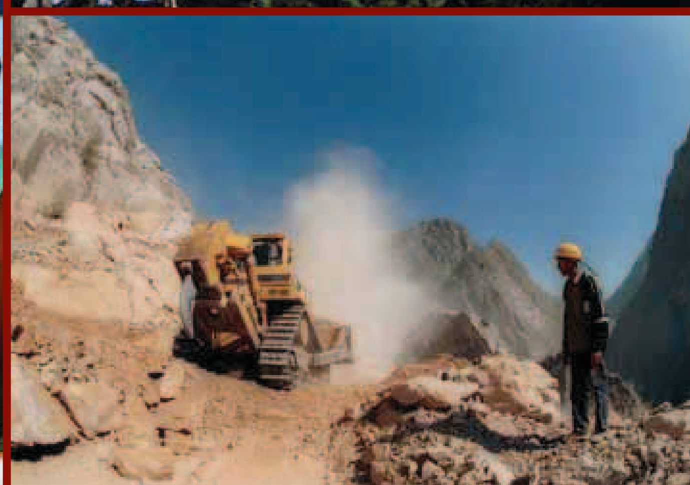
# Arab Development Assistance

## FOUR DECADES OF COOPERATION







**Middle East and North Africa Region**
**Concessional Finance and Global Partnerships Vice Presidency**

THE WORLD BANK

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**Concessional Finance and Global Partnerships Vice Presidency**

***Document of the World Bank***

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# Abbreviations and Acronyms

| | |
|---|---|
| **AAD** | Arab Accounting Dinar |
| **ADB** | Asian Development Bank |
| **ADFD** | Abu Dhabi Fund for Development |
| **AED** | United Arab Emirates Dirham |
| **AfDB** | African Development Bank |
| **AFESD** | Arab Fund for Economic and Social Development |
| **AGFUND** | Arab Gulf Programme for United Nations Development Organizations |
| **AMF** | Arab Monetary Fund |
| **ATFP** | Arab Trade Financing Program |
| **BADEA** | Arab Bank for Economic Development in Africa |
| **BOAD** | Banque Ouest Africaine de Développement / West African Development Bank |
| **COMPAS** | Common Performance Assessment System |
| **DAC** | Development Assistance Committee |
| **DFID** | Department for International Development |
| **EBRD** | European Bank for Reconstruction and Development |
| **ECOWAS** | Economic Community of West African States |
| **EIB** | European Investment Bank |
| **EU** | European Union |
| **GCC** | Gulf Cooperation Council |
| **GDP** | Gross Domestic Product |
| **GNI** | Gross National Income |
| **HIPC** | Highly Indebted Poor Countries |
| **HIV/AIDS** | Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome |
| **IATIN** | Intra-Arab Trade Information Network |
| **ICD** | Islamic Cooperation for the Development of the Private Sector |
| **ICIEC** | Islamic Cooperation for the Insurance of Investments and Export Credits |
| **IDA** | International Development Association |
| **IFAD** | International Fund for Agriculture Development |
| **IMF** | International Monetary Fund |
| **IRTI** | Islamic Research and Training Institute |
| **IsDB** | Islamic Development Bank |
| **ITFC** | International Islamic Trade Finance Corporation |

| | |
|---|---|
| **KD** | Kuwait Dinar |
| **KFAED** | Kuwait Fund for Arab Economic Development |
| **KSA** | Kingdom of Saudi Arabia |
| **LAS** | League of Arab States |
| **LIBOR** | London Interbank Offered Rate |
| **LIC** | Low-Income Country |
| **MDG** | Millennium Development Goal |
| **MDRI** | Multilateral Debt Relief Initiative |
| **MENA** | Middle East and North Africa |
| **MIC** | Middle-Income Country |
| **NEPAD** | New Partnership for African Development |
| **NGO** | Non-governmental Organization |
| **OCFA** | Office for the Coordination of Foreign Aid |
| **OCR** | Ordinary Capital Resources |
| **ODA** | Official Development Assistance |
| **ODF** | Official Development Finance |
| **OECD** | Organisation for Economic Co-operation and Development |
| **OFID** | OPEC Fund for International Development |
| **OIC** | Organisation of the Islamic Conference |
| **OPEC** | Organization of the Petroleum Exporting Countries |
| **SAAFA** | Special Arab Aid Fund for Africa |
| **SDR** | Special Drawing Rights |
| **SEP** | Saudi Export Program |
| **SESRIC** | Statistical, Economic, and Social Research and Training Centre for Islamic Countries |
| **SFD** | Saudi Fund for Development |
| **SME** | Small and Medium Enterprises |
| **SR** | Saudi Riyal |
| **SSA** | Sub-Saharan Africa |
| **TA** | Technical Assistance |
| **UAE** | United Arab Emirates |
| **UN** | United Nations |
| **US** | United States |
| **UNDP** | United Nations Development Programme |
| **WBG** | West Bank and Gaza |
| **Y-SFD** | Yemen Social Fund for Development |

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# Acknowledgements

This report was prepared by a team consisting of Mustapha Rouis (World Bank, Task Team Leader), Steven Tabor (Consultant, Arab financial institutions analysis), Stefano Migliorisi (Consultant, Arab ODA analysis), Eric Neumayer (Consultant, econometric analysis) and Komlan R. Kounetsron (World Bank, data analysis). Isabelle Chaal Dabi and Angela Hawkins (World Bank) provided valuable administrative assistance and Amanda Green (Consultant) edited the report. The report was prepared under the stewardship of Daniela Gressani and Shamshad Akhtar, respectively past and current Vice President, Middle East and North Africa Region, World Bank; and Philippe Le Houerou and Axel van Trotsenburg, respectively past and current Vice President, Concessional Finance and Global Partnerships Department, World Bank.

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## HIGHLIGHTS

Arab donors—predominantly the Kingdom of Saudi Arabia (KSA), Kuwait and United Arab Emirates (UAE)—have been among the most generous in the world, with official development assistance (ODA) averaging 1.5 percent of their combined gross national income (GNI) during the period 1973–2008, more than twice the United Nations target of 0.7 percent and five times the average of the OECD-DAC countries. Arab ODA accounts for 13 percent of total DAC ODA on average and nearly three-quarters of non-DAC ODA.

The share of Arab ODA in Arab GNI was exceptionally high in the 1970s and early 1980s, peaking at over 12 percent for the UAE and at about 8.5 percent for Kuwait and KSA in 1973. Nearly one-third of all ODA during the 1970s was from Arab donors. Although the ratio has fallen over time, it still exceeds the average among OECD-DAC member countries. Moreover, Arab aid is generally untied, and is offered without conditions or restrictions.

Over time, Arab donors have expanded their reach—beyond Arab and predominantly Muslim countries in terms of recipient countries and beyond infrastructure in terms of sectors. Their assistance has come to play a major role in total ODA flows to several developing countries.

In addition to government-to-government aid, Arab donors have established a number of specialized financial institutions to provide development assistance to low-income countries. Assistance through these institutions increased substantially by 4.4 percent per year in real terms over the period 1990–2008.

There are good reasons to believe that Arab aid will continue to play an important role in international development assistance into the foreseeable future. Arab donors have recently increased their aid volumes, and Arab financial institutions are well capitalized, with the capacity to scale up assistance.

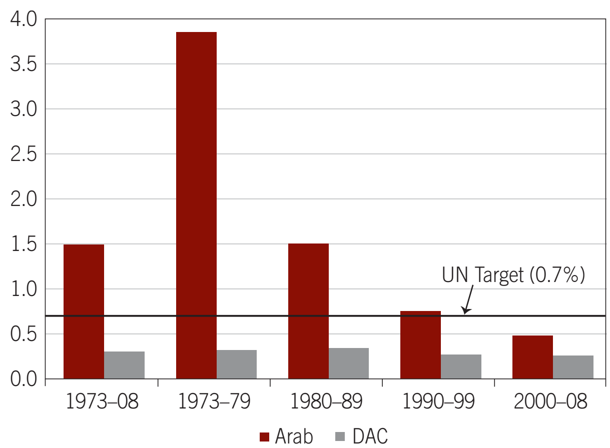
# Executive Summary

This study provides an overview of Arab official development assistance (ODA) over the past four decades. Trends in volume, composition, and direction are discussed in Chapter 2 and the institutional framework is discussed in Chapter 3. Over 90 percent of Arab development assistance is provided by three countries: the Kingdom of Saudi Arabia (KSA), Kuwait, and the United Arab Emirates (UAE).

## OVERVIEW AND TRENDS IN ARAB ODA

Overall, Arab donors—namely KSA, Kuwait and UAE—have been among the most generous in the world, with ODA totaling US$ 272 billion (in 2007 prices) between 1973 and 2008 and averaging 1.5 percent of combined GNI during the same period. This compares favorably with the United Nations (UN) development assistance target of 0.7 percent and with the average among the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) members of 0.3 percent. Arab ODA represents on average 13 percent of total DAC ODA and nearly three-quarters of non-DAC ODA during the period under review.

**FIGURE 1**
**Arab ODA as a Share of GNI (%)**




*Source:* Annex 2, Table A2-1.

As shown in Figure 1, the share of Arab ODA in GNI was exceptionally high in the 1970s, peaking at over 12 percent for UAE and at about 8.5 percent for Kuwait and KSA in 1973. About one-third of all ODA during the 1970s was from Arab donors. High levels of Arab ODA in the 1970s and 1980s were primarily a reflection of high oil prices and, to some extent, the substantial start-up costs associated with establishing aid programs and capitalizing development funds and banks.

From this extraordinarily high starting point in the 1970s and early 1980s, levels of Arab ODA declined, although they remained well above OECD-DAC averages as a share of GNI. The downward trend can be explained by a combination of several factors. First, the levels witnessed in the 1970s and early 1980s were very high by international standards and could not be sustained over time. Second, fiscal space in these countries has been reduced as a result of declining oil revenues and growing national spending on wages, transfers, debt service, and social services for a growing population. Third, external factors such as regional security concerns have also reduced to some extent the fiscal space.

Aid levels have increased since 2002, both in volume and as a share of GNI, as oil prices have risen and post-conflict reconstruction needs have expanded. As in the past, most aid comes from KSA, Kuwait, and UAE, respectively. Arab ODA from these countries accounts for the bulk of non-DAC ODA, averaging nearly three-quarters during 1991–2008. Preliminary estimates for 2008 indicate an even higher volume of aid (around US$ 6 billion and 0.7 percent of GNI) in spite of the global financial and economic crisis, with KSA accounting for the bulk of aid. The Arab ODA-to-GNI ratio remains more than twice the average of 0.3 percent of GNI among OECD-DAC members for 2008.

Over time, Arab donors have expanded their reach in terms of recipient countries—beyond Arab and predominantly Muslim countries—and in terms of sectors—beyond infrastructure. At present, Arab ODA covers a wide range of countries, and especially poor countries in sub-Saharan Africa such as Mali, Mauritania, Senegal, Somalia, and Sudan; and in Asia such as Cambodia, Bangladesh, Nepal, Pakistan, Sri Lanka, Tajikistan, and Vietnam. The Kuwait Fund, the Saudi Fund and the OPEC Fund are the most global in focus, also financing projects in Europe and Latin America. The sector focus of Arab ODA has broadened over time to include agriculture, health, education, and social services.

Arab aid has played a major role in total ODA flows to some countries. In Syria, Arab ODA accounts for over 70 percent of total ODA from all sources. In Morocco, Lebanon, Yemen, and Jordan, Arab ODA represents between 20 and 40 percent of total ODA. Arab ODA also accounts for 10–20 percent of total ODA in West Bank and Gaza, Somalia, Sudan, Turkey, Egypt, Mauritania, and Djibouti.

The composition of Arab bilateral ODA has shifted significantly in the last decade. Until 2000, over two-thirds of Arab bilateral ODA was in the form of grants. Since then, the share of grants has dropped to 40 percent; most aid is provided in the form of soft loans. The bulk of Arab ODA (87 percent) has been provided bilaterally. The average ratio of multilateral to total ODA among Arab donors was less than half of the OECD-DAC norm (13 percent as compared to 30 percent). Of the 11 percent of Arab ODA provided through multilateral sources during 1995–2007, some 4 percent has been channeled through Arab financial institutions, 4 percent through the World Bank, 2 percent through UN agencies and just under one percent through the African Development Bank (AfDB). Other ODA, for humanitarian purposes, has been directed through the Red Crescent Societies and other non-governmental organizations, for which consolidated sources of information are not available.

Various factors play a role in determining ODA allocation decisions. Fiscal capacity has played an important role in influencing volumes of Arab aid, linked closely to movements in global petroleum prices and to the need to fund social services and rising wages and finance government debt. In their ODA allocation, Arab governments have tended to focus on poor and low-middle-income countries, largely in the Middle East and North Africa (MENA) region followed by sub-Saharan Africa and South and Central Asia, as these countries receive limited aid from other sources. Commercial self-interest does not tend to play a significant role in Arab aid allocation.

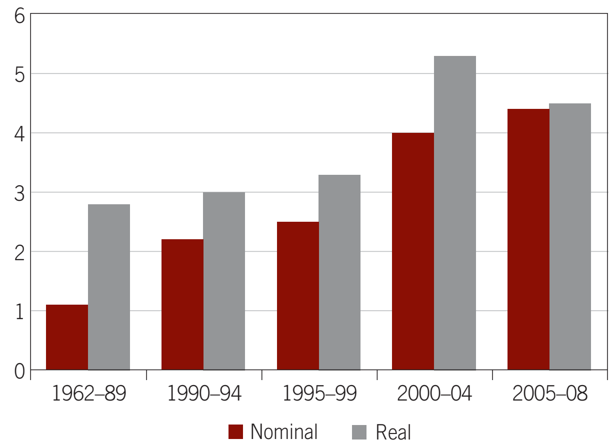
## ARAB FINANCIAL ASSISTANCE INSTITUTIONS

In the 1960s, and more importantly the 1970s and early 1980s, Arab donors established a number of specialized financial institutions to provide development assistance. Kuwait, KSA, and UAE established national aid agencies. In addition, five main regional funds were established: the Arab Fund for Economic and Social Development (AFESD), Arab Bank for Economic Development in Africa (BADEA), Islamic Development Bank (IsDB), OPEC Fund for International Development (OFID), and Arab Monetary Fund (AMF). Strictly speaking, IsDB and OFID are not exclusively Arab-financed institutions, but Arab countries provide the largest share of their funding. In addition, the Arab Gulf Programme for United Nations Development Organizations (AGFUND) plays a special role in financing technical cooperation and humanitarian assistance through its support for specialized UN agencies. These institutions have grown to become major providers of external financial assistance. With the exception of AGFUND, these agencies have financed their operations primarily from capital subscriptions and loan reflows.

Financial assistance commitments of the nine major Arab financial institutions reached a cumulative total of US$ 155 billion (in 2007 prices) over the period 1962–2008, which is five times the combined paid-up capital of these institutions. Commitments increased significantly in both nominal and real terms (Figure 2); annual average increases were estimated at 4.4 percent in real terms for the period 1990–2008. Originally created to provide financial assistance to low-income Arab countries, Arab financial institutions have broadened their reach to cover a wide range of low- and lower-middle-income nations. These organizations traditionally financed infrastructure, but are now placing a greater emphasis on agriculture, social sectors, targeted poverty reduction programs, and private sector development. Arab financial institutions have also participated in debt relief operations (through rescheduling) and have provided balance of payments and budget support.

**FIGURE 2**

**Yearly Average Commitment of Arab Financial Institutions** *(US$ billions)*




*Source:* Annex 2, Table A2-11.

In addition to national projects, Arab financial assistance agencies support projects that foster regional economic integration, particularly in roads, energy and hydropower infrastructure, and South-South cooperation. For instance, in 2007, BADEA financed five road projects to promote trade between Burkina Faso, Chad, Sierra Leone, Rwanda, and Cameroon. AFESD's contribution to Arab regional integration is the financing of the Arab Electricity Grids Interconnection Projects. In the area of capacity building and research, AFESD joined with the World Bank to establish the Research Initiative for Arab Development. IsDB has also supported regional integration in Africa through assistance to, for instance, the Trans-Sahara and Trans-Sahel roadways. There is a growing effort among Arab financial institutions to promote South-South cooperation, as illustrated by the IsDB Capacity Building Programme (Box 3.1). South-South co-operation is one of the hallmarks of Arab aid, and its effectiveness and lessons merit careful study.

Though Arab financial assistance is predominantly in the form of concessionary credit, some institutions provide grants to finance capacity building, project preparation, and technical advice. Arab agencies also provide consolidated support to UN specialized agencies, Red Crescent Societies, and non-governmental organizations (NGOs) for humanitarian assistance. Arab financial assistance is noteworthy for its partnership and solidarity with recipient countries—in practice, this is interpreted to mean that Arab donors do not attach policy conditions to the loans they provide.

Arab financial agencies coordinate policies and procedures and co-finance projects through a Coordination Group hosted by AFESD. Reports suggest that the use of common procedures has enabled Arab agencies to reduce transaction costs, foster greater transparency in project management, and improve project safeguards and accountability. Co-financing is the principal mechanism through which these agencies collaborate among themselves and with other development partners. The Coordination Group also participates in global initiatives to foster aid harmonization and alignment.

## LOOKING AHEAD

Arab financial institutions are well positioned to meet the challenges posed by the global financial and economic crisis. Being well capitalized and financially conservative, these institutions may be able to help offset some of the slack that may be created by declining ODA from other sources. Over the medium to long run, these growing and maturing institutions will be well placed to tap into capital markets to increase the scope of their operations.

Reporting practices among Arab ODA agencies are evolving. The establishment of a central agency to coordinate ODA in the UAE and efforts made to bolster the visibility of KSA's aid program bode well for the future development of Arab ODA reporting systems. Furthermore, the Coordination Group Secretariat is engaged in a capacity enhancement partnership with OECD-DAC that holds significant promise for improved reporting.

CHAPTER 1

# Introduction

This study provides an overview of Arab development assistance.[1] It conducts a broad survey of the volume, allocation, modalities, and uses of Arab development financial assistance and identifies knowledge gaps. The effectiveness of Arab aid is not addressed, as this topic falls beyond the scope of this exercise and of available data.

The study draws on two main data sources: official development assistance (ODA) flows as reported by OECD-DAC, and financial flows of the major bilateral funds and multilateral Arab banks as reported by the Coordination Group. Public disclosure of Arab external assistance data tends to be sporadic and limited. But the situation is changing, and new institutional arrangements are helping to improve coordination and reporting.

The study is based largely on information for three countries that account for over 90 percent of Arab ODA. Although derived from official government sources, Arab ODA data suffer from incomplete country coverage and from lack of detailed information regarding what constitutes ODA. Consequently, this study focuses on Arab donor countries for which basic information is available—notably KSA, Kuwait, and UAE, which are also the region's major aid providers. These three countries account for over 90 percent of total Arab ODA during a period (1973–1989) for which data are available for a large group of countries (Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and UAE). Arab donors provide ODA primarily on a bilateral (government-to-government) basis. Multilateral ODA (contributions to Arab financial institutions, World Bank, AfDB, and a number of UN agencies) accounts for 11 percent of ODA.

The study also covers commitments of the Arab bilateral funds and multilateral development institutions. A portion of these flows is in the form of assistance that is not classified as ODA, such as trade finance and private sector operations. These flows are part of official development finance (ODF),[2] and are reviewed in Chapter 3 to illustrate another dimension of Arab assistance.

[1] Among previous studies, the following are notable: Pierre van den Boogaerde (IMF Occasional Paper 87, 1991) and Espen Villanger (Chr. Michelsen Institute, 2007).

[2] Development assistance can be analyzed from two angles—ODA and ODF. ODA measures donors' aid efforts, capturing assistance provided to developing countries on concessional terms and for a development purpose. ODF measures developing countries' resource receipts, which cover bilateral ODA, bilateral non-concessional lending for developmental purposes, and multilateral outflows. The latter may be in the form of grants or loans (concessional and non-concessional).

The two datasets are difficult to reconcile because of coverage limitation and measurement problems. First, the OECD-DAC dataset only partially captures the ODA flows from Arab financial institutions. Data are received from the national funds of KSA, Kuwait, and UAE, as well as from three of the six Arab financial institutions: BADEA, IsDB and OFID. Total Arab ODA is therefore underestimated by the amount of ODA provided by the three agencies (AFESD, AMF, and AGFUND) that are not captured in DAC data.[3] Second, the Coordination Group data do not capture all of the bilateral ODA reported to OECD-DAC by Arab governments; it covers only the ODA of its member institutions and portions of other financial flows (such as trade finance and private sector development) that would be classified as other components of ODF. The national funds do manage loans and grants on behalf of their respective governments, but these activities are not reported by the Coordination Group. Finally, data compiled by the Coordination Group Secretariat,[4] are on a cumulative commitment basis while the ODA data derived from OECD-DAC are on a net disbursement basis.

3 This underreporting is estimated to amount to about 5-8 percent of total Arab ODA. This figure is calculated on the basis of the ODA/commitment ratio calculated for the three agencies (BADEA, IsDB, and OFID) for which information is available.

4 The Coordination Group of Arab, Islamic and Organization of the Petroleum Exporting Countries (OPEC) Development Institutions comprises the Kuwait Fund for Arab Economic Development (KFAED), the Saudi Fund for Development (SFD), the Abu Dhabi Fund for Development (ADFD), the Arab Bank for Economic Development in Africa (BADEA), the Arab Fund for Economic and Social Development (AFESD), the Arab Gulf Programme for United Nations Development Organizations (AGFUND), the Arab Monetary Fund (AMF), the Islamic Development Bank, and the OPEC Fund for International Development (OFID). See Chapter 3 and Annex 1 for more details.

CHAPTER 2

# Overview and Trends in Arab Official Development Assistance

This chapter reviews Arab ODA flows since the first oil shock of 1973. The analysis focuses on the three largest donors (KSA, Kuwait, and UAE) and draws on available aggregate data provided by Arab countries to OECD-DAC.[5]

## TRACKING ARAB OFFICIAL DEVELOPMENT ASSISTANCE

ODA is defined by OECD as financial assistance meeting the following four criteria: (i) provided to a developing country or an ODA-eligible multilateral organization; (ii) on concessional terms with a grant element of at least 25 percent; (iii) for a development purpose and (iv) by official agencies. Data on ODA flows are reported to DAC annually by a focal agency within each of the Gulf countries. It is difficult to verify the accuracy of this information, however, since Arab donors do not publish annual accounts of aid, nor do aid policies and legislation in these countries require full disclosure of external assistance. Moreover, aid management is often divided among several agencies, hampering the consolidation of external assistance estimates within the respective governments. New arrangements for coordinating ODA are evolving in ways that are likely to improve the comprehensiveness and accuracy of Arab ODA data in the future (Box 2.1).[6]

Data reported to DAC by Arab donors are in the aggregate. Few details are available on the type of assistance provided (e.g., investment, technical assistance, debt relief, emergency relief) or the sector of focus. DAC provides time series data on net disbursements from Arab donors, disaggregated by bilateral and multilateral sources and by recipient countries—from 1973 to 1989 for seven countries (Algeria, Iraq, Kuwait, Libya, Qatar, KSA, and UAE) and from 1990 to 2008 for only three countries (KSA, Kuwait, and UAE).

Caution should be exercised in the use of these datasets, although they are based on official government sources. Official time series data do not offer the same degree of detail as the data reported by mem-

5 The 2008 Unified Arab Report provides aggregate data on Arab ODA (net disbursements) for the period 1970–2007 for all seven countries reported in DAC plus Oman (see pp. 395–396 of the Arabic version). These data are on the high side compared to DAC data, largely because the data included for Saudi Arabia refer to commitments rather than to net disbursements.

6 In the case of UAE, the Office for the Coordination of Foreign Aid (OCFA) is, as stated in Box 2.1, in the process of collecting comprehensive data on UAE aid. As a next step, OCFA plans to discuss with OECD the submission of historical and current records on UAE aid so as to reconcile the data if need be.

**BOX 2.1**

**New Directions in Tracking and Coordinating Aid – UAE's Office for the Coordination of Foreign Aid**

Recognizing the growing diversity in the country's overseas aid activities, the Government of UAE established the Office for the Coordination of Foreign Aid (OCFA) by Cabinet Decree in 2008. Work began in 2009 with H.H. Sheikh Hamdan bin Zayed Al Nahyan, the Ruler's Representative in the Western Region of the Emirate of Abu Dhabi, leading the organization as its President. OCFA's mandate includes documenting UAE's foreign aid flows, advising the Government, monitoring and evaluating the work of UAE's humanitarian and development agencies, and building capacity within the UAE aid sector. OCFA is also responsible for supporting UAE aid agency responses to humanitarian emergencies and positioning the UAE as a major donor nation.

OCFA is collecting historical and current data on UAE foreign aid donations for the public record and to secure international recognition for the nation's contributions. As part of this process, OCFA is submitting relevant data to OECD-DAC and to the UN Office for Coordination of Humanitarian Affairs Financial Tracking Service. In addition, a comprehensive annual report on UAE foreign aid donations will be published.

OCFA has carried out an assessment of training and capacity-building needs among humanitarian and development organizations in the UAE, and is providing training programs and workshops on the basis of this assessment.

To address increasing demands on the UAE donor community for emergency humanitarian relief around the world, OCFA is working to improve UAE's emergency humanitarian response capacity. This includes developing early warning mechanisms, contingency planning, preparing country profiles and regular situation reports, advising the Government on effective allocation of humanitarian aid resources, and monitoring and reporting on potential conflict zones and areas vulnerable to natural disasters.

OCFA has identified five substantive goals, to be achieved by 2013:

- OCFA manages an internationally recognized information management platform that links its UAE-based partners with international stakeholders.
- UAE has endorsed a series of policies, standards, and guidelines relating to foreign aid that are internationally recognized for excellence.
- Humanitarian agencies and donors in the UAE respond in a coordinated manner to major emergencies throughout the world.
- UAE's foreign aid sector consists of efficient organizations that perform to the highest international standards.
- UAE is recognized at home and internationally as an important and generous donor country, contributing actively to international humanitarian and development agendas.

OCFA carries out its work through five units: Information Management; Policy, Monitoring, and Evaluation; Field Support; Training and Capacity Building; and International Relations and Public Information.

*Source:* Office for the Coordination of Foreign Aid, United Arab Emirates.

bers of OECD-DAC, thus making it difficult for the DAC Secretariat to provide a conclusive estimate of the degree of concessionality of reported Arab ODA.

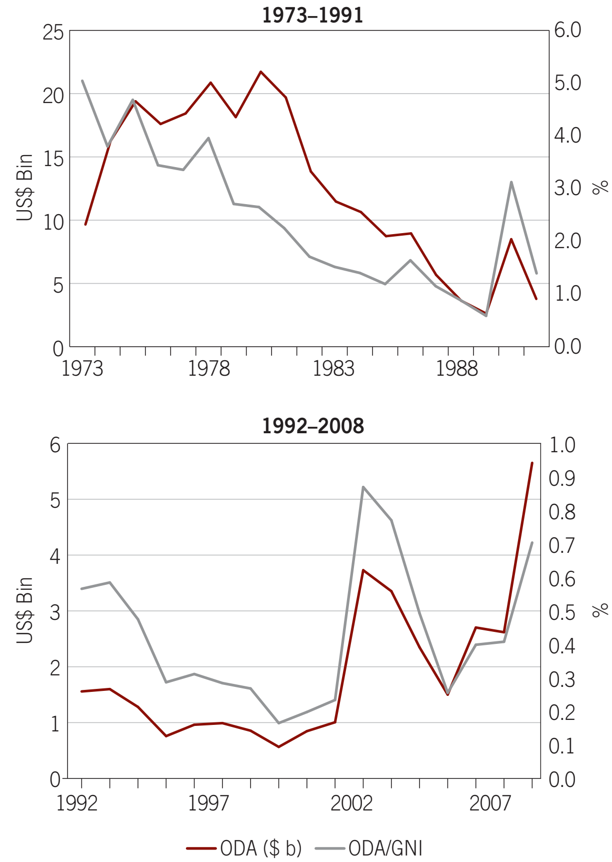
## AGGREGATE TRENDS IN THE VOLUME OF ARAB ODA

Overall, Arab donors—reflecting largely KSA, Kuwait, and UAE—have been among the most generous in the world, with ODA totaling US$ 272 billion (at 2007 prices) between 1973 and 2008 and averaging 1.5 percent of their combined Gross National Income (GNI) or twice the UN target and five times the OECD-DAC average. Arab ODA represents, on average, 13 percent of total DAC ODA and nearly three-quarters of non-DAC ODA (Annex 2, Table A2-1).

Arab ODA began at an unusually high volume during the 1970s, both overall and as a share of GNI. As shown in Figure 2.1, Arab ODA tripled from US$ 3 billion in 1972 to US$ 9.3 billion in 1973 and continued to grow steeply, peaking at US$ 22 billion in 1981 (at constant 2007 prices). The growth of Arab ODA was initiated with the first oil shock, when Arab countries used a portion of oil revenues to assist developing countries struggling with a growing burden of poverty and underdevelopment. This was the first group of developing nations to provide large-scale assistance to low-income countries. High levels of aid in the late 1970s were also associated with the start-up phase of major assistance programs, as well as the capitalization of a number of national funds and multilateral banks (Chapter 3). Between 1973 and 1980, Arab donors represented the second largest concessional donor group in the world behind DAC countries—Arab ODA reached over one-third of total ODA from all donors during the 1970s (Annex 2, Table A2-1). As a share of national income, Arab donors were the most generous in the world at an extraordinarily high ODA-to-GNI ratio of 12.5 percent for the UAE and just under 8.5 percent for Kuwait and KSA in the late 1970s.

Understandably, Arab aid declined in overall volume in the 1980s and 1990s, but has begun to

**FIGURE 2.1**
**ODA from Arab Donors** *(US$ billions at 2007 prices), %*

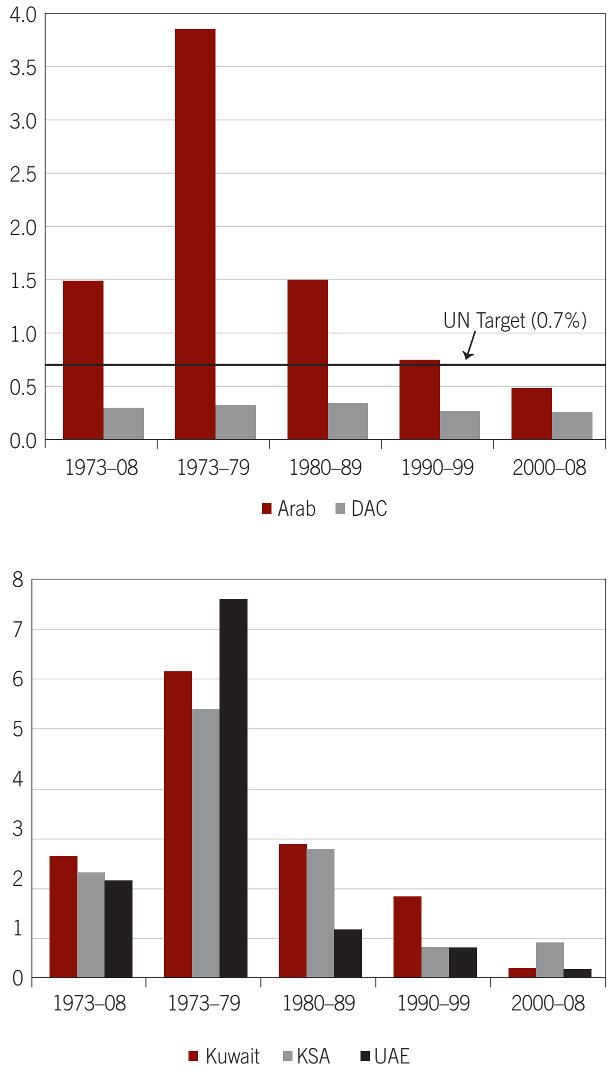



*Source:* Annex 2, Table A2-2.

increase in recent years. After the second oil price shock of 1979–80, official foreign exchange reserves of Arab donors declined and Arab public expenditures, including foreign aid programs, were substantially reduced. By 1983, Arab aid had declined to about US$ 10 billion (at 2007 prices)—less than half of its peak level in 1980. Arab ODA continued to decline throughout the 1980s to less than US$ 3 billion in 1989. Aid increased rapidly in 1990–1991 in the aftermath of the Gulf War, but declined again throughout the 1990s to just over US$ 0.5 billion dollars by 1999. Since the early 2000s, Arab ODA increased to almost US$ 3 billion in 2007, along with a tripling of oil prices (in nominal terms) between 2002 and 2007. Arab ODA is estimated to have doubled in 2008, reaching over US$ 6 billion. The bulk of this amount comes from the KSA.[7]

Major Arab donors have achieved international aid targets and their assistance has remained at or above DAC averages. Figure 2.2 shows the trend in ODA-to-GNI ratios at ten-year intervals. ODA-to-GNI ratios dropped sharply over the 1980s, reaching about 0.6 percent in 1989, and the 1990s (with the exception of 1990–91), reaching 0.2 percent in 1999. Bilateral ODA has been supplanted largely by the strong growth in financing provided by Arab funds and multilateral banks established in the late 1970s and early 1980s (Chapter 3). Nevertheless, with a combined ODA-to-GNI ratio[8] ranging from over 9 percent in 1973 to 1.4 percent in 1991, the three main Arab donor countries exceeded the UN aid target of 0.7 percent of GNI over this time period.[9] In 2008, preliminary estimates show a significant increase in ODA flows from Arab donors both in volume (around US$ 6 billion) and as a ratio to GNI (0.7 percent), with KSA accounting for the bulk. The Arab ODA to GNI ratio compares favorably with an average of 0.3 percent among OECD-DAC members.[10]

**FIGURE 2.2**
**Share of ODA in GNI (%), 1973–2008**




*Source:* Annex 2, Table A2-1 and Table A2-4.

Arab ODA trends are broadly correlated with trends in petroleum prices, but the strength of the correlation varies among countries and subperiods. Figure 2.3 shows that ODA trends have broadly tracked petroleum prices, rising when the latter are rising (though with a time lag) and falling when the latter are falling. Since 1990 or so, the correlation has weakened, indicating a possible delinking of Arab aid flows from volatility in global

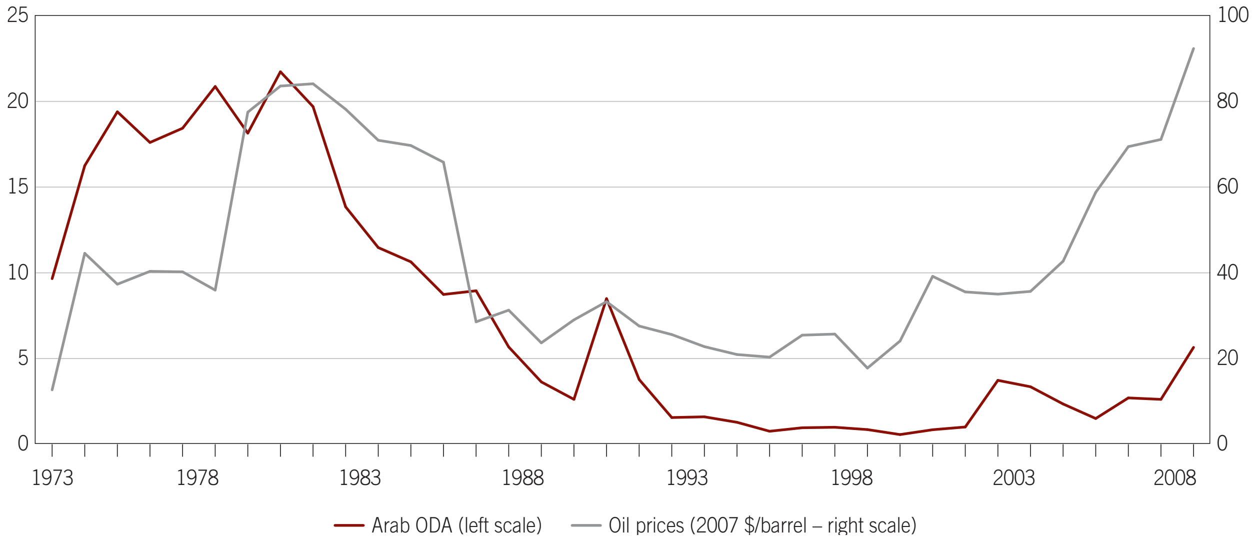
7 Preliminary figures from OECD estimate total aid from the three countries at nearly US$ 6 billion for 2008, while the 2009 Unified Arab Economic Report, Annex Table 11.1, shows a much higher figure of US$ 6.8 billion. The difference is largely due to underreporting by OECD for both Kuwait and UAE—the latter by a large margin (US$ 88 million vs. US$ 561 million).

8 The sum of these three countries' ODA divided by the sum of their GNI.

9 Donor governments committed to spend 0.7 percent of GNI on ODA at the UN General Assembly in 1970.

10 The Arab ODA-to-GNI ratio of 0.7 percent is calculated using OECD-DAC figures for ODA flows and World Bank estimates for GNI/GDP. The DAC ODA flows for Kuwait and UAE are much lower than those found in the 2009 Unified Arab Economic Report, Annex Table 11.2. They are, however, about the same for KSA.

**FIGURE 2.3**
**ODA from Arab Countries and Oil Prices** *(US$ billions and US$ per barrel, respectively, 2007 prices)*




*Source:* Annex 2, Table A2-2 and Table A2-9.

oil prices. Such a trend, if sustained, would permit greater stability in Arab aid flows.

Overall, Gulf states' fiscal capacity to provide aid diminished during the 1980s. Extensive welfare programs were established in the late 1970s, and spending did not necessarily decrease in response to the drop in oil prices in the first half of the 1980s. As a result, countries drew down reserves and accumulated debt. By the late 1980s, KSA and UAE were running fiscal deficits on the order of 5 percent of GDP; in Kuwait and KSA, ratios of total government debt to GDP were estimated at 45 percent and nearly 100 percent, respectively.[11] Fiscal capacity was thus constrained by a heavy dependence on volatile oil export receipts, with both Kuwait and KSA obtaining more than 75 percent of total revenues from petroleum exports through the late 1990s. Per-capita oil revenues are much lower today in Arab donor states than in the 1970s. In KSA, for example, per-capita oil export revenues were US$ 22,589 in 1980 but only US$ 4,564 in 2004.[12] A large and rising wage bill, high transfers, and considerable debt service payments also reduced the capacity of the Gulf states to finance overseas aid.[13] In the face of volatile oil revenues and fiscal strains, key Arab donors put more emphasis on economic diversification, including attracting foreign investment, and fiscal consolidation.

Fiscal capacities improved in the 2000s, particularly between 2004 and 2008, facilitating an increase in ODA flows. In KSA, petroleum export prices increased from US$ 36 per barrel in 2004 to an

11 By 2002, total debt to GDP had been reduced to 33 percent of GDP in Kuwait and 94 percent of GDP in Saudi Arabia.
12 Although this overstates somewhat the revenue decline, due to the inclusion of foreign workers in the population, it does suggest that with more of their own citizens and guest workers to provide for, Arab country governments have spared less of their national income for ODA to other countries.
13 Fasano and Iqbal (2003).

average of US$ 93 per barrel in 2008. In response, government revenues rose from 42 percent of GDP in 2004 to 61 percent of GDP in 2008. This revenue growth created ample fiscal space for discretionary spending—fiscal surpluses increased from 10 percent of GDP in 2004 to 33 percent of GDP in 2008, while government debt levels fell from 65 to 16 percent of GDP. Official reserves swelled from US$ 84 billion in 2004 to a peak of US$ 424 billion in 2008, providing a substantial cushion from which higher ODA outflows could be financed. Trends are similar in Kuwait and UAE, although in both cases government debt was far smaller to begin with. The more modest growth in aggregate reserves in Kuwait and UAE (from US$ 7 billion to US$ 18 billion in Kuwait, and from US$ 19 billion to US$ 28 billion in UAE between 2004 and 2008) reflects the use of sovereign wealth funds in those countries, as compared to KSA, which does not make use of such funds to manage its official reserves. In 2009, falling global petroleum prices contributed to a decline in revenues across the three states, leading in turn to a pronounced reduction in fiscal surpluses (and a projected deficit in KSA) as well as a modest drop in foreign exchange reserves.

Political and security issues have also influenced the allocation of Arab ODA to specific countries. At the 1974 Arab Summit Conference in Rabat, Morocco, oil exporting Arab countries agreed to extend support to Egypt, Jordan and Syria, each of which was absorbing a large number of refugees from West Bank and Gaza. Between 1975 and 1979, over US$ 15 billion (in 2007 prices) in Arab aid was granted to Egypt (though aid was halted after the 1978 Camp David Accord that led to the signing of the 1979 peace treaty between Israel and Egypt). At the 1978 Arab Summit in Baghdad, an agreement was reached to provide an annual grant of US$ 3.5 billion to the front-line states bordering Israel (Egypt, Jordan, Syria, and Lebanon). Low levels of aid in the late 1980s and early 1990s also reflected the reflows of principal payments of aid loans extended in the previous years, as well as heavy military expenditures due to regional conflicts and the cessation of large amounts of general support to Jordan and Syria pledged under the 1978 Arab Summit.[14] Reconstruction needs in Kuwait and the fiscal strains in KSA following assistance provided to allies in the 1990–91 Gulf War contributed to a drop in aid from the three main Arab donors up to the mid-1990s.

Recent increases in Arab ODA have been influenced by the urgent need for post-conflict reconstruction. The countries of the Gulf Cooperation Council (GCC)[15] have supported the reconstruction of Lebanon following the 2006 war; Afghanistan, Iraq, and Yemen after the 2006 Consultative Group meeting; and Gaza after the 2009 incursion. Yemen, for instance, received about US$ 5.3 billion in new donor pledges in late 2006, almost two-thirds of which originated from GCC countries and Arab financial institutions.

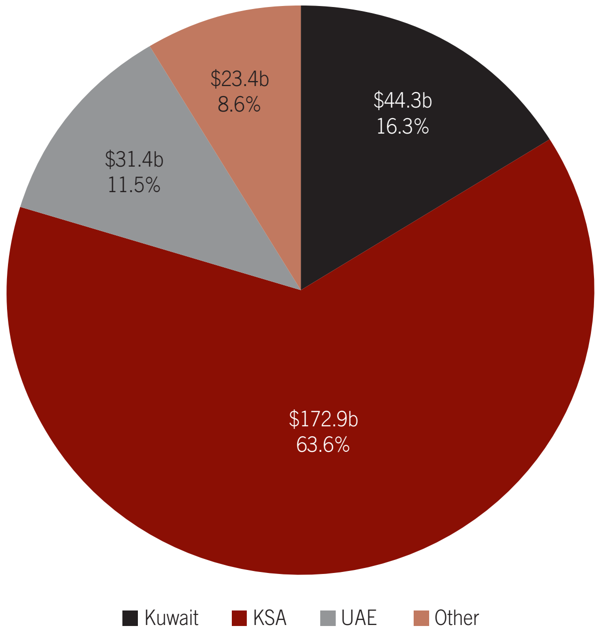
## MAIN SOURCES OF ARAB ODA

KSA ranks as the top Gulf and Arab donor, accounting for almost two-thirds of total Arab ODA. Figure 2.4 shows that, between 1973 and 2008, 64 percent of total Arab ODA was provided by KSA—the majority on highly concessionary terms. KSA has also played an important role in supporting Arab funds and multilateral development banks (Chapter 3). It is the leading contributor of capital, has consistently supported capital increases, and

14 Van den Boogaerde (1991)

15 The GCC was established in May 1981 in Riyadh, Saudi Arabia, and comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE.

**FIGURE 2.4**
**Main Sources of Arab ODA** *(Total 1973–2008, 2007 prices)*




*Source:* Annex 2, Table A2-2

has encouraged these funds to introduce new facilities such as private sector development and trade financing windows. In the 1970s, KSA provided US$ 66.6 billion (in 2007 prices) in foreign assistance, equivalent to 5.4 percent of GNI. Saudi ODA declined to 2.6 percent of GNI during the 1980s, but total aid volumes reached US$ 74.4 billion. In the 1990s, along with a steep decline in oil prices, the reconstruction needs of Kuwait, growing domestic debt service requirements, and economic strains following the 1990–91 Gulf War, Saudi ODA declined further to US$ 11.6 billion or 0.6 percent of GNI. Since 2002, with the substantial increase in oil prices and in spite of the global financial crisis of 2007/2008, Saudi aid has increased again in absolute and relative terms as a proportion of national income.

Kuwait is the second largest source of external assistance in the Gulf countries, accounting for 16 percent of total Arab ODA. From 1973 to 2008, Kuwait provided US$ 44.3 billion in ODA (in 2007 prices). Nearly 90 percent of Kuwaiti aid was provided between 1973 and 1989. ODA from Kuwait declined from about US$ 600 million per year during the 1990s to about half that level after 2000. In 1992, Kuwait's National Assembly decided to withhold aid to countries that had supported the Iraqi invasion.

United Arab Emirates is the third largest source of Arab aid, accounting for 12 percent of total Arab ODA. Between 1973 and 2008, UAE provided US$ 31.4 billion (in 2007 prices) in ODA, the bulk of which was provided in the late 1970s and 1980s. The share of ODA in UAE's national income declined from about 7.6 percent in the late 1970s to 1.0 percent in the 1980s, 0.6 percent in the 1990s, and 0.2 percent between 2000 and 2008. As in KSA, the drop in UAE's ODA was in line with declining oil prices, domestic debt service requirements, and economic difficulties following the 1990–91 Gulf War.

Qatar has also been providing ODA since it gained independence in 1971, at volumes that have fluctuated with oil prices. Annex 2, Table A2-8 presents estimates of the magnitude and trend of assistance provided by the Government of Qatar over the period 1974–2007. The data provided on Qatar's development assistance are not comparable with those of other Arab nations because they are not based on OECD-DAC definitions of ODA. As in other GCC countries, Qatar's financial assistance was quite high, both in absolute terms and as a share of national income in the late 1970s. This financial assistance dropped sharply in the early 1980s and 1990s before increasing rapidly in the first part of this decade, following substantial growth in global oil prices. Although Arab countries have been the main beneficiaries of Qatar's financial assistance, by end-2007 over 75 countries had benefited from this assistance, the bulk of which was for humanitarian relief and reconstruction, security, and economic infrastructure development.[16]

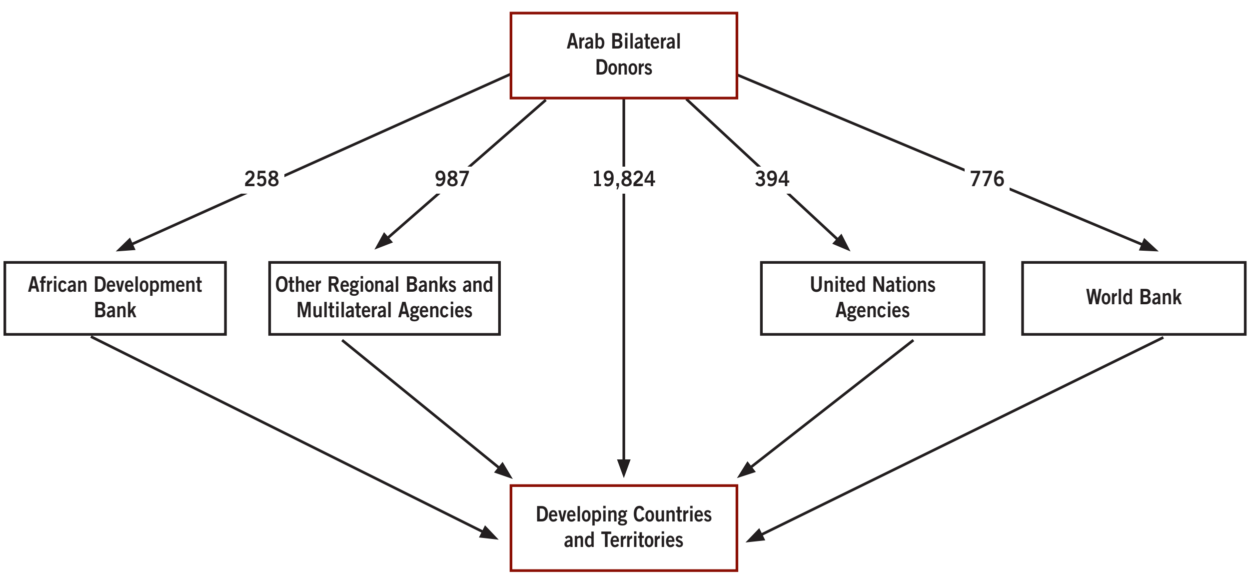
## CHANNELS AND MODALITIES

Most ODA from KSA, Kuwait, and UAE over the period 1995–2007 has been provided on a bilateral basis. Bilateral aid accounts for 89 percent of total ODA offered by these donors (Figure 2.5). Of the Arab ODA that is channeled through multilateral sources, some 4 percent has been transmitted through Arab financial institutions (Chapter 3), 4 percent through the World Bank, 2 percent through UN agencies, and just under 1 percent through the African Development Bank (AfDB). ODA for humanitarian assistance has been channeled through the Red Crescent Societies and other non-governmental organizations (NGOs), for which consolidated information is not available.

The average ratio of multilateral to total ODA among Arab donors (13 percent) over the period 1973–2008 is less than half the DAC average (30 percent), as shown in Annex 2, Table A2-5. Multilateral ODA has remained under 10 percent since 1991 and is currently at around 2 percent of total Arab ODA. Kuwait had the largest average multilateral share at 20 percent for the entire period, about twice the shares of KSA and UAE.

Until 2000, about two-thirds of Arab bilateral ODA was in the form of grants, and the remainder in the form of soft loans (Table 2.1). There has been a significant shift since 2000, however, with the share of grants declining from 70 percent during 1990–1999 to only 36 percent in the period 2000–2008.[17]

**FIGURE 2.5**
**ODA Funding from KSA, Kuwait and UAE, 1995–2007** *(Cumulative net disbursements, US$ millions at 2007 prices)*




*Source:* DAC Online Tables 1a and 2a.

16 State of Qatar (2008).
17 Villanger (2007), p. 7.

**TABLE 2.1**
**Arab Bilateral ODA Grants and Loans**
*(net disbursements, %)[a]*

| Type | 1970–79 | 1980–89 | 1990–99 | 2000–08 | Total |
|---|---|---|---|---|---|
| Grants | 67 | 64 | 70 | 36 | 60 |
| Loans | 33 | 36 | 30 | 64 | 40 |

[a] Excluding unspecified country flows. The preliminary figures for 2008 show a high ratio of grants (94 percent), largely on account of KSA.

*Source:* DAC Online, Table 2A and Bank staff calculations.

In 2008, the picture is more favorable, as almost all Arab bilateral aid (excluding flows that are not country-specific) that is reported to OECD-DAC is in the form of grants. Since 2000, Arab donors have increasingly provided grants for humanitarian assistance and post-conflict reconstruction through the Red Crescent Society and other humanitarian organizations, but little of this financing is captured in official ODA reporting to OECD-DAC.[18]

In KSA, grants have averaged 60 percent of total ODA. Over time, the declining proportion of grants in ODA is to some extent a reflection of a shift in the needs of recipient countries from basic consumption requirements and social services to investment in infrastructure. This shift also coincides with the Saudi Government's decision to channel more of its assistance through the Saudi Fund for Development (SFD), which focuses largely on infrastructure (Chapter 3).

Apart from debt relief, which is discussed below, the bulk of Saudi ODA has been devoted to government-to-government assistance and contributions to the capital of international financial agencies. As of end-2007, government contributions to international organizations totaled over US$ 28 billion (including US$ 11.1 billion to the International Monetary Fund, US$ 7.7 billion to the World Bank Group, and US$ 5.9 billion to IsDB; see Annex 2, Table A2-16). It is estimated that more than one-quarter of Saudi ODA has been devoted to government-to-government assistance and government assistance to civil society organizations over the period 1973–2007. Other channels include emergency and reconstruction relief (9 percent), grants administered by SFD on the Government's behalf (about 8 percent), and social and cultural activities (2 percent).

While there is no comprehensive picture on debt relief, there are some indications that it is relatively small and largely provided through debt rescheduling. The largest Arab contributor to debt relief (in the form of complete debt write-off) is KSA, contributing 8 percent of its total ODA for debt relief during 1973–2007. During the 1991 summit of the Organisation of the Islamic Conference (OIC) in Dakar, Senegal, KSA cancelled about US$ 6 billion in debt to ten African countries (including Egypt, Morocco, Senegal, and Uganda).[19] KSA has also contributed US$ 120 million to the IMF for the Highly Indebted Poor Countries (HIPC) initiative and, as of May 2009, has rescheduled some US$ 569 million in debt to several countries. The latter is being administered by SFD on behalf of the Saudi Government. The Government of Kuwait's contribution to debt relief, through the Kuwait Fund, amounts to US$ 535 million as of May 2009. The amount of debt relief assistance provided by the Government of UAE is not known.

## RECIPIENTS AND USES

Recipient countries of Arab ODA have changed over time. Table 2.2 shows the top ten recipients

18 Cotterrell and Harmer (2005).
19 Kingdom of Saudi Arabia, Ministry of Economy and Planning (2008).

**TABLE 2.2**
**Top 10 Recipients of Arab Bilateral ODA** *(cumulative net disbursements at 2007 prices)*[a]

| 1973–79 | | 1980–89 | | 1990–99 | | 2000–08 | | 1973–2008 | |
|---|---|---|---|---|---|---|---|---|---|
| **Country** | **US$ m** | **Country** | **US$ m** | **Country** | **US$ m** | **Country** | **US$ m** | **Country** | **US$ m** |
| Egypt | 24,609 | Syria | 15,726 | Egypt | 5,801 | WBG | 1,657 | Syria | 33,631 |
| Syria | 15,941 | Jordan | 12,804 | Turkey | 2,541 | Lebanon | 834 | Egypt | 31,022 |
| Jordan | 8,074 | Morocco | 6,144 | Syria | 2,028 | Morocco | 771 | Jordan | 21,606 |
| Yemen | 4,685 | Yemen | 4,498 | Morocco | 1,491 | Egypt | 596 | Morocco | 11,179 |
| Pakistan | 3,763 | Sudan | 3,632 | Lebanon | 830 | Yemen | 688 | Yemen | 10,021 |
| Sudan | 3,030 | Bahrain | 2,221 | Bahrain | 813 | Sudan | 498 | Sudan | 7,259 |
| Morocco | 2,773 | Oman | 1,690 | Jordan | 627 | Algeria | 366 | Pakistan | 4,832 |
| Oman | 2,173 | Lebanon | 1,640 | Afghanistan | 543 | Turkey | 349 | Bahrain | 4,678 |
| Mauritania | 1,709 | Pakistan | 1,243 | Oman | 337 | Bahrain | 342 | Lebanon | 4,510 |
| Somalia | 1,546 | Turkey | 1,221 | Yemen | 243 | Oman | 203 | Oman | 4,404 |
| **Share of Total ODA** | **87%** | | **82%** | | **88%** | | **80%** | | **82%** |

[a] Excluding unspecified country flows

Source: DAC Online, Table 2A.

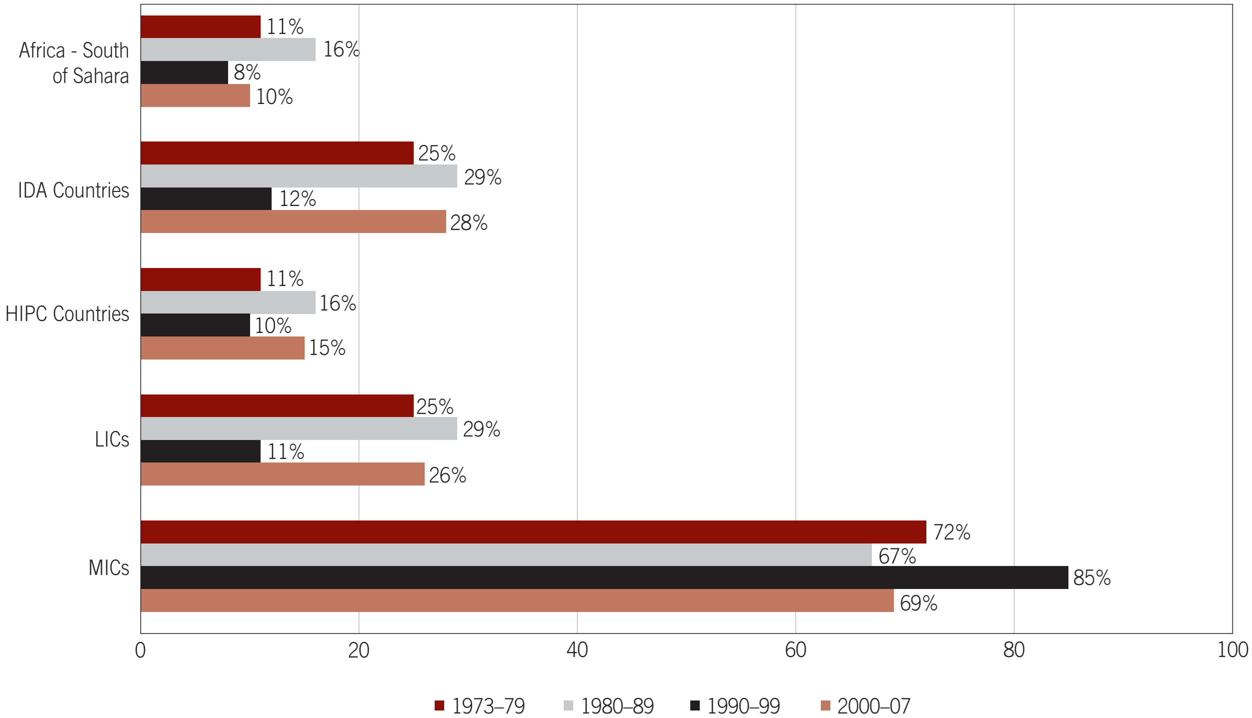
of Arab bilateral ODA over the period 1973–2008. Sixteen countries have been among the top ten recipients of Arab ODA by decade for at least one of the four decades, and these countries cumulatively account for over 80 percent of Arab ODA.[20] Morocco, Oman, and Yemen have always been among the top ten, while Egypt, Syria, Sudan, Bahrain, Lebanon, and Turkey have been excluded only once. Egypt was, by far, the largest recipient of Arab ODA in the 1970s. Sudan was one of the top five Arab aid recipients in the 1970s; although aid flows fell sharply in the 1980s and 1990s due to internal conflict, they have increased since 2001 following the signing of a peace accord. Syria is the largest cumulative recipient, though it dropped from the top ten list entirely during 2000–08. The Palestinian Authority is now the largest Arab ODA recipient, but it was not one of the top ten ODA recipients in the 1990s.

The share of the top ten Arab aid recipients has declined over time, with the exception of the 1990s (Table 2.2). This downward trend is explained by the efforts of Arab donors to widen the geographical scope of recipient countries. Since the mid-1990s, Arab donors have extended their assistance to new countries in Sub-Saharan Africa (Burkina Faso, Burundi, and Eritrea), Asia (Kyrgyzstan, Mongolia, and Tajikistan), Europe (Bosnia and Herzegovina and Georgia), and Latin America (Belize, Honduras, St. Lucia, and St. Kitts).

[20] Ten of these sixteen countries have been among the top ten recipients of Arab ODA at least three times out of four.

**FIGURE 2.6**

**Recipients of Arab Bilateral ODA by Various Aggregations**[a] *(Cumulative net disbursements, % of ODA allocated by country)*




[a] Excluding unspecified country flows

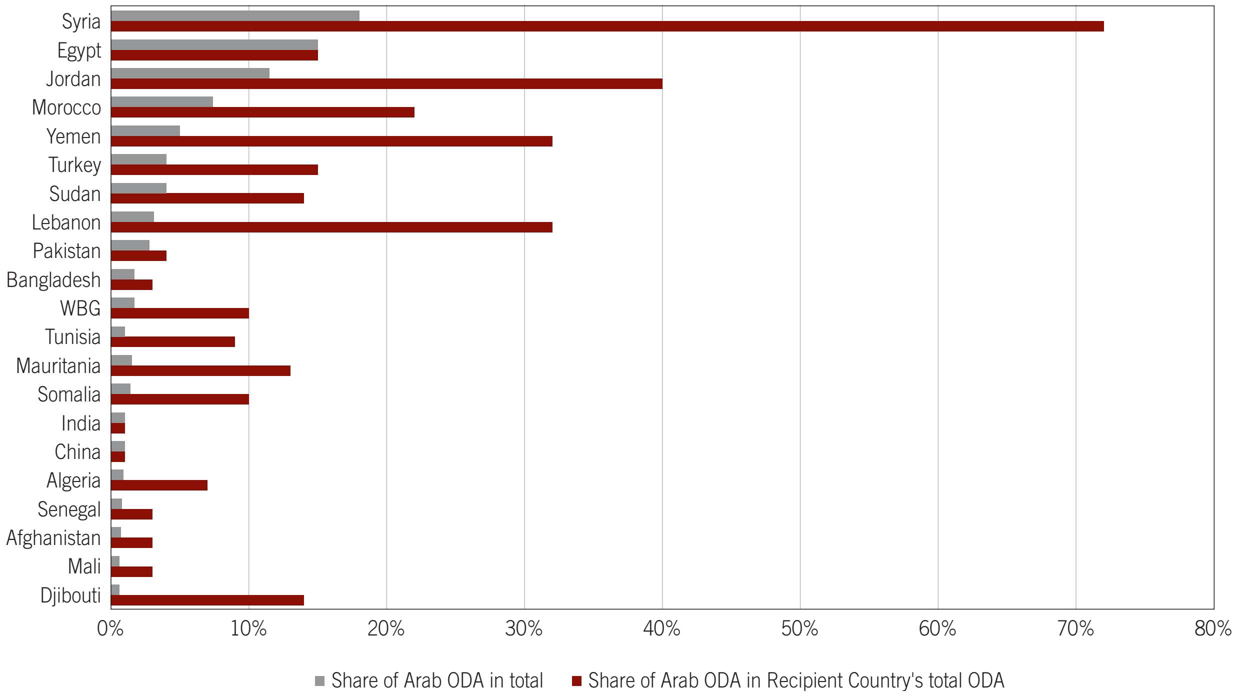
*Source:* Annex 2, Table A2-3.

The current decade shows a substantial increase in Arab aid to poor countries (Figure 2.6 and Table A2-3). While one-quarter of Arab ODA is directed to low-income countries and poor countries (defined as International Development Association (IDA) recipient countries) over the period under review, the current decade shows a doubling of this share in comparison to the 1990s. The same shift has also occurred in the case of Sub-Saharan Africa and HIPC countries. The share of middle-income countries in Arab aid has declined significantly in the 2000s compared to the 1990s. The MENA region still accounts for about three-quarters of Arab ODA allocated by region. Because these data are not disaggregated by Arab donor country, it is not possible to analyze more precisely the geographical breakdown of ODA from KSA, Kuwait, or UAE.

Arab aid has also played a major role in total ODA flows to the countries that are the primary recipients of Arab aid. Arab assistance has thus compensated for relatively low levels of OECD-DAC aid to these countries. In addition, Arab ODA has made a substantial contribution to public investment over a sustained period of time. Figure 2.7 shows the share of Arab ODA in recipient countries' total ODA and the share of these countries in Arab ODA over the period 1970–2008. These countries form four distinct groups. First, Arab ODA for Bahrain, Oman, and Syria accounts for the bulk (over 70 percent) of total ODA from all sources. In Syria, the share of Arab ODA in total ODA has declined from over 90 percent in the 1970s to less than 20 percent in the past decade. The second group of countries includes Morocco, Lebanon, Yemen, and Jordan, where Arab ODA represents between 20

**FIGURE 2.7**

**Arab ODA by Recipient Countries, 1970–2008** *(% of total Arab ODA and of country's total ODA receipts)*




*Source:* Annex 2, Table A2-7.

and 40 percent of total ODA. In Jordan and Yemen, Arab ODA was significant prior to the 1990–91 Gulf War. In Lebanon, the share of Arab ODA has dropped over time, but remains important. The third group of countries includes West Bank and Gaza, Somalia, Sudan, Turkey, Egypt, Mauritania, and Djibouti, where Arab ODA accounts for 10–20 percent of the total. In Somalia and Sudan, the share of Arab ODA has dropped since 1990. Arab ODA peaked in Turkey in the 1990s and in Egypt in the 1970s. For all other countries, Arab ODA represents a small share of total ODA.

Arab aid has financed a broad range of development activities. In the 1970s and early 1980s, Arab ODA focused mainly on infrastructure development and on helping to defray petroleum import costs. Its scope has since broadened to include support for agriculture and natural resource management, social development, debt relief, emergency relief, and capacity building (including assistance to regional higher education institutions and scholarships). Although specific data are not available, the main donors report that, while infrastructure development continues to be important, the uses of Arab aid have become considerably more diverse over time.

The motivations behind Arab aid giving and the allocation of aid are subject to varying interpretations in the literature.[21] Some have argued that the historical focus of Arab aid on Arab and predominantly Muslim countries reflects the fact that many of the poorer Arab and Islamic recipient countries re-

21 Hunter (1984); Khaldi (1984); Porter (1986); Eric Neumayer (2003, 2004); Villanger (2007).

ceive limited aid from OECD donors. Other studies have found that Arab aid is primarily driven by social solidarity, religious affiliation, and empathy with poorer countries. The favoring of Arab countries in Arab aid giving can be seen as an expression of Arab solidarity or as a reflection of efforts to build strong relations among Arab countries.[22]

Econometric analysis carried out for this study suggests that sub-Saharan African, MENA, and Asian countries are most likely to have access to Arab ODA. Poorer and smaller countries are more likely to be deemed eligible for aid from Arab donor countries. In addition, a greater volume of Arab ODA goes to more populous countries. Overall, these empirical results suggest that Arab donors do not use aid as a means of export promotion. This analysis could be strengthened by incorporating variables that measure the size and role of ODA from OECD-DAC and other sources. The degree to which Arab ODA serves to complement or substitute for aid from other sources is an important question for future research.

22 Neumayer (2003) finds that a typical Arab recipient country received 22 times more bilateral Arab ODA and six times more multilateral Arab ODA than a non-Arab recipient country in the period 1974–1997.

CHAPTER 3

# Institutional Framework for Arab Financial Assistance

Arab nations were among the first developing countries to establish specialized institutions to provide development assistance to low-income nations. This chapter discusses the loans, grants, equity investments, and other development financing that is channeled through bilateral funds and multilateral banks and funds that are predominantly owned and capitalized by Arab nations.

Since the 1960s, and more notably the 1970s, a development assistance architecture including three national funds and six major multilateral agencies has been in operation in the region. These funds and banks make an important contribution to development assistance by financing development activities worldwide. Arab donors also play an important role as shareholders and financiers of the Bretton Woods institutions and other multilateral development agencies.

## STRATEGIC ORIENTATION OF ARAB FINANCIAL ASSISTANCE INSTITUTIONS

### A. Institutions

Arab financial assistance is managed by a complex range of national and multilateral agencies. Kuwait, KSA, and UAE have long-established national aid agencies in the form of bilateral assistance funds. In addition, there are five main regional financial institutions: the Arab Fund for Economic and Social Development (AFESD), founded in 1971; the Arab Bank for Economic Development in Africa (BADEA), founded in 1973; IsDB, the largest of these institutions, founded in 1975; the OPEC Fund for International Development (OFID), established in 1976; and the Arab Monetary Fund (AMF), established in 1976. Strictly speaking, IsDB and OFID are not exclusively Arab-financed institutions, but Arab countries provide the largest share of funding.[23] The Arab Gulf Programme for United Nations Development Organizations (AGFUND), founded in 1980, plays a major role in financing technical cooperation and humanitarian assistance through its support for specialized UN agencies. (See Annex 1 for more details on each of these agencies.)

Among the oil-rich Gulf states, Kuwait was a pioneer in the provision of external assistance. The Kuwait Fund for Arab Economic Development

[23] Saudi Arabia's contribution represents 30 percent of OFID's capital and 25 percent of IsDB's capital. Kuwait's shares are 7 percent and 8 percent, respectively.

(KFAED) was established in 1961. Although originally designed to assist Arab countries, KFAED's mandate was broadened in 1974 to include all developing countries. In addition to using the fund's own resources, all bilateral ODA and some other bilateral assistance from the Government of Kuwait is channeled through KFAED. The UAE established the Abu Dhabi Fund for Development (ADFD) in 1971. Its mandate was enlarged in 1974, following a substantial increase in resources, to include all developing countries. The Saudi Fund for Development (SFD), established in 1974, had an initial mandate to provide financing for projects in all developing countries.

In the three main Gulf donor countries, aid management is divided among various government departments. The national funds are primarily responsible for project assistance. As mentioned above, Kuwait channels the majority of its bilateral assistance through KFAED; the Kuwaiti Government's Permanent Committee of External Assistance, with seven members from various ministries, reviews financing requests (including from NGOs) and makes recommendations to the Cabinet. In addition to national funds in KSA and UAE, these governments also disburse aid directly to beneficiary countries through ministries of finance and foreign affairs as well as line ministries.[24] Bilateral aid from these three major Arab donors accounts for 87 percent of total assistance for the period 1973–2007, with the balance channeled through various multilateral agencies (Chapter 2). Due to a lack of detailed data, it is difficult to accurately assess trends in the assistance of major Arab financial assistance agencies.

Coordination between Arab financial assistance agencies and OECD-DAC has intensified in recent years, holding the promise of considerably improved information flows in the future.[25] A joint meeting of the Coordination Group and OECD-DAC was held in Kuwait in May 2009. The meeting led to the adoption of a six-point Partnership Action Plan: (i) holding a high-level policy dialogue every two years; (ii) holding regular consultations; (iii) Coordination Group participation in the Working Party on Aid Effectiveness; (iv) consultation at the technical level to identify opportunities for practical collaboration in specific countries; (v) exploration of the potential for bilateral staff exchanges; and (vi) exchange of information and statistics on ODA submitted by the Coordination Group's member countries.

The main Arab financiers are also important contributors to non-Arab multilateral financial institutions (Annex 2, Table A2–16). To encourage cooperation, the Arab funds also tend to have ownership stakes in one another.[26]

Increasingly, Arab financial agencies have become involved in providing humanitarian assistance, par-

24 Information on direct government-to-government assistance is not available for public scrutiny from the Gulf donor states. Moreover, official aid channeled directly from government ministries tends not to be governed by a formal aid policy or accountability framework. Kuwait's development assistance has been integrated recently within the Ministry of Foreign Affairs; in other countries, oversight responsibilities are more diffuse.

25 Since 2007, members of the Coordination Group and OECD-DAC have begun to revive the regular dialogue they pursued until the 1980s. In a meeting chaired by the Coordination Group in Kuwait on February 4, 2007, participants from both donor groups agreed on the need for better information flows between all donors. Speaking on behalf of the Coordination Group at the 2008 Accra High-Level Forum on Aid Effectiveness, OFID confirmed the Group's strong interest in deeper dialogue with DAC.

26 For example, ADFD is a contributor to AFESD, IsDB, BADEA, AMF, the Arab Trade Financing Program, OFID, Arab Organization for Agricultural Development, Arab Authority for Agricultural Investment and Development, and the Arab Agency for Investment Guarantee. Likewise, KFAED has provided financing to AMF, the Inter-Arab Investment Guarantee Corporation, AfDB, African Investment Fund, and IFAD.

ticularly in post-conflict states and countries suffering from natural disasters. A large share of Arab humanitarian aid is channeled through the Arab Red Crescent and Red Cross societies. These agencies are coordinated, in turn, through the Conference of Arab Red Crescent and Red Cross Societies and its secretariat in Jeddah, KSA. The League of Arab States (LAS) has also come to play a more prominent role in coordinating assistance for humanitarian affairs. Though traditionally focused on coordinating assistance for West Bank and Gaza, LAS has turned its attention recently to a number of other crises.[27]

## B. Organizational Mandates

The mandates of the Arab financial assistance agencies require them to provide assistance to foster economic and social development, with distinctions drawn between those that are mandated to specifically assist Arab member states (e.g., AFESD and AMF) and those with a broader geographic reach. With the exception of SFD, none of the Arab financial assistance agencies is mandated to promote home-country trade. OFID focuses on encouraging cooperation among oil-exporters and other countries, IsDB works to foster principles of Islamic financing, and AMF promotes monetary stability, financial integration and trade flows. While all of the Arab aid organizations have equated economic and social development with poverty reduction, AGFUND's mandate is the most specific in its focus on sustainable human development. (See Annex 1, Table A1-2 for a more detailed discussion of the mandates of the main Arab financial organizations.)

The mandates of Arab funds are interpreted and operationalized through evolving corporate strategies and plans. The initial strategic imperative of Gulf financial assistance agencies was to finance infrastructure projects, but more recently corporate strategies have emphasized poverty reduction, social sector development, private sector development (including investment support), trade expansion and coordination (through the Arab Trade Financing Program (ATFP), for example), introduction of Islamic financing instruments, and regional cooperation. As Arab aid agencies have matured and expanded, corporate strategies have introduced new business processes, partnership modes, and assistance instruments and launched a number of special initiatives to focus assistance on disaster reconstruction, development in sub-Saharan Africa, and reaching the poorest of the poor. A large number of new specialized funds, corporations, facilities, and assistance windows have been established to manage private sector operations and earmark financing for new areas of strategic interest (see Box 3.2 below).

At the country level, Arab financial assistance is directed toward priorities set by the national authorities of recipient countries. Arab donors do not prepare agency-specific country assistance strategies, preferring instead to position their assistance in support of the recipient's requests. For the major recipient countries, multi-year assistance pipelines are, however, prepared by several agencies. Such pipelines (or business plans) serve to identify agreed lending and non-lending operations and describe links to national development goals, plans, and strategies. Participatory and consultative approaches are also used to elicit priorities and feedback from beneficiaries, particularly during the identification of new assistance operations.

Arab financial assistance agencies rely on core staffing and limited in-country presence to tailor their

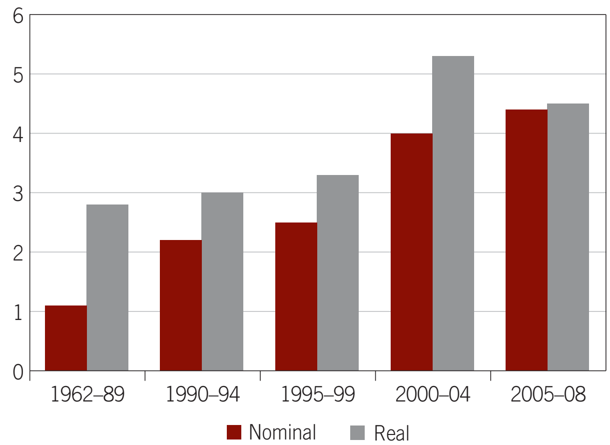
[27] In 1993, the Council of the Arab League passed a resolution committing its members to provide assistance to Somalia. More recently, league members have committed assistance to overcome humanitarian crises in Afghanistan, Iraq, and Sudan.

assistance to country-specific requirements. With the exception of IsDB, which has several regional offices and field representatives, other Arab financial assistance organizations work principally from their respective headquarters and rely on teams of consultants to augment core staff strength. Establishing a resident mission presence is difficult and costly for these smaller financial organizations.[28] Arab financial organizations rely on a relatively small cadre of professional staff, most of whom are tasked with appraising new operations, supervising ongoing operations, and managing the financial affairs of their respective institutions. IsDB is the largest agency in terms of staffing, with 1,014 employees in 2008. As a result, Arab financial agencies must depend on beneficiary country officials to identify priorities and design operations that fall within organizational mandates.

## ACTIVITIES OF ARAB FINANCIAL ASSISTANCE INSTITUTIONS

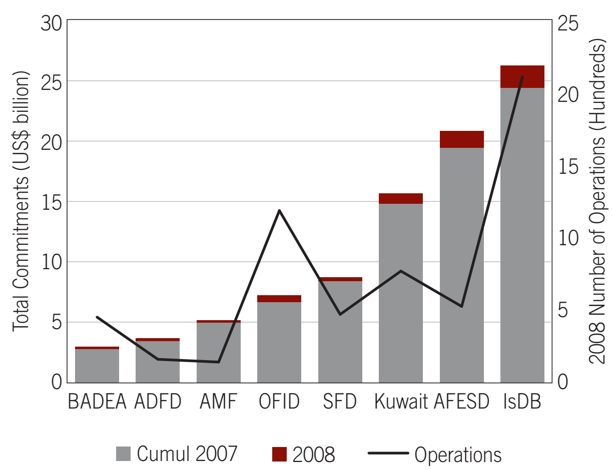
Arab financial assistance has grown quickly. Overall assistance provided by the eight Arab financial organizations has increased significantly, both in nominal and real terms (Figure 3.1). In nominal terms, commitments of the Arab financial institutions quadrupled from the 1970s to the current decade, and gross cumulative commitments totaled over US$ 90 billion at the end of 2008. In real terms, commitments have increased by 4.4 percent per year on average between 1990 and 2008, reaching a total cumulative commitment of US$ 155 billion by the end of 2008 (in constant 2007 dollars). Figure 3.2 provides the total lending volume and number of operations for each of the Arab financial institutions since their inception.[29]

**FIGURE 3.1**
**Yearly Average Commitment of Arab Financial Institutions** *(Cumulative as of 2008, US$ billion)*




*Source:* Annex 2, Table A2-10 and Table A2-11.

**FIGURE 3.2**
**Financial Assistance and Operations Financed by Arab Financial Institutions** *(Cumulative as of 2008, US$ billion)*




*Source:* Annex 2, Table A2-10 and Table A2-11.

[28] Local offices have been established in special circumstances. During initial efforts to reconstruct Lebanon, for example, KFAED established a local office that was also used by other Arab aid agencies.
[29] There are considerable differences between aid flow estimates reported by the Arab financial agencies to DAC and those reported to the Coordination Group. DAC data are available for only three of these agencies: BADEA, IsDB and OFID. Net ODA disbursements reported by these agencies totaled US$ 17.2 billion (at 2007 prices) for the period 1973–2007. These agencies

## A. Instruments of Assistance

### *Projects and Programs*

Projects and programs are the mainstay of the financial support provided by Arab financial assistance agencies. The project selection and preparation cycle is similar across Arab financial institutions and is generally comparable to multilateral development banks.[30] Project selection is typically conducted in a participatory manner; the amount of financing for each project is based on costs and, in some of the banks, financing limits govern the absolute amount and share of total costs that can be financed. The average size of Arab-funded projects has increased over time, reflecting both cost escalation and increased capitalization of the Arab funds and banks. In recent years, greater emphasis has been put on strengthening monitoring and evaluation.

In addition to traditional forms of project finance, IsDB has played a leading role in introducing financing tools that are consistent with Islamic religious (Shari'ah) law (Box 3.2; Annex 1, Boxes A1-4 and A1-5). Financing options include leasing, installment sale, profit sharing, and equity participation arrangements. IsDB has also introduced a number of funds geared directly to tapping traditional sources of Arab savings and promoting the use of Arab financial instruments (Annex 1, Table A1-1). Most recently, IsDB has joined together with the Asian Development Bank (ADB) to launch a new Islamic Infrastructure Fund.

By 2007, Arab financial agencies had financed over 5,600 operations with a total value of US$ 82 billion (excluding cancellations, emergency relief and trade finance). Of these, just over 90 percent were in the form of project and program finance, with the remainder allocated to balance of payments and budget support, technical assistance (TA), emergency operations, and private sector support (Table 3.1). With the exception of AMF, which provides balance of payments and budget support, and IsDB, which is heavily engaged in trade finance (some two-thirds of its assistance), all other agencies are largely engaged in investment project and program financing.

### *Debt Relief*

Arab financial agencies have worked to help reduce the debt burdens of least developed countries. These agencies have contributed to the HIPC initiative since 1996 and to the Multilateral Debt Relief Initiative (MDRI) in 2006. Support has been provided through debt rescheduling, including extending grace and repayment periods to boost the grant element of outstanding debt. Debt forgiveness is not allowed by conditions established in the charters of the Arab financial institutions. This is in sharp contrast to the OECD-DAC nations, where debt relief has played a major role in assistance flows during the past decade.[31] At end-2007, total debt rescheduling of Arab financial agencies amounted to US$ 1.2 billion or 1.5 percent of total financial support (Table 3.1). There are large variations in the amount of debt assistance provided by Arab institutions; AMF contributes the most in relative terms (5.9 percent of its financial support), followed by BADEA (5.3 percent), OFID (3.8 percent),

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reported total cumulative commitments of US$ 101 billion (at 2007 prices) to the Coordination Group, suggesting that only part of their financial assistance has been self-reported as ODA.

30 Projects are selected and funded based on national development priorities, technical feasibility, economic and financial viability, and environmental acceptability. Projects must have a reasonable economic rate of return and should be intended to promote economic and social development in the beneficiary countries.

31 Debt relief from OECD countries grew steeply after the end of the Cold War, reaching an average real annual growth rate of 60 percent between 2002 and 2005. During 2004–2006 debt relief is estimated to have averaged around 19 percent of total OECD ODA. See World Bank (2008).

**TABLE 3.1**

**Total Financial Assistance by Type and Institution** *Cumulative Financial Assistance (at end-2007, US$ millions)*[a]

| | ADFD | KFAED | SFD | AFESD | AMF | BADEA | OFID | IsDB[e] | Total[e] | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Loans | 3,231 | 14,391 | 8,410 | 18,911 | 4,681 | 2,560 | 6,015 | 20,277 | 78,475 | 95.9 |
| Debt rescheduling | | 409 | | | 292 | 149 | 251 | 123 | 1,223 | 1.5 |
| Grants[b] | 191 | 26 | | 535 | | 78 | 409 | 873 | 2,112 | 2.6 |
| Total | 3,422 | 14,826 | 8,410 | 19,446 | 4,973 | 2,787 | 6,675 | 21,273 | 81,810 | 100.0 |
| Projects/programs | 3,231 | 14,213 | 8,410 | 19,375 | | 2,476 | 5,772 | 20,400 | 73,876 | 90.3 |
| BoP and budget support | | | | | 4,973 | 214 | 724 | | 5,911 | 7.2 |
| Technical Assistance[b] | 191 | 309 | | 71 | | 97 | 123 | 232 | 1,023 | 1.3 |
| Other[c] | | 304 | | | | | 56 | 641 | 1,001 | 1.2 |
| Total | 3,422 | 14,826 | 8,410 | 19,446 | 4,973 | 2,787 | 6,675 | 21,273 | 81,810 | 100.0 |
| Trade finance[d] | | | 1,090 | | 5,356 | | 74 | 29,799 | 36,320 | |
| Other[f] | | | | | | | 1,670 | | 1,670 | |
| Grand total | 3,422 | 14,826 | 9,500 | 19,446 | 10,329 | 2,787 | 8,419 | 51,072 | 119,800 | |
| Memo Items: Loans and Grants administered by National Funds (most recent data) | | | | | | | | | | |
| Loans (including rescheduled debt) | 1,113 | | 569 | | | | | | 1,689 | |
| Grants | 1,547 | 732 | 6,115 | | | | | | 8,394 | |

[a] The period of coverage varies from one institution to another as reported in Table A3-10; excludes assistance managed by national funds on behalf of their respective governments; [b] Underestimate, as data are partial; [c] Including emergency relief; [d] BADEA volumes: US$ 24 million (2006) and US$ 40 million (2007); [e] Loans and grant cancellations (US$ 3,160 million) excluded from IsDB, explaining the discrepancy between Coordination Group Secretariat figure for IsDB (US$ 24,433 million) and total (US$ 84,970 million); [f] Including transfers to the International Fund for Agriculture Development (IFAD) (US$ 861 million), IMF (US$ 111 million) and private sector development (US$ 649 million).

*Source:* Coordination Group Secretariat (total assistance by agency); Annual Report and Bank staff estimates.

KFAED (2.8 percent),[32] and IsDB (0.5 percent). (Beneficiary countries of debt relief are shown in Annex 2, Table A2–15.) In its latest corporate plan, BADEA has indicated that it will also participate in debt relief operations in the years to come.

### *Balance of Payments and Budget Support*

Major actors in this domain are AMF, BADEA, OFID, and to some extent ADFD. AMF provides short-term financing (three- to five-year loan duration) to address overall balance of payments deficits in its 22 member countries. By end-2007, AMF had issued balance of payments and budget support loans worth a total of US$ 5 billion (about 6 percent of total Arab financial institution commitments), over 60 percent of which went to four countries: Egypt, Algeria, Morocco, and Yemen. Though AMF lending has declined in recent years owing to improvements in the foreign currency position of its member countries, in 2007 AMF extended two new balance of payments and budget support loans with a total value of US$ 98 million

[32] After the liberation of Kuwait, the country wrote off the debts of some of the countries that had provided military assistance.

to finance fiscal reforms in Syria and banking sector reforms in Lebanon. These two new loans bring the total number of loans granted since AMF's inception to 137, benefiting some 14 of its member countries. The Special Arab Aid Fund for Africa (SAAFA) facility, which merged with BADEA in 1976, provided a total of 59 balance of payments and budget support loans to African countries for a total commitment of US$ 214 million. BADEA itself also provides co-financing to nations undertaking IMF-assisted stabilization programs. OFID has provided 185 loans for balance of payments and budget support, amounting to US$ 724 million or some 12 percent of its cumulative portfolio. Again, these loans augmented support provided under IMF-assisted stabilization operations. Finally, ADFD provided US$ 100 million in balance of payments and budget support to Sudan in 2008.

### *Technical Assistance and Small Grants*

Each of the Arab financial agencies provides small quantities of (primarily grant-based) technical assistance. This TA is primarily used to finance project preparation and build capacity within government agencies to implement specific projects. TA is also provided to support broader capacity development initiatives in government, private sector, and civil society institutions. A distinctive feature of Arab TA is its emphasis on fostering South-South cooperation by involving technical advisers from developing member countries and by twinning institutions across member countries (Box 3.1). The strategic plans of several Arab financial agencies emphasize providing assistance to member countries to support learning from institutions at a similar stage of development while fostering solidarity across member countries. Arab agencies have also supported the establishment and operations of training institutes for partner-country officials and have provided grant assistance for knowledge sharing initiatives. Such activities are designed to help partner-country officials develop homegrown policy solutions tailored to their distinct development challenges.

**BOX 3.1**

**IsDB Capacity Building Programme – Fostering South-South Cooperation**

The Capacity Building Programme for the OIC Countries was launched by IsDB in December 2004 in Kuala Lumpur, Malaysia. Its aim has been to strengthen capacity for economic management in member countries with the ultimate objectives of reducing poverty, improving living standards, and raising productive capacity. A joint Steering Committee —comprised of 18 member countries (17 of the OIC), IsDB and the OIC Secretariat—was established to oversee the program's implementation.

The program focuses on sharing and utilizing the valuable experiences of advanced nations for the benefit of less developed member countries. The first phase (2–3 years) began in 2005. Under this phase, the IsDB has allocated US$ 24 million and the Government of Malaysia will provide US$ 3.8 million for four capacity building projects: (i) palm oil industry in Sierra Leone (US$ 9 million); (ii) marine fisheries in Bangladesh (US$ 10.9 million); (iii) oil and mineral exploration in Mauritania (US$ 5 million); and (iv) small enterprises and microfinance schemes in the Aceh Province of Indonesia (US$ 1.7 million).

A second phase is expected to include four more projects: (i) development of wind-based renewable energy in Jordan; (ii) formulation of an economic policy framework in Yemen; (iii) development of the fisheries sector in the Maldives; and (iv) development of mango production and pulp processing in Guinea.

**TABLE 3.2**
**Cumulative TA Grant Financing Provided by Arab Financial Agencies, at end-2007**

| Agency | TA Grant Amount US$ millions | Notes |
|---|---|---|
| ADFD | 191 | |
| AFESD | 71 | 855 grants |
| BADEA | 97 | 407 operations |
| IsDB | 232 | 62 percent of this amount allocated to 313 operations in the least-developed member countries |
| OFID | 123 | |

*Sources:* Annual Reports (2007/8); estimates provided by Arab financial agencies

Just over 1 percent of Arab agencies' total cumulative financial flows have been in the form of TA. Of this amount, the actual TA grant element is significantly smaller because, in the case of the national funds, project preparation TA grants are converted into concessional loans following the start of the project (representing up to 90 percent of the TA value). If the project is cancelled, or otherwise does not proceed, then the project preparation TA remains as a grant.

Overall, grant assistance is estimated to account for nearly 3 percent of total Arab financial institution commitments. In addition to project-related TA, Arab aid agencies provide some grant assistance for training, scientific cooperation, sustainable development, and humanitarian assistance. Through 2007, KFAED provided US$ 26 million in grants, primarily for social sector and humanitarian projects. AFESD issued grants equivalent to nearly US$ 534 million, of which 32 percent was used for education and capacity building and 8 percent for emergency assistance. IsDB has provided US$ 873 million in grants, including a scholarship program (US$ 62 million) for Muslim Communities in 48 countries. By end-2007, OFID had committed a total of 928 grants worth US$ 409 million for TA, research, HIV/AIDS, emergency relief, and food aid.

AGFUND plays a special role in channeling Gulf grant aid for humanitarian requirements through UN agencies. Through end-2007, AGFUND had contributed to 1,141 projects in 131 countries, with a total value of US$ 260 million. Just over half of AGFUND's grant assistance is used to finance projects in the health sector, with the balance divided among support for education, poverty reduction, environment, and capacity development. AGFUND assistance is channeled through 17 specialized UN agencies, an estimated 167 NGOs, and a wide range of Arab government agencies. AGFUND has also established a number of Arab regional institutions.[33]

### *Private Sector Operations and Trade Finance*

Arab donors have placed a growing emphasis on enhancing the role of the private sector in economic development. In addition to providing lines of credit for the private sector through public sector operations,[34] special windows have been established to provide direct support to the private sector, with operations often financed in partnership with other financial institutions.[35] IsDB, OFID, and AFESD

33 These include the Arab Council for Childhood and Development, the Arab Women's Centre for Research and Training, the Arab Network of NGOs, and the Arab Open University.

34 Through 2007, BADEA reports some 32 private sector operations in the form of credit lines channeled through regional and national banks to finance private sector activity.

35 For example, OFID private sector operations in 2007 were undertaken in cooperation with the Arab Banking Corporation, Boubyan Bank, Byblos Bank, East African Development Bank, European Bank for Reconstruction and Development, International Finance Corporation, and IsDB.

have all set up private sector facilities to complement their traditional activities (Box 3.2). Under these facilities, loans, lines of credit, guarantees, equity investments, and technical assistance are provided to selected private enterprises, primarily on a non-recourse basis. By 2006, over 20 percent of IsDB's total project financing was extended to non-sovereign entities, including six projects in the power and manufacturing sectors in five member countries. OFID, through its private sector window, had approved US$ 649 million in financing for 111 private sector operations by end-2007. This included lines of credit to financial intermediaries and direct financing support to private firms working in agro-industry, infrastructure, manufacturing, mining, telecommunications, textiles, tourism, health care, and housing. AFESD has allocated US$ 500 million for private sector operations, and has already made investments in a large-scale grain mill, a hotel, and a steel mill in Yemen. ADFD established the Abu Dhabi Development Company Limited in 2007 to undertake property and agriculture development, as well as a holding company to manage its interests in various private sector arenas (Annex 2).

Some Arab financial agencies have established special financing facilities to foster external trade, improve small and medium enterprises' (SMEs) access to trade finance, and strengthen the management of trade-related risks. IsDB has been a leader among Arab donors in supporting trade fi-

**BOX 3.2**

**Specialized Funds of Arab Aid Agencies**

SFD introduced a Saudi Exports Program in 2001 to provide finance and guarantee facilities to promote Saudi non-crude oil exports.

The IsDB has established and supported a number of specialized institutions to foster private sector development. The Islamic Corporation for the Insurance of Investments and Export Credits (ICIEC), established in 1994, aims to facilitate the flow of foreign direct investment in member countries by providing Shari'ah-compliant insurance and risk mitigation facilities. The Islamic Corporation for the Development of the Private Sector (ICD) was established in 1999; some 17 private companies received US$ 129 in financing through the ICD in 2007. As affiliates of the IsDB Group, both the Unit Investment Fund (1989) and Infrastructure Fund (2001) were set up to promote capital markets and foreign direct investment in member countries. A new Islamic Infrastructure Fund was created in 2009 in partnership with ADB. The Awaqf Properties Investment Fund was established to tap into the Waqf (endowment) sector. The World Waqf Foundation was set up in 2001, and a special Fund for Poverty Reduction was launched in 2006.[1]

Starting in 1994, **OFID** entered into an agreement with the IMF to provide support to the Enhanced Structural Adjustment Facility Trust and, subsequently, to the Poverty Reduction and Growth Facility. OFID also established a Food Aid Special Account in 2003 to help combat the hunger crisis in Africa, and in December 2006, a trade financing facility was established to help broaden access to trade financing facilities.

[1] *Awqaf* (singular, *waqf*) is an Arabic word meaning assets that are donated, bequeathed, or purchased for the purpose of being held in perpetual trust for a general or a specific charitable cause that is socially beneficial. Perpetuity of *awqaf* has led over the years to a considerable accumulation of societal wealth such that *awqaf* has become an important economic sector dedicated to the improvement of socio-economic welfare in member and non-member countries with significant Muslim populations. *Awqaf*-supported programs usually include poverty alleviation, disaster relief, health care services, education, environment, and culture and heritage.

nance. From 1975 to January 2007, trade financing operations represented 66 percent of the value of IsDB's net approvals, with total trade financing estimated at US$ 30 billion. In recent years, new trade promotion programs have been established by BADEA (in partnership with IsDB), OFID, and SFD. The BADEA Export Finance Scheme provides a specific window to finance trade between African and Arab countries, with an allocation of US$ 100 million. AMF provides trade financing under the ATFP, which has authorized capital of US$ 500 million and has provided some US$ 6.1 billion in cumulative financing between 1991 and 2008. The ATFP aims mainly to promote inter-Arab trade and foster competitiveness in the region. It also aims to play an important role in coordinating and harmonizing the interests of credit-supplier partners, including Arab funds, national government and non-governmental banking and financial institutions, and joint Arab-foreign banking and financial institutions. The ATFP also provides information on Arab trade to all parties concerned through the Intra-Arab Trade Information Network (IATIN).

### *Regional Operations*

In addition to national projects, Arab financial assistance agencies support projects that foster regional economic integration, particularly in roads, energy, and hydropower infrastructure. In 2007, BADEA financed five road projects in Burkina Faso, Chad, Sierra Leone, Rwanda, and Cameroon for a total commitment of US$ 53 million to promote trade among these nations. BADEA also financed TA aimed at exploring regional integration in the "Liptaco Gourma" region connecting Burkina Faso, Mali, and Niger, and through the development of a trans-Saharan road. IsDB has supported regional integration in Africa through assistance to the Trans-Sahara and Trans-Sahel roadways, and support for the construction of the Sevare-Gao road and the Gao Bridge in Mali, and the Agades-Zinder road in Niger. Arab financial assistance was crucial to the development of important infrastructure along the Senegal River, under the aegis of OMVS (Organisation pour la Mise en Valeur du fleuve Senegal), including the construction of the Manantali dam in Mali and Diama dam in Senegal. Similarly, Arab support helped finance the Kompienga Hydroelectric dam in Burkina Faso, the Garafiri dam in Guinea, and the Marwi dam in Sudan. A landmark of AFESD's contribution to Arab regional integration is the financing of the Arab Electricity Grids Interconnection Projects. Over the past ten years, total investment from all sources in these projects has reached US$ 1 billion, including US$ 566 million for the GCC Power Grid Interconnection Project, US$ 152 million for the Maghreb Countries Interconnection Project, and US$ 86 million for the interconnection of the two electricity grids in Yemen. AFESD has contributed over two-thirds of the financing of these projects on concessional terms. Another regional initiative is the integration of the Arab Railway Network Scheme. In cooperation with the General Secretariat of the League of Arab States, AFESD agreed in January 2009 to finance and supervise the preparation of this scheme. Finally, in the area of capacity building and research, AFESD joined with the World Bank in establishing the Research Initiative for Arab Development (Box 3.3).

## B. Geographic and Sectoral Distribution of Assistance

### *Geographic Distribution*

Arab financial assistance is based on country requests, and the range of countries assisted has widened significantly over time. Arab financial agencies focused initially on lower-income Arab states, but as more countries have become eligible for and familiar with the operations of the Arab agencies, assistance requests have increased sharply.

**BOX 3.3**

**Research Initiative for Arab Development – An Illustration of World Bank-AFESD Cooperation**

A partnership has been established between the World Bank and AFESD to support research on development issues in Arab countries. The main objective of the Research Initiative for Arab Development is to help scale up and enhance the quality of economic research in Arab countries in order to bridge the knowledge gap and ultimately help support regional efforts to deepen reforms and achieve the economic, social, and institutional transformations needed to meet development challenges.

The initiative will bring together financial resources, the know-how for the design and implementation of a regional research program, and other activities to inform decision making in the Arab countries. The initiative will focus on five priority areas: (i) equity and inequality; (ii) regional integration; (iii) economic diversification; (iv) environmental degradation and climate change; and (v) institutional change and dynamics.

For each of the main research areas, the initiative would aim to contribute to a better understanding of the issues involved and map out policy options and institutional designs through activities such as workshops, database development, research papers, books, conference volumes, flagship reports, and policy briefs. The initiative is expected to contribute to the dissemination of knowledge and consensus building through increased interaction between research institutions and decision-making circles, and policy debates involving a wide range of stakeholders—including policymakers, parliamentarians, civil society, and the media. The initiative is being implemented by the Economic Research Forum, which is one of the well-established research institutions in the region.

The number of countries supported varies widely by agency; in 2007, OFID had the widest coverage (107 countries), followed by KFAED (103), SFD (71), IsDB (56), and ADFD (49). Only in AFESD and AMF, whose mandates restrict their activities to Arab member states, has assistance remained confined to a smaller set of recipients. The case of IsDB illustrates the growing global reach of Arab financial institutions, having expanded from 22 member countries in 1975 to 56 by 2005.

Africa and Asia (including the Near East) have accounted for nearly 98 percent of total Arab financial assistance (Table 3.3 and Figure 3.3). OFID, KFAED, and SFD are the most global in focus, also financing projects in Europe and Latin America. Financial contributions to these regions account for 14 percent, 4.4 percent, and 1.8 percent of their total assistance, respectively. As in the case of Arab ODA, Arab financial assistance has also been allocated increasingly to poor countries; some 40 percent of total Arab financial assistance was allocated to IDA recipient countries. The largest proportion of lending from several Arab agencies has been directed to these countries. Between 50 and 90 percent of the total lending of SFD, OFID, and BADEA, and some 30–50 percent of ADFD, IsDB, and KFAED loans, have been allocated to IDA recipient countries. Furthermore, between one-fifth and one-quarter of total Arab lending has been directed to HIPC-eligible countries and sub-Saharan Africa, respectively.

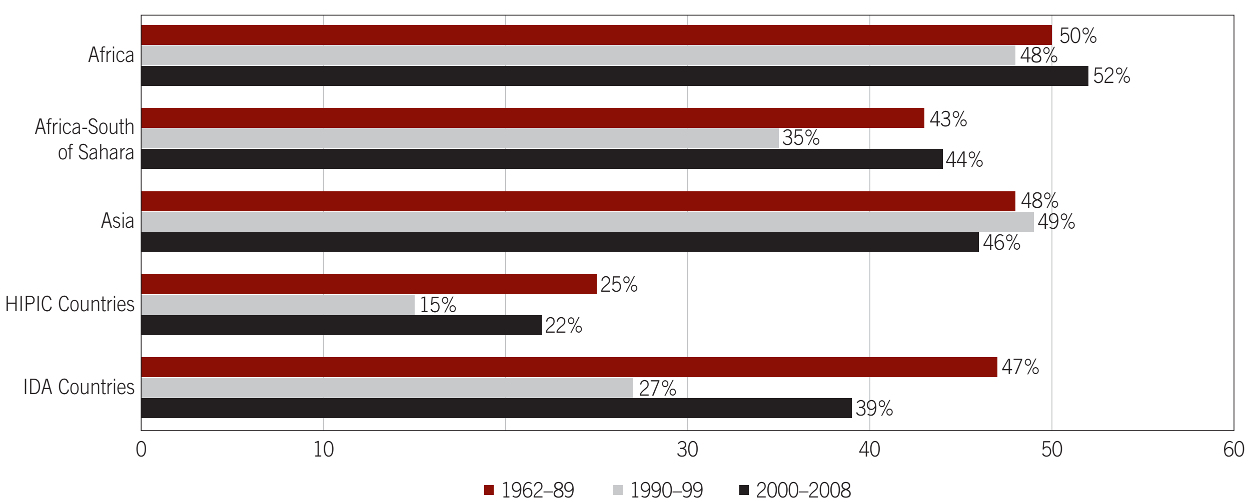
The top five recipient countries account for 18 to 73 percent of Arab financial agencies' total cumulative lending (Table 3.4). These countries account for a particularly large share of total lending by ADFD, AFESD, and AMF, reflecting a tendency in these organizations to allocate resources primarily to low and lower middle-income Arab states, namely Egypt, Morocco, Syria, and Yemen.

**TABLE 3.3**
**Total Commitments of Financial Institutions by Geographic Region and Country Groupings**

| | Cumulative Commitments (at end-2008) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | ADFD | KFAED | SFD | AFESD | AMF | BADEA | OFID | IsDB | Total |
| **Total (US$ millions)** | 3,651 | 15,655 | 8,722 | 20,814 | 5,151 | 2,983 | 7,230 | 26,285 | 90,493 |
| **%** | 4.0 | 17.3 | 9.6 | 23.0 | 5.7 | 3.3 | 8.0 | 29.0 | 100.0 |
| **Geographic Region** | | | | | | | | | |
| **% of Total**[a] | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Africa | 43.7 | 48.9 | 46.3 | 57.8 | 64.1 | 99.6 | 50.2 | 39.6 | 50.4 |
| (of which SSA) | 17.5 | 24.4 | 28.2 | 13.0 | 12.8 | 99.6 | 44.2 | 15.5 | 22.7 |
| Asia | 56.1 | 46.8 | 51.9 | 42.2 | 35.9 | 0.0 | 35.3 | 59.8 | 47.3 |
| Europe | 0.2 | 2.1 | 1.1 | 0.0 | 0.0 | 0.0 | 1.9 | 0.4 | 0.7 |
| Latin America & Caribbean | 0.0 | 2.3 | 0.7 | 0.0 | 0.0 | 0.0 | 12.1 | 0.1 | 1.5 |
| **Others** | | | | | | | | | |
| IDA Countries | 31.3 | 39.0 | 50.0 | 22.8 | 24.7 | 88.2 | 76.4 | 35.1 | 38.7 |
| HIPC | 16.5 | 21.9 | 26.8 | 12.3 | 12.6 | 76.4 | 46.3 | 13.8 | 20.8 |

[a/] Percentages do not sum to 100 due to rounding.
*Source:* Annex 2, Table A2-10.

**FIGURE 3.3**
**Recipients of Assistance from Arab Financial Institutions by Various Aggregations** *(% of cumulative commitments allocated by country)*




*Source:* Annex 2, Table A2-11.

**TABLE 3.4**
**Lending Concentration (Share of Top Five Recipient Countries in Cumulative Lending as of 2007)**

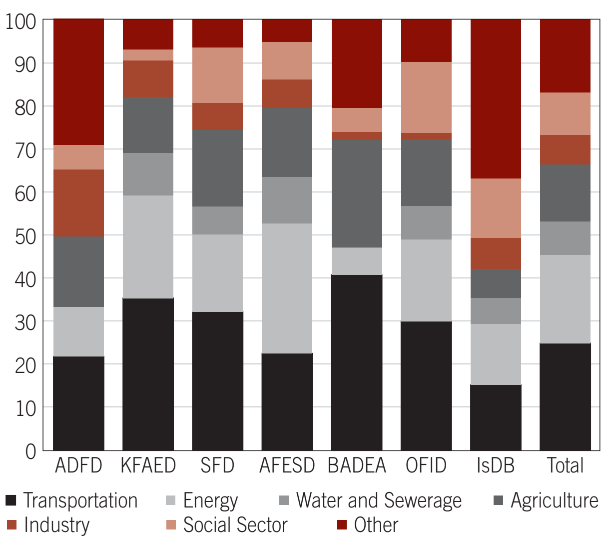
| ADFD | KFAED | SFD | AFESD | AMF | BADEA | OFID | IsDB |
|---|---|---|---|---|---|---|---|
| 50% | 36% | 28% | 56% | 73% | 27% | 18% | 27% |
| Oman | Egypt | Yemen | Morocco | Egypt | Senegal | Bangladesh | Iran |
| Morocco | Syria | Syria | Egypt | Algeria | Burkina Faso | Pakistan | Morocco |
| Syria | Morocco | Sudan | Syria | Morocco | Mozambique | India | Pakistan |
| Pakistan | China | Egypt | Yemen | Iraq | Mali | Yemen | KSA |
| Sudan | Oman | Morocco | Tunisia | Yemen | Ghana | Egypt | Turkey |

*Source:* Annual Reports.

### *Sectoral Allocation*

Most Arab assistance has gone toward infrastructure investments (transport, energy, water, and communication), with great variation between national and multinational agencies (Figure 3.4). Overall, some 55 percent of recorded Arab lending has been allocated to infrastructure. In 2006–7, the following institutions allocated between half and three-quarters of their lending to infrastructure: SFD (49 percent), IsDB (54 percent), BADEA (55 percent), AFESD (64 percent), OFID (70 percent), and KFAED (77 percent).

**FIGURE 3.4**
**Financial Assistance by Sector (%)**




*Source:* Annex 2, Table A2-11.

Greater emphasis has been accorded over time to lending for agriculture and the social sectors. This has been the case in the last decade in particular, as Arab donors have subscribed to the achievement of the MDGs. Donors that have allocated a substantial share of their assistance portfolio to agriculture include SFD (18 percent of total lending), BADEA (25 percent), AFESD (16 percent), OFID (15 percent), and KFAED (14 percent). Financing for social sector projects has also grown in importance. SFD, OFID, and IsDB have allocated about 10 percent of their total assistance to education and health, while other Arab financial assistance agencies have allocated about half this proportion.

## C. Terms of Assistance

### *Concessionality*

Arab financial assistance is largely concessional, with a grant element ranging from 30 to 60 percent, well above the OECD-DAC threshold of 25 percent for concessional assistance. With the exception of the SFD's Export Development Program, Arab financial assistance is untied in the sense that relevant goods and services can be procured globally (rather than restricting procurement to suppliers from the financing country).

The bulk of Arab financial assistance is provided in the form of soft loans rather than grants. Of the total US$ 85 million in financing provided at end-2007, it is estimated that 2.5 percent was provided in the form of outright grants, compared to 97.5 percent in the form of soft loans (including debt rescheduling). Lending terms include a combination of below-market interest rates, grace periods of three to ten years, and (with the exception of AMF balance of payments and budget support) repayment periods of 20 to 30 years (Table 3.5).

The degree of concessionality can vary considerably within the same Arab financial assistance agency. The degree of concessionality depends on the nature of the project (e.g., public or private, infrastructure or social sectors) and on the income level of the beneficiary country.[36] For example, loans extended by KFAED in 2007 ranged in terms from maturity of 18 to 30 years, grace period of three to ten years, and annual interest rate (inclusive of a 0.5 percent service charge) of 1.5 percent to 4 percent. The implied grant element varied from 37 percent to 69 percent of the face value of the loans.

### *Supporting Country-led Reform*

Arab donors actively support country-led reform, but not in the form of conditions linked to disbursements. Arab donors tend to promote a policy of non-interference in recipient country policies, limiting advice on policy matters to situations when they are asked for advice and not explicitly linking external financing access to policy reform targets. Accordingly, Arab agencies generally do not

**TABLE 3.5**
**Lending Terms at end-2007**

| | ADFD | KFAED | SFD | AFESD | AMF | BADEA | OFID | IsDB |
|---|---|---|---|---|---|---|---|---|
| Interest rate, overall (%)[a] | 2–5 | | 2 | | 3–4.5 | | | |
| LIC | | 1–2 | | 3 | | 1 | 2–2.75 | 1–2 |
| MIC | | 2–3.5 | | 4 | | 2.5–4 | 4–5 | 5–6 |
| Fee (%) | | 0.5 | | | | | | |
| Repayment period (years) | 20 | 20+ | 20–30 | 22–25 | 37 | 30 | 20 | 18–25 |
| Grace period (years) | 3–5 | 5 | 5–10 | 4–7 | 1.5–3.5 | 10 | 5 | 3–7 |
| Grant element (%)[b] | 35 | 46 | 60 | 32–40 | n.a. | n.a. | 35 | n.a. |

[a] Most institutions reduced their rates in late 2008 and early 2009. In the case of AFESD, the lending terms are now at 2.5 percent for LICs and 3 percent for MICs

[b] As reported by the agency concerned. These figures are not strictly comparable as the institutions use different discount rates to assess concessionality. Some use the OECD-DAC reference rate of 10 percent while others use the less generous IMF discount rate.

*Source:* Annual Reports (2007).

[36] A 2007 KFAED avian flu prevention project included a grant element of 65.7 percent, as compared to an estimated 47 percent for a power station project in Egypt in the same year. Similarly, a 2007 OFID loan for livestock development in Burkina Faso was provided at a 1 percent interest rate (with 5 years grace and 20 years repayment), while a loan to Swaziland for transport development was provided at a 3.5 percent interest rate (with similar grace and repayment period terms).

provide assistance for policy-based lending. Abdlatif Y. Al-Hamad (2003) describes the beneficiary-friendly nature of Arab project aid as follows:

> Arab aid is a source welcomed and appreciated by the beneficiary countries. This is attributable to a number of reasons: Arab aid is free from political and economic conditions, has no strings attached, is highly concessional, has an established track record of efficient delivery, and most importantly, is given in a spirit of solidarity with developing countries of whom the Arab donor nations are an integral part.[37]

At the same time, Arab donors do provide balance of payments and budget support to Arab states through BADEA and AMF in support of country-led reform programs.

## AID COORDINATION

Formal and informal mechanisms exist to forge aid coordination and harmonization among Arab financial agencies and their beneficiaries. Effective coordination is one of the hallmarks of Arab aid. The Coordination Group of Arab, Islamic and OPEC Development Institutions was established in 1974 and Secretariat services are provided by AFESD. The Coordination Group aims to coordinate Arab external assistance, optimize the use of available resources and competencies, and harmonize funding policies and operating procedures.[38]

The current Coordination Group consists of the nine organizations discussed in this chapter. Excluding KSA's direct government-to-government assistance, it is estimated that more than 90 percent of Arab financial institution commitments are channeled through Coordination Group members. From 1975–2008, the Coordination Group held 63 meetings at the level of Directors of Operations, and 11 at the level of General Directors. These meetings have provided a forum for exchanging information, discussing policy matters, and fostering consensus on procedures and external assistance principles. Frequent meetings have also resulted in a set of "partnership principles" or shared values.[39] The Coordination Group Secretariat plays a valuable role, hosting meetings among Arab donors, maintaining statistics on Arab financial assistance, and promoting harmonization and adoption of good practices in project management.

Aid coordination has succeeded in mobilizing the financing required for several large infrastructure projects, particularly in the poorer Arab countries. The Coordination Group has pulled together funding for mega-projects such as the Beni Haroun dam in Algeria, Marwi dam in Sudan, Coastal Aftout project in Mauritania, Nubaria Power Generation Station in Egypt, Social Development Fund projects in Egypt and Yemen, and the Litani Water Transfer project in Lebanon.

The vast majority of Arab financial assistance is channeled through co-financing arrangements, the

37 Al-Hamad (2003), p. 10.

38 The first meeting of the Coordination Group was held in September 1975 at KFAED headquarters. Founding members included KFAED, ADFD, AFESD, and SFD. It was agreed that there would be two annual meetings at the level of Directors of Operation, and one at the level of General Directors whenever it was deemed necessary.

39 The group's members consider themselves as strictly "supportive partners" in development and not "dictating partners." They prefer work arrangements that are based on partnership and cooperation and reveal the needs and priorities of beneficiary countries. They are prepared to offer advice and not directions. The guiding principle is that beneficiaries should be solely responsible for the preparation and implementation of their own development strategies. See Coordination Group Secretariat (2009), p. 5; and Al-Hamad (2003).

principal mechanism through which Arab financial agencies collaborate among themselves and with other development partners.[40] SFD has co-financed operations with over 40 donors in the past three decades (Annex 1, Box A1-1). KFAED reports that 58 percent of its 400 operations have been co-financed. Other development partners have provided some 82 percent of the total cost of projects funded by BADEA. Between 1983 and 2007, about 83 percent of total project financing for AFESD projects was provided by co-financiers. Finally, from 1976 to 2007, IsDB co-financed 1,869 projects worth US$ 86.6 billion, of which IsDB's contribution was US$ 13.8 billion or 16 percent of total project costs.

Arab agencies also coordinate loan management. In these arrangements, one member of the Coordination Group manages a loan on behalf of one or more of the other group members. For example, AFESD oversees the projects financed by various donor institutions in Palestine, including a grant of US$ 25 million provided by the State of Kuwait, through KFAED, to finance projects in health and education and some 127 grants provided by OFID amounting to US$29.4 million between 1986 and 1997. This practice has been extended to include loan management arrangements with those outside the group, including IFAD.[41] The combination of active co-financing and delegated loan management has allowed Arab donors to increase commitments, broaden geographical coverage, and economize on staff resources.

Arab financial agencies have moved towards common operational procedures. Since the early 1980s, these agencies have streamlined and unified their financing policies and procedures in five key areas: feasibility studies, appraisal, design, supervision, and procurement. Standard project contracts, bidding, procurement, and supervision documents were developed, and efforts are now being made to produce a common manual on environmental requirements for projects. The use of common procedures has aimed to help Arab agencies reduce transaction costs, foster greater transparency in project management, and improve project safeguards and accountability.

Coordination Group members have become more active in collaborating with other international donor institutions. Partners include the World Bank, European Commission, OECD-DAC members, AfDB, European Bank for Reconstruction and Development (EBRD), and ADB. These partnerships have yielded project co-financing arrangements, cooperation in the preparation of special studies and advisory assistance, and regular exchange of expertise and experience. Reflecting the principle of non-interference, coordination with OECD-DAC donors on lending is generally limited to investment projects with few explicit policy reform conditions.

Arab donors and assistance agencies have participated actively in broader global efforts to strengthen aid effectiveness. The Governments of KSA and Kuwait are signatories to the Paris Declaration on Aid Effectiveness. Arab donors generally consider their assistance to be in line with the broad objectives of the Paris Declaration because support is based on government priorities and because of the extent to which they contribute, through projects and technical cooperation, to building country systems. IsDB, BADEA, and OPIC are also signatories to the Paris Declaration, and IsDB has participated

[40] Other mechanisms include staff exchange, joint field visits, advocacy, and outreach with other donors.

[41] As part of its lead role in coordinating Arab aid to Palestine, AFESD has been responsible for monitoring the execution of projects financed by Kuwaiti government grants to Palestine. In addition, AFESD has collaborated with OFID in administering their assistance to Palestine and has cooperated with the International Development Group on Palestine in financing, implementing, and supervising the Jerusalem Fund projects.

**TABLE 3.6**
**Operations and Geographic Coverage of Arab Aid, Cumulative to 2008**

| Institutions | Number of Countries | Number of Operations | Amount (US$ million) | Average Amount per Operation (US$ millions) |
|---|---|---|---|---|
| ADFD | 49 | 160 | 3,651 | 22.8 |
| KFAED | 103 | 769 | 15,655 | 20.4 |
| SFD | 71 | 470 | 8,722 | 18.6 |
| AFESD | 17 | 525 | 20,814 | 39.6 |
| AMF | 22 | 141 | 5,151 | 36.5 |
| BADEA | 42 | 451 | 2,983 | 6.6 |
| IsDB | 56 | 2,110 | 26,285 | 12.5 |
| OFID | 107 | 1,187 | 7,230 | 6.1 |
| Total | 58 (average) | 5,813 | 90,493 | 15.6 |

*Source:* Annex 2, Table A2-10.

in the Common Performance Assessment System (COMPAS) since 2007.[42] By joining COMPAS, IsDB has committed to adopt and mainstream best practices from other multilateral banks on managing for development results. Given their importance as a source of development finance and over three decades of experience in coordinating among themselves, Arab aid agencies also have important lessons to offer other aid providers.

Arab financial assistance tends to be characterized by a large number of projects spread over a wide variety of recipient countries. The average project size ranges from US$ 40 million in AFESD to as little as US$ 6 million in OFID (Table 3.6). Arab financial agencies have provided assistance to 58 beneficiary countries, on average.

According to a comprehensive review of the Arab financial agencies, conducted by AMF on behalf of LAS in 2005, the creation of autonomous agencies has been sufficient to cover the financial services required in both Arab and developing nations. The study concluded that new Arab aid agencies are not needed, and that their establishment could lead to inefficient overlap with existing agencies. The main challenge would instead be to improve the performance of the existing institutions and eliminate constraints to the functioning of others. It was suggested that more attention be devoted to private sector development, and more specifically to SMEs given their critical role in economic and social development.[43]

Arab countries and financial institutions increasingly appreciate the need to build public awareness of their development assistance. At the first meeting of the development and cooperation institutions of the OIC member states in May 2009, it was recommended that members “take all necessary measures to enhance the visibility of development assistance provided by OIC Member States and request SESRIC to collect and disseminate the development statistics annually.” To this end, the Statistical, Economic and Social Research, and Training Centre for Islamic Countries (SESRIC) plans to first develop a list of all agencies involved in development assistance and then collect information from them.

## PREDICTABILITY AND SUSTAINABILITY OF ARAB FINANCIAL ASSISTANCE

While Arab financial assistance has fluctuated over time, reflecting the oil boom cycle, these variations have been less pronounced among multilat-

[42] The purpose of COMPAS is to provide common ground where the six members of the Multilateral Development Bank Working Group on Managing for Development Results may jointly report on their own performance. Members include AfDB, ADB, EBRD, the Inter-American Development Bank, IsDB, and World Bank Group.
[43] Arab Monetary Fund (2005), p. 13 (Arabic version).

eral Arab financial institutions. The heavy reliance of Arab bilateral aid on oil revenues raises some questions about the volatility of Arab financial assistance flows and the sustainability of current assistance levels for some donors.

Nevertheless, there are reasons to believe that Arab financial agencies will continue to operate into the foreseeable future. In large part, Arab bilateral and multilateral agencies have been created to be self-financed. The agencies were originally funded through authorized capital subscriptions; as their lending limits were reached, new subscriptions to their capital base were provided and resources increased. Substantial reserves have accumulated through project repayments, returns on investments, and other reflows. Arab financial agencies also benefit from sound management policies, including limits on single-borrower exposure and maximum project size.[44] Together, these characteristics suggest that Arab financial agencies will be able to continue expanding their financing support for many years to come.

Arab financial agencies have the ability (through equity and reserves) to scale up their lending if need be (Table 3.7). By end-2007/8, the authorized capital of the Arab financial agencies had reached US$ 79 billion, of which US$ 36 billion was in the form of paid-up capital. General and specific reserves are equivalent to about US$ 20 billion, implying that total resources (paid-up capital and reserves) available to Arab financial agencies amounts to approximately US$ 56 billion. This compares to outstanding loans of at least US$ 33 billion. Arab aid agencies are thus sufficiently well capitalized to meet existing lending commitments. In a comparative sense, the total equity of the Arab financial institutions is eight times that of AfDB and about the same as ADB before the tripling of its capital in May 2009.[45]

**TABLE 3.7**
**Capital and Reserves of Arab Financial Institutions, 2007/2008[a]** *(US$ millions)*

| | ADFD | KFAED | SFD | AFESD | AMF | BADEA | OFID | IsDB[b] | Total[c] |
|---|---|---|---|---|---|---|---|---|---|
| Authorized capital | 2,178 | 6,800 | 8,267 | 7,000 | 2,754 | 2,200 | 2,463 | 47,414 | 79,076 |
| Paid-up capital | 1,634 | 6,800 | 8,267 | 7,000 | 2,736 | 2,200 | 2,463 | 4,844 | 35,943 |
| Total Reserves[d] | 826 | 7,500 | ... | 1,797 | 1,358 | 1,076 | 3,536 | 3,553 | 19,645 |
| Resources[e] | 2,460 | 14,300 | 8,267 | 8,797 | 4,093 | 3,276 | 5,999 | 8,398 | 55,589 |
| Outstanding loans | ... | 7,983 | 5,979 | 7,633 | 1,153 | 914 | 1,480 | 7,701 | 32,842 |
| Equity/loan ratio (%) | ... | 179 | 138 | 115 | 355 | 359 | 405 | 109 | 162 |
| Exchange rate[f] | 3.673 | 0.294 | 3.750 | 0.286 | 4.590 | 1.000 | 1.000 | 1.580 | |

[a] End 2007 for ADFD, SFD, OFID, BADEA; March 2008 for KFAED, and end 2008 for the rest; [b] Excluding ICD, ICIEC, ITEC; [c] The equity-to-loan ratio is calculated excluding ADFD for which the amount of outstanding loans is missing. [d] The sum of general and special reserves. [e] The sum of paid up capital and reserves. [f] US$ expressed in local currency.

*Source:* Annual Reports.

[44] Country risk, however, is not explicitly assessed by any of the Arab aid agencies.
[45] The total equity for AfDB was UA 4.66 billion or US$ 7.2 billion in 2008, and in May 2009, ADB's capital base tripled from US$ 55 billion to US$ 165 billion.

Compared to regional development banks from other parts of the world (e.g., ADB, Inter-American Development Bank), Arab financial agencies have made relatively modest use of the capital markets to finance operations. Although in principle KFAED has access to capital markets, it has not yet exercised this option. IsDB has attempted to tap capital markets but has faced higher funding costs owing mainly to its limited set of financing products, the low liquidity level of available products, and the absence of a stable investor base. OFID is beginning to approach limits to its capital base and is considering turning to international capital markets to augment its resources.

CHAPTER 4

# Conclusions

Arab development assistance has been notable for its generosity and focus on supporting underdeveloped countries—particularly those in the Middle East, Africa, and Asia.

During the oil boom of the 1970s and early 1980s, Arab donor countries (particularly KSA, Kuwait, and UAE) devoted a significant share of rising fiscal surpluses to assist developing countries in their efforts to foster poverty alleviation and economic growth. Amounts were generous both in nominal terms and as a share of donor countries' GNI. Between 1973 and 1980, Arab donors represented the second largest concessional donor group in the world behind DAC countries, and Arab ODA reached over one-third of total ODA from all donors during the 1970s.

Arab ODA has since declined in overall volume and as a share of national income, although it remains generous in comparison to aid levels provided by OECD-DAC nations. The downward trend can be explained by two sets of factors. First, aid levels in the 1970s and early 1980s were extraordinarily high by international standards and could not be sustained over time. These also included large start-up costs associated with establishing aid agencies. Second, a number of internal factors came into play (e.g., reduced fiscal space as a result of declining oil revenues; growing national spending on wages, transfers, and debt service; and growing populations), external influences (political and security concerns, regional agreements), and repayment of aid extended in earlier years. In addition, Arab donors' ODA spending has been partially offset by steadily increasing commitments to other forms of financial assistance, channeled through specialized financial institutions established to provide development assistance to low-income nations. Overall assistance provided by the three national funds (representing Kuwait, KSA, and UAE) and five major multilateral funds and banks has quadrupled since the 1970s, reaching over US$ 90 billion (in commitments) at end-2008.

Though Arab aid generally takes the form of ODA grants and concessional loans from financial agencies, the composition of aid has broadened over time. Since 2000, Arab donor countries have begun to shift away from a reliance on grant-based aid; nearly all Arab bilateral ODA reported to OECD-DAC is now in the form of soft loans. Despite this shift, Arab financial assistance remains largely concessional, with a grant element ranging from 30 to 60 percent, well above the OECD-DAC threshold of 25 percent for concessional assistance. Arab donors have increasingly provided grants through humanitarian organizations, but these grants are not captured in OECD-DAC data. The majority of development assistance provided by Arab financial agencies, on the other hand, is in the form of concessional loans for specific projects and programs. While investment operations are their mainstay, Arab financial institutions have also provided grant financing for capacity building, project preparation, and technical advice. They have participated in debt relief operations, offered balance of payments and budget support, provided trade financing, established specialized facilities to encourage private sector operations, and established financing instruments consistent with the tenets of Islamic law.

The sectoral focus of Arab aid has shifted in response to new priorities and financing modalities. In the 1970s and 1980s, Arab donor countries and financial assistance agencies focused mainly on infrastructure development. As countries have subscribed to MDG targets, however, greater emphasis is now being placed on agricultural development, social sectors, debt relief, emergency relief, capacity building, targeted poverty reduction programs, and private sector development. As Arab aid agencies have expanded and matured, they have introduced new business processes, partnership modes, and assistance instruments, and launched special initiatives to focus assistance in new areas.

The international reach of Arab aid has widened, and recipients have changed on the basis of development needs and priorities. The bulk of Arab bilateral ODA has gone to poor and lower-middle-income countries, largely in the MENA region followed by sub-Saharan Africa and South and Central Asia. Arab financial assistance agencies have tended to have a similar focus, with nearly two-fifths of lending allocated to IDA-eligible countries and one-fourth to sub-Saharan countries. Arab aid is noteworthy for its principles of partnership and solidarity with recipient countries—aid programs are defined on the basis of recipient country strategies and country requests, and policy conditions are generally not attached to financing.

Arab aid has played a major role in total ODA flows to the main recipients of Arab aid. In so doing, it has compensated for relatively low levels of OECD-DAC assistance to these countries and has made a substantial contribution to public investment over a sustained period of time.

With so many different agencies and government departments involved, coordinating Arab aid poses a tremendous challenge. Arab aid is typically co-financed and, in most instances, one institution prepares and supervises an operation on behalf of all co-financiers. The Coordination Group has developed a set of common practices and procedures that are used by all of its members. Frequent, high-level meetings among Coordination Group members provide an opportunity to harmonize assistance and identify special initiatives meriting the attention of the Coordination Group members. The capacity of the Coordination Group Secretariat is limited, however, and there is a need for capacity building both within the Coordination Group and within its member institutions.

Despite the limited supply of oil, there are reasons to believe that Arab aid will continue into the foreseeable future. Arab aid has rebounded recently with the upturn in global petroleum prices. Active participation by the main Arab donors in international aid harmonization and effectiveness initiatives, the path-breaking establishment of a central agency to coordinate ODA in UAE, and a decided tendency to bolster the visibility of KSA's aid program bode well for the future development of Arab ODA. Though the volume of Arab financial institution aid flows in any given year may vary depending on the cycle of oil production and prices, it is delivered through reasonably well-capitalized and conservatively managed funds and banks, which implies that Arab financial institution funding is likely to grow and serve as an increasingly important source of development finance in the decades to come.

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ANNEX 1

# An Overview of Arab Financial Institutions

Several Arab financial institutions have been created at the national, regional and international level to deliver assistance to developing countries more broadly.

The nine major institutions are: Abu Dhabi Fund for Development, Kuwait Fund for Arab Economic Development, Saudi Fund for Development, Arab Bank for Economic Development in Africa, Arab Fund for Economic and Social Development, Arab Gulf Programme for United Nations Development Organizations, Arab Monetary Fund, Islamic Development Bank, and OPEC Fund for International Development. Strictly speaking, the IsDB and OFID are not exclusively Arab-financed institutions, but Arab countries provide the majority of their funding. Annex 1 summarizes the key features of these institutions. Annex 2 provides supporting data.

## BILATERAL DEVELOPMENT FUNDS

### Abu Dhabi Fund for Development

The Abu Dhabi Fund for Development (ADFD) provides economic assistance to developing countries in the form of concessional loans, grants, and equity in investment projects. ADFD primarily supports basic infrastructure projects in transport, water, electricity, and irrigation. ADFD also administers loans and grants on behalf of the Government of Abu Dhabi.

The Chairman of ADFD is Abu Dhabi's Deputy Prime Minister and Minister of Presidential Affairs. A representative from Abu Dhabi's Ministry of Foreign Affairs serves as Vice Chairman. Board members represent various public and private sector stakeholders. ADFD employs a total of about 100 staff.

ADFD was established in 1971 with authorized capital of AED 580 million. The authorized capital was increased for the first time in 2007 to AED 8 billion (US$ 2.2 billion). Paid-up capital amounts to AED 6 billion (US$ 1.6 billion), and accumulated reserves total AED 3 billion (US$ 0.8 billion). In principle, ADFD is permitted to issue bonds, but has not done so thus far.

As of 2007, ADFD had approved 154 loans totaling US$ 3.2 billion and about US$ 200 million in grants to over 52 countries. ADFD has also administered on behalf of the Government of Abu Dhabi 60 loans worth US$ 1.1 billion and grants worth another US$ 1.5 billion. These loans and grants represent 42 percent of UAE's total aid envelope. ADFD has financed a total of 267 projects, including grants.

ADFD generally provides loans for investment projects. It has provided, on an exceptional basis, US$ 100 million in balance of payments and budget support to Sudan and US$ 300 million to Lebanon. ADFD also extends grants for project preparation and humanitarian assistance; these total US$ 191 million so far. ADFD has holdings in private investment companies around the world, including tourism sector investments in Abu Dhabi; a conference center in Austria; equity stakes in a Tunisian tourism company, a Bangladesh textiles factory, a cement company in Oman; and investments in a range of industrial and tourism ventures in Morocco.

ADFD's financial support is directed largely toward Arab and Islamic countries. Poor countries (IDA recipients) and Sub-Saharan Africa account, respectively, for 27 percent and 12 percent of total lending. Over 35 percent of the projects financed by ADFD are in the infrastructure sector, followed by the industry and mining sector (16 percent) and agriculture (about 16 percent).

ADFD is in the process of revisiting its overall lending strategy. Yearly targets currently include: four projects in infrastructure, two projects in social sectors, and a lending envelope of about AED 700 million. ADFD is also in the process of developing policies regarding debt relief.

Financing terms are concessional. The interest rate ranges between 2 and 4 percent with a repayment period of 20 years, and a grace period of three to five years. According to ADFD estimates, the grant element of its loans is about 35 percent; ADFD is considering increasing the grant element to match the IDA target of 60 percent.

ADFD administers, on behalf of the Government of Abu Dhabi, loans and grants totaling US$ 2.66 billion and contributes (also on behalf of the Government) to the capital of the IsDB and BADEA. For projects in Africa, ADFD has cooperated with AMF, the Arab Trade Financing Program, OFID, the Arab Organization for Agricultural Development, the Arab Authority for Agricultural Investment and Development, and the Arab Agency for Investment Guarantees.

## Kuwait Fund for Arab Economic Development

Kuwait is a true pioneer of the Arab aid effort. The Kuwait Fund for Arab Economic Development (KFAED), established in 1961, was the first development assistance fund to be set up by a developing country. It was created as an autonomous public agency with access to the capital market. Recently, KFAED has come under the supervision of the Ministry of Foreign Affairs and, since 2005, has been in charge of coordinating Kuwait's overall development assistance. It has a total staff of 455.

KFAED's main objective is to support economic development in Arab and other developing countries. KFAED provides loans, guarantees and TA, and contributes (on behalf of the Government of Kuwait) to regional and international institutions (including AFESD, ADB, BADEA, IDA, IFAD, and the Special Programme for Sub-saharan Africa). KFAED does not provide balance of payments and budget support, though it has rescheduled debt as part of the HIPC initiative. It is generally prohibited from writing off debts, though following Kuwait's liberation, it did write off the debt of some of the countries that supported its struggle. KFAED actively participates in global initiatives such as MDRI and supporting achievement of the MDGs.

KFAED's financing terms are concessional, with interest rate and service charges averaging 3.2 percent (interest rates range from 1 percent to 3.5 percent annually). Repayment periods range from

18 to 30 years, and the grace period from five to ten years. The grant element of KFAED loans has varied from 37 to 69 percent of the loan's value. Using an OECD discount rate of 10 percent, the average grant element for KFAED assistance is 46 percent.

KFAED has gone through a series of capital increases, which has allowed it to expand its activities. At end-March 2007, KFAED had authorized and paid-up capital of US$ 6.8 billion, and accumulated reserves of US$ 7.5 billion. Government had provided capital until 1987 (for a cumulative amount of KD 970 million); afterwards the capital had been paid from the Fund's own resources. The full capital payment was completed by 1997. Both the Government and KFAED contributed equal shares to the capital. Although the Fund can in principle borrow and issue bonds (Article 4 of its Charter), it has not done so to date.

Total loan commitments during 1973–2007 amounted to US$ 14.8 billion, covering 747 projects in 101 countries. Nearly 55 percent of these projects were co-financed with other agencies, mainly AFESD and BADEA. KFAED also provides parallel financing to World Bank-supported projects, and co-financing and parallel financing are reported to have increased over time. The most recent five-year strategic plan envisages an annual lending commitment of KD 200 million (US$ 680 million).

Islamic and Arab countries account for the bulk of KFAED loans (76 percent and over 54 percent, respectively). This is consistent with an explicit institutional target of 50 percent for Arab states. IDA members and sub-Saharan African countries received nearly 40 percent and 25 percent of KFAED loans, respectively. KFAED has also contributed to debt relief for its HIPC-eligible African borrowers by rescheduling loans worth US$ 409 million.

Infrastructure activities (transport, energy, water and sanitation) accounted for 72 percent of total lending, followed by agriculture (13 percent). KFAED expanded the scope of its activities to include the social sectors beginning in 2000 and has recently decided to reduce its involvement in the industrial sector.

KFAED provides grants from its own resources for TA and small-scale projects in low-income countries. Total commitments for 269 grants and TA activities amounted to US$ 309 million at end-March 2009. The actual grant element of KFAED TA is significantly less than its total TA commitments because most TA starts in the form of project preparation grants before being converted into loans once projects are approved. At end-2007, total grants reached US$ 26 million.

KFAED also administers grants on behalf of the Kuwaiti government. The Government's Permanent Committee of External Assistance, consisting of seven members from various ministries, reviews financing requests (including from NGOs), and makes recommendations to the Cabinet. As of March 2009, total commitments for some 34 government grants to 24 countries amounted to US$ 732 million. KFAED does not provide humanitarian assistance or funding to the private sector. In 2008, however, it received US$ 100 million to administer a Fund for Decent Life in Islamic Countries on the Government's behalf.

In fiscal year 2008, KFAED signed 23 loan agreements with six Arab and six African countries, four countries in East and South Asia and the Pacific, three countries in Latin America and the Caribbean, and one country in Central Asia and Europe, for a total value of about US$ 630 million. In addition, KFAED provided about US$ 11 million in grants and TA to various countries and institutions. These were provided primarily to finance technical services in support of project preparation, and the vast majority of funding will be converted into loans.

### Saudi Fund for Development

The Saudi Fund for Development (SFD) is located in Riyadh, Saudi Arabia, and began operations in 1975. Its main objectives are to finance projects in developing countries through soft loans and to promote national non-oil exports by providing finance and insurance products. To date, this bilateral agency has extended financial assistance to over 71 countries in Africa, Asia, Central Asia, and Latin America. The Saudi Fund employs about 400 staff.

At end-2007, SFD had authorized capital of SR 31 billion (US$ 8.3 billion), a significant increase over the SR 10 billion it held at its creation. SFD's lending terms are concessional, with an average interest rate of 2 percent, a repayment period of 20–30 years, and a grace period of five to ten years. The grant element of SFD assistance is estimated by SFD itself to be around 60 percent.

SFD lending is not limited to specific countries or regions. Nevertheless, there is a stronger focus on assistance to Asia and Africa given that most of the least developed countries are located in these two regions. A significant proportion of SFD lending is directed to poor countries (nearly 50 percent) and to countries in sub-Saharan Africa (28 percent). Nearly 60 percent of SFD lending is targeted to infrastructure activities, largely transportation and energy. Agriculture lending accounts for 18 percent of SFD activities, and social sectors receive 13 percent.

From its inception to the end of 2007, SFD entered into 428 agreements to finance 454 development projects and economic programs. These loan agreements amounted to US$ 8.4 billion, benefiting some 71 developing countries worldwide. In addition, SFD has partnered with other financial institutions to finance 265 projects for which SFD's contribution represented 62 percent of a total value of US$ 4.5 billion. Africa is a major beneficiary of SFD co-financing assistance, accounting for 173 projects out of the 265. In general, SFD's financing may not exceed 50 percent of the total cost of any project, and no single project may exceed 5 percent of total SFD capital. SFD has co-financed operations with a large number of regional and international financial institutions (Box A1-1).

SFD also administers on behalf of the Government loans and grants to developing countries totaling US$ 6.7 billion. This amount includes US$ 569 million of rescheduled loans and US$ 6.1 billion in grants.

In April 1999, SFD established the Saudi Export Program (SEP) to provide credit and insurance to encourage the export of non-traditional products (non-oil goods and services) from Saudi Arabia. The agreements signed by SEP from 2001 to 2008 amount to about SR 4.2 billion (US$ 1.11 billion), and some 49 export credit insurance and guarantee policies have been issued since the launch of the program, providing coverage of products equivalent to SR 5.3 billion (US$ 1.4 billion) in value. Goods exported under SEP in 2008 were destined for UAE, Sudan, Iran, Yemen, Egypt, Ethiopia, Qatar, and Djibouti, and included petrochemicals, iron, trucks, plastic pipes, children's supplies and computer equipment.

The financial assistance provided by SFD represents a small fraction of total assistance provided by the Government of Saudi Arabia, which is estimated by a recent MDG report to amount to US$ 90 billion. Approximately one-fifth of this amount was channeled through bilateral funds and Arab multilateral organizations.

**BOX A1-1**

**SFD Co-financiers, 1975–2007**

- Abu Dhabi Fund for Development
- Kuwait Fund for Arab Economic Development
- Iraq Fund for External Development
- Japan Bank for International Cooperation
- Fonds d' Aide et de Cooperation (France)
- Fonds Pour l'Industrialisation des Pays en Développement
- African Development Fund
- Arab Fund for Economic and Social Development
- OPEC Fund for International Development
- European Investment Bank
- International Monetary Fund
- International Fund for Agricultural Development
- Overseas Development Administration (England)
- Canadian International Development Agency
- Swedish International Development Agency
- United States Agency for International Development
- Société Pour L'Expansion des Exportations (Canada)
- International Development Association
- Caisse Centrale de la Cooperation Economique (France)
- Kredetanstalt fur Wiederaufbau (Germany)
- Italian Credit Bank
- Yugoslav Bank for International Economic Cooperation
- African Development Bank
- Islamic Development Bank
- Asian Development Bank
- Caribbean Development Bank
- Inter-American Development Bank
- West African Development Bank
- Banque de Développement des Etats de l'Afrique Centrale
- Eastern and Southern African Trade and Development Bank
- Skandinavska Enskilda Banken
- European Development Fund
- International Bank for Reconstruction and Development
- Arab Bank for Economic Development in Africa
- Commonwealth Development Corporation
- Swiss Development Corporation
- European Economic Community
- United Nations Development Programme
- World Food Programme
- Regional Development Fund for the Economic Community of West African States (ECOWAS)
- American Foundation for the Millennium Challenge

*Source:* Saudi Fund for Development (2008)

## MULTILATERAL FINANCIAL INSTITUTIONS

### Arab Bank for Economic Development in Africa

The Arab Bank for Economic Development in Africa (BADEA), based in Khartoum, Sudan, was created in 1974 to strengthen economic, financial and technical cooperation between Arab and African regions. BADEA began operations in 1975 and is owned by eighteen member countries of the League of Arab States (LAS). Its mandate is to assist in financing economic development in non-Arab African countries, stimulate the contribution of Arab capital to African development, and provide TA.

BADEA's financing modalities are spelled out in its five-year plan, the fifth of which is currently under implementation with a priority focus on agriculture and rural development and infrastructure (Box A1-2). BADEA provides technical assistance in the form of grants and financing for exports from Arab to African countries. Its beneficiaries include the 43 non-Arab African countries that do not hold share capital in BADEA; its 18 member countries are not

**BOX A1-2**

**Basic Features of BADEA's Fifth Five-Year Plan, 2005–2009**

- Increasing BADEA's paid-up capital by US$ 700 million to US$ 2.2 billion through a transfer from General Reserve
- Maintaining the coverage and diversification of BADEA operations to include all eligible countries, so as to strengthen Afro-Arab cooperation, depending solely on BADEA's own resources while maintaining the safety of its financial position
- Increasing total commitments during the Fifth Plan by US$ 225 million to a total of US$ 900 million, representing a 33.3 percent increase over total commitments in the Fourth Plan
- Agricultural and rural development and infrastructure sectors are accorded priority without neglecting other sectors such as industry, energy, health, education, and environment, and with some flexibility to cope with the needs and priorities of the recipient countries
- Focusing assistance on operations targeting poverty alleviation, food security, and encouraging women's participation in development, while supporting projects in countries that face disasters
- According special attention to countries that suffer local or regional conflicts
- Maintaining BADEA's support to the private sector through lines of credit, while providing technical assistance including institutional support, feasibility studies, and training
- Utilizing Arab and African expertise, commodities, and services in the execution of BADEA-financed projects
- Continuing the financing of Arab-African Trade by supporting Arab exports to African countries
- Allocating US$ 6 million of the first year's commitment to Technical Assistance Operations, to be increased annually by an amount of US $ 250,000 to reach US $ 7 million in the final year of the Plan
- Maintaining the financing of projects with positive impact on the environment
- Encouraging the participation of Arab capital in the development of African countries, fostering Afro-Arab trade, and financing infrastructure projects and sectoral feasibility studies.

*Source:* BADEA (2008).

eligible for financing. BADEA can grant a country up to two loans in a single year, provided that the combined amount does not exceed US$ 18 million.

At end-2008, BADEA had extended a total of US$ 2.94 billion in financial assistance to recipient countries, nearly 90 percent of which are poor. BADEA has also financed 450 TA operations, 14 emergency operations and 32 private sector operations. Two sectors account for the majority of its financial support: transport (55 percent) and agriculture (25 percent). BADEA provides debt relief under HIPC, amounting to US$ 37.7 million in 2006 and US$ 15.9 million in 2007. In cumulative terms, allocations for debt relief operations stood at US$ 149 million at end-2007. Allocations to TA, which is provided on a grant basis, amounted to some US$ 6.5–6.8 million in 2007–8. Between 1975 and 2008, BADEA committed US$ 103.7 million to finance 438 operations, including feasibility studies (US$ 53 million) and institutional support (US$ 50.7 million). BADEA also provided trade financing in the range of US$ 38–45 million over the period 2007–8. The BADEA Export Finance Scheme is a funding window established specifically to finance trade between African and Arab countries; US$ 100 million is allocated to this window.

The Special Arab Aid Fund for Africa (SAAFA) was established to alleviate African countries' balance of payments difficulties in general and to compensate them for the rise in world oil prices in particular.

SAAFA was merged with BADEA in 1976. Before the merger, SAAFA financed projects worth of a total of US$ 214 million. From 1997 to 2008, BADEA also contributed to global debt relief initiatives by providing US$ 148 million for the benefit of 16 countries.

BADEA has participated as a partner and signatory to the New Partnership for African Development (NEPAD), providing support to NEPAD priority sectors: agriculture, human resource development, and infrastructure. Assistance will also be provided to help develop financial sectors through institutional deepening and encouragement of foreign direct investment.

Almost all of BADEA's operations are co-financed with other development partners. By statute, BADEA's financing contribution is limited to 60 percent of a project's total cost. Between 1975 and 2008, BADEA's financing accounted for about 15.7 percent of the total cost of projects it financed. By comparison, the contributions of AFESD, IsDB, and OFID jointly accounted for 22.3 percent of total project costs for projects in which BADEA was a co-financier. Other sources of financing, including the World Bank Group, AfDB, European Union (EU), and DAC donors, accounted for 36.6 percent of total project costs. Beneficiary governments contributed some 25.4 percent of the total project costs.

### Arab Fund for Economic and Social Development

The Arab Fund for Economic and Social Development (AFESD) was established in 1971 in Kuwait City, with the aim of financing economic and social development in Arab countries. It is the oldest Arab regional development agency, and its membership consists of LAS countries. AFESD currently employs a total of 192 staff.

AFESD extends concessional aid to governments and public and private organizations through loans and capital participation. It also promotes closer cooperation among Arab countries by funding regional projects. AFESD loan terms range from 22 to 25 years, with a grace period of four to seven years. In early 2009, AFESD halved its lending interest rates to 2.5–3 percent. Using a 10 percent discount rate, AFESD calculates that the grant element of its assistance ranges between 32 and 42 percent, with the higher share accorded to low-income borrowers and the lower share to middle-income borrowers.

At end-2007, AFESD had authorized capital of US$ 2.8 billion, paid-up capital of US$ 2.3 billion, and accumulated reserves of US$ 6.5 billion. Although it is permitted to access global capital markets, it has not exercised this option. At present, it has the ability (through equity and reserves) to scale up its lending if need be.

Total AFESD loan commitments during 1974–2007 amounted to US$ 19.4 billion for a total of 510 projects. Disbursements reached a total of US$ 13.9 billion. TA represented a small amount (some US$ 71 million) of AFESD assistance during this period. Grants comprised about US$ 0.5 billion dollars in commitments, including some 855 small grants. Of AFESD's small grants support, US$ 73.5 million was used for emergency assistance and US$ 175 million for training and institutional support. About half of these small grants were inter-Arab grants aimed at promoting scientific exchange and building technical capacity. A large share of AFESD's grants went to the West Bank and Gaza. Total development funding in the West Bank and Gaza over the period 1974–2007 reached KD 90.2 million, of which KD 76.2 million was in the form of grants. Since 2001, AFESD has allocated 10 percent of its yearly net income to the Palestinian Authority.

Over the past five years, AFESD has maintained an annual average lending volume of nearly US$ 1 billion, with net disbursements of around US$ 300 million per year. Most AFESD lending was aimed at infrastructure sectors, with energy, transportation, and water and sewerage accounting for nearly two-thirds of total lending; agriculture and education accounted for 16 percent and 9 percent, respectively. Infrastructure projects have included contributions to Arab regional integration through the financing of the Arab Electricity Grids Interconnection Projects and planned support for the Arab Railway Network Scheme (Chapter 3).

In recent years, AFESD has also provided financial support to community-driven development programs such as the Yemen Social Fund for Development, which is considered a success story (Box A1-3). AFSED has also contributed to emergency programs such as reconstruction in Sudan's Darfur Region (through a grant of KD 3 million to finance 28 water plants to provide drinking water, and rehabilitation and maintenance of 4 hospitals and 38 damaged schools); reconstruction of the Nahr Al-Bared Camp and surrounding areas in Lebanon (through a grant of US$ 15 million as a contribution to the Government Reconstruction Program); and rehabilitation and reconstruction of facilities damaged by floods in Hadramout and Al-Mahrah Governorates in Yemen (through a grant of KD 1.15 million).

AFESD responds to specific requests from its member countries and does not have an overall country aid ceiling. The countries that borrow most from AFESD include Egypt, Morocco, Syria, Yemen, and Tunisia—together accounting for 56 percent of the lending program between 1974 and 2007. With the exception of Syria, these countries have in recent years continued to receive the lion's share of AFESD lending. From 1974 to 2007, 19 percent of AFESD grants were allocated to West Bank and Gaza, and 7 percent each to Lebanon, Egypt, and Sudan. Since 2001, AFESD has allocated 10 percent of its yearly net income and another 5 percent of its TA on a grant basis to the Palestinian Authority.

**BOX A1-3**

**Yemen Social Fund for Development – A Success Story of Multi-Donor Financing and Government Ownership and Achievements**

AFESD is one of the key financiers of the successful Social Fund for Development (SFD) in Yemen. Since the establishment of the Y-SFD in 1997, AFESD has contributed a total of KD 36 million (US$ 126 million) under three projects, the latest of which was launched in 2005. There are 14 multilateral and bilateral donors contributing to the Y-SFD, including IsDB, OFID, SFD, the United Kingdom's Department for International Development (DFID) and IDA. The Y-SFD's main objectives are to improve the range of services and economic opportunities available to the poorer segments of the population through community development programs, microfinance schemes, and capacity building.

The most recent impact evaluation of phase 3 of the Y-SFD (2007) showed that nearly 50 percent of SFD funds go to the poorest decile, 63 percent to the poorest quintile, and 73 percent to the poorest three deciles. These results outperform the goals established at the outset of the Y-SFD as well as those found in other social investment funds worldwide. The benefit incidence analysis shows that the Y-SFD is successfully targeting poor women. Half of the Y-SFD's beneficiaries are female and 12 percent of Y-SFD-affected households are led by a woman—nearly twice the national average. Other indicators of success are the higher than expected number of children enrolled in Y-SFD-supported schools, improved access to water among beneficiaries, and length of new feeder roads.

The majority of AFESD projects are co-financed. Cumulative AFESD commitments through end-2007 accounted for some 27 percent of total project costs, with the balance provided by a wide range of co-financiers and government borrowers. In 2007, AFESD co-financed operations with KFAED, OFID, and IsDB. It also continued to support and monitor the Arab Trade Financing program and participated in the preparation of the Unified Arab Economic Report. In addition to providing some US$ 136 million in cumulative support for World Bank Group projects, AFESD has managed an estimated 127 OFID grants with a total value of US$ 29 million. Some 60–70 percent of AFESD's grants are non-refundable, covering support and institutional capacity building for NGOs. Project preparation grants are included in the loan costs for approved projects. During the Arab League Economic Summit held in Kuwait in January 2009, AFESD was entrusted as the custodian of a US$ 2 billion fund for SME development. Finally, AFESD provides secretariat services for the Coordination Group.

### Arab Gulf Programme for United Nations Development Organizations

AGFUND was established in 1980 by H.R.H. Talal Bin Abdul Aziz with the support of the leaders of the GCC countries that constitute its membership and contribute to its budget. This non-profit organization supports sustainable human development efforts targeting the neediest groups in developing countries, particularly projects aimed at assisting poor women and children. It cooperates with development organizations, NGOs, and other institutions, and channels financial assistance through some 17 UN-specialized agencies. Its main areas of assistance include health, education, institutional capacity building, and special development projects. AGFUND is the newest member of the Coordination Group and employs 37 staff in total.

AGFUND has contributed to the establishment of a number of Arab regional institutions, including the Arab Council for Childhood and Development, the Center for Arab Women Research and Training, the Arab Network of NGOs, and the Arab Open University.

AGFUND financial assistance amounted to about US$ 260 million for 1,141 projects during the period 1981–2007, averaging 52 projects per year for about US$ 12 million in annual grant assistance. AGFUND financial support was relatively substantial in its earlier years, ranging from US$ 10 to 40 million per year. This assistance has dropped to less than US$ 8 million per year since 1988. Nearly half of AGFUND's assistance has been directed to projects in the health sector, followed by institutional capacity building, special development projects, and education sector activities. AGFUND assistance is all in the form of grants.

AGFUND plays an advocacy, knowledge sharing, and catalyst role, and works in partnership with other organizations, namely UN agencies. AGFUND has acquired practical experience in three areas in particular: early childhood education, higher education (Arab Open University), and micro-credit. Development partners can learn valuable lessons from AGFUND's experience, with a view to supporting the scaling-up of the above initiatives.

### Arab Monetary Fund

The Arab Monetary Fund (AMF), established in 1976 and located in Abu Dhabi, UAE, is a regional organization of LAS members. Its activities include financing balance of payments deficits, promoting and supporting economic reform, developing Arab capital markets, promoting intra-Arab trade, and supporting Greater Arab Free Trade Area initiatives. AMF houses the Secretariat for the Council of Governors of Arab Central Banks and Monetary

Authorities and publishes a composite index measuring the performance of fifteen Arab stock markets. AMF also provides economic surveillance and technical capacity building services to its member countries in fiscal, monetary, trade, and financial sector development. AMF's Economic Policy Institute has conducted some 176 training courses to build capacity in its member countries.

At end-2007, AMF's authorized capital amounted to AAD 600 million and paid-up capital, including capitalized reserves in 2005, to AAD 596 million. Since AMF's inception, some 137 loans have been granted to 14 member countries. Total loans amounted to nearly US$ 5 billion, with over 60 percent going to four countries: Egypt, Algeria, Morocco, and Yemen. AMF lending is concessional (concessionality is calculated as the difference between LIBOR[46] and the rate applied at the time of the loan agreement), with interest rates ranging from 3 to 4.5 percent, a repayment period of three to seven years, and a grace period of one-and-a-half to three-and-a-half years. AMF has also provided, through its Arab Trade Financing Program (ATFP), financing for member countries to meet essential import requirements, including the provision of trade credits to finance the sale of wheat by UAE to Egypt, Morocco, and Yemen during the 2008 food crisis.

The ATFP, established in 1989, has authorized capital of US$ 500 million and 49 shareholders representing a number of Arab financial organizations, central banks, and commercial banks. The ATFP has provided some US$ 5.8 billion in cumulative financing since 1991, of which US$ 5.3 billion has been disbursed. The ATFP aims mainly to promote inter-Arab trade and foster competitiveness in the region. Its financing is provided at competitive terms and is complemented by the provision of trade information on Arab markets, coordination of trade opportunities, and trade promotion.

Balance of payments and budget support has dominated AMF lending—the share of such loans represented around 27 percent of total lending value, while Structural Adjustment Facilities amounted to 21 percent. AMF lending has declined in recent years due to improvements in the foreign currency positions of its member countries. Debt relief worth US$ 12 million was extended to Mauritania in 2003/2004 and US$ 280 million to Sudan recently. In 2007, AMF introduced a new oil facility that allows members to borrow up to 200 percent of their paid-up subscription in a convertible currency to meet the cost of petroleum imports.

AMF collaborates with the IMF and World Bank to help strengthen member countries' balance of payments. AMF and the World Bank are also collaborating in the provision of TA to Arab central banks for the development of a credit reporting system and a pan-Arab credit bureau.

### Islamic Development Bank

The Islamic Development Bank (IsDB) was established by Muslim countries and is headquartered in Jeddah, Saudi Arabia. It began operations in 1975 and has a total staff of 1,014. IsDB has 56 member countries, up from 22 at its launch. The IsDB Group has four regional offices in member countries: Almaty, Kazakhstan; Dakar, Senegal; Kuala Lumpur, Malaysia; and Rabat, Morocco. Field representatives are also stationed in Algeria, Gambia, Guinea-Bissau, Indonesia, Iran, Libya, Mauritania, Pakistan, and Sudan.

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[46] The London Interbank Offered Rate (LIBOR) is a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money market.

The IsDB's mission is to foster economic development and social progress in member countries and Muslim communities worldwide. IsDB participates in equity capital and grant loans for productive projects and enterprises and provides financial assistance to member countries. It is unique among Coordination Group members in that it is authorized to accept deposits and provides financing instruments that are in accordance with Islamic law. As a result, interest may not be charged on its loans; in response, IsDB employs a variety of alternative project financing modalities (Box A1-4). Though there is growing demand for Shari'ah-compliant funds among IsDB member countries, and despite an increase in equity capital, the supply of Shari'ah-compliant funds is constrained by limited market-based resource-mobilizing vehicles (Box A1-5).

**BOX A1-4**

**IsDB Islamic Project Financing Modalities**

IsDB uses a number of project financing instruments that are consistent with Islamic law, including:

- **Installment Sale:** Introduced in 1985, IsDB purchases assets (machinery and equipment) and sells them to the beneficiary at a higher price, with repayment in installments. Unlike leasing, ownership of the asset is transferred to the purchaser on delivery.
- **Istisna'a:** This medium-term financing modality, introduced in 1996, is a contract for manufacturing (or construction) whereby the manufacturer (seller) agrees to provide the buyer with the goods identified by description, after they have been manufactured (constructed), in conformity with that description, within a certain time frame and for an agreed price.
- **Leasing or Ijara:** This medium- to long-term financing modality, introduced in 1978, involves purchasing and subsequently transferring the right to use equipment and machinery to the beneficiary for a specific period of time, during which IsDB retains ownership of the asset.
- **Lines of Financing:** These are extended to financial institutions in member countries to finance projects and trade operations of SMEs.
- **Loan:** This modality, introduced in 1976, is concessional in nature and is different from that of other international financial institutions. It carries only a service fee intended to cover the actual cost of administering the loan. The repayment period ranges from 15–25 years, including a grace period of 3–7 years.
- **Mudaraba:** A form of partnership in which one party provides the funds and the other provides the expertise and management. Any profits that accrue are shared between the two parties at a pre-agreed ratio, while the capital loss is borne by the funding provider.
- **Murabaha:** A contract of sale between a buyer and a seller in which a seller purchases the goods needed by a buyer and sells the goods to the buyer on a cost-plus basis. Both the profit (mark-up) and the time of repayment (usually in installments) are specified in an initial contract.
- **Profit Sharing:** Introduced in 1978, profit sharing is a financing technique that involves pooling of funds by two or more parties in order to finance a particular venture. Each partner obtains, in accordance with the terms and conditions of partnership, a percentage of (net) profit accruing from the venture. The profit accrued is shared in a manner that is proportional to each partner's contribution in the capital of the venture.
- **Equity Participation:** Through this financing modality, introduced in 1976, IsDB participates in the share capital of various companies without exceeding one-third of the project's equity capital.

*Source:* IsDB (2007).

**BOX A1-5**

**Banking and Shari'ah Law – A Unique Feature of Arab Development Assistance**

Islamic law, or Shari'ah, sets forth a series of rules that govern financial transactions. The main principle of Islamic banking is the prohibition of *riba*, which is generally translated as usury or excess interest in lending. In addition, Shari'ah prohibits investment in goods or services that are deemed *haraam*, or unlawful (e.g., liquor, pork, gambling).

Islamic banking is thus an instrument for developing an Islamic economic order. An individual (or institution) is permitted to seek economic well being, but activities are defined as *haraam* if deemed morally or socially injurious. Wealth may be accumulated by legitimate means, but cannot be hoarded, kept idle, or squandered. Instead, the concept of *zakat*, or giving of alms, is emphasized to ensure the redistribution of surplus wealth for the benefit of the community as a whole.

The Islamic financial system relies on the concept of participation in enterprise, apportioning funds on a profit- and loss-sharing basis. Profits can be gained in proportion to risks assumed to satisfy the differing demands of participants. This helps to distinguish (and reward) good performance in comparison to bad performance and thus encourages prudent resource management.

Islamic banks are structured to maintain a clear separation between shareholders' capital and clients' deposits in order to ensure appropriate profit sharing. Institutions that offer Islamic banking products and services are required to establish Shari'ah advisory committees to help ensure that activities comply with the principles of Islamic law.

During the 20th century, a number of financial instruments have been developed to apply Shari'ah principles to modern banking practices in the Muslim community. Key concepts include profit sharing, joint ventures, leasing, and custodianship of funds (Box A1-4).

*Sources:* IsDB, Institute of Islamic Banking and Insurance.

In spite of its serious efforts to access capital markets through Shari'ah-compatible instruments (e.g., Sukuks or Islamic bonds), IsDB managed to raise just US$ 900 million during 2003–2005. With the introduction of liquid and marketable financial instruments that are cost-effective and able to attract investors desiring a wide range of maturity structures, IsDB will be in a position to meet the demand for Shari'ah-compliant funds more efficiently and effectively. This suggests that there is considerable scope for collaboration with other multilateral financial institutions to leverage their experience and knowledge of the capital markets. As a first step in that direction, ADB and IsDB reached an agreement in June 2009 to set up the Islamic Infrastructure Fund. The new fund will help to address the growing demand for infrastructure investment in Asia by providing Shari'ah-compliant equity investments to the member countries of both development banks. The Islamic Infrastructure Fund is targeted at US$ 500 million and is expected to attract capital not only from the Islamic world but also from investors worldwide.

IsDB has expanded rapidly over time, evolving into the IsDB Group which consists of five legally separate entities: IsDB, Islamic Research and Training Institute (IRTI, 1981), Islamic Cooperation for the Insurance of Investments and Export Credits

(ICIEC, 1994), Islamic Cooperation for the Development of the Private Sector (ICD, 1999), and International Islamic Trade Finance Corporation (ITFC, 2005). Apart from IsDB itself, the total commitments of ICIEC and ICD, the two largest entities, amounted to US$ 5.3 billion and US$ 680 million, respectively, at end-2007.

IsDB has recently adopted a new long-term strategic vision, A Vision for Human Dignity, in which it reaffirms its desire to become a world-class development bank inspired by Islamic principles and contributing significantly to improving human development in the Muslim world. The vision statement outlines nine strategic thrusts[47] with the overarching aim of promoting comprehensive human development by focusing on poverty alleviation, health, education, governance, and economic prosperity. IsDB is also seeking to become more of a knowledge-based bank, shifting its organizational structure and enhancing capacity and resources to achieve greater synergies among its various financing instruments, empowerment of its borrowers, and transparency in its operations.

By end-2007, IsDB's total commitments amounted to US$ 46.2 billion, of which US$ 15.5 billion took the form of project financing. A total of US$ 232 million has been provided in the form of technical assistance grants and another US$ 641 million in special assistance grants. Financing for private sector activities has become increasingly important in recent years. In 2006, for example, over 20 percent of total IsDB project financing was directed to non-sovereign entities for six projects in power infrastructure and manufacturing in five member countries. Apart from Arab countries, which accounted for 49 percent of lending, poor countries accounted for over 35 percent and sub-Saharan African countries for over 15 percent.

In 2002, IsDB adopted the Ouagadougou Declaration, committing to provide US$ 2 billion in development assistance to its least developed member countries in Africa over a five-year period from 2003 to 2007. The Declaration targeted support for the social sectors, transport, trade, micro-finance, and capacity building. IsDB's performance exceeded the target by US$ 300 million. In response to the 2008 food crisis, IsDB prepared an assistance package of US$ 1.5 billion through the Jeddah Declaration Initiative to strengthen food security in member countries. The package was designed to support immediate, short-term, and medium- to longer-term measures. By June 2009, IsDB had approved nearly US$ 442 million under the Initiative, representing over 29 percent of the total amount of the assistance package. This includes US$ 377 million for projects, US$ 52 million for trade finance (by ITFC), and US$ 12 million for private sector development (by ICD).

Since its inception, most IsDB project operations have been directed toward the infrastructure sector. This sector has accounted for some 74 percent of Ordinary Capital Resources (OCR) financing.[48] Social sectors, agriculture, financial services, and industry share the remaining funds.

47 The nine strategic thrusts are as follows: reform IDB, alleviate poverty, promote health, universalize education, prosper the people, empower the Sisters of Islam without breaching the tenets of Islam, expand the Islamic financial industry, facilitate integration of I[s]DB member country economies among themselves and with the world, and improve the image of the Muslim world. See IsDB (2006), p. 21 (English version).

48 Data on the share of financing by sector are only available for IsDB's OCR project assistance. An additional US$ 5 billion in lending was provided by the IsDB Group's other entities/windows including ICD, Islamic Bank's Portfolio, Unit Investment Fund, and Infrastructure Fund, for which no sector-wise allocation is available. However, the bulk of this assistance is for infrastructure so the proportion of infrastructure lending would be higher still.

The IsDB is expressly committed to financing projects that foster regional economic integration, providing assistance to major regional projects such as the Trans-Sahara and Trans-Sahel roadways, the construction of the Sevare-Gao road, the Gao Bridge in Mali, and the Agades-Zinder road in Niger. These projects are expected to facilitate movement of people and goods between countries, thereby boosting regional economic integration.

IsDB has been a leader among Coordination Group members in supporting trade finance. During the period 1975–2007, trade financing operations represented (in value terms) 65.7 percent of IsDB's net approvals, with total trade financing, net of cancellations, estimated at US$ 29.8 billion at the end of 2007. IsDB has created several specialized agencies to promote external trade. ICIEC provides export credit insurance and reinsurance to cover non-payment of export receivables resulting from commercial (buyer) and non-commercial (country) risks. By end-January 2007, ICIEC's insurance commitments stood at US$ 3.99 billion, with total business insured of US$ 2.28 billion. ITFC is devoted exclusively to trade, and was established with initial authorized capital of US$ 3 billion. Since 1998, IsDB has managed a US$ 50 million export financing scheme for BADEA, under which 26 operations have been financed from 11 African countries. In 1997, IsDB launched a TA program for matters related to the World Trade Organization, including workshops, seminars, trade policy courses, and consultations.

IsDB has established a number of specialized funds since its founding (Table A1-1).

IsDB co-finances the majority of its projects with other development partners. Between 1976 and January 2007, IsDB had co-financed 1,869 projects with donors and multilateral development banks worth US$ 86.6 billion. Of this amount, IsDB's contribution totaled US$ 13.8 billion, representing 16 percent of the total cost. Other co-financers contributed US$ 34.5 billion, representing 39 percent of total project costs. IsDB has co-financed projects with the World Bank Group, ADB, EBRD, AfDB, ECOWAS Fund, European Investment Bank (EIB), International Finance Corporation, and members of the Coordination Group.

**TABLE A1-1**
**IsDB Specialized Funds**

| Fund | Year | Resources |
|---|---|---|
| IsDB Waqf Fund | 1979 | US$ 1.5 billion |
| Islamic Banks Portfolio for Investment and Development | 1987 | To date: US$ 4.4 billion |
| Unit Investment Fund | 1989 | Commitment: US$ 2.0 billion |
| Al Aqsa and Al Oud Funds | 2000 | US$ 1.0 billion |
| Awqaf Properties Investment Fund | 2001 | US$ 59 million |
| Islamic Solidarity Fund for Development | 2007 | Target: US$ 10 billion |
| Infrastructure Fund—expired in 2006 | | Investment: US$ 584 million |
| Islamic Infrastructure Fund (with ADB) | 2009 | US$ 500 million |

IsDB relies heavily on its own capital to fund its lending operations because of its limited access to the global capital market. Its current authorized capital stands at US$ 47.4 billion and its equity capital (i.e., member funds) at US$ 8.4 billion, following the latest capital increase in 2006. Total outstanding financing at end-2007 was US$ 7.7 billion, implying an equity-to-loan ratio of 109.

At its latest annual meeting in Ashgabat, Turkmenistan, in June 2009, IsDB agreed to double its lending volume over the next three years to help member countries address the ongoing global financial crisis. This decision would provide additional financing of US$ 2.5 billion; US$ 500 million in Sukuk (bonds) will be issued in the near future.

### OPEC Fund for International Development

The OPEC Fund for International Development (OFID) was established in 1976 by the 13 OPEC member countries at the time: Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, UAE, and Venezuela. Its aim is to foster social and economic development, particularly of poor countries, and to advance South-South cooperation. OFID provides concessional loans for investment projects, programs, and balance of payments and budget support. It also provides debt relief as part of the HIPC initiative and grants for technical and humanitarian assistance. Furthermore, OFID provides equity/loans and trade financing to the private sector. OFID has a total staff of 140.

Total contributions (paid-in) by OPEC member countries stood at nearly US$ 3 billion at end-2007. This amount includes US$ 732 million earmarked for IFAD and US$ 111 million transferred to the IMF Trust Fund (arising from profits from IMF gold sales in 1976). Actual contributions represent the bulk of the pledges (commitments) made. Total contributions from Arab members of OPEC represent 68 percent of the total, with Saudi Arabia alone accounting for more than half of this share (35 percent). In addition to member countries' contributions, which are voluntary, accumulated reserves amounted to US$ 3.5 billion. The capital has been paid-in over time and no replenishment has taken place since OFID was established. Reserves have never been capitalized. OFID is now thinking of accessing the capital markets to strengthen its capital base.

OFID provides loans to low-income borrowers at an interest rate of 2 to 2.75 percent per year, and to middle-income borrowers at an interest rate of 4 to 5 percent per year. Repayment periods are generally set at 20 years, after an initial five-year grace period. OFID assistance has an estimated grant element of 35 percent.

At end-2007, OFID had committed US$ 9.5 billion and disbursed US$ 5.9 billion, including the full amount earmarked for IFAD and the IMF Trust Fund. Excluding IFAD and the IMF Trust Fund, the majority of commitments and disbursements went to project and program lending (70–75 percent), followed by balance of payments support (9–15 percent), HIPC debt relief (3–4 percent), TA and emergency relief (5–6 percent), and private sector and trade (6–8 percent). Twenty-five countries, all but four in sub-Saharan Africa, have benefited from OFID debt relief in the form of 35 restructured loans worth a total of US$ 251 million. Overall, OFID lending has increased by 10 percent per year over the past 15 years. Through 2007, OFID had provided balance of payments support loans to Africa (US$ 430.5 million), Asia (US$ 175.8 million), and Latin American and the Caribbean (US$ 118.0 million).

An analysis of project and program lending, humanitarian assistance, balance of payments support, and debt relief (cumulative commitment) shows that poor countries receive the bulk of OFID assistance, with IDA recipient countries accounting for three-quarters of total OFID assistance and HIPC countries and sub-Saharan Africa for nearly half. The shares received by Arab (LAS) and Islamic (OIC) countries are one-fifth and one-half, respectively.

A total of 1,165 investment loans have been approved, benefiting 102 countries, half of which are in Africa. Most of the assistance is for infrastructure, including transport (29.9 percent), energy (19 percent), and water supply and sewerage (7.9 percent); followed by agriculture (15.4 percent), education (10.5 percent), and health (6 percent).

OFID provides three main types of grants: TA, emergency relief, and funding for research and similar activities. It also has three special accounts within its grant program: the Special Grant Account for the Palestinian Authority, the HIV/AIDS Special Account, and the Special Food Aid Account. At end-2007, OFID had provided some 928 grants worth US$ 409 million. Of this amount, US$ 123 million was extended as TA, often in cooperation with UN agencies and a number of other international development organizations. US$ 56 million was directed to emergency relief operations, US$ 10.6 million to sponsored research and similar activities, US$ 49 million to finance projects within the framework of the HIV/AIDS Special Account, US$ 48 million to the Special Grant Account for Palestinian Authority, US$ 20 million to the Food Aid Special Grant Account, and US$ 20 million to IFAD.

OFID's Trade Finance Facility was established in 2006 to provide trade finance to a wide range of institutions, including governments, parastatals, banks, and private enterprises. Under this facility, a total of US$ 109 million had been approved by end-December 2007, including US$ 74.3 million in loans and lines of credit and US$ 34.7 million in risk sharing guarantees, provided to seven countries.

Most of OFID's project loans have been co-financed with other donors, including the World Bank. In 2007, OFID provided about 10 percent of the total cost of 33 public sector operations. Co-financing was mobilized from various aid agencies, including ADFD, AFESD, BADEA, IsDB, KFAED, and SFD, as well as a number of other partners: AfDB, ADB, West African Development Bank (BOAD), ECOWAS Regional Development Fund, EIB, EU, IDA, IDB, IFAD, Japan Fund for Poverty Reduction, Millennium Challenge Corporation, United Nations Development Programme (UNDP), West African Economic Union, and the World Bank. The majority of OFID's grant funded projects also received support from other donors; in 2007, these included Arab Authority for Agricultural Investment and Development, AFESD, Bill and Melinda Gates Foundation, Food and Agriculture Organization, GCC, International Atomic Energy Agency, International Crops Research Institute for the Semi-Arid Tropics, IFAD, Intel, International Committee of the Red Cross, IsDB, King Abdul-Aziz Fund, KFAED, SFD, UN, UNDP, United Nations Fund for International Partnerships, United Nations Population Fund, United Nations High Commission on Refugees, United Nations Office on Drugs and Crime, and World Food Programme.

**TABLE A1-2**
**Characteristics of Arab National and Regional Development Financial Institutions**

| Agency | Year of Establishment and Location | Mandate and Instruments | Membership and Recipient Countries | Key Indicators (cumulative as of end 2007) |
|---|---|---|---|---|
| **National Financial Funds** | | | | |
| Abu Dhabi Fund for Development (ADFD) | 1971 (Abu Dhabi) | To provide economic assistance to developing countries in the form of concessional loans, grants, and equity in investment projects | **Membership**: Abu Dhabi<br><br>**Recipients**: Developing countries | **Capital**: US$ 1.6 billion<br>**Lending/TA**: US$ 3.4 billion<br>US$ 229.7 million (2008)<br>**# operations**: 154<br>**# beneficiary countries**: 52<br>**# staff**: 100 |
| Kuwait Fund for Arab Economic Development (KFAED) | 1961 (Kuwait) | To assist Arab and other developing countries in developing their economies, particularly by providing them with loans required for the implementation of their development programs. The Fund also provides technical assistance grants to finance feasibility studies and other advisory services<br><br>Types of instruments: concessional loans, technical assistance, and grants, in addition to making contributions on behalf of the State of Kuwait to the resources of regional and international institutions. | **Membership**: Kuwait<br><br>**Recipients**: Developing countries | **Capital**: US$ 6.8 billion<br>**Lending/TA**: US$ 14.8 billion<br>US$ 829.3 million (2008)<br>**# operations**: 747<br>**# beneficiary countries**: 103<br>**# staff**: 455 |
| Saudi Fund for Development (SFD) | 1974 (Riyadh) | To finance investment projects in developing countries and encourage national non-oil exports by providing finance and insurance in support of such exports. | **Membership**: Saudi Arabia<br><br>**Recipients**: Developing countries | **Capital**: US$ 8.3 billion<br>**Saudi Export Program** (US$ 1.1 billion)<br>**Lending/TA**: US$ 8.4 billion<br>US$ 311.9 million (2008)<br>**# operations**: 454<br>**# beneficiary countries**: 71<br>**# staff**: 400 |
| **Regional Financial Institutions** | | | | |
| Arab Fund for Economic and Social Development (AFESD) | 1971 (Kuwait City) | To extend project loans on concessional terms to the public sector and support private organizations through loans or capital participation; to promote closer cooperation among Arab countries through the funding of regional projects.<br><br>Provides secretariat services for the Coordination Secretariat of Arab National and Regional Development Institutions | **Membership**: LAS members<br><br>**Recipients**: Member countries and private organizations therein | **Capital**: US$ 2.3 billion<br>**Lending/TA**: US$ 19.4 billion<br>US$ 1.4 billion (2008)<br>**# operations**: 510<br>**# beneficiary countries**: 17<br>**# staff**: 192 |
| Arab Gulf Program for United Nations Development Organizations (AGFUND) | 1980 (Riyadh) | To finance sustainable human development efforts targeting the neediest in developing countries, particularly women and children, including those aimed at improving educational and health standards, alleviating poverty, and supporting institutional structures | **Membership**: GCC countries<br><br>**Recipients**: UN agencies, Arab NGOs, international organizations | **Lending/TA**: US$ 260 million<br>US$ 5.2 million (2007)<br>**# operations**: 1,141<br>**# beneficiary countries**: n/a<br>**# staff**: 37 |

*(Continued on next page)*

**TABLE A1-2**
**Characteristics of Arab National and Regional Development Financial Institutions** *(continued)*

| Agency | Year of Establishment and Location | Mandate and Instruments | Membership and Recipient Countries | Key Indicators (cumulative as of end 2007) |
|---|---|---|---|---|
| Arab Monetary Fund (AMF) | 1976 (Abu Dhabi) | To contribute to balance of payments stability, removal of payment restrictions, Arab monetary cooperation, economic reform, Arab capital market development, and intra-Arab trade through the Arab Trade Financing Program | **Membership**: LAS members<br><br>**Recipients**: Member countries | **Capital**: US$ 2.7 billion<br>**Lending/TA**: US$ 5.0 billion<br>US$ 178 million (2008)<br>**# operations**: 137<br>**# beneficiary countries**: 14<br>**# staff**: 100 |
| Arab Bank for Economic Development in Africa (BADEA) | 1974 (Khartoum) | To strengthen economic, financial, and technical cooperation between Arab and African countries. BADEA's mandate is to assist in financing economic development in non-Arab African countries; stimulate the contribution of Arab capital to African development; and provide technical assistance. | **Membership**: LAS members<br><br>**Recipients**: Developing African countries, excluding LAS members | **Capital**: US$ 2.2 billion<br>**Lending/TA**: US$ 2.9 billion<br>US$ 197 million (2008)<br>**# operations**: 450<br>**# beneficiary countries**: 43<br>**# staff**: |
| Islamic Development Bank (IsDB) | 1973 (Jeddah) | To foster economic development and social progress of member countries and Muslim communities.<br>IsDB participates in equity capital and grant loans for productive projects and enterprises and provides financial assistance to member countries.<br>IsDB has evolved into a group consisting of five legally separate entities: IsDB, IRTI, ICIEC, ICD, and ITFC. | **Membership**: 56 countries<br><br>**Recipients**: Member countries and Muslim communities | **Capital**: US$ 8.4 billion<br>**Lending/TA**: US$ 46.2 billion<br>US$ 1.9 billion (2008)<br>**# operations**: 2,067<br>**# beneficiary countries**: 56<br>**# staff**: 1,014 |
| OPEC Fund for International Development (OFID) | 1976 (Vienna, Austria) | To foster social and economic programs in developing countries through the provision of concessional financing; to advance South-South cooperation.<br><br>**Tools**: public sector loans for investment projects, balance of payments support, debt relief, trade financing, private enterprises, and grants for TA. | **Membership**: OPEC 13 founding members<br><br>**Recipients**: Developing countries | **Capital**: US$ 3.0 billion<br>**Lending/TA**: US$ 6.7 billion<br>US$ 555 million (2008)<br>**# operations**: 1,165<br>**# beneficiary countries**: 102<br>**# staff**: 140 |

# Statistical Tables

## DATA SOURCES

Tables A2-1 to A2-5 show net disbursements of ODA from Arab donor countries. Table A2-6 represents net disbursements of ODA from three institutions: BADEA, IsDB, and OFID. All the tables are derived from OECD DAC database either directly or indirectly as follows:

- **Bilateral ODA**. The only consistent time series is represented by the data included in the DAC Online Table 2A, which includes net disbursement data for Arab Donors from 1970 to 2007.
- **Multilateral ODA**
  - **1995–2008:** Data on Arab donors' multilateral ODA are available from DAC Table 1 for the aggregate of Arab Donors (i.e., Kuwait, Saudi Arabia, and UAE for this period). The breakdown among Arab donors was derived from the Annual DAC Development Cooperation Reports for these years.
  - **1991–1994:** Espen Villanger (2007), Arab Foreign Aid: Disbursement Patterns, Aid Policies and Motives, Chr. Michelsen Institute, which includes data from the DAC Annual Reviews.
  - **1990:** Estimate of multilateral ODA based on the ODA/GNI ratio from the DAC Annual Review.
  - **1973–1989:** Van den Boogaerde, Pierre (1991). Financial Assistance from Arab Countries and Arab Regional Institutions. IMF Occasional Paper 87. Washington DC, which includes data from the DAC Annual Reviews.

Table A2-7, which shows gross disbursements of Arab ODA by country and their share in recipient countries' total ODA, is derived from OECD-DAC table 2A.

Table A2-8 is derived from the State of Qatar publications.

Table A2-9 is based on World Bank for oil prices and OECD-DAC for the deflator.

Tables A2-10 to A2-16 are derived from Coordination Group Secretariat & Annual Reports (various issues) of Arab financial institutions. Tables A2-8 to A2-11 and A2-13 represent channels of Arab, Islamic, and OPEC commitments and are on cumulative and commitment terms as of end-2007; they cannot be compared with the previous set of tables. Table A2-9 provides the only data series available across time and by recipient countries. It was therefore not possible to carry out further time series data analysis by sector and by agency.

Table A2-18 is derived from Qatar (2008).

Table A2-17 is derived from OECD-DAC Table 2A.

GNI data are from World Bank

**Currency Equivalents** *(as of May 15, 2010)*

- Arab Accounting Dinar Unit (AAD): AAD1.00 = SDR3.000
- Islamic Dinar Currency Unit (ID): ID1.00 = SDR1.000
- Kuwait Dinar Currency Unit (KD): US$1.00 = KD0.2910
- Saudi Riyal Currency Unit (SR): US$1.00 = SR3.7556
- Special Drawing Rights (SDR): US$1.00 = SDR0.6821
- United Arab Emirates Currency Unit (AED): US$1.00 = AED3.6737

**TABLE A2-1**

**ODA from Arab Countries (%)**

| Years | Arab ODA/ Total DAC ODA | Arab ODA/ Total Non DAC ODA | Arab ODA/ GNI | DAC ODA/ GNI | Years | Arab ODA/ Total DAC ODA | Arab ODA/ Total Non DAC ODA | Arab ODA/ GNI | DAC ODA/ GNI |
|---|---|---|---|---|---|---|---|---|---|
| **1973** | 24.6 | | 5.04 | 0.27 | **1991** | 4.5 | 91.8 | 1.39 | 0.33 |
| **1974** | 35.8 | | 3.80 | 0.32 | **1992** | 1.9 | 85.4 | 0.57 | 0.33 |
| **1975** | 40.9 | | 4.68 | 0.34 | **1993** | 2.1 | 88.0 | 0.58 | 0.29 |
| **1976** | 38.3 | | 3.44 | 0.31 | **1994** | 1.6 | 85.3 | 0.48 | 0.29 |
| **1977** | 38.5 | | 3.35 | 0.31 | **1995** | 1.1 | 76.3 | 0.29 | 0.26 |
| **1978** | 39.2 | | 3.96 | 0.33 | **1996** | 1.4 | 81.4 | 0.31 | 0.24 |
| **1979** | 33.2 | | 2.71 | 0.33 | **1997** | 1.5 | 75.5 | 0.28 | 0.22 |
| **1980** | 36.6 | | 2.65 | 0.35 | **1998** | 1.2 | 75.2 | 0.27 | 0.23 |
| **1981** | 33.8 | | 2.25 | 0.32 | **1999** | 0.8 | 59.9 | 0.17 | 0.22 |
| **1982** | 21.4 | | 1.71 | 0.36 | **2000** | 1.1 | 66.6 | 0.20 | 0.22 |
| **1983** | 17.9 | | 1.51 | 0.34 | **2001** | 1.3 | 74.3 | 0.23 | 0.22 |
| **1984** | 15.5 | | 1.40 | 0.34 | **2002** | 4.5 | 90.3 | 0.87 | 0.23 |
| **1985** | 12.6 | | 1.19 | 0.33 | **2003** | 3.9 | 88.2 | 0.77 | 0.24 |
| **1986** | 12.6 | | 1.64 | 0.34 | **2004** | 2.6 | 63.1 | 0.49 | 0.25 |
| **1987** | 8.1 | | 1.15 | 0.32 | **2005** | 1.3 | 43.3 | 0.26 | 0.32 |
| **1988** | 4.8 | | 0.88 | 0.34 | **2006** | 2.4 | 53.4 | 0.40 | 0.30 |
| **1989** | 3.5 | | 0.59 | 0. 31 | **2007** | 2.5 | 53.9 | 0.41 | 0.27 |
| **1990** | 10.8 | | 3.12 | 0.33 | **2008** | 4.9 | 68.4 | 0.70 | 0.30 |
| **Average 1973–2008 (unweighted)** | 13.0 | 73.3 | 1.49 | 0.30 | **Average 1973–2008 (weighted)** | 6.6 | 69.6 | | |

Notes: Figures calculated in US dollars at 2007 prices. For 1990 multilateral ODA is an estimate. The figures are not strictly comparable over time due to differences in country coverage. The Arab ODA-to-GNI ratio of 0.7 percent is calculated using OECD-DAC figures for ODA flows and World Bank estimates for GNI/GDP. The DAC ODA flows for Kuwait and UAE are much lower than those found in the 2009 Unified Arab Economic Report, Annex Table 11.2. They are however about the same for KSA.

*Source:* DAC Online (Tables 1 and 2A), DAC Annual Reviews.

**TABLE A2-2**
**ODA from Arab Countries (net disbursements)**

| CONSTANT PRICES (US$ Million, 2007 Prices) | | | | | | | | | CURRENT PRICES (US$ Million) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | Algeria | Iraq | Kuwait | Libya | Qatar | Saudi Arabia | UAE | Total | Country | Algeria | Iraq | Kuwait | Libya | Qatar | Saudi Arabia | UAE | Total |
| 1973 | 115 | 86 | 1,606 | 1,021 | 423 | 4,984 | 1,423 | 9,658 | 1973 | 25 | 19 | 356 | 226 | 94 | 1,104 | 315 | 2,138 |
| 1974 | 202 | 1,612 | 2,555 | 497 | 807 | 8,360 | 2,215 | 16,250 | 1974 | 50 | 397 | 629 | 122 | 199 | 2,059 | 546 | 4,001 |
| 1975 | 111 | 949 | 3,259 | 984 | 1,101 | 9,661 | 3,329 | 19,392 | 1975 | 31 | 265 | 910 | 275 | 308 | 2,699 | 930 | 5,417 |
| 1976 | 38 | 428 | 2,758 | 340 | 625 | 9,710 | 3,703 | 17,602 | 1976 | 11 | 123 | 795 | 98 | 180 | 2,799 | 1,067 | 5,074 |
| 1977 | 127 | 309 | 4,201 | 443 | 424 | 9,410 | 3,519 | 18,434 | 1977 | 40 | 96 | 1,313 | 138 | 133 | 2,940 | 1,100 | 5,760 |
| 1978 | 113 | 481 | 2,604 | 376 | 264 | 14,611 | 2,419 | 20,868 | 1978 | 41 | 173 | 936 | 135 | 95 | 5,249 | 869 | 7,497 |
| 1979 | 653 | 1,647 | 2,429 | 364 | 707 | 9,860 | 2,486 | 18,147 | 1979 | 261 | 658 | 971 | 146 | 283 | 3,940 | 993 | 7,251 |
| 1980 | 199 | 1,960 | 2,584 | 852 | 629 | 12,879 | 2,625 | 21,728 | 1980 | 88 | 865 | 1,140 | 376 | 277 | 5,681 | 1,158 | 9,585 |
| 1981 | 275 | 491 | 2,820 | 561 | 584 | 13,059 | 1,903 | 19,694 | 1981 | 116 | 207 | 1,190 | 237 | 247 | 5,509 | 803 | 8,308 |
| 1982 | 307 | 123 | 2,780 | 104 | 336 | 9,225 | 971 | 13,846 | 1982 | 128 | 51 | 1,161 | 44 | 140 | 3,853 | 406 | 5,784 |
| 1983 | 87 | (22) | 2,384 | 344 | 49 | 7,791 | 839 | 11,473 | 1983 | 37 | (9) | 997 | 144 | 21 | 3,259 | 351 | 4,798 |
| 1984 | 118 | (55) | 2,485 | 60 | 23 | 7,794 | 216 | 10,640 | 1984 | 48 | (23) | 1,018 | 24 | 10 | 3,194 | 89 | 4,360 |
| 1985 | 130 | (76) | 1,866 | 138 | 18 | 6,366 | 296 | 8,737 | 1985 | 54 | (32) | 771 | 57 | 7 | 2,630 | 122 | 3,609 |
| 1986 | 226 | (41) | 1,423 | 136 | 37 | 6,990 | 181 | 8,952 | 1986 | 114 | (21) | 715 | 68 | 19 | 3,512 | 91 | 4,498 |
| 1987 | 44 | (61) | 545 | 130 | 6 | 4,977 | 33 | 5,674 | 1987 | 26 | (35) | 316 | 76 | 4 | 2,888 | 19 | 3,292 |
| 1988 | 20 | (35) | 173 | 208 | 6 | 3,292 | (27) | 3,636 | 1988 | 12 | (22) | 108 | 130 | 4 | 2,048 | (17) | 2,262 |
| 1989 | 70 | 38 | 298 | 152 | (4) | 2,063 | 3 | 2,619 | 1989 | 43 | 23 | 183 | 93 | (3) | 1,268 | 2 | 1,610 |
| 1990 | – | – | 1,883 | – | – | 5,310 | 1,301 | 8,495 | 1990 | – | – | 1,295 | – | – | 3,652 | 895 | 5,842 |
| 1991 | – | – | 555 | – | – | 2,427 | 795 | 3,777 | 1991 | – | – | 390 | – | – | 1,704 | 558 | 2,652 |
| 1992 | – | – | 273 | – | – | 1,054 | 231 | 1,558 | 1992 | – | – | 203 | – | – | 783 | 172 | 1,158 |

*Continued on next page*

**TABLE A2-2**

**ODA from Arab Countries (net disbursements)** *(continued)*

| | CONSTANT PRICES (US$ Million, 2007 Prices) | | | | | | | | CURRENT PRICES (US$ Million) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | Algeria | Iraq | Kuwait | Libya | Qatar | Saudi Arabia | UAE | Total | Country | Algeria | Iraq | Kuwait | Libya | Qatar | Saudi Arabia | UAE | Total |
| 1993 | – | – | 534 | – | – | 743 | 323 | 1,600 | 1993 | – | – | 395 | – | – | 549 | 239 | 1,183 |
| 1994 | – | – | 731 | – | – | 418 | 132 | 1,281 | 1994 | – | – | 555 | – | – | 317 | 100 | 972 |
| 1995 | – | – | 454 | – | – | 227 | 77 | 759 | 1995 | – | – | 384 | – | – | 192 | 65 | 641 |
| 1996 | – | – | 516 | – | – | 408 | 39 | 962 | 1996 | – | – | 414 | – | – | 327 | 31 | 772 |
| 1997 | – | – | 500 | – | – | 337 | 154 | 991 | 1997 | – | – | 373 | – | – | 251 | 115 | 739 |
| 1998 | – | – | 378 | – | – | 391 | 86 | 856 | 1998 | – | – | 278 | – | – | 288 | 63 | 630 |
| 1999 | – | – | 196 | – | – | 247 | 122 | 565 | 1999 | – | – | 147 | – | – | 185 | 92 | 424 |
| 2000 | – | – | 229 | – | – | 410 | 208 | 847 | 2000 | – | – | 165 | – | – | 295 | 150 | 610 |
| 2001 | – | – | 107 | – | – | 715 | 185 | 1,007 | 2001 | – | – | 73 | – | – | 490 | 127 | 690 |
| 2002 | – | – | 28 | – | – | 3,482 | 219 | 3,729 | 2002 | – | – | 20 | – | – | 2,478 | 156 | 2,654 |
| 2003 | – | – | 170 | – | – | 2,951 | 231 | 3,353 | 2003 | – | – | 138 | – | – | 2,391 | 188 | 2,716 |
| 2004 | – | – | 182 | – | – | 1,962 | 205 | 2,349 | 2004 | – | – | 161 | – | – | 1,734 | 181 | 2,076 |
| 2005 | – | – | 240 | – | – | 1,105 | 156 | 1,501 | 2005 | – | – | 218 | – | – | 1,005 | 141 | 1,365 |
| 2006 | – | – | 171 | – | – | 2,263 | 269 | 2,703 | 2006 | – | – | 158 | – | – | 2,095 | 249 | 2,502 |
| 2007 | – | – | 110 | – | – | 2,079 | 429 | 2,618 | 2007 | – | – | 110 | – | – | 2,079 | 429 | 2,618 |
| 2008 | | | 270 | – | – | 5,297 | 84 | 5,651 | 2008 | – | – | 283 | – | – | 5,564 | 88 | 5,935 |
| Total | 2,836 | 7,833 | 44,298 | 6,711 | 6,037 | 172,856 | 31,380 | 271,950 | Total | 1,124 | 2,737 | 19,268 | 2,389 | 2,016 | 81,010 | 12,881 | 121,424 |

*Notes:* Total ODA for UAE in 1990 is a Bank staff estimate based on ODA/GNI for 1990. The multilateral portion for that year was then calculated by subtracting bilateral ODA which was derived from DAC Table 2A.

*Source:* DAC Online (Tables 1 and 2A), DAC Annual Reviews.

**TABLE A2-3**
**Bilateral ODA from Arab Countries by Income Group or Other Aggregations (net disbursements)**

| | 1973–79 | | | 1980–89 | | | 1990–99 | | | 2000–2007 | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Recipient Country Groups | US$m 2007 | US$ current | Share (%) | US$m 2007 | US$ current | Share (%) | US$m 2007 | US$ current | Share (%) | US$m 2007 | US$ current | Share (%) | US$m 2007 | US$ current | Share (%) |
| **Income Group** | | | | | | | | | | | | | | | |
| LDCs (Least Developed) | 13,852 | 4,363 | 18% | 15,622 | 6,941 | 25% | 2,335 | 1,668 | 14% | 1,782 | 1,350 | 24% | 33,590 | 14,322 | 21% |
| OLICs (Other Low Income) | 5,523 | 1,636 | 7% | 1,994 | 827 | 3% | (524) | (411) | –3% | 170 | 140 | 2% | 7,163 | 2,191 | 4% |
| LMICs (Low Middle Income) | 51,074 | 15,437 | 67% | 36,430 | 16,116 | 59% | 10,585 | 7,571 | 62% | 3,899 | 2,964 | 52% | 101,988 | 42,088 | 63% |
| UMICs (Upper Middle Income) | 3,604 | 1,113 | 5% | 4,905 | 2,068 | 8% | 3,769 | 2,767 | 22% | 1,314 | 1,015 | 18% | 13,592 | 6,963 | 8% |
| MADCT | 1,944 | 630 | 3% | 2,363 | 1,001 | 4% | 787 | 576 | 5% | 338 | 261 | 5% | 5,432 | 2,467 | 3% |
| Total allocated by income group | 75,996 | 23,178 | 100% | 61,313 | 26,953 | 100% | 16,953 | 12,171 | 100% | 7,503 | 5,730 | 100% | 161,765 | 68,032 | 100% |
| **Region** | | | | | | | | | | | | | | | |
| MENA | 61,542 | 18,612 | 79% | 47,024 | 20,770 | 66% | 13,456 | 9,648 | 75% | 8,395 | 6,972 | 76% | 130,418 | 56,003 | 73% |
| of which: | | | | | | | | | | | | | | | |
| Middle East | 35,034 | 11,056 | 45% | 40,078 | 17,709 | 56% | 6,130 | 4,447 | 34% | 6,711 | 5,617 | 61% | 87,953 | 38,829 | 49% |
| Africa - North of Sahara | 26,509 | 7,556 | 34% | 6,946 | 3,061 | 10% | 7,326 | 5,201 | 41% | 1,684 | 1,355 | 15% | 42,465 | 17,174 | 24% |
| Africa - South of Sahara | 8,410 | 2,701 | 11% | 11,230 | 4,993 | 16% | 1,373 | 982 | 8% | 1,133 | 888 | 10% | 22,147 | 9,564 | 12% |
| South & Central Asia | 6,422 | - | 8% | 3,041 | 3,358 | 4% | 202 | 107 | 1% | 443 | 284 | 4% | 10,108 | 3,749 | 6% |
| Asia, regional | - | 1,888 | 0% | 6,681 | 1,302 | 9% | 155 | 109 | 1% | 293 | 339 | 3% | 7,129 | 3,639 | 4% |
| Europe | 290 | 99 | 0% | 1,344 | 546 | 2% | 2,810 | 2,052 | 16% | 458 | 327 | 4% | 4,901 | 3,023 | 3% |
| Far East Asia | 1,201 | 391 | 2% | 1,068 | 458 | 1% | (128) | (100) | –1% | 180 | 159 | 2% | 2,322 | 909 | 1% |
| Africa, regional | 101 | 28 | 0% | 1,273 | 533 | 2% | 2 | 1 | 0% | 111 | 107 | 1% | 1,487 | 669 | 1% |
| North & Central America | 91 | 36 | 0% | 25 | 12 | 0% | 106 | 81 | 1% | 69 | 50 | 1% | 292 | 179 | 0% |

*Continued on next page*

**TABLE A2-3**

**Bilateral ODA from Arab Countries by Income Group or Other Aggregations (net disbursements)** *(continued)*

| | 1973–79 | | | 1980–89 | | | 1990–99 | | | 2000–2007 | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Recipient Country Groups** | **US$m 2007** | **US$ current** | **Share (%)** | **US$m 2007** | **US$ current** | **Share (%)** | **US$m 2007** | **US$ current** | **Share (%)** | **US$m 2007** | **US$ current** | **Share (%)** | **US$m 2007** | **US$ current** | **Share (%)** |
| South America | 60 | 22 | 0% | 32 | 16 | 0% | 24 | 18 | 0% | (20) | (17) | 0% | 96 | 39 | 0% |
| Oceania | 5 | 2 | 0% | 16 | 8 | 0% | 3 | 2 | 0% | (0) | (0) | 0% | 25 | 12 | 0% |
| Total allocated by region | 78,124 | 23,779 | 100% | 71,735 | 31,995 | 100% | 18,003 | 12,902 | 100% | 11,062 | 9,109 | 100% | 178,924 | 77,785 | 100% |
| **Other Regional Aggregations** | | | | | | | | | | | | | | | |
| Organization of Islamic Conference (OIC) | 72,849 | 22,185 | 96% | 58,250 | 25,628 | 95% | 16,476 | 11,829 | 97% | 7,080 | 5,403 | 94% | 154,654 | 65,045 | 96% |
| League of Arab States | 65,906 | 20,112 | 78% | 51,757 | 22,820 | 76% | 12,889 | 9,252 | 85% | 5,841 | 4,458 | 87% | 136,393 | 56,643 | 84% |
| IDA Countries | 19,309 | 5,975 | 25% | 17,728 | 7,821 | 29% | 2,007 | 1,410 | 12% | 2,104 | 1,601 | 28% | 41,147 | 16,808 | 25% |
| HIPC Countries | 8,302 | 2,662 | 11% | 9,939 | 4,436 | 16% | 1,721 | 1,235 | 10% | 1,149 | 912 | 15% | 21,112 | 9,245 | 13% |

*Source:* DAC Online (Table 2A).

**TABLE A2-4**
**Arab ODA, Net Disbursements (% of GNI)**

| | Algeria | Iraq | Kuwait | Libya | Qatar | Saudi Arabia | UAE | Total |
|---|---|---|---|---|---|---|---|---|
| 1973 | 0.29 | 0.29 | 8.35 | 3.15 | 13.58 | 8.76 | 12.34 | 5.04 |
| 1974 | 0.38 | 3.05 | 5.22 | 0.93 | 8.42 | 4.70 | 6.99 | 3.80 |
| 1975 | 0.20 | 1.65 | 7.11 | 2.15 | 12.80 | 5.84 | 9.30 | 4.68 |
| 1976 | 0.06 | 0.64 | 5.43 | 0.59 | 5.97 | 4.41 | 8.22 | 3.44 |
| 1977 | 0.19 | 0.41 | 8.25 | 0.76 | 4.18 | 3.98 | 6.67 | 3.35 |
| 1978 | 0.16 | 0.62 | 5.17 | 0.74 | 2.61 | 6.57 | 5.35 | 3.96 |
| 1979 | 0.81 | 1.66 | 3.48 | 0.57 | 5.47 | 3.44 | 4.36 | 2.71 |
| 1980 | 0.21 | 1.82 | 3.40 | 1.06 | 3.31 | 3.45 | 3.73 | 2.65 |
| 1981 | 0.27 | 0.64 | 3.63 | 0.75 | 2.68 | 2.97 | 2.31 | 2.25 |
| 1982 | 0.29 | 0.14 | 4.22 | 0.15 | 1.72 | 2.40 | 1.24 | 1.71 |
| 1983 | 0.08 | –0.02 | 3.85 | 0.51 | 0.30 | 2.30 | 1.20 | 1.51 |
| 1984 | 0.09 | –0.05 | 3.82 | 0.10 | 0.14 | 2.47 | 0.31 | 1.40 |
| 1985 | 0.10 | –0.07 | 2.96 | 0.21 | 0.11 | 2.30 | 0.43 | 1.19 |
| 1986 | 0.18 | –0.05 | 2.81 | 0.33 | 0.33 | 3.60 | 0.40 | 1.64 |
| 1987 | 0.04 | –0.08 | 1.14 | 0.32 | 0.06 | 3.02 | 0.08 | 1.15 |
| 1988 | 0.02 | –0.05 | 0.39 | 0.00 | 0.06 | 2.09 | –0.07 | 0.88 |
| 1989 | 0.08 | 0.05 | 0.57 | 0.00 | –0.04 | 1.21 | 0.01 | 0.59 |
| 1990 | | | 5.04 | | | 2.93 | 2.44 | 3.12 |
| 1991 | | | 2.37 | | | 1.23 | 1.55 | 1.39 |
| 1992 | | | 0.81 | | | 0.55 | 0.46 | 0.57 |
| 1993 | | | 1.42 | | | 0.40 | 0.62 | 0.58 |
| 1994 | | | 1.98 | | | 0.23 | 0.25 | 0.48 |
| 1995 | | | 1.20 | | | 0.13 | 0.14 | 0.29 |
| 1996 | | | 1.13 | | | 0.20 | 0.06 | 0.31 |
| 1997 | | | 1.02 | | | 0.15 | 0.21 | 0.28 |
| 1998 | | | 0.87 | | | 0.19 | 0.12 | 0.27 |
| 1999 | | | 0.42 | | | 0.11 | 0.16 | 0.17 |
| 2000 | | | 0.37 | | | 0.16 | 0.20 | 0.20 |
| 2001 | | | 0.18 | | | 0.27 | 0.17 | 0.23 |
| 2002 | | | 0.05 | | | 1.32 | 0.21 | 0.87 |

*Continued on next page*

**TABLE A2-4**
**Arab ODA, Net Disbursements (% of GNI)** *(continued)*

| | Algeria | Iraq | Kuwait | Libya | Qatar | Saudi Arabia | UAE | Total |
|---|---|---|---|---|---|---|---|---|
| 2003 | | | 0.27 | | | 1.12 | 0.21 | 0.77 |
| 2004 | | | 0.25 | | | 0.69 | 0.17 | 0.49 |
| 2005 | | | 0.24 | | | 0.32 | 0.11 | 0.26 |
| 2006 | | | 0.14 | | | 0.59 | 0.16 | 0.40 |
| 2007 | | | 0.03 | | | 0.54 | 0.24 | 0.41 |
| 2008 | | | n.a. | | | 1.26 | n.a. | 0.70 |
| **Average (unweighted)** | | | | | | | | |
| 1973–08 | 0.20 | 0.63 | 2.44 | 0.72 | 3.63 | 2.11 | 1.95 | 1.49 |
| 1973–79 | 0.30 | 1.19 | 6.15 | 1.27 | 7.58 | 5.39 | 7.60 | 3.85 |
| 1980–89 | 0.14 | 0.23 | 2.68 | 0.34 | 0.87 | 2.58 | 0.96 | 1.50 |
| 1990–99 | | | 1.63 | | | 0.61 | 0.60 | 0.75 |
| 2000–08 | | | 0.19 | | | 0.70 | 0.17 | 0.48 |

*Notes:* The Arab ODA-to-GNI ratio of 0.7 percent is calculated using OECD-DAC figures for ODA flows and World Bank estimates for GNI/GDP. The DAC ODA flows for Kuwait and UAE are much lower than those found in the 2009 Unified Arab Economic Report, Annex Table 11.2. They are however about the same for KSA. Kuwait Fund reported 0.35% for 2008

*Source:* DAC Online (Tables 1 and 2A), DAC Annual Review and World Bank staff calculations.

**TABLE A2-5**
**ODA from Arab Countries** *(US$ millions and % of total ODA from all sources and of GNI)*

| | Current Prices | | | 2007 Prices | | | Bilateral |
|---|---|---|---|---|---|---|---|
| Year | Bilateral | Multilateral | Total | Bilateral | Multilateral | Total | % Total |
| 1973 | 2,058 | 80 | 2,138 | 9,296 | 361 | 9,658 | 96.3 |
| 1974 | 3,641 | 360 | 4,001 | 14,788 | 1,462 | 16,250 | 91.0 |
| 1975 | 4,904 | 513 | 5,417 | 17,556 | 1,836 | 19,392 | 90.5 |
| 1976 | 4,231 | 843 | 5,074 | 14,677 | 2,924 | 17,602 | 83.4 |
| 1977 | 3,978 | 1,783 | 5,761 | 12,728 | 5,706 | 18,434 | 69.0 |
| 1978 | 6,505 | 992 | 7,497 | 18,107 | 2,761 | 20,868 | 86.8 |
| 1979 | 6,572 | 680 | 7,252 | 16,445 | 1,702 | 18,147 | 90.6 |
| 1980 | 8,808 | 778 | 9,586 | 19,964 | 1,764 | 21,728 | 91.9 |
| 1981 | 7,576 | 732 | 8,308 | 17,959 | 1,735 | 19,694 | 91.2 |
| 1982 | 4,652 | 1,132 | 5,784 | 11,137 | 2,710 | 13,847 | 80.4 |
| 1983 | 3,863 | 935 | 4,798 | 9,237 | 2,236 | 11,473 | 80.5 |
| 1984 | 3,654 | 706 | 4,360 | 8,917 | 1,723 | 10,640 | 83.8 |
| 1985 | 2,975 | 634 | 3,609 | 7,202 | 1,535 | 8,737 | 82.4 |
| 1986 | 3,855 | 639 | 4,494 | 7,680 | 1,272 | 8,952 | 85.8 |
| 1987 | 2,931 | 358 | 3,289 | 5,057 | 617 | 5,674 | 89.1 |
| 1988 | 1,889 | 375 | 2,264 | 3,033 | 603 | 3,636 | 83.4 |
| 1989 | 1,440 | 170 | 1,610 | 2,343 | 277 | 2,619 | 89.4 |
| 1990 | 5,833 | 9 | 5,842 | 8,482 | 12 | 8,495 | 99.9 |
| 1991 | 2,406 | 279 | 2,685 | 3,379 | 397 | 3,777 | 89.5 |
| 1992 | 774 | 392 | 1,166 | 1,031 | 527 | 1,558 | 66.1 |
| 1993 | 910 | 259 | 1,169 | 1,250 | 350 | 1,600 | 78.1 |
| 1994 | 764 | 210 | 974 | 1,004 | 277 | 1,281 | 78.4 |
| 1995 | 527 | 113 | 640 | 625 | 134 | 759 | 82.4 |
| 1996 | 573 | 199 | 772 | 714 | 248 | 962 | 74.2 |
| 1997 | 549 | 190 | 739 | 736 | 255 | 991 | 74.3 |
| 1998 | 434 | 196 | 630 | 589 | 267 | 855 | 68.8 |
| 1999 | 238 | 186 | 424 | 317 | 248 | 565 | 56.1 |
| 2000 | 443 | 167 | 610 | 615 | 232 | 847 | 72.6 |
| 2001 | 595 | 95 | 690 | 868 | 139 | 1,007 | 86.2 |

*Continued on next page*

**TABLE A2-5**

**ODA from Arab Countries** *(US$ millions and % of total ODA from all sources and of GNI) (continued)*

| | Current Prices | | | 2007 Prices | | | Bilateral |
|---|---|---|---|---|---|---|---|
| **Year** | **Bilateral** | **Multilateral** | **Total** | **Bilateral** | **Multilateral** | **Total** | **% Total** |
| 2002 | 2,322 | 332 | 2,654 | 3,262 | 466 | 3,729 | 87.5 |
| 2003 | 2,642 | 75 | 2,717 | 3,260 | 93 | 3,353 | 97.2 |
| 2004 | 1,971 | 105 | 2,076 | 2,231 | 119 | 2,350 | 94.9 |
| 2005 | 1,242 | 122 | 1,364 | 1,367 | 134 | 1,501 | 91.1 |
| 2006 | 2,455 | 46 | 2,501 | 2,653 | 50 | 2,702 | 98.2 |
| 2007 | 2,592 | 26 | 2,618 | 2,592 | 26 | 2,618 | 99.0 |
| 2008 | 5,826 | 109 | 5,935 | 5,545 | 105 | 5,650 | 98.2 |
| **Total** | 106,631 | 14,820 | 121,451 | 236,648 | 35,302 | 271,950 | |
| **%** | 88 | 12 | 100 | 87 | 13 | 100 | |

*Source:* DAC Online (Tables 1 and 2A), DAC Annual Reviews.

**TABLE A2-6**
**ODA from BADEA, IsDB and OFID by Income Group, Region or Other Aggregations** *(net disbursements)*

| | 1973–79 | | | 1980–89 | | | 1990–99 | | | 2000–2007 | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Recipient Country Groups | US$m 2007 | US$ current | Share (%) | US$m 2007 | US$ current | Share (%) | US$m 2007 | US$ current | Share (%) | US$m 2007 | US$ current | Share (%) | US$m 2007 | US$ current | Share (%) |
| **Income Group** | | | | | | | | | | | | | | | |
| LDCs (Least Developed) | 2,330 | 720 | 25% | 4,020 | 1,874 | 62% | 1,536 | 1,137 | 39% | 2,438 | 2,070 | 60% | 10,324 | 5,801 | 43% |
| OLICs (Other Low Income) | 388 | 132 | 4% | 671 | 302 | 10% | 326 | 244 | 8% | 693 | 592 | 17% | 2,077 | 1,270 | 9% |
| LMICs (Low Middle Income) | 6,396 | 2,085 | 69% | 1,495 | 730 | 23% | 1,778 | 1,313 | 46% | 786 | 684 | 19% | 10,455 | 4,812 | 44% |
| UMICs (Upper Middle Income) | 143 | 50 | 2% | 267 | 121 | 4% | 211 | 157 | 5% | 160 | 137 | 4% | 781 | 465 | 3% |
| MADCT | 30 | 11 | 0% | 25 | 12 | 0% | 56 | 42 | 1% | 4 | 3 | 0% | 116 | 68 | 0% |
| Total allocated by income group | 9,287 | 2,998 | 100% | 6,479 | 3,039 | 100% | 3,906 | 2,893 | 100% | 4,081 | 3,487 | 100% | 23,754 | 12,417 | 100% |
| **Region** | | | | | | | | | | | | | | | |
| MENA | 6,682 | 2,177 | 72% | 2,088 | 1,029 | 31% | 2,047 | 1,507 | 53% | 515 | 445 | 13% | 11,333 | 5,158 | 48% |
| of which: | | | | | | | | | | | | | | | |
| Middle East | 703 | 229 | 8% | 1,483 | 707 | 22% | 848 | 626 | 22% | 332 | 281 | 8% | 3,366 | 1,843 | 14% |
| Africa - North of Sahara | 5,979 | 1,948 | 64% | 606 | 322 | 9% | 1,199 | 880 | 31% | 184 | 164 | 5% | 7,967 | 3,315 | 33% |
| Africa - South of Sahara | 2,115 | 651 | 23% | 3,088 | 1,434 | 46% | 1,199 | 888 | 31% | 2,358 | 2,025 | 60% | 8,759 | 4,998 | 37% |
| South & Central Asia | 356 | 120 | 4% | 889 | 402 | 13% | 355 | 267 | 9% | 620 | 524 | 16% | 2,220 | 1,313 | 9% |
| Far East Asia | 63 | 20 | 1% | 172 | 110 | 3% | 147 | 78 | 4% | 196 | 163 | 5% | 578 | 371 | 2% |
| North & Central America | 20 | 8 | 0% | 262 | 114 | 4% | 33 | 24 | 1% | 47 | 42 | 1% | 362 | 187 | 2% |
| Europe | 19 | 8 | 0% | 75 | 34 | 1% | 26 | 19 | 1% | 108 | 93 | 3% | 227 | 154 | 1% |
| South America | 14 | 5 | 0% | 59 | 27 | 1% | 61 | 46 | 2% | 73 | 65 | 2% | 207 | 142 | 1% |
| Africa, regional | 2 | 1 | 0% | 39 | 17 | 1% | 2 | 2 | 0% | 11 | 10 | 0% | 55 | 30 | 0% |
| Oceania | 9 | 3 | 0% | 25 | 11 | 0% | 5 | 3 | 0% | 7 | 6 | 0% | 46 | 23 | 0% |

*Continued on next page*

**TABLE A2-6**

**ODA from BADEA, IsDB and OFID by Income Group, Region or Other Aggregations** *(net disbursements) (continued)*

| | 1973–79 | | | 1980–89 | | | 1990–99 | | | 2000–2007 | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Recipient Country Groups** | **US$m 2007** | **US$ current** | **Share (%)** | **US$m 2007** | **US$ current** | **Share (%)** | **US$m 2007** | **US$ current** | **Share (%)** | **US$m 2007** | **US$ current** | **Share (%)** | **US$m 2007** | **US$ current** | **Share (%)** |
| Asia, regional | | | 0% | | | 0% | 0 | 0 | 0% | 14 | 14 | 0% | 15 | 15 | 0% |
| America, regional | | | 0% | 0 | 0 | 0% | | | 0% | | | 0% | 0 | 0 | 0% |
| Total allocated by region | 9,279 | 2,992 | 100% | 6,697 | 3,178 | 100% | 3,876 | 2,835 | 100% | 3,949 | 3,387 | 100% | 23,800 | 12,391 | 100% |
| **Other Regional Aggregations** | | | | | | | | | | | | | | | |
| Organization of Islamic Conference (OIC) | 8,312 | 2,691 | 90% | 4,702 | 2,236 | 73% | 3,153 | 2,331 | 81% | 2,859 | 2,455 | 70% | 19,026 | 9,712 | 80% |
| League of Arab States | 7,483 | 2,420 | 81% | 3,150 | 1,522 | 49% | 2,252 | 1,658 | 58% | 735 | 629 | 18% | 13,620 | 6,229 | 57% |
| IDA Countries | 2,748 | 861 | 30% | 4,847 | 2,243 | 75% | 1,969 | 1,463 | 50% | 3,221 | 2,752 | 79% | 12,786 | 7,319 | 54% |
| HIPC Countries | 1,956 | 603 | 21% | 2,834 | 1,317 | 44% | 1,199 | 891 | 31% | 2,373 | 2,030 | 58% | 8,363 | 4,841 | 35% |

*Source:* DAC Online (Table 2A) and staff calculations as far as other regional aggregations. Only these three agencies report to DAC.

**TABLE A2-7**
**Recipient Countries of Arab ODA** *(Gross disbursements in nominal terms, %)*

| | Share of Recipient Countries' Arab ODA in Total Arab ODA | | | | | Share of Arab ODA in Recipient Countries' Total ODA | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Country | 1970–1979 | 1980–1989 | 1990–1999 | 2000–2008 | 1970–2008 | 1970–1979 | 1980–1989 | 1990–1999 | 2000–2008 | 1970–2008 |
| Afghanistan | 0.3 | 0.1 | 2.3 | 0.4 | 0.7 | 10.1 | 6.1 | 17.7 | 0.2 | 2.2 |
| Algeria | 0.3 | 0.6 | 0.7 | 3.7 | 0.9 | 4.6 | 10.5 | 3.3 | 10.4 | 7.1 |
| Bahrain | 1.7 | 3.4 | 4.3 | 3.0 | 3.0 | 94.6 | 96.8 | 91.4 | 96.6 | 94.8 |
| Bangladesh | 1.4 | 1.9 | 2.0 | 1.9 | 1.7 | 5.6 | 3.9 | 1.8 | 1.0 | 2.5 |
| China | 0.0 | 0.6 | 1.5 | 3.5 | 1.0 | 0.0 | 1.9 | 0.9 | 1.3 | 1.2 |
| Djibouti | 0.3 | 0.6 | 1.0 | 0.5 | 0.6 | 22.7 | 19.6 | 13.4 | 5.7 | 14.0 |
| Egypt | 28.0 | 0.9 | 25.8 | 9.4 | 15.0 | 50.4 | 1.6 | 11.3 | 6.0 | 14.6 |
| India | 1.5 | 1.1 | 0.4 | 0.0 | 0.9 | 2.7 | 1.4 | 0.3 | 0.0 | 0.8 |
| Jordan | 11.0 | 19.4 | 2.8 | 1.6 | 11.4 | 70.4 | 80.2 | 7.7 | 2.2 | 38.1 |
| Lebanon | 1.6 | 2.3 | 3.8 | 8.8 | 3.2 | 59.2 | 44.2 | 30.9 | 17.9 | 28.6 |
| Mali | 0.3 | 0.8 | 0.4 | 1.1 | 0.6 | 6.3 | 7.1 | 1.5 | 1.3 | 2.8 |
| Mauritania | 2.2 | 1.9 | 0.3 | 0.3 | 1.5 | 51.1 | 27.0 | 2.1 | 0.7 | 12.6 |
| Morocco | 3.9 | 9.0 | 8.3 | 10.5 | 7.5 | 35.2 | 41.9 | 14.8 | 10.5 | 21.7 |
| Oman | 2.9 | 2.8 | 2.9 | 5.4 | 3.1 | 96.5 | 84.8 | 62.2 | 82.8 | 81.4 |
| Pakistan | 4.6 | 2.6 | 1.3 | 1.1 | 2.8 | 17.7 | 6.9 | 1.5 | 0.5 | 4.3 |
| WBG | 0.0 | 0.0 | 1.0 | 12.3 | 1.7 | ... | ... | 5.1 | 9.6 | 8.6 |
| Senegal | 0.2 | 1.1 | 0.9 | 1.3 | 0.8 | 3.7 | 7.1 | 2.2 | 1.3 | 2.9 |
| Somalia | 2.0 | 1.5 | 0.6 | 0.6 | 1.4 | 45.3 | 10.4 | 3.2 | 2.3 | 9.8 |
| Sudan | 4.3 | 5.7 | 0.5 | 5.3 | 4.2 | 46.8 | 20.7 | 1.9 | 4.6 | 13.0 |
| Syria | 21.1 | 23.3 | 9.8 | 4.7 | 17.7 | 91.0 | 86.3 | 41.9 | 18.9 | 71.1 |
| Tunisia | 1.1 | 1.6 | 2.0 | 1.1 | 1.5 | 12.6 | 16.2 | 7.7 | 2.2 | 8.3 |
| Turkey | 0.1 | 2.3 | 13.9 | 3.8 | 4.2 | 0.8 | 11.6 | 27.6 | 4.1 | 13.3 |
| Yemen | 5.9 | 7.1 | 1.3 | 5.1 | 5.3 | 67.3 | 45.9 | 6.4 | 13.1 | 30.9 |
| Sub-total | 94.8 | 90.5 | 88.0 | 85.5 | 90.7 | 33.3 | 19.5 | 7.4 | 3.7 | 11.7 |
| Other | 5.2 | 9.5 | 12.0 | 14.5 | 9.3 | 1.7 | 1.6 | 0.6 | 0.3 | 0.7 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 17.0 | 9.4 | 3.0 | 1.3 | 4.6 |

*Source:* OECD-DAC Table 2A and Bank staff calculations.

**TABLE A2-8**

**Financial Assistance by the State of Qatar** *(US$ millions)*[a]

| Year | Government | Non-Government | Total | Year | Government | Non-Government | Total |
|---|---|---|---|---|---|---|---|
| **1974** | 230.7 | | 230.7 | **1992** | 23.6 | | 23.6 |
| **1975** | 233.3 | | 233.3 | **1993** | 26.2 | | 26.2 |
| **1976** | 137.0 | | 137.0 | **1994** | 27.1 | | 27.1 |
| **1977** | 145.3 | | 145.3 | **1995** | 11.2 | 11.6 | 22.8 |
| **1978** | 121.2 | | 121.2 | **1996** | 12.0 | 12.0 | 24.0 |
| **1979** | 348.7 | | 348.7 | **1997** | 16.7 | 12.1 | 28.8 |
| **1980** | 295.1 | | 295.1 | **1998** | 16.0 | 14.2 | 30.2 |
| **1981** | 391.6 | | 391.6 | **1999** | 34.5 | 14.3 | 48.8 |
| **1982** | 145.5 | | 145.5 | **2000** | 78.4 | 20.0 | 98.4 |
| **1983** | 53.5 | | 53.5 | **2001** | 93.2 | 22.1 | 115.3 |
| **1984** | 64.2 | | 64.2 | **2002** | 120.4 | 72.3 | 192.7 |
| **1985** | 35.9 | | 35.9 | **2003** | 64.6 | 62.0 | 126.6 |
| **1986** | 26.2 | | 26.2 | **2004** | 90.1 | 13.7 | 103.8 |
| **1987** | 16.5 | | 16.5 | **2005** | 121.4 | 22.3 | 143.7 |
| **1988** | 13.9 | | 13.9 | **2006** | 563.0 | 61.3 | 624.3 |
| **1989** | 22.7 | | 22.7 | **2007** | 363.4 | 73.1 | 436.3 |
| **1990** | 16.1 | | 16.1 | | | | |
| **1991** | 0.5 | | 0.5 | **Total** | 3,959.7 | 411.0 | 4,370.7 |

[a] This table cannot be compared with Table A3-2 due to inconsistencies in the definitions of aid.

*Sources:* State of Qatar, Development Assistance and Aid by the State of Qatar Council (2002, 2004, 2008).

**TABLE A2-9**
**Oil Prices (US$/barrel) and DAC Deflators**

| Year | Oil prices (current prices) | Oil prices (constant 2007 prices) | DAC Deflator (2007=100) | Year | Oil prices (current prices) | Oil prices (constant 2007 prices) | DAC Deflator (2007=100) |
|---|---|---|---|---|---|---|---|
| **1973** | 2.81 | 12.69 | 451.72 | **1991** | 19.37 | 27.59 | 142.41 |
| **1974** | 10.97 | 44.55 | 406.12 | **1992** | 19.02 | 25.59 | 134.56 |
| **1975** | 10.43 | 37.34 | 357.97 | **1993** | 16.84 | 22.78 | 135.26 |
| **1976** | 11.63 | 40.34 | 346.90 | **1994** | 15.89 | 20.94 | 131.75 |
| **1977** | 12.57 | 40.23 | 320.04 | **1995** | 17.18 | 20.33 | 118.33 |
| **1978** | 12.92 | 35.96 | 278.35 | **1996** | 20.42 | 25.46 | 124.66 |
| **1979** | 30.96 | 77.48 | 250.27 | **1997** | 19.17 | 25.70 | 134.08 |
| **1980** | 36.87 | 83.58 | 226.68 | **1998** | 13.07 | 17.77 | 135.97 |
| **1981** | 35.48 | 84.11 | 237.05 | **1999** | 18.07 | 24.09 | 133.30 |
| **1982** | 32.65 | 78.16 | 239.40 | **2000** | 28.23 | 39.18 | 138.78 |
| **1983** | 29.66 | 70.92 | 239.12 | **2001** | 24.35 | 35.54 | 145.95 |
| **1984** | 28.56 | 69.70 | 244.04 | **2002** | 24.93 | 35.02 | 140.50 |
| **1985** | 27.18 | 65.80 | 242.09 | **2003** | 28.90 | 35.66 | 123.40 |
| **1986** | 14.35 | 28.56 | 199.01 | **2004** | 37.73 | 42.71 | 113.18 |
| **1987** | 18.15 | 31.28 | 172.36 | **2005** | 53.39 | 58.77 | 110.08 |
| **1988** | 14.72 | 23.66 | 160.73 | **2006** | 64.29 | 69.44 | 108.01 |
| **1989** | 17.84 | 29.02 | 162.66 | **2007** | 71.12 | 71.12 | 100.00 |
| **1990** | 22.88 | 33.27 | 145.41 | **2008** | 96.99 | 92.33 | 95.19 |

*Source:* Oil Prices (World Bank); Deflators (DAC Online).

**TABLE A2-10**
**Total Financial Assistance of Arab Financial Institutions**

| | ADFD | KFAED | SFD | AFESD | AMF | BADEA | OFID | IsDB | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cumulative as of end-2008** | | | | | | | | | |
| **Total (US$ millions)** | 3,651 | 15,655 | 8,722 | 20,814 | 5,151 | 2,983 | 7,230 | 26,285 | 90,493 |
| Distribution (%) | 4.0 | 17.3 | 9.6 | 23.0 | 5.7 | 3.3 | 8.0 | 29.0 | 100.0 |
| Number of operations | 160 | 769 | 470 | 525 | 141 | 451 | 1,187 | 2,110 | 5,813 |
| Average project size (US$, million) | 23 | 20 | 19 | 40 | 37 | 7 | 6 | 12 | 16 |
| **Geographical Grouping (%)** | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Africa | 43.7 | 48.9 | 46.3 | 57.8 | 64.1 | 99.6 | 50.2 | 39.6 | 50.4 |
| Asia | 56.1 | 46.8 | 51.9 | 42.2 | 35.9 | 0.0 | 35.3 | 59.8 | 47.3 |
| Europe | 0.2 | 2.1 | 1.1 | 0.0 | 0.0 | 0.0 | 1.9 | 0.4 | 0.7 |
| Latin America & Caribbean | 0.0 | 2.3 | 0.7 | 0.0 | 0.0 | 0.0 | 12.1 | 0.1 | 1.5 |
| Unspecified | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.5 | 0.0 | 0.1 |
| **Country Grouping** | | | | | | | | | |
| IDA Countries | 31.3 | 39.0 | 50.0 | 22.8 | 24.7 | 88.2 | 76.4 | 35.1 | 38.7 |
| HIPC | 16.5 | 21.9 | 26.8 | 12.3 | 12.6 | 76.4 | 46.3 | 13.8 | 20.8 |
| LAS | 80.2 | 55.1 | 47.6 | 100.0 | 100.0 | 0.3 | 19.4 | 48.9 | 61.8 |
| OIC | 96.4 | 76.2 | 79.0 | 99.7 | 100.0 | 50.4 | 52.6 | 99.8 | 88.2 |
| SSA | 17.5 | 24.4 | 28.2 | 13.0 | 12.8 | 99.6 | 44.2 | 15.5 | 22.7 |
| Unspecified | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.5 | 0.0 | 0.1 |

*Continued on next page*

**TABLE A2-10**
**Total Financial Assistance of Arab Financial Institutions** *(continued)*

| | ADFD | KFAED | SFD | AFESD | AMF | BADEA | OFID | IsDB | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cumulative as of end 2007** | | | | | | | | | |
| **Total (US$ millions)** | 3,422 | 14,826 | 8,410 | 19,446 | 4,973 | 2,787 | 6,675 | 24,433 | 84,970 |
| Distribution (%) | 4.0 | 17.4 | 9.9 | 22.9 | 5.9 | 3.3 | 7.9 | 28.8 | 100.0 |
| Number of operations | 154 | 747 | 454 | 510 | 137 | 426 | 1135 | 2067 | 5630 |
| Average project size (US$ millions) | 22 | 20 | 19 | 38 | 36 | 7 | 6 | 12 | 15 |
| **Geographical Grouping (%)** | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Africa | 39.9 | 48.3 | 46.0 | 56.0 | 66.4 | 99.6 | 50.7 | 39.8 | 50.0 |
| Asia | 59.9 | 47.5 | 52.2 | 44.0 | 33.6 | 0.0 | 35.0 | 59.7 | 47.8 |
| Europe | 0.2 | 2.0 | 1.1 | 0.0 | 0.0 | 0.0 | 1.7 | 0.4 | 0.7 |
| Latin America & Caribbean | 0.0 | 2.1 | 0.7 | 0.0 | 0.0 | 0.0 | 12.0 | 0.2 | 1.4 |
| **Country Grouping** | | | | | | | | | |
| IDA Countries | 26.8 | 39.1 | 48.5 | 20.0 | 25.5 | 88.9 | 78.1 | 35.4 | 38.0 |
| HIPC | 11.1 | 21.4 | 25.7 | 10.0 | 13.0 | 77.2 | 47.9 | 13.9 | 20.1 |
| LAS | 78.9 | 54.1 | 48.2 | 100.0 | 100.0 | 0.3 | 19.1 | 48.6 | 61.6 |
| OIC | 96.1 | 75.8 | 78.8 | 99.1 | 100.0 | 50.9 | 52.8 | 99.8 | 87.9 |
| SSA | 12.0 | 24.1 | 27.5 | 10.8 | 47.5 | 99.6 | 45.4 | 15.3 | 23.9 |

*Source:* Coordination Group Secretariat and Bank staff calculations.

**TABLE A2-11**

**Financial Assistance of the Eight Major Arab Financial Institutions** *Yearly average and cumulative total (US$ millions)*

| Period | 1962–89 | 1990–94 | 1995–99 | 2000–04 | 2005–8 | Total 1962–2008 |
|---|---|---|---|---|---|---|
| **Geographical Grouping** | | | | | | |
| Total | 1,059 | 2,150 | 2,521 | 3,984 | 4,388 | 90,493 |
| Africa | 531 | 1,124 | 1,135 | 2,133 | 2,206 | 45,638 |
| Asia | 513 | 977 | 1,291 | 1,781 | 2,051 | 42,804 |
| Latin America & Caribbean | 11 | 40 | 52 | 47 | 81 | 1,330 |
| Europe | 5 | 8 | 42 | 16 | 50 | 667 |
| Unspecified[a] | 0 | 0 | 2 | 7 | 0 | 54 |
| % of Total | 100 | 100 | 100 | 100 | 100 | 100 |
| Africa | 50 | 52 | 45 | 54 | 50 | 50 |
| Asia | 48 | 45 | 51 | 45 | 47 | 47 |
| Latin America & Caribbean | 1 | 2 | 2 | 1 | 2 | 1 |
| Europe | 0 | 0 | 2 | 0 | 1 | 1 |
| **Country Grouping** | | | | | | |
| IDA Countries | 501 | 551 | 727 | 1,458 | 1,823 | 34,997 |
| HIPC | 260 | 279 | 428 | 717 | 1,110 | 18,828 |
| LAS | 615 | 1,486 | 1,674 | 2,389 | 2,741 | 55,941 |
| OIC | 896 | 1,954 | 2,207 | 3,634 | 3,928 | 79,781 |
| SSA | 458 | 841 | 798 | 1,908 | 1,752 | 37,572 |
| **% of Total** | | | | | | |
| IDA Countries | 47.3 | 25.6 | 28.8 | 36.6 | 41.6 | 38.7 |
| HIPC | 24.5 | 13.0 | 17.0 | 18.0 | 25.3 | 20.8 |
| LAS | 58.1 | 69.1 | 66.4 | 60.0 | 62.5 | 61.8 |
| OIC | 84.6 | 90.9 | 87.6 | 91.2 | 89.5 | 88.2 |
| SSA | 43.2 | 39.1 | 31.7 | 47.9 | 39.9 | 41.5 |
| **In Real Terms (2007=100)** | | | | | | |
| Nominal terms | 1,059 | 2,150 | 2,521 | 3,984 | 4,388 | 90,493 |
| Real terms | 2,826 | 2,959 | 3,265 | 5,287 | 4,490 | 154,641 |
| Deflator (2007=100)[b] | 267 | 138 | 129 | 102 | 106 | 179 |

[a] The original table did not add up to the total mentioned in Table 8. This represents the difference.
[b] Using DAC deflator as reported in Table 1. For the period 1962–89 we used the average deflator for the period 1973–89 because of lack of detailed annual financial flows.

*Source:* Coordination Group Secretariat and Bank staff calculations.

**TABLE A2-12**

**Sector Allocation of Investment Lending of Arab Financial Institutions** *Cumulative as of end-2007 (US$ millions)*

| | ADFD[a] | KFAED | SFD | AFESD | AMF | BADEA | OFID | IsDB | |
|---|---|---|---|---|---|---|---|---|---|
| Period | 1971–2008 | 1974–2007 | 1975–2007 | 1974–2007 | 1978–2007 | 1975–2008 | 1976–2007 | 1976–2007 | Total |
| Energy | 396 | 3,468 | 1,516 | 6,431 | | 175 | 1,150 | 3,343 | 16,479 |
| Transportation | 739 | 5,137 | 2,698 | 4,748 | | 1,109 | 1,805 | 3,562 | 19,798 |
| Water and sewerage | 0 | 1,440 | 544 | 2,290 | | 0 | 478 | 1,443 | 6,194 |
| Telecom | 56 | 379 | 77 | 534 | | 0 | 18 | 0 | 1,063 |
| Social sectors | 191 | 369 | 678 | 1,849 | | 150 | 634 | 2,233 | 6,105 |
| Health | 0 | 0 | 398 | 0 | | 0 | 364 | 1,019 | 1,781 |
| Agriculture | 556 | 1,901 | 1,505 | 3,408 | | 681 | 928 | 1,579 | 10,560 |
| Industry | 534 | 1,227 | 527 | 1,411 | | 53 | 93 | 1,683 | 5,529 |
| Other[b] | 931 | 616 | 471 | 565 | 5,037 | 556 | 566 | 8,670 | 17,347 |
| **Total** | **3,404** | **14,537** | **8,415** | **21,235** | **5,037** | **2,724** | **6,035** | **23,532** | **84,856** |
| Infrastructure | 1,192 | 10,424 | 4,836 | 14,001 | 0 | 1,665 | 3,450 | 16,106 | 43,819 |
| Social | 191 | 369 | 1,076 | 1,849 | 0 | 150 | 999 | 3,252 | 7,886 |
| Other | 2,022 | 3,744 | 2,503 | 5,385 | 5,037 | 909 | 1,586 | 4,174 | 33,054 |
| **Distribution (%)** | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Energy | 11.6 | 23.9 | 18.0 | 30.3 | 0.0 | 6.4 | 19.0 | 14.2 | 19.4 |
| Transportation | 21.7 | 35.3 | 32.1 | 22.4 | 0.0 | 40.7 | 29.9 | 15.1 | 23.3 |
| Water and sewerage | 0.0 | 9.9 | 6.5 | 10.8 | 0.0 | 0.0 | 7.9 | 6.1 | 7.3 |
| Telecom | 1.6 | 2.6 | 0.9 | 2.5 | 0.0 | 0.0 | 0.3 | 0.0 | 1.3 |
| Education | 5.6 | 2.5 | 8.1 | 8.7 | 0.0 | 5.5 | 10.5 | 9.5 | 7.2 |
| Health | 0.0 | 0.0 | 4.7 | 0.0 | 0.0 | 0.0 | 6.0 | 4.3 | 2.1 |
| Agriculture | 16.3 | 13.1 | 17.9 | 16.1 | 0.0 | 25.0 | 15.4 | 6.7 | 12.4 |
| Industry | 15.7 | 8.4 | 6.3 | 6.6 | 0.0 | 1.9 | 1.5 | 7.2 | 6.5 |
| Other[b] | 27.3 | 4.2 | 5.6 | 2.7 | 100 | 20.4 | 9.4 | 36.8 | 20.4 |
| Infrastructure | 35.0 | 71.7 | 57.5 | 65.9 | 0.0 | 47.1 | 57.2 | 68.4 | 51.3 |
| Social | 5.6 | 2.5 | 12.8 | 8.7 | 0.0 | 5.5 | 16.5 | 13.8 | 9.3 |
| Other | 59.4 | 25.8 | 29.7 | 25.4 | 100 | 47.4 | 26.3 | 17.7 | 39.4 |

[a] ADFD Annual Report (2008) provides information on total sector allocation, including activities managed by ADFD on behalf of the Government. The sector allocation for ADFD alone was derived by applying the ratio of 56 percent, i.e. the share of ADFD in the total (including Government).
[b] The category "other" may also include social sectors in the case of some institutions. It includes water in the case of ADFD.

*Sources:* Annual Reports of various agencies; Coordination Group Secretariat.

**TABLE A2-13**
**Total Assistance by Sectors and Country Groupings**

| | Transport | Energy | Water | Agriculture | Industry | Other | Total |
|---|---|---|---|---|---|---|---|
| **Cumulative as of end 2008** | | | | | | | |
| **Total (USD millions)** | 21,201 | 23,244 | 7,088 | 11,027 | 10,474 | 17,458 | 90,493 |
| Distribution (%) | 23.4 | 25.7 | 7.8 | 12.2 | 11.6 | 19.3 | 100.0 |
| Geographical grouping (%) | | | | | | | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Africa | 54.3 | 41.1 | 57.3 | 65.1 | 47.2 | 48.1 | 50.4 |
| Asia | 41.7 | 58.1 | 40.0 | 32.8 | 52.6 | 48.5 | 47.3 |
| Latin America & Caribbean | 2.4 | 0.6 | 1.3 | 1.5 | 0.0 | 2.3 | 1.5 |
| Europe | 1.6 | 0.2 | 1.4 | 0.6 | 0.2 | 0.7 | 0.8 |
| Unspecified | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.1 |
| **Country Grouping (%)** | | | | | | | |
| IDA Countries | 44.1 | 40.7 | 37.7 | 44.9 | 21.2 | 36.2 | 38.7 |
| HIPC | 28.2 | 14.4 | 23.2 | 28.6 | 11.3 | 20.2 | 20.8 |
| LAS | 54.2 | 64.2 | 68.6 | 61.1 | 64.6 | 63.9 | 61.8 |
| OIC | 80.4 | 91.5 | 89.4 | 88.1 | 93.8 | 89.2 | 88.2 |
| SSA | 33.3 | 14.6 | 26.4 | 29.8 | 11.5 | 21.3 | 22.7 |
| Unspecified | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.1 |

*Continued on next page*

**TABLE A2-13**
**Total Assistance by Sectors and Country Groupings** *(continued)*

| | Transport | Energy | Water | Agriculture | Industry | Other | Total |
|---|---|---|---|---|---|---|---|
| **Cumulative as of end 2007** | | | | | | | |
| **Total (USD millions)** | 19,567 | 21,351 | 6,476 | 10,513 | 10,343 | 16,721 | 84,970 |
| Distribution (%) | 23.0 | 25.1 | 7.6 | 12.4 | 12.2 | 19.7 | 100.0 |
| **Geographical grouping (%)** | | | | | | | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Africa | 55.1 | 38.8 | 57.0 | 64.6 | 47.6 | 49.0 | 50.2 |
| Asia | 41.3 | 60.4 | 40.3 | 33.6 | 52.0 | 47.1 | 47.5 |
| Latin America & Caribbean | 2.0 | 0.4 | 1.4 | 1.4 | 0.0 | 2.4 | 1.3 |
| Europe | 1.0 | 0.1 | 0.9 | 0.5 | 0.1 | 0.8 | 0.5 |
| Unspecified | 0.6 | 0.3 | 0.4 | 0.0 | 0.2 | 0.7 | 0.4 |
| **Country Grouping (%)** | | | | | | | |
| IDA Countries | 44.2 | 40.2 | 37.4 | 43.1 | 21.4 | 35.2 | 38.0 |
| HIPC | 28.6 | 12.7 | 22.3 | 26.4 | 11.4 | 20.0 | 20.1 |
| LAS | 54.2 | 62.9 | 69.0 | 60.9 | 64.2 | 64.7 | 61.6 |
| OIC | 80.2 | 90.8 | 89.2 | 88.9 | 93.8 | 89.2 | 88.1 |
| SSA | 33.5 | 13.0 | 25.7 | 27.6 | 11.6 | 21.1 | 21.9 |
| Unspecified | 0.6 | 0.3 | 0.4 | 0.0 | 0.2 | 0.7 | 0.4 |

*Source:* Coordination Group Secretariat and Bank staff calculations.

**TABLE A2-14**

**AGFUND Contributions** *(US$ Thousands)*

| Period | Health | Education | Capacity Building | Special Development Projects | Total |
|---|---|---|---|---|---|
| 1981 | 9,739 | | | 500 | 10,239 |
| 1982 | 18,661 | 2,000 | 10,550 | 10,610 | 41,821 |
| 1983 | 26,622 | 2,474 | 4,700 | 4,256 | 38,052 |
| 1984 | 20,130 | 2,800 | 4,843 | 3,879 | 31,652 |
| 1985 | 10,746 | 2,295 | 3,285 | 1,450 | 17,775 |
| 1986 | 5,227 | 1,842 | 6,114 | 1,806 | 14,990 |
| 1987 | 6,292 | 2,675 | 3,041 | 1,600 | 13,609 |
| 1988 | 4,042 | 1,059 | 1,280 | 1,114 | 7,494 |
| 1989 | 1,960 | 1,859 | 1,190 | 720 | 5,729 |
| 1990 | 135 | 160 | 985 | 1,070 | 2,350 |
| 1991 | 300 | | 200 | | 500 |
| 1992 | 1,000 | 130 | | | 1,130 |
| 1993 | 2,795 | 580 | 900 | 1,867 | 6,142 |
| 1994 | 465 | 306 | 570 | 220 | 1,561 |
| 1995 | 860 | 837 | 996 | 825 | 3,518 |
| 1996 | 2,570 | 406 | 917 | 1,381 | 5,274 |
| 1997 | 360 | 746 | 968 | 932 | 3,006 |
| 1998 | 1,530 | 121 | 1,152 | 698 | 3,500 |
| 1999 | 972 | 1,184 | 1,393 | 1,419 | 4,969 |
| 2000 | 1,531 | 885 | 1,016 | 2,166 | 5,598 |
| 2001 | 636 | 304 | 2,512 | 832 | 4,283 |
| 2002 | 2,275 | 995 | 1,677 | 1,045 | 5,992 |
| 2003 | 2,135 | 645 | 1,780 | 1,238 | 5,798 |
| 2004 | 1,011 | 845 | 2,366 | 4,890 | 9,112 |
| 2005 | 1,132 | 595 | 965 | 1,425 | 4,117 |
| 2006 | 1,144 | 1,279 | 1,804 | 2,785 | 7,011 |
| 2007 | 442 | 690 | 2,234 | 1,870 | 5,236 |
| **Total** | 124,711 | 27,713 | 57,439 | 50,596 | 260,458 |
| **Average/Year** | 5,669 | 1,260 | 2,611 | 2,300 | 11,839 |
| **Distribution (%)** | 47.9 | 10.6 | 22.1 | 19.4 | 100.0 |
| **Number of Projects** | 296 | 181 | 353 | 311 | 1,141 |
| **Average/Project** | 421 | 153 | 163 | 163 | 228 |

*Source:* AGFUND Annual Reports 2006 and 2007.

**TABLE A2-15**

**Debt Restructuring by Arab Financial Institutions** *(end-2007, US$ millions)*

| Countries | AMF | BADEA | IsDB[a] | KFAED | OFID | Total |
|---|---|---|---|---|---|---|
| Colombia | | | | | 4.1 | 4.1 |
| Haiti | | | | | 7.5 | 7.5 |
| Jamaica | | | | 0.0 | 9.6 | 9.6 |
| Paraguay | | | | | 30.0 | 30.0 |
| Benin | | 2.6 | 4.7 | 15.8 | 7.5 | 30.6 |
| Burkina Faso | | 16.3 | 20.7 | 18.5 | 20.5 | 76.0 |
| Burundi | | | | | 5.0 | 5.0 |
| Cameroon | | 1.9 | 1.6 | 11.1 | | 14.6 |
| Chad | | | 2.4 | | 7.0 | 9.4 |
| Comoros | | | | 25.8 | | 25.8 |
| Congo, Rep. of | | | | | 7.0 | 7.0 |
| Ethiopia | | 6.0 | | | 13.1 | 19.1 |
| Gabon | | | | | | 0.0 |
| Gambia, The | | | 2.7 | | 2.0 | 4.7 |
| Ghana | | 8.3 | | 32.9 | 6.0 | 47.2 |
| Guinea | | | 16.7 | 5.0 | 9.0 | 30.7 |
| Guinea-Bissau | | | 11.0 | 19.5 | | 30.5 |
| Madagascar | | 1.5 | | 6.3 | 4.0 | 11.8 |
| Malawi | | 4.2 | | | | 4.2 |
| Mali | | 4.0 | 10.5 | 20.3 | 14.8 | 49.6 |
| Mauritania | 12.0 | | 15.5 | 66.7 | 21.0 | 115.2 |
| Mozambique | | 11.3 | | 22.8 | 13.0 | 47.1 |
| Niger | | 19.6 | 21.0 | 42.8 | 15.9 | 99.3 |
| Rwanda | | 24.3 | | 32.1 | 12.6 | 69.0 |
| São Tomé & Príncipe | | | | | 3.5 | 3.5 |
| Senegal | | 5.1 | 10.6 | 31.1 | 6.9 | 53.7 |
| Sierra Leone | | 9.8 | 1.1 | | 5.4 | 16.3 |
| Sudan | 280.0 | | | | | 280.0 |
| Tanzania | | 14.7 | | 32.1 | 14.0 | 60.8 |
| Uganda | | 7.2 | 4.0 | 26.4 | 5.9 | 43.5 |
| Zambia | | 11.8 | | | 6.0 | 17.8 |
| Total | 292.0 | 148.6 | 122.5 | 409.2 | 251.3 | 1223.6 |

[a] The figure of US$ 150 million reported in the 2006–2007 Annual Report of the IsDB is in 2005 net present value.

Source: Annual Reports (2007) of relevant agencies.

**TABLE A2-16**

**Saudi Arabia's and Kuwait's Contributions to Financial Development Institutions** *(US$ millions, as of end-2007)*

| | | Saudi Arabia | Share | Kuwait | Share |
|---|---|---|---|---|---|
| Institution | Capital | Contribution | % | Contribution | % |
| Arab Monetary Fund[a] | 2,862 | 424 | 14.8 | 280 | 9.8 |
| Arab Fund for Economic and Social Development | 2,413 | 579 | 24.0 | 577 | 23.9 |
| Arab Bank for Economic Development in Africa | 2,200 | 538 | 24.5 | 50 | 2.3 |
| Arab Investment Guarantee Corporation | 202 | 14 | … | 7 | 3.4 |
| Islamic Development Bank | 23,850 | 5,859 | 24.6 | 0 | 0.0 |
| OPEC Fund for International Development | 3,435 | 1,033 | 30.0 | 0 | 0.0 |
| International Bank for Reconstruction and Development | 189,801 | 5,404 | 2.9 | 0 | 0.0 |
| International Monetary Fund | 344,629 | 11,107 | 3.2 | 0 | 0.0 |
| International Development Association | 168,439 | 2,258 | 1.3 | 120 | 0.1 |
| International Finance Corporation | 2,365 | 30 | 1.3 | 0 | 0.0 |
| International Fund for Agricultural Development | 3,652 | 390 | 10.8 | 87 | 2.4 |
| Multilateral Investment Guarantee Agency | 1,886 | 60 | 3.2 | 0 | 0.0 |
| African Development Bank | 32,781 | 62 | 0.2 | 11 | 0.0 |
| African Development Fund[b] | | 281 | 1.1 | 201 | 0.8 |
| Arab Authority for Agricultural Investment and Development | 365 | 82 | 22.5 | 0 | 0.0 |
| Islamic Corp. for Insurance of Investments and Export Credits | 154 | 21 | … | 0 | 0.0 |
| Islamic Corporation for Private Sector Development | 500 | 38 | … | 0 | 0.0 |
| International Islamic Trade Financing Corporation | 750 | 120 | 16.0 | 0 | 0.0 |
| Total | 780,283 | 28,301 | 3.6 | 1,333 | 0.2 |

[a] Data on Kuwait's contribution were obtained from AMF.
[b] African Development Fund has no capital of its own. It depends on the replenishments made by the donor countries.

*Sources:* Saudi Fund for Development, Annual Report 2007, page 63; and Kuwait Fund.

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