

Social and solidarity economy as an engine for socioeconomic inclusion



Shared Prosperity Dignified Life



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Key messages



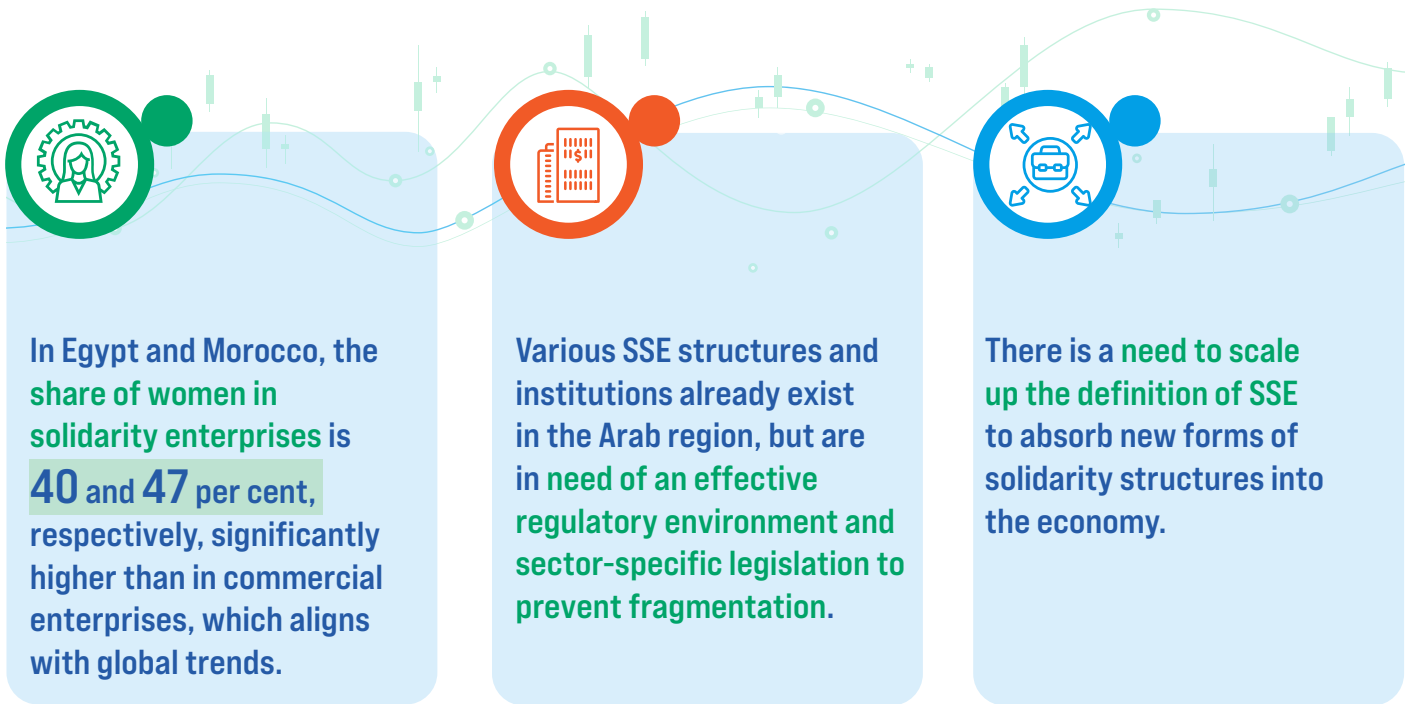
In Jordan, the social and solidarity economy (SSE) can lead to the creation of **396,750 jobs**, including **98,800 jobs** for women.



In only five Arab countries, cooperatives employ more than **7.4 million people**¹, strongly suggesting that SSE structures are reliable vehicles for employment and income generation.



SSE structures and institutions can provide practical solutions to pressing development challenges, such as housing, employment and agricultural sustainability.



Introduction

Recognized as a fundamental part of the New Economics for Sustainable Development, SSE² has emerged as a worldwide catalyst for generating employment opportunities and fostering economic empowerment. It includes cooperatives, social enterprises, associations, mutual societies, foundations, self-help groups, and other entities that operate according to SSE values and principles. Moreover, it serves as a crucial link between the informal and formal sectors, while promoting social cohesion through its emphasis on

values such as equity, cooperation, reciprocity, solidarity and democracy.

The COVID-19 pandemic, as well as climate shocks, food insecurity and other unforeseen events, have brought to light the need for new economic structures that prioritize sustainable development. These structures must also emphasize aspects that foster unity among people, such as solidarity initiatives, mutual aid and resilience in the face of unpredictable shocks.

1. SSE in the Arab region

Solidarity networks, enterprises and cooperatives have deep roots in Arab culture and date back over a century. According to available employment data, there are approximately 43,000 cooperatives that provide employment opportunities to at least 7.4 million employees and self-employed individuals.³ Despite the absence of comprehensive SSE regulatory frameworks in the region, several Arab countries, such as Iraq, Jordan, Kuwait, Lebanon, Morocco, the State of Palestine and Saudi Arabia, have legal frameworks that govern specific aspects of SSE, mainly cooperatives. Tunisia is the exception, with a

specific SSE legal framework that regulates the work of associations, cooperatives and mutual societies.

Social enterprises are another common form of SSE. Social enterprises in Egypt, Morocco and Tunisia play a vital role in local economic development and addressing social issues, such as education, health and environmental sustainability. They are particularly effective in providing employment for individuals who face barriers to traditional employment, such as young people, women, or persons with disabilities.

2. Growth of SSE in the Arab region

Over the past 15 years, the cooperative sector has experienced significant growth in size and effectiveness in Morocco. In 2008, there were 1,163 cooperatives providing around 24,719 jobs, with an average of 21 employees per cooperative.⁴ By 2015, the number of cooperatives had grown more than tenfold reaching 14,859 cooperatives with 472,900 members. By 2019, the number of cooperatives had grown by another 83.47 per cent, reaching 27,262 cooperatives involving 563,776 members.⁵ The agricultural sector leads with 17,582 cooperatives. Women also play a vital role, with women-only cooperatives accounting for 12.6 per cent of the total in 2010, comprising over 22,400 members.⁶

The cooperative sector in five Arab countries, namely Algeria, Egypt, Jordan, Lebanon and Morocco, has a significant economic impact. Cooperatives contribute to economic development by creating substantial employment opportunities. In Jordan, the number of cooperatives grew from 949 in 2003 to 1,507 in 2019;⁷ and created around 20,000 direct job opportunities in 2018, representing 1.4 per cent of the economically active population.⁸ In Algeria, SSE associations and foundations provided an estimated 79,000 jobs, while the mutual sector employed around 4,000 individuals in 2012. The number of agricultural service cooperatives increased from approximately 365 in 2000 to around 1,091 by 2009, involving 84,000 members,⁹ and creating about 20,000 direct job opportunities.¹⁰

Cooperatives play a crucial role in the economic landscape, especially in the agricultural sector. In 2021, Egypt had 6,049 agricultural cooperative associations, with a slight increase of 14 compared with 2020, in keeping with the trend of growth over time.¹¹ In Morocco, the SSE sector contributes approximately 2 per cent to gross domestic product, and employs 5.5 per cent of the active population.¹² Morocco has experienced exponential growth in SSE formation, largely due to increased governmental support and the development of regulatory frameworks. Approximately 42 per cent of SSE entities in rural areas are headed by women, highlighting the significant role of women in leading

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SSEs. The flexible structure of SSEs enables women, especially in rural areas, to work from home, making SSEs a particularly attractive option.¹³

In Palestine, there were 866 cooperatives with 54,000 members in 2019. The Union of Cooperative Associations for Saving and Credit, established in 2005, covered 224 locations and had 5,281 users by 2019, 85 per cent of whom were women.¹⁴ In 2017, Lebanon had 1,238 registered cooperatives: 51 per cent agricultural, and 27 per cent operating in the agri-food sector, including 125 women's cooperatives producing traditional food and artisanal products. On average, a cooperative employs 1.4 full-time and 1.6 part-time workers, with adjusted averages for hiring cooperatives being 4.7 full-time and 6.4 part-time workers.¹⁵

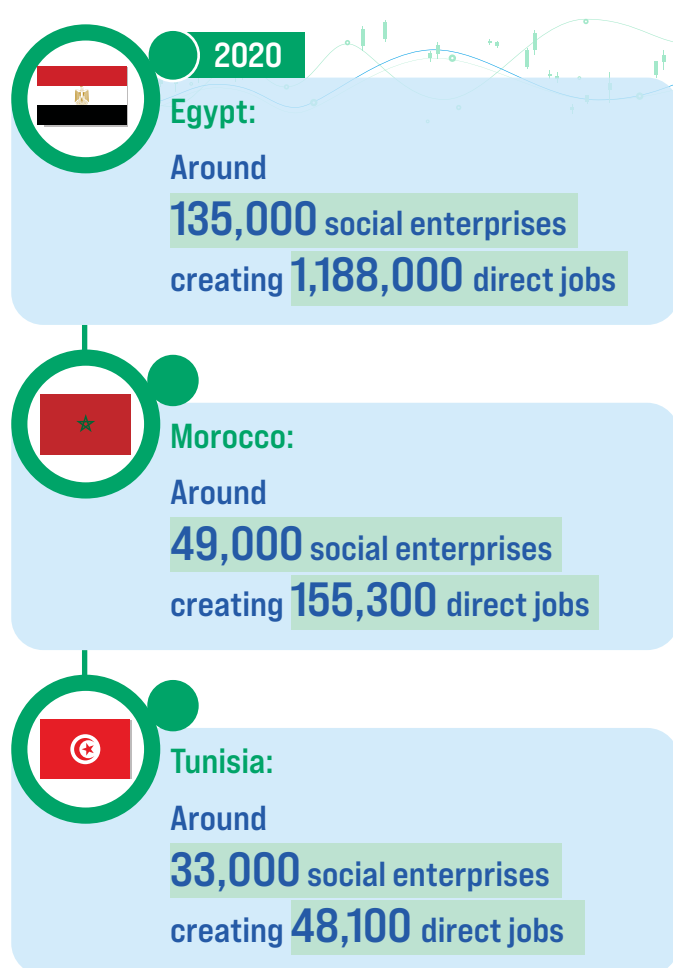
Cooperatives can provide effective housing solutions and collaborate with social protection systems to prevent homelessness and address housing deficiencies. Over

the past 55 years, housing cooperatives in Egypt increased from 21 in 1953 to 18,000 in 2018, serving 25 million Egyptians,¹⁶ offering affordable housing and combating homelessness. A total of 2,320 housing cooperatives, representing a third of households, have constructed 500,000 housing units.¹⁷

Social enterprises play a crucial role in promoting social change by addressing gender inequalities and empowering women.

Extensive global and regional evidence supports the overwhelming presence of women in social enterprises. Data from Egypt and Morocco clearly demonstrate that social enterprises employ a significantly higher percentage of women compared with commercial enterprises. In Egypt, female participation in social entrepreneurship stands at 40 per cent, whereas it is only 28 per cent in commercial entrepreneurship. Similarly, in Morocco, 47.5 per cent of social enterprise employees are women, compared with 31.5 per cent in commercial enterprises. This is particularly significant in a region where female unemployment stands at 20 per cent, equivalent to approximately 5.9 million women as at 2022.

When supported by appropriate legal frameworks and regulations, SSE initiatives can effectively contribute to employment growth and job creation. Women's cooperatives, in particular, serve as platforms for women to engage in economic activities, achieve financial independence, and improve their socioeconomic status. Social enterprises, which are a key component of SSE, have proven instrumental in generating direct



employment opportunities. The number of social enterprises is steadily increasing, as is the number of jobs they generate. For instance, in 2020, Egypt, Morocco and Tunisia had around 135,000, 49,000 and 33,000 social enterprises, respectively, creating 1,188,000, 155,300 and 48,100 direct jobs. By 2030, these numbers are projected to reach 1,421,000, 170,000 and 50,900 jobs, respectively, an increase of 20, 9 and 6 per cent.

3. Forecasting SSE employment: Jordan

The national accounts of Jordan incorporate the nonprofit institutions serving households (NPISH) sector, which consists of associations that engage in non-market activities for their members, and share the core goals of SSE organizations. This provides a reliable measure for assessing the impact of SSE on job creation.

A simulation was conducted using data from the latest available year, 2019, sourced from the national statistics of Jordan. The simulation involved a 500,000

Jordanian dinar investment across various input-output tables (IoT) sectors. The results revealed that NPISHs rank among the top five sectors in terms of direct employment generation. This comprehensive data set, which encompasses 40 detailed industries, provides a robust analysis. The findings indicate that NPISHs in Jordan are estimated to generate approximately 345,000 direct jobs,¹⁸ highlighting their significant role in employment creation. Through their economic activities and integration within value

chains, NPISHs also contribute an additional 51,750 indirect jobs.¹⁹ The combined total of direct and indirect job creation amounts to 396,750 jobs,²⁰ underscoring the substantial employment impact of the SSE sector in Jordan.

By integrating data from the Labour Force Survey and aligning economic activities with those in the

IoT, of the 396,750 jobs created by the NPISH sector,²¹ an estimated 98,800 would be filled by women.²² This significant representation emphasizes the potential of the SSE sector to promote gender equality and empower women in the workforce. This is particularly important considering that 26 per cent of the female labour force in Jordan is currently unemployed.²³

4. Conclusion and recommendations

Fostering and promoting SSE is vital to ensuring better inclusion and wider opportunities for income generation. To this end, the following recommendations are put forward:



Establish SSE-specific legal frameworks to regulate and support SSE entities. Drawing inspiration from Tunisia, these frameworks should cover cooperatives, social enterprises, mutual societies and other SSE forms, and create an enabling environment for SSE to thrive.



Conduct regular surveys and collect data on the impact of SSE on employment, income generation, and social inclusion to inform policymaking and showcase the sector's contributions.



Use NPISH as a proxy for measuring the impact of SSE on job creation and economic development, as demonstrated in Jordan.



Streamline and harmonize the registration processes for SSE organizations to foster their growth and formalization, especially for those transitioning from the informal sector.



Experiment with **hybrid forms of solidarity enterprises** to capture the emerging and innovative structures of SSEs in the Arab region.



Develop capacity-building programmes for SSE actors to enhance their skills in management, governance, and in technical areas relevant to their operations.



Promote regional solidarity networks and associations of SSE organizations to facilitate knowledge exchange, collaboration and collective advocacy.



Launch awareness campaigns to promote the values and benefits of SSE among citizens, policymakers and the private sector, and encourage media coverage.

Endnotes

1. Employment within cooperatives includes direct employment and self-employment. Direct employment covers employees, who are hired by cooperatives, and worker members, who are employed and hold membership, participating in decision-making and sharing profits. Self-employment refers to producer members, self-employed individuals who contribute goods or services, benefiting from cooperative resources. The total number of employed in the two categories is 7.4 million.
2. SSE refers to institutions that have a social or public purpose and engage in economic activities based on voluntary cooperation, democratic and participatory governance, and autonomy and independence. These principles prioritize people over profit maximization. SSE is therefore aligned with the principle of leaving no one behind and a rights-based framework.
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19. ESCWA calculation using Input-Output Analysis based on the Input-Output Table compiled from the Department of Statistics, Jordan. Available at: <https://dosweb.dos.gov.jo/nationalaccount/input-and-output/>.
20. ESCWA calculation using Input-Output Analysis based on the Input-Output Table compiled from the Department of Statistics, Jordan. Available at: <https://dosweb.dos.gov.jo/nationalaccount/input-and-output/>.
21. The International Classification of Non-Profit Organizations provides an alternative aggregation for nonprofit sector reporting, enhancing the portrayal of New Product Introduction activities beyond the standard International Standard Industrial Classification (ISIC) classification. Relevant ISIC groups include various social work activities without accommodation (ISIC 889) and membership organizations' activities (ISIC 949).
22. ESCWA calculations based on data from the Labour Force Survey (LFS) 2016.
23. Based on ILO estimate from ILOSTAT Data Explorer..



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