



Ministry of
Investment



Business Solutions *for* Human Development



Growing Inclusive Markets

Business Works for Development • Development Works for Business

"The private sector can play a critical role in development. With strong and effective political and social institutions, the vitality of the private sector leads entrepreneurs, firms, and households to take risks that promote innovation and investment, and contributes to the creation of decent jobs. Through decent jobs and the flows of income and creative energy that they generate, people can be lifted out of poverty, as productive capacity expands and provides a basis for long-term development."

UNDP Administrator Kemal Dervis, 21 May 2007



2007
Egypt



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Preface

Egypt has been endowed with a human resource base, which remains to be one of the most important assets this country possesses. However, human resource development has traditionally remained a government concern. Today, in the midst of the superlative growth performance of the Egyptian economy and the associated high levels of investments undertaken by the private sector, we are witnessing an increasingly strong sense of ownership by the business community of the goal of human resource development. This report presents excellent documentation of the valuable contribution of large corporations operating in Egypt -both national and foreign- to this goal.

Achieving the Millennium Development Goals (MDGs) is a top priority on the agenda of policy makers in Egypt. But this is not an easy undertaking. The synergy between government efforts and the contribution of the business community in Egypt to meet the MDGs is bringing us closer towards achievement. Today, a culture of corporate social responsibility is proliferating in Egypt, with business corporations increasingly realizing the merit of voluntary activities which serve the underprivileged communities. While large corporations are relatively more knowledgeable and resourceful in terms of learning about the MDGs and gearing their resources in the right direction, we need to share this knowledge with small and medium enterprises, which have been playing an exceedingly dynamic role in economic activity in Egypt, and have strong potential to serve the communities within which they operate. A strategy of harnessing the resources of small and medium enterprises towards human resource development, should ultimately contribute to the achievement of the MDGs.

This report is a step in the right direction. By sharing the findings of how business corporations are supporting the MDGs, we are hoping that a 'demonstration effect' will follow, whereby every responsible business endeavor regardless of its size should be able to contribute its due share to achieve the MDGs.

It is with this spirit of cooperation and sharing, that Egypt will be able to achieve as well as sustain further progress for all its citizens.

Mahmoud Mohieldin
Minister of Investment
November, 2007

Foreword

Traditionally, when international development practitioners think of development they often refer to government economic, social and environmental policies that, combined, would improve the living standards of the poor and hopefully eradicate poverty altogether. In this traditional model of development the private sector was not always thought of as an important partner. Fortunately, this thinking is changing.

In its first Human Development Report, UNDP stated that “Human development is about much more than the rise or fall of national incomes. It is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests.” In UNDP’s Global Management Team Meeting of February 2006 the Administrator of UNDP stated: “Without the energy of the private sector, without private enterprise, private initiative, private savings, private resources, we won’t make it in terms of stimulating development. ...the private sector is, indeed, the driving force in development...[and] we need a very strong but lean state working with the private sector, not to undermine it but to strengthen it.”

These two statements summarize the philosophy of UNDP on Human Development and the vital role that the private sector plays in promoting it.

As Egypt begins enjoying the fruits of its most recent economic reforms, the question of how the poor are benefiting from this growth and what is the role of the private sector are beginning to surface. The answers are not always easily available. This report is a partial answer to the question on the role of the private sector in development. It is the fruit of a joint initiative with the Ministry of Investment, private sector partners such as Vodafone and Mansour Group, and is intended to begin understanding how can the private sector in an environment of positive growth begin to include those occupying the base of the economic pyramid (BOP) and contribute to improving the overall status of human development in Egypt.

The main premise put forth by this report, entitled Business Solutions for Human Development is that “you can bet on the poor”. The report reinforces in the Egyptian context, what has been known in other contexts for a while now, that private companies can make profit while simultaneously contributing to the reduction of poverty when they consciously place the poor as an important part of their overall agenda.

The first of its kind in Egypt, the report showcases a number of innovative private sector and market-based solutions that address poverty alleviation. It builds on the Growing Inclusive Markets (GIM) initiative led by UNDP and driven by a strong conviction that the private sector remains the greatest untapped resource, providing both investment and innovation, both of which are vital to achieving the Millennium Development Goals (MDG’s) to which the world has committed itself at the UN summit at the beginning of this century.

Looking at Egypt, one sees great potential in engaging the private sector in a dialogue over this emerging economy’s development and reform agenda. The private sector has already demonstrated a strong commitment to addressing key issues that inhibit socio-economic development. However, despite many private sector players actively pursuing this agenda, most remain partially

unaware of their potential ability to positively impact poor communities. Pro-development activities are still largely viewed as an 'add-on' or voluntary activity as opposed to a tool that, in cooperation with other sectors, can advocate for and implement change on such a grand scale while have a quantifiable impact on the core business and value chain.

As Egypt makes further progress on the MDGs and as we explore the potential of business engagement for human development in Egypt, we note a number of challenges that need to be addressed to go beyond the full achievement of the MDGs to achieve a state of Human Development that is sustainable and is commensurate with the aspiration and potentials of Egyptian citizens. There is a need to create an environment that encourages and supports the confidence in, and growth of, private initiatives and also facilitates the development of public-private partnerships. Thus, given the right incentives, business-led solutions can considerably help accelerate the pace of development efforts. This includes enhancing the existing legal and fiscal frameworks, regulatory conditions and further entrenching and deepening progress of stable democratic institutions.

The tripartite sponsorship of this report by the Ministry of the Investment, the private sector and UNDP mirrors in many ways the necessary partnership required for fuller and more people centered development. Achieving the MDGs and going beyond them to more sustainable human development can only be possible if government, private sector and civil society leaders come together as one.

Mounir Tabet
UNDP Country Director
November 2007

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Appendix 1 – The Millennium Development Goals

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Acronyms

ADEW	Association for the Enhancement and Development of Women
AFNCI	Association of the Friends of the National Cancer Institute
APE	Association for the Protection of the Environment
BOP	Base of the Pyramid Model
BPD	Business Partners for Development
CDA	Community Development Association
CDS	Center for Development Services
CEOSS	Coptic Evangelical Organization for Social Services
CEWLA	Center for Egyptian Women's Legal Aid
CID	Community & Institutional Development
CIDA	Canadian International Development Agency
CSR	Corporate Social Responsibility
DEO	Deutsche Evangelische Oberschule
ECWR	Egyptian Center for Women Rights
EEI	Egypt Education Initiative
EHDR	Egypt Human Development Report
EJBA	Egypt Junior Business Association
EQI	Environment Quality International
ETI	The Ethical Trading Initiative
FEI	Federation of Egyptian Industries
GAIN	Global Alliance for Improved Nutrition
GBC	Global Business Coalition
GC	Global Compact
GDP	Gross Domestic Product
GIM	Growing Inclusive Markets
GTZ	German Technical Cooperation
HEPCA	Hurghada Environment Protection & Conservation Association
IBLF	International Business Leaders Forum
ICED	International Center for Environment & Development
ICT	Information & Communication Technology
IFC	International Finance Corporation
ILO	International Labour Organization
ISO	International Standard Organization
KFW	The German Bank For Reconstruction
LIFE	Literacy Initiative for Empowerment
MDG	Millennium Development Goal
MNC	Multinational Corporation
MOE	Ministry of Education
MOSS	Ministry of Social Solidarity
MSC	Marine Stewardship Council
NCCM	National Council for Childhood & Motherhood
NGO	Non Governmental Organization
P&G	Procter and Gamble
PPP	Public Private Partnership
SME	Small & Medium Enterprises

SOY	Spirit of Youth Association for Environmental Services
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
UNESCO	United Nations Educational, Scientific & Cultural Organization
UNICEF	United Nations Children Fund
UNVA	United Nations Volunteer Association
USAID	United States Agency for International Development
VMS	Voice Message Services
WFP	World Food Program
YAPD	Youth Association for Population & Development

Executive Summary

This study assesses the current and potential scope of business engagement towards the attainment of the Millennium Development Goals (MDGs) in Egypt. Its findings and recommendations have been drawn up using a participatory and consultative approach. They are based on an extensive review of literature and quantitative and qualitative studies of a representative sample of multinational, large national, small and medium-sized companies operating in Egypt.

Chapter 1 defines the international context for, and terms of, private sector engagement in development. It outlines how companies can impact communities through internal measures and external outreach, and how often they move from voluntary philanthropic contributions, towards more structured community investments and proactive management of core business and value chain operations to bring about wider positive community benefits. It also outlines how some go further still and take a leadership role in advocacy, policy dialogue and institution building to benefit communities and society as a whole. In this way, the chapter sets the scene for an assessment of how relevant this evolution is to emerging economies and Egypt in particular.

Chapter 2 gives an overview of Egypt's current performance in relation to the eight MDGs. These address hunger and poverty, education, gender equality, child and maternal mortality, communicable diseases, environmental sustainability and partnerships for development. Egypt's current mixed achievements on human development are set against Egypt's positive performance on the macro economic level and provide a backdrop against which to consider the valuable contribution the private sector can make. The chapter concludes that something critical has to change in the way we conduct business and the way we conduct the business of development if the MDGs are to be met by 2015.

Chapter 3 presents the main findings of the business community survey in Egypt. It answers questions such as: What is the extent and form of support to the MDGs by the private sector? Towards which sectors of the economy, segments of the population, and geographic regions do companies direct their efforts? What constraints does the business sector face in designing and implementing business solutions for human development? What successful and potentially replicable models exist in the business and community development/NGO sectors? How can business, the public sector and NGOs come together to achieve the MDGs? Specific case studies of business community engagement are featured and the importance of the government's facilitative and legal role is underscored.

The chapter also highlights the limitations of the current predominant short-term 'project' approach towards bringing prosperity to the poor and need for greater focus on pooling resources and long-term solutions to end social and economic injustice. It demonstrates through case studies how companies can maximize their potential to contribute to the MDGs through corporate or family foundations geared towards development, rather than unfocused charitable activities, through core business and value chain activities, through social entrepreneurship and 'base of the pyramid' models as well as through more traditional philanthropic giving.

It concludes that, in spite of the growing practice of philanthropy and corporate social responsibility in Egypt, the private sector's efforts are still scattered and fragmented and that investment in partnerships for development is limited. Without greater information-sharing, trust-building activ-

ities and a level playing field for business potential in all these areas will remain unfulfilled. In Egypt fundamental aspects of poor governance adversely affect all three sectors – businesses, government, and civil society – and until systemic change comes about improvements in the human condition of Egyptians and the attainment of the MDGs will not come about. An entire section on philanthropy underscores the importance of this traditional mode of giving in sustainable development and community solidarity.

Chapter 4 explores what motivates companies of all sizes towards engaging in pro-development activities. It analyzes the prospects for future action within the current socio-cultural and political context. It proposes a model – SMEs as Learning Labs for Entrepreneurial Livelihoods – as a possible solution, as it links youth, education and livelihoods – three vital ingredients for transforming the economy for those who are at the ‘base of the pyramid’. By engaging people in gainful, decent work and empowering them to contribute to their own and their families’ well-being, the spiral of poverty is interrupted, creating an environment more likely to be free from conflicts and instability.

Chapter 5 focuses on intermediaries such as NGOs, business associations, chambers of commerce, business federations, international agencies and foundations and proposes a greater emphasis on their role. Intermediaries can bring stakeholders and partners to the drawing board to examine, explore, assess, design and implement actions which will lead to the attainment of the MDGs, rather than just allocate project budgets. On the international level, intermediaries play an important role in facilitating policy dialogue between the public and private sectors, so creating an enabling environment for partnerships. Successful examples of company community partnerships are given, involving community development and welfare associations, as well as larger NGOs and international development organizations.

Chapter 6 concludes with suggested models for business engagement to achieve impact. These address the first three MDGs: poverty, education and health and leave the field wide open for further design and adaptation to meet the remaining MDGs.

Concluding remarks call for a new ‘recipe’ to enable business solutions for human development. Civil society organizations must widen their networks of partners to include business and spread awareness about the MDGs and the needs of local communities. Government needs to create the climate for social change, good governance and set in motion incentives for stakeholder engagement. The private sector needs to go back to the drawing board and re-think the way it does business in order to design production processes and service delivery models that spread prosperity up and down the value chain. This requires new leadership from the private sector in Egypt – one that envisages the harnessing of its resources, technologies, innovations, and problem-solving skills to achieve the MDGs.

The new approach seeks to measure the private sector’s ‘development footprint’ in the same way climate change calls for the measurement of companies’ ‘carbon footprint’. The ‘development footprint’ would record improved well-being and sustainable livelihoods, guiding other businesses in the redesign of their core activities. With such guidance, they could deliberately target segments of the population, sectors of the economy, geographical locations, aspects of deprivation, development indicators, etc in ways that create a social value and development impact while maintaining business growth and profits. Such encouragements will be vital if our journey is to lead to its final destination – the achievement of the MDGs for the Egyptian people.

Background

The world is halfway to the 2015 deadline to meet the Millennium Development Goals (MDGs) set by the United Nations in its Declaration of 1999 and signed by member countries in the UN system in 2000. The global picture is far from positive in spite of progress in some areas. The situation in Egypt shows that something critical has to change in the way we conduct business and the way we conduct the business of development if the MDGs are to be met. This report looks at innovative solutions that might potentially spur the process towards the achievement of human development for the people of Egypt.

The United Nations Development Program (UNDP) undertakes country and regional reviews of the human condition and measures human deprivation and development. It has now embarked on a review of business engagement in society to achieve the MDGs. As part of that exercise, we map the current situation with regards to businesses' role in human development, highlight innovative promising trends, identify gaps, and propose new approaches and partnerships within the Egyptian culture and context. By examining case studies from companies of different sizes and sectors and drawing out key lessons, we explore ways of transforming challenges into opportunities and of promoting the scale-up of existing and new pro-development best practice by the private sector.

We focus on how companies in Egypt can work in partnership with communities and the government to achieve the MDGs. In particular, we consider how, while growing local businesses, creating prosperity, contributing to poverty alleviation, and promoting the participation and empowerment of local communities businesses can expand their markets, increase their profits, and improve production and productivity. Egypt is an emerging market but we seek to dispel the myth that business engagement for development is only for rich countries and/or for large companies, especially multinational companies. We do so by assessing whether and how national and foreign companies have shared the fruits of prosperity while transferring skills and technology to local residents and businesses. This might be by extending their distribution channels and supply chains to include small local businesses, adopting fair trade practices, industry influencing government regulations and bureaucracy relating to registration and operations for small businesses and local small and medium enterprises (SMEs), or providing microfinance and telecommunications facilities to local communities. The report further discusses how to create an enabling environment for business engagement in development with particular attention to the roles of government, civil society, and intermediaries.

The report is specific to the Egyptian context and the MDGs. While at the international level discussion about business engagement with the poor tends to revolve around how businesses can influence those who are outside the circle of prosperity through value chains, community investment and philanthropy, this report uses the MDGs, the associated indicators, and time-bound and measurable targets as points of reference. These are national benchmarks and milestones which Egypt, as a country, needs to achieve.

The project team undertook the report in consultation with UNDP's Partnerships Bureau and as an integral part in the formulation of the Growing Inclusive Markets (GIM) initiative. The main objectives of the GIM initiative are to raise awareness and provide research and analytical tools that will enable business leaders, policy makers, and development practitioners to make markets more

inclusive for the poor. The current initiative grew out of a need for a better understanding of how market-based approaches to human development can 'do good' for people living in poverty while also being good for business. It is founded on the premise that "inclusive markets" that offer the poor access to basic goods and services and empower them economically as consumers and producers can help lift them out of poverty. The initiative is being coordinated through a multi-stakeholder dialogue involving partners from different institutions including international development agencies, global intermediary business organizations and chambers of commerce and experts from leading North and South-based research institutions operating at the interface of business and development.

The main premise of the report is that the development context of Egypt requires the private sector to play a greater role in facing mounting population and development pressures and in supplementing inadequate public sector budgets. We believe it must become a more responsible corporate partner in the development of people and communities. The current context and development indicators in Egypt serve as a call for firms to reassess their responsibilities to all stakeholders. While keeping the profit motive in mind they can perceive and implement a new role for themselves in generating prosperity and opportunity in the community. This is in line with the existing culture of solidarity and giving characterized by the giving of alms - '*zakat*' - in the Muslim community and the giving of tithes in the Christian community. We see it on a large scale in charitable acts, philanthropic ventures, and support in reaching out and connecting to the needy. The report searches for models of engagement beyond charity, however, exploring how the potential of the business sector is fulfilled through investing in local communities and partnerships among the three sectors: civil society, business, and government.

A multidisciplinary team using a partnership approach between the private sector, the non-profit sector, the government, academia, and independent experts undertook this study. It drew on the expertise of UNDP's global and Cairo-based bureaus, the Ministry of Investment, two actively engaging companies – Vodafone and the Mansour Group, the consulting firm Community and Institutional Development (CID) and Janet Breeze, CSR consultant and International Business Leaders Forum's (IBLF) representative who was contributing editor to the report. Background papers were commissioned from Dr. Barbara Ibrahim, director of the Gerhart Center for Philanthropy and Civic Engagement, the American University in Cairo. A literature review of local and international best practice complemented the quantitative survey conducted by AC Nielsen, assisted by the Center for Development Services (CDS) during the structured interview phase.

UNDP's partnership approach to the implementation of the study is further illustrated by the consultations held with intermediary groups, business associations, and partners who were invited to express their views on the topic at various meetings. The objectives of these consultations were, in relation to the MDGs, to:

- assess the development impact of business activities
- map current initiatives undertaken by private sector enterprises
- produce detailed studies of various companies/cases incorporating a comprehensive overview of their activities, programs, policies and partnerships
- raise awareness and legitimize the debate amongst key stakeholders
- identify the development and business case for company involvement

Through this process, the study succeeded in:

- highlighting the extent to which businesses are already contributing to the MDGs and whether they do so through philanthropy, community investment, corporate social responsibility or their core business activities
- demonstrating how the MDGs matter to/can be made more relevant to business
- determining which policies need to be reformed by the government so that companies will initiate activities to help Egypt achieve the MDGs

The international and national review of existing research and data, as a precursor to the mapping exercise in Egypt of business activity along the continuum of philanthropy, corporate social responsibility, public private partnership, and business for human development, involved both gathering case studies and identifying success and failure factors (e.g. policy barriers) to corporate engagement. The survey focused specifically on businesses engaging in human development and the attainment of the MDGs rather than on business engagement in the economy at large. The private sector's lack of familiarity with the MDGs and with development language and concepts were obstacles in conducting the research.

Some of the critical issues that the report explores are:

- How can we address the current situation of jobless growth?
- Are we engaging businesses in reducing rural poverty and encouraging private sector growth in rural economies to the point where we can stem rural to urban migration?
- Were large-scale private sector investments designed in ways that energize the small and medium scale industries in forward and backward sourcing and distribution value chains?
- Is such an approach even considered, or is the business of human development perceived to be the domain of the government, non-profit associations, and the donor community?
- Does the current environment in Egypt promote the kind of business engagement in development that we seek? What enabling mechanisms and forces do we need to put in place in order to see the business of development proceed through the private sector in partnership with the government and civil society?



Evolution of Corporate Social Engagement in Development

The evolution of corporate social engagement has taken place within the context of an international debate on globalisation. It was brought into focus by the failure by many companies and governments to ensure that socio-economic conditions improved for all in countries opening up to international trade. In Egypt, traditional patronage relationships which existed prior to industrialization continue to some degree but are fast eroding as villages and slums become disconnected from the prosperity of the growing private sector. Multinational companies, facing boycotts by sophisticated and well informed consumers, had to seek new approaches and business solutions to address problems ranging from working children in supplier factories in the Far East to environmental violations and unbalanced trade relations. Large Egyptian companies, on the other hand, had to grope with new industrial standards and internal compliance in order to penetrate export markets. For the majority of Egyptian businesses, the distance between them and the local community determines the extent to which they were aware of urgent and unmet needs. They have begun to translate their traditional, cultural manner of giving from charitable acts in the popular economy to more organized and structured methods starting with corporate philanthropic acts to the establishment of business and family foundations.

In such circumstances, it is important to create an enabling environment for business solutions in which Egyptian companies and business associations take a leading role. This requires a vibrant private sector, supportive government and community partners and the means to identify, scale up and replicate good practice. Account must be taken of good international and indigenous pro-development models and cultural mores. The arguments set forth to encourage the private sector to play a role in development must, in particular, be tailored to the main engines of econom-

ic development in emerging economies - small and medium enterprises (SMEs) and their representative organisations.

So what are current definitions and models of corporate engagement in the developed and developing world context? Are international models currently being promoted helpful in seeking to mobilise businesses in emerging economies such as Egypt? What can we learn from leading practitioners and has it applicability in the context of Egypt?

DEFINITIONS

Definitions of corporate engagement in development vary and have changed over time, but essentially companies which are socially responsible have embraced the concept that they are accountable for not only their financial, but also their social and environmental impacts. They put systems in place to ensure that they take these impacts into account in everyday decision-making and engage with stakeholders on an ongoing basis to ensure continuous improvement. In Egypt, corporate engagement occurs in a less structured manner. Stakeholders are not organized, networked or informed about issues to the point where they can engage in dialogue and collaborate in concerted action and definitions of corporate engagement are still very culture specific and derive from historic patterns and relationships. This presents an opportunity to define and design fresh home-grown models of corporate engagement that spring from Egypt's religious and philanthropic culture of giving (*zakat* and tithes) and circumvent the path international engagement has taken. The age old cultural solidarity might be used by the business sector for the development of the people of Egypt and the attainment of the MDGs.

INTERNATIONAL CONTEXT

In the late 1980s and 1990s the importance of building relationships of trust with a wider range of stakeholders became apparent. At this time many companies were scaling down their home operations in favour of setting up cheaper production or sourcing bases abroad. Communities no longer had a strong associa-

tion with them and brand equity established through years of serving the same communities was diluted. NGO campaigns capitalised on this to draw attention to their cause, highlighting the extent of their overseas activities and pre-eminence attributed to shareholder concerns relative to workers'. NGOs assumed the role of "international regulator". By criticising companies for applying lower standards abroad than in their home countries they also highlighted risks to reputation and the bottom line.

There followed a period during which many companies searched for quick-fix solutions. As time passed it became apparent that they would remain in the spotlight and needed to change their operations and establish more constructive relationships with NGOs and others. Some NGOs, although wary of selling out to companies, are willing to engage with them on an ongoing basis. Businesses' market orientation lent itself to accountability and reporting at a global level but not necessarily to the attainment of the MDGs.

Key performance indicators such as the Dow Jones Sustainability Index¹ and FTSE4Good² appeared on the international scene. Similarly key initiatives such as the UN Global Compact and sector-specific initiatives such as the Equator Principles³ for the financial services sector highlight examples where companies have taken a leadership role in addressing issues of concern.

Some argue that CSR reporting seeks to deflect attention from more dubious practices. In response the practice of external assurance, the use of stakeholder engagement standards such

¹ www.sustainability-index.com.

Launched in 1999, tracks the financial performance of the top 10% of world's 2500 sustainability leaders across 58 industry groups. Information is gathered through a questionnaire and from publicly available sources.

² www.ftse.com/indices/FTSE4Good_Index/index.jsp

Measures the financial performance of companies that meet globally recognized corporate responsibility standards www.equator-principles.com

³ Launched in 2003 and revised in July 2006, provides a framework for addressing environmental and social risks in project financing.

as AA1000⁴ and reporting frameworks such as the Global Reporting Initiative⁵, promote new standards of accountability and reflect the sophistication of the current debate.

Global CSR reports are a controversial tool by which companies seek to reassure stakeholders that they are addressing their concerns. There is an ongoing and growing debate around the measurement of CSR and its use in company reporting

BUSINESS AND THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

While not the natural language of business, the Millennium Development Goals (MDGs) provide an important framework for reporting on how companies are contributing to community development, particularly in the developing world and emerging economies.

In seeking to promote business engagement on the MDGs in emerging economies, the trend amongst some intermediary organisations (such as IBLF)⁶, is to focus on maximising positive development outcomes. This can be explored through philanthropy and voluntary contributions, core business operations and value chain, advocacy and policy dialogue and institution-building. This approach derives from the belief, that while companies should continue to focus on financial performance, they are able to bring

considerable additional community benefits by applying creative thinking to solving development issues. There is scope to do just this in the context of Egypt, for instance by engaging those concerned about Egypt's attainment of the MDGs in discussion and concerted action.

VOLUNTARY COMMUNITY CONTRIBUTIONS

These encompass philanthropic donations, volunteering programmes, long-term community investment in, for example, health or education, or commercial initiatives with community benefits (such as sponsorship of cultural events or cause-related marketing).

A number of companies commit to donating a percentage of pre-tax profit to community causes. Local and global corporate foundations may have large endowments, and make grants to national and international non-profit organisations operative in developing countries. Many have management independent of the company itself, although sometimes they also use funds to support the company's community activities. Monitoring and measuring of the outputs, both on the community and company and in the short and longer-term, is growing. Companies are seeking out community partners and using mechanisms such as The London Benchmarking Model⁷ to calculate the full impact and value of community programmes.

⁴ www.accountability21.net/aa1000/default.asp

A framework for improving the quality of the design, implementation, assessment, communication, and assurance of stakeholder engagement.

⁵ www.globalreporting.org

Develops and disseminates globally applicable sustainability reporting guidelines for voluntary use.

⁶ www.iblf.org

⁷ www.lbg-online.net

A global measurement standard for corporate community contributions (cash, time, in-kind and management costs) and business and community outputs and longer-term impacts used by MNCs in their national and global reporting and as a basis for benchmarking performance in key markets.

CORE BUSINESS OPERATIONS AND VALUE CHAIN

In conducting its everyday business, a company has opportunities to raise standards beyond minimum compliance and influence positively those with whom it interacts. Through active engagement with employees it can improve terms and conditions and maximise opportunities for professional development. It can implement measures to reduce energy consumption and waste, through, for example, building design, recycling schemes and encouraging reduction of the company's carbon footprint. It can ensure that customer communications are honest and accessible and include all information relevant to the use of its products and services. In terms of its indirect impacts through the value chain, through ethical sourcing codes and capacity-building programmes it can help suppliers and distributors to improve workforce performance and minimise environmental damage.

In the case of large-scale infrastructure projects and public private partnerships (PPPs) to provide, for example, water and sanitation or electricity, the potential impact on the MDGs can be tremendous and there are many examples of companies "thinking outside the box" to maximise the benefits to the poor.

Through its Growing Sustainable Business programme⁸ the United Nations is seeking to promote models that open up new markets while serving less privileged and more geographically remote customers. The rising number of so-called "base of the pyramid models" (BOP) illustrate how companies can tap into local expertise to adapt their existing products, services and distribution channels to expand their markets and bring fringe benefits to the poor. Unilever in Indonesia, for example, marketed its soap products by highlighting health and

hygiene benefits and in its CSR reporting highlights its wider positive economic impacts, generating employment and stable sources of income⁹. However, many express concerns that MNCs' size and resources give them an unfair advantage over traditional providers, so chasing them out of the market, and state that in reality the potential of such markets is limited.

Other opportunities to tackle the MDGs come from working with business partners in the value chain. In South Africa, for example, the expansion of workplace programmes to control HIV/AIDS infection rates amongst skilled workers and surrounding communities now reach out to suppliers and distributors to great effect. Banning agricultural producers' use of harmful pesticides can help protect the ecosystem and prevent water contamination. The successful implementation of such programs requires the buy-in of the whole community. In many societies there are major inhibitors to success. These include corruption in government agencies, distrust and entrenched attitudes towards the business sector and government, difficulty in identifying credible community partners, unfamiliarity with the fundamentals and potential of partnership working, and lack of dedicated resources to promote collaboration. In such situations the vision and leadership of individuals and intermediary organisations have often been vital.

The case of child labour in supplier factories in Asia provides a clear rationale for sustained involvement in tackling the MDGs. On this issue and many others the case for investing in Egypt's development must be made so that longer-term relationships with NGOs, government, large businesses and SMEs develop based on trust and geared towards investment in technology and upgrading skills and management practices. Collaborative approaches, such as

⁸ www.undp.org/partners/business/gsb/

⁹ Clay, Jason. *Exploring the Links Between International Business and Poverty Reduction: A case Study of Unilever in Indonesia*. Oxfam GB, Novib Oxfam Netherlands and Unilever, 2005

The Vietnam Business Links¹⁰ illustrates how partnerships can reduce costs, raise productivity and quality standards, increase employment and, most importantly, improve conditions for workers and their families.

There are also examples of non-food and beverage companies playing a role, such as technology companies providing ICT to help producers check on international commodity prices, bypass middle-men and ensure more income reaches farmers¹¹. These examples illustrate the importance of collaborative action to address many development issues highlighted by the MDGs.

ADVOCACY, POLICY DIALOGUE AND INSTITUTION-BUILDING

A number of studies have shown that the buy-in, commitment and personal leadership of CEOs and senior managers is often critical in moving companies towards engagement on development issues. Externally also CEOs and senior managers championing business involvement in broader development issues can be the catalyst for policy dialogue and partnership action. While often a means to manage risks, broad and industry-specific initiatives such as the Global Alliance for Improved Nutrition (GAIN)¹², Ethical Trading Initiative (ETI)¹³, Forest Stewardship Council¹⁴, Extractive Industries Transparency Initiative¹⁵ and Publish What You Pay¹⁶ go beyond just serving individual company interests. In the Middle East, the Egypt Education Initiative¹⁷, which

provides IT inputs and training to schools, is being adapted and implemented in experimental government schools. Central government support is necessary to facilitate networks and generate buy-in amongst important stakeholders, business contributes primarily technology, innovation and management expertise, and the not-for-profit sector assesses needs and current and possible solutions. The combination of all these creates great potential for improvements in education, although there is ongoing debate about whether such initiatives could reach pockets of poverty and address the needs of those at base of the pyramid in more targeted and effective ways.

PROSPECTS FOR BUSINESS ENGAGEMENT IN DEVELOPMENT IN EMERGING ECONOMIES

Businesses in emerging economies realize that there are structural problems which inhibit their growth and profits. The most strikingly apparent is the lack of skilled labor to meet their needs at all levels of the business. This derives from a number of factors, including an educational system which has not responded to market needs and which requires major systemic changes in order to move the country and business sector forward. Other inhibitors are limited availability of information and restrictions on the freedom of association, both of which are so necessary in a networked society. A third is Egypt's crippling bureaucracy and lack of transparency.

¹⁰ www.iblf.org/re.g.ions/asia/vietnam.js www.gainhealth.org. In 1999 shoe manufacturers, governments, multi-lateral agencies, MNCs and health and safety agencies came together to improve working conditions, resulting in 60% improvements in the health and safety field. The initiative has now been expanded to incorporate the garments sector.

¹¹ www.kacekenya.com

¹² www.gainhealth.org

¹³ www.ethicaltrade.org

¹⁴ www.fscus.org

¹⁵ www.eitransparency.org

¹⁶ www.publishwhatyoupay.org

¹⁷ www.jei.org.jo/

Egypt is now producing its own multinational firms. These are venturing into the Arab region, the Middle East and Africa. Many practitioners and thinkers in Egypt question whether they should adopt international models of business engagement without further scrutiny and debate. There is scope for Egyptian firms to draw their own vision of equitable development, be it at home or abroad.

SMEs' valuable role in tackling the MDGs is often overlooked. Credible worldwide estimates state that they account for 90% of business and 50-60% of employment.¹⁸ They assist the transition from agricultural-led to industrial economies and equitable growth. They have greater reach than MNCs and large indigenous firms whose supply chains are often limited and distribution and sales oriented towards urban areas. Their sound understanding of community needs enables them to develop appropriate products and services while generating income and jobs and directing charitable giving towards the most disadvantaged. By building their networks with suppliers in disadvantaged areas, either to support their current operations or develop new BOP products and services, facilitating their access to technology, finance, skills, assisting them to scale up and replicate successful practices, large firms can help share economic and other benefits more widely, particularly amongst the poor.

However, SMEs' success and potential to address the MDGs depends on much more than the above interventions. The government plays an important role, providing infrastructure, appropriate education and training, health services and other social safety-nets and facilitating their formalisation. Most SMEs operate in the informal economy, some through choice, but many due to the heavy burden of bureaucracy and regulation, low education levels and expectations of workers, many of whom may be family members.

Today, philanthropic giving persists as the most visible form of corporate community engagement in many emerging economies. Many large companies donate to high-profile national organisations tackling popular issues such as education and health, their focus on gaining profile with influential stakeholders, rather than on outputs. Indigenous companies and SMEs usually make charitable donations with no expressed expectation of return and tend to align their efforts to personal interests and networks rather than core business competencies. Larger family-run companies often establish foundations in memory of their founders and undertake the role of community provider in areas such as health and education. They build places of worship and support orphanages and make ad hoc contributions to help employees and others in the local community.

MOVING FORWARD

So are we right to put our hope in the business sector to address the MDGs?

As indicated earlier in this chapter, many companies are willing to accept their responsibility to manage their operations with due regard to stakeholder concerns. There are many inspirational examples of companies tackling the MDGs through voluntary community engagement programmes, core business activities and advocating for action amongst the wider business community, so contributing to policy dialogue and institutional capacity-building.

However, given the myriad demands by powerful stakeholders across the globe and overwhelming challenges developing countries face, is it feasible for businesses to prioritise the interests of economically and often geographically marginalised people, as encapsulated in the MDGs? Should efforts focus on other actors – government bodies, both national and international, civil society groups and indigenous busi-

nesses, large, medium and small?

An international review of good practice in pro-development engagement by business in developed and developing countries suggests that yes, and that the way forward might be:

- To analyse the true effectiveness of national and international models of corporate engagement in the local context and develop indigenous models of that engagement, which focus on the potential and limitations of MNCs, large indigenous companies and SMEs to tackle the MDGs
- To clarify the rationale for corporate engagement on the MDGs in the local context and on this basis draw up a list of actions for business, government and civil society that will help create an enabling environment for the greater take-up of pro-development engagement, by companies of different sizes and industry sector
- To identify appropriate leaders and neutral brokers capable of mobilising collaborative action which factors in the needs and expectations of all partners and rigorously and openly assesses performance, reinforcing accountability to all



Millennium Development Goals

At the Millennium Summit in September 2000, the largest gathering of world leaders in history adopted the UN Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of time-bound targets, with a deadline of 2015. These have become known as the Millennium Development Goals (MDGs). In order for businesses to design their corporate engagement programs, it is essential that they become familiar with the framework of the MDG's.

The MDGs address extreme poverty in its many dimensions — income, hunger, disease, lack of adequate infrastructure and shelter and exclusion while promoting gender equality, education and environmental sustainability. The MDGs encapsulate human rights - the rights of each person to health, education, shelter, and security.¹⁹

The MDGs set out below need to be achieved at the country level, not just the regional or global levels. Eighteen targets and 48 indicators define these goals (see Appendix 1). They serve as guidelines for monitoring and tracking progress on a national and global

level. Country reports periodically reflect the prevailing situation and alert governments to the need to speed up certain actions or focus on specific sectors, while proposing appropriate approaches and strategies.

GOAL 1: REDUCE POVERTY AND SOCIAL EXCLUSION/ERADICATE EXTREME POVERTY AND HUNGER

In 2002, the number of poor in Egypt was approximately 11 million, constituting 16.35% of the total population. In the same year, the number of ultra poor reached 3.8 million, 5.6% of the total popula-



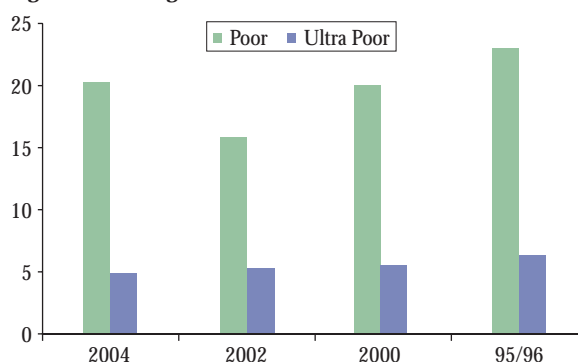
¹⁹ Bahadur, Chandrika, Kruk, Margaret, and Schmidt-Traub, Guido. *Preparing National Strategies to Achieve the Millennium Development Goals: A Handbook*. United Nations Millennium Project, United Nations Development Program, October 2005.

tion.²⁰ According to the 2005 Egypt Human Development Report the total number of those living in poverty in 2004 was 14.1 million (20.7% of the total population), of whom 3.3 million are considered ultra poor. Thus in absolute terms and percentages the poor in Egypt have increased. In addition, the income share of the lowest 40% of the population dropped from 22.7% in 2000²¹ to 20.3% in 2004²². The widely accepted global definition of poor is those living on less than \$2 a day at local currency purchasing power and of ultra poor less than \$1 a day. The table below illustrates the poverty picture for Egypt from 1995 to 2004. These figures demonstrate the intractable situation of the poor in Egypt and the fluctuations around the poverty line for millions who in 2002 were struggling to emerge from below the poverty line and then sank back in 2004 to 2000 poverty levels.

A feature of these fluctuations is the 'shallowness' of poverty in Egypt, i.e. the elasticity of income for the poor which causes them to move up and down the poverty line. This is an indication that structural changes are needed to address the situation, and not financial transfers, emergency funds, etc. which might assist in the short term but cannot significantly lift this large proportion of the poor out of their current predicament. The last Egypt Human Development Report (2005)²³ proposed a Social Contract. Viewed from a business perspective, in the short term, businesses can continue to operate without paying heed to this

Contract, with little obvious risk to their businesses. However, if structural, systemic changes are to be achieved, e.g. trade-offs between continuing current practices and embracing the new Social Contract need to be discussed and negotiated, so that businesses can see the long-term benefits of having a well-educated, skilled workforce, a streamlined and functioning bureaucracy, and a transparent and level playing field.

Figure 1: Percentage of Poor and Ultra Persons



In 2001, 8.8% of children below the age of five were underweight, dropping dramatically to 1.3% in 2003.²⁴ While this is a positive indicator signaling lower hunger levels and better nutrition in the home, yet another indicator based on sample studies in Upper Egypt reflects the alarming levels of stunting and malnutrition among children above the age of five²⁵. Furthermore, there were an estimated 2,786,000 working children between 6-14 years of age, constituting 21% of the total number of children in this age group.²⁶ Working children support poor families, particularly female-headed households.

²⁰ Egypt Human Development Report 2004: Choosing Decentralization for Good Governance. United Nations Development Program and Institute of National Planning.

²¹ Egypt Human Development Report 2003. United Nations Development Program and Institute of National Planning.

²² Egypt Human Development Report 2005: Choosing Our Future – Towards a New Social Contract. United Nations Development Program and Institute of National Planning.

²³ Ibid.

²⁴ Egypt Human Development Report 2005: Choosing Our Future – Towards a New Social Contract. United Nations Development Program and Institute of National Planning.

²⁵ El Zanaty, Fatma and Ann Way. *Egypt Household Demographic Survey 2005*. USAID, Ministry of Health and Population, UNICEF, National Council for Population, Ford Foundation, and Zanaty and Co., March 2006.

²⁶ National Council for Childhood and Motherhood (NCCM). *National Survey of Working Children Phenomenon in Egypt*. Cairo, 2004.

Regional disparities have persisted between Upper and Lower Egypt. This situation has persisted for too long despite significant inputs from international donor agencies in Upper Egypt. The point bears out the fact that donor inputs alone cannot pull a country or a region out of poverty, although they can offer innovative solutions to many hitherto intractable problems and often allow for the piloting and experimentation of approaches that, if proven effective, could successfully be adopted more widely.

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

With regards to the second goal, achieving universal primary education, gross primary enrollment ratios dropped to 96.4% in 2004²⁷ from 98.5% in 1998/1999²⁸, while literacy rates for those aged 15 and above have remained almost the same for the past few years (65.6% in 2001 and 65.7% in 2004). There is a striking overlap between poverty and illiteracy in the governorates of Upper Egypt.

Both globally and locally among the ultra poor, literacy has been established as a major factor inhibiting social mobility and escape from the extreme poverty trap. In Egypt, the literacy issue is closely related to the gender equality goal. Thus three of the MDGs (poverty, education, and gender inequality) intersect to create a negative situation with regards to Egypt's poor.

The Ministry of Education has worked hard to provide Egypt with much needed schools through a nationwide construction program. In this, it has collaborated with the private sector and international agencies such as the World Bank and the European Union, the German Bank for Reconstruction (KfW), the Egyptian Swiss Development Fund and Italian Cooperation in Egypt. Besides philanthropic giving in that area,

the private sector has found innovative ways of participating in school refurbishing programs: Vodafone has collaborated with UNDP and the Ministry of Education in targeting schools in need of renovation. Their 'Madrasty' initiative allocates one piaster to the cause for each call made during Ramadan. Businesses can continue to support school construction programs but they can also partner with the Ministry of Education in its nationwide quality of Education Reform Program, currently supported by United States Agency for International Development (USAID), Canadian International Development Agency (CIDA), UNICEF, UNESCO, and others. A few companies are currently engaged in the enhancement of the quality of education in one or two schools close to their company premises. These outstanding efforts remain fragmented and require more concerted planning and strategic effort in order to achieve impact and truly contribute to the attainment of the second MDG.

The research also uncovered many positive and effective strategies to meet the learning needs of working children and to provide quality education in non-formal, out of school learning programs. The Fostat and Aboul Seoud NGOs in Old Cairo and the Better Life Association in Minya have implemented innovative programs providing children working in hazardous occupations with the chance to acquire alphabet, health, and cultural literacy. They have partnered with the Ministry of Social Solidarity and numerous private sector groups which, driven by religious philanthropic motives, have provided in-kind contributions and donations. They have accessed donor funds and implemented projects collaboratively or formed umbrella organizations of smaller grassroots non-profit associations. Their interventions have encompassed a broad range of strategies. The Sohag Businessmen's Association has

²⁷ Egypt Human Development Report 2005: Choosing Our Future – Towards a New Social Contract. United Nations Development Program and Institute of National Planning.

²⁸ Egypt Human Development Report 1998/ 1999. United Nations Development Program and Institute of National Planning.

encouraged SMEs to release working children for an hour of literacy classes in return for assistance on how to complete technical and legal formalization procedures. They have partnered with UNICEF and other development agencies, as well as with local governments in this program. The Spirit of Youth (SoY) NGO in Manchiet Nasser partnered with UNESCO, Procter and Gamble, Unilever, Rotary Sunrise, Save the Children Federation, International Center for Environment and Development (ICED) and others to design a multiple literacies program. This incorporated recycling, culture and the arts, alphabet, legal, health and hygiene literacy, life skills, and youth-to-youth exchanges between Africa and the Arab region.

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

In the context of the third goal, promoting gender equality, and empowering women, female literacy rose to 56.2% in 2004²⁹, compared to 49.6% in 2000.³⁰ The low female literacy level is alarming. Global research asserts the critical role maternal education plays in families' well-being. Thus a focused targeting of female literacy as a national goal would go a long way towards achieving well-being for the majority of Egypt's poor. We use the term literacy here in all its senses, not just alphabet literacy. It includes health and environmental literacy around water and sanitation, personal and environmental hygiene all the way to rights-based literacy relating to, for example, access to fishing rights, sources of irrigation, protection from pesticides, etc. It also encompasses knowledge and understanding of legal matters such as how to obtain registration documents - birth certificates and identity cards, and family status laws.

Basic life skills - how to manage micro-credit, to acquire vocational skills, navigate the daily needs of living in a village or informal settlement starting with survival issues such as reading road signs all the way to reading and understanding instructions, critically assessing information and questioning the status quo. Civic literacy is vitally important - understanding how to relate to local municipalities and village councils around infrastructure needs, services and rights, and how to vote.

In the academic year 1999/2000, the female gross enrollment ratio in basic education was 90.5%. It rose to 94% in 2003/2004. While it shows a positive trend, the research questions the quality of education delivered in public schools. It is still at a level that threatens to produce another generation of illiterate adults in the next decade. School dropout rates among working children (2.8 million) are a further alarming indicator.

Egypt is classified by UNESCO as one of the countries eligible for technical and financial support under its global Literacy for Empowerment (LIFE) program. Countries who qualify under that program are those with more than 10 million illiterate people or 50% or more of the adult population. The situation merits particular engagement from the private sector as economic progress on a national level is unachievable while such low literacy levels persist. Companies may grow and thrive in specific sectors but illiteracy is bound to affect their growth and stability at some point.

The Egypt research uncovered positive programs that dynamic and innovative NGOs are implementing in many communities. They

²⁹ Egypt Human Development Report 2005: Choosing Our Future - Towards a New Social Contract. United Nations Development Program and Institute of National Planning.

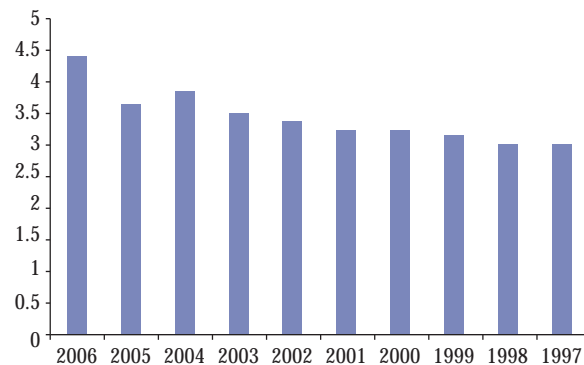
³⁰ Egypt Human Development Report 2000/ 2001. United Nations Development Program and Institute of National Planning.

promote the concept of the plurality of literacies³¹ (UNESCO 2004) and have achieved recognition for their work both nationally and internationally. They have never offered learners a financial incentive to attend literacy classes, the strongest motivation being the relevance of the curriculum, in other words a curriculum grounded in learners' everyday, real life needs. The most prominent of these programs is Caritas' Learn and Be Liberated program (*Ta'allam Taharrar*) which has proved effective in both rural and urban contexts. Learners use community literacy centers and libraries as focal points to acquire multiple literacies. NGOs have implemented other non-formal programs linking literacy to micro-credit. These include Association for the Enhancement and Development of Women (ADEW), Alliance for Arab Women and the Coptic Evangelical Organization for Social Services (CEOSS). Yet others have linked it to income-generating activities so that learning and earning occur simultaneously. The Integrated Care Society, Association for the Protection of the Environment (APE) in Manchiyet Nasser, Bashayer NGO in Helwan, the Women and Society NGO in Boulaq el Dakroul and Future Eve (*Hawaa' al Mostaqbal*) run such programs. The Center for Egyptian Women's Legal Aid NGO (CEWLA) and Egyptian Center for Women's Rights (ECWR) operate in the realm of legal literacy and family status laws. Both provide legal aid, counseling and advocate for women's legal causes.

Egypt is rich with experience in how to achieve higher literacy rates among the poor, and particularly among poor women. These models of best practice are ready to go to scale at a national level and in partnership with the private sector. Nevertheless, there is still much more to

accomplish. Women constitute only 23.9% of the total labor force and occupy 25.9% of legislative and managerial positions. While an improvement on 1999 when these figures were 21% and 11.6% respectively, private businesses could bring about further improvements. They can amend their gender policies and plan women's career paths so that they can receive professional training, are not excluded from certain occupations and positions because of stereotyping and so can advance to managerial positions. They can also ensure adequate day-care provision for their children.

Figure 2: Number of Women in the Workforce (Millions)³²



GOAL 4: REDUCE CHILD MORTALITY

The fourth MDG addresses child mortality. The infant mortality rate (per 1000 live births) dropped from 30 in 2001 to 22.4 in 2004. Similarly, the under-five mortality rate (per 1000 live births) fell from 39.1 in 2001 to 28.6 in 2004.³³ This was due to massive immunization campaigns implemented by the government in partnership with numerous non governmental, and for-profit organizations. Such tangible improvements towards MDG targets reflect the value of all three sectors working together with one vision, one mind, and one focus.

³¹ UNESCO. 2004b. The Plurality of Literacy and its Implications for Policies and Programmes, UNESCO Education Sector Position Paper. Paris, UNESCO.

The plurality of literacy refers to the many ways in which literacy is employed and the many things with which it is associated in a community or society and throughout the life of an individual.

³² Information Decision and Support Center (IDSC). www.idsc.gov.e.g.

³³ Egypt Human Development Report 2005 and 2000/ 2001. United Nations Development Program and Institute of National Planning.

GOAL 5: IMPROVE MATERNAL HEALTH

Progress on maternal health, the fifth MDG, is mixed. While the percentage of births attended by health personnel rose from 56.5% in 2001 to 71.7% in 2004, the maternal mortality rate for 2006 recorded 59 deaths per 100,000 live births.³⁴ Much more still needs to be done around women's reproductive health, with opportunities for the pharmaceutical industry to play a leading role. The clinics sprouting up all over rural Egypt are often staffed by poorly trained doctors and nurses who place women in jeopardy and contribute to poor service delivery. More village birth attendants need to be trained as women seldom make it to hospitals. Many NGOs have trained professional birth attendants thus there is plenty of experience of effective approaches that could be deployed more widely. The Sawiris Foundation is an example of a private sector family foundation currently supporting nursing schools in Upper Egypt.

Doctors need to desist from prescribing multiple kinds of antibiotics and to communicate with patients in culturally appropriate ways and language so that patients do not adopt negative habits of antibiotic abuse and refrain from, for example, using a half dose of six different antibiotics.

GOAL 6: COMBAT HIV AIDS AND TUBERCULOSIS

The incidence of tuberculosis dropped from 18.6 in 1990 to 14 in 2003. Doctors per 10,000 people rose from 6.0 in 2001 to 8.9 in 2004.³⁵ Trachoma, another disease related to poverty and lack of hygiene, drew little attention, until Al Maghraby's El Nour Foundation launched its large-scale mobile eye clinics. These are linked to their non-fee paying hospital in Rod in Farag in Cairo.

MDG Goal 6 should be tailored more to Egypt's needs and not dictated by international realities. Egypt has still not won the war on bilharzias or schistosomiasis, the most widespread water-borne endemic disease in rural areas, yet the current discourse is more about HIV Aids. The alarming rise of Hepatitis C indicates that this disease should be a health intervention priority. Both curative and preventive measures provide the business community with opportunities to work with government and the non-profit sector to look at the full implications of the rapid spread of this disease among Egypt's population.

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

In Egypt, approximately 8.1 million feddans are cultivated, a mere 3.4% of its overall land area. Total water resources decreased from 60 billion m³ in 1992 to 58.6 billion m³ in 2004. Households with access to piped water remained constant (91.3%) from 2001 to 2004 while those with access to sanitation dropped from 94.5% in 1999 to 93.6% in 2004. It is important to mention that the 2006 Egypt Human Development Report will offer a new definition of sanitation that will most likely alter the picture for Egypt.

Most households deprived of sanitation are in small hamlets in Upper Egypt where population density precludes wastewater networks as a viable option. The Egyptian NGO CARE, Save the Children Foundation, and Danish Aid Agency Danida, have had years of experience installing on-site sanitation systems in small, rural communities and have proven models of micro-credit for the financing of septic tanks and low-cost solutions for individual households and small communities. The experimentation and piloting which has taken place in the NGO sector over the past thirty years presents

³⁴ Ministry of Health, National Maternal Mortality Surveillance System. 2006.

³⁵ Egypt Human Development Report 2005 and 2000/ 2001. United Nations Development Program and Institute of National Planning.

Table 1: Largest Mega Slums Worldwide

Million			Million		
1.	Neza/ Chalco/ Izia (Mexico City)	4.0	16.	Dharavi (Mumbai)	0.8
2.	Libertador (Caracas)	2.2	17.	Kibera (Nairobi)	0.8
3.	El Sur/ Cindad Bolivar (Bogota)	2.0	18.	El Alto (La Paz)	0.8
4.	San Juan de Lurigancho (Lima)	1.5	19.	City of the Dead (Cairo)	0.8
5.	Cono Sur (Lima)	1.5	20.	Sucre (Caracas)	0.6
6.	Ajegunle (Lagos)	1.5	21.	Islamshahr (Tehran)	0.6
7.	Sadr City (Baghdad)	1.5	22.	Tlalpan (Mexico City)	0.6
8.	Soweto (Gauteng)	1.5	23.	Inanda INK (Durban)	0.5
9.	Gaza (Palestine)	1.3	24.	Manshiet Nasser (Cairo)	0.5
10.	Orangi Township (Karachi)	1.2	25.	Altindag (Ankara)	0.5
11.	Cape Flats (Cape Town)	1.2	26.	Mathare (Nairobi)	0.5
12.	Pikine (Dakar)	1.2	27.	Aguas Blamcas (Cali)	0.5
13.	Imbaba (Cairo)	1.0	28.	Agege (Lagos)	0.5
14.	Ezbet El Haggana (Cairo)	1.0	29.	Cite-Soleil (Port-au-Prince)	0.5
15.	Cazenga (Luanda)	0.8	30.	Masina (Kinshasa)	0.5

a ready market for contractors, developers, wastewater engineers, and banks. Repayment rates on these loans has traditionally been very high (98%) thus lending institutions are guaranteed a good return on their investment. However, on-site sanitation is still considered a 'backward' model among municipal engineers and, for want of other alternatives, villages are left without any kind of sanitation and suffer poor environmental community health. Again, systemic and structural aspects of development need to move Egypt out of grassroots experimentation, modeling, and demonstration to serious policy approaches.

The seventh MDG includes a quantifiable global target of improving living conditions for 100 million slum dwellers worldwide. According to a 2003 UN report on "The Challenge of Slums", Cairo has four of the 30 largest mega slums in the world.

Upgrading informal settlements has become a government priority and is achievable if formal private sector companies, many of whose employees live in these neighborhoods, engage. Upgrading would not only address physical conditions and infrastructure services but also

extend to education, health, culture and open spaces.

GOAL 8: DEVELOPING PARTNERSHIPS FOR DEVELOPMENT

Goal 8 has both national significance and an international dimension. Developed and less developed countries share the responsibility of "Developing a Global Partnership for Development". The extent to which agreements, treaties, and trade cooperation exist between countries, regions and in the international market should be assessed, as they facilitate the transfer of new technologies and know-how.

At the national level, we can assess the degree of application of Goal 8 through an overall analysis of those macro economic and macro social policies, which facilitate regional cooperation and integration into the global system.

Currently this goal is measured in Egypt by the number of telephones per 1000 households - 364 in 2004. This indicator is a basic measure of a population's ability to communicate and share information. The full measure of partici-

pation far exceeds just being able to communicate. It covers aspects of freedom of association and expression, the ability to organize, participation in elections and the wider democratic process.

The percentage of households with access to television sets was 89.4% that year, the number of cell phone subscribers 108 per 1000, and those subscribing to internet services a mere 55.7 per 1000. While chosen to indicate the degree to which people have access to the benefits of new technologies, in reality the significance of these statistics is very limited. They do not paint a picture of where the country stands in relation to either MDG 8's general objective or the higher objective of the Millennium Declaration - *development*. Unless these communication technologies influence positively Egypt's wider social and economic structures and capacities and create opportunities for all their development contribution will be minimal. From a human development perspective it is more significant to note the degree to which Egypt is contributing to the production of new technologies or to their active and productive use in improving governance both at the national and local levels (e-government etc) and to other aspects of empowerment.

Target 16 of MDG 8 (youth employment) illustrates further the critical significance and true dimension of partnering for development. This youth-oriented target can be split into two strategies: on the international level, establishing partnerships with developing countries and implementing strategies for decent and productive work. On the national level: creating job opportunities. At this level, the 15-24 year old unemployment rate is inadequate as an indicator unless we compare it with the general unemployment rate amongst the overall active population. Such a comparison gives a more valuable insight into problems in the national economy.

In many countries in the Arab region (Egypt included), the overall unemployment rate is around 7-10%, while the youth unemployment rate is around 30% - three times the national rate. This indicates that employment markets are static and that it is increasingly difficult for youth to 'partner for development'.

Currently the majority of young Egyptians fall into one of two categories:

- Highly qualified: they tend to work in multinational or large national firms, at home or in foreign neighboring markets in the Gulf or in Europe where economies are growing at a rapid pace and are in need of new competences and skills
- Poorly qualified or not qualified at all: they may hold a degree or be illiterate or unskilled, but for whatever reason, they are not qualified for the market and are searching for any available job in order to survive

Stimulating employment is one of the major tools to reduce poverty (MDG 1) and a significant measure of the attainment of MGD 8 in that it demonstrates whether youth is collaborating in the shaping of their economy and nation.

Similarly, target 17 of MDG 8 specifies partnerships and cooperation with pharmaceutical companies to provide access to affordable, essential drugs in developing countries. While on the national level this target relates to MDG 6 (health), on both international and national levels it is also a significant measure of whether partnerships for development have been established.

The complex ramifications of MDG 8 encompass all aspects of development. To secure private sector engagement in the achievement of the MDGs they should be fully explored.

The government of Egypt's ten-point program for the country's development is of great relevance when assessing the potential role of business in development.

Ten Point Government Program - 2007

Program 1: Investment and Employment

- *Objective:* To achieve higher rates of economic growth by increasing investments and exports, and creating new job opportunities.

Program 2: Enhancing Economic Performance

- *Objective:* To augment economic activities through restructuring the financial sector, reducing tax and customs impediments, and increasing growth rates and competitiveness.

Program 3: Freeing the Market Economy

- *Objective:* To establish sound macroeconomic policies that will support the transition to a market-based economy while minimizing the impact on indigent citizens.

Program 4: Building an Information Society

- *Objective:* To bring Egypt to the forefront of the information revolution by strengthening the telecommunications industry, infrastructure and workers.

Program 5: Developing Education and Scientific Research

- *Objective:* To create a qualified and well trained labor force that will give Egypt a competitive advantage in the international market.

Program 6: Modernizing Government Organizations

- *Objective:* To enhance the efficiency of the administrative body, enabling it to handle change dynamically, manage state resources more efficiently, and deliver services to the people in a timely manner

Program 7: Expanding Basic Public Services

- *Objective:* To provide basic services equally to all Egyptian citizens in both rural and urban regions regardless of socio-economic status.

Program 8: Modernizing Health Services and Controlling Population Growth

- *Objective:* To modernize & expand preventive healthcare, family planning & medical services for the public, to sustain healthy individuals & stabilize population growth.

Program 9: Cultivating the Political and Legislative Environment

- *Objective:* To implement ongoing democratic reforms within a political and legislative framework, and encourage the participation of the citizenry at all levels.

Program 10: Management of Natural Resources

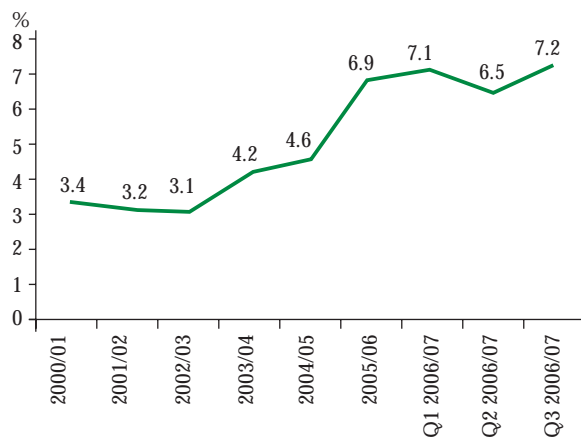
- *Objective:* To utilize Egypt's extensive natural resources for economic benefit while responsibly preserving the environment.

With Egypt's progress towards the MDG's varying in magnitude and momentum, the picture on the macroeconomic level looks more optimistic. Egypt's main economic indicators for 2007 reveal that real GDP growth reached 7.1% as the pound stabilized and business and consumer confidence recovered and sweeping reforms were instituted.³⁶ This followed a low of 3% in 2001/2002 and sharp falls in private

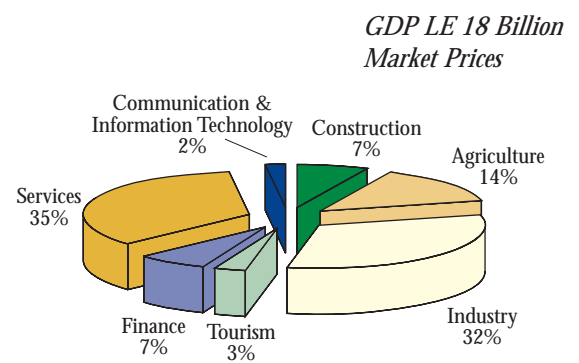
consumption and investment growth at the turn of the millennium, when monetary policy was tightened so that real lending rates rose markedly and credit to the private sector declined. The initial recovery was gradual - growth rose to just 3.1% in 2002/2003 and 4.2% in 2004, led by exports of goods and services following the sharp decline of the pound that raised Egypt's export competitiveness.³⁷

³⁶ *The Egyptian Economy – Towards new Frontiers*. The Ministry of Investment Report on the Egyptian Economy, Cairo, September 2007.

³⁷ *Egypt Country Report*. The Economist Intelligence Unit, United Kingdom, 2006. Printed and distributed by Patersons Dartford, United Kingdom.

Figure 3: Real GDP Growth (at factor cost)

Source: Ministry of Economic Development

Figure 4: GDP Sectoral Breakdown for FY 2005/06

Source: Ministry of Economic Development

The Egyptian Economy – Towards new Frontiers. The Ministry of Investment Report on the Egyptian Economy, Cairo, September 2007.

This gradual economic recovery (real GDP growth) since mid-2003 can in part be attributed to government measures. The Cabinet appointed in 2004 took a series of bold and decisive steps in the areas of trade and tariff as well as foreign exchange reform. These have already yielded tangible results on the macro

level, but have not improved the well-being of the people at the base of the pyramid. However, Egypt's socio-economic programs continue to be vulnerable to external shocks and fluctuations in relation to the international prices of its major exports: oil and cotton.

Reforms endorsed by the Government since July-2004 have been anchored to a clear set of economic policy objectives

- Ensuring macroeconomic stability as well as achieving and sustaining average annual real GDP growth in excess of 7 percent
- Creating new job opportunities by enhancing the role of private investment both domestic and foreign in economic activity
- Maintaining price stability through fiscal discipline and prudent monetary policy
- Financial sector reform
- Deepening the integration of the Egyptian economy into the global nexus of investment and trade
- Improving the public debt structure of the country
- Upgrading the quality of government services
- Ensuring an equitable distribution of income through the redesign of social policies

The Egyptian Economy – Towards new Frontiers. The Ministry of Investment Report on the Egyptian Economy, Cairo, September 2007.

In spite of the declining unemployment, the government recognizes that in the context of continued population growth, the private sector needs to become more engaged in addressing the challenges facing the attainment of the MDGs. It also acknowledges that micro enterprises and SMEs, both in the formal and infor-

mal economies, need to be included in the new growth paradigm. This sector contributes most to job creation and poverty reduction, although hitherto it has not fulfilled its potential to contribute to technological innovation or industrial modernization. Further assessment can help identify those sectors able to become catalysts

for micro enterprises and SMEs to play a more dynamic and active role in both business and human development in Egypt.

A study conducted by the International Finance Corporation (IFC) entitled “The SME Landscape in Egypt” suggests that the number of M/SMEs in Egypt in 2003 accounted for 2,576,937 enterprises. These are distributed as 2.4 million micro enterprises representing 93.5% of the sample; 127,631 very small enterprises (4.97%); and 40,305 small and medium sized enterprises (1.56 percent). Micro enterprises were identified as employing from one to four employees; very small enterprises from five to nine employees; and small and medium enterprises from 10 to 200 employees.³⁸

While the macro economic picture of Egypt shows improvement, human development indicators do not demonstrate the same upward trend. This mismatch calls for all three sectors to work together to scale up community level best practice in order to achieve greater impact, at regional and national levels. This will enable

and facilitate private sector partnership with NGOs in touch with the poorest of the poor and maximize government spending and targeting of the poverty sectors. However, a reduction in bureaucracy and trust-building measures are also necessary.

As previously highlighted, the situation is serious because a full one quarter of Egypt’s population – some 18 million – live on an annual per capita income of less than \$1,500 – at the base of what Professors Stu Hart and C.K. Prahalad have dubbed the ‘economic pyramid’. The ‘base of the pyramid’ represents a potential market for the private sector but companies must make concerted efforts to lift these people out of their current poverty. They can do so by selling low-cost, appropriate products to them and engaging them in that productive process. It is in the government’s interest to create an enabling environment for companies to reach this market as their efforts can, potentially, lift the poor out of poverty, overcome income disparities, and prevent conflicts from arising.

³⁸ The Ministry of Foreign Trade. The Small and Medium Enterprises Policy Development Project.(SMEPoL) Profile of M/SME’s in Egypt, October 2005.





Dimensions of Business Solutions for Human Development

Businesses in Egypt contribute to development in a variety of ways but most contributions are of a philanthropic nature. This forms the foundation of other forms of engagement such as core business and value chain activity, advocacy and policy dialogue. In this chapter, we present the findings of the research including a number of local and international case studies. These provide businesses with examples on how to contribute to the MDG's in a way that leverages core competencies and has lasting impact.

RESEARCH METHODOLOGY AND SCOPE

The research consisted of:

- An extensive review of literature and web-sites on CSR and corporate engagement in development with the aim of identifying good practice relevant and applicable to Egypt
- A questionnaire administered face-to-face or over the telephone to managers in 574 formal private sector companies of various sizes, operating in a range of business sectors and geographical locations. The aim was to analyze the extent and form of corporate engagement in poverty reduction and development in Egypt
- Based on an analysis of this initial quantitative research, follow-up face-to-face interviews with managers responsible for development activities in 44 of those companies were conducted. The aim was to gain a deeper understanding of how they view and conduct pro-development activities and of the obstacles and incentives to further corporate engagement. (Discussion / interview guide given in Appendix 2)
- The British Egyptian Business Association, German Arab Chamber of Industry and Commerce, American Chamber of Commerce, and Federation of Egyptian Industries hosted meetings at which the Project Team briefed members and invited their comments on corporate engagement in development and their role as intermediaries between business, government and the community.

FINDINGS

What is the degree and form of support of the MDGs by the private sector in Egypt?

A significant percentage of the 574 companies sur-

Table 2: Overview of companies involved in quantitative phase of research

Sectors	%Sample	Total
Manufacturing	48%	276
Food & Beverages		60
Industrial & Consumer products		60
Textile, Apparel, & Leather		43
Pharmaceutical		39
Oil, Gas & Mining		30
Chemicals		24
Metals		20
Service	27%	158
Education		41
Health Services & Hospitals		40
Wholesaling & Retailing		32
IT & Telecommunication		30
Transportation & Warehousing		15
Tourism	9%	50
Hotels, resorts, floating resorts & restaurants		30
Travel agencies		20
Construction & Real Estate	5%	30
Construction & Real Estate / Mining / Building Material		30
Financial	5%	30
Investment / Insurance / Banking Services		30
Agriculture	6%	30
Agricultural activities		30
TOTAL	100%	574

Figure 5: Scope of Operations

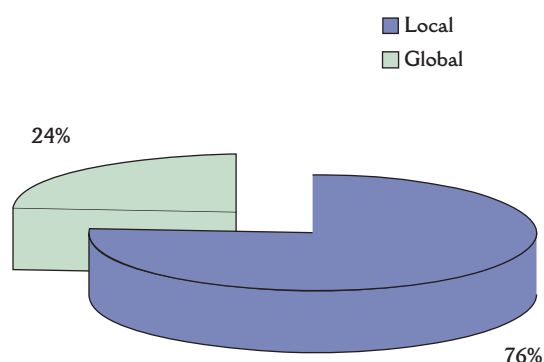


Figure 6: Locations of Operations

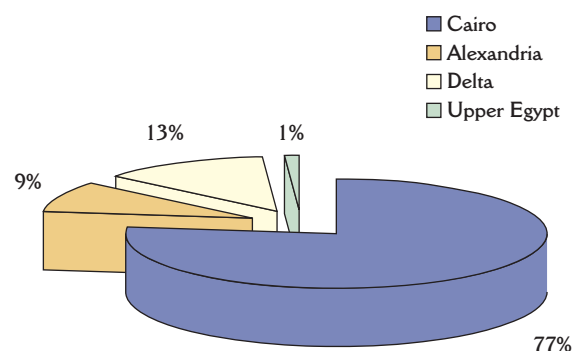


Figure 7: Company Origin

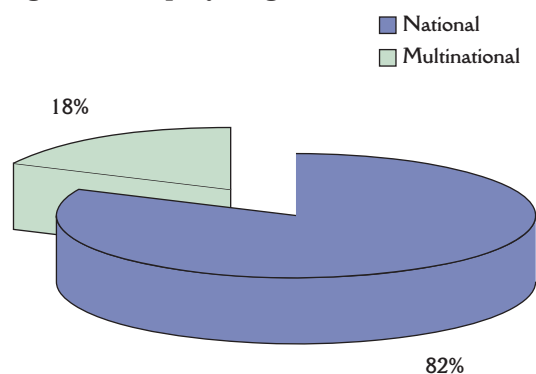
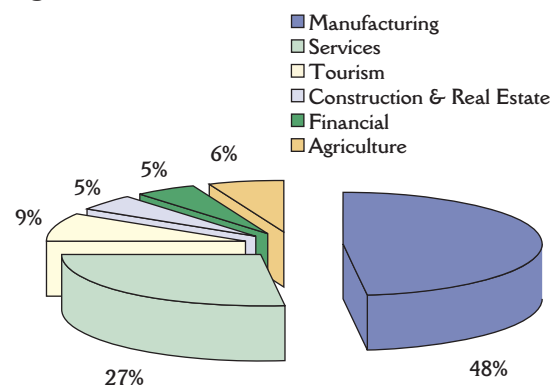


Figure 8: Business Sector



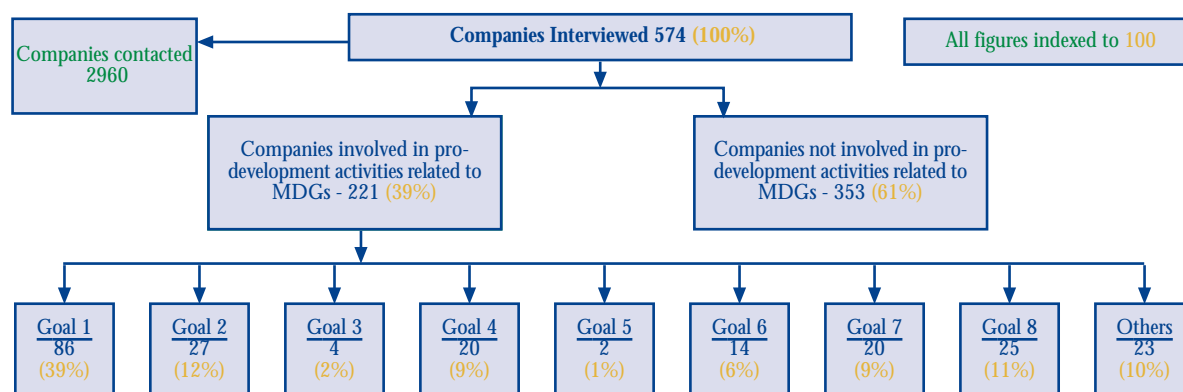
veyed in the quantitative research phase (61%) reported no involvement in pro-development activities. While in reality, their operations will affect local communities, in the main they did not view development as their responsibility and reported having no specific policies or procedures to enhance their positive impacts on the MDGs. The remaining 39%, however, reported that they actively contributed to the achievement of the MDGs. An overview of the extent and type of their activities is given below.

Many interviewees were unfamiliar with the MDGs and were not used to categorizing their

programs using this framework. When prompted, most companies spoke only of their voluntary activities in the community. A detailed analysis of their pro-development engagement demonstrates that their contribution is much wider than they perhaps perceive and is particularly significant in some areas, with well over half contributing to MDGs 1, 3, 7 and 8.

In terms of how companies contributed, it was mostly through financial or capital donations, although they also allocated human and in-kind resources. Contributions were either fully supported / funded by the company (internally

Figure 9: Major Contribution Area Cited by Companies



Goal 1: Eradicate extreme poverty and hunger

Goal 2: Achieve universal primary education

Goal 3: Promote gender equality and empower women

Goal 4: Reduce child mortality

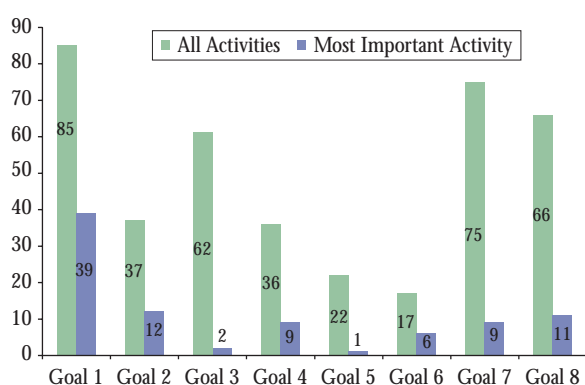
Goal 5: Improve maternal health

Goal 6: Combat HIV/AIDS, tuberculosis, and other diseases

Goal 7: Ensure environmental sustainability

Goal 8: Partnerships for development

Figure 10: Companies' overall contribution to MDGs



Goal 1: Eradicate extreme poverty and hunger (NET)

Goal 2: Achieve universal primary education (NET)

Goal 3: Promote gender equality and empower women (NET)

Goal 4: Reduce child mortality (NET)

Goal 5: Improve maternal health (NET)

Goal 6: Combat HIV/AIDS, malaria, and other diseases (NET)

Goal 7: Ensure environmental sustainability (NET)

Goal 8: Develop a global partnership for development (NET)

Figure 11: Form of Contribution

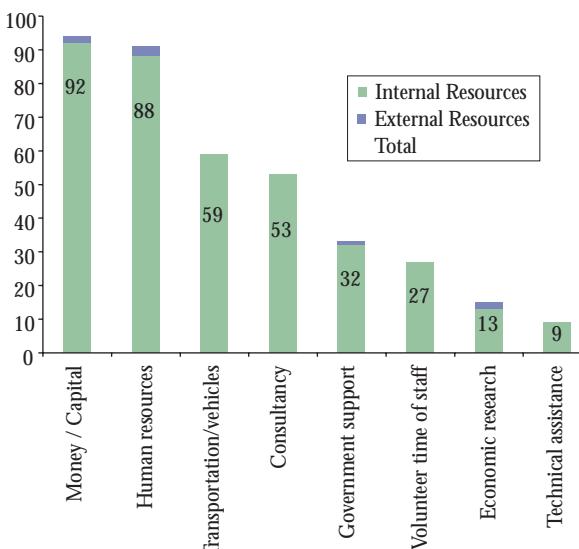
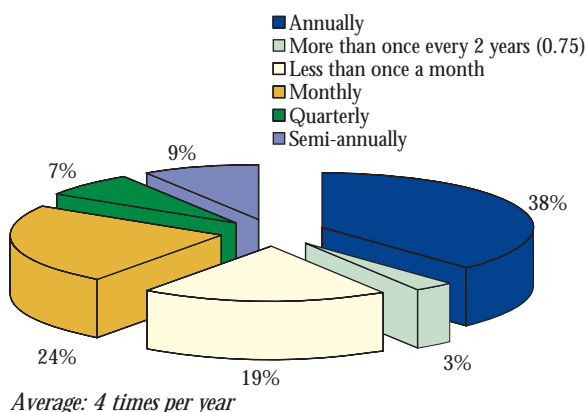


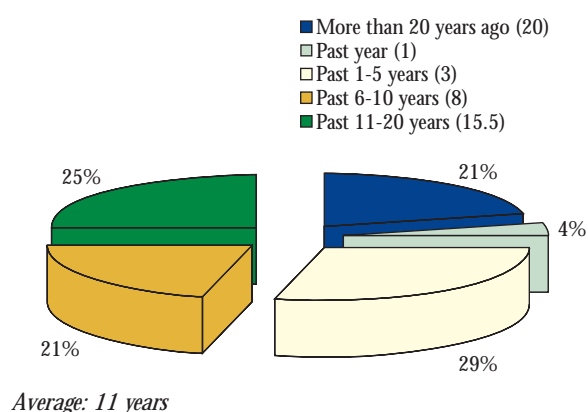
Figure 12: Frequency of Undertaking the Activity



supplied), or partially or fully supported by other companies than the respondents (externally supplied) or were a combined contribution from both sources.

The response rate of 574 out of 2960 interviewees is the basis of our analysis. It reflects a sizable SME sample although for many more, the subject matter was unfamiliar, and they did not feel they had information to contribute. Indeed, during the course of the quantitative and qualitative research it became apparent that most companies were unaware of the MDGs and had limited understanding of the private sector's potential to impact development, either in conducting its day-to-day operations or through voluntary activities. Often respondents were unfamiliar with CSR and development terminology and, although a full 70% reported "usually" being involved in the planning and reporting of pro-development activities (with the remainder "quite often"), it is probable that the full extent of the companies' activities were not captured. What respondents meant by 'pro-development' activities were community outreach activities, more in the sphere of corporate philanthropy than actions

Figure 13: Period during which contribution sustained



focused on long-term business success or sustainable projects to address poverty, illiteracy and unemployment in Egypt.

The table below charts progress towards the 2015 MDG targets and assesses the likelihood of them being met.

More companies report more contributions to MDG 1 than any other goal. However, with more than 60% of companies reporting no pro-development activity, much more needs to be done to engage SMEs, the most significant employers, and to ensure that efforts are well targeted. The study revealed the strong engagement of the private sector in providing employment to unemployed youths. On the basis that the growing numbers of young people in Egypt have low skill levels or qualifications that do not meet the needs of the formal private sector, this should remain a priority. Nevertheless, there are other areas where the private sector could be more active. Less than 10% of companies report MDGs 3, 4, 5 and 6 as their main area of activity, although the role of women and health in promoting sustainable development is incontrovertible.

Table 3: MDGs tracking indicators

Indicator	Level in 1990	Level in 2004	Target for 2015	Potential for achieving target
Goal 1 Eradicate extreme poverty and hunger				
1 Percentage of population below \$1 per day	8.2	0.94	4.1	Met
1a Percentage of population under national poverty line	24.3	20.2	12.1	Probable
2 Poverty gap (using national poverty line)	7.1	3.9	3.6	Met
3 Share of poorest quintile in national consumption		8.3		
4 Prevalence of underweight children under 5	9.9 ^a	8.6 ^b	5.0	Possible
5 Percentage of population below minimum level of dietary energy consumption	25.6 ^c	14.0 ^d	12.8	Possible
Goal 2. Achieve universal primary education				
6 Net enrolment ratio in primary education	85.5 ^e	94.0 ^f	100	Probable
7 Percentage of pupils who reach grade 8	83.9 ^g	86.8 ^h	100	Probable
8 Literacy rate of 15-24 years-olds	73 ⁱ	87.0 ^j	100	Probable
Goal 3 Promote gender equality and empower women				
9a Ratio of girls to boys in primary education	81.3 ^c	90.9 ^l	100	Probable
9b Ratio of girls to boys in secondary education	77.0 ^c	104.3 ^l	100	Met
9c Ratio of girls to boys in tertiary education (physical sciences)	51 ^e	66.0 ^b	100	Unlikely
9d Ratio of girls to boys in tertiary education (social sciences and humanities)	65 ^e	99.0 ^b	100	Met
10 Ratio of literate women to men, 15-24 years old	84.7 ⁱ	86.4 ^f	100	Possible
11 Share of women in wage employment in the non-agriculture sector	19.2	20.6 ^k	50	Unlikely
12a Percentage of seats held by women in People's Council	4.0	2.6	50	Unlikely
12a Percentage of seats held by women in Consultative Assembly	4.0	8.0	50	Unlikely
Goal 4 Reduce child mortality				
13 Under-five mortality rate	56.0	35.4 ^k	18.7	Probable
14 Infant mortality rate	37.8	28.2 ^k	12.6	Possible
15 Proportion of 12-23 months old children immunized against measles	81.5 ^a	95.6 ^b	100	Probable
Goal 5 Improve maternal health				
16 Maternal mortality ratio	174 ^a	67.6	43.5	Probable
17 Proportion of births attended by skilled health personnel	40.7 ^a	69.4 ^b	100	Probable
Goal 6 Combat HIV/AIDS, malaria and other diseases				
18 HIV prevalence among pregnant women aged 15-24 years	not available		0.0	
19 Condom use rate among married women using contraceptives	4.2 ^a	15 ^b		
20 Number of children orphaned by HIV/AIDS	not available			
21 Prevalence of malaria		0.0	0.0	Met
23 Incidence of tuberculosis	18.6	14.0 ^b		
24a Proportion of tuberculosis cases detected under DOTS		58.0		
24b Proportion of tuberculosis cases cured under DOTS		88.0		
Goal 7 Ensure environmental sustainability				
25 Proportion of land area covered by forest				
26 Ratio of area protected to maintain biological diversity to surface area	6.5	10.0	17.0	
27 Energy use (metric ton unit equivalent) per \$1000 GDP	3.9	6.3		
28a Carbon dioxide emission per capita	2.01	3.1		
28b Consumption of ozone-depleting CFCs	2.144	1.335 ^k		
29 Proportion of population using solid fuels	not available			
30a Proportion of urban population with sustainable access to an improved water source	96.9 ^a	100	98.5	Met
30b Proportion of rural population with sustainable access to an improved water source	61.1 ^a	95	80.6	Met
31a Proportion of urban population with access to improved sanitation	94.7 ^a	100	97.4	Met
31b Proportion of rural population with access to improved sanitation		
32 Proportion of households with access to secure tenure	not available			
Goal 8 Develop a global partnership for development				
47 Telephone lines and cellular subscribers per 100 population	8.3 ^l	21.2 ^b		
48a Personal computers in use per 100 population	1.2 ^l	2.2 ^b		
48b Internet users per 100 population	0.3 ^l	3.9 ^b		

Source: Ministry of Planning (2005), Achieving the Millennium Development Goals: Success and Challenges

a data for 1992 e data for 1995 i data for 1996
 b data for 2003 f data for 2005 j data for 2002/03
 c data for 1990/91 g data for 1991/92 k data for 2001
 d data for 1999/2000 h data for 1992/93 l data for 1999

The Al Maghraby Group and Unilever case studies below illustrate the approach of a large indigenous company and an MNC with strong local roots. Such examples, where the company sets clear priorities, seeks opportunities to

contribute in areas of particular expertise (health and hygiene) while gaining market share and working in partnership with community-based NGOs, could be replicated by other large companies operating in Egypt.

AL MAGHRABY GROUP – AL NOOR FOUNDATION



The Maghraby group set up Al Noor foundation as an independent entity registered in Egypt as a charitable non-governmental organization, under registration No. 214A for the year 1999. Start up funds for the foundation were donated by the Maghraby group. The sustainability of the foundation is guaranteed through external funding from international donors as well as international NGOs and universities.

Over the past seven years, Al Noor foundation has conducted field research study on Trachoma disease. The study surveyed 13,500 people in three governorates and determined that the disease causes loss of eyesight in the long term. The study was funded by foreign donors and technically supported by the University of British Columbia. The government shared the results of the study with WHO, which reformed its health sector program in this area to be able to mitigate the causes that spread this disease. The main challenge Al Noor Foundation encountered in the study was the common perception that Trachoma had been eradicated in Egypt.

Partnerships

The Ministry of Health in Cairo, the three governorates, BC Center for Epidemiology (University of British Columbia), the International Trachoma Initiative, and the Social Research Center (American University in Cairo). The outcomes of the project included forging new relationships with partners, indirectly reforming governmental health sector policies on Trachoma, and gathering much needed authoritative baseline data for future reference.

Among Al Noor Foundation's other projects are medical caravans, which began in 2000. Doctors go out to different governorates and examine patients with ophthalmologic disorders free of charge twice a week. An annual plan directs the caravans to governorates.

A training facility for eye doctors was established at Al Noor foundation. It offers a two-month training course free of charge. In 2002, Al Maghraby Group established a non-paying hospital, and by 2005, the hospital became financially sustainable by having fee-paying patients cover the cost of those who are unable to pay for treatment. The Ministry of Social Solidarity and NGOs refer poor patients to it.

Al Noor foundation advocates for hygiene as part of the World Sight Day, and raises awareness about hygiene.

Almost all foundation activities are related to the core business of the Maghraby group i.e. eye care. The foundation staff manages these. Al Noor foundation perceives its strength in having a hospital, a well-trained cadre of doctors and staff, and a solid reputation among the community. Obstacles faced by the foundation include high costs of eye care, and the need to achieve financial sustainability.

UNILEVER



The **Village Development Project** aims to improve the conditions of poor villages in Alexandria and Greater Cairo. T. El-Talat Kabary village near Alexandria was selected as a pilot project. Approximately 90% of its population is itinerant workers with a high rate of illiteracy.

A credit scheme was launched around animal husbandry over 3 years, interest free. A veterinarian and an agricultural specialist conduct regular visits to beneficiaries and a board of directors from the community acts as liaison between Unilever and the village. Literacy classes and handicrafts production are additional components of this CSR activity.

In the field of health care, Unilever has been providing a dental health educational program for a number of years. This is organized under the Signal brand, and promotes children's awareness of the importance of dental hygiene. Each child receives a free toothbrush and toothpaste. More than 5 million children in governmental schools have benefited from this program and from the regular visits by dentists to schools to provide free check-ups and treatment.

Partnerships

In collaboration with the Rotary Club of Alexandria, Unilever funded a medical convoy to Sudan with 25 physicians from different specialties who performed over 500 medical procedures, mostly among children.

In collaboration with the Rachid Foundation for Cultural and Social Development, and the Egyptian General Authority for Adult Education, Unilever provided literacy programs for its 3000 employees.

In partnership with the Arabian Academy for Science and Technology, Unilever partly funds intensive computer training to high achievers in IT technology and applications.

A special committee in Unilever organizes and manages CSR initiatives. The committee consists of a Board member, the financial controller, and representatives from the various departments. Unilever's main criteria for choosing a potential CSR initiative include compatibility with the company's plans and policies, and for beneficiaries to fall within the company's specific target groups (unemployed, orphans and special needs groups).

INFOSYS 39

Infosys, an Indian information technology services firm, grew from less than \$10 million in sales in the early 1990s to become a leading global player with almost \$800 million in sales today. Along the way, it has also been setting international standards for corporate governance and creating a new partnership for development with local and central government.

Infosys Foundation, the philanthropic arm of Infosys Technologies Ltd., came into existence in December 1996 with the objective of fulfilling the social responsibility of the company by supporting and encouraging the underprivileged sections of society. In a short span of time, the Foundation has implemented numerous projects in selected areas – health care, social rehabilitation, rural development, learning and education and art and culture. From making high-quality healthcare accessible, to enabling the spread of education where it is needed the most, the Foundation has undertaken various initiatives in providing medical facilities to remote rural areas, organizing novel pension schemes and in aiding orphans and street children. It has undertaken a large rural education program titled “A library for every school” under which 5500 libraries have been set up in government schools spread across many villages. Other activities include the reconstruction of old school buildings, setting up of rural Science Centers and schemes to provide support to dying traditional art and culture forms.

Some companies might choose to set up foundations with clearly-stated objectives. This is the case of Infosys in India as described above.

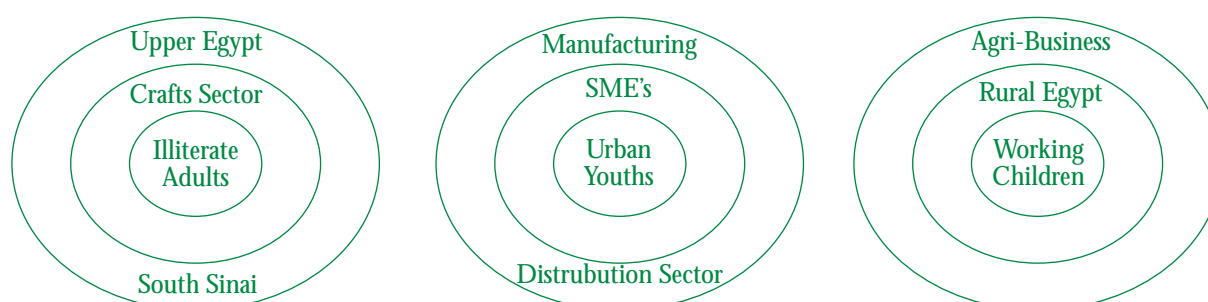
For some companies such large-scale initiatives may not be feasible, but in all cases a better targeting of groups and more deliberate design of pro-development engagement is needed. Thus companies have the choice of targeting based on segments or beneficiary groups, regions or specific business sectors, or even on all three, as outlined below:

- Segments / beneficiary groups: these might be unemployed youth (currently the most favored by companies), women, children
- Regions: companies tend to target communities in the proximity of their operations, thus Cairo is the most targeted region, followed by the urban Delta and Alexandria. Achievement of the MDGs would require a major shift in emphasis towards Upper

Egypt where human development indicators and the likelihood of meeting the MDGs are lowest

- Business sectors: an analysis of different business sectors’ actual and potential impacts on the MDGs can be made and collaborative projects initiated

The diagrams below illustrate how this approach might be implemented on the ground. Some companies are already supporting these and other targets, for example, working children (especially girls) in on-farm and off-farm activities in rural Upper and Lower Egypt’s herbal flower and cotton trade, environmental health in slum areas, environmental degradation of water sources in the urban Delta, water and sanitation for small towns and hamlets, etc. However, few are undertaking the three-pronged targeting approach, and fewer yet are referencing it to the MDGs.



³⁹ http://www.infosys.com/infosys_foundation/learning.htm

By aligning these activities to core business operations (e.g. the large-scale agribusinesses working with producers) and working with other companies and NGOs with grassroots expertise, companies can achieve scale and so enhance standards, not only within their own value chains, but also in the business sector as a whole. In this manner they can achieve more widespread and sustainable positive outcomes for communities in some of Egypt's most disadvantaged regions. SMEs in particular, which may not have resources to set up foundations or specific teams and departments to manage their community activities, may wish to adopt a sector-specific or partnership approach to maximise impact. Many development agencies and business associations are willing and able to advise on appropriate partners and projects and act as brokers with government and others.

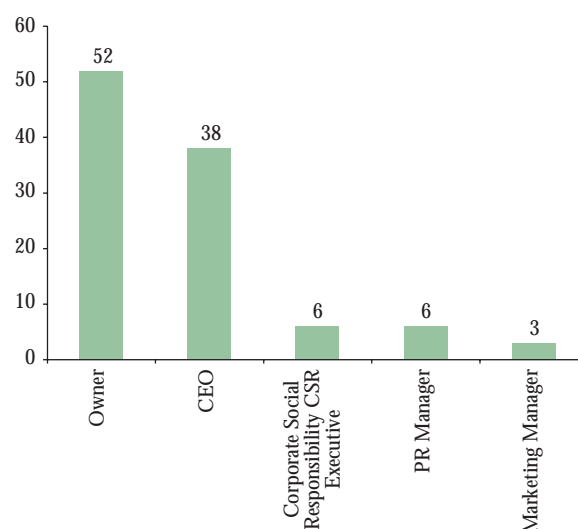
How do companies approach their pro-development activities?

Our international research identified several examples of specifically pro-development or MDG-oriented initiatives by business. Much of the literature focuses attention on businesses' impacts in terms of core business operations in the workplace, market place and along the supply chain, philanthropic and voluntary activities, advocacy, and policy dialogue. So, for example, how can large companies modify their distribution channels and products to bring in small operators and reach new BOP markets?

Below we use that framework to present the findings of our quantitative and qualitative research, highlighting specifically pro-development models that are, or might be implemented in Egypt.

Given that most of the companies surveyed were SMEs, it is perhaps not surprising that in 90% of cases the owners, followed by CEOs, were the main decision-makers around pro-development activities / initiatives, with only 6% reporting dedicated personnel to organize and manage these activities in their company.

Figure 14: Activity Decision Maker

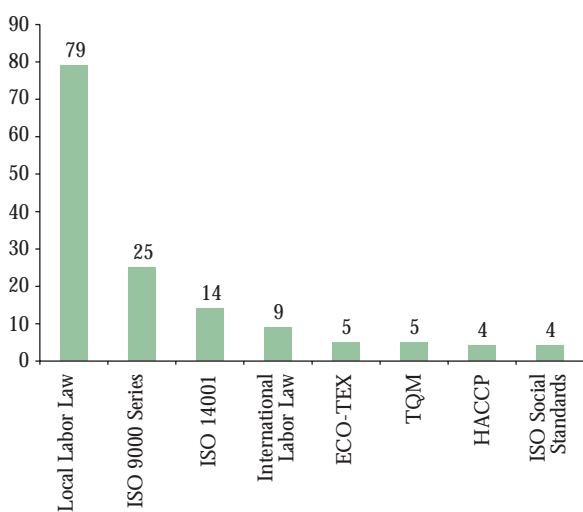


However, the current trend amongst MNCs and large-scale indigenous companies is to consider CSR as a separate function in the company – one that is seldom referenced to the development context of Egypt or the MDGs. Companies such as Mobinil, Vodafone, the Mansour Group and the Arab African International Bank (AAIB) have appointed CSR managers with international, business and development backgrounds with the remit of drawing up CSR strategies and professionalizing voluntary contributions, benchmarking against international best practice. Such companies are, however, still very much in the minority.

Many MNCs operating in Egypt have well-developed worldwide company policies and management and reporting procedures designed to minimize social and environmental risks to the business. Some have gone beyond basic compliance to thinking creatively about how they can adapt workplace policies to bring greater benefits to local communities. Unilever's partnership in Cairo with The Right to Life Association is a good example. The company provided 10 days training to 180 handicapped youths, enabling them to work in a specially established small-scale soap packaging production unit. This project helped these youth become "extended employees" of Unilever, earn independent income and take pride in their skills and abilities.

There is evidence that Egyptian companies, and particularly those with international exposure, are also beginning to mainstream CSR through reinforcing adherence to local laws and seeking accreditation to international standards in areas such as labor rights, health and safety and the environment. Eighty-nine percent of companies surveyed had some form of certification or guarantee for internal compliance to appropriate standards.

Figure 15: Internal Compliance Certification ⁴⁰



The study also documented a number of planned, development projects that are attempting to upgrade the SME sector's practice concerning rendering the working environment safer, reducing, if not totally eliminating child labor in workshops, introducing technology and improved production processes. This indicates willingness by informal SMEs to

adhere to labor laws, child protection principles, and environmental standards when given financial and technical support.

Base of the Pyramid Models

The study did not reveal many so-called "Base of the Pyramid" (BOP) models, wherein a company develops or adapts products and services specifically to meet the needs of poorer customers. A few are mentioned below:

- Village adoption schemes involving comprehensive development of a range of services
- Interest-free and micro loans from banks and other companies, often to employees but sometimes geared specifically towards women
- Specialized banking and other products for poorer customers, such as low-cost, easy installment housing plans which do not require down payments
- Building water, sanitation and electricity infrastructure for poor areas
- Promoting and marketing local crafts
- Creating environmentally sustainable businesses for the underprivileged
- Providing knowledge and expertise to initiate and support socially sustainable agricultural, feeding, and food development programs

The Kheir Zaman chain of supermarkets managed by the Mansour Group is an example.

⁴⁰ ISO 9000:

http://www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000/iso_9000_essentials.htm

ISO 14001: http://www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000/iso_14000_essentials.htm

International Labor Law: <http://www.itcilo.it/actrav/actrav-english/telearn/global/ilo/law/lablaw.htm>

Eco-Tex: <http://www.textil-online.net/englisch/Publications/Yearbook2002/E1350.htm>

TQM: <http://www.managementhelp.org/quality/tqm/tqm.htm>

HACCP: <http://en.wikipedia.org/wiki/HACCP>

ISO Social Standards:

<http://isotc.iso.org/livelink/livelink/fetch/2000/2122/830949/3934883/3935096/home.html?nodeid=4451259&vernum=0>

THE MANSOUR GROUP



The Mansour Group focuses on literacy, education, orphans, and the environment. Their projects include the Kheir Zaman chain of supermarkets, which serves the needs of lower income bracket consumers, offering high quality products in more affordable packaging. The Group plans to purchase supplies for this project from smaller businesses as a means of both acquiring their goods at a lower cost, and helping these businesses flourish by procuring the bulk of their stock.

The Mansour Group established an advanced school for Autistic Children in 1999, complete with a hospital, gardens, and storefronts where the children can sell their handicrafts

In the area of corporate volunteerism, the Mansour Group supports the INJAZ program that uses the Junior Achievement International Curriculum designed to enhance skills of the Egyptian youth to enter the job market as employees or entrepreneurs.

The Mansour Group signed a protocol of agreement with the General Authority for Adult Education in 2005 whereby the company produced and aired three 30-second television advertisements to create awareness about the importance and value of literacy. In addition, the company has been supporting literacy classes in Beheira and Mansoura Governorates from 2006 until 2009, and provides scholarships for students who continue their education beyond literacy.

While international research records many examples of MNCs or large companies, such as Cemex in Mexico, supporting such projects, there are other examples of smaller operators taking the initiative and achieving scale through thinking creatively about how to access previously untapped markets. The 2004 UNDP publication entitled “Unleashing Entrepreneurship: Making Business Work for

the Poor”⁴¹ presents a number of best practices adopted by national and multinational companies. They demonstrate the tremendous potential of the private sector to contribute to development while contributing to company profits. The following case studies were selected with a view to their relevance to the Egyptian context and to their potential replication by SMEs.

CEMEX ⁴²



Cemex, the Mexican cement firm, has become one of the world's leading producers and innovators in the industry, employing thousands. The company partnered with federal, state, and local governments to provide Mexico's poorest residences with a concrete floor. The “Piso Firme” program has now been implemented in Mexico and Colombia and helped almost 200,000 disadvantaged families by replacing their dirt floors with a unique antibacterial concrete, an ideal way to preserve a clean and healthy environment.

Cemex has also helped to make the dream of home ownership a reality for more than 120,000 Mexican families through the “Patrimonio Hoy” program that organizes low-income families into self-financing cells that facilitate and expedite the typical home-building process. Cemex provides them with all the materials they need as well as technical assistance, including an architect who helps design their house with an eye to future growth, so that they can optimize space and reduce waste.

Through its “Construmex” program, Mexicans living in the US can transfer money home to fund their families' construction needs. For only a dollar each, Cemex's clients can transfer orders directly through a network of more than 20,000 distributors across Mexico who then delivers the building materials to clients' designate recipients.

⁴¹ Commission on the Private Sector and Development. *Unleashing Entrepreneurship: Making Business Work for the Poor*. Report to the Secretary General of the United Nations. United Nations Development Program, New York, March 2004.

⁴² http://www.cemex.com/cc/cc_cm.asp

BASE OF THE PYRAMID MODELS



Examples include social enterprises, not-for-profit organizations, and cooperatives of other institutions developing innovative solutions that provide a social, environmental, or economic benefit to the community. Examples include “digital dividend” projects that bring telecommunications and internet access to poor communities and solar power projects, which bring electricity and other services to off-grid communities.

In India, small-scale soybean farmers use a village internet kiosk to check spot prices for their products on the Chicago Board of Trade’s web site, bypassing local intermediaries and getting better prices.

Casas Bahia in Brazil has developed a unique business model providing efficient retail services aimed at poorer customers. As the largest retail chain store in Brazil, it was one of the first companies to offer highly successful credit sales schemes enabling the urban poor to buy electronic and other household products. Their installment sales schemes unlocked the purchasing power of Brazil’s enormous working class and catered to the needs of low-income groups while earning good returns for the company.⁴³

The ICICI Bank in India is applying technology to access a range of new markets, but particularly rural SMEs and micro-entrepreneurs. It provides farm equipment loans for farmers in 381 locations and gives them easy repayment terms from one to 9 years.⁴⁴

In Cambodia hundreds of small private providers offer services ranging from battery recharging to fully metered electricity provision for entire communities. These providers now serve an estimated 115,000 customers – more than one-third of electricity customers nationwide.

Value Chain Initiatives

The research also revealed that, in planning their pro-development activities, a number of companies are taking into account their wider impacts along the value chain. Therefore, for example, they incorporate consideration of how standards and positive impacts can be raised amongst suppliers, distributors and in the market place. International research indicates that this is perhaps an area of significant potential in

Egypt. Such approaches might look at how food-processing companies can engage small farmers, the hotel industry community-based handicraft producers; the automotive industry can promote road safety or the food export industry greater compliance with international health and hygiene standards amongst rural suppliers and in the home.

The EQI case study below illustrates this approach.

EQI ⁴⁵



In 1996 EQI President Mounir Neamatalla, expanded the company’s activities beyond advisory services to direct investments in sustainable development. Based on consultations with the local community and other stakeholders, EQI designed and implemented The Siwa Sustainable Development Initiative which incorporates a number of commercial ventures aimed at promoting economic development in Siwa, that are in harmony with its sensitive environment and that revitalizes its unique cultural heritage. EQI’s approach has been to draw on the indigenous wisdom, traditional skills, and creativity of the local community, and complements them with modern know-how, to develop Siwa into a model of sustainable development.

EQI, the principal investor and catalyst, partnered with the local community and local authorities bringing technical expertise on economic development and garnering political support for the project. Key initiatives include a Shali lodge built in the traditional Siwan architectural style, ecotourism activities, organic agriculture products, and women’s artisanship, cultural expression.

⁴³ <http://www.icmr.icfai.org/casestudies/catalogue/Marketing/MKTG102.htm>

⁴⁴ www.icicibank.com/Pfsuser/loans/farmequip/fehome.htm

⁴⁵ <http://www.eqi.com.eg/index.php?activemenu=Project%20Showcase&screenid=11>

The community welcomed the project because it allowed women to work from their homes, or in an all-women setting, in keeping with Siwan tradition. Within a year, 300 joined up.

Women artisans earn a steady income comparable to - and sometimes higher than - the average earnings of Siwan men. Marketing occurs in high end outlets in Europe. Branding, quality control and shipping are handled by EQI.

In partnership with the International Finance Corporation (IFC), EQI developed Siwa into a center of excellence for the production of organically grown produce and agro-culinary products, while improving the standard of living of Siwan farmers. The project, which benefited 300-450 farmers and 50 off-farm workers, added value to Siwan agricultural produce by promoting organic farming methods and farm management systems compatible with international certifications. Project components included a crop pre financing scheme, a cattle-financing scheme, a renewable energy initiative, and a packaging warehouse.

EQI manages the funds, provides the necessary training and technical assistance, and undertakes all post-harvest activities up until shipment.

The Siwa Sustainable Development Initiative has revitalized centuries-old systems for managing the environment that were being abandoned in favor of modern but inappropriate technologies that were depleting the natural and cultural assets of the oasis. It has renewed Siwans' pride in their cultural heritage, creating a wave of building in the Siwan traditional architectural style. It has also resulted in a decree by the Governor of Matruh that all new construction be built in the traditional style. Most importantly, the initiative has benefited the local community by creating environmentally and culturally sustainable employment and income-generating opportunities that draw on materials and expertise available locally rather than imported from the Nile Valley. Six hundred Siwans are now gainfully employed in such areas as the supply of raw materials, production of furniture and handicrafts, transport of goods, transportation of workers, and operation of tours. The renewed interest in Siwan architecture is also providing employment opportunities for the new generation of craftsmen and builders that has emerged as a result of the project.

Voluntary Contributions

The study reveals that most activities reported by companies in Egypt as contributing to the MDGs can be categorized as voluntary with some small and scattered models of base of the pyramid actions. In other words, most were not closely linked to core business operations, but rather philanthropic in nature. While not included in our survey of 574 companies, there is evidence that on a small scale, informal SMEs undertake similar philanthropic activities in their immediate neighborhoods. Examples include feeding the poor and indigent, supporting orphans and widows, subsidizing children's education, etc. This provides a valuable opportunity to re-orient cultural modes of giving towards pro-development activities with more sustained outcomes and to depart from the 'project' mindset of existing actions in favor of building structures and systems that allow for the scale-up of sound models.

Typical and widespread examples of current voluntary contributions by business are:

- Offering and supporting literacy classes
- Establishing, renovating and/ or equipping

entire hospitals and clinics (also mobile) in impoverished areas or specialized medical units within them (e.g. kidney dialysis, neonatal health, X-ray or liver units, rehabilitation and physiotherapy departments)

- Distributing meals and food products during religious festivals such as Ramadan and feasts and providing financial support for the poor
- Organizing health campaigns, vaccination programs
- Building mosques and supporting community development centers which offer basic services (education, health, computers, vocational training, culture and arts) at nominal fees
- Establishing charitable foundations

From the above, it is clear that most of the activities fall into the categories of pure charity or longer-term community investment. Examples of paid time off for employee volunteering are also evident. Cause related marketing, wherein a company links its products to specific social causes, are relatively rare, although Procter and Gamble's CSR program has elements of such an approach.

PROCTER AND GAMBLE



In Egypt, P&G markets fourteen brands, seven of which are manufactured in Egypt. P&G's CSR portfolio encompasses the fields of education, health, women, and children, through donations, development projects, and partnership development.

The Mokattam Recycling School. The project was an initiative by Community and Institutional Development (CID) in 1998, when, shampoo-producing companies realized that they were incurring losses caused by the fact that empty bottles of their products were in demand by fraudulent market operators who refilled them with a counterfeit product.

P&G extended financial support to allow destitute adolescents among the garbage collectors' community to purchase these containers from the market before the fraudulent merchants got to the product. The adolescents deliver the empty containers to a recycling school that was established specifically to prevent fraudulent brand name trade. At the school run by the Spirit of Youth NGO for Environmental Services, the program combines a technical recycling, literacy, numeracy, health, recreation, industrial safety, legal literacy program with an income generating mechanism to provide income while recovering P&G's specific brand of shampoo to protect it from being refilled fraudulently. P&G leaves the revenue generated from the sale of the granulated plastic to the NGO to cover the running costs of the school and teaching staff salaries. To date, almost one million shampoo bottles have been recycled. The project continues today, and the older children from the area are now paid to transfer their recycling expertise to other children in other communities.

P&G participates in INJAZ, an outreach program to foster and develop the life skills of young people prior to their entering the workforce. Employees of P&G are encouraged to volunteer their talents and time to impart their vocational knowledge to the beneficiary youth of the program.

P&G's brand of baby diapers, Pampers, established a telephone hotline for mothers with questions regarding proper hygienic care for their children. In addition, the brand has signed an agreement with the USAID funded health project TAKAMOL to provide health awareness pamphlets at the medical clinics the initiative is renovating in villages throughout Upper Egypt.

P&G's External Relations Department manages the company's socially responsible initiatives. The funding for these projects is a percentage of the company's overall profit—that varies from country to country.

For the most part, the companies researched did not strongly align their pro-development activities to their business operations, in the sense that they do not capitalise on companies' core competencies nor take a long-term view of development. Most companies, regardless of size or origin, continue to make ad hoc grants

without considering whether this is the most effective use of resources, from either a business or community perspective. The EMAK International Academy example given below, however, is a clear exception and illustrates the value of working with partners with complementary skills and resources.

EMAK ACADEMY



The Kharafi Group established EMAK International Academy in 2002. Its partners are Oracle Egypt and the Arab Academy for Science, Technology, and Maritime Transport. EMAK Academy builds the technical capacity and soft skills of employees. It gives students of modest backgrounds priority in its CSR activities

Partnerships: A Main Feature of EMAK's CSR Program

Over the past five years, EMAK Academy has initiated three main CSR activities. The first is the Oracle Academic Initiative for top students, in partnership with Oracle International and Egyptian universities e.g. Cairo University, Ain Shams, Alexandria, and Minya Universities. Top students from these universities are nominated to attend training on Oracle free of charge. EMAK draws up stringent selection criteria. Academy staff volunteers their time

to teach students at locations provided by the universities while Oracle provides the training material free of charge.

500 to 600 top students undergo training each year through out Egypt. They undergo preparation for the local and international job markets as many are recruited to work in the Gulf. Their remittances are valuable for their families and the economy at large.

The second is a Training Initiative for university graduates in collaboration with the Future Foundation, and Oracle. EMAK Academy covers half the costs, while Future foundation covers the other half. The Future Foundation identifies students and EMAK staff provides the training and course materials.

The third initiative is Grants from Ministry of Communications and Information Technology. The ministry identifies trainees and EMAK carries out the training.

Management of CSR

The Executive manager and the different program heads who contribute lead CSR activities in EMAK Academy to the CSR initiative through providing technical skills or trainers. They are able to identify the technical needs in the Egyptian market and tailor training accordingly. Professional and certified trainers at EMAK academy volunteer their time to train youths.

Corporate and family foundations tend to be more focused and consistent. Egypt has a few which offer good role models for other corporations considering the establishment of such structures. The Sawiris Foundation is the forerunner of this trend. They have gone through several cycles of grant making helping them overcome the lack of professionalism that most newly established foundations face.

PHILANTHROPY IN EGYPT⁴⁶

Traditional practices do not change overnight. It is likely that for some time to come businesses will continue to behave philanthropically, will give to rather than invest in communities, and that engagement in CSR activities aligned to core business and in development-oriented policy dialogue and advocacy will remain limited. We therefore take an in-depth look at the current predominant philanthropic model of CSR in Egypt.

Egypt has a long and venerable tradition of philanthropy. Some of the world's earliest forms of institutionalized giving, such as the Islamic endowment (waqf) and Coptic Christian tithe (ushour) are rooted in Egyptian history. Today, despite a century of secular moderniza-

tion, religion remains the primary articulated motivation for giving among Egyptians of all classes and faiths. In this context, any attempt to understand how private sector efforts can be mobilized for social purposes must take account of the cultural traditions that have shaped philanthropic practice in Egypt. Below, some of the major factors contributing to the profile of philanthropy at the present time are outlined. Religious belief, the relationship of the state to its citizens, and attitudes toward public recognition all play a part in shaping how and why Egyptians give and some of the challenges faced by programs to expand and professionalize contemporary giving are also discussed.

Philanthropy is defined for present purposes as the mobilization of private assets, whether material or human capital, for the public good.

RELIGION AND GIVING

Religion is a primary motivation for giving around the world. Yet the form and extent of philanthropic practices is shaped by particular histories and religious beliefs. Thus, we find that Buddhism strongly encourages personal volunteering, and countries such as Thailand and Vietnam have very high rates of volun-

⁴⁶Ibrahim, Barbara. John D. Gerhart Center for Philanthropy and Civic Engagement, AUC, May 2007

teerism compared to other areas of the world (Gallup 2005). The same survey found that voluntary activity is relatively low in the Middle East (14%), including Egypt, but that the proportion of individuals who give material support for charity is quite high. According to a 2004 survey conducted by the Center for Development Services (CDS), 62% of adult Egyptians contribute some amount of money or gifts to a social cause (Daly 2007, 173). Because of a tendency to keep giving anonymous, the percentage of those who actually give is probably much higher. Even among Egyptians with relatively modest incomes, charitable giving is widespread.

Muslims in Egypt give in a variety of forms, the most common of which is zakat. This is an obligatory distribution of 2.5% on accumulated wealth per year. As one of the five pillars of faith, all Muslims are expected to give zakat and elaborate systems have developed for calculating how much is owed and how zakat may be distributed. Zakat al mal is of particular interest as it is a contribution incumbent on Muslims who have achieved a certain level of personal wealth, traditionally set at the equivalent of 85 grams of gold. This type of giving is targeted largely to charitable causes and is usually monetary rather than in-kind. Over 40% of Muslim Egyptians who report any philanthropic giving state that they pay zakat al mal (Daly 2007, 174).

Another category of giving is sadaqa, a more voluntary and spontaneous form of generosity. Sadaqa jariya are gifts of a lasting nature. Popular expressions of this in Egypt are to build or furnish a mosque, set up a public water fountain, or print and distribute religious booklets. The later is a common way of commemorating a loved one at the time of death. After giving to neighbors, it is reported as the second most desirable form of philanthropic giving (Daly 2007, 155).

For centuries, a flourishing aspect of sadaqa jariya was the waqf system, whereby property or

other assets were withdrawn from commercial circulation and dedicated to the support of a public cause or the welfare of a family over time. Waqf endowments played an important role throughout the Muslim world in maintaining hospitals, orphanages, schools and other public institutions. That continues to be the case today in countries such as Turkey and Indonesia, but the practice, once flourishing, has all but disappeared in Egypt. Nonetheless, the concepts of sadaqa jariya and waqf are enjoying renewed interest in recent years, with a number of prominent individuals calling for the revival of these mechanisms because they allow for sustained support to social causes (Gerhart Center seminar, Cairo, October 2005).

The demise of endowed giving has had the consequence of making most contemporary philanthropy in Egypt charitable in nature. By this is meant that giving is short-term in its benefits rather than sustained and capable of supporting developmental improvements in society. Typical of this kind of philanthropic giving is food donations during Ramadan, clothing, blankets, and medicines for the poor, toys for orphans and so forth. The distribution of consumable goods meets the requirements of zakat for the Muslim giver and assuages some of the immediate needs of disadvantaged people. Zakat is organized in Egypt through Al Azhar and tens of thousands of individual mosque committees. It is a huge sector comprising large resources and literally millions of individual donors. It provides significant levels of support to needy individuals and families who would otherwise 'fall through the cracks' in Egypt.

Egyptian Christians have strong traditions of giving. Coptic Christians are called upon to give a tithe or ushour (meaning a tenth) of their income and wealth. In addition, Copts should also tithe with their time, either through volunteering or through prayer. Churches are often places of community gathering, for social and philanthropic activities beyond weekly devotional services. Adherents to the faith are

enjoined to apply the tithing calculation by the 'spirit of the law' and not the 'letter of the law' by extending the 10% to an unlimited percentage of income if they are able and inclined to do so from the heart.

Even though the exact percentages to be paid differ between Muslims and Christians, basic attitudes towards charitable as opposed to developmental giving and beneficiaries of giving were found in the CDS survey to be similar for both faiths. (Daly 2007, 141, 151). This suggests the pervasive cultural weight of these traditions for all Egyptians.

SERVING GOD/ SERVING THE COMMUNITY

Religious motivations for giving contain two elements: one that associates the gift with a spiritual act, in other words, the gift is for God, and another that emphasizes the needs of others or benefits to the community. In Egypt, the former concept is stronger, the idea that giving is mainly a devotional practice, something given for God. When asked why they give, most people say that it is a personal religious act or that they are doing a religious duty for God. Third is the idea that it is traditional or customary. Only fourth is any mention of responses related to alleviating poverty or helping the community (Daly 2007, 144). A commonly mentioned reason for charitable giving and for volunteering of one's time is *thawab* - the accumulation of good credit with God (Ibrahim 2007).

This close association of philanthropy with service to God has a number of consequences. One is that the giver may not be particularly focused on the worldly impact of his or her giving. Second, religiously motivated giving is often accompanied by a desire for privacy or secrecy. Both Muslim and Christian traditions suggest that God does not bless gifts that are publicly announced or bragged about. There is also a strong feeling among Egyptians that one should not embarrass the recipient by drawing attention to the gift. The anonymous aspect of

much giving makes it more difficult to measure and evaluate the scope of philanthropic giving and it discourages collective activities or cooperation. Finally, legal or policy incentives such as tax deductions are unlikely to have a significant impact on giving when many people are concerned that a monetary incentive undermines the purely spiritual nature of their gifts.

The second factor that motivates philanthropy, although less prominent than spiritual piety, is helping one's community or relieving the burdens of poverty and disadvantage. Egyptian respondents mention this aspect of giving less frequently than religious motivations (Daly 2007, 144-145). However, it is worth noting that ideas of public service are more likely to be mentioned as motivation for giving by residents who live outside major cities and towns. It seems that identification with a local community and sense of solidarity with neighbors is more highly developed in smaller communities.

The balance between religious and community service motivations for giving is no doubt difficult to disentangle, not only in Egypt but also elsewhere. Philanthropy and its underlying impulses are complex matters and not easily captured in surveys. It is likely that multiple layers of factors motivate Egyptians, including a mix of spiritual, communitarian, and even patriotic impulses for giving. In the contemporary social climate, religious motivations are most often articulated. (Ibrahim 2006).

INSTITUTIONAL FORMS OF PHILANTHROPY

While religion is cited as a major motivation for giving in Egypt, not all of the forms that such giving takes are themselves religious in nature. Dissatisfied with purely interpersonal, a growing number of Egyptians have channeled their philanthropy through NGOs or have themselves created new organizational structures that promise to offer more permanence and effectiveness. We will not discuss general NGOs here - there are nearly 18,000 registered

gameyaat, or private voluntary associations. However, philanthropic organizations, defined as asset-bearing agencies that serve a public cause are increasing rapidly in Egypt. From less than 10 in 1990 there are now over 400 foundations (in Arabic moasasaat) registered with the Ministry of Social Solidarity.

Sometimes modeled loosely on western foundations or trusts, these are registered non-profits characterized by a material asset base donated

by an individual, family, group of donors, or a company. The targets of their programs may be cultural, charitable, advocacy, social or developmental in nature. They can operate by making grants, by administering their own programs in-house, or by establishing rotating loan programs. These organizations tend to have a small, self-elected board structure of governance and many are beginning the practice of making public their assets, expenditures, and programs.

LEAD FOUNDATION ⁴⁷



The Lead Foundation is an Egyptian NGO founded in 2003, under NGO law number 84/2002, by a group of private sector businessmen, with contributions from the Egyptian private sector and the International Finance Corporation (IFC), with support from the United States Agency for International Development (USAID). The Mansour Group of companies is the Foundation's key private sector partner.

The Lead Foundation's mission is to support the expansion of Egypt's small business sector, to raise employment and earnings among low-income and poor groups, with a focus on women. The Lead Foundation delivers credit and related business support services starting from the Greater Cairo area, and progressively expanding in areas where needed. It started its activities with a pilot project providing market-led job skills training to underprivileged people through the "Chance to Work" program, the SME Individual Lending Program and the Blossoms of Goodwill Group Lending Program. In the first, loans start from as little as LE 1,000 (\$170). Individuals have the option of pursuing repeat loans, which can gradually increase in size, depending on the repayment performance and the needs of the enterprise.

The second is directed to female-headed households located in disadvantaged areas using the Group Lending Methodology. Program loans start from as little as LE 50 (\$8), with the potential for subsequent bigger loans up to a maximum of LE 1,000 (\$170). If clients demonstrate efficient use of the loans, are able to expand their business and demonstrate their business' sustainability, they may be upgraded to the SME category and become eligible for individual loans.

The two programs combined were able to issue 89,327 loans and serve 49,210 clients. The LEAD Foundation reached a monthly lending capacity of over LE 5 million in September 2005, equivalent to an annual lending capacity of over LE 60 million.

⁴⁷ www.lead.org.eg

At least four broad categories of non-religious philanthropic institutions can be noted:

1) Family foundations, where bequests are from personal assets and management may stay at least partially among family members. Such

foundations are often established in the name of a family member or an individual's memory. They have existed in Egypt since the 19th century and are being revived today by successful entrepreneurs, a process that began in the 1990s.

SAWIRIS FOUNDATION FOR SOCIAL DEVELOPMENT ⁴⁸



The Sawiris Foundation for Social Development was founded in April 2001, with a family endowment from the Sawiris family. It was the first grant-making family foundation dedicated to social development in Egypt. It focuses on job creation projects, by identifying job opportunities then training unemployed youth to take them up. Prior commitment from employers is obtained to hire successful trainees. The Foundation fosters the spirit of entrepreneurship and the creation of self-employment opportunities. It funds training for potential entrepreneurs and provides seed money for the start-up of micro and small enterprises. The Foundation's approach is based on three fundamental concepts: the backward model of job creation; partnerships; and leverage and replicability.

Partnership:

Projects funded by the Foundation are based on collaboration between civil society, the government, and the corporate sector. The Foundation's institutional partners function as implementing agencies and are sometimes involved in the design and co-funding of projects. Implementing agencies include government bodies, non-governmental and non-profit organizations, universities, and business enterprises. Thus, employment creation programs are implemented through partnerships involving institutions willing to undertake the training component; businesses willing to host on-the-job training; and partners willing to participate in project funding or provide technological transfer.

The Foundation supports and develops projects that are innovative, answer socio-economic needs, demonstrate potential for success, and can be promoted as a model to be replicated and adapted by other institutions. The Foundation focuses on:

1. Health:

- a. **Improving the profession of home healthcare providers in Cairo Governorate:** training is provided for home healthcare providers to care for the elderly and people with special needs and their supervisors who are placed in different healthcare institutions and NGOs across Egypt.
- b. **Improving the nursing profession in Qena Governorate:** new nursing teachers in the nine Qena nursing schools have been trained; the management and administrative skills of existing nursing teachers have been upgraded. Ten NGOs have been mobilized to conduct community-based activities; an operational manual to enable others to replicate and mainstream this project has been created.
- c. **Training special needs educators in Qalyoubiya Governorate:** 125 university graduates have been trained to work as special needs educators in both Cairo and Qalyoubiya Governorates.

2. Other vocational training: Examples of projects include:

- a. **Training printing technicians in Qalyoubiya Governorate:** paper-printing, textiles printing has been given to designers, photographers, printing technicians and quality controllers.
- b. **Employment unit in Mokattam in Cairo Governorate:** focusing on two different professions: driving and simple home repair skills and cooking, with banquet and catering services.

3. Small and micro businesses: Learn and Earn in Cairo Governorate: The project created employment for women by expanding a micro-credit unit in Manshiet Nasser, allowing it to disburse 379 additional loans, and establishing a new micro-credit unit in Masr al-Qadima to provide loans for 757 female-headed households.

4. Scholarships: The Sawiris Foundation Scholarship to Germany: Awards a full scholarship (fees and living expenses) for two candidates from the Deutsche Evangelische Oberschule in Cairo (DEO) for a maximum of five years to complete their undergraduate degree, either International (Bachelor/ Master) or National (Diploma) in Germany.

⁴⁸ <http://www.sawirisfoundation.org/en/index.htm>

5. Educational and professional development:

- a. Training development practitioners in Cairo Governorate: in areas such as planning, fundraising, project implementation, monitoring and evaluation and then employing them in different organizations. The training was undertaken in four governorates: Cairo, Fayoum, Aswan and Beni Suef.
- b. Training literacy instructors for the hearing impaired in Alexandria Governorate

2) Corporate giving (either legally autonomous or within a division of a company) operating on annual infusions of profit or shares from a parent company. Corporate social responsibility (CSR) has gained prominence recently, with the establishment of a number of committees and support programs to spread the ideas. Often the motivation is PR and company may fear public criticism of any controversial or even

mildly unpleasant causes and spurn support for worthy causes because they would not look 'positive' in the company newsletter. These attitudes may limit the scope of what private sector companies are willing to support. On the other hand, a number of pioneering companies are undertaking truly innovative and important social causes and committing significant resources to public benefit.

VODAFONE FOUNDATION

In 2003, the Vodafone Egypt Foundation was registered as a separate entity from Vodafone Corporation to make social investments by sharing the benefits of developments in mobile communications technology and supporting local communities.

The Vodafone Egypt Foundation has three main objectives:

- expand the impact of Vodafone's corporate social responsibility initiatives
- actively coordinate with civil sector organizations to achieve sustainable development
- reach a wider segment of the Egyptian society through networking with local NGOs, government bodies, and private sector entities.

Vodafone Egypt Foundation's two main areas of concern are **education and health**.

To ensure transparency, the foundation adopts clear-cut criteria for selection. In collaboration with local NGOs, UN agencies and international organizations, Vodafone Egypt Foundation implemented the following:

Reception center for street children

In partnership with Hope Village Society, it offers different services, trainings, literacy, and psychotherapy activities in Hagana.

Supporting ICT in education in partnership with CARE Egypt

LINC is designed to meet some of the educational needs of rural villages in Upper Egypt, empowering schools, communities, and civil society using Information and Communication Technology (ICT).

Fostering Volunteerism

In partnership with the Youth Association for Population and Development (YAPD), it endorsed volunteerism among primary, preparatory, and secondary students. This "Bader Project" (Volunteer), encourages students to volunteer and participate in solving their most pressing problems.

Deaf and mute rehabilitation center

In partnership with Nedaa' Association, the project rehabilitates children with sensory communication disorders and provides them with diversified channels for social integration. The project established a fully equipped education center for deaf and mute children and increases public awareness about handicap prevention through the early diagnosis of deafness. It also offers social and medical services for their families.

Millennium Development Goals (MDG's) Initiative

In coordination with UNDP, Vodafone Egypt Foundation contributed to the MDG's initiative: an intensive educational campaign was conducted on poverty, education, primary education, gender equality, women's empowerment, child mortality reduction, maternal health improvement, and global partnerships.

Establishing a computer center for blind and visually impaired youth in Minya

The ultimate goal of the project was to provide these youth with the necessary skills to join the workforce. The project was implemented in partnership with the Arab Women Alliance in Minya, a national NGO.

Vocational training for youth with special needs

In partnership with the Right to Life Association, Vodafone Egypt Foundation funded a project aiming at rehabilitating youth with intellectual disabilities and enabling them to join the workforce.

Establishing a computer center for the Blind children in Old Cairo

In partnership with al Nour Foundation, it established a computer center in Old Cairo Area for blind children. A communication and IT unit was established, providing special programs for the blind, in addition to offering free medical care services in cooperation with the Maghraby Foundation.

3) Community foundations enable multiple small donors to pool their financial resources for a common purpose, often directed to a specific geographic area. This model operates informally in many parts of Egypt, in the form of traditional burial societies or NGOs in the name of a local community. Registered CDAs are a remnant of the socialist era in Egypt - some are mere extensions of government, but others have a truly committed local membership.

4) Finally, a sort of hybrid can be noted that we might call the partners foundation model. Here a small group of individuals pledge founding and/or annual amounts to a foundation and serve on its board of trustees. Often these are business people who have established relationships of trust and share a common vision for the use of their philanthropy. The Food Bank in Egypt is a recent example of this type of philanthropic organization.

EGYPTIAN FOOD BANK ⁴⁹

The Egyptian Food Bank is a national non-governmental non-profit organization established under law number 84 for the year 2002. Its corporate members and individuals came together informally as friends concerned about a common issue - the wasted food from a variety of sources, such as restaurants, supermarkets, bakeries, weddings and large receptions that they felt could be directed towards orphanages, elders, widows, needy families, and persons incapable of work or profit. The Egyptian Food Bank's vision is to overcome hunger by supplying appropriate food to the truly needy on a continuous basis.

The Egyptian Food Bank uses connections and in-kind resources, such as refrigerated trucks, staff, and knowledge of needy groups to manage the program and reach the target.

These various foundation models cannot easily fit a single profile but in some respects differ from religiously based philanthropy. Many state a principle of inclusion - the intention to assist all people of a given community regardless of religion, gender, or sect. They are more likely to apply professional management and scientific knowledge to advance their chosen cause. Independent accounting and transparency in reporting are also increasingly recognized as important aspects of stewardship. Attacking inequality and the root causes of problems by empowering people is more likely to be part of the mission statement, if not the actual practices, of these foundations. We can categorize organizations that aspire to this kind of giving as 'social justice philanthropy', recognizing that in reality they live up to that standard to varying degrees.

THE POTENTIAL IN EGYPT

The CDS survey mentioned above is a rich source of data on attitudes to and the practice of Egyptian philanthropy. That survey has estimated that the total amount of private philanthropic giving in Egypt is approximately 5.5 billion pounds annually (equivalent to US\$950 million). This is a rough estimate, of course, because much charitable giving remains anonymous and therefore unreported. Nonetheless,

it suggests the large potential for mobilizing private wealth toward sustained programs of social change.

The survey also confirmed that most Egyptians feel comfortable giving close to home, for their neighbors and people with whom they have a face-to-face relationship. Therefore, in order to 'capture' some of the giving, trustworthy structures must be developed for channeling resources toward effective action. This would provide a role for every scale of Egyptian enterprise, not simply the large national and multinational firms. This could also greatly augment the financial resources available for sound development and social justice programs. In this way, local CSR efforts on the part of the Egyptian business community could become an important catalyst for significant social change.

The Vodafone "Madrasty" case study below is another example of focused grant making. It has deployed its extensive customer networks and marketing expertise to conduct a cause-related marketing campaign. It has channeled donations through its foundation that has partnered with strong community partners to achieve maximum positive long-term community outcomes while gaining the company profile as a good corporate citizen.

VODAFONE



Vodafone is one of the leading mobile telecommunications companies worldwide. Since 1998, it has been encouraging voluntarism among its employees, by inviting them to dedicate two working days per month to volunteer in any of the company's CSR initiatives. In partnership with *Ashanek Ya Baladi* NGO, a number of Vodafone employees provide training in interpersonal skills for university students at public universities.

The Vodafone "Madrasty" project seeks to provide a healthy environment for underprivileged primary students through rehabilitating infrastructure of schools in Egypt's 27 governorates. The main funding source of this activity was one piaster per each minute that Vodafone users paid during the Holy month of Ramadan. To implement this activity, Vodafone partnered with the Ministry of Education as well as several local NGOs, namely the Youth Association for Population and Development, The Association for Development and Enhancement of Women (ADEW), CARE, Resala, HEPCA, and Hemaya. An international agency, UNDP provided the technical design of the CSR intervention, particularly its monitoring and evaluation component.

As highlighted in earlier research such professionalism – linking community activities to core business competencies - is likely to become more commonplace. As seen below, Mobinil and El Nekheily Brothers have linked commu-

nity outreach to their core competence, training underprivileged and/or unemployed youths in their line of business and by using their company's technology to address a variety of community needs.

MOBINIL



For the past 5 years, Mobinil has engaged in a variety of CSR development activities utilizing its staff and communications technology. It targets health/disability, education, culture, industry, sports, environment, as well as other sectors, as the need arises. It regularly sponsors Ramadan Good Will Caravan Activity. In 2006, it became involved in INJAZ.

In coordination with UNICEF, Mobinil started a polio vaccination campaign in 2003, which has been ongoing ever since. It utilizes its Voice Message Services (VMS) as well as its customer databases to narrow down demographics by age and send VMSs to customers reminding them of the campaign.

Mobinil lobbied the Ministry of Interior to establish a free emergency hotline and set up a countrywide campaign to publicize the service.

Mobinil supports a number of cultural activities, such as Sakyet el Sawi, events in honor of Naguib Mahfouz, and SOS concerts, Cairo International Film Festival.

Management of CSR

Mobinil has a (CSR and Donations) division under the (Events and Sponsorship) department, which tries to maintain a geographical outreach beyond Cairo. While using technology, such as IVR and VSMs, they are not necessarily prerequisites for supporting a CSR activity.

Drivers of Mobinil's CSR activities are company reputation, staff creativity, motivation and loyalty, and shareholders awareness in the importance of developing the community

EL NEKHEILY BROTHERS



El Nekeily Brothers Company is a local information systems and telecommunications company that manufactures IT and electronic devices. Established in Egypt in 1972, El Nekeily Brothers Co. concentrates their CSR efforts on the education sector where the core business of the company operates.

Their main initiative took place in 2006, with the installation and maintenance services of indoor electronic wireless internet and networking systems at Mansoura University. An assessment of the university's needs preceded the successful installation of the indoor electronic devices and wireless connection, selection and training of ten Mansoura University students on the proper usage and maintenance of the electronic devices and systems installed, and the promotion of the services offered by El Neikeily Brothers. The company expanded their operation to other Egyptian governorates outside of Cairo. The total cost of the project was 50,000 LE that El Neikeily Brothers funded fully.

Management of CSR

El Nekeily has a specific department for the training seminars it offers students. No specific CSR budget is allocated, as the amount fluctuates each fiscal year, depending on the company cash flow. Besides financial resources, the company contributes its workforce volunteer time and expertise. The company considers them and its financial resources to be the main assets of its CSR programs.

The company's primary criterion for choosing this CSR initiative was the desire to respond to a need in the community.

A number of foundations, banks, and manufacturing firms have already made strategic choices of the sectors, segments, and regions in which they will operate. The Arab African International Bank has adopted the Abou El Reesh Children's Hospital and, based on its experiences, plans to extend its program to other health and education institutions throughout Egypt. They have established a foundation and are exploring the possibility of setting up endowments to support each hospital they adopt.

Al Mazlawy group of companies concentrates its programs on Sohag from where the company owners originate. El Gouna Resorts have established their own training institute in order to groom unemployed graduates for work in their own sector - tourism.

The trend for most companies is to increase their overall level of pro-development engagement in the coming few years, pointing to the marked potential for the corporate sector to partner with other organizations towards the attainment of the MDGs.

Advocacy and Public Policy Dialogue

Our research identified many examples of companies, CEOs, and business associations taking a leading role in addressing, at both global and national level, issues such as health and the environment and influencing the enabling environment for the private sector to contribute to socio-economic development. In Egypt too, companies can and do engage with the government and others on MDG issues, particularly youth employment and education and, generally, welcome ministries' greater openness to private sector involvement in establishing a better legal and regulatory environment for domestic and foreign private sector investment. Companies, however, bemoan the pace of change and say that many more reforms are required if the entire economy – formal and popular – is to be energized towards the achievement of that competitive edge in local and global markets.

The concept of social entrepreneurship is well-developed in Egypt and is a powerful force for change. The SEKEM Group, Ashoka fellows and members of the Young Arab Leaders network are strong advocates for business solutions to key development issues.

A number of businessmen have channelled their efforts through business associations, advising and funding young entrepreneurs through, for example, the Alexandria Small Business Association micro-finance project. Over the past year or so, specialised CSR committees have been set up and become more active in reaching out to the business community. The American Chamber of Commerce, Egyptian Junior Business Association and British Egyptian Business Association are examples. It seems likely that this trend will continue. To promote the take-up of mainstream CSR by SMEs, the Federation of Egyptian Industries plans to provide technical and financial assistance to its broad membership base for engagement in pro-development activities.

Increasingly companies are also working through international development agencies, such as UNDP and the Global Compact office. Many have extensive programs and expertise in tackling the MDGs, create neutral platforms for discussion between companies, government and civil society groups, and, broker partnerships to achieve greater impact. National leadership and an ability to see above personal agendas become all the more important in this context.

Partnership is a form of engagement which is still not very common in Egypt and which many feel will grow in the coming years. There is evidence, however, that the high level of awareness of the scale of the problems and a strong tradition of giving back with no expectation of return, is beginning to speed up and catalyse business solutions for development. With increased networking, improved governance, enabling the participation of previously excluded groups, the prospects are good.

The private sector in Egypt demonstrates a strong commitment to addressing key issues inhibiting Egypt's socio-economic development. However, while many are actively pursuing this agenda, most are not fully aware of their potential to influence poor communities. Most view pro-development activities as an "add-on" voluntary activity rather than assessing how they can have impact through their core business and value chain and come together with other sectors to advocate and implement change on a grand scale.

Given support, many SMEs express willingness to improve their practice and efforts to improve compliance in areas such as human and labor rights and environmental standards. On this basis and the fact that it is widely recognized that this is where business can deploy most influence and resources for development, the Federation of Egyptian Industries should expand its planned training so that companies have the greatest potential to impact the MDGs in a sustainable manner.

Literature and international practice demonstrate the benefits of larger companies' support for suppliers in tackling a number of MDG-related issues. We discuss further the importance of business linkage models in an economy sustained by small-scale informal enterprises employing millions of unskilled and semi skilled youths and adults in Chapter 4. Child labor is another area for engagement that benefits businesses both directly and indirectly. The ILO estimates that there are 2.7 million working children in Egypt,⁵⁰ many of whom live with their single mothers. They account for the largest category of female-headed households in Egypt (estimated to be 25% of total households). Their children often work in informal SMEs, and do not have access to education and other services. The impacts of their poor working conditions in early adulthood may be a contributing factor to the low life expectancy of

males in Egypt and certainly perpetuates inter-generational poverty. At present scores of NGOs, provide children working in SMEs with alternative opportunities for an education based on basic literacy, primary health care, nutrition, recreation, and support in emergencies. Companies can support and build on these efforts.

Indeed, a number of success stories of corporate engagement on this issue already exist in Egypt. These interventions are donor-driven but involve partnerships with local government, NGOs and the private sector. They provide valuable lessons that can feed into policy dialogue.

The Climate Change Initiative which was piloted with funds from the Canadian International Development Agency (CIDA) is an example of how projects can be initiated through donor driven interventions but turn into investment opportunities which include both value chain and social development aspects. The Clean Development Mechanism (CDM) which allows companies to benefit from carbon trading is a potentially dynamic tool to attract large investments into Egypt for reduced carbon emissions on the one hand and improvement of socio-economic conditions for the poor on the other. Attached to these investments are monies available as 'grant money' for the Egyptian government to use in pro development activity. As Climate Change takes center stage on the global scene, businesses would do well to partner with foreign investors and local community groups for the design and execution of Clean Development Mechanism projects. The government stands to gain substantial funds which it can allocate towards its social development programs. Streamlining and coordinating government procedures are essential to make this happen.

Our research also highlighted examples of social enterprises, such as SEKEM, described below.

⁵⁰ www.ilo.org/childlabour

SEKEM 51

SEKEM was founded in 1977 on 125 acres of desert land 60km northeast of Cairo. The SEKEM Initiative established several specialized companies to ensure production and marketing of its products, which include phyto-pharmaceuticals, organic foods, organic cultivation, organic cotton textiles, dried organic herbs and species, fresh organic products, and organic seedling.

SEKEM was established with the aim of contributing to the comprehensive development of the individual, society, and environment. A holistic concept encompassing integrated economic, social, and cultural development forms the cornerstone of SEKEM vision.

SEKEM takes on its responsibility by working for sustainable development locally and in the region through institutions in economics, organic agriculture, research and development, education and health care. In this respect, SEKEM's companies support the social and cultural enterprises like the institutions of education, research centers, and hospitals.

CSR Initiatives

The SEKEM School was founded in 1989 and includes a primary and secondary school for 300 pupils. The pupils represent all social levels coming mainly from the nearby town of Belbeis and the surrounding rural vicinities. Although the SEKEM school is approved by the Egyptian Ministry of Education and is based on the Egyptian State Curriculum, it also promotes new forms of pedagogic and social interaction. Thus, courses in crafts, drama, dance, or music supplement conventional education. By combining traditional pedagogical methods with innovative practices, it is possible to nurture the maximum social, cultural, and educational development of the child.

As with all age levels, working and learning are inter-related and go hand in hand.

SEKEM's Illiterate Children's Program, provides classes for illiterate children between the ages of 10 and 14. Curricula is designed to increase awareness, raise consciousness and introduce new experiences in order to help students see themselves as part of the wider community, to facilitate them making a positive contribution.

The Handicapped Children's Program includes children with all types of disabilities: general physical disabilities, the deaf and dumb, and the mentally retarded. The program aims to improve the quality of the child's life and to integrate them as full members of society. Many handicapped individuals integrate successfully into the different activities within the SEKEM group of companies.

Along the theme of education that SEKEM adopts, it established The Institute for Adult Education "Mahad", which offers general consciousness-raising programs for local adult residents in various areas through weekly seminars and lectures using non-conventional methods with learning by doing as the basic principle. The Mahad's program includes literacy training (reading and writing), English language classes (incorporating computer literacy), computer training, hygiene in the workplace, arts, music, and sports.

SEKEM's Vocational Training Centre seeks to provide young people with specific skills for self-employment because of the lack of opportunities that currently exist in the labor market. Fifty trainees participate each year in a 2-3 year program that guides them in every aspect of their chosen profession. When they graduate, they are sufficiently skilled either to start their own business or find employment.

Trainees are encouraged to gear their studies to the conditions and market needs that can be expected to exist when they graduate. Through intensive course work the students are immediately involved in production. Thus, practical skills take precedence over theory. Training by professional teachers both foreign and local, takes place in fully equipped workshops. The training offered includes biodynamic agriculture, carpentry, textiles, electrical Work, and metalwork.

A new project that will be launched soon as part of SEKEM's projects geared towards education is the establishment of a new institution – the SEKEM University. Its focus will be the economic, social, and cultural empowerment of people to reach out for their country's development through science. The University will not only offer qualifications in key areas that are vital to the continuing development of Egypt, but will also incorporate SEKEM's philosophy and ideals.

Sekem is a member of the Global Compact and produces an annual corporate social responsibility report.

⁵¹ <http://www.sekem.com/english/cultural/Foundation.aspx?PageID=1>

Based on this and other models presented, we propose the following priorities for pro-development engagement by business:

- special employment schemes for youths in marketing and distribution trades, as small labor contractors
- further investment in schemes to enable disadvantaged young people to enter formal sector employment
- large companies adapting products and services to serve the BOP market –examples include financial sector companies developing pro-poor services – loans, insurance products, credit facilities to support business start-ups
- partnering with business to introduce technology, quality and improved management techniques
- new business ventures in the quarry industry (cement, marble, bricks etc)
- new agribusiness opportunities linked to farming and rural communities
- revival of handicrafts to serve the tourism industry
- health sector improvements that benefit the pharmaceutical industry

When such business models are developed, the private sector can play a dynamic role in upgrading smaller businesses and, by inference, the economy.

Such core business models of pro-development engagement offer the greatest long-term potential for meeting the MDGs. However, to be mainstreamed a new mindset must be created in Egypt. Innovation and access to good practice examples will be key, as will learning from, and engaging with, other sectors. Most importantly, the government has to institute deep-seated and far-reaching structural changes in the economy.

In the meantime, current voluntary forms of community support are likely to predominate and remain an important tool with which to address the MDGs and bring the full 20% of the population who live in poverty into the

prosperity net by the 2015 deadline. The magnitude and focus of this voluntary support can provide a dynamic springboard for subsequent long-term development and is worthy of serious consideration as a culture specific method of engaging business in development.

Our research shows that the existence of a dedicated person or team for the design, planning, and execution of pro-development activities is a significant factor in the level of outreach, engagement and targeting of needs. However, it is simply unreasonable to suppose that SMEs, close to 60% of which operate in the informal and popular economy, will allocate resources specifically to this task. We thus propose an entirely different role for them and suggest that they are viewed as a major conduit for larger firms and multinationals to reach the base of the pyramid, to upgrade industry, to expand distribution networks and to reach unskilled and semi-skilled youths.

Our research also identified international models that can help identify the benefits of such projects, both to the community and the business itself. One such tool, the London Benchmarking Group (LBG) model, which also measures the impacts of employee volunteering programs and commercial initiatives such as cause-related marketing, is outlined below.

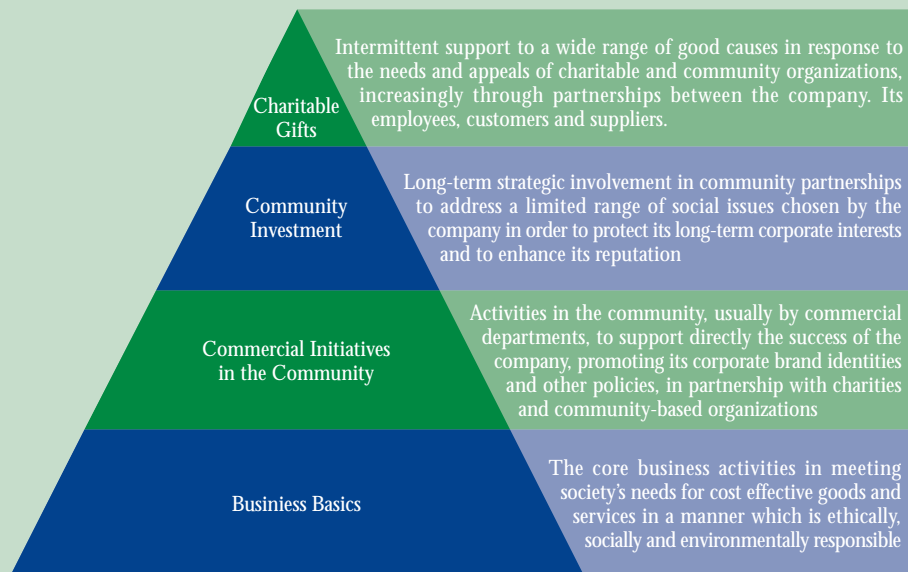
Identifying the “win-wins” of voluntary activities by applying such management and measurement techniques to community activities would help ensure that they are more sustainable, targeted, and development-oriented. They can also facilitate partnerships by managing expectations regarding the level of resources available and clarifying outputs sought.

What are the drivers and inhibitors to corporate engagement on the MDGs in Egypt?

The study revealed that many of the drivers of responsible business practices and pro-develop-

THE LONDON BENCHMARKING GROUP

The London Benchmarking Group model (LBG) was developed in 1994 by the philanthropic staff of six global corporations. It measures results and impacts so that corporate motivation is more clearly targeted. However, this does not preclude the need for context specific impact assessment tools to be designed and assessment studies to be undertaken with sensitivity to the local culture. However, it is a starting point to guide Egyptian businesses towards measuring the effects of their new business models. The diagram shows that business benefits are greater at the bottom of the triangle where engagement is neither ad hoc, nor driven by philanthropy but rather designed as an integral part of the core company purpose and process. The top part of the pyramid is the traditional philanthropic energy of a corporation, while community investment and commercial initiatives in the community — are the first seeds of CSR.



The London Benchmarking Group Model

Pruitt, Bettye. Working with the Business Sector: Pursuing Public Good with Private Partners. Grant Craft, 2004.

ment activities present in more developed economies are not yet pertinent to Egypt. The media and public are not sensitized around development issues to the point where they seek to influence corporate practices by, for example, campaigning for them to halt environmental infringements. Workers have limited influence, being largely unorganized and unwilling to risk dismissal by challenging employers when alternative jobs are hard to find. Despite the growing CSR debate in Egypt and the increasing exposure and pressure on companies to conform to standards, the incentive to take measures to manage companies' social and environmental impacts is weak because a failure to take stock of and address these issues rarely jeopardizes or weakens their reputation.

The research highlighted that companies' com-

mitment and desire to learn more about their potential role in achieving the MDGs derives mostly from a cultural or religious base and an acknowledgement of the scale of the problems and hence the clear and pressing need for all sectors of society to take responsibility for Egypt's development. They have not evolved a clearly defined "pro-development approach".

The majority of SMEs and certainly the informal sector are motivated by philanthropy inspired by religious and cultural mores. Hence, we find family-run companies orienting voluntary activities towards their home province or local communities in the desire, primarily, to share the fruits of prosperity with the less fortunate and alleviate poverty. They, as larger companies, acknowledge the need to supplement government services.

Our research indicates that the most effective programs are those that have adopted a partnership approach and have responded directly to real community needs. We record a few below:

- On-site water and sanitation for small and remote communities
- Community-based primary healthcare introducing preventive measures into the home and community and with a strong focus on immunization, hygiene, nutrition, training of birth attendants, prevention of water borne diseases, and skin and eye infections
- Micro-credit programs for water and sanitation projects, for income generation, for home and community-based enterprises and housing improvements
- Revival of handicrafts through design, marketing and skills upgrading such as those in Nagada, Sohag, Akhmim and Hagaza in Upper Egypt
- Non-formal learning programs for out-of-school youths and working children
- Adult literacy programs which do not focus exclusively on alphabet literacy but which adopt a holistic, multiple literacies approach
- SME development through the provision of technical assistance, financing and legal aid

Many of the best practices identified address a number of MDGs. Micro-credit for poor households targeted families whose children were working. They benefit from the program by gaining access to literacy and learning opportunities, health and safety measures, recreation, etc. These same projects included the formalization of workshops, upgrading of health and safety standards, as well as the adoption of a gender strategy by the business.

As we explore the potential for business engagement for human development in Egypt, we note a number of serious obstacles facing the achievement of the MDGs:

1. Partnerships between NGOs and the private sector are not facilitated by a sufficiently networked NGO sector working topically or geographically

2. The limited funds available to NGOs foster competition and isolation rather than coordination of efforts. This results in promoting to the private sector an incoherent picture of the problems, in which a particular NGOs mandate or goals are presented rather than successful approaches and MDG targets
3. Regulations restrict NGO networking and coalition building. As a result, their ability to adopt one vision, one strategy, and unified approaches to present to the private sector is limited. The laws that govern the non-profit sector do not allow sufficient collective advocacy work of the kind that will support the level of engagement required for the next phase of the MDGs. NGOs need to be free to form coalitions, be represented on policy committees and be equal partners with the private sector in shaping poverty policies and development programs
4. The same problem is noted for the business sector where each company prefers to operate on its own rather than associate with a wider network of companies and work in a concerted manner towards a specific, long-term goal. Each company prefers to design and implement its own corporate social philanthropy or corporate social community investment activity in isolation from other companies
5. To date, the government has not taken into account lessons learnt from grassroots models implemented by NGOs when designing elements of the next phase of solutions for human development in Egypt and the attainment of the MDGs. For instance, national literacy programs still call for the payment of a financial incentive to learners while providing them with content that is irrelevant to their real needs, with poorly trained facilitators and an examination which tests the ability to take an exam rather than the degree of empowerment to live fully and participate in community life

6. Donor-driven models and pilot projects which have involved partners from the private sector, the government and NGOs and which have yielded positive results are not scaled up or integrated into national policies
7. Many businesses still focus on specific popular themes and sectors in order to achieve publicity and visibility rather than assessing real human needs. This tends to direct funds and energy away from substantive issues and towards public relations and image building rather than community investment and human development.

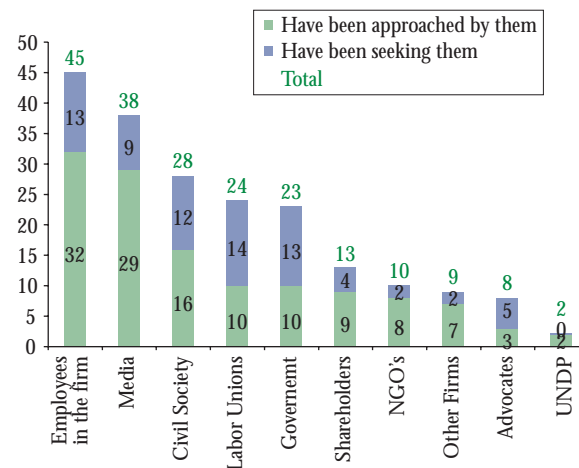
The quantitative and qualitative phases of the study also revealed that outreach to communities is not trouble-free and that companies face common problems in implementing pro-development activities. Some of the obstacles most often cited by companies to further engagement are:

- A lack of familiarity and buy-in for volunteering programs by both management and staff, coupled with heavy work commitments
- Lack of personnel to plan and implement CSR initiatives, companies' limited knowledge of poverty issues and the development sector and difficulty in identifying credible partners and projects in which to invest
- A lack of professionalism in the NGO sector. Many do not develop clear strategies, plans and targets to achieve maximum results and demonstrate limited capacity to communicate effectively
- The Ministry of Social Solidarity (MoSS) may lack capacity to play the role of national coordinator of pro development engagement
- Government bureaucracies do not always facilitate the implementation of pro development activities.
- Companies' limited knowledge of good practice in the pro-development field and resistance from management to the adoption of new ideas or allocation of sufficient funds for pro-development activities

- Competition between private sector companies, meaning that they are unwilling to collaborate or share information

International research indicates that good governance and, in particular, an organized civil society sector, which includes labor unions, youth clubs, women's organizations, cooperatives, etc, not just NGOs, are effective in enhancing businesses' role in development. Some of the obstacles listed above indicate that this does not exist in Egypt. This is reinforced by the finding that, when asked how they were informed about communities, groups, causes or sectors in which to engage, the key sources of business learning about potential pro-development activities were 'employees' and 'media', while NGOs scored relatively low as sources of knowledge about potential activities (although of course many employees may also be NGO representatives).

Figure 16: Sources of Knowledge about Activities



Despite this finding, our research also indicates that NGOs that had succeeded in bringing their causes, projects and programs to the attention of corporate partners, and had been able to demonstrate effectiveness, timeliness, transparency and good governance, had been able to enter into long-term partnerships with them.

Most NGOs that approach the private sector do so to seek financing for specific projects on their agenda, or to seek technical support rather

play a watchdog role. Interestingly, one of the specific recommendations made by businesses regarding how NGOs could promote pro-development corporate engagement was that they should collectively approach businesses with a common cause. The research team also drew out the following recommendations for more private sector engagement with NGOs:

- Strengthening incentives for positive corporate action by recognizing (and partnering with) leadership companies
- Establishing clear priorities for action, so companies can determine whether they should partner with NGOs or not
- Investing in progressive alliances and scalability of initiatives
- Establishing clear 'rules of engagement' to protect their integrity and independence
- Enhancing transparency and accountability, ensuring legitimacy by holding business, and particularly high-impact companies, government and other actors to account
- Publicizing and professionalizing their work so companies can distinguish between active and inactive NGOs
- Acting as intermediaries between the private sector and the government
- Conducting studies on community needs and assets per governorate, district, and village, so establishing clear priorities for action
- Assisting the government in drafting a national CSR plan to propose to the private sector for engagement,
- Collaborating with the private sector in the design and implementation of pro-development programs
- Transferring their knowledge of local communities to the private sector

Many efforts are ongoing by international agencies, business associations and others to reinforce good governance in Egypt and promote the involvement of all sectors of society in iden-

tifying, discussing, and resolving problems. By facilitating partnerships of this nature, they are helping to overcome obstacles to wider impact and sustainability for pro-development activities and building trust and appreciation of the contributions of different sectors. International examples of such action are numerous, including on the thorny issue of corruption and can inform local initiatives. In Slovakia, for example, the NGO Integra works with SMEs and local communities to build awareness around and prevent corruption. Regionally, Transparency International is working with the International Business Leaders Forum (IBLF) and other partners to move ahead its new program entitled "Business Principles for Countering Bribery".⁵²

Such examples highlight the important role that NGOs play in development. In Egypt, however, they have yet to enjoy the freedom to operate independently – networking and organizing themselves effectively, campaigning against social and economic imbalances and gathering resources to support the scale-up and replication of innovative and effective grassroots programs. Often they do not receive the recognition they deserve for serving many community needs and are rarely viewed as sources of expertise or potential partners.

Many interviewees also highlighted the important role the media can play with regard to the MDGs and pro-development business engagement in Egypt. It can bring potential community partners to companies' attention and encourage a pro-development business stance by giving companies positive press coverage where deserved and, conversely, highlighting malpractice.

Without appropriate structural and systemic measures – enforcing relevant legislation, fighting corruption, changing regulations affecting

⁵² *From Transition to Accession: The Experience of Corporate Social Responsibility in Central and Eastern Europe*. The Prince of Wales International Business Leaders Forum, November 2002.

The major role, however, in establishing an enabling environment for pro-development activity, lies with government. Without appropriate structural and systemic measures, progress towards the MDGs will be slow and the private sector unengaged.

small businesses, providing tax incentives for community investment, partnering with NGOs as equal partners, particularly those with a strong track record of working with disadvantaged communities, and providing legitimate platforms for debate, progress towards the MDGs will be slow and the private sector unengaged.



4 Analysis of Business for Development Engagement

Egypt can either seize this opportunity to build on the momentum created by a new business climate, the mounting social needs of the population and a reformist inclination in the political and government arena, or go about its business as usual and face the risks involved in such an approach. This chapter calls for industries and the private sector to create partnerships and synergies based on small-scale operations. Although small, they have the potential to impact larger areas of the economy and reach that 20% at the base of the Egyptian economic pyramid in ways that will significantly reduce the gap between them and the top of the pyramid and to do so without losing or 'giving away' money or 'giving out' assistance.

Hitherto, the predominant thinking has been that the business sector should concern itself with productive and profit-making activities, leaving issues of poverty to the government and NGOs in partnership with international development agencies. This conventional thinking is now being challenged. It has become clear that aid alone cannot pull nations out of under-development and into prosperity. A vibrant, innovative business sector can play a critical role in developing new models and solutions and in promoting the scale-up of current best practices. The private sector is confronting the challenge and opportunity of building strong foundations for the country's economic growth and contributing to long-term, widespread positive social impacts and poverty alleviation. Priorities are creating sustainable livelihoods for Egypt's youth, but also protecting scarce and endan-

gered natural resources, improving health, education, and general infrastructure.

Such an approach might be questioned. Why should businesses bother? Are they not enjoined to make profit, provide employment, comply with laws, pay taxes, and innovate within the confines of their business boundaries? Why burden business with responsibilities that many perceive as falling well beyond their purview?

The answer has become clear for many. In order to grow markets businesses need a healthy society where more than basic health, education and infrastructure needs are met. Communities need successful companies as no social program can match the power of companies to create jobs, increase wealth, and inno-

vate to improve standards of living. To create this “win-win” scenario business needs to adopt a new vision, one which takes into account the poverty map of Egypt, the MDG targets the country is pledged to achieve, and seeks out opportunities and markets which, if developed, can meet both societal and business needs.

WHAT MOTIVATES MULTINATIONALS TO ENGAGE IN CSR?

The research indicates that companies give, and do so generously. MNCs are often influenced by international practices driven by reporting requirements to stakeholders, brand loyalty, and image-building motives. These practices are shaped in contexts where workers are aware of their rights, where state legislation establishes minimum standards for workers in areas such as wages, industrial safety, job security and worker compensation, and where unemployment and welfare measures are in place and compliance is monitored by both the public and state. In many MNCs’ home countries, shareholders and stakeholders enjoy high levels of education and awareness around sensitive issues, such as environmental infractions, illegal exploitation of natural resources and human rights infringements affecting both individuals and communities. In spite of this, cases of non-compliance still occur but a vigilant civil society sector and free press often play a major role in bringing to light violations. Under such legal and democratic systems, non-compliant companies face prosecution, are forced to pay fines and compensation, or to cease illegal or unethical practices, even business operations.

Many companies monitor such developments and draw lessons from highly publicized cases. However, while complying with the laws of countries where effective legal and public restrictions on activity exist, they operate to lower standards elsewhere. In many countries laws, labor unions, environmental agencies, consumer groups, etc are weak or incapable of playing their watchdog role, the press is not free and civil society monitoring is weak or non-existent.

Can this apply to the context in Egypt?

If the main motivations for CSR for leading MNC practitioners on the global stage are brand value, a desire to comply with clear and enforceable laws and consideration of an alert, organized, well-informed public represented by strong, articulate pressure groups, should we expect companies in Egypt to be influenced by the same drivers? Our analysis leads us to the conclusion that the motivation for CSR in Egypt will differ from that of MNCs operating in an international context. Egyptian companies operate in an environment where compliance is mostly voluntary. Trade unions do not negotiate for labor rights in the same manner, or at the same level, as in other countries and legal, labor and environmental infractions are but loosely monitored by government agencies who struggle to build their capacities and fail to enforce laws recently enacted. NGOs are still unable to access information or use it freely and publicly to the point of monitoring companies’ labor and environmental violations. The general context in which companies operate is one where levels of education remain low. Adult illiteracy is amongst the highest in the region, female illiteracy close to 50%, and the formal school system, from primary grades all the way up to university, promotes rote memorization and penalizes critical thinking, questioning and problem-solving.

It is highly unlikely in the current business context in Egypt to expect national companies to be motivated by the same drivers which motivate MNC's towards CSR

Poverty and unemployment are such that workers are more desperate for work than a job that guarantees their rights. Businesses circumvent laws designed to protect workers from arbitrary termination of employment and adopt practices violating workers’ rights in order to protect them from having to keep on inefficient, non-performing workers who create a burden on company performance and profitability. Civil

society organizations in Egypt do not play a watchdog role in any sector of the economy: Restrictive laws proscribe their actions, they operate in a climate of mistrust and are oriented towards welfare services rather than coalition-building and a rights-based and advocacy approach.

Thus what we generally see in terms of CSR in the private sector are actions which are accompanied by public relations and image-building campaigns rather than well-conceived and targeted programs of action built around a careful reading of business and social needs in the economy at large. Indigenous companies, driven by religious motives to give, engage less in these PR activities. The drivers of their actions discourage making a public display of their giving. Neither SMEs nor large national companies are accountable to shareholders or other stakeholders, such as labor unions, even if they react to cases of non-compliance to labor law or the poor treatment of company employees. In the absence of strict, transparent law enforcement, companies are driven by motives that are quite different from those governing MNCs and companies in the developed world. In Egypt, motives largely derive from religious belief and, to a lesser extent, the desire to contribute to Egypt's development.

International practice indicates that a serious plan to engage businesses in pro-development activities in Egypt needs can start with the thorough review and transparent enforcement of laws pertaining to business operations in Egypt and a re-examination of labor representation and workers' rights. A strong motivator would be establishing a level playing field for business and the widespread practice of transparency and good governance inside private enterprises, in NGOs and in the government and public sector.

Further lessons can be drawn from international best practice regarding the government and others' perception of NGOs' role in monitoring and acting on public issues. A perception of

NGOs as essential partnerships for development, rather than being considered strictly local, welfare and development-oriented, can yield positive results.

In reality it will take a very long time for corporate accountability to prevail in Egypt. Meanwhile the 2015 deadline set for achieving the MDGs approaches and alternative ways to engage companies in the country's development, while achieving their own business development agenda, must be found. The transfer and application of lessons and drivers from the developed world to Egypt will require more time than Egypt has. Thus the question becomes, what model of business engagement is most suitable for Egypt, especially given its present business context – over 38,000 local businesses registered with the Federation of Egyptian Industries, many more unregistered in the informal sector, and only a minority of national large firms and a handful of MNCs? What effective, indigenous models of CSR, tailored to large, medium and small enterprises might be deployed with the clear and focused purpose of achieving the MDGs?

WHAT MOTIVATES LARGE NATIONAL COMPANIES TO ENGAGE IN CSR?

Businesses in this category subscribe to the full menu of philanthropic activities described earlier in this report. They also engage in longer-term community investment, for example building and refurbishing schools and clinics, supporting cultural activities and youth groups, extending credit to employees, granting scholarships and training. They have been driven to do so partly out of a desire to 'do good', but also partly to improve their image, balancing their focus on genuine outreach with getting marketing mileage from the act of giving. On occasions the government directs them to give to specific sectors and causes.

If we are to capitalise on business engagement to achieve the MDGs, clearly much deeper interventions, which do not spring solely from

the desire to polish corporate image, respond to shareholders or maintain customer loyalty are required. The new models we are searching for will spring from a deep sense of corporate responsibility towards the country as a whole and a deeper understanding of the economic and social condition of the poor. The aim will be sharing the fruits of prosperity enjoyed by the formal private sector with the masses still living below the poverty line.

Potential models might link small farmers, informal sector workers and others with formal businesses. Such models can address a number of critical MDGs as they target poverty reduction by creating livelihoods, not just employment. They focus on partnerships between SMEs in the informal rural and urban sectors, large firms, NGOs and labor representatives. They promote lifelong learning to compensate for young people's current poor educational levels. They integrate learning with livelihoods and provide education, in a much broader sense than the current conventional manner prevalent in the formal school and technical vocational education systems.

Most firms enter into short-term partnerships with short-term commitment, merely responding to the latest request or recommendation made by a community group or trusted employee. Few firms have established committees charged with corporate giving, report to shareholders on their community investments, or see the link between their brand reputation and community investments. Most are driven by the desire to 'do good by the community' or to 'appear to be good' to the government. When private firms establish foundations, they articulate specific goals and giving criteria. The establishment of the foundation forces them to define their vision and mission and to draw up strategies and action plans to achieve them. It also allows them to assign professional staff to implement the program, resulting in more targeted outreach. The Sawiris Foundation, for example, explicitly sets the number of new jobs created as a determining factor when approving grants.

Others focus on the number of new business start-ups that their credit program facilitates.

WHAT MOTIVATES MICRO, SMALL AND MEDIUM ENTERPRISES (M/SMEs) TO ENGAGE IN CSR?

SMEs undertake extensive activity contributing enormously to the indigent. They support orphans, widows, finance students' school uniforms, and tuition fees, feed preschoolers, and the elderly, and establish literacy classes, libraries, and computer literacy laboratories. It is undertaken in an ad hoc manner with no clear, business motivation, more out of concern for local communities.

SMEs AS LEARNING LABS FOR ENTREPRENEURIAL LIVELIHOODS MODEL

One model for channelling business engagement towards the informal sector combines core business activity with a community investment approach. The Learning Labs for Entrepreneurial Livelihoods Model links the technical vocational education context of the informal economy with production and formal enterprises' value chain. It focuses on the poor and encompasses a range of MDGs - poverty eradication, education, gender equality, environmental sustainability and partnership. From this perspective it is unlike international models motivated by brand recognition, image-building or customer loyalty. It rather capitalises on Egypt's current preoccupation with employment for a broad base of youths seeking to enter the workforce. This necessitates educational reform, inclusive partnership models with civil society, improved environmental standards, and government actions and policies to promote a climate of transparency and good governance.

Where do the Poor Work?

The poor in the developing world own few assets besides their labor and depend on the informal economy for survival. This economy

currently employs millions of unskilled, semi-skilled, and illiterate youths, adults, and children. The sector has grown exponentially in Egypt for a number of reasons:

- formal labor markets have generated insufficient jobs and are unable to absorb a continuously growing unskilled workforce
- the informal sector is an easier option for unskilled workers and is more suited to their skill level
- the community-based nature of the informal economy makes information about work opportunities in this sector more accessible to the poor
- the complexity of registering businesses and the uncertainty of the business's sustainability which often extends the 'trial' period into a more permanent status of informality

The informal economy thus provides livelihood opportunities for those that have no other means to survive

HOW MANY M/SME JOBS ARE THERE IN EGYPT (BY SIZE AND CATEGORY)?

In 1996 small and micro firms provided around 80% of the jobs in the non-agricultural private sector (more than 3 million jobs in the 1 to 9 employee size in 1996 and generate 80% of value added by that sector). This emphasizes the importance of SME's in creating jobs. Although the percentage increase is higher for large enterprises than small ones, yet in 1996 small enterprises employed 3,483,542 persons compared to 461,268 employed in large enterprises.⁵³

A study conducted by the Economic Research Forum revealed that the estimated numbers of MSEs increased by 4.7% annually and from 2.5

million Economic Units in 2003 to 3.5 million Economic Units in 2006. Furthermore, the study documented the vibrancy of that market with huge numbers of Economic Units entering and exiting every day. The trend seemed to point to the new, efficient units replacing marginal and inefficient ones.⁵⁴

Table 4: The Size of Enterprises Employing Formal/Informal PNAWW in 1988, 1998, 2006 (%)

Number of Workers	1988	1998	2006
	%	%	%
1-4	45	48	50
5-9	9	17	14
10-29	9	10	10
30-49	2	4	5
50+	13	16	15
Don't Know	22	6	6
Total %	100%	100%	100%
Total in thousands	2546	3995	6430

Source: Assad, R., ELMPSO6 data files

The informal economy has proven to be vital in providing the poor with employment and income when they have no other means to survive. The role of these workers is generally underestimated in terms of their contribution to production, services, and the formal sector and the informal sector's role in providing a learning environment for workers has not been calculated. Youths acquire technical, business and market skills but in a largely unstructured, under-valued, and unplanned manner. The quantitative phase of the study indicated that, while the formal private sector currently targets unemployed youths, it does so with a view to providing them with jobs in the formal sector rather than livelihoods in the informal SME sector. The two approaches need to converge to create a critical mass of activity that will generate a full menu of options for unemployed youths to match their skill set and level of education with livelihood opportunities. Innovative thinking is required to empower the

⁵³ The Ministry of Foreign Trade. *Profile of M/SME's in Egypt*, The Small and Medium Enterprises Policy Development Project.(SMEPoL) March 2003

⁵⁴ Alia el Mahdi and Ali Rashed. *The Changing Economic Environment and the Development of Micro and Small Enterprises in Egypt 2006*. The Economic Research Forum Working Paper Series #0706, Cairo 2007.

marginalized by:

- increasing SMEs' income earning potential
- upgrading their technology
- improving working conditions
- introducing industry safety measures
- offering literacy, in all senses - alphabet, legal, health, culture and the arts, etc – in keeping with UNESCO's multiple literacies approach.

This will require collaboration amongst a sizeable range of stakeholders - grassroots organizations in popular neighborhoods, the Ministries of Labor, Education, Investment, Local Development and Agriculture, Trade and Industry, local city councils, other government agencies, the formal private sector and donor agencies. There are important contributions that MNCs can make to the model, such as extending advice on best practice and good governance.

The outcomes of such an approach could be the transformation of SMEs into Learning Labs for Entrepreneurial Livelihoods wherein 'livelihoods' are much broader than employment, encompassing the manner in which youths in developing countries organize their income-earning activities for survival.

Why Learning Labs?

Today, vocational education and teacher training and methods in Egypt no longer match the speed of labor market developments. There is an obvious mismatch between labor market needs and the vocational skills and qualifications of current graduates from formal technical schools and centers. They are ill-equipped to seek a livelihood in any place other than the informal, popular market. Teaching is overwhelmingly traditional and 'on-the-job' training schemes are potentially open only to those who are literate, skilled and in the formal job market already. The millions left behind need new options and a fresh conceptualization of where they are to learn, earn a living and be entrepreneurial needs to emerge. An enormous

amount of money has been spent on formal technical and vocational schools, yet there is growing evidence that the money has not been well spent.

There is a need to move away from a centrally driven school-dominated model towards the informal sector learning lab model

Since most of Egypt's working age people operate outside the modern, formal economy and labor market, it is imperative to implement skill-building and learning programs which integrate them. Private sector partners give generously to educational causes. Support for such a model would perpetuate this giving but redirect it towards workplace learning programs, informal workshops, small rural communities and remote desert areas. The model further proposes that businesses do not give randomly but specifically support workshops and learning programs linked to its production, distribution and sourcing, in other words align core business and community investment. Such an approach might lead to advocacy engagement by formal businesses as it would bring them face-to-face with problems undermining dynamic informal enterprises which contribute significantly to the economy by employing vast numbers of youths. This model derives from the success of the Sekem and EQI models in Egypt which were tested in the agriculture, food processing, textile, tourism and handicraft sectors.

This model proposes that formal companies invest in the community of informal sector workshops which belong to their same sector and link up to them in a core business activity. This would be the main driver of the model, rather than image building, brand product, or direct answering to shareholders, stakeholders, watchdog groups, the law or the press. It would bring the formal private sector in a partnership with the informal private sector where the majority of the poor work – a partnership for learning for the unskilled poor youths and earning for both formal and informal sectors.

Under this model formal companies' current charitable contributions towards education would go further towards serving business and community interests because it would be driven by the combined interests of the two.

Egypt's youth have burgeoning needs which threaten the attainment of the MDGs. Young people are concentrated in urban centers which offer the poor the best opportunities for employment, shelter and development. However, when urban agglomerations house mounting numbers of unemployed youths, they become breeding grounds for discontent, extremism, and violence. The number of informal settlements in Egypt has reached 1,221. In Greater Cairo alone they number an estimated

88 and are a mounting threat to internal security and stability. The need to engage young people in the economy and in the country's growth and prosperity is not just the responsibility of the government, but of everybody, including the private business sector.

The belief that economic growth is an effective path to employment generation in all countries and all levels of society overlooks the immediate and short-term problems facing those living in poverty. They cannot make the leap from their present condition to reap the benefits of policy approaches that only facilitate formal sector job opportunities.



Towards an Enabling Environment for Partnerships

A significant finding of this report has been the importance of partnerships for development. Numerous international examples exist to demonstrate the variety and diversity of these. In Egypt, the question becomes: How can the three sectors – private, non-profit and government – design a partnership based on a shared vision, shared values, and benefits? Can we institute a partnership of peers with each partner contributing skills and resources to achieve a winning idea – the development of enterprise and prosperity for all Egyptians? The fruits of development take time to grow. Are we able to enter into long-term and collaborative action with a commitment to achieving the MDGs and more?

These are the central questions of this report.

Both the quantitative and qualitative phases of the study revealed that a number of companies are partnering with other entities in philanthropic or community projects. These partnerships are between government, civil society organizations and other private sector firms, and include Apache's partnership with UNICEF and NCCM and several firms' partnership with INJAZ.

The qualitative phase of the study focused on companies with a track record of social investments in the community. It highlighted the large number and varied nature of partnerships involving all three sectors. They range from simple two-party partnerships between one private sector firm and a donor (ABB-

EU and Barclays-USAID) to complex networks of organizations and partnerships with NGOs. Examples of the latter include:

- Barclays – Resala, Hope Village
- Hashem Brothers – Egyptian Association for Environment and Community Service
- BG - Nahdet El Mahrousa, Association for the Protection of the Environment (APE)
- Marriot – AFNCI
- EMAK – Future Generation Foundation
- Kandil Egypt – Ezbet Senouda Association for Community Development
- Hazem Hasan – Future Generation Foundation
- Unilever – Consumer Protection Society, Rachid Foundation for Cultural and Social Development, Egyptian Literacy Society

- Vodafone – Youth Association for Population and Development, ADEW, Resala, Hepca, Hemaya, Alashanek Ya Balady
- NATGAS – Resala
- Tetrapak, – Association for the Protection of the Environment (APE), Horus Foundation, Friends of the Environment Association, Alexandria
- Kandil Egypt – Mubarak Kohl Program
- BP – Ministries of Education and Interior
- EMAK – Ministry of Communications and Information Technology
- Faisal Islamic Bank – Ministry of Social Solidarity
- Maghraby Group – Ministry of Health
- Vodafone – Ministry of Education
- Mobinil – Ministry of Interior, Ministry of Culture

Some firms have opted for partnerships with intermediaries such as business associations and international organizations. Examples are:

- ABB – Egyptian Industries Association
- Hazem Hasan – Egyptian Association for Auditing and Finance
- Unilever – Rotary Club of Alexandria, Scientific Society for Food Industries
- Vodafone – Rotary
- AAIB – CDS
- BG – Save the Children
- Maghraby Group – Social Research Center (AUC), International Trachoma Initiative
- Vodafone – NGO Service Center, CARE, UNDP
- Mobinil - UNICEF

Others see merit and sustainability for future generations in partnering with universities and schools:

- AAIB – Cairo University
- El Nekheily Brothers – Mansoura University
- Maghraby Group – BC Center for Epidemiology – University of British Columbia
- Unilever – Arab Academy for Science and Technology
- Vodafone – Misr Language School

A few have entered into public private partnerships (PPPs), with either quasi-governmental agencies or government ministries:

- Astra Zeneca – NCCM

- Tetrapak – Ministries of Education, Health, Environment, Industry and Trade
- Nestle – Ministry of Education
- City Gas – Social Fund for Development, Governorate of Suez
- Unilever – Governorate of Alexandria

The main reasons cited by companies for not partnering with other actors were that they had never been approached, lacked knowledge about other groups' activities, or did not know how to approach and partner with others. A further reason given was that the activities/projects which the firm had selected did not require cooperation with other organizations.

There are many areas where partnership can develop and trust be built:

- As previously highlighted, NGOs have valuable experience in tackling child labor and are promising and essential partners for the new design of business solutions towards the achievement of the MDGs.
- Vital changes in regulations relating to, for example, licensing, zoning, land encroachment, environmental infringements can only be achieved through advocacy with national government and municipalities and would have important knock-on effects on development
- Individual companies cannot, in the main, fund business incubators and support centers or provide sufficient mentoring support

for young entrepreneurs. Scaling up and replicating successful partnership models in such areas provide the only means to move from the current practice of dependency, particularly amongst youth, toward a vibrant economy. They also have the potential to halt the growth of the alarming number of discontented, idle youths in Egypt

- Business leaders, business associations and chambers of commerce also have an especially important role to play in addressing through policy dialogue the bureaucratic processes which face small companies trying to register and the insecurity of land tenure in informal settlements (where workers of the formal private sector live)
- The situation with the current high levels of illiteracy can only be tackled through partnerships with experienced NGOs, the Adult Education Authority and all stakeholders.

This will require a major paradigm shift from 'project focus' to national policy focus.

THE ROLE OF INTERMEDIARIES

The results of the quantitative and qualitative research and the review of international best practice suggest that intermediaries promoting and facilitating partnerships play an important role. They help identify suitable partners, plan and implement collaboratively and design projects that are more comprehensive. In Egypt, intermediaries include business associations, chambers of industry and commerce, international organizations, local and international NGOs and public private partnerships.

1. Business Associations

a. Development Financing and Technical Support Associations

A large variety of these exists with the pioneering work begun more than two decades

ago by the Alexandria Business Association. Along the same lines the Ismailiya Business Association, the Port Said Business Association, the Dakahleya Business Association, the Assuit Business Association, etc. have all engaged in partnerships with donors to provide much-needed funds to existing SMEs at the local level. Non-financial services have also been channeled to hundreds and thousands of small businesses. These include assistance in product design, marketing, pricing, promotion, and one-stop shops for business registration. Many have become autonomous from the original donors and have generated funds from the fast turnaround of their revolving loan funds. They have spun off special credit lines for women in general, for female-headed households in particular, and for micro businesses at large.

b. American Chamber of Commerce (AmCham)

The American Chamber of Commerce's CSR Committee was established in 2006 with the goal of creating a forum to raise awareness and promote constructive dialogue on CSR. It also seeks to facilitate cross-sector partnerships and foster effective and mutually beneficial relationships between businesses and the communities in which they operate. The committee plans to institute an annual CSR award for good practices for large companies and SMEs, as well as initiating dialogue with the Ministry of Social Solidarity with a view to creating a national CSR agenda.

The CSR Committee's greatest strength lies in the fact that AmCham in Egypt is one of the largest and most active overseas affiliates of the US Chamber of Commerce. It currently has over 1,300 members consisting of US companies doing business in Egypt and Egyptian companies doing business in the US.

c. Federation of Egyptian Industries (FEI)

Egyptian entrepreneurs established FEI in 1922. Today it has 16 chambers and 12 decision support committees that are constantly developing programs and services to tackle barriers to enterprise development and strengthen the entire industrial sector. FEI's vision is to develop realistic, value-rich programs designed to enhance the performance and global competitiveness of Egypt's industrial sector.

The largest business association in Egypt, FEI launched the UN Global Compact (UNGC) initiative in February 2004, declaring Egypt to be the first Arab country to embrace formally the notion of CSR. In April 2007, FEI officially became a UNGC member.

By disseminating knowledge and best practices, developing practical tools tailored to the local environment and providing other means of support, FEI will help Egyptian companies develop CSR strategies and mainstream CSR principles within various industrial sectors. FEI collaborates closely with the government, international donors, other business associations, and civil society.

2. International Social Entrepreneurship Groups: Ashoka

Ashoka is an international association of the world's leading social entrepreneurs. A leading social entrepreneur is a mass recruiter of local change-makers, a role model, proving that citizens who channel their passion into action can attain remarkable achievements.

Since 1981, Ashoka has elected over 1,800 leading Ashoka Fellows, creating a global network of peers in more than 60 countries. Ashoka's methodology revolves around three main approaches: supporting social entrepreneurs, promoting global entrepreneurship and build-

ing sector infrastructure. Ashoka is building an infrastructure that supports the growth and expansion of the field of social entrepreneurship, including seed financing and capital, bridges to the business and academic sectors, and strategic partnerships that deliver social and financial value. Ashoka launched its Cairo office in March 2003. It is a hub for operations in North Africa and the Middle East, engaging regionally-based social entrepreneurs in all major fields of social concern. These include education, health, women's empowerment, human rights, peace and conflict resolution, democracy, environment, economic development, agriculture, water, disability, early childhood development and children's rights.

In Egypt, Ashoka creates a 'space' and platform for dialogue between the business and NGO sectors. Forging a strategic partnership with *the Egyptian Junior Business Association (EJBA) and Young Presidents' Organization* established an entry point to the private sector and introduced members to the concept of social entrepreneurship. With its partners, Ashoka holds roundtable events where speakers from the private sector and civil society share their experiences of collaboration for community development.

The "Business Plan Competition" is a nine-month training program for NGOs on how to be financially sustainable. The initiative is supported by a number of private sector companies, such as Citibank and Barclays Bank, in addition to the EJBA. These organizations volunteer staff time to assist NGOs in developing self-sustainable projects.

Ashoka attempts to raise awareness of CSR through the media. It regularly translates and circulates, among a wide network of journalists and key figures in the media, international articles on CSR and corporate engagement in development.

3. UNDP and the Global Compact in Egypt

The Egyptian national network of the Global Compact was formally launched on February 9, 2004, following a year of dedicated work by a multi-stakeholder committee under UNDP leadership, with the UN Executive Office of the Secretary General's Chief of Staff representing the UN Secretary General. Some 200 participants from government, the private sector, chambers of commerce, academia and civil society attended the event and 62 companies have since become members. The launch was preceded by a series of workshops and a national event to popularize the Global Compact and the concept of CSR in Egypt.

In its attempt to strengthen further the implementation and outreach of the Global Compact in Egypt, the Egyptian Global Compact network held a national event, under the patronage of the Prime Minister, to mark its first anniversary in Egypt and fifth anniversary since its global launch. The national event, jointly sponsored by the UN in Egypt and Mansour Group, a leading Egyptian company, took place at the Library of Alexandria on 16 June 2005. Attended by more than 250 business representatives, it succeeded in increasing awareness of the Global Compact in Egypt and recognizing the efforts made by a number of active Egyptian companies in implementing its principles. Egyptian Global Compact members showcased some CSR best practices and discussed with other stakeholders how to enhance the private sector's contribution to national development priorities.

The Egyptian network is currently working to establish what will be called the National Global Compact and CSR Foundation in Egypt. The newly created institution will become a vehicle for enhancing and encouraging business contributions to development and internal CSR compliance.

The emergence of the Global Compact in Egypt at a time when CSR was not a frequent topic for discussion, and subsequent developments leading up to the current situation where CSR is commonly discussed, provides a unique opportunity for engaging, monitoring and evaluating the enabling environment for social engagement in Egypt. This is an aggregate of several factors.

GOVERNANCE FACTOR

The recent raft of regulations, designed to improve the investment climate, have not been accompanied by regulations to promote social engagement or CSR. Private sector companies often voice their dissatisfaction regarding outdated regulations hindering their social engagement, citing in particular tax exemption regulations and registration procedures for private sector foundations. Despite officials expressing commitment to CSR, it is yet unclear how the government will address this issue.

LEARNING, MONITORING AND EVALUATION FACTOR

- There is a pressing need for an annual CSR auditing tool and reporting system to monitor and evaluate companies' engagement
- Very few CSR promoters in Egypt have the necessary background and technical capacity to carry out their work
- Social engagement in Egypt is poorly managed, usually unplanned and ad hoc with no identified benchmarks
- Very few academic institutions in Egypt teach business ethics and social engagement. The American University in Cairo (AUC) is one of the few that does.
- MNCs have sophisticated monitoring and evaluation systems but they are insufficiently tailored to the local culture

INTERMEDIARY (NEUTRAL GROUND) FACTOR

- A mediator or trustworthy neutral partner is essential to establish multi-stakeholder forums capable of overcoming competitive and PR elements in CSR practices in Egypt
- The mediator can play a crucial role in connecting the private sector to other stakeholders such as the government and civil society
- The mediator should be an independent development organization, a business association or business development service unit

4. International NGO Partnership Programs - INJAZ

INJAZ started up in Egypt in 2003 under the umbrella of the international NGO Save the Children. INJAZ, meaning "Achievement" in Arabic, is licensed to use Junior Achievement International curricula to enhance young people's job market and entrepreneurial skills.

The INJAZ vision derives from the realization that school graduates are ill prepared for the challenges they will face when seeking employment and aims to close the gap between the skills acquired in the Egyptian education system and those demanded by the private sector.

The private sector's support of INJAZ is not purely financial, but more importantly, involves employee volunteers. INJAZ has formed a board of directors represented by the CEOs of leading private sector companies and is registered as an independent private sector-led Egyptian Foundation. It is supported by Mobinil, Citigroup, Americana Group, British Gas, British Petroleum, Mansour Group, ExxonMobil, Barclays Bank, Pepsi, Shell, and Procter & Gamble.

Private sector volunteers commit 10 hours per month to reach out and inspire a class of stu-

dents. Courses are based on a participatory learning approach which fosters creative thinking, critical problem-solving and improved interpersonal communication skills. The project is structured to reinforce company volunteers' commitment and individual empowerment. It does this by fostering a sense of solidarity and highlighting the organization's credibility and neutrality.

UNDP and Save the Children agreed to grant UN Volunteer Associate (UNVA) status to over 130 employees from participating companies teaching entrepreneurial skills and providing careers advice in Egyptian governmental preparatory schools for children between the ages of 10 and 13. UNVA status also gives corporate volunteers access to a worldwide network of volunteer organizations.

5. Academia: John D. Gerhart Center for Philanthropy and Civic Engagement, American University in Cairo

The Gerhart center is a university-based institution offering resources for the promotion of philanthropy and civic engagement in the Arab world. Established in 2006, the center aims to further the American University in Cairo's (AUC) mission to advance social responsibility and active citizenship. The center's mission is to promote social change in the Arab region through building a culture of effective giving and civic responsibility.

The center's work on civic engagement includes interfacing with Arab universities to become more engaged with their surrounding communities and promoting cross-cultural understanding and diversity through international programs with a focus on local community service. The center encourages community based learning (CBL) as a fundamental approach to effective teaching and fosters social innovation through student leadership programs, seminars for young professionals, and programs to link

government institutions with civil society organizations.

On philanthropy the center acts as a catalyst providing technical consulting services to start-up and expand philanthropic institutions in the Arab region. The center also works with the private sector to deepen the understanding of the principles of Corporate Social Responsibility (CSR). The center's staff document the status of Arab philanthropy while highlighting best practices, and promote networking opportunities and strategic alliances for enhanced philanthropy in the Arab region and internationally.

The Gerhart Center also engages in research and documentation on subjects ranging from motivations of youth activism to mapping of Arab philanthropy and disseminates information widely through a quarterly newsletter, a series of scholarly working papers and website.

6. Public Private Partnerships - Egypt Education Initiative

The Egypt Education Initiative (EEI) is a public private partnership (PPP) under the auspices of First Lady, Mrs. Suzanne Mubarak, and Prime Minister Dr. Ahmed Mahmoud Nazif. It aims to improve education in Egypt through the effective use of information and communication technology (ICT). EEI brings together the Ministries of Communications and Information Technology, Education and Higher Education, donors and MNCs, amongst them eight World Economic Forum member companies. These are Cisco, HP, IBM, Intel, Microsoft, Oracle, CA and Siemens. They, along with all other partners, have assisted in formulating the initiative to meet national challenges and needs. EEI has four tracks - pre-university education, higher education, lifelong learning, and e-learning industry development. It hopes to benefit

around 820,000 young people in 2,000 schools and 300 universities as well as to develop the capacity of the local IT industry to adopt innovative learning solutions.

EXAMPLES OF GLOBAL COLLECTIVE ACTION ⁵⁵

The Global Compact

In an address to the World Economic Forum on 31 January 1999, the former Secretary General of the United Nations, Kofi Annan, challenged business leaders to join an international initiative – the Global Compact – that would bring companies together with UN agencies, labor, and civil society to support universal environmental and social principles. The Global Compact's operational phase was launched at UN Headquarters in New York on 26 July 2000. Today, thousands of companies from all regions of the world, international labor and civil society organizations are engaged in the Global Compact, working to advance ten universal principles in the areas of human rights, labor, the environment and anti-corruption.

Through the power of collective action, the Global Compact seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalization. The private sector, in partnership with other social actors, can help realize the previous Secretary General's vision: a more sustainable and inclusive global economy.

The Global Compact is a purely voluntary initiative with two objectives:

- Mainstream the ten principles in business activities around the world
- Catalyze actions in support of UN goals

⁵⁵ Davies, Robert and Nelson, Jane. *The Buck Stops Where? Managing the Boundaries of Business Engagement in Global Development Challenges*, The Prince of Wales International Business Leaders Forum, Policy Paper No. 2, January 2003.

To achieve these objectives, the Global Compact offers facilitation and engagement through several mechanisms: policy dialogues, learning, country/regional networks, and partnership projects. <http://www.unglobalcompact.org>

Business Partners for Development (BPD)

Business Partners for Development (BPD), completed in 2002, was a project-based initiative set up by the World Bank to study, support, and promote strategic examples of cross-sector partnerships to develop communities around the world. It was created in the belief that such partnerships could provide long-term financial benefits to the business sector and meet the objectives of civil society and the state by creating stable societies. BPD worked in four areas -natural resources, water & sanitation, youth development and road safety <http://www.bpdweb.org>

Voluntary Principles on Human Rights

The US and UK governments, NGOs and companies in the extractive and energy sectors have developed a set of voluntary principles to guide companies in maintaining the safety and security of their operations within a framework guaranteeing respect for human rights and fundamental freedoms. These principles are designed to provide practical guidance that will strengthen human rights safeguards in company security arrangements in the extractive sector. They are the basis of a global standard for the extractive sector.

<http://www.iblfi.org/csr/csrwebassist.nsf/content/a1a2a3d4a5.html>

Global Business Coalition on HIV/AIDS

The Global Business Coalition on HIV/AIDS (GBC) is a rapidly expanding alliance of international businesses dedicated to combating the AIDS epidemic through the deployment of the business sector's unique skills and expertise.

The GBC works from the principle that HIV/AIDS should be a core business issue for every company, particularly those with interests in heavily affected countries. With the support of global leaders in government, business, and civil society, the GBC promotes greater partnerships in the global response to HIV/AIDS, identifying innovative opportunities for the business sector to join the growing global movement against this terrible disease. <http://www.gbcaids.com>

Digital Partnership

The international Digital Partnership involves IT users and suppliers, educators and community leaders with the aim of promoting socio-economic development in developing and emerging market economies. It facilitates affordable access to technology, training, and the internet by providing ICT skills training in disadvantaged communities. An initial pilot was launched in South Africa in June 2002. <http://www.digitalpartnership.org>

Extractive Industries Transparency Initiative

The Extractive Industries Transparency Initiative was announced in 2002 by UK Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg. Bringing international NGOs, national governments and international mining and mineral companies together, this initiative aims to increase transparency over payments by companies to governments and government-linked entities, as well as transparency over revenues by host country governments.

http://www.dfid.gov.uk/Pubs/files/extractive_industries_transparen.htm

Marine Stewardship Council

The Marine Stewardship Council (MSC) is an independent, global NGO working to reverse the continued decline in the world's fisheries.

The MSC is seeking to harness consumer purchasing power to generate change and promote environmentally responsible stewardship of the world's most important renewable food source. First established by Unilever and WWF in 1997 the MSC program works through a multi-stakeholder partnership approach, taking into account the views of all those seeking to secure a sustainable future.

<http://www.msc.org>

PARTNERSHIPS NEED STRONG, TRANSPARENT GOVERNANCE STRUCTURES

The discussion above leads to the conclusion that, if Egypt wants to establish sound foundations for a strong formal and socially responsible business sector, it will have to create new institutions, undertake legal reforms and facilitate the establishment of multi-stakeholder partnerships. Measures include the enactment of new laws to help formalize small businesses, promote their compliance with health and safety standards, prohibit the employment of children and raise the quality of production to guarantee consumer safety.

At present, the private sector in many countries around the world, faces the following challenges to engaging in development activities:

- Inadequate legal frameworks and governance structures to ensure a level playing field for business
- Weak, authoritarian and failing public sector institutions
- Bribery and corruption
- Human rights violations
- High levels of poverty and inequality in the distribution of resources and livelihood opportunities
- Lack of access to basic services such as education, healthcare, energy, water, sanitation and telecommunications

While the private sector expresses a desire and

commitment to improve conditions for people at the base of the pyramid in Egypt, as encapsulated in the MDGs, they cannot do so effectively and in a sustainable manner unless certain conditions prevail. They need to be able to operate in an environment that provides a minimum of structure, due process, and good governance; to operate in partnership with the government and civil society; and to enjoy incentives for long-term, innovative engagement. New development solutions will often require major investments and these will not be forthcoming without guarantees that companies, and the communities they partner with, will reap the benefits and that the risks to their businesses are minimized.

Streamlining registration procedures for NGOs, be they community-based development NGOs or foundations, is equally important. The current legal process for registering foundations is outlined below.

Law 84 of 2002 governs the registration of NGOs and foundations. Those intending to register either such institution purchase the relevant forms from the Federation of NGOs at governorate level. The Federation issues an internal bye-laws document and forms requiring the founding members to provide personal details such as their full name, date of birth, occupation, address, highest degree attained, national identity number, etc. The legal address given can be either owned or rented by the organization and is verified by a Ministry of Social Solidarity employee. A foundation is required to deposit a minimum sum of LE 10,000 in a bank account, whereas NGOs are only obliged to open up a bank account containing a few hundred pounds. The registration documents must state the proposed activities of the organisation - social, development, religious, cultural, etc - and the applicants must verify that no other non-profit has registered under the name proposed. Once these documents are submitted to the local Directorate of

Social Solidarity the entire file passes to the security agencies who must give approval for all nominees to engage in non-profit activities and to become members of a registered NGO. This step may take as little as two months or as long as two years. When proposed members receive security clearance, the file is returned to the Ministry of Social Solidarity which, in turn, issues the group with a registration number. The establishment of the new organization, be it NGO or foundation, appears in the Egyptian legal bulletin: *al wathaa'eq al masreyya*.

The governance structure of foundations and NGOs differs. NGOs are required to nominate a minimum of ten founding members with the oldest founding member appointed head of the first board until registration is complete and elections take place. NGOs must also determine at the outset how many members they plan to have on the board. It has to be an odd number of no less than five to enable majority voting. Foundations must nominate three people to their leadership posts and can register either an individual or group as founders. Foundation board membership does not need to rotate, whereas NGOs need to renew one third of their board annually or every two years.

Once established, NGOs must hold quarterly board meetings and request approval from the Ministry of Social Solidarity to receive foreign funds, a rule to which foundations are also bound. Both may receive donations from Egyptian nationals or corporations. The Ministry of Social Solidarity must clear fundraising activities, the start and completion of which must be stipulated, and numbered receipts must be provided. There is evidence that this framework is not conducive to an environment which promotes partnerships.

IBLF's 2002 report *Business and Poverty: Bridging the Gap*, states that, for companies to get more actively involved in tackling poverty, the following must be present and that business benefits accrue⁵⁶:

- **Secure business environment** - Ensuring good governance, a strong economy and a competent workforce can help companies and the poor to prosper
- **Bottom-line benefits** - Action on poverty can contribute to profitability for individual companies
- **Market development** - Innovation unlocks commercial opportunities while meeting the needs of the poor

Private sector interviewees in Egypt suggested how the government could facilitate business engagement in development.

- Reduce bureaucracy and red tape (e.g. licensing procedures and approvals)
- Understand and promote CSR, actively encouraging the private sector to participate in the country's development by supporting their efforts and co-financing projects
- Gain the trust of the private sector by demonstrating that government is a transparent, efficient partner
- Establish a focal point in a relevant ministry with members of the private sector and civil society forming its advisory group
- Create synergies between pro-development business engagement and UNDP's Social Contract Project, implemented by the Information Decision Support Center (IDSC), the Prime Minister's Office
- Give tax breaks and other incentives to private sector donors
- Draw up a map of needs, gaps, etc and present a clear development plan and ready pro-

⁵⁶ Forstater, Maya, MacDonald, Jacqui and Raynard, Peter. *Business and Poverty: Bridging the Gap*. Resource Center for the Social Dimension of Business Practice, The Prince of Wales International Business Leaders Forum, December 2002.

posals to interested business and community members

- Establish a CSR partnership monitoring and evaluation system to ensure programs are implemented fully and effectively and that effective solutions and gaps are identified
- Co-design specific activities with private companies, particularly those related to basic needs in the areas of healthcare, food security, and education. In other words, the government should make sure that CSR initiatives complement its own
- Help create a clear vision with regards to the achievement of national development goals in which effort and investment are equally distributed, duplication is avoided and concrete impacts are identified
- The Ministry of Social Solidarity should be proactive in providing direction and support for CSR and pro-development programs, encouraging the growing role of NGOs and amending legislation to empower them
- Identify best practice and replicate / scale up successful models
- Provide reliable baseline data on Egypt's performance on the MDGs and poverty indicators

The private sector in Egypt is clearly looking for a closer engagement with government on CSR matters and would strongly welcome a roadmap, a proposal, or a strategy on development issues.

Further aspects that the study explored are the current level and degree of stakeholder participation in development issues in Egypt, and of transparency, accountability and public reporting and the environment in which such engagement takes place. This is based on the premise that, if the business sector in Egypt is to assume a groundbreaking, significant, and innovative role in the development of sustainable livelihoods, then transparent and strong stakeholder relationships are a prerequisite.

At present communication channels between the private sector, NGOs and the government are weak. This is due to NGOs' limited capability to approach potential private sector partners appropriately and to a general mistrust between the three sectors. The media has a major role to play in bringing the private and non-profit sectors closer together, yet it too is poorly informed and reports inaccurately about events, partners, actions, and programs.

Improved dialogue among stakeholders requires a strong and articulate civil society sector that demands public accountability from business, monitors, and reports on environmental infringements and influences decision-making regarding the allocation of public funds. As previously stated, this requires that general governance is improved and all sectors become more accountable, transparent, inclusive, and ethical.

Egypt has signed and ratified major international instruments fighting corruption and reinforces their implementation through the Egyptian Penal Code. The Ministry of Investment and Egypt's UNDP country office have also embarked on a challenging program to support transparency and anti-corruption measures by establishing a transparency center at the Ministry. The initiative will have three main thrusts:

a) Support the drafting and issuing of the legal document on Freedom of Information

The project will focus on providing technical assistance to the Ministry's legal department in the provision and drafting of the sections which follow the mandate of the Ministry, in the legal document on Freedom of Information

There are four strategic areas of intervention:

1. Legal framework of access to information
2. Capacity strengthening of the media

3. Raising awareness regarding the right to official information and strengthening mechanisms to provide such information and use it
4. Strengthening communication mechanisms for vulnerable groups

b) Public Awareness and Stakeholder Engagement

The project will also focus on increasing public awareness in order to support the enhanced transparency process.

Strategic and long term interventions are featured in two components: the supply side of information and the demand side thereof. On the supply side, interventions will be designed to offer assistance in the process of generation of information and its accessibility on the part of government agencies. On the demand side, they will seek to provide assistance in promoting demand for information and build capacity to use information for informed policy dialogue. Finally, the project seeks to assist in creating platforms of multi stakeholders who will use the transparent access to information for the purpose of engaging in policy dialogue. The project hopes to increase responsiveness via such platforms.

Including the private sector is imperative in the implementation of successful anti corruption strategies. The positive relationship between the Ministry of Investment (MoI) and the private sector should be utilized for the following purposes:

- To provide a constructive forum for the private sector to voice their concerns about the embedded incentives for rent-seeking in the public sector; this would assist the MoI and UNDP to design relevant strategic entry points for anti corruption initiatives.
- To provide a constructive platform for the private sector to voice their concerns about issues surrounding lack of transparency

within the private sector as well as priorities for stronger private corporate governance upon which the MoI and UNDP might want to base a strategy for anti corruption inside the private sector.

- To build an alliance for a stronger presence of Global Compact, the UN agreement on Corporate Social Responsibility, in the anti corruption campaign.

c) Capacity Building and Knowledge Management

The project will support the institute of Directors in developing training courses and training of trainers programs on anti-corruption to be included in their curricula on good governance. The project will also conduct much needed research and reform the current knowledge management system utilized by MOI.

d) Investment promotion through enhancing transparency

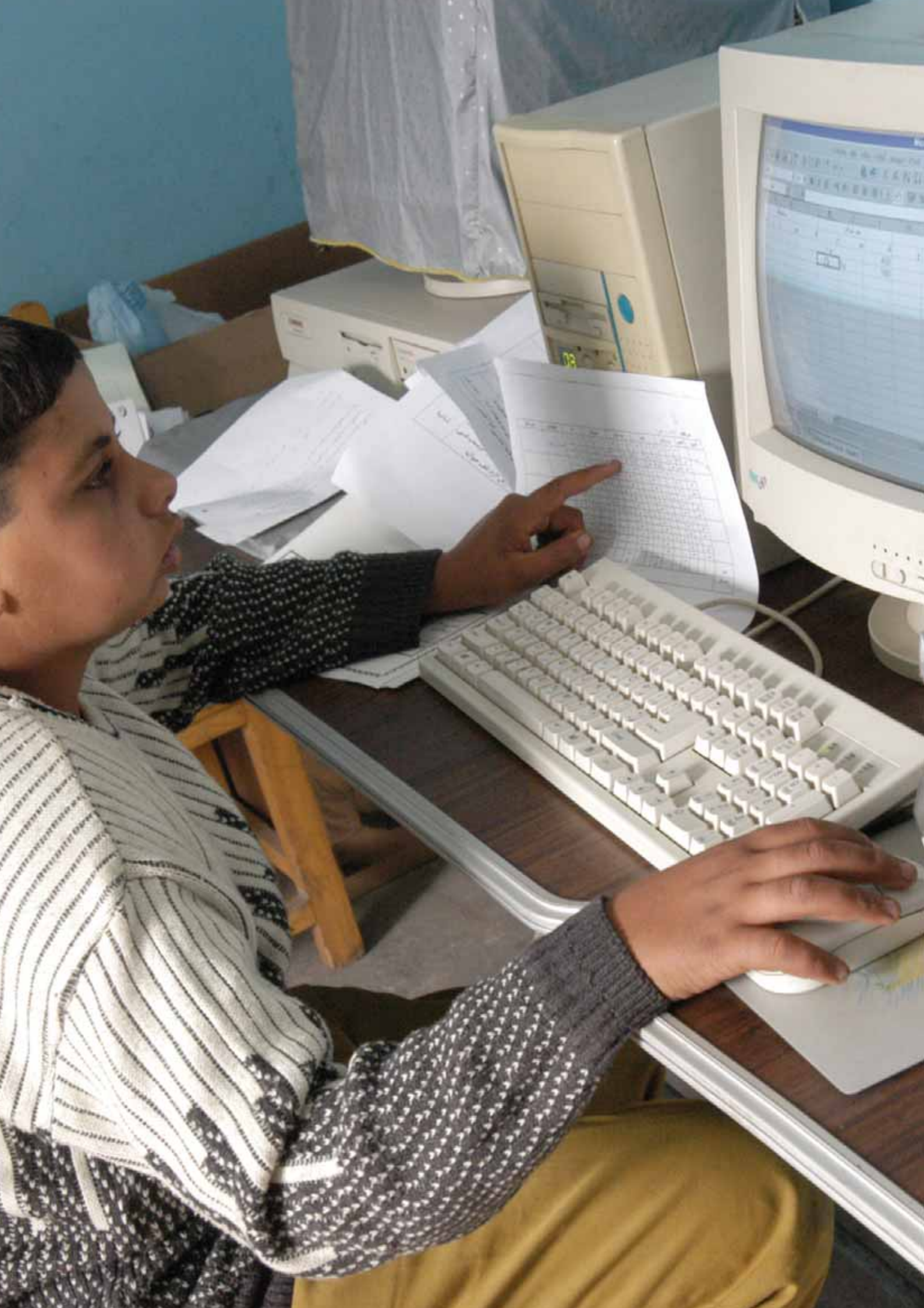
The purpose of this output is to improve the investment climate and stimulate more investment by improving the performance of the Ministry of Investment through the reduction of bureaucracy and increased transparency.

CONCLUSION

It is clear from the above discussion that the search for the right intermediary and umbrella group under which the private sector can come together and collaborate has begun. Some companies choose their own business associations, others international development agencies or neutral agencies with a broad agenda, others prefer to operate under the umbrella of a national program, hoping that they will be able to impact positively an issue which the government has targeted but has few resources to address. The international examples offered above demonstrate the breadth and scope of

intermediaries that exist in Egypt. For example, it is conceivable that a group of large national agribusiness firms will form a coalition to prevent environmental and human damage caused by pesticide use. This would bring small farmers and large landowners together in a serious discussion. Such business engagement could increase Egypt's competitive position in the export markets for agricultural produce.

Likewise, indigenous people and the rapidly expanding tourist industry could work together, under an umbrella intermediary, to promote eco-tourism and curb the fast growing destruction of coral reefs, waterways, and marine biodiversity. The field is wide open for partnerships to address Egypt's myriad development needs and concerns.





The Way Forward

The final chapter of this report focuses on actions that the private sector can take to help meet the first three MDGs. They serve as examples that could be applied to the full scope of the eight MDGs. They offer engagement options along the continuum running from mainstream core business practices to policy, advocacy and philanthropic and voluntary contributions.

The last decade began with the promise that globalization and the elimination of trade barriers would contribute to global prosperity. This has not happened for billions of the world's poor. The world is now probing for ways to bring the masses of people at the BOP into the development net. The global community has reassessed its pursuit of globalization as an end to poverty and concluded that a new paradigm of business and development is urgently needed, particularly in light of global warming and its potentially devastating effects on those at the BOP. The global debate now perceives them to be the main consumers of goods and services produced by business and stresses the importance of improving their standard of living.

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

Corresponding Government Ten Point Program:



Program 1: Investment and Employment

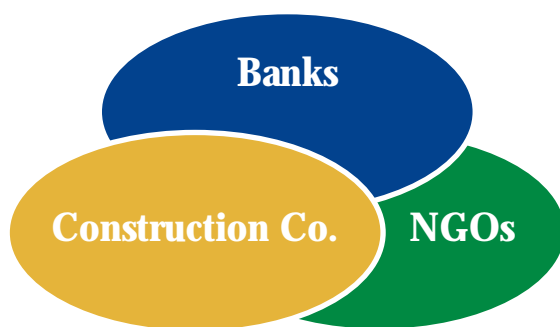
Program 4: Building an Information Society

Program 7: Expanding Basic Public Services

Core Business Engagement by Providing Affordable Products and Services

Model 1: The poor in Egypt lack access to water, sanitation, and affordable housing. Mexican firms Cemex and Construmex provide us with models to improve housing which Egyptian private sector firms could replicate, both in rural and urban areas and particularly in Upper Egypt. The rural poor seek access to credit to install on-site sanitation and, when granted, have good repayment rates. There is further scope for banks, contractors, and producers of plumbing, tiling, etc to partner in an innovative way to bring these products to the poor. Such improvements would have very positive repercussions on the health of people at the BOP, as, for example, dirt floors and

the lack of toilets often account for low standards of hygiene in rural homes. The Grameen Bank asserts that repayment rates on loans to cover dirt floors with cement have reached 98% worldwide, indicating that banks would be exposed to minimum or very low risk were they to offer special products for small borrowers in such areas. Easy delivery terms and linkages with NGOs experienced in implementing micro-credit programs can be designed through which companies would generate profits and living conditions be upgraded.



Model 2: Information technology has been used innovatively in many parts of the developing world to generate incomes (e.g. using mobile telephony to connect small farmers in India to distant agricultural commodity markets). Egypt ranks as the one of the world's major users of mobile phone technology relative to population, suggesting that IT products could be used here to provide people with rapid



and low-cost market and product information that, evidence suggests, is currently highly sought and greatly lacking. Such information could greatly enhance the competitiveness of small producers, workshop owners, and female-headed households who have limited mobility and access to such information.

Other Models: ⁵⁷

- *Manufacturing, food and beverage and consumer goods companies* can source raw materials from local suppliers
- *Agribusiness companies* can work with small farmers in global supply chains to provide credit, improve productivity and food quality
- *All large companies* can outsource or subcontract support activities to local entrepreneurs
- *Consumer goods companies* can use SMEs to distribute their products

Voluntary Contributions

At the other end of the CSR continuum, businesses can sustain their religiously and culturally motivated modes of giving. Supporting orphanages, feeding the poor during Ramadan, distributing food and clothing to the needy, providing free medical care, etc are all important activities that meet the poor's everyday and emergency needs.

The business sector can expand or initiate mainstream CSR and community investment programs, such as workplace training to graduates, school construction, equipping of computer labs, upgrading health clinics, etc.

Pharmaceutical firms, hospitals and the health-care sector in general have a major role to play in a country where many people are still unable to access adequate health services and where the lack of health education has devastating affects on the poor. Training midwives, nurses, rural

⁵⁷ Prescott, Dave and Nelson, Jane. *Business and the Millennium Development Goals: A Framework for Action*. The Prince of Wales International Business Leaders Forum in Collaboration with the United Nations Development Program, 2003

doctors, and generally communicating more widely on relevant health issues could bring about significant improvements.

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

Corresponding Ten Point Government Program:

Program 4: Building an Information Society

Program 5: Developing Education and Scientific Research



Voluntary Contributions

1. Facilitate the education of employees' children: Although a number of Egyptian firms are already active in this field, current government and others' efforts to upgrade human resources will remain inadequate without further support from the private sector. Extending scholarships, providing summer school opportunities for workers' children and helping low-income workers to cover expenses relating to, for example, tuition, uniforms and books are all means by which companies can help.

2. Support school feeding programs: Companies in the agribusiness sector can tap into the expertise of the World Food Program (WFP) which implements school feeding programs in Egypt. With its extensive knowledge of areas of greatest need, effective distribution options, and experience of overcoming obstacles, WFP can link companies to those areas of most need and facilitate partnerships with the Ministry of Education that can also facilitate private sector food contributions by instituting streamlined processes that overcome the current cumbersome procurement system.

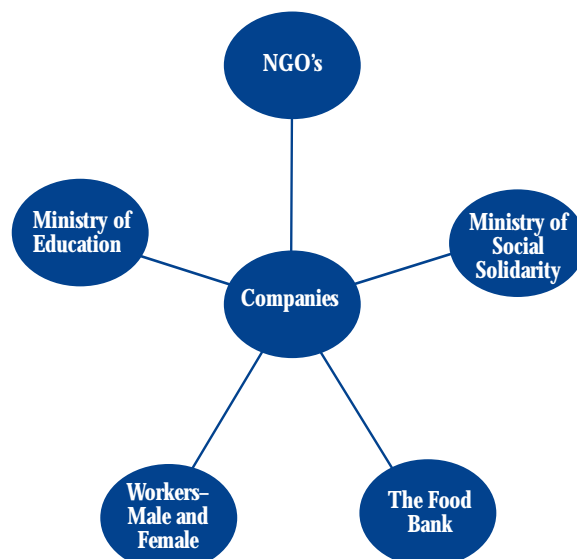
3. Invest in local schools or support the work of NGOs and international organizations specializing in education: This can be through financial or in-kind contributions (e.g. books, technology and equipment) to schools, to NGOs working in the field of education or via

intermediaries who can pool the contributions of a number of scattered efforts and direct them to one region (e.g. Upper Egypt) or education level (e.g. primary). Collectively or individually, companies can organize programs to mentor students and link them to the world of work. Those with well-established management systems can transfer skills to school principals and administrators. Such interventions are particularly timely, as Egypt has just concluded its National Education Strategy that focuses strongly on quality and accrediting schools according to newly established national standards.

4. Harnessing Technology for Education:

Under the umbrella of the Egypt Education Initiative, IT companies, the Ministry of Education and a number of experimental schools have already come together to form a public private partnership to this end. However, the program is limited in its geographic scope and must be targeted to, in particular, the poorer segments of rural Egypt. The Ministry of Education's continued involvement will be key in facilitating the proliferation and use of IT products in public schools.

5. Provide pre-school and daycare services for children of all company employees, not just women. Such services can make a major contribution, both to higher worker productivity



resulting from reassurance about their children's whereabouts, and to meeting the critical development and preparation needs of children below the age of six. The Ministry of Education has set the target of raising pre-school enrollment from 18% to 60% by the year 2012. Large and medium firms can play a major role by offering their employees this essential basic service at subsidized cost by, for example, partnering with NGOs experts in training young, unemployed youths to become qualified pre-school teachers. The pre-school model is flexible and can incorporate, amongst other things providing nutritional supplements for preschoolers.

Advocacy and Policy Dialogue

Develop national partnerships with educators around quality of education issues:

Replicating the *Instituto Qualidade no Ensino* model from Brazil, which was instituted by the American Chamber of Commerce's 3000 members in São Paulo, businesses can collaborate with the Ministry of Education in contributing to this much-needed aspect of education reform. Business associations in Egypt present ready intermediaries to play a similar role, basing their program on a needs mapping exercise undertaken by intermediaries e.g. large national NGOs or international agencies such as UNDP, CIDA, UNICEF, and / or UNESCO while the appropriate targeting of resources can be facilitated by the Ministry of Education.

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Corresponding Government Ten Point Program:

Program 1: Investment and Employment

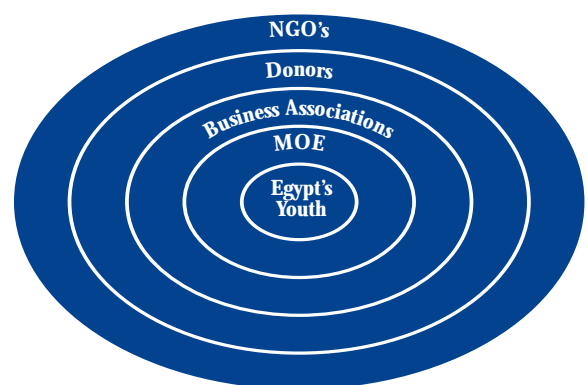


Core Business Engagement

Millions of women of all income and education levels contribute to their families' well-being.

In rural Egypt, women are a mainstay of the agricultural workforce, putting in endless hours of unpaid manual labor and working with archaic tools and implements. There are many ways in which businesses can, and do, support women who make valuable contributions to household incomes, both in rural and urban informal enterprises. Many NGOs have a long track record of lending to female-headed households and to other rural and urban women producers. These models can be easily replicated and scaled up by banks and lending institutions. There is also room for agricultural innovation and design e.g. solar drying of food products, growing new crops for export markets (e.g. herbs, etc), linking small farmers to these export markets and high-end value chains, as well as in the design of home-based rural handicrafts by leading designers and marketing firms. The model can be as simple or as complex as the situation allows. Egypt already has tried and tested examples of this type of engagement in Sekem, EQI and Shahira Mehrez's development of the handicrafts workers of the North Sinai. Potential partners in this model are large businesses, small producers, banks, consultants and donors.

Advocacy and Policy Dialogue

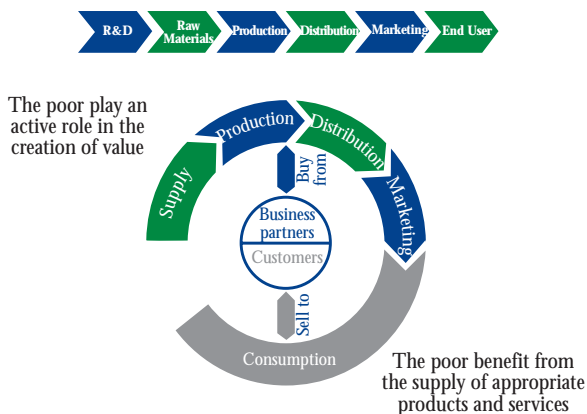


At present technical vocational education for the millions of workers in the informal sector – both men and women - who wish to enter the formal labor market but do not possess the requisite skills and qualifications is being debated. The ministries involved have a major and urgent facilitator role, engaging in particular the private sector, which, after all, is most

affected by the current skills deficit amongst young men and women, but also ensuring that inter-ministerial boundaries of responsibility and authority do not stall progress. An analysis of the current skill levels and growth potential of different business sectors in Egypt, in the context of global markets, would help ensure that relevant standards are designed and implemented by government-run technical vocational schools.

Donors such as GTZ and CIDA could support this effort by providing Egypt with best practice from other countries that have already devised and implemented skills building and qualification programs. NGOs with previous experience in this field could also be valuable partners, ensuring flexibility and adaptability according to Egypt's institutional structure and culture.

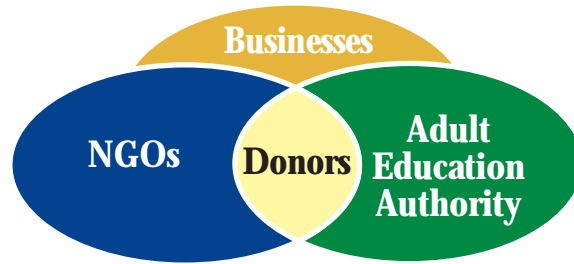
Putting the poor at the center of the value chain



Doing Business with the Poor: A Field Guide. World Business Council for Sustainable Development, Geneva, March 2004.

Voluntary Contributions

Worldwide evidence that an educated mother is the key to an educated nation has led countries to focus on designing programs that support women's advancement and well-being. Many countries are now reaping the benefits of these approaches by having well-educated youths, well-nourished children and well cared-for infants. A prerequisite to any achievement of



Egypt's development targets in the coming ten years is national engagement of all partners to address low female adult literacy rates. Since the needs are vast and nationwide, it will be crucially important to work through intermediaries and address the issue collectively rather than, as is currently the case, through fragmented efforts. Businesses can work outwards, first running literacy classes for their adult workforce and then conducting wider efforts in their business sector and local communities. They will need to partner with leading NGOs with a track record in the field as well as with the Adult Education Authority that administers adult literacy examinations.

While the needs of women at the BOP can in part be met by providing goods and services, information about good health practices is equally important. Egypt's performance on the MDG relating to maternal mortality is lacking. Information on reproductive health, legal aid and support and counseling services can be provided through call centers and must supplement continued investment in mobile clinics, free health care from private hospitals etc. The distribution of pharmaceutical and health aids to poor women can also provide a vehicle for advertising agencies to contribute their expertise and resources by disseminating public health messages in areas relevant to the MDGs.

For businesses to grow they need healthy, well-nourished and educated communities. Since governments are often unable to provide good basic services, health care and education to burgeoning populations, the private sector must explore ways to bridge the gap. This realization is shared, by both the private sector and government of Egypt and has created expectations and

pressure that the former augment its role in building schools, equipping hospitals and restoring decaying neighborhoods.

SPECIFIC RECOMMENDATIONS FOR BUSINESSES ⁵⁸

1. Mobilize core competencies and resources such as money, products, skills, premises, and people to strengthen local communities. Particular recommendations are to:

- Support education, training, youth development, environmental, health and nutrition projects in local communities
- Build the capacity of community leaders and social entrepreneurs
- Train local technical specialists in environmental management
- Build the governance capacity and voice of local civil society groups and media organizations
- Support multi-cultural education programs
- Assist with voter education initiatives
- Establish and support micro-credit programs and small business support

2. Internal Compliance: Obey the law, manage risks, minimize negative social and environmental impacts, and create positive value for host countries and communities. Companies should:

- Pay fair wages, taxes, dividends and make timely payments to suppliers
- Encourage and facilitate positive organized labor relations
- Develop their own people through training, skills development, health and safety in the workplace
- Spread responsible business standards and practices in the areas of environment, health and safety, human rights, ethics, quality etc
- Invest in cleaner and safer production systems and transfer to smaller SMEs

3. The Enabling Environment: Take individual and collective action:

- Work with governments to improve social infrastructure -- supporting reform and quality improvements in the health and education sectors
- Address environmental regulatory and fiscal policies with government and civil society
- Engage in global dialogue on issues such as climate change and biodiversity
- Support local and national governments to eliminate bribery and corruption, inefficient public administration and service delivery; fair and transparent regulations and respect for human rights

SPECIFIC RECOMMENDATIONS FOR CIVIL SOCIETY ORGANIZATIONS AND INTERMEDIARIES ⁵⁹

- Help the private sector set clear priorities for their interventions
- Assist companies to comply with labor and environmental standards as partners in Egypt's development by enhancing transparency and accountability
- Invest in long-term alliances with other partners in the non-profit sector and with clusters of businesses and/or with intermediaries
- Adopt transparent and democratic practices to protect their own integrity and independence
- Consult companies on how to reach out to communities and achieve the MDGs
- Grassroots organizations have the greatest insights into community needs. Larger NGOs can build bridges between them and local and international businesses to ensure maximum impact derive from corporate engagement on the MDGs
- Business associations and international development agencies have a major interme-

⁵⁸ Nelson, Jane and Prescott, Dave. *Business and the Millennium Development Goals: A Framework for Action*. The Prince of Wales International Business Leaders Forum in Collaboration with the United Nations Development Program. 2003

⁵⁹ *Gearing Up: From Corporate Responsibility to Good Governance and Scalable Solutions*. Sustainability and the Global Compact, 2004.

diary role, bringing clusters of companies together with clusters of smaller community development associations (CDAs), collaboratively drawing up specific business sector plans, obtaining relevant data and validating needs etc

- Public investment in facilitating land titling, land tenure and registration of businesses in informal settlements and the informal economy

There will be obstacles along the way. These can in part be overcome by:

SPECIFIC RECOMMENDATIONS FOR GOVERNMENT

To promote CSR the government should:

- Actively seek participation from civil society and business as equal partners
 - Reduce and simplify regulations and procedures affecting businesses wishing to register and operate in Egypt
 - Build and encourage innovation, ingenuity and pragmatic, scalable solutions
 - Reward good corporate performance with instruments such as fiscal incentives, procurement policies, endorsements, labeling, training and information
 - Develop and enforce laws, rules and regulations that mandate appropriate business behavior (for example, creating and enforcing legal requirements for mining companies to eliminate negative environmental impacts)
 - Facilitate private sector CSR programs (e.g. developing codes and standards that serve as a guide/ direction for CSR activities)
 - Step in to encourage private financial institutions to provide services to informal settlements, rural and underserved areas
1. Creating space for profit and non-profit organizations to come together to forge linkages, exchange experiences and build trust. This process is essential for the two sides to come to a common understanding and agreement on shared interests, goals, and values. Clearly, this is a time-consuming approach, but without it a solid basis for designing and sustaining long-term business interventions for development will not be built
 2. Approaching partnership with an open mind, acknowledging that there are deep-rooted cultural and ideological differences between the way businesses operate and the way the popular economy or non-profits operate. Such differences impact on the way the two sectors perceive problems, design solutions, and determine workable plans
 3. Taking the long-term view. Just as businesses take time to become firmly grounded in the market, so do partnerships geared towards business success and sustainable livelihoods. Partners must develop a working relationship, adapt working methods, acquire new skills, and build on experiences

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Internet Resources:

- Accountability: www.accountability21.net/aa1000/default.asp
- Casas Bahia: <http://www.icmr.icfai.org>
- Cemex: http://www.cemex.com/cc/cc_cm.asp
- Egyptian Food Bank: <http://www.egyptianfoodbank.com/>
- Environmental Quality International: <http://www.eqi.com.eg>
- Extractive Industries Transparency Initiative: www.eitransparency.org
- Ethical Trading Initiative: www.ethicaltrade.org
- Forest Stewardship Council: www.fscus.org
- Global Alliance for Improved Nutrition: www.gainhealth.org
- Global Reporting Initiative: www.globalreporting.org
- ICICI Bank: www.icicibank.com/Pfsuser/loans/farmequip/fehome.htm
- Information and Decision Support Center (IDSC). www.idsc.gov.eg
- Infosys: www.infosys.com/infosys_foundation/index.htm
- International Cocoa Initiative: www.cocoainitiative.org
- International Labor Organization: www.ilo.org/childlabour
- Jordan Education Initiative: www.jei.org.jo
- Kenya Agricultural Commodities Exchange: www.kacekenya.com
- Lead Foundation: www.lead.org.eg
- London Benchmarking Group: www.lbg-online.net
- Publish What You Pay: www.publishwhatyoupay.org
- Sawiris Foundation for Social Development: <http://www.sawirisfoundation.org>
- Sekem: www.sekem.com
- Sustainable Agricultural Initiative Platform: www.saiplatform.org
- The Equator Principles: www.equator-principles.com
- The Prince of Wales International Business Leaders Forum: www.iblf.org
- United Nations Development Program: www.undp.org/partners/business/gsb/
- World Economic Forum: www.weforum.org/en/initiatives/globalhealth/index.htm

Appendix I:

The Millennium Development Goals (MDGs) ⁶⁰

Goals and Targets (from the Millennium Declaration)	Indicators for monitoring progress
Goal 1: Eradicate extreme poverty and hunger	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	1. Proportion of population below \$1 (PPP) per day 2. Poverty gap ratio [incidence x depth of poverty] 3. Share of poorest quintile in national consumption
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	4. Prevalence of underweight children under-five years of age 5. Proportion of population below minimum level of dietary energy consumption
Goal 2: Achieve universal primary education	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	6. Net enrolment ratio in primary education 7. Proportion of pupils starting grade 1 who reach grade 5 8. Literacy rate of 15-24 year-olds
Goal 3: Promote gender equality and empower women	
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015	9. Ratios of girls to boys in primary, secondary and tertiary education 10. Ratio of literate females to males of 15-24 year-olds 11. Share of women in wage employment in the non-agricultural sector 12. Proportion of seats held by women in national parliament
Goal 4: Reduce child mortality	
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	13. Under-five mortality rate 14. Infant mortality rate 15. Proportion of 1 year-old children immunized against measles
Goal 5: Improve maternal health	
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	16. Maternal mortality ratio 17. Proportion of births attended by skilled health personnel
Goal 6: Combat HIV/AIDS, malaria and other diseases	
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	18. HIV prevalence among 15-24 year old pregnant women 19. Condom use rate of the contraceptive prevalence rate 20. Number of children orphaned by HIV/AIDS

⁶⁰ Millennium Development Goals Indicators – The Official United Nations Site for the MDG Indicators.
<http://millenniumindicators.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm>

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	21. Prevalence and death rates associated with malaria 22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measured 23. Prevalence and death rates associated with tuberculosis 24. Proportion of tuberculosis cases detected and cured under directly observed treatment short course (DOTS)
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Goal 7: Ensure environmental sustainability

Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	25. Proportion of land area covered by forest 26. Ratio of area protected to maintain biological diversity to surface area 27. Energy use (kg oil equivalent) per \$1 GDP (PPP) 28. Carbon dioxide emissions (per capita) and consumption of ozone-depleting CFCs (ODP tons) 29. Proportion of population using solid fuels
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Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water	30. Proportion of population with sustainable access to an improved water source, urban and rural
Target 11 By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	31. Proportion of urban population with access to improved sanitation 32. Proportion of households with access to secure tenure (owned or rented)

Goal 8: Develop a global partnership for development

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.	<i>Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked countries and small island developing States.</i>
Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally	Official development assistance
Target 13: Address the special needs of the least developed countries	33. Net ODA, total and to LDCs, as percentage of OECD/DAC donors' gross national income
Includes: tariff and quota free access for least developed countries' exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction	34. Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)
	35. Proportion of bilateral ODA of OECD/DAC donors that is untied
Target 14: Address the special needs of landlocked countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)	36. ODA received in landlocked countries as proportion of their GNIs
	37. ODA received in small island developing States as proportion of their GNIs

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	<p><u>Market access</u></p> <p>38. Proportion of total developed country imports (by value and excluding arms) from developing countries and LDCs, admitted free of duties</p> <p>39. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p> <p>40. Agricultural support estimate for OECD countries as percentage of their GDP</p> <p>41. Proportion of ODA provided to help build trade capacity</p> <p><u>Debt sustainability</u></p> <p>42. Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</p> <p>43. Debt relief committed under HIPC initiative, US\$</p> <p>44. Debt service as a percentage of exports of goods and services</p>
Target 16: In co-operation with developing countries, develop and implement strategies for decent and productive work for youth	45. Unemployment rate of 15-24 year-olds, each sex and total
Target 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries	46. Proportion of population with access to affordable essential drugs on a sustainable basis
Target 18: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications	<p>47. Telephone lines and cellular subscribers per 100 population</p> <p>48. Personal computers in use per 100 population and Internet users per 100 population</p>

Appendix 2: The Interview Protocol Used

Framework for CSR Actions

1. How does the company define the CSR concept?
2. Why did your company choose to implement CSR activities?
3. What is their targeted impact on the company and on the community?
4. How does the company conceptualizes their responsibility towards the following areas:
 - a. the workplace
 - b. the marketplace
 - c. the supply chain
 - d. the community
5. Does the company's code of conduct articulate this responsibility towards 1) the workplace 2) the marketplace 3) supply chain and 4) the community? If yes, how?

Management of CSR

1. What is the structure of the CSR workforce?
2. What are the educational or training background of CSR staff (e.g. development business, CSR, etc)?
3. What are the company's criteria for choosing a potential initiative?
4. To what extent the CSR initiative is related or unrelated to the company's core business (brands, products, management skills, etc)
5. What are the company's strengths to implement these CSR initiatives?
6. What are the challenges faced by the company in implementing these CSR initiatives?

Ability to Tackle the MDGs

1. What are the company's main areas of focus? (education, health, environment, etc)
2. Is the company familiar with the Millennium Development Goals?
3. Does the company relate these issues and their CSR initiatives to the MDGs?
If yes, how? If No, why not?

Level of Engagement

1. What size of the company budget is allocated to implementation of the CSR initiative?
2. Is it part of the overall budget or a percentage drawn from a particular department (e.g. marketing, public relations, etc.)?
3. What is the company's level of contribution (cash, time, in-kind) to the implementation of their CSR initiatives? Why they prefer this sort of contribution?
4. On a company level, how aware are employees of CSR? Is there any educational or other formal training on CSR available for employees outside the company's CSR component?

Partnerships

1. Do you partner with other stakeholders (civil society organizations/private sector/government/media) to implement CSR initiatives? Why or why not?
2. Please list those who you have partnered with.
3. If yes, what are the criteria according to which a company selects partners? What are the terms of these partnerships? What does a company gain from partnering with specific stakeholders?
4. What are the obstacles/challenges you face in cooperating with these partners?

Best Practices

1. Identify at least two specific initiatives.
2. Collect the following information about the initiative.
 - a. Objectives
 - b. Steps of implementation
 - c. Initiative's activities
 - d. Partnerships
 - e. Outcomes
 - f. Lessons learned

Enabling Environment

1. How do you feel these stakeholders may better promote and encourage the implementation of CSR concept?
 - a. the public sector
 - b. civil society organizations
 - c. private companies
 - d. Media
2. Are there any challenges in the Egyptian environment (be it political, economic or social) that the company faces in implementing sustainable development initiatives contributing to the country development? If yes, in your opinion how can these challenges be overcome?

Future Plans

What is the future vision for CSR in your company?

This may include: CSR activities internal or external, future partnerships, internal structural CSR workforce, level of engagement, MDGs)