

The World Guide to Sustainable Enterprise

Volume 1: AFRICA AND THE MIDDLE EAST



A **Greenleaf Publishing** Book

Edited by **Wayne Visser**



The World Guide to Sustainable Enterprise

Volume 1 – Africa and the Middle East

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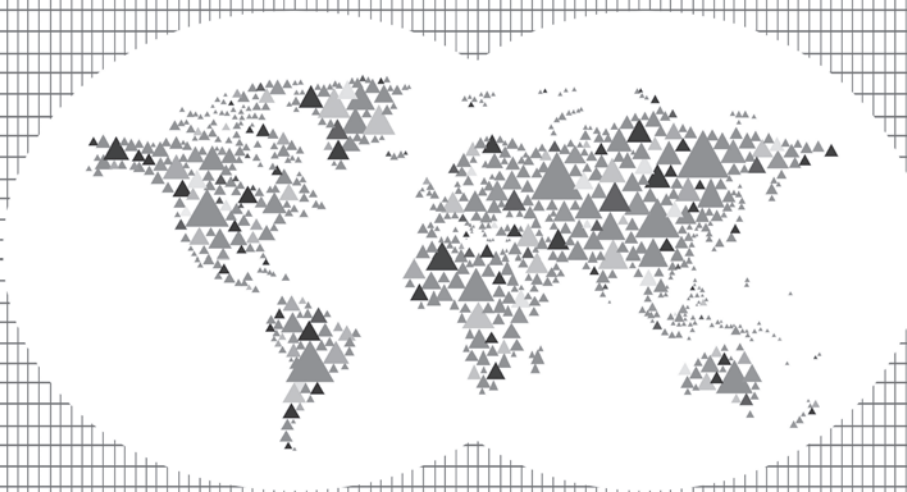
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The World Guide to Sustainable Enterprise

Volume 1: AFRICA AND THE MIDDLE EAST



Wayne Visser

 **Routledge**
Taylor & Francis Group
LONDON AND NEW YORK

First published 2016 by Greenleaf Publishing Limited

Published 2017 by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN
711 Third Avenue, New York, NY 10017, USA

Routledge is an imprint of the Taylor & Francis Group, an informa business

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Cover by Sadie Gornall-Jones

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British Library Cataloguing in Publication Data:

A catalogue record for this book is available from the British Library.

ISBN-13: 978-1-78353-468-5 [hbk]

ISBN-13: 978-1-78353-467-8 [pbk]

Contents

Introduction.....	vii
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Part 1: Regional profiles

I	Middle East and North Africa.....	2
II	Sub-Saharan Africa.....	12

Part 2: Country profiles

1	Angola.....	26
2	Botswana	32
3	Cameroon	39
4	Egypt.....	47
5	Eritrea	54
6	Ghana	61
7	Iran	68
8	Israel.....	74
9	Jordan	81
10	Kenya.....	87

11	Lebanon	94
12	Lesotho	102
13	Madagascar.....	109
14	Mauritius.....	116
15	Morocco.....	121
16	Namibia.....	128
17	Nigeria.....	135
18	Oman	142
19	Qatar	149
20	Rwanda	156
21	Saudi Arabia.....	162
22	Senegal	169
23	South Africa.....	175
24	South Sudan.....	183
25	Tanzania.....	190
26	Turkey	198
27	Uganda.....	205
28	United Arab Emirates.....	212
About the editor.....		219
About the contributors.....		221
Other volumes of the World Guide to Sustainable Enterprise.....		235

Introduction

When I published *The World Guide to CSR* in 2010, it was the most ambitious project of its kind, providing the most comprehensive country-by-country analysis of corporate sustainability and responsibility, with over 100 contributors profiling five regions and 58 countries. It remains an excellent reference book and I highly recommend it.

However, I am acutely aware of how fast the ideas and practices around social responsibility and sustainable business are evolving around the world, many of which I have observed at first hand in my work in over 70 countries, including more than 30 countries in the past five years. So I knew *The World Guide to CSR* needed updating, but I also knew the agenda had shifted.

One of the shifts I have become aware of is a move away from narrow conceptions of corporate social responsibility to a more multifaceted understanding. Indeed, my work in the last five years has been all about promoting the evolution of CSR from defensive, charitable and promotional modes to more strategic and transformative approaches – what I call CSR 2.0. Despite these efforts, and those of the ISO 26000 standard on social responsibility, it seems that if the label doesn't change, it is hard to change people's preconceptions and habits.

The second shift I have noticed is away from CSR and towards sustainability as a more holistic practice, as well as alternative conceptions such as Michael Porter and Mark Kramer's notion of creating shared value (CSV), or what myself and Chad Kymal are now calling creating integrated value (CIV). The change in language may seem like semantics, but it signals a change in thinking, which is important. In essence, the management of

social, environmental and ethical issues is moving from the periphery (as a nice-to-have, optional extra) to the core of business (as a must-have, strategic imperative).

The third shift I am observing is that sustainable business is becoming less about compliance and risk management and more about breakthrough opportunities and innovation management. On the one hand, we see the rise of eco-innovation, being strongly promoted by the European Commission, OECD and UNEP, and on the other hand, the explosive growth of social entrepreneurship, with the catalytic support of institutions such as Ashoka, the Schwab Foundation and the Skoll Foundation. In effect, environmental and social challenges are being turned into market opportunities and we are looking not only to big corporates to bring solutions, but increasingly to creative, disruptive start-up ventures as well.

The combination of these three shifts convinced me to change the focus of the new World Guide, from corporate social responsibility to sustainable enterprise. Like *The World Guide to CSR*, this new edited collection brings together powerful summaries of the best academic research and practical cases on sustainable enterprise from countries around the world. However, unlike *The World Guide to CSR*, the emphasis is on sustainable business and social entrepreneurship, rather than traditional CSR and philanthropic approaches.

I define sustainable enterprise as any business, large or small, that integrates sustainability and responsibility, which includes value creation, good governance, societal contribution and ecological integrity, into its strategy, operations and products, in order to have a transformational, positive impact on the biggest social and environmental challenges we face.

The emphasis on sustainable enterprise, rather than corporate social responsibility, means that we are looking especially at innovative practices, including social enterprises, eco-entrepreneurs and companies that are introducing sustainable products and services into the market. We want to showcase companies and projects that are bringing disruptive solutions to our global challenges, rather than code-compliance or incremental change.

Sustainable enterprises are typically businesses that are practising five principles: creativity (innovation, entrepreneurship), scalability (designing solutions that can be applied to the mass market), responsiveness (using their business to directly tackle global social and environmental challenges), glocality (adopting global best practices, while maintaining local adaptation and sensitivity) and circularity (embracing zero-waste, closed-loop, cradle-to-cradle production).

Sustainable enterprise has also evolved from being a largely Western, developed-country phenomenon to being a diverse, “glocal” practice, with rapid take-up and many exciting innovations coming from developing countries and economies in transition. So I am especially pleased that we have 101 countries and eight regions profiled across the four volumes of *The World Guide to Sustainable Enterprise* – including 28 countries in Volume 1: Africa and the Middle East.

My hope is that, in the coming five years, the sustainable enterprise movement will continue to spread around the world and to evolve into more transformative practices. We desperately need to reinvent capitalism to help smooth the transition to a low-carbon, more equitable and sustainable society. Sustainable enterprise can – indeed, must – be an integral part of this economic revolution. The alternative is a world in a state of perpetual crisis and collapse, where business is cast as the arch villain. Let us choose instead a more positive future – one that is safe, smart, sustainable, shared and satisfying – where business responsibility and innovation are a source of solutions and a beacon of light.

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Cambridge, UK
December 2015



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Part 1: Regional profiles

Middle East and North Africa

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Regional context

According to an old Arab saying, “Cairo writes, Beirut publishes and Baghdad reads.” While the human and cultural resources of the Middle East are rooted in the centuries-old histories of Egypt, Lebanon, Jordan, Iraq and Syria, the Middle East and North Africa (MENA) region today encompasses a much larger and more diverse landmass that has undergone staggering transformations over the past 60 years.

The MENA region covers approximately 8.6 million km of land and is located at the intersection of Africa, Asia and Europe. It is made up of 18 countries and has a population of approximately 355 million people, comprising roughly 6% of the world’s population. While Arabs are the majority ethnic group in the region, the population encompasses various other ethnicities, including Turks, Tukomans, Persians, Kurds, Azeris, Copts, Jews, Assyrians, Maronites, Cicassians, Somalis, Armenians, and Druze, among others. Roughly 90% of the population is Muslim. (United Nations, 2012).

MENA is blessed with abundant natural resources, such as oil, natural gas, land, forests, water, as well as human capital, all of which continue to bring wealth to the region.

The majority (85%) of the MENA population live in middle-income countries, such as Lebanon, Libya, and Jordan. High income countries, also commonly referred to as the Gulf Countries, include the United Arab Emirates (UAE), Saudi Arabia, Qatar, Oman, Bahrain and Kuwait, and make up 8% of the MENA population, while low-income countries such as Egypt, Tunisia, Syria and Morocco contain the remaining 7% of the MENA population. (United Nations, 2012).

The low- and middle-income countries, commonly referred to as the developing countries of the MENA region, are undergoing tumultuous change as a result of the Arab Spring and the ensuing conflict, war, instability and violence. Today, the North Africa segment, especially Libya, Tunisia, and Egypt, is suffering from the growing pains of transitional governments and post-revolutionary insecurities of varying degrees. Egypt, for example, which ousted its first democratically chosen leader in 2012, is currently in a state of flux, characterized by a polarized political scene, which continues to threaten civilian life with sporadic violence that has no end in sight (World Bank, 2013).

The Levant region, on the other hand, made up of Lebanon, Syria, Jordan and Palestine, has a long history of protracted political conflict which has become increasingly intensified today due to the civil war that continues to unfold in Syria. The high-income Gulf Countries in MENA have made significant strides forward in terms of development, accentuating the gap across social, environmental and economic indicators between them and their low-income counterparts.

Hence, there is a ripe platform for sustainable enterprise development in the context of the region. Our chapter will look especially at the role of sustainable enterprise in the weaker yet fertile portion of the MENA region, where access to adequate and sustainable solutions for the most basic of social, economic and environmental needs can contribute to the region's stability and prosperity.

Priority issues

The MENA region has made significant progress over the past decade in relation to key development indicators. For example, the region boasts a primary education completion rate of 91%, an average life expectancy of 70 years and an under-five mortality rate of 38/1,000 (World Bank, 2013). With 30% of the population between the ages of 15 and 29, over 100 million youth provide a substantial untapped pool of ingenuity and talent. This educated, young, smart and resilient population of MENA is one of its greatest resources, providing immense opportunities for growth and development.

However, providing this “Youth Bulge” with the economic prospects and opportunities that they need to survive and thrive during their most productive years remains one of the region’s greatest challenges (Sayre and Constant, 2011). Across MENA, youth unemployment rates have reached 25%, the highest in the world. Young unemployed males in the region spend at least two years looking for work, while women will sometimes spend three years or more (World Bank, 2014).

Besides unemployment, 23% of the population are living under \$2 a day (United Nations Development Programme, 2011) and inequalities in income distribution have resulted in increased feelings of indignity, frustration and discontent among the youth in the region, fuelling the revolutionary spirit and their gloomy aftermath.

The latest conflict in Syria, for example, continues to spill over into neighbouring countries such as Lebanon and Jordan, which have taken on the largest influx of Syrian refugees and find themselves dealing with the associated pressures on their infrastructure, public health, labour, education and security, all of which are aggravating an already delicate economic, social and political balance.

It is estimated that 1.5 million Syrian refugees reside in Lebanon, making up approximately 30% of its population, resulting in spikes of poverty and continued security breaches that are threatening civilian life and any hope of economic prosperity. Jordan has seen an inundation of over 800,000 refugees since the war began. Iraq too is housing many displaced Syrians while it continues to struggle with the shaky political foundation left behind after nine years of war and US involvement in Iraq, which ended in 2011 (UN High Commissioner for Refugees, 2014).

Creating productive employment opportunities continues to be an immense challenge for the region as a whole, with current unemployment rates generally higher than during the pre-revolutionary period (Kadri,

2011). As a result, in what is being dubbed the “Arab Winter”, governments of the mid- and low-income countries in the region are struggling to meet basic social needs.

The rise of the sustainable enterprise provides a potential avenue for much-needed change and hope for introducing solutions to a multitude of complex social and environmental problems that plague the region at this particular juncture.

Trends

Sustainable enterprise is a new and growing trend in MENA. Starting at the turn of this century, various social entrepreneurs were recognized, with Ashoka introducing its own fellows from the Arab world in 2003. Sustainable enterprise offers hope for innovation in the social sector, by bridging the gaps between the public, private and non-profit sectors. Nevertheless, several obstacles constrain the development of the social enterprise sector in MENA.

One challenge is that there is very little integration and coordination among MENA governments. In general, these countries do not have shared government policies or regional legislative initiatives on any issues related to sustainable business. Even at a national level, most of the governments in this region have not yet developed any specific policies or legislation to encourage sustainable business. One exception in the region is Israel (Gidron and Yogev, 2010), where the government announced its intention to launch a social business investment fund in 2013.

The social enterprise movement in the region is growing mainly through support by foreign governments such as the USA and the countries of the European Union, employing various international agencies such as USAID and the British Council. Ashoka and the Schwab Foundation for Social Entrepreneurship are also influential organizations across the region.

A regional study on social enterprise reported that most Middle Eastern countries do not allow for “flexible and inclusive” types of organization (Wolfensohn Centre for Development *et al.*, 2010). Hence, most social businesses or eco-enterprises in the region are required to register as for-profit companies, with no special privileges or allowances that distinguish them from other profit-seeking entities (Abdou *et al.*, 2010). This is related to the fact that many countries in the region do not have laws that support

risk-taking and innovation. For example, the bankruptcy laws penalize companies for failure and could dissuade social entrepreneurs (Abed and Davoodi, 2003).

The tax policies of countries in MENA are also not particularly conducive to the development of social enterprises. Most for-profit organizations in the region are subjected to a blanket tax, which means that all profit is taxed in the same way, irrespective of any social or environmental benefits. For example, Fair Trade Egypt is legally registered as a for-profit enterprise to ensure its ability to respond to market demand and to be able to export and receive foreign currency in a timely manner. These are all activities that it would be greatly limited or restricted from pursuing if it were registered as a non-profit organization. However, being taxed as a for-profit company limits its impact, as the objective of a fair-trade organization is to maximize distributions to low-income producers.

Despite the unsupportive policy context, social entrepreneurs continue to proliferate across MENA, with Egypt accounting for 39% of social entrepreneurs and social businesses in the region, followed by Palestine (22%), Jordan (17%) and Lebanon (15%) (Hoogendoorn and Hartog, 2010). Social businesses seem to be enjoying a shy presence in countries such as Saudi Arabia and the UAE, with numbers barely reaching the 3% and 2% respectively.

The efforts of these social entrepreneurs are spread across numerous sectors, particularly education (24%), health (22%) and social justice and human rights (22%). Other efforts can be found in civic engagement (15%) and the rural development sector (10%) (Hoogendoorn and Hartog, 2010). An analysis of the Ashoka, Synergos Arab Social Innovators, Skoll and Schwab Foundation websites suggests that males constitute 66% of social entrepreneurs in the region.

Case studies

Cairo-Amman Bank (Jordan)

The Cairo-Amman Bank is a full-service bank in Jordan and the Palestinian territories, with a head office in Amman. The bank promotes itself as a champion in support of the local community and low-income customers. One programme is building on a partnership with the UNHCR that began during the Iraqi refugee crisis. Now, the UNHCR is working with

Cairo-Amman Bank to provide cash-based assistance to some 75,000 Syrians living outside camps. UNHCR collects biometric information, including iris scans, as refugees are registered, using technology developed by a Jordan-based firm, IrisGuard. Cash assistance is distributed using specialized ATMs installed in over 100 locations across Jordan which require only an iris scan. The system not only prevents fraud and multiple registrations, but also avoids problems around the loss of cards and pin codes. The technology could also offer innovative ways for monitoring the distribution, movement and needs of vulnerable populations.

Cedar Environmental (Lebanon)

Cedar Environmental is an environmental waste management organization whose mission is to build community facilities that recycle waste into new forms of usable products. Cedar Environmental was founded by environmental and industrial engineer Ziad Abi Shaker, a social entrepreneur with a passion for achieving a zero-waste society. Besides waste management and recycling plants, the company is also involved in rehabilitation of industrial land and support for organic farming. Through its research and development, Cedar Environmental has succeeded in developing various ways to improve the treatment of waste. For example, it developed recycling plants to produce organically certified fertilizers from organic waste, and innovated a new technology to transform plastic bags into panel boards for outdoor use, thereby replacing wooden and steel panels.

Another Cedar Environmental initiative is around finding a use for Lebanon's green and amber bottles that have been piling up in landfills since the 2006 War in Lebanon, when the only glass manufacturing facility in Lebanon was destroyed. By partnering with a local glass blowing institution, The Khalife Bothers from the southern coastal town of Sarafand, Cedar Environmental was able to transform the used bottles into simple glass products that could appeal to urban tastes in Beirut. By doing so, not only has Cedar Environmental revived the country's glass blowing artisan-ship, a trade that had been passed down across generations for hundreds of years, but also diverted beer bottles from Lebanese landfills and put them to good use (Anderson, 2013, 2014).

ConnectME (Palestine)

ConnectME is a social enterprise established to support the sustainable development of economies in transition in Palestine and the wider

MENA region. It has a strategic focus on the incorporation of youth and women into the social, economic and political fabric of MENA societies. To this end, ConnectME engages Palestinian and Arab Diaspora communities to support regional economic initiatives such as entrepreneurship programmes, and creates partnerships between international public and private entities and their Arab counterparts. ConnectME also strengthens relationships among the region's businesses, societal groups and governments. As a woman owned and founded enterprise, ConnectME incorporates a distinct understanding of economic development. It aims to increase the participation of all citizens in the region, closing the gender gap and empowering women by developing their capacity for leadership and providing them with opportunities for innovation.

Landmark Hotel (Jordan)

Landmark Hotel is one of the more sustainable hotels in the region. After an extensive stakeholder engagement process and revisiting their value chain, they identified three strategic areas: employees, environment and the supply chain. Landmark Hotel has invested in extensive training programmes to encourage employees to advance their knowledge. As a result, they have one of the lowest turnover rates in the industry, with associated savings in recruitment and retention costs. The hotel undertook an in-depth energy audit and identified various ways to reduce their energy consumption, use renewable energy, manage their waste and increase employee awareness to ensure their commitment to the programme.

The hotel held several workshops with their suppliers to identify ways to improve their relationship and be more sustainable in the process. One successful initiative as a result was with a fruits and vegetables supplier. They struggled to provide the hotel with the necessary products fast enough due to a lack of packaging material. As a result, the hotel changed their process and invested in more sustainable packaging, which is rapidly returned to the supplier to be reused.

Liliyot Restaurant (Israel)

This culinary establishment has developed an important social programme to rehabilitate youth at risk. Specifically, it trains and employs around 15 high school dropouts every year, allowing them to learn a skill that can earn them a decent living. The youth are taught, trained and employed for a period of up to 18 months, receiving support from qualified professionals,

including a social worker, over this time period. The restaurant partners with Elem, the Organization for Youth at Risk in Israel, to make this programme a reality. The initiative was further expanded when Liliyot opened a bakery, allowing the restaurant to take on more young people and also teach them new skills. The programme participants receive full salaries and are expected to meet the same high standards as all employees. A study by the Bar-Ilan University in 2008 found that the participants in this programme ended up in better life circumstances than peers who were not at Liliyot, thus demonstrating the importance of this small but effective initiative in Israel.

Nahdet El Mahrousa (Egypt)

Nahdet El Mahrousa aims to empower the ideas of young Egyptian professionals to create new, innovative initiatives that lead to real, impactful social change. Nahdet El Mahrousa is the first incubator of early stage social enterprises in the Middle East and the region. It is also one of the few in the world incubating young social entrepreneurs at the conception or idea stage. Since its founding, Nahdet El Mahrousa has incubated over 40 social enterprises in areas such as youth development, education and employment, health services, environment, scientific advancement, arts and culture, and identity.

Nahdet El Mahrousa's social entrepreneurs currently reach and impact approximately 50,000 individuals in Egypt annually. Considered a hub for young Egyptian professionals, it is the first incubator of innovative social enterprises in Egypt and the region. It has several successful programmes and partnerships. Among its flagship incubated social enterprises is Egypt's first public university-based Career Development and Entrepreneurship Office in Cairo University and the Young Innovators' Awards which supports research and development across Egypt's public universities. Other incubated social enterprises and organization-wide partnerships cover topics such as civic engagement, tolerance, peace education and public health.

Sarah's Bag (Lebanon)

Sarah Beydoun, founder and creative director of Sarah's Bag, was born and raised in Lebanon. She belongs to a generation of Beirut-based designers who came of age after the country's 15-year civil war (1975–90) and who contributed towards rebuilding the city's cultural life through their work in various creative industries, including jewellery, furniture design, haute

couture, artisanal products, fine arts and the performing arts. In 1999, Sarah became involved in volunteer work at Dar Al Amal, rehabilitating former prostitutes and ex-convicts and helping them to reintegrate into society by teaching them skills and improving their literacy. After a few months at Dar Al Amal, she came up with an idea that combined her interest in bettering the lives of underprivileged women with her love for fashion.

Thus in 2000, Sarah's Bag was conceived as a means of employing disadvantaged women to produce artisanal products. Sarah believed that these women, who suffered deeply from economic deprivation and the stigma of having served time in prison, could learn valuable skills that would generate a reliable income and become a source of pride, dignity and empowerment. After years working from prison, several of the inmates Sarah had trained were released and she encouraged them to continue working for Sarah's Bag. The enterprise is on track to becoming a leading accessories house in the Middle East, infusing fashion with cultural designs and a social conscience. Her mission is to design and locally produce creative items that bridge Arab tradition with modern (Western) trends, all while working with disadvantaged women in Lebanon (American University of Beirut, 2011).

Further resources

CSR Watch: Jordan – An online stakeholder-driven platform that aims at enhancing the practice of CSR in Jordan through disseminating CSR knowledge and coordinating public coalitions for CSR advocacy across all sectors in Jordan.

Dubai Chamber Centre For Responsible Business (CRB) – Established in 2004, the CRB assists members of the Dubai Chamber and the rest of the business community in adopting responsible business practices.

Egyptian Corporate Social Responsibility Centre (ECRC) – As the focal point for the local network of the UN Global Compact, it offers a wide variety of services that supports the members to implement and adopt sustainable practices within the framework of the Global Compact.

Oman Green Building Council – A non-profit, non-governmental organization established in 2012 with the objective of promoting the green building concept and principles.

Qatar Foundation – A private, non-profit organization that aims to serve the people of Qatar by supporting and operating programmes in education, science and research, and community development, and striving to nurture the future leaders of Qatar.

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Sub-Saharan Africa

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Regional context

The sub-Saharan Africa (SSA) region refers to the area of the continent that is to the south of the Sahara desert and is commonly referred to as Africa. The region comprises of 47 countries. The population of SSA is approximately 936 million in 2013, according to the World Bank (2013). About 57% of the population is Muslim, 29% is Christian and 13% follow African traditional or indigenous religion. Life expectancy at birth in Africa is 56 years old. The African population is predominantly rural, with 37% of the population living in urban areas. The opportunities in the cities have led to migration away from rural areas, resulting in overpressure on urban infrastructure, as well as higher competition for jobs that are in low supply, and a decline in rural areas.

SSA has struggled to shake its label as the “dark continent”, associated with its past woes of military coups, political crises, security crises and religious tensions. Yet the narrative on Africa is changing to the “rising

continent”. Between 2001 and 2008, Africa was among the fastest growing regions in the global economy, and the growth of the continent was not significantly impacted on during the last global financial crises, in part due to the underrepresentation of African businesses in the global economy, and the large informal economy in Africa. The Gross Domestic Product (GDP) of the continent has maintained an average growth rate of about 5.3% in the last five years and is set to rise to 5.8% in 2015, according to the IMF.

However, GDP only tells a part of the story, and the continent continues to face developmental challenges associated with poverty, poor infrastructure, lack of education and health pandemics, such as the recent Ebola crises in West Africa which revealed the dire state of health infrastructure on the continent.

The sociopolitical environment has also changed, with 2014 marking 20 years since apartheid was abolished in South Africa. This reflects a broader trend to democratize the continent, with multi-party elections and less political tension during election periods. This relative political stability and change in the economic narrative of the continent has resulted in a focus on businesses as an instrument of development. This is a marked shift from the developmental focus of the past century that was heavily reliant on aid. Now, we see the rise of the “Afripreneur” – a new breed of inspired, young entrepreneurs who want to change the African narrative.

As a result, we see the emergence of innovation centres across the continent, such as the booming technology hubs in Kenya and Nigeria. Gradually, these African enterprises are also beginning to weave sustainability and social responsibility through their organizations by incorporating environmental, social and governance (ESG) philosophies. The triple-bottom-line approach has also been supported by many international organizations operating in Africa. Hence, we can say that there is great potential, but the focus on sustainable enterprise is still nascent.

Priority issues

The priority issues in Africa include a wide range of developmental challenges such as poverty, hunger, income inequality, unemployment, corruption, human rights, infrastructure, gender equality and environmental protection.

Poverty remains an enormous challenge for SSA. In 2011, the World Bank estimated that 48.6% of people in SSA are living in poverty (World Bank, 2015). Poverty links closely to hunger, with the two often coming hand in hand, and the statistics for hunger are worrying. The United Nations Food and Agriculture Organization estimates that about 805 million people of the 7.3 billion people in the world, or one in nine people, suffered from chronic undernourishment in 2012–14. In SSA this was about 23.8% of the population (FAO, 2014).

With regards to income inequality, according to the African Development Bank (2012), in addition to being one of the poorest regions in the world, Africa is also the world's second most inequitable region after Latin America. Inequalities have not diminished over time. In 2010, six out of the ten most unequal countries worldwide were in sub-Saharan Africa, and more specifically in southern Africa.

Closely linked to income inequality is unemployment. According to the ILO (2015), unemployment in SSA was at 7.7% in 2014 and is expected to remain stable through to 2018. However, this figure does not capture the workers in the informal economy, which comprise a significant portion of the economy. In addition, the quality of available employment and the nature of jobs, remain a concern.

High levels of poverty and hunger are often hindered from improving due to the high levels of corruption in SSA region. Transparency International (2015) argues that corruption hurts the daily lives of SSA people as majority of African countries still have endemic levels of corruption.

Notwithstanding the priority issues highlighted above, there remains optimism that with improved infrastructure and development, SSA will be able to tackle its developmental challenges. While there have been investments in infrastructure, the continent still has some way to go. Some cities such as Johannesburg and Kigali have been commended for the world-class standards of their infrastructure. The African Development Bank (2011) calculates that sub-Saharan Africa will require sustained spending of about \$93 billion per year to improve the current infrastructure problems.

In terms of the environmental protection as a priority issue, it is vital to protect SSA's environmental sustainability. According to the World Bank, significant climate and development impacts are already being felt in some regions. These include extreme heat waves, sea level rise, more severe storms, droughts and floods. These environmental issues will have the most severe negative implications for the poorest (World Bank, 2013).