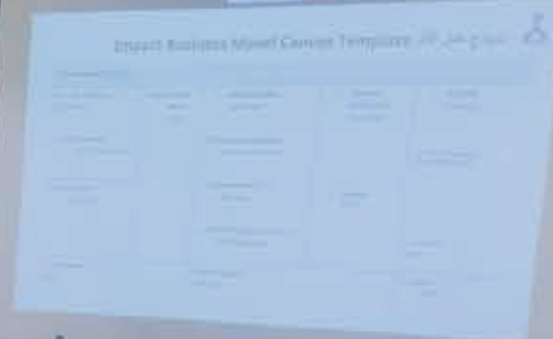




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Building a stronger  
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sustainable  
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entrepreneurial  
ecosystem in  
Jordan



# REPORT

## Strengthening Policy & Legal Frameworks for Jordan's Entrepreneurship Ecosystem

**Date:** 14 September 2025

Implemented by:

**spark**

**alfanar**

VENTURE  
PHILANTHROPY

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# About the EU-funded programmes behind this publication:

## From Innovation to Creation

The European Union-funded programme “From Innovation to Creation” supports entrepreneurship and innovation ecosystems across the MENA region. Implemented by SPARK and local partners in four countries (Palestine, Tunisia, Lebanon, and Jordan), the programme fosters capacity building, startup support, and policy engagement to promote sustainable economic development, job creation, and innovation-driven growth.

The programme aims to build capacity of Business Support Organisations (BSOs) and entrepreneurship hubs, provide training, mentoring, and seed funding to startups, with a focus on women-led, digital, green, and social impact ventures, advocate for policies that enable innovation, entrepreneurship, and access to finance, and foster regional integration and market expansion for startups.

[www.spark.ngo/programme/from-innovation-to-creation](http://www.spark.ngo/programme/from-innovation-to-creation)

## Green Forward

The Green Forward initiative, funded by the European Union, aims to foster a green and circular economy in the Southern Neighbourhood region, which includes countries in the Middle East and North Africa. The programme operates at three levels: macro, meso, and micro, implemented respectively by a consortium comprising Expertise France, SPARK, and UNIDO.

SPARK leads the meso-level component in collaboration with partners across seven countries: Egypt, Jordan, Lebanon, Libya, Morocco, Palestine, and Tunisia. SPARK's intervention aims to enhance the capacity of business support organisations/entrepreneur support organizations (BSOs/ESOs) to serve as ecosystem enablers, bridging the gap between policy and practice. This initiative is committed to fostering job creation, economic opportunity, and alignment with the principles of the European Green Deal in all seven target countries.

[www.spark.ngo/programme/green-forward](http://www.spark.ngo/programme/green-forward)



## About the implementing partners:

### SPARK

SPARK is an international, non-governmental organisation focused on economic development for youth in fragile and conflict-affected regions. Established in 1994, SPARK has 30+ years of experience working across Eastern Europe, Africa and the Middle East.

SPARK's mission is to create impactful jobs for youth, including women and refugees. We facilitate youth in higher education, internships, entrepreneurship and the growth of small and medium-sized enterprises within high growth potential sectors, such as green, digital technology and agri-business.

[www.spark.ngo](http://www.spark.ngo)

### Alfanar

Alfanar is the Arab world's first venture philanthropy organisation, established to fund, support, and scale high-impact, locally led social enterprises. Since 2004, we have supported more than 200 enterprises across earning, learning, climate, and heritage, providing catalytic capital and hands-on management support to strengthen their financial sustainability and measurable impact. By combining patient funding with rigorous impact measurement and tailored capacity building, Alfanar helps enterprises build resilient models that can grow and serve communities in need across Lebanon, Jordan, Egypt, and Palestine. Our work is contributing to a stronger, more inclusive impact economy for the region.

[www.alfanar.org](http://www.alfanar.org)

# Executive Summary

Jordan has demonstrated remarkable resilience and innovation in navigating regional and global economic shifts. Its strategic location, young and educated population, and tradition of entrepreneurship position it as a potential leader in inclusive and sustainable development across the Middle East and North Africa. At the same time, structural pressures including 21.3% unemployment (Q1 2025), one of the world's highest levels of water scarcity, a youth population representing 63% of citizens under 30, and 1.3 million refugees underscore the urgency of building a more adaptive and equitable economy.

Within this landscape, Social Enterprises (SEs) and Green Enterprises (GEs) represent a dynamic force for progress. By combining commercial viability with social and environmental missions, they can drive job creation, advance equity, and strengthen climate resilience. However, their potential remains underutilized due to structural and policy gaps.

Currently, SEs and GEs are registered under the Law on Societies (2008), Cooperatives Law (1997), or Companies Law (1997), none of which recognize their distinct roles or provide tailored incentives. National strategies such as the Economic Modernization Vision (2022–2033), Jordan Vision 2025, and the National Green Growth Action Plan (2021–2025) champion entrepreneurship broadly but do not define SEs or GEs, extend fiscal relief, or coordinate the work of Entrepreneurship Support Organizations (ESOs). These shortcomings contribute to persistent financing gaps with 46.25% of ESOs citing funding shortages as their primary constraint and uneven support for vulnerable groups, as only 38.60% of ESO programs currently reach refugee communities (UNDP Jordan).



Through seven structured consultations and workshops engaging over 80 stakeholders from government ministries, ESOs, SEs, UNDP, and GIZ, combined with desk research and regional benchmarking, the assessment identified eight structural gaps that hinder the development of a robust SE and GE sector:



### Legal Ambiguity

The absence of a dedicated legal identity complicates access to investment and government incentives.



### Fragmented Oversight

Dispersed responsibilities weaken policy alignment and operational efficiency.



### Limited Awareness

Low public and policymaker understanding restricts market demand and momentum for reform.



### Funding Constraints

Insufficient financing prevents promising ventures from scaling to create significant employment opportunities.



### Urban Bias in ESO Support

Rural communities and refugee populations remain underserved, perpetuating regional disparities.



### Weak Impact Measurement Capacity

Limited tools and skills hinder enterprises from demonstrating measurable results to investors and policymakers.



### Insufficient Incentive Structures

The absence of tax benefits, procurement quotas, and affordable credit reduces competitiveness relative to conventional businesses.



### Outdated Legislative Options

Current laws do not accommodate hybrid models, constraining innovation and formalization.

International examples demonstrate that targeted reforms can unlock sector potential. **Tunisia's Social and Solidarity Economy Law (2020)** provides tax exemptions and mandates ≥50% profit reinvestment. **Saudi Arabia's Monsha'at accreditation** has mobilized grants for over 1,000 SEs. **Egypt's MSMEDA** has disbursed **EGP 12 billion** in low-interest funding and issued **\$1.5 billion in green bonds**, and European frameworks such as the UK's **Community Interest Companies** and France's **SSE legislation** showcase the power of flexible structures and certification systems.

Drawing on these lessons and co-designed with stakeholders, this report outlines a **three-phase strategy** tailored to Jordan's context to foster an enabling environment for SEs and GEs:

## Key Strategic Actions



### Define Social & Green Enterprises

Establish a national definition requiring **≥50%** profit reinvestment, incorporating a green taxonomy to guide environmental standards.



### Build Capacity & Awareness

Strengthen ESO outreach to rural and refugee populations, deliver impact measurement training, and run national awareness campaigns.



### Launch Voluntary Labeling

Create renewable certification administered by MoDEE and MoEnv to enhance recognition and trust.



### Incentivize Growth

**(10–15%)** Introduce Tax Reductions

**(5–10%)** Procurement Quotas

**(0–5%)** Low-Interest Loans



### Promote Equity

Prioritize youth, women, refugees, and rural communities across all initiatives.



### Create a Coordinating Entity

Form a National SE Commission under MoDEE to unify oversight and policy direction.



### Strengthen Legal Foundations

Amend existing laws or enact dedicated SE legislation to ensure long-term clarity and support.

## Phased Implementation Roadmap



### Phase 01

#### Years 1–2 Quick Wins

Launch labeling, establish a digital platform, and pilot financial incentives.



### Phase 02

#### Years 3–5 Consolidation

Enact legislation, formalize coordinating bodies, and expand financial and procurement mechanisms.



### Phase 03

#### Years 5–7 Regional Leadership

Institutionalize observatories, enable cross-border recognition, and position Jordan as a **regional hub for social and green entrepreneurship**.

Anchored by a Social Enterprise Impact Index to measure outcomes, and aligned with the Sustainable Development Goals, these reforms can generate quality employment, stimulate inclusive economic growth, and enhance environmental resilience by 2033. With its strategic advantages and proven capacity for innovation, Jordan is well-placed to emerge as a regional leader in social and green enterprise development.





## INTRODUCTION

Jordan's entrepreneurial ecosystem is vital for addressing socioeconomic and environmental challenges, including high unemployment (21.3% in Q1, 2025<sup>1</sup>), severe water scarcity<sup>2</sup>, a significant refugee population (11.5 million total population in 2023, including 1.3 million Syrian refugees), and a young demographic (63% under 30).

Social Enterprises (SEs) and Entrepreneurship Support Organizations (ESOs) drive sustainable development, social inclusion, and economic empowerment for marginalized groups like youth, women, and refugees. Despite reliance on human capital, tourism, and foreign aid, Jordan faces slow economic growth, rising public debt, and structural issues, exacerbated by regional instability and the COVID-19 aftermath. The GDP rose from \$46.3 billion (2021) to \$48.65 billion (2022), but inflation (4.2%) and unemployment (19.1% in 2023) persist.<sup>3</sup>

Government initiatives like the Executive Development Program (2016–2018), Jordan Economic Growth Plan (2018–2022), Jordan Vision 2025, the General Entrepreneurship Policy (2021–2025), and the Economic Modernization Vision (2033) promote entrepreneurship and innovation as drivers of economic growth and quality of life. These policies aim to enhance investment, trade, and inclusivity, shifting Jordan's economy from efficiency-driven to innovation-driven. However, challenges like limited financing, regulatory ambiguity, and fragmented support structures hinder SEs and ESOs.

This review, synthesizing academic, policy, and practitioner insights, along with stakeholder consultation aims to address these gaps, align with Alfano's objectives, and position Jordan as a regional hub for entrepreneurial activity by leveraging its untapped talent.

<sup>1</sup>[https://dosweb.dos.gov.jo/unemp\\_062025/](https://dosweb.dos.gov.jo/unemp_062025/)

<sup>2</sup><https://www.unhcr.org/jo/26501-how-water-scarcity-in-jordan-hits-refugees-twice.html>

<sup>3</sup>World Bank Website: <https://data.worldbank.org/country/jo>



## CONTEXT

Jordan's social enterprise sector is uniquely positioned to address the country's acute challenges, including water scarcity, youth unemployment, and the refugee crisis, issues where traditional models, such as purely charitable NGOs or profit-driven businesses, have often struggled due to limited scalability, funding constraints, or misalignment with hybrid social-commercial needs. Social enterprises (SEs) and green enterprises (GEs), which blend innovative business practices with mission-driven goals, offer flexible, sustainable solutions.

For instance, SEs/GEs can develop community-led water conservation technologies or recycling initiatives to combat scarcity, create job-training programs tailored to youth and refugees for employment generation, and foster inclusive economic models that integrate displaced populations into local markets. By leveraging market mechanisms for social impact, these entities can fill gaps left by conventional approaches, driving resilient, bottom-up change in resource-strapped environments.

Jordan's social enterprise sector operates within a complex legal and policy environment lacking a dedicated framework tailored to the hybrid nature of social enterprises. These organizations currently function under a patchwork of existing laws originally designed for NGOs, cooperatives, or traditional companies. This creates significant legal and operational ambiguities for social enterprises, which combine social missions with commercial activities.

The key legislative frameworks regulating aspects such as registration, governance, funding, and taxation are summarized below. None specifically address social entrepreneurship or offer incentives aligned with social impact objectives:

Law	Year	Description & Key Points	Amendments
Law on Voluntary Societies	2008	Governs NGOs and civil society organizations; restricts foreign funding and governance.	Amended by Law No. 22 of 2009
Law on Cooperatives	1997	Regulates cooperative societies with shared economic activity; includes bureaucratic oversight.	N/A
Law on Companies	1997	Governs commercial companies; permits non-profit companies but lacks social mission provisions.	Applied via Regulation No. 732010/
Law on the Rights of Persons with Disabilities	2017	Affirms inclusion rights; no specific provisions for social enterprises.	N/A
Zakat Fund Law	1978	Regulates state-controlled charitable funding; limits access for independent social initiatives.	Amended by Law No. 8 of 1988
Municipalities Law	2015	Provides legal basis for local government partnerships and community development; underutilized for social enterprises.	N/A
Income Tax Law	2014	Regulates taxation without exemptions or incentives specific to social enterprises.	Amended by Law No. 38 of 2018

This fragmented legislative framework imposes strict administrative controls and oversight that do not fit the hybrid model of social enterprises, resulting in limited operational flexibility and restricted access to funding, especially from foreign sources. Multiple government agencies oversee different aspects without coordination, causing regulatory overlap and uncertainty. Financial regulations treat social enterprises like conventional businesses, with no tax relief or incentives to support their sustainability. Additionally, local governance tools that could empower community-based initiatives remain underutilized.

Beyond legislation, Jordan has developed several national strategies that, while not exclusively targeting social enterprises, set the broader environment for entrepreneurship and economic development. These frameworks emphasize innovation, private sector growth, and social inclusion, indirectly supporting social enterprises and Entrepreneurial Support Organizations (ESOs):

Strategy/Framework	Timeframe	Focus & Relevance
Economic Modernization Vision	2022–2033	Emphasizes sustainable growth, private sector development, and innovation; entrepreneurship referenced but no SE focus.
Jordan Vision 2025	2025	Focuses on economic, social, and political reform; encourages inclusive growth and youth empowerment.
National Strategy for Youth Empowerment	Ongoing	Aims to increase youth participation and employment; indirectly supports social entrepreneurship.
National Entrepreneurship Policy	2021–2025	Fosters startups and entrepreneurship; mentions enabling frameworks but lacks direct SE focus.
Social Entrepreneurship Policy Framework & Roadmap	2021	Proposes legal recognition of social enterprises, streamlined registration, fiscal incentives, inter-ministerial coordination, and registries.

Despite these policies, the absence of a unified legal framework results in inconsistent law application and limited access to funding, particularly for hybrid social-business models. Current laws impose strict administrative requirements, restrict foreign funding, and fail to provide tax relief or incentives aligned with social impact goals. Fragmented governance across multiple ministries adds to the uncertainty social entrepreneurs face.

The Social Entrepreneurship Policy Framework & Roadmap is a critical step forward. It legally defines social enterprises, streamlines registration, introduces fiscal incentives, and promotes inter-ministerial coordination and inclusiveness through a centralized registry. However, significant gaps remain persistent foreign funding restrictions, heavy bureaucratic oversight, lack of enforcement and monitoring mechanisms, and limited recognition of ESOs within the legal framework. Proposed fiscal incentives have yet to translate into institutionalized financial support or tax exemptions.

In summary, while Jordan's policy and legal frameworks mark important progress, they are neither comprehensive nor fully operational. The sector remains in transition; foundational recognition exists, but practical, enforceable support and integration into national economic policies require further development. Ongoing legislative refinement, improved coordination, and stronger implementation are essential for Jordan to foster a robust environment where social enterprises and their support organizations can sustainably drive inclusive economic growth and social innovation.

This is particularly vital given SEs/GEs' potential to innovatively tackle entrenched challenges like water scarcity, youth unemployment, and the refugee crisis, providing a compelling rationale for targeted recommendations to enhance their enabling ecosystem.



The background image shows a person's hands working on a project plan. The plan is a complex diagram with various boxes and lines, containing text in both Arabic and English. Visible text includes 'Project activities', 'مخرجات المشروع (النتائج المباشرة)', 'الأهداف المباشرة (الغايات)', and 'valuation M&E'. The plan is being held and manipulated by the hands, suggesting an active process of planning or review.

# CHAPTER 01

# DEFINITIONS



# 01 Global Definitions of Social Enterprises (SEs)

Social enterprises (SEs) are globally recognized for addressing social, environmental, and economic challenges through sustainable business models. Definitions vary across contexts, reflecting diverse cultural, economic, and policy environments:

## Academic Perspectives

SEs are hybrid organizations prioritizing social or environmental impact over profit maximization, using market-driven strategies for sustainability. Defourny and Nyssens (2010)<sup>4</sup> describe SEs as operating at the intersection of market, state, and civil society, with three dimensions: economic (revenue-generating activities), social (explicit social mission), and participatory governance (inclusive decision-making). The Social Enterprise Alliance (2023)<sup>5</sup> defines SEs as entities that “address a basic unmet need or solve a social or environmental problem through a market-driven approach,” emphasizing financial sustainability and measurable impact.

## International Frameworks

The European Commission (2011)<sup>6</sup> defines SEs as organizations with a primary social objective, reinvesting profits to achieve that goal, and employing entrepreneurial methods. The OECD (2020)<sup>7</sup> notes that SEs can take various legal forms (e.g., cooperatives, non-profits, for-profit companies) but share a commitment to social value creation and financial viability. In the United States, SEs often operate as B Corporations, certified by B Lab (2023)<sup>8</sup> for social and environmental performance.

## Regional Variations

In Asia, social enterprises often focus on microfinance and poverty alleviation, supporting low-income communities through access to financial services. In Africa, many initiatives empower women and promote entrepreneurship through sustainable energy and local enterprise models. In the Middle East, social enterprises are frequently shaped by traditions of solidarity and philanthropy, working to address gaps in public services and social welfare systems.

## Key Characteristics

Globally, SEs are defined by (1) a primary social or environmental mission, (2) revenue generation through commercial activities, (3) reinvestment of profits into the mission, and (4) innovative approaches to systemic challenges. Definitions vary, with some emphasizing democratic governance (e.g., European cooperatives) and others focusing on scalability (e.g., US startups).

The lack of universal definition complicates policy development, funding access, and impact measurement. The OECD (2020) highlights variations in legal recognition, affecting SE growth.

<sup>4</sup> Defourny, J., & Nyssens, M. (2010). Conceptions of Social Enterprise and Social Entrepreneurship in Europe and the United States. *Journal of Social Entrepreneurship*. Available via [Taylor & Francis](#).

<sup>5</sup> Social Enterprise Alliance. (2023). What is a Social Enterprise? Available via [SEA](#).

<sup>6</sup> European Commission. (2011). Social Business Initiative. Available via [EC](#).

<sup>7</sup> OECD. (2020). Social Entrepreneurship and Policy Frameworks. Available via [OECD](#).

<sup>8</sup> B Lab. (2023). About B Corps. Available via [B Lab](#).

## 02 Global Definitions of Green Enterprises (GEs)

Green Enterprises (GEs) are hybrid organizations that integrate environmental sustainability with social and economic objectives. They address critical ecological challenges such as climate change, biodiversity loss, and resource depletion, while promoting inclusive growth and economic resilience. Definitions vary across academic, policy, and regional contexts, reflecting diverse priorities in sustainability, social impact, and economic viability.

### Academic Perspectives

GEs are mission-driven entities that embed environmental sustainability into their core operations while ensuring financial viability and social inclusion. Kerlin (2017)<sup>9</sup> describes them as a subset of social enterprises pursuing a “triple bottom line” of environmental stewardship, social impact, and economic sustainability. Nicholls and Cho (2006)<sup>10</sup> emphasize their systemic role in fostering markets for green innovation, such as renewable energy, sustainable agriculture, and waste-to-resource systems. Recent studies, like those by Vickers and Lyon (2022)<sup>11</sup>, highlight GEs’ contributions to just transitions, ensuring equitable benefits in the shift to low-carbon economies.

### International Frameworks

The European Commission (2021)<sup>12</sup> defines “eco-innovative social enterprises” as businesses integrating environmental protection into their models, aligning with the EU Green Deal’s focus on climate neutrality and circular economies. The United Nations Environment Programme (UNEP, 2020)<sup>13</sup> describes GEs as enterprises “delivering goods and services that advance environmental sustainability while promoting social inclusion and decent work.” The OECD (2022)<sup>14</sup> views them as catalysts for green growth, bridging environmental policy goals with grassroots community needs through scalable, sustainable solutions. The International Labour Organization (ILO, 2023)<sup>15</sup> further emphasizes their role in creating green jobs, particularly for marginalized groups.

### Regional Variations

GEs adapt to regional environmental and social challenges, reflecting local priorities and resources:

#### Asia

GEs prioritize sustainable agriculture, circular economy practices, and clean energy access. For example, micro-solar grids in South Asia address energy poverty while creating jobs (UNESCAP, 2022).<sup>16</sup>

#### Africa

GEs focus on off-grid renewable energy, water conservation, and eco-tourism, often empowering women and rural communities. Examples include solar-powered water pumps in Sub-Saharan Africa (UNDP, 2021).<sup>17</sup>

<sup>9</sup> Kerlin, J. A. (2017). *Social Enterprise: A Global Comparison*. Tufts University Press.

<sup>10</sup> Nicholls, A., & Cho, A. H. (2006). *Social Entrepreneurship: New Models of Sustainable Social Change*. Oxford University Press.

<sup>11</sup> Vickers, I., & Lyon, F. (2022). Just Transitions and Social Enterprises. *Journal of Social Entrepreneurship*.

<sup>12</sup> <https://ec.europa.eu/social/main.jsp?catId=952>

<sup>13</sup> Green Economy Progress Report, Link [here](#)

<sup>14</sup> <https://www.oecd.org/environment>

<sup>15</sup> <https://www.ilo.org/global/topics/green-jobs>, Link [here](#)

<sup>16</sup> <https://www.unescap.org/resources>

<sup>17</sup> <https://www.undp.org/africa>

## Latin America

GEs leverage indigenous knowledge in community forestry, recycling, and sustainable farming, fostering biodiversity and social equity (ECLAC, 2023).<sup>18</sup>

## Middle East & North Africa (MENA)

GEs leverage indigenous knowledge in community forestry, recycling, and sustainable farming, fostering biodiversity and social equity (ECLAC, 2023).<sup>19</sup>

## Key Characteristics

Globally, SEs are defined by (1) a primary social or environmental mission, (2) revenue generation through commercial activities, (3) reinvestment of profits into the mission, and (4) innovative approaches to systemic challenges. Definitions vary, with some emphasizing democratic governance (e.g., European cooperatives) and others focusing on scalability (e.g., US startups).

While definitions vary, GEs consistently balance ecological protection with social and economic inclusion. However, the absence of universal definition creates barriers to legal recognition, financing, and scalability. GEs often fall between traditional “social enterprise” and “green business” categories, complicating access to funding and policy support (OECD, 2022). Harmonized policies and clearer frameworks are needed to unlock their potential in advancing sustainable development and climate goals.

# 03 Global Definitions of Entrepreneurship Support Organizations (ESOs)

Entrepreneurship Support Organizations (ESOs) are entities that provide resources, services, and infrastructure to support entrepreneurs, including those running SEs, in launching, growing, and sustaining ventures. Globally, ESOs are essential for fostering entrepreneurial ecosystems, particularly for marginalized groups.

## Academic Perspectives

Santos (2012)<sup>20</sup> defines ESOs as organizations facilitating entrepreneurship through funding, training, mentorship, networking, and market access to enhance economic and social outcomes. Brush et al. (2019)<sup>21</sup> categorize ESOs into incubators (supporting early-stage ventures), accelerators (intensive growth programs), co-working spaces (collaborative environments), and ecosystem facilitators (coordinating stakeholders), emphasizing inclusivity for youth, women, and rural entrepreneurs.

## International Frameworks

The World Bank (2021)<sup>22</sup> describes ESOs as entities bridging ecosystem gaps by providing capital, skills, and market access. The Global Accelerator Network (2023)<sup>23</sup> highlights accelerators' structured programs with mentorship and funding to scale ventures rapidly. The Aspen Network of Development Entrepreneurs (ANDE, 2023)<sup>24</sup> emphasizes ESOs' role in supporting small and growing businesses (SGBs), including SEs, in developing countries, focusing on marginalized groups.

<sup>18</sup> <https://www.cepal.org/en>

<sup>19</sup> <https://www.cepal.org/en>

<sup>20</sup> Santos, F. M. (2012). A Positive Theory of Social Entrepreneurship. *Journal of Business Ethics*. [Available via Springer](#).

<sup>21</sup> Brush, C. G., et al. (2019). Entrepreneurial Ecosystems and Support Organizations. *Entrepreneurship Theory and Practice*. [Available via SAGE](#).

<sup>22</sup> World Bank. (2021). Entrepreneurial Ecosystems in Emerging Markets. [Available via World Bank](#).

<sup>23</sup> Global Accelerator Network. (2023). About Accelerators. [Available via GAN](#).

<sup>24</sup> ANDE. (2023). Supporting Small and Growing Businesses. [Available via Aspen Network](#).



## Regional Variations

In Europe, enterprise support organizations (ESOs) often provide co-working spaces, mentorship, and advisory services, with a strong emphasis on social impact. In Africa, ESOs commonly offer training and help connect social enterprises in rural areas to markets and resources. In Asia, many ESOs focus on incubating rural and early-stage social enterprises, providing them with technical and strategic support. In the Middle East, ESOs tend to emphasize financial and regulatory assistance, including funding initiatives and specialized programs aimed at empowering youth and women.<sup>25</sup>

## Key Characteristics

ESOs are characterized by (1) financial support (grants, loans, equity), (2) capacity-building through training and mentorship, (3) networking with investors and stakeholders, and (4) market access facilitation. They vary from government-led (e.g., Monsha'at) to private (e.g., Flat6Labs in Egypt) or non-profit (e.g., Ashoka).

Variations in ESO roles and terminology (e.g., incubators vs. accelerators) create confusion. ANDE (2023) notes the lack of standardized metrics for evaluating ESO impact, particularly for inclusivity.

# 04 Definitions of Social Enterprises (SE) in Jordan

In Jordan, social entrepreneurship is evolving, but the lack of a unified legal or academic definition leads to varied interpretations. Global definitions provide a foundation, but Jordan's SEs are shaped by local challenges like unemployment, refugee integration, and water scarcity.

## Academic Definitions

Scholars describe Jordanian SEs as hybrid organizations blending business practices with social objectives, such as poverty alleviation, gender equality, and environmental sustainability. Abdou et al. (2019)<sup>26</sup> categorize SEs into structural transformation-based SEs (addressing systemic issues like unemployment or refugee integration) and product- and service-oriented SEs (delivering social goods like affordable education or healthcare). Another study identifies three criteria: primary focus on social value creation, pursuit of financial sustainability, and self-identification as a social enterprise. These align with global definitions but reflect local priorities, such as youth empowerment and rural development.

<sup>25</sup> SSIR. (2017). Social Entrepreneurship in the Middle East: Old Practice, New Concept. [Available via Stanford Social Innovation Review.](#)

<sup>26</sup> Abdou, E., et al. (2019). Beyond Homogeneity: Redefining Social Entrepreneurship in Authoritarian Contexts. Taylor & Francis. [Available via Taylor & Francis.](#)

## Policy and Practitioner Perspectives

The Jordanian government, through the Ministry of Digital Economy and Entrepreneurship (MoDEE) and partners like UNDP<sup>27</sup> and Plan International, is developing a legal definition for SEs. A 2021 Jordan News<sup>28</sup> report describes SEs as entities integrating social goals with profit-making, inspired by models like Grameen Bank. However, the absence of a dedicated legal framework forces SEs to register as non-profits under the Ministry of Social Development or for-profit companies under the Ministry of Industry, Trade, and Supply, leading to high taxes and limited incentives (The Washington Institute, 2021<sup>29</sup>).

## Cultural and Regional Context

SEs in Jordan are rooted in a culture of solidarity, particularly in rural communities, where informal initiatives historically addressed social needs. SSIR (2017<sup>30</sup>) describes social entrepreneurship in the Middle East as an “old practice with a new concept,” evolving into modern hybrid models. The lack of a clear Arabic translation for “social entrepreneurship” (riyada ijtimaiyya) complicates awareness (Femise, 2019<sup>31</sup>). The Syrian refugee crisis (2011–present) has shaped SEs, with many focusing on refugee livelihoods and social cohesion.

## Inclusivity Focus

Social enterprises often prioritize marginalized groups such as youth, women, and refugees, and some focus specifically on rural communities. However, their ability to scale and sustain impact is frequently limited by funding challenges and inadequate infrastructure.

The absence of a standardized legal definition hinders access to financing, tax exemptions, and policy support, particularly for SEs serving rural communities, youth, women, and refugees. Variations in definitions require stakeholder consultation for a context-specific framework.

# 05 Definitions of Green Enterprises (Green SE) in Jordan

In Jordan, Green Enterprises (GEs) are pivotal in tackling interconnected environmental and social challenges, including water scarcity, high energy costs, and climate vulnerability. While sharing similarities with global social enterprises, GEs in Jordan lack a unified legal or academic definition, leading to diverse interpretations. Their definitions are shaped by Jordan's unique environmental constraints and social needs, such as renewable energy adoption, sustainable agriculture, waste management, and refugee inclusion.

## Academic Definitions

Jordanian and regional scholars define GEs as hybrid organizations that integrate environmental sustainability with social and economic goals. They pursue a “triple mission” (1) mitigating environmental stress, (2) creating livelihood opportunities, and (3) ensuring financial viability. Studies, such as Jarrar (2022)<sup>32</sup>, emphasize their role

<sup>27</sup> UNDP Jordan, (2023). Jordan's Voluntary National Review 2023. [Available via UNDP](#).

<sup>28</sup> Jordan News, (2021). Jordan and the Concept of Social Enterprises. [Available via Jordan News](#).

<sup>29</sup> The Washington Institute, (2021). Investing in Jordan Through Support for Social Enterprises. [Available via The Washington Institute](#).

<sup>30</sup> SSIR, (2017). Social Entrepreneurship in the Middle East: Old Practice, New Concept. [Available via Stanford Social Innovation Review](#).

<sup>31</sup> Femise, (2019). Social Entrepreneurs' Responses to the Refugee Crisis in Jordan and Lebanon. [Available via Femise](#).

<sup>32</sup> <https://innovation-entrepreneurship.springeropen.com/articles/10.1186/s13731-022-00200-z>

in advancing Jordan's green economy through innovations in renewable energy (e.g., solar and wind), water-efficient technologies, and sustainable agriculture. GEs are often categorized into (a) green-technology enterprises, such as solar startups which develop affordable solar solutions, and (b) community-based ecological enterprises which promote eco-tourism and reforestation. These definitions align with global perspectives but are grounded in Jordan's acute ecological challenges, including desertification and resource scarcity.

## Policy and Practitioner Perspectives

The Jordanian government has not established a formal legal definition for GEs. However, national strategies like the Economic Modernization Vision (2022–2033) and the National Green Growth Action Plan 2021–2025 frame them as enterprises driving sustainable development through innovations in energy, water, and agriculture. The Ministry of Environment<sup>33</sup>, the Jordan Renewable Energy and Energy Efficiency Fund (JREEEF)<sup>34</sup>, and the Ministry of Digital Economy and Entrepreneurship (MoDEE) promote green entrepreneurship, but their focus often encompasses broader SMEs rather than explicitly hybrid GEs.

Practitioner organizations, such as the Business Development Center (BDC) and Alfanoor<sup>35</sup>, describe GEs as “mission-driven businesses leveraging eco-innovation for environmental impact and community resilience.” For instance, BDC's programs support initiatives like EcoMENA<sup>36</sup>, which advance waste-to-energy solutions. However, the lack of legal recognition results in challenges like high taxation, fragmented regulatory oversight, and limited incentives, mirroring issues faced by social enterprises broadly.

## Cultural & Regional Context

Jordan's GEs are influenced by regional challenges, including water scarcity, desertification, and reliance on imported energy. Historically, Jordanian communities practiced resource-sharing and ecological stewardship, rooted in cultural traditions of conservation and communal solidarity. These values align with modern green business models but are evolving to address contemporary issues, such as the refugee crisis. However, cultural awareness of “green entrepreneurship” remains limited, and the absence of a widely accepted Arabic term for GEs creates communication gaps, similar to those observed for social enterprises. Regional initiatives, such as those supported by UNEP in the MENA region, emphasize linking renewable energy projects with youth and refugee employment.

## Inclusivity Focus

GEs in Jordan prioritize vulnerable groups, including youth, women, and refugees, by linking environmental solutions with job creation. For example, solar cooperatives supported by JREEEF employ rural women in solar panel installation, while water-conservation startups like Eco Consult target agricultural communities to enhance water efficiency. Data from Jarrar (2022) indicates that 57.89% of Social Entrepreneurship Support Organizations (SESOs) in Jordan have dedicated programs for women's inclusion, and 73.68% focus on youth, though only 40.35% address people with disabilities, highlighting a gap in inclusivity. These initiatives face barriers to scaling, including limited access to tailored financing, weak rural infrastructure, and fragmented legal frameworks.<sup>37</sup>

<sup>33</sup><https://www.moen.gov.jo>

<sup>34</sup><https://jreeef.memr.gov.jo/Default/EN>

<sup>35</sup><https://www.alfanoor.org>

<sup>36</sup><https://www.ecomena.org/environmental-ngos-jordanian-perspective/>

<sup>37</sup><https://www.undp.org/jordan/press-releases/next-steps-social-entrepreneurship-policy-development-jordan>



The absence of a standardized legal definition for GEs in Jordan hinders their recognition, financing, and integration into national sustainability policies. Challenges include limited access to green financing instruments, inadequate infrastructure in rural governorates (e.g., Balqa has the lowest SESO presence), and low public awareness of green entrepreneurship. Clearer definitions, aligned with global frameworks like the OECD and UNEP, would enhance access to funding, incentives, and policy support, strengthening GEs' contributions to Jordan's green economy and inclusive development.

## 06 Definitions of Entrepreneurship Support Organizations (ESO) in Jordan

ESOs, sometimes called Social Entrepreneurship Support Organizations (SESO), provide resources, services, and infrastructure to support social entrepreneurs and SEs in Jordan. Global ESO definitions highlight their role in inclusivity, adapted to Jordan's needs.

### Characteristics & Roles

Jarrar (2022<sup>38</sup>) defines ESOs as organizations offering financial aid, technical assistance, and capacity-building to promote social innovation and economic empowerment. In Jordan, ESOs include government entities (e.g., JEDCO), non-profits (e.g., Ruwwad Al-Tanmeya, Alfamar), and international organizations (e.g., USAID, GIZ, UNICEF). They target youth (73.68% of programs), refugees (38.60%), and people with disabilities (40.35%), though accessibility is limited.

### Scope of Services

Enterprise support organizations (ESOs) typically offer seed funding, capacity-building programs, mentorship, and networking opportunities to social enterprises. Some focus on supporting rural initiatives through microfinance, while others aim to scale women-led ventures to enhance economic independence. There are also programs tailored to youth and refugees. However, as noted in recent research, service provision remains fragmented, with a significant portion of ESOs lacking accessibility features such as disability-friendly facilities.

### Inclusivity Focus

Enterprise support organizations (ESOs) often prioritize youth and women through targeted entrepreneurship and capacity-building programs. However, support for refugees remains limited, with only a minority of initiatives addressing their specific needs. Rural communities are also frequently underserved, as many ESO services are concentrated in urban areas, limiting accessibility for more remote populations.

### Challenges

ESOs face funding shortages (46.25% cite it as the primary challenge), lack of tailored educational programs (44.12%), limited knowledge of social business models (32.23%), and weak communication networks (27.15%).

The interchangeable use of "ESOs" and "SESOs" creates confusion, and there is no standardized framework for categorizing ESOs. The distinction between ESOs supporting SEs versus SMEs is unclear.

<sup>38</sup> Jarrar, A. (2022). Entrepreneurship in Jordan: The eco-system of the Social Entrepreneurship Support Organizations (SESOs). *Journal of Innovation and Entrepreneurship*. Available via Springer.



# CHAPTER 02

## BROADER CONTEXT OF THE ENTREPRENEURIAL ECOSYSTEM IN JORDAN

The entrepreneurial ecosystem in Jordan encompasses the interconnected environment in which both Social Enterprises (SEs) and Entrepreneurship Support Organizations (ESOs) operate, including the socioeconomic, political, environmental, and cultural factors that shape their development, interactions, and impact. This ecosystem influences how SEs address social challenges (e.g., unemployment, refugee integration) and how ESOs provide support (e.g., funding, training) to foster inclusive entrepreneurship, particularly for rural communities, youth, women, and refugees.

The following sections clarify the key elements of this ecosystem and their relevance to both SEs and ESOs:

## Socioeconomic Context

### Unemployment and Youth Bulge

With unemployment at **21.4%** in Q2 2023 and youth unemployment exceeding **40%**, Jordan's young population (63% under 30) drives demand for SEs to create jobs and for ESOs to provide training and funding.

### Refugee Population

The 1.3 million Syrian refugees since 2011 strain resources like water and public services. SEs (e.g., job training programs) address refugee livelihoods, supported by ESOs like UNHCR and UNICEF, though only 38.60% of ESOs offer refugee-focused programs (Jarrar, 2022).

### Poverty & Inequality

**15.7%** of Jordanians live below the poverty line (UNDP, 2023). SEs in education and healthcare target poverty, while ESOs like Alfannar provide microfinance to scale these efforts.

### Rural Communities

Rural areas, reliant on agriculture, face limited access to ESO services and infrastructure, restricting SE growth in sustainable agriculture (e.g., Green Caravan). Urban-centric ESOs limit inclusivity for rural entrepreneurs.

## Policy & Regulatory Environment

### National Strategies

The Jordanian National Strategy for Entrepreneurship and SMEs (2016–2020) identified a weak entrepreneurial culture, ranking Jordan 49th out of 137 countries in 2017. The Economic Modernization Vision (2022–2033) and Jordan Vision 2025 promote entrepreneurship through regulatory and financing reforms, benefiting both SEs and ESOs.

### Legal Framework for SEs

The lack of a dedicated SE legal status forces registration as NGOs or for-profits, creating barriers like high taxes and complex procedures. MoDEE, with UNDP and Plan International<sup>39</sup>, is developing a legal framework, but progress is slow (Jordan News, 2021). This affects SEs' operations and ESOs' ability to provide tailored support.

<sup>39</sup> Plan International. (n.d.). Farah's Casual Footwear: How Social Enterprises Can Bring About Social Change in Jordan. [Available via Plan International](#).



## Support Initiatives

**JEDCO**, **JREEEF**, and **JEF** support SEs in green sectors, while ESOs like BDC<sup>40</sup> offer incubators. However, bureaucratic hurdles limit access, especially for rural and refugee-focused SEs.

## Key Actors & Initiatives

### Government

#### Ministry of Digital Economy & Entrepreneurship (MoDEE)

Leads entrepreneurship reforms and policies, including the Global Entrepreneurship Monitor (GEM) Jordan Report and the Social Entrepreneurship Policy Framework.

#### Jordan Enterprise Development Corporation (JEDCO)

Provides grants, incubation, and export development support for SMEs and SEs.

#### Ministry of Social Development (MoSD)

Oversees NGO registration and partnerships such as MedTOWN, supporting community based SEs.

#### Ministry of Environment (MoENV)

Regulates green projects through Environmental Impact Assessments (EIAs) and aligns SEs with the Green Growth National Action Plan (2021–2025).

#### Cities & Villages Development Bank (CVDB)

First Middle Eastern institution accredited by the Green Climate Fund (GCF), financing climate-resilient projects and potential GEs.

#### Jordan Renewable Energy & Energy Efficiency Fund (JREEF)

Provides grants, co-financing, and technical assistance for renewable energy and efficiency projects, opening opportunities for GEs.

#### Jordan Chamber of Industry (JCI)

Connects SEs and GEs to industrial value chains, export opportunities, and policy dialogue.

## Non-Profits & Entrepreneurial Support Organizations (ESOs)

### Impact Jordan

A collective of impact driven organisations who have convened to highlight the impact work taking place to drive transformation in Jordan; advocate collectively for more informed, sustainable, inclusive policies, allocations, investments and products; and increase the quantity and quality of impact measurement and data.

### Jordan River Foundation (JRF)

Runs the Green Business Incubator, supporting GEs with capacity building, mentoring, and financial support.

### Ruwwad, Alfamar, Plan International

Lead initiatives like Mubaderoon, empowering women, youth, and refugees through SEs.

<sup>40</sup> Business Development Center. (n.d.). Social Entrepreneurship. [Available via BDC.](#)

## **Impact MENA & IBTECAR**

Provide investment readiness, networking, and innovation training.

## **Crown Prince Foundation (CPF)**

Champions youth innovation and entrepreneurship, with programs in social and green innovation.

## **Jordan Green Building Council (JGBC)**

Promotes sustainable building practices and provides technical guidance to GEs.

## **International Organizations**

### **Oxfam/EU (MedUP!) & ENI CBC Med (MedTOWN)**

Pilot SE co-production with municipalities and support policy dialogue.

### **DIESIS (JInUP!)**

Strengthens local ESOs through training and capacity building.

### **UNDP**

Partners with MoDEE on SE policy and supports green jobs initiatives.

### **GIZ**

Provides technical support for GEs, including GAIN (green entrepreneurship) and sustainability-focused programs.

### **GGGI & CEWAS**

Run Green Accelerator and water-focused incubation programs, helping GEs measure environmental outcomes.

### **ILO (Inclusive Green Economic Growth) & UNICEF**

Target youth, employment, and refugee inclusion in social and green entrepreneurship.

## **Private Sector and Finance**

### **Commercial Banks**

- **Jordan Kuwait Bank (JKB)** Issued Jordan's first green bonds, targeting SMEs and GEs in renewable energy and eco-friendly infrastructure.
- **Housing Bank** Offers Green Finance Program loans for renewable energy and green buildings (LEED, BREEAM certified).
- **Central Bank of Jordan** Implements the Green Finance Strategy (2023–2028), incentivizing banks to support green projects.

### **Innovative Startups and SMEs Fund (ISSF)**

Provides equity and blended-finance packages for startups and SEs.

### **CSR Buyers**

Large corporations integrate SE and Green SE solutions in procurement chains, providing market access.

### **Accelerators & Incubators**

Oasis500 and iPARK provide mentorship, venture-building, and access to investment.

## Sectoral Focus

Social enterprises operate across various sectors, including education, healthcare, women's empowerment, environmental sustainability, and refugee integration. Enterprise support organizations (ESOs) aid these efforts through incubation, mentorship, and microfinance. However, their services are often concentrated in urban areas, which restricts their accessibility and impact in rural communities.

## Challenges

### Financing

SEs rely on grants or savings due to limited loan access. ESOs face funding shortages (46.25% cite it as primary challenge; Jarrar, 2022).

### Regulatory Barriers

High taxes and complex licensing deter SE formalization, affecting rural and refugee-focused ventures.

### Capacity Gaps

SEs and ESOs lack expertise in impact measurement and market access. Only 40% of ESOs offer advanced training (Jarrar, 2022).

### Ecosystem Fragmentation

Weak ESO networks and limited coordination hinder scalability and inclusivity.

### Inclusivity

Refugees and people with disabilities are underserved (59.65% of ESOs lack disability-friendly facilities; 38.60% offer refugee programs). Rural communities face limited ESO access.

## Opportunities

### Green Growth Alignment

Jordan's renewable energy (21% in 2021, aiming for 30% by 2030) and water management priorities align with SE missions, offering opportunities for rural and youth-focused ventures.

### Youth & Women Engagement

The young population and growing female entrepreneurship provide a talent pool.

### International Support

Donors like USAID, EBRD, and UNDP offer funding and expertise.

### Regional Models

Saudi Arabia's Monsha'at and Egypt's Flat6Labs provide lessons for inclusive support.

## Key Themes & Gaps

### Fragmented Definitions

Lack of unified SE and ESO definitions complicates policy and stakeholder alignment, particularly for inclusivity.

### Regulatory Ambiguity

The absence of an SE legal framework affects rural and marginalized groups.

### Funding Constraints

Limited commercial financing and reliance on grants hinder SE and ESO growth. Global models like crowdfunding are underexplored.

### Impact Measurement

Lack of standardized metrics complicates SDG contributions.

### Inclusivity Gaps

Refugees, people with disabilities, and rural communities are underserved by ESOs.

### Rural-Urban Divide

Urban-centric ESO services restrict rural SE growth.

### Ecosystem Coordination

Fragmented networks and lack of a centralized body limit scalability.

## Implications for Further Research

Stakeholder consultations are needed to refine definitions, address funding and regulatory challenges, and enhance coordination for inclusiveness. Benchmarking against global (e.g., Impact Hub) and regional models (e.g., Monsha'at, Flat6Labs) can inform strategies. Future research should focus on:



Developing context-specific definitions through participatory dialogue.



Mapping the ecosystem to identify ESOs and service gaps, particularly for rural areas.



Exploring innovative financing (e.g., venture philanthropy, crowdfunding).



Assessing SE impact on SDGs for youth, women, and refugees.



Addressing rural-urban disparities for inclusivity.





# CHAPTER 03

# METHODOLOGY

This study utilized a multi-stage, mixed-methods approach integrating desk research, stakeholder consultations, and comparative case study analysis to ensure local relevance, regional comparability, and robust evidence for policy recommendations. The methodology was designed to align global and regional insights on social enterprises (SEs) and Green Enterprises (GEs) with Jordan's unique socioeconomic and environmental context. The process unfolded in the following steps:

## **Desk Research & Conceptual Framework Development**

The research commenced with comprehensive desk research, encompassing academic literature, policy documents, and international reports on Social Enterprises (SEs) and GEs. Sources included global frameworks (e.g., OECD, UNEP, EU), regional analyses (e.g., MENA-focused studies by UNESCAP), and Jordan-specific publications, such as the Ministry of Environment Social Entrepreneurship Policy, SE Roadmap Recommendations, Global Entrepreneurship Report (GEM) and UNDP Jordan reports, among others. This stage also involved reviewing books, sectoral studies, and grey literature to capture diverse perspectives.

Key findings were synthesized into a concept paper that defined the study's conceptual framework, articulated research questions such as "How do SEs and GEs in Jordan balance environmental and social goals?" and established analytical dimensions, including inclusivity, innovation, and policy alignment. A scoping review methodology was employed to ensure the systematic identification of relevant themes and evidence.

## **Stakeholder Consultations**

To ground global and regional insights in Jordan's context, a participatory consultation process engaged a diverse stakeholder group. The process included one regional event, three roadshows, and three roundtable sessions over two months, involving more than 80 participants, including representatives from the Ministry of Environment, Global Green Growth Institute, (GGGI), entrepreneurship support organizations, social and green enterprises, international development agencies (e.g., UNDP), private sector actors, and Jordanian academics.

These sessions, facilitated through workshops and semi-structured interviews, validated desk research findings, captured practical challenges (e.g., financing barriers), and identified opportunities (e.g., renewable energy innovations). A thematic analysis was applied to stakeholder inputs to ensure rigor and consistency.

## **Case Study Analysis**

Building on desk research and stakeholder consultations, the study developed comparative case studies to examine social and green entrepreneurship practices in the MENA region. Three countries; Tunisia, Saudi Arabia, and Egypt were selected based on their diverse institutional frameworks, certification systems, and innovation ecosystems. In Tunisia, Egypt, and Saudi Arabia, the analysis focused on national strategies, relevant laws, institutional mandates, and the role of certification bodies supporting sustainable and social enterprises. Case studies were analyzed using a qualitative framework adapted from Yin (2018), emphasizing operational models, environmental and social impact, institutional support, and scalability. This comparative approach allowed identification of transferable lessons, best practices, and enabling mechanisms to inform the development of Jordan's GEs/ SEs ecosystem.

## Recommendations & Strategy

The process integrated insights from desk research, stakeholder consultations, and case studies using a triangulation approach, to ensure robust and reliable outcomes. Quantitative data from entrepreneurship reports and qualitative insights from stakeholder discussions and case studies were combined systematically. Thematic analysis was applied to qualitative data to identify key patterns and themes relevant to Jordan's socioeconomic and environmental context. This multi-method synthesis provided a comprehensive foundation for developing evidence-based recommendations, tailored to Jordan's challenges and aligned with global frameworks. The resulting framework informed of a proposed national strategy to advance social and green entrepreneurship.

### 1.1 Stakeholders Consolidated Recommendations

This section presents the outcomes of a stakeholder consultation, conducted by the consultants, to strengthen the policy and legal frameworks supporting Jordan's entrepreneurship ecosystem, with a focus on Social Enterprises (SEs) and Entrepreneurship Support Organizations (ESOs).

The consultation engaged representatives from more than 30 public institutions, private sector, civil society, and entrepreneurs through structured meetings, focus groups, and interactive sessions. The objective was to identify policy and regulatory barriers hindering SEs and ESOs and to co-create actionable solutions to foster an enabling environment for inclusive entrepreneurship.

The consultations revealed overlapping priorities as well as unique perspectives across locations and stakeholder groups. Taken together, the recommendations can be organized into eight core areas that, if addressed, would create an enabling policy and legal framework for social and green enterprises in Jordan.



## 01 Developing a National Definition for Social Enterprises

### Clarity & Recognition

Stakeholders emphasized that without a working definition, social enterprises (SEs) remain in a legal grey area, often registered under non-profit, cooperative, or commercial laws that don't reflect their hybrid nature.

### Balance Flexibility & Precision

While some participants supported a strict legal definition to avoid confusion, others warned against rigid frameworks that could stifle innovation. A middle-ground approach was recommended, starting with a broad, inclusive definition in policy, to be refined over time.

### Integration of Green Enterprises

The absence of a definition also complicates the inclusion of green enterprises. Participants stressed the need to explicitly acknowledge environmental enterprises as part of the SE ecosystem, while still allowing room for sector-specific standards.

### Inclusion of Youth Perspectives

Some participants emphasized that youth-led enterprises should be explicitly considered in the definition and recognition processes to support entrepreneurship among young people.

## 02 Introducing a Voluntary Labeling & Certification System

### Interim Recognition

As a practical first step, a voluntary labeling mechanism was seen as more achievable than immediate legislation. This would allow pioneering SEs to gain visibility and credibility while building momentum for eventual legal frameworks.

### Verification Process

Suggested model included self-assessment with supporting documentation, verified by a multi-stakeholder committee composed of government, private sector, and civil society.

### Time-bound Labels

Certificates should be renewable (every 1–2 years), ensuring enterprises remain accountable and up to date with evolving standards.



## Phased Approach

Begin as voluntary to encourage adoption and later consider making labeling mandatory once systems and trust are established.

## Regional/local Application

Labeling systems be adaptable for regional implementation, especially in areas like Zarqa and Jerash, to ensure inclusivity outside Amman.

# 03 Assigning a Lead Coordinating Entity

## Fragmentation Concern

Currently, responsibility for SEs is scattered across multiple ministries and agencies, creating confusion and inefficiency.

## Proposals Discussed

Options included the Ministry of Investment, Ministry of Digital Economy and Entrepreneurship, Ministry of Industry and Trade, or even establishing a new independent authority.

## Phased Coordination

Many participants felt a shared committee model could work initially, eventually evolving into a clear lead entity. Credibility, transparency, and insulation from favoritism were seen as essential.

## Multi-ministerial Coordination

Participants highlighted the need for mechanisms that actively link different ministries and government agencies to avoid duplication and ensure coherent policy implementation.

# 04 Incentivize Recognized Enterprises

## Policy-linked Benefits

For the labeling system to succeed, enterprises must see tangible value.

### Recommended incentives included:

- Tax exemptions and reductions.
- Customs facilitation for imported goods or equipment.
- Preferential treatment in public procurement (extra scoring points in tenders).
- Marketing and branding support at national and international levels.
- Easier access to concessional finance and investment instruments.

### Donor Alignment

International donors and investors could be encouraged to adopt the national label as a qualifying criterion for funding.

### Youth-focused Incentives

International donors and investors could be encouraged to adopt the national label as a qualifying criterion for funding.

## 05 Build Awareness & Capacity

### Education Gap

Many enterprises, particularly smaller or rural ones, lack awareness of relevant laws, environmental practices, and impact measurement tools.

### Capacity Building Priorities

- Training in governance, compliance, and sustainability.
- Guidance on measuring and reporting social/environmental impact.
- Practical support for digitization, especially for enterprises in underserved regions.

### Ecosystem Literacy

Parallel awareness campaigns targeting policymakers and the public were recommended to improve understanding of SEs and their societal role.

## 06 Strengthening Institutional & Legal Ecosystem

### Long-term Vision

While labeling can serve as a bridge, the ultimate goal should be embedding SEs into a **formal legal and policy framework**.

### Legislative Pathways

Options include creating a new SE law, adapting existing companies and cooperative laws, or integrating SEs into broader investment or economic modernization frameworks.

### Guardrails

Any framework must guard against greenwashing, favoritism, or tokenism by ensuring transparent standards and inclusive governance.

## 07 Foster Collaboration & Reduce Duplication

### Challenge

Overlap between NGOs, cooperatives, social enterprises, and green businesses often lead to competition over limited donor resources.

### Recommendation

Encourage **cooperatives, partnerships, and consortium models** to promote complementarity rather than duplication.

### Multi-actor Platforms

Establish joint forums bringing together ESOs, enterprises, and government bodies to share data, align priorities, and coordinate interventions.

## 08 Ensure Flexibility, Equity, & Regional Inclusion

### Flexibility

Legal and policy frameworks should be adaptive, allowing enterprises to evolve and experiment rather than locking them into rigid categories.

### Equity

Systems must avoid urban bias—support should reach enterprises in rural and underserved areas, including through digital access.

### Regional Voice

Regional and cross-border dialogues (such as the one with Lebanon and Saudi Arabia) underscored the importance of aligning Jordan's ecosystem with global and regional trends to enhance competitiveness and attract investment.

In Summary, the seven sessions collectively recommended a phased reform pathway begin with clear recognition (through definition and labeling), incentivize enterprises with tangible benefits, build capacity and awareness, and gradually move toward a coherent legal and institutional framework led by a credible coordinating body. Importantly, participants emphasized that social and green enterprises are interdependent, requiring an ecosystem that integrates social and environmental dimensions while safeguarding transparency, inclusivity, and innovation.

### 1.2 Social & Green Enterprises in Saudi Arabia, Tunisia, & Egypt

This section draws from the case study document, focusing on the ecosystems (key actors, support mechanisms, and overall structure), legal and policy frameworks for social enterprises (SEs) and Green Enterprises (GEs). It highlights the status as of August 2025, followed by cross-country comparisons on similarities, strengths/success areas, and challenges.

# 01 Saudi Arabia (KSA)

## Ecosystem Overview

Saudi Arabia's social and green enterprise ecosystem is dynamic and driven by Vision 2030, fostering a collaborative network of government entities (e.g., Ministry of Human Resources and Social Development (HRSD), Monsha'at, Ministry of Environment, Water, and Agriculture (MEWA)), financial institutions (e.g., Al Rajhi Bank, Saudi Industrial Development Fund (SIDF), Public Investment Fund (PIF)), international donors (e.g., UNDP, Islamic Development Bank, World Bank, Green Climate Fund), academic institutions (e.g., KAUST, KFUPM), and private sector partners (e.g., Saudi Aramco, SABIC, STC).

Programs like Monsha'at's Social Entrepreneurship Accreditation Program and the Saudi Green Initiative (SGI) provide funding, mentorship, and market access, while organizations like Arweqah leverage Islamic waqf models for sustainable financing. Innovation hubs (e.g., KAUST's sustainability research) and CSR initiatives (e.g., STC's digital inclusion projects) enhance impact, though the ecosystem focuses primarily on urban and large-scale projects like NEOM and Green Riyadh. In 2024, KSA hosts an estimated several hundred to low thousands of SEs and GEs, forming a small but growing segment of its 1.3 million SMEs, contributing to solutions for unemployment, education, and climate challenges.

## Legal & Policy Frameworks

No dedicated law exists for SEs or GEs. SEs register as nonprofits or cooperatives under the Law of Associations and Foundations (2015), while GEs comply with Environmental Law (2001) and align with Vision 2030's National Transformation Program (NTP) and SGI (2021). SGI offers grants and subsidies for green projects like renewable energy and afforestation. Recognition is informal, via Monsha'at's accreditation for SEs or MEWA's compliance assessments for GEs, with no national certification but access to international labels (e.g., B Corp for SEs, ISO 14001/LEED for GEs).

Registration processes, typically through HRSD or MEWA portals, vary in duration, with certification processes like ISO 14001 taking 3–6 months. Benefits include access to funding (e.g., Jadara Program, green bonds), eligibility for public procurement contracts, and tax exemptions (primarily for GEs). KSA's model, with its vision-driven policies and incentives, offers lessons for Jordan to strengthen its SE/GE ecosystem to address challenges like youth unemployment, water scarcity, and refugee integration through targeted legal reforms and funding mechanisms.



## 02 Tunisia

### Ecosystem Overview

Tunisia's social and green enterprise ecosystem is moderately collaborative but fragile, particularly in rural areas, supporting ~1,200 SEs and 300 GEs (2024 estimates) to address high unemployment (15.3% overall, 36.8% youth), regional disparities (30% poverty in interior vs. 10% in coastal areas), and environmental degradation (20% increase in desertification). Key actors include government bodies (Ministry of Employment, APII, ANPE, Ministry of Environment), NGOs/incubators (Lab'ess, Impact Partner, Flat6Labs), international donors (EU/MedUP!, ILO/JEUN'ESS, GIZ/H2Vert.TUN, UNDP), and the Tunisian Social Economy Network (TSEN).

Programs like the Social Innovation Fund (TND 10M annually) and Green Entrepreneurship Initiative (TND 20M in 2024) provide grants, training, and advocacy, focusing on youth/women empowerment (e.g., GIZ's FORMAT project) and green sectors (eco-tourism, renewable energy). Urban bias (70% funding in Tunis/Sfax), bureaucratic delays, and the lack of a centralized registry limit rural outreach, with GEs facing heightened fragility due to regulatory and technological barriers.

### Legal & Policy Frameworks

The Social and Solidarity Economy Law (No. 2020-30, 2020) defines SEs, requiring 50% profit reinvestment, and offers tax exemptions (e.g., 5-year corporate tax holiday), public procurement access, and grants to tackle social challenges like unemployment and regional disparities. GEs align with the National Strategy for Green Economy 2030, targeting 35% renewable energy by 2030, with subsidies (up to 30% for solar/wind) and low-interest loans via the Tunisian Solidarity Bank (BTS) to combat environmental degradation.

Recognition is case-by-case through donor programs (e.g., JEUN'ESS, MedUP!) or ANPE permits, with a Social Innovation Fund-led labelling scheme pilot planned for 2026 to formalize certification for both SEs and GEs. The One-Stop Shop (2023) streamlines registration to 2 months in urban areas (Tunis/Sfax), but SEs take 3–6 months and GEs 4–6 months due to ANPE regulations. Benefits include BTS loans, green project grants, and market access, though rural enterprises face limited access due to urban bias and regulatory complexity.

## 03 Egypt

### Ecosystem Overview

Egypt's social and green enterprise ecosystem is robust yet challenged by rural gaps, supporting over 50,000 MSMEs (15% green-focused in 2024) to address unemployment (7.3%), poverty (29.7%), and environmental challenges (50% renewable energy by 2030). Key actors include government agencies (MSMEDA, Ministry of Social Solidarity, Ministry of Environment), NGOs/incubators (Nahdet El Mahrousa, Flat6Labs, ENID/El Nidaa), international donors (EU/IGGE, World Bank/Egypt Green, UNDP, EIB), and networks (Tanmeyah, Egypt-ICF).

Programs like MSMEDA's Fund of Funds (EGP 12B in 2025), National Initiative for Smart Green Projects (NISGP, 162 projects annually), and Takaful and Karama (5M households) provide funding, training, and market access, with 70% of MSMEDA projects targeting youth/women. Urban bias and coordination gaps limit rural outreach, particularly for GEs facing technical and regulatory barriers.

### Legal & Policy Frameworks

No dedicated SE/GE law exists; SEs register as nonprofits under NGO Law No. 149/2019 (60 days) or MSMEs under Law 152/2020 (30 days), while GEs comply with Environmental Protection Law No. 4/1994, Waste Management Law No. 202/2020, and Green Hydrogen Incentives Law (2024), requiring ESIs (45 days). Egypt Vision 2030 (updated 2022), National Climate Change Strategy 2050, and Sovereign Sustainable Financing Framework (\$1.5B green bonds) offer tax incentives (0.4% for revenues < EGP 500,000), procurement reservations (40% for MSMEs), and grants to tackle poverty, unemployment, and emissions. Recognition is informal via MSMEDA, NISGP, or donors, with GEs requiring renewable, performance-based validation (e.g., tracking emissions). A 2025 digital platform streamlines registration, but rural access and regulatory complexity persist.



## Comparative Table Ecosystems for Social Enterprises (SEs) & Green Enterprises (GEs) Across Saudi Arabia, Tunisia, and Egypt

The table below summarizes the ecosystems for SEs and GEs in the three countries, structured across the 8 key areas identified in the analysis. Information is drawn from the distinctions between SEs and GEs.

Area	Saudi Arabia (KSA)	Tunisia	Egypt
<b>01   Defining SEs &amp; GEs</b>	<p><b>SEs</b> Prioritize social impact (e.g., poverty, education, healthcare) with profit reinvestment; no formal definition, treated as nonprofits/cooperatives</p> <p><b>GEs</b> Subset focusing on sustainability (e.g., renewable energy, waste); aligned with Saudi Green Initiative (SGI) but informal.</p>	<p><b>SEs</b> SSE framework requires social mission, democratic governance, and ≥50% profit reinvestment (e.g., education, rural development).</p> <p><b>GEs</b> Integrate environmental focus (e.g., eco-tourism, renewables); aligned with Green Economy Strategy but no separate definition.</p>	<p><b>SEs</b> Revenue-generating with social mission (e.g., youth employment, community development); working definition via practice/donors.</p> <p><b>GEs</b> Add environmental commitment (e.g., recycling, renewables); donor/MoENV criteria for "green" status.</p>
<b>02   Legal &amp; Policy Framework</b>	<p><b>SEs</b> Law of Associations and Foundations (2015) for nonprofits; Vision 2030/NTP supports via guidelines.</p> <p><b>GEs</b> Environmental Law (2001); SGI/NTP offer subsidies for clean energy/circular economy. No dedicated SE/Green SE law.</p>	<p><b>SEs</b> Social and Solidarity Economy Law (2020-30) provides tax exemptions/procurement; Social Innovation Fund (2022) allocates TND 10M annually.</p> <p><b>GEs</b> Green Economy Strategy 2030 (updated 2023) with subsidies (up to 30% for renewables); Green Entrepreneurship Initiative (2024, TND 20M).</p>	<p><b>SEs</b> NGO Law 149/2019 or MSME Law 152/2020; Egypt Vision 2030 supports via policy.</p> <p><b>GEs</b> Environmental Protection Law 4/1994 &amp; Waste Management Law 202/2020; Green Hydrogen Incentives Law (2024) &amp; Sovereign Sustainable Financing Framework (2022) mobilize \$1.5B+ in green bonds. No dedicated SE law.</p>
<b>03   Identification Mechanisms</b>	<p><b>SEs</b> Informal, case-by-case via Monsha'at accreditation (social impact/financial sustainability).</p> <p><b>GEs</b> MEWA compliance/SGI alignment for environmental standards. Benefits Funding (e.g., Jadara Program), procurement.</p>	<p><b>SEs</b> Case-by-case via donor programs (e.g., JEUN'ESS, Social Innovation Fund) assessing mission/governance.</p> <p><b>GEs</b> Via green initiatives (e.g., MedUP!) or ANPE permits for environmental outcomes. Benefits Grants, training.</p>	<p><b>SEs</b> Self-declaration/third-party (e.g., MSMEDA/donors) based on mission/impact.</p> <p><b>GEs</b> Donor criteria (e.g., emissions reduction) or MoENV compliance. Benefits Program entry, funding eligibility.</p>
<b>04   Registration Processes</b>	<p><b>SEs</b> As nonprofits/cooperatives via HRSD portal (3-6 months); Monsha'at accreditation adds recognition.</p> <p><b>GEs</b> Similar, plus MEWA compliance/environmental permits. Streamlined for Vision 2030 alignment.</p>	<p><b>SEs</b> Multi-step via APII One-Stop Shop (2-6 months); SSE status application post-registration.</p> <p><b>GEs</b> Same, plus ANPE permits/ESIAs for environmental activities; rural delays common.</p>	<p><b>SEs</b> 30 days via MSMEDA digital platform (NGO/MSME paths); donor onboarding for mission vetting.</p> <p><b>GEs</b> Same, plus ESIAs (45 days via Green Compliance Portal); fast-track for priority sectors (e.g., renewables).</p>
<b>05   Benefits of Recognition</b>	<p><b>SEs</b> Monsha'at funding/mentorship, procurement under Vision 2030, training.</p> <p><b>GEs</b> SGI grants/partnerships, tax exemptions on eco-tech, green bonds/loans.</p>	<p><b>SEs</b> Tax holidays/procurement via SSE Law, grants (e.g., TND 10M from Social Innovation Fund).</p> <p><b>GEs</b> Subsidies (30% for renewables), low-interest BTS loans, international markets (e.g., Fair Trade).</p>	<p><b>SEs</b> MSMEDA funds (EGP 12B, youth focus), tax incentives (0.4% rates), 40% procurement reservations.</p> <p><b>GEs</b> Green bonds/loans (\$1.5B), NISGP grants, COP visibility/partnerships.</p>

Area	Saudi Arabia (KSA)	Tunisia	Egypt
<b>06   Challenges</b>	<p><b>SEs</b> Unclear definitions, limited capital/awareness, bureaucratic hurdles.</p> <p><b>GEs</b> High compliance costs, low green demand, talent shortages. Urban focus excludes smaller enterprises.</p>	<p><b>SEs</b> Slow law implementation, urban bias (70% funding urban), low SSE awareness.</p> <p><b>GEs</b> Complex ANPE regulations, high green tech costs, rural outreach gaps (20% funds rural).</p>	<p><b>SEs</b> Regulatory overlap, donor dependency, sustainability gaps (few survive startup phase).</p> <p><b>GEs</b> High ESIA costs, weak rural demand/infrastructure, bureaucratic delays.</p>
<b>07   Certification &amp; Labelling</b>	<p><b>SEs</b> Informal via Monsha'at accreditation (not formal cert); international options (e.g., B Corp, renewed every 3 years).</p> <p><b>GEs</b> Informal MEWA/SGI recognition; international (e.g., ISO 14001 renewed annually, LEED 1-5 years). No national system.</p>	<p><b>SEs</b> Informal via programs (e.g., Social Innovation Fund); voluntary labelling pilots 2026.</p> <p><b>GEs</b> Informal via green initiatives; international (e.g., Fair Trade). Performance-based validation common.</p>	<p><b>SEs</b> Program-specific, non-renewable informal recognition.</p> <p><b>GEs</b> Donor-led renewable validation (e.g., emissions tracking); CVDB GCF-linked support acts as de facto mechanism. No national cert.</p>
<b>08   Key Actors</b>	<p><b>SEs</b> HRSD/Monsha'at/National Center for Non-Profit; banks (Al Rajhi/Riyad); donors (UNDP/IsDB); academics (KAUST/KFUPM); NGOs (Alnahda/Ashoka); private (STC/Almarai).</p> <p><b>GEs</b> MEWA/SGI/NTP; SIDF/PIF; donors (World Bank/GCF); academics (KAUST); NGOs (EcoMENA/Greenpeace); private (Aramco/SABIC). Collaborative but urban-focused.</p>	<p><b>SEs</b> Ministry of Employment/APII/BTS; incubators (Lab'ess/Impact Partner); donors (ILO/EU/GIZ); networks (TSEN).</p> <p><b>GEs</b> Ministry of Environment/ANPE; incubators (Flat6Labs); donors (GIZ/EU/UNDP); networks (TSEN). Moderately collaborative but fragile/rural-weak.</p>	<p><b>SEs</b> MSMEDA/MoSD; NGOs (Nahdet El Mahrousa/Flat6Labs/ENID); private (JKB/Housing Bank); donors (EU/World Bank/UNDP/EIB); associations (EDAMA/Tanmeyah).</p> <p><b>GEs</b> MoENV; CVDB/JREEEF; donors (EIB/UNDP); private (ISSF). Robust/multi-layered with youth focus.</p>

## Similarities Across the Three Countries

### Ecosystem Structure

All three rely on multi-stakeholder collaboration involving governments, international donors (e.g., EU, UNDP, GIZ, World Bank), incubators/NGOs, and private sector for funding, training, and market access. Urban bias is common, with limited rural outreach.

### Legal & Policy Gaps

No country has a fully dedicated law for GEs; SEs often fall under broader nonprofit/cooperative laws (e.g., KSA's 2015 law, Tunisia's 2020 SSE law, Egypt's NGO/MSME laws). Recognition is informal/case-by-case, tied to programs rather than national registries, with international certifications (e.g., ISO 14001, B Corp) filling gaps.

### Policy Alignment

Frameworks align with national visions (KSA's Vision 2030, Tunisia's 2023-2025 Plan, Egypt's Vision 2030) and SDGs, emphasizing youth/women inclusion, job creation, and green transitions (e.g., renewable energy targets KSA 50% by 2030, Tunisia 35%, Egypt 50%).

### Registration & Incentives

Processes take 2-6 months, often streamlined digitally (e.g., KSA's HRSD portal, Tunisia's One-Stop Shop, Egypt's MSMEDA platform). Benefits include tax exemptions, grants, and procurement quotas, with donor dependency high across all.



## Strengths & Success Areas

### KSA

Strong vision-driven integration (Vision 2030/NTP) mobilizes large-scale funding (e.g., SGI grants, PIF green bonds) and private sector engagement (e.g., Aramco/SABIC partnerships), fostering innovation in renewables and social inclusion. Success Monsha'at accreditation has supported 1,000+ SEs, positioning KSA as a regional hub.

### Tunisia

Pioneering SSE law provides clear profit reinvestment rules and incentives, with targeted youth programs (JEUN'ESS trained 2,000 entrepreneurs). Success EU/GIZ collaborations (e.g., MedUP! funded 50 SEs) and green initiatives (TND 20M grants) have built a resilient network, reducing youth unemployment through SSE models.

### Egypt

Robust financial mechanisms (e.g., MSMEDA's EGP 12B fund, Sovereign Sustainable Financing Framework) and youth/women focus (70% projects target youth). Success NISGP and green hydrogen laws have mobilized \$8B+ in investments, with digital platforms registering 50,000+ MSMEs and showcasing at COP events for global visibility.

### Cross-Country Strengths

Donor integration enhances capacity (e.g., EU/UNDP across all), while performance-based validation ensures impact (e.g., KPIs in Egypt/Tunisia programs). All excel in aligning SEs/GEs with national goals, creating transferable models like Tunisia's SSE law and KSA's accreditation.

## Challenges

### KSA

Legal ambiguity (no dedicated definitions), high compliance costs for green standards, and limited public awareness/skilled talent, with urban focus excluding smaller/rural enterprises.

### Tunisia

Slow law implementation, bureaucratic delays (e.g., ANPE permits), urban bias (70% funding urban), and low SSE awareness, with microfinance covering only 20% of needs.

### Egypt

No dedicated SE category leads to regulatory overlap, donor dependency (time-bound funding), and weak rural demand/infrastructure, with high ESIA costs for GEs.

### Cross-Country Strengths

Common issues include informal recognition (lacking national certification), donor reliance risking instability, urban-rural disparities, and bureaucratic hurdles delaying registration/scalability. All face greenwashing risks without standardized metrics and limited domestic markets for green products.

## Best Practices to Learn From

These practices are transferable, particularly for Jordan, to build a resilient ecosystem:

### From KSA

Adopt a vision-driven strategy (e.g., Vision 2030) to unify stakeholders and mobilize private sector CSR (e.g., Aramco/SABIC partnerships for green innovation). Leverage accreditation programs like Monsha'at to tie informal recognition to tangible benefits (funding/mentorship), fostering regional hub status.

### From Tunisia

Enact pioneering laws like SSE Law 2020 for clear definitions/incentives (e.g., tax holidays/procurement), and target youth/women via programs like JEUN'ESS/GIZ's FORMAT (doubling women-led SMEs by 2035). Pilot labelling schemes (2026 launch) for performance-based validation, and use networks like TSEN for advocacy/knowledge sharing.

### From Egypt

Implement robust financial tools like MSMEDA's Fund of Funds and green bonds (mobilizing \$1.5B+), with digital platforms for streamlined registration (30-45 days). Reserve procurement quotas (40% for MSMEs) and focus on youth (70% projects), while integrating environmental compliance (e.g., NISGP/COP showcases) for global visibility/partnerships.

### Cross-Country Best Practices

Foster multi-stakeholder ecosystems (government-donors-private-academia) for capacity building; use performance-based KPIs (e.g., emissions reduction/job creation) to prevent greenwashing; digitize processes (e.g., One-Stop Shops) to reduce bureaucracy; and prioritize inclusivity (youth/women/rural) through targeted funds (e.g., green grants). These can inform Jordan's proposed labels/observatories for scalable, evidence-based growth.

## 1.3 Social Enterprises and Their Ecosystems in Europe

### Introduction

Social enterprises (SEs) operate at the intersection of social impact and economic sustainability, using hybrid models that combine a social or environmental mission with commercial viability. They address pressing challenges such as poverty, unemployment, inequality, and environmental degradation. Yet their hybrid nature often leads to limited visibility and misrecognition, constraining access to finance, markets, and supportive policies.

Recognition of SEs is therefore critical, whether through political endorsement, legal frameworks, private certification, or self-identification. Globally, recognition has enabled ecosystems to grow: the European Union, for example, hosts an estimated 2.8 million SEs, while the global impact investing market is valued at over \$1.2 trillion. At the same time, restrictive legal environments, fragmented incentives, and disparities across regions continue to limit the potential of SEs, particularly for small and informal actors.

This report examines these recognition mechanisms, their global variations, and their implications for ecosystem development. Drawing on international evidence and regional insights, it highlights gaps in policy, finance, and measurement, and proposes actionable strategies to strengthen SE ecosystems. Recommendations include adopting inclusive legal definitions, expanding financial support tailored to hybrid models, and advancing standardized approaches to impact measurement.

## Glossary of Terms

### **Social Enterprise (SE)**

An organization prioritizing social or environmental objectives, reinvesting profits into its mission while operating commercially.

### **Asset Lock**

A legal restriction ensuring assets are used for social purposes, not private gain.

### **Social Cooperative**

A cooperative model emphasizing social impact and stakeholder-inclusive governance.

### **Impact Measurement**

Quantitative assessment of social or environmental outcomes (e.g., Social Return on Investment, SROI).

### **B Corp**

A private certification evaluating social, environmental, and governance performance.

### **Work Integration Social Enterprise (WISE)**

An SE focused on employing disadvantaged groups.

## Political Recognition

Political recognition represents the foundational acknowledgment of social enterprises by governments and public authorities. This recognition often manifests through the inclusion of social enterprise in national policies, strategic frameworks, and public discourse. It signals a government's commitment to supporting social enterprises as important actors in economic development, social inclusion, and environmental sustainability.

Political recognition may take various forms: a formal government statement or policy paper highlighting the role of social enterprises, dedicated government departments or task forces, or the integration of social enterprise objectives into broader social or economic policies. For example, countries like the United Kingdom launched early strategies explicitly targeting social enterprises, recognizing their potential to create jobs, innovate in public service delivery, and foster community development.

The value of political recognition lies primarily in its ability to legitimize social enterprises and bring their unique contributions into public debate. When governments recognize social enterprises politically, it often paves the way for the development of concrete support mechanisms such as legal frameworks, funding schemes, or public procurement preferences. It also raises awareness among the public, investors, and other stakeholders, encouraging engagement with social enterprises.

However, political recognition alone can sometimes be symbolic if not followed by meaningful actions. Without concrete legislation, financial incentives, or institutional support, political endorsement risks remaining rhetorical, offering little tangible benefit to social enterprises. Moreover, political support can vary depending on changes in government priorities or leadership, making it important for social enterprises and advocates to maintain ongoing dialogue and advocacy.

In summary, political recognition is a crucial first step for creating an enabling environment for social enterprises. It legitimizes their role, influences public perception, and can trigger policy development. Nonetheless, for social enterprises to fully benefit, political recognition must evolve into specific laws, support programs, and institutional structures.

## Public Recognition through Laws, Statutes, & Accreditation Schemes

Public recognition is the formal institutional acknowledgment of social enterprises through legal frameworks, specific company statuses, or government accreditation schemes. This level of recognition establishes social enterprises' legal identity, defines their rights and obligations, and often grants access to specific benefits.

Many countries have introduced laws or regulations explicitly defining social enterprises and setting out eligibility criteria. These legal frameworks typically require social enterprises to demonstrate a primary social or environmental mission, reinvest profits into this mission rather than distribute them as dividends, and adopt governance models that include stakeholder participation or democratic control. Legal provisions often include asset locks which are mechanisms preventing the transfer of assets for private gain to safeguard the social purpose.

Such public recognition can take different forms. Some countries create entirely new company types dedicated to social enterprises. For instance, the United Kingdom's Community Interest Company (CIC) was established in 2004 as a flexible legal form allowing enterprises to trade commercially while committing to community benefit, including an asset lock and mandatory social impact reporting. This has become a widely adopted model, balancing operational freedom with accountability.

Other countries adapt existing legal structures. Italy's 2006 law permits various organizational forms including cooperatives, non-profits, and limited companies to register as social enterprises if they meet specific criteria. Italy also supports social cooperatives with a long history focused on workforce integration and social services, backed by public funding and legal advantages.

France takes a broader approach by recognizing social enterprises under its Social and Solidarity Economy (SSE) framework, which includes cooperatives, mutuals, and associations engaged in social utility work with democratic governance and profit reinvestment. While no single "social enterprise" legal form exists, the SSE law elevates visibility and policy support.

In Finland, the Work Integration Social Enterprise (WISE) legal category targets enterprises employing disadvantaged groups, though uptake is limited due to modest incentives and complex criteria.

Poland presents a fragmented regulatory environment without a unified social enterprise legal form. Instead, social cooperatives and NGO-business hybrids operate

within existing legal categories but face challenges due to unclear incentives and legal fragmentation.

Legal recognition grants social enterprises access to tangible benefits, including eligibility for public funding, preferential access to government contracts, tax relief, simplified reporting requirements, and increased trust from funders and customers. It also encourages transparency and accountability, helping social enterprises distinguish themselves from purely commercial firms or charities that may misuse the label.

Nonetheless, overly restrictive or complex legal criteria may exclude many genuine social enterprises. Laws that impose cumbersome governance structures or require costly compliance deter adoption. Furthermore, limited fiscal or administrative incentives reduce motivation to register. Hence, the design of public legal recognition must balance clarity and flexibility, inclusiveness, and rigor.

### **Private Recognition through Marks, Labels, & Certifications**

Where public legal recognition is limited, inadequate, or slow to develop, private recognition mechanisms have emerged as important alternatives. These mechanisms involve independent or sectoral organizations granting social enterprises marks, labels, or certifications to attest to their social mission and impact.

Private recognition plays a critical role in building trust and market differentiation. In the absence of formal legal status, social enterprises use these certifications to prove their authenticity and commitment to social goals to customers, investors, and partners. Certifications often require adherence to defined criteria around social purpose, profit reinvestment, transparency, and impact measurement.

Examples of private recognition schemes include the Social Enterprise Mark in the UK and Europe, which verifies compliance with social enterprise principles, and the internationally recognized B Corp certification, which assesses social and environmental performance alongside governance and transparency.

These private certifications are typically awarded by non-governmental organizations, sector networks, foundations, or business support organizations with expertise in social enterprise standards. They often provide ongoing support, community building, and access to networks and resources.

While private recognition does not confer legal benefits such as tax breaks or access to public funding, it significantly enhances credibility and consumer confidence. It enables social enterprises to compete in the marketplace by visibly demonstrating their social commitment.

The proliferation of private marks and certifications also encourages sectoral self-regulation and continuous improvement. However, the diversity of schemes may cause confusion for consumers and funders unless widely recognized and standardized.

### **Self-Recognition**

Self-recognition refers to social enterprises identifying themselves as such based on their mission and operations without external validation through legal status or certification. Many social enterprises start this way, driven by a strong commitment to social or environmental goals combined with entrepreneurial approaches.



Self-recognition fosters a sense of identity, belonging, and purpose within the social enterprise community. It enables organizations to form informal networks, share knowledge, and advocate collectively for sector development and support.

However, relying solely on self-recognition has drawbacks. Without formal recognition, social enterprises may struggle to access funding, public contracts, or partnerships that require legal or certified status. It may also affect credibility and trust among customers and investors. Moreover, without external accountability, some organizations risk “mission drift” or failure to maintain rigorous social impact standards.

Despite limitations, self-recognition remains an important first step and a widespread phenomenon globally. It provides the basis upon which social enterprises can pursue further formal or private recognition as they grow and mature.

## Impact of Social Enterprise Recognition

Recognition of social enterprises whether political, legal, private, or self-driven has profound implications for their development and the wider ecosystem.

Recognition increases visibility and legitimacy, helping social enterprises gain public trust and support. It clarifies their distinct role and values compared to traditional businesses or charities, enabling consumers, investors, and public authorities to identify authentic social enterprises.

Legal and private recognition unlock access to resources, including public funding, tax incentives, preferential procurement, investment opportunities, training, and networks. These benefits empower social enterprises to scale their impact and innovate sustainably.

Recognition fosters accountability and transparency, ensuring social enterprises adhere to their mission and maintain stakeholder trust. It encourages good governance, stakeholder involvement, and impact measurement, raising sector standards.

However, the impact of recognition depends heavily on the design and implementation of recognition frameworks. Rigid or exclusionary laws risk marginalizing many real-world social enterprises, while weak frameworks limit practical benefits and uptake. Fragmented or inconsistent recognition across jurisdictions complicates cross-border collaboration and scaling.

When recognition systems strike the right balance by offering clear but flexible definitions, meaningful incentives, and inclusive processes, they build a robust, dynamic social enterprise ecosystem. This ecosystem drives social innovation, community empowerment, and sustainable economic development.

In conclusion, social enterprise recognition is a vital pillar supporting the sector's growth and effectiveness. It legitimizes social enterprises' contribution to society, enhances resource access, and builds accountability. For social enterprises to flourish, recognition must be thoughtfully crafted, adaptable, and backed by real support.

Below is a detailed table summarizing the types of recognition for social enterprises, key characteristics, examples, benefits, and challenges by section and country:

Recognition Type	Description	Examples (Countries)	Key Benefits	Challenges / Notes
<b>Political Recognition</b>	Formal acknowledgment by governments in policies, speeches, and national strategies.	UK, France, EU	Raise awareness, legitimizes SEs, creates supportive environment	Can remain symbolic without follow-up legal or financial support
<b>Public Recognition</b>	Legal frameworks, specific laws, legal statuses, or accreditation schemes defining SEs legally.	UK (CIC), Italy (Social Enterprise Law, Cooperatives), France (SSE Law), Finland (WISE), Poland	Clarity of identity, access to funding, tax benefits, increased trust, simplified administration	Complex or narrow laws limit uptake; insufficient benefits reduce motivation; risk of excluding diverse SE types
<b>Private Recognition</b>	Certification, marks, or labels from independent bodies verifying SE status and standards.	UK & Europe (Social Enterprise Mark), Global (B Corp)	Builds market trust, access to investment, marketing advantage, encourages transparency	May lack legal or financial benefits; depends on credibility of certifying body
<b>Self-Recognition</b>	Organizations identify themselves as SEs based on mission and values without formal certification.	Widely common across countries	Fosters community identity, informal support, sector growth	Limits access to formal funding, contracts, and trust from some stakeholders
<b>Impact of Recognition</b>	How recognition affects SE ecosystem development, visibility, funding, governance, and trust.	Across Europe and beyond	Improved visibility, funding access, empowerment, sector growth, accountability	Overly restrictive or weak systems hinder uptake; benefits must be meaningful; inclusiveness crucial

While recognition can take multiple forms political, legal, private, or self-driven, the following country-specific examples illustrate how these recognition mechanisms are implemented in practice, highlighting both benefits and challenges.

Recognition Type	Description	Examples (Countries)	Key Benefits	Challenges / Notes
<b>UK (CIC)</b>	Legal form created in 2004 with asset lock and community benefit test; no tax breaks.	UK	Clear identity, ease of setup, regulatory oversight, strong sector growth	No fiscal incentives; relies on political and market support
<b>Italy</b>	Social enterprise law (2006) allows multiple legal forms; strong cooperative tradition.	Italy	Access to public funding, legal benefits, diverse SE models	Complex legal landscape; need for clear awareness
<b>France (SSE)</b>	Umbrella SSE law covering cooperatives, associations, mutuals with social missions.	France	Broad inclusion, political support, visibility	No single SE legal form; complexity in new SCIC cooperative form
<b>Finland (WISE)</b>	Work Integration Social Enterprise status focusing on employment of disadvantaged groups.	Finland	Targeted recognition	Limited benefits, low registration uptake, preference for private certification
<b>Poland</b>	No single SE legal form; recognition of social cooperatives and NGOs engaging in business.	Poland	Some public program access	Fragmented legal system; lack of incentives; reliance on NGO status
<b>Czech Republic</b>	Social cooperatives allowed but new legal forms less adopted due to existing cooperative law.	Czech Republic	Flexibility in existing law	New forms not popular

## 1.4 Moving Forward in the Jordanian Context

Building on national consultations and regional best practices, the following recommendations outline priority reforms and initiatives to create a robust enabling environment for Social Enterprises (SEs) and Green Enterprises (GEs) in Jordan. These recommendations are grouped into short-term (0–18 months), medium-term (18–36 months), and long-term (3+ years) actions to provide legal clarity, unlock finance, ensure institutional support, and deliver measurable impact.

### Recommendations

#### Short-Term Recommendations (0–18 Months)

These actions focus on quick wins to build visibility, trust, and immediate benefits for SEs and GEs, laying the foundation for a sustainable ecosystem.

##### 01 | Launch a Labelling & Accreditation System

Establish a voluntary SE Label administered by the Ministry of Digital Economy and Entrepreneurship (MoDEE) and a Green SE Label jointly managed by the Cities and Villages Development Bank (CVDB) and the Ministry of Environment (MoEnv). These labels, valid for three years, should be tied to evidence of social or environmental impact and serve as gateways to incentives like finance, procurement contracts, and tax benefits.

##### 02 | Develop a Digital One-Stop Platform

Create a compulsory digital platform integrating SE and Green SE registration, label applications, procurement opportunities, concessional finance access, investor matchmaking, and impact reporting. This platform will reduce administrative barriers, ensure transparency, and enable equitable access to support across all governorates, not just Amman.

##### 03 | Foster a Culture of Recognition & Awareness

Launch national campaigns, such as a “Buy Green Jordan” program with retailers, to raise public and consumer awareness of SEs and GEs. Introduce annual SE and Green SE Awards offering recognition and procurement or financial incentives. Mandate government ministries to report their procurement share from SEs and GEs to enhance sector visibility.

## Medium-Term Recommendations (18–36 Months)

These actions institutionalize the enabling environment, ensuring predictability and sustainability for SEs and GEs.

### 04 | Establish a Legal & Regulatory Framework

Enact legislation recognizing SEs and GEs as distinct entities with hybrid business models. Define SEs as organizations with a primary social or environmental mission, deriving significant income from trade, reinvesting at least 40% of profits into their mission, and adopting inclusive governance where feasible. GEs should align with Jordan's forthcoming National Green Taxonomy to prioritize energy, water, waste management, agriculture, and transport, preventing greenwashing.

### 05 | Build Strong Governance & Oversight Institutions

Create a National SE Commission under MoDEE with regulatory powers, supported by an independent advisory board of private sector, civil society, and academic representatives. For GEs, CVDB should oversee labelling and finance, leveraging its accreditation with international climate funds, supported by an Environmental Verification Committee to validate claims. Both bodies should publish annual data on accredited enterprises and compliance.

### 06 | Link Incentives to Clear Impact Measurement

Require SEs and GEs applying for labels to submit a social or environmental charter outlining impact areas (e.g., job creation, inclusion of women and youth, refugee integration, or emissions reductions). Mandate annual self-reporting and third-party verification every three years. Develop a national SE Impact Index and Green Impact Index for standardized, credible metrics.

### 07 | Expand Finance & Fiscal Incentives

Address financing gaps through concessional loans from the Central Bank of Jordan and Jordan Loan Guarantee Corporation at 0–5% interest for SEs. Introduce corporate income tax reductions of 10–15% for accredited SEs. For GEs, CVDB should establish a Green Finance Window with loans below 3% interest, plus customs and VAT exemptions for certified green technologies. Reserve 5–10% of public contracts for SEs and GEs.

## Long-Term Recommendations (3+ Years)

These actions position Jordan as a regional leader in social and green entrepreneurship, scaling impact and competitiveness.

### 08 | Strengthen Capacity & Support Ecosystems

Mandate licensed incubators and accelerators to allocate 20% of programs to SEs. Require universities and vocational centers to integrate SE and Green SE modules into curricula. Establish a Green Innovation Fund to co-finance pilot projects in sectors like waste-to-energy and water reuse. Develop mentorship networks connecting emerging entrepreneurs with experienced SE founders, investors, and technical experts.

### 09 | Invest in Data & Knowledge Infrastructure

Create a Social Enterprise Observatory led by MoDEE with universities and a Green SE Observatory led by CVDB and MoEnv. These observatories will collect and publish annual data on enterprise distribution, employment, social and environmental performance, and contributions to national priorities. Regular “State of the Sector” reports will ensure evidence-based policymaking and accountability.

## Strategy for Advancing Social & Green Enterprises in Jordan

The strategy is structured in three sequenced phases to balance quick wins with long-term institutionalization, positioning Jordan as a regional leader.



#### Phase 1 Pilot Launch (Years 1–2)

**Focus on visibility and trust through:**

- Launching SE and Green SE Labels via the digital platform with streamlined processes.
- Linking labels to pilot procurement quotas and concessional finance.
- Running awareness campaigns highlighting SE and Green SE champions, extending reach beyond Amman.



#### Phase 2 Legal & Institutional Consolidation (Years 3–5)

**Institutionalize the ecosystem through:**

- Passing legislation defining SEs and GEs, embedding profit reinvestment (e.g., 40% minimum) and National Green Taxonomy alignment.
- Establishing the National SE Commission and CVDB's role in GE accreditation.
- Expanding fiscal incentives, including tax reductions and customs exemptions.
- Publishing annual State of the Sector reports via observatories.



#### Phase 3 Consolidation & Regional Leadership (Years 5–7)

**Position Jordan as a regional hub through:**

- Institutionalizing 5–10% procurement quotas across ministries and state-owned enterprises.
- Promoting regional recognition of Jordan's SE and Green SE labels via partnerships with the Arab League, UNESCWA, and investment platforms.
- Scaling Jordan's knowledge hub role through annual conferences, regional data sharing, and university partnerships.
- Showcasing Jordan as a leader in financing models, green innovation, and inclusive entrepreneurship.





## Strategic Principles

### 01 | Incentive-Based Recognition

Labels and accreditation are tied to tangible financial, fiscal, and procurement benefits.

### 02 | Transparency & Accountability

Annual reporting, observatories, and independent verification ensure credibility.

### 03 | Inclusivity & Regional Balance

Digital platforms, incubators, and campaigns ensure equitable access across all governorates.

The recommendations and strategic actions are summarized in the consolidated table below, which presents the enabling measures for Social Enterprises and Green Enterprises in Jordan.

Area	Robust Recommendation	Evidence from Consultations	Regional Proof Points
<b>Definition</b>	Legally adopt a broad SE definition as organizations with a primary social or environmental mission, deriving significant income from trade, reinvesting ≥40% of profits into their mission, and adopting inclusive governance where feasible. GEs align with Jordan's National Green Taxonomy.	Stakeholders demanded legal clarity beyond NGO/coop/company constraints.	Tunisia's SSE Law (2020) requires 50% reinvestment for status.
<b>Labelling</b>	Create a voluntary SE Label (MoDEE) and Green SE Label (CVDB/MoEnv) as prerequisites for accessing finance, procurement quotas, and tax incentives. Labels must be renewed every 3 years with evidence of social or environmental impact.	Strong consensus recognition must link to tangible incentives, not be symbolic.	KSA's Monsha'at accreditation ties label to services; Tunisia links SSE label to procurement.
<b>Governance</b>	Establish a National SE Commission (MoDEE) with regulatory power and an independent advisory board (private sector, CSOs, academia) to approve SE status, monitor compliance, and publish data. For GEs, CVDB oversees labelling and finance, supported by an Environmental Verification Committee.	Stakeholders wanted hybrid governance with state legitimacy + community oversight.	Tunisia's SSE authority; KSA's Monsha'at with multi-stakeholder committees.
<b>Digital Platform</b>	Build a compulsory digital registry platform integrating (i) SE registration, (ii) label renewal, (iii) procurement tenders, (iv) investor matchmaking, (v) impact dashboards.	Consultations called for simple, transparent processes, especially outside Amman.	Egypt's MSMEDA online registry; Tunisia's One-Stop Shop.
<b>Assessment</b>	Require SEs and GEs to submit a social or environmental impact charter (e.g., job creation, inclusion of women/youth/refugees, emissions reductions, SDG alignment). Mandate annual self-reporting and third-party verification every 3 years. Develop SE and Green Impact Indices.	Participants feared "fake SEs" and demanded verification.	Egypt ties MSMEDA funding to performance-based KPIs.
<b>Finance &amp; Incentives</b>	Guarantee SEs access to 0–5% interest concessional loans (CBJ/JLGC) and 10–15% corporate income tax reductions. For GEs, establish a Green Finance Window (<3% loans) and customs/VAT exemptions for green technologies. Reserve 5–10% of government procurement contracts for SEs and GEs.	All consultations emphasized tangible benefits.	Tunisia procurement & tax breaks; Egypt MSMEDA concessional funds.
<b>Capacity &amp; Support</b>	Require licensed incubators/accelerators to allocate ≥20% of slots to SEs. Launch national SE and GE training programs across universities/vocational centers. Establish a Green Innovation Fund for pilot projects (e.g., waste-to-energy, water reuse). Create a national mentorship network of SE/GE founders and investors.	Jerash/Zarqa youth stressed incubators, applied training.	KSA's KAUST hubs integrate social impact start-ups; Tunisia's JEUN'ESS program targets youth.
<b>Impact Measurement</b>	Develop Jordan SE and Green Impact Indices (e.g., jobs created, % women/youth employed, revenue reinvested, emissions reductions, services delivered). Make reporting mandatory for label renewal.	Stakeholders wanted local metrics, not donor templates.	Egypt's MSMEDA collects annual social/economic data; Tunisia's SSE reports mandated.
<b>Culture &amp; Awareness</b>	Run a 3-year national campaign, including a "Buy Green Jordan" program with retailers and annual SE/GE Awards (cash prizes, procurement preference). Mandate government entities to report SE/GE procurement share.	SEs are invisible, misclassified as NGOs.	KSA's Vision 2030 uses "champions" as credibility anchors.
<b>Data &amp; Observatory</b>	Establish a Social Enterprise Observatory (MoDEE + universities) and a Green SE Observatory (CVDB + MoEnv). Publish annual SE and Green SE State of the Sector Reports with disaggregated data on women, youth, and regional presence.	Stakeholders highlighted the lack of systematic SE data.	Tunisia's SSE Network publishes annual sectoral reports.

# CONCLUSION

Jordan stands at a transformative juncture where social enterprises (SEs) and Green Enterprises (GEs) can serve as powerful engines for inclusive and sustainable development. As outlined in this document, the current entrepreneurial ecosystem, marked by socioeconomic challenges such as high youth unemployment, refugee integration needs, and environmental vulnerabilities like water scarcity, reveals significant gaps in legal recognition, financing, and institutional support. Despite these hurdles, Jordan's evolving policy frameworks, including the Economic Modernization Vision (2022 to 2033) and the National Green Growth Action Plan (2021 to 2025), alongside the contributions of key actors like MoDEE, JREEEF, and ESOs such as Alfamar, provide a strong foundation for progress.

Drawing from regional benchmarks in Saudi Arabia, Tunisia, and Egypt, Jordan can adopt best practices such as Tunisia's pioneering SSE Law for clear definitions and incentives, Egypt's robust financial mechanisms like MSMEDA's concessional funds, and Saudi Arabia's vision-driven integration under Vision 2030 to mobilize private sector engagement. These examples underscore common strengths in multi-stakeholder collaboration and donor partnerships while highlighting shared challenges like urban bias, donor dependency, and bureaucratic delays. By addressing these through harmonized policies and inclusive strategies, Jordan can mitigate risks such as greenwashing and foster a resilient ecosystem that prioritizes youth, women, refugees, and rural communities.

The proposed recommendations, establishing legal frameworks defining SEs as entities with a primary social or environmental mission, reinvesting at least 40% of profits, and adopting inclusive governance where feasible, alongside labeling systems, digital platforms, and observatories, all aligned with Jordan's forthcoming National Green Taxonomy for GEs, coupled with a phased strategy from quick wins (Years 1 to 2) to regional leadership (Years 5 to 7), offer a practical roadmap. Guided by principles of incentive-based recognition, transparency, and inclusivity, this approach will unlock SEs' and GEs' potential to drive job creation, social equity, and environmental resilience. Ultimately, by implementing these reforms, Jordan can position itself as a MENA leader in social and green entrepreneurship, contributing to the Sustainable Development Goals and building a more prosperous, equitable future for all. The successful implementation of this roadmap will require the sustained commitment of government partners, continued advocacy from organizations like Alfamar, and strategic investment from the international community to realize this vision by 2033.



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## Disclaimer

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