



**Osama Ezzo**  
Managing Director

Nile Development and Investment (NDI) is a joint-stock company established as a mid-market private equity investment firm with the mandate to invest in Sub-Saharan Africa.

With the commitments of Egypt's healthiest financial institutions such as National Bank of Egypt, Banque Misr and Banque du Caire, NDI seeks to be an effective partner in the sustainable development process of the region, focusing on value creation opportunities.

**AVCA speaks to Osama Ezzo, Managing Director of Nile Development and Investment on the firm's investment strategy, approach to value creation and the industry's challenge of mobilising local capital.**

## **Q: Could you tell us a little about the history of Nile Development & Investment (NDI)?**

Nile Development & Investment was originally established in 2009 as a private equity fund by Egypt's three largest state-owned banks, the National Bank of Egypt, Banque Misr and Banque du Caire, with a mandate to invest US\$150mn across sub-Saharan Africa. In July 2010, the company started its evolution into an investment holding company allowing it to be a long-term player on the continent without any timeframe restrictions, reflecting the desire of our stakeholders. The 2011 Egyptian revolution also had a major impact on this process, as our business more or less came to a halt.

## **Q: Could you elaborate on your investment approach?**

NDI mandate has always been to invest across sub-Saharan Africa, although our focus was primarily in East Africa.

When I joined in early 2019, we started developing a new strategy in line with our stakeholders' visions. Now, our main focus is to co-invest alongside international private equity funds and other financial institutions that are already present in Africa's markets; expanding our presence and exposure to the continent's different sectors and countries. We also invest in private equity funds across Africa and we have recently increased our capital allocation by US\$30mn to cover the investment requirements for direct co-investment agreements and commitments to such funds. Our target is to deploy US\$50-100mn across Africa over the next three – five years. Finally,

## **NAME OF PROFESSIONAL SERVICES FIRM**

Nile Development and Investment

## **FIRM TYPE**

Direct Investor

## **PROFESSIONALS FOCUSED ON AFRICA**

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NDI is sector agnostic and invests in healthcare, FMCG, industrials, retail and financial services. However, we do not invest in long-term investments such as infrastructure.

We typically acquire minority stakes up to 49% and our ticket size ranges from US\$3mn-US\$10mn per transaction. We work closely with the management of our portfolio companies to improve operational efficiency and returns. Likewise, we also take an active role with the private equity funds in which we invest. The fact that we are backed by three of Egypt's largest banks means we can draw on them for technical support for our portfolio companies, if needed.

Finally, our ESG criteria are very stringent given part of our mandate is to invest with a developmental angle.

## **Q: NDI's mandate is to invest in sub-Saharan Africa. What regions and countries are the most attractive in 2020?**

Our overall mandate is to invest in Africa and across sub-Saharan Africa specifically. To date, our initial focus has been on East Africa – Kenya, Uganda,

Rwanda, Tanzania, Ethiopia and Mozambique – where we have seen attractive investment opportunities. Beyond this, we're also looking closely at West Africa. Nigeria is naturally an interesting market, given its size and demographics, but we are also looking at Ghana, Cote d'Ivoire and Senegal, though our focus remains primarily on East Africa.

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**Q: NDI has invested in I&M Bank Rwanda and Kibo Capital Partners, a private equity management company with two funds under management with assets totalling US\$100 mn. Could you give us some insight into these transactions?**

NDI's US\$6mn investment in Kibo Capital Partners was designed to generate a pipeline of deals as co-investments and grow our access to the market. In 2017, we acquired a minority stake in I&M Bank Rwanda, a commercial bank, when Kibo made an investment in it.

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**Q: Local capital mobilisation is a long-standing challenge for private equity firms across the continent. What can be done to encourage the participation of more local limited partners such as pension funds or insurance companies?**

I find that this really depends on the mandate of each local institutional investor. We are fortunate in the sense that our shareholders have made a strong commitment to investing across Africa. As such, they have the mentality, organisational culture and risk appetite to go abroad and seek out attractive investment opportunities that will generate commercial returns and drive development. From my experience, pension funds and insurance companies are typically risk averse, preferring instead to invest in government bonds and other "safe" products. It will take some time for these attitudes to change, particularly in the context of limited understanding of African markets.: investment will flow once investors have a better understanding of the risk-reward profile to have the confidence to invest.

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**Q: Could you elaborate on NDI's approach to value creation?**

Our strategy is to take an active and dynamic approach to managing our investments. We aim to go beyond being a mere shareholder and strive to be a trusted partner whose knowledge and experience can be drawn upon. NDI has an extensive network of advisors and consultants across Egypt and further afield and we've found that this is a great asset when it comes to value creation.

With regard to the exit landscape, it's abundantly clear that IPOs remain scarce given fragmented regulation, political uncertainty, underdeveloped capital markets and low levels of market

capitalisation, relative to more developed markets. Nonetheless, my view is that you will always find a strategic investor or another financial institution that is interested in taking a stake in your portfolio company if you've worked with the business to drive profitability and ESG performance. More and more people are turning their attention to Africa and are looking for promising companies where private equity firms have done most of the initial work to create viable and sustainable businesses.

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**Q: Risk is often cited as a major factor deterring investors in Africa. As an African investor investing across Africa, what do you say to investors who are reticent to invest on the continent?**

Risk is a key facet of investing and Africa is no exception. Political, currency and economic risk are all often cited by investors on the continent as barriers to investment. Our approach to risk has been to diversify our portfolio in terms of region, countries and sectors. This approach forms a core part of our overall strategy and is why we don't allocate to funds that focus on specific countries or sectors. Instead, we prefer to deploy capital with funds that cover multiple geographies and sectors to limit our exposure.

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**Q: How has the AVCA membership been of value to you?**

AVCA has been a tremendous asset for adding value to our business. I joined NDI as Managing Director in February 2019 and attended my first AVCA conference in Nairobi just two months later, where I met with many of the key players from our ecosystem. AVCA really understands the challenges faced by its members and how it can work to help solve these. The member services team has also been extremely helpful in introducing me to other members. Lastly, I look forward to attending a networking event in Cairo next month and the 20th anniversary conference in Dakar in April.

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Want to learn more about Nile Development and Investment? [Click here](#) to explore AVCA's 2019 Member Directory.

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