

YEAR

# IMPACT REPORT

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Egyptian-American Enterprise Fund

2013 – 2023

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Front cover photo: View of Islamic Cairo and the Great Pyramid of Giza  
 Left photo: Tomb KV9 in Egypt's Valley of the Kings



Egyptian-American  
Enterprise Fund

Published May 2023





# A Message From James A. Harmon

Chairman, EAEF

## We are pleased to present our 10 Year Impact Report.

The mission of the Egyptian-American Enterprise Fund (EAEF) has been to support the rebuilding of Egypt's private sector after the country's 2011 revolution. In our early years, we learned that to be successful we would have to rely on local, experienced professionals to make investments. This was a pivotal decision that led us to tap into Egypt's reservoir of talent.

In 2014, we seeded a local group of investment professionals to invest in companies that would generate financial returns and social impact. This group, known as Lorax Capital Partners, is today one of Africa's leading investment funds.

In 2015, Lorax made our first two investments in Fawry, Egypt's largest electronic payments platform and Sarwa Capital, today known as Contact Financial—the country's largest non-bank financial services provider. These investments were part of an early strategy to expand access to financial services in Egypt, where only 14% of adults had access to a bank account in 2014.

Since 2015, Fawry has expanded access to financial services for 49 million Egyptians and Contact has become one of the country's leading providers of credit solutions.

Both companies had initial public offerings (IPOs) within four years of our investment and have generated over \$100 million in realized proceeds for EAEF.

Following the success of these investments, we supported other first-time fund managers, took somewhat greater risk, and invested in high impact sectors. Since 2016, EAEF has invested in what are today Egypt's leading private equity and venture capital funds—Tanmiya Capital Ventures (TCV), Ezdehar Management, Algebra Ventures, and Flat6Labs Cairo. These funds have helped EAEF invest in sectors ranging from healthcare and education to agriculture and renewable energy.

Together, our partners have helped EAEF produce significant development and financial returns. This includes expanding access to quality, affordable healthcare for over half a million Egyptians, creating more than 14,000 jobs and helping over 250,000 MSMEs expand their businesses. To date, EAEF's investment portfolio has generated nearly \$200 million in realized proceeds and has a current estimated value of over \$500 million—in comparison to our invested capital of \$267 million.



Abu Simbel Temple. Aswan, Egypt

These accomplishments have been achieved despite a challenging economic environment. Since early 2020, Egypt has weathered the negative impacts wrought by COVID-19, the ongoing Russia-Ukraine war, and a series of devaluations of its currency. It is a testament to our Egyptian partners that EAEF's portfolio companies have remained both profitable and resilient given the difficult environment they operate in.

It is this resilience that makes us optimistic that we will continue to be successful in the remaining five years of our mandate. We are confident in Egypt's private sector but most importantly, in the Egyptians that continue to build companies that create jobs and spur innovation.

After turning to the International Monetary Fund (IMF) for assistance in December 2022—the fourth time in six years—Egypt is at an inflection point. With growing attention around the role of the state in the economy, Egypt's government has outlined a vast privatization plan to boost private sector growth. If executed, this plan could help the private sector become a leading engine of growth and allow Egyptians greater control over the direction of the economy.

If there is anything we have learned over the last decade, it is that investing in Egyptians has been the key to our success. This strategy is critical to promoting an inclusive, private sector-led economy that benefits all Egyptians.

We look forward to supporting Egypt in the years ahead and thank our board of directors and USAID for their continued support in advancing EAEF's mission.

Sincerely,

James A. Harmon  
Chairman, Egyptian-American  
Enterprise Fund

# Impact Highlights

## Portfolio Value<sup>1</sup>

 **\$267 million**  
 Invested Capital

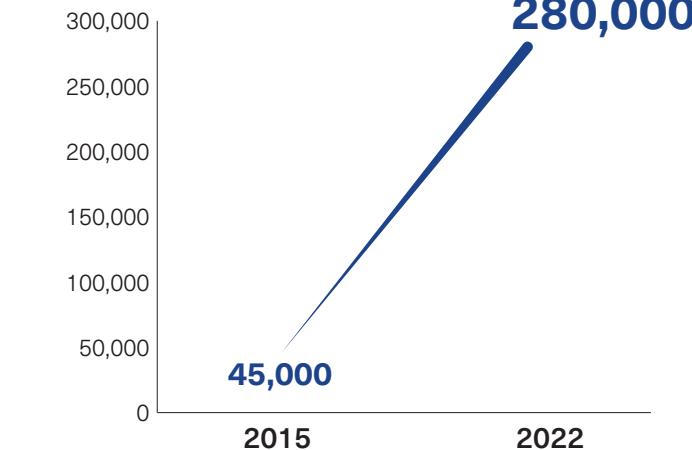
 **129**  
 Companies Invested In

 **\$300 million**  
 U.S. Congressional Funding

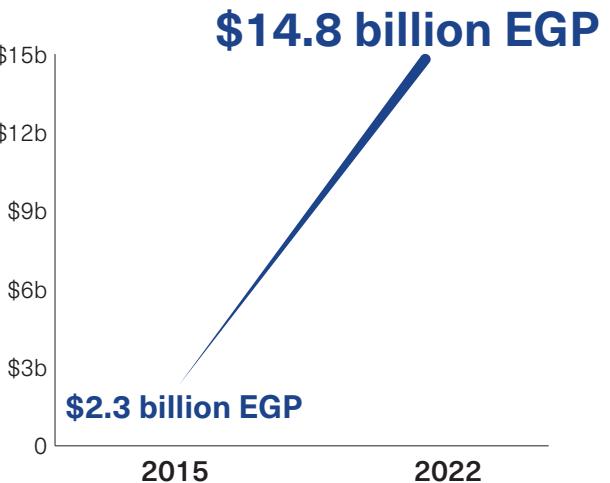
 **\$500 million**  
 Estimated Portfolio Value

## Financial Services<sup>5</sup>

### Number of MSMEs Supported



### Total Loan Portfolio Growth



## Jobs<sup>2</sup>

### Number of Jobs Created

**14,946** as of 2022

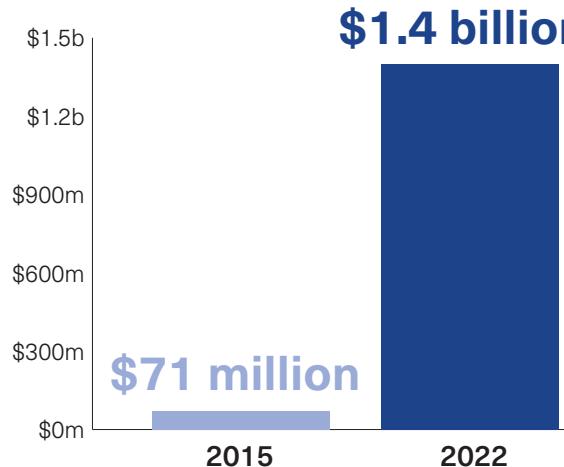
### Number of Jobs Supported

**39,737** as of 2022

 **29%**  
 female jobs compared to 15% female labor force participation rate in Egypt

## FDI<sup>4</sup>

### FDI Attracted by EAEF Portfolio



## Education<sup>6</sup>

### Number of Students Served

**9,601** in 2019

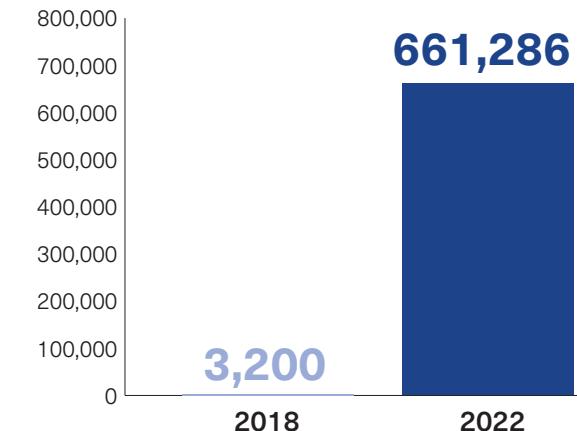
**11,702** in 2022

### Number of Schools

 **9** in 2019 → **16** in 2022

## Healthcare<sup>7</sup>

### Number of Patients Served



 **43%**  
 female patients served

# EAEF Milestones

Established to support Egypt's private sector after the 2011 revolution, EAEF provides companies access to capital to grow their businesses and attract FDI. This relies on supporting local fund managers—an approach that is core to EAEF's investment strategy, helping it invest in companies that tackle critical development issues and support the private sector amid the ongoing impacts of COVID-19 and the Russia-Ukraine war. EAEF's impact has been defined by four key themes:

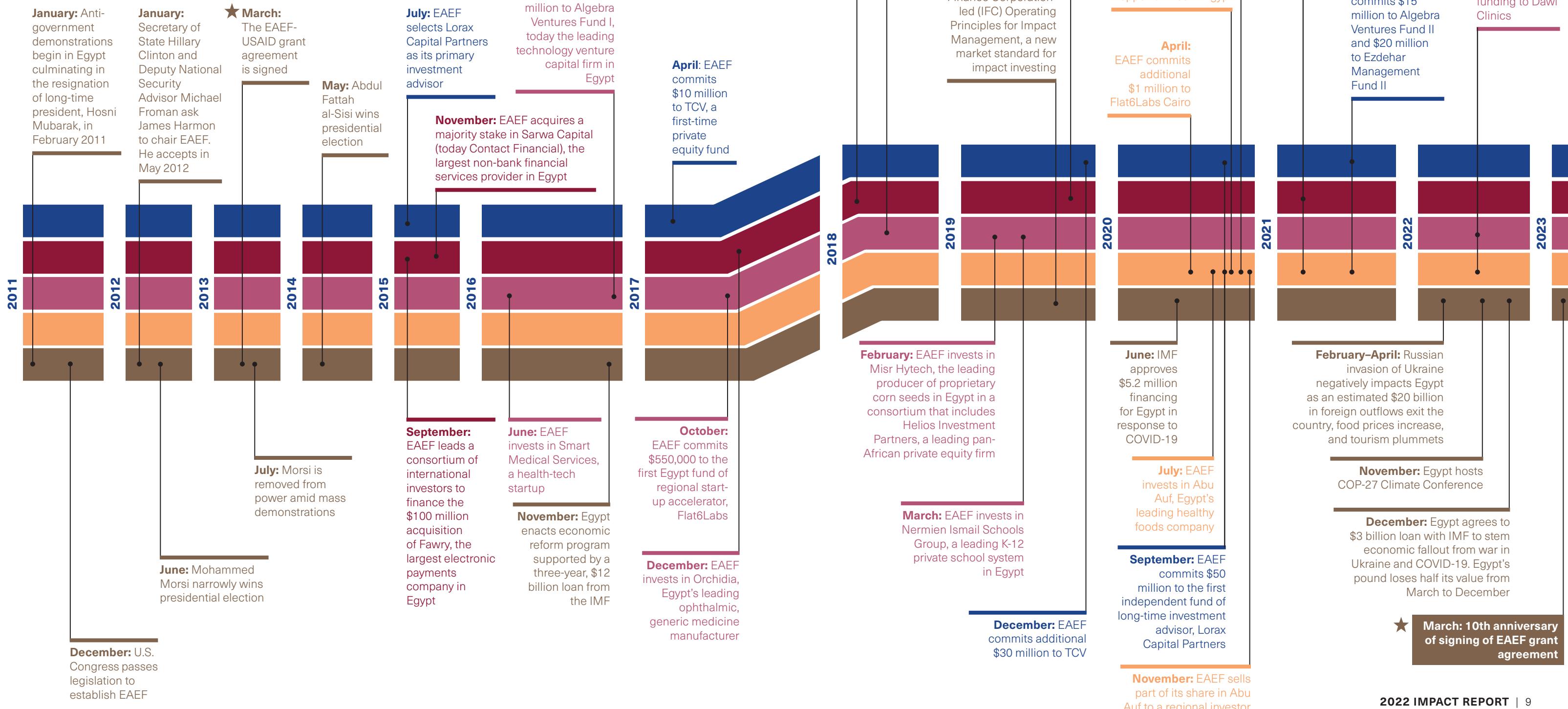
## Building Egypt's Private Equity Market and Mobilizing Foreign Direct Investment

## Expanding Access to Financial Services for Individuals and Micro, Small and Medium-sized Enterprises

## Taking Greater Risk and Investing in High-Impact Sectors

## Supporting Egypt's Private Sector during COVID-19

### Historical Context



# Building Egypt's Private Equity Market and Mobilizing Foreign Direct Investment

**“EAEF played a critical role building Egypt’s private equity industry by seeding local, first-time fund managers, working closely with other international financial institutions to support difficult fundraising efforts after foreign investment fled following the 2011 revolution. To name a few, Lorax, Algebra, Ezdehar and TCV.”**

– Hassan El Khatib, Managing Director, Equity, European Bank for Reconstruction and Development

Following the 2011 revolution, Egypt’s economy was in crisis. Annual GDP growth slipped from 5.1% in 2010 to 1.8% in 2011<sup>8</sup> and from 2011-2014, averaged 2.4%.<sup>9</sup> In the first three months of 2011, \$2 billion in FDI flowed out of the country<sup>10</sup> triggered by uncertainty over Egypt’s political stability—making it difficult to do business in a market that lacked strong sources of private financing, such as commercial lending, venture capital or private equity.

## Leveraging Private Equity to Attract FDI

In this context, private equity, which invests capital into growing companies that can generate high returns and attract long-term investment, presented the best vehicle by which to leverage EAEF’s \$300 million funding and attract FDI into Egypt. This funding would provide Egyptian companies the capital they needed to grow, create jobs, and mobilize FDI after the revolution. But for EAEF to execute this in an unstable political and economic environment, it first needed a local partner.

## Finding a Local Partner and Building a Domestic Private Equity Industry

In 2014, EAEF seeded a local private equity fund composed of Egyptian investment professionals to begin operations. This group, today known as Lorax Capital Partners, became one of the first local fund managers to emerge in Egypt after the revolution and signified the beginning of a new, domestic private equity industry.

## Bringing Foreign Investors into EAEF’s First Investments

In 2015, Lorax organized a \$100 million consortium of foreign investors to acquire a majority stake in Fawry, a leading electronic payments company. EAEF’s \$26 million investment helped attract more than \$70 million in FDI in one of the largest acquisitions of an Egyptian technology company in history.<sup>11</sup> In 2015, EAEF also invested in what is now Egypt’s largest non-bank financial services provider, Contact Financial. Fawry and Contact later held IPOs that attracted over \$100 million in foreign capital.<sup>12 13</sup>

These transactions came against the backdrop of a turnaround in the economy highlighted by a three-year, \$12 billion loan from the IMF in 2016, which included a series of bold economic reforms that renewed investor confidence and encouraged the rise of other first-time, local fund managers.

## Supporting Additional First-Time Fund Managers

In 2017, EAEF seeded TCV, a first-time private equity fund. As its largest investor, EAEF helped TCV invest in small and medium-sized enterprises, the backbone of Egypt’s economy and vital job creators. In 2019, EAEF committed an additional \$30 million to TCV to invest in larger, growing companies. This included Abu Auf, Egypt’s top healthy foods company, which attracted over \$100 million in foreign capital after being acquired by a regional investor in November 2022.<sup>14</sup>

In 2021, EAEF committed \$20 million to Ezdehar Management’s Fund II, another fund manager that like Lorax, represented one of the first private equity funds to emerge after the revolution when it was established in 2014.<sup>15</sup> Ezdehar’s Fund II attracted over \$120 million in foreign investment.

EAEF has played a key role helping these funds build strong track records, attract \$1 billion in FDI, and create over 10,000 jobs. Today, they represent Egypt’s leading private equity investors.



## IMPACT HIGHLIGHTS



3

First-Time, Private Equity Funds Supported



\$287 million

allocated capital across Lorax, TCV and Ezdehar (2015–2022)



\$1.1 billion

FDI attracted by Lorax Fund I & II, TCV and Ezdehar Fund II, excluding EAEF’s investments (2015–2022)



33,405 jobs

Supported by Lorax, TCV and Ezdehar portfolio companies (2015–2022)



Ranked #1

Lorax in total number of deals by local private equity investors from 2015–2020 (Tied with Ezdehar: 6, TCV: 5)

*continued on page 11 →*

# Expanding Access to Financial Services for Individuals and Micro, Small and Medium-Sized Enterprises

**“In 2015, EAEF made two significant investments when it invested in Fawry and Contact Financial. Since then, Fawry’s user base has grown from 13 to 49 million—almost half of Egypt’s population—and Contact has become the market leader in consumer finance. These companies have played a key role expanding access to financial services for millions of Egyptians and advancing the government’s agenda of promoting financial inclusion.”**

– Hussein Choucri, Chairman and Managing Director, HC Securities and Investment

In 2014, only 14% of Egyptians had a bank account.<sup>16</sup> A lack of access to basic financial services can prevent individuals from building secure livelihoods and improving their financial well-being.<sup>17</sup> In Egypt, financing challenges also extend to MSMEs, who represent only 6% of the total loan portfolio of local banks<sup>18</sup> but generate 80% of the country’s GDP and employ 75% of the workforce.<sup>19</sup> Therefore, EAEF’s main priority in 2015 focused on helping MSMEs in an economic environment where overall unemployment had risen to 12.9% and youth unemployment to 35%.<sup>20</sup>

## Reaching Thousands of MSMEs

The majority of Egyptian MSMEs are informal, micro-enterprises with weak accounting practices,<sup>21</sup> which makes investing in them a challenge. To overcome this, EAEF and Lorax developed a strategy to invest in companies with business platforms that could reach thousands of MSMEs.

“EAEF’s mandate calls for supporting MSMEs but this had to be done without running the risk of losing money. Investing directly in MSMEs would have jeopardized EAEF’s double bottom line to generate profits and positive social impact. It would have also been difficult to attract FDI to smaller investments. The best option was to invest in growing companies with platforms that provided financial services to thousands of clients, including MSMEs.”

**Sherif Salem**, Executive Director, Lorax Capital Partners

## Scaling Digital Payments Across Egypt

In 2015, EAEF invested in Fawry—a fast growing, e-payments company providing digital financial services to millions of Egyptians. At the time of EAEF’s investment, Fawry offered 180 services to 13 million customers through an online platform, mobile wallets, and point of sale (POS) terminals located across 45,000 small merchants—including supermarkets, kiosks, and other small businesses. This filled a gap in financial services that made making payments easier for consumers and increased sales for MSMEs<sup>22</sup> by enabling more efficient, cost-effective transactions. By 2018, Fawry started using its POS to provide working capital for MSMEs to purchase inventory. This later evolved into Fawry Microfinance, which now provides financing to thousands of Egyptian small businesses.

To date, EAEF’s investment has helped Fawry grow its network of merchants to 280,000 MSMEs and increase its offerings to over 2,000 payment solutions that now serve 49 million Egyptians.

## Expanding Consumer Financing and Small Business Lending

In late 2015, EAEF acquired a majority stake in Sarwa Capital, today known as Contact Financial. As a consumer

finance company, Contact offered a platform to reach thousands of MSMEs and individuals in need of financing, such as credit for auto loans, education, and home maintenance. This included financing for MSMEs to lease vehicles and purchase equipment to expand their businesses. Since EAEF’s investment, Contact’s MSME lending portfolio grew from 131 million to 5.9 billion EGP and its total loan portfolio from 2.3 billion to 14.8 billion EGP.

Contact has supported over 100,000 clients and expanded its products to include green financing, mortgage lending and life-insurance—an underdeveloped market that provides an important financial safety net for Egyptians. Contact has also played a market role expanding financial solutions across Egypt by drafting a consumer finance law that parliament approved in 2020.



## IMPACT HIGHLIGHTS

### 49 million

active customers with Fawry (13 million to 49 million) (2015–2022)

### 2 billion EGP

in microfinance loans disbursed to 65,000 clients by Fawry since inception

### MSME Lending

under Contact has grown from 131 million EGP (2015) to 5.9 billion EGP (2022)

### 105,000+

clients served<sup>23</sup> by Contact since inception



## Testimonials



### Ahmed, Contact Financial Client

Mohamed has been a Contact client since 2015. He currently operates a farm in Egypt’s Western Desert that produces agricultural crops. He recently utilized Contact’s green financing and is now seeking financing for fertilizers and other farm inputs. “Contact’s green financing allowed me to buy two solar panels that decreased my production costs and helped increase my available agricultural land by 120 acres. Contact is flexible, provides excellent customer service and processes loans quickly.”

### Yousef, Fawry Merchant

Yousef runs a small kiosk in Cairo, commonly known as a koshk, that sells groceries and small goods. He uses a Fawry POS terminal and has also received microfinancing support. “The POS allows customers to pay bills and buy items. Fawry also lent me 300,000 EGP (\$15,000) I used to buy more products and expand my stores from 2 to 4. I use my profits to invest in inventory, which offers a better investment than putting money in a bank.”

*continued on page 13 →*

# Taking Greater Risk and Investing in High Impact Sectors

“EAEF’s sector-agnostic approach and ability to quickly deploy capital helped accelerate funding to high-risk, high-reward investments. EAEF’s model demonstrates how the private sector can mobilize financing for sustainable development. EAEF has been one of the most active players promoting Egypt’s private sector and growing its entrepreneurial ecosystem.”

– Sherif Kamel, Professor and Dean of the School of Business at the American University of Cairo, EAEF Board Member (2013-2016)

Egypt’s rapidly growing population and high levels of poverty represent significant development challenges that require the support of a dynamic, competitive private sector. While Egyptian enterprises play a critical role in job creation, they suffer from gaps in financing, policy uncertainty and competition from state-owned companies.<sup>24</sup> Following its success with Fawry and Contact, EAEF began to take greater risk by investing in early-stage venture capital and companies in undercapitalized sectors that directly addressed Egypt’s development priorities.

## Seeding First-Time, Venture Capital Funds

Egypt is one of the fastest growing venture capital markets in the Middle East and Africa. Following the 2011 revolution, entrepreneurship grew in popularity among Egyptians as a form of economic empowerment to promote job creation and social change. By 2017, rising mobile penetration rates, a growing middle class user base, and the track record set by several prominent IPOs and acquisitions across the Middle East helped foster a growing venture capital ecosystem.<sup>25</sup>

In 2017, EAEF supported this expanding ecosystem by investing in two first-time, venture capital funds—Flat6Labs Cairo and Algebra Ventures. Since 2017, these funds have ranked as two of the most active investors in Egypt’s venture capital ecosystem,<sup>26</sup> which led the Middle

East and North Africa in the number of deals completed in 2022.<sup>27</sup> Together, they have also played a lead role helping Egypt become the third largest market in Africa for venture capital funding<sup>28</sup> by investing in over 100 startups and helping them raise over \$100 million in FDI. Today, Flat6Labs and Algebra are Egypt’s leading startup accelerator and technology-focused venture capital firm, respectively.

## Investing in Women-Led Healthcare

In 2018, EAEF invested in Dawi Clinics, a women-founded and led healthcare provider. In Egypt, the public health system suffers from underfunding, a lack of qualified personnel and access to quality care.<sup>29</sup> While private healthcare offers a higher standard of care, it is expensive and out of reach for many Egyptians. Dawi fills a gap in affordable, quality healthcare by targeting middle-income Egyptians with a network of integrated family clinics that specialize in outpatient services. This model emphasizes the use of general practitioners or family doctors, who traditionally serve as the point of entry for well-functioning health systems.<sup>30</sup>

Since 2018, EAEF has invested \$4 million in Dawi and provided technical assistance to help it grow its clinics from 4 to 16 and its patient network by over 95,000. In 2022, Dawi served over 100,000 patients across 6 Egyptian governorates.

## Catalyzing Innovative Education

In 2019, EAEF invested in Nermein Ismail Schools (NIS), which provides affordable, quality education to middle-class Egyptians. NIS blends its own online teaching lessons with face-to-face pedagogy to improve student learning outcomes and offer an alternative to Egypt’s public education system, which faces low levels of government investment and a shortage of qualified teachers.<sup>31</sup>

Since EAEF’s investment, NIS has expanded its schools from 9 to 16 and its student body by 22% to over 11,000. While NIS reaches a small segment of Egypt’s student population through physical channels, it developed an e-learning app in 2019 that utilizes the school’s proprietary online curriculum to provide educational resources for K-12 students across the Middle East, including Egypt. To date, the app has reached more than 600,000 users and achieved 1.2 million downloads.



## IMPACT HIGHLIGHTS



### Ranked #1

Flat6Labs Cairo and Algebra Ventures Most Active Local Investors in Egyptian tech startups by number of investments<sup>32</sup>



### Ranked #1

Egypt in Number of venture capital deals in 2022



### 108,275

patients served by Dawi across 16 clinics in 2022



### 600,000

total users<sup>33</sup> reached by Ashtar App and 1.2 million downloads



## Testimonials



### Nadine, Dawi Clinics Patient

Nadine became a Dawi patient in 2017. Immediately impressed by Dawi’s family clinic model that provides a primary care physician to coordinate care, she soon recruited her parents and children to join. “Dawi offers a general doctor and central database for patient records that makes it easy for my doctor to provide specialist referrals. Appointments at Dawi happen on time and the clinics are clean—which isn’t always the norm in Egypt and makes patients feel good.”

# Accelerating Support to Egypt's Private Sector During COVID-19

**“After private investment dropped off in the early months of COVID, EAEF funding allowed Abu Auf to quickly build a coffee factory to begin exporting our products to regional markets. With the support of EAEF’s partner, TCV, Abu Auf expanded from 47 to 245 branches in under three years and is now the leading healthy foods company in Egypt.”**

– Ahmed Auf, CEO, Abu Auf

COVID-19 resulted in an immediate shock to Egypt's economy. Early lockdowns and COVID-related restrictions led to a decline in private sector activity,<sup>34</sup> a rise in unemployment<sup>35</sup> and a collapse in tourism, a key pillar of Egypt's economy.<sup>36</sup> In March-April 2020, Egypt saw \$15 billion in capital outflows as foreign investors fled to more stable markets.<sup>37</sup> In response, EAEF moved quickly to support the private sector by making new investments and helping its partners brave the crisis.

## Expanding MSME Financing in an Economic Downturn

The economic impact of COVID-19 exacerbated existing challenges for MSMEs,<sup>38</sup> many of which received limited government support during the pandemic.<sup>39</sup> To support this vital sector of the economy, EAEF agreed to a \$10 million, three-year loan to Fawry Microfinance. Leveraging Fawry's digital financial services and existing network of merchants, EAEF's loan has supported 6,100 borrowers across 23 of Egypt's 27 governorates with an average loan of \$1,354, as of March 2023.

## Investing in Healthcare During a Public Health Emergency

After COVID-19 strained Egypt's health system,<sup>40</sup> EAEF seized an opportunity to invest in a company that could meet the growing demand for healthcare caused by the pandemic. In September 2020, EAEF co-invested with Ezdehar Management in Al-Tayseer Healthcare Group (THG), the largest healthcare provider in the Nile Delta—a historically underserved region, north of Cairo. EAEF's

investment helped THG treat an estimated 197,000 additional patients from 2020-2022 and perform elective surgeries after hospitals postponed these procedures to focus on COVID-19.

## Supporting Local Partners Amid Declining FDI

After global FDI flows plunged in the first half of 2020,<sup>41</sup> EAEF moved to help its partners invest in new businesses and raise capital in a tough fund-raising market.

## Lorax Capital Partners

After building a strong track record as EAEF's investment advisor, Lorax began raising its own private equity fund when the pandemic hit in 2020—disrupting investor dealmaking and fund-raising.<sup>42</sup> That summer, EAEF helped Lorax raise capital by announcing a \$50 million anchor investment and underscoring the caliber of the team to potential investors. By September, Lorax secured commitments from four international financial institutions in a first closing of \$142 million.

## TCV

EAEF also provided capital to long-time partner, TCV, helping it make two investments. In May 2020, TCV invested in Hassan Allam Utilities, a renewable energy and logistics platform that manages Africa's largest solar park and operates Egypt's biggest private water desalination plant—helping Egypt meet its 42% renewable energy target by 2035<sup>43</sup> and address its growing water crisis.<sup>44</sup>

In July, TCV invested in Abu Auf, a growing food and beverage company. In two years, TCV helped Abu Auf expand from 47 to 245 stores, achieve international recognition for its efforts to promote gender equality in the workplace and become the country's leading healthy foods company.

## Flat6Labs Cairo and Algebra Ventures

EAEF also increased its support for Egyptian venture capital by committing an additional \$1 million to Flat6Labs Cairo in April 2020 and \$15 million to Algebra Ventures Fund II in October 2021—a show of confidence amid COVID-19 and the eventual decline in venture capital funding in 2022.

## Ezdehar Management

EAEF's 2020 investment in THG paved the way for a closer relationship with Ezdehar. In October 2021, EAEF committed \$20 million to Ezdehar Fund II, which eventually raised \$175 million from a group of foreign and domestic investors.

## Testimonials



### Noha, Fawry Microfinance Client

A Fawry client since 2021, Noha runs her own cosmetics business in Cairo. She has received two loans for a total of 250,000 EGP (\$8,000) using them to buy new products, open an additional store and hire 3 employees. “I never work with banks. There's too much paperwork. I prefer Fawry. They are efficient and easy to communicate with. I also use the Fawry POS, which increases sales by allowing customers to pay on credit.”



### Dr. Mohamed Elsayed, Chief Operations Officer, Al Tayseer Healthcare Group

Mohamed oversees THG's diagnostic labs and two hospitals that provide tertiary care to lower, middle-income Egyptians. “In 2020-2021, many public and private hospitals, especially those run by the government, were focused on treating COVID-19 patients and not performing elective surgeries. THG stepped in to fill the gap in elective care and established quarantine rooms to treat COVID-19 patients. The private sector is an important provider of health services in Egypt and we are now working with the government to expand healthcare access for publicly insured patients.”

*continued on page 17 →*



## IMPACT HIGHLIGHTS DURING COVID-19 (2020-2022)



**\$124 million**  
EAEF allocated capital across 3 fund managers and 5 direct investments



**\$945 million**  
FDI attracted by Lorax, TCV, Ezdehar and Algebra



**12,500+ jobs**  
created by EAEF portfolio companies and fund managers



**6,100 borrowers**  
supported with an average loan of \$1,354 by Fawry Microfinance



**288,000+ patients**  
served by THG and Dawi

# Lessons Learned

After more than 10 years since EAEF's creation, it is important to take stock of lessons learned as the U.S. government considers enterprise funds in other countries. Here are some takeaways from the EAEF experience to help guide policymakers and future enterprise funds.

## Successes to Replicate

### Finding a Successful Local Investor Early on to Understand the Business Environment

After arriving in Egypt in 2012, EAEF's Chairman interviewed many candidates to help run the Fund but struggled to find someone with the right experience. In need of assistance, he sought out the "Warren Buffet of Egypt" and was referred to Nassef Sawiris, a successful businessman. Nassef gave EAEF's chairman a helpful assessment of the local business environment during a period of crisis, and an introduction to an investment adviser that later became one of EAEF's leading fund managers.

### Relying on Local Talent to Execute Investment Strategy

Future enterprise funds should look to local talent rather than relocating U.S. investment professionals to a host country. Working with local investment partners that know the market and speak the language has been critical to making good investments. Supporting local fund managers also created the foundation for a domestic private equity and venture capital industry to continue to invest in Egypt and attract FDI into the future.

### Investing in Companies with Platform Business Models to Reach Individuals and MSMEs at Scale

Investing in Fawry and Contact has allowed EAEF to extend financial services to over 250,000 MSMEs and 49 million Egyptians by leveraging company platforms that reach end users at scale. This has advanced EAEF's

double bottom line mandate and preserved organizational bandwidth to be redirected at additional investment opportunities. Future enterprise funds should examine, based on host country dynamics, whether investing in platform-enabled companies is a more suitable way to reach individuals and MSMEs instead of investing directly in smaller companies.

### Seeking Competitive, Market-Rate Returns Early On

In line with its double bottom line mandate, EAEF focused its early investments on companies that could generate high profits concurrent with positive social and environmental impact. This included Fawry and Contact, which generated \$100 million in realized proceeds, allowing EAEF to take greater risk and invest in high impact companies across multiple sectors—a strategy enterprise funds should prioritize to give them the flexibility to diversify their investment portfolios.

### Building an Effective Board of Directors

EAEF recruits board directors with international investment experience who are committed to advancing the Fund's mission. EAEF has learned that it is more important to have board members with the time and commitment to support the Fund than it is to have someone high-profile. Additionally, policymakers in the executive branch should seek to recruit board chairs with the resources, experience, and commitment to ensure an enterprise fund meets its mission in the face of unforeseen obstacles. Chairs play a critical role in strategy, liaising with the U.S. government and serving as an unofficial ambassador to the host country.

## Opportunities for Improvement

### Establishing Relationships Earlier with the Local Government

EAEF faced challenges in its early relationship with the Egyptian government, who felt it should be more involved in the Fund's investment strategy. While EAEF is an independent investment entity, it has taken steps in recent years to establish relationships and brief government officials on its investment activities and brief officials on its investment activities. Sustaining a dialogue with the local government boosts transparency and can lead to opportunities for collaboration.

### Becoming Familiar with Congressional Appropriations in Advance of Potential "Holds"

In 2012-2013, certain members of Congress placed unexpected holds on EAEF's funding due to disagreements with the Obama administration over issues unrelated to the enterprise fund. This kept EAEF from investing for over a year and sent mixed signals to the local business community about the Fund's operating status. Board chairs should familiarize themselves with

the appropriations process and build relationships with members of Congress who could put holds on their funding. Having these relationships is vital if board chairs must negotiate over Congressional funding.

### Embedding Impact Measurement and Management (IMM) Guidelines Earlier into Investment Strategy

From 2015-2019, EAEF invested in high-impact investments but lacked a policy to measure and integrate impact with financial analysis into its decision-making. Future enterprise funds should take advantage of the growing impact investing industry by embedding IMM best practices into their investment strategies to effectively allocate capital in support of financial, social, and environmental goals.

In the remaining five years of its mandate, EAEF looks forward to building on these lessons as it continues its support for Egypt's private sector. With an established track record and local relationships, EAEF is in a strong position to help the private sector become Egypt's leading engine of economic growth.



Inside Egyptian Museum, the oldest archaeological museum in the Middle East

# Our People

## Board of Directors

### James A. Harmon

EAEF Chairman & Former Chairman, Export-Import Bank of the United States

### Hythem T. El-Nazer

EAEF Vice Chair, Managing Director, TA Associates

### Nada Shousha

EAEF Vice Chair, Former Regional Manager, IFC

### Tarek Kabil

Former Minister of Trade and Industry, Egypt

### Hala El-Mohandes

Vice President, Project & Structured Finance, Export-Import Bank of the United States (Retired)

### Amr El-Moselhy

Director, Liberty Mutual Investments

### David Bohigian

Managing Partner, Pluribus Ventures

### Magda Habib

Co-Founder and CEO, Dawi Clinics

### Mona Aboelnaga Kanaan

Managing Partner, K6 Investments



Sunset in the Sinai Peninsula

## Our Team

### Margaret Engelhardt

Chief of Staff

### Nishan Seal

Chief Financial Officer

### Yasmine Ghobrial

Senior Vice President

### Cornelius Queen

Vice President

### Amanda Aversano

Senior Associate

### Nada Samy

Associate

### Fiona Mora

Executive Assistant

## Acknowledgements

This report was developed in consultation with EAEF staff, board members, asset managers, portfolio companies, and other stakeholders who provided key insights and contextual background. Technical writing was led by EAEF staff and supported by Dalberg Advisors.



Operating Principles for Impact Management

Dalberg

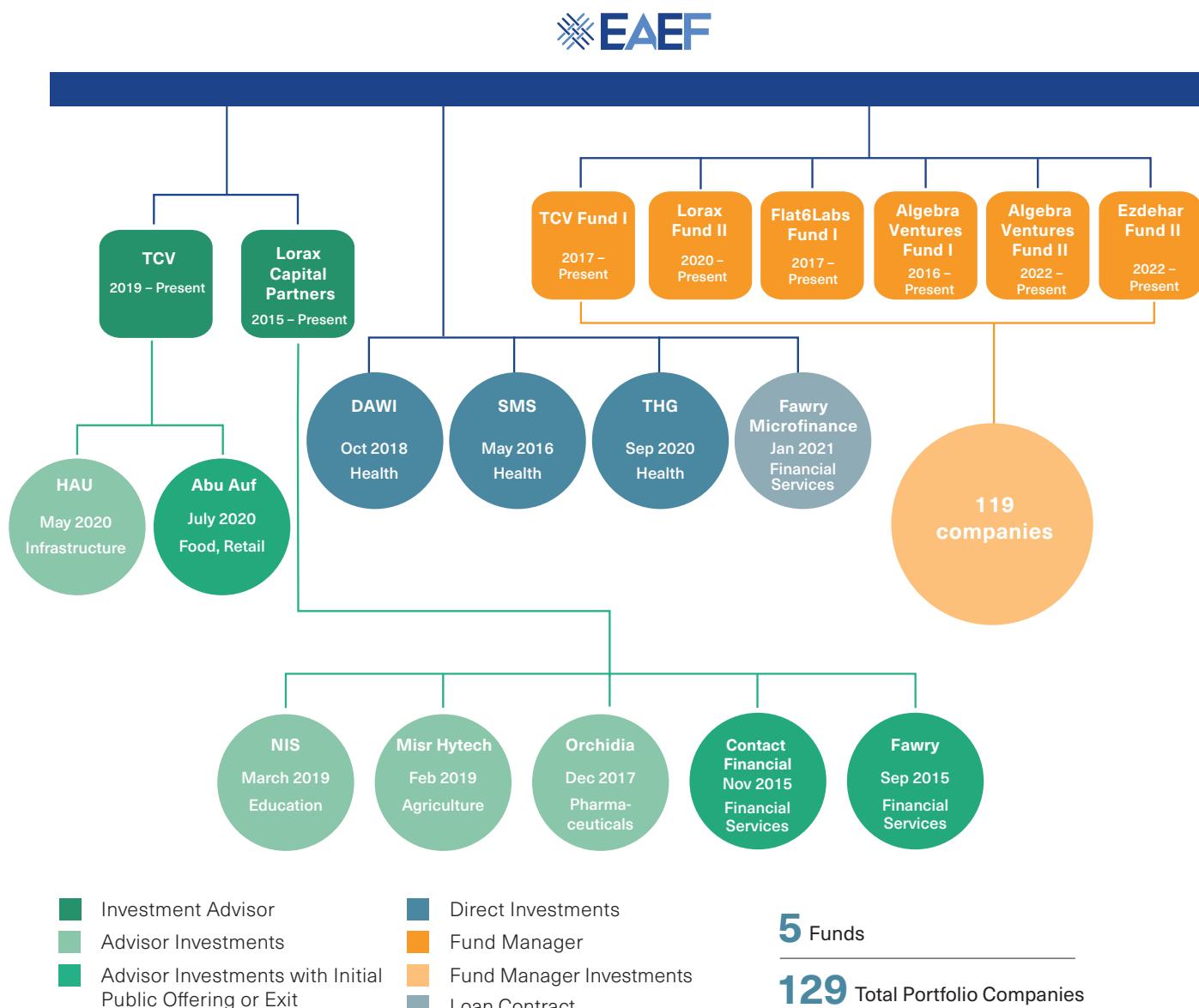
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# Annex

## Portfolio Snapshot

**\$267M INVESTED**

EAEF primarily pursues a fund of funds strategy that relies on local fund managers to invest on its behalf. Two of these funds, Lorax Capital Partners and TCV, also serve as investment advisors helping EAEF invest directly in Egyptian companies.



# End Notes

- 1 All data as of 12/31/2022 unless otherwise noted
- 2 Total jobs supported and created by EAEF's portfolio companies and fund managers
- 3 Labor force, female (% of total labor force) Egypt, Arab Republic, World Bank <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=EG>
- 4 FDI attracted by EAEF's portfolio companies and fund managers after EAEF's initial investment
- 5 MSME support and loan portfolio growth is attributed to EAEF's investments in Fawry and Contact Financial, respectively
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