



Mounir Neamatalla (President, Environmental Quality International)

By Vanessa Karlo

THE REWARDS OF COMMUNITY DEVELOPMENT are not usually of an earthly nature. Environmental Quality International (EQI), however, has found a happy marriage of social and environmental development and profitable lines of business by consulting with banks on microfinance models and running an ecolodge in Siwa.

"It was like discovering penicillin," says Dr. Mounir Neamatalla, EQI's president and founder, who has a PhD in Environmental Health and Quality Management from Columbia University. "[Microfinance] is certainly very powerful to combat poverty, and the fact that it is going to be hijacked by the private domain because it is profitable is going to have a major impact on poverty reduction worldwide."

EQI was founded 25 years ago with a mission to contribute to sustainable development. The company works in three basic areas: policy and governance, environment and natural resources, and enterprise development and finance of small and micro-enterprises. In addition to groundbreaking work in the *zabaleen* (trash collectors) community in Cairo and a direct investment in an ecolodge and related projects in Sinai, the group is now offering local financing institutions its consulting expertise in the Middle East, North Africa, and sub-Saharan Africa.

All of EQI's activities aim to help the disadvantaged.

"We have observed that the failure of development strategies, in general, is that we haven't given enough attention to the importance of ensuring the many enterprising people around the world receive the opportunity to access finance, to access better health care," he says.

To foster the growth of microenterprises, EQI offered its consulting services pro bono to Banque du Caire on a feasible microfinance business model. Neamatalla speaks with great respect about the relationship that EQI had with the bank's head at the time, Ahmed Al-Bardaie.

"That was the birth of a major microfinance initiative of worldwide significance ... one of the top 20 in terms of skill, discipline and quality," Neamatalla says, adding that Al-Bardaie described the proj-

ect as "in its own right, our most profitable portfolio and our most rewarding activity."

EQI has since started to charge for its advice, and Neamatalla is delighted that the business of offering financing to underserved and disadvantaged people has proven to be commercially viable.

"We are going to see the commercialization of development issues," he says. "If I were to project into the future, in a few years' time, development organizations are going to ... find a lot of very small poverty-level operations. But where the finance of small, medium-size enterprises [is concerned], this will probably be yet another loan product, yet another savings product that a financial institution [will] provide, by and large with higher levels of efficiency and profit, and these services are going to be as valued as the services that exist for larger enterprises."

With the *zabaleen* in 1986, EQI approached the community as a whole, enlisting the advice of social scientists, anthropologists and social engineers to identify how this community of people who collect garbage and recycle the material for sale could be strengthened. According to Neamatalla, the project "established the culture of the organization."

The advisory organization found that they could "see the markets in which they're selling, who they're selling to, at what price," he says. "We discovered a web

of relationships where there was a noticeable lack of finance ... In situations where they needed to borrow, they were borrowing at exorbitant rates. There was a real problem of finance."

"We became aware that there was an opportunity there," he says. "We needed a large operation on a significant scale because the demand was huge. In fact, the demand for financial services in this sector is even greater than in medium-sized enterprises. And [the type of services] did not exist."

A decade ago, EQI decided to move beyond its advisory role and invested directly in a sustainable development project in Siwa. With more than a hundred Siwan families involved in various community projects including an ecolodge and agricultural development, the Siwan project is a working model of the philosophy that "We manage our natural resources, we should manage our culture and heritage ... [and] preserve our entire diversity. ... Development is sustainable — but you have to be attentive to it; it doesn't come accidentally. You have to start so that you can evolve towards high standards, but to do that you have to desire it, [and] set up the kinds of conditions that will allow these places to develop."

"The big, beautiful surprise was that we became more attentive to our guiding principles, our returns exceeded all our expectations." **bt**

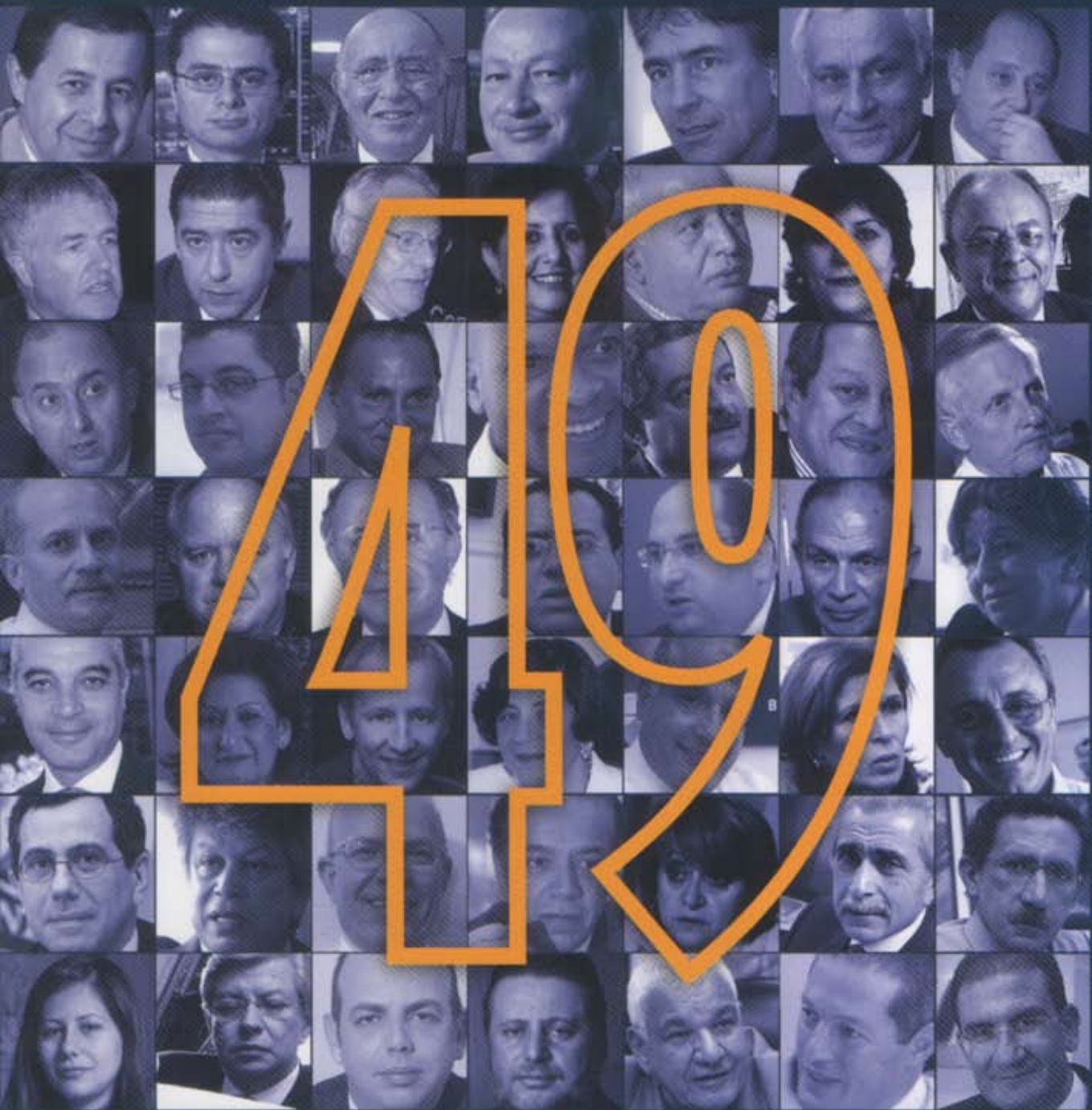


Courtesy: EQI

bt business today

May 2006 • LE 10 • www.BusinessTodayEgypt.com

E G Y P T



49 REASONS WHY EGYPT IS HOT TODAY

WORLD
ECONOMIC
FORUM

Middle East Meeting
Sharm El-Sheikh, May 20-22