STUDY ON THE OPPORTUNITIES FOR IMPACT INVESTING TO PROMOTE THE SOCIAL AND GREEN ECONOMY IN THE SOUTHERN NEIGHBOURHOOD

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DISCLAIMER

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The views expressed herein are those of the consultants and therefore in no way reflect the official opinion of the European Commission.

Report prepared by:

Gianluca PASTORELLI

Artur BALA

Samuel BARCO SERRANO

Contractor´s name and address:

TRANSPORTS & INFRASTRUCTURES

EXPERTISE GROUP EZHZ (TIEG)

Michel Doumont, Project Director

Dlhá 38, 900 31 Stupava, Slovakia

Tel. +421 (0)903 294 937

Fax : +421 (0)2 64 360 171

E-mail : m.doumont@tieg-eeig.eu

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ACRONYMS & ABBREVIATIONS

AFD	Agence française du développement (English : French Development Agency)
CGAP	Consultative Group to Assist the Poor
CIC	Community Interest Company
DAC	Development Assistance Committee
DFI	Development Financial Institution
DFC	Development Finance Corporation
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EIF	European Investment Fund
ESF	European Social Bank
EFSD	European Fund for Sustainable Development
ESG	Environment, Social and Governance
GE	Green Economy
GFPSE	Guarantee Fund for the Popular and Solidarity Economy
GIIN	Global Impact Investment Network
GiZ	German Development Agency (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH)
ICSEM	International Comparative Social Enterprise Models
IFC	International Finance Corporation
IFI	International Financial Institution
ILO	International Labour Organisation
IMF	International Monetary Fund
IsDB	Islamic Development Bank
KPI	Key Performance Indicator
MENA	Middle East and North Africa
MFI	Microfinance Institution
MSME	Micro, Small and Medium Enterprises
NEAR	DG NEAR of the European Commission
OECD	Organisation for Economic Co-operation and Development
PBL	Policy-based Lending Programmes
PI2	Portfolio for Impact and Innovation
PROMESS	Promotion of Organisation and Mechanisms for the Social and Solidarity Economy
SARL	Société Anonyme à Responsabilité Limitée (English : Limited Liability Company)
SDG	Sustainable Development Goals
SEM(C)	Southern and Eastern Mediterranean (Countries)
SDG	Sustainable Development Goals
SE	Social Economy
SESO	Social Economy Support Organisation
SFDR	Sustainable Finance Disclosure Regulation

SII	Social Impact Investment
SME	Small and Medium Enterprise
SN	Southern Neighbourhood
UfM	Union for the Mediterranean
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees
USD	United States Dollar

1. EXECUTIVE SUMMARY

This report provides information about the main activities undertaken by the Consultant team during the first phase…. The report includes:

- the list of the identified stakeholders to be further consulted
- the detailed methodological approach based on the inception phase
- the results of the mapping study
- a set of preliminary conclusions
- the updated workplan.

The interim report, indeed, presents main investigation results which will help address the next phase alongside a reviewed work plan. A regional outlook on SSI market, on social and green economy and/or green economy and country profiles are also described in the report.

BACKGROUND OF THE STUDY

This study is part of the EC response within the framework of the European Neighbourhood Policy to the recent Joint Communication which **highlights the current challenges** of the Southern Neighbourhood (SN) region which "is facing governance, socio-economic, climate, environmental and security challenges, many of which result from global trends and **calls for joint action** by the EU and Southern Neighbourhood partners proposing a "new, ambitious and innovative Agenda for the Mediterranean, drawing for the first time on the full EU toolbox and the ground-breaking opportunities of the twin green and digital transitions, in order to relaunch our cooperation and realise the untapped potential of our shared region". Furthermore, the "perspective of the post COVID-19 recovery offers a rare opportunity for Europe and the Mediterranean region to commit to a common and people-centred agenda and the actions necessary for its implementation."

The new Agenda aims for a green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Green Deal. The objectives for the years to come are to build fairer and more prosperous and inclusive societies for the benefit of people, especially youth.

According to GIIN's 2018 annual report, the MENA region ranks second to last globally in terms of impact investment activity. Three issues could justify this gap:

(i) First, a lack of awareness for such a hybrid concept and potential for social impact, from both the investor and the recipient perspective;
(ii) Second, an enabling legal and regulatory environment that is not conducive to attracting and retaining such vehicles and investors; and
(iii) Third, the slow expansion of regional impact funds, which increase the reliance on non-MENA based funds.

Despite the above-mentioned challenges and the fact that Southern Mediterranean region's impact investment space was virtually non-existent, in the last five years the situation has positively changed. Local investors, incubators, mentors, and entrepreneurs are becoming more experienced at converting ideas to businesses and fortifying them with resources and networks. There is also a growing pool of institutions championing this practice.

OBJECTIVES AND SCOPE OF THE STUDY

The global objective of the study is to help **DG NEAR to identify opportunities to support specific impact investing vehicles in the Southern Mediterranean** as part of its programming 2021-2027.

The specific objective is to **provide an assessment of the impact investment market in the SN countries** which includes a **mapping of active market actors, an analysis of market preparedness and current market interests among different (local and international) investors active in the region.**

The assessment will have a specific focus on vehicles/mechanisms/funds available for post-incubation and post-acceleration companies operating in the **social economy** and **green economy,** therefore the findings and recommendations might indeed be different according to the economy sectors the companies operate in.

Finally, the study will provide **actionable recommendations on how the EU could support impact investing initiatives, especially to assist the green and social economies.**

STAKEHOLDERS

Besides main stakeholders such as: DG NEAR, DG GROW, DG ECFIN, DG EMPL, EIB, EIF, EBRD and EUDs in the SN, during the inception period an exercise to identify and map out the key types of stakeholders was carried out. This mapping of key stakeholders is presented in Annex 2.

THEORETICAL FRAMEWORK AND RESEARCH APPROACH

To appropriately address the ToR requirements, the study follows an ecosystem[1] approach, adapting slightly the OECD's Social Impact investment market framework. Market components – **demand, supply, intermediaries, enabling environment** – are presented and analysed considering how effectively they do interact and create a dynamic conducive to market development. In practice, the application of approach will be twofold:

i. as the analytical basis for international comparison to track progress on the national impact investing policy environment; and
ii. as guidance to policy makers when engaging in SII related policy design, implementation and review.

On the other hand, the research approach for this study is based on a set of research questions which contribute to appropriately address the mapping exercise requirements in line with the two phases of the study:

[1] "Ecosystem" is a metaphor which has been gaining relevance in analyzing entrepreneurship and particularly social entrepreneurship.

1. First phase focusing on the mapping exercise, highlighting the main lessons learned in the study, major challenges at stake and preliminary conclusions and recommendations.
2. Second phase focusing on finalisation of mapping and final analysis of findings, drawing of conclusions and provision of actionable recommendations.

With regard to data collection, first-hand qualitative/quantitative data collection tools have been used depending on the nature of information to be collected: (i) desk research; (ii) in-depth interviews; (iii) self-administered survey to a selected number of actors; and (iv) focus groups.

Also, in order to assess social impact initiatives which are considered as challenging for investors, a "benchmarking" tool will be used.

ACTIVITIES OF THE PERIOD

During the first period the consultant team:

- carried out a desk research of materials and further key stakeholders working in the subject area;
- continued contacts with some of the key stakeholders identified and interviewed in the Inception phase;
- conducted over 55 interviews to key informants (see Annex 3);
- identified and review the key approaches that were considered be most appropriate to the assignment;
- conducted over 50 calls between the team members to discuss the approaches, the inception report, and engage in planning;
- had continuous exchange of information, views, materials among the team members;
- had continuous exchange with and support from DG Near;

As concerning the **preliminary conclusions**, a first draft of research assumptions emerged from the desk research and interviews to key informants. These assumptions were "clustered" on issues supporting the idea that these are complex groups of concepts.

Thus, the study has considered them as a series of areas of interest that should play a relevant role in the following phases to inform the research process both for mapping and recommendations purposes.

Also, according to what has been found through both desk research and the interviews with key informants it was agreed **not to include in the following phases two of the SN countries: Israel and Libya**. The former because its developed ecosystem outstand if compared with the rest of the region and this and other reasons will not serve as learning. The latter because its current situation advise against it.

UPDATED WORKPLAN AND NEXT STEPS

The Second phase will focus on finalisation of mapping and final analysis of findings, drawing of conclusions and provision of actionable recommendations.

Regarding **Focus Groups**: the team will use this technique to test the feasibility, relevance, sustainability and the impactful potential of preliminary findings in terms of challenges, gaps, drivers and barriers in the regional and local ecosystem. These will be used to validate the preliminary findings and facilitate producing informed and consensus-generating recommendations.

Our intention is to set up at least two focus groups which should include representatives of most of the highlighted initiatives and actors included in this report (SANAD, INPULSE, EASI, Alfanar, etc.). The first focus group should help assess the feasibility, relevance, sustainability and the impactful potential of preliminary conclusions. The second focus group, which could have a different composition (with the possibility to include more actors from the EC if considered appropriate), will address the same issues but regarding general (and preliminary) recommendations. These will be produced after the first focus group.

Final recommendations included in the first draft of the second report should be as specific as possible.

The **Draft Final Report** will be delivered by the middle of October 2021. The **presentation of the Draft Final Report** with the Reference Group will be held in the second half of October2021 at the DG NEAR premises.

The **Final Report** with the addressed and integrated comments from the Reference Group will be delivered in the first half of November 2021.

2. BACKGROUND OF THE STUDY

2.1. OVERALL CONTEXT

This study is part of the EC response within the framework of the European Neighbourhood Policy to the recent Joint Communication proposing a “new, ambitious and innovative Agenda for the Mediterranean, drawing for the first time on the full EU toolbox and the ground-breaking opportunities of the twin green and digital transitions, in order to relaunch our cooperation and realise the untapped potential of our shared region”. Furthermore, the “perspective of the post COVID-19 recovery offers a rare opportunity for Europe and the Mediterranean region to commit to a common and people-centred agenda and the actions necessary for its implementation.”

The new Agenda aims for a green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Green Deal. The objectives for the years to come are to build fairer and more prosperous and inclusive societies for the benefit of people, especially youth and women.

The Joint Communication highlights the current challenges of the Southern Mediterranean region which “is facing governance, socio-economic, climate, environmental and security challenges, many of which result from global trends and call for joint action by the EU and SN partners.” To seize this momentum, the Joint Communication proposes also an “Economic and Investment Plan for the Southern Neighbours” which will help spur long-term socio-economic recovery, foster sustainable development, address the region’s structural imbalances, and tap into the region’s economic potential.

As defined by the Global Impact Investment Network (GIIN), impact investing is the practice of investing into companies with the intention to generate a measurable social and/or environmental impact alongside a minimum financial return. Impact investments embody two main guiding pillars:

- **Intentionality**: the investor and/or company are driven by a stated intention to affect positive social and/or environmental change
- **Measurement**: investors and companies commit to tracking and reporting the social and environmental impact generated, ensuring accountability while informing future practice in the field

These two pillars are defining approaches that distinguish between the companies that are merely impact-related and those that are explicitly working to ensure that a targeted change occurs.

2.2. CURRENT STATUS OF IMPACT INVESTING IN THE SN REGION

According to GIIN’s 2018 annual report, the **MENA region ranks second to last globally in terms of impact investment activity**. Three issues could justify this gap:

(i) First, a lack of awareness for such a hybrid concept and potential for social impact, from both the investor and the recipient perspective;

(ii) Second, an enabling legal and regulatory environment that is not conducive to attracting and retaining such vehicles and investors; and
(iii) Third, the slow expansion of regional impact funds, which increase the reliance on non-MENA based funds.

As SN countries try to mitigate the impact of the COVID-19 pandemic while experiencing some of the harshest impacts of climate change and long-term resource inefficiency there is a growing need for support to actors (both in the public and private sectors as well as civil society) that promote a clean, inclusive, and sustainable transition. Despite the above-mentioned challenges and the fact that Southern Mediterranean region's impact investment space was virtually non-existent, in the last five years the situation has positively changed. Local investors, incubators, mentors, and entrepreneurs are becoming more experienced at converting ideas to businesses and fortifying them with resources and networks. There is also a growing pool of institutions championing this practice.

As the region remains affected by political instability, the need for alternative management of challenges, including unsustainable resource use and climate change, and the need for innovation to tackle these challenges is growing – so are the numbers of impact investors. Over the past several years, multiple new venture capital funds have been created in the region, including for example Silicon Badia in Jordan and Ideavelopers and Sawari Ventures in Egypt. At the bilateral and the regional level, the EU, and increasingly Member States and international financial institutions (IFIs), are working to support aspects of impact investment across the world, especially in Sub-Saharan Africa.

EU, through the launch of the European Fund for Sustainable Development (EFSD) but even before that, has supported infrastructure investments in the region, SMEs development, financial inclusion, improvement of the business environment and investment climate, and capacity building of intermediary organisations and clusters. In the region, there are a number of active investment facilities, investment support, and policy related programmes[2] which rank from the EU/EC mostly grants, guarantees schemes, to blended projects (technical assistance and investment grants) with pillar assessed institutions as well as other financial instruments (external lending mandate) through EIB. The ongoing policy and political dialogue is focusing on the nexus between sustainable and inclusive economic development. As the EU operationalises the external dimension of the Green Deal and works to promote 'An Economy that works for people', the use of and support to innovative financial mechanisms will increasingly feature in its development assistance portfolio.

It is clear that impact investment alone will not solve all socio-economic development challenges in the region. Yet, considering the significant potential to generate positive impact on a larger scale, the impact investment must be included in the larger economic development agenda that includes public, private, and civil sector stakeholders.

[2] For example: the EU-OECD Programme on support to investment in the Southern Neighbourhood (2020-2024); the EU-ILO Programme on mainstreaming employment in trade and investment policies in the Southern Neighbourhood (2020-2024),

3. OBJECTIVES AND SCOPE OF THE STUDY

In accordance with the ToR, the **overall objective** is to help DG NEAR to identify opportunities to support specific impact investing vehicles in the Southern Mediterranean as part of its programming 2021-2027.

The **specific objective** is to provide an assessment of the impact investment market in the SN countries. The assessment should include a mapping of active market actors and analysis of market preparedness and current market interest among different (local and international) investors active in the region. It should also include the barriers that prevent a conductive environment for impact investing. The study is expected to review both domestic (regional) investment practices as well as the practices of international investors in the region.

The assessment will have a **specific focus** on vehicles/mechanisms/funds available for post-incubation and post-acceleration companies operating in the social economy and green sectors. In this context, the experts will also contact some of the regional programmes dealing with social and green economy to gain a better understanding of the financing needs.

The findings/recommendations might indeed be different according to the sectors the companies operate in. It should also provide actionable recommendations on how the EU could support impact investing initiatives, especially to assist the green and social economies. This could not only include direct finance to vehicles but also technical assistance to existing vehicles or supporting organisations deploying such instruments in the region.

The study will map regionally and at country level initiatives, the stakeholders (offer, demand, intermediaries and public authorities), their networks and ecosystems properties as described in the theoretical framework (see Annex 4).

It will be articulated in two main phases:

1. The <u>first phase</u>, focusing on mapping the existing active vehicles in the SN region financed both by the local and international private sector and international donors, including IFIs, EU Member States, and third countries.
2. The <u>second phase</u>, focusing on recommendations on how the EU can support impact investing in the region, taking into account its policy priorities for inclusive economic growth as well as ongoing and upcoming dialogue/cooperation initiatives.

As set in ToR, the geographical scope of this study, should include these SN countries: Morocco, Algeria, Tunisia, Libya, Egypt, Lebanon, Palestine, Jordan, and Israel.

4. THEORETICAL FRAMEWORK AND RESEARCH APPROACH

4.1. THEORETICAL FRAMEWORK

In this chapter[3] and in the Annex 4, we develop our proposed theoretical framework.

For this study we will adapt the OECD methodology which develops an eco-system-based market analysis. After the preliminary desk review and interviews, we emphasize the usefulness of this methodology in responding the key research questions of the study. Market components – demand, supply, intermediaries, enabling environment – will be taken into consideration.

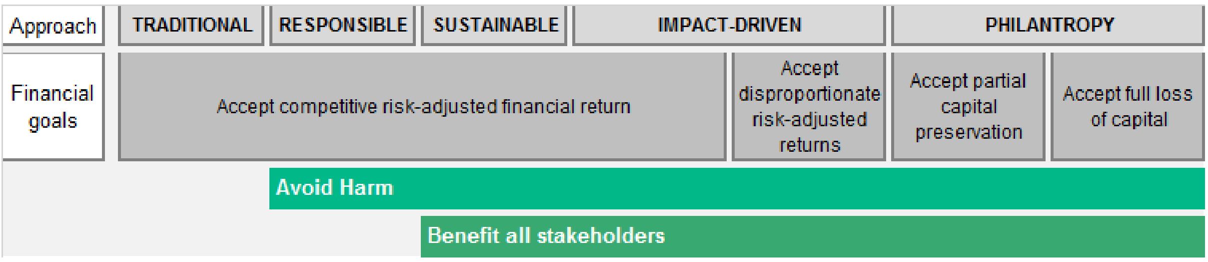
The two main guiding pillars of impact investment are:

1. **Intentionality:** the investor and/or company are driven by a stated intention to affect positive social and/or environmental change;
2. **Measurement:** investors and companies commit to tracking and reporting the social and environmental impact generated, ensuring accountability while informing future practice in the field.

Moreover, there exists a series of concepts or paradigms which are similar to Impact Investment such as responsible, sustainable, blended investment or financing.

“Social" and "environmental" impacts pose a challenge in terms of their definition: impact vs financial return. It is difficult to clarify where is the boundary between the search for social impact vs the search for financial return.

Figure 1. Social impact investment features

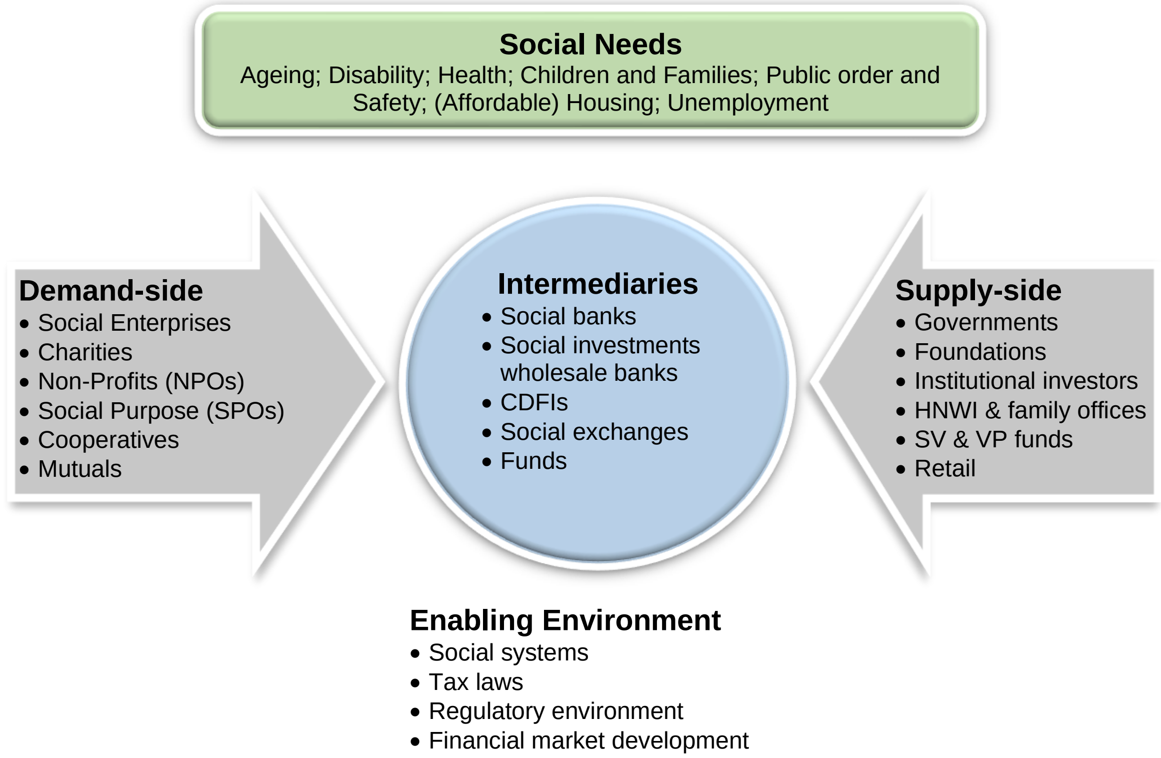


This is even more relevant since many key informants have also signalled that one of the main obstacles for a solid and rapid development of impact investing in the MENA region is the higher level of country risk (political and economic instability, devaluation risks, credit crunches, geopolitical tensions; etc.). They occur in a highly underdeveloped ecosystem (data, scarcity of vehicles and quality investment opportunities, low level of non-financial support services, etc.) and they also affect exit strategies. Therefore, there are less chances to find many vehicles closed to philanthropy in the spectrum.

[3] For the sake of readability, we have provided here a concise explanation of the conceptual framework but we have included the Annex 4 with a more detailed explanation.

For this study, we propose to follow an ecosystem[4] approach (Barco Serrano et alii, 2019) adapting slightly the OECD's Social Impact investment market framework[5].

Figure 2. Social impact investment market framework



Source: OCDE (2019)

Our analysis will be organised according to this framework:

- **Social, environmental and economic needs:** In our case we have slightly adapted to include the concept of economic opportunities since Social Economy often seize them.
- **Demand side actors:** In our case Green and Social Economy
- **Supply side actors:** In our case impact investors and similar funds.
- **Intermediaries:** In this case we are more closely following the OECD framework.
- **Enabling environment**
- **Ad-hoc OECD SII Policy Framework**

Based on the above elements, OECD has also developed a SII specific policy framework aiming to assist governments in their efforts to design SII-conducive policies, in the context of private sector financing for the SDGs.

In practice, its application will be twofold:

i. as the analytical basis for international comparison to track progress on the national impact investing policy environment; and

[4] "Ecosystem" is a metaphor which has been gaining relevance in analyzing entrepreneurship and particularly social entrepreneurship.
[5] Social Impact Investment 2019-The Impact Imperative for Sustainable Development. OECD.

ii. as guidance to policy makers when engaging in SII related policy design, implementation and review.

For the purposes of this study and in order to provide adequate policy recommendations we will adapt slightly this framework as indicated and detailed in the Annex 4.

The main current and potential actors in this market will be targeted for sourcing of the main findings, understanding and recommendations for the study.

Demand and supply side actors

Public investors – governments, multilateral development banks, development finance institutions (DFIs), etc. – and private investors - such as foundations, high net-worth individuals, family offices and philanthropists, banks, pension funds, insurance companies, sovereign wealth funds, and other financial services firms and intermediaries – are very active in the SII market.

As supply actors, social enterprises are entities that primarily pursue a social mission alongside profit, as defined before. These ventures seek financing from multiple providers in order to operate in the market and to respond to their development ambitions. We propose to adapt the taxonomy included in the OECD framework in four categories:

i. Social Business
ii. Public Social Enterprises
iii. Social Cooperatives
iv. Enterprising Non-profits

Public actors are a key stakeholder which fulfil different fundamental roles, as policymakers, key funders, service providers or/and operational management.

Intermediaries are a key player for the SII ecosystem as their basic role they ensure that capitals are channelled from investors to final local beneficiaries in the most efficient way ie. lowering transaction costs. The role of intermediaries is multiple and goes beyond being a recipient to investor's funds or creating liquidity as intermediaries significantly contribute in providing advice in funds management, fostering entrepreneurship skills, developing business ideas and putting in place payment mechanisms that improve access to finance for MSMEs.

We distinguish two categories of intermediaries operating in the SII market based on their primary function:

1. Financial intermediaries which specialize in financing social enterprises; and
2. Capacity-building organisations whose intervention builds on advising activities.

Social and environmental needs

Expressed social, environmental and economic needs is the starting point of the OECD's SII analysis (OECD, 2015). SII should explicitly address these needs in an effective way aiming at proven impact by the final beneficiaries in various areas of need. It is admitted that these needs cover a large spectrum of thematic which corresponds to the Sustainable Development Goals (SDGs) in relation with poverty, inequality, education, employment, health, climate, affordable and clean energy. Referring to the SDGs is itself an incentive to public and private actors to support SII in the perspective of sustainable development challenges. Final beneficiaries are more heterogeneous population groups as different and specific needs arise depending on countries development level and local contexts. Consequently, the role of SII and the tools they use will vary.

However, in our case, we propose to assess the following variables in our analysis:

- Development economic prospects of the region
- Addressing social and environment challenges

We proposed this adaptation from the Social Needs category because Social and Green Economies have demonstrated to go beyond "solving market failures" and therefore we will consider the two economies together, also identifying areas in which the SE and GE have also the potential to grow in their role as transformative actors (for example in culture, platform or digital economy, increase civic participation, etc.)

4.2. RESEARCH APPROACH

Following the aforementioned theoretical methodological framework, this section presents the research approach for this study which is based on a set of research questions which contribute to appropriately address the mapping exercise requirements in line with the two phases of the study:

1. First phase focusing on the mapping exercise, highlighting the main lessons learned in the study, major challenges at stake and preliminary conclusions and recommendations.
2. Second phase focusing on finalisation of mapping and final analysis of findings, drawing of conclusions and provision of actionable recommendations.

4.2.1. Research questions

In the first phase (mapping), the following key questions will be addressed:

1. Which types of impact investing vehicles are active in the SN? Which ones are targeting social and environmental impact in their investments?
2. What is their source of funding (local or international)? Which sectors are they mainly directed at? What are the main challenges impact investors face when operating in the SN?
3. What are the main obstacles for IFIs to work with impact investors on targeted sectors?
4. What are financing modalities of impact investing vehicles active in the region? (e.g., debt; equity; quasi-equity; guarantees etc…)
5. What are the needs of social entrepreneurs and green entrepreneurs as concerns access to finance?

In the <u>second phase</u> (final analysis and recommendations) the following will be addressed:

1. How could the EU contribute both at ecosystem and at vehicle level to strengthen impact investing in order to promote the social and green economies?
2. Are there any best practices engaging in support of impact investing that could be replicated by the EU?
3. How widespread in the use of social impact bonds in the SN? Could the EU specifically leverage social impact bonds to complement its support to the social and green economy?
4. Besides creating and/or 'funding' existing impact fund(s), are there accompanying measures that could sustain the activities of such Funds? (e.g., technical assistance/grants; guidance etc…)
5. Could impact investing contribute to women economic empowerment in the region? How could specific vehicles address access-to-finance concerns that are more pronounced by women?

4.2.2. Data collection process

Different first-hand qualitative/quantitative data collection tools will be used depending on the nature of information to be collected:

i. Desk research (*qualitative and quantitative*)
ii. In-depth interviews (*qualitative*)
iii. Self-administered survey to a selected number of actors (*quantitative*)
iv. Focus groups (*qualitative*)

In order to assess social impact initiatives which are considered as challenging for investors, "benchmarking" tool will be used.

4.2.3. Desk research

The comprehensive desk research of the literature on SII in general and in the SN region in particular, will aim at providing additional inputs in order to reassess the relevance of the research questions and make adjustment if necessary.

<u>First</u>, the desk research will focus on clarifying concepts and definitions used by the mainstream actors in the field like GIIN and OCDE. By doing so, the literature review will aim at providing a brief yet concise landscape of the current state of SII in the world which will turn useful for comparison and benchmark purposes.

<u>Second</u>, while SII is a thriving reality in Western and EU countries, it is also expanding with different level of success to other regions. The desk research will allow to identify and analyze the enabling factors that have enhanced the SII development in different regions, the hindrances it has faced and the current trends of its development. Consequently, the review will distinguish a set of lesson learned which will provide orientations on the perspectives of the SII market development in SN countries.

Third, the desk research will make possible to spot the main SII actors – investors, intermediaries – and describe their main initiatives currently being implemented in the region. This research will also address the demand and supply aspects of the market, providing a first assessment of the main SSI drivers in the area.

Finally, given that data on SII in the region of interest are rather scarce as the SII is relatively a new topic collecting sound and as most comprehensive as possible quantitative and qualitative information at both regional and country level.

4.2.4. In-depth interviews

In-depth interviews have been conducted with international and regional institutions' representatives managing SII programs in the regions, with countries official responsible of implementing and monitoring domestic policies pertaining to areas, and also with local intermediaries. The consultant's team has privileged this approach in order to ensure the greatest coverage of the many actors in the region within the timeframe of the assignment. Regarding the coverage of the data collection process, each expert had to oversee a subset of countries depending on his experience and knowledge of specific contexts.

Interviews are to be considered as qualitative data collection method though some quantitative data have been also collected. Indeed, these interviews were designed to collect in-depth information on specific aspects related to SII according to the context where the players intervene. Therefore, interviews have been useful in supplementing information on the current situation of the market in specific countries, on the interaction between local actors.

Some of the key persons interviewed during the inception period have been also part of the second round of interviews. Independent specialists with confirmed knowledge on SII and/or on the region have been invited to participate to these interviews. They were identified through professional networks and upon recommendation from the previous. Globally, 7 interviews per country on average have been scheduled for the purposes of this report and 7 interviews have been organized with resource-persons at a regional and international level. The full list of the interviewees is provided in Annex 3. In contacting organizations/people for the interviews, the consultant team paid attention to ensure a balanced representation of the whole spectrum of SII actors both at a country level and across the region. However, some of the organizations/persons contacted – 21 of them – didn't react to the invitation for the interview. Finally, a semi-structured interview guide is designed (see Annex 6) to capture the most useful information from these interviews.

4.2.5. Self-administered survey to a selected number of actors

As proposed in the inception report, the team also carried out a survey on social impact investors in the region. The aim of the survey was twofold: provide some quantitative data on the current commitments of the main SII actors in the region and allow for comparison across the countries that would reveal potential gap that may be needed to address.

In the inception report, the team sorted out a preliminary list of 38 potential social impact investors eligible to the survey. This list resulted from a first research screening based on key interviews and desk research accomplished at that moment. However, not all of the potential candidates were included in the final sample of the survey mainly for the following reasons:

- As the research progressed, the team realized that some candidates for the survey were not genuine social impact investors. Despite the fact that their activities were publicized as SII further investigation would reveal their portfolio was predominantly if not exclusively composed of investments that do not match the SII criteria used in the study;

- Some of the candidates operating across the region that were also contacted for interviews show limited SII initiatives/support to 1 or 2 most of the time occasionally according to specific conditions on the ground (e.g. related to refugees).

- A few of the initial candidates were either not active in the region or their intervention situated on a very early stage (like Kois) and not yet implemented.

The team purposely designed an Excel-based questionnaire (see Appendix) administered through personalized e-mails to a sample of 27 social impact investors be it private or publicly funded. However, the survey's response rate was very low as to date, only 5 completed questionnaires were received despite continuous reminders by the team.

Furthermore, it should be noted that some of the sampled institutions that were also contacted for interviews present such a hierarchical organization that it would have been very difficult to identify the most qualified person(s) that would promptly respond to the survey. This also applies to some IFIs whose operations are sometimes organized on a country-level and sometimes on cross-country and thematic basis.

Last but not least, the team also acknowledges that some interviewees were, at various degrees, reluctant to disclose information on their institution's investments. This hesitation may also explain the survey's very low response rate.

4.2.6. Benchmarking

The Inception report proposed a benchmarking exercise of the social impact initiatives in the region based on some sets of internationally practiced indicators that overlap financial and social aspects. The survey would have provided much of the required information for the benchmarking purposes. However, benchmarking was not possible to carry out for the following reasons:

- Limited number of genuine social impact investor in the region;
- Scarce survey response rate among the eligible social investors in the region;
- Information not fully disclosed even among the completed surveys;

Nevertheless, in order to address such an information shortcoming that rendered impracticable the initially proposed benchmarking exercise we have included hereafter elaborated information and/or analysis boxes on the most relevant social funds as a “case study box” illustration. Subject to collected information, the analysis provided in the boxes also follows the benchmark’s dimensions that were presented in the Inception report as below. Moreover, detailed quantitative data on the social impact investors, including public ones, are provided in the financial vehicles table hereafter.

In the same vein, additional information and insights from other programs have been used to enrich the benchmark analysis and they can be found in the specific chapter dedicated to inspiring experiences from outside the Mena region. During the inception period, in fact, key informant interviews and desk research had shed light on some SII initiatives which have been taken into considerations for the current and/or the following phase: Western Balkans Investment Strategy and an Eastern Partnership experience (DG NEAR), Impact Fest, TISE (Poland), IDB (Latin America), Canada. Subject to collected information, the analysis provided in the boxes also follows the benchmark’s dimensions that were presented in the Inception report as below.

Dimension	Aspect
Financial	Country-risk assessment
	Target IRR - below market rate (concessionary), market rate, above market rate)
Contextual	Clearly integrated to national policy/priorities
Social	Impact intent stated
	Social cost and benefits clearly analysed
	Impact outcomes defined
	Impact metrics used in line with IRIS catalogue (GIIN) or any other industry-specific criteria

5. ACTIVITIES OF THE FIRST PHASE AND PRELIMINARY CONCLUSIONS

5.1. ACTIVITIES OF THE INTERIM PERIOD

The full team of proposed experts were mobilised during first period, namely:

KE1/Team Leader:	**Gianluca PASTORELLI**
KE2/Financial Inclusion Expert:	**Artur BALA**
KE3/Social Economy Expert:	**Samuel BARCO SERRANO**

During the first period the team engaged in the following activities:

1) Carried out an online search of key useful websites, key stakeholders working in the subject area, and key documents. This included tracing the documents and stakeholders that were mentioned in the ToR as well as deepening the search for relevant information.

2) Carried out an exercise to map out:

   - the different types of information that the research is expected to collect
   - the key types of stakeholders

3) Conducted over 55 interviews with key informants:

   - Senior staff from key international organizations such as GIIN, OECD, ILO.
   - SI Investors and experts;
   - Members of the inclusive reference group mentioned in the ToRs (associating DG NEAR, DG GROW, DG EMPL, EIB, EIF and selected EU Delegations).

   All these interviews have received approval from EC Task Manager.

   Some of the work to contact and interview stakeholders has been postponed or delayed to unavailability of contacts with some key informants. In all cases, those who were contacted have indicated their interest in participating in and contributing with information to the research process.

4) Identified and reviewed the key methodologies that would be most appropriate to be used for this type of study assignment.

5) Conducted over 50 calls between the Consultant team members to discuss the approaches, the inception report, and engage in planning.

6) Exchanged continuous information, views, materials.

5.2. PRELIMINARY CONCLUSIONS

In this section we are presenting the findings from the desk research and interviews to key stakeholders during the first phase. We have grouped them around "clusters" of issues, with the idea that these are complex groups of concepts. Thus, in this list we include specific findings that could also play a relevant role in the following phase and may represent preliminary recommendations.

Before entering these preliminary conclusions, we would like to say that we have found an ecosystem that is in an early stage but that it can be seen differently, depending on the type of actor who looks at it. Thus, from the point of view of investors, there is some degree of development, and many can argue that there is a variety of finance instruments: equity, debt, guarantees, some blended finance, some concessional funding, etc. We can also find some technical assistance and advisory services. However, from the demand side, the ecosystem is much less developed. Thus, Social and Green entrepreneurs can find essentially one type of vehicle: debt. Only very few may have access to equity, but the vast majority cannot. The much-needed quasi-equity (a fundamental instrument for enterprising non-profits or cooperatives) is completely absent. Moreover, guarantee funds are addressed to intermediaries, but there are not specific guarantees to SE or GE which comes with specific assessment or technical support tailored to these types of enterprises. Finally, there are no other instruments which can help boost capitalization (such as mutual funds for Italian coops or the use of unemployment benefits for social entrepreneurs as it happens in some EU countries). Grants, where they exist, are also insufficient to build sustainable organisations.

- **SIZE**: The size of the tickets for example, requests of investment tend to be while investors and funds needs bigger tickets, also financial intermediaries are seen as too small for adequate guarantee funds, the size of the market is also considered small.
  Market size is still unclear and difficult to measure. Despite the premises and the narrative there are very few impact finance vehicles existing and available in the region. GIIN had two correspondents from the region (only one of the two is an investor) and was not confident in extracting data. Another investor in the region estimated a global market of 15 billion USD.

  Also, the size of the social economy enterprises and of the specialized intermediaries (accelerators, incubators) are small in many places. However, this is also linked to unresolved problems regarding the concept (see corresponding conclusion below). In many cases the difficulty to integrate other actors of the SE such as enterprising non-profits or cooperatives has reduced considerable the demand side of the market in many countries. This difficulty seems to be linked to other conclusions mentioned below (regulatory/supervisory issues, informality, etc.),

- **DEAL FLOW**: this has been confirmed in the mapping phase as a key issue that needs to be addressed from several points of view: the atomization of the ecosystem with problems to develop a certain degree of capillarity (see conclusion about “Proximity” below) to facilitate reaching out to local levels (and local knowledge), the insufficient links between offer and demand sides, the environmental conditions (such as other conclusions mentioned: risk, concept clarification, ecosystem’ capabilities, etc.), the insufficient support measures, the need to further strengthen and embed intermediaries in a SII and SE ecosystem and the need to improve legal and policy frameworks.

- **RISK:** this is a key issue in the development of the market, however many interviewees have signalled different elements regarding this (some point out to its multifaceted nature, others to it being a key reason for underdevelopment, while other also signal that it plays a different role according to type of instruments: debt-based vs equity-based). EU interventions of financial actors (EBRD, EIB, etc.) are very much risk averse if they are maintaining a highly commercial nature of their intervention and they are not going sufficiently into the blending finance scenario. Financial operators, investors in general, who target emerging markets have to deal with risk, as GIIN's Secretary General points out. To find investible opportunities is difficult; it is a challenge in the region also due to the general political instability and the lack of infrastructures (see the "ecosystems" cluster)

- **SUPPORT**: in the mapping it has been confirmed that this is seen as a must in successful interventions and a needed component for successful ecosystem. It often refers to non-refundable investments: advisory services, capacity building, technical assistance, financial incentives, blended finance, concessional funding. Besides this, some other conclusions can be linked to this such as the need of cooperation among stakeholders, ecosystem capabilities,

- **ROLE OF INTERMEDIARIES**: they play a key role in flagship initiatives, as financial intermediaries (including microfinance) are more present than other Impact actors (and therefore key in framing/developing the ecosystem). Also, they are fundamental at local level in providing financial literacy and others. Here we can add some specific findings within this cluster such as:
    - Insufficient interest/intake of traditional banks in the current facilities/instruments available for Social/Green Economy.
    - Commercial Banks do not want to crowd out Private Banks (EBRD and BEI): room for Blended Finance.
    - Prominent interest given to the financing of technology-driven Start Ups at different level of maturity with the risk for SE-oriented initiatives being side-lined.
    - Non-financial intermediaries (accelerators, incubators) though very active in the region are overwhelmingly concentrated in other sectors than SE and with few exceptions seem not to be attracted by social economy.
    - Digital payments are a promising avenue to facilitate access to finance but remain still of limited use (Jordan, Lebanon, Morocco) or require time-consuming procedures to be fully effective (Tunisia). FinTechs which provide phone-based micro-loans are also emerging in the region and require particular oversight in order to avoid delinquency-related adverse effects on financial inclusion as non-performing loans can immediately result on blacklisted clients for the whole financial sector. However, this could be a problem considering the scarce supervisory capabilities and the interest of big tech and other relevant financial actors behind them. Given the previous negative experience in the initial development of microfinance here and other places, it should be taken carefully.
    - Lack of large-scale public financial literacy programs are challenging the effectiveness of financial intermediaries though numerous and valuable initiative exist.
    - Crowdfunding not effective in many countries and restrictive exchange-rate policies (Morocco, Tunisia) prevent regional platforms (business angels among others) from investing locally.

- **ROLE OF IFIs AND SIMILAR**: they are already working on the field with experience but with limitations due to their mandates, good collaboration between some multilateral and national ones. However, some interviewees signalled the significant room for improvement. Some of the ideas are related to other conclusions (such the need to cooperate, the need to improve the ecosystems capabilities, the need to clarify concepts, etc.). Nevertheless, there is also room for them to become more ambitious in addressing the gaps related to those conclusions. Reference to the need to not distort the market or to behave as commercial banks may be overcome with stronger collaboration and commitment following new policy development from the EU.

- **NEED FOR COOPERATION AMONG KEY STAKEHOLDERS**: between national Public Administrations but also between SE and Impact Investors and intermediaries, between cooperation for development and Impact Investing, etc.

  - At national level, social/green economy players who could be acknowledged as “champions” (leaders, examples) could represent the cornerstones to implement pilot initiatives or act as supporters, mentors, ambassadors…
  - The danger that Impact Finance is building an ecosystem of its own, with their "favourite" social entrepreneurs. It's like "feeding" those social entrepreneurs which are more "adaptable" to a finance-led ecosystem and that's why they keep on talking about "sustainability" as something lacking those social enterprises which receive grants or donations.
  - The potential of Islamic Finance seems still untapped despite of recent legislative initiatives that have taken place in Morocco, Tunisia and Jordan in order to boost the penetration of Islamic finance.

- **ECOSYSTEMS CAPABILITIES** represent one of the major issues / assets to tackle / support some of the above challenges and other such as regulatory/supervisory roles, data, non-financial support, definition, etc., can be better assessed and addressed through the capabilities of the ecosystem instead that through individual capacities. In this case a programme similar to EASI or Canada’s Social Innovation and Social Finance Strategy (specially its Investment Readiness Programme), addressing key gaps in the Ecosystem (Alternative Finance or Local Level needs to improve their access to concessional finance and to advocacy for example)

  - Ecosystems must be capable of absorbing the support in terms of financial (and non-financial) resources. When ecosystems are not able to do so the committed resources don’t have the expected impact.
  - The lack of infrastructures and pipelines of opportunities and deals, the lack of due diligence procedures makes difficult for investors to find investible opportunities in the region. Infrastructures are needed to establish a financial market as well as an ecosystem: the issue has been highlighted as a major obstacle by the “investors who consider themselves sustainable”. Building ecosystems was the first recommendation from several interviewees.
  - Empower intermediaries and empower the sector for an “economy of scale” focused on the development of the demand side and helpful in overcoming regulatory barriers is sought by OECD’s experts.

- **OVERCOME MISMATCH**. There seem to be room for improvement in terms of multi-stakeholder initiatives. At least those in which participation, leadership and governance is well-balanced between offer and demand side. This mismatch also describes the stage of development of the ecosystem, from the point of view of access to finance. Social and Green entrepreneurs do not find a minimum variety of instruments and adequate and tailored services to improve their investment readiness or their growth.
  Donors are, in general, not aware of social economy enterprises and entrepreneur needs: this is undoubtedly one of the major challenges, there is a strong need of changing the financing mindset of donors from grants to other forms more suitable for the sector, "moving out of the charity – the Impact Investing approach alone will not solve the problem".

- **HORIZONTAL GOVERNANCE AND NON-PROFIT COMPANIES**. Within SE there are several types or organisations which present specific features that affect their capacity to access Equity: those with strong horizontal governance, not for profit status and asset lock. For this reason, these types of SE organisations present a higher challenge. This is even more significant for the many cooperatives and associations which present (further) acute problems in terms of regulation and impact measurement. In our research we have found that the absence of quasi-equity products, specific initiatives beyond granting and the need to strengthen their investment readiness are key barriers in the development of the ecosystem both at national and regional level.

- **GENDER**: gender is a strong focus for Social Economy (job creation and equality) and has been a long-time concern of SII related to access to finance, mainly through micro-finance. However, this does not seem to be the case for other sectors (Green Economy, Women-led Start-ups.) Gender component is extremely relevant for social economy in the region: according to some experts around 23% of social enterprises are led by women and in one impact fund portfolio 83% of social Enterprises are women-led and half of it is focused on only women's economic empowerment.

- **CONCEPTS CLARIFICATION/OVERLAPPING.** Here we are talking about the need to clarify some concepts whose boundaries may overlap. This clarification may be related to regulatory issues but also with other environmental factors (for example Social Enterprises in a region with huge socio-economic challenges can be considered anyone providing employment). Furthermore, this is also reinforced in a context of paradigm shift where these become competing concepts willing to become the norm or at least the prevalent one in their niche:

  - FINANCE: ESG vs IMPACT vs BUSINESS AS USUAL
  - ECONOMY: SUSTAINABLE vs IMPACT/SHARED VALUE vs SE vs TRADITIONAL ECONOMY

  We could include here the role of close concepts such as Islamic Finance which seems to be insufficiently exploited despite common trends in other ecosystems (for example Faith-based Investors Hub in GIIN)

  Finally, here we could mention that this absence of clarity results in that many actors claim to work in impact finance or to support Social/Green entrepreneurs without a clear definition or even without being fully transparent in their communications. Social and green entrepreneurship very often "overlaps": on the ground - in many cases – impact driven entrepreneurs are targeting both social and green goals; very often they belong to the same innovative environments and share the same values, networks etc. In some cases, they belong to both social and green economy. In a sense they are part of a larger "sustainable minded economy".

- **REGULATORY TRENDS / ISSUES**. Here we could include two elements:
  - International trends seem to favour now some favourable changes (both on finance, for example with a will to strengthen compliance with Social and Environmental reporting in finance and to also adequate legal frameworks to social/green enterprises). However, in this case we need to be aware that similar trends were present in the previous financial crisis and the actual results were severely watered down.
  - Update of cooperative laws: Some actors are signalling that cooperatives may be a solution for key issues such as size of the tickets, addressing informality and... but there are regulatory barriers and public image ones. Regulatory initiatives are also subject of high status quo inertia stemming from not only procedural issues but also from insufficient awareness of the decision-makers and lack of effective advocacy from groups of interest. Policy-based lending or technical assistance from IFIs or bilateral cooperation can act as a catalyst to accelerate the enforcement of regulatory measures.
- **MEASUREMENT** issues. Here we could include elements related to the extensive use of employment as KPI which on one side could facilitate the role of blended finance from IFIDs, but, on the other, can blur the lines between social economy and traditional companies. Moreover, one can hardly find social-focused KPIs on final beneficiaries of the financing e.g. in terms of the survivor rate of businesses, businesses profitability, the livelihood's improvement of households, etc., or tailored to more specific social or environmental challenges. Social Needs and Challenges as barrier. Paradoxically, in an area where there exist enormous social needs and challenges, approaches such as impact investment, social and green economy may require an extra effort to fulfil their role as niche concepts/proposals. Otherwise, everything can be considered impact or social by simply starting a new income or employment generating enterprise. This also requires metrics which are adapted to such challenge and the deployment of supplementary capabilities to assess the real transformative power of both investment and the undertakings. Finally, this cluster is linked to other such as cooperation among key stakeholders or ecosystem capabilities.
- **INFORMALITY**. Informality could be seen as key feature of the region, with high levels compared with developed countries. This may be linked to policy framework shortcomings, but it is a much more complex issue than that. On one side is a key target in policies promoting Social Economy in many parts of the world, and therefore it presents an opportunity. Furthermore, a more nuanced definition and scope for Social Economy may include such informal undertakings as part of it, and some policy approaches can facilitate coping with high degrees of informality and still being able to increase the welfare of our communities. On the other side it affects the deal flow with many potential beneficiaries which remain outside the pipeline. It also faces some problems due to supervisory issues (many ecosystems are not adapted to deal with informality from this point of view). Efforts to any kind of formalization particularly linked to the social protection

of workers need to be emphasized and Social Economy may act as a vector to greater formalization of the economies.

- **PROXIMITY**: “Proximity & Social Economy” is one of the ecosystems identified in the European 2020 Industrial Strategy. The capacity of SE to address local community needs and to offer and experienced business model for sustainable economies are well known and also suitable for the region.

  In various interviews key stakeholders highlight this characteristic of the SE: the capacity of being close to local needs means also that the support (financial and non-financial) for the sector is required to target local actors based in rural, internal, remote, or shrinking areas. This is especially relevant because many investors/interventions are lacking this local infrastructure/knowledge; moreover, most of the “Impact” oriented funding (as mentioned in other parts of this study) tend to look at more “innovative” or tech-flavoured start-ups.
  It’s worth exploring the “rural social economy” potential (see related box in the demand chapter) in the region to foster the transformative potential of local communities: SE can provide a model for a transition towards sustainable local development and for the participatory revitalisation of rural areas.

- **COORDINATION/ACCES TO INFORMATION**: Multi-country programs like EUIFI which combines various financial vehicles and several investors while ambitious in terms of both outreach and objectives visibly present a challenge in terms of coordination. EUIFI’s example shows that committed facilities are sometimes challenging to be implemented (as we see with the different stage of implementation with the MENA guarantee for SMEs). While the program’s implementation pace varies across the countries depending on local business environment (complexity of procedures, financing costs, collateral requirements etc.) it is not clear how peer-learning is used to take advantage of most performant experiences and prompt needed program adjustments.

6. DRAFTING THE MAP: CURRENT STATUS OF IMPACT INVESTING IN THE REGION.

The best way to describe SII ecosystem is as a not developed one which also presents problems in terms of connections between demand and supply side. Thus, we have found an initial stage of development in terms of instruments designed by investors. In our research and interviews investors have showed equity and debt funds, there are initial development of guarantee funds too and we have encountered initiatives that offer non-financial services (such as technical assistance or advisory services). However, from the point of view of the private actors which seek finance for their transformative projects (be them Social or Green entrepreneurs), such variety is almost non-existent. For the dozens of thousands social or green organisations there is virtually no equity investment available, nor can they find quasi-equity. Furthermore, tailored guarantees for a pool of entrepreneurs which all actors describe as not having any type of collateral are also inexistent. Finally, there are no other initiatives which could also facilitate capitalization (fiscal or from other types) and very few to facilitate the direct allocation of private savings to social or green enterprises (such as participatory lending or investment through crowdfunding). This shows a two-side of the coin ecosystem which insufficient jointly-led initiatives to address its development.

6.1. SOCIAL IMPACT INVESTMENT MARKET ACTORS

6.1.1. Getting the definition right

As we signalled in our theoretical framework (Inception report) Social Impact Investment is a concept that present certain ambiguities. We also pointed out that it has two main guiding pillars: intentionality and measurement. Besides those, we also mentioned a series of challenges (among them washing that existed also blurred concepts, etc.). Moreover, in our case if we are addressing investment in MSMEs, these challenges are more relevant, i.e. for example not anything social from IFIDs can be labelled as investing in Social Economy. SII and SE needs to address societal problems in an entrepreneurial and (some say) innovative way, so for an investment to qualify as such should demonstrate a certain degree of both. Furthermore, for SII to be considered as such some authors rightly claim that is not sufficient to follow ESG indicators. For example, there is no consensus in measuring a causality between a green fund investment and real-world portfolio company impact. This is even more the case in an area with such challenges (be them social or environmental) that makes that any investment in a company can easily be linked with employment creation or improvement in some environmentally related indicators. In sum, there is a challenge in measuring impact through the channel of capital allocation.

In relation to this, there is constant development in impact metrics (as the recently launched Joint Impact Indicators (JII) by the IFC and GIIN), but their applicability in this region remains to be seen. Thus, even developments in regulation present a challenge, as we have witnessed with the SFDR regulation in the EU where this regulation is having problems in its interpretation by different stakeholders.

In our research we have found that most used KPIs are simple and easily to reach (for example number of employees or female employees in final investees) and according to some interviewees there is much work to be done in designing finer KPIs to be included in contracts with local institutions to factor in (also finer) Social outcomes.

Generally speaking, impact investing in the Arab countries has been on a rising trend during the last decade but investments have substantially been concentrated in the particular segment of start-ups. According to the Middle East Venture Capital Association, in 2018 many accelerators and funders emerged in the Arab region with interest in start-ups. While Gulf countries has been the driving force of this (re)evolution, the SEM countries also experienced growing interest toward start-ups financing; Egypt, most notably, was the fastest growing by number of deals in 2018, accounting for 21% of all investments equalling investment shares in Tunisia, Jordan and Lebanon altogether (22%) in the start-ups sector.

Another sign of a maturing market, however, is the change in the composition of invested industries. 2018 saw a growing interest in FinTech start-ups, as the industry overtook more traditional early-stage industries such as e-commerce and logistics in number of deals. Not only investors, but also governments across the region have looked to embrace FinTech and looked to court FinTech start-ups with accelerator programs, attractive licensing opportunities and regulatory “sandboxes” particularly in Jordan, Morocco and Tunisia. Regulatory “sandboxes” allow FinTechs to test their services and operate under minimum regulatory requirements so as not to stifle innovation while ensuring that basic client protection measures are guaranteed in order to avoid client abuses that may occur due to clients’ low level financial literacy.

However, the overall impact investment enthusiasm that seems hanging over the region has been almost exclusively oriented towards start-ups, mostly technology-driven and left little room to social impact investment. Indeed, SII in SEM countries has shown elusive confirming findings from OCDE (2019) that ranks the MENA region among the least active on SII. According to the GIIN 2018 Survey, assets under management in the MENA region are estimated at USD 11.4 billion, or 5% of capital allocated by impact investors, the second smallest allocation in 2017 (GIIN, 2018). It may sound paradoxical that despite a growing interest in impact investment, Arab countries still lag behind on the specific category of social impact investment.

6.1.2. Key takeaways

In our research, we have found that almost no fund has as specific target Social Entrepreneurs. For example, DFC created a fund for Social Enterprises (PI2 Initiative for Early-Stage Social Enterprises) but the initiative seems not to have funded any SE in the region.

In this situation some IFIDs which by nature are investors with a social and environmental aim, are lacking some resources to actually produce SII vehicles. This is even more the case in relation to SII aimed at Social and Green entrepreneurs.

Guarantees are a key element for Social and Green Entrepreneurs and until now existing vehicles and facilities are insufficient. Most guarantee funds are addressed at providing funds for the banks to diminish their exposure in issuing loans to key target groups, but there are no guarantees for individual deals (so for example when a SE enterprise needs to have it in order to have access to public tenders). The example of Guarantee Fund for the Popular and Solidarity Economy (GFPSE from Ecuador)

There is a clear gap in the finance structure of SE enterprises: insufficient own resources (own capital, equity or from friends/family) by many social entrepreneurs. This affects the market in facilitating Social Enterprises from upper middle-class entrepreneurs and in that the deal flow is, also because of that, insufficient. In the same line, the loans to individual entrepreneurs in collective enterprises could be addressing this issue, but there are several barriers to this and there are not many examples in the region.

In relation to this, current trends at global level may present an interesting potential for both innovative/transformative SII investors and SE enterprises. Thus, the move towards a mainstream position of different economic concepts giving social and environment a leading role may favour an increased quality of deals for SE enterprises and a capacity to access funds for SII investors. This may facilitate an increased relevance of intangible assets in such deals both in terms of attractiveness and sustainability, on the condition that key actors (investors and financial intermediaries) are able to factor in such things.

As signalled for different actors, a development in accounting for social impact may facilitate such factoring. Until now, only some actors are working on a project basis to produce finer and feasible ways to include KPIs other than number of employment or typology of entrepreneurs (mostly youth or women). There are relevant efforts at worldwide level (GIIN or 2XChallenge for Gender metrics) but these are insufficiently connected to the region. However, it is worth mentioning that 2XChallenges present better figures in terms of percentage of allocation in MENA region than GIIN. Thus 5% of global committed funds form the former goes into MENA countries while this is only 2% for GIIN.

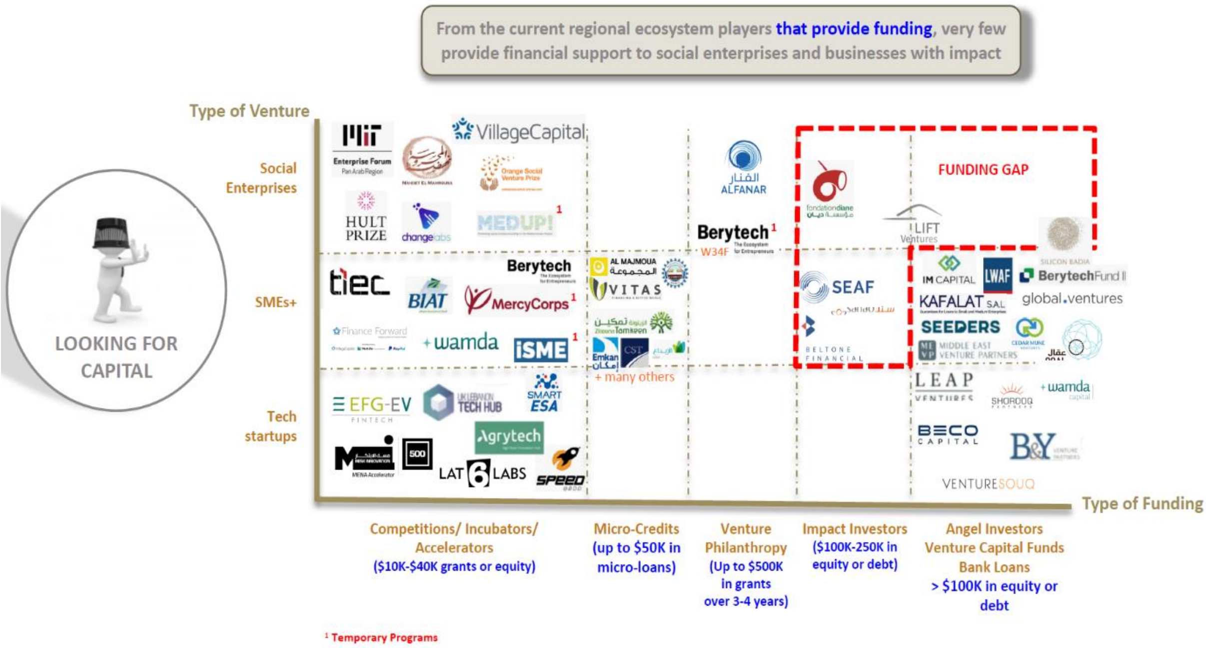
Green Economy, thanks to the facts that metric has reached a higher level of consensus and some investment can be related to bigger tickets (such as infrastructures or national plans) present a certain interest, but again the problem arises in relation to SII, causality and the excessively broad definition of Green economy. In relation to this we can signal the GFF from EBRD. However, most successful initiatives, such as the recent emission of Green Bonds by the Egyptian government, are linked to publicly-led investment, and much less to private sector development.

When it comes to Social Economy, the specific vehicles are almost absent, with some exception such as INPULSE/Coopmed which receives funding from EIB and other private investors.

Local matching funds are provided mostly by Banks and other financial intermediaries, but they cannot be considered as Social Investors per se in most cases.

In summary, the picture below illustrates – in the most exhaustive way possible – the wide range of services and funding providers in the region’s entrepreneurship ecosystem describing the financing gap for social enterprises. Business development services providers – i.e. incubators and accelerators – appear as the only ecosystem players that fully encompasses all types of venture and our research shows such intermediaries are flourishing in the region. While these intermediaries demonstrate a certain degree of specialization according to types of venture there are no neat dividing lines. The landscape changes when it comes to funding providers whose areas of intervention is driven by greater specialization/concentration which finally results in a funding gap for SE enterprises.

Figure 3. Regional investment funding ecosystem



Source: Courtesy Alfanar – LIFT

6.1.3. Social Investors

In this subchapter we try to provide a mapping of both public and private provider of funds in the MENA region. We also enclose a table with the most relevant vehicles (including some programmes or initiatives).

We will also provide a table with the most relevant initiatives supporting the Social Economy. In that case we have included programmes which do not provide revolving funds, such as MedUP!, but that provide direct grants to Social Enterprises.

6.1.3.1. IFIs and public investors

In our research we have found that IFIs, IFIDs and public investors are playing a more relevant role in relation to SII. Both, public and private, present some problems in terms of fulfilling the criteria to be considered fully SII, but it is true that public actors are more transparent and their figures are bigger in this area.

Nevertheless, most IFIs remain a bit cautious in going beyond what it is considered "commercial banking". This, in an area where commercial banking in general, and access to finance for SE and GE entrepreneurs in particular, faces significant challenges may require a more ambitious approach.

Both EIB and EBRD are quite active in the regions but none of them has a vehicle specifically designated for Social Entrepreneurs. However, EBRD is providing a certain degree of advisory services/technical assistance to either intermediaries or final investees in this area.

National funds are also relevant, with SANAD (initiated by KfW) signalled by some interviewees as a highly relevant as a relevant actor. Also, FMO and AFD/Proparco are deploying interesting interventions but all of them in the area of private sector development in general.

IFIs and public investors are by far the most active players in the SEM countries. Most of impact investment initiatives funded by IFIs, be them multilateral or bilateral ones, are clearly integrated in national development programmes which are driven by job creation. While the financial vehicles provided in this context vary a lot, the credit lines and loans are widely used with the objective of facilitating the access to finance for the MSMEs. However, unless sector-specific or thematic IFIs are involved, like the microfinance-oriented Sanad fund which directly supports MFIs in the region, there is generally no conditional criteria that favor SE or green businesses. Regional programmes like the EUIFI which offer blended finance to the region's MSMEs through different financial facilities mobilizing a total of EUR 1.5 billion across many lead investors, does not target specific economic activities and there is no indication that SE economy-related businesses take advantage of such programmes.

Box 1. The SANAD FUND for MSMEs

The SANAD Fund for MSMEs is an impact investment fund dedicated to supporting entrepreneurs in the main countries included in our study. For their structure, presence and experience it can be considered a best practice from where to extract relevant learning. It started in 2011 and was initiated by KfW but it counts with other private and public investors. The EU also provided concessional funding (EUR 30M) and also the German government FMO o OEV. "Finance in Motion" is the advisor and the manager of the fund.

The fund is composed of two financial instruments one ***debt sub-fund*** *and two* ***equity sub-funds*** *supported by multi-faceted* ***technical assistance*** *facility (support for partner institutions, sector and regulatory bodies).*

The Debt sub-fund started on 2011. It has facilitated 241,550 loans with an average size of 3,237 USD and 85% of them in local currencies.

Equity sub-fund I is fully invested (started on 2012 and focused only on Egypt, Jordan, and Tunisia) and the II sub-fund started on 2019 (now looking for deals also in Palestine and Morocco) and they are starting their first investment. However, equity investment also targets financial intermediaries. Thus, with these investments local partners have disbursed 999,567 loans.

They also have staff on the ground (mostly related to technical assistance services) which is a key element, as signalled by several stakeholders. Finally, they have also disbursed grants in response to the COVID pandemic.

Global amounts committed so far are:

Debt sub fund: USD 421,258,149
Equity Sub-fund I: USD 20,877,061
Equity Sub-fund II: USD 104,366

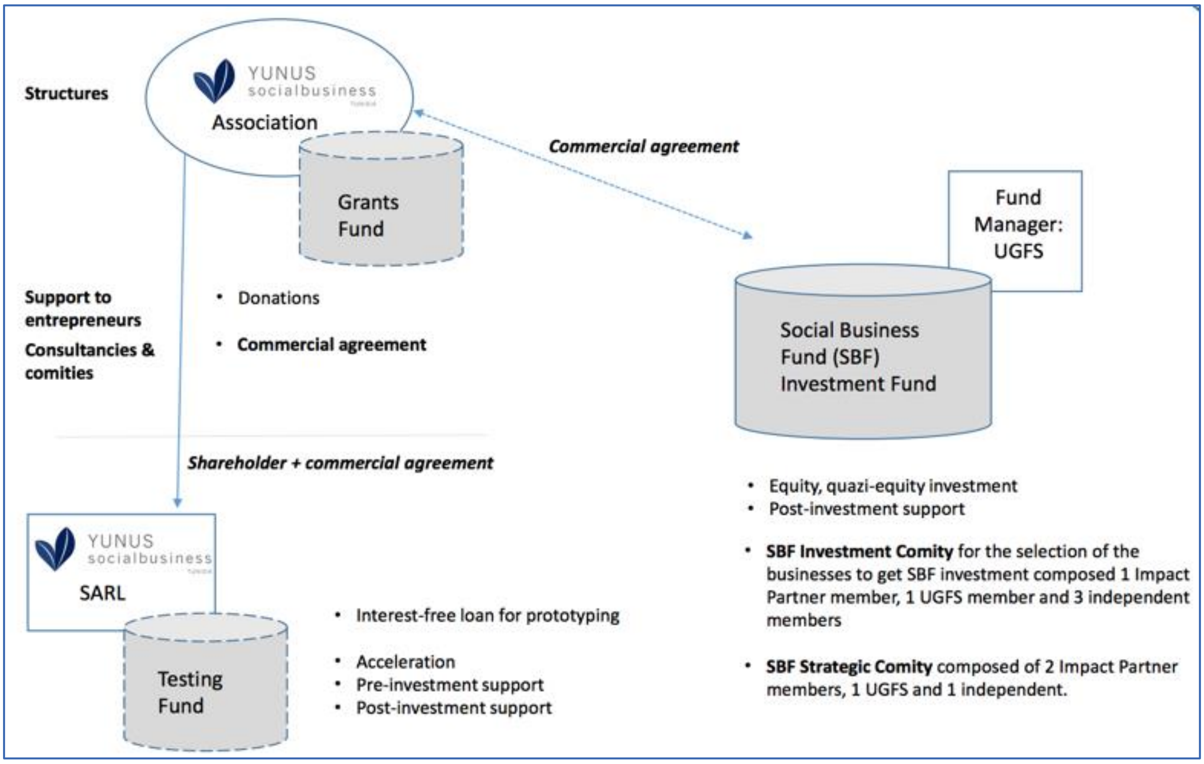
6.1.3.2. Private local investors

Most SII investors found are not local. There are local funds which are investing in starts-up or innovative enterprises which claim to have “a social twist” but they cannot be considered as having a 100% Social Impact intentionality and strong measurement focus.

Maybe Islamic Finance, diaspora and crowdfunding present a new potential source, but the ecosystem is not sufficiently developed to channel significant amounts from such resources to Social Economy and Green Economy enterprises. There are few exceptions in cases where *Zakat* is allocated to charities supporting Social Economy, but even in these cases we are talking about donations/grants than are not even used as leverage to tap on bigger sources of capital.

Moreover, as far as SE is concerned, even when local investor exist, private local investors doesn’t necessary mean local funds. Indeed, some local major investors in the region like Flat6Labs or Yunus Social Businesses are supported from foreign funds. For example, Impact Partner acknowledged as the first impact investment fund in Tunisia yet its primary resources came from donations to the Yunus Social Businesses Network. However, as their investment activities expand reinvested benefits are supposed to lessen the dependency to foreign resources but is likely too early to conclude if local investors in SE have already attained such a maturity.

Figure 4. SII funding flowchart



Source: Impact Partner, https://www.impactpartner.co/wp-content/uploads/2020/06/20191113-Structures-Statuts-YSB.pdf

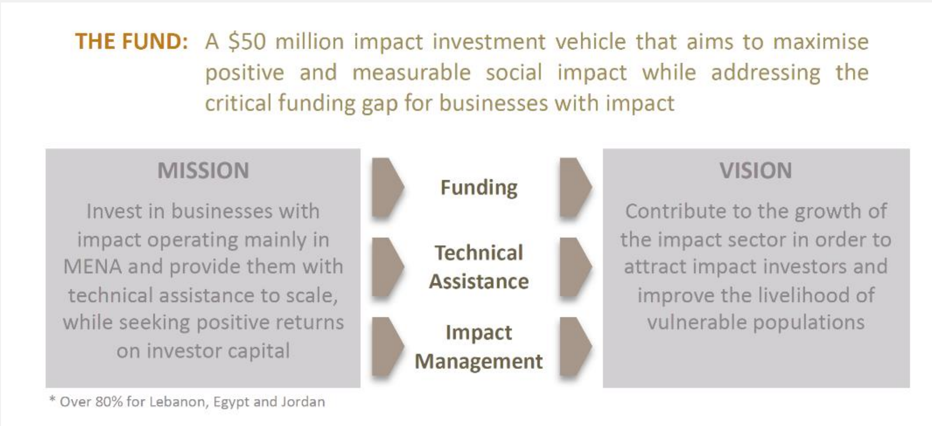
Hereafter, we present two examples: Alfanar/Lift Ventures and INPULSE/CoopMed which seem to be the most relevant according to our research.

Box 2. Alfanar | LIFT VENTURES: Supporting Entrepreneurs at the Intersection of Growth & Impact

LIFT is a $50 million impact investment vehicle that aims to maximise positive and measurable social impact while addressing the critical funding gap for businesses with impact. It is conceived and managed by Alfanar; a Lebanon based organisation with a 15-year track record as the first venture philanthropy organisation in the Middle East.

The action has the following objectives:
• Boost job creation for vulnerable individuals & refugees, especially in rural areas
• Address the Critical "Access to Finance" gap by providing tailored financing
• Support business and impact growth with mentorship and technical assistance
• Encourage the development of an impact ecosystem and promote impact investing
• Enforce ESG (Environmental, Social & Governance) best practices and respect of fiscal & labour laws

80% of the capital will be invested in Lebanon, Jordan and Egypt, 20% in other countries in the Mena region. It will have a technical assistance budget as well.



Target Fund Size *USD 50m*
Term & Investment Period *10 years from first close with 5 years investment period*
Minimum Capital Commitment *USD 1m*
Gross Target Return 15% per annum
Investee Types Social Enterprises
Gross Target Return = 10%
Business with impact
Gross Target Return = 20%
Target allocation *Up to USD 15m USD 35m*
Investment sizes *USD 200K to 3m USD 500K to 5m*
Number of investees *10-15 15-20*
Investment stage *Minimum viable product*
Technical Assistance *USD 5m*

The most interesting features of LIFT are its genuine nature since it's created by a long-standing organisation based and operating in the region, an organisation from the social economy with an amazing track record in supporting social enterprises and impact projects. Therefore, everything has been designed and tailored from a real expertise born and grown within the ecosystem itself.

At the time of writing LIFT is still in the fundraising stage.

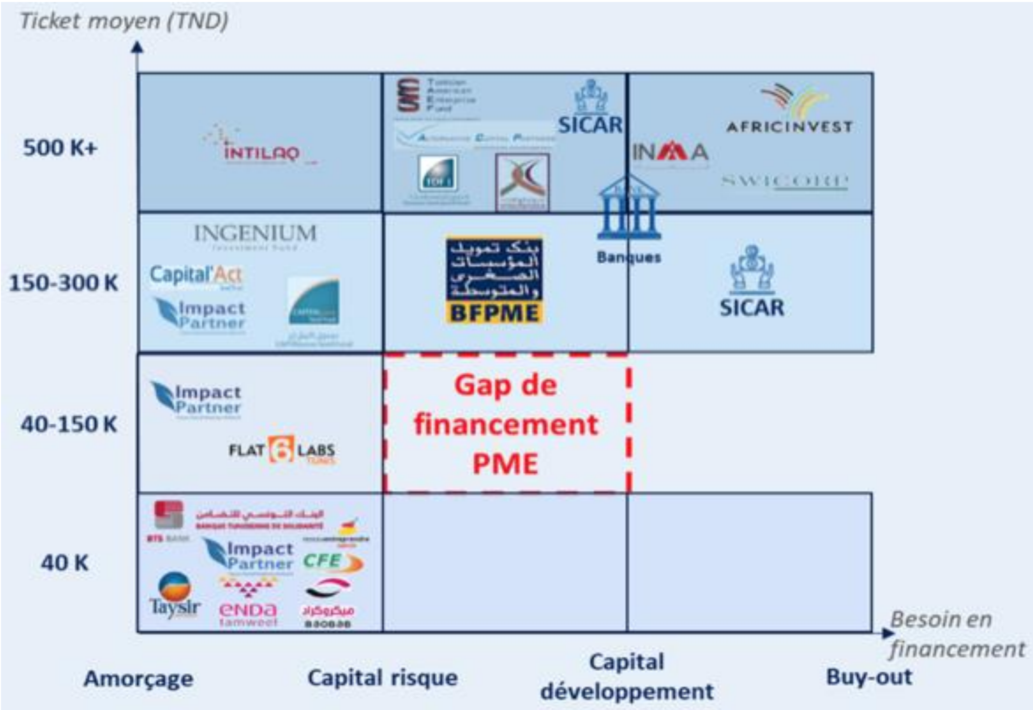
6.1.4. Financing instruments

Due to the stage of development of the ecosystem with problems in the deal flow from different points of view (size of tickets, sustainability, risk, investment readiness, atomization of networks, insufficient supervisory capabilities, etc.), debt is playing the most relevant part in the area. Even equity investment is channelled to financial intermediaries which are providing loans to the final investees.

6.1.4.1. Private equity/Venture capital

Venture capital/risk capital investment companies, known as SICAR vehicles, have been operating in the region since a while but do not target SE businesses. The lack of interest of venture capital firms towards SE does not only reflect a widespread lack of knowledge about SE business among the traditional financial players but also conveys technical considerations related to SICAR's business models based on rather conservative risk assessment and high-priced investment ticket. For example, in Tunisia the SICAR's entry ticket is around EUR 91,000 while SE-oriented venture capital ticket amounts to a maximum EUR 60,500. Thus, SE venture capital is not much developed and is mostly provided as part of a package of services from local investors. The latter generally prefer technology-driven start-ups, including in their early stage which first, require overwhelming assistance to seed and develop a commercializing concept. Consequently, the mismatch between financial mechanisms and SE businesses needs leads to a financing gap mostly illustrated by low tickets.

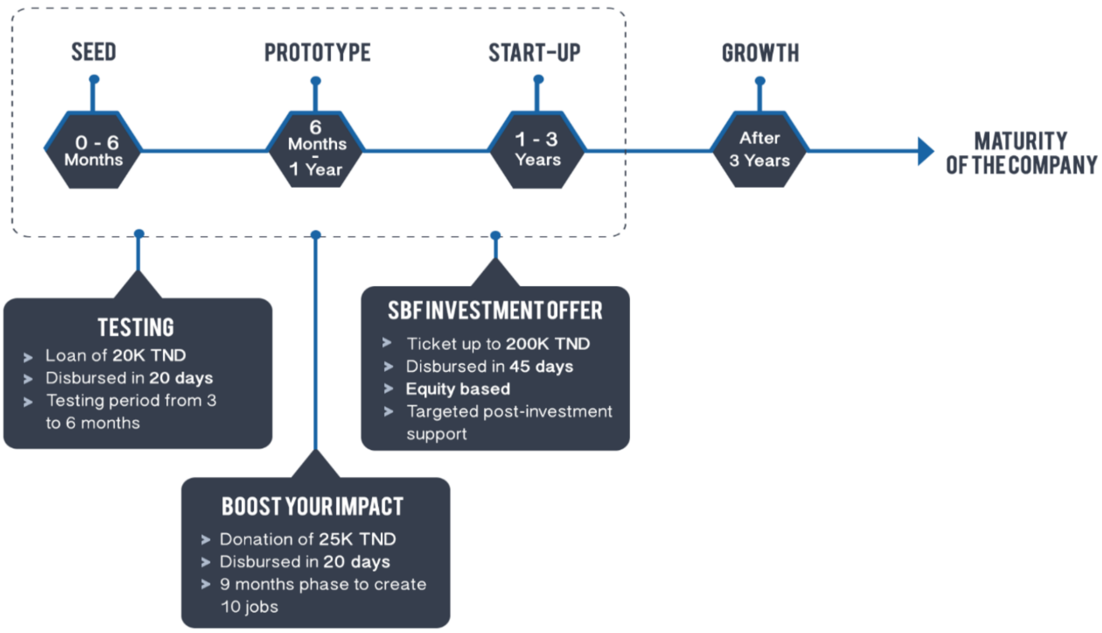
Figure 5. Investors landscape and financing gap



Source: « Coût de l'investissement en Tunisie - Soutenons les PME à travers des investissements insoutenables », Les chroniques d'impact, Mars 2019, Impact Partner, Tunisia

Nevertheless, some SE-related venture capitals are operating in the region. For example, Impact Partner in Tunisia, a member of the Yunus Social Business Initiative network - has been supporting more than 40 social businesses through a wide range of financial instruments including equity for start-up.

Figure 6. Financial mechanisms for social businesses



Source: Impact Partner, Tunisia (Note: 100 TND = 30€)

6.1.4.2. Debt

Debt instruments offer greater flexibility for the investor depending on maturity terms generally associated with low to moderate risk and return to investment. However, country-specific regulations related to fiscal conditions or the economic sector of the investees also can play an important role in favoring or not certain investment modalities in debts compared to investment in equity. Moreover, exposure to short-term exchange rate volatility requires currency hedging arrangements which ultimately result in higher repayments for the investees. These are probably the reasons why, as long as the SE sector is concerned, debts instruments seem not very common in the region with the exception of the microfinance sector.

Bilateral development cooperation agencies often prefer the use of debt investment which is usually negotiated on more advantageous term for the recipients (revolving credit lines, subsidized interest rates, mid- to long-term maturity) and shows more suitable to the needs of a rising but yet underdeveloped SE sector. However, such investors mostly do not engage *directly* in debt investments and make use of financial intermediaries – banks, leasing companies, MFIs – to deliver loans to final beneficiaries. For example, the Italian Cooperation in Tunisia has allocated a EUR 50M credit line to the Central Bank of Tunisia to be distributed through local banks and MFIs as subsidized loans to MSMSs and SE businesses mainly in the agriculture sector. AFD/Proparco also use debt investments through financial intermediaries to reach out MSMEs in Tunisia and Morocco. IFIs, make also frequent use of debt investment as the EIB recently allocated a EUR 10M loan to the Moroccan fund of MFIs, JAÏDA which will be delivered to the final beneficiaries – micro-enterprise – as micro-credit not exceeding EUR 10,000.

Here we find that even equity instruments in certain interviewed funds such as SANAD are invested in financial intermediaries which them provides loans and debt to final investees. This is in line with issues regarding size of the tickets (which makes it difficult to provide direct equity to MSMEs) and other related issues (such as deal flow and measurement capabilities by both investors and MSMEs).

In relation to this it is important to note that many interviewees signalled the absence of collateral as a key issue but, then again, guarantee instruments are missing. In relation to this, the EUIFI evaluation from 2019 mentioned that the guarantee facility had not started.

We have not found other guarantee instruments such as mutual guarantee funds or guarantee funds to cover specific Social Economy loans similar to those found elsewhere (such as GFPSE in Ecuador).

Box 3. INPULSE (COOPMED Fund)

INPULSE is a SII fund manager with funds both in Europe and in the MENA region: CoopEst for Eastern Europe, Helenos for the EU and CoopMed for Lebanon, Jordan, Palestine Territories, Egypt, Tunisia, Algeria and Morocco.

INPULSE is a highly interesting example since it fulfils most of the features sought after in our study. It is clearly a SII actor, it is active in the region and it does have a special focus on Social Economy. Besides that, it is a Social Economy actor itself. It our study, this has emerged as a relevant added value with examples in other ecosystems showing that being part of the Social Economy has an impact on efficiency, sustainability and positive externalities in the wider ecosystem (awareness raising, networking, etc.).

INPULSE is also a highly transparent actors with a strong commitment on both key issues of SII (intentionality and measurement). Particularly interesting seems the latter, with three phase's approach which goes beyond more standards KPIs (such as size of the loan and employment generated).

SDG addressed in INPULSE

Source: INPULSE's website (https://www.inpulse.coop/social-impact/)

These three phases are:

- ***Phase 1 – Selection and decision****. Here they have developed a Social Scorecard to provide an immediate overview of a potential investee's social performance by visually highlighting strengths and weaknesses on a multidimensional dashboard across four main categories*
- ***Phase 2 – Monitoring and reporting****. Their internally developed Social Smart Sheet identifies key social performance indicators outlined in the Universal Standards of Social Performance (SPI4) and the Global Impact Investing Network (IRIS catalogue). The tool is divided into four key dimensions: 1) social mission; 2) products and services; 3) outreach and access; 4) staff treatment.*
- ***Phase 3: Detecting social changes****. Here they are able to publish punctual impact studies that track social changes in the life of final beneficiaries. For that they use Technical Assistance funding. A relevant example of this is the study being conducted with a Lebanese MFI on a sample of 150 final beneficiaries by submitting two repeated measures (over 12 months) of a questionnaire centered on household characteristics (revenue, consumption, health, education, assets, social integration).*

INPULSE manages several funds, but the most relevant is ***CoopMed*** *which targets all the seven countries in our study and it is designed to reach Social Economy as final investees through their investment in Financial Intermediaries.*

The Global amount committed is 17.3 MEUR and everything is invested through loans with an average size of 525 KEUR.

The period of implementation is 2015-2025 and their Required Return on investment (ROI) is below the market value.

Finally, INPULSE is supporting ICA in the structuration process of an impact fund dedicated to cooperatives in Africa.

INPULSE country presence:

Country	Portfolio EUR	in %	Number of loans
Jordan	332.300,43	4,2%	1
Lebanon	3.026.675,24	38,0%	3
Morocco	2.100.000,00	25,1%	4
Palestine	1.612.897,99	20,2%	6
Tunisia	1.000.000,00	12,5%	2
Total	**8.071.873,66**	**100%**	**16**

6.1.4.3. Social Impact Bonds

There are some actors starting to use this time of result-driven investment, such as the Development Impact Bond (a type of SIB used in cooperation for development contexts). EBRD is co-investing in one project in Palestine territories (see table). However, as examples in other similar ecosystem shows, to the traditional critics to these types of investing vehicles (complexity, cherry picking biases, commodification of social services, etc.), we can add the experience of IDB in Latin America. Thus, the evaluation of a pioneer programme in several countries in that continent states that:

“SIBs do not always slot neatly into the Latin American regulatory frameworks or political cycles. At times, this has inhibited their development; at other times, substantial effort has had to be applied to either work around or amend regulatory frameworks in order for SIBs to work”. It also mentions the need of a series of committed actors, their perseverance and that "Perhaps this upfront effort will set the precedent and pave the way for future SIBs, perhaps continued effort may be necessary for them to be further embedded, or perhaps the mechanism itself will need to be adapted to the Latin American context”.

Furthermore, this requirement of extra effort to launch these types of programmes can be seen elsewhere, and even in the UK, it remains to be seen whether other type of intervention would be more effective.

Table 1. SII vehicles in the region

Name	Description/ typology of financing	Investors	Amount(s)	Geographic coverage	Pros and cons	Dates
LIFT VENTURES Supporting Entrepreneurs at the Intersection of Growth & Impact	A $50 million impact investment vehicle that aims to maximise positive and measurable social impact while addressing the critical funding gap for businesses with impact	In the fundraising stage, looking for investors	Total: 50 MUSD	EG, LB and JO	Still not active. **Pros**: Genuine nature since it's created by a long standing organisation based and operating in the region, an organisation from the social economy with an amazing track record in supporting social enterprises and impact projects.	2021?
Sanad funds	SANAD provides debt and equity finance to partner institutions to support growth and employment creation in the MSME sector Investing mechanisms: – Debt fund – Equity Funds Managed by Finance in motion Scope: Access to finance	KfW	Total: 466.9 MUSD (Debt Fund) 69.4 MUSD (Equity funds)	MO, TU, EG, PL, JO and LE	**Pros**: coverage, impact approach, on the field presence and including capacity building. **Cons**: Not specific for SE.	Since 2011
GREEN FOR GROWTH FUND	Impact investment fund investing in activities that reduce energy consumption, resource use and CO_2 emissions. Investing mechanisms: – Loans to financial institutions – Direct participation in equity Managed by Finance in motion	European Investment Bank and Germany's KfW Development Bank	Total: EUR 149 M (as of 31.12.2020)	All SEM countries; Outstanding portfolio in LB, JO, EG, TU.	**Pros**: Coverage, sound impact approach, technical assistance included. **Cons**: Limited financial instruments applied to the region (sub-loans).	Since 2009

Name	Description/ typology of financing	Investors	Amount(s)	Geographic coverage	Pros and cons	Dates
	Scope: Green economy					
FIF (Finan-cial Inclusion Facility)	Support to MSME Financial Inclusion (credit lines to banks and MFIs). There is also a line to provide advisory services	EBRD + third party investors	Total: (foreseen) EUR 185M (5M grant from EU+16M from EFIs and third-party investors). The advisory line is a 25.5 M grant.	All countries except Algeria		
Proparco	Development cooperation agency Investing mechanisms: – Loans to financial institutions – Direct participation in equity Scope: Access to finance	France	Total: EUR 44.6 M (as of 31.04.2021) Grants: 3M Loans: 35M Equity: 6.6M	TU	**Pros**: technical assistance included, variety of financial instruments. **Cons**: equity addressed to intermediaries and not to final beneficiaries, not specific impact indicators beyond employment-specific ones.	Since 2011
Agenzia Italiana per la Cooperazion e allo Sviluppo.	Development cooperation agency Investing mechanisms: – Loans to financial institutions Scope: Access to finance for SE enterprises	Italy	Total: EUR 57M Loans: 50M Grants: 7M		**Pros**: subsidized credit line, specifically targeting rural or underdeveloped areas. **Cons:** equity addressed to intermediaries and not to final beneficiaries, not specific impact indicators beyond employment-specific ones.	2020-2025
Green Fi-	Green Economy Financing Facility (GEFF) supports	EU (EBRD)	4 Billion EUR	In the area of study:	**Pros**: It provides technical assistance for the financial intermediaries (Banks	

Name	Description/ typology of financing	Investors	Amount(s)	Geographic coverage	Pros and cons	Dates
nancing Facility	businesses and homeowners wishing to invest in green technologies. The GEFF programme operates through a network of more than 140 local financial institutions across 26 countries supported by more than EUR 4 billion of EBRD finance.			LB (one), EG (3 facilities), MO (2 facilities)	mostly), wide geographical coverage (mostly beyond MENA). **Cons**: only credit lines and mostly through traditional intermediaries.	
COLLABORATE FOR IMPACT development of social entrepreneurship and social investments towards economic and social cohesion in the Eastern Partnership countries and Russia	Long-term and high-engagement approach to supporting social purpose organisations (SP Os) to maximise social impact. Three core practices: • Tailored Financing • Non-financial support (capacity building) • Impact Measurement and Management	EU (EC/EIB) The Action is implemented under a multiannual Eastern Partnership Civil Society Facility 2019 – 2020 financed under the European Neighbo urhood Instrument*.	5M	Eastern Partnership countries and Russia	**Pros**: Transferability of experience (comparable ecosystems and targets); Regional dimension and national components; Collaboration between institutions; IFIs involvement; Social; Economy/entrepreneurship stakeholder's involvement.	2019-2020
EIB funds Risk Capital Facility	The aim of this facility is to provide access to equity and debt finance to SMEs in the region in order to support private sector development, inclusive growth and private sector job creation. It is part of the EUIFI	EIB	EUR 50 M	AL, EG, JO, LE, MO, PA, TU.	**Cons**: It seems to have started with some delay and initial evaluation of EUIFI mentioned doubts on its efficiency, commercial approach.	2015-2025

Name	Description/ typology of financing	Investors	Amount(s)	Geographic coverage	Pros and cons	Dates
INPULSE (CoopMed)	INPULSE is a SII fund manager with funds both in Europe and in the MENA region. The latter is CoopMed	EIB, AFD, Crédit Coopératif and SIDI	17.3 MEUR	LE, JO, PL, EG, TU, AL, MO	**Pros**: Coverage, measurement capabilities, intentionality, target SE and it provides Technical Assistance. **Cons**: None.	2015-2025
Social Impact Bond	The DIB is aimed at providing sustained employment for over 1,000 Palestinian youths through demand-driven training in the West Bank and Gaza	EBRD and Palestine Investment Fund, Semilla de Olivo and FMO Outcomes Funder: DAI acting on behalf of the World Bank and the Palestinian Authority Implementer: Ramallah based performance management	$5 million (maximum outcome payment from Investors)	Palestine Territories	**Pros:** It mobilizes private investors to address social issues. **Cons**: Not sufficient evidence that its more efficient than other types of intervention. It requires significant initial investment to develop it at ecosystem level. It may require extra effort to adapt to local policy and regulatory frameworks.	2019-2021 (possible extension)
2XCHALLENGE	Initiative launched by G7 to introduce Gender Lens in investment.	G7 and other DFIs	$338 million in MENA region and $4.5 billion at global level[6]	All countries beyond G7 and other developed economies.	**Pros**: It focuses on a target within SII which is gaining momentum. It is benchmarking and improving specific metrics. **Cons**: It has more leverage in institutional investors. It is still an (institutional) investor-led initiative.	2018-

[6] Updated figures will be published on June 7th, next G7 meeting.

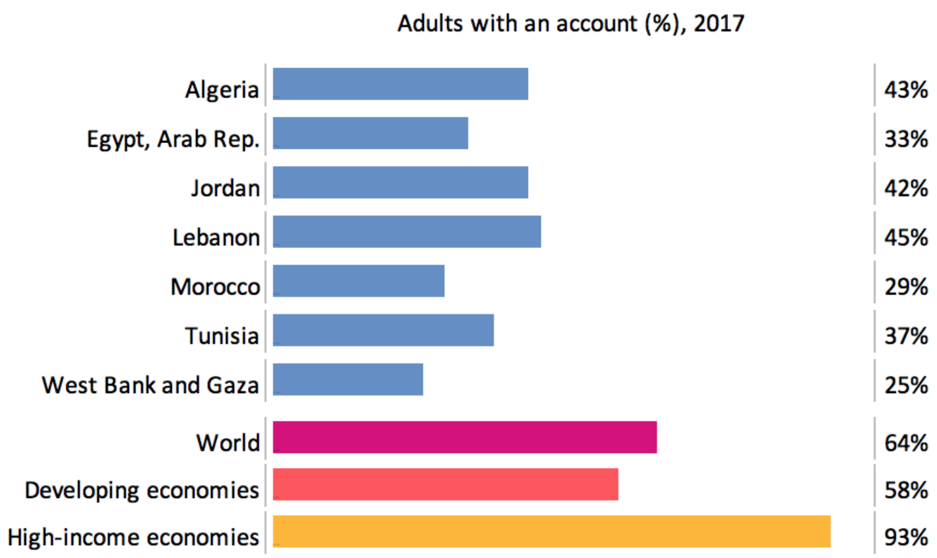
6.2. INTERMEDIARIES

6.2.1. Microfinance

It has been since a while that microfinance in the region has shown a momentum which may be depicted as a confluent of many driving-forces common to all the countries. While raising the public awareness on much needed reforms to support the development of the microfinance such factors have affected both demand and supply side and made the microfinance sector an attractive niche for social impact investment.

- **Great potential to deepen financial inclusion in the region.** Globally, financial inclusion in the Arab countries is lagging behind with nearly 70 percent of adults (168 million) in the Arab world reporting no account ownership according to the World Bank's Global Findex Survey. In the SEM countries, less than half of the adult population aged + 15 – with figures ranging from 25% (West Bank and Gaza) to 45% (Lebanon) – are financially included in the formal financial. Gender gap remains persistent as women show to be on average, 1,5 times more financially excluded than men.

Figure 7. Financial inclusion in the region



Source: The Global Findex Database, 2017. World Bank

- **Acknowledged microfinance role as a mean to financial inclusion.** Microfinance institutions (MFIs) are filling the gap of the financial exclusion. Arab countries show a more active borrowing behavior compared to other regions, with 44 percent of adults borrowing money over a year while bank penetration remains low. It is estimated that the microfinance sector in the Arab region has grown substantially since the early 2000s. However, it appears than starting from 2008 –marked by Morocco's microfinance sector crisis - the sector's outreach has stalled. As of 2013, the sector had only grown to serve 2.97 million borrowers with an outstanding loan portfolio of $1.7 billion. Currently, it is estimated that microfinance institutions in the SEM countries serve more than 5,6 million clients for an outstanding portfolio of almost EUR 3 billion.

Table 2. Microfinance outreach in the region

	Active clients (1000)	Outstanding portfolio (EUR million)	Year
Egypt, Arab Rep.	3 500	1 369	2019
Jordan	440	291	2020
Lebanon	147	150	2019
Morocco	905	687	2019
Tunisia	675	484	2020
West Bank and Gaza	24		2019
Total SEM countries	5 691	2 981	

Source: Authors' compilation based on data from different official sources

- **Very supportive regional/international initiatives** which have leveraged local decision-makers' interest and actions in implementing market-enhancement financial inclusion policies in general and the microfinance sector in particular. The gaining membership of the SEM countries to the "Alliance for financial inclusion (AFI)", the adoption subsequently of the Maya Declaration and the related commitments towards financial inclusion have contributed to accelerate harmonized in-country policies and measures with many SEM countries adopting National Financial Inclusion Strategies setting clear objectives and sequenced action plans in many areas such as microfinance, digital finance and SME access to finance. Regionally promoted initiatives like FIARI[7] has responded to the demand from member institutions from the Arab Region for specific yet efficiency-proven solutions to regional financial inclusion issues aligned to the range of the United Nations Sustainable Development Goals (UN SDGs). FIARI "acts as a coordination platform that enables financial inclusion advocacy, capacity building, peer-learning, knowledge development and in-country technical implementation support among central banks and financial authorities in the region."

- **Appropriate regulatory changes** regarding new forms of MFIs including MFIs transformation process from NGOs to self-sustainable institutions, prudential and risk-based oversight, better-informed client targeting and improved risk management practices.

- **Barriers to access to finance for the region's MFIs from the local banking sector are common** though the constrains' severity varies across the countries. In Tunisia, banking regulations specifically limit lending to MFIs from local banks putting pressure on the sector's growth. In Jordan, regulations on maximum loan size (0.2% of the MFI's portfolio) and the fact that bank loans to MFIs are generally provided on a short-term timeframe, limit the MFIs ability to lend for more than 3 years.[8] As some of the region's MFIs operate under NGO status (Lebanon, Egypt and Morocco) access to the local banking sector seems may also be affected as NGOs-specific local regulations may

[7] Financial Inclusion for the Arab Region Initiative (FIARI) launched by the Arab Monetary Fund (AMF), German International Cooperation (GIZ), and AFI at the 2017 Global Policy Forum (GPF) and later joined by the World Bank as a technical partner.

[8] "Market Research on Expanding Microfinance Outreach in Jordan through Innovative Market-Driven Product Development", Jordan Microfinance Network (Tanmeyah), 2019

apply. On a broader perspective the prohibition on saving collection common to all MFIs in the region not only hinders financial inclusion but also deprives MFIs of an important source of funding resulting in higher microcredit cost for the clients.

- **Access to MSEs finance through microcredit seems still limited** despite the interest and the professional ability of MFIs to extend their activities to MSMEs. Though microfinance in Egypt, Jordan, Morocco and Tunisia is legally recognized as a financing channel for micro and/or small enterprises the latter reflect different realities across the countries and MFIs do not necessary address the needs of the same target groups. Microcredit loans remain predominantly devoted to home-based, very small-scaled activities or respond to improving livelihood and household's living conditions. The maximum legal loan amounts which may act as a proxy to the MFI's ability to serve the MSEs market segment varies subsequently ranging from 4,660 € in Morocco to 10,600€ in Egypt[9] and 12,180 € in Tunisia. Jordan may be considered an exception as long as it allows for greater flexibility and the loan amount may reach up to 58,000 € for micro-enterprises and 81,000 € for small enterprises. Yet, the lack of detailed data on the microcredit distribution over different segments of clients along with country-specific definition of MSEs makes difficult to grasp the actual outreach of MFIs over the MSEs sector and to ensure microfinance's leverage on the financial inclusion of the so-called "missing middle" – unbanked SMEs yet underserved by microfinance.

- Inclusive Green Finance (IGF) **may be for IFIs a valuable avenue to explore in the future**. IGF is a new emerging approach in financing individuals and SMEs to tackle climate-related risks inherent to human activities; IGF goes beyond the common landscape of environment-friendly investments in infrastructure in renewable energies or energy transition facilities which are more appropriate on a macro-level and require important funding.

  IGF not only focuses on the final beneficiaries needs for clean energy use and climate resilient products but also addresses sustainable ways to deliver such services as climate change risk adapting/mitigating requires timely access to finance following for example, extreme weather events. Savings and insurance provide the needed financial cushion for vulnerable people to quickly adapt and resume their life and economic activity after such events.

  IGF may be of great relevance for the SEM countries with all of them being particularly vulnerable to climate change risks (desertification, agricultural hazards) but also to the overexploitation of resources (land, water). Indeed, financial inclusion policies in Egypt, Jordan and Morocco explicitly refer to green or sustainable finance but still need to undertake concrete steps in their implementation.

  Climate-smart agriculture, energy efficient products and green technologies have proven efficient to mitigate the effects of climate change. However, as the cost of such technologies are still high, supportive financing and conducive regulatory are needed to ensure that low-income individuals and micro-enterprises are not harmed in paying the price of climate deregulation that they did not contribute in shaping.

[9] Updated by the new Microfinance Law n. 201 of October 2020 which amended certain provisions of the existing Microfinance Law n. 141 of 2014 which first regulated microfinance activities in Egypt.

- **Low levels of financial literacy in the region represent a serious drawback** to the development of microfinance at its full potential and more globally, limit the "democratization" of financial services. However, countries in the SEM region present different achievements but all of them are more or less engaged in national initiatives on financial education. Egypt, Lebanon, Morocco, and the Palestinian territories are the most active countries where national financial strategies, programs or large-scale surveys have been implemented. Arab microfinance institutions have developed voluntary consumer protection and financial responsibility codes for the Arab region. In 2008, MFI members of the regional microfinance network Sanabel signed a consumer protection and responsible finance document which commits them to standards of practice. Globally more then100 initiatives on financial education are documented in the SEM region mostly focused on improving young people's financial awareness, skills and behaviours that combine financial education with some form of entrepreneurial training or content. While international donor agencies are very active national private stakeholders emerge as the major promoters of these schemes.[10]

- **Microfinance is also a sector with an inherent risk of reputation.** In countries like Jordan, Tunisia and to some extent Morocco MFIs face negative publicity and society's misconception and lack of knowledge on how microfinance works and what microfinance reputably excessive interest rate mean. Though MFIs have globally succeeded in facing the economic consequences of the 2020 health crisis, rising cross-lending among MFIs' clients and over-indebtedness are always looming and can jeopardize the sector's perspectives in these countries.

- **There's a risk that growing markets and intense competition between market players** can lead the micro-finance market to overheating. Recent rapid growth of microcredit in Lebanon and Tunisia but also in Egypt and Jordan results in increased cross-borrowing; 20% (Tunisia) to 30% (Lebanon) of the microfinance active clients hold simultaneously multiple loans with different financial institutions. While Credit Bureau/Registry is common in the region and MFIs become increasingly professional on risk management, more prudential oversight would be needed to prevent over-indebtedness through cross-borrowing.

- **FinTech represents both opportunities and risks for the region.** FinTechs play positive role in terms of both revenue potential and financial inclusion leverage on unbanked individuals and SMEs-tailored financial services. In the Arab countries, CGAP has identified 400 fintech solutions nearly half of them having a financial inclusion mandate. 75% of the FinTech solutions are found in six countries: United Arab Emirates (UAE), Egypt, Morocco, Tunisia, Jordan, and Lebanon. In these markets, "the revenue potential of enabling 50% of unserved or underserved individuals and SMEs to access financial services is $7 billion".[11] Most Fintech solutions fall under the seed or early growth stages of a business and will need important investment to scale up estimated at USD 200-500 million. However, expanding FinTech markets needs appropriate client protection measures. The latter are particularly relevant for those FinTechs like Kashat in

[10] Attia, Habib and Helen Engelhardt (2016), « Financial education initiatives in the Arab Region: A stocktaking report", Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Arab Monetary Fund.
[11] https://www.cgap.org/blog/mapping-fintech-innovations-arab-world

Egypt, which replicate Kenya-based M-Shwari's business models in providing nano-credits on mobile phones based virtually on non-financial analysis of the client. Such FinTech business models may fuel hard-to-control" credit democratization" and can finally harm financially underserved population. Indeed, defaulting clients on very small amounts may end up paying skyrocketing repayment penalties and eventually, are at risk of being blacklisted from the entire financial sector.

Microfinance remains a valuable actor to lift financing obstacles for individuals and small businesses, particularly those operating in the informal sector. However, the current state of regulatory, operational and risk-management does not necessarily make microfinance the most suitable financing channel for SE despite the promising development of microfinance in the region and the interest that public authority in some countries increasingly evidence:

- On the regulatory ground, in some countries (Tunisia, Morocco) microfinance is by law exclusively devoted to individuals or individual-owned businesses; Firms are thus beyond the reach of microfinance. Moreover, applied microcredit ceiling – which very largely from country to country – doesn't allow to effectively respond to the requirements of social businesses which are generally much higher in their seed phase and early stage. For example, in Tunisia, a draft law on financial inclusion – yet to be discussed in the Tunisian People's Representatives Assembly – proposes to upgrade the maximum amount of microcredit up to 30,700€ subject to the condition that it be exclusively used to finance SE enterprises.

- On the operational ground, microcredit to self-owned individual businesses (micro or very small businesses) comes mostly as short-term working capital; mid-term financing is very rare while SE enterprises are keener to mid- to long-term debt. On the other side, microcredit faces high operational costs which reflect on higher interest payment for the client compared to commercial banks or leasing firms. Higher financial costs are problematic for SE in the seed and early stages; subsidized specific credit line to MFIs from IFIs may be a solution.

- On risk-management issues, SE businesses are a new yet little-known target for MFIs. The later are particularly familiar to - and effective with - financing established businesses which have already proven their ability to operate in the markets. SE businesses come with new needs and risks that MFIs do not fully understand. For example, in Morocco specific credit lines from JAIDA Microfinance Fund are dedicated to local NGO-status MFIs who lend to cooperatives but there's no feedback on how these loans have been used. More generally, financing enterprises in their first stages of creation is not common to MFIs in the region and existing experiences like those related to "youth enterprise creation" or "very small enterprise financing" programs seem to have been of limited success (IFC and Sanabel, 2016). Technical assistance would also be required to upgrade MFIs risk-analysis capacity specific to this new clientele.

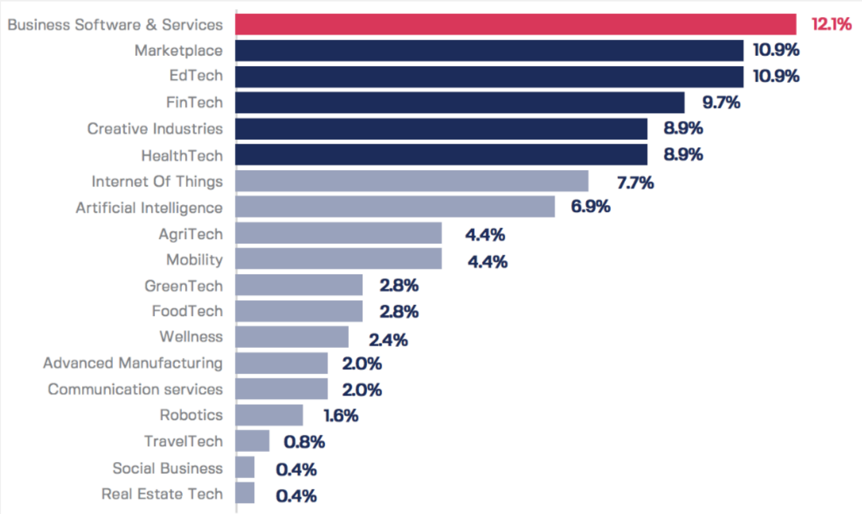
Below, we would like to highlight two interesting examples:

Box 4. Startup Act and "ANAVA" Fund of funds: A fully-fledged ecosystem for startups in Tunisia

Startup Tunisia is a grassroot multi-stakeholder national initiative initiated by the Tunisian government with support from international partners (World bank, GiZ), the private sector, civil society to develop a dynamic ecosystem of startups from Tunisia. To date, Startup Tunisia is a comprehensive framework which aspires to release energies and ignite creativity in Tunisia and throughout the region. The initiative is based on 4 pillars deemed to boost the startup's ecosystem in the country:

- ***Startup Act**: An innovative legal framework to promote startups that are launched or settled in Tunisia. The Startup Act is based on a label of merit and a series of advantages and incentives in favor of entrepreneurs, startups and investors. The label is the keystone for accessing the Startup Act universe and its advantages.*
- ***Startup Invest**: A new investment framework to bring out an industry of a solid and dynamic Venture Capital (VC). This framework is based on 3 instruments: (i) ANAVA Fund of Funds, (ii) an Incubator of Management Companies, and (iii) the Startups Guarantee Fund.*
- ***Startup Empower**: A 3-component support scheme for Startups and the Ecosystem Support Structures: (i) Startups and Ecosystem Support Structure financing, (ii) ecosystem animation, and (iii) international connections.*
- ***Startup State**: A new plan to support innovation in public sector with 2 programs: (i) the Innovation Lab of the State for startups serving the public sector, and (ii) disruptive high impact socioeconomic projects in order to address the state structuring problems.*

The Startup Act was enacted in April 2019 and since then 450 Startups have been labeled out of more than 700 candidate startups. Startups cover a wide spectrum of activity sectors though 60% of labeled startups are concentrated in 6 sectors with FinTech, Green Tech and Social Businesses representing respectively 9.7%, 2.8% and 0.4%.



Note: Based on 2019-2020 figures

In March 2021, the ANAVA fund of funds is launched as the "crucial element in creating a better investment environment" allowing labelled startups to access the capital they need to develop at each stage of their development (Seed Stage, Early Stage and Late Stage).

- *ANAVA is co-financed by the World Bank and German Development Bank (KfW) which will manage funds from the European Union and Germany*
- *Size: An expected first closing of EUR 100 M with a target size of EUR 200 M. Last stage of fundraising of EUR 40 M fully subscribed by Caisse des Dépôts et Consignations (CDC) backed by a World Bank USD 75M fund under the project "Startups et PME Innovantes"*
- *Period of implementation: 7 years*
- *Objective: Invest in more than 16 investment (child) funds dedicated to Startups. Potential candidates may also be dedicated to social economy or green economy.*
- *Managed by SMART CAPITAL which is also the operator of the national Startup Tunisia initiative*

Source: Startup Act – One Year After: 2019-2020, Annual Report; CDC's website and authors' compilation based on interviews.

Box 5. Developing a stimulating business climate for entrepreneurship: The "Innov'i" Project

Started in July 2019, Innov'i - EU4Innovation is a 5-year project that supports the development of conducive ecosystem for entrepreneurship and innovation in Tunisia funded by the European Union and implemented by Expertise France. The project is clearly aligned with national Startup Tunisia initiative and contributes to the creation of an innovation-friendly environment able to boost the entrepreneurship ecosystem in Tunisia through empowering and sustaining local actors on a decentralized level throughout the country.

***Objective**: Innov'i project aims to support the strengthening, organization and sustainability of the innovation and entrepreneurship ecosystem in Tunisia.*

***Size**: EUR 14.5 M; EUR 8 M grants of which EUR 5,4M disbursed*

***Components**:*

a. *Improve the services supply to local startups and entrepreneurs particularly in the hinterland and economically disadvantaged areas.*

The project provides grants and implements capacity building programs to economic civil society actors, business and innovation supporting structures like incubators and accelerators. To date, 18 actors have been supported over 21 governorates.

b. *Support the implementation of a regulatory framework conducive to innovative entrepreneurship and startups-friendly business climate promoting alternative funding mechanisms for startups.*

*The project has provided technical assistance to various regulatory initiatives: the crowdfunding law and its by-laws, access to public markets, intellectual property, financing of innovation, etc. Innovi also supports the implementation of the national Startup Tunisia initiative. Currently, the project assists and advises Smart Capital – the managing entity of the Anava fund – for the implementation of two Startup Act's pillars: Startup Invest and Startup Empower (see **Box 4**).*

c. *Promote the entrepreneurship and innovation ecosystem on a national and international level.*

The project carries out numerous communication and dissemination activities to support the ecosystem of innovation and entrepreneurship aiming to bring the Tunisian entrepreneurs' community into the international ecosystems. The project has supported the INVEST'I platform, a Tunisian community of entrepreneurship present on Euroquity, a matchmaking platform between startups, investors and support structures launched by BPI France. INVEST'I would become a fast-track for fundraising/financing of Tunisian startups that demonstrate high potential for internationalization and growth.

Innov'i has also dedicated a EUR 528,000 fund to the SAVE program for startups impacted by the Covid-19 crisis with ticket size ranging from EUR 3,100 to EUR 15,300. SAVE comes as a repayable loan mechanism to support 62 labeled Tunisian startups during the pandemic in order to improve their resilience and ensure their recovery and sustainability.

Source: Innov'i's website and authors' compilation based on interviews.

6.2.2. Financial leasing

- From a general perspective, there is little data available on the leasing market in the MENA region. Leasing companies do not publish their new business volumes, portfolio size or contract numbers. However, research suggests that “the size of the leasing market, in terms of new business volumes, is around US$20bn but has remained static and shown little growth in recent years.”[12]

- The leasing market in the MENA region is characterized by small, locally-operating players with very few motivations to upgrade on a regional-level. This fragmentation limits regional-wide suppliers’ bargaining power as agreements needs to comply to country-specific conditions reducing economies of scale. Customer support needs also country-level customization resulting in additional costs for leasers.

- A cultural aspect seems to hinder leases expansion in the MENA countries as populations are keen to purchase equipment and gain ownership rather than paying for usage. Such a feature, whose relevance vary across countries, is also observable for very common equipment like vehicles. Consequently, newly introduced leasing products on a pay-per-use basis are far from reaching a “critical mass” that ensures sustained growth though they dominate leasing markets in developed countries.

- High levels of arrears also seem to be a recurrent phenomenon. This may result from cross-borrowing clients but also reflects low risk-management capacity of local leasing companies. In the MENA countries the leasing market is usually limited in terms of clients’ profile and leasers tend to share the same market segments with very few or inexistent supply diversification.

- The industry of financial leasing in some of the MENA countries is experiencing numerous challenges which include lax foreclosure processes, unfavorable institutional environments, cumbersome repossession procedures, high transaction costs, poor enforcement of contracts, and sometime insufficient credit information systems.

- Access to finance on a long-term basis remains a serious constraint. Bank-sponsored leasing companies normally get majority of their funding from their “sponsor banks” generally on short term basis. However, it is important to note that the leasing companies in which are not affiliated to banks normally have a bigger problem especially in terms of accessing finance. Dedicated funds like SANAD are increasingly investing in leasing finance in Tunisia and Egypt.

Finally, one needs to keep present that, in many cases, these are not SII actors due to fact that they do no use of social impact measurement and their lack of intentionality. Besides they often do not target SE.

[12] https://www.world-leasing-yearbook.com/feature/leasing-in-the-middle-east-and-africa/

6.2.3. Islamic finance

According to OCDE Islamic finance was worth US$2.5 trillion in 2018 and was expected to exceed US$ 3.5 trillion in 2022. OCDE suggests that part of it may be operationalized to promote sustainable development in Muslim-majority countries. Despite the market's potential for Islamic finance the penetration of Islamic-compliant financial services seems limited.

- Islamic banks are present in the SEM countries but their competitive position is not very different compared to classical banking though research suggests lower transaction cost for Islamic banks.
- Saving mobilization is one of the most relevant factors that can fuel Islamic finance but no specific policy including regulatory measure and tax policy are in place to ignite and favor such a trend. Savings collecting through Islamic finance includes the compulsory religious tax on revenues (zakat) and common charity alms-giving but which are seldom captured through formal financial channels because they are mainly distributed in forms of cash assistance.
- The main challenges to develop the Islamic finance market lies on inadequate regulatory environment. Egypt, Jordan, Morocco have enacted specific legal framework related to sukuk but the results are yet to come. OCDE considers that reviving the sukuk market implies "stronger regulatory frameworks that govern infrastructure and large-scale investment programmes".

Moreover, this great potential of synergies with Social Impact Investment is signaled by other international organisations such as the Islamic Development Bank and the UNDP's Istanbul International Center for Private Sector in Development (IICPSD). Besides, some key informants have also supported such statement. In our research we have found examples of such potential either in the forms of Sharia-compliant bonds (*Sukuk*), donations (*Zakat*), endowments/trusts (*Awqaf*) and mutual insurance (*Takaful*).

Maybe the most relevant example is the *Misr El-Kheir Foundation* (Egypt). This recently created charity (2007) is a relevant recipient of *Zakat* from individuals but also donations under *Corporate Social Responsibility* policies from banks and big corporations. Among their stated scope we find several relevant "social impact" goals such as health, education, integrated development (this includes water infrastructure for example), research (to solve social needs), support to Civil Society Organisations and Social Solidarity.

Maybe the most interesting example is the use of Zakat to provide economic opportunities to people in risk of exclusions, either through direct employment in their factory (a typical Work Insertion Social Enterprise) or through entrepreneurship support programmes (helping them to set up sustainable business, often under the form of Social Economy enterprises). The main obstacle/gap here being that Social Impact Investors are absent, since 100% of the funds comes from the above-mentioned donations and grants. This is maybe due to the difficulties to access loans and other interest-bearing financial products. Thus, the corresponding bond in Islamic Finance (Sukuk) requires a tangible asset where the investor group has direct partial ownership interest in and the issuer must also make a contractual promise to buy back the bond at a future date at par value.

Nevertheless, *Misr El-Kheir Foundation* offers an example of collaboration with Social Impact Investors through the GESR project (https://gesr.net). This project supports Innovators to address Social Challenges and this support includes helping them secure funds through their network of advisors, brokers, mentors, etc.

GESR in numbers:

- 5 Cycles of Social Innovators
- 20+ Startups supported
- 6 of them Raised Investment
- 50+Prototypes created.

Besides this, it is worth mentioning that Sukuk, for its nature, are mostly use for environmental-related investment, such as for example the Tunisia Green Sukuk, an investment in a project basically aimed at infrastructure: "Integrated Agricultural Development Project in Kef and Kasserine Governorates".

Another potentially relevant concept in Islamic finance is Awqaf, which can qualify as a form of Islamic Social Finance. According to Awqaf Properties Investment Fund (APIF) it "is an Arabic word meaning assets that are donated, bequeathed, or purchased for being held in perpetual trust for general or specific charitable causes that are socially beneficial. In many ways, the concept of waqf is similar to the Western concept of endowment". The Islamic Development Bank (ISDB) created the APIF in Jakarta, Indonesia in 1997. As signaled by IsDB "APIF provides financing to the entities holding or managing Waqf properties in accordance with the principles of Sharia to develop these properties based on financial feasibility and social return generally associated with the concept of Waqf (or endowments). APIF provides its participants or "shareholders" an opportunity to generate income returns from property development as well as social returns in the form of assistance to Waqf property holders to develop the properties whose income is used for various developmental and charitable goals"[13].

Among their beneficiaries we find governments; Awqaf institutions (Islamic endowments); research centers; endowment funds; charitable NGOs; and orphanages and universities.

Current investors in APIF includes (from the countries involved in our research):

- (4th investor) Faisal Islamic Bank Egypt with a share of 7.21%
- (12th) Jordan Islamic Bank Jordan with a share of 1.25%
- (13th) Ministry of Awqaf and Islamic Affairs Jordan with a share of 1.25%
- (14th) Arab Islamic Bank Palestine with a share of 1.25%

[13] APIF (2019). The Development Impact of the Awqaf Properties Investment Fund. A Model for sustainable development. Accessible at: https://www.isdb.org/apif/sites/apif/files/2020-03/APIF%20Impact%20Report%20%28English%20Version%29.pdf

Awqaf is a concept similar to some trusts or other Social Economy initiatives such as the under-utilized assets that the Catholic church assigned to several Social Cooperatives in Italy. However, as the same APIF recognizes there are limits also for the role of Social Impact investors in this:

"*By having endowments that offer little flexibility or control to investors, there are few incentives to encourage stronger investment. Many of the waqf assets in existence have conditions from the original donor, which remain in effect in perpetuity (and many awqaf have been in that form for centuries). The religious nature of these restrictions makes modifying the purpose difficult, without significant reputational risk for the waqf trustees*"[14].

This limitation applies also to Zakat as well as we can see in the latest report from the OECD: "Not surprisingly, Zakat and Awqaf are insufficiently organised to achieve development goals" or " The potential of zakat to support development remains unrealized"[15].

Finally, another relevant concept for our research is Takaful, the correspondent sharia-compliant mutual insurance. Although this is an ancient concept that can be dated back to the VIII century, its official birth in its modern form was in Sudan in 1979. Finally, the use of Takaful as an alternative to conventional insurance started in 1985 when the Grand Council of Islamic Scholars of the Organization of the Islamic Conference formally gave the required permission. Ever since 1985 takaful has grown rapidly in terms of number of lives covered under it and the type of products offered under takaful. Currently there are around 190 takaful service providers across 34 countries with an estimated premium income of $9 billion. We have found interesting development in Egypt (with a significant share of the insurance market and with a new law from 2019 promoting it), Jordan and Morocco.

We would like to point out that faith-based social finance is a relevant issue (as demonstrated by the faith-based hub at GIIN which includes the ICD, private sector arm of the Islamic Development Bank). Moreover, the links between Social Economy and religion is very relevant (the development of Mondragon in Spain, Social Cooperatives in Italy or the Raiffeisen experiences in Germany are clear examples).

6.2.4. Incubators and accelerators

Incubators and accelerators represent a thriving development in the region and are increasingly involved in enhancing the overall business environment with regional incubators - some of them like Flat4labs or Oasis500 also providing seed funding - being on a rising trend. However,

- Incubators/accelerators are almost entirely devoted to technology-driven Start up at different stage of development and favor educated youth promoters and home-grown business initiatives with high potential for growth. Some of these structures also provide assistance to financing but are mostly limited to mentoring. Some of them like Berythec, Altcity (Bloom), in Lebanon, Lab'ESS, Redstart in Tunisia also provide

[14] Ibid
[15] OECD (2020)

platforms for increased deal flow among entrepreneurs (co-working space, business centres).

- Business angels' platforms are very active in Egypt and Jordan taking advantage of a business-friendly environment and appropriated regulations but yet almost exclusively concentrated on Information and communication technology startups.

Box 6. RedStart Tunisie: An "one-of-a-kind" accelerator?

RedStart Tunisie introduce itself as "the newborn of the Tunisian entrepreneurial ecosystem." RedStart Tunisie is a stimulator that aims to strengthen cooperation between the entrepreneurial ecosystems in Europe and Africa.

It provides an acceleration program created to meet the needs of SMEs and startups mostly on seed acceleration and growth phases on an individual basis and tailor-made support to entrepreneurs. RedStart provides entrepreneurs with supportive programs conditional to the company's characteristics, its team organization and skillfulness as well as the market analysis.

Taking advantage of its large network of partners with proven experience and skills RedStart applies a two-fold intervention strategy:

- *Commercial acceleration: RedStart supports and advises its clients (startups or SMEs) in their entering to new markets on national and international scale by improving clients' export potential and facilitating implementation projects' implementation in Europe.*
- *Fundraising: Redstarts assists its clients to prepare a reliable and feasible plan for their fundraising also boost the access to adequate financing at the national or international level. RedStart offers a personalized support as well and a network building with Tunisian diaspora and European business angels, members of Bridging Angels, a partner organization*.

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New to the Tunisia's accelerators landscape the RedStart's business model is based on a monthly-due success fee scheme triggered upon clients' profit-making cycle.

Red'Innov is the newest project of RedStart Tunisie. Launched in July ov seeks to strengthen the entrepreneurial ecosystem and boost innovative companies for a better economic development in Tunisia. It is supported by "Innov'i – EU4Innovation" project funded by the European Union and implemented by Expertise France – which aims to support the strengthening, restructuring, and development of Tunisian innovation and its entrepreneurial ecosystem.

Source: Redstart website (http://redstart.tn/en/redstart-tunisia/) and authors' elaboration based on interviews

Box 7. Lab’ESS, an incubator for social businesses

Lab’ESS, the Social and Solidarity Economy Laboratory is the first SSE-focused incubator in Tunisia. Established in 2013 with the support of Développement sans frontières Tunisie (DSF Tunisie) Lab’ESS’ ambition is to strengthen the capacities of local social businesses ans SE organizations by developing networks and facilitating the dialogue between socially oriented business and/or partners.

Lab’ESS activity is twofold. First, it provides facilitator services that help establish links between the different actors involved in SSE issues (civil society, public and private sector) likely to ignite cooperation which may favor the recognition of SSE in Tunisia, SSE projects acceleration and its social impact. Second, it hosts a comprehensive incubation program in order to promote and actively support Tunisian social entrepreneurs and civil society organizations to scale up their SSE-oriented activity.

The Lab’ESS’ incubator program provides the social entrepreneurs with personalized support over several months, adequate coaching and mentoring and networking. Lab’ESS also offers financing opportunities up to nearly EUR 3,000 according to the different stages of the progress of the social businesses.

Lab’ESS has also established the “Social Entrepreneur Award” in partnership with a local bank (UBCI, BNP Paribas) which awards (up to EUR 1,500) promising social business idea at the seeding stage.

To date, Lab'ESS has trained more than 1,700 associations and provided support to 7 social enterprises operating particularly in the sector of eco-tourism, waste recycling, sustainable agriculture, education - for an average incubation value of EUR 6,800. Its incubation-related services have received financial support from several international donors (PULSE Group, French Development Agency, Expertise France, Delegation of the European Union).

6.3. DEMAND SIDE: SOCIAL AND GREEN ECONOMY

6.3.1. Social economy

The concept of Social Economy is clearer than many actors seem to acknowledge. This is so because there is abundant and highly cited literature and growing number of Laws and policies which present very similar definitions.

In our case we use a definition which is not reduced to a few classical legal forms, but which is "based on structural criteria, such as **its social aims**, its **participatory and democratic decisional criterion** and **its profit distributive criterion** based on the prevalence of people and labour factor over capital" (Chaves & Monzon, 2018). Moreover, the different economic unit do not even need to be formal ones, formalisation often being a request from external actors. However, in our case, we can resort to the "structural criteria" of the social economy whenever we may not find a legal or well-established definition at local level. This, in the MENA region can be found in cooperatives, certain types of associations (with economic activity), certain foundations, certain mutuals and other types of MSMEs which fulfil the above-mentioned criteria. In the latter case we refer to Social Businesses (following the ICSEM terminology mentioned in our inception report). This is to distinguish them from Social Enterprises (because for example a cooperative or an association are also Social Enterprises).

According to the Union for the Mediterranean, Social Economy is *both the agent and the instrument of inclusive and responsible growth in the UfM Region* and we should take into account the heterogeneity of the Euro-Mediterranean region in terms of enabling environments and business cultures. "The potential for job creation through Social Economy remains to be largely unexplored in comparison to other regions, which presents an opportunity and poses question marks about the optimal path ahead in order to unleash the potential of a significant private sector player with more than 3.2 million enterprises and 15 million jobs."[16]

We can observe different levels of growth and maturity in the national ecosystems: Tunisia, the first country in the MENA region, has recently been approved a law on Social Economy, after a draft framework law on SSE was formulated and supported by a tripartite process with ILO assistance. The Kingdom of Morocco is an extremely interesting country to study as it recently put in place a "Stratégie 2010-2020 pour la promotion de l'économie sociale et solidaire" and a "Nouvelle stratégie de l'ESS 2020-2030" connected to the SDGs has been recently launched. Other countries are in earlier stage but still developing support structures. Moreover, various flagship initiatives from international organisations (European Commission, ILO, OECD, UNIDO, national agencies supporting development cooperation, World Bank…) are supporting social and green economies in the region addressing ecosystems, policy makers, social entrepreneurs and their support organisations *(a table of this kind of support initiatives is presented below)*

Social economy, including social enterprises, is unevenly developed across the Mediterranean area. We find some countries with more developed social entrepreneurship sectors and other with very little presence. In the former we count countries such as Morocco where the numbers

[16] Social Economy in the MENA Region and the Balkans 5 July 2019 – UfM Secretariat, Barcelona

are very significant with more than 170.000 associations (albeit with a limited economic impact of around 1%), over 20.000 cooperatives (2600 of which are made of 100% women) with a joint share of the GDP of 2% and almost no figures for other types of Social Enterprises (which is a constant in all research and mapping on Social Enterprises: absence of number for other than cooperatives and associations). In the latter we can include Lebanon, where despite having an important number of coops (almost 2000) they struggle to build bridges with SE initiatives or entering in new sectors with growth potential (platform coops, agro-ecological production, etc.). We find also that in Tunisia, despite the efforts of the national government and several international actors, the weight of the SE accounts to slightly over 1% of GDP.

In the case of Lebanon, we find the same acute problem with figures: for example, MedUP mapping does not mention a single figure regarding number of enterprises or share of GDP (not even a projection) and it did not mention either the number of cooperatives (1248 in 2017 and only 4% of them in Beirut. *Source ILO*) SEE CHANGE initiative (supported by Madad funds and following previous ones) is contributing to structure the national ecosystem and provide examples for a sustainable approach to the sector.

In most of the cases there is no data about Social Economy in each country. This is a general feature for the whole region since statistics for Social Economy is one of the main gaps in ecosystems in early and even medium-term stages of development. However, this is also a problem related to inadequate approaches in programmes such as MedUP! where most of the country studies lacked information or a grounded and comprehensive methodological base. Thus, in some cases, the references excluded key state-of-the-art research or such research was considered on equal terms with less relevant papers. This, linked to a tendency to focus on one type of social enterprise (the Social Business model from ICSEM mentioned about), has resulted in having an inadequate picture of Social Economy, simply excluding some actors on grounds that they are not relevant or just declining to provide even projections of figures in them.

However, other projects and sources provide some data, mostly of cooperatives (ranging from 27.262 in Morocco, over 14000 in Egypt, over 3000 in Tunisia, over 1500 in Jordan and over 1200 in Lebanon) and we also have data about associations (over 150000 in Morocco or over 20000 in Tunisia both growing strongly in the last decade), but in many cases these may not fulfil the criteria of having a minimum level of economic activity.

In Palestine, on the contrary, we see a relevant presence of collective social enterprises in the different projects (MedUP, MedTown), with a relevant interest for SE in their work and proposals.

Morocco presents one of the most developed ecosystems from the point of view of Social Economy in SEM. It is estimated that the SSE sector in Morocco contributes 3% to the GDP and may sustain nearly 600,000 self-employment jobs. However, salaried employment remains difficult to measure as most of the SSE businesses are precarious and operate in informal markets. Most of the cooperatives – be it agricultural (65% of total SSE businesses) or handcraft – act by imitations with no product differentiation resulting on very limited commercialization opportunities. Initiatives led by public authorities such as the National Initiative for Human Development in its various editions have certainly had a positive effect in boosting the commercial perspectives of cooperatives but show limited in scope. The recently implemented "New Generation Cooperative" initiative led by the Ministry of Agriculture aims to upgrade/create 12,000 innovative cooperatives operating in promising value chains to overcome the market saturation and "modernize" the cooperative sector in Morocco.

Similar things happen in Egypt (with several thousand cooperatives not included in the mappings) or Jordan (however there are current efforts to include a more balanced approach in other flagship initiatives such as JoinUp!).

Regarding access to finance and financial support, most of the donors are not aware of social economy enterprises and entrepreneur needs: it is a common opinion from the SE actors in the region and it is undoubtedly one of the major challenges: there's a strong need of changing the financing mindset of donors from grants to other forms more suitable for the sector, "moving out of the charity – the II alone will not solve the problem".

More detailed information about SE national ecosystems are presented in the following chapter about policy and legal frameworks. Below we would like highlight two important initiatives active in Lebanon and Jordan. Also, others (MedUP! i.e.) are presented in other sections of this chapter.

6.3.2. Financial needs of SE businesses

The first thing we have to bear in mind is that SSE is variegated and complex. Thus, as stated in Barco, S., Bodini, R., Roy, M., & Salvatori, G. (2019)[17]: "the SSE includes an extremely diverse set of actors, and the variability of their financial needs is as great as their diversity in terms of sectors of activity, size and life-cycle phases".
Following these authors, there is NO reason to believe the financial needs are "inherently different from those of any other type of enterprise". In this case we would add of any other type of enterprise having the same size, activity and life-cycle phases.

The main gap lays not in the needs but in the access to financial tools. Thus "SSE organizations, unlike shareholder companies, are by and large designed to meet the needs of their stakeholders (workers, clients, volunteers, etc.) rather than to remunerate investors, and their governance structures make it difficult to apply the same financial tools traditionally used for for-profit corporations".

This is something we find when SSE needs to have access to patient capital or quasi-equity and these financial instruments are absent from in the market. However, "owing to these same specificities SSE organizations can access sources of capital that traditional companies have more trouble tapping", for example "internal sources of capitalisation facilitated by a constraint on profit distribution; philanthropy and donations; etc.". One example of this being the potential to use zakat or Awqaf as a financial resource.

Furthermore, the difficulty for SSE access to finance stands also in the willingness of investors to engage in economic activities that clearly establish a primary social mission that they are

17 Barco, S., Bodini, R., Roy, M., & Salavotori, G. (2019). Financial Mechanisms for Innovative Social and Solidarity Economy Ecosystems. *International Labour Organization*.

accountable for and usually provide below-market return to investment resulting in a limited pool of investors particularly among the private investors.

Due to the specificities of the market in the countries involve we can point out to some key issues:

- There is very little capacity in terms of internal sources of capital. This is due to the economic situation of many potential "social entrepreneurs" but also due to "environmental" barriers (regulation, lack of intermediaries, absence of data and also weak capacity from the public sector to implement a programme to support such internal sources of capital).
- Guarantees play a highly relevant role precisely because there is very limited access to internal sources of capital by most social economy entrepreneurs and because this could also facilitate access to other markets (such as public tenders).
- The need to have a blended approach to also address those actors who are in a more advanced life-cycle and need for example patient capital or equity, quasi-equity. Generally, equity investment comes with small size tickets compared to other activities and long-term debt financing are mostly unavailable – or very costly – for SSE businesses particularly in the early stages of their development.

6.3.3. Some further data on social economy

Before providing some more data on the different types of SE organizations we need to remind a few elements from our theoretical and practical approach: we have tried to follow the most relevant, widely accepted and recognized definition of Social Economy and Social Enterprises.

This has been further reinforced by the recent "operational" definition of the ESF+ which defines Social Economy in line with the "Council conclusions of 7 December 2015 on the promotion of the social economy", i.e. "cooperatives, mutual, foundations and associations as well as newer forms of social enterprises" which fulfil the above-mentioned structural criteria.18

This operational definition has taken time to be agreed upon and to a certain extent, it still provokes some misunderstanding when opposing cooperatives or associations vs social enterprises. For this reason, we often prefer to use the term "Social Business"17 to refer to those undertakings in the Social Economy which are not any of the above-mentioned "legal forms" in the Council conclusions. Because cooperatives, mutual and foundations can be also Social Enterprises.

This misunderstanding is one of the main obstacles in both having data about Social Economy and in some of the struggle to pass specific legislation and/or policies in support of these types

[18] Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013. accessible here https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1057&from=EN and the Council conclusions here: https://data.consilium.europa.eu/doc/document/ST-15071-2015-INIT/en/pdf

of enterprises in the countries involved. Also, because from this perspective, a Social Enterprise is subjected to a limited distribution of its profits and a horizontal governance.[19]

We mention this because, due to the absent of specific regulatory frameworks (except for the recent law in Tunisia), weak capabilities to produce statistics and to a political and economic struggle from some advocacy actors on the grounds, data on Social Economy is almost totally absent in the region. For this reason, when we find declarations that the “The social economy currently consists a total of 3.2 million enterprises and 15 million jobs in the EU and eight southern Mediterranean countries”[20], we have to take them with some extra precaution.

Furthermore, many of the reports and studies (such as many MedUP country reports or the recently published EMNES Working Paper for Egypt[21]) do not provide data on this. Nevertheless, here we propose and updated set of statistics for the main countries involved in our report:

Egypt

As we have just said, many different reports, including MedUP’s country analysis from 2019 or the aforementioned EMNES Working Paper, claim that there is a growing number of Social Businesses/Social Enterprises in Egypt but they fail to provide event a projection of their estimated number.

Regarding mutuals we have not been able to find data but Egypt is one of the places where the sharia-compliant alternative to mutuals (Takaful or micro Takafuls) have a stronger present in the market. Recent data show that 17% of total insurance market contributions (E£27.8bn) on 2019 are for Takaful. Moreover, it recently passed an Insurance Law (2019) which included the promotion of Takaful as a key pillar.

Regarding other types of cooperatives, as we mentioned in the country analysis, according to ICA there are currently more than 14000 cooperatives and only the National Agricultural Federation has over 12 million members.

Finally, Egypt had over 40,000 NGOs working across different developmental areas in all governorates (2014).[22]

Lebanon

[19] 13.b (A Social Enterprise) uses its profits first and foremost to achieve its primary social objective, and has predefined procedures and rules that ensure that the distribution of profits does not undermine the primary social objective; c) is managed in an entrepreneurial, participatory, accountable and transparent manner, in particular by involving workers, customers and stakeholders on whom its business activities have an impact”. Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+)

[20] Conclusions of the online UfM event "Social Economy and the Post-Pandemic Recovery: Challenges and Prospects" hold June 2020.

[21] Ramadan, R. (2021). Social Enterprises and Employment: Case Studies from Egypt. EMNES Working Paper No 53 / July, 2021

[22] Ismail, M. M. (2017). Comparative analysis of legal frameworks governing NGO in Egypt with applications from global practices.

There are very few reliable statistics in the country. According to the SEE Change project, there should be over 10000 associations/NGOs in the country. Also according to the same project there should be in between 100 to 200 social business.

We have not found data on the number of mutual and the number of cooperatives were 1248 in 2017 and only 4% of them in Beirut.

Jordan

Again, there is no data on Social Businesses.

Regarding associations we have not found comprehensive data but the The Comprehensive Guide to Civil Society Organizations in Jordan include at least 1060 charities, 22 Professional Societies, 185 Persons with Disabilities Organizations, 209 Cultural & Scientific Organizations, 75 Health Care Organizations, 62 Child & Orphans Care Organizations, 101 Women Organizations and 70 Environmental Organizations in their database. That makes 1806 NGOs registered in that database (we believe there should be a similar number to Lebanon or even slightly higher).

According to figures provided by the Jordan Cooperative Corporation (JCC), there are 1,591 cooperatives registered with the agency, two thirds of which are active, with the overall membership base comprising 142,000 citizens. Of these, only 14 per cent are women. The value of total assets is JD327 million, while the available cash at hand stands only at JD42 million."

Finally, in 2011 there were 28 insurance companies, 3 of which were Islamic mutual insurance companies.

Morocco

As mentioned in our country analysis there are

- Many associations many but scarce reliable data (over 150.000 associations were registered by 2015 but impossible to know if alive)
- regarding Mutuals (mainly publicly owned which may exclude them from being SE organisations) there are around 50, and are highly relevant in the Health sector since they manage the compulsory health insurance.
- Regarding Cooperatives there were 19035 in 2017 (coming from 5276 on 2006) with 67% in the agricultural sector and also many in the craft one. They are also relevant in rural areas but with a steady growth for young graduates: 429 by 2017 from 269 in 2011. Finally, there are growing numbers of women cooperatives: 2677 by 2017, (14% of all coops).
- Not data on Social Enterprises not belonging to those three categories.

Palestine

In Palestine we have found also more specific data. Thus, according to a study carried out by the Small Enterprise Center (SEC) in 2017 on social projects and the working environment in Palestine, the number of registered social enterprises based on a wide definition of SE, was 2318 which can be classified into:

- Cooperatives, estimated at 667 associations, operate in various sectors of agriculture, crafts, housing, savings and credit.
- About 1350 associations that operate as traditional associations that work on implementing service projects for poor groups such as the Patient Friends Society and InAsh Al Usra Association.
- Non-profit companies, estimated at about 301, and they carry out economic projects which do business activities but are linked to social goals.

Tunisia

Data in Tunisia, thanks to the UNDP (2016) is among the most detailed ones. Here we have the figures they encountered:

Table 3. in the SSE sector in Tunisia

Nombre des salariés dans l'ensemble des acteurs de l'ESS							
	Associations	SMSA		Coopératives	GDAP	Mutuelles	Ensemble ESS
		Base	Centrale	UCPA			
Nombre d'établissement	19 154	220 actives	14	18	2 900	48	22 350
Nombre de salariés	12 368[15]	2 530	1 680	700	3 880	nd	> 21 158
Rémunération (en MD)	10,8	nd	24,5	nd	nd	nd	> 35
Salariés/organisation	0,6	11,5	120	39	1,3		0,9
Rémunération/salarié (en DT)	873		14 583				1 654

Source: UNDP (2016)

However, due to the low production and value-added capacity of such organisations. The SSE remains a low-productivity sector with an estimated contribution of at most 1% of the GDP.

Table 4. Total number of SSE entities in the region

	Associations/NGOs	Cooperatives	Mutuals	Social Businesses
Egypt	40000	14000	NA	NA
Jordan	>10000	1591	28	NA
Lebanon	>10000	1248	NA	100-200
Morocco	150000	19035	50	NA
Palestine	1350	667	NA	301
Tunisia	19154	3152	48	NA
Total	>231000	39693	>126	>500 (?)

Box 8. SEE Change Madad Fund

SEE Change is a joint action led by three key actors of the Lebanese SE ecosystem: Oxfam, COSV and Beyond Reform and Development – BRD. This action is focused on SE as a tool to support local development and enhance social stability. Its overall objective is to strengthen SE to respond to the social and economic situation in three areas of the country: Bekaa, North, and Mount Lebanon.

It builds of four previous projects/actions which involved the above mentioned three actors: al Mashghal, FURSA, BADAEL and MEDUD. It addresses the same three level as MedUp! (MICRO for Social Enterprises, MESO for support organisations and MACRO for policy).

Maybe the most innovative action is the one led by COSV at micro level. It is aimed at testing an innovative bottom-up approach where a pluralism of forms of SEs are supported in the development of a social justice incubation program for new models of social start-ups. Thus, the project intends to co-build a local approach to Social Economy which serves the objective of an endogenous development within the broader theoretical and practical framework of Social Justice.

Besides this, other foreseen activities are:

- *MICRO: to equip existing SEs with strengthened skills and financial support and to provide financial and non-financial support to SEs.*
- *MESO: to provide capacity development support to SESOs and to strengthen the networking and knowledge exchange between SESO through online and offline approaches.*
- *MACRO: to support the development of a common advocacy strategy to promote for SE in Lebanon, to support the existing networks working on SE, to provide capacity development support to potential members of a SE office/unit and to support the implementation of advocacy actions.*

Moreover, the above-mentioned innovative initiative, it is also worth highlighting the effort to integrate actors and initiative at local level.

Box 9. EU/JoinUP! Creating an inclusive, more connected and better resourced social entrepreneurship eco-system in Jordan

The Action aims to improve the conditions for the development of Social Entrepreneurship as a driver for economic and social inclusion in Jordan and to stimulate social entrepreneurship development as an innovative model to address persistent problems of poverty and inequality by harnessing their potential to create income opportunities in both urban and rural areas.

The Action designed and set-up a sub-granting scheme to fund established SEs with a high potential for driving development, inclusive job creation, social innovation and women's economic empowerment, working in the list of identified sectors, as per the call guidelines. The total amount available for sub-granting is 1.2 MEUR. The total budget of the project is 2.750.000 EUR

Another interesting part of the action is related to the support for creating a meso level platform – social economy support /representative platform. One of the most interesting elements is their evolution from a narrower approach addressing mostly Social Enterprises and a very limited focus on Cooperatives for example, the project has evolved to embrace a more inclusive approach where Social Economy offers a suitable framework for Jordan. Thus, for example, it launched a Call for Tenders with the title "Call for bids: JOinUP! Opportunities to Realize the Social Economy in Jordan". It was aimed at analyzing the existing social economy in Jordan, as well as opportunities for expansion and it specifically mentioned Cooperatives and other types of Social Economy organisations as their target.

Finally, despite not having policy as a target (it only addresses Social Enterprises and Support Organisations), it has also realized that a key dimension for both is their role in the policy process. In this sense, the support in the creation of a network and of a national forum is key in increasing the capabilities of the ecosystem in producing friendlier policy frameworks.

Table 5. Demand-side vehicles/initiatives

Initiative	Funding institution	Geographic scope	Period	Amount
MedUP!	EU	Regional	2019-2022	5.46 M€
MedTOWN	EU (ENICBCMED)	Regional	2020-2022	3.4 M€
Mubaderoon for social change	EU	Jordan	2020-2022	2.5 M€
JoinUP!	EU	Jordan	2020-2022	2.5 M€
Social Entrepreneurship Ecosystem (SEE) Change	EU MADAD	Lebanon	2020-2023	7.5 M€
Strengthening Social Entrepreneurship for Migration & Development (SEMD)	Swiss Agency for Development and Cooperation (SDC)	Lebanon	2021-2023	
Middle East Partnership Initiative (MEPI)	Impact Rise,	Lebanon		
Danish Arab Partnership Program and Youth Participation and Employment Program	Ministry of Foreign Affairs of Denmark	Tunisia, Egypt, Morocco and Jordan		4 M€
Beirut explosion Emergency response,	GAC, Humanitarian Coalition, and public appeal	Lebanon	Oct2020-Sep2021	CAD 1,242,961
Partnership Agreement with the ICA	EU (DEVCO)	Regional (beyond MENA)	2016-2021	10 M€
Entrepreneuriat pour le développement	UNDP (Norway)	Tunisia		$US 5 178 600
PROAGRO - Appui au développement des microentreprises agroalimentaires durables et création d’opportunités d’emplois dans des zones défavorisées de la Tunisie	Italian Agency for Development Cooperation	Tunisia	2019-2022	1.8 M€
SELMA - Soutien à l’agriculture locale, à la micro-entreprise et à l’autonomisation des femmes et des jeunes en Tunisie	Cooperazione italiana allo sviluppo	Tunisia	2019-2021	1.3 M€
Agriculture durable et compétitive	Cooperazione italiana allo sviluppo	Tunisia	2017-2020	1.5 M€

Initiative	Funding institution	Geographic scope	Period	Amount
RESTART - Promouvoir le développement économique durable et inclusif par le soutien à l'entrepreneuriat juvénile en Tunisie	Italian Agency for Development Co-operation	Tunisia	2019-2022	1.8 M€
PRASOC - Programme d'appui au secteur privé et à l'inclusion financière dans les secteurs de l'agriculture et de l'économie sociale et solidaire	Italian Agency for Development Co-operation	Tunisia	2020-2025	57 M€
Direct support to Microfinance institutions (grants, equity, credit line)	AFD/Proparco	Tunisia	2013-2021	39 M€
ARIZ risk-sharing mechanism for TPME finance and microfinance institutions	AFD	Regional (beyond MENA)	Since 2007	Not specified
Direct support to microfinance institutions (Enda Tamweel)	African Local Currency Bond – ALCB Fund	Tunisia	2021	$US 10.9 M
JEUN'ESS, PAJ'ESS, and FORTER'ESS. The three projects are decentralized and administratively managed by ILO Office in Algiers with technical backstopping from ILO COOP	ILO	Tunisia		
PROSPECTS: In Lebanon and Jordan, the work of the Unit relates to technical backstopping of the cooperative component of the PROSPECTS project while in Palestine it's done through a cooperative support programme funded by the Italian Government.	ILO+ Italian Agency for Development Cooperation + Implemented by: International Finance Corporation, ILO, UNHCR, UNICEF, World Bank)	Lebanon, Jordan, Palestine (Global, Uganda, Sudan, Egypt, Ethiopia, Kenya, Iraq)	2019-2023	94 MEUROS
PRO-AGRO: some interventions more on cooperative development as part of the 'Promotion of Decent Work in Agribusiness' project in the fruits value chain. We are only at the early stage of the development of the cooperative component. Kindly note that PROAGRO has a bigger focus than cooperative development which is only one of its various components.	ILO The project is designed under the framework of the German Federal Ministry for Economic Cooperation and Development's (BMZ) Special Initiative on Training and Job Creation	Morocco		
ACCEL Africa	ILO	Egypt		

Initiative	Funding institution	Geographic scope	Period	Amount
Social Innovation project funded by Italian Agency for Development Cooperation in partnership with Palestine Polytechnic University, Milano Municipality, Consorzio Gino Mattarelli (CGM) and Agility Management and Financial Consulting. It is implemented by ActionAid.	Italian Agency for Development Co-operation (AICS)	Palestine		
Be the impact: the cooperative system and social entrepreneurship as vehicles for inclusive and sustainable development	Italian Agency for Development Co-operation (AICS)	Palestine		The financial composition foresees a budget support component to **CWA** (3 65.000 euro) and a call for proposal (Affidato) for CSOs activities (1,038,000 euro) and a multi-bilateral support to the International Labour Organization (1,500,000 euro).
let's Start Up: Inclusive E-Self Employment project	Italian Agency for Development Cooperation (AICS)	Palestine	2016-2020	1,2 M€
COVID-19 Fund_AID_010927: Let's Start Up: Inclusive business e self-employment for People with disabilities and mother of people with disabilities	Italian Agency for Development Co-operation (AICS)	Palestine	2020	49k €
Land and Rights – Paths to Social and Solidarity Economy in Palestine	Italian Agency for Development Cooperation (AICS)	Palestine	2019-2020	
MoreThanAJob: Memorandum of Understanding with the Social Solidarity Economy actors in Palestine	European Union through the European Neighbourhood Instrument of	Palestine	2019-2022	2 M€

Initiative	Funding institution	Geographic scope	Period	Amount
	Cross Border Co-operation			
BuildPalestine	Konrad-Adenauer-Stiftung (KAS) Paltel Group Foundation; a Palestinian Cor-porate	Palestine		

6.3.4. Green Economy in the Southern Neighbourhood

In the new Agenda for the Mediterranean guiding the EU's policy towards the region and the multi-annual programming under the EU's new Neighbourhood[23] initiatives.

There is a strong focus on sustainable economies: "Economic diversification is important, especially for countries that rely heavily on sectors prone to economic shocks. The EU and its partners will work together to benefit from the growth in the green and digital economies, in line with the objectives set by the UfM sectoral dialogues. Here social economy is highlighted: "Thanks to its business models that put people and the planet at their core, the social economy holds potential to address many societal challenges and increases our society's resilience in times of crises." Therefore, the action foresees a "mainstreaming support for the social economy in regional and bilateral programmes, including support for developing adequate legal and policy frameworks, strengthening institutional capacity and enabling mutual learning."

Moreover, the Ministerial Declaration of the 4th UfM Ministerial Conference on Employment and Labour held in Cascais on 2-3 April 2019, already placed an "unequivocal emphasis on Social Economy, not only as an alternative way of delivering economic, social and environmental value, but also a smart way of unlocking resources, creating sustainable employment, and generating inclusive economic growth in the region. They call for "promoting Social Innovation and creating an enabling environment for Social Enterprises to unleash the full potential of Social and Solidarity Economy," and "acknowledge the role it will play in the context of the work program on UfM Industrial Cooperation and SMEs development."[24]

Except for the EU Mediterranean area, where, especially the concept of the circular economy seems to be advocated by policymakers and stakeholders, in many countries of the MENA regions (e.g., Lebanon, Jordan, Palestine, Egypt and Libya), the concept of the green economy is relatively new, and incentives for companies to adopt circular principles are very limited[6].

[23] JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Renewed partnership with the Southern Neighbourhood A new Agenda for the Mediterranean {SWD(2021) 23 final

[24] Social Economy in the MENA Region and the Balkans 5 July 2019 – UfM Secretariat, Barcelona

Setting a regional example in green growth could, however, turn the MENA economies from being resource-rich to resourceful – knowing how to make use of all their natural capital in the smartest possible ways.

However, fostering green growth in MENA region requires some considerations[7]:

- A structural challenge for many countries remains the enforcement of environmental laws and regulations, whether related to waste treatment (illegal dumping or substandard treatment of waste) or chemical pollution of water bodies.
- The countries of the MENA region are characterised by a large informal sector at it is recommended to understand and consider their role in the transition to a green economy to implement approaches that are tailored to their needs.
- Some of the region countries have been or are suffering from political, security and economic instability. Therefore, people and businesses' priorities are focused on their short-term physical and economic security, and customers are price-oriented over environmental protection and sustainability.

The Regional Action Plan on Sustainable Consumption and Production (SCP) in the Mediterranean is the first intergovernmental agreement in the Mediterranean basin to establish a regional action framework to promote the shift towards a more sustainable and circular economy, consumption patterns with lower environmental footprints, and greener production methods. It is structured around key economic sectors that are the main sources of environmental pressures on Mediterranean ecosystems.

Regional policy measures to support green and circular economy businesses should be implemented to support the creation and development of green and circular economy businesses in the Mediterranean. These businesses are acknowledged by the countries of the Barcelona Convention as key drivers for the Green and Blue Economy in the Mediterranean region. While all businesses must adapt to their political, social and economic context and operate within regulatory and institutional constraints, green and circular economy businesses often face additional challenges such as establishing a secure foothold in the market, staying competitive with other businesses that do not internalize the costs of environmental and social responsibility, limited opportunities for building capacity on sustainable business practices, and access to financing. Additional challenges can arise when the markets for sustainable products are influenced by a heterogeneous framework of policies affecting business creation and development, especially in a regional setting like the Mediterranean.

Still, awareness around climate change and environmental issues is rising, especially among the new generations, driven by civil society organizations. At the same time, all countries are now struggling with the recent economic downturn caused by the COVID-19 crisis, exacerbated by climate change. The crisis should therefore be seen as an opportunity to reshape and redesign our resource-intensive, linear economy towards a green circular economy.

Links with EU policies/initiatives:

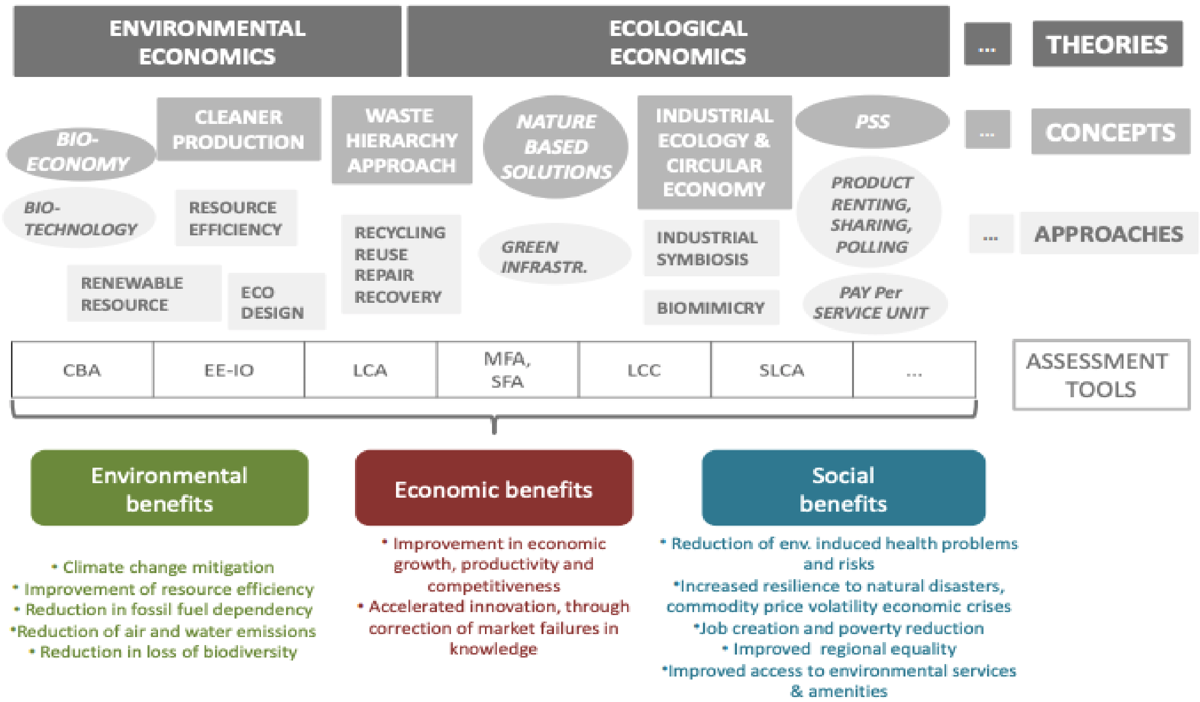
Green growth has been widely recognised as an essential element in achieving climate mitigation targets refined in the Paris Agreement. The Europe 2020 Strategy has recognised the central role of the transition towards a green, low-carbon and resource-efficient economy in achieving smart, sustainable and inclusive growth.

Today, the European Green Deal presents a roadmap for making the EU's economy sustainable by turning climate and environmental challenges into opportunities across all policy areas and outlines the investments needed and financing tools available and explains how to ensure a just and inclusive transition, which could also be having spill-over effects on neighbouring Mediterranean countries.

Green Social Entrepreneurs:

As stated by Zahedi and Otterpohl (2016)[25] a green social entrepreneur could play two important roles in sustainable development: first as an innovative community to change the structure of the economy through sustainability and second as a community which creates and changes the norms in a society so as to maintain sustainable development. In fact, green social entrepreneurs do not focus only on the most immediate problems, but also seek to understand the context to develop new resources and make them available to influence global society.

Figure 8. Characterization of different kinds of sustainability-oriented entrepreneurship



Source: Schaltegger S. & Wagner M., 2011

[25] Zahedi, A. & Otterpohl, R. (2016), Towards sustainable development by creation of green social entrepreneur's communities, 12th Global conference on sustainable manufacturing.

Box 10. EU/JOinUP! EU - UNIDO | SwitchMed - Enabling the Switch to resource-efficient and circular economies in the Southern Mediterranean -> Switcher Funds

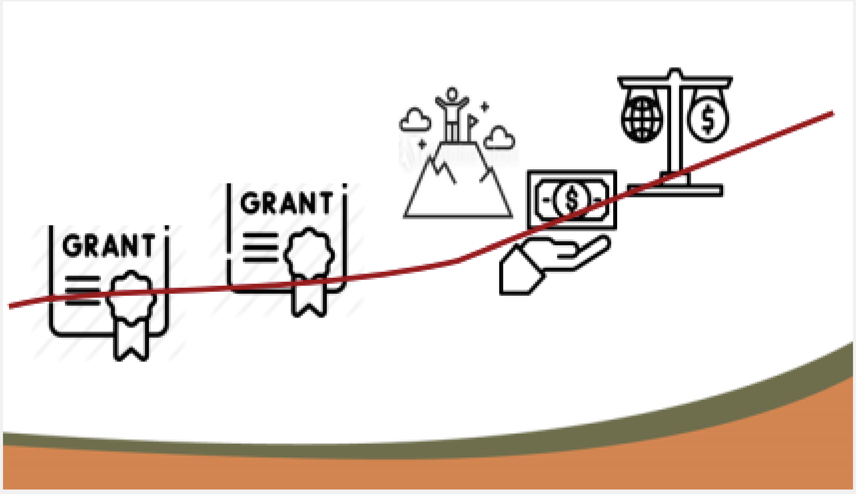
This flagship and renewed regional initiative supports eight countries in the Southern Mediterranean (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia) in achieving sustainable, productive and circular economies. Since 2013, SwitchMed has under the lead of UNIDO, in cooperation with the Regional Activity Centre for Sustainable Consumption and Production of UNEP-MAP (SCP/RAC), and the UN Environment's Economy Division, demonstrated the potential of SME's, green entrepreneurs, organizations from the civil society and policymakers to drive a green and sustainable economic development.

In order to face the challenge of improving access to finance for Green Entrepreneurs, the programme has focused on creating opportunities for Green Entrepreneurs ("The Switchers") to show the potential of their business ideas and attract the interest of investors.

Matching financing needs with the available financing instruments may be a challenge in Mediterranean countries. The risk and return expectations of investors and investees do not often align. Moreover, there is a lack of patent capital or flexible finance that fits the needs of Green Entrepreneurs. In certain cases, Green Entrepreneurs who do find finance, do so under conditions that they cannot easily accept.

Mission of the SwitchersFund is to facilitate investments directly to the Switchers, through a mix of grants, impact investing and technical assistance, as a way of strengthening their start-up projects and a stepping-stone towards raising additional funds in their countries.

The SwitchersFund has three main goals:
1) Proving that finance for sustainable business can work (2017-2020)
2) Filling the financing and technical assistance gaps for sustainable business (2021-2023)
3) Networking with all the relevant stakeholders and support policy-making (2021- 2023)



Beyond its Grant Scheme, the SwitchersFund intends to develop other financial instruments such as recoverable grants, honor loans and ultimately minority equity participations. ***The basic idea is that Green Startups can progressively graduate from one instrument to the next until they become investment ready.***

The goal of the SwitchersFund is to act as a catalyzer that ultimately serves to attract private investment towards Green Startups.

Currently the action is in the scaling-up phase when The SwitchersFund is as tool to attract investment (2,4 MEURO) for the Switchers and then is expected to become an established mechanism to funnel Impact Investments.

TYPE OF ENTREPRENEURSHIP	CORE MOTIVATION
Eco-entrepreneurship	Contribute to solving environmental problems and create economic value
Social entrepreneurship	Contribute to solving societal problems and create value for society
Sustainable entrepreneurship	Contribute to solving societal and environmental problems through the creation of a successful business
Institutional entrepreneurship	Contribute to changing regulatory, societal and market institutions

We are witnessing the emergence of social entrepreneurs who are thinking greener, who consider social issues as closely interconnected with environmental issues. These new professional figures – green social entrepreneurs – are seeking to make changes in the relationship between economy, ecology and society through a multilevel approach to sustainable development.[26]

6.3.5. EU inspiration for policies

A look at the EU can give some inspiration from the Rural Social Economy [27]: a business model who's been given an increasing attention due to its capacity to provide resilient experiences connecting Green, Social and sustainable local development for 'Vibrant Rural Areas'

The social economy can provide a model for a transition towards sustainable local development and for the participatory revitalisation of rural areas in the view of many policy makers at Eu, national and local level.

At EU level the European Network for Rural Development has recently focused a lot on the SE as the business model for (re)launching rural areas according to a sustainable, inclusive vison of the economy.

"Alongside community cooperatives and similar initiatives, so-called 'third places' are emerging in a number of Member States (including in rural areas) and are run following social economy principles. These act as a cornerstone when it comes to rebuilding rural communities, mobilising inhabitants, rebuilding trust and thereby also reviving local democracy and active citizenship. Abandoned or unused spaces – e.g. wastelands, former schools, vacant bars and industrial complexes – become new centres for local development, cooperation and citizen participation. As new meeting places for inhabitants and hubs of cooperation for different local players, they trigger the development of economic activities, and become one-stop shops for public services, promoters of the arts, culture and education. In other cases, they support the energy transition of communities under coordination – for example – of citizen energy cooperatives)."

Moreover, in the goal of '**building communities'**, the newly emerging platform cooperatives must not be overlooked. "They offer new digitally -based solutions for cooperation among

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[26] Schaltegger, S., Wagner, M. (2011), Sustainable entrepreneurship and sustainability innovation: categories and interactions, Bus. Strat. Environ.

[27] European Network for Rural Development. The European Network for Rural Development (ENRD) is the hub that connects rural development stakeholders throughout the European Union (EU). The ENRD contributes to the effective implementation of Member States' Rural Development Programmes (RDPs) by generating and sharing knowledge, as well as through facilitating information exchange and cooperation across rural Europe. Each Member State has established a National Rural Network (NRN) that brings together the organisations and administrations involved in rural development. At EU level, the ENRD supports the networking of these NRNs, national administrations and European organisations

workers, producers and consumers while solving specific local challenges (e.g. mobility, food provision) based on the principles of the social economy"

Looking at EU policies related to this aspect: At EU level The Common Agricultural Policy (CAP) and Rural Development Programmes (RDPs) "provide a wealth of opportunities to support social economy activities which can make rural areas more attractive, inclusive and vibrant. The future National CAP Strategic Plans, as well as national and regional operational programmes under other cohesion-policy-related instruments, such as the ERDF, will provide further opportunities – and responsibilities – for Member States and regions to exploit all the available possibilities to support the social economy. LEADER Local Action Groups can contribute to more networking and partnerships between public authorities and civil society initiatives, which could boost the development of more social economy initiatives in rural areas. However, innovative and impactful social economy actions in rural areas often have their origin in smaller initiatives launched by groups of citizens which, often, due to the lack of human resources and expertise, have difficulties in accessing EU funding. More decentralised support (e.g. in the context of LEADER and CLLD), but also investment in capacity-building, is vital to facilitate access to funding for small initiatives. The social economy has been paving the way for a (re-)democratisation of the economy and society – associating citizens and local communities with a local and European endeavour which is theirs"

6.4. LEGAL/POLICY FRAMEWORKS AND OTHER FEATURES OF AN ENABLING ENVIRONMENT

A solid and thorough mapping of the legal and policy framework would require much more time and resources; however, we can have a sufficiently meaningful picture of how it is in general terms:

- No relevant development regarding ESG/sustainable finance legal frameworks in the countries. Corporate governance seems to have been focusing on more traditional issues such as transparency, disclosure, etc. Only issues regarding equality emerged before the COVID crisis. Nevertheless, the pandemic seems to have fostered some new trends regarding Social Issues. Thus, the recent meeting of the MENA-OECD Working Group on Corporate Governance on October, 21st 2020, included among its conclusion the following one: "There is increased awareness and reporting showing environmental, social and governance (ESG) aspects of sustainable investment are becoming more important"[28]. However, it is still early to assess its impact.

- Uneven development regarding Social Economy and Social Business[29] laws. Thus, we see as in some countries (Morocco, Tunisia and, to a certain extent, Palestine) a more general Social Economy approach is being considered and has entered the policy process (not in Palestine, though), while in others, such as Lebanon and Jordan, we find

[28] https://www.oecd.org/mena/competitiveness/2020-MENA-OECD-Corporate-Governance-Conclusions.pdf

[29] We propose to use here the ICSEM taxonomy and therefore we prefer to use the term Social Business instead of Social Enterprise, when referring to one specific type of Social Enterprise (for profits using traditional shareholders governance structures, i.e. limited companies)

some initiatives to develop at least a Social Business law. Egypt, seems to be closer to these two other Mashrik countries, while in Algeria remains outside these initiatives.

- Positive trends at regional level in relation to law reforms with some positive (Tunisia) and less positive (Morocco where the initiative has been in place for several years) examples. In line with the above-mentioned development, we find that only one country has succeeded in passing a Law (Tunisia on Social and Solidarity Economy) but it required the combined efforts of key international actors (ILO and the EU mainly but also other such as Italy and France) and the strong support of a key local actor such as the local Trade Union (UGTT). Meanwhile, the initiative to design and pass a Law on Social Economy in Morocco has encountered some problems. Thus, it has not advanced for some year now, despite the existence of a project of framework law sent to the General Secretariat of the Government in 2016 and it being included in the government programme of 2017.

- Initiatives regarding Social Business laws in Jordan and Lebanon. This and the previous issue seem to depict two intra-regional trends: one closer to a more general Social Economy approach (Maghreb) and one closer to a more specific focus on one type of Social Economy enterprise (Mashriq). In this case we see a more advanced situation in Lebanon and some more initial developments in Jordan. Nevertheless, we also see some interest to move towards a more general Social Economy approach regarding policy and legislative initiatives in Jordan in the last year and a half (led by JoinUP, MedUP and Mubaderoon projects). Palestine is also moving (see below regarding cooperatives) with Egypt in a more initial situation with no sufficient advocacy capabilities supporting any reform. Finally, Algeria seems to remain outside these two trends.

- Relevant gaps in relation to Green Economy regarding definition in terms of Green companies and how to differentiate between ESG/Sustainability approaches and fully impact ones (the same applies to SE) from the point of view of legislation/policy. Social Economy has evolved and found a clear niche in relation to “types” of enterprises resulting in a clear legislative path when it comes to developing a distinctive policy/legal framework. On the other side, the same cannot be said in relation Green Economy companies. Therefore, a legal framework assessment tends to require an extra effort in delimiting the relevant pieces of legislation. Furthermore, when we consider the goal of this study, we find that the proposed definition of (Social) Impact Investment imposed further constraints to assess the regional or country level ecosystem from the point of view of legislation/policies. Nevertheless, traditional Social Economy and Social Business laws tend to include environment and/or sustainability as suitable objectives to qualify so to a certain extent SE can consider to include many Green Economy companies (if not most of them). Something different is environmental regulations which may be making their way in some countries but due to insufficient supervisory capabilities there is much room for improvement.

- There is a key issue regarding modernization of cooperative laws (and the potential for other laws regarding associations, mutuals and foundations). Cooperatives present a similar problem to that faced by these key actors in Eastern Europe. They were heavily promoted in many countries around the world in the 50’, 60’ and 70’ and in many cases, they also suffered a high degree of intervention by public authorities. Since then, the legal framework has either left unchanged or reformed to make it more marginal (Tunisia made some changes so that even the name cooperative was erased). However, as recent efforts in some countries such as Morocco (new Law 12-112 passed on 2014) have shown, this actor can be a key element in addressing many of the most relevant issues. We also see examples where key stakeholders consider that a more modern legal and policy framework could address some of the barriers encountered (informality, size of the tickets, sustainability of investments, etc.). In relation to this it is interesting to mention the Coops4dev project managed by the ICA and funded by DEVCO. It has a focus on policy frameworks and it has produced some interesting analysis for some of the countries involved in the study (such as Jordan) which point in the right direction. This, along with the involvement of the Coop Unit from ILO (the same one involved in Tunisia's PROMESS project), is an encouraging development. Finally, it is worth noting that most of the countries are presenting incredibly old legal frameworks and often lacking homogeneity (as for example Egypt with a general Law from 1956, and several on specific types with the last dating back to 1990 on educational cooperatives). The two exceptions are Morocco and Palestine.

- Supervision not adapted to SII, even less for Social Economy enterprises (both in the case of financial intermediaries or final beneficiaries). Considering that most initiatives regarding SII remains (even in more developed regions) in the area of Codes of Conduct, the issue of supervision remains a problem in other areas of our study, such as alternative finance innovations, access to finance for actors such as cooperatives, or the development of Social Economy intermediaries. As the example of other countries such as Ecuador or regions such as Europe and North America show, in order to develop a more sustainable and friendlier social finance ecosystem, supervision needs to be adapted to such financial actors and tailored to Social Economy enterprises. For example, we have witnessed some delays in the implementation of project targeting investment/loans for SE in Tunisia, due to concerns and barriers from monetary authorities.

- Conducive regulatory framework for the development of microfinance moving toward a regulated and better monitored sector. In the last decade, changes in regulatory framework in SEM countries - Syria (2008) followed by Tunisia (2011), Palestine (2011), Egypt (2014), and Jordan (2015) - have improved the supervision of microfinance institutions under central banks or specific supervisory authorities and the perspectives for the entry of new for-profit actors in order to meet the unserved demand. On the regulatory side, prudential and risk-based measures are overwhelming in attempt to prevent any threat to system's stability. Morocco's over-indebtedness microfinance crisis in 2007 have pushed regulators to adopt strict measures allowing for a better-informed client targeting and improved risk management practices. Encouraged MFIs transformation process from NGOs to self-sustainable MFIs (Lebanon, Egypt) as long as the entering to the market of greenfield actors with proven business models and organizational capacities (Egypt, Tunisia) allows for greater competition in the market.

- Positive regulatory framework on digital finance, FinTech activities, payment services providers have been introduced in all the countries across the region. While these achievements may have positively affected the MFIs operations, they have yet to be reflected on decreasing operational costs for MFIs. Another relevant issue is that this FinTech trend can suffer from inadequate regulatory and supervisory frameworks (as it happened with the first wave of Microfinance).

- In line with this, Islamic finance market suffers of an inadequate regulatory environment. Some countries (Egypt, Jordan, Morocco and ongoing initiatives in Tunisia) have enacted specific legal framework related to some Islamic-compliant products but the results are yet to come.

- Informality poses a problem which may be linked to regulatory/registration barriers. Informality is high in the region and this affect many issues such as the deal flow, sustainability of social enterprises, impact, access to finance, investment readiness, etc. This can be related to regulatory and registration barriers, since many of these informal undertakings are either not interested/not able to become formal despite having the potential to do so. This is not to say that all informal undertakings should be formalized, since Survivalist Entrepreneurship does play a role in income and informal employment generation. However, it can be expected that some of these informal enterprises do have the potential to provide better quality employment and income if *adequately* formalized. One example for this would be regulations facilitating the clustering of micro-entrepreneurs into cooperative-like enterprises.

- Policy Dialogue from the EU may be a relevant source of development. As signaled by several interviews, the EU activity in the countries has a very interesting and untapped capacity: its capacity to include SE and GE into policy dialogue. In the first case, only Tunisia presents a clear and significant action in this direction with the Budget Support programme recently implemented (ARFIFES) see below. However, for this to be further developed other EU Delegations need to be further acquainted with SSE and the potential of strengthening the collaboration also at this level with other more “politically” charged tools such as the above mentioned one. Third party interventions such as MedUP! Project are less capable of achieve rapid changes but they will certainly benefit from other initiatives at this level.

Box 11. ARFIFES Programme

ARFIFES : Programme d'appui à la réforme fiscale, l'inclusion financière et le développement de l'économie sociale et solidaire (Program to support tax reform, financial inclusion and the development of the social and solidarity economy.) (CRIS number: ENI/2017/040-445). The financial envelope is EUR 70M, divided in EUR 62.6M for budget support and EUR 7.4M for complementary support.

This is an intervention funded by the European Neighborhood Instrument and it uses a fundamental tool of EU's international cooperation policy: budget support. It consists of direct financial transfers to the national treasury of partner countries in exchange for commitment to pursue sustainable development reforms. In this case the ARFIFES programme (one of several budget support ones with Tunisia) has three pillars:

1. *Improving the performance and equity of the Tunisian tax system*
2. *Increasing financial inclusion in Tunisia.*
3. *Developing the social and solidarity economy in Tunisia.*

In the second case the reform was related to the implementation of the National Strategy for Financial Inclusion (NSFI) which included the following five axes: digital finance, micro insurance, refinancing, SSE and financial education.
The specific indicators linked to the disbursement were:

1. *Amendment of the Decree-Law of 2011 (approval of the law by the Council of Ministers) Ministers) to allow the financing of legal entities by Microfinance Institutions*
2. *Amendment of the Decree-Law of 2011 (approval of the law by the Council of Ministers) Ministers) to allow for the strengthening of the supervisory role of the Microfinance Control Authority.*
3. *Adoption by the Central Bank of a circular relating to the payment institutions created by the law n°48-2016 relating to banks and financial institutions; the regulatory framework allows the creation of a network of agents.*

All of them were achieved and therefore the amount earmarked for this pillar was disbursed in two tranches. The total weight of these three indicators was 25% (used to calculate the amount to be disbursed).
In relation to the third component (SSE) the reform was related to the adoption and implementation of an SSE strategy following its inclusion (SSE) in the Development Plan 2016-2020 as one of the three pillars of the national economy alongside both the public and private sectors.

The specific indicators linked to the disbursement were:

1. *Adoption of the national strategy for the development of the social and solidarity economy solidarity in Tunisia*
2. *Draft framework law on the social and solidarity economy and solidarity is transmitted to the National Parliament (ARP).*

In the first case a Strategy (in collaboration with ILO) was co-designed and presented in a national conference, but it was never officially adopted by the government. The second indicator was not only achieved but the Law (Law No. 2020-30 of June 30th, 2020) was also passed by the Parliament on June 17th 2020 and officially published on June 30th 2020.

The total weight of these three indicators was 10%.

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This programme can be considered an interesting learning experience with positive results (the first time to include SSE in this kind of high-level policy instrument of the EU) and some room for improvement (maybe link to the large financial support received by Tunisia, its capacity to absorb it and the need to improve the capabilities of the public actor to design and implement such reforms)

The total weight of these three indicators was 10%.

At regional level, we would like to mention two main actors for a:

UfM

The Union for the Mediterranean (UfM) prioritizes the key contribution of Social Economy for employment and the promotion of entrepreneurship in the Mediterranean. The Ministerial Declaration of the UfM Employment and Labour Ministers[30] (43 states) in April 2019 gives the UfM Secretariat a mandate to work in favor of the Social Economy and, furthermore, recognizes the role that Social Economy enterprises play in the UfM Technical Experts' Group on Industrial Cooperation and SME development Work programme 2018-2020[31]. This programme devotes a specific chapter to promoting policies in favor of the Social Economy with different actions.

The **priority measures to strengthen the Social Economy in the Euromed region** as a key player in social and economic reconstruction after the pandemic have been laid down by the UfM Secretariat with the representative organizations of the social economy (CEPES, ESMED and SEE). These measures are set out in the conclusions of the online UfM event "Social Economy and the Post-Pandemic Recovery: Challenges and Prospects"[32] hold June 2020.

[30] https://ec.europa.eu/social/BlobServlet?docId=20942&langId=en
[31] https://ec.europa.eu/docsroom/documents/34585/attachments/1/translations/en/renditions/native
[32] https://ufmsecretariat.org/ufm-promotes-social-economy-as-agent-post-pandemic-recovery/

The online UfM event "Social Economy and the Post-Pandemic Recovery: Challenges and Prospects" held in June 2020, states that social economy currently consists of a total of 3.2 million enterprises and 15 million jobs in the EU and eight southern Mediterranean countries and it is a key agent of post-pandemic recovery.

In relation to Green Economy there are several initiatives with environmental issues being one the key themes in its three axes of work (political framework, Regional Dialogue Platforms and Projects and initiatives). All of them are organized according to six areas (with two falling into the category of “Environment”):

- Business Development
- Higher Education & Research
- Social & Civil Affairs
- Water & Environment
- Transport & Urban Development
- Energy & Climate Action

It pays strong attention to what is called Blue Economy (which in our framework could be considered part of the Green Economy).

Here it is worth mentioning an initiative the “MED MSMEs Programme – Policies for inclusive growth” which is being implemented by the UfM, Small Business Act Coordinators, Business Support Organisations, International Financial Institutions. It addresses regulation and other policy-related issues and within its stated objectives it includes a couple of them addressing financial elements (financial inclusion and MSME access to finance). However, these and other related initiatives which start to address Social Economy issues sometimes fail to engage SE actors and therefore their results may be misleading. The very fact that the concept is developing in the area, requires an extra effort in engaging key stakeholders and the use of well-established research and operational definitions. This is even more the case when related concepts such as inclusive economy, inclusive businesses or inclusive growth are involved.

Finally, one of the commitments included in the declaration from the last thematic Ministerial Conference in 2014 (to be reviewed in the next one in June) reads “undertake to take steps to accelerate the necessary reforms to create a favorable and sustainable investment environment, and to ensure adequate project preparation and implementation”.

Box 12. ILO | Promotion of Organizations and Mechanisms of Social and Solidarity Economy ('PROMESS') in Tunisia

The project has upscaled and replicated a successful rural youth employment initiative implemented under the DEPART project (Dutch funded project on LED) and made its expertise, strategies and tools available to other development projects promoting SSE organizations and mechanisms in Tunisia.
The project supported more than 200 SSE organizations per governorate and create not less than 4,000 jobs and livelihoods.

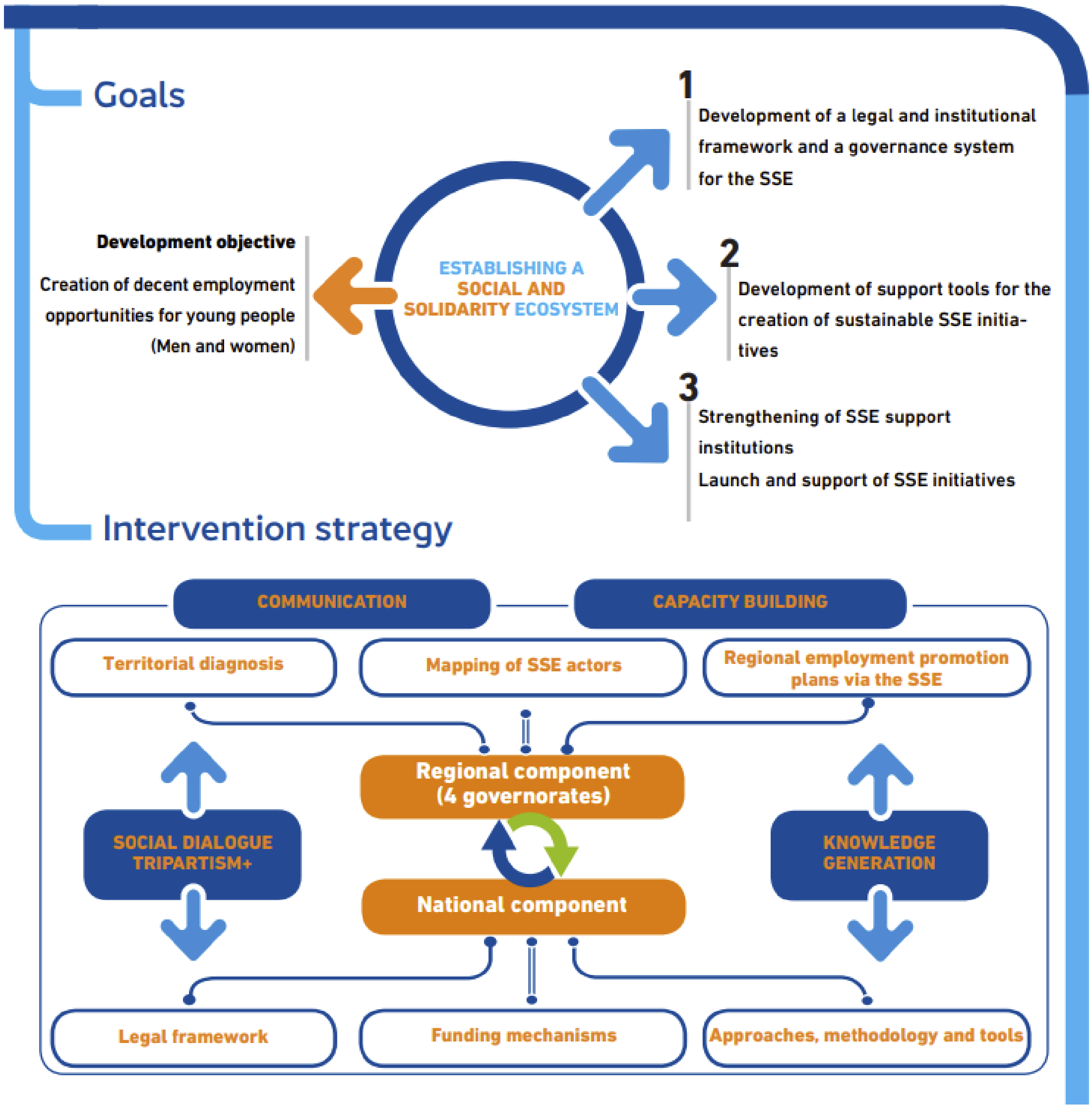
The main objective is the creation of sustainable and decent jobs for young women and men in Tunisia through the promotion of organizations and mechanisms of the social and solidarity economy.

Particularly relevant to the purposes of our study is the component of the project devoted to the ***development of the legal and institutional framework favouring the emergence and structuring of the SSE.***

This component focused on the establishment of a legal framework and the elaboration of a bill: the establishment of the legal framework for the SSE started with a national dialogue between the tripartite constituents and the participatory approach introduced by the ILO has facilitated the involvement of all stakeholders, ***including SSE actors.***
The SSE bill was based on the analysis and compilation of the legal texts in force as well as national reference documents.

The bill on social and solidarity economy (SSE) was adopted on 17 June 2020 by the Assembly of the Representatives of the People in Tunisia. The new law aims to balance economic growth and social equity by promoting equitable co-existence of the public, private and the social economy institutions. It also aims to promote economic and social inclusion of the disadvantaged and marginalized populations including those living in isolated, rural areas and unemployed youth by encouraging them to associate in cooperatives, mutual organizations or self-help groups that can help improve livelihoods and create jobs.

Figure 9.PROMESS Intervention strategy



Source: ILO

Dimension	3 MUSD
Financial support:	Grants, subsidies
	Funder: Kingdom of the Netherlands • Duration: June 2016 to March 2020
Contextual	Clearly integrated to Eu and national policy/priorities Development of the legal and institutional framework favouring the emergence and structuring of the SSE.
Social	Impact intent stated
	Social cost and benefits clearly analysed
	Impact outcomes defined
	Mapping and identification of the key stakeholders
	National dialogue between the tripartite constituents and the participatory ap-proach introduced by the ILO has facilitated the involvement of all stakeholders, **including SSE actors.**

Arab League

This is the most relevant regional organization in the Arab world and is located in Africa and Western Asia. It was initially formed in Cairo on 22 March 1945 with six members: Egypt, Iraq, Transjordan (renamed Jordan in 1949), Lebanon, Saudi Arabia, and Syria. It now includes 22 members (including all those involved in this mapping exercise).

It has created several institutions, notably the Arab League Educational, Cultural and Scientific Organization (ALECSO) and, maybe the most relevant for this mapping, the Economic and Social Council of its Council of Arab Economic Unity (CAEU). Through these institutions the League facilitates political, economic, cultural, scientific, and social programmes designed to promote the interests of the Arab world. Nevertheless, we have not found significant mentions to Social Impact Investment or to Social or Green Economies.

This may be an indicator of the need to further foster a more bottom-up approach regarding those two issues.

Besides these, there exist another relevant intergovernmental initiative:

The MENA-OECD Initiative on Governance and Competitiveness for Development. This was initiated and led by the region and it supports these reforms through an inclusive and coordinated approach, innovative policy dialogue, and links between key stakeholders, peer learning and capacity building. It includes all seven countries analysed in the mapping and many others such as Iraq, Syria, UAE or Mauritania.

Its main programmes are:

- MENA-OECD Competitiveness Programme
- MENA-OECD Governance Programme
- Morocco Country Programme
- G7 Deauville Partnership-Engaging in a multilateral platform providing political and financial support to Egypt, Tunisia, Morocco, Jordan, Libya and Yemen with the aim of fostering good governance, civil society engagement, job creation, SME development investment, financial inclusion and women's empowerment.
- Arab-DAC Dialogue on Development

  Besides this, it is important to mention the OECD Global Action on promoting Social and Solidarity Economy Ecosystems. This international action, funded by the EU under the partnership instrument of the External Action of the EU. Despite addressing mainly EU member states and six of the most relevant partners of the EU (Korea, India, Brazil, Mexico, USA and Canada) it may have an impact since the main axes of this action are: legal frameworks, impact measurement and peer learning.
  The so-called Peer Learning Partnership has been recently launched and two are addressing precisely these two issues: legal frameworks and impact measurement. The first led by CEPES (Spain) and the second by French Impact.

Other related issues

Besides the policy framework there are other related elements which may have an impact on the ecosystem's friendliness. Some are related to key regulatory/policy issues, as, for example, improving the capacity from both demand (SE and GE) and supply side (SI investors) is key to improve supervisory capabilities, since the latter may require suitable supervision, better data and statistics and the capacity to develop a policy dialogue, among others.

In relation to this we have found some significant elements:

- Absence of SE or GE networks in most of the countries (with the exception of REMESS in Morocco and the recently created LSE in Lebanon which only focuses on Social Businesses and to a certain extent Enterprising Non-profits and not in other types of SE actors).

- Absence of formal or informal forums or structure for horizontal dialogue between supply and demand side. In this sense there are no National Advisory Boards of the GSG in any country in the region (except for Israel). Nevertheless, even these structures (NBAs) may present some shortcomings since they do not guarantee an adequate and balanced representation of all key actors in the ecosystem.

- Absence of sufficient capillarity of networks that could go from local, to regional (sub-national), to national and international links of key actors. This is clearly related to the first element mentioned but it does have sufficient relevance since it affects key issues such as the deal flow, supervision, risk, impact measurement metrics, etc.

- Insufficient advocacy capabilities that affect the capacity and the quality of policy interventions. Co-production of policies or even informal collaboration between private actors and policy makers is not an added value, but a central piece of successful SE and SII ecosystems. In the area, unstable political conditions make it even more difficult to participate in key stages of the policy process. This will require the development of networks, improving their capacity to engage in fruitful policy dialogue and enhancing the minimum environmental conditions for this to happen efficiently.

- Insufficient initiatives on behalf of public financial entities towards cooperatives as a potential or targeted clientele, with maybe some minor exceptions in countries like Morocco where cooperatives are de facto important economic players. However, even in this case cooperatives are less deserved than other MSMEs.

Box 13. REMESS: The Moroccan Network of Social and Solidarity Economy

Created in 2006, in the aftermath of the World Social Forum of Porto Alegre, the Moroccan Network of Social and Solidarity Economy (REMESS) is a national network of 55 organizations involved in the field of social economy: NGOs, mutual associations, cooperatives, economic interest groups but also researchers and experts in SSE. The network is present throughout the country with 12 branches and operates in close contact with local economic players. REMESS is also an active member of SSE promoting international initiatives such as the African SSE Network or the Mediterranean SSE Network (EssMed).

REMESS' work aims to promote SSE as a leverage for the development of territories in Morocco focusing its intervention on two levels: an advocacy level to public authorities and capacity building activities for SSE.

At a decision-maker level, REMESS' advocacy actions challenge a widespread view that tends to consider SSE activities, especially cooperatives, as a form of rudimentary out-of-necessity businesses and fails to see the growth prospects and benefits of SSE businesses in boosting social cohesion and livelihoods. In collaboration with the Moroccan Centre of Research and Studies on SSE and other experts, REMESS has support awareness-raising activities and policy-oriented research on SSE targeting local and central public authority representatives.

More globally REMESS' activities contribute to improving organizational and management skills of its members. Technical assistance is also provided on thematic issues like fair trade, sustainable tourism, youth and women employment in supporting local income-generating activities in particular in rural areas. Several projects have been carried out are being carried out for this purpose with international partners (Oxfam, EU, UNEP, World Bank).

Egypt

Egypt is among those countries where the absent of sufficient advocacy capabilities results in its inability to develop this specific legal framework. However, there has been some recent reforms which may have an impact such as the “The micro, small and medium-sized enterprise development law” (Law n. 152, Year 2020), published in July 15th, 2020.There are other policy/legal initiatives such as one on financial inclusion or crowdfunding but it is still not approved by parliament till now

Besides this, there other policy-related issues such as recent development in key supervisory/regulatory actors:
Thus, the Central Bank of Egypt, which deals with monetary policy and currency matters, but since at least 2008 the Bank has taken a role in spurring (youth) employment—including through supporting social and business entrepreneurship. The Bank issued a decision in 2008 to exempt the Micro, Small and Medium Enterprises (MSME) loan portfolio from mandatory reserve ratios, effectively making more funds available to MSMEs. In 2016, two hundred billion Egyptian Pounds (10 billion Euros) were pledged as loans to or investments in MSMEs.

A negative impact comes from the Financial Liberty and the 2016 NGO Law. According to it, donor funding, foreign funding, and other forms of non-earned income must be first approved by the Ministry of Social Solidarity. This particularly impacts NGOs and thus social enterprises registered as NGOs. Registered

Furthermore, initiatives such as the GAFI - General Authority for Investment and Free Zones has facilitated the creation of enterprises by shortening times and allowing for certain degree of digitalisation in these administrative matters.

Besides those, we could also include here for both (Social and Green Economies) what the SWITCH MED country report signals regarding its policy framework and its main regulatory obstacles:

Government regulations and laws: Bureaucracy and the lack of an intelligent holistic policy vision including education, import tariffs, taxation and a stable judiciary to support entrepreneurs complicates entrepreneurs’ journeys

Digitalization: Bureaucracy, unnecessary redundancy and inefficiency in legal work with the government discourages entrepreneurs

Tunisia

LEGAL AND REGULATORY ENVIRONMENT FOR SOCIAL AND GREEN ECONOMY

Tunisia has taken positive steps in promoting and supporting social economy by enacting adequate legislation though it needs further enforcement for tangible impact. Worthy to note that such legislation has been also endorsed by international donors (e.g. EU) and bilateral technical cooperation (e.g. GiZ).

- The StartUp Act launched in 2019 to pave the way to a dynamic ecosystem of start-ups. Though not specifically addressing the issues of social/green economy – only 3,2% of 248 labelled start-ups up to March 2020 operate in the Green Tech or Social Businesses sectors – the StartUp Act provides a series of catalysts which may turn useful for social impact investing like a new investment framework for venture capital and new financing mechanisms - ANAVA Fund of Funds, Incubator of Management Companies, and the Startups Guarantee Fund.
- The newly adopted law on SSE is considered to set the foundations for the sector to develop, ensure effective data collection tools for the sector and bring the sector closer to the financial sector. However, its implementation is not effective as to date, by-laws have not been enacted.
- The law on crowdfunding yet ineffective for the same reasons
- The project of law on “financial inclusion” which would allow microfinance institutions to provide credit to SSE up to 100 000 Tnd (approx. EUR 31,000)

Box 14. The Tunisian Law on SSE

The Tunisian Law on SSE provides a comprehensive framework on SSE's entrepreneurship in respect to many issues: definition and objectives, governance bodies, sector organization, data collection system and access to finance modalities.

First, the law expressly assigns to SSE businesses an obligation of fair balance between financial profitability requirements and the values of social solidarity. Among others, it also confers to the SSE the objective to downscale the informal economy.

The Law designates 2 public governance bodies in charge of the organization and supervision of SSE sector at different levels.

- *The "Higher Council of the Social and Solidarity Economy" to establish under the Presidency of the Government. The Council plays a lead role in setting the main orientations of the SSE development perspective in Tunisia. Moreover, the Council is called to express informed opinion and proposals on sector regulation. In doing so, the Council carries out consultations with all SSE stakeholders: public bodies involved in SSE sector, SSE businesses representatives, independent experts and NGO's representatives.*

- *The "Tunisian Social and Solidarity Economy Authority", an ad hoc public entity under the supervision of the Ministry in charge of the SSE. Endowed with legal personality, administrative and financial autonomy the Authority oversees various SSE technical aspects and has extensive prerogatives which may be summarized into 4 categories: (i) carry out research, studies, training and communication on SSE, (ii) set SSE performance indicators and undertake SSE sector assessment, (iii) propose, coordinate and implement sectoral and / or national SSE policies and (iv) set up and maintain a database of free public access on SSE businesses creating a "Subsidiary Register of the Social and Solidarity Economy" purposely.*

The need for sound specific data has also drawn the legislator's attention. The Law requires National Statistical Institute to carry out data collection regarding the economic activity of SSE businesses and maintain a SSE-specific satellite account for the purposes of the National Accounts System.

The Law supports the SSE economic activity (i) by granting access for SSE businesses to all sectoral or geographic tax advantages currently in place and (ii) by allocating a percentage of public procurement bids to SSE businesses yet ensuring that fair competition rules are respected. The Law particularly focuses on SSE access to finance as it acknowledges various financing instruments by (i) granting access namely to banking loan, microcredit, leasing, venture capital, equity, seed funds, collective finance, (ii) allocating preferential credit lines to SSE channeled through financial institutions, (ii) setting up a specific guarantee mechanism called "guarantee line for SSE finance" in order to back SSE loans and all categories of SSE financing (iii) supporting the development of specific platforms (alternative /participative finance).

In 2020, Tunisia's Parliament also enacted a Crowdfunding Law to support among others, the SSE access to finance. However, specific by-laws are yet to be issued to ensure full operationalization of the Law.

Palestine

In Palestine we find a country where Social Economy Law, despite being described as necessary by some actors, lacks the sufficient support from relevant actors to enter the policy process. Nevertheless, Cooperatives, has witnessed some improvement of its Legal framework. Thus, we the most updated law in relation to Social Economy families is the Palestinian Cooperation Law of 2017, while the other two are the Non-government Organizations Law from 2000 and the Non-profit companies Law from 2012.

The latter can play a role since many actors in the SII and SE ecosystem needs to be registered. Thus, the Palestinian Authority is requiring MIF to be registered as commercial companies.

The Cooperative Law created the CWA which fulfils roles of supervision and promotion. Moreover, the law also mentions grants and loans for cooperatives but it does it in a very superficial way Also, from the point of view of the ecosystem there are still some structural threats which could be linked to regulatory and/or supervisory issues. Thus, commercial Banks do not provide loans to Cooperatives because of risks and the absence of collateral. These loans are provided by Non-profit financial intermediaries but there have been serious issues regarding defaults in previous years. Now with stronger supervision from CWA such risks have diminished, nevertheless, there seems to be more room to improve supervision and sustainability at ecosystem level:

- Room for improvement in the Commercial law to facilitate access to loans from Commercial banks;
- Insufficient financial readiness by cooperatives;
- Disconnected supervisory actors (insufficient collaboration between monetary authorities/general supervisory bodies, supervision of alternative financial intermediaries and supervision of SE), and
- Absence of adequate collateral for SE enterprises.

Furthermore, and regarding other policy issues, there is an intention to set up Cooperative Banks with the support from the Palestinian Authorities. However, due to a recent reshuffle that intends to centralize all funds from them, there has been some delays on this.

From a political perspective, Sustainable Development is one of the 3 priority themes in Palestine's National Policy Agenda 2020-2022. Achieving Economic Independency is a national priority under the Sustainable Development theme, which includes a set of national policies are defined as providing Decent Job Opportunities, creating a Favourable Investment Environment, building Palestine's Future Economy and promoting Palestine industry and the actions/ interventions to achieve these three national priorities were identified. These actions include:

- Supporting entrepreneurs and SMEs
- Encouraging and supporting initiatives in the ICT sector
- Developing new policies and procedures to help graduates from both genders to launch their entrepreneurship ideas

- Creating a productive economy through supporting agriculture, industries, and tourism
- Attracting foreign and local investments especially for construction, transportation, tourism, agriculture and ICT sectors
- Encouraging export of goods and services to Arab countries
- Empowering and improving the role of the financial sector in supporting economic development
- Improving NGOs and cooperatives governance
- Enforcing of relevant laws that ensure a safe work environment from a health and safety perspective

Finally, regarding ESG reporting and related issues, there is no policy yet, however, the IFC is currently preparing a draft “corporate governance manual” for 2021 and 2022 through the Palestine Capital Market Authority (PMCA). It should have been concluded in 2021 but due to COVID-19 the process has been delayed. So, ESG integration in terms of national regulations and laws is not yet achieved. But there are ongoing efforts in this regard.

Lebanon

SOCIAL ECONOMY

At the present time there is no policy or legal framework for social enterprises in Lebanon yet, Cooperatives in Lebanon are essentially active in the agricultural and agro-food sectors with a first law enacted in 1964 and further amended in 1972, 1977, and 1983. It defines cooperatives as non-profit organizations whose objective is to improve the socioeconomic conditions of their members through cooperation between them towards a common objective.[33] as pointed out ty the ICA: “the ultimate challenge is in enforcing the law of cooperatives. Another big challenge is in convincing the people to work together as a group and in joining their efforts in order to improve their socio-economic conditions. In addition, eliminating the idea of continuous financial support is essential and this should be substituted by self-dependency to ensure sustainability of the cooperative enterprise. (…) The cooperative sector should be broader than the Ministry of Agriculture it should have an entity by itself to focus on all types of cooperation and issue specific laws to enhance and improve the cooperative activities and make it more friendly”.

Other ecosystem issues

At the time of writing this report the ecosystem is vivid and full of initiatives: worth mentioning the attempt of consolidating a common national platform: the Association Lebanese Social Enterprises created by a group of social enterprises “who are strongly committed to connect social enterprises in one association, organize the sector and Connect LSE with local and international partners. We have joined forces to build an effective structure capable of catering to the growing needs of social enterprises in Lebanon. The association's mission is to support the affiliated social enterprises by contributing to their administrative and financial development and to increase their social and environmental impact by all possible means.”

GREEN ECONOMY

- The Lebanese Sustainable Consumption and Production National Action Plan (SCP-NAP) was developed under the coordination of the Ministry of Environment (MoE) in close collaboration with the Ministry of Industry (MoI) and other key partners under the EU funded SwitchMed programme with advisory services and technical support from the United Nations Environment Programme (UNEP). The Plan is part of Lebanon’s efforts to achieve Agenda 2030 and the Sustainable Development Goals. The SCP-NAP (SDG 12.1) prioritizes the mainstreaming of SCP in the industrial sector’s policies and plans and as developed in a participatory and consultative approach.

[33] ILO and ICA have published extensive surveys/analysis of the sector – e.g. The Cooperative Sector in Lebanon: What Role? What Future? / International Labour Organization, Regional Office for Arab States. - Beirut: ILO, 2018.

Jordan

SOCIAL ECONOMY

As per MedUP country study, “No mainstream institutions currently have dedicated capacity or long-term sustainable programmes to support and enhance social entrepreneurship in Jordan. Significant opportunities exist to build a coalition across a highly diverse set of institutions to support both individual and collective efforts to maximize the impact of social entrepreneurship in Jordan. This is reflected in our recommendations for creating a Social Enterprise Jordan Membership body, but also in the general approach behind many of our macro, meso and micro recommendations that deserve to be powered by multi-sector actors and partnerships, to maximise their impact and sustainability.”

Social enterprises in Jordan face both challenges and opportunities arising from the lack of clear juridical framework and there are (not yet?) specific legal entity types that fits to the needs of social enterprises, leaving them stranded between the social development and business worlds.

The cooperative sector was once considered one of the most important economic sectors in the country but today, as the International Cooperative Alliance study shows “the cooperative sector in Jordan is currently in tatters with its great potential largely untapped. According to figures provided by the Jordan Cooperative Corporation (JCC), there are 1,591 cooperatives registered with the agency, two thirds of which are active, with the overall membership base comprising 142,000 citizens. Of these, only 14 per cent are women. The value of total assets is JD327 million, while the available cash at hand stands only at JD42 million.” Cooperatives in Jordan need a modernization of the Cooperative Law of 1971 which “changed the nature of Jordan’s cooperative sector by placing all functions and responsibilities of the hitherto autonomous apex bodies under the JCO as “super apex”. Since the Government held most seats on the Board of Directors of the JCO, this resulted in effective government control over the cooperative movement to grow and develop”. Thus “they need an enabling environment that promotes and strengthens their autonomy and facilitates their access to forms of technical and financial support that enable them to deliver services that meet the needs of their members.”[34]

GREEN ECONOMY

The focus on environmental aspect has accelerated in last 20 years, an ecological strategy was approved in 2017. Jordan has successfully developed their Sustainable Consumption and Production National Action Plan (SCP-NAP) (UN Sustainable Development Goal 12) and is currently implementing it. Links with social enterprises, links with agriculture, tourism, waste management, energy, transports… Opportunities in green economy in Jordan are pretty interesting since the Country with the support of International partners and also multilateral level is supporting important activities: National authorities are cooperating with EU, UNIDO, municipalities and others, to achieve Sustainable development Goals.

[34] LEGAL FRAMEWORK ANALYSIS within the ICA-EU Partnership - National Report of Jordan

There are two initiatives worth to be highlighted: the previously mentioned SwitchMED and the ClimaMed project, the latter providing technical assistance to support the formulation and implementation of local Sustainable Energy Access and Climate Action Plan (SEACAPs), which will be in line with the Global Covenant of Mayors principles and will lead to defining concrete actions implemented by local authorities in the SN region.

Initiatives will be launched on civil society for climate action: new foreseen programmes (Green Deal, Action Plan) at the EU Delegation they are keen to involve SMEs, researchers, social entrepreneurs and also partnerships with municipalities, youth organisations, social and classic enterprises, the private sector will be implemented to work at local level on the *green* aspects.

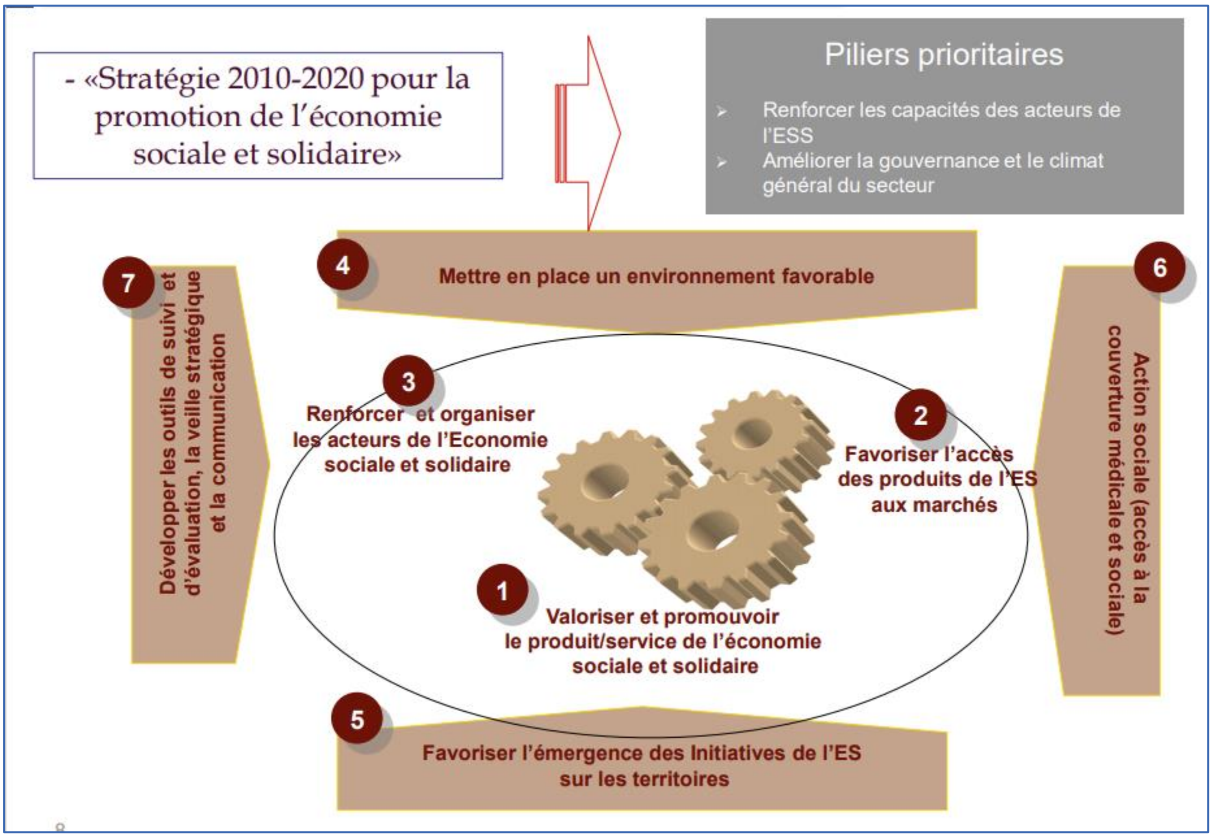
The Green Financing Facility (by EBRD and EU) will target Jordan (and Morocco) with RD's first.

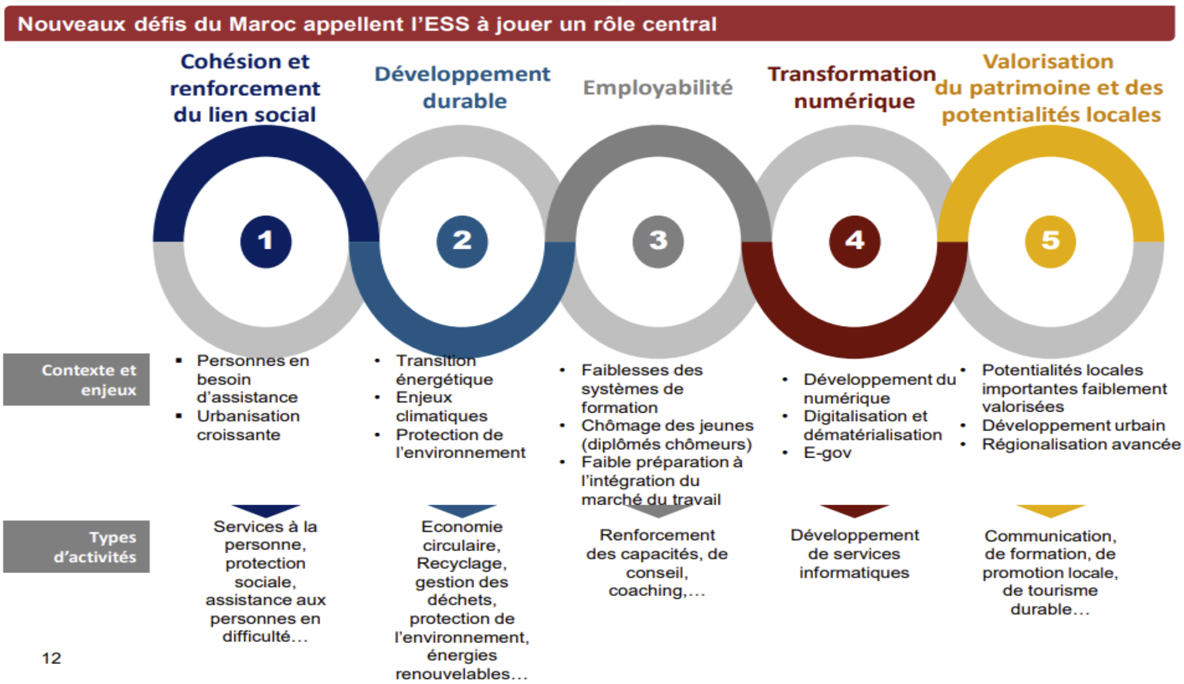
Morocco

As we said earlier the country has one of the most developed SE ecosystems with pioneering initiatives such as the creation of the first advocacy network (REMESS, see the corresponding box describing it) and the approval of long-term strategies. As mentioned above, this commitment to SE it is also built with a strong focus on Cooperatives.

The Kingdom of Morocco put in place a “Stratégie 2010-2020 pour la promotion de l’économie sociale et solidaire” (Strategy for the promotion of the SSE), accompanied by a 2016-2021 plan for "strengthening the social economy and contribution to the fight against poverty and exclusion" through the strengthening and organisation of the sector, creation of a favourable climate and the valorisation of products. Last year a “Nouvelle stratégie de l’ESS 2020-2030” (New SSE strategy) connected to the SDGs has been launched whose elements are exposed below:

Figure 10. Morocco’s SEE national strategy general framework

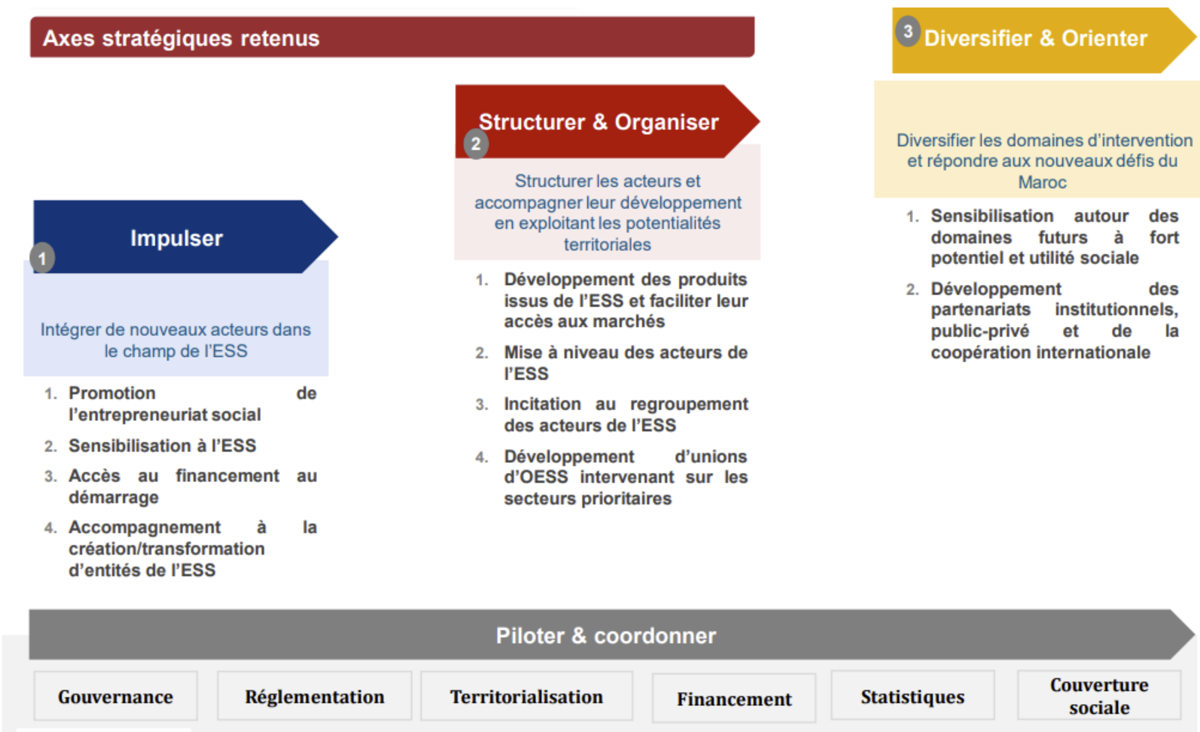




Source: Ministry of Tourism and Social Economy, CEPES 14 December 2020

The strategy targets the pillars linked to a sustainable and inclusive economy approach: social cohesion, green/sustainable, employment, digital transformation, proximity.
It revolves around three "strategic axes" we could define as: promotion/impulse, structuring/organizing, diversification and guidance.

Figure 11. Morocco's SEE national strategy implementation framework



Source: Ministry of Tourism and Social Economy, CEPES 14 December 2020

Besides these developments there is also a Bill No. 11.72 (Fair Trade) submitted to the SGG Publication Committee.

6.5. INSPIRING EXAMPLES FROM OUTSIDE THE REGION

EVPA | COLLABORATE FOR IMPACT development of social entrepreneurship and social investments towards social and economic cohesion in the Eastern Partnership countries and Russia.

The Action is implemented under a multiannual Eastern Partnership Civil Society Facility 2019 – 2020 financed under the European Neighbourhood Instrument. It consists of the Regional Programme budget (2 mln EUR) plus the Armenian component (2 mln EUR), and Social Innovation component (1 mln EUR).

The action is targeting a three-partite stakeholder group:

- the demand side including infrastructure building organizations – traditional charities, CSOs, already existing acceleration programs, social enterprises;
- the supply side of finance, including private and public sources of social investment capital (i.e. individuals, foundations, other re-granting CSOs, companies, other business entrepreneurs);
- policy makers and organizations involved in policy planning at the state level in those countries.

A major element of interest lies in the collaboration between EU institutions (DG EMPL, DG NEAR), IFIs (EIB) and the national and regional dimensions (with the involvement of the EU delegations) of a neighboring area to the EU. This example is also extremely relevant and inspiring for the SN due to many similarities with the Eastern Partnership where there is "Increasing interest from business sector to engage socially / give back (i.e. local & int'l companies, diaspora). Social entrepreneurship is gaining momentum across the region. The sector is relatively young, and unevenly developed across the region." Another similarity lies in the "Insufficient coordination and lack of synergies among initiatives supported by foreign donor organizations"

Another interesting feature is the "long-term and high-engagement approach to supporting social purpose organisations (SPOs) to maximise social impact" which include three core practices: Tailored Financing; Non-financial support (capacity building); Impact Measurement and Management.

The capacity building part of the action has been one of the key elements for its success with an involvement (one could call it an eco-systemic approach) of several and different national and EU level stakeholders.

Dimension	5 MEUR
Financial support:	Grants, subsidies Grants + debt Equity / shareholder structures
	Involvement / synergies with venture philanthropy
Contextual	Clearly integrated to Eu and national policy/priorities
Social	Impact intent stated
	Social cost and benefits clearly analysed
	Impact outcomes defined
	Mapping and identification of the key stakeholders
	Impact metrics used in line with IRIS catalogue (GIIN) or any other industry-specific criteria

EASI PROGRAMME

The Employment and Social Innovation (EaSI) programme is a financing instrument at EU level to promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions.

For the period 20124-2020, IT was divided in three axes:

1. The modernisation of employment and social policies with the PROGRESS axis;
2. Job mobility with the EURES axis;
3. Access to micro-finance and social entrepreneurship with the Microfinance and Social Entrepreneurship axis.

This third axis had three funding tools:

EaSI Guarantee

€96 million for interested microcredit providers and social enterprise. It was aimed at enabling microcredit providers and social enterprise investors to reach out to entrepreneurs they would not have been able to finance otherwise for risk considerations. The Commission selected the European Investment Fund as its entrusted entity to implement the EaSI Guarantee.

EaSI Capacity Building

€16 million were made available through the EaSI Capacity Building Investments Window. It aimed at building up the institutional capacity of selected financial intermediaries that had not yet reached sustainability or were in need of risk capital to sustain their growth and development. It covers equity and, in exceptional cases, loans. The Commission selected the European Investment Fund as its entrusted entity to implement the EaSI Capacity Building Investments Window.

EaSI Funded Instrument

The EaSI Funded Instrument was a loan fund of € 200 million. It provided senior and subordinated loans to microfinance institutions and social enterprise lenders to boost on-lending to micro-enterprises and social enterprises.

The EaSI Funded instrument aimed to improve access to finance for micro-enterprises, including the self-employed and those that employ vulnerable people, as well as for social enterprises in order to support job creation and social inclusion.

The loan fund is a partnership between the EU, the European Investment Bank and the European Investment Fund. The European Investment Fund[35] has been selected as the fund manager.

[35] FI has other instruments which can be related to Social Economy such as the EFSI Equity Instrument and some Results-based financing (RBF) tools, for National Advisory Boards looking to drive the adoption of RBF in their countries. Report of the Global Steering Group for Impact Investment and the Education Outcomes Fund

Besides these there were other initiatives aimed at the development of the ecosystem such as:

EaSI Technical Assistance for microfinance

The EaSI Technical Assistance for microfinance services offered support to public and private financial intermediaries active in the microfinance sector in Europe. The services covered a wide range of activities aimed at improving the quality of microfinance institutions' internal processes, enhancing access to finance, and developing a sustainable European microfinance ecosystem.

EaSI Technical Assistance for social enterprise finance

The EaSI Technical Assistance for social enterprise finance offered support to public and private financial intermediaries active in the social enterprise finance space in Europe.

Finally, there were also different calls within the first axis Progress aimed at developing the ecosystem of the Social Finance and Social Entrepreneurship:

- Operating grants for EU-level NGO networks active in the promotion of social inclusion and poverty reduction or active in the promotion of microfinance and social enterprise finance
- Framework Partnership Agreements (2014-2017) for EU-level NGO networks active in the promotion of social inclusion and poverty reduction or active in the promotion of microfinance and social enterprise finance
- Preparatory actions aimed at supporting the demand and supply side of the market for social enterprise finance
- Actions to boost the demand and supply side of the finance market for social enterprises
- Transaction cost support for social enterprise finance
- Actions to boost the development of finance markets for social enterprises

The total budget for 2014-2020 was EUR 919,469,000 in 2013 prices.

EIB. Advisory Platform for Social Outcomes Contracting. Advisory Platform for Social Outcomes Contracting (eib.org)

EIF. EFSI Equity Instrument. Guidance_for_social_impact_investors.pdf (eif.org)

INVESTMENT READINESS PROGRAM (CANADA)

The Investment Readiness Program (IRP) is a 2-year CA$50 million pilot program designed to help advance Social Innovation and Social Finance (SI/SF) in Canada by building on existing supports to help catalyze community-led solutions to persistent social and environmental challenges. It started on 2019 and they do not use the term Social Economy or Social Enterprise because these are not well-defined legal forms or concepts commonly accepted at federal level.

However, in the website of the programme (which is not directly run by the government) the mentioned types of legal form who can access funding are:

- Charity
- Non-profit
- Co-op
- Social enterprise
- For-profit social enterprise

These Social Economy Enterprises are receiving $10,000-$100,000 in non-repayable funds to grow your social enterprise project to be ready to apply for funds in 755CA$ million programme (with an expected 2:1 investment from private funds reaching an envelope of over 2 billion CA$). This was announced on 2018 and initiated with the 2020-21 budget where 200 CA$ million were allocated for this purpose.

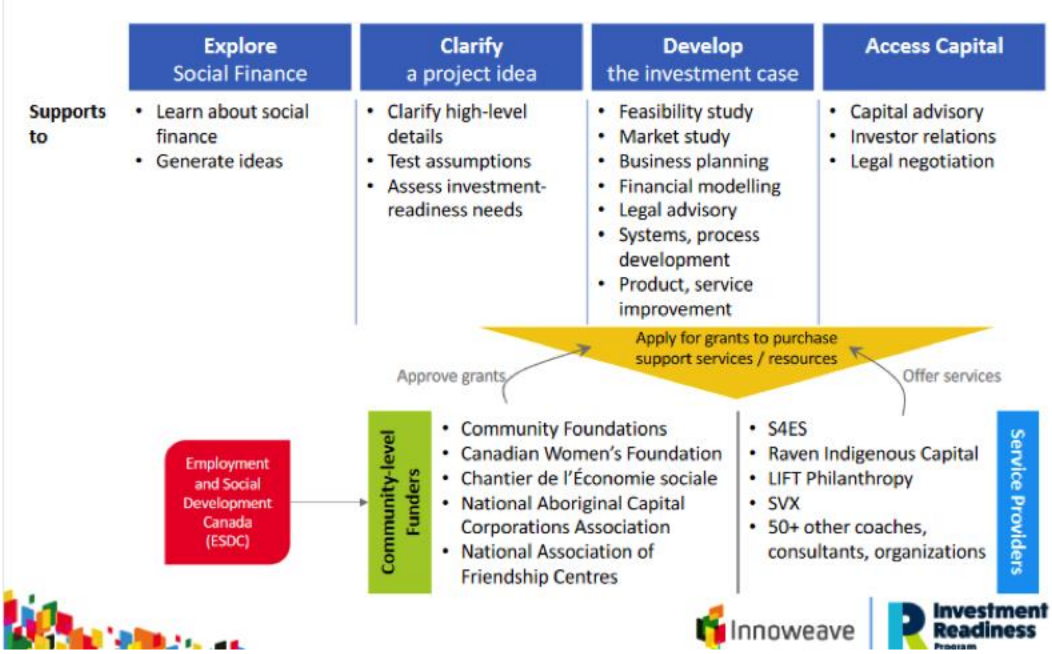
It has three main components:

- Readiness support partners will help administer a large part of the IRP on behalf of the Government. These five partners are either present at federal level or in one province (like the Chantier in Quebec due to specific features of a more developed Social Economy ecosystem)
- Expert service providers. They are existing service providers which receive funding to strengthen their programs on investment readiness.
- Ecosystem mobilization initiatives where funds are allocated to support organizations who can help address system-level gaps.

Guarantee Fund for the Popular and Solidarity Economy (GFPSE)

The GFPSE was established as one of the National Corporation of Popular and Solidarity Finance (NCPFS) services, within the Social Economy promotion policy.

Figure 12. Investment Readiness Program supports by stage



Scope of application GFPSE

NCPSF may guarantee the financial products and services offered by the Organizations of the Popular and Solidarity Financial Systems (OPSFS), which in Ecuador are credit unions and mutuals, i.e. Social Economy financial intermediaries. The investment that GFPSE can guarantee has to be framed in one of the following:

- Working capital;
- Acquisition of fixed assets;
- Execution of productive entrepreneurship programs or projects;
- Resource mobilization between OPSFS;
- Execution of inclusive contracts for the popular and solidarity economy and;
- Any others established by NCPSF based on its institutional objectives.

Thus, Social Economy intermediaries can access the guarantees in three forms:

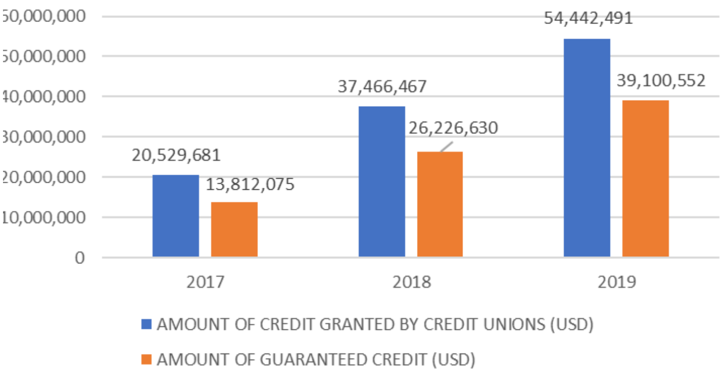
- To serve as partial guarantees for SE organizations in order for them to access to credit.
- To guarantee SE organizations access to contracts as government suppliers, granting them the mandatory guarantees.
- To guarantee the deposits or investments that large credit unions and mutuals (with assets greater than 20 million dollars) make in small credit unions (with assets less than 5 million dollars). The usefulness of this guarantee is because the supervisory body (Popular and

Solidarity Super Intendency) requires a high amount of risk provisions to be made when investing in small cooperatives (considered to have higher risk profile). This, represents an additional cost and in this way the guarantee avoids this and gives greater security, facilitating aid between credit unions.

Finally, it is worth mentioning that the NCPFS evaluates the SE enterprise prior to the issuance of the guarantee.

Here we show some figures showing the success of the programme:

Figure 13. Historical amount guaranteed by GFPSE



OTHER BENCHMARKING INITIATIVES

Besides these two (eco-)systemic initiatives which can serve of inspiration, within our study we have also mentioned other as benchmarks for identified gaps in the region. Without the intention to describe them in detail, we would like to summarize them here:

- Instrument to capitalize Social Enterprises (EQUITY):
  - CFI (Corporazione Finanziaria Industriale, Italy). This fund created with blended finance in the 80's, was targeted to fund cooperatives. With the introduction of the law for Social Cooperatives in 1991 it became a key instrument in the development of the Italian Ecosystem which now presents Social Cooperatives Consortia with over one billion EUR of turnover.
- QUASI-EQUITY:
  - Participatory Loans (in Spain or France) that allow to provide junior debt to Social Economy organisation with horizontal governance and/or not for profit status (two key issues that difficult exit strategies). An example is the Future investment programme ("Programme d'Investissements d'Avenir) France.
  - TRUST of the Social Economy (Fiducie du Chantier de l'Èconomie Sociale, Québec): this patient capital fund created with blended capital in 2007 with an initial fund of $52.8 million (22.8 by the Federal Government). Their last figures show that they have provide 83 M$ in loans (junior debt with grace period), 5347 jobs created/sustained and 667 M$ of investment generated (over 303 deals).

- Guarantees:
  - Guarantee Fund for the Popular and Solidarity Economy (Ecuador), a guarantee fund created by the National Corporation of Popular and Solidarity Finance with the purposes of providing funds to Social Economy finance institution against loans to Social Economy organisations, also to invest in smaller SE finance intermediaries (considered to have higher risk profile) or the required guarantee to access public tenders.

ANNEX 1: UPDATED WORKPLAN

TIEG - UPDATED WORK PLAN RfS SIEA-2018-1589 SOUTHERN NEIGHBOURHOOD	Year	2021																																						
	Month	feb-21				mar-21					apr-21				mag-21					giu-21				lug-21				ago-21					set-21				ott-21			
OVERALL MANAGEMENT OF THE PROJECT PROJET	Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
Definition of the project management procedures																																								
Updating of the workplan and experts' deployment schedule																																								
Preparation and implementation of the Quality Control Plan																																								
Implementation and continuous quality supervision and backstopping from the management team																																								
INDICATIVE PLAN OF ACTIVITIES																																								
INCEPTION/DESK PHASE	Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
1,1 Collection of primary data/documents																																								
1,2 Background analysis																																								
1,3 Stakeholder analysis																																								
1,4 Inception key informants' interviews (online)																																								
1,5 Fine-tuning of the methodology and the consultation strategy																																								
1,6 Defining and agreeing on an indicative list of stakeholders																																								
1,7 Preparation and submission of Inception Report																																								
RESEARCH & ANALYSIS PHASE	Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
2,1 Collection of primary evidence through conduction of semi-structured interviews (interviews with public officials from national governments etc.)																																								
2,2 Analysis of collected data and finalising of the mapping process																																								
2,3 Preparation and submission of the Interim Report including final map																																								
2,4 Continuous analysis and validation of findings																																								
2,5 Focus groups (online) test the feasibility, relevance, sustainability and the impactful potential of preliminary findings																																								
2,6 Conducting of interviews with key stakeholders																																								
2,7 Final analysis of findings																																								
2,8 Formulation of the final study, conclusions and recommendations.																																								
2,9 Preparation and submission of Draft Final Report																																								
2,10 Integration of consolidated comments from RG into the Final Report																																								
MEETINGS/SEMINARS	Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
Kick-off meeting with the Reference Group (RG) (via remote conference)																																								
Inception interviews with Key informants(via remote conference)																																								
Meeting with the RG for the presentation of the Inception Report (via remote conference)																																								
Monthly Briefing/Debriefing meetings with EC Team (via remote conference)																																								
Online meetings for interviews																																								
Meeting with RG (via remote conference or face-to-face) for the oral presentation of Draft Final Report																																								
REPORTS	Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
Inception Report																																								
Interim Report																																								
Draft Final Report																																								
Final Report																																								
EXPERTS	Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
KE1 working days	30			5							14															10											1			
KE2 working days	35			6							13															15											1			
KE3 working days	35			6							13															15											1			
Week 1:Started on 01 February 2021 **WD in the field: 10**	Month	feb-21				mar-21					apr-21				mag-21					giu-21				lug-21				ago-21					set-21				ott-21			
WD home-based: 90	Year	2021																																						

ANNEX 2: STAKEHOLDERS OF THE PROJECT

PROJECTS/INITIATIVES

MedUP	Regional	Flagship project promoting an enabling environment in the Southern Mediterranean partner countries for the development of the social entrepreneurship sector as a driver for inclusive growth and job creation. https://www.oxfamitalia.org/medup/
JOinUP!	Jordan	**JoinUP! Is an EU-funded project**, implemented by Oxfam (lead), TTi (Local partner) and Diesis (European Partner), JOinUP! seeks to 'contribute to increase economic and social inclusion and job creation especially for women and disadvantaged / marginalized groups in Jordan' combining the experience and skill sets of national and international partners to focus on the growth of social enterprises and a more inclusive formal economy in Jordan. https://joinup-jordan.org/about-joinup/
Mubaderoon	Jordan	The overall objectives of the project are to enhance the contribution of individuals and social institutions in supporting their communities through the provision of social solutions and services implemented through community-based poverty reduction initiatives and enterprises. https://www.mubaderoon.org/en/
Badael (Building Alternative Development Assets and Entrepreneurial Learning)	Lebanon	Support social and economic stability to fight radicalisation among vulnerable communities receiving refugees in Lebanon by: 1. Empowering individuals and communities to overcome unemployment; 2. Promoting social entrepreneurship to help young people engage with society and meet their economic needs. https://switchmed.eu/
SEE Change	Lebanon	SEE Change**: S**OCIAL **E**NTREPRENEURSHIP **E**COSYSTEM CHANGE The project aims to contribute to social stability and local economy in Lebanon strengthening Social Economy/Enterprise ecosystem.
Switch Med	Regional	The SwitchMed initiative aims at achieving a circular economy in the southern Mediterranean by changing the way goods and services are produced and consumed. In order to achieve this, the initiative provides tools and services directly to the private sector, supports an enabling policy environment, and facilitates exchange of information among partners and key stakeholders. The SwitchersFund mobilises local investors and enterprise support programmes as well as European resources to strengthening Mediterranean start-up projects and raise additional funds. https://switchmed.eu/fr/
ClimaMed project		The Clima-Med project supports the transition of eight partner countries in the Southern Neighbourhood towards sustainable, low-carbon and climate-resilient development. Clima-Med project was launched in June 2018 to be implemented over 48 months with a total budget of € 6,9 million, fully provided by the European Union (ENP). https://www.climamed.eu/
Green Financing Facility (by EBRD and EU)	Jordan/Morocco	• EBRD's first Green Financing Facility to be launched in Jordan • Financing facility supported by the GCF and the EU to benefit the private sector

		• New programme in line with Jordan's National Green Growth Plan https://www.ebrd.com/news/2021/ebrd-and-eu-to-promote-green-investments-in-jordan-.html
"Med Dialogue" for Rights and Equality Programme	Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Tunisia, and other UFM members, i.e. Albania, Bosnia. H, Mauritania, Monaco, Montenegro, and Turkey.	Med Dialogue for Rights and Equality is a 3-year EU-funded regional Programme focused on strengthening the overall capacities and accountability of civil society organisations and facilitating their involvement so as to boost their contribution to the political and institutional framework at the regional level. The second theme was: https://www.euneighbours.eu/en/south/stay-informed/projects/med-dialogue-rights-and-equality
Appui à la création et au développement de projets d'entrepreneuriat et de coopératives parmi les réfugiés au Maroc	Morocco	The Programme "Promoting the Integration of Migrants in Morocco" aims to support the national immigration and asylum strategy, in particular the implementation of public policies for the reception and integration of immigrants in Morocco in order to contribute to the economic integration and empowerment of regularized migrants in Morocco. In this context, a call for proposals was launched in 2017, following which several projects were funded, including support for the creation and development of entrepreneurship and cooperative projects among refugees in Morocco, implemented by the United Nations High Commissioner for Refugees (UNHCR). https://eeas.europa.eu/delegations/morocco/52237/appui-%C3%A0-la-cr%C3%A9ation-et-au-d%C3%A9veloppement-de-projets-d%E2%80%99entrepreneuriat-et-de-coop%C3%A9ratives-parmi_fr
Programme d'appui à la compétitivité et à la croissance verte du Maroc - PACC	Morocco	The Competitiveness and Green Growth Support Program (PACC), signed in November 2016 between the European Union and the Moroccan government, supports the reforms and sectoral programs carried out by the Moroccan authorities to promote business competitiveness, sustainable development, and the creation of decent jobs. https://eeas.europa.eu/delegations/morocco/57729/programme-d%E2%80%99appui-%C3%A0-la-comp%C3%A9titivit%C3%A9-et-%C3%A0-la-croissance-verte-du-maroc-pacc_fr
Banque Européenne pour la Reconstruction et le Développement (BERD)	Regional	The European Bank for Reconstruction and Development (EBRD) is investing for better lives. Through our projects, business services and our involvement in implementing major policy reforms, we are making an ever-growing impact on three continents. Everything we do is aimed at advancing the transition to open market economies, while promoting sustainable and inclusive growth. Support for small businesses Counselling services to PMTCTs to support access to finance. www.ebrd.com
Facilité de capital-risque	Regional	European Investment Bank (EIB) www.eib.org Capital à risque / capital-risque pour soutenir les PME Prêts aux institutions de microfinance pour des prêts aux microentreprises.

Fonds MENA de garantie aux PME		Agence Française de Développement (AFD) www.afd.fr Des fonds de garantie pour couvrir les pertes des banques locales prêtant de nouveaux fonds aux TPME.
SEMED TPME Inclusion financière	Morocco	Banque Européenne pour la Reconstruction et le Développement (BERD) www.ebrd.com Lignes de crédit aux TPME et renforcement des capacités des institutions financières locales.
Fonds Mohammed VI pour l'investissement	Morocco	Created to face the Covid crisis. Will only finance investment projects and not the functioning of enterprises. An envelope of 15 billion DH has been allocated to the fund from the general state budget. Its board of directors will be chaired by the Minister of Finance. The aim of the new fund is to contribute to the financing of major investment projects and support them, at national and territorial level, in the framework of partnerships with the private sector, and to contribute through sector or thematic funds to the capital of small and medium-sized enterprises. It will also contribute to the preparation of investment projects and their financial restructuring, at national and territorial level, in order to facilitate and improve the conditions for their financing and implementation.https://www.medias24.com/le-decret-portant-creation-du-fonds-mohammed-vi-adopte-par-le-gouvernement-16313.html

INVESTORS

Phitrust		Phitrust is a portfolio management company To create an impact, we have chosen to invest to act with: – Large listed companies, to help them evolve their environmental, social and governance practices, through regular and active shareholder engagement; – Non-listed companies with innovative solutions and an inclusive vision of society (through education, integration, housing, etc.), so that they can accelerate their development and scale up their operations. https://www.phitrust.com/impact-societal/
Alfanar	Regional	Alfanar is the first venture philanthropy organisation working exclusively in the Arab region. The vision is of an Arab world in which the poor and vulnerable, especially women, children and refugees, are able to access the education and opportunity they need to lead productive and dignified lives. The mission is to help social enterprises improve the lives of more people while increasing their financial sustainability by providing tailored technical and financial support to ambitious social enterprises, helping them to achieve lasting social change in their communities. https://www.alfanar.com/
Partech Africa	International	Partech is a global investment platform for tech and digital companies, led by ex-entrepreneurs and operators of the industry spread across offices in San Francisco, Paris, Berlin and Dakar. The firm brings together capital and resources to support entrepreneurs at all stages in Europe and North America, with a growing presence in Africa and Asia. Partech Africa - a $143M pan-African fund https://partechpartners.com/mission/
HIVOS	Netherlands+ Africa	HIVOS Mideast Creatives Fund, investing in creative industries in the MENA, particularly Egypt, Jordan, Lebanon and Tunis. Creative entrepreneurs contribute to more freedom of expression,

		freedom of speech, youth and female employment. https://hivosimpactinvestments.com/
NI Capital	Egypt	NI Capital's Investment Management division focuses on promoting impact investing, sustainable development of Egypt and promoting private investment in the country. https://nicapital.com.eg/investment-management/
Mediterrania Capital Partners	Africa	Its mission is to generate superior returns for our investors and partners by promoting sustainable and socially responsible investments in Africa. https://www.mcapitalp.com/
Green for Growth Fund	MENA	An impact investment fund that mitigates climate change and promotes sustainable economic growth, primarily by investing in measures that reduce energy consumption, resource use and CO2 emissions. https://www.ggf.lu/
African Development Group	Africa	To spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. Focus on SDGs. https://www.afdb.org/en
Fondation Diane	Lebanon	Given the civic & ecological turmoil in which the country is struggling, it was urgent to restore the lost vigour of the Lebanese people whose genes knew how to win their independence, to resuscitate their motivation, to inform and mobilize them to make them conscious of their power, aware of their rights & responsibilities which are incumbent upon their role of citizens and to make them act accordingly toward Eco-Sustainable Development so that Lebanon becomes again the country we dream of and earns once more its nickname "Switzerland of the Middle East". https://www.fondation-diane.org/
IM Capital	Lebanon	Lebanese women angel fund They were created by an initiative called Seeders which was launched in 2016, by Berytech's IM Capital program they also made a program called Seeders masterclass for business angels - one-year program - that prepares them from novices to investors https://www.im-capital.com/what-we-do/support-programs/seeders-mba/
Wamda Capital	Regional	Wamda Capital is a leading regional Venture Capital Firm focused on deploying growth capital in the Middle East and North Africa's leading entrepreneur led technology companies. the Firm currently manages a US$ 75m growth capital fund and is actively looking to invest in high growth technology firms from the MENA region. Our experience in launching and growing MENA businesses, together with a community of experts and mentors at the Wamda Platform, mean our entrepreneur partners are uniquely placed to realize their vision. https://www.wamdacapital.com/index.php
CoopMed	Regional	CoopMed supports the creation of employment and sustainable economic activities by the civil society, and promotes green and innovative initiatives enhancing social entrepreneurship. http://www.coopmed.eu/ Investment manager is https://www.inpulse.coop/
Entrepreneur Financial Centre (EFC)	Tunisia	Entrepreneur Financial Centre (EFC) Tunisia is a microfinance institution that provides financing to micro, small and medium-sized businesses in Tunisian cities and suburbs. EFC Tunisia has put in place a social and environmental risk assessment process for the activities it finances and an entrepreneur support

		program. In 2019, the centre also developed an official gender equality approach. The institution has 13 locations and more than 5,500 active clients. Created by Desjardins Développement International and Afric Invest in 2014. https://www.desjardins.com/ca/about-us/developpement-international-desjardins/projects/tunisia/
AfricInvest	Africa	AfricInvest targets growth-capital investments in small and medium-sized enterprises (SMEs) that are well-positioned in their local markets with the potential to scale up their activities beyond their own country's borders and become "regional champions." AfricInvest is a patient investor focused on creating real value maintaining commitment to environmental and social responsibility. https://www.africinvest.com/index.php
Development Partners International LLP	Africa	We believe there is a strong correlation between ESG and high returns. We assist our portfolio companies to implement high standards of environmental, social and governance practices to create value and drive sustainable economic development. https://www.dpi-llp.com/
DWS Invest Africa	Egypt, Morocco	DWS Group (DWS) is one of the world's leading asset managers with EUR 793bn of assets under management (as of 31 December 2020). Forward thinking demands a long-term view. And a sense of consciousness and responsibility for the society we are part of. The long heritage of integrating our Responsible Investing philosophy across all asset classes demonstrates our conviction to contribute to a sustainable future by incorporating environmental, social and governance considerations into investment decisions. https://funds.dws.com/fr/Produits/Fonds/935/En-bref
BlueOrchard	Morocco, Tunisia, Egypt, Jordan, Lebanon	BlueOrchard offers premium impact investing solutions across multiple asset classes and provides unique blended finance opportunities. Our fund management mandates address a number of key global development and sustainability challenges including: financial inclusion, climate change, education, job creation and women's empowerment. https://www.blueorchard.com/
Symbiotics	Morocco, Tunisia, Jordan	Symbiotics is a leading investment company specialized in sustainable and inclusive finance. As a socially-driven investor, we strive to build lasting partnerships with financial institutions located in emerging and frontier markets and that pursue development impact goals. https://symbioticsgroup.com/
Incofin	International	Founded in 2001, Incofin manages funds and investments in emerging countries, driven by a desire to promote inclusive progress. Our investors are leading development funds, banks, insurance companies, pension funds, alternative investment funds, high net worth and retail investors. Pursuing inclusive progress through our investments in emerging countries. As an AIFM licensed fund manager, we create and manage impact-oriented funds, advise on fund management for third parties and facilitate capacity building via our technical assistance facilities. https://incofin.com/impact/
ResponsAbility	International	ResponsAbility Investments AG is an asset manager in the field of development investments and offers professionally-managed investment solutions to private, institutional and public investors.

		The company's investment solutions supply debt and equity financing predominantly to non-listed firms in emerging and developing economies. Through their inclusive business models, these firms help to meet the basic needs of broad sections of the population and to drive economic development. https://www.responsability.com/en
FHI Ventures	MENA region (small activity)	FHI Ventures invests in bold, market-tested innovations for a better future. We are an impact venture capital investor supporting early-stage businesses on track to deliver significant social and financial returns. We look for companies with clear differentiation in addressing a market problem, early revenue and traction with their product-market fit strategy. https://www.fhiventures.com/
SANAD	Algeria, Morocco, Tunisia, Egypt, Jordan, Palestine, Lebanon	The SANAD* Fund for MSME is an impact investment fund dedicated to supporting entrepreneurs in the Middle East and North Africa. By providing much-needed access to financial resources, SANAD helps micro, small, and medium enterprises (MSMEs) in the region fulfill their role as engines of inclusive economic growth, job creation, and prosperity. https://sanad.lu/
Helios Investment Partners	Morocco, Algeria, Tunisia, Egypt	Helios is an Africa-focused private investment firm led by a predominantly African team, managing funds totaling $3.6 billion. Bridging international capital and know-how to African talent and enterprise, Helios has built a record that spans creating start-ups to providing expanding companies with growth capital and expertise, building African market leaders in core economic sectors. Through our private equity and private credit businesses, Helios is a provider of capital across the capital structure, and its portfolio companies operate in more than 30 countries in all regions of the continent. https://www.heliosinvestment.com/
Ford Foundation	MENA	The region's civil society, including the vivacious arts and culture community, advance the promise of more inclusion. Alongside efforts to create jobs and provide social services, the public is increasingly engaged in finding ways to ensure social protection and strengthen civic participation. Together with the growth of community foundations, social entrepreneurship, and philanthropy, these developments offer much to build upon. https://www.fordfoundation.org/
GroFin	Egypt, Jordan	GroFin is a specialist, impact-driven SME financier. We help entrepreneurs succeed by providing them with business loans and business support (expert advice and continuous guidance) to grow their businesses. We believe that a growing SME sector which creates sustainable jobs is the most powerful driver of social and economic development that truly improves people's lives. https://grofin.com/
International Finance Corporation (IFC)	MENA	IFC is supporting the region's private sector, a potentially bountiful source of jobs and innovation, with investments and advisory services that contribute to sustainable growth. As of June 2020, our long-term investments totaled about $1.1 billion in the region and we had 101 active advisory projects, including upstream activities aimed at unlocking more private investment in important sectors. We are supporting investments in power and renewable energy, helping expand access to finance, and promoting entrepreneurship, especially for women. https://www.ifc.org/

Islamic Corporation for the Development of the Private Sector (ICD)	MENA	The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral development financial institution and is part of the Islamic Development Bank (IsDB) Group. ICD has an authorized capital of $4 billion. Currently, the shareholders of ICD are the IsDB, 55 Islamic countries and five public financial institutions. https://icd-ps.org/en
JP Morgan Chase	Egypt, Lebanon, Israel	J.P. Morgan is a global leader in financial services, offering solutions to the world's most important corporations, governments and institutions in more than 100 countries. As announced in early 2018, JPMorgan Chase will deploy $1.75 billion in philanthropic capital around the world by 2023. We also lead volunteer service activities for employees in local communities by utilizing our many resources, including those that stem from access to capital, economies of scale, global reach and expertise. https://www.jpmorgan.com/global
Kiva	Jordan, Lebanon, Israel, Palestine	Kiva is an international nonprofit, founded in 2005 in San Francisco, with a mission to expand financial access to help underserved communities thrive. We do this by crowdfunding loans and unlocking capital for the underserved, improving the quality and cost of financial services, and addressing the underlying barriers to financial access around the world. Through Kiva's work, students can pay for tuition, women can start businesses, farmers are able to invest in equipment and families can afford needed emergency care. https://www.kiva.org/
LeapFrog	North Africa	Microfinance, low-income financial services & micro-insurance LeapFrog is a leading fund management group focused on Africa and Asia, with over 300m under management. The group invests in high-growth companies that deliver financial services such as insurance, savings and pension products to the next billion emerging consumers. Launched with President Bill Clinton in late 2008, the profit-with-purpose group first set a ten-year target to reach 25 million low-income people, providing protection against life's tragedies and ending cycles of poverty. https://leapfroginvest.com/
Limevest	Egypt	LimeVest Partners is a growth capital investor focused on investing in promising middle-market Egyptian companies to support and accelerate their growth all while enhancing their governance, profitability, and sustainability. Our capital plays an important role in achieving broad-based economic growth by providing companies with patient, long-term capital, and expertise to help raise their standards and catalyze the creation of quality jobs. https://www.limevest.com/
Mitsubishi UFJ Trust & Banking Corporation	Egypt	MUFG is the trust banking arm of the Mitsubishi UFJ Financial Group, a Japanese financial services group which is the largest in the world measured by assets. The bank is headquartered in Tokyo, Japan. https://www.mufg.jp/english/index.html
Obviam	Morocco, Algeria, Tunisia, Egypt, Lebanon	We provide local companies with capital and expertise, and work closely with trusted local partners in order to unlock growth, manage expansion and mitigate the inherent risks. In addition to our robust investment and monitoring processes, our support interventions address the specific requirements of our local partners and portfolio companies. With our flexible investment approach, we can tailor portfolios to the needs of our clients while maintaining sufficient diversification and generating maximum impact. https://www.obviam.ch/

ECP Private Equity	Morocco, Algeria, Tunisia, Libya, Egypt	ECP is one of the largest and longest-established private equity fund managers focused on Africa. https://www.ecpinvestments.com/fr/
Foursan	MENA	Growth equity investment strategy focusing on small and medium size businesses in the MENA region. Foursan Group is a private equity specialist with a primary focus on the Middle East region. Active in a wide range of sectors in the Levant and North Africa. http://www.4san.com/
Massar	MENA, but mostly Palestine	Our corporate vision is to fully integrate the Palestinian economy into the global market, by implementing best practices and fostering Western management perspectives. Massar International is a holding company headquartered in Ramallah, Palestine, which oversees and manages a network of more than 30 subsidiaries and investments. Massar has two decades of experience promoting economic development in Palestine through private sector initiatives. Massar International's operational network includes the MENA region. https://www.massar.com/
Siraj	Palestine	Siraj Fund Management Company (SFMC) is the first dedicated Palestinian private equity fund manager, founded by Massar International in 2003 for the sole purpose of managing investment funds in Palestine. https://www.siraj.ps/
Palestinian Investment Fund	Palestine	The Palestine Investment Fund aims at achieving maximum positive impact through investing in strategic projects in developing and vital sectors. Founded in 2003, PIF is a public shareholding company registered with the Ministry of National Economy. It focuses on investing in strategic sectors such as the energy, both traditional and renewable, agriculture, health, infrastructure and industrial zones, real-estate, and entrepreneurship in Palestine. http://www.pif.ps/
PGGM	MENA	PGGM is a not-for-profit cooperative pension fund service provider. We offer our clients pension management, asset management and management advice. PGGM manages the pensions of various pension funds, the affiliated employers and their employees. On 31 December 2020, we managed pension assets worth 266 billion euros for 4.4 million participants. https://www.pggm.nl/en/
SIFEM	Morocco, Algeria, Tunisia, Egypt	The Swiss Investment Fund for Emerging Markets (SIFEM) is the development finance institution of the Swiss Confederation and a cornerstone of Swiss development cooperation. The purpose and basic mandate are described in the Ordinance on International Development Cooperation and Humanitarian Aid as well as in the Ordinance on Cooperation with the States of Eastern Europe. SIFEM was established in 2005 and took over the investment portfolio of SECO (State Secretariat for Economic Affairs) which had been built up since the late 1990s. https://sifem.ch/
UtiQ Ventures	MENA	UtiQ Ventures, a venture capital firm established in 2017, focused on investing in tech startups in Tunisia and North Africa with interlinkages with the Silicon Valley particularly aiming to support the development of “core technologies” (AI, Big Data, Mobile-based services) with high potential economic spillovers; http://www.utiqventures.com/
Middle East Venture Partners	MENA	Middle East Venture Partners, investing in Fintech, e-marketplaces and biotechnology companies. $260M in Assets Under Management across 4 funds. With one specific Impact Fund for Lebanon: Impact Fund is Lebanon’s first and largest Tech Fund

		that is sponsored by the Lebanese Central Bank to build and nurture the Lebanese tech ecosystem. https://www.mevp.com/

INTERMEDIARIES

FEBEA	International	FEBEA is the European Federation of Ethical and Alternative Banks (FEBEA – Fédération Européenne des banques Éthiques et Alternatives), a non-profit organisation incorporated under Belgian law, created in Brussels in 2001 by Crédit Coopératif (France), Caisse Solidaire du Nord Pas-de-Calais (France), Crédal (Belgium), Hefboom (Belgium), Banca Etica (Italy), TISE (Poland) and La Nef (France). Developing the ethical and solidarity-based finance in Europe in a concrete way. http://febea.org/
Jordan Europe Business Association (JEBA)	Jordan	JEBA aims at promoting and strengthening sustainable trade and investment linkages between Jordanian businesses and European counterparts, focusing on small and medium size enterprises. https://www.jeba.org.jo/
EDAMA	Jordan	Jordanian NGO established in 2009. To maximize the business viability and potential in the Energy, Water and Environment sectors. Works for an independent, sustainable and green Jordan https://edama.jo/
Oasis 500	Jordan	a seed investment company and business accelerator in the tech and creative industry spaces based in Amman (Oasis500, 2018[61]); (OECD, 2019) https://oasis500.com/en/
Flat6Labs	Regional	an accelerator which currently operates in Cairo, Jeddah, Abu Dhabi, Beirut, Bahrain and Tunis (Flat6Labs, 2018[62]). (OECD, 2019) https://www.flat6labs.com/
Islamic Development Bank	Regional/International	in co-operation with the UNDP, launched the Global Islamic Finance and Impact Investing Platform (IDB; IICPSD, 2017[64]). The platform aims to connect Islamic financiers with impact investors, in the MENA region and globally, to scale-up impact investments and achieve the SDGs. (OECD, 2019) https://www.isdb.org/
GSG	Regional/International	The mission of The Global Steering Group for Impact Investment (GSG) is to drive real impact that improves lives and the planet by innovating, agitating and orchestrating the advance towards impact economies. It was established in August 2015 to continue the work of the Social Impact Investment Taskforce established under the UK's presidency of the G8. It currently covers 33 countries and brings together impact leaders from the worlds of finance, business, government and philanthropy. https://gsgii.org/about-us/#aboutgsg
Enda Tamweel	Tunisia	Enda Tamweel is a microfinance limited company created in 2015 by the NGO Enda Inter-arabe. Enda Tamweel is specialized in the offer of financial products and services. Enda Tamweel works for the financial inclusion of vulnerable populations, especially women and youth. It makes a strong contribution to the economic and social development of the country through the active support it provides to micro-entrepreneurship and self-employment. http://www.endatamweel.tn/

Foundation Al Karama	Morocco	The Al Karama Foundation for Microfinance is a non-profit association that works for the economic and social development of the country by granting microcredits to the most vulnerable populations. To meet the financing needs of the most vulnerable populations in the Eastern region and other regions of Morocco that are excluded from the traditional financing system by seeking their socio-economic integration, particularly that of women. http://alkarama-mc.org.ma/
FMO	MENA	FMO is the Dutch entrepreneurial development bank. It is their mission to empower entrepreneurs to build a better world. FMO is the Dutch entrepreneurial development bank. We invest in over 85 countries, supporting jobs and income generation in order to improve people's lives in the parts of the world where we can make the biggest difference. Our role extends beyond financing, as we help businesses to operate and grow transparently in an environmentally and socially responsible manner. https://www.fmo.nl/
KOIS Invest	International	Since our first investment in 2010, we have aimed to create a better world for underserved communities by scaling financial solutions. Through innovative finance and impact investing, we turn projects with high societal & environmental impact into tangible investment propositions for public & private sector clients. https://koisinvest.com/
Instiglio	Global but with offices in Morocco too	Company/network specialized on bringing results-based financing, particularly social impact bonds (SIBs) and performance-based contracts, to developing countries. https://www.instiglio.org/en/
Social Finance UK	International	We analyse social needs, catalyse new partnerships and create new results-driven approaches, such as Development Impact Bonds and Outcomes Funds. We partner with governments, donors, service providers, foundations and investors across multiple sectors, including the World Bank, IDB, DFID, USAID, Grand Challenges Canada, The Global Fund, EBRD and many others. https://www.socialfinance.org.uk/
Finance in Motion	Morocco, Tunisia, Egypt, Jordan, Palestinia, Lebanon	Finance in Motion is one of the world's leading impact asset managers. Focusing exclusively on development finance, we have mobilized over EUR 5 billion for positive change in low and middle-income countries over the course of our operations. https://www.finance-in-motion.com/
Habitat for Humanity	Egypt, Jordan, Lebanon	Housing microfinance, energy efficiency, water, hygiene, advocacy Since our founding in 1976, Habitat for Humanity has helped more than 29 million people improve their housing conditions. Together with our volunteers and partners, we empower people and communities to start independent lives. https://www.habitat.org/emea
Lion's Head Global Partners	Morocco, Tunisia, Jordan, Lebanon	Mostly financial advisory Whilst we work across emerging and frontier markets globally, we have a specific focus on Sub-Saharan Africa (SSA) and the Middle East and North Africa (MENA). We combine strong macroeconomic skills, and expertise from working with the ratings agencies, MDBs and DFIs, with deep sectoral knowledge in power and infrastructure finance, global health, sustainable finance, impact investing, sovereign advisory, livelihoods, nutrition, real estate, climate and gender finance. https://www.lhgp.com/

Mercy Corps	Tunisia, Libya, Jordan, Lebanon	We bring a comprehensive approach to every challenge, addressing problems from multiple angles. And we go beyond emergency aid, partnering with local governments, forward-thinking corporations, social entrepreneurs and people living in fragile communities to develop bold solutions that make lasting change possible. https://europe.mercycorps.org/
MetLife	Egypt, Jordan, Lebanon,	With 152 years of experience, the MetLife companies are a leading innovator and a recognized leader in protection planning and retirement and savings solutions around the world. We have established a strong presence in more than 40 markets globally through organic growth, acquisitions, joint ventures and other partnerships. We are strengthening our global brand by extending core products and competencies to markets around the world – an important driver of growth for the enterprise. https://www.metlife.com/
Neuberger Berman	MENA	Neuberger Berman Group LLC is a private, independent, employee-owned investment management firm. The firm manages equities, fixed income, private equity and hedge fund portfolios for global institutional investors, advisors and high-net-worth individuals. https://www.nb.com/en/global/home
SEAF (“Small Enterprise Assistance Funds”)	Morocco, Tunisia	SEAF is an investment management group that provides growth capital and business assistance to small and medium enterprises (SMEs) in emerging and transition markets underserved by traditional sources of capital. Through our network of offices around the world, we invest in entrepreneurs to seek to build successful businesses, hoping to realize both attractive returns for our investors and a measurable development impact in local communities. https://www.seaf.com/
Social Performance Task Force	International	The SPTF is a global membership organization that works to advance social performance management (SPM) - a management style that puts clients at the center of every decision. https://sptf.info/

RESEARCHERS/EXPERTS

AVISE	France	AVISE is the French national body promoting social enterprises and social innovation. It was co-founded in 2002 by the long-term public investor Caisse des Dépôts and representative players from the social economy. AVISE’s main goal is to develop social economy and social enterprises in France. https://www.avise.org/evaluation-impact-social/accompagnements-et-financements/zoom-le-programme-daccompagnement-cap
Kate Ruff	Canada	Professor from Carleton University managing the SIM project of the Canadian Federal Government COMMON APPROACH https://commonapproach.org/
Claude Dorion	Canada	General Director at MCE Conseils a leading firm in building the Social Finance Ecosystem in Quebec. They are members of several boards (RISQ, FIDUCIE, etc.) https://www.mceconseils.com/
Stéphan Morency	Canada	Vice-President and Head of investments at Foundation and member of the Investor Council at GIIN
Rafael Chaves-CIRIEC	Spain	Former President of the Scientific Committee of CIRIEC-International is a leading expert on Social Economy policies and participated in the inaugural forum of the Tunisian section of CIRIEC on 2019. https://www.uv.es/uvweb/universidad/es/ficha-persona-

		1285950309813.html?p2=chavesr&idA=true
Rocío Nogales and Carlo Borzaga-EMES	Spain	Rocío Nogales-Director of EMES the leading European Research Network on Social Enterprises Carlo Borzaga-President of EURICSE and founding member of EMES. EURICSE is currently involved in Mubaderoon project. https://emes.net/

OTHERS/IFIS/DFIS

IFC	Multilateral (USA head office)	International Financial Corporation is the largest global development institution focused on the private sector in developing countries. IFC, a member of the World Bank Group, advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries. https://www.ifc.org/
GIZ	GERMANY	The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (English: German Corporation for International Cooperation GmbH) is a German development agency headquartered in Bonn and Eschborn that provides services in the field of international development cooperation. https://www.giz.de/en/html/about_giz.html
AFD	FRANCE	The French Development Agency (French: Agence française de développement, AFD) is a public financial institution that implements the policy defined by the French Government. It works to fight poverty and promote sustainable development. https://www.afd.fr/fr
Ashoka	INTERNATIONAL (Headquarters in USA)	Ashoka is an international organization that promotes social entrepreneurship by affiliating individual social entrepreneurs into the Ashoka organization. https://www.ashoka.org/ar-aaw
DFC (USA)	USA	U.S. International Development Finance Corporation (DFC) is America's development bank. DFC partners with the private sector to finance solutions to the most critical challenges facing the developing world today. https://www.dfc.gov/
The Global Forum on Remittances, Investment and Development (GFRID)	UN/IFAD (Rome)	The Global Forum on Remittances, Investment and Development (GFRID) aims to bring together stakeholders from around the world involved in the field of remittances, migration and development, and stimulate the creation of partnerships and long-lasting synergies among public and private sectors, and the civil society. Since 2007, the GFRID has been organized by the International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations in collaboration with key partners, such as the Inter-American Development Bank, the African Development Bank, the World Bank Group, the European Commission and the United Nations Department for Economic and Social Affairs. https://gfrid.org/about/
FORIM	International (Headquarters in Paris)	FORIM is a network of more than 1000 migrant associations. Their International Migrant Solidarity Organizations (IMSOs) work in France and in the countries of origin for the common good and the general interest. They have worked in the area of remittance to support investment in the private sector. https://forim.net/

Istanbul International Center for Private Sector in Development (IICPSD)	Multilateral (Headquarters in Turkey)	Istanbul International Center for Private Sector in Development (IICPSD) supports the private sector and foundations to become transformative partners in development through research, advocacy for inclusive business, facilitation of public-private dialogue and brokering partnerships. IICPSD, established in 2011 in partnership with the Government of Turkey, is one of UNDP's six Global Policy Centres. It leads UNDP's global work on private sector and foundations and supports UNDP's offices all over the world. https://www.iicpsd.undp.org/

SOCIAL ECONOMY

ESMED Network	European/ Regional	An economic actor that represents more than 900,000 enterprises and organisations, more than 8 million jobs and more than 100 million people linked to it in Algeria, Egypt, France, Italy, Morocco, Portugal, Spain, Tunisia and Turkey. https://www.cepes.es/principal/cepes_mediterraneo&lng=en https://www.cepes.es/files/publicaciones/95.pdf
General Co-operative Union of the Arab Republic of Egypt (member of ESMED)	Egypt	No website. 26th Dt. Lebanan Sq, Mohandessen Giza, Egypt - P.O. Box 452 Dokki Phone: 20123172456 Fax: 202 303 84 81 / 344 23 48 Email: mafattah@rocketmail.com
ODCO : Office de Développement de la Coopération (member of ESMED)	Morocco	A public body, the Office for the Development of Cooperation (BDECo) was created on 18 September 1962 as an administrative structure under the Presidency of the Council of Government. With the importance given by the public authorities to the cooperative sector, the need for its restructuring became obvious; hence its conversion into a public establishment with legal personality and autonomy and financial autonomy called the Office for the Development of Cooperation (ODCO) in accordance with the Dahir of August 3, 1975 with precise attributions mainly oriented towards the support of cooperatives in the fields of training, information and legal support. http://www.odco.gov.ma/
UNCAM: Union Nationale des Coopératives Agricoles Marocaines (member of ESMED)	Morocco	No website found. https://www.pages-maroc.com/alimentation,animale-CASA-BLANCA-96-U,n,c,a,m,Union,Nationale,des,Cooperatives,Agricoles,Marocaines,.html
REMESS : Réseau Marocain de l'Économie Sociale et Solidaire (member of ESMED)	Morocco	The Moroccan Network of Social and Solidarity Economy (REMESS) is the first Moroccan network open to the different components of the social economy, namely cooperatives, associations, mutual societies, foundations, economic interest groups and professional unions. It is one of the public spaces where a free debate can be shared on the issues of social and societal responsibilities in development projects. http://www.remess.ma/
UNAM: Union Nationale des Mutuelles (member of	Tunisia	No website. Président(e) de l'association : Moncef Fenniche https://jamaity.org/association/union-nationale-des-mutuelles-tunisiennes/

ESMED)		Av 20 mars Centre Bargaoui App N8, 1er étage, TUNEZ Phone: 216.71.572.098 Email: mutuelle.delasante@planet.tn
RADES : Réseau des Associations de l'Èconomie Sociale (member of ESMED)	Tunisia	No website. Only FB. reseau.rades@topnet.tn https://www.facebook.com/Reseau.RADES?fref=ts
C.C.M: Comité de Coordination des Mutuelles (member of ESMED)	Algeria	No website. 37, Mohamed Allilel PB 314, KOUBA-ALGER Phone: 213.21.28.51.99 Email: mut.harmat@yahoo.fr
RAESS : Réseau Africain de l'Èconomie Sociale et Solidaire	Algeria, Morocco, Tunisia, Egypt + other African countries	Established in 2010 under the initiative of 25 civil society organisations from countries across the continent. It brings together 22 country networks acting in the field of inclusive sustainable development. The RAESS headquarters was officially transferred to Bamako, Mali in April 2016 where RENAPESS Mali (Réseau National d'Appui à l'Èconomie Sociale et Solidaire) ensures coordination in the person of Mr Madani COUMARE. https://www.socioeco.org/bdf_organisme-365_fr.html
IesMed	European Regional	IesMed is a cooperative platform aimed at boosting the Mediterranean Social Economy, based in Barcelona. IesMed contributes to the building and replication of Solidarity-based and Sustainable Territorial Ecosystems (SSTE) that within the Mediterranean region generate economic activity. https://iesmed.eu/en/
Jordan Co-operative Corporation (JOR)	Jordan	An independent organisation formed by the government to supervises the co-operative sector (societies and unions), JOR works in support of economic, social, cultural and local communities. It promotes self-reliance to achieve the social and economic benefits of co-operatives. They are members of ICA (International Cooperative Association) https://www.jcc.gov.jo
International Cooperative Alliance (ICA)	Worldwide (Regional branches in Africa and Asia)	The International Cooperative Alliance unites, represents and serves cooperatives worldwide. Founded in 1895, it is one of the oldest non-governmental organisations and one of the largest ones measured by the number of people represented: 1 billion cooperative members on the planet. To implement its activities, the ICA is organised with a Global Office based in Brussels, four Regional Offices (Africa, Americas, Asia-Pacific, and Europe), eight Global Sectoral Organisations (agriculture, banking, retail, fisheries, health, housing, insurance, and industry & services), and five Committees and Networks (gender, research, law, youth, and development). In March 2016, the International Cooperative Alliance entered into a partnership with the European Commission (also known as #coops4dev🌍), ushering in a new phase of collaboration on strengthening the cooperative movement as key actor in international development. This action was mainly focused at Africa, Asia and Latin America. https://www.ica.coop/en

Lebanese Social Enterprises Association	Lebanon	The association's mission is to support the affiliated social enterprises by contributing to their administrative and financial development and to increase their social and environmental impact by all possible means. http://www.lseassociation.org/

ANNEX 3: INTERVIEWS AND CONTACTS DURING FIRST PHASE

Organisation	Name	e-mail
GIIN	Dean Hand	dhand@thegiin.org
ILO	Patricia Richter Senior Technical Officer Social Finance Enterprises Department	richter@ilo.org
OECD	Antonella Noya, Irene Basile	Irene.BASILE@oecd.org Antonella.NOYA@oecd.org
EIF	Cyril Gouffies	
EIB	Isabelle Vangrunderbeeck	m.messori@eib.org Ilektra.TSAKALIDOU@ec.europa.eu i.vangrunderbeeck@eib.org
DG EMPL	Dana Gabriela Verbal	Dana-Gabriela.VERBAL@ec.europa.eu
DG GROW	Marie Boscher Georg Raab	Marie.BOSCHER@ec.europa.eu Georg.RAAB@ec.europa.eu
DEVCO / INTPA	Lamine Diallo	Lamine.DIALLO@ec.europa.eu
EC delegation -Tunisia	Vladimir Rojanski Carl Daspect	Vladimir.ROJANSKI@eeas.europa.eu Carl.DASPECT@eeas.europa.eu
EC delegation Morocco	Sandrine.BEAUCHAMP	Sandrine.BEAUCHAMP@eeas.europa.eu
EC delegation - Jordan	Rodrigo Romero ABU EID Omar AL NABULSI Basma	Rodrigo.ROMERO-VAN-CUTSEM@eeas.europa.eu Omar.ABU-EID@eeas.europa.eu Basma.AL-NABULSI@eeas.europa.eu
EC delegation - Lebanon	Eulogio Montijano Cristina MATEU-GALLEGO	Eulogio.MONTIJANO@eeas.europa.eu Cristina.MATEU-GALLEGO@eeas.europa.eu
EC delegation - Algeria	Emmanuelle Guiheneuf Monia ELDJENDOUB	Emmanuelle.GUIHENEUF@eeas.europa.eu Monia.ELDJENDOUBI@eeas.europa.eu
EC delegation - Egypt	Ms Juana MERA-CABELLO Head of Sector II Operations: Economic Cooperation PEREZ CAMARAS Concepcion (EEAS-CAIRO)	juana.mera-cabello@eeas.europa.eu Concepcion.PEREZ-CAMARAS@eeas.europa.eu
EC delegation - Israel	TAMAS Reka (EEAS-TEL AVIV)	Reka.TAMAS@eeas.europa.eu
INPULSE	Bruno Dunkel	bruno.dunkel@inpulse.coop
KOIS	Mrs Beatrice Delperdange	beatrice@koisinvest.com
SwitchMed	Claudia Pani	cpani@scprac.org
BRD Beyond	Natalia Menhall	nmenhall@beyondrd.com
Alfanar	Michelle Mouracade	michelle@alfanar.org.uk
EIB	Milena Messori (Head of Division-Equity, New Products and Special Transactions) Isabelle Van Grunderbeeck (Head of Unit – Inclusive Financial Services	m.messori@eib.org i.vangrunderbeeck@eib.org

Kreditanstalt für Wiederaufbau (KfW)	Daniela Beckmann: interim Director for North Africa, prior she was Head of Division for North Africa – Education, Economy (Sustainable Economic Development) and Environment. She is also the Chairperson of the Board of the SANAD.	Daniela.beckmann@kfw.de https://www.kfw.de/KfW-Group/
GOPA	Christophe Malherbe – SME expert MENA region	Christophe.Malherbe@gopa.de https://www.gopa.de/
FMO	Jim Brands Business Development Officer I Blended Finance FMO	j.brands@fmo.nl http://www.fmo.nl/
PSDF (PIF)	Mr. Ahmed Zidan Project Manager	azeidan@psdf.ps https://www.psdf.ps/
IFC	Ghita Hannane Ahmed Zairi Yasmine El-Hini	ghannane@ifc.org azairi@ifc.org yelhini@ifc.org
Misr El kheikh	Rowida Eldeeb Senior International Organizations Officer	REldeeb@mekeg.org www.misrelkheir.org
WAMDA	Lara Fakih Communications & Community Manager	lara@wamda.com www.wamda.com
FINANCE IN MOTION (SANAD FUND)	Iveta Tancheva-Nikolova Director Investment Management Jacob Ole Nestingen Manager, Technical Assistance Management	I.nikolova@finance-in-motion.com j.nestingen@finance-in-motion.com www.finance-in-motion.com https://sanad.lu/
CWA	Fuad Kharmah Head of Project Department Cooperative Work Agency	fkharmah@cwa.pna.ps http://www.cwa.pna.ps/
EBRD	Director, Financial Products, SME Finance and Development at EBRD Holger Wiefel Associate Director, Regional Head, South Eastern Mediterranean, SME Finance & Development Group at EBRD	rochai@ebrd.com wiefelh@ebrd.com www.ebrd.com
DG NEAR	Malin Elander Oggero Fulvio Capurso	Malin.ELANDER@ec.europa.eu fulvio.capurso@ec.europa.eu
Lab'ESS, Tunisia	Rachid Labidi, (Director)	rachid.abidi@labess.tn
RedStart Tunisie	Douja Gharbi. (Director)	douja@topnet.tn
Anava Fund, Tunisia	Meriem Zine (Investment Director) Salma Baghdadi (Development Director)	Meriem.zine@startup.gov.tn salma.baghdadi@startup.gov.tn
USAID, Tunisia	Ines Allouche (Team Lead, Tunisia Jobs)	Allouche@TunisiaJOBS.org
AFD, Tunisia	Alexandra Chauveau Isolde Rhoumy	CHAUVEAU Alexandra chauveaua@afd.fr roumyi@afd.fr

	(Project Officers, Private & Financial sectors)	
Proparco, Tunisia	Amina Ben Abdelkarim (Senior Investment Officer, North Africa)	benabdelkarima@afd.fr
MercyCorps, Tunisia	Mickaël Amar (North Africa Director)	mamar@mercycorps.org
Independent, Tunisia	Anis Allouche (Social Business Expert, Former CEO of Enda Tamweel)	
Proparco, Morocco	Othman Belamqaddam Senior Investment Officer, North Africa)	belamqaddamo@afd.fr
MercyCorps, Tunisia	Mickaël Amar (North Africa Director)	mamar@mercycorps.org
African Development Bank	Ismail MAHAMOUD (Principal Financial Sector Development Officer) Olivier Joseph Breteche (Financial Sector, Tunisia)	I.MAHAMOUDHOUSSEIN@AFDB.ORG O.BRETECHE@AFDB.ORG
REMESS Morocco	Abdellah Souhir (Director) Asmae Diani (SE researcher)	abdellah.souhir@gmail.com asmae.diani@usmba.ac.ma
CCG, Crédit-Capital-Garantie, Morocco	Abdelmoumen ABDELMOUGHITE Omar IDRISSI AMRAOUI (Investment Officer)	a.abdelmoughite@ccg.ma o.idrissiamraoui@ccg.ma
GIZ, Berlin	Anita Richter (Project Leader)	anita.richter@giz.de
GIZ, Berlin	Hayder Al-Bagdadi (Inclusive Finance Regional Director) Raed Abdallah (Inclusive Finance Officer, Egypt)	ayder.al-bagdadi@giz.de raed.abdallah@giz.de
EC delegation - Tunisia	Carl Daspect (Cooperation Officer)	Carl.DASPECT@eeas.europa.eu
SEE CHANGE Lebanon	Annalisa Contini	annalisa.contini@cosv.org
Dr. Maen Atengi	SABR Business Design GIIN expert for Arab World	maen@sabr-sp.com
MedUP!	Cristian Bevacqua Oxfam Italy	cristian.bevacqua@oxfam.it
JoInUp! Jordan	Nada Qaddura Oxfam Jordan	nqaddoura@oxfam.org.uk
ESMED EuroMediterranean Network of Social Economy	Carlos Lozano	c.lozano@cepes.es
2xChallenge	Jessica Espinoza Trujano Chair	Jessica.EspinozaTrujano@deginvest.de

ANNEX 4: THEORETICAL FRAMEWORK OF THE STUDY

In this Annex we will develop our theoretical framework. Thus, we will first further develop the main definitions and scope of the main concepts to be addressed by this study. We start by the core concept of this study (impact investment) and then move to the different elements of the chosen theoretical framework which is an adaptation of the OECD's social finance ecosystem approach: social/environmental needs, environmental conditions and then key stakeholders (going beyond offer and demand to include also public actors, intermediaries and research/experts).

As mentioned above, there are "many definitional and terminological ambiguities" (Agrawal, A., & Hockerts, K., 2019) regarding impact investment but also social enterprises or green economy. These ambiguities may also be affecting the development of impact finance sub-system (the financial component of impact/social economy ecosystems).

The two main guiding pillars of the impact ecosystem are:

- **Intentionality:** the investor and/or company are driven by a stated intention to affect positive social and/or environmental change;
- **Measurement:** investors and companies commit to tracking and reporting the social and environmental impact generated, ensuring accountability while informing future practice in the field.

Nevertheless, these two pillars also present some challenges:

1) Industry-led definition: As signalled by several key informants, this is a blurred concept where impact investors are leading the way in terms of definition, methodologies, etc.

2) Measurement: Social Impact Measurement has been present for over a century, with the first practice according to some experts dating back to 1905. The main problem is money (both as direct financial resources and as way to buy time), but despite those efforts we still have a long way ahead in terms of standardisation and how to aggregate and compare. These also result in a power struggle to select what to measure in areas so sensible as poverty, exclusion, human rights, etc.

This challenge is also recognized by the most relevant industry actors which still signal the long way ahead, when, for example the 2020 Survey from GIIN finds that after more than a decade and despite improvement in impact measurement and management practices, **opportunities for refinement remain.**

3) Washing: Impact washing can be defined as branding for an appearance of impact intentionality (Starks, Venkat and Zhu, 2017). However, the issue is wider than it may seem.

4) Commodification: This is a problem signalled by some actors in relation to some practices and some sectors where we find a relevant concentration of Impact Investment, such as health or housing (Martens, 2017)[36].

[36] Martens, J. (2017): Reclaiming policies for the public.
At https://www.2030spotlight.org/en/book/1165/chapter/reclaiming-policies-public

4) Blurred concepts: The same critique that applies to the general concept of impact investment, can be applied to some of the elements of the two pillars. Thus "social" and "environmental" pose a challenge in terms of their definition. Impact vs financial return: in a scientific definition it is always difficult to clarify where we place the boundary between the search for social impact vs the search for financial return.

The main way to overcome this is by closely following an ecosystem approach which can, then, address such challenges in a highly contextualised manner. Thus, for example, in an area where environmental and social challenges are so relevant, both types of impact are closely intertwined and have to be addressed considering the shortage in access to non-financial support for all key stakeholders.

1. SIMILAR CONCEPTS

As stated before, Impact Investment is a "blurred" concept. Thus, and somehow related to the above-mentioned ambiguities we find that there exists a series of concepts or paradigm which are similar to Impact Investment such as:

RESPONSIBLE/SUSTAINABLE: This could be defined as "investing that takes environmental, social, and governance (ESG) information into account". As many actors are signalling, ESG investment are not the same as "impact investment".

SOCIAL FINANCE: Social finance refers to the deployment of financial resources primarily for social and environmental returns, as well as in some cases, a financial return. Therefore, here we can include all finance directed towards Social Economy and Green Economy, even that which does not request a specific methodology for impact measurement, beyond the certification that the investee is part of these economic sectors.

BLENDED FINANCE: As stated by Attridge, S., & Engen, L. (2019)[37] "Blended finance uses public-sector development finance to spur additional private investment in a bid to generate economic growth and create jobs, thus lifting people out of poverty". In this case, it is also relevant since there are significant actors that alert about the challenges posed by fragile ecosystems such as some of those in the targeted countries.

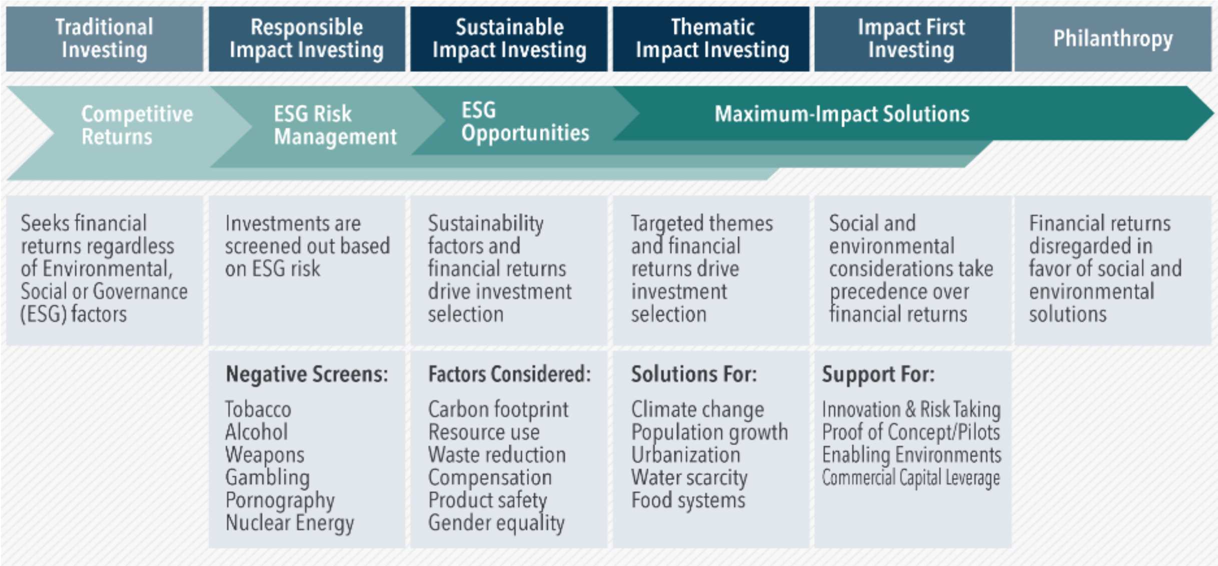
Finally, it is worth noting that, considering that Impact Investing, according to some key informants and the ToR, is one of the instruments to be used to address the daunting challenges in the region, its relationship with the above-mentioned related concepts is all-the-more relevant.

2. SPECTRUM(S)

Moreover, the impact investment field does not present a homogeneous landscape. As a matter of fact, the concept of spectrum is often use. Thus, we can see two proposals below:

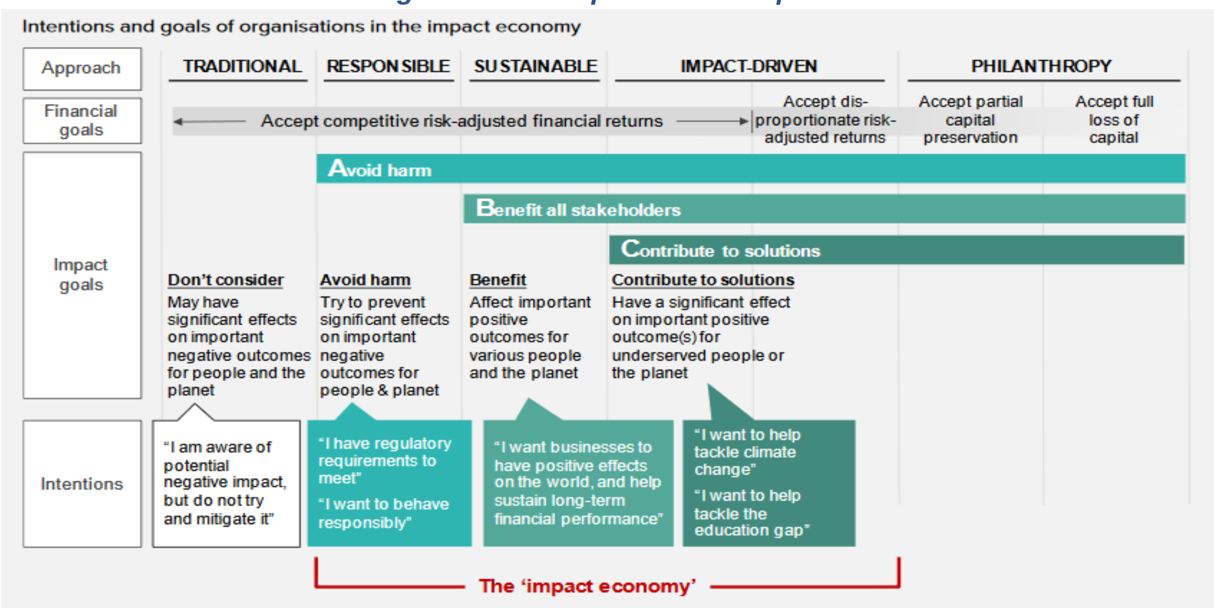
Figure A1: Impact investment landscape

[37] Attridge, S., & Engen, L. (2019). Blended finance in the poorest countries: the need for a better approach. ODI Report.



Source: Sonen Capital[38]

Figure A2: The spectrum of impact



Source: "UK National Advisory Board on Impact Investing", 2017[39].

This is even more relevant since many key informants have also signalled that one of the main obstacles for a more solid and rapid development of impact investing in the MENA region is the higher level of multifaceted risk (political instability; economic instability resulting in devaluation risks, credit crunches, etc.; geopolitical tensions; etc.). All of these also affect exit strategies and they occur in a highly underdeveloped ecosystem (data, scarcity of vehicles and quality investment opportunities, low level of non-financial support services, etc.).

[38] Sonen Capital is a dedicated impact investment management firm. Available at: https://www.sonencapital.com/impact/methodology/

[39] Report of the UK National Advisory Board on Impact Investing THE RISE OF IMPACT Five steps towards an inclusive and sustainable economy. October 2017. At https://good-with-money.com/wp-content/uploads/2017/10/The-Rise-of-Impact_UK-NAB_low-res.pdf

Therefore, there are less chances to find many vehicles placed closed to philanthropy in the spectrum (see above).

3. ECOSYSTEMS

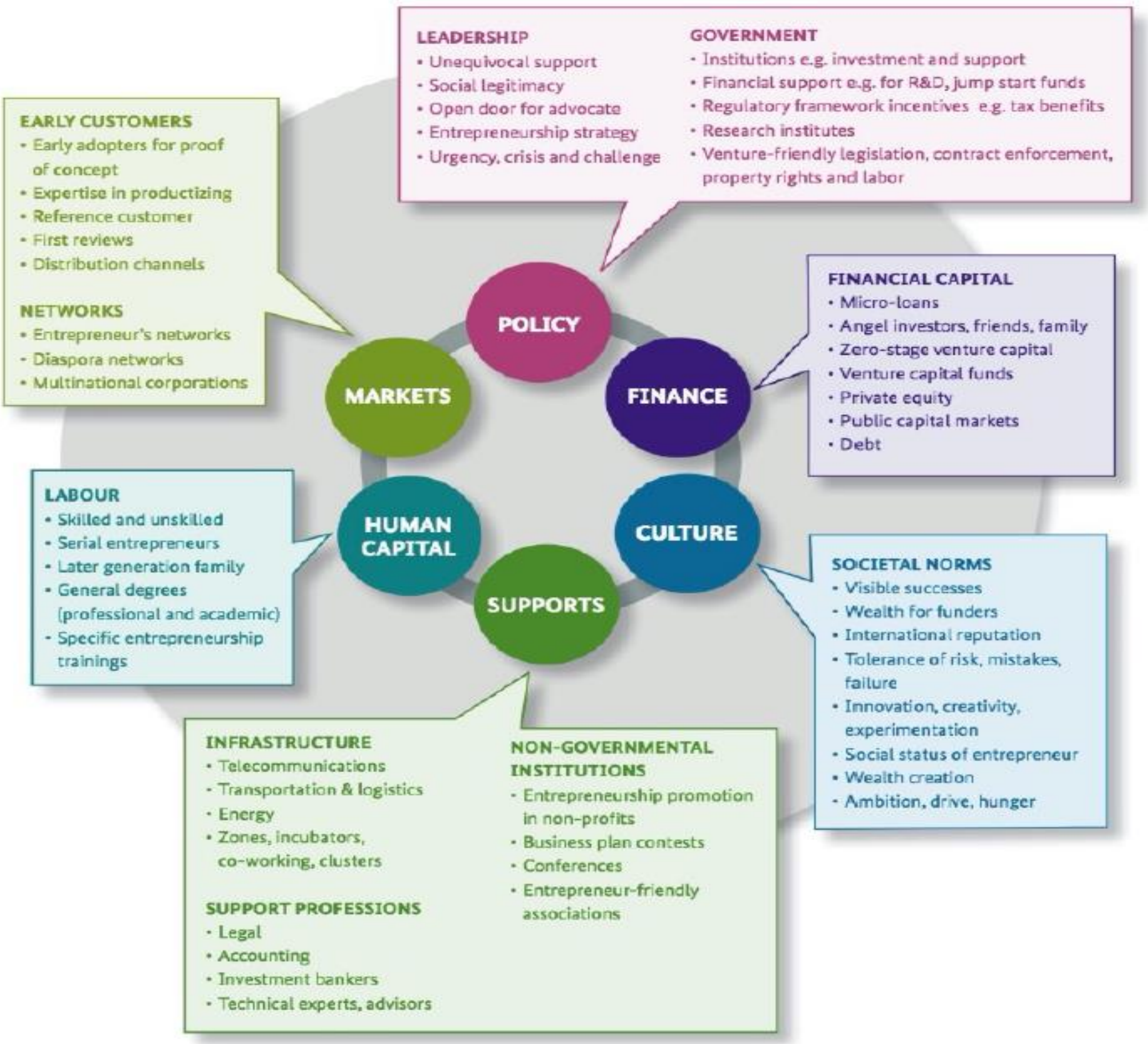
In this sub-chapter we will develop our adaptation of the OECD's Social Impact investment market framework to suit our needs and the conditions in this area.

3.1. State-of-the-art

"Ecosystem" is a successful metaphor which has been gaining relevance in analysing general entrepreneurship and particularly social entrepreneurship.

This increasing complexity can be also found in other proposals used in the region such as GIZ which can be summarized as follows:

Figure A3: Isenberg's Entrepreneurial Ecosystem Domains - Source: Guide for Mapping the Entrepreneurial Ecosystem. Gesellschaft Für Internationale Zusammenarbeit (GIZ).

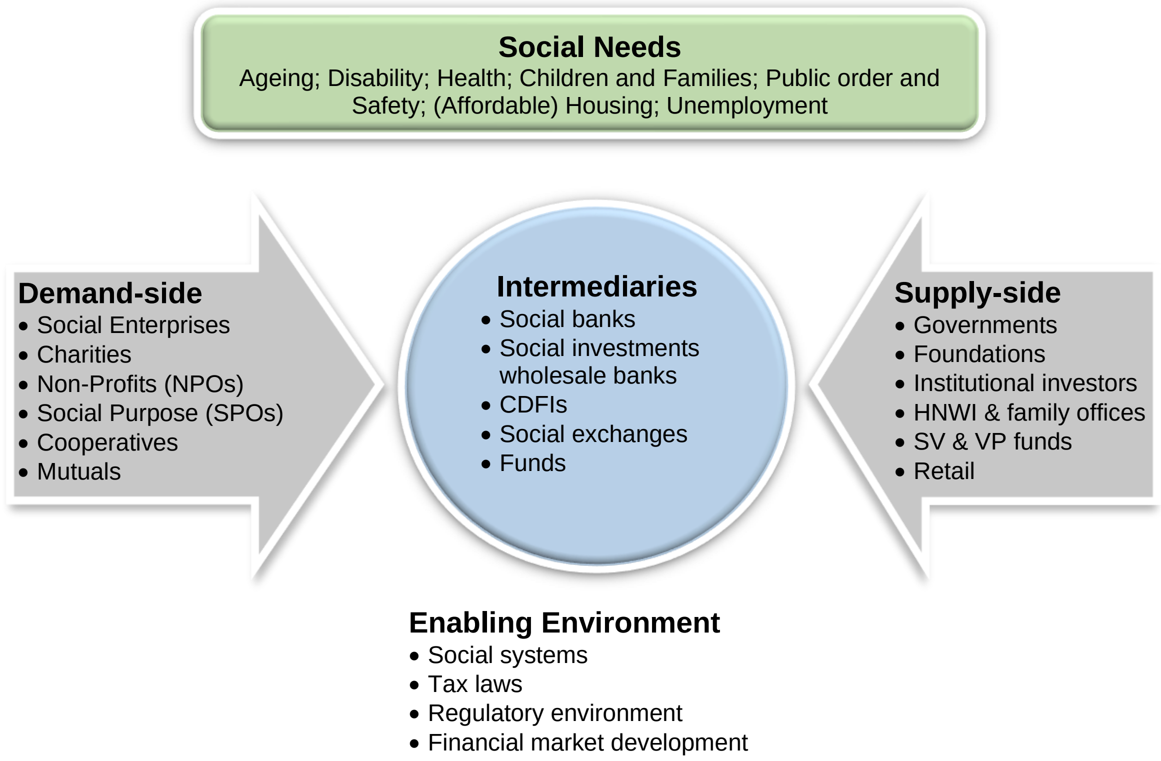


In our case, we propose to follow an ecosystem approach which embraced this increased complexity (Barco Serrano et al., 2019). Thus, we will slightly adapt the OECD's Social Impact investment market framework. This can be found in the publication “Social Impact Investment 2019-The Impact Imperative for Sustainable Development”.

We understand that it can be suitable for our study since it can be used by donor and developing countries.

The framework composed of three pillars: *“1) an overview of the policy cycle to unpack how public action may come about; 2) a simplified theory of change underpinning the design, implementation and review of SII policies; and 3) the analytical dimensions which help characterize them” and it can be summarized in the following figure:*

Figure A4: OECD’s social impact investment market framework



Source: OECD (2015)

The “Social Impact Investment Market Framework” is based on a set of elements pivotal to market analysis that are briefly described below based on OCDE (2015):

- **Social, environmental and economic needs:** In our case we have slightly adapted to include the concept of economic opportunities since Social Economy often seize them.
- **Demand side actors:** In our case Green and Social Economy
- **Supply side actors:** In our case impact investors and similar funds.
- **Intermediaries:** In this case we are more closely following the OECD framework.
- **Enabling environment**
- **Ad-hoc OECD SII Policy Framework**

Based on the above elements, OECD has also developed a SII specific policy framework aiming to assist governments in their efforts to design SII-conducive policies, in the context of private sector financing for the SDGs. In practice, its application will be twofold: 1) as the analytical basis for international comparison to track progress on the national impact investing policy environment; and 2) as guidance to policy makers when engaging in SII related policy design, implementation and review. For the purposes of the study and in order to provide adequate policy recommendations we will adapt this framework and the explanation will be given below.

3.2. Social/environmental needs

Expressed social, environmental and economic needs is the starting point of the OECD's SII analysis (OECD, 2015). SII should explicitly address these needs in an effective way aiming at proven impact by the final beneficiaries in various areas of need.

However, in our case, we propose to assess the following variables in our analysis:

- Development economic prospects of the region
- Addressing social and environment challenges

We propose this adaptation from the Social Needs category because Social and Green Economies have demonstrated to go beyond "solving market failures" and therefore we can also mention areas in which the SE and GE have also the potential to grow in their role as transformative actors (for example in culture, platform or digital economy, increase civic participation, etc.)

3.3. Environmental conditions

In the case of the OECD's SII Framework, this can be described as follows:

As part of the more general financial market, social impact investment market development is dependent on an incentive and responsive regulatory framework. SII market development call for legal frameworks and structures to be in place for social ventures as well as streamlined regulations and requirements for investment. Framework conditions which favour innovation (e.g., competition, openness,) have to be adapted to the specific conditions of emerging and developing countries.

Social systems – cultural beliefs and traditions, gender balances, trust in the institutions and the contractual mechanisms, relevance of social status, self-esteem etc. - are also key issues that determine on a more general scale individuals' behaviour towards the financial system and in particular, influences people's appetite for risk-taking, entrepreneurship and self-employment.

In our case we have slightly adapted and divided this into four main components:

1. Financial Market Development
2. Financial inclusion
3. Policy Framework
4. Other environmental Conditions

These are explained below:

Financial market development

OECD (2015) acknowledges the relevance of “developed financial markets and vibrant business environments” as conditions to a thriving SII market. Dynamic financial markets are twined with adequate legal framework is often included among the conditions for the growth and development of social enterprises.

Financial inclusion

Financial inclusion is an evolving concept and different organizations or standard-setting bodies use different definitions. The G20’s Global Partnership for Financial Inclusion (GPFI), first suggested a working definition of financial inclusion which encompasses three key components of financial inclusion: access to a variety financial services, effective use of them and recognized delivery channels.

“Financial Inclusion is a state in which all working age adults have effective access to the

following financial services provided by formal institutions: credit, (defined broadly to include transaction accounts), payment, insurance and investments.”

Policy Framework

In this case we will follow Chaves & Monzon (2018) taxonomy:

Table A1: Typology of social economy policies

Soft policies Policies aimed at creating a favourable ecosystem for enterprises	Institutional measures	- measures aimed at the legal form of social economy entities, recognising them as a private players - measures aimed at recognising the ability to operate social economy enterprises within the whole economic activity sector, removing any legal obstacles present - measures aimed at recognising social economy enterprises as policy makers, an interlocutor in the design/construction and implementation of public policies - public bodies promoting social economy enterprises
	Cognitive measures	- measures to disseminate and increase awareness and knowledge of the social economy throughout the whole of society or/and by target groups - measures to promote training on the social economy - measures to promote research on/into the social economy
Hard policies Economic policies promoting enterprises	Supply measures, aimed at improving competitiveness among social economy enterprises	- measures focused on businesses functions, such as financing, consultancy/advice, training, employment and human resources management, cooperation and networks, R &D and innovation, quality, new computing and communication technologies, physical space, etc. - these measures distinguished according to the life cycle of the enterprise (creation or stage of development of the business)
	Demand measures, aimed at the activity of social economy enterprises	- measures aimed at easing access to public markets and foreign markets (such as social clauses and reserved public contracts)

Source: adapted from Chaves (2010:164).

Thus, we will assess, both SOFT and HARD policies paying special attention to the regulatory framework. In this we will also follow OECD’s policy orientations that we can use to assess to what extent they can apply to the region. These will also help the team to figure out policy recommendations eventually.

Finally, following our ecosystem approach we will also address the PUBLIC CAPABILITIES (especially in the area of SUPERVISION, REGULATION, SUPPORT) By this we do not mean the legal or policy framework but the capabilities in terms of resources, compliance, legitimacy, etc.

Other Environmental Conditions

In the OECD framework and others there exists references to other environmental conditions which are linked to culture and other non-directly observable variables. In the OECD ones they can be included under Social Systems. In our case, and following Barco et alii (2019), we propose to include, **whenever deemed relevant (and feasible)**, all or some of the following dimensions:

- Organisation of the ecosystem;
- Efficiency, resilience, openness, culture, relevant macroeconomic properties;
- flows of capital and information.

4. MARKET COMPONENTS

4.1. Offer (Funds and instruments)

In this case we will more closely follow OECD's SII framework (OECD, 2015). Thus, in this approach, Public investors – governments, multilateral development banks, development finance institutions (DFIs), etc. – and private investors - such as foundations, high net-worth individuals and philanthropists, banks, pension funds, sovereign wealth funds, and other financial services firms and intermediaries – are very active in the SII market. Capital providers are increasingly interested in social impact investment as a way to diversify their investments and pursue social, as well as financial, goals.

Specifically, private foundations have played a critical role in the development of the social impact investment market by providing "catalytic" capital through programme-related investment programmes. Foundations are more willing to take on greater risk than other private investors and provide long-term "patient" capital. This gives them the freedom to explore and create innovative ways to address social, economic and environmental challenges.

In developing economies, the majority of investors are international players like DFIs which play an important role as "catalytic" funders. Funds and asset managers are also very active in the SII market. New models and collaborations between different funders are also emerging. Corporates are increasingly involved in social impact investing. They often enter the market through specific initiatives or funds. Many corporates are going beyond corporate social responsibility and environmental, social and governance reporting by striving to integrate sustainable growth and positive impact into their core business strategies.

Table A2: Types of potential social impact investors

Type	Summary and preferences	Typical financial products	Examples of investors
		Public	
National governments	Governments focusing on outcome commissioning and public procurement from social enterprises.	Grants, SIBs	UK Switzerland Canada
Development finance institutions (DFIs)	National and international DFIs are usually majority owned by national governments and source their capital from national or international development funds or benefit from government guarantees.	Equity, debt, quasi-equity	CDC Group Overseas Private Investment Corporation Swiss Investment Fund for Emerging Markets Proparco
Multilateral development banks	Development banks are local, national, regional or multilateral financial organisations. Their shareholders are generally national governments, but could also include other international or private institutions. These institutions provide long-term capital to develop private sectors and for infrastructure, often accompanied by technical assistance.	Grants, equity, debt, quasi-equity	European Bank for Reconstruction and Development Inter-American Development Bank International Finance Corporation African Development Bank Asian Development Bank
		Private	
Philanthropic foundations	Invest endowments in projects, social enterprises and in developing countries.	Equity, debt, grants, quasi-equity for seed stage and market building. Typical deal size (direct investment): USD 50 000-1 million	Bill & Melinda Gates Foundation Shell Foundation Omidyar Network
Family offices and high net-worth individuals	Invest own capital or capital of high net-worth individuals across a range of asset classes.	Debt, equity	
Dedicated early-stage impact funds	Pool own capital with capital of high net-worth individuals, foundations and/or institutional investors into funds to support private impact focused enterprises.	Equity, debt, quasi-equity, inventory finance and grants for relatively early-stage enterprises. Typical deal size: USD 50 000-2 million	Acumen Fund LGT Philanthropy Root Capital Gatsby Charitable Trust
Commercial banks	Lend to small and large businesses.	Debt	HSBC Bank of America
Private equity (impact) funds	Invest institutional capital and own capital into private companies and funds.	Equity investment small and medium-sized enterprises growth stage	Phatisa Harith Ariya
Asset managers	Invest institutional and retail capital across a range of investments.	Debt, equity	Blackrock Wellington
Insurance companies	Invest premium payments from policy holders to provide funding for future claims.	Debt, equity	AXA Zurich Insurance Group
Investment banks	Invest in and/or arrange large transactions for institutional clients. Tenor restrictions driven by capital charges are a constraint for on-balance sheet investments.	Debt, equity	Goldman Sachs JP Morgan Morgan Stanley
Pension funds	Pension funds are established for purposes of providing benefits on retirement for specific groups of employees. Invest pension payments from policy holders to pay for future retirement benefits.	Equity, debt (often restrictions in some asset classes)	California Public Employees' Retirement System Universities Superannuation Scheme AP4
Sovereign wealth funds	Pools of assets owned and managed directly or indirectly by governments and increasingly directed towards impact investments.	Equity, debt	Abu Dhabi Investment Authority Temasek

Source: OECD (2019)

In our case, and according to state-of-art literature and some key informants' statement, we believe Islamic Finance can play also a relevant role in this dimension. In this area for example we find the Islamic Corporation for the Development of the Private Sector (ICD) that is part of the Islamic Development Bank (IsDB) Group.

4.2. Demand (SE and GE)

In the case of the OECD's SII framework, socially-driven enterprises and service delivery organizations are the key drivers in addressing social needs. (OECD, 2015) Social enterprises are entities that primarily pursue a social mission alongside profit. These ventures seek financing from multiple providers in order to operate in the market and to respond to their development ambitions. The sources of financing include the public sector, philanthropic foundations, impact investors, as well as mainstream financial institutions. Generally, a "resource mix" (blended finance) is necessary to match social enterprises' needs depending on their stage of development and the nature of their social mission.

4.3. Public Actors

Public actors are a key stakeholder which fulfil different fundamental roles. In relation to this assignment, we find that they are key in four interrelated aspects:

1. Policymakers: they are the key actor in the policy process, therefore fulfilling roles as: designer, implementer and evaluator of the above-mentioned taxonomy of policies (Chaves & Monzon, 2018). Here we should also include their capabilities as agenda-setters.
2. Key funder (with highly relevant role in blended concessional and non-concessional finance).
3. Direct provider of key services in the ecosystem. Here we are talking about their role in data production, supervision, regulation and technical support.

4. As recipients/managers of investment, both as part of Public Social Enterprises or as managers of key intermediary financial services as guarantee funds.

We will analyse them at two level regional and by country.

- Challenges: in the case of public actors the main challenges can be summarised around:
- Public sector capabilities, especially in three key areas: impact measurement, data and the tandem regulation/supervision.
- Awareness. While there is a growing expertise within public sector around Social and Green Economies, and there is also a significant competence in investment promotion, from the first desk research we infer that impact investment is little known among key public actors.

4.4. Intermediaries

Intermediaries are a key player for the SII ecosystem as their basic role they ensure that capitals are channelled from investors to final local beneficiaries in the most efficient way ie. lowering transaction costs occurring in the SII market where demand and supply are usually fragmented (OCDE, 2015). The role of intermediaries is multiple and goes beyond being a recipient to investor's funds or creating liquidity as intermediaries significantly contribute in providing advice in funds management, fostering entrepreneurship skills, developing business ideas and putting in place payment mechanisms that improve access to finance for MSMEs. Yet, most countries, and particularly those in the MENA and North Africa region, do not provide advantageous market conditions for intermediaries to blossom and develop (OCDE 2015).

It is common in the literature to distinguish two categories of intermediaries operating in the SII market based on their primary function: financial intermediaries which specialize in financing social enterprises and capacity-building organisations whose intervention builds on advising activities.

→ Financial intermediaries consist of commercial banks, investment banks, fund managers, stock exchanges and investor/crowdfunding platforms. Classic financial intermediaries like banks usually, though not exclusively, focus on financing social enterprises which have gained some maturity and position themselves in scaling up their activities; they also fund start-up businesses which show high impact potential or make extensive use of technologies in promising economic sectors like for example FinTechs aiming to foster financial inclusion. Crowdfunding mechanisms are mostly used by newcomers in the market which take stock of large pool of investors mobilized very quickly through online networks.

Table A3: Financial intermediaries in the SEE market

Organisation Type	Definition & Data Challenges	Types of Data Sources
Social banks Social investment wholesale banks Community Development Finance Institutions (CDFIs) Fund managers & Tax advantage funds Social exchanges Crowdfunding platforms SII Networks/platforms DFIs and development banks	Several organisations collecting data but different types and in various ways. Data usually collected to address investor needs. Market still in embryonic phase in most countries. Identifying the set of intermediaries can be helpful to identify all potential players collecting transaction data	**Banks/Wholesale banks** *BSC, UK; Bpifrance, France* **Funds** *Impact Assets; NCIF, US;* **Social exchanges** *Social Stock Exchange, UK; SVX, CAN* **Investor platforms** *Impact Base, GIIN; Maximpact; Engaged Investment, UK* **Crowdfunding platforms** *Masssolution, US* **Networks\Associations** *Finansol, FRA; CFDA, UK*

Source: OECD (2015)

→ Capacity-building organizations include accelerators and incubators, advisory firms, networking and knowledge platforms. Despite differences all these organizations share a common "supportive" function to businesses – market intelligence, business development plans, fundraising and management assistance, mentoring – in order to facilitate businesses' entry in the marketplace.

Table A4: Characteristics of incubators and accelerators

Characteristics	Incubators	Accelerators
Clients	All kinds, including science-based businesses (biotech, medical devices, nanotechnology, clean energy, etc.) and nontechnology; all ages and genders; includes those with previous experience in an industry or sector.	Web-based, mobile apps, social networking, gaming, cloud-based, software, etc.; firms that do not require significant immediate investment or proof of concept; primarily youthful, often male technology enthusiasts, gamers, and hackers.
Selection Process	Competitive selection, mostly from the local community.	Competitive selection of firms from wide regions or even nationally (or globally).
Terms of Assistance	1 to 5 or more years (33 months on average)	Generally 1- to 3-month boot camps
Services	Offers access to management and other consulting, specialized intellectual property and networks of experienced entrepreneurs; helps businesses mature to self-sustaining or high-growth stage; helps entrepreneurs round out skills, develop a management team, and, often, obtain external financing.	"Fast-test" validation of ideas; opportunities to create a functioning beta and find initial customers; linkage of entrepreneurs to business consulting and experienced entrepreneurs in the Web or mobile apps space; assistance in preparing pitches to try to obtain follow-up investment.
Investment	Usually does not have funds to invest directly in the company; more frequently than not, does not take equity.	Invests $18,000 to $25,000 in teams of co-founders; takes equity in every investee (usually 4 to 8 percent).

Source: Atkins, D. (2011) "What are the new seed or venture accelerators?" quoted in "Innovation Accelerators: Defining Characteristics Among Start-up Assistance Organizations", Small Business Administration, Office of Advocacy, October 2014.

An outlook of financial intermediaries across the world shows regional disparities of intermediaries and the Southern Mediterranean region ranks somewhat behind (OCDE, 2015). The region hosts some international networks like Ashoka with local offices in Israel and Egypt and activities in Jordan, Lebanon, Libya and Tunisia.[40]

5. RESEARCH

Research and data collection/production are key elements according to literature and several key informants. Therefore, it is important to address this element both at regional and country level.

The main areas of analysis would be:

Statistics: Social Economy and Green Economy enterprises are not included in any of the national services of the different countries. Besides this, there is also a lack of statistics in terms of their financial needs, stage of development, access to support services, etc.

SIM: we have already mentioned the challenge posed by Social Impact Measurement. This is also the case in terms of advancing research and there are relevant proposals such as the common approach (Quebec) or the GECES (EU)

[40] https://www.ashoka.org/en-us/our-locations

Social Economy: the two most relevant research networks in this field (CIRIEC[41] and EMES[42]) are now addressing their increased involvement in the region.

Green Economy: most of the research focuses on specific environmental challenges (energy, water management, coastal ecosystem, land) and Sustainable development rather than specifically on the Green economy.

Most of the research about Green Economy in the region comes from existing projects/applied research such as SwitchMED or UNEP reports and regional workshop. (https://www.unep.org/explore-topics/green-economy)

This can be summarized in the following table:

Table A5: Supply-side actors in the SEE market

Organisation Type	Definition & Data Challenges	Types of Data Sources
Government (National and local) Foundations Social venture funds Venture philanthropy funds Institutional investors Corporations High Net Worth Individuals (HNWI) Mass retail (crowdfunding) Untapped pools of capital (dormant funds)	Most information is on potential assets to be deployed The actual amount of SII is hard to trace. Sizing and assessing potential entails significant assumptions. Confidentiality issues	National Statistical Offices *Social expenditures, National Accounts* Networks\Associations *Japan Foundation Center; EVPA, Europe* Surveys *JP Morgan\GIIN;* National Tax Offices *Tax breaks* Financial system *Financial Market Authorities; Central Banks*

Source: OECD (2015)

However, for the sake of adaptation to the specific features of this study we propose the following characterization of the demand side.

5.1. Social Economy

As we mentioned before, the concept of Social Enterprise is clearly linked to the development and modernization of the cooperative movement. Moreover, and as we said above, this term is still far from having a fully and widely accepted definition, either a scientific or an operational one, but it can benefit from the efforts of key international actors such as the EU in providing operational definitions.

In our case we propose to use two solid theoretical approaches. First, on one side, the social economy, which is not reduced to a few classical legal forms, but which is "based on structural criteria, such as its social aims, its participatory and democratic decisional criterion and its profit distributive criterion based on the prevalence of people and labour factor over capital"

[41] CIRIEC recently inaugurated the first national section in North Africa (Tunisia at the end of 2019)

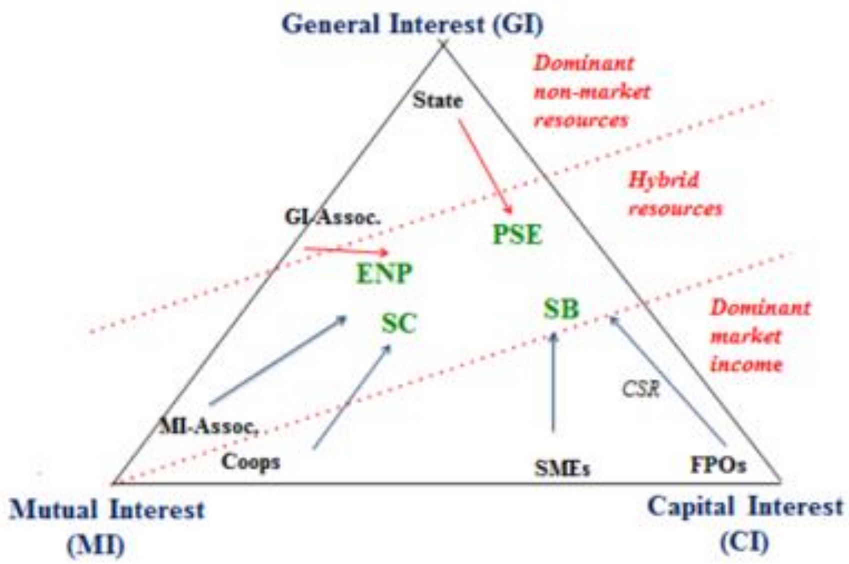
[42] Both through the already mentioned ICSEM project and through the involvement of some key members of the network such as EURICSE (Trento, Italy) in local projects (Mubaderoon in Jordan).

(Chaves & Monzon, 2018). Moreover, the different economic unit do not even need to be formal ones, formalisation often being a request from external actors. However, in our case, we can resort to the "structural criteria" of the social economy whenever we may not find a legal or well-established definition at local level.

On the other, we also need another operational framework to "localize" the social economy proposal to a context which is very different from those in which it was initially developed and where it has gained more visibility (like USA, UK or the EU). In our case, we propose to use the operational framework offered by the ICSEM project, the most relevant attempt to compare social enterprise models and their respective institutionalisation processes across the world. This is the result of the most comprehensive analysis of the different types of Social Enterprises at world level (Defourny, J., Nyssens, M. and Brolis, O., 2019).

It offers us the opportunity to avoid to a certain extent the "donors' bias" which tend to provide prevalence to models and practices related to their country of origin, thus dampening a more endogenous/bottom-up construction of the proposal. This approach can be summarised in the following figure:

Figure A5: The social enterprises model



Source: Defourny and Nyssens (2017)

Here it present four main types of social enterprise models (Social Cooperatives or SC, Enterprising Non-Profit or ENP, Public Social Enterprise or PSE and Social Business or SB) according to two variables: the three "principles of interest" (CI, MI and GI) and the resources (non-market, hybrid or market). Thus, with the above-mentioned "structural criteria" and the two variables presented by ICSEM we can assess the different national and regional ecosystems.

Finally, it is also worth noting here the above-mentioned overlapping between green and social economies. This, may produce some misunderstanding and the need to some specific clarification in some areas of our study, but fundamentally, as stated by research, several pieces of legislation, and some key informants' responses, both impacts are closely related, to the point that green impact without social concerns is signalled by some as not sufficient to be differentiated from pure profit-driven investment.

As a result, we propose to adapt the taxonomy included in the OECD framework and it will be the four ICSEM categories:

1. Social Business
2. Public Social Enterprises
3. Social Cooperatives
4. Enterprising Non-profits

However, taking into account problems to have specific data on some of these categories, we may refer to all cooperatives and we will also include Mutuals.

5.2. Green Economy

The term green economy was first coined in a 1989 report for the Government of the United Kingdom by a group of environmental economists, entitled Blueprint for a Green Economy (Pearce, Markandya and Barbier, 1989)[43] that were investigating the term "sustainable development" and its implications for the measurement of economic progress. Twenty years later, the Rio+20 conference focused on the concept of a "green economy", and on how the economies could achieve "green growth". (Barbier, 2012)[44].

The United Nations Environment Programme (UNEP) Green Economy Report, which is considered the background document for RIO+20, defines a green economy as one that results in "*improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities*. In its simplest expression, a green economy is a low carbon, resource-efficient, and socially inclusive. In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services. These investments need to be catalysed and supported by targeted public expenditure, policy reforms and regulation changes. The development path should maintain, enhance and, where necessary, rebuild natural capital as a critical economic asset and as a source of public benefits. This is especially important for poor people whose livelihoods and security depend on nature." (UNEP, 2011)[45]

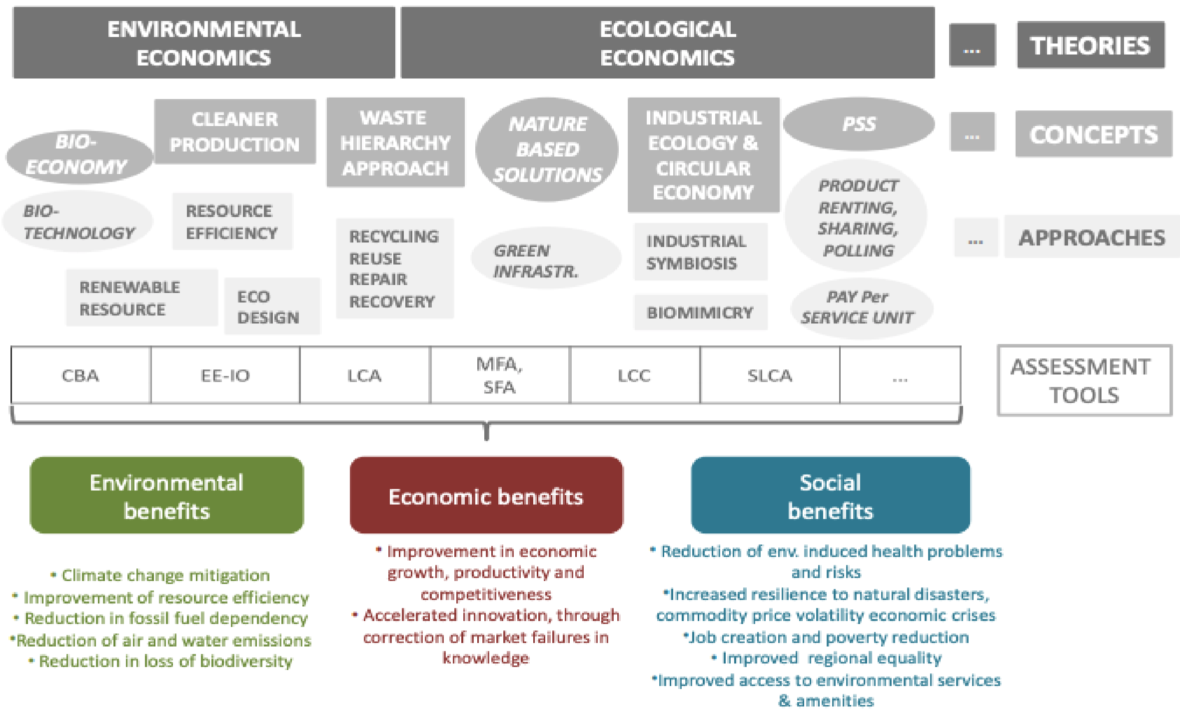
The green economy is also about green growth, which means "fostering economic growth and development while ensuring that the natural assets continue to provide the resources and the environmental services on which our well-being relies. To achieve this, it must catalyse investment and innovation which will underpin sustained growth and give rise to new economic opportunities" (OECD, 2011)[46]. Behind the definition of a green economy, there are individuated several emerging concepts and related potential approaches that have been identified as promising instruments to implement green economy strategies such as bioeconomy and eco-design as well as the nature-based solutions and the green infrastructure. Nevertheless, the concept of a green economy is related to several different economic theories, concepts, and practical approaches: from the theory of environmental

[43] Pearce, D., Markandya, A., Barbier, E., 1989. Blueprint for a green economy. Earthscan, 831 London, Great Britain
[44] Barbier, E., 2012. The Green Economy Post Rio+20. Science (80-.). 338, 887–888
[45] UNEP, 2011. Towards a Green Economy: Pathways to Sustainable Development and 898 Poverty Eradication.
[46] OECD, 2011. Towards Green Growth: Monitoring Progress. doi:10.1787/9789264111318-en

economics, closely related to cleaner production and resource efficiency, to ecological economics based on advanced concepts such as the circular economy.

Thus, the green economy is an "umbrella" concept that encompasses different implications about growth and well-being, or efficiency and risk reduction in the use of natural resources.

Figure A6. Generic framework showing the different layers of the green economy concept. Source: Loiseau et al, 2016.47



[47] E. Loiseau, L. Saikku, R. Antikainen, N. Droste, B. Hansjürgens, et al. Green economy and related concepts: an overview. Journal of Cleaner Production, Elsevier, 2016 139, pp.361-371. ff10.1016/j.jclepro.2016.08.024ff. ffhal-02604567f

ANNEX 5: GUIDELINE TO SEMI-STRUCTURED INTERVIEWS

(Brief introduction to the topic of the assignment, its expected outcomes and the scope of the interview.)

1. TRENDS: SII has gained great momentum in the last decade in developed countries as well as in emerging markets. How is your institution positioning itself towards this rising trend? What drives your institution's decision to engage in SII interventions (or SII supporting activities)? What are the financial mechanisms you're using in your SII interventions?
2. DRIVERS/CHALLENGES: Based on your experience, how would you describe the main drivers and challenges of SII in general?
3. LOCAL CONTEXTS: How do you think local contexts (country-specific or regional) do impact (hamper or fuel) SII market development?
2. REGION: As long as you're aware, how do you think countries in the MENA region are faring in SII market development compared to other regions of similar economic conditions/development and/or emerging countries?
3. (Note 1: The MENA region is currently the "least attractive" area for SII investors in terms of capital allocation. Is this a lack of interest or there are specific factors making these countries less suitable for the SII sector to take off? Here we get a first picture of demand side drivers, and intermediaries to be elaborated below – questions 5 and 6)
4. SDG AND SII: Under the SSE label, SII covers a broad range of thematic interventions/areas (environment/green economy, microfinance, sustainable agriculture...) but still committed to achieving the SDGs. In your opinion, how effectively do the current SII interventions – and/or the coming ones – address the SDGs in the MENA region (also compared to other similar countries)?
5. SIM. Trends, opportunities, challenges and threats
6. REGULATORY LANDSCAPE: How would you describe the role that local financial market development/conditions and regulatory landscape are currently playing in the SII market development in the region? How different countries (including the MENA countries) are adapting their legal landscape in order to promote/incentivize the SSI initiatives? To what extent do these changes ensure a sustained, long-term development of local SII market?
7. Regarding Demand Side (Social Economy/Green Economy (scope, knowledge, relationship)
8. Regarding intermediaries (incubators, financial intermediaries): role, size, scope, knowledge.
9. Venture capital in MENA region
10. List of people to be interviewed

ANNEX 6: GUIDELINE TO SEMI-STRUCTURED INTERVIEWS - AREAS OF INTEREST

1. Local Context of SII (country/region/sectors)
   - How the think local contexts (country-specific or regional) do impact (hamper or fuel) SII market development? What sectors are the most concerned?
2. Demand Side (size of social/green economy/microfinance or other sectors (health, education, gender related issues or another specific subpopulation target)
3. Supply Side (actors, commitments, financing mechanisms, financing conditions, coordination practices, compliance/support to national policies (i.e. policy-based lending)

   - Focus on i) DFIs and how they interact with other local/international actors; how this interaction could be improved and ii) technical assistance, concessional funding or other technical support

4. Policy Landscape (legal recognition/specific framework for SII or related sectors, comprehensiveness, incentives/limits to development)
5. Intermediaries (size/outreach, specialization (including gender), financial sustainability)
6. Drivers and Challenges for SII development in the country/region (particular focus on risks and future trends)
7. Key issues: RISK, SIZE, SUPPORT (Services, infrastructure and incentives) and COOPERATION (among key stakeholders)
8. Suggestions for other actors to include in the mapping

ANNEX 7: REGIONAL OUTLOOK

In this part we present an initial draft of the situation both at regional and country level in the idea of also including some initial guidelines of analysis (or localize assumptions).

1. SOCIAL NEEDS

Home to nearly 250 million people, the SEMC are facing newly emerged and old inherited challenges, cumulated economic dysfunctions and unfulfilled social aspirations. During the last decade, SEMC economic performance suffered as a result of a combination of domestic lack of reforms, the EU financial crises and the decline to exports.

Uncertain economic prospects in front of high social expectations. Although most of the SEMC have managed to maintain positive GDP growth rate in the 2010s their performance is deemed insufficient to overcome social demands fuelled by high levels of unemployment especially for youth. Macroeconomic fragility, rising public debt and fiscal imbalances leave little room to decision-makers to engage in sound and transformative reforms.

Declining living standards. According to the World Bank estimates, conflicts in the region contributed to a doubling of extreme poverty (measured as individuals living on incomes of less than US$1.90 per day), from 2.4% in 2011 to 4.2% in 2015. Job's creation perspectives remain challenging for most of the SEMCs. OECD (2015) emphasizes that the MENA region where more than 30% of the population is between 15-29 years old, faces the highest youth unemployment in the world with youth unemployment rates of 51% in Libya, 39% in Egypt, 38% in the West Bank and Gaza Strip and beyond 30% in Tunisia or Morocco.

Poor education systems are also at the heart of job's low-productivity and unemployment in the SEMC as they fail to offer the young labour force the knowledge and skills required by a modern economy.

Long-term challenges that need urgent address. Regional conflicts present a great threat for the region and the major barrier to achieving the SDGs. While countries performance varies greatly, in the SDG 2020 Index, the average country score is 66.3 in MENA countries; only sub-Saharan Africa has a lower regional average of 53.1.

2. ENABLING ENVIRONMENT

Financial Market Development

The SEMC countries – as part of MENA – is considered as one of the world's most dynamic and growing markets in the banking and financial markets sector. Though recent data are scarcely available and the SEMC are not monolithic to this regard some global trends could be emphasized.

A changing banking sector: In many SEMC the banking sector has undertaken profound reforms since early 2000. However, the banking system still shows high concentration, limited use of digital payments and low bank penetration as roughly 33% of the adult population has a bank account on average (2017). According to “Doing Business 2019” report it appears than access to finance for the MSMEs remains also problematic.

Strengthened bank regulation and supervision: All SEMC though at varying levels have improved banking supervision and regulation, reinforce the role of Central Banks and their independence, established risk-based prudential measures and banks audit procedures. However, nonperforming loans (NPLs) remain a serious hindrance to credit expansion and NPLs which may in some countries (like Tunisia) reach up to 25% of loans in public-owned banks.

Timid development of capital markets: Despite the public efforts to incentivize public savings, private equity and capital markets are of limited relevance. According to Arab Monetary Fund, in 2019 Morocco (Casablanca Stock Exchange) and Jordan (Amman Stock Exchange) only show a relatively high capitalization-to-GDP ratio of 51.6% and 48.2% respectively.[48]

Increasing relevance of microfinance: Microfinance institutions (MFIs) are filling the gap of the financial exclusion. Arab countries show a more active borrowing behaviour compared to other regions, with 44 percent of adults borrowing money over a year while bank penetration remains low.

Financial Inclusion in the region

The report adopts the financial inclusion perspective as a more comprehensive analysis framework of access to finance for both individuals and firms in the region. Access to finance is about market preparedness and actors’ interest/incentives to engage in the market. Therefore, impact investing and its development is to be considered as one of the components of the broader financial inclusion landscape. However, the different coverage of countries’ details on impact investing reportedly reflects, by the time being, lack of accurate data on the sector across the region. Though some countries, Egypt and Tunisia in particular, seem to provide a more advanced impact investment sector – or at least, a more conducive environment to its development – sound data are still missing and making difficult to trustfully describe the state of social impact investments.

Financial inclusion is on the rise worldwide. While countries in the MENA region show great variation, their population tend to classify among the least financially included. Nearly 70 percent of adults (168 million) in the Arab world report no account ownership. According to CGAP (2017) access to formal credit is less than half the global average and informal credit is widespread by at least 92 million borrowers.

Financial inclusion remains an attractive sector for investors. The support from international funders reached a new record in 2019 with US$52 billion committed to financial inclusion with

[48] Arab Monetary Fund, 2020. “The Joint Arab Economic Report”, Arab Capital Markets Performance Statistics.

private and public investments rising steadily. [49] MENA countries attract almost 10% of the global commitments for financial inclusion. However, the funding is almost exclusively earmarked for micro and small enterprises supporting projects likely to reflect the priority for these economies to enhance employment and ensure effective functioning of labour market. [50]

Avenues to improve financial inclusion in the region

Leveraging on microfinance for MSMEs financing

Microfinance is on the rise in the SEMC and, more generally in the Arab World. Exclusively driven by micro-lending, MFIs serve more than 3.3 million borrowers in the Arab World for an outstanding loan portfolio of USD 1,8 billion. Yet these figures are far from an estimated market 92 million who report borrowing through informal channels (CGAP, 2017). Recent research shows great interest from the MFIs in the region in upscaling their lending to MSMEs.[51]

Islamic finance

According to OECD Islamic finance was worth US$2.5 trillion in 2018 and was expected to exceed US$ 3.5 trillion in 2022. OECD suggests that part of it may be operationalized to promote sustainable development in Muslim-majority countries. Deemed by Muslim populations as ethical and complying with the populations culture and beliefs Islamic finance could be as relevant as other forms of classic finance, if not more.

3. GREEN ECONOMY IN MENA REGION

Except for the EU Mediterranean area, where, especially the concept of the circular economy seems to be advocated by policymakers and stakeholders, in many countries of the MENA regions (e.g., Lebanon, Jordan, Palestine, Egypt and Libya), the concept of the green economy is relatively new, and incentives for companies to adopt circular principles are very limited[6].

Setting a regional example in green growth could, however, turn the MENA economies from being resource-rich to resourceful – knowing how to make use of all of their natural capital in the smartest possible ways.

However, fostering green growth in MENA region requires some considerations[7]:

- A structural challenge for many countries remains the enforcement of environmental laws and regulations, whether related to waste treatment (illegal dumping or substandard treatment of waste) or chemical pollution of water bodies.

[49] Particularly worthy to note that such a commitment does not seem impacted by the 2020 pandemic crisis as funders hold financial inclusion on the top of their investment agenda priorities "as an enabler of resilience and recovery in the COVID-19 context" (CGAP, 2021).

[50] https://www.cgap.org/research/data/funding-explorer-interactive-data-2019-cgap-funder-survey

[51] IFC and Sanabel, 2016. "Serving the Very Small Enterprise (VSE) Segment by Microfinance Institutions in the Arab World".

- The countries of the MENA region are characterised by a large informal sector at it is recommended to understand and consider their role in the transition to a green economy to implement approaches that are tailored to their needs.

- Some of the region countries have been or are suffering from political, security and economic instability. Therefore, people and businesses' priorities are focused on their short-term physical and economic security, and customers are price-oriented over environmental protection and sustainability.

The Regional Action Plan on Sustainable Consumption and Production (SCP) in the Mediterranean is the first intergovernmental agreement in the Mediterranean basin to establish a regional action framework to promote the shift towards a more sustainable and circular economy, consumption patterns with lower environmental footprints, and greener production methods. It is structured around key economic sectors that are the main sources of environmental pressures on Mediterranean ecosystems.
Regional policy measures to support green and circular economy businesses should be implemented to support the creation and development of green and circular economy businesses in the Mediterranean. These businesses are acknowledged by the countries of the Barcelona Convention as key drivers for the Green and Blue Economy in the Mediterranean region. While all businesses must adapt to their political, social and economic context and operate within regulatory and institutional constraints, green and circular economy businesses often face additional challenges such as establishing a secure foothold in the market, staying competitive with other businesses that do not internalize the costs of environmental and social responsibility, limited opportunities for building capacity on sustainable business practices, and access to financing. Additional challenges can arise when the markets for sustainable products are influenced by a heterogeneous framework of policies affecting business creation and development, especially in a regional setting like the Mediterranean.

Still, awareness around climate change and environmental issues is rising, especially among the new generations, driven by civil society organizations. At the same time, all countries are now struggling with the recent economic downturn caused by the COVID-19 crisis, exacerbated by climate change. The crisis should therefore be seen as an opportunity to reshape and redesign our resource-intensive, linear economy towards a green circular economy.

Links with EU policies/initiatives:

Green growth has been widely recognised as an essential element in achieving climate mitigation targets refined in the Paris Agreement. The Europe 2020 Strategy has recognised the central role of the transition towards a green, low-carbon and resource-efficient economy in achieving smart, sustainable and inclusive growth.

Today, the European Green Deal presents a roadmap for making the EU's economy sustainable by turning climate and environmental challenges into opportunities across all policy areas and outlines the investments needed and financing tools available and explains how to ensure a just and inclusive transition, which could also be having spill-over effects on neighbouring Mediterranean countries.
Green Social Entrepreneurs:

As stated by Zahedi and Otterpohl (2016)[52] a green social entrepreneur could play two important roles in sustainable development: first as an innovative community to change the structure of the economy through sustainability and second as a community which creates and changes the norms in a society so as to maintain sustainable development. In fact, green social entrepreneurs do not focus only on the most immediate problems, but also seek to understand the context to develop new resources and make them available to influence global society.

Figure A7. Characterization of different kinds of sustainability-oriented entrepreneurship.

TYPE OF ENTREPRENEURSHIP	CORE MOTIVATION
Eco-entrepreneurship	Contribute to solving environmental problems and create economic value
Social entrepreneurship	Contribute to solving societal problems and create value for society
Sustainable entrepreneurship	Contribute to solving societal and environmental problems through the creation of a successful business
Institutional entrepreneurship	Contribute to changing regulatory, societal and market institutions

Source: Schaltegger S. & Wagner M., 20119

We are witnessing the emergence of social entrepreneurs who are thinking greener, who consider social issues as closely interconnected with environmental issues. These new professional figures – green social entrepreneurs – are seeking to make changes in the relationship between economy, ecology and society through a multilevel approach to sustainable development.[53]

4. SOCIAL ECONOMY IN THE REGION

SE, including Social Enterprises, is unevenly developed across the Mediterranean area. We find some countries with more developed Social Entrepreneurship sectors and other with very little presence. In the former we find countries such as Morocco where the numbers are very significant with more than 170.000 associations (albeit with a limited economic impact of around 1%), over 20.000 cooperatives (2600 of which are made of 100% women) with a joint share of the GDP of 2% and almost no figures for other types of Social Enterprises (which is a constant in all research and mapping on Social Enterprises: absence of number for other than cooperatives and associations). In the latter we can include Lebanon, where despite

[52] Zahedi, A. & Otterpohl, R. (2016), Towards sustainable development by creation of green social entrepreneur's communities, 12th Global conference on sustainable manufacturing.
[53] Schaltegger, S., Wagner, M. (2011), Sustainable entrepreneurship and sustainability innovation: categories and interactions, Bus. Strat. Environ.

having an important number of coops (almost 2000) they struggle to build bridges with SE initiatives or entering in new sectors with growth potential (platform coops, agro-ecological production, etc.). We find also that in Tunisia, despite the efforts of the national government and several international actors, the weight of the SE accounts to slightly over 1% of GDP. In the case of Lebanon, we find the same acute problem with figures: for example, MedUP mapping does not mention a single figure regarding number of enterprises or share of GDP (not even a projection) and it did not mention either the number of cooperatives (1248 in 2017 and only 4% of them in Beirut. Source ILO). In Palestine, on the contrary, we see a relevant presence of collective social enterprises in the different projects (MedUP, MedTown), with a relevant interest for SE in their work and proposals. Similar things happen in Egypt (with several thousand cooperatives not included in the mappings) or Jordan (however there are current efforts to include a more balanced approach in Joinup).

5. INTERMEDIARIES

According to the OCDE (2015) domestic intermediaries are also on the rise reflecting the dynamics of the social enterprises market in the region as for example Wamda Capital, a "business angels" based in Dubai, formerly the MENA Venture Investment, specialized in financing vehicles to start-ups and improving entrepreneurship ecosystems through mentorship and networks in the MENA region[54] . Other accelerators operate in the region with multiple country offices like Flat6Labs, an accelerator with activities in Egypt, Lebanon, Jordan and Tunisia.) Region-born accelerator and seed fund manager "Oasis500" based in Amman and created upon an initiative from His Majesty King Abdullah II aims "to catalyse the entrepreneurial ecosystem in Jordan and the MENA region" with a particular focus on technology-based industries[55] . Though first limited to Jordan businesses, the fund is considering spreading its activities in the neighbour countries.

International actors and multilateral development banks are also active especially in supporting regional programs which target youth employment and access to finance. Intermediaries like the European Investment Bank, the African Development Bank are increasing involved in start-up financing and supporting accelerators through technical assistance and direct investments (OECD, 2015). Though not specific to the SSE sector, the European Bank for Reconstruction and Development (EBRD) is currently implementing the "EBRD Star Venture start-ups programme" which identifies, mentor and provide funds to high potential and innovative start-ups in 30 countries, Egypt and Tunisia among them. Region-wide UE-funded programs like MED MSMEs may also be a valuable tool not only in improving the regulatory and institutional business environment but also in providing "alternative financial mechanisms to MSMEs" including those operating in the social economy sector.[56]

As previously discussed, microfinance is continuously attracting attention in the region as a mechanism which actively improves the access to finance for unserved populations and thus, acting as leverage to a dynamic SII market. According to OCDE (2015), international commitment through investment vehicles in the region has increased by 62% from 2006 to

[54] https://www.wamdacapital.com/portfolio3.php
[55] https://www.oasis500.com/en/
[56] www.medmsmes.eu

2016 though only 4% of the investment vehicles microfinance portfolio is devoted to the MENA region.

Finally, Islamic finance has gained a momentum as the UNDP and the Islamic Development Bank launched the Global Islamic Finance and Impact Investing Platform in 2017. The objective is to help achieve the SDGs in Muslim-majority countries through improved connection between Islamic financiers and impact investors (OCDE, 2015).

6. COUNTRIES

This section provides country-specific data on overall economic prospects, social needs and the current state of the social economy reflecting preliminary research done and inputs received from key informant interviews. For the time being, the information is not homogenous across the countries which results in somewhat unbalanced presentation of different components of the social economy. Though current information is still limited whenever possible details are provided on more specific topics such as social economy, green economy, access to finance, etc.

6.1. MOROCCO

SOCIO-ECONOMIC DATA:

- Morocco is a country with 27% of its population aged under 15 (2018) albeit declining from a top of 5,9 in 1971.
- Absolute poverty rate ,8% (201) but declining (expecting rise due to COVID).
- Human Development Index (HDI), an indicator that groups three criteria of human development (longevity, education and living conditions), has ranged from an average of 0.576 between 2000 and 2010 to reach 0.667 in 2018. This index shows an upward trend since 1990.
- Dynamic employment market in urban areas vs decline in rural areas (related to urbanisation trends). Unemployment rate declining (until COVID). However, unemployment still significant for higher-level graduates (with more women unemployment).
- Economy with relevant primary sector
- GDP per capita is in the order of USD 3.368 with an inflation rate of around 1.6% according to estimates by the International Monetary Fund.
- Budget deficit reduction following prudent policy (WB).
- Morocco's current account deficit has decreased, but its trade deficit became more marked because of the rise in energy prices.

Table A6. Morocco: Macro poverty outlook indicators

	2017	2018	2019	2020 e	2021 f	2022 f
Real GDP growth, at constant market prices	4.2	3.1	2.5	-6.3	3.4	3.6
Private Consumption	3.8	3.4	1.8	-5.1	3.4	3.7
Government Consumption	2.1	2.7	4.7	8.9	4.5	3.5
Gross Fixed Capital Investment	-0.2	1.2	1.0	-8.7	4.7	4.9
Exports, Goods and Services	11.1	6.0	5.5	-10.7	6.5	6.8
Imports, Goods and Services	7.9	7.4	3.3	-6.3	4.3	4.5
Real GDP growth, at constant factor prices	4.4	3.0	2.5	-6.2	3.4	3.7
Agriculture	13.1	2.4	-4.6	-5.7	8.1	3.8
Industry	3.6	3.0	3.5	-7.4	2.4	3.5
Services[a]	2.7	3.1	4.0	-5.8	2.7	3.8
Inflation (Consumer Price Index)	0.7	1.9	0.2	0.7	1.0	1.5
Current Account Balance (% of GDP)	-3.4	-5.5	-4.1	-9.9	-6.5	-5.2
Net Foreign Direct Investment (% of GDP)	1.5	2.4	0.5	0.6	1.5	1.8
Fiscal Balance (% of GDP)	-3.5	-3.7	-3.6	-7.6	-5.3	-4.2
Debt (% of GDP)	65.1	65.2	65.2	76.6	78.6	78.9
Primary Balance (% of GDP)	-0.9	-1.3	-1.3	-4.9	-2.7	-1.7
International poverty rate ($1.9 in 2011 PPP)[b,c]	0.7	0.7	0.6	0.8	0.7	0.6
Lower middle-income poverty rate ($3.2 in 2011 PPP)[b,c]	5.8	5.4	5.2	6.2	5.8	5.3
Upper middle-income poverty rate ($5.5 in 2011 PPP)[b,c]	26.3	25.1	24.4	27.5	26.1	24.6

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate. f = forecast.
(a) Service is recalculated as the residual of GDP at Factor Cost minus Agriculture and Industry to ensure internal consistency; might differ from official sources.
(b) Calculations based on 2013-ENCDM Actual data: 2013. Nowcast: 2014-2019. Forecast are from 2020 to 2022.
(c) Projection using neutral distribution (2013) with pass-through = 1 based on GDP per capita in constant LCU.

Note: Figures represent annual percent change unless indicated otherwise
Source: World Bank (2020a)

A summary of main socio-demographic variables can be extracted from the World Bank (2020a):

Table A7. Morocco: Main socio-demographic indicators, 2019

Population, million	35.6
GDP, current US$ billion	119.7
GDP per capita, current US$	3363.6
National poverty rate[a]	4.8
Lower middle-income poverty rate ($3.2)[a]	7.3
Gini index[a]	39.5
School enrollment, primary (% gross)[b]	113.9
Life expectancy at birth, years[b]	76.5

Source: WDI, Macro Poverty Outlook, and official data.
Notes:
(a) Most recent value (2014).
(b) Most recent WDI value (2018).

Source: World Bank (2020a)

DEMAND SIDE:

SOCIAL ECONOMY

Data on social economy: Association many but scarce data (over 150.000 associations were registered by 2015 but impossible to know if alive), Mutuals (mainly publicly owned, around 50, highly relevant in the Health sector since they manage the compulsory health insurance) Cooperatives (19035 by 2017 coming from 5276 on 2006 with 67% in the agricultural sector and also many in the craft one, relevant in rural areas but also with a steady growth for young graduates: 429 by 2017 from 269 in 2011. Growing numbers of women cooperatives: 2677 by 2017, (14% of all coops).

Not data on Social Enterprises not belonging to those three categories (they can be SARL or self-employed, with a Law created on 2015 for this category).
No legal definition of Social Enterprise, but proposal of Law since 2017 and new strategy (2020-2030[57]) for Social Economy.

GREEN ECONOMY

Relevance of environmentally friendly policies driven by importance of Agriculture and dependence on external oil.
Support from EU on this front, for example: The European Bank for Reconstruction and Development (EBRD) – supported by the Green Climate Fund (GCF) – is promoting the competitiveness of small businesses and investments in the green economy in Morocco with the provision of a comprehensive financial package of up to €10 million to Bank of Africa – BMCE Group.

SUPPLY SIDE:

INVESTMENT

FDI of 1,6 billion on 2019 (downtrend from previous year)
Foreign Portfolio Investment, net (BoP, current US$): -1.184 billion (2019) from +782 million (2018)

IMPACT INVESTMENT

No head office according to GIIN
Very little data.
2015 study found potential on Green Economy (demand side) but showing problems in access to financial products, even credit, for SMEs ("SMEs remain deprived of credit. According to a World Bank report,81 SME loans account for only 13% of all loans in the whole Maghreb region, compared to an average of 16% for middle-income countries".)
Relevance of some key intermediaries such as Microfinance with relevant structure (National Federation of Microcredit Associations, FNAM), State support (Mohammed VI Center for Support to Solidarity Microfinance).
Other relevant data in relation to microfinance[58]:
a credit portfolio of more than MAD 6.7 billion and 938 thousand beneficiaries.
The portfolio at risk which is the main indicator of credit risk remains under control at 3.12% in 2017 against 2.38 in 2016.
The sector is one of the largest employers in Morocco with 7,230 direct jobs and more than one million indirect jobs;
The gender approach is very present in the sector, 50% of the employees are women and 40% of the micro credit beneficiaries are women; 18% of the beneficiaries are young project leaders in the form of micro-enterprises.

[57] After the first one 2010-2020. Accessible here: https://mtataes.gov.ma/fr/economie-sociale/strategie-de-leconomie-sociale/
[58] From FNAM: National Federation of Microfinance Associations from Morocco. https://fnam.co.ma/

6.2. ALGERIA

SOCIO-ECONOMIC DATA

- Algeria has long benefitted from high and sustained hydrocarbon international prices resulting in high oil resource-driven growth rate which provided the public budget a valuable financial cushion while the private sector has mainly remained underdeveloped, underfinanced and mostly informal. Since 2015, the shrinking oil price has directly impacted country's long-term growth performance as the GDP growth averaged 3.3% (2010-2016) fell to an average of 1.1% after 2017 overpassing the population growth rate and hence, leading to a negative GDP per capita growth rate. Following the sharp decline of oil prices, the country experienced important twin deficit (current account and budget deficits) which average 13 and 11% of GDP in the period 2014-2019. While the impacted public expenditure had to contract, the low-productivity private sector was unable to fill the gap as it faces "red tape, limited access to credit and land, a significant skill gap or the omnipresence of state-owned enterprises" (World Bank, 2020a).

Table A8. Algeria: Main socio-demographic indicators, 2019

Population, million	43.4
GDP, current US$ billion	171.2
GDP per capita, current US$	3941.7
National poverty rate[a]	5.5
International poverty rate ($1.9)[a]	0.4
Lower middle-income poverty rate ($3.2)[a]	3.7
Gini index[a]	27.6
School enrollment, primary (% gross)[b]	109.9
Life expectancy at birth, years[b]	76.7

Source: WDI, Macro Poverty Outlook, and official data.
Notes:
(a) Most recent value (2011).
(b) Most recent WDI value (2018).

Source: World Bank (2020a)

- In 2019, public authorities had to face an unprecedented and protracted social mobilization, the "Hirac", calling for political transition and reforms. While the eruption of Covid19 pandemic halted the citizens mobilization, living conditions are set to deteriorate as unemployment remains high, around 16% of the labour force, and reduced growth limits the perspectives of job creation. Though figures on poverty are outdated and not continuously monitored, the World Bank (2020a) considers that poverty levels will be rising as labour-intensive services were particularly affected by lockdown measures.

Table A9. Algeria: Macro poverty outlook indicators

	2017	2018	2019	2020 e	2021 f	2022 f
Real GDP growth, at constant market prices	1.3	1.2	0.8	-6.5	3.8	2.1
Private Consumption	1.8	2.8	2.1	-5.5	5.2	2.8
Government Consumption	2.8	2.3	1.9	-3.2	-2.4	-2.4
Gross Fixed Capital Investment	3.4	3.1	1.0	-16.6	10.6	2.7
Exports, Goods and Services	-6.1	-3.7	-6.1	-15.0	9.4	6.4
Imports, Goods and Services	-7.1	-3.6	-6.9	-24.3	16.1	4.6
Real GDP growth, at constant factor prices	1.7	1.5	1.0	-6.5	3.8	2.0
Agriculture	0.6	3.5	2.7	2.1	2.2	2.2
Industry	-0.1	-2.6	-1.7	-8.2	4.4	2.5
Services	4.0	5.6	3.3	-6.8	3.7	1.5
Inflation (Consumer Price Index)	5.9	3.5	2.3	2.1	3.8	4.2
Current Account Balance (% of GDP)	-13.0	-9.5	-10.0	-13.4	-15.7	-14.6
Fiscal Balance (% of GDP)	-8.4	-6.8	-9.6	-15.8	-12.9	-9.6
Debt (% of GDP)	27.4	37.7	47.0	68.2	77.4	81.2
Primary Balance (% of GDP)	-7.5	-6.3	-9.0	-15.1	-12.2	-8.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate. f = forecast.

Note: Figures represent annual percent change unless indicated otherwise
Source: World Bank (2020a)

Oil shock and pandemic-driven constraints on the economy compel Algeria's authorities to engage in structural reforms which need to mainly focus on:

- Support the development of a non-oil private sector by improving the business environment and eliminating red tape.
- Control rising external and fiscal deficits which may imply currency devaluation policies.
- Take stock of moderated and stable inflation rate to control monetary policy as public debt which has reached 47 percent of GDP is mostly owed to the Central Bank following large monetary financing operations (World Bank, 2020a).
- Attract foreign investment in an already deprecated oil industry following the newly adopted measures of liberalization of foreign investment in non-strategic sector and the new Hydrocarbon Law.
- The National Socioeconomic Recovery Strategy's success will hinge on its ability to restore macroeconomic equilibria and on the strength of the private sec- tor response, just as reductions in public spending could endanger growth and employment.
- Address rising social demand for basic services and job creation in a fragile economic environment.

SOCIAL ECONOMY OUTLOOK

At this stage of investigation data on social economy initiatives and policies are modest and need further research. However, commitment to engage in social economy related activities emerge from interviews with the EU Delegation in Algeria.
At a policy level, Algeria has designed the Sustainable Consumption and Production National Action Plan (SCP-NAP) (UN Sustainable Development Goal 12) which is currently under implementation. Presently, specific actions of this plan are not known neither the financing sources but it is likely that these actions pertain to SEE and consequently may be included as SII.

At the industry level, different initiatives mostly supported by international organizations deserve attention:[59]

- The Delegation of the European Union to Algeria with technical assistance from the United Nations Industrial Development Organization (UNIDO) is launching a follow-up programme to the MED TEST II project aiming to undertake scaling up activities that advance resource-efficient production in additional sectors, regions and companies not involved yet.
- The EU-funded SwitchMed regional project which is currently entering in a second phase. Implemented by the UNIDO Algeria, SwitchMed was first launched in 2013 "to speed up the shift to sustainable consumption and production patterns in the Southern Mediterranean, notably through the promotion of circular economy approach." The programme is designed to provide technical assistance and capacity building to authorities to establish a regulatory and policy framework to boost the market for sustainable products and services. Besides, technical support is also dedicated to topics pertaining to SII like i) enabling green growth for industries, 2) green entrepreneurship, and 3) enabling access to finance. However, the programme does not provide any direct funding to SEE enterprises.

[59] https://switchmed.eu/country-hub/algeria/

6.3. TUNISIA

SOCIO-ECONOMIC OUTLOOK

- Prior to the political transition which started early in 2011, Tunisia has been growing to an average of 4.5% GDP per capita annual growth. Tunisia's service-driven economy has diversified led by an export-oriented manufactured sector, tourism and pro-market reforms which have improved the business environment. Investment in education, basic health services and other social expenditure alongside public subsidies in support of the population income have contributed to improved living standards. However, these achievements have suffered from unequal distribution of wealth, rising corruption practices, deepening regional disparities and, lastly centralizing economic power into a limited and politically dependent network of firms and individuals. Skyrocketing unemployment levels, particularly among the most educated youth have been the prelude of 2011 social protests calling for "jobs, freedom and dignity" which ignited the transition process to democracy.

Table A10. Tunisia: Main socio-demographic indicators, 2019

Population, million	11.7
GDP, current US$ billion	38.8
GDP per capita, current US$	3311.2
National poverty rate[a]	15.2
Lower middle-income poverty rate ($3.2)[a]	3.0
Gini index[a]	32.8
School enrollment, primary (% gross)[b]	115.4
Life expectancy at birth, years[b]	76.5

Source: WDI, Macro Poverty Outlook, and official data.
Notes:
(a) Most recent value (2015).
(b) Most recent WDI value (2018).

Source: World Bank (2020a)

- Since then, while Tunisia seems to a great extent, to peacefully succeed its "political transition" the economic conditions have worsened. The last decade Tunisia has experienced sluggish growth, social tensions sporadically sparkling in work disruption in key sectors, and low appetite to structural reforms fuelled by political uncertainty. In addition, the Covid19 pandemic has fully impacted the Tunisia's economy which marked in 2020 a contraction of 8.2% of its GDP, the deepest ever in its history since independence.

Table A11. Tunisia: Macro poverty outlook indicators

	2017	2018	2019	2020 e	2021 f	2022 f
Real GDP growth, at constant market prices	2.0	2.7	1.0	-9.2	5.9	2.0
Private Consumption	2.5	2.1	0.9	-3.0	4.1	1.7
Government Consumption	0.3	0.2	0.3	-4.8	-5.1	1.3
Gross Fixed Capital Investment	0.3	2.0	-12.3	-42.1	28.4	-2.5
Exports, Goods and Services	4.6	4.4	-5.0	-19.0	21.0	12.0
Imports, Goods and Services	3.5	1.7	-8.6	-18.0	16.0	9.0
Real GDP growth, at constant factor prices	1.8	2.6	0.9	-8.8	5.9	2.0
Agriculture	1.8	11.3	0.8	5.3	2.0	4.0
Industry	-0.7	0.2	-1.0	-10.7	4.2	2.0
Services	2.9	2.3	1.7	-10.2	7.2	1.6
Inflation (Consumer Price Index)	6.3	6.5	7.1	5.6	5.0	4.5
Current Account Balance (% of GDP)	-10.3	-11.2	-8.8	-7.1	-6.2	-6.3
Net Foreign Direct Investment (% of GDP)		2.5	2.1	0.8	1.5	1.9
Fiscal Balance (% of GDP)	-6.1	-4.8	-3.6	-8.1	-5.4	-4.5
Debt (% of GDP)	70.4	78.2	72.5	86.6	85.1	85.5
Primary Balance (% of GDP)	-3.7	-2.1	-0.7	-4.9	-2.2	-1.7
International poverty rate ($1.9 in 2011 PPP)[a,b]	0.2	0.2	0.2	0.4	0.3	0.3
Lower middle-income poverty rate ($3.2 in 2011 PPP)[a,b]	3.0	2.8	2.9	4.2	3.6	3.4
Upper middle-income poverty rate ($5.5 in 2011 PPP)[a,b]	17.1	16.3	16.6	22.0	19.5	19.1

Note: Figures represent annual percent change unless indicated otherwise
Source: World Bank (2020a)

- Post-pandemic economic prospects for Tunisia remain cautious and mainly driven by:
  - increasing levels of poverty. The World Bank (2020a) estimates based on an expenditure threshold of US$ 5.5 PPP, indicate rising number of poor and of those vulnerable to poverty from 16.6 percent to 22 percent of the total population reverting the declining trend observed in the last years.
  - persisting tensions in the labour market with unemployment rate as high as 18% of the labour force in 2020. Female and highly-educated youth remain the most impacted populations with respective unemployment rate of 25% and 32% (2020).
  - limited fiscal space. Expanding wage bill and decline in revenues have aggravated current fiscal deficit which is expected to reach 10.5% of the GDP in 2020 resulting in increased public debt levels. The World Bank (2020a) forecasts a rise of public debt to 86.6% of the GDP in 2020 from 72.2 percent of GDP in 2019 which was already “above the emerging market debt benchmark of 70% of GDP.”
  - limited room for growth-oriented structural reforms as political uncertainty conditions the willingness for reform. The later need to increase fair competition in the market and enhance a responsive business environment to boos private sector development, deal with financial sector bottlenecks, address public finance imbalances, and reinforce fight against corruption. Such reforms will require large consensus among political parties, labour unions and the population.

IMPACT INVESTMENT MARKET:

Investment has declined steadily in the last 20 years making Tunisia a consumption-driven economy. Private investment falling from an average 17.4 percent of GDP in 2000-2010 to 14.9 percent of GDP in 2011-2019. With public investment also receding, the lack of financial resources has impacted the capacity of firms to expand and to innovate. According to the World Bank (2020b), the “percentage of firms investing in fixed assets fell from 44 in 2013 to 30 percent in 2019”.

The banking sector shows low competition and limited performance: The sector is relatively small with assets representing about 100% of GDP (2015). 22 commercial banks -

three of the largest banks are publicly owned (STB, BNA and BH) - operate in the market. High rates of non-performing loans, problematic liquidity situation and to a less extent inadequate capitalization reduces the sector capacities to finance.

Underdeveloped digital payment systems: The Tunisian economy is mostly a cash-based economy which puts serious constraints on banks' liquidity. Banks' refinancing demand to the Central Bank of Tunisia (CBT) has risen substantially in the last years conducting the CBT to adopt more conservative loan-to-liquidity ratio.

Access to finance for businesses: The overall investment environment in Tunisia presents some unfavourable characteristics that tend to impede the access to finance for businesses.

- **Stringent collateral requirements are an obstacle to financing**: World Bank (2020b) notes that 96 percent of Tunisian firms require collateral in 2019 compared with 80 percent on average in MENA region while the value of the collateral reached 319 percent of the credit.

Around 33% of legally organized MSMEs lack financing and declare access to finance as an impediment to their growth. Lack of finance may be most compelling for informal MSMEs which operate without a legal status. While the development of the microfinance sector may address the financing gap of informal MSMEs microfinance regulatory condition on maximum loan amount is still limiting the microfinance outreach.

GREEN ECONOMY

The green economy has attracted Tunisian officials' attention very early with main milestones as follows:

- The PROSOL ELEC programme which promotes installed photovoltaic power by the household. Subsidies are available with authorized providers/partner and access to bank loans is eased.
- "National Strategy for Green Economy 2014-2020" was adopted in 2014 aiming to enhance the energy transition committed to promote renewable energy development and energy efficiency. Amon others, the Tunisian Solar Plan (TSP) is one of the main mechanisms for the strategy implementation to set the total capacity of electricity generation by renewable energy at 1225 MW by 2020 and 3815 MW by 2030.

Microfinance institutions (Enda Tamweel, Zitouan Tamkeen) also provide lending to small-holders to promote photovoltaic energy use in agriculture.

SOCIAL ECONOMY

The SSE concept in Tunisia is also relatively new. The UNDP Strategic Study on SSE in Tunisia (UNDP, 2016) provided the first diagnostics of the sector and its development perspectives that we can summarize as follows:

- **Fragmented and heterogeneous enterprises** responding to different economic business models and objectives. Some agricultural organizations be it cooperatives or commercial entities (known as SMSA) are self-sustained economic activities and operate in competitive markets. Others – microfinance associations, crop SMSA and associations acting under the supervision of the Ministry of Social Affairs (like Union Tunisienne de la Solidarité Sociale) or the Ministry of Agriculture and function under a subsidy model. Political instrumentalization of some of the later is paramount leading to distorting market practices and clientelism.

- **Low job creation capacity**. The number of associations has been growing steadily since 2011. On average 1 673 new associations are created annually in the period 2011-2016 though it is difficult to identify those which actually are continuously engaged in activities and they mostly operate on a voluntary basis. Among the active associations the number of employees is estimated at most 2 people on average. Globally, the SSE sector provides jobs to 0.6% of the labour force.

Table A12. Employment in the SSE sector in Tunisia

Nombre des salariés dans l'ensemble des acteurs de l'ESS							
	Associations	SMSA		Coopératives	GDAP	Mutuelles	Ensemble ESS
		Base	Centrale	UCPA			
Nombre d'établissement	19 154	220 actives	14	18	2 900	48	22 350
Nombre de salariés	12 368[15]	2 530	1 680	700	3 880	nd	> 21 158
Rémunération (en MD)	10,8	nd	24,5	nd	nd	nd	> 35
Salariés/organisation	0,6	11,5	120	39	1,3		0,9
Rémunération/salarié (en DT)	873		14 583				1 654

Source: UNDP (2016)

- **Low production and value-added capacity**. The SSE remains a low-productivity sector with an estimated contribution of at most 1% of the GDP.

- **Lack of adequate financing mechanisms.** The financial fragility of the SSE entities and the general lack of knowledge by the commercial banks of the activities and the business model of these entities result in severe restrictions on bank loan access.

LEGAL AND REGULATORY ENVIRONMENT FOR SOCIAL AND GREEN ECONOMY

Tunisia has taken positive steps in promoting and supporting social economy by enacting adequate legislation though it needs further enforcement for tangible impact. Worthy to note that such legislation has been also endorsed by international donors (e.g. EU) and bilateral technical cooperation (e.g. GiZ).

The StartUp Act launched in 2019 to pave the way to a dynamic ecosystem of start-ups. Though not specifically addressing the issues of social/green economy – only 3,2% of 248 labelled start-ups up to March 2020 operate in the Green Tech or Social Businesses sectors – the StartUp Act provides a series of catalysts which may turn useful for social impact investing like a new investment framework for venture capital and new financing mechanisms - ANAVA Fund of Funds, Incubator of Management Companies, and the Startups Guarantee Fund.

- The newly adopted law on SSE is considered to set the foundations for the sector to develop, ensure effective data collection tools for the sector and bring the sector closer to the financial sector.
- The law on crowdfunding.
- The project of law on “financial inclusion” which would allow microfinance institutions to provide credit to SSE up to 100 000 Tnd (approx. EUR 31,000)

INTERMEDIARIES

- Commercial banks seem to provide limited support to green economy and the SEE though further investigation is needed due to scarcity of publicly disclosed data. Banks often act under international provision of funds like the Green Economy Financing Facility (EBRD) which provide up to EUR 130 million to participating financial institutions to on-lend to private sector enterprises (SMEs and corporates) for green economy investments. Bilateral international cooperation also remains a valuable financing source channelled through commercial banks. Recently, the CBT has signed with Casa Depositi e Prestiti Spa a credit line of EUR 15 million allocated to SSE finance including microfinance institutions and a 7 million grant devoted to promote financial inclusion.

IMPACT INVESTMENT

- Microfinance institutions are playing an increasing role in providing financing to individuals and MSMEs mostly in the informal sector. The new microfinance law enacted in 2011, has opened up the market to new players which alongside with traditional actors have reached 655,4 thousand clients for an outstanding portfolio of 1.5 billion Tnd (EUR 460 mln). Microfinance institutions like Enda Tamweel and Zitouna Tamkeen are also exploring green finance avenues particularly in the southern region of the country where they provide loans to solar panels for irrigation use. By doing so, they are supported by international funds like Finance in Motion, SANAD Fund for SMEs.

- Private equity and venture capital in Tunisia see little development. According to the EIB (2015) “the institutional and regulatory framework for private equity investments is has been strengthened in the aftermath of the revolution, but private equity investments remain nevertheless limited”.[60]

Local accelerators (like Lab’ess) and incubators (Flat4labs, Ashoka) are also gaining relevance and making the case for the SSE but their outreach appears limited at this stage of investigation.

According to interviewees, the potential of social enterprises in Tunisia is huge. Sectors like handcrafts, alternative tourism and heritage preservation deserve particular attention and may attract considerable interest from investors as access to finance remains among the most commonly quoted impediment for start-ups.

[60] « Neighbourhood SME financing: Tunisia », European Investment Bank, October 2015.

6.4. LIBYA

Libya's attempts to embrace the reconciliation path have been encouraging and peace prospects are more optimistic than ever yet conditional on a volatile security situation. Stability still seem elusive and foreign conflicting agendas involved in the ground would delay recovery. With decreasing international oil price and disruption of domestic production and exports, Libya's economic prospects are uncertain implying a high social cost in addition to the war-induced casualties. Despite government's recent attempts to restart oil production and exports oil industry is far from recovery. However, if military escalations are avoided, Libya's economy has shown capacities to prompt reaction. In 2017-2018 while relative security conditions were met Libya's economy recorded the best GDP growth performance of 20.8% before slowing by 2.5% in 2019 impacted by the rising military confrontations.

Table A13. Libya: Main socio-demographic indicators, 2019

Population, million	6.6
GDP, current US$ billion	51.7
GDP per capita, current US$	7815.7
School enrollment, primary (% gross)[a]	109.0
Life expectancy at birth, years[a]	72.7

Source: WDI, Macro Poverty Outlook, and official data.
Notes:
(a) WDI for School enrollment (2006); Life expectancy (2018).

Source: World Bank (2020a)

The country gross domestic debt remains high rated at 144% of the GDP mainly driven by rising wage bill. Balanced budget could not have been attained without the introduction of taxes on hard currency transactions (183 percent) in 2018. High inflation has been a constant feature of Libya's economy during the last years – 21.6% on average over 2016-2018 – but a declining trend has been observed since 2019 (2.2%) improving the promise of recovery amidst negative effects created by the current the pandemic. The later has not only impacted the domestic living standards but also threatens the foreign demand for oil, reducing government's fiscal space and putting under pressure the foreign reserves.

Table A14. Libya: Macro poverty outlook indicators

	2017	2018	2019	2020 e
Real GDP growth, at constant market prices	26.7	15.1	2.5	-40.9
Private Consumption	2.8	3.6	1.7	-15.4
Government Consumption	14.1	0.0	2.7	-6.4
Gross Fixed Capital Investment	31.6	28.8	17.1	-25.2
Exports, Goods and Services	82.6	32.2	33.6	-82.0
Imports, Goods and Services	25.5	23.8	43.9	-34.0
Inflation (Consumer Price Index)	28.4	9.3	-3.0	-2.0
Current Account Balance (% of GDP)	11.7	21.4	11.6	-52.6
Fiscal Balance (% of GDP)	-28.4	0.7	9.9	-59.3
Debt (% of GDP)	82.0	59.5	48.8	155.3
Primary Balance (% of GDP)	-28.4	0.7	9.9	-59.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate, f = forecast.

Note: Figures represent annual percent change unless indicated otherwise
Source: World Bank (2020a)

6.5. EGYPT

SOCIO-ECONOMIC DATA:

- The last decade of 'global economic slowdown', which also witnessed the January 2011 Uprising in Egypt, left the country in deep socio-economic and debt crises. According to World Bank data, GDP growth in Egypt stagnated from 7% in 2008 to just above 5% in 2018 and it increased to 5.6% in 2019, a rate that was sustained through the first quarter of Fiscal Year 2019-2020, experiencing a low of 1.7% in 2011. Overall Debt has recently exceeded 100% of GDP, and poverty has risen to almost 30% of the population (partly not an organic rise, but instead due to new and more accurate census data). The poverty rate is projected to remain elevated at 27% for 2020.

A summary of main variables can be extracted from the Egypt's Economic Update, April 2020 of the World Bank:

Table A15. Egypt: Main socio-demographic indicators, 2019

Population, million	101.2
GDP, current US$ billion	303.1
GDP per capita, current US$	2995.9
Lower middle-income poverty rate ($3.2)[a]	28.9
National poverty rate[a]	32.5
Gini index[a]	31.5
School enrollment, primary (% gross)[b]	106.3
Life expectancy at birth, years[b]	71.8

Source: WDI, Macro Poverty Outlook, and official data.
Notes:
(a) Most recent value (2017), 2011 PPPs.
(b) Most recent WDI value (2018).

Source: World Bank (2020a)

According to MEDUP's country study these are the most relevant challenges:

- High Unemployment ratio, mainly among youth and women;
- National tendency to emigration, especially from the most talented and skilled Egyptians;
- Reduction in remittance income;
- Manufacturing sector is still underperforming and the country still lags behind key regional and global competition;
- Uncompetitive market structures, uncertainty regarding government investment/industrial policies, shortage of skilled taskforces;
- Low levels of productivity and relatively high levels of informality within the MSMEs sector where over 80% of Egyptian enterprises are informal.

DEMAND SIDE:

SOCIAL ECONOMY

In Egypt this concept is little known. However, there has been several internationally-led initiatives in the area of Social Businesses/Social Enterprises.
However, some of these indicatives are lacking in terms of adequately mapping Social Economy (according to the theoretical approach proposed in this assignment). Thus, for example, MedUp's country report uses a sample of only 30 organisations for their mapping when, according to ICA there are currently more than 14000 cooperatives and only the National Agricultural Federation has over 12 million members.

On the positive side there is a significant development in relation to innovative MSMEs.

Table A16. Breakdown of Stakeholders in the Innovation Ecosystem in Egypt

Total entities	**915**		
Start-ups	*561*	*Accelerators/ Incubators*	*25*
Funding/ Investing entities	*37*	*Co-Working Space*	*133*
Research Centers	*14*	*Service Providers*	*57*
Academia	*26*	*NGOs*	*29*
Government	*17*		

Source: www.egyptinnovate.com/en

GREEN ECONOMY

There is potential for the development of the Green Economy if we look at the growing interest from government and private actors in sustainability and green investments. However, and this apply also to Social Economy, the so called "militarization" of the economy presents a challenge for the development of the private sector. Moreover, according to SWITCHMED data there is support for green entrepreneurs exist although is still weak and small compared to what's being offered to ICT initiatives. The existing (small) support is strongly dependent on international organizations' funding.

They also signal the following challenges (some of them of relevance for our study):

- An adequate number of angel investors, VC and IPO fund opportunities
- A national / market support for science based hi-tech endeavours (beyond ICT)
- Government regulations and laws: Bureaucracy and the lack of an intelligent holistic policy vision including education, import tariffs, taxation and a stable judiciary to support entrepreneurs complicates entrepreneurs' journeys
- Digitalization: Bureaucracy, unnecessary redundancy and inefficiency in legal work with the government discourages entrepreneurs
- National coverage: the entrepreneurial ecosystem outside Cairo and Alexandria is still very weak

SUPPLY SIDE:

A lack of access to finance has always identified as a key obstacle to the growth of enterprises, but the tactics carried by the government and international development lenders have not been successful in bettering the situation. The lack of funds for SMEs is not recent news, but the magnitude of the problem is astonishing, given that it has been the focus of development organizations and policymakers in Egypt and in the world. 80% of funds available to enterprises come from international donors/investors.

Between the years of 2010 and 2016, Egypt received a sizeable volume of private equity capital of more that USD $960 million. Other sources of investment are available to social enterprises, via crowdfunding platforms, angel investor networks, and Zakat philanthropy. Nevertheless, there remains a USD $46.7 billion gap for MSME. This gap exists partially due to lack of impact investment which is not made better by recent political unrest[61].

The Egyptian government provides capital to social enterprises through the Bedaya Fund, launched in 2015 in collaboration with private-sector players and donors. The USD $17 million fund targets SMEs, including social enterprises, providing equity investments for enterprises in agriculture, manufacturing, and ICT. Social enterprises in Egypt also have access to alternative sources of funding through crowdfunding platforms, angel investor networks, and Zakat, a major source of philanthropic funding. Growing investor networks also give access to funds from high-net-worth Egyptians.

INVESTMENT

FDI of 1,6 billion on 2019 (downtrend from previous year)
Foreign Portfolio Investment, net (BoP, current US$): -1.184 billion (2019) from +782 million (2018)

IMPACT INVESTMENT

Egypt seems to be a potential ecosystem for impact investing and according to GIIN one respondent to their survey seems to have their head offices here. However, there is very little data about it.

[61] International Finance Corporation (2017): MSME finance gap.

6.6. LEBANON

SOCIO-ECONOMIC DATA:

Table A17. Lebanon: Macro poverty outlook indicators

	2017	2018	2019	2020 e	2021 f
Real GDP growth, at constant market prices	0.9	-1.9	-6.0	-19.2	-13.2
Private Consumption	0.1	-1.3	-5.7	-13.8	-23.1
Government Consumption	9.9	6.7	-6.2	-49.4	-13.2
Gross Fixed Capital Investment	-1.9	-0.2	-16.9	-46.6	17.7
Exports, Goods and Services	3.9	-4.7	-1.2	-28.1	3.1
Imports, Goods and Services	2.1	1.2	-9.2	-32.6	-14.3
Real GDP growth, at constant factor prices	0.9	-1.7	-3.0	-15.1	-13.4
Agriculture	13.4	-4.0	28.6	8.6	-12.7
Industry	-3.3	-4.2	-0.5	-15.0	-12.9
Services	1.0	-1.1	-5.3	-17.0	-13.5
Inflation (Consumer Price Index)	4.5	6.1	2.9	70.0	37.0
Current Account Balance (% of GDP)	-22.8	-24.3	-22.4	-4.4	4.4
Net Foreign Direct Investment (% of GDP)	2.3	3.7	3.6	5.3	2.6
Fiscal Balance (% of GDP)	-6.7	-11.0	-10.6	-14.5	-14.8
Debt (% of GDP)	149.7	154.9	172.4	178.2	196.0
Primary Balance (% of GDP)	2.7	-1.2	-0.5	-4.0	-2.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate. f = forecast.

Note: Figures represent annual percent change unless indicated otherwise
Source: World Bank (2020a)

In Lebanon, socio-economic growth is hindered by a high level of public debt (representing 150% of national GDP)[62] as well as weak infrastructure. Since the outbreak of the Syrian war, financial, economic, social and cultural problems have increased with more than 1.5 million refugees seeking safety in Lebanon.

DEMAND SIDE:

SOCIAL ECONOMY

- Social entrepreneurship is an old practice in Lebanon. As a result of local culture of solidarity and needs, most municipalities are home to agricultural and women cooperatives, mutual insurance funds and sustainable associations to support the underprivileged within a society, all of which could serve as models for social entrepreneurship in the country. In 2010, Beyond Reform and Development "launched for the first time a series of conversations around Social Entrepreneurship in Lebanon through panels, forums and workshops, aiming to push Social Entrepreneurship on the agenda of stakeholders (state and non-state) as a tool to engage citizens in finding innovative solutions".
- Since 2017, more social entrepreneurship projects have been supported by international agencies including UNDP, USAID, the EU and DFID. The drawback with this type of programs is their sustainability as they have, most of the time, short life span and performance indicators that are not necessarily fit to social enterprises life cycle. It is only recently that some INGOs started developing long term programs building on lessons from the few experiences piloted recently to grow the social entrepreneurship ecosystem such as OXFAM, Mercy Corps and UNICEF. (Source: MedUP country report).

[62] Government of France. Economic Conference for Development through Reforms with the Private Sector. Join Statement. 6 Apr. 2016.

Cooperatives in Lebanon are essentially active in the agricultural and agro-food sectors with a first law enacted in 1964 and further amended in 1972, 1977, and 1983. It defines cooperatives as non-profit organizations whose objective is to improve the socioeconomic conditions of their members through cooperation between them towards a common objective.[63] as pointed out ty the ICA: "the ultimate challenge is in enforcing the law of cooperatives. Another big challenge is in convincing the people to work together as a group and in joining their efforts in order to improve their socio-economic conditions. In addition, eliminating the idea of continuous financial support is essential and this should be substituted by self-dependency to ensure sustainability of the cooperative enterprise. (…) The cooperative sector should be broader than the Ministry of Agriculture it should have an entity by itself to focus on all types of cooperation and issue specific laws to enhance and improve the cooperative activities and make it more friendly".

At the time of writing this report the ecosystem is vivid and full of initiatives: worth mentioning the attempt of consolidating a common national platform: the Association Lebanese Social Enterprises created by a group of social enterprises "who are strongly committed to connect social enterprises in one association, organize the sector and Connect LSE with local and international partners.

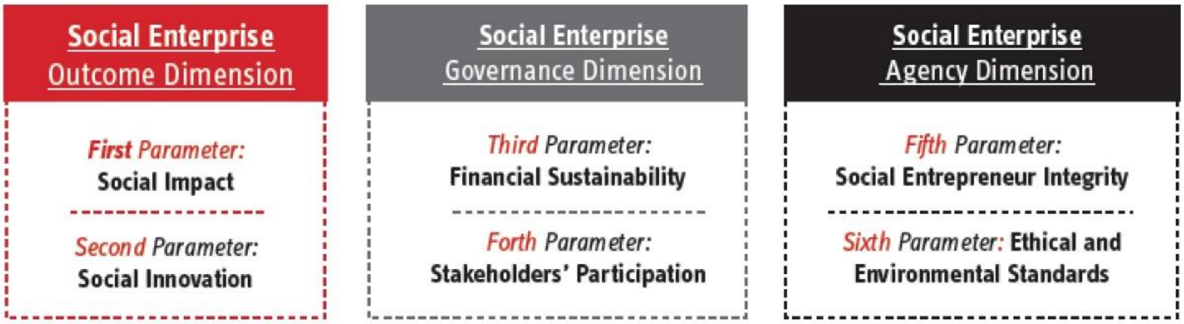
We have joined forces to build an effective structure capable of catering to the growing needs of social enterprises in Lebanon.
The association's mission is to support the affiliated social enterprises by contributing to their administrative and financial development and to increase their social and environmental impact by all possible means."

Data on Social Economy:

- At the present time there is no policy or legal framework for social enterprises in Lebanon yet, based on a study conducted few years ago three hundred social enterprises were identified by stakeholders, a set of parameters was compiled covering three dimensions: the social outcome intended by social enterprises, the governance structure of the social enterprise, and the agency of the social entrepreneur (or the group) that is driving it.

Figure A8. The three dimensions of a Social Enterprise. Source: Beyond Reform and Development

[63] ILO and ICA have published extensive surveys/analysis of the sector – e.g. The Cooperative Sector in Lebanon: What Role? What Future? / International Labour Organization, Regional Office for Arab States. - Beirut: ILO, 2018.



Source: The Social Entrepreneurship Momentum – A Solution Brief. Beirut. 2016.

GREEN ECONOMY

- The Lebanese Sustainable Consumption and Production National Action Plan (SCP-NAP) was developed under the coordination of the Ministry of Environment (MoE) in close collaboration with the Ministry of Industry (MoI) and other key partners under the EU funded SwitchMed programme with advisory services and technical support from the United Nations Environment Programme (UNEP). The Plan is part of Lebanon's efforts to achieve Agenda 2030 and the Sustainable Development Goals. The SCP-NAP (SDG 12.1) prioritizes the mainstreaming of SCP in the industrial sector's policies and plans and as developed in a participatory and consultative approach.

IMPACT INVESTMENT

- With the current banking crisis, the situation seems even more complicate and affects all kind of investments. Every financial operator would avoid going through anything related to the Central Bank and the bank System, but this is problematic because impact investment needs to get a license from the Central Bank.

- Despite all the difficulties, in Lebanon, there are various ongoing initiatives: Foundation Diane, and the remarkable Alfanar: one of the most interesting examples of financial support and the first venture philanthropy organisation active in the Arab region. Alfanar is about launching a dedicated impact finance initiative.

6.7. PALESTINE

SOCIO-ECONOMIC DATA:

A summary of main variables can be extracted from the Palestine's Economic Update, April 2020 of the World Bank:

Table A18. Palestine: Main socio-demographic indicators, 2019

Population, million	4.9
GDP, current US$ billion	17.1
GDP per capita, current US$	3463.3
Upper middle-income poverty rate ($5.5)[a]	21.9
Gini index[a]	33.7
School enrollment, primary (% gross)[b]	98.6
Life expectancy at birth, years[b]	73.9

Source: WDI, Macro Poverty Outlook, and official data.
Notes:
(a) Most recent value (2016), 2011 PPPs.
(b) Most recent WDI value (2018).

Source: World Bank (2020a)

According to MedUp's country study the socio-economic situation in this country is delicate:

- In 2018, unemployment rate reached 30% in the first quarter according to the Palestinian Central Bureau of Statistics, where the number of unemployed reached 404,800 people; 255,000 in the Gaza Strip compared to 149,800 in the West Bank. Data indicates that the unemployment rate between the West Bank and the Gaza Strip remains very high, with 49.1% in the Gaza Strip, compared to 18.3% in the West Bank, and 25.0% for males and 48.9% for females.

- Unemployment rate among graduates (diploma or higher degree) is estimated at 55%. Unemployment rate rose to 28.5% in 2017.

- With regard to the participation of women in the Palestinian labour force, it reached 19% of the total female labour force in 2017, compared to 10% in 2001. The participation rate of males in the labour force was 71%.

- There is also a wage gap between males and females. The average daily wage for females was 84 NIS compared to 120 for males.7

- The findings of a Palestinian survey revealed that the percentage of poverty in the West Bank reached 13.9%, while the percentage reached 53.0% in the Gaza Strip, which is more than half of the population and four times the poverty rate in the West Bank. The percentage of extremely poor people in the West Bank was 5.8%, while in the Gaza Strip it reached 33.8%, which is six times higher than the West Bank.

- There is a clear correlation between unemployment and poverty. The higher the unemployment rate, the higher the poverty rate. The reason for the rise in unemployment and poverty in Gaza is due to the siege imposed on the Gaza Strip since 2007 and the war which caused great destruction in all fields.

DEMAND SIDE:

SOCIAL ECONOMY

The concept is starting to gain some little recognition with two EU funded project, MedUP and MedTOWN, the latter of which is specifically using this term. However, as the country study of the former points out, the components of the definition of Social Enterprise are present but in isolated form in different types of organisation. Nevertheless, the Palestine Public authority, through the Cooperative Work Agency is increasingly using the SE concept and is showing interest in this approach in the current updating of their policies.
One issue of concern for the MedUP analysis is the funding of any project regardless if it is private sector and for profit or civil society organization or Social Enterprise or NGO, cooperative or any other kind of organization.
In relation to figures, and according to a study carried out by the Small Enterprise Center (SEC) in 2017 on social projects and the working environment in Palestine, the number of registered social enterprises based on a wide definition of SE, was 2318 which can be classified into:
1. Cooperatives, estimated at 667 associations, operate in various sectors of agriculture, crafts, housing, savings and credit. Many of the cooperatives are facing difficulties in sustaining the cooperative.
2. Social enterprises, estimated at about 1350 associations, operate as traditional associations that work on implementing service projects for poor groups such as the Patient Friends Society and InAsh Al Usra Association.
3. Non-profit companies, estimated at about 301, and they carry out economic projects which do business activities but are linked to social goals.

GREEN ECONOMY

We have not been able to interview any local stakeholder in this area so the data are obtained from Switchmed project. There we can find the following:

> From a political perspective, Sustainable Development is one of the 3 priority themes in Palestine's National Policy Agenda 2020-2022. Achieving Economic Independency is a national priority under the Sustainable Development theme, which includes a set of national policies are defined as providing Decent Job Opportunities, creating a Favourable Investment Environment, building Palestine's Future Economy and promoting Palestine industry and the actions/ interventions to achieve these three national priorities were identified. These actions include:
>
> 1. Supporting entrepreneurs and SMEs
> 2. Encouraging and supporting initiatives in the ICT sector

3. Developing new policies and procedures to help graduates from both genders to launch their entrepreneurship ideas
4. Creating a productive economy through supporting agriculture, industries, and tourism
5. Attracting foreign and local investments especially for construction, transportation, tourism, agriculture and ICT sectors
6. Encouraging export of goods and services to Arab countries
7. Empowering and improving the role of the financial sector in supporting economic development
8. Improving NGOs and cooperatives governance
9. Enforcing of relevant laws that ensure a safe work environment from a health and safety perspective

As we can see, some of these elements present interesting potential for our study.

SUPPLY SIDE:

INVESTMENT

FDI of 1,6 billion on 2019 (downtrend from previous year)
Foreign Portfolio Investment, net (BoP, current US$): -1.184 billion (2019) from +782 million (2018)

IMPACT INVESTMENT

According to some key informants Palestine present some potential in some related areas (such as Impact Investing in financial intermediaries). Besides this there is Palestine Investment Fund, which focuses on impact investing, has been operating since 2003 (Palestine Investment Fund, 2018[43]).

6.8. JORDAN

SOCIO-ECONOMIC DATA

- Jordan's economy is among the smallest in the Middle East, with insufficient supplies of water, oil, and other natural resources, underlying the government's heavy reliance on foreign assistance and support. National GDP was approximately US$ 40 billion in 2017. Other economic challenges range from its substantial aid dependency, natural resource limitations, stagnating growth, significant youth unemployment and a dramatic gender disparity in the employment market. “Jordan is facing a moment of significant transition. As international actors reducing or even close their operations in the country - the response to mass migration is transitioning from humanitarian assistance to economic development support. Drivers for this shift include the aspirations of ‘beneficiaries’ for more fulfilling opportunities and greater economic independence… “ (from MedUP country report)

Table A19. Jordan: Macro poverty outlook indicators

	2017	2018	2019	2020 e	2021 f	2022 f
Real GDP growth, at constant market prices	2.1	1.9	2.0	-5.5	3.8	2.2
Private Consumption	6.6	0.6	0.4	-5.6	2.6	1.4
Government Consumption	3.4	4.0	4.4	5.0	3.3	1.7
Gross Fixed Capital Investment	7.4	0.4	3.7	-6.4	4.6	4.0
Exports, Goods and Services	5.0	0.6	12.4	-28.8	6.4	2.9
Imports, Goods and Services	9.5	-0.8	7.6	-18.1	3.1	1.6
Real GDP growth, at constant factor prices	2.2	2.0	2.2	-5.0	3.4	2.0
Agriculture	4.8	3.2	2.6	3.0	0.2	0.1
Industry	1.7	1.2	1.4	-11.3	4.7	2.2
Services	2.2	2.3	2.4	-3.0	3.2	2.0
Inflation (Consumer Price Index)	3.3	4.5	0.8	-0.1	2.1	2.3
Current Account Balance (% of GDP)	-10.6	-6.9	-2.3	-7.5	-6.4	-5.2
Net Foreign Direct Investment (% of GDP)	4.9	2.2	1.8	0.4	2.4	2.6
Fiscal Balance (% of GDP)[a]	-2.2	-3.3	-4.6	-8.2	-5.6	-4.9
Debt (% of GDP)[b]	92.8	92.9	97.4	113.5	114.1	115.2
Primary Balance (% of GDP)[a]	0.7	0.0	-1.1	-4.1	-1.5	-0.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate, f = forecast.

(a) Central Gov. fiscal balance incl. grants, use of cash and unidentified fiscal measures as per IMF-EFF of 1.5% of GDP in 2021 and 2.2% of GDP in 2022.
(b) Government and guaranteed gross debt including debt holdings by SSIF. Includes WAJ estimated borrowing for 2020-2022. Includes legacy arrears in 2019.

Note: Figures represent annual percent change unless indicated otherwise
Source: World Bank (2020a)

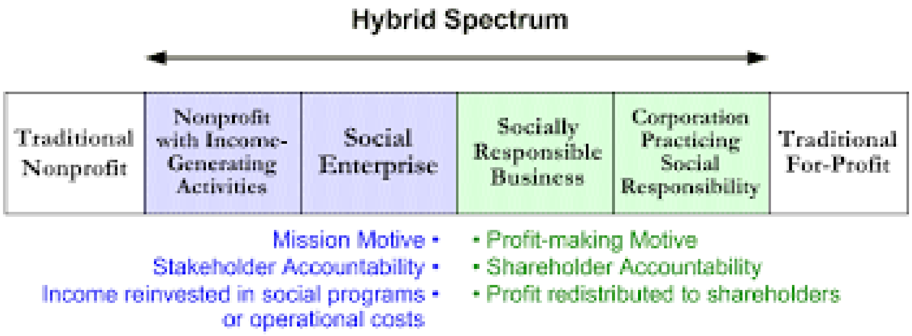
DEMAND SIDE:

SOCIAL ECONOMY

- Social economy and social entrepreneurship are developing on different tracks, sometimes parallel or separate, nevertheless through the years the ecosystem is taking shape.

- The various known Social Economy approaches, and targets are present in Jordan: work integration, inclusion of vulnerable groups, social services and more *modern* social enterprises looking at Green opportunities, but also Cooperatives.

Figure A9. Social economy approaches



Source: JoinUP country report

As per MedUP country study, “No mainstream institutions currently have dedicated capacity or long-term sustainable programmes to support and enhance social entrepreneurship in Jordan. Significant opportunities exist to build a coalition across a highly diverse set of institutions to support both individual and collective efforts to maximize the impact of social entrepreneurship in Jordan. This is reflected in our recommendations for creating a Social Enterprise Jordan Membership body, but also in the general approach behind many of our macro, meso and micro recommendations that deserve to be powered by multi-sector actors and partnerships, to maximise their impact and sustainability.”

Social enterprises in Jordan face both challenges and opportunities arising from the lack of clear juridical framework and there are (not yet?) specific legal entity types that fits to the needs of social enterprises, leaving them stranded between the social development and business worlds.

The cooperative sector was once considered one of the most important economic sectors in the country but today, as the International Cooperative Alliance study shows “the cooperative sector in Jordan is currently in tatters with its great potential largely untapped. According to figures provided by the Jordan Cooperative Corporation (JCC), there are 1,591 cooperatives registered with the agency, two thirds of which are active, with the overall membership base comprising 142,000 citizens. Of these, only 14 per cent are women. The value of total assets is JD327 million, while the available cash at hand stands only at JD42 million.”

GREEN ECONOMY

The focus on environmental aspect has accelerated in last 20 years, in the beginning the country didn’t take strong position on climate change with no sufficient management on water waster, pollution etc. Now things are changing, and the Ministry of environment is focusing on SDGs and has the will to enhance circular economy. Full support to green energy has been given in the past 10 years with important connections to social elements and job creation: thousands of people were hired and to achieve national objectives in green economy.
So, today at national level, there is a push and more attention on social and environmental aspect. An ecological strategy was approved in 2017. Jordan has successfully developed their Sustainable Consumption and Production National Action Plan (SCP-NAP) (UN Sustainable Development Goal 12) and is currently implementing it. Links with social enterprises, links with

agriculture, tourism, waste management, energy, transports… Opportunities in green ecomy in Jordan are pretty interesting since the Country with the support of International partners and also multilateral level is supporting important activities: National authorities are cooperating with EU, UNIDO, municipalities and others, to achieve Sustainable development Goals.
There are two initiatives worth to be highlighted: the previously mentioned SwitchMED and the ClimaMed project, the latter providing technical assistance to support the formulation and implementation of local Sustainable Energy Access and Climate Action Plan (SEACAPs), which will be in line with the Global Covenant of Mayors principles and will lead to defining concrete actions implemented by local authorities in the SN region.

Initiatives will be launched on civil society for climate action: new foreseen programmes (Green Deal, Action Plan) at the EU Delegation they are keen to involve SMEs, researchers, social entrepreneurs and also partnerships with municipalities, youth organisations, social and classic enterprises, the private sector will be implemented to work at local level on the *green* aspects.
The Green Financing Facility (by EBRD and EU) will target Jordan (and Morocco) with RD's first
Financing facility supported by the GCF and the EU to benefit the private sector. It's a new programme in line with Jordan's National Green Growth Plan

IMPACT INVESTMENT

It is difficult to have concrete data in Jordan. An exploratory action could be lead with the Jordan Investment Commission, which represents the main gate for investors, being the body who has the role to stimulate and activate investments in the Kingdom by keeping pace with and developing infrastructures, and promoting investment opportunities and exports to increase the effectiveness of domestic and foreign investments and ensure financial sustainability etc.
JEBA Jordan European business association and EDAMA could be also other sources.

In the framework of the SwitchMed initiative their Switchers Support National Partnership of Jordan gathers Business Support Organizations willing to promote a more efficient design, management and implementation of business development services supporting Jordanian green and circular entrepreneurs.

6.9. ISRAEL

SOCIO-ECONOMIC DATA:

A summary of main variables can be extracted from the World Bank for 2018:

Table A20.

		2018
World view		
Population, total (millions)	8.88	
Poverty headcount ratio at $1.90 a day (2011	0.2	
GNI per capita, PPP (current international $)		41,42
Life expectancy at birth, total (years)		83
School enrollment, primary (% gross)	104.7	
GDP (current US$) (billions)	370.59	
Source: World Development Indicators database		
Figures in blue refer to periods other than those specified.		
Country: Israel		
Data from database:World Development Indicators		
Last Updated:02/17/2021		

Source: World Bank Data website

Israel is the most developed state among the selected target countries and also their main socio-economic variables are well above the rest.

For example, Israel "has the second-largest number of start-up companies per inhabitant in the world (after the U.S.) (Bounfour and Edvinsson 2005, p. 47) and the largest number of NASDAQ-listed companies outside North America. According to the OECD (2013), Israel is also ranked first in the world in expenditure on Research and Development (R&D) as a percentage of GDP". Furthermore, was ranked 19th on the 2020 UN Human Development Index, with indicators such as:

- Unemployment, total (% of labour force):3.9
- Unemployment, youth (% ages 15–24): 7.3
- Population using safely managed sanitation services: 94%
- Rural population with access to electricity 100%

DEMAND SIDE:

SOCIAL ECONOMY

According to the ICSEM working paper on Israel[64], here we can find "three models, according to their legal status: (1) commercial SBs, (2) NPOs, and (3) cooperatives" and "each model has distinct characteristics in terms of social mission, economic project, and governance structure". Their findings are summarized in the following table:

Table A21. Distinct characteristics of Israeli SE models

[64] Gidron, B., Abbou, I., Buber-Ben David, N., Navon, A. and Greenberg, Y. (2015) "Social Enterprise in Israel: The Swinging Pendulum between Collectivism and Individualism", ICSEM Working Papers, No. 20. Available at https://www.iap-socent.be/icsem-working-papers

	Business	NPO	Cooperative
Governance	One or two entrepreneurs	Participatory governance	Democratic governance involving stakeholders
Ownership	Independent	Established by an organization; led by voluntary board	Established by a group; collective ownership
Economic project	Initial funding: private equity, loans and investors; Ongoing: 100% sales; Profits: belong to the owner(s) or shareholders; Risk: high risk tendency	Initial funding: philanthropy; Ongoing: sales and donations; Profits: invested in social cause; Risk: low risk tendency	Initial funding: membership fees and share purchase; Ongoing: sales; Profits: belong to group members; Risk: Medium risk tendency
Social mission	Emphasis on a social mission that can provide a competitive advantage, such as environment or employment; Target population: strongest individuals within marginalized populations	Broad variety of social missions, including: culture, education, employment, rehabilitation; Target population: can accommodate a larger spectrum of marginalized populations	Social mission: priority to social mission such as social activities and consumption; Target population: socially-conscious individuals
Specific challenges	Business side taking over the social side; Costs required to cope with social issues	Relating financial activity to social core; Professional economic management	Effective decision-making and management; Require membership fees that might exclude marginalized or poorer populations

Source: Gildron et al. (2015)

Also, it is worth mentioning that the "Israeli economy and society during its formative years is very much intertwined with the cooperative concept"[65].

GREEN ECONOMY

Israel can be also considered as relatively well placed in the region in terms of promotion of Green Economy. It had developed a National Green Growth Strategy 2012 –2020, which got approved by the government in October 2011. Moreover, the National Resource Efficiency and Environmental Innovation Programme was introduced in 2018 with an annual budget of €756 million in environmental-promoting projects, it also created a national action plan for the circular economy in the industry, designed by the Ministry of Economy, an industrial symbiosis projects, a Resource Efficiency Center(launched March 2020), the Institute for Advanced Manufacturing (launched March 2020), a Cleantech Innovation lab, a Circular Economy Accelerator, and a Circle Plastics Consortium (launched 2019).

SUPPLY SIDE:

[65] Ibidem

INVESTMENT

FDI of 1,6 billion on 2019 (downtrend from previous year)
Foreign Portfolio Investment, net (BoP, current US$): -1.184 billion (2019) from +782 million (2018)

IMPACT INVESTMENT

One head office according to GIIN:

" Israel's social impact investment market is relatively more developed. Israel is a member of the Global Steering Group and the National Advisory Board was created in 2016 with the aim to create conditions for the market's growth. While the ecosystem is still developing, estimates indicate there are 70-80 social enterprises and a further 1 674 start-up companies operating in impact-related fields (GSG, 2018[44]). Intermediaries such as Social Finance Israel are playing an important role in developing the market. Currently, much of the social impact investment strategies are linked to helping minorities and disadvantaged communities (GSG, 2018[45])".

ANNEX 8: FOCUS ON COUNTRY FINANCIAL INTERMEDIARIES

MOROCCO

- Microfinance

Regulatory issues

Since the late 1990s Morocco's microfinance has always been showcased as an example of a dynamic and promising microfinance sector as it represented 45% of microfinance clients in the Arab world. Continuous public support has been crucial since the very beginning and has helped the sector overcome the over-indebtedness crisis that emerged in 2007. Most important to note on the regulatory grounds :

- The 1999 Microfinance Law that set the stage for the sector and the players. MFIs are exclusively organized as non-profit associations and allowed to pursue their financial sustainability and microfinance providers are separated from other activities.
- In 2007 the Bank of Maghrib (the Central Bank) extended its oversight authority over the microfinance associations and set prudential and risk-based measures for MFIs in the aftermath of the microfinance sector crisis.
- In 2010 Bank Al-Maghrib created a credit bureau for MFIs.
- In 2012, the Law 41-12 is another milestone that allows for the transformation of microcredit associations into finance companies improving their financing perspectives through the capital and financial market. In 2015, Bank Al-Maghrib introduced addition supervisory measures mainly related to compliance with accounting and prudential rules, macro prudential supervision, and client protection.
- Last but not least, "Jaida" the financing fund for MFIs was establishes in 2007 with main support from KfW, AFD and the Moroccan Government.

Outreach and performance[66]

5 nation-wide MFIs and 8 regional MFIs – all of them under the "association" status – operate in Morocco. At the end of 2019, the number of active clients reached over 905 000 clients with less than half of them women. While 65% of the clients are individuals and 33,7% are solidarity groups the share of VSE loans is increasing sharply. In December 2019, almost 14 thousand microcredits were disbursed to VSE a fourfold increase compared to 2018.

The portfolio is also on a rising trend of 8-9% on annual average with an outstanding amount of approximately EUR 687M. The quality of portfolio remains by all standard under control with 3,13% of non-performing loan ratio (PAR30).

Challenges and perspectives

Morocco has been a leading example in the region concerning the professionalization of the sector and growth perspectives. The microfinance sector showed good resilience despite the

[66] Based on data from « Note trimestrielle des tendances de la microfinance », Décembre 2019, Centre Mohamed VI de soutien à la microfinance solidaire.

crisis in 2007 and the commitment of Bank Al-Maghrib to the oversight of the sector is a guarantee of reliability. While MFIs do not experience particular constraints on financing the main challenges for the sector concerns the expansion of microcredit to businesses. Moreover, though MFIs in Morocco do not collect deposits they are entitled to open bank saving/current accounts on behalf of their client and do commercialize microinsurance products; in 2019, almost 452 thousand clients had purchased a microinsurance product. Consequently, by improving their outreach to vulnerable population in rural areas, MFIs can play an essential role in reducing financial exclusion in the country.

- Islamic finance

In 2011 Morocco adopted microfinance legislation to allow the government to develop a basic framework for Islamic insurance (takaful), a cooperative scheme based on the principle of solidarity that is becoming increasingly popular in Africa. Morocco's National Microfinance Strategy was launched in 2012.

ALGERIA

- Microfinance

Though the first microcredit experiences date back to 1999, Algeria is the only country in the region where a well-structured, professional/conventional microcredit sector has not arisen yet. To date, Algeria has three government programmes – the National Support Agency for Youth Employment (ANSEJ), the National Unemployment Insurance Fund (CNAC), and National Agency for the Management of Microcredit (ANGEM) – which provide subsidized lending to unemployed youth or young promising entrepreneurs which do not have access to conventional bank loans. All programmes operate through local public banks. Longtime limited to highly-populated urban areas, these programmes have been expanding since 2011 both on client's outreach and thematic scope and currently include businesses training for microcredit beneficiaries.

The public-owned National Agency for the Management of Microcredit (ANGEM) which was created in 2004 is to be considered as the main actor in the microcredit sector. ANGEM's mission is to manage the micro-credit programme – which is delivered through banks - but it also grants free-interest loans to specific clients according to some eligibility criteria. But ANGEM is also a multitask organization: (i) it acts as "an observatory" of the small businesses maintaining a database on the small businesses created by the beneficiaries of the programme (ii) provides training, advisory and technical support to the micro-credit/grants beneficiaries activities and (iii) monitor the funded businesses and insures timely support in the recovery of the outstanding debts. Data on portfolio performance are not available but ANGEM claims more than 1.3 billion jobs created through its lending activities having benefitted to almost 950 thousand people of whom 63% are women.[67]

Finally, note that Algeria has not developed neither undertaken any national policies on financial education.

[67] https://www.angem.dz

- Islamic banking

Islamic banking has been slowly progressing in Algeria. Only 2 banks operate as Islamic Banks and in 2020 the National Bank of Algeria has authorized nine Islamic financial services as compatible with Islamic law. It is expected that most of the Algeria's' state-run banks could follow the trend and offer Islamic finance products in an attempt to bolster the economy hardly hit by falling oil prices. The country's authorities estimate that Islamic finance may help to draw significant revenues of the informal market into the financial sector valued to USD 30-35 billion.[68]

As a pilot experience back in 2009, the GiZ-backed initiative, the "Sharia-Complaint Finance for MSMEs" program was implemented in the city of Ghardaïa in partnership with the Algerian Ministry of Industry, SMEs and Investment Promotion and Al Baraka Bank, delivering the "musharakah" Islamic product (a profit- and loss-sharing scheme). Al Baraka Bank which operates across the region (Egypt, Tunisia) developed the product and delivered technical assistance to local banks officials to. In 2013, the results of the pilot showed that "musharakah" had provided new opportunities for 167 MSMEs" and this success motivated Al Baraka Bank to expand "musharakah" delivery nationwide.

TUNISIA

- Microfinance

Regulatory aspects

Tunisia's microfinance market has long relied on publicly subsidized nation-wide development associations funded by the Tunisia Solidarity Bank and particularly oriented in financing business activities set up by highly educated unemployed youth. Caped interest rate legislation did not allow for self-sufficient for-profit microfinance institutions to come into existence. Putting aside some small-scaled or time-limited initiatives promoted by international organizations specifically targeting women-led activities, Enda inter-arabe, an independent non-profit organization has been the only microfinance institution that operated on self-sufficient basis under specific authorization from the Ministry of Finance. Enda inter-arabe has continuously been praised for its achievements on both financial and social grounds.

Since 2011, Tunisia's microfinance market has been deeply transformed after the adoption of a specific law in 2011. The Microfinance Law created the conditions for market-based competition among MFIs be it under the association status or commercial one, established the Microfinance Oversight Authority (AMC), and introduced client protection guideline to ensure that market growth could not harm the poor and also introduced the concept of microinsurance as a specific service MFIs could deliver. ACM has issued several guidelines for the MFIs to follow regarding periodic financial reporting. Tunisia has also established a Credit Bureau (Centrale des risques) hosted at the Central Bank of Tunisia that provides real-time access for MFIs to the credit history of their clients across all the financial sector actors.

Outreach and performance[69]

[68] https://en.casaarabe.es/event/islamic-finance-in-algeria-new-developments-and-prospects
[69] Based on data from « Le baromètre de la microfinance », N. 14, Mars 2021, Autorité de contrôle de la microfinance, Tunisie.

7 commercial MFIs (IMF-SA) and 2 associations (IMF-AMC) operate in the market under the direct ACM oversight. The former publicly- supported microcredit associations are currently undergoing merging transformation into regional financially viable independent organizations.

At the end of 2020, the number of active clients reached 675 000 with an annual growth rate of 5-6% on average in the last 3 years. The portfolio has also experienced a steady growth that only the pandemic period seems to have somewhat tempered with an outstanding amount of approximately EUR 484M. The quality of portfolio ranks among the most performant in the region and beyond with only 1,83% of non-performing loan ratio (PAR30).

Challenges and perspectives

While Tunisia's microcredit market is expanding steadily, microfinance growth perspectives remain positive with an estimated demand of 950 000 individuals and 245 000 micro-enterprises mostly operating in the informal sector. However, barriers to financing for the MFIs represent one of the main challenges of the sector. Many local banking institutions are also shareholders in some MFIs but commercial loan to MFIs from local banks is restricted by the Central Bank of Tunisia. While long-dated restriction to foreign funding for MFIs has recently been relieved the risk of change remains high and substantially raises the final cost of microcredit. MFIs are not allowed to collect deposits and consequently are heavily dependent on external financing sources.

In 2018, Tunisia adopted a "National Financial Inclusion Strategy" which is supposed to boost the digital finance market and consequently help the digital transformation of MFIs and reduce their operations cost.

- Islamic finance

Recent regulatory reform on Islamic-compliant financial products are supposed to provide the needed stimulus of Islamic finance development in Tunisia particularly for the stock market and investment mechanism. To date, only 2 commercial banks labelled as "Islamic banks" offer banking services for both individuals and businesses.

EGYPT

- Microfinance

Regulatory aspects

For longtime microfinance in Egypt has been developed under the umbrella of authorized banks and NGO-run MFIs. In 2014 a microfinance law was adopted that allows commercial companies to enter the microfinance market alongside existing operators. The Egypt Financial Supervision Authority, has entered the scene as the supervisory body of the newly established MFIs under commercial status (known as companies). In 2017, the Egyptian Microfinance Federation was established as representative of all MFIs before the Central Bank of Egypt (CBE) which remain the champion of financial inclusion and the microfinance industry given its role as an effective tool for poverty reduction and financial inclusion.

In 2017, responding to the Federation requests in order to further bolster the growth of the microfinance sector, the CBE has lifted regulatory constraints related to:[70]

- MFIs (NGO-status and companies) access to the mandatory percentage of 20% of the banks' portfolio that should go into SMEs funding until 2020, without applying subsidized interest rates.
- Guidelines for banks with respect to assessing credit risks related to MFIs-NGOs.
- Microfinance digital transactions: disbursement and installment collection via mobile phone are authorized.

Outreach and performance

With 3.5 million borrowers and a global outstanding portfolio of approximately EUR 1.4 billion, the Egyptian microfinance sector is by far the largest microfinance market in the Arab world. The market is dominated by more than 948 not-for-profit NGOs with a 56% of market share (active clients). 9 commercial banks serve 12% of the market but provide 37% of the loans mostly targeting the small enterprises. 9 non-banking financial institutions have experienced a substantial growth during the period 2016-2019 and have seen their client basis quadrupled.

Table A22. Egyptian microfinance sector key figures, 2016-2019

No.	Egyptian Microfinance Federation Members	Dec. 2016		Dec. 2017		Dec. 2018		Dec. 2019	
		Gross Loan Portfolio (Million EGP)	Clients (1000 clients)	Gross Loan Portfolio (Million EGP)	Clients (1000 clients)	Gross Loan Portfolio (Million EGP)	Clients (1000 clients)	Gross Loan Portfolio (Million EGP)	Clients (1000 clients)
01	MFIs - NGOs	3441	1539	4599	1706	6296	1907	8217	1979
02	Companies	1045	289	2520	558	5253	875	8298	1134
03	Banks (direct lending <100,000)	1946	183	3800	265	6240	368	9666	409
Total		6432	2011	10919	2529	17789	3150	26181	3522

Source: "Activities and Achievements Report 2015-2019", Egyptian Microfinance Federation, 2019. Note: EGP 100 = EUR 5,23

In general, as the Egyptian Microfinance Federation notes "financial consumer protection and financial education remain weak with regard to microfinance services". A national financial education strategy – "Shaping the Future" programme – has been designed since 2009 and progressively implemented. The programme has mostly been funded by large public bank and private donors (Visa and MasterCard). International partners - Child and Youth Finance International, Aflatoun - has provided different support to the programme mainly through training and capacity building to local institutions involved in financial education activities.

PALESTINIAN TERRITORIES

- Microfinance

Though the first microfinance institution - Palestine for Credit and Development FATEN, a non-for-profit NGO – operates since 1999, the microfinance sector in the Palestinian Territories has not really bloomed yet. Focusing its activities on women-led household-based activities FATEN registered 24 thousand active borrowers in 2016, of whom 72% were women.

[70] "Activities and Achievements Report 2015-2019", Egyptian Microfinance Federation, 2019.

The Palestinian Monetary Authority is the supervisory body for the banking and the microfinance sectors. It early introduced regulations on financial consumer protection related to transparency and disclosure over the credit process from all-kind financial institutions.

From a more global perspective, the Palestinian Territories, a member of AFI, were also the first MENA region country to submit a Maya Declaration commitment in 2012 and thus sustain population's financial inclusion. 6 years later, the Palestinian Monetary Authority launched the National Financial Inclusion Strategy – the second in the Arab World after Jordan – with the ambitious goal "to increase financial inclusion from the current level of 36.4 percent to at least 50 percent of adults by the end of 2025".[71]

JORDAN

- Microfinance

Regulatory aspects

Jordan has implemented a microfinance law in 2015 setting the conditions for MFIs to operate, the scope and limits of microcredit both on amounts and on clientele segments recognizing micro and small businesses eligible to microcredit. The law also entitles MFIs to provide insurance, mobile-based payment services and Sharia-compliant products. The Central Bank of Jordan (CBJ) has the mandate to supervise the microfinance sector on a risk-based approach. The CBJ also sets microfinance client protection standards, interest rate regulation and MFIs governance rules.

In 2017, a national network of MFIs is established – the Jordan Microfinance Network (Tanmeyah) as an interest group of the MFI' s improving MFI's staff professionalization and data collection on the microfinance sector.

Jordan was among the first countries in the region with Morocco to draft a National Financial Inclusion Strategy (NFIS) in 2015 setting clear objectives on closing the gap in terms of account ownership and ensuring a more gender-balanced financial inclusion. In the same year, the CBJ also launched the "National Financial and Social Education Programme" as a support to the NFIS implementation acknowledging the fact that financial inclusion cannot be achieved without improved financial literacy.

Outreach and performance[72]

Currently, there are 10 self-sustainable MFIs running in the Jordanian market which is deemed to be of modest size. Indeed, the Jordan microfinance sector has been expanding rapidly since 1998-1999 when new MFIs started operating - Vitas (MEMCC), Microfund for Women, Tamweelcom and Ahli Microfinance Company – joined eventually by the UNRWA Microfinance which run as an autonomous department within UNRWA and in 2006-2007 the National Microfinance Bank, FINCA Jordan and Al Ameen. 2015 was marked by the

[71] https://www.afi-global.org/newsroom/news/afi-congratulates-palestine-on-launching-nfis-aimed-at-inclusive-economic-growth-and-sustainable-development/
[72] Based on data from the Jordanian Microfinance Network, Tanmeyah's website.

establishment of Ethmar as the "Jordan's first provider of Sharia compliant Microfinance loans".

At the end of 2020, the Jordanian MFIs has been serving more than 440 thousand active clients for a total loan portfolio of EUR 291M. Over the past 10 years the sector has experienced a constant upward trend of 5 to 6% of annual average growth rate in terms of both outreach and portfolio though the last year has shown declining signs most likely due to the health crisis. The quality of portfolio remains problematic with a non-performing loan ratio (PAR30) of 10.9% a particularly high level in respect to international standards and far above compared to North Africa's countries.

Challenges and perspectives[73]

The Jordanian microfinance sector is characterized by a relatively high number of MFIs compared to the market size. They mostly target the same segments of clientele with little or no product diversification. While this should favor competition and eventually may result in lowering the cost of microcredit it may also drive the sector to aggressive commercial practices calling for steady client protection measures. Client protection issues are particularly acute as the population show a very level of financial literacy: only 24% of the Jordanian adult population has sufficient financial literacy.

Though the maximum size for microcredit is by far higher than in any other country of the region – amounting up to EUR 23,150 for individual and EUR 81,000 for small businesses – it should not exceed 0.2% of the MFI's portfolio at the end of the prior month limiting the MFI's ability for expansion.

LEBANON

- Microfinance

Microfinance in Lebanon has been rapidly expanding since mid-2000 mostly driven by non-for-profit NGOs yet not all of them regulated as financial institutions by the "Banque du Liban", the Lebanese Central Bank. While, the latter has stepped in relatively at an earlier stage of the sector's development compared to other countries in the region a few MFIs (whose status depends on the Ministry of interior for some of them), are still beyond the scope of the Banking Control Commission, the oversight body under the authority of the Lebanese Central Bank. In 2016, a report from the International Monetary Fund and the World Bank, pointed out the fragility of the Lebanese microfinance market as "the top five MFIs represent 80 percent of the market, out of with the first and second largest are NGOs... (the latter) are not regulated by the Banking Control Commission."[74] Currently, the Lebanese Microfinance Association counts among its members 9 MFIs whose lending activities reached out 147 thousand active clients – corresponding to almost 10% of the Lebanese households – for a portfolio value of EUR 150 million (2019). Yet these figures though impressive for a small and relatively financially-developed country are visibly declining as CGAP noted that "(a)t their peak, the Lebanese

[73] "Market Research on Expanding Microfinance Outreach in Jordan through Innovative Market-Driven Product Development", Jordan Microfinance Network (Tanmeyah), 2019.
[74] " Financial Sector Assessment: Lebanon", International Monetary Fund and World Bank, 2016

Microfinance Association members had an aggregate portfolio over $220 million and served more than 150,000 clients".[75]

According to IMF (2016) the microfinance sector faces deep-rooted challenges which are, by all chances, exacerbated by the on-going unprecedented financial turmoil and health crisis. Indeed, CGAP suggests that the microfinance sector is put under pressure and is very likely it twists into a sharp declining trend. The rapid growth of the sector has resulted in fierce competition and increased cross-borrowing: in 2016, it was estimated "than 30% micro finance borrowers have cross borrowings with another financial institution" and nothing proved the trend has been reversed since then.

Additionally, the fact that some MFIs still operate with insufficient (or inexistent) oversight resulting in unfair competition, may worsened the crisis-driven economic fallouts, restrict MFI's liquidity and finally impact the microfinance's sector sustainability.

[75] https://www.cgap.org/blog/preserving-decades-development-plea-lebanon

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ANNEX 9: SURVEY

	Current programmes/initiatives in social impact investment *Note: please add columns if needed*						
	Programme 1	Programme 2	Programme 3	Programme 4	Programme 5	Programme 6	...
Name of the programme							
Period of implementation							
Country *Note: If multicountry, please list all countries that apply* *Remember the study refers only to LE, JO, PL, EG, AL, TU and MO*							
Global amount committed							
Targeted sector *Note: If multiple, please indicate the respective percentage share*							
social economy							
green economy							
Microfinance/FinTech/Alternative finance etc.							

Financing mechanisms _Note_: *If multiple, please indicate the respective percentage share*	
grant	
loan	
credit line	
equity	
guarantee fund	
fund of funds	
other *(please indicate; if needed, please insert additional rows)*	
Average ticket size _Note_: *If possible, please provide information on specific ticket size according to the sector and/or the financing mechanism*	
Required Return on investment (ROI) _Note_: *If not grant, please indicate if the required ROI is: (a) below the market value, (b) at the market value or (c) above the market value*	