

# Fostering Job Creation Through Inclusive Entrepreneurship in the Southern and Eastern Mediterranean Countries

30<sup>th</sup> of May, 2024  
Tunis, Tunisia

## Post Event Report and Policy Recommendations



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## Executive Summary

The workshop entitled "*Fostering Job Creation Through Inclusive Entrepreneurship in the Southern and Eastern Mediterranean Countries*," organized by FEMISE in collaboration with IEMed, BUSINESSMED, and AECID, took place on May 30, 2024, in Tunis, Tunisia. As part of the Team Europe Initiative (TEI) "Jobs Through Trade and Investment in the Southern Neighbourhood,". The workshop aimed to leverage entrepreneurship as a catalyst for economic development, job creation, and sustainable growth in the Southern and Eastern Mediterranean countries (SEMCs). By focusing on youth and women, the event positioned entrepreneurship as a solution to unemployment and a means of social integration and empowerment.

## Summary of points addressed

In the four sessions, the high-level speakers representing stakeholders from across the EU-Med Region, from international organisations, academia, young entrepreneurs, BSOs, private sectors, vowed their unified vision: entrepreneurship is essential for addressing the region's high unemployment rates.

They highlighted **five major challenges impacting** the region's human development, including high youth unemployment, a significant informal economy, gender disparities in labour participation, challenges faced by micro and small businesses, and ineffective public governance. They raised their concern that high rates of unemployment among youth and women can lead to long-term economic and social implications, including migration and decreased productivity.

It was emphasised that **more strategic programs** are needed in the region: the TEI program is providing support creating an ecosystem that nurtures inclusive entrepreneurship through policy support, innovation, and risk-taking to drive economic growth and social equity. The AECID's "Masar Al'an, Masar Ahora" program aims to assist the social, ecological, and economic transitions in Arab countries by focusing on innovative employment initiatives and inclusive digital trade. In addition, the EU is committed to enhancing the business climate in the region through joint initiatives like the Tunisia Investment Forum, aiming to encourage sustainable investments and promote entrepreneurship.

Participants highlighted the gap between research, skills and business and the need for educational reform that focus on creativity and fostering entrepreneurship. With a skills-Job mismatch, particularly among women and youth, there is a need to create models to anticipate labour market requirement and align educational programs with actual job opportunities and create opportunities for continuous training.

Young Entrepreneurs from across the SEMCs (Lebanon, Egypt, Algeria, Morocco, Palestine and Tunisia) were given the floor to share their experiences, challenges and recommendations. They agreed that some of the major challenges they are facing as entrepreneurs include: access to finance, government and regulatory hurdles; talent retention; market barriers, including digitalisation; gender bias against woman; and economic and political instability, particularly in Palestine and Lebanon. They recommend the need to: Develop a comprehensive supportive entrepreneurial ecosystem, including financial incentives, integrate entrepreneurship education in school curricula from a young age, promote innovation and R&D in universities and research centres, foster regional collaboration within the region and to provide unified support from the different actors, and systems. This session emphasized the need for structural and policy changes, better access to resources, and targeted support to help youth and women entrepreneurs overcome challenges and succeed in emerging sectors.

Business Support Organisation (BSOs) from SEMCs (Lebanon, Tunisia, Jordan and Egypt) shared the same view with the entrepreneurs and added that an effective approach to promote entrepreneurship include: embracing digital technologies and leveraging data analytics; championing environment, social, and governance (ESG) principals to attract investment; adopting a gender lens in support programs to encourage and promote women's participation in entrepreneurship. They also agreed that a reform of the education system is needed and further collaboration between BSOs, academic institutions and the private sector would enhance the ecosystem. Encouraging local production in supply chains and promoting women in business are other measures that should be taken. The session underscored the importance of a holistic approach to supporting entrepreneurs, focusing on digital transformation, gender inclusivity, and the alignment of education with market demands to foster a more vibrant entrepreneurial ecosystem in the region.

Speakers of the policy roundtable session agreed that to foster an inclusive entrepreneurship in the SMCs there is a need: to create innovative financial instruments to overcome financial barriers, to enforce existing regulations and address their complexity, to grasp the opportunities offered by digitalization and to create an enabling environment that is fostering regional integration. They call for a transformation in the public policy for an inclusive entrepreneurship that takes into account climate change, which could represent an opportunity for entrepreneurs. Overall, the session emphasized the need for improved access to finance, regulatory support, collaboration among stakeholders, and targeted initiatives to promote inclusive entrepreneurship, particularly for youth and women in the MENA region.

Several Recommendations have been drawn and concluded, which can be summarised in 7 main ones:

1. **Foster Regional Collaboration:** Promote regional and international partnerships, including deeper EU-Med integration, to improve the entrepreneurial ecosystem, share best practices, and foster innovation, while focusing on job creation, economic growth, and promoting peace and stability.
2. **Strengthen SMEs Ecosystem:** Develop tailored support mechanisms and incentives for SMEs, while encouraging the private sector to invest in skills, R&D and training programs. Enhancing coordination and collaboration among actors in the ecosystem.
3. **Improve Access to Finance:** Establish innovative funding avenues, such as crowdfunding, and intermediary credit lines to facilitate access to finance. Financial institutions should be incentivized to support start-ups and broaden their definitions of SMEs to include digital enterprises. Disconnections between private and banking sectors should be addressed.
4. **Simplify Legal and Regulatory Framework:** Enforce and improve the legal and regulatory environment for SMEs by streamlining processes for obtaining permits and licenses, and providing targeted training programs to help entrepreneurs understand their rights and obligations. A unified definition of start-ups is crucial for targeted support.
5. **Invest in Education and Skills Training:** Reform the educational systems to better align with market needs by enhancing curricula, promoting entrepreneurship from a young age, and implementing practical training programs. Facilitate matchmaking between job seekers and employers to better understand job prospects.
6. **Promote Innovation and Sustainability:** Encourage research valorization, digital technology adoption, and green transition initiatives within SMEs. Governments should create supportive frameworks for green entrepreneurship and raise awareness about environmental and social responsibilities.
7. **Empower Women Entrepreneurs:** Address gender-specific challenges by conducting awareness campaigns, integrating women into promising sectors, and developing targeted programs that promote their inclusion in entrepreneurship and decision-making roles. Support initiatives that remove cultural barriers and facilitate access to resources for women entrepreneurs.

# Fostering Job Creation Through Inclusive Entrepreneurship in the Southern and Eastern Mediterranean Countries

**30<sup>th</sup> of May, 2024**

**Tunis, Tunisia**

## **Introduction**

FEMISE has organized in coordination with the European Institute of the Mediterranean (IEMed), BUSINESSMED (Union of Mediterranean Confederations of Enterprises) and the AECID (Spanish Agency for International Development Cooperation), a pivotal event within the framework of the regional TeamEurope Initiative “Jobs Through Trade and Investment in the Southern Neighbourhood” (TEI). This EU initiative is driven by a collective commitment to fostering economic development, job creation, and inclusive entrepreneurship in the South and Eastern Mediterranean Countries (SEMCs). The overarching objective of the TEI is to address the pressing challenges of unemployment, particularly among the youth and women in this region. As part of this initiative, the focus on “inclusive entrepreneurship” emerges as a crucial pillar for action.

## **Objective**

Entrepreneurship stands out as a key driver for economic development, offering a pathway to job creation and sustainable development. In the Southern and Eastern Mediterranean countries (SEMCs), where youth and women unemployment pose significant challenges, fostering entrepreneurship becomes not only an economic solution to unemployment but also a means of social empowerment. Entrepreneurs, especially young and women, play a vital role in diversifying economies, fostering innovation, digitalization and creating new employment opportunities. This is particularly true in a timewhen the impacts of climate change are felt across the Mediterranean, making it essential to explore green and innovative solutions for advancing sustainable development.

According to research findings, including the recent FEMISE-CMI report on Trade and Jobs<sup>1</sup>, SEMCs labour markets are characterized by persistent unemployment, particularly among the youth reaching 26%; low women participation rate reaching about 20%, high levels of informality reaching about 80% inEgypt and 70% in Jordan, and skills mismatch. At the same time, trade liberalization did not translate into job creation in these countries, as labour markets adaptation and flexibility were not assured. Manyentrepreneurs found solutions to labour market challenges by establishing their own businesses in the SMECs.

Recognizing the potential of entrepreneurship in driving economic growth and social development, thisworkshop aims to shed light on practical strategies and policies that can empower entrepreneurs, particularly youth and women, highlighting some of the challenges they are facing and providing practical solutions towards alleviating unemployment. The workshop offers a platform to share knowledge and experiences among researchers, entrepreneurs and relevant policy makers; it also serves as a catalyst for formulating concrete policy recommendations.

With this workshop, FEMISE, the IEMed, BUSINESSMED and the AECID underscore their long-term commitment to generating actionableinsights and fostering dialogue among key stakeholders to address the complex issue of unemploymentin the Southern and Eastern Mediterranean region

## Welcome Remarks and Introduction

**Objective:** This session briefly introduced the Team Europe Initiative “Jobs through Trade and Investment in the Southern Neighbourhood”, its objectives and pillars for action, especially “Inclusive entrepreneurship, support in areas related to digital and green transitions and social economy development” and the general framework of the initiative, including the New Agenda for the Mediterranean by the European Commission and the MASAR programme of the AECID.

These are some of the key points that were raised by the workshop distinguished speakers:

### **Tarek Tawfik, President, BUSINESSMED:**

- We must focus on creating an ecosystem that nurtures inclusive entrepreneurship. This involves policy support, building a robust support system, fostering a culture that celebrates innovation and risk-taking. The regional initiatives and programmes like the Team Europe initiative, jobs through trade and investment in the Southern neighbourhood, are instrumental in this regard. They provide the framework and resources needed to drive forward our collective goals. We look forward seeing this framework up and running and contributing to its success.
- By collaborating with international and regional partners, we aim to enhance the entrepreneurial ecosystem, promote sustainable practices, and ensure that economic growth is inclusive and equitable. The implementation of InvestMED project is a testament to our commitment, funded by ENI CBC MED programs, and aims to address economic and environmental challenges. Supporting new sustainable and equitable business opportunities for youth women in Tunisia, Lebanon and Egypt. Through this project, we managed to offer a space of exchange on knowledge at different existing initiatives, success stories of sustainable business practices in the creative green and blue economy sectors.
- In conclusion, fostering job creation through inclusive entrepreneurship is not just an economic imperative, it's a social one. It's about building a future where everyone has the opportunity to succeed, where innovation flourishes, and where our economies are resilient and sustainable.

### **Roger Albinyana, Managing Director, IEMed:**

- In the region, economic growth is expected to improve slightly in 2024, but lower than the world's average due to the impact of the conflict in Gaza, especially in Lebanon, Jordan, and Egypt. Inflation continues to decline, thanks to the tightening monetary policies put in place in most countries, but remains very problematic in Egypt and Lebanon with rates above 50%.
- There are five structural crises that hinder the human development potential in the region and which are very relevant to today's workshop:
  - The first, the insufficient capacity in the region to create enough sustainable and quality jobs ready to absorb the surplus of labour supply in many countries in the region, particularly among young people. The International Labour Organization has been pointing out for several years to youth unemployment as the problem number one in the region when it comes to human development. It is true, that it's not exclusive to this region, but still, it is particularly high.
  - Second, the high rate of informality in many economies of the region. It has been mentioned 70% in Lebanon, 63% in Morocco, which perpetuates the social exclusion of a wide portion of the population that are left without any scheme of social protection.
  - Third, the role of women in the economy with huge gaps in terms of labour force participation between male and female rates. We can look at the case of Algeria and see the differential there is more than 40 points, which is, of course, an immense loss of potential for any economy.
  - Fourth, an economic tissue which is dominated by micro, small and medium-sized companies that have huge difficulties to access finance, to go international, and that are sometimes object of heavy bureaucratic burdensome.
  - And fifth, the public governance model, which is not only the lack of appetite to promote deep and comprehensive reform packages, but more importantly, the limited capacity that the public sector shows

to implement these public policies.

- The role of the private sector in all this is key. When we speak about entrepreneurship, inclusive development, how to foster greater economic growth, the private sector needs to be included.

**Luisa M. García, Head of the Department for Cooperation with the Arab World and Asia, AECID**

- On May 20, we presented “Masar Al'an, Masar Ahora”, AECID’s new regional cooperation program for the Arab world, during an event with the participation of the Spanish Minister of Foreign Affairs, European Union and Cooperation, José Manuel Albares. A program which aims to be the vehicle for a strategic relationship with a strategic region.
- This program's mission is to contribute to the triple social, ecological and economic transition of Arab countries in response to their current economic, social and climatic challenges. Challenges which, in many cases, are shared by both shores of the Mediterranean. The program looks for concrete solutions to specific challenges by seeking synergies with other development actors and establishing alliances, and one of its three thematic priorities is employment and creation of opportunities.
- The AECID supports two major grant schemes in the field of entrepreneurship and employment, within the Union for the Mediterranean (UfM) framework:
  - First, the Regional Hub on Jobs, Trade and Investment to support innovative employment-promoting initiatives in the region, managed by German and Spanish cooperation, focused on proposals from civil society organizations in the region linked to the green economy and employment. Likewise, initiatives that contribute to improving the living conditions of young people and women in the region are prioritized in the call.
  - And secondly, the Regional Hub for Inclusive Digital Trade, which promote the creation and development of ecosystems enabling e-commerce by focusing these activities on cooperatives and women-led enterprises in rural areas.
- This workshop, Fostering Job Creation Through Inclusive Entrepreneurship in the Southern and Eastern Mediterranean Countries, is part of our participation, the participation of Spain and the AECID, in the mentioned regional Team Europe Initiative Jobs through Trade and Investment in the Southern Neighbourhood, and aims to be a contribution to this TEI and, in general, to the employment problem in the region.
- Based on an analysis of the current employment and labour market prospects in the region, we intend to trigger an exchange of ideas and experiences between the main actors involved or those who have something to bring in this regard (analysts, young entrepreneurs, employment promotion organizations, decision-makers and public workers), with an emphasis on youth, women and innovation.

**Marco Stella, Head of Economic Development, EU Delegation, Tunisia**

- High rates of sub-employment, which includes both unemployment and under-employment, have been, in fact, a long-standing issue in many Mediterranean countries, particularly among the youth and women. The growth in youth unemployment, in particular, is worrying. It can have long-standing effects on productivity and potential growth, often excluding young people from the labour market for an extended period of time, lowering motivation, productivity, and affecting their job prospects for life.
- This unemployment crisis matters not only at the individual country level, but also at the regional level, for both European and non-European countries. It has wider implications on migration, both regular and irregular, on financial stability, and on security.
- Support can also be provided by European Commission in order to improve the business climate, in order to help our business people to make better investments, to facilitate their entrepreneurship. Promoting a business friendly environment remain extremely important.
- Our support is guided by what we call the new agenda for the Mediterranean, which sets out the objectives for fairer, more prosperous, and more inclusive societies for the benefit of all people, particularly the youngest ones.
- There are more than 100 European initiatives around the globe. For this region, there are two in particular; a



regional one on jobs, and the Tunisian one on investment. Through the TeamEurope initiative on investment for Tunisia, have been recently set up. Team Europe initiative is a joint effort of the EU, EU member states, its development agencies, European financial institutions like EBRD, European Investment Bank, to join forces in the pursuit of key policy objectives.

- This year's special edition, which is framed around the EU Tunisia Business Partnership, represents a significant milestone in our shared commitment to fostering European sustainable investments in Tunisia. This is particularly important, considering that the EU is the single most important trading partner and foreign direct investor in Tunisia, and more broadly in the region. The Tunisia Investment Forum will be an opportunity for both Tunisia and European businesses to meet and explore complete possibilities for joint ventures. It will also be an opportunity for them to interact with the Tunisian government on the latest national reform efforts, particularly on business, climate, and investment. To conclude, the EU stands ready to keep supporting. The European Union is working closely with national authorities to turn the Tunisia Investment Forum on 12 and 30 June a success.

## Session 1 – Understanding the Landscape: Unemployment and Job Creation in the Southern Neighbourhood

**Objective:** This session featured presentations by FEMISE experts on the current state of the labour market and unemployment in SEMCs, especially regarding youth and women, and how can entrepreneurship deliver on promises of alleviating unemployment in the Southern Neighbourhood. It provided up to date data to show the magnitude of the challenge and the potential to address this pressing issue for the countries of the region.

### Mohamed Ali Marouani, ResRep of the Institute of Research for Development (IRD) in Tunisia, and FEMISE

- Tunisia is very good at research, it is ranked in the top 15 countries in the world in terms of scientific publications per capita, but this research is not used either by businesses or by society. It is important to emphasize on ways to use the scientific research that exists in our countries and for which we invest a lot in terms of percentage of GDP relatively, to make it useful. There is a universe of start-ups in the region, there is a universe of research, yet there is no link between them.
- The corporate cultures are different from cultures of the research world and the business world, their objectives are different. So we need to focus on how can we bring these worlds together. It's a shame to always import technologies, to always bring in experts from abroad. We can collaborate with these experts, by strengthening local research, as this will lead to obtaining lasting results.
- I am here to plead, as we are in the Mediterranean community, that the Mediterranean community needs to work on the valorization of research and therefore on the creation of a strong and lasting link between the research community and the business community.

### Dolores Sammut Bonnici, BUSINESSMED Board Member, Senior Vice President, MEA, Malta

- There is a small difference in mileage between the north and south of the Med, yet there is a huge gap in terms of unemployment. Europe is facing workforce shortages and skills mismatch and is working to create pathways with the South Med countries to fill these shortages.
- Today, the private sector is looking for creativity, problem solving, in addition to academic capacity. So we are trying to overhaul our education system, to improve entrepreneurship. I emphasize the use of the acronym "business" because it is the engine of the economy. Informal jobs, low participation of women are main challenges in the region. We must believe in our young people and our potential in every country.
- When you can invest in your own education, in your own people, and grow from the inside out, that's the best and soundest foundation you can build.
- The participation of everyone in the economy, will bring more social development. And this is what brings the country a little further in terms of better living, less poverty, less unemployment.



**Moundir Lassassi, Research Director, Centre de Recherche en Economie Appliquée pour le Développement (CREAD), Algeria and FEMISE**

- Statistics analysis shows that girls are more present in social and human educational disciplines, where there are fewer job opportunities. And they are less seen in technical training, and technology, where there are more job opportunities. This has created a problem in career orientation at the university level.
- We do not have models for anticipating the needs of the labour markets. We have enough statistics on supply, on universities, disciplines, developments, but we have less information on the demand side which are the needs of the labour market.
- Unemployment rate is an important indicator, but this rate hides the reality. So, we statistically see that there is a reduction in the unemployment rate, but behind this rate, there is the quality of employment. There are more and more unskilled jobs, there are more and more underemployments, there are more and more under-education, over-education, there are more and more informal jobs.
- We must move towards anticipation models for new professions, etc. Regarding agriculture, there is a major project in 4 or 5 countries in the MENA region, sponsored by the International Labour Office, which focuses on job creation opportunities in rural areas, where we worked on the decomposition of the value chain, and for each segment of the value chain, we identified the constraints and employment opportunities for young people in rural areas.
- If we make the comparison between the disciplines and the needs of the labour market, we will see that practically training programs are focused on management, administration, accounting discipline, which does not meet local needs and the needs of the labour market, particularly in rural areas.

**Leila Belkhiria Jaber, Tunisian Union of Industry, Trade and Handicrafts (UTICA)**

- Placing women in decision-making positions at UTICA, which is the employers' union, implies that the voice of women will be reflected in the prospecting of programs and in the implementation establishing partnerships at regional level.
- University degrees aren't valid throughout lifetime, refreshing knowledge and professional training are essential to create one's value in the world of employment.
- The world of employment relies on one's expertise, this is what creates your value, which gives you significant salaries and which ensures that the demand for your career and your expertise is significant.
- We are trying to create an attractive investment environment and a better future for our children through entrepreneurship strategies, for example Start-up Act, etc.
- But what seems very important is the creation of mixed businesses, mixed companies between the Southern Mediterranean and the Northern Mediterranean which means that the knowledge gained be transmitted to their home countries and build this bridge and to develop at home what was acquired in Europe.
- National Chamber of Women in Business (CNFCE) is supporting the formal sector, business creation, and training in soft skills. We also have a program that will start soon in the green economy and we also plan to involve the Ministry of Agriculture in this.
- There is a problem of integrating rural women, and in new professions and promising sectors such as artificial intelligence, digital, renewable energies, the green economy, the blue economy.

## **Session 2 - Sharing Experiences and Lessons Learned from Entrepreneurs**

**Objective:** This session gave the floor to the youth and women entrepreneurs from different countries of the Southern Neighbourhood to share insights on their journey into entrepreneurship, the main challenges they face, their needs in terms of external support, and what is needed to create and maintain decent and quality jobs in sectors with high future

potential such as the green, digital and social economies. They highlighted what works in terms of policies and external support, hence constituting good practices.

#### **Rosabelle Chedid, Co-founder, C Green, Lebanon**

- C Green: In many countries, there's wastewater treatment plants that treat the sewage water, similar to the filter of water in your house, which allow you to drink clean water and all the waste will accumulate in this filter. For wastewater treatment, this waste, which is solid, is called the sludge and is randomly discarded in many countries including Arab and European countries, causing a worldwide problem. So what we did inside the lab during the R & D phase, we were able to find an innovative technique to transform this sludge into an organic fertilizer, done according to the ISO guidelines and the FAO guidelines.
- Using this technique, farmers were able to have access to good quality organic fertilizers, using their own currency and for a better price.
- Some of the challenges they faced include:
  - Access to finance represent a major challenge, especially following the crises in Lebanon of 2019, which made investment difficult
  - Following the crises, banks restricted international transfers which made importing necessary goods impossible for our project.
  - Governmental authorization was slow which meant that we waited 2 years to be able to market our product
  - Covid was another challenge we had to face and delayed our work
  - Security issue in Lebanon constituted a challenge and insurance companies reduced their compensations.
  - Problem to access data about consumers to enable us to make necessary market research for our products.
- Working with youth and women for more than 5 years, to empower them and encourage them towards entrepreneurship has been a great experience
- It will be necessary to start working on integrating the idea of entrepreneurship at a younger age, why not integrating the entrepreneurship idea within the school curriculum? So in this way we will be able to teach our young people on this idea.  
Transforming a research project into a business project could be a mission impossible for researchers working always in the lab, there is a need to provide operational skills.

#### **Moustapha Bekheet, Founder and CEO, ShopX, Egypt**

- We established a start-up in a very challenging field which is media tech back in 2012, using our own knowledge, manpower (through friends and colleagues) working together without an office or any kind of operation. The new start-up aimed at producing new streaming technology, which is still until now challenging for the MENA region.
- We started ShopX as an e-commerce builder, first by helping large retailers and enterprises to open online stores. Then we found that if we kept like this, we are ignoring the majority of the businesses in our region, which are the SME's. These business owners usually are lacking knowledge, manpower and resources to start their own businesses and to digitalize it.
- So we started to communicate with micro retailers to provide them with e-commerce, digital and fintech solutions, targeting mostly those located outside of the capital and greater Cairo and capital cities, in a way to widen their businesses. Our services were provided for free as we enter as sharers in the sales of their business in different sectors.
- Being a start-up means speed, means resilience, the ability to fail and to come back and try another

way, some of the challenges we face include:

- Access to finance: As a digital business, you don't have physical assets and presence which represent some of the major guarantees required by banks to provide loans.
- Despite the support of incubators and VCs, there are no effective ecosystem that can support the entrepreneurs from ideas to markets, including regulations and policies.
- Legal system is not supportive to entrepreneurs, which require special laws that help them with their business with regards taxes, incentives, (initiatives such as the adopted regulations for the free zones).
- There is a lack of support for those entrepreneurs that passes the initial start-up phase.
- Some of the recommendations:
  - Our countries are rich with human resources but it is important to direct the market to support this. Universities can provide the required innovation and R&D support that can create needed skills.
  - Providing incentives to financial institution to support start-ups and SMEs, but then it is important to have a unified definition for SMEs.
  - Create collaboration at the regional level: MENA region, or Africa that will promote the sharing of ideas.

#### **Abdelhamid Harizi, Technical Development Manager, Quizzito, Algeria**

- We developed this platform which offers gaming, or reading as a game to encourage children to read. So the idea was launched in Algeria, where the child could go to any bookstore, pick up any book and find a quiz about the book on our platform and provide them with the opportunity to win prizes.
- We had to hire people to do the quizzes on all the books that existed in the region, which was challenging. We also had to find partners that can provide the prizes. The idea was difficult to promote at the beginning but over time we saw that there was a certain acceptance of this concept and that is quite encouraging.
- We have been faced by problems (rather than challenge):
  - Funding was a major issue. In Algeria, start-up investment does not exist, so we had to go around this by participating in competitions.
  - Finding human resources including appropriate skills. In this type of business you have to have the skills, you have to have the aptitude, you have to have the culture. The start-up does not operate with employees; it initially operates with talents. These talents prefer to work in multinational companies rather than in a Start-up. We need to find ways to attract these talents to the business.
  - Creating a business model is challenging as the plan is confronted with unpredictable challenges in the implementation phase.

#### **Yousra Beraich, CEO, Biodome, Morocco**

- Biodome is a Moroccan company created by Mrs. Fatima Zahra Beraiche in 2013 which specializes in the design and manufacturing of biogas and composting installations, with 100% Moroccan digesters and composters.
- We have provided four proofs of invention which are intended mainly for the rural population who have difficulty accessing energy sources. So our digesters and our products make it possible to transform waste, such as farm waste, livestock excrement and kitchen waste, fruits, vegetables, etc. even wastewater, by fermentation into biogas and digestant which is a natural fertilizer. The added value of our products is the diversity in detail that is tailor-made according to the needs of each customer.
- As a woman in this male-dominated sector it was challenging. Farmers are not used to discussing technical details about farming and waste with women, as they underestimate their knowledge and understanding. That it is a fight that we fight at home but in the end, we succeed in achieving our objectives through presence, flexibility, open-mindedness and adaptation to circumstances.
- Challenges that we have been facing in reaching our potentials are summarized in 3 points:
  - Lack of knowledge about the technology and resistance to adopt new technology from farmers;

- Lack of support from the government about our business and confusion from the framers that we are not part of the government support /subsidies schemes.
- Lack of human and financial which is hindering our capacity to enlarge our business.
- Some of the steps we have to take was to work on promoting our products by displaying it in different region and highlighting its benefits and usage;

**Manar Younis, Project Manager, Jeeda, Palestine**

- Jeeda is an e-commerce platform that sells a wide range of traditional and artisan products handcrafted by Palestinian entrepreneurial women. My inspiration for establishing Jeeda came from my work as a technical trainer in 2008, where I delivered several courses to help women establish their small and micro businesses, many of whom are living in marginalized areas in Palestine. During this time, I realized that the impact of the training was often limited to the sessions themselves, with few opportunities to apply the knowledge to actual projects. This limitation was due to various factors, with social barriers being the most significant, particularly stereotypes about women's roles in society and their capacity to participate in the economic sphere.
- Recognizing that these barriers can also hinder women's ability to learn new marketing skills, Jeeda sees economic empowerment as essential. We aim to support women, within our capabilities and limitations, to overcome these obstacles and fully engage in the marketplace.
- At Jeeda, we are particularly aware of the challenges women face in adapting to new marketing tools, especially in digital marketing and e-commerce. This understanding led us to create a platform that provides resources in digital marketing and e-commerce, helping entrepreneurial women broaden their market reach. Our goal is to facilitate their gradual transition from promoting products locally to reaching an international audience.
- We have many challenges that we face in our business:
  - The ongoing economic crisis, exacerbated by the occupation, severely impacts the Palestinian economy, limiting its control and development. This situation particularly affects women, especially those in marginalized areas who suffer from unstable and dire economic conditions, hindering their ability to secure financial resources needed to enhance their products and make them more competitive.
  - Moreover, customers generally perceive these products as less desirable, placing them lower on their purchase lists. This is compounded by the poor economic conditions, which prioritize essentials and deplete financial resources.
  - Additionally, many women work without proper guidance, organizational support, or mentorship, which leads them to replicate successful projects rather than focusing on consumer needs and preferences. This results in high competition among similar products.
  - Furthermore, the prevalent practice among these women of production upon demand does not always align with customer expectations, as some customers prefer immediate availability rather than waiting for orders to be fulfilled.
- While we appreciate the generous support from Europe over the past years, we believe that the context needs to be more tuned towards the actual needs in Palestine needs . Empowering the economy will require a political solution to ensure an effective distribution of resources.
- Additionally, it is crucial to develop a new mechanism to unify the support and aid directed to Palestine to avoid scattered and fragmented approaches that hinder possible progress on the ground. A more coordinated approach is essential to achieve meaningful and sustainable improvements.

**Alia Belkhdja, Founder & CEO, Moline, Tunisia**

- Moline is a Tunisian start-up that produces ethical care products of natural origin that improve health and

well-being of all members of the family, especially babies and children, while respecting nature. This aimed to fill in the gap in the market for such products.

- It's not easy at all for start-ups or small businesses to retain employees or talents. Today in Tunisia, there are quite a few incubations and acceleration programs, but most of them are either focused on the early stage of the business or the more advanced stages. There is a need to provide support to start-ups or companies that are not completely mature.
- The biggest challenges we were facing was the lack of finance and we depended on the quality of the product to widen our market.
- Another change was how to keep the talents within the business as most youth would seek to work in larger more rewarding organizations.
- There is a lack of support for entrepreneurs that are in between the start-ups and maturity phase.
- Also there is a need to provide a real support to attracting talents not only at the financial level but also at the development of skills and leadership and to retain these talents.

### Session 3 - Providing support to Empower Entrepreneurs

**Objective:** This session gave the floor to a number of Business support organizations (BSO) in SEMCs where they share their knowledge on the challenges facing the entrepreneurs and provide suitable solutions from their experience.

**Joelle Yazbeck, Regional Coordinator, ICC-ESCWA Centre of Entrepreneurship Network for the Arab region, Lebanon**

What are the key challenges to manage competitiveness in business' markets and what strategies are most effective to meet those challenges?

- The challenges entrepreneurs faced are securing their financing, navigating through regulations, scaling their operations and managing growth.
- There are key strategies that are instrumental for entrepreneurs and business owners to enable them overcome challenges:
  - **Embracing digital technologies and the deep tech:** the "digital" focuses on making things easier, better, more convenient, more accessible and available. Examples include social media platforms, smartphone apps and e-commerce websites. At the ICC center of Entrepreneurship, there is a flagship program: the e-commerce acceleration program, which supports micro and small enterprises to do the transition from offline selling into online selling by providing them with the tools and resources needed to make a successful transition. The "deep tech" requires substantial research and development, based on scientific or engineering breakthroughs. It solves real world problems, and makes a huge difference on sector such as education, healthcare, financial inclusion, energy, water, climate, and food security. These technologies have the potential to scale up from one region to another and also across the world, making a much bigger difference. One example of this is the start-up "Instadeep" a Tunisian AI start-up that got acquired by the German company Biotech.
  - **Leveraging data collection and analytics:** this gives valuable insights about consumer behavior. This would allow entrepreneurs and business owners to make well informed decisions about their businesses that would drive their growth. Every interaction and touch point with the consumer generates data, hence creating a large digital footprint. With the support of AI powered analytics, businesses can gain deeper insights into their target audience, and can tailor their offerings according to their preferences, making it more relatable to them.
  - **Championing "Environment, Social and Governance" (ESG):** By adopting global ESG methodologies, SMEs become cleaner, greener and more socially responsible, and they are increasing the chances of attracting investment and also accessing funding opportunities. This does not only make them appealing to investors, but also to suppliers, to other key stakeholders, to their consumers, because they are able to differentiate themselves from the competition, and are able to position themselves as valuable partners to

the big companies.

- **Good governance:** many companies in the region are family owned, which can pose challenges for global investors who are ESG compliant. These investors are looking for companies that have board of directors, an advisory board, that have a succession plan, that have a structured way to make for decision making, which is often not the case in these companies.
- **Concerning the investment landscape,** business support organizations working with early stage entrepreneurs can apply a gender lens to their process to intentionally drive more women to the early stage funnel so there are more women at the scaling phase.
- There is huge gap in our region in terms of women participation in entrepreneurial activities, and I would suggest:
  - BSOs that work with early stage entrepreneurs can apply a gender lens to their application process to encourage women to take part in their programs.
  - As women investors are more likely to invest in women-led projects, there should be more women on investment committees, a
  - There are also a need to recruit more women mentors that have specific experiences in navigating challenges which are unique to women, such as maternal care and reproductive health etc.
  - Accelerators can provide tailored training that addresses topics to help women understand their investment readiness and equip them with the skills to deliver pitches and answer questions from a growth mindset.

**Leila Belkhiria Jaber, President, Chambre Nationale des Femmes Chefs d'Entreprise, Tunisia**

Being the President of the CNCF, what challenges have you encountered in promoting women entrepreneurs and what the CFCE has done to meet those challenges.

- Tunisia is a victim of its success at the level of the personal status code (CPS), because it is always said that Tunisian women have all the laws on their side and that they do not need any support. Nevertheless, at the level of the labour market, there is no integration among new graduates and job seekers, there is no equality of wages, or an adequate maternity plan. There is a lack of a work environment that encourages these women to thrive and continue their careers.
- Developing female entrepreneurship must be a national policy, a national strategy, that it must be adopted by the top management of the government. In addition, there are not enough women members of business associations, including chambers, institutions, and unions, even less in decision-making positions, and in top management.
- Also, in relation to an educational system and its integration and inclusion at the level of the job market, there is a low degree of women involvement, which concerns us in Tunisia in the technical sectors. They are not also found in this job market environment.
- Chambre Nationale des Femmes Chefs d'Entreprise adopted a vision which was shared by all decision-makers in the women's entrepreneurship ecosystem. And our selling point, because we are businesswomen, was that if you want to develop the economy of a country, you have to see your potential as female represent the majority of human capital but not in the job market.
- All studies show that the presence of women increases the productivity of the 'business, due to their skills in top management of the private sector.
- In Tunisia, we have great potentials for women entrepreneurs. If we support them properly, they can develop their business and subsequently, create jobs.
- Employment in the private sector is the only salvation to increase recruitment, because the public sector in Tunisia is saturated and can no longer absorb the unemployment rate.
- Once a business is created by a young woman who is either a graduate of higher education or in the rural areas, it requires specific support which includes: business model implementation, funding by a bank or by an investment company, being able to appeal to shareholders to expand the business, accessing new markets, digitalization, etc. . These services are provided by Chambre Nationale des Femmes Chefs d'Entreprise, Tunisia.

- Through our networking and collaboration with partners, such as the COMESA, we are able to support these women to go international and export their products.
- It is very important to provide support for these women to access finance, markets, skills and digitalization.
- We create partnership with other institutions, including government, to help us with access and enable us to provide better services for these women.

**Majdi Hassen, Executive Director, The Arab Institute of Business Leaders (IACE), Tunisia**

What are the major trends that have been identified within your research in the context of the entrepreneurship.

- IACE is business think- tank that undertakes research that will help the business environment.
- Technology is currently affecting everything in the world, including the usage of digitalization, AI, etc.
- There are major gaps and inclusion challenges that the region is facing, including providing incentives to start-ups and entrepreneurs.
- Another challenge that the region is facing is the lack of opportunities, this includes investment opportunities, market opportunities and missing on incentives.
- The mismatch between jobs and available labour force, creates high levels of unemployment, this also includes skills mismatch. .
- To bridge the research and practice, we are working on three components:
  - Education: we are currently working on promoting economic education as we believe in the importance of including this in curriculum to prepare economicadvocates. We have now a large research study with the Ministry of Higher Education about employability and the curriculum. It is clear that a review of our education systems is necessary to generate home-grown skills and talents.
  - Job creation: in the face of new technology and use of robotics, it is important to have a clear plan for employment. In terms industrial policies, there is a need to identify the needs in each sector and this should become on top of our agenda.
  - Identify pioneers, especially those that work in technology and provide them with support required.

**Ghaleb M. Hijazi, General Manager, Business Development Center (BDC), Jordan**

- BDC is a non-profit organization that was established in 2004 aiming to enhance young people’s lives by understanding what is exactly needed in the labour market in terms of skills and competences, as well as trying to help young people reach out to decent jobs. This is done by:
  - Doing a **mapping assessment for the labour market** to understand what kind of skills and competences needed in the market and understanding what kind of incentives is provided to these professions. Through this assessment, the value behind each profession is understood and the BDC promote this value. Many people are hired or find a job by chance, without knowing what their career path will be. The BDC creates a successful career path for our young people.
  - **Creation of a career counselling system** that will help our people to understand how they can solve challenges while they are managing their scope of work. This will ensure to a high retention rate and a decrease in turnover in the labour market.
- BDC designed a program aligned with the requirements of the private sector in terms of skills and competencies. The program upgrades young people’s skills, focusing on their mindset, and how to think positively, then their behaviour and employability skills. Through these blended components, the youth can engage better with the labour market.
- There should be a mechanism that links the supply with the demand, the employer with a job seeker, helping them to understand where they are going and what kind of incentives that they are going to take, e.g. Social Security, other incentives in terms of salary or meals or transportation or health insurance. This is aligned with



the career-counselling program that increases the retention rate inside the company.

- Young people should also be trained in 'green skills', which would increase their employability, not just locally but internationally. At BDC, most of the programs are aligned with youth strategies and with the country's strategies, the work involves the economic modernization vision and how they can link our young people with job opportunities outside Jordan.
- In BDC we focus on encouraging the youth and women to achieve their goals by creating partnership with other institutions to strengthen the ecosystem.
- As we operate in vulnerable communities we create partnerships with communities-based-organizations especially those that are led by women
- We create partnership with the academic institutions to help generate new idea, with financing institutions, etc, .

**Hany Ayaad, Assistant Professor of Entrepreneurship, Logistics, and Supply Chain Management, Arab Academy for Science Technology and Maritime Transport, Egypt**

How entrepreneurs can be helped through rapid changes resulting from the fast-spreading digital technologies and AI. How is this impacting supply chains, and how it helps them keep up their competitiveness in the market?

- There are 2 important components to be addressed:
- **Regarding equipping students to become entrepreneurs:** Students should be supported and provided with new technologies to provide them with a holistic view of the needs of the international markets. Graduated are looking for trendy jobs and they need to be equipped with the skills to prepare them for these jobs. Entrepreneurship is not for everyone. Entrepreneurs need to have the appropriate capabilities to stand out and promote their own businesses, including appropriate technology, embedding the AI into the product or the service provided. The competition is high and if no appropriate measures are included to adopt these technologies into the products, it would be harder for users/customers to accept them.
- **Regarding supply chain challenges:** The past four years have shown the importance of supply chains, and businesses capitalizing on world trading. They have faced more challenges in the past four years than the previous twenty, including COVID19, outbreaks of conflict in major countries and also regional states that affect the global supply chain. Technology and AI can come up with solutions for this, such as route optimization. The majority of large companies are looking into finding local manufacturing to provide them with some of the parts in the chain, due to the difficulty in international trade. Each country needs to work to on their comparative advantage components like what Taiwan did for the microchips which are now flooding Europe and even the Middle east. Moving towards manufacturing locally, local manufacturing could represent an opportunity for entrepreneurship especially if mixed with the use of advanced technology.

There is a need to revise the education system and learn from previous experiences. For example, Including entrepreneurial course, within certain curricula could help direct the student mind-set towards entrepreneurship.

#### Session 4 - Policy Roundtable: Enabling Inclusive Entrepreneurship

**Objective:** This session explored concrete and effective solutions and actions that can be (or are already) implemented to tackle youth and women unemployment through inclusive entrepreneurship in sectors with high future potential. Ways to improve access to finance was one of the major issues addressed, focusing on how to develop entrepreneurship in the region, hearing from financial institutions on the good practices and innovative products to enhance financial inclusion. The session also explored how to alleviate the burden that many start-ups and micro companies have to bear.

**Lilia Magdoud, Investment Officer, European Investment Bank (EIB)**

Discussing the issue of access to finance.

What kind of measures the EIB are putting in place to increase the sources of external finance.

- Difficult times offer opportunities to bring about positive change, and the private sector in the MENA region is in a position to make these positive changes tangible.

- Among the major obstacles that arise in the MENA financial system is the disconnection between the private sector and the banking sector. There is a difficulty of accessing financing throughout the MENA region.
- The European Investment Bank (EIB) in collaboration with the World Bank carried out a series of periodic studies, and surveys covering six countries which are Egypt, Jordan, Palestine, Morocco, Lebanon and Tunisia. These surveys have concluded that there is no improvement in access to financing, despite the many initiatives have been put in place.
- Access to financing is considered one of the main reasons for the lack of the development in the private sector, besides other reasons such as political instability, corruption, but also the tax rate in the MENA region. Businesses aren't challenged by the banks' rejection of loan applications, but rather the fact of being dissuaded from doing so.
- There are reasons that deter businesses from applying for loans from local banks. These reasons include the collateral requirement, complex procedures, and fairly high interest rates.
- It should also be noted that in the MENA region, and perhaps mainly in Egypt, Jordan and Palestine, there is what is called financial autarky. This financial autarky does not allow the growth of the private sector.
- The European Investment Bank, faced with these problems, has tried to counter it through what are called intermediary credit lines which are granted to microfinance institutions, but also through local banks. These financial institutions agree to pass on the financial advantage which results either in terms of longer maturity or lower interest rates. Despite this instrument, local banks were still not able to take more risks. EIB went a little further in the process and tried to have, as part of an initiative which is the Trade and Competitiveness, financed by the European Union, to put in place portfolio guarantees. These guarantees allow intermediaries to be able to grant loans for companies that seem the riskiest to them.
- It is crucial to have technical assistance for mastering risk management, for the sake of implementing of environmental and social plans, and also for the constitution of portfolios.
- Capacity building is needed for the formalization of credit files, business plans, project management, monitoring and evaluation, not only at the demand level, but also during the life of the project itself.
- Within the framework of TEI initiative and in partnership with the European Union and the French Development Agency EIB tried to further develop these different instruments and measures by trying to go even further, by introducing instruments like investment bonuses, and support for those organizations that support microenterprises.

**Abdelkader El Khissassi, Deputy Secretary General in charge of Economic Development and Employment (UFM)**

A discussion of what policies are in place to strengthen entrepreneurship and make SME policies more coherent and strategic.

- The Union for the Mediterranean (UfM) is working in Med Region, bringing together 43 member states, 27 members of EU and 16 from Southern and eastern med countries.
- The situation in this region is very paradoxical between the north and the south, the south and the east. The countries are different, meaning the challenges may be different, but the issues sometimes are the same. Geopolitical issues and their impacts are unavoidable; the situation in Gaza is impacting policies and the focus should be on returning back to stability in the region.
- While we are facing challenges related to digitalization, this could represent a good opportunity for our countries. Technology is an essential tool for entrepreneurs, and hence investment in education to prepare the new generation should be taken into consideration allowing them to have the capacity to work and develop their own initiatives.
- Despite efforts by countries in the South med region, promoting an environment that is favourable to developing entrepreneurship still remains a challenge. This includes access to finance, which remain one of the major challenges facing new entrepreneurs as they start their businesses.
- The work being done with the GIZ and IC relating to the grant schemes is an important step towards this. There should however be more engagement from the southern countries, as these countries have their own development agencies and could contribute to these initiatives.

- There are very good initiatives which can be encouraged and developed: The UFM have created a hub for employment, and the European Union recently launched the Team Europe initiative, as well as grant schemes being created, amongst several other initiatives.
- For collaboration to be fruitful, there is a need to have the appropriate basic climate for peace and stability in the region, to be able to achieve regional integration in the future. This does not only apply to Gaza, but also the conflict in Ukraine and amongst other Mediterranean countries.

**Roy Doumit, Economist, United Nations Economic and Social Commission for Western Asia**

Discussion of business laws and regulations. They should serve the public interest without placing undue burdens on entrepreneurs and private enterprises in general. What measures are being undertaken to deal with the business environment in the southern med in general?

- There have been many great initiatives for regulation and law reforms, but the problem lies with law enforcement. While many laws exist, there is lack of enforcement for them. There is not enough legal support for vulnerable entrepreneurs (particularly for the young and female entrepreneurs). There is not enough opportunity to allow them to benefit from these laws as a result.
- The issue of entrepreneurship directly affects business owners, but there are other issues that can indirectly affect not just them but the whole business ecosystem. These issues include workplace, pay, pension, mobility, and parenthood. Reforms like equal pay and women’s right of mobility have been implemented in many countries. The main problem however remains in the implementation of these laws.
- Regarding the issues that affect entrepreneurs directly, all the entrepreneur reforms that were developed in this region are all related to penalizing gender bias credit facilitation. These countries include UAE, Tunisia, Djibouti. However, the issue comes with the follow through after these reforms.
- There is a need to create a legal support system to help these vulnerable groups and provide teams of lawyers to support legal action when women are being discriminated against.
- When it comes to credit facilitation, most banks prefer years of experience and prefer large enterprises, young entrepreneurs have no form of support (barring a few incubators and accelerators in university), and can’t abide to the pre-mentioned terms, which discourages them to take part in entrepreneurial activities.
- There should be a focus on educating business leaders and entrepreneurs on what to expect, what they are legally protected from, and what to watch out for. There should be awareness campaigns and provision of legal assistance if needed, such as the involvement of one-stop shops in improving the ease of doing business. Rural areas and vulnerable communities should be targeted.

**Shada El-Sharif, Founder & Senior Advisor, SustainMena, Jordan**

- Considering how entrepreneurs and SMEs can promote climate change adaptation. There are two main calls for action: one is climate change and the other is restoration of peace and stability in our region.
- There needs to be a substantial transformation in public policy and private sectors, including entrepreneurship. This relates to inclusive entrepreneurship, and those impacted by war and instability. By promoting peace and stability, this will in turn reduce greenhouse gas emissions, given that statistics show wars in general produce 5.5% of greenhouse gases.
- Water scarcity is a significant environmental challenge relating to the Arab region. This means peril for the agriculture sector, and therefore this can be a region where climate policies can be focused.
- The private sector has to take part in encouraging and supporting entrepreneurial ecosystem. If given the chance, entrepreneurs can actually tackle the major challenges in our region.
- There is a call for climate resilient development. There should be an allocation of at least 387 billion dollars per year for developing countries to adapt. 507 billion dollars have to be allocated to the Arab region to adapt to climate change by 2030. Few countries have managed to attract climate finance mainly Egypt & Morocco.
- Green Growth or green transition could be a key driver to entrepreneurship. In 2017, Jordan has launched a green growth plan, followed by developing action plans for six economic sectors by 2021, which led to encouraging the private sector to join in.
- The public sector has an important role in defining the framework of green economy, and opening it up for the private sector, SMEs, and entrepreneurs.

- Green jobs should be decent as well as being green – there must be social inclusivity. The people must be at the center of green growth, such as developing strategies of equal pay.

**Mohamed El Biesi, Economist, Investment and entrepreneurship Expert, General Authority for Investment and Free Zones (GAFI), Egypt**

- The Egyptian ecosystem has matured compared to ten or twelve years ago. Many supportive organizations for youth entrepreneurs and female entrepreneurs provided support towards funding as well as raising skills and talents. These organizations are not all governmental but also NGOs, educational institutions and international supportive agencies.
- An important aspect is to create suitable, alternative and innovative access to finance, not just the traditional routes, such as crowd funding, for example.
- Having appropriate connections and networking with new tools that support access to finance for those entrepreneurs will be necessary for countries in the region.
- The classification and the permits of start-ups is a significant discussion point. There should be a policy recommendation or a manual to classify start-ups. This will be an important point to facilitate the environment for start-ups for women and youth.
- The coordination between stakeholders and supporters is very important for start-ups. There must be a channelling of all efforts into one vision and strategy.
- Another significant policy recommendation is the expansion of sector-focused incubation and acceleration programs, fintech, and programs and initiatives encouraging support for women and girls, removing some of the cultural obstacles that hinder their entry into business.
- Establish and empower specialized "startup facilitation desks" within one-stop shops to provide streamlined guidance and expedite permit and licensing procedures.
- Continuously train and equip personnel with in-depth startup's knowledge to offer efficient and effective assistance.

**Aida Zouari, Senior Entrepreneurship Advisor, National Agency for Employment and Self Employment (ANETI), Tunisia**

- When it comes to entrepreneurship in Tunisia, we focus on four axes:
  - First, the development of the entrepreneurial spirit, which should be done from a young age. The National Agency for Employment and Self Employment (ANETI) in Tunisia work on this area with job seekers and young students.
  - Second, supporting young entrepreneurs, potential entrepreneurs, in the different phases of the entrepreneurial journey, from the inspiration phase to the creation phase, and even post launch phase.
  - Third, the promotion of partnership, and merging the efforts of the different players in the ecosystem, whether public or private, to really move forward and develop entrepreneurship.
  - Fourth, provide specific support with specific programs for specific populations, whether vulnerable people, disabled people, victims of violence or others, which could mean entrepreneurship with impact, social impact, cultural impact, environmental impact.
- There are plenty of players in the entrepreneurial ecosystem in Tunisia. ANETI is in the center because it is the leading public actor on the Tunisian market. Others include: the APIA, the business centers, the microfinance institutions, the incubators, accelerators, student clubs, the Tunisian Solidarity Bank, the BTS, the Network National Nurseries, the National Office for Crafts. All these actors work to support young entrepreneurs, but each has their own way of doing things, their procedures, their vision of moving forward.
- ANETI is present throughout Tunisia, with 113 employment offices and business spaces. There are 22 entrepreneurial spaces, which only support entrepreneurs with entrepreneurship programs and 70 microenterprise promotion units within employment offices, this is ensured by 180 business creation advisors.
- According to the National Observatory of Employment and Skills of the Ministry of Employment, there are more than 1.3 million people who are not affiliated to the social security system, and 70% of entrepreneurs are operating in the informal sector. ANETI was able to support 26,000 in pre-creation and more than 9,000 in post-creation.
- According to a recent survey we conducted, the majority of the youth in Tunisia, prefer international

employment, rather than work for themselves.

- The national site of ANETI is the first government site. Online users can find webinars and videos that represent what is happening in Tunisia, in the ecosystem.

## **Policy Recommendations: How to foster entrepreneurship in SMCs and create more jobs?**

The following is a comprehensive combination of the recommendations that were put forward by the distinguished speakers during their sessions. They are classified in different categories, as follows:

### **1- At the Regional and international level, there is a need to:**

- Foster regional and international collaboration which will enhance the entrepreneurial ecosystem as it will promote exchange of ideas, suitable practices, dialogues and sharing of experiences, which will lead to job creation, economic growth in an inclusive and equitable way.
- A deeper EU-Med integration through the technical and financial support from the European Commission will improve the business environment and promote and encourage innovation leading to further development of entrepreneurship.
- Regional and South-South collaboration among businesses across countries of region and beyond (e.g. MENA region , African continent- COMESA, etc,) can help gaining knowledge and experience that can benefit entrepreneurs and create new markets but also help generate new ideas.
- While we draw lessons from Europe or other western countries it is important to tailor-made these lessons to the regional and local context, to avoid setting up irrelevant and non-reachable goals.
- There is a need to further promote peace and stability in the region which will create the conducive and inclusive environment for SMEs to grow, and to target the impacted SMEs with additional support.

### **2- To further enhance the entrepreneurial Ecosystem, there is a need to:**

- Better involve the private sector in the design and promotion of economic growth policies, which will help respond to their needs and will guarantee the inclusive of youth in the decision making process.
- Provide incentives for the private sector to provide support to the entrepreneurial ecosystem by further investing in promoting skills, R&D and training of young talents and providing opportunities for younger and small firms to be part of their supply chain.
- create an ecosystem that support entrepreneurs and help them establish their start-ups and expand it and provide them with tailor-made incentives such as loans facilitation, taxes exemptions, similar to those applied in the Free Zone in some countries.
- provide further support to entrepreneurs that passed the early stage of their businesses. Most support, if any, is provided to early state start-ups or those that have matured, but a gap has been identified for those in the middle stage.
- Ensure a better coordination among the different actors that support start-ups and entrepreneurs to avoid duplication of efforts and creating gaps and to forge partnerships at the local levels to better equip the ecosystem around entrepreneurs and to provide the necessary complementary services that are needed including financial, mentoring and marketing, etc.
- Better collaboration and coordination among major actors in the labour markets including local governments, civil society, youth, women to bring youth unemployment down

### **3- As one of the major challenges facing SMEs, Access to finance can be facilitated by:**

- Given the difficulty to access loans for SMEs through traditional avenues, it will important to create new innovative ones such as crowdfunding. Also tools such as such as intermediary credit lines and portfolio guarantees,, can help support local banks in providing loans to riskier businesses, while creating a network

of support and facilitate the procedures of doing business.

- It will be important to provide incentives for financial institutions to support start-ups and SMEs and to expand the understanding and definitions of SMEs including digital ones, particularly when it comes to financial evaluation of a project and to modernize the concept of project values (which is still based on owned assets, buildings and infrastructure).
- There is a disconnection between the private sector and the banking sector, this is reflected in the complex procedures in accessing loans. Capacity building, technical assistance and the use of innovative tools and instruments, with the help from the international financial institution, can help re-establish this link.

**4- The second major challenge for SMEs is the complicated legal and regulatory framework, which could benefit from:**

- Improving the legal and regulatory framework for access to finance with a specific sub chapters on financial inclusion, a top priority addressed by many entrepreneurs on how to foster SME growth and entrepreneurship, how to develop an entrepreneurial human capital and on how to foster innovation.
- Enforcement of existing regulations and facilitating the procedures around obtaining permits and licenses, the idea of a 'one-stop' shop adopted in some countries would be very helpful.
- There is a need to have targeted training programs and legal support teams that will enable entrepreneurs to understand the legal requirements as start-ups or SMEs and to understand their rights and their obligations.
- There is an urgent need to provide a unified definition and classifications on what is defined as a start-ups to avoid the ongoing confusion and to help build targeted support programs including financial and regulations

**5- Lack of knowledge, training and skills have been identified as another major challenge for SMEs which is leading to sub-efficient use of available human resources, unemployment and skills' mismatch. Some of the recommendations include:**

- There is a need for an educational reform and further investment in young people, by introducing relevant knowledge, skills and digitalization and improving curricula to enhance innovation, the generation of ideas, entrepreneurship and creativity and raise awareness about climate change and green transition. This should be introduced from a young age.
- Universities and technical vocational education, can implement skills and training programs for students to meet the needs of the markets, including how to transform their theoretical knowledge into practice, how to build a business model and the finances around this, etc.
- It is important to create models to anticipate the needs of the labour markets in a way to provide the required supply of employment-seekers through promoting skills and align education programs with actual job opportunities in the required fields and encourage youth to undertake these fields.
- Proper match-making where employers are linked to job seekers will contribute to a better understanding of the job prospects, career path, incentives and help further retain the job.
- There is a need to focus on education of business leaders and entrepreneurs including awareness campaigns to develop appropriate human resources that is able to develop their own projects.

**6- Also linked to the education and training is how to promote the innovation capacity, digitization and green transition within the SMEs, this could be done through:**

- Valorization of research and bridging the gap between research, innovation and businesses and encourage usage of national expertise to solve national challenges.
- Embracing digital technology and leverage data analysis to learn more consumers' behaviours, be environmental and social aware and having a good governance bodies which are essential features of

successful SMEs. These need to be encouraged and adopted through intensive trainings.

- Green growth /transition should be a key driver for entrepreneurship, this will require government involvement to define the framework and to raise awareness and private sector investment and support to help create green decent jobs.

**7- Women entrepreneurs are still facing challenges that are related to their gender, which are hindering their participation and affecting inclusiveness, there is a need to :**

- Conduct awareness campaigns about the important role of women in the labour markets and to address the culture that underestimate women's abilities and skills in certain fields, such as renewable energies, technologies and digitization.
- further integrate women in promising sectors such as AI, renewable energies, green and blue economies, etc. and encourage the integration of rural women (working in agriculture, farming, etc.) in the formal economy.
- Develop women-oriented programs to encourage the integration of women in the society, as entrepreneurs, as employees, as members in business associations and decision-making positions and top managements. This should become a national strategy.
- In order to support women entrepreneurs, BSOs can apply a gender lens for their support programs. Encouraging women to be part of investment committees which can encourage more investment towards women-led projects, in addition to have women in mentoring and coaching roles as they have a better understanding of women entrepreneurial challenges and needs.
- It is important to facilitate the expansion of sector-focused incubation and acceleration programs, fintech, and initiatives for vulnerable groups including to encourage and support women and girls and to remove some of the cultural obstacles that hinder their entry into the labour market and having their own business.