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Beyond Promises: Moving forward towards an effective Arab/Africa Partnership

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Role of Arab Development Institutions in Africa's Development

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Role of Arab Development Institutions in Supporting Africa's Development

Your Excellencies

Ladies and Gentlemen

1. We meet today to exchange views about the prospects of Arab- African cooperation and the role of Arab National and Regional Development Institutions in supporting Africa's development, and to explore the most promising areas of cooperation in the fields of investment, production and trade. This meeting comes at a time when many Arab and African countries are witnessing many significant changes in their political systems and international relations. No doubt that these changes will impact our development strategies, which will force us today, we Arabs and Africans, to reconsider our cooperation relations and review the objectives of financing development plans and projects, and to identify new priorities that respond to changing conditions and new realities in the two regions.
2. The Arab-African relationship goes back to pre-Islamic times, as evidenced by the centers and commercial stations along the east coast of Africa. In the early days of Islam, Muslims took refuge in Ethiopia in East Africa. Then, numerous Arab-Moslem countries emerged in several parts of the continent. Today, almost two thirds of Arabs live in Africa, and nearly half of Africans are Muslims. These point to the depth, strength and the importance of the relationship between Arab countries and Africa. For example, Egypt is one of the oldest states known to mankind, and the whole continent is proud of its old civilization; and the word "Africa" meant originally for the Romans the region that includes Tunisia, part of western Libya, and part of eastern Algeria, which are presently all Arab. Thus, the Arab-African relationship is old, strong and deeply rooted in history, although it needs today more support and strengthening.
3. During the sixties and seventies of the 20th century, and in the wake of regaining decision power on territories and riches, Arab countries established national and regional development institutions, including the Islamic

Development Bank and the OPEC Fund for International Development (OFID) with the bulk of their capital contributed by Arab countries. These institutions have enabled the Arab countries, starting in 1973, to participate in financing development plans in various regions of the world, especially in Africa. Furthermore, they initiated in 1975 the coordination of their operations to avoid duplication, to enhance development aid effectiveness, and to help aid recipients achieve the desired development goals more effectively.

4. A World Bank study's, entitled "Arab Development Assistance: Four Decades of Cooperation", published in June 2010 shows that the Arab countries' contribution to international development during the period between 1973-2008 accounted for about 13% of the total assistance provided by the Organization of Economic Cooperation and Development (OECD) countries, representing about 1.5% of the Gross National Income (GNI) of Arab donors, compared with a percentage of 0.3% provided by industrial countries with 0.7% as the United Nations target. Arab aid as a percentage of GNI fell down following the event of the international financial and economic crisis. However, it continued to be one of the highest percentages in the world compared to national income. Many countries in the world have benefited from Arab development assistance, especially poor countries in Africa, including Mali, Mauritania, Senegal, Somalia, Sudan, as well as other poor countries in the Asian continent, including in particular Bangladesh, Cambodia, Nepal, Sri Lanka, Tajikistan and Vietnam.
5. African countries have been given high priority by Arab donors since the Arab financial institutions commenced development operations and became active in this field. The aid allocated to African countries increased steadily, and always represented a basic element in the relationship between Arab countries and African countries. These countries received more than half of the financing provided by Arab institutions, whereas, the Arab Asian countries received only 10% of total financing.
6. During the period between 1973- 2012, the national and regional Arab institutions contributed to financing 3,770 development projects in African countries. These various projects covered different economic and social sectors. The total value of the financing provided was about \$60 billion. This represents about 51% of the total financing allocated by the Arab institutions during that period amounting to about \$118 billion. The Arab African

countries including Comoros, Somalia, Djibouti, Sudan and Mauritania received around \$43 billion, equivalent to 71% of the total financing, whereas sub-Saharan countries received \$17 billion, equivalent to 29% of the total financing. Around 25% of the financing was allocated to development projects in transportation and communication, 23% allocated to electricity and energy projects, 14% to agricultural projects, 9% to drinking water projects, 8% allocated to industrial and mining projects and about 19% allocated to other projects.

7. Undoubtedly, the new climate in the Arab and African countries will determine the context of our future knowledge, size of our financing, and our ability to speed up development and deliver its benefits to various segments of people in different regions within countries. The Arab and African worlds have entered a period of immense and deep changes, accompanied with higher people's higher aspirations, calling for changes in development priorities to meet emerging challenges. This will require us as Arab national and regional financing institutions to review our operations, identify new priorities that respond to changing conditions and assess the size of financing required for the coming decades. The uprisings and revolutions in Arab and African countries have highlighted urgent demands that require quick solutions, most importantly, creating more job opportunities, diversified sources of income for young people, especially the educated youth, in addition to reducing social disparities and restoring equalities in wealth distribution and sharing the development benefits among different segments of society and geographical areas, in addition to enforcement of institutional authority and law at all levels. Adequate attention must be paid to these demands in order to contribute effectively to the development of all Arab and African countries.

8. Until the beginning of this century, there was a prevailing view in the world indicating that the Arab and African regions are lagging behind Southeast Asia, Latin America and Eastern Europe, hence motivating the influential British magazine "The Economist" to entitle its cover page of 11 May 2000 issue "Hopeless Africa". The same magazine published on 4 July 2002 issue a special report on the Arab World entitled "Arab Development: Self-doomed to failure". This was the perception, despite the fact that the two regions had made significant progress and growth over the four decades following independence from Europe. Both regions achieved significant increase in per capita income, with improvement in the living conditions of many of their

people, a significant increase in the level of education, and the acquisition of broad professional experiences, in addition to major reforms in institutions and organizations and infrastructure, in response to social aspirations. The magazine's negative outlook was based on a comparison between the situation of the Arab and African countries on the one hand, and the situation of the rest of the world on the other hand. The gloomy perception originated in the observation of widely spread corruption, non-obedience to the rule of law, and absence of freedom in most African and Arab countries.

9. In the last few years, the world has radically changed its view about the Arab and African countries, especially since the beginning of 2011. New expressions appeared in the world media pointing to the "Hopeful Continent", as in the Economist magazine issued on 3 December 2011 and Thomson Reuters report for 2013, and to "Africa's Turn" as it appeared in articles published by the Foreign Affairs magazine in September 2013. During 2011, most analysts and journalists in the world spoke at length about the "Arab Spring", which some believe that it represents a new and important phase in the history of the entire world, not only because the people of the region demonstrated their determination, and their ability, to change their condition, their relation with governments, and with people around the world. In addition to what these events have revealed, the people of the region, especially the youth, are strongly demanding freedom, justice, democracy, progress and prosperity. They are eager to be in tune with the rest of the world.

10. All analysts also recognize the importance of the available resources and capabilities in the Arab and African countries. The Arab world's resources of oil and gas, phosphates, iron and many other minerals have always been known to everyone. Media and analysts around the world ascertain that Africa is also a rich and promising continent. It holds about 10% of the proven world oil reserves, and discoveries are increasing every year. It also has about 10% of world reserves of water, about 8% of gas reserves, and about 6% of coal reserves, in addition to uranium, gold, other metals, fertile agricultural land, and a huge wealth of forests and livestock. Moreover, current Africa's population grew to about 1.1 billion people, compared with only about 270 million at the eve of independence in the 1960s. It is expected that the population of the continent will reach about 2.4 billion in 2050, compared with 1.1 billion in China and about 1.4 billion in India. This will make the African continent at that time the largest demographic group in the world, and the most

youthful, with abundant job opportunities and the largest consumption market. This explains the assessment that Africa is the continent of the future. In addition, the rate of economic growth in Africa over the past decade has been the highest, compared to other continents, and many African countries have made significant structural reforms to their political, economic, educational and social systems. Many predict that the Arab countries will witness a similar development in the coming few years, after the end of the current phase of political and social transition.

11. The Arab-African countries face today major challenges that cannot be neglected or underestimated. The first of these challenges is that some of the obstacles which hindered development in the past are still lingering, including in particular mismanagement of companies and government agencies, lack of transparency, spread of nepotism and corruption, poor infrastructure, weak entrepreneurship and innovation, weakness of interaction between neighboring economies and people's disappointment over their daily living conditions. It became evident during the Arab uprisings that popular demands for justice, dignity, freedom, provision of job opportunities for young people, achieving fairness and justice in wealth and income distribution and establishing the rule of law in all areas are no longer subject to stall and delay, but have intensified to the extent that they pose a threat to the survival of the countries themselves. I think these current demands must be constantly present in the minds of all governments in Arab countries and international financing institutions when designing development strategies, and making decisions on the implementation of projects and the drawing up of plans and financing policies.
12. The Arab financing institutions have learned a great deal from their experiences in Africa and other parts of the world. The most important lessons learned is the need to respect the independence of countries in defining their goals, identifying their priorities, and selecting projects. They are more efficient, more competent, and better qualified than any team of experts coming from abroad. Apart from the countries' independence, in deciding their priorities, it has been very important to ensure compliance with the rules of full transparency in projects implementation. All national and regional financing Arab institutions were keen to adopt these rules. The financing institutions also learned from their experience of financing development projects around the world that the most important factors for the success of development plans in poor countries is the speed of response to countries'

needs, good coordination of development operations, and continuous consultation with the recipients in order to ensure that projects will achieve the desired economic and social goals.

13. Based on field evaluation conducted by Arab financing institutions, it succeeded in achieving several key objectives of development plans. The most important indicators of success, included the fight against poverty, provision of drinking water for large numbers of the people, improving the living conditions of vulnerable groups and strengthening of infrastructure in most countries. The number of beneficiaries from the projects funded by the Arab institutions exceeded 200 million in the energy sector, 50 million for drinking water, 40 million in irrigation and agricultural development, and tens of millions in the transport, communications, health and education sectors.

14. I believe, development priorities in the Arab and African countries should focus, in the coming decades, on clear and achievable objectives. I would like to mention, in particular, the following:
 - Investing in infrastructure and public utilities that presently hinder the development process in all countries;
 - Connecting networks of roads, electricity, telecommunications and rail throughout the entire Arab and African regions in order to facilitate the integration of the region, to expand countries' markets, to expand intraregional trade, and to facilitate the movement of labor and capital;
 - Developing trade between African and Arab countries require financing commercial operations, reduction of restrictions that impede trade, as well as supporting the private sector;
 - Promoting Arab-African cooperation through joint studies, organizing seminars and conferences, and the exchange of expertise and consultation;

15. The primary role of the Arab and regional financing institutions should be to focus on achieving these goals, providing funding, mobilizing all available resources to accomplish them.

16. In conclusion, we notice today that the most powerful countries in the world and the largest global regional economic blocs are racing to strengthen their relation with the African countries and the Arab World. This is indicative of the extent of the promising development prospects in those regions.

Development will progress rapidly when youth capabilities of the two regions are mobilized, and the political, economic, social and financial reforms are completed. In addition, the relations between Arabs and Africans in basic sectors such as water, energy, food, and infrastructures must be strengthened. Senegal President Macky Sall said at the end of his conversation with the American magazine Foreign Affairs in September/October 2013: ***“I am very optimistic, because I am aware that Africa today has every chance to catch up. Africa has a young population, natural resources, and, now, democracy. Africa is stable, democratic, and secure, and its natural resources are better managed thanks to transparency in the extractive industries. For investors, Africa provides a faster and more exciting return on investment, because everything remains to be done -- infrastructure, energy, and development. Development has gone around the world, to Europe, to America, to Asia. It’s Africa’s turn now”***. These words apply equally to both African and Arab countries. Let us work together to ensure a stronger cooperation, more joint ventures, and a better common future.

**Contribution of Arab National and Regional Development
Institutions in Financing Development in Africa
(1973- 2012)**

Region	Number of Projects	Development Assistance (US \$ Billions)	Percentage from Total Assistance (%)
North Africa	1,015	32.4	54.2
West Africa	1,400	12.3	20.6
East Africa	1,004	12.1	20.2
Central Africa	255	2.3	3.8
South Africa	98	0.7	1.2
Total	3,772	59.8	100.0

**Sectoral Contribution of Arab National and Regional Development
Institutions in Financing Development in Africa
(1973- 2012)**

Sector	Total Assistance (US \$ Billions)	Percentage from Total Assistance
Transportations and Communications	15.2	25.4
Energy	13.8	23.1
Water	5.6	9.3
Agriculture	8.6	14.4
Industry and Mineral	5.0	8.4
Other Activities	11.6	19.4
	59.8	100.0