

ISSN-1817-6526

ARAB AUTHORITY FOR  
AGRICULTURAL INVESTMENT & DEVELOPMENT



الهيئة العربية  
للاستثمار والإزماء الزراعي

# Annual Report

# 2021



# Contents

---

4	Introduction		
6	Executive Summary	42	AAAID's Activities Third: Strategic Planning and Development Activity
8	About AAAID		
		43	AAAID's Activities Fourth: Corporate Communication and International relations Activity
16	AAAID's Activities First: Agricultural Investment Activity		
31	AAAID's Activities Second: Development, Applied Research and Studies Activities	45	AAAID's Activities Fifth: Administrative Activity
		59	AAAID's Financial Position for the Year Ended 31/12/2021
		62	Financial Data and External Auditor Report

# Introduction

---

The world has witnessed an unprecedented challenges due to the coronavirus pandemic which caused massive impacts to health, economy, financial and social aspects. The pandemic has also worsened the level of food shortage in several countries as reports of the World Food Security indicated an increase in the number of people suffering of hunger in 2020, with an estimation of 720 to 811 million people despite the efforts that were made to eradicate hunger within the framework of the goals of the Global Agenda for Sustainable Development 2030 which achieved positive results during the years 2014-2019, where its estimates ranged between 70 to 161 million people. In addition to that, there were the challenges associated with agricultural activities and the exploitation of natural resources to meet the increase in the population and its impact on the depletion of agricultural resources, loss of biodiversity and environmental degradation, such as desertification, drought, water scarcity, and the harmful effects of climate change. All these threats and emerging crises are overshadowing the progress in achieving food security, providing all members of society with the necessary quantities of healthy food and being able to afford it.

Facing the challenges of food security in the Arab world is considered as a core issue due to the widening of the food gap for basic commodities which is estimated of more than USD 33 billion. The cereal group accounts for more than 50% of the value of the gap, followed by meat, oils, dairy and their products, and then comes the rest of the food commodities in importance. That is despite the availability of natural agricultural resources that allow Arab countries to increase production and achieve better levels of food security.

The area of cultivable lands in the Arab countries is estimated at 220 million hectares; however, the cultivated areas are still so little and do not exceed 75 million hectares, representing 34% of the total area. In addition to that, about 52.5 million hectares of the cultivated areas, which represent 70%, depends on rain for agriculture; whereas only about 30% depend on the regular irrigation system despite its importance in increasing production efficiency by controlling variables such as fertilizers, improved seeds and planting schedules, and its stability of production. One of the other important challenges in agricultural production in the Arab world is the use of traditional methods of agriculture, low-yielding crop strains, and inefficient use of fertilizers and chemicals, which leads to the depletion of Arab agricultural resources and an increase in the amount of losses during various production processes.

Throughout its, most of AAAID's efforts focused on the optimal use of the agricultural resources and capabilities that the Arab world has been endowed with to secure the largest amount of basic food commodities for the Arab peoples, and worked on making optimal use of the diversity of agricultural natural resources and their distribution in the Arab countries, and it also focused on creating balances between the two sectors; Agricultural production and food processing, between its investment and development activities, and the geographical distribution of its agricultural projects in member states according to the comparative advantage of the availability of natural resources and the appropriate investment climate.

The vision of the Arab Authority has contributed to the diversification and integration of its investment and development activities, and its outcome by the end of 2021 was



the establishment of about 53 companies and a wide range of development activities and programs. These companies are specialized in producing basic commodities in the Arab food gap and providing other services related to agricultural activity. AAAID's investments were distributed in four main sectors which are the agricultural industrial sector 49.70%, the animal production sector 24.53%, the plant production sector 22.24%, and the agricultural services sector 3.53%. This geographical and sectoral distribution of AAAID's activities contributed to a transformation in the Arab agricultural sector and achievement of leadership through model projects that keep pace with the development in the agricultural sector and reproduce successful experiences and disseminate them in the rest of the Arab countries.

AAAID has also allocated a large room for applied agricultural research and the localization of modern technologies in its work programs as the main entrance to increase production and productivity in the Arab countries, aiming to conduct experimental research to grow new crops and produce improved seeds that are appropriate to the natural conditions in Arab countries to improve the effectiveness of the agricultural sector.

AAAID has also prioritized special attention to the sector of small farmers and producers in the Arab world, due to their core role in enhancing food security, considering that they represent a large segment and contribute more than 80% of the local agricultural product. Despite the great importance of this sector in the future of food, rural areas suffer from food insecurity, malnutrition, and the continuous increase in migration from the countryside to the cities due to the lack of favorable conditions for living stability, so AAAID has focused its efforts in developing programs and mechanisms to develop this sector and address the challenges it faces by taking the initiative to develop a model of in-kind funding for small farmers and producers as an alternative to direct cash financing, by providing all the needs for production operations as an integrated package and under the direct supervision of AAAID, starting from funding agricultural land preparation operations and providing production inputs until the stage of harvesting and marketing the product. In addition to that, AAAID provided technical support and educational guidance to farmers with the latest agricultural technologies and methods. This experience has contributed to achieving impressive results in agricultural production and productivity by more than 150%, increasing the annual cultivated areas by 100% and doubling the number of beneficiaries every year.

Despite the poor paid-up capital of AAAID, which represents 2.2% of the value of the Arab food gap, which is estimated at more than USD 33 billion, it was able to meet this challenge by increasing the number of agricultural companies in the Arab countries through partnership with the public and private sectors and by constantly seeking to develop new mechanisms in order to mobilize additional financial resources for investment in the agricultural sector. It has also worked to localize modern agricultural technologies in fruitful cooperation with global, regional and local research centers and these efforts have contributed to achieving tangible results and economic, social and developmental changes that had a significant impact on reducing the food gap in basic commodities in the Arab countries. Furthermore, there are still many encouraging opportunities to develop the agricultural sector through the optimal use and development of unutilized natural resources, and this cannot be achieved without strengthening Arab capabilities through integration and coordination between development and agricultural policies in Arab countries, increasing trade exchange and cooperation between agricultural research institutions, and most importantly stimulating the private sector to increase investment in the agricultural sector by creating an appropriate investment climate.

# Executive Summary

The total value of the investments of AAAID in all its existing companies, as well projects under implementation and establishment is about USD 662 million as of 31/12/2021, representing about 91% of the paid up capital of AAAID, which is about USD 731 million.

By the end of 2021, AAAID has invested in 53 companies and projects; out of which, 37 are existing companies, 16 projects under implementation and establishment. AAAID's investment is distributed according to the following: Republic of Sudan with 64.26% of its total investments, followed by Egypt 6.61%, Sultanate of Oman 5.85%, United Arab Emirates 5.37%, Republic of Iraq 4.11%, Kingdom of Saudi Arabia 3.29%, Kingdom of Morocco 2.95%, Syrian Arabic Republic 2.53%, Islamic Republic of Mauritania 1.74%, the Republic of Tunisia 1.45%, Qatar 1.17% and Kuwait 0.67%.

The number of beneficiaries of development programs in the Arab countries has increased to 77,423 in 2021 compared to 61,321 in 2020.

1

The total AAAID investments in all established companies and projects under implementation and establishment are divided among four main sectors. These sectors are as follows; 49.70% in the agricultural manufacturing sector, 24.53% in the animal production sector, 22.24% in the plant production sector and 3.53% in the agricultural services sector.

2

3

4

In 2021, AAAID implemented 40 development programs for 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.

5

6

In 2021, AAAID has implemented (11) applied research programs in a number of Arab countries with the aim of domiciliating new varieties of field crops and introducing modern agricultural technologies.

7

The number of the agricultural investment opportunities that were studied and evaluated by AAAID in 2021 reached 116.

The total value of the existing and granted loans from AAAID to the affiliate companies and small producers reached to USD 125.2 million, and corporate guarantees that were provided by AAAID to its companies amounted to USD 23 million.

8

9

The total value of assets of AAAID reached to USD 1.4 billion as of 31/12/2021.

The total investments of AAAID in the global and regional financial markets - as of 31/12/2021 reached to USD 605.3 million, compared to USD 502.5 million in 2020 achieving an increase of 20%.

10

11

Total shareholders' equity as of 31/12/2021 reached to USD 1,010 million compared to USD 997.4 million in 2020.

AAAID achieved net profit of about USD 26.1 million for the fiscal year ended 31/12/2021 compared to USD 24.8 million in 2020 achieving an increase of 5% .

12

13

In 2021, AAAID has organized a number of promotional events and activities in the agricultural field. It also participated in a number of Arab and international conferences, seminars, forums and virtual exhibitions.

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

14

# About AAAID

## Establishment

1

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 establishment agreement and articles of association were declared in March 1977.

2

## Shareholders

AAAID has shareholders of (21) Arab countries.

3

## Capital

- Authorized Capital is KWD 336 million (USD 1.1 billion).
- Paid-up capital till 31/12/2021 is KWD 221.1 million (USD 731.1 million).

4

## Fiscal Year

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

5

## Headquarters and Regional Office

### Headquarters:

Khartoum - the Republic of Sudan

### Regional Office:

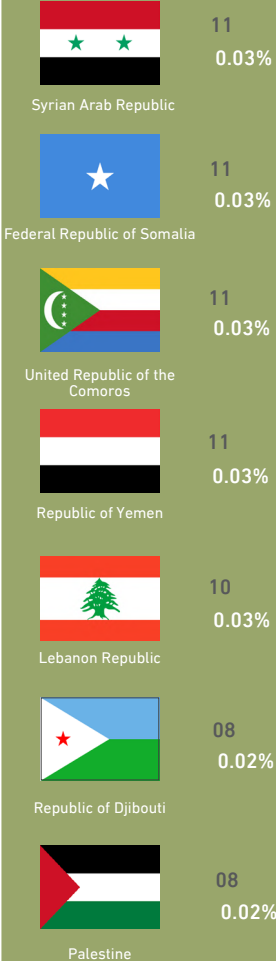
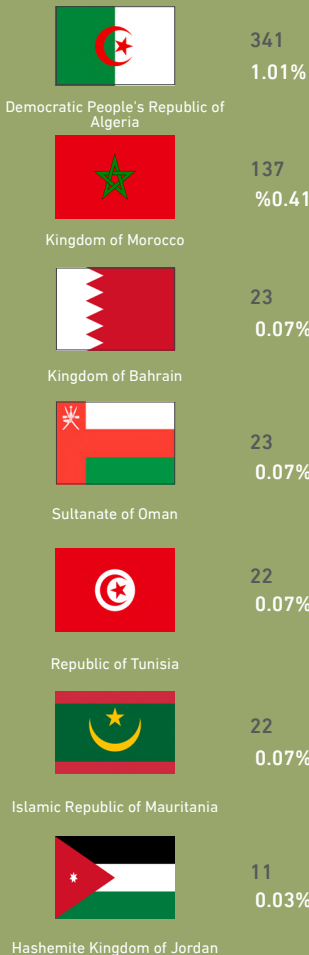
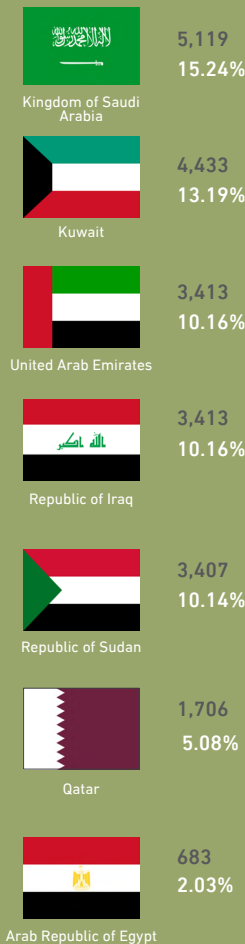
Dubai - the United Arab Emirates

# Contributing Countries

Percentage of the contribution to the Capital of AAAID per country as in 31/12/2021:

- Number of Shares
- Subscription Percentage

Total Shares 33,600  
%100
























Unsubscribed Shares 10,777  
32.08%



# Members of the Board of Shareholders

\*AAID's Members of the Board of Shareholder as of 31/12/2021:

- |    |   |  |    |   |   |
|----|---|--|----|---|---|
| 1  |    | <b>H.E. Mr. Mohammed bin Abdullah Al-Jadaan</b><br>Minister of Finance   | 11 |    | <b>H.E Mr. Sultan bin Salim Al Habsi</b><br>Minister of Finance   |
| 2  |    | <b>H.E. Mr. Abdulwahab Mohammed AL-Rushaid <sup>1</sup></b><br>Minister Of Finance and Minister Of state for Economic Affairs and Investment       | 12 |    | <b>H.E Mr. Samir Said <sup>6</sup></b><br>Minister of Economy and Planning  |
| 3  |    | <b>H.E. Mr. Mohamed bin Hadi Al-Hussaini <sup>2</sup></b><br>Minister of State for Financial Affairs   | 13 |    | <b>H.E Mr. Othman Mamadou Kan</b><br>Minister of Economic Affairs and Promotion of Productive Sectors             |
| 4  |    | <b>H.E. Dr. Gabriel Ibrahim <sup>3</sup></b><br>Minister of Finance and Economic Planning  | 14 |    | <b>H.E Dr. Mohamad Mahmud Al-Ississ</b><br>Minister of Finance  |
| 5  |    | <b>H.E Dr.Ali Abdul-Amir Allawi</b><br>Minister of Finance   | 15 |    | <b>H.E Dr. Kenan Yaghi</b><br>Minister of Finance   |
| 6  |   | <b>H.E Mr. Ali bin Ahmed Al Kuwari <sup>4</sup></b><br>Minister of Finance   | 16 |   | <b>H.E Mr. Abdirahman Douali Bailey</b><br>Minister of Finance  |
| 7  |  | <b>H.E Mr. Alsayid Mohammed Marzooq Al Qaseer</b><br>Minister of Agriculture and Land Reclamation  | 17 |  | <b>H.E Mr. Kamal Ideni Souef <sup>7</sup></b><br>Minister of Finance, Budget and Banking Sector                   |
| 8  |  | <b>H.E Mr. Aym Bin Abdullrahman</b><br>Minister of Finance - Chairman of the Board of Shareholders of Session (45)                                 | 18 |  | <b>H.E Mr. Salim Saleh Salim bin Breik</b><br>Minister of Finance   |
| 9  |  | <b>H.E Mrs. Nadia Fatteh Alaoui <sup>5</sup></b><br>Minister of Economy and Finance - Deputy Chairman of the Board of Shareholders of Session (45) | 19 |  | <b>H.E Dr. Dr. Youssef EL Khalil <sup>8</sup></b><br>Minister of Finance  |
| 10 |  | <b>H.H Sheikh. Salman bin Khalifa Al Khalifa</b><br>Minister of Finance and National Economy   | 20 |  | <b>H.E Mr. Mohamed Ahmed Awaleh</b><br>Minister of Agriculture , Water, Fishing, Animal Development and Fisheries |
| 21 |  | <b>H.E Mr. Riad Mohamed Youssef Attari</b><br>Minister of Agriculture  |    |   |   |

1. Former Minister H.E Mr. Khalifa Musaad Hamada.  
2. Former Minister H.E Mr. Obaid Humaid Al Tayer.  
3. Former Minister H.E Mrs. Hiba Ahmed Ali.  
4. Former Minister H.E Mr. Ali Shareef Al Emadi.

5. Former Minister H.E Mr. Mohamed Benchaaboun.  
6. Former Minister H.E Mrs. Sihem Boughdiri Nemsia.  
7. Former Minister H.E Mr. Said Ali Said Chayhane.  
8. Former Minister H.E Mr. Ghazi Abdullah Wazni.

# Board of Directors



**His Excellency Mr.  
Mohammed bin Obaid Al Mazrooei**  
Chairman of Board of Directors  
President of AAAID



**H.E. Eng.  
Ibrahim Mohammad Aboabat**  
Ministry of Finance  
**Kingdom of Saudi Arabia**



**H.E. Mr.  
Yousef Hussein Mohammed Al Roumi**  
Assistant Undersecretary at the General  
Secretariat | Council of Ministers  
**State of Kuwait**



**H.E. Mr.  
Ibrahim Hassan Rashid Aljarwan**  
Head of GCC & Arab Countries Affairs  
Ministry of Finance  
**United Arab Emirates**



**H.E. Dr.  
Mahdi Sahar Al Gburi**  
Administrative Undersecretary of the  
Ministry of Agriculture  
**Republic of Iraq**



**H.E. Mr.  
Elamin Sayed Ahmed**  
Adviser of H.E. The Minister of Finance and  
Economic planning  
**Republic of Sudan**



**H.E. Mr.  
Mohsen Saleh A. M. Ibahili**  
International Cooperation Department  
Ministry of Finance  
**State of Qatar**



**H.E. Dr.  
Saad Zaki Mohamed Nassar**  
Adviser of H.E. The Minister Ministry of  
Agriculture and Land Reclamation  
**Arab Republic of Egypt**



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



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

# AAAID's Strategy (2021-2025)



Vision

To be a leader in the reinforcement of food security in the Arab World.

Providing basic food needs to Arab countries through investment and development of their agricultural resources.



Mission



Goals

**First goal:**  
Strengthening the role of AAAID in contributing to food security in the Arab World.

**Second goal:**  
Maximizing the return on AAAID's agricultural investments.

**Third goal:**  
Promoting concepts of innovation and governance in the work environment.

**Fourth goal:**  
Leveraging AAAID's own resources to diversify and increase revenues.

**Fifth goal:**  
Provide the best supportive services (administrative and technical).  
Strategic Guidance

# Strategic Guidance

1

Benefiting 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

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

5

Packing additional global and regional financial resources and investing them 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 supportive and stimulating environment for innovation and entrepreneurship in the field of agricultural investment.

# AAAID Activities



- First**      Agricultural Investment Activity
- Second**   Development, Applied Research and Studies Activities
- Third**      Activity of Strategic Planning and Development
- Fourth**    Corporate Communication and International Relations activity
- Fifth**      Administrative Activity

# 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 its goals.

By the end of 2021, the total number of companies in which AAAID is a shareholder has reached to 53 companies of which 37 existing companies, 16 projects under establishment and implementation.

### 1. Companies in which AAAID is a shareholder

The following tables show the companies in which AAAID is a shareholder arranged according to the year of establishment:

Table (1) Existing Companies in which AAAID is a shareholder

	Year of Formation	Company's Name	Shareholders	Subs Percentage
Kuwait	1974	The Arab Investment & Export Credit Guarantee Corporation Subs Capital (million): 295.00 USD	AAAID	01.96 %
			Arab countries governments	46.93 %
			Arab financial institutions	51.11 %
Sudan	1975	Kenana Sugar Company Subs Capital (million): 0.561 SDG	AAAID	05.59 %
			Government of the Republic of Sudan	35.33 %
			Kuwait Investment Authority	30.64 %
			Government of the Kingdom of Saudi Arabia	10.97 %
			Other Shareholders	17.47 %
KSA	1979	Arab Fisheries Co Subs Capital (million): 65.40 SAR	AAAID	48.72 %
			Government of the Kingdom of Saudi Arabia	35.70 %
			Other Arab countries' Governments	15.58 %
Sudan	1982	Arab Sudanese Vegetable Oil Company Subs Capital (million): 340.00 SDG	AAAID	88.00 %
			Government of the Republic of Sudan	12.00 %

	Year of Formation	Company's Name	Shareholders	Subs Percentage
Sudan	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 %
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 %
Iraq	1986	Arab Iraqi Diary Production Company Subs Capital (million): 11.40 IQD	AAAID Government of the Republic of Iraq	50.00 % 50.00 %
Syria	1986	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 %
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 %
UAE	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 % 54.80 % 22.00 % 22.47 %
Qatar	1989	Arab Qatari Agricultural Production Company Subs Capital (million): 47.00 QAR	AAAID Hassad Food Company	50.00 % 50.00 %
UAE	1992	Arab Poultry and Cattle Equipment Company (APCECO) Subs Capital (million): 50.00 UAE	AAAID Government of Fujairah Arab Co for Livestock Development Other Shareholders	27.44 % 42.22 % 21.11 % 09.23 %

	Year of Formation	Company's Name	Shareholders	Subs Percentage
Tunisia	1995	<b>Agro-Zitex Company</b> Subs Capital (million): 7.00 TND	<b>AAAID</b> Ceui- Zitex Company	<b>25.00 %</b> 75.00 %
Syria	1996	<b>Al Ahlia Vegetable Oil Company</b> Subs Capital (million): 1,500.00 SYP	<b>AAAID</b> Private and Government Sector	<b>40.00 %</b> 60.00 %
Syria	1996	<b>Arab Company for the Manufacturing of Advanced Irrigation Equipment (MAIE)</b> Subs Capital (million): 90.00 SYP	<b>AAAID</b> Morgan Capital & Energy Corporation company Capital Trust and others	<b>25.00 %</b> 60.00 % 15.00 %
Oman	1996	<b>Omani Euro Food Industries Company</b> Subs Capital (million): 2.00OMR	<b>AAAID</b> Oman and Emirates Investment Holding Company Other Shareholders	<b>17.19 %</b> 80.84 % 01.97 %
Egypt	1997	<b>Al Faiyum Sugar Works Company</b> Subs Capital (million): 445.11 EGP	<b>AAAID</b> Delta Sugar Company Egyptian Banks Private Sector	<b>26.93 %</b> 26.83 % 31.72 % 14.52 %
Sudan	1997	<b>Arab Sudanese Seeds Company</b> Subs Capital (million): 12.00 USD	<b>AAAID</b> Government of the Republic of Sudan Government institutions and banks	<b>34.93 %</b> 51.55 % 13.52 %
Egypt	1999	<b>The Arabian company for Preserving and Manufacturing Agricultural Crops</b> Subs Capital (million): 150.00 EGP	<b>AAAID</b> Dr. Moahmed Ahmed Al Ramly and Son Private Institutions and Shareholders	<b>39.70 %</b> 44.25 % 16.05 %
Morocco	1999	<b>Manafid Al Houboub Company</b> Subs Capital (million): 121.00 MAD	<b>AAAID</b> Union of Moroccan Agricultural Cooperatives Crédit agricole du Maroc Zine Capital Invest Group Moroccan Farming Cooperatives	<b>30.00 %</b> 27.92 % 24.00 % 10.00 % 8.08 %

	Year of Formation	Company's Name	Shareholders	Subs Percentage
UAE	2001	<b>Emirates Rawabi Company</b> Subs Capital (million): 217.35 AED	<b>AAAID</b> Gulf Investment Corporation Government of Dubai Private sector	<b>27.56 %</b> 22.54 % 14.59 % 35.31 %
Sudan	2003	<b>Arab Company for Crop Production</b> Subs Capital (million): 26.70 USD	<b>AAAID</b> Emirates Rawabi Company	<b>52.75 %</b> 47.25 %
Sudan	2003	<b>White Nile Sugar Company</b> Subs Capital (million): 607.00 USD	<b>AAAID</b> Kenana Sugar Company Government of the Republic of Sudan Institutions and Banks	<b>14.38 %</b> 31.08 % 09.14 % 45.40 %
Sudan	2004	<b>Arab Poultry Production and Processing Company</b> Subs Capital (million): 399.8 SDG	<b>AAAID</b> Government of the Republic of Sudan Government of the Kingdom of Saudi Arabia Government of Kuwait Government of the Republic of Iraq	<b>78.80 %</b> 7.40 % 4.60 % 4.60 % 4.60 %
KSA	2005	<b>Arabian Shrimp Company</b> Subs Capital (million): 33.77 SAR	<b>AAAID</b> Aqua Farms Corporation Aquad For Commerce Ltd. Saudi Offset Ltd. Partnership	<b>45.00 %</b> %29.33 %18.33 07.34 %
Sudan	2007	<b>Arab Company for Drugs Ltd</b> Subs Capital (million): 51.00 USD	<b>AAAID</b> Arab Co. for Drugs Industries & Medical Appliances (ACDIMA) Arab Company for Industrial Investment (IEK) Sudanese Banks and Government Institutions	<b>29.92 %</b> 40.00 % 17.58 % 12.50 %
Sudan	2008	<b>Al Mutamayiza for Vegetables and Crops Production</b> Subs Capital (million): 24.70 SDG	<b>AAAID</b> Government of the Republic of Sudan Government of the Kingdom of Saudi Arabia Government of Kuwait Government of the Republic of Iraq	<b>42.50 %</b> 20.00 % 12.50 % 12.50 % 12.50 %
KSA	2009	<b>Arabian Cooperative Company</b> Subs Capital (million): 200.00 SAR	<b>AAAID</b> Poultry Producers Association of Aseer	<b>%20.00</b> %80.00



	Year of Formation	Company's Name	Shareholders	Subs Percentage
Sudan	2010	<b>Al Muzdana Zero-Tillage Agricultural Company</b> Subs Capital (million): 10.25 USD	<b>AAAID</b>	<b>12.46 %</b>
			The Agricultural Bank of Sudan	46.13 %
			Sudanese Ministry of Agriculture	34.71 %
			Central Commercial Company	06.70 %
Mauritania	2013	<b>Arab Company For Agricultural Services</b> Subs Capital (million): 285.6 MRO	<b>AAAID</b>	<b>100.00 %</b>
Sudan	2015	<b>Alsarha for Animal Production</b> Subs Capital (million): 38.59 USD	<b>AAAID</b>	<b>30.00 %</b>
			Unsubscribed Shares	70.00 %
Oman	2016	<b>Osool Poultry Company</b> Subs Capital (million): 28.86OMR	<b>AAAID</b>	<b>20.58 %</b>
			Gulf Investment Corporation	26.68 %
			Safa Foods Company	23.46 %
			Alnmaa Poultry Company	14.35 %
			Atyab Investment	09.93 %
			Secuirty Service Pension Fund	05.00 %
Oman	2016	<b>Al Bashaer Meat Company</b> Subs Capital (million): 25.00OMR	<b>AAAID</b>	<b>20.00 %</b>
			Oman Food Investment Holding Co.	40.00 %
			Oman National Investments Development Company	20.00 %
			Omani National Livestock Development Co	10.00 %
			Civil Service Employees Pension Fund	10.00 %
Tunisia	2017	<b>Tunisia Aquaculture Fund</b> Subs Capital (million): 50.00 TND	<b>AAAID</b>	<b>15.00 %</b>
			Deposit and Guarantee Fund	20.00 %
			STB Bank	10.00 %
			Assurances Maghreb	05.00 %
			Unsubscribed Shares	50.00 %
Morocco	2017	<b>Domaine Yousif</b> Subs Capital (million): 49.10 MAD	<b>AAAID</b>	<b>49.00 %</b>
			Belcora Group	51.00 %

	Year of Formation	Company's Name	Shareholders	Subs Percentage
Egypt		<b>Middle east for veterinary vaccines (MEVAC)</b>		
	2018	Subs Capital (million): 163 EGP	<b>AAAID</b>	<b>05.00 %</b>
			Kemin Industries Company	52.18 %
			Private sector	42.82 %
UAE		<b>Trans-Agri Company</b>		
	2020	Subs Capital (million): 2 SAR	<b>AAAID</b>	<b>50.00 %</b>
			Al Rajhi International for Investment	50.00 %

Table (2) Projects under establishment and implementation

Project Name	Goal of Project
<b>Mauritania</b>	
Arab Muritanian Fish Company (Samak)	The project aims to manufacture pelagic fish as main products in addition to fish oil and fishmeal as secondary products. This is to fill part of the gap in fish products, contribute to the development of the sector of small and medium fishermen, and develop inter-Arab trade in the field of fish products with an annual production capacity of about 70,000 tons at the year of stability.
<b>Sultanate of Oman</b>	
Al Murouj Dairy Company	The project aims to establish points to collect, manufacture and market cow and camel milk from breeders, as well as manufacturing of fruit juices, and establish milk cooling centers for the production of raw milk and its derivatives to contribute to meeting local needs with the capacity of 53 thousand liters/day of cow milk, and a capacity of 12 thousand liters/day of camel milk. The factory's production capacity is 120 thousand liters/day (90 thousand liters pasteurized milk + 30 thousand liters sterilized milk or juices).
<b>Algeria</b>	
Sanabil Alarabia Project	The project aims at producing grains and fodder at an area of 7 thousand hectares in Tiaret Province in Algeria.
<b>Morocco</b>	
Orbis Berries	The projects aims at establishing an integrated project for the production and packaging of all kinds of berries and some types of citrus through cultivating 900 hectares of berries and citrus as well as building a factory for packaging and processing with a capacity of 33,500 ton/year.
<b>Mauritania</b>	
Arab Company for Meat	The project aims at producing healthy meat according to the latest methods that comply with the international health requirements to be able to export meat to foreign markets. It also aims at establishing a model slaughterhouse equipped with the appropriate quality and sanitary specifications. In addition to these, the project aims to modernize the traditional methods used in cutting, marketing meat and waste treatment. It aims to contribute to covering food gap (red meat) in the Maghreb countries.
<b>Morocco</b>	
Orbis Green Olive	The projects aims at establishing an integrated project for olive production and processing through cultivating olive in about 384 hectares to produce 10,000 tons of olives and 2,000 tons of olives oil in the first stage.

Table (2) Projects under establishment and implementation

Project Name	Goal of Project
<b>Sultanate of Oman</b>	
<b>National Veterinary Vaccines Co. LLC</b>	The project aims to contribute to meeting the needs of Arab countries for some important and most widely used vaccines, such as the redthrush fever in cattle, bird flu, Newcastle disease in poultry, and some other vaccines in two phases, the first is the mobilization of veterinary vaccines to produce 114.5 million doses of different vaccines and the production of the active substance to produce 144 million doses in the second phase.
<b>Tunisia</b>	
<b>Arabiska Fruits Company</b>	The project aims to export fruits with an added value, whether from the farm of the Mabrouka Company or the farmers who deal with the company in purchasing seedlings for marketing in Tunisia and for export (the Gulf, African and European market).
<b>Kuwait</b>	
<b>Poultry Production Project</b>	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.
<b>Mauritania</b>	
<b>Arab Mauritanian Poultry Company</b>	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 table-eggs production in Mauritania with productive capacity of 3.6 thousand ton of poultry annually and 11.5 million table-eggs annually.
<b>KSA</b>	
<b>The Project of Producing, Processing and Promoting Vegetables (Hydroponic)</b>	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.
<b>Sudan</b>	
<b>ILAF for Starch and Glucose</b>	The project aims at rehabilitation of 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.

Project Name	Goal of Project
<b>Bahrain</b>	
<b>Poultry Production Project</b>	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.
<b>UAE</b>	
<b>Integrated Smart Services</b>	The project aims at establishing a company that gives smart agricultural service at its first phase.
<b>UAE</b>	
<b>Themar Al Emarat Company</b>	The project aims at producing vegetables and white mushroom at an area of 18.5 hectare with a production capacity of 1000 tons of vegetables, and 2100 tons of white mushroom in the UAE.
<b>Tunisia</b>	
<b>Production of Potato Seeds Project</b>	The project aims at producing 9 million of mini potato tubers in which a million of it is propagated in Tunisia to annually produce 10 tons of potato seeds, and export 7 million potato tubers to be propagated in the rest of Arab countries.

## 2.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 the paid capital of its existing companies, and projects under implementation and establishment as of 31/12/2021 is about USD 536.5 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:

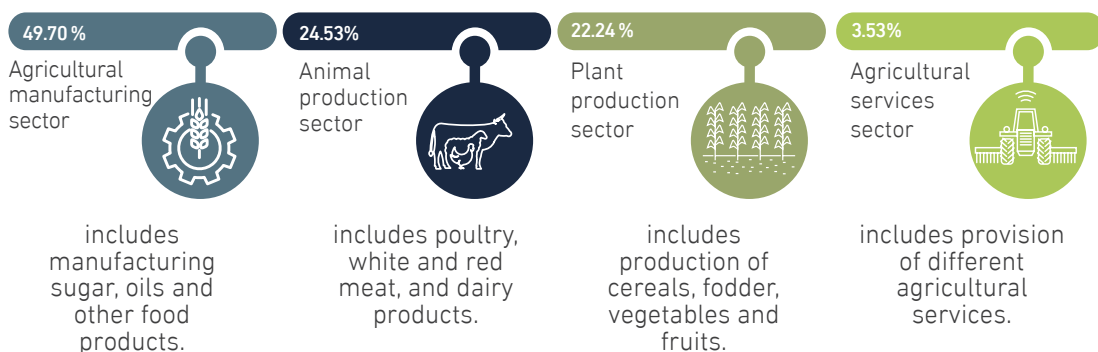


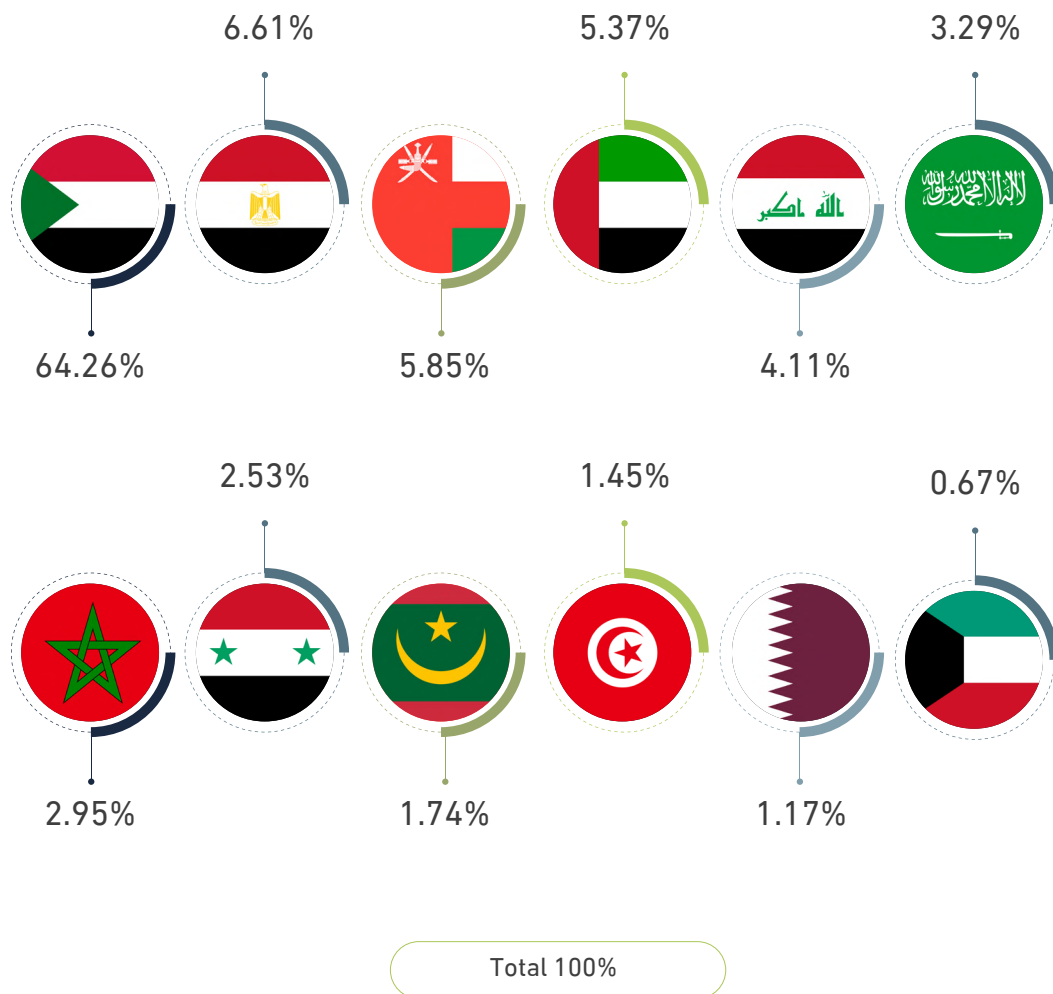
Figure (1) below shows the sectoral distribution of AAAID investments as in 31/12/2021.



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's contributions to companies in member countries



## AAAID's Share from Distributed Profits by the Companies in 2021

Table (3) AAAID's Share from Profits Distributed by the Companies for the year 2021

Statement	USD
Total net profit achieved by companies in 2020	<b>97.60</b>
AAAID's share of the net profit achieved by the companies	<b>25.24</b>
Total profits distributed by companies	<b>26.17</b>
The total amount of retained earnings in companies	<b>71.43</b>
AAAID's share of the companies' dividends	<b>4.85</b>

### 3. AAAID's contribution to increasing the companies' capital:

AAAID supports its companies by contributing to increasing their capital for the purpose of implementing rehabilitation, expansion programs, diversifying activity and providing operating capital, in order to diversify their products and benefit from the full production capacities available in these companies. In 2021, the AAAID's Board of Directors agreed to contribute to increasing the capital of the following companies:

#### **Arab Company for Drugs. Ltd - Republic of Sudan**

the company's capital was increased by USD 5 million, and AAAID subscribed to the capital increase according to its current contribution rate of 29.92%.

#### **Arab Sudanese Vegetable Oil Company (ASVOC) – Republic of Sudan**

the company's capital was increased by USD 6 million to finance the expansion plan, and AAAID's subscription in proportion to its contribution to the capital increase was about USD 5.3 million.

### 4. Increasing AAAID's share in companies:

In the framework of benefiting from the investment opportunities available in the companies in which AAAID contributes to and in which they are characterised by high financial viability, the board of directors of AAAID in 2021 has approved the following:

- Purchasing 50% of the shares of Al Namaa Company in Osool Poultry Company, with a value of USD 2.11 million, so that the AAAID's share becomes 20.58% instead of 17.76%.
- Approval of the purchase of shares of some shareholders in the Arab Company for Preservation and Processing of Agricultural Crops who wish to sell their shares.

## **5. Addressing the remaining loans of AAAID in some companies:**

In order to address the conditions of the companies in which AAAID contributes to, the board of directors agreed to schedule the payment of the operational purpose granted to the Youssef Domaine Company until July 2022.

## **6. 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 them in establishing new projects, as well as 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, the Arab Company for Manufacturing of Advanced Irrigation Equipment (MAIE) in Syria, Omani Euro Food Industries Company in Oman and the Arab Fisheries company in Saudi Arabia.

## **7. Follow-up of performance of companies:**

AAAID works in following-up and evaluating the performance of companies it contributes to continuously in order to assure the accomplishments of its goals, take the necessary steps to amend it and promote it through providing its representatives in the board of directors and management councils, 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 in which facilitate exchanging ideas and advice about all topics related to its work.

### **Meeting appropriate authorities 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. These efforts included an interview with a number of ministers and officials in those countries, which led to overcoming many problems that hinder the performance of some companies in these countries, such as, cancelling the order of dispossessing of the Arab Sudanese Company for agriculture's lands in the Blue Nile.

### **Follow-up of performance of companies:**

Due to coronavirus 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 companies in specific countries through online communication. 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 its main issues in a way to support those companies, and improve their performance towards achieving the desired goals.

## Technical and financial support for companies:

### Providing operating loans to companies:

AAAID has provided technical and financial support to its affiliated companies in order to help them improve their production and financial performance. This included providing of operating loans to a number of companies such as, the Arab Fisheries Company in the Kingdom of Saudi Arabia, the Arab Sudanese Blue Nile Company for Agriculture-Agadi, the Arab Sudanese Vegetable Oil Company, and the Arab Sudanese Seed Company, in addition to providing advice and technical support to them. AAAID has also formed specialized technical and financial teams to visit some of the companies it contributes to in order to assess their production and financial conditions, and submit integrated reports on their technical and financial performance, in coordination with the executive management and boards of directors of those companies in order to address the challenges they face.

### Establishing a medium-term financing fund for companies:

The management of AAAID contacted a number of banks to obtain medium-term financing and was able to establish an investment fund for Al Sarha for Animal Production Company of about one billion Sudanese pounds for a period of 5 years to be allocated to finance the company's activity, and AAAID seeks to generalize the experience to other companies.

## 8. 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, produce about 67% of the total seeds produced in Sudan, and the sugar companies, that AAAID contributes to, produce about 52% of the total production of sugar in Sudan and about 8% of total production of sugar in Egypt. AAAID's companies in the UAE provide more than 31% 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 small farmers and 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 80,000 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 is 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 annually.
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 permanent and seasonal employment opportunities. The employment opportunities provided by these companies reached to more than 116 thousand jobs, of which about 18 thousand of permanent positions in various disciplines, and about 98 thousand seasonal 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 which was established to produce high quality meat for the local market and then export it to other gulf countries.
2. Al Sarha for Animal Production in Sudan, which aims to establish an integrated project for production, fattening, slaughtering, manufacturing, marketing and exporting of red meat (live animals, meat cuts and manufactured meat) with international quality and specifications, and exporting it to other Arab countries.
3. The project of Red Meat in Mauritania to produce, pack, market and export red meat to Arab countries, Europe and West Africa.
4. The Arab Mauritanian Fish Company that aims to catch, store, manufacture pelagic fish as main products and export them to Arab countries, in addition to producing fish oil and fishmeal as secondary products.
5. Agricultural Orbis Company (Orbis Berries and Orbis Green Olive) and Domaine Youssef company in Morocco that aim to establish innovative projects to produce fruits and berries, and produce and process green olive for the purpose of exporting to the Arab and European markets.
6. Osool Poultry Company - Sultanate of Oman: The company aims to produce fertilized eggs to meet the needs of the shareholders in the project mainly and to cover part of the deficit in the Gulf markets.
7. Middle east for veterinary vaccines (MEVAC): The company aims to contribute to meeting the needs of the Arab Republic of Egypt and some Arab countries for some important and most widely used vaccines, such as redthrush vaccines in livestock, bird flu, Newcastle in poultry and some other vaccines, and MEVAC is the only active company in this field in the private sector in the Arab Republic of Egypt.
8. 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 to the Arab Investment and Credit Guarantee Corporation Exports "Daman", which aims to provide insurance services against commercial and non-commercial risks for inter-Arab investments in Arab countries, and to contribute to raising Arab awareness of investment, export and insurance issues through a set of complementary activities and support services that contribute to the development of the environment and climate for Arab investments.



### **The Social Responsibility of AAAID's Companies:**

AAAID's companies play special concern to the social responsibility for their importance in developing AAAID's projects areas. 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 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 has 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 money from 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 in Sudan to help in reducing the impacts of coronavirus, 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:

The development programs include direct and indirect financing activities for small farmers and producers, as well as non-refundable support; such as support the Palestinian people, in addition the program of well-drilling in the Republic of Sudan, as well as applied research programs in the Arab countries.

### **Developmental Programmes:**

- The number of developmental programmes that were carried out in Arab countries in 2021 reached (40) programs, compared to (22) programs in 2020.
- The number of beneficiaries of these programs amounted to (77,423) beneficiary, this can be detailed as follows:



### **Republic of Sudan:**

#### **Objectives of the implemented programs:**

- Achieving profit for small scale farmers which in return sustain their activity.
- Improving the standard of living of small scale farmers and producers.
- Contributing in reinforcing food security.

#### **The mechanism of the development programs:**

AAAID has provided an integrated technical and financial package for all agricultural operations, starting from land preparation to crop harvest, in addition to technical supervision and agricultural insurance.

#### **The implemented programs:**

A number of (36) programs were carried out in 2021, including the cultivation of peanuts, wheat, sorghum, sunflower, and sesame in (6) states: Al Gezira, East Darfur, North Darfur, Blue Nile, North and South Kurdufan. The total cultivated areas amounted to (22,035) feddans. The number of beneficiary agricultural associations reached (288) associations, of (4,638) families that represent (27,828) beneficiaries. In addition, 5 wells were drilled in the states of North Kurdufan, West Kurdufan and White Nile, and 2,417 families have benefited from it (about 14,502 beneficiaries).



### **The Islamic Republic of Mauritania**

- A revolving credit line of USD 2 million has been provided to Mauritania Network of saving and Credit Co-operative (PROCAPEC), to finance small farmers and producers through revolving funds, for a period of five years, including one year grace period.
- The program had reached its maturity this year, and will be revolved to cover other farmers and producers in Mauritania.
- The total number of beneficiaries of the implemented programs amounted to (5,463) beneficiary.



### **The Hashemite Kingdom of Jordan**

- AAAID has provided an amount of USD 2 million (as a credit line) to the Agricultural Credit Corporation, for a period of five years, including one year grace period.
- The number of beneficiaries of the implemented programs amounted to (1650) beneficiaries, distributed in 12 locations in the Hashemite Kingdom of Jordan.

## Financial support program for the Palestinian People

1. AAAID –in cooperation with Arab funds- provides support for financing the development projects in the agricultural sector to contribute in the achieving economic and social development; and alleviate the suffering of the Palestinian people through Al Aqsa fund, which is managed by the Islamic Development Bank in Jeddah. The most important results of those projects include:

- (a) Designing, rehabilitation, drilling and construction of (405) ponds, wells and a water tank.
- (b) Construction of two dams in Hebron Governorate with a capacity of 330 cubic meters of water.
- (c) Walls construction to save and protect the soil from erosion along a length of 33.66 thousand square meter in the governorates of Hebron, Bethlehem and Jenin.
- (d) Reclamation and rehabilitation of more than 2,343 dunams of agricultural lands.
- (e) Cultivation of 1,410 dunam with 32,321 seedlings (olive, grapes and almonds) in the West Bank.
- (f) Organizing 11 capacity building workshops for about 299 farmers in agricultural management and water harvesting techniques, as well as training course for 150 agricultural and administrative engineers.
- (g) Paving of agricultural road in Bethlehem, 30,653 km length, that serves about 60,000 dunums agricultural and pastoral land.
- (h) Paving and rehabilitation of agricultural roads in Hebron (48,754 km. length).
- (i) Establishment of solar energy systems for three fish hatchers, research unit, fish packaging center, fish breeding units, as well as rehabilitation and maintenance of fishing boats in four governorates.
- (j) Construction and providing equipment for the Gene Bank and a glasshouse (polycarbonate).

2. The total amount allocated to the mentioned projects amounted to approximately USD 13.85 million, in which about USD 11,74 million, which were disbursed as of 2021, represents about 85% of the approved fund.

3. The total number of beneficiaries of these projects in 2021 amounted to 27,980 beneficiary, with a cumulative total of about 181,331 beneficiaries for the period (2016-2021).





## Applied researches:

- AAAID's efforts continued through the year 2021 to provide the needs for sustainable development via implementing applied research programs and transfer the modern agriculture technologies to farmers, which aim to promote productivity and production in order to contribute to supporting Arab food security based on a solid scientific foundation.
- In 2021, AAAID carried out a number of applied research programs in a number of Arab member countries, totaling 11 programs, compared to 9 programs in 2020, which can be detailed as follows:

### Republic of Sudan:

AAAID carried out (7) applied research trials in 2021 as follows:

#### Using an Energy Powered Drip Irrigation System for Vegetable Crops Irrigation:

The cultivated crops were sweet peppers and eggplant in the winter season under the solar-powered drip irrigation system in North Kurdufan State. The trial aimed to introduce new technologies and crops, and work to disseminate them at the level of small farmers.

Results:

- Taking full advantage of the project's land by cultivating in two agricultural seasons (summer and winter) instead of only one season (summer/rainy) season.
- Rationalizing the water use and contributing to the stability of farmers, increasing their productivity and annual incomes

#### Using an Energy Powered Drip Irrigation System for Horticulture Crops Irrigation:

The cultivated crops were grapefruit and mango trees under the solar-powered drip irrigation system in the North Kurdufan State. It aimed to introduce drip irrigation technology for the cultivation and production of horticultural crops.

Results:

- Rationalizing the water use and contributing to the stability of farmers, increasing their productivity and annual incomes.

#### Panicum cultivation through direct sowing and vegetative propagation:

Panicum crop was cultivated by direct sowing and compare it with cultivation through vegetative propagation in the lands of the Arab Company for Agricultural Production and Processing in Al-Baqir.

The trial aimed to verify the feasibility of the direct sowing of Panicum crop and compare it with vegetative propagation in high salinity lands to utilize the crop as a source of animal fodder.

Results:

- Direct sowing is superior to agriculture by vegetative propagation, as direct sowing achieved a productivity of 4 tons /feddan, compared to 2.5 tons per feddan by vegetative propagation.

## Quinoa



### Effect of winter season on Quinoa cultivation– second season:

Quinoa crop was cultivated in the high salinity lands of the Arab Company for Agricultural Production and Processing in Al-Baqir, in order to ascertain the obtained results in the first season, and to measure the extent to which the plant tolerates varying temperatures and high salinity.

Results:

- Crop was greatly affected by high temperatures.

## Laredo



### Effect of winter season on Laredo cultivation– second season:

Laredo crop was cultivated in the high salinity lands of the Arab Company for Agricultural Production and Processing in Al-Baqir, in order to ascertain the obtained results in the first season, and to know the effect of high soil salinity on crop productivity.

Results:

- The productivity is decreased to about 3 tons/feddan under conditions of high salinity lands, compared to about 5-6 tons/feddan in conditions of cultivation on low salinity fertile lands.

## Panicum



### Effect of Organic Stimulant on Growth and Yield of Panicum crop:

The trial aimed to test and address the effects of organic stimulant (Fertil Verde) on the growth and productivity of Panicum crop.

Results:

- There is an increase in the productivity of the plants treated with the organic stimulant to about 4 tons/feddan compared to 3 tons/feddan untreated plants.

### Effect of Using Magnetic Technology on Water Salinity:

AAAID has installed a device that uses magnetic technology to reduce the water salinity used in cooling poultry houses in the Arab Poultry Production and Processing Company, and the trial is being evaluated.

## The United Republic of Comoros

In 2021, AAAID carried out (4) applied research trials, including:

### Productivity comparison of sweet potato crop varieties – summer season:

Two types of sweet potato, Malarenion (imported) and Fendi Amara (local), were cultivated to compare them in productivity and adaptation to the local environment.

Results:

The trial concluded that the productivity of the Fendi Amara variety amounted to about 2.5 tons/feddan, while the production of the Malarenion variety amounted to about 3 tons/feddan. It also records that the productivity of both cultivated varieties is affected by delays in harvest dates.

### Productivity comparison of potato varieties crop – summer season:

Three varieties of potatoes crop, (Diamant), (Rozana) and (Desire) were cultivated in order to compare their productivity.

Results:

The obtained results presented that:

- Rozana variety outperformed the other two types, which produced about 2.1 tons/acre, compared to about 1.3 and 0.5 tons/acre for Desire and Diamant varieties, respectively.
- Desire variety showed good resistance to diseases compared to the other two varieties.

### Effect of autumn season on potato crop production:

The potato variety (Desire) was cultivated in the autumn season 2021 in order to compare its productivity with its productivity in the summer season 2021.

Results:

- The variety productivity in the autumn season was low (1.1 tons/feddan) compared to its productivity in the summer season (1.3 tons/feddan).

### Effect of autumn season on maize crop production:

- A local variety of maize crop is cultivated in October 2021 in terms of providing a fodder crop for animals and poultry in the Republic of Comoros.
- The trial is being evaluated.

**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 2021 reached to (116) projects classified as follows:

**Projects at the stage of investment opportunities identification, terms 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 reference 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 2021 reached (52) distributed into the main sectors as shown in the table (4)

No.	Sector	Number of projects
1	Agriculture Processing	14
2	Plant Production	16
3	Animal Production	17
4	Agricultural Services	5
Total		52

Table (4): Projects at the stage of investment opportunities identification, Terms of reference 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 feasibility studies, Due Diligence and Business Valuation of existing companies in order to determine their value. The number of projects in this stage reached in 2021 (14) projects as shown in table (5).

No	Project	Country	Project Objectives
1.	Broiler Production Project– Business Valuation and due diligence study.	Kuwait	Establishing an integrated poultry project to produce broiler chicken with capacity of 6.4 million bird/year.
2.	Hydroponic vegetables production project	UAE	Producing mushroom and vegetables by hydroponic system in Sharjah.
3.	Fund project for providing revolving loans to small farmers in Arab countries	Sudan	Establishing a fund for revolving loans to finance small and medium farmers in the Arab countries with investment cost of around USD million 150 to 200.
4.	Expansion of a cheese production and processing company in Egypt- Business Valuation and due diligence study.	Egypt	Increasing the production capacity of a leading company in processing cheese to 53 thousand ton/year.
5.	Expansion project of Middle-East for Veterinary vaccines Company (MEVAC) - Due diligence and Valuation study.	Egypt	Expansion and increase of production capacity of Middle-East Veterinary Vaccine (MEVAC).
6.	Potato seeds and potato production project.	Egypt	Production of higher grades of potato seeds with capacity of 2 million minitubers in Sharq EL Owainat and Toshka.
7.	Broiler Production Project in Abu Dhabi	UAE	Establishing a project for producing and marketing of chicken in Abu Dhabi in cooperation with Abu Dhabi Farmers' services Centre and Al Rawada Company.
8.	Sanabil Alarabia Agricultural project for cereals and fodders.	Algeria	Production of cereals and fodders in 5 thousand hectare in Tiaret.
9.	Food Storage platform project	UAE	Establishing a project for storing and marketing foodstuff.
10.	Dairy production and processing project.	Morocco	Dairy production and processing with capacity of 5 thousand heads of milking cows.
11.	Broiler Poultry project –feasibility study and due diligence study.	Bahrain	Establishing farms for Broilers with capacity of 5.4 million bird/year to complete production cycle of a Bahraini company for poultry production.
12.	Smart Services company project	UAE	Providing smart solutions services for agricultural companies.
13.	Potato seeds production project – business valuation and due diligence study.	Tunisia	Production capacity scale up of a startup company in producing potato seeds to 10,000 tons of seeds/year for the local market and 7 million minitubers for Export.
14.	AAAID Non-agricultural investments project	UAE	Investing in non-agricultural projects in order to diversify and increase AAAID's income.

Table (5): Projects under feasibility of studies preparation stage

### Projects under feasibility studies evaluation stage:

- AAAID evaluated the feasibility studies of the projects submitted by promoters or by existing companies in order to decide its contribution to these projects. AAAID evaluated (35) projects and studies in 2021 as shown in Table (6).

No	Project	Country	Project Objectives
1.	Layer poultry farming project-closed system (cages)	KSA	Producing table-eggs with capacity of 200 million egg in Hail in Baqa'a Governorate (Janin) in an area of about 188 hectares.
2.	Merging of 4 aquaculture companies project	KSA	Restructuring and merging 4 companies specialized in aquaculture.
3.	Slaughterhouse and cattle fattening project	KSA	Establishment of slaughterhouses and cattle breeding for fattening with capacity of 5.7 thousand ton.
4.	Table eggs production project in Al Qassim	KSA	Producing of table eggs with capacity of 200 million egg/year in Al Qassim.
5.	Hydroponic and Aerobic potato seeds production project	KSA	Producing potato seeds and vegetables in Hail.
6.	Fish farming in floating cages project in Dalma Island	UAE	Establishing an integrated complex to produce fingerlings and fish farming in floating cages with capacity of 20,000 tons, produce 60,000 tons of fodder, and establish a factory for processing and exporting fish with capacity of 20,000 tons in Dalma Island.
7.	Crop production investment fund project	Sudan	Investing in area of 100,000 feddans in Arab Sudanese Blue Nile Agricultural Company (Agadi) to cultivate a number of crops.
8.	Export platform project in Port Sudan	Sudan	Constructing a seaport to handle sugar and grain with a capacity of 210,000 tons.
9.	Red Meat production project	Sudan	Establishing a calves-fattening station and a slaughterhouse with capacity of 6,700 tons/year.
10.	Hydroponic Vegetables production project	UAE	Producing tomatoes and vegetables in greenhouses in an area of 44 feddans in the UAE, KSA and Kuwait.
11.	Milk production and dairy project in Erbil	Iraq	Producing and processing of milk and juices with a capacity of 36 thousand tons in Erbil.
12.	Table-egg production project in Duhok governorate	Iraq	Producing of table-egg with a capacity of 136 million egg per year.
13.	Hydroponic lettuce production project	UAE	Producing lettuce via hydroponic system with a capacity of 25,000 head/day in an area of 3.3 hectares in Sweihan.
14.	Fodder production project in Wadi Natrn	Egypt	Cultivating Alfalfa, mahogany and lemon, and production of Tilapia in an area of 509 feddans in Wadi Natrn.

No	Project	Country	Project Objectives
15.	Fish farming project in West Menia	Egypt	Producing about 10,000 tons of fish and 40 million fingerlings, in addition to producing about 11,000 tons of olive oil and fruits.
16.	Canned tuna production project	Egypt	Producing tuna with a capacity of 5 million carton/year, and the production of sardines and mackerel with a capacity of 1 million/year.
17.	Metal cans and canned beans production project	Egypt	Manufacturing of metal cans and packing of tomato paste and frozen vegetables.
18.	International school project	Egypt	Establishing an international school with 14 grades in the Administrative Capital.
19.	Juice and dairy manufacturing project	Egypt	Expansion of an existing company engaged in manufacturing of dairy products and juices by increasing working capital, in addition to investment and marketing costs in order to increase its market share.
20.	Logistic services project in Egypt	Egypt	Establishing and operating 20 logistic stations (local and international) and providing agricultural services such as wheat storage and potato cold storage.
21.	Table-egg production project in Ismailia.	Egypt	Producing table-eggs in a fully automatic closed system with a capacity of 35,000 birds.
22.	Jojoba, fish farming and olive production project	Egypt	Establishing of a jojoba production farm and integrated aquaculture in ponds and intensive olive production.
23.	Food processing project	Egypt	Producing semi-fried potatoes, vegetables and frozen fruits with a capacity of 10 tons/day.
24.	Hydroponic vegetables production project	UAE	Expanding hydroponic vegetables production project in the UAE and KSA.
25.	Olive oil production and marketing project in Morocco.	Morocco	Producing and marketing olive oil in an area of 2,000 hectares in Jerada.
26.	Integrated broiler chicken production project.	Oman	Producing chicken with a capacity of 60,000 tons/year
27.	Spa project	UAE	Establishing an integrated spa in Ajman
28.	Poultry farm project	Jordan	Establishing an integrated poultry farm with a closed barn system.
29.	Agricultural products marketing platform project	Tunisia	Establishing an integrated platform for marketing and agricultural products processing (vegetable, fruit, cattle, meat processing, research center and logistic area).



No	Project	Country	Project Objectives
30.	Expansion project of an investment funds management company	Tunisia	Expanding an existing company specializing in investment funds management to add investment management and portfolio management activities.
31.	E-marketing platform project	UAE	Establishing an online cooking platform under the supervision of professional chefs
32.	Agricultural project for the production of fodder and milk in Trarza	Mauritania	Producing fodder and milk in an area of 500 hectares in Kermcene area in Trarza.
33.	Fresh milk production and processing project	Lebanon	Establishing an integrated project consisting of a farm with a capacity of 1,500 heads of dairy cows.
34.	Food and juices manufacturing project in Ajman	UAE	Producing natural and healthy juices of high value and quality with a capacity of 10,000 packages/day.
35.	Fisheries sector development project in Las Khorai	Somalia	To benefit from the natural fish resources and to support food security in the Las Khorai region.

Table (6): Projects under feasibility studies evaluation stage

#### Consulting and technical support:

- Consulting and technical support is given to AAAID affiliated companies. 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 (15) in 2021 as shown in table (7).

No	Project	Beneficiary	Country	Nature of Support
1.	Broiler breeder project in Al Aflaj	Arabian Cooperative Company - Aseer	KSA	Feasibility study evaluation
2.	Dairy production and fattening calves project	Arab Iraqi Dairy Production Company.	Iraq	Preparing Feasibility study for the project of expanding the activity of the Arab Iraqi Dairy Production company.
3.	Food canning project	Arab Iraqi Dairy Production Company.	Iraq	Feasibility study evaluation
4.	Powdered milk project	Arab Iraqi Dairy Production Company.	Iraq	Feasibility study evaluation
5.	Rehabilitation of Starch and Glucose factory project	ELAF for Starch and Glucose	Sudan	Rehabilitation and reoperation of the starch and glucose unit of the Arab Company for Agricultural Production and Processing to attract investors.
6.	Livestock fattening and red meat export project	Al Sarha for Animal production	Sudan	Evaluation of the company's business plan and implementation supervise.
7.	Expansion project of Al Mutamyiza for vegetables crop production company	Al Mutamyiza for vegetables crop production Company	Sudan	Preparing terms of reference to prepare feasibility study of the expansion.



No	Project	Beneficiary	Country	Nature of Support
8.	Expansion project of Arab Sudanese vegetable oil company	Arab Sudanese Vegetable Oil Company (ASVOC)	Sudan	Evaluation and review of the company's business plan for the expansion project.
9.	Red Meat project in Mauritania	Arab Company for Meat	Mauritania	Evaluation of a business plan prepared by the company.
10.	Project of the Strategic plan for the development of the company's activity	El Muzdana Zero-Tillage Agricultural Company	Sudan	Prepare terms of reference for a strategic plan and a five-year plan for the company.
11.	Establishing a headquarter for the company in Rosso	Arab Company for Agricultural Services	Mauritania	Evaluation of the expansion plan to get a loan.
12.	Agricultural project of the Arab Company for Agricultural Services	Arab Company for Agricultural Services	Mauritania	Evaluation of the proposed land for the establishment of the agricultural project.
13.	Agricultural project to produce crops	Arab Sudanese Blue Nile Agricultural Company	Sudan	Evaluation of 2 partnership business plans in cooperation with investors.
14.	Preparing a strategic plan to develop the company's activity	Arab Sudanese Seed Company	Sudan	Preparation of terms of reference for a strategic plan and a five-year plan for the company.
15.	Crop harvest financing project	Arab Sudanese Blue Nile Agricultural Company	Sudan	Evaluation of the cultivated crops to be used as collateral for the loan requested from AAAID.

Table (7): Consulting and technical support

# AAAID Activities

## Third: Strategic Planning and Development Activity



### Strategic Planning activity:

AAAID management applies the latest strategic management systems in terms of continuous development of the principle and methodology of governance in effective planning and performance measurement, and the development of administrative and technical tools to ensure proper and sustainable implementation through the following:

- Reviewing and updating AAAID strategic plan 2021-2025, the operational plans of organizational units and performance indicators measurement, including updating documents related to the strategic plan.
- Periodic review and performance measurement of the strategic plan for agricultural investment with the development of an automated system to measure performance and support decision-making
- Developing the institutional performance management methodology and evaluating job performance based on job objectives and behavioral competencies, With the development of a dashboard to measure institutional performance in detail (corporate performance measurement dashboard).



### Institutional Development:

Carrying out the efforts of AAAID's management to adopt and apply the principles of the modern management and the principles of quality management systems to reach global competitiveness and manage its operations in accordance with the best standards and lays the infrastructure towards total quality management, AAAID has implemented a project to develop and improve its quality management system in accordance with the requirements of ISO 9001 for the year 2015 and the Institutional Excellence criteria. In this regard the following have been done:

1. Conducting gaps analysis and assessing the current state of operations and associated services.
2. Analysing the functional structures that are applied in AAAID and evaluating the job titles, authorities, and responsibilities assigned to it.
3. Reviewing, improving and developing most of the operations and services in AAAID as well as documenting the key performance indicators related to them.
4. Developing and updating all policies of AAAID.
5. Studying and analyzing the administrative and technical structure of AAAID in accordance with the requirement of the quality management system.
6. Studying and evaluating the mechanisms of agricultural and financial investments in AAAID.
7. Documenting most of the risks associated with the organizational units' operations.

# AAAID Activities

## Fourth: Corporate Communication and International Relations activity

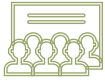
For the activity of institutional communication and international relations in AAAID, an annual plan has been drawn up in which it aims at effective achievements that support the vision of AAAID and adopts the continuous development of modern electronic concepts, technologies and applications. The management of AAAID has worked in domestic and international communication and implemented a number of programs and activities as follows:



### Domestic Communication:

Domestically, AAAID has strengthened the communication inside the authority through knowledge sharing programs, provided information and news about the activities and achievements of AAAID. The following have been done through the implemented activities:

- a** Establishing and activating an electronic knowledge portal, which provides all employees with the ability to view the following:
- Weekly electronic publications about the global agricultural news
  - Monthly E-library releases
  - Visual documents of videos of lectures and knowledge sharing meetings.
- 
- b** Organizing a virtual awareness workshop on the occasion of celebrating International Women's Day honoring the female members of AAAID for their efforts on 8th March 2021.
- 
- c** Organizing a virtual workshop for the experts and employees of AAAID entitled: How smart agriculture can enhance food security on 3rd May 2021.
- 
- d** The management of AAAID conducted a series of training and awareness meetings and knowledge exchange meetings between AAAID's departments.
-



## International Communication and relations :

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 connection with agricultural sector as follows:

1. The management of AAAID has conducted its media plans through cooperation with audio-visual media institutions and Arab and international news agencies with the aim of introducing AAAID and highlighting its annual activities and programs.
2. The management of AAAID has promoted and introduced its annual projects and activities through the following:
  - Modern means of communication represented in the official website of AAAID, social media programs, and electronic promotional messages.
  - The paper and electronic version of the Annual report of AAAID both in English and Arabic, brochures of investment opportunities, studies, development programs, newsletters and introductory brochures.
3. AAAID vision of enhancing Arab food security was included in the special edition of the report of the G20 Summit 2021, which was held during the period 30-31 October 2021 in Rome - Italy.
4. AAAID organized a signing ceremony for a joint memorandum of understanding between AAAID and Middle East Veterinary Vaccines Company "MEVAC" on 24th October in Cairo - Arab Republic of Egypt.
5. AAAID participated in the Virtual Annual Investment Forum (Africa) on 29th June, 2021 with a pavilion on the forum's platform for the purpose of meeting investors and introducing investment projects and programs.
6. AAAID participated in SIAL Middle East Forum and Exhibition 2021 in December 7-9, 2021 in Abu Dhabi - United Arab Emirates as the exclusive investment partner.
7. AAAID organized the periodic meeting of the AAAID's companies during the event of SIAL Middle East Forum and Exhibition 2021 in December 7-9, 2021 in Abu Dhabi - United Arab Emirates with the participation of a group of dignitaries and decision makers and a group of businessmen, investors and specialists in the agricultural field from various Arab countries.
8. AAAID has actively participated in a number of forums and official meetings of regional and international organizations and financial institutions, and presented paperwork and recommendations in a number of events organized by: International Fund for Agricultural Development (IFAD), Food and Agriculture Organization (FAO), the meetings of the Secretariat General of the League of Arab States, Islamic development Bank, Islamic Organization for Food Security, Arab Organization for Agricultural Development, the Secretariat General of Khalifa International Award for Date Palm and Agricultural Innovation, World Green Economy Council, Arab Bank for Economic Development in Africa, Arab Agricultural Engineers Union, Arab Centre for the Studies of Arid Zones and Dry Lands (ACSAD), International Center for Agriculture Research in the Dry Areas (ICARDA), Arab Fertilizer Association, Arab Federation for Food Industries, Arab Information and Communication Technologies Organization, the Arab Council for Social Responsibility, United Nations Economic and Social Commission for Western Asia and World Food Programme.
9. AAAID signing of a number of memoranda of understanding for joint cooperation and information confidentiality agreements with investment agencies and others concerned with the agricultural sector.

# AAAID Activities

## Fifth: Administrative Activity

### Board and Committee Meetings:

#### The meeting of Board of Shareholders for the forty-fifth session 2021:

Taking in consideration the precautions measures of coronavirus pandemic (COVID-19) and as other Arab financial institutions, AAAID presented the recommendations of the Board of Directors related to the topics of the agenda of the forty-fifth session of the Board of Shareholders to their Excellencies representatives of member states in the Board, and those recommendations were approved by the Board and the board adopted the resolutions related to those recommendations. Among the most important resolutions adopted by the Board is the resolution to adopt AAAID's investment operations program for the year 2021 to invest in new and existing projects and to increase the capital of some companies or to exit them according to AAAID's strategic plan for agricultural investments for the period 2021-2025. The Board also approved the budget, the final accounts and the reserves. for the fiscal year ending on 31/12/2020, and the appointment of an external auditor for AAAID's accounts for the year 2021.

#### The meetings of Board of Directors for the year 2021:

In the year 2021, the Board of Directors of the Arab Authority for Agricultural Investment and Development held four meetings, in which it discussed a number of important topics related to investments, agricultural projects and administrative aspects; and issued a number of decisions. Among the most important of those decisions are the decisions to approve a number of financial investments, to increase AAAID's contribution to the capital of Osool Poultry Company in the Sultanate of Oman, and to increase the capital of Arab Company for Drugs and the Arab Sudanese Vegetable Oil Company, both of which are in the Republic of Sudan.

The Board of Directors also took note of the status of a number of the AAAID's companies located in a number of Arab countries, and the updated corporate identity of AAAID and the electronic knowledge portal. It praised the efforts of the AAAID's management for development, and its efforts aimed for distributing its investments in Arab countries.

The decisions of the Board of Directors also included approving the recommendations submitted by the Executive Committee, the Financial Investments Committee, and the Audit and Risks Committee. In its last meeting, the Board approved AAAID's estimated administrative budget for 2022.

#### The meetings of Committees emanating from the Board of Directors (Executive Committee, Financial Investments Committee, Audit and Risk Committee) for the year 2021:

The committees of Board of Directors which are; the executive committee, financial investment committee, and audit and risks committee, held a number of meetings in 2021 in which they discussed several topics on AAAID's activities and submitted their recommendations to the Board of Directors to take the necessary decisions.

### Internal Audit Activity and Governance System in AAAID:

The management of AAAID has taken vigorous steps to consolidate the concepts of governance and increase its effectiveness. The governance policy is one of the policies used in AAAID. The Risk Committee also has a key role in identifying and evaluating risks in AAAID, raising awareness of the importance of addressing them, and setting the necessary measures to avoid them or reduce their effects. COSO ERM was adopted as a framework for it.

The Internal Audit department ensures the effectiveness of governance procedures and works on developing and continuously improving its procedures.

## Information Technology Activity:

In continuation of AAAID continuous efforts to automate its operations and services by adopting information systems applications and developing infrastructure that contribute to improving performance, the following has been accomplished:

### Enterprise performance management system:

In house developed system to manage/monitor the implementation and execution of the organization strategy, this will include but not limited to, managing the organization programs, projects and operational indicators as well as measuring the performance of each department, team and individuals.

### Inmaa:

New software solution was developed to automate the Development Programs and Researches function in AAAID, This software provide tracking and management for the programs and the related tasks, database for the programs partners , also provides document management and archiving for the programs documents. Microfinance programs planning and execution is also a feature of the software.

### Processes management system:

In house developed system to automates and monitor the organization processes and to define its KPIs, also the system will provide a complete electronic guide with all documented processes which will help monitor each process flow and review all processes to eliminate any conflict or duplication and to ensure that all processes are aligned with actual work flow.

### Disaster recover datacentre:

A disaster recovery data centre was established in Dubai regional office as major part of our disaster recovery plan and to support the business continuity by minimizing the technical risks which will lead to service stoppage or unavailability and to provide the core service with needed high availability

### Adding of features and services to the current systems:

Continue to enhance and add new features to the running SAP in AAAID , these new enhancements include adding reports for the financial information. Integration with Chatbot to automate and enhance quick reporting on the system.

## Other activities:

The efforts of the management of AAAID continued to diversify sources of income through the implementation of plans and programs for maintenance and modernization of the existing assets and buildings, taking into account the protection of the environment, and the development of the level of services:

- Commencement of construction work for the project of the regional office building in Dubai, which consists of a ground floor + (4) floors of an area of 2,200 square meters per floor, and the building is expected to be completed by the end of 2022.
- Providing technical and engineering support to AAAID's companies in addition to participating in preparing plans and drawings, supervising the implementation of the work of many projects, and providing services related to technical maintenance as requested by companies affiliated with AAAID's management.

# Meetings, Visits, Participations and Events

The year 2021 witnessed a series of visits, meetings and events to enhance cooperation with member states, government institutions and international organizations of common interests. These meetings have contributed to supporting AAAID's projects and programs in the Arab countries and introducing AAAID at regional and international levels. AAAID has also participated in a number of virtual events and seminars. The following is a summary of the most important participations that happened in 2021:

## Meetings:



The meeting of AAAID chairman with Her Excellency Dr. Mariam al Sadiq al Mahdi/ Foreign Minister of Sudan 14 April 2021/ Dubai - UAE

The meeting of AAAID management with officials from International Fund for Agricultural Development of the United Nations in UAE on 22 September 2021.



The meeting of AAAID management with the advisors of the central African President on 11 November 2021 in Dubai – UAE.



## Visits:



The visit of AAAID's delegation to His Excellency Mr. Mohammed Al Qaseer, Minister of Agriculture and Land Reclamation of the Arab Republic of Egypt on October 25 2021 in Cairo - Arab Republic of Egypt

The visit of AAAID delegation to His Excellency Major General Sherif Ahmed Saleh - Chairman of the Upper Egypt Development Authority on 27 October 2021 Cairo - Arab Republic of Egypt



The visit of AAAID delegation to Her Excellency Mrs. Nevin Jameh / Minister of Trade and Industry of the Arab Republic of Egypt on 27 October, 2021 Cairo - the Arab Republic of Egypt.

The visit of AAAID delegation to His Excellency Major General Muhammad Al-Zamlot / the Governor of the New Valley in the Arab Republic of Egypt on 28 October, 2021 Cairo - the Arab Republic of Egypt.







The visit of AAAID delegation to His Excellency Mr. Mohamed bin Hadi Al-Hussaini, Minister of State for Financial Affairs, on 14 November, 2021, Dubai - UAE.

The visit of AAAID delegation to His Excellency Mr. Sidna Ould Ahmed Ely/ Minister of Agriculture on 13 December, 2021 Nouakchott - Islamic Republic of Mauritania.



The visit of AAAID delegation to His Excellency Mr. Lemrabott Ould Bennahi - Minister of Animal Development on 13 December, 2021 Nouakchott - Islamic Republic of Mauritania.

The visit of AAAID delegation to His Excellency Mr. Othman Mamadou Kan - Minister of Economic Affairs and the Promotion of Productive Sectors on 14 December, 2021 Nouakchott - Islamic Republic of Mauritania.





The visit of AAAID delegation to the National Network of People's Funds for Savings and Loans and to meet with the Director General, Mrs. Nabgotha bint Atlamed on 15 December, 2021 Nouakchott - Islamic Republic of Mauritania.

The visit of AAAID delegation to the Investment Promotion Agency to meet with the Director-General Ms. Aissata Lam on 16 December, 2021 Nouakchott - Islamic Republic of Mauritania.



The groundbreaking ceremony for the Arab-Mauritanian Company for Fish (Samak) on 17 December, 2021 Nouadhibou - Islamic Republic of Mauritania

The visit to Al Marga Company for Cattle Breeding and Agricultural Development, one of AAAID's companies in the Wilayat of Jendouba, Bousalem region, on 19 December, 2021 Republic of Tunisia





The visit to His Excellency Mr. Samir Said - Minister of Economy and Planning on 20 December, 2021 Tunisia - Republic of Tunisia.



The visit to His Excellency / Mohamed Elias Hamza - Minister of Agriculture, Water Resources and Fishing on 20 December, 2021 Tunisia - Republic of Tunisia.



The visit to Her Excellency Mrs. Fadhila Rebhi Ben Hamza - Minister of Trade and Export Development on 20 December, 2021 Tunisia - Republic of Tunisia.

A visit to production projects in the center in the Wilayat of Sidi Bouzid on 21 December, 2021 Tunisia - Republic of Tunisia.







A visit to agricultural projects in the state of Ben Arous on 22 December, 2021 - the Republic of Tunisia.

A visit to factories for food industries in the state of Nabeul, and a meeting with Mr. Atef Al-Ferjani - President and General Manager of the company on 22 December, 2021 Tunisia - Republic of Tunisia.

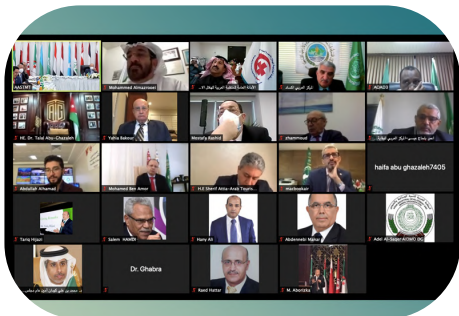


The visit of AAAID delegation to the Deposit and Trust Fund and meeting with the Director General, Mrs. Najia Gharbi, on 23 December, 2021 Tunisia - Republic of Tunisia.

The visit of AAAID delegation to the Tunisian Investment Authority on 23 December, 2021 Tunisia - Republic of Tunisia.



Participations:



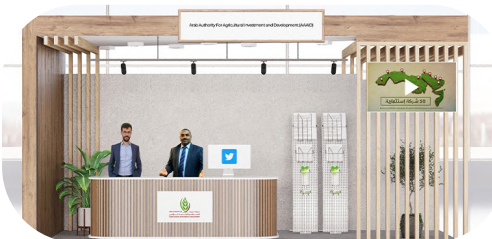
Participation in the 50th meeting of the Higher Coordination Committee for Joint Arab Action on 13 January, 2021.

Participation in the inauguration ceremony of Al-Bashaer Meat Company, its first brand in the retail sector in the local markets under the name “Bushra” on 18 January 2021, Muscat - Sultanate of Oman.



Participation in the signing ceremony of the amended articles of Incorporation of the Arab Cooperative Company, on 22 March 2021, the Kingdom of Saudi Arabia.

Participating in the digital edition of the Annual Investment Forum Africa on 29th June 2021.





Participation in the virtual symposium organized by the General Secretariat of the Federation of Arab Agricultural Engineers entitled "The Professional and Technical Support Program for Small Farmers in the Arab Countries, and its Role in Supporting Arab Food Security and Arab Rural Development on 28 August, 2021.

Participation in the 5th Arab Water Conference on 21 September 2021 Dubai- UAE.



Participation in the Abu Dhabi Week for Agriculture and Food Security on 23 November 2021 Abu Dhabi – UAE.

Participation of AAAID as the exclusive investment partner in SIAL Middle East Exhibition 7-9 December 2021 in Abu Dhabi – UAE.





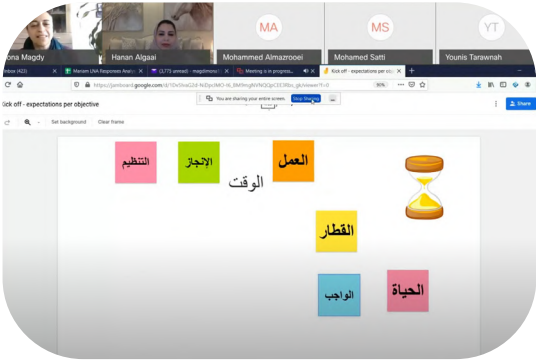
The periodic meeting of AAAID's companies during the participation of AAAID in the activities of the SIAL Middle East Exhibition 7-9 December 2021 in Abu Dhabi – UAE.

Participation in the African Economic Conference under the slogan "Africa in 2050" on 16 December 2021 Nouakchott - Islamic Republic of Mauritania.

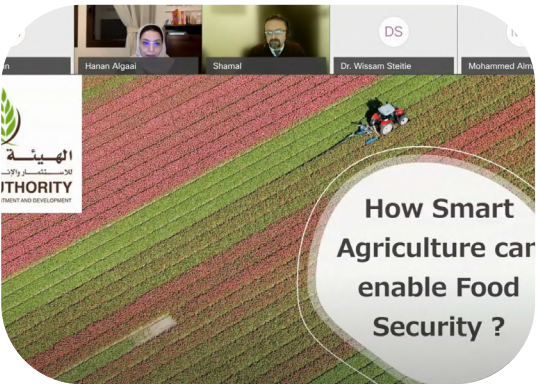




Events:



The organizing of a virtual awareness workshop on the occasion of International Women's Day in honor of AAAID female members for their efforts, Dubai / Khartoum on 8 March, 2021.

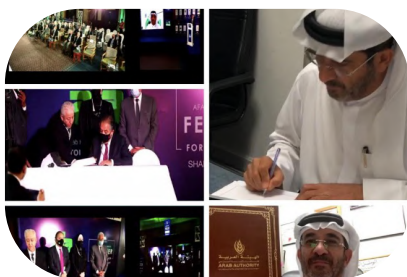


The organizing of a virtual workshop for the AAAID's experts and employees titled: How smart agriculture can enhance food security 6 May, 2021

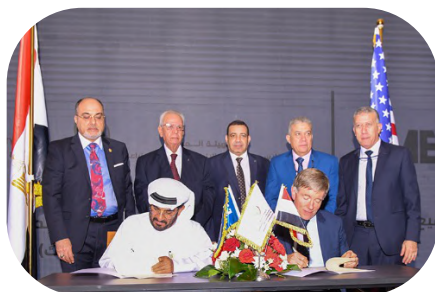


## Agreements and Memoranda of Understanding

AAAID has signed a number of agreements and memoranda of understanding between it and a number of international organizations, companies and institutions with the aim of cooperation, integration and coordination among them to establish investments and cooperation in various fields serving the agricultural field, and during the following agreements in 2021:



Signing a framework memorandum of understanding between AAAID and the Arab Fertilizer Union during the 27 session of the annual international economic forum of the Arab Fertilizer Union on 6 April, 2021 - Arab Republic of Egypt.



Participating in the signing ceremony of a joint memorandum of understanding in preparation for the contribution of AAAID in Middle East Company Veterinary Vaccines (MEVAC), 24 October, 2021, Cairo - Arab Republic of Egypt.



Signing a joint memorandum of understanding between AAAID and Al Dahra Agricultural Company, Arab Republic of Egypt during the SIAL Middle East Exhibition on 7 December, 2021 Abu Dhabi - UAE.



Signing of a joint memorandum of understanding between AAAID and CFC Fertilizers and Chemicals Trading Company - United Arab Emirates and Evergrow Specialized Fertilizers The Arab Republic of Egypt during the SIAL Middle East Exhibition on 7 December, 2021 Abu Dhabi - UAE.



The signing of a joint memorandum of understanding between the AAAID and Treilla Transport and Services Company, Arab Republic of Egypt, during the SIAL Middle East exhibition on 7 December, 2021 Abu Dhabi – UAE.



The signing of a joint memorandum of understanding between AAAID and Kenana Company for Integrated Agricultural Solutions Republic of Sudan during SIAL Middle East on 7th December, 2021 Abu Dhabi – UAE.



The signing of a joint memorandum of understanding between AAAID and the Ministry of Animal Development during the visit of His Excellency the President of AAAID to His Excellency Mr. Lemrabott Ould Bennahi – Minister of Animal Development of the Islamic Republic of Mauritania on 13 December, 2021 Nouakchott - Islamic Republic of Mauritania.



The signing of a joint memorandum of understanding between the Arab Authority and the Lemam Wld Ebno Group on 17 December, 2021, the Islamic Republic of Mauritania.

# The financial Situation of AAAID for the year Ended on 31/12/2021

## Total Income:

The total income for the year ended on 31/12/2021 reached to KWD 23.5 million (USD 77.7 million) compared to KWD 17.3 million (USD 57.2 million) for the fiscal year 2020.

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

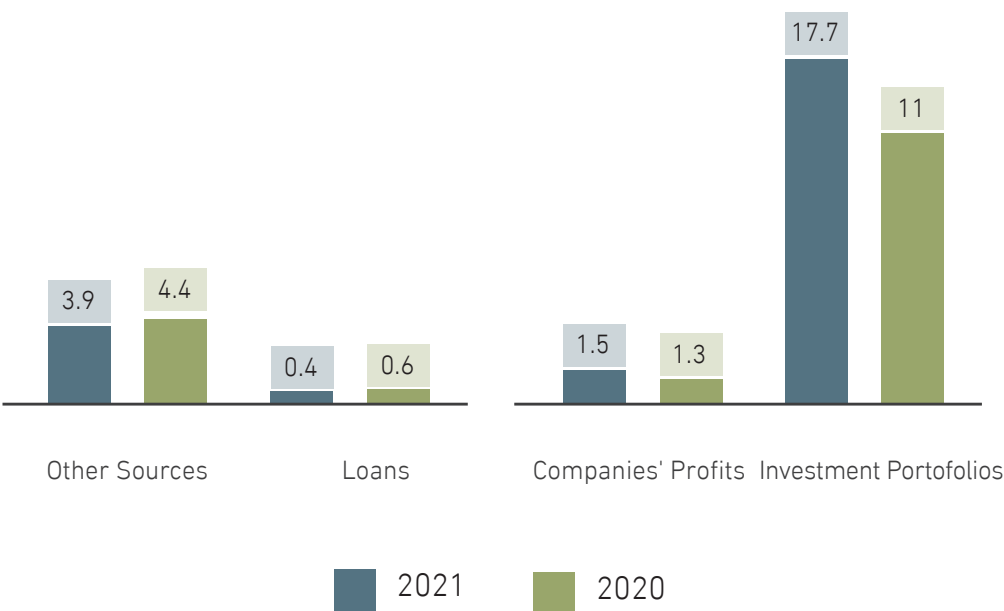


Figure (3): Comparison of income components from 2020 - 2021 (million KWD)

**Details of total income are as follows:**

**1. Income from financial investments:**

Net profits achieved from financial investments as on 31/12/2021 reached to KWD 17.7 million (USD 58.5 million), compared to KWD 11 million (USD 36.4 million) as on 31/12/2020.

**2. Income from corporate dividends:**

Income from corporate dividends for the fiscal year ended on 31/12/2021 reached KWD 1.5 million (USD 4.9 million) compared to KD 1.3 million (USD 4.3 million) as on 31/12/2020.

**3. Income from loans:**

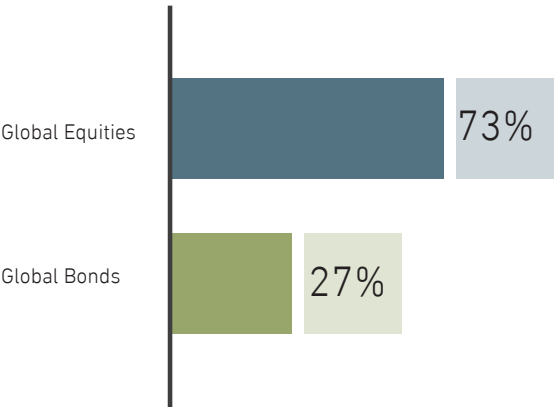
Income from loans for the year ended on 31/12/2021 reached KWD 0.4 million (USD 1.3 million) compared to KWD 0.6 million (USD 2 million) as on 31/12/2020.

**4. Income from other sources:**

Income from other sources as on 31/12/2021 reached to KWD 3.9 million (USD 12.9 million) compared to KWD 4.4 million (USD 14.5 million) as on 31/12/2020.

**The value and distribution of the consolidated investment portfolio for the year 2021**

On 31/12/2021, the total investment portfolio of AAAID reached to KWD 183.1 million (USD 605.3 million), compared to KWD 152 million (USD 502.5 million) on 31/12/2020.



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

### 1. Equity Investments:

- The value of AAAID's investments in equities as on 31/12/2021 reached to KWD 134.6 million (USD 445 million) representing 73.5 % of the total consolidated portfolio compared to KWD 85.1 million (USD 281.3 million) representing 56% of the consolidated portfolio, as at the end of 2020.
- On 31/12/2021, AAAID's investments in equity achieved a profit of KWD 18.2 million (USD 60.2 million) compared to KWD (2.8) million (USD 9.3 million) at the end of 2020.

### 2. Bond Investments:

- AAAID's investments in bonds value as on 31/12/2021 reached to KWD 48.5 million (USD 160.3 million) representing 26.5% of the total consolidated portfolio compared to KWD 66.8 million (USD 221 million) representing 44% of total consolidated portfolio, as at the end of 2020.
- On 31/12/2021, AAAID investments in bonds achieved losses of KWD 0.5 million (USD 1.6 million) compared to KWD 8.2 million (USD 27.1 million) at the end of 2020.

## Total expenditure:

AAAID's total expenditure as on 31/12/2021 was KWD 15.6 million (USD 51.6 million) compared to KWD 9.8 million (USD 32.4 million) as on 31/12/2020.

## Financial Performance results:

AAAID's net profit for the year ended on 31/12/2021 was KWD 7.9 million (USD 26.1 million) compared to KWD 7.5 million (USD 24.8 million) as on 31/12/2020.

## Financial Center:

### 1. Assets:

AAAID's net assets as of 31/12/2021 reached to KWD 324.4 million (USD 1,072 million), compared to KWD 318.1 million (USD 1,052 million) as of 31/12/2020.

### 2. Liabilities:

AAAID's total liabilities as of 31/12/2021 reached to KWD 19 million (USD 62.8 million) compared to KWD 16.5 million (USD 54.5 million) as of 31/12/2020.

## Shareholders' Equity:

AAAID's total shareholders' equity, representing paid-up capital and reserves as of 31/12/2021, reached to KWD 305.4 million (USD 1,010 million) compared to KWD 301.7 million (USD 997 million) as of 31/12/2020.

## Profit Distributions to Member States:

AAAID paid a total of KWD 152.4 million (USD 503.8 million) to Member States representing 69% of the paid-up capital as of 31/12/2021.

# Financial Data and External Auditor Report

---

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## Arab Authority for Agricultural Investment and Development

---

### Financial statements

As at 31 December 2021

<b>Index</b>	<b>Page</b>
Independent Auditor's Report	1-2
Statement of financial position	3
Statement of comprehensive income and expenditure	4
statement of changes in member countries' equity	5
Statement of cash flow	6
Notes to financial statements	7-29



Ernst & Young Professional Services (Professional LLC)  
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)  
King's Road Tower, 13<sup>th</sup> Floor  
King Abdul Aziz Road (Malek Road)  
P.O. Box 1994  
Jeddah 21441  
Kingdom of Saudi Arabia  
Head Office – Riyadh

C.R. No. 4030276644  
Tel: +966 12 221 8400  
Fax: +966 12 664 4408  
[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

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

### 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 2021, and the statement of profit and loss and other comprehensive income, 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 2021, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation explained in (Note 1.2) in the accompanying financial statements.

### Basis for Opinion

We were audited in accordance with the International Standards on Auditing approved in the Kingdom of Saudi Arabia. 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 rules of professional conduct and ethics approved in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those rules. 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 1.2) 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)

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

As part of an audit in accordance with International Standards on Auditing adopted in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also do the following:

- ▶ 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.

for Ernst & Young Professional Services

Ahmed I. Reda  
Certified Public Accountant  
Licence No. 356

Jeddah: 29 Rajab 1443 H  
2 March 2022



# Arab Authority for Agricultural Investment and Development

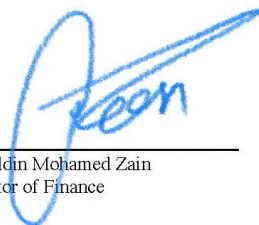
## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 KD	2020 KD
<b>ASSETS</b>			
Cash and cash equivalents	4	4,190,567	10,163,006
Deposits and wakala with financial institutions	5	-	15,798,362
Investments held for trading	6	183,104,202	151,988,849
Loans, net	7	4,060,086	11,741,980
Contributions and direct investments, net	8	119,561,598	118,563,310
Other assets	11	3,073,253	3,526,030
Property and equipment, net	9	7,726,737	3,423,045
Investment property, net	10	2,660,396	2,912,925
<b>TOTAL ASSETS</b>		<b>324,376,839</b>	<b>318,117,507</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	12	325,739	490,155
Other liabilities	13	16,069,236	13,619,470
Employees' end of service benefits	14	2,600,852	2,344,770
<b>Total liabilities</b>		<b>18,995,827</b>	<b>16,454,395</b>
<b>Member Countries' Equity</b>			
Paid up capital	15	221,076,072	221,076,072
Share premium		208,570	208,570
Statutory reserve	16	26,714,695	25,921,581
General reserve	17	44,748,103	38,361,345
Voluntary reserve	18	14,041,340	14,041,340
Foreign currency translation reserve	19	(1,407,768)	2,054,204
<b>Total member countries' equity</b>		<b>305,381,012</b>	<b>301,663,112</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>324,376,839</b>	<b>318,117,507</b>



Mohamed Bin Obaid Al-Mazrouei  
Chairman



Jalaleddin Mohamed Zain  
Director of Finance

The attached notes 1 to 31 form part of these financial statements.

# Arab Authority for Agricultural Investment and Development

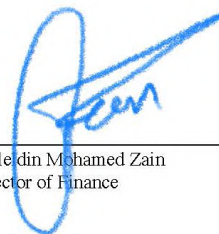
## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 KD	2020 KD
<b>Income</b>			
Net gain from investments held for trading	21	17,733,629	11,028,808
Other income	23	1,744,124	461,646
Dividend from contributions and direct investments	22	1,467,004	1,303,270
Income from loans	7	401,604	583,545
Reversal of impairment losses	24	2,158,051	3,960,550
<b>Total income</b>		<b>23,504,412</b>	<b>17,337,819</b>
<b>Expenditure</b>			
Salaries and indemnities		(4,059,495)	(3,115,137)
Depreciation	9,10	(384,695)	(366,752)
Travelling and accommodation		(294,099)	(263,267)
Impairment losses	25	(9,858,051)	(4,372,687)
Others		(976,934)	(1,707,305)
<b>Total expenditure</b>		<b>(15,573,274)</b>	<b>(9,825,148)</b>
<b>PROFIT FOR THE YEAR</b>		<b>7,931,138</b>	<b>7,512,671</b>
<b>Other comprehensive loss</b>			
Net movement in foreign currency translation reserve		(3,461,972)	(185,818)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>4,469,166</b>	<b>7,326,853</b>



Mohamed Bin Obaid Al-Mazrouei  
Chairman



Jalaleddin Mohamed Zain  
Director of Finance

The attached notes 1 to 31 form part of these financial statements.

## Arab Authority for Agricultural Investment and Development

## STATEMENT OF CHANGES IN MEMBER COUNTRIES' EQUITY

For the year ended 31 December 2021

	Paid up capital KD	Share premium KD	Statutory reserve KD	General reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Total KD
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 1.5)	2,487,850	-	-	-	-	-	2,487,850
Profit for the year	-	-	-	7,512,671	-	-	7,512,671
Funds appropriations for donations	-	-	-	(875,990)	-	-	(875,990)
Transfer to voluntary reserve	-	-	-	(2,000,000)	2,000,000	-	-
Transfer to statutory reserve	-	-	751,267	(751,267)	-	-	-
Foreign currency translation reserve	-	-	-	-	-	(185,818)	(185,818)
<b>At 31 December 2020</b>	<b>221,076,072</b>	<b>208,570</b>	<b>25,921,581</b>	<b>38,361,345</b>	<b>14,041,340</b>	<b>2,054,204</b>	<b>301,663,112</b>
Balance at 1 January 2021	221,076,072	208,570	25,921,581	38,361,345	14,041,340	2,054,204	301,663,112
Profit for the year	-	-	-	7,931,138	-	-	7,931,138
Transfer to statutory reserve	-	-	793,114	(793,114)	-	-	-
Funds appropriations for donations	-	-	-	(751,266)	-	-	(751,266)
Foreign currency translation reserve	-	-	-	-	-	(3,461,972)	(3,461,972)
<b>At 31 December 2021</b>	<b>221,076,072</b>	<b>208,570</b>	<b>26,714,695</b>	<b>44,748,103</b>	<b>14,041,340</b>	<b>(1,407,768)</b>	<b>305,381,012</b>

The attached notes 1 to 31 form part of these financial statements.

# Arab Authority for Agricultural Investment and Development

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 KD	2020 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the year		7,931,138	7,512,671
<i>Adjustments to reconcile profit for the year to net cash flows from operating activities:</i>			
Dividend income	21	(1,445,683)	(1,052,687)
Change in fair value for investments held for trading	21	(4,738,558)	(7,282,452)
Reversal of impairment losses	24	(2,158,051)	(3,960,550)
Impairment losses	25	9,858,051	4,372,687
Depreciation	9,10	384,695	366,752
Gain on sale of property and equipment		(9,360)	(8,379)
Provision for employees' end of service benefits	14	261,881	301,642
		<u>10,084,113</u>	<u>249,684</u>
<i>Operating cash flows before changes in working capital:</i>			
Net movement in investments held for trading		(26,376,795)	1,652,962
Net movement in loans, net		2,768,788	(2,804,609)
Net movement in other assets		(785,499)	2,522,224
Net movement in other liabilities		1,698,499	380,937
		<u>(12,610,894)</u>	<u>2,001,198</u>
Employees' end of service benefits paid	14	(43,729)	(492,465)
<b>Net cash flows (used in) /from operating activities</b>		<u>(12,654,623)</u>	<u>1,508,733</u>
<b>INVESTING ACTIVITIES</b>			
Additions to contributions and direct investments		(2,672,182)	(4,066,495)
Additions to property and equipment	9	(4,437,480)	(429,987)
Proceeds from sale of property and equipment		9,773	8,878
Term deposits		15,798,362	6,309,577
Dividend income received		1,445,683	1,052,687
<b>Net cash flows from (used in) investing activities</b>		<u>10,144,156</u>	<u>2,874,660</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of share capital		-	2,487,850
<b>Net cash flows from financing activities</b>		<u>-</u>	<u>2,487,850</u>
<b>Net increase in cash and cash equivalents</b>		<u>(2,510,467)</u>	<u>6,871,243</u>
<b>Cash and cash equivalents at the beginning for the year</b>		<u>10,163,006</u>	<u>3,477,581</u>
Net movement in foreign currency translation reserve		(3,461,972)	(185,818)
<b>CASH AND CASH EQUIVALENTS AT THE END FOR THE YEAR</b>	4	<u><u>4,190,567</u></u>	<u><u>10,163,006</u></u>

The attached notes 1 to 31 form part of these financial statements.



# Arab Authority for Agricultural Investment and Development

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

### 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 amount of 221.076 KD is paid (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 issuance of these financial statements was approved by the Authority's Board of Directors on February 24, 2022

### 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 17 of the Articles of Association and in accordance with the accounting policies approved by the Board of Shareholders of the Authority in accordance with the requirements and nature of the Authority as shown 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.

### 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 2021

#### 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.

Repair and maintenance expenses are charged to the statement of comprehensive income when incurred, and improvements that would increase the value of the related assets or substantially extend their life are capitalized.

##### **Impairment of non-financial assets**

The Authority assesses, at each reporting date, whether there is an indication that non-moneatry 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.

Reversal of impairment losses recorded in previous years is recorded when there is an indication that the impairment loss for the financial asset has decreased or has decreased, and the decrease can be linked objectively to an event occurring after the impairment was recognized. A reversal of impairment losses is recognized in the statement of comprehensive income and expenditure to the extent that the carrying amount of the asset does not exceed its amortized cost at the date of the reversal.

##### **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 profit or loss and other comprehensive income 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 profit or loss and other comprehensive income 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 2021

#### 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*

Cash and cash equivalents in the statement of financial position consist of cash with banks and short-term, highly liquid deposits with a maturity of three months or less, which can be readily converted into a known amount of cash and are subject to an insignificant risk of changes in value

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 profit or loss and other comprehensive income.

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.

## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

#### 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.

### 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.

If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects -where appropriate- the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recorded as a finance cost.

The provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The provision is reversed if it is probable that no further outflow of resources will be required to settle the obligation.

#### Dividend

The Authority records an obligation to pay cash dividends when the distribution is approved and the distribution is no longer at the discretion of the Authority

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.

## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

#### 4 CASH AND CASH EQUIVALENTS

	2021 KD	2020 KD
Bank balances	3,718,745	3,848,797
Time deposits (maturing within 3 months from contract date)	471,822	6,314,209
	<u>4,190,567</u>	<u>10,163,006</u>

Cash in banks yields interest at variable rates based on daily bank deposit rates. Short-term deposits are linked for varying periods of time, ranging from one day to three months, according to the Authority's immediate cash requirements, and yield a return according to the relevant short-term deposit rates.

The Authority does not have any pledges or pledges on bank balances and term deposits as on December 31, 2021 and December 31, 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.

The balance of deposits and wakala with financial institutions as at 31 December 2021: Nil (31 December 2020: 15,798,362 KWD)

#### 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:

	2021 KD	2020 KD
Equity securities	134,599,743	92,374,818
Fixed income securities	48,636,990	57,313,014
Fair value of derivatives (Note 20)	(132,531)	2,301,017
Total	<u>183,104,202</u>	<u>151,988,849</u>

The movement in investments held for trading is as follows:

	2021 KD	2020 KD
As at 1 January	151,988,849	146,359,359
Additions/disposals (net)	13,381,724	(5,399,318)
Portfolio earnings	17,551,559	4,629,339
Change in fair value	182,030	6,399,469
As at 31 December	<u>183,104,202</u>	<u>151,988,849</u>

# Arab Authority for Agricultural Investment and Development

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

### 6 INVESTMENTS HELD FOR TRADING (continued)

The balance of investments held for the purpose of trading (stocks and securities with fixed income) was distributed to the investment portfolio managers, as follows:

Portfolio	2021		2020	
	KD Equity securities	KD Fixed Income	KD Equity securities	KD Fixed Income
TCW assets management	32,028,252	18,157,983	29,801,124	19,107,591
Abdeen assets	21,239,641	20,659,649	14,671,964	28,336,002
Tobam for assets management	17,811,544	-	13,823,836	-
TCW assets management (ETF Securities)	17,262,068	-	-	-
SICO (Gulf Equity Fund)	15,833,515	-	10,166,912	-
Emirates Global Sukuk Fund	6,878,287	-	7,231,587	-
Mercer Global Listed Infrastructure Fund	11,196,439	-	-	-
Emirates Mena Fixed Income Fund	-	9,454,882	-	9,744,319
Mercer Sustainable Global Equity Fund	7,721,870	-	-	-
Emirates Mena Top Companies Fund	4,421,850	-	3,656,678	-
State Street Security Lending	-	364,476	-	125,102
Lazard Asset Management	206,277	-	13,022,717	-
	134,599,743	48,636,990	92,374,818	57,313,014

The balance of investments held for trading, broken down by currency, is as follows:

	2021 KD	2020 KD
USD Dollars	131,516,606	107,879,241
Bahraini dinar	15,833,515	15,872,772
Japanese Yen	6,909,146	8,673,552
Euro	6,400,030	6,181,247
Sterling pound	3,002,523	3,108,975
Swiss Franc	4,513,074	2,956,836
Others	14,929,308	7,316,226
	183,104,202	151,988,849

The balance of investments held for trading includes cash balances with the custodian and portfolio managers as an integral part of the portfolio managers' duties in managing the investment portfolio with the Authority as on December 31, 2021, at an amount of 2,655,989KD (December 31, 2020: 2,478,436 KD).



## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

#### 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.

The movement in the loans balance was as follows:

	2021 KD	2020 KD
Balance at the beginning of the year	44,577,481	41,745,830
Disbursements during the year	2,260,730	5,937,509
Repayments during the year	(5,029,520)	(3,132,900)
Transfer to direct investments (Note 8)	(3,831,264)	-
Foreign exchange differences	(108,983)	27,042
Balance at the end of the year	37,868,444	44,577,481
Less: Provision for impairment losses	(33,808,358)	(32,835,501)
	4,060,086	11,741,980

Income from loans as at December 31, 2021 amounted to KD 401,604 (2020: KD 583,545)

The movement in the allowance for impairment losses is as follows:

	2021 KD	2020 KD
Balance at the beginning of the year	32,835,501	33,206,220
Charge during the year (Note 24)	1,099,443	235,781
Reversal of provision (Note 24)	(126,586)	(606,500)
	33,808,358	32,835,501

As of December 31, 2021, the total provision for loan impairment amounted to KD 33,808,358 (2020: KD 32,835,501) related to some loans granted to companies in which the Authority invests. This is as a result of the failure of these companies to fulfil their obligations to the Authority on their due dates, in addition to the Authority's lack of certainty about the possibility of recovering these loans. During the year ending on December 31, 2021, the Authority recorded impairment losses in the value of loans amounting to 1,099,443 KD (2020: 235,781 KD) in the statement of comprehensive income and expenditure. The management considers that the provision recorded is sufficient in accordance with the methodology for calculating loan provisions in accordance with the accounting policies of the Authority and according to the recommendation of the relevant committee, taking into account the following:

- Recording a provision for impairment in the full value of loans granted to companies that have defaulted in repayment for extended periods of time and that suffer from financial difficulties that make the possibility of collecting the value of the loans slim.
- Recording a provision equal to the present value of the future cash flows of some loans that are expected to be rescheduled within two years after the passage of three years, a grace period starting from 2022, with a discount rate ranging between 5%: 6%.

# Arab Authority for Agricultural Investment and Development

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

### 7 LOANS - NET (continued)

Loans as at 31 December is granted to the following:

	<i>Country</i>	<i>2021 KD</i>	<i>2020 KD</i>
<i>Arab Company for Agricultural Production and Processing</i>	<b>Sudan</b>		
Loan for refinancing and production inputs		<b>25,685,890</b>	28,230,235
Loan for financing folder production		<b>768,779</b>	770,685
Loan for payment of staff dues		<b>529,375</b>	530,688
Loan for financing production inputs for year 2001-2002		<b>111,955</b>	112,233
Emergency loan		-	683,344
Loan for re-operation of glucose and starch unit		-	56,859
Loan for rehabilitation of glucose and starch unit		-	227,438
Loan for financing rehabilitation and modernization program for dairy unit		-	391,193
		<b>27,095,999</b>	31,002,675
<i>Arabian Shrimps Company</i>	<b>Saudi Arabia</b>		
Unified loan		<b>2,026,750</b>	2,031,775
Steering loan		<b>1,458,760</b>	1,178,984
Agriculture Development Fund		<b>1,209,900</b>	1,212,900
Bridging loan		<b>1,179,750</b>	1,182,675
		<b>5,875,160</b>	5,606,334
<i>Arab Sudanese Blue Nile Agricultural Company – (AGADI)</i>	<b>Sudan</b>		
Operational loan 2011-2012		<b>1,942,199</b>	1,947,014
<i>Arab Sudanese Vegetable Oil Company</i>	<b>Sudan</b>		
Operational loan		-	827,045
<i>Arab Company for Crops Production</i>	<b>Sudan</b>		
Irrigation Axels		<b>800,226</b>	802,210

# Arab Authority for Agricultural Investment and Development

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

### 7 LOANS - NET (continued)

	<i>Country</i>	<i>2021 KD</i>	<i>2020 KD</i>
<i>Pioneer (Al-Ruwad)</i>	<b>Sudan</b>		
Operating loan (2008-2009)		158,630	159,023
Capital loan 2006		76,544	76,734
Operating loan (2007-2008)		19,337	19,385
		<b>254,511</b>	<b>255,142</b>
<i>Arab Sudanese Seed Company</i>	<b>Sudan</b>		
Emergency loan 2008		-	46,407
Operational loan 2020		-	24,811
		<b>-</b>	<b>71,218</b>
<i>Al Sarha Animal Production Company</i>	<b>Sudan</b>	<b>352,864</b>	-
<i>Dhayat Yousef Company</i>	<b>Morocco</b>	<b>302,500</b>	303,250
<i>Masaed al asmak</i>	<b>Saudi Arabia</b>	<b>132,661</b>	-
<i>Kabuja Project for Agricultural Production</i>	<b>Sudan</b>	<b>73,959</b>	227,898
<i>Al-Mutamayaza for Vegetables and Crops</i>	<b>Sudan</b>	<b>62,243</b>	62,397
<i>Raeday Agadi Association</i>	<b>Sudan</b>	<b>48,230</b>	228,354
<i>Wad Aabid Association</i>	<b>Sudan</b>	<b>29,140</b>	369,921
<i>Agricultural Credit Corporation</i>	<b>Jordan</b>	-	121,300
<i>Popular Fund Network</i>	<b>Mauritania</b>	-	202,167
<i>Sourhan Association</i>	<b>Sudan</b>	-	586,523
<i>Others</i>		<b>898,752</b>	1,964,033
<b>Total loans</b>		<b>37,868,444</b>	44,577,481
Less: Provision for impairment losses		<b>(33,808,358)</b>	(32,835,501)
		<b>4,060,086</b>	11,741,980



## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

#### 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. 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>2021 KD</i>	<i>2020 KD</i>
White Nile Sugar Company	Sudan	14.38%	<b>20,572,858</b>	20,485,787
Arab Sudanese Vegetable Oil Company	Sudan	88.00%	<b>17,482,528</b>	17,482,528
Arab Company for Processing and Production of Poultry	Sudan	78.80%	<b>16,386,322</b>	16,386,322
Arab Sudanese Blue Nile Agricultural Company (AGADI)	Sudan	85.30%	<b>13,061,714</b>	13,061,714
Kenana Sugar Company	Sudan	5.59%	<b>10,703,800</b>	10,703,800
Arab Company for Agricultural Production and Processing Ltd. Sudan	Sudan	42.50%	<b>8,778,375</b>	8,778,375
El Faiyum Sugar Works Company	Egypt	26.93%	<b>8,215,308</b>	8,215,308
The Arab Iraqi Dairy Company	Iraq	50.00%	<b>6,671,003</b>	6,671,003
Emirates Rawabi Company Limited	UAE	27.56%	<b>4,813,829</b>	4,813,829
Osool for poultry	Oman	20.58%	<b>4,698,244</b>	4,055,326
Arab Company for Crops Production	Sudan	52.75%	<b>4,113,883</b>	4,113,883
Veterinary Medicines Company under formation	Sudan	29.92%	<b>4,040,759</b>	4,040,759
Al bashayer meat company	Oman	20.00%	<b>4,040,020</b>	4,040,020
Elaf for starch and glucose	Sudan	100.00%	<b>3,831,264</b>	-
Al-Ahliyah Company for Vegetable Oils (Hama)	Syria	40.00%	<b>3,641,476</b>	3,641,476
Asser Poultry Company	KSA	20.00%	<b>3,206,834</b>	3,529,110
Others			<b>28,020,403</b>	26,026,022
Total cost of investments			<b>162,278,620</b>	156,045,262
Provision for impairment losses			<b>(42,717,022)</b>	(37,481,952)
			<b>119,561,598</b>	118,563,310

Other investments item includes the Authority's investments in various countries, with a value between 2.7 million KD and 17 thousand KD.

Arab Authority for Agricultural Investment and Development  
 NOTES TO THE FINANCIAL STATEMENTS  
 As at 31 December 2021

**8 CONTRIBUTIONS AND DIRECT INVESTMENTS – NET (continued)**

**Movements in impaired contributions and direct investments**

	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>
Balance at the beginning of the year	<b>37,481,952</b>	36,858,210
Charged during the year (Note 25)	<b>7,452,070</b>	3,600,848
Reversed during the year (Note 24)	<b>(1,800,000)</b>	(2,951,706)
Write off during the year	<b>(417,000)</b>	(25,400)
Balance at the end of the year	<b><u>42,717,022</u></b>	<b><u>37,481,952</u></b>

The Authority, based on the instructions of the Board of Directors, created a voluntary reserve of KD 14.041 million until 2021 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 42,717,022 (2020: KD 37,481,952) related to certain entities where there is objective evidence of impairment. During the year ended 31 December 2021, the Authority recorded impairment loss on investments of KD 7,452,070 (2020: KD 3,600,848) 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 which is as follow:

- Based on the recommendations of the commission charged with calculating the provisions, several assumptions were used, represented in discount rates ranging from 6% to 8%, the use of a marketing discount rate as appropriate, and the use of a growth rate according to the expectations of the International Monetary Fund and based on the cash flows of the future plan of the investee company.
- Forming a provision for impairment equivalent to the full value of the Authority's contributions in fully troubled companies that do not have approved plans to improve performance in the near future.
- In some investments, a provision was calculated to study the future business plan of companies that showed that there are indicators, whether internal or external, that indicate a decrease in the value of contributions, and the calculation of a provision for impairment in value depends on calculating the value of the Authority's contribution to those companies using the model of discounting the present value of future cash flows.

## 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 2021 is as follows:

Cost	Building KD	Furniture and equipment KD	Vehicles KD	Computer accessories KD	Capital work-in- progress* KD	Total KD
At 1 January 2021						
Additions during the year	3,052,616	1,190,644	396,115	191,091	3,114,455	7,944,921
Disposals during the year	-	2,574	-	-	4,434,906	4,437,480
Transfers	-	14,885	-	395,437	(410,322)	-
		(1,598)	(47,357)	-	-	(48,955)
<b>At 31 December 2021</b>	<b>3,052,616</b>	<b>1,206,505</b>	<b>348,758</b>	<b>586,528</b>	<b>7,139,039</b>	<b>12,333,446</b>
<b>Accumulated depreciation</b>						
At 1 January 2021						
Charged during the year	2,961,930	1,135,777	261,700	162,469	-	4,521,876
Relating to disposals	9,910	25,939	38,548	57,769	-	132,166
	-	(1,562)	(45,771)	-	-	(47,333)
<b>At 31 December 2021</b>	<b>2,971,840</b>	<b>1,160,154</b>	<b>254,477</b>	<b>220,238</b>	<b>-</b>	<b>4,606,709</b>
<b>Net carrying amount</b>						
<b>At 31 December 2021</b>	<b>80,776</b>	<b>46,351</b>	<b>94,281</b>	<b>366,290</b>	<b>7,139,039</b>	<b>7,726,737</b>

\*The balance of capital work in progress as of December 31, 2021 represents the cost of establishing a new administrative headquarters for the authority in Dubai. The project is expected to be completed during the last quarter of 2022

## 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 2020 is as follows:

<b>Cost</b>	<b>Building KD</b>	<b>Furniture and equipment KD</b>	<b>Vehicles KD</b>	<b>Computer accessories KD</b>	<b>Capital work-in- progress KD</b>	<b>Total KD</b>
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)	-
<b>At 31 December 2020</b>	<b>3,052,616</b>	<b>1,190,644</b>	<b>396,115</b>	<b>191,091</b>	<b>3,114,455</b>	<b>7,944,921</b>
<b>Accumulated depreciation</b>						
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)
<b>At 31 December 2020</b>	<b>2,961,930</b>	<b>1,135,777</b>	<b>261,700</b>	<b>162,469</b>	<b>-</b>	<b>4,521,876</b>
<b>Net carrying amount</b>						
<b>At 31 December 2020</b>	<b>90,686</b>	<b>54,867</b>	<b>134,415</b>	<b>28,622</b>	<b>3,114,455</b>	<b>3,423,045</b>

## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

#### 10 INVESTMENT PROPERTY – NET

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

	2021 KD	2020 KD
<b>Cost</b>		
At the beginning and ending of the year	<u>5,107,598</u>	<u>5,107,598</u>
<b>Accumulated depreciation</b>		
At 1 January	2,194,673	1,942,144
Charged during the year	<u>252,529</u>	<u>252,529</u>
<b>At 31 December</b>	<u>2,447,202</u>	<u>2,194,673</u>
<b>Net carrying amount at 31 December</b>	<u>2,660,396</u>	<u>2,912,925</u>

#### 11 OTHER ASSETS

	2021 KD	2020 KD
Accrued interest on loans	4,064,699	4,570,275
Due from related parties (Note 29)	9,014,744	4,648,415
Advances to employees	67,970	70,957
Others	936,826	649,189
Less: Allowance for impairment losses	(11,010,986)	(6,412,806)
	<u>3,073,253</u>	<u>3,526,030</u>

The movement in the allowance for impairment of other assets as follow:

	2021 KD	2020 KD
Balance at the beginning of the year	9,935,914	6,253,651
Charged during the year (Note 25)	1,306,538	536,058
Reversal for impairment (Note 24)	(231,466)	(376,903)
Balance at the end of the year	<u>11,010,986</u>	<u>(6,412,806)</u>

#### 12 BORROWINGS FROM FINANCIAL INSTITUTIONS

	2021 KD	2020 KD
<b>Kingdom Saudi Arabia</b>		
Saudi Fund for Development	<u>325,739</u>	<u>490,155</u>

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:

	2021 KD	2020 KD
Within one year	<u>325,739</u>	<u>490,155</u>

## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

#### 13 OTHER LIABILITIES

	2021 KD	2020 KD
Accrued expenses	6,573,340	3,903,276
Suppliers and other credit balances	4,351,791	4,282,785
Rents received in advance	127,379	48,248
Others	5,016,726	5,385,161
	<b>16,069,236</b>	<b>13,619,470</b>

#### 14 EMPLOYEES' END OF SERVICE BENEFITS

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

	2021 KD	2020 KD
Balance at beginning of the year	2,344,770	2,540,926
Charged during the year	261,881	301,642
Foreign exchange differences	37,930	(5,333)
Paid during the year	(43,729)	(492,465)
Balance at end of the year	<b>2,600,852</b>	<b>2,344,770</b>

#### 15 PAID UP CAPITAL

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

	2021		2020	
	Authorised capital KD	Paid-up capital KD	Authorised capital KD	Paid-up capital KD
<i>Member countries</i>				
Kingdom of Saudi Arabia	51,190,000	51,187,169	51,190,000	51,187,169
The State of Kuwait	44,330,000	44,329,885	44,330,000	44,329,885
United Arab Emirates	34,130,000	34,128,133	34,130,000	34,128,133
The Republic of Iraq	34,130,000	34,128,133	34,130,000	34,128,133
The Republic of Sudan	34,070,000	27,030,233	34,070,000	27,030,233
The State of Qatar	17,060,000	17,059,036	17,060,000	17,059,036
The Arab Republic of Egypt	6,830,000	6,829,651	6,830,000	6,829,651
The People's Democratic Republic of Algeria	3,410,000	3,409,795	3,410,000	3,409,795
The Kingdom of Morocco	1,370,000	1,369,954	1,370,000	1,369,954
Sultanate of Oman	230,000	233,356	230,000	233,356
The Kingdom of Bahrain	230,000	233,356	230,000	233,356
The Republic of Tunisia	220,000	222,870	220,000	222,870
The Islamic Republic of Mauritania	220,000	223,134	220,000	223,134
The Hashemite Kingdom of Jordan	110,000	111,648	110,000	111,648
The Democratic Republic of Somalia	110,000	103,559	110,000	103,559
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 Syrian Arab Republic	110,000	75,670	110,000	75,670
The State of Palestine	80,000	81,608	80,000	81,608
Republic of Djibouti	80,000	51,515	80,000	51,515
Unsubscribed capital	107,770,000	-	107,770,000	-
	<b>336,000,000</b>	<b>221,076,072</b>	<b>336,000,000</b>	<b>221,076,072</b>

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 (2021: KD Nil).



## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

#### 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 922,236 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.

#### 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 2020, the Board of Directors of the Authority has approved the transfer of 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

	2021 KD	2020 KD
Interest from bonds and dividends	3,112,422	2,339,805
Gain on sale of investments held for trading	12,993,494	1,236,847
Change in fair value of held-for-trading investments (note 6)	1,626,136	4,942,647
Dividend income	1,445,683	1,052,687
Change in fair value of forward contracts	(1,444,106)	1,456,822
	<u>17,733,629</u>	<u>11,028,808</u>



Arab Authority for Agricultural Investment and Development  
NOTES TO THE FINANCIAL STATEMENTS  
As at 31 December 2021

**22 DIVIDEND FROM CONTRIBUTIONS AND DIRECT INVESTMENTS**

	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
El Faiyum Sugar Works Company	<b>690,075</b>	693,409
Emirates Rawabi Company Limited	<b>196,210</b>	174,264
Asser Poultry Company	<b>161,592</b>	
Al-Ahliyah Company for Vegetable Oils	<b>143,772</b>	43,623
Arab Iraqi Dairy Company	<b>95,019</b>	75,813
Arab Sudanese Vegetable Oil Company	<b>59,555</b>	109,559
Arab Company for Processing and Production of Poultry	<b>46,172</b>	81,298
Al Margi for Livestock	<b>44,866</b>	45,164
Arab Trade Finance Program	<b>21,970</b>	45,584
Arab Sudanese Seed Company	<b>7,773</b>	14,643
Kenana Sugar Company	-	18,343
Agricultural Services (Al Muzdana)	-	1,570
	<b>1,467,004</b>	1,303,270

**23 OTHER INCOME**

	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
Currency valuation differences	<b>1,242,805</b>	(156,770)
Rental income	<b>486,923</b>	430,821
Miscellaneous income	<b>14,396</b>	187,595
	<b>1,744,124</b>	461,646

**24 REVERSAL OF IMPAIRMENT LOSSES**

	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
Contributions and direct investments (Note 8)	<b>1,800,000</b>	2,977,147
Other assets (Note 11)	<b>231,466</b>	376,903
Loans (Note 7)	<b>126,585</b>	606,500
	<b>2,158,051</b>	3,960,550

**25 IMPAIRMENT LOSSES**

	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
Impairment losses on contributions and direct investments (Note 8)	<b>7,452,070</b>	3,600,848
Other assets (Note 11)	<b>1,306,538</b>	536,058
Loans (Note 7)	<b>1,099,443</b>	235,781
	<b>9,858,051</b>	4,372,687

## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

## 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).

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

	2021		2020	
	Financial assets KD	Financial liabilities KD	Financial assets KD	Financial liabilities KD
US dollars	141,117,322	11,857,722	120,417,665	16,404,598
Bahraini Dinar	15,833,515	-	3,039,777	-
Japanese Yen	6,909,146	-	14,438,941	-
Euro	6,400,030	-	8,377,959	-
Swiss Franc	4,513,074	-	7,599,442	-
Great Britain Pound	3,002,523	-	16,718,773	-
United Arab Emirates Dirham	2,380,906	-	19,311,711	-
Sudanese Pound	516,833	3,360,253	5,043,781	-
Others	15,895,920	6,732,267	32,006,509	48,249
	<b>196,569,269</b>	<b>21,950,242</b>	<b>226,954,558</b>	<b>16,452,847</b>

#### 26.1.3 Stock and bond price risks

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:

Markets	2021		2020	
	KD	Percentage	KD	Percentage
North America	109,862,521	60%	88,046,913	58%
Western Europe	38,451,882	21%	35,466,119	23%
East Asia & Pacific	16,479,378	9%	16,890,483	11%
Middle East & North Africa	16,479,378	9%	10,768,945	7%
Others	1,831,043	1%	816,389	1%
	<b>183,104,202</b>	<b>100%</b>	<b>151,988,849</b>	<b>100%</b>

### 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 2021

#### 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:

	2021 KD	2020 KD
Fixed income securities	48,371,928	61,986,128
Loans, net	4,060,086	11,741,980
Other assets	3,073,253	3,526,030
Bank balances	3,718,745	3,848,797
Time deposits and deposits and wakala with financial institutions	471,822	22,112,571
	<u>59,695,834</u>	<u>103,215,506</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

Fair value is the price that would be received to sell an asset or pay a liability in an orderly transaction between market parties at the measurement date in the principal market or the most advantageous market in the absence of the principal market that the Authority has access to at that date. The fair value of a liability reflects the related non-performance risk.

There are a number of accounting policies and disclosures that require the measurement of fair values of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Authority uses observable market data, as far as possible. The book values are categorized into levels of the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level One: Quoted prices (unadjusted) in active markets for the same assets or liabilities.
- Level two: other valuation techniques in which the minimum amount of material data is directly or indirectly observable to the fair value measurement.
- Level 3: Other valuation techniques in which minimal inputs are material to the fair value measurement

If the inputs used to measure the fair value of the asset or liability are within different levels of the fair value hierarchy, the entire fair value measurement is categorized in the same level of the hierarchy to the extent that the lowest level of the input is material to the entire measurement.

The Authority includes the movements between the levels of the fair value hierarchy at the end of the financial reporting period during the change that occurred.

## Arab Authority for Agricultural Investment and Development

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

#### 27 FAIR VALUE MEASUREMENT (continued)

As at December 31, 2021 and December 31, 2020, the fair values of the Authority's financial instruments were estimated to approximate their carrying values.

As at December 31, 2021 and December 31, 2020, the fair value of held-for-trading investments was estimated based on the first level of fair value valuation basis.

During the year ending December 31, 2021 and December 31, 2020, there was no movement between levels.

#### 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.

#### 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:

	2021 KD	2020 KD
<b>Remuneration paid to directors</b>		
Meeting fees	123,652	111,674
Remuneration	107,700	108,527
	<u>231,352</u>	<u>220,201</u>
<b>Key management compensation</b>		
Short-term benefits	431,942	419,657
Post-employment benefits	388,490	518,400
	<u>820,432</u>	<u>938,057</u>

#### 30 COMMITMENTS AND CONTINGENT LIABILITIES

##### Capital commitments

As at 31 December 2021, the Authority has capital commitments amounting to KD 4,007,156 (2020: KD 1,691,516).

##### Contingent liabilities

As at 31 December 2021, the Authority has granted corporate guarantees to commercial banks amounting to KD 7 million equivalent to USD 23 million (2020: KD 7.2 million equivalent to USD 24 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 outbreak of the Corona crisis (Covid-19) since the beginning of 2020 and its global spread has caused business and economic activities to be disrupted. The World Health Organization has defined "Covid-19" as a pandemic, as governments have issued strict regulations and directives to their citizens and businesses. The Authority's management was required to re-evaluate the main judgments and sources of estimation previously applied to the financial statements..

During the year ended December 31, 2021, management made an assessment of the full impact on the Authority's operations and commercial and investment aspects, and based on this assessment, there was no need to make material adjustments to the financial statements for the year ended December 31, 2021

The situation around COVID-19 is rapidly evolving, including new changes and their impact on global economic conditions, and the situation surrounding COVID-19 may continue to have an impact on the Authority's business, results of operations and financial position in 2022. The situation remains uncertain, and therefore it is difficult to predict with certainty the timescale of its impact on the Authority's business and the potential impact as a whole on the business, its operations and its financial condition

Any future change in assumptions and estimates may result in results that may require a material adjustment to the carrying amount of assets or liabilities that will be affected in future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on anticipated developments.





ISSN-1817-6526

ARAB AUTHORITY FOR  
AGRICULTURAL INVESTMENT & DEVELOPMENT



الهيئة العربية  
للاستثمار والإنتاج الزراعي

2021



Headquarters: Khartoum - Republic of Sudan  
P.O.Box 2102, Tel: 00249187096100  
Fax: 00249183794350 | 00249183772600

Regional Office: Dubai - United Arab Emirates  
P.O.Box 51250, Tel: 0097144161555 | 0097142566222  
Fax: 0097142566656 | 0097142566657

[www.aaaid.org](http://www.aaaid.org) | [info@aaaid.org](mailto:info@aaaid.org)