



February 28, 2023

Dear Friend of EAEF:

2022 was a difficult year for Egypt. The Russian invasion of Ukraine had a significant impact on Egypt's economy, impacting tourist revenues and increasing food prices. Following the invasion, Egypt saw \$20 billion in foreign outflows, which resulted in a foreign currency shortage. Over the past year, the Egyptian pound lost approximately 94% of its value.

In December 2022, Egypt agreed to a \$3 billion loan with the International Monetary Fund, which will help catalyze an additional \$14 billion in financing from international and regional partners. We welcome this agreement and Egypt's commitment to "critical" structural reforms, including "leveling the playing field between the public and private sectors" in a new state ownership policy.

As one of the largest economies in the Arab world, we are optimistic Egypt will recover. It has an educated population, a robust consumer market and a geostrategic location that provides access to markets in Africa and Europe. These attributes have contributed to our success.

As we approach our ten-year anniversary, we are pleased to have helped rebuild Egypt's private sector by supporting several first-time fund managers, attracting close to \$1 billion in foreign direct investment and helping expand access to financial services for 50 million Egyptians. Since 2015, EAEF has generated \$200 million in profits. Our portfolio has a current estimated value of \$500 million after three major currency devaluations since March 2022. We owe these successes to our talented fund managers, who have led EAEF to become one of the most successful, U.S. foreign aid programs of the last decade.

In 2022, we continued to support our partners by committing additional funding to Ezdehar Management—one of Egypt's largest private equity funds and Algebra Ventures—Egypt's leading technology venture capital firm. Venture capital funding reached a record high in 2022 and offers exciting opportunities to invest in promising Egyptian companies. We are also proud to report that our long-time partner, Tanmeya Capital Ventures, sold a large stake of our investment in a leading Egyptian health food company, Abu Auf, to a regional investor. This transaction, in a challenging investment environment, is a testament to their skilled team. We are reinvesting the proceeds into Egypt.

We take this opportunity to thank our board of directors and USAID for their continued support in advancing our mission.

Sincerely,

A handwritten signature in blue ink that reads 'James A. Harmon'.

James A. Harmon