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منشآت
monsha'at
الهيئة العامة للمنشآت الصغيرة والمتوسطة
Small & Medium Enterprises General Authority

SOCIAL ENTREPRENEURSHIP:

PROFIT WITH PURPOSE

Inside:

- › Filling the gap between philanthropy and for-profit firms
- › The social entrepreneurship landscape in Saudi Arabia
- › Launching and generating profits as a social enterprise
- › Key interviews from experts and entrepreneurs

DOING GOOD, DOING WELL

THE DUAL MISSION OF SOCIAL ENTREPRENEURS

From philanthropy to commercial firms, where do SEs fit?

Social Entrepreneurship (SE) is situated between charity and philanthropy, on one hand, and traditional profit-seeking companies, on the other. By creating entities that are financially sustainable but serve social goals or ends, SE seeks to combine the best of both worlds.



SEs apply commercial strategies to maximize social and environmental wellbeing by prioritizing sustainability, encouraging collaboration, engaging stakeholders, and tracking their impact. In addition to answering demand for goods and services that often goes unmet by purely profit-seeking enterprises, they generate job opportunities in diverse economic segments, and provide solutions to challenges facing society.



Social services

SEs are often better able to provide healthcare, childcare, elderly care, social aid, and microfinance solutions



Local development

SEs are good at serving consumers in socially and geographically marginalized areas such as rural areas



Culture, entertainment

SEs support important cultural and recreational activities such as sports, arts, and culture



Environment

SEs can develop and implement clean energy solutions, support recycling and waste management initiatives, and create eco-friendly products and services



Education

In a sector historically led by non-profits, whether it's a wakf "charitable endowment or trust" or a charitable foundation, SEs play a critical role in providing high-quality education in addition to offering inclusive educational opportunities for individuals with special needs



Agriculture & food security

SEs excel at sustainable farming, supporting small-scale farmers and improving access to food through organic farming, fair trade and waste reduction



Housing

SEs in the housing sector frequently offer affordable and sustainable housing options for low-income individuals, provide shelter for the homeless, and contribute to community empowerment

SOCIAL ENTREPRENEURSHIP UNDERPINNED BY ESG & THE SDGs

ESG: Incorporating sustainability and responsible business practices

Environment, Social, and Governance (ESG) is a global effort pioneered by the UN to encourage public and private sector actors to prioritize the sustainability and ethical impact of their investments. It has since morphed into a wider ethos that encourages companies to incorporate ESG into long-term decision-making, creating more responsible business practices. As a result, ESG considerations are central to structuring and running a successful SE, too.



Improved risk management

ESG factors provide investors with insights into the long-term sustainability and resilience of a company by assessing its environmental, social, and governance risks



Better brand value & long-term value creation

Companies with strong ESG performance build better reputations and create more long-term value since consumers are increasingly ESG-conscious



More sustainable investing

ESG factors have become crucial for investors who prioritize sustainability. ESG criteria enable companies to align their investment practices with their values in terms of environmental impact, employee relations, and corporate governance practices

SDGs: Aligning with national & global goals for sustainable development

Sustainable Development Goals (SDG) are 17 targets set by the UN in 2015 to end poverty, protect the environment, and ensure as many people enjoy peace and prosperity as possible by 2030. Areas of focus are climate change, hunger, migration, inequality, sustainability, and inclusive growth.¹



[Click here](#) to discover more about the Kingdom's progress on the Sustainable Development Goals

Aligned with the UN's SDGs, Vision 2030 has implemented impactful initiatives like the National Transformation Program (NTP), fostering collaboration across sectors. These efforts not only contribute to the achievement of the SDGs but also create a favorable environment for social entrepreneurship in Saudi Arabia.

By focusing on SDGs related to well-being and climate action, such as through programs like the Social Insurance Program and the National Environmental Strategy, the Kingdom supports the development of socially and environmentally conscious SMEs. Through Vision 2030, Saudi Arabia is paving the way for social entrepreneurship to thrive, enabling entrepreneurs to contribute to the Kingdom's sustainable development while addressing societal and environmental challenges.²

Eman Alhajji

Founder and President,
Saudi Youth for Sustainability



- ▶ Saudi Youth for Sustainability (SYS) is a youth-led national organization that aims to empower and connect young leaders to drive positive changes towards a sustainable future.



Can you tell us about the inspiration behind starting Saudi Youth for Sustainability, and how you created a platform for young changemakers in the Kingdom?

On a basic level, my inspiration came from being a curious and impact-driven person who enjoys living in harmony with and empowering others. Nonetheless, the spark started in 2019 when choosing electives toward my PhD in Materials Science and Engineering at King Abdullah University of Science and Technology (KAUST). Two classes, one in sustainable engineering and another in energy and the environment, awakened me to the urgent realities in the world.

When Dr. Ana Margarida, the head of sustainability at KAUST, organized a workshop called 'Let's Talk about Sustainability' in 2019, I saw it as a chance to stop complaining and start embracing change. I was truly fortunate to then meet a very diverse group of people committed to change, who bonded in a respectful, transparent, and dynamic manner. The first sustainability organization was then born with me being the founding president. Despite the difficulties of the pandemic, our collective efforts made us more resilient. Before long, we were the most active student organization on campus.

Buoyed by this success, we established SYS as a youth-driven national organization with the aim of connecting with other young changemakers to develop novel approaches to tackling persisting critical issues and initiate an empowerment hub that will unite our forces to achieve Vision 2030 and the Kingdom's sustainable development goals. Our initiatives include programs dedicated to developing leadership, sustainable consciousness, energy awareness, and a program dedicated to holding special talks and annual conferences.

How does SYS identify and select the critical issues that need to be addressed, and can you provide some examples of challenges you have tackled and approaches you have taken to do so?

We identify critical issues by connecting the unconnected and collectively reflecting on the journey. During our inaugural Thriving Together conference, for example, we prepared a white paper and published it in tandem with the Saudi Green Initiative and COP27 for the leaders and policymakers of the Kingdom. We plan to continue raising the voice of the Saudi youth every year. Moreover, every three months, we meet with leaders of over 15 social groups from all over the Kingdom to exchange challenges and opportunities that young changemakers face in mobilizing support for their solutions. Our missions at SYS are carefully articulated from youth experience and experts in the field, which helps us design dynamic programs capable of adapting to the needs of our rapidly changing world.

Advocacy plays a crucial role in bringing about sustainable development. How does SYS engage with policymakers to raise the voices and demands of the younger generation?

We enable youth and policymakers to establish effective synergies that unlock potential by hosting intergenerational dialogues and increasing the presence of Saudi youth in national and international meetings. In a global context, we still have a long way to go to grant our youth access to bigger decision-making processes, and not just a seat in roundtables. That being said, I am very thankful to have served as the youth engagement lead for the Global Sustainable Development Congress and for having contributed to giving our amazing Saudi youth the stage to share their perspectives and actions with the world.

THE SE LANDSCAPE IN SAUDI ARABIA

Saudi Arabia has a nascent but growing SE sector. While there are more non-profits than income-generating social enterprises, a growing number of civil society organizations are making efforts to improve healthcare, education, housing, culture, entertainment, and sports across the Kingdom.



Twentyfold

increase in volunteering
between 2015-2021³



2.5%*

of GDP to be
generated by high-
impact SEs by 2030⁴



250,000*

jobs to be created by SEs
by 2030⁵

*PWC estimate



GET INSPIRED! MODELS TO BUILD UPON

If SEs command more attention than ever, it's not because they're novel. Many of their best models have been thriving for decades across the world, while others have more recently gained widespread recognition.



1
**Benefit corporations
(B Corps)**



2
Cooperatives



3
**Microfinance
institutions**



4
Fair trade



5
Social franchising



6
**Social impact
bonds (SIBs)**



7
**Community Interest
Companies (CICs)**



8
**Social enterprises
within non-profits**

Three of the most financially successful forms of SE over the last half century have been benefit corporations, social cooperatives, and microfinance institutions, each of which have produced companies and organizations with global brand recognition.



Benefit Corporations (B Corps)

For-profit companies that meet rigorous social and environmental standards by balancing financial goals with a strong commitment to generating public benefits.



Social Cooperatives

Cooperative enterprises that are owned and operated by their members, often disadvantaged or marginalized, offering them support services.



Microfinance Institutions

Financial services such as loans and savings accounts for low-income individuals and entrepreneurs who lack access to traditional banking that reduce poverty and boost economic development.

Mohammed Alkhalid

Founder, NABATIK



- › Nabatik is an environmental startup that aims to make the Kingdom green and contribute to offsetting carbon emissions by digitizing tree planting efforts in an inclusive and sustainable manner.



What inspired you to start NABATIK?

Nabatik, an environmental initiative dedicated to transforming the desert landscapes of Saudi Arabia, was inspired by a simple yet poignant childhood memory. At seven, my father and I planted a seedling in an arid city lot. Many years later, I found myself standing in the shade of a towering tree that had sprouted from that tiny seedling. This experience taught me the power of patience and persistence and sparked an audacious idea: what if every one of us had planted a tree decades ago? How different would our world look today? This epiphany was the seed that eventually grew into the environmental startup, Nabatik.

My professional background as a mechanical engineer seems starkly different from this burgeoning passion for greening the desert. By day, I contributed to industrial progress at a gas plant, but at night, I became an environmental soldier, balancing the impacts of my day job by planting trees. Despite the skepticism and challenging Saudi environment, the shared vision and support from my co-founder, Dr. Mohammed Alshaikh, transformed the dream of Nabatik into a tangible reality. We found our catalyst in the Saudi Green Initiative, an ambitious platform that helped us launch our mission.

Nabatik is, however, more than simply a startup; it is a movement aimed at creating ripples of change, one tree at a time. We have successfully planted thousands of trees, defying the harsh desert conditions, and bringing about a remarkable transformation within the Kingdom. This journey is underpinned by our enduring belief in patience, resilience, and the power of consistent good deeds.

As a social entrepreneur, what challenges have you faced in implementing Nabatik's environmental solution, and how have you overcome them?

Translating the vision of Nabatik into reality was not without challenges. The novelty of our concept presented

a paradox. On one hand, being pioneers in this space gave us the freedom to innovate. On the other, the lack of existing benchmarks meant we were charting an unfamiliar path, often learning as we went along. In addition, Saudi Arabia's arid climate posed a significant challenge for large-scale afforestation, making the process daunting and costly.

To address these hurdles, we conducted rigorous research and collaborated with environmental experts to identify native species capable of thriving in the desert climate. We then created a cost-effective methodology to plant and nurture these trees, ensuring our efforts were sustainable and effective.

How did you promote inclusivity and accessibility in your tree planting initiative, and what was its impact on society?

As an integral part of our mission, we strive to embody the three pillars of sustainability: environmental, social, and economic. We have consciously aligned our tree-planting initiative with several United Nations' Sustainable Development Goals, primarily focusing on climate action, life on land, and sustainable cities.

To promote inclusivity, we have organized community tree-planting events, and collaborations with businesses, creating opportunities for a wide range of demographics.

To enhance accessibility, we leverage technology through a platform that allows individuals to track the progress of their planted trees. This interactive approach fosters a deeper connection to our environmental mission and empowers the community to play an active role.

The societal impact of Nabatik has been far-reaching and multifaceted. It has not only heightened environmental consciousness but also promoted unity, creating a collective understanding that sustainability is not solely about the environment, but also about building an inclusive, prosperous society.

Dr. Meshal Harasani

Founder, Tarteel



Tarteel



► Tarteel is a Saudi tech-focused startup based on improving the lives of those with special needs. Its first innovation was an electronic Quran designed to help the world's 8 million blind Muslims.

What advice do you have for social entrepreneurs seeking to leverage socially impactful opportunities while ensuring financial viability?

Many people are keen on implementing projects that serve society but that lack financial returns and thus do not achieve sustainability. Others are adamant about business projects that maximise returns. However, you can do both. That said, if you want to be able to achieve both financial returns and socially positive outcomes, you need confidence and an innovative mentality. At Tarteel, our priority has always been to work on what we believe in and to serve society, with profitability working to support this.

How do you ensure that the technological advancements you develop for people with disabilities remain inclusive and accessible?

At its core, Tarteel is dedicated to innovation. Our first task was to help the blind. Over a period of two years, we took on the challenge and worked on transforming a challenge into an opportunity. To do so, we developed a smart new technology that enables blind people to recite the Holy Quran digitally using the "Braille" method. In the end, our new technology was able to help the world's 8 million blind Muslims read the Holy Quran themselves.

Just like in any sector, true innovation entails numerous challenges, with entrepreneurs often encountering unforeseen circumstances. For example, the pandemic posed a significant threat to many entrepreneurs in certain fields while creating opportunities in others. In all areas of business, especially in technology, we must always expect the unexpected. At Tarteel, we have embraced this challenge.

How has Vision 2030 fueled your growth, and how do you envision your future expansion?

Our first idea originated after the launch of Saudi Vision 2030 and was aligned with its chief goals. Placing a significant emphasis on social service, entrepreneurship, and innovation, it also prioritized serving individuals with special needs. By encompassing all these aspects, our project is perfectly aligned with achieving several of the Kingdom's most socially worthy aims. By 2030, our aim is to achieve global recognition and serve the world through our innovation. Saudis have shown themselves to be very talented across a wide range of sectors, from art and science to sports and entertainment. The scope for homegrown innovation in all of these sectors is significant.

Right now, there are a great many opportunities for entrepreneurs and innovators to enter and excel in social entrepreneurship. In addition to Vision 2030 and its ambitious aims for entrepreneurship, social services, and care for individuals with special needs, support for entrepreneurs from organizations such as Monsha'at are opening doors that encourage creativity, innovation, and entrepreneurial achievement.

Having been a Monsha'at beneficiary myself, I know how real the opportunities can be. In 2019, I took second-place in the Ibtikar Awards, which inspired me to start this project. With the financial prize, I developed the initial prototype and model for the digital Braille Quran. Then I established the company and launched the product. Additional awards, such as the Esameyoon Initiative which we were fortunate to recently win, also provide significant moral support to entrepreneurs. Whenever we're in the face of seemingly insurmountable challenges, these boost our strength along with our determination, passion, and ability to achieve our dreams.

GENERATING PROFITS IN SE

From ideation to minimum viable product (MVP) to scale

Social enterprises can be launched much like a traditional company. They require a good idea, a viable mission, a strong business plan, a good team, sufficient funding, and a constant feedback and product or service improvement in order to succeed. Although it can be a delicate challenge to balance profit with social mission, SEs also have a wider range of funding sources and greater customer loyalty than traditional for-profit firms.

1

Identify issue and define mission

Determine the social or environmental problem you want to address and outline the specific impact you intend to achieve.

[Click here to visit the SME Business Center](#)

2

Market research and business plan

Assess market demand for your product or service, understand the needs of your target audience, and develop a business plan that specifies your social impact.

3

Choose a legal structure

Select a legal structure that aligns with your mission and business goals.

4

Build a team

Assemble a team of dedicated individuals who share your passion for the mission. Find individuals with diverse skills, including expertise in operations, marketing, and finance.

5

Develop product or service

Focus on quality, affordability, and the unique value proposition that sets you apart from competitors. Incorporate sustainable and ethical practices into your operations.

6

Secure funding

Prepare a compelling pitch deck and business case to secure funding through a diverse range of options.

[Click here to visit the SME Bank's website](#)

7

Form partnerships

Cultivate relationships with key stakeholders, including community organizations, corporate partners, and other nonprofits to leverage resources, expertise, and broader networks.

8

Launch and iterate

After launching, continuously evaluate impact, monitor financial performance, and seek feedback from customers and beneficiaries. Adapt and iterate strategies based on lessons learned.

9

Measure and communicate impact

Use evaluation tools to track your progress in achieving social and environmental impact, and communicate the impact to stakeholders and community.

10

Scale and expand

Upon demonstrating viability and impact, explore opportunities for scaling such as new locations, expanding product or service offerings, or forging new partnerships to reach a larger audience.

[Click here to visit the Franchise Center website](#)

UNDERSTANDING SOCIAL IMPACT INVESTMENT

As rapidly growing investment vehicle SEs can target a wide variety of social impact investment opportunities, from microfinance and renewable energy to affordable housing, small business development, and sustainable agriculture. Below are some of the key investment areas.



Socially Responsible Investing (SRI)

Investing in companies or funds that demonstrate strong ESG practices.⁶



ESG Integration

Evaluating a company's carbon emissions, labor practices, board diversity, or supply chain sustainability.⁷



Negative Screening

Excluding certain industries or companies from one's portfolio, i.e., companies involved in tobacco, weapons manufacturing, or other activities deemed harmful.⁸



Impact Funds

Funds dedicated to generating positive social impact alongside financial returns, e.g., companies or projects dedicated to renewable energy, affordable housing, education, or healthcare.⁹



Green Bonds

Fixed-income instruments used to finance environmentally friendly projects such as renewable energy installations, energy-efficient buildings, sustainable agriculture, or clean transportation.¹⁰



Community Development Finance Institutions (CDFIs)

Provide affordable financial services to underserved communities by focusing on needs such as affordable housing, small business development and job creation.¹¹



Sustainable ETFs

Exchange-traded funds (ETFs) are a portfolio of stocks or bonds that allow investors to gain exposure to a diversified set of socially responsible investments in a single investment vehicle.¹²



Social Impact Bonds (SIBs)

Innovative financial instruments in which investors provide upfront capital to support a social intervention, the success of which determines the financial return the recipient receives.¹³



Renewable Energy

Investing in renewable projects such as solar, wind, or hydroelectric power is a popular form of impact investment that helps reduce carbon emissions and promote the clean energy transition.



CROWDFUNDING PLATFORMS SUPPORT SE AND SME INVESTMENT

Saudi Arabia has more than simply good ideas and strong policies. A number of important crowdfunding platforms are already making it easier for SEs to raise capital and launch the social enterprises of the future.

Manafa Capital



A key crowdfunding platform that provides debt and equity financing to SMEs worth up to SAR 7.5 mn through a crowdfunding model hosting diverse investors and financing ceilings¹⁴

Scopeer



An equity-based crowdfunding platform for startups and entrepreneurs to raise capital and connect with local and international investors with investment opportunities starting at SAR 1,000¹⁵

Raqamyah



A crowdlending platform licensed by Saudi Central Bank that uses innovative tech to connect small businesses with financiers to secure fast, affordable funding for their growth¹⁶

As financially sustainable businesses, social enterprises also enjoy access to both traditional and non-traditional sources of commercial funding.



Commercial banks



SME Bank



Nonbanking Financial Institutions (NBFI)

CREATING IMPACT AND SHARED VALUE, THE PATH TO 2.5% OF GDP

Social enterprises are key to Saudi Arabia's ambitious diversification programs. Boosting employment, increasing resilience, and supporting local economic development, SE is paramount to achieving Vision 2030.

Access to capital



Establish dedicated funds or financial mechanisms that provide affordable capital, grants, or loans specifically targeting at social entrepreneurs.

[Click here](#) to visit the SME Bank's website

Incubators & accelerators



Establish incubators and accelerators dedicated to SE to provide mentorship, guidance, workspace, and access to networks and resources.

Education & training



Develop education programs and training courses focused on social entrepreneurship.

[Click here](#) to visit the Monsha'at Academy's website

Networking & collaboration



Foster collaboration and networking opportunities among SEs, investors, public agencies, and other stakeholders through conferences, events, and platforms.

Social enterprise accreditation certificate



A national accreditation supported by the National Center for Non-Profit Sector, Monsh'at the Small and Medium Enterprise General Authority, and Arweqah for Social Enterprise.

[Click here](#) to learn more about the certificate

Public awareness campaigns



Launch public awareness campaigns to promote the concept of social entrepreneurship and highlight its benefits.



ABOUT MONSHA'AT

Established in 2016, the General Authority for Small and Medium Enterprises' (Monsha'at) chief objective is to organize, support, develop, and sponsor the SME sector in accordance with best global practices. In doing so, it will vastly boost private sector productivity and help increase SMEs' contribution to GDP from 20% to 35% by 2030.

Monsha'at deploys a wide range of initiatives that directly speak to the challenges that SMEs face in the market, with assistance being further broken down by company size and type. In addition to providing firms with critical administrative and technical support, Monsha'at also assists SMEs with marketing and human resources.



Vision

To transform the Small and Medium Enterprises sector into a vital pillar for economic development in Saudi Arabia and an enabler for achieving Vision 2030 and beyond



Mission

Support SMEs growth and competitiveness through building a supportive ecosystem and an entrepreneurial society, by driving the cooperation with our strategic partners in the public and private sectors and the non-profit sector, locally and internationally

Please visit www.monshaat.gov.sa for more information.



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