

REIMAGINING SOCIAL ENTREPRENEURSHIP

Insights from Egypt, Jordan and Lebanon

Implemented by:



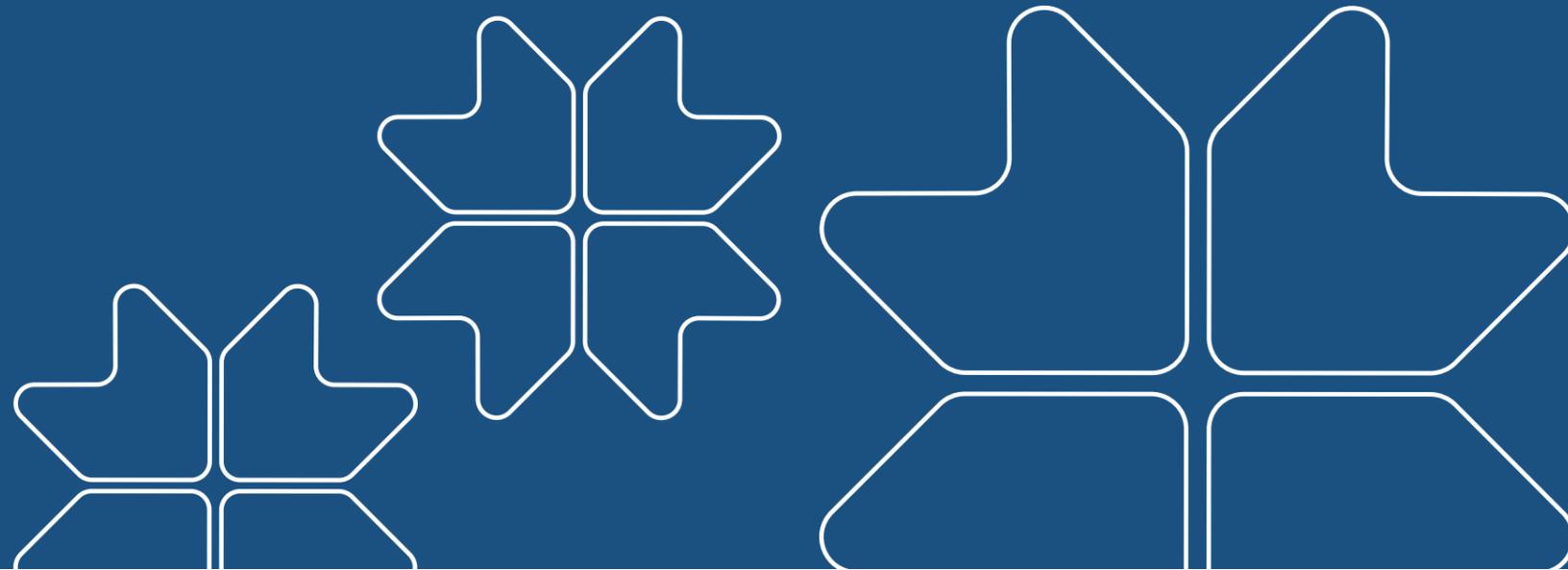
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FORWARD

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The Swiss Agency for Development and Cooperation (SDC) is a pioneer in the promotion of social entrepreneurship. Social and impact enterprises – enterprises which aim to solve social or environmental problems – are a natural ally for actors like the SDC to achieve development outcomes.

Social enterprises are rooted in the local context and propose solutions to specific development challenges. They can provide goods and services as well as employment and market access opportunities, helping to empower poor and vulnerable communities. In its quest for innovative solutions in sustainable development, the SDC supports social enterprises in different geographical regions and in specific fields, such as water and migration.

Social enterprises need supporting ecosystems to thrive. These ecosystems include conducive legal frameworks, capacity building and business development services, access to finance and impact measurement support. Social enterprises strive to be profitable and sustainable. They have the ability to keep on innovating in order to reach even more people or to offer better and more affordable products and services. To evolve and grow, social enterprises need adequate support structures, visibility, advocates for their interests and, last but not least, collaborative efforts between public and private actors for the creation of conducive framework conditions. The SDC therefore supports the development of social enterprise ecosystems and promotes the coordination of the various players involved in order to maximise development outcomes and ensure a robust service delivery.

Entrepreneurial solutions to challenges in the area of migration and forced displacement yield multiple benefits. Social enterprises run by and for migrants provide goods, services and many other opportunities in a sustainable manner to the local host population as well as migrants, refugees and their families. They are able to reach underserved communities and target their services to changing needs. Social enterprises have the capacity to survive even in difficult economic and political environments because they can adapt and are not reliant on external funding. Social enterprises bring empowerment and better prospects to migrants, refugees and their host communities: they increase opportunities to purchase goods and services and provide access to employment and income. Migrants and refugees contribute actively and positively to the development of their communities in their capacity as customers, employees and entrepreneurs, bringing in new knowledge and skills.

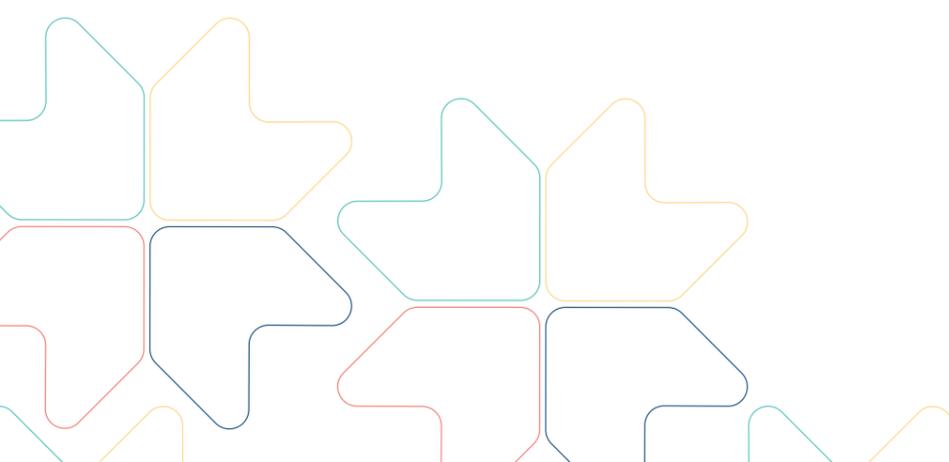
The SDC therefore calls for more inclusive entrepreneurial ecosystems that foster opportunities for all, bringing both social and economic opportunities for local and migrant communities. Special focus should be given to supporting social and impact enterprises, either via the relevant ecosystems or through other partners.

This publication makes the lessons learned from the SEMD project's support to social entrepreneurs in Jordan, Lebanon and Egypt available to a wider audience. It will also be a valuable resource for expanding social entrepreneurship ecosystems in the MENA region. And it will inspire our colleagues and partners in other regions around the world.



Christian Frutiger

Ambassador, Vice-Director General
Head of Thematic Cooperation Division
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PREFACE

Through its engagement in the Middle East, the Swiss Agency for Development and Cooperation (SDC) aims to respond to humanitarian needs while contributing to inclusive longer-term development and conflict transformation prospects. As per its current programmatic framework (2019-2024), Switzerland focuses on four domains of intervention: Protection & Migration; Education & Income; Conflict Prevention; Peace Promotion and Water & Sanitation.

The Social Entrepreneurship for Migration and Development (SEMD) project was designed to respond to the first two domains. The aim was to contribute to the creation of a thriving entrepreneurial ecosystem that enables the development and implementation of innovative entrepreneurial solutions to migration & development challenges in the Middle East, namely in Egypt, Jordan, and Lebanon. Switzerland takes an inclusive approach where nationals, migrants, refugees and their families can benefit from innovative solutions to community challenges. Sustainability and innovation have been at the heart of this project, with partnerships established with support structures in each of the three countries that contributed to a strengthened ecosystem and ensured a transfer of technical know-how to a larger number of social entrepreneurs. The project also supported innovative social enterprises to sustain and grow, and fostered national and regional exchanges and collaborations between stakeholders.

This publication is a result of a rich 30 months of implementation, where experiences, knowledge, lessons learnt, exchanges and discussions are documented and disseminated for future

interventions. It aims to provide a practical guide for social enterprises (SEs) and social entrepreneurship support structures (SESTs) in Egypt, Jordan, and Lebanon, to enhance their knowledge, strategies and the tools enabling their impact, growth, and sustainability. The publication's content is derived from the project's 14 regional and national roundtable meetings held in the three countries, bringing together policymakers, social entrepreneurship experts and practitioners, social entrepreneurs, investors and funders, development and donor agencies, and end beneficiaries to discuss ways to empower SEs and boost their growth, sustainability, and impact. It also includes the viewpoints of several credible field experts, real-life case studies, and lessons from successful social enterprises.

This publication is designed for social enterprises working with local communities, migrants and refugees. It can also benefit social enterprises that wish to become more inclusive of migrants and refugees within their groups of beneficiaries, and start-ups aiming to incorporate sustainable and impact-driven objectives, and practices into their operations. The publication is also designed for social enterprises at different stages of their life cycles, including pre-seed, seed and growth. It aims to support them during transition phases, as they grow from one stage to the next by seeking funding and scaling their operations. It can also provide guidance to social entrepreneurship support structures, such as incubators, accelerators, programme designers, and potentially donors and investors in designing impactful programmes for social enterprises.



ACKNOWLEDGMENTS

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For giving their time, support and expertise, we would like to thank our experts Tamer Alsalah (Beyond Capital), Letty Wheeler (Danish Refugee Council), Karim Samra (Changelabs), Abdelrahman Nagy (Sawiris Foundation), Danny Maalouly (USAID - Lebanon Trade Investment Facilitation), Michel Semaan & Dorothea Wenzel (Ardkon), Myrna Atalla (Alfanar), Ayman Bazaraa (Sprints), Samer Bawab & Bassel Jalaleddine (eFlow), Riad Abu Ghazala (Kufrsome Cooperative Association), and Margarita Andrade (Threads of Hope).

Special thanks to our partners Alfanar, ACTED, Beyond Group, and Changelabs for their constant support and engagement throughout the process.



CODEBRAVE TUTORS

CodeBrave Tutors is affiliated with the registered NGO, CodeBrave Lebanon. Its purpose is teaching coding to Lebanese citizens and refugees, and providing STEM (Science, Technology, Engineering and Math) education to underprivileged children between 5 and 17 years old, following a psychology-based pedagogical approach.

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LIST OF ACRONYMS

ACTED	Agency for Technical Cooperation and Development
AI	Artificial Intelligence
CEO	Chief Executive Officer
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DRC	Danish Refugee Council
ESG	Environmental, Social, Governance
GFA	GFA Consulting Group GmbH
GIIN	Global Impact Investing Network
ICT	Information Communication Technology
ILO	International Labour Organisation
IMM	Impact Measurement and Management
IOM	International Organisation for Migration
KPI	Key Performance Indicators
M&E	Monitoring & Evaluation
MENA	Middle East & North Africa
MFI	Microfinance Institution
NGO	Non-Governmental Organisation

OECD	Organisation for Economic Co-Operation and Development
Q&A	Questions and Answers
RIF	Refugee Investment Facility
ROI	Return on Investment
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SE	Social Enterprise
SEMD	Strengthening Social Entrepreneurship for Migration & Development
SEST	Social Entrepreneurship Support Structure
SMEs	Small and Medium Enterprises
SROI	Social Return on Investment
STEM	Science, Technology, Engineering & Math
ToH	Threads of Hope
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
VC	Venture Capital

INTRODUCTION

WHY SOCIAL ENTREPRENEURSHIP?

Social entrepreneurship is increasingly being promoted as a driver of social and economic change in the Middle East and North Africa (MENA) region and beyond. As they bring to life their dreams and visions, social entrepreneurs are envisioned as a force for improving efficiency, innovation, and sustainability by taking a market-based approach to social change. They innovate in operational contexts, alter organisational frameworks, and offer novel solutions in order to improve the living conditions of their targeted communities. As they strive to fill gaps in prevailing systems, they improve vulnerable groups' access to basic products and services, including social protection.

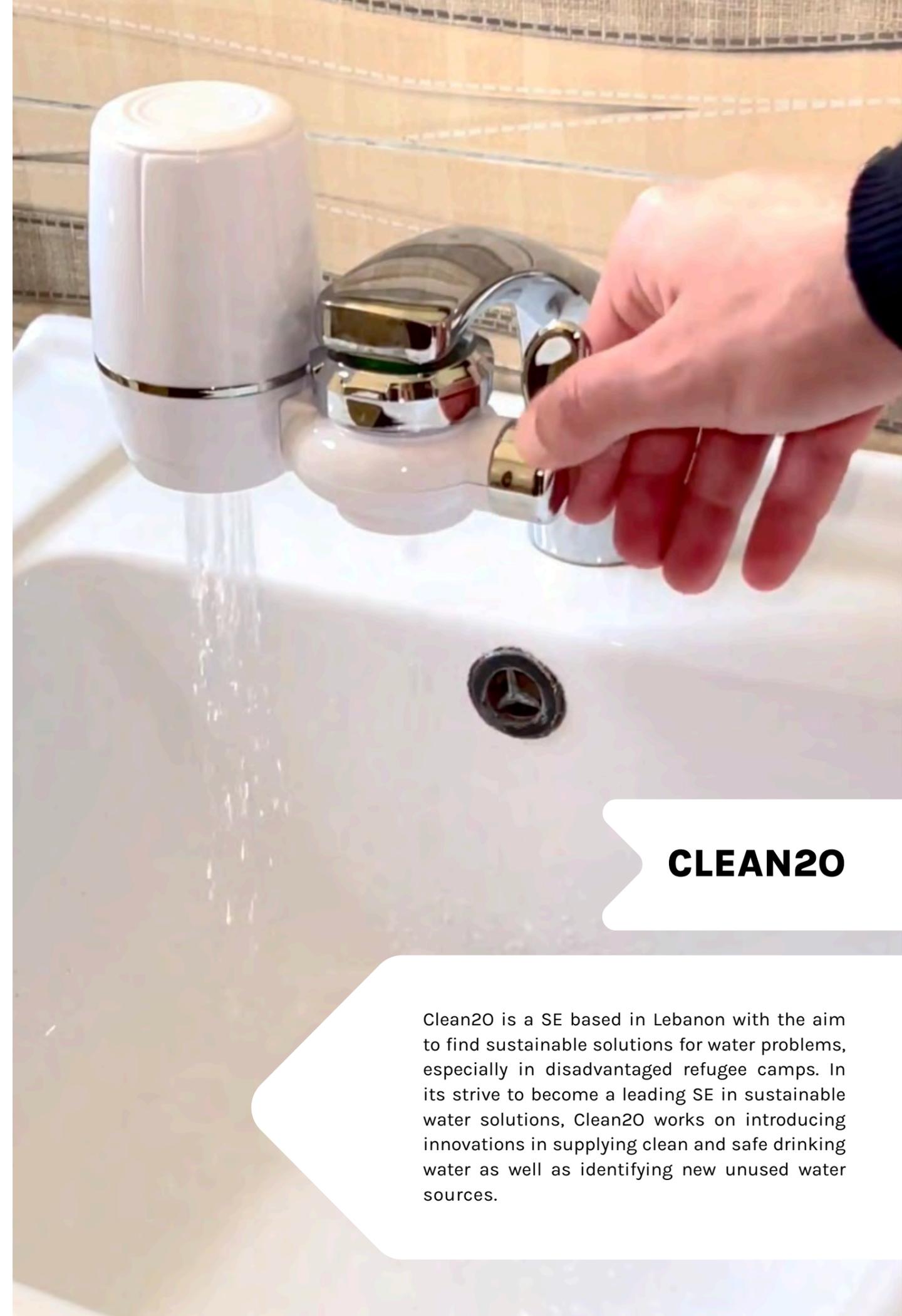
Trade and impact investment have proven their ability to overcome the shortfalls of global development assistance agendas. Therefore, the primary catalyst for availing essential goods and services such as power, water, food, and education lies in trade rather than development assistance. Trade, entrepreneurial ventures, and businesses play an overwhelmingly significant role in creating local opportunities and worldwide prosperity. Consequently, any strategies aimed at fostering more sustainable and fair development should capitalise on and incorporate these elements.

Furthermore, social enterprises (SEs) possess the fundamental properties that make them natural agents of economic growth and

employment. In addition to providing a growing number of diverse employment opportunities to young people within their local communities, SEs' inclusive and conscientious models boost the workforce participation of women and vulnerable groups, such as migrants and refugees. As a result, SEs are thought to be capable of changing the "societal gender orders" that have plagued local communities for decades.

Moreover, SEs have been described as a "dynamic of transition towards the formal economy" for vulnerable groups. By providing them with more formal and equitable employment opportunities and contracts, and grouping them into units that can leverage their collective capacities and resources. Thus, moving vulnerable groups away from the prevalent forms of informal and vulnerable employment, which account for more than 67% of total employment in Arab states according to the World Bank.

As a result, the global role of SEs in driving change towards achieving the global development agenda under the umbrella of the Sustainable Development Goals (SDGs) has been cemented considering their effectiveness in promoting decent work and inclusive growth, alleviating poverty, empowering women socially and economically, and eradicating inequality in all aspects of society.



CLEAN20

Clean20 is a SE based in Lebanon with the aim to find sustainable solutions for water problems, especially in disadvantaged refugee camps. In its strive to become a leading SE in sustainable water solutions, Clean20 works on introducing innovations in supplying clean and safe drinking water as well as identifying new unused water sources.

WHAT DO WE MEAN BY SOCIAL ENTERPRISE?

SEs range from purely commercial, profit-driven enterprises that combine their quest for profit with a social/environmental purpose to not-for-profit enterprises that exist to solve a specific social issue. They may adopt a variety of legal structures, including for-profit businesses, non-profit foundations or associations, hybrid models combining both structures, cooperatives, or mutuals. What all of these organisations have in common is their usage of market-based models or strategies to address social challenges, thus generating social, environmental, and economic value.

While start-ups fundamentally aim to maximise their financial gains, SEs are primarily motivated by the need to induce a large-scale and 'transformational' benefit that has the potential to change an unfortunate equilibrium (poverty, marginalisation, and exclusion) and disrupt it for the benefit of the underprivileged and society at large.

MIGRATION CHALLENGES AND SOCIAL ENTREPRENEURSHIP

The Middle East is experiencing one of the world's most severe forced displacement crises. According to the United Nations (UN), the number of international migrants in the MENA region, including registered refugees, reached 38 million in 2020, with more than twenty percent coming from other countries in the region. The MENA region is home to approximately 10 million refugees, who constitute one-eighth of the world's refugees. Jordan and Lebanon continue to have the highest global rates of refugees in relation to their national populations.

The number of formal migrant workers remains significant, accounting for

approximately 20% of the total workforce in Jordan and 11.7% in Lebanon. Nonetheless, they only represent a fraction of the total number of migrant workers. In Egypt, the total number of migrant workers exceeds 3.6 million. Of this total, approximately 87% were estimated to be working informally, while only around 13% have formal work permits. Similarly in Lebanon, only 13% of migrant workers have a work permit and are considered formal labour. While in Jordan, approximately 58% of the 750 thousand migrant workers are registered with valid work permits. As a result, migrants and refugees have found themselves in a difficult environment marked by high inequality and unemployment.

Despite the evident crises, migrants' potential to contribute to the long-term development of both their countries of origin and destination is highlighted in a plethora of research that directly links migration to positive development outcomes. However, protection and empowerment of migrants are clear prerequisites for such constructive economic engagement. SEs have thus emerged as a particularly relevant solution to the challenge of migrant and refugee inclusion, empowerment, and integration. Building on their sustainable business models and innovative approaches and solutions to social issues, they are also likely to meet the social needs of refugees and host communities in the form of affordable social and educational services, individual/collective empowerment, conflict mitigation activities, and so on, contributing to global social resilience, cohesion, and stability.



SUNCODE

Based in Lebanon, Suncode is a SE that develops sun-drier machines – a safer, simpler, and faster alternative to traditional drying techniques. In its strive to reduce food waste, it has developed a technology that creates new revenue streams for Lebanese farmers and empowers women via new business opportunities.

SOCIAL ENTREPRENEURSHIP IN THE MENA REGION

Despite being a relatively new phenomenon in the MENA region, social entrepreneurship is gaining traction as a means of addressing public and development sectors' shortfalls and empowering marginalised social groups. They are regarded as a key component of national development strategies, a powerful lever in active and inclusive labour market policies, and a key player in fostering social cohesion among local communities, migrants and refugees.

Born to address local needs and struggles, SEs have a deeply-rooted understanding of local cultural norms, social relationships, and challenges. As a result, they are able to respond to local needs quickly and effectively. They have the potential to transform not only the lives of their intended beneficiaries, but also the entire approach to addressing the problems plaguing the region by providing innovative, replicable, and sustainable solutions. For instance, in countries such as Lebanon and Jordan, SEs continue to be an important driver of social change in overcoming gaps in service delivery, as well as the economic inclusion of social groups that have historically been excluded from labour markets, such as women, youth, and refugees. In Egypt, youth engagement with social entrepreneurship has increased significantly across various social sectors (e.g. education, health, urban development). These new initiatives were motivated by the need to address the unsustainable nature of charity work as well as the need to generate revenue.

As a result, governments and development partners have made significant investments over the last decade to establish social entrepreneurship ecosystems in the MENA region. Nonetheless, SEs still face numerous

institutional barriers that limit their ability to have the desired impact on targeted groups. For starters, they struggle to find a suitable legal format for registering their enterprises; they are governed by complex, bureaucratic, and often unsupportive policies and regulations; they face limited awareness about their hybrid nature within their environments; they are alienated within the entrepreneurial ecosystem and find a limited number of organisations offering tailored support that caters to their specific needs; and they exist within nascent and immature ecosystems. All of these challenges as well as many others stifle and restrain SEs from developing and scaling solutions to reach their targeted communities and the region's most vulnerable groups.

It is therefore evident that SEs in the region will never reach their full scale and potential in promoting equity, inclusivity and improved living conditions for local communities, migrants and refugees, unless they have solid business models, conducive environments, enabling support structures, and strong internal capacities. Fuelled by that awareness, the "Social Entrepreneurship for Migration and Development" (SEMD) project, funded by the Swiss Agency for Development and Cooperation and implemented by GFA consulting group GmbH, has taken a holistic approach to strengthening the entrepreneurial ecosystems in Egypt, Jordan, and Lebanon, allowing for the initiation, development, and implementation of innovative entrepreneurial solutions to migration and development challenges.



DUMA

Based in Egypt, Duma is a SE that aims to create crochet handmade dolls for children using a Japanese knitting technique called Amigurumi. Duma creates creative and dignified employment opportunities for Egyptian and Syrian refugee women, providing them with a sustainable income and psychosocial support.



01

**HOW TO SECURE
FUNDING?**



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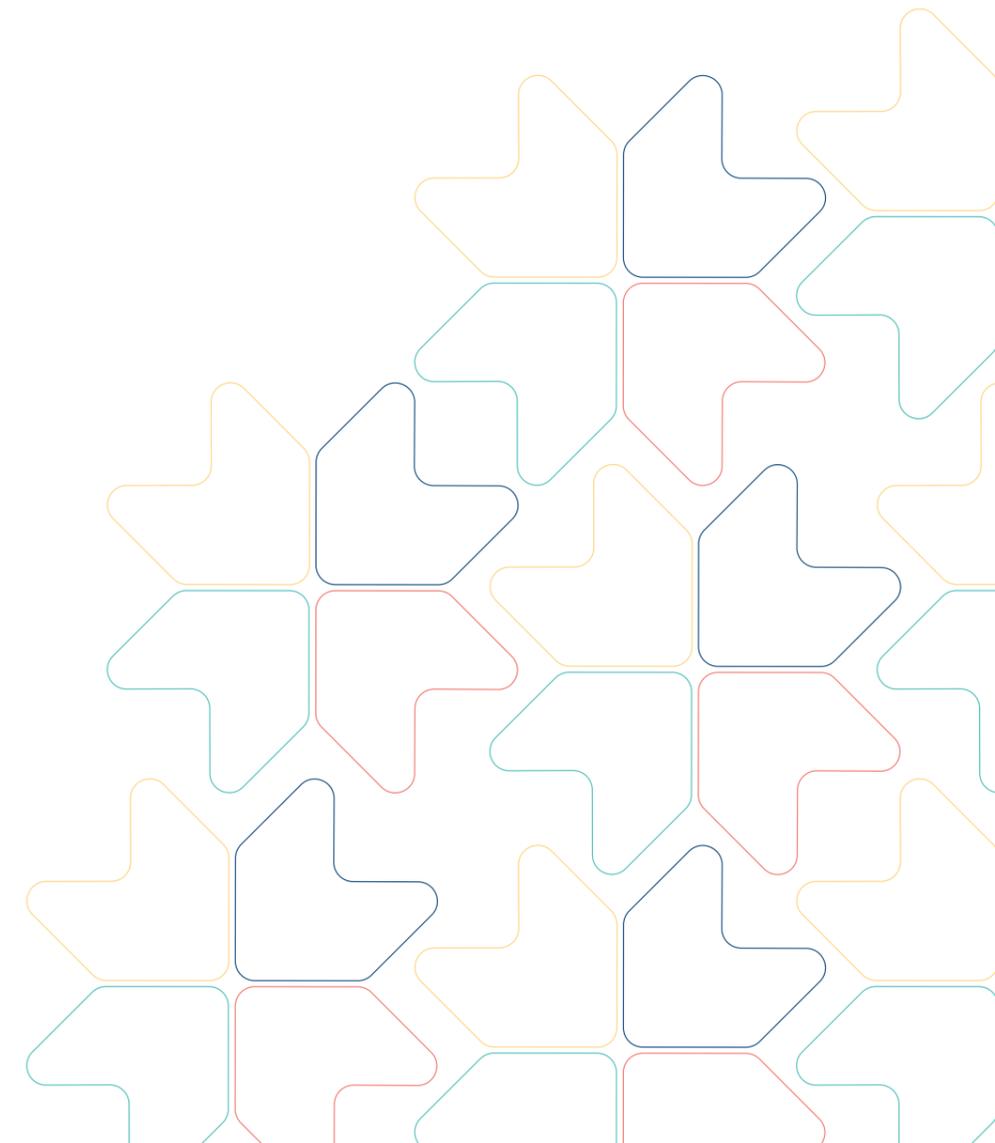
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1. WHO IS FUNDING SOCIAL ENTERPRISES? A DEEP DIVE INTO THE FINANCING LANDSCAPE

A growing number of social enterprises (SEs) are being launched in the Middle East and North Africa region (MENA). These businesses aim to have a positive social or environmental impact through tackling some of the region's most pressing problems, such as poverty, unemployment, and environmental degradation while making money. However, one of the most significant challenges SEs are facing in the MENA region is the lack of access to traditional financing mechanisms like investments and commercial loans. As such, the majority of the region's SEs are unable to expand and grow.

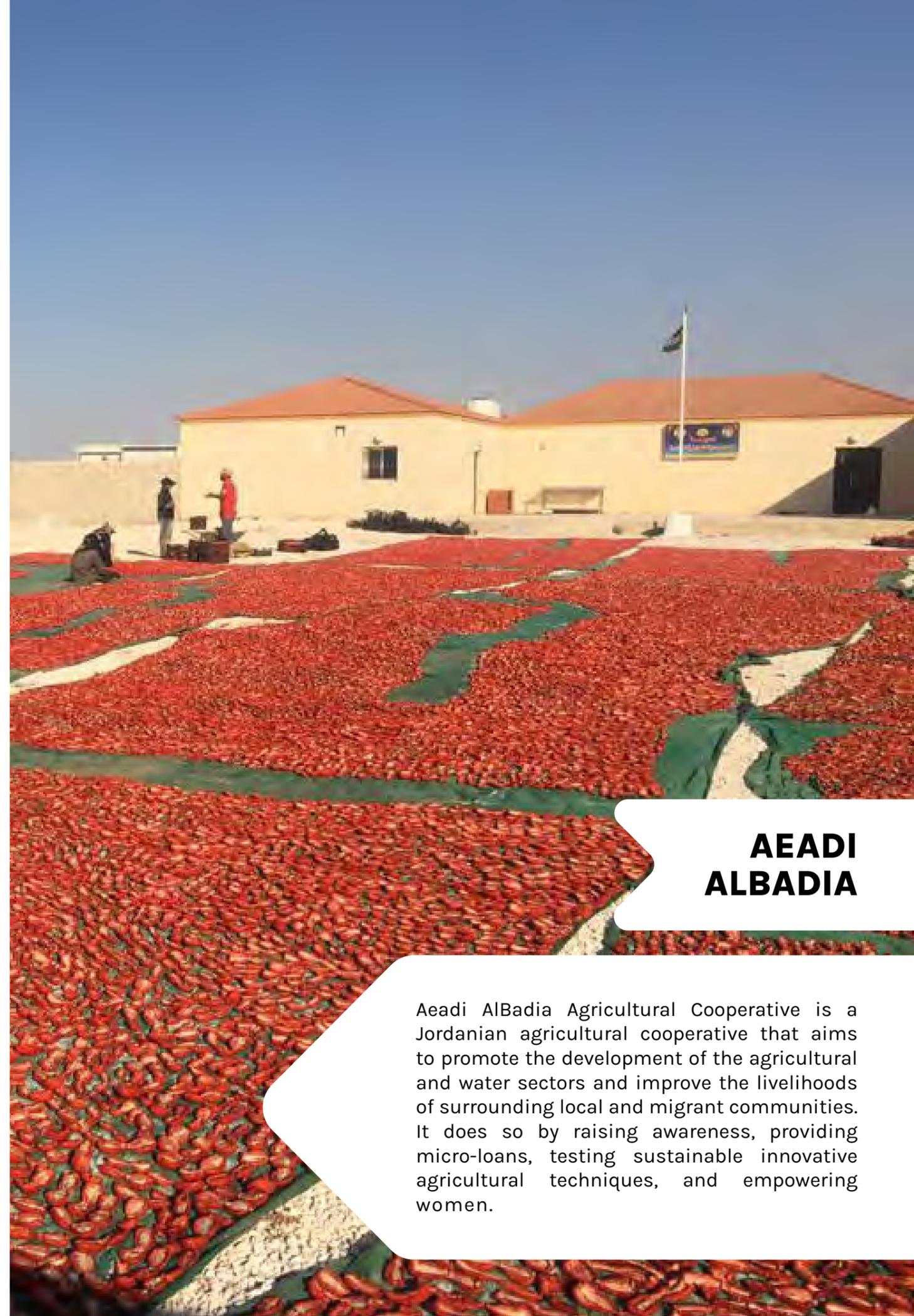
Banks and other financial institutions frequently regard SEs as too risky or too small to invest in. According to the British Council, less than 10% of SEs in the region were able to access commercial bank financing in 2022. Nonetheless, in terms of lending to SEs, microfinance institutions (MFIs) are establishing themselves as a viable alternative to banks, with Moroccan, Egyptian, Jordanian, Lebanese, and Palestinian MFIs having the region's largest gross loan portfolios in 2021.

More capital is shifting away from traditional profit-only businesses and towards social and environmental impact around the world. The value of investments in financial products that claim to uphold Environment, Social, and Governance (ESG) standards has reached \$35 trillion, according to Bloomberg Intelligence, and

is expected to reach \$50 trillion by 2025. Impact investing is also rapidly growing, with an estimated market size of \$715 billion.

Despite receiving only about 2% of all global impact investment, the MENA region is showing a noticeable growth trend. According to the Arab Foundations Forum, the region had around 150 active impact investors in 2021, up from 62 in 2019. In this vein, the Dubai International Financial Centre estimates that impact investing in the MENA region could reach \$30 billion by 2025. The network of angel investors financing in early-stage start-ups is also growing, and venture capital (VC) funds have room to grow as well. Wamda reported a 24% increase in MENA investments to reach a record high of \$3.94 billion in 2022, up from \$3.1 billion in 2021, with approximately 20% of this amount invested in impact driven industries such as cleantech, agritech, healthtech, edtech and circular economy, among others.

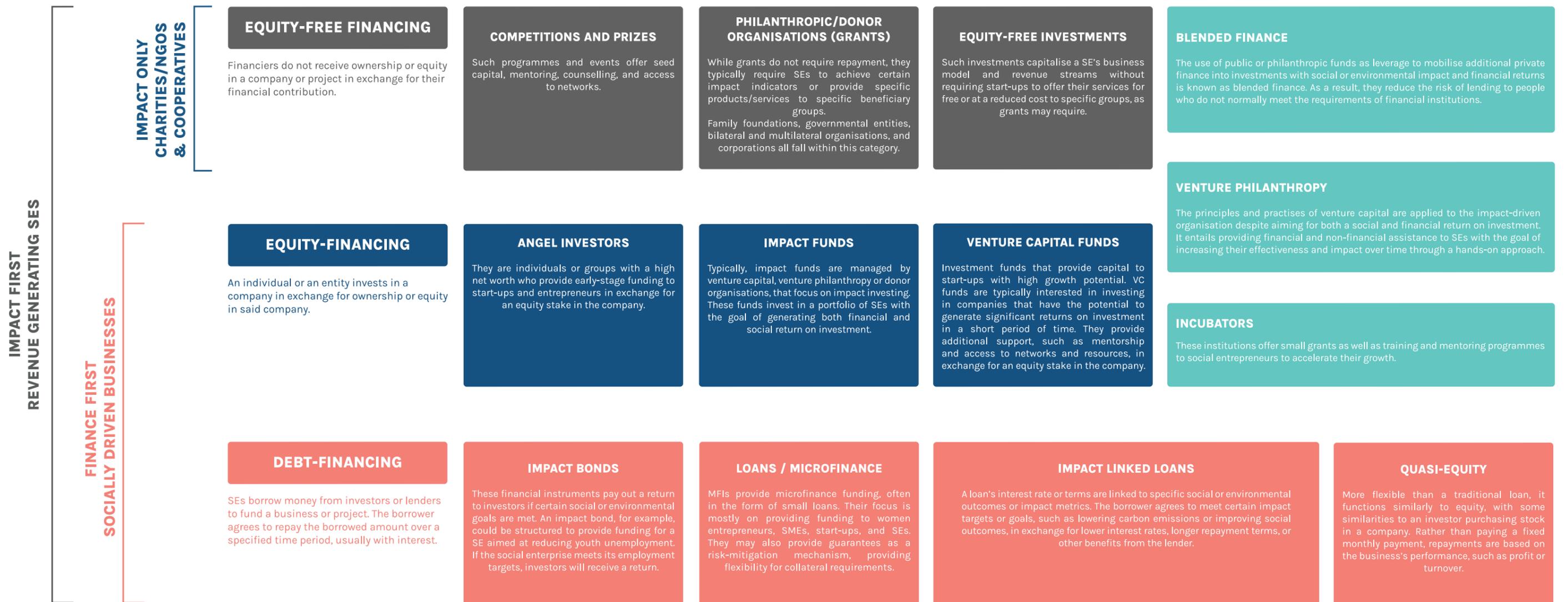
Another important source of funding for SEs is grant funding, with some SEs relying heavily on donors and project-based grants. There is also a noticeable rise of alternative financing mechanisms such as crowdfunding and impact bonds, which are opening up new avenues for SEs to gain access to the capital they need to grow and make a difference. These mechanisms support the region's SEs, allowing them to grow and have a greater social impact.



AEADI ALBADIA

Aeadi AlBadia Agricultural Cooperative is a Jordanian agricultural cooperative that aims to promote the development of the agricultural and water sectors and improve the livelihoods of surrounding local and migrant communities. It does so by raising awareness, providing micro-loans, testing sustainable innovative agricultural techniques, and empowering women.

1.1 Financing Instruments for Social Enterprises



1.2 Barriers to Financing Social Enterprises

Although the number of impact funds, angel investors, and private equity firms investing in early-stage start-ups has recently increased in the region, acquiring debt or equity funding remains a risky process for SEs. In practice, the vast majority of SEs fail to secure the necessary investment to sustain and grow their businesses due to a variety of factors, including:

✓ SOCIAL ENTERPRISE RELATED CHALLENGES:

- The difficulty in calculating the Social Return on Investment (SROI) because assessing the impact of SEs beyond direct metrics such as the number of beneficiaries served, the number of jobs created, and so on is difficult.
- The lack of investment readiness, such as a strong and scalable business model, access to a large enough market, a competent team, well-structured and documented processes, and so on.
- Late payment/cash flow issues, as well as SEs' financial affordability (debt or equity).
- The lack of SEs visibility among mainstream financial institutions.
- SEs' inability to repay returns in comparable amounts and timelines as other types of enterprises.
- Inadequate access to suitable investors for the SEs' sector, stage, and so on.
- Uncertainty regarding the existence of and the terms and conditions for using alternative financing instruments, such as social/green bonds which may be available to the region's SEs, but are currently unrecognised.
- The lack of clarity and understanding of investor terms and conditions, which is also reflected in the complexity of investors' term sheets, and the lack of standardised agreements which SEs can refer to or adopt.

✓ SECTOR/INVESTOR RELATED CHALLENGES:

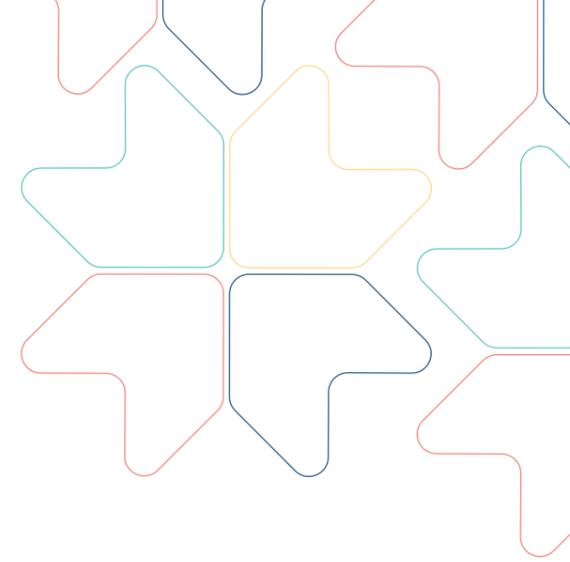
- The low number of funding instruments/ investors that identify themselves as "impact investors".
- The lack of essential SE financing instruments, such as convertible notes.
- The lack of understanding or awareness among funders and financiers, as well as confusing SEs with non-governmental organisations (NGOs).
- Some investors' narrow-mindedness and ingrained risk-return attitude.
- The lack of incentives associated with investing in SEs.
- Misalignment between SEs and investors' time horizons and return expectations, since SEs require a much longer time span to generate observable social and financial impact, while many investors expect immediate returns.
- Early-stage investors anticipating a risk-adjusted return that may not match the SE's ability to generate income, in addition to expecting a short-term return on investment, whereas SEs generate revenue over time due to their focus on impact maximisation.
- Most SEs lack exit scenarios or intent/desire to exit their venture at some point, which has a negative impact on financial institutions' investment appetite.

There are additional barriers to debt financing that discourage many social entrepreneurs from seeking financing from banks and MFIs, including: difficulty understanding the terms and conditions due to complex application procedures; excessive interest rates; protracted procedures; short repayment periods; and the ability to locate guarantors/collateral to meet debt obligations.

From the perspective of financial institutions (lenders), SEs are associated with higher transaction costs because of their small ticket sizes and limited track records. This makes

them riskier and less appealing, and thus less likely to receive financing.

As a result, regardless of the financing method, misalignment of investor and social entrepreneur interests stands as the main challenge. They must both be on the same wavelength when it comes to maximising the venture's blended financial and social value. This for instance makes optimising a business model that offers below-market prices and/or free services while seeking private capital investment more difficult.



1.3 Financing Mechanisms for Each Stage of the Social Enterprise Life Cycle

The below summarises the three top financing mechanisms adopted by SEs at each stage of their life cycle, based on surveys conducted with SEs as well as experts recommendations across Egypt, Jordan, and Lebanon.

PRE-SEED/IDEATION PHASE:

- a- Personal financing, friends, and family
- b- Competitions, prizes
- c- Grants

SEED/LAUNCH PHASE:

- a- Angel investors
- b- Impact-linked equity free investments
- c- Competitions and prizes

GROWTH/SCALE PHASE:

- a- VCs
- b- Impact-linked loans
- c- Impact-linked equity free investments

IMPACT TIP

Access to diversified financial instruments that cater for the different stages of SEs' life cycle, especially the need for a longer investment cycle, is essential for their growth and sustainability.

IMPACT TIP

A convertible note is a way for seed investors to invest in a start-up that isn't ready for valuation. They start as short-term debt and are converted into equity in the issuing company. Investors loan money to the start-up and are repaid with equity in the company rather than principal and interest.

Although personal financing, family, and friends are the primary initial resources for any SE in the ideation stage, SEs seek grants and compete for funding to develop their idea into products/services. Most donor funds target the ideation phase, making it the go-to funding mechanism for SEs at this stage, in addition to not requiring large equity investments, which may make it difficult for SEs to raise additional funds in the future. However, the lack of other funding options at this stage poses a challenge; some angel investors may be willing to support SEs at this stage, but only in exchange for a significant amount of equity.

At later stages of their life cycles, more private investments become available to SEs as their funding requirements grow. Angel investors are more likely to be interested in supporting SEs at the seed stage as they fall in a funding gap due to being too young for VC or impact funds and being too mature for small grants and prizes. Many businesses fail during the seed and launch phase, often due to lack of funds.

Funding gaps become more apparent later in a SE's life cycle. With most funding directed to the start-up phase, SEs struggle to scale. At this stage where capital requirements are higher, there are fewer VCs who will fund a SE-oriented thesis and fewer grants that are large enough to address this higher funding need and thus higher risk. Meanwhile, banks view SEs as a risky and costly investment, thus they generally avoid them as well.

IMPACT TIP

In 2015, approximately 50% of the funding for start-ups was allocated to those in their early stages, while the other 50% went to those in their growth stages. However, by 2019, only 19% of funding was being given to start-ups in their growth stage, with the majority of funding directed to idea stage start-ups. MIT's report from 2020 indicates that 29% of social start-ups fail within 5 years due to the lack of a supportive ecosystem. This means that for social start-ups to survive and thrive they require a combination of purposeful funding, accountability with impact management, and management support.

2. WHICH FINANCING INSTRUMENT IS RIGHT FOR YOUR SOCIAL ENTERPRISE?

2.1 What to Consider When Selecting a Financing Instrument for Your Social Enterprise?

There are several key factors that SEs should consider when selecting financing instruments, whether equity, non-equity or debt. Before deciding which would be the right investment instrument for your SE, ask yourself:

1 How much money do we need and who can provide this amount?

Different types of investors/financiers are likely to offer different ticket sizes to SEs. Angel investors, for example, are typically involved in the very early stages of a start-up's development, before the company is ready to seek larger amounts of funding from VCs or other institutional investors. They offer small-medium ticket sizes ranging from \$10,000 to \$150,000, whereas VC funds in the region are more likely to offer larger ticket sizes – beginning at \$300,000.

2 How will we use these funds?

Product or service design and development, recruiting staff members, covering cashflow needs, and scaling up by entering new markets, serving more customers, are among the most common reasons why SEs require funding. Some funding instruments may be better suited to certain goals than others. Many SEs, for example, use grant funding for product development and validation, while equity financing from VCs or impact funds is used for scaling operations due to their relatively larger ticket sizes.

3 Will we be able to pay this investment back?

If the SE generates enough income, it is important to check its ability to repay the investment. In such cases, entrepreneurs should consider debt as a financing option before equity investments, especially for smaller amounts invested directly in operations and cashflow. Grants or equity investments are likely to be a better option if the SE is not generating revenue as much as it should or as quickly as it should.

4 What are the requirements and mandates that will be imposed on us by financiers?

Different types of financiers impose varying mandates on SEs in exchange for investments. These conditions may or may not be consistent with their strategic priorities. For instance, many SEs struggle to meet the complex and time-consuming evidence collection requirements of development and philanthropic foundations. VCs, on the other hand, have specific return on investment (ROI), revenue growth, and profitability requirements that may jeopardise SEs' mission focus.

IMPACT TIP

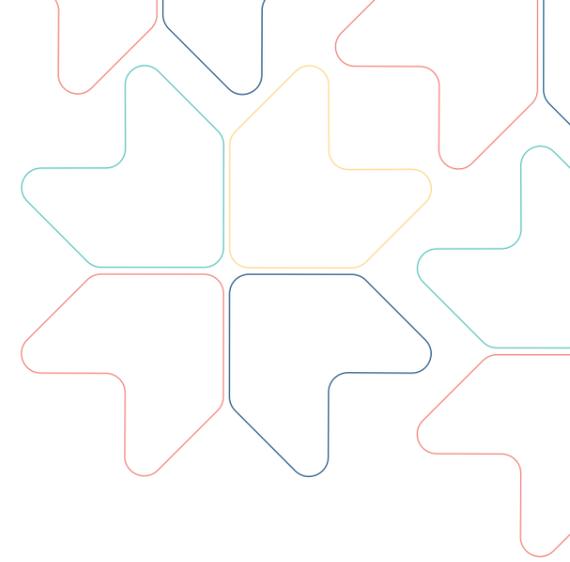
Angel investors are an ideal financing source for the early stages of a SE's life cycle because they provide more personalised support. Select angel investors based on their anticipated added value. Keep them engaged by providing regular updates and having a clear set of areas in which they can provide their input.

IMPACT TIP

Consider alternative sources of financing such as:

- ▶ Crowdfunding platforms provide SEs with a way to access a wide range of potential investors, including individuals, philanthropic organisations, and corporations. They offer various types of funding modalities including donation-based, reward-based, and equity-based funding and can be an effective tool for raising capital to achieve a social mission. This mechanism is particularly adopted in Lebanon.
- ▶ Community funding platforms allow SEs to build support within communities with a shared interest, by enabling individuals or groups in a local area to collectively fund projects, causes, and initiatives that they believe in.

2.1 What to Consider When Selecting a Financing Instrument for Your Social Enterprise?



5 Who is more likely to understand/support our SE's business model and social mission?

Some financing options may better accommodate or support SEs' hybrid model and social mission than others. As such, angel investors are likely to be supportive of SEs - particularly those that invest in causes they are passionate about. Impact funds are also likely to be more supportive of SEs than VCs as the latter have a stronger profit-orientation and require higher and faster ROIs.

6 What are the expected financial ROI and social ROI?

Investors assign different weights to the various types of return they are likely to receive from a given investment, and the SE is obligated to showcase the various types of impact and return it generates in parallel to meet the needs of its various investors. Angel investors, impact funds, and impact-linked loans are likely to demand that their investments have a positive social impact in addition to financial return, even if that means accepting slightly lower ROI levels or longer payback periods. On the other hand, VCs prioritise financial ROI in order to meet the obligations of their own investors.

7 What kind of support do we need from investors?

Different types of investors can offer very different levels of involvement and support to a SE. While angel investors are likely to offer endless support to the start-up, whether through their network or their own technical expertise, they are also likely to want to get actively involved in developing and directing the SE. VCs on the other hand offer SEs a wide exposure whether regionally or internationally, yet they are more prone to interfere in the way founders manage, strategise, and take decisions.

IMPACT TIP

Royalty-based investments are a type of financing in which investors provide capital to a company in exchange for a percentage of future revenue, rather than an ownership stake in the company. The investor receives a regular payment from the company based on a percentage of the company's revenue, usually over a fixed period of time.

SEs should consider using royalty-based investments when they need capital to grow their business but do not want to take on the risks and obligations associated with traditional equity or debt financing. However, they should carefully consider the terms of the royalty-based investment, including the percentage of revenue to be paid to investors and the duration of the investment. They should also evaluate their ability to meet the repayment obligations of the investment.

2.2 Comparing Financing Instruments for Your Social Enterprise

	EQUITY-FREE INVESTMENTS (GRANTS)	ANGEL INVESTORS	VENTURE CAPITAL FUNDS	IMPACT FUNDS	IMPACT-LINKED LOANS
LIFE CYCLE STAGE	Pre-seed, Seed	Pre-seed, Seed	Growth	Seed & Growth	Growth
TICKET SIZE	Small - moderate ranging between \$10,000 and \$300,000	Small ranging between \$10,000 and \$150,000	Large starting at \$300,000 and reaching up to \$1,000,000+	Moderate ranging between \$200,000 and \$500,000+	Large up to \$750,000
INVESTMENT PAYBACK	No payback or payback with no interest	No payback	No payback	No payback	Full payback with interest
INVESTOR REQUIREMENTS	Impact measurement and detailed evidence collection	Constant updates, keeping them informed and engaged	High and fast ROI	Both financial and social ROI & impact monitoring	Both financial and social ROI & impact monitoring
SUPPORT FOR SOCIAL MISSION	High	Moderate	Minimal	High	High
FINANCIAL ROI VS. SOCIAL ROI	Prioritise social	Prioritise financial yet care about social	Prioritise financial	Equal weight	Equal weight
INVOLVEMENT IN SE DECISION MAKING	Minimal	Moderate	High	Moderate	Minimal
KEY BENEFIT	No equity commitment	Support through network and expertise	Wide exposure regionally and internationally	Focus on impact & financial return	No equity commitment
KEY CHALLENGE	Substantial evidence collection requirements	Time consuming relationship management	Management interference	Substantial evidence collection requirements	Requires profitability and collateral

2.3 Impact Investing – What Funders Want Social Entrepreneurs to Know

Impact investing refers to investments made with the intention of generating positive, measurable social and environmental impact alongside financial returns. The key differentiator between traditional investment and impact investment is the upfront clarity of mission, scope, and measurement matrices, which are embedded in the business plan and business strategy of the companies they invest in. Impact investors also mostly require below market rate ROI and offer more patient investments to SEs. According to a report by the Global Impact Investing Network (GIIN), the total assets under management in impact

investments in the MENA region were estimated to be \$3.9 billion in 2021. Based on the level of an enterprise’s intentional interest in pursuing financial and/or impact goals, they fall somewhere along the capital spectrum shown in the figure below. Enterprises eligible for impact investment provide competitive risk-adjusted financial returns similar to traditional businesses but at the same time they are intentional in achieving impact by contributing to solutions that generate positive change for otherwise underserved people or the planet.

THE SPECTRUM OF CAPITAL



These eligibility criteria apply to revenue generating SEs but not all of them, since SEs fall into different categories based on how much revenue they generate and how much profit they distribute (if any), as follows:

- Potentially sustainable SEs; generating more than 75% of their income through trading revenue or services fees
- Breakeven SEs; generating all their income from trading revenue or services fees
- Profitable SEs; with surplus reinvested or distributed to shareholders

For instance, SEs that address market failures (e.g., provide education and healthcare services to underserved communities) are mostly only potentially sustainable and hence do not qualify for impact investment. For this type of SEs, blended sources of finance that include grants, zero interest loans and/or non-equity-based investments are usually more suitable. While profitable SEs are most likely to be eligible for impact investment, breakeven SEs may be as well with further optimisation of their business models.

Source: Bridges Fund Management and Impact Management Project (with adaptation)

INTERVIEW WITH TAMER AL-SALAH CEO, BEYOND CAPITAL

What are the characteristics you look for in the SEs you fund at Beyond Capital?

We look for innovative, scalable start-ups with good teams. We invest in SEs that can have commercial viability and growth potential. We prefer to invest in SEs that have gained some traction, and whose founders are ready to think of the next steps for their businesses. We love seeing SEs that strike that balance between innovation and scalability. Of course, we would love to be associated with something that is impactful and that changes people's lives, but we really look at them like any other company, since they compete against every start-up out there.

Can SEs compete with regular start-ups for VC funding?

We do not believe that being a SE will limit their growth potential or ability to generate revenue. They may have lower margins, but at scale, they can be as profitable as any other start-up. Even with slower growth, given they have a solid team and idea, and are growing fast within their industries, they make solid investment opportunities for us. That's because we need to diversify, we can't only invest in the fastest growing industries like Fintech. Some industries aren't growing as quickly as others, but that doesn't mean they do not have great companies to support.

How can SEs maintain their impact as they scale for more revenue and profitability?

If the targeted groups, the communities that they are serving are the drivers of both impact

and revenue and the problem the business is solving is a social/environmental problem, impact will only grow as the company scales.

One of the companies that we recently invested in buys and collects used or donated clothes, and resells them in multiple locations. They have established a high-end brand and another lower cost brand. In their low-cost brand, they create a great shopping experience for their underserved customers while maintaining the average price per item at \$1 or less. If I want to be purely commercial, I would tell them not to waste their time selling \$1 shirts, which aren't really making them a lot of money, and ask them to focus on the other brand. But in reality if they stop doing this, they would lose their edge and become just another second-hand clothes reseller versus a brand creating an impactful purchase with every item sold. If they remove the impact component, they would stop growing and making money.

Now this company is growing very rapidly in terms of revenue, but not in terms of profitability, nonetheless, they have several VCs that have invested in them, maybe not the most typical commercial ones, however. VCs might not look at the impact side of a company, but they surely look at the financial side. So, if a SE's impact is embedded within a scalable model, it makes no difference whether it serves an underserved or served community.

When do you think it is best for a SE to approach a VC or an angel investor?

Angel investors are unquestionably the go-to source for SEs seeking their first investments. Angel investors put SEs on the right track by allowing them to demonstrate that their models

Beyond Capital is a proactive player in the entrepreneurial and investment ecosystem in Jordan with a wide network leveraged to support a portfolio of 42 companies by establishing connections between entrepreneurs and relevant support mechanisms, investors, and networks to provide them with access to capital, mentorship, talent, and potential partnerships.



are commercially viable. They may also offer their knowledge, especially if they are industry experts, their time, connections, and leverage their personal networks to assist a SE.

Most VCs invest later in the process, after the SE has demonstrated that their model works. VCs look at traction, which basically means how this company performed in the past, and how it will perform after the capital is injected. VCs want to see growth, customer retention, low churn rates, more time on platforms, or renewal, among other things. As long as the SE can demonstrate that their product is popular, and their customer base is growing, they will be eligible for VC funding.

What do SEs need to do in order to get VC ready?

With VCs, SEs should not ask for money to build their dreams, but to grow them. They must demonstrate to investors that they are an institution. VCs need to see proper documentation,

they need to see proper contracts in place, they need to see proper accounting mechanisms. They want to see a functioning institution. Like any start-up, the SE must first demonstrate its validity. Do customers like their product? Do they want it? Is it a real solution? Is it expandable?

Also, how the entrepreneurs reacted during the first year says a lot, because the first year is full of challenges, issues, and problems, and their ideas may no longer be the same. A VC is interested in how the SE pivots and how they respond to challenges.



INTERVIEW WITH LETTY WHEELER, REFUGEE INVESTMENT FACILITY, DANISH REFUGEE COUNCIL



The Refugee Investment Facility (RIF) provides impact-linked loans to high-impact enterprises that generate tangible outcomes for refugees and host communities, offer technical assistance to companies to grow their impact in displacement affected communities, and support learning and evidence on the intersection between investment and refugee impact. The project is a collaboration between the Danish Refugee Council (DRC) and I-Gravity, a Swiss impact investment organisation, bridging the gap between humanitarian assistance and impact investment.

What do you do at the Refugee Investment Facility and how?

The Refugee Investment Facility (RIF) is a fund established to provide loans to small and medium enterprises (SMEs) and growth stage start-ups with positive social impact on refugees and vulnerable host communities. In the first phase, the RIF is focused on businesses in Jordan and Uganda, offering patient capital with concessionary rates to support private sector impact. Alongside loan funding, the RIF provides tailored technical assistance on refugee impact and business development to support companies in increasing and monitoring their impact on refugees, while supporting the growth of their business.

The loan tenor is 3-5 years, and ticket sizes range from \$100,000 to \$750,000. We expect to make 10-15 investments between Jordan and Uganda. The RIF investment strategy covers four impact themes: decent employment, employability, financial inclusion, and access to relevant goods and services.

The primary distinctions between RIF financing and a regular commercial bank loan are a concessionary interest rate and a link between the interest rate and achievement of pre-agreed impact targets - there is a 1-2% reduction in interest rate based on the impact achieved by the business.

What are the key characteristics that you're looking for in the companies that you fund?

We are looking for established businesses (minimum 3 years in operation) with strong impact

potential. Target businesses should be profitable or at least close to profitability and be seeking debt financing to grow their business. We're expecting use of funds to be capital expenditure or working capital. The RIF is sector agnostic but due to their impact potential, we're looking closely at the following sectors: agriculture, industrial, manufacturing, food processing, and garment production.

The RIF has a rigorous impact assessment and selection criteria which guide the investment process. We are keen to see a link between RIF financing and measurable impact achieved.

What kind of technical assistance are you providing to the companies to assist them with scale or paying off the loan?

There are two components within the RIF's technical assistance facility: refugee impact advisory and business development.

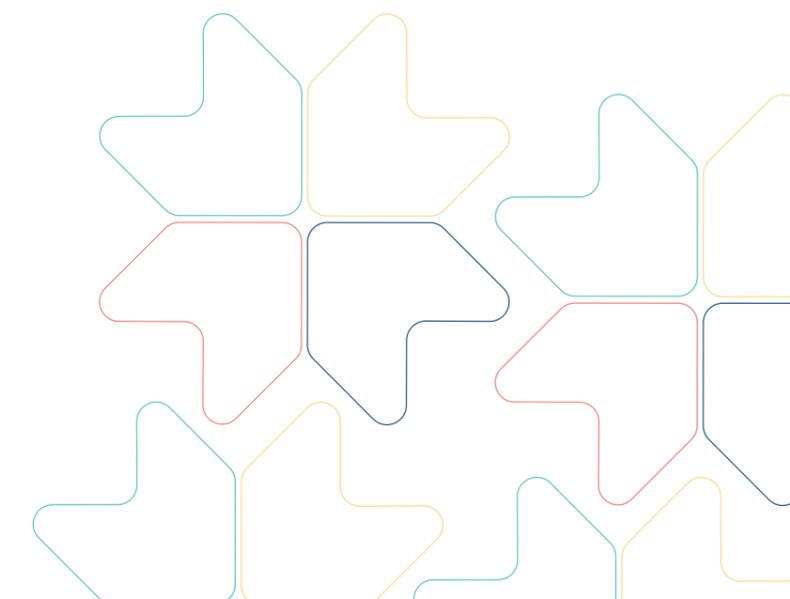
The refugee impact advisory provided through the RIF's technical assistance facility leverages our experience as DRC in working closely with refugee communities and responding to their needs. Early on in the investment process, we work closely with companies to develop technical assistance frameworks that will identify where we can help them increase their impact; this could include assistance with onboarding new employees from a refugee community, supporting skills development and training, and facilitating business expansion into refugee hosting areas to respond to community needs. The business development assistance is

focused on supporting the business to grow its commercial activities.

How can SEs identify the right financing instrument for them?

Companies should seek long term partners who are aligned with their mission and who can add value and support business growth. The type of financing a SE should seek depends on the stage of the business and what they need the investment for. Equity can be a very expensive option for a business but they may not have the financial profile to take on debt financing.

I think it's useful to start conversations early to build trust and understand what the milestones are for different forms of financing. So even if you're not necessarily thinking about loan financing at the moment, it's worth having a conversation early on so that we can share direct feedback about potential future collaborations.



3. HOW TO GET YOUR SOCIAL ENTERPRISE READY FOR INVESTMENT?

3.1 Getting Ready for Investments

Social entrepreneurs who have successfully raised investments and scaled their businesses cited the strategies and actions listed below as critical to their success.

1 Know Your Numbers

Creating a solid business case by presenting key numbers, such as customer acquisition and retention rates, as well as unit economics, is critical to attracting investors.

2 Validate Your Business Model

Having a minimum number of paying customers who have tried the product/service, as well as understanding your unit economics and their variations across different regions, are both indications that the business model has withstood testing and validation, which inspires greater investor confidence.

3 Demonstrate Your Impact

By having feasible, cost-effective, and well-designed tools for measuring and monetising impact.

4 Integrate Business Acumen And Impact Measurement

Demonstrating a strong business model and being able to measure its impact.

5 Diversify

Financing options and legal formats so that SEs can better align with each country's national context. It is also critical not to rely solely on one source of funding, namely investment. SEs must have clear revenue streams and, where possible, collaborate with foundations and governments.

6 Choose Your Investors Carefully

Before entering into a partnership, carefully select investors and examine their reputation in the ecosystem. Thoroughly researching the investors in terms of their interests, regions, investment portfolio, the start-up phase they support, and whether or not they are impact-driven to ensure investor/start-up fit.

7 Use Grants To De-Risk Capital Investments

Consider grants as a de-risking mechanism for capital investments, particularly for investment funds that have never worked with SEs before or in sectors where ROI accumulates over longer cycles.

8 Begin With Your Own Money

Self-funding, family and friends, or reinvested revenues help avoid losing too much equity too quickly and give the founder the freedom to maintain an impact focus.

9 Use Blended Financing

Ensuring a balance in SE direction and objectives by having impact-oriented and profit-oriented investors on your capitalisation (cap) table.

10 Engage With Funders Early On

Even before you're ready to raise funds, it's a good idea to establish relationships with various funders, understand their needs, and solicit their feedback.

IMPACT TIP

Obtaining legal advisory while working with potential investors on term sheets is vital, especially for SEs that do not have adequate experience in dealing with investments in general and VCs in specific.

IMPACT TIP

A capitalisation table shows the ownership stakes in a company, typically broken down by equity shares or ownership percentages. It also displays information about the different classes of shares, the names of shareholders, the number of shares they own, and the value of their ownership. Capitalisation tables are often used by start-ups to track ownership changes, inform investment decisions, and ensure compliance with regulatory requirements.

3.2 What Investors Look for in Social Enterprises?

The following list was adapted and contextualised from the list originally developed by Social Enterprise UK.

THE PEOPLE IN YOUR ORGANISATION

- The skills of your board in key areas such as finance, marketing, business development, human resources, and legal matters.
- The skills and experience of your senior team members and the rest of your team.
- The role of your board and governance structure.
- The diversity of your board in terms of gender, background, skills and representation of the community and people who use your services.
- The level of financial and business skills within the organisation.

WHAT YOU DO AND WHO YOUR CUSTOMERS ARE

- How clear you are about the products and services you offer.
- Your market size and whether the market you are targeting is growing or shrinking.
- How stable or volatile the market you are targeting is.
- How profitable your products and services are or will be.
- How many customers you have and who they are.
- How you differentiate yourself from your competitors.
- How well connected you are to local or national networks and partnerships.
- What are the available market insights and information.

HOW YOU DO THINGS, HOW WELL YOU DO THEM, AND HOW YOU ASSESS YOUR PERFORMANCE

- How well you engage with your community and/or people who use your services.
- How you manage performance and measure impact.
- If you have a clear vision of the impact you're trying to achieve.
- If you have the capacity, resources, and skills to achieve that vision.
- Your track record.
- How you report on your achievements and impact.
- Your theory of change and logical framework.

HOW YOU MANAGE YOUR FINANCES

- What systems you have in place for managing your finances and producing accounts.
- Your knowledge of your financial procedures and systems.
- The state of your cash flow (past and projected).
- The quality of your financial reporting.
- Your unit of economics.
- Your customer retention rate.
- How you manage profits and whether they are distributed to shareholders or reinvested in the business.
- Your month-over-month growth rate.

INTERVIEW WITH AYMAN BAZARAA, CEO, SPRINTS



Sprints is an Egyptian start-up that provides the first end-to-end solution to bridge the tech talent gap by delivering customised learning journeys, guaranteeing top paying jobs, and supporting alumni's career growth.

Describe your journey of acquiring funding for sprints so far.

My first fundraising activity was from my family and friends, and a couple of angel investors, plus I had already invested my own money to launch. The pre-seed round was our first official round, and I raised \$260,000. For the seed round, we assumed a blended financing approach, and we were able to secure \$1.2 million from various sources, including a significant number of angel investors, in addition to 3 VC funds. Finally, we received an investment from an impact-linked fund, where we committed to specific outputs, such as upskilling a certain number of youth, and the funding was disbursed based on the fulfilment of those outputs.

We deliberately chose a blended financing strategy, so that we can balance our business and social goals. By doing so, any financial pressure from investors will be balanced with our social commitments to impact-linked funds.

Can you describe your experience with impact-linked funds?

What I like about impact-linked funds is that they allow you to keep working on your business model. So whatever revenues we generated they supported, and sometimes they matched. The «Challenge Fund for Youth Employment» for instance required us to invest our own money to contribute the same amount as the fund. This approach forces a SE to develop a sustainable business model and generate revenue. Impact-linked funds are ideal for SEs where profitability is needed to self-sustain while striking a balance between said profitability and the SEs' impact.

Nonetheless, managing impact-linked funds is challenging due to the difference between development-oriented and business-oriented mindsets. We look at the opportunity, the growth, and the impact that we are making, but donors are

looking for evidence and the procedure that should be followed, which is often time and resource-consuming.

How is your experience working with angel investors and VC funds?

When comparing angel investors to VC funds, angel investors are much more flexible and supportive, especially in the early SE stages. They are also successful, well-connected individuals who believe in your business, making them extremely beneficial. We have monthly and quarterly touchpoints where we share our needs and ask for their help. Many of them proactively assist us. However, I believe that our future focus will be primarily on impact-linked funds and VC funds that can provide larger ticket sizes.

What are the key lessons you have learned about preparing for an investment round?

I would say always overprepare for the pitch; our current pitch is version number 100+, and we are constantly improving it. I've learned a lot when it comes to pitching. At first, I would try to say everything, but I learned that the pitch should be more of a teaser. You want the audience to ask questions, and then you engage; don't give away everything as this will confuse them.

The critical part – and few people understand this – is that it is neither the business model nor your pitch that actually convinces the investors. It all boils down to the Q&A section. You must demonstrate your passion and capabilities; and have solid answers for their questions. When you don't know, you must say so openly and communicate that it will be figured out along the way. It is also important to include the team because this is not a solo journey. You need to know your company numbers and have them ready, such as your unit

economics, customer acquisition cost, month-over-month, and quarter-over-quarter growth, and so on. As your company grows, questions become more technical and complex, and you need to be prepared.

What is your investor selection process?

It is critical that you choose your investors as carefully as they choose you. To learn about potential investors, I primarily rely on my network. Previous start-ups in which they have invested are among the key people I speak with before selecting an investor or fund for our cap table. I also approach people who work within the fund or previous managing partners. It's a quick due diligence, and in most cases, we get very useful information.

What are the challenges that you've faced throughout the journey of acquiring investment?

The most difficult challenge was the term sheet or contract we signed with investors. Because we now have various types of investors, each with their own term sheet. So there were many discussions about each term, especially since this was my first time going through this process and I didn't have a legal advisor. It is important to educate yourself legally, because once you sign the contract, you won't be able to back out.

4. THE PATH TO INVESTMENT READINESS: WHAT IS THE ROLE OF SUPPORT STRUCTURES?

4.1 Bridging the Gap: How Can Support Structures Further Support Social Enterprises?

Capturing market size

Market size is one of the most important factors that investors consider when making investment decisions, whereas the majority of SEs struggle to provide a reliable estimate of their sector's market size.

Offering customised support

SEs vary in a variety of ways including their orientation towards profit or impact as leading aspects of their model, their growth stage and sector of operation. They may also have different levels of knowledge and experience in key areas such as impact measurement, business model design and scalability based on the founders' backgrounds, and thus they require more tailored interventions to address their individual needs.

Measuring impact

Many SEs lack the expertise and resources required to collect, monitor and analyse the necessary data throughout a project/product cycle. As a result, identifying feasible, cost-effective and well-designed impact measurement tools and models is critical both for the optimisation of the SEs' models and operations and for their ability to communicate their impact to funders in quantifiable terms.

Monetising impact

Another critical area of development for SE support programmes is the lack of national and regional practices and know-how for monetising impact. Although most SEs and SESts currently identify impact through indicators that include the number of jobs created and women's participation rate, they lack the ability to translate such figures into monetary figures.

IMPACT TIP

Providing SEs with financing is important but not always sufficient for growth; it has to be coupled with appropriate and tailored technical assistance, management support, and impact management.

Designing adaptive support

Setting adaptable SE selection criteria that are adaptive and responsive to their original geographic locations, the backgrounds of the founders, and their growth potentials is critical to allow more SEs with high potential and innovative solutions to social problems to gain access to opportunities, knowledge, and networks.

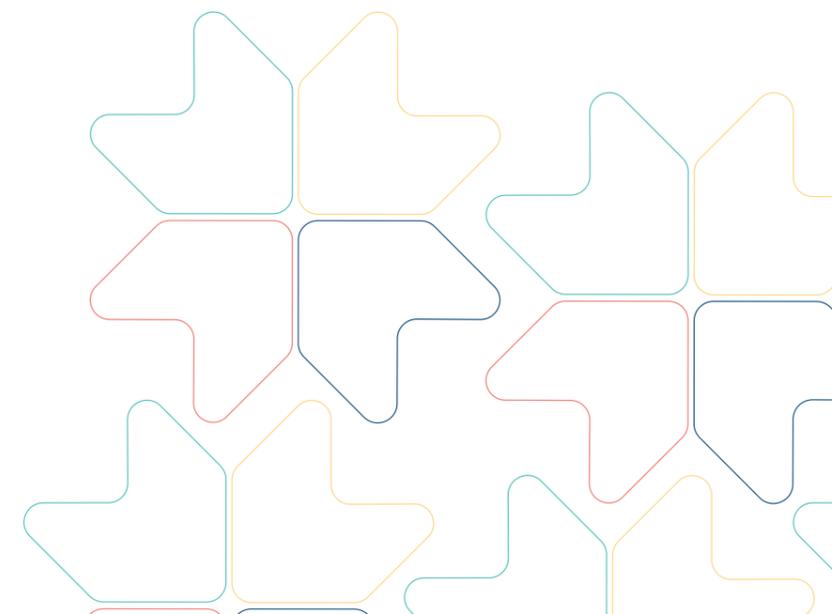
Providing legal awareness and advice

It is crucial to assist SEs in transitioning into an officially registered organisation, which is typically a significant risk for many SEs. This is due to the legal and financial implications and the uncertainty surrounding the choice of legal format given the lack of a dedicated legal format for SEs. This includes informing SEs about changes in governing laws that may affect them.

Educating new players

Attracting new players to the social entrepreneurship sphere is key for expanding sources of financing available for SEs. This can be done through:

- Educating commercial investors to become impact investors.
- Re-channelling corporate social responsibility (CSR) funds towards SE financing.
- Working with individuals or organisations already interested in impact and introducing them to the concept of impact investing.



4.2 Creating an Investable Pipeline: What Can Funders Do to Support Emerging Social Enterprises?

Openness to new business models and venturing in new emerging fields and social causes such as migration and refugee support, in comparison to long-standing practices such as education, employment, and technology where evidence regarding ROI has accumulated over time.

Create longer investment cycles, (minimum of 5 years) that give SEs time to build and test their models before evaluating their ROI and spread payback over longer periods.. This is especially important for SEs that deal with complex societal issues or work in sophisticated industries, such as manufacturing.

Provide sector-specific funds, tailored technical assistance and customised investment cycles that address their specific sectoral needs; for example, the green and manufacturing sectors.

Downsize loan requirements and lower the interest rate for SEs, particularly for female entrepreneurs. Guarantee schemes and mutual funds are de-risking mechanisms that can help investors reduce their perceived risk and assist social entrepreneurs in overcoming a lack of collateral.

Invest based on the geographic specifications of each market. Each market in the region has its own unique nature that requires tailored investment and support programmes. Some markets, such as Lebanon and Jordan, require SEs to consider scaling beyond their localities too soon due to the small local market size, and thus SEs in such countries require larger investments at an earlier stage, contrary to investor expectations.



SPRINTS

Sprints is an Egyptian SE that supports youth with pursuing careers in technology related fields through providing a variety of edtech courses, including software development, artificial intelligence and cyber security. They also support disadvantaged youth by giving them the option to pay back their training fees upon successful hiring.

INTERVIEW WITH KARIM SAMRA, FOUNDER AND MANAGING DIRECTOR, CHANGELABS



- How the SE improves outcomes for customers and community.
- Alignment with the theme of the programme.
- Technical and financial feasibility.
- Strength and background of the team.
- Scalability, or ability to expand beyond the initial pilot region.

How do you help SEs reach a balance between being impactful and being commercially sound and profitable?

Our main goal and standard is to design SEs first and foremost as for-profit businesses. We do not believe in creating separate or different standards for SEs. Companies that meet our criteria are those whose products/services and their success deliver impact in the process. As a result, the greater their profitability, the greater their impact. So we believe that those things are or should be perfectly aligned.

What are the biggest challenges/pitfalls of SEs during their investment readiness journey?

Thinking of themselves or behaving like NGOs instead of companies is a major challenge. Another is designing solid business models and having all their building blocks in check such as a strong founding team, a product that addresses a clear market gap, a solid addressable market and a unique aspect to their solution in comparison to the competition.

They also struggle with building strong pitch decks, telling a compelling investment story, or delivering a strong pitch, communicating with investors, and answering their questions. These challenges can be addressed through filling gaps in key business model building blocks, learning how to pitch to investors, and understanding when to approach different types of investors.

What kind of support do you offer SEs?

We see ourselves as ecosystem builders. Our programmes range between 2-day boot camps and 6-month incubators, with the majority of them concluding with matchmaking between investors and start-ups. We create outcome-based curricula in 5 or 6 fundamental areas that we believe every start-up requires, such as fundraising, sales and marketing, communication, product and technology, among others. We base the curricula's execution on whether the SEs are at the idea or scale-up stage. Then we add a theme-specific layer such as fintech or green tech, etc.

What characteristics do you look for in the SEs you fund?

We only work with companies that improve customer and community outcomes. We seek SEs from different industries and stages. Our evaluation criteria vary between programmes, but in general, they include:

When should a SE seek equity vs. debt financing?

Debt financing is typically more accessible to scale-ups than start-ups, but for SEs with recurring revenue, debt financing and venture debt are options. Factoring is also an option for SEs with large clients. Venture philanthropy, which involves foregoing some return or delivering a slightly lower return, is also a growing opportunity in the region for SEs. Venture philanthropy offers a more patient option for SEs and can be a better fit for healthy and successful businesses that may not deliver the outsized returns that VCs seek.

Changelabs is an impact-centred social enterprise accelerator focused on the Middle East and Africa. Changelabs builds innovative and cutting-edge impact entrepreneurship programmes for start-ups and scale-ups focused on key financial and social outcomes. Changelabs' portfolio boasts over 200 accelerated start-ups and \$11 million in completed and under negotiation investments.





ALSARO COOPERATIVE

Alsaro is a Jordanian cooperative that aims to create income generation and decent working opportunities for its members within the olive oil production and processing fields. It also works towards enhancing the quality of products they make to meet international standards and widen their market access.



ROBOTNA

Robotna is a Jordanian SE that aims to enhance the cognitive and scientific skills of youth and spread knowledge on sciences, such as AI, coding and robotics by integrating them with academic subjects. Robotna provides STEM training programmes to students and teachers from vulnerable Jordanian, refugees & migrant communities.



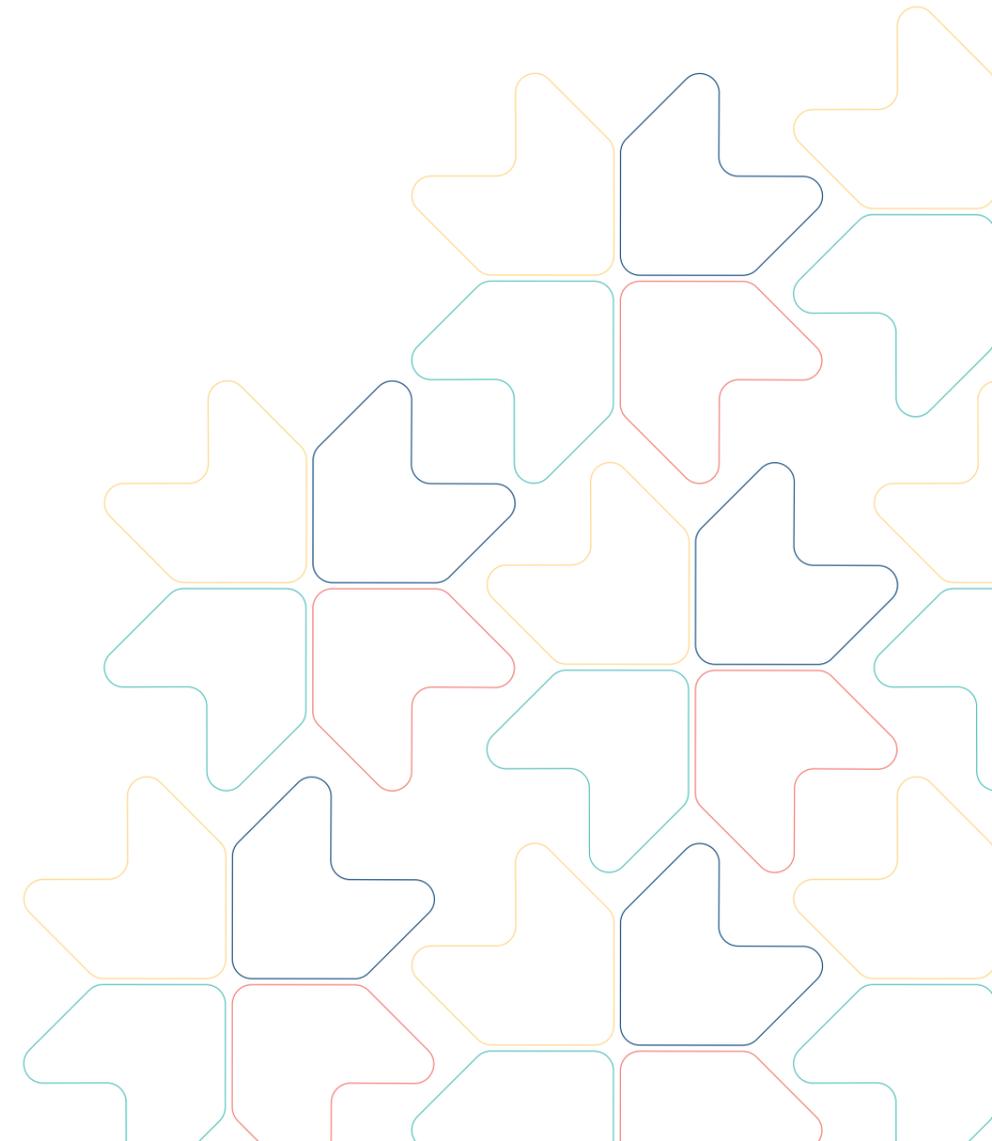
02

HOW TO MEASURE AND MANAGE SOCIAL IMPACT?



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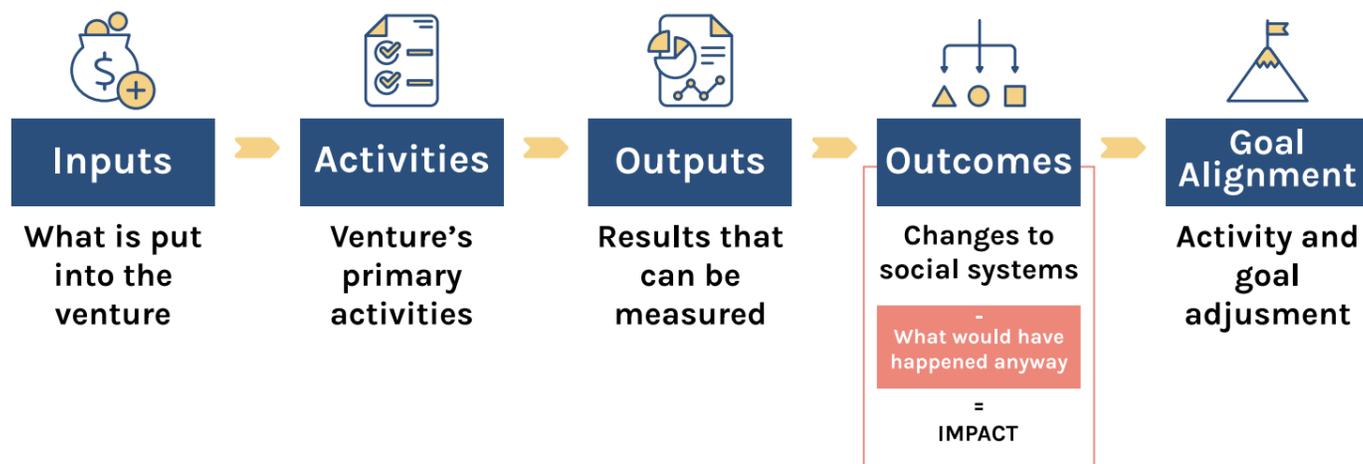
1. WHAT IS SOCIAL IMPACT?

The concept of social impact is primarily and directly related to the social value produced by organisations. Although any business can have a social impact, nonprofit organisations and SEs are explicitly designed to create social value while addressing social challenges. They are therefore expected to produce social impact.

Social impact is defined based on four elements:

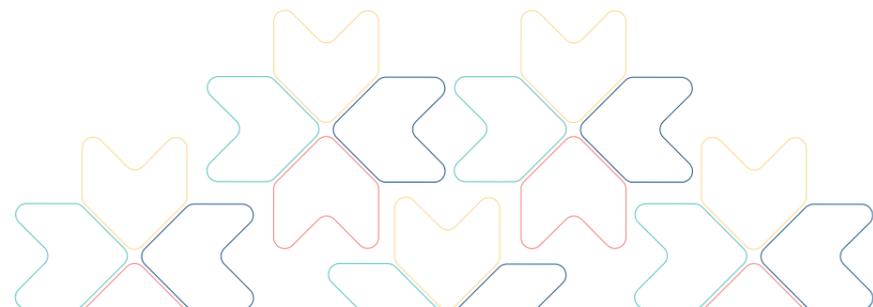
- ▶ The value created as a consequence of someone's activity
- ▶ The value experienced by beneficiaries and other affected people
- ▶ The impact that includes positive and negative effects
- ▶ The impact that is assessed against a benchmark of what the situation would have been without the proposed activity

IMPACT VALUE CHAIN



YADAWEE

Yadawee is an Egyptian SE that trains women artisans from disadvantaged backgrounds across Egypt - including those from refugee and migrant communities - to produce authentic crafts using local materials. By selling these products in local and international markets, Yadawee allows the women to earn a reliable, dignified income to support their families.



2. WHAT IS SOCIAL IMPACT MEASUREMENT?

Impact measurement and management (IMM) is the process by which an organisation is able to identify, track, monitor, evaluate, and report on their impact on target groups. It involves assessing changes in economic, social, and environmental well-being that result from specific activities, both during or after their implementation. It provides valuable insights into the impact associated with a SE's activities. IMM goes beyond assessing immediate results and encompasses longer-term outcomes, such as changes in knowledge, skills, attitudes, and behaviour, to ensure that SEs achieve their intended goals. Furthermore, IMM enables SEs to explore unintended consequences, be they positive or negative, arising from their activities.

3. WHY MEASURE IMPACT?

IMM allows SEs to demonstrate impact, improve organisational performance, and strengthen and secure strategic investments. In other words, it ensures the organisation's future sustainability. It allows SEs to provide proof of impact to their various stakeholders such as customers, investors, and donors, and helps them communicate it. In other words, they gain legitimacy and credibility from their users and investors. IMM should also

be utilised in guiding, setting and monitoring organisational goals and targets, and making better decisions for improved performance.

In that sense, IMM becomes crucial for SEs to ensure that their work remains aligned with their mission and objectives, as well as with the needs and priorities of their target group and wider community. This is particularly important for SEs working with vulnerable groups, such as women, migrants, and refugees, who face systemic barriers that limit their access to resources and opportunities, making it harder for SEs to achieve their goals.

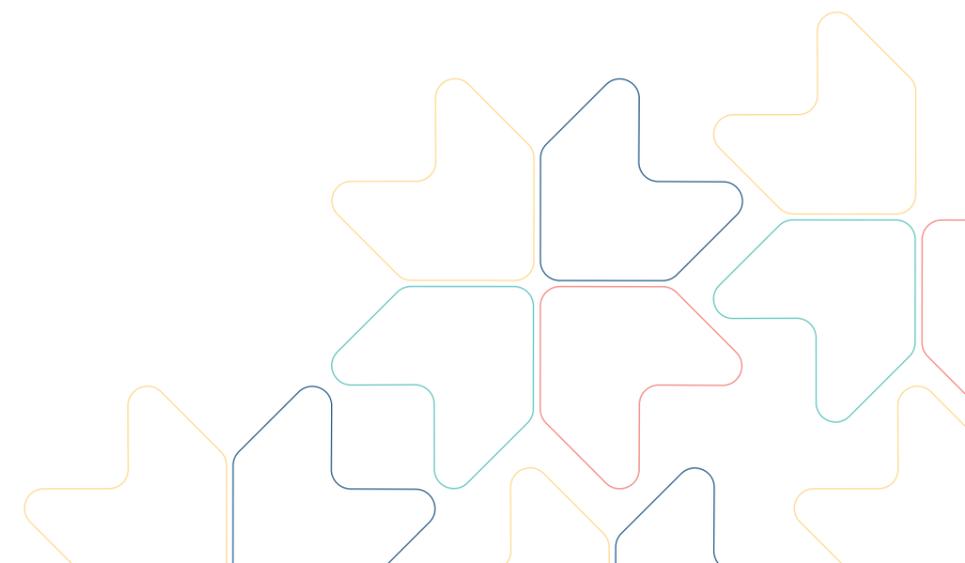
Accordingly, the value of IMM for SEs goes beyond identifying and tracking the results of their activities over time. Collecting the right data that informs their strategic and operational decisions helps SEs:

- ▶ Improve the design of existing products, services and activities.
- ▶ Scale up products, services and activities that are working well.
- ▶ Replace ones that aren't working with new ones.
- ▶ Develop strategic partnerships to enhance impact.
- ▶ Create more sustainable business models and set achievable goals.

4. IMPACT MEASUREMENT AND MANAGEMENT GUIDING PRINCIPLES

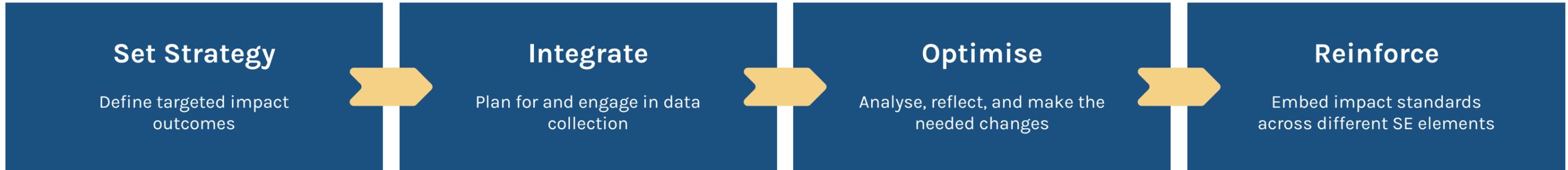
- ▶ Transparency and accountability
- ▶ Reliability and relevance (information provided should be gathered, analysed and reported while maintaining quality and verifiability)
- ▶ Accuracy (accurate and detailed information) and clarity (understandable and accessible information)
- ▶ Comparability and consistency (it should allow the analysis of the organisation's performance over time and relative to other SEs + clear assessment of trade-offs and benefits generated through activities)
- ▶ Collaboration (both internal and external)
- ▶ Timeliness (periodic reporting)

*Beyond Group (2020), A Guide to Social Impact Measurement [unpublished]



5. IMPACT MEASUREMENT AND MANAGEMENT STEPS

The four-step process allows organisations to systematically embed IMM into their core operations and be guided by its outcomes across their different strategic and operational decisions in order to make informed decisions and achieve their impact goals.



An impact strategy is a structured plan that enables an organisation to identify, create and measure its positive social and environmental impact. The objective of this step is for the SE to have a concise and effective impact strategy that harmonises with its values and goals, while effectively meeting the needs of its target groups.

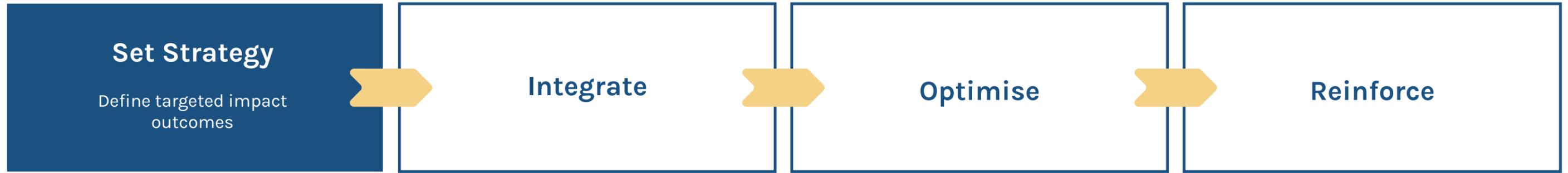
This step is focused on integrating the impact strategy and its various components into the enterprise's day-to-day operations and decision-making processes. Developing a “data for decision-making” mindset will ensure that decisions made are informed and effective, while developing an “impact thinking” mindset will inspire the enterprise to come up with ideas for improving and developing what it does to maximise its impact.

Through this step, SEs use the gathered data and generated results to guide their decision-making, as they reflect on the effectiveness of their strategy, products and services, and consider possible changes that can create more value for target groups.

This final step empowers SEs to integrate their data-driven impact goals and decisions more fully into the highest levels of governance within their organisations. It enables them to reassess their commitment to managing for impact as contexts continuously evolve.



STEP 1: SET STRATEGY



1. Defining your Purpose (The Why)

Set the SE's vision by asking yourself "what is the enterprise's purpose and key strategic objectives?"

2. Identify Impact Outcomes

- Consider the two entry points to approaching social/environmental issues and objectives:
 - **Eliminating negative impacts** by reducing risks to people and the environment.
 - **Creating Positive impact** through beneficial products, services, or investments.

- Conduct a **value chain analysis** to determine what positive outcomes can be created or negative ones eliminated at each part of the process (**The What**).
- **Identify your stakeholders (The Who)** and incorporate their views to understand what is most important to them.
- **Look for the root causes of the problem** to help create effective solutions.
- **Map your outcomes against your stakeholders** (match the Whats with the Whos).

3. Prioritise Impact Outcomes

Financial materiality defines material impacts as those which are likely to have significant influence on the financial performance of the business. Stakeholder materiality defines material impacts as those which are significant to the stakeholders experiencing them. They may be caused by the enterprise's direct activities, its value chain, supply chain, or relevant to its organisational and sustainable development context. Use a Materiality Prioritisation Map to help identify parts of the business that may be high in both financial and stakeholder materiality.

4. Define Impact Goal and Level

An Impact Goal represents what a SE aims to achieve or the part of the bigger problem that it aims to try to change. Each impact goal can be categorised based on the type or level of impact that it strives to achieve. SEs can define their targeted impact by:

- The "Impact Management Project's" levels of impact:
 - A - act to avoid harm
 - B - benefit stakeholders
 - C - contribute to solutions
- The depth and breadth of targeted Impact:
 - Shallow for many
 - Deep for a few

IMPACT TIP

Most important questions to answer while identifying impact outcomes:

- What problem are we trying to solve?
- What is our proposed solution to the problem?
- Who experiences changes in their lives as a result of what we do?
- What changes are (or are likely to be) experienced?
- How can we measure these changes?
- Which changes matter and are important enough for us to manage?

IMPACT TIP

Most important questions to answer while prioritising impact outcomes:

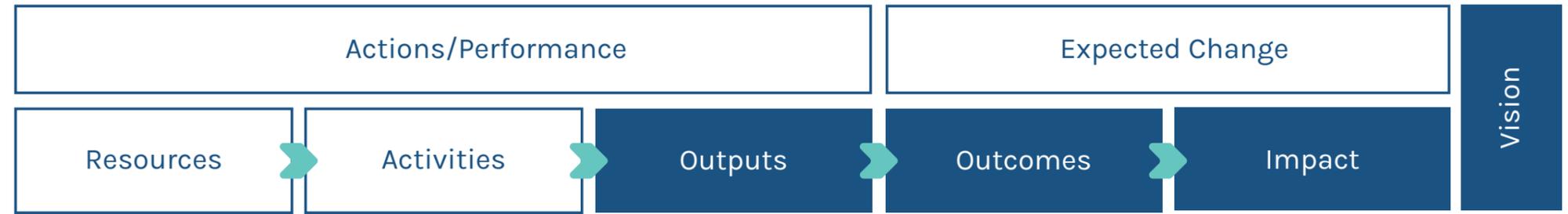
- Which part of the problem should I tackle?
- Who else is tackling this problem?

5. Develop a Theory of Change (ToC)

Developing a full Theory of Change (ToC) is critical for any SE, as it constitutes the starting point for any impact measurement system. A ToC represents an organisation's approach to creating change across its different stakeholder groups. Developing a ToC with the involvement of stakeholders' representatives including staff, volunteers, funders, and beneficiaries will ensure the relevance and effectiveness of the developed products, services and interventions.

A TOC answers the following questions:

1. What impact do you hope to achieve?
2. What are the actions that you will take to achieve your targeted outcomes?
3. How will you know when you've achieved them?



Theory of Change

Resources	Necessary inputs that make the solution work. These can be physical, intellectual, human and relational.
Activities	What is accomplished with resources.
Outputs	What is originated by the activities in a direct and tangible way; important to define units to measure!
Outcomes	Change generated by activities; it is important to find suitable indicators to measure results.
Impact	Long-term change derived from the results and that ideally brings us closer to the vision

IMPACT TIP

It is important to distinguish between outputs and outcomes of an intervention:

- Outputs are results that can be directly measured or assessed such as the number of beneficiaries participating in the programme, or beneficiary completion rate.
- Outcomes are the ultimate changes that one is trying to make in the world, such as lower unemployment rates, or improved living standards for beneficiaries.

6. Define Your Impact Measurement Approach

Consider who the evaluation is for:

- Public investors ➤ Are interested in cost-benefit analysis to acquire knowledge about the net cost or net benefit of subsidisations.
- Private investors ➤ Are interested in Return on Investment (ROI) to understand the social performance of a SE in order to assess the investment's social and financial impact.
- Communities ➤ Are interested in Social Accounting and Auditing to understand how the activities undertaken are improving people's lives.

Consider different evaluation methods:

- **Process methods** track the outputs of operational processes to assess the extent to which the desired results have been achieved, such as ToC, Balanced Scorecard, Social Return Assessments, and Acumen Scorecard.
- **Impact Methods** prove the incremental outcomes that go beyond what would have naturally occurred without the intervention, such as Balanced Scorecard, Ongoing Assessments of Social Change, and AtKisson Compass Assessment for Investors.
- **Monetisation methods** help translate outcomes into monetary value such as Social Return on Investment, Cost-Benefit Analysis and Poverty and Social Impact Analysis.

IMPACT TIP

Most important questions to select the methodology to adopt:

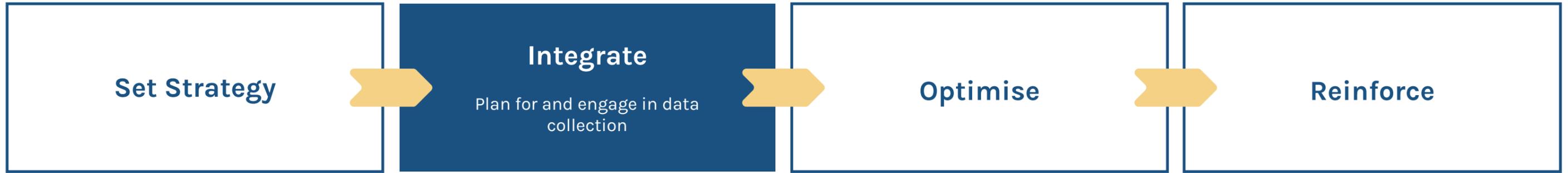
- What are the objectives of the evaluation?
- What resources are available (financial, human resources, etc.)?
- How much time is available?
- How complex is the project?
- Who is the evaluation for?



**LA
BROCANTE**

Based in Lebanon, La Brocante is a SE acting under the Arcenciel NGO. It collects used furniture and appliances donated by households to restore, up-cycle, and resells them at reasonable prices. It also empowers disadvantaged youth from vulnerable backgrounds by establishing in-depth educational and upskilling programmes.

STEP 2: INTEGRATE



1. Develop a Data-Driven Mindset for Effective Decision-Making

- Align impact measurement processes with actionable decisions to ensure that the company can make better-informed decisions and produce improved outcomes socially and financially.
- Align data quality with decision importance.
- Consider trade-offs between data relevance, actionability, precision, and cost to get good enough data. In some cases, to have data available in time for a decision, some loss of accuracy may need to be accepted.

2. Decide What to Measure

To measure change and compare the situation before and after, indicators are best decided before products, services or activities are launched. To measure how much change has occurred, two data points are needed: one at the start of the activity (baseline) and one when the outcome occurs.

The 5 dimensions of data collection are as follows:

- **What** indicators describe the outcomes achieved by tracking; outcome level, threshold, and importance as well as overall objective or Sustainable Development Goal (SDG) related thereto.
- **Who** indicators describe the target group of the product/service/activity by tracking, stakeholder group, stakeholder characteristics, geographical region, and baseline outcomes.
- **How Much** indicators describe the parameters of impact achieved by tracking; outcomes scale, outcomes depth, and outcomes duration.
- **Contribution** indicators measure the extent to which the product/service/activity has contributed to the recorded outcomes.
- **Risk** indicators identify potential risks associated with the product/service/activity and assess the level of risk involved.

3. Set the Data Collection Plan & Process

A data collection plan guides the data collection process for each outcome by listing all indicators to be measured, how will they be measured, when, how often, who will be involved in their measurement, and the volume of data required, among others. A comprehensive data collection plan includes:

- | | |
|---|--|
| <ul style="list-style-type: none"> • Stakeholder group • Characteristics for possible segmentation • Baseline data required • When should data be collected • How frequently should data be collected • Time period for data collection | <ul style="list-style-type: none"> • Indicators • Counterfactual Indicators • Attribution • Relative value • Duration • Data collection method/approach • Data collection tools • Target response rate |
|---|--|

To set a data collection plan:

- Identify the impact collection approach. Around 27 tools and approaches are available for measuring impact, with varying degrees of credibility.
- Identify and design the data collection tools, choosing among interviews, focus groups, standardised surveys, customised surveys, etc.
- Decide who will handle the data collection, an in-house team or a neutral third party.
- Decide how much data needs to be collected.

Quantitative vs. Qualitative Data Collection

	Quantitative Measurement	Qualitative Measurement
Definition	Uses numerical data to quantify impact	Collects descriptive, non-numerical data
Purpose	<ul style="list-style-type: none"> • Provides measurable, quantifiable results • Useful for aggregating and comparing data 	<ul style="list-style-type: none"> • Captures in-depth insights and narratives • Provides insights into experiences, motivations
Data Type	Objective, numerical data	Subjective, narrative data
Tools	Surveys, questionnaires, statistical analysis	Interviews, focus groups, case studies
Strengths	Allows for statistical analysis and comparison	Captures rich contextual information
Limitations	May oversimplify complex social phenomena	Relies on subjective interpretation



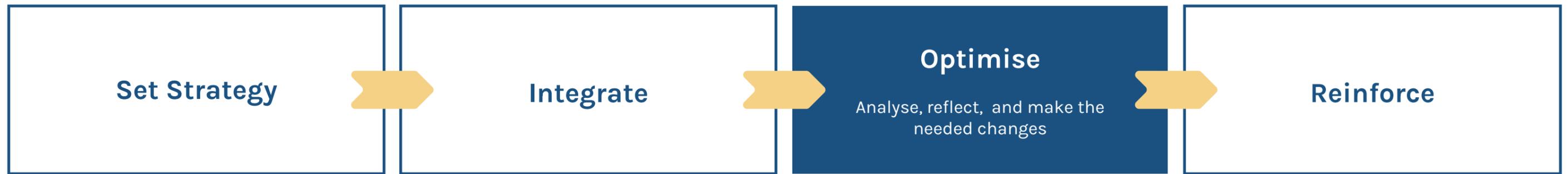
Taken by Duma

IMPACT TIP

While setting a data collection plan, ask yourself:

- Can collecting this data be added to an existing process or do we need to create a new process?
- Will we include everyone or use representative samples? Are there other ways to lower costs while maintaining credibility?
- How will we ensure the data we get is representative of different stakeholders with different characteristics and experiences?
- How frequently will we collect data for each metric?
- How will we design for disaggregation of data, such as by income, gender, age, ethnicity, geography, or other factors relevant to our impact goal?
- How will we ensure data is of high quality and unbiased?
- How will we assess risks associated with the resources, methods, and limitations of the data collection process?
- How will we actively combat gender, power or ethnicity bias in data collection, storage, analysis, and use?

STEP 3: OPTIMISE



1. Analyse your Data and Assess your Performance

The first step to optimise impact performance is analysing the collected data, looking for evidence that activities are meeting the impact goal as well as the forecasts or targets set, and exploring ways of increasing impact.

Ask yourself: Did we achieve our impact goal? If not, why?

2. Understand Deviations

Explore the areas where performance deviated from expectations and consider possible reasons for such deviations. The objective is to understand the reasons behind both poor and solid performance, because there are relevant learnings in both scenarios that should inform future decision-making.

3. Optimise Through New Actions

At this stage, it is vital that the SE reflects on its strategy, products and services while identifying decisions that need to be made to improve performance and increase impact.

One of three types of decisions is expected:

- ▶ Stop what is not working.
- ▶ Change approaches, products, services, or impact targets.
- ▶ Scale-up what has worked to create more impact.

IMPACT TIP

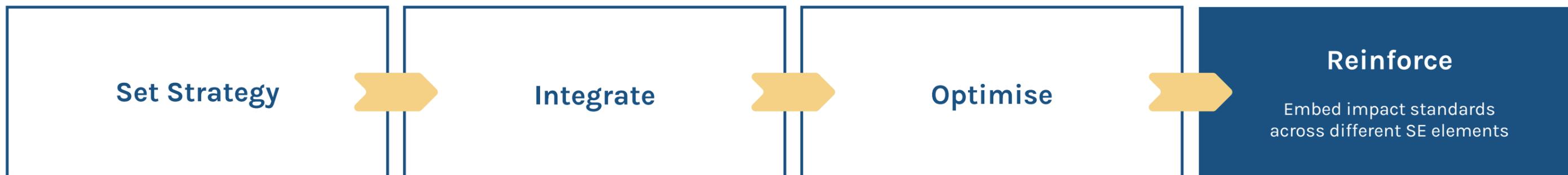
Most important questions to answer at this stage:

- ▶ Do we have the right strategy? Should we stop what we are doing if it isn't creating enough value for our target groups?
- ▶ Should we change our products and services, and innovate to create more value for our target groups?
- ▶ Should we scale-up in order to create more value for our target groups?



Taken by Aeady Albadia

STEP 4: REINFORCE



1. Deepen your Commitment to Value Creation

There are four main areas where a SE can deepen its commitment to creating value.

► Governance:

- ▷ Ensure the board's involvement, competence, and oversight in guiding the organisation towards achieving its impact outcomes, all the while showing commitment to promoting a culture of learning and development.
- ▷ Ensure that some of the SE's target audiences or beneficiaries are involved in the governance of the organisation. This could be reflected in the organisational structure in several ways, for example:

- The organisation is owned by users or beneficiaries.
- Users or beneficiaries are represented on the board.
- Users or beneficiaries are involved in setting the strategy through formal consultation.

► Strategy:

- ▷ If the SE is directly creating impact through the provision of goods and services to its customers while charging money in return, it is important to evaluate how impact is being achieved and captured through everyday business processes.
- ▷ If the SE is generating profits to finance the activities that contribute to creating impact, it is crucial to consider how both the intended impact and unintended consequences of those activities are being captured and analysed. This aims to enhance positive consequences and mitigate negative ones.

► Management Approach:

- ▷ Align internal operations with the achievement of impact outcomes.
- ▷ Set incentive structures for embedding impact considerations at all levels.
- ▷ Allocate sufficient financial and nonfinancial resources for the development and implementation of a solid impact management system.
- ▷ Ensure the team does not only possess the right skills for their work but also shares a commitment to the mission and culture of the SE.

► Performance and Targets:

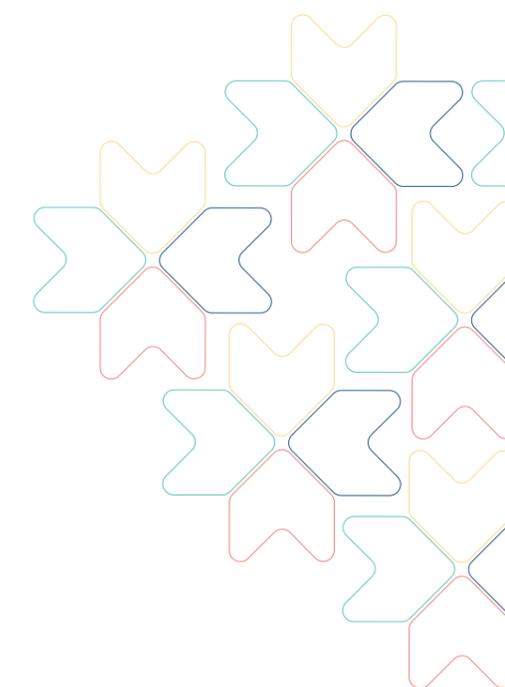
- ▷ Commit to reporting on short, medium, and long-term targets, describing what happened, and coming up with potential hypotheses about why it happened.

2. Disclose Progress to Key Stakeholders

in order to create transparency with stakeholders and the public about the SE's actual impact, both intended and unintended, as well as its progress and impact-related learnings.

Reinforce

Embed impact standards across different SE elements



IMPACT TIP

To help maximise value creation through management approach:

- Integrate Impact Thinking into the culture of your SE.
- Assign overall responsibility for impact to someone on the team.
- Make sure people have the right training related to impact outcomes.
- Build impact management into job descriptions to ensure that many team members have responsibilities that contribute to achieving impact outcomes.



STARTUPS WITHOUT BORDERS SUMMIT

STARTUPS WITHOUT BORDERS

Startups Without Borders is a MENA-region hub that aims to build the start-up ecosystem of local and refugee entrepreneurs through facilitating access to resources, networks, training and mentorship opportunities, investment opportunities and partnerships.



ARDKON

Ardkon is a Lebanese democratised fundraising platform that accelerates civic engagement and participation by turning public demands into innovative assets. It also raises awareness and active engagement towards entrepreneurship activism by providing a technological ecosystem and fundraising models to expand opportunities of grassroots participation.

6. IMPACT MEASUREMENT AND MANAGEMENT FOR ENTREPRENEURS

Interview with Abdelrahman Nagy, Director of Learning and Strategy at Sawiris Foundation for Social Development



What do you recommend for entrepreneurs as they start a new project?

The thing that I usually recommend to entrepreneurs starting a project is to ask themselves, “Why am I doing this?” This will help them understand the market and its needs. Then they should ask the question “What?”. What should my objective be? They should subsequently develop the “How?”, or how will I achieve my objective? And as part of developing the “How”, they identify “Who” will be their beneficiaries and customers.

My main concern for entrepreneurs is that they are usually very eager to hit the ground running, so they start too fast, and do not spend enough time planning for the project or checking the resources.

How can social entrepreneurs select the right tools for impact planning and measurement?

They start with the theory of change because when they have clear objectives, they can

develop intermediate results and then proceed to indicators. Then they will be able to develop the needed measurement tools for those indicators.

One big challenge that I often encounter with entrepreneurs is their overreliance on qualitative tools, which come with inherent biases and huge blind spots. Qualitative tools are great for understanding the context or justifying the results, but they cannot be solely relied upon to understand a situation or to provide evidence to validate the success of an intervention.

So, I always recommend that they complement qualitative assessments with quantitative ones. They can resort to basic quantitative assessments such as a pre-test and a post-test, conducting simple difference, difference-in-differences, or regression analysis. If they can, and are working with a wide enough group, they can collaborate with academics to conduct Randomised Controlled Trials (RCTs) to measure their impact more precisely and understand the cause-and-effect relationships of their intervention.

By doing so, entrepreneurs can obtain compelling evidence to enhance the quality of their work, optimise resource utilisation, and maximise their impact. Incorporating quantitative tools into their approach can also be instrumental in attracting funding, as many donors are very keen and interested in supporting projects that are based on scientific evidence.



SOUFRA

Soufra is a Lebanese refugee camp-based catering company. Its aim is to change the perception of women refugees and empower them to play a productive and leading role in their communities.

Abdelrahman Nagy's Checklist for Social Entrepreneurs:

I believe that this checklist will significantly help entrepreneurs and ensure that they have the minimum requirements of success for the first 2 or 3 years.

- ✓ What is our theory of change? Including Why, What, How, Who, When (to start this project), and Where (to do it).
- ✓ Do we have the qualifications and skills needed for this kind of work? If not, what do we need to be able to proceed with this project?
- ✓ Who are our stakeholders? Conducting a stakeholders' analysis will help entrepreneurs understand who is doing what, who might be supportive of this idea, who might be against it, and who should just be kept aware of the progress.
- ✓ Do we have the needed resources? This includes an evaluation and allocation of the available financial resources, human resources, and any other types of needed resources.
- ✓ Will this idea/project be acceptable by the community?

- ✓ What is unique or different about this idea/project?
- ✓ How can we ensure the sustainability of this idea/project? What I really love to see is not only the objective of a SE, but what their next steps after achieving the first objective or the first milestone will be. This is of particular importance now amid a fast-paced environment that has witnessed the AI revolution and the rise of ChatGPT, which has drastically changed the way everything is done.
- ✓ Do we have the measurement tools to monitor and ensure our progress?
- ✓ Do we have a technical advisory team? These are basically people that the team can turn to for advice on what to do, what not to do, and for support through challenges.

IMPACT TIP

- ▶ Simple Difference: Basic comparison method that measures the difference in outcomes between two groups or conditions.
- ▶ Difference-in-Differences: Statistical technique that compares changes in outcomes between an experimental group and a control group before and after the intervention to estimate causal effects.
- ▶ Regression Analysis: Statistical method that examines the relationship between a dependent variable and one or more independent variables to determine the strength and significance of the association.
- ▶ A/B testing: a technique that compares two versions (A and B) of something, like different programme components or delivery methods, to see which one performs better.

What challenges do entrepreneurs encounter with quantitative impact measurement?

The first is time because entrepreneurs like to get started very fast, they don't spend enough time using quantitative tools, which in many cases might be faster, but they do not realise it.

The second is the assumption that using quantitative tools needs a lot of financial and human resources, which I partially disagree with.

Some quantitative tools do require a substantial amount of money, time, and resources, but there are others that do not, like using a technological solution to do A/B testing, or resorting to online forms. All of these can be easily analysed to understand the initial situation and what happens after your activities.

The third is the information barrier. There are a lot of institutions and skilled researchers around the world that would be happy to cooperate with entrepreneurs in conducting rigorous evaluations such as RCTs. Such researchers may work with them completely for free and may also help with raising funding to cover the costs of the impact evaluation, even though these studies will be of huge added value to these start-ups.

For example, in Egypt, Uber collaborated with Harvard professors to conduct an evaluation on the impact of using Uber on reducing sexual harassment. The evaluation showed that using Uber significantly reduced sexual harassment, which is an invaluable finding that Uber can use and disseminate widely, especially considering

that these results were developed by independent external researchers, using RCTs. There are hundreds of PHD candidates across the globe who would love to have access to this kind of data and help SEs maximise their impact. Differently put, there is a wealth of academic resources that remains untapped due to the information barrier that prevents these opportunities from being fully utilised, thereby limiting exposure for social entrepreneurs.

The fourth is that in some cases I get the impression that entrepreneurs themselves don't want to engage in such rigorous evaluations because they are not certain about their intervention. They are not sure what conducting an impact evaluation may reveal.

What are major pitfalls or mistakes that entrepreneurs often encounter when embarking on their journeys?

One significant challenge is that SEs need to find the right balance between their social and business aspects. When a SE is launched, it clearly highlights its impact on the community, but as it grows and evolves, there is always a question of which dimension of its model will dominate, impact or business? And in many cases, I see entrepreneurs focus more on their revenue than their impact on the community. Achieving a balance between social impact and revenue is critical, and most of the time, SEs face this challenge.

Another big challenge for social entrepreneurs is that they usually refer by the word "impact" to the results they have achieved, which are two

completely different things. Impact is the change you make in a community or target group, the changes made because of your involvement, that never would have happened otherwise. But instead, entrepreneurs tend to say, "We have trained 2,000 people, opened 2,000 projects, so we supported the 4,000 people," and so on, which is great, but these are their results, and they do not mean that they have made an impact. This makes me wonder if these entrepreneurs understand what impact is to begin with.

What advice would you like to give to social entrepreneurs and endorsement structures?

Before starting their projects, entrepreneurs need to spend more time planning and developing a theory of change, and going through all the items on the checklist, then naturally impact measurement will be embedded in any plan they have.

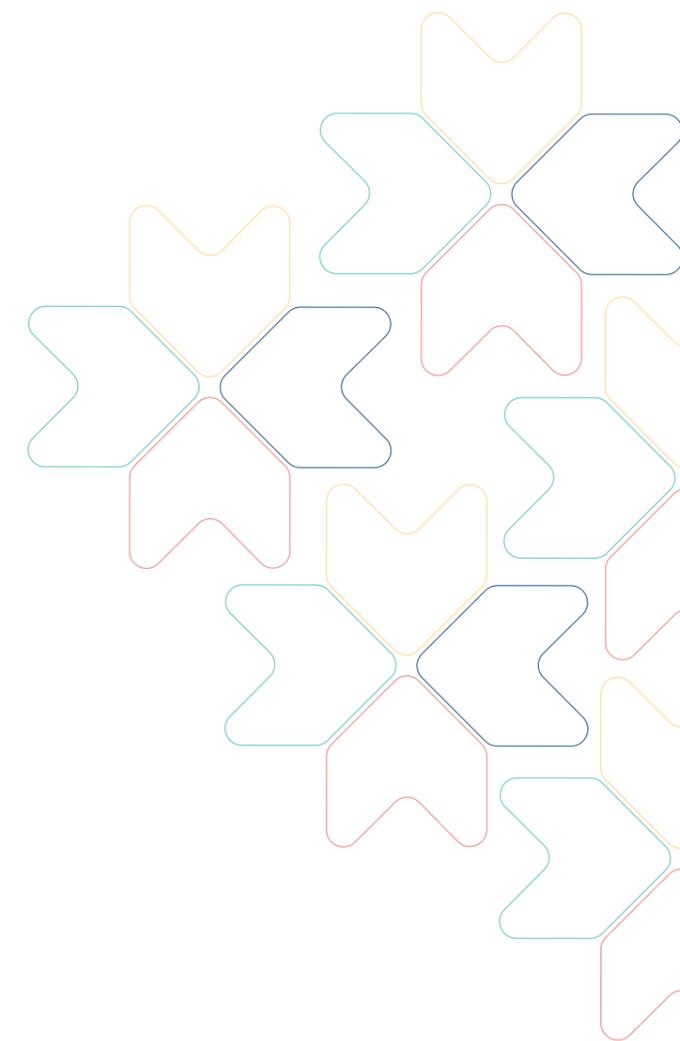
It might also be useful to have a committee of advisors for entrepreneurs that will be available and ready to support them completely for free, or in exchange for minimal fees. Entrepreneurs can ask these experts for advice or to validate the quality of their idea before launching a project. In the UK for example, there is a list of endorsement bodies or organisations.

Basically, whenever someone develops a new idea, they need to go to one of them to endorse this idea, ensure that it makes sense, and includes the fundamentals of a successful project. It may be useful to have a similar entity that can validate any new idea and ensure that it is ready to start. They can also play a significant role in addressing

information barriers.

It is crucial to make the best use of academic resources. Respecting science is the only way for you to maximise your impact, anything else would be deemed as a very high risk.

Finally, making mistakes is an inherent part of the journey, it is completely normal and it helps you learn. It is also completely fine not to be able to be a successful entrepreneur.



7. IMPACT MEASUREMENT AND MANAGEMENT RESOURCES AND TOOLS

The following was developed by Beyond Group and presents a categorization of a sample of useful resources and tools that SEs can utilise to guide and report on their social impact throughout the different stages of their life cycles.

Impact measurement Instruments for Early Stage SEs

Impact measurement Instruments		Tools/Resources
Theory of Change	A summary of how change is expected as a result of a set of activities. It encompasses the problem they are trying to address, the changes they want to make (impact goals), and what they plan to do (activities).	NESTA Theory of Change
Logic Model	It represents the chain of causes and effects and the relationships among the resources, activities, outputs, outcomes, and impact of a SE.	W.K. Kellogg Foundation Logic Model Development Guide Social Impact Navigator: The Logic Model and its Components
Social Business Model Canvas	A tool designed to help social entrepreneurs build strong business models and a clear value proposition for their enterprises. Key elements are identified through this tool starting from resources to segments, channels, partners, and stakeholders.	Social Business Model Canvas

Impact measurement Instruments for Start-up Stage SEs

Impact measurement Instruments		Tools/Resources
Key Impact Indicators	Impact indicators measure the accomplishment of a SE's goals and outcomes. They are metric sets that can be both quantitative and qualitative. The choice of key impact indicators can depend on the audience receiving the information, the outputs and outcomes to be measured, or the sector and industry that the enterprise is operating in.	Impact Management Project GIIN's IRIS+ Thematic Taxonomy GIIN's IRIS+ Core Metric Sets Global Reporting Initiative (GRI) Standards
Sustainability through the SDGs	Reporting impact in relation to the realisation of the SDGs.	The United Nations Development Programme's (UNDP) Business Call to Action Impact Lab The Global Impact Investing Network IRIS+ and the SDGs

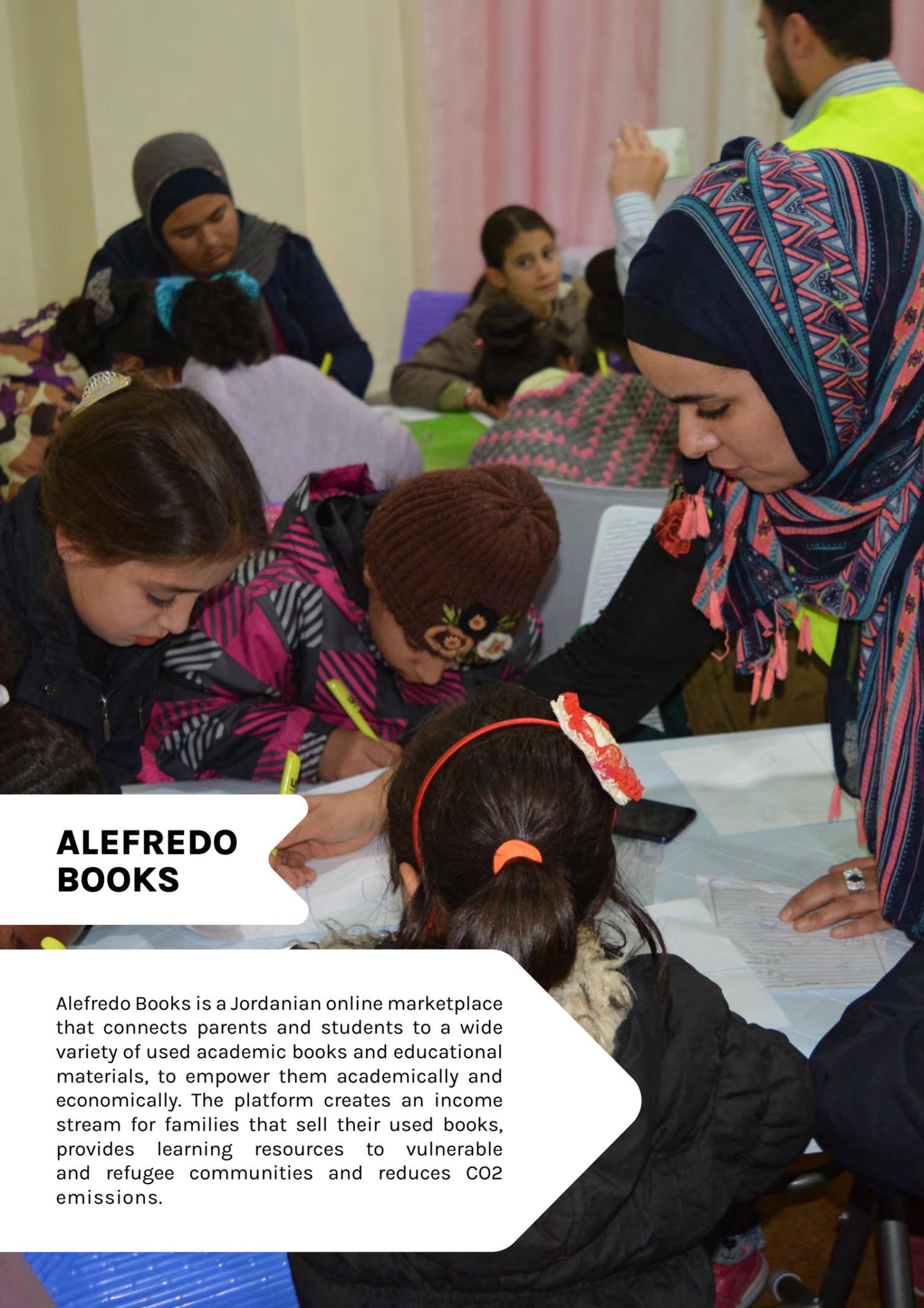
Impact measurement Instruments for Growth Stage SEs

Impact measurement Instruments		Tools/Resources
Total Impact Measurement & Management	Holistic measurement systems that allow decision making on a broader set of metrics and data.	Pwc's Total Impact Measurement & Management
Cultural Change Impact Framework	A tool to assess the cultural change triggered by an organisation's activities, including changes in attitudes, capabilities, relationships, environments, and more.	NESTA Cultural Change Impact Framework
Randomised Controlled Trials	A rigorous tool used to assess the effectiveness of interventions by comparing outcomes between the experimental group receiving a specific intervention and a control group. They are considered the gold standard for evaluating causal relationships between interventions and outcomes.	RCTs
Global Value Exchange	Free and open resource providing the knowledge and tools SEs need to measure, manage, and report on their social impact.	Global Value Exchange



DOODA SOLUTIONS

Based in Lebanon, Dooda Solutions is an earthworm farm that aims to produce high-quality vermicompost at large scale. They provide alternatives to chemical fertilisers through a competitive range of products that are tailored to farmers' s needs and are capable of restoring the soil ecosystem.



ALEFREDO BOOKS

Alefredo Books is a Jordanian online marketplace that connects parents and students to a wide variety of used academic books and educational materials, to empower them academically and economically. The platform creates an income stream for families that sell their used books, provides learning resources to vulnerable and refugee communities and reduces CO2 emissions.



MRAYTI

Mrayti is a Jordanian SE that aims to empower local cosmetics' producers by making their products suitable for and available to international markets. Mrayti's e-commerce platform offers a large selection of natural and organic homemade beauty products, creating income generation opportunities for female stylists from Jordanian, refugee & migrant backgrounds.



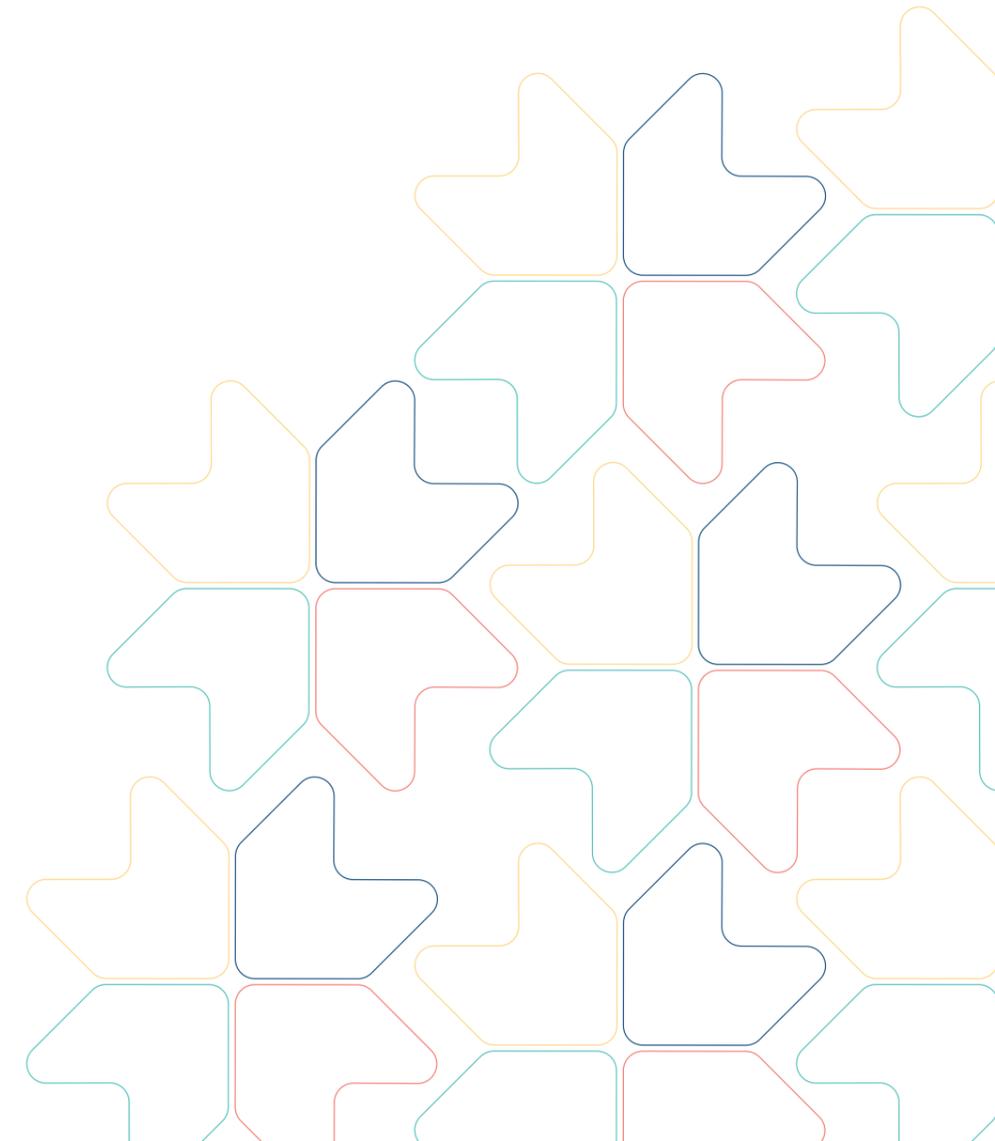
03

HOW TO DESIGN MORE INCLUSIVE PROGRAMMES?



CONTENTS

- 1. Why Inclusive Programmatic Design for Social Enterprises?**
- 2. Features of an Inclusive Programmatic Design**
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- 4. How to Foster Inclusivity at Each Phase of the Programmatic Design Process?**
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1. WHY INCLUSIVE PROGRAMMATIC DESIGN FOR SOCIAL ENTERPRISES?

SEs play a critical role in addressing the most pressing challenges of vulnerable groups, such as women, migrants, refugees, and people with disabilities, among many others. These groups often face systemic barriers to education, employment, and economic opportunities. SEs are uniquely positioned to address these challenges.

For example, SEs that focus on providing job training and employment opportunities for women can help reduce the gender pay gap and promote gender equality. Similarly, SEs that provide services and support to migrants and refugees can aid in their integration into local communities and provide them with the skills and resources they require to succeed. Furthermore, SEs led and owned by members of these vulnerable groups can serve as powerful role models and advocates, assisting in the dismantling of stereotypes and challenging the status quo.

By adopting market-based approaches to crisis management and social/economic/environmental problem-solving, harnessing the powers and talents of those vulnerable groups, and providing them with opportunities to learn, create and become a part of the solution, SEs are set to transform our social, economic, and political realities. They provide sustainable and scalable solutions that aim to create more

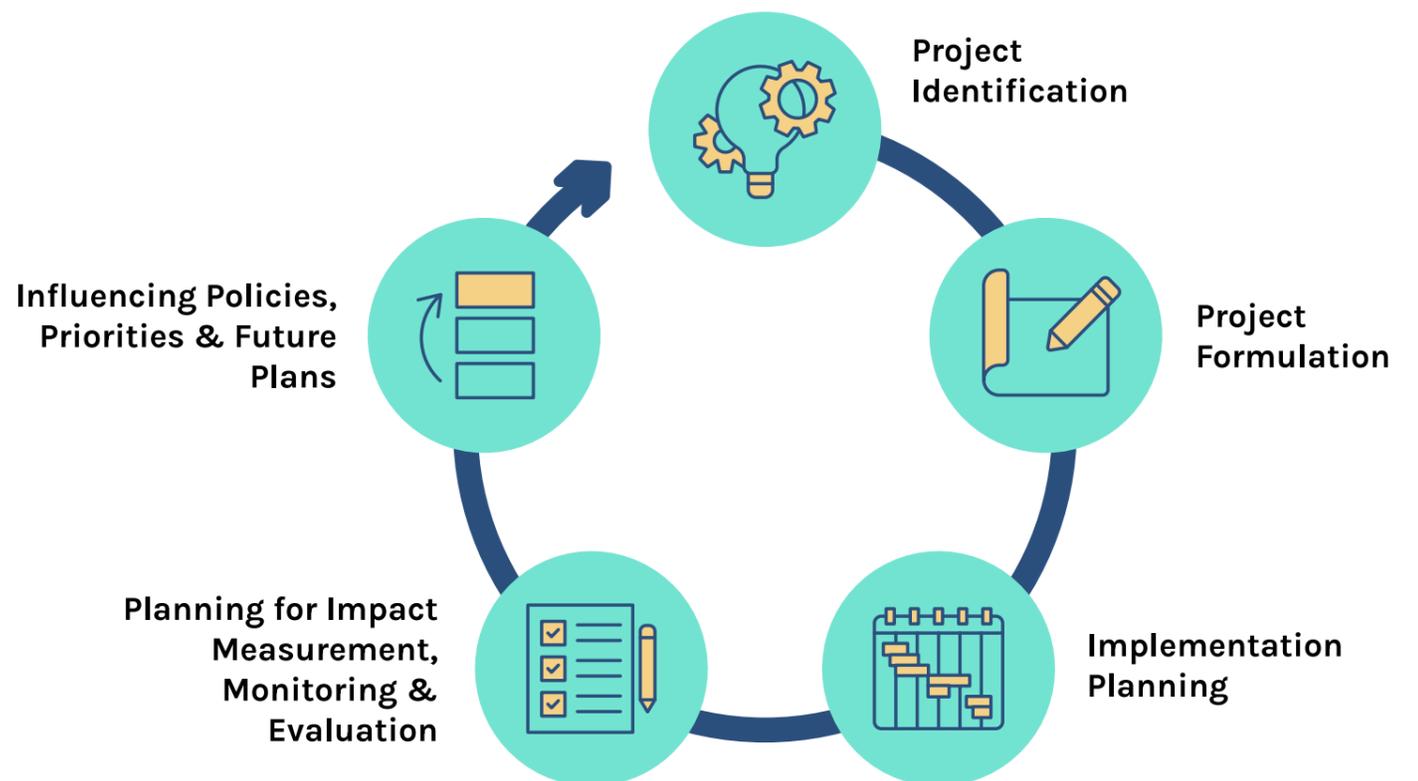
diverse, inclusive and equitable societies. As a result, many support programmes exist, and new ones are constantly being developed by international agencies, donors and governmental entities. Their aim is to assist SEs on their journeys of growth, development, and expansion, hoping that these organisations will provide innovative, cost-effective, and scalable solutions to the challenges that befuddle our world.

Nonetheless, the projects and programmes that are targeting SEs - or that are being implemented by SEs and targeting local communities, women, migrants, refugees - are mostly shaped by the strategies, priorities and processes of funders and high-level actors. In many cases, they are designed in complete isolation of the end beneficiaries. As a result, the process of programme/project design is hampered by a lack of contribution from social entrepreneurship ecosystem actors, particularly the end beneficiaries and SEs - especially those led by the most vulnerable members of society, such as women, migrants, and refugees.

This entails a significant opportunity cost in terms of programme effectiveness, context suitability, fit with the specific needs of these organisations or groups, ownership and sustainability of the programmes, and their impact.

This gap can only be addressed by improving the quality and impact of projects and programmes delivered by SEs and SEs, making them more inclusive of key target groups, responsive to their basic needs, and representative of their voices, through promoting inclusivity at each of the four key stages of project design, which are:

1. Project identification
2. Project formulation
3. Implementation planning
4. Planning for impact measurement, monitoring, and evaluation as well as an additional step to close the cycle by influencing policies and priorities.



2. FEATURES OF AN INCLUSIVE PROGRAMMATIC DESIGN

Given the potential impact of social entrepreneurship on addressing some of the most pressing challenges in the MENA region, it is important for programmes to be designed in response to the following requirements:

An ecosystem approach that takes into consideration all sub-systems, such as culture, education, research, human and financial capital, and policy frameworks.

A contextualised lens that is relevant to the level of ecosystem maturity within local social and economic conditions.

An inclusive process that reflects the voices and aspirations of SEs and beneficiaries from different localities, particularly the most vulnerable.

A mix of strategies that strive to affect the macro, meso, and micro levels in ensuring direct support to SEs.

Catered interventions in response to SEs' and beneficiaries' needs and challenges within contextual factors affecting them.



THE STUDIO

The Studio is a Lebanese SE run by Syrian and Palestinian refugee women. It produces bespoke needle art from the heart of the Shatila refugee camp in Beirut and provides underprivileged women with opportunities for economic empowerment, as well as access to psychosocial support, awareness sessions and counselling.

3. GUIDELINES FOR MORE INCLUSIVE PROGRAMMATIC DESIGN

This section provides a checklist for programme/project designers to create a more inclusive design process that reflects the needs and voices of SEs and their direct beneficiaries, as communicated directly by them.

✔ **Adopt a participatory approach from beginning to end.** Any individual or institution that will be affected (positively or negatively) by the project must participate actively in its design, decision-making, and implementation phases.

✔ **Co-create** all project activities and interventions with stakeholders.

✔ **Be gender-sensitive** and mindful of differences in women's and men's roles and responsibilities, access to and control over resources, and participation in decision-making. Women and men frequently have unequal access to services such as education and health care, as well as opportunities in economic, social, and political life.

✔ **Be culturally sensitive and mindful of social, cultural and political norms and challenges.** This necessitates cultural specificity and a focus on the realities of each specific group.

✔ **Share knowledge** to ensure sustainability and scalability through collective learning vehicles.

- Create mechanisms for exchanging information and coordinating activities with migrants, refugees, NGOs, businesses, foundations, SEs, and other governmental entities.
- Plan for knowledge exchange among programme participants. For example, actively reach out to migrant/refugee entrepreneurs and assist them in connecting with one another and with local entrepreneurs.

✔ **Develop partnerships** with key stakeholders to gain access to data and information, and ensure project sustainability. Gender-relevant partners, such as women's organisations and gender experts, improve accountability for commitments to gender equality. They serve as "control towers", monitoring policies and programmes to ensure that all stakeholders meet their commitments to gender equality goals and are held accountable for these commitments.

✔ **Set up appropriate feedback mechanisms for each design stage and stakeholder group.**

✔ **Be agile** in the design process while adhering to the original project vision and objectives. Allowing for programme responsiveness to emerging needs and contextual changes, participant feedback, re-evaluation of impact, and redesign to achieve desired impact.

✔ **Adopt bottom-up innovations.** Real needs reflect priorities and inspire innovations. The most successful solutions and ventures can come from the beneficiaries themselves.

✔ **Customise** and avoid standardised programmes that target different audiences or SEs in different sectors or stages of their life cycles. This is crucial because they mostly become repetitions of existing programmes, which makes them less responsive to participants' primary needs. Be aware of the specific phase of the value chain that this programme is targeting and seek synergies with complementary programmes.

IMPACT TIP

A gender sensitive project considers the diverse situations, roles, needs, and interests of both males and females, including girls and boys, and takes appropriate measures and actions to bridge the gender gaps and attain equality.

- ✔ **Diversify the expertise brought into the design process for efficiency and effectiveness,** such as private sector, investor, implementing agencies, etc. Ensuring that SEs have access to experts with hybrid knowledge and skills that combine business and impact is critical for the effectiveness of granted support and avoiding alienating the majority of SEs from a programme.
- ✔ **Embrace failure as a part of the journey.** Even if projects and ideas fail, people learn. Entrepreneurs must be given second chances to put their lessons learned into practice, adjust their ideas, and try again.
- ✔ **Use technology efficiently and inclusively, in a targeted and purposeful fashion.** Be mindful of the participation barriers created by technology. Provide beneficiaries with access to technologies that would enable the achievement of project outcomes, such as mobile phones, internet access, etc.
- ✔ **Plan for scale and sustainability at the social, financial, institutional, and environmental levels.** Thorough consideration should always be given to sustainability, especially the future of services and products for beneficiaries. It also means planning for the resources necessary to carry out activities on the medium and long term, to avoid loss of autonomy and shifting of priorities based on resource availability or changing funder agendas.
- ✔ **Be aware of barriers to inclusion.** Inclusion requires time, resources, and trust between all stakeholders involved, among many other enabling factors. Being aware of the barriers to inclusion is key to account for overcoming them in the programmatic design process.

IMPACT TIP

To achieve inclusivity for migrants and refugees, it is necessary to establish specific performance management objectives and practical guidelines that motivate local organisations to view human mobility as a part of their duties and to fulfil their responsibilities towards it.



SPREADLY

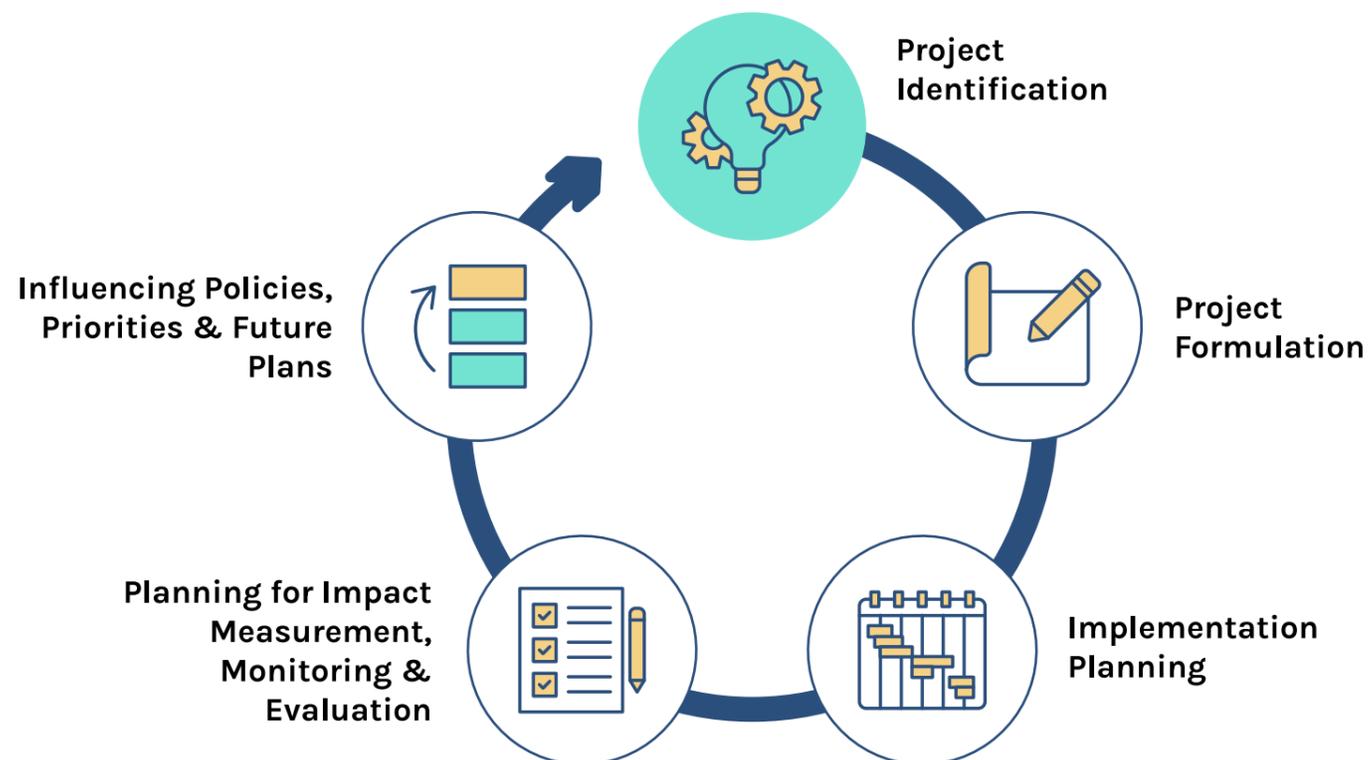
Spreadly is a Lebanese producer of all-natural nut-based spreads. It aims to recreate healthier versions of products that are cherished by consumers without the unnecessary and unhealthy ingredients. It strives to support local farmers by privileging locally-sourced raw ingredients.

4. HOW TO FOSTER INCLUSIVITY AT EACH PHASE OF THE PROGRAMMATIC DESIGN PROCESS?

The project design approach adopted here incorporates and builds on impact-driven project management knowledge and tools that are widely adopted by co-operation agencies such as United States Agency for International Development (USAID), UN agencies, the European Commission, Organisation for Economic Co-operation and Development (OECD), among many others.

4.1 Phase 1 – Project Identification

Adopting a methodology called situation analysis, this step results in an established understanding of the existing situation, in terms of what the problem to be addressed is, what its causes and consequences are, who it affects, and which other key stakeholders are involved.



Steps of project identification:

1 Conducting a stakeholder analysis and selecting your target group

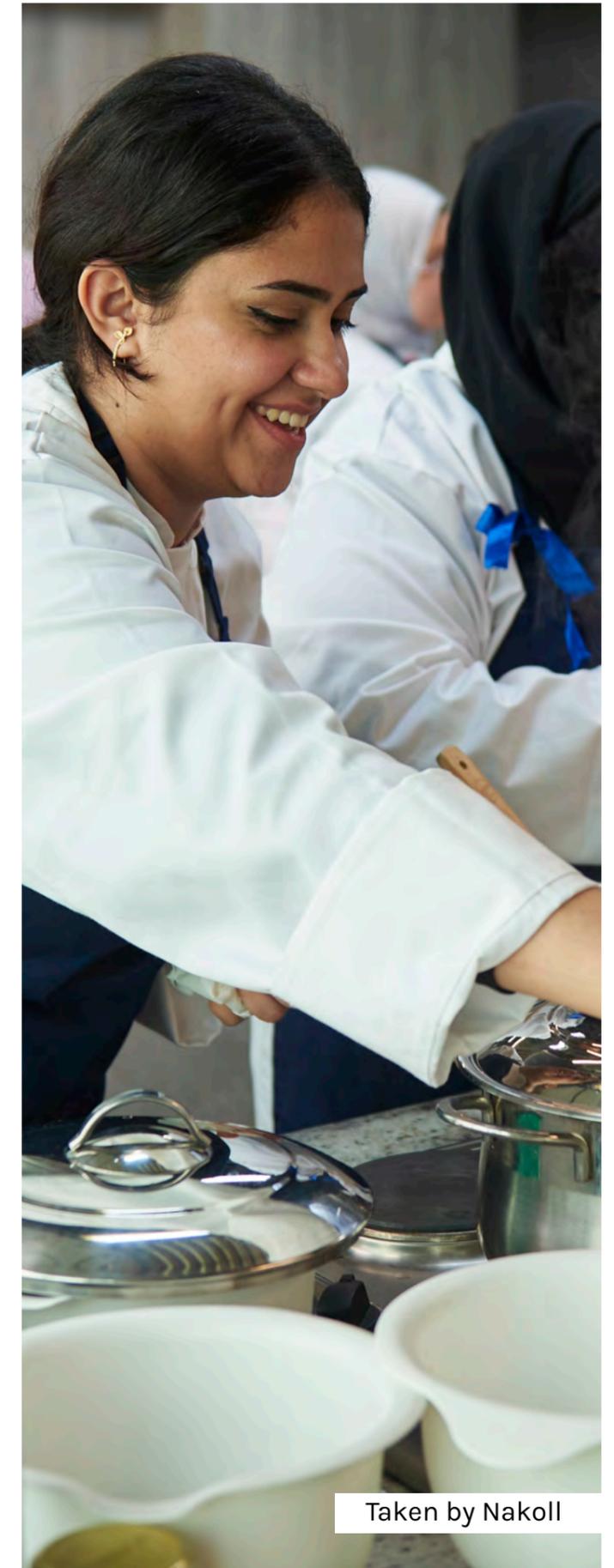
In addition to the target group, other players have to be considered at this stage, including their potential role in the project as well as their interests and expectations.

2 Analysing the problem and objectives

The problem analysis determines the negative aspects of an existing situation, establishes “cause and effect” relationships among existing problems, and identifies the target group’s core problem. The analysis of objectives is a collaborative approach used to describe the situation after problems have been resolved.

3 Selecting your strategy

This entails deciding which objectives will be included in the project and which will be left out. All stakeholders must choose and agree on the selection criteria.



Taken by Nakoll

Practices to adopt for more inclusion during this phase:

• When conducting a needs assessment:

Consult/include community representatives and leaders, key informative identities such as cooperatives and civil society organisations (CSOs), SEs, SESTs, etc.

Hire local community members such as research team members, especially for data collection because of their awareness of the context, the trust, and common language they have with community members.

• Visit the beneficiaries, don't assume.

Getting first-hand experience of the lived realities of programme beneficiaries, understanding their daily struggles, pressing challenges and the resulting priorities are key for an accurate depiction of their situation.

• Distinguish between direct recipients

of project outputs or services and the ultimate beneficiaries and ensure both groups are represented within the participatory process.

• **Conduct an ecosystem mapping to identify existing projects** by local, international, and governmental organisations as well as services available to the community to map out gaps that this project can address, as well as learn from the outcomes, successes, and failures of previous projects.

• **Include gender analysis** in the context mapping. It will provide baseline data on women's status in the community. The stakeholder analysis must identify gender differences, as well as specific interests, problems, and potential among the stakeholder groups in a systematic manner. Any gender analysis must take into account the circumstances, needs, and perspectives of various groups of women.

• **Analyse social relationships, norms, and power dynamics** between local communities and vulnerable minority or disadvantaged groups as they are more prone to face inequality. These groups include refugees, migrants, people with disabilities, minority ethnic groups, etc.

IMPACT TIP

Direct recipients are those who are directly affected by the core problem, and who will benefit from the project outputs and services. The ultimate beneficiaries are those who will benefit from the project in the long term.



SKILLPHI

Skillphi is a Lebanese online learning platform created to help professionals in the MENA region to unlock their full potential. Using artificial intelligence (AI) and machine learning technologies, Skillphi provides content and insight that bridges the skills gap in the region's job markets.

• **Identify existing inequalities and their underlying causes.** Examples of inequalities include participation in the labour market, predominant occupational areas, earning levels, access to full-time employment, access to local services and support, etc.

• **Use a participatory planning method** during project design, such as project design workshops, brainstorming sessions, individual meetings, focus group discussions, and so on all the while paying particular attention to the ability of different groups (such as women) to participate and voice their issues.

- Organise small group discussions, as they promote better reflection, greater participation by vulnerable groups, and more inclusive plans, as well as stronger member ownership. Avoid domineering positions based on power, leadership and influence.

- Conduct a participatory and inclusive data collection process that includes consultations and data sets from national and local authorities, civil society, academia and the private sector, as well as relevant humanitarian and development partners.

• **Accommodate “complementary” needs** of target beneficiaries with direct impact on project success, such as providing nutritious snacks to students in schools to improve their health, attention and thus their educational outcome.

• **Consider regulations** that may cause limitations over some groups’ ability to participate in or benefit from the project, such as refugees being unable to issue a work permit or start a business. Having legal expertise on the project design team is very helpful for this step.

• **Capitalise on digital tools** for data collection. Combine tech with non-tech assessment tools to ensure a more comprehensive data collection and insights that are representative of digitally and non-digitally active groups.



Taken by Kufrsome

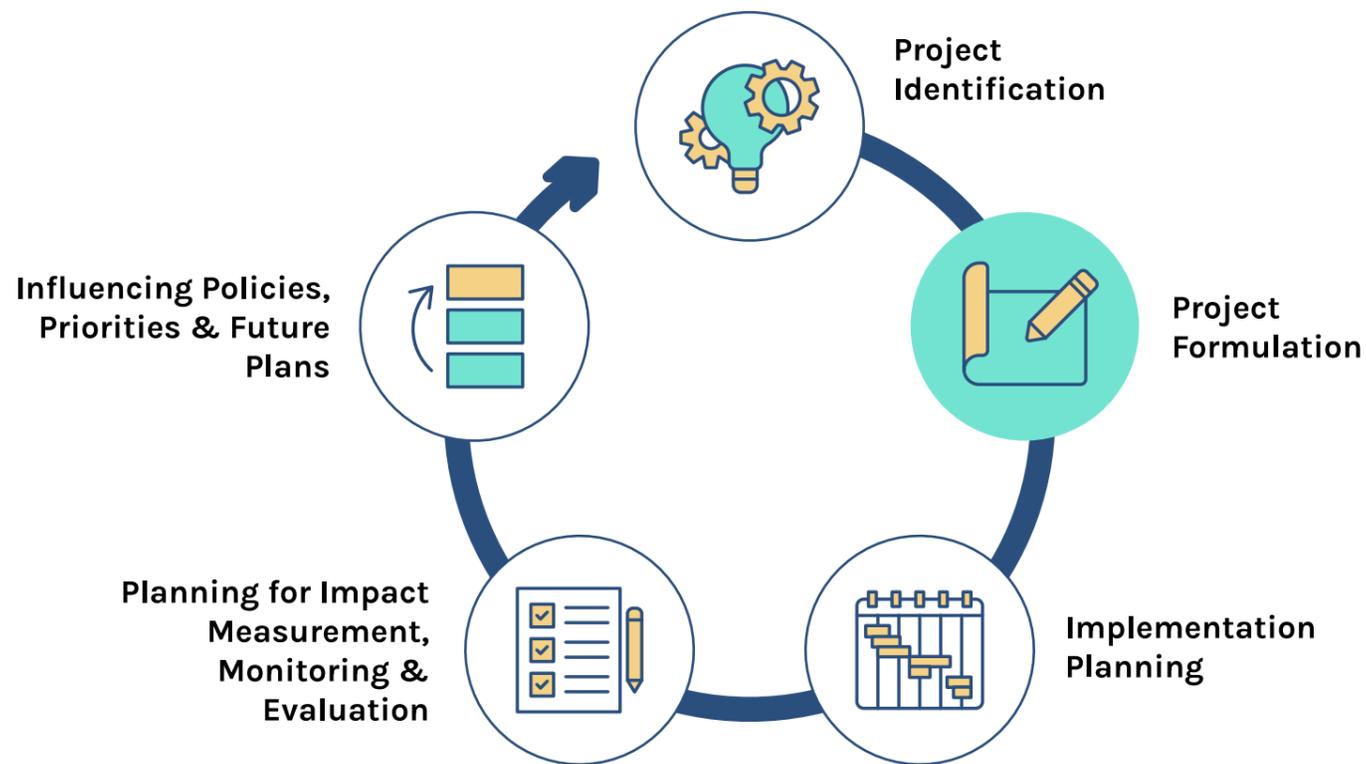
IMPACT TIP

Technology can be a vital tool for expanding the outreach of programmes to audiences with minimal accessibility, mobility, etc., using digital tools for data collection as well as tapping into existing digital networks and communities can be of great benefit at the programme design process. Tactics that capitalise on digital tools include:

- › Conducting online focus groups
- › Tapping into existing online communities of interest and groups
- › Creating surveys and polls on Facebook groups
- › Creating WhatsApp broadcast, groups and communities
- › Tap into online social entrepreneurship communities for insights such as SEEN Platform, LEEP, StartUpsJo, etc.

4.2 Phase 2 – Project Formulation

The objective of this step is to devise the best operational solution to the core problem affecting the target group. Allowing key stakeholders and target groups to take the lead in project formulation ensures that the project addresses the real-world context and promotes ownership and commitment.



IMPACT TIP

The logical framework has proven to be the most useful and effective tool for project formulation. It demonstrates what must be accomplished, how it will be accomplished, with what resources, and within what timeframe.

Steps of project identification:

1

Building your logical framework.

2

Setting the objectives, outputs, and activities.

3

Setting up the indicators and means of verification.

4

Setting up the key assumptions.



Taken by Spreadly

Practices to adopt for more inclusion during this phase:

- **Develop a theory of change.** In order to be able to identify how short-term activities and outcomes relate to intermediate and long-term change and impact on the targeted groups and their surrounding communities. It, therefore, not only guides activity planning but also guides the impact measurement processes.
- **Include representatives of key target groups** in the core project design team.
- **Create a committee that gathers local community members and key target groups** to validate the project design and affirm their ownership of the project. A beneficiary/participant/entrepreneur in residence is an alternative approach that allows for a more inclusive, time-conscious, and effective design process.
- **Create a clear statement of how gender and inclusion issues will be addressed.** Can be done through specific targeted activities and/or through a gender-conscious and inclusive approach to delivery. This will then be included in the project objectives, strategy, and structure.
- **Create tailored indicators** that enable the measurement of project progress, achievements, and impact in a gender-sensitive way.
- **Adopt existing gender-sensitivity and inclusivity toolkits** designed by previous projects, donor agencies or others, for verified tools and efficiency in resource application. Examples include the toolkit on [gender equality results and indicators](#) by OECD; European Institute for gender equality [toolkits on gender mainstreaming](#); UNHCR's toolkits on [conducting needs](#)

IMPACT TIP

Avoid:

- Setting unrealistic expectations and key performance indicators (KPIs).
- Having pre-set ideas and assumptions about beneficiaries.
- Using digital tools in exclusive or exhaustive ways so as not to create barriers to participation or adoption by some groups.

[assessments](#), and gender equality; UNDP's inclusive imaginaries toolkit and [Measuring Democratic Governance: A framework for selecting pro-poor and gender sensitive indicators](#), as well as the inclusive design research centre's [toolkits](#) for inclusivity of people with disabilities

- **Connect programme/project design with impact measurement, monitoring, and evaluations (M&E) frameworks.** Focus on the quality of data to be captured, ensuring the collection of representative data and not just standard

indicators. Ensure the placement of appropriate decision-making processes based on collected data.

- **Design programmes that are five to ten years long.** Social impact requires time to be realised, cascaded, sensed, and captured. Designing longer projects allow enough time for the project short-term and intermediate (possibly longer-term) outcomes to be manifested on the ground, identified, measured, and documented, thus enabling accurate impact assessments, and guiding further programming efforts.

IMPACT TIP

Addressing institutional discrimination against vulnerable groups necessitates both public leadership and on-ground, persistent work to convert abstract principles and norms into tangible measures. This involves working together with all stakeholders and enhancing their understanding and capabilities to widen opportunities for marginalised communities, regardless of their background. At times, this entails implementing programmes that are explicitly geared towards migrants. However, more frequently, it requires initiatives that aim to strengthen entire industries or regions rather than just sub-groups, while also ensuring that interventions go beyond generalisations and consider the specific needs and difficulties of migrants.



FABRICAID

FabricAID is a Lebanese SE that aims to establish a socially and environmentally conscious value chain for the apparel industry. Their circular model increases the efficiency of second-hand clothes collection, sorting, and distribution. FabricAID also reduces fabric waste and offers decent clothing at affordable prices to marginalised communities.

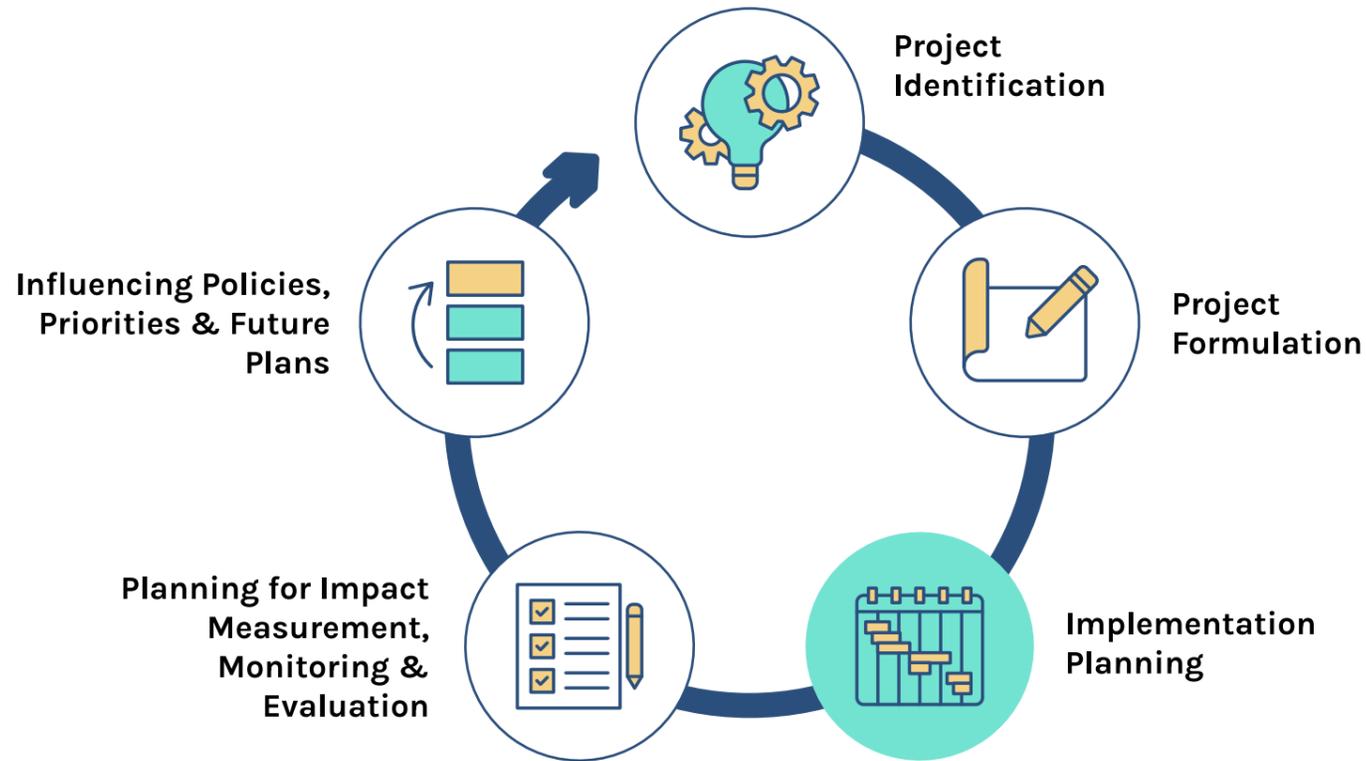


GARBALISER

Garbaliser is a Lebanese SE that specialises in producing high-quality natural fertilisers using advanced fermentation technology. It aims to create job opportunities for refugees and promote gender equity through hiring women in rural areas.

4.3 Phase 3 – Implementation Planning

Project design requires an implementation plan for the activities listed in the logical framework. In terms of responsibilities, schedule, and resources, the work plan demonstrates that the project is feasible.



Steps of implementation planning:

The work plan is established by the project design team and consists of the following four matrices:

- 1** A work breakdown matrix, which lists the activities and specific tasks.
- 2** A responsibility matrix, which sets out who is responsible for each activity.
- 3** A calendar of activities, which states when each activity will be completed. A recommended tool is called a Gantt chart and specific tasks.
- 4** A resource (inputs) plan, which sets out the requirements for staff, equipment, and materials and for the budget preparation, giving the cost of the resources needed.



BIOWAYSTE

BioWayste is a Lebanese SE that operates within the hospitality and agriculture sectors. Its mission is to reestablish organic waste as a source of green energy in these industries. Thus, supporting businesses with becoming 100% eco-friendly and minimising greenhouse gases.

Practices to adopt for more inclusion during this phase:

- **Increase financing for integration.** Provide adequate human and financial resources for a project's gender, migrant, and refugee components. Even if the project budget allocated by funders does not include specific funds for inclusion, ensure that it is included in project plans, thus fulfilling donor KPIs as well as the organisation's mission.

- **Design a project team with the needed capacities**

- Can speak local languages and dialects.
- Ensure gender expertise are explicitly stated in personnel job descriptions.
- Recruit female staff in case women and girls cannot be effectively reached by male staff.
- Ensure that team members collecting data and supporting vulnerable groups are well-trained in gender and cultural sensitivity; otherwise, data and results will change dramatically, even if the data collection and delivery tools have been thoroughly developed and tested.
- Ensure that teams working with SEs are not solely representative of the start-up or development sectors. Combining team members and experts from both backgrounds is critical for effective SE programming.

- **Validate that project solutions and beneficiary outreach activities take into account the beneficiaries' specific circumstances.** For example, will women be able to travel to intervention sites? What would they do with their children? Do their data packages allow them to access and download materials for online interventions? This can be accomplished by directly testing the project design with targeted beneficiaries and beginning every programme/project with a pilot.

- **Work with delivery partners** who represent and top access targeted groups, such as youth centres and women's councils. To ensure maximum benefit and engagement for all parties, be aware of what success means for the partners.

- **Set checkpoints for programme re-evaluation and redesign** based on collected data and feedback.

IMPACT TIP

- Digitise standardised capacity building interventions targeting mass audiences to enhance reach, increase impact and efficiency.
- Create templates that can be used by different individuals and organisations to maximise impact.
- Utilise open-source platforms for content sharing and reach.

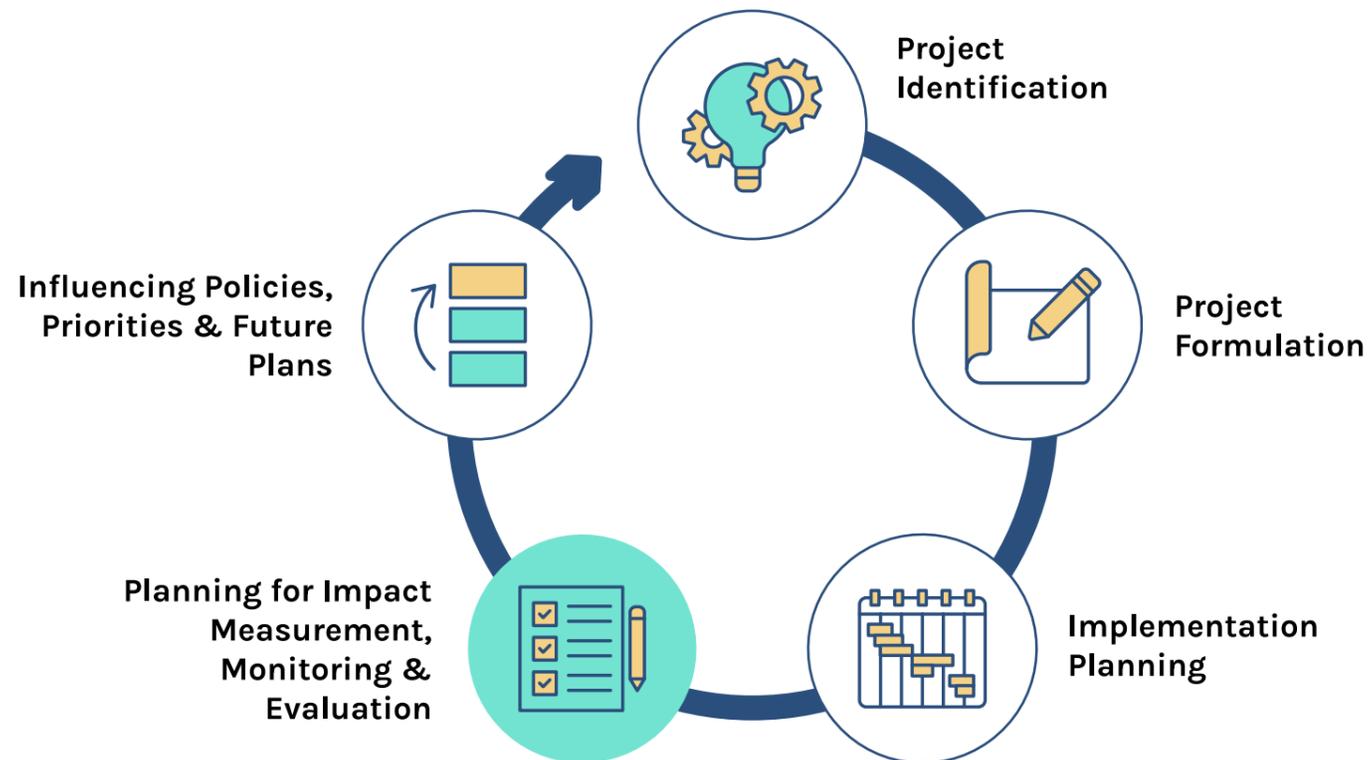


BLOOM-EDU

Bloom-EDU is a Lebanese accessible online programme with interactive classes powered by Adaptive Learning. The programme provides daily-life skills and educational programmes for youth with learning difficulties or down syndrome, aiming to enhance their access to education.

4.4 Planning for Social Impact Measurement, Monitoring & Evaluation

Social impact measurement is an ongoing process of tracking and measuring the value created by the project for beneficiaries while identifying ways this value can be enhanced and expanded. It precedes monitoring and evaluation which is essentially the process of comparing what was originally planned with what actually occurred. It monitors progress at each logical framework level: activities, outputs, outcomes, and impacts (objectives). M&E is comprised of four major concepts: comparison, measurement, verification, and action. Evaluation must be planned from the start of the design process, and a specific budget must be set aside.



Practices to adopt for more inclusion during this phase:

- **Design for impact measurement and management at each step.**

Create an impact measurement plan as early as during the inception phase and revert back to it throughout the project's lifetime. make sure it captures the impact created all the while guiding decision making across the different aspects of the project via data-driven insights. This entails:

- Developing a "Data for Decision-Making Mindset" that aligns the data collection and quality assurance processes with decision making processes.
- Taking the time to decide on "What to Measure".
- Creating a process for data collection, data management, and engaging team members to incentivise data-driven decision making.



SOLARAY

Solaray is a Lebanese SE that develops affordable portable power solutions for indoor and outdoor use, which are safe and sustainable. Its products provide clean solar electricity to remote areas, and refugee camps, enabling refugees and locals to stay connected to the internet and enjoy basic community services.

- **Examine disaggregated data.** This means statistics should adequately reflect the target group and be broken down by gender, age, race, ethnicity, location, education level, employment in different sectors, entrepreneurship in different sectors, salary levels, time use, and/or other relevant issues.
- **Conduct qualitative assessments** of impact and not just quantitative ones.
- **Acquire and use evidence on what works in terms of local initiatives** for integration by enhancing data collection to include migrants' viewpoints and synchronising databases across agencies that track migrants' outcomes and needs. Consider the [Maximise Your Impact: A Guide for Social Entrepreneurs](#) for guidance on data collection for SEs.
- **Make locally collected data comparable across different contexts**
- **Disclose project progress to key stakeholders.** This means ensuring transparency throughout the project's life with all stakeholder groups, especially beneficiaries, and increasing external accountability and governance.

IMPACT TIP

Adopt digital tools for data collection and analysis for real-time insight and evidence-based decision making with regards to project management, monitoring, and redesign. Such tools include:

- Qlik
- Growth wheel
- Kobo toolbox
- Score Index
- Power BI

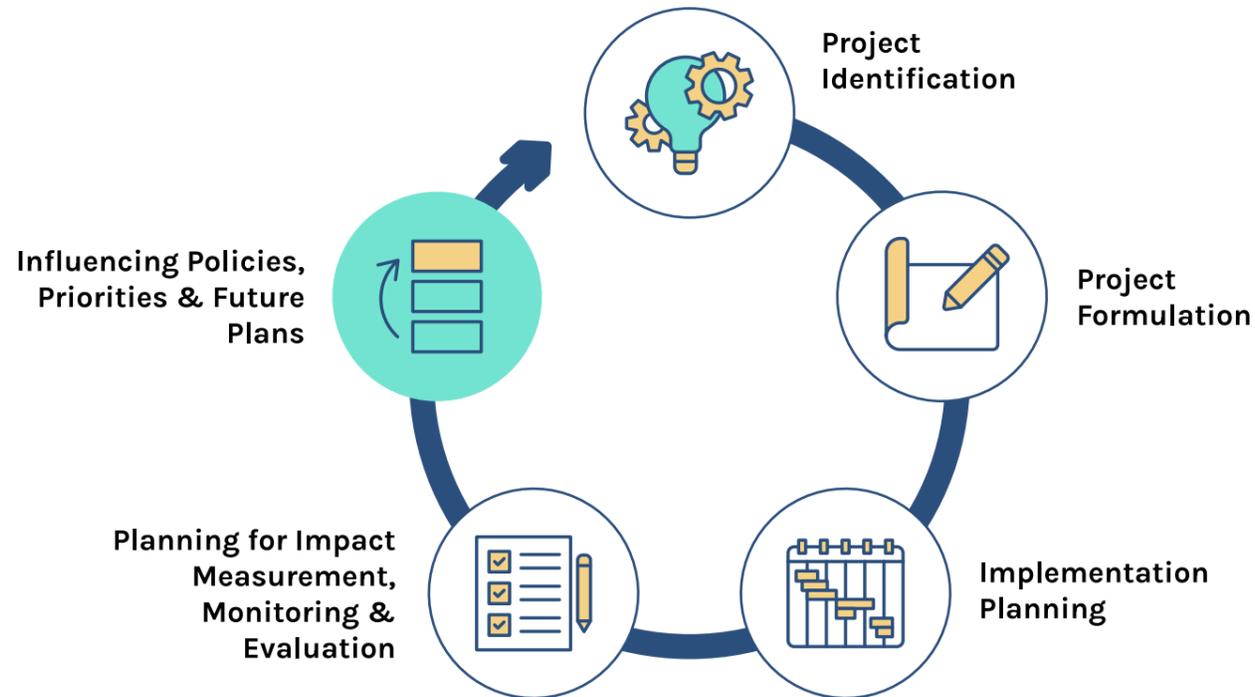


NAKOLL

Nakoll is an Egyptian online cooking school for refugees and migrants (mostly women), providing them with the equipment, ingredients and training they need to enhance their culinary skills and source employment in the food and beverage industry.

4.5 Phase 5 - Influencing Policies, Priorities & Future Plans

This step focuses on aligning donor agendas and having a significant influence on programme/project design processes with real-life on-the-ground needs of programme participants, whether individuals or teams, by developing open, accurate, and candid feedback mechanisms.



Practices to adopt for more inclusion during this phase:

- **Adopt more bottom-up ideas, solutions, and ventures.** Inclusion is often a challenge for top-down solutions, but it is never an issue when the solution is developed by the beneficiaries themselves. The development of programme/project designs and their presentation to donors based on on-the-ground needs and priorities can result in more impactful and scalable adoption of grassroots solutions.
- **Provide contextual insights to donors and funders** on what works in each specific market/country to develop effective contextual project designs. Ensure that feedback given to donor agencies and programme designers is thorough, candid, and clear. Avoid painting rosy pictures for potential funders.
- **Ensure that feedback is generated at every step of the process** and that the right channels are put in place for it to reach influential stakeholders in order to modify programme designs and create/recreate policies at the government and donor levels.
- **Adopt a systemic change mindset when tackling problems and projects.** Collaborate and consolidate knowledge across ecosystem players to create policy papers that will inform and influence policy development.



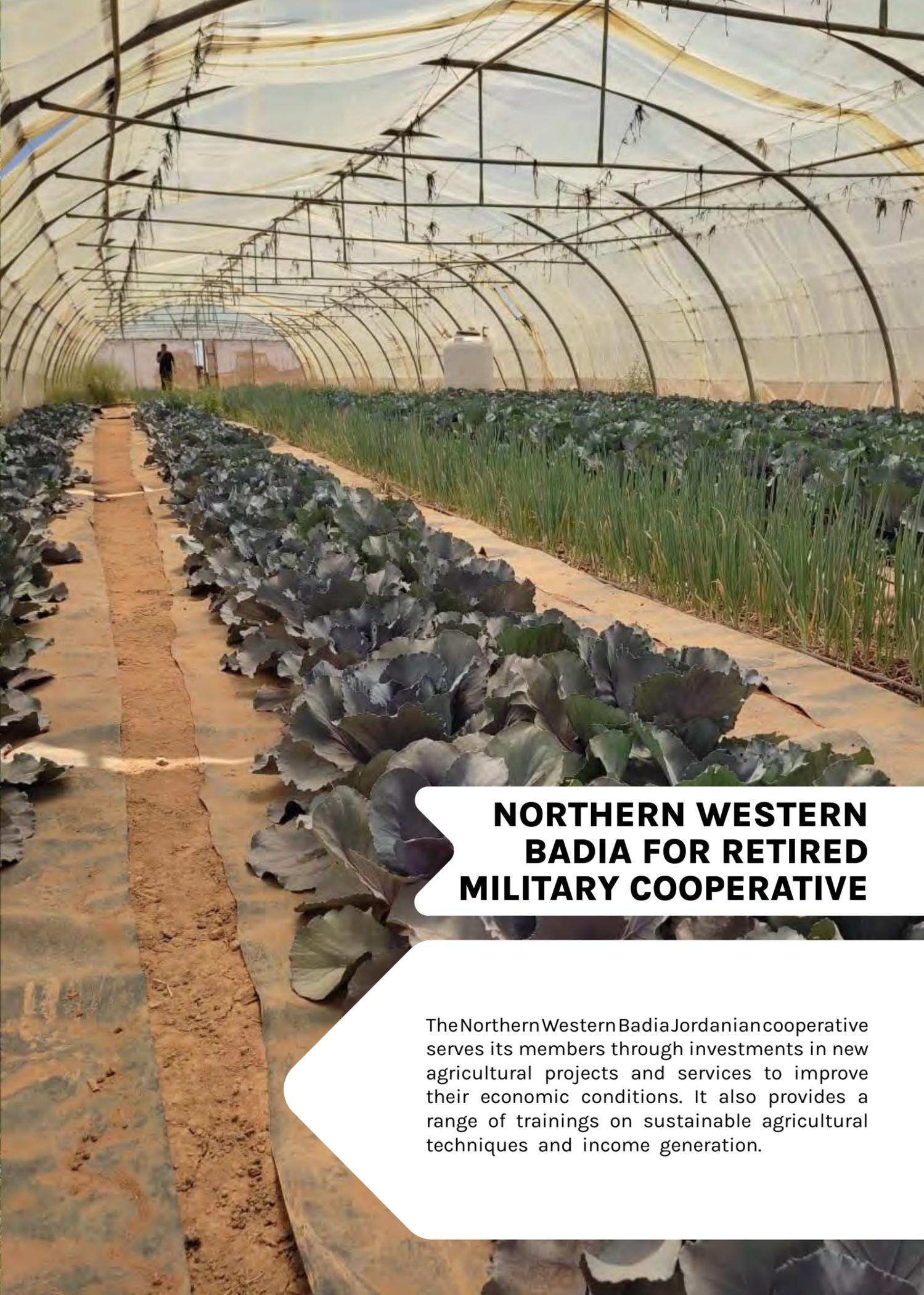
DELTA OIL

Delta Oil is an Egyptian SE that collects used cooking oil from disadvantaged communities in Egypt and supplies it as a raw material to biodiesel manufacturers in exchange for a fee – which provides a monthly income to collectors, out of which half are women. Delta Oil aims to provide refugees and local communities in Egypt with training and dignified employment opportunities.



BERKISH AGRICULTURAL COOPERATIVE

Berkish is a Jordanian agricultural cooperative that aims to strengthen and expand agricultural services provision to its members, specifically in the olive production sector, in order to enhance their income and economic conditions. They also provide farming support services and micro-loans to vulnerable groups.



NORTHERN WESTERN BADIA FOR RETIRED MILITARY COOPERATIVE

The Northern Western Badia Jordanian cooperative serves its members through investments in new agricultural projects and services to improve their economic conditions. It also provides a range of trainings on sustainable agricultural techniques and income generation.



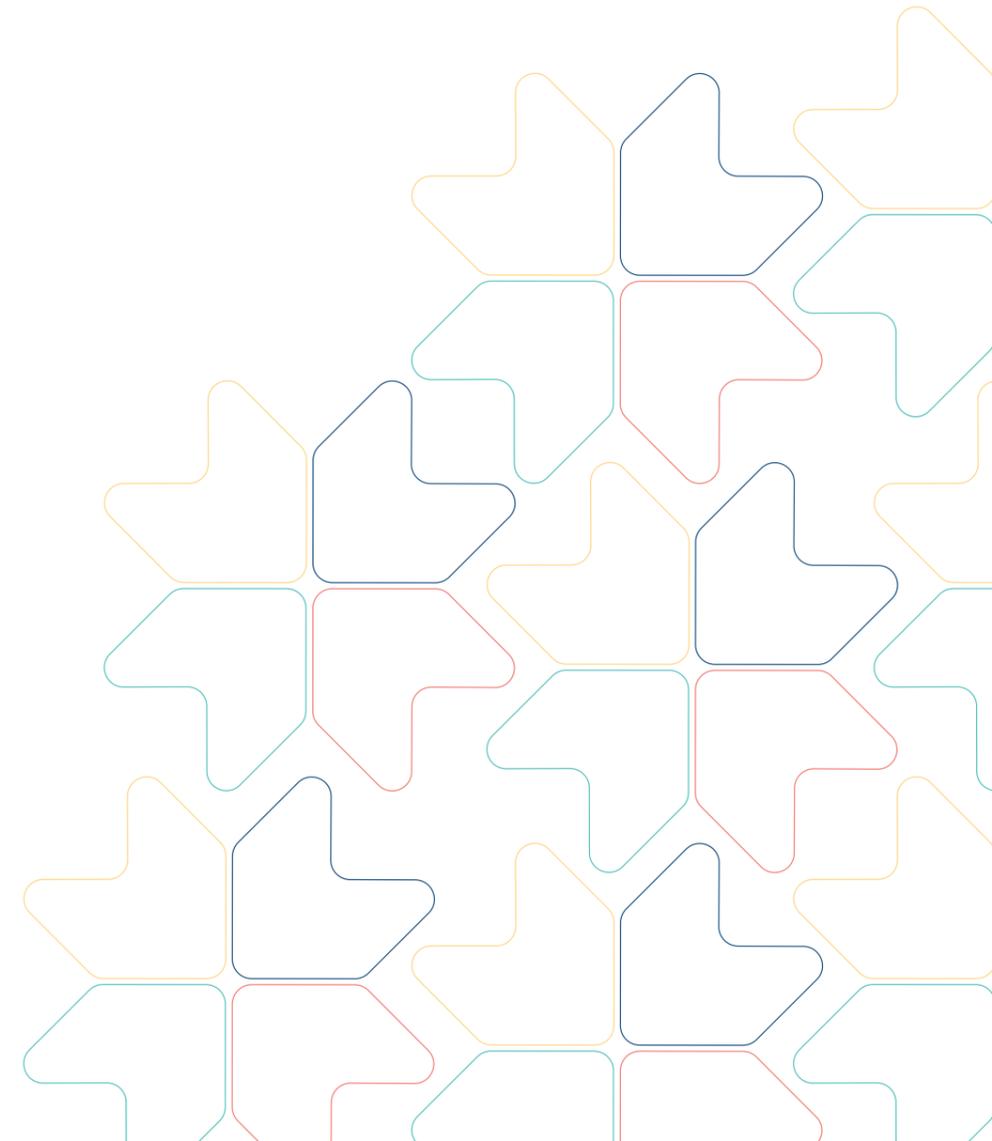
04

HOW TO BUILD AN INCLUSIVE BUSINESS MODEL?



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1. WHY BUILD INCLUSIVE SOCIAL ENTERPRISE BUSINESS MODELS?

Inclusion is a critical component of any sustainable business model, particularly for SEs seeking to create a positive long-term impact on vulnerable communities. An inclusive business model is one that prioritises the needs and interests of all stakeholders, including vulnerable groups like women, migrants, and refugees. SEs have a unique opportunity to create business models that benefit these groups in meaningful ways, through the adoption of various modalities and practices that centre around inclusion.

By prioritising inclusion at each part of their business models, SEs can empower local, migrant, and refugee communities by providing them with meaningful opportunities for employment, skill development, and financial inclusion. This can help to build their capacities, enabling them to take control of their own lives and become more self-sufficient.

In addition, inclusive SE business models address the needs of local, migrant and

refugee communities by designing innovative products and services that meet their specific needs, help in addressing social challenges and promote social cohesion. This can also promote the financial viability of the SEs themselves by allowing them to tap into new markets, create new revenue streams, and increase profitability, ensuring the long-term sustainability of their business model.

In this chapter, we will explore case studies of SEs that have successfully incorporated inclusivity into their business models and highlight the positive impacts that these businesses have had on local, migrant, and refugee communities. Through these examples, we hope to demonstrate that inclusive business models not only benefit vulnerable groups but can also lead to more sustainable and profitable businesses. We also hope to highlight the core building blocks and practices that SEs can adopt to build inclusive business models that centre around promoting equal opportunity, prosperity, and cohesion for local, migrant, and refugee communities.

2. WHAT ARE THE DIFFERENT WAYS BUSINESSES CAN BE INCLUSIVE OF VULNERABLE GROUPS IN THEIR BUSINESS MODELS?

1

Hire from within vulnerable communities: Social enterprises can prioritise hiring employees from vulnerable groups. This provides job opportunities for these communities and allows the SE to gain a deeper understanding of their challenges to create complementary support solutions as needed.

2

Create products or services that directly benefit vulnerable groups, such as affordable housing for refugees or training programmes for women. By creating solutions that address the needs of these communities, social enterprises can achieve a positive impact while building a sustainable business model.

3

Incorporate inclusive practices into the supply chain: such as sourcing from women-owned businesses or ensuring that migrant workers are paid fair wages. Not only does this create a positive impact throughout the supply chain, but it also ensures that the enterprise is contributing to a more equitable and inclusive economy.

3. THE BUILDING BLOCKS OF AN INCLUSIVE SOCIAL ENTERPRISE BUSINESS MODEL



Inclusion & integration at each level: To be open and accessible to all its target groups (locals, migrants, and refugees – both men and women), the SE should ensure that they are included in an integrated and collective way across the different parts of the organisation. One way this can be achieved is by hiring staff and volunteers from the target communities. This helps build trust and familiarity with these communities and ensures that staff and volunteers are culturally sensitive and aware of the challenges facing vulnerable groups.



Mission-focus: The SE should be guided by its mission and focus to create a positive social impact on the target groups and their communities. This is achieved by prioritising mission driven practices across different parts of its business model, such as building a sustainable supply chain, sourcing fair trade or ethically sourced materials, etc.



Financial sustainability: The SE should be designed to be financially sustainable by building long-term, profitable businesses that can continue to create positive social and environmental impact over time.



Flexibility: The SE should be designed to be flexible and adaptable to the changing needs of vulnerable groups. This can include offering part-time or flexible work arrangements, providing training and support in different languages, providing childcare services, and adapting products and services to meet the specific needs of different communities.



Collaboration: The SE should work closely with local communities, non-profits, and other organisations such as women's organisations, refugee support organisations, and migrant worker organisations. Building strong partnerships helps the SE identify and attract talent from these communities and provides opportunities to engage and interact with them directly to develop a deeper understanding of their needs and challenges. Thus, the enterprise ensures its alignment with the needs and interests of the communities it serves and creates greater impact through collective action.

Other common practices by inclusive SEs include:



Raising awareness: Educate employees and the public about the challenges faced by vulnerable groups, encourage open and honest dialogue, and create opportunities for people to learn from each other.



Fostering an inclusive culture and welcoming environment: This can be done by setting clear policies that promote diversity and inclusion and by creating an environment that is welcoming and accepting for migrant and refugee employees.



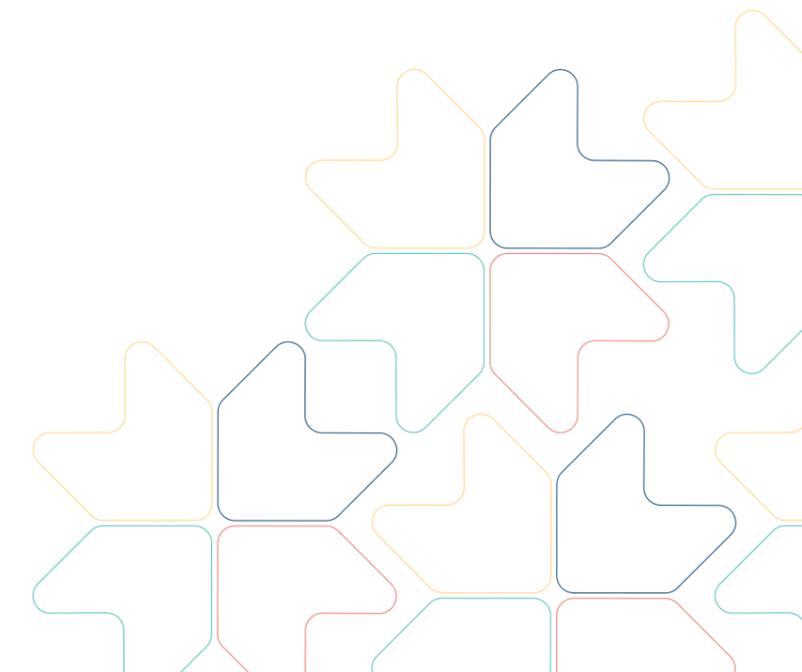
Providing support programmes for vulnerable groups: Help them navigate daily life challenges by providing resources that accompany migrants and refugees as they get integrated into the community and by offering support to employees who have experienced trauma.



Carrying out continuous outreach: This should be done through various channels, particularly through credible organisations directly engaged with vulnerable communities.



Aspiring for systemic change: SEs activities strive to tackle change at all levels – local, national, international – all the while focusing on immediate actionable steps.



4. INCLUSIVE SOCIAL ENTERPRISE CASE STUDIES

THREADS OF HOPE (TOH): A safe haven for women in the heart of Cairo

Quotes by Margarita Andrade, Co-founder and CEO, Threads of Hope

Threads of Hope is a social enterprise that recruits, trains, and subsequently provides talented underprivileged, marginalised local and refugee women with work produced from home in order to attain a sustainable income. Threads of Hope is specialised in high-end embroidery and aims to serve clients in the international textile and fashion industry.

Founded: 2019

Location: Cairo, Egypt

Products: Handmade embroidered bed linens and fashion products including pouches, tote bags, placemats, cushions, tablecloths, napkins, shawls, etc.

Impact: 1000+ female embroiders trained.

400+ women currently receiving work opportunities through ToH.

Supporting women from 13+ countries.

4x the income earned by women through ToH between 2020 and 2022.

Vision: Become a self-sustaining business that helps not only the women it works with but their entire families to rise out of poverty. Become an institution whose name internationally stands for high-end products, quality, and beauty. Grow the existing business model and replicate it in other areas of Egypt where women and girls have no access to safe, sustainable employment opportunities.

The Problem

Migrant and refugee women and girls suffer from poverty and insecurity. They lack the skills needed to provide for themselves and their children, and lack support raising their kids, which would allow them to work and take care of themselves. They lack the physical, psychological and financial support of family, community, or an entity to turn to in times of crisis. They live in constant fear, sickness, and hunger.

“These ladies don’t have control over anything in their lives. They don’t control where they live, what they eat, what is going to happen to them; they don’t know whether they can send their children to school or not [...] They don’t have control over anything.”



Taken by Threads of Hope

ToH Business Model

ToH aims to become self-sustainable by offering high-end embroidery, natural dyes and block printing for local and international designers as well as by showcasing a line of products in premium shops of Cairo. The SE uses its generated revenues to develop projects tailored to support marginalised local, migrant and refugee women that are recruited and trained by ToH.

ToH designs and produces its embroidered products in two modalities, that make up its two pillars of profitability:

- Producing for other businesses
 - Producing bespoke top-quality embroidered products for local and international clients including hotels, specialty stores, international development organisations, and fashion brands for children and adults. This modality allows ToH to produce in larger volumes, fully mobilising its production capacity and increasing work opportunities for trained women. The embroidery products created by ToH for other designers are sold in high-end stores in the world's fashion capitals of London, Paris, and Madrid, as well as online.
- Designing and selling its own collections - ToH's product range includes pouches, tote bags, shawls, kaftans, cushions, etc. ToH designs its own high-end embroidery capsules using the highest quality fabrics. These collections are designed as messages of beauty and invitations to be part of the solution, by buying a product that is not only beautiful but has also helped provide food and

shelter for a mother and her children. ToH products are distributed through their 3 shops, located in Cairo, Luxor and Red Sea, and through a showroom in their headquarters in Downtown Cairo. They are also sold on consignment through several partner stores and through their social media channels.

ToH produces over 4,000 pieces of embroidery each month and has the capacity to expand its production through the constant trainings it delivers to women embroiders.

"When you buy a hand embroidered product, you're also acquiring all the memories, thoughts and dreams that the embroiderer had while working on it; it is so much more than just the embroidery, it comes with so many emotions."



Taken by Threads of Hope

How It Works

ToH recruits underprivileged Egyptian, migrant, and refugee women through several channels including word of mouth, meetings with refugee community leaders, women development associations, and international organisations such as International Organisation for Migration (IOM), Caritas, and Save the Children.

Recruited women are trained in the arts of embroidery ajoure, cross stitch, corded work, natural dyes and block printing by professional master trainers.

Trained women are commissioned to produce high-end embroidery pieces, allowing each woman to earn up to EGP 4,000/month depending on her capacity and the complexity of work she can produce. Women can work from home or at the ToH workshop located in the heart of Downtown Cairo.

Product Design & Production

ToH designs many of its embroidery products from the drawings of the migrant and refugee women that tell their stories. The rights to the pictures drawn by these women are purchased by ToH. They are then used to design their collections that tell stories of beauty, heritage, strength, and dignity of the migrant women. Employing the best fabrics and sustainable natural dyes.



Taken by Threads of Hope

Social Impact

Beauty is at the core of everything ToH does – from the design of the uniquely colourful embroidered products to the beautiful downtown workshop that provides not only a training and a workspace for the women, but also a haven for safety and nourishment. Because at ToH, “beauty is a healer”. ToH’s social impact programmes that target migrant and refugee women adopt a holistic approach that caters to many of their core unmet needs.

“I thought that if we are going to work with vulnerable women that have so many unmet needs, and have been through so much loss and trauma, then we have to provide the very best of everything; the best food, the best training, the best education; this concept has had a huge impact on the women.”

A safe place: ToH’s workshop in downtown Cairo was mindfully designed as a haven where the women can feel nurtured and taken care of. It caters to their social and psychological needs and provides day care for their kids and toys to play with. Every time they come, even if just to deliver and take work home, they are provided with nutritious food and sustenance that they can take to their families. It is a space where they make real connections and experience solidarity, from one another and the ToH team.

Designing for inclusion: ToH’s model centres around inclusion, and therefore all women are welcome to join their trainings and to work with them, including Egyptian and migrant women from different nationalities and religions. They also support women with special needs and design special collections that can accommodate their abilities.

A community to belong to: ToH has succeeded in building a community of migrant women, trainers and a ToH team whose members collaborate with and support one another. Highlighting that everyone is the same, ToH works on building women’ self-confidence and slowly giving them faith in their ability to create beautiful and impeccable embroidery products. Over time, the women that did not want to continue with the job due to the lack of confidence in their abilities have become proficient.

Fund for emergencies: ToH provides emergency financial support for the women in times of crisis, such as when they are sick and unable to work, or when they need assistance in paying rents; it provides for their children.

Education & awareness: ToH provides nutrition, health, and parenting talks. They also engage in a lot of informative dialogue around childcare, family planning and the challenges of poverty, The aim is to educate and empower the women with knowledge to improve their living conditions.

“I realised that training them and giving them home-based job opportunities is not enough. Unless we support them and give them the information that is going to improve their livelihoods, the cycle of poverty is not going to break.”

Key Success Factors

- **Collaborating for impact.** ToH relies on its partnerships with international organisations that support migrants and refugees to acquire financial resources and expertise that can improve its model, enhance its impact.
- **Constantly reinventing** in the face of challenges and constantly coming up with something new.
- **“Selling a fabulous product”.** Although ToH’s impact is massive, they rely on the beauty, uniqueness, and quality of their products in their sales and not on the impact stories behind them.
- **Empathy as a core part of their business equation** enabling them to cater to the specific needs of the women.

Key Challenge

Breaking even and reaching financial sustainability in the light of the increasingly high cost of running ToH’s downtown workshop and training centre and delivering the various support services to migrant and refugee women.

Future Steps

- Create more collections about “memories” that tell the stories of miles crossed and lives left behind by the migrant and refugee women.
- Grow further within the field of natural dyes.
- Create training and work opportunities for migrant and refugee men.

“I put myself in their place, and I think: how would I feel if I wake up in the morning and have nowhere to go? Every minute counts. Where am I going to live? How am I going to feed my children? Who do I call? Where do I go? What do I do?”

EFLOW: Education Beyond Boundaries

eFlow enables interactive remote learning for youth and adults around the world through its learning management platform that breaks educational content into bite-chunked messages automatically sent to learners over instant messaging apps like WhatsApp and Messenger.

Founded: 2020

Location: Headquarters in Lebanon, active in other countries including Iraq, Jordan, Nepal, Indonesia, and UAE

Products: Interactive learning management platform and online learning content design

Impact: 14,000+ learners
30+ million interactive messages
100+ courses delivered

Vision: "No learner left behind" when it comes to learning online, regardless of their economic or social status.

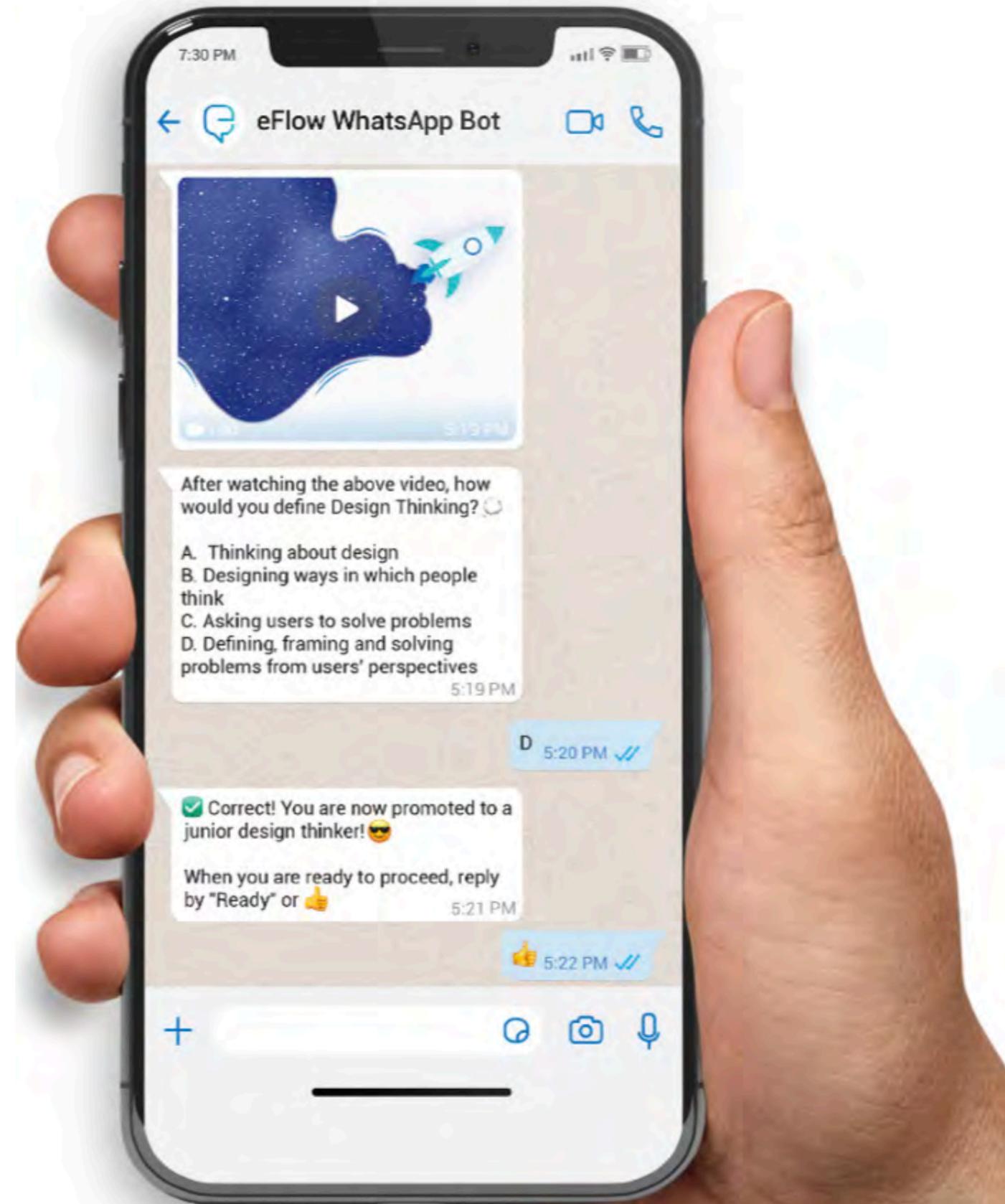
The Problem

According to the United Nations Children's Fund (UNICEF), there are at least 463 million or 31% of school children worldwide who cannot be reached by digital and broadcast remote learning programmes enacted to encounter school closures. This problem was magnified by the COVID-19 pandemic that highlighted the significant gaps in the way education was being distributed across marginalised communities around the world. Challenges faced by student masses include:

- Weak internet connectivity and consistent power cut-outs
- Poor digital literacy
- No access to laptops or computers and limited access to smartphones as families of learners may only have one smartphone per household.

"Many students suffer from issues with connectivity and electricity and had no laptops or computers. So, the only way for them to learn is through their mobile device, whether it's their sisters or their parents' phones. So we decided to take what they had and try to optimise their experience."

Samer Bawab, partner at eFlow



eFlow Business Model

eFlow offers educational institutions an interactive cloud-based learning platform powered by real-time interactivity, enabling learning delivery and management, in addition to the development and adaptation of online learning content by its multilingual team of education and design experts.

Among eFlow's core advantages is its competence when it comes to the design and delivery of Arabic learning content, which is a unique feature that sets them aside from other learning management systems. Also, its cloud-based model requires no equipment or set-up costs and makes eFlow accessible from anywhere in the world, and thus able to scale its model worldwide, reaching learners wherever they may be.

"While the world was struggling to make sense of the new reality of education in the wake of the pandemic, eFlow was amongst the first movers to provide a fun interactive experience in remote learning."

Jessica Hanna, Programme Coordinator (Generation of Innovation Leaders) Adolescent and Youth Programme

eFlow adopts two pricing models to accommodate the different types of clients it caters to as well as ensure its financial sustainability and profitability:

- ▶ Monthly fee per learner model that targets all types of youth and adult-focused educational institutions.
- ▶ Quarterly discounted fee per learner for NGOs and educational organisations working with underserved youth.

This dual approach allows eFlow to earn sufficient income to secure its financial sustainability, invest in the development of its product, as well as further subsidise its platform for NGOs and marginalised groups, giving them more access to scalable, affordable, and impactful online learning.

To ensure the scalability and fast growth of its platform, as well as access to marginalised children and communities, eFlow reaches out to various implementing partners or organisations that are already working with students that eFlow can support.

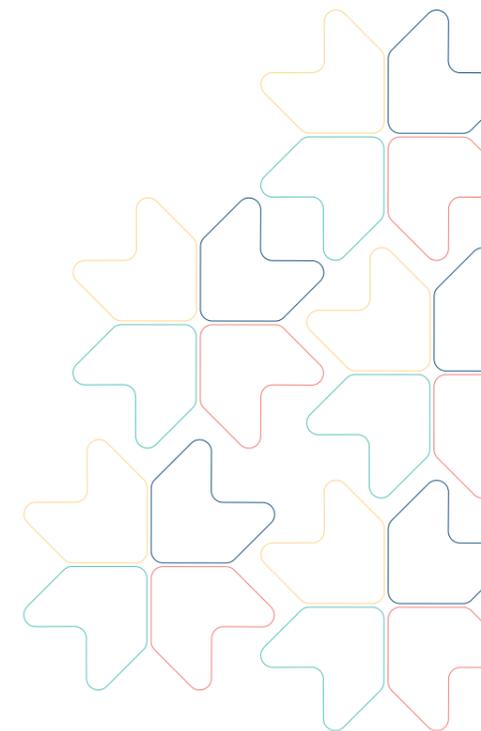
How It Works

For Educators:

1. Courses are broken down into small chunks and converted into short videos, images and voice notes to be sent to learners.
2. Learners are on boarded through WhatsApp, Messenger or any other social media platform.
3. Learners are pre-assessed through the eFlow chatbot on their selected social media platform.
4. Learners receive messages individually and are able to reply back.
5. An automated chatbot tracks and interacts with each learner individually based on his/her response.
6. Learners are post-assessed through the eFlow chatbot on their selected social media platform.

For Learners:

1. Register on eFlow through their preferred messaging app by scanning a QR Code. No applications, downloads or log-ins are required; they work through their pre-existing social media channels, thus eliminating any learning curves or adoption challenges.
2. Set goals or objectives and frequency of delivery and preferred learning time.
3. Chatbot communicates with learners through the preferred channel(s) and recommends courses.
4. Chatbot automatically adapts to different performance and learning styles.



Social Impact

eFlow's learning management platform is specifically designed for underprivileged communities, since it works best with students who struggle with connectivity and digital literacy challenges. To reach the largest possible number of underserved students, understand their challenges, and cater to their varied yet specific demands, eFlow adopts a number of key tactics.

Direct and consistent interaction with beneficiaries through numerous sessions with students, parents, and teachers to understand what is happening on the ground, and how eFlow can help them to overcome their challenges.

"We learn a lot when we interact with them and understand the problems that they have, and based on that [...] we sometimes consider how we can communicate with them next time to make sure that we can really handle their concerns and priorities."

Bassel Jalaeddine, founder at eFlow

Understanding deeply rooted problems: eFlow's interactions with students and their families go well beyond illustrating the technical capabilities of the platform and how to navigate it. They focus on major issues and concerns related to the children's education at large in order to really understand what is preventing them from pursuing their education, finishing their courses, and interacting on the

platform. This requires establishing a deeper understanding of the children's situations and challenges in order to design courses that can keep them engaged.

"We are faced with child labour and so children may not even have time to use their phone because they are working, so we develop engaging, interesting, attractive material that is not too heavy and demanding [...] Over the last 3 years, we developed these best practices when targeting communities of marginalised learners."

Samer Bawab, partner at eFlow

Educators on the eFlow team: most of eFlow's team is composed of educators teaching at different types of schools who are thus in constant interaction with students.

Catering to specific needs and challenges: migrant and refugee children are faced with extremely difficult living conditions that affect their emotional state and thus the learning process. eFlow's model adapts to their situation and "takes care of how they are feeling, just to make them excited and happy." Another example of catering to the needs of specific groups is the use of voice notes to deliver the majority of content addressing refugee children due to the fact that many of them have literacy challenges.

Constant collection of feedback: eFlow collects continuous feedback from learners and educators in various formats in order to be able to respond quickly to any challenges faced by students.

Key Success Factors

Being frictionless by using WhatsApp, a platform the students are already on and use constantly.

Being authentic and not robotic in the way learning is delivered - "It's more like conversation. It's natural, if you get the message on WhatsApp, you are more likely to respond to it than if you get an email. It is much more genuine and engaging for the learners."

Personalised - designing different learning paths using AI based on students' responses.

Accessibility - providing learning that is accessible anywhere, anytime.

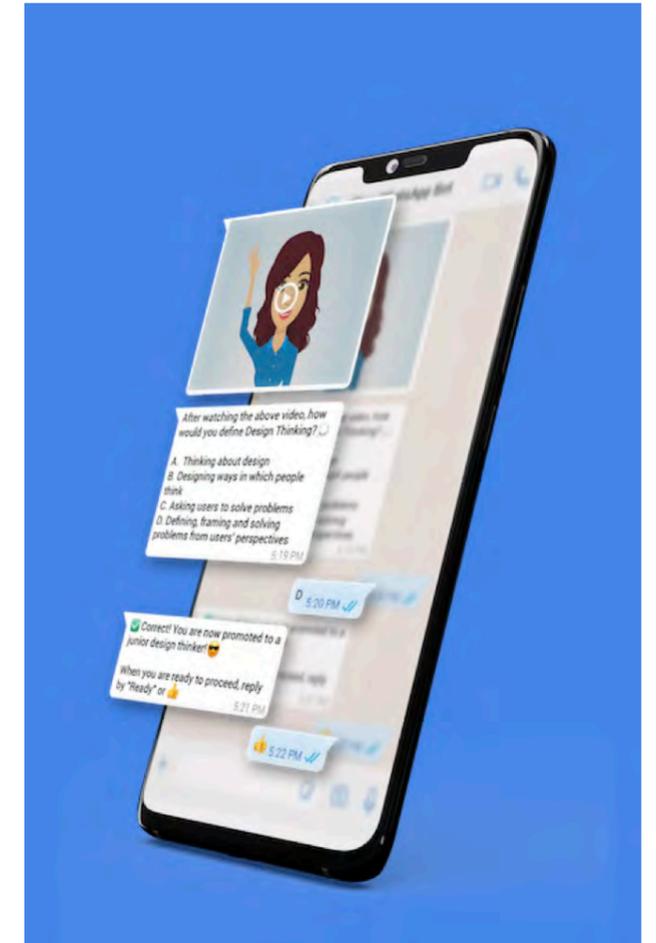
Key Challenge

Reaching envisioned scale and impact through working with mainstream educational systems to deliver learning content to students, while most ministries of education in the region still focus on traditional learning delivery methods.

Future Steps

- ▶ Using generative AI in sentiment analysis to identify learners' emotions as they interact with lessons and respond to them.
- ▶ Being able to analyse images and voice memos and deliver personalised feedback for the learners.

- ▶ Working with different ministries of education and governmental entities around the world to scale their services to the millions of children in need of improved access. This would be the ultimate objective to reach.



KUFRSOME Cooperative Association for Pomegranate Producers: Inclusive Economic Empowerment

Quotes by Riad Abu Ghazala, Secretary, Kufrsome Cooperative Association

Kufrsome Cooperative Association is committed to implementing safe, high-quality agricultural programmes, projects, and initiatives, and raising awareness to enhance capacities and create opportunities for the human, social, and economic development of local communities, migrants and refugees.

Founded: 2010

Location: Irbid Governorate, Jordan

Products & Services: production of 14+ pomegranate-based products, training and capacity building programmes, grants, and zero-interest revolving loans.

Impact: Training 1100+ Jordanian and Syrian beneficiaries, both male and female, in the fields of agriculture, food manufacturing, entrepreneurship, life skills, and leadership.

Securing employment for 950+ Jordanian and Syrian workers both male and female.

Providing seasonal employment opportunities to 5000+ workers through partnerships with job holders and farm owners.

Supporting 330+ micro agricultural and production projects through non-payable grants and repayable zero-interest loans.

Training 1000+ Jordanian and Syrian women through livelihood enhancement projects.

Spreading the concept of small and micro-enterprises, as well as cooperative projects, in the local community.

Vision: Promote pomegranate production as an agricultural and industrial sector that contributes significantly to economic and social development.



Taken by Kufrsome

The Problem

Since its inception, Kufrsome strives to address the gaps and challenges that exist within the Jordanian pomegranate sector. It is based in a community (Lewaa Bani Kanana) that is rich in pomegranate agriculture and crops, where pomegranate farming provides jobs for many of the families, and the pomegranate fields have been passed on from generation to generation. Nonetheless, there are numerous problems with land, water sources, pests and diseases that affect the pomegranate crops and challenge the farmers, leaving the community ridden with poverty and unemployment.

“A group of farmers gathered and agreed that we needed to establish a cooperative that would act as an umbrella that would represent all the farmers, knowing that no one person can solve the problems faced by an entire sector.”

Kufrsome’s Business Model

Kufrsome relies on three primary types of income: self-generated revenue from sales of the cooperative’s products, revenue generated from agricultural and non-agricultural projects, and grants from local and international development organisations.

Sustainable self-generated revenue

Kufrsome’s comprehensive approach and focus on zero-waste allows it to generate income from a large number of products and services that are selected and optimised to meet the different needs of local farmers and workers all the while capitalising on local crops, capacities and culture. Accordingly, the cooperative generates revenue through two main streams:

- The production and sales of its 14 different top-quality pomegranate-based products including juice, cider, tea, coffee, candy, jam, oil, peel powder, vinegar, molasses, soap, cream, musk, and burn ointment.

- Investing in agricultural support projects including:

- Selling agricultural materials and equipment such as fertilisers, pesticides, farming equipment, seeds, irrigation pipes, etc.
- Setting up a production kitchen.
- Launching a beekeeping project.
- Implementing an agricultural machinery project.
- Renting out the office and training room to international and local organisations.
- Establishing the “Pomegranate and Local Heritage House” - a guesthouse, exhibition centre, and sales centre for pomegranate products.

Grants from local and international development organisations and funds

seeking to implement local development projects to enhance the livelihoods, social and economic opportunities of the local population including Jordanians, migrants, and refugees, with a focus on agriculture, women empowerment, employment and supporting micro-projects.



Taken by Kufrsome

How It Works

Partnerships are a core part of Kufrsome's model and operations, providing diverse development opportunities for the local population. In collaboration with various local and international development partners, Kufrsome engages in various types of projects that aim to enhance the local agricultural infrastructure, enhance the skillsets and capacities of local farmers, empower women with income generating opportunities and provide grants to launch local micro-projects. Below is a list of Kufrsome's key projects.

Agricultural infrastructure development projects such as water demand management projects for the maintenance and rehabilitation of springs and water sources, lining irrigation channels, and supporting farmers by increasing field productivity by 30%. In addition, Kufrsome provides revolving loans that amount to 1000 dinars for each farmer to dig a well to collect rainwater, thus securing 25% of each family's annual water needs.

Vocational training and capacity building aiming to create a trained and qualified workforce to enhance skills in the agricultural sector and improve the employability/vocational skills of the local population. The trainings which also aim to improve food security in communities hosting Syrian refugees are provided equally to both Syrians and Jordanians.

"Now, we and our Syrian brothers and sisters are part of the same community, sharing in all the projects that the association undertakes, whether it is training, or employment. The association and its projects are for everyone, including our Syrian brothers and sisters."

Women social and economic empowerment: Promoting women's participation in the workforce through capacity building and occupational training. The cooperative provides trainings in over 18 different crafts that women can work on including glasswork, woodwork, candle making, Shemaghs making, wooden chair making, hemp strings making, soap making, jams and pickles making, recycling, upcycling and accessories making, in an effort to provide women with income generating

opportunities from their homes and encourage them to start their own micro-projects.

Providing employment opportunities by:

- Establishing several complementary projects to provide employment opportunities for locals and Syrian migrants, such as the cooperative's store for agricultural supplies, production kitchen and hydroponic farm.
- Creating job opportunities in the agricultural sector for Jordanians and Syrians after they partake in training programmes in fields such as crop protection, preparation, grading, and utilisation in food manufacturing.
- Establishing 6 counselling and employment support units in the agricultural sector with support from the International Labour Organisation (ILO) that aim to connect job

seekers with employers, provide vocational career guidance to job seekers and raise their awareness about labour laws and the agricultural workers' system.

Issuing work permits for Syrian workers in agriculture in cooperation with the ILO. More than 8000 work permits have been issued giving Syrians access to equitable work opportunities as well as benefits such as social security.

Grants and revolving zero-interest loans given to fund micro-projects, both agricultural and non-agricultural. These include:

- Non-repayable grants ranging between 500-800 dinars for starting up micro-projects.
- Zero-interest loans that range between 1000-2500 dinars to support existing micro-projects.



Taken by Kufrsome

Promoting self-reliance through agriculture and food security projects where Jordanian and Syrian women are trained in home-based farming and homemade food manufacturing, enabling them to utilise and invest in their own homemade products to meet their sustenance needs and convert surplus production into manufactured products to be sold for additional income.

Supporting cooperative members by providing them with various support services and special rates on agricultural products at the cooperative store. The cooperative also provides a source of income for its members by distributing a percentage of its annual profits among its members while the rest is reinvested in its operations and projects.

Social and Economic Impact

Financial sustainability and social integration through collective projects:

Kufrsome's innovative collective projects are characterised by continuity and sustainability. They include the creation of production groups or units that work collaboratively, including Jordanian and Syrian, women and men. Participants are gathered in groups of 20. Each group is given a project area, such as plastic recycling, hydroponic farming, pickling, or productive kitchens, and the groups and their projects are sustained beyond the cooperative's support.

Such collective projects have proven to have substantial impact, both socially and economically. First, by contributing to

enhancing the social fabric, increasing local integration of migrants and refugees, and enhancing the acceptance of female workforce participation. Second, their financial impact is more sustainable, resulting in new projects, opportunities and jobs created.

“Collective projects with a clear vision and long-term planning are the ones we aim to develop... These projects should have a positive impact on the community [...] these groups have integrated well together in terms of customs, traditions, and their economic and social interaction. Some of them even formed savings groups among themselves, and these projects and saving groups have all continued till today”.

Integrated capacity building opportunities for Jordanians, migrants, and refugees:

Kufrsome's programmes and projects mostly enrol Jordanian (50%) and Syrian (50%) participants.

Increasing of the rate of female participation in the workforce:

Changing local perception about women's participation in the workforce, through constant training and capacity building, has contributed to the increase in the percentage of women in the workforce.

“When we first started, the participation rate of women in the local workforce did not exceed 2-3%. [...] Recent statistics show that the rate has increased to around 7-8%.”

Eliminating waste by designing and producing products that use up 100% of the pomegranate crop.

Key Success Factors

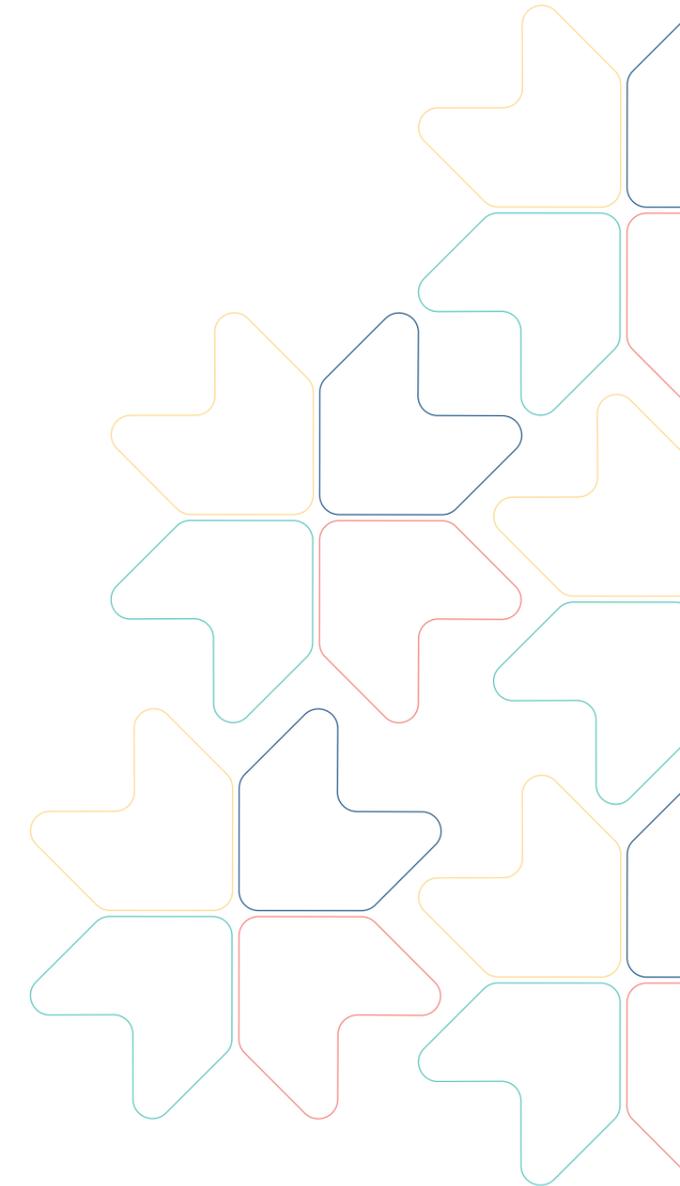
- **Sustainability**, both financial and environmental, being at the core of all the cooperative's project and product designs.
- **Long lasting partnerships** with international organisations that have contributed to creating impactful projects, measuring their impact, and scaling them further.
- **Assuming a collective and collaborative approach** that contributes to quality, continuity, and integration.

Key Challenge

Creating sustainable solutions and securing the necessary equipment to support farmers with the persistent challenges related to water sources and irrigation, the variations in weather conditions affecting the quality of crops, and the manual production of pomegranate products.

Future Steps

- Establishing an integrated factory for producing pomegranate products.
- Establishing a training centre equipped with all facilities for training women administratively and agriculturally.
- Establishing an integrated technical centre aiming to serve farmers in the region.
- Establishing a permanent local market and craft centre.



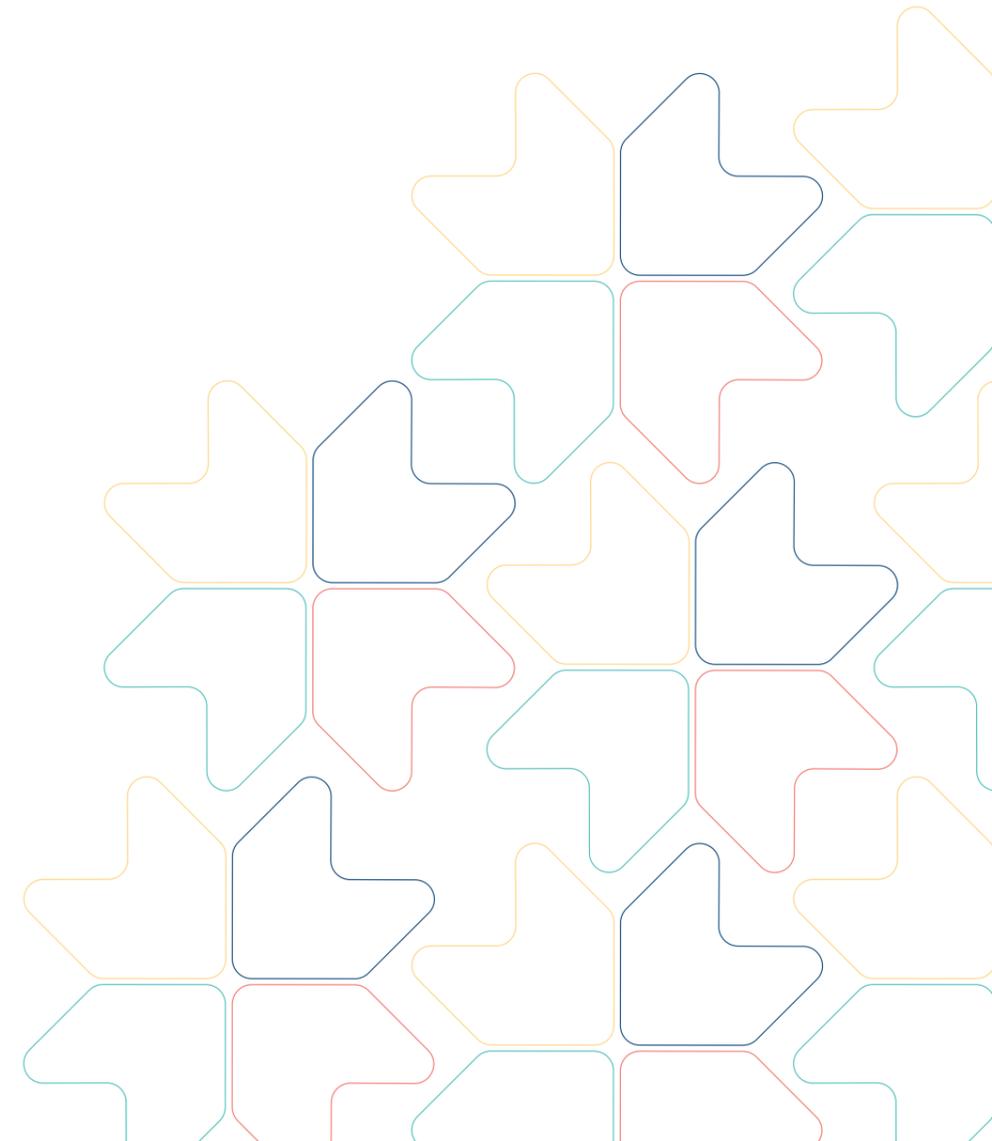


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1. STRENGTHENING SOCIAL ENTREPRENEURSHIP FOR MIGRATION AND DEVELOPMENT (SEMD) PROJECT

The Strengthening Social Entrepreneurship for Migration and Development (SEMD) is a regional project initiated and funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by the GFA Consulting Group GmbH. The main objective of the project is to contribute to strengthening the entrepreneurial ecosystem that enables the initiation, development, and implementation of innovative entrepreneurial solutions to migration and development challenges, namely in Jordan, Egypt, and Lebanon. The project is fully aligned with SDC's Programme Framework 2022-25 of the Thematic Section Migration and Forced Displacement (TSMFD).

The project is implemented on three different levels:

1

Organisation of exchange events aiming to improve the coordination and knowledge exchange in the ecosystem for social entrepreneurship (SE) on a national and regional level.

2

Mobilisation of national and international expertise to back Social Entrepreneurship Support Structures (SESTs) and enable them to grow their capacities in supporting social enterprises and measuring social impact, in addition to improving their business models.

3

Supporting Social Enterprises (SEs) with a direct impact on local communities, migrants, and refugees (in particular women), in improving and scaling their operations. In each country, SEMD is collaborating with local social entrepreneurship support structures to assist social entrepreneurs and initiatives. SEMDs' partners are ACTED in Jordan, Alfamar in Egypt, and Changelabs in Lebanon.

The project is aligned with the Agenda 2030 for Sustainable Development Goals (SDGs), in particular:

SDG 5

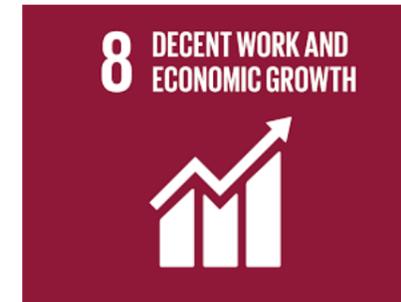
“Achieve gender equality and empower all women and girls”

SDG 8

“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”

SDG 17

“Strengthen the means of implementation and revitalise the global partnership for sustainable development”



Throughout the course of its 30 months of activities, the project has managed to support 48 social enterprises across 3 countries, accompanying them in their impact-creation journey. These collaborations have yielded:

1,635
Job
opportunities

23,698
Supported migrants
and refugees

40,670
People
benefited

2. PARTNERS



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

**Swiss Agency for Development
and Cooperation SDC**

The Swiss Agency for Development and Cooperation (SDC) focuses on enhancing the development benefits of migration and on increasing protection for migrant workers in the Middle East, with a focus on those employed in low-skill sectors. In Jordan, Egypt and Lebanon, that engagement comprises refugees as well. Working at both policy and beneficiary levels, SDC is keen to try innovative approaches, in addition to supporting engagement with the private sector and employers, emphasising research and data production, and striving to share experiences and lessons learnt from local realities at regional and global levels.



Since 1982, GFA Consulting Group GmbH has provided effective solutions to the challenges in the global consulting market in over 130 countries. Every year, GFA carries out around 400 projects and studies around the world. Leading development agencies, ministries and public clients have entrusted GFA with helping them manage projects financed through bilateral and multilateral funds. By working in cooperation with stakeholders in government, the private sector, NGOs and citizens' groups, GFA balances innovation and reliability to meet specialised needs.



Alfanar has been supporting the growth of the social enterprise sector since 2004. By combining the spirit of philanthropy with the rigor of private sector investment, the organisation supports ambitious SEs working to improve access to quality education, economically empower women, and employ youth. Through tailored technical and financial assistance, coaching, and impact and financial and assurance, Alfanar helps SEs grow the social impact their activities have on disadvantaged communities all the while increasing their long-term sustainability.



ACTED is a French humanitarian NGO founded in 1993, which supports vulnerable populations affected by humanitarian crises worldwide. ACTED provides continued support to vulnerable communities by ensuring the sustainability of post-crisis interventions and engaging long-term challenges facing our target populations to break the poverty cycle, foster development and reduce vulnerability to disasters.



Changelabs is a regional leader in the entrepreneurship space, with offices in 4 countries (Jordan, Lebanon, Egypt and Cyprus), the company has designed and executed some of the most impactful accelerators, industry events, hackathons and more in Africa and the Middle East, in partnership with leading government development organizations and private sector players.

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4. SUPPORTED SOCIAL ENTERPRISES

EGYPT

Startups Without Borders

<https://startupswb.com>

Duma

<https://dumatoy.com>

Delta Oil

<http://www.deltaoileg.com>

Emonovo

<https://www.emonovo.com>

Sprints

<https://sprints.ai>

Threads of Hope

<https://www.instagram.com/threadssofhopecairo>

Yadawee

<https://www.yadawee.com>

Nakoll

<https://www.instagram.com/nakoll.me>

JORDAN

Robotna

<https://robotna.org>

Alefredo books

<https://alefredobooks.com>

Mrayti

<http://www.mraytistore.com>

Kufor Sume Agriculture Cooperative

<https://web.facebook.com/kufrasspomeg>

Berkish Agriculture Cooperative

<https://web.facebook.com/profile.php?id=100066454059946>

Alsaro Cooperative

<https://web.facebook.com/SARO.ACS>

Aeadi Albadia Agriculture Cooperative

<https://web.facebook.com/ayadialbadia>

LEBANON

FabricAID

<https://www.fabricaid.me>

Find A Nurse

<https://findanurse.org>

Zewedetna

<https://Zewedetna.com>

Shabab Lab

<https://shabablab.com>

CodeBrave Tutors

<https://www.codebravetutors.org>

Shatila Studio

<https://www.shatilastudio.com>

Soufra

<https://web.facebook.com/soufralebannon>

Ardkon

<https://www.ardkon.com>

Clean20

<https://www.clean2o.co>

La Brocante

<https://www.arcenciel.org/activities/la-brocante>

Dooda Solutions

<https://www.doodasolutions.com>

SolaRay

<https://web.facebook.com/solaraylb>

Skilphi

<https://www.skillphi.com>

Spreadly

<https://www.spreadly.co>

eFlow

<https://www.eflow.app>

Garbaliser

<http://www.garbaliser.com>

Bloom-edu

<https://bloom-edu.com>

Ostaz

<https://www.ostaz.com>

BIOWayste

<https://www.biowayste.com>

Sun code

<https://suncode-tech.com>

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