social economy interlocutors within a) the European Commission; b) the European Parliament; c) the European Council 2. In the course of the upcoming mid-term review of the Europe 2020 strategy a) To recognise the unique role of the Social Economy in attaining the objective of “smart, sustainable and inclusive growth; b) To develop straightforward guidelines, monitoring and reporting, the implementation of the public procurement directive; c) To expand the modes of partnership between the public sector and social economy organisations within a logic of subsidiarity, co-design and co-production; To monitor and report the extent to which European Structural Funds are being used to promote and support the Social Economy

				<ol style="list-style-type: none"> 3. The Investment Package should target not only physical infrastructure but also social investments involving social economy actors, in the same proportion adopted for the Structural Funds 4. To improve the availability of funding options and financing solutions for Social Economy 5. Considering that social impact measurement remains a non-consensual issue, further dialogue between the Commission and social economy organisations is necessary 6. To increase the level of self-awareness of the actors with regards to their belonging to the European Social Economy, beyond the specificities of the various organisational models 7. Despite the strong presence of women and youth in the Social Economy, there is still room for improvement 8. To favour the process of innovation and experimentation, including in activity sectors not
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				<p>traditionally connected to the Social Economy, and in collaboration with other market actors</p> <p>9. To foster a culture of evaluation by recognizing the added value of social economy organisations and improve their capacity to evaluate and report the social and economic dimensions of their actions.</p>
			<p>Council Conclusion 414/15 SOC 614 EMPL 404 “The promotion of the social economy as a key driver of economic and social development in Europe “of November 12 2015</p>	<p>The Conclusions invite the EUMS and the Commission in their respective roles:</p> <ol style="list-style-type: none"> 1. Establish, implement and further develop, as appropriate, European, national, regional and/or local strategies and programmes for enhancing the social economy, social entrepreneurship and social innovation 2. Improve the visibility of the social economy, where relevant by developing partnerships, in order to ensure sufficient knowledge for policy making and a better recognition of activities undertaken by relevant stakeholders, including social economy enterprises, and the impact they generate for the society 3. Make efforts to further document the effective contribution of the social economy to the major macro-economic

				<p>aggregates</p> <ol style="list-style-type: none"> 4. Consider how best to monitor progress in the field of social innovation, using existing social indicators based on activation, empowerment and community involvement, by making use of relevant strategic reports presented to the Social Protection Committee 5. Promote capacity-building initiatives to enhance the knowledge and awareness of policy-makers, civil servants and practitioners of the specific features of the social economy and social economy enterprise and of the opportunities that exist at the European, national and local levels, particularly in countries where the social economy remains under-developed 6. Continue to develop and support disseminating knowledge and experience regarding social economy enterprises 7. Pay special attention to developing and pursuing effective ways of involving young people in the social economy, for instance by encouraging the inclusion of social economy-related topics in the curricula and the activities of all levels of education and training
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SEE Social Economy Europe	EU-level representative organisation for the Social Economy. Social Economy Europe was set up in November 2000, under the name of CEP-CMAF. In January 2008, the CEP -CMAF changed its name into Social Economy Europe.	Social Economy Europe is the organisation in charge of the secretariat of the Social Economy Intergroup		
EESC European Economic and Social Committee	Consultative Body of the European Union,	In the field of Social Enterprises, the EESC has produced a set of recommendations.	EESC recommendations on Social Enterprise	Key strategic recommendations are: 1) Develop and launch a second phase of the; 3) Social Business Initiative (SBI); 4) Create an action plan for social economy in Europe, with the adoption of the Statutes for European Foundations, Associations and Mutuals 5) Continue with the Social Economy Intergroup; 6) Launch capacity building programmes to support and facilitate social innovation; 7) Draft a guidance note for MS on implementation of new procurement rules and provisions in this area; 8) Mainstream social entrepreneurship and social economy enterprises into the Small Business Act; 9) Gather and share the most suitable financial solutions and financial eco-system for social enterprises; 10) Recognise and support the contribution of social economy enterprises to employment and as a stakeholder in social dialogue; 11) Promote social

				entrepreneurship in education at all levels; 12) Prioritise further research and reflect social enterprises better in national statistics collection to increase understanding, recognition and visibility.
		Following the Strasbourg gathering of Social Enterprises the EESC has launched a Social Enterprise Project to define policy directions and concrete actions to be implemented.	Social Enterprise Project	As part of the <u>Social Enterprises</u> Project a number of actions were launched aimed at linking real situations within the EUMS with EU polices by gathering information, sharing best practice and increasing visibility and awareness on this sector. These actions included meetings, going local initiatives, a questionnaire, an online forum, use of social media, amongst others.

Table 3 summarizes information on the most important networks of Social Enterprises

Table 3 Main EU Networks of Social Enterprises

NETWORKS	NATURE	MAIN CHARACTERISTICS	ACTIVITIES AND POLICIES
ENSIE European Network for Social Integration Enterprises	Network of Work Integration Social Enterprises	Gathers 27 national and regional networks representing 18 European Countries (Austria, Belgium, Croatia, Czech Republic, Denmark France, German, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden and United Kingdom as well as Switzerland. In the above countries, more than 2,500 social enterprises with more than 400,000 salaried workers are gathered.	<p>The network operates in the following areas:</p> <ol style="list-style-type: none"> 1. NETWORKING: by offering to the members and to other organisations and networks, contacts and opportunities for interchange mutual learning, production of policy contribution, organisation of activities. 2. ADVOCACY: by the organisation of campaigns, lobbying and speaking meetings, use of social networks, publications on themes related to social economy, social enterprises, work integration, social inclusion, fight to poverty and exclusion. 3. FORMULATION AND IMPLEMENTATION OF PROJECTS: A) EU funded Projects on social inclusion and employment generation such as the OLD CHALLENGES, NEW PATHWAYS: SOCIAL ENTERPRISES FOSTERING IMPROVEMENT AND SOCIAL INNOVATION IN SOCIAL INCLUSION (Grundtvig Initiative); B) EPP Strengthening emergent professional profiles in the Third Sector a way to foster innovative bridges to work and social inclusion of vulnerable people; C) EUROPEAN ETHICAL FINANCIAL ECOSYSTEMS FOR LOCAL PARTNERSIPS SUPPORTING NEW SOCIAL ENTERPRISES; D) EFESIIS Enabling the flourishing and evolution of social enterprises for innovative and inclusive societies.
CECOP-CICOPA Europe - European Confederation of Workers' Co-operatives, Social Cooperatives and	European confederation of cooperatives and other employee-owned	Affiliates 25 national federations in 16 EU countries, which in turn affiliate approximately 50,000 enterprises, which employ 1.4 million workers and generate an	<p>Main activities are:</p> <ol style="list-style-type: none"> 1) Support for promoting cooperative's resilience to the crisis 2) Support to social enterprises and policy advocacy on Public Procurement

Participative Enterprises	enterprises that are active in industry, services and crafts, most of them being worker and social cooperatives.	aggregate turnover of around €50 billion. CECOP also affiliates 4 development organisations promoting those enterprises. It represents: A) 35,000 Worker Cooperatives; B) 12,000 Social Cooperatives; C) 2,000 Worker Owned Enterprises (Sociedades Laborales in Spain the only country where they do exist); D) 1,000 Cooperatives of Self Employed Producers. It is a member of ICA International Cooperative Alliance	<ul style="list-style-type: none"> 3) Assistance and Policy Advocacy on Internal Market and Social Enterprises 4) Policy Advocacy on Social Inclusion and Social Enterprises 5) Policy Advocacy and other activities on Regional Development 6) Policy Advocacy on development and social enterprises issues such as: Euro 2020 Strategy, Employment, support to SMEs 7) Policy advocacy on themes of interest for social enterprises such as: taxation, SGEI, state aids.
COOPERATIVES EUROPE	European Cooperatives Organisation	Gathers 84 member organisations from all European countries across all business sectors and represents 141 million individual member cooperators in 176,000 cooperative enterprises employing around 4.7 million workers	<p>Activities are the following:</p> <ul style="list-style-type: none"> 1) Representation of cooperative enterprises' interest in Europe towards public institutions and other forms of enterprises; 2) Policy Advocacy on Entrepreneurship & Social Economy 3) Cooperative Development Support through the Cooperatives Europe Development Platform a European network of cooperative organisations active in international cooperation which manages 251 projects on cooperative development in Europe, Africa, Asia and Latin America 4) Regulatory Framework for Cooperatives with the participation to a permanent policy dialogue, policy advocacy, research and knowledge dissemination effort 5) Energy: A working group on energy and environment at Cooperatives Europe was set up in 2011, in order to develop an overall strategy and positioning for Cooperatives Europe and implement concrete actions over time by involving the following organisations Eurocoop, Cecodhas Housing Europe, The Cooperative Group, Cooperatives UK, The Cooperative Energy, Legacoop, Kooperationen, SOK and DGRV.
AIM International Association of Mutual Benefit Societies	Umbrella organisation of health mutuals and health insurance funds in Europe	AIM provides health coverage to 160 million in Europe through compulsory and/or complementary health insurance and managing health and social facilities.	AIM's mission is to provide a platform for members to exchange on common issues and to represent their interests and values in the European and international Institutions.
AMICE Association of	Umbrella Organisation	Created in January 2008 through the merger	The prime purpose of AMICE is to ensure that the voice of the

Mutual Insurers and Insurance Cooperatives in Europe	of Insurers and Insurance Cooperatives in Europe	of the two previously existing associations of mutual and cooperative insurers in Europe, AISAM and ACME, to represent the interests of the sector. Gathers more than 110 direct members and representing 1,000 more insurers.	mutual and cooperative insurance sector in Europe is heard and that the interests of its members are taken into account in securing a level playing field for all insurers in Europe regardless of their legal form.
RIPESS EU – Solidarity Economy Europe Network	Network of networks from Belgium, Catalonia, France, Spain, Hungary, Italy, Luxembourg, Portugal, Romania and Germany.	<p>RIPESS is a network between the networks of Social and Solidarity Economy at continental and international level. It aims to overcome the impacts of the current crisis and to promote organizational approaches from local to global that support freedom, reciprocity, solidarity and egalitarian exchange. We reject both the causes and the consequences of the current crisis. Its goals are:</p> <ol style="list-style-type: none"> 1. Making visible the networks, actors and experiences of solidarity economy (indoor and outdoor visibility). 2. Sharing experiences and good practices. 3. Developing and promoting economic cooperation between networks and actors of Solidarity Economy. 4. Constructing joint projects. 5. Developing a collective intelligence. 6. Building a common voice. 7. Expanding to Northern and East Europe to achieve a greater cultural and linguistic diversity. 	<p>RIPESS Europe is a network of networks, which is problematic when a potential member is still in an emerging and unformed phase. Often, in this case, the identified organisations are the ones to drive the collective networking process. They need to be able to become members in their existing state, since RIPESS Europe supports and strengthens their projects.</p> <p>RIPESS aims to share best practices and engage in joint actions that can expand and enhance the visibility of the Social and Solidarity Economy. It is organised in 5 working Groups:</p> <ol style="list-style-type: none"> 1) Popular Education 2) Learning from each other 3) SSE and employment 4) Responsible consumption 5) Identity and perimeter.

2.3.2.EU Delegations Programs

During interviews with EU delegations in the seven countries, it was clear that most officials are not aware of the concept of SE and required more information. It might be of use to have an induction document and an awareness session to familiarize them with the concept.

Another observation is related to EU delegations is related to their level of engagement with national governments on policy issues and more particularly in terms of economic development and SE. In countries like Tunisia and Lebanon, the EU delegation seems to be having difficulties engaging with government as the policy making process is very volatile due to political deadlock or rapid change in public officials. In countries like Egypt and Algeria, the relationship tends to be less active due government bureaucracy and centralized decision-making as well as restrictions put on foreign funding (mainly in Egypt). During the course of the mapping exercise, tension between Morocco and the EU rose because of the Western Saharan issue.

In most countries in the region, EU delegations are more focused on economic and private sector development, in some cases on SMEs development and entrepreneurship, as well on regional development and support to government.

The key EU, international, regional and local actors are described in Annex 10.2 with details on each one.

2.3.3.EU Bilateral Programs

Annex 10.2 describes the limited bilateral programs related to Social enterprise support in the MPCs. Although most of the bilateral programs are focused on SME's and economic development, there might be some limited components around SE in some of the MPCs.

2.4. List of Key Actors in the MPCs

2.4.1.International Actors in the Region

Annex 10.1 describes international actors (EU and Non-EU) working on SE development being:

- ✓ Donors with Grants for Governments, Service Providers or SEs
- ✓ INGOs Targeting Governments, Service Providers or SEs
- ✓ Multilateral Agencies Working with Governments, Service Providers or SEs
- ✓ Specialized in SE versus Actors Focused on Economic Development (ED)
- ✓ Regional Approach versus Actors with Country Level Approach
- ✓ Target Service Providers (SP) versus Target Social Enterprises (SE)

2.4.2. Local and Regional Actors

Annex 10.5 and 10.6 describe local actors per country being service providers, finance institutions or government entities, specialized or not in SE but with SE program, working locally or nationally.

2.4.3. EU and non EU major SE programs in the region

Annex 10.3 describes the major programs on Social Enterprise and social entrepreneurship implemented in the region being:

- ✓ Program title and description
- ✓ Funding source
- ✓ Implementing partners
- ✓ Contact details

2.4.1. EU Programs on economic development with limited focus on SE in the region

Annex 10.4 describes the main EU supported projects on economic development with minor component of social enterprise support being:

- ✓ Program title and description
- ✓ Regional coverage (targeted countries)

3. Social Enterprises Policies and Legal Frameworks per Country and in the Region

3.1. Government Entities and Their Characteristics

After the Arab uprising, all governments in the region were shaken; Tunisia and Egypt underwent a regime change. Morocco, Algeria and Jordan witnessed an increase in civil discontent and unrest followed by some constitutional and legal reforms, while Lebanon and Palestine continue to be weak states with volatile political and security situations. As a result, and in different degrees, all countries are challenged with weak governance, high corruption and bureaucracies, volatile political and security situations, paralyzed policy-making processes and institutions as well as deteriorating economic conditions.

Governments have exerted efforts to encourage entrepreneurship and provide support to SMEs, with the aim of creating more job opportunities in an attempt to limit unemployment. However, according to the World Bank, there were not any significant decrease in unemployment across most of the targeted countries.

All of the above makes those governments in real need of alternative social and economic development models, supported by international donors and agencies as mechanisms to ensure economic development, social justice and stability.

3.1.1.Characteristics of Governments in MPCs

When it comes to SE, Tunisia, Morocco and Algeria have allocated ministries for social economy, when all other countries have not. In that case, different ministries are in charge of social and economic development, entrepreneurship and job creation. The main ministries that might be involved in the future on SE issues could be the following:

1) EGYPT: Ministry of Industry and Trade	5) JORDAN: Ministry of Industry and Trade and JEDCO
2) PALESTINE: Ministry of Labor through the Cooperative Department	6) LEBANON: Ministry of Economy and Trade and Ministry of Social Affairs
3) MOROCCO: Ministry of Employment and Social Affairs and Ministry of Crafts, Social and Solidarity Economy	7) ALGERIA: Ministry of Labor, Employment and Social Security.
4) TUNISIA: Ministry of Economy, through the SME authority and Ministry of Regional Development	8) ISRAEL: Ministry of Economy through the SMEs Authority

The choice of the ministry that will be in charge of SE development in each country depends on multiple factors, such as:

- In centralized regimes such as in Jordan, Algeria, Morocco and Egypt:
 - ✓ The decision of the Head of the State.
 - ✓ The policy orientation to be geared more towards employment, technology, regional development, or economic development.
 - ✓ The strategy of the donor agency funding the program and the result of its negotiations with the national government.
- In weak governments such as Tunisia, Lebanon and Palestine:
 - ✓ The reputation of the ministry's efficiency and the ministers' responsiveness to international donors' agendas.
 - ✓ The political affiliation of the minister in question.
 - ✓ The convergence of government policy orientation with the donors' strategy for the country's development.

The following table synthesizes some key characteristics related to doing Social Business in the MPCs:

Table 4: Some characteristics influencing Doing Social Business in the MPCs

Source: The World Bank Group. Doing Business Index.

Country	Unemployment rate (2014)	Rank in Doing Business (2015)	Corruption perception Index (CPI)
Jordan	11.1	113	53

Lebanon	6.4	123	28
Palestine (West Bank and Gaza)	26.2	129	
Egypt	13.2	131	36
Tunisia	13.3	74	38
Morocco	10.2	75	36
Algeria	9.5	163	35

The policies and strategies per country listed Table 3 have been developed recently and could be good base to integrate some SE components to them through a policy dialogue between different stakeholders:

Table 5: Public policies directly or indirectly related to Social Business in the MPCs

Multiple Sources

Country	Policy/Strategy
Jordan	National Employment Strategy (2011-2020)
Lebanon	Lebanon SME Strategy- A Road Map to 2020
Palestine	(SME's) Access to Finance, Going Forward Strategy
Egypt	Strat_Egy: Egypt's Five Year Macroeconomic Framework and Strategy
Tunisia	Tunisia Development Plan (2016-2020)
Morocco	SME Strategy
Algeria	

Multiple characteristics should be considered when formulating an SE policy:

- Lack of capacity to develop, implement and monitor any SE policy and strategy;
- Lack of coordination between ministries and public agencies concerned of the SE policy;
- Informal policy making processes rather than formal channels of the executive and legislative branches;
- Lack of research, access to information and data management systems necessary to formulate evidence based policies;
- Lack of political will to engage civil society in policy making processes to avoid transforming it into threat to actual regime;
- Lack of capacity and sometimes disengagement of civil society in policy dialogue and formulation.

To avoid part the above challenges, some countries setup autonomous public agencies or councils to increase efficiency in formulating and implementing policies and strategies, succeeding in cases and failing in others mainly due to the trap of bureaucracy and red tape. The policies are listed below in Table 4.

Table 6: Policies and Institutional Organs in charge for policy formulation related to SE in the MPCs

Multiple Sources

Countries	Public Agencies or Councils
Jordan	JEDCO: Jordanian Enterprise Development Corporation (Public Agency)
Palestine	The Palestinian Fund for Employment and Social Protection
Lebanon	The Social and Economic Council
Egypt	Technology Innovation and Entrepreneurship Center (TIEC)
Tunisia	Social Development Agency
Morocco	The Social, Economic and Environmental Council in Morocco Moroccan Investment Development Agency The national SME Development Agency (ANPME)
Algeria	-

Over the last decade, and in spite of some reforms to ease the process of doing business in the MPCs, there are major bureaucratic barriers to setting up a business that SEs might face in case they are legalized. These reforms are listed in Table 5.

Table 7: Company Registration Reforms in MENA Region

Source: Doing Business Report 2013 Regional Profile

Country	Year	Reforms
Egypt	2008	The minimum capital required to start a business was cut from EGP 50,000 to EGP 1,000, and halved start-up time and cost.
	2009	Paid in minimum capital was reduced by 20%, and cost was reduced as a result of bar association fees' abolishment and time was cut due to tax registration automation.
	2011	Egypt reduced the cost to start a business.
Jordan	2008	Operations within the one-stop shop at the Company Registry were enhanced and a representative of the municipality of Amman was made present at the Company Registry, reducing the number of procedures and the time to start a business.
	2009	The minimum paid in capital was reduced by more than 96%.
	2010	Jordan eased the process of business startup by offering a single reception service for company registration at the company registrar.
	2012	Jordan made starting a business easier by reducing the minimum capital requirement from 1,000 Jordanian dinars to 1 dinar, of which only half must be deposited before company registration.
Tunisia	2009	Paid-in minimum capital was abolished.
Lebanon	2009	Streamlining of the business registration process resulted in a tremendous time reduction.
	2011	Lebanon increased the cost of starting a business.
Morocco	2013	Morocco made starting a business easier by eliminating the minimum capital requirement for limited liability companies.

3.2. Policy Dialogue and Orientations on Social Enterprises

Policy makers in MPCs are not aware of the concept of social entrepreneurship and its potential impact on the economy, employment and social stability. Thus, there is little policy dialogue happening around SE and governments still do not have it on their agenda.

The only case where there is a start of a policy dialogue is the case of Tunisia; the Ministry of Commerce and Traditional Industries started organizing meetings with key stakeholders to develop a policy for the “Economie Sociale et Solidaire” back in May 2016. In parallel, the Ministry of Finance started a similar process on Inclusive Finance engaging different stakeholders in developing innovative financing mechanisms to alleviate poverty.

A conference was held in May organized by the Ministry of Finance and few recommendations were suggested:

- ✓ Support microfinance institutions to increase their capacity and outreach while developing more inclusive products for less privileged communities and regions.
- ✓ Reform public banks such as the BFPME and BTS within a larger financing mechanism to ensure more adapted and efficient financing.
- ✓ Enhance collaboration between stakeholders, ministries and ecosystem actors to create alternative funding mechanisms and attract investment to diverse economic sectors.

It is important to mention that policy dialogue on such issues that engage civil society and other stakeholders are often initiated by donor agencies in MPCs. Additionally, policy dialogues are not a common practice and the policy making process is often ad hoc or supported by consulting firms and experts from international agencies.

3.3. The Legal Framework in MPCs and per Country

As there is no specific legal framework for social enterprises in the MPCs. Social entrepreneurs are setting up either an NGO – a Non-Governmental Organization- or a commercial company such as LLC – Limited Liability Company or PSC – Private Shareholding Company (SARL: Societe a Responsabilité Limitée or SA: Societe Anonyme). Some of the enterprises register under the same name as an NGO and commercial company in order to develop their social value through the NGO and their commercial value through the commercial company. There are less start-ups registering as cooperatives as they are limited to agricultural activities and crafts and are still not perceived as models for social enterprises. Few of the social enterprises are registering as civil companies (where applicable) which is a legal form more applied for services rather than products.

The following part describes the legal frameworks used by social entrepreneurs with some particular differences between countries:

3.3.1. Non-Governmental Organizations (NGOs)

This form of organizations has been on the rise during the last decade in the southern Mediterranean, more specifically in the last five years following the uprisings. One of the main reasons for this lies in the increase of foreign funding for NGOs on several topics depending on

each country's specificities. NGOs are one of the most common models for social enterprises to register under among all countries of Southern Mediterranean, for several reasons:

- Significant donor funding has encouraged many social entrepreneurs to choose NGOs as the legal framework for their social enterprise, especially if faced with limited ability to raise seed funding for the startup phase, and given the lack of support services and financing mechanisms for SE.
- NGOs are exempted from taxation, which makes it easier for social entrepreneurs to start their projects and reduce their expenses, which is a major incentive especially in the startup phase.
- NGOs require less complex operational by-laws compared to those of commercial companies, which helps social entrepreneurs worry less about the structure and focus more on the product/service being developed.
- NGOs have easy access to technical support, capacity building and organizational development assistance. Most of the technical support for NGOs is pro bono, since it is part of most funded programs aiming at supporting civil society.

Although this legal framework might seem convenient for SE in the region, some limitations make it also challenging to adopt the NGO model. Some of the downsides of SEs registering, as NGOs are the following:

- Funding received by NGOs usually focuses on projects and activities with very few exceptions of solely supporting organizational development. Additionally, this funding is usually bound to specific thematic areas or development agendas might not fit the social enterprise strategy. In addition, such funding is time limited, which makes it an additional risk for SE sustainability.
- In some of the countries such as Egypt, NGOs are restricted from conducting income-generating activities. In some other countries, income-generating activities are allowed by law, but with restrictions on the ways of using the profit, which also puts a limitation to the growth, scaling up and sustainability of the social enterprise.
- Some governments have added some restrictions on the NGOs registration process and access to foreign funding, such as Jordan and Egypt. These restrictions are pushing some of the enterprises to shift and register as companies or other legal forms to be able to avoid those restrictions.
- In some countries, for example, Morocco, Egypt and Jordan, NGO activities, structure and funding and are highly regulated and monitored by government, which limits their ability to innovate.
- NGOs are perceived as less professional in the marketplace and branded by cultural norms as charity work, which might risk the credibility of the NGO in case it exercises commercial activities for the sake of sustaining its social impact.

Nafham, an online crowd sourcing education app in Egypt, is registered as a company. However, the founders also established a non-profit organization to facilitate the process of receiving donor funding for support. Currently, they are heading towards dissolving the NGO due to restrictions on foreign funding and transactions, to avoid any troubles with the government

3.3.2. Commercial Companies (LLC and PSC)

Governments have been focusing on encouraging the private sector through different reforms such as investment laws, taxation regimes, as well as supporting the creation of an enabling environment for SME growth. The major concern behind these reforms is decreasing unemployment rates given the deteriorating of economic conditions in most of these countries, especially after the uprisings in 2011.

There are multiple reasons that encourage social enterprises to register as companies in the region, especially the limited liability companies. Some of the main reasons behind choosing the commercial company legal framework are:

- Registering, as businesses in some cases might be the safer option for SEs to avoid any conflict or trouble with authorities such as in Egypt, Jordan and Algeria. In those countries, governments have taken serious security measures to control and regulate the NGO sector, as topics related to social impact might be threatening national security.
- The business ecosystem has been developing in the last decade in the region providing support to start-ups, small and medium enterprises. Several support structures have been established such as business incubators, accelerators, co-working spaces microfinance institutions, new banking products and facilities, training centers, mentoring service that social enterprises can benefit from.
- Potentially successful businesses can easily attract investors to increase their capital, facilitate growth and scale up. This has been considered one of the main factors for social enterprises to register as companies. In countries such as Jordan and Lebanon, the market is considerably small and the disposable income is limited; this sets a major challenge for social enterprises with innovative model, services and/or products to grow outside national markets, and thus the need for investment for expansion.

King Abdullah Business Park (KABP) is a compound established by the Jordanian Government within the development zone in Amman, with more than 120,000 sqm of ready-to-use office space integrated with commercial, retail, hotel, amenities and public outlets. KABP hosts within its premises hundreds of multi-national companies, business incubators, co-working spaces, venture capitals, startups, and other business services. This business park is part of the development zone, where all businesses registered within it are exempted from income tax.

Some of the drawbacks of registering social enterprises as commercial companies are:

- Companies incur additional costs related to income tax, value-added taxes and other taxes, audit and legal expenses, in addition to the registration costs and the start-up capital required irrespective of its size.
- Companies are not allowed to access international funding dedicated most of the times to NGOs irrespective of the mission statement of the company and its compliance with the donor strategy.
- Internal by-laws and governance are required and complex in most cases, which makes it more costly to ensure all requirements at the level of structure, accounting and human resources to ensure all requirements.

3.3.3.Cooperatives

The “formal” cooperative type “al taawaniya” was introduced in the Arab world in the early 1900s, as a different kind of enterprise, rooted in a combination of local practices. In many countries cooperatives receive direct and indirect subsidies to distribute farm inputs and basic commodities at lower prices.¹⁴ Cooperatives are considered one of the oldest models for community collaboration on social impact.

Sakhrayh Women's Society Cooperative is a successful SE model registered as a cooperative in Ajloun- Jordan. This cooperative contributes to women's development through equipping women with self-sustaining tools and skills. In this cooperative was able to support the establishment of seven cooperatives growing from 35 to 170 members and granting over 800 revolving loans.

Cooperatives have contributed to providing job opportunities as well as services for different sectors such as agriculture (consumer societies), housing, productive-worker societies, in the region. Additionally, cooperatives in most countries in the region are exempted from taxes; Laws of cooperatives have been revisited several times to accommodate changes in different sectors and to adapt to new economic situations.

Although cooperatives are considered one of the major pillars of social economy in the region, and its legal framework might be encouraging for SE, there is not a significant trend of social enterprises registered under “cooperatives”. This might be due to the following reasons:

- The traditional operating models of cooperatives might be restricting for social enterprises ambitions and limits their innovation in their production and organizational structure. For example, a social enterprise could be established by a team of two, which in most cases, starting a cooperative requires a specific number of founders.
- In some countries, for example Tunisia, cooperatives are negatively perceived given the fact that they were associated with the nationalization movement in the 1960s, where they were given a supervisory authority on agricultural lands by the government and corresponding ministries.
- The legal framework of cooperatives might not be able to accommodate the different financial models that could be adopted by social enterprises, such as the types of revenue streams, redistribution and reinvestment of profit.
- Cooperatives are usually directly regulated by the government, which limits the choice of type of work, sector and organizational model.

In Palestine, a process to review the Cooperative Law to unify the two Laws (West Bank and Gaza) and to transform cooperatives into fully-fledged social enterprises has been launched, by the UPCA Union of Palestinian Agricultural Cooperatives, supported by WE EFFECT, the NGO of the Swedish Cooperative Movement.

¹⁴ "Cooperatives in the Arab World: Reaffirming Their Validity for Local and Regional Development." *ILO.org*. International Labour Organization, n.d. Web. 7 June 2016.

3.3.4. Civil Companies

This legal form is registered with the Controller in a special register, “Register of Civil Companies.” Such companies are established among specialized and professional partners and shall be subject to the provisions of the Civil Code, the provisions of the laws pertaining thereto and to their internal Articles and Memorandum of Association.

They are treated in most countries similarly to the Limited Liability Companies in terms of legal requirements and start-up capital; and they are mainly established by professional services such as law firms, health care and technical support services. Not many SEs are choosing this legal form unless they are offering certain services as in some cases, it might be an easier process than registering as commercial companies.

“Entities registered as civil companies, are perceived as companies trying to avoid taxation, which could be damaging for their reputation; that’s why SE are not very comfortable registering within this legal framework”

Interviewed Mentor

While the above three legal frameworks are very similar between countries in the region with minimal differences in terms of efficiency of the registration process, the start-up capital required and other legal implications, Jordan has a more developed legal framework for commercial companies that include multiple other forms but not necessarily used by SEs, except one which is the **Non-Profit Companies form**.

Non-profit companies was a form established in Jordan back in 1997 and are registered at the Ministry of Industry. Though many companies chose it as a legal form the last decade, many are shifting from it to commercial companies. The reason that was mentioned is that is it perceived nowadays as a vehicle for corrupt companies looking for tax evasion. The Ministry is willing to reform the procedures of registration to make it more accessible as well increase its capacity to monitor companies registered to reclaim its credibility but they lack resources to do it.

3.4. Barriers, Risks and Opportunities for Cluster -1- and -2-

Based on the above analysis and the interviews conducted during the mapping exercise the following barriers, risks and opportunities are identified per Cluster of Countries in the MPCs:

Table 8: Barriers, risks and opportunities per Cluster of Countries in the MPCs

Cluster -1- Tunisia, Morocco, Lebanon and Palestine	Policy Makers Awareness of SE	Policy Dialogue on SE	Legal Framework for SE
Barriers	Policy makers availability and readiness to learn about SE	The identification of the right public institution to initiate and host the policy dialogue	The slow pace of the legislative process
Risks	The volatility of the political situation resulting in unexpected	Political polarization between policy makers and with stakeholders	The lack of capacity to draft legal proposals for the SE sector

Opportunities	change of leadership		
	The imminent need to find alternative and innovative solutions for unemployment and social stability	The active civil society willing to engage in policy dialogue around SE if convened and organized	The interest of international actors in providing technical assistance to governments on SE issues

Cluster -2- Jordan, Egypt and Algeria	Policy Makers Awareness of SE	Policy Dialogue on SE	Legal Framework for SE
Barriers	The resistance of policy makers on SE as a threat to the regime	The non-readiness of policy makers to change the top-down approach in policy making	The lack of capacity of policy makers in formulating adequate SE legal frameworks
Risks	Procrastination of the issue as there are more imminent issues on the agenda	The increase in frustration and disengagement of civil society and other stakeholders due to exclusion	Formulation of a legal framework more restrictive on SE
Opportunities	Existence of successful SE models to be promoted as an innovative solution for unemployment	The increase in demand by trusted actors for an SE policy	The competition with other countries in the region that succeed in developing a legal framework

3.5. Recommendations per Country and per Cluster

In addition to the recommendations suggested for each country to increase policy makers' awareness, foster a dialogue around SE and eventually propose a legal framework adapted to each country, the following is suggested:

- Learn from European good practices on policy and legal frameworks through engaging them in the SE development process such as: PEFONDES, ICOSI, COSPE, Schwab Foundation, Ashoka and Synergos...
- Engage women and youth in the policy and legal process.
- Include Syrian refugees in any SE policy in countries hosting refugees.

Recommendations	Policy Makers Awareness of SE	Policy Dialogue on SE	Legal Framework for SE
Tunisia	Engage with the Ministries of Traditional Industries and Social Economy, Industry and Regional Development and provide them with platforms to learn about SE	Organize policy dialogue between SE networks such as Réseau Tunisien de l'Economie Sociale, the Plateforme Tunisienne d'Economie Sociale et	Provide technical support to Ministry of Traditional Industries and Social Economy to further analyse the existing legal frameworks and help develop a draft legal proposal

Morocco		Solidaire, and the Ministry of Traditional Industries and Social Economy based on the policy it is developing	
	Engage with the Ministries of Social Economy, Labor and Regional Development and provide them with platforms to learn about SE	Organize policy dialogue between SE networks such as Réseau Marocain de l'Economie Sociale et Solidaire and the Ministry of Social Economy to set up a joint committee on SE policy development	Provide technical support to the Ministries of Social Economy to further analyse the existing legal frameworks and help develop a draft legal proposal
Lebanon	Engage with the Global Entrepreneurship Week Network and with the Society for Social Entrepreneurship and provide them with platforms to learn and network around SE	Organize a policy dialogue between SE networks such as the Society for Social Entrepreneurship and the Ministry of Economy and Trade, Ministry of Labor, Ministry of Social Affairs and the Prime Ministers' Office	Provide technical support to the Society for Social Entrepreneurship to further analyse the existing legal frameworks and help develop a draft legal proposal
Palestine	Engage with civil society organizations working on SE such as Welfare Association and Ruwad, with the Ministry of National Economy, Ministry of Labor and the Palestinian Fund for Employment and Social Protection and provide them with platforms to learn and network around SE	Organize a policy dialogue between civil society organizations working on SE such as Welfare Association and Ruwad, with the Ministry of National Economy, Ministry of Labor and the Palestinian Fund for Employment and Social Protection	Provide technical support to civil society organizations working on SE to further analyse the existing legal frameworks and help them develop a draft legal proposal
Jordan	Engage with JEDCO and the Royal Foundations such as the Queen Rania Foundation and Johod and provide them with platforms to learn and network around SE	Provide technical assistance to JEDCO and Royal Foundations to pilot an SE competition and document successful case studies, then communicate them to the public through media and social media	Organize a policy dialogue between JEDCO, the Royal Foundations and the Prime Ministers' Office in addition to other concerned ministries such as the Ministry of Economy and Labor
Egypt	Engage with private sector such as Vodaphone and Mobinil, the entrepreneurship actors such as Sawari Capital, Cairo Angel, and SE actors such as, Ashoka, Ashanik ya Baladi, and Ahead of the Curve, in addition to TIEC to provide them with platforms to learn and network around SE	Provide technical assistance to private sector such as Vodaphone and Mobinil, the entrepreneurship actors such as Sawari Capital, Cairo Angel, and SE actors such as, Ashoka, Ashanik ya Baladi, and Ahead of the Curve, in addition to TAIC to pilot an SE competition and document successful case studies, then communicate them to the public through media and social media	Organize a policy dialogue between private sector such as Vodaphone and Mobinil, the entrepreneurship actors such as Sawari Capital, Cairo Angel, and SE actors such as, Ashoka, Ashanik ya Baladi, and Ahead of the Curve, in addition to TAIC in addition to other concerned ministries such as the Ministry of Information and Technology
Algeria	Engage with entrepreneurship ecosystem actors such as the National Agency for the Development of research and Technology, the National	Provide technical assistance to with entrepreneurship ecosystem actors such as the National Agency for the Development of research and	Organize a policy dialogue between with entrepreneurship ecosystem actors such as the National Agency for the Development of research and

Cluster -1-	Association of Young Entrepreneurs and Riyada, to provide them with platforms to learn and network around SE	Technology, the National Association of Young Entrepreneurs and Riyada, to pilot an SE competition and document successful case studies, then communicate them to the public through media and social media	Technology, the National Association of Young Entrepreneurs and Riyada, Ministry of Employment and Social Security
	Engage with European and regional actors such as Ashoka, Sylatech and Synergos in addition to PEFONDES, ICOSI, COSPE to facilitate collaboration on SE issues on a regional level	Organize a regional forum engaging the SE ecosystem actors and policy makers and highlight success stories	Provide technical assistance to do a comparative legal study between countries and provide regional guidelines for the SE legal framework, and assist in the development of a regional network
Cluster -2-	Engage representatives from the SE ecosystem actors including policy makers to Cluster -1- activities	Communicate the results of activities undertaken in Cluster -1- in Cluster -2-	Facilitate the creation of an SE network from the ecosystem actors at the level of each country

4. Review of On-going and Planned Cooperation Programmes on Social Business

4.1. General Issues

In addition to the EU, support to social enterprises in the region is announcing to be at the core of the strategy of many donors and international agencies as an alternative development mechanism to deal with the region's social and economic challenges, particularly for job creation and social stability.

GIZ, AFD, DIFD, USAID, World Bank, UNDP, UNICEF and many others are have been supporting private sector development in the MPCs for a period of time, in partnership with governmental agencies as a response to the increasing unemployment rates. During the interviews, many international agency representatives shared their intent to develop new programs to support SE. According to a report developed by Overseas Development Institute, funded by UK aid, the main reasons why international donors aim to support social enterprises is¹⁵:

- Reduced poverty, improved livelihoods or opportunities for the poor;
- Improved access for the poor, Bottom of the Pyramid (BoP) approaches;
- Support women and other vulnerable or marginalized groups;
- Increased quality of jobs, and access to skills and training.

Programs supporting SE are still in the phase of exploration and are very limited in number, regional coverage and size of financial support. There are many reasons that would justify the lag behind other economic and private sector development, including:

- Governments are still not convinced with the concept and its utility;
- The ecosystem actors are still very nascent with limited capacity;
- There is limited information on SE in the region;
- International organizations need to adapt their approaches and tools in supporting SEs.
- Supporting traditional private sector is considered as an easier way to provide job opportunities rather than exploring a new concept.
- Given the shrinkage of civic spaces and high security concerns in some MPCs, such as Egypt and Jordan, interventions focused on social impact such as SE might be considered as a threat of political activism

4.2. Existing Regional Programs

Regional programs usually operate in multiple countries in MPCs, supported by an international agency that play the main role in their design, selection of partners, monitoring and supervision over implementation. Implementing partners are usually international organizations with expertise in the relevant field. These organizations subcontract to local NGOs or entities for field

¹⁵ Rogerson, Andrew, Shelagh Whitley, Emily Darko, and Gideon Rabinowitz. "Why and How Are Donors Supporting Social Enterprises?" *Odi.org*. UKaid, n.d. Web. 7 June 2016.

implementation. Below is a partial list of those regional programs and a full list can be found in the attached database:

- *The Alliance for Social Entrepreneurship*

Funded by USAID and implemented by multiple partners including Synergos, Ashoka, and the Schwab Foundation for Social Entrepreneurship, this program covers four countries among which only Lebanon and Egypt from the MPCs. The main objective of this program is to create and support a robust social entrepreneurship movement in selected developing countries through raising awareness about social enterprise and social entrepreneurship and by encouraging an environment that is conducive for the growth and impact of entities in this field.

- *SHE Entrepreneurs*

Funded by and implemented by the Swedish Institute, this program target young emerging women social entrepreneurs in the MENA region and Sweden. The countries targeted in this program are Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, Palestine, Yemen. It aims at providing the participants innovative tools for sustainable change while seeking to create an active network of women change-makers. It is a one-year program where women are introduced to social entrepreneurship and get to learn and practice different relevant tools and get the chance to create their own project and receive coaching along the way. This program has a very limited number of beneficiaries and mainly targets individuals and not institutions.

- *Social Entrepreneurs Initiative for the Middle East and North Africa*

A small program funded and implemented by the International Anti-corruption Conference (IACC) and Transparency International (TI) targeting young social entrepreneur in the MENA region. This program is mainly a competition of social entrepreneurship project ideas, in which the potentially five winners receive seed funding of no more than 5000 Euros to launch their project.

- *Arab World Social Innovators (AWSI)*

Sponsored by PepsiCo, AWSI was one of the first social entrepreneurship programs in the MENA region. This program started in 2008 and ended in 2015 and supported 50 social entrepreneurs serving poorly developed communities in Egypt, Jordan, Lebanon, Morocco, Palestine and the United Arab Emirates. The program supported social entrepreneurs through providing an integrated set of offerings, including a financial award, technical assistance and capacity-building workshops, access to Synergos' global network, mentorships, and peer network exchange.

- *Madad Fund:*

An EU regional trust fund in response to the Syrian crisis focusing on the mid to long-term resilience support to refugees and host communities alike not only brings the urgently needed complement to humanitarian relief assistance, it also serves our two main strategic objectives:

- Stabilize the overstretched host countries (Lebanon, Jordan, Iraq)
- Reduce the pull factors and root causes of the migration crisis

This program will include some components that support social enterprise development as a mean to 1) create job opportunities aiming at releasing possible caused by competition over jobs, and 2) address social and economic challenges through an innovative and collaborative approach through higher engagement of social entrepreneurs.

- MEDESS:

Started as a conference organized by EISMED and sponsored by multiple parties in 2013 in Tunisia aiming at creating networks among actors in the Social and Solidarity Economy in the MENA region. A consortium of NGOs, companies, administrations, and networks was built in June 2013 by iesMed, the backbone of the MedESS process, in order to respond to a call for tender by EuropeAid to create jobs in Tunisia. Later after this conference, MEDESS association was established in 2014 in an attempt of continuing the efforts started in the 2013 and aiming at playing a role as an aggregator and catalyst of institutions, enterprises, networks, public or private that share its philosophy and objectives. MEDESS association's activity is currently limited to the conference and have not been actively engaged in serious SE work in the Mediterranean region, due to funding limitations.

- SWITCHMED:

Funded and coordinated by the European Union, United Nations Industrial Development Organisations (UNIDO), United Nations Environment Programme Mediterranean Action Plan (UNEP/MAP), its Regional Activity Centre for Sustainable Consumption and Production (SCP/RAC) and the UNEP-DTIE (Division of Technology, Industry and Economics), SWITCHMED is an initiative that supports and connects stakeholders to scale-up social and eco innovations in the Mediterranean countries including Lebanon, Jordan, Palestine, Egypt, Tunisia, Morocco and Algeria. It provides stakeholders with tools and connections to support partners working on social and eco innovations, to achieve productive, circular and sharing economies in the Mediterranean. This program supports actors in social and eco innovation through:

- The SWITCHMED Action Network: a community of stakeholders linking similar initiatives and networks, exchanging information, and scaling social and eco innovations
- Training green business entrepreneurs and start-ups, empowering grassroots innovations, and providing capacity building for sustainable industry providers.
- Engaging with policymakers to establish a regulatory and policy framework to drive the sustainable products and services market

4.3. EU Regional Programs

The EU has multiple regional programs that are more geared towards, private sector development, SMEs development, microfinance and employability. It is only recently, and after launching the Social Business Initiative that the EU is starting to develop regional programs on SE development in MPCs.

Annex 10.8 describes Key EU regional programmes, while the rest are on the database attached to this report.

4.4. Bilateral Programmes

There are multiple bilateral economic development programs between the EU and MPC countries ranging from private sector development, entrepreneurship, employment, SMEs development and technical assistance to governments. During the mapping exercise, no social entrepreneurship program was identified. However, all EU delegations expressed their interest to know more about the sector for future programming. Only the EU delegation in Tunisia was actively engaging with government on issues related to the Économie Sociale et Solidaire.

On the other side, there are few existing and planned bilateral programs between other donor agencies and MPC countries. These programs are still mainly as pilot projects such as programs designed by GIZ in Tunisia, Italian Cooperation in Lebanon and USAID in Egypt. More of these bilateral programs are elaborated in the attached database to this report.

4.5. General Observations on Multilateral and Bilateral Programs

- Many donor agencies, international and UN agencies are in the process of launching multilateral and bilateral SE programs, most of them target service providers and social enterprises.
- Most INGOs are increasing their internal knowledge and capacity on issues related to SEs and are targeting local partners to collaborate with.
- So far, SE programs do not engage the private sector, universities and media though they could form key partners that can contribute significantly to the success of such programs.
- Most international actors are lacking information related to the SE sector.
- There are not enough service providers for SEs, creating a gap between the size of the programs and the capacity of the ecosystem actors to implement the programs.
- Regional collaboration might be more needed for SE development as SEs need to grow their network, scale up their solutions and learn from others practices.

5. Social and Economic Basis for the Development of Social Business in South Mediterranean Countries.

5.1. Social Business Engagement in Economic Activities in the MPCs

The growth of social enterprises in the MPCs has become more evident in the last 3 to 5 years in most countries. This has been clear given the number of initiatives created and number of programs supporting SEs (especially donor-funded). Despite their sporadic nature and limited visibility, these SEs are showing a promising potential for creating impact, and employment opportunities.

Social Enterprises have grown in multiple sectors, which have the following characteristics:

- Knowledge-based sectors

These sectors are likely to develop countries' competitiveness and offer employment and economic opportunities to the growing number of University graduates. Several cases show that in this field, it is possible to identify important cases that, apart from giving an example of how technology can be used to produce social innovation or solve social problems, are developing interesting volumes of business and growing towards different modalities of internationalisation. Examples from this trajectory came from enterprises like:

- a) In Palestine and Jordan, SOUKTEL is a for-profit enterprise located in the United States and not-for-profit organisation located in Ramallah, founded in 2006. SOUKTEL designs and delivers custom mobile solutions that connect job seekers with employers, and help development implementers get information to and from the people they serve. With staff teams in the USA and all the Middle East (25 people in Palestine), SOUKTEL started connecting young job-seekers with employers and developed become an international firm providing its made-in-Palestine technology in Middle East, Asia and Africa;
- b) In Egypt, HOPE (NETCAREME) provides vital medical service utilizing the newest mobile technology to connect blood donors and blood recipients. In Egypt, patients are required to pay for blood transfusions, making many procedures unaffordable for low-income individuals. By connecting those in need with a network of willing donors, HOPE is able to reduce hospital costs, while helping support healthy and safe blood donation practices. HOPE functions both as a smart phone application and as a stand-alone SMS service, ensuring that any individual with a mobile phone is able to access the network.
- c) In Egypt, NAFHAM manages an online educational resource designed to align with and compliment Egypt's public school curriculum. With billions of dollars spent on private tutors throughout the Arab world every year, it was clear to the founder that schools alone are unable to help students reach their full educational potential. The educational website hosts professionally reviewed, crowd-sourced instructional videos on a variety of topics, ranging from five to 20 minutes long. Videos are sorted by subject, grade, and term, making the website easily navigable, student-friendly, and ultimately more useful. NAFHAM also utilizes the theory of gamification to make its resources as entertaining and user-friendly as possible.

Through regular competitions, students are invited to submit their own videos, encouraging co-learning, while enabling students to engage with content in a variety of ways. As well as helping others, this active participation has been shown to increase understanding of the students producing the videos themselves, since the process of explanation enhances their own comprehension.

- d) In Lebanon, ZOOMAAL (zoomaal.com) is an online leading crowd-funding platform for creative projects in the Arab world founded in 2012. They aim at promoting creativity and innovation in the Arab World through encouraging this entrepreneurs, artists, and socially minded doers to post their projects on ZOOMAAL and get the chance to fund their projects through crowd-sourced donation via online transactions.

- Social Sectors

Social sectors include education and skills development, health, community development, civic engagement, economic development and income generation. A specific characteristic of this category of Social Entrepreneurs is that there are often overlaps and linkages among activities in the different sectors indicated above, with some social entrepreneurs operating across multiple fields:

- ✓ FOR EDUCATION AND SKILLS DEVELOPMENT: One of the most significant contributions of social enterprises in the Region is in the area of Human Capital Development within which Education and Skills development has the highest share. In this area, Social entrepreneurs are not providing isolated inputs, such as renovated school facilities or additional teachers, but are focused on wider-reaching reforms for education systems to enable them to become more responsive to the needs of the labour market. It is a sector that has benefited of the approach of pioneer organisation (the regional and in some cases global leadership in the support to Social Entrepreneurship such as Ashoka or INJAZ). In this field there are several cases to be highlighted|:
 - The flagship initiative at Regional level can be considered INJAZ, itself a Social Enterprise. Created in 1999, INJAZ was based on a partnership with private sector volunteers and the Ministry of Education to provide Jordanian children with life skills such as teamwork, entrepreneurial thinking, and work-readiness training. Through its efforts, INJAZ garnered the support of Jordanian leaders, including Queen Rania of Jordan, and subsequently that of leaders in other Arab countries. Today, it has become a “regional confederation” called INJAZ AL-ARAB, which operates under cooperative agreements with ministries of education and with private sector support in 12 Arab countries. To date, INJAZ al-Arab has directly benefited over 165,000 Arab youth.
 - Maha ESL Training: provides professional development for teachers through different capacity building programs. This enterprise is located in the Greek Campus in Cairo, and provides several services targeting schools and teachers with an aim of enhancing their belief in their roles as educators, and providing better educational experience for students. Maha ESL Training provide: 1) consultations and tailored capacity building for schools and teachers, 2) public training workshops and courses, 3) Internship programs for teaches for their own

professional development and 4) an online interactive platforms for teachers and schools in Egypt and abroad for collaborative lesson design and experience sharing.

- An important national case (located in Morocco) is AL JISR, a social enterprise registered as an Association, which administers “community “adoption programs for public schools in Casablanca. In this program, businesses form partnerships with public schools wherein they commit their time, expertise, and resources to a school for a period of two to five years. AL JISR now reaches over 170 public schools, and it is beginning to expand to other cities in Morocco and has expanded its model by tapping into the largest business association in Morocco, la Confédération Générale des Entreprises du Maroc. Furthermore, AL JISR has received the support of the King of Morocco, who is the honorary chairperson of the board, and the cooperation of the Ministry of Education and local governance agencies. In 2010, AL JISR launched a five-year project called Project Green Chip to train secondary school dropouts in either the refurbishing of 200,000 donated computers, for use in classrooms or recycling. AL JISR’s efforts have made a positive impact on the quality of education and school facilities for 200,000 students in 400 schools so far, and the organization aims to increase that to 500 schools across Morocco.
- ✓ FOR HEALTH: Social Enterprises have introduced a number of innovations which have contributed to extend the coverage of health services to the most disadvantaged and improve the quality of services as well as to foster prevention for many severe diseases with high incidence in the countries. The cases to be highlighted are the following:
- In Egypt, CARE WITH LOVE trains young graduates as home health care providers to serve the elderly and others in need, and has recently franchised its model to other cities in Egypt. CWL trains and employs home health care providers (HHCP) to provide short or long-term home health care to those who need it at the comfort of their own homes and under the supervision of CWL.
 - In Palestine, FADFID aims at facilitating the access to psychological care and support and breaking the stigma on patients against seeking professional therapy provides virtual, anonymous access to licensed therapists and psychologists across the Middle East. After logging on, patients then choose a suitable specialist from among eight branches of psychological issues (emotional problems, eating disorders, anger management, etc.). Sessions are conducted online using a web cam, where ultimate privacy is provided for both parties.
 - In Morocco:
 - a) SIHAT-E is a Social Enterprise (established in the form of standard for-profit enterprise), incubated by MCISE, which aims at connecting patients in remote areas with a network of doctors via telemedicine points. It uses a web platform and equipment that allows access to healthcare through telemedicine. In each target area, SIHAT-E sets up equipped points with telemedicine facilities that are managed by a nurse.

- b) MedERP, is a recently established social start-up (established in the form of standard for-profit enterprise) that offers an integrated application for medical facilities, including free and non-profit clinics. The services are provided by a portfolio of products for managing medical organisations and medical practices;

✓ FOR COMMUNITY DEVELOPMENT AND CIVIC ENGAGEMENT: A considerable number of social entrepreneurs in the region are working toward community development based on active civic engagement. In this sector, the social impact produced by Social Enterprises is more evident since their action establishes business activities, which empower poor communities, marginalised layers of the population. This is mainly happening by allowing these communities access to economic initiatives and empower them to determine their own needs and address them in partnership with institutions in a framework of sustainable development. There is a number of social enterprises operating in the sector and their main common characteristic is the fact that most of them derive from activities created by NGOs, which promote local development, by creating social enterprise initiatives, as subsidiary organisation, or gradually transform their operations into business initiatives with social impact. Among these organisation there are important examples such as:

- In Egypt, the ALASHANEK YA BALADY Association for Sustainable Development (AYBSD), a Social Enterprise registered as which provides microcredit loans, training, and job opportunities to low-income youth, women and families in Cairo. The Association was started in 2002 when volunteerism started to flourish and youth wanted to be more engaged in serving their communities. The project aimed at improving the lives of poor communities by providing long-term solutions for their problems through empowering them economically. In 2010, AYB-SD started expanding its reach and replicated its model in eight new governorates (Fayoum, Sharkeya, Kharbeya, Monofeya, Dakahleya, Qena, Beni Souef and Luxor). This wide expansion made AYB-SD known as customized industries models providers of blue-collar calibers. Currently AYB-SD serves 17 governorates throughout Egypt, while its student clubs, which came to be known as franchises, and grew to 12 franchises in universities all over Egypt. Furthermore, AYB-SD's development model has become a well-rounded socio-economic empowerment scheme, providing services aimed at all family members of underprivileged communities. AYB-SD provides its services to the community through four main programs, designed to tackle the unemployment problem, and empower underprivileged people economically and socially through providing them with Micro loans to start their businesses, supporting them with trainings and workshops to enhance their skills and capabilities, improving their chances to access the job market, and alleviating the financial burden resulting from further expenses, in addition to maximizing its outreach and replication potential. AYB-SD is the first NGO to create a franchise system in development and in NGOs in general. The franchise system of AYB-SD operates as the franchise system in business; however, instead of the franchisee (student groups) paying a royalty fee for AYB-SD (the franchisor), the franchisee contributes to the overall goals of AYB-SD through creating organization growth in terms of volunteers and resources in general.

- In Morocco, the Moroccan Centre for Social Entrepreneurship, MCISE is a Social Enterprise, registered as a NGO, supporting in turn the development of Social Enterprises. Its goal is to gradually reduce funding from donors and increase the generation of income from social business professional assistance. The MCISE runs the Dare Project, with the financial partnership of the Drosos Stiftung¹⁶ and the NED National Endowment for Democracy, supports the social entrepreneurship ecosystem in Morocco and develop investment-ready projects at international standards. Dare Inc. is a three-track program that aims to support social entrepreneurs from the moment they decide to tackle a social issue until they incite systemic change by means of a viable start-up. The program is designed to respond to the specific needs of each start-up at each stage of their development. MCISE runs the Dare Space, a multipurpose co-working space and innovation hub in Rabat, to support and development of high impact social and economic projects in Morocco.
- In Tunisia, FIKRA is a local NGO, established in 2012 aiming at supporting underprivileged youth in Northwest region of Tunisia be active in their community and intervene through impact-driven ideas to enhance their socioeconomic situation. FIKRA that seeks to identify and support individuals who are catalysts for change, 'multipliers' and facilitators in their local community and receive the recognition and support of their community, mainly in the Northwest region of Tunisia. FIKRA supports ideas that planned to be registered as NGOs or cooperatives through a capacity building process, including coaching and mentoring and help in seeking funding. After the launch of the projects, the FIKRA continues to monitor the project leaders and support to sustain their activities.

- *Traditional Sectors and non-technological fashion products and food production:*

In this sector in various countries of the Region, Social Enterprises are pushing the boundaries in several productions such as food design, fashion, handicraft, in some cases not only covering local markets but expanding abroad through:

- Using e-commerce,
- Using typical commercial channels for social enterprises
- Developing interesting commercial arrangements and networks.

Social Enterprises bring in these sectors creativity in the definition of new products, a participatory enterprise management model.

Many of these enterprises are created and managed by young people and women; in most of the cases, there is an interesting combination between work and capacity development. One example is a social enterprise involving women empowerment, providing them with the means to produce, and giving them a lead role to the decision making process.

Some examples of this approach in different countries of the Region are:

¹⁶ The Drosos Foundation was established in late 2003 and is based in Zurich, Switzerland. It has been operational since the beginning of 2005. The Foundation owes its existence to a private endowment. The Foundation works on: a) Income generation / Economic empowerment; b) Harm reduction for people at risk; c) Facilitating access to education and knowledge; d) Promoting creative activities for young people, e) Environmental protection; f) Protection and social reintegration

- In Palestine, there are several social enterprises (all created by young women) which operate in the fashion sector such as:
 - a) TAITA LEILA, a social enterprise founded by a young Palestinian woman, producing high quality, modern women's fashion with traditional Palestinian embroidery. Clothes are made in Palestine, hand-embroidered by women in the West Bank, and sold online. By commissioning a set number of orders from each embroider, TAITA LEILA provides the women with a reliable income and empower them to plan for their financial future;
 - b) NADYA HAZBOUN: a designer producing and distributing a unique fashion wear and olivewood jewellery drawing on the aesthetic of Arabic calligraphy;
- In Morocco, E-COUTURE is a social enterprise created by three young women who have networked skilled seamstresses with clients interested in tailored clothes and help women who have to work normally for shifts of 15 hours/day in garment factories. The aim is to revive the tradition of tailor-made clothes (bot traditional and modern style) which can be ordered by using Facebook or a website whose characteristics are being improved and that will constantly be updated, to place the order by choosing in a wide array of models and fabrics presented in the electronic catalogue. Once complete, the clothes will be delivered by different means (mail, express delivery systems). Prices are competitive with those of industrial products;
- In Egypt, ZAFIR is the first 100% Egyptian t-shirt brand, embracing Egyptian pop culture while acting as a medium for social commentary. The broader goal was to become a platform for artists and designers, and to showcase creative Egyptian talent while advocating for the importance of ethics, quality, collaboration, and social responsibility. The Studio offers product designers and independent artists a space to display and sell their work and offers funding and production aid to help their professional development. Furthermore, ZAFIR provides artists with a space to conduct workshops, enabling them to share their talent and skills with others. Since its initial founding, ZAFIR has worked with over 80 designers and artists from Egypt & the Arab world and with numerous factories and printing workshops to create hundreds of products, which speak for Egyptians, about Egyptians, and to Egyptians.
- In Lebanon, NAMLIEH is cooperative established by Collective for Research & Training on Development - Action aiming at enhancing livelihoods of women and their families in rural areas in Lebanon through helping them market their traditional food and artefacts. NAMLIEH provides the space for exhibition and sales of traditional, creative and healthy products made by the rural women cooperatives. They exhibit and sells more than 100 different traditional and healthy products manufactured by 36 rural women from nine cooperatives in the following regions. NAMLIEH has expanded in the last few years, adding to their services food catering.

- *Agriculture and Rural Development:*

There are a number of enterprises working in this sector and producing a number of innovations based on: a) new approaches to production and recovery of natural production and biological or biodynamic productions; b) new forms of associated production; c) innovative approaches to marketing and distribution.

All the above solutions impact social innovation (e.g. increasing the quality and healthiness of agricultural products, modernising distribution and using ICT to ensure a direct relationship between producers and consumers, reducing the length of production/distribution chain in the perspective of the “zero km” food value chain), also contribute to other forms of social impact, related to the empowerment of the producers by improving profitability for the farmers, empowering the producers in their commercial relationship with distribution chains.

Examples of social impact produced by Social Enterprises in this sector are:

- In Egypt, SEKEM is the first initiative to develop biodynamic farming methods, building up fertile soil structures, improving agro-biodiversity and promoting organic composting. All products (organic clothes, organic food, and organic phyto-pharmaceuticals) of the system can be sold, used in processing or re-used in cultivation. SEKEM’s strong commitment to innovative development led to the nationwide application of biodynamic methods to control pests and improve crop yields. In cooperation with the Ministry of Agriculture, SEKEM deployed a new system of plant protection for cotton, reducing total pesticide use to less than 10% and leading to a ban on crop dusting within the country. SEKEM has established a professional management system of corporate sustainability, including a comprehensive annual report on sustainable development, and progress analysis and monitoring of 40 performance indicators related to economics, society, culture and the environment;
- In Morocco:
 - a) BLA-DWA is a firm created by two young and qualified women based on the idea of shortening the production/distribution food chain of organic horticulture products close for urban realities, by adopting a “farm-to-fork” model with reduced packaging and delivery costs. Moreover, BLA-DWA aims at promoting the creation Products are offered by the use of social media and e-commerce and are delivered at client’s house by the firm. The business idea is based on a strict relationship with the producers to whom technical assistance and training are provided. Moreover, the farmers as well as the clients are involved in the decision taken;
 - b) HIDROBARLEY is a social enterprise (established as a for-profit company) which aims at supporting small farmers feed their livestock with affordable and sustainable fodder of good quality. The activity is based on the production of accessible and environmentally friendly animal fodder based on the principle of hydroponics. By this way, HIDROBARLEY allows small farmers save money on feeding animals and provide to other social needs such as health or education for the children.

- In Jordan, the SAKHRAH WOMEN'S SOCIETY Cooperative established to play an active role in the development of the community and reduce poverty and unemployment through the economic, social and cultural empowerment of women. It aims to raise the standard of living of local people through the creation of different self-sustaining activities such as a dairy plant, sewing workshop, and a grain processing and packaging project. The dairy products, grain and textiles are packaged, marketed and sold through various channels both within the community as well as exterior markets. The cooperative now has 721 members involved in the cultivation and packaging of cereals, the manufacture of dairy products, textiles and crafts. Each member contributes to the cooperative in the beginning of the year. These funds are invested into the various projects, and from the diversified sources of income, the profits of the cooperative are distributed equally between all its members at the end of the year. Moreover, the members are provided services including caring for their children and providing free education for orphans and people with special needs;
- Environment protection, waste management, water and sanitation, energy-saving solutions:

Environment-related activities are another sector within which Social Enterprises in the MPCs have shown to be at the forefront of innovation with social impact. Initiatives have been developed in some of the countries in the Region and have shown a high potential. Among the Social Enterprises active in this sector in the Region, some emblematic experiences can be highlighted:

- In Egypt:
 - a) GOLDEN WASTE, a social enterprise started in 2012, which pays individuals market prices for recyclable products and other useful waste material aiming to create a decentralized system, which encourages individuals to recycle as much as possible, improving the local environment and generating extra income in underprivileged communities. GOLDEN WASTE, collaborating with national and multinational companies and businesses like the Nile City Boat in Zamalek, aims to create an alternative, environmentally sustainable waste disposal network that services not only individuals, but also the country's larger waste producers: hotels, factories, restaurants, and office buildings. By building awareness and providing important financial incentives, Golden Waste can transform the future of waste management in Egypt;
 - b) TOGETHER Association for Development and Environment (TA) is a Social Business in the form of non-profit organisation, which works to build and maintain improved sewage systems as means to improve sanitation and environmental conditions in rural Egypt. By offering a more cost-effective dual chamber septic tank that can be constructed using locally available material and labour, TOGETHER Association brings clean sewage systems to households in areas that are underserved by government programs and deprived of hygienic living conditions. Additionally, TOGETHER constructs village-wide sewage system to connect household septic tanks to a communal filtering facility using gravity-fed

pipes. TOGETHER has successfully created a viable, community-based model to improve water quality, sanitation, and public health in rural areas through low-cost sewage systems. By supporting the development of Community Development Associations to instruct villagers how to properly maintain the waste systems, TOGETHER ensures the activities' sustainability;

- c) **RECYCLOBEKIA:** Recyclobekia is an electronic waste recycling company, founded by a young graduate, based in Egypt and serving the Middle East and North Africa (MENA) region. Recyclobekia is the first company in the Arab world offering green recycling of electronic waste and safe data destruction services. Recyclobekia aims to enhance the culture of electronic waste recycling in Egypt and the MENA. Through their well-run business, Recyclobekia collaborates with the private sector and individuals to help establish a green footprint. In the last few years, Recyclobekia's model has proven to be successful and profitable, which has attracted several investors.
- In Palestine, SUNERGY is a Social Enterprise, registered as a for-profit company, created in 2013 by a small group of engineers with previous experience, and works to provide end-to-end at providing alternative sources of energy at lower cost using state-of-the-art technology. The enterprise is customised to serve different needs, with a special focus on rural lighting and agriculture. The enterprise commercialises cost-effective renewable energy technology and building solar solutions for home electrification, public lighting and water pumping.
- In Morocco, the ATTAWAFOUK Cooperative created in 2011 by 153 re-trained informal garbage collectors operates in recycling and giving value to solid waste by several utilisation modalities based on economically acceptable, technically viable and environmentally durable solutions and on the development of partnerships with key national organisms and other international partners. The work is organised in four value chains : A) green waste (composting and vegetable coverage); B) Organic substances (composting and biogas); C) Recyclables such as PET, and Aluminium (valorisation as raw materials); Other types of waste (last waste uses as fuel). National agreements have been signed to limit the export of PET bottles and the import of plastic raw materials.

- Arts, entertainment and communication:

This is another typical field in which Social Enterprise have been created by artists and journalist as professional activities with social content and producing Social Impact. Many of the activities result from the transformation of previous non-professional or semi-professional activities. The diversity of activities Art Act can undertake in the creative sector is a factor of success. In this field, Social Enterprises strive to apply best practices in the creative industries and entertainment sector. The lack of services that allies quality and affordability for artists and social beneficiaries in the creative sector is the for the SEs products to succeed. The SEs aim at filling the educational and financial gap between art practitioners and the structures making profit out of these practitioners by enterprises able to grant them legal and social status, but at the same time the freedom that every creative is striving for. Some examples of these activities are the following:

- In Palestine:

- a) DIYAR Dance Theatre is a Lutheran-based, ecumenically oriented organization serving the Palestinian community, with emphasis on children, youth, women and the elderly, which uses creative performance art training to inspire young Palestinians to advocate for constructive social change. Diyar mixes Palestinian folk traditions with modern dance and theatre to cultivate cultural identity, improve mental and emotional health, and provide a unique platform for personal expression. Youth are encouraged to embrace local arts as a means to promote a positive vision for the Palestinian people, their past, their present, and their future. Youth, often unable to contribute their voice to society, are given the freedom to create unique drama pieces, which speak to a variety of topics, whether it be gender equality, unemployment, or identity issues. In addition to supporting the arts in Palestine, Rami, working within the greater DIYAR Consortium of Bethlehem, has also begun an active sports program focusing on engaging women and youth;

- b) PALESTINIAN SOCIAL CINEMA ARTS ASSOCIATION (PSCAA) registered as an NGO in 2009 to bring films to the poorest segments of Palestinian society. His hope was that cinema could encourage social cohesion and revive a lost cultural identity among many segments of young people who have never experienced cinema in their lifetimes. By way of LCD projector and mobile screen, PSCAA screens films that represent the complexity of life, not only in Palestine but also in other countries, and often touch upon taboo topics as a way to provoke introspection and social dialogue. To date, the PSCAA has screened films in over one hundred villages in the West Bank, reaching over twenty-five thousand Palestinians and hopes to offer this cultural opportunity to a larger audience in Palestine and neighbouring countries;

- c) RADIO 96 NISAA FM is a mix of interactive talk shows, investigative reporting, entertainment and information. With social media enabling women to contribute to the content of the station, they are able to become “media producers” rather than just media consumers. Palestinian women now have a platform to expose their “voices” to the Region and beyond. 96 NISAA FM offers employment and professional training to women in Palestine.

- In Egypt, WELADNA designs, manufactures and distributes eco-friendly children’s toys that reinforce concepts of tolerance and open-mindedness. In addition to creating products, which positively engage with children, WELADNA works to integrate less privileged communities into the manufacturing process, providing a healthy and flexible work environment;

- In Morocco, ART ACT is a social enterprise, active in the domain of creative industries and art education. Art Act’s mission is to democratise the access to art activity and entertainment for low-income populations and to diminish the social exclusion that leads to extremism and radicalisation among the youth. ART ACT aims to connect amateur, semi-professional, and professional artists together in order to create shows and artistic products, and promote art in general, and specifically in socially challenged areas. The core motivation is to enable them to

better their skills through a peer-to-peer approach and diversify their income sources through teaching, and exchanging with artists from complementary disciplines.

- In Jordan, ALHOUSH the Middle East's premier online marketplace for regional artists to display and sell their products. ALHOUSH empowers these Arab artists and designers around a common cultural and commercial space, connecting them to the global market and to each other while serving as a catalyst for the development of the Arab innovation economy. The website has already attracted over 320 artists from around region, with a focus on artists working in areas of particular conflict or economic distress, including Gaza, the West Bank, Iraq, Jordan, and Syria. In addition to its online presence, Shanti has also organized a series of cultural events, which seek to promote its artists, illustrated by the ALHOUSH expo in Marseilles, France. These expositions give ALHOUSH's artists access to global markets and a unique level of exposure on the international stage. ALHOUSH also provides a portal for various community organizations and cooperative businesses, such as the Jordan River Foundation, to sell their artworks and handicrafts online.

5.2. Social Business and Employment Generation in the MPCs

The traditional forms of public or state employment traditional contracts, in which educated citizens could rely on social protection, have been eroded by the social changes and socio-economic challenges throughout the region.

Young people seeking employment and financial independence as part of their own transition to adulthood are caught in the crosswinds during this time of uncertainty and change. Whether graduating from higher education institutions or vocational training programs, young people find that they do not have the critical skills needed to secure globally competitive jobs. Without steady employment, they find that nearly every other aspect of their transition to adulthood is affected—housing, marriage, and family formation become unaffordable and therefore must be delayed.

Governments, non-governmental organizations, private philanthropists in the MPCs or resident in more affluent Arab States, in Europe and in North America, are recognizing more and more the urgency of the youth challenge in the region.

In the past 3 to 5 many development partners, sometimes in a joint effort with the Governments, have pioneered many efforts to improve youth job and social opportunities. However, these efforts need to go further since the size of the challenge calls for new development models that empower and extend economic and social benefits to those who are most excluded and marginalized while capitalizing on the human capital potential of those who are not.

Social entrepreneurship by promoting the use of business methods to achieve a positive and sustained social impact provides a starting point upon which such a development model can be built, along with other developmental perspectives in the Region.

Social enterprises can help create jobs, devise innovative development solutions, and inspire young people to act as citizens who are both economically productive and socially engaged—all with the ultimate aim of promoting human dignity and greater social equity. Moreover, some of the most successful enterprises have been able to show highly promising results in terms of business figures and the capacity to create employment opportunities for the most disadvantaged layers of the population, i.e. the youth and the women. Some of them are growing as international realities in their sectors and others are replicating their social model across localities, countries, and even regions, thus serving as conduits through which new development solutions are tested, adapted, and implemented.

Social Enterprises have a high potential for growth and that this potential is imbued in the combination between Business Idea “stricto sensu” and expected Social Impact of the enterprise.

Most of the successful Social Enterprises in almost all the countries of the Region have shown a fast growth of their workforce and the willingness to produce a growing number of job opportunities in close connection with the consolidation of the Business, the increase of market territorial and/or social coverage, the structuring of the value chains, although this last element is still weak for Social Enterprises.

As said in other parts of the report, social entrepreneurship potential is highly promising in the Region and there are many interesting cases (see above chapter 5.1) in various sector showing potential coming from the high rate and quality of innovation proposed, but Social Enterprises in the Region are still at an adolescent, nascent status, and still their number can be calculated at less than 3000 in the region, among which many are (in many cases highly promising) start-ups.

In such a reality, it is difficult to find economic statistics proposing reliable quantitative data to gauge the weight of the sector on local and regional economies and its aggregated employment generation capacity.

Thereafter, the contribution of Social Enterprises to employment generation can be analysed by taking into examination the main qualitative characteristics of the existing Social Enterprises and their dynamics.

The Social Enterprises’ potential for decent and sustainable employment generation in the MPCs, according to the opinion of the many international partners and to the main trends emerged in the field study is boosted by the following factors:

- *Social Enterprises are mostly created by and employ young people*

The vast majority of the entrepreneurs are under 40 and many of the most dynamic cooperative leaders in most of the countries are young educated people, graduates from university or vocational education. The demographic data about the region show the prevalence of youth in the regional population. More than 28% of the population of the MENA region is aged between 15 and 29. Representing over 108 million young people, this is the largest number of young people to transition to adulthood in the region’s history. Young people 15 to 24 constitute approximately 20% of the populations in Egypt, Lebanon, Morocco, Tunisia, Jordan, and Algeria. In the MPCs

populations, young people are the fastest growing segment; some 60% of the population is under 25 years old, making this one of the most youthful regions in the world, with a median age of 22 years compared to a global average of 28. Youth currently constitute an estimated 51% of total unemployed in the region, according to the latest UNDP Arab Human Development Report 2009¹⁷, which shows a raise from 44% in 2005, according to Millennium Development Goals in the Arab Region 2005 Report¹⁸. All countries in the region have witnessed an increase in youth unemployment rates between 1991 and 2004 with the exception of the Mashreq countries. The incidence of the problem has been increasing in the last decade by a steady growth and demographic projections foresee a surge by about 10 million between 2015 and 2030. The potential of Social Enterprises is that Social Business opens self-employment and waged employment opportunities for the larger and most critical component in the Region.

- *Social Enterprises are created by and employ a high number of educated people*

Most of the Social Entrepreneurs have completed their formal education, and the vast majority of them have university degrees.

Most have taken additional courses and training to further develop their skills in a variety of work-related areas. More than 20% of them have attained postgraduate degrees, including a number of PhDs. Among those social entrepreneurs from more modest backgrounds, most note that their education played an instrumental role in their personal growth and dedication to social entrepreneurship.

Educational enrolment rates are high in the Region, with nearly universal access at the primary level and nearly 70% enrolment at the secondary level. Between 1965 and 2003, the Governments in the Region spent an average of approximately 5% of their GDP on education.

- *Social Enterprises show a very good potential for women employment generation*

It is impressive the number of women who have started an entrepreneurial career in Social Business by developing a Business Idea from a creative approach to traditional activities (embroidery, tailoring, jewellery, food preparing) or for activities somehow related to their caring role (such as children-related activities) or simply because they see in education an opportunity for their growth and empowerment and a means to overcome the strong gender gap present in the Region and develop knowledge and skills able to generate successful Business Ideas.

On the three most important measures, it is clear that the level of women's engagement in the economy in MENA lags far behind the rest of the world. First, in terms of female labour force participation, 24 per cent of adult women in MENA – fewer than one in four women across all age groups – works or seeks paid work.

The number of women in MENA who are actually in employment is even further behind in international terms: in MENA around 17.5 per cent of the adult female population, less than one in five women, are now employed, compared to nearly 50 per cent worldwide¹⁹.

Once again, Social Enterprises have so far represented a good employment source for the women and an answer to their aspirations for social change and for producing social innovation and tackling social problems, most of which will then put a burden on them.

¹⁷ "World Bank Middle East and North Africa Factsheet"; <http://go.worldbank.org/DT45JDVOK0>

¹⁸ UNDP Arab Human Development Report 2009, see <http://www.arab-hdr.org/contents/index.aspx?rid=5>.

¹⁹ OECD-MENA INVESTMENT PROGRAMME/ MENA-OECD WOMEN'S BUSINESS FORUM Gender inequality and entrepreneurship in the Middle East and North Africa - A statistical portrait December 2013

- *Even being producers of innovation (and often, creative utilisers of technological innovation) Social Enterprises are generally labour-intensive or likely to generate more employment and income generation opportunities with their action.*

The vast majority of the Social Enterprises analysed show their potential to increase steadily their workforce or to generate spin-offs. SEs with a tradition have often generated a differentiation and the creation of new Social Businesses or traditional business but always with social impact. Traditional efficiency for Social Enterprises do not produce the utilisation of technical and technological innovation to reduce the manpower but to pursue upgrading of services, for which their style of management and Human Resources Management model foresee adequate training opportunities for direct manpower and for the other actors of the value chain.

In the entrepreneurial stories studied on the field, one of constants is the increase in the absorption of workforce. The search for social impact produces the effect that Social entrepreneurship often requires more than one individual to achieve impact and, often, a dedicated organization through which to carry out its work. The social enterprise is an organization with a clear social mission and a strategy that combines resourcefulness and innovation, which allow it to be financially sustainable.

This is the basis for the labour-intensive characterisation of the Social Business widely identified in the region, through the cases documented: almost 100 % of the enterprises studied, both as a stand-alone case or in incubators and accelerators have been constantly increasing their workforce.

Moreover, with regard to the survival of the enterprises, at least between the cases studied, the 3-5 years survival rate for Social Enterprises is sensibly higher than that of traditional enterprises. In many cases, the story of the enterprises witnesses in favour of the fact that is the social impact produce and the connectedness to the users and the communities produces a higher resilience of Social Enterprises.

Finally, along with the fact that the lower level of profit generated by Social Businesses lowers the competitive pressure of large enterprises and major sector competitors towards Social Enterprises allowing them to generate higher employment opportunities.

5.3. Social Entrepreneurship and Local Stability

As it is known, MPCs are one of the most unstable regions in the world. The region is caught up in an interlocking pattern of crises that began decades ago and has become increasingly serious over time, and that now seems almost certain to play out over at least the next decade.

The difficult situation in the region is due to the combined action of political and social elements such as:

- Cumulative impact of massive population growth, hyper urbanization, lack of agricultural modernization and reform, and economic diversification;
- Extremely young population, “youth bulge” creating job and career crisis, lack of housing, education, and services, inability to marry and support a family;
- Limitations in the quality of governance;
- Sectarian, ethnic, and tribal differences have increasingly become institutionalized

- and a growing source of tension and conflict;
- Weakness of the options offered and management and implementation capability for recovery;
- Several patterns of violence have been generated and interacted with the previous problems in governance, economics, and demographics.

The following elements are relevant to the analysis conducted in the present report:

- The most important socio-demographic characteristic of the region is its extremely young population (see above). In addition to this high prevalence of the youth in the population of the Region, it can be ascertained that the absence of a social and economic policy framework for inclusive growth specifically addressing the youth in the region has left young people at the margin of society. Facing the highest youth unemployment levels worldwide and restricted access to quality public services, regional youth report significantly lower levels of trust in government than previous generations;
- Youth in the region are particularly critical. In many countries in the region, they make up more than a quarter of the population, with growing demographic pressure and unemployment rates that exceed those in all other regions of the world. Young people's exclusion from a fair share of the economic progress over recent decades has produced a pattern of rising income inequality;
- The current trends in the region show that income inequality has translated into higher poverty rates with a shift in the age profile of the poor, with rising poverty rates among children and especially youth;
- Despite average annual growth rates in real GDP of almost 5% in MENA countries between 2000 and 2010²⁰, the economic upswing did not translate into increased job creation and economic opportunities for the younger cohorts and youth unemployment rates have grown up to, 39% in Egypt and 38% in the Palestine²¹;
- Young people in the MENA region are subject to a highly volatile political environment and external shocks. Following the serious deterioration of the security situation, many have been forced to flee their home, which puts a whole generation of displaced youth at an even greater risk of social and economic exclusion²²;
- The majority of Social Enterprises in the region are created by young, and in most of the cases, educated people. On the other side, the fact that most of the Social Enterprises are urban and created by university graduates (often coming from the most qualified universities to which access is denied for the rural youth and the poor) has left behind the vast potential of entrepreneurship present in rural areas and in the communities.

²⁰ IMF (International Monetary Fund), IMF World Economic Outlook Database, 2016 April.

²¹ World Bank "Unemployment, youth total (percent of total labour force ages 15-24)", modelled ILO estimate

²² OECD, "Youth in the MENA Region: How to bring them in" OECD 2015

The above factors define the potential of Social Entrepreneurship to catalyse the energy of the youth in the region and utilise this potential to promote economic inclusion, economic growth and social change.

The above elements are likely to improve the quality of democracy since economic initiative is an important component of active citizenship.

A look to the recent story of the region allows saying that the Arab Spring has had an important social and economic impact on the region. Across it, economies have been negatively affected, with rising unemployment rates, decreased foreign investment and tourism, and interruptions in exports. Nevertheless, the Arab world is also witnessing an increase in community spirit, with a growing awareness of the need for citizens to take responsibility for their own socio-economic and political future, and a move away from dependency on the public sector for employment.

With transitions underway in post-Arab Spring countries, civil society and the private sector that were once tightly regulated by the government are experiencing more freedom to operate, as traditional barriers to entry are easing. These factors indicate the likely birth of a socio-economic environment amenable to social entrepreneurship, drawing young people towards this emerging sector out of both opportunity and necessity.

Social entrepreneurship has been introduced as an innovative model that can address persistent problems of poverty and inequality in Arab societies by harnessing the potential of the "youth bulge" to fuel economic and social growth. While social entrepreneurship is still a relatively emergent sector in the Arab world, there is evidence of its arrival in the region over the last decade through international programs and regional incubators supporting entrepreneurs in both the business and social sectors.

Social entrepreneurs apply business principles and non-conventional approaches to solve difficult-to-deal-with development challenges in their local communities, i.e. they are an important factor for social change.

Several elements indicate the Social Enterprise's potential to grow and fostering social and political stability in the Region: 1) The growing interest in volunteerism; 2) The growing high in starting one's own business, coupled with the lowering reliance on the public sector for employment; 3), The growing awareness of entrepreneurship in both the business and social sectors; 4) A direct societal effect of the Arab Spring, the steady interest for being involved in projects beneficial to the community or the society.

To a certain extent, the growth of Social Enterprises in the region, far from producing an alternative to the public services and responsibilities of a democratic government²³ is a powerful force to promote social cohesion and unify the society in the region, thus contributing to social and political stability.

5.3.1. The Governance dimension of Social Business in the area

According to a definition given by the Report "*Social Business Governance: A Framework to Execute Social Business Strategy*", Social Business Governance (SBG) is an integrated system of

²³ Doumit G. "Social Entrepreneurship: A Force for Political Stability" – Stanford Social Innovation Review, Mar. 2015

people, policies, processes, and practices that defines organizational structure and decision process to ensure effective management of social business at scale.

The story of Social Enterprises in the MPCs, as reported in studies and as empirically registered by the field and desk studies carried out, show that the identity of Social Enterprises in the region, is people-centred and inspired by a vision of social change.

Thereafter, the governance model of Social business in the region, has to be studied starting from people. Yet, the observations to be formulated are related to a complex system whose main components are:

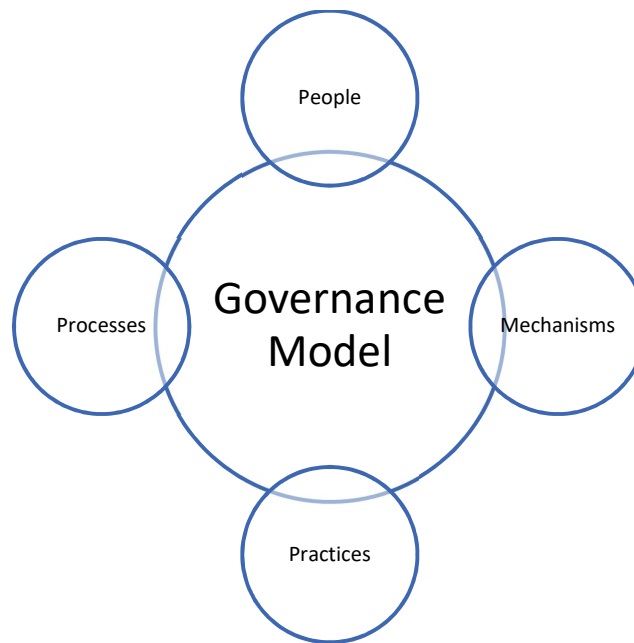


Figure 1: Components of the Social Business Governance Model

The above model helps to identify how the governance of Social Enterprises works in the region:

5.3.2. People

The Governance of Social Enterprises has its starting points in the need to ensure accountability for the roles and the organizational structures aimed at supporting social enterprises and the coherence between business aspects and social impact.

The centrality of people in the operations of Social Enterprises produces the need to ensure coherence and accountability to the lines of action adopted by who operates them.

This condition has been observed in the strategy and in the analysis of the organisations (enterprises) and of the “modus operandi” adopted in their operations as well as in the criteria adopted in Human Resources Management.

The origin of social enterprise, the culture expressed by the majority of the entrepreneurs, show clearly that a peculiar characteristic of Social Entrepreneurs is pursuing systemic change, and many are reaching out to policy decision-makers and policy implementing organisms such as government agencies to have a wide-reaching impact.

This characteristic shapes the models adopted to guide people and to preserve their commitment to social objectives while acting in efficiency and effectiveness.

The Human Resources Management model is generally participatory and based on the contribution of everybody to the definition of the long-term plans and of the medium-term and programs and in most cases for the operational and day-by-day decision-making.

In many of the enterprises reached it has been that the model adopted is not assembly based, rather it is participatory and based on a permanent assumption of responsibility by all the shareholders and the workforce, to increase the mutual engagement towards the social aim of the enterprise.

This characteristic is not limited to the internal workforce, but is extended to all the persons along the value chain. Examples can be:

- The effort made by the Egyptian Social Entrepreneur Mostafa Farahat (Cairo, Egypt) to provide educational resources to help students reach their full educational potential and encouraging co-learning, while enabling students to engage with content in a variety of way, as well as helping others, to increase understanding of the students producing the learning materials themselves, since the process of explanation enhances their own comprehension.
- The mechanism adopted by Hasna Larizi a Woman Social Entrepreneur in Morocco, which operates to increase the quality of food by supporting local small farmers in the production and distribution of organic vegetables and fruit on the basis of continuous training and re-training of the farmers and on a joint producers and utilisers' participation to planning and decision-making.
- The governance model adopted by the Palestinian Women Social Entrepreneur Noora Husseini who, by managing its activity of producing and commercialising high-quality, modern women's fashion with traditional Palestinian embroidery, not only offers economic empowerment to women in rural and poor communities, but provide them with training and professional upgrading opportunities and stimulates their participation in the definition of the product lines.

The operational modalities observed in the region have the following characteristics:

- a. With regard to the alignment of leadership, Social Enterprises use to build a partnership with their resources and stimulate a growing understanding of the specificity of Social enterprises, based on their early involvement and the sharing of results and challenges with them along the action.
- b. With regard to the decision-making process, several styles and specific arrangements have been identified. The common characteristics of all the specific approaches, is the adoption of participation (consultation and permanent listening) and cross-fertilisation (joint decision-making between the different functions or jobs by mutual influence and contribution) in operations.

5.3.3.Mechanisms

Enterprises shape their functioning model by establishing management, technical and commercial policies and defining procedures for their implementation. In social business, policies and management procedures and mechanisms, generally represent this intersection of addressing compliance to the law, coherence to the combination of business and social impact and supporting the strategy, culture, and strategic direction of the Social Enterprise.

The management model is still at its embryonic stage, since most of the enterprises (with the exclusion of those that are highly structured due to their size, their international position and their business figure) are small in size, not sufficiently equipped with procedures and structured management models and the management capacity of the entrepreneurs and of the majority of the workforce and managerial roles needs to be strengthened with specific Social Business Management skills and a specific set of tools.

The search for investors, supported by several technical and financial supporters and by a number of financial equity investors in the Region, will not be helped since this capacity will not be enough developed in Social Enterprises (although with important exception) at regional level.

Policies and procedures for knowledge-sharing are not in place for almost the totality of the enterprises interviewed, while the need for a growth and consolidation of the social business ecosystems is that of sharing, disseminating and mainstreaming common effective approaches.

More diffused are policies and procedures for employee and customer endorsements and advocacy in place, which confirms that Social Enterprises tend to act as social change agents and are focused on educating their workforce to advocate for their social mission and actively seek broader participation in social activities related to the business.

5.3.4.Processes

Processes are important because business policy decisions need to be supported by actions that support policy goals. For Social Businesses processes tend to be defined either as external facing (e.g. specific modalities and actions for social engagement) or with an internal focus.

The findings of the desk and field analysis indicate that the processes social enterprises develop to govern social aspects, such as community management and social content management, are largely focused on engaging with customers and providers or people and other organisation along the value chain, fairly and effectively. There are numerous examples, starting from the three proposed that can show how the processes are organised to ensure economic sustainability and social impact as well as participation in organisational life.

The capacity to generate product or service innovation by drawing lessons learnt from the social practice of the enterprises is a fundamental process for Social Enterprises,

On this side, Social Enterprises in the Region rely almost only on their social and relational chords and have processes such as periodic review to generate innovation and many opportunities are not

capitalised although, according to their declarations, most organizations capture data that could support innovation, but in many cases do not have the ability to act on these data.

5.3.5.Practices

The practice component of the Social Enterprises governance system consists of the tools, technology, and practices that enable the ongoing support of Social Enterprise Governance scale. In this field from the analysis results that values and expectations that had supported the choice of being a Social Entrepreneur, were the main support to the capacity for listening, a basic tool for social entrepreneurship development.

On the other side, social entrepreneurs most probably because of the fact that most of Social Enterprises are young and need to be supported by specific Social Business Management tools (not available in the current practice of Business Support Services), adopt no specific and formalised system. Many of the entrepreneurs have declared that one of the most important challenges is the lack of a specific social business management set of tools and of a specific social business support system.

A classic example is Customer Service, for which Social Business mobilise their motivation and social sensitivity, but not a management practice using specific methodologies and tools. Having training a priority among social change strategists, most of the social enterprises contacted reported training as a common practice of the enterprise.

5.4. Sectoral Priorities and Risks

The MPCs are home to many societal and developmental challenges analysed in other parts of the present report. With the appropriate institutional actors and individuals willing to dedicate their careers to solve the social and economic problems forecasted to be even more severe in the future, there is significant potential to cultivate a larger social enterprise presence in the region.

A social entrepreneur identifies a critical, authentic social issue and develops a business model around it in a way that its growth is measured by the positive impact delivered.

In order for the MPCs to grow social enterprise and social entrepreneurship there are several challenges the region must first address before fully expanding its efforts to cultivate a social enterprise movement.

The growth and consolidation of thriving Social Business Ecosystems has a number of priorities to be attained and the consolidation of Social Enterprises in the Region is an effort whose route is disseminated by risks that need to be prevented by adequate measures.

5.4.1. Priorities for the Development of Social Enterprise Ecosystems

The most important priorities for the development of Social Business Ecosystems can be identified as follows:

- Development of Public Awareness

Primarily, there is a lack of public awareness on what this emerging field is and its potential to improve the region's economic position. The lack of exposure and knowledge about social entrepreneurship and the benefits it brings to communities means that the public might not know some very good social entrepreneurs. Greater exposure needs to be given to the contributions made by social entrepreneurs. Such increased awareness would lead to greater trust and an environment that is more conducive to social entrepreneurship.

Social Enterprises can be supported by an array of initiatives:

- Raising awareness of the public (downward) and of policy decision-makers (upward) such as parliamentarians and government people, and building a knowledge base by mobilising academic institutions and think-tanks able to leverage their credibility, academic rigor, and intellectual independence to push the development of new fields of knowledge and introduce new concepts to mainstream audiences, to be shaped and debated as they are gradually integrated into popular discourse and to train future specialised social entrepreneurs, managers or service providers for Social Enterprises;
 - Building a social entrepreneurial culture by research and incentive to theoretical and technical efforts and to education initiatives to increasingly infusing social entrepreneurship education into school systems. University engagement with social entrepreneurship should capitalise on global partnerships and networks to promote and recognise social entrepreneurs and social enterprises. By encouraging socially responsible and sustainable business or directly stimulating student innovation through competitions and incubators, policymakers and private sector leaders should support the efforts of academic institutions as the first steps toward building a culture of social entrepreneurship in the Region.
- Improvement of Government Awareness and Support to Social Enterprises

In any country or region, the impact of Social Entrepreneurship is strongly influenced by the stance of the policy decision-makers and institutional actors, including how and to what extent public institutions engage with home-grown social entrepreneurs and enterprises.

In the Region, with few exceptions, governments have been relatively inactive with regard to social entrepreneurship and have not adopted specific positions or policies toward social entrepreneurs and social enterprises. The constraints for social enterprises in the region's individual countries vary, yet the opportunities are vast for its governments to take active steps to encourage and promote the work of social entrepreneurs.

The most important areas in which a positive initiative can be taken are:

- Developing and enforcing an appropriate regulatory framework and a set of policies, for the functioning of social enterprises and strengthen the institutional set-up for the implementation of the policy framework;
- Acknowledging the public utility of social enterprises and establish specific fiscal and operational regulation that take adequately into consideration these elements (Organization Type and Registration Requirements, Tax Policies and Fiscal Incentives, simple and transparent sector regulations, Labour Regulations);
- Rewarding successful social entrepreneurs and social enterprises through recognition. For example by supporting award programs, competitions, and social challenge or innovation funds targeted at identifying, screening, and then publicly recognizing and rewarding successful or high-potential social entrepreneurs;
- Establishing specific procurement and partnership on the model of what has been done by the EU where more Euro 1.3 Billion of Public Procurement in the period 2014/2020 will be reserved to Social Enterprises and the Structural Funds recognize the role of Social Business by earmarking to Social Enterprises Euro 420 Million from the ERDF and specific initiatives to support Social Business are taken by the ESF;
- Developing and supporting the broader ecosystem for social entrepreneurship. The public institutions should be catalysts in energising other components of the ecosystem needed for social entrepreneurship to thrive, e.g. in education, through the public schooling system and education policy; in communication, through state-sponsored marketing and advertising; and towards private and social investors, through legal frameworks and market regulations conducive for national and international private partners to invest in social businesses.

- *Building Capacity of Social Entrepreneurs*

Social Entrepreneurs are setting their initiatives and need to be supported by building their own professional, technical, entrepreneurial and managerial capacity as well as the capacity of their management and their workforce.

Specific curricula have to be designed and the content of a specific training has to be identified and systematised to define an education and capacity-building offer able to fill the capacity gaps present in the System. The demand coming from Social Entrepreneurs can be satisfied by:

- The development of Professional Qualification by specific academic opportunities and by training services;
- The definition of specific contents for Social Business Training;
- The growth of Social Business Training Service Providers or specific training opportunities offered by existing service providers;
- Develop an offer of activities and services within the greater community, thereby helping to create useful contacts, networks, and communities of knowledge and practice.

- *Financial Assistance Tailored For the Need of Social Business*

Financial sustainability is at the same time, a distinctive characteristic of the identity of Social Business as compared with NGOs or charity organisations, and a specific challenge for Social Entrepreneurs.

The fledgling ecosystem aside, social enterprise, as any traditional business is faced with the financial hurdle. With no separate legislation and no specific form of financial services for social enterprises, these entrepreneurs dip into the same pool of investors as other business.

Social Enterprises in the Region express the need for different kinds of support, related to different phases of their lifecycle:

a) Capital formation:

Young people normally found social Enterprises with limited financial capacity and they need of a support for the capitalisation of the enterprises;

Traditional and consolidated modalities such as the stock market or the search of financial investors out of the stock market are not suitable for these enterprises, since they cannot demonstrate a rate of profitability likely to make them appealing for standard investors.

The diffusion of equity and quasi-equity capital support is the most viable and suitable support to capital formation of Social Enterprises. This equity intervention should have the characteristic of what is called “patient capital” since patient capital demands accountability while having “a high tolerance for risk, long time horizons, is flexible to meet the needs of entrepreneurs, and is unwilling to sacrifice the needs of end customers for the sake of shareholders.

What the Social Entrepreneurs consider a priority is a public/private joint action and an awareness raising initiative, accompanied by a stimulus to financial investors to device, in the countries where it is possible and in the given conditions, a strategy for portfolio diversification, she said it can help any investment fund’s risk mitigation strategy as it counterbalances the typical high risk, high return investments that are normally the target of these funds.

This action should be based on the assumption that social enterprises are more resilient, less seasonal and more sustainable in the long term as long as they respond to the fundamental needs of the community and should look for financial investment that seeks not only financial returns but also social impact and hence is usually willing to settle for lower than market financial returns in cases where there is a high social impact that justifies it.

The recent evolution of Corporate Social Responsibility from charity support and support to NGOs (in Europe it provides fiscal exemption) to more specific creation of divisions or search for partnerships with Social Enterprises to ensure sustainability of the interventions, is another opportunity, since entrepreneurs can be supported (by fiscal measures) in investing for capital formation of Social Enterprises.

Another specific phenomenon characterises the Region is represented by the longstanding traditions and practices of religious giving, including the Islamic zakat and tithing (not used for religious purposes) represent significant potential with regard to giving to sustainable development, including social entrepreneurship. Yet zakat continues to be largely restricted to short-term, relief and ad hoc charitable causes despite a long and established history of its strategic uses.

Moreover, because narrow understandings of religious giving are dominant, social entrepreneurs aiming at social change and development are often excluded from this source of promising

financing options. In this case, religious institutions, authorities, and the media have a role to play in raising awareness about the importance of giving and investing in sustainable development and strengthening social institutions, as based on established religious interpretations and historical precedents.

b) Working Capital Credit:

Social Enterprises have in many cases reported that due to their specific conditions, they suffer from time to time of the misalignment between financial incoming and payments and that in some cases are prevented from serving new needs by financial problems. In this case, the specificity of Social Enterprises by stimulating the financial sector for the creation of dedicated financial lines for Social Business Working Capital Credit, or foresee special subsidised operating credit tailored on the characteristics of Social Enterprises.

- Services to Social Business

Specialised services are one of the preconditions for the development of any form of enterprises, the dissemination of technical, organisational and commercial innovation, the training and upgrading of capacity for the management and the workforce of enterprises. Social Enterprises are a recent phenomenon in the MPCs and the Social Business Ecosystem are not equipped by support functions and specialised services.

The functions are only partially covered by international development partners and some Universities have started interesting initiatives but there is no organised service system in place.

The majority of the enterprises as well as of the service providers and the support organisation have underlined the importance and urgency for the creation and functioning of a fully-fledged Social Business Advisory Support System (supported and stimulated by policy measures) to serve the needs of a growing number of Social Enterprises.

As said, there is an initial support to Social Enterprises for their creation, incubators are being created, pitching events and competition are organised, but the critical point of the support to the scaling-up and consolidation of Social Enterprises, the most critical at this stage, is only partially covered.

- The development of services and of a specific set of tools and management methodologies tailored for the needs and the specific management characteristics of Social Enterprises.

These services should cover:

a) Support to social business strategic decision-making

- Opportunity Analysis: Learn what defines best in class in social business to inspire better performing strategies. Understand the business case for social strategy in your organization to effectively staff, resource, and support social initiatives;
- Social Readiness Review: Evaluation and benchmarking of internal capabilities and proficiencies required to deliver an effective social business activity.

b) Support to general and functional management:

- Organisational support: advisory service for organisation structuring and organisation development;
- Financial management Support: this is an outstanding need for Social Enterprises and focuses : A) full understanding of both the financial and the management accounts; B) control techniques and methodologies to identify the capacity of services or products to run at a profit (or loss) and the implications of this; C) capacity to manage the social enterprise as a whole, by keeping an integrated view of the different activities; D) future business scenarios; E) good handle on cash-flow;
- Marketing a Social Enterprise: the services should focus on : A) clients and beneficiaries profiling; B) Social Customers segmentation strategies; C) Product and service portfolio strategy combining business objectives and social impact as well as cash-flow generation; D) Establish to the appropriate marketing mix which preserves social impacts; E) Develop a pricing model that is appropriate to help scale the Social Enterprise considering both the needs and resources of clients and other social beneficiaries.
- The creation of networks of Social Enterprises and of organisations aimed at supporting Social Enterprises or specific federations inside the existing enterprise confederations (Industry, etc.) adopting the model used in Europe for the high-tech or the new services;
- The diffusion of methodologies, systems and service providers aimed at monitoring and measuring social enterprise developments across the Region.

5.4.2. Main Risks for the development of Social Business

The Region has witnessed a rise of non-state-actors at the expense of states weakened by a struggling global economy and social changes that exceed their capacity to handle them.

The main risks can be classified as follows:

- Socio-Political Unrest

The rise of civil unrest makes difficult operation for any kind of enterprise and disrupts the normal progression of work. For Social Enterprises, whose environmental relationships are unavoidably related to lagging-behind and marginalised communities where social instability can produce sudden upsurges of violence or conflict, civil unrest is a specific risk to be considered when establishing a social business. This risk has to be taken into consideration and specific arrangements to be made. The work of Social Enterprises to improve social capital in the communities, to promote economic and financial inclusion and capitalise this community growth in organised forms at community level is the most effective way of preventing the negative effects of civil and political unrest.

- Instability of The Business Environment

Daniel Wagner, CEO of Country Risk Solutions, a global risk management consultancy specializing in political risk stated: “It’s a fool’s errand to think you can apply a cookie cutter approach to identifying risk across the region,” he said. “You need to laser in on one country, do

*your homework, put your boots on the ground, get a feel for the culture, and partner with an outside firm to assist you along the way.*²⁴”

For example, the economic slowdown caused by low oil prices means that national coffers are depleting, pressuring governments to slash costs, causing potential civil unrest. This also can result and in many cases is resulting in a slowdown of projects that is currently underway to spread out the costs. In other cases, it resulted in a call to revise the project midway through with severe risks for both economic and social commitments of the enterprises.

Economic problems also can affect the timing of anticipated payments for products or services already rendered.

- *Bureaucracy and Red Tape can Slowdown Implementation of Activities*

Entrepreneurial activities have to be implemented at the pace requested by their specific characteristics and by their clients and social interlocutors.

Authorisations burden and, lengthy of decision-making, unclear discipline, lack of specific regulations can produce a slowdown in implementation with the result of an economic damage and of the creation of mistrust of social partners.

A good knowledge of regulations and administrative procedures can help reduce the burden of red tape.

- *Corruption Can Hinder Sustainability and the Pursuit of Social Change and Social Impact*

Corrupt public officials are another risk of doing business in the Region. It is frequent for public contracts to contain imbedded “commissions” and “surcharges” that are effectively bribes and kickbacks. According to Transparency International’s 2014 Corruption Perceptions Index, more than half of the MENA nations were perceived to be more corrupt than the global average, with three nations ranking in the bottom ten.

Even with several governments in the region stepping-up their enforcement of existing anti-bribery laws, the situation remains murky. Nevertheless, Social Enterprises caught engaging in such crimes can suffer reputational damage affecting their identity of social change makers.

The solution to be adopted is embedded in Social Enterprises’ mission and values, based on a high level of transparency of all program steps, decision, contracts and on the focus on social accountability as a barrier towards corruptive practices.

In general, operational networking at national, regional and international (especially Northern/Southern Mediterranean) partnership, mentorship and networking represent a resource to prevent all the main risks related to Social Business in MPCs.

²⁴ D. Wagner “*Global Risk Agility and Decision Making. A Practitioner’s Guide to Effective Cross-Border Risk Analysis*” CRC Press Taylor & Francis Group – 2013

6. Characteristics of Existing SE Ecosystem in the Region

6.1. Business Support and Development Structures

Given the nascent nature of the social enterprises concept in the region and their limited numbers, there is not yet the enough support structure for these enterprises to grow, learn, and succeed. The limited number of SEs does not necessarily imply the actual numbers of initiatives, as most of these initiatives do not identify themselves as SEs, are starting without any attention, insignificant support and in most cases without any financing mechanisms.

Additionally, the concept is still not clearly defined yet among governmental actors and communities; this is mainly due to the clear differentiation enforced by the available legal frameworks and available support structures, which is either a charity organization or a profitable company.

Social enterprises are experiencing multiple challenges on different levels starting from their idea generation, startup, incubation and growth phase. In order to ensure a successful transition from phase to phase and a proper integration of the SEs in the market, a set of support services are required to minimize the risks of failure.

The entrepreneurship ecosystem though is relatively well developed compared to that of social entrepreneurship in the region. In fact, there is still no clear differentiation between the two, given the vague definition of social enterprises. Social enterprises in the Southern Mediterranean countries are utilizing the services provided by the entrepreneurship ecosystem. However, it is still not fulfilling the need of the sector for the following reasons:

- There is a high focus on the technology sector, where many of the support services are focused on tech innovation with limited effort to link it to social innovation and impact. Only tech social enterprises might benefit from their services.
- As business support, entities measure their success primarily by financial measures; SE initiatives become more concerned of their financial model and success to attract investors, rather than on achieving social impact. In addition, the time lapse for return of investment of SEs is longer which makes them less competitive compared to higher potential business star-ups.
- Some of the entrepreneurship-focused services, such as incubators are including some SE components in collaboration with international donors, mainly through adding thematic areas that have to do with social change, such as environment, education or urban solutions. These components are being included with limited customizations of the available business programs.

Oasis 500, an early stage and seed investment company in Jordan, providing entrepreneurship training, mentorship guidance, business incubation and acceleration, and additional follow-on investment and funding if required.

6.2. Gaps in Support Services and Financing Mechanisms

The following section analyzes the available support services and financing mechanisms for SEs at different stages of their life cycle and identifies the existing gaps in MPCs.

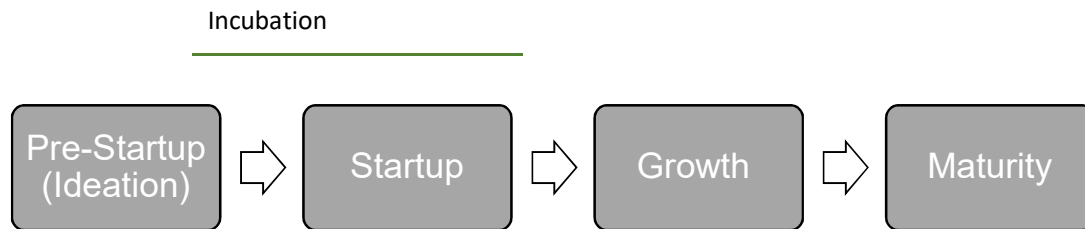


Figure 2: Support Services by Stage in SE Life Cycle

6.2.1. Ideation Phase (Pre-start-up)

This is the initial phase during which social entrepreneurs focus on a specific social problem, need or challenge, come up with an innovative idea to solve it.

During this phase, social entrepreneurs start exploring the social challenge they want to address, understand its multiple dimensions, and design their social business model and plan, before seeking financing for the start-up phase. These steps require a number of services that a social enterprise needs to be able to successfully start.

These services include:

- Sensitization of Potential Social Entrepreneurs:

In the southern Mediterranean countries, social enterprise is still not a common concept. Addressing social challenges and problems usually happens through raising awareness activities, volunteer-based community activities or advocating for change in policy.

In order to create the need for social enterprises in the region as a potential approach to addressing social challenges, it is essential that programs start shifting from the traditional community service activities towards encouraging more social innovation. The major challenge in this phase is the ability of these programs and activities to reach out to rural areas, which are usually the most underprivileged and in need for support. These activities could be focused on:

- Raising awareness on social innovation on both urban and rural areas
- Encouraging social innovation among young citizens
- Encouraging collaborative problem solving activities on the community level

This approach is a prerequisite for the development of the social enterprise sector, where the objective is to help citizens explore social innovation as an option for both solving their community challenges and create job opportunities.

Sensitization on new approaches to solve community and social challenges has been integrated in some of the international organizations/donors programs in most of the southern Mediterranean countries. Some local organizations are partnering with INGOs during project implementation.

Main observations from the field mapping:

- *These activities are usually implemented by international organizations with the support of local NGOs.*
- *Activities implemented by NGOs are usually standalone and not linked to another program or services to guide beneficiaries towards starting their own social enterprises.*
- *There are some specialized NGOs that focus in their work on promoting entrepreneurship among young school students, with much less focus on social entrepreneurship.*

- **Provision of Formal and Informal Education Programs:**

In order to encourage young citizens to explore social enterprises, it is integral to include this concept as part of the schools, vocational institutions and universities curricula at different levels. This includes:

- **Training and Capacity Building Programs:**

These programs aim at promoting social entrepreneurship implemented by local and international NGOs urban and rural areas, targeting young people between the age of 18 and 25 or any other age bracket of targeted potential social entrepreneurs. Such programs could provide participants, in communities and vocational Institutions, with social analysis and entrepreneurial skills, problem-solving skills, expose them to different social business models, social business tools.

“Most of the potential SE ideas are generate in rural areas in underprivileged communities, without even knowing about the social entrepreneurship concept. There is a need to target these communities though capacity building programs and giving them access to knowledge and fellow social entrepreneurs in the country.”

Egyptian Social Entrepreneur

- **University Programs:**

These graduate and undergraduate programs aim at providing in-depth learning of SE, provide a hub for students to create their own SEs and ensure a research platform on the topic. Such programs help create a pool of knowledge and experts who can serve the needs of the social enterprise ecosystem through providing technical support, or creating new social enterprises to match their knowledge with concrete market experience.

- **Vocational Education and Training:**

This includes integrating social entrepreneurship education within the technical and vocational education curricula in vocational institutions. This helps students and trainees explore SE as an option for their future career where they can utilize their expertise and knowledge in creating their own SEs in their communities, rather than seeking employment in the big cities or central urban areas.

University Programs on Social Entrepreneurship in the MPCs

- Institute de Hautes Études Commerciales de Carthage (IHEC): IHEC developed, in 2014, the first Master program in Social Entrepreneurship in the MENA region. It also has students clubs around social and women entrepreneurship and is planning to develop a research unit on the topic.
- Institut Supérieure de Gestion in Tunisia (ISG): ISG developed an undergraduate SE course for business and management students and set up a hub with trained instructors to coach interested students.
- Saint Joseph University in Lebanon (USJ): USJ developed, in 2014, the first graduate diploma of 200 hours on SE and assist students to develop their social business plan as their final project.
- American University of Cairo: The AUC has established a social innovation centre and incubator with the support of the European Union; this incubator enables prospective students to pursue multidisciplinary study with the aim of addressing the dire social and environmental issues that currently plague society.
- The ASPIRE Program: “Achieving Sustainable Programs in Regeneration and Entrepreneurship (Closed): this program was implemented in Jordan, Lebanon and Palestine. It was awarded to Staffordshire University in the UK under the umbrella of EU funded Tempus projects. It involved 12 partner universities from the Middle East and the EU: Staffordshire University (UK), University of Huddersfield (UK), University of Bari (Italy), Technological Educational Institute of Thessaly (Greece), Vrije Universiteit (Belgium), Université Pantheon-Assas, Paris II (France), Princess Sumaya University for Technology (Jordan), Al Hussain Bin Talal University (Jordan), Beirut Arab University (Lebanon), Modern University for Business and Science (Lebanon), Birzeit University (Palestine) and Al Quds University (Palestine).
- American University of Beirut in Lebanon (AUB): AUB developed an undergraduate course on SE within the business school.
- Haigazian University in Lebanon (HU): HU developed a three-year extra-curricular program for special multi-disciplinary students to work together and establish their SEs by end of the program funded by USAID.

Main observations from the field mapping:

- Training activities are usually part of competition process for selection of entrepreneurs, which does not necessarily reach out to a wide audience.
- NGOs with the focus on supporting entrepreneurship are the only ones who implement continuous training programs, unlike standalone training activities implemented by local or international organizations.
- Trainings activities in most cases are part of local economic development projects geared towards increasing job opportunities. Recently these activities are being part of the livelihood development programs implemented by local and international NGOs as a response to the economic repercussions of the Syrian refugee crisis, especially in the Levant.
- Vocational trainings are currently complemented in many NGO and INGO programs with either entrepreneurship or social entrepreneurship workshops but with limited specialized follow-up. Indicators of success of such programs are highly focused on job placement.

- Social Business Plan Development:

This includes extensive coaching for social entrepreneurs or those willing to explore their social innovation ideas through a social enterprise, to support in building their social business model and plan. These services are usually essential for entrepreneurs where this

Nahdet El Mahrousa, one of the few NGOs targeting social entrepreneurs' in Egypt have established the “SEAD” Social Entrepreneurship Academy for Development, a specialized training for social entrepreneurs in Egypt, that includes 18 courses such as marketing, fundraising, social media, volunteer management, and investment.

steps looks at the project feasibility and ability to get into the market and be sustainable. Social enterprises require additional components to be focused on, which are social investment and social impact, which are usually not part of the business planning coaching support provided for entrepreneurs.

Main observations from the field mapping:

- *Most social business planning services use traditional methods while there are new approaches that could be more adapted to social entrepreneurs in the region such as Lean Start-up and Design Thinking.*
- *Services related to development of social business plans are usually implemented by entrepreneurship-focused service providers within competitions or boot camps.*
- *Some NGOs are including some business planning trainings within their programs that are mainly focused on creating job opportunities and not necessarily development of social impact projects.*
- *Countries in Maghreb (Tunisia and Morocco) have the highest number of entities with specific focus on SE development. These entities provide trainings on business planning covering different region in a country but with more focus on the big cities.*

- Financing Mechanisms:

One of the most challenging phases in the process of building a social enterprise, is the ability to access seed funding for the start-up phase. This phase incurs many costs on the social entrepreneur, including prototyping, testing and material, as well as human resources. There are different types of funding at this stage from different source as following:

○ *Seed investments:*

This is mainly investing in the idea itself depending on its feasibility and the intentions of the investors where they will have equity in the enterprise. Usually seed funding is considerably limited, and mainly aims at provided the needed resources to transform the idea into a social business.

○ *Grants:*

Some donor organizations provide, as part of their programs, small grants for social entrepreneurs to help them test their idea and have the needed resources to start with the launching phase.

○ *Crowdsourcing:*

This type of financing is becoming more common in the region with the establishment of several crowdsourcing online platforms to help support social impact projects (not necessarily SE, it could also include charity).

GESR MISR EL KHEIR FOUNDATION provides funding (seed funding, access to grants), office facilities, training (technical, marketing & business planning, VC pitching), mentoring and networking, accounting/legal/marketing services for social enterprises and entrepreneurs.

SHE Entrepreneur is a Swedish government funded program aiming at empowering women social entrepreneurs in the MENA. As part of its one-year capacity building programs, women social entrepreneurs receive grants to help launch their SEs.

There are two main crowd-funding platforms based in Lebanon. ZOOMAL, targeting the entire Arab region and helping creative, social entrepreneurs, artists, and NGO raise funds for their project. Another one is Help for Leb, which targets activists, NGOs and individuals with social impact ideas helping them raise funds for their projects.

Main observations from the field mapping:

- *At this stage early stage where the SE is still at a nascent status, most of the financial support comes as grants from NGOs (local and international)*
- *Seed funding from investors is available but less common given the high risk of failure of the SE at this stage. NGOs providing grants are less concerned about financial sustainability and more focused on the social impact of the idea.*
- *SEs in pre-start-up phase who receive seed funding from investors are expected to have a very concrete business idea, with a requirement of financial sustainability.*

Annex 10.10 describes the available entities in the SE ecosystem in the Southern Mediterranean Countries with regards to the above-mentioned services.

6.2.2. Gaps in Service Provision in Pre-Start-up Phase

- Most of the educational/awareness support on SE provided by NGOs implementing a socio-economic program (except for entrepreneurship specialized ones) is not sustainable and not specialized for SEs.
- Most of the entrepreneurship focused NGOs which provide educational support on entrepreneurship do not include social entrepreneurship in their programs.
- There is limited outreach of student educational programs to rural areas and public schools, which deprives the most underprivileged communities to have access or get exposed to social entrepreneurship.
- Although some universities have started courses and programs on social entrepreneurship, but still not in all countries in the southern Mediterranean (only Lebanon, Tunisia and Jordan). These programs are usually done in private universities (except for Tunisia), which limits the accessibility to underprivileged student and those who live in rural areas.
- Vocational schools lack continuous programs on social entrepreneurship. Most of the SE educational programs in such institutions are funded and supported by international organizations and have a limited timeline.
- NGOs are not sensitized on the concept of social enterprises, even those implementing awareness programs on this matter. They usually implement donor-funded programs with previously set objectives and material. In many cases, the implementation of these programs might mix up between social entrepreneurship and civic/community engagement; the gap mainly lies in the ability to highlight the income generation aspect of SE.
- Egypt still lacks such educational social entrepreneurship programs, mainly because of the restrictions on foreign funding and NGO work, in addition to the political nature of the topic, as perceived by the government.
- Funding for this phase is very limited and does not reach out to other areas outside the capital or big cities. In most of the southern Mediterranean countries, international donors and NGOs are providing funding for pre-startup phase of SEs, but still not part of a sustainable program, which is bound to stop once the funding, is over.

INJAZ is one of the leading initiatives in the regions that provide entrepreneurship education for school students. Their programs do not include any focus on social entrepreneurship except for one in Morocco.

- NGOs and INGOs funding SEs require the usual impact, financial and M&E reporting which does not take into account financial sustainability and profitability of the enterprise as one of its indicators of success.

6.2.3. Start-up Phase

Social enterprises at this phase are expected to provide a proof of a viable social impact model and financial sustainability to attract investors or donors to support their project.

This stage requires multiple sets of support mechanisms at the technical and financial level to ensure a successful startup of their enterprises. These services include incubation, mentorship, training and financing.

- Incubation:

This process of developing and nurturing the social enterprise's business plan, activities, infrastructure and processes through its early stages to ensure a smooth and successful entry to the market. The services of an incubator usually include:

Some good examples of SE incubators are Nahdet El Mahroussa in Egypt and LAB'ES in Tunisia, as well as FastForward in Palestine, and the DARE Space Inc. in Morocco.

- A co-working space: a space for the social entrepreneurs to work from equipped with a proper technological infrastructure and tools needed for work depending on the types of projects targeted.
- Business services, coaching and mentoring: includes technical support in developing business plans, measuring expected social impact and business skills through training workshops, coaching and mentoring services depending on the need of each social enterprise.
- Access to funding and access to networks: these SE incubators play a role of connectors, as they help social entrepreneurs in networking events, whether with fellow entrepreneurs or potential investors. They also provide access for SE to different financing opportunities.

Main observations from the field mapping:

- *Incubators in the region are usually equipped to accommodate tech-entrepreneurs; such incubators are more common in Lebanon, Egypt and Jordan, Palestine*
- *Incubators usually do not differentiate between entrepreneurial projects whether with or without a social impact dimension. As long as the project has a potential to generate income and be sustainable, it is a good candidate for incubation*
- *Tunisia has relatively the highest number of SE incubators among countries in the southern Mediterranean.*

- Mentorship:

This service helps guide the leaders of the social enterprise in the technical and organizational aspect of their SEs, including seeking funding or financing, pitching the social enterprise idea, and creating connections and networks with other entrepreneurs of service providers.

- Financing Mechanisms:

In the startup phase, social entrepreneurs are in need of a more advanced financing support to help set up their enterprises based on different needs mainly: human resources, production costs, legal registration, and other running costs. In some cases, some angel investors might pitch in depending on the robustness of the financial model and feasibility with limited focus on social impact. Potential sources of financing for SE at this stage are:

- Seed Funding is granted by special investment firms, or by venture capitalists. Usually such funding is limited, which makes the process highly selective and competitive. This type of financing usually comes in return of having equity in the enterprise.
- Angel Investment: this type of financing is usually slightly higher than seed funding where also investor gets equity in the social enterprise.
- Crowd funding: Many social enterprises are relying on this way to finance their projects mainly because of the availability of some credible crowd-funding online platforms in the regions, such as Zoomaal.
- NGO Grants: At this stage, most of the financing for SE usually comes from NGOs (local or international) as part of bigger programs focusing on social entrepreneurship. Financing does not come as a standalone service, but usually as part of a program and a lengthy process.
- Micro-credit: These are mainly small loans with relatively high interest and facilities in payment. Lending institutions or governmental banks/institutions usually provides this micro-credit. Governmentally owned microcredit banks are usually more common in the Maghreb countries (Tunisia, Morocco and Algeria and in Palestine).

- *BTS (La Banque Tunisienne de Solidarité) is government owned bank in Tunisia that provides financial support to small projects through microcredit but limited to ceiling of 100 million Tunisian Dinar without any payment guarantee from the borrower.*

- *ENDA is a privately owned microcredit company that provides a range of quality financial services aiming at promoting entrepreneurship.*

Main observations from the field mapping:

- *Most of the funding to SEs start-up phase are mainly provided by INGOs rather than specialized SE financing institutions.*
- *INGOs supporting SEs usually emphasize less on financial support to but rather on social impact. This results on putting less attention on their financial model and thus limiting the ability of the SE to be sustainable.*
- *Financial support is usually granted to SEs that are located and operating in the centre, and less for those in rural areas, mainly because of limited outreach efforts.*
- *Receiving financing from private entities for example, (seed funding) requires a very solid business plan and clear financial feasibility. This sets a challenge for SEs where they have an additional major component to work on which is social impact.*
- *Regular individual or investment firms who usually finance entrepreneurs are typically not very interested in social impact projects. SE are perceived by such investors or entities as “charity” or in best case, business with very low return on investment*
- *There is no specific form of capital funding or equity inversion tailored for the needs of SE;*
- *The issue of specific forms of Working Capital Credit is completely absent and SE have difficult access to this credit, and at high-cost.*

Annex 10.11 describes the available entities in the SE ecosystem in the Southern Mediterranean countries with regard to the above-mentioned services.

6.2.4. Gaps in Service Provision in Start-up Phase

- There are no SE focused incubators in most of the countries of the Southern Mediterranean with some exceptions in Tunisia and Egypt. Still these incubators are not providing for a large number of SEs, mainly those who take part of their programs.
- There are many incubators that serve startups in all countries, which SEs are partially benefiting from in some cases. However, these incubators lack the technical knowledge and know-how to support, coach and help develop SEs as it lacks the social innovation and social impact dimension in its programs, which are considerably the most significant for SEs.
- SE incubators launched by NGOs do not include most of the times a working space for social entrepreneurs. In addition to this, not all services are available, but provided on a need-basis.
- There is a lack of SE specialized experts, trainers and coaches in all countries of Southern Mediterranean. Even though Tunisia has the most developed SE ecosystem, they have a similar situation. Technical experts have limited knowledge or experience in the SE sector, making them unable to provide the needed support in the startup phase.
- Networking for SE, whether on a national or regional level are almost non-existent. Such networks usually help create a dialogue on SE policy frameworks, and best practices, share expertise, help SEs expand to regional markets. There are only networking activities that are mostly part of donor-funded NGO projects. Some networking events are happening in incubators or co-working spaces but still are limited to entrepreneurship, especially tech-focused, which might not be of benefit for SEs.
- Social enterprises in these countries have limited financing opportunities at this stage, especially from venture capital funds and private investors. SE's are usually supported at early stages through grants, which require no return on investment, the fact that makes less focused on financial sustainability. This could be a risky indicator for investors and thus are hesitant to support or finance SEs.
- Business support services are mainly located in the cities, which gives limited access of those living in rural areas. There are few incubators in rural areas in Tunisia that are run by governmental banks supporting SMEs, yet these services are not adequate to SEs' needs.
- SE support services are not centralized in any platform to enhance accessibility of SEs. Additionally, SE focused support services totally rely on international funding and even compete over it, which makes it difficult to create and establish interest based networks to support these nascent enterprises.

BFPME (Banque de Financement des Petites et Moyennes Entreprises) is a government owned bank in Tunisia that supports and finances SMEs. BFPME has regional business development centers that provide technical support for SMEs before submitting their financing application. These services do not include any SE specialized.

6.2.5. Growth Phase

At this stage, social enterprises have successfully launched and ready to scale-up and expand. Even if the SE has been functioning in a consistent manner, and has started to generate income, there is a high risk of failing at this stage where it might enter into stagnation. This phase requires a more customized support services to ensure entering new markets, differentiating their services and products, increasing production or increasing size of its operations. These services include:

- Mentoring Services:

At this stage mentoring is no more emphasized on business planning but more on helping in exploring new markets, support on internal organizational structure to accommodate the growth phase, seeking financing and investment opportunities, management and multiplying social impact. This phase requires specialized mentors in each field to ensure the service is based on the need of the SE and able to provide the proper guidance and desired results.

Mowgli Mentoring, an international foundation with presence in the MENA region, is one example of entities that provides specialized mentoring services for entrepreneurs.

Main observations from the field mapping:

- *Some regional organizations and entities that provide mentoring services for entrepreneurs and social entrepreneurs in the southern Mediterranean countries, but certainly not enough to supply the whole need.*
- *Not any significant and specialized mentoring services for SE on a country level. Most of the mentors are freelancers contracted by incubators or other investment firms, and mainly with major emphasis on the business side and not on social impact.*

- Financing Mechanisms:

At this stage, social enterprises require a more technical and a higher financial investment to ensure growth. The type of financial support for SEs is much different at this stage. The application process requires high quality work on both social return and financial reporting to ensure a potential investment. At this stage, the usual NGO grant support becomes minimal and even insignificant. The difference usually between grants for startups and investments needed in the growth phase lies in the potential implications on the organizational setup, governance, decision-making process and control. Most investments at this stage come in the form of buying equity in the social enterprise, thus having additional stakeholders to the decision making process. Depending on the type of investment, the expectations from the social enterprise vary, but in most cases, the focus is on the financial return on investment, which sets a challenge for most SEs in the southern Mediterranean countries given the limited support structure.

SEs at this stage have a higher chance of getting the following forms of financing:

- Social Venture Capital:

This investment is considerably of largest compared to other types of financing. This means an entity buying a part of the SE in return for the amount invested. It is usually a very selective process, and SE's require having a very concrete financial system, expectation of high profits and

high return on investment. At this moment in the countries of the southern Mediterranean, this is not the case, as SEs are still not developed to a stage that allows them to compete with other businesses over venture capitals.

- SEs Bank Loans:

The size of a business loan depends on current revenue and projected company growth. Banks usually require a good business revenue record and good personal credit before providing the loan.

- Social Investments:

Also at this stage, angel investors might pitch in to support in the growth of the SE. This might not be very common though in the region.

Main observations from the field mapping:

- *The numbers of SEs who have reached this stage are very limited.*
- *SEs might in some cases lose their mission-driven nature due to the need to highly emphasise on their financial sustainability and profitability to be able to secure financing.*
- *Venture capitalists rarely invest on social enterprise as they focus more on enterprises with high and secure return on investment.*
- *Similar to other stages, the SE ecosystem lacks the specialized technical services providers to help social enterprises in their growth phase.*
- *Patient capital and specialised equity and quasi-equity investment do not appear although equity participations are used by NGOs, incubators, accelerators.*

Annex 10.12 describes the available entities in the SE ecosystem in the Southern Mediterranean countries with regard to the above-mentioned services.

6.2.6. Gaps in Service Provision in Growth Phase

- All the above services are still very nascent, not very well equipped and lack capacity to provide adequate services and financing for SEs at a growth phase.

There is an increased trend of large NGOs trying to develop their own social business models to migrate and become SEs.

Al Fanar Venture Philanthropy has recruited consultants to help an NGO in rural areas of Egypt transform into a social business through creating alternative revenue streams, to help them become less reliant on donor funding and more financially sustainable.

7. Conclusions

The following nine conclusions summarise the findings of the report and set the stage for recommendations and future programming:

Conclusion 1: POLICY MAKERS AWARENESS ON SOCIAL ENTERPRISES

The economic policies for job creation did not succeed in solving the problem, policy makers are in need of alternative policies that will result in job creation and social stability; they are not aware of the concept and the potential of the SE sector being at the national level or at the EU delegations level.

Justification

As policy makers on a national level are not aware and informed of the potential of the SE sector, they are resistant to SE policy dialogue and the importance of developing a legal framework. SE is a new concept all over the world and even EU delegations officials are not fully aware of its potential.

For a policy dialogue to happen it needs to be based on research and evidence, and then communicated to policy makers and the rest of the society. Good models from EU and other regions could be a good base for awareness raising on how such policy might affect the job market and social stability.

At another level, the identification of the key policy actors needs to be done for Cluster -1- and -2- knowing that most countries in the region have volatile political situations and institutions are weak with unclear scope of work of ministries and public institutions.

Consequently, engaging multiple ministries and public institutions in a regional platform creates the opportunity for policy makers' engagement and decrease resistance that might grow on a national level especially in countries that have centralized systems.

The increase in demand for an SE policy by social entrepreneurs, increase the opportunity for policy makers to be informed about it.

Conclusion 2: POLICY DIALOGUE ON SOCIAL ENTERPRISES

As countries in the region are either in transition, have weak or centralized regimes, there is a lack of formal dialogue mechanisms within government and with key stakeholders, which is required for SE as it requires multiple actors from the public, private and civil society actors in addition to international agencies.

Justification

SE policy has multiple dimensions and implications, and require a multi-stakeholders approach from within government and other key stakeholders. Though SE is perceived as a policy for job creation but it can be a vehicle for citizens' engagement in solving their social problems and contributing to social stability.

After identification of ministries and public institutions that will formulate the policy and implement it, stakeholders will be needed to help not only in the development but also in the implementation and monitoring to avoid abuse by other sectors.

As many stakeholders are already involved in SE programs and social enterprises are proliferating, the absence of policy dialogue might have multiple negative implications such as instrumentalising social issues for private gain or sectarian clientelism. In addition, it can result in government indirectly increasing the formal sector, as well as further marginalization of less privileged communities, youth and women.

Consequently, with the increase of social enterprises and service providers and the need for alternative finance mechanisms, government resistance to dialogue and eventually develop an SE policy might create more tension for lack of participation and mismanagement of a promising sector.

A policy dialogue process could be put in place at the national level and at the regional level to exchange experiences and practices.

Conclusion 3: LEGAL FRAMEWORK FOR SOCIAL ENTERPRISES

SE initiatives are registering as NGOs, private companies and sometimes as cooperatives and civil companies, which are not always adapted to their model and expectations, and this is resulting from one side as a barrier for SEs and from the other side a decrease in the level of contribution SEs can have on unemployment and economic development.

Justification

A legal framework for SEs is required as they are already in the market place without any regulation or using inadequate legal forms to their models and expectations, without any incentives, which is becoming a barrier to their growth and consequently employing more people.

A legal framework is also needed to limit abuse and create a clear identification of the sector in the marketplace. This framework should include as well regulatory agencies and the ability for law enforcement in countries suffering of weak rule of law.

Designing adapted legal frameworks to each country with innovative regulatory bodies based on legal studies per countries might be a challenge but also creates an opportunity to improve other bodies. A regional approach to legal frameworks especially that most countries have similar existing models might facilitate the process through positive competition between countries.

Technical studies and assistance is needed for an adapted legal framework according to country's context.

Conclusion 4: REGIONAL OUTREACH OF SOCIAL ENTERPRISES

The SE sector is still new in the region and mainly active in major cities and capitals, also attractive to middle class educated population, while the need for SE is even more in the regions as unemployment is higher and social risks as well.

Justification

SE sector is growing mainly in the cities and capitals where there are more opportunities and access

to support services and finance mechanisms, though the regions suffer of more poverty, unemployment and social unrest that SE can be an alternative mechanism for development.

Any policy should incentivize SE service providers and financing institutions to expand to the regions, and programs should target less privileged groups, youth and women in rural areas for SE to achieve the outcome expected from it socially and economically. It will also be a vehicle for anti-radicalization as young people in poverty are the most affected by radical groups.

Regional outreach could benefit from all the issue of decentralization and regional development that is of high priority for most governments in the region.

This should take into consideration the production of Arabic content, programs and tools adapted to the local context and culture.

Conclusion 5: CAPACITY OF SE SERVICE PROVIDERS

Business and entrepreneurship services are the key service providers of SE programs with few nascent specialized ones in SE, resulting a non-adapted programs and services at the different stages of the SE cycle, resulting to a decrease in demand for SE and an increase in the risk of failure of some.

Justification

For SE to grow and contribute to development and job creation, it requires an enabling ecosystem capable of providing social business services such as incubation, acceleration, training, technical assistance, coaching and mentoring... If these services are lacking the risk of SEs failing increase significantly.

The lack of socialized service providers in SE, and the nascent ones are lacking capacity and some of them at risk of closing due to their financial unsustainability is affecting the sector and its growth, and disengaging some youth for fear of failure.

SE service providers should be models of social enterprises sustainability and should be provided with similar services to SEs, through benefiting from EU and international experiences and practices.

Regional and local programs targeting service providers and providing them with technical and organizational capacity, in addition to supporting the creation of new ones can fill the gap.

Conclusion 6: FINANCING MECHANISMS FOR SOCIAL ENTERPRISES

Financing mechanisms are lacking for SEs at all stages, types and sizes and the main opportunities are grants by international donors and agencies, in addition to few crowd-funding opportunities and loans, which are not adequate to SEs models and do not incentivize their financial sustainability.

Justification

Investments in all forms and sizes are requirements for SEs development being at the ideation phase, incubation, growth and maturity. They are needed in cities and in the regions for all SEs

size. The multiple financing mechanisms are needed to target different SE segments from seed funding to social and impact investments, social microfinance and social venture capital, and crowdfunding.

The difficult access to finance is causing disengagement of social entrepreneurs and making the economy lose major the opportunity for major innovations and talents to immigrate outside the country.

Currently, not only financing opportunities are very limited on a national and regional level, but also the ones who are there are not adapted such as grants and commercial loans. Though crowdfunding is being more and more used by SEs but it is still limited in impact. The existing financing institutions are many times as well suffering from weak organizational and technical capacity.

Regional and local financing mechanisms supported by an enabling environmental and adapted policies for inclusive finance can boost the SE sector.

Conclusion 7: NETWORKING AND COLLABORATION BETWEEN SE ACTORS

Networks and platforms for collaboration within the SE sector are nascent and limited and sometimes cause by competition over grants provided by international agencies and donors, but also due to the lack of incentives for cooperation; which resulting to decreasing their influence over policy and non-sharing of information, resources and opportunities.

Justification

SE is a sector that relies on the principle of collaboration within their own social business models in service of community impact. This should also be the case between SEs and service providers, in addition to other actors in the ecosystem including government, universities, private sector and media.

This lack of collaboration is not surprising as most actors are nascent and are still in the process of developing their own identities; though there are other external factors that are increasing competition amongst them which is the lack of resources and financing opportunities, which is resulting in negative competition.

Consequently, SE actors tend not to share information, resources and opportunities thinking that they will stay competitive.

Programs should include incentives for collaboration being at the regional and national level to enhance collaboration and improve the overall environment.

Conclusion 8: SCALE-UP SOCIAL ENTERPRISES SUCCESS MODELS

Social startups are proliferating and many are succeeding to create innovative solutions to social problems in multiple fields but their impact stay limited, due to lack of support to scale up and consequently employ more resources.

Justification

The number of social startups is increasing and many of them are ready to expand their reach, impact and internal resources if they receive the right support and financing. These SEs can have a multiplier effect to inspire other social entrepreneurs, can scale their impact and improve the life conditions in their communities and absorb other talents and resources within their institutions.

If left without support, they will be limited and the opportunity cost will be high. Instead of being absorbed by western models, the need for regional and national support for success models is high especially that limited capacities and markets are in the region within all the political and security risks.

Scaling up should be as well accompanied by higher visibility for inspiration but also for sensitization on the possibilities that SEs can create.

Conclusion 9: AWARENESS RAISING AND SENSITISATION ON SOCIAL ENTERPRISES

Public awareness on SE is still limited in MPC countries and demand to create SEs is still limited compared to the population number, particularly within youth and women, and this due to the lack of formal and informal education on SE opportunities, practices and tools.

Justification

Demand to setup SEs has a big potential to increase if citizens and particularly youth and women become aware of the opportunities, practices and tools that they can use to solve their social problems in a financial sustainable manner.

Sensitization happens through not only highlighting success stories in the mainstream and social media but also through developing formal and informal education programs in schools, universities, vocational institutions, NGOs and communities.

Familiarizing youth, women and the less privileged with SE tools creates more demand, and more demand generates more innovative solutions, and those solutions can be scaled up and multiply social development and job creation.

Developing formal and informal education programs for regional use and adapted to local context can have a ripple effect on local development.

8. Recommendations

8.1. RECOMMENDATION 1

N. 1	CONTRIBUTE TO CONCEPTUALISATION OF SOCIAL BUSINESS IN THE MPCs			
	<p>The EU intervention should address the theme of clearly debating and defining the characteristics, the specificity, the social utility and the potential of Social Business for employment, social innovation, economic and financial inclusion and social equity.</p>			
	Priority	▲ ▲ ▲	To whom	EU DG NEAR, EUDs in MPCs, International Development Partners involved in the support to Social Business, Project implementation partners
Implementation	<p>There is strong potential for social entrepreneurship in the MDCs, but neither the concept nor the term has been fully discussed and popularized in the Region.</p> <p>SE conceptualization will boost recognition of social entrepreneurship and its presence in the Region. This could be done through collective effort mobilizing all main stakeholders, governmental, non-governmental, private sector and international organizations.</p> <p>It is essential to reach adapted understanding of SE in each country, depending on its political, social and economic context, along with clear commonalities on the regional level to facilitate collaboration and cooperation.</p> <p>It is also essential to include a dialogue element around SE among major actors in every relevant project supported by the EU in the region, to ensure a consistent process leading to a clear contextualized definition and understanding of Social Enterprises. This would be certainly a prerequisite for any work done on establishing a legal framework for SE in any of the MPCs.</p>			
Operational issues	<p>The project should establish national task forces, debate the theme, clarify legal issues, analyze, classify and document important European experiences and start a visibility action to facilitate awareness raising by involving:</p> <ul style="list-style-type: none"> • Government and institutional actors • Social Enterprises • Service providers and supporters of Social Enterprises • Investment and Financial Institutions and entities • Social Enterprises • Media and Communication Managers • Academic and Research Institutions and individuals and think-tanks <p>The actions should be carried out at national level and consolidated at regional level.</p>			
Link with conclusion	1-2-3-7-9			

8.2. RECOMMENDATION 2

N. 3	CONVENE NATIONAL AND REGIONAL POLICY DIALOGUES ON LEGAL AND POLICY FRAMEWORKS			
	Priority	▲ ▲	To whom	EU DG NEAR, EUDs in MPCs, International Development Partners involved in the support to Social Business, Project implementation partners
Implementation	<p>Given the role of EUDs in the MPCs in providing support to governmental and non-governmental organizations and institutions, they are highly positioned to play a facilitating role for a policy dialogue around SE.</p> <p>Such dialogues in this area could bring together national governments, policymakers, social entrepreneurs, civil society, private sector, financial institution, social investment funds, and international development partners, as well as European SE-focused organizations to create 1) awareness around different legal frameworks and different experiences in EU countries, 2) create momentum and need to be aimed at producing final agreements and documents and promoting the starting of a policy agenda on the issue.</p> <p>A combination of national and regional initiatives will facilitate the establishment of a policy network and contribute to mobilize parliamentarians and policy makers.</p>			
Operational issues	<p>The activities should involve:</p> <ul style="list-style-type: none"> • Government and institutional actors • Social Enterprises • Service providers and supporters of Social Enterprises • Investment and Financial Institutions and entities • Social Enterprises • Media and Communication Managers • Academic and Research Institutions and individuals and think-tanks <p>The activities should be implemented at national level and consolidated at regional level.</p>			
Link with conclusion	1-2-3-4-7-9			

8.3. RECOMMENDATION 3

N. 3	STIMULATE AND SUPPORT NETWORKING BETWEEN EUROPEAN AND MEDITERRANEAN INSTITUTIONS TO LINK UP EXISTING EXPERIENCES AND STRENGTHEN THE INSTITUTIONAL LEVEL IN CHARGE TO SUPPORT SOCIAL ENTERPRISES			
	Priority	▲ ▲ ▲	To whom	EU DG NEAR, EUDs in MPCs, International Development Partners involved in the support to Social Business, Project implementation partners
Implementation	<p>The activity should start in the early phase of project implementation to ensure a growing institutional support to SE Ecosystems, support the build-up of the network(s) and stimulate the specific policy efforts proposed by the project at regional level.</p> <p>The effort should involve all the Euro-Mediterranean institutional actors of Social Business Ecosystem, the existing networks and institutional partnerships and should gradually</p>			

	integrate in the networks the institutional partnership promoted and supported by the project and in particular should target Government Actors by policy advocacy, policy dialogue and technical support as well as with specific public events.
Operational issues	<p>The activities should foresee:</p> <ul style="list-style-type: none"> • Policy Dialogue initiatives • Creation and capacity-building of national and regional institutional network • Definition of a knowledge- sharing platform • Public Events
Link with conclusion	7

8.4. RECOMMENDATION 4

N. 2	RAISE AWARENESS OF GOVERNMENT ACTORS, STAKEHOLDERS OF SE ECOSYSTEM AND COMMUNITIES TO CONTRIBUTE TO INCREASE IN DEMAND FOR SOCIAL ENTERPRISE SERVICES IN MARGINALIZED GROUPS AND AREAS.			
	<p>Given the limited awareness around SE especially in rural areas, it is essential to sensitize major actors of SE as well as the traditional entrepreneurship actors around social enterprises. This will help spread the concept into different areas and among multiple actors, increasing the demand on social enterprises establishment and relevant support services.</p> <p>Moreover, raising the awareness of the communities and their demand for social entrepreneurship should open new opportunities for the expansion of Social Business and increase economic inclusion by promoting the idea of social innovation and engagement in solving community problems and challenges.</p>			
	Priority	▲ ▲ ▲	To whom	EU DG NEAR, EUDs in MPCs, International Development Partners involved in the support to Social Business, Project implementation partners
Implementation	<p>The activity should spread over the whole implementation of the project since a growing awareness will contribute to the creation of a conducive environment and the creation of specific opportunities to a wider social coverage for social entrepreneurship.</p> <p>It is essential to mainstream awareness raising activities within any SE support activity to ensure a wider outreach and thus increase in potential social enterprises establishment and services in the near future.</p>			
Operational issues	<p>The activities should foresee:</p> <ul style="list-style-type: none"> • Creation of national and regional opinion leaders and policy network • Creation of a knowledge- sharing platforms in urban and rural areas • Include SE education and training component in different support programs for both social entrepreneurs and service providers. 			
Link with conclusion	1-2-3-9			

8.5. RECOMMENDATION 5

N. 4	HELP DEFINE MODALITIES AND TOOLS FOR LOCAL FINANCIAL SUPPORT THROUGH ESTABLISHING A POLICY DIALOGUE WITH FINANCIAL INSTITUTIONS.			
	<p>The mobilization of local financial operators and institutions to develop new approaches to financially assist Social Businesses aims at stimulating original equity or quasi-equity modalities of intervention as well as mobilizing of “patient capital” resource tailored to fit the characteristics and needs of social enterprises.</p> <p>The new forms of financial support should target as well the issue of Working Capital Credit and the definition of specific modalities of provision of Working Capital Assistance to Social Enterprises.</p>			
	Priority	▲ ▲ ▲	To whom	EU DG NEAR, EUDs in MPCs, Financial Institution, Social investors, Equity Investors, Banks, International Development Partners, Microcredit Institutions and operators, Governmental Financial Institutions Social Enterprises.
Implementation	<p>The action should be based on a collective dialogue involving multiple relevant parties, leading to defining specific financial assistance modalities tailored for the needs of Social Enterprises. The results of this dialogue will be agreed upon after a series of conversations, by a mix of financial operators, government Agencies, international development partners and with a good level of participation of Social Enterprises.</p> <p>The efforts should target the following issues:</p> <ul style="list-style-type: none"> • Capital formation for Social Enterprises creation and Scaling-up for Social Enterprises • Specific equity or quasi-equity intervention for Social Enterprises • Specific Working Capital Support Needs of Social Enterprises • How to device subsidized Working Capital Credit operations for Social Enterprises • How to organize collective guarantee consortia for Social Enterprises 			
Operational issues	<p>A technical discussion and technical assistance should be organized and provided as well as a policy dialogue with financial operators, government institutions, and policy makers.</p> <p>Dialogue events at national or regional level should be organized with the aim of subscribing programmatic agreements for financial assistance to Social Enterprises</p>			
Link with conclusion	6			

8.6. RECOMMENDATION 6

N. 5	IMPROVE ACCESS AND QUALITY OF SUPPORT SERVICES AND FINANCING MECHANISMS TO SOCIAL ENTERPRISES AND UPGRADE THE CURRENT OFFER.			
	<p>The Social Enterprise Ecosystems in the MPCs should be enhanced by the strengthening of Support Services and Financing Mechanisms whose very limited offers (in quantitative and qualitative terms) is an outstanding hindrance to the growth and consolidation of Social Businesses in the Region.</p> <p>It is important to:</p> <ul style="list-style-type: none"> • Create and disseminate a culture of social entrepreneurship • Define and structure the management modalities and specific functional set of tools (organizational, legal, financial, marketing, logistic) • Encourage service providers and financial institutions to design and develop special and dedicated products for Social Enterprise. 			

	Priority	▲ ▲	To whom	EU DG NEAR, EUDs in MPCs, Academic Institutions and Research Bodies, Regional Think-Tanks, Vocational Education institutions and other providers, Management Consultancy and Training Service Providers at Regional level, EU partners working on the support to Social Entrepreneurs in the MPCs or interested in it.
Implementation	<p>In this field there are several issues to be tackled such as:</p> <ul style="list-style-type: none"> • The definition of a Social Enterprise Management array of models and set of tools to be disseminated • The definition of an offer of Management Consulting Services and Management training tailored on the needs of Social Enterprises • The upgrade and capacity building of service providers • The networking of service providers and the definition of networks with qualified EU partners 			
Operational issues	<p>The action should be based on a process technical assistance, a training offer, the production of tools and materials.</p> <p>The activities should involve the following actors:</p> <ul style="list-style-type: none"> • Financing Institutions • Social Enterprises • Vocational Education Operators • Management Consulting firms • Social Business Networks 			
Link with conclusion	7-8			

8.7. RECOMMENDATION 7

N. 6	PLAY A CATALYTIC ROLE TO IMPROVE COORDINATION OF SOCIAL ENTERPRISE SUPPORT			
	<p>International Support to Social Enterprises although not representing a generalized or massive intervention has been growing during last two years but no effort has been made in terms of coordination.</p> <p>The creation of a national task force could foresee the stimulus to the definition of a Social Enterprise Support Working Group and to promote coordination and division of work among the national and international supporting partners of Social Business.</p>			
	Priority	▲ ▲	To whom	EU DG NEAR, EUDs in MPCs, International Development Partners, National Partners of Social Business
Implementation	<p>The intervention should foresee the creation of a coordination organism and its functioning. The project will mobilize the stakeholders and support the creation of the organism and its start-up.</p>			
Operational issues	<p>The actors to be involved are:</p> <ul style="list-style-type: none"> • International Development Partners • National Partners of Social Business • Government Bodies 			
Link with conclusion	1-2-3-4-5-6-7-8-9[01]			

8.8. RECOMMENDATION 8

N. 7	BUILD THE CAPACITY OF ENTERPRISES AND SERVICE PROVIDERS AND FINANCING INSTITUTIONS THROUGH SPECIFIC EDUCATION AND CAPACITY BUILDING			
	<p>Given the nascent nature of the Social Enterprise Ecosystem and the lack of significant formal and informal relevant education, the issue of capacity and the construction of linkages and relationships between the different actors is an outstanding need.</p>			
	Priority	▲ ▲	To whom	EU DG NEAR, EUDs in MPCs, International Development Partners, National Partners of Social Business
Implementation	<p>The activities should promote the inclusion of formal and informal education related to Social Entrepreneurship through including this issue within national and regional dialogues ,</p> <p>The activities should also promote the networking of the different actors of the Social Enterprise, especially between academic institutions, which have started SE undergraduate and graduate programs and other universities, technical and vocational training and other capacity building centers.</p>			
Operational issues	<p>Activities will be:</p> <ul style="list-style-type: none"> • Training • Creating knowledge sharing platforms to encourage and support universities for the creation of graduate and post-graduate programs and curricula • Preparation of training curricula for SEs <p>The actors to be involved will be:</p> <ul style="list-style-type: none"> • Universities and think-tanks • Social Enterprises • Financial Institutions • Vocational Education and Training Entities • Service providers to social business • EU SEs or entities working for the SEs. 			
Link with conclusion	4-5-7			

8.9. RECOMMENDATION 9

N. 7	BUILD THE CAPACITY AND PROVIDE FINANCIAL SUPPORT TO CURRENT SOCIAL ENTERPRISES TO SCALE-UP AND THUS SHOWCASE A LOCAL AND CONTEXTUALIZED MODEL, WHICH WILL HELP INCREASE AWARENESS AROUND THE CONCEPT OF SE.			
	<p>Social enterprises in the region are finding hard time scaling up given the lack of specialized support services and financing mechanisms. This fact is certainly contributing to limiting the opportunities present to the government and communities the ability of SEs to grow, make impact, provide jobs and contribute to more employment, through successful examples.</p>			
	Priority	▲▲▲	To whom	EU DG NEAR, EUDs in MPCs, International Development Partners, National Partners of Social Business
Implementation	<p>The activities should include direct support to existing social enterprises, technical and financial, to enhance their ability to compete in the market and create positive impact leading to gradually positioning SE as an alternative concept for limiting unemployment and better way for engaging citizens and communities in social change.</p> <p>The activities should also promote the networking of the different existing social enterprises and those in their pre-startup phase, to provide an accelerated learning opportunities for new potential successful SEs.</p>			
Operational issues	<p>Activities will be:</p> <ul style="list-style-type: none"> • Training • Creating knowledge sharing platforms to encourage and support new Social enterprises in their learning • Direct funding for existing SEs to help them in their scaling up phase. • Direct support to existing SE service providers to create contextualizing learning and educational material around social enterprises in Arabic language and spread it online. <p>The actors to be involved will be:</p> <ul style="list-style-type: none"> • Financial Institutions • Training Entities and SE service providers • Existing social enterprises in MPCs. 			
Link with conclusion	5-7-8			

9. Characteristics of the Proposed Programme

9.1. Justification for the EU Intervention

9.1.1. Conceptual basis

The Arab Spring was the trigger for a sense of hope amongst many citizens in south Mediterranean countries to restore justice, equality and freedom in their societies, at the social, economic and political levels. Some political regimes were changed, and others remained, but both had to explore structural reforms to avoid further escalations resulting from uprisings in their countries. Five years have passed, there is still high hope in establishing participatory political systems, and most importantly in improving the socioeconomic conditions, aiming at rebuilding trust in transparent and accountable governments capable of ensuring basic public services and protecting their basic rights. Unfortunately, since then and until 2016, political instability, social unrest and the decline of the economic situation have been shared among all these countries.

On top of that decline, the Syrian refugee crisis increased the challenges and continues to affect the region on many levels, politically, security, socio-culturally and most significantly economically. The highest challenge to ensure social stability for governments in the region nowadays is employment while countries are the weakest in enterprise creation. A recent World Bank Group Entrepreneurship survey data shows that compared to 4 new firms per 1000 working-age people in high-income countries, the MENA region registers only 0.63 new firms. This is mainly due to the lack of a conducive environment for entrepreneurial initiatives²⁵.

Consequently, creating job opportunities and economic growth as well as solving social issues have moved to the top priority list at a national and regional level across the region²⁶.

While policies and programs, adopted by governments and some international actors, have failed to create an economic momentum, an alternative approach to social stability and economic development seem to be needed. Thus the priority to adopt social entrepreneurship as an alternative strategy that aim at incentivizing citizens to take initiative to innovate solutions for their social problems, in a sustainable manner, and thus creating jobs while achieving social impact.

Although very little governmental support, public awareness, technical and financial resources have been invested in the SE sector, examples and models of social enterprises have become more common in the region. For the Mediterranean Partner Countries, the social enterprise sector has an important potential for job creation and socio-economic inclusion, in particular for youth and women.

Sustainable growth and employment are common concerns among the partner countries in the Neighbourhood South, where 5 million jobs need to be created on a yearly basis to ensure social inclusion. The largest reservoir of jobs remains within the 6 million micro, small and medium enterprises (MSMEs) that account for 90% of total employment, but still have a minor contribution to sustainable growth. While large companies are as well suffering the economic situation and are incapable of absorbing more human resources, the creation of more productive and efficient enterprises can fuel economic growth and create demand for skilled labour, generate better-paid jobs and contribute to social stability. These enterprises can also add value by contributing, through

²⁵ O'Sullivan A, Rey M, Mendez J. Opportunities and challenges in the MENA region, OECD.

²⁶ Social entrepreneurship in a Region of Change, Synergos.

taxation, to provide the resources needed for developing an efficient and high quality public services, assisting public administration in leveraging public investment in areas such as infrastructure, health and education.

Social Business is one of the most promising dynamics for employment generation based on economic and financial inclusion and on the access to economic initiative. Enterprises with social impact have shown the capacity to promote social change while ensuring sustainability of their action and of their commitment by the entrepreneurial initiative.

The phenomenon is at an initial stage in the MPCs, but it has demonstrated a high level of vitality and capacity for initiative, but many challenges limit its growth and the Social Business Ecosystems are incomplete due to the low level of Regulatory Framework and the almost complete absence of policy framework and policy dialogue, a lack of specific financial support instruments to facilitate the consolidation of Social Enterprise and the almost complete lack of specialised services.

Boosting economic inclusiveness, employability and job creation through social enterprises, require capable business support institutions, inclusive financing mechanisms, serious engagement of unconventional stakeholders (such as municipalities, private sector businesses and academia), meaningful collaboration at a national, regional and international levels, in addition to an evidence-based policy, an enabling legal environment, and a transparent and accountable regulatory mechanisms in favour of social justice and economic development, adapted to local contexts and conditions.

There are multiple challenges facing social entrepreneurs in the MPCs region and the most acute ones are the absence of a legal and tax framework for SEs, difficult access to quality support services and adapted financing mechanisms, a weak physical and IT infrastructure, bureaucracy and red tape in governments procedures, in addition to political and security instability. The assumption is that if equipped with the adequate ecosystem that includes a policy, legal and regulatory framework, adequate capable service providers and financing mechanisms, and access to collaborative platform and networks, the SE sector has great potential in bringing change to the region and enhancing the communities' wellbeing.

Overall, there are general trends and patterns that are critical for the MENA region related to social entrepreneurship that should be taken into considerations to leverage the success of the programme: A) Social entrepreneurship programming should be framed as a mechanisms that contributes to social stability and economic development, and a vehicle for civic engagement and job creation; B) Social entrepreneurship initiatives should reach out outside urban cities and traditional targets and reach out to the most vulnerable in rural areas, women, youth and refugees; C) Social entrepreneurship approaches should focus on existing or sustainable innovative solutions in the fields of social services and human rights issues to provide an alternative to the weak government services; D) With specific regard to the Region, the support to social entrepreneurship should be adapted to local context and culture, by adopting a rights-based approach and should aim at promoting human values as an alternative to radical agendas present in the Region; E) Social entrepreneurship momentum could be leveraged by linking local interventions to regional efforts, and with the support of the EU and the international community.

9.1.2.EU legal and policy basis

The basis for the EU intervention is provided by the following documents that justify the intervention and document the EU Added Value for the proposed project structure.

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020- COM(2013) 83 final or Social Investment Package.

The document gave guidance to Member States on more efficient and effective social policies and reaffirmed that social investment is about investing in people in order to strengthen people's skills and capacities and help them to participate fully in employment and social life. At a time when Europe is facing enormous challenges in terms of unemployment and social exclusion as well as demographic change, social economy enterprises have an important role to play in strengthening women and men's current and future prospects in both society and the labour market.

THE STRASBOURG DECLARATION “Empowering Social Entrepreneurs for Innovation, Inclusive Growth and Jobs” signed at the conclusion of two-day interactive event on social entrepreneurship in Europe, which took place in Strasbourg on 16, and 17 January 2014.

The document reaffirmed that social enterprises need to play a bigger role in the future of Europe whilst identifying new ideas and actions to unlock their potential to foster smart, sustainable and inclusive growth.

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - Social Business Initiative Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation {SEC (2011) 1278 final}

This document analyses the reasons and conditions at the basis of the EU support to Social Business in connection with the objective pursued by the EU in promoting a “highly competitive social market economy”.

To define the action lines the document identifies the concept of Social Enterprise as those enterprises: 1) the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation; 2) profits are mainly reinvested with a view to achieving this social objective; 3) the method of organisation or ownership system reflects their mission, using democratic or participatory principles or focusing on social justice.

The action lines proposed by the document are: 1) Improving access to funding; 2) Increasing the visibility of social entrepreneurship; 3) Improving the legal environment.

Additional actions proposed identify a wide array of possible in the three fundamental fields indicated and define possible specific intervention modalities.

The document launches the Social Business Initiative

European Parliament Resolution 2014/2236(INI) - 10/09/2015 Resolution on Social Entrepreneurship and Social Innovation in combating unemployment.

By this resolution, the European Parliament recalled that the social and solidarity-based economy highlighted the need to support social and solidarity-based economy enterprises with sufficient financial resources at local, regional, national and EU level, creating synergies among the various types of enterprises. Main issues highlighted by the Parliament are: A) FUNDING: Parliament pointed out that the state aid rules should not constitute an impediment for public funding to social

and solidarity-based economy enterprises and social services; B) TRAINING: Parliament pointed out that the social and solidarity-based economy could help considerably to reduce youth unemployment in the EU. It called on the Member States to develop training programmes targeted on and specifically tailored to entrepreneurs in the social sector; C) SUPPORT AND PROMOTION: Parliament deeply regretted the low level of recognition of the social and solidarity-based economy at European level.

The Parliament called on the Commission to: 1) carry out a comparative analysis of national certification and labelling systems for the social and solidarity-based economy; 2) promote the creation of business incubators for social and solidarity-based economy enterprises; 3) promote the internet platform for data exchange between social investors and social entrepreneurs (the Social Innovation Europe Platform; C) to come forward with a legal framework for such enterprises, to be achieved by means of the European statute for cooperative societies, associations, foundations and mutual societies. Parliament supported the idea that social and solidarity-based economy enterprises could form a specific company category with its own legal status

European Council Conclusion 15071/15 SOC 711 EMPL 464- The promotion of the social economy as a key driver of economic and social development in Europe - Council Conclusions (7 December 2015).

The document acknowledges to Social Economy a critical role for Social Inclusion and Social development by recognising that Social Economy: 1) plays an important role in the transformation and evolution of contemporary societies, welfare systems and economies thus substantially contributing to economic, social and human development across and beyond Europe and are supplementary to existing welfare regimes in many member states; 2) further contributes to several key EU objectives, including the achievement of smart, sustainable and inclusive growth, high-quality employment, social cohesion, social innovation, local and regional development and environmental protection and is a sector which has weathered the economic crisis much better than others and is gaining increasing recognition at European level; 3) has increasingly gained political visibility as a sector that constitutes an important pillar notably in terms of employment and social cohesion; 4) Social economy enterprises refer to a universe of organizations based on the primacy of people over capital; 5) Social economy enterprises refer to a universe of organizations based on the primacy of people over capital.

9.1.3.EU Added Value

The above-mentioned basis for the EU intervention gives indication of the specific contribution the EU can ensure to its intervention in Employment and Social Protection. Some specific elements are as follows:

- For its nature, the EU is an important catalyst for positive change. The political dialogue with partner countries is a key dimension as it paves the way for a constructive and wider dialogue with partner countries on their policy priorities;
- A specific Added Value of the EU is given by the adoption of the principles and lessons learned of Social Business Initiative, a pioneer policy initiative with strategic focus on Social Business. In defining the content of the interventions the EU can draw on the lessons learned from the experiences and policy lines adopted (also at level of the EUMS) not adopting blueprint or Eurocentric solutions but a tailor made approach with in-built measures and mechanisms based on the specific needs of the Region and of each one of the countries, but guided from a reliable conceptual basis;

- The EU has the opportunity to play a catalytic role in the Region, by the specific regional dimension of the Project, by promoting regional guidelines with the aim of positioning Social Business in the legislative and policy agenda of the states where the program will be implemented and promoting a regional policy network on this theme.

9.2. Objectives of the Project

The objectives of the Project are defined in coherence with the phenomena emerged in the preliminary study and Social Business Ecosystem Mapping exercise and with the priority and recommendations expressed by Social Enterprises and by the organisations involved in the support to Social Enterprises in the Region.

9.2.1. Overall Objective

The overall objective of this action is:

To promote social entrepreneurship as a vehicle for job creation, employability, economic inclusion and social stability in Southern Mediterranean Partner Countries.

9.2.2. Specific Objective

The specific objective of this action is:

To strengthen social enterprise ecosystems and relevant institutional stakeholders in the Southern Mediterranean Countries, and enable collaboration between them to produce best practices for the expansion of the social enterprises sector in the Region.

9.2.3. Expected Results

The expected results of the proposed Program are the following:

RESULT 1

Key regional and national stakeholders are engaged in a dialogue around social enterprise policy and legal framework that will, on a longer term, result into the adoption and implementation of an SE policy and legislation in MPCs.

RESULT 2

The capacity and outreach of the social enterprise support structures, service providers, and financing institutions are strengthened and outreach to localities and marginalized groups has increased.

RESULT 3

Increased awareness and improved capacity of governmental, non-governmental, and SE ecosystem service providers, on the concept of Social Enterprises, as a result of local, regional and Euro-Mediterranean networking activities and collaboration platforms.

RESULT 4

15 to 20 existing social enterprises in each one of the MPCs involved are supported at regional level and best practices, lessons learnt, intervention methodologies and Business Support Practices are documented and disseminated.

9.2.4. Activities

Activities are articulated at two levels:

1. At the first level, there are the MACRO-ACTIVITIES, i.e. the logical block of action to be implemented to attain one of the expected result;
2. At the second level, there are the ACTIVITIES, i.e. the specific and concrete actions whose combination identifies a logical block of actions.

Activities are identified as follows:

- FOR RESULT 1

MACRO-ACTIVITY 1.1 Engage national stakeholders in a dialogue at a country level to promote and advocate social entrepreneurship within social and economic policies, with the support of the EU partners in getting the buy in of policy and decision makers.

Rationale for the macro-activity

The study on Social Enterprise in the Region and Mapping of the Social Enterprise ecosystems has identified the lack of a shared awareness and definition of Social Enterprises in the Region.

Raising awareness on the concept, instruments and tools is needed as well as a policy advocacy to policy makers and stakeholders involved in economic development and social inclusion in the Region. These activities can make us of the experiences conducted in the EU.

For its regional coverage, the project is a good opportunity to start an advocacy and dissemination activity.

Focus of the activities

The macro-activity focuses on the preparation and animation of a policy dialogue at national level in each one of the countries where the project will be implemented, to foster the adoption of policy measure and increase the collocation of the Social Enterprise Ecosystem in the National Policy Agenda.

Activities will be based on the creation of policy networks and on advocacy initiatives at national level in each one of the countries.

Activities

Activity 1.1.1. Multi-stakeholder task force at the national level to develop a draft social entrepreneurship policy and legal framework;

Activity 1.1.2. Preparatory advocacy meetings with key national and local policy makers capable of leading the process;

Activity 1.1.3. National Meetings at country level for the launching of a Policy Initiative on Social Enterprise.

MACRO-ACTIVITY 1.2. Establish a regional platform to develop a regional legislative framework for social enterprises benefiting from existing experiences (from MPCs and EU countries).

Rationale for the macro-activity

Governments of the MPCs, with some very limited exception has remain distant from the phenomenon of Social Enterprises. The immediate consequence of this condition is that in all the Region Social Enterprise have to work being registered either as standard for-profit companies or as no-profit or NGOs, or both, and in either cases limiting their potential spectrum of action and non-representing their actual nature, mission and characteristics.

It is important to identify existing legal models in the region and take stock of EU models to nurture a benchmark and develop materials for the advocacy initiatives.

Focus of the activities

The activity will focus on the creation of a legal and policy knowledge base for the advocacy action aimed at promoting a legal and a regulatory framework on Social Enterprises at national level.

Activities

Activity 1.2.1. Legal study of existing frameworks in each of the countries, as well as existing models of public administration bodies in charge of implementation;

Activity 1.2.2. Identification of EU models and lessons learnt that could inspire a regional legal model and national regulatory acts.

Activity 1.2.3 Regional multi-stakeholder meetings (social entrepreneurs, legislators, service providers, academia, private sector and policy makers) to develop and advocate for a regional framework for social entrepreneurship.

- *FOR RESULT 2*

MACRO-ACTIVITY 2.1. Improve the package and quality of services of SE service providers and of financing institutions, and help them scale up through a competitive process.

Rationale for the macro-activity

Social Enterprise Ecosystems in the MPCs are fledgling and incomplete. Social Enterprise Services and financing mechanisms are missing, apart for the limited activities carried out by the MPC's International Development Partners.

A generation of service providers and financial institutions has to develop its capacities organizationally and technically to improve the access and quality to its services and products, and eventually become sustainable as well.

The structure, methodological approach, content, learning set and teaching material have to be thought, designed, drafted and disseminated by training a generation of managers, entrepreneurs, trainers and consultants and by defining a knowledge base for the training service providers for Social Enterprises. In addition, universities should be involved to develop research-based graduate and undergraduate programs to prepare the next generation of social entrepreneurs and leaders in the ecosystem.

Focus of the activities

The macro-activity focuses on provision of specialized Technical Assistance to service providers and financial institutions and a capacity building package or organizational and technical instruments and practices. In addition, Technical Assistance to Universities should be provided to design and implement Academic Activities at graduate and post-graduate level.

A high level of coherence and coordination between the two activities will be ensured.

Activities

Activity 2.1.1. Technical and organizational assessment of SE service providers at the country and regional levels.

Activity 2.1.2. Capacity Building of a selected number of SE service providers to scale them up, expand their network, and increase their visibility in-country, in the MPCs and in the EU;

Activity 2.1.3 Provision of TA to universities to design SE educational and research-oriented programs at undergraduate and graduate levels.

MACRO-ACTIVITY 2.2. Increase service providers and financing institutions outreach to rural areas and particularly to vulnerable groups and increase their visibility as benchmarks for local practices.

Rationale for the macro-activity

The Social Enterprise Ecosystem of the MPCs needs to be sewed-up by the construction of aggregations and networks, inside the different categories of stakeholders to be able to reach out to rural areas, marginalized communities and particularly youth and women. The construction of alliances with EU actors will strengthen Social Enterprise Service Providers and will improve the Euro-Mediterranean partnership as a strategic objective of the EU.

Focus of the activities

The activity will focus on reaching out to unconventional stakeholders in the areas and assisting service providers and finance institutions to reach out to rural areas and marginalized groups with adapted services and products. Best practices and successful models will be documented and disseminated through mainstream and social media to increase access to marginalized groups.

Activities

Activity 2.2.1. Technical assistance to national and regional, service providers, financing institutions and support structures to reach out to localities and marginalized groups

Activity 2.2.2. Document and produce content about good practices in the MPCs, and spread it through media, social media and other platforms.

- FOR RESULT 3

MACRO-ACTIVITY 3.1. Create a regional network of SEs and service providers to define SE criteria for MPCs, exchange experiences and advocate for a more enabling environment for the development of SE.

Rationale for the macro-activity

The capacity of Social Enterprise Service Providers and Finance Institutions needs to be built along with a culture coherent with the context of MPCs. Organizing national and regional networks between the different actors in the ecosystem can leverage knowledge sharing but as well awareness and advocacy capacity on social enterprise policy.

The strengthening of the Social Enterprise Ecosystem need of visibility of its components to each other to facilitate interchange and cooperation and the creation of a service market related to Social Enterprise.

Focus of the activities

The activities will focus on capacity building support with two components: 1) Component 1: mainly based on a capacity support (training and mentoring) for networking and increasing the visibility and influence of the networks of service providers in the MPCs and in the EU; 2) Technical Assistance for the creation and functioning and for the engagement in policy advocacy and policy dialogue of Social Enterprise Service Providers, Finance Institutions and Social Enterprises. Activities will always be accompanied by an observation, documentation, analysis and classification of Best Practices for Dissemination.

Activities

Activity 3.1.1. Support to the organisation of national and regional networks bringing together SEs from MPCs and EU countries.

Activity 3.1.2. Support to the organisation of national and regional networks bringing together SE service providers from MPCs and EU countries.

Activity 3.1.3. Support to the organisation of national and regional networks bringing together SE financial institutions from MPCs and EU countries.

MACRO-ACTIVITY 3.2. Increase understanding and use of SE as a mechanism for social stability, highlighting SE criteria and the need to create an enabling policy and legal environment.

Rationale for the macro-activity

Social Enterprise needs to be more visible and socially legitimated to produce a “discourse” on its presence, activity, potential, and social utility. Communication tools and a knowledge base accessible to different segment of society to increase demand, raise awareness and influence policy; and EU partners can help in leveraging its visibility and impact through sharing experiences and practices.

Focus of the activities

The activities will focus will target three different components of the macro-activity: 1) a knowledge sharing resource in the form of a digital platform; 2) The upward awareness-raising of policy decision-makers and downward awareness raising of the public on Social Business, its activities and its potential for employment generation and for societal change aimed at protecting the disadvantaged and promote social equity; 3) The technical assistance to the creation or Euro-Mediterranean coordination resources.

Activities

Activity 3.2.1. Creating a regional digital platform targeting social enterprises and entrepreneurs, mapping key service providers, good practices, SE tools, finance opportunities and relevant studies;

Activity 3.2.2. Awareness raising of main stakeholders and policy decision-makers, communities and the public about the characteristics and the potential of Social Enterprises;

Activity.2.3. Facilitating the formalization of collaboration between European platforms and MPCs actors.

MACRO-ACTIVITY 3.3. Raising awareness of decision makers, media, Academia, civil society, private sector and other entrepreneurship and SE service providers around Social enterprise concept, its characteristics and potential to provide an alternative way to overcome challenges and limiting unemployment.

Rationale for the macro-activity

A conducive environment for Social Enterprises is based on the knowledge of its characteristics, potential, best practices and of its contributions to social and economic inclusion and social stability,

Thereafter, it is important to improve the knowledge, awareness of main relevant actors and stakeholders active in development and enterprise development. Additionally, raising awareness around this concept will contribute to 1) encouraging the establishment of more social enterprises, 2) policy makers to become more familiar and accepting of the concept, 3) sensitize development agencies (local and international) to explore supporting SEs, and 4) encourage entrepreneurship service providers to develop specialized SE support products as a new market.

Focus of the activities

Activities will utilize classical awareness raising approaches and methodologies. To raise awareness at policy level will be used sensitization meeting, short documents will be discussed, and all the actors will be involved in dialogues and events will be organised.

At community level the action will be aimed at sensitizing community leaders and disseminate illustrative materials. Community and territorial meeting will be organised

Activities

Activity 3.3.1. Awareness raising of main stakeholders and policy decision-makers, about the characteristics and the potential of Social Enterprises.

Activity 3.3.2. Awareness raising of the business community and the public about the characteristics and the potential of Social Enterprises

Activity 3.3.3 Reach out to communities in rural areas with awareness raising activity to introduce the SE model, and encourage them to explore SE as an alternative model to solving local challenges.

- *FOR RESULT 4*

MACRO-ACTIVITY 4.1. Scale up existing promising social enterprises through selecting them in a competitive process and promote them through mainstream and social media as a success model on a national and regional level.

Rationale for the macro-activity

Supporting start-ups and existing social enterprises to scale up through providing financial and technical assistance in a coordinated modality will help create more success stories, create a momentum and prove the importance of it for economic inclusion and social stability. Best Practices and Lessons Learnt in this process need to be observed, identified, analysed, and documented for dissemination.

Focus of the activities

The activities will focus on the support (with demonstration purposes) to a limited number of Social Enterprises, part of which at start-up level, part of which with a scaling-up program. The Call for Proposals will foresee a grant and the provision of a Technical Assistance. The activities will be observed and Best Practices and Lessons Learnt will be identified, analysed, and documented to be ready for dissemination and mainstreaming in further activities.

Activities

Activity 4.1. Call for proposals for financial support and provision of technical assistance to 100 (15 to 20 per country) existing social enterprises with priority to activities proposed or managed by women and youth

Activity 4.2. Document and communicate success models as best practices of social enterprises through mainstream and social media on national and regional level.

9.3. Indicators and their Characteristics

The indicators will be performance and result oriented, i.e. will be based on outcomes, results impacts linked with the attainment of expected results and project purpose.

Main Indicators identified and Sources of Verification are resumed in the following Table:

MACRO-ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION
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1.1.	Regional policy documents defined and agreed	Policy Document Project Results-Based Monitoring System
	Regional platform of support structures developed for social enterprises	Formal deliberative acts and documents of the Platform
1.2.	Number of legal proposals conducive to social enterprise defined or tabled	Minutes of meetings to debate legal frameworks for SE Project Result-Based Monitoring System
2.1.	Regional inventory of Service Providers	Document Project Result-Oriented Monitoring System
	Number of research-oriented higher education programs	Formal Deliberative Documents and other Official Documents Project Result-Oriented Monitoring System
2.2.	Networks of different Service Providers	Formal Documents produced by the networks
	Networking agreements and platforms created by Social Enterprises and Service Providers of the MPCs and EU partners	Documentation from meetings and activities Project Result-Oriented Monitoring System
3.1	Improvement of technical and organizational capacities of Social Enterprise Service Providers and Financial Institutions	Training Monitoring System Final Audit of capacity as compared with the results of the initial study Project Result-Oriented Monitoring System
3.2.	Level of functionality of the digital platform	Digital Platform Number of users and contributors Taxonomy of accesses and contribution Project Result-Oriented Monitoring System

3.3.	Level of engagement of different actors and stakeholders in networking activities Increase of SE initiatives in urban and rural areas	Number of entities subscribing and participating in networking activities Minutes and decisions taken in networking meetings Number of SE initiative started as a result of awareness activities.
4.1.	Rate of survival of the new SE created at two years	Certificates Project Result-Oriented Monitoring System
	Level of upgrading of existing enterprises and networking links	Final Audit of capacity as compared with the results of the initial diagnosis Project Result-Oriented Monitoring System
	Number of SE created by women and youth	Certificates Project Result-Oriented Monitoring System

9.4. Monitoring and Evaluation

An in-built Internal Monitoring System will be designed and used during implementation.

The System will to be able to proceed towards:

- Visibility and transparency of results and potential impacts of the Project;
- Innovation and dissemination of the most important experiences developed by the Project;
- Consolidation and sustainability of the actions and sub-projects;
- Use of methodologies, functions and tools allowing to gather and process information and data and to generate and reproduce knowledge in a systemic way;
- Free to understand, transparent and manageable by different categories of Project stakeholders;
- Be able to strengthen Program Implementation and Organisation by building capacity in actors and stakeholders.

The Monitoring System will be based on Planning Processes carried out by the Project and defined as follows:

- **Planning** defines systematically and coherently activities, products and results to be developed as well as the resources needed for their attainment and the expected impact over a specific period;

- **Monitoring** is a systemic observation, documentation, registration and interpretation of Project implementation. It requests observations and interpretations on Project Activities able to provide explanations about the implementation;
- **Evaluation** is interpretation of information collected during implementation and in specific evaluation exercises. It defines relevance, effectiveness, efficiency, and coherence of the Project as a whole against what is proposed and what has been achieved. It aims at highlighting Project's results and impacts on the basis of specific criteria as a basis for interventions and realignments;
- **Learning**, are the results of a systemic observation of problems and decisions taken and implemented to overcome their negative effects as well as of Best Practices to be disseminated and replicated by using the results of the evaluation ;
- **Adjustments** are decisions taken and implemented to correct mistakes and overcome problems and express the capacity to incorporate the learning promoted by the monitoring and evaluation processes into the practice of the Project.

To gauge the advance towards the attainment of the results and objectives the technical and financial monitoring has to be structured in three complementary components:

- A. **Monitoring of Project Results.** Focused on the Logical Framework and Programme Estimates it is aimed observing and registering of the extent to which;
 - The Programme is attaining or is on the way to attain the results deriving from the execution of the activities;
 - The Programme is generating tangible changes in practices and knowledge of the actors involved in it.
- B. **Monitoring to Programme management and functioning.** Focused on observing and registering of the extent to which:
 - Implemented activities against what is foreseen in Programme Estimates; Advances in Programme Financial Implementation;
 - Products (material and immaterial) of the implementation of the PEs
 - The most important problems arisen in project implementation.
- C. **Monitoring of the Context.** Focused on observing and registering:
 - Changes in hypotheses and risks for the attainment of Project Expected Results and objectives according to the Logical Framework;
 - Unforeseen results which can condition (positively or negatively) the attainment of results and objectives.

In practical terms to carry out a Technical and Financial Monitoring of the Project:

1. For technical aspects:
 - Periodical analysis of the extent to which the results have been actually attained or the reasons why it is no longer possible attain (partially or completely) project objectives;
 - Identifying factors contributing or hampering the attainment of project results;

- Analysing if activities are being implemented according to the plans and if the extent to which they are contributing to the attainment of project results;
 - Identifying which external factors have changed, or new ones have accrued and to what extent they can condition the attainment of the expected results.
2. For administrative and financial aspects:
- Analysing the use of the Project as a whole with regard to: committed resource, disbursements, executed resources, legalised resources.
 - Identifying factors contributing to hampering execution of resources.

9.5. Proposed Intervention Modality

9.5.1. Type of Intervention

The proposed intervention modality is a Grant, awarded a Call for Proposal.

The Grant will propose the following types of Activities:

- a) Networking and mobilisation of the stakeholders of the Social Business Ecosystem to stimulate and support an action aimed at defining policy measures and to adopt legislative frameworks for Social Enterprises in the countries targeted by the intervention as indicated in 4.1.;
- b) Networking and mobilisation activities of Business Associations, networks and Service providers of different kinds and support to the creation of networks and platforms at national and regional level;
- c) Legal Studies
- d) Creating a regional digital platform targeting social enterprises and entrepreneurs;
- e) Conducting awareness raising activities by local and Euro Mediterranean partners around SE for different SE current and potential actors.
- f) Training and capacity building activities for Service Providers;
- g) Organization of meetings at national and regional level;
- h) Management of cascading grant scheme to support the creation of new Social Enterprises and upgrading of promising existing ones with priority for those created and managed by women and the youth with priority in the following sectors: social inclusion, rural entrepreneurship, tourism, green economy, education, health. Other sectors can be foreseen in case their high social impact and employment generation potential will be demonstrated;
- i) Observation, analysis, systematisation, documentation of Best Practices and Lessons Learnt.

The Grant shall foresee at least two sub-grants

1. Sub Grant with three lots of activities for:
 - a. Capacity Building of SE service providers selected by a Call for Proposals to scale them up, expand their network, and increase their visibility in country, in the MPCs and in the EU
 - b. Activity 3.1.2. Technical Assistance to national and regional networking between Social Business Associations and Networks, and Service Providers
 - c. Activities 3.1.3, 3.3.1, 3.3.2 and 3.3.3 Document and produce content about good practices in the MPCs, and spread it through media, social media and other

platforms as well as direct awareness raising activities with different stakeholders such as networking meetings and collaboration platforms in rural and urban areas.

2. Cascading Grant for 100 existing Social Enterprises including: a) a Grant of Euro 16,000 and b) a package of Advisory Services and Technical Assistance.

9.5.2. Eligible Applicants Proposed

The applicant will be chosen based on the following criteria:

- The eligible applicants will be located in Europe or in one of the countries targeted by the intervention (Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon, and Palestine);
- Consortia or temporary groups without legal personality made by Public Entities, Universities, Research Entities, NGOs, Business Associations whose aim is to support Social Business in the Southern Mediterranean Partner Countries. The consortia have to be composed of a mix of European Entities and Entities located in the Southern Mediterranean Partner Countries.

9.5.3. Proposed Selection Criteria

The participant will be selected based on their financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. In specific, the scores will be awarded to:

1. Relevance of the proposed action to the objectives of the call;
2. Design, effectiveness, feasibility,
3. Sustainability and cost-effectiveness of the action.
4. Experience of the applicant in the support to Social Business initiatives and Ecosystems
5. Level of regional coverage of the consortium.

9.6. Institutional Set-up

The institutional set-up to foresee for the project will be based on the following principles:

- Geographical Coordination
- Thematic Coordination
- Support to specific and differentiated intervention at national level on the basis of regional coordination criteria
- Representativeness of all the stakeholders

The high-level coordination will be under the responsibility of the Project will be ensured by a Steering Committee whose functions are the following:

- a) Provide over all policy direction to the project;
- b) Decide strategies for the implementation of the project;

- c) Prepare the Annual Work Plan;
- d) Sort out administrative and financial matters relating to the project;
- e) Monitor the performance of the project in terms of quality and timelines;
- f) Review the impact of the project on the quality of service delivery;
- g) Take corrective/remedial actions in the case of delays in the implementation of the project activities;
- h) Ensure corrective/remedial actions in the case where the quality of the deliverables is not in accordance with specification.

The Steering Committee will be composed by:

- 1 member per each one of the Countries where the program will be implemented (Algeria, Morocco, Tunisia, Egypt, Jordan Lebanon, Palestine, Israel);
- 2 members of the existing Social Enterprises Networks or Association at Regional level;
- 2 Academic members from one of the Universities providing Education opportunities related to Social Business;
- 1 Representative of Social Business Service Providers or Business Service Providers (training centres, incubators, accelerators etc.) which include Social Business in their activities;
- 1 Representative of the International Development Partners;
- The EU, represented by the DG NEAR Unit B2 in quality of observer;
- The Beneficiary of the Grant contract will act as Technical Secretariat of the Steering Committee and ensure communication, linkages, circulation of documents.

The Steering Committee will meet once a year to validate the two six-month reports, the monitoring reports, and provide indications and guidance and plan the activities for the coming year of implementation. The meetings will be held in one of the MPCs involved in the implementation of the Programme.

The Beneficiary of the Grant Contract will appoint a Project Manager who will have responsibility of the whole implementation of the component(s) delegated, will prepare the Terms of Reference for the recruitment of the ST expertise and for any other procurement and will assure the overall quality of the implementation and whose detailed tasks will be determined on the basis of the criteria indicated by the Guidelines for the Call for Proposals.

The beneficiary of the Grant Contract will appoint a Financial Manager who will take responsibility for financial, administrative and contractual issues.

Project Focal Points will be identified at National level.

9.7. Logical Framework Matrix

The Logical Framework Matrix for the Project is presented below:

Logical Framework Matrix

Intervention Logic		Objectively Verifiable Indicators	Sources and means of verification	Assumptions and Risks
Overall Programme objective	To promote social entrepreneurship as a vehicle for job creation, employability, economic inclusion and social stability in Southern Mediterranean Partner Countries.	<p>Increase in youth and womens involved in economic initiative</p> <p>Increase in youth and women employment</p>	<p>National statistics and data generated by the Project Result-Based Monitoring System</p> <p>Ex-post evaluation</p> <p>Official Documents</p> <p>Press and Media Articles</p>	<p>ASSUMPTIONS</p> <p>There is a growing awareness of the potential of social enterprises for the generation of decent employment and economic inclusiveness both at policy level and at the level of the population</p> <p>Positive recognition at least in sector of the policy decision-making stakeholders, about the need to provide a specific legal framework for the Social Enterprises;</p> <p>Interest of the EU Delegations in the Region for an effort aimed at supporting the Social Business Ecosystem</p>
Programme Purpose (Specific Objective)	To strengthen social enterprise ecosystems and relevant institutional stakeholders in the Southern Mediterranean Countries, and enable collaboration between them to produce best practices for the expansion of the social enterprises sector in the Region.	<p>Stakeholders engaged in a policy dialogue</p> <p>Social enterprise ecosystem strengthened</p> <p>Assistance Social Enterprise Support</p>	<p>Minutes of policy meetings and recommendations</p> <p>Technical documents, manuals and tools</p>	

		Model defined and best practices available for Social Enterprises start-up and existing social enterprises	Project System	Result-Oriented	Monitoring	<p>RISKS</p> <p>Low level of competitiveness of the Social Enterprises can hinder their growth and mainly capacity for scaling-up</p> <p>The governments of some of the targeted countries might perceive social entrepreneurship as a political threat and a risk to political stability- especially in Egypt and Jordan. a manoeuvre for a higher focus on livelihood for Syrian Refugees.</p> <p>Increased political instability at country and/or regional level affecting negatively the social and economic conditions, as well as leading to less interest in SE and thus less effort in collaboration on the project, especially on the macro level.</p>
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Result 1	Key national and local stakeholders are engaged in a dialogue around social enterprise policy and legal framework that will, on a longer term, result into the adoption and implementation of an SE policy and legislation in MPCs.	<p>Regional policy documents defined and agreed</p> <p>National Policy Documents defined and agreed</p> <p>National legislative and/or para-legislative measures, drafted, approved or tabled</p>	<p>Regional Policy Documents and annexes</p> <p>National Policy Documents and annexes</p> <p>National Official Gazette</p> <p>Project Result-Oriented Monitoring System</p>	<p>ASSUMPTION</p> <p>Positive recognition at least in sector of the policy decision-making stakeholders, about the need to provide a specific legal framework for the Social Enterprises</p> <p>RISKS</p> <p>Low capacity for advocacy and policy dialogue and political resistance to the development of social enterprises</p> <p>Limited impact of the efforts done on the macro level (SE legal framework) through possible withdrawal of governmental actors representing countries from any networking efforts due to lack of alignment with national economic or political policies, current practices, or strategic tracks</p>
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Result 2	<p>The capacity and outreach of the social enterprise support structures, service providers, and financing institutions are strengthened and outreach to localities and marginalized groups has increased.</p>	<p>Regional inventory of Service Providers and Financing Institutions</p> <p>Number of research-oriented higher education programs</p> <p>Social Enterprise Support model defined and documented</p>	<p>Inventory Document</p> <p>Formal Deliberative Documents and other Official Documents</p> <p>Methodological Documents and Technical Tools proposed</p> <p>Formal Documents produced by the networks</p> <p>Documentation and images from meetings and activities</p> <p>Activity Reports</p> <p>Project Result-Oriented Monitoring System</p>	<p>ASSUMPTIONS</p> <p>A sufficient level of interest of the Social Enterprises and of the service providers of different nature in the upgrading and networking of their activities</p> <p>RISKS</p> <p>Lack of awareness of the service providers about their low level of capacity and the lack of a specific support model for social enterprises</p>
Intervention Logic		Objectively Verifiable Indicators	Sources and means of verification	Assumptions and Risks

Result 3	Increased awareness and improved capacity of governmental, non-governmental, and SE ecosystem service providers, on the concept of Social Enterprises, as a result of local, regional and Euro-Mediterranean networking activities and collaboration platforms.	<p>Networks of different SE stakeholders</p> <p>Functionality of the Regional and Euro Mediterranean platforms</p> <p>Level of functionality of the digital platform</p> <p>Level of engagement of different actors and stakeholders in networking activities</p> <p>Increase of SE initiatives in urban and rural areas</p>	<p>Project Result-Oriented Monitoring System</p> <p>Digital Platform is functioning with access and contributions from the actors involved</p> <p>Number of users and contributors</p> <p>Taxonomy of accesses and contribution</p> <p>Number of entities subscribing and participating in networking activities</p> <p>Minutes and decisions taken in networking meetings</p> <p>Number of SE initiative started as a result of awareness activities.</p>	<p>ASSUMPTIONS</p> <p>Service providers are interested in producing an improvement in the development and consolidation of social enterprises</p> <p>Positive recognition at least in sector of the policy decision-making stakeholders, about the need to provide a specific legal framework for the Social Enterprise</p> <p><i>RISKS</i></p> <p>Lack of awareness of the service providers about their low level of capacity and the lack of a specific support model for Social Business</p> <p>Lack of interest of stakeholders in networking and awareness activities if not bound to direct financial support</p>
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RESULT 4	15 to 20 existing social enterprises in each one of the MPCs involved are supported at regional level and best practices, lessons learnt, intervention methodologies and Business Support Practices are documented and disseminated. .	<p>Level of upgrading and scaling-up of existing enterprises and networking links</p> <p>Number and level reached by SE owned by women and youth scaled-up</p> <p>Number of social enterprises scaled up lead by women and youth</p> <p>Best Practices, Lessons learnt, intervention methodologies analysed and documented and ready for dissemination</p>	<p>Official Certificates</p> <p>Final Audit of capacity as compared with the results of the initial diagnosis</p> <p>Certificates of success</p> <p>Documents, communication plan</p> <p>Project Result-Oriented Monitoring System</p>	<p>ASSUMPTIONS</p> <p>There is an interest with special reference to women and youth, to participate in a competitive process for support and production of Best Practices, Lessons Learnt, intervention methodologies.</p> <p>RISKS</p> <p>The low level of interest, awareness and capacity to support social enterprises present in the ecosystems could reduce the demonstrative impact of the initiative</p>
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Result	Macro-Activities	Activities	Means	Indicative costs
1	1.1 Engage national stakeholders in a dialogue at a country level to promote and advocate social entrepreneurship within social and economic policies, with the support of the EU partners in getting the buy in of policy and decision makers.	1.1.1. Multi-stakeholder task force at the national level to develop a draft social entrepreneurship policy and legal framework	<ul style="list-style-type: none"> • Technical Assistance (Central TA and National Focal Points) • Locations for meetings • Travel costs • Hotel and Catering services • Researchers (Senior and Juniors) 	€ 500,000
		1.1.2. Preparatory advocacy meetings with key national and local policy makers capable of leading the process		
		1.1.3. National Meetings at country level for the launching of a Policy Initiative on Social Enterprise.		

	1.2 Establish a regional platform to develop a regional legislative framework for social enterprises benefiting from existing experiences (from MPCs and EU countries).	1.2.1. Legal study of existing frameworks in each of the countries, as well as existing models of public administration bodies in charge of implementation		
		1.2.2. Identification of EU models and lessons learnt that could inspire a regional legal model and national regulatory acts.		
		1.2.3. Regional multi-stakeholder meetings to develop and advocate for a new regional framework for social entrepreneurship		
2	2.1. Improve the package and quality of services of SE service providers and of financing institutions, and help them scale up through a competitive process.	2.1.1. Technical and organizational assessment of SE service providers at the country and regional levels	<ul style="list-style-type: none"> • Technical Assistance (Central TA and National Focal Points) • Travel costs • Hotel and Catering services • Speakers and tutors for seminars 	€ 1,100,000
		2.1.2. Capacity Building of a selected number of SE service providers to scale them up, expand their network, and increase their visibility in-country, in the MPCs and in the EU		
		2.1.3. Provision of TA to universities to design SE educational and research-oriented programs at undergraduate and graduate levels.		
	2.2. Increase service providers and financing institutions outreach to rural areas and particularly to vulnerable groups and increase their visibility as benchmarks for local practices.	2.2.1. Technical assistance to national and regional, service providers, financing institutions and support structures to reach out to localities and marginalized groups.		
		2.2.2 Document and produce content about good practices in the MPCs, and spread it through media, social media and other platforms.		
3	3.1. Create a regional network	3.1.1 Support to the organisation of national and	<ul style="list-style-type: none"> • Technical Assistance (Central TA 	€ 1,000,000

of SE service providers to define SE criteria for MPCs, exchange experiences and advocate for a more enabling environment for the development of SE.	regional networks bringing together SEs from MPCs and EU countries	<ul style="list-style-type: none"> • and National Focal Points) • Specialised short-term TA • Locations and Training • Training Materials • Travel costs • Hotel and Catering services • Trainers and Tutors • Communication Services and materials 	
	3.1.2 Support to the organisation of national and regional networks bringing together SE service providers from MPCs and EU countries		
	3.1.3 Support to the organisation of national and regional networks bringing together SE financial institutions from MPCs and EU countries		
3.2. Increase understanding and use of SE as a mechanism for social stability, highlighting SE criteria and the need to create an enabling policy and legal environment.	3.2.1. Creating a regional digital platform targeting social enterprises and entrepreneurs, mapping key service providers, good practices, SE tools, finance opportunities and relevant studies		
	3.2.2. Awareness raising of main stakeholders and policy decision-makers, communities and the public about the characteristics and the potential of Social Enterprises		
	3.2.3. Facilitating the formalization of collaboration between European platforms and MPCs actors.		
3.3 Raise awareness of decision makers, media, Academia, civil society, private sector and other entrepreneurship and SE service providers around Social enterprise concept, its characteristics and potential to	3.3.1. Awareness raising of main stakeholders and policy decision-makers, about the characteristics and the potential of Social Enterprises		
	3.3.2. Awareness raising of the business community and the public about the characteristics and the potential of Social Enterprises		

	provide an alternative way to overcome challenges and limiting unemployment.	3.3.3 Reach out to communities in rural areas with awareness raising activity to introduce the SE model, and encourage them to explore SE as an alternative model to solving local challenges.		
4	4.1 Scale up existing promising social enterprises through selecting them in a competitive process and promote them through mainstream and social media as a success model on a national and regional level..	4.1.1 Call for proposals for financial support and provision of technical assistance to 100 (15 to 20 per country) existing social enterprises with priority to activities proposed or managed by women and youth	<ul style="list-style-type: none"> • 100 grants 	€ 1,500,000
		4.1.2 Document and communicate success models as best practices of social enterprises through mainstream and social media on national and regional level	<ul style="list-style-type: none"> • Best Practices collection analysis and systematisation 	€ 250,000
				€ 1,950,000
	General activities	Monitoring	Design and functioning of a Result-Based Monitoring System	€ 100,000
		Evaluations	Mid-Term Evaluation Final Evaluation Ex-post Evaluation	€ 150,000
		Visibility		€ 200,000
		Contingencies		€ 200,000

9.8. Stakeholder's Analysis

The following Matrix presents the Stakeholder's Analysis for the project|:

STAKEHOLDER	CHARACTERISTICS	INTEREST	SENSITIVITY	POTENTIALS AND DEFICIENCIES	IMPLICATIONS AND CONCLUSIONS FOR THE PROJECT
National and local authorities and other policy makers	<ul style="list-style-type: none"> • EGYPT: Ministry of Industry and Trade • PALESTINE: Ministry of Labor through the Cooperative Department • MOROCCO: Ministry of Employment and Social Affairs and Ministry of Crafts, Social and Solidarity Economy • TUNISIA : Ministry of Economy, through the SME authority and Ministry • JORDAN: Ministry of Industry and Trade and JEDCO • LEBANON: Ministry of Economy and Trade and Ministry of Social Affairs • ALGERIA: Ministry of Labor, Employment and Social Security. • ISRAEL: Ministry of Economy through the SMEs Authority 	<ul style="list-style-type: none"> • No specific institutional interest identified, with some exceptions since almost no policies are in place. • The institutional level that have shown some interest do not have the capacity to define policy orientation. 	<ul style="list-style-type: none"> • Limited sensitivity, except for countries in Maghreb. 	<ul style="list-style-type: none"> • Growing Attention, given the interest of donors in the SE topic. • Governments being highly dependant on donor funding for their policy efforts through bilateral agreements. This could be an entry point for governments' buy. • Governments lack the knowledge and awareness on the topic of SE. • Governemnts lack the capacity to develop and implement SE related policies without international support • Governements in some cases, might be percieved as not reliant, or credible. This might jeopardize any effort exerted on gathere actors for policy dialogue around SE. 	<p>It is important to raise awareness of the institutional stakeholders and conduct a policy advocacy and policy dialogue and technical assistance action for the drafting and tabling of Regulatory Framework, policy lines and for the creation of policy network at mational and regional level.</p>
Financial Institutions	<p>On capital formation there are several institution and private partners intervening, but official aid is generally not involved.</p> <p>Most important supporters for capital formation in the region are are:</p> <p>1. INTERNATIONAL NGOs such as</p> <ul style="list-style-type: none"> • ASHOKA • The SCHWAB foundation • The SKOLL foundation • The OLOF PALME institute • Drossos Foundation 	<p>Different kinds of interest are present in the region:</p> <ul style="list-style-type: none"> • Official Aid is mobilised on the basis of policy priorities, countries and sector of strategic interest for the donors, and the interest for Social Business is very recent; • International [NGOs either are interested because their mission focuses on SMEs (Drossos) or specifically [Social Business (Ashoka) or 	<ul style="list-style-type: none"> • Limited sensitivity • Limited interest or attention on social impact project given the perception of being operated "NGO" and having less trust in their ability to be profitable.- for example Venture Capital • Lack of trust in the ability of SEs to be financially sustainable • Less focus on groups or NGOs, but rather on individuals- for example private sector 	<ul style="list-style-type: none"> • Limited knowledge about the SE concept which might need require time to get acquainted with and get ready to invest. • Some institutions , such as banks and micorfinance require high guarantees which might be highly challenging for SEs. • INGOs have become more interested in supporting social entrepreneurship, which could be an opportunity for SEs in their pre-startup phases 	<p>The project has the opportunity to be the first initiative, at regional level, to focus on Social Business and Social Enterprises on a strategic basis and can play a catalytic role by developing policy networks and alliances likely to advocate, develop the culture and visibility of Social Business and mobilise advocacy initiative state by state and at regional level .</p>

	<p>2. Multinational enterprises with interests in the region directly or through their Foundation</p> <ul style="list-style-type: none"> • COCA COLA • PEPSICO • Mobinil • Vodaphone <p>3. Private Funds</p> <ul style="list-style-type: none"> • Wamda Capital • Kafalat • Sawari Venture • Al-Majmou'a • Al-Ruwaad • Berytech Fund II <p>4. Direct initiative from wealthy people and other migrants</p> <ul style="list-style-type: none"> • Al- Fanar Venture Philathropy • Cairo Angels • IWI Venture Capital • Lebanese Business Angel <p>5. Governmental Public Banks</p> <ul style="list-style-type: none"> • BFPME • BTS <p>6. National and international firms with interest in the region start to convert part of their investments for CRS towards Social Enterprises, by different initiative such as supporting specific projects or activities or contributing to capital formation</p>	<p>because local partners show them the importance of Social Business as a means for social inclusion, or for citizen's participation (Olof Palme Institute)</p> <ul style="list-style-type: none"> • Multinational Enterprises and their foundation pursue the objective of promoting their image as partners of the country and to promote social stability as a means for developing their markets • Private Funds and Direct initiatives are animated by a business associations and groups in support of entrepreneurship in the countries as a way to enhance the economic situation. They are more interested in projects with high return on investment. • Public Banks mainly direct their funds to support MSMEs with no specific attention to SE projects 	investors		
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Entrepreneurship and Social Entrepreneurship Support Structures and Service Providers	<p>Many of the supporters in this field are the same as for financial assistance, since normally the interventions are based on financial assistance and service packages.</p> <p>Partners the same as above to which it is important to add local partners among which the most important are:</p> <ul style="list-style-type: none"> • LEADERS Organisation In Palestine • MCISE Moroccan Centre for Innovation and Social Enterprise in Morocco • Nahdet El Mahroussa and AHEAD THE CURVE in Egypt • Tunisian Center for Social Entrepreneurship, LAB'ESS and Cogite in Tunisia • Berytech and ALTCity in Lebanon • GROW business center, and OASIS 500, JRF in Jordan 	<p>These organisations are the ideal partner in an action to support Social Business Ecosystem since are:</p> <p>Highly motivated</p> <ul style="list-style-type: none"> • Most of them are familiar with the SE concepts • Well rooted in the Ecosystem <p>Some might be related to public institutions but sufficiently autonomous from them</p>	<p>These organisations have good level of capacity and sensitivity but have to be supported for coordination and division of work</p>	<ul style="list-style-type: none"> • High level of interest to cooperate • A certain level of mutual mistrust with the institutions that in several cases represent important hindrances. This is due to competition over the limited available funding. • There might be a limited ability to network given the lack of interest and feasibility. 	<p>High level of value given to the composition of consortia in the evaluation of the Call for Proposals</p> <p>Stimulate coordination of action and division of work</p>
Universities and Education Institutions	<p>Universities can play different roles, first sensitize students to the concept, practices and tools of social entrepreneurship, can host university-based hubs and incubators, conduct research relevant to the sector and prepare a generation of competent experts and service providers.</p>	<p>There is increased interest by universities and vocational institutions to play a role in developing the social enterprises ecosystem. Jordan, Lebanon, Tunisia and Egypt have started formal and non-formal SE educational programs</p>	<p>They are getting more sensitized especially with the new programs and courses starting in some universities and mainly through the network of academia</p>	<ul style="list-style-type: none"> • Lack of instructors in topics related to social entrepreneurship, • Lack of capacity to design adapted courses and programs and financial resources to promote such programs, • Lack efficiency to adopt such new initiatives because of institutional bureaucracy and more so if they are public entity 	<p>There is a need to build on the available course and programs and enforce networking activities that involve academia, especially those in universities providing SE formal and non-formal education</p>

Private Sector Companies and Business Associations	<p>No organised representative associations have been met.</p> <p>Specific forms of support are not coordinated (e.g. incubators)</p>	<p>The interest seems to be low, but several Social Entrepreneurs have found themselves isolated and claim for some form of organisation stating that traditional sectoral representative associations are not culturally equipped to support and represent Social Business</p>	<p>Low level of sensitivity by Associative realities</p> <p>A certain level of sensitivity from Social Entrepreneurs, although individualism prevails</p>	<p>Lack of initiative</p> <ul style="list-style-type: none"> • Potential unknown 	<p>By building sector and geographic networks and building/deepening the joint action with EU partners, start diffusing associative culture and show good successful practices.</p>
Civil Society Organizations	<p>NGOs, have been proliferating in the region uprising in 2011. Some of them are focused on social and economic development, and some others are undertaking some sensitization programs such as boot camps, workshops and competitions of innovative ideas to solve social problems. Most of them as well have governance and management capacity weaknesses</p>	<p>These organisations are the ideal partner in an action to support Social Business Ecosystem since are:</p> <ul style="list-style-type: none"> • Highly motivated • Many of them have high access in rural areas • Most of them have been exposed to social entrepreneurship through donor funded projects or through the NGO networks 	<p>They have medium sensitivity and high willingness to work in SE sector</p>	<ul style="list-style-type: none"> • They are highly active and might be a good entry point for rural areas and underprivileged communities. • They have good operational and financial systems as well as experience in working with donor agencies • Familiar with the reporting and evaluation schemes and tools of international organizations • There might be a need to work on their internal capacity with regards to SE. 	<p>High level of value given their wide networks of NGOs and beneficiaries and ability to reach out to areas that are not tackled by current SE ecosystem actors</p>
Diaspora Networks	<p>Arab diaspora is spread all over the world and many of them are successful and interested to reinvest in their countries. There is a will to invest in social impact projects in their countries but they need a reliable and credible partner</p>	<ul style="list-style-type: none"> • There is interest in investing in their countries. 	<p>They are not sensitive enough to invest their money in social impact project, given to :</p> <ul style="list-style-type: none"> • the nascent nature of the SE • The nature of their work which is mainly highly profitable business with no social impact 	<ul style="list-style-type: none"> • These individuals are not organized and have different interests. It is challenging to reach out to them because of their geographic spread and not to convince unless they trust individuals they know they have a decent reputation to support their initiatives. The only network that the mapping exercise was able to identify is of Lebanese diaspora called the Lebanese Finance Executives gathering more than 800 investors 	<p>Engaging with them through credible and reliable networks and organizations might attract their interest to start considering investing in SE.</p>
Social Business service or supporters	<p>Many of the supporters in this field are the same as for financial assistance, since normally the interventions are based on financial</p>	<p>These organisations are the ideal partner in an action to support Social Business Ecosystem since are:</p>	<p>These organisations have good level of capacity and sensitivity but have to be supported for coordination and division of work</p>	<ul style="list-style-type: none"> • High level of interest to cooperate • A certain level of mutual mistrust with the institutions that in 	<p>High level of value given to the composition of consortia in the evaluation of the Call for Proposals</p>

	<p>assistance and service packages. Partners the same as above to which it is important to add local partners among which the most imporants are:</p> <ul style="list-style-type: none"> • LEADERS Organisation In Palestine • MCISE Moroccan Centre for Innovation and Social Enterprise in Morocco • Nahdet El Mahroussa and AHEAD THE CURVE in Egypt • Tunisian Center for Social Entrepreneurship, LAB'ESS and Cogite in Tunisia • Berytech and ALTCity in Lebabon • GROW business center, and OASIS 500, JRF in Jordan 	<p>Highly motivated</p> <ul style="list-style-type: none"> •Most of them are familiar with the SE concepts •Well rooted in the Ecosystem •Some might be related to public institutions but sufficiently authonomous from them 		<p>several cases represent important hindrances. This is due to competiton over the limited available funding.</p> <ul style="list-style-type: none"> •There might be a limited ability to network given the lack of interest and feasibility. 	<p>Stimulate coordination of action and division of work</p>
Social Entrepreneurs	<p>There is a limited but growing number of Social Entrepreneur and most of them are young, well educated, many with experience abroad, forward-minded and creative.</p>	<p>The interest of most of the Social Enterprises is to see the Ecosystem structured to reduce uncertainty by a regulatory framework, to have financial instruments for capital formation and working capital and to have service available on a tailored basis.</p>	<p>High level of sensitivity</p>	<p>Young age and high presence of women</p> <p>Good level of knowledge</p> <p>Forward-mindedness</p> <p>Low level of networking</p> <p>Limited access to social entrepreneurs in rural areas.</p>	<p>Improve the capacity of SE</p> <p>Foster networking</p> <p>Stimulate coordination with service providers</p> <p>Stimulate and support coordination with EU partners and sectorak institutions</p>

10. ANNEXES

10.1. Annex 2 – EU, International, Regional and Local Actors

Name of Actor	EU / Non-EU	Type	Area	Description	SE Specialized	ED Specialized	Target SP	Target SE
UK Tech Hub	EU	Company	MENA	The UK LebaNon Tech Hub's accelerator is the first accelerator from the region with a truly global footprint. Each acceleration cycle comprises of two phases: 3 months in LebaNon constituting workshops, mentoring and investment matching, then 3 months of international acceleration, opening the doors to new markets .	NO	YES	NO	YES
Agence Francaise de Development	EU	Donor	International	AFD Group comprises a private sector financing arm, Proparco, and is also a shareholder of housing companies and a financial company in the French overseas provinces, where the Group plays a specific role in this sector.	NO	YES	NO	NO
CEDIT (Centre of Entrepreneurial Diffusion of Tuscany)	EU	NGO	International	MobNet - CEDIT (Centre of Entrepreneurial Diffusion of Tuscany) was formed from the territorial Associations of the General Tuscan Confederation of Italian Handicraftsmen & the Entrepreneurial Association of SMEs to promote new enterprises & assist the growth of SMEs.	NO	YES	NO	YES

ASEV	EU	Company	Italy, France, Morocco, Tunisia	MobNet is an empowering social business exchange model project financed by the European Commission through the New Euro-Mediterranean initiative for Youth Employment Promotion.	NO	YES	NO	YES
European Investment Bank	EU	Donor	Europe	The EIB is the European Union's bank. We are the only bank owned by and representing the interests of the European Union Member States. We work closely with other EU institutions to implement EU policy.	NO	YES	NO	NO
GIZ	EU	Donor	International	Promoting sustainable business models and investment for the agriculture and food sector / Promoting youth employment in rural areas (PEJ) / Promotion of small and medium enterprises / Promotion of the microfinance sector / YouMatch - Global Initiative on InNOvative Labour Market Services for Youth	NO	YES	NO	NO
KIVA Arab Youth	EU	Service Provider	LebaNon, Palestine, Iraq, Jordan, Yemen and Somalia	Started in March 2012, Kiva Arab Youth is a partnership between Silatech and Kiva, the world's largest micro lending platform which allows visitors to make direct, online loans of as little as \$25 to young Arabs of their choice who are either starting a new business or seeking to expand an existing one.	NO	YES	NO	NO
Mowgli Foundation	EU	NGO	MENA	Mowgli is an award winning, UK-headquartered mentoring organisation founded to support the sustainable development of societies through the mentoring and evolution of entrepreneurs and leaders.	NO	YES	NO	YES

OECD	EU	INGO	MENA	support investment policy reforms for growth and employment in the region	NO	YES	NO	NO
Sanad Fund for MSME	EU		MENA	a Luxembourg-based organization that provides “medium- and long-term” debt and equity to financial institutions in the Middle East and North Africa region, has recently announced the disbursement of a loan of USD 15 million to Bankmed, a Lebanese commercial bank regulated by the Central Bank of Lebanon. The aim of the loan is to support the expansion of Bankmed’s lending to small and medium-sized enterprises (SMEs) in Lebanon.	NO	NO	NO	NO
The Swedish Institute	EU		Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, West Bank-Gaza, Yemen, Iran or Sweden	The She Entrepreneurs program aims to give the participants innovative tools for sustainable change while seeking to create a unique network of women change-makers.	NO	YES	NO	NO
Sida	EU	INGO	MENA	Taqeem Project: improve labour market outcomes of young people in the Middle East and North Africa by strengthening results measurement and evidence-based policies and programmes.	NO	YES	NO	YES
KfW Entwicklungsbank	EU	INGO	International	SANAD project	NO	YES	NO	YES

OXFAM ITALIA	EU	INGO	International	SHABAB HUB a community center that in addition to provide a space for youth and run cultural activities, aims at promoting social inNOvation. Similarly to what it'll happen in the Madad Youth, we will fund some small pilot projects through a call for proposals. It gathers youth from the areas under the union of municipalities but all projects are to be implemented in Jezzine.	NO	NO	NO	NO
COSV	EU	INGO	Morocco	From ideas to businesses: co-development paths between Italy and Morocco” originates from a pilot co-development project between Italy and Morocco, led by COSV in collaboration with Medinateranea and Al Ouissal associations, CRI, the Ministry of Moroccans Abroad, Artisans’ Association of the Province of Milan and Monza and the Chamber of Commerce – Chamber of Arbitration.	NO	NO	NO	NO
ECHO	EU	Donor	International	Based on international humanitarian principles and as set out in the European Consensus on Humanitarian Aid, the EU provides needs-based humanitarian assistance to the people hit by man-made and natural disasters with particular attention to the most vulnerable victims. Aid is channelled impartially to the affected populations, regardless of their race, ethnic group, religion, gender, age, nationality or political affiliation.	NO	NO	NO	NO

Department for International Development (DFID)	EU	Donor	Tunisia, Egypt, Libya, Lebanon, Gaza	Since the Arab Spring, DFID has been working more closely with Arab transition countries to create stable, open and prosperous economies.	NO	YES	NO	NO
Robert Bosch Stiftung	EU	NGO	International	the ChangemakerXchange is a global collaboration platform for young social entrepreneurs. It gathers some of the world's most exciting changemakers at summits around the world for the exchange and co-creation of ideas.	NO	YES	NO	NO
Institute of International Social Cooperation (ICOSI)	EU	INGO	International	The ICOSI is a nongovernmental organization whose main objective is to promote the values of social economy : solidarity and respect for democratic principles and management. Its programs cover the areas of social support for economic reform (social dialogue, labor relations, training), of social protection systems reform (pensions, health insurance, unemployment), of disability, of sustainable development, and of the promotion of organizations and companies that share the values of the social economy.	NO	YES	NO	NO

The Schwab Foundation for Social Entrepreneurship	EU	NGO	International	The Schwab Foundation for Social Entrepreneurship provides unparalleled platforms at the regional and global level to highlight and advance leading models of sustainable social innovation. It identifies a select community of social entrepreneurs and engages it in shaping global, regional and industry agendas that improve the state of the world in close collaboration with the other stakeholders of the World Economic Forum.	YES	NO	NO	YES
Drosos Stiftung	EU	Foundation	MENA - Levant - Europe	Drosos Foundation develops and supports projects that have a direct bearing on improving the living conditions of particular groups of people. Financial kick-starts are aimed at facilitating innovative undertakings that sustains positive developments within society. Drosos Foundation is committed to enabling people in difficult situations to live a life of dignity. Every individual bears the responsibility for him/herself, for others, for the environment. The Foundation creates aptitudes and promotes skills which enable people to fulfil these responsibilities.	NO	YES	NO	NO
AFAEMME	Non-EU	INGO	Jordan, Morocco, Palestine, Albania, Egypt, Lebanon, Turkey, Croatia and Algeria	It promotes self-employment and entrepreneurship among young women university students who are about to graduate from a university and who have an interest in starting their own business.	NO	YES	NO	NO

Beyond Reform and Development	Non-EU	SE	MENA	Beyond Reform & Development (BRD) is a mission-driven consulting firm and a social business specializing in policy research, public management and capacity development, with headquarters in Beirut, serving clients across the Middle East, Gulf and North Africa region.	YES	YES	YES	YES
DAIN Incubating Entrepreneurs and Startups in African Agriculture	Non-EU	Network	Africa	Our job is to grow and nurture agribusiness ventures and startups in an ecosystem, these ventures should be scalable and be sustainable. Through our self-selection process, we will admit entrepreneurs to our program if they meet our criteria.	NO	NO	NO	NO
Injaz Al Arab	Non-EU	NGO	Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia	The project seeks to support and develop an entrepreneurial eco-system at multiple levels, from grassroots business education in primary and secondary schools to hands-on training on business creation. Generation Entrepreneur also covers private sector mentorship and seed funding for real enterprises.	NO	YES	YES	NO
ActionAid	Non-EU	INGO	International	work against poverty and injustice worldwide	NO	YES	NO	YES
African Development Bank	Non-EU	Bank	Africa	multilateral development finance institution established to contribute to the economic development and social progress of African countries	YES	YES	NO	NO
Arabreneur	Non-EU	NGO	MENA	Arabreneur's aim is to engage young entrepreneurs in their development and provide them with facilities to use their creativity and time to develop start-up companies that will provide them economic and social growth.	NO	YES	NO	NO

ITC	Non-EU	UN and WTO agency	International (Jordan, Morocco, Tunisia)	The International Trade Centre (ITC) is the only development agency that is fully dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs).	NO	YES	NO	NO
Ijma3	Non-EU	NGO	MENA	IJMA3 was formed with the belief and determination that it will accelerate the process of development in the Arab countries since it links the most prominent ICT associations of the region together. As a uniting platform of the Arabic ICT private sector, IJMA3, through establishing a clear vision of IT in the region, overcoming barriers, initiating projects and events, and providing coordination and cooperation between the different country members, will help the Arab world grab its endless ICT opportunities to improve development whether social, economic, political, or other in the very near future.	NO	YES	NO	NO
International Labor Organization (ILO)	Non-EU	UN Agency	Algeria, Egypt, Morocco, Tunisia, Jordan	Offer potential young entrepreneurs the training they need to get a head start in setting up their own businesses.	NO	YES	NO	NO

International Monetary Fund's Middle East Center for EcoNOmics and Finance	Non-EU	INGO	MENA	organise annual trainings on improving SME policies and access to finance in addition to policies for competitiveness in the MENA region. The mission of the IMF's Middle East Center for Economics and Finance (CEF) is to strengthen the economic management in Arab League Member Countries by delivering an integrated curriculum of training courses and seminars that address the key skill sets needed to support this goal.	NO	YES	NO	NO
MedESS - UN Inter-Agency Task Force on Social and Solidarity EcoNOmy	Non-EU	UN Agency	Mediterranean Countries	MedESS is a biyearly event championing for the idea that the Social and Solidarity EcoNOmy is a responsible citizen response to the multiple challenges that have arisen in the Region. The following programs have arisen from MedEss: CitESS Med – CitESS (“SSE Cities”) has as an objective to aid the creation and development of those initiatives that are ecoNOmically and socially long-lasting in the Mediterranean Region, offering advice, financial intermediation, training, incubation, help with replication, FinESS Med – The FinESS Med program wants to demonstrate that the SSE is bankable, by providing funds for credit lines to guarantees and the financing of investments.	NO	YES	NO	NO

Middle East Venture Partners	Non-EU	Company	MENA and GCC	MEVP is a Middle East-focused venture capital firm that invests in the early and growth stages of innovative companies run by talented entrepreneurs primarily, but not exclusively, in Lebanon and the greater Levant region.	NO	NO	NO	NO
Oasis 500	Non-EU	Company	MENA	Oasis500 is a leading early stage and seed investment company, the first of its kind in Jordan and the MENA region.	NO	YES	NO	NO
Réseau Entreprendre	Non-EU	Network	Tunisia and Morocco	The project aims to provide mentoring and support to new-business starters with entrepreneurial potential with the ultimate goal of generating long-lasting employment in the region.	NO	YES	NO	NO
Risk Capital Facility for the Southern Neighbourhood Countries	Non-EU		Southern Neighbourhood	The central aim of this risk capital facility is to provide access to equity and debt finance to SMEs and MSMEs in the region in order to trigger private sector development, economic growth and private sector job creation. Investing in private equity and venture capital funds; investing in microfinance and other financial institutions; and lending to microfinance and other financial institutions are examples of the type of risk capital mechanisms that will be used.	NO	YES	YES	NO

Ruwwad	Non-EU	NGO	Palestine, LebaNon, Jordan and Egypt	Ruwwad Al-Tanmeya is a Non-profit community development organization that works with disenfranchised communities through education, youth volunteerism and grassroots organizing. Their approach encompasses an array of programs and initiatives that, together, strengthen agency and facilitate redress to problems prioritized by members of the community.	NO	NO	NO	NO
Sanabel	Non-EU	NGO	MENA	Sanabel is a Not-for-profit organization designed to serve microfinance institutions in the Arab world. Sanabel has 90 members from 13 Arab countries, including Egypt, Jordan, LebaNon, Morocco, Palestine, and Tunisia.	NO	NO	YES	NO
Silatech	Non-EU	NGO	MENA	Silatech is a dynamic social initiative that works to create jobs and expand economic opportunities for young people throughout the Arab world	NO	YES	NO	YES
Smala & Co	Non-EU	NGO	Africa	Crowdfunding website dedicated to Africa - Supports the financing of projects with environmental, social and cultural impact without commission	NO	NO	NO	NO
SPARK	Non-EU	INGO	Liberia - Burundi - Palestine	SPARK develops higher education and entrepreneurship so that young ambitious people are empowered to lead their post-conflict societies into prosperity. Learn more about our activities, how we do it, and what inspires us	NO	NO	NO	NO
The Alliance for Social Entrepreneurship	Non-EU	NGO	Lebanon, Egypt, and Kyrgyzstan and Tajikistan	a three-year collaborative program aimed at creating and supporting a robust social entrepreneurship movement in selected developing countries	YES	NO	NO	YES

The Business Development Center (BDC)	Non-EU	NGO	Jordan, Palestine, Egypt, Morocco	The project's approach tackles the problem of unemployment, both from the demand and the supply side: it trains students to be ready for future work and it helps them to start their own businesses.	NO	YES	YES	NO
World Bank Group	Non-EU	Donor	MENA	The Middle and North Africa Multi Donor Trust Fund - These activities included capacity building, training workshops, and technical assistance, as well as holding Dialogue and kNOwledge-sharing events, producing analytical products, and supporting businesses. The MENA MDTF achieved its mission objectives, exceeding all the targets. The trust fund is fully aligned with the World Bank Group's MENA Strategy, which is aimed at promoting peace and stability for development in the region	NO	YES	NO	YES
The Olaf Palme Institute	Non-EU	NGO	Other countries from the world and Palestine in the MENA	Through our development projects, we seek to empower people to change their societies and thereby their own lives. Women, youth, and grassroots activists are our main target groups. The Swedish labour movement's extensive international network enables cooperation with global partners who share our values.	NO	NO	NO	NO
Transparency International	Non-EU	INGO	MENA	support inNOvative ideas from all members of society to boost transparency, accountability and help the fight corruption in the Middle East and North Africa (MENA) region	YES	NO	NO	YES

UNIDO	Non-EU	UN Agency	Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia	it constitutes the first regional best practice with an integrated approach to support women entrepreneurship on three levels: macro (policy dialogue), meso (reinforcing the capacities of the women business associations) and micro level (strengthening the entrepreneurship capacities of women entrepreneurs).	NO	YES	YES	NO
WAMDA Capital	Non-EU	Company	MENA	Invests in transformational businesses and create meaningful partnerships with entrepreneurs	NO	YES	NO	YES
Synergos	Non-EU	INGO	Egypt and Palestine	Pioneers of Egypt/Palestine Strengthen community-led initiatives in Egypt that have demonstrated proof of concept in promoting economic and social development by supporting the entrepreneurs who lead these initiatives.	NO	YES	YES	YES
Australian Agency for International Development (AUSAID)	Non-EU	Donor	International	The Australian Government's development policy Australian aid: promoting prosperity, reducing poverty, enhancing stability and performance framework Making Performance Count: enhancing the accountability and effectiveness of Australian aid outline key aspects of our aid program	NO	NO	NO	NO
USAID	Non-EU	Donor	International	CEED provides entrepreneurs with the opportunity to network with other entrepreneurs, mentorship programs, growth-oriented training, and prepares entrepreneurs to receive funding through improving their financial management skills and guiding them to appropriate providers.	NO	YES	NO	NO
Maroc PME	Non-EU	Government Institution	Morocco	The national agency for the promotion of SMEs works on designing strategies for the promotion of the sector	NO	YES	NO	NO

Afineety	Non-EU	Platform	Africa	Crowdfunding platform aiming at connecting investors to business ideas	NO	YES	NO	YES
Ashoka	Non-EU	INGO	International	Ashoka's pathway for building the social entrepreneurship field had four main stages. In the first stage, during the 1980s, Ashoka focused on defining the qualities that characterize the world's leading social entrepreneurs and proving the concept that investing in them was an efficient way to generate large-scale impact. Ashoka drew in early partners, nominators, and thought influencers to be part of naming and supporting the first classes of Ashoka Fellows. Together, this extended network formed a kind of "triggering" community for the field.	YES	NO	YES	YES
Citi foundation	Non-EU	INGO	International	Citi works tirelessly to provide consumers, corporations, governments and institutions with a broad range of financial services and products. We strive to create the best outcomes for our clients and customers with financial ingenuity that leads to solutions that are simple, creative and responsible.	NO	YES	YES	NO

RELISS	Non-EU	INGO	International	The RELISS is an international reference and networking centre that aims above all to be a meeting place for people to exchange ideas about public policies that support the social and solidarity economy. It seeks to encourage a spirit of co-construction and dialogue by making available information on innovative social economy initiatives that were developed through collaborations with the public sector, and by fostering networking among public sector and civil society stakeholders who support the social economy.	NO	NO	NO	NO
RIPESS	Non-EU	Network	International	RIPESS is a network of continental networks that connects social solidarity economy networks throughout the world. The continental networks (RIPESS-LAC, RIPESS-EU, RIPESS-NA, RAESS and ASEC) in turn bring together national and sectoral networks. RIPESS believes in the importance of global solidarity in order to build and strengthen an economy that puts people and planet front and center.	NO	YES	NO	NO
SAHAM Group	Non-EU	INGO	International	Driven by civism, Saham Foundation is committed to support populations in need, to improve the development of countries where the Group operates in Africa and the Middle East. To support project leaders, Saham Foundation's Sherpa Club has supported more than a hundred local initiatives, sources of employment, and human resource development.	NO	YES	NO	YES

Yunus Social Business	Non-EU	Service Provider	International and Tunisia	Yunus Social Business initiates and manages incubation funds for social businesses worldwide. Along with that, they work through incubators who are seeking, selecting, and helping social businesses. In Tunisia, YSB offers financing and entrepreneurship programs for social enterprises. The entrepreneurship programs include: acceleration, coaching, networking, partnership facilitation, and pitch preparation. The financing programs include: undergoing the prospect social business a due diligence process, and active portfolio management and post-financing support.	YES	NO	NO	YES
World Trade Organization	Non-EU	UN Agency	International	The WTO was born out of negotiations, and everything the WTO does is the result of negotiations. The bulk of the WTO's current work comes from the 1986–94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO is currently the host to new negotiations, under the 'Doha Development Agenda' launched in 2001.	NO	YES	YES	NO
The International Development Association (IDA)	Non-EU	Donor	International	Overseen by 173 shareholder nations, IDA aims to reduce poverty by providing loans (called "credits") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions	NO	YES	NO	NO

Ruwwad	Non-EU	NGO	Palestine, Lebanon, Jordan and Egypt	Ruwwad Al-Tanmeya is a non-profit community development organization that works with disenfranchised communities through education, youth volunteerism and grassroots organizing. Their approach encompasses an array of programs and initiatives that, together, strengthen agency and facilitate redress to problems prioritized by members of the community. Four main programs anchor Ruwwad: Child Development, Youth Organizing, Community Support, and Micro-Venture Fund. Ruwwad, spans across Jordan, Egypt, LebaNon and Palestine, and operates through a strong network of partnerships with civil society and governmental agencies.	NO	NO	NO	NO
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10.2. Annex 3 – EU Bilateral Programs

Country	Bilateral Program Title	Program Description
Tunisia	NA	NA
Morocco	Socio Economic Development Support and Protection of the Environment of Rural Community of the Provinces of Nador and Driouch	Contributing to the socio-economic development and protection of the environment the rural community of the Provinces of Nador and Driouch through the use of local and natural resources. Specific objective: To support traditional crafts using recyclable products, promoting local products and collecting recycled products.
Lebanon	NA	NA
Palestine	NA	NA
Jordan	NA	NA
Egypt	EU Joint Rural Development Project	The project aims at improving the quality of life of the people living in the rural areas of Fayoum, Minia and Marsa Matrouh Governorates, with a focus on the sustainable management of territorial resources. It will increase sustainable agricultural production by managing water resources more effectively and adopting Good Agricultural Practices, and will improve rural livelihoods by promoting income-generating activities, making best use of local resources.
Algeria	NA	NA
Israel		

10.3. EU and Non EU Programs Active in the Region

Name of Program	Description	Funded by	Implemented by	Contact details
The Alliance for Social Entrepreneurship	Implemented in 4 countries (including Lebanon and Egypt). The aim is create and support a robust social entrepreneurship movement in these countries through raising awareness and by an environment that benefits the growth and impact of SE's - a three-year collaborative program aimed at creating and supporting a robust social entrepreneurship movement in selected developing countries. IMPLEMENTED IN: Lebanon, Egypt, and Kyrgyzstan and Tajikistan	USAID	<ul style="list-style-type: none"> - Synergos - Ashoka - Schwab Foundation for Social Entrepreneurship 	info@a4se.org
SHE Entrepreneurs	Implemented in MENA countries (Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, Palestine, and Yemen) and Sweden. It aims to provide participants with tools for sustainable change and create an active network of women change-makers through a one-year program in which women are introduced to social entrepreneurship, learn and practice relevant tools, and receive coaching in order for them to create their own projects. Note: Limited beneficiaries, mainly individuals - The program aims to give the participants innovative tools for sustainable change while seeking to create a unique network of women change-makers. IMPLEMENTED IN: Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, West	Swedish Institute	Swedish Institute	

	Bank-Gaza, Yemen, Iran or Sweden			
Social Entrepreneurs Initiative for the Middle East and North Africa	This project targets young social entrepreneurs in the MENA region through a competition for SE ideas in which 5 potential winners receive no more than 5000 euro as a seed funding to launch their projects. Support innovative ideas from all members of society to boost transparency, accountability and help the fight corruption in the Middle East and North Africa (MENA) region.	<ul style="list-style-type: none"> - International Anti-Corruption Conference (IACC) - Transparency International (TI) 	<ul style="list-style-type: none"> - International Anti-corruption Conference (IACC) - Transparency International (TI) 	
Arab World Social Innovators (AWSI)	This project was implemented between 2008 and 2015 and supported 50 social entrepreneurs benefitting underdeveloped communities in Egypt, Jordan, Lebanon, Morocco, Palestine and the United Arab Emirates. Social entrepreneurs were supported through an integrated set of offerings (financial award, technical assistance and capacity-building workshops, access to Synergos' global network, mentorships, and peer network exchange). AWSI supports 50 social entrepreneurs serving poorly developed communities in Egypt, Jordan, Lebanon, Morocco, Palestine and the United Arab Emirates	PepsiCo and Synergos	Synergos	
Madad Fund	This fund focuses on the mid to long-term resilience support to refugees and host communities and focuses on stabilizing the overstretched host countries (Lebanon, Jordan, Iraq) and reducing the pull factors and root causes of the migration crisis. It will support social entrepreneurship through creating job opportunities and engaging social entrepreneurs in addressing social and economic challenges. It Provides for a more coherent, faster and integrated EU response to the crisis by merging various EU financial instruments and contributions	EU	GiZ, Expertise France, AECID, Italian Cooperation, AfD	near-madad@ec.europa.eu

	from Member States into one single flexible and quick mechanism with a target volume of €1 billion.			
MEDESS	MEDESS plays a role as an aggregator and catalyst of institutions, enterprises, networks, public or private that share its philosophy and objectives. Its work is limited to a conference held in 2013 by EISMED aiming at creating networks among actors in the Social and Solidarity Economy in the MENA region due to lack of funding.	Multiple Parties	EISMED	info@medess.org

SWITCHMED	<p>It's an initiative that supports and connects stakeholders to scale-up social and eco innovations Mediterranean countries (Lebanon, Jordan, Palestine, Egypt, Tunisia, Morocco, and Algeria). It provides stakeholders with tools and connections to support partners working on social and eco innovations to achieve productive, circular, and sharing economies in the Mediterranean. This program supports the actors through the SWITCHMED Action Network, training, empowering, providing capacity building, and engaging with policymakers to establish a regulatory and policy</p>	<ul style="list-style-type: none"> - European Union, United Nations Industrial Development Organizations (UNIDO) - United Nations Environment Program Mediterranean Action Plan (UNEP/MAP) and its Regional Activity Centre for Sustainable Consumption and Production (SCP/RAC) - UNEP-DTIE (Division of Technology, Industry and Economics) 	<ul style="list-style-type: none"> - European Union, United Nations Industrial Development Organizations (UNIDO) - United Nations Environment Program Mediterranean Action Plan (UNEP/MAP) and its Regional Activity Centre for Sustainable Consumption and Production (SCP/RAC) - UNEP-DTIE (Division of Technology, Industry and Economics) 	<p>Burcu Tunçer - Team Leader</p> <p>t: +34.93 5538782</p> <p>f: +34.93 553 8792</p> <p>e: btuncer@scprac.org</p>
MIT Enterprise Forum	<p>MIT Enterprise Forum Pan Arab is on a mission to find and reward tech-driven solutions to alleviate the burden of the refugee crisis. We are launching a competition of technology projects that address the most acute hardships faced by refugees - including healthcare, food, shelter, security,</p>	<ul style="list-style-type: none"> - UNHCR - UNICEF - UBER - JUSOOR 	<ul style="list-style-type: none"> - MIT ENTERPRISE 	<p>Tel/Fax +961 1 647 888</p> <hr/> <p>e-mail</p>

	education and energy. In partnership with Zain and MBC Hope and supported by UNHCR, Unicef, UBER and Jusoor. We will be rewarding five winners - of which at least one refugee team - with cash prizes and mentorship to successfully implement their project and contribute to ameliorating the conditions of the refugee population.			info@mitarabcompetiti on.com Website www.mitefarab.org
Social Entrepreneurs Initiative for the Middle East and North Africa (MENA) region	ms to support innovative ideas from all members of society to stop the abuse of power, secret dealings and bribery in their communities, promoting citizen engagement and enabling citizens to take an active role in becoming change makers in their own societies. It is based on the premise that innovative ideas and fresh thinking are necessary if we want to create a world free of corruption.	- Transparency International	- Transparency International - IACC	press@transparency.or g sei- global2014@transpare ncy.org. +49 30 3438 20 666
Promoting women empowerment for Inclusive and Sustainable Industrial Development in the MENA region	The project "Promoting women empowerment for Inclusive and Sustainable Industrial Development in the MENA region" seeks to enhance women's economic inclusion and promote a sustainable and inclusive growth by harnessing the great potential of women entrepreneurs within the region. The project targets: 1) the promotion of the policy dialogue between public key actors and national business women's associations to create a more conducive environment for women entrepreneurship; 2) the implementation of more efficient demand-driven services by the national business women's associations to support women entrepreneurs in the region on a continuous and sustainable basis; 3) the development of more sustainable women-led businesses within the South Mediterranean region	- The Italian Government	-	

10.4. EU Regional Programs (non-SE specific)

Program	Description	Lebanon	Jordan	Palestine	Egypt	Tunisia	Morocco	Algeria
Promotion of the Microfinance Sector in the MENA Region (MFMR)	Supports the national authorities in Egypt, Jordan and the Palestinian Territories in their efforts to strengthen the legal framework and the supervisory capacities related to the microfinance sector. Furthermore, it assists policy decision-makers in developing and implementing national strategies on financial inclusion		X	X	X			
The Euro-Mediterranean Development Centre for Micro, Small and Medium Enterprises:	Operates in Morocco, Tunisia, Egypt and Jordan and aims at building an efficient networking infrastructure among Euro-Mediterranean entrepreneurs, institutions and investors, in order to support Micro, Small and Medium Enterprises (MSMEs) along the critical stages of start-up, growth and internationalization.		X		X	X	X	
Enterprise Growth Programme and Business Advisory Services (former TAM/BAS)	The project falls under the objectives stated in the European Neighbourhood Policy and the Union for the Mediterranean. The EU is seeking to spur entrepreneurship, improve the business environment, help micro-, small and medium sized enterprises (MSMEs) grow through the provision of technical assistance, and to increase access to finance, in order to create jobs in the Mediterranean countries.				X	X	X	
EU support for the Mediterranean Initiative for Job (Med4Jobs)	Med4Jobs is a flagship initiative of the Union for the Mediterranean to help increase the employability of youth and women, close the gap between labour demand and supply, and foster a culture of entrepreneurship and private sector development	X	X	X	X	X	X	X

10.5. Service Providers and Financial Support Institution in the SE Ecosystem of MPCs

Country	Stakeholder	Types of Services	Regional coverage	SE specific (Y/N)
Egypt	Alashanek ya Balady Association for Sustainable Development	<ul style="list-style-type: none"> - Business services, coaching and mentoring, - Financing 	Nationwide	No
Egypt	Ashoka Innovators for Public	<ul style="list-style-type: none"> - Business Services, Coaching and mentoring - Financing - Access to Networks 	Regional with specific programs per country	No
Egypt	Flat 6 labs	<ul style="list-style-type: none"> - Incubation - Business Services, Coaching and mentoring - Financing 	Nationwide	No
Egypt	Ges Misrelkheir	<ul style="list-style-type: none"> - Incubation - Business Services, Coaching and mentoring - Financing - Access to Networks 	Nationwide	Yes
Egypt	Nahdet el Mahrousa	<ul style="list-style-type: none"> - Incubation - Business Service, Coaching and mentoring - Access to Networks 	Nationwide	Yes
Egypt	Technology Innovation and Entrepreneurship Center (TIEC)	<ul style="list-style-type: none"> - Incubation - Business Service, Coaching and mentoring 	Nationwide	No

		- Access to Networks		
Egypt	Yomkin	- Financing	Nationwide	Yes
Jordan	King Abdullah II Fund For Development	- Financing	Regional	Yes
Jordan	Queen Rania Center for Entrepreneurship	- Business Service, Coaching and mentoring - Access to Networks - Financing	Nationwide	No
Jordan	Tamweelkom	- Financing	Regional	No
Regional	Wamda	- Access to Networking	Regional	No
Lebanon	Berytech	- Incubation - Business Service, Coaching and mentoring - Access to Networks - Financing	Nationwide	No
Morocco	Association Ismailia de Micro Credit	- Financing	Focus on Ismailia and Meknes	No
Morocco	Al Amana	- Financing - Business services, coaching and mentoring	Nationwide	No
Morocco	Al karama	- Financing	Nationwide	No
Morocco	Ardi	- Financing	Nationwide	No
Morocco	Center for Entrepreneurship and Executive Development	- Access to Networking and Financing - Business services, coaching and mentoring		
Morocco	Credit Jeunes Promoteurs	- Financing		
North Africa	Enpact	- Incubation - Access to Networking and Financing - Business services, coaching and mentoring	Regional	No

Morocco	Moroccan Center for Innovation and Social Entrepreneurship	- Incubation - Access to Networking	Nationwide	Yes
Morocco	New work lab	- Incubation	Casablanca	No
Morocco	Startup your Life	- Access to Networking and Financing - Business services, coaching and mentoring	Nationwide	No
Morocco	The Morocco Climate Innovation Center MCIC	- Incubation - Access to Networking and financing - Financing	Nationwide	Yes
Regional	Arabreneurs	- Incubation - Access to Networking and Financing - Business services, coaching and mentoring		
Tunisia	Advans Tunisie	-Financing	Nationwide	No
Tunisia	Enda Inter-Arabe	Financing	Nationwide	No
Tunisia	Entrepreneur Financial Center	- Financing	Nationwide	No
Tunisia	Investment Bank for Small and Medium Enterprises (BFPME)	- Financing	Nationwide	No
Tunisia	Laboratoire de l'économie sociale et solidaire (LAB'ESS)	- Incubation - Business services, coaching and mentoring	Nationwide	Yes
Tunisia	Microcred Tunisie	- Financing	Nationwide	No
Tunisia	Reseau Entreprendre	- Business services, coaching and mentoring - Financing	Nationwide	No
Tunisia	Tunisian Center for social Entrepreneurship	- Business services, coaching and mentoring - Incubation	Nationwide	Yes

		- Access to networking and Financing		
Tunisia	Tunisia Solidarity Bank	- Financing	Nationwide	No
Tunisia	Yunus Social Business	- Incubation - Financing - Business services, coaching and mentoring - Access to Networking and Financing	Nationwide	Yes
Palestine	Fast Forward	-		
Egypt	Greek Campus	- Co-working space and mentoring	Cairo	No
Egypt	Cairo Angels	- Financing	Nationwide with regional potential	No
Regional	Sawari	- Financing	Regional	Yes
Algeria	Algerian Center for Social Entrepreneurship	- Business services, coaching and mentoring - Access to Networking and Financing	Nationwide	Yes
Algeria	Ooredoo incubator	- Incubation	Nationwide	No
Lebanon	Alt-city	- Incubation - Business services, coaching and mentoring - Access to Networking and Financing	Nationwide	No

10.6. Financial Support Partners in MPCs

Country	Stakeholder	Types of Services	Regional coverage	SE specific (Y/N)
Egypt	Ashoka Innovators for Public	-		
Lebanon	Beytech	- Business Support	Nationwide	No
Morocco	Al karama	- Financing	Nationwide	No
Morocco	Moroccan Center for Innovation and Social Entrepreneurship	- Incubation - Access to Networking	Nationwide	Yes
Morocco	The Morocco Climate Innovation Center MCIC	- Incubation - Access to Networking and financing - Financing	Nationwide	Yes
Regional	Arabreneurs	- Access to Networking and Financing - Business services, coaching and mentoring - Incubation		No
Tunisia	Yunus Social Business	- Business services, coaching and mentoring -	Nationwide	Yes
Cairo	Greek Campus	- Co-working space	Cairo	No