



الصندوق الكويتي للتنمية الاقتصادية العربية  
KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT



## Introduction

A few months following its independence, the State of Kuwait established Kuwait Fund for Arab Economic Development on 31 December 1961 to assist other Arab countries in their economic development. In July 1974, the law of the Fund was amended, increasing the Fund's capital from KD 200 million to KD 1,000 million (about US\$ 3,400 million), and extending the scope of operations to include, in addition to Arab countries, other developing countries.

Later in 1981, the law of the Fund was further amended to increase the Fund's capital from KD 1,000 million to KD 2,000 million (about US\$ 6,800 million) in response to the increasing requests for funding projects and the rise in the cost of development operations, in general.

Over the past fifty-one years, lending at concessional terms to finance projects, accorded high priority by recipient countries, remained the Fund's main activity. Approval of funding projects has been conditional on the outcome of well prepared feasibility studies, and the results of appraisals carried out by the Fund's professional staff.

The development operations of the Fund covered projects in various sectors, including agriculture, communication, energy, industry, transport, water and sanitation, in addition to supporting small and medium private sector projects financed by National Development Banks and various projects of Social Development Funds. In 2000, the Fund broadened its sectoral coverage to include health and education as well.

As at end of fiscal year 2012/2013 (March 31, 2013), recipients of assistance, in the form of concessional loans from the Fund reached 103 countries across the world. The Fund pursued its close cooperation with its partners in development with due respect to their priorities and full with support to their ownership of their development operations, and has been providing them with advice, as needed, on all matters pertaining to the preparation and implementation of projects.

The Fund's activities are guided by flexible policies, simplified procedures, and transparent practices with the aim of sparing recipients the burden of unduly rigid operational guidelines and directives. The Fund's main concern in applying its policies and lending conditions is to ensure the timely and orderly implementation of projects and the realization of their expected benefits.

Having been involved in development operations over a relatively long period, the Fund has gained considerable experience, with lessons drawn leading to the adoption and the implementation of best practices in executing development projects.

In conjunction with its long standing development efforts, the Fund has over the years been able to maintain close cooperation with its various development partners and contribute to the promotion of friendly relations between them and the State of Kuwait.

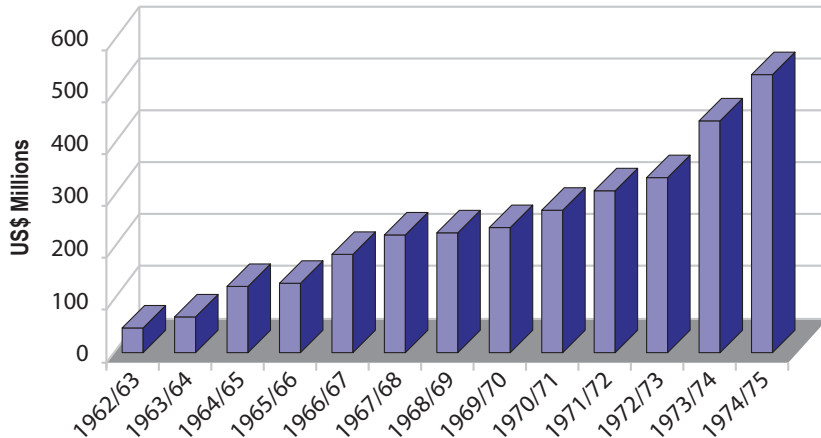
## Operations

Over the years, financing of project lending operations, the Fund also extended technical assistance to help countries and institutions in capacity building to strengthen and accelerate their development efforts. Apart from those activities, the Fund, acting on behalf of the State of Kuwait, also made contributions to the resources 60 regional and international financing institutions, and undertook the responsibility to administer grants extended directly by the Government of the State of Kuwait to Arab, and other developing states. These activities are highlighted in Table 1 and Figure 1 :

**Table 1**  
**Cumulative Loan Commitments**  
**(1962/63 - 1974/75)**

Fiscal year	Total Loan Commitments (US\$ Millions Equivalent)	Total No. of Loans	Total No. of Countries
1962/63	47	3	2
1963/64	68	6	3
1964/65	126	8	5
1965/66	132	9	5
1966/67	187	13	7
1967/68	224	16	7
1968/69	228	18	8
1969/70	238	19	9
1970/71	271	26	11
1971/72	308	31	11
1972/73	333	33	11
1973/74	441	41	11
1974/75	529	47	11

**Figure 1**  
**Cumulative Loan Commitments**



## Project Financing

For nearly thirteen years (from 1962-1975) the Fund's development operations were confined to financing projects in the Arab region. During this period, the Fund committed a total of about KD 158 million (around US\$ 529 million) for financing 47 projects in 11 Arab countries as shown in Table 1 and Figure 1 above.

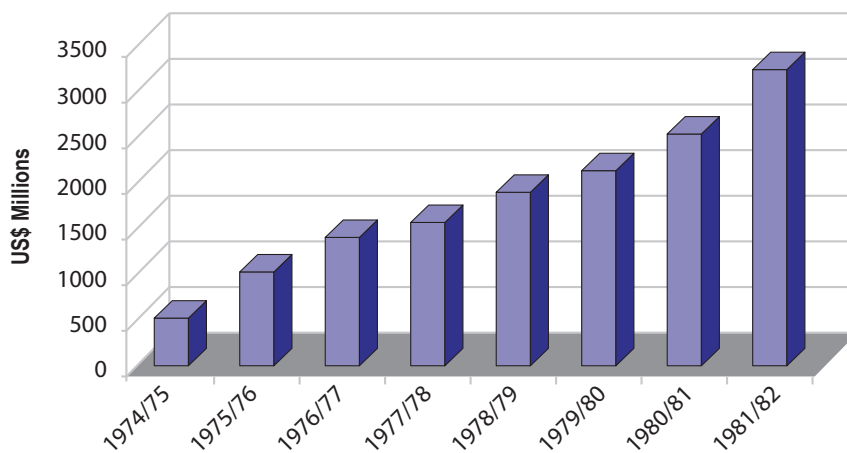
Following the amendment of the law of the Fund in July 1974, the Fund's operations grew rapidly over a relatively short period (from 1974/75 to 1981/82), with the number of loan recipients rising from 11 countries to 54 countries, the number of loans rising from 47 to 217, and the total loan commitments increasing from about US\$ 529 million to US\$ 3,288 million as shown in Table 2 and Figure 2.

The 54 loan recipients in 1981/82 included 14 Arab countries and 40 other developing countries of which 24 are African countries, 13 Asian countries, 2 Central Asian and European countries, and one in the Pacific Ocean.

**Table 2**  
**Cumulative Loan Commitments**  
**(1974/75 - 1981/82)**

Fiscal Year	Total Loan Commitments (US\$ Million Equivalent)	Total No. of Loans	Total No. of Countries
1974/75	529	47	11
1975/76	1,042	80	25
1976/77	1,425	102	37
1977/78	1,591	115	41
1978/79	1,926	140	46
1979/80	2,166	160	50
1980/81	2,573	184	51
1981/82	3,288	217	54

**Figure 2**  
**Cumulative Loan Commitments**



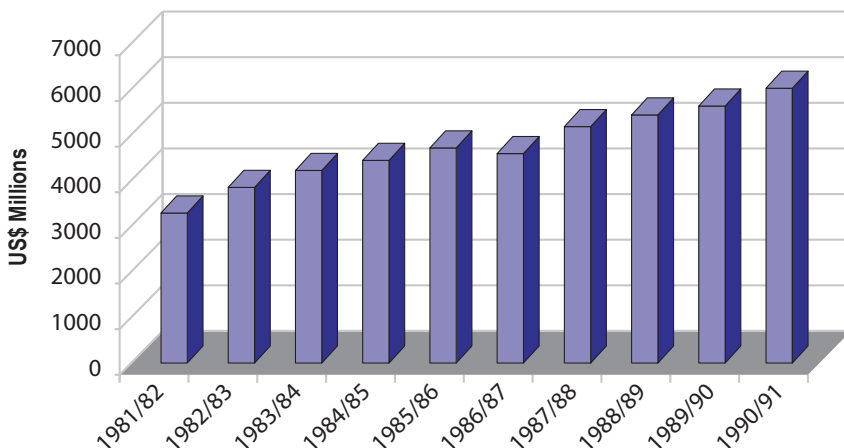
The amendment of the law of the Fund again in 1981, increasing the Fund's capital from KD 1,000 million to KD 2,000 million (about US\$ 6.8 billion) facilitated further expansion of Fund's operations, with total loan commitments rising from about US\$ 3,288 million in 1981/82 to US\$ 6,022 million in 1990/91, the year which witnessed the invasion of Kuwait by the former Iraqi regime. Despite the invasion, the fund continued its operation with the commitment of 11 new loans during that year amounting to about US\$ 390 million.

Thus, by the end of fiscal year 1990/91, the number of loan increased rose to 64 and the number of loans increased from 217 to 377. Total loan commitments during the period 1981/82 - 1990/91 grew substantially as shown in Table 3 and Figure 3.

**Table 3**  
**Cumulative Loan Commitments**  
**(1981/82 - 1990/91)**

<b>Fiscal Year</b>	<b>Total Loan Commitments (US\$ Million Equivalent)</b>	<b>Total No. of Loans</b>	<b>Total No. of Countries</b>
1981/82	3,288	217	54
1982/83	3,849	244	58
1983/84	4,220	268	61
1984/85	4,441	287	62
1985/86	4,714	301	62
1986/87	4,950	316	62
1987/88	5,181	337	63
1988/89	5,437	344	64
1989/90	5,632	366	64
1990/91	6,022	377	64

**Figure 3**  
**Cumulative Loan Commitments**



During the 1990s and the following years, the Fund's operations covered in addition to Arab, African and Asian countries new recipients in the Central Asia and Europe, and Latin America and Caribbean regions. Total loan commitments increased from about US\$ 6,022 million in 1990/91 to US\$ 16,787 million in 2012/13.

These commitments represent a total of 838 loans extended to 103 developing nations, including 16 Arab, 40 African, 19 East and South Asian and Pacific, 17 Central Asian and European, and 11 Latin American and Caribbean.

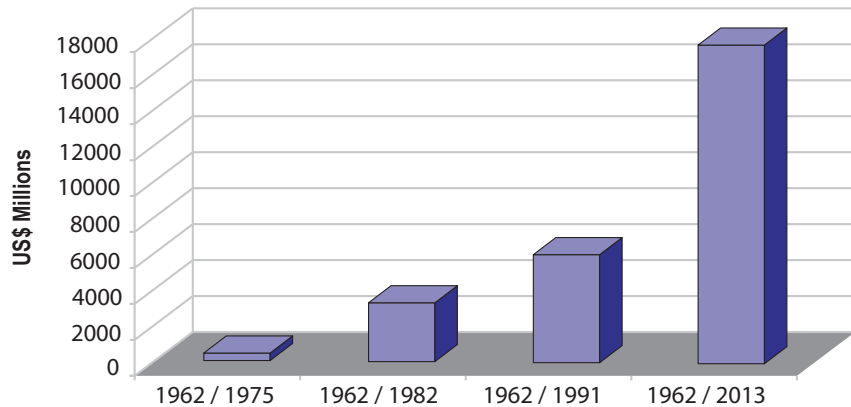
Table 4 and Figure 4 present the cumulative Commitments over the past 51 Years.

**Table 4**  
**Cumulative Loan Commitments**  
**(1962/63 - 2007/08)**

Period	Total Loan Commitments (US\$ Millions Equivalent)	Total No. of Loans	Total No. of Countries
1962/63-1974/75	529	47	11
1962/63-1981/82	3,288	217	54
1962/63-1990/91	6,022	377	64
1962/63-2012/13	16,787	838	103



**Figure 4**  
**Cumulative Loan Commitments**

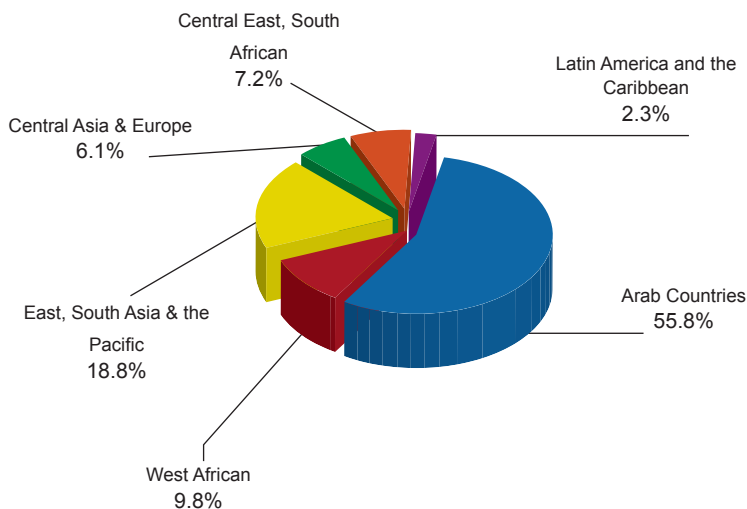


The cumulative loan commitments as of March 31, 2011 were distributed among regions as indicated in Table 5 with regional shares shown in Figure 5.

**Table 5**  
**Geographical Distribution of Loan Commitments**  
**as of March 31, 2013**

Countries	Total Loan Commitments (US\$ Millions Equivalent)	Total No. of Loans	Total No. of Countries
Arab Countries	9,360	319	16
West African	1,641	148	19
East, South Asian & Pacific	3,150	159	19
Central Asia & Europe	1,022	58	17
Central ,East, South Africa	1,217	115	21
Latin American and Caribbean	397	39	11
<b>Total</b>	<b>16,787</b>	<b>838</b>	<b>103</b>

**Figure 5**  
**Geographical Distribution of Loan Commitments**



The Appendix shows the distribution of the Fund's Loan commitments by recipient country. Out of 103 recipients, 45 are member countries of the Organization of the Islamic Conference (OIC). Loan commitments made by the Fund to OIC members amounted to about US\$ 12,874 million, and were distributed geographically as presented in Table 6.

**Table 6**  
**Loan Commitments to OIC Member Countries**  
**as of March 31, 2013**

Countries	Total Loan Commitments (US\$ Millions Equivalent)	Total No. of Loans	Total No. of Countries
Arab	9360	319	16
African	1524	143	15
East, South Asian & Pacific	1284	62	6
Central Asian & European	706	35	8
<b>Total</b>	<b>12,874</b>	<b>559</b>	<b>45</b>

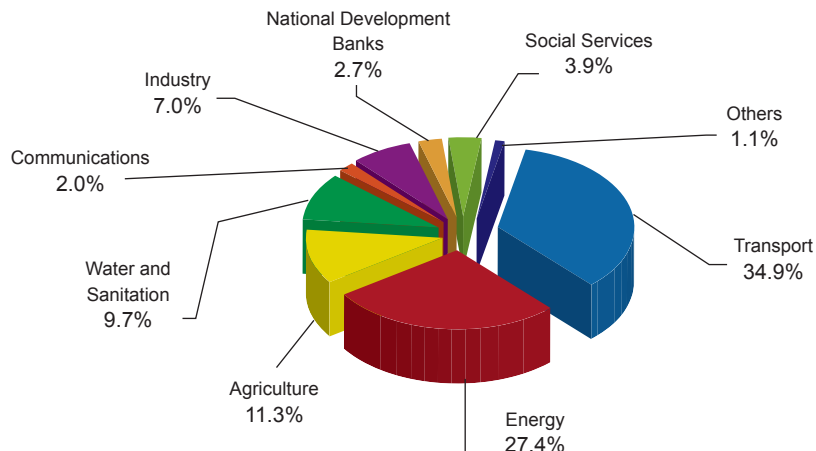
## Sectoral Distribution of Loan Commitments

Up until 2013, the Fund's operations focused on financing projects in sectors such as agriculture, transport, communication, energy, industry, water and sanitation. In the following years, the Fund activities broadened to include financing projects in the health and education sectors, with the aim of reinforcing the contribution of these sectors to the development objectives of recipients, and to support their efforts to achieve the Millennium Development Goals. Total loan commitments at about US\$ 16,786 million as of March 31, 2013, were distributed over sectors as shown in Table 7 with sectoral shares given in Figure 6.

**Table 7**  
**Sectoral Distribution of Total Loan Commitments**  
**as of March 31, 2013**

Sector	Total Loan Commitments (US\$ Millions Equivalent)	Total No. of Loans
Transport	5,859	353
Energy	4,592	147
Agriculture	1,894	119
Water and Sanitation	1,624	82
Communications	343	14
Industry	1,180	62
Development Banks	458	18
Social Services	663	26
Others	174	17
<b>Total</b>	<b>16,787</b>	<b>838</b>

**Figure 6**  
**Sectoral Distribution of Total Loan Commitments**



Disbursements from the total loan commitments amounted to about US\$ 13,563 million by end of March 2013, representing about 81% of total loans committed by the Fund.

The pattern of distribution shown in Table 7 above reflects the importance and priority accorded by recipient Governments to projects in various sectors. All such projects were screened on the basis of the feasibility studies submitted to the Fund, and were thoroughly appraised to confirm their technical soundness and their financial and economic viability.

## Technical Assistance

The Fund provides financing for a variety of technical services aimed at helping recipients to carry out certain activities to facilitate the implementation of development operations. Such services include, among others, the preparation of project feasibility studies, expert services for assisting in the planning and execution of development projects and programmes, and training, especially for strengthening the capacity of staff assigned for the management and operation of projects, as a component of financed projects.

Technical services are financed either through loans or grants. However, in the case of project feasibility studies, technical assistance is converted to a loan in line with the Fund's policy which stipulates the conversion of the amount of technical assistance or the part expended from it into a loan in the event of a project materializing and participation of the Fund in its financing, otherwise the technical assistance is considered non-repayable.

The total net value of technical assistance and grants extended by the Fund reached about US\$ 371 million on March 31, 2013, as shown in Table 8.

**Table 8**  
**Geographical Distribution of Total Net Technical Assistance and Grants**  
**as of March 31, 2013**

Countries	No. of Countries	No. of Technical Assistance and Grants	(US\$ Millions Equivalent)
Arab Countries	16	91	198.9
West Africa	16	34	17.5
Central, South & East Africa	13	21	13.7
East, South Asia and Pacific	11	24	44.0
Central Asia and Europe	12	19	20.7
Latin America & the Caribbean	6	7	3.8
<b>Total</b>	<b>74</b>	<b>196</b>	<b>298.6</b>
Institutions		43	71.4
<b>Grand Total</b>		<b>240</b>	<b>370</b>

Table 8 above shows that in addition to 74 developing countries, the technical assistance and grants extended by the Fund include 43 institutions. These technical assistance and grants were utilized to implement activities keyed to strengthening the institutional capacity of recipients.

## Development Institutions

Apart from the aid provided directly by the Government and Kuwait Fund to developing countries, the State of Kuwait contributes to the resources of a number of regional and international institutions involved in assisting developing countries in their economic and social development.

Over the past years, the Fund made contributions on behalf of the State of Kuwait to the capital and replenishment of resources of some regional and international financing institutions. The cumulative value of committed contributions reached about US\$ 1,324 million on March 31, 2013 as shown in Table 9.

**Table 9**  
**Kuwait Fund Contributions to the Resources of Development Institutions**  
**as of March 31, 2013**

Institution	Commitments (US\$ Millions Equivalent)	Paid up (US\$ Millions Equivalent)
Arab Fund for Economic and Social Development	560.01	560.01
Arab Bank for Economic Development in Africa	48.23	48.23
African Development Bank	108.77	11.06
African Development Fund	242.73	211.56
The Inter-Arab Investment Guarantee Corporation	6.60	6.60
International Development Association	116.78	116.78
International Fund for Agricultural Development	68.37	50.57
IFAD Special Programme for Sub-Saharan African Countries	240.67	108.73
Arab Gulf Programme for United Nations Development Organizations	46.52	14.06
<b>Total</b>	<b>1438.68</b>	<b>1127.60</b>

## Government Grants

In certain circumstances, the Government of the State of Kuwait provides assistance in the form of grants to finance urgently needed projects including schools, hospitals, housing facilities and other social amenities especially in post-conflict situations or where countries faced consequences of natural disasters such as earthquakes, floods, and extreme drought.

Such grants are normally administered and supervised by the Fund. All projects financed from the proceeds of government grants are governed by the procedures applicable to Kuwait Fund supported projects, with due consideration to the nature and objectives of the former type of projects.

The total value of grants extended by the government reached around US\$ 3,380 million on March 31, 2013. The beneficiaries included 16 Arab countries, 19 African countries, 5 Asian and European countries, and one country in Latin America and the Caribbeans as shown in Table 10.

**Table 10**  
**Beneficiaries of Government Grants**  
**Managed by Kuwait Fund as of March 31, 2013**

Country	Total Value of Grants (US\$ Millions Equivalent)
African Region	14.838
Bahrian	500.000
Algeria	10.000
Albania	8.005
Bangladesh	10.000
Benin	5.000
Burkina Faso	12.369
Cape Verde	11.354
Chad	6.516
Comoros	11.354
Democratic Republic of the Congo	1.397
Djibouti	10.860
Egypt	16.077
Gabon	2.111
Gambia	3.000
Guinea	4.000
Guinea Bissau	7.471
Haiti	9.000
Iraq	190.000
Jordan	500.000
Kazakhstan	10.000
Lebanon	406.076
Liberia	3.037
Maldives	2.000
Mali	13.390
Mauritania	13.478
Mauritius	0.250
Mongolia	12.000
Morocco	500.000
Mozambique	6.000
Oman	500.000

**Table 10 (Cont'd)**  
**Beneficiaries of Government Grants**  
**Managed by Kuwait Fund as of March 31, 2013**

Country	Total Value of Grants (US\$ Millions Equivalent)
Palestine	315.000
Senegal	10.133
Sierra Leone	3.000
Somalia	20.000
Sudan	57.000
Swaziland	5.500
Syria	86.399
Togo	3.000
Uganda	7.000
Yemen	66.634
World Bank - Onchosersiasis (River Blindness) Programme - Africa	15.193
<b>Total</b>	<b>3.380.119</b>

## Co-financing and Coordination

Certain large projects whose financing cannot be undertaken by one donor require the participation of other financiers. Many projects supported by the Fund fall in this category and, thus, have been co-financed with other donors, including country donors, national, regional, and international financing institutions.

Out of the 838 projects supported by the donors financing as of March 31, 2013, nearly 55% were co-financed by one or more donors. Such co-financing arrangements have greatly helped recipients in mobilizing the resources required for financing major projects, and paved the way for their timely implementation. The participation of a number of donors in development operations requires the coordination of their involvement under the leadership of recipients to streamline the execution of projects and to increase their effectiveness. In this regard, the Fund has, for long, supported coordination with donors involved in co-financed projects.

With respect to coordination, Arab national and regional development institutions, the Islamic Development Bank, and OPEC Fund for International Development have over the last three decades been involved in coordinating various aspects related to their development operations. In particular, they were able through their concerted efforts to simplify procedures, unify conditions of contract and tender documents, in addition to issuing common guidelines for appraisal of projects, procurement of consultancy services, and execution of works.



This coordination by the said institutions is carried out by holding regular semi-annual meetings at the level of Directors of Operations to exchange information and views on all matters related to the financing and implementation of projects.

## Debt Relief

In 1996, the World Bank and the International Monetary Fund (IMF) launched an initiative to provide debt relief for the Heavily Indebted Poor Countries (HIPC). Kuwait Fund supported the HIPC initiative, and has been providing debt relief to countries in accordance with the conditions for eligibility.

As of March 31, 2013, the Fund has provided debt relief through rescheduling of outstanding loans to 23 countries as shown in Table 11.

**Table 11**  
**Kuwait Fund Participation in HIPC**  
**as of March 31, 2013**

Beneficiary Country	Rescheduled Loans (US\$ Millions Equivalent)
Benin	4.640
Burkina Faso	5.442
Burundi	6.497
Cameroon	3.278
Central African Republic	6.333
Comoros	7.580
Congo	16.576
Ethiopia	7.103
Gambia	1.716
Ghana	10.083
Guinea	13.517
Honduras	8.188
Liberia	2.702
Madagascar	1.861
Malawi	6.825
Mali	5.968
Mauritania	19.608

**Continue : Table 11 (Cont'd)**  
**Kuwait Fund Participation in HIPC**  
**as of March 31, 2013**

Beneficiary Country	Rescheduled Loans (US\$ Millions Equivalent)
Mozambique	6.692
Niger	12.586
Rwanda	9.442
Senegal	9.157
Sierra Leone	3.513
Tanzania	9.444
Togo	8.403
Uganda	7.772
Democratic Republic of the Congo	0.727
Guinea Bissau	8.493
<b>Total</b>	<b>234.330</b>

## Advice and Consultation

The availability of resources is necessary for the implementation of development operations, but alone it is not sufficient for ensuring their success and effectiveness. Other factors are equally important, such as the advice provided to recipients and the consultation with them on all matters pertaining to project preparation, implementation, and operation.

Recognizing the importance of advice and consultation, the Fund has since its inception availed its partners of the advisory services of its professional staff in the fields of engineering, economics, finance and law. Over time, they have helped recipient countries in the various project cycle activities including, inter alia, advice on the preparation of feasibility studies, conditions of contract and tender documents, selection of consultants, contractors, and suppliers, as well as sharing the Fund's experiences and lessons drawn in respect of similar operations.

Through such advice to and consultation with recipients, the Fund was able, in agreement and cooperation with beneficiary countries to adjust, amend and change, in certain instances, various aspects of project implementation, including project cost estimates, project components, design, location, and tender documents. These advisory activities have been a major part of the daily responsibilities, duties, and tasks of the Fund's professional staff.

## Appendix

### Recipients of Kuwait Fund Loans as of March 31, 2013

Arab Countries	No. of Countries	Total Loans (US\$ Millions Equivalent)
Algeria	4	74.39
Bahrain	17	550.86
Comoros	4	22.69
Djibouti	12	136.80
Egypt	36	2,042.00
Iraq	2	21.71
Jordan	26	584.09
Lebanon	20	697.48
Mauritania	18	364.82
Morocco	37	1,318.57
Oman	23	661.57
Somalia	4	101.03
Sudan	24	773.09
Syria	28	1,131.91
Tunisia	31	474.21
Yemen	33	404.44
<b>Total</b>	<b>319</b>	<b>9,359.660</b>

Appendix (Cont'd)

Recipients of Kuwait Fund Loans  
as of March 31, 2013

Central, South & East African Countries	No. of Countries	Total Loans (US\$ Millions Equivalent)
Angola	2	14.83
Botswana	8	52.58
Burundi	8	42.81
Central African	4	17.41
Congo	2	28.20
Eritrea	5	82.96
Ethiopia	6	56.66
Kenya	5	82.96
Lesotho	7	56.66
Madagascar	5	48.65
Malawi	6	73.17
Mauritius	6	54.11
Mozambique	10	86.94
Nambia	1	17.55
Rwanda	8	72.98
Seychelles	3	12.15
Swaziland	2	22.77
Tanzania	11	172.92
Uganda	8	59.75
Zambia	3	28.69
Zimbabwe	5	58.88
<b>Total</b>	<b>115</b>	<b>1,143.630</b>

Appndix (Cont'd)

Recipients of Kuwait Fund Loans  
as of March 31, 2013

West African Countries	No. of Countries	Total Loans (US\$ Millions Equivalent)
Benin	11	96.14
Burkina Faso	15	170.47
Cameroon	6	67.80
Cape Verde	5	27.67
Chad	4	41.85
Congo, D.R.	3	35.87
Cote D'Ivoire	3	41.58
Equatorial Guinea	1	3.28
Gabon	1	15.30
Gambia	10	91.09
Ghana	9	134.54
Guinea	12	165.16
Guinea-Bissau	5	26.40
Liberia	2	20.67
Mali	11	153.43
Niger	10	86.00
Senegal	27	324.20
Sierra Leone	7	74.17
Togo	6	65.33
<b>Total</b>	<b>148</b>	<b>1,640.950</b>

Appendix (Cont'd)

Recipients of Kuwait Fund Loans  
as of March 31, 2013

East, South Asian & the Pacific Countries	No. of Countries	Total Loans (US\$ Millions Equivalent)
Afghanistan	1	29.12
Bangladesh	22	519.60
Bhutan	5	28.21
China	35	887.40
India	8	278.36
Indonesia	9	200.89
Laos	1	24.99
Malaysia	4	52.64
Maldives	10	72.42
Mongolia	4	81.60
Nepal	5	55.66
North Korea	3	62.54
Pakistan	16	410.13
Papua New Guinea	2	9.66
Philippines	4	43.79
Solomon Islands	2	11.15
Sri Lanka	12	179.04
Thailand	5	68.25
Vietnam	11	134.63
<b>Total</b>	<b>159</b>	<b>3,150.080</b>

## Appndix (Cont'd)

### Recipients of Kuwait Fund Loans as of March 31, 2013

Central Asian & European Countries	No. of Countries	Total Loans (US\$ Millions Equivalent)
Albania	6	73.34
Azerbaijan	2	33.28
Belarus	1	17.34
Bosnia and Herzegovina	4	84.32
Bulgaria	1	41.82
Cyprus	9	83.57
Georgia	2	33.93
Kazakhstan	1	13.92
Kyrgyzstan	3	30.90
Lithuania	1	15.64
Malta	3	24.13
Moldova	1	6.46
Serbia	1	34.00
Tajikistan	4	59.49
Turkey	12	360.97
Turkmenistan	1	0.62
Uzbekistan	6	108.49
<b>Total</b>	<b>58</b>	<b>1,022.220</b>

Appendix (Cont'd)

Recipients of Kuwait Fund Loans  
as of March 31, 2013

Latin American & the Caribbean Countries	No. of Countries	Total Loans (US\$ Millions Equivalent)
Antigua and Barbuda	3	19.31
Argentina	1	35.94
Belize	4	29.93
Cuba	3	50.93
Dominica	2	9.35
Grenada	6	44.49
Honduras	6	102.09
Jamaica	4	42.84
Saint Lucia	3	25.38
Saint Kitts and Nevis	4	16.87
Saint Vincent and Grenadines	3	19.52
<b>Total</b>	<b>39</b>	<b>396.65</b>
<b>Grand Total</b>	<b>838</b>	<b>16,713.190</b>