



February 9, 2022

Dear Stakeholder:

As we enter the third year of the COVID-19 pandemic and countries around the world struggle to adapt to new economic disruptions, Egypt is one of only a few emerging market countries to maintain positive GDP growth in 2019-2020 and 2020-2021. As a result of the Egyptian government's swift policy response and lockdown measures early in the pandemic, the economy proved resilient amid the shock of COVID-19. The country entered COVID-19 in a relatively strong position due to the reforms implemented under a three-year, \$12 billion program with the IMF from 2016-2019.

It has been 10 years since I agreed to chair the Egyptian-American Enterprise Fund ("EAEF") in 2012. During this period, Egypt's economy has witnessed significant challenges. Since 2016, however, Egypt has seen steady economic growth following a series of tough economic reforms. It is now one of Africa's top investment destinations. As COVID-19 continues to impact the global recovery, Egypt expects economic growth of 5.6% in FY 2021-2022.

Since 2015, when we made our first investment, EAEF has supported five, first-time Egyptian fund managers and invested in close to 100 companies. To date, we have commitments to invest the full \$300 million authorized by the U.S. Congress. The value of our current investments is approximately \$550 million, which since inception shows an annual internal rate of return of 16%. Additionally, we have supported over 15,000 jobs and 200,000 micro, small, and medium-sized enterprises ("MSMEs"). These results are a testament to the caliber of our Egyptian fund managers and portfolio companies.

In 2021, Lorax Capital Partners ("LCP"), EAEF's primary investment advisor from 2015-2019, completed its second closing of LCP Fund II, its independent private equity fund. Currently, LCP Fund II has commitments of \$228 million and is one of the leading private equity funds in the Middle East and North Africa. LCP has made several notable investments, including Fawry, which is now Egypt's largest electronic payments platform and one of the country's most exciting companies.

As part of our COVID-19 response, EAEF loaned \$10 million to Fawry's Microfinance subsidiary to support MSMEs impacted by the pandemic. Leveraging its digital financial services

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infrastructure, Fawry has expanded its microfinance efforts to c.20,000 small businesses to help grow their operations and weather the COVID-19 downturn.

Another example of this support is to our long-time partner and investment advisor, Tanmeya Capital Ventures (“TCV”). TCV invests in promising, growing companies and is fast becoming one of Egypt’s top private equity funds. In 2019, TCV invested in Abu Auf, a specialty food retailer, helping it expand its operations across more than 13 governorates in Egypt. TCV expects a partial exit from Abu Auf in 2022. TCV also invested in Hassan Allam Utilities (“HAU”), an investment platform for renewable energy, logistics, and water-related opportunities. HAU will play a critical role in our mission to invest in sustainability and climate solutions.

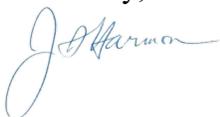
Our COVID-19 response has extended to supporting other fund managers. In 2021, we committed \$20 million to Ezdehar Management’s Fund II, an independent fund manager focused on fast-growing, mid-size companies in Egypt, and \$15 million to Algebra Ventures, an existing EAEF fund manager and the country’s leading venture capital technology fund. These investments represent our strategy to strengthen Egypt’s investment ecosystem by helping new fund managers develop track records and attract new sources of foreign capital.

As we seek to grow Egypt’s private sector, impact is integral to EAEF’s investment strategy. EAEF is working to become a leader in impact management to better evaluate our efforts to strengthen Egypt’s economic development. In 2021, we created an Impact Committee to develop an impact management strategy with our Investment Committee to report on and monitor EAEF’s development impact. We are a signatory to the [Operating Principles for Impact Management](#)—an industry-leading framework for how investors should integrate impact into their investment strategy. We are also a member of [Impact Frontiers](#)—a learning collaboration of leading impact investors seeking to advance the integration of impact into financial frameworks, processes, and decision-making. This spring EAEF will publish its third impact report.

In 2022, we will look for additional opportunities to create positive impact in Egypt, especially in healthcare and clean energy. EAEF aims to have an active role as Egypt prepares to host the 2022 COP27 Conference and will look for ways to help close the gap in climate financing and attract foreign direct investment into Egypt. As Co-Chair of the World Resources Institute (“WRI”)—a leading environmental policy and research institute—I look forward to working with my colleagues to help Egypt in this year’s climate talks.

I look forward to continuing to work with our partners in Egypt and our board of directors, whose continued support and expertise has proved critical to advancing our mandate. I would like to welcome our newest directors, Amr El-Moselhy, Dr. Rana el Kaliouby, and David Bohigian. Their collective expertise and familiarity with Egypt will be valuable to helping EAEF support the country’s private sector in the years ahead.

Sincerely,



James A. Harmon