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## Potential of Social Entrepreneurship to Alleviate Refugee Crisis in Jordan and Lebanon <sup>[1]</sup>

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in collaboration with :



### 1. Summary

*In the face of an ongoing refugee crisis in Syria, the private sector has been increasingly involved in the quest to alleviate the situation. The present policy brief discusses the potential of one particular group of businesspeople, social entrepreneurs, to help relieve the situation of hundreds of thousands displaced persons who found refuge in Jordan and Lebanon.*

### 2. Introduction

Following the outbreak of the civil war in Syria in 2011, an estimated 1.5 million and 1.3 million Syrian refugees sought a safe haven in Lebanon and Jordan, respectively [2]. Considering that the population of Jordan is just under 10 million, and that of Lebanon – under 7 million (World Bank, 2018), this sudden and unexpected flow of refugees resulted in severe disruption, stretching the absorptive capacities of the two countries well beyond their limits, and necessitating massive relief efforts for refugees and host communities alike. In their efforts to manage the situation, the authorities in both countries have been supported by the international community and civil society. Increasingly, business sector has been stepping in as well.

Against this background, the main goal of our exploratory research project was to explore the potential of one particular group of the private sector actors – social entrepreneurs – to alleviate the refugee crisis in both countries. In order to achieve that aim, we conducted extensive desk research and stakeholder consultations, which included interviewing 14 social entrepreneurs and 15 representatives of support organisations from both countries, as well as organising a focus group and an expert panel discussion in Amman, Jordan.

For the purpose of the research, we identify social enterprises (SEs) as those that i) primarily focus on the creation of social value rather than a purely economic one, ii) are financially sustainable or aspire at achieving that goal, and iii) self-identify as a social enterprises (an approach based on the work by Cerritelli et al. [2016]).

### 3. Main Findings

Social entrepreneurs operating in Jordan and Lebanon interviewed throughout the study were equally likely to be male and female, and were almost uniquely national of Lebanon, Jordan, or Syria, but varied greatly in terms of age (the youngest being in their twenties, the oldest aged 50+). The fact that they all possessed tertiary degrees and were predominantly able to invest personal savings and/or work for free for the benefit of their SEs suggests that the entrepreneurs in question hailed from rather privileged backgrounds.

The social enterprises they founded were all micro or small entities that could roughly be divided into two categories: focused on providing employment opportunities (known in the literature as Work Integration Social Enterprises or WISEs), or goods and services otherwise difficult to obtain by the refugees. Among the former group, particular focus was placed on assisting women, among the latter – providing shelter and sanitary solutions.

In terms of legal structures, all but one SE in Lebanon were registered as SALs (Société Anonyme Libanaise or joint-stock companies) and those in Jordan were almost uniquely non-profit LLCs (limited liability companies) – a choice dictated by a lack of formal recognition of a hybrid entity such as “social enterprise”, which although imperfect allowed them to engage in commercial activities and accept grants at the same time.

The lack of legal recognition of social enterprises was seen as an important obstacle for the functioning and development of the SEs by a number of social entrepreneurs and support organisations alike. On top of that, interviewees reported numerous problems related to bureaucracy and inadequate legislation, such as high taxes, complicated customs procedures, red tape, and overregulation. Another critical problem identified was the incompatibility of support mechanisms offered by various accelerators, incubators and other support schemes with particular needs of the social entrepreneurs (a problem not readily acknowledged by most of the SOs interviewed).

The main challenge, however, was securing funding for growth and development. With bank loans not readily available, grants remained the primary source of financing (other than income generated from business activities and the already mentioned personal savings) to social entrepreneurs, even if the majority would have preferred attracting investors, not donors. Finally, challenges more specific to SEs working with refugees included firstly and foremostly “the legal nightmare” that ensued for anyone attempting at employing a refugee, but also restricted access to refugees camps, and fragile mental state of the refugees, frequently suffering from post-traumatic stress disorders and other mental health issues.

### 4. Conclusions

Social entrepreneurship is still a relatively new and fluid concept, and as such, not very well understood. Additionally, judging success levels of the social enterprises in Jordan and Lebanon is impeded by the lack of social impact measurement mechanisms in place and made even more difficult by the fact that the majority of the SEs examined are relatively young, being predominantly established within the past five years.

Nonetheless, the anecdotal evidence gathered for the purpose of the present study suggests that social enterprises do indeed have a lot to offer in terms of refugee crisis alleviation. First and foremost, they are uniquely positioned to assist with the labour market integration of the refugees. Unlike purely profit-oriented private companies, they can accommodate their specific needs, focusing on the social impact of their work rather than just profit maximisation (e.g. by providing free childcare for their female employees). Moreover, unlike non-profits, they can create sustainable jobs that do not (entirely) depend on donor funding – provided that local legislative frameworks allow them to do so, of course.

Below we present a short overview of the ways in which SEs examined contribute to labour market integration of the refugees in the countries they work in:

- **Breaking social taboos.** Especially in the case of the female refugees, SEs consciously advance female empowerment, not just about by providing women with socially acceptable work opportunities but also challenging the existing status-quo. *Case study [3]: Safaa Plumbing*
- **Maintaining life-work balance.** Women, regardless of whether they are employed or not, are responsible for taking care of their households in families. SEs accommodate for that by virtue of, e.g. offering flexible working hours, ability to take children to workplace, or free-of-charge childcare services. *Case study: Shatila Studio, SEP Jordan*
- **Working from home.** Women are oftentimes prevented from seeking employment due to the social stigma associated with working outside of the house. Recognising this challenge, SEs provide job opportunities that do not require leaving one's home. *Case study: Tech for Food, Bilforon, Crave Home*
- **Career continuity.** Having escaped their countries, Syrian refugees who used to work as artisans back in their country, lost not only their clients but also credentials. Online shops created especially for them help not only to (re)gain clients but also build online portfolios for the future. *Case study: Sharqi Shop*
- **Integrating refugees to their host communities and preventing mutual resentment.** Working locally, SEs (unlike some international organisations) understand the need to address the needs of both refugees and their host communities. *Case study: Teenah*
- **Safety measures.** The personal safety of professionally active females is a concern both for the women themselves and for their families. It is of particular importance for refugee women, functioning in spaces and communities they are not familiar with. SEs are more prone to addressing concerns like than purely for-profit companies (not attaching as much importance to the cost effectiveness of such actions). *Case study: Aoun*

Equally importantly, SEs develop innovative goods and services designed to address most burning needs of the displaced persons, making them available free of charge/at affordable rates to those in need thanks to employment of hybrid financing models (e.g. financing non-profit activities through income generated via sales on the open market and/or grants and donations).

Some examples encountered during the project include:

- **High-quality education.** While both in Jordan and Lebanon refugee children are allowed (under certain conditions) to attend public school for free, the education they are receiving is oftentimes of poor quality. SEs can help to deliver innovative solutions to this problem, helping both the refugee kids and those from their host communities. *Case study: Little Thinking Minds*
- **Shelter.** Refugees are in desperate need for affordable yet durable and functional shelters. Some SEs focused specifically on delivering just that. *Case study: Hope in Sand and Pipes, KwikPak Shelter, Buildink*
- **Sanitations.** Related to the problem of poor-quality housing is the issue of poor sanitation provision. Some SEs work towards developing sustainable, portable solutions to this problem. *Case study: Flowly, Akyas*
- **Banking solutions.** It is nearly impossible for refugees to set up bank accounts in their host countries and, as a consequence, to conduct any financial operations online. Some SEs work on solutions that would allow the refugees to receive (and make) payments online without the need to use traditional banking services. *Case study: BankQu & Boloro*

## 5. Implications and Recommendations

While more research is needed to advance the understanding of social entrepreneurship in general and its potential to alleviate the refugee crisis in particular, some preliminary recommendations may already be outlined:

- **Impact measurement:** due to the lack of rigorous impact measurement system in place, careful assessment of the social impact of work performed by SEs is supremely difficult. This does not only adversely affect the ability of SEs to monitor their progress and track their achievements, but also obstructs them

from attracting investors and donors, as well as effectively shaping public perceptions of their work. The social entrepreneurship ecosystem in both Jordan and Lebanon is, therefore, in need of developing a systematic, holistic approach towards the issue of social impact measurement. Cooperation between various actors in the ecosystem in this regard should be encouraged, with lessons learned from more mature SE ecosystems taken on board. As SEs are usually micro or small enterprises that have limited (financial and human) resources at their disposal, it is support organisations, NGOs, and donor institutions that should take the lead in this endeavour.

- **Tailored support programmes:** as social entrepreneurship is still a relatively new concept, support organisations may face difficulties providing them with the kind of assistance they genuinely require. Indeed, several social entrepreneurs interviewed bemoaned inflexible incubation and acceleration programmes, and time-consuming and complicated competition procedures. Support organisations should make more effort to understand the needs of enterprises they work with, ideally both by virtue of conducting open stakeholder consultations as well as allowing for submission of anonymous feedback. Social entrepreneurs could on their part cooperate in an effort to work out a common position that could be presented to and further discussed with relevant stakeholders.

- **Tailored legislation:** the governments should work towards introducing legislation that would facilitate the functioning of social enterprises in their respective countries. While Lebanon seems closer to that point than Jordan, both countries need to continue engaging with all relevant stakeholders, including social entrepreneurs themselves, to devise laws that would allow SEs to exist as for-profit entities, both generating income via the provision of goods and services and soliciting grants and donations under beneficial tax regimes. Whatever legislation does exist, should be made publicly available in an easily accessible and understandable form in order to avoid confusion (and potential offences resulting from ignorance) among the entrepreneurs.

Crucially, in the context of the refugee crisis, the national authorities in Jordan and Lebanon should carefully examine how social enterprises can help them in providing refugees residing in their countries with work opportunities as well as goods and services they desperately need. Considering a tense political climate surrounding the topic of refugees, amounting mainly in Lebanon, SEs might be seen as less controversial actors providing them with assistance: creating rather than “stealing” jobs; generating income rather than just relying on donations; focusing on local solutions to local problems rather than bringing read-made, one-size-fits-all panacea imported from abroad. Realistically, adjusting legal framework by, e.g. easing procedures and lowering costs for employing refugees (or indeed starting a company as a refugee) or – in case of Lebanon – altering the rules pertaining to refugee shelters, is currently not very likely. However, considering that the refugees will most likely not (willingly) return to their homes en masse any time soon, authorities in both countries should see working with social entrepreneurship as a long-term process. Social enterprises will not solve the refugee crisis – or any other crisis for that matter – alone, but they have the potential to contribute, especially under a conducive environment.

### Notes

[1] This policy brief was prepared based on the findings of a research project Social Entrepreneurs’ Responses to the Refugee Crisis in Jordan and Lebanon, implemented by CASE – Center for Social and Economic Research (Poland) with Royal Scientific Society (Jordan) under with the financial assistance of the European Union within the context of the EU-FEMISE project “Support to economic research, studies and dialogue of the Euro-Mediterranean Partnership”. The report can be consulted online: <http://www.femise.org/wp-content/force-download.php?file=uploads/2019/10/FEM44-12.pdf>

[2] Estimates by the Lebanese and Jordanian authorities as of 2017. While the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) put the number of Syrian refugees at 650,000 for Lebanon

and 900,000 for Jordan, far from all the Syrians registered with the agency and the governments of both countries believed the official numbers to be heavily underestimated.

[3] In this context case studies are understood as examples of SEs that we examined but not necessarily interviewed and which helped us to draw conclusions about the potential of social entrepreneurship.

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*Its main objectives are:*

- to contribute to the reinforcement of dialogue on economic and financial issues in the Euro- Mediterranean partnership, within the framework of the European Neighbourhood Policy and the Union for the Mediterranean,*
- to improve the understanding of priority stakes in the economic and social spheres, and their repercussions on Mediterranean partners in the framework of implementation of EU Association Agreements and Action Plans,*
- to consolidate the partners of the network of research institutes capable of North-South and South-South interactions, while it sets into motion a transfer of know-how and knowledge between members.*

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