

FUND OVERVIEW

MESSAGE FROM THE CIO & IE



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Although the impact of the COVID-19 pandemic on Jordan's economy will likely remain visible for some time to come, it has started to show some signs of recovery in the third quarter.

With the economy fully reopened since September, the Nomou Jordan Fund has also seen some encouraging developments among its investees. For the first time in the past 12 months, none of the Fund's investees reported any job losses during Q3 and it recorded a net increase of 10 direct jobs. Realisations (excluding a large early exit) amounted to USD 792k to exceed the Q3 target of USD 609k, further indicating that investee businesses are faring better.

Nonetheless, the COVID-19 crisis has exacerbated existing structural weaknesses in the country's economy and brought unresolved social challenges to the fore. As unemployment remains high, Nomou Jordan's mandate to create and sustain jobs remains as urgent as ever.

The Fund now sustains a total of 2,745 direct and indirect jobs and supports 13,725 livelihoods. At the end of Q3, the Fund sustained 512 jobs held by women (28%), 813 held by the youth (44%), 1,226 held by unskilled/semi-skilled workers (67%), and 198 jobs held by refugees and migrants (11%).

Nomou Jordan has invested a cumulative amount of USD 26.47m disbursed to 45 clients through 55 transactions. Disbursements remained slow in Q3, with USD 556k in funds released to three clients. Yet, this is set to increase as the team has developed new deal opportunities and worked to strengthen the deal pipeline, including through a marketing event targeting entrepreneurs in the industrial sector.

The Fund aims to disburse USD 3.4m in Q4, after USD 2.34m in new deals were approved in Q3. This will bring total disbursements for the year to USD 4.6m, or 97% of the annual target.

The World Bank expects Jordan's GDP to expand by 1.9% this year with a gradual economic recovery taking shape over the next few years. The country has rolled out an intensive vaccination campaign but in November only around 35% of the population was fully vaccinated.

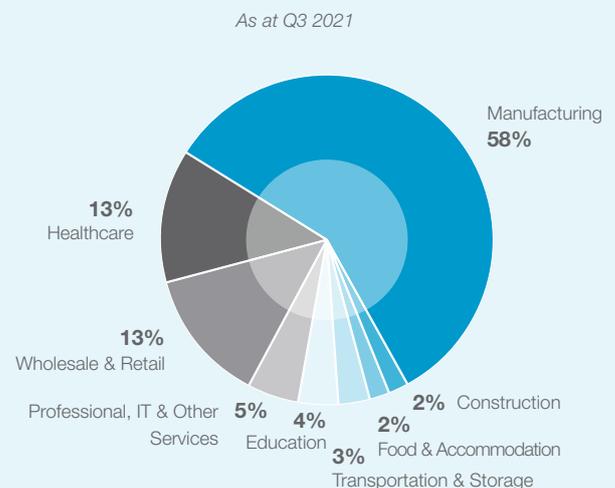
COVID-19, regional instability, and high levels of public debt, all continue to present risks to Jordan's growth outlook. In this environment, Jordanian SMEs will no doubt need even more support to play an increasing role in creating employment and driving renewed economic growth.

PORTFOLIO

OVERVIEW

	As at	Q2 2021	Q3 2021
Total disbursement to SMEs		USD 25.9M	USD 26.5M
Total Gross Assets Under Management		USD 19.5M	USD 19.2M
Total number of SMEs invested in		44	45
	During	Q2 2021	Q3 2021
New SMEs invested in		0	1
Value of disbursement to SMEs		USD 112.8K	USD 521.9K

DISBURSEMENT BY SECTOR





BUSINESS SUPPORT

OVERVIEW

As at	Q2 2021	Q3 2021
Entrepreneurs who received pre-investment business support	572	653
Entrepreneurs who received post-investment business support	44	45
Refugee-owned businesses who received post-investment business support	12	12
During	Q2 2021	Q3 2021
Entrepreneurs receiving pre-investment business support	6	81*
Entrepreneurs receiving post-investment business support	28	25



*81 entrepreneurs attended a workshop on 5 September. Please see the Deal Generation section below for detail.

PORTFOLIO GROWTH

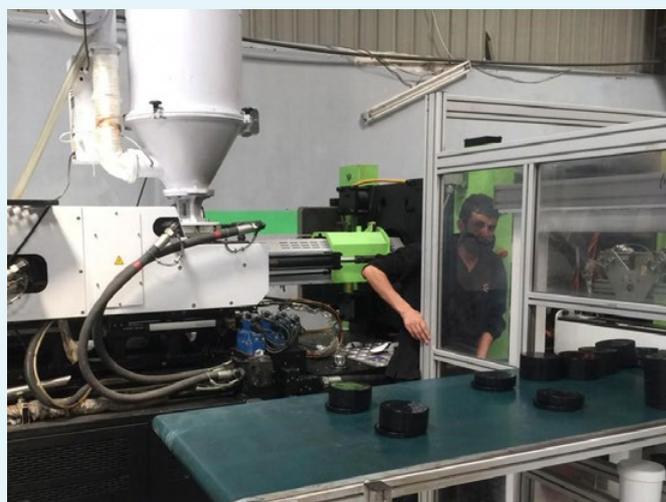
Grand for Plastics Products

Grand for Plastics Products designs and manufactures plastic containers and pails, used primarily for paint and food products. The business is the preferred packaging partner for several established paint companies in Jordan and has more than 115 active customers who have been buying its products for around three years.

During 2019, Grand’s operations were interrupted by technical problems with its equipment, affecting its sales and profitability. The business has since purchased four new injection moulding machines which have enabled it to lower waste and electricity usage, reduce production time, and increase production capacity.

Grand managed to remain resilient during the COVID-19 pandemic and during the first seven months of 2021 its sales climbed by nearly 20% compared to the same period last year. With the new equipment set to help Grand achieve greater economies of scale and improve its profit margins, the business sought funding from Nomou Jordan to purchase more raw materials. It is also seeking to purchase the property where its production plant and offices are located to reduce rent expenses.

The Fund has approved a loan of USD 705k to Grand, with the first tranche set to be disbursed directly to its suppliers of raw materials. Grand currently employs 45 people and is projected to add another 11 jobs.





INVESTEE SPOTLIGHT



Al Shaffaf Forming Plastic

Owned by a Syrian migrant, Al Shaffaf Forming Plastic produces a variety of acrylic plastic products used to store or display advertising signs or retail goods like make-up and sweets. In 2019, The Nomou Jordan Fund provided Al Shaffaf with USD 98,730 in financing to purchase an advanced laser printing CNC machine and to import the acrylic boards its products are cut from.

With GroFin’s support, Al Shaffaf could quickly recover after the initial strict COVID-19 restrictions in Jordan were lifted. “At first, the pandemic negatively affected the business and its sales, because customers were not sure whether they should place their orders or delay. But then we had an advantage because most customers relied on local factories due to the high shipping costs and waiting time. That was good for us,” explains Amir Al Asemi, Al Shaffaf’s owner.

Amir says that while local acrylic suppliers increased their prices during the pandemic, Al Shaffaf managed to continue importing its inputs and at almost the same prices as before. This meant that the business had inventory at the ready when new orders came in.

GroFin’s business support to Al Shaffaf during the crisis included sharing health and safety guidelines surrounding COVID-19, conducting a cash flow forecast with Amir to assess the ability of the business to meet its obligations, and financial advice on managing working capital. “This gave me comfort and it reduced my stress to know that I will be able to meet my obligations and sustain the business,” Amir says.

GroFin’s marketing team also reviewed Al Shaffaf’s online presence and conducted a training session with Amir and his team on how to improve it. The business has successfully weathered the COVID-19 storm and continues to employ 11 people, including 4 women.

“It is good to have a financial partner that cares about my business and its continuity and that stands by your side during hard times.”



Amir Al Asemi
Owner of Al Shaffaf



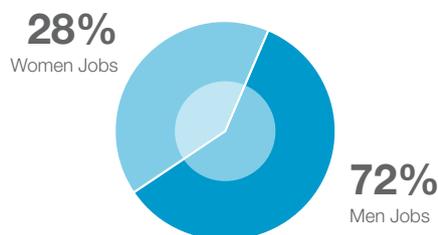


IMPACT

OVERVIEW

As at	Q2 2021	Q3 2021
Total jobs sustained	2,730	2,745
Direct jobs sustained	1,818	1,828
Total livelihoods sustained	13,650	13,725
Direct jobs sustained per USD 1M disbursed	70	69

CUMULATIVE DIRECT JOBS SUSTAINED BY GENDER



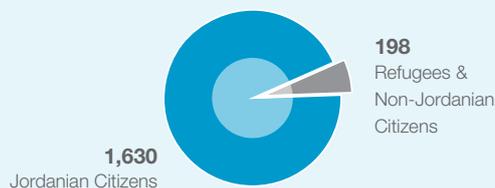
- During Q3, the Nomou Jordan Fund recorded a net increase of 10 new direct jobs as a result of an investment in a new client (Mahmoud Juma & Partners) that sustains 5 direct jobs and 5 other direct jobs created by two existing clients (Elia Al Nims & Partners and Althura Travel Company).
- For the first time in the past 12 months, no job losses were recorded. Jordan's economy is showing signs of recovery from the shock of COVID-19 as the country fully reopened its economy and schools in September 2021.
- National unemployment rates are on the rise with the general unemployment rate reaching 25% in Q1, while the youth unemployment rate climbed to an unprecedented 48.1%. This is even though Jordan's female labour force participation of 14% is one of the lowest in the world.
- The Fund has been able to maintain its impact footprint at the end of Q3 with 512 jobs held by women (28%), 813 held by the youth (44%), and 1,226 (67%) held by unskilled/semi-skilled workers.
- During the quarter, all active portfolio clients were able to support their employees with 100% of their original salaries, and no workers were on paid/unpaid leave – except for Al Menbar Private School which remained closed for a large part of Q3 and was only able to pay up to 50% of its employees' original salaries.
- To date, the Fund has also invested in 18 businesses that employ a total of 198 refugees and migrants who are consequently able to support around 990 refugee and migrant livelihoods.
- Cumulatively, the Fund sustains 69 jobs per USD 1m disbursed. The Fund also sustains 2,745 direct and indirect jobs and supports over 13,725 livelihoods.

REFUGEE OUTREACH

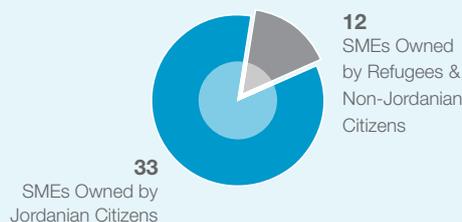
OVERVIEW

As at	Q2 2021	Q3 2021
Refugee & non-Jordanian livelihoods impacted directly	990	990
Direct jobs sustained by refugees & non-Jordanians	198	198
Refugee & non-Jordanian-owned businesses receiving financial and post-investment business support	12	12
Disbursements in refugee & non-Jordanian-owned businesses	USD 6.1M	USD 6.6M
Investee businesses employing refugees & non-Jordanians	18	18

DIRECT JOBS SUSTAINED BY NATIONALITY



FINANCIAL AND POST-INVESTMENT BUSINESS SUPPORT





INVESTORS



GroFin shares ESG practices in USAID webinar

Roubesh Jhumun, Impact & ESG Manager, shared insights and lessons from developing and implementing GroFin’s ESG framework at a training webinar hosted by USAID. Entitled “Engaging the Private Sector in the Fight against Climate Change”, the webinar was attended by USAID staff serving in the MENA region and focused on how SMEs can contribute to efforts at mitigating climate change. Roubesh discussed GroFin’s viability model, how we evaluate potential investees according to ESG considerations and support existing clients to improve their ESG practices.

DEAL GENERATION

GroFin holds a workshop for prospective clients

GroFin Jordan brought together 81 small-business owners from the industrial sector at an event held in September in Amman. The event was hosted in collaboration with the Jordan Investment Commission, the Zarqa Chamber of Industry, and the Jordan Exporters Association. It provided a platform for discussing the issues and challenges currently faced by businesses operating in Jordan’s industrial sector.



Entrepreneurs were introduced to GroFin and its offering of finance and business support and given guidance on post-COVID challenges faced by SMEs. The workshop also covered areas related to business formalisation and governance, including tax compliance and how to become export-ready.