



Convention on Biological Diversity



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REGIONAL WORKSHOP ON BIODIVERSITY AND FINANCE IN SUPPORT OF THE NAGOYA OUTCOME

First meeting
Cairo, 29-30 November 2010

ARAB REGIONAL FINANCIAL ORGANIZATIONS PERTAINING TO BIODIVERSITY

Note by the Executive Secretary

1. Arab donors have delivered substantial assistance for the past four decades. Around one-third of all official development assistance during the 1970s was from Arab donors. Between 1973 and 2008 their total official development assistance on average accounted for 1.5 per cent of combined gross national incomes, more than twice the United Nations target of 0.7 per cent, and five times the average of Development Assistance Committee (DAC) countries of the Organization for Economic Cooperation and Development. In 2008, total official development assistance reported from the bilateral non-DAC donors amounted to US\$9.5 billion, of which US\$5.9 billion from Arab countries.

2. This short note provides a brief description of Arab donors and agencies. Participants of the Workshop are invited to explore opportunities and arrangements for regional financial collaboration in support of biodiversity objectives, including, *inter alia*,

- (i) Consider developing a permanent mechanism to finance environmentally sustainable projects;
- (ii) Encourage existing funding mechanisms established by Arab countries to include environmental sustainability as a priority;
- (iii) Improve regional cooperation to improve environmental indicators but create a greater prospect for trade between countries of the region, exchange experience and knowledge and address priority environmental problems of common concern to the region.

A. Overview and Trends in Arab Development Assistance

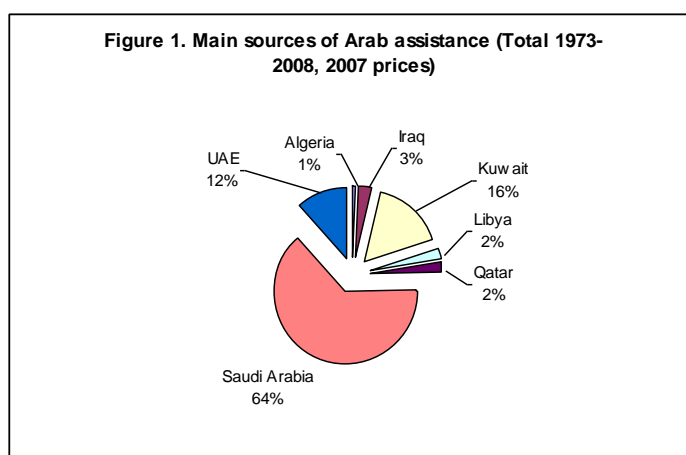
Aggregate trends in the volume of Arab development assistance

3. Between 1973 and 2008, Arab donors provided some US\$ 272 billion (in 2007 prices) in development assistance, accounting for an average of 1.5 per cent of their combined gross national incomes. Arab official development represents on average 13 per cent of total official development assistance of the Organization for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) and nearly three-quarters of non-DAC ODA during the same period.

4. Arab development assistance began at an exceptionally high volume as well as unusual share of gross national incomes in the 1970s. About one-third of all ODA during the 1970s was from Arab donors. Arab assistance declined in overall volume in the 1980s and 1990s, but begun to increase in recent years. Broadly speaking, Arab development assistance trends are correlated with trends in petroleum as well as national fiscal capacities, political and security issues.

Main sources of Arab development assistance

5. Between 1973 and 2008, Saudi Arabia provided 64 percent of total Arab development assistance – the majority on highly concessionary terms, as shown in Figure 1. Kuwait is the second largest source of external assistance in the Gulf countries, accounting for 16 percent of total Arab assistance. United Arab Emirates (UAE) is the third largest source of Arab aid, accounting for 12 percent of total Arab assistance. Qatar has also been providing development assistance since it gained independence in 1971.



Source: World Bank (2010)

Channels

6. Most Arab assistance has been provided on a bilateral basis over the period 1995-2007. Bilateral aid accounts for 89 percent of total development assistance by Saudi Arabia, Kuwait and UAE, and the rest is channeled through multilateral sources, including some 4 percent through Arab financial institutions, 4 percent through the World Bank, 2 percent through UN agencies, and under 1 percent through the African Development Bank.

Recipients

7. Recipient countries of Arab development assistance have evolved over time. The top ten recipients of Arab development assistance over the period 1973-2008 are: Syria, Egypt, Jordan, Morocco, Yemen, Sudan, Pakistan, Bahrain, Lebanon and Oman. In Syria, Arab development assistance accounts for over 70 percent of total ODA from all sources. In Morocco, Lebanon, Yemen, and Jordan, Arab development assistance 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.

B. Arab Financial Assistance Institutions

8. Arab donors established a number of specialized financial institutions to provide development assistance in the 1960s, the 1970s and early 1980s (Table 1). Kuwait, Saudi Arabia, 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). 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 organizations traditionally financed infrastructure, but now place a greater emphasis on agriculture, social sectors, targeted poverty reduction programs, and private sector development. There is a growing effort among Arab financial institutions to promote South-South cooperation.

Table 1. Arab Financial Assistance Institutions

Agency	Year of Establishment and Location	Mandate and Instruments	Membership and Recipient Countries	Key Indicators (cumulative as of end 2007)
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 Recipients: Developing countries	Capital: US\$ 1.6 billion Lending/TA: US\$ 3.4 billion/US\$ 229.7 million (2008) # operations: 154 # beneficiary countries: 52 # 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 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 Recipients: Developing countries	Capital: US\$ 6.8 billion Lending/TA: US\$ 14.8 billion/US\$ 829.3 million (2008) # operations: 747 # beneficiary countries: 103 # 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 Recipients: Developing countries	Capital: US\$ 8.3 billion Saudi Export Program (US\$ 1.1 billion) Lending/TA: US\$ 8.4 billion/US\$ 311.9 million (2008) # operations: 454 # beneficiary countries: 71 # staff: 400

Agency	Year of Establishment and Location	Mandate and Instruments	Membership and Recipient Countries	Key Indicators (cumulative as of end 2007)
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. Provides secretariat services for the Coordination Secretariat of Arab National and Regional Development Institutions	Membership: LAS members Recipients: Member countries and private organizations therein	Capital: US\$ 2.3 billion Lending/TA: US\$ 19.4 billion/US\$ 1.4 billion (2008) # operations: 510 # beneficiary countries: 17 # 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 Recipients: UN agencies, Arab NGOs, international organizations	Lending/TA: US\$ 260 million/US\$ 5.2 million (2007) # operations: 1,141 # beneficiary countries: n/a # staff: 37
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 Recipients: Member countries	Capital: US\$ 2.7 billion Lending/TA: US\$ 5.0 billion/US\$ 178 million (2008) # operations: 137 # beneficiary countries: 14 # 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 Recipients: Developing African countries, excluding LAS members	Capital: US\$ 2.2 billion Lending/TA: US\$ 2.9 billion/US\$ 197 million (2008) # operations: 450 # beneficiary countries: 43 # staff:
Islamic Development Bank (IsDB)	1973 (Jeddah)	To foster economic development and social progress of member countries and Muslim	Membership: 56 countries Recipients: Member	Capital: US\$ 8.4 billion Lending/TA: US\$ 46.2 billion/US\$ 1.9

Agency	Year of Establishment and Location	Mandate and Instruments	Membership and Recipient Countries	Key Indicators (cumulative as of end 2007)
		communities. IsDB participates in equity capital and grant loans for productive projects and enterprises and provides financial assistance to member countries. IsDB has evolved into a group consisting of five legally separate entities: IsDB, IRTI, ICIEC, ICD, and ITFC.	countries and Muslim communities	billion (2008) # operations: 2,067 # beneficiary countries: 56 # 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. 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 Recipients: Developing countries	Capital: US\$ 3.0 billion Lending/TA: US\$ 6.7 billion/US\$ 555 million (2008) # operations: 1,165 # beneficiary countries: 102 # staff: 140

Source: World Bank (2010)

C. Environment funds and awards

9. Definitive figures of specific allocations for environmental projects from Arab donors are not available. If using the water and sanitation sector as a proxy for the environment, the Kuwait Fund has allocated 9.1 percent of its grants to Arab countries (702.7 million Kuwaiti Dinars, approximately US\$ 2.5 billion) for this sector from its inception up until 2005. Between 1975 and 2006, the Saudi Fund allocated 6.74 percent (1,794 million Saudi Riyals, approximately US\$480 million) of its total funds to the sector.

10. A number of international environmental awards have been established by Arab donors. The Zayed Prize, established by Sheikh Mohammad Bin Rashid Al Maktoum, Ruler of Dubai, offers the world's highest environmental award, worth US\$ 1 million every two years. The city of Dubai launched the Dubai International Award for Best Practices to Improve the Living Environment (DIABP) in 1996. The Prince Sultan Bin Abdulaziz International Prize for Water was launched in 2002, which offered every two years to recognize distinguished scientists throughout the world.

11. The Gulf Cooperation Council (GCC) has set up a GCC Environmental Award to encourage competitiveness, promote environmental awareness, sense of responsibility, and moral obligation towards environmental preservation and resource conservation and protection in the region. The GCC award is divided into five categories: environmental awareness, environment personality, and best environmental educational and research institution, best business in compliance with environmental standards and specifications, and best environmental research.

12. The Arab Gulf Programme for United Nations Development Organizations (AGFUND), a regional development initiative launched in 1980, awards three US\$300,000 prizes each year through the AGFUND international prize for pioneering development projects. Three environmental projects on rationalizing water utilization and its role in environment protection, the management of water resources, and environmental protection through community-based activities received the award amounting to US\$ 900,000.

13. Non-governmental organizations, such as the Arab Forum for Environment & Development (AFED), the Jordanian Network for Environmentally Friendly Industries (JNEFI) and the Emirates Environmental Group (EEG) have been able to redirect external finances for environmental purposes in the region. But in general, the Arab region lacks a network of civil society organizations that can successfully raise the awareness and financial resources necessary to address key environmental challenges. A recent survey of the NGO sector found that “NGOs in the Arab region, in general, are particularly lacking the skills of launching campaigns on particular topics of special importance to the region, developing programmes and preparing project proposals for funding by bilateral and multilateral agencies.” The Arab NGOs Network for Development (ANND), which was established in June 1996, has a membership of 45 NGOs from 12 Arab countries. Out of these 45, very few have an environmental agenda or mandate. Only a very limited number of Arab NGOs are known outside the Arab region.

D. Regional mobilization of resources

14. Substantial regional and subregional institutions and processes are already available in assisting with resource mobilization at the regional, subregional and national levels in the region. These processes fall broadly into three categories: ministerial meetings, regional treaties and programmes, and regional organizations.

15. The Council of the Arab Ministers Responsible for the Environment (CAMRE), its technical Secretariat in the League of Arab States (LAS), as well as the Sustainable Development Initiative in the Arab Region and the Regional Capacity Building Programme on Trade and Environment for the Arab Region, provide policy-setting platforms for resource mobilization.

16. In addition to the Arab Environment Facility, regional organizations and initiatives that provide funding for environmental projects in the Arab region include:

- Regional Organization for the Protection of the Marine Environment (ROPME) (Action Plan for the Protection and Development of the Marine Environment and the Coastal Areas, the Kuwait Regional Convention for Co-operation on the Protection of the Marine Environment from Pollution, and the Protocol concerning Regional Co-operation in Combating Pollution by Oil and Other Harmful Substances in Cases of Emergency)
- Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden (PERSGA) (Convention for the Conservation of the Red Sea and Gulf of Aden Environment (Jeddah Convention), and Action Plan for the Conservation of the Marine Environment and Coastal Areas in the Red Sea and Gulf of Aden)
- Mediterranean Action Plan (for the five North African Arab countries as well as Syria and Lebanon)
- Arab Center for the Studies of Arid Zones and Dry Lands (ACSAD)
- International Center for Agricultural Research in the Dry Areas (ICARDA)
- Center for Environment and Development for the Arab Region and Europe (CEDARE)
- Islamic Development Bank (IDB) (Priorities within its technical cooperation programme include agricultural research and extension, crop protection, soil conservation, livestock breeding and husbandry, water management, and environmental sustainability)
- Gulf Cooperation Council (GCC) (Convention on the Conservation of Wildlife and their Natural Habitats in the Countries of the Gulf Cooperation Council)

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