



الهيئة العربية
للاستثمار والإعمار الزراعي
ARAB AUTHORITY
FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT



Annual Report

20
20

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

﴿ وَقُلِ اعْمَلُوا فَسَيَرَى اللَّهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ إِلَى
عَالِمِ الْغَيْبِ وَالشَّهَادَةِ فَيُنَبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ ﴾

سورة التوبة آية (105)

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Introduction

The global economy witnessed a severe economic crisis in the year 2020 due to the Corona virus pandemic which caused massive impact on the economic activity in both developed and developing countries. These effects caused wide negative effects in all fields of development and the statistics of international organizations are expecting a global economic contraction of about 5-8% and a loss of around USD 8-12 trillion in 2020 and 2021.

In the Arab region, it is expected to have a contraction in all Arab economy as statistics indicate that Arab oil-exporting economics is going to be contracted by 4.7% while Arab oil-importers will be contracted by 2%.

The counter measures of the crisis have unexpectedly caused uncertainty in the agricultural and food sector; on the supply chains of global food, obstacles occurrence in labor markets, production, food processing, transport and logistics. The crisis also showed the negative effects of the restrictions on commerce, international food markets especially the countries in which imports represent a big value to its total consumption. However, it indicated the essential need of a global trading system that works well, and that could expect its orientations to guarantee global food security as well as allowing producers in food-producing countries to continue exporting and developing their businesses.

Since the beginning of the crisis, governments took urgent balanced policies to face the challenges in the economic sectors and grant the essential needs to its people in which the main purposes were securing food supply and creating appropriate environments to rebuild. The Arab governments - represented by central banks and financial ministries - allocated economic aid to help the economic sectors in which they included a number of allowances to improve spending on health, supporting those who are affected, and strengthening the path to economic recovery. The governments, in order to secure food supply, formed committees to monitor cases of food supplies and storage, track the activities of agricultural food sectors. As well as take several measures such as cancelling taxes and custom duties on food imports, establishing new credit facilities for farmers and restrict exports of some products.

AAAIID, since the beginning of Corona virus pandemic, initiated a number of measures and short and long-term plans, starting with switching to work remotely to guarantee the safety of its staff from Corona virus infection via its developed Information Technology infrastructure, which enabled the staff to carry out their duties as per the usual. AAAIID also revised the strategic plan of 2021-2025 by rearranging the priorities of projects included in the plan and the focus on proceeding the work on the projects of logistic services, smart agricultural technology and funding small farmers' programs.

In order to reduce the impact of the restrictions in providing food commodities and products due to the precautions measures implied by some countries to face the pandemic, since the beginning of 2020, AAAID launched an e-commerce platform to facilitate online trading and connecting its affiliate companies with importers and exporters of food commodities. AAAID also established a portfolio for short term operational financing of these companies, which are about 55 agricultural companies distributed in the Arab area, in order to provide the needed finance to buy its needs of production inputs during the pandemic. These efforts helped in reducing the negative effects of the crisis on companies therefore maintaining their performance and increasing their production rates.

AAAID worked on providing extra financial resources to fund small farmers and producers who represent a vital category in the Arab agricultural sector as they contribute with more than 80% of the agricultural production. The impact of this crisis on this category would cause acute shortage in Arab agricultural production, thus, AAAID in the year 2020 increased the finance portfolio specified for small farmers in order to provide production inputs and all agricultural operations and connect small farmers with needed markets. On 24th September 2020, AAAID held a virtual forum attended by regional and international agricultural development institutes, funds, and organizations. The forum aimed to highlight AAAID's pioneering experience in financing small farmers which depended on providing a model example of a financial, technical, agricultural and marketing support which achieved more than 300% increase in production and a 70% increase rate of beneficiaries. This encouraged the Arab Authority to call on funds, financial institutes, and international organizations to establish a fund for revolving loans to small farmers with capital of USD 150 million.

AAAID, in 2019, established a company that provides innovative smart agricultural services through partnership with technologies importers. This comes as a result of realizing the importance of information system and its role in development and rapid increase of digital and cognitive economy in the world. In addition to the need of the Arab countries to increase investment in innovation and production technology to improve agricultural habits, forming agricultural, dynamic, healthy, productive and flexible systems that could respond to the long-term challenges of food security, like climate changes and the use of natural resources. This company aims to transport and localize smart new technologies, distribute digital means in the agricultural sector and improve the organizational frame of electronic commerce in Arab countries.

In conclusion, the Corona virus crisis started as a health crisis, but turned to a mass crisis that affected all economic sectors and imposed challenges to all countries. This emphasized the importance of teamwork and collaborative efforts besides including the whole society in order to cooperate and coordinate in turning the crisis to a motive to treat the deficiencies in the economic sectors, especially food and agriculture in the Arab countries.

Executive Summary

The total value of the investments of AAAID in all its existing companies, as well as those under implementation and establishment is about USD 661.5 million as of 31/12/2020, representing about 91% of the paid up capital of AAAID, which is about USD 729 million.

1

The total AAAID investments in all established, under implementation and establishment companies are divided among four main sectors.

These sectors are as follows; 48.57% in the agricultural manufacturing sector, 25.11% in the animal production sector, 22.64% in the plant production sector and 3.68% in the agricultural services sector.

2

By the end of 2020, AAAID had invested in 55 companies; out of which, 30 are existing companies, 13 under implementation and 12 under establishment companies. AAAID's investment is distributed as the following: Sudan hosts 64.32% of its total investments, followed by Egypt 6.01%, Oman 5.56%, UAE 5.54%, Iraq 4.28%, KSA 3.63%, and 10.66% in the remaining member countries.

3

In 2020, AAAID implemented a total of 22 development programs and activities aimed at small scale farmers and producers in a number of Arab countries, with the aim of upgrading production and productivity of small-scale farmers and producers. The number of beneficiaries of the program reached 61,321.

4

In 2020, AAAID implemented (9) applied research programs in a number of Arab countries at the aim of localizing new varieties of field crops, introducing modern agricultural technologies and dissemination methods.

5

6

The number of the agricultural investment opportunities that were studied and evaluated by AAAID in 2020 reached 101.

7

The total value of the existing and granted loans from AAAID to its affiliate companies and small producers reached about USD 147 million, while corporate guarantees that were provided by AAAID to its companies amounted to USD 24 million.

The total value of assets of AAAID reached USD 1.3 billion as of 31/12/2020.

8

9

The total investments of the Arab Authority in the global and regional financial markets - as of 31/12/2020 reached to USD 501.2 million, compared to USD 482.8 million in 2019.

Total shareholders' equity as of 31/12/2020 reached to USD 994.6 million compared to USD 965.2 million in 2019.

10

11

AAAID achieved net profit of about USD 24.7 million for the fiscal year ended 31/12/2020 compared to USD 29 million in 2019.

In 2020, AAAID organized a number of promotional activities and activities in the agricultural field, in addition to its active participation in Arab and international conferences, symposiums, forums and virtual Arab and international exhibitions.

12

13

AAAID was able to cope with the conditions that was forced by Corona virus pandemic (COVID-19) and was able to work online due to the existing strong infrastructure of information technology and its different applications.

AAAID kept pace with the challenges that faced the Arab countries during the Corona virus pandemic (COVID-19) by establishing AAAID's online platform to provide basic food commodities.

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About AAAID

Establishment



The Arab Authority for Agricultural Investment and Development (AAAID) is an Arab financial institution with an independent and international legal personality that was established on 1 November 1976. Its Memorandum and Articles of Association were declared in March 1977.



Shareholders

AAAID has shareholders of (21) Arab countries.



Capital

- Authorized Capital is KWD 336 million (USD 1.1 billion).
- Paid-up capital till 31/12/2020 is KWD 221.1 million (USD 729.1 million).



Fiscal Year

The fiscal year commences on 1st January of each year and ends at the end of December each year.



Headquarters and Regional Office

Headquarters:

Khartoum - Republic of Sudan

Regional Office:

Dubai - United Arab Emirates


Contributing Countries

Percentage of the contribution to the Capital of AAAID per country as in 31/12/2020:

● Number of Shares
● Subscription Percentage

33,600 Total Shares
100%


Kingdom of Saudi Arabia
5,119
15.24%


Kuwait
4,433
13.19%


United Arab Emirates
3,413
10.16%


Republic of Iraq
3,413
10.16%


Republic of Sudan
3,407
10.14%


Qatar
1,706
5.08%


Arab Republic of Egypt
683
2.03%


Democratic People's
Republic of Algeria
341
1.01%


Kingdom of Morocco
137
0.41%


Kingdom of Bahrain
23
0.07%


Sultanate of Oman
23
0.07%


Republic of Tunisia
22
0.07%


Islamic Republic of
Mauritania
22
0.07%


Hashemite Kingdom
of Jordan
11
0.03%


Syrian Arab Republic
11
0.03%


Federal Republic of
Somalia
11
0.03%


United Republic of
the Comoros
11
0.03%


Republic of Yemen
11
0.03%


Lebanon Republic
10
0.03%






















Republic of Djibouti
08
0.02%


Palestine
08
0.02%

10,777 Unsubscribed
32.08% Shares

Members of the Board of Shareholders

AAAIID's Members of the Board of Shareholder as of 31/12/2020:

- | | | | | | |
|----|---|--|----|---|--|
| 1 |  | H.E. Mr. Mohammed bin Abdullah Al-Jadaan
Minister of Finance | 11 |  | H.E Mr. Sultan bin Salem Al Habsi⁵
Minister of Finance |
| 2 |  | H.E. Mr. Khalifa MUSAAD Hamada¹
Minister of Finance | 12 |  | H.E Mr. Ali Munji Al-Kool⁶
Minister Finance and Development of Investment |
| 3 |  | H.E. Mr. Obaid Humaid Al Tayer
Minister of State for Financial Affairs | 13 |  | H.E Mr. Othman Mamoudou Can⁷
Minister of Economic Affairs and Promotion of Productive Sectors |
| 4 |  | H.E. Dr. Hiba Ahmed Ali²
Minister of Finance and Economic Planning | 14 |  | H.E Dr. Muhammad Mahmood Al-Asas
Minister of Finance |
| 5 |  | H.E Dr. Ali Abdul-Amir Allawi³
Minister of Finance | 15 |  | H.E Dr. Kenan Yaghi⁸
Minister of Finance |
| 6 |  | H.E Mr. Ali Shareef Al Emadi
Minister of Finance | 16 |  | H.E Mr. Abdulrahman Douali Bailey
Minister of Finance |
| 7 |  | H.E Mr. EL-Said Mohammed Marzouq El-Qosair
Minister of Agriculture and Land Reclamation
Chairman of the Board of Shareholders of Session (44) | 17 |  | H.E Mr. Said Ali Said Chayhane
Minister of Finance, Budget and Bank Sector |
| 8 |  | H.E Mr. Aimene Bin Abdullrahman⁴
Minister of Finance
Deputy Chairman of the Board of Shareholders of Session (44) | 18 |  | H.E Mr. Salim Saleh Salim bi Breik
Minister of Finance |
| 9 |  | H.E Mr. Mohamed Benchaaboun
Minister of Economy and Finance | 19 |  | H.E Mr. Ghazi Wazni
Minister of Finance |
| 10 |  | HH Sheikh Salman bin Khalifa Al Khalifa
Minister of Finance and National Economy | 20 |  | H.E Mr. Mohamed Ahmed Awaleh
Minister of Agriculture, Livestock and Fisheries |
| 21 |  | H.E Mr. Riyad Mohamed Youssef Attari
Minister of Agriculture | | | |

1. Former Minister H.E Mr. Brak Ali Sheatan.

2. Former Minister H.E Dr. Ibrahim Ahmed Elbadawi.

3. Former Minister H.E Dr. Fuad Mohammed Hussein.

4. Former Minister H.E Mr. Abdulrahman Raouya.

5. Former Minister H.E Mr. Darwish Ismail Al Bulushi.

6. Former Minister H.E Mr. Ridha Chalghoum.

7. Former Minister H.E Mr. Abdulaziz Ould Dahi.

8. Former Minister H.E Mr. Mamoun Hamdan.



**His Excellency Mr.
Mohammed bin Obaid Al Mazrooei**

Chairman of Board of Directors President of AAAID



**His Excellency Mr.
Ibrahim Hassan Rashid Aljarwan**
Head of GCC & Arab Countries Affairs
Ministry of Finance

United Arab Emirates



**His Excellency Mr.
Yousef Hussein Mohammed Al Roumi**
Assistant Undersecretary at
the General Secretariat Council
of Ministers

State of Kuwait



**His Excellency Eng.
Ibrahim Mohammad Aboabat**
Ministry of Finance

Kingdom of Saudi Arabia



**His Excellency Mr.
Mohsen Saleh A. M.Albahili**
International Cooperation
Department Ministry of Finance
State of Qatar



**His Excellency Mr.
Elamin Sayed Ahmed**
Adviser of The Ministry of Finance
and Economic planning
Republic of Sudan



**His Excellency Dr.
Mahdi Sahar Al Gburi**
Administrative Undersecretary
of the Ministry of Agriculture
Republic of Iraq



**His Excellency Mr.
Mohammed Ahmed Sulaiman Al Barashdi**
Director General of Budget and
Contracts, Ministry of Finance
Sultanate of Oman



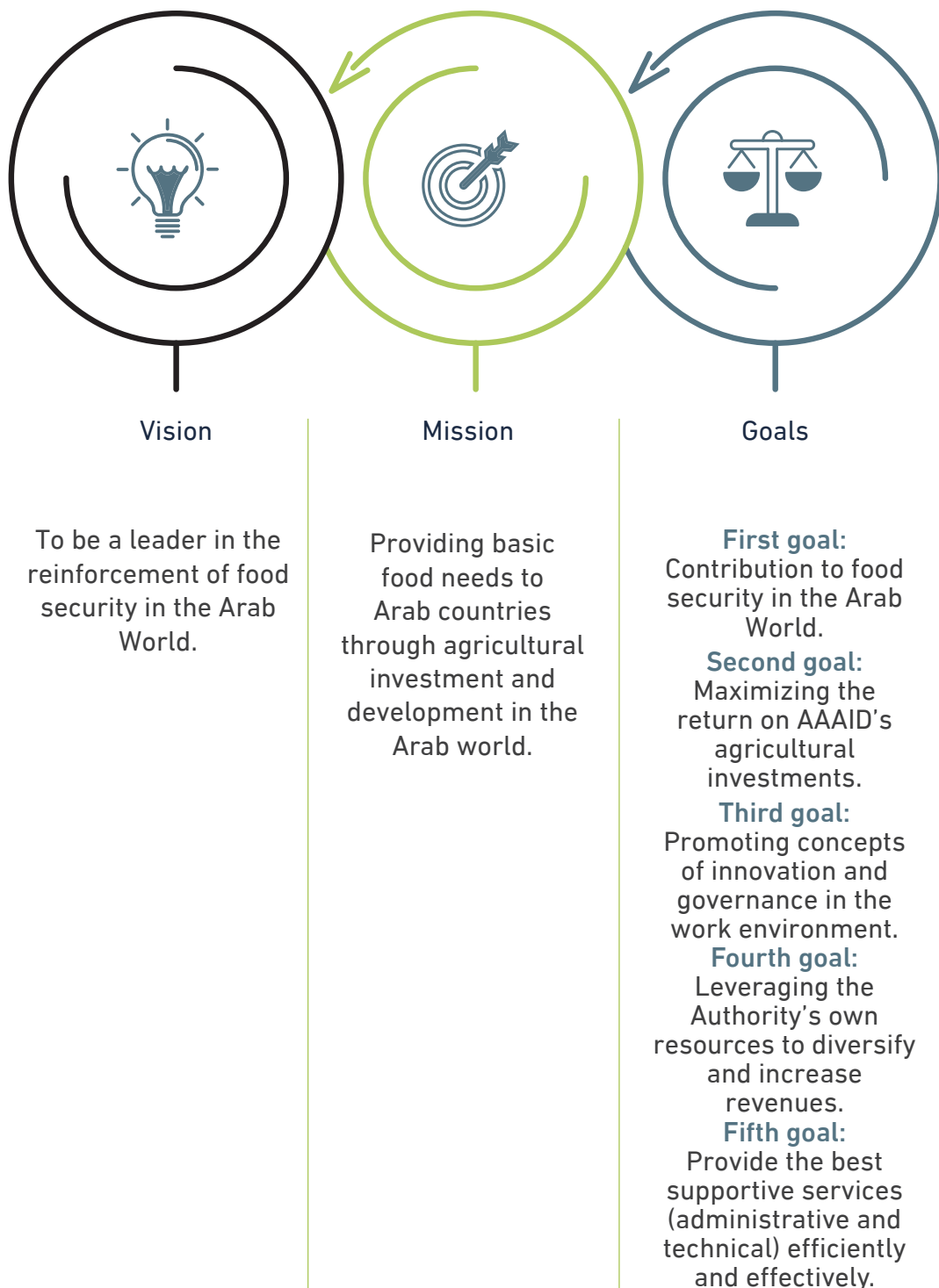
**His Excellency Mr.
Sid Ahmed Saidi**
Chairman of Financial Intelligence
Processing Unit, Ministry of Finance
Republic of Algeria



**His Excellency
Saad Zaki Mohamed Nassar**
Adviser to HE The Minister
Ministry of Agriculture
and Land Reclamation
Arab Republic of Egypt

Board of Directors

AAAID's Strategy (2021-2025)



Strategic Guidance:

1

Benefit from AAAID's capabilities to establish integrated pioneering agricultural projects.

2

Maximizing the return from affiliated companies.

3

Strengthen trade exchange between Arab countries by establishing projects in the field of transport and other logistical services for agricultural and food commodities.

4

Create strategic partnerships with the private sector and Arab and international financial institutions.

5

Facilitate global and regional additional financial resources and investing in projects with suitable return.

6

Obtaining a global credit rating for the Authority.

7

Promote knowledge and technological cooperation with international and regional agricultural institutions and organizations.

8

Create a supportive and stimulating environment for innovation and entrepreneurship in the field of agricultural investment.

About the impacts of COVID-19

The food and agricultural sector in the Arab countries was one the most affected sectors by Corona virus pandemic (COVID-19). The Arab countries applied strict precautions measures to stop the spread of the virus in which it halted internal and external flights, issued lockdown instructions in all cities and areas which massively affected the economic activity. AAAID and its companies were affected by these measures which resulted in taking several measures for the safety of its workers, guarantee its work and to reduce the negative effects in the authority's activity.

First: Measures taken by AAAID during Corona virus pandemic (COVID-19):

Online working during the pandemic:

1

AAAID took several measures and precautions to guarantee the safety of its staff from Corona virus infection by working online due to the developed information infrastructure, which helped the employees in the Arab Authority to proceed with their work. The systems, electronic means, video and audio tools and innovative solutions helped in achieving the work with the required speed and efficiency.

Revising the strategy:

2

AAAID has fully revised the strategic plan 2021-2025 and included recommendations and adjustments that were suggested. It was decided to postpone the start of agricultural investment plan till the middle of the year 2021. Some projects and initiatives were adjusted in the plan as well by starting the implementation of the logistic services and smart agriculture technology.

AAAID's initiative in providing basic food commodities to the Arab countries :

3

Several Arab countries faced difficulty in getting basic food commodities during the pandemic, as such, AAAID launched an online platform to help in providing as much commodities as possible, aiming to increase online commercial exchange through connecting the companies that work in the field of food and agriculture and to contribute in providing the needed commodities to Arab countries.

The contribution of AAAID and its companies in supporting the Sudanese government:

4

AAAID, its affiliate companies and its associates provided financial and in-kind support to the government of Sudan in its effort in responding to the pandemic and reducing its impacts. It also provided in-kind support to those who were affected by rain and floods during the pandemic.



Second: the measures taken by the AAAID affiliate companies during Corona virus pandemic (COVID-19):



- Ensuring the safety of the workers and clients of the companies by raising the awareness of the workers about the health precautions and making sure of following them by providing the essential needs and activating online working.



- Coordinating with official authorities to get access passes for the workers in the production and marketing field to guarantee the provision of food products in the markets during partial or full lockdown.



- Ensuring to provide the needs of companies with the sufficient quantities during lockdown period.

AAAID Activities

First

Agricultural
Investment
Activity

Second

Development,
Applied Research
and Studies
Activities

Third

Strategic
Planning and
Development
Activity

Fourth

Corporate
Communication
and International
relations Activities

Fifth

Administrative
Activities

AAAID Activities:

First: Agricultural Investment Activity



Agricultural investment is considered as one of the main activities of AAAID, which includes establishing agricultural companies, contributing in them, following up on their performance and providing them with the necessary technical, financial and administrative support to accomplish their goals. By the end of 2020, the total number of companies in which AAAID is a shareholder reached to 55 companies of which 30 are existing companies, 13 companies are under different stages of implementation and 12 projects are under establishment.




1. Companies in which AAAID is a Shareholder




The following tables show the companies in which AAAID is a shareholder:

Table (1) Existing Companies in Which AAAID is a Shareholder

	Formation Year	Company's Name	Shareholders	Subs Percentage
 Sudan	2004	Arab Poultry Production and Processing Company Subs Capital (million): 399.8 SDG	AAAID Government of the Republic of Sudan Government of the Kingdom of Saudi Arabia Government of Kuwait Government of the Republic of Iraq	78.80% 7.40% 4.60% 4.60% 4.60%
	1982	Arab Sudanese Vegetable Oil Company Subs Capital (million): 340.00 SDG	AAAID Government of the Republic of Sudan	88.00% 12.00%
	1982	Arab Sudanese Blue Nile Agriculture Company/ Agadi Subs Capital (million): 168.90 SDG	AAAID Government of the Republic of Sudan	85.30% 14.70%
	1975	Kenana Sugar Company Subs Capital (million): 0.561 SDG	AAAID Government of the Republic of Sudan Kuwait Investment Authority Government of the Kingdom of Saudi Arabia Other Shareholders	05.59% 35.33% 30.64% 10.97% 17.47%

	Formation Year	Company's Name	Shareholders	Subs Percentage
 Sudan	1987	Arab Company for Agricultural Production and Processing Subs Capital (million): 0.620 SDG	AAAID Government of the Republic of Sudan Government of the Kingdom of Saudi Arabia Government of Kuwait Government of the Republic of Iraq	42.50% 20.00% 12.50% 12.50% 12.50%
	2003	Arab Company for Crop Production Subs Capital (million): 26.70 USD	AAAID Emirates Rawabi Company	52.75% 47.25%
	2007	Arab Company for Drugs Ltd Subs Capital (million): 46.00 USD	AAAID Arab Co. for Drugs Industries & Medical Appliances (ACDIMA) Arab Company for Industrial Investment (IEK) Sudanese Banks and Government Institutions	29.92% 40.00% 17.58% 12.50%
	1997	Arab Sudanese Seeds Company Subs Capital (million): 12.00 USD	AAAID Government of the Republic of Sudan Government institutions and banks	40.25% 47.34% 12.41%
	2010	Al Muzdana Zero-Tillage Agricultural Company Subs Capital (million): 10.25 USD	AAAID The Agricultural Bank of Sudan Sudanese Ministry of Agriculture Central Commercial Company	12.46% 46.13% 34.71% 06.70%
	2008	Al Mutamayiza for Vegetables and Crops Production Subs Capital (million): 24.70 SDG	AAAID Government of the Republic of Sudan Government of the Kingdom of Saudi Arabia Government of Kuwait Government of the Republic of Iraq	42.50% 20.00% 12.50% 12.50% 12.50%
 Egypt	1997	Al Faiyum Sugar Works Company Subs Capital (million): 445.11 EGP	AAAID Delta Sugar Company Egyptian Banks Private sector	26.93% 26.83% 31.72% 14.52%
	1999	The Arabian company for Preserving and Manufacturing Agricultural Crops Subs Capital (million): 150.00 EGP	AAAID Dr. Moahmed Ahmed Al Ramly and Son Private Institutions and Shareholders	39.70% 44.27% 16.03%

	Formation Year	Company's Name	Shareholders	Subs Percentage
 UAE	2001	Emirates Rawabi Company Subs Capital (million): 217.35 AED	AAAID Government of Dubai Gulf Investment Corporation Private sector	27.56% 14.59% 22.54% 35.31%
	1989	Arab Trade Financing Program Subs Capital (million): 1,000.00 USD	AAAID Arab Monetary Fund Arab Fund for Economic and Social Development Arab and International Financial and Banking Institutions	00.73% 55.60% 22.30% 21.37%
	1992	Arab Poultry and Cattle Equipment Company (APCECO) Subs Capital (million): 50.00 AED	AAAID Government of Fujairah Arab Co for Livestock Development Qatar Islamic Bank Arab Company for Poultry Production, Fujairah	27.44% 42.22% 21.11% 05.00% 04.23%
 KSA	2009	Arabian Cooperative Company Subs Capital (million): 200.00 SAR	AAAID Poultry Producers Association of Aseer	20.00% 80.00%
	2005	Arabian Shrimp Company Subs Capital (million): 33.77 SAR	AAAID Aqua Farms Corporation Aquad For Commerce Ltd. Saudi Offset Ltd. Partnership	45.00% 29.33% 18.33% 07.34%
	1979	Arab Fisheries Co Subs Capital (million): 65.40 SAR	AAAID Government of the Kingdom of Saudi Arabia Government of State of Libya Government of the Republic of Sudan Other Arab countries' Governments	48.72% 35.70% 04.14% 02.50% 08.94%
 Iraq	1986	Arab Iraqi Diary Production Company Subs Capital (million): 11.40 IQD	AAAID Government of the Republic of Iraq	50.00% 50.00%

	Formation Year	Company's Name	Shareholders	Subs Percentage
 Tunisia	1982	Al Marga for Cattle and Agricultural Development Company Subs Capital (million): 10.46 TND	AAAID Stusid Bank Group Other Shareholders	63.33% 30.00% 06.67%
	1995	Agro-Zitex Company Subs Capital (million): 7.00 TND	AAAID Ceu- Zitex Company	25.00% 75.00%
	2017	Tunisia Aquaculture Fund Subs Capital (million): 50.00 TND	AAAID Deposit and Guarantee Fund STB Bank Assurances Maghrebria Unsubscribed Shares	15.00% 20.00% 10.00% 05.00% 50.00%
 Mauritania	2013	Arab Company For Agricultural Services Subs Capital (million): 285.6 MRO	AAAID	100.00%
 Qatar	1989	Arab Qatari Agricultural Production Company Subs Capital (million): 47.00 QAR	AAAID Hassad Food Company	50.00% 50.00%







	Formation Year	Company's Name	Shareholders	Subs Percentage
 Syria	1987	Syrian Arab Company for the Development of Agricultural Products Subs Capital (million): 176.00 SYP	AAAID Government of the Syrian Arab Republic Private sector	05.00% 25.00% 70.00%
	1996	Arab Company for the Manufacturing of Advanced Irrigation Equipment (MAIE) Subs Capital (million): 90.00 SYP	AAAID Morgan Capital & Energy Corporation company Capital Trust and others	25.00% 60.00% 15.00%
	1996	Al Ahlia Vegetable Oil Company Subs Capital (million): 1,500.00 SYP	AAAID Private and Government Sector	40.00% 60.00%
 Kuwait	1974	The Arab Investment & Export Credit Guarantee Corporation Subs Capital (million): 295.00 USD	AAAID Arab countries governments Arab financial institutions	01.96% 46.93% 51.11%
 Oman	1996	Omani Euro Food Industries Company Subs Capital (million): 2.00 OMR	AAAID Oman and Emirates Investment Holding Company Other Shareholders	17.19% 80.84% 01.97%
 Morocco	1999	Manafid Al Houboub Company Subs Capital (million): 121.00 MAD	AAAID Union of Moroccan Agricultural Cooperatives Crédit agricole du Maroc Zine Capital Invest Group Moroccan Farming Cooperatives	30.00% 27.92% 24.00% 10.00% 08.08%

Table (2) Companies under different stages of Implementation

	Formation Year	Company's Name	Shareholders	Subs Percentage
 Sudan	2003	White Nile Sugar Company Subs Capital (million): 607.00 USD	AAAID Kenana Sugar Company Government of the Republic of Sudan Institutions and Banks	14.38% 31.08% 09.14% 45.40%
	2015	Alsarha for Animal Production Subs Capital (million): 38.59 USD	AAAID Unsubscribed Shares	30.00% 70.00%
 Oman	2016	Osool Poultry Company Subs Capital (million): 28.86 OMR	AAAID Gulf Investment Corporation Safa Foods Company Alnmaa Poultry Company Atyab Investment Secuirty Service Pension Fund	17.76% 26.68% 23.46% 20.00% 07.10% 05.00%
	2016	Al Bashaer Meat Company Subs Capital (million): 25.00 OMR	AAAID Oman Food Investment Holding Co. Oman National Investments Development Company Omani National Livestock Development Co Civil Service Employees Pension Fund	20.00% 40.00% 20.00% 10.00% 10.00%
	2017	Al Murouj Dairy Company Subs Capital (million): 10.00 OMR	AAAID Oman Food Investment Holding Co. Omani National Livestock Development Co Dhofar Cattle Feed Co (SAOG)	20.00% 30.00% 30.00% 20.00%
	2019	National Veterinary Vaccines Co. LLC Subs Capital (million): 0.2 OMR	AAAID Oman Food Investment Holding Co.	50.00% 50.00%





	Formation Year	Company's Name	Shareholders	Subs Percentage
 Mauritania	2016	Arab Mauritanian Fish Company (Samak) Subs Capital (million): 385.00 MRO	AAAID Imam Walad Ibno Group Mauritanian Company for Fish Marketing Private Shareholders	37.90% 37.10% 09.00% 16.00%
	2019	Arab Company for Meat Subs Capital (million): 108 MRO	AAAID Aynina Ould Eyih Group Zine El Abidine Ould Cheikh Ahmed Group Dr. Saad Elhainy	27.27% 36.00% 27.00% 09.09%
 Morocco	2017	Domaine Yousif Subs Capital (million): 105.00 MAD	AAAID Belcora Group	49.00% 51.00%
	2019	Orbis Berries Subs Capital (million): 177.7 MAD	AAAID Orbis Agroindustry	49.00% 51.00%
	2019	Orbis Green Olive Subs Capital (million): 44.59 MAD	AAAID Orbis Agroindustry	49.00% 51.00%
 Tunisia	2019	Arabiska Fruits Company Subs Capital (million): 0.15 TND	AAAID Pepiniere Mabrouka	50.00% 50.00%
 UAE	2020	Trans-Agri Holding Ltd Subs Capital (million): 2 SAR	AAAID Al Rajhi International for Investment	50.00% 50.00%

Table (3) Projects under Implementation

Foundation Year/Sub- scription	Project Name	Goal of Project
KSA		
2018	The Project of Producing, Processing and Promoting Vegetables (Hydroponic)	The project aims at producing 2.5 thousand ton of vegetables annually in an area of 10 hectare as first phase that will be increased to 200 hectare in the second phase in order to contribute in covering the vegetable gap in KSA.
UAE		
2018	Export Growth Fund	Establishing an investment fund to develop agricultural exports through entering existing companies and new projects specialized in exporting agricultural products, such as olive oil, dates, almonds and tuna fish.
2019	Integrated Smart Services	The project aims at establishing a company that gives smart agricultural service at its first phase.
2020	Themar Al Emarat Company	The project aims at producing vegetables and white mushroom at an area of 18.5 hectare with a production capacity of 1000 thousand ton of vegetables, 2100 thousand ton of white mushroom in the UAE.
Egypt		
2018	Middle east for veterinary vaccines (MEVAC)	The company produces vaccines and serums with production capacity of 53.6 million dose annually.
2019	The Diary factory Project (Riyada)	The project aims at increasing the designed production capacity from 41 thousand tons to 53 thousand tons of cheese annually.
Kuwait		
2017	Poultry Production Project	The project aims at producing Poultry to cover the local needs of local poultry with a production capacity of 6.7 thousand ton at the year of stability.
Mauritania		
2017	Arab Mauritanian Poultry Company	The project aims at the contribution of developing the poultry sector and increasing the local production rates. It also aims at contributing a part of the gap in poultry and egg production in Mauritania with productive capacity of 3.6 thousand ton of poultry annually and 11.5 million egg annually.

Foundation Year/Sub- scription	Project Name	Goal of Project
Bahrain		
2018	Poultry Production Project	The project aims at producing broiler chickens to contribute in covering part of the gap in poultry in Bahrain with production capacity of 6.4 thousand ton annually.
Tunisia		
2020	Production of Potato Seeds Project	The project aims at producing 9 million of mini potato tubers, of which 2 million are propagated in Tunisia to produce 10 ton of potato seeds annually and export 7 million potato tubers to be propagated in the rest of Arab countries.
Algeria		
2018	Sanabil Project	The project aims at producing grains and fodder at an area of 7 thousand acres in Tiaret Province in Algeria.
Sudan		
2018	ILAF for Starch and Glucose	The project aims at qualifying the starch and glucose factory to produce starch and glucose as main products with production capacity of 150 ton daily and producing fodder as secondary product.

Sectoral and geographical distribution of AAAID's contribution in Companies

AAAID's Total Contribution in Affiliate Companies' Capital:

The total value of AAAID shares in its existing, under implementation and under establishment companies' capital as of 31/12/2020 is about USD 514.58 million.

Sectoral distribution of AAAID's contribution in companies' capital:

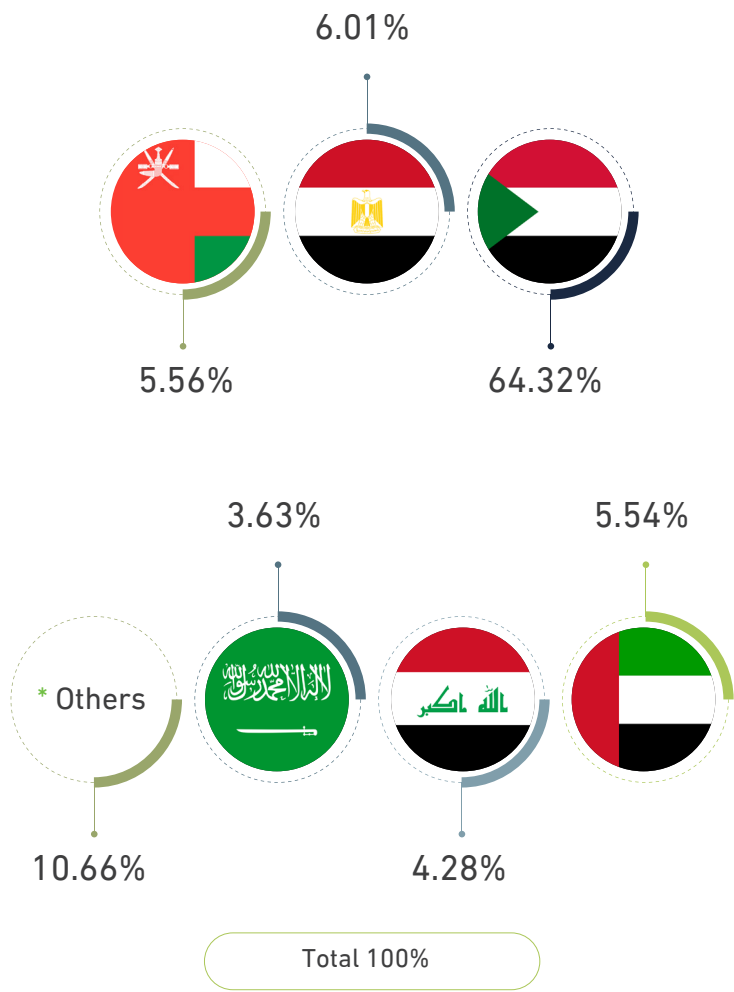
AAAID shares in the capital of its affiliate agricultural companies were distributed among four main sectors:



Geographical Distribution:

AAAID shares in the capital of its affiliate agricultural companies are distributed among 12 member states as per the investment opportunities and comparative advantages that were available then in each country as shown in figure (2).

Figure (2): Geographical Distribution of AAAID Investments as for 31/12/2020



* Others includes the following countries: Kuwait, Qatar, Morocco, Tunisia, Mauritania and Syria.

AAAID's Share from Distributed Profits by the Affiliate Companies

AAAID's shares of the distributed profits of companies in 2020 reached to USD 4.30 million and AAAID share of the distributable profits reached to about USD 8.10 million, however, many companies decided to reinvest those profits for finance, rehabilitation and expansion programs and to enhance its operating capital, however, some companies haven't reached a decision yet. It is noted that the distributed profits do not include the capital gains resulting from increasing the market value of companies.

Table (4) AAAID share from Profits Distributed by the Companies for the year 2020

Company	Profits (USD)	
	2020	2019
Al Faiyum Sugar Works Company	2,286,591	2,123,554
Emirates Rawabi Company	574,654	491,015
Arab Sudanese Vegetable Oil Company	361,282	0
Arab Poultry Production and Processing Company	268,092	22,056
Arab Iraqi Dairy Production Company	250,000	351,156
Arab Trade Financing Program	150,317	117,225
Al Marga for Cattle and Agricultural Development Company	148,933	101,960
Al Ahlia Vegetable Oil Company	143,853	205,204
Kenana Sugar Company	60,489	0
Arab Sudanese Seeds Company	48,286	77,957
Al Muzdana Zero Tillage Agricultural Services Company	5,178	0
Agro-Zitex Company	0	9,932
Total	4,297,675	3,500,059

AAAID's Contribution in New Projects:

In the framework of applying the investment operations program for the year 2020 and for the aim of contributing to the resolving of food gap in commodities, AAAID agreed to contribute in some new projects as follows:

Themar Al Emarat Project – (Themar Al Emarat Company) - UAE:

- The project aims to produce vegetables and white mushroom (*Agaricus bisporus*) in an area of 18.5 hectare with production capacity of 1000 ton of vegetables and 2.1 ton of white mushroom in UAE.
- The total investment cost of the project is AED 178.1 million (equivalent to USD 48.6 million).
- AAAID contributes AED 36.7 million (USD 10 million) to the project.

Potato Seeds Project – Tunisia:

- The project aims to produce 9 million mini potato tuber in which 2 million are propagated in Tunisia to produce 10 thousand tons of potato seeds annually, and exporting 7 million potato tuber to be propagated in the other Arab countries.
- The total investment cost of the project is TND 36 million (equivalent to USD 13.11 million).
- AAAID contributes TND 6 million (USD 2.18 million) to the project, representing 49.6% of its equity shares.

Processing the remaining of AAAID's loans of some companies:

In order to manage the conditions of the companies that AAAID contributes in, the Board of Directors agreed to capitalize the remaining balance of AAAID's loan of the Arab Sudanese Vegetable Oil Company and Arab Poultry Production and Processing Company. Meanwhile, the loans of Arab Sudanese Blue Nile Agriculture Company-Agadi were not capitalized because of the decision of dispossession of AAAID's lands by the state government that halted the authority's efforts on the process. However, in 2020 AAAID's efforts in lifting the order of dispossession were successful, as such, the Arab Authority is going to carry on with the capitalizing process. AAAID will call for an extraordinary general assembly to complete the process.

Exit policy of AAAID:

The exit policy has been conducted according to the strategic directions of AAAID in order to improve the return of the investment portfolio, reduce risks, reinvest the returns from selling in establishing new projects. In addition to improve AAAID's role as an encouraging investor to establish projects then transfer them to the private sector. It is expected to exit from a number of companies like Manafid Al Houboub in Morocco and the Arab Company for Manufacturing of Advanced Irrigation Equipment (MAIE) in Syria.

Follow-up of performance of Companies:

AAAID works in following-up and evaluating the performance of companies it contributes to continuously in order to ensure the accomplishments of its goals. As well as taking the necessary steps to amend and promote performance through providing its representatives in the board of directors and management councils with AAAID's vision about the topics in the agenda of meetings, and to provide recommendations that help in developing the performance of the companies and taking the suitable decisions. AAAID also works to create permanent communication channels with the companies which facilitate exchanging ideas and advice about all topics related to its work.

Meeting appropriate channels to address the challenges facing the companies:

The management of AAAID in coordination with the representatives of countries in the board of directors addressed the issues and obstacles that faced the authority and its companies in some countries and the efforts were successful when the order of dispossessing of the Arab Sudanese Company for agriculture's lands in the Blue Nile was lifted.

Follow-up of performance of companies:

Due to Corona virus pandemic, the lockdown that occurred in countries and imposing health measures that demanded social distancing; AAAID – in coordination with representatives of countries in the board of directors - addressed the issues and obstacles that faced the authority and its affiliate companies in specific countries. It also arranged online visual meetings with the representatives of board of directors of some companies and its executive managements to review the performance of companies and their main issues and worked on solving them in a way to support those companies and improve their performance towards achieving the desired goals.

The economic impact of AAAID's affiliate companies:



Contribution to Providing Basic Food Products:

AAAID's affiliate companies contribute in providing basic food commodities such as: (cereals, sugar, diaries, meat and oils). For example, the Arab Sudanese Seeds Company produces about 75% of the total seeds produced in Sudan, and the sugar companies, that AAAID contributes in produce about 52% of the total production of sugar in Sudan and about 8% of total production of sugar in Egypt. AAAID companies in the UAE provide more than 33% of dairy and juices and more than 23% in poultry products. Moreover, the companies produce about 9% of poultry products in Saudi Arabia, about 7% poultry products in Sudan, 20% of vegetable oils and fats in Syria, 13% of vegetable oils in Sudan and about 15% of vita oils in Tunisia.



Engagement in Contracts with producers:

Many of the AAAID affiliate companies engage in contract with farmers and producers in order to complete the production chain. These companies provide many services to small farmers by providing production inputs, technical supervision and guidance services to enhance their production and competitive abilities. For example;

1. Al Faiyum Sugar Works Company in Egypt, made contracts with farmers to cultivate about 72,000 feddans to provide the company with 1.5 million tons of sugar beet.
2. Agro-zitex Company in Tunisia has contracts with about 95 olive mills to export about 34,000 tons of vitas, which are the basic raw material.
3. The Arabian Cooperative Company in KSA contracts with small poultry breeders to provide the company with about 30 million birds.
4. The Arab Sudanese Seeds Company in Sudan contracts with farmers and private companies to provide the company with about 10,000 tons of different assorted seeds.
5. The Arab Iraqi Dairy Production Company in Iraq contracts with farmers in its agricultural project of growing wheat in an area of about 4.4 thousand feddans.
6. Al Muzdana Zero-Tillage Agricultural Services Company in Sudan provides land preparation, planting, fertilizers, and pesticides application and harvesting services in an area of more than 81 thousand feddans in the irrigated and rain-fed sector.
7. The Arab Company for Agricultural Services in the Islamic Republic of Mauritania provides agricultural services to small farmers in an area of about 17.9 thousand feddans.



Provide Employment Opportunities:

AAAID's affiliate companies provide direct and indirect employment opportunities. The employment opportunities provided by these companies reached to more than 115 jobs, of which about 18 thousand of direct positions in various disciplines, and about 97 thousand indirect jobs.



Development of Intra-Arab Trade:

AAAID has contributed in establishing a number of agricultural companies at the aim of exporting their products to other Arab countries. The following are the most important established companies:

1. **Al Bashaer Meat Company in Oman**, Al Sarha for Animal Production in Sudan, the project of Red Meat in Mauritania to produce, pack, market and export red meat.

2. **The Arab Mauritanian Fish Company** that aims to fish, store, process and export fish with a capacity of 65 thousand tons per year, for the purpose of exporting to Arab countries.

3. **Orbis Agricultural Company (Orbis Berries and Orbis Green Olive) and Domaine Youssef company** in Morocco that aim to establish innovative projects to produce fruits, berries and producing and processing green olive for the purpose of exporting to the Arab and European markets.

AAAID contributes in the Arab Trade Finance Program, which aims to contribute in developing Arab trade through providing the necessary financing for Arab trade activities. The program also keen on cooperation and coordination with local and regional financing and guarantee institutions. It also contributes in the Arab Investment and Export Credit Guarantee Corporation which aims to encourage the transfer of Arab and foreign funds into Arab countries.



The Social Responsibility of AAAID's companies:

AAAID's companies play an important role in social responsibility in the areas where they operate and the surrounding region. The following are examples of the services that are provided by the companies:

1. Provide support for basic services like roads and electricity in the project areas such as: Osool Poultry Company, Al Bashaer Meat Company in Oman, Kenana Sugar Company in Sudan and White Nile Sugar Company in Sudan.
2. Support health and education, as well as providing support in places of worship, schools and health facilities in villages: Kenana Sugar Company in Sudan, which was awarded the National Social Responsibility Award and Al Faiyum Sugar Works Company in Egypt volunteered with half a feddan to establish a school to serve the kids of the employees of the company and the area around it.
3. Environment Day Campaign: White Nile Sugar Company in Sudan participated in the activities of preserving the environment in Al Douiem, which included aerial spraying in the area in order to control mosquitos.
4. Some companies allocate some of its profits for service and charitable work in the regions where they operate such as: Al Faiyum Sugar Works Company in Egypt, Al Ahlia Vegetable Oil Company in Syria.
5. Some companies organize activities and entertainment programs for children and the families of their staff, and provide support for people with special needs such as Kenana Sugar Company in Sudan, Emirates Rawabi Company, Agro-Zitex Company in Tunisia and Al Ahlia Vegetable Oil Company in Syria.
6. Internship/Training: several companies provided opportunities to train graduates in different technical and administrative fields such as Kenana Sugar Company in Sudan and White Nile Sugar Company in Sudan.
7. Several companies provided in-cash and in-kind donations to the responsible governmental entities to help in reducing the impacts of Corona virus such as the Arab Sudanese company for oil, the Arab Poultry Production and Processing, Arab Sudanese Blue Nile Agricultural Company, the Arab Company for Drugs Ltd and Sugar Kenana Company.

AAAID Activities:

Second: Development, Applied Research and Studies Activities

Despite Corona virus pandemic that overran the world and caused the lockdown of most countries in the world in 2020, AAAID's efforts were carried out to implement several developmental programs and applied research and studies.

Below is a brief of the activities of AAAID:

Developmental Programmes:

The developmental programmes consist of financing small scale farmers and producers which reached to 22 programs in some Arab countries in 2020 compared to 17 programs in 2019. The number of beneficiaries of these programs was 61,321 beside the programs that were specified to support the Palestinian people.

Below are the programs according to the beneficiary countries:



Republic of Sudan:

Program Plan:

The program provides direct funding to small scale farmers and producers and women farmers in order to develop the agricultural sector both plant and animal and to get the benefit of the natural and human resources available in the areas.

Objectives of the program:

- Contributing in reinforcing food security through increasing production and productivity.
- Achieving profit for small scale farmers and improve their standard of living which in return sustain their activity.
- Contribute in providing new agricultural technologies to small scale farmers and producers.
- Enhance the financial inclusion of small scale farmers.

Financing mechanism:

- AAAID has provided finance to all agricultural operations from the start of preparing the land and production inputs to operation harvest as well as the technical supervising to all agricultural operations.

Target areas for the program:

- In 2020, The program targeted financing small scale farmers and women farmers to plant groundnuts, wheat, sorghum, cotton and sesame in (13) area in Al Jazirah, north and south of Kordofan, Blue Nile and east Darfur.
- The number of implemented programs reached to (19) in 2020.
- The total planted areas reached to (29,389) feddans, and (26,448) beneficiaries distributed as follows:
 - Financing small scale farmers program:
The cultivated areas in Darfur and Al Jazirah reached to (23,291) feddans. Around (110) agricultural associations benefitted from the program, and about (22,086) individuals benefitted from the program..
 - Financing women farmers program:
The cultivated areas in Blue Nile and Kordofan reached to (6,098) feddans. Around (27) woman associations benefitted from the program, and about (4,362) individuals benefitted from the program.



The Islamic Republic of Mauritania

In 2020, AAAID granted indirect financing (line of credit) to savings funds amounting to USD 2 million for 5 years including a one-year relief period to small scale farmers and producers. The program includes providing revolving loans to benefit 5,463 individuals.



The Hashemite Kingdom of Jordan

An indirect finance line of USD 2 million was granted to the Agricultural Credit Corporation for 6 years with a one-year relief period. The number of beneficiaries reached to 1650 distributed in 12 areas in the Kingdom of Jordan.

The project of supporting Palestinian People

1. AAAID – with cooperation of Arab funds- finances the developmental projects in the agricultural sector to help contribute in achieving economic and social development and to reduce the struggles of Palestinian people via Al Aqsa fund, which is managed by the Islamic Development Bank in Jeddah.
2. The total of financed projects amounted USD 13,85 million.
3. The total number of beneficiaries of the programs in 2020 reached to 27,760 individuals of the cumulative total of 148,545 beneficiaries in the period 2016-2020.

The most important results of the projects are as follows:

- Designing, preparing, digging and creating ponds, wells and water tanks which benefitted 7 villages in Marj Sanur area and some villages in the West Bank and Gaza Strip.
- Building of walls to save and protect the soil from erosion of 33.7 thousand square meter in the areas of Hebron, Bethlehem and Jenin.
- Reclamation and rehabilitation of more than 2343 acres of agricultural lands.
- Cultivating 1410 acres with 32,321 olive, grapes and almonds trees in the West Bank.
- Conducting 12 training workshops in agricultural management and water harvesting techniques.
- Construction agricultural roads in Bethlehem with a length of 35,853 kilometers, serving 23,715 acres of agricultural and grazing lands.
- Construction and rehabilitation of agricultural roads in Hebron of 66,143 km.
- Implementing solar systems to fish breeders in freshwater, establishing research and laboratory experiments' unit and a center for packing and packaging fish.
- Building and preparing a Gen Bank.



Applied researches:

Republic of Sudan:

AAAID implemented about (5) applied research trials in 2020 to test a number of modern agricultural technologies in addition to test farming a number of annular and fodder crops as follows:

Quinoa crop cultivation experiment:

Advantages of Quinoa crop:

- Quinoa has a high nutritional value as its grains have a high percentage of protein (16-18%) compared to wheat which has not more than (13%) of protein.
- Its grains can be used as flour mixed with bread, its leaves can be used as green food for humans and green fodder crop and feed concentrates for sheep and poultry.

AAAID implemented a pioneering applied research experiment of cultivating quinoa crop for the first time in Sudan in the lands of the Arab Company for Production and Processing (with high salinity). The cultivation was done at the end of the winter season in order to introduce new categories that help to provide new alternative crops with high production.

Objective of the experiment:

- Measuring the crop's tolerance of high salinity.
- Comparing the achieved production to the global production.

Results:

- The crop has high tolerance to the highest salinity rates.
- The crop is affected by high temperatures (during flowering period) which disturbed the formation of seeds.



Quinoa

Panicum cultivation trial – Second season:

Panicum contains a higher percentage of protein than barley, thus it helps greatly in increasing the animal's weight and milk production.

Advantages of Panicum crop:

- It tolerates high and low temperatures as well as water salinity.
- It resists pests so it doesn't need to use insecticides which make it healthy and safe for animals.
- Low cost of cultivation compared to other fodder crops and it stays in the soil for about ten years.

Objectives of the experiment:

- Studying the findings of last season which resulted in the ability of the crop to tolerate high salinity environment.
- Diversification of the fodder sources that has high nutritional value and less costs.
- Testing the best way of cultivation with either seeds or cutting.

Results:

- The results showed the great ability of the crop to tolerate highest and lowest temperatures and salinity in the winter season in Sudan.
- There is no production difference of the crop with either method: seeds and cutting.



Laredo



Panicum

Buffel Grass (Laredo variety) cultivation experiment in Sudan – Second season:

Laredo is a plant suitable for animals and it grows in the desert.

Advantages of Laredo crop:

- Has high nutritional value.
- Lives for years which cost less.
- It can be an alternative fodder especially during summer and at the start of autumn.

Objective of the experiment:

- Measuring the crop's tolerance of high salinity.

Results:

- Results shown the crop's high tolerance of to the high salinity.
- It is noted that the production of the crop decreased with the decrease of temperature in the climate of Sudan.

Soybean crop cultivation experiment in Sudan – Second season:

Soybean is one of the summer legumes.

Advantages of Soybean:

- Contains the essential amino acids necessary for the human body to make protein, which makes it an excellent source of protein for feeding humans and livestock.
- Soybean is a source of vegetable oil for human consumption
- Used in many food industries.



Soybean

Objectives of the experiment:

- Measuring soybean tolerance of high salinity soils in Sudan.
- Comparing the cultivation of soybean in the winter season to the summer season.

Results:

- The crop is affected by the high salinity in the advanced stages of growth as the crop got smaller and the seeds weren't formed despite the flowering of the crop. This would affect the validity of growing it during winter.

The experiment of maize cultivation in Sudan –Second season:

Advantages of Maize:

It is an important economic crop which is used in cattle and poultry fodder and is one of the promising crops.

Objectives of the experiment:

- Testing the possibility of cultivating maize in the high salinity soil in Sudan.

Results:

- The cultivating of the crop was successful as it was able to tolerate high salinity in case it is cultivated for green fodder or silage.

The experiment of testing the effect of the organic product (Fertil Verde) on the growth of agricultural crops:

The product is extracted from acids that come from the decomposing of plants and animals under the earth (humus) and is one of the most effective growth stimulants which consist of humic and fulvic acids which are 100% organic products of natural components.

Advantages of Fertile Verde:

- The stimulant has positive effect in the chemical and physical structure of the soil and can be used to reclaiming and rehabilitate agricultural lands. It can also be used in the dripping systems.

Objectives of the experiment:

- Using the organic Fertile Verde as a growing stimulant to a number of crops such as: maize, soybean, Laredo, panicum and quinoa.
- Testing the effect of the organic product in the growing of crops and its result on productivity.

Results:

- The crops that have been treated with the organic stimulant showed good results compared to those crops that haven't been treated with it.

The United Republic of Comoros:

AAAID implemented (4) applied research trials in the year 2020 that aimed at testing of cultivating a number of different field crops and vegetables in fields and greenhouse as follows:

The experiment of testing the cultivation of sweet potatoes:

Sweet potato is considered one of the main agricultural products in Comoros.

Advantages of Sweet potato:

The variety (Sodaf) is one of the most desirable variety of potato in Comoros and characterized by the large size of the fruit while the local variety (Amara) is characterized by a low amount of sugar and its red color that is attractive to consumers, and is considered good and healthy.

Objectives of the experiment:

- Testing of two varieties of sweet potato; these are (Sodaf) - that imported from South Africa- and the local type (Amara).

Results:

- Amara variety achieved very high production of about 2,550 kg/feddans compared to sodaf variety which achieved 1,300 kg/feddans.

The experiment of testing types of potatoes and harvest:

Two variety of potatoes were cultivated for comparison and feasibility. These are (Rozanna) that imported from France and (Desire) from Holland which is well known and desirable to local farmers.

Results:

- Rosan was distinguished by its high productivity of 2,100 kg/feddan but its resistance to disease is very weak while desire type achieved humble productivity of 1,300 kg/feddan despite its good resistance to diseases.

The experiment of carrot cultivation:

Results:

- The cultivation of the variety (Amazonia) achieved good production.
- The cultivation of (Amazonia) carrot was conducted for the first time.

The experiment of lettuce wrap of cultivation:

The lettuce wrap was first cultivated in nursery then was moved to a sustainable field in order to test the feasibility of cultivating the crop by seedlings.

Results:

- The crop achieved good performance in growth and productivity

Studies:

The studies activity is considered one of the most important activities of AAAID while reaching investment decisions to contribute in the agricultural projects. This activity includes developing the investment opportunities, preparing and evaluating feasibility studies, providing consultancy services and technical support to the companies. The projects that have been identified during 2020 reached to (101) projects classified as follows:

Projects at the stage of investment opportunities identification, Term of Reference and proposal evaluation:

- In this stage, the project ideas are received from investors and the opportunities are fine-tuned and elaborated. After the project's idea identification is completed, terms of references for the project's feasibility studies are prepared and a request for proposals is launched for consultancy firms to get technical and financial offers or are prepared internally by AAAID's experts. The investment opportunities identified during 2020 reached (55) distributed into the main sectors as shown in the table (5).

Number	Sectors	Number of projects
1	Agricultural processing	20
2	Plant Production	12
3	Animal Production	13
4	Agricultural Services	10
Total		55

Table (5): Projects at the stage of investment opportunities identification, Term of references and proposal evaluation.

Projects under feasibility of studies preparation stage:

- AAAID prepared preliminary and detailed feasibility studies for a number of investment opportunities and assigned consultancy firms to conduct Due Diligence and Business Valuation of existing companies. The number of projects in this stage reached (11) projects as shown in table (6).

No	Project	Country	Project Objectives
1.	Broiler chicken Production– Business Valuation and due diligence study.	Kuwait	Establishment of an integrated poultry project to produce broiler chicken with capacity of 6.4 million bird/year. (negotiation stage with the company)
2.	Table eggs production project in Abu Dhabi – feasibility study	UAE	Establishment of pilot projects in a cooperation with Abu Dhabi Farmers' services center.
3.	Production of mushroom and vegetables in Hydroponic system project - Business Valuation and due diligence study.	UAE	Production of mushroom with capacity of 2.1 thousand tons and production of vegetables by hydroponic system with capacity of 1000 ton in Sharjah.
4.	AAAID income diversification project - feasibility study	Member States	Establishment of an investment entity that invests in non-agricultural sectors to diversify AAAID's income.
5.	Silos Project - feasibility study	Sudan	Building of silos in Sennar, Gaddarif and the White Nile.
6.	Cheese Processing Company expansion project in Egypt- Business Valuation and due diligence study.	Egypt	Expansion capacity of a leading processing cheese company with 53 thousand tons /year.
7.	Expansion of Veterinary Vaccine project – Due diligence and Valuation study.	Egypt	Increasing production capacity of company specialized in the production of Veterinary Vaccine.
8.	Agricultural project: Sanabil Alarabia- feasibility study.	Algeria	Production of cereals and fodders in 5 thousand hectare in Tiaret.
9.	Dairy production and processing project-feasibility study.	Morocco	Production and processing of milk with capacity of 5 thousand heads milking cow.
10.	Poultry production company expansion project – Due diligence and Valuation study.	Bahrain	Establishment of poultry farms with capacity of 5.4 million birds/year to complete production cycle of a Bahraini company for boiler chicken production.
11.	Poultry production company Expansion project – updating feasibility study of establishment of broiler farms.	Bahrain	Establishing farms for poultry with capacity of 5.4 million bird/year to complete production circle of a Bahraini company for poultry production.

Table (6): Projects under feasibility studies preparation stage

Projects under feasibility studies evaluation stage:

- In order to decide its contribution to the projects, AAAID evaluated the feasibility studies of the projects submitted by promoters or by existing companies. In 2020, AAAID evaluated (23) projects and studies as shown in Table (7).

No	Project	Country	Project Objectives
1	Merging of 4 aquaculture companies project	KSA	Restructuring and merging 4 companies specialized in aquaculture, fodder production and distribution.
2	Slaughterhouse and cattle fattening project	KSA	Establishment of slaughterhouses and cattle fattening with capacity of 5.6 thousand ton.
3	Table eggs production project in Al Qassim	KSA	Production of table eggs with capacity of 200 million egg/year in Al Qassim.
4	Aquaculture project	KSA	Farming Grouper, Seabream and Seabass in the land of Arabian Shrimp Company.
5	Integrated Poultry project in Ha'il	KSA	Establishment of a poultry farm for producing broiler chicken with capacity of 20 million birds/year in an area of 2000 hectare and a fodder factory with capacity of 20 tons per hour and a slaughterhouse with capacity of 10,000 bird/hour.
6	Abu Dhabi forests project	UAE	Planting 400 hectares of Jojoba trees.
7	Production of mushroom and vegetables by Hydroponic system project	UAE	Production of mushroom with capacity of 2.1 thousand and vegetables by hydroponics system with capacity of 1000 tons in Sharjah.
8	Broiler Poultry production project in Abu Dhabi	UAE	Establishment of producing and marketing poultry project with cooperation of Abu Dhabi farmers' services center and Al Rawdah trading company.
9	Dairy and juices production and processing project in Erbil	Iraq	Production of milk, dairy and juices processing in Erbil, with a capacity of 36,000 tons/ year.
10	Tomatoes production and processing project.	Egypt	Production and processing tomatoes via contracts with farmers.
11	Robotic unit project in Beni Mellal	Morocco	Establishment of a robotic unit to chop and process cow, goat and sheep meat (burgers, flavor cubes..)
12	Cheese Processing project in Beni Mellal	Morocco	Processing of cheese with capacity of 5 thousand tons/year.

No	Project	Country	Project Objectives
13	Juices Processing project	Morocco	Establishment of a unit to produce detox and organic healthy juices of lemon, Mandarin, citrus and others.
14	Pepper and vegetables production project	Morocco	Expansion of a company's activity specialized in producing pepper and vegetables in an area of 250 hectares
15	Expansion and modernization of aquaculture company project	Bahrain	Expansion of a company for farming Seabream, Seabass and barramundi with capacity of 200 tons per year in Bahrain with RAS system.
16	Broiler chicken production project	Oman	Producing 60,000 ton of broiler chicken / year.
17	Integrated food logistic services project	Oman	Establishment of integrated food logistic services company for: poultry, dairies, red meat, fish, cereal and flour stores, vegetables and fruits.
18	Potato seeds production project	Tunisia	Production of high quality potato seeds free of diseases with capacity of 9 million mini tubers per/year (starts from tissue culture and greenhouses) to cover a part of the needs of local and Arab market.
19	Red meat production of project in Mahdia	Tunisia	Production and processing of red meat with capacity of 456 heads/day in Mahdia.
20	Agricultural products platform marketing project	Tunisia	Establishment of an integrated platform in Sidi Bouzid for marketing and processing of agricultural products in order to link agricultural production with marketing and processing.
21	Fodder production project	Tunisia	Increasing and fattening of Black soldier flies caterpillar on organic agricultural waste in order to produce proteins that are used in animal feeding (fish and poultry).
22	Organic olive oil production and processing project	Tunisia	Production and processing of organic olive oil with capacity of 60 tons per day and storage capacity of 300 tons.
23	agricultural company expansion project in Palestine	Palestine	Expansion of an existing company working in the production of dairy and vegetables and dates packaging, by adding a dairy production plant, a plant for the production of vegetables, a factory for dates packing and packaging, and a factory for olive oil packaging.

Table (7): Projects under feasibility studies evaluation stage

Consulting and technical support:

- Consulting and technical support is given to AAAID affiliated companies or external parties. The consultancy services consisted of follow up on projects implementation, preparation and evaluation of studies in addition to companies' valuation. The number of consultations of AAAID's affiliated companies reached (12) in 2020 as shown in table (8).

No	Project	Country	Beneficiary	Nature of Support
1.	Supervision and Rehabilitation of starch and glucose factory (Rehabilitation study)	Sudan	Arab Company for Agricultural Production and Processing	Rehabilitation and re operation study of the starch and glucose unit (the Arab Company for Agricultural Production and Processing) to attract investors.
2.	Study of Rehabilitation and Re-operation of the Dairy Unit (Rehabilitation study)	Sudan	Arab Company for Agricultural Production and Processing	Rehabilitation study of the dairy unit (the Arab Company for Agricultural Production) to attract investors and reoperation of the unit.
3.	Fattening livestock and red meat export project.	Sudan	Alsarha for livestock Production	Evaluation of the business plan of fattening 10,000 cow with the partnership of an investor to manage fattening, slaughtering operations and red meat export.
4.	Dry green fodders agricultural project.	Sudan	Arab Company for Crop Production	Evaluation of the feasibility study and the updated business plan of the Arab Company for Crop Production.
5.	Calves Breeding and fattening and fodder crops production project.	Iraq	Arab Iraqi Dairy Production Company.	Evaluation of the feasibility study of the company.
6.	Dairy production factory project.	Iraq	Arab Iraqi Dairy Production Company.	Evaluation of the feasibility study of the company.
7.	Capital Increase project of the Arab Qatari Agricultural Production Company.	Qatar	Arab Qatari Agricultural Production Company.	Evaluation of the feasibility study of expansion of the company.
8.	Red fruits production project in Morocco.	Morocco	Orbis Berries	Evaluation of the updated study received from the company.
9.	Olive oil production project in Morocco.	Morocco	Orbis Green Olive	Evaluation of the updated study received from the company
10.	Second phase implementing project of Domaine Youssef Company.	Morocco	Youssef Domaine Company	Evaluation of the study of the second phase implementing of Domaine Youssef project.
11.	Red meat project in Mauritania.	Mauritania	Arab Company for Meat	Evaluation of the business plan prepared by the company's management.
12.	The agricultural project in Dar Al Barka.	Mauritania	Arab Company for Agricultural Services	Evaluation of the updated business plan to implement the first phase of the project.

Table (8): Consulting and technical support

AAAID Activities:

Third: Activity of Strategic Planning and Development



Strategic Planning activity:

AAAID applies the latest strategic management concepts on the continuous development as part of the principle and methodology of the governance of the effective planning and assessing performance, meanwhile, simultaneously improving management and technological approaches to guarantee the proper and sustainable implementation of the AAAID Strategy via the following:

1. Improving and updating AAAID strategic plan 2021-2025, the operational plans of the organizational units and the Key Performance Indicators using the best practices.
2. Periodic review and performance measurement of the agricultural investment plan of AAAID in:
 - ▶ Evaluating investment proposals and ensuring their compatibility with the approved standards of investment.
 - ▶ Following up the under implementation projects' plans (time and cost) and ensuring its compatibility with the feasibility studies.
 - ▶ Evaluating the condition of AAAID affiliate companies and providing proper recommendations to address their conditions.
 - ▶ Reviewing the agricultural investment portfolio of AAAID to guarantee the variation of geographical and regional distribution to reduce risks and maximize return.

Institutional Development:

Carrying out AAAID's effort in development and change management, AAAID raised the efficiency of staff and increased their knowledge with the needed system of quality management through the continuous raise of awareness and future training plan in order to attain the ISO29001 certificate. In this regard the following has been done:

1. Establishing a system of quality management in AAAID according to the required international standards ISO9001 of the year 2015 in which the policies and procedures to implement the different operation of AAAID have been documented.
2. Developing of risk and opportunities management in order to specify, analyze and evaluate risks in all aspects either financial or operational.
3. Carrying out the development of the "suggestions system" in AAAID with the cooperation of the different departments to raise the general performance standard, and establishing communication channels with the concerned personals inside and outside the authority, as well as, the strategic partners.
4. Improving and developing the governance system in AAAID with the coordination of the internal audit.
5. Adopting the standards of "institutional excellence" and spreading this culture in AAAID, starting with implementing "Arab Governmental Excellence" in accordance to the standards that was stated by Arab Administrative for Organization Development, with the cooperation of the council of ministers in the government of UAE.

AAAID Activities:

Fourth: Corporate Communication and International Relations Activity

The corporate communication and international relations in AAAID depend on a strategic plan that is based on building effective and efficient institutional communication programs that support AAAID's vision and embrace the continuous development and innovation in concepts, methods and applications. AAAID has worked on the management of internal and international communication and implemented a number of programs and activities as follows:



Internal Communication :

Internally, AAAID has strengthened the communication within the authority, approved knowledge exchange and provided information and news about the activities and achievements of AAAID through the following:

- a Mainstream innovation and application of advanced methods and foresight via organizing professional diploma specialized for different groups of experts in AAAID and its members.
- b Organizing meetings to exchange knowledge between the departments of the authority in order to share knowledge and experiences between members of AAAID.
- c Informing members of AAAID, throughout the year, with updates of the agricultural development and investments via the online library and the news of the global agricultural economy.
- d Organizing the 6th Career Excellence Award Ceremony of the year 2020 virtually which included awarding the distinguished members of AAAID and honoring the distinguished personality of the year of AAAID's former experts.
- e Organizing a workshop and a celebration to highlight appreciation and positivity while celebrating International Women's Day and honoring women members of AAAID on 8th March 2020.



International Communication :

Internationally, AAAID has strengthened and expanded its communication with the governmental entities, financial Arab and international organizations and institutes, private sectors, media agencies and others that have relation with agricultural sector as follows:

1. Sharing the vision of AAAID in the official G20 Summit Briefing Book. The Summit was held on 21st and 22nd of November 2020 in Riyadh in the Kingdom of Saudi Arabia.
2. Organizing the Webinar under the title "Financing Small and Medium Scale Farmers and Producers" on 24 September 2020.
3. The participation in the Annual Investment Meeting-AIM (Digital Edition) in Dubai, UAE, on 20th October 2020, and establishing AAAID's virtual booth in the forum's platform in order to meet investors and introduce AAAID's projects and programs.
4. Participating in the SIAL Middle East exhibition (Digital Edition) 2020 as the Exclusive Investment Partner in the period 23 – 27 November 2020 and established a virtual page in the platform of the event in order to meet investors and introduce AAAID and its projects.
5. Organizing the Promotional meeting for the Trade Investment Conference in the Great lakes of Africa, in coordination with the Arab Bank for Economic Development in Africa, on 29 February 2020, in Dubai, UAE.
6. Conducting AAAID's media plans through visual, audio and written mediums with Arab and international agencies and institutions.
7. The usage of best technical methods and means of communication in the official electronic website of AAAID, social media platforms, promotional electronic messages and publishing of AAAID's page in the free encyclopedia (Wikipedia).
8. Promoting AAAID's projects and activities through preparing and issuing the annual report and publications on investment opportunities, newsletters and introductory brochures in both Arabic and English languages electronically.
9. The active participation in numerous forums, official meetings of organizations, regional and international finance institutes and introducing worksheets, inputs and recommendations.
10. Signing two Memoranda of Understanding in the agricultural investment and development sector.

AAID Activities:

Fifth: Administrative Activity

Meetings:

Board of Shareholders:

Taking in consideration the precautions measures of Corona virus pandemic (COVID-19), as well as other Arab financial institutes, the work agenda of the 44th meeting of the Board of Shareholders of AAID was presented to their Highness the representatives of member countries. The Board accepted the recommendations included and approved the decisions that are made in response to those recommendations. The most important decisions that were made are as follows: the approval of the annual report of 2019, the validation of the final calculations of the year ending on 31/12/2019. In addition to the approval of the investment operational programs of the Arab Authority of 2020 with KWD 9.10 million, which is spent according to the strategic directives of the authority and the completion of Board of Directors' membership of the session 2020-2023.

Board of Directors:

The Board of Directors of the Arab Authority for Agricultural Investment and Development held four meetings, from March to December 2020, in which a number of important topics related to investments, agricultural projects and administrative aspects were discussed. About (88) decisions were issued, including decisions to approve the contribution of AAID in a number of important projects such as: Themar Al Emarat company in the UAE, the project of producing potato seeds in Tunisia, increasing the capital of Orbis Green Olive company in Morocco. The Board of Directors also agreed on studying the suggestion of establishing a company of investment and trading activity to increase and diversify AAID's income. In the development activity, the Board of Directors agreed on expanding and developing the program of financing small-scale farmers and producers and the revolving loans program in the member countries. The board also took a note on the conditions of a number of companies, improving the authority's website, the situation of implementing the strategy, the financial situation and the performance of the investment portfolios, financing and lending activity of AAID.

The decisions of the Board of Directors included the agreement on the recommendations of the finance committee on the financial investments in stocks, bonds and funds, the approval of the administrative budget of 2021 and the acceptance of the recommendations of the audit and risks committee.

Committees emanating from the Board of Directors:

The committees of Board of Directors which are; the executive committee, financial investment committee, and audit and risks committee, held number of meetings in 2020 in which they discussed several subjects and reported their recommendations to the Board to take the necessary decisions.

Information System Activity:

The year 2020 witnessed a qualitative change in using information system around the world. It coincided with the Arab Authority's plan of digital transformation as it was able to prove its ability in keeping up its duties efficiently and effectively. Following are the most notable results that have been achieved:

The improvement of information infrastructure:

AAAID's continuous efforts to improve information infrastructure helped in enabling the members of AAAID to perform their duties online and that's by providing a number of systems and electronic equipment that included: platform for virtual meetings, online audio conversations' application and a virtual network for personal laptops and systems of the Arab Authority.

Backup data center:

The work in implementing a backup data center started in the regional office of AAAID in Dubai. The backup data center is important for managing risks and to sustain the works and systems at the Arab Authority.

Central Power saving appliance:

A main system for power saving was provided in order to offer the sufficient protection to the devices in the main data center which ensures the flow of services as it should be.

SAP ERP system for resources management:

A software was activated in the AAAID system. It enables data management of the service providers in AAAID such as: (consultancy firms, experts, chancellors and the representatives of AAAID in the companies) which allows following specified contracts of these services and the payments related to them.

The automation system of performance evaluation:

The work on developing a system for converting staff performance evaluation from paper –which is used currently –to an electronic format, was completed. It will be used to evaluate the performance of all AAAID's staff.

Other support systems:

A number of systems and applications which contribute in facilitating the work at AAAID were developed. Such as: a system for the management of the representatives of the authority in the affiliate companies' boards of directors, a system for tracking the official communications with companies and a system for supervising the meetings of board of directors and other committees.

Other activities:

The efforts of the administration of AAAID achieved increase of other return through benefitting from its property assets by implementing plans and maintenance programs, updating assets and existing buildings, applying environment friendly systems and improving the quality of services as follows:

- Preparing engineering plans, analyzing engineering quotations, the selection of a contractor, and deciding the start of implementing AAAID's regional office in the specified land in Dubai.
- Increasing the rented areas and the standard of incomes despite Corona virus pandemic.
- Providing engineering support to AAAID's companies represented in preparing plans and sketches, the supervision of projects implementation and providing services related to technical maintenance as demanded by some of AAAID's companies.

Visits, Meetings and Events

The year 2020 witnessed a number of visits, meetings and events by AAAID, in order to strengthen cooperation between the member countries, governmental institutes and international organizations with the same interests. These meetings have helped in supporting and promoting the projects and programs of AAAID in the Arab countries both regionally and internationally. AAAID participated in a number of events and virtual symposiums. Follows are the most significant participations that happened in 2020:

Meetings:



The visit of H.E Elyes Fakhfakh, Head of the Tunisian Government, to Al Marga for Cattle and Agricultural Development Company in Jendouba in Tunisia on 13 June 2020.

The meeting with Prime Minister H.E. Ismail Ould Bedde Ould Cheikh Sidiya, Nouakchott-Mauritania on 24 February 2020.



The meeting with the Minister of Finance, H.E Mohammed Al Ameen Ould Dhahabi in Nouakchott – Mauritania on 22 February 2020.

The meeting with Minister of Economy and Industry H.E Abdulaziz Ould Dahi in Nouakchott – Mauritania on 20 February 2020.





The meeting with Minister of Environment and Durable Development H.E Mariam Bakkari in Nouakchott –Mauritania on 21 February 2020.

The meeting with Lieutenant General Ibrahim Jaber, member of the Transitional Sovereign Council in his office in Khartoum-Sudan on 25 August 2020.

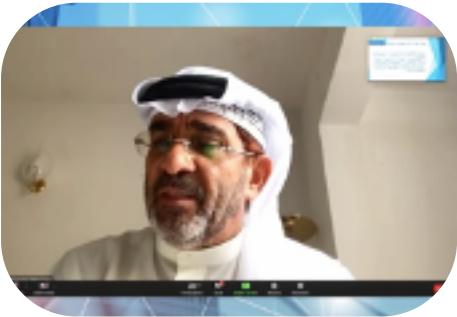


The visit to the project of Orbis Berries Company in Morocco which AAAID contributes in on 17 February 2020.

The visit of Dar Al Barkah project which is a part of Arab Company for Agricultural Services, one of the AAAID's companies in Rosso – Mauritania on 23 February 2020.



Participations:



The participation in a virtual symposium that discussed the most vital agricultural products and the mechanism of exporting them from Sudan to the world on 17 May 2020.



The participation in the virtual meeting discussing the challenges that faced AAAID's investments in Sudan in cooperation with the Sudan Vision 2040 (House of Wisdom) on 19 May 2020.

The participation in the webinar discussing the implications of the Coronavirus pandemic on Arab food security on 14 May 2020.



The participation in the virtual symposium entitled "on Arab Food Security Challenges in the Time of Coronavirus" in Cairo – Egypt on 20 May 2020.





The participation in the virtual interactive symposium of CNBC Arabia “Is Gulf Food Security achievable?” on 17th June 2020.

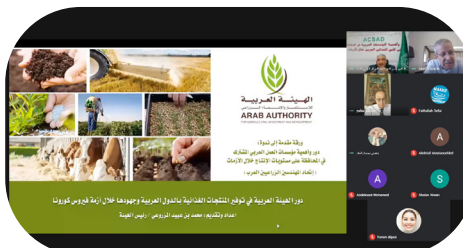
The participation in the virtual symposium that was organized by the Secretariat General of the League of Arab States: “the funding and the job of financial organizations and institutes in facing Corona virus pandemic and its impacts on agricultural and social sectors in the Arab area” in Cairo – Egypt on 20th June 2020.



The participation in the webinar “Bringing Food Import chain to life after Corona COVID-19” which was organized the Saudi Agricultural Exhibition under the auspices of Ministry of Saudi Environment, water and agriculture on 1 July 2020.



The participation in the virtual symposium “The role of Arab Ministries of agriculture to maintain food security during crisis” which was organized by the Secretariat General of the Arab Agricultural Engineers Union and Arab Agronomists Association – Morocco on 6 July 2020.





The participation in the virtual meeting of the General Secretariat of the League of Arab States, in Cairo – Egypt on 13 July 2020.

The participation in the virtual booth during the Annual Investment Meeting 2020 in Dubai – UAE on 22 October 2020.



The participation in the virtual Arab symposium of the reality of food security in the Arab area entitled “Applied Mechanisms Contributing to Raising the Level of Arab Awareness on Food Security” on 21 October 2020.

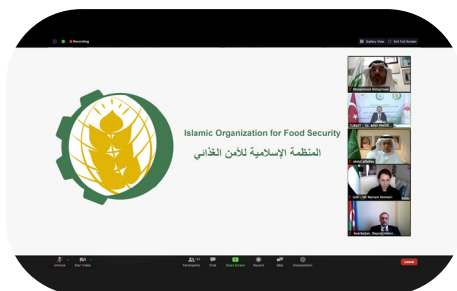
The participation in the virtual symposium “Agricultural Investment during and after Corona virus: COVID-19” in the events of the Annual Investment Meeting 2020 on 22 October 2020.





The participation in the virtual Arab-Russian forum “Cooperation in Food security –Opportunity of Trading and Investments” on 18 November 2020.

The participation in the 14th Virtual International Dubai Conference for Food Safety on 29 November 2020.



The participation in the virtual 3rd General Assembly Meeting of Islamic Organization for Food Security, on 2-3 December 2020.

The signing of partnership agreement under the auspices of AAAID between the Arab Sudanese Blue Nile Agricultural Company (Agadi) and Mahgoub Sons Group in Khartoum – Sudan on 27 January 2020.



Events:



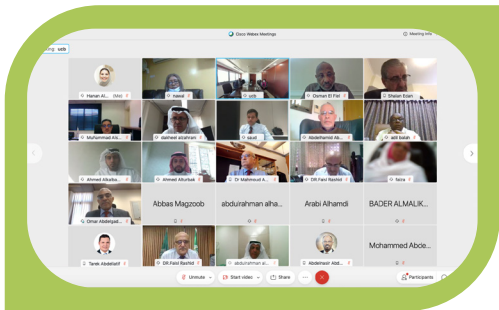
Organizing the Promotional gathering for the Investment conference in the Great lakes of Africa in coordination with Arab Bank for Economic Development in Africa- Dubai, UAE on 29th February 2020.



Organizing the webinar titled "Financing Small and Medium Scale Farmers and Producers" with the participation of financial institutes, funds and regional and international agricultural investment organizations on 24 December 2020.



Organizing the 6th Career Excellence Award Ceremony for AAAID's staff on 3 October 2020.



Organizing a virtual workshop regarding establishing fund for revolving loans to fund small scale farmers with the participation of financial funds, institutes and regional and international agricultural investment organizations on 26 November 2020.



Organizing professional diploma specialized for different groups of experts in AAAID and its members –Dubai and Khartoum on 10 March 2020.



Participating in the virtual SIAL Middle East exhibition and forum 2020 as an Exclusive Investment Partner in the period 23 – 27 November 202



Organizing a lecture entitled "Happiness and Positivity" in celebration of International Women's Day –Dubai and Khartoum on 8 March 2020.



Organizing a ceremony celebrating International Women's Day to honor the women members of the Arab Authority for their efforts Dubai and Khartoum on 8 March 2020.

The Financial Situation of AAAID for the year Ended on 31/12/2020

Total Income:

The total income for the year ended on 31/12/2020 reached to KWD 17.3 million (USD 57 million) compared to KWD 30.2 million (USD 99.6 million) for the fiscal year 2019.

The income mainly consists of investment portfolios, the profits of the companies, loans, and other sources.

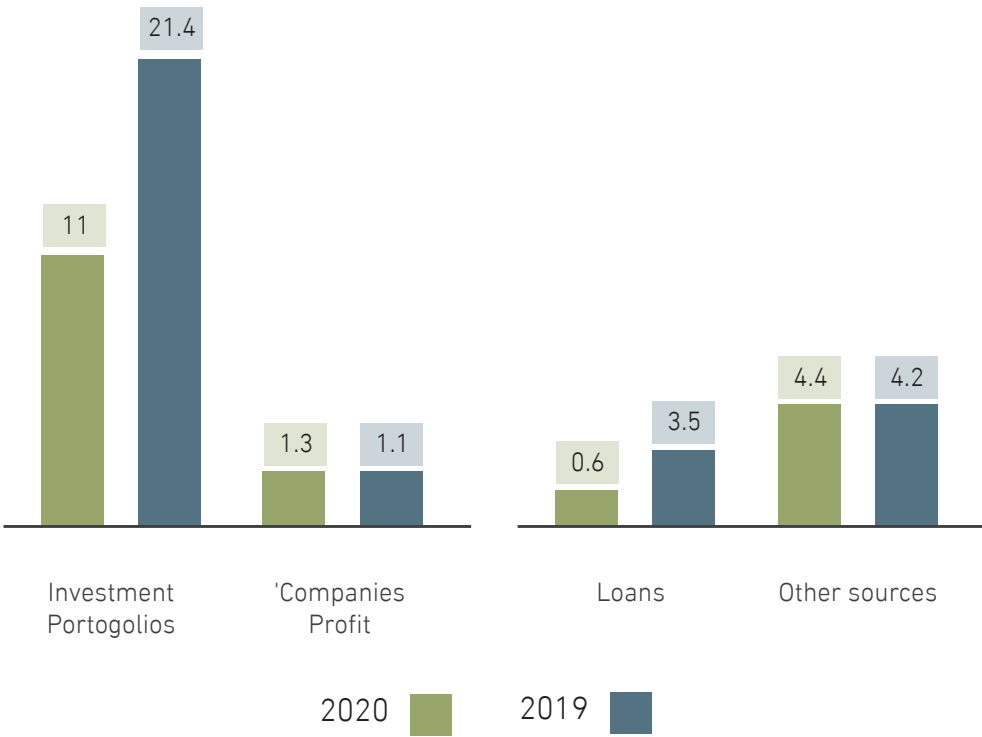


Figure (3): Comparison of income components from 2019 - 2020 (million KWD)

Details of total income are as follows:

1. Income from financial investments:

Net profits achieved from financial investments as on 31/12/2020 reached to KWD 11 million (USD 36.3 million), compared to KWD 21.4 million (USD 70.6 million) as on 31/12/2019.

2. Income from corporate dividends:

Income from corporate dividends for the fiscal year ended on 31/12/2020 reached KWD 1.3 million (USD 4.3 million) compared to KD 1.1 million (USD 3.6 million) as on 31/12/2019.

3. Income from loans:

Income from loans for the year ended on 31/12/2020 reached KWD 0.6 million (USD 2 million) compared to KWD 3.5 million (USD 11.5 million) as on 31/12/2019.

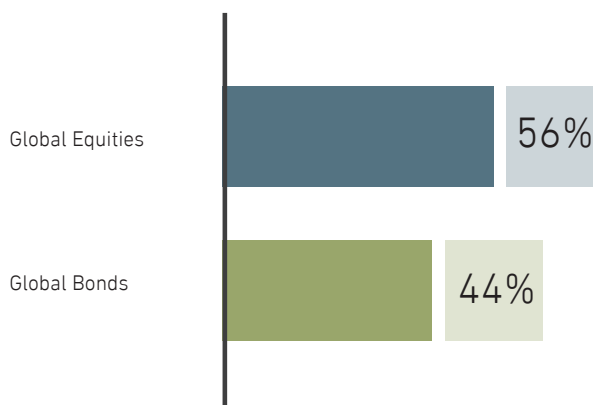
4. Income from other sources:

Income from other sources as on 31/12/2020 reached to KWD 4.4 million (USD 14.5 million) compared to KWD 4.2 million (USD 13.8 million) as on 31/12/2019

The value and distribution of the consolidated investment portfolio for the year 2020

On 31/12/2020, the total investment portfolio of AAAID reached to KWD 152 million (USD 501 million), compared to KWD 146.4 million (USD 483 million).

Distribution of Portfolio 2020



The distribution of AAAID's consolidated portfolio is as follows:

1. Equity Investments:

- The value of AAAID's investments in equities as on 31/12/2020 reached to KWD 85.1 million (USD 280.6 million) representing 56% of the total consolidated portfolio compared to KWD 83.1 million (USD 274 million) representing 56.8% of the consolidated portfolio, as at the end of 2019.
- On 31/12/2020, AAAID's investments in equity achieved a profit of KWD 2.8 million (USD 9.2 million) compared to KWD (12.2) million (USD 40.2 million) at the end of 2019.

2. Bond Investments:

- AAAID's investments in bonds value as on 31/12/2020 reached to KWD 66.8 million (USD 220.3 million) representing 44% of the total consolidated portfolio compared to KWD 63.2 million (USD 208.4 million) representing 43.2% of total consolidated portfolio, as at the end of 2019.
- On 31/12/2020, AAAID investments in bonds achieved a profit of KWD 8.2 million (USD 27 million) compared to KWD 9 million (USD 29.7 million) at the end of 2019.

Total Expenditure:

AAAID's total expenditure as on 31/12/2020 was KWD 9.8 million (USD 32.3 million) compared to KWD 21.4 million (USD 70.6 million) as on 31/12/2019.

Financial Performance:

AAAID's net profit for the year ended on 31/12/2020 was KWD 7.5 million (USD 24.7 million) compared to KWD 8.8 million (USD 29 million) as on 31/12/2019.

Financial Center:

1. Assets:

AAAID's net assets as of 31/12/2020 reached to KWD 318.1 million (USD 1.05 billion), compared to KWD 308.1 million (USD 1.02 billion) in 2019.

2. Liabilities:

AAAID's total liabilities as of 31/12/2020 reached to KWD 16.5 million (USD 54.4 million) compared to KWD 15.4 million (USD 50.8 million) as of 31/12/2019.

Shareholders' Equity:

AAAID's total shareholders' equity, representing paid-up capital and reserves as of 31/12/2020, reached to KWD 301.6 million (USD 994.6 million) compared to KWD 292.7 million (USD 965.2 million) as of 31/12/2019.

Profit Distributions to Member States:

AAAID paid a total of KWD 152.4 million (USD 502.6 million) to Member States representing 69% of the paid-up capital as of 31/12/2020.

Financial Statements and External Auditor Report

Arab Authority for Agricultural Investment and Development

FINANCIAL STATEMENTS

31 DECEMBER 2020





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INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab Authority for Agricultural Investment and Development (the “Authority”), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income and expenditure, statement of changes in member countries’ equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation explained in Note 2 in the accompanying financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of preparation explained in Note 2 in the accompanying financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the Authority’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT (continued)

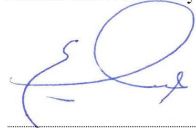
Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
(AL-AIBAN, AL- OSAIMI & PARTNERS)

4 March 2021
Kuwait

Arab Authority for Agricultural Investment and Development

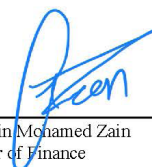
STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 KD	2019 KD
ASSETS			
Cash and cash equivalents	4	10,163,006	3,477,581
Deposits and wakala with financial institutions	5	15,798,362	22,107,939
Investments held for trading	6	151,988,849	146,359,359
Loans, net	7	11,741,980	8,539,610
Contributions and direct investments, net	8	118,563,310	115,152,567
Property and equipment, net	9	3,423,045	3,107,780
Investment property, net	10	2,912,925	3,165,454
Other assets	11	3,526,030	6,207,409
TOTAL ASSETS		318,117,507	308,117,699
LIABILITIES AND EQUITY			
Liabilities			
Borrowings from financial institutions	12	490,155	489,831
Other liabilities	13	13,619,470	12,362,543
Employees' end of service benefits	14	2,344,770	2,540,926
Total liabilities		16,454,395	15,393,300
Member Countries' Equity			
Paid up capital	15	221,076,072	218,588,222
Share premium		208,570	208,570
Statutory reserve	16	25,921,581	25,170,314
General reserve	17	38,361,345	34,475,931
Voluntary reserve	18	14,041,340	12,041,340
Foreign currency translation reserve	19	2,054,204	2,240,022
Total member countries' equity		301,663,112	292,724,399
TOTAL LIABILITIES AND EQUITY		318,117,507	308,117,699



Mohamed Bin Obaid Al-Mazrouei
Chairman



Jalaleddin Mohamed Zain
Director of Finance

Arab Authority for Agricultural Investment and Development

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 December 2020

	Notes	2020 KD	2019 KD
Income			
Net gain from investments held for trading	21	11,028,808	21,395,253
Dividend from contributions and direct investments	22	1,303,270	1,060,693
Income from loans		583,545	3,461,892
Other income	23	461,646	2,139,727
Reversal of impairment losses	24	3,960,550	2,139,471
Total income		17,337,819	30,197,036
Expenditure			
Salaries and indemnities		(3,115,137)	(3,676,031)
Travelling and accommodation		(263,267)	(661,210)
Depreciation	9,10	(366,752)	(402,996)
Impairment losses	25	(4,372,687)	(15,094,873)
Others		(1,707,305)	(1,602,002)
Total expenditure		(9,825,148)	(21,437,112)
PROFIT FOR THE YEAR		7,512,671	8,759,924
Other comprehensive loss			
Net movement in foreign currency translation reserve		(185,818)	(200,620)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,326,853	8,559,304



Mohamed Bin Obaid Al-Mazrouei
Chairman



Jalaleddin Mohamed Zain
Director of Finance

Arab Authority for Agricultural Investment and Development

STATEMENT OF CHANGES IN MEMBER COUNTRIES' EQUITY

For the year ended 31 December 2020

	<i>Paid up capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>General reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Total KD</i>
Balance at 1 January 2020	218,588,222	208,570	25,170,314	34,475,931	12,041,340	2,240,022	292,724,399
Capital increase (Note 15)	2,487,850	-	-	-	-	-	2,487,850
Profit for the year	-	-	-	7,512,671	-	-	7,512,671
Transfer to statutory reserve	-	-	751,267	(751,267)	-	-	-
Transfer to voluntary reserve	-	-	-	(2,000,000)	2,000,000	-	-
Funds appropriations for donations	-	-	-	(875,990)	-	-	(875,990)
Foreign currency translation reserve	-	-	-	-	-	(185,818)	(185,818)
At 31 December 2020	221,076,072	208,570	25,921,581	38,361,345	14,041,340	2,054,204	301,663,112
Balance at 1 January 2019	218,588,222	208,570	24,294,322	28,947,346	10,041,340	2,440,642	284,520,442
Profit for the year	-	-	-	8,759,924	-	-	8,759,924
Transfer to statutory reserve	-	-	875,992	(875,992)	-	-	-
Transfer to voluntary reserve	-	-	-	(2,000,000)	2,000,000	-	-
Funds appropriations for donations	-	-	-	(355,347)	-	-	(355,347)
Foreign currency translation reserve	-	-	-	-	-	(200,620)	(200,620)
At 31 December 2019	218,588,222	208,570	25,170,314	34,475,931	12,041,340	2,240,022	292,724,399

Arab Authority for Agricultural Investment and Development

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 KD	2019 KD
OPERATING ACTIVITIES			
Profit for the year		7,512,671	8,759,924
<i>Adjustments to reconcile profit for the year to net cash flows from operating activities:</i>			
Dividend income	21	(1,052,687)	(1,506,530)
Unrealized gain on investments held for trading	21	(7,282,452)	(18,680,655)
Reversal of impairment losses	24	(3,960,550)	(2,139,471)
Impairment losses	25	4,372,687	15,094,873
Depreciation	9,10	366,752	402,996
Gain on sale of property and equipment		(8,379)	(15,559)
Provision for employees' end of service benefits	14	301,642	304,295
		<u>249,684</u>	<u>2,219,873</u>
<i>Operating cash flows before changes in working capital:</i>			
Net movement in investments held for trading		1,652,962	6,997,105
Net movement in loans, net		(2,804,609)	(560,763)
Net movement in other assets		2,522,224	(463,394)
Net movement in other liabilities		380,937	1,391,338
		<u>2,001,198</u>	<u>9,584,159</u>
Employees' end of service benefits paid	14	(492,465)	(332,903)
Net cash flows from operating activities		<u>1,508,733</u>	<u>9,251,256</u>
INVESTING ACTIVITIES			
Additions to contributions and direct investments		(4,034,444)	(9,147,853)
Additions to property and equipment	9	(429,987)	(1,136,526)
Additions to investment property	10	-	(4,891)
Proceeds from sale of property and equipment		8,878	16,221
Time deposits, net		6,309,577	(8,456,689)
Dividend income received		1,052,687	1,506,530
Net cash flows from (used in) investing activities		<u>2,906,711</u>	<u>(17,223,208)</u>
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		2,487,850	-
Net cash flows from financing activities		<u>2,487,850</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>6,903,294</u>	<u>(7,971,952)</u>
Cash and cash equivalents at the beginning for the year		<u>3,477,581</u>	<u>11,619,183</u>
Net movement in foreign currency translation reserve		(217,869)	(169,650)
CASH AND CASH EQUIVALENTS AT THE END FOR THE YEAR	4	<u>10,163,006</u>	<u>3,477,581</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

1 ACTIVITIES

The Arab Authority for Agricultural Investment and Development (the "Authority") was established as an Independent Arab Financial Authority having administrative and financial independence as per the statute of the Authority signed by thirteen (13) Arab countries on 1 November 1976, with authorised share capital of KD 150 million. Subsequently, the Board of Shareholders resolved to increase the authorised share capital to KD 336 million (Note 15).

The objective of the Authority includes the development of agricultural resources with a particular emphasis on maximising the availability of agricultural products within its member states.

The head office of the Authority is located at P.O. Box 2102, Khartoum, Republic of Sudan.

The financial statements were authorised for issue by the Authority's Board of Directors on 4 March 2021.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The accompanying financial statements of the Authority have been prepared in accordance with the requirements of Article No. 17 of the Establishment Agreement, and in accordance with the accounting policies as adopted by the Authority's Board of Directors taking into consideration the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as appropriate to the requirements and nature of the Authority as set out in Note 3.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared based on the historical cost convention, modified to include the measurement at fair value of investments held for trading and derivatives using the accrual accounting method and going concern assumption.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Authority is US Dollar as majority of the transactions undertaken by the Authority are denominated in US Dollar. The financial statements are presented in Kuwaiti Dinar ("KD") which represents the presentation currency according to the Statute and Establishment Agreement of the Authority.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Authority assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Authority has concluded that it is acting as a principal in all of its revenue arrangements.

Interest income

Interest on loans, bank deposits, and fixed income securities are accounted for on accrual basis, except for the overdue interest for six months, which are recognized on receipt basis.

Dividend income

Dividend from contributions and direct investments are recorded when the right to receive the dividend income is established.

Investment income

Gains and losses on sale of investments are included in the statements of comprehensive income and expenditure and are recognized when the transaction takes place.

Unrealised gains and losses arising on revaluation of securities classified as held for trading are included in the statements of comprehensive income and expenditure.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income from derivatives

Derivative financial instruments include forward contracts, which are initially measured at cost and are subsequently re-measured at fair value. Fair values are generally obtained by reference to quoted market prices. Any changes in the fair values of derivatives that are held for trading purposes are directly included in the profit for the year. The fair values of derivatives are included in Investments held for trading.

Rental income

Rental income from renting of the investment property and the building is recognized as other income on a straight-line basis over the lease term.

Taxes

In accordance with Article No. 12, Clause No. 3, of the Establishment Agreement, the Authority, its assets, income, dividend and operations in the contracting countries, as well as the subscriptions of member countries, issued bonds, loans granted by the Authority, deposits, and donations received shall be exempted from all taxes and fees including customs duties and local taxes.

The Authority is further exempted from the obligation of collecting or paying any fees or taxes.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. When property and equipment are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting on their disposal is recognised in the statement of comprehensive income and expenditure.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

▶ Building	20 years
▶ Furniture	5 years
▶ Equipment	3 years
▶ Vehicles	5 years
▶ Computer accessories	3 years

The residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statements of comprehensive income and expenditure as the expense is incurred.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statements of comprehensive income and expenditure as the expense is incurred.

The Authority capitalises all costs relating to assets as capital work-in-progress until the date of completion and commissioning of these assets. These costs are transferred from capital work-in-progress to the appropriate asset category upon completion, commissioning and depreciated over their useful economic lives from the date of such completion and commissioning.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for the sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. The investment property held by the Authority is measured at cost less accumulated depreciation.

The investment property is depreciated using the straight-line method over the estimated useful life of 20 years.

Impairment of non-financial assets

The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses recognised in previous years is reversed when there is an indication that such impairment losses are no longer exist or have decreased; and such decrease can be objectively related to an event that occurred after the impairment is recognized.

Reversal of the impairment losses is recorded in the statement of comprehensive income and expenditure to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Leases

All agreements for lease entered into by the Authority are considered as operating leases. Payments made under operating leases are charged to the statements of comprehensive income and expenditure on a straight line basis over the lease term.

Authority as a lessor

All lease contracts entered into between the Authority and the lessee are considered as operating leases and are recognized in the statements of comprehensive income and expenditure on an accrual basis.

Employees' end of service benefits

Provision for employees' end of service benefits is calculated for the accumulated periods of service at the end of the reporting date in accordance with employees' regulation of the Authority.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified as "cash and cash equivalents", "investments held for trading", "loans", "contributions and direct investments", "other assets", or as "derivatives designated as hedging instruments in an effective hedge" as appropriate. The Authority determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not held from trading, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Authority commits to purchase or sell the asset.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Authority's financial assets include cash and cash equivalents, investments held for trading, loans, contributions and direct investments and other assets. At 31 December, the Authority did not have any financial assets held-to-maturity or as derivatives designated as hedging instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances.

Investments held for trading

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the statement of comprehensive income and expenditure.

After initial recognition, investments held for trading are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of income and expenditure.

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are originated by the Authority with no intention of trading the receivables; and comprise of borrowings to investee companies. Loans are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method.

Contributions and direct investments

In accordance with the Establishment Agreement, and the objectives of the Authority, investments are directed to companies of similar nature consistent with the overall objectives of the Authority's. Since the Authority doesn't exercise or intent to exercise control or significant influence over these companies; it is carried at cost less impairment losses, if any.

Other assets

Other assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other assets include dividend receivable which are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Derecognition

A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when:

- ▶ the right to receive the cash flows from the asset have expired.
- ▶ the Authority has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Authority assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and also where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Authority performs a detailed assessment on its direct investment, contributions and related loans at each reporting date to determine whether there are any indications for impairment or there is uncertainty on the recoverability of these amounts. As part of the assessment process, the Authority considers certain factors such as the investees' operations, restructuring plans and expected future profitability.

In case there is an objective evidence of impairment of investment and recoverability of any related loans and if the investee has a restructuring plan, the Authority usually provides the investee a period of time to assess the final outcome and impact. Based on that a decision will be taken to either provide an impairment or consider an alternative plan such as debt to equity conversion and /or injection of additional capital.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as "borrowings from financial institutions", "other liabilities" or as "derivatives designated as hedging instruments in an effective hedge" as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in case of borrowings from financial institutions, plus directly attributable transactions costs.

The Authority's financial liabilities include borrowings from financial institutions and other liabilities. At 31 December, the Authority did not have any financial liabilities at fair value through the statement of comprehensive income and expenditures or derivative financial instruments (if any).

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Payables

Liabilities are recognised for amounts to be paid in the future.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income and expenditure.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if and only if, the Authority has currently enforceable legal right to offset the recognised amounts and the Authority has an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Fair value of financial instruments (continued)

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- ▶ Using recent arm's length market transactions;
- ▶ Reference to the current fair value of another instrument that is substantially the same; or
- ▶ A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 27.

Foreign currencies

Foreign currency transactions are translated into functional currency at the spot exchange rates prevailing at transaction dates. Monetary assets and liabilities at the year end, denominated in foreign currencies, are retranslated into functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains or losses on translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income and expenditure. Non-monetary assets measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value was determined.

For purpose of presentation of the financial statements, results of business and financial position of the Authority are translated into Kuwaiti Dinar (presentation currency) as follows:

- Assets and liabilities are translated at the closing rate at the statement of financial position date, except for the following:
 - ▶ Contributions and direct investments;
 - ▶ Property and equipment;
 - ▶ Investment property;
 - ▶ Provision for impairment losses on loans;
 - ▶ Unpaid dividend
- Income and expenses are translated at the transaction date exchange rates; and
- All resulting exchange differences are recognized as a separate component of equity as foreign currency translation reserve.

Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividend

Dividend are recognised as liabilities in the period in which they are declared.

Based on board resolution and with reference to the shareholder recommendation, interest on unpaid dividend shall be reversed directly to the general reserve.

Contingencies

Contingent liabilities are not recognised in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits of the Authority is remote.

4 CASH AND CASH EQUIVALENTS

	2020 KD	2019 KD
Bank balances	3,848,797	2,074,606
Time deposits (maturing within 3 months from contract date)	6,314,209	1,402,975
	<u>10,163,006</u>	<u>3,477,581</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

5 DEPOSITS AND WAKALA WITH FINANCIAL INSTITUTIONS

These represent deposits and wakala with financial institutions with maturity of more than 3 months. The average effective interest rate on these deposits ranges between 2.4% to 2.8% as at 31 December 2020 (2019: 2.6% to 2.9%).

6 INVESTMENTS HELD FOR TRADING

Investments held for trading are managed by the portfolio managers appointed by the Authority. Investments held for trading as at 31 December comprise of the following:

	2020 KD	2019 KD
Equity securities	87,242,784	83,192,842
Fixed income securities	61,986,128	58,938,512
Fair value of derivatives (Note 20)	2,759,937	4,228,005
Total	151,988,849	146,359,359

7 LOANS - NET

In accordance with the Authority's objectives, the Authority grants majority of loans to its investee companies to finance their operations (Note 8). Loans agreements signed between the Authority and these companies contain certain covenants, such as:

- ▶ Ensuring commitment of investees to fulfil their obligations as stipulated in the signed loan agreement by creating a floating lien on all their assets to the Authority;
- ▶ Obligation of investee companies not to dispose of their assets either by sale, grant, by any other means or assignment of any rights to other companies without obtaining prior written approval from the Authority; and
- ▶ Obligation of investee companies to give the priority to the loans borrowed from the Authority in settlement over any other debts.

	2020 KD	2019 KD
Movements in loans:		
Balance at the beginning of the year	41,745,830	45,048,599
Transfer to direct investments	-	(3,826,400)
Disbursements during the year	5,937,509	1,763,010
Repayments during the year	(3,132,900)	(1,202,247)
Foreign exchange differences	27,042	(37,132)
Balance at the end of the year	44,577,481	41,745,830
Less: Provision for impairment losses	(32,835,501)	(33,206,220)
	11,741,980	8,539,610
	2020 KD	2019 KD
Movements in impaired loans:		
Balance at the beginning of the year	33,206,220	30,618,928
Charged during the year	235,781	3,521,679
Reversed during the year	(606,500)	(934,387)
Balance at the end of the year	32,835,501	33,206,220

During the year ended 31 December 2020, the Authority agreed on a debt to equity surplus with an amount of USD Nil (2019: USD 12.6 Million). The agreement has been approved in the General Assembly Meeting of those companies as at 31 December 2019. The legal procedures to increase the share capital and issuing new shares are still not completed.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

7 LOANS - NET (continued)

Loans as at 31 December is granted to the following:

	<i>Country</i>	<i>2020 KD</i>	<i>2019 KD</i>
<i>Arab Company for Agricultural Production and Processing</i>	Sudan		
Loan for refinancing and production inputs		28,230,235	28,211,616
Emergency loan		683,344	682,893
Loan for financing folder production		770,685	770,176
Loan for re-operation of glucose and starch unit		56,859	56,822
Loan for rehabilitation of glucose and starch unit		227,438	227,288
Loan for financing rehabilitation and modernization program for dairy unit		391,193	390,935
Loan for financing production inputs for year 2001-2002		112,233	112,159
Loan for payment of staff dues		530,688	530,338
		31,002,675	30,982,227
<i>Arab Sudanese Blue Nile Agricultural Company – (AGADI)</i>	Sudan		
Operational loan 2011-2012		1,947,014	1,945,730
<i>Arab Sudanese Vegetable Oil Company</i>	Sudan		
Operational loan		827,045	51,465
<i>Arab Company for Crops Production</i>	Sudan		
Irrigation Axels		802,210	801,681
<i>Arabian Shrimps Company</i>	Saudi Arabia		
Unified loan		2,031,775	2,030,435
Bridging loan		1,182,675	1,181,895
Steering loan		1,178,984	1,116,016
Agriculture Development Fund		1,212,900	1,212,100
		5,606,334	5,540,446

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

7 LOANS - NET (continued)

	Country	2020 KD	2019 KD
<i>Pioneer (Al-Ruwad)</i>	Sudan		
Capital loan 2006		76,734	76,683
Operating loan (2007-2008)		19,385	19,372
Operating loan (2008-2009)		159,023	158,919
		<u>255,142</u>	<u>254,974</u>
<i>Arab Sudanese Seed Company</i>	Sudan		
Emergency loan 2008		46,407	46,376
Operational loan 2020		24,811	-
		<u>71,218</u>	<u>46,376</u>
<i>Al-Mutamayaza for Vegetables and Crops</i>	Sudan	62,397	62,356
<i>Dhayat Yousef Company</i>	Morocco	303,250	303,050
<i>Kabuja Project for Agricultural Production</i>	Sudan	227,898	191,008
<i>Agricultural Credit Corporation</i>	Jordan	121,300	242,440
<i>Popular Fund Network</i>	Mauritania	202,167	404,067
<i>Sourhan Association</i>	Sudan	586,523	234,453
<i>Raadat Agadi Association</i>	Sudan	228,354	-
<i>Wad Aabid Association</i>	Sudan	369,921	-
<i>Others</i>		1,964,033	685,557
Total loans		<u>44,577,481</u>	<u>41,745,830</u>
Less: Provision for impairment losses		<u>(32,835,501)</u>	<u>(33,206,220)</u>
		<u>11,741,980</u>	<u>8,539,610</u>

As at 31 December 2020, the Authority has total provision for impairment of KD 32,835,501 (2019: KD 33,206,220) related to certain loans granted to companies where the Authority invested in. These Companies defaulted in fulfilling its obligations in due dates and there is uncertainty on the recoverability of the outstanding balances. During the year ended 31 December 2020, the Authority recorded an impairment loss on loans of KD 235,781 (2019: KD 3,521,679) recognised in the statement of comprehensive income and expenditure. The management believes that the provision recorded is sufficient and there is no doubt about the recoverability of the outstanding balances in accordance with the Authority's accounting policies.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

8 CONTRIBUTIONS AND DIRECT INVESTMENTS – NET

In accordance with the Authority's objectives, the Authority participated in establishing certain companies, which are specialized in agriculture field and foodstuff, as well as investment in companies with similar objectives. The equity share of the Authority in most of these investee companies ranges between 20% to 50% in majority of investments; however, these investments are classified under "contributions and direct investments" as the Authority does not exercise any significant influence or has a control over the operations and financial policies of these companies. Therefore, these investments are carried in the financial statements at cost less provision for impairment losses, if any. The following table represents the cost of the outstanding investments as at 31 December:

	<i>Location</i>	<i>Ownership percentage</i>	<i>2020 KD</i>	<i>2019 KD</i>
Arab Sudanese Vegetable Oil Company	Sudan	88.00%	17,482,528	17,482,528
Arab Sudanese Blue Nile Agricultural Company (AGADI)	Sudan	85.30%	13,061,714	13,061,714
Arab Company for Crops Production	Sudan	52.75%	4,113,883	4,113,883
The Arab Iraqi Dairy Company	Iraq	50.00%	6,671,003	6,671,003
The Arab Qatari Agricultural Production Company	Qatar	50.00%	1,893,927	1,893,927
Arab Company for Agricultural Production and Processing Ltd. Sudan	Sudan	42.50%	8,778,375	8,778,375
Arab Company for Processing and Production of Poultry	Sudan	78.80%	16,386,322	16,386,322
Al-Ahliyah Company for Vegetable Oils (Hama)	Syria	40.00%	3,641,475	3,641,475
El Mergi for Livestock and Agricultural Development	Tunisia	63.33%	1,160,709	1,160,709
Omani European Company for Food Manufacturing	Oman	17.19%	259,022	259,022
Manafid Al Hobob Company	Morocco	30.00%	856,898	856,898
Emirates Rawabi Company Limited	UAE	27.56%	4,813,829	4,813,829
Arab Company for Manufacturing of Poultry & Cattle Equipment	UAE	27.44%	1,093,952	1,093,952
Arab Sudanese Seed Company	Sudan	34.93%	1,215,376	1,215,376
Arab Company for Manufacturing Advanced Irrigation Equipment	Syria	25.00%	299,210	299,210
Agro-Zitex Company	Tunisia	25.00%	513,665	513,665
The Arabian Company for Preserving & Manufacturing Agricultural Crops	Egypt	39.70%	1,167,509	1,167,509
El Faiyum Sugar Works Company	Egypt	26.93%	8,215,308	8,215,308
The Arab Fisheries Company	KSA	39.07%	952,843	905,926
Arabian Shrimps Company	KSA	45.00%	1,183,347	1,183,347
Moroccan Arab Company for Agricultural Development (Samada)	Morocco	50.00%	851,387	851,387
Jordanian Kuwaiti for Agricultural & Food Products	Jordan	45.35%	417,336	417,336
Mid-West Milk Processing Project (Sidy Abu Zeid)	Tunisia	25.00%	36,216	36,216
Kenana Sugar Company	Sudan	5.59%	10,703,800	10,703,800
The Arab Syrian Company for Development of Agricultural Products (Gadahg)	Syria	5.00%	164,464	164,464
White Nile Sugar Company	Sudan	14.38%	20,485,787	20,441,755
Veterinary Medicines Company under formation	Sudan	29.92%	4,040,759	4,040,759
Distinguished Arab Company for Poultry Breeding and Processing	Jordan	33.33%	25,440	25,440
Asser Poultry Company	KSA	20.00%	3,529,110	3,855,307
Al-Mutamayaza for Vegetables & Agricultural Crops Production Company (Um-Dome)	Sudan	42.50%	17,147	17,147
Agricultural Services (Al Muzdana)	Sudan	12.46%	346,064	346,064
Others			21,666,857	17,397,124
Total cost of investments			156,045,262	152,010,777
Provision for impairment losses			(37,481,952)	(36,858,210)
			118,563,310	115,152,567

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

8 CONTRIBUTIONS AND DIRECT INVESTMENTS – NET (continued)

The Authority, based on the instructions of the Board of Directors, created a voluntary reserve of KD 12.041 million up to 2019 to safeguard its investments from any impairment losses (Note 18). Subsequently, an Impairment Assessment Committee (“the Committee”) was formed to review and assess the financial performance of each investee company on the date of the statement of financial position, to determine whether there is a need for further impairment losses. The Committee reviews the historical financial performance and projected future cash flows of each investee company and provides further impairment losses, if any.

As at the reporting date, the Authority has total provision for impairment on its direct investments of KD 37,481,952 (2019: KD 36,858,210) related to certain entities where there is objective evidence of impairment. During the year ended 31 December 2020, the Authority recorded impairment loss on investments of KD 3,600,848 (2019: KD 9,231,152) recognised in the statement of comprehensive income and expenditure. The management believes that the provision recorded is sufficient in accordance with the Authority's accounting policy.

	2020 KD	2019 KD
Movements in impaired contributions and direct investments		
Balance at the beginning of the year	36,858,210	28,683,058
Charged during the year (Note 25)	3,600,848	9,231,152
Reversed during the year (Note 24)	(2,951,706)	(950,000)
Write off during the year	(25,400)	(106,000)
Balance at the end of the year	37,481,952	36,858,210

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

9 PROPERTY AND EQUIPMENT- NET

The movement in property and equipment for the year ended 31 December 2020 is as follows:

	Building KD	Furniture and equipment KD	Vehicles KD	Computer accessories KD	Capital work-in- progress KD	Total KD
Cost						
At 1 January 2020	3,052,616	1,164,847	368,825	172,883	2,778,966	7,538,137
Additions during the year	-	14,625	50,493	-	364,869	429,987
Disposals during the year	-	-	(23,203)	-	-	(23,203)
Transfers	-	11,172	-	18,208	(29,380)	-
At 31 December 2020	3,052,616	1,190,644	396,115	191,091	3,114,455	7,944,921
Accumulated depreciation						
At 1 January 2020	2,952,021	1,088,102	247,127	143,108	-	4,430,358
Charged during the year	9,909	47,675	37,278	19,361	-	114,223
Relating to disposals	-	-	(22,705)	-	-	(22,705)
At 31 December 2020	2,961,930	1,135,777	261,700	162,469	-	4,521,876
Net carrying amount						
At 31 December 2020	90,686	54,867	134,415	28,622	3,114,455	3,423,045

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2020

9 PROPERTY AND EQUIPMENT- NET (continued)

The movement in property and equipment for the year ended 31 December 2019 is as follows:

	Building KD	Furniture and equipment KD	Vehicles KD	Computer accessories KD	Capital work-in- progress KD	Total KD
Cost						
At 1 January 2019	3,052,616	1,161,351	334,927	232,682	1,710,690	6,492,266
Additions during the year	-	4,500	41,968	2,908	1,088,050	1,136,526
Disposals during the year	-	(20,779)	(7,170)	(62,705)	-	(90,654)
Transfers	-	19,774	-	-	(19,774)	-
At 31 December 2019	3,052,616	1,164,846	368,825	172,885	2,778,966	7,538,138
Accumulated depreciation						
At 1 January 2019	2,942,111	1,018,490	221,185	187,975	-	4,369,761
Charged during the year	9,910	89,970	32,872	17,837	-	150,589
Relating to disposals	-	(20,357)	(6,930)	(62,705)	-	(89,992)
At 31 December 2019	2,952,021	1,088,103	247,127	143,107	-	4,430,358
Net carrying amount						
At 31 December 2019	100,595	76,743	121,698	29,778	2,778,966	3,107,780

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

10 INVESTMENT PROPERTY – NET

The movement in investment property for the year ended 31 December is analyzed as follows:

	2020 KD	2019 KD
Cost		
At 1 January	5,107,598	5,102,707
Additions during the year	-	4,891
At 31 December	5,107,598	5,107,598
Accumulated depreciation		
At 1 January	1,942,144	1,689,737
Charged during the year	252,529	252,407
At 31 December	2,194,673	1,942,144
Net carrying amount at 31 December	2,912,925	3,165,454

11 OTHER ASSETS

	2020 KD	2019 KD
Current accounts	1,182,863	2,124,813
Accrued interest on loans, net	1,623,021	1,402,032
Advances to employees	70,957	119,756
Others	649,189	2,560,808
	3,526,030	6,207,409

12 BORROWINGS FROM FINANCIAL INSTITUTIONS

	2020 KD	2019 KD
Saudi Fund for Development	490,155	489,831

The term loan from the Saudi Fund for Development is not guaranteed and has Libor weighted interest rate + 0.4%.

The term loan is repayable as follows:

	2020 KD	2019 KD
Within one year	490,155	489,831

13 OTHER LIABILITIES

	2020 KD	2019 KD
Accrued expenses	3,903,276	2,822,009
Rents received in advance	48,248	89,472
Others	9,667,946	9,451,062
	13,619,470	12,362,543

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

14 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits is as follows:

	2020 KD	2019 KD
Balance at beginning of the year	2,540,926	2,575,130
Charged during the year	301,642	304,295
Paid during the year	(492,465)	(332,903)
Foreign exchange differences	(5,333)	(5,596)
Balance at end of the year	2,344,770	2,540,926

15 PAID UP CAPITAL

Analysis of the authorised and paid up capital as at 31 December is as follows:

	2020		2019	
	Authorised capital KD	Paid-up capital KD	Authorised capital KD	Paid-up capital KD
<i>Member countries</i>				
The People's Democratic Republic of Algeria	3,410,000	3,409,795	3,410,000	3,409,795
The Republic of Sudan	34,070,000	27,030,233	34,070,000	24,542,383
The Republic of Iraq	34,130,000	34,128,133	34,130,000	34,128,133
Kingdom of Saudi Arabia	51,190,000	51,187,169	51,190,000	51,187,169
The Syrian Arab Republic	110,000	75,670	110,000	75,670
The Arab Republic of Egypt	6,830,000	6,829,651	6,830,000	6,829,651
The State of Kuwait	44,330,000	44,329,885	44,330,000	44,329,885
The Kingdom of Morocco	1,370,000	1,369,954	1,370,000	1,369,954
United Arab Emirates	34,130,000	34,128,133	34,130,000	34,128,133
The State of Qatar – Hassad Company	17,060,000	17,059,036	17,060,000	17,059,036
The Democratic Republic of Somalia	110,000	103,559	110,000	103,559
The Islamic Republic of Mauritania	220,000	223,134	220,000	223,134
The Republic of Tunisia	220,000	222,870	220,000	222,870
The Hashemite Kingdom of Jordan	110,000	111,648	110,000	111,648
Sultanate of Oman	230,000	233,356	230,000	233,356
The Republic of Lebanon	100,000	100,743	100,000	100,743
The Republic of Yemen	110,000	82,758	110,000	82,758
The Republic of United Comoros	110,000	83,866	110,000	83,866
The State of Palestine	80,000	81,608	80,000	81,608
The Kingdom of Bahrain	230,000	233,356	230,000	233,356
Republic of Djibouti	80,000	51,515	80,000	51,515
Unsubscribed capital	107,770,000	-	107,770,000	-
	336,000,000	221,076,072	336,000,000	218,588,222

On May 2013, The Board of Directors passed a resolution to increase the share capital by KD 84.49 million to be paid by the shareholders in five equal instalments starting from 1 January 2014. During the year ended 31 December 2020, the shareholders paid KD 2.5 million (2019: KD Nil).

16 STATUTORY RESERVE

In accordance with Article No. 19/2 of the Statute of the Authority, the Authority is required to transfer 10% of the profit for the year to the statutory reserve until such reserve equals 20% of the share capital of the Authority, unless the Board of Shareholders resolves to exceed such limit. An amount of KD 751,267 representing 10% of the profit for the year has been transferred to the statutory reserve.

17 GENERAL RESERVE

In accordance with Article No. 19/2 of the Statute of the Authority, the Board of Shareholders are authorised to form any other suitable reserves. The general reserve is formed from transfer of net profit/ (loss) for each year after deduction of outstanding reserves and is available for distribution.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

18 VOLUNTARY RESERVE

This reserve has been formed based on the Board of Directors' Resolution No. 13 of 1990, which requires that such reserve shall be set aside from the net profit as appropriate and will be utilised to safeguard the Authority's interests against any impairment losses of the investee companies. This reserve shall not be used for any purpose other than the one it has been formed for.

On 4 March 2021, the Board of Directors of the Authority has approved the transfer of KD 2,000,000 (2019: KD 2,000,000) from the general reserve to the voluntary reserve.

19 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve includes the result of translating all balances of the financial statements as at the year end denominated in US Dollar (functional currency) to KD (presentation currency).

20 DERIVATIVES

Unrealised gain (loss) on forward foreign exchange contracts:

Forward contracts are contractual agreements to either buy or sell a specified currency at a specified price at a specified date in the future. Accordingly, forward contracts are customised transactions which are executed at over the counter.

The nominal amounts, which provide an indication of the volumes of the outstanding transactions at the year-end, do not necessarily reflect the amounts of future cash flows which resulted from these transactions. Therefore, these nominal amounts are neither indicative of the Authority's exposure to the credit risk, which is generally limited to the positive fair value of the derivatives, nor to the market risk.

All forward contracts are maturing within three months from the statement of financial position date.

21 NET GAIN (LOSS) FROM INVESTMENTS HELD FOR TRADING

	2020 KD	2019 KD
Dividend income	1,052,687	1,506,530
Realized gain on sale of investments held for trading	1,236,847	1,214,105
Unrealised gain from investments held for trading	7,282,452	18,680,655
Change in fair value of forward contracts	1,456,822	(6,037)
	<u>11,028,808</u>	<u>21,395,253</u>

22 DIVIDEND FROM CONTRIBUTIONS AND DIRECT INVESTMENTS

	2020 KD	2019 KD
El Faiyum Sugar Works Company	693,409	643,543
Emirates Rawabi Company Limited	174,264	148,802
Arab Iraqi Dairy Company	75,813	106,418
Kenana Sugar Company	18,343	-
Al-Ahliyah Company for Vegetable Oils	43,623	62,187
Arab Company for Processing and Production of Poultry	81,298	6,684
Al Margi for Livestock	45,164	30,899
Arab Trade Finance Program	45,584	35,525
Arab Sudanese Seed Company	14,643	23,625
Arab Sudanese Vegetable Oil Company	109,559	-
Agricultural Services (Al Muzdana)	1,570	-
Agro-Zitex Company	-	3,010
	<u>1,303,270</u>	<u>1,060,693</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

23 OTHER INCOME

	2020 KD	2019 KD
Rental income	430,821	476,764
Miscellaneous income	30,825	1,662,963
	<u>461,646</u>	<u>2,139,727</u>

24 REVERSAL OF IMPAIRMENT LOSSES

	2020 KD	2019 KD
Loans (Note 7)	606,500	934,387
Contributions and direct investments (Note 8)	2,977,147	950,000
Accrued interest on loans	-	209,923
Dividends receivable	376,903	45,161
	<u>3,960,550</u>	<u>2,139,471</u>

25 IMPAIRMENT LOSSES

	2020 KD	2019 KD
Loans (Note 7)	235,781	3,521,679
Impairment losses on contributions and direct investments (Note 8)	3,600,848	9,231,152
Accrued interest on loans	52,290	700,000
Dividends receivable	483,768	1,642,042
	<u>4,372,687</u>	<u>15,094,873</u>

26 RISK MANAGEMENT

26.1 Market Risk

26.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to interest rate risk on its granted loans.

26.1.2 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Authority's exposure to the risk of changes in foreign exchange rates primarily relates to the Authority's operating activities (when income or expenditure is denominated in a currency different from the Authority's presentation currency).

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

26 RISK MANAGEMENT (continued)

26.1 Market Risk (continued)

26.1.2 Currency risk (continued)

The following analysis details the financial assets and liabilities in foreign currencies:

	2020		2019	
	Financial assets KD	Financial liabilities KD	Financial assets KD	Financial liabilities KD
US dollars	120,417,665	16,404,598	125,341,448	15,302,280
Japanese Yen	14,438,941	-	13,000,709	-
Euro	8,377,959	-	7,541,019	-
Great Britain Pound	16,718,773	-	15,053,453	-
Bahraini Dinar	3,039,777	-	2,736,991	-
Swiss Franc	7,599,442	-	6,842,478	-
United Arab Emirates Dirham	19,311,711	-	25,265,596	-
Sudanese Pound	5,043,781	-	1,315,465	-
Others	32,006,509	48,249	22,800,959	89,472
	<u>226,954,558</u>	<u>16,452,847</u>	<u>219,898,118</u>	<u>15,391,752</u>

26.1.3 Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the individual value of the securities. The Authority is exposed to equity price risk on its investments held for trading. The Authority manages this risk through diversification of investments in terms of industry diversification.

Concentration of equity securities based on geographical areas are as follows:

	2020		2019	
Markets	KD	Percentage	KD	Percentage
North America	88,046,913	58%	94,627,432	65%
Western Europe	35,466,119	23%	28,219,277	19%
East Asia & Pacific	16,890,483	11%	14,434,470	10%
Middle East & North Africa	10,768,945	7%	7,628,359	5%
Others	816,389	1%	1,449,821	1%
	<u>151,988,849</u>	<u>100%</u>	<u>146,359,359</u>	<u>100%</u>

26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Management of the Authority attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of counterparties. The maximum credit risk is limited to the carrying values of financial assets appearing on the statement of financial position.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

26 RISK MANAGEMENT (continued)

26.2 Credit Risk (continued)

The Authority seeks to limit its credit risk with respect to borrowers by monitoring outstanding loans. The Authority limits credit risk with regard to its cash and cash equivalents by only dealing with reputable banks.

With respect to credit risk arising from the other assets, the Authority's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

a) Maximum exposure to credit risk is as follows:

	2020 KD	2019 KD
Bank balances	3,848,797	2,074,606
Time deposits and deposits and wakala with financial institutions	22,112,571	23,510,914
Fixed income securities	61,986,128	58,938,512
Loans, net	11,741,980	8,539,610
Other assets	3,526,030	6,207,409
	<u>103,215,506</u>	<u>99,271,051</u>

26.3 Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk is managed by the treasury department of the Authority. To manage this risk, the Authority periodically assesses the financial viability of borrowing companies and invests in bank deposits or other investments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

27 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities as disclosed in Note 3.

The fair values of financial instruments except for contributions and direct investments which carried at cost (Note 8) are not materially different from their carrying values. For liquid financial assets and financial liabilities or having a short-term maturity (less than twelve months), it is assumed that their carrying amounts are approximately equal to their fair value.

28 CAPITAL RISK MANAGEMENT

The Authority manages its capital to ensure its ability to continue as a going concern and maximising the shareholders returns' through the optimisation benefit of the debt and equity balances. The Authority's overall policy remains unchanged since 2009.

The capital of the Authority comprises contribution from member countries comprising the issued capital as disclosed in Note 15.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

29 RELATED PARTIES

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and monitoring the activities of the Authority, either directly or indirectly, including the Board of Directors.

The remuneration of directors and other members of key management during the year were as follows:

	2020 KD	2019 KD
Remuneration paid to directors		
Remuneration	108,527	108,074
Meeting fees	111,674	150,281
	220,201	258,355
Key management compensation		
Short-term benefits	419,657	410,674
Post-employment benefits	518,400	493,555
	938,057	904,229

30 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2020, the Authority has capital commitments amounting to KD 1,691,516 (2019: KD 1,042,932).

Contingent liabilities

As at 31 December 2020, the Authority has granted corporate guarantees to commercial banks amounting to KD 7.2 million equivalent to USD 24 million (2019: KD 2.9 million equivalent to USD 9.6 million). These guarantees were provided to certain financial institutions to support the entities, which the Authority has invested in, in order to obtain facilities from these financial institutions.

31 IMPACT OF COVID-19 OUTBREAK

The Covid-19 outbreak was first reported near the end of 2019. At that time, a cluster of cases displaying the symptoms of a 'pneumonia of unknown cause' were identified in Wuhan, the capital of China's Hubei province. On 31 December 2019, China alerted the World Health Organisation (WHO) of this new virus. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a 'Public Health Emergency of International Concern'. Since then, the virus has spread worldwide. On 11 March 2020, the WHO declared the Covid-19 outbreak to be a pandemic.

The measures to slow the spread of Covid-19 have had a significant impact on the global economy. Governments worldwide imposed travel bans and strict quarantine measures. Businesses are dealing with lost revenue and disrupted supply chains. While the country has started to ease the lockdown, the relaxation has been gradual. The Covid-19 pandemic has also resulted in significant volatility in financial markets and as a result, the government has announced measures to provide financial assistance to the private sector.

Entities should consider whether to disclose the measures they have taken, in line with the recommendations of the WHO and national health authorities, to preserve the health of their employees and support the prevention of contagion in their administrative and operational areas, such as working from home, reduced work shifts in operational areas to minimise the number of workers commuting, rigorous cleaning of workplaces, distribution of personal protective equipment, testing of suspected cases and measuring body temperature.

As a result, the Authority needs to consider the impact of Covid-19 in preparing its financial statements. While the specific areas of judgement may not change, the impact of Covid-19 resulted in the application of further judgement within those areas.

Given the evolving nature of Covid-19 and the limited recent experience of the economic and financial impacts of such a pandemic, changes to estimates may need to be made in the measurement of the Authority's assets and liabilities may arise in the future.

31 IMPACT OF COVID-19 OUTBREAK (continued)

Impairment of non-financial assets

As at the reporting date, the Authority has considered the potential impact of the current economic volatility in the determination of the reported amounts of the Authority's non-financial assets and the unobservable inputs are developed using the best available information about the assumptions that market participants would make in pricing these assets at the reporting date. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations, the Authority believes that the reported values represent the current situation based on available observable information.

The Authority acknowledges that certain geographies in which these assets are located are negatively impacted, and as the situation continues to unfold, the Authority will continuously monitor the market outlook and use relevant assumptions in reflecting the values of these non-financial assets as and when they occur.



الهيئة العربية
للاستثمار والإعمار الزراعي
ARAB AUTHORITY
FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT



Annual Report



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