"Role of the Coordination Group (CG) in Financing for Development"
I. Overview

i. Development Cooperation Model

ii. Modalities and Financing

iii. IDB Group Financing

iv. Partnerships, Global Initiatives and New Financing Mechanisms
• **Abu Dhabi Fund for Development (ADFD)**
  - Established: 15 July 1971 (Financing US$ 17.5 Billion)
  - Supports economic and social development in developing countries

• **Arab Bank for Economic Development in Africa (BADEA)**
  - Established: March 1975 (Financing US$ 4.5 Billion)
  - Supports economic and social development in African countries

• **Arab Fund for Economic and Social Development (AFESD)**
  - Established: 1974 (Financing US$ 30.4 Billion)
  - Supports economic and social development through financing public, private investments and capacity development

• **Arab Gulf Program for United Nations Development (AGFUND)**
  - Established: 1980 (Financing US$ 318 Million)
  - Supports Poverty eradication focusing on the support of vulnerable groups, skill development and small medium and micro Enterprises

• **Arab Monetary Fund (AMF)**
  - Established: 1976 (Financing US$ 8.2 Billion)
  - Supports Arab economic integration and Budgetary support for accelerating economic development
Coordination Group Institutions (2/2)

- **Islamic Development Bank Group (IsDB Group)**
  - Established: 15 July 1975 (Financing US$ 100 Billion)
  - Finance Projects, Capacity Dev., Trade, Private Sector/PPP and Insurance

- **Kuwait Fund for Arab Economic Development (KFAED)**
  - Established: December 1961 (Financing US$ 18.2 Billion)
  - Finance Project, Technical assistance, guarantees, and Contributing to capital stocks of international and regional DFIs

- **OPEC Fund for International Development (OFID)**
  - Established: 1976 (Financing US$ 14.7 Billion)
  - Finance public and private Sector project, Trade and capacity development

- **Qatar Development Fund (QDF)**
  - Established Recently
  - Programs are under Preparation

- **Saudi Fund for Development (SFD)**
  - Established: 1974 (Financing US$ 32 Billion)
  - Finance socio-economic development in Asia and Africa
Key Features of Development Cooperation of CG

- Over 17000 Operations
- Financing Project, TAs, Trade, Equities, Budget/BoP Support
- Over $235 billions committed
- 50 Years History of Development Partnership
- Working in over 100 countries
- Committed to cooperation & Best practices
- Public & Private Sectors and Public-private Partnerships
Coordination Group Mechanism and Modalities

Coordination Mechanism:
- Donor Coordination Forum established in 1970s
- Biannual Meetings - Head Operations
  - Co-financing opportunities
  - Operational and Strategic Matters
- Annual Meeting - Heads of Institutions on Strategic and Policy Issues
- Secretariat for Coordination

Operational Modalities:
- Harmonization of Procedures and Practices
- Demand Driven financing
- Enhancing Development Effectiveness
- Contribute to International Initiatives

Financing:
- $235 billion of Cumulative Dev. Financing (Nov. 2014)
- $15 billion Annual Financing in 2013 (inc. Trade)
- Over $100 Million of Annual Grants
CG Approvals by Region and Sectors

- **Arab Countries**: 59%
- **Asia**: 24%
- **Africa**: 15%
- **Others**: 1%

- **Sectors**
  - **Transport**: 23%
  - **Energy**: 28%
  - **Health & Education**: 21%
  - **Industry**: 8%
  - **Agriculture**: 11%
  - **Water & Sanitation**: 9%
<table>
<thead>
<tr>
<th><strong>Group Cumulative Approvals:</strong></th>
<th>US$ 100.7 Billion</th>
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<tbody>
<tr>
<td>OCR - Project Financing:</td>
<td>US$ 42 Billion</td>
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<tr>
<td>ITFO/EFS -Trade Financing:</td>
<td>US$ 29.4 Billion</td>
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<tr>
<td>ITFC -Trade Financing</td>
<td>US$ 23.4 Billion</td>
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<td>ICD- Private Sector Financing</td>
<td>US$ 2.3 billion</td>
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<td>APIF+UIF Funds:</td>
<td>US$ 2.6 Billion</td>
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<tr>
<td>Special Assistance Operations:</td>
<td>US$ 0.4 Billion</td>
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IDBG Approvals by Regions and Sectors

### Approvals by Sub-Regions (US$ Million)

<table>
<thead>
<tr>
<th>Region</th>
<th>Value</th>
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<tbody>
<tr>
<td>SSA-22</td>
<td>13,707</td>
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<tr>
<td>MENA-19</td>
<td>49,710</td>
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<tr>
<td>ASIA-8</td>
<td>30,854</td>
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<tr>
<td>CIT-7</td>
<td>5,799</td>
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</tbody>
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### Sectoral Distributions

<table>
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<tr>
<th>Sector</th>
<th>Distribution</th>
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<tbody>
<tr>
<td>Agriculture</td>
<td>7%</td>
</tr>
<tr>
<td>Energy</td>
<td>28%</td>
</tr>
<tr>
<td>Trade</td>
<td>27%</td>
</tr>
<tr>
<td>Finance</td>
<td>11%</td>
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<tr>
<td>Trade, Real Estate</td>
<td>0%</td>
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<tr>
<td>Health</td>
<td>2%</td>
</tr>
<tr>
<td>Industry and Mining</td>
<td>5%</td>
</tr>
<tr>
<td>ICT</td>
<td>1%</td>
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<tr>
<td>Social Services</td>
<td>0%</td>
</tr>
<tr>
<td>Urban Services</td>
<td>5%</td>
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<tr>
<td>Education</td>
<td>4%</td>
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<tr>
<td>SSA</td>
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<td>MENA</td>
<td>-</td>
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Approvals by Sub-Regions (US$ Million):

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Approvals by Regions:

- SSA:
- MENA:
- ASIA:
- CIT:
Deauville Partnership

- Partnership between G8 and Arab Countries to support Transition Countries in MENA
- IDB allocated US$250 million in concessional financing for supporting development of SMEs sector and microfinance facilities
- IDB hosted Secretariat in 2012 - 2013

Flagships Programs:
- Integrated Community Driven Development (ICDD)
- Vocational Literacy Program (VOLIP)
- Micro-Finance Support Programme (MFSP)
- Millennium Village Project
- Bilingual Education
- Energy for Poor

Capital Committed:
US$ 2.68 Billion
- IDB US$ 1 Billion
- 44 MCs US$ 1 Billion

Target Capital: US$10 Billion
Launched on 29 May 2007

Dedicated facility to fight poverty
Financing Mechanisms for Social-Sectors (2/2)

**Triple-Win/Buy-Down Financing Mechanism:**
IDB and the Bill & Melinda Gates Foundation (BMGF) financed $227 Million Polio Eradication Program in Pakistan.

In 2014, establishment of a US$500 million **Global Buy-Down Facility** was established. BMGF enabled IDB to deploy up to US$2.5 billion of Ordinary financing to support critical social sector programs in low-income member countries.

**Global Partnership for Education (GPE):**
- US$500 million Fund for financing basic and primary education in low-income member countries.
- GPE committed to providing US$100 million Grant to cover costs associated with the financing.

**Education for Employment: Realizing Arab Youth Potential (E4E):**
- Joint initiative between IDB and IFC – World Bank Group
- US$35 million Planned Investment

**Arab Women Enterprise Development Fund:** $30 Million matched financing with UK-DFID
Financing Mechanisms for Infrastructure

A- IDB-ADB Islamic Infrastructure Fund (IIF)

Sponsor investors: Total Size $ 300 Million
- IDB (US$150 million) and
- ADB (US$100 million)

South-South East and Central Asia

Infrastructure Development:
- Public/PPP
- Mainly Middle Market

B) IDB-WB Group ‘Arab Financing Facility for Infrastructure (AFFI)’

- IDB, IFC and World Bank established Facility for Infrastructure
  - Facility will mobilize new resources up to US$1 billion
  - Support Infrastructure

C) IDB-Infrastructure Funds

IDB Infrastructure Fund (IIF):
- In 2001, IDB established first private equity Fund investment of US$ 730.50 million
- Support Infrastructure development in member countries
- Fund –I has been successfully completed
- Infrastructure Fund-II has been Launched in 2014 – US$ 750 Million
Framework for New IDB Group 10 Years Strategy

IDBG Vision

**Inclusiveness:**
Become a preferred partner for MCs economic and social development

**Connectivity:**
A strong catalyst for South-South cooperation

**IFS Growth:**
The leading reference in Islamic Finance

**Strategic Pillars:**
- Economic and social infrastructure
- Private Sector Development
- Inclusive Social Development
- Cooperation between Member Countries
- Islamic Financial Sector Development

**Guiding Principles:**
- Selectivity
- Resource Mobilization
- Manage for Result
- Financial Sustainability
- Group Synergy
- Build Capabilities in Strategic Pillars
- Link Strategy to Budget & Resources

1 Capacity development is integrated in each strategic pillar
Suggestions for New Financing Framework for SDGs

Modalities

Shared Responsibilities for Partner Countries and International Development Financing Community for Increasing and making better use of available Financial Resource for Development:

- Strengthening Tax Administration
- Better Governance & management of Development Programs
- Efficient use of Natural Resources
- Curbing Illicit Financial Flows
- Productive use of Remittances

Country Level

Domestic Resources Complemented by International Financing

- Strengthen Existing & Develop New Partnership (Emerging Donors)
- Philanthropy/Wealth Funds
- Establish New Trust Funds
- Greater Role of Private-sector in development
- Islamic Finance Instruments (SUKUK, Zakat/AWqaf)
- PPP for Revenue Generating Projects
- Remittances/Diaspora Resources

- IDB Mobilized 10 Billion through SUKUK for development financing
Working with over 100 Partners world-wide

Multilateral/Bilateral/International Institutions

Islamic Finance-Economy

Economic Development Cooperation
Engagement in Global Initiatives

• Annual High Level Dialogue Between the Arab and OECD-DAC Donors:
  • Discuss Critical/Emerging Issues and Development Agenda

• GPEDC and UN-DCF:
  • Members of the Steering Committee of the GPEDC
  • Jointly participated in Busan and Mexico HL Form on Development Effectiveness
  • Mainstreaming Key Principles in Operational Activities
  • Joint CG Report on Development Effectiveness

• Enhanced Partnerships with the Traditional and Emerging Donors:
  • Greater Coordination and Harmonization
  • Co-financing Activities
  • Sharing of Experiences and Knowledge
Successful Implementation of the SDGs will hence depend on availability of Financial Resources:

- Limited scope for substantial increase in ODA, Domestic Resources and Non-ODA financing, hence:
  - Better management of available financial resources
  - Comprehensive development cooperation mechanism
  - Country Owned and Driven development approach
  - Effective use of Human and Natural Resources
  - More inclusiveness development process
  - More Equitable Globalization

- Focus on critical Binding Constraints:
  - Improve human resource and access to social services
  - Build Economic and Social Infrastructure
  - Overcoming barriers for trade, private sector and FDIs
  - Greater access to finance
  - Institutional Capacity for sustaining development
Thank You!