



صندوق النقد العربي  
ARAB MONETARY FUND

**An Overview**  
of the Arab Monetary Fund's 2040 Vision and its  
associated Five-Year Strategy 2020-2025

### Vision

**To be "the closest partner for the Arab countries in their interactions with changes, to strengthen economic, financial and monetary stability, and development process"**

### Mission

**To lay the monetary foundations for Arab economic integration and promote economic development in Arab countries**

### Why Vision 2040?

Following the successful completion of the Five-Year Strategic Plan 2015-2020, the Arab Monetary Fund (AMF), with the guidance of its Board of Governors, has formulated a long-term vision to drive the strategic planning process and defined the next five-year strategy features. While considering global and regional developments and outlooks, this new approach takes into consideration set of factors including (i) the review's outcomes of the previous Strategic Plan, (ii) trends and prospects of Arab economies associated with next decades' wide-range of development needs across the region, as well as (iii) the anticipated challenges related particularly to digital revolution, demographic changes and the new paradigm of efficiency and international competitiveness, among others. On top of that, addressing the 17 Sustainable Development Goals (SDGs) and the strategic priorities of regional and international development institutions in the Arab region are critical cross-cutting drivers of the new AMF strategic planning, going forward.

Against this backdrop, the AMF has adopted an evolving vision 2040 under the overarching theme of: **"To be the closest partner for the Arab countries in their interactions with changes to strengthen economic, financial and monetary stability, and development process"**. This vision will drive the forthcoming five-year strategic plans, starting from 2020-2025 to 2035-2040.

### AMF's corporate values

- **Responsible engagement:** To pursue the process of achievements towards fulfilling the aspirations of Arab countries as reflected in the AMF's Articles of Association and meet the Arab countries' expectations with reference to its mandate to support their long-term economic and development plans.
- **Comply with organizational rules and promote cooperation among all stakeholders.**

### Strategic directions under 2040 Vision:

- **Readiness to provide financial facilities to the Arab countries** to support their efforts in correcting balance-of-payments imbalances and assist economic, financial and monetary reforms that boost overall stability.
- **Providing advices, initiatives and technical assistance programs to the Arab countries** to develop various economic sectors, particularly financial and banking sectors; public finance; and external sector; as well as technical support to government statistical agencies.
- **Enhancing the AMF's role as a chosen center of consultation for economic, financial and monetary policymakers**, and coordinate Arab countries' positions in dealing with economic challenges in a way that achieves their common interests. In the context of this strategic approach, the AMF assumes the Technical Secretariat of the Council of Arab Central Banks and Monetary Authorities Governors, and the Council of Arab Finance Ministers, as well as their related technical committees and task forces.
- **Supporting Arab countries building their capacities** through dedicated training programs for practitioners in the economic, financial and statistical sectors, that support enhancing evidence-based policy decisions through statistics, research and studies. In addition, to support their efforts in improving reserve management.

### 2020-2025 Strategic Plan's goals

In line with its 2040 vision and considering the identified priorities of the Arab countries, the AMF has set four strategic objectives for the upcoming strategic period:

**Objective one: Expanding the lending activity to support economic and financial imbalances reforms in the Arab countries:** The financing needs of the borrowing countries exceed the AMF resources capacity, which calls for alternative sources that increase AMF's lending capacity. In addition to the ongoing review of the existing lending mechanisms and the creation of new facilities providing an integrated package that meets the various needs of member states, the AMF has set the following plans:

- Diversifying sources and increasing the volume of available financing for lending operations that enable AMF to increase the allocated resources for lending, to reach about one billion Arab Accounting Dinars (AAD) by the end of 2025.
- Enhancing lending capabilities and benefiting member states from the current resource framework by reviewing lending limits.
- Conduct a review process of existing facilities, with a particular focus on their efficiencies by assessing their adequacy with the needed reforms.
- Assessing the opportunity for the AMF to introduce guarantee mechanisms that strengthen Arab countries' ability to issuing bonds and raise funding through financial markets.
- Providing technical assistance at country level in the framework of lending facilities, through 'Country Programing' process, which is being developed by the AMF, in order to identify accurate needs and propose opportunities for assistance.

**Objective two: to promote Arab financial sector as a driver for growth and development:** by launching special initiatives and providing tailored technical assistance programs at regional level to promote financial, banking and monetary sector, including:

- Support deepening national and regional capital markets through Arab local currencies bond markets initiative, (which comprises providing technical assistance to Arab countries; conduct a regular thematic forum; and build bond markets development portal).
- Financial Inclusion for the Arab Region Initiative (FIARI), (which comprises building national financial inclusion strategies; promoting digital financial service; raising awareness and building financial education; strengthening consumers protection; building evidence-based data and statistics; and promote women, youth, entrepreneurs and micro, small and medium enterprises access to finance and financial services, among others).
- Support non-bank financial sector (pensions, insurance, finance companies, investment entities, postal financial services, housing/mortgage...etc.) to support not only enlarging the institutional investors base in the region, but also to expanding access to finance to underserved population through innovative non-banking financial services that meet the specific needs and reflect the earning patterns (seasonality etc.)
- Support Financial Technology (Fintech) Industry development in the Arab region, including support to create an enabling and conducive environment and enhance the usage of digital financial services across Arab countries, while ensuring the establishment of appropriate legal and regulatory framework.
- Strengthening Financial Sector Infrastructure, including, inter alia, payment systems, credit information sharing systems, secured lending systems, guarantee schemes and mechanisms).
- Strengthening legal, regulatory and macroprudential oversight policies that enhance financial stability.
- Launching set of financial and banking sector development indicators in the Arab region, including Arab financial inclusion composite index, financial stability index, and Arab bonds index.
- Promoting Sharia-compliant financial sector through set of activities and initiatives, including Islamic financial markets.
- Support Arab countries in implementing relevant international standards and build their capacity in related areas.
- Enhancing financial integration across Arab countries and their linkages with the major financial blocs.
- Connecting the Arab financial markets.

**Objective three: Reinforcing the AMF's role as a chosen consultation center for policymakers.** In light of the changing trends in global and regional economies, the AMF recognizes the need to intensify its engagement with the Arab countries to support their efforts in dealing with the rapid changes, especially in the field of knowledge economy, digital

revolution, tangible increase of Arab population and the anticipated growing competition. These changes call also on AMF to build further strategic and effective partnership with the Arab countries to coordinate their positions in dealing with the economic blocs and the challenges facing their financial, banking and monetary systems. In light of the above, the AMF is accelerating its pace to be closer and more interactive with the Arab countries through the following:

- Strengthening the role of the AMF as a secretariat of the Council of Arab Central Banks and Monetary Authorities Governors and its associated committees and task forces (the Arab Committee on Banking Supervision, the Arab Committee on Payment and Settlement Systems, the Regional Working Group to Promote Financial Inclusion in the Arab Countries, the Working Group of Financial Stability, the Arab Committee on Credit Information, and the Arab Regional FinTech Working Group).
- Strengthening the role of the AMF as a secretariat of the Council of Arab Finance Ministers and the meetings of the Arab Finance Deputies.
- Enhancing the role of the AMF as a chosen center of dialogue and technical advisor in the areas of public finance policies, to support Arab countries' efforts to develop public debt strategies management; strengthening public-private partnerships (PPPs); reforming subsidies' systems and social safety nets (SSN) frameworks; supporting tax reforms; and enhancing public spending efficiency.
- Strengthening partnerships with regional and international development and finance institutions.
- Organizing high-level conferences, seminars and dialogues in the areas of the AMF's domain of interventions to discuss priorities issues for Arab policymakers.
- Enhancing the AMF's presence in regional and international fora related to its domain of interventions (the Bank for International Settlements, the International Monetary Fund, the World Bank, the Basel Committees, the Financial Stability Board, G20 and subsequent committees and bodies, and other international bodies).
- Following up on global economic, financial and monetary developments in order to keep pace with related developments in the Arab countries.

**Objective four: Strengthening the role of the AMF as center of excellence in knowledge and capacity-building:** In order to meet the aspirations of Arab countries in addressing the ongoing issues and the challenges ahead, the AMF is taking steps to enhance its role as a center of excellence for knowledge generation and capacity-building related areas by providing Arab countries with an added value through its research and statistical activities, in the field of building capacity of Arab technical officials, as well as in the field of reserves management. In addition, the AMF is given importance for the advocacy and outreach activities to highlight the reforms undertaken by the Arab countries in a number of domains along with building and strengthening partnerships with a number of relevant regional and international institutions.

This objective includes several activities as follows:

### A. Training and capacity building

- Upgrading the training activity (developing and updating the curriculums of training programs delivered by the Training and Capacity Building Institute, aiming at enhancing the trainers' own capabilities, expanding the scope and number of training programs and workshops organized either at AMF premises or at country levels, and expanding partnerships with regional and international institutions and central banks in these areas).
- Establishing remote training programs to expand the range of events and beneficiaries.
- Providing specialized training within the framework of AMF initiatives or according to a specific need expressed by member states.

### B. Research and statistics

- Upgrading statistical database by providing and expanding the range of statistical, economic, social and financial data and indicators to support specialized studies and research.
- Developing existing statistical reports and bulletins and issuing a number of new reports/ bulletins, in addition to expanding the approved themes in existing reports and bulletins, adopting new indicators, and focusing on analytical aspects and formulating expectations.
- Expanding the scope of research activities to include the preparation of strategic research inputs that address priority topics for Arab countries through continued issuance of a series of quantitative economic studies and policy papers to support decision-making in the Arab countries.
- Launching a medium-term research project entitled "Future Economic Studies" concerned with exploring the future and studying the economic and financial implications of the Fourth Industrial Revolution on the Arab countries and ways to maximize the benefit of Arab economies from the emerging technologies, including digital economy issues.
- Enhancing research partnerships by launching several joint research programs with the international and regional institutions with a view to studying and analyzing several topics of interest to member states over the years of the Strategy.
- Continuously activating the "ArabStat" initiative by providing support, aid and technical advice to the Arab countries to develop their cadres in statistical institutions and set to provide reliable and comprehensive statistics according to the latest statistical evidence and methodologies.
- Participating in the 'Arab Development Portal' with the aim of coordinating and integrating economic databases and providing reliable and comprehensive statistics on Arab economies.
- The AMF shall be the home of the economic, financial, monetary and statistical expertise of the Arab countries and the historical memory of Arab economic reforms.

### C. Investment activity and programs

- Developing the performance of overall investments of the AMF's own resources, leading to increase member states' shares in the AMF.
- Expanding member states and Arab financial institutions' accepting deposits at the AMF aiming at enhancing their reserves management.
- Expanding the scope of investment portfolio management to benefit member states and Arab financial institutions.
- Providing technical assistance and capacity building in the area of fund and investment management.

### D. Media and communication

Expanding media activities to highlight economic and financial reforms undertaken by the Arab countries and updating the AMF media policy and strategy in a way that contributes to achieve 2040 Vision. This includes:

- Highlighting the economic and financial reforms in the Arab countries.
- Developing the AMF's website, improving its digital content and update it on regular basis.
- Launching joint programs and activities with Arab institutions, Arab universities, research centers and civil society organizations.

### Performance evaluation methodology

The AMF's 2020-2025 Strategy relies on the Balanced Scorecard (BSC) methodology considering the nature of AMF's activities. The methodology allows also orienting and structuring activities in a manner that facilitates the achievement of the strategic objectives and vision. Also, it serves directly to develop internal and external communication process, in addition to serve as a monitoring and performance measurement framework assessing the AMF's strategic objectives.

According to the BSC methodology, the structure of the AMF's Strategic Plan consists of four performance evaluation consecutive levels, including: (i) institutional level; (ii) Objective level; (iii) theme level; and (iv) activity level.

The evaluation methodology relies on designing indicators to measure the performance of both themes and activities that fall within the context of achieving related objective that translates the AMF's strategic vision. This approach enables the evaluation of performance at the overall level of the AMF, taking into account the estimation of the relative weight of the contribution of each objective to achieving the strategy as a whole, and the relative weight of each perspective to the total four perspectives weight, as follows:

- **Response to member states perspective:** this reflects the strategic vision of how the AMF provides value-added services to member states, shows the extent of its response to their needs and aspirations and the extent to which it achieves the purposes for which it was set up.

- **Financial perspective:** it reflects the AMF’s vision of how to succeed financially from an institutional point of view represented by the Board of Governors. This includes results based on financial indicators, and the timely provision of quality financial information. Financial indicators might include profitability, return on capital, resource growth, and financial flows, among others.
- **The workflows of excellence perspective:** the extent of creativity in the services provision, the establishment of new workflows, and the development of existing workflows, in order to enable AMF to continue and develop its services that meet the needs of Arab member states.
- **The capabilities of change and development perspective:** the structural configuration that the AMF needs to enable long-term development and growth. This requires a continuous assessment of the adequacy of human resources, systems and institutional procedures, and action to strengthen what is necessary to maintain appropriate structural construction and develop institutional and human capacities.

### **Performance indicators**

The BSC methodology is based on several performance indicators that measure the extent to which planned activities are achieved. Their selection and identification are based on performance engines. Each indicator is therefore clearly described in terms of how it was presented and measured, as well as the identification of the data, sources and actions required to provide it. These indicators come at three levels:

- **At objective level:** The best aggregate indicators are determined to express the intended achievement of the goal, and performance is measured by aggregating results at activities and themes levels.
- **At perspective level:** important links are identified across indicators within the same perspective, and across the four perspectives, as some indicators affect more than one perspective.
- **At institutional level:** that is, at strategy level. It is suggested to choose indicators that reflect the combined direction of the strategic goals, that express the extent of the overall performance compared to the overall results targeted.

### **Relative weights**

The BSC methodology is based on the design and application of weights to measure performance, whether at objectives level and their components (themes and activities), or at the four perspectives level.

### **The Annual Performance Assessment Report**

The AMF issues the *Annual Performance Report* on the framework of its Five-Year Strategy 2020–2025, in fulfillment of the commitment to report periodically the esteemed Board of Governors about the achievements made through the support of the Arab member states and the directives of the esteemed Board of Executive Directors. The *Annual Performance Report* reflects the commitment to enhance trust, responsibility and transparency in the context of the AMF’s keeping up with developments in the corporate



governance benchmarks, as well as the achievements that have been made and those themes and activities that the AMF needs to make further efforts to achieve.

### **The impact assessment of the AMF's activities on the Arab countries**

Based on the AMF's vision, and in accordance with the Arab countries' needs to support their efforts aimed at implementing economic reforms that stimulate sustainable economic growth, and the role that the AMF plays to support these efforts within the framework of the activities mentioned in the Strategy, an impact assessment of the AMF's activities related to the Arab countries' economic reforms was devised. Considering that the assessment process is linked to economic or reform decisions at the highest levels of the member states to assess the extent to which such decisions have been taken successfully .

With regard to the impact assessment methodology, the AMF examined key global practices in this field, and concluded that there are different methodologies in that regard, most of which depend on several factors, importantly the intended purpose of the impact evaluation process, as well as the availability of data and other sources, in addition to an expectation or modeling a financial impact or a specific economic indicator, to study how this impact occurs and also to measure the impact.

Based on the foregoing, the impact assessment methodology for the AMF's activities on the economic and financial reform programs pursued by Arab countries on a specified number of indicators was designed due to the multiplicity of countries, the differences in the mentioned reform programs, and the extent of the countries' ability to implement them.