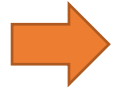


# “Role of the Coordination Group (CG) in Financing for Development”

**Inter-Governmental Meeting (IGM) Finance for Development**

(Amman 7-8 April 2015)

# Sequence



## **I. Overview**

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i. Development Cooperation Model

ii. Modalities and Financing

iii. IDB Group Financing

iv. Partnerships, Global Initiatives and New Financing Mechanisms

# Coordination Group Institutions (1/2)



- **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



# 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

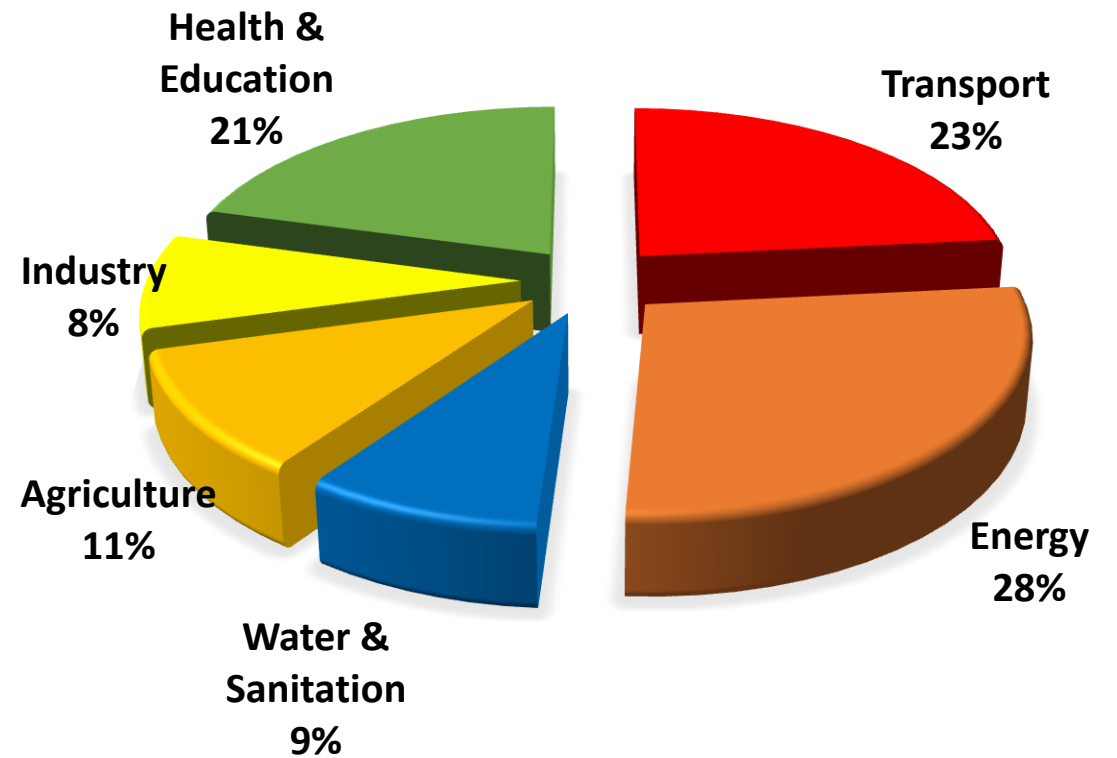
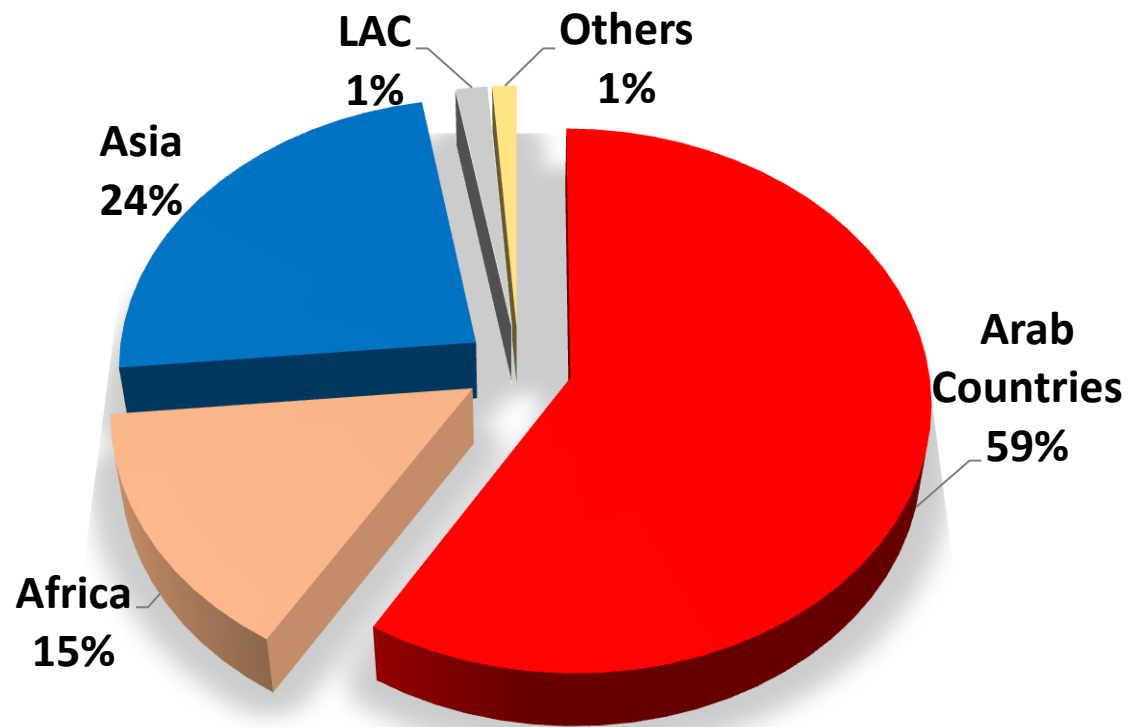
## Operational Modalities:

- 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



# IDB Group and Financing



Islamic Corporation  
for the  
Development of the  
Private Sector

**1999**



Islamic  
Corporation for  
Insurance of  
Investments and  
Export Credits

**1994**



Islamic Research  
and Training  
Institute

**1981**



International  
Islamic Trade  
Finance  
Corporation

**2008**

①

**Group Cumulative Approvals:**

US\$ 100.7 Billion

②

**OCR - Project Financing:**

US\$ 42 Billion

③

**ITFO/EFS -Trade Financing:**

US\$ 29.4 Billion

④

**ITFC -Trade Financing**

US\$ 23.4 Billion

⑤

**ICD- Private Sector Financing**

US\$ 2.3 billion

⑥

**APIF+UIF Funds:**

US\$ 2.6 Billion

⑦

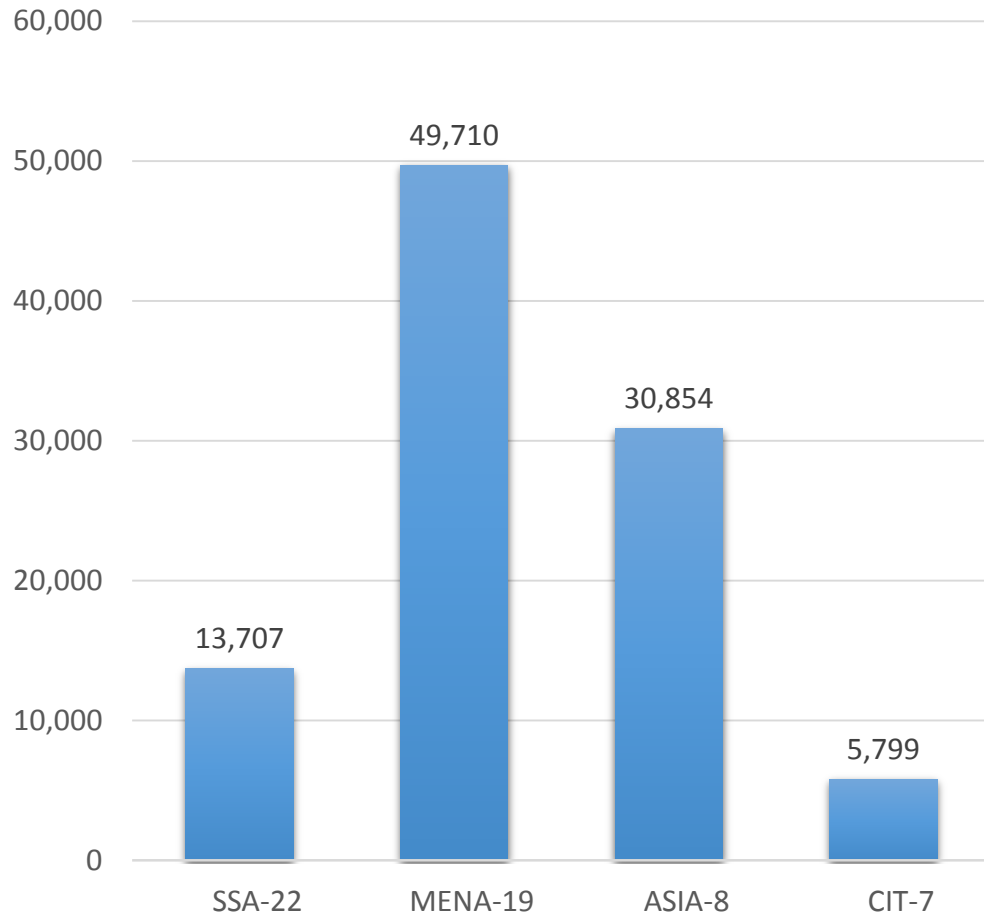
**Special Assistance Operations:**

US\$ 0.4 Billion

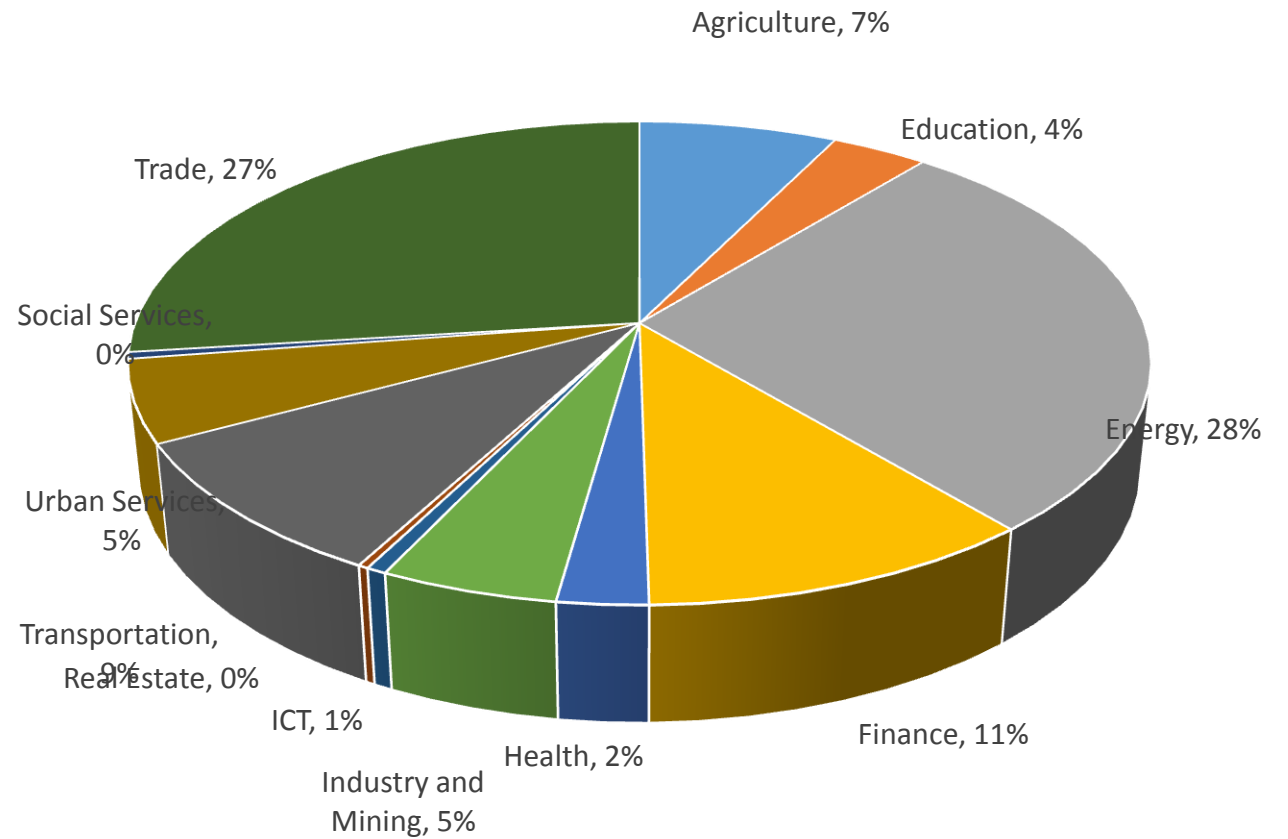


# IDBG Approvals by Regions and Sectors

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



## Sectoral Distributions



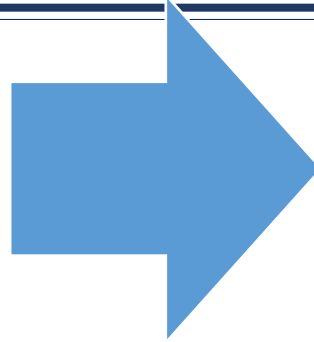
# Financing Mechanisms for Social-Sectors (1/2)



Dedicated facility to fight poverty

**Target Capital:** US\$10 Billion

Launched on 29 May 2007



**Capital Committed:**

**US\$ 2.68 Billion**

- IDB US\$ 1 Billion

- 44 MCs US\$ 1 Billion

## Flagships Programs:

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



## 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

# 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. It enable IDB to deploy up to US\$2.5 billion of Ordinary financing to support critical social sector programs in low-income member countries.

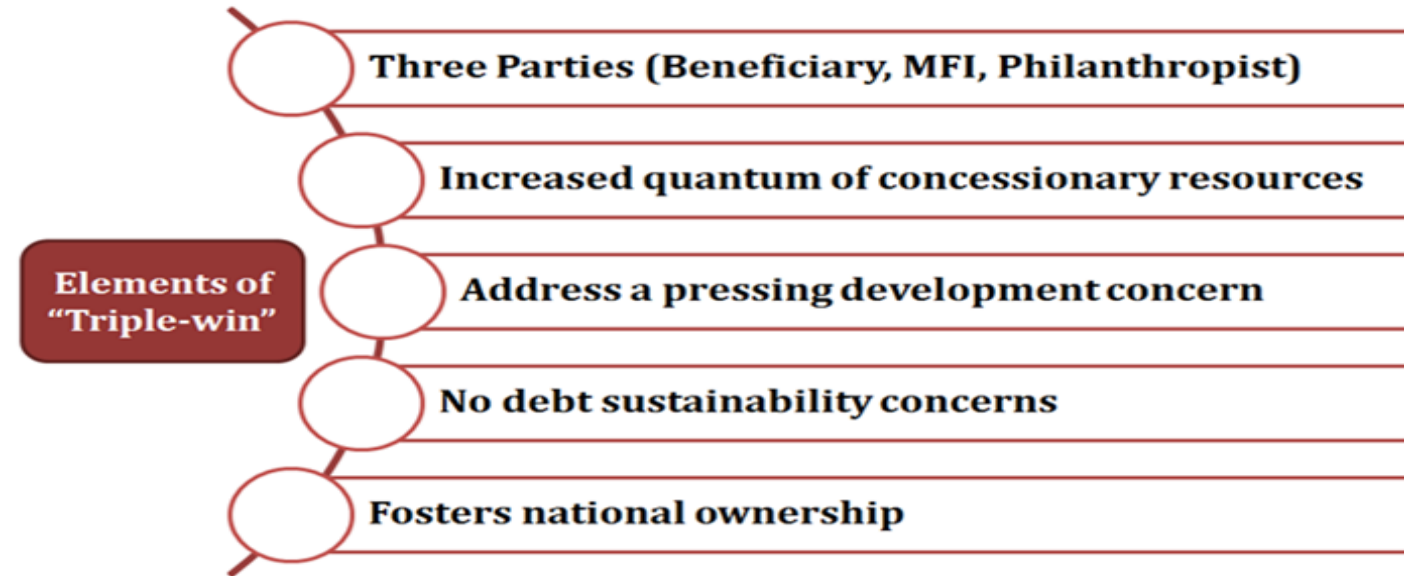
## **Global Partnership for Education (GPE) :**

- 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)'

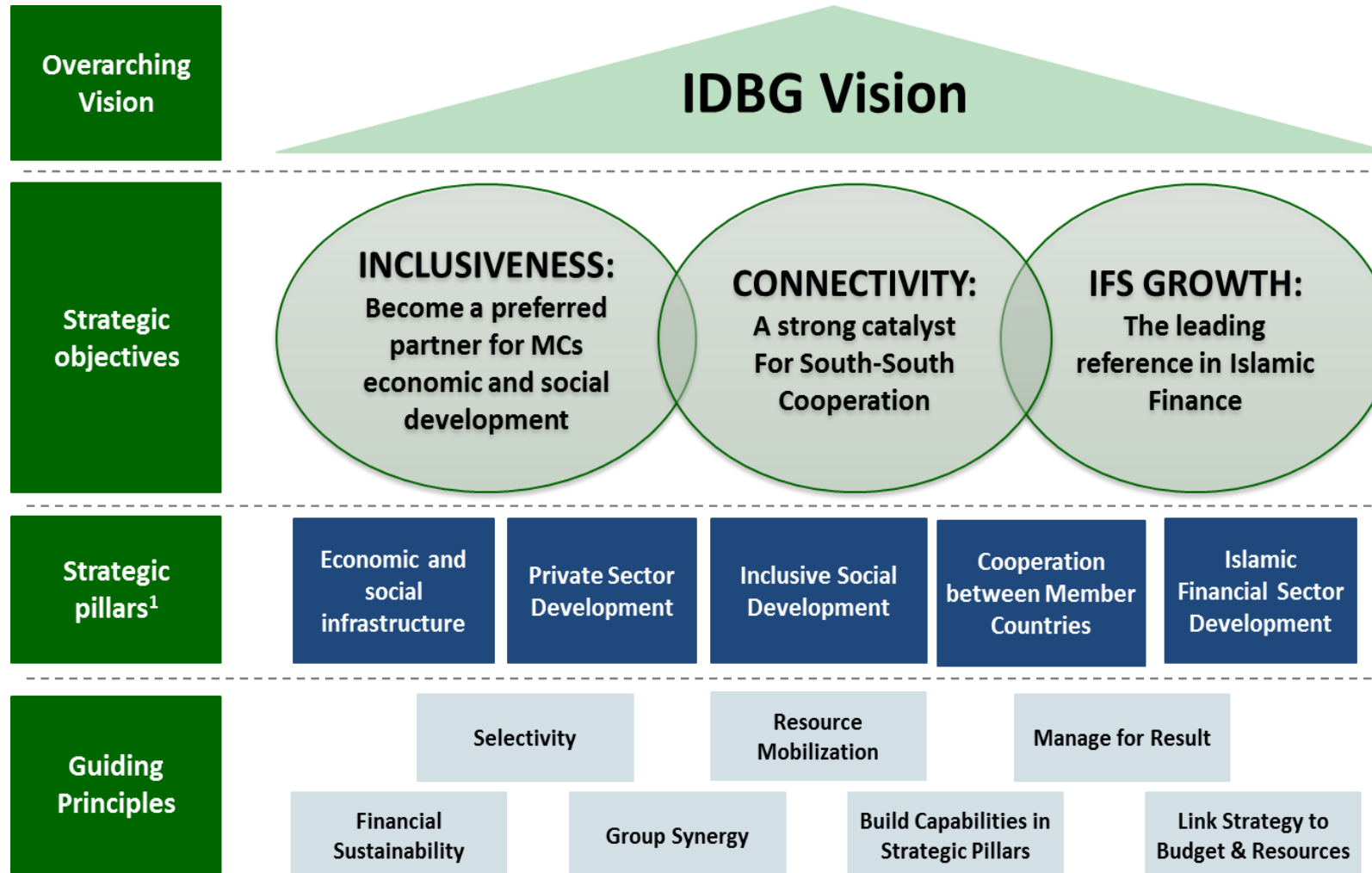
- **IDB, IFC and World Bank established Facility for Infrastructure**
  - Facility will mobilize new resources up to US\$1 billion
  - Support Infrastructure

## 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



<sup>1</sup> 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



# 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





# Implementation of SDGs- CGIs Views

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## **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

