

MEDUP!

Promoting social entrepreneurship in the Mediterranean Region

REGIONAL REPORT ON THE SITUATION OF THE SOCIAL ECONOMY IN THE PARTICIPATING COUNTRIES OF THE MEDUP! PROJECT 2022

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Contents

1. Summary.....	4
2. Introduction	6
3. Project background and context.....	7
4. Background of the research	8
5. Analysis of the applicability of the social economy and social enterprise concepts proposed by the SEAP to the country	9
6. Country-level analysis	14
7. Update of the policy and legal frameworks in each MedUP! target country	19
8. Update of data regarding social economy and social enterprises	25
9. Other relevant developments of the social economy ecosystem in the country (e.g. umbrella organisations, projects in this field by other actors, etc.).....	27
10. Conclusions.....	32
11. References.....	34

1. Summary

The social economy is blooming across the globe and a number of countries have been improving their policy frameworks for the last 20 years. This is the case for the countries participating in MedUP! – Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.

A series of research analyses of these six countries has found improvements in three key dimensions of ecosystems for the social economy – definitions, policy frameworks and data (quantitative and qualitative) – as well as in other dimensions such as research, innovative projects and umbrella organisations.

As regards the first dimension, we can declare that the social economy exists both in the traditional component organisations (cooperatives, foundations, associations, self-help groups and social enterprises) and in the distinctive set of values and principles recognised by literature and by the majority of international legislation.

Other specific findings regarding this dimension are:

1. There are not many legal/policy-related definitions but since the start of the MedUP! project the situation has improved dramatically.
2. The absence of policy-related definitions leads to a lack consensus (still) in the different countries. Possible explanations involve insufficient awareness, problems with translations and also the fact that social economy and social enterprises are competing concepts characterised by semantic overlapping, which also results in a power struggle to become prevalent.
3. These contending definitions mostly diverge around some key operating elements of the definition (mostly governance or the treatment management of profits).
4. There is a lack of self-awareness and this is having a strong impact on the development of the ecosystem.
5. There are external influences that seem to be a key element in fostering or hindering the applicability of the concept. Thus, the early arrival of some actors proposing a looser definition may have had an impact on the current lack of consensus and the struggle.

In the second dimension, the development of the international ecosystem and the efforts of MedUP! and other projects seem to have had an impact on the development of some policy initiatives in the countries.

Concerning the third dimension (data), we can say that the potential target population in the six MedUP! countries is highly significant – close to 100,000 taking the less optimistic figures.

Finally, in reference to other dimensions (research, innovative projects and umbrella organisations), we can highlight that the different problems encountered show the need to develop the research capabilities of the ecosystem. Moreover, regarding umbrella organisations and projects, there have been improvements in the former (with new organisations being born in two countries) and a significant increase in projects at the country and regional levels.

We can conclude that these positive developments in all dimensions could prove to be key assets for the development of inclusive economies with increased well-being for bigger parts of the population in the southern neighbourhood. However, opportunity costs are also higher, the current crisis will also increase the power struggle with key actors trying to maintain their positions and therefore interested in a less cohesive, and less empowered SSE.

2. Introduction

The current reports provides an overview of the so-called macro-level of social economy in the MedUP! countries. It is based on an analysis of the updated country reports carried out by local researchers, as well as the recent literature and studies drafted in other projects (the most relevant being SEE CHANGE in Lebanon, supported by EU Maddad funds).

It focuses on four main elements which are key in the development of the policy framework and in fostering the capabilities of advocacy actors in the region and at the local level. These elements are recognition of and self-awareness regarding the key concepts (social economy and social enterprise), the different policy initiatives, the data available and, finally, the initiatives both in terms of projects and in fostering the advocacy capabilities of SSE organisations.

It gives a general overview of the current situation regarding the above-mentioned elements based upon four ad-hoc research papers (Egypt, Jordan, Palestine and Tunisia), one piece of research from another EU-funded project (Lebanon-SEE Change project) and other sources (Morocco).

3. Project background and context

MedUP! is a four-year multi-country project funded by EuropeAid in 2018 and implemented in Morocco, Tunisia, Egypt, Palestine, Jordan and Lebanon.

The general objective of the project is to promote and support an enabling ecosystem for social enterprises, which are considered valuable drivers for socio-economic growth.

More specifically, the project aims to improve the inclusiveness of the labour market, especially for young people and women, reaching three intermediate outcomes:

1. To increase the engagement of policy-makers and key private and public stakeholders at local, national and regional levels to improve policies and legal frameworks for social entrepreneurship and make them more inclusive for young people and women;
2. To improve the quality and accessibility of the support services provided by SESOs and also strengthen coordination among them;
3. To scale up the businesses of existing social enterprises and improve awareness of their impact among their main stakeholders.

In order to achieve these objectives, the actions were conceived to target three different levels:

1. The macro-level, through country and cross-country policy and advocacy initiatives;
2. The meso-level, by providing capacity building to reinforce SESOs and improving the services they provide;
3. The micro-level, by providing financial and technical support to SEs.

4. Background of the research

The MedUP! project carried out a series of country studies to gain a clear and updated overview of the priority issues and actors involved in the social entrepreneurship sector and the differential impact on gender in each targeted country.

These national studies followed the same three-level structure mentioned above and therefore produced several research reports divided into macro, meso and micro-level analyses of the situation in each country.

All of them encountered problems mainly due to two (interrelated) factors:

- the absence of consolidated data;
- the contested nature of the concepts (social entrepreneurship vs. social enterprise vs. social economy).

However since the publication of the country studies, a series of relevant events have occurred, such as the COVID pandemic and the international development of the social economy ecosystem. There have also been improvements in the local conditions at the country level such as the approval of the Social and Solidarity Economy Law in Tunisia, the submission of a social enterprise law in Lebanon and the recent acceleration of the proposal in Morocco.

In order to carry out the studies, the researchers were asked to take advantage of an important recent development: the presentation of the Social Economy Action Plan (SEAP) of the European Union. This relevant policy strategy includes clearly defined and operational definitions of social economy as well as social enterprise. Such definitions are in line with state-of-the-art literature.

5. Analysis of the applicability of the social economy and social enterprise concepts proposed by the SEAP to the country

Is it true that what it is not named does not exist? Social economy and social enterprises are political concepts. Both the realities described by these concepts existed before they were used in research or policy. Therefore, one of the main features of the analysis of their potential, with a minimal normative intention, should be to assess both the elements or components of these concepts as well as the threats or challenges to their development.

From this perspective, it is worth noting that in the countries analysed we can recognise that the social economy exists both in its traditional components (cooperatives, foundations, associations, self-help groups and social enterprises) and in its distinctive set of values and principles mentioned below (and also described by key research). Most elements that defer the development of the social economy as an uncontested concept in these countries are better explained by the power struggle of competing concepts (see reference to Kuhn below). Therefore, such obstacles and threats are better addressed by working at two levels: awareness (for example by widening the knowledge base or increasing the capabilities of key actors such as networks, advocacy actors, etc., in disseminating knowledge) and increasing the capabilities at the ecosystem level to overcome or dilute controversies or opposition to SE (such as building bridges with those above-mentioned competing concepts). We hope this report will help address this issue regarding the former and support the current process of capacity building for key actors.

To better understand this power struggle, we can refer to a relevant paper by Chaves and Monzón. The paradigm change that is bringing relevance and prominence to social economy over other competing concepts was addressed in their paper in 2018 (R. C. Chaves Ávila and Monzón Campos 2018). There, they stated that:

“within the framework of Kuhn's theory of the scientific revolutions (...) in the social sciences, major changes in paradigms or scientific revolutions, and with them, changes in the language and concepts that generate a new worldview, are produced simultaneously to the great crisis and socio-economic transformations”.

Before such scientific revolutions there is a series of "competing" paradigms or concepts. In relation to the 'space between the public economy and the private for-profit economy', both social economy and the non-profit/third sector have enjoyed a prevalent position for decades now, sometimes as competing concepts. However, since the financial crisis of 2007, a series of new concepts, in some cases previously developed, have entered the field, such as social enterprises and social entrepreneurship.

These concepts have a certain degree of "semantic" overlapping, and to a certain extent they can be explained as related to specific cultural and institutional contexts. However, all of them are still aimed at defining a specific “space” of the economy, and not becoming the prevalent discipline in economic thinking or “mainstream economics”, for example, “political economy”, “Marxian economics”, etc.

In this context, the current crisis, caused by the COVID-19 pandemic, came firstly when the world was still reeling from the financial crisis that started a decade ago, and secondly when climate change is reaching a point of no return. This has resulted in a situation which is beginning to be thought of as unprecedented (at least since WWII) – to the point that certain analysts signal a shift in economic thinking, ending decades of neo-liberal dominance both in economy and policy. This has set the stage for the above-mentioned change in paradigm. This does not mean that other terms or concepts will disappear, but that there are sufficient elements to produce a restructuring of the field, for example by clarifying the scope and limits of social economy and social enterprises and the inclusion of (most) of the latter in the former.

With this in mind, and in line with what the International Labour Conference (ILC) has recently concluded, the social economy is not reduced to a few classical legal forms, but it is *“based on structural criteria, such as its social aims, its participatory and democratic decision-making criterion and its profit distribution criterion based on the prevalence of people and labour over capital”* (R. C. Chaves Ávila and Monzón Campos 2018). Moreover, the different economic units do not even need to be formal ones, formalisation often being a request from external actors. These “structural criteria” are what the Social Economy Action Plan calls “common principles and features” and the ILO refers to as principles. These can be found in all MedUP! Countries, and only in some cases do we still find

some differences regarding their self-definition or their *operationalisation* in certain of those economic units (such as autonomy from the state in some cooperatives or limited profitability in some social enterprises).

The above-mentioned paradigm can be seen in a series of high-level initiatives at the international level which are providing clarity to local actors on the ground. Until now, no “normative” international actor had produced either a policy or a guideline with the intention of such clarity. Now, in less than nine months we have witnessed at least four very relevant steps in the right direction: These initiatives are the OECD Recommendation on the Social and Solidarity Economy and Social Innovation,¹ the above-mentioned ILC, the ongoing efforts to obtain a UN resolution by the end of the year and the approval of a Social Economy Action Plan of the European Union (which includes a proposed intervention in the southern neighbourhood)(European Commission 2021). Moreover, the latter includes clearly defined and operational definitions of social economy as well as social enterprise. Such definitions are in line with state-of-the-art literature.

The definitions are as follows:

- Regarding the **social economy**: “In the context of this action plan and related EU initiatives, the social economy covers entities sharing the following main common principles and features: the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users (“collective interest”) or society at large (“general interest”) and democratic and/or participatory governance.

“Traditionally, the term social economy refers to four main types of entities providing goods and services to their members or society at large: cooperatives, mutual benefit societies, associations (including charities), and foundations. They are private entities, independent of public authorities and with specific legal forms.

“Social enterprises are now generally understood as part of the social economy.”²

¹ OECD (2022). Available at <https://www.oecd.org/cfe/leed/social-economy/social-economy-recommendation/>

² European Commission (2021) Social Economy Action Plan. Available at <https://ec.europa.eu/social/BlobServlet?docId=24986&langId=en>

- Regarding **social enterprises**: “Social enterprises operate by providing goods and services for the market in an entrepreneurial and often innovative fashion, having social and/or environmental objectives as the reason for their commercial activity. Profits are mainly reinvested with a view to achieving their societal objective. Their method of organisation and ownership also follow democratic or participatory principles or focus on social progress. Social enterprises adopt a variety of legal forms depending on the national context.”³

As we said, these two definitions have been reinforced at the international level by the recent conclusions of the International Labour Conference (ILC) of the International Labour Organisation (ILO) regarding the **social and solidarity economy**. The ILC’s conclusions propose the following definition⁴ (International Labour Organisation (ILO) 2022b):

“The SSE encompasses enterprises, organisations and other entities that are engaged in economic, social, and environmental activities to serve the collective and/or general interest, which are based on the principles of voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence, and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits as well as assets. SSE entities aspire to long-term viability and sustainability, and to the transition from the informal to the formal economy and operate in all sectors of the economy. They put into practice a set of values which are intrinsic to their functioning and consistent with care for people and planet, equality and fairness, interdependence, self-governance, transparency and accountability, and the attainment of decent work and livelihoods. According to national circumstances, the SSE includes cooperatives, associations, mutual societies, foundations, social enterprises, self-help groups and other entities operating in accordance with the values and principles of the SSE.”⁵

Furthermore, regarding the different types of economic units mentioned as components of the SSE, we also find that the report submitted to the ILO’s constituents at the ILC (International Labour Organisation (ILO) 2022a) clearly includes social enterprises within the SSE and defines them as “a unit that uses market means but primarily to serve social purposes, such as employing and training disadvantaged individuals (for example, persons with disabilities and the long-term unemployed),

³ Idem

⁴ The International Labour Organisation uses the term SSE instead of SE because this is becoming the norm at the international level. However, for the purposes of this report, we use both as synonyms.

⁵ ILO, Resolution and conclusions concerning decent work and the social and solidarity economy.

producing products of particular social value or serving disadvantaged persons in other ways”.⁶ However, it also states that “although a particular SSE value or principle may apply outside the SSE, it is the set of SSE values and the set of principles that together give coherence to the SSE”. Moreover, “the building blocks for a proposed definition of the SSE include a single term (social and solidarity economy); a set of principles that are derived from a set of values; and a variety of organisational forms. Together, they provide the basis for a proposed definition for discussion”.⁷ With this, we infer that there may exist social enterprises which do not abide by the principles and values but in that case, they will not be considered as part of the SSE.

Finally, it is worth noting that the ILC’s report points out that “**Many SSE laws include context-specific forms of organisation as part of the SSE.** Such forms notably include *ejidos* and *comunidades*, workers’ organisations, pre-cooperatives, insertion enterprises, special employment centres, platform cooperatives, community forestry and fishery associations, producers’ and peasants’ organisations, economic interest groups, popular economic units, microfinance associations, cultural, recreational and local development associations with altruistic goals, and community and self-management subsectors”.⁸

It is important to notice that these operational definitions are also in line with the most relevant literature in the field: (Monzón and Chaves 2012), (Defourny and Nyssens 2014), (Defourny, Nyssens, and Brolis 2021) and (Galera and Borzaga 2009).

⁶ International Labour Organisation (ILO). 2022a. *Report VI. Decent Work and the Social and Solidarity Economy: International Labour Conference 110th Session, 2022*. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_841023.pdf

⁷ Idem

⁸ Ibidem

6. Country-level analysis

When confronted with these definitions we have developed a series of findings at country level that can be summarised into the following main elements:

There are **not many legal/policy-related definitions**, but since the start of the MedUP! project the situation has improved dramatically: there is one framework law approved (Tunisia) and three proposals which have been tabled (Lebanon), being updated (Morocco) or being discussed (Jordan). Moreover, the experience in Tunisia and elsewhere shows that the process leading up to the approval of a legal framework presents a series of definitions in policy-related documents which are also of interest.

Nevertheless, this absence of policy-related definitions leads to a **lack of CONSENSUS (still)** in the different countries. One possible explanation is **insufficient awareness**: since social economy and/or social enterprises are new concepts, there are few initiatives that describe them according to seminal research and main normative initiatives, such as those mentioned above (SEAP for example). Furthermore, this lack of consensus can be related to being an “externally inspired” concept which often presents **problems with translations**. Finally, as mentioned above, the competing concepts are characterised by semantic overlapping, which also results in a **power struggle** to become prevalent and with that improved access to the policy agenda and tangible and intangible resources.

These contending definitions **mostly diverge around some key operating elements** of the definition (mostly governance or the management of profits).

Thus, for example, we see that in the case of the definition of “social enterprise” by LSE⁹ the governance dimension is absent:

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

⁹ <https://lseassociation.org/wp-content/uploads/2022/04/Impact-Assesment-of-Social-Enterprises-in-Lebanon-2019-2020.pdf>

2. Directly run all activities related to their environmental or social mission (recycling, waste treatment, integration of people with special needs...)
3. Generate income through sales of products and/or services
4. Aim for financial stability and long-term sustainability
5. Reinvest at least 50% of their profits in their activities”.

This is also the case of Tunisian social enterprises which hesitate to abide by the principles of administrative and/or financial governance, as mentioned in the country update. Also, in the case of the Jordan country report the above-mentioned dimensions are absent in the definition proposed for social enterprises, “a distinct category that simultaneously has business goals based on profit in addition to social goals”.¹⁰

However, such loose definitions, besides going against the vast majority of legal frameworks and guidelines and also most relevant research, make it more difficult to set the scope of social enterprises by blurring its boundaries with other concepts such as CSR or by making it difficult to find objective indicators to exclude social or green washing.

Besides these threats to the growth of the social economy ecosystem in the region, some other issues could arise, for instance, that many potential social enterprises or SSE organisations do not consider themselves as such. This **lack of self-awareness** is having a strong impact on the development of the ecosystem. For example, considering the number of social enterprises identified in countries such as Egypt (a couple of hundred) it is surprising to see the lack of promotion of this self-awareness in potential pools of SSE organisations such as the almost 60,000 NGOs or the several thousand cooperatives registered in the country.

Concerning the **problems with translation**, it is worth mentioning what one country report states: “the absence of an agreed upon translation for SE in Arabic has led people to use different terms to describe what a SE is, reflecting a high lack of clarity even among practitioners (British Council, 2017). Commonly used names in Arabic include مشروع اجتماعي (social project), مؤسسة اجتماعية (social organisation), and شركة اجتماعية (social company)”. Also, other researchers have used terms such as social institutions to refer to social enterprises or social economy organisations in certain countries. However, such problems with translation seem less relevant in countries with more cultural ties with France and the French language, or it may be the result of other variables such as the existence of a

¹⁰ Jordan country report

law (Tunisia) or an earlier penetration of the concept among key actors (such as the public administration with several documents and even a department/ministry in the case of Morocco).

These **external influences** seem to be a key element in fostering or hindering the applicability of the concept. Regarding the origin of such influences, the different reports and sources point essentially to three main areas: EU-related and Canada/Quebec in those areas where SSE is better established (Tunisia or Morocco and to a certain extent Palestine) and to actors with an Anglo-Saxon/North American background such as the World Bank, the British Council, Ashoka, Yunus or ENACTUS in the others (Egypt, Jordan and Lebanon). This background can also be linked with two main schools or approaches: the ‘earned income’ school and the ‘social innovation’ school promoted by the Ashoka Foundation set up by Bill Drayton in 1980 (R. Chaves Ávila and Monzón 2017).

Other actors having a relevant presence in some countries are ILO (key in Tunisia for example but also active in this field in Palestine, Jordan and Morocco), CIRIEC¹¹ (also in Tunisia where a national section was created in 2019 and to a lesser extent Morocco) and the International Cooperative Alliance (ICA), with an EU-funded assessment of cooperative legal frameworks in all MedUP! countries except for the Palestine territories.

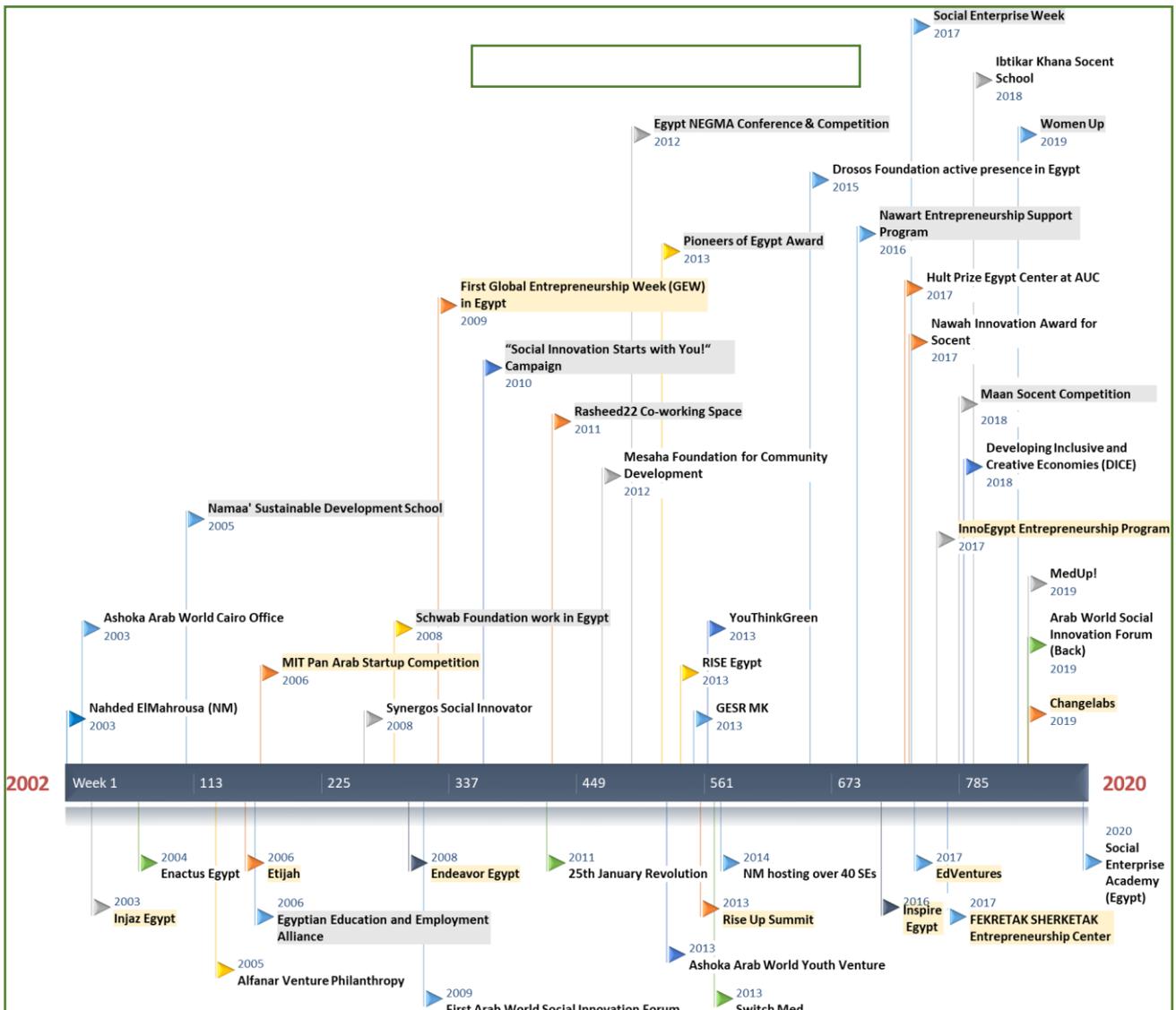
In this sense, the **early arrival of some actors** proposing a looser definition may have had an impact on the current lack of consensus and the struggle to foster the use of more effective and efficient operational definitions such as those included in SEAP. This may also require a stronger effort to overcome some *artificial* dissent. We describe this dissent as artificial since, besides the issue of governance, the vast majority of legal frameworks also include limited profitability in the definition of social enterprise. This is also the case in countries under the area of influence of actors with an Anglo-Saxon background, such as Thailand, which sets a 70% threshold in the article regarding the treatment of profits (art. 5.3).¹²

¹¹ CIRIEC is one of the leading research networks on the social economy. More information here: <https://www.ciriec.uliege.be/en/>

¹² Social Enterprise Promotion Act, 2019

An example of this early arrival can be found in the following picture:

Figure 1 Timeline of the Egyptian social enterprise ecosystem



Source: Egyptian country report

However, this early arrival and other elements may **also have impacted countries where social economy or SSE is more “recognised”/“used”** such as Morocco and Tunisia, where they are less widespread than one might expect among certain target groups such as young graduates. Thus, despite the law and a wider use among key institutions such as UGTT (the well-known trade union), the country report states that “the social and solidarity economy is less diffuse in the private entrepreneurial ecosystem and in the perception of young Tunisians”. In line with this, the same country signals that despite the efforts of many international projects (such as those implemented by ILO) “very few have worked on the adoption of the principles of the SSE by Tunisian society, thus inducing a societal change in the behaviour of young Tunisians”. However, a certain (higher) level of

use of ‘social enterprise’ may be related to the existence of actors promoting this and similar concepts (such as impact economy/enterprises) and the alignment of such concepts with general cultural frameworks which promote individuality and profit maximisation as more valuable (or at least equally legitimate) moral values.

In line with current trends and with the problems signalled in country reports and during the implementation of MedUP!, we understand that a swifter and enhanced applicability of this internationally recognised concept (the above-mentioned paradigm change) requires a “systematisation or coordination or capitalisation of former experiences”, as well as an effort to further promote the dialogue between key actors.

This cannot be done without a proper understanding of the **power struggle between groups of actors** and their frameworks of reference. Thus, as highlighted in the recently published report on impact investment and SSE (Pastorelli et al., 2022), the mismatch between demand (SSE organisations seeking investment) and supply (social impact investors) is evident in the region. This may be related to the mere fact that the investors need to allocate costs to either the former or the latter. In the first case SSE organisations are either requested to implement measurement practices that reduce the due diligence costs, or to grow for the sake of investors, not beneficiaries. In the second case, the investor would have to bear higher expenses if they need to analyse smaller deals or use measurement tools not aligned with their traditional internal processes. Furthermore, in this mismatch, actors on the supply side (investors, incubators and consultants) will be more interested in promoting social enterprises with little-to-no profit limitation and almost absent horizontal governance internal regulations, since these two elements make their exit strategies (in equity/quasi-equity investments) and their assessments of the deals (also in loans) more difficult.

7. Update of the policy and legal frameworks in each MedUP! target country

As we pointed out, policy framework development has increased dramatically at the international level in the last few years. Thus, we can point out the multiple proposals on all continents concerning framework laws and other policy-related initiatives:

“Since the turn of the century, legislation on the SSE has been adopted in at least 20 countries. National legislation on the SSE has been developed in the Plurinational State of Bolivia, Cabo Verde, Cameroon, Colombia, Costa Rica, Djibouti, Ecuador, France, Greece, Honduras, Luxembourg, Mexico, Portugal, Romania, Senegal, Slovakia, Spain, Tunisia, Uruguay and the Bolivarian Republic of Venezuela. Other countries, such as Brazil, the Dominican Republic, the Republic of Korea and South Africa, are currently preparing national SSE policies. Certain countries, including Argentina (Entre Rios, Mendoza and Rio Negro), Belgium (Brussels and Wallonia), Brazil (Minas Gerais, among others), Canada (Quebec) and Italy (Emilia Romagna, among others) have adopted SSE legislation at the subnational level. In many countries, including Chile, Mali and Nicaragua, governmental SSE authorities have been established by law” (International Labour Organisation (ILO) 2022a).

This development has been accompanied by other international initiatives such as those already mentioned by international organisations (OECD, ILO and EU), all of them with relevant influence and/or projects in the MedUP! countries.

This situation, along with efforts of the MedUP! (and similar projects such as JoinUP or SEE Change) seems to have had an impact on the development of some policy initiatives in the countries.

This is despite the elements hindering this development (such as the power struggle, lack of consensus, low awareness, etc.). In this sense, we can point out that the current laws regarding social enterprises (the Tunisian SSE law with its articles regarding the SSE enterprise label or the non-profit company in the Palestinian Company Law) include elements regarding limited profitability (stricter in the case of the latter).

Besides this, we can see how, in the case of Egypt, the so-called “earned income school” seems to have gained sufficient ground and the reform of the NGO law in 2019 increases the capacity of private companies to gain access to grants and donations.

Regarding the draft bills, for Jordan there is insufficient information, and in the case of Lebanon the current situation makes it difficult to move forward with any legislative initiative. Finally, in Morocco, there is a new initiative to present an updated draft bill on SSE by the end of the year.

Here we have a summary of the situation in the countries:

Country	Law / Proposal for law	Date and sources
Egypt	No initiatives. However the new NGO Law (law 149 of 2019) increases the capacity of private companies to receive grants	N/A
Jordan	Proposal for Social Entrepreneurship Law	The Ministry of Entrepreneurship and Digital Economy prepared a draft general policy to support and develop social entrepreneurship, which is still under administrative, technical and legal review, and it is expected that these procedures will be completed by mid-July 2022.
Lebanon	Proposal for Law on Social Enterprises	Not available
Morocco	Proposal for SSE Framework Law no. 65/16	On 28 June 2016, the draft framework law was sent to the general secretariat of the government for insertion into the approval circuit, but the process met with delays. Now there is a new project to submit a new version of a Framework Law with the support of the French Cooperation Agency (AFD). https://mtaess.gov.ma/fr/economie-sociale-et-solidaire/cadre-reglementaire-et-institutionnel/
Palestine	The new Palestinian Companies Law (decree law no. 42 of 2021). It mentions non-profit companies (art. 29)	NPCs: despite not using the term social enterprises, they can be considered as such with a strict asset lock.

	2021	Not available
Tunisia	Law no. 2020-30 of 30 June 2020 on the social and solidarity economy	30/06/2020 https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=112196&p_count=109103&p_classification=01.09&p_classcount=66

Despite these initiatives, we have found three relevant problems: the implementation of existing laws, the need to foster the inclusion of social economy elements in key legislation such as taxes, financial regulations, public tenders, etc., and the update of the legislation regarding specific institutional units of the social economy other than social enterprises (cooperatives, associations, foundations and mutuals).

In the first case, we found one country report signalling that “government officials lack an understanding of such laws and the mechanisms for their application. All of this shows that the legislation in force lacks flexibility on the one hand, and that employees do not have sufficient awareness of the importance of social institutions and their role in developing local communities, and they are unable to direct and guide those wishing to register innovative initiatives on the other hand”.

In the second case, we saw a certain degree of legislative reforms (NGO laws or company laws for example) and sometimes with some degree of friendliness towards SE (such as the Egyptian NGO law of 2019 or the Palestinian Companies Law in 2021). However, key obstacles such as access to finance or markets require more serious initiatives in the area of financial regulations (for example facilitating social economy finance institutions or the allocation of specific resources to them) and public tendering (with initiatives in line with socially responsible public procurement for example).

Here we can see an example of the legislative activity in Palestine:

LAW	YEAR/OTHERS
Decree-Law no. 7 of 2021 amending Law no. 1 of 2000 regarding charitable societies and civil organisations and its amendments	2021. Enforcement stopped due to the campaigning of civil society
Decree no. 11 of 2018 regarding the fees scheme for the Cooperative Work Agency on 28/08/2018	2018
Decree no. 12 of 2020 regarding the investigation by-law of cooperative societies' work and federations on 21/09/2020	2020
Decree no. 11 of 2020 on the system of liquidation of charity associations on 21/09/2020, based on a proposal from the authority's board of directors	2020
Company Law updated by decree law no. 42 for the year 2021. It mentions non-profit companies (art. 29)	2021

Advocacy action seems to be hindered by a more homogeneous application of the two concepts (SE and SOCENTs), with clear-cut definitions that will facilitate the identification of public counterparts about specific policy reforms and the production of proposals with state-of-the-art literature and solid international benchmarking to support them.

Finally, in the case of legislation regarding the institutional components of the social economy, we find issues mainly in cooperatives (which are numerous in the area, have a well-established hybrid nature of market actors with the capacity to mobilise non-market resources, and have a key role in most of the ecosystem where social economy is thriving). Cooperative laws are out of date in most countries. For example, in the case of Tunisia, we find that “non-agricultural” cooperatives are governed by:

- “a text of common law: law no. 67-4 of 19 January 1967, on the general status of cooperation;
- and other texts, rarely known by specialists: the Beylical Decree of 17 June 1937, relating to craft cooperatives, the Beylical Decree of 1 May 1947, relating to worker production cooperatives, and Decree no. 69-23 of 21 January 1969, on the organisation and operation of the commercial cooperative.”¹³

It is no surprise that the country report mentions that research conducted in 2022 only identified 26 cooperatives in a state of real activity out of 131 non-agricultural cooperatives (INS 2019). Besides this, in 2007 the Tunisian governments passed legal reforms which erased the name ‘cooperative’ in many agricultural ones (they are now called SMBSA: Mutual Basic Societies of Agricultural Services).

Furthermore, a recently finished project funded by the European Union found that all the MedUP! project countries (Palestine was not analysed) had a more or less unfriendly cooperative legislation (except for Morocco, which has the most updated one along with Palestine). Some important elements are the following:¹⁴

- Egypt: “the multiplicity of legal texts, involving a plurality of legal regimes for cooperatives, constitutes a real obstacle to the proper development of the cooperative movement in Egypt.”
- Jordan: “Due to lack of some important provisions, Jordanian cooperative legislation is deemed more unfriendly than friendly. This is because the objective of the law is not defined at all. Also, there is a lack of clarity regarding definitions and preambles in the legislation which weakens the cooperative identity. The authority to audit a cooperative is not vested in the General Assembly but in the Jordan Cooperative Corporation.”
- Lebanon: “Theoretically, the legislation is ‘very much cooperative friendly’ since the provisions of the law have incorporated the principles of cooperation. There are, however, exceptions to these principles, and the real challenge seen is the lack of awareness among people in charge of applying the law about cooperative principles.”
- Tunisia: “legislation on cooperatives in the country is complex and fragmented, with special laws for different cooperative types existing alongside the general statute. As noted above, the ICA

¹³ Tunisian country report

¹⁴ All these assessments of the legal framework can be found on the website of the project (International Cooperative Alliance 2021): <https://coops4dev.coop/en/world>

principles are also dealt with inconsistently, with the principles of autonomy and open membership being explicitly excluded in the law covering Cooperative Units for Agricultural Production.”

Thus, we see many elements regarding the conflict with key principles such as autonomy, which are also mentioned in country reports to signal the problems of cooperatives in promoting their potential to be key actors of the social economy in the region.

Finally, it is important to signal the potential of Islamic finance in the development of the social economy. This has been analysed by almost no country report, except for the Palestinian one that signals that the public authorities believe that there is no need for the existence of a law regulating zakat committees, as they operate under the inspiration of Islamic *Sharia*. This is despite the sense that a certain degree of regulation and supervision will address problems of accountability. Furthermore, in our view, zakat and other pillars of Islamic finance such as *waqf* (endowment) or *sukuk* (bond) could play a key role in fostering the allocation of resources and the financial readiness of the social economy in the region.

8. Update of data regarding social economy and social enterprises

The original country report from MedUP! presented some gaps in the provision of statistics. This was in line with the situation at that moment, given both the lack of awareness and the difficulties derived from the problems signalled in the first chapter.

We tried to solve this in the country reports and, in the absence of such a report, by analysing other sources. Consequently, we can say that the potential target population in the six MedUP! countries is highly significant – close to 100,000 taking the less optimistic figures.

The following table shows the data provided by our updating of the research.

COUNTRY	DATA ON SE
Egypt	The update did not succeed in providing new data regarding the whole SSE or social enterprises themselves due to several issues. For example, there are highly divergent figures available in different research; one we found particularly relevant counts more than 55,000 organisations. ¹⁵ However, if we include cooperatives (according to the ICA there are currently more than 14,000 cooperatives and the National Agricultural Federation alone has over 12 million members) we find a potential of around 70,000 social economy organisations.
Jordan	The update did not succeed in providing new data regarding the whole SSE or social enterprises themselves because there are no reliable data about the whole social economy. However, 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. The value of total assets is €430m, while the available cash at hand stands at only €55.2m.

¹⁵ This figure is in fact the number of NGOs operating in Egypt as evidenced by the careful reading of the report (Seda and Ismail 2020): Amr Seda and Mamdouh Ismail, 2020, “Challenges facing social entrepreneurship. The implications for government policy in Egypt”, Vol. 5 No. 2, Review of Economics and Political Science. <https://www.emerald.com/insight/content/doi/10.1108/REPS-03-2019-0036/full/pdf?title=challenges-facing-social-entrepreneurship-the-implications-for-government-policy-in-egypt>

Lebanon	Local research points to 100 to 200 social enterprises. Regarding cooperatives, the data we found (ILO 2018) ¹⁶ goes back to 2017 and refers to 1,238. Concerning associations, a well-known local database includes over 1,300 NGOs, and local actors point out to between 10,000 to 20,000 associations.
Morocco	Data from other reports ¹⁷ show that there are 170,000 associations (albeit with a limited economic impact of around 1%), over 20,000 cooperatives (2,600, 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. Other interesting data are mutuals (mainly publicly owned, around 50, highly relevant in the health sector since they manage the compulsory health insurance) and the growing numbers of cooperatives created by young graduates: 429 by 2017 from 269 in 2011.
Palestine	According to data from 2017, there are 3,748 activity units within social economy in Palestine. The value-added of non-profit institutions serving households (NPSHs) amounted to 494 million US dollars in 2018, reaching 3.1% of Palestinian GDP.
Tunisia	There are: <ul style="list-style-type: none"> • almost 530 cooperatives under different legal forms (SMBSA, SMCSA, UCPA and non-agricultural cooperatives) • 54 mutual associations and two insurance companies of a mutual nature (CTAMA and MAE) • more than 3,200 GDAPs (fisheries agricultural development groups) • around 180 active microfinance associations Finally, there are other associations, like groups for the management of common services in industrial zones, but there is not enough information. There are also 24,392 associations subject to decree no. 88 of 2011, but there are no data on those who are still active and those with economic activities.

In relation to this, it is important to notice that the law in Tunisia included articles regarding the production of statistics, namely satellite accounts, and that the government was able to implement such an initiative (though covering a limited portion of the social economy in the country) in very little time. With this in mind, future policy developments will also improve the data. Conversely, this

¹⁶ International Labour Organisation. (2018). The cooperative sector in Lebanon. https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_644724.pdf

¹⁷ (Pastorelli, Bala, and Barco Serrano 2022)

improvement will facilitate not only the development of the policy framework but also the expansion of social finance initiatives on the ground.

9. Other relevant developments of the social economy ecosystem in the country (e.g. umbrella organisations, projects in this field by other actors, etc.)

Data are one of the key elements in the development of ecosystems and they are a fundamental tool in advocacy initiatives. Not only quantitative but also qualitative data need to be developed to increase the capabilities of key advocacy actors.

The various problems encountered when drafting both the initial MedUP! country reports, and these current ones, show the necessity to develop the research capabilities of the ecosystem. Local researchers have encountered a certain number of papers and sources but these are insufficient both in terms of alignment with state-of-the-art literature and in producing a more homogeneous and coherent body of work.

We would like to highlight what was signalled in the Tunisian report (a country where there has been a very significant number of externally funded initiatives): *“Groups of academics and researchers in different fields are organised around the theme of the SSE, such as the committee at the Centre for Social and Economic Studies and Research, **but without relevant output**”*.

This deficit has also affected access to data regarding other features of ecosystem development. For this reason, we have concentrated in this chapter on two main issues: umbrella organisations and projects.

In the first case we see how from a situation in which only Morocco had an organisation representing the SSE at the national level (at the start of MedUP! project), we have now one well-established Social Enterprise Association in Lebanon and a recently registered one in Jordan.

Table regarding the existence of umbrella organisations representing SE or SOCENTs

Country	Umbrella organisation
Morocco	REMESS
Tunisia	NO
Egypt	NO
Palestine	NO
Jordan	NEWLY ESTABLISHED ASSOCIATION (pending approval of the registry): Enterprise and Social Economy Association
Lebanon	LSE

Regarding the various programmes or projects, there is a growing number of them, and we want to highlight the role of EU and EU member countries as the funders, along with the ILO and local and European actors such as PARC, OXFAM, DIESIS Network, COSV, TCSE and Beyond Group Consulting.

One relevant feature in some of these projects is the strategic approach which can be observed in their links with prior interventions. Thus, for example, the EU-funded SEE Change project in Lebanon builds on the achievements and opportunities of four previous EU-funded projects:

al Mashghal	FURSA	BADAEI	Med Up
COSV – BRD – Avanzi- CGM Universities: LIU, BAU, AI JINAN (AICS)	SFCg, COSV, UPP, NOVAC (Lebanon , Turkey, KRI)	Oxfam – BRD – Najdeh Association - Utopia	Oxfam (in Lebanon)
2017-2021	2015-2018	2017 - 2020	2018-2022
Al Masghal is a pivotal platform among universities, Labour market analysis to improve youth employment and enable social entrepreneurship as driver of change in a more sustainable educational offer. We created 3 University social innovation hub, supported 16 SEs and we are currently supporting the spin off a student led LMO Labour market observatory.	Strengthen the prospects of youth in refugee and host communities for social and economic inclusion in Iraq, Lebanon and Turkey. COSV has support 10 SEs among 25 smes.	Raised awareness around social entrepreneurship in tens of local communities in Bekaa and North Lebanon, supported 45 SEs financially and technically, contributed to national advocacy initiatives	Supports over 10 SESOs and 10 Ses, contributes to national advocacy initiatives, creates platforms for regional and international exchanges
			

Figure 2: SSE projects prior to SEE Change



The overall objective of this project is to strengthen social entrepreneurship to respond to the social and economic situation in three areas of Lebanon – Bekaa, North and Mount Lebanon – and it is expected to last for 36 months until September 2023.

Besides this, we find two linked projects within the ENI CBC Med programme. This is the largest Cross-Border Cooperation (CBC) initiative implemented by the EU under the European Neighbourhood Instrument (ENI). Here we find the MedTOWN¹⁸ and MEDRISSE¹⁹ projects. ENI CBC Med includes one priority for SSE (among a total of 11 priorities). Four projects in total were funded under this priority. MedTOWN started in 2019 and it is aimed at co-producing social policies with the combined potential of agents of the social and solidarity economy (SSE), citizens and local authorities. MedRISSE has recently started, and it is aimed at promoting the co-production of social policies to fight poverty, inequality, social exclusion and environmental unsustainability in the Mediterranean through developing SSE innovations and a joint framework approach to the co-production of social policies. Both projects also include specific thematic areas of interest in issues such as alternative currencies and have several partners in common.

Additionally, we can see how some countries have concentrated a high number of SSE initiatives in the last few years. The most interesting example is Tunisia, where the country report highlights seven projects worth dozens of millions of euros in external funding.

¹⁸ <https://www.enicbcmed.eu/projects/medtown>

¹⁹ <https://www.enicbcmed.eu/projects/medrisse>

List of SSE-related projects in Tunisia active or recently finished

Project name	Donor*/executing agency	Amount and duration of project
Integrated Forest Landscape Management Project (PGIP)	WB/MARHP	€91.3 million reduced to 48 in March 2021 2018-2024
Tunisian Youth Support Project through Social and Solidarity Entrepreneurship – PAJESS	Grand Duchy of Luxembourg/ILO	2019-2021
Promoting decent work through social and solidarity economy organisations led by women in Tunisia – FORTER’ESS	Affaires mondiales Canada/ILO	1.4 million USD 2021-2023
Project to promote SSE and create decent jobs for Tunisian youth – JEUN’ESS	EU/ILO	€9,198,800 2021-2027
ProgrESS	EU/IesMed	€1.3 million 2019-2021
Restart Ecological and Social Requalification of Territories through the Revival of Youth Entrepreneurship in Tunisia	AICS/COSPE-Nexus-CEFA	€2 million 2020-2023
Economic, social and solidarity integration project (IESS-Kairouan)	IFAD-Tunisian government and beneficiaries/CRDA Kairouan (MARHP)	Total project cost 51.27 million USD 2020-2025

Source: Jabbess, 2022. Tunisian country report

Before these, there was another highly relevant project with the clear aim of impacting on policy: Promotion of Organisations and Mechanisms of Social and Solidarity Economy (‘PROMESS’).²⁰ This project, with Dutch funds, supported the drafting of the first bill of the SSE Law as early as in 2019.

²⁰ https://www.ilo.org/global/topics/cooperatives/projects/WCMS_532871/lang--en/index.htm

Finally, we want to highlight another project focusing on the policy level. In 2021, the Moroccan government signed an agreement with the AFD (French Cooperation Agency) to receive €1.5m specifically aimed at strengthening the regulatory framework for the SSE in Morocco. It includes three components:

1. Analysis and consultation devoted to the preparation of an impact study of the draft framework law.
2. The updating of the framework law, the text and its implementing decrees.
3. Specific strand of support for the social and solidarity economy in the regions through the establishment of territorial poles of the SSE.

10. Conclusions

The main objective of this research was to produce an update of the macro-level situation. The main hypothesis is that the situation has changed since the launch of the project both thanks to the action of this (and other projects) and the positive developments at the international level.

The main conclusion is that the social economy has gained in potential to address key challenges in the region after the analysis of the four dimensions included in this research action:

1. In terms of applicability, the definitions provided by the Social Economy Action Plan and the ILC are fully applicable. Key elements to address when developing the policy frameworks revolve around these two issues:
 - a. Update of the policy framework in relation to autonomy and management capabilities for cooperatives, associations and foundations;
 - b. Including adequate provisions for limited profitability (at least) and, if considered feasible, some degree of horizontal governance when drafting provisions for social enterprises. This is not necessary if the definition of social enterprises is outside the SSE and does not entail specific advantages (tax incentives or access to grants/donations). However, in this case, the global ecosystem suffers from a self-definition of social enterprises outside the SSE (it is mutually negative).
2. Countries are slowly adopting framework laws (either following a statutory approach or a substantial one²¹). This is in line with the necessary conditions for passing efficient legislation. More is needed in the case of other SSE-related policies and laws. Updating cooperative laws and addressing key issues such as access to finance and access to private markets are also necessary steps.
3. Data continue to be scarce and difficult to access. There have been improvements (in Tunisia) and the Palestine country report provides very interesting quantitative data from public sources. It is equally important to increase the production of qualitative data.
4. Regarding other elements of the ecosystem, there are strong developments in terms of projects with international funds and also some improvements in setting up the necessary advocacy actors (umbrella organisations, forums or networks).

²¹ Statutory means that it defines SSE by including at least the traditional institutional units. Substantial means that it defines the values and principles and then declares that any institutional unit that abides by them can be included. (Hiez 2021).

All these elements point to improved policy frameworks, which could prove to be key assets for the development of inclusive economies with increased wellbeing for bigger parts of the population in the southern neighbourhood. However, opportunity costs are also higher and the current crisis will also increase the power struggle with key actors trying to maintain their positions and therefore interested in a less cohesive and less empowered SSE.

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