



## Developing real entrepreneurship

With nearly two decades of experience at JP Morgan, Nabil Sawabini is chairman and CEO of the successful investment firm MENA Capital. But his most enduring initiative might be the Entrepreneurship Development Fund: empowering business people and expanding commerce within and without Beirut.

**I** was ready to part with corporate life," says Sawabini, on his decision to leave JP Morgan after nearly 18 years with the financial services giant. Granted, it did take a little convincing to get him to move back to Lebanon in 1996. "I was president of the AUB Alumni Association in North America back in the early '90s," he says. "As a result, I was on AUB's Board of Trustees with a few Lebanese dignitaries – Rafic Hariri, Selim El-Hoss, Ghassan Tuani and Kamal A. Shair. Whenever we met, they'd say to me, 'it's not fair you're in the US now that the civil war is over. It's time you came back.' I finally said, 'OK, fine. I'll try.'"

Back in Lebanon, Sawabini began

several projects. First he founded the Middle East Capital Group, a regional investment banking group. For five years, business was great. But with the political and economic turbulence of the new millennium, investment banking looked progressively less rosy. So in 2004 he left the Middle East Capital Group and later that same year launched MENA Capital, a private equity firm with a focus on real estate development in particular. There, Sawabini talks of "riding the wave" with the real estate market.

Yet it wasn't just luck that he landed in that sector. Sawabini saw that "real estate prices in Lebanon were trailing behind neighboring countries, and significant

amounts of money were starting to come in."

His other endeavor, incorporated in 1999 and operational by 2000, was the Entrepreneurship Development Foundation, an NGO geared toward funding and assisting aspiring entrepreneurs in less privileged areas of Lebanon. "The amounts we loaned were small," Sawabini recalls. "But we found a significant amount of demand, especially for those looking to expand existing businesses."

So far, they've been able to support over 2,200 businesses Lebanon-wide. "At the start we paid a lot of attention to the south – but we soon realized it was getting saturated by NGOs," he remarks. "So we moved to the north, and then east to the Bekaa, and then on to the Chouf. And now we're all over Lebanon. It's important that the board of trustees includes individuals from all regions and sectors of the economy."

Much of their work couples microfinance with mentorship. Loans ranging from \$3,000 to \$10,000 are provided at an interest rate of 20% a year for as long as three to four years. Mentors are in place to help guide the entrepreneurs having received the funds.

Delinquencies in repaying the loans have occurred, but there hasn't been a default yet, and they've achieved a

remarkable overall rate of success: over 90% of businesses that have taken loans are still in operation today. The numbers, they discovered back in 2005, caught the attention of the banks, who've expressed a willingness to lend money through the EDF – but on the banks' terms, of course.

Examples of those who've been supported by the EDF are, according to Sawabini, "all over the place." He cites the dentist who needs equipment for his clinic, the farmer who needs more cattle, the orchard owner who's looking to grow more exotic varieties of fruit, the village artisan, or the young hopeful looking to start up an internet café.

Sawabini's work with the EDF in part comes out of the fatigue he felt living for years in big cities. On his time in New York, he reminisces, "even if you make it there – and thankfully I did – you always feel like a number, a small fish in a big pond. And even if you're a big fish in that big pond, you still feel kind of lost."

The business ethos of Lebanese villages couldn't be further away from all that. "It's very satisfying to see how ethical people are, how committed they are to their businesses," he observes. "They do everything they can to meet their obligations – it's very different here in the city, in Beirut. These loans are empowering for these people, and it allows them to build their self-esteem. As they feel they're becoming successful, the overall sense of community grows."

The EDF is growing, too. Notwithstanding the periods in which politics makes additional risk in business indigestible for most, the EDF has seen an exponential rise in applications. Much of the earnings the EDF has generated from the 20% interest on loans have been recycled to help control the escalating administrative costs of the additional loans they keep providing each year.

The organization's future will emphasize supporting women – especially those operating in groups. Sawabini makes two observations in regards to women entrepreneurs. First, women like to work in teams on ventures. This has the additional advantage of reducing those administrative costs. And second, "women are very committed to their businesses," he says. "With the proper mentorship and team that complements their talents, women could be creating wonderful start-ups."

In the meantime, Sawabini waits and hopes for a period in which the political

turmoil eases. "I just wish the politicians will get us to a point where we can focus more on our lives and on our wellbeing." And he keeps waiting also for a few social

changes. "People in this part of the world are not conscious enough about philanthropic activity and helping others," Sawabini says. "But I believe that's changing."

