

Egypt's Sovereign Fund co-launches educational investment platform with EGP 1.75bn in capital

Cairo, 6 July 2021

A high-level coalition of Egyptian entities and banks has signed an agreement to establish the Lighthouse Education platform, with capital of EGP 1.75bn.

The coalition includes The Sovereign Fund of Egypt (TSFE), Banque Misr, the Misr Insurance Holding Company, and the Suez Canal Bank (SCB).

The platform offers promising opportunities for growth, and comes in line with the alliance's strategy to invest in Egyptian individuals who are able to form influential projects in sectors such as education.

It is also in line with the education investment strategy that targets the middle class, expanding in governorates, and exploiting state assets through the Lighthouse platform. This is in addition to establishing new schools by buying existing schools, which the platform aspires to improve.

According to the new partnership agreement, the platform will be managed under the supervision of Hossam Kabbani, who specialises in managing and establishing schools. He is also one of the founders of the Orman Schools, in addition to Ironwood Investments and Misr Capital.

Minister of Planning and Economic Development Hala El-Said said that this promising alliance will subscribe to the first closure of the educational platform, with a value exceeding EGP 500m.

The minister highlighted that the expansion of investment in the education sector by TSFE, as well as private sector development partners, is in line with the state's directions and vision to achieve the principles and goals of sustainable development in all fields.

These are based on investing in the human element as a major component of Egypt's Vision 2030.

She pointed out that TSFE's participation in establishing the Lighthouse platform confirms the fund's vision in adopting national projects and ideas that serve a broad sector of Egyptian society.

She highlighted that since its establishment, the fund has adopted a strategy based on strengthening partnership with the local and foreign private sector. It also aims to stimulate investment in sectors such as education, with the aim of achieving compound returns.

This will, in turn, provide a good product at an appropriate cost to the middle class whilst achieving appropriate investment returns.

She added that the state is working to intensify public investments directed to the education sector. The economic and social development plan for fiscal year (FY) 2021/22 allocated about EGP 56.4bn to provide educational services, reflecting a growth in investments of 18% compared to the previous year.

El-Said added that the plan aims to achieve a number of initiatives, the most prominent of which are completing the digital transformation in the education system and distance education platforms.

The minister affirmed the state's endeavour to diversify sources of funding and support mechanisms for the sustainable development of the educational process.

This would take place by establishing partnerships with both the private sector and civil society as part of the participatory approach adopted by the state. Part of this is the Charitable Fund for Education, which comes with the active participation of business community and banking sector institutions.

Basil El-Heny, Chairperson and Managing Director of Misr Insurance Holding Company, said that the education sector provides distinguished opportunities for investment. These combine good returns with a positive impact on society and the national economy.

He highlighted that Misr Insurance has become a magnet for serious investors. The new alliance enhances confidence in the group's determination to achieve the first growth and expansion strategy of its kind since its inception, which was revealed several months ago.

He promised that more attention will be given to the education sector to contribute to building Egyptian generations armed with knowledge.

Banque Misr Chairperson Mohamed El-Etreby added that his bank's business strategy requires contributions to an educational platform that embodies the successful partnership between the public and private sectors. This is with the aim of investing in the Egyptian education sector.

This partnership can enhance and support the Egyptian Government's efforts to achieve the country's Vision 2030 goals, including the development of education.

El-Etreby added that Banque Misr and Misr Capital are fully prepared to work with the Egyptian government and the platform's partners hand in hand to provide distinguished education services to all segments of society in Egypt.

For his part, Lighthouse Chairperson Hossam Kabbani pointed out that the school education sector is in dire need of the private sector stepping in to bridge the educational gap. This would see the latest educational management methods introduced to effectively contribute to the comprehensive national development.

He added that the Lighthouse platform's vision is to provide a distinguished educational service within the reach of the middle class family.

For his part, Ayman Soliman, CEO of TSFE, said that the platform aims to invest in 10-12 schools, with the focus to be on schools in the governorates of Cairo and Giza in the first phase. The following phases will include the governorates of Alexandria, Beni Suef, Assiut, Port Said, Gharbeya, and Qaliubiya.

Soliman stressed that investing in the Lighthouse platform will be the third investment in the sovereign fund's educational portfolio.

He expressed his great enthusiasm to support the administration consisting of Egyptians through financial solutions and partnerships. The fund was established for this purpose, which opens new horizons for the growth of the fund's educational portfolio.

He stated that TSFE is open to new ideas and projects through its sub-funds, especially in a major sector such as education. The following financial closures on the Lighthouse educational platform will target private sector investors, especially that education is one of the promising sectors that provides elements that attract more domestic and international capital.

Mohamed El-Sharif, CEO of Ironwood Investments and Vice Chairperson of the Lighthouse platform, said that the platform was established with all the needed ingredients to serve as an education pioneer for the middle class.

He added that the platform has specified the schools where the first investment round will start, and seeks to start the second investment round before the end of 2022.



For his part, Khalil El-Bawab, CEO at Misr Capital, Banque Misr's investment banking arm, expressed his pride both in his company's work, and with the group of investors and investment managers participating in the educational platform.

It is a working group that includes the best experts in investment, financial advisory, and the operational management of educational projects in the Middle East and North Africa (MENA) region.

The group seeks to invest in education as an important and vital sector, which is in line with the UN's Principles for Responsible Investment, Sustainable Development Goals (SDGs), and Egypt's 2030 goals.

Belton Financial acted as the financial advisor, with the Matouk and Bassiouni Law Firm as the legal advisor to Lighthouse. TSFE hired Renaissance Capital as a financial advisor and Baker & McKenzie as a legal advisor. Al Kamel's Law office acted as the legal advisor to Banque Misr and Misr Capital.