

Contributions of the Arab Fund for Economic and Social Development in satisfying Arab development needs and achieving SDGs

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For nearly fifty years, the Arab Fund has been devoting its efforts to meeting the economic and social development needs of its member countries. Its activities have catalyzed the progress of Arab countries in achieving several Sustainable Development Goals (SDGs) for more than four decades, well before the arrival of the United Nations document in 2015, specifying the 17 SDGs to be met by the year 2030. The Fund has contributed both directly and indirectly to achieving these goals by financing public and private development investment projects through concessional loans, covering various economic and social activities and providing grants and institutional support to member states.

Since the start of its financing operations in 1974 until the end of March 2023, the Arab Fund has granted 710 loans, amounting to approximately US\$ 36,983m. The Fund also

provided grants amounting to about US\$ 852.7m, in addition to grants and aid for the Urgent Programme to Support the Palestinian People or general grants amounting to approximately US\$ 720m. Arab Fund grants were made to all Arab countries, either directly or through joint projects, and comprised public sector grants, joint Arab action grants, and grants directed to non-government organizations.

People and society

The Arab Fund has been actively helping Arab countries to achieve the goals and objectives of the first six SDGs. To combat poverty, the Fund has financed 90 loans, amounting to around US\$ 3.05 bn, that were concentrated in social development projects, rural development, public works, small and micro projects that generate job opportunities, social welfare programmes, integrated and inclusive development,



Merowe Dam on the River Nile in northern Sudan

Image: ESCWA website

The Merowe Dam project in northern Sudan

Among the most important of the Arab Fund's projects is the Merowe Dam on the River Nile in northern Sudan. Storing approximately 12.5 billion m³ of water, the dam was built to irrigate about 300,000 ha of agricultural land and to protect the surrounding areas from the danger of flood. Financed with around US\$ 339m, this project supported the reclamation and delivery of water to large agricultural areas and enabled the establishment of a hydroelectric station with a capacity of 1,250 MW annually, producing about 5,500 GWh of power.

Another significant project which targeted several SDG objectives including ending hunger, creating employment opportunities and supporting climate action, is the integrated agricultural development project in the south of the Kasserine governorate in the Republic of Tunisia. Funded during 2022, the project aims to create balanced regional development and improve the living conditions of approximately 192,000 residents through improved and sustainable use of land, development of agricultural and natural resources and better infrastructure, as well as the establishment of income generating projects and support for women in rural areas.

and social housing projects. Among the most important projects, is the integrated development project in Tunisia, whereby the Fund's contribution was directed to finance small projects to combat unemployment, alleviate poverty, and provide job opportunities and services. The number of these projects, both private and public reached about 20,000 distributed over more than 200 delegations, starting with the poorest, the most unemployed, and the least developed. The projects included private individual projects for small farmers, engineers, craftsmen, holders of higher degrees as well as vocational training, to provide them with job and income opportunities, in addition to public service projects, which amounted to about 1,200, including various sectors such as drinking water, sanitation, public lighting, roads, industrial zones, health, and cultural and sports facilities.

The Fund has also actively engaged in efforts to eliminate hunger by focusing on the agricultural sector, which serves as the main source of food and employment for the population in most Arab countries, and has offered 102 loans — representing about 11 per cent of the total number of loans — contributing to the financing of 35 dams in six Arab countries, making it possible to regulate surface water resources, recharge groundwater basins and irrigate about 3 million ha of land. The Fund also contributed to financing the rehabilitation of old irrigated agricultural areas and providing new agricultural areas with regular irrigation systems, resulting in the addition of 400,000 ha to the areas covered by regular irrigation and the rehabilitation of irrigated lands estimated at 800,000 ha.

Serving health and education goals, the Fund granted 18 loans worth around US\$ 970m to finance the construction of hospitals for treatment and educational purposes and centres to combat infectious diseases, and to support efforts to combat COVID-19, as well as providing 17 loans worth around US\$ 769m, which contributed to covering the costs of establishing and equipping colleges and universities

and supporting the development of basic and secondary education by building schools, developing curricula, and enhancing educational services in many Arab countries¹.

The Fund has also supported gender equality by providing 33 grants amounting to around US\$ 7.2m, directed to empowering women and girls by financing the activities of organizations aimed at rehabilitating and training women for work in handicrafts and laboratories as well as providing funding for orphanages, care of blind women, elderly women, providing educational facilities for girls, maternal health centres and dormitories for female students.

Ensuring the availability and sustainable management of water and sanitation has also been a major focal point of the Fund's development interventions, especially given the location of most Arab countries, classified among the most water-poor in the world, within the arid and semi-arid desert regions. The Fund has provided 157 loans, which constituted about 16 per cent of the total number of loans and contributed effectively to financing drinking water and sanitation projects in the Arab countries. Projects included financing water storage dams, with a total capacity of about 32 billion m³, providing about 2 billion m³ of water annually for drinking, industry, and services, and drilling wells and platforms for pumping, transporting and storing water in countries such as Egypt, Sudan, Morocco, Tunisia, Mauritania, Djibouti and Lebanon².

Prosperity and economic development

Achieving prosperity and encouraging economic development in the Arab region is a focal area of the Arab Fund's objectives, relating to SDGs 8 to 12. The Fund granted member states 47 loans worth around US\$ 2.1 bn to finance small and medium enterprises, investment activities of the private sector and the activities of the manufacturing and service public sectors, achieving growth and providing job opportunities. This includes the agricultural credit project in Morocco that contributed to improving the conditions and elements of agricultural work and providing job and income opportunities in rural Morocco, the rural roads and water project in Yemen, and the rural development project in Idlib governorate, Syria. The Fund also contributes with 18 Arab countries to the capital of the "Special Account for Financing Small and Medium Projects", which is managed by the Fund, with 49 total loans provided as of the close of 2022, with a

The Primary Education project, Tunisia

The Arab Fund contributed to financing the Primary Education project in Tunisia, with around US\$ 163m, which supported the construction of some 50 new schools in various parts of the country, and the expansion of about 2,000 existing schools through the construction of additional classrooms and offices for principals and other facilities. In a drive to support inclusive, high-quality educational opportunities, the project also funded the maintenance and rehabilitation of classrooms and facilities in about 800 schools, as well as the provision of furniture, school equipment, computers, digital equipment and accessories for about 500 schools.



Images: Tunisian Ministry of Education



Project supporting primary education in Tunisia

total value of US\$ 1,591m, which financed 100,000 projects in 12 Arab countries that contributed to providing or maintaining about 480,000 job opportunities.

Furthermore, the Arab Fund financed the industry, innovation and infrastructure sector in the Arab countries with about 100 loans with a total value of around US\$ 2.1 bn, which included the construction of new factories and the rehabilitation of existing factories for the public and private sectors, the financing of infrastructure for new industrial zones and cities, and financing the establishment and development of telecommunications and fibre optic networks in the Arab countries³.

To reduce inequalities within and between Arab countries, the Arab Fund provided 24 direct and indirect loans amounting to around US\$ 1.6 bn that financed rural development projects, integrated development programmes, social development funds, and social housing projects, including the housing project in Lebanon, a project in Djibouti, two projects in Oman, and a housing project in Algeria, all aimed at improving the living conditions of the vulnerable social groups and finding sources of income for them. Furthermore, to serve the goal of promoting sustainable cities and communities, the Fund provided 170 loans to member states, including financing the construction and paving of roads, building bridges, ports, airports, railways, and urban development projects, at a total cost of around US\$ 1 bn. Among

the most important projects are those for urban development in Yemen, such as financing the new Sana'a airport, developing the basic infrastructure of the city of Sana'a, and another to expand the roads linking the city to Hodeidah, in addition to financing the Sana'a-Taiz road. Accordingly, the Arab Fund had the largest role in the development of Sana'a as a capital that is populated by about 3 million people.

To promote sustainable, safe consumption and production systems in the Arab countries, the Arab Fund contributed to providing 25 loans worth around US\$ 987, allocated to finance projects for establishing and developing commodity warehouses, fish preservation and processing markets and ports to facilitate the import and export of consumer goods and marine fishing, as well as storage projects such as that in the Abu Rawash industrial area in Egypt, which aims to increase refrigerated storage of foodstuffs.

The planet and the environment

Covering SDGs 7, 13, 14 and 15, the promotion of environmental sustainability in the Arab region serves as one of the Arab Fund's main objectives. The Fund launched its Green Projects Programme in 2022 to support the efforts of Arab countries in facing environmentally-induced challenges and to transform them into green economies by stimulating projects that limit environmental degradation and carbon emissions, encouraging the establishment of new green projects as well

as supporting existing ones. This is achieved through providing loans at reduced interest rates, offering grants for the preparation of studies and designs, supporting institutional capacities and financing innovative small green projects for which an amount of around US\$ 3.26m has been allocated for the first pilot phase (2023–2024). This renewed programme is part of the Fund’s developmental interventions, within the framework of continuing to implement its medium-term strategy for 2021–2024, which approved the encouragement and adoption of green and environmentally friendly projects in member states, to contribute to preserving the environment and reducing carbon emissions and thus limiting the effects of climate change. The Fund aims to increase its financing of green projects from 20 to 30 per cent by 2030.

The Bahr El Baqar project, Egypt

The Bahr El Baqar Project is one of the largest and most important of its kind, with the Arab Fund’s contribution amounting to around US\$ 473m. The aim is to develop the Sinai Peninsula by transporting the polluted waters of Bahr El Baqar from west to east of the Suez Canal and treating it to provide 5 million m³ per day of treated water suitable for irrigating 300,000 feddans* for the production of agricultural crops and livestock breeding.

Another initiative is the sewage project at the Al-Rahawi Drain, west of Giza, with a contribution from the Arab Fund amounting to around US\$ 147m, and serving approximately 3.5m citizens.

*1 feddan is equal to 4,200m²

Overall, the Arab Fund provided 18 loans amounting to around US\$ 919m to contribute to taking the necessary measures to combat climate change and its devastating effects on life by regulating gas emissions and promoting developments in the field of renewable energy. It also provided 17 grants supporting climate action, amounting to around US\$ 8.5m. These loans and grants were directed to contribute to the reduction of heat emissions, the atmospheric monitoring of climate change, support for the definition of climate, financing of conferences discussing environmental issues and the impact of climate change in member states, and contributing to funding adaptation programmes for climate change in marginal areas, combating drought and desertification, and supporting seismic monitoring stations and crops in saline regions. The Fund also contributed to financing projects that mitigate global warming levels, such as for power plants using renewable sources and environmental sanitation projects. Among such projects is the seismic risk mitigation project, which aims to monitor and follow-up seismic activities, to the benefit of Algeria, Iraq, Jordan, Morocco, Syria, Tunisia and Yemen.

The Arab Fund has financed projects for the generation, transmission and distribution of electric power by providing 168 loans for the energy and electricity sector, and contributed to financing the construction of some 53 generation stations using various types of fuel, in 17 Arab countries, with a continuous increase in the financing of power generation in the combined cycle system that operates mainly on natural gas and hydroelectric power plants, in addition to the power plants that use renewable energy sources such as wind farms, solar plants and power plants that use geothermal



Bahr El Baqar Project, Egypt



Images: Arab Republic of Egypt Presidency website

water. Specifically, the Fund contributed to the financing of several stations that use renewable energies, including a solar power plant in Mauritania's capital, Nouakchott, as well as two loans to establish wind power plants, one in the Bulanwar region and the other in Nouakchott. Additionally, a loan was given to Djibouti to construct a power generation plant benefiting from geothermal water, and a loan to finance a pumping and storage station in Morocco which is able to store and use electric energy during peak hours — the first of

Transport infrastructure projects in Morocco and Tunisia

The Tunis-Jelma Highway project was set up to develop land transport services on the main axes of the road network in Tunisia, absorb the increasing traffic on them, reduce traffic accidents, and contribute to supporting economic and social development in the country's interior states. Additionally, the Tangier-Casablanca high-speed train project contributed to improving the connection of urban areas and supporting economic and social development in the regions northwest of Morocco, developing land transport services, and meeting the growing demand for passenger rail transport.

In the field of maritime transport, the Tangier Med II port project in the Kingdom of Morocco, funded by the Arab Fund with two loans amounting to about US\$ 326m, is one of the most important projects to have contributed to meeting the growing demand for maritime transport and making the Tangier Med port the largest for the movement of containers, goods and people in the region.

its kind in the Arab region. Furthermore, the Fund provided 34 loans to support and develop transmission and distribution networks, control centres and rural electricity at a cost of about US\$ 2.7bn, as well as financing electrical interconnection projects between Arab countries at a cost of around US\$ 839m, which contributed to the electrical connection between most of the Arab countries, and constituted about 7.4 per cent of the Fund's total financing for the electrical network sector in the Arab countries.

To preserve marine life as well as wildlife, the Fund granted 10 loans at a value of around US\$ 1.6bn, allocated for developing fisheries and marine fishing, supporting fish farming, and developing several berths and ports for marine fishing, including the fishing port project in the Wilayat of Dibba, Oman. Moreover, the Fund financed 7 projects with loans amounting to about US\$ 163m, dedicated to combating the effects of drought and agricultural pests, developing oases, supporting agricultural research in dry areas, establishing public gardens and parks, improving agricultural production systems and preserving agricultural resources. This project aims to combat the effects of drought in Morocco and mitigate the impact on living conditions by providing water and agricultural production facilities and medicines and fodder for livestock.

Peace and partnerships

The Arab Fund has always actively engaged in promoting peace and partnerships in the Arab region — SDGs 16, and 17. Specifically, the Fund has provided six loans at a value of around US\$ 386.6m, along with 72 grants worth about US\$ 65.9m directed towards supporting education, health,



Image: Meer.com

Tangier Med II port project, Kingdom of Morocco

water, shelter in refugee camps, emergency relief, demining programmes, institutional activities, community peace, combating corruption and violence, and meeting the urgent need for the reconstruction of infrastructure damaged by conflict. In 2006, to mitigate the effects of conflict damage in Lebanon, the Fund granted a loan for reconstruction, especially in the water, sanitation, transportation, electricity and other infrastructure sectors, as well as a loan to assist the same sectors for damages outside the capital.

Arab and international partnership in sustainable development issues remains an integral component of the Arab Fund's development agenda, which welcomes cooperation and partnership with regional and international financing and development institutions in co-financing large investment projects in Arab countries. The Arab Fund's commitment will remain strong in mobilising resources and expertise for member states. The Fund is keen to strengthen national, regional and international development partnerships and to bolster the partnership between Arab countries collectively or within the framework of regional organizations, as evidenced by the financing of joint projects in electric power, roads, communications and others. The Fund also undertakes coordination among 11 Arab funds for financing development in the Arab countries, and coordinates with international financing institutions to contribute to meeting the financing needs of large development projects in the Arab region. Among the joint Arab projects to which

The Urgent Programme for the Support of the People in Palestine

The Fund manages the "Urgent Programme for the Support of the Palestinian People" with a cumulative total of the Fund's contributions. This includes supporting the infrastructure of Jerusalem, amounting to around US\$ 711m, which has left tangible effects, through paving about 1,500 km of modern roads including those in rural agricultural areas; the rehabilitation and operation of 175 artesian wells; the reconstruction of about 8,000 private and public buildings; the reclamation of about 9,000 dunums of agricultural land to protect it from confiscation; the repair and reconstruction of 12,000 houses damaged by ongoing conflict; the construction of 155 km of potable water networks in poorer areas; and connecting 32 village councils to electric and solar power networks. Additionally, the Programme has helped renovate some 55 schools accommodating 22,000 male and female students, as well as to build and equip 18 university buildings and support lending programmes for about 50,000 university students.

The Programme also included the establishment of industrial areas for small craftsmen, the provision of support for about 400 industrial workshops that have been rehabilitated and equipped, and the provision of soft loans to approximately 2,600 farmers to develop agricultural projects. Moreover, the Programme has contributed to the construction, equipment and provision of medicines and medical devices to about 120 governmental and private medical centres, in addition to the reconstruction and rehabilitation of historical buildings to preserve cultural heritage, the restoration work covering about 600 buildings in Jerusalem, Nablus, Hebron and the country's rural centre.

Distribution of the Arab Fund loans and projects by SDG

Note that certain projects have been classified into more than one goal because of their contribution to several SDGs

		Distribution of Arab Fund Loans by SDGs	Distribution of Arab Fund Grants by SDGs
	No Poverty	90	57
	Zero Hunger	102	101
	Good Health and Well-Being	18	127
	Quality Education	17	277
	Gender Equality	—	34
	Clean Water and Sanitation	157	64
	Affordable and Clean Energy	168	62
	Decent Work and Economic Growth	47	137
	Industry, Innovation and Infrastructure	100	77
	Reduced Inequalities	24	87
	Sustainable Cities and Communities	170	90
	Responsible Consumption and Production	25	21
	Climate Action	18	19
	Life Below Water	10	11
	Life on Land	7	87
	Peace, Justice and Strong Institutions	6	73
	Partnerships for the Goals	5	117

the Fund contributed financing is the Arab telecommunications project and electrical interconnection projects between the Arab countries, forging major partnership links.

Looking forward

Consistent with the SDGs, the Arab Fund's interventions over the past five decades, whether through loans or grants, have contributed to supporting economic and social development in various Arab countries, covering all sectors and benefiting many residents of the region. Since 2015, the Fund has taken on the responsibility of supporting the Arab countries in their efforts to achieve the SDGs, considering them the compass upon which its 2021–2024 strategic plan is based, and by giving priority to projects that contribute to achieving the goals. The Fund looks forward to the concerted efforts of all parties to achieve the SDGs at the national, regional, and international levels, and it will remain a positive and active partner in this path.