

An overview of social innovation in the Middle East and North Africa



Prepared by Kendra Schreiner and Jordan Junge, SIX
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The field of social innovation has grown rapidly over the past 10 years, gaining traction across the world and in different sectors. The values of co-creation and collectively working toward impact resonates across sectors and countries, from public servants, politicians, academics, businesses, and nonprofits to everyday people in the neighbourhood. Social innovation looks and feels different in every context and is shaped by those in the ecosystem.

SIX prepared this scan ahead of our global event on the future of social innovation, [Wayfinder Istanbul](#), that will explore the enabling conditions of a thriving social innovation ecosystem and how we can better collaborate across sectors to achieve a greater impact.

We wanted to highlight what social innovation looks like in the Middle East and North Africa (MENA) region, some of the enabling factors as well as the challenges and highlights some opportunities for the future.

Terminology

Social innovation (SI) remains a nascent concept and undertaking in the Middle East and North Africa (MENA) region. The term, when used, is often done so interchangeably with social enterprise or social entrepreneurship (SE).

About this paper

Despite the fluidity of the concept, the concept and sector is growing in MENA. Our short-term desk-research, conducted in English and thus no doubt excluding many excellent examples, revealed well over one hundred initiatives pursuing social and environmental impact in the region.

While we are attempting to give an overview of the region as a whole, it is important to note that there is variation within it. Many more established and scaled examples were found in North Africa (Tunisia, Egypt, and Morocco), and a good number in Lebanon and Jordan, than in the Gulf states - although it appears to be growing here as well. Countries in the region differ in culture, language, socio-economic status and politics.

What does social innovation look like in the region?

Following the 2011 uprisings of the Arab Spring, there was a surge of energy, particularly amongst young people eager to transform their societies and communities. The Arab Spring highlighted many deep-rooted socio-economic challenges facing the MENA region; one of

the major concerns of young people was the need for jobs. The revolutions “sparked a flow of entrepreneurial energy and increased sense of empowerment among the youth, translating into an array of social entrepreneurial ventures tackling cultural activities, health, agriculture, water and sanitation, and women empowerment” ([Social Entrepreneurship in the Middle East Volume 2](#)). [Rym Baouendi](#) of Tunisia saw this momentum and passion and decided to found [Cogite](#), a coworking space for impact-driven entrepreneurs: “We wanted to see a different picture of Tunisia from angry people in the street asking for jobs to very happy young men and women trying to create a change around creativity, entrepreneurship, and innovation.” The number of SI and SEs founded in the region since this time has expanded greatly: a 2017 [study](#) by Wamda found 74% of SEs had been established since 2012.

Like many other innovators across the world, frustration with the lack of effectiveness or willingness of traditional players, such as governments, to effectively address social and environmental challenges drives many citizens to find creative means of improving their societies.

There are many pressing challenges in MENA for sustainable development that cannot be addressed by traditional methods alone:

- [Poverty](#) affects one in four children in the region
- A historically high population growth rate ([which has now begun to decline](#)) has led to a ‘youth bulge’ (approximately 60 percent of the [population](#) is under 30), yet youth unemployment rates are among the highest in the world ([the regional average is approximately 30 percent](#))
- Low levels of educational attainment and inequality both in [income](#) (the top 10 percent encompass 60 percent of the total income)
- Restrictive gender relations and inequality greatly limits the potential of women, and therefore a large portion of the region’s population
- Acute environmental threats pose a challenge for long term development, including water scarcity, food insecurity, desertification and drought, and energy deficiency
- Conflict and political instability not only hinder social and economic development, but have also led to the world’s largest refugee crisis, further exacerbating environmental, economic, and social challenges in the region
 - Over [30%](#) of Lebanon’s population are refugees, the highest concentration in the world, and over 58% (and growing) of these are destitute and living in vulnerable conditions according to [UNICEF](#)

Given these formidable challenges, innovative solutions are needed to help fill the gaps left by traditional actors, and transform the societal structures that have left many behind. If the [Sustainable Development Goals](#) are to be met in the region, business as usual approaches will not be enough.

The growth of social innovation in the region

While still nascent, identification with the social innovation field and establishment of social enterprises is growing.

Medea Nocentini, founder of SE accelerator [Consult and Coach for a Cause](#) (UAE), [commented](#) on this shift, saying they were moving beyond awareness-building to start to work closely with hundreds of social enterprises over the past few years.

The SE ecosystem is also expanding and becoming more inclusive, with increasing partnerships between NGOs, universities, governments and other stakeholders. A 2016 global [report](#) by Thomson Reuters on the best places to be a social entrepreneur out of the world's biggest 45 economies, ranked the UAE, Saudi Arabia, Egypt, and Turkey (the only MENA countries in the study) high in the "gaining momentum" category. However, all ranked low on access to funding, general public understanding of what SE is, and government policy support. Continued growth of the sector will depend upon strengthening these enabling components of an ecosystem.

Who are the innovators?

A small study on SI organisations in MENA, in the [Atlas of Social Innovation](#), found that there is a balanced ratio between female and male founders, which was attributed to the usually bottom-up nature of social innovation in the region. SE founders in the region are also mainly young people, with 66 percent between 20-35 years of age, and tend to have higher educational attainment than national averages (a 2017 [study](#) found 81 percent of founders held a graduate degree). Many have previously studied, lived, or worked outside of the region and come from middle and upper income socioeconomic backgrounds. Significantly, over half of SE founders started their organisations with their own money. Others had support from grants, competitions, and family and friends. A few generate revenue later on purely from sales, while others rely on grants and awards, but very rarely do they raise additional money from investors.

What does innovation look like in practice?

The most represented sectors in social entrepreneurship are education, handicrafts, sustainable development and poverty reduction, and the environment, followed by agriculture and food, health and refugees.

Education. Public education across the region faces large funding and management gaps and has been slow to reform. [Millions of children are out of school](#), exacerbated by the conflicts in Syria and Yemen and movement of refugees. There are also qualitative challenges, with rote learning still dominating, and creativity and critical thinking missing from curricula - potentially impacting the prospects of innovation in the region.

Innovators are striving to transform the sector across the region. [Thaki](#) (Palestine/Jordan) is addressing education and refugee needs at the same time by empowering both refugee and disadvantaged children to learn through self-paced, motivational electronic tools. Thaki collects recycled electronic devices from large corporations and loads them with high quality educational content and gets them into the hands of youth that need them, usually those in informal settlements. To fill the funding gap left by the government provide mentorship, [Al Jisr](#) (Morocco) started an "adopt-a-school" programme where companies can join parents, students, and teachers to diagnose a schools weakness and come up with a plan of action, including financial and in-kind support as well as training in entrepreneurship, financial

literacy, and other skills. On a more systemic level, [WISE](#) (Qatar) hosts an annual summit and ongoing programs to promote innovation and build the future of education through collaboration, connecting innovators and offering a global platform to develop new ideas and promoting successful practices from around the world. To raise the status of teachers and celebrate their efforts and contributions to the reduction of poverty, prejudice, and conflict the [Varkey Foundation's Global Teacher Prize](#) annually awards US \$1 million to an exceptional teacher. Palestinian Hanan Al Hroub, who grew up in a refugee camp and now teaches refugees, [won](#) the prize in 2016.

Design and handicrafts . Handicrafts are a strong part of the national heritage in many countries in the region and play an important role in the economy and employment market, especially for women, as it is often home-based and in the informal sector. Many organisations pair business support and market connection with investments in women's leadership and training. [Anarouz](#) (Morocco) partners with women-led handicraft businesses to create a new luxury style that fosters ethical fashion, preserving Morocco's craft heritage, and investing in women's leadership. [Thaat](#) (Egypt) is an interactive platform that connects emerging designers and local artisans to design and make homegrown handicrafts, with the goal of empowering women and girls whilst revitalising traditions and creating job opportunities. [Palestyle](#) (Palestine) hires refugee women from camps to perform traditional embroidery for high-end fashion sold around the world.

Poverty Reduction and Sustainable Development. [The Zikra Initiative](#) (Jordan) aims to diminish the socio-economic gap through "exchange tourism", where marginalised community residents teach higher-income urban residents new skills from their traditions and lifestyle, providing a source of income and helping to bridge understanding in communities. [Boloro MENA](#) (regional) are helping integrate marginalised and disadvantaged refugees into the marketplace and streamline funding from international NGOs in a transparent way. They have developed a portable mobile payment system with central payment authorities that creates a unique identity for users, a legal source of funds, and enable mobile payments. There are many microfinance initiatives in the region; one of the most successful is [Enda Tamweel](#) (formerly Enda Inter-Arabe, Tunisia), which grew from a lending portfolio of \$20,000 USD in 1995 to \$450 million and 215,600 clients in 2012, and is one of the highest ranked microfinance initiatives in the world. [Sekem](#) (Egypt) is one of the longest running sustainable development social enterprises in the region, founded in 1977. It takes a holistic approach including ecology, cultural, economy, and societal life, and has a wide range of initiatives, from organic food production, to sustainable pharmaceuticals and healthcare, a school, a vocational centre, and founded [Heliopolis University for Sustainable Development](#).

Environment and Agriculture. The most pressing environmental challenges in the region are desertification and water shortages, which contribute to food insecurity. According to the [Strategic Foresight Group](#), an estimated 40 million people are water vulnerable in Jordan, Lebanon, Syria, Iraq, and Turkey, and this is projected to grow with increasing climate temperatures and climate change. Land-use mismanagement has also led to pollution and solid waste problems. Governments are struggling to address these issues. SIs are helping to build the renewable sector and provide local solutions to food insecurity. [Dynergy](#) (Egypt) is addressing climate change and agricultural productivity simultaneously. They rent out solar-powered water pumps to farmers only during the irrigation season, reducing the

costliness of gas powered pumps and creating employment opportunities in the region. An Agricultural Marketing Platform in Turkey, tarimsalpazarlama.com, allows farmers to more readily get their crops to the market while providing information on adjustable techniques and preventable diseases. [Hemaya](#) in the Sinai Peninsula (Egypt) monitors, regulates, and provides awareness of safe waste disposal procedures and collects the waste of 60,000 people in the area, which is then used as cattle feed or sent to Cairo for recycling. [Recycle Beirut](#) (Lebanon) is addressing the refugee employment crisis while also filling the gap left by the lack of government funding for waste management by hiring refugees to manage the city's waste and recycling

Health. Healthcare costs are simultaneously rising as government funding is reduced and movement of people places additional strains on systems. Plans for universal healthcare in Jordan have [stalled](#) due to the influx of refugees and high costs. [Hey Doc!](#) (Lebanon, UAE) is a telemedicine platform that connects patients with doctors all over the world, providing refugees, marginalised groups, and rural dwellers faster and cheaper access to health professionals. [Shamseya](#) (Egypt) works on creating sustainable community-based solutions for local healthcare challenges by empowering local people to monitor and make decisions about their own healthcare systems. Through health cooperatives and research, they identify challenges facing the healthcare system and design, develop, and implement patient-centered solutions. [B-fit Sport and Healthy Living Centres for Women](#) (Turkey) is a franchise of exercise centres in Turkey, which aims to empower women through exercise, education, and entrepreneurship. The 250 centres are run by women, and organise seminars, courses, and other activities.

What enables social innovation in the region?

While still nascent, and varying by country, there are a number of enabling conditions that are supporting social innovation in the region:

Incubators, Accelerators, Hubs, and intermediaries. Just a few years ago in 2010, most accelerators were outside the region, based in the West. Today, there are many MENA-based organisations working to grow the field by providing dedicated space, funding and a sense of community.

[Imece](#) (Turkey) is a social innovation platform that brings together individuals and institutions dealing with social issues and provides an incubation process. [Ashoka Arab World](#) (Egypt), was one of the first to bring the concept of social innovation and entrepreneurship to the region, and runs the Arab World Social Innovation Forum. [AltCity](#) (Egypt) has been supporting impact innovation and social entrepreneurship in Lebanon and MENA for a decade, supporting over 300 startups. [Nahdet El Mahrousa](#) (Egypt) focuses specifically on early stage innovative social enterprises and provide a one-year platform of services and support to build from idea to full-scale enterprise. To connect the ecosystem to partners around the world [RISE Egypt](#) utilizes a global network of experts, investors, and researchers to accelerate entrepreneurship for development in Egypt.

[Aspire Women](#) has collaborated with Microsoft Egypt to launch the [Social Innovation Hub](#) (Egypt) which fosters innovation and entrepreneurship among women through tech training,

capacity building, coaching, and business service development. The [“Jezzine HUB”](#) (Lebanon) opened in 2016, providing funding, training, and mentorship to four teams for social innovation projects. [Cogite](#) (Tunisia) is a coworking space and hub for social innovators and organisations that contribute to sustainable development in the country and hosts workshops and events.

Universities are playing an increasing role; a number of dedicated programs exist, as well as courses within wider focuses. [Duke University’s Fuqua School of Business](#) (Dubai) MBA program has a concentration in entrepreneurship and innovation, [INSEAD Business School](#) (Abu Dhabi) offers a Social Entrepreneurship Programme, [Heliopolis University](#) (Egypt), started by the social enterprise Sekem, is based entirely on its sustainable development principles, and [Segesse University’s](#) (Lebanon) NGO Management programme has a partnership with Alliance for Social Entrepreneurship to offer two courses on the subject. In Turkey, [Bilgi University](#) has a social incubation centre and [Sabanci University](#) offers courses on social innovation and entrepreneurship.

Impact Investing and Social Investment Funds in the region have historically been small in comparison to other regions of the world, due to a lack of awareness of the hybrid concept of private sector and social impact, but have recently been growing. In 2016, the market was an [estimated](#) \$1.8bn USD out of \$114bn globally. A number of external impact investors have, or are considering, expansion in MENA, and the potential for Islamic finance in the social sector is increasingly being recognized. Responding to this gap, in 2016 the UNDP partnered with the Islamic Development Bank to create the [Global Islamic Finance and Impact Investing Platform](#), which connects Islamic financiers with impact investors and impact enterprises to help drive innovative solutions to address sustainable development challenges.

Government Support. A key challenge in social innovation in the region, discussed further below, is lack of government support. While no definite national policies for social innovation or entrepreneurship have been introduced in the region, there have been a couple of recent developments. The UAE Ministry of Community Development launched a [Social Innovation Platform](#) at the end of 2016, which seeks to encourage the sharing of creative and innovative ideas that support social services in the UAE and to establish a culture of SI as a stepping stone for sustainable development. In Turkey, the European Union is sponsoring the [Employment and Social Innovation Programme](#), which is under the government’s Presidency of Social, Regional, and Innovation Policies. One branch of the program is specifically looking at microfinance and social entrepreneurship.

What are some of the challenges in the region?

Many of the challenges faced by social innovators and entrepreneurs in the region are similar to those faced by commercial businesses, such as corruption, bureaucratic inefficiencies and hurdles, and political, economic, and social instability. However, additional roadblocks are limiting the growth of the sector, including an ambiguous and/or restrictive policy and legal setting, funding, human resources, and a lack of awareness of what social innovation and entrepreneurship are and their value. Due to these challenges, few innovators have scaled their operations and impact to date.

Policy and Legal Setting. While there is diversity in the region, there is an overall lack of support for socially-oriented organisations (NGOs). In the West, special legal statuses exist that allow flexibility for organisations to benefit public interest while pursuing low, but sustainable returns. There is no such legal registration status for social entrepreneurship; as such, SEs and SIs face complications, especially during setup phase. Most innovators choose to register as non-governmental organisations. While an easier registration route than as a commercial enterprise, NGOs struggle with restrictive regulatory environments, such as limits on the types of activities that can be undertaken, arbitrary law enforcement, restrictions on engagement with and receiving funding from foreign organisations, restrictions on fundraising and income generating activities, and difficult registration procedures (for instance, in Yemen, Qatar, and UAE, 20+ initial founders are required to register). The media has also been attacking NGOs and those that receive foreign funding for promoting foreign agendas. If the commercial registration route is chosen, there is a lack of tax exemptions and large-corporation regulations are applied to startups. Given the lack of awareness of social business, these organisations are met with suspicion from authorities. This environment has led to organisations shutting down due to lack of support.

Funding. Alongside legal and regulatory challenges, funding is mentioned by innovators as one of the largest challenges of both starting and scaling in the region. SIs/SEs occupy a middle ground: most donor grants go to traditional NGOs and non-profits, and investors want higher returns. As such, attracting investors is complex, as most are mainly interested in return on investment rather than social impact and require metrics and impact assessments that small SE/SIs may not have. Access to commercial loans is also limited, as whether or not NGOs and nonprofits are allowed to access them is a legal grey area in the region. A model that incentivises working with the poor to enable them to become innovators is needed.

Many of the initiatives showcased in this report have been incubated by or received funding from local, as well as foreign, accelerators. Even so, the majority of innovators still rely on their own capital for start-up investment. Further along in organisations' lifespan, there is a lack of long-term funding options due to a dearth of social impact investors, driving innovators to seek donor funding. This brings sustainability issues as donors often focus on short-term project funding, which provides revenue rather than investment, limiting scalability planning. As such, more long-term focus and patient capital from accelerators and incubators could help scale social innovations and enterprises in the region.

Awareness and Culture. There is a lack of awareness of what social innovation is among both policymakers and the general public in the region. This complicates funding as well as creating partnerships as there is a skepticism about motives and value. One of the main reasons cited for this lack of awareness is low accessibility to the ecosystem, which caters to urban regions and those with education and foreign language skills. There is also a lack of awareness of a hybrid concept of private sector and the potential for social impact. In addition, a number of culture-related blockers exist for recognition of SI/SEs: ageism, which undervalues the contribution of youth, who are the main drivers of social innovation; the dominance of charitable and development approaches; the difficulty of convincing stakeholders of their proposed solution, which may be new and untested; and a line of thinking that profit-earning means one cannot be actually be helping. This lack of awareness

means that many good SE/SI initiatives may not be known to the public. Greater exposure of their contributions would lead to greater trust and a more inclusive environment. To mitigate this, [SoUK LB](#) (Lebanon) and [Consult and Coach for a Cause](#) (UAE), social innovation incubators, raise awareness about social business models and works to create a network of socially conscious professionals and SEs to build the next generation of leaders. ,

Human Resources. Finally, finding and hiring talent is a major roadblock. Due to an education system focused more on hard skills, there is a knowledge gap and lack of persons educated in social innovation fields. Relative to the size of the population and problems at hand, talent is scarce in the region, and ambitious young people want to work in large corporations to build their CV and earn a competitive salary. This is compounded by a lack of understanding of SE/SIs, and a lack of funds available to attract human resources. This creates a catch-22: scaling-up requires talent, but the funding to acquire said talent requires scaling-up. To mitigate this problem, social organisations have turned to a number of strategies, such as packaging lower wages with stocks in the SE, recruiting staff from outside the region, hiring contract workers or consultants, and hiring less skilled employees and investing in their training. [Esas Soyal](#) (Turkey) runs a program called First Chance that recruits new university graduates to full-time positions in NGOs and covers all costs related to their employment by making a grant to the NGO.

Conclusion

Despite the challenging financial and regulatory environment and the scale of the challenges at hand, citizens in MENA are driving change in their communities and societies in a wide range of sectors. Developing and strengthening more enabling ecosystems is essential for the long-term sustainability and impact scalability of these initiatives. While this scan does and should not provide any concrete recommendations, it raised a number of questions:

- How could collaboration between countries, and the region as a whole, be enhanced to increase the sharing of resources, knowledge, practices, and finances?
- How can awareness and recognition of social innovation be scaled throughout society?
- Can the link between sustainable development and social innovation be strengthened to fund solutions to root causes, rather than symptoms?
- How can the experience of those who have scaled be shared to support early stage innovators?
- Where are there opportunities to engage those at a systems level, such as governments, in these conversations?
- How can social innovation become more accessible to those normally excluded, such as those without university education or living in rural areas?
- How can innovators in the region better connect to share experiences?