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SOCIAL ENTREPRENEURSHIP SUPPORT ORGANIZATIONS ASSESSMENT
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SOCIAL ENTREPRENEURSHIP SUPPORT ORGANIZATIONS ASSESSMENT

CAPACITIES AND NEEDS OF SOCIAL ENTREPRENEURSHIP SUPPORT ORGANIZATIONS IN LEBANON

Beyond Group has conducted this study under the “Social Entrepreneurship Ecosystem Change” (SEE Change) project, funded by the European Union (EU) and implemented by Oxfam, COSV and Beyond Group.

We would like to thank the organizations who took the time to complete the survey and participated in our interviews.

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INTRODUCTION

The following study was conducted by Beyond Group between April and July 2021, under the “Social Entrepreneurship Ecosystem Change” (SEE Change) project, funded by the European Union (EU) and implemented by Oxfam, COSV and Beyond Group. The project aims at advancing the Social Entrepreneurship (SE) sector in Lebanon.

The main objective of the study was to assess the competences of the Social Entrepreneurship Support Organizations (SESOs) of different sizes, operating in various regions in Lebanon, to improve their services and achieve more impact. The study and recommendations will feed into the tailored capacity building program and activities for SESOs to be conducted within the SEE Change project.

The assessment targeted SESOs who support social enterprises (SEs) at various stages such as incubators, accelerators, impact investors, as well as SE service providers (such as legal entities, marketing and communication agencies, accounting firms, etc.) currently offering or willing to offer their services to SEs.

METHODOLOGY

The key objectives of the study were to:

1. Identify key learning topics to focus on for the SE service providers;
2. Identify advanced capacity building themes for the well-established SESOs;
3. Define key guidelines for a more effective baseline of a more collaborative SE community with shared aspired societal impact.

The study relied on a mixed-method approach combining quantitative and qualitative tools such as a desk review, a mapping of the SESOs, a survey of 23 SESOs, interviews with 13 SESOs.

DESK REVIEW¹



Review of previous studies, reports, and articles around social entrepreneurship, the ecosystem, the SE needs, and the SESOs needs in Lebanon and the MENA region.

SESOs MAPPING²



A mapping exercise to generate the list of SESOs currently operating in Lebanon. The starting point was the mapping previously done by Beyond Group in 2018, as well as online research. Around 40 SESOs and service providers were identified. Couple of entrepreneurship support organizations who do not serve SEs were included to evaluate their capacity and willingness to support SEs in the future. Some of them may also have new programs launched or a newly developed interest in supporting SEs.

SURVEY



A web-based survey was designed taking into account the various support needs of SESOs that were gathered from the desk review. The questions of the survey addressed mainly:

- General information about the organization.
- Current services provided.
- Their impact measurement framework.
- Capacity building and support needed.

¹ The desk review relied on the recently conducted study by Beyond Group within SEE Change: “Assessing the financial and non-financial support needs of existing social enterprises.”

² Disclaimer: the mapped SESOs is not an exhaustive list as it is limited to the compiled list given by the partners and the responds from the SESOs themselves to be part of the study.

-
- Information on working with migrants, refugees, and vulnerable communities in Lebanon (within SEMD project)
 - Engagement and willingness to participate in the capacity building and the creation of a SESOs community

The survey was sent to all mapped SESOs who were asked to share the survey with their network and service providers in order to reach more organizations, especially in rural areas.

13 semi-structured interviews were conducted over Zoom with selected SESOs. The interviewees comprised of:

- 10 SESOs
- 2 Service providers
- 1 Donor agency

INTERVIEWS



During each interview, we asked about the support available to SESOs, the gaps and limitations in receiving such support, and their current challenges and needs. We also asked about the ecosystem challenges, gaps, and recommendations for enabling a community of SESOs for future growth of the ecosystem.

No interviews with SEs were conducted as a more extensive study was conducted by Beyond Group at the same time to analyze the SE ecosystem and assess the needs of social entrepreneurs at various stages. The findings were used to assess the SESOs' offering and capacities from the perspective of the SEs.

STUDY LIMITATIONS

- As there is no available consolidated data on existing SESOs, the mapping of the SESOs was challenging. The mapping started from a previous research done by Beyond Group in 2018 that targeted support organizations, in addition to the shared list by ecosystem partners and an online research.
- Service providers were also difficult to identify as they do not have services dedicated to SEs. Others did not clearly specify if they target social entrepreneurs within their programs. Even though we asked SESOs and partner organizations to disseminate the survey to their network of service providers, we received very few replies. For example, no legal entity participated in the study.
- Given that the focus on SE has increased in the past year with no coordination between the different programs, SESOs have been constantly solicited for research purposes (interviews, focus group, surveys, etc.). This reduced their motivation and availability to participate in the study. The research team resorted to direct follow-ups to encourage their involvement.

Although the targeted SESOs cover different regions, expertise, and maturity levels, the sample size does not reflect the opinions of the ecosystem as a whole.

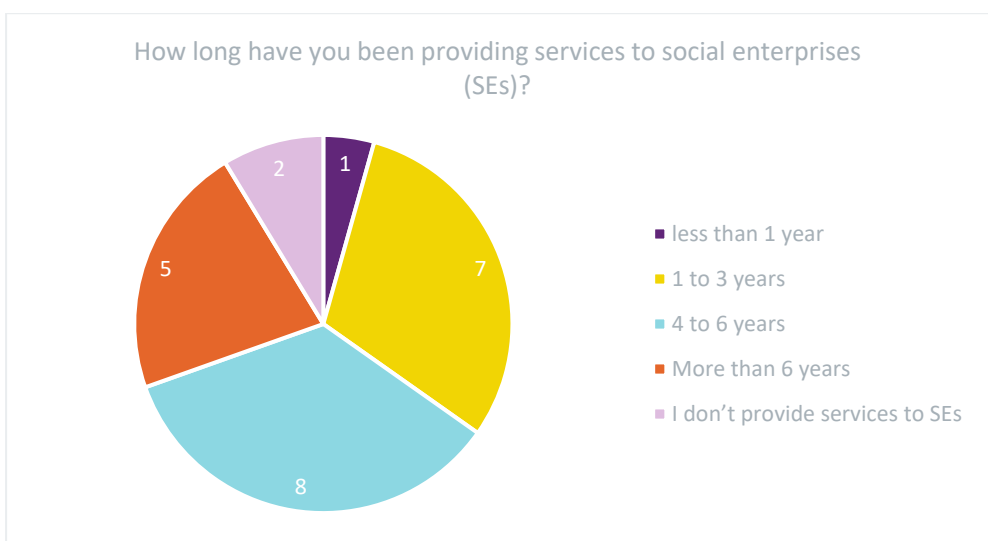
SE ECOSYSTEM OVERVIEW

Lebanon has faced multiple crises throughout the past decade: national and regional political instabilities, security threats, multiple environmental, humanitarian, and recently economic and financial crisis. The past 2 years have exacerbated the situation even more. The ongoing economic meltdown since the last quarter of 2019, the outburst of the covid-19 pandemic in March 2020 and the explosion of the seaport in Beirut on August 4, 2020, all resulted in significant price increases, high inflation, currency devaluation, job losses and business closures.

As societal problems grow and the need to solve them becomes essential, Lebanese citizens, especially youth, are awakening to the importance of their role as active citizens. Hence, social entrepreneurs are raising and the SE sector is gaining more traction in a nascent SE ecosystem, as reflected in the survey. Most of the surveyed SESOs (16 out of 23) have been serving SEs for less than 6 years as illustrated in the chart below³.

Social entrepreneurship is defined as any phenomenon through which a collective group of citizens strive to solve their community's social problems innovatively and sustainably by using local resources to create products or services that generate revenue, with profit reinvested to scale their social impact. *

* Beyond Group and Oxfam, 2019. Social Entrepreneurship in Lebanon. A Proposed Policy Framework for Economic Inclusion & Social Solidarity.



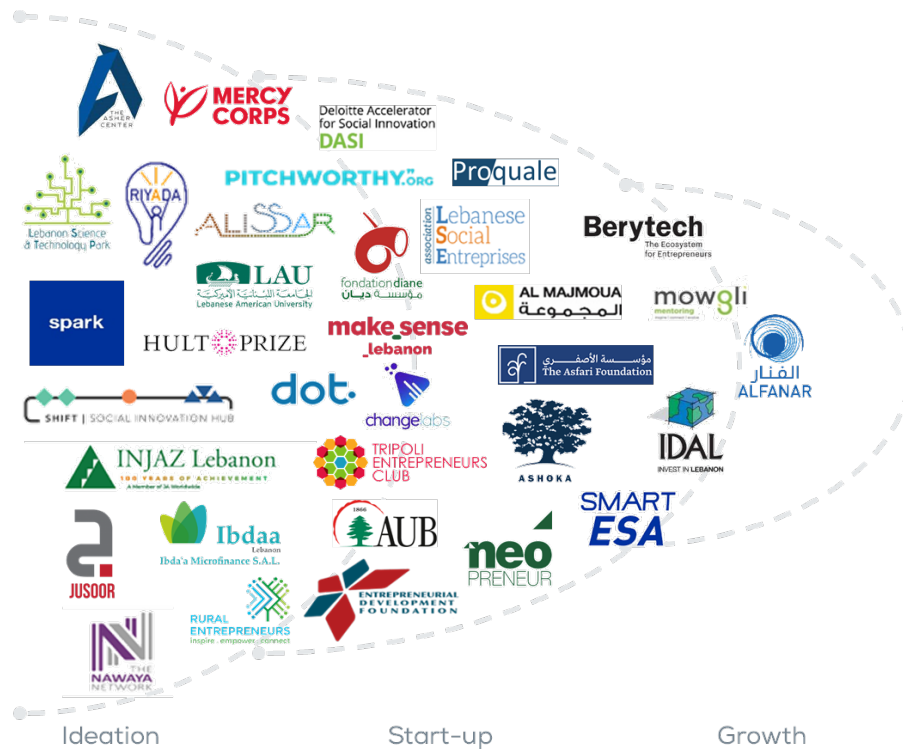
The SE ecosystem is witnessing increased interest in servicing SEs as 8 of the surveyed SESOs have recently started supporting SEs (less than 3 years).

The diagram⁴ below illustrates the different existing operational support organizations tackling social issues. It is based on the mapping conducted within the scope of this study. It shows that most of the entities developed their program to serve early-stage SEs and focused on supporting the ideation and start up stages, with later stages of growth still having few support actors. According to a recent SE needs assessment conducted within SEE Change, "95% of the programs in Lebanon are helping micro and nano enterprises. They seek to help social entrepreneurs go from ideation to a more financially sustainable and profitable enterprise."⁵

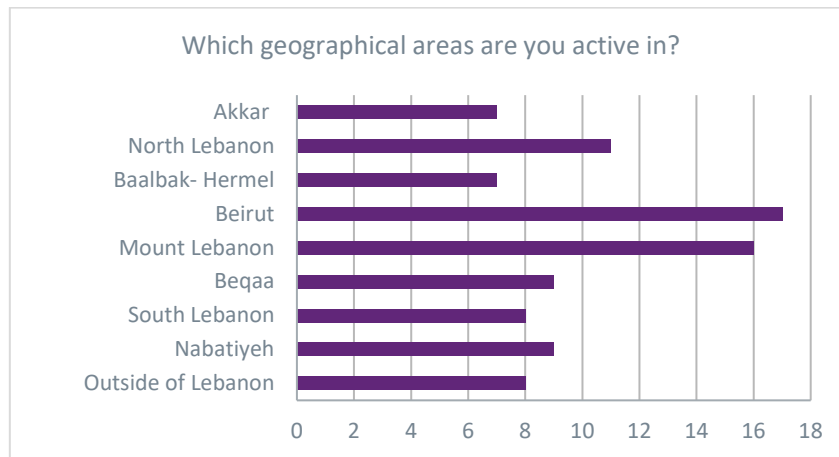
³ Three well-established organizations did not provide support to SEs till now but were interested in starting to do so. They were interviewed to assess their understanding of what SE means, their competence and experience in the ecosystem, and to explore ways to collaborate with SESOs.

⁴ This list is not exhaustive and does not include all existing organizations.

⁵ Beyond Group, 2021. *Assessing the financial and non-financial support needs of existing social enterprises.*



Even though most of the surveyed SESOs have their main offices located in Beirut, 75% of them are active in different areas and try to support entrepreneurs across Lebanon, as show in the chart below.



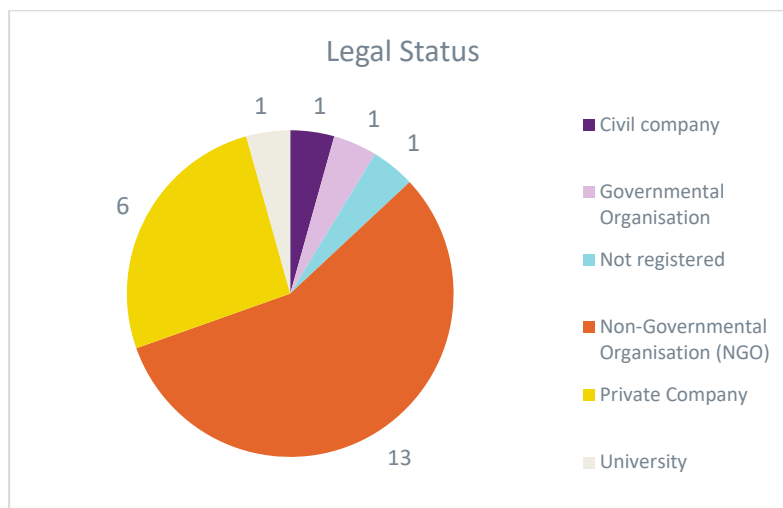
Furthermore, since 2018, existing SESOs launched new programs to serve rural areas, such as:

- **Al Mashghal** implemented by COSV and Beyond Group; funded by the Italian Agency for Development Cooperation; aimed at supporting SEs and launching social innovation hubs in the North and Beqaa regions.
- **Badael**, implemented by Oxfam, Beyond Group, Utopia, and Association Najdeh; funded by the EU Regional Trust Fund, MADAD; aimed at supporting social enterprises with particular attention to vulnerable areas such as Joub Jannine, Saadnael, Badawi Camp, Nahr El Bared Camp, El Minyeh, Koura, and Tripoli.
- **RESP**, a Mowgli-led program funded by MAVA supporting entrepreneurs working around the Chouf reserve area
- **LLWB**-led program funded by DROSOS supporting women-led businesses in the North and Beqaa.

SESOs GENERAL ASSESSMENT

Infrastructure and regulations

The sample of SESOs who participated in the interviews and survey reflects the different legal status they are registered in. More than half of the SESOs were registered as NGOs and 6 were registered as private companies. Their legal status dictates the source and type of the financial support they get, their level of influence on the design, objectives, management of support program and their level of adaptability in the implementation phase.



Currently since there is no legal framework for social entrepreneurship in Lebanon, SESOs resort to registering either as an NGO, a commercial enterprise, or to using a hybrid model which allows them to benefit from the advantages of both models. Also, a few organizations are registering as Civil Companies which is a legal form applied for services as opposed to products and used mainly for law firms, private health clinics and small consulting firms. The table below reflects the different legal registration forms' advantages and disadvantages according to the surveyed SESOs.

	ADVANTAGES	DISADVANTAGES
NGO	<ul style="list-style-type: none"> ○ Can receive grants and funding ○ Is tax exempted ○ Can rely on volunteering for additional support 	<ul style="list-style-type: none"> ○ Difficulty in sustaining its model ○ Risk of depending on donor funding and agenda ○ Rarely has the ability to solve social problems outside of the funding scope which may lead to having a limited opportunity for innovation. ○ Bureaucracy to respond to donors' requirements
PRIVATE COMPANY	<ul style="list-style-type: none"> ○ Doesn't rely on grants ○ Has the choice in the design of its programs ○ More opportunities for innovation 	<ul style="list-style-type: none"> ○ High tax rate ○ Can't benefit from funding opportunities ○ Is shareholder not stakeholder accountable
GOVERNMENTAL ORGANIZATION	<ul style="list-style-type: none"> ○ Works officially in a sustainable approach on the national level 	<ul style="list-style-type: none"> ○ Bureaucracy
CIVIL COMPANY	<ul style="list-style-type: none"> ○ Faster than incorporating an NGO 	<ul style="list-style-type: none"> ○ Can't access the same opportunities as NGOs
NOT REGISTERED	<ul style="list-style-type: none"> ○ Avoids higher taxes 	<ul style="list-style-type: none"> ○ In case of any conflict with a client, personal legal pursuit is possible

Furthermore, the absence of legal framework or governmental strategy to regulate the social entrepreneurship sector in Lebanon has a negative impact on the SE ecosystem as a whole, such as:

- Each SESO applies a different definition and criteria of selecting an SE for their program to abide by funding requirements. It makes it harder on them to identify the various SEs and tailor their offers toward their specific needs in a complementary way. You may see an SE initiative participating to a targeting SE program and in other non-SE programs with the same SESO or with different SESOs in the same period of time.
- Consequently, it is difficult to find accurate data to map the reality of the sector and measure its impact.
- Without a clear shared definition with all ecosystem stakeholders and SE themselves, it makes it challenging for SEs to be promoted effectively to customers or attract the right type of funding and/or investors.
- Social entrepreneurs and SESOs rights are not protected in the case of threat or abuse.
- Till today viewing the sector as the “nonprofit sector” NGOs and separating it from the profit start-ups organizations creates disconnection among sectors and “othering” instead of focusing on the societal problem and the offered solution, thinking how best to solve it together regardless of the legal status.

Efforts towards developing a robust, supportive and flexible legal framework that helps social enterprises distinguish themselves as businesses, that *maintain a commitment to a social purpose yet trade as well*, should be perused.

In recent years, substantial efforts were taken to develop and regulate the sector that is growing steadily. Beyond Group, along with several international and local actors, have facilitated the discussion to develop and advocate for a policy and legal framework for social entrepreneurship in Lebanon. The SE framework was approved and endorsed by ecosystem actors and the government, and subsequently the draft law is currently being developed. The ongoing process was slowed down by the political deadlock the country has been experiencing.

Financing and investment

Limited access to resources and funding offered to SEs is one of the largest challenges of both starting and scaling. Apart from grants there is a limited range of types of financing today and they do not cover the need of SEs in their different stages of development. As funding is mainly available for early stage and start-up SEs, SEs at maturity phase have more difficulty in finding financial support.

As per the recent assessment on SE needs⁶, the following are the main types of funding offered by SESOs to SEs in Lebanon at their various stages of development:

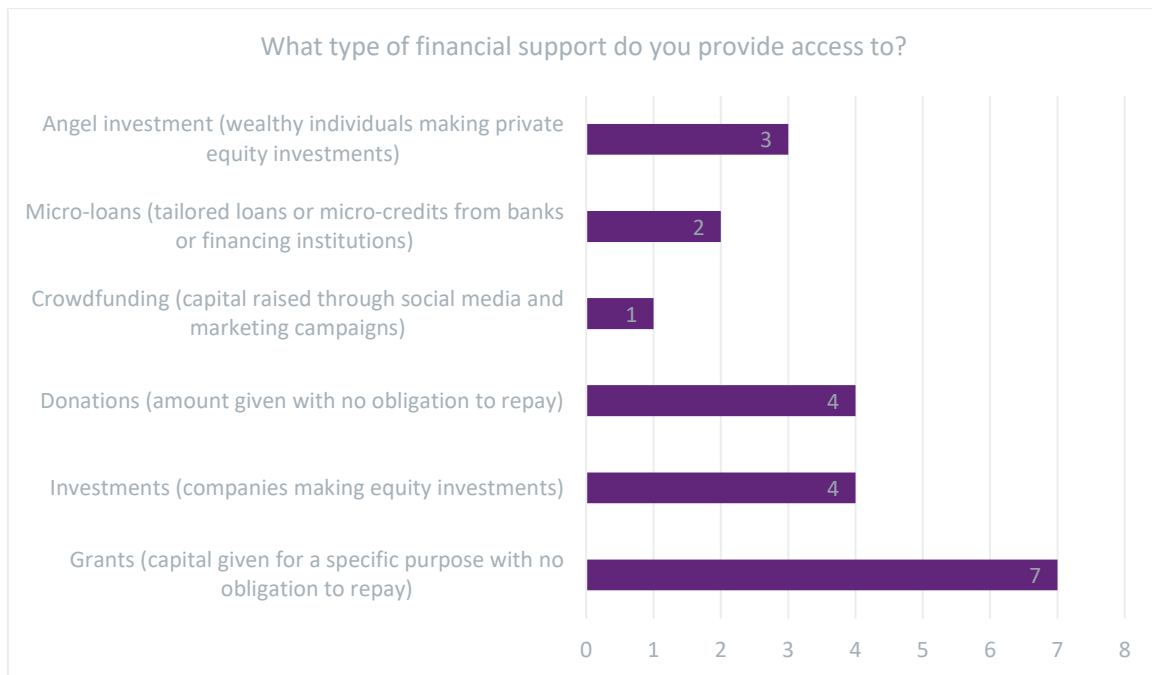
Types of funding available for SEs in Lebanon		
Ideation Stage	Personal investments, Friends and family loans Traditional grants Competitions Donations	At this stage most of the financial support come as grants from NGOs (local and international) There is a growing frequency of competitions, giving SEs at this stage access to seed funding to pilot their idea or build a prototype.
Startup Stage	Personal investments, Friends and family loans Traditional grants Competitions Venture philanthropy Crowdfunding Investment fund	A seed of SE financing institutions is starting to develop. Most of the funding to SEs start-up phase are mainly grants provided by INGOs rather than specialized SE financing institutions and are basically restricted to NGO The emphasize is usually given more on the impact rather than the ability of the SE to be sustainable.
Growth Stage	Venture philanthropy Traditional grants Reinvestment of profit Debt financing	Financing opportunities specific to SEs at this stage are limited in availability and in amounts.
Maturity Stage	Venture philanthropy Traditional grants Reinvestment of profit	Financing opportunities specific to SEs at this stage almost inexistent

SESOs' current offered financing options and tools are limited, and their accessibility depends partly on the SEs registration status. New entrepreneurs, who mostly operate informally, usually depend on their friends and family's financial support, their personal savings, or the availability of social innovation competitions to ensure seed funding. At the same time, they can benefit more from available grants, yet it is harder on SESOs to offer them financial support when they are not registered.

SEs registered as NGOs have more difficulties finding investors who are more interested in the return on investment and in the ownership of shares in their organization. Those registered as private companies can make use of commercial loans and investments. However, banks and investors tend to be demanding and cautious when investing in a social venture that may have a slower and lower return on investment than a commercial venture. Other business-oriented funding options are interested in returns only and the impact level is of no interest at all. These options are rarely accessible at the moment given the ongoing economic crisis.

As per the survey, the types of offered financial support are:

⁶ Beyond Group, 2021. *Assessing the financial and non-financial support needs of existing social enterprises.*



- Grants are available mainly targeting traditional NGOs and non-profits and have a short-term perspective. Out of the 23 surveyed SESOs, 7 currently offer grants. Some grants are strictly restricted to NGOs and being registered as a company does not allow SEs to apply.
- SE focused and tailored grants are limited in number.
- Access to commercial loans is very difficult and microcredit or loan specifically tailored to SEs needs are few: The Asfari Foundation, Vitas Lebanon, Ibdaa Microfinance are examples of microcredit providers. SEs cannot meet the loan requirements or provide the guarantees needed like traditional businesses therefore Loans are not of a great interest for them.
- Crowdfunding platforms and experience are at early stages and not yet common among the SE actors we interviewed. The most common platform in the region is Zoomal.
- Equity and hybrid financing models specifically targeting and tailored towards SEs and publicly supported financing schemes are absent. Specialized investment funds can be found mainly in the green sector, for example Fondation Diane through VIRIDIS impact investment fund: they provide support to SMEs with green label (equity funding and tailored debt funding to existing portfolio are proposed).
- Al Fanar is planning to Launch a 50 million regional impact fund 80% of the funding will go to Egypt, Jordan and Lebanon and the idea is to provide more variety of financial instruments: equity hybrids and revenue sharing mode. The fund will target social enterprises that are investment ready, either profitable or very close to becoming profitable.

Moving from grants to commercial loan and equity-like finance tailored to the financing and development needs of social enterprises through their various development phase should be the objective. Yet SEs needs tailored management and business development support as such knowledge would help increase the investment readiness of social enterprises and their demand for existing non-grant funds. Post-start up core funding, access to business development funding and a more flexible arrangement for funding are highly needed.

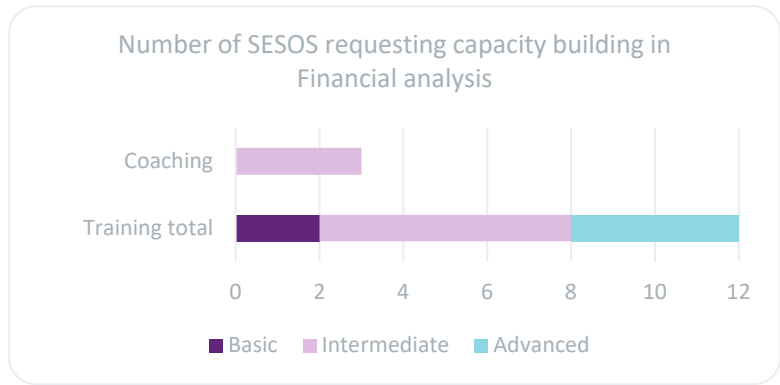
As mentioned by the SESOs they expressed interests in developing their competence in financial training to support SEs in elaborating and establishing their financial processes and in becoming investment ready. Few mature SESOs expressed the need to develop their capacity in **managing an impact fund** such as with EVPA.

The chart on the right reflects how many SESOs expressed their interest in increasing their knowledge in financial analysis, at which level (basic, intermediate, advanced), and in which format (training or coaching).

Meanwhile, support organizations noted that they have difficulties in fundraising given the current economic crisis in Lebanon. A few SESOs recommended engaging the private sector and the diaspora for networking, access to markets, and access to funds, as a way to sustain their activities. This will also allow them to offer these opportunities for the supported SEs.

Finally, as SESOs are having to compete for a limited number of funds, they expressed interest in developing their **communication and negotiation** skills to get their endorsement on new projects / funds with international organizations, donors, and investors and better reach agreements with SEs on their investment-readiness.

Furthermore, their donor-dependency setup pushes them into a competitive mindset which hinders the development of the sector. For that purpose, some suggested it would be helpful to conduct a series of ecosystem conversations to co-create a collaborative mindset and think together how to grow the sector strategically.



Support programs

For the past few years, INGOs have increased their support to entrepreneurship programs. For example, few Berytech programs such as Agrytech, Cleanergy and Transdairy are focusing on social and environmental challenges and encouraging entrepreneurs to use technology as a way to innovate and have better chance to scale in the future. Among participants to these programs, SESOs can identify high potential SEs to offer greater and tailored support.

In 2017, more social entrepreneurship programs emerged with INGOs giving greater attention to support SE programs. Most of them focused on the ideation and start-up stages of the entrepreneurial life cycle. SESOs stated that the approach and focus of their incubation and acceleration programs depended on their received funding's objective, criteria and requirements and not necessarily on market need basis.

As the local context is changing drastically and the procurement, design and approval cycle between INGO and SESO takes sometimes a considerable time, the initially signed off programs becomes obsolete while the SESO have already invested the resources to deliver what they were contracted to do.

Furthermore, due to the INGOs short mandate, programs sustainable impact is limited to the contracted period. Beneficiary of these programs are left on their own with no clear next steps or prospect of next phase or complementary programs. That is one of the reasons why the supply of SEs at their growth phase is very limited and tailored support programs to their needs are scarce.

“There is a limited number of startups in Lebanon that fit a minimum standard for any venture capitalist or angel investor to invest in or to partner with. Therefore, all angel investors are competing for the same number of limited startups and ideas”.⁷

Meanwhile, few INGOs have recently initiated more sustainable and adapted programs based on lessons learned from previous projects to support SEs as well as SESOs in order to develop the social entrepreneurship ecosystem. Impact Rise, a program launched by Berytech in partnership with key ecosystem SESOs, tailored its activities to get SE ready to scale and grow their initiative, build their competence, through an intensive immersive capacity building training program. The latter included applying an experiential lean approach, bringing international expert in social entrepreneurship from IES Social Business School, adapting their knowledge to the local context, and was followed by one-on-one personalized support with coaches and mentors. Finally, Impact Rise launched a promotional campaign to get traction and potential funding to their SEs, offered tools and technics, proposed mechanisms to find financial solution to sell and export during the current economical melt down and currency devaluation.

On another note, the academic sector is playing a proactive role in nurturing social entrepreneurship skills and mindset. The American University of Beirut launched an undergraduate course within its school of business. Saint Joseph University also integrated a graduate diploma on social entrepreneurship through the School of Social Work. Finally, ESA University developed SMART ESA, an extracurricular program to help students start their own social enterprises.

As for the SESOs themselves, Interviewees stated that existing programs to support them are rare. They tend to be more theoretical and lack coordination in regard to the material they offer. Another challenge with these programs is that they are rarely tailored to the Lebanese context as they often resort to international experts who are not acquainted with the local context. SESOs thus find it more difficult to contextualize and apply the lessons learned in their daily work. However, they found the regional meetings and sessions with international SESOs within the MedUp⁸ project interesting and promising as it offers them the opportunity to share their services with international players, learn from the best practices in the region and experts, and potentially find opportunity to collaborate and partners with each other.

⁷ Beyond Group, 2021. *Assessing the financial and non-financial support needs of existing social enterprises.*

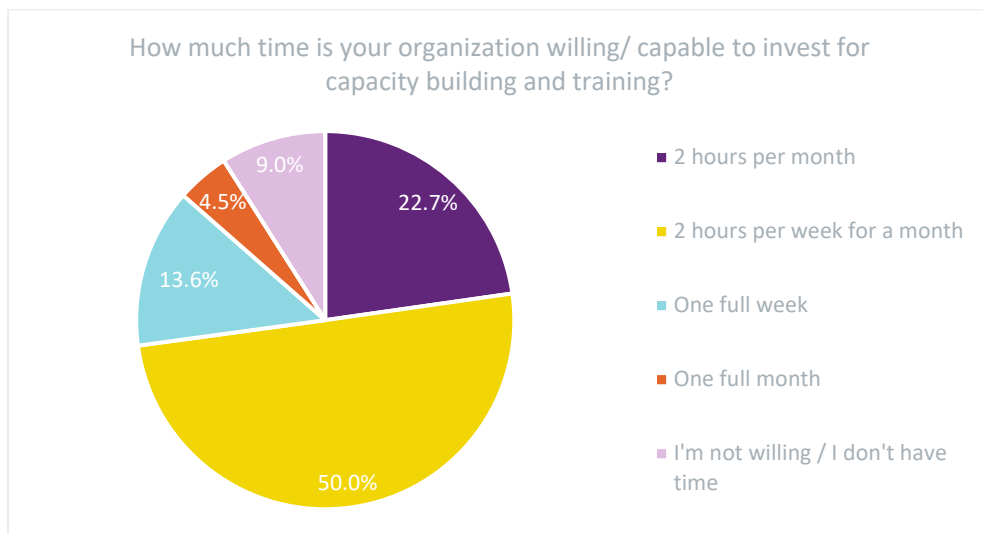
⁸ MedUP! is a regional project funded by EU and implemented by Oxfam Italia in six countries in the Southern Mediterranean, and aims to promote an enabling environment for the development of the social entrepreneurship sector as a driver for inclusive growth and job creation. Its specific objective is to increase economic inclusiveness and employment in Morocco, Tunisia, Egypt, Lebanon, Jordan and Palestine where adequate policies on social entrepreneurship are in place, public-private dialogue and exchanges of practices are promoted and high-quality services for social enterprises are provided.

Human capital development

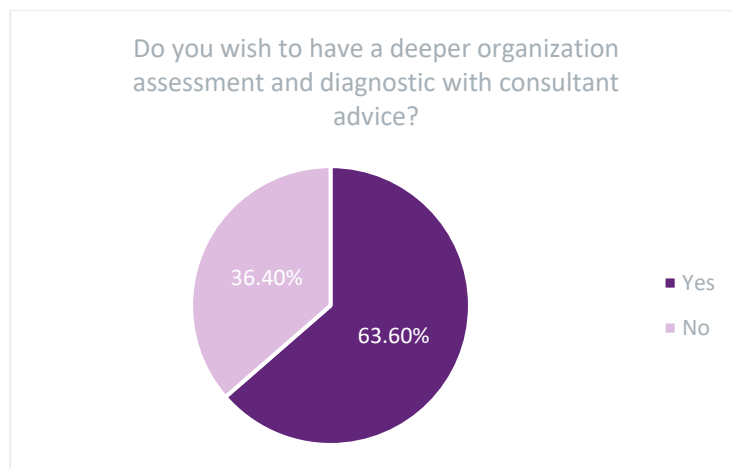
In view of the current Lebanese crisis and the covid-19 pandemic, talents are fleeing the country for a more stable one and organizations are downsizing due to budget cuts. SESOs are unable to retain talents and recruitment are very limited to new program launches. Hence, developing their team members new competence in their roles, covering the gaps left behind, has become even more important and crucial to SESOs performance and impact. SESOs participating in the study unanimously stated the need to build the capacity of their staff to sustain and grow. They need to retain talents with a good financial condition relative to the local situation and a non-financial incentive through capacity building and personal development opportunities.

The surveyed SESOs were asked about the knowledge and skills that they would like to develop, at which level (basic, intermediate, or advanced) and how they would like to receive this capacity building (in a training or coaching format). These topics were further elaborated during the interviews. The charts in the following sections summarize, for each topic, the number of SESOs who selected it, at which level and in which format.

90% of the surveyed SESOs are willing to dedicate some time to participate in the capacity building program, of which 50% are willing to dedicate 2 hours per week for a month.

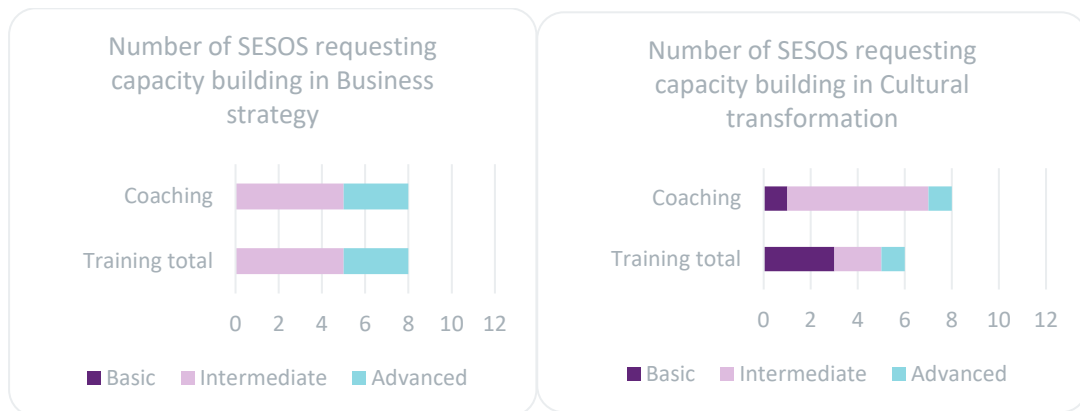


63.6% of the SESOs expressed their interest to have a deeper organization assessment and diagnostic with consultant advice.

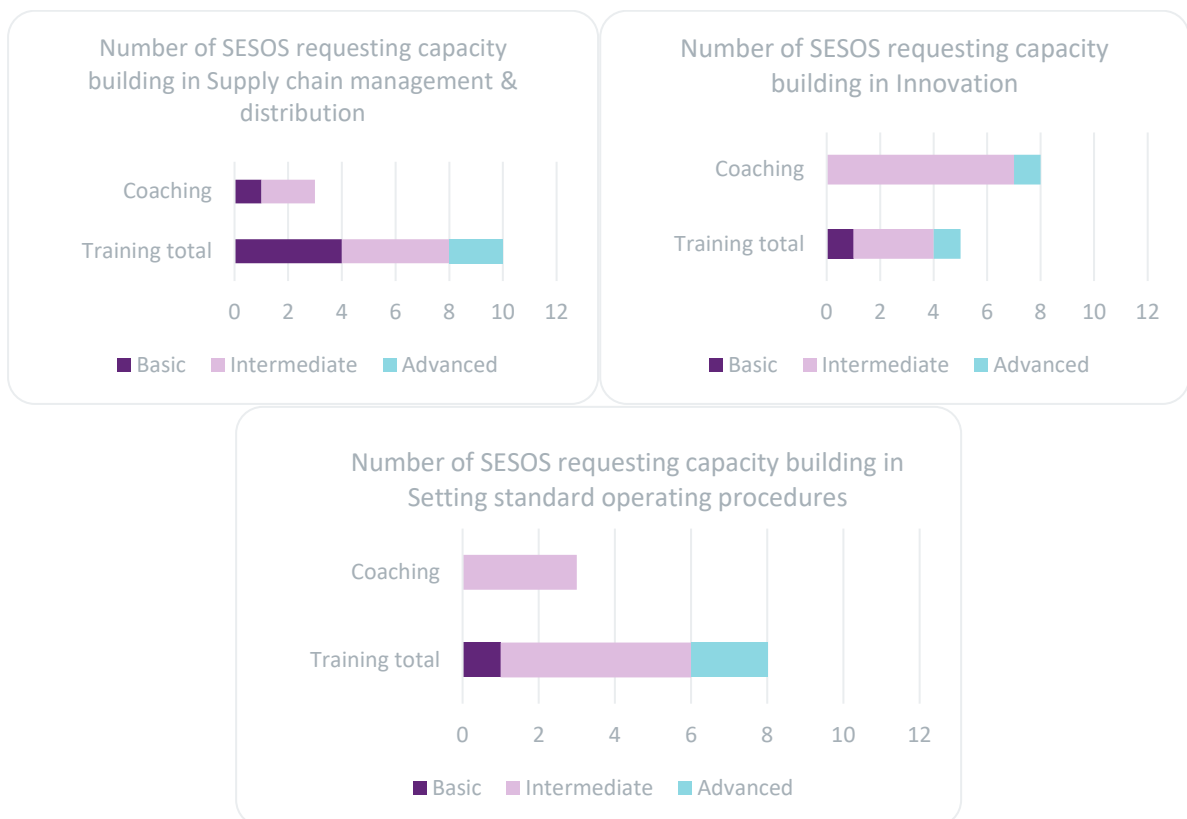


STRATEGIC MANAGEMENT

SESOs stated their needs to develop their skills and knowledge in strategic management through intermediary and advanced level of training and coaching support so they are enabled to better coach and support SEs on their transformational journey, as shown in the charts below. This includes revisiting their vision and going through their cultural transformational works so to adapt to the growing team and market needs along with developing their change management strategy especially in these uncertain times.



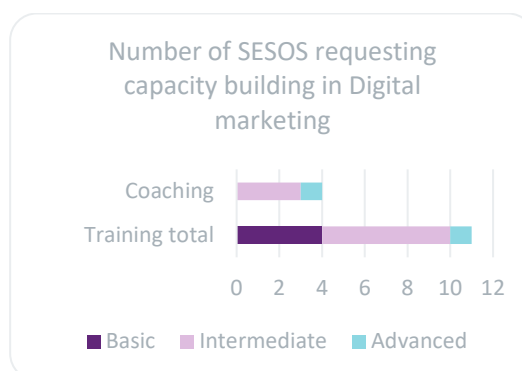
Being innovative is a requirement across the process, from setting the strategy and developing their supply chain management to setting the standard operating procedures. Mostly intermediary level coaching is requested to bring in innovation to each SESO in a tailored applied approach, as shown in the charts below.



DIGITAL MARKETING

The majority of SESOs expressed the need to grow their online visibility and be more strategic in their marketing activities so to reach key stakeholders and beneficiaries especially in lockdown period where everyone is remotely exchanging services online. Generally speaking, they need to develop a digital marketing strategy to engage stakeholders and potentially converge their interest into potential collaboration. This requires a specific expertise beyond the activities on social medias and a fuller strategy based on the customer journey and best available media to access them and retain them.

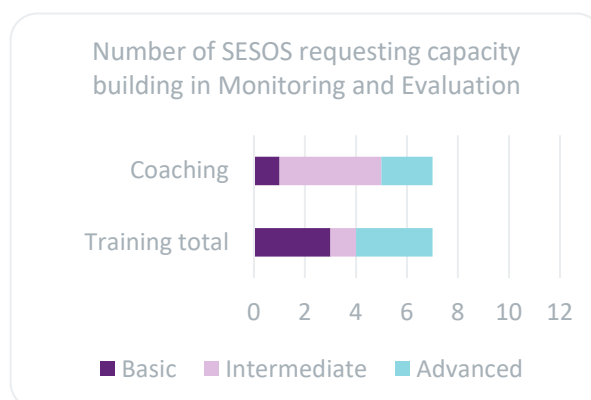
Offering mainly training support to SESOs so they develop a personalized digital strategy and implementation plan will consequently reflect on their guidance to their SEs. The more they grow their competence in the field and have better practical understanding and experience, the better they can coach SEs on it.



MONITORING & EVALUATION

Monitoring and evaluation is the systematic process of collecting, analyzing and using information to track a program’s progress toward reaching its objectives and to guide management decisions. Evaluation is the systematic assessment of an activity, project, program, strategy, policy, topic, theme, sector, operational area or institution’s performance. Evaluation focuses on expected and achieved accomplishments, examining the results chain (inputs, activities, outputs, outcomes and impacts), processes, contextual factors and causality, in order to understand achievements or the lack of achievements. Evaluation aims at determining the relevance, impact, effectiveness, efficiency and sustainability of interventions and the contributions of the intervention to the results achieved.^{9, 10}

Monitoring & Evaluation (M&E) was also a topic of importance to follow-up and report on the different initiatives that SESOs are implementing. SESOs mentioned that their M&E processes are not always consistently monitored, and with little guidance or reference to go back to. Based on this, SESOs specified the need to have coaching sessions and guidance on the implemented M&E framework.



SOCIAL IMPACT MEASUREMENT

While social impact measurement shares the basic components of M&E, its main objective is to measure the value to be created in society on a long term while integrating stakeholders’ voices.¹¹

Social impact measurement is the process of analyzing, calculating, and monitoring the changes (positive or negative) that result from a given intervention. The aim is to identify the results that were achieved during or after a given activity, to learn, to guide future actions, and to be accountable.¹² Social impact measurement allows SEs & SESOs to:

- Measure the value they create for the society
- Propose improvements that lead to increased value created / impact
- Communicate the value they create to the different stakeholders, including financing entities.

When asked about their social impact framework, half of the survey respondents stated that they do not measure their social impact and most of those who measure it publish the results once or twice a year. Impact reports are usually shared internally and with donors. Very few SESOs shared it publicly with other ecosystem actors.

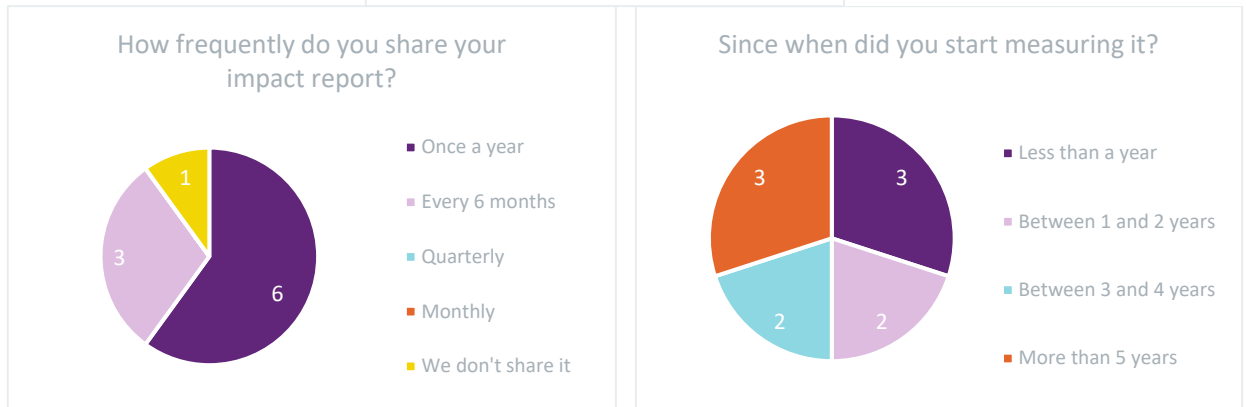
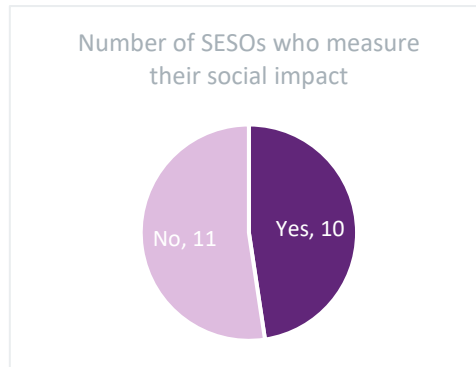
⁹ Gage, Anastasia and Dunn, Melissa, 2009. *Monitoring and Evaluating Gender-Based Violence Prevention and Mitigation Programs*. U.S. Agency for International Development, MEASURE Evaluation, Interagency Gender Working Group, Washington DC.

¹⁰ Frankel, Nina and Gage, Anastasia, 2007. *M&E Fundamentals: A Self Guided Minicourse*. U.S. Agency for International Development, MEASURE Evaluation, Interagency Gender Working Group, Washington DC.

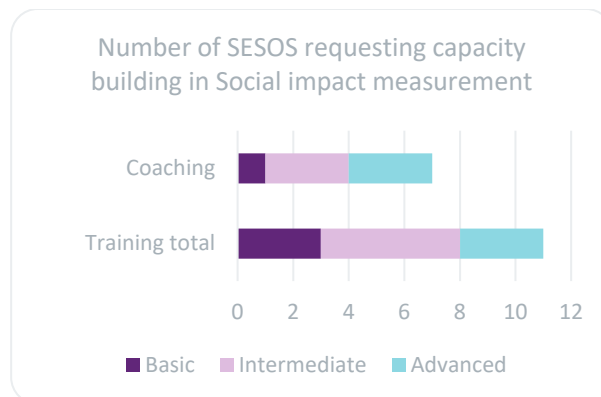
¹¹ <https://www.sopact.com/social-impact-measurement>

¹² IES Social Business School

Currently, social impact is mainly measured on project basis. Very few reflect the impact created by the SEs or present an overarching impact framework of the SESOs overall activities reflecting their theory of change.



SESOs articulated the need to improve their knowledge and expertise in developing a social impact measurement framework for their own organizations as well as to better support SEs in doing so. They emphasized the need for a practical training introducing tools that would automate and simplify the process. Measuring and communicating social impact is important for both SEs and SESOs to track and improve their impact, to inform and get the support of donors, impact investors, beneficiaries, clients, and local communities. Hence, they are invited to communicated more frequently and consistency.



SOFT SKILLS DEVELOPMENT

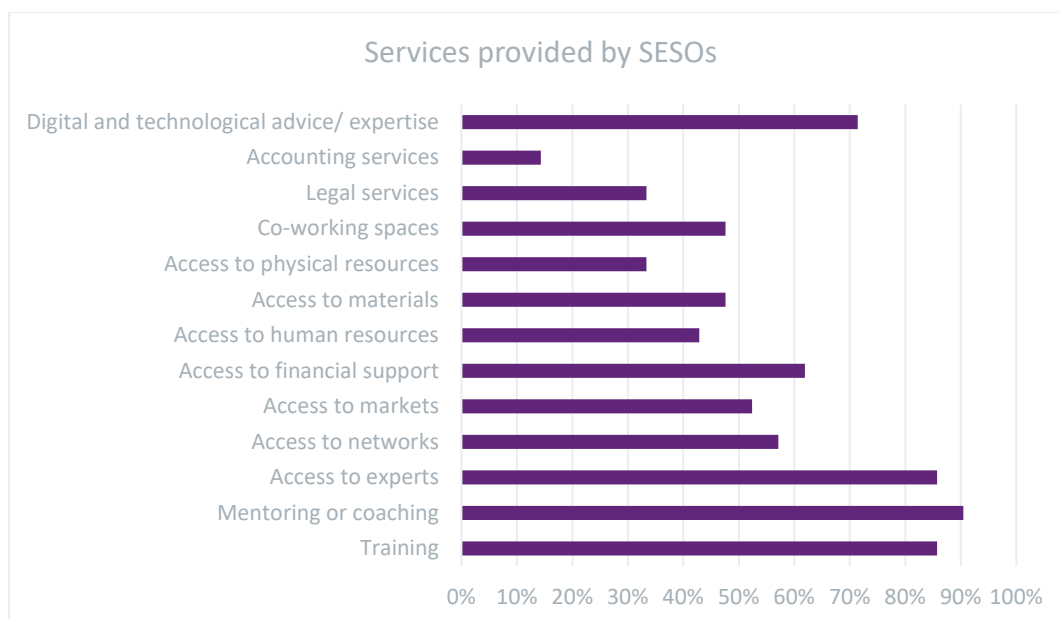
SESOs expressed a high interest in developing their **training, facilitation and coaching skills** as core skills to best support SEs on their journey in a tailored and participatory approach.

“Our staff have different levels of knowledge in terms of organizing and facilitating workshops. We give workshops to SEs on different topics, but our staff need to learn how to facilitate in an interactive and participatory method.”

Director of an established SESO

Support services

SESOs were asked about the different types of services they offer to SEs. The chart below illustrates the percentage of SESOs currently providing these services. Interviewed SESOs argued that their offerings are not always constant as they often depend on the available funds.



ACCESS TO MENTORS, COACHES AND EXPERTS

In regard to the most offered services by SESOs, 19 out of 23 surveyed SESOs are providing access to mentoring and coaching and 18 are providing access to training and experts.

The most common topics tackled during the trainings are entrepreneurship and innovation, business modeling, financial literacy and management, communication, market assessment, investment readiness, scaling readiness, performance management, marketing, social media etc. These topics are delivered, depending on the provider, in the traditional teaching, prescriptive and advice approach to a learner, design thinking, experimental approach.

As for the access to experts, SESOs rely mostly on external resources who have specific sector, industry and/or expertise such as agriculture, energy, digital marketing etc. in the form of mentors, coaches, trainers or experts. Lately, few SESOs are recruiting part-timers, external seasoned consultants and experts to offer consistent, high-quality experience and expertise to their beneficiaries internally.

ACCESS TO RESOURCES

Out of 23 surveyed SESOs, 10 offer access material for SEs, 7 offer access to physical resources and 10 offer co-working spaces. As physical resources and materials are getting scarce and more and more expensive due to the devaluation of the currency and reduction of activities in the country, SEs urgently need to reduce their costs and access to these basic resources in order to be able to maintain their operation. That is why sharing space or basic resources and services would be a great option to explore by SESOs for themselves and SEs respectively.

ACCESS TO NETWORK

12 out of the 23 surveyed SESOs give SEs access to their local and international network so they provide SEs with opportunities to learn, access market and grow their knowledge and potentially collaborate. Network activities help organizations connect with peers to learn from others' experiences. The same applies for SESOs. Yet, as expressed by interviewees, existing networking activities are of limited scale. There is no common SE platform or common efforts yet to make the peer-to-peer learning and partnership available and communicate it to all. This aspect was stressed by most stakeholders.

*In recent years, Lebanese Social Enterprise (LSE) was created with the aim (1) to reach a legal framework in Lebanon to define SEs (2) to give support to SEs in terms of networking amongst one another and promotion of the activities at all levels national and international.*¹³

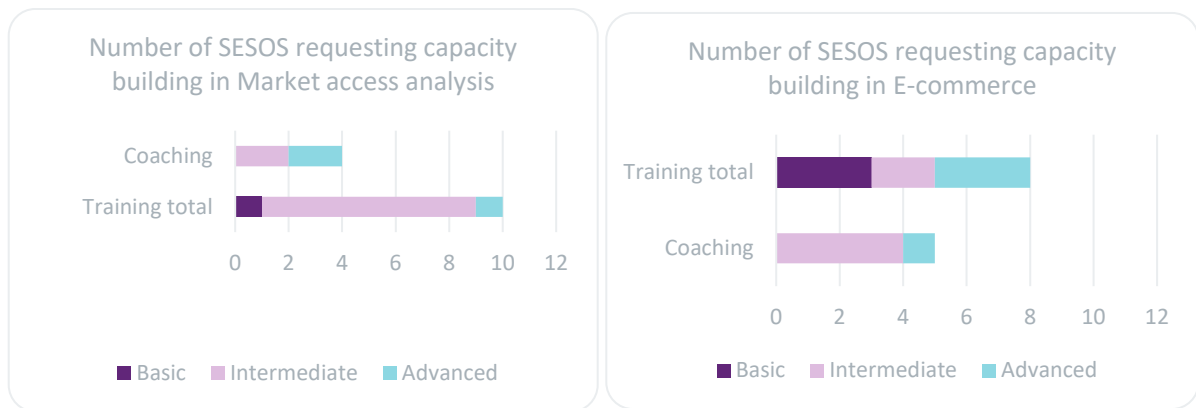
¹³ Beyond Group, 2021. *Assessing the financial and non-financial support needs of existing social enterprises.*

MARKET ACCESS AND OUTREACH

Half of the surveyed SESOs give SEs access to market as it is crucial for their sustainability and their generation of revenue especially nowadays where the local market is shrinking, and consumers purchase power is limited to the essentials partly due to the devaluation of the Lebanese pound. SEs need to grow their sales outside Lebanon to cover its supplier requests to be paid in fresh USD and pay their employees' salaries.

According to the SE need assessment report, there are no commercial partnerships between social enterprises and other firms, SEs are still branded by cultural norms as charity work and perceived as less professional in the marketplace and there isn't much awareness among the private and public sector about the SE concept and the quality of product and services they might provide. Up until today, there is a lack of initiatives and awareness activities towards encouraging other firms/private sector to involve social enterprises in their supply chain which limits the SEs market access.

Furthermore, the study showed the recurring need to facilitate the access to new markets and the shift to online sales and marketing to counter the economic crisis and the plummeting of the Lebanese market. Market access analysis, and E-commerce were mostly requested in a training format at an intermediate level, as shown in the charts below.



To access new markets, SESOs expressed the need to be connected to reliable experts from credible sources, experienced in international market so they can assist them in opening new markets in a quicker way, through the right channels and have the right processes and requirements ready to do so.

DIGITALIZATION OF PROCESSES

Most of the surveyed SESOs (15 out of 23) provide services that are in the form of digital and technological expertise supporting SEs in automating their accounting, sales and program management processes. They are mostly offered nowadays as a way to:

- * Support SEs structure their processes,
- * Adapt to the decrease of sales due to the pandemic lockdown,
- * Enabling them to reduce the cost of resources,
- * Access beneficiaries staying home and consequently,
- * Potentially scale their key activities.

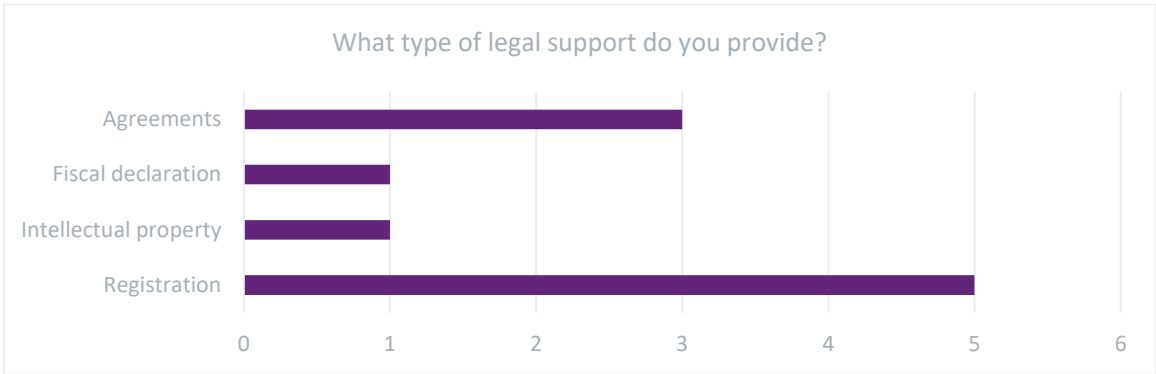
“Given the latest circumstances, we need to shift our programs digitally to become more scalable and sustainable. However, we don't have the resources and the know-how to do so.”

Executive Director of an established SESO

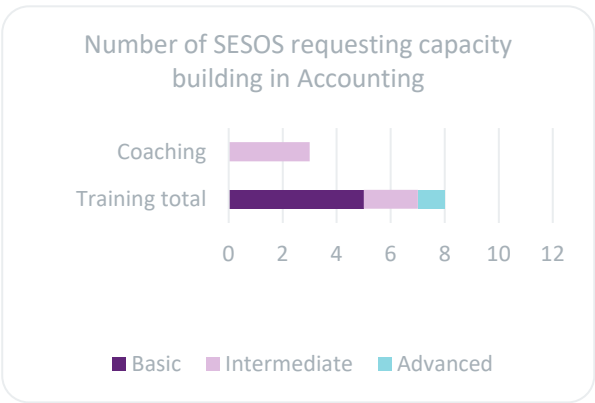
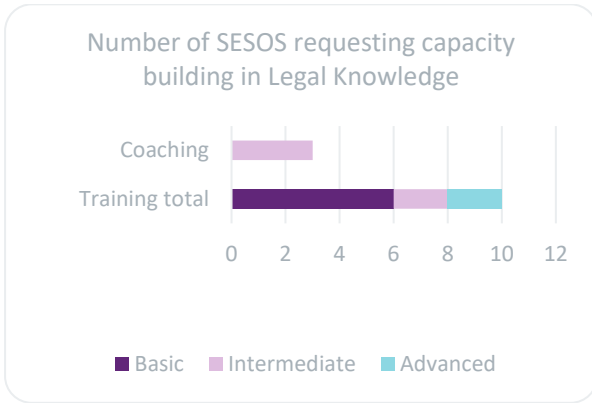
As mentioned earlier, SESOs downsizing while growing their relief efforts post Beirut Blast calls for urgent upgrade i.e. moving from traditional management to developing their standard operating procedures and using technology to spend less time and be quicker in responding and delivering their services effectively and in a targeted matter.

LEGAL & ACCOUNTING

On another note, very few SESOs are able to support with legal and accounting services even though they highlighted that SEs need technical assistance to run their operations. For example, the SESOs that do offer such services mostly support SEs in registration and drafting agreements as stated in the chart below. However, these also vary depending on the available funding.



Since SESOs rarely provide these services internally, SEs are required to rely on service providers whose costs seem expensive and not affordable for them. SESOs found that it would be more efficient if they improved their basic knowledge in legal and accounting services by participating in basic training on the topic and be coached on specific cases (cf. the charts below). Furthermore, it would be helpful to develop and have general standard operating procedures and guidelines related to the legal and accounting requirements for SEs available, understood and communicated, along with templates that could eventually be tailored based on SE's operations and strategic needs.



ECOSYSTEM COLLABORATION

Survey participants and interviewees both mentioned the weak collaboration between the different ecosystem actors as a major obstacle to the growth of the sector. Even though each SESO has its strength and area of expertise, they still suffer from the lack of synergy that derives from the competitive environment. Some SESOs found that collaboration is often limited within the same circle of SESOs. They also stated that other organizations work more individually and are reluctant to share market data and knowledge.

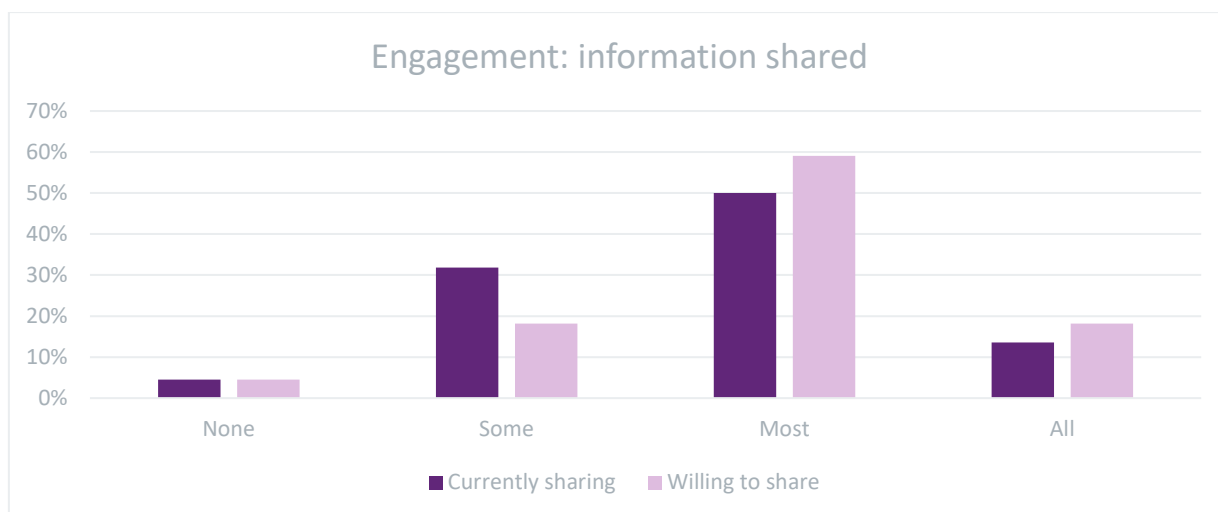
Collaboration seems to work well among small number of SESOs focusing on a common shared thematic and complementary services supporting a common target beneficiary.

Interviewees found that the more SESOs are impact-driven, with a clear vision and mission, and with programs designed based on the societal problems that need to be addressed, the more they are capable of driving the ecosystem forward for deeper impact.

SESOs mentioned that they benefited from exchange learning events with national and regional SESOs to learn from their experiences and to establish potential partnerships.

When asked about knowledge and information sharing within the ecosystem, 77% of the SESOs were willing to share information with other actors, with 42% of those who are currently hesitant to share are willing to increase their cooperation. SESOs are willing to communicate their data about the sector, as well as results and lessons learned from projects and studies. On the other hand, they are reluctant to provide sensitive information related to their beneficiaries and internal operations. A few SESOs also were not willing to disseminate proprietary content.

“Communication, exchange and collaboration are very limited between the support organization. At the same time, the Lebanese ecosystem is very small which makes access to information easier.”
Co-founder of a nascent SESO



When it comes to the support offered to SEs, many SESOs stated that data on existing programs is not consolidated, which contributes to having programs with a lot of similarities. SESOs end up supporting the same entrepreneurs who jump from one program to another to benefit from the funding and support available without a clear path to evolve and grow.

Interviewed SESOs argued that the competition within the ecosystem stems from two main reasons: the SE ecosystem in general lacks an overarching strategy that would set the base for a mechanism of collaboration between the SESOs; and, donor-funded programs are often fragmented, targeting similar SEs, and offering limited funds, which pushes the SESOs to adopt a competitive mindset.

Furthermore, SESOs noted that they don't always have the opportunity to coordinate and negotiate with donor agencies. As a result, they often find themselves implementing the donor's international strategy and vision with limited adaptation to the market and ecosystem needs. Moreover, they have to go through a lengthy bureaucratic process to modify and adapt the program, which could be frustrating for SESOs and SEs.

“Most of the SESOs are working on donor funded programs that have an end date. Social enterprises exit these temporary projects without any follow-up or guidance for the future.”
Country director of a well-established SESO.

ECOSWITCH COALITION

One example of a recent collaboration network in Lebanon is the Ecoswitch coalition, which was created as part of the Switchmed program funded by the EU. The coalition brings together around 15 ecosystem actors with the aim to support green entrepreneurs. The motivation of the partners to collaborate in addition to having a dedicated fund to initiate and grow this coalition are key enabling factors that were mentioned by the interviewees. The program offered a training of trainers for the partners' staff to align the support offered to green entrepreneurs. While SESOs found that the collaboration between partners who are divided in task forces is efficient, they also mentioned that it may not be sustainable as the remuneration is provided for the official implementing partners only.

RECOMMENDATIONS

Internal Capacity

Throughout the study, SESOs expressed their need to build their internal capacity in various topics. It is important to note that the list below is a sample of ideas and priorities that were highlighted, and other topics may be as relevant for other existing SESOs. Moreover, the capacity building program should be validated with the SESOs in order to ensure their participation and maximized learning.

PRIORITY	TOPIC
High	Investment readiness: supporting SEs to raise capital and to grow their operations
Medium	Managing an impact fund
High	Impact Measurement framework
High	Facilitation, training and coaching skills (including online format)
Medium	Advocacy skills to be more influential towards solving societal problems
High	Proposal writing
High	Outreach and communication to SEs and other SESOs
Medium	Setting standard operating procedures to become more efficient and agile
High	Developing their strategy on digital marketing and ecommerce (to optimize and improve their presence and outreach online)
High	Change management, management and leading in uncertain times / Support in setting strategies of SESOs in a fast-changing environment
Low	Negotiation skills with partners, donors, SEs
Low	Engaging and learning session of best practices of SEs for SESOs, civil society, and public sector
Medium	System design thinking to enhance sustainable relationship building
Low	Volunteer management
Low	Training on the requirements to support SEs, for instance training on the law and qualification framework, training on specific accounting requirements, etc.

In addition, SESOs also argued that the capacity building program should:

- Tailor the trainings to the SESOs needs
- Combine theoretical knowledge with practical training and applied learning
- Bring together a mix of international and local experts to enhance the transfer of knowledge in a contextualized way
- Encourage dialogue and exchange learning between national, regional, and international actors in order to benefit from each other's experiences and expertise

Finally, having a conducting line between programs could also help get more into details and have more tailored practices instead of having to reintroduce the basics each time. Therefore, having continuous multi-step programs in which SESOs can participate in chronological order could help to:

- Have a complete training and provide expertise on an advanced level
- Enhance communication and reinforce the connection between the SESOs to strengthen their network
- Create a coherent and developed level of knowledge with shared common language among SESOs
- Find key talents
- Connect with agencies that support in areas they are lacking in

Enhancing Programs & Infrastructure

This section highlights potential areas of intervention from SESOs to provide better support to SEs, as a result of a general analysis of the data collected throughout the study and based on SESOs' expressed needs and recommendations.

PRIORITY	RECOMMENDATION
High	Develop a co-created, multilingual, and constantly updated platform of the support offered by SESOs to SEs in order to complement each other's offering for the greater growth and sustainability of SEs. The platform could be used also to communicate and share news, events, published studies, activities, etc. with all ecosystem stakeholders
High	Develop a centralized platform to share the SE activities that are spread across the country ¹⁴
High	Advocate and push for the endorsement and implementation of the SE legal framework
Medium	Develop and offer more flexible and hybrid financing mechanisms for SEs business development
High	Develop and implement a comprehensive SE organization assessment with suggested roadmaps engaging key SESOs and service providers needed for the SE development, which should be communicated with actors
Medium	Organize an ecosystem networking event between SESOs and SEs on a periodic basis with co-created topics and clearly communicated objectives
High	Launch and design tailored SE programs emerging from SE needs assessment, taking into account SESOs competences and INGOs mandates, making sure they complement each other and ensures continuity across programs
Low	Launch thematic funds and programs
Medium	Integrate online tools to mitigate the regional and legal barriers in Lebanon on which events, offerings, needs and guidelines are shared
Medium	Measure, track and communicate performance and impact before, during, and after program implementation
Medium	Advocate and push to have competent impact funds supporting SEs at the growth phase
High	Target vulnerable / marginalized groups (youth, women, migrants, refugees, etc.) to have more opportunities, know-how, and resources

¹⁴ Several initiatives by different stakeholders were recently launched in 2021 to develop a social entrepreneurship digital platform.

Ecosystem Collaboration

The ecosystem is composed of different organizations that target mostly similar groups but have different areas of expertise. As such, the need to create synergies and enhance collaborations between the SESOs could decrease the competition, improve the services provided to SEs, strengthen the ecosystem, and contribute to a higher social impact.

This section highlights potential areas of intervention that would enhance the collaboration between the SESOs and between different ecosystem actors. The implementation of these recommendations should adopt an inclusive and participatory approach.

PRIORITY	RECOMMENDATION
High	Organize a series of inclusive SE Ecosystem Dialogues (with SESOs, SEs, INGOs, etc.) to build strategy based on shared values and vision and co-create possible initiatives to solve societal problems together in a complementary, inclusive, and participatory approach. The aim is to shift to a collaborative mind and heart set through deep listening and understanding workshops.
Low	Establish an ecosystem think tank that would conduct research, find innovative solutions, discuss strategies, etc.
Low	Engage the diasporas to support SE ecosystem in market access and exchange of learnings
Medium	Establish shared services from different service providers that could be offered to SEs at a more affordable price
	Integrate the voice of SEs and SESOs upstream based on current local societal challenges to inspire future programs design and implementations
High	Encourage SESOs to adopt criteria related to the social entrepreneurship framework in Lebanon within their programs to incentivize SEs to attain better governance, increased impact, and enhanced sustainability. This could be achieved by having a signed agreement by the SESOs partnering with each other's and/or leading on programs with common SE criteria.
High	Set regular monthly or quarterly meetings between ecosystem actors to update each other and build relationships
Medium	SE awareness campaign involving all actors (including non-SEs) to educate and align on SE definition and criteria, as well as understand SE and SESOs needs to solve societal problems.
Medium	Encourage a PPP approach between different types of entities and sectors to complement their skills, competencies, outreach and impact, aiming together to solve a societal problem
High	Organize exchange learning and networking (for potential partnership) with national, regional, and international SESOs