Dr. Ayman El Tarabishy
The George Washington University

IN PARTNERSHIP WITH:
HOW THE COURSE CAME TO BE

Although it has come to prominence in recent years, social entrepreneurship has a long history. The first social enterprise in England was established in the 1840’s in Rochdale, Lancashire as a workers’ cooperative to provide high-quality affordable food in response to factory conditions that were considered to be exploitative.

Yet, is the social enterprise of 1840 like the one of 2014? GWSB DC Social Entrepreneurship Experience was set to investigate. In an effort to understand and support social entrepreneurship capacity building efforts in the MENA region, The George Washington University School of Business (GWSB) partnered with Nile University (NU), UNDP Egypt, and the Egyptian Corporate Responsibility Center (ECRC) Global Compact Egypt Local Network to develop a collaborative course program entitled “Egypt: Social Entrepreneurship that Matters”.

This graduate-level business program examined and showcased the application of social entrepreneurship in Egypt from a cross-university perspective, integrating courses offered by GWSB and NU, through joint lectures from experts from the US and Egypt into an educational Study Tour in Washington, DC in March 2014.

During the intensive Washington DC based course, Dr. Tarabishy invited prominent speakers and organized events for students from the US and Egypt to inside and outside classroom experiential learning modules. The Egyptian Ambassador, Mr. Mohamed Tawfik, welcomed the new class from Egypt and stressed the importance of collaboration between both countries. Mrs. Nahla Zeitoun, Assistant Resident Representative Poverty Team Leader - UNDP Egypt, presented a case definition of social entrepreneurship in Egypt. Social Enterprise and Impact Investment discussion was presented by Coordinator, Sherine El Shorbagi – National Egyptian Corporate Responsibility Center Global Compact Egypt Local Network. The Role of Innovation & Entrepreneurship, was presented by Jim Clifton, CEO of GALLUP. Nile University – A Case for a Social Enterprise University Guest Speaker: President and Provost, Dr. Tarek Khalil, Nile University was a key lecture in the module.

At the outset of the unique and innovative class, it was suggested that entrepreneurship and in particular social entrepreneurship, was experiencing a golden age. If the golden age of entrepreneurship is to have a lasting impact on society several puzzles and challenges need to be addressed. Notably we need to consider that entrepreneurship has costs and shortcomings as well as benefits. These issues were discussed in class under the title “Social Entrepreneurship That Matters.”
CASE STUDIES:

All Completed under the direction of Dr. El Tarabishy

Contributors

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SPRINGBOARD: EDUCATING THE FUTURE

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Introduction

Reputation of big business in America has hit new lows since the financial crisis of 2007-2008. A Gallup poll showed confidence in big business at a historic low of 16 percent in 2009, only slightly rebounding to 19 percent in 2011. The ratio of CEO pay average pay has skyrocketed from 42:1 in 1980 to 325:1 in 2010. Reactively, business schools across America have begun placing greater emphasis on teaching ethics and corporate social responsibility.

Academics such as Ed Freeman, Raj Sisodia, Jag Sheth, David Wolfe, and John Mackey, the CEO of Whole Foods, have laid the foundations of how admired companies profit from passion and purpose. Conscious Capitalism hopes to re-write the narrative of a greedy capitalist exploiting all parties to maximize shareholder value. A Conscious Capitalist believes in the power of capitalism and believes capitalism is inherently good; the flaws of capitalism mostly rest within the myth of profit maximization, shareholder orientation, short-term thinking and failures in leadership.

The core tenants of Conscious Capitalism are Higher Purpose, Stakeholder Orientation, Conscious Leadership and Conscious Culture. The belief is that companies who have these traits will endear themselves to their stakeholders and will outperform on the balance sheet while providing value to all stakeholders.

Conscious Venture Lab (CV Lab) embarks with a noble mission. It seeks to test these tenants in new ventures and to arm a new wave of entrepreneurs with the capital, connections, training and purpose their competition lack. While CV Lab is a business incubator, its aim is far greater than to produce profitable companies. CV Lab seeks to fundamentally change the way capitalism is practiced in America, by proving that conscious ventures outperform competition and encouraging new entrepreneurs to become conscious entrepreneurs.

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2 Mackey et al, 19.
Business Incubators

Business incubators, also referred to as “alternatives to MBAs,” are commonly associated with high-tech startups in Silicon Valley. However, these sorts of programs are popping up around the country as corporations, universities, and local entities help sponsor entrepreneurial centers. The common thread amongst most of programs is an exchange. Emerging businesses can receive workspace, mentoring, and an investment in exchange for a small stake in the venture. According to a Forbes analysis, Y Combinator, based in Mountain View, is the most successful business incubator in the nation based on various criteria including an equity valuation of program graduates. Y Combinator portfolio companies include Dropbox, Airbnb, and Reddit. The second most successful program is TechStars, which has five locations, produced 114 companies over five years, offers a mentor to entrepreneur ratio of 10:1, and accepts only 1% out of 4,000 applicants. Most firms go on to seek outside venture funding as well.

Within the business incubator industry is a subset of programs focused on social entrepreneurship. Well-known programs in the field include the international Impact Hub and Chicago’s Panzanee. CV Lab is modeled off Mac6, which was founded in Tempe, AZ in 2011 with a mission “to accelerate the growth of young companies who embody the four tenets of Conscious Capitalism.” Mac6 provides its “incubees” with a convertible debt note, workspace, including a manufacturing facility, and business support for nine-months in exchange for 5% in equity. Mac6 helps its firms achieve sustainable profits while also generating positive social change. In 2014, the S&R Foundation opened a social entrepreneurship incubator in Washington DC - not too far from CV Lab. The program will accept 16 businesses for a 12-16 month fellowship, including a four-month residency in a Georgetown Mansion.

Jeff Cherry, Executive Director of CV Lab & CEO of the Porter Group

Jeff Cherry is a staunch believer in “Conscious Capitalism,” and uses its foundation to guide his work in diverse fields. Over his career, he has served as a CEO, hedge fund manager, designer, teacher, and consultant. First as an architect, and later as a consultant, he learned the importance of a collaborative environment. Businesses should not solely focus on customers and products, but also employers, suppliers, and other stakeholders. If firms produce a good experience for its stakeholders and is focused on doing “doing good,” it will be more successful. Mr. Cherry consulted with David Wolfe and Raj Sisodia on Firms of Endearment, How World Class Companies Profit from Passion and Purpose.

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5 Ibid.


8 Cherry, Jeff. Personal interview. 17 Apr. 2014.
As Mr. Cherry puts it, “The current narrative, the one that tells us that capitalism is all about the money, has put us in a position where customers, employees, suppliers and even society at large are nothing more than inputs for the creation of shareholder value. We’ve moved so far from the true purpose of business -- that is producing something of value for society such that it creates a customer -- that we’ve had to come up with new phrases to describe money makers who also seek to positively impact humanity.”

As CEO of the Porter Group and Executive Director of CV Lab, Mr. Cherry advises firms on “conscious” business models. He has 25 years of executive leadership, and founded Lloyd Lamont Design, a strategic management, architecture, and technology consulting firm that was named one of the fastest private companies by Inc. magazine. Prior the Porter Group, he formed Concinnity Advisors, a conscious hedge-fund, and also worked for a multi-billion dollar hedge fund. He holds a BA and MS in Architecture from the Catholic University of America.

The Porter Group

The Porter Group was founded on the principle that firms that behave in an “ethical, responsible, and conscious” manner outperform their profit-driven competitors. It is based in Columbia, MD and provides consulting services to businesses on management, culture, and financing. It also connects private equity firms with socially responsible firms to invest in, offers M&A assistance, and provides public market research. The Porter Group’s mission is “to help business leaders and investors satisfy society’s yearning for a more humane form of capitalism.” It’s “vision is vision is the transformation of capitalism into a force for greater good.”

Conscious Venture Lab

CV Lab was founded in 2013 in Columbia, MD. It manages a venture fund to support newly established businesses with a conscious mission. It invests in firms that participate in its competitive six-month accelerator program, as well as other “conscious” funds throughout the country. CV Lab also provides resources to more established businesses, connects investors to new opportunities, and pairs entrepreneurs with experienced mentors. The framework was originally modeled off the successful Mac6 Conscious Capital Incubator in Tempe Arizona. CV Lab is a registered Maryland Benefit Corporation.

Values & Mission

What is a conscious entrepreneur?

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12 Ibid.
13 Cherry, Jeff. Personal interview. 17 Apr. 2014.
Conscious Venture Lab’s stated vision is: To develop companies and entrepreneurs who use the power of purpose to transform capitalism. We help build companies that create value for shareholders, respect our common bonds and elevate our humanity.

CV Lab’s goal is to fundamentally change capitalism by aiding the next wave of entrepreneurs by creating purpose driven companies that intend to increase stakeholder value. CV Lab hopes to find the next Whole Foods, Starbucks, Chipotle or TOM’s. Jeff Cherry believes those companies are successful not only because of a product mix that appeals to the customer, but also because of their stakeholder methodology helps enable them to be ventures that are lauded by their customers, investors, employees and communities.

When describing just exactly his definition of a “Conscious Entrepreneur,” Mr. Cherry paints a distinction from a conscious entrepreneur and a social entrepreneur.

> A conscious entrepreneur is bigger than a social entrepreneur. If we create enough conscious entrepreneurs than the distinction between a social entrepreneur and a regular entrepreneur go away. The focus then shifts to how do I provide more value to all of my stakeholders? A conscious entrepreneur tries to provide a Mutual exchange of value amongst all stakeholders. There are certain tenants to conscious capitalism that we believe in but at its heart that’s what we are looking to do, provide mutual exchange of value. Most people will say that’s what we do, but when push comes to shove they will say, we want to provide a mutual exchange of value just not this quarter.

CV Lab seeks to attain a paradoxical balance of a term it calls “Visionary Pragmatism.” It also aspires to be visionary in pursuit of creating purpose driven ventures and pragmatic in the sense that it realizes regardless of how noble the purpose they must obtain profits to exist as profit entities. The ultimate goal is to change the face of capitalism by maximizing value for all stakeholders.

“As we collectively decide whom we are going to work for, buy from, partner with and invest in, every company -- whether you're making forks or solving the water scarcity problem -- will need to find ways to elevate the humanity of all their stakeholders. The alternative is to run the risk of alienating customers, losing their best talent and seeing their cost of capital increase over time.”

The phrase “Triple Bottom Line” (TBL) is attributed to John Elkington in his 1997 book *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Mr. Elkington has succinctly described the concept of TBL with the phrase “People, Planet, Profit.” Instead of the traditional “bottom line” indicating a company’s profit on their balance sheet, followers of the TBL believe that a company’s impact on both people and planet should also be a measurement of success. While it would seem based on his beliefs that CV Lab would concur with that, there are many subtle differences between conscious capitalism and TBL. According to Mr. Cherry:

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14 Ibid.
15 Ibid.
There is one bottom line. Did you generate market or above market returns? The question is how did you get there? Ed Freeman always says the purpose of your business is not to generate those returns, and Peter Drucker said that too. That’s not a strategy, that’s a measure of the efficacy of your strategy. Strategy is about creating something for society, and society wants you to create more than a product that is valuable we want you to create value for all of us, anyone one who comes in contact with your business. The Triple bottom line, people profits and planet, it says to me I have these three levers and I can tune them any way I want. I can turn profit off if I want. Well you can’t have a business if you turn profit off. So I just say ‘Let’s keep one bottom line’, we can measure what we do by profits, we can also measure it in lots of other ways because it is how we get there that matters. If you are operating from a stakeholder mindset as opposed to a shareholder mindset you will naturally provide value to all your stakeholders and you won’t think of this as a zero sum game.\(^\text{17}\)

### Collaboration/ Shareholder Methodology

Zero sum thinking is the idea that in business and in life, when someone wins it is as the expense of another losing. Ed Freeman wrote: “managing for stakeholders is not about trade-off thinking. It is about using innovation and entrepreneurship to make all key stakeholders better off and get all of their interests going in the same direction.”\(^\text{18}\) This is a very important point in the overarching thesis of conscious capitalism, collaboration, and a stakeholder methodology that are fundamental to running a conscious business. In following an Ironic management style as outlined in *Firms of Endearment*, by ignoring profits and focusing on stakeholder a business is more likely to create more value. Specifically Raj Sisodia writes in *Firms of Endearment* “…dedicating company resources to making the world a better place is an effective wealth-building strategy.”\(^\text{19}\) As Mr. Cherry put it “you can’t have the mindset [that it is] everyone against the shareholder. This is not a math problem this is a people problem.”\(^\text{20}\)

Conscious Capitalism stresses the differences between the stakeholder and the shareholder methodology. The belief is that companies following a shareholder methodology focus only on the interests of the shareholders, and thus are strictly profit focused. This causes myopic short-term businesses decisions that hurt a company in the long-run. A company that follows the stakeholder methodology focuses on creating value for all parties involved including the customer, shareholders, employees, suppliers, and community. CV Lab believes that by creating companies that follow the stakeholder methodology and the four tenants of conscious capitalism: Higher Purpose, Stakeholder Integration, Conscious Leadership, and Conscious Culture; it will create companies that inherently do good and outperform their competition.

### CV Lab’s Accelerator Program

\(^{17}\) Cherry, Jeff. Personal interview. 17 Apr. 2014.


\(^{20}\) Cherry, Jeff. Personal interview. 17 Apr. 2014.
CV Lab’s Accelerator Program, which focuses on Consciousness, Customers, and Capital, is based in Columbia, Maryland. It offers six-month of guidance, collaboration, and resources to innovative and responsible entrepreneurs who want to improve our communities. The incubated businesses should lead to both satisfied employees and stakeholders. CV Lab will invest $25,000 to $50,000 in its Portfolio Companies in exchange for 5-10% of each firm’s equity.

Throughout the six-months, Portfolio Companies must work at CV Lab’s headquarters. The common space allows the entrepreneurs to collaborate and learn from each other’s work. To help ensure a positive, team-oriented environment, CV Lab seeks to diversity its participants. Ideal teams include at least three individuals that fulfill the roles of leadership, sales, and technology.

The first cohort of CV Lab’s six-month accelerator program will graduate in Spring 2014. There are currently six Portfolio Companies: Self-Spark, Shenami, Shea Radiance, Just Good, Spend Consciously, and Making Change. The firms range from promoting “self-improvement” to sell a beauty product that promotes self-sustainability in African communities. At the end of the “semester,” CV Lab hold a Demo Day for its portfolio companies to present to potential investors.

The Application Process

CV Lab received 70 applications for six slots in its first cohort of the accelerator program. The application consisted of 60 short-essay questions, a three-minute video pitch, and a one-on-one interview. Additionally, operating documentation was required. The ideal team consists of at three individuals and is past the concept stage. CV Lab connected with its partners, including Whole Foods and the Container Store, and local entrepreneurship centers to originally spread the word about the program. It also placed an ad in the Baltimore Sun and Mr. Cherry wrote a column in the Huffington Post. CV Lab was pleased with the application structure. The only change it may consider for the next cohort is to better ensure the inclusion of hard sales numbers.

The Actors

Founder, Jeff Cherry, has fortunately brought together a group of the best thinkers of conscious entrepreneurship. CV Lab provides coaching and mentorship from “Ed Freeman, Academic Director of the Institute for Business in Society at the Darden School, University of Virginia; Professor Raj Sisodia, author of Firms of Endearment and Conscious Capitalism; and Dr. Susan Salgado and her team from Hospitality Quotient, one of the leading organizational culture consulting companies in the country.” Mr. Cherry was “inspired by the visions and stories of [Firms of Endearment and] began work on an investment research process soon after the book was published in 2007.” With core values in conscious capitalism, charismatic leadership, and a facility to house the program, Mr. Cherry’s vision is coming true.

CV Lab follows the SPICE stakeholder model of a Firm of Endearment (FoE): society, partners, investors, customers and employees. CV Lab’s stakeholders are involved in a two-way partnership between them and the firm with all interests aligned.

**Investors**

*Government Investment*

Maryland Center for Entrepreneurship (MCE), a division of the Howard County Economic Development Authority, provided a $800,000 grant for Conscious Venture Lab. The lab’s home-base is at the MCE. The incubator companies are also housed at the MCE for six months. The goals of the Center are “guiding [the individual] and [the] business through a successful launch and positioning both for growth.”

According to County Executive Ken Ulman, “We want to foster companies that have both profit and strong values as part of their core mission.”

Julie Kirk, is the Executive Director of the MCE and “co-chair of Startup Maryland, a regional initiative of the Startup America Partnership.”

According to Ms. Kirk in an interview, the MCE “allows [them] to deliver opportunities for literally everyone: innovators, entrepreneurs, established businesses, service providers and investors.”

Though working in government constraints, the MCE strive to build a community of trust. This initial government investment and partnership with Howard Country is the driving force behind CV Lab’s creation.

**Crowdfunding**

In November 2013, CV Lab launched a crowdfunding campaign on Indiegogo. They were seeking $50,000 to “renovate and furnish the Lab, provide state of the art technology, [and] create open online training courses.”

The MCE and HCEDA would match any donation made. Unfortunately, the month-long campaign only raised 26% of the $50,000 goal, raising $12,930 with the support of 124 investors. As of February 2014, the lab was still under construction.

Investment is currently a challenge for CV Lab.

**Accelerator Companies**

CV Lab has six accelerator companies in its inaugural class. Each company focuses on a different dimension of providing social good to society. Current incubees have teams that range

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26 Ibid.


from 1-15 members. While CV Lab hopes that its incubee’s staff can devote their entire workweek to the businesses, currently about half of the employees are part-time. Additionally, half of the businesses from the first cohort have customers at this point.

Brief Company Overviews:

- **Shenami**: An “advertising, e-commerce, lifestyle platform that connects women consumers with women business owners.”
- **Spend Consciously**: A mobile application that helps educate people with their buying decisions.
- **Just Good**: A marketplace where customers can purchase “apparel and accessories and create a dialogue around conscious living.”
- **Self Spark**: Constructs “life hacking” conferences that use science and technology to improve life.
- **Shea Radiance**: Hair and body products company that collaborates with women’s cooperatives in Africa to grow local economies.
- **Making Change**: The only nonprofit in the program that produces financial education programs that allow people to achieve financial success.

Challenges

CV Lab faces many challenges as its first class of conscious ventures nears graduation. Howard County is included as a General Partner in their fund. In return for this Howard County has agreed to fund the first 2 years, with an option for Howard County to fund two more years of operations for CV Lab. CV Lab is required to raise a minimum of “matching capital” but has its sights set higher.

Through their first iteration of the accelerator program CV Lab has already gained insight as to how it can improve. Though it believed their vetting process was thorough initially, the executive team has come to realize a more rigorous in-depth inspection will be helpful moving forward. CV Lab received over 70 applicant companies, whom had to submit a 3 minute video and answer a 60+ question application. When asked what about the selection process could be improved Jeff Cherry responded: “Understanding where companies are, where do they have traction, how far along they are in terms of formation, getting all their legal documents, figuring out if they have any legal or accounting issues, we thought we did a good job with that but we could have done a better job.” Jeff went on to say that most Venture Capitalist consider a success rate of 1 out of 10 to be successful. Jeff believes that if CV Lab is diligent in having a detailed understanding of their applicants “there is no reason we can’t have a 10/10 success rate.”

CV Lab prefers teams to solo entrepreneurs. However, it seems that one of the flaws in CV Lab’s initial selection

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31 Cherry, Jeff. Personal interview. 17 Apr. 2014.
process was a failure to have a full understanding of the level of commitment each of the part-
time members had.

CV Lab is located in a commutable area between Baltimore and Washington. Currently, CV Lab
requires on-site attendance for its accelerator program. The rigidity of this requirement may force
CV Lab and some inspired entrepreneurs to walk away from what could become a fruitful
partnership. CV Lab believes it needs to continue to convey the on-site model to its applicants, as
Jeff puts it “we need to make it clearer in the application process that this is an on-site model,
and if you aren’t prepared to be onsite this probably isn’t the best for you.”  

**CV Lab: Future Outlook**

CV Lab’s sustainability hinges on the success of its portfolio companies. However, CV Lab is in
the process of diversifying its fund. They are looking into expansion and partnership
opportunities (namely with the Whole Foods non-profit Whole Planet Foundation. CV Lab is
also interested in becoming more involved in US Markets that have fallen on difficult economic
times such as Detroit and New Orleans. CV Lab will continue to also seek out like-minded
policy makers who see CV Lab as a way to generate new desirable jobs that bring new tax
revenue, benefit the community and create healthy competition.

Raising capital continues to be a challenge for CV Lab. It could use one additional staff member
right now but currently doesn’t have enough to pay an additional salary. Mr. Cherry outlined CV
Lab’s plan to add future follow on investing by saying “Once we get to critical mass, we are
going to invest up to 25% of the next round up to $250,000. This gives us a chance to follow on
and combat some of the natural dilution we get.” This will allow graduates from the accelerator
to leverage the capital from CV Lab when speaking to other investors and it allows the Fund to
co-invest and avoid some of the dilution it will see.

Mr. Cherry remains optimistic about CV Lab’s success and particularly about the first crop of
portfolio companies. “Right now, if we could I would want to do the follow on investing for all 6
of the companies, I think they are that good.” CV Lab aims to pitch the fund dot high net worth
individuals, to funds and pension funds. They will be pitching the fund in earnest at a minimum
investment of $1,000,000. As they raise the fund they intend to use a large portion of it to
continue to invest in the accelerator and the rest would be for investing in other accelerators or
businesses who follow the same core tenants of Conscious Capitalism and Stakeholder
methodology.

**Case Questions**

- Will Mr. Cherry be able to find viable investors for future growth?
- How should Mr. Cherry’s CV Lab investment pitch to hedge funds differ from
  more traditional investment pitches?

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32 Ibid.
33 Ibid.
34 Ibid.
• There are many examples of existing companies who use the Stakeholder Methodology, but can new ventures create value for all stakeholders while seeking customers?
• After the public grant funding runs out, what is next?
Appendix

Exhibit 1. Conscious Capitalism Framework

Higher Purpose: Recognizing that every business has a purpose that includes, but is more than, making money. By focusing on its Higher Purpose, a business inspires, engages and energizes its stakeholders.

Stakeholder Orientation: Recognizing that the interdependent nature of life and the human foundations of business, a business needs to create value with and for its various stakeholders (customers, employees, vendors, investors, communities, etc.). Like the life forms in an ecosystem, healthy stakeholders lead to a healthy business system.

Conscious Leadership: Human social organizations are created and guided by leaders – people who see a path and inspire others to travel along the path. Conscious Leaders understand and embrace the Higher Purpose of business and focus on creating value for and harmonizing the interests of the business stakeholders. They recognize the integral role of culture and purposefully cultivate Conscious Culture.

Conscious Culture: This is the ethos – the values, principles, practices – underlying the social fabric of a business, which permeates the atmosphere of a business and connects the stakeholders to each other and to the purpose, people and processes that comprise the company.

Source: http://www.consciouscapitalism.org/node/3998
Exhibit 2. SPICE Stakeholder Framework

Source: Firms of Endearment
Bibliography


Cherry, Jeff. Personal interview. 17 Apr. 2014.


SOCIAL ENTREPRENEURSHIP, ASHOKA, AND THE CHANGING POLITICAL CONTEXT OF EGYPT
SUPAP JITTA, GIOVANNI SIMANDJUNTAK, HARRIS MARTINSON, REHAB RABIE & SHERIF EL-SANADILY

Introduction:

“Social entrepreneurs are not content just to give a fish, or teach how to fish. They will not rest until they have revolutionized the fishing industry.” -Bill Drayton, Ashoka Founder and CEO

In recent decades, social entrepreneurship has emerged and gained momentum as a compelling means to solving social challenges through for-profit, sustainable enterprises. Individuals’ desires to help make a positive impact, the social justice movement, and environmental sustainability concerns have expedited the growth of and demand for social innovations not only in their local communities, but around the world. Various forms and sizes of social enterprises have emerged. From local businesses such as DC Central Kitchen, a community kitchen that provides food for those who cannot afford it, to international enterprises such as TOMS Shoes, a pair given to an impoverished child for every pair sold, or Ben & Jerry’s, an ice-cream company with a social mission. There are also microfinance institutions such as Grameen Bank whose operations help impoverished women start their own businesses.

Although the idea of social entrepreneurship has now matured and expanded globally, many often struggle to come to a clear definition of what social entrepreneurship actually is. According to the Oxford Dictionaries Online, a social entrepreneur is “[a] person who establishes an enterprise with the aim of solving social problems or effecting social change.” (Oxford Dictionaries, 2014). Similar definitions are given by multiple sources. Public Broadcasting Service (PBS) defines a social entrepreneur as someone who “identifies and solves social problems on a large scale. Just as business entrepreneurs create and transform whole industries, social entrepreneurs act as the change agents for society, seizing opportunities others miss in order to improve systems, invent and disseminate new approaches and advance sustainable solutions that create social value.” (PBS, 2014)

There have also been organizations and foundations whose entire mission is to help other social entrepreneurs establish their work. This research paper looks at the work of Ashoka, a well-regarded nonprofit organization that supports social entrepreneurs around the world. The paper will focus specifically on Ashoka’s support of social entrepreneurs in Egypt. Egypt provides an important case study for social entrepreneurship as it is a large developing country with tremendous potential for social innovations and currently undergoing political, cultural, and social changes. We will also identify the challenges Ashoka and Egyptian social entrepreneurs are facing and/or will likely face in the near future.

Ashoka Global – A Brief Introduction:

Ashoka Innovators for the Public (Ashoka) identifies and provides support to selected social entrepreneurs, referred to as Ashoka Fellows. Its mission is:
to support social entrepreneurs who are leading and collaborating with changemakers, in a team of teams model that addresses the fluidity of a rapidly evolving society. Ashoka believes that anyone can learn and apply the critical skills of empathy, team work, leadership and changemaking to be successful in the modern world (Ashoka, 2014).

The nonprofit organization was founded in Washington, DC in 1980 by Bill Drayton and now has nearly 3,000 Fellows in 70 countries (Ashoka, 2014). Ashoka supports its Fellows who plan to not only make a difference in their local communities, but to run projects that create systemic changes that affect society in a much larger scale nationally or globally. The support includes a living stipend for an average of three years and a life-time membership in the global network of social entrepreneurs (Ashoka, 2014).

Fellows are categorized into six fields of work: civic engagement, economic development, environment, health, human rights, and learning/education (Ashoka, 2014). The selection criteria involves an examination into whether the applicant possesses 1) a new idea to solve a social problem, 2) creativity, 3) entrepreneurial quality or the ability to see opportunities for change and the devotion to make that change happen, 4) the social impact of the idea, and 5) the ethical fiber or the individual’s trust-worthiness (Ashoka, 2014). Ashoka does not make money from its Fellows’ businesses. As stated on its website, it is “financed by individuals, foundations and business entrepreneurs from around the world. Ashoka does not accept funding from government entities. Individual and institutional endowment funds provide for Ashoka's long-term stability.” (Ashoka, 2014).

**Below are selected examples of Ashoka Fellows’ projects:**

1) Saúde Criança Renascer, an organization run by Fellow Vera Cordeiro, provides emergency assistance to ill poor children during and immediately after hospitalization in Brazil. The organization’s model was replicated to a network of sister organizations at 14 hospitals. Approximately 20,000 people have been reached directly through the network (Ashoka, 2006).

2) Didit Adidananta worked to help street children in Indonesia. He raised awareness and involved members of the society to help solve the problems faced by these children. Acting as a consultant, Didit helped the Indonesian government create the child protection agency. He will continue to work to pursue the government to pass laws that support these children’s rights (Ashoka, 2006).

3) Apopo, an organization founded by Bart Weetjens, has trained African Giant Pouched rats to find over 2,063 landmines and as a result created over 3.1 million square meters of mine-free land in Africa (Ashoka, 2014).

**Ashoka’s Impact:**

In addition to publishing success stories from its Fellows, Ashoka makes publicly available a report, *Measuring Effectiveness a Six Year Summary of Methodology and Findings*, which tracks and measures the actual impact that the Fellows make in their societies. However, it acknowledges that measuring impact is difficult as there are no standardized tools for such measurements. As noted in the report, Fellows create complex changes from multiple angles on several levels to solve a problem. The individuals whose lives Ashoka Fellows have touched also
continue on to make positive changes in other people’s lives. Additionally, changes in policy, systems, and ways of thinking are also difficult to translate into impact. Nonetheless, Ashoka designs its own questionnaires and interview questions for its fellows to answer at the best of their ability. These questions include whether the idea has spread, if an institution has been created or expanded, and if the relationship with Ashoka has enhanced their work. However, the limitations are that these responses are self-reported, processed internally, and that there are irregularities over the years (Ashoka, 2006).

Below is a table created from the responses received from the surveys. All information is from the aforementioned report, *Measuring Effectiveness a Six Year Summary of Methodology and Findings*.

<table>
<thead>
<tr>
<th>Question</th>
<th>5 years after election</th>
<th>10 years after election</th>
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</thead>
<tbody>
<tr>
<td>Total response rate</td>
<td>83%</td>
<td>68%</td>
</tr>
<tr>
<td>Still working towards original vision?</td>
<td>94%</td>
<td>83%</td>
</tr>
<tr>
<td>Has your idea been replicated?</td>
<td>93%</td>
<td>82%</td>
</tr>
<tr>
<td>Have you contributed to policy change at national level?</td>
<td>56%</td>
<td>71%</td>
</tr>
<tr>
<td>Institutional Status: Leader in the Field?</td>
<td>54%</td>
<td>66%</td>
</tr>
<tr>
<td>Fellows self-identify as social entrepreneur</td>
<td>97%</td>
<td></td>
</tr>
<tr>
<td>How has your relationship with Ashoka contributed to the success of your work?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fellow stipend</td>
<td>80%</td>
<td>60%</td>
</tr>
<tr>
<td>- Moral support</td>
<td>70%</td>
<td>58%</td>
</tr>
<tr>
<td>- Fellow collaboration</td>
<td>49%</td>
<td>35%</td>
</tr>
<tr>
<td>- Door opening</td>
<td>48%</td>
<td>43%</td>
</tr>
<tr>
<td>- Overall support</td>
<td>56%</td>
<td>77%</td>
</tr>
</tbody>
</table>

*Source: Measuring Effectiveness a Six Year Summary of Methodology and Findings.*

**Relevant Background on Social Entrepreneurship in Egypt**

Recent Historic Context:

In the past five years, Egypt has experienced tremendous political, economic, and social upheaval. However, in the years prior to the Egyptian Revolution of 2011, Egypt was experiencing healthy GDP growth and the Egyptian government pursued economic reforms to attract foreign investment (CIA country fact 2013). President Mubarak’s policies found success and as the result, in 2010, the country enjoyed GDP growth up to 5.1% (CIA country fact 2013). Even though the country experience high economic growth, due to significant disparity in wealth distribution amongst the population, the living conditions of the average Egyptian remained deprived (CIA country fact 2013). The economic growth did not last long. In 2011 Egypt experienced political turmoil and the country’s economy went from bad to worse and as has resulted in government to deal with a high fiscal deficit and gross public debt that went up to nearly 100% of total country GDP of 537 billion (CIA country fact 2013). To support the Egyptian pound, the government drew down foreign exchange reserves by more than 50% in 2011 and 2012 (CIA country fact 2013).
The slow economic growth in Egypt led to the increase in country’s unemployment rate and reached the highest point of 13% in June 2013 (World Bank 2013). Out of those unemployed, seventy five percent are people between age of 15 and 29. (World Bank 2013).

Unlike the United States and Western European Countries, whose economy is supported by large industrial and multinational companies, the majority of the businesses in Egypt, close to 98%, are very small companies (International Entrepreneurship 2014). Having a deep understanding of the true foundation of the country’s economy, the Egyptian government put tremendous effort to encourage small business activity to flourish. It is very unfortunate, despite all the effort the government had put, most of these small businesses still experienced challenges in getting financial support from the government (International Entrepreneurship 2014). Small and Medium Businesses in Egypt are also charged with higher tax rate and most of these small companies opt not to register their businesses with the government institution to avoid tax (International Entrepreneurship 2014)
Despite all of the challenges, the World Bank still includes Egypt as one of the first countries to be considered when comes to entrepreneurship in the Muslim and Arab world.

According to World Bank, and entrepreneurship.org, between 2008 and 2010 Egypt implemented at least 19 reforms, to improve country performance in helping small medium business (World Bank 2013). The reform included, for example, financial policies to support young entrepreneurs. The establishment of the Egyptian Financial Supervisory Authority (EFSA) represents an attempt to organize the regulations that support non-conventional financing mechanisms, and a new law that allows micro-finance companies to operate in Egypt (Ortmans).

Although the country is considered responsive and is trying to move at a quick pace, in reality Egypt still has a lot of work to do to unleash its entrepreneurial potential. The major issue that may impact the success is the high unemployment rate and the limited funds made available to help entrepreneurs either start their business or expand. Egypt ranks 106th among 183 economies in terms of the ease of doing business and presents several regulation bottlenecks in the areas of enforcing contracts, paying taxes and closing a business (World Bank 2013). Most importantly, the country’s young generation is still hesitant to take the entrepreneurial path. According to Gallup, among those aged 15 to 29, only 30% say their governments make paperwork and permits easy enough to get for people who want to start a business (Sitte).

Culture plays a significant role in at country’s level of entrepreneurship. Being entrepreneur is still not considered a status (Ortmans). The culture in Egypt is determined as one of several major reasons why the young generations are hesitant to become entrepreneurs (Ortmans). The society still values white-collar employment opportunities higher than entrepreneurship and someone is usually considered successful when working in academia, the government, or are affiliated with either one in some way (Ortmans). It all starts from home, the smallest part of the community. Parents are usually giving pressure on their children to be successful in school so that they can go to top universities that would create opportunities to either work in academia or with government (Ortmans).

Another important cultural issue that discourages entrepreneurship and limits innovation is the Egyptian Law still considers bankruptcy as a crime that can lead to imprisonment of the business owner. Young Egyptians usually opt for lower-risk traditional businesses rather than choosing entrepreneurship as a career path. (Ortmans)

Organizations with a Similar Mission to Ashoka in Egypt

The Schwab Foundation:
The Schwab Foundation identifies social entrepreneurs and provides them with platforms to highlight and advance models of sustainable social innovation. The organization engages its selected social entrepreneurs in shaping agendas that improve the world in close collaboration with the other stakeholders of the World Economic Forum (The Schwab Foundation, 2014)
The Schwab Foundation shares some of the same recipients as Ashoka. One of whom is Sherif El Ghamrawy, an Egyptian who fights for the sustainability and preservation of Egypt’s natural resources (The Schwab Foundation, 2014).
SEKEM:
SEKEM is considered to be one of the most prominent social enterprises in the Middle East. Founded by Dr. Ibrahim Abouleish, a former pharmacologist and an Egyptian, SEKEM has a mission “to realize our vision for sustainable development in Egypt.” (SEKEM, 2014). The organization revolutionizes the biodynamic agriculture industry in Egypt by introducing new techniques in organic farming, resulting in many biodynamic farms throughout Egypt. SEKEM is now a group of companies that produce organic food, spices, and tea among other things for local and international markets. And while doing so, it aims to benefit everyone along the supply chain from farmers to consumers, naming this process the SEKEM’s “economy of love” (SEKEM, 2014). Profits made from trade are invested in SEKEM’s stakeholders through the SEKEM Development Foundation, a nonprofit that sustains the social institutions for education, health, and research. The organization provides training programs for employees to improve their skills and better their employment potential and the SEKEM Medical Center which provides health care to around 40,000 patients from the surrounding areas (SEKEM, 2014).

Ashoka in Egypt

There are currently 48 Ashoka Fellows in Egypt spanning all of fields of work - from economic development to learning and education (Ashoka). These social entrepreneurs have leveraged the country’s unique position, their strengths, and the support from the Ashoka community to meet some of the country’s most pressing needs. Two Ashoka Fellows who have risen to call are Dr. Salah Arafa and Raghda El-Ebrashi.

Although Dr. Arafa earned his title of Doctor after receiving his PhD in Solid State Physics in 1969 from Cairo University, his work as an Ashoka fellow has little to do with his academic discipline (Ashoka, 2014). Dr. Arafa has instead channeled his efforts on helping to develop rural communities through education and literacy. As rural villages in Egypt continue to grow, the education infrastructure is not present in these communities, and as little as 2% of young women will finish their secondary education (Ashoka, 2014). Dr. Arafa has been working to help alleviate the problem in the village of Basaysa since 1974 with the ultimate goal of economic development in this community. The idea and strategy to meet this challenge is simple; Arafa believes that when people are well educated and literate, they will “actively participate in their own development process” (Ashoka, 2014). However, simply promoting education does not constitute a social entrepreneur. Dr. Arafa continued to expand his efforts in Basaysa by creating an entrepreneurship incubator to help students develop and grow their own agriculture business (Ashoka, 2014). His approach has proven successful. Since the project’s inception, Dr. Arafa has helped tens of thousands of rural villagers improve their condition and has led them on a path of social and economic development.

Raghda El-Ebrashi did not come from an economic background similar to those that she now intends to help. Rather, El-Ebrashi grew up in a privileged family but committed herself to serving the poor in Egypt at the age of 12 following a school trip and a chance encounter with an elderly woman from limited means (Ashoka, 2014). It was there that she realized that she wanted to devote her life to development rather than charity or giving (Ashoka,2014). As previously described, Egypt is currently plagued by a high unemployment rate, especially among young men and women. El-Ebrashi’s social entrepreneurial idea was to create a replicable
training program for uneducated young people who are in need of work and contract with corporations as a recruiting agency to supply entry-level workers (Ashoka, 2014). El-Brashi’s venture is meeting the social need of education/training and the employment market need of available workers to create matches and help deliver Egypt’s youth out of poverty.

**Challenges to Facing Social Entrepreneurs in Egypt**

Although the Ashoka Fellows and other social entrepreneurs have found success in Egypt, it has not been without difficulty. In addition to the challenges caused by the recent political upheaval, three factors that prohibit social entrepreneurship from developing more robustly include the lack of infrastructure and access to capital, weak intellectual property protections, and education systems that do not train nor develop entrepreneurs (Valenzuela).

Egypt’s precarious political and economic situation coupled with broader Middle Eastern politics impacts levels of investment in the country. Although venture capital to entrepreneurs may come from inside our outside the walls of Egypt, the levels of foreign direct investment (FDI) has plummeted in the past two years. Alia Mamdouh, an economist at CI Capital explains, “Delayed completion of an economic reform plan which places sealing the IMF deal on hold, coupled with the escalating conflict between judges and the ruling regime and the non-consensus cabinet reshuffle which put stability at risk is applying pressure on foreign direct investments” (Atia). Beyond internal instability spooking investors, there are also broader Middle Eastern political disagreements that have also served to dry up FDI in Egypt. As an example, following General El-Sisi’s removal of President Morsi, Qatar, a Morsi supporter withdrew billions of dollars in promised investment to the country (Bakr, 2013). Until a democratically elected and trusted government brings stability back to Egypt, entrepreneurs and SMEs will continue to find it challenging to access capital.

Intellectual property (IP) protections provide incentives for innovation and entrepreneurship as it allows innovators protection against piracy. This need calls for government regulation, and although some effort was made in the early 2000s, during the last decade, intellectual property protections in Egypt have not fostered a positive entrepreneurial environment (USEBC, 2011). However, recent passage of the Egyptian constitution in 2014 has created, for the first time, significant IP laws that may prove to bolster the level of entrepreneurship in Egypt. The constitutions states that the “State shall protect all types of intellectual property in all fields,” and “encourage scientific research and its institutions as a means towards achieving national sovereignty” (IP-Watch, 2014). While these new regulations are promising on paper, their efficacy in supporting entrepreneurship will only best tested by time.

A lack of education poses a threat to the levels of entrepreneurship in Egypt, as is demonstrated by the previously mentioned Ashoka Fellows, Dr. Arafa and Raghda El-Ebrashi. Both Fellows’ projects worked to help increase literacy and provide job training for individuals that would otherwise be largely unemployable. However, it takes more than literacy and entry-level training to develop a robust class of entrepreneurs. As Abeer Hassan explains in his 2010 article titled *An Explanatory Study of Private Equity and Venture Capital in an Emerging Economy: Evidence from Egypt*, entrepreneurial education in Egypt is lacking. “Unfortunately, little has been done in Egypt in this respect [teaching of entrepreneurial skills in a university setting], and there is no systematic or academic instruction of entrepreneurship.” (Hassan, 2010). Once again, with the
passing of the Egyptian constitution, the government in place appears to be ready to take this challenge head on. The constitution promises, “to promote art and literature, sponsor creators and writers and protect their creations, and provide the necessary means of encouragement to achieve this end.” (Abdel-Latif, 2014). This language demonstrates a concerted effort by the government to invest in the cultural capital that will promote entrepreneurship training.

**Conclusion**

Social entrepreneurship has proven to be a factor in promoting economic development, providing basic needs for those the business serve, and generating value for shareholders. In Egypt, there is demonstrated need of economic development and plenty of opportunity across a variety of fields for social entrepreneurs to make an impact. There are many factors that threaten the success of social ventures, not limited to the instable political and economic environment over the past four years. The government will certainly have a role to play in developing a secure environment for investors and entrepreneurs, but it is organizations such as Ashoka that are working on a one-to-one basis to support entrepreneurs that are making a difference in their local communities, the country, and the region at large.

**Ashoka Statement of Activities:**
## ASHOKA
### STATEMENT OF ACTIVITIES
#### YEAR ENDED AUGUST 31, 2012

<table>
<thead>
<tr>
<th>Support and Revenues:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$4,618,434</td>
<td>25,908,332</td>
<td>131,600</td>
<td>$36,658,366</td>
</tr>
<tr>
<td>Contributed services</td>
<td>2,181,565</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received from federated campaigns</td>
<td>13,019</td>
<td></td>
<td></td>
<td>13,019</td>
</tr>
<tr>
<td>Income from investments</td>
<td>190,257</td>
<td>457,142</td>
<td>627,399</td>
<td></td>
</tr>
<tr>
<td>Realized gains (losses) on investments</td>
<td>1,955</td>
<td>(50,126)</td>
<td>(28,171)</td>
<td></td>
</tr>
<tr>
<td>Unrealized gains (losses) on investments</td>
<td>15,187</td>
<td>(934,818)</td>
<td>(919,631)</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>7,156</td>
<td></td>
<td></td>
<td>7,156</td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>31,272,645</td>
<td>(31,272,645)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment income to unrestricted (Note 1c)</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowances for losses on promises to give</td>
<td>(624,096)</td>
<td></td>
<td>(624,096)</td>
<td></td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>38,300,198</td>
<td>(5,988,409)</td>
<td>(396,202)</td>
<td>31,915,587</td>
</tr>
</tbody>
</table>

### Expenses:

<table>
<thead>
<tr>
<th>Program services:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading social entrepreneurs</td>
<td>14,419,799</td>
<td></td>
<td></td>
<td>14,419,799</td>
</tr>
<tr>
<td>Idea spread and education</td>
<td>959,887</td>
<td></td>
<td></td>
<td>959,887</td>
</tr>
<tr>
<td>New architecture</td>
<td>11,241,873</td>
<td></td>
<td></td>
<td>11,241,873</td>
</tr>
<tr>
<td>Group entrepreneurship</td>
<td>10,192,921</td>
<td></td>
<td></td>
<td>10,192,921</td>
</tr>
<tr>
<td>Total program services</td>
<td>36,814,480</td>
<td></td>
<td></td>
<td>36,814,480</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting services:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and general</td>
<td>2,472,311</td>
<td></td>
<td></td>
<td>2,472,311</td>
</tr>
<tr>
<td>Fund raising</td>
<td>3,163,809</td>
<td></td>
<td></td>
<td>3,163,809</td>
</tr>
<tr>
<td>Total supporting services</td>
<td>5,636,120</td>
<td></td>
<td></td>
<td>5,636,120</td>
</tr>
<tr>
<td>Total expenses</td>
<td>42,450,600</td>
<td></td>
<td></td>
<td>42,450,600</td>
</tr>
</tbody>
</table>

### Increase (decrease) in net assets from operations:
- **Increase (decrease) in net assets** from operations: $(4,150,402)$
- **Foreign exchange gains (losses)**: $(1,431,039)$

### Increase (decrease) in net assets:
- **Increase (decrease) in net assets** beginning of year: $183,516$
- **Increase (decrease) in net assets** end of year: $(5,397,925)$

### Net assets:
- **Net assets, beginning of year**: $51,786,705$
- **Net assets, end of year**: $45,798,296$


SEKEM (Director). (2014). *Introduction to SEKEM* [Motion Picture].


Introduction

It was an unseasonably balmy summer day when Ms. Nahed Yousry (Ms. Yousry) and Mr. Muhammad Barakat (Mr. Barakat) of the Sawiris Foundation for Social Development (SFSD) went to conduct their last onsite visit of the Organic Farming in the New Valley project in Egypt’s New Valley Governorate. As they strolled through the fields of the organic farm, enjoying the summer day and slight breeze, Mr. Barakat stopped for a moment to take in the expansive view in front of him and reflect on the role SFSD played in bringing the project to fruition. He knew that selecting the right NGO that has a micro-credit project with a high potential of social impact was crucial for a successful outcome.

Mr. Barakat turned to Ms. Yousry and pointed to a farmer headed towards the New Horizon Association for Social Development’s (NHASD) building, “Do you see the enthusiastic look in the farmer’s eyes? He is on his way to pay back part of his micro-credit loan.” Ms. Yousry replied that it was a great idea that Mr. Barakat had to allow the farmers to pay back their loans in compost (organic fertilizer) that was processed on their own farms. The farmers feel a sense of responsibility and duty to monitor their products thoroughly, as producing good results may lead to access to additional loans. As more farmers obtain loans and receive training, job opportunities in the region increases and organic farming methods become more refined.

Mr. Barakat selected the NHASD NGO to implement the New Valley project by utilizing the GIRAFE Methodology. The aim of the New Valley project was to change the lives of the farmers who live in the region by giving them an opportunity to build their capabilities and train them on the latest specialized organic farming techniques. This would, in turn, not only help promote organic farming in the New Valley, but also give farmers job opportunities to improve their lives and standard of living. The New Valley project has made a substantial positive impact in the region, transforming it from a desert land to a complete organic farming development.

Mr. Barakat wondered whether he should adopt the new version of the GIRAFE methodology, the SMART GIRAFE (see Exhibit A), or develop a more tailored method. He was satisfied with the quality of the support and service that NHASD offers to its beneficiaries, however, he wondered how SFSD can guarantee successful NGO selection, as done with NHASD, as well as what tools can be used to provide high levels of protection for the beneficiaries such as;

1. Respectful treatment
2. Preventing over-indebtedness
3. Protecting clients’ privacy
4. Effective complaint and conflict resolution
5. Transparency

SFSD: The Organization

Background
Founded in April 2001 in Egypt, the Sawiris Foundation for Social Development (SFSD) was initially set up as a grant-making foundation with the generous endowment from the Sawiris family. In Egypt, SFSD is considered to be one of the first family donor foundations dedicated to social development. In 2005, the Foundation was granted special consultative status with the United Nations Economic and Social Council (ECOSOC). 35

The idea to establish SFSD was born out of the collaboration between Mrs. Yousriya Loza Sawiris, founding chair of the Association for the Protection of the Environment (APE), and the late Dr. Ibrahim Shihata, Senior Vice-President and General Counsel of the World Bank. In addition, Dr. Shihata was instrumental in establishing the codes of the SFSD’s by-laws and processes, and recruiting members of its Board of Trustees who are prominent members of the Egyptian society.

As an organization, SFSD’s objectives are to:

- Finance social development programs to enhance the lives of the underprivileged Egyptian citizens.
- Provide grants and loans to cultivate and encourage the growth of micro-enterprises by providing technical, administrative, and financial assistance.
- Provide scholarships to qualified and underprivileged students so that they can pursue higher education either in Egypt or abroad.
- Offer training to Egyptian citizen by establishing specialized higher education institutions.

**Vision**

SFSD was founded on the “belief that development is only sustainable when its beneficiaries are equal partners in the process” 36. In addition, SFSD strives to be recognized as a provider of innovative and sustainable development initiatives that will enhance the empowerment of the Egyptian citizens.

**Mission**

SFSD’s mission is to “contribute to Egypt’s development, create sustainable job opportunities, and empower citizens to build productive lives that realize their full potential” 37. In support of its mission, SFSD seeks out and provides grants to initiatives that will cultivate job creation through training, education, and access to micro-credit. In addition, SFSD also supports initiatives that will aid the underprivileged in gaining access to health services as well as supporting the development of infrastructure. SFDS believes that if citizens are not healthy or do not have access to basic infrastructure, this will have a negative impact on their productivity as well as prevent them from improving their living standards.

**Approach to Social Development**

“I’m a founder of SFSD, which is building a new generation of social investors. We’re very proud to be transforming philanthropy into social development for people who want to make a difference”. – Onsi Sawiris

SFSD provides grants and donations to initiatives that align with its core mission and vision by providing financing through its endowment fund. In addition, founding members also give donations annually to the foundation. The selected initiatives are primarily in the following areas:

- Youth Training for Employment
- Scholarships
- Cultural Awards
- Micro-credit
- Health and Community Development

**Organizational Structure**

Since its inception in 2001, SFSD has experienced growth both in scale as well as implementing successful projects that have positive impact on the lives of the Egyptian citizens. This success is largely due to its dedicated staff members as well as board of trustees who have the passion for social development. See Exhibit B for SFSD’s organizational chart showing the executive team.

i. **Board of Trustees** is comprised of influential Egyptian citizens who are considered leaders in their respective fields of business, social, and cultural arenas. These individuals provide their expertise in developmental, business, and finances. In addition, the board is entrusted in establishing the foundation’s strategic vision as well as policies that affect the daily operation of the foundation.

ii. **Executive Team**: Since 2007, Dr. Gannat El-Samoulouty, a professor of Economics at Cairo University and a board member of the General Federation of Non-Governmental Organizations, has been at the helm of SFSD. She manages the daily operation and implementation of SFSD’s strategic vision and policies established by the board of trustees. She manages 28 staff members who fall under four departments; Projects, Micro-credit, Financial, and Administration. The focus of this case, the Micro-credit department, is led by Mr. Muhammad Barakat who reports directly to Dr. Samoulouty. Mr. Barakat has over 20 years of experience working with both NGOs and the private sector “designing, developing, and implementing special tools for financial management, loan management, monitoring, and evaluation”.38

**Micro-Credit Program**

38 SFSD Team, “Exhibit D”, Sawiris Foundation for Social Development, 10 Years of Continuous Achievement, p. 82.
In 2008 SFSD established the micro-credit department solely dedicated to financing and strengthening the micro-credit programs implemented by NGO partners. While SFSD maintained its initial goal of fighting poverty and unemployment, its goal shifted from previous years of providing direct loans to individuals to adopting a process to evaluate the potential success of micro-credit projects presented by NGOs along with the NGOs performance and institutional risks. Exhibit C shows a flow chart of SFSD’s micro-credit process.

**Evaluating Micro-credit Projects Utilizing GIRAFE Methodology**

Effective 2008, SFSD started utilizing the GIRAFE methodology to evaluate the likelihood of success of the potential micro-credit projects as proposed by the NGOs. GIRAFE rating methodology was created in 1998 by Gilles Galludec and is “an innovative and unique analytical rating approach to evaluate MFIs performance and institutional risks”\(^{39}\). In addition, the methodology “promotes an international standard of institutional performance for microfinance institutions, thereby strengthening the confidence of commercial investors and supporting the development of the microfinance sector worldwide”.\(^{40}\) GIRAFE is widely recognized by investors, donors, regulators, and microfinance consultants and is certified and accredited by CGAP, ADA, IDB, and APP.\(^{41}\) Based on the GIRAFE methodology, SFSD is able to assess the suitability of the potential NGO partner by utilizing quantitative and qualitative factors to assess an NGO’s “risk profile and sustainability”.

The GIRAFE methodology constitutes an acronym for the following 6 assessment domains that split into 17 analytical factors (Exhibit D). These 6 assessment domains fall under 2 main groups, Governing System rating and Micro-credit System rating. SFSD puts a specific weight (percentage of the overall rating) for each domain as follows\(^{42}\):

1. **Governing System rating**
   a. **Governance** (20%)
   b. **Information** (10%)
   c. **Activities** (15%)

2. **Micro-credit System rating**
   a. **Risk Management** (17%)
   b. **Funding and Liquidity** (12%)
   c. **Efficiency and Profitability** (26%)

The GIRAFE rating determines whether SFSD will provide a loan or a grant. The selected NGO’s micro-credit projects will be financed up to 80% of the total budget. In 2013, SFSD

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\(^{40}\) Ibid.

\(^{41}\) Ibid.

\(^{42}\) SFSD internal document, “GIRAFE”, provided by Mr. Barakat after the meeting held on April 7, 2014.
helped more than 30,000 micro-credit recipients, with more than LE 28 million distributed in micro-loans. Refer to Exhibit E for SFSD’s Project Distribution per Governorate.

The overall evaluation grade determines how SFSD will finance the NGO. Ratings are as follows:

- **A** rating (more than 75%) → SFSD finances the NGO through a non-interest loan.
- **B** rating (more than 60%) → SFSD finances the NGO through either;
  - A loan for the micro-credit process, or
  - A grant for the NGO internal operations and micro-credit program related trainings.
- **C** rating (more than 50%) → SFSD finances the NGO micro-credit project through a grant.
- **D** rating (less than 50%) → not financed by SFSD.

After confirming the type of financing the NGO requires, certain criteria are determined. This includes; the required period for capital circulation, which depends on the project’s timespan; the duration of paying back the loan, which includes the circulation period not to exceed 72 months; loan renewal and extension based on the project’s overall rating; and the maximum ceiling of micro-credit interest based on social evaluation for the beneficiaries, which is 16% for individuals and 20% for groups.

Proposed micro-credit programs by NGOs must be able to improve living conditions for the disadvantaged members of the community, particularly women and the youth, by funding income-generating activities. Some of the programs implemented by the NGOs offered individual and group loans, as well as technical assistance and training, to help the disadvantaged start micro-enterprises or expand existing small businesses. Individual loans range in size from LE 500–2,000 and are offered for the provision of services such as hairdressers, the sale of goods such as fruits, vegetables, and dairy products, or the manufacturing of products such as woodwork and garments. Group loans average LE 750 per person, and are given to small groups of four or five borrowers to help them start simple income-generating activities, such as establishing a grocery business or raising poultry. The loan is equally divided among the individuals in the group, with each person providing a guarantee that the others will repay the loan. Loans are typically accompanied by training sessions in business management and accounting, to help beneficiaries establish and operate their enterprises efficiently and also comply with the laws. Beneficiaries learn how to manage their loan obligations, carry out project feasibility studies, receive information on relevant legislation issues, and learn about marketing strategies.

**New Horizon Association for Social Development (NHASD) – Organic Farming in the New Valley Project**

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43 SFSD internal document, “Number of Actual Beneficiaries for Projects” provided by Mr. Barakat during the meeting held on April 14 2014 at SFSD offices.

44 SFSD internal documents, “Evaluation Grades” and “GIRAFE”, provided by Mr. Barakat after the meeting held on April 7, 2014 at SFSD offices.

45 Internal documents “Constraints on Money Lending to NGOs”, and “GIRAFE” provided by Mr. Barakat after the April 7, 2014 meeting held at SFSD offices.
One of the most successful SFSD micro-credit partners is the New Horizon Association for Social Development (NHASD). NHASD is an NGO that focuses on providing political, economic, and social support to underprivileged and neglected Egyptian communities. The association’s objectives include; encouraging sustainable community structure, develop models for development initiatives, protect the health, education and safety of children, and empower women leaders. NHASD selects communities with a need-based approach, which is determined by conducting surveys, assessments, and area studies. The types of programs NHASD works on include: agriculture, civic education, environment, social, economic, and solidarity tourism. NHASD collaborates with the government, Community Development Associations (CDAs), and the private sector to fund and develop its programs. The association’s target groups include; children at risk, women, the disabled, farmers, and poor communities. NHASD’s global partners and donors include CCFD-terre solidaire in France, the Collective for Research & Training on Development (CRTDA) in Lebanon, the Foreign Affairs, Trade, and Development (CIDA) in Canada, CIDEAL Foundation for Cooperation and Research in Spain, Save the Children in the US, and many others.

New Valley Governorate: Geographical and Economical Elements Supporting the Implementation and Success of the Project

The New Valley Governorate (Al-Wādī al-Jadīd) is considered to be one of the largest governorates and includes the entire southwestern quadrant of the country, stretching from the Nile River valley (East) to the frontiers of Sudan (South) and Libya (West). The area approximately covers two-fifths of Egypt. The governorate was known as Al-Ṣahrāʾ al-Janūbiyyah, meaning “southern desert” until 1958.

The New Valley is known for its warm and dry weather during the summer and scarce rainfall during the winter. Due to the governorate’s geographical location, it is characterized by having the most intense solar heat concentration in the world all throughout the year, which could be used as source of generating alternative energy. The Governorate is also known for its abundance in underground water resources and numerous unused farmland zones. Compared to the rest of the governorates in Egypt, the New Valley is free of pollution, a key factor in successful organic farming. Until recently, there was a lack of agricultural knowledge amongst the New Valley population, leading to large areas of unused land. The recent agricultural training given to the governorate’s young citizens within the Organic Farming in the New Valley Project was instrumental in helping advance the agricultural development in the New Valley region as well as creating job opportunities for the underprivileged.

46 New Horizon Association for Social Development. Accessed from http://newhorizon-egypt.org/about/
50 SFSD internal document, “Limiting Unemployment through Organic Farming”, provided by Ms. Yousry during the meeting held on April, 2014 at SFSD offices.
Organic Farming in the New Valley Project

Through a partnership with NHASD, SFSD developed a project called Organic Farming in the New Valley. The project focused on Balat, a remote village east of the El Dakhla Oasis. The agriculture and environmental initiative’s goal was to provide job opportunities to underprivileged Egyptians by training them to cultivate and develop organic farming techniques. The training was conducted through collaboration between the Desert Research Center of the Agricultural Research Center and the Egyptian Center for Organic Agriculture (ECOA) to create “integrated, humane, environmentally sustainable agricultural production systems” and the trainers were selected based on a consensus between NHASD and SFSD.51

The project began on January 15, 2009. It was financed by SFSD, which offered LE 1.5 million as a grant to support the project’s two main pillars, training and job creation. At the beginning of the project, 200 small farm owners were trained in implementing organic farming practices that depend on drip irrigation.52 The training also included food safety and environmental protection standards. At the end of the training period, trainees were offered job opportunities in organic greenhouses and nurseries established by the project to produce and sell seedlings suitable for organic farming. Animal and bird breeding projects were established in order to acquire waste needed to produce compost manure. The project was concluded on July 15, 2010 with excellent results and outstanding impact, which encouraged SFSD to extend the project to a second phase and scale it up in the villages of Balat, Al Kaser, El Rasheda, and Bashandi.53

Capitalizing on the success of phase one of the Organic Farming in New Valley project, SFSD chose to inject the LE 1.5 million offered by Al-Ahram Beverages Co. as part of its Corporate Social Responsibility Program as a grant to NHASD to implement phase two that started on November 1, 2010. This phase included the addition of micro-financing as a third pillar in order to further support the job creation pillar54. The total amount allocated for the micro-credit loans was LE 322,500 out of which LE 230,000 (71%) being the contribution of SFSD and LE 92,000 (21%) being that of NHASD.55

The second phase of the project was comprised of 310 trainees mainly young farmers with nearly equal distribution of males and females. They were trained on organic farm management, plant nutrition, soil fertility, and plant protection. Female farmers were trained to manage organic labs that develop and produce bio-fertilizers and bio-pesticides. Some of the items produced in participating farms include barley, grapes, and mangos.56 Moreover, the project established an

51 Sawiris Foundation for Social Development, 10 Years of Continuous Achievement, p.20.
52 Ibid.
54 Information provided by Mr. Barakat during an additional phone interview on the May 7, 2014.
56 SFSD internal document, "First Technical Report of Organic Farm II, New Horizon Association for Social Development", provided by Ms. Yousry during the meeting held on April 14, 2014 at SFSD offices.
irrigation network to encourage organic farming practices as well as a power network to cover the farm assigned for the project’s practical training. After the training, the trainees were employed either in the New Horizon’s farm or in other private farms while a considerable number of the remaining trainees benefited from the micro-credit loans offered by the project to start their own business, mostly women starting the business of producing compost manure. Loan installments were paid back to NHASD in kind, either in cash or in the form of compost manure that NHASD used to fertilize its own farm, such a mechanism promoted the micro-credit concept and supported the sustainability of the project. In NHASD’s final report, it cited the project had a positive impact on the lives of Egyptian families and offered economic stability to underprivileged participants. The report also indicated NHASD’s desire to expand the project to reach more marginalized villages.

**Project Results and Impact**

The Organic Farming in New Valley Project was meticulously monitored and recorded from initial conception to completion and part of its results and impact was expected as a natural outcome of the project’s activities while there was also an unplanned/indirect impact.

- **Planned/Direct:**
  - Training and developing the skills of 310 people in the second phase (out of which 156 were males and 154 were females) who were either young farmers or unemployed on the organic farming practices and the latest best irrigation methods, giving them better opportunities to either enhance their farm’s production or to find a job and improve their standard of living.
  - Contributing to decreasing the level of unemployment in the village of Balat through offering 296 job opportunities (69 of which were permanent employment opportunities) to the beneficiaries of the project in different fields such as building irrigation networks, greenhouses for vegetables production, pigeons towers, and nurseries.
  - Supporting around 130 trainees (Exhibit F) to acquire permanent jobs and a stable source of income by offering them micro-credit loans that would help them start their own businesses especially in the fields of compost manure production, greenhouses and livestock.

- **Unplanned/Indirect:**

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59 SFSD internal document, “Limiting Unemployment through Organic Farming”, received from Ms. Yousry during the meeting held on 14th April, 2014 at SFSD premises.
The project helped change the mindset of the community towards organic farming. For the farmers, the project was evidence of the importance of organic farming and the benefits of implementing a chemical-free farming system that fulfills the food safety aspect.

- Using the animal and plant wastes to produce compost manure instead of burning it as was the case before. This method helped the community recycle the waste, provided a source of income for young farmers, offered cheap chemical-free fertilizer, and protected the environment from the damages resulting from burning waste.
- The project had a significant role in advancing the current irrigation mechanisms. Trained farmers became aware of the advantages of implementing modern irrigation methods such as splashing and dripping, which provided plants with the necessary amount of water.
- The project introduced new crops to the New Valley Governorate such as mangos and pomegranate. The old generation in the community used to believe that the valley’s soil was not adequate for planting trees. After the project, this idea became obsolete and the trained youth started planting trees in the unused land.
- The project contributed to a “giant leap” in vegetable planting as a result of introducing the greenhouses concept. In the past, people used to depend mainly on the governorate of Assuit to buy their vegetables, but after the provision of micro-credit loans, the trained youth started building greenhouses to plant chemical-free vegetables and sell them to the community.
- The awareness created by the project and its activities changed the culture of the community. People began to prefer organic products. They started appreciating the concept of organic farming and stopped using chemicals, which had a positive impact on public health.60
- The increase in income resulting from the job opportunities and the businesses supported by the micro-credit loans offered by the project had a significant impact on improving the economic conditions of the trainees’ households. Moreover, the results of the project changed the perspective of young generations and encourage them to create their own job opportunities instead of waiting for the traditional governmental job opportunities.
- The project had a remarkable positive impact on the environment by promoting the usage of chemical-free fertilizer for better production capacity and protection of the ecosystem, recycling waste to produce compost manure instead of harming the environment by burning the animal and plant wastes, and by using advanced irrigation methods to save both water and energy.61

**Project Achievements**

The second phase of the project was concluded on January 2013 and its achievements include:

- Attaining harmony between the related agricultural policies set by the New Valley governorate and the project’s goals and activities.

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60 Ibid.
61 SFSD internal document, “Limiting Unemployment through Organic Farming”, provided by Ms. Yousry during the meeting on April 14, 2014 held at SFSD offices.
• Establishing a wide community network of government executives and officials in the New Valley governorate to support the existing and the new partnerships developed with the civil society of the villages engaged in the second phase (Al Kaser, El Rasheda, Bashandi and Balat).

• Empowering women who represented around 50% of the targeted audience in the second phase and supporting their role as income earners for the households.

• Building a successful organic farming ecosystem that encompasses introducing organic farming and advanced irrigation methods, training and skills development, offering job opportunities, introducing new agriculture crops, waste recycling and producing chemical free fertilizers, food safety and environment protection awareness as well as knowledge sharing and dissemination by the beneficiaries to their families to further extend the benefits to the community.\(^{62}\) Such ecosystem was the main reason that Balat moved from being just a small village to being a “Markaz” (central village)\(^{63}\).

• Overcoming the project’s community resistance to the concept of micro-credit loans, which resulted from a prior experience when the Social Fund launched one of its micro-financing projects and the borrowers were imprisoned because they were not able to pay back their loans\(^{64}\).

**Gamal Mohamed Refaie- A Success Story of the New Valley Organic Farming Project**

Gamal Mohamed Refaie, a New Valley resident and a recent graduate with an agriculture engineering degree, was unable to find a job due to the unfavorable economic conditions in the region. Gamal, an ambitious young man with a keen interest in organic farming joined the training program of the Organic Farming in the New Valley Project Phase II in order to learn the latest organic farming methods to enhance his job opportunities. Upon the successful completion of the program, Gamal along with his friend Mohamed Ahmed Hamam applied for a micro-credit loan and started a greenhouse project.

The ambitious engineer was not satisfied with just starting a greenhouse. He took it a step further and formed a group representing the owners of the greenhouse projects supported by the project’s micro-credit loans. With the help of the connections that he made through SFSD he organized a group trip to Cairo for the greenhouse owners and was able to successfully meet and sign agreements with various suppliers in order to acquire the different materials needed for the greenhouses. Through their collaborative effort, Gamal and the group started building greenhouses themselves. This experience was beneficial to both Gamal and the group as they were able to gain hands-on experience. In addition, Gamal was gaining a reputation of being an expert in building greenhouses. People in El Dakhla oasis as well as outside the area were approaching him to build their greenhouses. Fueled by this success, Gamal decided to launch a small greenhouse building company and provide all the required supplies (irrigation systems, iron structures, plastic covers, and saplings) for both El Dakhla and El Kharga oases. Gamal’s success did not stop here. A couple of years later, he started yet another business that sells agricultural supplies such as seed, fertilizers, and pest control materials.\(^{65}\)

\(^{62}\) Ibid.  
\(^{64}\) Information provided by Mr. Barakat during an additional phone interview on May 7, 2014.  
Looking Ahead

Mr. Barakat wondered whether he should adopt the new version of the GIRAFE methodology, the SMART GIRAFE, or develop a more tailored method. He wanted to ensure that the SFSD team was as thorough as possible in evaluating and selecting an NGO to partner with. The proper selection of an NGO determined the outcome of a project, as seen with the successful partnership between SFSD and NHASD. Mr. Barakat contemplated on how SFSD should go about making such an important decision, while also protecting beneficiaries from poor treatment, debt, privacy issues, conflicts, and a lack of transparency. Another issue that Mr. Barakat was pondering was, going forward, how can SFSD guarantee the sustainability of similar projects and keep on supporting the unprivileged communities with new micro-credit loans, since SFSD does not charge any interest on the loans it offers to the selected NGOs to partner with. He knew he needed to consult with the SFSD team to brainstorm new and innovative ideas for the future of the Foundation.
Exhibits

Exhibit A: SMART GIRAFE Methodology Framework

- Recent crises in several microfinance markets (Morocco, Benin, Bosnia, Nicaragua, and Andhra Pradesh) have shown that a Microfinance NGOs lives in symbiosis with its clients, and that in the long run client difficulties become the NGO’s difficulties\(^6\).
  - Poor client protection practices can in the medium term translate in higher credit risk and lower revenue quality.
  - Perception of lack of alignment of interest between practices and stated social goals can translate into reputation risk for an MFI or for the sector.
- Planet Rating in coordination with Rating Initiative Institute have decided that the analysis of social risks should be included in its Institutional Rating methodology, that is, the target was to add the following 3 dimensions to the initial framework \(^7\):
  - Alignment of NGOs practices with stated goals and accountability: The attractiveness and potential of the microfinance sector is due to its proven capacity to combine financial sustainability with ambitious social goals. In order to maintain the sustainability of this double bottom-line industry, it is crucial to ensure that the stated social goals are actually shared by decision-makers and translated into practices at all levels. Misalignment between the stated goals and practice can indeed harm the quality of the relationship between the NGOs and its partners (funders, governments, etc.), and generate a reputation risk.
  - Responsible Financial Performance: Financial performance earned at the expense of the social sustainability may as well harm the microfinance industry. Although precise standards in terms of responsible financial performance remain to be defined, transparency on current practices as well as identification of excessive ones (e.g. predatory or extortionate interest rates, profit margins far beyond benchmarks, disproportionate remunerations, very low salary levels for staff) are key to prevent abuses and mitigate the reputation risk for the sector. This rating factor will have a negative impact on the grade only in extreme cases.
  - Client Protection: An NGO lives in symbiosis with its clients and its asset quality is notably based on the trust relationship created with its clients. Recent microfinance crises have shown that poor client protection practices translate in the medium term in higher credit risk and lower profitability for MFIs. The SMART Campaign has defined a detailed framework of seven principles to promote best practices in terms of client protection. Six of the principles are reviewed in the “Client Protection” rating domain while Appropriate Product


Design and Delivery is reviewed in the “Efficiency and Profitability” domain under Adaptation of Services. There, Planet Rating assesses the NGO’s capacity to generate revenues on the long run with services truly adapted to the client’s needs. In the “Client Protection” rating domain, higher weights have been assigned to Prevention of Over-indebtedness, Transparency, and Fair and Respectful Treatment of Clients, than to the other principles.

**SMART GIRAFE Framework**

(Highlighted blocks are new compared to initial GIRAFE framework)

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Exhibit B: only) SFSD’s Organizational Chart (Executive Team)

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Exhibit C: SFSD Workflow Process⁶⁹

SFSD internal document, “Workflow Description”, provided by Mr. Barakat during the meeting held at SFSD offices on April 14, 2014.
Exhibit D: GIRAFE Methodology Framework

Exhibit E: SFSD Projects Distribution per Governorate

SFSD internal document "Number of Actual Beneficiaries for Projects", provided by Mr. Barakat during the meeting on April 14, 2014 held at SFSD offices.
Exhibit F: The Distribution of the Micro-credit Projects for Males and Females - Phase II

SFSD internal document, “Limiting Unemployment through Organic Farming”, provided by Ms. Yousry during the meeting held on April 14, 2014 at SFSD offices
Introduction

*If your life was a book, how would you like the story to end?*

*Are you the writer or are you playing a small role, directed by external forces?*

After being forced to leave a comfortable, white collar position, being left by his fiancé, and with no employment opportunities in light of Egypt’s revolution, Hassan Abdelguelil had these two questions ringing in his mind. He felt worthless, hopeless, and trapped. The only thing that he had going for him was his enrollment in an MBA program at the Nile University in Cairo. Abdelguelil was exhausted from life’s blows when he enrolled in a course on Entrepreneurship. This course was taught by Dr. Ayman El Tarabishy. After the second lecture of the course, a lot of things started to change. Under Dr. Tarabishy’s guidance, Abdelguelil began to see that what seemed to be bad luck and unfairness turned out to be a part of his preparation for what he always wanted to do, but never felt financially capable of attempting. It all became clear when this question was posed:

*What is your passion and what do you want to spend the rest of your life doing?*

That question awakened an old dream of helping people to improve & excel from deep within Abdelguelil. Despite his fear of failure, Abdelguelil began to work on a business plan, bringing on a friend of his as a silent partner. Life Compass was officially founded in January of 2013. It was still an uphill struggle. Three months in, his friend terminated their partnership, and four months later, political instability peaked with riots and protests, curfews and a poor economic climate. In the next months, Abdelgueli watched as business after business closed around him. Times were desperate and he did not know how he would be able to pay rent, let alone maintain a business when he received a call from the Ministry of Telecommunication informing him that he won a contract for which he had bid on five months previously. This was the first glimmer of hope that Abdelguelil could see, but Life Compass hasn’t made it to the light at the end of the tunnel, yet.

Three years after the revolution, many are still hesitant to become or support entrepreneurs in Egypt. The country is undergoing political and economic change, but it is still unknown what the political, economic and social impact of the revolution of January 2011 will be in the future of Life Compass. The political instability and the lack of clear economic goals at the national level have provoked a decrease in domestic and foreign investment, making companies like Life Compass need to be able to adapt to any situations that come up without outside support. This is why Life Compass needs to be sure that it is presenting potential customers and investors with the best possible image, as well as performing efficiently and smoothly internally.
Company Structure

Life Compass is a small organization composed of six individuals, as you can see above. Two of the six, Mostafa and Salah, are in charge administrative tasks, clerical work, and responding to customer inquiries. The other four are made up of the management and training staff.

Abdelguelil, as CEO, establishes the strategy of the company and supervises execution while also delivering trainings. When Abdelguelil is not engaged in training he spends most of his time developing new business ideas and meeting prospects clients.

Nirvan the Business Development Manager, is responsible for the marketing activities of Life Compass and the day to day operations. She is also involved in some sales calls. Mai and Nahla are psychotherapists and are responsible for one on one therapy sessions. One on one sessions help provide a very targeted and individualized service, allowing Life Compass to make rapid observations and produce accelerated results for the client. Mai specializes in color therapy.

Having a small organization has allowed for a tight knit work force and has allowed Life Compass to pivot strategic direction quickly and easily when necessary. However, as discussed later in the challenges section, it will be imperative for Life Compass to hire employees who can expand their products and services suite as they grow.

Services and Programs

Life Compass started out with the intent of becoming a company that could provide services for holistic body and mind training with the goal of self-awareness and growth. The scope of Life
Compass has since been enlarged. Today, it focuses on two main target groups: corporations and individuals. On the corporate level, Life Compass partners with companies to deliver business training to their newer employees, those with management positions, or whomever the company decides could use the support. There are two types of training workshops. These workshops can be given as separate units within a training course, or as completely separate courses, depending on what the corporation wants. The theme of the first training session is focused on how to add value to products through improved sales techniques. This enables attendees of the course to better understand the wants and needs of the consumers, which helps them improve upon their product pricing and even the selection of consumers to target based on market demands. The second theme covered by Life Compass’s workshops is focused on strategic management. In these training sessions, the attendees are trained to build positive working relationships within and outside of the company, creating corporate communities that function more like teams and less like bureaucracies.

Let’s look at an example of what these training sessions look like in practice. Life Compass’s main client for its corporate program is BNP Paribas Bank, which was recently taken over by Emirates NBD. While these corporate workshops typically take place over the course of six days, PNC Paribas Bank has many options on how they can incorporate the workshops into their workweek. They could be implemented throughout weeklong courses, as a short series of weekend workshops, as evening or lunch courses, once a week for six weeks, etc. They can be broken up based on the material of the course as well, breaking up hard (mainly technological) skills, which normally takes four days, from softer skills (literature and discourse-based), which normally take two days of training. Subject matters included in these themes include, but are not limited to best practices in strategic management, team building, exploring BSC Systems Inc. methods, and generating and evaluating strategy maps.

As for the individuals that participate in the program, Life Compass offers a character-centered lens for life improvement. Topics covered in workshops held for individuals include training focus techniques; Neuro-Semantics and the training of the mind to engage in self-reflection; business and social dining etiquette; meditation and yoga; personal styling; energy healing; and courses that help participants identify their passions. These courses are typically held in off-work hours, on weekends and after five o’clock in the evening during the week. The majority of the attendees of these workshops are women between the ages of twenty and seventy. The length of training required by clients is two to three days, and the classes are priced at between $70 and $285. Feedback for both the business training and life improvement services of Life Compass has been positive thus far.

Partnerships

In order to have enough capital, Hassan Abdelguelil founded Life Compass in partnership with his friend. With both of their resources pooled together, Life Compass was able to get the company up and running in a short period of time. 55% of the company’s shares were in Abdelguelil’s name, and the remaining 45% were in his partner’s name. The two agreed that Abdelguelil would be the one managing the company. However, this partner was looking for a quick return on his investment, and did not invest more during the first year. As mentioned in
the introduction, though, this partner left abruptly after the start of the second year. This failed partnership has made it difficult for Abdelguelil to enter into other partnerships.

Without a partner, Abdelguelil has needed to work on many tasks alone. He had to stop marketing activities to minimize the outflow of cash; look for big accounts to maximize on future contract opportunities; stop hiring to avoid more overheads; as well as oversee the day-to-day operations of the company. Recently, he has been looking for a strategic alliance with recruitment companies, such as the recruitment agency named “Vision MENA” that targets the same clientele as Life Compass.

The company has managed to succeed to cover its costs and has realized a net profit at the end of a very difficult year. This situation has shown Life Compass’ owner and employees that they can make it despite multiple setbacks. Life Compass started this year with positive news from two big accounts, but it is still crucial for the company to keep an eye on the ratio of cost and revenue, especially considering the unstable political climate and forthcoming elections in June 2014. It might be worth considering taking on some partners in the future.

Challenges

There are always interesting opportunities when starting a small business during a tumultuous economic situation; however it does not come without risk. The main challenges of Life Compass are establishing a large client base, developing a skilled workforce and develop emblematic products, as well as managing economic uncertainty. Abdelguelil and his team have a unique business model that has potential to make a strong economic and social impact in its community, but a strategic plan is needed to address the current and future challenges.

In an economic downturn many companies turn to layoffs and program cuts to ensure that margins remain intact. Employee training and the well-being of workers are relatively new concepts for many companies in Egypt. It will be Life Compass’ mission to advertise the value of these types of programs. Life Compass will have to establish their brand identity while stamping out the importance of a service that has previously been considered nice to have, but not a necessary. The current economic state means that less companies are willing to expand budgets for programs that may be considered superficial. Life Compass will have to develop a strategic business plan to address companies’ concerns. Otherwise, it could risk being cut from current clients and dismissed by potential clients.

As a start-up Life Compass is faced with the difficult decisions of who to hire and what products to launch. They have a capital constraint that limits the number of employees they can hire. This restricts the number of services that Life Compass can offer, which means that they may not be able to fulfill all the training and wellness programs desired by a client. If a competitor has the ability to provide similar services while also offering other comprehensive trainings a company needs, it will be difficult for Life Compass to compete. As the company grows it will have to utilize its capital resources to hire employees who can expand the available services while also contributing to those services that are top sellers. It is always a challenge to know exactly what a customer will want; if Life Compass’ can’t be malleable with their services due to workforce and capital constraints they will struggle to gain a loyal client base. Life Compass should keep track
of clients’ inquiries it hasn’t been able to fulfill; this way, it will be easier to identify which areas need to be developed.

Egypt’s current economic condition can also be an issue. If companies are feeling financial pressures they are less likely to hire new contractors who provide products that are not indispensable. This would place pressure on Life Compass to give an overly competitive price that could squeeze their margins to an unsustainable point. As the economy around Life Compass is exposed to similar companies with greater access to capital copying their business model; however, with that upturn it will hopefully also increase the potential client base.

It is true that opportunity arises from gaps and downturns in the market, however if Life Compass cannot differentiate its products, it will be easy for a company with a larger task force and capital access to replicate the Life Compass model and steal market share over time. It will be essential for Life Compass to establish a strategic plan to mitigate the current challenges.

**Looking Ahead**

Life Compass should undergo both a marketing strategy and a product structure transformation in order to be more competitive and make its vision more understandable for its public and potential clients. The titles need to be redone to give a better idea of the mission of Life Compass. ENBD Management has recognized the particularity of the courses offered by Life Compass. Life Compass’ leadership should use the major differentiation grade they obtained in their marketing strategy, along with the specificity of their pricing strategy. The positioning of Life Compass in term of prices is indeed advantageous, but this point is not mentioned in its marketing strategy. As a result, Life Compass should focus its strategy on presenting simple products of quality at a competitive price. Considering the fact that Life Compass is a startup with low staffing, it would be unrealistic to focus our strategy on expanding lines of different complex products. However, it is possible for Life Compass to offer high quality programs that will allow it to differentiate itself from its competitors if they are presented in a clear manner. The feedback on Life Compass’ training activities has been very positive in the past, which should be translated in a strong and clear mission statement: to provide professional training of quality to its community. To communicate this vision, one of Life Compass’ best options is social media, a free outlet. The website is currently on maintenance – it does not offer any information on the company or its website. Therefore, it is essential to focus on the Facebook page. There are currently 1,200 fans on Facebook, and asking participants in the Life Compass programs to like the Facebook page would be a good way to create a larger community. Offering counseling online to those who are fans could be a way to add clientele as well.

Life Compass is also losing business due to limited resources because of its staffing issue. Life Compass should hire one full-time employee to avoid leadership burnout and allow the company to offer several products that will be provided without any hurdles. It might also be possible to get interns at Life Compass from surrounding universities in order to get more help at no cost – think about a partnership with Nile University. With this increase in staff, it would be possible for Life Compass to design a program especially for women. Indeed, the Life Compass Strategic Business Plan (Year 2014) mentions that a large part of the company’s clientele is female. It would be very efficient to create and advertise a program specifically designed for women in the
individual training programs that Life Compass offers. The program can be advertised very efficiently by targeting companies with a high rate of women employees. By creating a strong product that has already proven to be successful and furthering its specificity, Life Compass would be able to have a strong product that will help the company to deal with its fluctuated revenue from life improvement.

Concerning the programs for corporate clients, Life Compass should focus its strategy on the banking sector. Life Compass has already worked with BNP Paribas and will be targeting two additional banks in the 2nd quarter of 2014. Life Compass’ approach will be on using the financed training obtained by the Ministry of Telecommunication to facilitate the low-entry penetration strategy and further relationships with key individuals in these accounts. It would therefore be relevant for Life Compass to have one program for corporate clients in general and one specifically for clients from the banking sector. With one new employee, the workload would still remain manageable with one specific program for corporate clients and one specific program for individual training. This would allow Life Compass to differentiate itself without stretching itself too much. Once again, it would be easier to advertise to only banks instead of trying to reach out to all potential corporations at the same time. These two programs wouldn’t eclipse the fact that Life Compass offers training for all kind of clients, but could be the key signature products of the company.

Life Compass’ main goal should be to create a more defined mission statement and code of ethics supported with specific and efficient training programs it already has experience in.

**Social Outreach:**

The better asset of Life Compass is its pre-established training program. To become more socially responsible, it may be possible for them to offer short training programs at a lower rate for low-income communities. However, this might too much of a financial burden for the small-business. It might be more productive to think about a few hour of voluntary work by week or by month depending on the availability of Life Compass’ members. Life Compass’ leadership should also think about looking into partnerships with pre-existing non-profits or other organizations. After the DC Experience in Washington, Life Compass now has potential connections with UNDP Egypt. It might be worth contacting them to talk about potential CSR activities. Considering the unemployment rate, it would be great for Life Compass to dedicate some of its time to people that have lost their jobs and do not have the financial means to pay for training. If these activities remain a limited part of Life Compass’ activities, it shouldn’t threaten its financial situation. Abdelguelil would like to offer free courses about Egyptian ethics in order to unify people around common ethical principles. He believes that this is a needed action in the midst of the post-Revolution era. Life Compass could offer a Business Ethics course; it is possible for the Life Compass’ leadership to try to contact the GW professors that give this class at the George Washington University to discuss the content of the class.

Life Compass can also encourage healthy behaviours for all its clients; Life Compass could integrate advices in its personal development program such as walking instead of driving to reduce carbon emissions and increase physical activity. This would be free for Life Compass to implement, and will have a positive outcome. It would also be free for Life Compass to
feature one non-profit per month in its facilities; Life Compass’ leadership could try to discover which social entrepreneurship organizations or non-profits operate in its area and advertise them for free.

Life Compass can play leading a role in developing lifestyle in order to get deeper involved in the corporate social responsibility. First, encouraging people to have a healthier lifestyle and a fit body. For example, to reduce the use of car and walk more, in this way, it would reduce the emission of carbon dioxide and therefore help the environment. Second, encouraging people to keep a happy lifestyle and empathic mind, not only to perfect themselves, but also to help people in this planet. Life Compass may promote some products or lessons, when customers buy one, part of the money would be used to help the people who are in great need. This kind of money would be set to a special life compass fund for the use of social responsibility. Third, Life Compass can sponsor some event to expand their influence and reputation. For example, they could sponsor some social event, like Olympic Games in the future. Fourth, Life Compass could join or initialize some social organizations, which are concentrating on social issues, like protecting environment, food, and so on. This would be the forecast social responsibly for the Life Compass in the near future.

Conclusion:

There is nothing certain about the future of Life Compass or the future of Egypt. What we can affirm is that social entrepreneurs like Hassan Abdelguelil care more about creating a business that aligns with their passion than establishing a venture focused on financial gain. As the situation remains chaotic in Egypt, there is no doubt that the company will face many more challenges. However, if Abdelguelil and his team take sufficient time to enhance Life Compasses’ strengths and remediate its weaknesses, there is hope that the business will keep growing. This process will require Life Compass to create a strong brand whose emblematic products will convince employees training is worth the expense. The threats are numerous, but so are the opportunities. Life Compass needs to keep being aware of the evolution of its market and the potential gaps in the market. Life Compass will also have to keep track of the protagonists in its environment: its clientele, its potential clients, and the political leaders of Egypt. Abdelguelil is passionate for ethics and social debates. Life Compass has the potential to become a space for professional improvement and inclusive discussion, particularly in this time of political and social unrest. As Life Compass further defines its vision and its mission as a training company, it will be able to make an even greater impact in the Egyptian community. Their work has the potential to alter a generation of Egyptians while also being a viable business, only time will tell whether or not Abdelguelil and his team will succeed but the future is bright.
Introduction

“My dream is to become a lawyer someday.” Hend Mohamed is one of many underprivileged and under educated girls in Egypt. Goals to become a lawyer, doctor or to own a business don’t exist in these areas, especially not for girls. They don’t exist because girls like Hend have been stripped of opportunity, education and future prosperity. Their futures seemed destined for poverty like their parents and their parents’ parents or at least had been until now.

A single room can change everything for a community. When used as a school, a single room can transform an entire community by creating friendships and providing new skills that can change the lives of everyone involved. A single room provided Hend Mohamed the tools and opportunities needed to make her dream a reality. This is the promise that Apache Corporation saw when they decided to help bring schools to young girls in rural Egypt. The company saw the opportunity to create an immediate and positive impact by educating young girls who otherwise would most likely remain uneducated and illiterate. Creating educational opportunities for young girls in rural Egypt would change lives and help create a new legacy in their communities.

Since being established in 2004, Springboard and Apache have built over 200 one room schools and worked to ensure the viability and long term financial stability for this program and their schools. With Egypt’s political turmoil, declining economy, and growing poverty, how can Springboard expand to impact more communities like Hend’s while creating a more sustainable business model?

Over the past several years the world’s attention has turned to Egypt on a number of occasions. First, February 2011 the government was overthrown and President Hosni Mubarak was removed from power. July 2013, the Egyptian military removed President Mohammed Morsi and the Muslim Brotherhood from power because of growing public dissatisfaction with the new President and his party. As is frequently the case when there is a dramatic reorganization of power, there is concern that those who are most vulnerable will be faced with some of the greatest obstacles to overcome.

There were also deeper societal problems in Egypt that dated back many years and were attracting the attention of many. One such issue was the gender based educational disparity in Egypt. Although this problem is not unique to Egypt, a diverse group of actors developed a new
approach to change this situation for the better. As is the case in any society, a number of factors were causing educational disparity. These factors included the traditional role of young women within the Egyptian family, the practice of early marriages in many communities, priorities placed on educating boys and the lack of access to schools in most areas with high levels of poverty.\(^75\) Champions, who wanted to educate more young women in Egypt, focused their attention on the immediate benefits to educating a traditionally under-utilized portion of the population and the potential long term benefits that would favorably impact local communities and Egypt as a whole.\(^76\)

When attempting to solve a problem that is so ingrained into a society, occasionally, partnerships to solve a problem can be formed by unlikely allies. It would be difficult to find a greater contrast than the glass and concrete skyscrapers that are home to the global headquarters of some of the world’s most influential energy companies and the working class citizens and modest buildings that comprise rural Egypt. While these two worlds appear to be at odds, they are connected through the Springboard Education Initiative that seeks to provide increased educational opportunities to girls from underprivileged backgrounds. This initiative has been brought together by Apache Corporation, the National Council for Childhood and Motherhood in Egypt (NCCM), and the Sawiris Foundation. Since its inception during 2004, this partnership has built more than 200 schools and graduated more than 7,000 students. The program has also created a focused passion for Apache Corporation’s employees at the company’s headquarters in Houston, TX and their operations in Egypt.

There are both political and economic issues that have arisen during the recent upheaval in Egypt. Uncertainty in Egypt has been the result of many issues including reduced government spending on education, high national unemployment and poverty levels across the country. The Springboard Initiative is dedicated to providing girls in underprivileged communities with educational opportunities that would not be available to them otherwise. The need for this program is great due to an education system that was traditionally built on a system of meritocracy that only provided services to the wealthiest sectors of the population.\(^77\) Because of the political turmoil that has engulfed the country; the government has decreased financial support for education, causing an increased burden on families to foot the bill for their children’s education.\(^78\) Currently, only 65.8% of all women in Egypt are literate as compared to 83% of the male population.\(^79\)

**Apache Corporation**

Apache Corporation is an independent oil and gas company based in Houston, TX that was founded during 1954 with operations in the United States, Canada, Egypt, Australia, and the North Sea (interests in Argentina were recently sold). Apache is currently traded on the New

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\(^76\) “Opening the windows of opportunity: One-Room Schools for Egypt’s Girls”, 5.


\(^79\) “Egypt.”
York Stock Exchange (symbol APA) and recognized $16.054 billion in revenue for 2013.\(^8_0\) Apache has significant investments in Egypt and was identified as Egypt’s largest US foreign investor as recently as 2012.\(^8_1\) Apache’s Outreach Department serves as the focal point for the Company’s many Corporate Social Responsibility (CSR) efforts including Springboard, Fund for Teachers and the UCross Foundation. Apache also sponsors many other programs that assist schools, at home and abroad that face varied and diverse challenges. These programs began as result of the efforts of Apache Corporation’s founder, now retired Chairman Raymond Plank. When asked about Apache’s commitment to educational programs and Corporate Outreach, Vice President of Governmental Affairs, Obie O’Brien, noted that the focus of many local programs have grown from areas where local employees believed that their efforts would be most beneficial to their local communities. However, the focus of corporate levels programs on education is very much a reflection of former CEO Raymond Plank who placed a great deal of importance on education. Mr. Plank’s influence on both Apache Corporation and the Springboard Initiative can be summed up best his own words, “If you can educate people you can change the world.”\(^8_2\)

Apache Corporation is very open to its employees’ suggestions when looking for new efforts to be included in their localized CSR efforts as well as those that fall under the corporate level Outreach Department. Some of these efforts include planting trees 3.7 million in order to improve the environment. Other efforts look to assist communities such as Moore, OK, that received new storm shelters and safe rooms to protect students from tornadoes and other extreme weather events.\(^8_3\) Although the Springboard program was started by senior executives at the company’s headquarters, the initiative also receives broad based support from Apache’s employees that generates great excitement and pride about the program and the benefits that Apache can bring to this effort. Recent initiatives to provide funding for this initiative have included a “Fun, Run, Walk Day” fundraiser and a cookbook created by Springboard and Apache wives titled “Reading, Writing, and Recipes.”\(^8_4\) Together these initiatives are designed to ensure continued awareness of this program and provides much needed funds for ongoing maintenance.

When speaking with employees you feel their excitement about and commitment to Springboard.\(^8_5\) Glenn Joyce, the Global HR Director at Apache and a member of Springboard’s Board of Directors, speaks with a great deal of pride about not only his involvement, but also that of his wife in the Springboard program. Both of them actively participated in Springboard while living in Egypt and have continued to take an active role in the program since moving back to Houston, TX.\(^8_6\) Recently, Apache was selected as a finalist for the Secretary of State’s 2013 Award for Corporate Excellence for the accomplishments and future goals for Springboard.\(^8_7\)


\(^{82}\) Joyce, Glenn. Personal Interview. 24 Apr. 2014.

\(^{83}\) O’Brien, Obie. Personal Interview. 24 Apr. 2014.


\(^{85}\) Author’s observation while conducting interviews

\(^{86}\) Joyce.

\(^{87}\) “Christmas Newsletter”, 3.
Egypt developed the National Girls' Education Initiative in 2003 after the UN Secretary General launched the UNGEI (United Nations Girls Education Initiative) in 2000 to bridge the gender gap and increase equal access to schools. The driving force behind the Girls’ Education Initiative in Egypt was to address the increasing educational system challenges spreading throughout the country. Egypt had a culture of elitism which created a dual education system; an exclusive private system for the elite and a government funded, low quality system for the majority. They also had curricular challenges placing an emphasis on knowing what instead of knowing how or why something is done. There were also issues with assessment strategies and the Egyptian schools relied too heavily on the outcomes of these scores. These scores resulted in either placing failing students into a vocational program or determining a student’s future, not taking student’s preference into account. Many of the schools were under resourced and overcrowded. They lacked sufficiently trained teachers and administration to develop new curriculum and assessment procedures. Overall, the Egyptian education system faced many challenges they needed to overcome in order to close the gender gap and increase equality in schools. 88

Egypt was the first country to join the UNGEI and promised to work with the UN to increase girl friendly schools across the country. They partnered with the National Council for Childhood and Motherhood (NCCM) and the Sawiris Foundation for Social Development to work on the initiative. Together, their goals were to decrease the gender gap in primary education, improve the quality of education and realize enrollment for all and equal treatment in the identified villages and hamlets of Sohag, Assuit, Menia, Bani Sueif, Fayoum, Giza and Beheira. Within the villages and hamlets, they were targeting specific segments. Non-enrolled, primary school aged girls (6-13 years) or girls who were enrolled and had low assessment score rates, were the main segments who would attend the to-be-built schools. 89

The GEI set up a GEI National Task Force, a UN Task Force, and a GEI Secretariat to manage different parts of the planning and implementation stages as well as manages the many different partners who were essential to the initiatives success. The GEI focuses on five programs or pillars: Information Systems, Public Awareness and Community Mobilization, Expanding Girl Friendly Schools, Poverty Alleviation, and Monitoring and Evaluating. Different Egyptian Ministries were responsible for each program based on relevancy. The Ministries of Petroleum and Construction, for example, would provide the roads needed to access the schools and stock with proper resources. Most of the funding for the initiative came from the government with additional funding from the UN, the World Bank, NCCM, the EU and private/corporate donors. So far the GEI in Egypt has set up over 1,000 schools and enrolled over 180,000 students in high poverty, Upper Egyptian areas. 90

**Springboard Education Development**

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88 Sultana, 51.
Springboard believes that, “If you educate a girl, you educate a family and a nation.”  

It is this motto that motivates the organization to build schools that address the gender gap and equal education access issues currently facing Egypt. Springboard: Educating the Future was established by a donation from Apache Corporation in 2004. The initial investment was made to “fulfill the vision of Raymond Plank, chairman and founder of Apache Corporation, to provide educational opportunities to underserved populations as part of his larger commitment to education as the essential first step up the social and economic ladder.” Raymond Plank’s vision aligned with the Girls Education Initiative that had begun a few years prior and was gaining steam in 2004 during their implementation phase.

The Springboard mission is “to encourage innovative partnerships to increase education opportunities for disadvantaged children”. The organization is in charge of building one-room schools in underprivileged areas around Egypt. The buildings are used as schools for young girls in need of education. The schools are run by their partners and in coordination with the regulations provided by the National Girls Education Initiative. Springboard started with the goal of building 125 schools in coordination and compliance with the UNGEI standards and program. They ended up building 201 schools within their first phase with the goal of building over 1,000.

Springboard partnered with NCCM and the Sawiris Foundation for Social Development to fulfill the other necessary aspects of a successful school. NCCM would identify the locations, obtain approvals, assist in operations, train teachers, ensure compliance with UNGEI standards, and evaluate and monitor the schools once operating. Sawiris would act as the fiscal agent and Springboard would be in charge of fundraising, awareness, construction project management, and Apache employee involvement. They use these partnerships to achieve their mission.

What started as a Corporate Social Responsibility initiative for Apache has developed into so much more for the company and Egyptian society. Employees from all over the world are passionate about participating in the organization by volunteering time, money and spreading awareness to others that can help. Springboard has been named by UNICEF as a major player for the overall National Girls’ Education Initiative. The buildings that have been build have been referred to as a ‘light in the middle of the community’ since they use a more aesthetically appealing building compared to the government schools. The initial goal of the organization is to continue working with their partnerships to build as many schools as they can to do their part to address some of the challenges the Egyptian Education System face. This goal was changed later on.

Springboard Management

91 Sultana, 59.
93 “Our Mission.”
94 Sultana, 59.
96 Sultana, 63.
97 Sultana, 30.
Major operational aspects of Springboard are managed by a voluntary board, split geographically between Houston, TX and Egypt. While Apache made the initial investment, the initiative’s key contribution, in addition to funding, is the design and oversight of school construction. Apache relies on key partners to contribute the resources and expertise vital to the operations. Perhaps chief among these is NCCM which facilitates many of the major aspect of the operations such as site selection, teacher training, government affairs, as well as curriculum development and coordination with UNGEI. Other partners provide fiscal management and fundraising services. Springboard strives to streamline its operational management to keep processes standardized, so that the efficiency can be improved.

Springboard’s primary focus for enrollment are girls not already enrolled in another school between the ages of six and thirteen, from predominantly underprivileged areas, who otherwise would not have the opportunity to attend school. These girls ordinarily don’t have opportunities to become educated and are therefore limited in their future potential.

The curriculum focuses on practical education which emphasizes active learning opposed to rote memorization which is common in government run schools. Textbook lessons are supplemented with activities which make the lessons more concrete and personal to the student. The structure of the school day is typical of any school around the world in terms of length of the day however learning blocks which emphasizes group work, public speaking, planning, and volunteerism are not. Students are continuously assessed on their individual progress and are periodically tested. Student test scores are favorable compared to students in government run schools especially impressive considering the impoverished background of many of the students.98

Besides obtaining funding which is difficult for any NGO, especially in Egypt due to its current political and fiscal uncertainty, the main challenge has been to safely visit the schools to review and provide the maintenance items needed to keep the school properly maintained.99 These schools are in constant need for building maintenance, educational supplies, achievement awards, fences, water wells, educational trips and minor medical needs (hearing aids, glasses, etc.). These issues, if not handled properly, negatively affect the schools’ educational environment. Thus, Springboard endeavors to improve the schools’ practices and create a better atmosphere for the girls to learn.100

Impact on Egypt

The impact of focusing on the education of girls in Egypt can be viewed both in terms of immediate and long-term horizons. The immediate benefits can be observed in the lives of the girls themselves today while the longer-term impacts can be projected.

Today, roughly 7,000 girls are getting their first opportunity for formal education in the 201 one-room school buildings constructed by Springboard. These schools are not only places to obtain knowledge, but also a place girls can get to know each other, making friends and sharing personal experience. They are exposed to learning methods which equip the girls for lifelong

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98 Sultana, 79.
tools including self-education along with learning from peers, cooperative learning, and learning through projects and educational games. Emphasis is placed problem-solving and analysis techniques which not only empower the girls but improves their self-esteem and teach them concepts which they can pass on to their families. One girl from El Setteen School, Marwa, said: “My friends from El Setteen are still my friends until now. We were like a family. When one of us gets sick, the whole school goes and visits her”. Another girl, Kalthoum said: “that we help each other in the class and in the homework. If we don’t understand the lesson we are never afraid to ask the teacher to further explain it. The teacher never leaves the classroom until she is sure that we understand everything.”

These stories illustration that the girls not only learn to read and write: they gain immeasurable optimism gained. This optimism develops from a better understanding of the world around them and the possibilities of a brighter future. In addition to math and science they learn about health, hygiene, and safety.

What about the longer term benefits? According to Ronald G. Sultana: “Studies in fact clearly show that girls’ education leads to a whole range of social benefits, including increased family incomes, later marriages and reduced fertility rates, reduced infant and maternal mortality rates, better nourished, healthier and more educated children and families, lower child-related death rates, greater opportunities and life choices for more women (including better chances to protect themselves and their children from HIV/AIDS), and greater participation of women in development, and in political and economic decision-making. Such benefits feed each other synergistically and in inter-generational ways, so that the overall impact is greater than the sum of the different parts.” From the anecdotal evidence provided Marwa and Kalthome it is not difficult that these girls will one day become wives and mothers who will want to see their children educated or perhaps become teachers themselves. And one could imagine that their experiences thus far have opened their minds to the possibilities of further education and a larger contribution to society. The relatively small investment in the education of these girls will no doubt have a ripple effect of breaking the poverty cycle in families eventually leading to societal and cultural transformation.

Looking Ahead

Egypt’s unstable political environment has created some uncertainties for the program; however, Apache’s commitment to Springboard remains very strong. Apache’s initial involvement in Springboard during 2004 and was supported by Egypt’s then First Lady Suzanne Mubarak. According to Mr. Joyce, this historical support has led to some resistance from the Egyptian government since President Mubarak was overthrown during 2011. Despite the apolitical nature of the Springboard program, Mohammed Morsi’s Muslim Brotherhood led government placed restrictions on the program that made it difficult for Apache Corporation’s employees to interact

101 “Our Mission.”
103 “Opening the windows of opportunity: One-Room Schools for Egypt’s Girls.”
with the program. Fortunately, the current government has been much more receptive to Apache’s involvement in the Springboard program and does not view the program as a remnant of a previous regime, as was the case with the Muslim Brotherhood.

Although questions of political stability can create uncertainty about the ongoing support for the program on a national level, it is even more important to maintain program support from the local communities. This focus on the local community is reflected in the hiring of local women to act as schoolteachers, which then results in greater acceptance from the community at large with regards to Springboard’s efforts. Cities and towns have become more receptive to these schools because of a national requirement that all schools to be equipped with both electricity and water. This requirement has led to instances where farmers have actually donated land on which a school can be built in order to get water and electricity brought to the town.

During its growth in Egypt, Springboard was able to differentiate itself by offering a unique educational opportunity with stable funding to help assist some of the most at risk portions of the population. Apache has been able to not only provide stable financial backing to help educate these young women but has also brought with them technical expertise on a number of levels. Including their ability to effectively manage quality control in building and providing upkeep for the schools that have been built. We have already seen this program move into its next phase. As the program has built five school houses to serve the nomadic Bedouins communities, which provides an example of how to adapt the program in the future. Having been around for almost a decade there is no time like the present to begin looking at how Apache can help move Springboard forward. Apache and Apache Egypt have been active and responsible corporate citizens in Egypt could the use their experiences and connections to help further revolutionize education in Egypt?

Springboard has a dedicated corporate partner in Apache. The company has taken on the financial commitment to provide continued financial resources to ensure that the schools are being properly maintained. To date, Springboard has spent more $3 million on school construction (more than 200 schools at an initial cost of $15,000 each). In addition to providing funds for the upkeep and improvements of the schools, Apache employees working and living in Egypt also provide expertise regarding the construction and design of the facilities.

Continuing the development of programs that target improving opportunities for women is key to economic growth in Egypt and the future of the nation. Apache is committed to provide continued funding and other forms of assistance in order to ensure that these schools and Springboard are able to provide quality education for rural Egypt’s young girls regardless of current national or international economic conditions. Apache Corporation and Springboard, over the last decade, have touched countless lives by providing opportunities in rural Egypt that had not previously existed. In order to continue this success, Apache and Springboard must look forward and continue to push this revolutionary program so that they can assist the next generation of Egyptian youth.

105 Joyce.
106 Joyce.
108 Youssef.
Hend Mohamed has dreams of continuing her education, becoming a lawyer and giving back to the community. Her dream was made possible through Springboard’s schools. One Hend won’t make a deep, wide spread impact across Egypt. Egypt needs thousands of Hends. Now that Apache has built over 200 schools, provided educational opportunities for thousands, and stood up Springboard to manage the initiative, what are the next steps for Springboard to expand their initial goals, create a sustainable non-profit business model and measure their success?

APPENDIX

Exhibit 1

An example of a one-room schoolhouse that is built and utilized by Springboard:

Exhibit 2

“I have always looked at boys and girls going to and from their schools holding books and bags, they can read, write, and count. While I was unable. They had something to do every day, and somewhere to go every day and I only had the street or home. This School changed my life and gave me a chance to be like them.”

Image Source: Joyce, Glenn. “FW: Apache-Springboard Case Study.docx” 5 May 2014. Email.
Exhibit 6

Map of Springboard Schools

Works Cited


Joyce, Glenn. Personal Interview. 24 Apr. 2014.


Dr. Ayman El Tarabishy

Associate Professor
The George Washington University of Business

Dr. Ayman El Tarabishy is currently an Associate Professor of Management at the George Washington University's School of Business. He is an award winning author and teacher, just been recently awarded the Most Outstanding faculty voted by students four years consecutive - 2014, 2013, 2012 and 2011. Dr. Tarabishy is the only faculty in the GW School of Business that teaches in two nationally ranked programs. He developed the first Social Entrepreneurship and Innovation and Creativity courses offered to MBA and undergraduate students throughout the school of business.

Dr. El Tarabishy is also the Executive Director of the International Council for Small Business (ICSB), the oldest and largest non-profit organization across the globe devoted to advancing small business research and practices. ICSB is a coalition of more than a dozen national organizations across the globe and represented in over eighty countries.

Dr. El Tarabishy created and managed the Global Entrepreneurship Research and Policy Conference (GWOctober.org) that is hosted at the George Washington University. The GW October conference connects the latest and most cutting edge of entrepreneurship research to the most pressing and important national and international policy to promote entrepreneurship and SMEs. The intersection of these two important topics makes the conference vital for global development.

Dr. El Tarabishy previous work experience included the World Bank in the Corporate Strategy Group. He helped develop and manage their technology strategy for the Development Marketplace Program. The program's mission was to identify and support creative cutting-edge solutions to the most pressing world social and economic concerns. To date, the Global Development Marketplace competition has disbursed over US $100 million in awards to 600 winning proposals.

Dr. El Tarabishy assisted the U.S. Chamber of Commerce to develop new and more effective methods for doing business in Egypt. His program of promoting social development and business was adopted by the largest US delegation mission to Egypt in September of 2012. The Chamber delegation comprised of more than forty-seven companies represented by more than ninety senior leaders of the U.S. private sector. During the mission Dr. El Tarabishy assisted in a critical phase of Egypt’s transition, working with U.S. businesses to process the nature and scope of recent developments, an understanding of the new government’s economic and policy priorities, and demonstrate the continued commitment of the American business community to Egypt’s economic recovery and long-term development.

Guest Speakers

The State and Future of Entrepreneurship in the Middle East, Speaker: Ambassador Wendy Chamberlin
President of the Middle East Institute

Welcome Reception hosted by the U.S. Chamber of Commerce, Speakers Jennifer Miel, Manager for
Turkey and Middle East Affairs at the U.S. Chamber of Commerce and Gabe Ross, Senior Manager for
Turkey and Middle East Affairs at the U.S. Chamber of Commerce

Lecture: The Role and Importance of Small and Medium Enterprises Hosted by: NFIB (National
Federation of Independent Businesses), Speaker: Holly Wade – Senior Policy Analyst

Lecture: The Role of Innovation & Entrepreneurship, Hosted by GALLUP, Speaker: Jim Clifton, CEO
GALLUP

Site-Visit: Office of the Deputy Mayor for Planning & Economic Development Speaker: Ms. Karima M.
Woods, M., International Business Manager

Site-Visit: DC Central Kitchen Time, Speaker: Mr. Andrew Finke, Chief Operating Officer

Group Dinner: Nick’s Riverside Grill, Speaker: Mr. Brett Keyes, Manager

CSR and Role of the Egyptian Corporate Responsibility Center project., Speaker: Nahla Zeitoun, Assist
Resident Representative Poverty Team Leader - UNDP Egypt

Social Enterprise and Impact Investment Guest Speaker: Sherine El Shorbagi – National
Coordinator Egyptian Corporate Responsibility Center Global Compact Egypt Local Network

Nile University – A Case for a Social Enterprise University Guest Speaker: President and Provost, Dr.
Tarek Khalil, Nile University

Toward a Model to Marketing the Concept of "Social Entrepreneurship" to the Egyptian Population Guest
Speaker: Dr. Ibrahim Hegazy, Professor at American University of Cairo

Corporate Social Responsibility from a Bank’s Perspective Guest Speaker: Sonia B. McCormick PNC
Bank - VP, Director of Client & Community Relations Office of the Regional President

Economic Disruptions – A Path Forward Guest Speaker: Giuseppe Gramigna, Chief Economist, Small
Business Administration
“Do not judge me by my successes, judge me by how many times I fell down and got back up again.”—Nelson Mandela