

### FUND OVERVIEW

#### MESSAGE FROM THE CIO & IE



**Ashraf Esmael**  
Chief Investment Officer  
Middle East



**Alfinaz Murad**  
Investment Executive  
Jordan

The final quarter of 2020 ended a year that was extremely challenging for the Jordanian economy and especially small businesses in the country. While growth was already slow and the economy under extended pressure due to the influx of refugees and border closures due to the war in Syria, 2020 saw unemployment levels reach record highs as Jordan posted its first recession in decades.

Despite these serious challenges and without the benefit of external support, the Nomou Jordan Fund has withstood the storm thus far, keeping its portfolio in check and maintaining a commendable level of new investments and realisations for 2020. At the end of Q4, the Fund sustained 1,917 direct jobs, including 206 jobs held by refugees and migrants. Even as its existing clients faced a severely difficult operating environment, the Fund provided them with extensive support to sustain their businesses to keep casualties relatively low. Our unique business support even helped some portfolio companies to continue growing and to create new jobs in this tough environment.

During Q4, the Fund also invested in two new businesses, both owned by refugees/migrants. As a result, the Fund increased the number of direct jobs it sustains by 28% in 2020 compared to 2019. The number of direct jobs sustained by refugees and migrants also climbed by 81% during the year. Year to date, the Fund added 416 new direct jobs and disbursed USD 2.7m, representing 153 jobs per USD 1m disbursed during the year.

At the end of December, the Fund's total investments into 44 clients stood at USD 25.2m, out of which USD 14.1m (56%) has been realised to date. After six years in operation, Nomou Jordan has delivered significant positive impact and increased its investments both in Jordanian and refugee/migrant communities. Although the economic situation in the country remains tough, it is crucial that the Fund can continue to support its investees to sustain its impact at a time it is bitterly needed.

#### QUARTERLY HIGHLIGHTS

- Impact Management**

GroFin is proud to further its commitment to global best practice in managing investments that generate impact by becoming a signatory to the IFC Operating Principles for Impact Management. GroFin views this as an important milestone that publicly demonstrates and reinforces the company's disciplined approach to achieving, measuring, and reporting on impact.

- Gender Lens Investing**

The Mennonite Economic Development Agency (MEDA) conducted online training sessions for GroFin staff to sensitise investment teams on gender equality and unpack our gender lens investing (GLI) strategy. The training aimed to increase awareness of best practice in gender lens investing and helped staff to improve their understanding of women entrepreneurs' unique finance and technical assistance needs.

- Refugee Outreach**

GroFin Jordan took part in a virtual knowledge-sharing event hosted by the "Private Sector for Refugees" (PS4R) initiative. Alfinaz Murad, Investment Executive of GroFin Jordan, highlighted NJF's work to provide finance and support to refugee businesses in Jordan and the challenges these businesses have faced due to the pandemic.

- Client Satisfaction**

Our annual client satisfaction survey showed that 78% of respondents were "satisfied" or "highly satisfied" with GroFin. This represents a 15% increase in overall satisfaction as reflected in positive feedback on such factors as COVID-19 support, professionalism, responsiveness, and understanding client challenges.

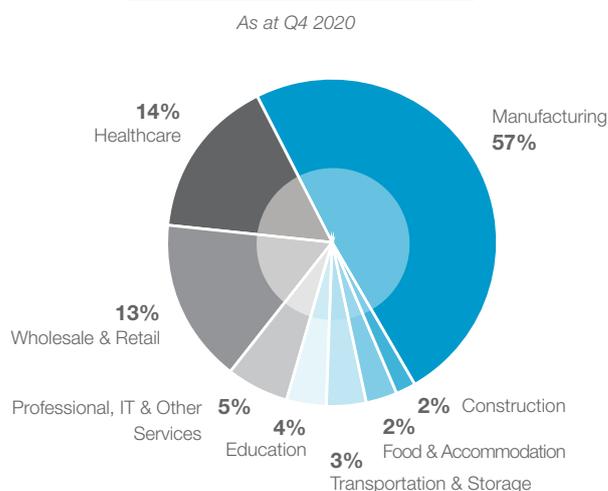


## PORTFOLIO

### OVERVIEW

	As at	Q3 2020	Q4 2020
Total disbursement to SMEs		USD 24.0M	USD 25.2M
Total Gross Asset Under Management		USD 19.4M	USD 20.6M
Total number of SMEs invested in		42	44
	During	Q3 2020	Q4 2020
New SMEs invested in		-	2
Value of disbursement to SMEs		-	USD 1.2M

### DISBURSEMENT BY SECTOR



## CLIENT SATISFACTION

### ANNUAL SURVEY SHOWS INCREASE IN GROFIN CLIENT SATISFACTION

GroFin has been encouraged by the improvement in our clients' satisfaction with our service as we increased our efforts to support them during the COVID-19 crisis. As client experience makes such an important contribution to GroFin's brand value, we use an annual survey to gauge client satisfaction.

In 2020, the survey showed that **78% of respondents were "satisfied" or "highly satisfied" with GroFin**. This represents a 15% increase in overall satisfaction as reflected in positive feedback around support services, COVID-19 support, staff professionalism, consistent follow-ups, responsiveness, promptness, and understanding of client challenges.

The survey also showed that **GroFin's Net Promoter Score (NPS) is 32** – in line with the current international benchmark for the financial services sector. NPS measures clients' loyalty and satisfaction by comparing the number of customers who say they would recommend a company to others to the number of customers who would not. The survey showed that **81% of respondents would recommend GroFin** to a supplier, client, or fellow entrepreneur.

## BUSINESS SUPPORT

### OVERVIEW

	As at	Q3 2020	Q4 2020
Entrepreneurs who received pre-investment business support		557	559
Entrepreneurs who received post-investment business support		42	44
Refugee-owned businesses who received post-investment business support*		10	12
	During	Q3 2020	Q4 2020
Entrepreneurs receiving pre-investment business support		8	2
Entrepreneurs receiving post-investment business support		28	30

During Q4, GroFin's investment staff continued to support portfolio clients using our COVID-19 ESG Framework. These efforts lead to the following client outcomes:



100% of clients required employees, clients and other stakeholders to wear face masks inside their business premises



100% of clients implemented measures to isolate any sick employees



100% of clients implemented social distancing measures and posted signage around COVID-19 health and safety measures



90% of clients actively promoted the use of hand sanitisers and ensured regular cleaning and disinfection of premises



No employees at the level of investees were diagnosed with COVID-19

\* Includes figures for Al Mueen, a business that was partly owned by an Iraqi migrant at time of investment but who, as at Q4 2020, has divested from the business. The business is now 100% Jordanian and woman-owned.



**IMPACT MANAGEMENT**

**GROFIN BECOMES SIGNATORY TO IFC IMPACT PRINCIPLES**

At the end of 2020, GroFin proudly became the latest signatory to the International Finance Corporation’s (IFC) Operating Principles for Impact Management.

The IFC developed the Impact Principles to provide a global standard and reference point for assessing the impact management systems of investment funds and institutions to bring greater rigour and transparency to the impact investing market. As a signatory, GroFin will be required to produce annual disclosure statements describing how each Principle is incorporated into its investment process and to carry out independent verification of its impact management and measurement system.

Brienne van der Walt, CEO of GroFin, says becoming a signatory publicly demonstrates and reinforces GroFin’s disciplined approach to achieving, measuring, and reporting on impact.



**Brienne van der Walt**  
Chief Executive Officer



*“GroFin was founded to be an agent of impact and recording how our investments improve lives and communities has always been an integral part of the commitment we make to our investors. We continuously seek to improve our impact measurement and management framework and to ensure that we adhere to international best practice. We view this as another important step on that journey.”*

**RETAJ FOR FOOD STUFF SUPPLIES, DISTRIBUTION & TRADE - NJF INVESTEE**



*“GroFin has been a valuable partner to my business over several years and both the financing and guidance I have received from them has played a big role in Retaj’s growth. I am thankful that I can focus on growing my business even further at a time when many others are struggling and that I can do this with GroFin supporting me.”*

Abdullah Nofal, owner of Retaj

Retaj is a wholesale supplier of food items. It bottles its own brands of vegetable oil, as well as vegetable oil brands for third parties. In 2016, the Nomou Jordan Fund provided Retaj with over USD 717k in financing to purchase oil from international suppliers and increase its market share. The following year, the Fund invested another USD 700k in the business, allowing it to become the exclusive wholesaler for Amazon, a UAE food brand, in Jordan. It now distributes more than 30 different Amazon products like coffee, juices, canned food, and noodles.

Retaj received widespread business support throughout its relationship with GroFin Jordan. This has included guidance on using financial management accounts, helping the business to review its pricing based on an analysis of the market for oil products, and reviewing its debt and credit terms. GroFin is also helping Retaj to improve its ESG standards in collaboration with an external advisor.

As Retaj trades in essential food products, it could continue operating during Jordan’s strict COVID-19 lockdowns and the business achieved higher sales despite the devastating impact of the pandemic on Jordan’s economy. The NJF has extended an additional USD 705k in financing to Retaj to purchase additional stock of vegetable oil to ensure the business can withstand any possible supply disruptions, for example due to the continued impact of the pandemic on imports, to meet expected increases in demand for its products.

When NJF first invested in Retaj, the business employed 53 people. Today it employs 103 people, including 3 women, and 90% of its employees are unskilled.



**MEDA HELPS GROFIN STAFF TO BETTER UNDERSTAND WOMEN ENTREPRENEURS**

During the last quarter of 2020, GroFin made further progress in deliberately incorporating gender considerations throughout our operations and investment mandates. The Mennonite Economic Development Agency (MEDA) conducted online training sessions for GroFin staff to orientate and sensitise investment teams on gender equality and our gender lens investing (GLI) strategy. MEDA was contracted in 2019 to advise on the development and implementation of this strategy.

The training aimed to increase awareness of best practices in the gender lens investing field and helped staff to improve their understanding of women entrepreneurs’ unique finance and technical assistance needs. This will help GroFin to improve the delivery of business support to both future and current women clients by learning more about the characteristics, behaviours, and motivations of women entrepreneurs.



**Alfinaz Murad,**  
Investment Executive, GroFin Jordan

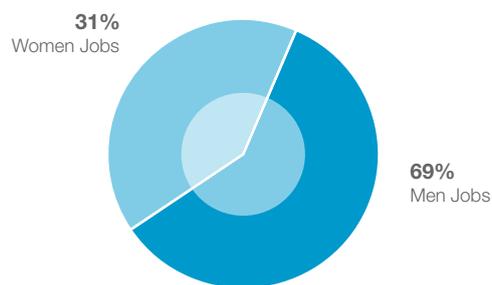
“The training provided valuable guidance to the Jordanian investment team as understanding the challenges faced by women entrepreneurs is crucial to providing them the right support and identifying additional women clients to draw into our portfolio. The disproportionate impact of COVID-19 on women-owned businesses has also made supporting them all the more important.”

**IMPACT**

**OVERVIEW**

As at	Q3 2020	Q4 2020
Total jobs sustained	<b>2,520</b>	<b>2,880</b>
Direct jobs sustained	<b>1,644</b>	<b>1,917</b>
Total livelihoods sustained	<b>12,600</b>	<b>14,400</b>
Direct jobs sustained per USD 1M disbursed	<b>67 jobs</b>	<b>76 jobs</b>

**Cumulative Direct Jobs Sustained by Gender**



**Compared to the Fund’s performance as at the end of 2019, the following key impact was achieved during 2020:**



growth in direct jobs sustained



growth in direct jobs sustained by refugees and non-Jordanians



growth in number of investee businesses that are owned by non-Jordanian citizens



direct jobs sustained by young people compared to 25% at the end of Q4 2019

- As at end of Q4, out of 30 active portfolio companies, 24 investees were fully operational, three were partially operational and three others were closed (one school and two tourism companies).
- Despite the challenging economic context, the Fund added 273 net new direct jobs during Q4, representing a 17% increase in the number of jobs sustained. During Q4, the Fund invested in two new clients (Al Raya Bakery and Jordan Omani Plastic Industries) that sustain a total of 200 jobs, while 86 new direct jobs were created by five existing portfolio companies. Due to the prolonged effects of the pandemic, 13 direct jobs were lost at three client businesses in the tourism and retail sectors.
- There were 309 employees working at four investee companies (three businesses were closed and one was partially operational) who received 50% of their original salaries, while the remaining employees received 100% of their original incomes.
- The Fund remains focused on achieving its impact objectives and the two new businesses invested in during Q4 are both owned by refugees/non-Jordanian citizens and sustain an additional 24 jobs held by refugees. At the end of Q4 2020, the Fund sustains a total of 1,917 direct jobs of which 31% are held by women, 45% by the youth and 68% by unskilled/semi-skilled workers.



## REFUGEES

### GROFIN SHARES INSIGHTS AT “PRIVATE SECTOR FOR REFUGEES” ONLINE EVENT

GroFin Jordan took part in a virtual knowledge-sharing event hosted by the “Private Sector for Refugees” (PS4R) initiative. The initiative brings together actors from the development finance, humanitarian, and business communities to promote a systematic involvement of business in creating economic opportunities for refugees. It is led by partners including the International Chamber of Commerce (ICC), the UN Refugee Agency (UNHCR), and the World Bank Group (WBG).

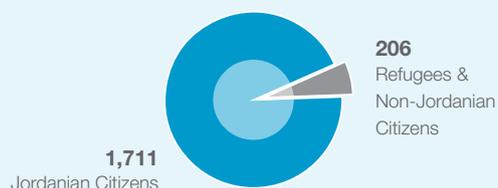
Alfinaz Murad, Investment Executive of GroFin Jordan, took part in the discussion entitled *From knowledge to operations: How the private sector is adapting its work with refugees in the context of COVID-19*. She highlighted NJF’s work to provide finance and support to refugee businesses in Jordan and shared some of the challenges these businesses have been faced with due to the pandemic.

### REFUGEE OUTREACH

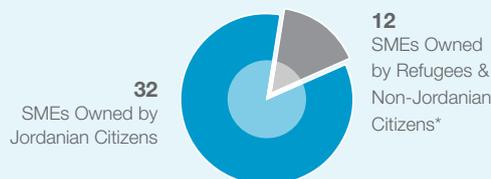
#### OVERVIEW

As at	Q3 2020	Q4 2020
Refugee & non-Jordanian livelihoods impacted directly	910	1,030
Direct jobs sustained by refugees & non-Jordanians	182	206
Refugee & non-Jordanian-owned businesses receiving financial and post-investment business support*	10	12
Disbursements in refugee & non-Jordanian-owned businesses*	USD 5.1M	USD 5.6M
Investee businesses employing refugees & non-Jordanians	17	19

#### Direct Jobs Sustained by Nationality



#### Financial and Post-investment Business Support



\*Includes figures for Al Mueen, a business that was partly owned by an Iraqi migrant at time of investment but who, as at Q3 2020, has divested from the business. The business is now 100% Jordanian and woman-owned.

### NEW CLIENT - AL RAYA BAKERY

Owned by the Hamawi family, Al Raya Bakery is one of two highly successful bakeries in Amman and one of the biggest in Jordan. It has several distribution contracts and serves around 2,000 walk-in customers per day.



Given the importance of this footfall, the owners recognised the threat to their business when an adjacent piece of land was set to be developed. Instead, they seized the opportunity to buy the land to construct a small shopping centre. The centre will integrate the bakery into its layout, allowing Al Raya to expand its showroom. Although Al Raya’s owners were able to manage the impact of COVID-19 on the bakery’s sales and operations quite effectively, the pandemic did cause substantial delays in the construction of the shopping centre and this has placed pressure on the bakery’s cashflow.

Al Raya has been approved to receive USD 846,500 from the Nomou Jordan Fund to cover the bakery’s working capital needs while the owners direct other funding to the shopping centre. Al Raya already employs 145 people – 95% which are unskilled and 50% of which are Syrian refugees – and expects to increase its workforce to 167 after the expansion. At least half of these new workers will be Syrian refugees. The expansion is now set for completion in the second quarter of 2021.