Fostering social businesses and formalising the informal economy in MENA countries

Philippe Adair[1], Vladimir Hlasny[2], Mariem Omrani[3] and Kareem Sharabi Rosshandler[4]

Abstract: First, youth inactivity, unemployment and informal employment are pervasive in the MENA labour markets. Using microdata from Labor Market Panel Surveys, and ERF COVID-19 MENA Monitors for six MENA countries, workers' employment statuses are assessed separately by age group and gender. Second, the social and solidarity economy (SSE) includes both for profit and non-profit entities, cooperatives, associations and mutual. Their legal frameworks and economic impact, especially in terms of employment and GDP contribution are surveyed. Third, personal savings and grants remain the major funding sources of SSEs, which face structural deficiencies in the banking system and lack tailored financial products that the microfinance industry should overcome. Four, formalisation policies encapsulate distinct strategies, targets and impact assessment, wherein which the SSE including microfinance institutions plays a role in formalising both informal businesses and employees, as well as triggering job creation.

Keywords: COVID-19; Employment vulnerability; Formalisation policies; Informal economy; Institutional framework; Social and Solidarity Economy (SSE), MicroFinance Institutions (MFIs); youth unemployment.

JEL: E26, J46, J54, L31, O17, N35, N37.

Introduction

We address the issue of formalisation of the informal economy (henceforth informality) in six MENA countries, Egypt, Morocco and Tunisia in North Africa, and Jordan, Lebanon and Palestine in the Middle East. These oil-importing countries are lower middle-income economies that share many pervasive characteristics. Female participation rate to the labour market is significantly low, whereas youth unemployment rate is dramatically high, small-scale informal businesses provide most jobs and tend to operate in low productivity sectors, and informal employment constitutes half the labour force (Charmes, 2019).

Section 1 uses microdata from Labor Market Panel Surveys, and ERF COVID-19 MENA Monitors for the six MENA countries, to assess employment statuses by age group and gender,

[1] ERUDITE, University Paris-Est Créteil. Email: adair@u-pec.fr.
[2] United Nations Economic and Social Commission for Western Asia. Email: hlasny@un.org.
[3] Gender Associate, UNDP. Email: omraniimariem@gmail.com.
[4] The Economic Growth Pillar, West Asia-North Africa Institute. Email: Kareem@atlantascholars.com.

emphasizing vulnerability and informal employment. Section 2 sketches the components of the Social and Solidarity Economy (SSE), including both for profit and non-profit entities, namely cooperatives and mutuals as well as associations, and surveys its legal framework and contribution to employment and GDP. Section 3 provides an overview of the major funding sources of SSEs, mostly personal savings and grants, which face structural deficiencies in the banking system and the absence of tailored financial products that the micro finance industry tries to overcome. Section 4 is devoted to formalisation policies encapsulating distinct strategies, targets and impact assessment, wherein which the SSE including microfinance institutions plays a role in formalising both informal businesses and employees, as well as triggering job creation.

1.1. Unemployment and Informal Employment in MENA Countries

Youth unemployment and job informality are pervasive features of the MENA labour markets (Fehling et al., 2016). Fresh graduates, if they succeed at finding employment, land informal or irregular jobs. These jobs leave workers with limited prospects for transition to decent work later in their careers. The informal sector, and micro and small enterprises (MSEs) lag behind the formal sector in factor productivity, value-added and fiscal receipts, in part due to a mismatch between skill supply and demand, in a state where workers have few opportunities for upskilling or retraining, and employers fail to invest in them (Hlasny and AlAzzawi, 2020). Job creation in the region has been biased toward manufacturing, building and construction with an outsized share of informal workforce, while skilled services relying on formal workforce have stagnated. Public sector has also scaled down recruitment since a decade ago as part of macroeconomic and public-sector reforms (Shahen et al., 2020). This has further hollowed out job opportunities for vulnerable workers.

COVID-19 has exacerbated employers' reluctance to invest in workers and offer them decent jobs. MENA countries have responded by implementing a range of mitigation measures including lockdowns and social-distancing, which have affected labour markets. Reduced consumer demand, and challenges associated with remote work have led to many workers being laid off, facing reduced hours, reduced pay or exiting the labour market altogether. Lockdowns and closures of schools also forced some workers to reduce their hours or quit work.

1.2. Existing Evidence

We contribute to the literature on the fragmentation in the MENA region labour markets, particularly amid COVID-19. The common thread in literature is the identification of structural faults in the labour markets primarily through a duality between formal and informal private employment (Hlasny and AlAzzawi, 2020), and a growing trend of vulnerable employment, particularly among youths. Once workers accept an informal job, they have a hard time transitioning to formality later in their careers. The formal economy has recently lost ground in some MENA countries to the informal one, with the formal-work conditions slipping to become more precarious (Amer, 2014).

The region has witnessed a youth bulge, at the same time as women have increasingly engaged with the labour market. This has put pressure on the availability of jobs, and on working conditions.

COVID has exacerbated the reluctance of employers to invest in workers, and encourages the shift from regular to irregular gig employment (Krafft et al., 2021). Over 11 million full time equivalent (FTE) jobs were lost in the region during 2020. FTE job losses of over 23 million occurred in the second quarter of 2020 alone, when the most severe lockdowns took place (ILO, 2020a). Another 5 million FTE jobs could be lost over the course of 2021 (ILO 2021).

COVID has particularly affected women and youths putting them at a substantial risk of falling into vulnerable employment, encompassing unpaid family work, (non-employer) self-employment, irregular and informal work (AlAzzawi and Hlasny, 2022). In light of the pre-existing structural obstacles in accessing decent jobs, a break from service caused by COVID-19 will undoubtedly impair their ability to get back on their feet (Hlasny and AlAzzawi, 2021).

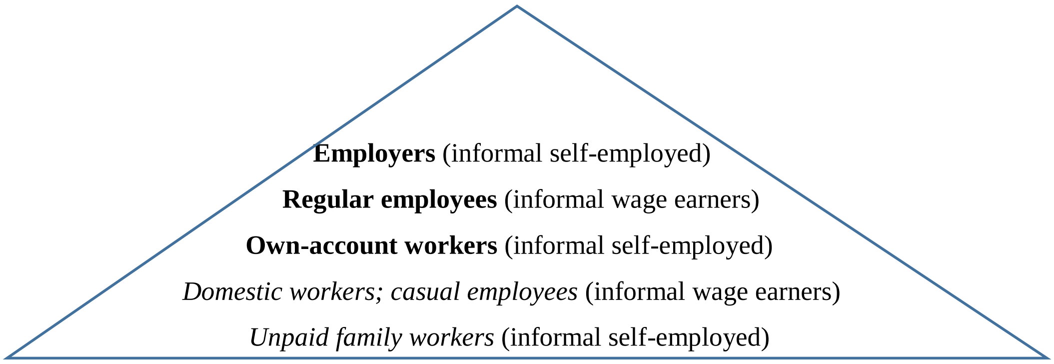
1.3. Analytical Approaches, Data and Results

We assess static manifestation of informality across different demographic groups, as well as dynamic trends of workers' mobility between employment types, using the *ERF COVID-19 MENA Household Monitors* and *Labor Market Panel Surveys (LMPS)*. These allow us to track workers' employment status – particularly for vulnerable groups such as women, youths or rural poor – over the span of 1.5 or 6 years, respectively.

The LMPSs shed light on the working conditions in Egypt, Jordan and Tunisia over the past decade. In Egypt, employment vulnerability rose, dominated by the rise in the share of youth men who are in vulnerable employment, as well as youth women. Youth women witnessed a sharp rise in vulnerability. In Jordan, while youth men's vulnerability fell from 40 percent to 34 percent between 2010 and 2016, that of youth women and especially non-youth men rose. For Tunisia, the share of youth men in vulnerable employment was already high at 63 percent, and stayed roughly the same over time, but that of other groups abated.

COVID-19 has had strong negative consequences on the MENA labour markets that vary by country and over time in their intensity but also vary by type of worker. The effects on public sector workers were the lowest but even for this group, some workers such as youths and women did not fare well. Informal, and especially irregular workers and those working outside of establishments often ended up self-employed or unemployed. Many women, of all ages, left the labour force all together. Youths fared relatively worse than non-youths at the start of the pandemic, and they also saw a slower recovery – less dramatic decline in undesirable work outcomes.

Figure 1. Segmentation of the informal economy according to poverty risk (work-status and income)



Note: in bold letters: mostly males, in italics: mostly females.
Source: Philippe Adair's analysis adapted from Chen et al. (2006)

Workers' vulnerability to poverty depends on work-status and related income, and proves uneven according to gender. In a five-prong classification of informal workers – as employers, regular informal employees, own-account workers, casual/irregular employees, and unpaid family workers – men are over-represented among the first three classes, whereas women concentrate in the latter two classes (Figure 1).

Table 1. Distribution of workforce status and vulnerability 2019, by gender

	Self-Employed*			**Wage Employees**			**Vulnerable****		
Country	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Egypt	*31,37*	30,18	30,43	68,63	*69,82*	*69,57*	*27,73*	15,41	17,97
Jordan	2,30	16,24	13,92	*97,70*	*83,76*	*86,08*	1,58	12,37	10,58
Lebanon	15,01	*44,39*	*37,48*	*84,99*	55,61	62,53	13,84	*35,73*	*30,58*
Morocco	*57,11*	*45,89*	*48,56*	42,89	54,11	51,44	*56,29*	*42,91*	*46,10*
Tunisia	14,27	28,61	25,16	*85,73*	*71,39*	*74,84*	11,47	21,29	18,93
Palestine	22,72	29,66	28,57	*77,28*	*70,34*	*71,44*	20,00	22,42	22,04
Average***	23,80	32,49	30,69	76,20	67,50	69,32	21,82	25,02	24,37

Note: * includes employers, own-account workers and contributing family workers. ** Some self-employed (excluding employers) as a percentage of total employment. *** Figures in Italics are above average
Source: Philippe Adair's analysis, from ILOSTAT database (modelled estimate)

Self-employment largely overlaps with informal and most vulnerable forms of work, such as male own-account workers and female contributing family workers or casual/irregular workers (Table 1).

Dynamic analysis using LMPSs and ERF COVID-19 Monitors confirms that youths who start out in the labour market in a vulnerable job are unlikely to move to a better quality job over time. Youth workers are less likely to attain decent employment than non-youths, particularly in formal employment.

Figure 2 (in the appendix) shows that informal jobs leave male youths with limited prospects for transition to decent work later in their careers. The trajectory for women is more uniform – those who start out in vulnerable employment are most likely to transition out of the labour market altogether, while the small minority who retain their vulnerable employment status rarely transition to formal jobs. Once out of the labour force, they rarely return. The only women who seem to hold on to their work and employment status over time are those who were previously in formal jobs.

During the pandemic, men's probability to attain any employment status stagnated, with the only consistent trend being a gradual decline in the probability of self-employment and irregular employment. These trends were accompanied by a rise in involuntary unemployment since early 2021. Women have witnessed a similar stagnation of their status, by being largely excluded from work. An increase in their rate of joining the labour market was accompanied by a rise in the prospect of involuntary unemployment.

1.4. Policy Recommendations

We contend that a concerted effort toward labour-market formalisation would increase firms' factor productivity and performance, which would in turn encourage retention of high-quality workers and acquisition of complementary capital, leading to further performance gains and incentives to curtail labour turnover. The availability of many currently underutilized youths (in the informal sector, or unemployed) and women (economically inactive) presents an opportunity to entrepreneurs.

Innovative policies are needed to facilitate job creation, worker–job matching, and the formalising of working conditions. International observers have a role to play in building capacity among regional economic protagonists, NGOs and research centres with the aim to increase their social impact and promote employment of marginalised groups. Capacity-building trainings on best international practices, and events and platforms facilitating the exchange of ideas and the pooling of resources would go far to empower and connect the frontline actors in working toward their interconnected goals. Helping with the establishment of recruiting and training centers for workers and entrepreneurs, and assisting with financing or underwriting of social initiatives or products would provide direct support, especially those less privileged.

2. The Hybrid Social and Solidarity Economy: A For Profit and Not For Profit Sector

2.1. Existing Legal Frameworks for Social and Solidarity Economy

In the MENA region, there is growing state recognition of the Social and Solidarity Economy (henceforth SSE) and its economic contribution. There are three broad types of SSEs. In order of their prevalence, these are cooperatives, associations, and mutuals (Beyond Group, 2019). Cooperatives are the core of SSE members (UN, 2021). However, in almost all states, this recognition has not translated to SSEs being given their own legal forms. Formal recognition would be a means of regulating SSEs' unique economic contributions, and would likely entail financial and bureaucratic incentives to their growth. There are no specific legal forms for SSEs in Jordan, Lebanon, (Beyond Group, 2019) Egypt (Ramadan, 2021), Palestine, or Morocco (El Mekkaoui et al, 2021). However, most countries give legal forms to specific types of SSEs, especially cooperatives (ILO, 2018).

Tunisia stands out for having given SSEs a specific legal form. With the June 2020 "Bill on Social and Solidarity Economy", SSEs have been brought specifically under a government body called the Tunisian Social and Solidarity Economy Authority. The bill recognises the sector and gives it its own regulation separate from the private sector (Ben Ayed Mouelhi et al, 2021). The law was significant because it included the major types of SSEs operating in Tunisia. Along with cooperatives, these include agricultural insurance companies and development groupings. Quite significantly, it also included microfinance institutions and insurance cooperative companies (Tunis Enrique Pressed, 2020). The Tunisian case warrants special attention for the model it could provide for other MENA countries.

In the absence of an SSE legal form, SSE entrepreneurs face dilemmas of having to choose between registering as either a) for-profit organisations – which means they have to pay taxes and forgo benefiting from untaxed grants and donations – or b) non-profit organisations – which limits their ability to generate profit (Beyond Group, 2019). Entrepreneurs will register their SSEs as various kinds of organisations according to the most suitable options for their national contexts, specifically, which option is least bureaucratic or which requires the lowest amount of starting capital.

Table 3. Government Bodies Regulating SSEs by State

Country	Primary Body	Secondary Body	Tertiary Body
Egypt	Ministry of Social Solidarity (non-profit organisations)	Ministry of Industry and Trade	Institution for the Development of Medium, Small, and Micro Enterprises
Jordan	Ministry of Social Development	Ministry of Trade and Industry (non-profit organisations)	Jordan Cooperative Corporation (cooperatives)
Lebanon	Directorate General of Cooperatives at the Ministry of Agriculture (cooperatives)	Lebanese Federation of Cooperatives	The National Union for Cooperative Credit (frozen)
Morocco	Office for Cooperation Development at the Ministry of Economic and General Affairs (cooperatives)	Agency of Social Development	
Palestine	Ministry of the Interior (non-profit organisations)	(Ministry relevant to SSE activity)	Cooperative Work Agency (cooperatives)
Tunisia	Tunisian Social and Solidarity Economy Authority		

Source: Author

There are often bureaucratic consequences to SSEs registering as non-profits. SSEs will often have to register or work with additional government bodies (see Table 3). In Palestine, SSEs must register with the relevant ministry under which their SSE activity falls. If they declare themselves non-profit, they must also register with the NGO Department at the Ministry of Interior, which is responsible for inspecting organisations and ensuring that they use funds for declared purposes (Halabi et al, 2017). In Egypt, non-profits must – in addition to registering with the Ministry of Social Solidarity – also receive necessary approvals from the Ministry of Industry and Trade (Halabi et al, 2017).

2.2. Economic Scope of SSEs

SSE has had a number of positive impacts on MENA economies. First, there is the way in which SSE have contributed to workforce formalisation. SSEs have been described as offering vulnerable groups a "dynamic of transition towards the formal economy." (Roelants, 2015). SSEs – especially cooperatives – can help formalise workers by providing them with contracts and grouping them into units that can leverage their collective capacities and resources (Ben Ayed Mouelhi et al, 2021). In Tunisia, for example, as many as 70 per cent of SSE jobs might be permanent, structured, and covered by social security (Ben Ayed Mouelhi et al, 2021). SSE impact is especially strong in rural areas, where workers are often caught between informal labour and public sector jobs (Ahmed-Zaïd et al, 2013). SSE activities also point to long-term economic benefits, such as encouraging better organisation, better returns to scale, and more value chain integration (Ben Ayed Mouelhi et al, 2021).

Quite significantly, SSEs also incorporate women into the workforce. In Morocco, 14 per cent of cooperatives have women-centred mandates. Women are also represented through non-gendered SSEs. In Morocco, as many as 42 per cent of SSEs might be headed by female presidents (El Mekkaoui et al, 2021).

In the absence of legal forms, it is difficult to assess the exact economic scope of MENA SSEs in terms of employment. It is clear that while SSEs may have many indirect beneficiaries – especially associations – they often have few employees, especially full-time (see Table 3).

In Lebanon, approximately 70 per cent of cooperatives do not hire any full-time employees, while 76 per cent do not hire part-time employees (ILO, 2018). The average number of employees hired by cooperatives that do employ full- and part-time is 4.7 and 6.4, respectively (ILO, 2018). Responses to a questionnaire revealed for Jordan similarly modest employment numbers, whereby an SSE's combined full- and part-time employees ranged from about three to 20 employees. These included for profit commercial enterprises. One Jordanian crafts and cosmetics cooperative had five full-time employees and 15 part-time employees. 256,000 enterprises and entities provide more than 1.2 million jobs in Egypt, Jordan, Lebanon, Palestine, Morocco, and Tunisia (CESPES-ESMED, 2019). However, one ignores if this is direct (i.e. employees) or indirect employment (i.e. self-employed producers) or if they are full time jobs.

Table 3. Piecemeal Data on SSEs (Cooperatives)

Country	Cooperatives	Employees	Ratio	Workers/ Members	Users/ Members	Producers/ Members	Year	Source
Egypt	40,962	N/A	N/A	705,000?	N/A	11,000,000	2013	ESMED (2015)
Egypt	14,000	18,900	1.35	N/A	N/A	N/A	2017	Ghonem (2019)
Jordan	1,450	4,000	2.76	N/A	N/A	130,000	2011	CEPES (2012)
Lebanon	1,000	2,890	2.89	N/A	N/A	N/A	2017	ILO (2018)
Morocco	17,229	34,630	2.01	1,075	408,735	2,561,498	2011	ODCO (2012)
Morocco	19,035	35,472	1.86	N/A	N/A	N/A	2017	ODCO (2017)
Tunisia	16,787	N/A	N/A	N/A	N/A	1,754,825	2013	ESMED (2015)
Tunisia	22,350*	21,000	N/A	N/A	N/A	N/A	2017	Ben Ayed Mouelhi et al (2021)
Palestine	857	N/A	N/A	?	N/A	?	2016	ILO (2017)

Note: * SSEs
Source: compiled from various sources by the authors

Some independent estimates can provide insights into GDP contribution. In Tunisia, there are some 22,350 SSEs employing some 21,000 workers (El Mekkaoui et al, 2021). As of 2019, SSE activity accounted for under 1 per cent of GDP activity. At a rate of 5-6 per cent of GDP contribution, it could add as many as 60,000 additional jobs per year (Al Amri, 2019). In 2017, SSEs represented 2 per cent of Morocco's GDP, and employed 5.5 per cent of its active population (El Mekkaoui et al, 2021). In that country, the creation of cooperatives more than tripled from 2006 (5,276) to 2017 (19,035), with two thirds operating in agriculture (Bazi, 2021). These figures indicate good progress towards realising potential

SSEs growth could prove a great boon to MENA states. In the long-term, the increasing role of SSEs as welfare providers might help governments in their goals of downsizing services. The increasing role of SSEs also could translate to massive tax revenues for the state. This is because SSE employment is prone to formalising workforces. While government limitations in addressing socio-economic needs might be a main driver of SSE development, the viability of SSEs will likely outlive this purpose, as it has in developed economies. Towards more fully realising the gains of SSEs, states would have to develop for SSEs – if not unique legal forms –special recognition of their social impact through a certification process.

2.3. Recommendations

First, there is a need to count and attempt to economically assess cooperatives, mutuals and associations in order to gain a more comprehensive picture of the SSE industry, specifically measuring employment and value-added to the GDP. A major issue is the design, accounting, and compilation of SSE statistics to inform stakeholders. A satellite account that follows the Guidelines of the ILO (2019) and the CIRIEC Manual (Monzon and Chavez, 2017) can be built to assess for profit SSEs, and the Handbook (UN, 2018) for non-profit SSEs. National Statistical Offices (NSO), Chambers of Commerce, and stakeholders (including relevant public bodies) of SSEs play a key role in this respect, with Eurostat expertise and assistance being crucial.

Second, the EU can train SSE workers in skills necessary for upscaling businesses and fostering more robust interfaces between SSEs and lenders. This includes business model design, standard accounting practices, and predatory lending awareness.

Last, donors can direct through grants,producing SSEs towards export-oriented activities. When cooperatives – especially agricultural – succeed in directing their members' products abroad, overall productivity rises beyond local demand, and it also encourages ancillary activities such as packaging, marketing, and shipping, which create more employment opportunities (The Portland Trust 2013).

3. Leveraging the Social Entrepreneurship Potential and the Role of Finance

3.1. Mapping of SSE's financing mechanisms

To fund and scale up their activities social entrepreneurs tap into various financing sources. Limited access to formal finance from banks remains the salient feature (Charfi, 2020; Oxfam 2020; Tauber, 2020). With bank loans and microcredits being out of scope, social enterprises turn to their personal savings, grants, philanthropic funding, (Augier et al, 2019; Tauber, 2020). In Lebanon, most social enterprises are still at an initial stage where they look for grants and participate in competitions. Jordanian and Egyptian social and solidarity entrepreneurs secure revenues from the sales of their products and personal savings. Personal savings, grants, and government subsidies are the most common source of funding Moroccan SSEs (ElMekkaoui et al, 2021). Palestinian social entrepreneurs rely heavily on donations and their personal income to fund their activities (Koa, et al., 2018). Depending on their legal status, SSEs in Tunisia generally tap into several funding sources: public subsidies, self-financing, loans and foreign aid. Some social and solidarity enterprises receive government subsidies (Elachhab, 2018).

3.2. Overview of social and solidarity enterprises funding ecosystem

Microfinance institutions (MFIs) have been expanding in the selected countries. Most of these MFIs are registered as NGOs or non-bank financial institution.

Table 4 reports the key figures of the microfinance industry in 2017, namely 20 MENA Microfinance Institutions (MFIs). In the first place, MFIs grant micro-credit to Micro-enterprises, a share above eight out of ten, whereas SMEs is only one out of ten. Over two out of five businesses are granted loans according to the joint liability mechanism, suggesting they lack collateral. Average loan balance per borrower in MENA is weak, except for Palestine standing above average. In contrast, the average lending rate is high, within a range of 25-36 percent, although borrower's payback. Microfinance institutions play a major role in facilitating access to finance for women, which represent more than half of microfinance clients across the MENA region with exception to Palestine. Reliable figures on the role of MFIs in the development of social entrepreneurship are unfortunately unavailable as most MFIs do not capture in the loan application process whether the enterprise was a social business or not (personal communication from MFI representative).

Table 4. Characteristics of MENA MFIs in 2017

Country	NAB* (1,000)	Average loan balance /GNI p. capita	(%) Rural borrowers	(%) Female borrowers	Solidarity groups (% of loans)	Number of loans outstanding			Lending rate	PAR> 30 **	Risk coverage
						MSMEs	Micro	SMEs			
Egypt	911,7	0.0469	515,5 (56.54%)	*67%*	399,571	907,276 (*99.5%)*	813,843	93,433	34.6%	0.6%	408.1%
Jordan	246,6	0.1403	106,3 (43.10%)	*88%*	151,347 (61.37%)	201,300 (81.63%)	200,544	0,755	32.5%	1.6%	210.6%
Lebanon	72,8	0.1003	32,0 (43.95%)	57%	15,594 (21.42%)	72,802 (*100%*)	72,468	0,334	30.3%	6.7%	398.8%
Morocco	519,1	0.1817	227,0 (43.72%)	46%	98,831 (19.03%)	386,288 (74.41%)	386,288	0	26.2%	6.1%	61.9%
Palestine	73,3	0.9228	34,7 (47.33%)	33%	0	31,084 (42.40%)	29,756	1,328	14.3%	5.1%	78.0%
Tunisia	329,5	0.1414	128 (38.88%)	61%	0	266,646 (80.92%)	266,646	0	26.2%	0.8%	176.3%
Total	2,153,0		1,043.5 (57.22%)	1,063.294 (58.31%)	665.343 (30.90%)	1,769.545 (94.86%)	97,178 -	-	-		

Note: * Number of active borrowers. ** Portfolio At Risk >30 days. Figures in italics are above average.
Source: Micro Exchange Market (MIX, 2017), World Bank (WGI, 2017) in Adair & Berguiga (2021)

Crowdfunding for social enterprises has the potential to catalyse positive change, yet it remains untapped in most countries (Azouzi, 2020; Sidlo, 2021). Crowdfunding platforms are mostly set up abroad and cannot operate locally due to legal restrictions (Augier et al, 2019). Based in Lebanon, “Zoomaal” is one of the leading crowdfunding platforms that operates in the MENA region. Equity investment for social entrepreneurs remains shallow in the selected countries. In Tunisia and Morocco venture capital market is relatively new and small (Azzouzi, 2020). In Egypt, we observe the expansion of angel investment network investing in early-stage social enterprises, however they show a major interest in ICT (Radwan, 2017). Angel investors are not very common in the other countries due to the limited deal flow and blurry legal status. A gender-responsive approach to bridge gender gap in terms of access to finance for social enterprises remain somehow limited. Some initiatives to promote women’s social entrepreneurship yet focus mainly on networking, training, and the provision of small grants.

3.3. Gaps and weaknesses of the current funding model

The funding gap for SSEs in the selected countries constitutes a real brake to their development, with women being more disadvantaged (Arezki et al.,2019; Sidlo, 2021). COVID-19 has had a profound socio-economic impact in many countries, reaching far beyond health and sanitary implications. The pandemic limited the access to finance (Ramdan, 2021) and made investors more hesitant and risk averse (Sidło, 2021). Moreover, difficulties to access formal financial services arise from a range of issues facing the countries that go beyond the pandemic. The structural deficiencies in the banking system have resulted in limited access to formal financial services.

In the six selected countries, social entrepreneurs reported difficulties to secure loans from commercial banks (Koa et al., 2018; Oxfam, 2020). SSE experts declared that strong financial returns remain the major indicators for banks. Additionally, prudential requirements limit their ability to fund social entrepreneurs. Banks target a limited number of large companies and multinational firms, leaving the bulk of MSMEs and social enterprises underserved (Barco et al., 2019; Sidlo, 2021). SSE experts have highlighted the misperception about social enterprises which are considered too social and perhaps too risky for banks.

Tailored financial instruments that could support SSEs are currently under-developed or non-existent in southern Mediterranean countries (Maroush et al., 2020; OXFAM, 2021). MFI representative reported that the current funding models are not adapted for the social enterprises especially for those in the initial stage. Guarantee requirements, rigorous selectivity, and complex application procedures are some of the reasons that discourage many social entrepreneurs from seeking financing from banks (Abdou & El Ebrashi, 2015; Oxfam, 2020).

MFI representative have reported that social entrepreneurs are sometimes reluctant to apply for funds from MFIs as they fear defaulting. SSE experts declared that some social entrepreneurs have a limited financial management capacity which limits their ability to access microcredits. High interest rates, short repayment term, low amounts borrowed are other constraints that social entrepreneurs face when seeking microcredits from MFIs.

Social enterprises cannot easily access finance due to the gaps in the regulatory framework governing these entities. In the selected countries, except for Tunisia, there is no separate legal framework for social and solidarity enterprises (Augier et al., 2019). As such, social enterprises' activities fall under general and various laws and provisions. Egyptian social enterprises (mostly NGOs) face additional restrictions to secure international funds and private domestic grants, which are subject to government authorisations.

The reliance on funders and projected nature of SSEs is another challenge for financial sustainability. In some cases, social enterprises depend heavily on their donors, thus cannot implement long-term plans (Tauber, 2020). Social enterprises can also be subject to government "instrumentalisation" since they rely on government subsidies (Elachhab, 2018). Besides, the increasing competition between social entrepreneurs to secure these funds, could lead to inefficiencies (Akella & Eid, 2018).

The gender gap in access to finance remains also prevalent with women having limited control over resources and assets ownership. Lack of collateral guarantees and business track records, and complicated application processes are also among the challenges that women face to access finance. Thébaud & Sharkey (2016) suggest that service providers internalized “implicit gender norms”, which explains the gender gap in access to finance under high levels of uncertainty and risk.

3.4. Recommendations

Addressing the root causes that limit the advancement of social entrepreneurs is key to creating a conducive environment for SSEs to thrive. Policy makers should design fiscal incentives and build the capacity of financial institutions to better respond to SSE needs. Banks should be incentivised to finance social enterprises through monetary policy tools. Besides, there is a need to downsize loan requirements and lower the interest rate for social enterprises and especially for female entrepreneurs.

Improving access to capital for social enterprises requires launching well-tailored finance mechanisms and new models of impact investing and crowdfunding. A dedicated investment programmes geared to support gender equality in venture capital and among business angels is required to bridge the access to finance gap.

Training and mentoring programs are key to support social entrepreneurs to strengthen their financial management capacities.

4. Assessing the Formalisation of Informality and the Role of SSEs in MENA countries

In the 2010s, the International Labour Office (ILO, 2013) provided a comprehensive definition of the informal economy and recommended transition towards the formal economy, while the World Bank designed and assessed formalisation policies targeting the informal sector (Benjamin et al, 2014). Informality displays a contradictory prism of advantages and disadvantages: unfair competition from informal micro-enterprises *vis-à-vis* formal firms, tax shortfalls and subsistence jobs for most informal workers. The issue of formalisation is to reconcile the promotion of entrepreneurship advocated by the World Bank, with the extension of social protection to informal workers supported by the ILO.

4.1. The informal economy: definitions and stylised facts, sources and coverage

Informality encapsulates three components, i.e. the informal sector and informal activities within the formal sector and households. Data sources prove disparate and coverage remains poor in the six MENA countries. The informal sector includes the unincorporated enterprises, gathering unregistered own-account workers and employers with their employees the size of which stands below five permanent paid employees. Informal employment encapsulates all jobs carried out in (i) both informal sector (the largest component), as well as in (ii) formal enterprises and in households (domestic workers and household members producing goods and services for their own final use), wherein workers are not subject to labour regulation, income taxation or social protection that is not paid for (Charmes, 2019).

Three stylised facts are worth mentioning. First, average (non-agricultural) informal employment is a structural phenomenon, standing around 50 per cent of the work force over the 2000s and the 2010s. Second, it is countercyclical: rising when economic growth slows down until the late 2000s, it contracts with upgraded economic growth, hence experiencing a trend reversal in the early 2010s. However, this general pattern requires a thorough inspection with respect to the behaviour of the various components of informal employment. Trends and levels differ across countries, according to the impact of economic shocks and policies designed to absorb these. Last, informal employment is negatively related to GDP per capita, labour productivity in the informal sector is weak, whether or not agriculture is included (Charmes, 2019).

Morocco is the only country having achieved three representative surveys (1999, 2007 and 2013) devoted to the informal sector, based upon a representative household survey; three out of four businesses including only one worker (HCP, 2016).

In Egypt, national statistics office (CAPMAS) and the Economic Research Forum (ERF) surveyed a representative sample of household firms in 2012 and 2018. 62.5 per cent of the sample include self-employed (one-person firms) and 31 per cent are micro firms (two to four workers).

Tunisia does not display its five-year survey of microenterprises since 1997, the threshold for microenterprises (below six employees) being inconsistent with that used by the ILO and the WBES (below five employees).

The absence of a national household survey devoted to informal employment or an enterprise survey devoted to the informal sector also applies to Jordan, Lebanon and Palestine.

Informal employment is gauged from retrieving Labour Force Surveys (LFS), with relevant questions regarding social protection coverage, though countries use different criteria. In Table 5, the share of informal employment (including agriculture) was highest in Morocco (77.22%) and lowest in Tunisia (44.8%), two countries which do not display their LFS data to ILOSTAT

Table 5. Overall informal employment (including agriculture) in 2019

Country (employed pop.)	**Sex**	**Total** (% informal)	**Employees** (% total)	**Self-employed** (% total)
Egypt (26,661,000)	Total	16,870 (63.27)	10183,1 (60.33)	6676,0 (39.57)
	Male	14806,0	9414,2	5389,5
	Female	2064,0	768,9	1286,4
Jordan (2,647,639)	Total	1,204,800 (45.5)	1054,0 (87.48)	150,8 (12.51)
	Male	1106,9	964,3	142,6
	Female	97,8	89,6	8,2
Lebanon (1,590)	Total	879,9 (55.33)	553,4 (62.89)	326,5 (37.1)
	Male	610,8	338,6	272,2
	Female	269,1	214,8	54,3
Palestine (906)	Total	539,8 (59.58)	355,1 (65.78)	184,8 (34.23)
	Male	470,8	314,6	156,1
	Female	69,1	40,4	28,7
Morocco*	Total	(77.22)		
Tunisia*	Total	(44.8)		

Note: LFS not provided to ILOSTAT
Source: Author from Labour Force Surveys (2019)

In addition, a survey was devoted in 2015 to youth (16-29 age group) upon a balanced sample of 3,027 active people from four countries from North Africa (Algeria, Egypt, Morocco, and Tunisia) and Lebanon. Young workers do not enjoy social protection (Merouani et al, 2018), and there is a high prevalence of informal employment among youth (Gherbi and Adair; 2020), consistent with the U-shaped pattern, declining from youth to maturity (Gatti et al, 2014) and rising again for the older age group.

The World Bank database on the informal economy (Elgin et al, 2021) is devoted to enterprises and the World Bank Enterprise Surveys (WBES) pay very little attention to micro-enterprises that are the bulk of businesses, whereas very weak figures for informal firms (i.e. unregistered) prove unrealistic. Hence, all WBES conducted in Egypt, Morocco and Tunisia as of 2013 (Berguiga & Adair, 2019), as well as in the six MENA countries regarding 2019 (Berguiga & Adair, 2021) lack representativeness and cannot be used to gauge the informal sector.

4.2. Causes of persistent informality and weak occupational mobility.

A threefold spectrum of theories tackles informality, dualism, structuralism and institutionalism. According to the optimistic interpretation of dualism (Lewis, 1954), informality will disappear once the economy has reached a given level of development, whereas a less optimistic interpretation holds that persistent informality is due to labour market segmentation, namely barriers to entry in the formal economy affecting the supply-side of the labour market (i.e. workers).

Labour market segmentation, is not congruent with structuralism (Castells & Portes, 1989) considering that the informal economy is not separated but subjected to the formal economy through subcontracting that shrinks production costs in the textile industry or call centres in Tunisia and Morocco.

The institutionalist approach (de Soto, 1986) assumes that informality stems from bad regulation and excessive bureaucracy driving small firms to voluntarily step outside or being excluded from the formal economy, which applies to Tunisia (de Soto, 2012). Hence, it advocates removing constraints upon informal entrepreneurs, and diminishing the costs borne by start-ups. WBES emphasis upon barriers to entry and business activity is consistent with institutionalism together with structuralism, which focus on the demand-side of the labour market and the supply-side of the market for goods & services (i.e. businesses).

Segmentation refers to labour income differentials, which individual attributes of labour supply (e.g. human capital) cannot explain, and which would rather be associated with labour demand. This is the case when two workers with equivalent attributes receive a different remuneration, one holding a formal job and the other an informal one.

Gherbi & Adair (2020) assess substantial income gaps among youths aged 16-29 in 2015 as of North Africa. Formal /informal employee income ratio is roughly the same for females (1.778) and for males (1.774) as well as formal /informal self-employed ratio (2.258 for females and 2.198 for males); whereas gender pay gap is lower for formal workers (21.82%) than for informal workers (24.05%).

Formal/informal employment segmentation may not impede occupational mobility, though a controversial issue. Mobility in Egypt over 1996–2006 displays rising self–employment, then transition from self-employment and unemployment into formal wage employment mainly in the public sector (Woldemichael et al, 2019). However, most individuals remain in their initial labour market segments in Egypt over 2006-2012 (Tansel & Ozdemir, 2019).

The first main cause of persistent or rising informality is the inability of the formal economy (including the public sector) to absorb increasing labour force (Chen & Harvey, 2017). Hence, 85 percent of all informal workers are in precarious employment, not through choice but due to lacking opportunities in formal employment (IMF, 2021).

The other main cause is inadequacy of regulatory framework and weak enforcement of labour contracts and social security inspectorate, including corruption, which push the informal sector and microenterprises to operate outside the purview of regulations.

4.3. Formalising the informal economy: targets and policies.

A broad range of formalisation policies addresses the heterogeneity of informality, and impact assessment provides mixed evidence.

A relevant distinction is between policies explicitly tackling informality vs. policies that prove influential though without explicitly aiming at formalisation, such as Active Labour Market Policies (ALMPs). The former policies target categories of businesses (e.g. microenterprises), or workers (e.g. domestic work), and the component of informality (e.g. undeclared work in formal enterprises). ALMPs address the following: (i) skills training in Tunisia (Almeida et al, 2012) and in Morocco (Kluve et al, 2014); (ii) support for enterprise development (including microfinance services); (iii) employment services that have no impact on employment outcomes in Jordan (Groh et al. 2012); and (iv) subsidised employment (public employment and wage subsidies) in Jordan and Tunisia (Barcucci & Mryyan, 2014) that does not create jobs on the long run (ILO, 2017b).

Microcredit has some significant positive impacts in the short-term, mainly upon already established businesses in Egypt, as well as in Morocco (Crépon et al. 2015), while there is no impact on the probability of establishing new businesses. Positive effects vanish in the long run, perhaps because loan amount is too small to spur investment, thus calling for a more sustainable approach (ILO, 2017b).

Formalisation policies address the informal sector more than informal employment, although formalisation targeting the latter proves more effective than targeting the former (Jessen & Kluve 2019). Enacting laws does not ensure alone the transition of workers from informal to formal jobs; beyond design and implementation, monitoring and assessment are crucial steps in the policy cycle (ILO, 2017a). This applies to the law on self-employed entrepreneur and the law on domestic employment Morocco respectively adopted in 2015 and 2016 (Cherkaoui & Benkaraach, 2021).

Formalising businesses using incentives (carrot) is threefold. (i) Information campaigns on the procedures and benefits of registration, alone, remain ineffective. (ii) One-stop shops bring together several procedures and relevant agencies simplifying business registration, and incentives to reduce taxes as well as social security contributions prove effective. (iii) Shrinking registration costs for start-ups and providing bonuses to businesses willing to register, the impact of which depends on the amount. Reducing half the entry cost would decrease the informal sector by five per cent, whereas shrinking the payroll tax by half would shrink informal employment by 13 per cent (Balima, 2021), some plausible although undocumented figures.

Formalising businesses using penalty (stick) includes (iv) law enforcement by the labour inspectorate, which has a minor but significant impact on the formal employment of workers and persists for several years (Gaarder & van Doorn, 2021).

4.4. Formalisation, job creation and the role of SSE

Formalising informality benefits job creation. It brings to light invisible activities performed at home (workshops) or without premises (street vendors), both a statistical effect and a figure improvement. A virtuous circle has economic impact in as much as labour demand is triggered by demand for goods & services: for instance, insurance coverage enhances job creation in health care industry, especially within the SSE.

In the second place, cooperatives upscale formal job creation, and microfinance institutions are the appropriate media promoting formalisation as a counterpart of enlarged funding amounts in order to go beyond working capital and drive fixed assets investment. This path was followed by the ABA MFI in Egypt, wherein the number of clients fully formalised tripled from 2004 (6 per cent) to 2016 (18 per cent), should become a benchmark. European Invest Bank could (i) provide larger loans devoted to fixed capital investment of busdinesses extending formalisation (i.e. social protection) to employees; (ii) set up a Mutual Guarantee Scheme supporting the MFIs that promote cooperatives.

The SSE can foster formalisation in two ways: supporting young entrepreneurs (including females) and extending the care economy that fulfils the demand for formal jobs and services. National statistical offices, with assistance from Eurostat, should design six pilot enterprise surveys in the MENA countries, collecting data upon the informal sector (micro and small businesses below 20 employees), in line with the Moroccan survey (HCP, 2016), and, inspiring from the WBES questionnaire investigating funding.

References

Abdou, E., & El Ebrashi, R. (2015). The social enterprise sector in Egypt: Current Status and Way Forward. In Jamali D. & Lanteri A. (Eds.) *Social entrepreneurship in the Middle East* (chap. 2, pp. 37-62). Palgrave Macmillan, London.

Adair P., & Berguiga I. (2021). A Survey on Funding MSMEs and Female Entrepreneurs in MENA countries and the Microfinance Issue. *Erudite Working Paper* series 2021-12, RePEc.

Ahmed-Zaïd, M., Abdelkhalek, T., & Ouelhazi, Z. (2013). *L'économie sociale et solidaire au Maghreb Quelles réalités pour quel avenir ? Algérie, Maroc, Tunisie*. Institut de Prospective Économique du monde Méditerranéen.

Akella, D., & Eid, N. (2018). Social enterprises in Palestine: a critical analysis. *Journal of Enterprising Communities*: People and Places in the Global Economy, 12(4), 510-554.

Al Amri, M. (2019). Social and solidarity economy: A step forward toward ending poverty in Tunisia. World Bank Blogs. https://blogs.worldbank.org/arabvoices/social-and-solidarity-economy-step-forward-toward-ending-poverty-tunisia

AlAzzawi, S., & Hlasny, V. (2022). Youth labor market vulnerabilities: Evidence from Egypt, Jordan and Tunisia. *International Journal of Manpower,* forthcoming.

Ali, N., & Marouani, M. A. (2020). Household enterprises: The impact of formality on productivity and profitability, *Economic Research Forum Working Paper* 1452.

Almeida, R. K., Barouni, M., Brodmann, S., Grun, R., & Premand, P. (2012). Entrepreneurship Training and Self-Employment among University Graduates: Evidence from a Randomized Trial in Tunisia. Washington, DC: the World Bank.

Amer, M. (2014). The school-to-work transition of Jordanian youth, in R. Assaad (Ed.), *The Jordanian Labour Market in the New Millennium* (Chap. 3, pp. 64–104). Oxford, UK: Oxford University Press.

Arezki, R., & Senbet, L. W. (2020). Transforming Finance in the Middle East and North Africa. *Policy Research Working Paper* No. 9301. World Bank, Washington, DC.

Augier P., Tsakas C., Mouley S., Moukaddem K., & Ventura K. (2019). The private sector in the Mediterranean countries: Main dysfunctions and opportunities of social entrepreneurship. FEMISE. Marseille.

Azouzi, A., & Fakhfakh, Z. (2020). Roadmap Maghreb Business Angel Network. Konrad Adenauer Stiftung, Regional Program Political Dialogue South Mediterranean. Tunisia

Balima H. (2021). Informality and Development in North Africa. Speech at the IMF 2021 Annual Meetings, October 13. International Monetary Fund.

Barco, S., Bodini, R., Roy, M., & Salavotori, G. (2019). Financial Mechanisms for Innovative Social and Solidarity Economy Ecosystems. International Labour Organization: Geneva.

Barcucci, V., & Mryyan N. (2014). Labour market transitions of young women and men in Jordan. *Work4Youth Publication Series* No. 14; International Labour Office: Geneva.

BCT (2016). Vision concertée pour le développement de la microfinance en Tunisie. Banque Centrale de Tunisie. https://testbct.bct.gov.tn/pdf/posts/1628758345.pdf

Bazi M. (2021) Financial mechanisms for innovative social and solidarity economy ecosystems: The case of Morocco. International Labour Office: Geneva.

Ben Ayed Mouelhi, R., Ben Braham, M., & Ghazali, M. (2021). The Social and Solidarity Economy in Tunisia and Its Role in Formalising the Informal Economy: A Qualitative Survey EMNES Working Paper No. 48. https://www.euneighbours.eu/sites/default/files/publications/2021-05/emnes_wp_048_sse_tunisia-1.pdf

Benjamin N., Beegle K., Recanatini F., & Santini M. (2014). Informal Economy and the World Bank, *Policy Research Working Paper* 6888, the World Bank, Washington DC.

Berguiga I., & Adair P. (2019). Funding MSMEs in North Africa and Microfinance: the Issue of Demand and Supply Mismatch. *Economic Research Forum Working Paper* No. 1350, September. Cairo.

Beyond Group (2019). A Policy Framework for Social Entrepreneurship in Lebanon. Beyond Group, August 15. https://beyondgroupconsulting.com/impact-blog/social-entrepreneurship-legal-framework.

Castells, M., & Portes, A. (1989). World Underneath: the Origins, Dynamics, and Effects of the Informal Economy. In Portes, A. Castells, M., Benton L. A. (Eds.) *The Informal Economy: Studies in Advanced and Less Developed Countries*, Baltimore, Johns Hopkins University Press.

CESPES-ESMED (2019). The Social Economy in the Mediterranean. *Mediterraneo Economico*. Euro-Mediterranean Network of Social Economy.

Charfi, L. (2020). Alternative Business Models for Start-ups and SMEs in Tunisia with High Potential to Create Jobs for Youth and Women. Oxfam.

Charmes J. (2019). *Dimensions of Resilience in Developing Countries: Informality, Solidarities and Carework*, Springer, Series: Demographic Transformation and Socio-Economic Development, 10.

Chen, M., & Harvey, J. (2017). *The informal economy in Arab nations: A comparative perspective*. WIEGO, January 23.

Chen, M., Vanek J., & Heintz J. (2006). Informality, gender and poverty: A global picture, *Economic and Political Weekly*, 41(21), 2131-2139.

Cherkaoui, M., & Benkaraach, T. (2021). Striving for formalisation Gender and youth aspects of informal employment in Morocco in Ghosh J. Ed. *Informal Women Workers in the Global South. Policies and Practices for the Formalisation of Women's Employment in Developing Economies.* (Chap. 5, pp. 137-173) Routledge.

Crépon, B., Devoto, F., Duflo, E., & Parriente, W. (2015). Estimating the impact of microcredit on those who take it up: Evidence from a randomized experiment in Morocco. *American Economic Journal: Applied Economics* 7(1), 123–150.

De Soto, H (2012). *L'économie informelle: comment y remédier? Une opportunité pour la Tunisie* [The informal economy: how to remedy it? An opportunity for Tunisia], UTICA and Instituto Libertad y Democracia, Ceres Edition, Tunis.

De Soto, H. (1986). *The Other Path: The Invisible Revolution in the Third World*. Harper and Row, English translation, 1989.

Elachhab, F. (2018). L'économie sociale et solidaire en Tunisie, un potentiel troisième secteur? RECMA - *Revue internationale de l'économie sociale*, 3, 71-86.

Elgin, C., Kose, A., Ohnsorge, F., & Yu, S. (2021). Understanding Informality. *CEPR Discussion Paper* 16497. Centre for Economic Policy Research, London.

El Hadidi, H. H. (2018). Impact of Microfinance on Entrepreneurial Development: The Case of Egypt. *International Journal of Business and Social Science*, 9, 68-76.

Elhidri, D. (2017). *L'Economie Sociale et Solidaire : Un Levier pour une Révolution Economique*. Center for Applied Policy Research. https://www.cap-lmu.de/download/2017/CAPerspectives-Tunisia-2017-03.pdf?m=1509650143&.

El Mekkaoui N., Forouheshfar Y., & Loukili S. (2021). The Social and Solidarity Economy (SSE) in Morocco. *EMNES Working Paper* No 50. May.

ElZoheiry, O., Radwan, A. & Wageih, A. (2019). Social Entrepreneurship Country Report: Arab Republic of Egypt. Oxfam.

ESMED (2015). L'économie sociale en Méditerranée. Euro-Mediterranean Network of Social Economy. Spain.

Fehling, M., Jarrah, Z.M., Tiernan, M.E., Albezreh, S., VanRooyen, M.J., Alhokair, A., & Nelson, B.D. (2016). Youth in crisis in the Middle East and North Africa: A systematic literature review and focused landscape analysis, *Eastern Mediterranean Health Journal*, 21(12), 916-930.

Gaarder, E., & van Doorn, J. (2021). Enterprise Formalization: Simplifying and facilitating business start-up and compliance. International Labour Office: Geneva.

Gatti, R., Angel-Urdinola, D. F., Silva, J., & Bodor, A. (2014). *Striving for Better Jobs - The Challenge of Informality in the Middle East and North Africa*, Washington DC, the World Bank.

Gherbi H., & Adair P. (2020). The Youth Gender gap in North Africa: Income differentials and Informal Employment, *Erudite Working Paper* series 06-2020. RePEc

Ghonem M. (2019). Egypt Review of the agrifood cooperative sector. FAO FAO/EBRD Cooperation.

Groh, M. Krishnan N., McKenzie D., & Vishwanath T. (2012). Soft skills or hard cash? The impact of training and wage subsidy programs on female youth employment in Jordan. *Policy Research Working Paper Series* 6141. Washington, DC: the World Bank.

Halabi, S., Kheir, S., & Cochrane, P. (2017). *Social Enterprise Development in the Middle East and North Africa: A Qualitative Analysis of Lebanon, Jordan, Egypt and Occupied Palestine. Cairo, Egypt and Beirut, Lebanon.* https://wamda-prod.s3.amazonaws.com/resource-url/e2981f10ea87448.pdf.

HCP (2016). *Enquête nationale sur le secteur informel 2013/ 2014*, Haut Commissariat au Plan, Rabat, Maroc.

Hlasny, V., & AlAzzawi, S. (2021). First Out, Last In amid COVID-19: Employment Vulnerability of Youth in Arab Countries, ERF Working Paper, forthcoming, Cairo: Economic Research Forum.

Hlasny, V., & AlAzzawi, S. (2020). Informality, market fragmentation and low productivity in Egypt, ERF Forum, August, Cairo: Economic Research Forum.

ILO (2021). ILO Monitor: COVID-19 and the world of work. 7th edition. ILO Briefing note, 25 January.

ILO (2020a). Global Employment Trends for Youth 2020: Arab States. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_737672.pdf.

ILO (2020b). Extending Social Protection to Informal Workers in the COVID-19 Crisis: Country Responses and Policy Considerations, Social Protection Spotlight. 14 September, International Labour Office: Geneva.

ILO (2018a). The Cooperative Sector in Lebanon: What Role? What Future? International Labour Office: Geneva. https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro beirut/documents/- publication/wcms_644724.pdf

ILO (2018b). Jordan: Establishing Day Care Centres in the Private Sector. *Impact Brief Series*, 15, International Labour Office: Geneva.

ILO (2017) Palestinian Prime Minister launches Cooperative Sector Strategy. International Labour Office: Geneva. https://www.ilo.org/beirut/media-centre/news/WCMS_544317/lang--en/index.htm

ILO (2017a). Towards Evidence-Based Active Labour Market Programmes in Egypt. Challenges and Way Forward. Impact Report Series, Issue 4, International Labour Office: Geneva.

ILO (2017b). Promoting women's empowerment in the Middle East and North Africa Impact A rapid evidence assessment of labour market interventions Brief Series, Issue 9, International Labour Office: Geneva.

ILO (2015). Transition from the Informal to the Formal Economy Recommendation No. 204, International Labour Conference -104th Session. Employment policy (part IV), 1-13 June, International Labour Office: Geneva.

ILO (2013). *Measuring Informality: A Statistical Manual on the informal sector and informal*, International Labour Office: Geneva.

ILOSTAT, Labour Statistics database, International Labour Office, Geneva.

Jessen, J., & Kluve, J. (2019). The Effectiveness of Interventions to Reduce Informality in Low- and Middle Income Countries, *IZA Discussion Paper* 12487.

Kluve J., Dyer P., Gardiner D., & Mizrokh E. (2014). Boosting Youth Employability in Morocco - II Randomized Controlled Trial Baseline Report December. International Labour Office: Geneva.

Kluve, J., Puerto, S., Robalino, D., Romero, J.M., Rother, F., Stöterau, J., Weidenkaff, F., & Witte, M. (2019). Do youth employment programs improve labor market outcomes? A quantitative review: *World Development*, 114, 237 - 253

Koa M., Tarifi N., Shogaieh J., & Allawi S., (2018). Mapping and Needs Assessment of Social Enterprises and Social Enterprises Support Organisations in Palestine. Oxfam.

Krafft, C., Assaad, R., & Marouani M. A. (2021). The Impact of COVID-19 on Middle Eastern and North African Labor Markets: Vulnerable Workers, Small Entrepreneurs, and Farmers Bear the Brunt of the Pandemic in Morocco and Tunisia, *ERF Policy Brief* 55. Cairo: Economic Research Forum.

Lewis, A. (1954). Economic Development with Unlimited Supplies of Labour, *Manchester School of Economic and Social Studies*, 22(2), 139-191.

Maroush Z., Wannis, H., Ghinwa, H., & Ayoub, T. (2020). Lessons from the Lebanese Social Entrepreneurship Ecosystem. Oxfam

Merouani, W., El Moudden, C., & Hammouda, N-E. (2018). Social Security Entitlement in Maghreb Countries: Who is Excluded? Who is not Interested? *ERF Working Paper* No. 1264, Economic Research Forum, December.

MIX Market (2018). https://databank.worldbank.org/source/mix-market#

Monzon J. L., & Chavez R. (2017) The CIRIEC Approach for Drawing-up the Satellite Accounts of Companies in the Social Economy OECD/EC Working Seminar on Satellite Accounts for the Social Economy and the Third Sector. 16 October. Organisation for Economic Co-operation and Development, Paris.

OAMDI (2021). COVID-19 MENA Monitor Household and Enterprise Surveys: Egypt, Jordan, Morocco, Tunisia (CCMMHH, CCMMENT), www.erfdataportal.com/index.php/catalog. Version 2.0 of the licensed data files. Open Access Micro Data Initiative. Cairo: Economic Research Forum (ERF).

Oxfam (2021). MENA Region Social Entrepreneurship Ecosystems: Challenges and Opportunities. MedUP! Promoting Social Entrepreneurship in the Mediterranean Region. Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia. Oxfam

Oxfam (2020). Morocco – Social Entrepreneurship Country Study and SEs and SESOs Needs Assessment. Oxfam.

Oxfam (2018). The Lebanese social entrepreneurship ecosystem. Oxfam.

Ramadan, R. (2021). *Social Enterprises and Employment: Case Studies from Egypt EMNES Working Paper No 53*.: https://euneighbours.eu/sites/default/files/publications/2021-07/emnes_wp_053_social_enterprises_employment_egypt.pdf.

Roelants, B. (2015). *Cooperatives are Key to the Transition from the Informal to the Formal Economy*. *CICOPA*. Brussels, Belgium: International Organisation of Industrial, Artisanal and Service Producers' Cooperatives. https://www.cicopa.coop/wp-content/ uploads/2019/02 /cicopa_cooperatives_are_key_to_the_transition_to_the_formal_economy.pdf.

Shahen, M.E., Kotani, K., Kakinaka, M., & Managi, S. (2020). Wage and labor mobility between public, formal private and informal private sectors in a developing country, *Economic Analysis and Policy*, *68*, 101–113.

Sidło K., Al-Jafari M., & Al-Balous R. (2019). *Social Entrepreneurs' Responses to the Refugee Crisis in Jordan and Lebanon*. Femise Research report (FEM44-12). FEMISE.

Sidło, K. (2021). Innovation ecosystems and start-ups in the Mediterranean as a means of recovering from the COVID-19 crisis. Center for Social and Economic Research. Warsaw.

Subrahmanyam, G. (2016). Addressing informality in Egypt. *Working Paper North Africa Policy Series*, African Development Bank (AfDB) Tunis: Tunisia.

Tansel, A., & Ozdemir Z. A. (2019). Transitions across labor market states including formal/informal division in Egypt. *Review of Development Economics*, 23(8),1–22.

Tauber, L. (2020) Realms of Influence: The Dynamics of Social Entrepreneurship in the Kingdom of Jordan, Durham theses, Durham University, UK.

Thébaud, S., & Sharkey, A. J. (2016). Unequal hard times: The influence of the great recession on gender bias in entrepreneurial financing. Sociological Science, 3, 1-31.

Tunis Africa Press (2020). *Tunisia: HPR Approves Draft Law On Social and Solidarity Economy*. allAfrica.com. https://allafrica.com/stories/202006180439.html.

Woldemichael, A., Joldowski, M., & Shimeles, A. (2019). Labor Market Flexibility and Jobs in Selected African Countries, *Working Paper Series* N° 330, African Development Bank, Abidjan, Côte d'Ivoire.

Appendix

Figure 2. Employment status transitions Feb 2020–Feb 2021, Morocco and Tunisia, by age and gender

i. Morocco

ii. Tunisia

Notes: Author's analysis of ERF COVID-19 Monitors, waves 0 and 3 (OAMDI, 2021). Youth covers non-students 29 years and younger.