

DEVELOPMENT EFFECTIVENESS REPORT

# Five Decades of Impact

1974 — 2025

Driving Sustainable Development  
for a Prosperous Arab Future



الصندوق العربي للإنماء الاقتصادي والاجتماعي  
ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT



## Opening Message from the Director General

It gives me great pleasure to present the Arab Fund for Economic and Social Development's first Development Effectiveness Report, an important milestone that reflects our enduring commitment to transparency, accountability, and the achievement of measurable development outcomes. For more than five decades, the Arab Fund has worked in close partnership with its member countries to advance sustainable economic and social development, strengthen resilience, and improve the quality of life for millions across the Arab world.

Since the commencement of its operations in 1974 and until 2025, the Arab Fund has approved 727 loans totaling KWD 11.47 billion (USD 37.28 billion), supporting more than 618 major development projects across 18 Arab countries. In addition, the Fund has extended 1,367 grants valued at KWD 278.5 million (USD 905.13 million), supporting institutional strengthening, human capital development, and emergency response initiatives.

The outcomes highlighted in this report demonstrate the tangible and transformative impact of our interventions across key sectors, including water security and renewable energy, transport infrastructure, and improved access to quality health and education services. A central pillar of our mandate remains our sustained support for the Palestinian people, reflected in the Urgent Program to Support the Palestinian People, which has exceeded KWD 255.5 million (USD 830.4 million). This program has contributed to strengthening essential infrastructure, preserving cultural heritage, and sustaining vital social and financial services under exceptionally challenging conditions.

Looking ahead, the Arab Fund remains firmly committed to supporting its member countries in addressing evolving regional and global challenges, including climate change, water scarcity, energy transition, and economic diversification. This report not only documents five decades of development impact, but also reinforces our commitment to continuously improving how results are measured, managed, and amplified.

I would like to express my sincere appreciation to our member countries for their valuable trust, to our development partners for their continued cooperation, and to our dedicated staff for their professionalism and commitment. I would also like to extend deep gratitude to the distinguished founder of the Arab Fund and a leading figure in Arab development, Mr. Abdellatif Youssef Al-Hamad, as well as to my predecessor, Mr. Bader Mohamed Al-Saad, for their invaluable contributions to the institution's enduring mission.

Together, we will continue advancing toward a more prosperous and resilient Arab region.



**H.E. Mr. Fawzi Yousef Alhunaif**

Director General and Chairman of the Board of Directors  
Arab Fund for Economic and Social Development

## Executive Summary

Over the past five decades, the Arab Fund for Economic and Social Development (AFESD) has played a pivotal role in advancing sustainable development across the Arab region. Since commencing operations in 1974, the Fund has approved 727 loans totaling KWD 11.47 billion (USD 37.28 billion) and 1,367 grants amounting to KWD 278.5 million (USD 905.13 million), financing more than 618 major development projects in 18 Arab countries. These interventions have generated sustained and measurable contributions to economic infrastructure, social services, food security, and institutional capacity building.

### Strategic Alignment with the Arab Region's Development Priorities

AFESD's financing portfolio demonstrates strong alignment with the the United Nations Sustainable Development Goals (SDGs), particularly those reflecting the region's most pressing development challenges. Resource allocation has been strategically directed toward high-impact sectors with significant development multipliers and long-term structural relevance.

According to the latest SDG mapping, 22.5% of loan value is aligned with SDG 7 (Energy), 20.5% with SDG 11 (Cities/Transport), and 17.3% with SDG 6 (Water and Sanitation). AFESD also contributes to SDG 2 (Zero Hunger) (7.9%), SDG 1 (No Poverty) (6.8%), and SDG 8 (Decent Work & Economic Growth) (4.1%).

- ❖ SDG 7: Affordable and Clean Energy (22.5%), supporting energy security, renewable generation, and regional power interconnections;
- ❖ SDG 11: Sustainable Cities and Communities (20.5%), enhancing mobility, trade facilitation, and urban resilience;
- ❖ SDG 6: Clean Water and Sanitation (17.3%), addressing acute water scarcity through dams, desalination, wastewater treatment, reuse, and distribution networks;
- ❖ SDG 2: Zero Hunger (7.9%), strengthening irrigation systems, rural livelihoods, and climate resilience;
- ❖ SDG 1: No Poverty (6.8%);
- ❖ SDG 8: Decent Work and Economic Growth (4.1%).

Through this targeted approach, AFESD has emerged as a key contributor to SDGs 7, 11, 6, 2, 1, and 8, which remain among the most challenging goals across the Arab region.

### Demonstrated Results through Flagship Investments

This report highlights a range of flagship projects that clearly translate financing into tangible development outcomes. Notable examples include:

- ❖ The Bahr El-Baqar Wastewater Treatment Plant (Egypt), delivering 5 million m<sup>3</sup>/day of treated water to support large-scale agricultural expansion and pollution reduction, with AFESD contributing KWD 145 million;
- ❖ The Boulenouar Wind Farm (Mauritania): The project involves the establishment of a 100 MW wind farm, which will be connected to the 225 kV transmission line currently under construction between Nouadhibou and Nouakchott, with the AFESD contributing KWD 35 million;
- ❖ A series of regional power interconnection and transport corridor projects, which have strengthened regional integration, reduced costs, and improved market access.

### **Sustained Engagement in Fragile and Crisis-Affected Contexts**

AFESD has maintained a long-standing and consistent presence in fragile and crisis-affected environments. The Urgent Program to Support the Palestinian People, with cumulative allocations exceeding KWD 255.5 million (USD 830.4 million), represents one of the Fund's longest-running and most comprehensive development commitments. Investments spanning roads, water, electricity, health, education, agriculture, and heritage preservation have reinforced resilience and service delivery under exceptionally challenging conditions. In parallel, AFESD has provided targeted humanitarian grants in response to droughts, earthquakes, conflicts, and other natural disasters across the region, mainly in Lebanon, Libya, Morocco, Sudan, Syria and Yemen.

### **Strengthening Human Capital and Institutional Capacity**

In addition to physical infrastructure, AFESD has placed strong emphasis on human capital development, SME support, knowledge generation, and institutional strengthening to enhance long-term development effectiveness. Key initiatives and supported institutions include:

- ❖ The Badir Fund, which has supported more than 50,000 SMEs, mobilized approximately KWD 138.4 million (USD 450 million), and sustained over 120,000 jobs;
- ❖ Knowledge Transfer and Institutional Capacity Support through the Arab Fund Fellowship Program, the Economic Research Forum (ERF), the Arab Planning Institute (API), and the Arab Institute for Training and Research in Statistics (AITRS).

By supporting these institutions, the Arab Fund strengthened evidence-based policymaking, enhanced statistical capacity, and promoted private-sector participation across member countries.

### **Advancing a More Explicit Development Effectiveness Framework**

This 2025 report marks a significant transition toward a more structured and evidence-based articulation of development results. It introduces clearer SDG mapping, expanded use of indicators, and the initial application of ex-ante impact assessment tools. This shift lays a strong foundation for enhancing monitoring, evaluation, and learning, while improving transparency and communication of the Fund's development value added to stakeholders.

### **Looking Ahead: Opportunities to Deepen Impact**

While AFESD's portfolio remains strongly aligned with core infrastructure and development priorities, the findings highlight opportunities to further strengthen impact in emerging and cross-cutting areas, including:

- ❖ Climate adaptation and resilience measurement;
- ❖ Digital transformation and skills development;
- ❖ Private sector mobilization and blended finance instruments;
- ❖ More explicit tracking of social inclusion, gender, and institutional outcomes.

Taken together, the findings confirm AFESD's sustainable development relevance and its significant contribution to regional progress over the past five decades. They also underscore the Fund's strong foundation for further enhancing effectiveness, deepening impact, and strengthening its strategic role in supporting sustainable development across the Arab region in the years ahead.

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Throughout this report, an exchange rate of KWD 1 = USD 3.25 has been used.

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# The Arab Fund for Economic and Social Development

The Arab Fund for Economic and Social Development (AFESD) plays a central role in advancing development across the Arab region. Over five decades, the Fund has evolved into one of the most influential regional development finance institutions, supporting large-scale infrastructure, economic resilience, private sector development, and social services.

## AFESD Mandate

AFESD's mandate, as articulated in its founding agreement, is to promote economic and social development in Arab countries through the financing of development projects, technical assistance, and support for regional cooperation. The Fund finances projects in infrastructure, productive sectors, and social services while encouraging coordination and integration among Arab economies.

Quantitatively, AFESD's mandate is reflected in its cumulative approvals: 727 loans totaling KWD 11.47 billion (USD 37.28 billion) have financed more than 618 projects across 18 Arab countries. Through 1,367 grants valued at KWD 278.5 million (USD 905.13 million), AFESD has strengthened institutional capacity, funded feasibility studies, and financed emergency support programs, including a special allocation of KWD 255.5 million (USD 830.38 million) for Palestine.

## Business Model

AFESD's business model combines concessional sovereign lending, grants, emergency support, and regional integration programs. The Fund emphasizes long-term partnerships, predictable financing, and catalytic investments. AFESD co-finances large-scale regional infrastructures such as electricity interconnections and transport corridors while also supporting national investments in water security, energy systems, agriculture, health, and education.

The Fund's model is increasingly multisectoral, integrating climate resilience, SDG alignment, private sector development, and institutional strengthening. Badir, AFESD's regional SME initiative, expands financial inclusion and supports more than 50,000 SMEs across 12 countries.

## Regional Development Context

The Arab region faces persistent development constraints, including water scarcity, energy insecurity, rapid urbanization, food system vulnerabilities, demographic pressures, and climate risks. Many Arab countries rank among the most water-stressed globally. Agricultural productivity remains below potential, while energy systems face rising demand and volatility. Conflict-affected countries experience weakened institutions and damaged infrastructure.

AFESD's financing responds to these structural challenges by prioritizing sectors with the greatest development multipliers: water, energy, transport, and agriculture. The Fund's regional integration agenda contributes to more resilient cross-border infrastructure and economic cooperation.

## SDG Diagnostic

AFESD's portfolio aligns strongly with United Nations Sustainable Development Goals (SDGs) that reflect the region's most significant development gaps. Based on the latest SDG mapping, 22.5% of loan value is aligned with SDG 7 (Energy), 20.5% with SDG 11 (Cities/Transport), and 17.3% with SDG 6 (Water and Sanitation). AFESD also contributes to SDG 2 (Zero Hunger) (7.9%), SDG 1 (No Poverty) (6.8%), and SDG 8 (Decent Work and Economic Growth) (4.1%).

These quantitative results demonstrate AFESD's alignment with national development plans and regional priorities. The Fund's contribution to SDG progress is reflected in expanded energy access, improved water systems, upgraded transport corridors, enhanced agricultural productivity, and job creation through SME support.

# Portfolio Overview and SDG Contributions

## PORTFOLIO EVOLUTION

Since the commencement of its operations in **1974**, AFESD has approved

**727** loans totaling **KWD 11.47 billion**,

representing support for **more than**

**618** development projects across **18** Arab countries.

Over the same period, the Fund has also approved

**1,367** grants valued at **KWD 278.5 million**,

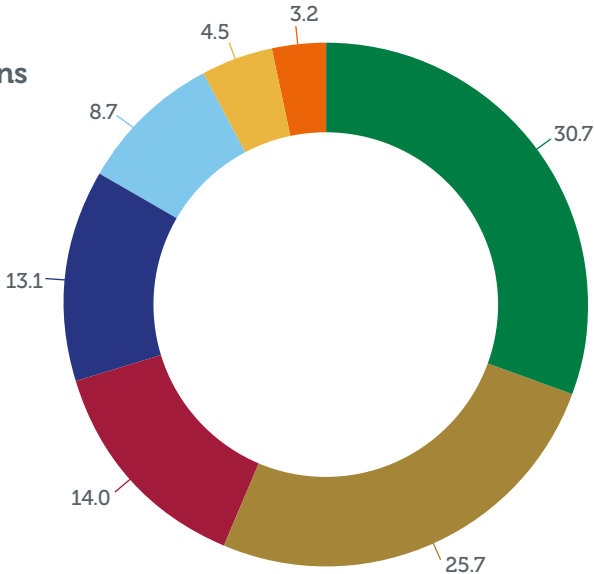
supporting feasibility studies, capacity development, institutional strengthening, and emergency response.

The cumulative portfolio reflects AFESD’s commitment to long-term cooperation and development impact across the Arab world. Lending volumes grew steadily over five decades, maintaining strong focus on water, energy, agriculture, and transport. These are sectors most critical to regional development and SDG achievement.

## SECTOR ALLOCATION

**Cumulative Sector Distribution of AFESD Loans**  
Share of Loan Portfolio by Sector (%)

- Electricity & Energy
- Transportation and Telecommunication
- Water and Sanitation
- Agriculture, Irrigation and Rural Development
- Education, Health and Housing
- Industry and Mining
- Other Sectors



Energy, transport, and water comprise approximately 70 percent of AFESD’s historical financing, reflecting the centrality of these sectors to the Arab region’s economic stability and sustainable growth.

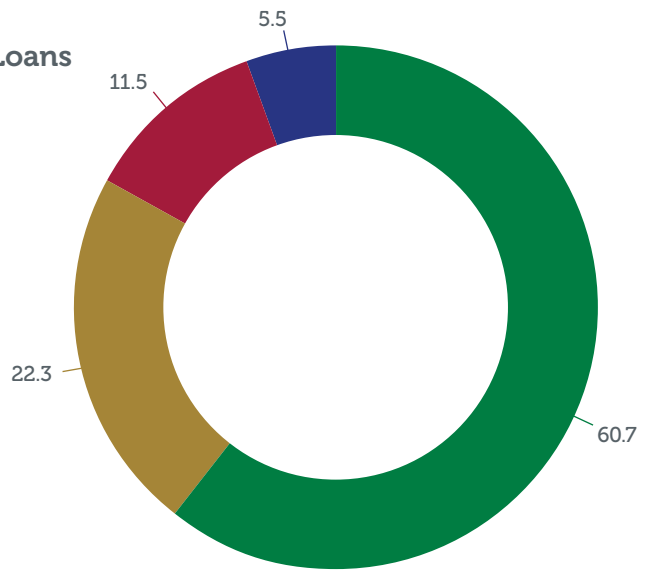
## COUNTRY DISTRIBUTION

### Cumulative Sector Distribution of AFESD Loans

*Lending Distribution by Country Group (%)*

- Lower-Middle Income Countries
- Low Income Countries
- High Income Countries
- Upper-Middle Income Countries

AFESD’s allocation pattern reflects both development needs and absorptive capacity. Lower-income members receive a higher share of concessional resources, while middle-income countries absorb larger infrastructure loans requiring more robust implementation systems.



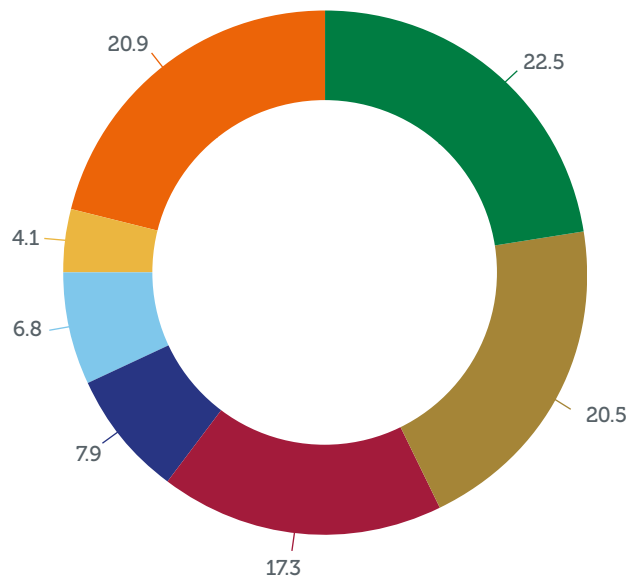
## SDG MAPPING

### Cumulative Sector Distribution of AFESD Loans

*Share of loan value by SDG (%)*

- SDG 7 – Affordable & Clean Energy
- SDG 11 – Sustainable Cities & Communities
- SDG 6 – Clean Water & Sanitation
- SDG 2 – Zero Hunger
- SDG 1 – No Poverty
- SDG 8 – Decent Work and Economic Growth
- Other SDGs

The SDG profile demonstrates that AFESD’s financing is strongly aligned with the Arab region’s priorities, particularly water security, energy access, climate resilience, and urban infrastructure. The portfolio’s SDG alignment reflects the Fund’s strategic orientation toward high-impact sectors.



### Recent Portfolio Trends (2022 – 2025)

Between 2022 and 2025, AFESD lending increasingly emphasized climate resilience, renewable energy, urban mobility improvements, and food system support. Investments in water desalination, wastewater reuse, and irrigation modernization expanded significantly in response to regional drought and water stress. Support for electricity interconnection projects increased, strengthening regional energy markets and reliability.

Grant financing during this period supported institutional strengthening, digital transformation, economic research, and SDG data systems. SME support expanded substantially through the Badir Fund, reflecting the growing role of private sector development in the Fund’s strategy.

# 50 Years of The Arab Fund

1974-2025

## 1974

Commencement of Operations.

First multipurpose loan to Yemen with a value of KWD 3.2 million to support water supply, electricity networks, transportation, and develop the Khalaf Port in Mukalla, and expanding the Mukalla road/port infrastructure.

First loan to African country (Tunisia) of KWD 2 million to finance the South Tunis power generation plant project.

Launch of Arab Fund's technical Assistance Program, with Sudan as the first beneficiary country, revitalizing its agriculture sector.



Photo: iStock/Khaled Ladjimi

## 1985

Financing the first phase of the Oasis Development Project in Mauritania with a loan of KWD 3.4 million to improve agricultural productivity, combat desertification and protect the environment. Between 1994 and 2024, the project received three loans amounting to KWD 14.4 million to continue its expansion and development.



Photo: Alamy/Ozimgares

1990

1980

## 1975

Cumulative loan commitments KWD 93.2 million.

## 1972

First meeting of the Board of Governors.

## 1971

The General Secretariat of the Arab League declares the agreement of establishing the Arab Fund effective.



## 1968

Establishment of the Arab Fund to support economic and social development across the Arab member countries.

## 1985

Cumulative loan commitments KWD 727.0 million.

## 1995

Cumulative loan commitments KWD 2.379 billion.

## 1983

Financing the Damascus/Al-Sanamein/Jordanian Border Road Project with a loan of KWD 9 million, to increase connectivity between the two countries.



Photo: iStock/Joel Carillet

1997

Launch of Arab Fund's private sector financing operations through offering expertise and technical assistance.

2001

Launch of the Urgent Program to support the Palestinian people through strengthening basic infrastructure services and promoting sustainable development.

2005

Cumulative loan commitments KWD 5.248 billion.

2018

Financing Egypt's Bahr El-Baqar Wastewater Treatment Plant, one of the world's largest water treatment projects, with KWD 70 million. The project helped enhance agricultural productivity through treating 5 million cubic meters of water daily and irrigating more than 160,000 hectares of land. In 2019, the Arab Fund provided another KWD 75 million, bringing the total investment to KWD 145 million, one of the largest financed projects by the Fund.



Photo: Arab Fund

2025

Cumulative loan commitments KWD 11.47 billion.

2015

Cumulative loan commitments KWD 9.064 billion.

2020

2020  
Covid-19 Response Package amounting to KWD 173.65 million in loans and grants to provide financial and in-kind assistance to Arab countries in response to the pandemic. The package also included facilitation measures such as the deferment of installment repayments and interest due on all outstanding loans to member countries.

2000

2010

2009

Establishment of Badir Fund for Developing Small and Medium Enterprises, a special account managed by the Arab Fund to finance small businesses across the region.

2022

Launch of the Abdlatif Y. Al-Hamad Development Award in the Arab Region, to promote sustainable development, innovation and collaboration between Arab financial institutions.

2010

First Allocation of an urgent financing amounting to KWD 14.4 million to support the resilience of the Palestinian people in Jerusalem, which then received another KWD 15.25 million in 2016, bringing the total allocated over both years to KWD 29.65 million.

Financing the first phase of Morocco's Tangier Med II Port project, one of the largest ports in the Mediterranean and Africa, with KWD 50 million. This flagship project enhanced Morocco's role as a global logistics hub linking Africa with Europe and global markets. Another KWD 50 million was provided in 2013 to finance the second phase of the project.



Photo: Flickr/mustapha-emmaimi

# The Abdlatif Y. Al-Hamad Development Award



## Brief Biography of Mr. Abdlatif Y. Al-Hamad

The name Abdlatif Y. Al-Hamad has become synonymous with joint Arab development and economic efforts. As the previous Director General/ Chairman of the Board of Directors of the Arab Fund, he was one of the leading pioneers of his generation in this area over the last six decades. His remarkable record has placed him in the forefront as one of the founders of Arab economic development.

As one of Kuwait's most dedicated men, Mr. Al-Hamad is a leader in local and Arab development work, the chair and member of the board of several national and international financial institutions, and the main founder in the establishment of several Joint Arab Development institutions. His successful career extends over several decades.

The Award is given to the best economic and social development project in the Arab world, either partially or fully funded by a member of the Arab Coordination Group, while giving priority to joint Arab projects.

## The Arab Fund's Vision with respect to the Award

To promote, distinguish and highlight successful development projects that have either led to solving existing problems, or contributed to enhancing the economic and social capacities in the Arab world, while also bringing awareness to such projects, in order to make them an inspiration to promote creativity, better management, more efficient construction and maximization of expected benefits of projects.

The Award aims to:

- ❖ Highlight the importance of Arab Development Projects, in particular joint ones;
- ❖ Enhance the quality of the selection, evaluation, and execution of development projects in the Arab world;
- ❖ Encourage Arab and international investment in development projects, whether they are economic or social;
- ❖ Spread the experience gained from successful development projects among individuals, Arab authorities, and Arab institutions working in the field of economic and social development.



## WINNING PROJECTS

### 📍 Bahrain, 2024

#### *The Expansion of Bahrain International Airport, Kingdom of Bahrain*

The Award Judging Committee selected The Expansion of Bahrain International Airport project in the Kingdom of Bahrain, submitted by the Abu Dhabi Fund for Development, based on the following attributes:

- ❖ Its significant developmental impact, particularly in supporting the diversification of Bahrain's economy;
- ❖ Its role in enhancing Bahrain's strategic position as a regional hub for international air transport;
- ❖ The notable increase in the number of airlines and passengers utilizing the airport's services;
- ❖ The substantial rise in revenue generated by the airport's operating company, which reached approximately USD 250 million in 2024.



Photo: Alamy/Boaz Rottem

### 📍 Egypt, 2023

#### *Bahr El-Baqar Wastewater Treatment Plant, Arab Republic of Egypt*

The Bahr El-Baqar Wastewater Treatment Plant, in the Arab Republic of Egypt, submitted by the Kuwait Fund for Arab Economic Development, was selected as the winning project for 2023. The Award Judging Committee determined that the project was the best among the nominees, based on the following attributes:

- ❖ Its scale and role in transforming polluted water, through a massive treatment facility, into water suitable for irrigating more than 330,000 acres;
- ❖ The creation of over 40,000 direct and indirect job opportunities;
- ❖ Its contribution to reducing the displacement of Sinai residents to the canal cities.

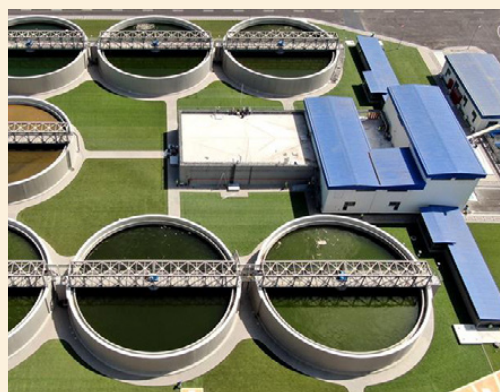


Photo: Arab Fund

### 📍 Egypt, 2022

#### *South Helwan Power Generating Project, Arab Republic of Egypt*

AFESD selected the South Helwan Power Generating Project, in the Arab Republic of Egypt, as the winner of the Abdlatif Y. Al-Hamad Development Award in the Arab World for 2022. The project was selected based on the following attributes:

- ❖ Its large scale, with a capacity of 1.95 GW.
- ❖ The participation of seven financial institutions and banks in financing the project, with a total cost of around USD 1.5 billion;
- ❖ The creation of over 4,500 job opportunities;
- ❖ Its contribution to covering approximately 7% of the total demand for electric energy on the Egyptian network;
- ❖ Its completion on time and at a cost approximately 45% below budget.



Photo: Arab Fund



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## Flagship Projects



### Part I

# Water and Agriculture

AFESD's water and agriculture operations address the most chronic structural challenge in the Arab region: acute water scarcity that limits economic diversification, food security, and human development. Projects in this cluster demonstrate how large-scale investments in water reuse, storage, and irrigation can deliver measurable and lasting development impact.

AFESD supports strategic water projects that expand supply, rehabilitate resources, and strengthen agricultural productivity. These investments increase resilience to climate shocks, reduce groundwater depletion, and create income opportunities for rural communities.

## Bahr El-Baqar Wastewater Treatment Plant

The establishment of the Bahr El-Baqar Wastewater Treatment Plant constitutes one of the main components of the Sinai Peninsula Development Program, aiming to contribute to the development of the peninsula by providing 5 million cubic meters per day of treated water suitable for irrigating approximately 330,000 feddans of agricultural land. The project supports the cultivation of suitable crops, the establishment of agro-industrial facilities, and livestock farms. It achieves this by conveying the polluted drainage water from west of the Suez Canal to its east, where it is treated for agricultural use. The project also aims to reduce pollution in Lake Manzala by preventing the discharge of a large portion of Bahr El-Baqar drainage water into the lake, thereby improving its water quality and restoring it as an important source of fish production.

The project consists of the construction of the Bahr El-Baqar Water Treatment Plant with a capacity of approximately 5 million cubic meters per day, as well as the establishment of a water conveyance route about 19 kilometers long and 100 meters wide, extending to the main pumping station responsible for transferring water from the west of the Suez Canal to its east. It also includes the construction of barrages, bridges, tunnels, and all other required civil and electromechanical works necessary for the efficient operation of the system.



**We're working to save two billion cubic meters that used to get wasted in the sea"**

— H.E. Abdel Fattah Al-Sisi, President of Egypt



Photos: Arab Fund



The Arab Fund contributed to financing the project through two loans totaling KWD 145 million (USD 471.25 million). The project represents a pioneering model of integrated development, combining environmental, agricultural, and economic dimensions. It directly supports the achievement of SDG 6 on clean water and sanitation by enhancing water resource management and promoting the efficient reuse of water. It also contributes to SDG 2, which focuses on ending hunger and promoting sustainable agriculture, by supporting agricultural development, increasing productivity, and improving livelihoods in rural areas, thereby strengthening food security and fostering economic and social development in the region. The project also contributes to achieving SDG 13 on climate action by improving water resource management and promoting environmental sustainability.

## Tunisia Multi-Dam Water Storage Program

The Arab Fund supported, for about thirty years, the Tunisian government's efforts in the development of water resources, their conveyance and use in the context of the northern water system, which is the main system providing surface water in the northern and central regions of the country, to cover the deficit in meeting water demand for municipal, industrial, touristic and agricultural uses, and provide water needs up to the 2030 horizon. The interventions of the Arab Fund focused on financing dam projects in the northern water system to regulate surface water resources and their conveyance to Grand Tunis, the coastal areas and the town of Sfax.

The Arab Fund has contributed to financing the implementation of plans developed by the Tunisian government to construct major dams aimed at regulating available surface water resources, estimated at about 2.7 billion cubic meters per year. This has been achieved by storing excess water during rainy seasons and using it for drinking and irrigation purposes. In this context, the Arab Fund has extended ten loans to Tunisia during the period 1992 to 2018, with a total net value of approximately KWD 214 million (USD 695.5 million).

The Sidi El Barrak Dam, the second largest in the country, is one of the most prominent dams co-financed by the Arab Fund in Tunisia through a loan of KWD 16.8 million (USD 54.6 million). The dam plays a vital role in supplying drinking and irrigation water to the regions of Bizerte and Greater Tunis, as well as to the coastal strip extending from the capital Tunis to Sousse and Sfax, thereby contributing to the economic and social development of these areas. The dam regulates approximately 188 million cubic meters of water annually, of which about 155 million cubic meters are allocated for drinking water to serve the population of the coastal regions stretching from Bizerte to Mahdia, around 13 million cubic meters are used for the irrigation of nearly 4,000 hectares of agricultural land, and about 20 million cubic meters are dedicated to replenishing the Ichkeul Lake.



Photo: iStock/Anna Shikina

Ichkeul Lake



Sidi El Barrak Dam

The El Kebir and El Maoula Dams in the Jendouba Governorate are also among the key projects financed by the Arab Fund, through a loan amounting to KWD 23.5 million (USD 76.4 million) provided in 2000. This project has contributed to regulating the waters of Oued El Kebir and providing about 51 million cubic meters of water annually, which is conveyed for drinking water use in the regions of Bizerte, Greater Tunis, Kairouan, Mahdia, Monastir, Nabeul, the Sahel, Sfax and Sousse. The project has also helped improve water quality in the Medjerda Canal and enhance the water supply for the populations of these areas.

Among the most important ongoing dam projects currently being financed by the Arab Fund is the Saïda and Kalaa Kébira Dams Project and the associated water conveyance facilities. The project aims to address the projected shortfall in meeting the drinking water needs of Greater Tunis, the Sahel, and Cap Bon, and to secure future water requirements up to the year 2030. It also seeks to reduce the existing deficit in meeting the drinking water demand in the Sfax Governorate by storing part of the water resources from the extreme northern region in the Saïda and Kalaa Kébira Dams and conveying them to water treatment plants.





# Flagship Projects



## Part II

# Energy

Energy security and affordability are foundational to economic growth and stability across the Arab region. AFESD's energy operations expand generation capacity, promote renewable energy adoption, and strengthen cross-border power integration. These projects highlight AFESD's catalytic role in building cleaner, more reliable, and interconnected energy systems.

AFESD finances a balanced mix of national and regional energy projects, including renewable generation and interconnection systems. These investments reduce costs, improve supply reliability, and lay the groundwork for future regional energy markets.

## Boulenouar Wind Farm

The Boulenouar Wind Power Project in Mauritania is one of the most strategic and pioneering projects in the field of renewable energy in the country. It aims to develop the sustainable energy sector and reduce reliance on conventional energy sources. The project is located in the Boulenouar area, near the city of Nouadhibou, and harnesses wind as a clean source of electricity, contributing to the generation of environmentally friendly and cost-effective energy that can be used locally in Mauritania or exported to Mali and Senegal through the existing and under-construction interconnection lines between the three countries. The project involves the establishment of a 100 MW wind farm, which will be connected to the 225 kV transmission line currently under construction between Nouadhibou and Nouakchott.



**The Boulenouar wind farm is one of the key components of the production fleet in Mauritania. Its availability is in the vicinity of 95%. It covers about 30% of Mauritania's total electricity consumption"**



— Mauritanian Electricity Company, 2025 Annual Report



Photo: AERA Group



The Boulenouar Wind Power Plant Project in Mauritania

The Arab Fund contributed to financing the project through a loan of KWD 35 million (USD 113.75 million) provided in 2016. This project integrates environmental, social, and economic dimensions by generating clean energy, supporting local development, and strengthening the national economy. It also directly contributes to achieving SDG 7, which focuses on clean, reliable, and accessible energy for all, by expanding the share of renewable energy, reducing reliance on fossil fuels, and promoting long-term environmental sustainability. In addition, the project supports SDG 13 on climate action by reducing carbon emissions and contributing to efforts to address climate change. The project also contributes to achieving SDG 8, which focuses on economic growth and decent work, by promoting local economic development and creating sustainable, high-quality job opportunities.

## Electrical Interconnection

The main benefit of electrical interconnection projects, between networks of different countries, lies in the reduction of the installed capacity in each network, which leads to the reduction in the capital investments needed to satisfy the country's peak demand, without having an adverse effect on the degree of security and reliability of these networks. Another benefit of electrical interconnection projects lies in the ability to construct power generating stations in the most economical locations, making use of the availability of surplus, low-cost, hard to export and/or store fuel located in one of the interconnected countries, and leading to a reduction in environmental pollution. Recognizing the above-mentioned benefits, a small number of Arab countries, as early as the 1950s, interconnected their electrical networks. However, since such interconnections had limited capacities to transport electrical energy, their use was limited to border exchanges, and to providing emergency support from one network to another.

### **The Arab Fund's Contribution Towards Covering the Cost of Electrical Interconnection Projects**

As early as 1983, the Arab Fund organized several conferences and workshops to urge decision makers in Arab countries to undertake such projects. In this respect, the Arab Fund provided 20 grants totaling around KWD 4 million (USD 13 million) to cover the cost of financing feasibility studies for interconnection projects, and studies needed to raise the operational and utilization efficiency of the interconnected networks. These studies led to the provision, by the Arab Fund, of 8 loans aimed at financing interconnection projects between the electrical networks of Egypt and Libya, Libya and Tunisia, Egypt and Jordan, and the Syrian grid with both the Jordanian and Lebanese grids. The Arab Fund also provided two additional loans, the first to cover the cost of the interconnection works, on the Egyptian side, of the Egypt-Saudi interconnection, and the second was approved to cover the cost of the interconnection works, on the Jordanian side, of the planned Jordan-Saudi interconnection. Moreover, in addition to financing electrical interconnection projects between Arab countries, the Arab Fund also participated in the financing of three electrical interconnection projects, one between the Syrian and Turkish networks, the second between the Moroccan and Spanish networks, and the third to interconnect the Mauritanian network to those of Mali and Senegal, through the provision of a total of 5 loans to Mauritania, Morocco and Syria, to cover a portion of the interconnection works in these countries.

Except for the Saudi-Egyptian interconnection project and the Saudi-Jordan interconnection project, all the other projects have entered into service.

The total contribution of the Arab Fund to the above-mentioned projects reached KWD 307.5 million (USD 1 billion), and covered around 25% of their total costs, which are estimated at KWD 1.23 billion (USD 4 billion). The Gulf countries also financed an interconnection project between their electrical grids at a cost of around KWD 330 million (USD 1.1 billion).

## THE ARAB FUND'S CONTRIBUTIONS TO ELECTRICAL INTERCONNECTION PROJECTS

### Inter-Arab Projects

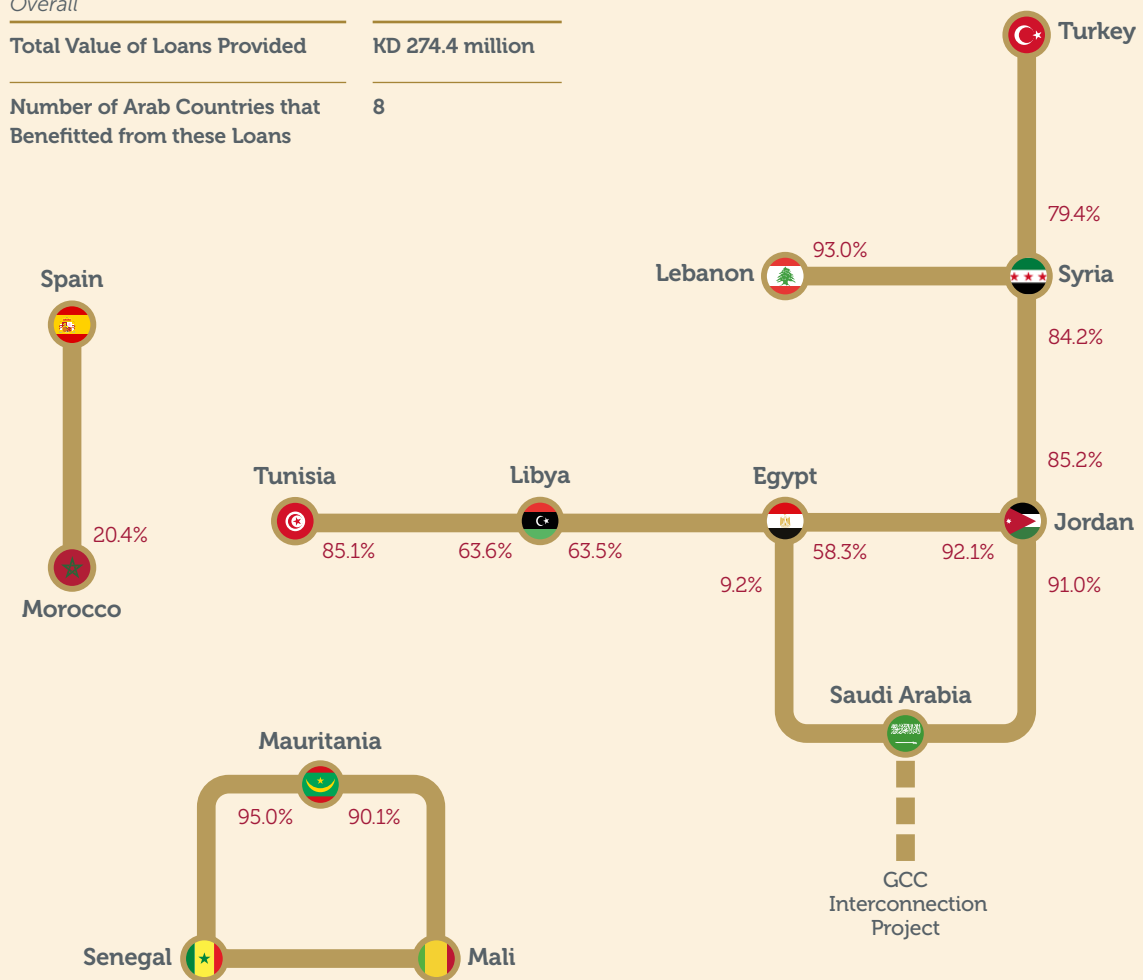
Number of Loans	10
Total Amount of Loans	KD 192.5 million

### Linking with Non-Arab Countries

Number of Loans	5
Total Amount of Loans	KD 81.9 million

### Overall

Total Value of Loans Provided	KD 274.4 million
Number of Arab Countries that Benefitted from these Loans	8



### LEGEND



The percentage shown per country indicates the share of project costs located in that country that was covered by Arab Fund financing.





# Flagship Projects



## Part III

# Transport

Efficient mobility systems are essential for inclusive development and economic competitiveness. AFESD invests in transport corridors and gateway ports that reduce travel time and enhance trade efficiency.



## Tangier – Casablanca High-Speed Rail Project

The Tangier – Casablanca High-Speed Rail Project is one of the most prominent modern development and infrastructure projects in Morocco. It represents a significant step towards enhancing fast and sustainable transportation in the country by connecting northern Morocco with the economic capital at high speed and efficiency. This connection reduces travel time, facilitates the movement of people and goods, supports investment and tourism, and links remote areas with major economic centers.

The project is also distinguished by its adoption of the latest global railway technologies, ensuring speed, efficiency, and safety in transportation. It includes the construction of modern stations equipped with the highest standards of comfort and passenger services, alongside advanced logistical centers to support operational processes and efficient freight transport. The project also involved the development of the surrounding infrastructure along the rail line to guarantee passenger safety and maintain service continuity at the highest performance levels.

This project represents a pioneering model of innovation and sustainable transport in the region, contributing to the strengthening of connectivity between major cities, stimulating economic and social development, and supporting the achievement of the Sustainable Development Goals, particularly SDG 11 on sustainable cities and communities, SDG 13 on climate action, and SDG 8 on economic growth and decent work, through reducing carbon emissions, supporting environmental sustainability, and enhancing opportunities for inclusive and sustainable development.



Photo: Flickr/mustapha-ennaimi



The Arab Fund contributed to financing the project through two loans totaling KWD 80 million (USD 260 million) provided in 2011 and 2016. The project involved the construction of a new double-track high-speed rail line between Tangier and Kenitra, spanning approximately 261.6 kilometers, connecting with the existing line between Kenitra, Rabat, and Casablanca. It also encompassed all associated civil works for infrastructure, railway tracks, and electrical systems necessary for the operation of the high-speed train.

“

**The Al-Boraq train, bearer of modernity, progress and innovation, is the image of our country, resolutely turned towards building a better future”**



— His Majesty King Mohammed VI, King of Morocco



## Tangier Med Port Expansion

The Integrated Tangier Med Port Complex, which includes two ports, industrial, commercial and logistical free zones, and extends over an area of about 925 hectares, represents one of the main sources of support to economic and social development in Morocco, and enhancement of the competitiveness of the Moroccan economy, due to its prime location. The port complex lies on both the Mediterranean Sea and the Atlantic Ocean, close to the Strait of Gibraltar, and is considered a meeting point of major international shipping routes linking Morocco to the world.

The Tangier Med Port consists of two main parts. The first part, Tangier Med Port I, began operations in 2008 and is divided into five terminals: the container terminal, the passenger terminal, the oil terminal, the general cargo terminal, and the automobile terminal. The second part, Tangier Med Port II, is a container port that serves as an extension of the first port and is used to receive and handle large container ships. The estimated handling capacity of the port complex is approximately 8 million TEUs. The Arab Fund contributed to its financing through loans, with a total of KWD 100 million (USD 325 million) provided in 2010 and 2013.

The Tangier Med Port Complex has contributed to achieving the state's strategic objectives in port development and enhancing logistical competitiveness, including the promotion of investment, foreign trade, and improvement of the business environment in the port area and across the country, as well as maximizing the benefits of free trade agreements signed between Morocco and several other countries. The complex has also helped reduce waiting, docking, and loading times for ships, facilitate international maritime transport to and from Morocco, and create new employment opportunities. In addition, the port has supported the development of a variety of ancillary service activities, including shipping agencies, cargo and passenger transport companies, and commercial and service establishments such as hotels and restaurants.



Photo: Tanger Med Port Authority



Photo: Tangier Med Port Authority

The Tangier Med Port project contributes directly to achieving several Sustainable Development Goals, notably SDG 8 on decent work and economic growth, by enhancing international trade and creating both direct and indirect employment opportunities in the logistics and industrial sectors, thereby supporting economic productivity and attracting investment to the region. The project also supports SDG 11 on sustainable cities and communities by developing the infrastructure of areas surrounding the port and connecting them to major economic centers, promoting balanced regional development and improving sustainable urban planning. Additionally, Tangier Med Port contributes to SDG 12 on responsible consumption and production by improving supply chain management and reducing waste in shipping and transport operations, thereby enhancing resource efficiency and encouraging sustainable production and consumption practices.

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**This expansion will help maintain the terminal’s reputation as one of the most technologically advanced, efficient, and safest container terminals in the world”**

— Managing Director, APM Terminals West Mediterranean







## Flagship Projects



### Part IV

# Social Sector

High-quality social services are essential to inclusive development and long-term economic competitiveness. AFESD invests in education and health infrastructure to expand equitable access, strengthen human capital, and improve the availability of specialized medical care.



## King Hussein Cancer Center

The Arab Fund has provided eight grants between 2000 and 2023 to the King Hussein Cancer Foundation, an independent, non-governmental, and non-profit national institution established in Amman, Jordan, in 2001, in support of the King Hussein Cancer Center, with a total value of KWD 1.9 million (USD 6.18 million). These grants have contributed to the procurement of: a spiral CT scanner; a linear accelerator; a digital early diagnosis device; a mobile unit for early detection of breast cancer in women; a CT imaging device; two CT scanners for cancer diagnosis and treatment; and, most recently, in 2023, the acquisition of a state-of-the-art digital linear accelerator for radiotherapy. These contributions aim to enhance diagnostic services for patients and keep pace with technological advancements in radiotherapy for cancer treatment.

These grants have contributed to modernizing the medical equipment and devices at the Center and have enabled it to increase the number of operating rooms to 13, provide 352 beds and 36 intensive care units, and treat approximately 7,000 patients annually. The Center delivers treatment to patients with high efficiency and professionalism through a multidisciplinary care approach, ensuring comprehensive cancer diagnosis and treatment at the highest technical standards.

In recent years, the Center has become a lifeline and a beacon of hope for thousands of cancer patients seeking the best possible treatment both from Jordan and other Arab countries, with Arab patients accounting for about one-third of all patients treated at the Center.



Photo: Arab Fund

A CT scanner for cancer diagnosis



Princess Ghida Talal alongside a King Hussein Cancer Center chemotherapy patient

The grants provided to the Hussein Cancer Foundation contribute directly and effectively to promoting good health and well-being, supporting the achievement of SDG 3. They also help in reducing inequalities and promoting equitable access to healthcare services across different communities and regions, in line with SDG 10, by enabling the Foundation to expand its medical services, improve the quality of healthcare, and ensure that support and care reach all those in need fairly.



**Over the past 24 years, the King Hussein Cancer Center has become a source of pride for Jordan and the Arab world. It stands today as the cornerstone of care, safety, and hope for the thousands of patients who are treated each year, with the most advanced care available”**



— Her Royal Highness Princess Ghida Talal,  
Chairperson of the King Hussein Cancer Foundation



## Support to Primary Education

The project, which forms part of the program to support elementary schools in Tunisia, with a loan amount of KWD 50 million (USD 162.5 million) provided in 2018, aims to create an enabling environment for the development of primary education by enhancing quality standards and promoting the principles of equity and equal opportunities. This has been achieved through the maintenance and rehabilitation of deteriorated school buildings and facilities, the expansion of existing schools, the construction of new schools, and the provision of school furniture, educational supplies, and digital equipment.

The project consists of the execution of all civil, construction, electrical, and mechanical works necessary to build about 50 new schools, the expansion of about 2,000 existing schools, and the maintenance and rehabilitation of about 800 schools, as well as the provision of school furniture and supplies, computers, digital equipment, and their accessories for about 500 schools, in addition to the necessary technical services. The project consists of the following components:

- ❖ Construction of Schools: This consists of the execution of all civil, construction, electrical, and mechanical work necessary to build about 50 new primary schools in different areas of the country;
- ❖ Expansion Works: This consists of the execution of all civil, construction, electrical, and mechanical works necessary to expand to about 2,000 existing schools. This includes the construction of additional classrooms, administration offices, and other facilities;
- ❖ Maintenance Works: This consists of the execution of all necessary work to maintain about 800 schools, including the rehabilitation of some classrooms and facilities;
- ❖ School Furniture and Supplies: This consists of the provision and installation of school furniture, such as tables and chairs, and any other accessories for about 2,000 schools;
- ❖ Computers and Digital Equipment: This consists of the provision and installation of computers and digital equipment, and their accessories, for about 500 schools.



Photo: Arne Hoel/World Bank



Al-Wafaa Primary School located in Nabeul, Tunisia

This project contributes directly to the achievement of SDG 4, which aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, by supporting capacity building and improving access to knowledge. It also contributes to SDG 10, which seeks to reduce inequalities within and among countries, by targeting vulnerable groups and promoting equal opportunities, thereby fostering inclusive and sustainable social and economic development.

## Humanitarian and Institutional Flagship Initiatives

AFESD’s institutional and programmatic interventions complement sovereign lending by strengthening human capital, research systems, municipal services, Small and Medium-sized Enterprises (SMEs) development, and social resilience across the Arab region. This section presents five flagship humanitarian and institutional initiatives: the Urgent Program to Support the Palestinian People, Humanitarian Interventions, Supporting SMEs through Badir Fund, Human Capital and Knowledge Development, and the Arab Fund Fellowship Program.

### Urgent Program to Support the Palestinian People\*

AFESD’s Palestine Program is one of the Fund’s largest and longest-standing development commitments. With cumulative allocations exceeding KWD 255.5 million (USD 830.4 million), the Fund has financed hundreds of projects in transport, water, electricity, agriculture, health, education, and heritage preservation. The program strengthens resilience and service delivery for millions of Palestinians across the West Bank and Gaza.

<i>Indicator</i>	<i>Value</i>
<b>Total AFESD Allocation</b>	<b>KWD 255.5 million</b>
<b>Roads Rehabilitated</b>	<b>&gt;2,500 km</b>
<b>Water Networks Improved</b>	<b>&gt;350 km</b>
<b>Electricity Infrastructure</b>	<b>&gt;180 km MV lines, ~60 transformers</b>
<b>Health Facilities Upgraded</b>	<b>14 hospitals, 30+ clinics</b>
<b>Education Infrastructure</b>	<b>70+ schools, 1,000+ classrooms</b>
<b>Agricultural Roads</b>	<b>&gt;800 km</b>
<b>Historic Structures Restored</b>	<b>&gt;150 buildings</b>

Road rehabilitation exceeding 2,500 kilometers has improved mobility, market access, and access to essential services. Investments in water supply, over 350 kilometers of networks and numerous wells and pumping stations, have enhanced reliability in water-stressed communities. The program also modernized electricity distribution systems, upgraded health and education facilities, expanded agricultural access roads, and preserved historic urban centers. AFESD’s flexible combination of loans and grants provides critical support to Palestinian institutions facing recurrent fiscal and infrastructure challenges.

### Humanitarian Interventions

Humanitarian interventions represent an integral component of the AFESD’s work, reflecting its commitment to supporting member countries in times of crisis. Through these interventions, the Arab Fund provides timely assistance to mitigate the impacts of natural disasters, conflicts, and humanitarian emergencies, with a focus on safeguarding vulnerable populations and maintaining access to essential services.

\* Including the 2010 and 2016 special programs for Jerusalem

In this context, the Arab Fund allocated an emergency grant for the amount of KWD 200,000 (USD 650,000) to drill and equip artisan wells to provide safe drinking water in several regions of Somalia to confront the drought. This grant is being implemented by the Direct Aid Society in Kuwait.

In response to the significant earthquake impacting Northern Syria and neighboring regions, the Arab Fund allocated a grant for the amount of KWD 3 million (USD 9.75 million) for the relief of the earthquake victims. Equipment to rescue survivors, ambulances, emergency medical supplies, field hospitals and other critical needs was provided. The Arab Fund also allocated an emergency grant to Morocco for the amount of KWD 3 million (USD 9.75 million) following a devastating earthquake which affected some of its regions. The grant assisted in the procurement of emergency supplies to provide shelter for the victims and improve their living conditions, and mitigate the negative effects resulting from the earthquake. Similarly, a KWD 3 million (USD 9.75 million) grant was allocated to Libya in response to the severe hurricane which hit the eastern part of the country. Funds were directed towards providing emergency supplies to the victims and improving their living conditions. As a result of the war in Gaza since October 7, 2023, the Arab Fund took the initiative to allocate an emergency grant for the amount of KWD 3 million (USD 9.75 million) to Palestine, of which KWD 750 thousand (USD 2.44 million) was allocated to fulfill the needs of Gazan workers stranded in the West Bank, KWD 750 thousand (USD 2.44 million) for the relief of Gazan residences through the provision of food, as well as medical and living needs, and the remaining KWD 1.5 million (USD 4.88 million) has been earmarked for reconstruction efforts and recovery in the aftermath of the war.

### Supporting SMEs through Badir Fund

Badir is AFESD’s flagship SMEs development initiative, closing financing gaps for micro, small, and medium enterprises across 12 Arab countries. By partnering with 34 financial institutions, Badir expands access to credit, supports entrepreneurship, and promotes inclusive economic growth. Over 50,000 SMEs have received financing, with 32 percent led by women.

<i>Indicator</i>	<i>Value</i>
<b>Total Financing Mobilized</b>	≈ USD 450 million (Badir and partners)
<b>SMEs Supported</b>	>50,000 enterprises
<b>Participating Financial Institutions</b>	34 institutions
<b>Women-Owned Enterprises</b>	32% of beneficiaries
<b>Jobs Created/Sustained</b>	>120,000 jobs
<b>Countries Covered</b>	12 Arab countries

Badir interventions generate measurable employment and income gains: over 120,000 jobs have been created or sustained. The program also strengthens partner institutions’ SMEs lending capacity, improves risk management, and accelerates product innovation. AFESD’s support positions Badir as a regional platform for inclusive finance.

## **Human Capital and Knowledge Development**

Human capital and knowledge are central to sustaining long-term development outcomes and enhancing the effectiveness of development finance. Beyond physical infrastructure, the Arab Fund recognizes that investments in people, data, research, and institutional capacity are essential to improving policy design, strengthening national systems, and ensuring that development interventions translate into durable socio-economic gains. In a region facing persistent skills gaps, data constraints, and rapidly evolving development challenges, knowledge generation and dissemination are critical public goods.

Within this context, the Arab Fund's support for human capital and knowledge development is anchored in a complementary set of regional initiatives that span education, research, data, and capacity building. These include the Arab Fund Scholarship Program, the Arab Development Portal (ADP), the Economic Research Forum (ERF), and the Arab Institute for Training and Research in Statistics (AITRS). Together, these initiatives contribute to building a robust knowledge ecosystem that supports evidence-based policymaking, strengthens statistical and analytical capacities in member countries, and nurtures the next generation of Arab professionals and researchers.

This integrated approach reflects the Arab Fund's conviction that development effectiveness is maximized when financial resources are combined with investments in skills, data quality, and applied research — ensuring that projects, policies, and strategies are informed by sound evidence and supported by capable institutions across the region.

### **Arab Fund Fellowship Program**

Launched in 1997, the Arab Fund Fellowship Program is designed to offer outstanding Arab researchers and PhD holders with valuable opportunities to pursue academic and professional engagement at some of the world's leading universities. The program enables fellows to participate in advanced research, teaching activities, or a combination of both, with the primary objective of expanding their scientific knowledge, enhancing their professional skills, and enriching their academic experience. Through exposure to international best practices, fellows are expected to transfer newly acquired knowledge, modern teaching techniques, and advanced research methodologies to their home institutions and countries, thereby contributing to the development of higher education and research capacity in the Arab region.

In addition, the program seeks to strengthen institutional linkages and foster sustainable cooperation between the host universities and the original institutions of the selected candidates. This collaboration contributes to knowledge transfer and accumulation through the exchange of expertise, joint research initiatives, and the establishment of long-term academic partnerships.

The program is currently promoted across approximately 400 universities in the Arab world. By the end of 2025, the cumulative number of applications submitted to the program reached around 1,361. During the same period, a total of 197 academics from 17 Arab countries were awarded fellowships. Out of the total awards, 183 fellowships were successfully implemented, while 14 awardees were unable to benefit from the grants due to personal circumstances.

## DISTRIBUTION OF GRANT BENEFICIARIES

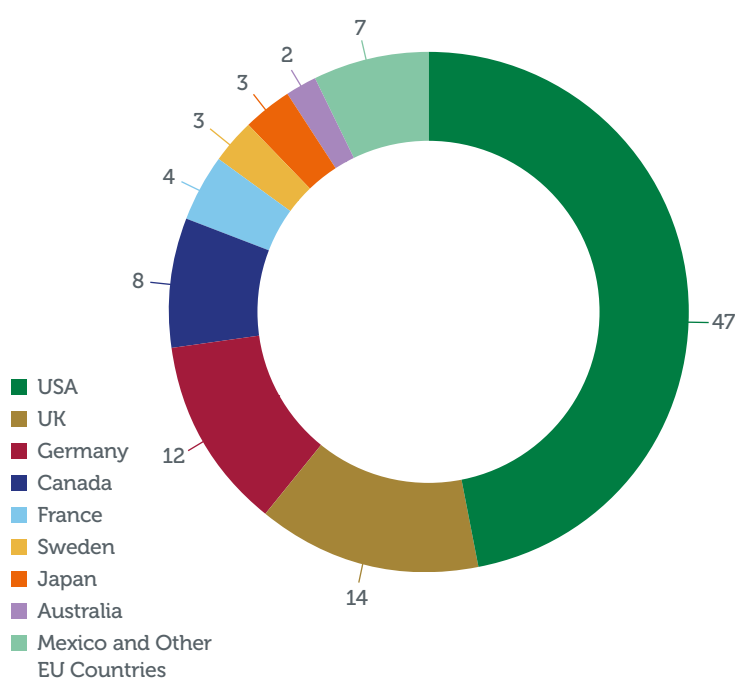
### By country

Number of awardees

Country	Beneficiaries
Jordan	54
UAE	1
Egypt	47
Algeria	7
Lebanon	19
Morocco	14
Yemen	2
Mauritania	5
Palestine	28
Sudan	6
Total	183

### By host country

%



### Economic Research Forum (ERF)

The AFESD is one of the main founding and supporting institutions of the ERF since its inception in 1993. The Fund has played a pivotal role in the Forum's establishment and development, alongside several international and regional organizations. The significance of the Fund's contribution lies in its alignment with its broader efforts to support scientific research and strengthen economic capacities in Arab countries. Moreover, the Fund is represented on the ERF Board of Trustees, which includes a distinguished group of scholars, experts, policymakers, and representatives of donor institutions.

The Forum was established in 1993 in Cairo, Egypt, as an independent, non-profit, non-governmental institution at the initiative of a group of economists and experts from the region, with the support of the Arab Fund, in addition to international entities such as the European Commission, the Ford Foundation, the United Nations Development Programme (UNDP), the World Bank, and the International Development Research Centre (IDRC). The Forum aims to support and promote applied economic research relevant to development policy in the Arab region. Today, it stands as one of the leading intellectual platforms linking scientific research with policymaking in the Arab world.

The Arab Fund has provided financial support to the ERF through three main channels. The first is programmatic support for the Forum's various activities. The second involves contributions to the costs of the Forum's annual conference. The third channel is the Fund's contribution to the Forum's endowment funds, which aim to provide institutional support and ensure the Forum's financial sustainability.

Since the Forum's establishment in 1993, the total value of grants and endowments provided by the Arab Fund has exceeded KWD 7.5 million (USD 24.38 million), representing a pivotal contribution to the financing of the Forum's diverse research and development programs. This support has helped solidify the Forum's position as a leading intellectual center in the Arab region.

The support provided by the Arab Fund to the ERF has been a cornerstone in expanding the scope and enhancing the quality of its activities. It has enabled the Forum to implement advanced research programs, organize conferences, workshops, and specialized training courses, and publish a scientific journal and a newsletter featuring the latest research, expert opinions, and book reviews. The Forum has also produced a series of working papers and periodic reports on various development policy issues.

This support has further strengthened the Forum's role as a networking platform for development experts and stakeholders in the region. It has also contributed to the development of researcher and economist databases, in addition to providing advanced research services such as research indexing, access to economic data, and facilitating researchers' access to international academic journals.

As part of its responsibility for overseeing the development of the Arab Development Portal (ADP) for the 2023-2025 period on behalf of seven member institutions of the Arab Coordination Group – which had agreed to cover the costs during this period – the Arab Fund signed two agreements with the Economic Research Forum in Cairo. The first agreement covered the period from January 1, 2023, to March 31, 2023, and included services related to the transfer of the operation and maintenance of the existing version of the Portal from the UNDP to the Forum, as well as the development of a new design concept for the Portal to be presented to the seven participating institutions for approval.

The second agreement tasked the Forum with restructuring, developing, operating, and maintaining the Portal in accordance with the new design. In addition, several prominent economists were contracted to enrich the Portal's content through updated data and new Arab and regional economic reports. A number of country reports were issued, covering Jordan, Tunisia, Qatar, and Egypt, along with thematic reports on foreign trade, labor markets, banking sectors, climate change, poverty, and social inequalities in the Arab region.

### **Arab Planning Institute (API)**

The API is an independent, non-profit regional Arab organization with a membership of 20 Arab countries. It aims to support development efforts in the Arab countries through building national human capacities, preparing and disseminating research, providing advisory services, and facilitating the exchange of expertise and information with Arab government institutions and the private sector. The Institute plays a pivotal role in enhancing the effectiveness of Arab development policies and plans through training, research, and advisory programs that respond to the evolving development needs of Arab countries.

The relationship between the AFESD and the API dates back to 1975, when the Fund was among the earliest supporters of the Institute's training activities, and support has continued on a regular basis since then. Over this period, the Arab Fund has provided the Institute with a total of 46 grants amounting to approximately KWD 2.97 million (USD 9.65 million), the most recent of which was a grant of KWD 100,000 (USD 325,000) dated 31 October, 2023, allocated to contribute to financing the costs of implementing the Institute's programs and activities for 2022/2023. The Arab Fund also regularly participates in the annual meetings of the Institute's Board of Trustees, reflecting the strength of the institutional relationship and the Fund's commitment to supporting the Institute's mission and development objectives.

The grants provided by the Arab Fund have directly and effectively contributed to enabling the Institute to implement and expand its training programs, thereby helping to meet the training needs of staff in Arab government institutions in the fields of planning, project preparation and appraisal, and project implementation and monitoring. This support has also contributed to increasing the Institute's training capacity, enhancing the quality of the programs offered, introducing new training tracks, and developing human resource capabilities and analytical skills, which has positively reflected on institutional performance, improved public sector competitiveness, and enhanced the performance of the entrepreneurship sector.

The annual grants have focused on contributing to the coverage of the costs of the Institute's training programs, thereby providing opportunities for trainees from Arab countries, both members and non-members of the Institute, to participate and enhance their professional and technical capacities.

The activities of the API encompass a wide range of training programs and development services that respond to the diverse needs of Arab countries. These include capacity-building programs, advisory services and institutional support, the preparation of studies and research in the fields of managing and implementing development plans and addressing economic and social issues, as well as organizing development forums, seminars, and conferences, and scientific publishing through the Journal of Development and Economic Policies and various development study series. The Institute has also placed special emphasis on entrepreneurship and small and medium-sized enterprises through the introduction of specialized programs in this area, in addition to informatics programs.

The grants provided by the Arab Fund have made a tangible contribution to financing the activities of the Arab Planning Institute, enabling it to achieve its objectives in building Arab human capacities and supporting development policies and plans. This, in turn, has strengthened the Institute's development role and contributed to supporting sustainable development efforts in Arab countries, as well as to shaping policies and plans and addressing the key challenges facing Arab countries and their institutions.

### **Arab Institute for Training & Research in Statistics (AITRS)**

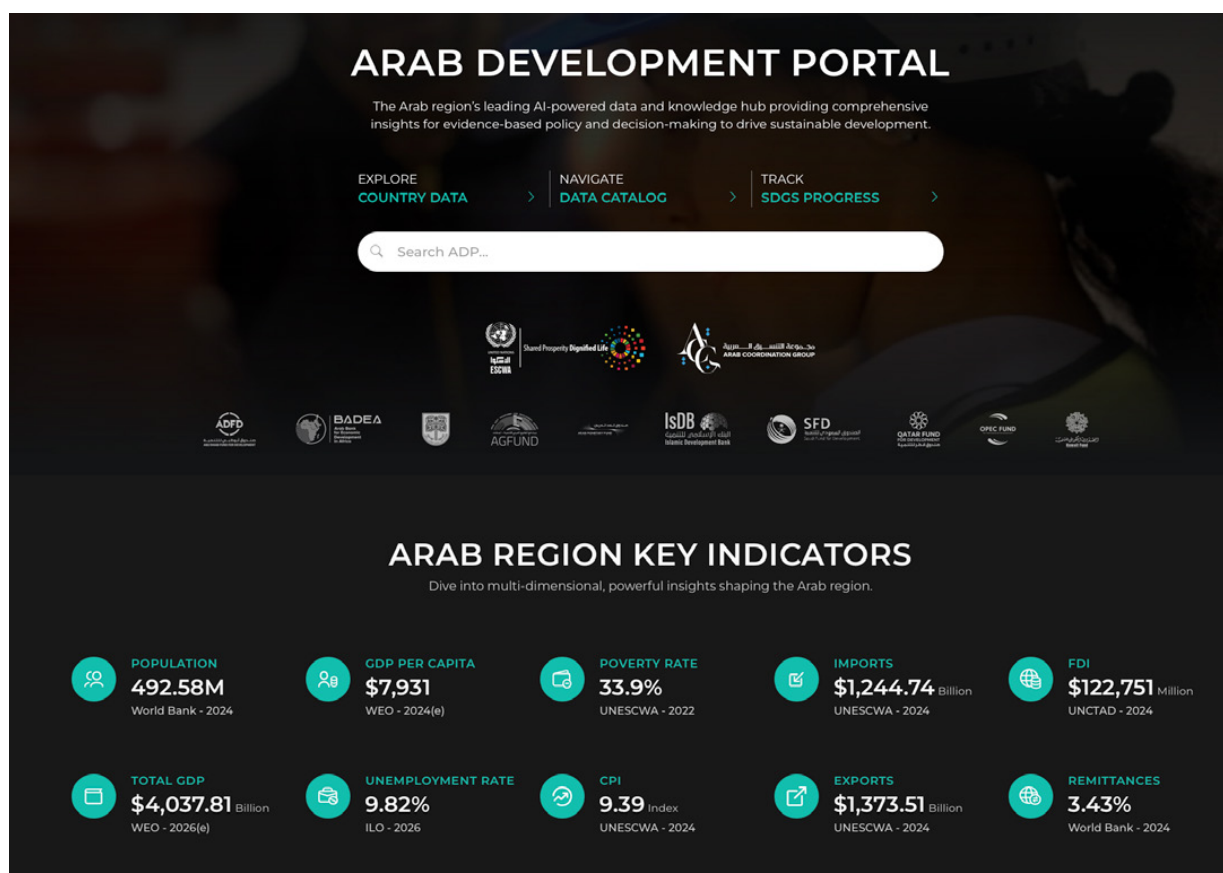
Since 1981, the Arab Fund has provided the AITRS with twelve grants totaling KWD 340,000 (USD 1.1 million). These grants have supported the Institute's training programs and activities, as well as the provision of various statistical equipment and software.

The Fund's assistance has contributed to covering the expenses of participants and experts in a number of workshops and seminars both in-person and virtual addressing a wide range of statistical topics, including demographic analysis, national accounts, labor statistics, agricultural censuses, poverty measurement, transport statistics, big data, sampling techniques, e-commerce statistics, and the use of statistical software in data analysis. The Fund's support has also enabled the Institute to conduct studies and research in various statistical fields, helping Arab statistical offices address methodological and conceptual challenges. Moreover, the grants have facilitated the acquisition of equipment, systems, software, and other tools necessary for the Institute's work, thereby strengthening its information infrastructure.

For instance a grant amounting to KWD 60,000 (USD 195,000) supported the implementation of the Institute's training plan for the period 2015-2022. The grant financed 9 training courses and 37 online courses benefiting 1,755 participants from across Arab countries. It also supported a study on data exchange between Ministries of Agriculture and statistical offices for the preparation of national accounts, and funded the procurement of several statistical devices, tools, and software essential for the Institute's training activities.

The support provided by the Arab Fund has significantly enhanced and expanded the Institute's training capacity and activities. Results of participant surveys evaluating the training programs confirmed their importance and effectiveness: around 91% of participants stated that the courses achieved their intended objectives and helped them acquire new skills relevant to their current and future professional needs.

# Arab Development Portal (ADP)



[www.arabdevelopmentportal.org](http://www.arabdevelopmentportal.org)

## A Strategic Platform for Knowledge and Development Effectiveness

The Arab Development Portal (ADP) is a flagship regional initiative designed to address one of the most persistent constraints to development effectiveness in the Arab region: the fragmentation, limited accessibility, and uneven quality of socioeconomic data. Historically, these structural gaps have hindered evidence-based policymaking and constrained the ability of governments and development institutions to monitor progress toward the Sustainable Development Goals (SDGs).

Established with Arab Fund as the operator and the Arab Coordination Group (ACG) as the governance body, the ADP was conceived as a centralized platform to consolidate development data and strengthen knowledge sharing across the region. Following a preparatory phase launched in 2013, the Portal became operational in 2016 and has since evolved into the Arab region's primary data and knowledge infrastructure supporting sustainable development.

Today, the ADP aggregates more than 250,000 data sets from national and international sources, covering all 22 Arab countries. It provides open access to harmonized datasets, interactive dashboards and analytical tools, alongside a growing repository of publications and policy outputs. Through this integrated architecture, the Portal transforms dispersed data into accessible, actionable knowledge for policymakers, researchers, and development practitioners.

The contribution of the ADP to development effectiveness is multifaceted. First, it strengthens evidence-based decision-making by enabling policymakers to design strategies grounded in reliable and comparable data. This function is particularly critical in a region characterized by diverse economic structures and varying institutional capacities.

Second, the Portal enhances monitoring and accountability for SDG implementation. Its dedicated tools allow countries to track progress across global indicators, identify data gaps, and benchmark performance at regional and international levels. This contributes to more targeted policy responses and improved alignment with the 2030 Agenda.

Third, the ADP plays a growing role in knowledge production and dissemination. Through partnerships with institutions such as the Economic Research Forum (ERF) and ESCWA, the platform has generated a wide range of outputs, including country reports, thematic studies, and policy briefs addressing key development challenges such as labor markets, climate change, trade, and social inequality. These outputs position the ADP as a regional knowledge hub that goes beyond data aggregation to actively inform development discourse.

In addition, the Portal supports regional cooperation by facilitating data sharing, strengthening national statistical systems, and enabling comparative analysis across countries. This fosters greater policy coherence and contributes to a more integrated regional approach to development.

The ADP is anchored in the institutional framework of the ACG, whose collective governance provides strong legitimacy and alignment with regional development priorities. As a joint initiative of Arab development finance institutions, the Portal serves as both a shared knowledge platform and a potential instrument for enhancing transparency and monitoring development outcomes across the region.

The Arab Fund has also been instrumental in driving the modernization of the ADP. In partnership with ESCWA, it has launched a new phase focused on integrating advanced technologies, including artificial intelligence, big data analytics, and policy simulation tools. These enhancements are expected to significantly strengthen the Portal's analytical capabilities and its value as a decision-support tool.

Beyond its operational role, the Arab Fund contributes to the financing and strategic direction of the ADP as part of the ACG's collective effort. This engagement complements the Fund's broader development activities, which have generated extensive knowledge through decades of financing projects across key sectors such as energy, water, infrastructure, and social services. The ADP provides a mechanism to structure and disseminate this knowledge, thereby enhancing its impact and accessibility.

Looking ahead, the ADP is well positioned to evolve into the Arab region's leading knowledge and analytics platform for sustainable development. Realizing this potential will require continued investment in data integration, particularly the inclusion of operational data from ACG institutions, as well as sustained efforts to enhance user engagement and technological capabilities.

In this context, the ADP represents more than a data platform, it is a strategic enabler of transparency, coordination, and impact, contributing to a more informed and effective development process across the Arab region.

## Lessons Learned and Looking Ahead

### Key Lessons Learned

Over five decades, the Arab Fund has accumulated significant institutional and operational experience in financing development projects and delivering technical assistance and grants. Several key lessons emerge from this experience, as detailed on the next page.

Building on these lessons, the Arab Fund's forward-looking orientation remains anchored in its core mandate: supporting member countries in addressing their development challenges and accelerating progress toward sustainable and inclusive growth.

The forward-looking approach does not represent a departure from the Fund's mission; rather, it represents a deepening and modernization of the same development commitment, through:

- ❖ Stronger SDG alignment;
- ❖ Proactive country partnerships;
- ❖ Expanded financial instruments;
- ❖ Greater private sector engagement for higher developments impact;
- ❖ Stronger emphasis on resilience and sustainability.

In order to generate inclusive high growth and improve institutional development, the strategic priorities for the coming years will continue to focus on:

- ❖ Reducing critical SDG gaps in water, energy, employment, and social infrastructure;
- ❖ Supporting economic diversification, high value-added sectors and exporting activities;
- ❖ Enhancing digital transformation and regional integration.

In response to increasing climate risks and environmental vulnerabilities in the Arab region, the Arab Fund has launched a Green Projects Initiative, which aims to systematically integrate climate and environmental considerations into its financing operations.

## 1. Integrated Infrastructure Generates Systemic Impact

Large-scale investments in energy, water, transport, and urban infrastructure have demonstrated strong multiplier effects. Projects such as renewable energy plants, desalination facilities, electricity interconnections, and major transport corridors not only address sectoral gaps but also stimulate private investment, job creation, and regional integration.

The experience confirms that economic infrastructure (water and energy) often acts as a foundational enabler for achieving multiple SDGs simultaneously, particularly SDGs 6, 7, 8, 9, and 11.

## 2. Blending Sovereign and Private Sector Instruments Enhances Impact

Recent operations demonstrate that combining concessional sovereign lending with private sector windows, equity, guarantees, and blended finance structures significantly amplifies development impact.

The Country Partnership Strategy (CPS) Jordan 2025-2029 pilot illustrates how sovereign loans can anchor strategic national infrastructure, while private sector instruments mobilize additional capital and expertise. This model reduces fiscal pressure while strengthening sustainability and operational efficiency.

## 3. Ex-Ante Impact Measurement Improves Strategic Allocation

The introduction of the pre-evaluation tool and the Risk-Development Impact Metrics (RDIM) methodology has strengthened the Fund's ability to:

- ❖ Assess project relevance to reduce the SDG gaps;
- ❖ Integrate climate and environmental risk screening;
- ❖ Improve risk-adjusted development impact.

This structured approach enhances transparency, prioritization, and alignment with national and SDG-linked development needs.

## 4. Capacity Building and Grants Are Critical Multipliers

Grants and technical assistance have proven essential for:

- ❖ Preparing bankable projects;
- ❖ Strengthening institutional frameworks;
- ❖ Supporting PPP ecosystems;
- ❖ Building digital and sectoral capacities.

The experience confirms that capacity development is not ancillary but foundational to sustainable impact, particularly in fragile and lower-income member countries.

## 5. Resilience and Climate Integration Are No Longer Optional

Water scarcity, energy dependency, food insecurity, and climate vulnerability across the Arab region require projects to systematically integrate:

- ❖ Adaptation and resilience measures;
- ❖ Environmental safeguards;
- ❖ Climate risk assessments.

The increasing share of green and climate-aligned projects during 2022-2024 reflects this institutional learning.

## Green Projects Initiatives

The repercussions of climate change represent some of the most important challenges facing Arab countries, given their negative impact on the safety and health of citizens and the sustainability of economic activities. In response, the Arab Fund has launched its “Green Projects Initiative to support Arab countries” in this field and assist them in their transition to green economies by stimulating projects that limit environmental degradation and reduce carbon emissions, encouraging the creation of new green projects, and supporting existing ones.

One of the first activities related to this field was the allocation of a chapter in the 2022 Joint Arab Economic Report to climate change. The chapter included a definition of climate change, international efforts to address its repercussions, the current situation in Arab countries, their efforts in this area, and prospects for cooperation among Arab countries in the exchange of information, experiences, and scientific research, and in bringing points of view closer together, in a manner that serves the aspirations of the peoples of these countries

Within this program, the Arab Fund:

- ❖ Provides loans for green projects at lower interest rates compared to loans for other projects;
- ❖ Provides grants for the preparation of studies and designs and to support institutional and individual capacities in Arab countries, allocating KWD 1.5 million (USD 4.88 million) for the first phase of these grants;
- ❖ Launches competitions to finance small innovative green projects in some Arab countries, allocating KWD 1 million for the first phase of the competitions;
- ❖ Organized the Arab Conference on Climate Change Cooperation (<https://climate2023.arabfund.org>), held in Kuwait in May 2023, which aimed to strengthen and support Arab dialogue on climate change and enhance cooperation in addressing its potential negative impacts. It was attended by representatives of government institutions, scientific and research institutions, as well as Arab and international financing institutions;
- ❖ Updated and translated the guidebook on environmental requirements for development projects into English;
- ❖ Prepared a green project classification guide to identify projects eligible for green project incentives;
- ❖ Opens channels for cooperation and partnerships with international and regional actors in this field.

The amounts allocated to green projects in the period 2015-2025 constituted 23% of the Arab Fund’s lending portfolio, with a target of reaching 30% by 2030.

The success stories of several green projects financed by the Arab Fund highlight its vital role in promoting sustainable development, environmental protection, and economic growth across the Arab region:

## Bahr El-Baqar Wastewater Treatment Plant

*Loan Agreement 657/2018, and Supplementary Loan 672/2020*



Photo: Arab Fund

Recognizing the importance of optimizing the utilization of available water resources in Egypt and reducing wastewater to keep pace with growing demands, the Arab Fund has provided two loans to the Egyptian government totaling KWD 145 million (USD 471.25 million) to support the establishment of the Bahr El-Baqar Wastewater Treatment Plant. This project represents the largest single contribution from the Arab Fund in its history. The project aims to support the development of the Sinai Peninsula, improve local conditions, and reduce environmental pollution in Lake Manzala by redirecting approximately 5 million cubic meters per day of contaminated water from the Bahr El-Baqar drain, located west of the Suez Canal, to Sinai for treatment. This treated water will then be used to irrigate approximately 330,000 acres for crop production and livestock development.

According to the Arab Fund's Environmental Requirements Guideline for Development Projects, the project is classified under Group 1 projects, which are characterized by significant environmental impacts. Among these positive impacts is the improvement of Lake Manzala's water quality through the diversion of a substantial amount of polluted water currently flowing into the lake, which contains various contaminants (heavy metals, pesticides, and chemical fertilizers). A large portion of the Bahr El-Baqar drainage water will be diverted to a treatment facility to produce water suitable for agricultural use. This is expected to enhance the lake's water quality and increase fish production. Other positive impacts of the project include the optimal utilization of available water resources, reduction in wastewater, expansion of agricultural lands and green areas, contributing positively to combating desertification, and improving the climate.

In recognition of its significant developmental impact, the Bahr El-Baqar Wastewater Treatment Plant project was awarded the Abdlatif Y. Al-Hamad Development Award in the Arab World for 2023. The award highlights the project's role as one of the region's most transformative water infrastructure initiatives financed by Arab development institutions.

## Oasis Development Program

*Loan Agreement 670/2019, and Supplementary Loan 695-G/2024*

Mauritania has a dry, arid climate with an average annual rainfall of about 150 mm. This limited and irregular rainfall makes it challenging to sustain agricultural activities that require higher water levels, with the exception of livestock grazing. Rainfall in Mauritania is often brief and intense, limiting its usability. Renewable groundwater is the country's main source of water, supplemented by surface water from the Senegal River and the Fom Gleita Dam on one of its tributaries.

In 1984, the Mauritanian government launched an Oasis Development Program based on a study conducted by the Food and Agriculture Organization (FAO) Investment Center, funded by the Arab Fund. This program evolved to include several phases and projects, with the Arab Fund supporting these efforts through seven loans. Some of the key objectives of these projects include boosting agricultural production in the Oasis, improving the living standards of residents, reducing rural migration to cities, and combating desertification while alleviating the impacts of drought that have long affected Mauritania.





Photo: Alamy/Ozimages



Photo: Alamy/De Agostini/G. Sioen

In response to the critical need for sustainable agriculture, food self-sufficiency, and improved socio-economic conditions in rural areas, Mauritania implemented the Rural Sector Development Strategy for the period 2012-2025. This strategy includes reclaiming or rehabilitating around 100,000 hectares in wetlands and dam areas, as well as expanding cultivated areas to achieve crop self-sufficiency. With these ambitious goals, Mauritania's water needs for the year 2030 are estimated at 2,160 million m<sup>3</sup>. The additional loan project (Agreement 695-G/2024) with an amount of KWD 3 million (USD 9.75 million), supports the development of oases in the Adrar, Tagant, and Assaba regions to optimize water use and complete several irrigation networks initiated under the original loan project (Agreement 670/2019) with an amount of KWD 9 million (USD 29.25 million), essential for achieving the Oasis Development Project's goals. In addition, the project also focuses on soil conservation in oasis areas.

In recognition of its significant human-development impact, the Oasis Development Program in the Islamic Republic of Mauritania was awarded the Prince Talal International Prize for Human Development, offered by the Arab Gulf Programme for Development (AGFUND). The award acknowledges the project's role in supporting agriculture, land conservation, and socioeconomic resilience in vulnerable dryland communities.

## Sana'a City Flood Protection Project

*Loan Agreement 550/2010, and Supplementary Loan 606/2014*

Several regions in the Republic of Yemen, including the city of Sana'a, have experienced severe flooding, resulting in casualties, injuries, displacement of residents, and substantial damage to buildings, businesses, transportation, farmland, trees, and crops. The floods have also negatively impacted drinking water and sanitation facilities, and networks. The topography of Sana'a slopes from the south to the north creates a natural channel for floods to flow through from the southern part of the city to the north, known as Wadi Al-Sailah, or simply Al-Sailah. Historically, Al-Sailah played an essential role in irrigating lands along its path. However, as the city expanded around it, agricultural land diminished, and the urban areas adjacent to Al-Sailah became increasingly vulnerable to destructive floods. The reduced flow path and shrinking farmland around Al-Sailah have aggravated the severity of these floods.





Photo: iStock/zmm

Photo: iStock/helovi

In its commitment to supporting the Republic of Yemen in addressing these challenges, the Arab Fund extended two loans totaling to KWD 17 million (USD 55.25 million) to the Yemeni government to support the Flood Protection Project for Sana'a. This project aims to protect residents, buildings, businesses, and essential infrastructure in the areas of As Sabain district and Shu'ub in Sana'a from the potential damage and losses caused by floods and overflowing valleys. It also seeks to collect water from the floods for various uses, including groundwater recharge, which will have a positive impact on combating desertification.

The project's environmental benefits include safeguarding residents, structures, and surrounding ecosystems along the flood channels, reducing the spread of stagnant water, which in turn minimizes insect-borne diseases. Additionally, the project aims to preserve water supply and sanitation networks, ensuring citizens' continued access to drinking water and wastewater treatment. The initiative will regulate the water flow through Al-Sailah and collect a portion of the water in retention basins, which will aid in recharging groundwater aquifers. The remaining water will be directed toward agricultural areas north of the capital, promoting agricultural development and increasing crop production.

## New Strategic Approach

The Arab Fund has shifted from reactive project-by-project engagement to a proactive Country Partnership Strategy (CPS) approach that:

- ❖ Establishes multi-year frameworks for collaboration between the institution and partner governments;
- ❖ Aligns financing instruments with national development priorities and reform commitments;
- ❖ Creates predictable pipelines of bankable projects across priority sectors;
- ❖ Embeds policy dialogue, capacity building, and institutional strengthening alongside financial support;
- ❖ Front-loads project preparation and de-risking to accelerate time-to-financial-close.

In order to consolidate this approach, the Arab Fund is launching a transformative financial instrument designed to mobilize private capital and accelerate sustainable development through public and private projects acceleration in partner countries.

Blended Finance Facilities involves strategic layering of concessional capital (grants, subordinated debt, first-loss tranches) with commercial investment to improve project risk-return profiles. Blended finance enables projects with high development impact but insufficient commercial returns and/or a great risk to attract private capital at scale, particularly in fragile contexts and sectors serving poor populations (education, health, water, climate adaptation).

## The Example of Jordan



Photo: iStock/brand85

Within the framework of implementing the Country Partnership Strategy (CPS) between the Arab Fund and the Hashemite Kingdom of Jordan for the period 2025-2029, the Arab Fund, in cooperation with the OECD Development Assistance Committee (OECD-DAC), organized a Policy Dialogue on harnessing Blended Finance for Public-Private Partnership (PPP) projects in November 2025 in Jordan. The high-level dialogue held on the first day falls also within a broader series of dialogues under the Strategic Partnership between Arab financial institutions and the OECD-DAC on blended finance for sustainable development, launched in 2024.

The Dialogue concluded with a strong commitment from all parties to deepen cooperation and align public, donor, and private sector efforts toward scaling blended finance solutions that advance Jordan's development priorities. The discussions, which took place over two days, were dedicated to workshops on education, health, transport, and infrastructure sectors, as well as on climate protection from the impacts of change and resilience and aim to:

1. Identify and prioritize pipeline of PPP-eligible projects across key sectors;
2. Design blended finance structures tailored to Jordan's fiscal and institutional context;
3. Agree on policy reforms and capacity-building measures to support bankable project preparation;
4. Define roles, timelines, and accountability mechanisms for implementation.

The introduction of guarantees and blended finance, combined with proactive country partnership strategies, represents a paradigm shift in the Arab Fund's development finance approach. The Jordan pilot demonstrates how strategic alignment, upfront preparation, and carefully designed concessional instruments can unlock substantial public and private capital.

Success in Jordan will provide a replicable model for scaling blended finance PPPs across the region, accelerating progress toward sustainable development goals in contexts where traditional financing models have proven insufficient.

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