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EXECUTIVE SUMMARY

PARTNERSHIP IN DEVELOPMENT AND SOUTH-SOUTH COOPERATION

OFFICIAL DEVELOPMENT ASSISTANCE OF THE KINGDOM OF SAUDI ARABIA



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**PARTNERSHIP IN DEVELOPMENT AND
SOUTH-SOUTH COOPERATION
OFFICAL DEVELOPMENT ASSISTANCE OF THE
KINGDOM OF SAUDI ARABIA**

**MINISTRY OF FOREIGN AFFAIRS, MINISTRY OF FINANCE, THE SAUDI FUND FOR DEVELOPMENT,
KING SALMAN HUMANITARIAN AID AND RELIEF CENTRE
AND
UNITED NATIONS DEVELOPMENT PROGRAMME
KINGDOM OF SAUDI ARABIA
2016**



FOREWORD BY MINISTER OF FOREIGN AFFAIRS

Over the past decades, and since its unification by His Majesty King Abdulaziz Al Saud, the Kingdom of Saudi Arabia has - based on the principles of Islam - been offering assistance to countries afflicted by a range of calamities and helping in the development of needy countries.

The legacy of the humanitarian work of successive Saudi rulers is also apparent in the establishment of foundations, philanthropic societies as well as national campaigns the Kingdom undertakes to alleviate the pain and suffering of countless people in crises across the world, some 80 countries.

In the footsteps of his predecessors, Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud has continued to ensure the Kingdom supports people in need of humanitarian and development assistance, and recently established the King Salman Humanitarian Aid and Relief Centre to effectively coordinate humanitarian work and act as a beacon in this field.

At the opening of the Centre, HM King Salman gave the motivation and vision for the Kingdom's assistance as:

“Out of the teachings of our Islamic religion which dictates relieving the forlorn, helping the needy, preserving human life, dignity and well-being, as well as the humanitarian role of the Kingdom of Saudi Arabia and its global mission in this field, we hereby declare the establishing and laying of the foundation stone of the Centre which will be dedicated for relief and humanitarian work and will be a leading international centre to help relieve communities that suffer from disasters and ease their suffering in order that they can live a decent life”.

Saudi Arabia also founded the Saudi Fund for Development (SFD) as early as 1975 to finance development projects around the world. SFD today assists over 80 countries in social infrastructure, transportation and communications, power and agriculture to enhance socio-economic resources through soft loans under terms designed to benefit millions of people and not pose a burden on receiving countries.

Saudi Arabia also leads in humanitarian and development assistance, often in close partnership with international organizations, particularly the United Nations. Assistance through the United Nations is intended to ensure aid reaches intended beneficiaries according to the highest standards of transparency and accountability thus promoting the role of the Kingdom in alleviating poverty and working towards peace, stability and global welfare.



H.E. Adel al-Jubeir
Minister of Foreign Affairs
Kingdom of Saudi Arabia

FOREWORD BY UNDP RESIDENT REPRESENTATIVE

This Report has been prepared by a Committee comprising of the Ministry of Foreign Affairs, Ministry of Finance, The Saudi Fund for Development and the United Nations Development Programme in Saudi Arabia.

The Report articulates the extensive nature of the development and humanitarian assistance that has been provided by the Kingdom of Saudi Arabia (KSA) over the years. It shows that in recent years KSA has increased its assistance significantly and now ranks among the top donors globally. In particular, the Kingdom's commitment is notable for responding urgently to some of the dire humanitarian crises in recent years such as in Haiti, Myanmar, Nepal, Iraq, Syria, and most recently in Yemen. What is perhaps less well known is the large amount of other grants, loans and contributions that the Government has been making over the years. What is perhaps also even less well known is the significant private donations, including through philanthropic organizations, that the people of Saudi Arabia give to people in need internationally.

UNDP is pleased to have had the opportunity to work with the Government to bring the magnitude and diversity of Saudi development and humanitarian assistance to a wider audience based on available Government data and information.



Dr. Ashok Nigam
UNDP Resident Representative
Kingdom of Saudi Arabia

SAUDI ARABIA—A LEADING AID DONOR

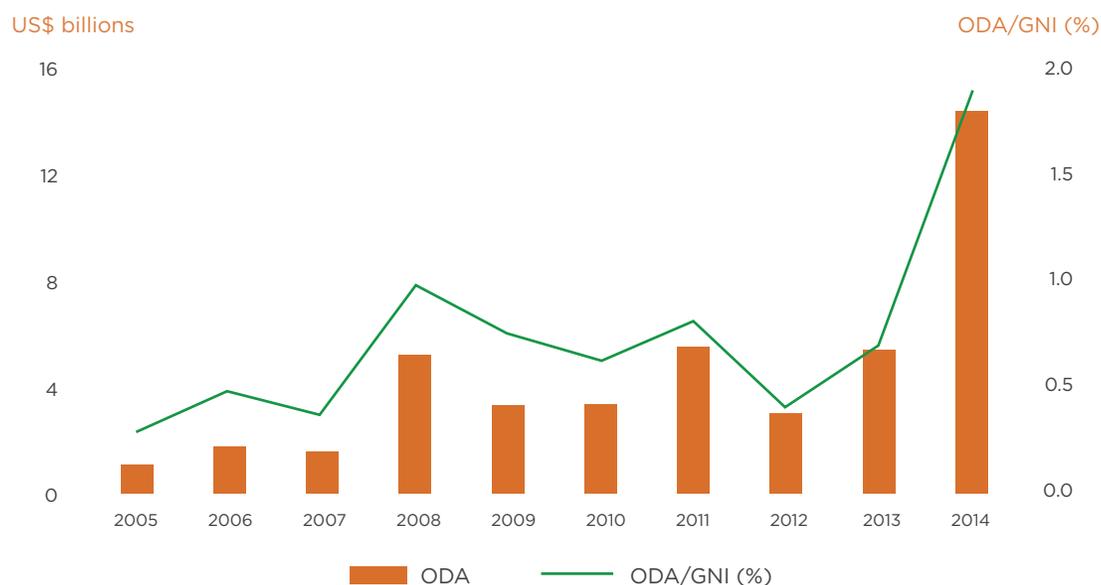
Since the early 1950s, the Kingdom of Saudi Arabia (KSA) has been active in providing Official Development Assistance (ODA). KSA has been giving aid globally based on identified needs – from assistance to support people in fragile states and humanitarian crises to providing low interest loans and grants for low-income developing countries to build crucial infrastructure.

In recent years KSA assistance has increased sharply. In 2014, KSA assistance amounted to SAR 54 billion (US \$14.5 billion) in gross terms, which represented 1.9 percent of the Kingdom's Gross National Income (GNI). In absolute terms, Saudi Arabia ranks fourth in the league of donors, just after USA, UK and Germany. As a percentage of GNI, it ranks the first among nations in 2014, far above the 0.7 percent of GNI target set by the United Nations.

Charitable giving and helping others in need is a fundamental part of religious commitment of all Muslims. Islam calls upon its followers to give a fixed percentage of their income to the poor (Zakat) and engage in regular charitable acts (Sadaqa). These are the principles that guide Saudi Arabia in its assistance. In Islam, charity is best offered quietly without need for recognition. As such KSA has been a quiet but significant presence in development assistance.

Figure 1

Saudi Arabia ODA (current prices, US\$ billions) and Gross ODA/GNI (%), 2005-2014



Source: KSA, Ministry of Finance and Central Department of Statistics

Table 1**KSA: Gross Official Development Assistance 2005-2014 in US \$ million (current price)***

Year	Humanitarian & Development Assistance (MOF)	Contribution to International Organizations and Institutions (MOF) **	Multilateral Cooperation (SFD) ***	Grants (SFD)	Concessional Loans (SFD)	Total Gross ODA	ODA/GNI %
2005	500	100	46	186	214	1,047	0.3
2006	1,196	92	45	247	275	1,854	0.5
2007	963	101	25	234	296	1,619	0.4
2008	4,329	351	20	249	311	5,260	1.0
2009	1,754	390	209	452	529	3,335	0.8
2010	1,745	108	609	298	650	3,410	0.6
2011	3,627	155	322	800	638	5,541	0.8
2012	317	248	342	1,103	1,096	3,105	0.4
2013	2,472	297	295	634	690	4,389	0.6
2014	11,864	124	362	1,434	686	14,470	1.9
Total	28,767	1,966	2,276	5,637	5,385	44,030	

Source: KSA, Ministry of Finance (MOF), and Saudi Fund for development (SFD)

* Annex 2 provides the data in SAR.

**International Organizations and Institutions are: United Nations organizations and programmes, Organization of Islamic Cooperation, Arab humanitarian and development organizations and programmes, and authorized charity bodies.

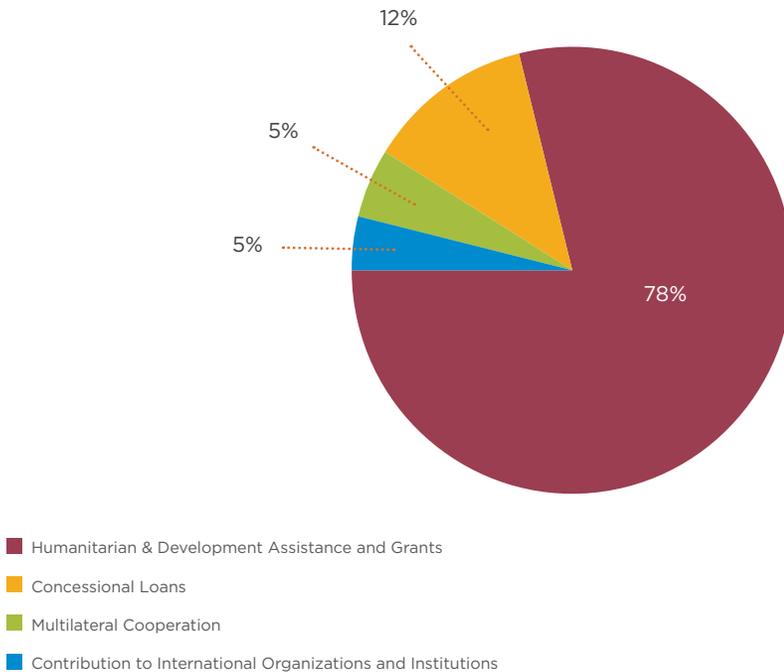
***Multilateral cooperation includes contributions to IMF, World Bank and Islamic and non-Islamic development institutions.

**KSA ASSISTANCE IS MOSTLY GRANTS
WITH A STRONG COMMITMENT TO
HUMANITARIAN RELIEF**

Most of KSA assistance is provided as humanitarian and development assistance in the form of grants (78 percent of total Saudi ODA). Although the overall aid levels have varied over the years, the trend has been positive, with 2014 registering a sharp increase given the regional and global situation.

Figure 2

Total Saudi official development assistance 2005-2014



Source: KSA, Ministry of Finance

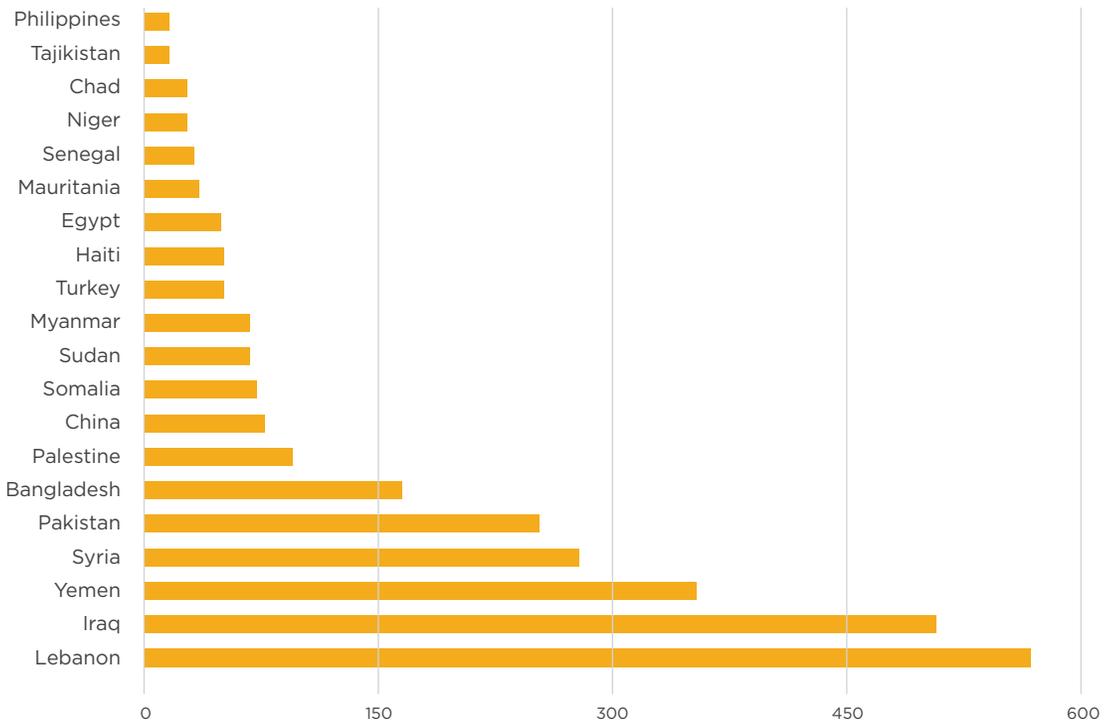
While Saudi aid is traditionally perceived as directed towards other Muslim countries in the Arab region, Africa and Asia, the primary guiding principle is one of supporting countries and communities in need, regardless of ethnicity or religion. KSA has consistently supported funds for least developed countries, and in recent years has been an active contributor to international funding for disasters and humanitarian relief.

Saudi assistance is provided bilaterally, through the Ministry of Finance and institutions like the Saudi Fund for Development (SFD) and the newly created King Salman Humanitarian Aid and Relief Center, and multilaterally, through regional bodies such as the Islamic Development Bank, the Arab Fund for Economic and Social Development, the African Development Bank, the Arab Bank for Economic Development for Africa (BADEA), and global organizations such as the United Nations and the World Bank.

In the case of humanitarian efforts, KSA was the 7th largest humanitarian donor in the world in 2014. Its humanitarian assistance is often delivered in close partnership with the United Nations system. When disaster strikes and there is profound need, such in the cases of Nepal in 2015 or Haiti in 2010, Saudi Arabia has delivered large contributions quickly and regardless of religious affiliation or ethnicity.

Figure 3

Top 20 countries receiving Saudi Arabia Humanitarian Assistance 2005-2014 (US\$ million)



Source: KSA, Ministry of Finance

THE SAUDI FUND FOR DEVELOPMENT— A LONGSTANDING SAUDI AID AGENCY

The Saudi Fund for Development is KSA's primary development institution. It was founded in 1974 by royal decree as an independent legal entity and commenced operations in 1975. As defined by its charter, the SFD's main objective is to assist developing countries by providing soft loans for development projects and to encourage national non-crude oil exports by financing and guaranteeing them. Its current capitalization is around SAR 31 billion (US \$8.27 billion). It channeled an estimated 12 percent of KSA's overall aid in the form of loans over 2005 and 2014 period, with an average interest rate of 1-2 percent, a repayment period of up to 50 years, and a grace period up to 10 years, loans provided by SFD have one of the highest grant elements (35-59 percent) globally among development loan providers, comparable to World Bank's IDA.

Saudi aid is typically administered directly in partnership with the recipient government and local implementing partners. SFD takes an activist approach to administering loans and grants and has a department that focuses on the follow up and administration of funds. This has been the preferred method as a way of promoting aid effectiveness and timely delivery of project goals.

Figure 4

Saudi Fund for Development Signed Loan Agreements 2005-2014

Country	Total in SAR million	Total in US\$ million	Country	Total in SAR million	Total in US\$ million
Afghanistan	113	30	Lesotho	136	36
Albania	139	37	Madagascar	32	9
Algeria	212	57	Malawi	135	36
Azerbaijan	341	91	Maldives	234	63
Bahrain	288	77	Mali	188	50
Bangladesh	839	224	Mauritania	804	214
Benin	188	50	Morocco	1,110	296
Bosnia and Herzegovina	255	68	Mozambique	173	46
Burkina Faso	275	73	Myanmar	30	8
Burundi	120	32	Nepal	169	45
Cameroon	83	22	Niger	158	42
Cape Verde	75	20	Pakistan	1,312	350
Chad	94	25	Philippines	75	20
China	1,026	274	Rwanda	214	57
Comoros	113	30	Senegal	348	93
Cote d'Ivoire	195	52	Sierra Leone	75	20
Cuba	338	90	Sri Lanka	484	129
Djibouti	113	30	Sudan	1,250	333
Egypt	1,700	453	Syria	900	240
Ethiopia	328	87	Tajikistan	269	72
Gambia	141	38	Tanzania	180	48
Ghana	90	24	Togo	87	23
Guinea	268	72	Tunisia	1,536	410
Indonesia	266	71	Turkey	83	22
Jordan	388	103	Uganda	143	38
Kenya	163	43	Uzbekistan	363	97
Kosovo	60	16	Vietnam	318	85
Kyrgyzstan	94	25	Yemen	793	211
Lebanon	180	48	Zambia	120	32
Sub-Total	8,481	2,262	Sub-Total	11,715	3,124
			Grand Total	20,195	5,385

Source: KSA, Saudi Fund for Development Annual Report 2014

While the perception is that Saudi aid has been focused on Muslim countries, the main agency, SFD, effectively demonstrates that its loan operations are driven by need. All developing countries are eligible, but least developed, low income countries are prioritized.

It is important to note that SFD's actual work goes beyond the provision of loans. At the request of the government, SFD also manages Ministry of Finance grants and contribution to multilateral developments banks. The total activities of SFD since 1975 span across 83 countries: 45 African, 31 Asian, 4 European and 3 Latin American countries.

The King Salman Humanitarian Aid and Relief Centre (KSC) was established in May 2015 as the first centralized body for the coordination of provision of humanitarian aid. The Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud has, since ascending the throne in February 2015, announced significant humanitarian assistance for the region and also for global needs. He has encouraged rationalizing the government's humanitarian assistance under one body from the earlier practice of a number of government institutions, including ministries, which would directly provide humanitarian assistance to countries.

KSC aims to boost KSA's already significant presence in global humanitarian relief as well as streamline provision of Saudi humanitarian relief.¹ The centre envisages two phases: the current, more immediate one in which it is focused on the delivery of the Kingdom's relief efforts for Yemen for which a budget of US \$274 million has been provided through the UN, in addition to US \$267 million which has been given by King Salman for global humanitarian assistance; the second phase involves developing a long term strategy for the coordination and reorganization of Saudi humanitarian assistance under one roof. For this purpose, it anticipates action on several fronts: in setting up a system of recording humanitarian assistance, focusing mostly on coordination (as opposed to implementation), and in upgrading the capacity of Saudi NGOs and relief agencies in the delivery of humanitarian assistance. KSC will also oversee public campaigns on humanitarian assistance. Furthermore, as the system evolves, consideration will also be given to having the centre take on the coordination of overall development assistance.

SAUDI ARABIA AND OTHER DONORS

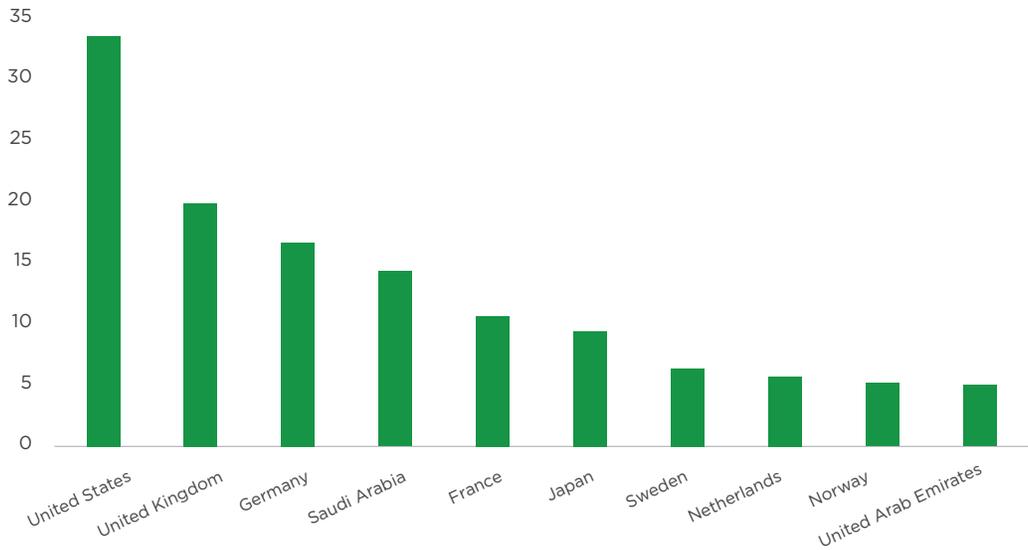
In absolute terms, in 2014 Saudi Arabia ranked Fourth in the league of donors just after the US, UK and Germany (Figure 5).²

While the gross ODA/GNI figure for KSA in 2014 is high globally, it is in line with Arab giving—with Saudi Arabia being one of the highest among that group. Arab donors on average gave 1.5% of GNI from 1973 to 2008.³ While over half of Arab aid had traditionally been to other Arab countries, aid giving to other countries, particularly Asian and African countries, has been growing recently.⁴ KSA has provided generous and consistent support to Palestine, Iraq and Lebanon.

Saudi Arabia and the Gulf countries in particular expanded their financial assistance in response to the 2008-2011 financial crisis.⁵ Official development assistance from Kuwait, Saudi Arabia and the UAE peaked at US \$6.5 billion in 2008 at the height of the global financial crisis. Since then, it has remained relatively high at US \$4.8 billion annually (on average).⁶ In real terms, ODA from the three countries increased by two-thirds during the crisis, compared to the four-years preceding the crisis. Saudi Arabia increased its aid the most, continuing to lead among the three and accounting for 80% of total aid during the crisis.

Figure 5

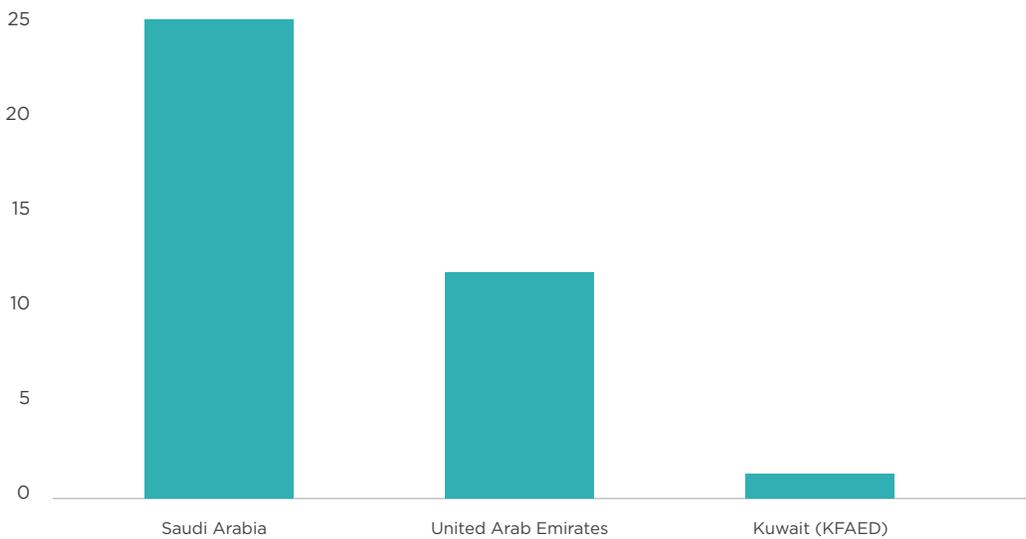
Top 10 Donors 2014 (US\$ billion)



Source: OECD-DAC (2015) - www.oecd.org/dac, and KSA Ministry of Finance (Saudi Arabia data is Gross ODA).

Figure 6

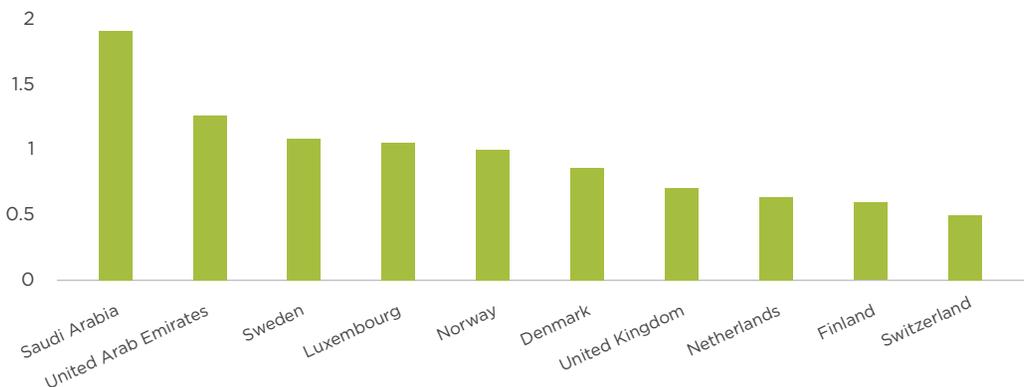
Saudi Arabia and other Arab countries, 2007-2013 by volume (US\$ billion, current prices)



Sources: OECD/DAC Statistics; oecd.dac/stats Non-DAC Providers of Development cooperation

Figure 7

Net ODA Total, % of gross national income, 2014*



Source: OECD-DAC, Official development assistance, and KSA Ministry of Finance for Saudi Arabia

* For Saudi Arabia data in Gross ODA

PUBLIC GIVING IS A VITAL FORCE

Other important institutions in overall Saudi aid include royal foundations as well as public humanitarian campaigns. Public philanthropy and public-private partnerships, particularly in the provision of humanitarian assistance, is an important presence in Saudi aid. The principles of Zakat and Sadaqa enjoin all Muslims to help others in need are also evident in the practices of the Royal Foundations and the campaigns to coordinate humanitarian assistance. Non Governmental Organization (NGO) semi-governmental organizations and public relief campaigns are increasingly engaging in more countries outside of their traditional profile.

Apart from aid allocated by the government, public giving is an important force for Saudi assistance. The King himself and other leaders regularly mobilize national campaigns for humanitarian purposes with individual campaigns raising as much as US \$120 million for the 2010 floods in Pakistan.

The Saudi general public is an active and generous source of humanitarian aid. Individual giving in response to public appeals is large and organized through Saudi public relief campaigns and committees, supervised by the Crown Prince Mohammad bin Nayef, Minister of the Interior. Coordinated by the Office of Saudi Relief Committees and Campaigns, significant sums are generated through telethons in response to humanitarian appeals. The Relief Committees work closely with recipient governments and communities. Cumulatively they have raised about US \$1 billion. The Office itself has kept its administrative costs to the minimum, to 1.5 percent, estimated on a cumulative basis.

SOUTH-SOUTH COOPERATION

Saudi assistance to other countries started early, in the 1950s, based on the principles of self-respect, collective self-reliance and mutual solidarity. KSA played an important role in the landmark Buenos Aires Plan of Action of 1978 that committed countries to the promotion of technical cooperation among developing countries as a key strategy for responding to their development challenges—in effect learning from each other. Saudi Arabia has benefited much from the technical advice it received from other developing countries.

Focusing on results, helping those in need

The Kingdom of Saudi Arabia is deeply committed to results and helping people in need directly. This principle is deeply embedded in Islamic teachings. The principles of zakat and sadaqa drive Saudi development aid and humanitarian assistance.

The Kingdom is proud of its record as an aid donor. At the same time, it recognizes the need for greater attention to the improvement of systems of recording and reporting on aid, and more generally to strengthen the overall effectiveness of Saudi aid.

The new King Salman Humanitarian Aid and Relief Centre established in May 2015 is a major step in this direction. KSC aims to boost KSA's already significant presence in global humanitarian relief as well as streamline provision of Saudi humanitarian assistance. The Centre will not only seek to coordinate humanitarian assistance; it will also put emphasis on upgrading capacities of Saudi civil society to conduct overseas assistance activities.

¹ www.arabnews.com/news/746556

² www.oecd.org/dac/stats. The figures may not be strictly comparable, since the Saudi aid figures are in gross, not net ODA. However, as Saudi loans have a high grant element and represent only 12 percent of the total, as such they provide a useful order of magnitude for comparison.

³ Lisa Denny and Leni Wild. Arab Donors: Implications for Future Development Cooperation. EDC Policy Brief No 13-March 2011 www.edc2020.eu/118.0.html

⁴ Lisa Denny & Leni Wild, Ibid www.edc2020.eu/118.0.html

⁵ World Bank MENA Knowledge Series, Dec 2003, Number 112

⁶ at 2011 prices

Annex 1

KSA Gross Official Development Assistance 2005 -2014 in SAR millions (current prices)

Year	Humanitarian & Development Assistance (MOF)	Contribution to International Organizations and Institutions (MOF) **	Multilateral Cooperation (SFD) ***	Grants (SFD)	Concessional Loans (SFD)	Total Gross ODA	ODA/GNI %
	SAR million						
2005	1,874	376	174	698	803	3,925	0.3
2006	4,484	343	168	926	1,031	6,953	0.5
2007	3,613	379	94	878	1,110	6,072	0.4
2008	16,233	1,316	77	934	1,166	19,726	1
2009	6,579	1,463	784	1,695	1,984	12,504	0.8
2010	6,543	404	2,285	1,118	2,438	12,787	0.6
2011	13,601	581	1,206	3,000	2,393	20,780	0.8
2012	1,189	929	1,282	4,136	4,110	11,646	0.4
2013	9,271	1,115	1,107	2,378	2,588	16,459	0.6
2014	44,488	465	1,357	5,378	2,573	54,261	1.9
Total	107,875	7,372	8,534	21,139	20,194	165,113	

Source: KSA, Ministry of Finance

**Organizations and charity bodies are: United Nations organizations and programmes, Organization of Islamic Cooperation, Arab humanitarian and development organizations and programmes, and authorized charity bodies.

***Multilateral cooperation includes contributions to IMF, World Bank and Islamic and non-Islamic development institutions.

