



Growing Inclusive Markets

Business Works for Development • Development Works for Business

CASE STUDY

Arab States • Egypt

SEKEM: A Holistic Egyptian Initiative

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Sector • Agriculture

Enterprise Class • Large National Company



Summary

In 1977, the Sekem initiative was founded by Dr. Ibrahim Abouleish to support the development of the individual, society and the earth, through the initiative's various economic, social and cultural activities. Sekem's group includes eight companies: Libra for farming, Mizan for organic seedlings, Hator for fresh fruits and vegetables, Lotus for herbs and spices, Isis for organic foods and beverages (such as bread, dairy products, oils, spices and tea), Conytext for organic cotton and textile fabrics, Atos for pharmaceutical products, and Ecoprofit (under establishment) for sustainable management.

Sekem's philosophy is to "learn by doing and do while learning", emphasizing on-the-job training and improving employees' practical skills. Sekem's goals are many and include seeking to build its group of companies' activities so that they can strengthen each other, establishing alliances and long-term bonds with partners, emphasizing local culture, exploring the potential to learn through work, restoring the natural environment through biodynamic agriculture, providing a variety of high quality products and services, providing education and health facilities for both children and adults and encouraging research and development.

Sekem's efforts have contributed to the Egyptian community in various economic, social and cultural dimensions. With 2,000 employees, and 850 associated small-scale farmers, Sekem has succeeded in organically cultivating 3,500 hectares of land in 2005 and has benefited about 25,000 people through the Sekem Development Foundation (SDF) and the Cooperative for Sekem Employees (CSE).

Introduction

"The joy that I feel every morning, the enthusiasm for my work, the boundless love which fills my heart for all around me, brings forth a vision of the community: a community in which people of all nations and cultures work and learn in peace, and resonate together in harmony as a symphony; a community in which vocations from all walks of life, from all age groups, from all levels of consciousness, acknowledge, nurture and love the divine world and strive towards noble ideals; a living, ever regenerating community maintaining its dynamism by reaching towards the science of the spirit; a community pursuing truth and tolerance, generously offering its understanding in service of earth and man; a people where modesty and diligence prevails over vanity and comfort, and all endeavors are blessed."

Dr. Ibrahim Abouleish, Founder and Chairman of SEKEM Group

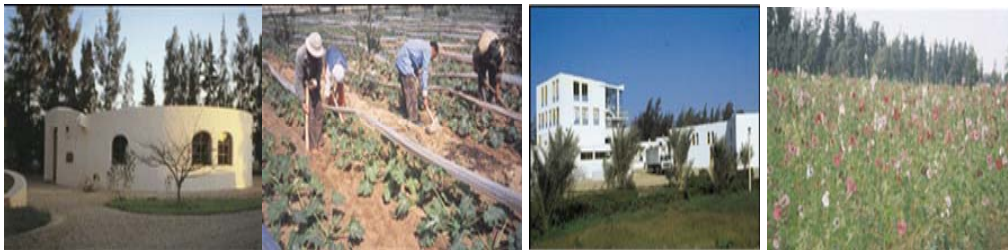
Having lived for 21 years in Austria, Ibrahim Abouleish decided to return to Egypt. Abouleish, founder and chairman of Sekem Group in Egypt, could not stop thinking about images and events of his previous visit to his home country. *"During my trip I had become aware of the excessive use of artificial fertilizer, and I discovered far worse things about Egypt's economy, education and health situation and agriculture and trade relations than I had already learned through my discussions with Egyptians,"* said Abouleish. In an effort to help eradicate poverty and to contribute to the advancement of the individual, society and the



earth, Abouleish decided to establish the Sekem initiative. The initiative began in 1977, on a farm founded on 70 hectares of virgin, arid soil, and it was located near Belbes, 60 km north-east of Cairo.

Sekem's mission was to achieve sustainable development while assuming corporate social responsibility and human development. Sekem would do this by capitalizing on information technology, research and development, and active management of supply chains, quality, customer relationships and the natural environment.

Sekem, meaning "vitality," is an example of a social enterprise that has been created to overcome socio-economic hurdles by providing for the basic needs of individuals, institutions and future generations. Sekem provides customers with high quality consumer products and provides employees with education, medical care and rewarding employment. Sekem customers are middle to upper-class populations, usually urban. Sekem's employees in Belbeis are mainly poor and rural people, and its management is usually composed of middle-class, urban people. The initiative also provides services to some groups of the community through its Cooperative for Sekem Employees (CSE) and the Sekem Development Foundation (SDF). Sekem also provides support to institutions that promote organic agriculture through the Egyptian Biodynamic Association (EBDA). Future generations benefit from Sekem's work through new pharmaceutical treatments and the successful promotion of pesticide-free organic agriculture.



SWEEPING AWAY FROM A GRIM PICTURE: TOWARDS HOLISTIC DEVELOPMENT

In 1975, on a stopover to Egypt together with his family, Abouleish was swamped by his peoples' depressing difficulties in education, poor healthcare, degrading environment, increasing pollution, and the country's problems of unemployment. Egypt is a populous country with approximately 78 million people, a population growth rate of 1.75 percent, and an unemployment rate of ten percent. In Egypt, though agriculture absorbs 32 percent of the total labor force, it is still the least developed segment of the economy, representing about 15.5 percent of the country's GDP as compared to industry (32.1 percent), and services (52.4 percent).¹ Egypt's foodstuff imports turn out to have increased by approximately 26 percent from US\$1,877 million to \$2,371 million over the years 2004 and 2005 respectively.² In appreciation for his home country, and in an effort to alleviate some of its interrelated

¹ The CIA World Fact Book website, 2007

² Egypt, Arab Republic at a Glance



problems, Abouleish launched "Sekem" in 1977 to become an all-inclusive development initiative.

As he reflected on his experience, Abouleish recognized that one of the greatest opportunities for poverty reduction could be found in labor-intensive agricultural-based production. In view of this, he ultimately developed three fields of value-added agriculture-based manufacturing: natural medicines (phyto-pharmaceuticals), organic foodstuffs, and naturally grown fabric products.

The Sekem Group

Sekem shareholders are minority shareholders since 90 percent of the company belongs to Abouleish, who started the business with a capital of one million US Dollars. Sekem Group is made up of three closely related divisions: (i) The Sekem Holding Company embracing seven companies (Libra, Hator, Sekem (Lotus), Isis, Conytex, Atos, and Mizan³), each a separate specialized business (see Appendix A); (ii) Sekem Development Foundation (SDF), accountable for the entire cultural aspect of the group; and (iii) the Cooperative of Sekem Employees (CSE), accountable for human resource development. Functioning collectively, these divisions have generated an innovative, new model of business based on sustainable agricultural production and a prioritization of human development and ecological sustainability⁴. Sekem Holding Company's businesses are described in more detail below:

Table 1: Sekem's Companies

Company	Creation Date	Number of Employees
SEKEM (renamed Lotus since 2006)	1977	90
ATOS	1986	250
LIBRA	1988	60
Conytex	1994	320
HATOR	1996	90
ISIS	1997	364
SEKEM Holding	2001	180
MIZAN	2006	5
Sekem Development Foundation (named previously as Egyptian Society for Cultural Development)	2006	181
Ecoprofit	2007	Under establishment

³ An additional division, Ecoprofit, dedicated to sustainable management is under establishment.

⁴ Roll of Honor, Sekem/Dr. Ibrahim Abouleish



LIBRA: THE BIODYNAMIC⁵ FARMING COMPANY



Libra Mill

Libra, Sekem's farming company (60 employees), was established in 1988 to produce and supply the raw materials (including grains, oils, dairy products, fresh fruits and vegetables, spices, honey and dates) to the various companies within Sekem group. Because of its ability to make long term agreements between cultivators and business partners, Libra supports companies within the Sekem Group with necessary logistics and cultivation of raw materials. In 1990, in cooperation with EOSTA, a Dutch organic food company, and Organic Farm Foods, a UK-based organic food wholesaler, Sekem was able to export organic fresh produce to European markets. Libra coordinates 160 farms, and of these, four are owned by Sekem. The total area is equivalent to 7,500 feddan (31.5ha). Libra has also begun exporting ready-to-wear clothes to Germany in 1993. In 1998, Libra diversified into milling, drying legumes, oil processing and established a new mill and cleaning line for grains.

HATOR: FRESH PRODUCE PACKING COMPANY



Hator Products and Workers

Hator (90 employees) was established in 1996 to pack fresh, biodynamic fruits and vegetables, grown by Libra according to customer specifications. Hator targets both local and international markets. Locally, about 65 types of both fresh and frozen organic products are sold under the ISIS brand in supermarkets and "Nature's Best Shops" throughout Egypt. In providing a variety of high-standard quality products, Hator abides by internationally predetermined standards regarding quality, freshness and wholesomeness of products. Hator

⁵ Biodynamic agriculture is similar to organic farming and is based on the teachings of Rudolph Steiner who lived and taught in Germany in the first quarter of the 20th century. Steiner's philosophy viewed the farm as a complete dynamic self-nourishing system that should be properly nourished in natural ways (i.e. no chemical fertilizers or pesticides). He also believed in the spiritual nourishment of the land and the people who work on it.



sells fresh fruits and vegetables to international markets through its long-established business partnerships with Organic Farm Food in the United Kingdom and EOSTA in the Netherlands; Organic Farm Food and EOSTA distribute these products throughout Europe.

LOTUS: HERBS AND SPICES PROCESSING COMPANY



Lotus (90 employees) is a processing business, established in 1977, for all varieties of herbs and spices from biodynamic plants. It trades them on both the local and international markets, primarily to the food processing industry. Lotus markets its products overseas through its local agents in Germany, Italy, the United States, and the Middle East. To guarantee maximum quality, Lotus' workforce is trained to ensure maximum quality is achieved during the production process.

ISIS: FOODS AND BEVERAGES PACKING COMPANY

ISIS (364 employees), established in 1997, manufactures and packs nutritious and healthy bread, dairy products, oils, spices, vegetables, pasta, honey, jams, dates, herbs, and different assortments of teas. ISIS obtains cultivated, biodynamic, raw materials from its sister company Libra. The company's products are distributed in supermarkets and pharmacies throughout Egypt, as well as in one of Sekem's six "Nature's Best Shops" located in greater Cairo and Alexandria. Massive media campaigns have made the Egyptian consumer aware of the company's products. Internationally, ISIS products are marketed in the United States, South Africa, the United Kingdom, Germany, and other European countries. Like Hator, ISIS complies with the Hazard Analysis Critical Control Points (HACCP)⁶ standards scheme that



controls the whole supply chain of each crop, from the time it is cultivated in the field all the way through to the end-consumer. In addition, the management of Sekem Group has advanced an all-embracing guidebook and detailed working guidelines that are employed throughout the group's practices. All ISIS staff participates in standard training classes to sharpen their skills and maintain high product quality standards.

⁶ The HACCP system is a management system that assesses hazards, estimates risks and establishes specific control measures that emphasize prevention rather than reliance on end-product testing.



CONYTEX: ORGANIC COTTON PRODUCTION AND TEXTILE FABRICS COMPANY



Conytex Sewing

CoTTON PEOPLE®
organic



Conytex, for manufacturing organic cotton textiles (320 employees), was established in 1994. In cooperation with scientists and Egyptian spinning, weaving, dyeing and finishing companies, Conytex has established techniques to manufacture cotton textiles free of chemicals. Conytex produces approximately 500 diverse products, including children's wear, nightclothes, underwear and home textiles. The company markets its products in Egypt through 35 outlets, in all of Sekem owned “Nature’s Best Shops,” as well as in the United States, Canada, New Zealand, Japan, South Africa and Europe. Conytex is also ISO 9001 certified for quality management.

ATOS PHARMA



ATOS Pharma Workers

ATOS Pharma (250 employees) produces and markets health products and natural pharmaceuticals. The company was established in 1986 as a joint venture company between Sekem, DEG (the German development finance organization) and Dr. Schaette KG (a German pharmaceutical company), to develop the Egyptian natural pharmaceutical market. To guarantee the uppermost quality of all products from ATOS Pharma, strict criteria are employed throughout the selection of raw materials; biodynamic herbs, plants and natural components are utilized.

All promotion and trade actions are coordinated by the Sekem Group’s head office in Heliopolis. ATOS Pharma’s group of medical representatives visits physicians at health centers and hospitals throughout Egypt. ATOS’s products are also disseminated through intermediaries in Saudi Arabia, Jordan, Palestine, the United Arab Emirates, and Kuwait.

ATOS Pharma outsources research and development to the Sekem Academy for Applied Arts and Sciences, where a multi-disciplinary panel of researchers and scientists from the disciplines of medicine, pharmacy and agriculture work together to develop and test new products.



ATOS Pharma Lab



In addition to the customary training courses that Sekem provides to all its employees, ATOS Pharma also collaborates with Sekem's Adult Training Institute to widen each individual's social and visual competences through offering courses in singing, drawing, speech development, handiworks and other actions to suit each employee's individual and collective needs and to inspire creativity and further a sense of social consciousness.

MIZAN - ORGANIC SEEDLING COMPANY

MIZAN (5 employees) is a plant growing business that provides vegetable producers in Egypt with healthy and profitable indoor and outdoor plantlets and seedlings. It is a joint business enterprise, established in 2006, between Grow Group Holland and Sekem Group Egypt. Grafting, a horticultural technique, is used to develop plants' absorbing and transporting capacities to provide the selected plant with its required water and nutrients. This method, along with a strong plant variety, allowed an increase in production by ten percent, since plants are better armed to adapt to extreme climates and resist soil infections such as root rot, viruses, and filamentous fungi that are widely distributed in the soil. Grafting also reduced the cost per plant and per area due to healthier and more resistant plants. MIZAN currently provides grafting techniques and plant raising service to producers for organic and conventional tomato, cucumber, cantaloupe, watermelon, squash, pepper and eggplant.

Performance of Sekem Companies

The Sekem companies are closely related and together illustrate a successful model of local economic development that creates jobs, embraces over 800 local farmers in their supply chain, protects the natural environment through organic practices and contributes to employee health and wellbeing. Although over 55 percent of Sekem's products are sold within Egypt, their success in exporting internationally is also a model for other Egyptian companies.

SEKEM has grown exponentially in the last decade and is now a world-renowned enterprise and marketer of organic products. The overall financial performance of Sekem's companies has been very strong, with revenues growing from US\$10 million in 2000 to \$19 million in 2005.⁷

In collaboration with businesses partners in Germany and the Netherlands, Sekem has obtained financial assistance from organizations such as the European Commission, the Ford Foundation and USAID, in addition to the Acumen Fund. In 2002, it obtained a loan from the German Development Finance organization DEG and the International Finance Corporation.⁸ Because of Sekem's strong social mission and commitment to the holistic development of its employees and the local community, Sekem invests profits into a number of development

⁷ International Finance Corporation. *Working to Meet the Needs of People at the Base of the Economic Pyramid through Private Sector Investments*. Washington, 2006.

⁸ The International Finance Corporation (IFC) provided a US\$5 million loan as part of US\$14.5 million expansion project that created close to 200 jobs and established 120 family-owned farms. The IFC also provided technical assistance to help strengthen supply chain linkages with its farm suppliers.



initiatives such as the Sekem Development Foundation (which embraces a number of education and capacity building activities) and the Cooperative of Sekem Employees.

Sekem's Development Initiatives

THE SEKEM DEVELOPMENT FOUNDATION (SDF)

Abouleish realized that developing the skills of workers is a prerequisite to being competitive in the area of organic agriculture. Sekem is already seen as a pioneer in providing organic food in the Egyptian Market and would like to reach a competitive position in the international market. ISIS holds 79 percent of market shares of herbal drinks, whereas pharmaceutical products account for 0.5 percent (see IMS Data 2006). *"With regards to textiles production, there is no ranking, as the organic textile is not considered in Egypt and we are mainly in the child wear section,"* declared Abouleish.

"Learning by Doing" is Sekem's slogan. Abouleish's aim was to reinforce continuous professional education and to promote employees' skills and individual capabilities, therefore contributing to the development of society. He further recognized and rewarded workers' contributions to the success of the business at all levels and in all of its operations. Accordingly, he established the Sekem Development Foundation (SDF) in 1984 as a non-governmental organization with an investment of up to a total of 5.634.250 LE (approximately US\$994,000) in 2006 from Sekem Companies and funds from the European Commission and the National Council of Childhood and Motherhood (NCCM). The Sekem Development Foundation has invested in education by establishing the Sekem Kindergarten and School with programs in special education and literacy, vocational training and research by the Sekem Academy, as well as higher education by the foundation of the Heliopolis University (under establishment). With about 200 employees, SDF also has programs to build cultural awareness and improve healthcare and living conditions.⁹ These programs are provided for free. Nine different SDF initiatives are profiled below:

SEKEM KINDERGARTEN

In 1985, SDF founded a private nursery school, in the middle of Sekem's farm, that currently has 50 students. Admission to the nursery is open to all kids of Sekem's employees, as well as others from neighboring areas. The students in the school represent all social levels, coming mainly from the nearby town of Belbeis and the surrounding poor rural areas. The nursery's curriculum is intended for kids from three to six years of age, and it focuses on innovative play, a caring environment, healthy open-air recreation and the development of all senses through useful and imaginative work, music and circle games. In this way, Sekem's Kindergarten aims to guarantee social development for all of the children.

⁹ Roll of Honor, Sekem/Dr. Ibrahim Abouleish



SEKEM Kindergarten



Children playing outdoors Kindergarten

SEKEM SCHOOL

In 1989, SDF started the Sekem School, a private self-governing primary and secondary educational institution with 250 students from a variety of social levels and cultural backgrounds, mostly farmers and Bedouins. Students are mainly children of Sekem's employees, living in the town of Belbeis or in nearby poor areas. The Sekem School is endorsed by the Egyptian Ministry of Education and abides by the curriculum of schools in Egypt. Additionally, it provides cultural and scientific learning opportunities and experiences for its students through aesthetic and art classes that are an essential part of the program of study of the school. The school also offers music, speech development, drama, painting, clay sculpture and dancing classes. The Sekem School provides its students with spacious and well-furnished facilities, including computer and science labs, a number of workshops and a theatre.



Sekem's School



SPECIAL EDUCATION

The Sekem Special Education services started in 1989 and provided by SDF, present a diversity of instructive and healing curriculums for 22 students with special needs such as physical, emotional and educational disabilities. Students are taught useful activities such as cooking, cleaning, gardening, landscape care, art, music and religion, whilst gaining a number of essential abilities in reading, writing and mathematics.

LITERACY PROGRAM

Aligning with the Egyptian Government's orientation and its own belief in the necessity of illiteracy eradication, SDF initiated its Literacy Program in 1997. The program allows 70 participants to learn reading, writing and fundamental social skills. The program also trains students to manage their personal lives through enhancing their awareness and establishing



new skills. The program empowers participants and helps them feel that they are part of society in order to promote their contribution in communal and cultural life.

THE CHAMOMILE CHILDREN PROJECT

In 1997, the Chamomile Children Project, a special educational program of SDF, was founded to offer both education and employment opportunities for 50 children. These children's ages range between 12 and 14; they come from underprivileged economic environments and were deprived of the opportunity to attend school. Those who were totally illiterate went through literacy training, as well as painting, drawing and singing lessons to stimulate creativity and thinking. All children are given rigorous skills training such as handicrafts, woodworking, knitting and weaving. This training was aimed at laying the foundations for further vocational training or to allow them to work and contribute to their family's income generation.

VOCATIONAL TRAINING CENTER

The Sekem Vocational Training Center (VTC) was established in 1997, with the aim of offering 205 young individuals with the useful professional skills that are in demand in the local marketplace. The three-year program focuses on on-the-job education and trains students for self-employment in accordance with Sekem's motto: "learning by doing and doing while learning." In 1999, the Sekem Vocational Training Center earned accreditation by the Mubarak-Kohl Initiative (MKI), a very successful German technical assistance project in Egypt, which follows the German twofold education system, entailing concurrent theoretical and practical education. The VTC program's trainees become certified electronic technicians, industrial mechanics and textile production technicians. Also, the VTC provides a broad variety of courses such as carpentry, biodynamic cultivation, metalwork, electrical work and office management. In 2002, a new division was opened to coach students in the use of technical and mechanical farming equipment.



Vocational training in textiles and carpentry

MAHAD ADULT TRAINING INSTITUTE

The Sekem Adult Training Institute was launched in 1987 by the SDF to offer continuing adult education to all Sekem employees to inspire and encourage them contribute to society through widening their common thinking and understanding and by emphasizing the initiative's "learning by doing" philosophy. Ten percent of the workers' time is assigned to



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collective and cultural activities to enhance both their skills and individual lives. The Mahad Adult Training Institute's curriculum consists of English language classes, computer education, art, music, speech development, eurhythmy and sports.



Mahad Adult Training Institute



Literacy classes

SEKEM'S MEDICAL CENTER: A COMPREHENSIVE PLAN FOR COMMUNITY DEVELOPMENT

The Sekem Medical Center (SMC) was founded by SDF in 1995, to supply employees, students at the Sekem School and residents of surrounding areas with sufficient healthcare. SMC started its operations with primary care, some specialized services, essential laboratory examinations and a dental treatment center. SMC also shares in education and awareness-raising attempts in all areas of community health, taking into account ecological health awareness, women's health issues and family planning. SMC organizes training programs for doctors, midwives, healthcare experts and the general community in the nearby area, and the Center cooperates with healthcare authorities and governmental healthcare centers.



Sekem School

THE SEKEM ACADEMY FOR APPLIED ARTS AND SCIENCE

In 2000, the Sekem Academy for Applied Arts and Science (25 scientists) was established to act as an autonomous social and scientific research center focused on research in the areas of medicine, pharmacy, biodynamic agriculture, sustainable economics and the arts. The aim of the Academy is to develop Egypt's ability to conduct, publish and distribute relevant social and scientific research. The Academy offers training classes and lectures and hosts a range of scholarly scientific and cultural occasions.



THE COOPERATIVE OF SEKEM EMPLOYEES (CSE)

Accountable for human resource development, the Cooperative of Sekem Employees (CSE) aims to build up communal structures that guarantee respect for employees, ensure equal opportunity, and reinforce the spirit of brotherhood among community members. CSE is responsible for ensuring improved living conditions for workers and their families through better infrastructure, hygiene and sanitary conditions. The CSE is a cooperative which is self-funded through the group of companies and symbolic participation of the employees. CSE also acts as a mediator in cases of disputes. Each daybreak, employees from each company and organization get together in a circle where they briefly recount the achievements of the preceding day and their plans for the current day. This permits each individual to practice a sense of equal opportunity as part of the Sekem society.



Major Challenges

Although Sekem's businesses and holistic employee and community development initiatives have achieved success (as evidenced by the various awards for sustainable development that Sekem has won), many different challenges had to be overcome along the way. Administrative barriers included a tedious and complicated governmental administrative environment that was handicapped by regulations and bureaucratic procedures. Sekem's long-term sustainability and its strong commitment to innovative development required raising awareness of the organic and biodynamic agricultural. Also, to ensure that its customers received high quality products, and with which they are satisfied, Sekem sought to acquire an organic products' certification of compliance with environmental standards so that its products are viable in the market place. The survival of the initiative was threatened due to the extremely adverse growing conditions (poor soil, water supply, transportation and electricity supply) and the nonexistence of a business partner interested in investing with Dr. Ibrahim in such a new initiative in the desert until he succeeded in obtaining a loan from a national bank against the security of the land and the houses on it to finance the project.

Success Factors and Innovations

PIONEER IN BIODYNAMIC AGRICULTURE

Sekem was the first organization to promote pesticide-free farming techniques in Egypt, influenced by the idea that organic farming enhances soil fertility, develops biodiversity and eliminates waste. Presently, Sekem is a prominent market leader in natural food stuffs, attire and plant-based pharmaceuticals in Egypt. About 55 percent of the enterprise's sales are domestic, with increasing awareness among Egyptians of the advantages of organic foods.



Sekem also helped form the Egyptian Biodynamic Association (EBDA) which conducts research on sophisticated biodynamic cultivation practices and increases awareness of biodynamic agriculture through mutual collaboration with other institutions. EBDA has helped the transition of over 400 farms with more than 8,000 acres to organic farming practices, including about 4,500 acres on 120 farms that were reclaimed from arid land. EBDA was also a pioneer worldwide in growing and producing biodynamic cotton.

The presence of the EBDA helped in solving many challenges faced by Sekem. The training that EBDA provides to farmers in the international methods of biodynamic agriculture was able to raise awareness of this method of agriculture and facilitate the acquiring of organic products certification in order to be viable in the marketplace.

EXPORTER OF PHARMACEUTICALS AND MEDICINAL HERBS

Sekem is the only company in Egypt that produces medicinal herbs and plant-based pharmaceuticals for the European market.

SUPPORTER OF SMALL-SCALE FARMERS

In addition to its own land, Sekem sources inputs for its various businesses from 160 farms and 850 farmers. Sekem also actively works with various partner organizations (such as the International Finance Corporation) to provide training and technical assistance for the farmers.

HOLISTIC INTEGRATED DEVELOPMENT MODEL

Sekem has demonstrated an integrated way of doing business as it created a comprehensive socio-economic model with the aim of developing cultural, social, and economic value while preserving the environment. Establishing concrete social guidelines for proper functioning of the organization has helped in changing the concept that the Egyptian people have regarding the idea of time constraints. Being a part of Sekem and its culture allowed employees' habits and perspectives to change, including inspiring employees to plan ahead and set goals that became achievable

COOPERATION AND PARTNERSHIPS

Sekem established cooperative agreements with governments that helped Sekem to resolve the tedious and complicated government administrative environment, alliances with NGOs and other partnerships in the field of biodynamic agriculture, medicine and education. These agreements helped to develop a continuous mutual interaction among farmers, producers, and traders to deliver the highest quality products to consumers. Examples of these partnerships have included the following:

- Sekem has signed an agreement with the North Africa Enterprise Development Facility to help strengthen Sekem's supply chain linkages. The company's new supply chain management solution has enhanced Sekem's communication and collaboration with small- and medium-sized farm suppliers, improved efficiency and production forecast



accuracy, and substantially increased sales revenue for the small- and medium-sized farmers.

- Sekem's involvement with the International Association of Partnership, which is a forum established amongst organizations from different countries that are interested in organic agriculture, has helped Sekem market its products internationally.
- In cooperation with the Ministry of Agriculture, in the field of agricultural research, especially in plant protection of the cotton plant, Sekem adopted an innovative technique to shield the cotton plant. A direct result of this action was the landmark achievement of reducing the use of synthetic pesticides in Egypt by over 90 percent, from over 35,000 tonnes per year to about 3,000 tonnes. At the same time, the average yield of raw cotton was increased by almost 30 percent, and the fiber elasticity and overall quality was improved, compared to cotton grown with conventional methods.
- In collaboration with Gebruder Schaette KG, a German pharmaceutical company, and the DEG in Germany, Sekem launched the first phyto-pharmaceutical business in Egypt. In 1986, ATOS Pharma started manufacturing and marketing healthcare and natural pharmaceuticals.

EXCELLENCE IN QUALITY, ENVIRONMENTAL AND EMPLOYEE MANAGEMENT

The International Organization for Standardization awarded Sekem with ISO 9001 in 1997 for quality management and ISO 17025 in 2005 for environmental management. In addition, Sekem's products meet European quality control standards and have been qualified to adhere to International Demeter Guidelines, EC Regulations, European Pharmacopoeias, IFOAM Standards and the Hazard Analysis Critical Control Points¹⁰ (HACCP) qualifications. Sekem has also introduced a new internal practice called Key Performance Indicator to review and evaluate employee performance according to objective criteria and goal achievement.

The Abouleish Foundation is holding the family capital of Sekem. The Foundation council is tasked with the safe-guarding of Sekem's vision, ensuring the future sustainability of all Sekem activities.

Development Impact

The company's development impacts are significant, because Sekem was founded with a holistic social mission to improve human, ecological, cultural and economic development.

LIVELIHOODS FOR SMALL SCALE FARMERS

Eight hundred and fifty relatively poor, small- and medium-scale farmers form an important part of Sekem's supply chain. Sekem works with partners to ensure these farmers have training and technical support services to help with growing their crops.

¹⁰ The HACCP standards control the whole value chain for each crop, from the time it is cultivated in the field all the way through to the end consumer.



EMPLOYMENT AND ECONOMIC DEVELOPMENT

Sekem provides work for around 2,000 people and 20 percent of them are women. It is worth noting that revenues have grown to over US\$19 million. Each of Sekem's companies has a human resources executive who is accountable for staff members' affairs such as training, career development and medical insurance to guarantee a healthy and fruitful work setting.

COMMUNITY INVESTMENT

Sekem Development Foundation (SDF) has launched many community development initiatives to benefit communities, promote education, provide healthcare, celebrate culture and diversity, and promote peace, cooperation and understanding between all human beings. As part of this work, about 50 children between the ages of three and six attend Sekem Kindergarten. Approximately 250 students are enrolled in Sekem's School, and Sekem's vocational training program trains 200 youth apprentices annually for self-employment. In poor areas of Egypt, child labor is a common dilemma, because families cannot live without their children's income. In efforts to alleviate this problem, Sekem designed and developed the Chamomile Children Project to provide tailored education attuned to the 800 student's skills and educational standing. Sekem's medical centre serves more than 30,000 patients annually.

ENVIRONMENTAL PROTECTION AND REHABILITATION

Sekem and many of the small farmers in its supply chain are growing organic, biodynamic, agricultural products on formerly arid and unproductive land. Biodynamic farming practices ensure that the natural environment is protected and enhanced for future generations.

IMPROVING HUMAN HEALTH AND WELL-BEING

Sekem's products, such as natural pharmaceuticals, health products and organic fruits and vegetables, are grown and processed with the highest quality standards to suit the genuine needs of consumers.

MODEL OF A HOLISTIC, INTEGRATED SYSTEM

Sekem is an example of applying a holistic approach to development that embraces human development, cultural and spiritual values, environmental protection and sustainable economic development.

Scaling Up and Replicability

Sekem is a successful example of how a modern business model can combine profitability and success in local and world markets with a social and cultural approach to people, while also preserving the environment. In 2003, the Sekem initiative was awarded the Right Livelihood Award, the "Alternative Nobel Prize," for its endeavors in sustainable socio-economic development. It was also an award winning "World Wide Project" at the Hannover EXPO in 2000.



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Sekem has grown significantly in the last decade and is now a world-renowned enterprise and marketer of organic products. The overall financial performance of Sekem's companies has been very strong, with revenues growing from US\$10 million in 2000 to \$19 million in 2005.¹¹ Sekem's initiatives can be replicated in other parts of the world to provide solutions to similar challenges through sharing best practices, approaches and methods. In partnership with the Fountain Foundation in South Africa and the Schwab Foundation for Social Entrepreneurship, Sekem shares its best practices with other countries such as India, Palestine, Senegal and Turkey.

¹¹ International Finance Corporation. *Working to Meet the Needs of People at the Base of the Economic Pyramid through Private Sector Investments*. Washington, 2006.



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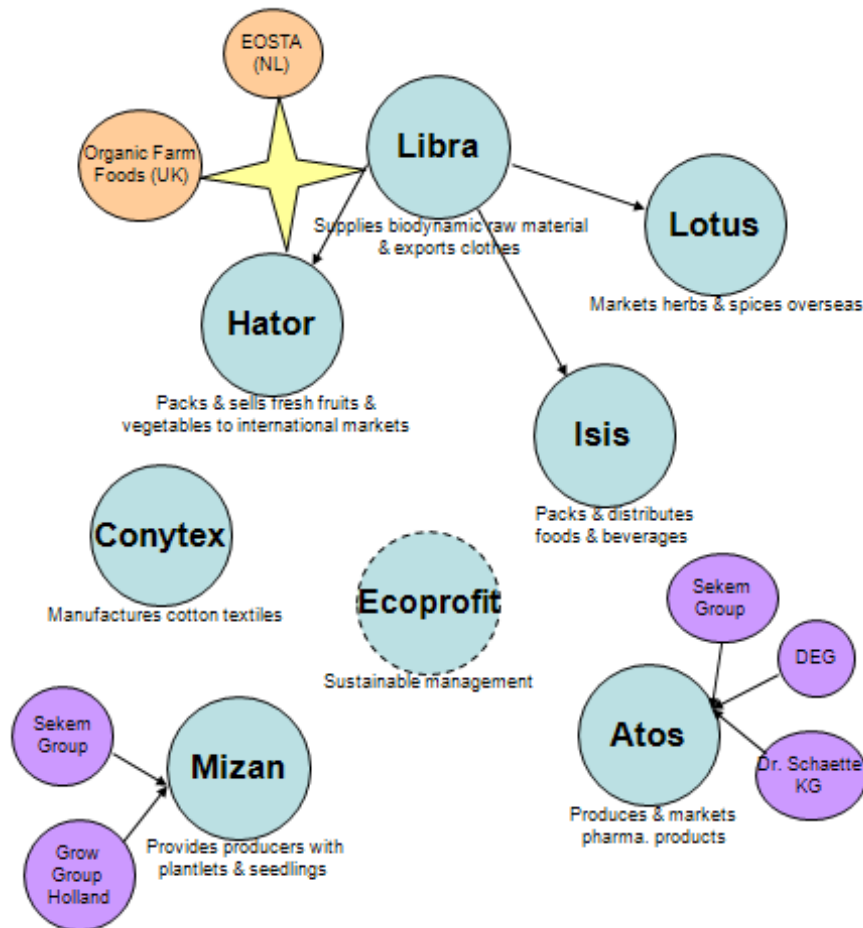
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All photos provided by the Sekem Company.



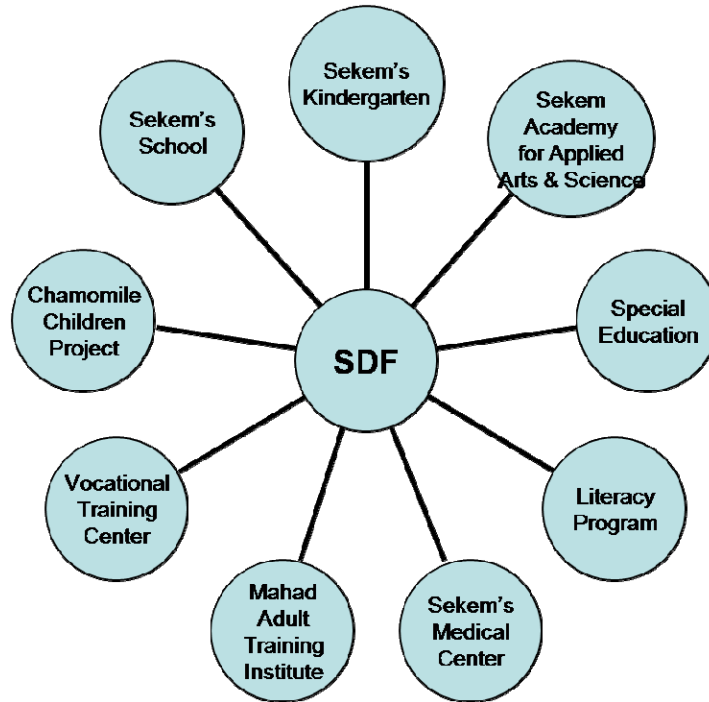
Appendix 1: The SEKEM Group

Sekem Holding Company





Sekem Development Foundation





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The information presented in this case study has been reviewed and signed-off by the company to ensure its accuracy. The views expressed in the case study are the ones of the author and do not necessarily reflect those of the UN, UNDP or their Member States.

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