

Social Entrepreneurs as Responsible Leaders: ‘Fundación Paraguaya’ and the Case of Martin Burt

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Abstract A country known for its longstanding struggle with corruption and dubious governments may not be the obvious venue for a socio-economic revolution that is expected to play an important role in the elimination of global poverty. However, Paraguay, an ‘island without shores’, as the writer Augusto Roa Bastos once described it, is home to one of the world’s most innovative social enterprises—the Fundación Paraguaya. While its achievements and success are the result of a team effort, its remarkable development can be largely attributed to Martín Burt, the founder and chief executive. We study the case of Fundación Paraguaya—the first and longest-running non-governmental organisation in Paraguay—with two primary research objectives: (1) to analyse the organisation’s pioneering way of solving social problems under difficult socioeconomic circumstances and its increasingly global outreach to eradicate poverty; (2) and to analyse the responsible leadership of Martín Burt.

Keywords Social entrepreneurship · Social innovation · Responsible leadership · Case study

Background

Paraguay: A Poor ‘Island Without Shores’

Paraguay rivals Bolivia as one of the smallest and poorest countries in South America. Many of the challenges that Paraguay faces are typical for developing economies, while others are consequences of the country’s history. Unlike other South American economies such as Chile (copper) and Venezuela (oil), Paraguay does not possess significant reserves of natural resources. This has undoubtedly contributed to the country’s limited degree of industrialisation, leaving the service and agricultural sectors as the mainstays of Paraguay’s economy. While the service sector accounts for the largest proportion of Paraguay’s GDP, it is farming that quietly dominates the economy. Thirty-six percent of the workforce is employed in the agricultural sector, which contributes just over 90 % to the total of merchandise exports. This is also reflected by the fact that Paraguay’s population of 5.6 million is significantly rural (46 %) by Latin American and Caribbean standards (Marió et al. 2004).

One would expect public policy to identify education as one of the main keys to enhancing the country’s economic development, especially as Paraguay has one of the youngest populations in Latin America and the Caribbean. World Bank estimates suggest that about 59 % of Paraguay’s population is under 24-years-old, indicating that its population is significantly younger than the typical population of a middle-income country. However, the authoritarian regimes of the past, infamous for patronage and corruption, showed little interest in improving Paraguay’s educational system. Even after the overthrow of the Stroessner dictatorship in 1989, when Paraguay entered a sudden phase of political liberalisation and initiated a gradual process of democratisation, little changed regarding the availability and quality of education. According

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to the World Bank, education spending by the central government is about 16 % of the country's GDP, which is among the lowest in Latin America and the Caribbean. Moreover, Paraguay also has a small tax base and so lacks the funds for a far-reaching educational reform. Adding to Paraguay's misery, 95 % of these (already low) budgets are for salaries and pensions.¹ These figures show that public policy alone is simply incapable of effectively addressing the problem (Marió et al. 2004).

At the same time, the failure of Paraguay's educational policy has played a key role in hindering the country's economic development and many people are unable to cover their most basic needs. Various estimates suggest that between one-third to half of the population is poor (Marió et al. 2004). According to Martín Burt, some 1.2 million people go hungry (personal communication, August 15, 2008).

Apart from the general low standard of living, Paraguay's situation exhibits two notable features. Firstly, Paraguay is not only a poor but also a very unequal society, something that is not reflected in the GDP per capita. With a Gini index of 0.57, only the Central African Republic, Brazil, Nicaragua and South Africa rank consistently higher in inequality. Secondly and perhaps more importantly, poverty is particularly prevalent in rural areas, where 41.2 % of the population lack a monthly income to cover basic necessities, whereas in urban centres this figure is 27.6 %. Apart from people in rural areas, it is women and children who tend to be most affected by poverty (Marió et al. 2004). Martín Burt is convinced that this is not because people do not know how to grow tomatoes, but because they do not know how to make money by growing tomatoes, i.e. because of a lack of entrepreneurial skills and access to capital (speech given at Mexit Amsterdam, June 20, 2008).

Not surprisingly, the lack of economic resources and the political situation leave many people, especially the young, disillusioned. They feel that politics is for the rich and corrupt, a perception that has only recently started to change following the appointment of a former bishop, Fernando Lugo (the country's first president in 60 years who is not from the Colorado Party, the country's infamous political monopoly). However, the deep mistrust in the government still waits to be tackled and turned into collective hope and a strong civil society. Since the latter depends on educated citizens and the previous administrations did everything to prevent this from happening (especially under Stroessner), Paraguay finds itself in a state of collective paralysis. Martín Burt tirelessly stresses

the importance of putting 'the dream back in the curriculum' (speech given at Mexit Amsterdam, June 20, 2008).

Martín Burt: The Making of a Responsible Leader

The biography of Martín Burt reflects the recent history of his country. He was born in Paraguay in 1959 at a time when the country was ruled by the oppressive regime of Alfredo Stroessner, whose power was built on three pillars: the government, the military and the Colorado Party. This was a system that Martín describes as 'almost Soviet' (personal communication, August 15, 2008). Martín and his family were persecuted for their efforts to promote political and economic liberty. Martín's grandmother, Maria Luisa Candia, whom he cites as an influential and hugely inspiring person, was a political activist. During the Second World War, even before the Stroessner era, she fought fascist movements in Paraguay. When the war finished she became one of the first Latin American women to work for the United Nations, where she helped to draft the first legislation on equal rights for women.

While his family background helps to explain his personal motivation to fight poverty, it is still surprising to see that Martín decided as early 15 to dedicate his professional life to the enhancement of civil society. In his own words, 'it was a combination of frustration with the oppression and a profound interest in promoting quality and liberty' that led to the decision, indicating the relationship between the political context and Martín Burt's personal history.

In 1976, at the age of 17, he decided to study in the United States, pursuing an undergraduate degree in public administration and inter-American studies at the University of the Pacific in California—as well as a master's degree in science, technology and public policy at George Washington University in Washington DC. The academic environment, along with the geographical distance from his home country and its problems, led him to make two significant insights: 'First, that under the yoke of the corrupt dictatorship Paraguay was never going to make significant inroads in combating poverty, especially since government investment in human resources and education had been basically non-existent for several generations. Second, that Paraguayans were going to have to come up with their own solutions to poverty and unemployment, by creating their own jobs, and developing the courage and skills to implement entrepreneurial activities.' However, he never intended to stay abroad ('my aim was to study overseas, but to return to Paraguay to change things') and so he returned in 1983 accompanied by his American wife (personal communication, August 15, 2008).

Two years later in 1985, Martín founded *Fundación Paraguaya* together with a group of visionary local business leaders and professionals. The inspiration for the foundation was the work of *Accion International* and *Muhammad Yunus* (then a largely unknown economics professor in

¹ During the World Economic Forum on Latin America in Cancun in 2008, Martín Burt made a statement that paints an even darker picture of educational policy in his country. He reported that the few resources that are devoted to the enhancement of public education are predominantly reserved for universities and other institutions of secondary education whose curriculums do not reflect the needs of the poor.

Bangladesh) and the new concept of microcredit. The foundation was the first microfinance institution in Paraguay, as well as the country's first professionally run development organisation. The early years were difficult as the Stroessner regime was still in power and kept a tight grip on civic activities. Martín and his loan officers had to be very careful while working in the slums to ensure that the secret police would not take them for subversives and put them in jail.

The downfall of the dictatorship in early 1989 eased the pressure, but the project remained vulnerable. The new authorities, recruited from the same old party, were not entirely happy with *Fundación Paraguaya* organising self-help groups in poor neighbourhoods. Without the crucial assistance of the United Nations Development Program (UNDP), the foundation might not have been able to survive or grow. The UNDP's resident representative Hans Kurz provided the necessary political umbrella and secured the support of the Inter-American Development Bank—an organisation that had only previously worked with national governments.

Soon after the Stroessner regime was overthrown in 1991, Martín Burt was asked to serve as deputy minister of commerce. He accepted the offer as he was convinced that he could accelerate change in Paraguay by working from the inside the government. However, 2 years later, he was asked to leave the ministry because of his continued refusal to join the Colorado Party.

Martín returned full-time to the *Fundación Paraguaya* and in 1995 launched an entrepreneurial education program with the help of Junior Achievement (JA) International to promote financial literacy for children and young people. Martín describes it as a sensible addition to the existing microfinance division, reflecting the need for financial and entrepreneurial education alongside credit.

Martín left the organisation for a second time in 1996, again in the belief that the interests of the poor were best served if he engaged directly in public policy. He was voted mayor of Asunción—Paraguay's capital and largest city. The city has more than 500,000 inhabitants and is one of the oldest cities in South America. As Asunción's first liberal party mayor in 60 years, he concentrated on helping the population progress from being mere inhabitants of the city and becoming participative and pro-active citizens. In his own words, 'it was my dream to help the people of Asunción understand that the city, and its future, belonged to them'. However, it was a challenging task: in an attempt to strangle the city's finances, the central government (including all ministries, national utility companies, and even the president's office) refused to pay the city for garbage collection, street collection, or other municipal services. Despite these obstacles, Martín and his administration doubled the city's revenues with a tax reorganisation program. This might have eased the problem

politically, but personally, the situation remained difficult for Martín. He describes his time as mayor as follows:

As the saying goes, no good deed shall go unpunished. My time in public service did not come without battle scars. I learned the hard way that politics in Paraguay can be as vicious and dangerous as in any other Latin American country. Corrupt politicians and crony capitalists, still nostalgic from half a century of corruption and power under the Stroessner regime, were uncomfortable with my insistence on pushing for government reform, rule of law and transparent public management. Despite their slander, harassment and lawsuits I was able to dodge the bullets and move forward. Not content with this, later on they tried to place blame on me for a tragic supermarket fire that occurred three years after I left office because it was built during my administration. As in previous occasions, even hostile government prosecutors could not find that I had any responsibility in the matter. I must admit, however, that the attacks I received took an emotional toll on me and my family.

Despite these interventions and the resulting 'emotional toll', it never crossed Martín's mind to stop pushing for economic and political liberty. Asked how he makes sure that the 'system' does not ultimately get the better of him, he responded:

I think, in order to be sustainable, you need to reserve your energies, you need to pick your battles and you need to decide how to more efficiently take advantage of the energy and the resources out there. You cannot fight every single battle. Besides, you have to lead a very happy life. In that sense, you have to have a peace of mind, a peace of heart. You need to be aware of how lucky you are to do great, fun things. If you are going to be a bitter person trying to change the world, then forget it. It's not worth it.

By the time Martín returned to the foundation in 2001, he had changed his view on the role and the importance of public policy when it comes to the alleviation of poverty. His two stints in governments made him realise that the solution to Paraguay's poverty would not come from the public sector. Martín developed a sober and rather distrustful view on the role of government in developing societies:

The objective was always to create policy and originally policy was only possible from the government. In fact, I studied public administration and public policy because I thought that the objective was to create policy from the government. It was very

interesting to realize, when I had the government post, that policy is sometimes created from the government, but sometimes it's completely created from the outside. And sometimes, the government really reacts to policy being spontaneously generated from civil society. A classic example is the microfinance movement; another classic example is the environmental movement. It was the environmental movement that created pressure so that the government enacts certain legislation. [...] We basically realize that not only we do not need government but that government is the last bastion that will fall. The government has become a conservative force in our society, even in democratic states because there is a bureaucracy that has its own interests so it is not to the benefit of the bureaucracy to change the rules of the game.

In looking out for practical solutions to Paraguay's poverty, Martín Burt became increasingly interested in the low quality of education offered to the poor. Seeing agricultural high schools across the country become semi-abandoned as they awaited for government subsidies that arrived months late, if at all, he began to ask himself if, and how, the poor could create and run quality schools that pay for themselves and thus would not rely on government funding. The chance to answer this question came in 2002 when a bankrupt agricultural high school in Paraguay belonging to the LaSalle Brothers congregation approached Martín and his foundation about taking over the school. At the beginning, he recalls that it was very difficult to even talk about the subject with international development organisations such as the Inter-American Development Bank, the US Agency for International Development, and the World Bank. These banks insisted that that education was the responsibility of national governments and that the poor could not help themselves in the areas of education and health. Fortunately, as interest in social entrepreneurship was starting to grow, both the Avina Foundation and the Skoll Foundation helped Martín to realise his objectives.

In 2004, Martín Burt was honoured as an 'Outstanding Social Entrepreneur' at the World Economic Forum by the Schwab Foundation and received the Award for Excellence in Social Responsibility from the Inter-American Development Bank. Martín Burt received the Skoll Award for Social Entrepreneurship in 2005 (see [Appendix](#) for a list of awards for Martín Burt and the Fundación Paraguaya).

In the same year, together with a young former English banker who had been a volunteer at Fundación Paraguaya, Martín co-founded a UK-based charity, *TeachAManToFish* (TAM2F). Aware that the failure of public policy to effectively address poverty is not confined to Paraguay, its main objective is to promote the model of self-sufficiency

in educational sectors around the world, as demonstrated by the successful takeover and revitalisation of the agricultural high school in Paraguay.

Fundación Paraguaya

Vision, Mission and Objectives

The goal of the foundation is the elimination of poverty in Paraguay and to make a contribution to the same objective in the rest of the world ('make poverty history'). While Martín Burt is aware of the limits of this target he believes that it *has to be* the ultimate ambition of Fundación Paraguaya. And while he is modest about his achievements, it is this utopian aim that serves as a source of motivation, inspiration and legitimacy for the foundation.

In its strategic plan, the foundation states its mission as 'promoting entrepreneurship, empowering the poor to create new jobs and increase family income' while the organisation's vision is to be 'a leading social enterprise that develops innovative solutions to poverty and unemployment and actively shares its experience around the world'. The last part underscores the social purpose of the venture, which is not to sell its model to maximise profits (as traditional private sector companies would strive to do) but rather to promote ideas to maximise social impact. In doing so, social value is created within the organisation and its social network (Mair and Schoen 2007). Thus, its business model is not about gaining a larger share of the pie, but about making the pie bigger—in a sustainable and financially self-sufficient manner.

It is also important to note that Fundación Paraguaya deals with 'empowering' the poor. Instead of simply giving money to the poor (as many international development organisations still do), the foundation helps the poor to help themselves. The main aim is to help mobilise resources and increase capabilities; something that is widely considered a general feature of social entrepreneurship (Alvord et al. 2004).

The foundation's strategic plan sets out three major goals. The first goal is to discover and promote new ways to equip the poor with tools to become economically successful. This implies integrating the operations of the organisation to create synergies and encourage social innovation while continuing to innovate and introduce programs for self-sufficiency. The second goal is to expand the microfinance program, which involves increasing the coverage of the program to reach clients not served by other financial institutions and improving financial efficiency (by raising return on equity). The third goal concerns the reach of education for entrepreneurship programs for children and youth. This is to be achieved by growing

sponsorship revenue and/or by developing new sources of funding (e.g. on the stock market).

Realising the Vision

Fundación Paraguaya has three main divisions: the microfinance program, which was launched in 1985; the entrepreneurial education program (1995); and the agricultural school (2002). All three are financially self-sufficient, i.e. income generated (excluding donations)² covers all of the operating costs. In the microfinance program, the interest generated by loans covers all of the costs of the division (since 1993). The entrepreneurial education program has achieved financial self-sufficiency in 1998, i.e. even more quickly than the microfinance program. In the self-sufficient school program, there are two areas: the San Francisco Agricultural School, which covers all of its costs with income generated from the sales of goods and services since 2007; and the replication program, where income generated by technical assistance contracts does not yet cover costs.

Microfinance Program

The microfinance program has two main features that set the foundation apart from its main competitors—regulated financial institutions known as ‘financieras’.³ Firstly, the program focuses on small credits (starting from \$40) that are given to microenterprises and entrepreneurs who are generally neglected by other financial institutions. When the program started, access to credit in Paraguay was still conditioned to party loyalty. While this is no longer a problem, capital is still far from easily accessible for the majority of Paraguayans, most of whom rely on loan-sharks, so-called ‘usureros’ (H. Kurz, personal communication, September 1, 2008). The average size of the foundation’s credits is less than \$300 which is significantly less than the competition’s average of around \$800. The foundation’s objectives to reach the poor and previously excluded is highlighted by the fact that more than 50 % of loans are granted in areas that are poor in comparison to the national standard and more than 20 % of its clients are classified as very poor (Dominguez 2007).

² The foundation’s major donors are the Skoll, Peery, Nike, and Avina foundations. Donations are used to invest in the development of new products and programs, and serve to support expansion efforts and the dissemination of the model. It is important to note that donations do not fund administrative expenses.

³ The five most important lenders are: Financiera El Comercio, Visión Banco, Financiera Interfisa, Financiera Atlas and Banco Familiar. All tend to focus on small and medium-sized businesses with microlending as part but not necessarily the core of their businesses.

Secondly, the foundation offers its microfinance customers not just loans, but a wide range of educational, business advisory and community development services. This enables Fundación Paraguaya to position itself as a development institution, rather than a purely financial institution.

Participants benefit from the program in various ways. First and foremost, access to capital enables them to set up their own businesses, minor as they may be. This is crucial in a country that has failed to build or attract large-scale employers. The funds allow farmers to build production capacities beyond their needs of self-consumption and turn the unemployed into small entrepreneurs—such as carpenters, shoemakers, handicraft producers, or families preparing lunch for neighbourhood schools. The foundation has supported more than 35,000 micro entrepreneurs—each of whom, on average, creates one job after a year of working with Fundación Paraguaya.

Apart from this general economic uplift, there is an additional gender-related effect. Women, who account for 70 % of microcredit entrepreneurs and used to depend on the consent of a male ‘companion’ before being granted a loan, overwhelmingly stress gender empowerment as major benefit of the program. In 2008, the foundation was managing a portfolio of some 32,000 micro-entrepreneurs for a total of over \$11 million without government support or interference (H. Kurz, personal communication, September 1, 2008).

Entrepreneurial Education Program

As time went by, Martín and his team realised that access to credit needed to go hand-in-hand with access to financial and entrepreneurial education. Martín Burt stresses that ‘poverty is a very complex thing because on the one hand it’s a lack of assets but it’s also a lack of knowledge. So you can give all the assets to the poor and they might still continue being poor,’ (personal communication, August 15, 2008).

This problem was addressed in 1995, when Fundación Paraguaya became Paraguay’s representative for the worldwide JA network.⁴ The foundation’s program comprises a wide variety of educational programs for elementary and high schools in Paraguay and abroad. Since the launch of the program, more than 150,000 young people have been trained.

Today, the foundation’s JA program reaches over 22,000 elementary and secondary students annually, developing school-based programs and special events that

⁴ The JA network (www.ja.org) offers programs in 122 countries. As part of this network and as the representative of JA in Paraguay, the Fundación Paraguaya has access to the JA curriculum and methodology, as well as to regional events such as conferences, youth entrepreneurship forums, and regional student competitions.

are adapted to the reality of every community that is served. With a strong focus on entrepreneurial skills, a 'learning by doing' methodology is used in hands-on and experiential programs that teach the key concepts of work readiness and financial literacy.

The programs run during the academic year at the elementary and secondary level in private and public schools in the capital city of Asuncion, as well as in towns and cities in urban and rural areas throughout Paraguay. Students participating in JA programs receive a certificate upon completion of the course.

Since 2005, the JA methodology has been adapted to benefit training sessions especially designed to develop the financial, interpersonal and entrepreneurial skills of over 20,000 very low-income women participating in foundation's village banking program.

Self-Sufficient Agricultural School

The self-sufficient agricultural school is the foundation's third division of activity and represents the newest, and arguably, its most innovative project. It may be regarded as the foundation's answer to the problem of persistent rural poverty, which has not been alleviated by existing strategies such as land reform, traditional charity, aid and subsidies. The people at Fundación Paraguaya believe that rural poverty is the consequence of a lack of agricultural know-how, entrepreneurial skills, and access to financing—and that traditional rural schools fail to address these problems. In particular, they seem to run into two issues: the education is not relevant to the needs of young people and resources are limited. Schools have to deal with unreliable or inequitable funding, such as government subsidies, or rely on charging tuition fees that exclude poorer students.

The foundation has pioneered a new model of technical education that is financially sustainable and addresses the two key issues: the availability of schooling at an affordable price, and the quality and relevance of that education. It does this by integrating the teaching of traditional high school subjects with the running of small-scale, on-campus businesses. These businesses serve as platforms for students to develop technical and entrepreneurial skills so that when they graduate, they are already on a path toward economic success and financial independence. The businesses also generate enough income to allow the school to cover all of its operating costs, including depreciation. This approach ensures the school's long-term financial sustainability and its ability to train low-income students without relying on government subsidies, long-term donor support, or costly school fees that would exclude poor students.

Martín Burt explains his vision of a better agricultural school:

Imagine a different kind of school – a school for some of the world's most disadvantaged young people, but one which is able to afford the best facilities and teachers. Imagine a school for the children of poor farming families, but where all graduates leave with the skills and experience needed to generate wealth for themselves and their communities. (Personal communication, August 30, 2008)

The opportunity to develop such a school opened in 2002 when Fundación Paraguaya took over the struggling *Escuela Agrícola San Francisco* from the LaSalle Christian Brothers, a Catholic charity. The school is located in Cerrito, about 47 km from Asuncion at the edge of the great semi-arid Paraguayan Chaco. The school facilities included 62 hectares of land—of which 53 are arable. The relatively modern school building measured ~7,000 m² with power supplied by the state energy company. The building had a telephone line and a wireless internet service, as well as drinking water from artesian wells. The *Escuela Agrícola San Francisco* is currently home to 120 boys and 30 girls in 10th to 12th grade and graduates a class of approximately 50 students each year. The school is striving for gender equality and 2008 marked the first graduating class to include girls. Most of the students come from rural areas in Paraguay—subsistence farming communities with low literacy rates and little access to information and education.⁵

The school adopts a two-pillar framework of education: academic and practical. The aim is to foster foundational academic understanding, develop marketable professional skills, and inspire a lifelong spirit of entrepreneurship, self-reliance and civic engagement. Students spend roughly half of their time in the classroom receiving more or less traditional instruction, and half their time being trained and mentored as they run various school businesses—or 'learning by doing'. After 3 years, they leave the school with a state-recognised secondary diploma.⁶ The aim is that the students return to their communities to work on the farm as skilled graduates, go on to further education, or find a job within 6 months of graduation.

Through the consistent efforts (and often sacrifices) of staff, students and other supporters, the school achieved financial self-sufficiency in 2007 by covering all of its operating costs with income generated through school activities and technical assistance. As a result, it became the first self-reliant rural agricultural high school in the world.⁷ The idea of 'education that pays for itself' is a major paradigm shift which many educators thought impossible. In the

⁵ Narrative report.

⁶ Ibid.

⁷ Ibid.

area of micro-credits, the foundation could draw on a wealth of experience worldwide; yet in contrast, the agricultural school is essentially a pioneering venture (H. Kurz, personal communication, September 1, 2008).

The fact that financial self-sufficiency has been accomplished can be largely attributed to two features of the model. Firstly, the school generates revenue from selling produce produced on the school farm, from providing service to agricultural communities, renting facilities, as well as normal tuition and work-study scholarships. Secondly, the school has the full managerial and financial support of the foundation. The latter was especially important in the early stages after the takeover. In fact, the project would not have been possible without the surplus generated from the foundation's other divisions. However, Martín Burt is eager to point out that this does not take anything away from the school's success: since the funds were taken from programs that empower the poor, he feels that the poor effectively set up the school for themselves (personal communication, August 15, 2008).

Financial self-sufficiency for the school is considered highly important. The reasons are straightforward: self-sustaining schools enjoy security and flexibility in countries where government funds are limited, chronically inconsistent, or simply lost in a web of corruption and bureaucracy. They can operate outside of political or religious control and exercise self-determination in policies and processes. Self-reliant schools also free themselves from the burdens of fundraising and enable lasting social benefit without continued financial investment. Perhaps more importantly, these self-sustaining schools serve as a model of self-reliance for the students, staff and community, based on an empowerment model—providing access to resources and opportunities to gain skills and understanding. Living and working in these environments students experience—often for the first time—the satisfaction of being able to provide for themselves. Economic self-reliance also stimulates a dramatic upward spiral in terms of institutional reputation and outcomes. Schools fully in control of their own finances can consistently offer better pay to their teachers, thus attracting and retaining the best professionals. High-quality instruction produces highly qualified graduates whose accomplishments in winning competitive scholarships, landing high-profile jobs and instigating critical community change further elevate the reputation of the school. Such a sought-after education brings more potential students into the selection pool, allowing administrators to build a motivated and disciplined student body. Quite literally, a self-sustaining school can 'afford' to be selective in terms of both staff and students.⁸

⁸ Ibid.

Despite this remarkable achievement, Fundación Paraguaya is not resting on its laurels. The next challenge is global and the school is serving as a prototype for other countries. In an attempt to maximise the worldwide impact of 'education that pays for itself' the foundation has built a network of global partners. The most notable collaboration is with the UK-based organisation TAM2F that Martín Burt co-founded. Its purpose is to increase the awareness of the idea of the school's model and build similar schools in other developing countries. Current examples include a worm farm in Armenia, a snail-farming project in Ghana, and a coffee plantation in Nicaragua. The partnership is part of the Clinton Global Initiative (CGI) under the leadership of former US president Bill Clinton. The CGI is a non-partisan catalyst for action, bringing together global leaders including heads of state, non-profit organisations, charities and business leaders to discuss solutions to some of the world's most pressing challenges.

Despite the general excitement that surrounds the idea of education that pays for itself, there are still significant obstacles to overcome. On a Skoll Workshop in 2005, Martín Burt mentioned the following challenges:

- It still needs to be proven that educators will accept the 'learning by doing' model.
- There is a bias against business activities and money-making in schools.
- In many cases, there is a severe lack of financial resources.⁹
- It is difficult to attract teachers and a supporting workforce because of lower salaries than in the private sector.
- Government imposition on curriculum should be expected.
- The general economic environment may force students to stay home.

Towards a Synergistic Model

Each of foundation's three divisions has a particular methodology for tackling poverty: the microfinance program offers credit to microentrepreneurs and their employees; the entrepreneurial education program fosters entrepreneurial skills among low-income children, youth and adults using the JA methodology; the agricultural high school provides a high school education to low-income youth from rural areas with an emphasis on organic agricultural techniques and the creation of profitable rural enterprises.

While the divisions are formally separated, reflected by the organisational set-up and financial reporting, the

⁹ It must be remembered that the foundation would not have been able to set up its school without the surplus from its other divisions.

foundation's management is fully aware of the opportunity and the need to exploit the strategic and operational synergies.

A closer look, depicted in Fig. 1, reveals how the three different parts complement each other to form a comprehensive and successful business model to eliminate poverty. While there is a certain degree of interdependence it is fair to say that the entrepreneurial education program deals with the education of *urban* entrepreneurs; while the school turns poor farm-workers into *rural* entrepreneurs. However, education is only the first part of the puzzle. The newly educated entrepreneurs still need access to capital to lift them out of poverty. That's where the microfinance division comes in and complements the educational programs. Microfinance provides credit to youths who have participated in the foundation's educational program and created their own microenterprises; microfinance also provides credit to graduates of the school, so that they can return to their family farms with the necessary resources to finance their business plans.

Likewise, the entrepreneurial education program provides the school with course material emphasising entrepreneurship. In addition, Fundación Paraguaya offers entrepreneurial education programs in many of the schools attended by the children of its microfinance customers, a service that helps differentiate its microfinance program from those of its competitors. These customers learnt about the school through the microfinance program. Similarly, drawing from the expertise of its personnel in the agricultural school, the foundation plans to have its branch offices offer agricultural training—in person and online—to microfinance customers engaged in farming. In summary, each of the three programs, including microfinance, enriches and is enriched by the other two. This synergy gives added value to the programs and is the driving force behind the foundation's business model. It is also an important factor in the success of its microfinance program (Table 1).

Future Plans

Apart from the many smaller initiatives and partnerships of Fundación Paraguaya, there are two main future goals: the successful replication of the agricultural school on a global scale, as well as the development and implementation of an inclusive microfinance program.

Replication of the Agricultural School on a Global Scale

While the basic concept of self-sufficient schools for the poor has proven to be successful, there is still much work to be done when it comes to the global promotion and adoption of the idea of 'education that pays for itself'. In that sense, the focus of the foundation shifts from creating social innovation to leveraging an existing model. The need to build strategic networks to generate social capital, an important feature of social entrepreneurship in general, becomes obvious. Consequently, the replication strategy of the self-sufficient school model involves partnering with organisations around the world to start new schools from scratch and/or to transform existing schools. The foundation has developed a social franchise that will guide interested organisations through the process. The transfer of the model and its implementation process involves four stages: exploration (mainly the identification and analysis of the potential replication partner); due diligence (mainly to determine the feasibility of the project); implementation (mainly the development of the school until it is functional); and finally, monitoring and support (achieving financial self-sufficiency, and going through the school accreditation process).

There are currently 65 organisations from 29 countries in the Americas, Africa and Asia that are replicating the financially self-sufficient school model partially or in its entirety. The individual replications are in various stages of

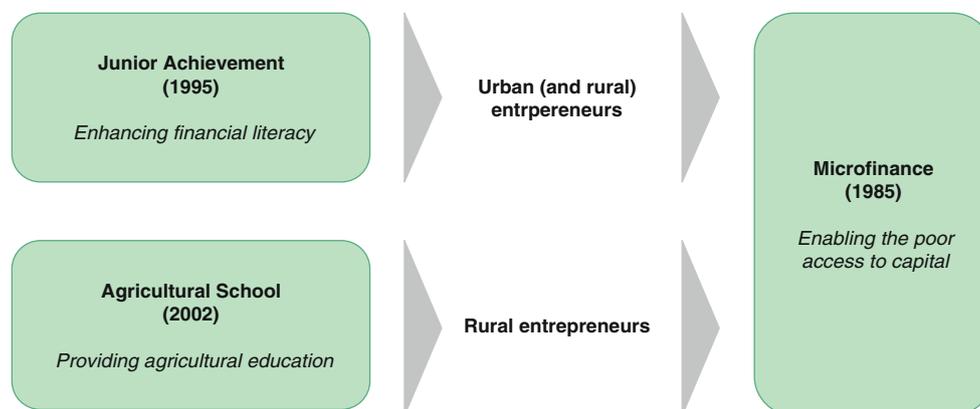


Fig. 1 Towards a synergistic model in the fight against poverty

Table 1 Fundacion Paraguaya's business model at a glance

Customer interface	Core strategy	Strategic resources	Value network
Borrowers are turned into entrepreneurs and entrepreneurs are turned into borrowers	Mission: Eliminate poverty by promoting entrepreneurship in rural and urban areas through three interrelated concepts Microcredit loans Entrepreneurial education Self-sufficient agricultural education Differentiator: inclusive microfinance	Funding Risk management Human resources Educational know-how	Provision of education and capital to the poor Highly integrated vertically, but cooperating closely with strategic partners to replicate model on a global scale (e.g. TAM2F)

Following Hamel (2000) cit. in Mair and Schoen (2007)

progress. The foundation's closest partner is TAM2F, a London-based charity that was started in the year 2005 to share and promote the pioneering work of the foundation with educators and social entrepreneurs around the world. The UK-based group has created a growing international network of agricultural schools committed to tackling rural poverty with sustainable programs. The network has expanded to more than 110 countries and represents a wide range of over 1,400 institutions interested in finding new ways to increase the availability of high-quality education in developing countries by making it financially sustainable. Fundación Paraguaya and TAM2F work closely in the dissemination of the financially self-sufficient school model. This collaboration entails not only the expansion of the international network of organisations committed to 'education that pays for itself', but also the development of the social franchise of the model and joint work in replication projects with partner organisations.

The foundation and Teach a Man to Fish made a commitment in 2007 to the Clinton Global Initiative by aiming to replicate the 'education that pays for itself' model in an additional 50 locations in Latin America and the rest of the developing world by 2017. Martín Burt and his fellow professionals believe that these new schools will enable more than 120,000 disadvantaged rural youngsters to become successful rural entrepreneurs, employers and employees; and that these schools have the potential to improve the standard of living of 600,000 students and members of their families and communities. The project is aiming high—not only conceptually but also in numbers. However, these figures raise the question of how such an ambitious goal can be realised. The strategic report for the replication of rural schools from 2008 mentions various strategic objectives that are not only instrumental in achieving the overall goal of 50 new schools but also set qualitative standards and, in doing so, ensure that there will be strong, yet sustainable growth:

- Provide the tools to disadvantaged rural youth to overcome poverty, while simultaneously ensuring the long-term financial sustainability of the school.

- Raise international awareness of the model through the Teach a Man to Fish network.
- Develop an understanding of the model by sharing the advantages and opportunities of a self-sufficient and entrepreneurial school.
- Find ways to bridge the skills and technology gaps often faced by network members by providing relevant technical assistance.
- Invest in monitoring and evaluation to document the effectiveness of the model (e.g. in the form of best practices)¹⁰ and demonstrate that financially self-sufficient schools are an 'investment proposition' with clearly defined social returns on investment.
- Search actively for financial support for the replication strategy.¹¹
- Recruit and train human resources in readiness for operationalising the replication strategy.

Closely related to this list of strategic objectives are the conditions that have to be met in each individual school case for the successful replication of the model.

- The organisation or school interested in replicating the model needs to have a mixture of social and economic motives for doing so, and a commitment to the concept of the financially self-sufficient agricultural school.
- The school needs to be located near a functioning market.
- The school needs to have adequate land and facilities to house the school's economic and academic activities and protect students and teachers.
- School managers and/or partners need to have access to start-up funding and the school needs to be able to support staff, make necessary adaptations to curriculum

¹⁰ Despite the important role that best practices play in facilitating the organisational learning process for the schools, it should not be forgotten that one of the greatest strengths of the Teach a Man to Fish network is local adaptation.

¹¹ Current financial supporters include the Skoll and Nike foundations.

and buildings, and purchase relevant production equipment.

- School managers and staff need to have entrepreneurial, business, technical and leadership skills, as well as enthusiasm.
- The school often needs at least one local partner to help implement the model and achieve desired goals.
- The school needs a strong financial management system to monitor performance.
- The school must be able to attract high-potential students.

Inclusive Microfinance Program

Less advanced than the replication of the ‘education that pays for itself’ model is the second major objective of the foundation. It is more fundamental in the sense that Martín Burt and his collaborators took a step back to explore the basic nature of poverty. They addressed questions such as: how do you define hunger, poverty, and extreme poverty? Who are the poor and where do they live? What does ‘urban’ and ‘rural’ mean? Apart from income and employment, what other indicators define poverty? What do poor people do when they stop being poor?

They discovered that there is no methodology to eliminate poverty. In fact, nobody seems to believe that it is possible to fully eradicate poverty and people only talk of poverty ‘alleviation’. Driven by the urge to help foster an understanding of poverty as a social phenomenon and helped by years of experience in fighting poverty, they discovered what they believe are the primary levers of poverty elimination: Whether it is microcredits or entrepreneurial and agricultural education, access and quality has to be improved in order to eliminate poverty in sustainable ways. When poverty is looked at in such a generic manner, the possible fields of action for an organisation committed to its elimination appear almost indefinite. The foundation’s current portfolio—despite the diversity of its initiatives—covers only a fraction of what is necessary to successfully fight poverty. In response to this insight, Martín and his senior management team decided to further broaden their set of activities. In much the same way that the foundation has developed from a purely microfinance institution to an organisation that provides entrepreneurial education, it is now set to directly and indirectly address issues such as water, housing, insurance, or healthcare (Fig. 2).

Asked if it would not be preferable to concentrate on increasing the scale of existing initiatives, Martín Burt is eager to point out that the foundation continues to stick to its core business:

We continue to do the same thing which is basically poverty alleviation through empowering the poor. That’s very interesting because you can look at it as a

credit program but what if it’s an empowering the poor program? What was the discovery with microfinance? That the poor are not dumb, that the poor are not stupid, that they are not racially inferior. [...] Microfinance showed that you can lend them money and they will pay back. [...] That was a great discovery because retarded people are not supposed to respond. [...] The poor can pay, the only thing they need is for the service to provide access and quality. [...] You can sell them water, they will pay for the water. They will pay for their homes. They will pay for their health. (Personal communication, August 15, 2008)

(Fundación Paraguaya: Responsible Leadership in Action)

As frequently happens in the field of social entrepreneurship, the founder’s personality has been very important for the development of the foundation. Asked if his organisation would be able to prosper without him, Martín Burt is quick to state his dispensability: ‘If I die, somebody else will follow,’ he says. (Personal communication, August 15, 2008)

Effectively, this has already been proven as he left his organisation on two occasions to pursue a career in politics. In fact, the foundation has been without Martín Burt for almost a third of its existence since it was founded in 1985. Still, had it not been for his vision and commitment to make poverty history, his unshakeable belief in the ability of people to help themselves once they have the opportunity (and thus in self-leadership of even the poorest of the poor), and for his drive and servitude in often primitive conditions, then the foundation would not be as successful as it is today.

For these reasons, it is worth examining his exemplary leadership in light of the growing awareness for the importance of responsible leadership in a connected world. For this purpose, we tie into the growing literature on responsible leadership (see e.g. Pless and Maak 2011); particularly, we draw on the ‘role models of responsible leadership’, as laid out by Maak and Pless (2006) and adopting a role-based stakeholder perspective. The authors argue that responsible leadership is the art of building and sustaining trustful relations with all relevant stakeholders, based on a vision for the good of the many, and not just a few. It depends on adopting specific leadership roles: at the core those of a servant, a steward, a citizen, a change agent and a visionary. For illustrative purposes, we will briefly examine Martín Burt’s leadership approach in the light of these roles.

The Leader as a Servant

It is fair to say that Martín Burt exemplifies the leader as servant (Greenleaf 1977; Van Dierendonck 2011). Leadership

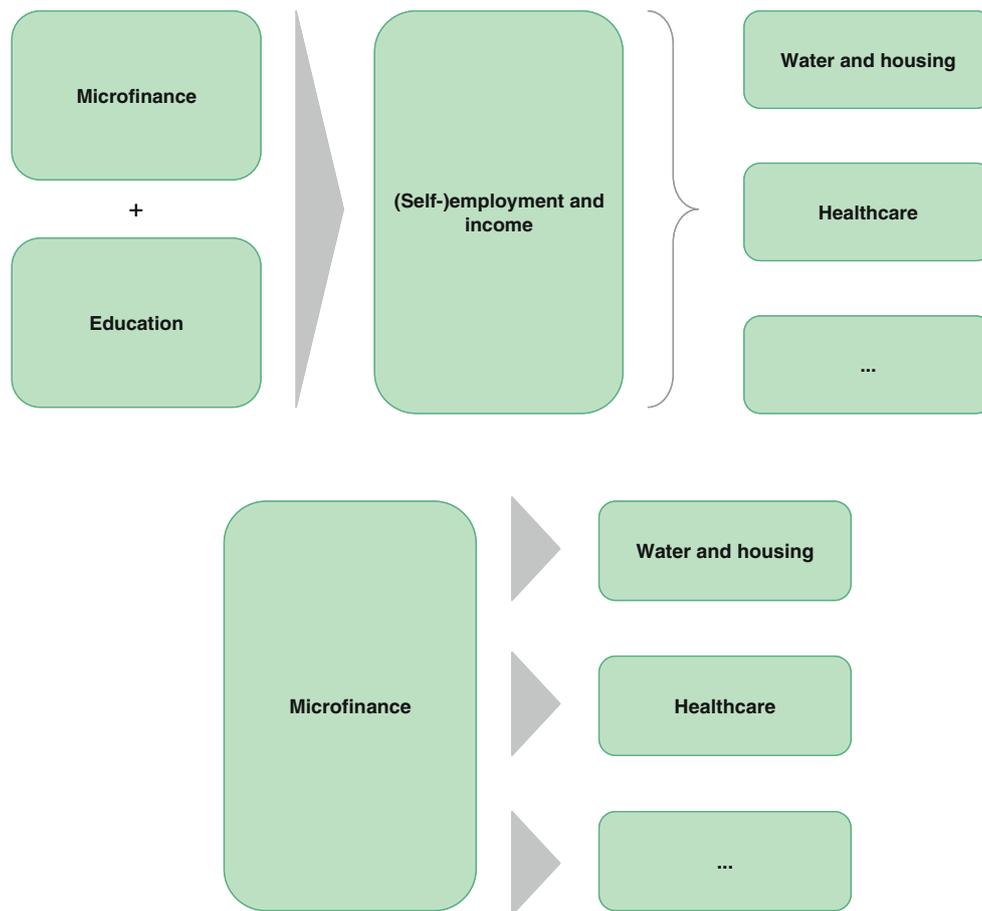


Fig. 2 Microfinance as an indirect and direct way to eliminate poverty

from this point of view is not about the ego or grandiosity of a leader but about how, and to what extent, the leader serves his constituencies and how these individuals grow to become leaders in their own right. By empowering thousands of people in Paraguay and increasingly in other countries too, Martín Burt fits this picture perfectly. In fact, he committed himself to a relentless fight against oppression and poverty, and for freedom and opportunity for the poor; thereby serving those who need it most.

The Leader as Steward

Moreover, our analysis shows that Martín Burt leads with integrity and embodies the idea of stewardship. A steward leader is aware of the fact that he is entrusted with upholding core values and resources and that his success as a leader will depend on his achievements in enriching an organisation. Clearly, during his time in public service he has proven to be a ‘guardian of values, a stronghold to protect personal and professional integrity’ (Maak and Pless 2006). When he was deputy minister of commerce, he refused to join the Colorado Party and accepted the consequences of this decision because

he felt that the party did not act in the interests of its voters. This attitude cost him his job, but enabled him to preserve his integrity. Later, when he served as mayor of Asuncion, he directly took on the political establishment in an attempt to turn Paraguayan politics from a self-referential, rent-seeking bureaucracy into a genuine democracy. In doing so, he demonstrated that he took seriously the trust that voters had put in him. And even when life became difficult for him and his family he refused to take the easy option. In fact, he never even considered the easy option (personal communication, August 15, 2008). Moreover, the way he has developed and enriched the foundation, on and off, for almost 25 years demonstrates stewardship in an area where many good-willed entrepreneurs have failed. His exemplary leadership also illustrates that stewardship requires safeguarding values and resources; however, in order to do so, a steward must initiate and facilitate responsible organisational change.

The Leader as Change Agent

Where service and stewardship are hallmarks of his leadership, the story of Martín Burt is about creating social

change. The Paraguay he encountered upon his return from the United States was significantly different from the one he imagined and continues to imagine. Successful role models in other countries aside (e.g. Muhammad Yunus) he was the first to tackle the issues of political oppression and economic exclusion in an entrepreneurial, non-governmental approach. Martín Burt is a pioneer of social innovation, and on an increasingly global scale. His work, however, reflects the achievements of a responsible change agent; a restless but conscious and caring pursuit of helping others to help themselves. His approach is both principled and pragmatic; he acts with integrity but does not go so far as to sacrifice himself, or his work. Rather, he has sought entrepreneurial ways to eradicate poverty one step at a time.

The Leader as Citizen

The manner in which he initiated and implemented social change is as remarkable as his civic ethos, as a social entrepreneur, as an ordinary citizen, and as an elected government official. Martín adopted a modern and open stakeholder approach from the beginning. His ideas of economic and political freedom, together with his disappointment about the unwillingness and inability of public policy and elected officials to address even the most fundamental problems led him to begin his campaign. After 25 years as the head of the foundation and almost 9 years in public service, Martín is convinced that the enhancement of civil society is the key to overcoming the most pressing social challenges. However, he also believes that this has to be done from bottom up by committed citizens and not top-down from the government or its agencies. In the special case of this foundation and the broader movement of social entrepreneurship, business is the means to create social and political change. Thus, the elsewhere ‘problematic separation of private business on the one hand and public sphere on the other’ (Maak and Pless 2006) is entirely alien for Martín Burt.

The Leader as Visionary

Finally, the achievements of his foundation would not have been possible if Martín Burt was not a visionary in the fight against poverty. This vision—a world free of poverty and full of opportunities—and how it has been translated into social innovations, is equally ambitious and desirable. To bring it to life in complex development contexts requires responsible leadership and almost dialectic qualities, which Martín Burt describes as follows:

One has to be a terrible optimist, you must not take ‘no’ for an answer, you have to be able to dream and

have visions of things that people don’t see. You have to be able to initiate projects without resources and not despair; you need to have a pretty unreasonable amount of confidence in yourself that you will finally do it. You need to be a people person in the sense that you have to get along well with people, you have to have certain types of communication skills in order to get your message across and convince people to work with you even though they may not fully understand what the project is. You need to be able to live with a happy frustration. You’re frustrated because the world prevents you from doing it but you’re still moving forward. (Personal communication, August 15, 2008)

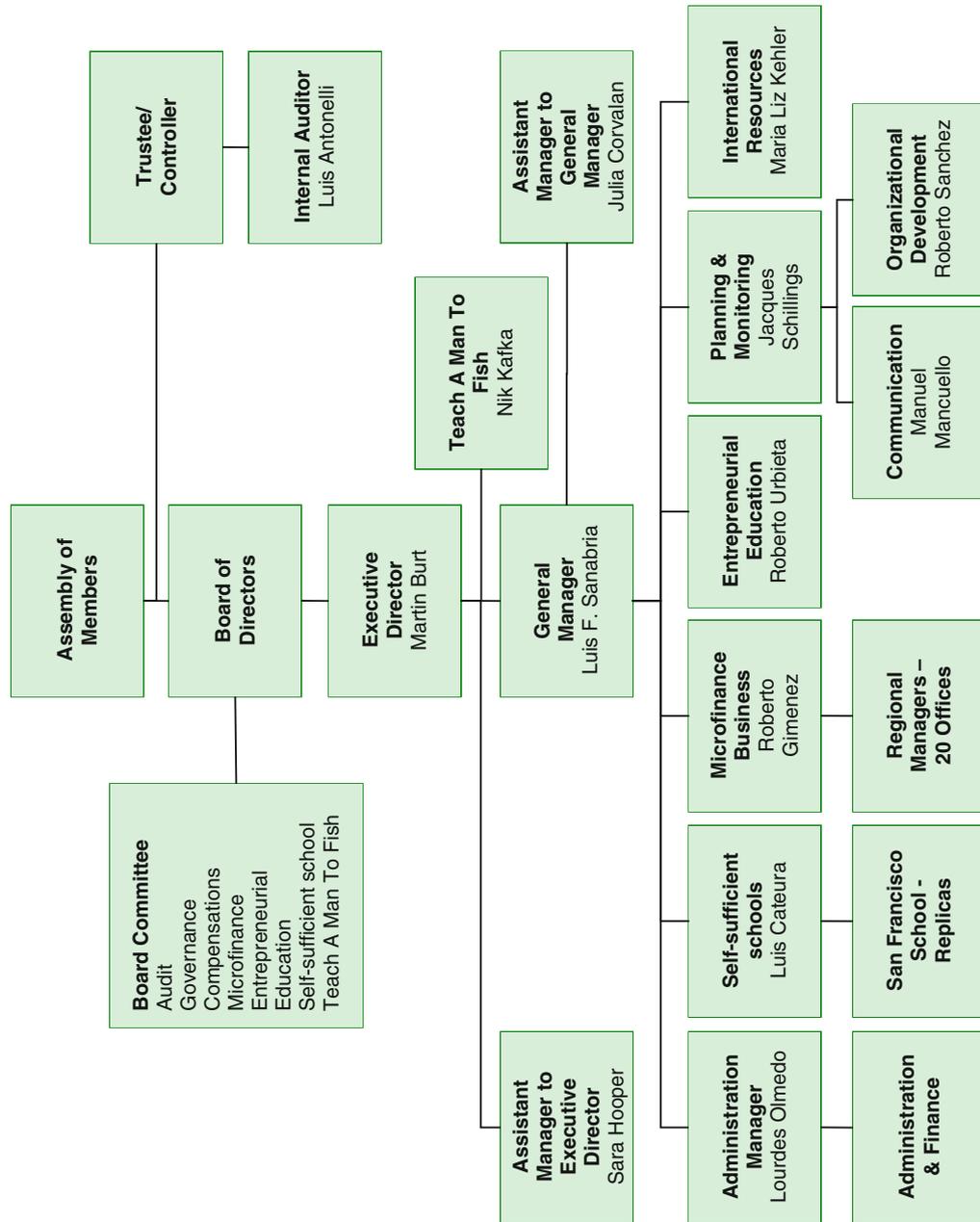
Conclusion: Eradicating Poverty Requires Responsible Leadership

Fundación Paraguaya’s goal of eliminating poverty is bold and ambitious, especially as it is not restricted to Paraguay, but ultimately involves the whole developing world. Martín Burt as well as everyone else working within his organisation are aware how difficult it will be to even get close to realising this objective. But then, who would have believed in 1985 that Martín Burt and his Fundación Paraguaya would start to positively impact the lives of thousands of Paraguayans by enabling and teaching them to become self-sustainable? Fundación Paraguaya is at the forefront of a socioeconomic movement that, if successful, may play a key role in eliminating global poverty. Fortunately, Martín Burt is well aware of his role as a pioneer and is therefore willing and eager to share his experiences and thoughts to ensure that this movement is more than another drop in the bucket in the world of international development. Clearly, there is much to learn from social entrepreneurs such as Martín Burt, and we hope that his work will inspire others in the pursuit of an inclusive world.

Questions

1. How does Fundación Paraguaya compare to other social businesses you know? Similarly, how does Martín Burt compare to other social entrepreneurs you know?
2. Which future challenges do you think Martín Burt and Fundación Paraguaya have to overcome to achieve their plans for:
 - inclusive microfinance as explained above
 - the replication of the self-sufficient school model?

Appendix
Organisational Chart



Financial Information

	In local currency	In US\$
<i>Balance sheet per December 31, 2009</i>		
Assets		
Current assets	75,313,207,627	15,815,774
Cash and banks	12,030,173,119	2,526,336
Loans with financial institutions	3,122,619,955	655,750
Loans	58,574,414,074	12,300,627
Other credits	1,586,000,479	333,060
Non-current assets	6,747,66,358	1,417,004
Loans with financial institutions	–	–
Loans	2,624,498,487	551,145
Investments	411,594,748	86,435
Fixed assets	3,578,115,668	751,404
Deffered charges	133,427,455	28,020
Total assets	82,060,843,985	17,232,777
Liabilities		
Current liabilities	42,955,614,108	9,020,679
Financial sector obligations	36,222,498,073	7,606,725
Other debts	6,021,325,789	1,264,478
Provisions and previsions	711,790,246	149,476
Non-current liabilities	11,990,270,105	2,517,957
Financial sector obligations	11,990,270,105	2,517,957
Total liabilities	54,945,884,213	11,538,636
Reserves	13,576,575,754	2,851,081
Surplus of income less expenses	12,021,402,771	2,517,957
Prior years	1,516,981,247	2,517,957
Current years	13,538,384,018	2,517,957
Total difference between assets and liabilities	27,114,959,772	2,517,957
<i>Profit and loss statement 2009</i>		
Microfinance unit		
Income	25,303,632,153	5,313,763
Interest and commissions of non-financial loans	24,046,987,541	5,049,867
All other income	1,256,644,612	263,895
Expenses	(23,489,207,869)	(4,932,734)
Salaries and social charges	(9,626,467,945)	(2,021,558)
Transport expenses	(1,053,847,444)	(221,308)
Office expenses	(852,985,247)	(179,127)
Interest and commissions paid	(5,725,205,364)	(1,202,293)
Leases paid	(512,389,420)	(107,602)
Bad debt provision	(1,880,504,782)	(394,906)
Professional fees	(556,851,785)	(116,939)
Foreign exchange loss on assets	(516,133,706)	(108,388)
All other expenses	(2,764,822,176)	(580,613)
Operations surplus		
IBD agreement		
Net surplus	274,842,289	57,717
Leapfrog agreement		
Net deficit	(400,000)	(84)
Net surplus	2,088,866,573	438,662

Table a continued

	In local currency	In US\$
Agricultural School Unit		
Teach A Man to Fish Programme		
Teach A Man to Fish Programme	(624,130,775)	(131,067)
Skoll Project	115,859,474	24,330
Peery Project	–	–
Nike Project	–	–
Seep Project	–	–
Net deficit	(508,271,301)	(106,737)
Agricultural School San Francisco do Asis Campus		
Income	1,757,943,989	369,168
From hotel	452,134,703	94,948
From technical assistance	577,922,997	121,364
All others	727,886,289	152,856
Expenses	(1,696,803,543)	(356,329)
Salaries and social charges	(579,733,328)	(121,744)
All other expenses	(1,117,070,215)	(234,585)
Net surplus	61,140,446	12,839
Net deficit	(447,130,855)	(93,897)
Junior Achievement Unit		
Income		
Donations received	289,713,097	60,840
All other income	552,080,522	115,937
Expenses		
Salaries and social charges	(396,330,846)	(83,229)
All others	(286,749,935)	(60,217)
Peasant project		
Net deficit	(11,896,266)	(2498)
Net surplus	146,816,572	30,831
Total resources before income tax	1,788,552,290	375,596
Income tax	(271,571,043)	(57,030)
Total resources after income tax	1,516,981,247	318,566

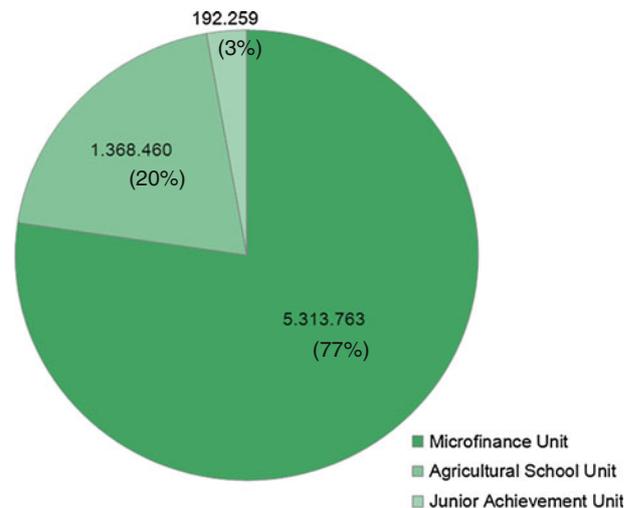
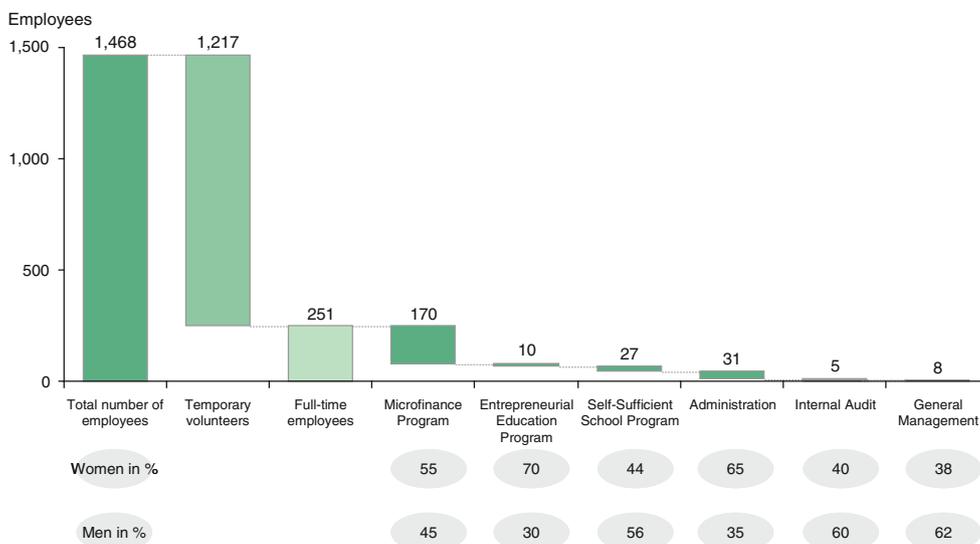


Exhibit 1 Revenue split per division (2008, in US\$)

Employee Structure



Awards for Martín Burt and Fundación Paraguaya

Awards for Fundación Paraguaya

2009

The WISE (World Innovation Summit on Education) Award 2009)

Given out by the Qatar Foundation for Education, Science and Community Development

Chosen from among 588 participants from the global education sector for its self-financing education model

(Templeton Award in the category of “social entrepreneurship”)

Given out by the Atlas Economic Research Foundation
Chosen from among 130 participants from 47 countries in the category of “Social Entrepreneurship”, acknowledging Fundación Paraguaya as one of the leading 16 innovative institutions that has done excellent work on issues related to the advance of understanding freedom

(UNESCO and IDB (Inter-American Development Bank) award “Best Practices in Youth Policies and Programs in Latin America and the Caribbean”)

Given out by the IDB Youth Program and the Social Protection and Health Unit, and the Organization for Education, Science and Culture of the United Nations (UNESCO), with the support of more than a dozen international development organisations, the Government of Mexico and the IDB-managed Korea Poverty Reduction program

Fundación Paraguaya was selected because of its success achieved in the design and implementation of policies and programs for youth in education through the Self-Sufficient Agriculture Schools developed in the country and replicated today in more than 50 institutions, members of the worldwide Teach a Man to Fish network

(FOROMIC 2009 Excellency in Microfinance Award)

FP was chosen as one of the three FINALISTS of the FORMIC 2009 Awards for Excellency in Microfinance in the category of Most Microfinance Outreach

The awards for Excellency in Microfinance “Best Microfinance Institution and Most Microfinance Outreach” acknowledge institutions that are constantly improving their methods and financial products to reach an ever greater number of low-income micro-entrepreneurs and clients. The award is granted to institutions that have adopted appropriate transparency and consumer protection practices, in addition to showing efficiency and profitability in their operations

(MIX Award for Social Performance)

The award is sponsored by the Ford Foundation, the Michael & Susan Dell Foundation, and the Consultative Group to Assist the Poor (CGAP)

Fundación Paraguaya was once more acknowledged by Microfinance Information Exchange (MIX) for its reports on social performance in the Silver Level; the Silver Level Certificate is given to the MFI that complies with the minimum core requirements in terms of the

dissemination of information of the Working Group on Social Performance

2008

(Clinton Global Initiative)

The Clinton Global Initiative selected the proposal of Fundación Paraguaya “Self-Sustaining Education” as the key initiative to be promoted in 50 developing countries by 2017

2004

(Junior Achievement Paraguay Received Award for Collaboration at JA World Conference)

This award recognises the representatives of countries that have carried out collaborative initiatives to generate resources (financial, volunteers) to carry out joint tasks in accordance with the mission of JA

(IDB Award for Excellence in Social Entrepreneurship 2004)

Given out by the Inter-American Development Bank; this award recognises private sector or civil society leaders who combine social commitment and business techniques to promote microenterprise and community development

(Honourable Mention from World Bank’s CGAP for Financial Transparency (also won in ‘04 & ‘05))

Given out by the Consultative Group to Assist the Poor (CGAP); this World Bank body has been organising the aforementioned competition since 2004 to recognise those entities that present complete financial reports for the previous fiscal year. The award highlighted Fundación Paraguaya’s disclosure of its financial information and awarded FP for adopting the International Financial Reporting Standards - IAS1 on Disclosure, as well as CGAP’s Disclosure Guidelines for Financial Reporting in Microfinance Institutions.

(Champion in the League of Champions)

The Microfinance Information eXchange (MIX) and the Inter-American Development Bank included Fundación Paraguaya in the “League of Champions” of the Micro Enterprise Americas Magazine 2004; in the “League of Champions” 2005, Fundación Paraguaya was distinguished as the sixth most profitable microfinance entity of Latin America. The article highlights the 10 microfinance entities with the greatest amount of savings, the most efficient ones, the ones with the greatest market depth, the least risk, the first in profitability, the most efficient with loans greater than US\$ 500, and the ones with the greatest portfolio growth. Fundación Paraguaya stood out in the latter category taking seventh place with a 73 % growth in portfolio.

Awards for Martín Burt

2009

(Acknowledgement from the DEA)

Dr. Martín Burt received an acknowledgement from the Directorate of Agrarian Education (DEA, acronym in Spanish) of Paraguay for Fundación Paraguaya’s contributions toward rural education in Paraguay

2005

(Skoll Award for Social Entrepreneurship)

The Skoll Awards for Social Entrepreneurship support social entrepreneurs whose work has the potential for large-scale influence on critical challenges of our time. Skoll social entrepreneurs are innovators who have tested and proved their approach, are poised to replicate or scale up their work to create equilibrium change and engage others with a message that resonates with individuals whose resources are crucial to advancing these solutions

2004

(Schwab Foundation Award)

The Schwab Foundation for Social Entrepreneurship based in Geneva, Switzerland selected our founder and general manager as one of the most outstanding social entrepreneurs in the world; out of a group of more than 100 candidates, 13 individuals working in 15 countries earned the designation of “Outstanding World Social Entrepreneur”. Two of these are from Africa, six from the region of Asia, four from Latin America, and one from the United States

(Award for Excellence in Social Responsibility Given out by the Inter-American Development Bank)

Further awards with no date

“Orbis Guaranicus Award” from the UNESCO for the promotion of culture

“Domingo Sarmiento Award” from the National History Academy of Argentina

U.S. Eisenhower Fellowship Award

Republic of China Eisenhower Fellowship Award

Best Social Project Award by the Christians’ Business Association

Outstanding Young Person of the Year Award from the Junior Chamber of Commerce of Asuncion

Methodology

We studied the case of Fundación Paraguaya and Martín Burt with two primary research objectives: (1) To analyse the organisation’s pioneering way of solving social problems under difficult socioeconomic circumstances. (2) To apply the concept of responsible leadership to Martín

Burt's individual story and approach. In doing so, we relied heavily on both desk research (incl. annual reports, independent audits, interviews conducted by third parties, case studies and information from the website) and primary data collection (incl. workshops, personal interviews and a 6-week field visit to Fundación Paraguaya).

When one of the authors conducted the 6-week visit to Paraguay, he was based in Fundación Paraguaya's headquarters in Asuncion. During this time, he conducted two 5-day visits to the Agricultural School as well as three remote villages that are part of the microfinance program. The objective of these field trips was to gain a first-hand understanding of the implementation of two of the three fundamental pillars that Fundación Paraguaya's approach is based on. The research visit was critical to collect important internal documents only available on-site. During the 6 weeks, a total of 22 interviews were conducted. At Fundación Paraguaya's headquarters in Asuncion, 12 semi-structured interviews (lasting between 60 and 180 min) were conducted with senior management and other staff members. Another 10 exploratory interviews were conducted with Fundación Paraguaya's local village level staff during the two field trips. Fundación Paraguaya, specifically the head of the microfinance program, selected the villages for the microfinance trip. The selection was based on accessibility and the possibility to travel alongside Fundación Paraguaya's staff on their scheduled visits. This non-random sample can be seen as a limitation, but was necessary due to matters of feasibility. During both field trips, interviews were conducted with the assistance of a local interpreter. Additionally, informal open-ended discussions were held with villagers during and after the official tours. Detailed accounts were written up after each visit and kept in a research diary.

Case study data collection sources

Interviews	Archival sources	Observation
On-site with Martín Burt, Executive Director	Annual and quarterly reports to stakeholders	Participation in meetings and direct observation at organisation
On-site with managers from multiple levels within all three divisions of the organisation	Internal memos and presentations	Direct observation of interaction between operational staff and stakeholders of the organisation (incl. beneficiaries, donors, staff, local government officials)
Via telephone with professional contacts and former partners of Martín Burt	Externally audited databases (financial and non-financial)	
Follow-up via telephone	Email exchanges and official correspondence	Visit to several sites throughout the country, both of the organisation and of the beneficiaries
	Video interviews with key stakeholders in the organisation	
	Websites	

Data gathering and analysis stages

Name of the stage	Time period	Description
I. Framing	June and July 2008	Research objectives, timeline and methodology were aligned with Fundación Paraguaya. Public information on the organisation and its management staff were collected
II. Field visit	August to September 2008	Field data gathered during three-month long visit to Paraguay and other Latin American countries. A total of 22 interviews were conducted and transcribed. Important internal documents only available on-site were collected
III. Off-site analysis	October 2008 to March 2009	Case study was drafted, discussed internally and reviewed by all members of the research team. Further needs for analysis were defined
IV. Follow-up	April 2009 to May 2009 April 2010 July 2012	Follow-up by telephone and email with Fundación Paraguaya to formulate further data requests and complete case study

Teaching Note

Due to its twofold focus on Fundación Paraguaya's organisational approach as well as Martín Burt's individual leadership style, the case can be used in different courses in the areas of leadership, CSR, social innovation or social entrepreneurship and, to a lesser extent, even in strategy and organisational development. It is suitable for teaching at bachelor and master levels and also on executive training programs (e.g. for non-governmental organisations).

Case discussions can be facilitated around the following blocks of questions:

For CSR and social entrepreneurship courses

- What is Fundación Paraguaya's vision and mission?
- What are the characteristics of Fundación Paraguaya's approach?
- How do they ensure both/inclusiveness and sustainability in their activities?
- To which of the UN Millennium Goals does Fundación Paraguaya contribute?

For leadership courses

- What are the characteristics of Martín Burt's leadership approach? How has this likely evolved over time?
- What role do you attribute to Martín Burt's family background and his education abroad? How does this compare to other social innovators you know?

- Use Martín Burt's case as a way to discuss potential conflicts and tradeoffs between the different roles of a responsible leader.
- How is leadership for a social entrepreneur different from that for manager in a traditional NGO or a for-profit enterprise? What can they learn from Martín Burt?

For organisational development and strategy courses

- How do you judge Fundación Paraguaya's degree of dependence on Martín Burt?
- How do Fundación Paraguaya's three core divisions complement each other?
- To what extent do you think that Fundación Paraguaya lacks strategic focus?
- Which challenges do you think Martín Burt and Fundación Paraguaya need to overcome on their way to achieving their plans of
 - inclusive microfinance as explained above
 - the replication of the self-sufficient school model?
- What strategy would you recommend for replicating Fundación Paraguaya's local success on a global scale?

Which resources and partners do they need in your view?

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