# Janet Heckman – Managing Director, Southern and Eastern Mediterranean Region, EBRD



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*Janet Heckman, managing director for the southern and eastern Mediterranean region at the European Bank for Reconstruction and Development (EBRD), discusses the main areas of investment for the Bank and the crucial role Egypt plays in the region. She shares her views on the attractiveness of the country for foreign direct investment and the importance of investing in healthcare projects for EBRD.*

**What is the importance of Egypt for the Bank on a global and regional scale?**

The southern and eastern Mediterranean region was the largest recipient of EBRD financing in 2018, with the total investment being around EUR 2 billion.

In 2018, Egypt was the largest country of investment for the EBRD in total. We invested close to EUR1.2 billion in Egypt in 19 projects in all sectors of the economy. What allowed us to invest in the country, was the serious programs of reforms undertaken by the government in the last three years. These include the liberalization of the currency, the removal of the subsidies and the various acts and legislation creating a friendly environment for both domestic and international investors. Without these active types of reform programs, it would have been impossible for us to do the investment, that we have been doing. We work with both domestic and international companies and provide both debt and equity.

EBRD expects to invest at least EUR 1bn into Egypt in 2019 again, with a strong emphasis on the private sector – a fact that differentiates us from other funding institutions. However, we are investing in the public sector as well, but with the intent that there will be private sector benefits. This includes free and open tenders for procurement as well as public-private partnerships.

EBRD is focusing on all sectors of the economy, from infrastructure to manufacturing services to agribusiness. We are also the largest investors in renewable energy in Egypt with our flagship project, the Benban solar park, which is Africa's largest solar field.

**The EBRD has recently announced a €168mn package for the Kitchener Drain area, one of the most polluted in the Nile Delta region. Can you tell us more about this project and how it will improve the population's health in the area?**

A huge area of importance for us is solid waste management and wastewater treatment, as it is a problem throughout Egypt. We are particularly focused on areas in the Delta, for instance, we have provided funding worth EUR 300mn for the Al Fayoum wastewater project. Solid waste and wastewater management are all key priorities for the Ministry of Environment, so we have been supporting their efforts. In Egypt, 44 percent of our projects in 2018 were linked to sustainability and a green economy and we are looking to increase this share in 2019.

**Considering the ageing population and the rise of non-communicable diseases like Diabetes in Egypt, is healthcare an area in which the EBRD will invest more in the future?**

Healthcare is an area of focus for the bank. Some of our success stories are in the healthcare sector, such as Cleopatra Hospitals Group and Ibn Sina Pharma. These have been very successful investments for the bank. Ibn Sina is a distributor that we invested in 2015 and, even taken into account the currency devaluation, we made quite a return when we sold a portion of the investment last year. Cleopatra Group was acquiring six hospitals in Cairo owned by doctors or entrepreneurs recently and is now the largest platform of healthcare in the country.

EBRD is not just investing, but we also provide technical advice and consulting. Our program, which is called Advice for Small Business, is very active in different parts of Egypt. Last year we opened a second office in Alexandria and we are planning to open satellite offices in Ismailia and in Upper Egypt, which will allow us to work closely with small and medium-sized enterprises. For those

companies we provide any type of advisory services through our EU-funded program; for example, by partially picking up the cost of these services, which can be related to production methodology, how to export, how to bid for tenders or how to comply with international accounting standards.

**One of the EBRD's main priorities has been encouraging public-private partnerships (PPPs) in Egypt. Why are PPPs essential to drive economic growth in the country?**

PPPs are important to widen Egypt's budgetary headroom by bringing on private investors, who not only provide finance but market-tested competitiveness, efficiency and best practice. This can set new standards from which the whole industry will benefit. While the market-based business approach is essential for successful projects it is essential that tariffs are set at sustainable, fair and affordable rates which balance economic necessities with social realities.

One example is the October 6th dry port project in the city of October 6th near Cairo. We launched it a year ago at our headquarters in London in collaboration with the Minister of Transport and the head of the Suez Canal Economic Zone. Tenders have been launched and are now moving into the next phase of negotiations with the bidders. We have a support facility, which helps cover the cost for companies to ready themselves for the PPP process as well as for the feasibility studies and basic advisory fees.

**Egypt has jumped eight spots in the World Bank's Ease of Doing Business Report in 2019 but still, remains at position 120 out of 190. What are the next steps to improve Egypt's position and move up the ranking?**

There needs to be a real commitment and task forces around each of the key areas. Egypt's GDP is growing at around 5.5 percent right now but with the increasing population, they need growth of 8.0 percent or above in order to be sustainable. To do this they need to attract both domestic and international investment, so the country needs to improve its ease of doing business ranking, which the government has been working on. The most important steps towards this are putting in place cross-ministerial task forces to agree on the priority issues to focus on. There are some easy fixes and some issues that require new legislation, which may take a longer period of time.

**Since you are head of the region, which other country do you see as an example for Egypt?**

One of the examples is the success that Morocco has had in terms of attracting foreign investors, especially in the automotive and aerospace sector. They have put in place production zones that are well equipped in terms of infrastructure with direct access to Tanger Port for facilitated export. They also hired industry experts for their investment promotion agency, with a proven track record in the international global automotive industry.

**What effect have the Egyptian government's economic reforms had so far in attracting more foreign investment?**

The reforms have been successful, but we still have not yet seen a huge inflow of new investment. With a population of a 100 million people and its free trade agreements with African and Arab states, Egypt will certainly be a preferred destination of foreign investment in the future. Another advantage that Egypt has, is the importance of engineering and historical strength of its engineers and scientists. The education background is a real plus for companies that are looking to invest in.

An interesting factor will be Egypt's push, under President El-Sisi leadership of the African Union, towards sub-Sahara. Other Northern African states like Morocco have realized the potential of this region and have become active in different business areas around five years ago. Egypt will need to catch up with its neighbors, as sub-Saharan countries are presenting a great opportunity.

**What advice would you give people who are looking to get out of their comfort zone?**

I think if you are interested in something you just have to be passionate and go for it. Actually, one of my most enjoyable experiences working was in Algeria, which is a country that most people would consider very hard to live in. People often say that women cannot have both a family and career, but I work full-time and have a family, so if you are passionate about what you do you can really have it all.

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