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List of acronyms

Acronym or abbreviation	Meaning
ADF	Agence Française de Développement
AfDB	African Development Bank
ANETI	Agence National pour l'Emploi et le Travail Indépendant
BFPME	Banque de Financement des Petites et Moyennes Entreprises
BTS	Banque Tunisienne de Solidarité
EU	European Union
FLAG	Femmes, Leadership, Appui et Gestion
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
Hiil	Hague Institute for Innovation in Law
ICT	Information and Communication Technology
IFES	International Foundation for Electoral Systems
IHEC	Institute de Hautes Études Commerciales de Carthage
IMF	International Monetary Fund
INTES	Institut National du Travail et des Etudes Sociales
ISG	Institut Supérieure de Gestion in Tunisia
Labess	Laboratoire de l'Economie Sociale et Solidaire
MENA	Middle East and North Africa
NGO	Non-governmental organisation
SDG	Sustainable Development Goal(s)
SE	Social Enterprise(s)
SESO	Social Enterprise Support Organisation(s)
SSE	Social and solidarity economy
TCSE	Tunisian Center for Social Entrepreneurship
UGFS	United Gulf Financial Services



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UGTT	Tunisia General Labour Union
UNDP	United Nations Development Program
UTICA	Tunisian Union of Industry, Commerce and Handicrafts
VC	Venture capitalist



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Study overview

This study is conducted as part of the European Union (EU) funded regional project MedUp! Promoting social entrepreneurship in the Mediterranean region. MedUp is a four year project headed by Oxfam Italia in partnership with local partners in Morocco (Oxfam Morocco and Enactus), Tunisia (Oxfam Tunisia and the Tunisian Center for Social Entrepreneurship), Egypt (Oxfam Egypt and Sekem), Palestine (Oxfam Palestine and the Agricultural Development Association - PARC), Lebanon (Oxfam Lebanon) and Jordan (Oxfam Jordan and Johud). The project aims to promote social entrepreneurship in the Middle East and North Africa (MENA) region on the macro, meso and micro levels, through reinforcing the capacities of Social Entrepreneurship Support Organisations (SESOs), accelerating existing Social Enterprises (SEs) and advocacy efforts. The first activity (A1.1.1.) of the project is the collection of country studies that aim to provide an understanding of the local contexts and will be used to adapt the subsequent activities (trainings, subgrants, etc.) accordingly. This study focuses on Tunisia.

This study follows the logic of the MedUp project to analyse social entrepreneurship in the Tunisian country context. The first section focuses on the macro context, considering the macroeconomic environment, the legal, policy and regulatory frameworks, the policy dialogue, and key programmes and international actors.

The second section focuses on the meso level. This specifically pertains to the support infrastructure in place for social entrepreneurship. This section maps out the various SESOs, assesses their services, needs, access to finance and evaluates whether there is a gap between the services offered and the needs of the SEs.

The third section focuses on the micro level – on the SEs. The definition of SEs in Tunisia is discussed and then the SEs are mapped, analysed and the various challenges and opportunities they face are identified.

The research is mainly based on qualitative data gathered from desktop research and interviews with SESOs and SEs. The SESOs and SEs were chosen non-randomly as there are not many actors in the field in Tunisia.



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SEs are considered as projects (whether legally registered as social businesses or as associations) that aim to address a challenge, problem or need in society whilst pursuing financial sustainability. To facilitate the analysis of SEs, they have been divided by their development phases: Ideation, Start-up and Growth.

SESOs are organisations that form part of the support infrastructure and can offer incubation, acceleration, mentorship and trainings; investment, funding and crowdfunding; competitions that focus on social entrepreneurship; and content development on social entrepreneurship.



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Tunisia country factsheet

Indicator	Rate /	Period
Population	11,435,000	2017 ¹
GDP growth	2,6%	T3 2018 ²
Inflation	7,1%	Jan 2019 ³
Unemployment	15,5%	T3 2018 ⁴
Ease of doing business ranking	80 th / 190	2019 ⁵
Corruption perception index	73 / 180	2018 ⁶

¹ Institut National de la Statistique de la Tunisie (www.ins.tn)

² Institut National de la Statistique de la Tunisie (www.ins.tn)

³ Institut National de la Statistique de la Tunisie (www.ins.tn)

⁴ Institut National de la Statistique de la Tunisie (www.ins.tn)

⁵ <http://www.doingbusiness.org/content/dam/doingBusiness/country/t/tunisia/TUN.pdf>

⁶ <https://www.transparency.org/country/TUN>



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Introduction

Tunisia is the northernmost country in Africa, bordered by Libya to the east and Algeria to the west. Arabic is the official language and French is widely spoken. Following 23 years of the authoritarian regime of Zine el-Abidine Ben Ali, and a period marked by relative 'stability', political repression, economic stagnation and continued regional inequalities, Tunisia was the first country in the MENA region to start the wave of uprisings now known as the 'Arab Spring'. The Tunisian uprising began in December 2010 and resulted in the ousting of Ben Ali on January 14th 2011.

Tunisia has been considered as the 'success story' following the so-called Jasmine Revolution in 2011 as the country has been transitioning to a democratic process and there have been gains in political and civil rights. The post-revolution period has also highlighted the deep-seated socio-economic issues and need for major reforms and changes to the economy. Some of the persistent socio-economic issues are the inequality between the regions, youth unemployment and inadequate resource management. This, coupled with the decreasing standard of living and perceived inability of government to address the persistent socio-economic challenges, threatens civil unrest and to derail the transition to democracy.

One of the measures taken by the Tunisian government in its transition to more democratic processes is decentralisation. Although the decentralisation process has been slow, it presents a shift in how actors may engage in addressing socio-economic-environmental issues and presents an opportunity for a more prominent role of social entrepreneurship.

Social entrepreneurship is being considered a vehicle for social innovation and economic development whereby individuals and communities can respond to social challenges through financially sustainable solutions. Social entrepreneurship can position itself as an alternative or complementary actor that can provide some of the public services that are not being provided at the moment by government due to some inability, the private sector is not incentivised to provide and the non-governmental organisations (NGOs) cannot provide sustainably due to donor-dependence.

SEs can be a force can promote employment and a more inclusive society and economy, especially for youth and women and other marginalised populations, as initiatives and



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participation are decentralised. This can in turn promote regional development and social stability.

Lastly, SE can invigorate economies through proposing innovative solutions or methods to address socio-economic challenges and also promote the use of Internet and Communication Technologies (ICT) as a tool for innovation – as long as it is done inclusively.

The EU is encouraging social entrepreneurship in the southern Mediterranean region as a means to invigorate those economies and also to promote regional stability.



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Macro level context

Macro-economic environment

Following the revolution in 2011, the Tunisian economy has suffered from a decline in some of its main industries, from rising unemployment to decreasing purchasing power. The macroeconomic indicators paint a mixed picture. GDP growth has improved and increased to 2,6% in the first nine months of 2018, up from 1,9% percent for the same period in 2017. GDP growth, however, does not reflect levels of widespread socio-economic development and inequality.

Inflation has been rising in Tunisia, being 3.8% in January 2017, reaching 6.4% at the end of 2017, and expected to reach between 9 and 12% in 2018. People's purchasing power has decreased by 88% in the period between 2010 and 2018⁷. The decreasing purchasing power has fuelled further disillusionment and discontent that can translate into instability given the right conditions.

The Tunisian government reached an agreement with the International Monetary Fund (IMF) to receive a loan over a four-year period worth about USD 2,8 billion. Some of the conditions attached to the loan agreement are the standard austerity measures in an effort to decrease the budget deficit, tax increases and cuts to fuel and other subsidies. These measures, coupled with the declining purchasing power, are threatening social stability as people are struggling to meet their expenses and are spending less – counterproductive to the aim of stimulating economic activity, production and growth.

As part of the loan agreement, the Tunisian government has also been devaluing the dinar (which is a controlled currency)⁸. The dinar was devalued by 19% against the US dollar and Euro in 2018. Considering that Tunisia is a net import country, this has a further destabilising effect as imported goods become more expensive.

⁷ <https://www.webmanagercenter.com/2019/02/05/430571/le-pouvoir-dachat-du-citoyen-sest-degrade-de-88-durant-la-periode-2010-2018-universitaire/>

⁸ <https://www.aljazeera.com/news/2018/01/tunisia-rebuild-economy-180117145145475.html>



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The devaluation of the dinar presents other challenges and an opportunity. A challenge in the sense that products that need to be imported are more expensive (whether finished goods or parts used in local production). The devaluation of the dinar has also led to a lesser interest to invest in startups in Tunisia as the returns are lower. The opportunity presented by the devaluation is that products are cheaper to export.

The negative economic situation and austerity measures are fermenting public discontent that has its outlets through occasional protests (such as the ones in January 2018) and strikes (such as the fourth nationwide strike in January 2019 since the revolution) and further highlight the large disparity between the interior regions and the coastal regions, especially Tunis, Sousse, Sfax and Bizerte.

There are an estimated 3 497 000 people who are employed in Tunisia. Of those, 2 577 000 are men and 920 000 are women. The latest official figures place unemployment rates at 15,4%, with 31% of graduates being unemployed. There is a marked difference in unemployment rates between regions, with unemployment being the highest in the south-west and south-east of the country at 26,3 % and 23,9 % respectively, and the lowest in north-east at 9,7 %⁹.

The public sector employs more than 650,000 people and the Tunisian public wage bill is the highest in the world relative to the size of the economy¹⁰. As part of the austerity measures adopted by the government, a pay raise freeze was announced, causing a nationwide strike. This is another reason why there needs to be productive employment creation for both economic diversification, inclusion and social stability.

The main sectors in the Tunisian economy are agriculture, mining, manufacturing, petroleum products and tourism. Agriculture provides almost 10% of GDP and employs 15% of the

⁹ <https://www.webmanagercenter.com/2018/08/15/423303/tunisie-un-taux-de-chomage-de-154-au-deuxieme-trimestre-2018/>

¹⁰ <https://www.reuters.com/article/us-tunisia-imf/tunisia-must-control-wage-bill-imf-warns-after-deal-with-union-idUSKCN1NIOFX>



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workforce. The main agricultural products are olives and olive oil, grain, tomatoes, dates and citrus.

Industries account just under 30% of GDP and employ just over 30% of the workforce. Textiles and food production dominate the industrial sector, followed by construction. The industrial activities are highly concentrated around the main cities with 92% of industrial enterprises located within an hour from the three largest cities of Tunisia: Tunis, Sfax and Sousse. Those cities also contribute to 85% of the national GDP¹¹.

The local economy is largely based on the services sector which accounts for about 60% of GDP and employs just over half the workforce. Within the services sector, tourism plays a large role. There is also a growing ICT sector which is considered a priority sector by the government presents many opportunities.

Enabling environment

Legal, policies and regulations

Tunisia does not have any specific law dealing with SE. However, there are important bases that can be built upon to create a favourable policies and a legal and regulatory framework for SEs.

Social and solidarity economy - The social and solidarity economy (SSE) is considered to be the third pillar of the Tunisian economy, as stipulated in a social contract signed in 2013 by the government, the Tunisian General Workers Union (UGTT) and the Tunisian Union of Industry, Commerce and Handicrafts (UTICA). SSE is viewed as the pillar that can fill the gaps in public service provision and that can promote economic activity and investment in the interior regions.

Support for the SSE was reiterated in the Tunisian five-year Development Plan for 2016 – 2020. In the Plan it is indicated that employment in the SSE sector should rise from 0,5% to 1,5% of the active population in 2020. The government thus would support the creation of

¹¹ REFERENCE (WB 2014)



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enterprises in the SSE, green and tech sectors. However, by the end of 2018, the SSE contributed 1% to GDP and employment¹² and was viewed to be stagnating.

Another effort to promote the SSE was the introduction of a law on SSE by UGTT. The proposed law aims to organise the sector and determine how it would be financed by the state. The draft law was presented to parliament but failed to pass. However efforts will continue to legally organise the sector and interest is not winding down. An indicator is that a minister delegated to the Head of Government will have a portfolio in SSE.

Some SESO actors view the proposed law on SSE as being superfluous and providing limited value to the ecosystem. The critique is that the law is too dogmatic and prescriptive (such as in how the SSEs should be organised internally) – thus limiting the freedom of evolution in the sector and also ignoring current realities.

The critics argue that it would be more worthwhile for the government to work on encouraging social entrepreneurship through awareness building, incentives and events rather than using its resources on passing a law that is deemed as irrelevant by some or that others do not believe will be implemented effectively¹³.

Startup Act - Tunisia is one of the first countries in Africa to have passed legislation on startups and envisions itself as becoming a startup hub. The law was a joint effort between civil society and government and is an example of how legislation can try to keep up with developments. The law aims to create a more favourable environment for startups by providing them with certain incentives and benefits while they try to establish themselves and start scaling up. The law can be beneficial to certain SEs too as they can take advantage of the same benefits.

The Startup Act was approved on 13 December 2017 by the Conseil des Ministres¹⁴. The Startup Act defines a startup as: no more than eight-years old; has an annual revenue, and

¹² <https://www.tap.info.tn/en/Portal-Top-Slide-EN/11073187-social-and>

¹³ Interview with SESO, 31.10.2018

¹⁴ https://www.ilboursa.com/marches/startup-act-un-cadre-reglementaire-revolutionnaire-pour-faire-de-la-tunisie-une-startup-nation_13166



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total balance sheet of less than 15-million Tunisian Dinars (about \$6-million) and fewer than 100 employees.

The act also defines startups as companies that have an “innovative business model, and significant growth potential”.

The startup label will be assigned to companies by Tunisia’s Ministry of Communication Technologies and Digital Economy, based on the advice of a Labelling Committee. The committee will consist of 10 members including a president, five venture capitalist (VC) funds, and startup accelerator representatives, as well as two public sectors officials.

Companies that have secured funding from approved VC funds will be fast-tracked through the labelling process.¹⁵

The Startup Act also has a provision that increases the amount that can be spent through the International Technology Card to 100 000 DT per year. This is important, although still quite low, considering the currency controls and restrictions on online payments that have hampered access to services and goods that could be purchased online and from abroad.

From the various discussions with SEs, it can be inferred that SEs are not necessarily searching for a law pertaining to social entrepreneurship as a SE can take on different legal forms. What is more pertinent is having a set of practices or values that distinguish SEs, or an SE label that would provide access to SEs to certain benefits and incentives.

Concerning the legal and administrative procedures related to businesses and associative projects, it would be more worthwhile in trying to make the relevant bodies and procedures more efficient and less burdensome for entrepreneurs. The administrative weight is one of the main factors discouraging people from starting businesses according to a questionnaire distributed to people considering starting businesses¹⁶.

¹⁵ <http://ventureburn.com/2018/05/tunisia-startup-act-20-measures/>

¹⁶ Machrou3i Fi Bledi, questionnaire, October 2018



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The weaknesses here are that there is a lack of coordination between different Ministries, lack of data and access to information, and lack of capacity to develop and promote SE strategy and policies.

There is a slow move to decentralisation in Tunisia, with the first municipal elections after the revolution being held in May 2018. This move towards the decentralisation of decisions and their implementation can in parallel foster a more favourable environment for SE that can intervene with actions in different sectors.

Public dialogue and government engagement

There are some channels for engagement with government for policy creation. One example is the discussion and drafting of the Startup Act. That was done in collaboration between the Ministry of Information and Communication Technologies and civil society (Tunisian Startups) and other stakeholders.

In Tunisia governance is weak and thus policy-making is difficult and decisions usually are not effectively implemented. Additionally, decision-making process is often slow unless under pressure from the part of either donors or borrowers or massive movements. Civil society is more active and can be an efficient actor in mobilizing different stakeholders to advocate for a policy dialogue on SE.

Sometimes policy dialogues are organised that engage civil society or other stakeholders. These dialogues are encouraged by donor agencies much of the time. Some Ministries organise events and conferences to discuss certain reforms and plans with civil society or other stakeholders. An example is a conference held in May 2016 organised by the Ministry of Finance where the following recommendations were suggested:

- Support microfinance institutions to increase their capacity and outreach while developing more inclusive products for less privileged communities and regions.
- Reform public banks such as the BFPME and BTS within a larger financing mechanism to ensure more adapted and efficient financing.



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- Enhance collaboration between stakeholders, ministries and ecosystem actors to create alternative funding mechanisms and attract investment to diverse economic sectors.

Public awareness

The concept of social entrepreneurship came to be introduced to Tunisia just after the revolution in 2011. Since, awareness of the concept has spread, yet a) there is no commonly held definition between stakeholders and b) the awareness of the concept is not widespread.

However, people are more familiar with the concept of the SSE and there are initiatives, especially in the rural areas, that tend to create initiatives for solidarity with the less privileged living within the community, using sustainable financial models. The challenge is to find those initiatives, showcasing them as good local practices.

- Limited awareness to cities and middle class

There is a growing public awareness of the concept of social entrepreneurship, but it is still concentrated in the big cities, specifically the capital, and among the middle class educated youth. This correlates to the fact that most stakeholders are middle class youth and active in the cities. Youth in universities are more likely to be aware of social entrepreneurship thanks to courses being offered in the subject and to efforts by associations such as Enactus to encourage youth to undertake projects.

- Limited access to SE knowledge, content and tools

Universities, education institutions, media, Arabic content websites, and other vehicles for access to SE knowledge, practices and tools are limited, affecting the spread of the concept of SE widely. The creation of Arabic content for online and offline use, the development of formal and informal education programs, the support of media and social media in promoting SE, might help to increase awareness in the country.

There are some university programmes focusing specifically on social entrepreneurship in Tunisia.



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- Institute de Hautes Études Commerciales de Carthage (IHEC): IHEC developed, in 2014, the first Master program in Social Entrepreneurship in the MENA region. It also has students clubs around social and women entrepreneurship and is planning to develop a research unit on the topic.
- Institut Supérieure de Gestion in Tunisia (ISG): ISG developed an undergraduate SE course for business and management students and set up a hub with trained instructors to coach interested students.
 - Institut National du Travail et des Etudes Sociales (INTES) : They offer a professional Master program on the SSE
 - Université Centrale: They offer an undergraduate program on Economic and social administration that covers the SSE

Most of the service providers in the social entrepreneurship ecosystems, such as incubators, have websites in French or English with no Arabic translation. This makes it difficult for underprivileged communities with limited education to utilize services provided on these platforms.

There are some attempts to create SE tools that are relevant and accessible. One PhD candidate in social entrepreneurship developed a social business model adapted to the Tunisian context as part of her PhD research and the model is been tested by a local SESO.

- Making SE an accessible dream

One interviewee mentioned that there is too much focus on social entrepreneurship, startups and innovation in the university contexts and not enough just on entrepreneurship. This, according to the interviewee, can discourage youth from undertaking projects as they are not necessarily innovative or have amazing growth projections. Another factor that can demotivate youth from undertaking launching or even considering an enterprise is that the image of an entrepreneur is mainly linked to older, successful or corrupt men, or that you should come from a family with the means to launch a business. There isn't enough of a portrayal of other role models to inspire youth and to make the idea of becoming an entrepreneur (or social entrepreneur) more attainable.



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This is an area where media, a more coherent public message, and associations can play a role to create and transform the existing narratives and perceptions. For this, it would be beneficial to create a regional network of social enterprises that can inspire the different communities, provide access to more positive examples of entrepreneurs to inspire youth, and also speak about the failures experienced by the SEs so to make the experience seem more reachable.

SE programs and relevant international actors

A number of international organisations are working to promote private sector development and SE in Tunisia: UNDP, AFD, AfDB, GIZ, Hivos. They do this in partnership with public institutions or with other NGOs.

Increasingly, international aid directed at Tunisia aims to either empower women or support the creation of jobs for youth. Much of the motivation behind these funds is to decrease migration from countries such as Tunisia to Europe and to combat radicalisation.

Examples of funding for promoting female entrepreneurship, creation of jobs for youth, and strengthening the SSE:

Project	Funder	Description
Femmes, Leadership, Appui et Gestion (FLAG)	EU	Project partners: Ministry of Women, TAMSS, TCSE FLAG aims to empower female entrepreneurs in Greater Tunis, Kairouan, Mahdia and Gabes. The activities include support for coworking spaces in the mentioned regions, trainings in entrepreneurship, incubation programs and subgrants to assist the entrepreneurs in the ideation and start-up phases.
SHE Entrepreneurs	Swedish Institute	This program targets young emerging women social entrepreneurs in the MENA region and



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		<p>Sweden. The countries targeted in this program are Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, Palestine, Yemen. It aims at providing the participants innovative tools for sustainable change while seeking to create an active network of women change-makers. It is a one-year program where women are introduced to social entrepreneurship and get to learn and practice different relevant tools and get the chance to create their own project and receive coaching along the way. This program has a very limited number of beneficiaries and mainly targets individuals and not institutions.</p>
Switchmed	EU, UNIDO, UNEP/MAP, UNEOO-DTIE	<p>SWITCHMED is an initiative that supports and connects stakeholders to scale-up social and eco innovations in the Mediterranean countries including Lebanon, Jordan, Palestine, Egypt, Tunisia, Morocco and Algeria. It provides stakeholders with tools and connections to support partners working on social and eco innovations, to achieve productive, circular and sharing economies in the Mediterranean. This program supports actors in social and eco innovation through:</p> <p>The SWITCHMED Action Network: a community of stakeholders linking similar initiatives and networks, exchanging information, and scaling social and eco innovations</p> <p>Training green business entrepreneurs and start-ups, empowering grassroots</p>



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		<p>innovations, and providing capacity building for sustainable industry providers.</p> <p>Engaging with policymakers to establish a regulatory and policy framework to drive the sustainable products and services market.</p>
Prom'ESS	Regione Emilia Romagna	<p>International partners include Nexus Solidarietà Internazionale Emilia Romagna (Nexus ER), Comitato Europeo per la Formazione e l'Agricoltura Onlus (CEFA), COSPE Onlus, LegaCoop Emilia Romagna, and Comune di Reggio Emilia. Local partners include UGTT, Réseau Tunisien de l'Economie Sociale (RTES), Associazione Rayhana per Donne di Jendouba, Syndicat des agriculteurs de Tunisie (SYNAGRI) and the Ministry of Agriculture and Hydraulic Resources. The action aims to strengthen the solidarity-based business and the participatory public sector processes, in line with the SSE. The project provides space for institutions and civil society meetings, by promoting ownership of interventions and stimulating sustainable development actions.</p>
Lead 2	Hivos	<p>This program focuses on increasing employability of SEs in Tunisia and Egypt. It is a one year program that begins in 2019.</p>

The effectiveness and impact of these programmes should be evaluated in greater detail. While they seem beneficial during their duration, the objectives should be revisited and the follow up as the sustainability of many of the interventions is weak. Some use very rigid definitions of the term 'job' and thus the indicators that they collect paint a slightly rosier picture. Jobs is sometimes interpreted as a job created for 6 months. Thus the sustainability



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of the project impact is not measured and the quality of the jobs is not necessarily taken into consideration.

The programmes are starting to reach into more and more regions in Tunisia, trying to tackle the regional disparities. The programs are slowly increasing, as support organisations and taking more of an interest and government is becoming more receptive. However, they still remain limited as more actors with capacity to implement quality programmes need to develop and more awareness on the usefulness of SE is spread. International organisations also need to adapt their approaches, tools and frameworks to the local contexts. SE is also not a high-employment creation sector and thus can be placed secondary to traditional entrepreneurship that has higher job-creation potential.

Conclusion and recommendations

Conclusion 1: Policy maker awareness on social enterprises

Policy makers on a national and local levels are not fully aware of the potential of SE and thus policy development is limited. There is also confusion with the SSE, making officials reluctant to pursue policy dialogue on SE as they believe the SSE efforts are sufficient.

Conclusion 2: Policy dialogue on social enterprises

As the country is still in transition and has a weak regime, there is a lack of formal dialogue mechanisms within government and key stakeholders, which is necessary for SE. It is encouraged that forums be organised involving multiple stakeholders (civil society, government, the private sector, SEs).

Conclusion 3: Legal framework

There is no legal framework specific to social entrepreneurship. There is a debate amongst the stakeholders whether energy should be put into drafting a law on social entrepreneurship with a specific legal form or whether there should rather be SE criteria and label developed. The argument for is that there would be a clear framework identifying SEs and organising the sector. The argument against is that the law could be too rigid and not allow for the evolution of the sector, that the drafting and passing process will take too long and add bureaucratic hurdles to SEs.



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It could be more interesting to pursue the adoption of a set of criteria, label and related benefits and incentives for SEs. This would allow for SEs to be identified as SEs, regardless of their legal form, as long as they fulfil set criteria and to benefit from incentives and benefits.

Conclusion 4: Diffusion of SE for regional development

As discussed, awareness of SE remains limited to the main cities, and more specifically to Tunis. Knowledge, support and tools should be decentralised to reach other regions to promote the emergence of SEs that will encourage local development. This would require the production of Arabic (or Tunisian) language multi-media content to ensure accessibility.

Conclusion 5: International aid programmes need more coordination and follow up

There should possibly be more coordination between the programmes (possibly organised by thematic clusters or stage of development clusters) to avoid duplication of work and ensure optimal use of resources. This would also be important as there is a limited pool of SEs and so to avoid competition over beneficiaries.

Donors should work with local partners to design and implement more embedded programs that can be taken over by the local partners so to ensure continuity and follow-up. In this way, there can be a more profound impact. Inspiration can be taken from the build-up to and continuation of artistic projects making part of Dream City (organised by the association L'Art Rue).



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Meso level context

What is an SESO?

SESOs form part of the support infrastructure to SEs at all stages of development with the aim of enabling them to grow, flourish, become sustainable and scale. SESOs can offer incubation, acceleration, mentorship and trainings; investment, funding and crowdfunding; competitions that focus on social entrepreneurship; and content development on social entrepreneurship.

Mapping SESOs

Tunisia has a loose nascent network of SESOs. The SESOs are primarily concentrated in the capital and their geographic reach is limited.

There is a limited number of SESOs that focus on SE, those being El Space, Lab'ESS, Impact Partner, Shanti and the TCSE (see table below). The SESOs have different forms, some being NGOs, others projects of NGOs, and others have employed hybrid models whereby they have an NGO and a complementary business. The choices for the legal form are influenced by the ability of NGOs to apply for funding or of businesses to gain loans and investments and conduct commercial activities. This resonates with the choices and reasoning that SEs themselves make when establishing their SEs.

When zooming out of the SESOs focusing specifically on SE and includes those servicing entrepreneurs, one finds a richer ecosystem. There is a growing number of incubators and coworking spaces. There are also several mentoring and coaching programs. A list of SESOs can be found in the Annex.

Most SESOs provide support to SEs at the ideation and start-up phases. The SESO ecosystem is not as developed as the entrepreneurship ecosystem and thus SEs also use the services offered by the entrepreneurship ecosystem, which is not adapted to all the needs of the SEs in that it:



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- Focuses on the business model to attract investment, at the expense of the social impact
- Generally focuses on fast-growing startups in technological or ICT fields

The SESO and entrepreneurial ecosystem is nonetheless growing and has the potential to become a coherent driving force for SE.

SESOs focused on SEs

SESO	Description
El Space Website	<p>EL Space is a Social Innovation Hub dedicated to making a leading sustainable community through entrepreneurship and innovation. They aim to be a catalyst for social entrepreneurship and innovation within the ecosystem.</p> <p>They offer trainings, networking opportunities and other services/activities such as: incubation, hackathons, coworking. They have a space in central Tunis</p> <p>El Space has also recently launched a FabLab that will serve SEs.</p> <p>Their partners include OpenFab Tunisia, Orange Foundation, Social Impact Awards, US Embassy in Tunisia, Hivos, Mercy Corps.</p>



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<p>Impact Partner Website</p>	<p>Impact Partner (formerly Yunus Social Business) is an impact investment fund. They provide technical support to SEs at the pre- and post-investment stages. At the pre-investment stage, they provide access to online training modules. At the post-investment stage, they offer networking and access to partnership and business opportunities.</p> <p>They also provide equity investment opportunities for SEs and provide quick investment for qualifying SEs within 45 days.</p> <p>Their partners include Drosos, Yunus Social Business, Fondation Orange, AfDB, UGFS North Africa, Robert Bosch Stiftung.</p>
<p>Lab'ESS Website</p>	<p>Lab'ESS is a project of the association Développement Sans Frontières (under Groupe SOS) created in 2013.</p> <p>They provide incubation, coaching, trainings, networking and access to resources for SEs. They promote capacity building within civil society organisations. They also advocate for the promotion of a social economy and innovation for development in Tunisia.</p> <p>Their partners include AFD, MEPI, Service Civique, Réseau Entreprendre, EU, Oxfam, British Embassy Tunis, Ile de France, APII, Jamaity, Arcenciel, Credit Cooperatif, Fondation de France, le Comptoir de l'Innovation.</p>



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<p>Shanti FB page</p>	<p>Shanti was established in 2016. It is a social enterprise whose mission is to promote the co-design of innovative and creative solutions to social, economic, cultural and environmental issues in Tunisia and the Mediterranean.</p> <p>The two axes are: a) Supporting partners in the implementation and development of their social innovation strategy. This can be through support for strategic reflection, implementation of training, coaching and support for projects, networking and awareness raising among stakeholders.</p> <p>b) The creation, co-creation and coaching of high-potential social innovation projects in response to the challenges identified by the communities.</p> <p>They have projects in Tunis, Nefta and organised activities in the NW of Tunisia.</p> <p>Their partners include the French Embassy in Tunis.</p>
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<p>TCSE Website</p>	<p>The TCSE is a local NGO that was established in 2012. It promotes social entrepreneurship in Tunisia on multiple levels.</p> <p>It provides incubation, training, coaching, networking, access to information and opportunities and coworking services to SEs. It also provides networking and capacity building events for civil society organisations and SESOs.</p> <p>The TCSE aims to decentralise and diffuse social entrepreneurship throughout Tunisia. It thus has spaces in Tunis and in Mahdia. Previously it also had spaces in Kasserine and Sidi Bouzid.</p> <p>Their partners include EU, Hivos, GIZ (Econowin), Friedrich Naumann Foundation, Mercy Corps, TAMSS, Western Union Foundation, Ministere de la Femme.</p>
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Services

The SESOs that provide services either design the programs themselves or do so in conjunction with donors. Shanti, for example, works on program design with technical partners. SESOs generally rely on donors and implement donor programs. This section analyses the available services for SE at the different stages of development and the gaps left.

Services are mostly offered for SEs at the ideation and startup stages, with fewer available for SEs at the growth stage. There are few regular programs available for SEs, with many others taking place on an irregular or once off basis.



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Ideation

This is the stage where the SEs identify, analyse and understand a social problem or need in society and develop an innovative solution to address the problem or need.

Given that SE is still a relatively new concept in Tunisia and that there is a small number of existing, successful SEs, this is an important stage whereby the public, especially in areas outside of the capital, can discover social entrepreneurship to be an alternative channel for participation through which they can contribute to developing innovative solutions to address problems/needs in society.

Sensitisation of potential SEs

A place where certain SESOs start with ideation is at the universities – a receptive ground for new ideas and innovations. Enactus is an active association that specifically focuses on promoting social entrepreneurship among students and is active in the ideation phase. AIESEC has partnered with the United Nations Development Programme (UNDP) to organise ideation camps meant to generate ideas of projects that would promote the Sustainable Development Goals (SDGs) in Tunisia.

Other initiatives that work on ideation of projects amongst youth include the Hack4Democracy camps that took place around Tunisia in 2017. The initiative is a project of the International Foundation for Electoral Systems (IFES) and encouraged youth to come up with project ideas in the field of democratic participation and elections.

The UNDP organised the SDG Camps (within the Youth Leadership Programme initiative). The latest edition (4th) was held in 2018 and around 55 camps were organised that involved youth from all the governorates of Tunisia in an attempt to find project ideas that would promote youth participation in the realisation of the SDGs in Tunisia.

The UNDP evolved its approach as it started to partner with local SESOs, which could help to provide more technical support such as incubation to the winning projects, and others that could help reach more youth from more regions during the ideation phase.



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The Hague Institute for Innovation in Law (HiiL) organised ideathons in 2016 and 2017 that aimed to find projects in the field of justice innovation. The winner then had the opportunity to be incubated by the institute.

In cases where international organisations or organisations from the capital organise events such as ideathons, they tend to call on local associations in various regions to reach more youth from the regions or for logistical support.

During many of the ideathons, there is a tendency by participants to consider anything to do with ICTs as innovation - especially online platforms and applications. Although the role of ICTs should not be underestimated and should be explored in finding solutions to various issues, sometimes SEs tend to forget problems such as that not everyone has access to those technologies and thus that the solutions may leave segments of people behind.

Apart from the ad hoc ideation events, some SESOs, such as El Space and the TCSE, provide ideation periods prior to commencing the incubation programmes. The ideation periods are generally a set number of training days (covering topics such as social entrepreneurship, theory of change, the golden circle, social business model) during which the participants develop their ideas.

Formal and informal education on social entrepreneurship

Trainings and capacity building - A number of SESOs and programs provide trainings on social entrepreneurship. Most take place in Tunis, but there is an increasing push to reach into other regions. Trainings and events can be on SE, on different business models design thinking and similar topics. Such trainings and events are organised by SESOs on an ad hoc basis or as part of programs.

University programs - There are a number of university programs (under- and post-graduate) that teach students on social entrepreneurship and are meant to prepare them to pursue their own SEs. However they do not necessarily prepare students for the market and real-life demands.



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However, such programs could be further developed and made more practical by increasing links with different research departments and students working on their final year projects. One of the interviewees indicated that many of the final year projects have interesting innovations but are abandoned as the students working on them opt to seek employment instead of launching enterprises of SEs.

It could be useful to link up such students with the SE ecosystem or to create an ideas bank where the project ideas are stored and possibly revisited by prospective SEs.

General criticism

During many ideation or training events, there is a level of recycling of participants. For example, ideation events are organised by various actors over the course of a year, even in various regions. It is common to see the same participants attending those events. If the same people attend five different ideation events, this will not result in the production of five different projects, but if lucky one. The energy put into organising these events, which can be of a good quality, is wasted to a certain extent. Thus more effort should be placed into reaching out to people who do not normally attend these types of events – awareness raising activities, more activities ‘in the field’, increased collaboration with actors who are active on a local level.

Social business development plan

The SESOs who do specialise in SE use design thinking and the lean-startup methods. A Tunisian PhD candidate has also developed a social business model adapted for the Tunisian context that was explained during a presentation organised by the TCSE. SESOs provide services here to guide the SEs in preparing their business models and plans. SESOs such as Shanti, El Space, Lab’ESS and TCSE provide such services to SEs. They encourage testing and prototyping of the ideas, question the feasibility of the projects and provide trainings in various business management skills and soft skills. Generally, these programs are followed by pitch days where the SEs pitch their projects in front of a jury of ‘experts’ or potential funders.



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Startup phase

Social enterprises at this phase are expected to provide a proof of a viable social impact model and financial sustainability to attract investors or donors to support their project.

This stage requires multiple sets of support mechanisms at the technical and financial level to ensure a successful startup of their enterprises. These services include incubation, mentorship, training and financing.

Incubation

Incubators in Tunisia, as in elsewhere in the world, are set up to diminish the risk of failure of startups. They have the additional purpose of encouraging project creation through ideation and inspiration activities. The need to choose the right type of incubator is emphasised in other countries. To a large extent, SEs do not have the luxury of making such a choice in Tunisia as the number of accessible incubators is limited and they lack human resources and diversified technical knowledge to be able to assist different types of SEs.

Tunisia has a four incubators that focus on SE: TCSE, El Space, Lab'ESS and Shanti. The incubators generally provide the following services:

- A co-working space: a space for the social entrepreneurs to work from equipped with a proper technological infrastructure and tools needed for work depending on the types of projects targeted.
- Business services, coaching and mentoring: includes technical support in developing business plans, measuring expected social impact and business skills through training workshops, coaching and mentoring services depending on the need of each social enterprise.
- Access to funding and access to networks: these SE incubators play a role of connectors, as they help social entrepreneurs in networking events, whether with fellow entrepreneurs or potential investors. They also provide access for SE to different financing opportunities.

Mentorship

There are a number of SESOs providing mentorship to SEs. Mercy Corps provides mentorship services to entrepreneurs through the Micro Mentor program. The sessions are conducted



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online and offline, through trainings and mentoring events in various regions of Tunisia. Enpact Tunisia also provides mentoring to entrepreneurs through the Mentoring National Tunisie program.

Other SESOs try connect SEs with mentors during the incubation programs, but this is not yet systematised.

Some of the challenges with the mentorship programs are:

- The concept of mentorship is not widely understood, especially outside of the capital, influencing the way in which SEs and mentors interact and they do not take advantage of the opportunity
- It is difficult to find good mentors (again, especially outside of the capital) who both have the capacity to mentor and are dedicated. This means that the mentors available to SEs outside of the capital may not always understand the contextual challenges and needs of the SEs

Growth phase

SEs at this phase can scale up and need specialized and acceleration services. There aren't many SEs at this phase in Tunisia, as there aren't SESOs that can provide the necessary services for this stage of development either.

Flat6Labs can be considered as one of the few accelerators in Tunisia, yet they focus on startups and not on SEs. WikiStartUps, partnered with Carthage Business Angels, also provides some acceleration services to startups, no focus on SEs, and assists them to export in an effort to scale up.

Complementary actors / services

Coworking spaces

There has been a multiplication of coworking spaces around Tunisia. Although they are still concentrated in Tunis, the capital, there have been spaces opening in other regions of Tunisia too. The difficulties that these spaces have encountered generally is that there isn't enough awareness of the concept of coworking and thus a reluctance to try it. Another



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challenge is that there aren't many freelancers and entrepreneurs to form a solid client base. As such the sustainability of these coworking spaces is uncertain.

The spaces are generally eager to enrich their offering so to promote entrepreneurship and to ensure their own sustainability. Some have specialised in certain fields, such as arts and culture or in ICTs. The desire to increase the offering and increase sustainability provides an opportunity for strategic partnerships between incubators, coaches, mentors, etc and the coworking spaces. The coworking spaces provide a certain expansion of geographical reach, the facilities and starting point communities for ideation, incubation and acceleration programs. The other ecosystem actors can provide technical knowledge and bring activities that can empower the local communities, inspire and source new entrepreneurs, raise awareness on social entrepreneurship, and make forming part of the coworking community more attractive and beneficial. See annex for list of coworking spaces.

Information platforms

There are a number of information platforms related to entrepreneurship. Some are information portals, some attempt to map out actors ([Entrepreneurs of Tunisia](#)), some to determine the impact of startups on the Tunisian economy ([Tunisian Startups Index](#)), and others provide tips on how to orientate yourself ([T7arek.tn](#)). However there is no platform dedicated to social entrepreneurship.

Some of the SESOs are working on making platforms related to the field. Lab'ESS is developing a platform on the SSE where they want to map out SSE businesses and thus promote responsible consumption. The TCSE is working on a platform on social entrepreneurship that will provide news, highlight profiles of, and provide information on events and opportunities related to social entrepreneurship. This platform aims to become regional.

Such efforts should be coordinated so to avoid the duplication and wasting of resources. As Tunisia is a limited 'market', there isn't space for too many similar initiatives and projects. A SESO should take the lead to assemble the ecosystem actors and initiate possible coordination groups, a shared platform, offline meetings, or other methods that will



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constitute a mutually beneficial relationship between the actors and for the social entrepreneurs themselves too.

Media

There are some national and regional media organisations that focus on entrepreneurship, none however that focus on social entrepreneurship. They are mainly online magazines. There are some radio shows that are used for the diffusion of related news and that can be used to disseminate a more targeted message on social entrepreneurship.

Radio and Facebook are especially important in regions outside of Tunis to ensure a maximum reach through media channels. Radio include national and local radios.

A shared database of journalists and media platforms could be created/shared so to facilitate the creation of a network and diffusion of information of the ecosystem.

Gap analysis

There is gap in the services to SE Cycle. Most mapped services provided to SEs are limited to the ideation and – to a lesser degree – the start-up phases of the enterprise life cycle as well as the sensitization process to promote the sector. There were very few services identified during the mapping related to acceleration, mentoring and financial support for all stages of the SE cycle.

Another challenge is the weak capacity of existing SESOs. SESOs lack human resources capacity specialized in SE with adequate practices and tools. This limits their ability to provide quality services, to support a larger number of SEs and reach into regions outside of Tunis, and to evolve their support in line with the evolution of SEs themselves.

At the ideation phase, the main challenges are that ideathons also tend to happen within the framework of certain projects, and thus are organised with the aim of fulfilling the project's objectives, not necessarily to encouraging youth to find innovative solutions to challenges in society.



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Another important criticism of most of the ideation phase services is that the events/services are rushed and not enough time is taken with SEs to really understand and analyse the problems that they want to address. This can lead to too much emphasis on the idea itself without giving sufficient critical reflection on the way that the idea is supposed to respond to a social problem and try and scale impact.

Supply-demand analysis

Because the Tunisian 'market' is quite small (there aren't many SE), there should be an optimisation of existing resources by the ecosystem actors so to avoid wastefulness and increase impact as much as possible.

More specialised services - From the conversations with SEs there is a desire for more specialised services – personalised coaching, more technical support and trainings, more developed offering depending on the stage of development of the SE.

The SEs (especially in start-up and growth phases) indicated that there are too many similar trainings (such as on the business model canvas or how to pitch) that are recycled and that although they were interested the first time around, they have become redundant as they have not kept up with the development of the SEs.

This indicates two needs: 1) to better adapt the services and support provided to SEs based on their level of development; 2) to increase the network of experts or partners who can provide more technical support to projects.

There is limited access to SESOs for SEs who are based outside of Tunis. Although there is a small effort by SESOs to reach other regions, they lack the capacity and resources to do so effectively. Another barrier to accessibility is that many of the SESOs offer services in French and some mainly use English. This may an attempt to attract 'internationally-minded' and people with a certain level of education. However, it keeps much of the materials inaccessible to marginalised people.



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The low number of entrepreneurs and startups in Tunisia, along with a realisation that it is difficult to source new ones (especially from regions outside of the capital) has led to the rather slow realisation that there is a real need to decentralise services and opportunities so that entrepreneurs from other regions can benefit and grow. This is evident as there is slowly an increasing amount of interest (in the form of grants and requests for collaboration) for SESOs and entrepreneurs in the regions. For example, Mercy Corps is working on capacity building and entrepreneurial events in regions such as Sfax, Sousse, and others.

Needs assessment of SESOs

SESOs need to improve their own skills, tools and creation of a mutually beneficial network.

SESOs need to improve their own business models to become more sustainable. This would grant them financial sustainability, and also independence to implement programs. An observation of the incubators and some other SESOs is that many of them are over reliant on a limited number of funders. This can impact on their ability to design and implement projects that are adapted to the local context and real needs. SESOs should exercise their power of proposition, but in order to improve their positions to do so, should try and diversify their own funding or revenue streams.

SESOs face a challenge when it comes to human resources as they lack skilled technical staff. There are certain initiatives that aim to build the capacities of SESOs – such as by Mercy Corps.

They also need assistance in measuring their own impact. Many SESOs have limited knowledge, skills and tools to measure their impact (beyond the standard reporting indicators required by donors) and to evaluate it.

The SESOs can benefit from a stronger network. The ecosystem is quite small and has been fragmented until recently. Due to the limited resources (especially in terms of funding and SEs), the formation of a collaborative network has been hampered by competition over those resources. However, some attempts at greater collaboration have been taken, such as between Flat6Labs, Biat Labs and Lab'ESS. However, greater cohesion, understanding of service offerings and complementarity should be facilitated to avoid duplication, repetition



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of mistakes and provide a more solid and comprehensive support system for social entrepreneurship. Ultimately, the ecosystem should embrace more closely and apply to itself the values promoted by social entrepreneurship and its support structures such as coworking spaces – collaboration, exchange and innovation.

Access to finance - Mapping of actors and mechanisms

Access to finance remains one of the persistent and main challenges for SEs. There are no institutions that specialises in financial solutions for SEs in Tunisia, apart from possibly Impact Partner. The options available to SEs to finance their endeavours are donor funds, bootstrapping, seed funding, friends and family, loans, equity investment, micro-finance.

There are donor organisations that provide funding for SEs that are at the ideation or start-up stages: GIZ, EU, UNDP, Oxfam, AfDB, AFD. The funds are either granted directly through the donors, or through donor funded projects. For example, organisations such as the TCSE provide sub-grants to SEs at the ideation phase to fund the testing or some of the start-up costs. The subgrants are provided within the framework of EU or other funded projects.

Loans - There are two public banks that are meant to provide loans to entrepreneurs (not specifically social entrepreneurs). They are the Tunisian Solidarity Bank (BTS) and the Small to Medium Enterprise Financial Bank (BFPME). Although the banks are meant to provide loans to businesses, they tend not to venture into 'innovative' fields and into social enterprises as the profit-margins are low and the business models are not necessarily stable. Thus their financial instruments are not adapted to SEs, their modus operandi and needs.

Investors – There is only angel investor organisation in Tunisia at the moment – Carthage Business Angels. They invest in start-ups and not only in SEs.

There are other funds that are showing greater interest in SEs. The United Gulf Financial Services (UGFS) has a Social Business Fund that aims to invest in 50 to 60 projects by 2020. UGFS has partnered with Impact Partner which sources projects and provides pre- and post-investment guidance and coaching to SEs.



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Africinvest is raising funds to launch a EUR 120 million fund to invest in innovative companies and startups across Africa and they aim to close the first capital raise of EUR 50 million by the end of 2018.

From the perspective of the investors, some of the biggest challenges they face are that many good startups leave Tunisia, there aren't many projects that are emerging and there isn't enough focus on scalability. What investors search for in projects is that they have viable business models and the potential to be scalable (within Tunisia and outside). These challenges are applicable to 'normal' enterprises and even more so to SEs.

Microfinance - Enda Inter-Arabe was the first institution to offer microfinance in Tunisia in 1995. The number of institutions offering microfinance has multiplied after the revolution in 2011. The main microfinance institutions are [Enda Tamweel](#), [Zitouna Tamkeen](#), [MicroCred](#), [Advans Tunisie](#), [Centre Financier aux Entrepreneurs](#), and [Taysir Microfinance](#).

The microfinance agencies offer micro loans at high interest rates (as they do elsewhere in the world). The benefits of taking microcredit are questionable due to the extremely high interest rates and the danger of entering into a debt-cycle that becomes difficult to escape. This is especially so for SEs who generally take longer to start making a turn-over and generally tether between the need to be financially sustainable and to respond to a social need and have a positive impact.

Micro finance is possibly an option for SEs at the ideation phase who need to start or to test their projects, however it is not a suitable instrument for SEs who want to develop their project and start scaling up.

Crowdfunding - There are some crowdfunding platforms in Tunisia, however many SEs do not turn to this form of finance. The crowdfunding platforms are: [Afrikwity](#), [Cofundy](#) and the recently launched [Cha9a9a](#) (a platform that crowdfunds for projects, associations and solidarity causes).

Cofundy is a crowdfunding platform that supports small-scale entrepreneurial projects as well as social actions. They are selective with the projects that are posted on the platform.



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Cofundy is experiencing difficulties as it is difficult to sustain the platform and the revenues are very low.

Afrikwity is a crowd-investment platform that has shifted its focus from Tunisia to Africa because of the difficulties it encountered in Tunisia. The difficulties are that there aren't many start-ups that are ready and attractive enough for investment; that their return on investment is limited, especially given the continuing devaluation of the dinar; and that there is a limited number of investors in Tunisia.

The restrictions on currency exchange make it difficult to raise money from outside of Tunisia. There is already a difficult economic situation in Tunisia and the potential to collect significant amounts of money for projects is not very promising at the moment.

However, there is a proposed draft law on crowdfunding that was accepted by the Council of Ministers and that needs to be debated upon in parliament. It is reported that the law will be passed by the end of 2019. The passing of a crowdfunding law would open up the way for an alternative source of funding for projects that may not necessarily benefit from traditional financing structures.

Gap analysis

There is limited financial support for SEs: When it comes to financing, and apart from some seed funding provided by international organizations and Impact Partner and UGFS, no social or impact funds were identified. Moreover SEs going through the expansion phase were not targeted by existing service providers.

The financial support available is mainly geared towards high-growth startups or 'traditional' enterprises.

From the side of the investors, there is a perception that SEs do not have solid business models and thus do not pose interesting prospects for investment. The weak business models are compounded by the limited scope for scalability. Another concern expressed by



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investors is that the products or services provided by SEs are not always of the best quality and thus do not inspire confidence.

Conclusion and recommendations

Conclusion 1: Capacity of SESOs

Most SESOs have few specialised programmes for SEs. The ones that do focus on SEs have programs that have not been properly organised and lack solid materials, tools and skills to execute the programs. Or the programs need to comply with donor-set restrictions (choice of participants; timeframes) that then are disconnected from the demand and the needs of the SEs. This can have the adverse effect of decreasing confidence and demand for such programs.

SESOs should solidify the programs that they have to offer through improving their structure, content, and being more inclusive. They can benefit from sharing experiences of success and failures from European and regional counterparts, from technical trainings and sharing of tools and materials that can be adapted and translated to their needs.

Conclusion 2: Access to finance

There is a lack of financing mechanisms adapted for SEs at all stages. This is especially so when it comes to loans and equity investing. The financial instruments should be adapted to the realities and needs of SEs (longer time to grow, lower margins, focus on social impact). This could be done through providing incentives linked to social impact, or through re-interpreting concepts such as innovation to include social dimensions not just technological ones.

The lack of adequate financing mechanisms impacts negatively on SEs who struggle to continue or scale up and thus have a reduced impact or even stop their activities.

On the side of investments, one interviewee recommended that co-investment be promoted for SEs, as this would spread risk.

Conclusion 3: Limited networking and collaboration between SE actors



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There is a loose network of SESOs, however the ecosystem is fragmented and was characterized more by competition than by collaboration. The SESOs were competing over SEs (as there is a limited number), over grants and donor projects, and strategic partnerships. There are signs that this is slowly changing as the SESOs mature and there are efforts at outreach and inclusion (eg. representatives from different SESOs are invited as judges in pitching competitions).

Due to the small market in Tunisia and general lack of skills and resources, it would be beneficial for the SESOs to share in their skills and resources, communicate more so to avoid duplication of work and to share best practices.

Conclusion 4: Centralisation of services

Most support organisations are located in the greater Tunis area. This has created an inequality in access to opportunities and services between SEs located in Tunis and those located in other areas of the country. Considering that marginalisation of the regions in terms of access to opportunities, information, services, development and other areas, the social entrepreneurship ecosystem should be more conscientious of the importance to decentralise its support offerings. There are increasing efforts to build capacities of SESOs in the regions (eg. trainings conducted for coworking spaces by Mercy Corps). These efforts should be reinforced.

Conclusion 5: Limited contact between SESOs focusing on SEs and investors

There is a disconnect between the perceptions of SEs held by SESOs such as incubators and investors. While the SESOs primarily focus on projects that can have some social impact, they tend to sometimes neglect scalability and strong business models. Investors tend to focus primarily on strong business models and scalability. Investors have also expressed that SEs should be more mature, improve their quality and need capacity building, and that SESOs could improve their support for SEs in these regards.

A recommendation would be to establish a platform (whether in the form of gatherings or other) where SE focused SESOs and investors can exchange their expectations and visions and try adapt each other's offerings so to support SEs that will have a strong impact through quality services/products and strong business models. Micro level context



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SE definitions

Social entrepreneurship is still a fluid concept in Tunisia. There is a confusion about the meaning of social entrepreneurship and there is confusion between social entrepreneurship and the SSE. This confusion was evident when speaking to certain entrepreneurs, SEs, SESOs and university students. The perception was that both SE and SSE aim to do some good in society through either employment creation or through organising marginalised communities with the aim to empower them.

There is a lack of general awareness that social entrepreneurship is about systems change and that finding innovative solutions to issues/needs/challenges in society is a key component. This lack of understanding of systems change can impact the way that SEs view their role in society and also affect their vision of the scalability of the project.

Several SEs identify themselves as both SEs and SSEs, whilst other projects that qualify to be SEs do not identify themselves as such due to a lack of awareness or understanding of the concept. This can be an impediment as they would not search for and take advantage of the services and opportunities available to support them.

It is recommended that the definition of a social enterprise be clearer so to facilitate a more stringent approach to and adherence to the principles of social entrepreneurship and options for financing – if the interest is to make social entrepreneurship a more institutionalised or, rather, recognised entity.

When deciding on the definition and how to classify social entrepreneurs, one should pose the question whether social entrepreneurship should be an institution in itself or a transversal label that can qualify start-ups, associations or other entities as SEs. But this argument relates to the legal framework and incentives to be established for SEs.

SE vs 'normal' enterprise



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The difference between the social enterprise and a 'normal' enterprise is found in the starting point of the project and in the impact. The main 'raison d'être', as described by the SEs, is the response to a need in society resulting in a positive impact. The SE should arise as a response to a problem in society and should have a positive impact upon a specific community. The response should have a viable business model which will enable it to be sustainable.

Normal enterprises do not necessarily have 'social impact' as their point of departure and are focused on making profits and then on other aspects. In Tunisia, the differences between 'normal' and social enterprises can be found in the legal form. Enterprises will take on the form of a profit-generating business, whilst SEs can be registered as businesses, as NGOs, or adopt hybrid models.

Another difference between the two in Tunisia is in the employment creation. 'Normal' enterprises may create more jobs generally, but SEs create employment for and upskill marginalised communities such as women from rural areas or youth without diplomas. Thus, while there needs to be work done for SEs to stabilise, grow and create more employment opportunities, they do touch on groups of people that are generally left out of the employment sector.

In the eyes of regulations, the two are treated as the same (if the SEs adopt the legal form of a company not an NGO) for tax and other purposes. This is a challenge as SEs in Tunisia generally take longer to break even and start making a profit as they are balancing between the need to make an impact and the need to find a sustainable business model.

Impact

The impact of the existing SEs is that they are:

Filling the gap in public service provision - SEs in Tunisia are filling the gaps in public services provision in fields such as waste management, women and youth empowerment, sustainable local development, access to quality food, preservation of heritage, inclusion of persons with disabilities and sustainable environmental solutions. The initiatives are still



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small in scale, but with the right support can stabilise and increase their impact. Examples are Hands of Hope where persons with disabilities are trained and employed in handicrafts. Urban Gardens will promote the creation of urban gardens in urban areas and will train people in permaculture to green public spaces and promote access to healthy foods.

Inspiration - SEs are inspiring youth to explore the idea of launching their own projects and participate in addressing challenges/needs in their communities. Young people searching for ideas or work attend talks and presentations made by SEs and try to learn from the path taken by the SEs to see whether they could also follow a similar path. This has an effect of increasing the sense of ownership and possibility of youth being active members of society and contributing to the discussion and addressing pending challenges.

Economic inclusion - SEs have promoted the economic inclusion of marginalised groups, especially women and youth. This is important as unemployment in Tunisia stands at 36% for youth under 24. This lack of economic inclusion has negative consequences as it can lead to unrest, radicalisation, and social disintegration. Tilli Tanit for example has provided stable employment for women who embroidered but had no stable market or remuneration for their work. Ftartchi has provided sustainable income for women who spent much time cooking traditional dishes in their houses but did not have time or opportunity to find remunerated work. These efforts are also having an effect on the social acceptance of women working (especially in areas outside of the big cities) and allowing women to gain economic independence.

Contributing to local development – Projects such as Dar Al Mansoura and Dar El Ain are trying to reinvigorate the local economies and development through creating new value chains and access to market for local crafts. Dar Al Mansoura is involving local men and women from Melloulech through sourcing and exhibiting their products (artisanal foods, handicrafts) in the guesthouse and bringing new customers through the guesthouse. Dar Al Ain is providing an option for income for women and families in Jendouba by training them in hospitality, by including them in the touristic circuits and providing them with clients to whom they can sell food, handicrafts or rent rooms.



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Contributing to social cohesion – Many SEs integrate marginalized populations, either through job creation, upskilling, involving them in the value-chain or through providing access to goods/services that are otherwise difficult to access. For example, SociOrdi provides access to computers for populations without means. They do this through collecting old and unused computers from individuals and organisations, teach people how to refurbish them, and then sell or donate the refurbished computers to schools or families in rural areas.

Job creation - In terms of job creation, the existing SEs have contributed to job creation, however the number remain small. This is mainly due to their very 'local' nature and due to financial constraints. The job creation of economic inclusion however does focus on marginalised communities, such as women from rural areas or youth without diplomas.

Sector analysis, size, turnover, types

Most SEs operate in the following sectors: handicrafts, agrifoods, sustainable tourism; and economic inclusion of women.

SEs are mainly concentrated in the cities, particularly in the capital Tunis. This is because generally there are more opportunities and access to support structures in these areas, as there is more of an awareness of what social entrepreneurship means in these areas.

Due to the nascent nature of social entrepreneurship, there are more SEs in the ideation and start-up phases than in the growth phase. This nascent stage is reflected in the challenges they usually face on the operational, organizational, management, and most importantly financial profitability and sustainability.

As there is no specific legal framework for SEs, SEs register themselves either as NGOs, enterprises, or form hybrid models whereby they have sister organisations - a NGO through which they try to benefit from donor funds and promote the social impact and a business through which they conduct their commercial activities.

SEs are mainly active in local markets, or are trying to expand using



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- E-commerce
- Using typical commercial channels for social enterprises
- Developing interesting commercial arrangements and networks.

SEs bring innovation either through new products, new approaches to the value-chain, management models or methods of production.

Many SEs are started by women and youth and involve a dimension of capacity building or empowerment, whereby women for example are enabled to gain a livelihood for work that they used to do without remuneration.

The SEs in Tunisia do not have a strong network between each other and thus mainly endeavour on by themselves. Some search for a network of SEs through SESOs so to be able to exchange experiences and form part of a support network.

Challenges and barriers for SEs

Many challenges faced by SEs are the same or similar to the ones faced by 'normal' enterprises – such as corruption, opaque and burdensome bureaucratic procedures. On top of those challenges, SEs also face challenges specific to their sector.

- Regulatory environment and bureaucracy - there is no common definition of social entrepreneurship used in Tunisia. There is no law or legal form specific to social entrepreneurship. SEs find it difficult to navigate the bureaucratic environment when they want to launch their projects as there is no central point of clear information, there are various interlocutors, and generally there is limited guidance on how to start a project. This challenge is especially relevant to SEs at the ideation and startup stages.
- Finance mechanisms – SEs find the lack of accessible finance mechanisms one of the main challenges for their growth. This is applicable to all three stages of development and can hinder the starting up or the expansion of the projects.



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- Scalability - Another challenge is scalability. There are a number of initiatives around the country but they remain small in size. Many of them have the potential to be replicated – but need to strengthen their business models to ensure sustainability and the interest to continue with such projects. Another challenge to scalability is the limited size of the Tunisian market. Therefore social enterprises need to learn how to maximise their access to the local market and also appeal to the regional or international markets to ensure that they have sustainable levels of production and sales to keep the projects open.
- Communication - On the broader level, the ecosystem should work together with the public authorities to create a communication on social entrepreneurship, its role in Tunisia and opportunities for growth. This will provide a framework within which the social entrepreneurs can present themselves and position themselves in the Tunisian economic and development landscape. The communication on the importance of the social impact made by the SEs can also motivate the public to source from SEs and support them in other ways if needed.
- Impact versus financial sustainability? One of the challenges faced by social enterprises is balancing between the social impact and financial sustainability. There are numerous social enterprises that begin their activities with grants and / or using the status of an NGO. They then struggle to diversify or find other sources of financing for their activities risking the sustainability of the project. The status of NGO is also limiting in the activities that they can undertake to earn money for the project. There are other start-ups that claim that they are social enterprises and do start as such, but once the need to make money becomes more urgent, they abandon the social impact and focus on profit making, thus losing their initial mission of being a social enterprise. See the example of Think IT.
- Human resources – many SEs have expressed that they have a difficulty in finding skilled and dedicated people to work in their teams. This may be because a) the skills are scarce; b) SEs do not have the financial resources to offer stable employment; c) there is a perception that SEs do not offer reliable employment.



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- Access to information – SEs say that they generally do not have access or do not know where to look for information regarding social entrepreneurship, whether it be on legal aspects, events, opportunities, etc.
- Lack of a solid SE network – this relates to the previous challenge. SEs would like to form part of an SE ecosystem where they would be able to meet other SEs to exchange experiences, best practices; where they would be able to have access to SESOs and understand exactly how each one can assist them; where they could have a platform to discuss policy or other issues affecting SEs.
- Limited market access – the Tunisian market is relatively small and thus presents a limited possibility of scalability. Some SEs would like to possibly export and explore regional or international markets, however they do not have the scale of production to compete or cover logistical costs. Export clusters could be formed (between SEs and traditional enterprises) to facilitate this access to outside markets. Another possibility is to promote b2b instead of only b2c, as there is more potential for growth.
- Measurement of impact - Another challenge faced by social enterprises is the lack of knowledge on how to measure impact. Impact can be measured both in qualitative and quantitative terms; it can material and immaterial. The lack of knowledge how to collect the necessary data and measure it to assess the impact is a challenge. With a good presentation of impact, social enterprises can approach investors with more conviction, can create honest stories around their services/products that will draw more clients and they can also help support organisations to evaluate in which areas the enterprise should improve or develop.

Opportunities and potential

SEs have the potential to contribute to innovations in value chains for products and services: by making available completely new services and products using new ways of producing traditional services and products, mainly through innovative forms of involvement of consumers (as co-producers), of local community (volunteers) and of workers themselves.



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Considering the rather rigid Tunisian economy that sees pockets of innovation or experimentation, SEs can have an influence in two ways:

- a) Reinvigorate traditional sectors: many SEs are active in 'classic' sectors such as handicrafts or agrifoods. While such sectors, especially handicrafts, can be seen as dying and facing a future of an ever decreasing market, SEs can revitalise such sectors through introducing new designs, promoting traditional techniques, providing access to new markets, and using technologies to update some production processes.
- b) Introduction of solutions through new sectors: SEs can experiment and venture into new sectors in Tunisia, such as urban environmentalism or sustainable cities, and thus provoke economic diversification and movement. There are many 'new' challenges that Tunisia is facing, whether water scarcity or infrastructure incapable of catering to a growing urban population, that the 'classical' sectors are not addressing or equipped to address.

Needs assessment for SEs

Following interviews with SEs, the following main needs were identified:

- Personalised support –Most of the entrepreneurs noted that there are too many generic trainings and services for social entrepreneurs (trainings on how to pitch / business model canvas / etc) and that they need a more personalised or customised approach. They suggested that the incubation/acceleration/coaching programs take this into consideration and focus more on the individual projects.
- Communication - Majority of the entrepreneurs (especially the ones coming from outside of Tunis) mentioned that they have a challenge with communication on two fronts. On the one hand, they need communication support for their projects (content development, design, and dissemination) and on the other, they need more communication on social entrepreneurship in general in Tunisia so that it gains a more visible status in the country.



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- Support for growth stage SEs - The trainings and events offered have not kept up with the evolutions of the social entrepreneurs generally. This means that they receive support until a certain point and then support for evolution is stunted. This is detrimental as it can hamper the consolidation and scalability of the enterprises, and also limits their competitiveness with foreign enterprises/services/products. SEs from the growth and consolidation phase said that they are tired and do not have time to attend events and competitions, but need more concrete support – finance; technical training/support.
- SEs expressed their need to be part of a network. This was especially so for the entrepreneurs at the ideation and start-up stages. The importance of the network is to facilitate the exchange of information, opportunities, and experts, to provide a sense of solidarity for the entrepreneurs, and to give them a more united voice for advocacy efforts. They would like for the SESOs to organise more networking events with other SESOs, investors, other SEs, and potential clients or collaborators.
- Access to finance – SEs are interested to learn more about how to search for and apply for funding (from donors) and how to approach investors.

Conclusion and recommendations

Conclusion 1: SE definition and awareness

There isn't a widespread awareness that social entrepreneurship is about systems change and there is confusion between it and cooperatives or similar projects. An awareness-raising campaign (through the use of inspiring examples and ideathons) would be advised to both promote the idea of using SE for systems change and also to help existing SEs identify themselves as SEs if they do not already and position themselves in a public dialogue on the topic.

Conclusion 2: Impact

SEs in Tunisia are filling gaps left by the public, private and NGO sectors in public service provision. However, the impact remains generally limited due to the financial or other difficulties encountered by the SEs. This highlights the need to provide adequate support for



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the SEs in order to maintain their impact and also to ensure that there is a growing confidence in the ability of SEs to play the role of social innovators in the domain of public service delivery where other actors do not do so.

Conclusion 3: Most SEs are in the early/ideation phase

Most SEs in Tunisia are still in the early/ideation phase. Although this means that there isn't a mature ecosystem yet, it also presents the opportunity to really mould and support the growth of SEs in new and innovative sectors and learn from lessons learnt in other geographies where SEs are more developed. This should be done in conjunction with an improving service offering by SESOs that promotes deeper questioning of challenges/issues/needs in society and can cater to the needs of the evolving SEs.

Conclusion 4: External and internal challenges

SEs in Tunisia face double challenges - those posed by the external environment and those that are specific to the entrepreneurs themselves. The external environment is affected by macroeconomic issues (such as inflation, the devaluation of the dinar, etc), there is also social pressure for youth to seek stability through stable employment or to leave the country instead of pursuing entrepreneurial adventures, and there is a lack of awareness and access to information/resources related to social entrepreneurship. On the internal level, SEs lack competencies, whether in communication, management or other, that can hinder the healthy development of the project.



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Annex 1 – List of SESOs

No.	Stakeholder	Service	Region	SE specific (Y/N)
1	El Space	- Business services, coaching and mentoring - Incubation - Access to networking and Financing	Tunis	Yes
2	Shanti	- Business services, coaching and mentoring - Incubation - Access to networking and Financing	Tunis + Tozeur + NW Tunisia	Yes
3	Lab'ESS	- Business services, coaching and mentoring - Incubation - Access to networking and Financing	Tunis	Yes
4	TCSE	- Business services, coaching and mentoring - Incubation - Access to networking and Financing	Tunis + Mahdia	Yes
5	Flat6Labs	Incubation and acceleration	Tunis	No
6	Biat Labs	Incubation	Tunis	No
7	KiHub	Ideation and incubation	Kasserine	Yes
8	Enpact Tunisia	- Incubation - Access to Networking and Financing - Business services, coaching and mentoring	Nationwide	No
9	Yomken	Crowdsolving platform	Nationwide	No
10	Reseau Entreprendre	- Business services, coaching and mentoring - Financing	Nationwide	No
11	Impact Partner	- Incubation - Financing - Business services, coaching and	Tunis	Yes



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		mentoring - Access to Networking and Financing		
12	Enda Tamweel	Microcredit	Nationwide	No
13	Zitouna Tamkeen	Microcredit	Nationwide	No
14	MicroCred	Microcredit	Nationwide	No
15	Advans Tunisie	Microcredit	Nationwide	No
16	Centre Financier aux Entrepreneurs	Microcredit	Nationwide	No
17	Taysir Microfinance	microcredit	Nationwide	No
18	Entrepreneur Financial Center	Financing	Nationwide	No
19	Investment Bank for Small and Medium Enterprises (BFPME)	Financing	Nationwide	No
20	Tunisia Solidarity Bank (BTS)	Financing	Nationwide	No
21	Carthage Business Angels	Angel investors	Nationwide	No
22	UGFS (Social business fund)	Financing	Nationwide	Yes
23	Machrou3 fi Bledi	- Business services, coaching and mentoring - Trainings	Tunis	No
24	FIKRA Tounisiya	- Incubation - Access to Networking and Financing - Business services, coaching and mentoring	NW Tunisia	Yes
25	T7arek.tn	Information platform	Tunis	No
26	EdgeRyders	Information platform	Nationwide	No
27	Entrepreneurs of Tunisia	Information platform	Nationwide	No
28	Bloommasters	Competition	Nationwide	Yes
29	Souk Attanmia	Competition	Nationwide	No
30	TS Index	Information platform	Nationwide	No
31	Enactus Tunisie	Business services, coaching and mentoring Trainings	Nationwide (almost)	Yes



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32	Cogite	Coworking	Tunis	No
33	111 CoThink	Coworking	Tunis	No
34	El Fo9	Coworking	Tunis	No
35	Techvilla Tunis	Coworking	Tunis	No
36	Jasmine Hall	Coworking	Tunis	No
37	Creative Space	Coworking	Tunis	No
38	Startup Haus	Coworking	Tunis	No
39	Level 1	Coworking	Tunis	No
40	Dar el Harka	Coworking	Tunis	No
41	Maison de l'Image	Coworking	Tunis	No
42	Factory 619	Coworking	Tunis	No
43	Workzone	Coworking	Tunis	No
44	Orga	Coworking	Sousse	No
45	Maison des Arts Sousse	Coworking	Sousse	No
46	Hive 12	Coworking	Sousse	No
47	Cozi	Coworking	Djerba	No
48	KiHub	Coworking	Kasserine	Yes
49	Lingare Mahdia	Coworking	Mahdia	Yes
50	Cirta Culture	Coworking	El Kef	No
51	Ourghema	Coworking	Medenine	No
52	Bee Coworking Space	Coworking	Gabes	No
53	Co'Art	Coworking	Sfax	No
54	Creed Consulting	Training, coaching and mentoring for entrepreneurs in handicrafts sector	Tunis	No
55	Association Mouwatana	Coworking Trainings for civil society and citizens	Sidi Bouzid	No
56	Twiza Coworking Space	Coworking	Tunis	No



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Annex 2 – SEs interviewed

1	<p>Name: Azza Chtioui Project: Urban garden Established: no Stage: ideation Region: Tunis</p>	<p>This project aims to use unexploited urban spaces (roofs, balconies, gardens, etc) to create organic vegetable gardens. The produce of these gardens would be used for individual consumption and for commercial purposes (sold to restaurants, hotels, etc). The project aims to reduce costs (both economic and environmental) of food production by cutting down on transportation and packaging, by creating green spaces in urban zones that lead to healthier and cooler environments, by reconnecting citizens with nature, and by providing food sovereignty to low-income families.</p>
2	<p>Name: Hayfa Sdiri Project: Entr@crush Established: no Stage: ideation Regions: Tunis</p>	<p>Entr@crush is a Tunisian solution to the issue of economic empowerment. The project aims to facilitate Tunisian youth's transition from abstract academic concepts to professional life. Entr@crush is a platform offering a wide range of services, ranging from showcasing startups and success stories to e-learning videos for both hard and soft skills to displaying potential investors and weekly events. The project is being conducted in partnership with university professors and self-help coaches.</p>
3	<p>Name: Amyra Hammami Project: Coin Tipi Established: 2016 Stage: start-up Regions: Tunis FB page</p>	<p>Coin Tipi is a space offering alternative educative activities for children - reading and discussions, artistic activities, learning about nature, co-creation of books. The project emerged in response to the rigid educational system that does not sufficiently support creativity, connection with nature and teach soft skills.</p>
4	<p>Name: Wafa Smida Project: Amando Established: No Stage: Start-up Region: Mahdia FB page</p>	<p>Amando produces almond milk using no artificial additives or preservatives. It aims to provide an alternative to people who are lactose intolerant at an affordable price and made from Tunisian ingredients.</p>
5	<p>Name: Aida Ben Ammar</p>	<p>Ftartchi is a project of the association APES. The project</p>



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	<p>Project: Ftartchi (project of the association APES) Established: 2018 Stage: start-up Region: Tunis Website: www.apes.tn</p>	<p>stems from the problem that there aren't many places to eat quality 'home' style food in Tunis that are accessible (financially and geographically), and that the efforts and know-how of traditional cooking are not valued. The solution is that Ftartchi groups together women who prepare home-cooked meals upon order at home and then delivers the meals. The women are remunerated and people have access to healthier and traditional food.</p>
6	<p>Name: Your Aichaouia Project: Dar Al Mansoura Established: Stage: start-up / growth and consolidation Region: Mahdia Website: almansoura.e-monsite.com</p>	<p>A guesthouse close to the village of Melloulech in Mahdia. The guest house aims to promote sustainable tourism and create a local economic and cultural dynamic by linking local farmers, artisans and food producers to the touristic circuit. The project also aims to promote and preserve local gastronomy and know-how.</p>
7	<p>Name: Rania Mechergui Project: Dar El Ain Established: 2017 (formally) Stage: start-up Region: Jandouba FB page</p>	<p>An ecotourism initiative whose activities aim to provide a source of income for the local population. The initiative has designed hiking trails in the region of Jandouba. Each circuit connects to local artisans and women who can provide food and lodging to guests.</p>
8	<p>Name: Myriem Ben Brahim Project: Gaia Established: 2007 / 2009 (formally) Stage: growth and consolidation Region: Ariana Website: www.fth-gaia.com/</p>	<p>A farm that provides therapy to handicapped persons from marginalised communities through art, interaction with animals and conventional methods too. The activity is sustained through funds and revenue generating activities that are complementary.</p>
9	<p>Name: Nejib Bel Hadj Project: Tilli Tanit Established:</p>	<p>A space of cocreation between young designers and women who work in traditional embroidery. The efforts are united under the brand Tilli Tanit. The project aims</p>



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	Stage: growth and consolidation Region: Mahdia FB page	to promote the economic inclusion of women – through providing an income for women embroiders, and to preserve traditional techniques of embroidery from Mahdia.
10	Name: Sarah Raddadi Project: Hands of Hope Established: 2009 Stage: growth and consolidation Region: Tunis FB page	Hands for Hope is a social enterprise that provides training and employment to people with disabilities. It also educates people with disabilities on their rights as well as their duties. The problem that the project addresses is the lack of awareness of rights and duties of people with disabilities, and the lack of implementation of laws that prescribe the employment of or procurement of goods/services offered by persons with disabilities.