

## FUND OVERVIEW

### MESSAGE FROM THE CIO & IE



**Ashraf Esmael**  
Chief Investment Officer  
Middle East

Jordanian businesses could end off 2021 with more substantial hope that a nascent recovery is underway in the country's economy, supported by fiscal and monetary measures. Although COVID-19 lockdowns still inflicted some pain on Nomou Jordan's clients in the first half of the year, conditions improved in the second half as the economy reopened and businesses could resume their operations. As a result, Jordan is expected to post an economic growth rate of around 2% for 2021 and to gain slightly more momentum in 2022, depending on the evolution of the pandemic.

In this economic climate, the Nomou Jordan Fund managed to disburse USD 2.82m during 2021. Since its inception, the Fund has invested a cumulative amount of USD 28.05m to 46 clients through 59 transactions. The Fund's Gross Assets Under Management (GAUM) now amounts to USD 20.5m.

As we look to 2022, Nomou Jordan will focus on accelerating its investment activities to ensure the Fund reaches sustainability at an earlier stage. However, despite increasing efforts to find new and high-quality businesses to invest in, the Fund will maintain its support to existing clients and especially to those who are still battling to overcome the impact of the pandemic. Both new investments and

turnaround support strategies for existing clients are critical if the Fund is to maintain its impact profile.

In Q4, the Fund could offset job losses at investee struggling businesses by adding new jobs thanks to one new investment and an existing client that managed to rehire those who were retrenched during the pandemic. As a result, the Fund only recorded a net loss of 1 job during the quarter. At the end of Q4 2021, the Fund had cumulatively sustained 1,828 direct jobs. This figure includes 492 jobs held by women (27%), 830 held by the youth (45%), and 1,237 held by unskilled/semi-skilled workers (68%). Cumulatively, the Fund sustains 65 direct jobs per USD 1m disbursed. It also sustains a total of 2,740 direct and indirect jobs and supports over 13,700 livelihoods.

These figures are all the more meaningful considering the deep scare the pandemic appears to have left on employment levels in Jordan. The country's unemployment rate remains high at 25%. Youth unemployment (ages 16-25) is even higher, with half of the economically active youth being unemployed. The SME sector has significant potential to help address this urgent challenge, highlighting the continued relevance of Nomou Jordan's support to this sector.



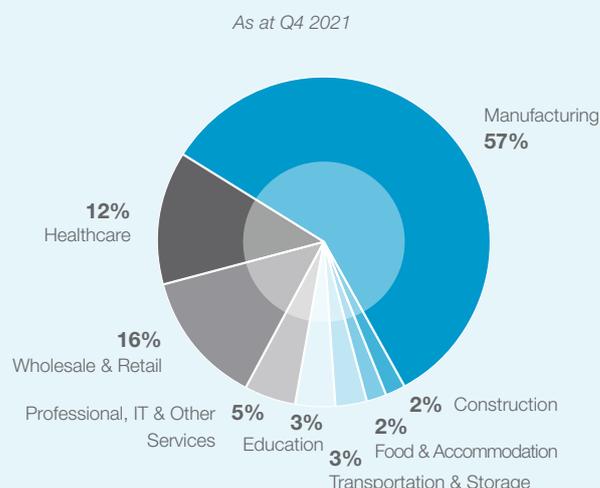
**Alfinaz Murad**  
Investment Executive  
Jordan

## PORTFOLIO

### OVERVIEW

	As at	Q3 2021	Q4 2021
Total disbursement to SMEs		<b>USD 26.5M</b>	<b>USD 28.1M</b>
Total Gross Assets Under Management		<b>USD 19.2M</b>	<b>USD 20.5M</b>
Total number of SMEs invested in		<b>45</b>	<b>46</b>
	During	Q3 2021	Q4 2021
New SMEs invested in		<b>1</b>	<b>1</b>
Value of disbursement to SMEs		<b>USD 521.9K</b>	<b>USD 1.6M</b>

### DISBURSEMENT BY SECTOR





**BUSINESS SUPPORT**

**OVERVIEW**

As at	Q3 2021	Q4 2021
Entrepreneurs who received pre-investment business support	653	654
Entrepreneurs who received post-investment business support	45	46
Refugee-owned businesses who received post-investment business support	12	12
During	Q3 2021	Q4 2021
Entrepreneurs receiving pre-investment business support	81	1
Entrepreneurs receiving post-investment business support	25	25



**Enhancing ESG business support through cooperation with GIZ**

GroFin Jordan is finalising a cooperation agreement with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) under its Green Action in Enterprises (GAIN) project. GAIN aims to encourage Jordan's private sector to use environmentally friendly and resource-saving production methods. During Q4, GIZ visited one of Nomou Jordan's clients, Jordan Omani Plastics, to get a better understanding of how GroFin supports and advises its investees.

By joining forces with GAIN, Nomou Jordan will benefit from access to ESG expert advice that will further enhance the Fund's current offering to investees and deepen its ability to identify, address, and mitigate ESG risks inherent to their businesses. The agreement envisions that the findings of ESG audits should be enhanced by pointing out business opportunities for Nomou Jordan's investees, enabling them to improve their efficiency and competitiveness while reducing the burden on the environment at the same time.

**PORTFOLIO GROWTH**

**Shihan**

Food Cooperative Trading Company (Shihan) is a family business importing rice and other food products for resale to over 120 restaurants and supermarkets. Shihan's owners, the Malahmeh family, is well-known in the local market and the Shihan brand has a strong reputation for offering high-quality products. This has helped to make Shihan the top rice supplier in the Jordanian restaurant industry. While rice makes up around 75% of its sales, it also distributes other products like tomato paste, vinegar, and ketchup. It imports its products from Egypt, Saudi Arabia, and India but also makes use of local suppliers.

Shihan has been approved to receive USD 423k in financing from the Nomou Jordan Fund in support of plans to expand the business even further. It will use the funds to increase its inventory level and to relocate its operations to a bigger new warehouse. The entrepreneurs plan to target new clients, expanding to new geographical areas to increase the business's market share among hypermarkets. The funding will also enable Shihan to negotiate better discounts with suppliers to improve profitability.

The business currently employs 20 people, including 5 women and 15 unskilled workers. Nomou Jordan's investment is expected to enable the business to add another 4 to 8 jobs.



INVESTEE SPOTLIGHT



**Islam Kaoukji**

Islam Kaoukji and Partner Company (Islam Kaoukji) imports semi-processed acrylic thread and polyester fabric to produce finished acrylic thread and polyester row cover material (garden fabric). The business targets small manufacturers producing school and other uniforms and farmers who use polyester materials to cover their crops.

A Syrian migrant, Islam Kaoukji created the company that carries his name from a family business that had been successfully selling acrylic thread in Jordan since 1985. Once one of the biggest traders in the Jordanian textile market, its factory was forced to shut down in 2012 after a free trade agreement between Jordan and Turkey made it impossible for Jordanian producers to compete with cheaper imported thread.

The business remained closed for a year until Islam was able to revive it by reengineering the production process to use semi-processed thread. "Failure is not an option for me, and

I also feel responsible to lead and continue growing the family business," Islam says.

In 2019, the Nomou Jordan Fund provided the business with USD 169k in financing to purchase additional stock of its production inputs to meet higher demand for its products.

As governmental regulations allowed Islam Kaoukji and its clients to continue operating during COVID-19 lockdowns, it could use the financing to significantly grow its sales. The business more than quadrupled its sales between 2019 and 2020 and has expanded to new export markets, including Algeria.

**Business Support**

*"GroFin provided us with health instruction and protocol, in addition to that, we ran a cashflow exercise to determine our ability to sustain and meet our obligations [during the pandemic]. This gave me added comfort," Islam says about the business support he has received from GroFin.*

When disruptions to shipping meant that Islam had to find short-term financing to pay for raw materials to avoid paying penalties at customs, GroFin also directed him to a company that could quickly offer him appropriate short-term financing.



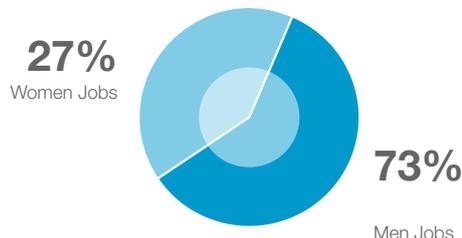


IMPACT

OVERVIEW

As at	Q3 2021	Q4 2021
Total jobs sustained	2,745	2,740
Direct jobs sustained	1,828	1,827
Total livelihoods sustained	13,725	13,700
Direct jobs sustained per USD 1M disbursed	69	65

CUMULATIVE DIRECT JOBS SUSTAINED BY GENDER



ECONOMIC CONTEXT

Following a contraction in 2020, Jordan’s economy recovered in 2021 and grew by 1.8% during the first half of the year. The World Bank estimates a growth rate of 2.2% for the year as a whole. However, at the time of writing, the pandemic appears to be dragging on with a record number of new COVID-19 cases reported in Q1 2022. Although Jordan’s economy is expected to grow by around 2% in 2022, this remains dependent on the evolution of the pandemic.

The economic shock inflicted on Jordan’s economy by the pandemic has exacerbated the country’s unemployment challenges, particularly for women and the youth. According to a study carried out by the International Labour Organisation (ILO) and the United Nations Development Programme (UNDP), enterprises in Jordan – and SMEs especially – continue to face significant challenges:

- One out of ten businesses surveyed had to lay off one or more employees.
- Many enterprises saw their debt increase with the costs of energy and utilities remaining major concerns.
- Only 10% of surveyed enterprises had introduced e-commerce and online platforms, suggesting a growing digital divide.
- Most enterprises were ‘just coping’ with the effects of the pandemic, rather than introducing new business models and process to ensure their long-term resilience.
- Pessimism remains high, with one in five enterprises indicating they would not be able to bounce back to pre-pandemic operation levels.

COVID-19 IMPACT ON NOMOU JORDAN’S PORTFOLIO

- The Nomou Jordan Fund’s investees were also affected by the continued economic disruptions caused by the pandemic during 2021 and the lockdown measures implemented during Q1 and Q2 caused a serious setback for some. The Fund’s investees registered a total net loss of 159 jobs during that period as they struggled to maintain employment and fell into financial distress.
- The Fund aims to maintain its impact profile in the coming year and to continue supporting businesses that operate in key sectors essential to the country’s economic growth and which can provide employment opportunities for the vulnerable and the disadvantaged; including women, youth, refugees, and migrants.
- During Q3 2021, Jordan showed signs of timid recovery, with no job losses reported as the country fully reopened its economy and schools in September 2021. During Q4, the Fund added 79 new jobs and lost 80 jobs, resulting in a net loss of 1 job compared to Q3.
- The 79 new jobs added included 50 new direct jobs created by Hiba Hospital when it rehired staff as its operations picked up when COVID-19 restrictions were lifted. Another 20 jobs were added when the Fund invested in a new client, Food Cooperative Trading Company (Shihan).
- The 80 direct job losses took place at six investee businesses. This included 25 jobs lost at Sinbad Marine Transportation. This business operates in tourism, one of the sectors hardest hit by the pandemic. The remaining job losses were recorded at businesses in the manufacturing sector as they continued to be negatively impacted by economic disruptions with Bothour for Food and Drinks and Saleh & Yahya Kasha laying off 21 and 15 employees, respectively.
- At the end of Q4 2021 the Fund had cumulatively sustained 1,828 direct jobs. This figure includes 492 jobs (27%) held by women, 830 held by the youth (45%) and 1,237 (68%) held by unskilled/semi-skilled workers.
- To date the Fund has invested in 12 businesses (26% of investees) owned by refugees and migrants and 19 of its investees (39%) employ 186 refugees and migrants.
- Cumulatively, the Fund sustains 65 direct jobs per USD 1m disbursed. It also sustains 2,740 direct and indirect jobs and supports over 13,700 livelihoods.

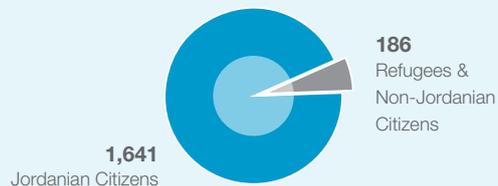


**REFUGEE OUTREACH**

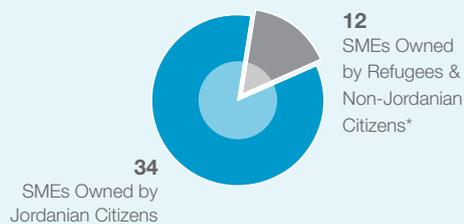
**OVERVIEW**

As at	Q3 2021	Q4 2021
Refugee & non-Jordanian livelihoods impacted directly	990	930
Direct jobs sustained by refugees & non-Jordanians	198	186
Refugee & non-Jordanian-owned businesses receiving financial and post-investment business support*	12	12
Disbursements in refugee & non-Jordanian-owned businesses*	USD 6.6M	USD 6.6M
Investee businesses employing refugees & non-Jordanians	18	19

**DIRECT JOBS SUSTAINED BY NATIONALITY**



**FINANCIAL AND POST-INVESTMENT BUSINESS SUPPORT**



Arabella - NJF Investee