

American University in Cairo

## AUC Knowledge Fountain

---

Theses and Dissertations

---

2-1-2017

### What strategies can Egyptian non-governmental organizations apply to ensure financial sustainability?

Amira Hussein Gaber

Follow this and additional works at: <https://fount.aucegypt.edu/etds>

---

#### Recommended Citation

##### APA Citation

Gaber, A. (2017). *What strategies can Egyptian non-governmental organizations apply to ensure financial sustainability?* [Master's thesis, the American University in Cairo]. AUC Knowledge Fountain.

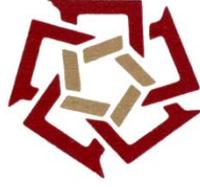
<https://fount.aucegypt.edu/etds/335>

##### MLA Citation

Gaber, Amira Hussein. *What strategies can Egyptian non-governmental organizations apply to ensure financial sustainability?*. 2017. American University in Cairo, Master's thesis. *AUC Knowledge Fountain*.

<https://fount.aucegypt.edu/etds/335>

This Thesis is brought to you for free and open access by AUC Knowledge Fountain. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of AUC Knowledge Fountain. For more information, please contact [mark.muehlhaeusler@aucegypt.edu](mailto:mark.muehlhaeusler@aucegypt.edu).



**THE AMERICAN UNIVERSITY IN CAIRO**

**School of Global Affairs and Public Policy**

**“What Strategies Can Egyptian Non-Governmental Organizations Apply to  
Ensure Financial Sustainability?”**

**A Thesis Submitted to the**

**Public Policy and Administration Department**

**Master of Public Administration**

**By**

**Amira Hussein Gaber**

**Supervised by**

**Ghada Barsoum, PhD**

## Abstract

Financial challenges have serious implications on the sustainability of non-governmental organizations (NGOs). This study addresses the instabilities experienced by Egyptian NGOs. The research explores the internal and external challenges hindering the sustainability of these associations and the weaknesses within the organizations as well. Additionally, the study investigates the chances of NGOs for financial survival, given the waning of funding and the legal, regulatory framework under which they operate. The case studies presented includes two Egyptian associations that were able to strive and flourish, despite funding limitations. The analysis conducted highlights their similarities and differences in terms of types of services, method of operation, and the fundraising strategies that enabled them to remain sustainable amidst these challenges. Building a niche without monetary grants and working with donors on partnership basis have been NGO1's main tool. NGO2, on the other hand, applied strong marketing techniques and developed a sustainable business model. Special outreach and networking capabilities, efficient operations, awardees selections and the diversification of its portfolio of sponsors and volunteers contributed to the sustainability of both organizations.

Keywords: Egypt, Civil Society, NGOs, legal framework, financial sustainability, fundraising, partnerships

## Acknowledgement

First and foremost, I offer my utmost gratitude to my Supervisor Dr. Ghada Barsoum for her outstanding guidance and support for my academic research. Dr. Barsoum directed me to explore the field and to learn and write on the topic I was interested in, and only intervened to refine and enrich my work.

I would also like to express my gratitude to the committee readers, Dr. Elham Metwally and Dr. Khaled Abdel Halim for taking the time to read my thesis and further support and valuable contributions throughout the whole process.

I am also hugely thankful to the GAPP School for the outstanding support throughout my studies that prepared me to acquire a valuable and highly accredited master degree.

Finally, my thanks and gratitude goes to my family who has never stopped supporting my educational path. With their belief in me, I am forever indebted to them.

## Table of Contents

<b>List of Acronyms</b> .....	<b>6</b>
<b>Chapter I: Introduction</b> .....	<b>7</b>
Introduction .....	7
<i>Purpose &amp; Contributions of the research</i> .....	9
<i>Research Questions</i> .....	10
Background .....	11
<i>Overview of NGOs Sector Globally</i> .....	11
<i>NGOs Sector in the Egyptian Context</i> .....	12
<i>Historical Evolution of Egyptian NGOs Sector</i> .....	12
<i>A Current Profile and Overview of the NGO Sector in Egypt</i> .....	14
Problem Statement .....	18
<b>Chapter II: Literature Review &amp; Conceptual Framework</b> .....	<b>20</b>
NGOs Definition .....	20
NGOs as Service Providers .....	21
Challenges Facing the Egyptian NGOs .....	26
<i>External Challenges</i> .....	26
<i>Internal Challenges</i> .....	30
Financial Sustainability: The Conceptual Framework .....	32
<b>Chapter III: Methodology</b> .....	<b>36</b>
The Limitations .....	38
The Case Study and Interviews: .....	39
<b>Chapter IV: Case Studies</b> .....	<b>42</b>
NGO1 Case Study .....	42
<i>Building a Niche without Grants</i> .....	42

<i>Interviews with Administrators of NGO1</i> .....	43
<i>Interviews with Donors and Partners of NGO1</i> .....	47
NGO2 Case Study .....	49
<i>A Strong Marketing &amp; Sustainable Business Model</i> .....	49
<i>Interviews with Administrators of NGO2</i> .....	50
<i>Interviews with Donors and Partners of NGO2</i> .....	53
<b>Chapter V: New Legal Changes in Egypt</b> .....	<b>55</b>
Interview with the NGOs Law Supporters: .....	58
Interviews with those Opposing the New Law .....	59
<b>Chapter VI: Discussion</b> .....	<b>62</b>
The Financial Challenges Encountering NGOs .....	62
Perceptions about the Impact of the Legal Framework on NGOs Capabilities to achieve their Mission .....	62
Internal Weaknesses of the Sector .....	63
The Strategies well Established NGOs Apply to Ensure their Financial Survival.....	63
Governmental Support and the Expected Role of the State .....	67
<b>Chapter VII: Recommendations</b> .....	<b>69</b>
Recommendations to NGOs.....	69
Strong, Healthy Sustainable Foundation.....	69
Effective Operations Management .....	70
Diversifying Sources of Funding through Developing Outreach and Networking Capabilities.....	71
Recommendations to other influential Stakeholders.....	71
<i>Recommendations to the Government</i> .....	72
<i>Recommendations to the Egyptian NGOs Sponsors and Supporters</i> .....	73
<b>References</b> .....	<b>76</b>

## List of Acronyms

CSOs	Civil Society Organizations
INGO	International Non-Government Organization
ENGO	Egyptian Non-Government Organization
MOSS	Ministry of the Social Solidarity
NGOs	Non-Governmental Organizations
NPO	Not for Profit Organizations
UNDP	United Nations for Development Projects
USAID	United States Agency for International Development

## ***Chapter I: Introduction***

### ***Introduction***

Over the past two decades, Egyptian Non-Governmental Organizations (ENGOS) have played a significant role in the areas of socioeconomic and political development (Abdurrahman, 2004). The growth and expansion of this sector are due to the increasing number of NGOs, their diversified activities, as well as the increasing funds channeled to these associations, through both bilateral and multilateral donors (ibid). The number of registered NGOs increased from 16600 in 2000 to 46700 in 2015 (Knadil, 2015) (El-Helw, 2014). Despite this considerable number, we still can't see real development in the levels of existing poverty. We can see deterioration in the services provided, and all other social and financial problems Egyptians are facing as not all these associations are well established active ones (El-Helw, 2014).

ENGOS face many challenges that decrease their capabilities for efficient operations, and thus, creating the public values; for which they exist. These problems include limited funding availability, restrictions on funding, the lengthy, complicated procedures of registrations, as well as the government oversight and legal constraints (McGann, 2008). However, centralized management and weak governance within these associations, the mismanagement of financial resources as well as the lack of experienced, qualified personnel are other inherent challenges encountered by NGOs in addition to the external ones (Henein,2016). Difficulties and problems on both inner and outer axes form obstacles hindering these non-governmental organizations from performing their roles in the development of their communities and creating the public value for

which they exist. On the other hand, Egypt is also facing unprecedented social and economic challenges that hamper its path to growth and development. The macroeconomic imbalances, the drop in tourism, foreign exchange crisis, the high poverty rates, as well as the deterioration of health and education conditions are examples of this (Devarajan et al., 2016).

Like any other developing country, the Egyptian government cannot face all challenges by itself; it always needs to work side by side with individuals or non-governmental organizations to be able to fill the gap between the citizens' needs and what the government can achieve by itself (El Akkad, 2016).

## ***Purpose & Contributions of the research***

The purpose of this research is two-fold, namely to identify the financial challenges these associations encounter, and to explore the strategies adopted by well-established organizations, for their operations and success within the existing challenging conditions.

The research seeks to extend the author and the reader's knowledge of the significance of NGOs in the community, the social change as a function of NGOs, how the work of NGOs can actually change people's lives and how their efforts can yield actual development. Parallel to exploring the problems encountering these associations and provides tools and techniques the two exemplary associations adopt, the research will introduce attempts of big NGOs to achieve sustainability. Although not all these techniques can be followed by other NGOs due to the small scales or the nature of the services they yield, but at least some of these tools can be applied.

The research will conclude by providing a set of recommendations for other NGOs to select strategies and techniques to apply to ensure developing and building the organization ensuring its financial sustainability to function and perform better. Other sets of recommendations will be made also to other stakeholders who contribute to the NGOs sector, such as CSRs contributing to social development, other NGOs seeking partnership. A set of recommendations is provided to the state, which is one of the most influential among other stakeholders. An enabling government is crucial to for the survival of these associations. The development and sustainability of this sector will enhance the services it provides and this is in the interest of the citizens who benefit from the services provided by NGOs.

The following pages of this research will focus on an overview of the NGOs sector in Egypt, showing its origins, evolution, and its contributions to the Egyptian community from a historical perspective. Followed, by a summary of the financial and legal challenges faced, closing with different tools used by the associations, presented in the case study, to overcome and deal with the current problems.

### ***Research Questions***

In the light of the adverse effect of the Egyptian economy's decline on the ENGOs and small entrepreneurs in the civil society and within the current regulatory framework what are the strategies of ENGOs to secure their financial sustainability and continue to operate?

### ***Investigative Questions***

1. What are the external challenges that encounter this sector?
2. What are the internal weaknesses of the sector?
3. What strategies can these associations apply to ensure their survival?
4. Does the Egyptian government support these associations? What is the expected role of the government?
5. What are the features and characteristics of an optimal enabling environment for these NGOs to perform their functions?

## ***Background***

### ***Overview of NGOs Sector Globally***

Globally, NGOs constitute a third or middle sector that promotes the development of unprivileged and needy in different populations. They work not only as the supporter of the poor people but also a part of the local base among trade unions, charities, people associations and other forms of civil society organizations (CSOs) (Lewis, 2009).

NGOs rely on funds obtained from several sources such as individuals, private foundations, international foundations, corporations and other governments as well (Lewis, 2009).

Conventional sources of funding consist of multilateral organizations such as; the United Nations, the World Bank and many other agencies established by developed countries (Fundsforngos 2009).

The reason behind this is to reduce the gap between developed and developing nations (ibid).

Private donors and charities are another source of funding for NGOs and also a source of technical assistance as well (ibid).

The growing needs for the services provided by NGOs resulted in the phenomenal growth and expansion (Makoba, 2002). International donors are challenging the growth of aid donated to support global development (ibid); especially in less developed countries. A range of donors helped them, especially in the developing world, where there is a lot to be done to refine growth and development, and to boost the poor and unprivileged living conditions (Gibbs, Fumo, & Kuby, 1999).

NGOs, a component of the third sector organizations' family, contribute to fields such as health, environment, disaster relief and human rights (Lewis, 2014). These associations' agendas associate with development, whether political, social or economic (ibid). NGOs are private, not for profit

(NPO), self-governed organizations, which are concerned with the improvement of the less advantaged community's life conditions (ibid). The World Bank defines NGOs as "private organizations that pursue programs and activities that undertake community development, by relieving suffering, protecting the environment supporting the poor and the needy and providing essential social services (MALENA C., 1995). NGOs public values classified them, as operational or functional NGOs are concerned with community developments; whereas advocacy NGOs are set up to support causes (ibid).

### ***NGOs Sector in the Egyptian Context***

A glance at the Egyptian context indicates that the economy has been affected by the Egyptian political current events it faces, besides an unprecedented collapse. A report disseminated by the World Bank reported a 7 % lower expansion of the Egyptian economy for fiscal year 2015/2016 than forecasted; the report stated that this is due to the reduction of the foreign currency inflows and the diminishing of the tourism sector. Another reason according to the World Bank report is the drop of Foreign Direct Investment (FDI) to Egypt (CAPMAS, 2015), the prices of local goods and commodities rose considerably, and the announced inflation rates increased to 9.7 % in October and 11.10 % in November 2015 (Masriya, 2016).

### ***Historical Evolution of Egyptian NGOs Sector***

The existence of CSOs in Egypt can be traced back to 1821. The Hellenic Philanthropic Association in Alexandria was established to primarily serve the Greek expatriate community; and since then the sector continued to grow (Tsuchiya, 2013).

Kandil et al. 1998 described the NGOs sector in Egypt that has grown since the mid-1970s' and has become visible since the 1980s' to respond to the community needs that the government has not been able to accommodate to (Kandil Anheier & Salamon, 1998). The study focused on the factors that highlighted the potential significance of these associations; such as population increase, as well as, government failure to satisfy the people's fundamental need (ibid).

The government policies have changed from the laissez-faire towards a higher control policy over these associations. This affected the development of this sector (ibid). The author, Kandil, noted as well, the scarcity of comprehensive studies in this area.

According to Kandil, Religion exerted a significant influence on the sector; the Islamic & Coptic charity organizations represented a great sense of support and collaboration between Muslims and Copts before the religious extremism (ibid). During the 1920's the Muslim Brotherhood Association & the Defense Church Organization flourished and played a significant community role (ibid). The study moved to the period after the 25th January Revolution, and even the current era to chronologically illustrate the growth of this sector and community role, and highlighted as well upon the legal aspects and the recurring tension and confrontation between NGOs and the government (ibid).

After the decline of Mubarak's regime, an interim cabinet took over the responsibility of managing the chaotic economy; nevertheless, the economy's recovery has not been planned (Tsuchiya, 2013). The decrease in foreign direct investment (FDI) inflows, due to political uncertainty, and the deterioration of the tourism sector resulted in more economic stagnation. The growing external

debt has continued to inflate, adding a significant burden on the collapsed economy (ibid). The NGOs sector has been negatively affected accordingly.

Besides the economic implications, the ENGOs currently operate under the law 84 for the year 2002 (El-Ebrashi, 2012). This law was meant to enact more governmental controls and restrictions on NGOs; as a result, this hampered these associations from giving more support and serve communities (ibid).

The last few decades have witnessed the growth and expansion of the NGOs sector in Egypt, in their numbers and diversification of activities; the growing conflicts and confrontation with the Government might be an indication of the ever increasing significance of the sector, especially the associations working in the advocacy, governance, democracy and human rights fields (Abdelrahman, 2004).

### ***A Current Profile and Overview of the NGO Sector in Egypt***

Non-governmental organizations and other associations such as trade and professional unions, commercial, cooperative and industrial partnerships, civic and companies, perform under Law No. 84 of 2002 for non-governmental organizations and (CSOs) (Self-sustainability of (CSOs) in 2013 for the Middle East and North Africa, 2013). The NGOs law mandates that these agencies be subject to the financial and administrative supervision of (MOSS) (ibid).

The John Hopkins University research by Amani Kandil, 1993, aimed to define the NGOs sector in Egypt, to understand their scope. This study introduced six different types of NGOs;

associations and private foundations, professional groups, business groups, foreign foundations, advocacy organizations, and Islamic Wakf and Christian charities.

The research in a later section, analyzed the conditions and characteristics surrounding the civil society, affecting its development, shaping and besides, showing the ability to deal with societal problems (ibid). The authors pointed out the state distrust to (CSOs), especially after the 1952 revolution, and then the Sadat era marked by an open door policy for associations operating under the law 32, enacted in 1964 (ibid).

The demographic changes, population explosion, increased levels of urbanization and other social and economic problems beyond the government capabilities have placed more social responsibilities on these associations (ibid). The religious movements marked the sector; due to the creation of NGOs with Islamic and Christian entities; Islamic NGOs supported by Muslims brotherhood, and Muslim youth movements, whereas the Christian and Coptic one supported from western missions, extended their services to critical fields such as health and education (ibid). The few years following the 2011 revolution, have witnessed an expansion of the charitable activities undertaken by Islamic NGOs, besides their increasing engagement in the political debate (Rabha Allam, 2012).

A more contemporary analysis for the NGOs sector exists in the “Fourteenth Arab (CSOs) annual report: transformations in the map of Arab NGOs “2000-2015” by (Amani Kandil 2015).

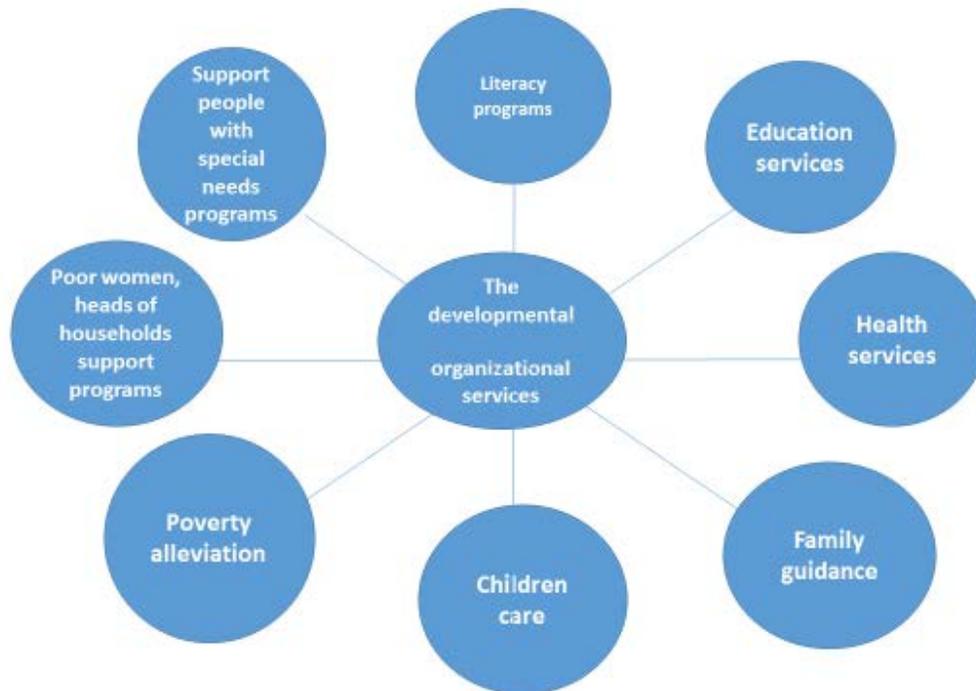
The report includes many of the observations that comprehensively describe the features of this sector in recent years and the current status, and it is considered a map of the civil society in the most recent years.

The report analyzes the NGOs sector and compares the situation of the sector and its development from the year 2000 through 2015. According to the report, the development of academic research, the building of databases, and the new approaches in the methodology of investigation have changed the sector's mapping. The report also focuses on the partnership between the state and the private business on one side and the third sector on the other hand. Currently, the number of these associations has exceeded 45000, and the ENGOs sector is considered to be one of the influential and most vibrant areas in the developing countries (Ministry of International Cooperation, 2016).

NGOs offer a diversified range of public services that the government fails to fulfill, including, but not limited to community servicing, rights' protection, poverty combating, advocacy and capacity building (Ghoneim N. A. May 2012). Moreover, although, the NGO sector in Egypt exists to provide the citizens with essential public services that the government did not succeed to provide; the state fails to support and encourage the sector to flourish, the law 32 is detrimental to the development of the nonprofit sector (ibid). Another phase of the

Political failure to support NGOs is the absence of the Ministry of Social Solidarity's role (MOSS) in overseeing and supporting the requirements of the NGOs sector in terms of funding, facilities and expertise (ibid).

Fig. 1 illustrates the various social services NGOs undertake for community development



Source: based on (Kandil, 2015)

The efforts of NGOs in Egypt are focused on mobilizing the efforts of individuals and associations to bring about development in society for the benefit of these persons and groups, solving their problems and contributing to supporting the state efforts to meet the humanitarian, social and economic needs of society.

## *Problem Statement*

According to the information presented in the background section, Egypt has witnessed a growth and expansion of the NGOs sector. Nevertheless, the sector is facing obstacles that hamper its performance. Even the well-established NGOs encounter these challenges, most significantly, the lack of funding and the controlling legal environment. Whereas the small and micro-NGOs face these challenges in addition to their internal weaknesses and funds mismanagement. The absent role of the state alongside the lengthy bureaucratic procedures adds to the burden placed on these associations.

Civil society entities and NGO's have always played a major role in Egypt socio-economic and political transition at this critical stage. During the past few decades, Egyptian NGOs and civil society associations have held an important role in assessing and addressing political and socio-economic issues, such as human rights, women rights, education development, economic development, governance and democratization, health care, environment, poverty reduction and others. The pace and extent of the required political transition that will lead to economic growth will very much depend on NGO's and civil society associations.

Due to the financial crisis after the January 25<sup>th</sup>, Revolution, the Egyptian economy, particularly foreign investment, construction, tourism, Egyptian stock exchange, Suez Canal income and other sectors, has been inevitably affected; this resulted in dramatically increasing unemployment rates, unprecedented increasing rates of inflation in addition to various crises. The current regime and government have been facing lot of challenges due to strikes, disturbances and instability that add burden to the government. The direction of the country's

political that is supposed to ensure and sustain the economic stability and growth is still unclear and subsequently the real economic growth prospects are particularly vague and unexpected.

Egyptian NGO's and civil society associations are among the greatly affected sectors as their sources of funds have been obviously declining due to political instability in addition to security crackdown during 2012, donors to NGO's are donating less funds waiting to see what will happen in the future and thus many NGO's have been forced to shut down.

The report of the Central Agency for Mobilization and Statistics as in Egypt as of 2016 pointed out that the proportion of the poor in the country increased from 25.2% in 2011 to 26.3% in 2013, and continued to rise to 27.8% in 2015 (ibid). The Egyptian state began to implement austerity policies, by cutting petrol subsidies in July 2014, raising electricity and water prices, and introducing the Value Added Tax Law (ibid). These measurements from the stateside coincided with the devaluation of the Egyptian currency against the US Dollar, accompanied by an unprecedented deficit in the Egyptian trade balance by tens of billion (ibid).

This study reviews the challenges and constraints that hinder the NGO sector in Egypt; and concludes some tools and strategies followed by the significant associations to ensure their financial sustainability and enable them to continue serving the Egyptian society.

## ***Chapter II: Literature Review & Conceptual Framework***

This research focuses on the sustainability of ENGOs in the light of fundraising challenges and the dominant legal framework within which these associations operate. This literature review will extend the researcher's knowledge to explore and understand the background and environment in which these organizations operate.

ENGOs work on education, health, environment, microcredit, microfinance, human rights, women's empowerment, advocacy, democracy and social justice. These are among many other fields where NGOs perform. This research will focus on those organizations that work in the area of community development and poverty alleviation.

The following section will explore the previous literature as follows:

1. NGOs definition
2. NGOs as service providers
3. The challenges encountered by these associations:
  - a. External challenges
  - b. Internal challenges
4. Financial sustainability

### ***NGOs Definition***

(David Lewis 2009) Defined NGOs as the third sector, on several axes according to the role they assume on the landscapes in different areas of public action (ibid). The research differentiates between two interrelated types of NGOs regarding the delivery of services to unprivileged

communities, and as social transformers (ibid). The study reviewed the overlapping labels of the term NGO to refer to NPO, voluntary, CSO (ibid).

The author, (David Lewis 2009), then defined NGOs according to the roles they undertake; as implementers, mobilizing available sources of funds to accommodate the needy requirements, as contractors by governments, as donors to carry one particular task, and as partners with governments, donors and private sector to promote the community development process (ibid).

The author classified NGOs by their level of affluence, staff's professionalism and qualifications, their approaches to people needs, and empowerment. Other studies suggest that the term "NGO" is also used to define an entity that works beyond the realm of the public sector and private sector; it is referred to as the third or nonprofit sector. A typological classification of NGOs has two dimensions; their beneficiaries and their programs and activities (ibid).

Hudson and Bielefeld define NGOs more technically; as serving a public purpose, not allowed to distribute profits and function or terminate upon board members decision (Popowska & Lunski, 2014).

NGOs are also defined, referring to their social purpose and the public value or interest they serve (Teegen, Doh, & Vachani, 2004), socio-economic or political goals. Human rights protections are examples of societal benefits these associations focus on (ibid). As far as the previous literature review is concerned, there is an apparent lack of consensus on a standard definition for NGOs.

### ***NGOs as Service Providers***

The United Nations Institute report for social development issued in 2002 analyzes the role of non-governmental organizations as first services providers recommended that a review of the

relationship with the state in the context of partnership as the state legislation impact NGOs capabilities and performance (Clayton, Oakley, & Taylor, 2000)

The study discusses a series of critical issues regarding the NGOs performance and accountability, particularly in the eyes of international donors, and the impact of governmental decentralization over non-governmental organizations in several developing countries based in Africa, Asia, and Latin America.

The study emphasizes the outreach capabilities of NGOs to reach the unprivileged communities, and to operate more cost effective than the state; nevertheless, due to the small scales on which they operate they have very limited coverage (ibid). The quality and sustainability of services provided by these services dramatically fall as a result of funding cuts (ibid).

Researchers recommend that NGOs should be enabled to take broader parts in social-economic development and affect policy making (ibid). From their side, NGOs should address their internal weaknesses, such as the employment of new staff that is the leading cause of poor technical efficiency (ibid).

In the Egyptian context, the paper pointed out the distrust and control exercise over these associations (Kandil, 1998). Nevertheless, due to socio-economic problems and cutbacks in government depending on service provision, CSOs have stepped in to play a bigger part in service delivery (ibid).

Another vision of the different roles of NGOs is the distinction of two roles or two models; the charity model of NGO versus the right based model (Ngo Funds India, 2014). *The charity model* involves providing immediate relief to the needy with their human needs; whereas *the right based model* is meant to build the capacity of the local community members and empower them to stand

up for their rights (ibid). The second example is directed to keep track of the system's weaknesses and discrepancy in addition to development undertaken by the government

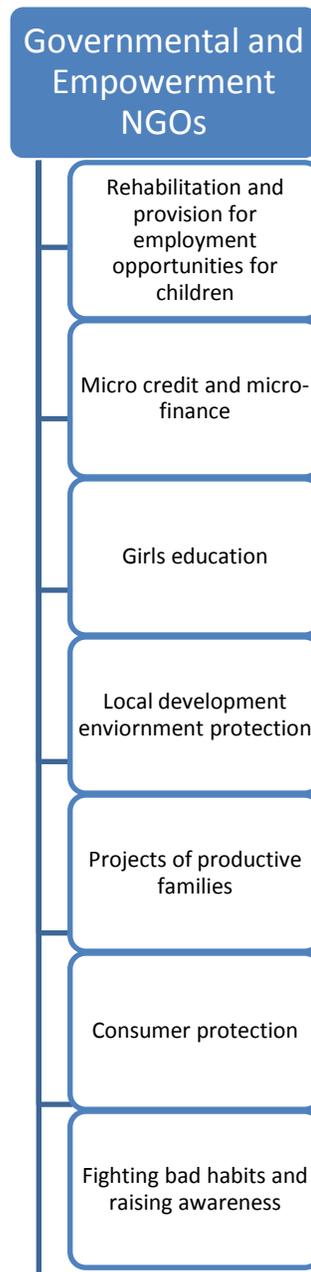
A global policy study supports the fact that NGOs are not merely service providers; they might have other roles and inclinations; although NGOs by definition are fiercely independent of the state, some NGOs are government creatures (Paul, 2000). According to the study, some political experts refer to NGOs as "pressure groups" or "lobby groups" to describe their considerable influence and significant legitimacy over the community (ibid). The recent years witnessed the promotion of new environmental agreements, women empowerment, an improvement in the rights of children and people, with disabilities, due to the efforts exerted by international NGOs and their power over decision-making (ibid).

Banks & Hulme, (2012) elaborates a framework for discussing the role of NGOs. Nowadays, there is a new interest in NGOs as international policy performers, in the field of human rights (ibid). The study emphasizes the role of non-governmental organizations in advocacy and human rights and their relationship with the government; the state tends to view NGOs with mistrust and opposition, especially when they openly challenge the state.

NGOs good governance agenda should include the language of democracy, human rights, and public participation. The study claims that NGOs formulate their strategies and programs to meet donors' priorities and interests (ibid). International donors achieve their goals through their spending and providing NGOs with support to align their objectives and priorities with these sponsors (ibid). Due to their high dependency on donors, donating countries dictate NGOs behaviors and activities (Durand, 2012). With such diversity in the real role of NGOs, generalizations can be difficult.

Like any NGOs sector, the Egyptian NGOs sector work in various societal fields; charity, advocacy and development; some associations have hidden agendas and serve the donors interests whereas others work merely in community development. This research focuses on the associations working in serving and developing Egyptian communities.

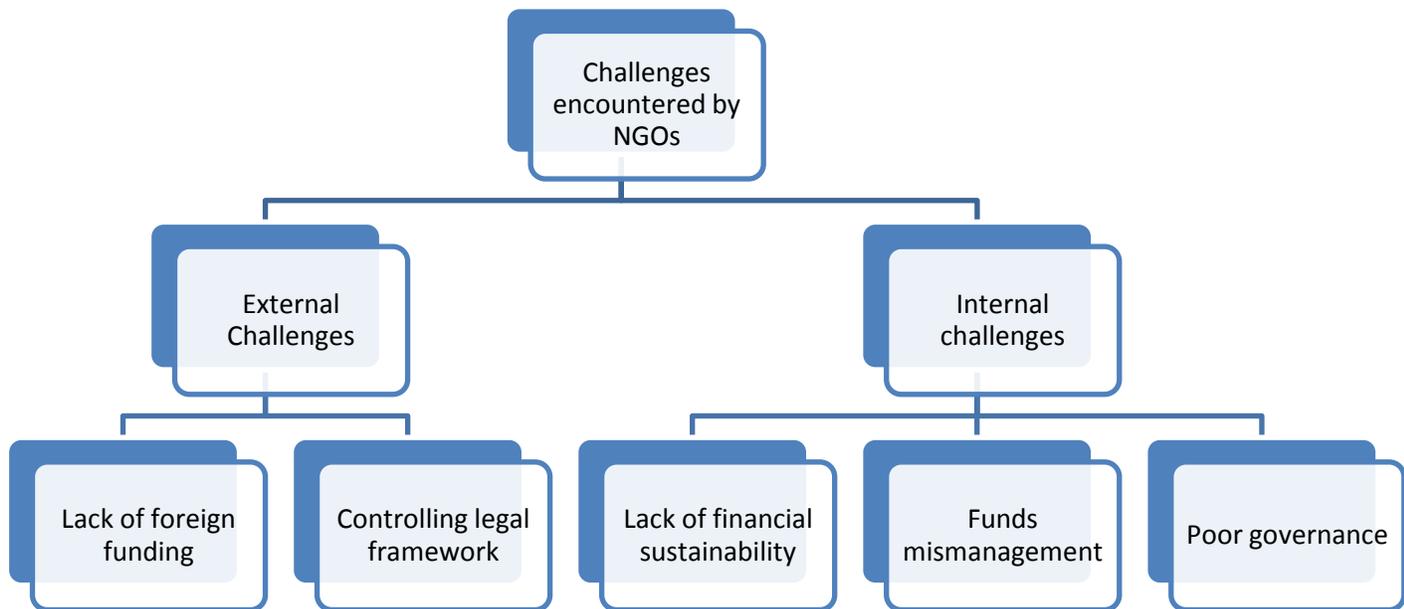
Fig. 2 illustrates the various fields supported by Egyptian NGOs.



Source: based on (Amani Kandil 2015)

Egyptian NGOs not only provide basic needs but also work on increasing awareness, develop capacities and knowledge to mobilize resources, help the poor and unemployed to access jobs, enhance incomes and economic situations through microfinance.

Fig. 2 illustrates the various challenges faced by NGOs in development and empowerment.



Source: compiled by the author based on (Abdelrahman, M. M. 2004), (El-Ebrashi, R. 2012) & (Elagati, M. 2013).

As far as the author of this research is concerned, the Egyptian NGOs sector encounters sets of challenges that hamper this sector from performing smoothly and creating the public value for

which it exists. These challenges are classified as external and internal ones. Based on the information compiled during the data collection in this research, the main external challenges lie in the scarcity of funds and the controlling legal environment. Nevertheless, internal problems are coming from the weaknesses within the associations themselves; lack of funds and mismanagement of the available resources, the absence of volunteerism, poor governance and unqualified staff and management are some of these internal constraints to name a few.

## ***Challenges Facing the Egyptian NGOs***

### ***External Challenges***

#### ***The Lack of Funding and Unstable Financial Sustainability:***

According to (Hopkins-Russell-and-Swilling-2002) NGOs find difficulty in securing funds, and in complying with donors' requirements. Financial and organizational sustainability are among their biggest challenges (ibid).

The United States Agency for International Development (USAID) published a document on 2012 reporting the status of self-sustainability of (CSOs) for the Middle East and North Africa MENA. The report sheds light on both, the expansions, and impediments in the sustainability of the CSO sector. According to this document, ENGOs ultimately rely on funding from foreign donors or charitable associations and individuals (Self-sustainability of (CSOs) for the Middle East and North Africa, 2012). In 2013, the third sector witnessed a decline in foreign funding for (CSOs), with the expansion of the state to campaign against (CSOs) with external financing (ibid).

Local financial support is still provided by individuals and groups in Egypt, in the form of materials during specific periods of religious holidays or for other usual specific reasons (ibid). Another

form of local funding is obtained from CSRs or financial institutions to support development projects implemented by NGOs (ibid).

To summarize the situation, the foreign funding is contracted by the law and the state intervention, whereas the local financial aid from local resources is vulnerable to economic conditions and collapses.

Research examining the NGO-donor relationship describes it as a subtle one (Gawish, 2016). The study presents the reliance on foreign funding as a tool through which, donors shape the national policies of the receiving countries; as they are the upper hand in setting priorities and directing the donated assistance (ibid). Donor agencies introduce aid programs and activities that serve their interests; and thus, development is crippled by donors who supposedly work to alleviate it (ibid). Besides, many NGOs mismanage their limited resources, due to the lack of accountability and transparency, or the knowledge to diversify their resources (ibid). The lack of enthusiasm for the business owners and social responsibility and the weakness of the donations by citizens associations prevent NGOs to finance their activities or expansion (ibid).

To summarize, the real dilemma of ENGOs, is their reliance on foreign funding from donors, with other priorities and interests. NGOs subsequently adjust their operations to match the priorities of the donors, rather than the needs of the communities to be supported. Several NGOs headed to foreign funding to compensate for the lack of national funding. On the other hand, the state puts pressure on these associations and prohibits receiving funds from certain donors. Additionally, the inefficient management of resources within the organizations themselves adds more complications to the situation.

## ***Foreign Funding within the Current Legal Framework***

An article by Alagati on 2013, tackled foreign funding after the 25<sup>th</sup> January revolution; by investigating the current context and perceptions towards the incoming funding to NGOs from foreign donors. The study also proposed some strategies, tools, and measurements to be taken by all stakeholders, (state, donors, and NGOs officials) to constructively contribute to this turmoil sector (Elagati, 2013).

The current law 84 for the year 2002, planned to be superseded by an even more restrictive law, one that formally allows NGOs to receive foreign funds; nevertheless, with some loopholes that enable the government to control NGOs entirely; the state extends its power to their funding sources (ibid). Among these gaps, is the Inevitability of obtaining the (MOSS)'s authorization to accept funds; while absence or delays in the authorized official's reply, leave the NGOs unsettled (ibid).

The draft of the new law for NGOs and (CSOs), issued by the Egyptian parliament on November 2016, will add to the hostility of the associations' surrounding legal environment. An article by Dr. Ziad Bahaa Eldin criticized the proposed new law as its terms and conditions ignored the negative social and economic consequences of the increasing controls and pressure of NGOs (Bahaa Eldin, 2016).

The law, upon approval, increases the sufferings of the unprivileged communities benefiting from NGOs services and support by hampering these associations (ibid). Establishing higher councils intervening in (MOSS) jurisdiction and applying tight legal and administrative restrictions will

deprive the needy people of NGOs services and put more pressure on the citizens (ibid). According to the author, the motive behind this law proposal is the apprehension from any local societal activity (ibid).

This study reviews the challenges, and difficulties encountered by these associations while they fight to receive funds. Among these challenges is the separation of NGOs from international organizations and agencies working in the field of community development (ibid). The author has also pointed out the lack of transparency regarding the sources of funds received to support political parties and elections runners, and the usage of these funds as political tools to influence the general opinion (ibid). Most of the (CSOs) are charitable ones; among 29000 organizations in 2010, only 60 associations work in the fields of advocacy and human rights (ibid).

Upon the 2012 crackdown on NGOs, most of these advocacy and democracy NGOs have been closed, due to the withdrawal of funds, and as many of the international donors supporting them have frozen their political activities in Egypt (ibid).

Based on a study published by the global policy forum, even the most democratic government's subject NGOs to some control; registration procedures and financial oversight are examples of the imposed controls (Paul, 2000). Many governments and even international organizations at times, see NGOs a nuisance threatening their interests; in subsequence, these government considers firm laws as protective tools (ibid).

Another important debate in the literature of NGOs law is about how ENGOs are granted a wide range of privileges and exemptions according to the Egyptian law 84 for 2002 (Henein, 2016). The law exempts ENGOs from registration fees, customs duties on imported commodities and gifts and donations received from abroad (ibid). The law exempted NGOs from all real states' taxes and

granted a 25% reduction in the costs of shipping for imported goods and 50% decrease in the expenses of the association's water and electrical consumption (ibid).

NGOs are allowed to organize exhibitions, conferences, workshops and be involved in other legal activities; and to work in any field; however, politics, advocacy, and human rights are obliged to obtain special permissions (ibid).

A different approach is a social framework that puts pressure on NGOs (Akkad, 2016); due to the inherited philanthropy culture and defeatist Methodology. Egyptians used to act as receivers rather than producers (ibid). The needy people tend to receive donations, rather than build and develop their capacities to be doers. El Akkad, N. (2016).

Despite the Egyptian rigid legal framework, represented in the lengthy, complicated procedures and the regulatory environment that hinders the ENGOs performance capabilities, many researchers argue that these are protective measures, for the sake of national security and the interest of the state.

The literature review also concludes that the social and cultural framework, alongside the political and legal factors, shape the environment, where NGOs operate, and as far as the author is concerned, these associations must be aware of the interactions of this framework, to understand their surrounding environment.

### ***Internal Challenges***

#### ***Weaknesses within NGOs***

Numerous problems and weaknesses exist within these organizations preventing them from performing their mission at the best level possible and from assuming an active role in their

communities. A recent study by (Attalla 2015) suggested that many NGOs suffer from poor governance, institutional structure weaknesses and a lack of understanding of the notions of partnership and the skills of networking with the state, international donors, and organizations working in the field of development (Atallah, 2015).

The absence of the culture of volunteerism, little awareness of the importance of community service, and the insufficiency of well-trained volunteers and motivational policies are other examples of weaknesses inside the third sector (ibid).

The limited role and contributions of volunteerism might be due to lack of democracy and the restrictions on local participation and engagement in community development programs (Akkad, 2016). The tendency of the poor and unprivileged Egyptian segments to obey the state has an implication on the absence of significant volunteerism contribution (ibid).

Another researcher :(Henein 2016) argues that the lack of sustainable funding and the restrictive legal framework are not the only reasons NGOs are not functioning well, NGOs lack of qualified human resources able to accommodate organizations missions might be behind their failure to perform (Henein 2016). The lack of strategic financial planning and budgeting, along with a heavy dependency on grants and donations, results in uncertain economic status of NGOs (ibid). The centralization of management and the weakness of governance are real defects inside NGOs; the top-down structure creates gaps between the staff and their administration (ibid). Many NGOs are neither credible nor socially trustworthy. Subsequently, they are not eligible to attract foreign donors (ibid). The stagnant unchangeable managerial structure is another weakness inside NGOs; as the Board members may remain unchanged for a period exceeding ten years, without electing new members (Attalla2015). The absence of a roadmap, the lack of a clear vision, and the lack of

short and medium-term planning for investment in development are among the internal weaknesses of ENGOs. Many organizations expend funds on monthly and seasonal donations to the poor rather than development (ibid). Most of the researchers, tackling the Egyptian non-profit sector emphasized the high fragmentation, and the lack of strategic planning in most NGOs (Ghoneim, 2012). The researcher argues that NGOs ignore the basics of strategic planning, which is due to the lack of enough funds to apply formal strategic planning procedures (ibid). Internal weaknesses within these association lead to funds mismanagement and in subsequence negatively affects their financial sustainability.

### ***Financial Sustainability: The Conceptual Framework***

The general definition of an organization's financial viability is its ability to continue to perform and to provide its clients with services or products to achieve its vision and mission and generate profits (Jean-François, E. 2014).

NGOs generate their income from sources other than selling goods or proving services; they rely on sources of funding coming from gifts, grants donations and endowments (Bowman, 2011). These resources should be enough for the organization to seize opportunities, respond to threats and avoid economic risks (ibid). For an NGO to remain financially sustainable, it should be capable of relying on earned income, instead of donations; and thus, achieve self-sustainability independently (ibid).

A glance at the ENGOs capability to achieve financial sustainability, an annual report generated by the USAID, suggested in its 2013 edition, that the global viability and financial soundness of the (CSOs) in Egypt have dramatically deteriorated. On the other hand, the report acknowledged

that this period is witnessing an important addition to the increasing interference in the affairs of non-governmental organizations under the law (ibid).

Due to extensive programs and activities, some organization, such as The Coptic Evangelical, Misr El Kheir, Foundation, Ressala and The Orman associations receive substantial funding, exceeding billions of Egyptian pounds, yearly (ibid). Small and micro-associations working in rural areas are unable to attract money and often close their activities or organizations (ibid).

As far as the author of this study is concerned, NGOs manage taxpayers' and donors' funds and should thus, have the ability to take the responsibility of adequate funds management.

After the careful review of the previous researches and studies, the author of this research has made several observations that will support this research, by expanding the knowledge of the researcher for a deeper understanding of the civil society's dynamics in Egypt, more precisely:

- The emergence of associations in Egypt, their stages of development and their role, as a sector in supporting unprivileged categories.
- Their importance of the sector, not only in helping the needy and the poor; but also in its capabilities to impact decision-making.
- The many factors that hinder the performance of NGOs result from the internal weaknesses and the have-nots' governance inside these associations, in addition to the shortage of financial resources and the rigidity of the dominating legal framework.
- These associations are very responsive to the externalities in the community, where they operate, including policy changes, financial crises, regulatory mechanisms, international donors' approach and objective; as that could have either a positive or negative influence.

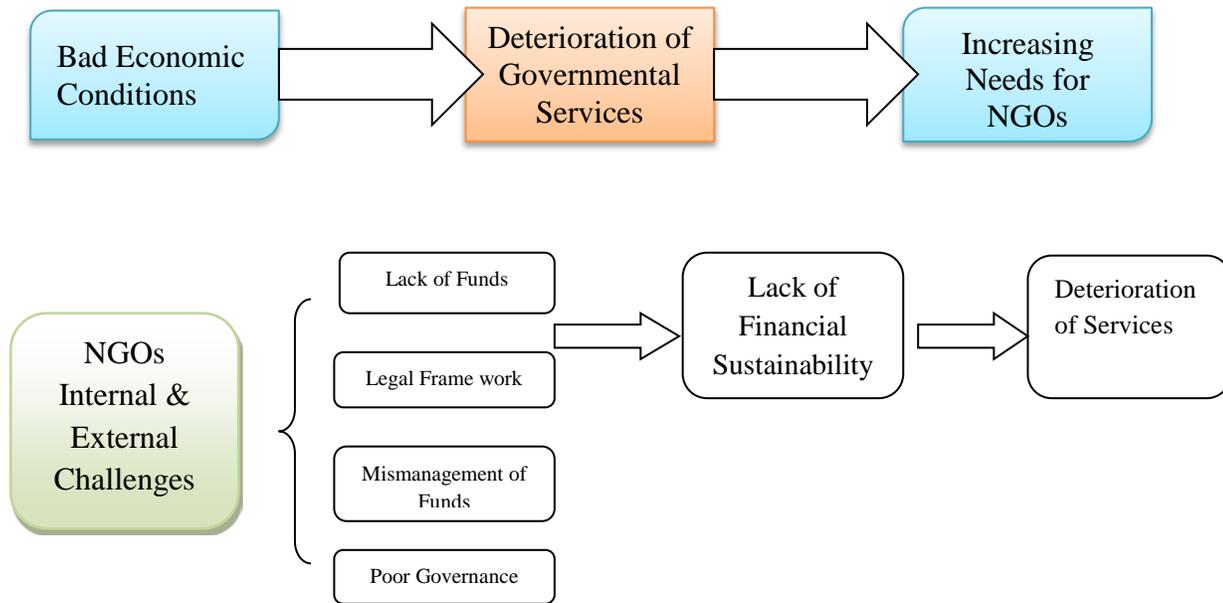
- Egyptian NGOs working in the fields of community development and service provision function on different types and scales; some perform as umbrella and experts NGOs, such as Nahdat el Mahroussa, Care Egypt and others; whereas other NGOs are very local ones on serve only their communities.
- NGOs, on different scales, overly dependent on foreign funding; which has been the primary reason for their unsustainability. Funding and donations, especially foreign sources' funding, are determined by certain dynamics that are beyond the control of the NGOs.

The data collected highlights a debate between researchers, who claim that NGOs are not able to perform and achieve their missions, due to their financial instability and the absence of governmental support, and other researchers, who see that NGOs internal weaknesses, lack of accountability and mismanagement of resources are the real obstacles. Some NGOs have weak outreach capacities and networking, and accordingly, they cannot approach local or international donors.

This study is designed to identify the external and internal challenges that encounter the ENGOs, and then provide recommendations for strategies to be applied to ensure the financial sustainability of these organizations. A case study, presenting two well-established NGOs will do this. In conclusion, the study will also be providing sets of recommendations to non-governmental organizations and the other stakeholders.

The analytical framework can be summarized as in the following chart.

Chart 1: Conceptual Framework



Source: Author's conceptualization based on (Abdelrahman, M. M. 2004), (El-Ebrashi, R. 2012) & (Elagati, M. 2013), (Hopkins-Russell-and-Swilling-2002)

## *Chapter III: Methodology*

To answer the question of the research; what Strategies Should Egyptian Non-Governmental Organizations Apply to Ensure Financial Sustainability? The author of the research chooses to execute the study in naturalistic settings and to apply a fundamentally interpretative approach by relying on a qualitative analysis approach (Marshall & Rossman, 2006).

To explore and understand the topic in its context, the researcher selected a case study approach to apply. Two associations are chosen to be subject to the research. These associations have their differences and similarities, yet both of them are serving the society in fields that directly affect the Egyptian civil society and the Egyptian family or household.

Both associations selected for the case study entail the following features:

- Well established.
- Have a diversified portfolio of donors and sponsors.
- Have lots of programs that are mainly concerned with community's development
- Adapt the assembly to volunteer work.
- Have no political or religious inclination

The first association operates in the fields of capacity building, job creation and employment and other similar activities; whereas the second organization touches on the very basic needs, such as food, clothing, and similar basic needs.

This research intends to explore the consequences of the recent events on both organizations, concerning fund scarcity, and their reactive strategies to secure their financial sustainability in the future, all within a controlling regulatory, legal environment, encompassing all other ENGOs.

The research explores several specific research questions related to the main research's general issue, to investigate the effects of current events on the two associations if any, and their strategies to attract funds and to ensure their financial sustainability.

A qualitative research method will be used, in the form of 12 semi-structured interviews conducted with different stakeholders to obtain comprehensive answers to both the central and detailed questions of the research

- The administrators of the exemplary NGOs have been interviewed for a better understanding of their operations and strategies to remain sustainable.
- A number of the two NGOs beneficiaries have been interviewed to assess their viability, as service providers.
- Donors who support the two associations have been interviewed to extend the researcher knowledge about their NGOs selection policies.
- An interview with one of the supporters of the NGOs law and one of the opponents was carried out, to reflect the different perspectives.

The set of interview questions directed to interviewees were designed according to their role and their position. While the researcher was collecting most of the data during interviews, other sources of primary and secondary data were used in constructing the case studies, such as:

- Scholarly articles and academic books and journals,
- International organizations reports from international NGOs and donors,
- Egyptian articles, books and periodical reports,
- Data obtained from (CAPMAS)

## *The Limitations*

The researcher of this study encountered some hardships in collecting data;

- As this study employs qualitative data collection methods, findings and results cannot be generalized beyond the specified research context.
- Recommendations of the research cannot apply to micro and grassroots associations due to their small scales, compared to the two organizations subject to the research case study.
- Although the case study enabled the researcher to understand and explore the phenomena in their real-life environment, the data collected via interviews cannot be examined or verified.
- The researcher was not able to access any updated statistics and data on an actual number of the active registered and active NGOs.
- The researcher found hardships in interviewing donors and beneficiaries:
  - a. Despite the high spirit of cooperation and enthusiasm of the associations' interviewed staff in responding to the research interviews questions, they were reluctant to provide direct contacts or arrange the meeting with donors.
  - b. While the association provided at least eight contacts of social entrepreneurs; only four of them agreed to be interviewed and respond very openly to the questions of the structured interview.
- Although this research methodology was designed to investigate the level of funding from donors and base its findings on quantitative data to support the qualitative ones,

the associations did not cooperate on furnishing the researcher with this data. No resources have been available to check and verify the level of funding received, budgeting and the operational costs to run the association. Subsequently, the research lacks statistical reliability.

- The proposed law was still pending approval or rejection. Consequently, the author of this research was not able to predict the chances for organizations to continue to perform in the light of the additional restrictions implied by the new law. The new law has been authorized by the data collection, and the relevant executive regulations are still pending authorization.

### *The Case Study and Interviews:*

The researcher selected two ENGOs as case studies. The choice of the case study as a method enables the close examination of data within its particular context, understanding the challenges and getting to know strategies to address them in real life environment. One point worth mentioning is that studying the challenges and strategies of only two associations will not enable the researcher to generalize conclusions or recommendations. Nevertheless, this tool continues to apply in social sciences where the researchers need to study topics at micro levels. (Zainal, 2007)

The principal source of collecting data is based on semi-structured interviews to ensure valuable insights. The choice of the two associations is purposive; as both are well-established ones that have been able to remain in operation, despite the severe economic conditions in Egypt.

The sets of the interview designed and directed according to the positions and roles of the interviewees:

Interview Questions addressed to the NGOs administrators:

- What are the main challenges encountering the association?
- What are the strategies applied to ensure the financial sustainability of the organization?
- What are the entities that support the NGO Association?
- Does the Egyptian government assist these associations? What is the expected role of the government?
- What are the other entities that can support these organizations?
- What are the features and characteristics of an optimal enabling environment for these NGOs to perform their functions?

Interview Questions addressed to the NGOs Donors:

- Why do organizations support this association?
- How do organizations aid this association?
- How can this support contribute to the financial sustainability of the organization?

Interview Questions addressed to the NGOs law supporters and opponents:

- How do experts see the legal framework?
- How does the legal environment affect the operations of the associations?
- What can we do to ensure that the organization functions in a healthy legal environment?

The interviewee's list of NGO1 Case Study:

1. NGO1 Executive Director
2. NGO1 the Programs and Partnerships Director
3. NGO1 Social Entrepreneurship Advisor
4. INGO Program Manager Cairo Office – NGO1 donor

5. Local NGO Senior Program Officer – Partnership agreement with NGO1

The interviewees' list of NGO2 Case Study:

1. NGO2 Managing Director
2. NGO2 Marketing Director
3. NGO2 Program Officer
4. NGO2 Board Member and supporter
5. Telecommunication Organization Senior Officer - NGO2 donor

Legal Framework experts list of interviewees:

1. A lawyer and community development senior program officer
2. A field of development expert

## ***Chapter IV: Case Studies***

### ***NGO1 Case Study***

#### ***Building a Niche without Grants***

The first association “NGO1” was established in 2003 by a group of youth, with the aim of supporting Egyptian young people in their initiatives towards communal development. The organization incubates social enterprises at their early stages. This initiative is among few ones worldwide and the first in Egypt and the region (ibid).

The UN report issued on 2010 described NGO1’s incubator of social enterprises as a pioneer experience and a model in reasonable efforts to support the innovative individual entrepreneurs, Egypt Human Development Report 2010 (UNDP, 2010)

NGO1 serves the Egyptian community via developmental programs, by incubating social start-ups through providing them with capacity building, technical support, IT & infrastructure support, outreach and networking support and other services (ibid). The association provides training to social entrepreneurs, to implement their social business ideas; this component, backed by expert mentors and trainers, conducts needs’ assessment and designs and delivers special plans for building capacity (ibid).

One of NGO1’s success stories of social marketing is “The Young Innovator's Awards” program launched in 2004 and supported for several years by the association; one of the projects that NGO1 is proud to support. Due to the lack of sustainable funding as the primary source of income, the program became a dilemma for its managing team, especially, when its main source of financing

was not accessible anymore. The team did not find alternative sources of financial support, and inevitably the program was closed down. (Tolba & Ads, 2011)

The mission of NGO1 is to help grow social enterprises 'startups, by and supporting them through their growth stage.

NGO1 has a diversified portfolio of donors, supporters and partners consisting of other (CSOs), such as: "Alashanek ya Balady" association, "Sawiris Foundation"; and INGOs, such as The Institute of International Education (IIE), and "Global Social Venture Competition (GSVP). Barclays, IBM, Price Water House, Procter, and Gamble are among the profit-making private sector entities. Cairo and Assiut Universities and the Supreme Council of Universities support and engage with NGO1 to bridge the education and employment gap.

### *Interviews with Administrators of NGO1*

After introducing the topic of the research, the Managing Director, who is one of the pioneers of the civil work and practitioners of developmental work in Egypt, agreed to personally sit for an interview, as well as provide contacts for further interviews with other administrators at the Association, supporters, and beneficiaries.

The association's officials and staff agreed on the main challenges, encountering NGO 1, as being the fundraising challenges and the controlling legal environment;

Throughout the past few years, the number of NGO1 donors is roughly the same; nevertheless the quality of donations is not the same: the funding level has decreased due to the shut-down of many businesses and the financial crisis and severe conditions that Egypt faces. To reply to questions in

regards to the fundraising issue and the legal conditions as their principal obstacles, The Managing Director stated that:

*“The months following the revolution witnessed enthusiasm and a lot of young people interested in volunteer work and many business people and public figures to carry out and assume their social responsibility toward community development”.*

Later in the direction of the country’s politics that is supposed to ensure and sustain the economic stability and growth was still unclear, and subsequently, the real economic growth prospects became particularly vague and unexpected.

Another challenge pertains to the controlling legal framework; obligated funds and contributions from USAID, the Embassy of Japan and other foreign donors have discontinued and funds have been unobligated due to the lengthiness of approvals’ processes. Many other donations are rejected, due to undisclosed security reasons; and according to the interviewee, security is an inaccessible black box; no one knows the reason why donations are accepted or rejected.

According to the Managing Director, the government Represented in the (MOSS) doesn’t support the association in lessening the procedures and expediting the bureaucratic processes to enable the organization to mobilize local and foreign financial resources to excel at its developmental efforts.

A second interview was conducted to identify the strategies adopted by NGO1 to remain sustainable, the Programs and Partnerships Director said that:

*“We have been able to sustain, due to the diversification of the donors and the adoption of income generating programs. The association charge sponsors with 10% overhead fees to cover its operations in running the business and 10% as management fees”.*

NGO1 does not perform as recipient of grants and donations. It acts instead as a service provider; and thus the donor is charged with administration fees or overhead percentage, which it uses to run the association operations and this ensures its sustainability. Moreover, due to the Association’s position and seriousness in the provision of services, many individuals, public figures, companies are committed to volunteering time and expertise to provide short- or long-term assistance, which significantly contributes to the association and to the community it serves, without putting any extra costs or financial burdens.

Also, NGO1 is a well-established organization, with no particular inclination to religious or political entities; moreover, they approach donors and attract them through writing well organized and promising proposals, entailing clear future visions that ensure an impact on the community. The Programs and Partnerships Director added

*“We are a cost reduction oriented concept entity, and we have a financial management system that is concerned with identifying and setting priorities in the light of the limited resources. Volunteer work also reduces the salaries and compensation costs”.*

She reported additionally that NGO1 does not approach the Media or Public figures to attract funds, but they approach other local and international NGOs and corporations and seek partnerships.

Another interview was conducted with the Social Entrepreneurship Advisor, who works directly with the incubated projects. Only projects having a feasible sustainability plan are eligible to apply to funding and support of this component. The interviewed advisor stated:

*“This Incubator component targets social entrepreneurs and startups, with the potential to innovate and create an influence that is sustainable, and serve underprivileged communities.”*

The incubation service the association offers includes capacity building, technical support, networking, Infrastructural Support. This type of support ensures the sustainability of the recipient's projects after the funding duration. Additionally, recipients must focus on local economic challenges and opportunities in offering solutions, to tackle them in a manner that contributes to their sustainability.

The association staff agreed that like all the ENGOs, NGO1 does not work within an enabling environment, to adequately and smoothly perform their functions. Although the association does not have agendas, religious or political inclinations, NGO1 suffers from the conditions in Egypt being very regulatory. The organization is very constrained by the terms of the NGO's law no 84; which targets to manipulate and dominate the operations of ENGO's and (CSOs). The approvals and authorizations are too complicated and lengthy, especially whenever receiving an award from foreign donors; even though the association does not work in the fields of governance, democracy

or human rights. It works only in the area of community development, and it still faces the same mandatory regulatory conditions and environment.

Another source of funding is donations, to support the ongoing work of staff, partners, and membership fees yearly renewed. A network of volunteer trainers, coaches, and consultants, provides free services to the associations; whereas the association collects subscription fees. An entire team is chasing donors and following up on calls for proposals to get funding and work on projects and initiatives related to their profile and work experience.

### *Interviews with Donors and Partners of NGO1*

As previously mentioned, NGO1 does not act as a grants' recipient, but as a service provider and legal representative to those organizations, that are not registered in Egypt,

NGO1's primary source of income is from its administrative fees of 10%, paid by local and international organizations, which donate necessary funds for social and community development. According to sub-agreements and partnerships contract, NGO1 produces the financial, monitoring and evaluation reports and provides the INGO with facilities, thanks to its outreach capabilities and networking effectiveness.

Two interviews conducted with two NGOs working with NGO1. An INGO working on capacity building and community development in many European and Arab countries; an NGO that typically supports projects that last several years and maintains long-term partnerships with partner organizations. The INGO works under the legal umbrella of NGO1 on financially and technically

supporting many social enterprises incubated by NGO1, as reported by a Program Manager in the Cairo Office, the legal entity they work within.

*“We work with NGO1, as a pioneer association with an experience in youth, economic empowerment, and capacity building; they have strong board members and qualified employees. Although NGO1 is not volunteer-based, volunteers contribute to the association, due to its clear vision and values”.*

The “Nile Fellowship Programm is another successful initiative that develops youth leadership and increases community engagement. This project nurtures 16 pioneer Egyptian students from Aswan and Cairo Universities, who inspire and train citizens living on the Nile Riversides on how to ensure the Nile water security by changing water consumption patterns through changing social behaviors and environment.

The program objective is to support social enterprises with organizational, managerial and financial assistance to ensure the sustainable establishment of their initiatives and the continuation and development of their activities. Regarding how the partnership with NGO1 supports and contributes to its financial sustainability; the program manager replied,

*“On the economic level, our agreements and contracts with NGO1 always include an administrative fees percentage to compensate the facilities and services provided by the association, such as financial reporting, monitoring, evaluation, legal services and other facilities”.*

A local grant is making another NGO also work with NGO1 on the partnership basis to provide scholarships for 400 graduates, through the association's career and entrepreneurship development office in Cairo University and other governments.

An interview was set with a Senior Program Officer at the NGO to identify how they support the financial sustainability of NGO1 being an organization that usually work within a consortium of organizations. The (SF) officer said that

*“NGO1 provides technical assistance and capacity building to youth's organizations and legal representation to donors, then get paid for these services”.*

Partnerships with well-established NGOs not only enable NGO1 to collect funds as administrative fees or to reward its services; but also to enhance the team's experience and give them more opportunities to get other projects.

## ***NGO2 Case Study***

### ***A Strong Marketing & Sustainable Business Model***

The second association is a charitable organization, established in 2006, by a group of business people to serve the poor, unprivileged Egyptians; the association specializes in combating hunger and aims at eliminating hunger from Egypt, by the year 2020, through feeding programs along with long-term progress (ibid). A well-established database enabled NGO2 to connect with donors, partners, and volunteers. Moreover, its outreach capabilities enabled it, to reach the people in need (ibid).

The association targets orphans, widows, and those unable to work, by collecting food and donations from different entities, individuals or organizations, and donating them. To defeat hunger, NGO2 also works on people awareness about reducing food waste, and food recycling besides building youth capacity to employ them.

NGO2 relies on the support of many highly engaged and generous global and local supporters in many industries. During this past year, Coca-Cola International, in Egypt and the Middle East, Microsoft, Nestlé, PepsiCo, and others, have increased their engagement. This support is not merely financial; it has also enabled NGO2 to advance its technical capabilities at food banks, and promote causes, including nutrition, food waste reduction, increasing volunteerism, and providing more food to more people in need. Small donors sector forms a considerable share of the donations collected by NGO2.

To reach the most vulnerable communities, NGO2 is committed to reassessing poverty levels on a regular basis, to identify the most vulnerable groups for relief. In addition to that, exploiting its outreach capabilities and coordination with the state and other organizations, NGO2 manages a collect country-wide data system.

### ***Interviews with Administrators of NGO2***

Like any organization, fundraising is the primary challenge in the path of ensuring financial sustainability. The current political events with their economic implications have had a substantial impact on NGO2. The Executive Director was the first and most prominent interviewee; the response the question about the main challenges encountered by the association:

*“The association depends on organizations and corporations as well as individuals or small donors. Both categories are negatively affected by inflation and any economic bottlenecks which influence the level of donations”.*

Nevertheless, NGO2 has been aware of this, and has taken measures to preserve its sustainability and capabilities to reach the unprivileged citizens.

The legal framework does not affect the association, as NGO2 does not receive any foreign funds and it exists to satisfy the basic needs of families in need, regardless of their religious or political backgrounds. Nevertheless, the extended registration procedures resulting from bureaucracy and centralization put some burden on the association.

NGO2 relationship with the government is a neutral one, where the government neither supports nor fights the association, a Senior Program Officer reported that;

*“NGO2 has no political inclinations or hidden agendas; its members work only to help the poor, vulnerable families. Nevertheless, like any partnership, they suffered at the start, from the bureaucracy and lengthy procedures for registration and publicity process”.*

To answer the question about the economic crisis’s impact on NGO2, the senior officer said that the association relies on local funding only, so it is very dependent on the country’s economic situation.

*“During, the approach of 2012’s Ramadan, an occasion to make monetary donations and zakat, the association was at risk of failing to distribute the traditional contributions, in the form of food containers and monetary*

*donations. The organization's directors reached out for Al-Azhar Zakat Committee for funds and contacted public religious figures to encourage more donations, to ensure that they will be able to meet the needs of their targeted communities".*

NGO2 established a marketing and resource development division, responsible for creating programs that increase donations through various channels; such as marketing sites, short messages, and booths in huge malls, donations through the internet or bank deposits. To extend our knowledge in this regards and to examine the strategies adopted by NGO2 to reach out donors and supporters, an interview has been conducted the Marketing and Resources Development Director.

*"The association is working to communicate with companies and institutions, with social responsibility schemes. This division has been able to approach two major telecommunication companies, supermarket chains, and others".*

Commercial banks have placed the organization's logo on the back of the customers' bank statements to expand the NGOs outreach. NGO representatives distribute the NGO's flyers in locations highly accessed by citizens, such as supermarkets and pharmacies.

Replying to a question concerning the challenges that encounter the association to ensure financial sustainability, the marketing staff stated:

*"Many companies have been contracted to provide NGO2 with a financial or in-kind contribution. Nevertheless, these contracts are annual, and many of them have not been renewed"*

This discontinuity, in fact, is either due to the financial crisis in Egypt or because profitable organizations might diversify their portfolios of donations recipients or decide to address another field that needs more support which requires approaching other alternatives.

### ***Interviews with Donors and Partners of NGO2***

The association also has Egyptian banks and corporations, other NGOs and a huge number of volunteers; all partners are Egyptian, and all support the association according to their profiles and capabilities taking into consideration the needs of the organization.

Donations vary in kind and amount, according to the size and number of donors. To see how supporters with different positions support NGO2, the researcher has interviewed a senior member at the association and a facilities' staff from an outside corporation, supporting the organization.

As most of the board members are businessmen; they support the association with funds, facilities, and services; to answer the question about the support provided to NGO2 to remain financially sustainable, a board member and a major donor reported that:

*“We possess a factory for packaging and packing that process food containers and boxes donated to low-income families. We gave in-kind contributions, and our staff volunteered in packing and mobilizing donations to the poor”*. The other interviewee, from one of the telecommunication companies in Egypt that have created a partnership with the Association, under its numerous Corporate Social Responsibility programs, replied to this question and on how they support NGO2 to remain sustainable;

*“We sponsored a campaign to aid NGO2 in its goal to help low-income families and provide them with their basic needs. Throughout the last two years, we have participated, with food packaging for more than 6000 needy families. Moreover, we have joined the association’s “a Village with No Hunger” initiative”.*

This effort provided “Al-Sheikh Zayed” village in Ismailia with food supplies for one year and it targeted 35000 families. Additionally, the employees of the corporation raise donations from their savings to fund food bags to the families, supported by the Association during the Holy month of Ramadan.

## *Chapter V: New Legal Changes in Egypt*

Six months after adopting it and voting on it in the Parliament, the Law No. 70 of 2017 regulating the civil society institutions and associations' operations has been authorized, after approval by the House of Representatives. The law contains 89 articles superseding Law No. 84 of 2002; the existing NGOs should adjust their situation before May 2018 to match a Law severely harshening the violation penalties to avoid dissolution. The newly in place law ensures the associations will continue to enjoy the set of exemptions included in Law 84 of 2002; nevertheless, it criminalizes the work of many NGOs and makes their independent functioning impossible.

Consequently, eight INGOs organizations, including Human Rights Watch, disseminated a statement on June 2, 2017, describing the new law as repressive and human rights violating. The report strongly condemns the ratification of a new law regulating NGOs. The director of Human Rights Watch, Middle East said that the new law is considered a substantial step backward for freedom of civil society in Egypt as The Egyptian State has squeezed the remaining limited space for nongovernmental communities in Egypt and driven the human rights community underground. The statement pointed at the weaknesses included in the law through the vague terms that can be abused to constrain legitimate activity as well as the set of prison and punishment fines to the potential host of violations (Human Rights Watch, 2017).

Moreover, the statement recommends that INGOs and leading developmental organizations advise the Egyptian state to allow NGOs to smoothly and freely perform to serve the civil society

with no monitoring and challenging their day-to-day activities (ibid). The new law places such tight overnighting on NGOs resulting in handing administration of associations to the government” (The Office of the United Nations High Commissioner for Human Rights [OHCHR], 2017).

Furthermore, a leading law firm published a report describing the new law as quasi-security and providing a comparison between the 84 of 2002 and the 70 and 2017 laws. The report criticizes the new law for formalizing the security authority’s intervention. Stricter governance and a full supervision by the Accountability State Authority are imposed over the associations (ibid). Additionally, the new law is characterized by the intensification of fines and imprisonment penalties in case of violations (ibid). Government fees for proclamation, registration, and issuance of permits have considerably increased (ibid). Increased restrictions on dealing with foreign development agencies and the appointment of international experts are characterizing the new law (ibid). The new law is forcing NGOs to adapt their activities to government priorities and plans or face up to five years in prison (Human Rights Watch, 2017).

The law 84 of 2002 was already considered repressive; still, the new law is, of course, more stringent and comes to be approved and applied in light of the difficult financial and economic conditions the country is passing through. Funding from foreign donors is subject to a closer scrutiny than before and requires official approvals. In subsequence, funds will shrink due to the increasing legislative restrictions, especially on foreign funding (Ohchr, 2017).

The Chances for the Civil Society Associations to Remain in Operations

Supporters of the new law say that it will lead to the control of social work in Egypt and eliminate the chaos of foreign financing that took place in Egypt on January 25, 2011. It ensures that NGOs do not become "donor shops" for donors and financiers and non-governmental organizations in Egypt. Additionally, the law guaranteed the protection of the State and that such associations would not continue to exist. It would give space to the work of NGOs and apply the principle of partnership on the ground between the State and the people. (Legal Agenda, 2017)

In light of the above, the author of this thesis maintains a stand against the implementation of the new 2017 NGO Law. As a result of the law, many INGOs donations might shrink as they would probably be reluctant to give donations to support scholarships at academic institutions such as the American University in Cairo. They would rather give these donations to academic institutions in other countries that give more facilities.

Interviews show views about the Egyptian NGOs law, supporters and opponents; I discuss each separately. The Egyptian legal framework is increasingly controlling of the ENGOs, and it even shapes the sector. This controlling environment has its supporters and opponents. The literature reviews have shown that many researchers see this situation as disabling; whereas, others see it as a protective tool.

Semi-structured interviews have been conducted with the NGOs law supporters and opponents to reflect their different perspectives.

### *Interview with the NGOs Law Supporters:*

Supporters believe that the aim of the NGOs rules is to support these institutions and associations in the belief of the state, the parliament, and the constitution, as the civil society and NGOs, are key partners in the development process. A lawyer and a supporter of the new law and its current legal framework responded to the first question about the current legal framework as follows:

*“There is a state interference in the affairs of associations and their purposes; nevertheless, there are also exemptions or advantages of the state towards (CSOs) to promote the development work.”*

He pointed out that many NGOs are dishonest and take advantages of the incoming funds to implement activities that harm the Egyptian national security.

It then becomes imperative for the state to control not only the sources of funding but also the associations’ activities and their spending. The state has a duty to ensure that these organizations perform in transparency and integrity.”

Egypt is exposed to high risks, threatening national security and many other states and parties intervene and penetrate the Egyptian communities through these associations and influence or even guide the public opinions towards values that support the agendas of these entities’ interests. The current legal framework is a protective environment that enables NGOs, with no hidden agendas, to perform and serve communities.

The second question was: “How does this affect the operations of the associations?” He replied, saying that the current legal framework and the NGOs laws should not impede the work of the organizations. Unless it does not target the community development, but rather take advantage of working in this sector to penetrate the Egyptian society to get more acquainted with it or to

introduce ideas that serves its purpose and the purpose of funders, and in both cases, this harms Egyptian national security. To a question about how they ensure the associations' function in a healthy enabling legal environment, he replied:

*“The current legal framework is a healthy one for associations with no political or religious agendas; the extended procedures and bureaucracy are persistent problems in all governmental departments”.*

As far as the legal framework supporters are concerned, the laws are protective tools of national security and the whole society. The current laws include the Paragraph (a) of Article 22 of "International Covenant on Civil and Political Rights" provides for the right of associations establishment and not to restrict freedoms unless in the case of a conflict with national security.”

### ***Interviews with those Opposing the New Law***

The opponents of new law are numerous; they perceive the law as a major obstacle, hindering associations from serving communities and creating public values. Apparently, the relation between the state and the NGO sector has always been characterized by mistrust and skepticism. The unique political and cultural factors of the Egyptian situation attributed to the situation, an issue that calls for a separate investigation. However, excessive governmental restrictions and regulations currently surround NGOs activities, representing a clear sign for such type of relationship.

A human rights expert reported that the legal framework in Egypt has always been very disabling to the NGOs to perform.

*“The state has always looked at these associations as a threat to security and stability; a window for foreign intervention, and a way to express protest against the policies of the State, especially the associations in the fields of democracy and human rights”.*

To the laws opponents, the new law for 2016, if passed, will be a disaster and Egypt will witness the shutting down of a lot of associations and the deterioration of the whole sector. The laws do not differentiate between the associations that address the core needs of underserved communities and the building of the capacities of unprivileged citizens to empower them to get jobs and the organizations that work on advocacy and human rights. The following question to the law opponent interviewee was: ‘how does the legal framework affect the operations of the organization’; to respond he said;

*“The state harms the entire civil society, without considering the serious consequences on the millions of the poor, the needy; the beneficiaries of their services”.*

According to the opponents, the law’s proposed lengthy procedures and complications add burden to the civil society, although this sector offers its services depending on its resources, without affecting the state’s budget. These organizations target remote and slummy areas that the state cannot reach; they serve low-income communities and fill a gap the government is not able to fill. Subsequently, and in the light of recent increases in the electricity prices, value added taxes, energy costs, besides sugar, rice, and other basic needs shortage as well as medicine crisis in addition to the exchange rate liberalization, the state should support these associations.

The following question asked was: “What can we do to let the association function in a healthy legal environment? The interviewee replied:

*“The state should ease the restrictions imposed on organizations and NGOs, especially the ones that help millions of citizens, by providing services and aid the state”.*

The expected consistent behavior from the government is to, encourage these associations, enabling them to carry out their duties and remove obstacles in their way and thus contribute to relieving the burden on citizens.

The legal environment is already restrictive; the existing laws, procedures, and penalties already in force are restricting the local activity even before the issuance of this new law. The interviewee added:

*“The new 2016 law, if validated, will make the situation worse; as it is full of Sanctions that may reach life imprisonment”.*

According to the new law, the role of (MOSS) minimized, and many of its competencies will be eliminated, through the establishment of other parallel bodies that have the full power and authority. To avoid the serious consequences that will befall the poor and needy families currently benefiting from NGOs, he proposed that the government maintain a balance to protect national security and the stability of the country. This approach will be by organizing and overseeing the activities of foreign institutions and foreign funding and taking into consideration the community service and NGOs in the field of development.

## ***Chapter VI: Discussion***

In this chapter, the study concludes the data collected and deduced from the interviews with the two NGOs administrators, staff, donors as well as the legal framework's supporters and opponents. Talking with these stakeholders aimed to scan and analyze the challenges, encountering these associations and the strategies they apply to remain in business.

Interviewing the supporters of the two NGOs targeted to know who support the organizations and how they support them to contribute their sustainability. Whereas, talking to the current framework supporters and opponents aimed to understand the different perspectives towards the current legal environment and how each party perceives the effects on NGOs operations.

This section presents the data according to themes, prepared to report and analyze the data collected and to guarantee that the data collected responds to the research questions.

### ***The Financial Challenges Encountering NGOs***

The ENGO sector suffers from a chronic case of financial deficiency, even the well-established associations. The current situation results are due to the financial and economic conditions, along with the reliance of these organizations on donor funds.

### ***Perceptions about the Impact of the Legal Framework on NGOs Capabilities to achieve their Mission***

The research cannot disregard the legal framework for studying the environment within which the associations perform; as it affects both the financial sustainability and their operations management. There is no doubt that the ENGOs laws, address all the gaps in the misuse of funding

in local work, but it has also placed many severe restrictions on the work NGOs, even those working in the areas of social service provision and local development.

NGO1 is a local and foreign funds recipient; the interviews reveal that the current legal framework and lengthy processes for registration and approvals resulted in the loss of various grants and donations that the NGO exerts considerable efforts to receive, due to the rejection of the incoming funds justified by security or undeclared reasons.

NGO2 relies only on local funding and thus suffers only from the bureaucracy of the government departments. Interviewing a legal framework supporter and opponent revealed a sharp divergence of views, in the perception of the law, either as a protective tool or a disabling tool; imposing challenges on associations, regardless of their backgrounds and activities and ignoring their contributions to needy citizens.

### ***Internal Weaknesses of the Sector***

The primary data collected and embedded in the context alongside the literature review sections reveal internal weaknesses within the associations. Internal weaknesses manifested in funds' mismanagement, low level of voluntarism and participation, the prevalence of corruption, poor networking capabilities, the absence of mechanisms of supervision and basic accountability, and weak culture of integrity that disallowed these associations to perform and serve the community.

### ***The Strategies well Established NGOs Apply to Ensure their Financial Survival***

To ensure financial sustainability, the organizations subject to the case study adopt income generating programs, partnerships, costs reductions policies, other strategies.

As per the interviews conducted with senior administrators and program officers, NGO1 applies several strategies to ensure financial sustainability;

- The diversification of the donors and partners' portfolio, and targeting local and international donors to avoid blocking of international funding.
- The association does not act as grants and donations recipient; it serves instead as a service provider; and thus the donor is charged with administration fees or overhead percentage which it used to run the association operations and this ensures its sustainability.
- The organization charges sponsor with 10% overhead fees to cover its operations while running a business and 10% as management fees.
- The adoption of income generating programs, such as income from activities, subscriptions, donations, grants and the like.
- The association's position and seriousness in the provision of services attract many individuals, public figures, companies that are committed to providing time and expertise volunteer to provide short- or long-term assistance which significantly contributes to the association and to the community it serves without putting any costs or financial burdens on the organization".
- Also, NGO1's well-established entity, with no particular inclination to one party or another or religious or political backgrounds. Moreover, they approach donors and attract them through writing well organized and promising proposals with bright future visions that ensure an impact on the community.

- Another technique NGO1 applies to ensure not only its sustainability but also its beneficiaries so that they do not come back, seeking funding or support; they would rather pursue the Association as volunteers. After the aid duration, recipients chase the NGO to assist others in the incubation of the new social enterprises at their early stages through the incubator as a significant component of NGO1.
- Another source of funding is the donations that support the ongoing work of the staff and partners and annual membership's fees.
- A network of volunteer trainers, mentors, and consultants, who provide free services to the associations, as in-kind contributions; whereas the association collects subscription fees.
- An entire team works in pursuing donors and following up on calls for proposals to get funding and work on projects and initiatives related to their profile and work experience.

The interviews conducted with senior administrators and program officers revealed that NGO2 is considered to be; a strong marketing & sustainable business model that applies several strategies to ensure financial sustainability.

NGO2 is operating similar to businesses and corporations targeting to increase revenues and reducing costs; the organization established a marketing and resource development division, responsible for creating programs that increase donations through various channels; such as marketing sites, short messages, and booths in huge malls, donations through the internet or bank deposits. NGO2 relies on the following tools:

- A well-established database enabled NGO2 to connect with donors, partners, and volunteers to enhance its outreach capabilities & a collect country-wide data system to reach needy families.
- The association is working to communicate with companies and institutions, with social responsibility schemes. This division has been able to approach two major telecommunication companies, supermarket chains, and others.
- Collaboration with other donors, local NGOs and CSR's not only provide NGO2 with donations or in-kind contributions but also with other technical capabilities.
- Approach the Media and public figures to support the organization in collecting funds and in-kind contributions.
- NGO2 invests in its staff development by sending them to international NGOs working in the same field to get acquainted with their tools and techniques to enhance their operations and the services they provide.
- As most of the board members are businessmen; they support the association with funds, facilities, and services; such as packaging and packing, processed food in containers and boxes donated to low-income families; they gave in-kind contributions, and their staff volunteered in packing and mobilizing donations to the poor.
- Telecommunication companies in Egypt that have created a partnership with the Association, under its numerous Corporate Social Responsibility programs.
- A network of volunteer trainers, mentors, and consultants, who provide free services to the associations, as in-kind contributions.

- An entire team works in pursuing donors and following up on calls for proposals to get funding and work on projects and initiatives related to their profile and work experience.

### ***Governmental Support and the Expected Role of the State***

The interviews show that, except for tax exemptions, the Egyptian government does not provide both associations with any form of support, either in funding, facilities, expertise, or other types of support that the state can provide, without exhausting its budgets.

The interpretation of the interviewees' responses show consensus on that the legal environment is disabling; and that the state always seeks to put NGOs under close surveillance and strict control. NGOs hope that the government would work to minimize, or even eliminate the rejection of incoming grants from international donors, including the ones already registered

In Egypt. This usually happens for security reasons and the delay of other projects for months, driving many overseas donors to suspend their funds.

NGO2 administrators reported that although the association depend only on local sources of funds, the bureaucracy and procedures length add to the burdens and pressures the association exert to collect funds and in-kind contributions.

The literature review revealed that Egyptian NGOs funding depend on local or foreign resources other than the state; the legal framework and bureaucracy of the governmental agencies on the other hand put burdens and pressures on these associations.

The Egyptian state should empower these associations and work in line with them, by taking actions to lessen procedures and approval processes and resolving the scarcity of facilities and in-kinds, the government can donate as it has the tools to do this.

The different background, missions and targeted groups between the two associations, implied similarity and difference in the entities supporting them and the type of support provided.

NGO1 tends to deal with donors by a partnership, and it works as a service provider. CSRs, INGOs, ENGOs, international donors, private and public sector organizations constitute the well-established base the association formed to perform efficiently.

Interviews with NGO2's officers revealed that they mainly depend on individual small donors in funds collecting. Nevertheless, CSRs, other ENGOs, public figures, people in business and the media support and empower them, as well. The two NGOs rely on their founders, board member, and volunteers, even though, they are not volunteers based.

## ***Chapter VII: Recommendations***

To summarize, the current events, post-January, 2011's Revolution, have had an adverse impact on the Egyptian economy in both its formal and informal sectors; the ENGOs and (CSOs) are among the entities affected. Well established associations with no religious and political backgrounds have been able to sustain and survive these difficulties & pressures. The two organizations subject to this study have been among the NGOs that could survive, enabling their beneficiaries to prevail after the period of funding and technical assistance financially.

Efficient operations, awardees selections and the diversification of its portfolio of sponsors and volunteers contributed to the sustainability of these organizations.

This section provides recommendations based on the researcher's observations and secondary data collected from different resources about the sector, in addition to the two cases studied.

These recommendations cannot be generalized to all associations, as the two endowed NGOs subject to this study are well established and enjoy special outreach and networking capabilities. Nevertheless, small organizations can benefit from their experience for better institutionalization, suited to their operational scale.

### ***Recommendations to NGOs***

#### **Strong, Healthy Sustainable Foundation**

Building a strong foundation contributes to any organization sustainability. NGOs, even the micro ones, should have a long-term vision; that must be purposeful, challenging, doable and value-adding to the community. Additionally, the NGO's vision should be related to its experience, field

work, and network. A clear vision enables associations to set goals, determine priorities, and make decisions regarding, budgeting, staffing, strategic planning and others. Mission statements and values are as significant as visions.

Staffing is one of the key factors that contribute to strong foundations of an organization. Additionally, NGOs should plan training their employees to keep their bodies rejuvenated and up to date. Investing in staff development and building their capacities are crucial to the development and expansion of any organization.

### **Effective Operations Management**

The selection of programs and activities, they work on, how to fund them and their operational mechanisms contribute to the continuity of the association. The quality of projects, adherence to the time frame, continuous evaluation and follow-up are also factors that affect the ability of the organizations to receive more funds from donors. The management of programs and activities is not the only factor that impacts the organizations' sustainability, the efficient management of financial resources and human resources plays a vital role, too.

One of the most valuable tools to secure funding is the ability to write clear proposals following the laws and donors' expectations.

The association's administrators, staff, volunteers, and supporters should work on the development and expansion of the organization as an ongoing process.

## **Diversifying Sources of Funding through Developing Outreach and Networking Capabilities.**

The associations should diversify their donors and supporters; additionally, they should adopt income generating programs and policies to ensure sustainability after the funding's duration.

Partnership with other entities is among the effective methods that strengthen the associations; this partnership can be with INGOs, other local NGOs, public sector organizations or corporations.

Revenue generating programs might include: collecting subscription fees, charging other teams with administrative costs in return for services or consultations, space rental, and the like. Applying cost reduction oriented policies is crucial to avoid exhausting funds and reserves, due to resources mismanagement.

NGOs should approach INGOs, local non-governmental organizations, public sector bodies and businesses for partnerships and collaboration purposes. Additionally, they should create networks among CSOs leverages effective relationships and linkages, and thus, to exchange knowledge and enhance mutual awareness of each other which improve their performance.

### ***Recommendations to other influential Stakeholders***

This research intended to reach some recommendations for the improvement of NGOs operations and contribute to their sustainability within the challenges they meet. Nevertheless, the researcher chooses to provide a set of recommendations to other stakeholders who influence the community development process and directly affect the NGOs performance.

This section contains a set of recommendations addressed to other stakeholders involved in the field of community development, including the government, corporations, and associations, volunteers, sponsors, and recipients.

These sets of recommendations are based on the data collected during the review of the literature and interviews.

### ***Recommendations to the Government***

1. The environment in Egypt is very regulatory, and subsequently, NGOs are very constrained by the terms of the NGOs law no. 84; which manipulates and dominates the operations of non-governmental organizations and (CSOs), especially the organizations that receive foreign funds; even NGOs and (CSOs) whose work is limited to community development, still face the same mandatory regulatory conditions and environment.
2. The state should distinguish NGOs that are functioning as supporters and builders of the capacities of poor communities from the rest that may have other political, religious and societal objectives.
3. The Egyptian Government should play its expected role in providing the associations with funds, facilities and expertise.

## *Recommendations to the Egyptian NGOs Sponsors and Supporters*

1. Most currently operational NGOs also are inefficient and have indigent outreach capacity, impairing their ability to reach the unprivileged communities. Foreign donors and business incorporated in community development and leading NGOs should work hand in hand to improve the capabilities of small organizations.

2. The current mandatory financial and audit standards, imposed by the law or by some donors, such as the USAID, The United Nations, and The European Commission, add to the bureaucracy, to the complicated administrative procedures, the approval processes and authorizations to release funds. Other mandatory provisions and requirements add to the complexity of the processes given the large volume of transactions. In fact, the centralization and bureaucracy of the whole process add burdens to this sector and prevent the few active NGOs from providing the required contribution to the expected economic growth through poverty reduction, job creation, income expansion and building the capacities of low-income communities and unprivileged citizens.

3. Businesses, corporations, and public figures should also continue to undertake their social responsibilities and allocate a reasonable profit share to serve and support poor, unprivileged communities. They should also try to alleviate poverty; not through monetary donations, but through building the capacities of youth, and working on skills enhancement to help generate income, and continue to live on their own and even to make some savings. Brilliant examples of businesses incorporated in social work are numerous; these corporations provide funds and in-kind contributions to NGOs working on community

development initiatives. Developing primary schools education, healthcare, and microfinance are among the fields worth mentioning examples.

4. One of the most significant problems facing ENGOs nowadays is the fading out of voluntarism and participation among Egyptian people, as a result of the rapid socio-economic changes currently going on in Egypt. To adequately address this problem, the state and well-established NGOs should work on emphasizing the aspects of voluntarism and community work in the minds of the people, especially the younger generations. The use of the media and different educational and religious institutions in society can contribute to this. Well established NGOs and foreign donors should organize and carry out awareness campaigns to improve youth's responsiveness toward their communities' needs and to connect them to small NGOs that need volunteers, to play its role in creating public values. Volunteers from diversified backgrounds can play a crucial role in addressing this problem through their programs and activities.

5. The lack of managerial and technical capabilities is another major challenge, facing ENGOs. There are two suggested solutions for this problem; one that's short term and a long term one. As for the short term, the NGO sector itself along with the Egyptian government in collaboration with the Ministry of Social Affairs could enhance NGOs technical and managerial capacities. Two measures should be applied; arranging practice-oriented training programs for NGOs staff and leaders, or by helping NGOs share experience and knowledge through the suitable frameworks for such activities. As for the longer term solution, the ENGOs practice should be institutionalized and fictionalized to some extent. The Ministry of Education, NGOs, or the business sector could address this

point by establishing institutions for preparing young professionals to work in NGOs as core staff, supplemented by volunteers.

To wind up, qualitative research findings cannot be generalized. The researcher based the findings on a case study of two Egyptian associations that have been able to remain in operation despite the harsh socio-economic conditions in Egypt. Further studies may approach other favorable associations to explore their tools and techniques to enrich the field.

## References

- Abdelrahman, M. M. (2004). Civil Society Exposed: The Politics of NGOs in Egypt. Retrieved December 14, 2016, from [https://books.google.com/eg/books?id=7ETr9m7P9W8C&pg=PA215&lpg=PA215&dq=ngo's in Egypt many kandil&source=bl&ots=vgcN5ysDS7&sig=CdcT7Ly9RNXXvkJn2tPQLOuiMnM&hl=en&sa=X&ved=0ahUKEwjnivGNpLnQAhWHWBQKHahOBNMQ6AEIUjAF#v=onepage&q=ngo's in egyptamanikandil&f](https://books.google.com/eg/books?id=7ETr9m7P9W8C&pg=PA215&lpg=PA215&dq=ngo's+in+Egypt+many+kandil&source=bl&ots=vgcN5ysDS7&sig=CdcT7Ly9RNXXvkJn2tPQLOuiMnM&hl=en&sa=X&ved=0ahUKEwjnivGNpLnQAhWHWBQKHahOBNMQ6AEIUjAF#v=onepage&q=ngo's+in+egyptamanikandil&f)
- Al Hussein, Z. (2017). OHCHR | Repressive new NGO law deeply damaging for ... Retrieved June 1, 2017, from <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=21678&...>
- Anheier, H. K., & Salamon, L. M. (1998). The Nonprofit Sector in the Developing World: A Comparative Analysis.
- Banks, N., & Hulme, D. (2012). The role of NGOs and civil society in development and poverty reduction . Global Development Institute. Retrieved January 18, 2017, from <http://civil20.org/upload/iblock/9b1/rolengo.pdf>
- Bowman, W. (2011). Finance Fundamentals for Nonprofits: Building Capacity and Sustainability. Retrieved April 20, 2017, from [https://books.google.com/eg/books?id=Q0myb3NKPBUc&dq=financial+sustainability+for+nonprofit+organizations+definition&source=gbs\\_navlinks\\_s](https://books.google.com/eg/books?id=Q0myb3NKPBUc&dq=financial+sustainability+for+nonprofit+organizations+definition&source=gbs_navlinks_s)

- Catherine Marshall & Gretchen B. Rossman (2006). Designing Qualitative Research [20 paragraphs]. Forum Qualitative Sozialforschung / Forum: Qualitative Social Research, 9(3), Art. 13, <http://nbn-resolving.de/urn:nbn:de:0114-fqs0803137>
- Chossudovsky, P. M. (2015). The Global Economic Crisis, the Great Depression of the XXI Century. Retrieved from <http://www.globalresearch.ca/the-global-economic-crisis-the-great-depression-of-the-xxi-century-2/19025>
- Clayton, A., Oakley, P., & Taylor, J. (2000). Civil Society Organizations and Service Provision. Retrieved December 26, 2016, from [http://www.unrisd.org/80256B3C005BCCF9/\(httpAuxPages\)/19AB2640214382A380256B5E004C94C5/\\$file/intrac.pdf](http://www.unrisd.org/80256B3C005BCCF9/(httpAuxPages)/19AB2640214382A380256B5E004C94C5/$file/intrac.pdf)
- Devarajan, Shantayanan, Mottaghi, Lili (2016). The Middle East and North Africa Economic Monitor. Retrieved from <http://books.google.com.eg/books?id=G0FCDQAQBAJ&pg=PA32&dq=egyptian economy current situation 2016 &hl=en&sa=X&ved=0ahUKEwiPyvXor9DQAhUMmBoKHcF7DwgQ6AEIUdAH#v=onepage&q=Egyptian economy current situation 2016&f>
- Durand, L. (2012). Are NGO Agendas Dictated By Western Assumptions? Retrieved January 18, 2017, from <http://www.e-ir.info/2012/09/26/are-ngo-agendas-dictated-by-western-assumptions>
- Egypt's Progress towards Millennium Development Goals. (2015). National Human Development Report. Retrieved April 10, 2017, from

[http://www.eg.undp.org/content/egypt/en/home/library/mdg/egypt\\_s-progress-towards-millennium-development-goals-2015.html](http://www.eg.undp.org/content/egypt/en/home/library/mdg/egypt_s-progress-towards-millennium-development-goals-2015.html)

Egypt Human Development Report 2010. (2010). Youth in Egypt: Building our Future.

Retrieved April 20, 2017, from

[http://www.eg.undp.org/content/egypt/en/home/library/mdg/egypt\\_s-progress-towards-millennium-development-goals-2010.html](http://www.eg.undp.org/content/egypt/en/home/library/mdg/egypt_s-progress-towards-millennium-development-goals-2010.html)

El Akkad, N. (2016). Transformation Leadership In Action: A Case Study On The Role of NGOs in Reducing Poverty and Catalyzing Social Change in EGYPT (Unpublished master's thesis). The American University in Cairo. Retrieved from [http://dar.aucegypt.edu/bitstream/handle/10526/4720/El\\_Akkad\\_-\\_Thesis\\_-\\_Final\\_\(May\\_18\).pdf](http://dar.aucegypt.edu/bitstream/handle/10526/4720/El_Akkad_-_Thesis_-_Final_(May_18).pdf)

El-Ebrashi, R. (2012). Empowering NGOs in Egypt: The Need for a New Legal Framework.

Retrieved from <http://archive.skoll.org/2012/12/19/empowering-ngos-in-egypt-the-need-for-a-new-legal-framework/>

El-Helw. (2014). Over 45,000 NGOs register at Ministry of Social Solidarity: El-Helw. Daily

News Egypt. Retrieved from <http://www.dailynewsegypt.com/2014/12/08/45000-ngos-register-ministry-social-solidarity-el-helw/>

Elagati, M. (2013). Foreign Funding in Egypt after the Revolution. Retrieved December 26, 2016,

from [https://hivos.org/sites/default/files/publications/wp\\_egypt1.pdf](https://hivos.org/sites/default/files/publications/wp_egypt1.pdf)

- Attallah,% (2015). Seeing the call to activate the role of grassroots associations to empower women. Retrieved December 26, 2016, from [http://www.enid.org.eg/Uploads/PDF/PB35\\_enid\\_activate\\_community\\_ar.pdf](http://www.enid.org.eg/Uploads/PDF/PB35_enid_activate_community_ar.pdf)
- El Kassas, M. M., Dr. (2011). The Consequences of the Global Financial Crisis on the Arab World. 28(111). Retrieved November 27, 2016, from <http://platform.almanhal.com/Article/Preview.aspx?ID=581>
- Fundsforngos. (2009). take forward your Fundraising Mission: Apply to Global Giving Today. Retrieved 2009, from <https://www.fundsforngos.org/alternative-fundraising/3-major-sources-of-funding-for-ngos/>
- Gawish, R. (2016). A Case Study of Human Rights-Focused NGO Behavior in Egypt (Unpublished master's thesis). The American Univeristy in Cairo. Retrieved, from <http://dar.aucegypt.edu/bitstream/handle/10526/4650/MA%20Thesis-%20Jan%202016%20-DAR-.pdf?sequence=1>
- Ghoneim, N. A. (May). The Impact of Strategic Planning on Mission Achievement in Egyptian Nonprofit Organizations: An assessment Using the Balanced Scorecard Approach (Unpublished master's thesis). The American University in Cairo. Retrieved November 27, 2016, from [http://dar.aucegypt.edu/bitstream/handle/10526/3109/Final Thesis-NashwaGhoneim.pdf?sequence=1](http://dar.aucegypt.edu/bitstream/handle/10526/3109/Final%20Thesis-NashwaGhoneim.pdf?sequence=1)
- Gibbs, C., Fumo, C., &Kuby, T. (1999). Nongovernmental Organizations in World Bank–Supported Projects: A Review (Rep.). Retrieved November 16, 2016, from the World

Bankwebsite:[http://lnweb90.worldbank.org/OED/oeddoclib.nsf/b57456d58aba40e585256ad400736404/167f2aaea498dbc185256817004c81be/\\$FILE/NGO\\_Book.pdf](http://lnweb90.worldbank.org/OED/oeddoclib.nsf/b57456d58aba40e585256ad400736404/167f2aaea498dbc185256817004c81be/$FILE/NGO_Book.pdf)

Henein, A. (2016). Donors Assessment Methods and the Institutional Capacity of Grassroots Organizations in Egypt (Unpublished master's thesis). The American University in Cairo  
Retrieved from [http://dar.aucegypt.edu/bitstream/handle/10526/4838/2016-Angie % 20 Atef-%20Donors% 20Assessment% 20Methods%20and %20the%20Institutional % 20 Capacity%20of%20Grassroots%20Organizations%20in%20Egypt.pdf?sequence=1](http://dar.aucegypt.edu/bitstream/handle/10526/4838/2016-Angie%20Atef-%20Donors%20Assessment%20Methods%20and%20the%20Institutional%20Capacity%20of%20Grassroots%20Organizations%20in%20Egypt.pdf?sequence=1)

CSR Sustainability Report 2013 for the Middle East and North Africa Region. (2013).  
USAIDRetrieved January 18, 2017, from [https://www.usaid.gov/sites/default/files/documents/1866/2013MENA\\_CSOSI\\_ar.pdf](https://www.usaid.gov/sites/default/files/documents/1866/2013MENA_CSOSI_ar.pdf)

Human Rights Watch. (2017) *Egypt: New Law Will Crush Civil Society*. Retrieved June 2, 2017, from <https://www.hrw.org/news/2017/06/02/egypt-new-law-will-crush-civilsociety>

Impact of the economic downturn on nonfor-profit organisationmanagement (Rep.). (2008).  
Retrieved November 15, 2016, from The Centre for Corporate Public Affairs website:  
[https://www.dss.gov.au/sites/default/files/documents/05\\_2012/impact\\_economic\\_downturn\\_nfp.pdf](https://www.dss.gov.au/sites/default/files/documents/05_2012/impact_economic_downturn_nfp.pdf)

Jean-François, E. (2014). Financial Sustainability for Nonprofit Organizations. Retrieved November 27, 2016, from [https://books .google.com. eg/books?hl=en&lr =&id= NdhrBAAQBAJ&oi=fnd&pg=PP1&dq=financial sustainability for nonprofit organizations&ots=YZ7uyCPR4v&sig=oNEmoQmM97hBchjpfDRcTLsmpy8&redir\\_esc=y#v=onepage&q=financial sustainability for nonprofit organizations&](https://books.google.com.eg/books?hl=en&lr=&id=NdhrBAAQBAJ&oi=fnd&pg=PP1&dq=financial+sustainability+for+nonprofit+organizations&ots=YZ7uyCPR4v&sig=oNEmoQmM97hBchjpfDRcTLsmpy8&redir_esc=y#v=onepage&q=financial+sustainability+for+nonprofit+organizations&)

Kandil, A. (N.d.). *The Nonprofit Sector in the Developing World: A Comparative Analysis*.

Retrieved November 16, 2016, from [https://books.google.com.eg/books?hl=en&lr=&id=7Xm7AAAAIAAJ&oi=fnd&pg=PA122&dq=amanykandil&ots=IYb3P6VZPI&sig=gg5qfhfV2afzIQUppHxcuEm0Dzl&redir\\_esc=y#v=onepage&q&f](https://books.google.com.eg/books?hl=en&lr=&id=7Xm7AAAAIAAJ&oi=fnd&pg=PA122&dq=amanykandil&ots=IYb3P6VZPI&sig=gg5qfhfV2afzIQUppHxcuEm0Dzl&redir_esc=y#v=onepage&q&f)

Legal Agenda. (2017) *Legal Agenda monitors law, judiciary and public policy*. Retrieved (n.d.).

from <http://legal-agenda.com/article.php?id=370>

Lewis, D. (2009). *Nongovernmental Organizations, Definition and History*. Retrieved November

16, 2016, from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.546.7849&rep=rep1&type=pdf>

Lewis, D. (2009). *Nongovernmental Organizations*,. Retrieved December 26, 2016, from

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.546.7849&rep=rep1&type=pdf>

Lewis, D. (2014). *Non-Governmental Organizations, Management and Development* (Third ed).

Retrieved November 27, 2016, from [https://books.google.com.eg/books?id=kIT8AgAAQBAJ&pg=PT103&dq=NGO definition&hl=en&sa=X&ved=0ahUKEwj6sujQkMbQAhWnlcAKHXW\\_CoY4ChDoAQguMAQ#v=onepage&q=NGO definition&f](https://books.google.com.eg/books?id=kIT8AgAAQBAJ&pg=PT103&dq=NGO definition&hl=en&sa=X&ved=0ahUKEwj6sujQkMbQAhWnlcAKHXW_CoY4ChDoAQguMAQ#v=onepage&q=NGO definition&f)

Makoba, W. (2002). *Nongovernmental Organizations (NGOS) and Third World Development:*

*An Alternative Approach to Development*. Retrieved from <https://www.globalpolicy.org/component/content/article/177/31620.html>

Masriya, A. (2016). *Egyptian economy's growth rate expected to decline in 2016 – World Bank*.

Retrieved November 16, 2016, from <http://www.egyptindependent.com//print/2464761>

- Malena, C. (1995). Working with NGOs. A Practical Guide to Operational Collaboration between The World Bank and Non-governmental Organizations. Retrieved from <http://documents.worldbank.org/curated/en/814581468739240860/pdf/multi-page.pdf>
- McGann, J. G. (2008). Pushback Against NGOs in Egypt. The International Journal of Not-for-Profit Law, 10(4). Retrieved from [http://www.icnl.org/research/journal/vol10iss4/special\\_3.htm](http://www.icnl.org/research/journal/vol10iss4/special_3.htm)
- National Voluntary Review on the Sustainable Development Goals Input to the 2016 High-level (n.dj.pdf)
- NgoFundsIndia. (2014). Roles and functions of NGOs and changing needs ? Retrieved from <https://www.linkedin.com/pulse/20140620114128-101449921-roles-and-functions-of-ngos-and-changing-needs>
- Padilla, L. M., Staplefoote, L., & Morganti, K. (2012). Financial Sustainability for Nonprofit Organizations. Retrieved from [http://www.rand.org/content/dam/rand/pubs/research\\_reports/RR100/RR121/RANDRR121.pdf](http://www.rand.org/content/dam/rand/pubs/research_reports/RR100/RR121/RANDRR121.pdf)
- Popowska, M., & Lunski, M. (2014). THIRD SECTOR CHARACTERISTICS AND IMPORTANCE . Retrieved January 18, 2017, from [http://zie.pg.edu.pl/documents/30328766/32878169/REME\\_10\\_\(3-2014\)-Art3.pdf](http://zie.pg.edu.pl/documents/30328766/32878169/REME_10_(3-2014)-Art3.pdf)
- Paul, J. (2000). NGOs and Global Policy-Making. Global Policy Forum. Retrieved January 18, 2017, from <https://www.globalpolicy.org/empire/31611-ngos-and-global-policy-making.html>.

CSO Sustainability Report 2012 for the Middle East and North Africa. (2012). USAID Retrieved January 18, 2017, from

RabhaAllam, R. (2012). Engaging with traditional and modern Islamic NGOs in Egypt. Retrieved from

<http://media.leidenuniv.nl/legacy/policy-brief---islamic-ngos-in-egypt.pdf>

Stillman, K. (2001). FUNDAMENTALS OF NGO Financial Sustainability. Retrieved from

[http://www2.pathfinder.org/site/DocServer/Fundamentals\\_of\\_NGO\\_Financial\\_Sustainability.pdf?docID=12001](http://www2.pathfinder.org/site/DocServer/Fundamentals_of_NGO_Financial_Sustainability.pdf?docID=12001)

Tolba, A., & Ads, M. (2011). Social Marketing in Egypt. A Case Study on the Use of Marketing by “Nahdet El Mahrousa” NGO, 14. Retrieved April 20, 2017, from

<http://www.igi-global.com/chapter/cases-business-management-mena-region/54995#>

Tsuchiya, I. (2013). The Expectation Gap in the Egyptian Economy after January 25th Reveloution. Retrieved from

[http://www.ide.go.jp/library/Japanese/Publish/Download/Seisaku/pdf/201307\\_mide\\_10.pdf](http://www.ide.go.jp/library/Japanese/Publish/Download/Seisaku/pdf/201307_mide_10.pdf)

Teegen, H., Doh, J., & Vachani, S. (2004). The Importance of Nongovernmental Organizations (NGOs) in Global governance and value creation: An International Business Research Agenda. Journal of International Business Studies. Retrieved January 18, 2017, from

<https://botfl.nd.edu/pdf/session7/NGO.pdf>.

Weerawardena, J., Robert E. McDonald, M. E., & Mort, G. S. (2010, October). Sustainability of Nonprofit Organizations: An Empirical Investigation, 45(4), 346-356. Retrieved from <http://www.sciencedirect.com/science/article/pii/S1090951609000455>

Zainal , Z. (2007). Case study as a research method . Retrieved April 20, 2017, from [http://psyking.net/htmlobj-3837/case\\_study\\_as\\_a\\_research\\_method.pdf](http://psyking.net/htmlobj-3837/case_study_as_a_research_method.pdf)